

VICTOR KHANYE LOCAL MUNICIPALITY



DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

2021-2026

FOR REVIEW ONLY



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

TABLE OF CONTENTS

LIST OF ACRONYMS.....	6
1. INTRODUCTION	8
1.1. BACKGROUND	8
1.2. SPATIAL LOCATION OF VICTOR KHANYE LOCAL MUNICIPALITY	10
2. APPROACH AND METHODOLOGY	12
3. LEGISLATIVE FRAMEWORK	15
3.1. MPUMALANGA PROVINCE	15
3.2. NATIONAL POLICIES AND LEGISLATION	15
3.2.1 THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA.....	15
3.2.2 THE NATIONAL DEVELOPMENT PLAN VISION 2030	16
3.2.3 THE NATIONAL FRAMEWORK FOR LED	17
3.2.4 NATIONAL INDUSTRIAL POLICY ACTION PLAN 2017/2019-2019/2020	17
3.2.5 THE NATIONAL SPATIAL DEVELOPMENT PERSPECTIVE (NSDP)	18
3.2.6 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT (No. 53 of 2003)	20
3.3. PROVINCIAL POLICIES AND PROGRAMMES	21
3.3.1 MPUMALANGA LOCAL ECONOMIC DEVELOPMENT STRATEGY FRAMEWORK (2019)	21
3.3.2 MPUMALANGA SMME STRATEGY (2008).....	22
3.3.3 THE MPUMALANGA PROVINCIAL GROWTH AND DEVELOPMENT PLAN 2010 - 2020	23
3.3.4 MPUMALANGA VISION 2030	24
3.3.5 MPUMALANGA INDUSTRIAL DEVELOPMENT PLAN	25
3.3.6 MPUMALANGA RURAL DEVELOPMENT PROGRAMME (MRDP)	25
3.3.7 MPUMALANGA TOURISM GROWTH STRATEGY.....	26
3.4. LOCAL GOVERNMENT POLICIES AND LEGISLATION	27
3.4.1 NKANGALA DISTRICT MUNICIPALITY: INTEGRATED DEVELOPMENT PLAN 2016-2021	27
3.4.2 THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT (No.32 of 2000)	29
3.4.3 LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (No. 56 of 2003)	31
3.5. LOCAL INITIATIVES	31
3.5.1 VICTOR KHANYE IDP 2017-2022.....	32
3.5.2 VICTOR KHANYE SPATIAL DEVELOPMENT FRAMEWORK (SDF)	34
4. LED STRATEGY	35
4.1. DEFINING AND UNDERSTANDING LED	35
4.2. WHAT DRIVES LED?	35
4.2.1 Institutional	35
4.2.2 Capacity to Learn.....	36
4.2.3 Skilled Human Capital	36
4.2.4 Agglomeration.....	37
4.2.5 Infrastructure	37
4.2.6 Entrepreneurship.....	38
4.2.7 Balanced Development in Rural-Urban Settings	38
4.3. REASONS FOR LED.....	39
4.4. WHAT DOES PRACTICING LOCAL ECONOMIC DEVELOPMENT MEAN?	40
4.5. HOW CAN A STRONG LOCAL ECONOMY BE BUILT?	40
4.6. WHO DOES LOCAL ECONOMIC DEVELOPMENT?	40
4.6.1. National	40
4.6.2. Provincial.....	41
4.6.3. Municipal.....	41
4.6.4. Local Communities	41
4.7. LED BUILDING BLOCKS	42



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5. SITUATIONAL ANALYSIS	43
5.1. DEMOGRAPHIC INDICATORS	43
5.2. SOCIO-DEMOGRAPHIC INDICATORS	49
5.2.1. Level of Education	49
5.2.2. Income Profile	50
5.2.3. Economic Indicators	53
5.2.4. Labour Indicators	59
5.2.5. Household Infrastructure Index	61
5.2.6. Access to Basic Services	62
5.2.7. Housing	63
5.2.8. Water and Sanitation	64
5.2.9. Sanitation	65
5.2.10. Electricity and Street Lighting	65
5.2.11. Roads and Storm water	67
5.2.12. Environmental and Waste Management	68
5.2.13. Public Facilities	69
5.2.14. Culture, Sports and Recreation	69
5.2.15. Primary Health Care	69
5.2.16. HIV and AIDS	70
5.2.17. Traffic, Safety and Security	70
5.2.18. Emergency Services	73
5.2.19. Cemeteries and Crematoria	73
5.2.20. Youth Development	73
5.3. SWOT ANALYSIS	75
6. SECTOR ANALYSIS	77
6.1. AGRICULTURE AND RURAL DEVELOPMENT	82
6.1.1. DEVELOPMENT CHALLENGES AND CONSTRAINTS	82
6.1.2. SUGGESTED SOLUTIONS TO ADDRESS CHALLENGES	83
6.1.3. RECOMMENDED PROGRAMMES	84
6.2. MANUFACTURING AND COMMERCE	85
6.2.1. DEVELOPMENT CHALLENGES AND CONSTRAINTS	85
6.2.2. SUGGESTED SOLUTIONS TO ADDRESS CHALLENGES	86
6.2.3. RECOMMENDED PROGRAMMES	87
6.3. MINING AND ENERGY	87
6.3.1. Development Challenges and Constraints	87
6.3.2. Suggested Solutions to address Challenges	88
6.3.3. Recommended Programmes	89
6.4. GOOD GOVERNANCE AND CAPACITY DEVELOPMENT	90
6.4.1. Development Challenges	90
6.4.2. Suggested Solutions	91
6.4.3. Recommended Programmes	91
7. VISION AND MISSION	93
7.1. VISION	93
7.2. MISSION	93
7.3. ORGANISATIONAL GOALS AND OBJECTIVES MAP	94
7.4. STRATEGIC GOALS OF LED	96
7.5. STRATEGIC OBJECTIVES OF LED	96
7.6. LOCAL ECONOMIC DEVELOPMENT LOGIC MODEL	97
8. PROJECTS PACKAGING AND PRIORITISATION	99
8.1. PROJECT INVENTORY	99
8.2. KEY PROJECTS AND PROPOSED INTERVENTIONS/STRATEGIES	99
8.3. PROJECT PACKAGING	100
9. PROJECT IMPLEMENTATION PLAN	151
10. CROSS CUTTING ISSUES FOR LED	157



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

10.1.	SKILLS DEVELOPMENT	157
10.2.	INFORMAL SECTOR	157
10.3.	SMME/COOPERATIVES DEVELOPMENT	158
10.4.	YOUTH, WOMEN & PERSONS WITH DISABILITY	158
10.5.	HIV/AIDS	159
10.6.	COVID-19 PANDEMIC	159
11.	INSTITUTIONAL ARRANGEMENT.....	161
11.1.	INTRODUCTION	161
11.2.	INSTITUTIONAL ARRANGEMENTS	161
11.2.1.	<i>Practical Management of the LED Process.....</i>	<i>161</i>
11.2.2.	<i>LED Structures.....</i>	<i>162</i>
a.	<i>Dedicated Planning & LED Committee of Council.....</i>	<i>162</i>
b.	<i>LED Technical Committee.....</i>	<i>163</i>
c.	<i>Objectives of the LED Technical Committee</i>	<i>163</i>
d.	<i>Key Stakeholders</i>	<i>163</i>
e.	<i>Broad LED Stakeholder Forum.....</i>	<i>164</i>
f.	<i>Composition of the LED Stakeholder Forum.....</i>	<i>164</i>
11.2.3.	<i>Role of Traditional Authorities</i>	<i>165</i>
11.2.4.	<i>Role of Ward Committees</i>	<i>165</i>
11.2.5.	<i>Frequency of meetings</i>	<i>165</i>
a.	<i>Dedicated Planning, Rural & LED Committee of Council.....</i>	<i>165</i>
b.	<i>LED Technical Committee.....</i>	<i>165</i>
c.	<i>Broader LED Stakeholder Forum.....</i>	<i>165</i>
11.3.	THE LED UNIT	166
	<i>Proposed functions:.....</i>	<i>166</i>
11.4.	POTENTIAL FUNDING SOURCES	167
12.	MONITORING AND EVALUATION.....	177
12.1.	THEORETICAL OVERVIEW OF MONITORING AND EVALUATION	177
12.2.	MONITORING AND EVALUATION FOR VKLM LED STRATEGY.....	179
13.	CONCLUSIONS	180

TABLES

TABLE 1:	POPULATION GROWTH RATE	44
TABLE 2:	POPULATION GROWTH RATE	45
TABLE 3:	POPULATION COMPOSITION BY AGE AND GENDER.....	47
TABLE 4:	POPULATION COMPOSITION (PER WARD AND GENDER)	48
TABLE 5:	NUMBER OF HOUSEHOLDS	49
TABLE 6:	EDUCATION INDICATORS	49
TABLE 7:	NUMBER OF HOUSEHOLDS BY INCOME LEVEL.....	50
TABLE 8:	DISTRIBUTION OF AVERAGE HOUSEHOLD INCOME: 2001-2016.....	51
TABLE 9:	DEVELOPMENT AND INCOME INDICATORS.....	51
TABLE 10:	AVERAGE HOUSEHOLD INCOME	52
TABLE 11:	POVERTY AND INEQUALITY	53
TABLE 12:	ECONOMIC INDICATORS.....	53
TABLE 13:	CONTRIBUTION BY LOCAL MUNICIPAL AREAS TO NKANGALA DISTRICT MUNICIPALITY	54
TABLE 14:	TOURISM CONTRIBUTION BY LOCAL MUNICIPAL AREAS TO NKANGALA DISTRICT MUNICIPALITY	56
TABLE 15:	DISTRICT COMPARATIVE ADVANTAGE.....	56
TABLE 16:	LABOUR INDICATORS.....	61
TABLE 17:	LABOUR INDICATORS.....	61
TABLE 18:	BASIC SERVICE DELIVERY INDICATORS.....	62
TABLE 19:	DISTRIBUTION OF HOUSEHOLDS BY TYPE OF MAIN DWELLING	63
TABLE 20:	DISTRIBUTION OF HOUSEHOLDS BY ACCESS TO PIPED WATER.....	64
TABLE 21:	POPULATION SIZE PER SERVICE: SANITATION.....	65
TABLE 22:	POPULATION SIZE PER SERVICE: ELECTRICITY	66
TABLE 23:	POPULATION SIZE PER SERVICE: WASTE REMOVAL	68



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

TABLE 24: SERIOUS CRIMES REPORTED BY LOCAL MUNICIPAL AREAS TO MPUMALANGA PROVINCE	72
TABLE 25: YOUTH POPULATION.....	74
TABLE 26: SWOT ANALYSIS	75
TABLE 27: DISTRICT COMPARATIVE ADVANTAGE.....	78
TABLE 28: CONTRIBUTION BY LOCAL MUNICIPAL AREAS TO NKANGALA DISTRICT MUNICIPALITY	80
TABLE 29: PROJECT IMPLEMENTATION PLAN	151
TABLE 30: POTENTIAL FUNDING SOURCES	168

FIGURES

FIGURE 1: SPATIAL MAP OF VICTOR KHANYE LOCAL MUNICIPALITY	10
FIGURE 2: SIX LED STRATEGY PROCESS	12
FIGURE 3: LOCAL ECONOMIC DEVELOPMENT STRATEGY LOGIC MODEL	42
FIGURE 4: VICTOR KHANYE POPULATION DISTRIBUTION 2011 - 2016	44
FIGURE 5: VICTOR KHANYE POPULATION DISTRIBUTION 2011 - 2016	45
FIGURE 6: VICTOR KHANYE POPULATION GROUP	46
FIGURE 7: VICTOR KHANYE POPULATION BY BROAD AGE GROUP	46
FIGURE 8: VICTOR KHANYE POPULATION COMPOSITION BY GENDER.....	47
FIGURE 9: VICTOR KHANYE POPULATION COMPOSITION BY GENDER AND WARD.....	48
FIGURE 10: INDICATORS: SECTOR EMPLOYMENT	55
FIGURE 11: INDICATORS: SECTOR CONTRIBUTION BETWEEN 2016 - 2019	58
FIGURE 12: INDICATORS: UNEMPLOYMENT BY GENDER	60
FIGURE 13: INDICATORS: YOUTH UNEMPLOYMENT BY GENDER	60
FIGURE 14: INDICATORS: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF MAIN DWELLING	63
FIGURE 15: INDICATORS: YOUTH UNEMPLOYMENT BY GENDER	73
FIGURE 16: INDICATORS: SECTOR CONTRIBUTION VS LABOUR ABSORPTION.....	77
FIGURE 17: INDICATORS: SECTOR CONTRIBUTION BETWEEN 2016 - 2019	79
FIGURE 18: INDICATORS: SECTOR EMPLOYMENT	81
FIGURE 19: STRATEGIC GOALS AND OBJECTIVES MAP	95
FIGURE 20: STRATEGIC GOALS AND OBJECTIVES MAP FOR LOCAL ECONOMIC DEVELOPMENT	97
FIGURE 21: LOCAL ECONOMIC DEVELOPMENT STRATEGY LOGIC MODEL	98
FIGURE 22: AGRO-PROCESSING VALUE CHAIN	105
FIGURE 23: SMART FOOD AGRI-INFRASTRUCTURE AND SYSTEMS.....	108
FIGURE 24: FUTURE SMALL AND SMART FARMS	109
FIGURE 25: AGRI-SMART LIVESTOCK TECHNOLOGY	109
FIGURE 26: GREEN AGRICULTURAL ECONOMY AWARENESS CAMPAIGN FOCUS	112
FIGURE 27: APPROACH AND DESIGN FOR SUSTAINABLE AGRICULTURAL FEASIBILITY STUDIES	115
FIGURE 28: WOOD AND FURNITURE PRODUCTS MANUFACTURING VALUE CHAIN	122
FIGURE 29: SMART AND ADDITIVE MANUFACTURING SYSTEMS.....	126
FIGURE 30: MANUFACTURING VALUE CHAIN.....	130
FIGURE 31: THE MODEL FOR IMPLEMENTING THE SMALL TOWN REGENERATION PROJECT	134
FIGURE 32: THE TOURISM VALUE NETWORK	138
FIGURE 33: FUTURE OF TOWNSHIP ECONOMIES.....	142
FIGURE 34: BILLBOARD PROMOTING TOWNSHIP ECONOMIES.....	142
FIGURE 35: CONSTRAINTS AND MAIN COST DRIVERS FOR THE INFORMAL ECONOMY	145
FIGURE 36: ILLUSTRATION OF A MINING CENTRE OF EXCELLENCE	150
FIGURE 37: ORGANISATIONAL STRUCTURE FOR LED UNIT	166
FIGURE 38: ILLUSTRATES HOW OUTPUTS AND OUTCOMES INTER-RELATE DURING THE PROCESS OF ACHIEVING RESULTS. ...	178
FIGURE 39: ILLUSTRATES THE LINK BETWEEN THE NEEDS AND OUTCOMES INTER-RELATE DURING THE PROCESS OF ACHIEVING RESULTS.....	179



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

LIST OF ACRONYMS

BBBEE	- Broad-Based Black Economic Empowerment
BEE	- Black Economic Empowerment
BRAIN	- Business Referral and Information Network
CRD	- Community Rural Development
CSF	- Community Safety Forum
DBSA	- Development Bank of Southern Africa
DEDT	- Department of Economic Development and Tourism
DTI	- Department of Trade and Industry
EIA	- Environmental Impact Assessment
EPWP	- Extended Public Works Programme
FET	- Further Education and Training
FRAIN	- Franchise Advice and Information Network
GDP	- Gross Domestic Product
HDI	- Historically Disadvantaged Individuals
HIV	- Human Immunodeficiency Virus
IDC	- Industrial Development Corporation
IDP	- Integrated Development Plan
IPAP	- Industrial Policy Action Plan
IUDF	- Integrated Urban Development Framework
KPA	- Key Performance Area
KPI	- Key Performance Indicator
LUMS	- Land Use Management System
LED	- Local Economic Development
LRAD	- Land Redistribution for Agricultural Development
MEGA	- Mpumalanga Economic Growth Agency
MIG	- Municipal Infrastructure Grant
M&E	- Monitoring and Evaluation
MPGDS	- Mpumalanga Provincial Growth and Development Strategy
MRDP	- Mpumalanga Rural Development Programme
MRTT	- Mpumalanga Regional Training Trust
NDM	- Nkangala District Municipality
NEF	- National Empowerment Fund



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

NGP	- New Growth Path
NSDF	- National Spatial Development Framework
NSDP	- National Spatial Development Perspective
PGDS	- Provincial Growth and Development Strategy
PPP	- Public Private Partnership
RCF	- Revolving Credit Facility
RIDS	- Regional Industrial Development Strategy
RPL	- Recognition of Prior Learning
SDF	- Spatial Development Framework
SEDA	- Small Enterprise Development Agency
SETA	- Sector Education and Training Authority
SMME	- Small Medium and Micro Enterprises
SPLUMA	- Spatial Planning and Land Use Management Act
StatsSA	- Statistics South Africa
THRIP	- Technology and Human Resource for Industry Programme
VKLM	- Victor Khanye Local Municipality
WFP	- Wood and furniture products



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

1. INTRODUCTION

1.1. Background

For local government, the ability to attract investments is influenced by its ability to, among others, provide a package of resources such as availability and access to infrastructure, skilled human resources, availability of housing and recreational amenities which attract skilled human capital. These resources are identified and provided through a local government's Local Economic Development (LED) strategy, and as Koma (2014) points out, the LED strategy is critical in boosting local economies to “address high level of poverty, unemployment and inequalities and most importantly to address South Africa competitiveness and the integration of South African economy into the global economy”.

The development and implementation of the LED Strategy helps the municipality to address some of the core challenges, specifically:

- Determining key economic drivers by sector;
- Ensuring alignment with other municipal policies and strategies;
- Identifying a practical programme for each economic sector that could be used as a basis for proactive economic development initiatives;
- Designing a guideline for redistribution of wealth and opportunities, poverty alleviation and job creation;
- Ensuring that development opportunities have definite geographic and spatial orientation;
- Enhancing collaboration between the private sector and the public sector;
- Capacitating local government to perform a new developmental role; and
- Addressing the current limited private sector investment in the job-rich sectors and unconducive environment to local economic development.

The White paper on Local Government reinforces this mandate. The White Paper introduces the concept of ‘developmental local government’ which is defined as:

“Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives”.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

The Local government's developmental mandate encourages municipalities to address poverty, unemployment and redistribution of wealth in their local areas. Municipalities are also required to align their economic development plans with those of provincial and national government.

In an attempt to carry out the local government's mandate, Victor Khanye Local Municipality considers it a good practice to review the current LED Strategy 2013-2018 with a view of developing a new LED strategy aligned to the Mpumalanga Local Economic Development Framework (2019) that sets out a step and step guide that has a strong economic development focus aimed at poverty alleviation and orientated towards pro-poor economic growth. The key feature of the LED strategy framework is that it should guide municipalities when developing an LED strategy and thus create the environment and conditions for a thriving economic sector responsive to the social development needs of the municipalities. The LED framework aims to foster sustainable economic activities in the municipalities; integrate the development initiatives of local, regional and national economy; and promote coordination between these spheres of government.

A good strategy must be flexible, in recognition that Victor Khanye's economic future is inextricably linked to the district and the national economy, and circumstances can change very rapidly. Forecasts may not turn out as predicted; unforeseen constraints i.e. COVID-19, may arise; fresh opportunities may present themselves at short notice. In these circumstances Victor Khanye Local Municipality should act accordingly and may undertake initiatives that are not set out in this document to ensure that the municipality benefits from these opportunities.

The strategy is subject to a formal annual review as part of the municipality's overall performance review processes. In adopting best practice principles the LED Forum stakeholders should be formally consulted as part prior to it being adopted. Victor Khanye Local Municipality should consider that the consultation process with the stakeholders on its plans for economic development is very important. Consultation process provides stakeholders with the opportunity to air their views on the municipality's intended activities. The consultation process will also provide Victor Khanye Local Municipality with an opportunity to pledge its ongoing commitment to support the local economy, which is one of the key development programmes for the municipality. The municipality should ensure that this document is distributed to all stakeholders.



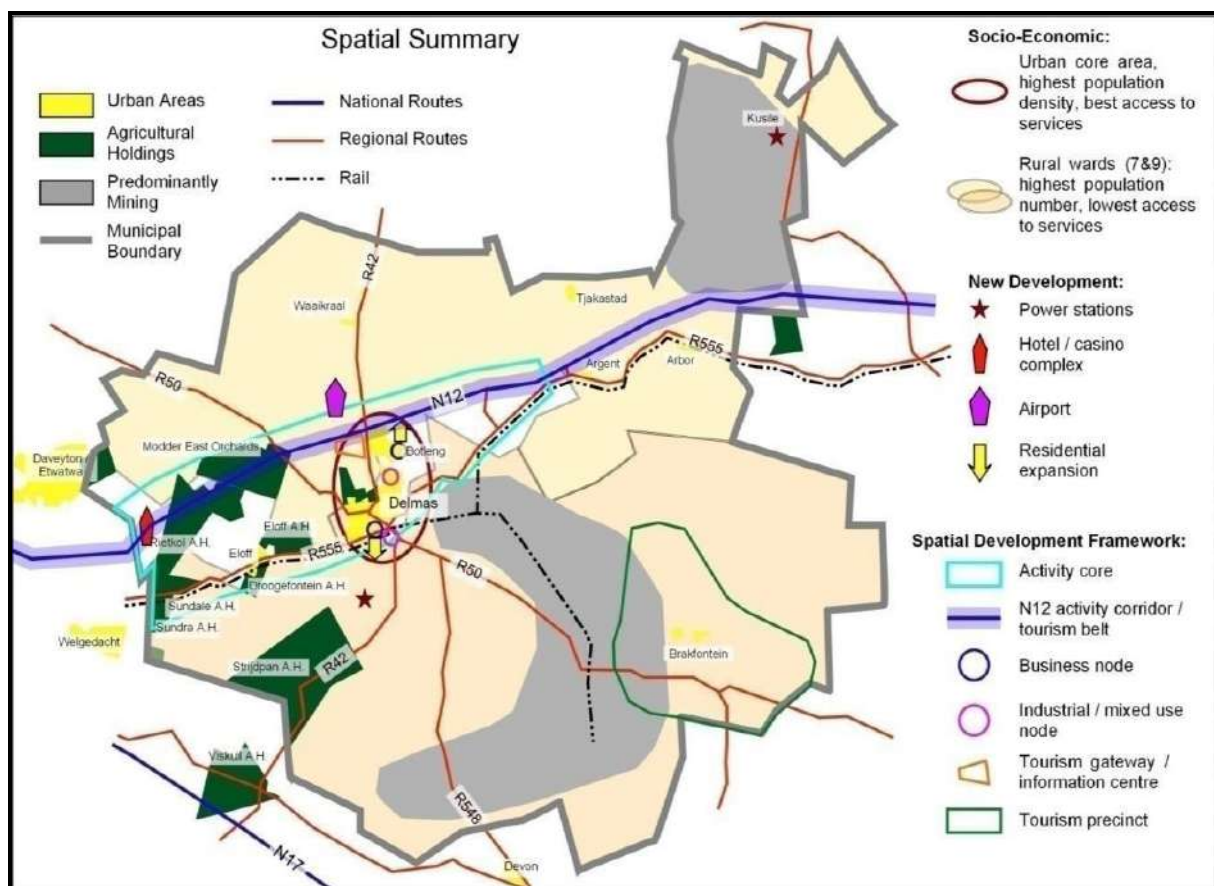
VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

1.2. Spatial Location of Victor Khanye Local Municipality

Victor Khanye Local Municipality is situated in Mpumalanga province, within the Nkangala District Municipal jurisdiction. It is located in the Western Highveld of the Nkangala District Municipality. The Ekurhuleni Metropolitan Municipality, in the Gauteng Province, borders the Victor Khanye Local Municipality to the west. It is bordered to the north by the Kungwini Local Municipality, to the south by the Govan Mbeki and Lesedi Local Municipalities. Figure 1 below depicts the spatial summary map of the municipality.

Figure 1: Spatial Map of Victor Khanye Local Municipality



Victor Khanye Local Municipality is strategically located in the provincial context, as it is located between Johannesburg in Gauteng and Nelspruit in Mpumalanga Province. It is also located close to the economically thriving metropolitan municipalities in Gauteng namely, Ekurhuleni and Tshwane.

Furthermore, it is located 10km from the N12 Highway, which joins the N4 Maputo corridor, the main link between Gauteng Province, Mpumalanga Province and Mozambique.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

According to the StatsSA, 2016 Community Survey, the total population of Victor Khanye Local Municipality is approximately 84 151 persons, which amounts to 5.8% of the total Nkangala District Municipality population 1 445 624 and 1.9% of the Mpumalanga province population 4 335 964.

The Municipality is very rural in nature and is a major maize producing area. The local towns and settlements have developed as service centres to the agricultural sector. These towns are namely Delmas, Arbor, Argent, Botleng, Eloff, Sundra, and Lionelton. The municipal headquarters are in Delmas. The Municipality is currently characterized by an increase in coal mining and related activities, the mining of silica sand is also done at large scale and other important sectors in this area are agriculture, agricultural product processing, industrial and manufacturing. Natural resources make a significant and direct contribution to the Municipalities economy.

The Spatial Development perspective of the Municipality translates the IDP of the Municipality into spatial principles and strategies and thus constitutes the spatial implementation of the IDP. The Spatial Development perspective focuses on integrating the fragmented spatial structure of the municipality with the emphasis of ensuring that all communities have equitable access to sustainable services furthermore it also ensures that economic, cultural, recreational and educational activities and opportunities reach communities in dispersed rural areas in an efficient manner.

Key to this was to align the Spatial Development Framework. The Spatial Development Framework also creates a spatially based policy framework whereby change, needs and growth in the Municipality is managed positively in a coordinated manner to the benefit of all stakeholders. It focuses on effective, optimised land usage within the broader context of protecting the existing values of the Municipality environs, i.e. as a tourism destination and a rich historical and cultural area. It protects the functioning of the current environmental ecosystems and ensures that future developments take full cognisance of these factors and incorporates them in the strategies developed.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

2. APPROACH AND METHODOLOGY

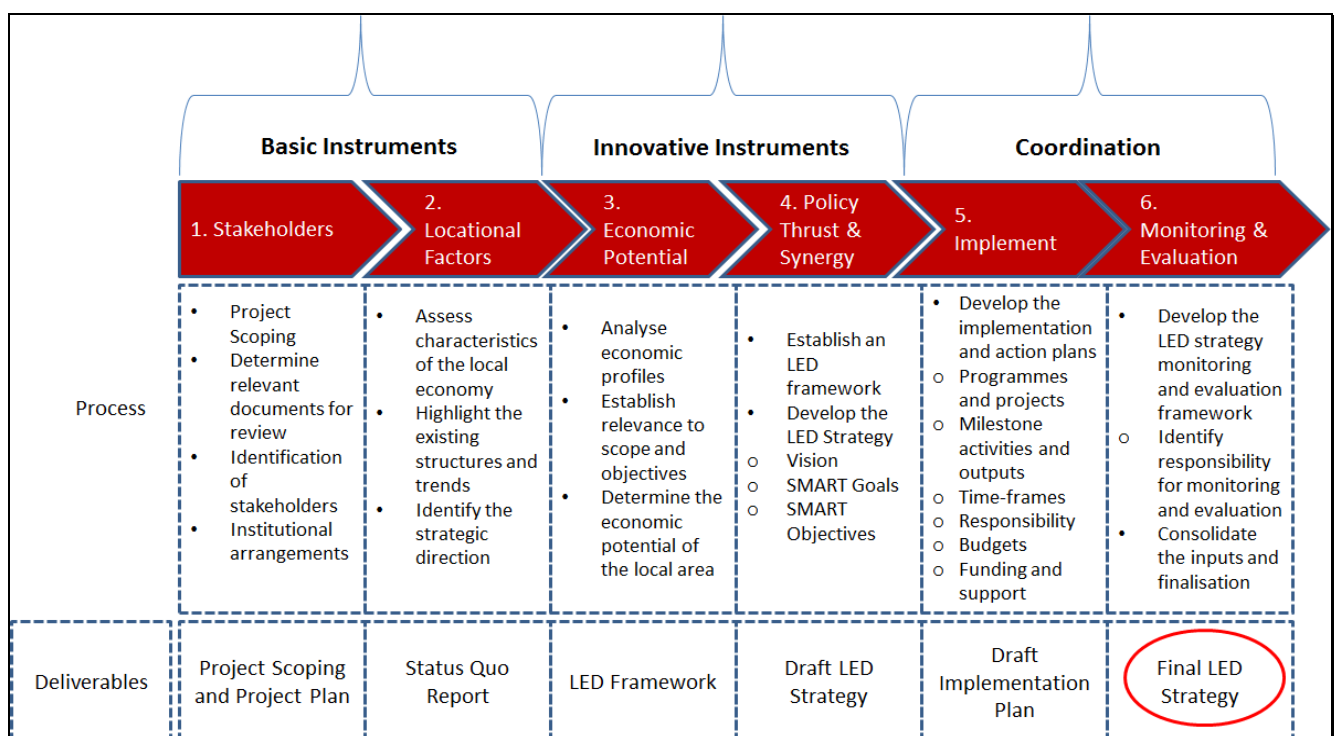
The LED Strategy formulation process commences with an analysis of the current LED Strategy as drafted in 2013; followed by assessing the requirements for the development of the LED Strategy based on the Mpumalanga LED Framework and initial consultations with key stakeholders to integrate their industry plans into the LED Strategy.

There were six (6) steps to be followed in the process of planning and developing the Local Economic Development Strategy. Figure 2 shows that these steps can be grouped along a number of triangles, namely:

- **Basic instruments** - stakeholders and locational factors, which are about the core of local economic development processes.
- **Innovative instruments** – economic potential and policy thrust and synergy are very useful in adding an innovative twist, a wider perspective and a broader scope to LED.
- **Coordination** - implementation and monitoring and evaluation are about practical issues in implementing an LED initiative.

The figure below shows a six steps LED strategy process. The strategy formulation process followed these steps:

Figure 2: Six LED Strategy Process





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Step 1: Stakeholders

- Formulating the strategy scope, mapping out objectives, and setting out possible consultative periods.
- Determining relevant documentation and sources of information (LED 2013-2018, IDP 2017-2022, SDF, PERO Report, SERO Report, Census and Community Survey from Stats SA); and
- Stakeholder identification (agreeing on the institutional arrangements and stakeholder involvement upfront).

Step 2: Locational Factors

- Assess the local economy focusing on the characteristics of the local economy;
- Using quantitative and qualitative information to highlight the existing structures and trends in business development, economic outputs, employment, skills, and other data that will help to identify the strategic direction.

Step 3: Economic Potential

- Analysing economic profiles, establish relevance to scope and objectives of the LED Strategy; and
- Outline various mechanisms to determine the economic potential of the local area.

Step 4: Policy Thrusts and Synergy

- Develop the LED Strategy; and
 - Vision
 - SMART Strategic Goals
 - SMART Strategic Objectives
 - LED Logic Model
- Establish an LED framework through integrating the identified opportunities and packaging them into a holistic LED strategy plan.

Step 5: Implementation

- Develop the implementation and action plans
 - Strategies and projects as prioritised
 - Funding and support mechanisms



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Milestone activities, outputs and KPIs
 - Implementation time-frames
 - Responsibility for execution
 - Estimate budgets

Step 6: Monitoring and Evaluation

- Develop the LED strategy monitoring and evaluation framework to allow for adjustments and responses to changes in the local conditions.
 - Identify responsibility for monitoring and evaluation
- Consolidate the inputs and finalisation of the LED strategy
 - Presentation of the LED strategy to stakeholders/project team
 - Collating all inputs and comments



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

3. LEGISLATIVE FRAMEWORK

This section provides the introduction to Mpumalanga Province, legal and policy framework that informs the establishment of Local Economic Development and other legislative framework that must be taken into account for the establishment of this strategy for Victor Khanye Local Municipality.

3.1. Mpumalanga Province

Mpumalanga province is one of the nine provincial governments within the republic of South Africa. It is located within the eastern part of South Africa, and shares its eastern border with Mozambique and Swaziland. The province borders Limpopo province to the north, Gauteng province in the east, and Kwazulu-Natal and Free State provinces in the south east and south west part respectively. As Mpumalanga share borders with four provinces and two countries, it is strategically located with access to both local and international markets.

3.2. National Policies and Legislation

3.2.1 The Constitution of the Republic of South Africa

The Constitution of South Africa, Act 108 of 1996 is the overarching legal framework under which all development is controlled in South Africa. More specifically, Section 152 of the Constitution outlines the objectives of local government. These objectives are:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Relevance to LED in Victor Khanye Local Municipality

Local authorities have a legal mandate to promote social and economic upliftment within their areas of jurisdiction. These objectives form part of an integral set of principles from which LED strategies are formulated and implemented. Furthermore, a municipality is required in terms of Section 153 of the Constitution, to 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

3.2.2 The National Development Plan Vision 2030

The South African government's National Development Plan (NDP) outline its vision to achieve sustainable and inclusive growth primarily through investment in strong network of economic infrastructure in South Africa. The plan proposes to achieve this through investment in the development of transport, energy, water, information and communication infrastructure. There are several key opportunities highlighted in the NDP that are relevant to Mpumalanga province, such as the need for the expansion of coal exports - a natural resource that the province is well endowed in. In addition, it put emphasis on development of the ultra-supercritical coal power plant, fluidised bed combustion, underground coal gasification combined cycle as well as carbon capture and storage in Mpumalanga.

Information and communication technology (ICT) has been identified as a key stimulant in the growth of the national economy and in addressing spatial exclusion. Opportunities exist for enterprise development and job creation through the development and application of content, business processes outsourcing and services. The expansion of the ICT infrastructure will enable the province to accelerate the implementation of the industrial revolution.

The NDP also highlights the risk to water contamination in the long run due to the exploitation of water resources in the Mpumalanga highveld (eMalahleni and Steve Tshwete). This poses a risk to the national economy and specifically for the areas sourcing water from the highveld, which includes some part of Gauteng and Limpopo provinces. The NDP identifies the need to protect the long-term sustainability of the economy by ensuring compliance to environmental regulations and stringent policing of various players especially within the mining sector around highveld. In addition, given that South Africa is a water scarce country, it will be important for the municipalities in the province to strengthen their demand management system in order to ensure sustainability in the long run. Essentially, there is a need to ensure that there is balance environmental protection, nature conservation, agriculture and energy requirements and water resources.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Relevance to LED in Victor Khanye Local Municipality

Local authorities play a central role in all the key levers of the NDP, especially economic services for cost of doing business and services for quality of life. SPLUMA, IUDF and NSDF part of the implementation of the NDP. IDPs must focus on their key mandate and the services influencing the cost of doing business & impacting on living standards (through quality & cost of services).

3.2.3 The National Framework for LED

The South Africa government has introduced the National LED Framework in order to capacitate local governments in the development of LED strategies. This was followed by the 2013-2018 South African National Framework for Local Economic Development which is the revised iteration of the 2006 – 2011 National Framework. The 2013-2018 framework is contextualized with the new country's policy imperatives, namely: the NDP, New Growth Path, the latest iteration of the IPAP, Comprehensive Rural Development Programme, Strategic Infrastructure Programme and the Integrated Urban Development Framework.

The LED National Framework is driven by Five Core Pillars:

- Building a diverse economic base;
- Developing learning and skilful local economies;
- Developing inclusive economies;
- Enterprise development and support; and
- Economic governance and infrastructure.

Relevance to LED in Victor Khanye Local Municipality

The LED In Victor Khanye should be able to identify its competitiveness and comparative contributors. The LED has to consider economic clustering and promotion of “arts & crafts” economy. The strategy has also have to work towards ensuring that infrastructure developments are in place to support enterprise and business growth

3.2.4 National Industrial Policy Action Plan 2017/2019-2019/2020

The National Industrial Policy Action Plan (IPAP) aims to guide South Africa to industrialisation by focusing on key strategic sectors of the economy. It also aims to ensure that the economy is developed and grows in an inclusive manner for the benefit of the population. The IPAP further



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

strives and foster the alignment between public and private sector institutions and maximise on the opportunities that lies within the State-Owned Enterprises. It provides the policy guideline on the sectors which the country should target in order to attract the investments that will grow the economy and create employment. The key sectors identified that are relevant to the economy of Mpumalanga include clothing, textile, leather and footwear; metal fabrication; agro-processing; forestry, timber, paper, pulp and furniture and minerals beneficiation.

Relevance to LED in Victor Khanye Local Municipality

LED projects must consider identified sector cluster and how to exploit or enhance sectors in VKLM. Employment opportunities should be created in these sectors by the proposed LED strategy.

3.2.5 The National Spatial Development Perspective (NSDP)

The NSDP was adopted in 2003 to address the spatial distortion of the past space economy. The main purpose of the NSDP in the South African setting is to fundamentally reconfigure apartheid spatial relations and to implement spatial priorities in ways that meet the constitutional imperative to provide access to basic services and economic opportunities to all, to alleviate poverty and equality. NSDP supports and promotes more extensive Local Economic Development within areas displaying significant economic development potential and aimed at supporting rural quality of life in areas displaying little potential for economic development.

The NSDP identified six (6) categories of development potential which cover the spectrum of economic functions in modern economy listed below:

- Innovation
- High value, differentiated goods
- Public services and administration
- Retail and services
- Tourism



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Relevance to LED in Victor Khanye Municipality

The LED projects must consider spatial relations that meet the imperatives of alleviating poverty and inequality



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

3.2.6 Broad-Based Black Economic Empowerment Act (No. 53 of 2003)

The objective of Broad-Based Black Economic Empowerment (BBBEE) Act is to substantially increase the number of black people who have ownership and control of new and existing enterprises and the number of black people in executive and senior management of enterprises. In this Act “black people” refers to Africans, Coloureds and Indians. “Broad-based black economic empowerment” means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include but are not limited to:

- Increasing the number of black people that manage, own and control enterprises and productive assets;
- Facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
- Human resource and skills development;
- Achieving equitable representation in all occupational categories and levels in the workforce;
- Preferential procurement; and
- Investment in enterprises that are owned or managed by black people.

Relevance to LED in Victor Khanye Local Municipality

The successful implementation of BBBEE will be evaluated against the following policy objectives:

- Promoting economic transformation in order to enable meaningful participation of black people in the economy;
- Achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises;
- Increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training:
 - Increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;
 - Promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity;



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- Empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills; and
- Promoting access to finance for black economic empowerment.

3.3. Provincial Policies and Programmes

A number of Provincial legislation exists that also needs to be taken into consideration for the development of the LED strategy.

3.3.1 Mpumalanga Local Economic Development Strategy Framework (2019)

In an attempt to boost local economies, the Mpumalanga Department of Economic Development and Tourism (MDEDT) identified the need to develop a LED strategy framework that has a strong economic development focus aimed at poverty alleviation and orientated towards pro-poor economic growth. The key feature of the strategy framework is that it should guide municipalities when developing a LED strategy and thus create the environment and conditions for a thriving economic sector responsive to the social development needs of the municipalities. The LED framework aims to foster sustainable economic activities in the municipalities; integrate the development initiatives of local, regional and national economy; and promote coordination between these spheres of government.

The development of a LED Strategy framework will help municipalities address some of the core challenges they face in the development of their LED strategies, specifically:

- Determining key economic drivers by sector;
- Ensuring alignment with other municipal policies and strategies;
- Identifying a practical programme for each economic sector that could be used as a basis for proactive economic development initiatives;
- Designing a guideline for redistribution of wealth and opportunities, poverty alleviation and job creation;
- Ensuring that development opportunities have definite geographic and spatial orientation;
- Enhancing collaboration between the private sector and the public sector;
- Capacitating local government to perform a new developmental role; and



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- Addressing the current limited private sector investment in the job-rich sectors and unconducive environment to local economic development.

The LED framework has to be located in the social realities of the municipalities, and therefore it has to be multi-sectoral in its approach. Its success will depend on how it assists the municipalities to harness and incorporate the existing economic, social, infrastructure, and human capital, which are prerequisites for economic development. In addition, there have been various initiatives driven by other spheres of government to identify and develop strategies for various sectors in the province. As such it would be crucial to guide the municipalities to align with and incorporate such initiatives in the development of their LED strategies.

Relevance to LED in Victor Khanye Local Municipality

The Mpumalanga Local Economic Development Strategy contextualises the economic outlook of the province and links the strategy to the district municipalities using the integrated development plans (IDPs). With the new District Development Model being implemented it's important for Victor Khanye Local Municipality to ensure that the VKLM LED Strategy is aligned to the spatially integrated single government plan for each of these spaces that guides and directs all strategic investment spending and project delivery across the District aligned to the Provincial and National Development Plans.

3.3.2 Mpumalanga SMME Strategy (2008)

The SMME Strategy aims to exploit the economic strengths of the province, provincial growth and development prospects and the policy and economic trends for the benefit of its people. It identifies sectors and areas that have the potential to address the economic and social needs of the province and thereafter to empower and support public and private sector institutions which have interest in SMME development in these sectors. Key interventions of the strategy include:

- Alignment of provincial to national policies and regulations;
- Enabling and assisting SMME's with public sector procurement opportunities and access to finance;
- Guiding organised business by directing them to areas which they could work with and support SMMEs, and
- Prioritising targeted groups (young, women and people with disability) as instrumental in expanding the impact and footprint of SMME's in the province.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

The LED opportunities identified in the strategy include unlocking downstream opportunities in mining and quarry, agriculture and forestry, manufacturing as well as in energy.

Relevance to LED in Victor Khanye Local Municipality

VKLM needs to ensure that the LED Strategy formalises the participation of SMMEs and Cooperatives in the economy by ensuring that there are strategies, systems and processes to incubate them by ensuring that they are supported financially and non-financially by both private and public sector and benefitting from skills development, subsidised infrastructure by providing space and licenses to trade and procurement opportunities.

3.3.3 The Mpumalanga Provincial Growth and Development Plan 2010 - 2020

Mpumalanga has taken an innovative approach to the development of its Economic and Development Growth Path. Although, the MEGDP is closely aligned to the National Strategy, it however takes into consideration Mpumalanga's province-specific comparative and competitive advantages and the linkages to key provincial strategic objectives.

The primary objective of the MEGDP is to foster economic growth that creates jobs, reduce poverty and inequality in the Province. The growth path is anchored on a number of parameters including sector development, Inclusive & shared growth, spatial distribution, regional integration, sustainable human development and environmental sustainability with clearly defined strategic targets over the medium to long term.

There are specific strategic interventions which, unlock and support the realisation of the initiatives noted in Mpumalanga's economic growth and Development Path. Some of the key interventions include:

- Effective and efficient BBBEEE which empowers previously disadvantaged to positively contribute to the economy;
- Skills development and capacity which is linked to the identified growth trajectories;
- Reducing the cost of doing business in MP and barriers to entry;
- Increasing MP's competitive advantages and creating appropriate investment incentives;
- Support to Cooperatives and SMMEs to ensure sustained development;
- Project financing; and



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- Provision of conducive Infrastructure for economic growth and development (land claims, water licenses, communications, etc).

Relevance to LED in Victor Khanye Local Municipality

The Victor Khanye needs to take advantage of opportunities and spin-offs from the initiatives highlighted in the MEGDP including amongst others supporting SMMEs and Cooperatives in mixed rural development in the agricultural sector focusing on agro-processing, fresh produce market, small scale farming and community farmer support, mining & mining beneficiation, tourism, information and communication technology, green economy and energy. Investing in social capital and public service by promotion of cooperatives, non-governmental organizations, stokvels, burial societies, etc, HIV control and management and building a critical mass of skills.

3.3.4 Mpumalanga Vision 2030

Mpumalanga Vision 2030 provides the social, economic and institutional vision for the development of the province over the next decade. In order to expand the economic development in the province emphasis is put on the development of economic infrastructure (water, energy and transport) with a strong focus on district municipalities competitive advantages. This include the steel industry in Witbank and Middleburg, petrochemical in Goven Mbeki, forestry around Sabie and Mkhondo, and agro-processing.

Vision 2030 lays emphasis on the development of mining beneficiation through taking advantage of the mineral commodities currently being mined in the province in Witbank, Middelburg, Mashishing, Secunda and Ermelo. It also highlights taking advantage of rich tourism endowment of the province. The focus points for development are identified as the secondary nodes as well as primary nodes along the corridors, and the Comprehensive Rural Development Programme (CRDP) projects.

Relevance to LED in Victor Khanye Local Municipality

The Victor Khanye's economy has mining, mining beneficiation and tourism including the N12 as part of Maputo Corridor and the potential impact of the proposed Nkangala Airport to strategically plan to take advantage of the opportunities and spin-offs presented by these sectors including its contribution as part of the Comprehensive Rural Development Programme (CRDP).



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

3.3.5 Mpumalanga Industrial Development Plan

The Mpumalanga Industrial Development Plan identifies seven (7) industrial clusters located within the geographical areas of eMalahleni (mining and metal fabrication), Middleburg (metal fabrication), Mbombela (wood products), Secunda (petrochemical and coal), Hazzyview/Sabie (timber and forestry), Delmas (mixed agricultural) and Komatipoort (sugar cane and agro-processing). These clusters are linked to the global and local supplier chains of the mainly big industries in the automotive, energy, oil and gas industries. In order to explore the economic potential that is encapsulated within these clusters the industrial plan emphasises investment in research and development. It also proposes strengthening relationships and working together with key institutions such as the Department of Trade and Industry, South African Institution of Mining and Metallurgy, Department of Science and Technology, and the Agriculture Research Council, among others.

The key local economic development initiatives highlighted in the plan include among others welding school, light industrial hub, steel and metal fabrication hub, cleaner industrial development located in Steve Tshwete. In Dr Pixley Ka Isaka Seme Municipality hydroponic, fly ash and farm packaging are highlighted as the major economic development initiatives. Fresh produce as well as emerging and community farmer support programme are identified areas with the LED prospects for Msukaligwa and Bushbuckridge municipalities respectively.

Relevance to LED in Victor Khanye Local Municipality

The Victor Khanye's needs to take advantage of opportunities and spin-offs from the initiatives highlighted in the plan including amongst others mixed agricultural including agro-processing, fresh produce market, small scale farming and community farmer support, mining and energy.

3.3.6 Mpumalanga Rural Development Programme (MRDP)

The Mpumalanga Rural Development Programme was established in 2010, coordinated by the office of the Premier. The main objective of the programme is to contribute towards an "improvement of the social and economic situation of the rural poor"

The concepts of the programme (which are similar in nature to the more recently adopted ISRDS and CRDP programmes) include:

- Self-reliance/empowerment: strengthen capabilities of the communities and emphasise development planning;



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- Economic growth: encourage local economic development, employment and income generation through the promotion of small and micro-sized rural enterprises and the participation of the private sector;
- Capacity building: strengthen, advice and train service providers; and
- Outreach: upgrade and broaden the facilitation of government services to the impoverished.

Relevance to LED in Victor Khanye Local Municipality

As 50% of the population of VKLM reside in predominately rural areas there is a need to create vibrant, equitable and sustainable rural communities include: contributing to the redistribution of the country's agricultural land; improving food security of the rural poor; creation of business opportunities, de-congesting and rehabilitation of over-crowded areas; and expanding opportunities for women, youth, people with disabilities and older persons who stay in rural areas.

3.3.7 Mpumalanga Tourism Growth Strategy

The Mpumalanga Tourism Growth Strategy 2007 is a detailed framework to guide tourism initiatives and development in the province. The focus area is to increase revenue in the tourism sector, creating additional economic activity which will benefit people in Mpumalanga.

The framework outlines the need for new products, destination marketing and human resources development. The outputs of the strategy are:

- An integrated tourism marketing plan
- A tourism development plan
- Proposal for an appropriate institutional framework
- Action plan for implementation

All localities in the province have to contribute to the above outputs

Relevance to Victor Khanye Local Municipality

Identified LED tourism projects must be in line with the provincial outputs and should be innovative, attracting new products and various tourism customers



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

3.4. Local Government Policies and Legislation

At the District and local level the legislation or policies that will guide the development of the LED strategy are strategic documents such as the Integrated Development Plans (IDP), Spatial Development Framework (SDF) and any by-laws relating to issues of LED.

There are policies and programmes at the District level which are relevant to the LED processes as listed below:

- Nkangala Integrated Development Plan
- Nkangala Local Economic Development Perspective and
- Nkangala Spatial Development Framework
- Nkangala Local Economic Development Strategy
- Nkangala Investment Attraction Strategy

3.4.1 Nkangala District Municipality: Integrated Development Plan 2016-2021

The Nkangala District IDP is a strategic instrument which informs planning and development in the District, identifying priority needs for local municipalities and focus areas. The IDP also guides duties of official bodies involved in the implementation processes. The IDP of the Nkangala District Municipality (NDM) indicates that the District has developed a Local Economic Development (LED) Strategy that will place the District on the envisaged higher economic development trajectory. Currently the NDM has identified fourteen (14) anchor projects. The identified anchor projects are: **Nkangala International Airport, SMME Hub**, Steel and Metal Fabrication Hub, Glass Recycling, Bio-gas Plant, Container shopping and business hubs, Sawmill project, Fly Ash Beneficiation Plant, Catalytic Converter, Rust De Winter Theme Park, High Altitude Sports centre, Moloto Rail Corridor Development, Business & Mining Museum, Convention Centre and Loskop Zithabiseni Tourism Corridor. Furthermore, the IDP of the District makes mention of five (5) thematic areas at improving the economic landscape of the District economy these are;

Strategic Cluster One: Economic Diversification: This cluster points to the need to diversify the economy of the District. This diversification should be implemented in form of mixed nodal centres, foreign direct investment (which have been considered critical to diversifying resource endowed economies); improving the quality of state institutions to deliver successful diversification facilitation; ensuring that proactive investment promotion is done on priority sectors and key developmental nodes; enhancing agriculture and agro-processing, adding value to mining products as well as supporting small medium enterprises and cooperatives. Following the hosting of the Mining and Big Industries Summit in May 2018, the NDM is in the process of establishing an oversight structure to



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

facilitate the implementation of the resolutions of the summit. The strategic purpose of the Forum is to improve coordination between Government [at all levels], the mining industry and big industries in order to accelerate economic development, stimulate job creation and to enable stakeholders to collaborate meaningfully to up-scale the impact of their interventions in growing the economy of the Nkangala District.

By the same token, existing and future Human Settlement patterns should be planned around economic development zones (Nodes, Corridors, etc.). This will balance out the interaction of demand and supply markets, and effectively develop the identified development zones. Implementing the Memorandum of Understanding on Land use management planning, as well as the Land Tenure Strategy will play a major role in creating activity corridors which are sustainable in the long term.

Strategic Cluster Two: Research and Marketing: The Nkangala District has a strong focus on conducting research into key sectors of the economy to identify new opportunities for future projects. R&D and Innovation will be undertaken in collaboration with academic institutions, industry associations and business to promote the districts participation in the Fourth Industrial Revolution. The district aims to develop projects in Communication and Information Technology, industry Incubators, and innovation hubs. More research relating to economic development among the youth, women, people with disability, as well as research focusing on mainstream sectors should be conducted. The NDM is also engaging in targeted Trade and Investment marketing for identified projects to improve the municipality's ability to attract and retain investments and enhance export capability resulting in economic growth, that contributes to business growth, job creation and poverty reduction

Strategic Cluster Three: Institutional Development: The third strategic cluster focuses on Human Resource development within the municipality, as well as mobilization of resources for development initiatives. This should involve trainings, appraisal of performance and incentives such as regular awards, etc. The objective of this strategy is to ensure quality and efficient operations on the part of the municipality as a catalyst to development.

Strategic Cluster Four: Green Economy Mainstreaming: In this regard, the district has developed a Feasibility Study for the Integrated Waste in 2017. The approved Feasibility Study has identified alternatives that can be used for waste diversion from landfills. These alternatives are only possible if certain conditions are available and the deficiencies of the current system have to be rectified to ensure that a steady flow of feedstock can find its way to these alternatives. The closure of the



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

identified waste management gaps is important to ensure that identified alternatives can be successful. The identified alternatives are as follows:

- The establishment of a regional hub and spokes recycling model with the hub located in eMalahleni [Witbank] as a public/PPP initiative [Medium term]
- The establishment of regional composting facilities operated by private operators or as a PPP [Short term]
- The construction of a first phase bio-gas Waste to Energy plant as a PPP project [Long Term].

Strategic Cluster Five: Business Retention, Attraction and Development: The fifth strategic cluster focuses on business development, retention and expansion. Ensuring that businesses prefer to be located in the District should involve improving the ease of doing business through policies of the municipality. This should be through creating to access credit and funding, mentorship and training initiatives as well as provision of locational based incentives. It is also important to consider establishment of industrial hubs in the various local municipalities such as Siyabuswa and Moripe in Dr JS Moroka, as well as all the other local municipalities within the District. A study needs to be commissioned to determine the feasibility of industrial hubs in all of the local municipalities.

Agriculture and Rural Development: Agriculture as a sector is largely undeveloped. This pillar aims to increase employment and value addition in this sector. Traditional commercial farming is included and the potential growth in agro-processing activities must be investigated and exploited, to this end the NDM is collaborating with the department of agriculture to develop an Agro-processing hub, with links to the local farming communities in Dr JS Moroka Local Municipality.

Relevance to LED in Victor Khanye Local Municipality

Alignment is critical in order for every government sphere to work towards the same goal with the resources available. In case of the LED Strategy, it is no different, the priorities mentioned by the District IDP are to higher degree relevant to the economic challenges facing the economy of Victor Khanye and therefore need attention.

3.4.2 The Local Government Municipal Systems Act (no.32 of 2000)

The Municipal Systems Act lists the duties of a municipal council, within its financial and administrative capacity, as follows in Section 4(2):

- Exercise the municipality's executive and legislative authority and use the resources of the Municipality in the best interests of the local community,



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Provide, without favour or prejudice, democratic and accountable government,
 - Encourage the involvement of the local community,
 - Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner,
 - Consult the local community about:
 - The level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider, and
 - The available options for service delivery.
 - Give members of the local community equitable access to the municipal services to which they are entitled
 - Promote and undertake development in the municipality,
 - Promote gender equity in the exercise of the municipality's executive and legislative authority;
 - Promote a safe and healthy environment in the municipality, and
 - Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

Relevance to LED in Victor Khanye Local Municipality

Local Economic Development is one of the most strategic tools through which local municipalities adhere to its duties, as prescribed by the Municipal Structures Act. Section 25 (1) of the Act states that each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which:

- Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- Aligns the resources and capacity of the municipality with the implementation of the plan; and
- Forms the policy framework and general basis on which annual budgets must be based on.

Specific reference to LED is made in the following section of this Act: Section 26(c) of the Municipal Systems Act further specifies that the Integrated Development Plan of a Local Municipality must contain its Local Economic Development aims. This awards the municipal LED Strategy legal status as part of the Integrated Development Planning process.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

3.4.3 Local Government: Municipal Finance Management Act (No. 56 of 2003)

The objective of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for:

- Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities:
- The management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings
- Budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government:
- Borrowing;
- The handling of financial problems in municipalities;
- Supply chain management: and
- Other financial matters.

Relevance to LED in Victor Khanye Local Municipality

The institutions to which the Municipal Finance Management Act applies, as stipulated in Section 3 of the Act, is all municipalities, all municipal entities and national and provincial organs of state to the extent of their financial dealings with municipalities. It is therefore necessary that local municipalities adhere to financial procedures presented in the Act when engaging in financial matters relevant to any LED activities. The Act makes reference to municipal bank accounts, cash, investment and asset management, municipal budgets and debt management. Furthermore the Act stipulates the financial responsibilities of the mayor and municipal councillors. All sections of this act should be adhered to when implementing LED and therefore the Act should be consulted.

3.5. Local Initiatives

The initiative on local level is imperative as they deliver public service more efficiently and help local government achieve its mandate. National and provincial policy effectiveness all comes down to the implementation of local initiatives and their sustainably, as this is the level that has direct impact on individuals.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

There is great responsibility on Municipalities to facilitate LED and play a key role in creating conducive environment for investment, business and economic activity to thrive. The creation of employment will contribute towards the achieving national goals based on the NDP. The relevant policies and legislation that influence LED process at local level are:

- The Victor Khanye Local Municipality: IDP
- Victor Khanye Local Municipality: Spatial Development Framework(SDF)

3.5.1 Victor Khanye IDP 2017-2022

According to the HIS and SERO Report, 2019, the local economy in Victor Khanye Municipality is relatively diversified with the largest sector, in terms of output as well as proportional contribution being the Mining sector. The Mining sector is followed by Trade sector and Community Services sector. During recent years, there has not been any significant growth in all sectors. The sector, which experienced slight expansion in terms of output in the Victor Khanye Municipal area:

- Agriculture (1%)

Majority of the other sectors stagnated or experienced negative growth (contracted) , namely:

- Mining
- Manufacturing
- Utilities
- Construction
- Trade
- Transport
- Finance
- Community Services

Of all six local municipalities in the Nkangala district, Victor Khanye registered the highest comparative advantage for agriculture. The regeneration of power stations, as well as the new Kusile power station in the Victor Khanye area could serve as catalyst to increased demand for coal reserves in the Nkangala area. However impact of closing down of some coal driven power stations give rise to consider opportunities in renewable energy. Impact of COVID-19 and the rapid need for the 4IR has to be seen as a major opportunity which needs to be explored. The industrial potential of Delmas (agro-processing) should also be promoted to capitalise on its strategic location in relation to the major transport network. Tourism potential for Victor Khanye has to be factored more especially as it's a gateway into Mpumalanga Province.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Sub-Regional Comparative Advantages

After careful research and evaluation, the following sector must be targeted regarding the municipal economy:

- Agriculture
- Mining
- Manufacturing
- Trade (focus on Tourism)

Below, the specific guidelines regarding interventions are discussed in more detail:

- The strong agriculture base must be explored to drive LED activities in the municipal area. It is however not the only sector that must be stimulated.
- Agro-processing of local agriculture goods must be viewed as a key component of any LED strategy in this local municipal area. Such developments will support further growth and development of sector such as the transport and trade.
- The development of the mining sector should be undertaken in a fashion that will ensure that the maximum benefits of additional developments accrue to the local population.
- The relatively small manufacturing base should be developed in a manner that the proximity of the Gauteng markets is utilised.
- Tourism potential for Victor Khanye has to be factored more especially as it's a gateway into Mpumalanga Province.

Finally the various individual economies have varying degrees of similarities and difference. It is furthermore necessary to review the local level comparative advantages from a district perspective. In other words, where the various economies have similar comparative advantages, it is necessary to ensure that the spatial focus of the interventions are implemented in a “complementary” manner.

LED project must create linkages and hubs between existing projects, complimenting and clustering activities of similar nature. LED projects should also exploit identified potential sector as they are most likely to receive funding easily as they promote the Local Municipality's Vision.

Relevance to LED in Victory Khanye Local Municipality

LED project selection and prioritisation must work towards accomplishing the identified focus area in the Local Municipality



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

3.5.2 Victor Khanye Spatial Development Framework (SDF)

The Spatial Development Framework for the Victor Khanye Local Municipality translates the Integrated Development Plan (IDP) of the Municipality into spatial principles and strategies and thus constitutes the spatial implementation of the IDP. The SDF focuses on integrating the fragmented spatial structure of the Municipality, and ensuring that all communities have equitable access to vital services through a nodal structure (Spatial Justice). It also ensures that economic, cultural, recreational and educational activities and opportunities reach communities in dispersed rural areas and around the agricultural holdings in an efficient manner (Spatial Efficiency).

The SDF provides a spatially based policy framework whereby change, needs and growth in the municipal area is to be managed positively to the benefit of everyone (Spatial Resilience). It focuses on how land should be used within the broader context of protecting the existing values of the broader Nkangala District area i.e. tourism destination, rich historical and cultural area, agricultural production etc. It also aims to improve the functioning of the local urban, rural and natural environmental systems and assists in the identification of local opportunities for urban/ rural development and natural environmental conservation, and makes recommendations as to where and how development of the open space system should be managed (Spatial and Environmental Sustainability).

Relevance to LED in Victory Khanye Local Municipality

LED must be developed within the context of the IDP, as described in Section 25 of the Municipal Structures Act, as discussed above. In view of the ten government mandates discussed, it is critical for local municipalities to:

- Understand the government's approach to LED,
- To plan and implement LED strategies within the context set out by various national and provincial policy and legislative frameworks,
- Understand their functions and duties as municipalities and the impact of each of these on Local Economic Development, and
- Have clarity on LED roles and responsibilities for the different spheres of government and civil society in order to affect a more coordinated effort in realising LED ideals.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

4. LED STRATEGY

4.1. Defining and understanding LED

As defined by Swinburn (2006:1), LED is a “process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and sustainable employment generation”. LED is targeted mainly to achieve economic development which will assist the society to work towards balance development through to reach high economic growth while addressing social issues affecting the community (Rogerson, 2009). It boosts local economies by generating economic activities and employment as well as alleviating poverty (Koma, 2014). LED “serves as an important strategy to boost local economies to address high level of poverty, unemployment and inequalities and most importantly to address South Africa competitiveness and the integration of South African economy into the global economy” (Todes and Turok, 2014).

Local Economic Development, as defined by the Department of Cooperative Governance and Traditional Affairs an outcome based on local skills and initiatives and driven by local stakeholders. It involves identifying and using primarily local resources and skills to stimulate sustainable economic growth, regeneration and development.

It is most often a participatory approach, encouraging input and participation from all interested parties to address the needs of a community or region. It should also be noted that LED is an ongoing process rather than a single project and is about continually upgrading the investment environment to improve competitiveness and generate income and employment.

LED is about promoting local approaches to respond to local needs and conditions, but also within the context of national and global economic trends and events. It aims to base economic activity on social conditions and local resources as well as regional capabilities and local competitive advantage.

4.2. What drives LED?

4.2.1 Institutional

Governments across the world spend money to stimulate growth, fight unemployment and reduce under-development of its populace (Koster et al.,2016). This is precisely because economic growth,



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

and by extension economic prosperity, does not happen naturally, that is without the active role of local institutions (Yang et al., 2008). There is a need for the local institution to learn about the enabling factors (Turner and Berube, 2009). The outcome of learning may include the introduction of a policy, programme or incentive that is responsive in addressing challenges and responding to opportunities in a particular space (Kline and Moretti, 2014). These learnings are not confined to one layer of government, thus, should be embraced by all players including the state-owned enterprises and private sector institutions (Pugalis and Gray, 2016). Therefore, this dictates that institutional capacity should exist at local and national levels and within the public and private sector space

4.2.2 Capacity to Learn

Successful implementation of place-based policies depends on the ability of the public and private sector institutions to learn (Wink et al., 2016). This includes creating tailor made solutions for the targeted location. This is in recognition of the fact that institutions that shape economic, political and other forms of interactions are fundamental in sustaining economic development (North et al., 2006). The capacity of the institutions to learn leads to functional institutions that enables and creates a conducive environment for economic prosperity (Neumark and Simpson, 2015). Most importantly, such institutional capacity will enable the targeted place to compete in the highly competitive environment through capitalising on local advantages to identify niche opportunities.

4.2.3 Skilled Human Capital

Todes and Turok (2005) note that one of the fundamental factors in strengthening local economies is through the strengthening of local human and institutional capabilities. It is through capable human capital that all key elements which drive investment could be achieved. Another important component of strengthening the local institutions is through the government's ability to attract and retain skills. This is important for strengthening the local institutions with respect to the policy continuity and institutional memory. This is precisely because pursuing, identifying, attracting and retaining the investment in a specific location requires a set of skills and knowledge which cannot easily be acquired (Todes and Turok, 2017). Thus, the inability to retain skilled technocrats may undermine the success of policy interventions (Turok, 2012; World Bank, 2014).



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

4.2.4 Agglomeration

International literature on the drivers of growth in places suggests that the agglomeration associated with the concentration of people is one of the factors that play important roles in making places attractive to investments (Krugman, 1991). As noted by the World Bank (2014:24) the clustering of the firms “can generate increasing returns to scale from agglomeration, thus fuelling high, sustained economic growth and job creation”. This is because the concentration of people in places creates a locational advantage by attracting skills that are required by the local firms and industries. Where a large number of skilled people are concentrated, such places have the effect of higher productivity. As Glaeser and Gottlieb (2008) argue, productivity levels increase with the population density. Firms prefer to locate in areas which have comparative advantages such as a highly skilled workforce compatible to their requirements (Cohen and Paul, 2005).

Agglomeration also creates an enabling environment for taking advantage of the division of labour and also creating economies of scale (McGranahan et al., 2014). Economic concentration has the advantage of creating efficiencies that generate opportunities for expanding productivity in the places. This point is also emphasised by Turok (2012) citing key advantages of spatially concentrated development as facilitating the process of lowering costs, creating efficiencies, making advanced infrastructure more viable as well as enhancing learning and innovation.

4.2.5 Infrastructure

Investment in public infrastructure has played an important role in achieving the economic potential of regions (Turok, 2012). Public infrastructure investment has mainly been assigned to enabling infrastructure such as water (dams, electricity (generation and bulk distribution), transport (road networks, rails and ports) among others. This type of infrastructure creates an enabling environment for private sector to consider investing in areas where such infrastructure exists due to its ability to reduce costs and increase productivity (Neumark and Simpson, 2015). In addition, “infrastructure investment can be cost-effective in delivering productivity growth in targeted regions and can act as a redistributive tool across locations” (Neumark and Simpson, 2015). Tacoli (2003) indicates that good infrastructure strengthens market linkages for smaller traders and Glaeser (2008) emphasizes “government-sponsored transportation infrastructure” as a major factor influencing the growth of particular places.

LED Quick Reference (World Bank Reports) indicates the purpose of LED as follows:



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

4.2.6 Entrepreneurship

Entrepreneurship plays a pivotal role in addressing the social and economic inequalities of places. Areas which are endowed with entrepreneurs create opportunities for job creation and money to circulate within the communities (Naudé, 2014). This creates a number of multiplier effects including sustaining local employment opportunities. Entrepreneurship drives investments and innovations which are the important driver for economic growth (Holcombe, 1998). The more entrepreneurs exist in a particular place, the higher the chances of realising the investments which can lead to economic growth. The investment by the entrepreneur takes place as a result of opportunities for growth not in search of creating the cause for growth (Holcombe, 1998). That is entrepreneurs can invest in areas where opportunities for economic growth exist.

Lack of entrepreneurship in South African townships and rural areas to some extent is due to historical factors. In the apartheid era, people living in the townships were not allowed to own businesses (Jürgens et al., 2013). This destroyed the entrepreneurial spirit of many black South Africans and denied the townships the vibrancy which is necessary to stimulate their underlying economies (SACN, 2009). As the changes in apartheid legislation evolved, there were limited business opportunities that the township populace could venture into. In addition, the light industrial sites which in many economies serve as incubators for emerging entrepreneurs did not exist in the South African townships (World Bank, 2014). As such, opportunities for the progression of the local business/entrepreneurs to move into bigger industrial zones/site was not created (World Bank, 2014).

4.2.7 Balanced Development in Rural-Urban Settings

In South Africa there are at least three types of local economies, namely, cities, towns and rural areas. Each of these types has different economic structures, resources and types of economic activity. For example, the economies of cities usually have a complex and varied mix of construction, processing, services, trade and industries. Towns may have mining, processing, trade and feeder industries into farming or mining. Rural areas may be dominated by farming though there could be mines close by as well. The factors which differentiate cities, towns and rural areas is agglomeration or density of population, and scale or extent of economic activity.

LED is often associated with urban development as it is more often encountered in medium and large cities than in small towns and rural villages. Some argue that LED at the level of a small rural area, say of 5,000 inhabitants, is not plausible, especially with their less diverse economic structures. It is unlikely that it is possible to have a critical mass for the creation of a competitive advantage at this level. In South Africa disproportionate levels of poverty are to be found in rural areas – where many



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

South Africans live. The rural areas account for 13% of the national output and are home to 35% of the population (Department of Cooperative Governance, Statistics SA). Increased urban bias in development strategies without equivalent rural development can be detrimental to both rural as well as urban areas. Continuous significant growth in the urban population can be considered as a direct result of a shift in balance between the rural and urban sectors, which is closely linked to economic growth and changing patterns of employment. Urban bias strategies can result in the development of commerce and industry, and the growth of transportation, communication, education and other types of infrastructure in urban areas. The perception of better opportunities lures migrants to urban areas, depriving rural areas of skilled people and placing increased pressure on urban infrastructure and services.

4.3. Reasons for LED

There are some main rational for pursuing LED. One of the main reasons why local economic development (LED) is currently receiving increasing attention is globalization. This is so for a number of reasons:

- As national borders become less important, national markets become more accessible to foreign competitors, and therefore the competitive pressure on domestic producers is rising. Domestic companies undertake all sorts of efforts to raise their competitiveness. One of the important strategies is to focus on core competencies and to externalize all those functions which are not creating a competitive advantage. This is creating demands for the environment, and in particular the local environment, in terms of availability of suppliers, service providers and supporting institutions. A dense fabric of supporting industries and institutions becomes ever more important.
- For many industries the number of viable locations increases. The mobility of companies increases as well. Competition between locations emerges – they want to keep or attract companies to raise taxes and create employment. Not only companies but also locations – cities, regions – have to consider how to increase their competitiveness.

However, local development is not only about attracting companies. It is also about the endogenous potential. It is not rare to find local economic development actors with just one thing on their mind: how to attract the one big external investor who brings thousands of jobs. But these investors are rare. It is often more promising to enhance the competitiveness of companies which are already there, and to stimulate and support the emergence of new companies (i.e. stimulate entrepreneurship). This is the endogenous potential.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Moreover, local economic development is not only about integration into external markets. Sure, this is often the main preoccupation, and there can be little doubt that it is a main justification for local economic development. But local economic development ought to be more than that. It is an approach which is also important for locations which are hardly touched by the forces of globalization. A further rationale for local economic development is to close local loops. Local economies are often fragmented. Business opportunities are not exploited since they are not visible. Local companies look for suppliers and customers to the outside, rather than in their location. Stimulating interaction between local businesses creates new business opportunities.

4.4. What does practicing Local Economic Development mean?

The success of communities today depends upon them being able to adapt to the fast changing national and international market environment. Strategically planned local economic development is increasingly used by communities to enable them to improve their economic futures.

4.5. How can a strong local economy be built?

Every community has unique local conditions that either help or hinder its local economic development. These conditions will form the basis for designing and implementing a local economic development strategy. To build a strong local economy, good practice tells us that each community should undertake a collaborative, strategically planned process to understand, and then act upon, its own strengths, weaknesses, opportunities and threats. This process should enable local areas to become more attractive to business, workers and supporting institutions.

4.6. Who does Local Economic Development?

Successful private enterprises create wealth, jobs and improved living standards in local communities. Private enterprise however, depends on favourable local business conditions to achieve prosperity. Local governments have an essential role in creating favourable environments for business success and job creation. LED is thus a partnership between government, business and community interests.

4.6.1. National

Macro-economic, fiscal and monetary policies affect local communities. National regulatory and other legal conditions (e.g., telecommunications deregulation, environmental standards) also influence the shape of local business climates, which can help or harm local economic development goals. In many



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

countries, national government functions continue to be decentralized and private industry has become more mobile. These trends all have consequences for local economic development. Local communities need to be aware of the threats that they pose as well as the opportunities that they bring

4.6.2. Provincial

Communities within and between provinces and districts sometimes compete to attract both outside and local investment. There are also many opportunities for communities (both rural and urban) to collaborate with one another to help their economies grow, for example, by supporting infrastructural or environmental improvements with broad provincial impacts. Local governments or provincial governments can often intermediate between national and individual local governments to play important roles in LED. e.g. the development of industry cluster or sector strategies, or business-university networks.

4.6.3. Municipal

Businesses (large and small) often choose to locate or grow in urban areas because of agglomeration economies, that is, the benefits of sharing markets, infrastructure, workforce, supplier relationships and information with other firms. The economic growth advantage of urban areas depends upon the quality of urban management and on policies affecting the availability, or lack, of electricity, transport, water, sanitation, telecommunications and developed or developable urban land. Factors affecting labour productivity in the local economy include housing, health and education services, skills availability, security, training opportunities and public transport. These hard and soft Infrastructure factors are major determinants of an area's comparative advantage and form the backbone of a successful local economy.

A crucial local economic development activity that municipalities should undertake is to improve the processes and procedures that businesses are subjected to by the local authority itself. A brief survey of most local governments reveals a large number of complex, badly managed, expensive and unnecessary business regulations. By reducing these appropriately, an area quickly begins to improve its investment climate and becomes known as business friendly.

4.6.4. Local Communities

Communities and businesses increasingly recognize that successful local economies require social, as well as economic and environmental, renewal. For this reason, strategies and plans for local



VICTOR KHANYE LOCAL MUNICIPALITY

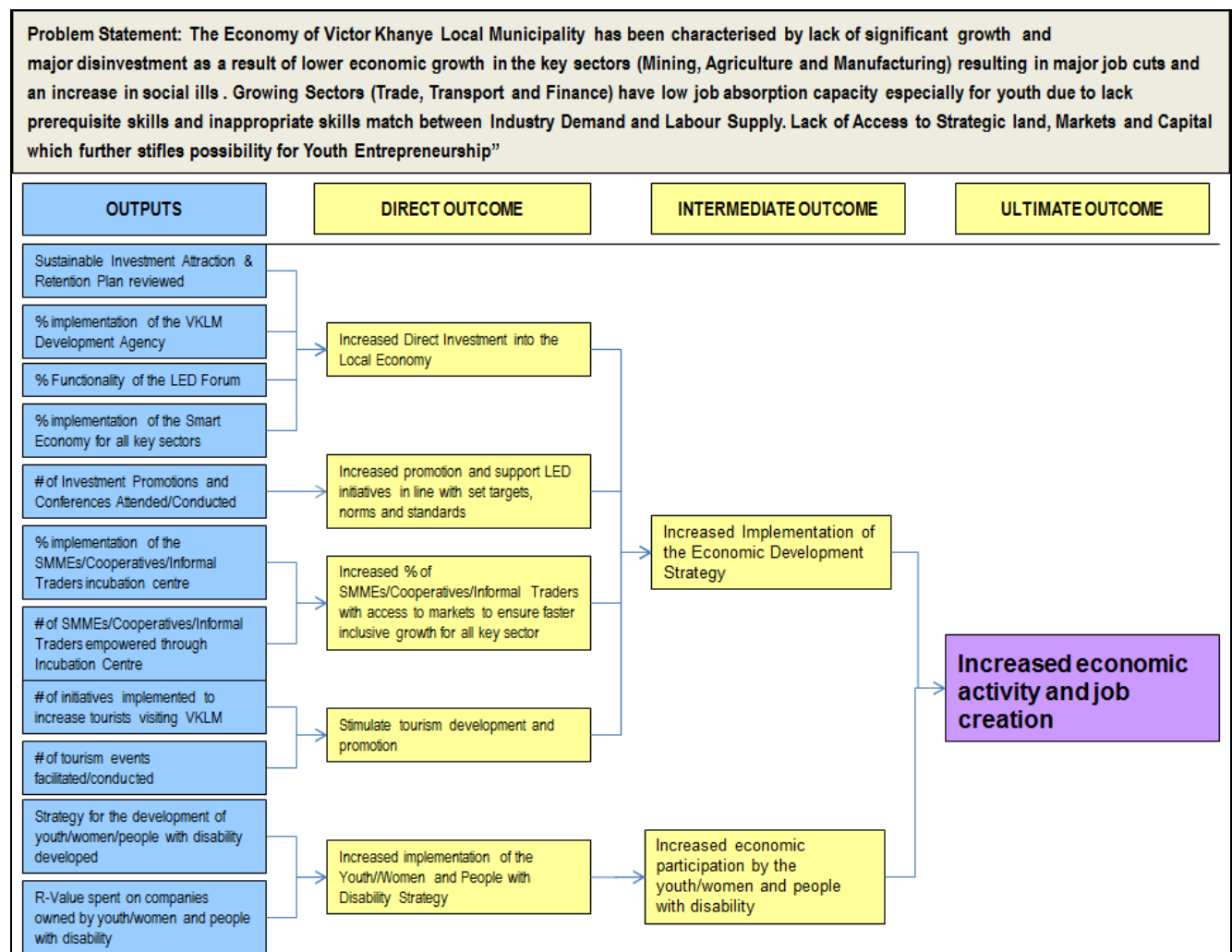
FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

economic development and regeneration need to interface with anti-poverty strategies and need to involve disadvantaged and excluded groups.

4.7. LED Building Blocks

The figure below shows logic framework for local economic development which has been developed through the initial consultation with stakeholders for VKLM LED Strategy and will be implemented in order to realise the LED Vision and Mission of the municipality. The LED Strategy Logic Model is meant to define the problem statement that needs to be addressed, followed by outlining the ultimate outcome, intermediate outcome, direct outcomes and outputs that need to be achieved as a result of the implementation of the strategies and key projects. The LED Strategy Logic Model is a means of achieving the vision for economic development specifically for the VKLM economy.

Figure 3: Local Economic Development Strategy Logic Model





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5. SITUATIONAL ANALYSIS

This phase of the study focuses on the socio-demographic elements of the Situational Analysis. It is indicative of the socio-economic profile and investigates the demographic characteristics of Victor Khanye Local Municipality. The analysis provides the local municipality with baseline data to identify and prioritise important issues pertaining to the development and current status of the inhabitants or community members of Victor Khanye.

5.1. Demographic Indicators

It is vital to analyse the size, spatial distribution, composition and growth patterns of a municipality, in order to indicate future trends and to explain past occurrences. When compiling the socio-economic analysis or overview, national census data is used. The objective of Statistics South Africa is to conduct a national census every 5 years.

The data gathered during the census is used to provide a character profile of the South African population:

- The size of the population and growth rate
- The population group and broad age group
- The gender and urban-rural divide
- Access to services such as water, sanitation and electricity
- The level of households income'
- The level of education
- The level of poverty and health status
- And other characteristics

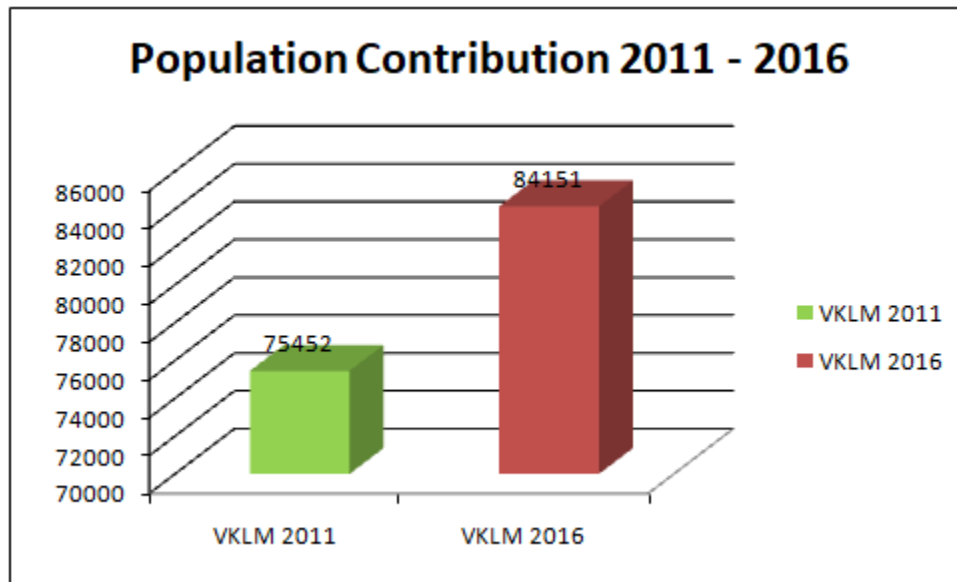
The demographic characteristics of Victor Khanye Local Municipality will have various influences on the socio-economic conditions of the locality. The population increase has future implications such forward planning of basic amenities to sustain the inhabitants of the area. Every area has different characteristics, leading to no one being developed in the same manner.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 4: Victor Khanye Population Distribution 2011 - 2016



(Census 2011, Community Survey, 2016)

- According to Stats SA (2016 Community Survey), 84 151 people were recorded in 2016 – 5.8% of Nkangala's population.
- Population grew by 10.34% between 2011 & 2016 while the annualised population growth rate was measured at 2.5%.

Table 1: Population growth rate

Demographic Indicators	Stats SA Census 2011	Stats SA CS 2016	Share of Nkangala's figure 2016	Share of Mpumalanga's figure 2016	Ranking: highest (1) – lowest (17)
Population number	75 452	84 151	5.8%	1.9%	15
Number of households	20 548	24 270	5.8%	2.0%	14
Area size (km ²)	1 589.9	1 589.9	9.4%	2.0%	17
Population per km ²	48	53			

(Census 2011, Community Survey, 2016)

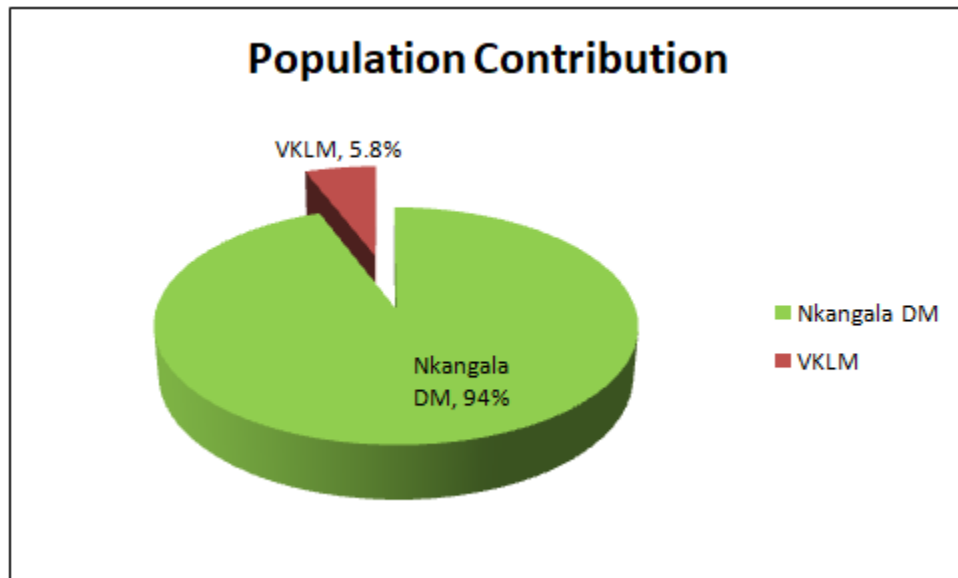
- Number of households 24 270 (3.5 people per household) – 5.8% of Nkangala's households.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 5: Victor Khanye Population Distribution 2011 - 2016



(Census 2011, Community Survey, 2016)

Table 2: Population growth rate

Municipality/District/Province	Total population				
	2001	2011	Population growth rate (2001-2011)	2016	Population growth rate (2011-2016)
Mpumalanga Province	3 365 554	4 039 939	1.83	4 335 964	1.6
Nkangala district	1 018 422	1 308 129	2.50	1 445 624	2.27
Victor Khanye	56 335	75 452	2.92	84 151	2.5

(Census, 2011 and Community Survey, 2016)

The population size is defined as the total number of households in a particular municipal area – this is vitally important when determining service provision requirement and infrastructure needs of local inhabitants.

The growth rate of the population is of importance due to its ability to do future projections. These projections are used to determine future needs and indicate outward or inward migration, which in turn has an effect on job creation or availability and economic growth. According to 2016 Community Survey, the population size of Victor Khanye Local Municipality is estimated at around 84,151. The annualised population growth rate between 2011 to 2016 decreased from 2.92% to 2.5%.

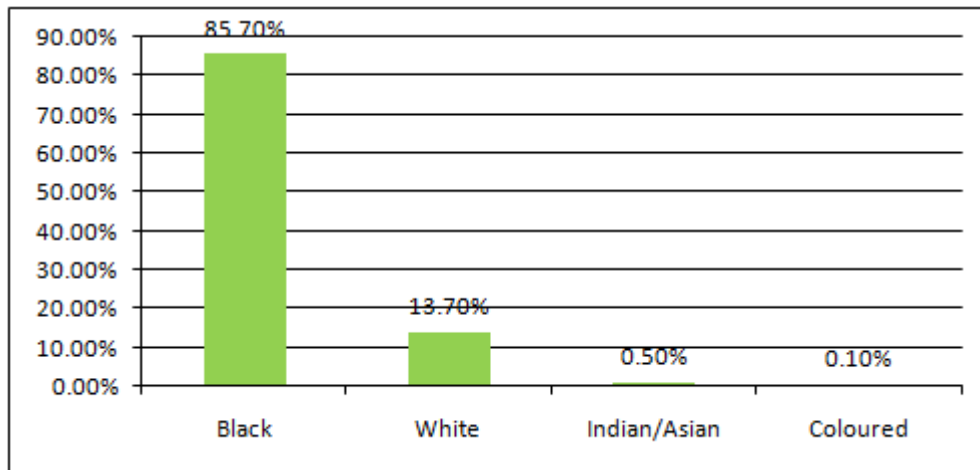


VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- The Victor Khanye population growth rate of 2.5% is higher to that of the Nkangala's District Municipality at 2,27% and the Mpumalanga province of 1.6%
- It was projected that the population growth would have reached 90 621 in 2019 and will reach 118 903 by 2030.

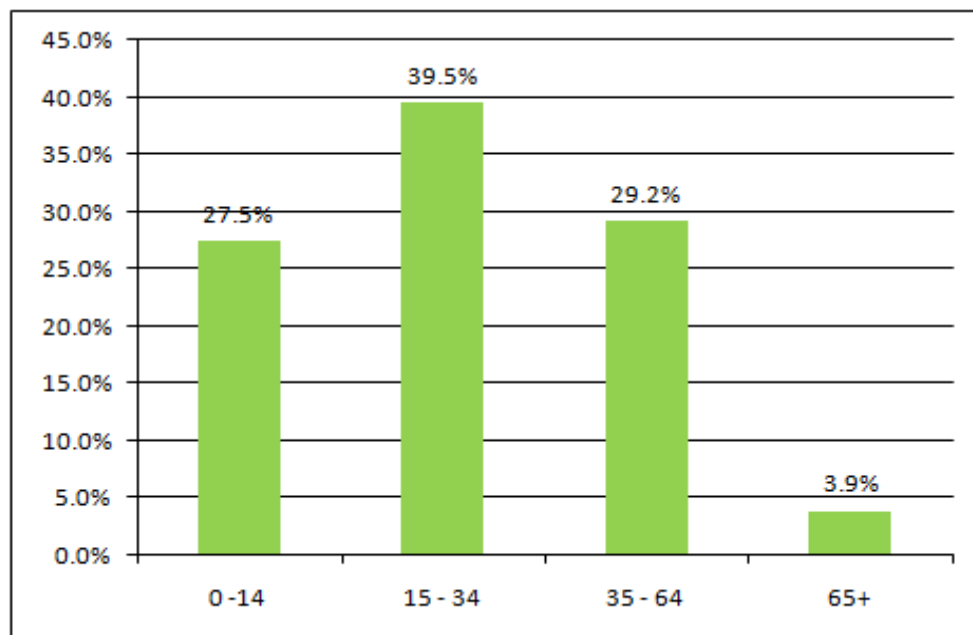
Figure 6: Victor Khanye Population Group



(Community Survey, 2016)

- The population group shows that there are 85.7% Africans, 13.7% Whites, 0.5% Coloureds and 0.1% Indian/Asians in 2016.

Figure 7: Victor Khanye Population by Broad Age Group



(Community Survey, 2016)

- Population Group up to 34 years, 67% of Victor Khanye's population.



VICTOR KHANYE LOCAL MUNICIPALITY

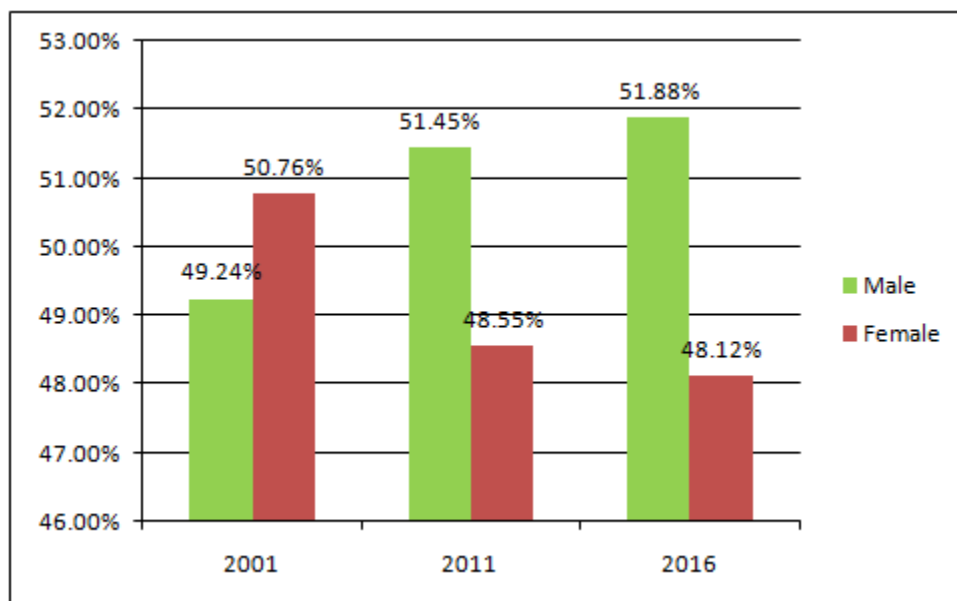
FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 3: Population Composition by Age and Gender

Age	2001			2011			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-14	9 008	8 984	17 992	10 754	10 531	21 285	12 020	11 096	23 116
15-64	17 745	18 235	35 980	26 516	24 089	50 605	30 074	27 707	57 781
65+	985	1 378	2 363	1 547	2 016	3 563	1 562	1 692	3 254
Total	27 738	28 597	56 335	38 816	36 636	75 452	43 656	40 495	84 151

(Census 2011, Community Survey, 2016)

Figure 8: Victor Khanye Population Composition by gender



(Census 2011, Community Survey, 2016)

- Females make up 48.12% and Males 51.88% of the population
- Over the past 15 years the percentage of Male population has been on the increase which could be attributed to migration into the area seeking job opportunities.



VICTOR KHANYE LOCAL MUNICIPALITY

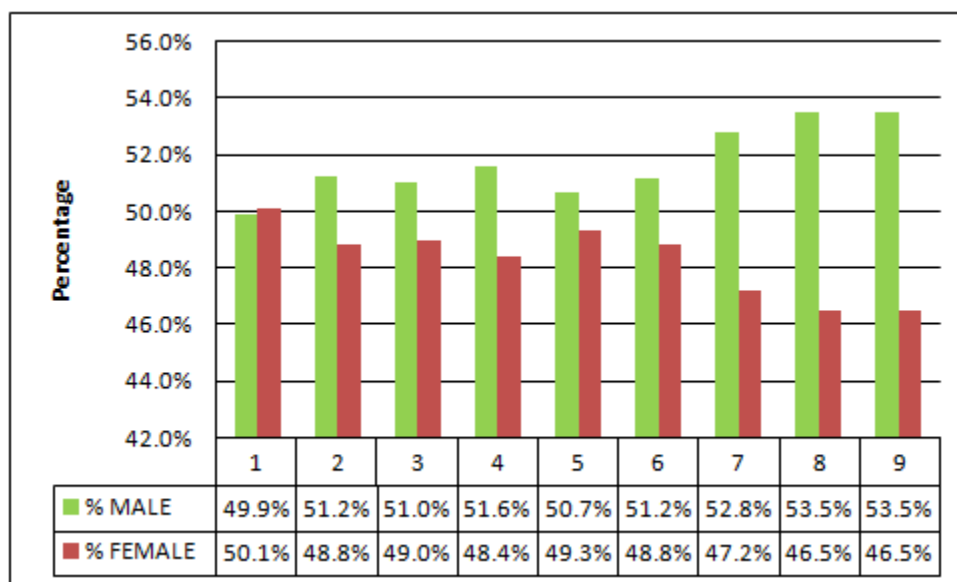
FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 4: Population composition (per ward and gender)

Wards	Male	Female	Total	% Male	%Female
Ward 1	3721	3736	7457	49.9%	50.1%
Ward 2	3060	2916	5976	51.2%	48.8%
Ward 3	7684	7375	15059	51.0%	49.0%
Ward 4	3613	3389	7002	51.6%	48.4%
Ward 5	4256	4139	8395	50.7%	49.3%
Ward 6	4093	3901	7994	51.2%	48.8%
Ward 7	6464	5778	12242	52.8%	47.2%
Ward 8	3639	3162	6801	53.5%	46.5%
Ward 9	7076	6149	13225	53.5%	46.5%
Total	43 606	40 545	84 151	51.7%	48.3%

(Community Survey, 2016)

Figure 9: Victor Khanye Population Composition by gender and ward



(Community Survey, 2016)

From the above chart it can be seen that Ward 3 is more populated, followed by ward 9 and ward 7. These should be treated as priority areas. Programmes of the municipality should be designed in a manner that takes into consideration the extent to which these communities can be reached. This population accounts to 50% of the population of Victor Khanye local municipality. Equally so, the population of ward 7 and ward 9 constitutes 25 467 meaning (30.26%) is leaving in predominantly



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

rural areas. This poses a challenge in that these communities are in way marginalised in as far service delivery is concerned.

Table 5: Number of households

	Mpumalanga	Nkangala	Victor Khanye
Persons	4 335 964	1 445 624	84 151
Households	1 238 861	421 143	24 270
Average HH size%	3.5	3.4	3.5

(Community Survey, 2016)

5.2. Socio-Demographic Indicators

5.2.1. Level of Education

Education expands the range of options from which persons can choose and provide the opportunity to develop one's life to the fullest. Education not only satisfies the human needs for knowledge and development, it provides a means to an end. Education and training provide the person with the needed skills to enter the labour market or to become self-employed, leading to accelerated and sustainable development.

The baseline information employed to portray the educational profile of Victor Khanye Local Municipality is indicative of those individuals in the area aged above 20 years of age. These figures show that only 5.6% of residents in the municipality are educated on a level higher than Grade 12.

Moreover, it also has to be mentioned that 11.1% of residents in Victor Khanye indicated that they had no formal form of schooling, this figure is relatively low in comparison to the 2001 and 2011 census.

Table 6: Education indicators

Education Indicators	Trend 2001	Latest figure 2011	Latest figure 2016	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) – worst (17)
Number of people 20+ with no schooling	8 361	5 529	5 712			4
Population 20+ with no schooling (%)	25.9%	11.8%	11.1%	(-) (9.3%)	(+) (11.5%)	9



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Education Indicators	Trend 2001	Latest figure 2011	Latest figure 2016	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) – worst (17)
Population 20+ with matric & higher (%)	18.7%	34.5%	32.6%	(-) (44.9%)	(-) (43.1%)	17
Functional literacy rate (%)	56.0%	76.9%	78.1%	(-) (82.6%)	(-) (79.1%)	9

(Census 2011, Community Survey, 2016)

- Citizens of 20+ with no schooling, 11.1% - 5 712 people (7.0% of Nkangala's figure).
- Population 20+ with matric & higher 32.6% - decreasing and lower than district and provincial averages.
- Matric pass rate 78.2% in 2019 – improving since 2012 however lower than 2018 (81.5%) and ranked 12th. University/degree admission rate only 29.5% in 2019.
- Functional literacy rate (15+ and grade 7+) – increasing but lower than district and provincial averages.

5.2.2. Income Profile

Table 7: Number of Households by Income Level

Level of income	Mpumalanga	Nkangala	Victor Khanye
R0 - R2 400	117	41	2
R2 400 - R6 000	2,285	774	41
R6 000 - R12 000	22,958	7,564	400
R12 000 - R18 000	45,556	14,726	843
R18 000 - R30 000	138,209	42,559	2,416
R30 000 - R42 000	143,204	44,984	2,664
R42 000 - R54 000	121,880	40,112	2,338
R54 000 - R72 000	137,038	45,543	2,687
R72 000 - R96 000	127,568	43,878	2,607
R96 000 - R132 000	120,651	43,631	2,626
R132 000 - R192 000	116,023	43,378	2,508
R192 000 - R360 000	142,183	55,021	3,156
R360 000 - R600 000	84,044	33,587	1,971
R600 000 - R120 000	51,604	21,173	1,296
R1 200 000 - R2 400 000	13,932	5,924	376
R2 400 000+	1,577	712	47



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Level of income	Mpumalanga	Nkangala	Victor Khanye
Total	1,268,828	443,608	25,977

(IHS and SERO, 2019)

This table indicates that 6366 (24.5%) of the households have a combined household income below R42 000.00 which qualifies them to be registered as indigent.

Table 8: Distribution of average household income: 2001-2016

2001	2011	2016
35 281	80 239	xxx

(Census, 2011)

Household income is a vital determinant of welfare and the standard level of living. With respect to this analysis, household income is a family's (households) ability to meet the basic needs in the acquisition of food, shelter, clothing and basic services such as water, electricity and sanitation. One of the most important poverty indicators is the Minimum Living Level.

The average household income has grown significantly from 35 281 in 2001 to 80 239 in 2011, this is due to the fact that the household size of the municipality has increased from 13 428 in 2001 to 20 548 in 2011.

Table 9: Development and Income indicators

Indicators	Trend		Latest figure 2019	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) – worst (6)
	2007	2011				
HDI (0 worst to 1 best)	0.51	0.52	0.64	(=) (0.64)	(+) (0.62)	3
Per capita personal income per year (current prices)	R25 906	R32 334	R59 634	(+) (R57 773)	(+) (R49 671)	4
% of households below Poverty Line	59.9%	32.5%	41.6%	(+) (42%)	(+) (47.3%)	4

(IHS and SERO, 2019)



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- HDI of 0.64 – significant improvement between 2007 and 2019 equal to that of district and higher than province.
- Per capita personal income – improved and higher than the district and the provincial averages.
- 41.6% of households earning below the poverty line – deteriorating however better than district and province.

Table 10: Average household income

Municipal area	2001	2012	2016	Ranking: highest (1) – lowest (17)
Steve Tshwete	R55 369	R134 026	xxx	xxx
Govan Mbeki	R47 983	R125 480	xxx	xxx
Emalahleni	R51 130	R120 492	xxx	xxx
Mbombela	R37 779	R92 663	xxx	xxx
Lekwa	R38 113	R88 440	xxx	xxx
Thaba Chweu	R35 795	R82 534	xxx	xxx
Msukaligwa	R31 461	R82 167	xxx	xxx
Umjindi	R35 244	R81 864	xxx	xxx
Victor Khanye	R35 281	R80 239	xxx	xxx
Emakhazeni	R36 170	R72 310	xxx	xxx
Dr Pixley Ka Isaka Seme	R23 399	R64 990	xxx	xxx
Dipaleseng	R19 454	R61 492	xxx	xxx
Mkhondo	R26 935	R53 398	xxx	xxx
Chief Albert Luthuli	R22 832	R48 790	xxx	xxx
Thembisile Hani	R18 229	R45 864	xxx	xxx
Nkomazi	R19 195	R45 731	xxx	xxx
Dr JS Moroka	R17 328	R40 421	xxx	xxx
Bushbuckridge	R17 041	R36 569	xxx	xxx

(Census, 2011)



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 11: Poverty and Inequality

Indicators	Trend		Latest figure 2019	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) – worst (6) in the district
	2007	2011				
Gini-coefficient (0 best to 1 worst)	0.67	0.56	0.60	(=)(0.60)	(=)(0.60)	6
Poverty rate	43.3%	41.0%	41.6%	(+) (42%)	(+) (47.3%)	4
Number of people in poverty	27 204	24 058	36 021			2
Poverty gap (R million)	R59	R77	xxx			xxx
Multiple Deprivation Index (100 most deprived to 1 least deprived)	15.2		xxx			

(IHS and SERO, 2019)

- Gini-coefficient at 0.60 - improved from 2007 to 2011 but has deteriorated slightly and equal or similar to district and the province. Worst when compared to other municipalities in the district.
- Poverty rate of 41.6% - 36 021 poor people (2.5% of Nkangala's poor) – decreasing trend.
- **Poverty gap at RXX million – increasing trend.**
- **Ranked XXth on the Multiple Deprivation Index of Oxford University.**

5.2.3. Economic Indicators

Table 12: Economic indicators

Economic Indicators	Trend 1996-2018	Trend 2011-2016	Forecast 2018-2023	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) – worst (6)
GDP growth (%)	2.7%	1.7%	-0.30%	(+) (-0.5%)	(+) (-0.5%)	1
	Trend			Latest figure		Ranking: best (1) – worst (17)
	2001	2007	2011	2019		
Contribution to Mpumalanga GVA (%)	2.0%	1.8%	1.8%	2.2%		12

(IHS and SERO, 2019)



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- Expected to record a negative GDP growth rate of -0.3% per annum over the period 2019-2024 due to COVID-19 pandemic outbreak however growth expected to be higher than district and province – historic average annual growth rate in the periods between 1996-2018 and 2011-2016 has been in decline from 2.7% to 1.7% respectively.
- Contributed 2.2% to Mpumalanga economy in 2019 – relative increase between 2011 & 2019.
- GVA in 2019 – R4.5 billion at constant 2010 prices.

Table 13: Contribution by Local Municipal areas to Nkangala District Municipality

Industry	Victor Khanye	Emalahleni	Steve Tshwete	Emakhazeni	Thembisile Hani	Dr JS Moroka	Nkangala
Agriculture	21.6%	12.3%	39.4%	11.8%	9.8%	5.2%	100%
Mining	3.8%	57.9%	35.0%	2.1%	0.9%	0.3%	100%
Manufacturing	4.3%	29.2%	59.0%	2.6%	3.6%	1.3%	100%
Utilities	1.5%	64.5%	29.8%	0.9%	1.9%	1.4%	100%
Construction	7.7%	38.5%	29.9%	3.9%	12.9%	7.1%	100%
Trade	8.5%	39.1%	31.8%	4.3%	10.4%	5.9%	100%
Transport	12.3%	37.2%	29.7%	6.6%	8.8%	5.3%	100%
Finance	5.8%	35.1%	31.1%	3.1%	6.5%	18.4%	100%
Community services	6.9%	34.8%	32.3%	4.1%	12.1%	9.8%	100%
Total	5.5%	46.1%	36.0%	3.1%	4.9%	4.4%	100%

(IHS and SERO, 2019)

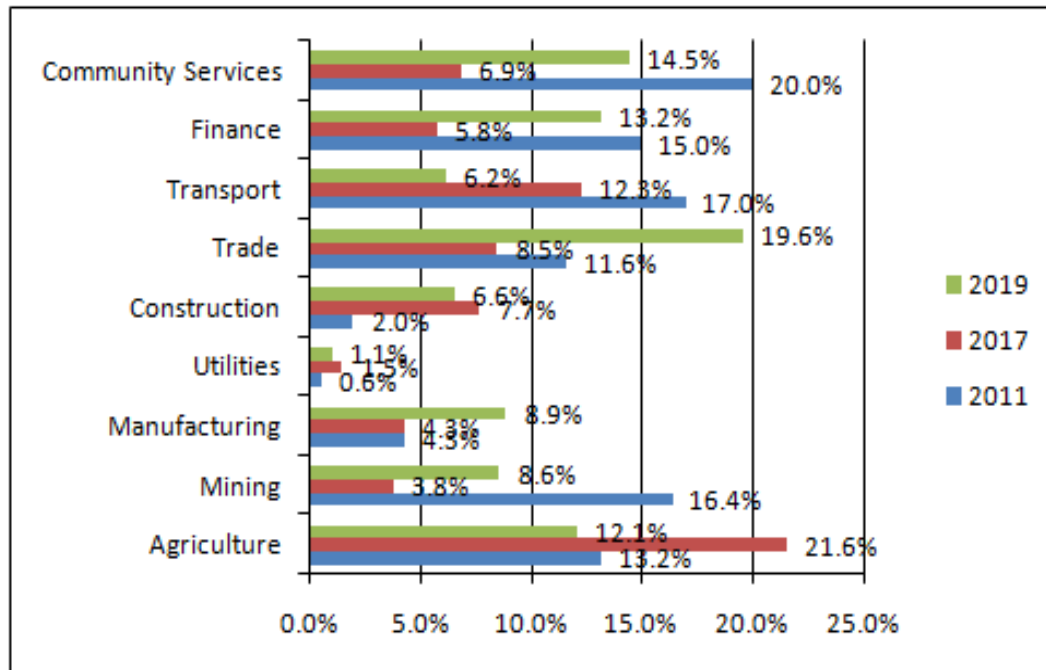
- Contribution to Nkangala economy only 5.5% - relatively small economy.
- Agriculture contributing 21.6% to the district's agriculture industry. Transport contributing 12.3% to the district's transport industry – other contributions relatively small.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 10: Indicators: Sector employment



(IHS and SERO, 2011, 2017 & 2019)

Comparing Labour absorption sector between 2011, 2016 and 2019:

- Leading industries in terms of contribution to employment for Victor Khanye Economy in 2019 – Trade (19.6%), Community Services (14.5%), Finance (13.2%) and Agriculture (12.1%).
- Increasing role/share of Trade & Manufacturing and decreasing role/share of Transport and Agriculture.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 14: Tourism Contribution by Local Municipal areas to Nkangala District Municipality

Municipality/District/Province	Tourism				Ranking: best (1) – worst (6)
	Total tourism spend (R-million)		Tourism spend as % of GDP (current prices)		
	2014	2019	2014	2019	
Nkangala District Municipality	4 222 759	5 184 081	3.7%	3.5%	
Victor Khanye	285 055	350 887	4.7%	4.3%	3
Emalahleni	1 382 709	1 568 638	2.6%	2.3%	6
Steve Tshwete	1 520 786	1 958 117	3.9%	3.7%	4
Emakhazeni	438 947	585 715	13.8%	13.6%	1
Thembisile Hani	406 140	511 637	7.1%	6.6%	2
Dr JS Moroka	189 122	209 087	3.6%	3.1%	5
Mpumalanga Province	15 969 985	22 055 457	5.5%	5.8%	

(IHS and SERO, 2019)

- In 2019, tourism spend in Victor Khanye totalled R351 million, which as a percentage was only 4.3% of the local GDP;
- Concern about the decreasing percentage in this regard. However the positive side is that Victor Khanye is the third largest contributor to Nkangala District Municipality Tourism in terms of spend.

Table 15: District Comparative Advantage

Ehlanzeni	Gert Sibande	Nkangala
Agriculture: sub-tropical fruit and sugar cane	Manufacturing: Petro-chemical industry	Coal mining & electricity generation
Gold & chrome mining	Agriculture: crop- and livestock farming	Manufacturing: Metals fabrication
Tourism: Scenic views and KNP	Coal mining & electricity generation	Tourism: trout-triangle



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Ehlanzeni	Gert Sibande	Nkangala
Forestry	Forestry	Agriculture: crop- and livestock farming

(IHS and SERO, 2019)

Of all six local municipalities in the Nkangala District, Victor Khanye registered the highest comparative advantage for agriculture. The regeneration of power stations, as well as the new Kusile power station in the Victor Khanye area could serve as catalyst to increased demand for coal reserves in the Nkangala area. However impact of closing down of some coal driven power stations give rise to consider opportunities in renewable energy. Impact of COVID-19 and the rapid need for the 4IR has to be seen as a major opportunity which needs to be explored. The industrial potential of Delmas (agro-processing) should also be promoted to capitalise on its strategic location in relation to the major transport network. Tourism potential for Victor Khanye has to be factored more especially as it's a gateway into Mpumalanga Province.

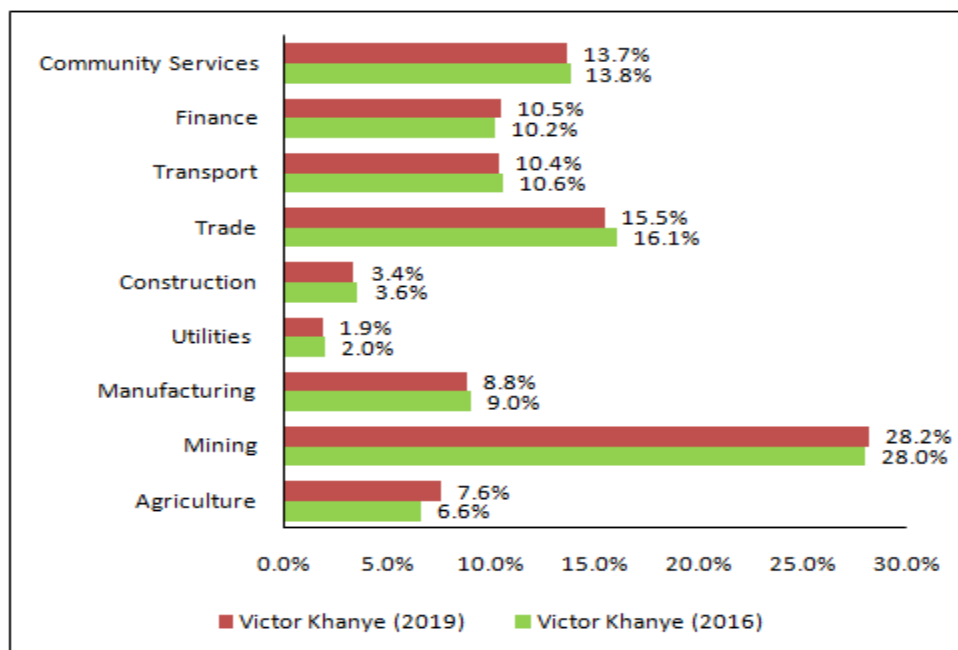
The N12 freeway has been classified as a development corridor as it links Nkangala with the industrial core of South Africa (Ekurhuleni Metro and Oliver Tambo International Airport) as well as the financial and commercial capital of South Africa – Johannesburg. In Victor Khanye Local Municipality, there are development opportunities along the N12 corridor which should be identified and developed. This development will be nodal in nature. It is suggested that economic activity be actively promoted at Delmas in Victor Khanye. Intensive agriculture should be promoted along the N12 Corridor, to capitalise on the access to markets at local and regional level.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 11: Indicators: Sector Contribution between 2016 - 2019



(IHS and SERO, 2019)

According to the HIS and SERO Report, 2019, the local economy in Victor Khanye Municipality is relatively diversified with the largest sector, in terms of output as well as proportional contribution being the Mining sector. The Mining sector is followed by Trade sector and Community Services sector. During recent years, there has not been any significant growth in all sectors. The sector, which experienced slight expansion in terms of output in the Victor Khanye Municipal area:

- Agriculture (1%)

Majority of the other sectors stagnated or experienced negative growth (contracted) , namely:

- Mining
- Manufacturing
- Utilities
- Construction
- Trade
- Transport
- Finance
- Community Services



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5.2.4. Labour Indicators

Employment and unemployment

For clarification purposes, the following terms are defined and are applicable throughout the report:

Employed

- This includes all individuals that are currently being employed and paid by the formal sector of the economy

Unemployed

- This is all those individuals that are actively looking for a job in the formal sector of the economy, and cannot find one

Not Economically Active

- This includes all individuals who are not actively searching for employment or those individuals that do not have the capacity to become employed such as the disabled

Unemployment Profile

Unemployment can be expressed as a percentage of the Economically Active Population (EAP). The EAP refers to all the people aged between 15 and 64 years that are able and willing to partake in economic activities (excluded in this figure are those individuals not actively looking for work, students, pensioners, housewives, etc.)

The unemployment and employment levels within Victor Khanye Local Municipal area are important to investigate, as it is indicative of the ability of local residents to earn household income (generated from economic activities and which are employed to purchase goods and services). In addition, high level of unemployment is generally associated with poor socio-economic conditions and poverty.

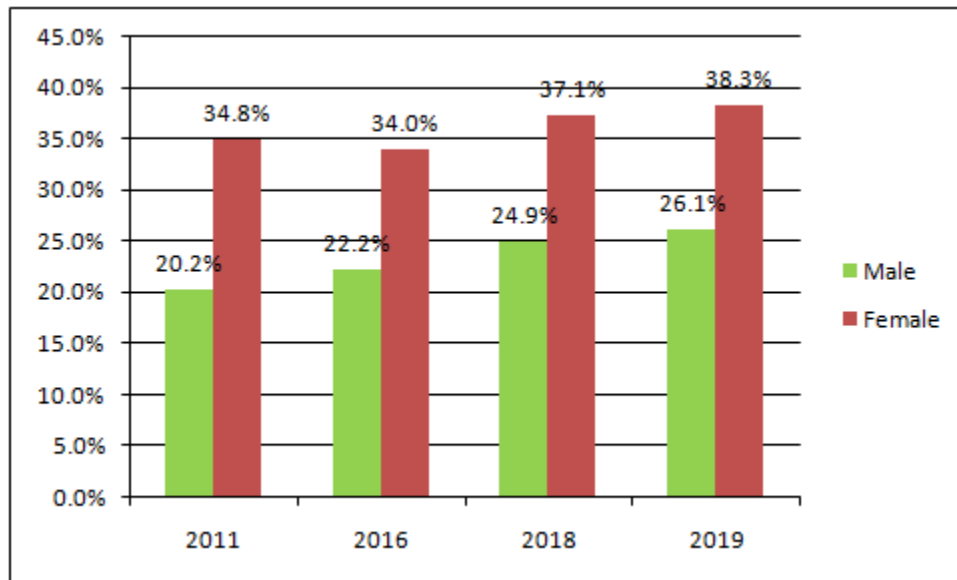
In Victor Khanye Local Municipality, it was approximated that 8 573 of its people are unemployed. It is evident that the unemployment rate for Victor Khanye Local Municipality is 28.2%, it is significantly lower than the Mpumalanga province (43.1%).



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

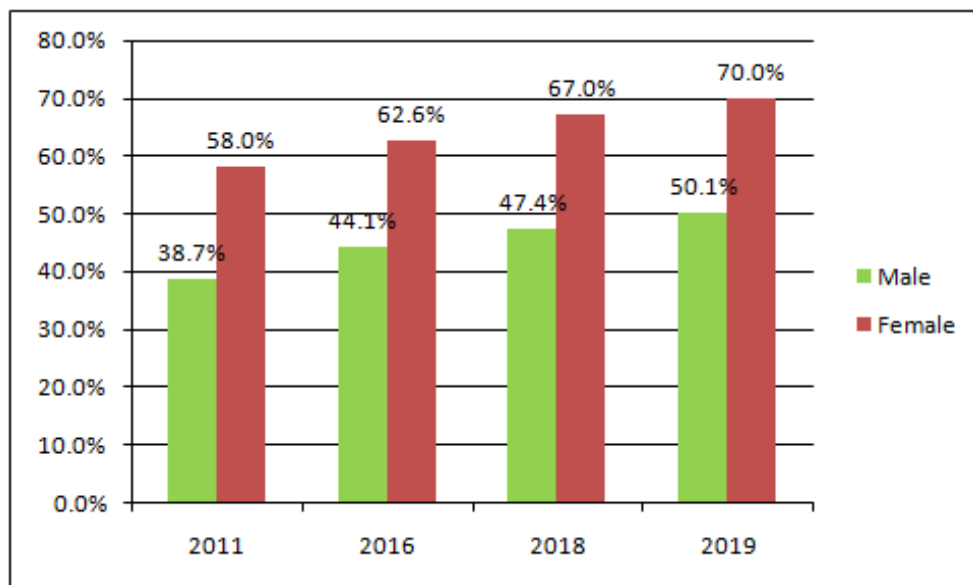
Figure 12: Indicators: Unemployment by Gender



(IHS and SERO, 2019)

- Over the years unemployment rate for females has been more than males and in 2019 it was at 38.3% for females and 26.1% for males.

Figure 13: Indicators: Youth unemployment by Gender



(IHS and SERO, 2019)

- Over the years youth unemployment rate for females has been more than males and in 2019 it was at 70% for females and 50.1% for males.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 16: Labour indicators

Labour Indicators	Census 2001	Census 2011	SERO 2019	Share of Nkangala's figure 2019	Ranking: best (1) – worst (6)
Economically Active Population (EAP)/Labour Force	23 074	30 415	37 794		
Number of employed	13 266	21 843	23 116	6.3%	4
Number of unemployed	9 808	7 667	11 797	5.0%	2
Unemployment rate (%)	42.5%	28.2%	31.0%	35.8%	4

(IHS and SERO, 2019)

- IHS Global Insights' unemployment rate estimated at 31.0% in 2019 – 11 797 unemployed as a percentage of the EAP of 37 794.
- Employment number 5.9% of Nkangala's employed.

5.2.5. Household Infrastructure Index

Table 17: Labour indicators

Infrastructure Index	Trend 2011	Trend 2016	Latest figure 2018
Nkangala Municipality District	0.71	0.73	0.74
Victor Khanye	0.76	0.81	0.82
Emalahleni	0.75	0.77	0.77
Steve Tshwete	0.84	0.84	0.85
Emakhazeni	0.80	0.77	0.78
Thembisile Hani	0.59	0.62	0.62
Dr. JS Moroka	0.58	0.64	0.65
Mpumalanga Province	0.67	0.69	0.70

(IHS and SERO, 2019)



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- The Household Infrastructure Index of 0.82 in 2018 – significant improvement from 2011 to 2018, second best in the district and better than the district and the province. This is a significant improvement by the municipality as it's a clear demonstration that the municipality has been focused for the past few years in improving infrastructure and service delivery which can support the municipality's LED initiatives in creating a conducive environment for investment attraction resulting in increased economic activities.

5.2.6. Access to Basic Services

In addition to the various household characteristics that need to be evaluated in a socio-economic analysis, it is also essential to review the level of accessibility to basic municipal services. This section provides an overview of the status quo regarding service delivery in Victor Khanye Local Municipality. This overview is undertaken in such a manner that an indication of the municipal level infrastructure backlog is presented as well as where service delivery is done effectively and efficiently.

Table 18: Basic service delivery indicators

Basic service infrastructure indicators	Trend		Latest figure	Better (+) or worse (-) than Nkangala	Better (+) or worse (-) than province	Ranking: best (1) – worst (18)
	2001	2011	2016			
% of households in informal dwellings	29.0%	15.4%	13.6%	(-) (13%)	(-) (10.9%)	12
% of households with connection to (tap) piped water: on site & off site	93.6%	95.7%	86.9%	(-) (92.6%)	(-) (88.1%)	12
% of households with no toilets or with bucket system	11.8%	5.7%	4.16%	(-) (2.79%)	(-) (3.94%)	9
% of households with electricity for lighting	65.0%	85.1%	93.5%	(+) (90%)	(+) (90.7%)	8
% of households with weekly municipal refuse removal	62.3%	73.7%	79%	(+) (57.4%)	(+) (48%)	3

(Census 2011, Community Survey, 2016)

- Households with informal dwellings, lower/worse than district and provincial levels.



VICTOR KHANYE LOCAL MUNICIPALITY

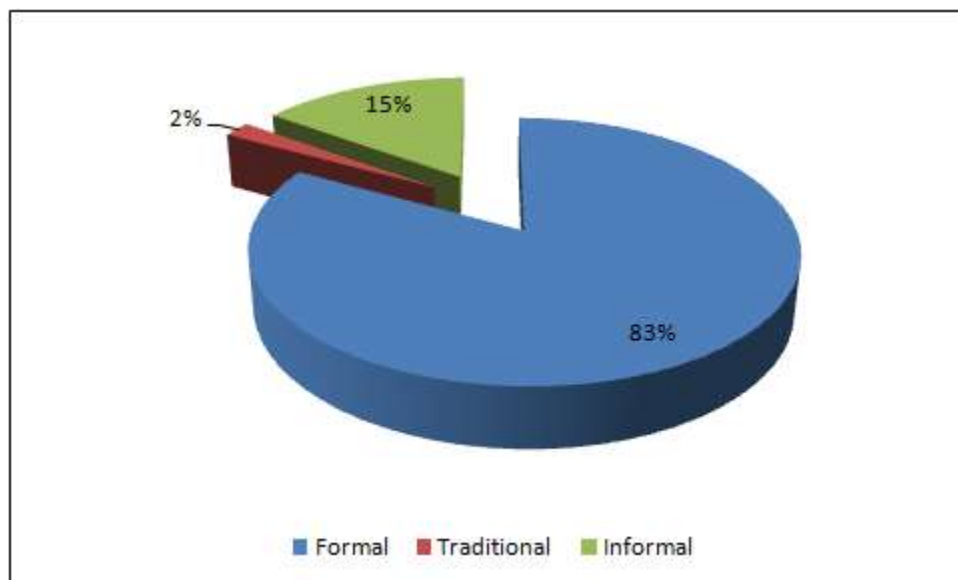
FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- Households with connections to piped water: on site & off site, lower/worse than district and provincial levels.
- Households with no toilets or with bucket system, lower/worse than district and provincial levels.
- Households with electricity for lighting better than district and provincial levels.
- Households with weekly municipal refuse removal levels better than district and provincial levels.
- In general improving indicators.

5.2.7. Housing

The South African National Government places great emphasis on the provision of formal housing – access to formal housing was identified as one of the key national priorities, concerning development. Due to this reason, we evaluated and investigated the status of housing in Victor Khanye Local Municipality.

Figure 14: Indicators: Distribution of households by type of main dwelling



(Community Survey, 2016)

Table 19: Distribution of households by type of main dwelling

Formal			Traditional			Informal		
2001	2011	2016	2001	2011	2016	2001	2011	2016
8 334	16 291	19 480	1 167	521	515	3 926	3 158	3 534

(Census 2011, Community Survey, 2016)



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

The following are key findings:

- The majority (19 480, 83%) of Victor Khanye Local Municipality's inhabitants reside in formal housing. Formal housing can thus be defined as shelter constructed in such a manner that it is a permanent fixture on the site.
- In contrast to formal housing, only 15% of inhabitants of Victor Khanye reside in informal dwellings – these dwellings are of a non-permanent or semi-permanent nature and are usually situated on land belonging to the resident.
- Only 2% of the inhabitants reside in traditional dwellings
- When the housing situation of Victor Khanye is compared to that of the province and South Africa, it is evident that access to formal housing in Victor Khanye exceeds that of both the province and the country.

Provision of housing at Victor Khanye Local Municipality has increased significantly for the formal type of housing.

5.2.8. Water and Sanitation

Table 20: Distribution of households by access to piped water

Piped (tap) water in a dwelling or yard			Piped (tap) water on a communal stand			No access to piped (tap) water		
2001	2011	2016	2001	2011	2016	2001	2011	2016
9 503	17 100	20 139	3 055	2 565	2 694	869	882	1 437

(Census 2011, Community Survey, 2016)

According to the Community Survey, 2016 indicated that 20 139 of households have access to potable water on their stands. The municipal council provides 1 144 of the households in rural areas with water carrier/tanker. The overall backlog on water is estimated to be 1 495 households. The water backlog affects the sanitation directly as most houses without potable water are still using the bucket system, pit latrines, or septic tanks. Households in Victor Khanye, Botleng, Delpark, and all extensions are supplied with water by means of boreholes.

The number of dwelling with no access to piped (tap) water has almost doubled from 882 in 2011 to 1 437 in 2016.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5.2.9. Sanitation

The bucket system is still prevalent in the informal settlements and represents the biggest development challenge in terms of sanitation. Of the 24 270 households in the Victor Khanye Local Municipality, only 20 568 households (85%) have a reasonable sanitation service on their stands. These figures translate to a sanitation backlog of at least 3 702 households (15%).

In order to attend to the challenges, Victor Khanye Local Municipality must:

- Provide an affordable, adequate, and appropriate sanitation service for both rural and urban households within the municipality.
- Develop, implement and maintain a system that monitors efficiency of metering, consumer awareness, and satisfaction.
- Reduce water loss and contribute towards the increase of revenue.

Table 21: Population size per service: sanitation

	Mpumalanga	Nkangala	Victor Khanye
Flush toilet connected to sewer system	533 244	216 723	18 623
Flush toilet connected to septic tank/conservancy	33 147	9 622	1 945
Chemical toilet	40 691	7 439	330
Pit toilet with ventilation (VIP)	182 328	46 643	263
Pit toilet without ventilation	356 667	113 262	960
Ecological Toilet	43 566	15 725	1 140
Bucket toilet (collected by Municipality)	2 544	2 302	101
Bucket toilet (emptied by HH)	8 500	2 242	590
None	38 174	7 187	318
Total	1 238 861	421 144	24 270

(Community Survey, 2016)

5.2.10. Electricity and Street Lighting

Approximately 93.5% of the households in the Victor Khanye Municipal area use electricity for lighting. The remaining 6.5% includes residents of the rural areas and informal settlements or farm dwellers. The electricity network within Victor Khanye Local Municipality is ageing and has become inefficient. The main electricity substation is under severe pressure and needs to be upgraded since the electricity demand is increasing due to the following:



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Newly proposed industrial developments e.g. Sephaku Cement Factory, Shopping Mall Botleng Ext.3 Industrial expansions e.g. McCain Foods. New residential development e.g. Botleng Ext. 5, Delmas Ext.17 and West ridge Estates. The infrastructure within the area supplied by Eskom (Eloff, Sundra, Botleng and Extension 3) needs to be upgraded to ensure that communities receive uninterrupted services.

The advent of Pre-paid electricity metering has significantly improved revenue collection and this coupled with the 50/50 system of credit and arrears payment through card purchases is enabling the municipality to reduce the outstanding debtor base. Some of the key interventions to improve the electricity infrastructure includes:

- Electrification of 1 270 households in Botleng
- Construction of Delmas 20MVA.
- Electrification of 267 households in seven farms completed.

Table 22: Population size per service: Electricity

	Mpumalanga	DC31: Nkangala	Victor Khanye
In-House Conventional Meter	127 340	51 634	6 552
Prepaid	970 018	298 806	14 947
Connected to other source/HH pays	16 334	7 515	675
Connected to other source/HH Not pays	9 346	3 311	181
Solar	1 162	339	0
Generator/Battery	1 631	922	71
Other	9 097	4 231	290
No Access to Electricity	103 933	54 386	1 585
Total	1 238 861	421 144	24 270

(Community Survey, 2016)



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5.2.11. Roads and Storm water

Roads infrastructure was originally designed for the low volume traffic. The traffic volume has increased due to growth within the mining and farming sector. 85% of roads within the municipality are dilapidated because of the increased traffic volume especially heavy coal haulage trucks. There is a backlog in terms of maintenance of gravel roads due to old equipment and shortage staff. The Municipality can resolve the above challenges by providing and ensuring an integrated and effective road and storm work including maintenance thereof. Furthermore, the municipality must improve the state of existing roads to better and acceptable standard.

Various national, provincial and municipal roads run through the Victor Khanye Local Municipality, with many regional routes converging at Delmas which lends it strategic significance. Consequently, the Municipality features a well-developed regional road and rail infrastructure. The N12 national toll road that links Johannesburg with Nelspruit runs from east to west through the northern part of the municipality. This road also links the Municipality with the Maputo Development Corridor. The major provincial roads in the municipal area are:

- R50 that links Tshwane with Standerton;
- R43 that links with Bronkhorstspuit;
- R555 that links Springs with Witbank;
- R548 that links with Balfour; and R42 that links with Nigel.

Local Activity Corridors identified include:

- Sarel Cilliers Street/ Witbank Road in Delmas (R555);
- The Avenue – Eloff Town;
- Main Road – Rietkol Agricultural Holdings;
- Samuel Road and Van der Walt Street – Delmas; and Dr Nelson Mandela Drive – Botleng.

Interventions:

- The implementation of the VKLM Roads Master Plan that has been developed.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5.2.12. Environmental and Waste Management

According to the 2016 Community Survey 79% of households received a regular service from the municipality, which is not far off from the previously recorded figures in 2011.

Table 23: Population size per service: waste removal

	Mpumalanga	Nkangala	Victor Khanye
Removed by local authority/private company at least once a week	487 949	201 581	16 775
Removed by local authority/private company less often	40 295	13 678	1 578
Communal refuse dump	66 638	26 570	768
Own refuse dump	544 665	136 803	2 351
No rubbish disposal	80 522	35 300	2 079
Other	18 782	7 211	783
Total	1 238 861	421 144	24 270

(Community Survey, 2016)

The 2016 census reflected variations in refuse removal. The services of refuse removed by the municipality have not increased significantly. There is significant increase in the communities with no rubbish disposals and a decrease to those using their own refuse dump. This factor, in accompaniment to 'sanitation issues' is regarded a hazardous to the residents of Victor Khanye's health, and can become a hurdle in the process of attracting investors.

The municipality has an environmental management plan in place however the plan needs to be reviewed. Service delivery backlog on waste removal is estimated to be 5 213 households, which calculates to 21%. The municipality is operating with old vehicles, which are highly expensive to maintain, and this cause backlog and delay in terms of service delivery and unnecessary overtime.

Other major challenges include: lack of household dustbins, lack of health and environmental by-laws, Inadequate old waste collection equipment, Un-rehabilitated (illegal land mining) dongas that leads to dumping spots, Poor access roads to informal settlements, non availability of funds and uncontrollable illegal dumping spots.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

It is very critical for the municipality to provide an environment that is not detrimental to the health, mental and physical wellbeing of the community at large. The municipality should therefore provide an efficient, safe, and economical waste management and refuse disposal programme.

Interventions:

- The implementation of the community works skills programme in all Wards
- Provision of Dustbins to all communities;
- Extended Public Works Programme beneficiaries assisted with the collection of waste; and
- Development and upgrading of the Landfill Site.

5.2.13. Public Facilities

There are no archives, museums, or art galleries in the municipality. There are three public libraries in the VKLM however there is lack of usable books in the libraries. There are not enough recreational facilities and the existing facilities throughout the municipality are poorly maintained because of lack of security in these facilities. The Municipality need to plan, construct, improve, maintain and extend the public facilities.

5.2.14. Culture, Sports and Recreation

The Simon Gondwe sports centre in Botleng is underutilised. Young people are not able to engage in sporting activities largely due to lack of facilities. The situation is worse amongst the farming communities where sporting equipment and facilities are not available. The municipality need to create enough recreation facilities and encourage participation in all sporting activities.

5.2.15. Primary Health Care

Victor Khanye Local Municipality has 1 hospital, 3 primary health clinics, 3 mobile clinics (of which only one is operational) and 6 private doctors and 1 private clinic. 14 non-governmental organizations are operating in the public health sector. There are seven trained volunteers working on HIV/AIDS counselling. The main challenge is how to retain health workers in the public sector and maintain standards. It is for this reason that health is one of the issues that have been elevated from being a departmental and/or a societal issue, to being an issue that must occupy the minds of all in our community.

The Municipality must facilitate a process in which appropriate municipal health services are rendered in an effective and equitable manner.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5.2.16. HIV and AIDS

The statistics for South Africa in 2006 indicated that there were 1443 new infections recorded on a daily basis and 947 HIV/AIDS deaths also recorded. Number of people living with HIV was recorded at 5.37m people nationally.

The impact on local workforce is being felt within the municipality. . A high prevalence of HIV/AIDS within Victor Khanye has numerous implications for LED. Key amongst them is the following:

- Loss of labour
- Cost to company for reduced labour performance (leave time for both affected and infected)
- Provision of additional municipal support services and infrastructure (clinics, crèches, orphanages, hospices, cemeteries)
- Skills loss
- Emotional impact
- Deterrent to investment

The impact of HIV/AIDS on the economic development and growth of Victor Khanye Municipality cannot be minimised. Nkangala District Municipality has taken an active role in the formulation of an HIV/AIDS Sector Plan. It should be noted however, that consideration must be given to the implications of the pandemic on all developmental related issues such as socioeconomic development, [and necessary] infrastructure provision.

5.2.17. Traffic, Safety and Security

Victor Khanye local municipality are strategically situation between major hubs. There are two major provincial routes, the R42, R50 and the R5555 that runs through the municipality as well as the N12 National route, which forms part of the Maputo corridor running East/West. This therefore cause a large traffic flow through the municipality. There are also various mines that feeds the power stations with coal, transported by road to the power stations. This also creates a load burden on the road infrastructure, causing an increase in road traffic and the roads to degenerate faster due to the heavy loads, creating dangerous road conditions, which leads to an increase in vehicle collisions and fatalities. There are also no weight bridge within the municipality to assist in management of overloaded vehicles, which contribute to the road degeneration and road conditions.

The Victor Khanye Local Municipality in cooperation with the Mpumalanga Provincial government deploys traffic officers for the enforcement of traffic laws. Both have traffic officers operating within the



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

municipality, however, the municipal traffic services are having a shortage of traffic officers, which limits their participation in traffic law enforcement, especially within the urban areas, creating a gap whereby traffic offenders take advantage of. The municipality have recently implemented the use of a traffic speeding camera on a roaming basis, with some results. In order to perform the law enforcement function more effectively, additional traffic officers and equipment are required in order for them to perform law enforcement throughout the municipal areas effectively. Another challenge contributing to lawlessness are the ease in having traffic fines reduced or cancelled. This also affects loss of revenue above the increase in lawlessness.

In addressing the challenges the following strategic objectives were identified:

- Traffic law enforcement on all roads and streets in the municipality to curb speeding and illegal usage of roads and streets by unlicensed and reckless or negligent drives and heavy vehicles;
- Control over Trucks driving through and parking in residential and restricted areas.
- Enforcement of municipal by laws;
- Planning, development and implementation of equitable and fair law enforcement efficient systems and public awareness programs;
- Training of learners on road safety environment for all vehicles, drivers, commuters and pedestrians and cyclists;
- Prevention of damage to the road system by regulating the mass of heavy goods vehicles travelling through the municipality; and
- Implementation of the AARTO-system to increase the effectiveness of road traffic safety adherence.

Crime is increasing in the country and this is no different within Victor Khanye local municipality. Crime statistics shows that there are an increase in all wards. Contact crime is also showing an increase together with violent crimes. Drug abuse have also been raised by communities as a concern and a contributing factor to crime. Vandalism and "strip"-mining of metals and copper are also creating a concern within the municipality. In an effort to curb crime, sectors have formed neighborhood watch groups, which assist the police in crime prevention as they themselves are understaffed and under equipped. There is the challenge that some entities within these neighborhood watch groups use vigilante methods in an effort to curb crime. It was identified that this is a result of ineffective management of these groups, again as a result of insufficient resources and the fact that the oversight body, the Community Safety Forum (CSF) is not established.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 24: Serious crimes reported by Local Municipal areas to Mpumalanga Province

Local Municipal Area	17 Serious Crimes/100 000		Ranking (1=best to 17=worst)
	2014/15	2018/19	
Chief Albert Luthuli	1 432	1 759	5
Msukaligwa	3 641	2 629	7
Mkhondo	2 017	1 997	6
Dr Pixley Ka Isaka Seme	3 138	2 696	10
Lekwa	3 131	2 671	9
Dipaleseng	3 624	3 684	16
Govan Mbeki	2 858	2 960	12
Victor Khanye	3 495	3 374	14
Emalahleni	4 178	3 640	15
Steve Tshwete	4 126	3 083	13
Emakhazeni	3 712	4 011	17
Thembisile Hani	1 469	1 700	4
Dr JS Moroka	1 484	1 484	3
Thaba Chweu	2 793	2 876	11
Nkomazi	1 085	864	1
Bushbuckridge	1 066	1 158	2
City of Mbombela	2 789	2 634	8
Total	2 427	2 269	

(IHS and SERO, 2019)

- Victor Khanye ranked 11th (7th worst) in terms of 14 serious crimes reported, but recorded a slight improvement between 2014/15 and 2018/19.

In addressing the challenges the following strategic objectives were identified:

- Increasing the police capacity in both human resources and vehicles to curb crime effectively; and
- Establish the Community Safety Forum and align all functions to the forum.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5.2.18. Emergency Services

Victor Khanye Local Municipality has a Disaster Management Plan that is reviewed annually. There is shortage of trained personnel and emergency response vehicles to attend to emergencies. Equipment supplies are limited and expensive, most of these are imported. Disaster Management incorporates the Fire Services. There is a first response to incidents where life and property are under threat. The Municipality must ensure that the Disaster Management Plan is fully implemented and monitored. An efficient, safe, prompt, and economical public protection, fire fighting and rescue service that are in line with the risks and needs of the community must be provided.

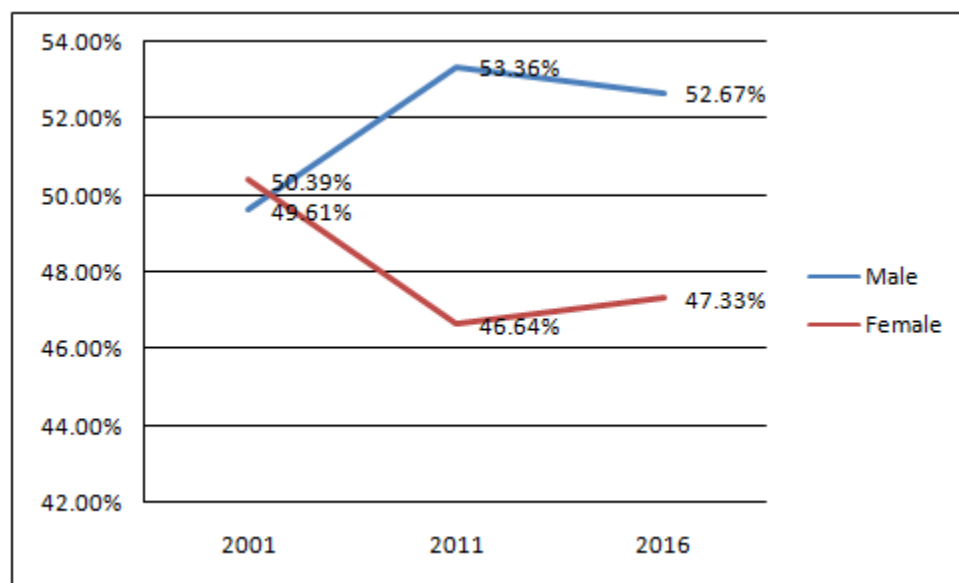
Community awareness and related training on disaster must be offered to the community.

5.2.19. Cemeteries and Crematoria

Victor Khanye Local Municipality has six cemeteries located in Botleng and Sundra. Approximately 800 burials take place in all the cemeteries per annum. There is no crematorium in the municipality. The Municipality need to upgrade and maintain the cemeteries in the municipality.

5.2.20. Youth Development

Figure 15: Indicators: Youth unemployment by Gender



(Census 2011, Community Survey, 2016)



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 25: Youth population

Age	2001			2011			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-34	10 330	10 493	20 823	15 070	13 173	28 243	17 506	15 728	33 234

(Census 2011, Community Survey, 2016)

Victor Khanye Local Municipality's total population is 84 151 (according to Stats SA Census Report 2016) young people between ages of 15 – 34 years old accounted for 33 234, which gives the youth population an average of about 39.5% (which is 2.1% higher than the 2011 census report) of the total population of Victor Khanye Municipality. These figures indicate that the majority of the population is under the age of 35 years. The figures also show that the youth constitute a substantial percentage of the population to warrant special and prioritized attention. Youth were highly marginalized by the apartheid government, which did not give them opportunities to develop to their fullest potential. Youth development occurred within a context of political, economic, social, and cultural oppression. Young people were exposed to adverse political and socio-economic conditions that were characterized by poor housing, lack of recreational facilities, lack of access to decent education, unemployment, HIV/ AIDS and poor health facilities. This situation contributed to the current challenges facing the youth.

It is therefore indicative that there is a need for a comprehensive and integrated approach to youth development that would address some of these challenges at a local level. The municipality has a youth development unit dealing with matters affecting and promoting youth activities. The municipality need to hold a youth summit and develop programs that will benefit young people. To provide young people with educational opportunities that can be accessed for their own development. The Municipality should further provide economic opportunities to companies owned by young people.

To create a platform through Life Skills Programs for the youths to acquire knowledge skills and positive attributes that will enable them to shape their lives and development.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

5.3. SWOT Analysis

Table 26: SWOT Analysis

FACTORS	WEAKNESSES	THREATS
NEGATIVES	<ul style="list-style-type: none"> • Shortage of solid waste removal containers (dustbins, bulk waste containers) • Compromised fleet/asset management • Lack of ICT Strategy and Systems compromising Municipal Data Security • Poor internal and external communications • IDP not credible and not implementable • Lack of skills at lower level employees • Inadequate economic development resources • Dispersed and fragmented urban structure • Compromised integrity of the Indigent Register • Poor rural focus (municipal services delivery) • Low municipal staff morale • Poor municipal by-laws enforcement • Loss of institutional memory • No Debt collection /credit control strategy and approach • Poor communication of available economic development opportunities • Remoteness of municipal service 	<ul style="list-style-type: none"> • Impact of COVID-19 on the economy of the municipality, district, province and country • Developments in the wetlands • Illegal sand mining • Pollution of the streams • Possible service delivery protests • Uncleared Dolomite sites (severe injuries) • Tensions between the Municipality and the Farming organisation • IDP and Risk Management plans developed for compliance purposes • No support structures for Business Chambers on the municipal LED Strategy • High unemployment rate (poverty). • Land invasion (informal settlements) • Poor management of Mining Exploration/Development and rehabilitation • Limited local fresh produce market resulting in insufficient contribution to food security • High water demands far exceeding supply



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

	<p>points and /amenities for rural communities.</p> <ul style="list-style-type: none"> • Shortage of land for future developments 	
	STRENGTH	OPPORTUNITIES
POSITIVES	<ul style="list-style-type: none"> • EPWP Performing well - Job Creation • Achieved Blue drop status (Water quality) • Leadership commitment and direction • Appointment of permanent Municipal Manager and Technical Director • Highly skilled management team • Historic and political significance of the area • Successive Clean audit outcomes (2 years in a row) • Strategic geographic location (N12/N4 route corridor) • Functional Public Private Partnership initiatives • Culturally diverse communities • Functional Intergovernmental Forum • Commitment to empower staff and management in skills development 	<ul style="list-style-type: none"> • Development of Bloemendaal water connection resulting in local job creation • Improvement in communication and public participation by the appointment of a communications expert (improve community participation) • Anticipated Development of the Nkangala International Airport (attraction of investors and new job opportunities) • Anchor development projects • Access to developmental finance for agriculture, tourism and other businesses • Third highest household infrastructure index in the province • Availability of public/private sector learnership and bursaries • Close proximity to markets & exports (GP) • Rehabilitations of coal dumps and mine land resulting in job creation

Source: Victor Khanye IDP 2019/20 Strategic Planning Report Feb 2020



VICTOR KHANYE LOCAL MUNICIPALITY

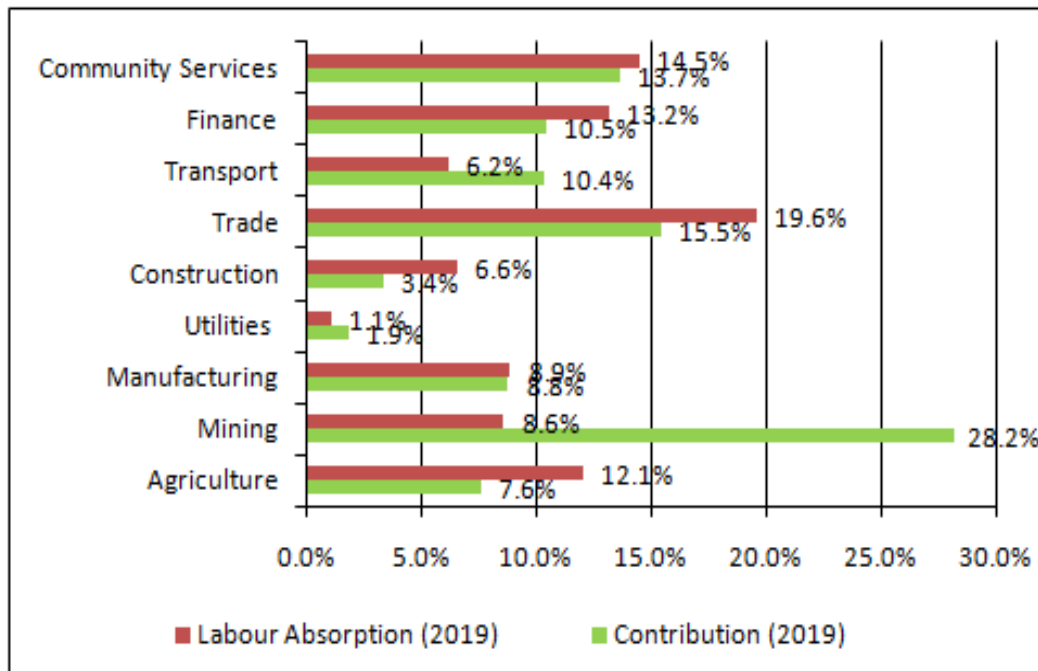
FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

6. SECTOR ANALYSIS

The Provincial New Growth Path has fixed six priority areas to job creation: **infrastructure development, agriculture, mining, manufacturing, the "green" economy and tourism**". Many dimensions to a successful growth strategy are reflected in the New Growth Path. Some involve direct government actions — investing in economic infrastructure that will earn future returns and tax revenue — but many entail simply setting the rules of the game,

Victor Khanye is currently characterized by an increase in mining and related activities in the Leandra area. In addition to mining (concentrating on coal and silica), other important sectors in this area are agriculture (a major provider of food and an energy source – maize); finance and manufacturing (capitalizing on the area's proximity to Gauteng). Natural resources make a significant and direct contribution to the Nkangala district economy, which is 'resource based' (coal, water, land capacity, geographical features, climate, conservation areas and ecosystems, natural features).

Figure 16: Indicators: Sector Contribution Vs Labour Absorption



(IHS and SERO, 2011 and 2019)

Economically, the largest contributing sector in the Municipality in 2019 was Mining (at 28.6%). In terms of labour, Trade (at 19.6%) recorded high labour absorption capacities in 2019.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 27: District Comparative Advantage

Ehlanzeni	Gert Sibande	Nkangala
Agriculture: sub-tropical fruit and sugar cane	Manufacturing: Petro-chemical industry	Coal mining & electricity generation
Gold & chrome mining	Agriculture: crop- and livestock farming	Manufacturing: Metals fabrication
Tourism: Scenic views and KNP	Coal mining & electricity generation	Tourism: trout-triangle
Forestry	Forestry	Agriculture: crop- and livestock farming

(IHS and SERO, 2019)

Of all six local municipalities in the Nkangala district, Victor Khanye registered the highest comparative advantage for agriculture. The regeneration of power stations, as well as the new Kusile power station in the Victor Khanye area could serve as catalyst to increased demand for coal reserves in the Nkangala area. However impact of closing down of some coal driven power stations give rise to consider opportunities in renewable energy. Impact of COVID-19 and the rapid need for the 4IR has to be seen as a major opportunity which needs to be explored. The industrial potential of Delmas (agro-processing) should also be promoted to capitalise on its strategic location in relation to the major transport network. Tourism potential for Victor Khanye has to be factored more especially as it's a gateway into Mpumalanga Province.

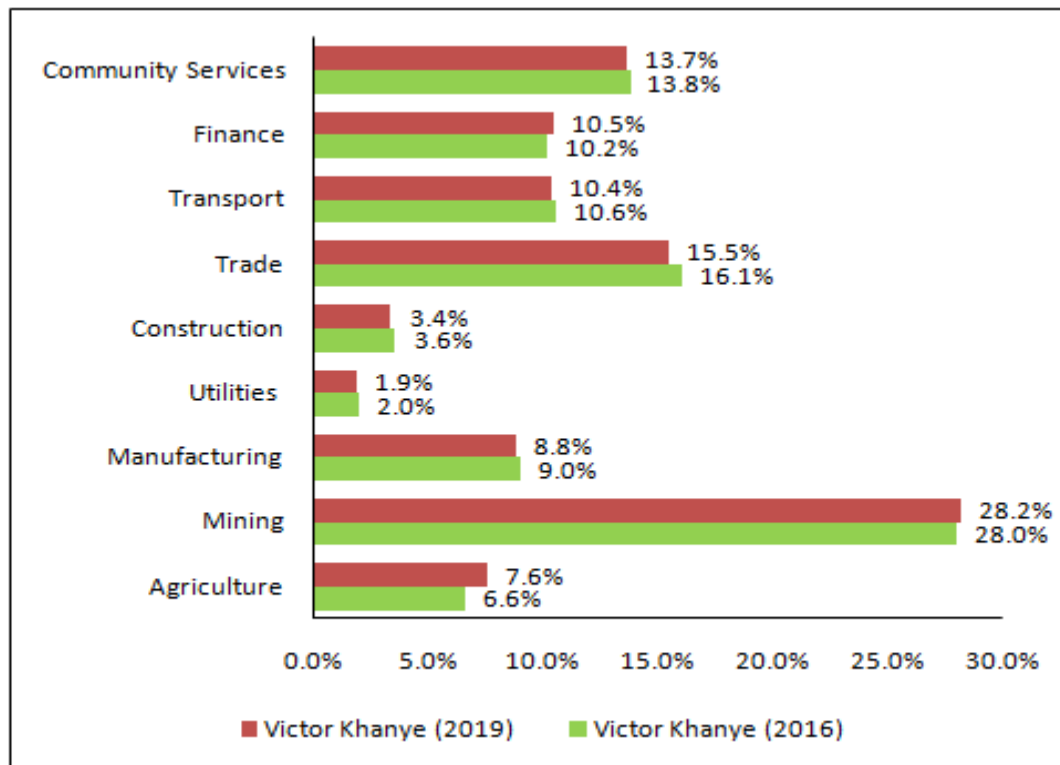
The N12 freeway has been classified as a development corridor as it links Nkangala with the industrial core of South Africa (Ekurhuleni Metro and Oliver Tambo International Airport) as well as the financial and commercial capital of South Africa – Johannesburg. In Victor Khanye Local Municipality, there are development opportunities along the N12 corridor which should be identified and developed. This development will be nodal in nature. It is suggested that economic activity be actively promoted at Delmas in Victor Khanye. Intensive agriculture should be promoted along the N12 Corridor, to capitalise on the access to markets at local and regional level.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 17: Indicators: Sector Contribution between 2016 - 2019



(IHS and SERO, 2011 and 2019)

According to the HIS and SERO Report, 2019, the local economy in Victor Khanye Municipality is relatively diversified with the largest sector, in terms of output as well as proportional contribution being the Mining sector. The Mining sector is followed by Trade sector and Community Services sector. During recent years, there has not been any significant growth in all sectors. The sector, which experienced slight expansion in terms of output in the Victor Khanye Municipal area:

- Agriculture (1%)

Majority of the sectors stagnated or contraction contracted , namely:

- Mining
- Manufacturing
- Utilities
- Construction
- Trade
- Transport
- Finance
- Community Services



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 28: Economic indicators

Contribution by Local Municipal Areas to Nkangala's industries (GVA constant 2010 prices)

Table 28: Contribution by Local Municipal areas to Nkangala District Municipality

Industry	Victor Khanye	Emalahleni	Steve Tshwete	Emakhazeni	Thembisile Hani	Dr JS Moroka	Nkangala
Agriculture	21.6%	12.3%	39.4%	11.8%	9.8%	5.2%	100%
Mining	3.8%	57.9%	35.0%	2.1%	0.9%	0.3%	100%
Manufacturing	4.3%	29.2%	59.0%	2.6%	3.6%	1.3%	100%
Utilities	1.5%	64.5%	29.8%	0.9%	1.9%	1.4%	100%
Construction	7.7%	38.5%	29.9%	3.9%	12.9%	7.1%	100%
Trade	8.5%	39.1%	31.8%	4.3%	10.4%	5.9%	100%
Transport	12.3%	37.2%	29.7%	6.6%	8.8%	5.3%	100%
Finance	5.8%	35.1%	31.1%	3.1%	6.5%	18.4%	100%
Community services	6.9%	34.8%	32.3%	4.1%	12.1%	9.8%	100%
Total	5.5%	46.1%	36.0%	3.1%	4.9%	4.4%	100%

(IHS and SERO, 2019)

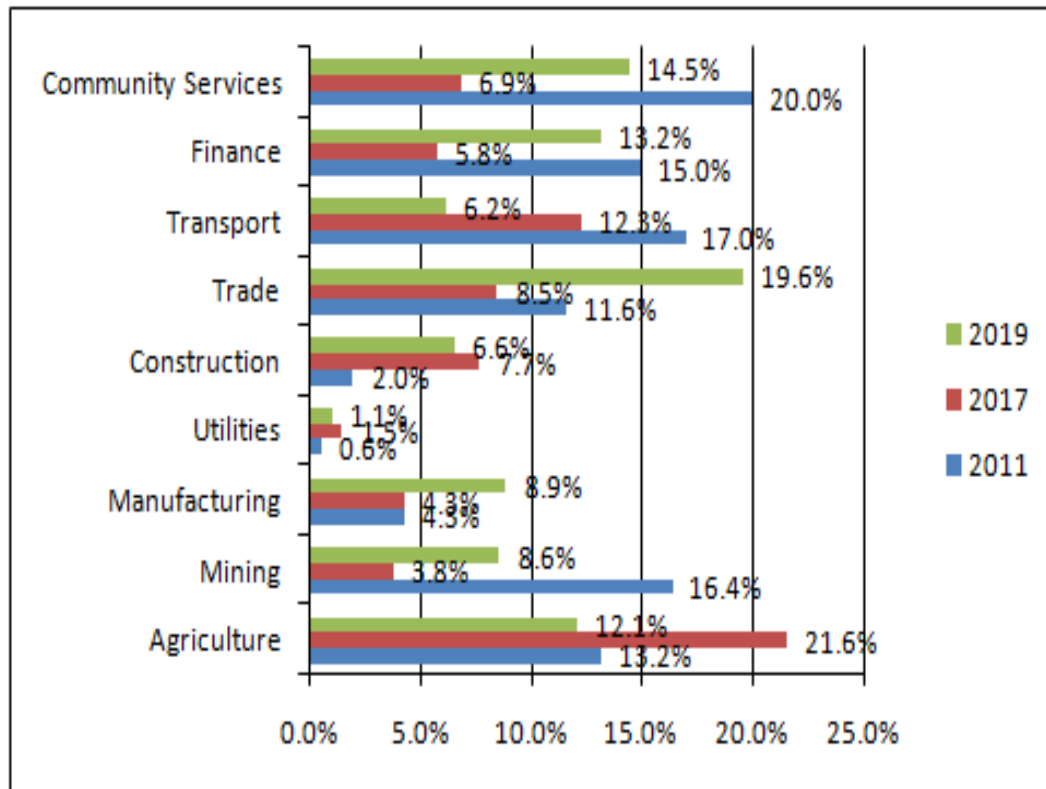
- Contribution to Nkangala economy only 5.5% - relatively small economy.
- Agriculture contributing 21.6% to the district's agriculture industry. Transport contributing 12.3% to the district's transport industry – other contributions relatively small.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 18: Indicators: Sector employment



(IHS and SERO, 2011 and 2019)

- Leading industries in terms of employment – Trade 19.6%, Community Services 14.5% and Agriculture 12.1%.
- Decreasing role/share of Agriculture, Mining and Transport increasing role/share of Trade, Community Service & Finance as employer.
- Contribution to the Mpumalanga economy of 2.2% in 2019 – 6th smallest economy in the province. Contribution of 5.5% to Nkangala's economy in 2019 with a good contribution in especially Agriculture. Average annual economic growth rate for Victor Khanye relatively high at 2.7% over the period 1996 to 2019.
- Between 2014 and 2019, the economic growth rate of Victor Khanye was only 1% pa.
- Forecasted average annual GDP growth for Victor Khanye for 2019-2024 to contract by 0.2% per annum due to the negative impact of COVID-19.
- In 2019, Mining, Trade (including Tourism) and Community Services were the largest industries contributing almost 60% to the Victor Khanye economy.
- The size of the economy in 2019 was estimated at around R8 billion in current prices.
- Comparative advantage in economic industries such as agriculture and mining remain strong and needs to be exploited.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- In 2019, Tourism spend in Victor Khanye totalled R351 million, which as a percentage was only 4.3% of the local GDP. Concern about the slight decrease in percentage from 2014.

This section seeks to provide an assessment of the development potential and key constraints of the sectors. Each sector's opportunities and critical challenges is analysed and a package of investment opportunities/projects recommended for consideration. The other sectors should be constantly monitored for development and support.

6.1. Agriculture and Rural Development

Agricultural land around the settlements in the Victor Khanye area is increasingly under threat, due to the need for urban expansion, mining development and electricity generation. Agriculture contributes quite significantly to both economic growth and employment creation within Victor Khanye. The constraints posed by undermined land further decreases the attractiveness of agricultural land for development. The agricultural land in Victor Khanye is however considered to have high production value and potential, and should be protected as a scarce resource. These agricultural activities are capable of supporting rural development; particularly through emerging farmer support programmes provided by the Department of Agriculture. Enough focus is not placed on agro-processing to integrate to the agriculture and manufacturing sectors considering that the Victor Khanye agricultural sector is the highest contributor to Nkangala District Municipality so there is a need to integrate it such that agricultural produce and live stock can be processed within the municipality through agro-processing. Victor Khanye should distinguish itself as a Agro-Processing Hub of the Province.

6.1.1. Development Challenges and Constraints

- Lack of innovative strategies and sustainable partnerships to promote and invest in Agriculture and Rural Development as an integral and attractive sector in Victor Khanye especially for the Youth
- Lack of proper sector integrated value chain for agriculture including farming, agro-processing, logistics and branding of products ready for the wholesale and retail market
- Ineffective and inefficient utilisation of the existing land and communal/commercial farm owned by the municipality for the benefit of small scale farmers and cooperatives
- Lack of access to skills development opportunities within the agriculture sector due to unavailability of capacity building institutions focused on agriculture as it's a strategic sector within the municipality



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Unavailability of land for agricultural purposes; coupled by competition between agricultural activities and mining & electricity generation needs
 - Inadequate and inaccessible financing for emerging farmers due to inability to meet minimum requirements
 - Lack of and inadequate agriculture infrastructure for small and emerging farmers
 - Lack of access to both local, national and international markets

6.1.2. Suggested Solutions to Address Challenges

- Development of an Integrated Agriculture and Rural Development Plan utilizes Community Rural Development (CRD) principles as part of the District Development Strategy
- Establishment of a Smart Agricultural School integrated within the SMME Hub precinct in partnership with the private sector and educational institutions capacitated to provide the following key features:
 - Research and Development
 - Product Development and Testing
 - AgriSETA Accredited Learning Programmes including Entrepreneurship, Business Case and Business Plan Development
 - An Incubation Facility providing finance and non-finance support for emerging farmers
 - Trade and Investment Promotion capability
 - Smart Farming Systems and Technology
- The establishment of the Agri-Village within the SMME Hub precinct focusing on incubation and development of small businesses to produce the following by products (the list is not exhausted):
 - Crop Processing
 - Canned products i.e. Tomato juice
 - Plant Oil
 - Animal/Live Stock Feed
 - Chocolate
 - Wheat
 - Flower
 - Maize Meal
 - Juice
 - Energy Drink
 - Detergents
 - Rubber/Latex



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Fresh Produce Market
 - Live Stock By Products (Cattle)
 - Leather Bags
 - Luggage
 - Boots and Shoes
 - Gloves and Belts
 - Purses and Wallets
 - Candles
 - Crayons
 - Perfumes
 - Paints
 - Mouthwash
 - Detergents
 - Pet Food
 - Floor Wax
 - Soaps
 - Deodorants
 - Insecticides
 - Butter, Ice Cream and Cheese
 - Incorporate Basic Agricultural Studies as Extra Curriculum Activity for Grade 6 to 12 in Victor Khanye schools integrated to the Smart Agricultural School
 - Development of Land Use Management System (LUMS) that specifies agricultural land ownership and utilisation patterns
 - Develop an infrastructure development and maintenance master plan for the agriculture sector; to include both physical and biological assets

6.1.3. Recommended Programmes

- Development of an Integrated Agriculture and Rural Development and Support Plan
- The establishment of the Agri-Village within the SMME Hub precinct focused on Agro-Processing of Crop, Live Stock and their By-Products. The Agri-Village will be empowered to support SMMEs and Cooperatives in the following areas of expertise:
 - Research and Development
 - Product Development and Testing
 - Business Case Development for Agro-Processing, Light and Heavy Industrial Manufacturing



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- AgriSETA Accredited Learning and Mentorship Programmes including Entrepreneurship
 - An Incubation Facility providing finance and non-finance support for Agro-Processing SMMEs and Cooperatives
 - Trade and Investment Promotion capability
 - Advanced Manufacturing Systems and Technology
 - Development of SMMEs and Cooperatives database for Agro-Processing
 - Conducting community skills audit and development of community skills development plan for community capacity building
- Source Investors for the establishment of the Smart Agricultural School and Agri-Village
 - Sign cooperation agreements with key government departments, agencies and private sector for the establishment of the Smart Agricultural School and Agri-Village
 - Establishment or formation of Victor Khanye Land Reform Forum
 - Create Land reform information portal with M&E framework
 - Conduct an agriculture infrastructure and facilities survey and develop a plan for development and maintenance
 - Conduct agriculture opportunities awareness campaigns, targeting school leavers and the youth in general.

6.2. Manufacturing and Commerce

The manufacturing sectors performance within Victor Khanye over the past couple of years is a serious cause for concern. Given the location of some of the major steel manufacturing companies such as Highveld Steel within Emalahleni (which is very close to the locality), the sector contribution to GVA-R and growth rates are expected to out-perform sectors such as finance and trade. However, the lack of diversification of the sector and its concentration on metal products is identified as a key factor contributing to the present performance state of the sector.

6.2.1. Development Challenges and Constraints

Generally, manufacturing is one of the key sectors with huge potential for beneficiation and longer value chains, with resultant impacts on job creation, economic growth and SMME development. Given the proxy relationship between manufacturing and other sectors such as mining, agriculture and construction; the manufacturing sector potential within Victor Khanye needs special exploration and exploitation. In the context of the sector performance relative to other sectors, suffice is to say



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

that Victor Khanye needs to develop an **Industrial Development Plan** integrated to the District Development Model in which extensive and intensive research is undertaken to unlock the manufacturing potential that is linked to both mining and agriculture as well as other support services sectors. Manufacturing is capable of providing upstream, downstream as well as side stream linkages capable of massifying job creation and economic growth. The more critical constraints to the manufacturing sector within Victor Khanye include the following:

- Availability of land suitably located for development of industrial clusters
- Huge capital outlay requirement for establishing a manufacturing plant
- Competition from other established companies within the country (given its proximity to Gauteng, South Africa's industrial hub)
- Lack of manufacturing incubation hubs, training as well as coaching and mentoring programmes
- Lack of manufacturing activities for small businesses within Victor Khanye; that are linked to the national economic hub of Gauteng
- Weak SMME and Cooperatives support systems
- Outdated municipal long term growth plan, marketing plan and strategy for attracting investors
- Absence of local entrepreneurial, business and technical skills that could tap into current and future business opportunities
- Lack of funding for the implementation of the municipal bulk infrastructure development and maintenance master plan

6.2.2. Suggested Solutions to address Challenges

- The Victor Khanye Local Municipality should engage town planners to identify vacant, both privately and publicly owned land suitable for commercial purposes; particularly along the N12 Corridor
- To deal with the problem of a small economy, the municipality jointly with private sector players and government departments should promote value chain linkages across sectors and support development/implementation of anchor projects such as Nkangala International Airport; all through planned and co-ordinated manner
- Government departments and development agencies should intensify or strengthen support provided to local SMMEs and Cooperatives in a coordinated manner
- To address the challenges of infrastructure and basic service delivery, the Victor Khanye Local Municipality should review and update the bulk infrastructure development and



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

maintenance master plan regularly (Annually); which plays an important role in attracting investments into the local space

- The absence of a municipal marketing plan and strategy requires that it be developed; together with an investment promotion policy and incentives with clean economic vision for the local area. This could be part of the municipality's long-term economic growth path

6.2.3. Recommended Programmes

The following projects have been recommended for implementation by Victor Khanye Local Municipality:

- A detailed study to be conducted that explores the value chain (forward and backward integration) for goods and services that can be generated through the Manufacturing Sector
- Development of a Land Use Management Plan (LUMS) linked to the Spatial Development Framework (SDF)
- Development of a long-term growth plan with a marketing plan and strategy, linked to sector development and job creation
- Full support for the establishment of the Nkangala International Airport with all its related activities
- Development and implementation of internship and learnership programmes for skills transfer
- Development of business sector performance growth monitoring and evaluation system or tool
- Review and implement the investment plan to attract and retain business

6.3. Mining and Energy

Mining in Victor Khanye is the largest contributor to the economy of the local space (according to the SERO Report, 2019). On the other hand, electricity or utilities only contributed 1.9% to the economy of Victor Khanye. The combined contribution of these sectors stood at 30.1% according to the SERO Report, 2019. The two complementary sectors have a number of opportunities that need to be exploited as well as challenges to be addressed.

6.3.1. Development Challenges and Constraints

- Skills challenges among local community members, around managerial and technical skills required within the mining and energy sector exacerbated by mechanisation, automation of the mining industry and the change in the energy mix of the country to include alternative energy/green economy



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- The current education system is not geared towards fully equipping the learners with requisite industry skills in mining and energy
 - Procurement opportunities within mining houses that are not biased in favour of local suppliers and SMMEs/cooperatives
 - Absence of local manufacturers and suppliers of mining and energy plant, machinery, equipment and component parts
 - Absence of targeted skills development initiatives aimed at equipping young people within Victor Khanye with skills relevant to the mining and energy sector
 - State of roads and rail infrastructure and other basic services that should support mining and energy development and other economic related sectors
 - Inadequate housing development, social and shopping facilities that force most employees within the mining and energy sector to reside and commute from Gauteng on a daily basis
 - Theft of cables is serious affecting the mining, electricity and other sectors of the economy within Victor Khanye Local Municipality

6.3.2. Suggested Solutions to address Challenges

- Reconfigure the Nkangala FET College, jointly with other accredited training providers and mining houses in partnership and establish VKLM Mining Centre of Excellence focused on the following:
 - Research and Development in mining and alternative energy
 - Conduct regular Community Skills Audits and Skills Profile of the Community
 - Management and Leadership Development
 - Implement Recognition of Prior Learning (RPL) system within the mining and other sectors
 - Accredited Skills development of artisans, technicians and plant operators in mining and alternative energy
 - Training of SMMEs in entrepreneurship, enterprise development and procurement in mining and alternative energy
 - Offer mining and alternative energy Learnerships for out of school youth
 - Conduct career guidance for schools within Victor Khanye
 - Offer bursaries for children schools within Victor Khanye
 - Development of the mining 4IR strategy
 - Development of Alternative Energy/Green Economy Strategy for Victor Khanye



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Implementation of automation and mechanisation systems for the mining and alternative energy sector as part of the 4IR strategy and enterprise development of SMMEs and Cooperatives
 - Improvement of the Infrastructure development and maintenance master plan to promote intermodalism between road and rail
 - Municipality should fully utilize the Municipal Infrastructure Grant (MIG) funds for development and maintenance of infrastructure and should collaborate with other relevant stakeholders
 - Land should be made available for human settlement development to curb the challenge of workers having to stay and commute from Gauteng on a daily basis; since this does not promote circulation of money within the local space
 - Law enforcement and community education should be intensified to deal with the problem of cable theft within the local municipal area

6.3.3. Recommended Programmes

The following programmes have been identified as key for implementation within Victor Khanye Local Municipality:

- Establishment of a Mining Centre of Excellence that will focus on the following activities:
 - Management and Leadership Development
 - Training of SMMEs in enterprise development and procurement in mining and alternative energy
 - SMME incubation and mentorship programmes on mining and alternative energy related and infrastructure development activities
 - Career exhibitions to assist learners understand relevant and needed career choices and available bursaries
 - Workshops within communities on employment opportunities available within mining houses and the energy industry
 - Performing a community skills audit to identify skills gaps
 - Development of an information portal on employment and business opportunities across sectors and industries
- Private-public partnerships in infrastructure development and maintenance
- Victor Khanye Local Municipality must come up with a mining structure or forum that will facilitate community ownership in the form of community trust
- Municipal Executive Mayor need to facilitate the establishment of community trust together with community representative (where mining is taking place), the mining houses and



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

municipal officials (Municipal Manager might delegate this function to LED Unit/Economic Development Agency)

- Municipal Executive Mayor and Municipal Manager need to facilitate alignment municipal procurement processes with mining houses for the purpose of advancing LED

6.4. Good Governance and Capacity Development

The one most fundamental missing link in Victor Khanye local economic development endeavours is the absence of an institutional structure that can plan, implement, coordinate, monitor and evaluate LED programmes and projects. This is so in terms of both the location and population of the LED unit which is a Key Performance Area (KPA) in terms of legislation.

With respect to the first option, special attention should be given to skills around economic research and promotion; mining, manufacturing, agriculture and development of different sectors; transport economics; Trade and Investment Promotion, SMMEs and small business development as well as stakeholder management and business financing & regulation. The establishment of Economic Development Agency if adopted as an option will be funded through the equity equivalent benefit for host communities (establishment of community trusts) funded by the mining houses as per the directives in the mining charter.

The other key aspects of institutional arrangements include revival of the LED Forum, capacity and skills development of LED Forum, LED department and Portfolio Committee on LED. Finally, the coordination of all key LED stakeholders would require a clear marketing and communication strategy, given the current state of stakeholder management, economic research and investment promotion makes it difficult for LED stakeholders and role-players to play meaningful roles.

6.4.1. Development Challenges

- Location of LED within the municipal organogram/structure
- Inadequate LED staff compliment with requisite skills or complete absence of relevant staff for stakeholder engagement
- Absence of an investment promotion policy and specific incentives
- Ineffective LED Forum or such other platforms for stakeholder engagements
- Low entrepreneurial and business skills within the local space among SMME businesses and Cooperatives



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Bad publicity for the municipality leading to bad current image (which is less attractive to investors)
 - Infrastructure backlogs and reputation for disease outbreaks
 - Absence of proper LED monitoring and evaluation

6.4.2. Suggested Solutions

- Review the municipal organogram to create a department that focuses on Planning and Economic Development or establish an Economic Development Agency, provided it proves to be a viable alternative to accelerate Local Economic Development and avoid the red tape caused by the internal municipal systems
- Populated the Planning and Economic Development with personnel with required skills and experience
- The key focus of the Planning and Economic Development/Economic Development Agency include but not limited to the following:
 - Review and implement VKLM LED Strategy
 - Develop and implement Youth Development Strategy linked to key sectors within the municipality
 - Develop an entrepreneurship development and support programme for SMMEs, Cooperatives and Informal Traders within Victor Khanye
 - Develop and implement the Tourism Strategy for the Municipality including a Tourism Information Centre
 - Development and implement the Township Revitalisation Strategy and Plans linked to SMMEs, Cooperatives and Informal Traders in the Tourism and other related sector
 - Revive LED Forum, develop an action plan for the forum and capacitate them on LED and their role as members of the forum
 - Develop and implement municipal investment policy and review the sustainable investment attraction retention plan with specific incentive schemes
 - Conduct Trade and Investment Promotion in partnership with key sectors
 - Develop an LED monitoring and evaluation tool to measure performance and impact

6.4.3. Recommended Programmes

- Conduct an assessment and develop a Business Case with options to either create a Planning and Economic Development department or the Local Economic Development Agency with funding options aimed at accelerating economic development and implementation of the LED Strategy



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Review of municipal organogram, create Planning and Economic Development department or the Local Economic Development Agency and recruitment of relevant personnel
 - Implement Local Economic Development Strategy
 - Develop and implement Youth Development Strategy linked to key sectors within the municipality
 - Develop and implement SMMEs and Cooperatives development and support plan with clear capacity building interventions
 - Develop and implement municipal investment policy and review the sustainable investment attraction retention plan incentive schemes
 - Development and implement the Township Revitalisation Strategy and Plans linked to SMMEs, Cooperatives and Informal Traders in the Tourism and other related sector
 - Conduct workshops for LED Forum, portfolio committee and other structures to strengthen stakeholder engagements and relations
-



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

7. VISION AND MISSION

7.1. Vision

The Vision for Victor Khanye Local Municipality is based on the general IDP vision formulated for the municipality. The Vision Statement is as follows: A repositioned municipality for a better and sustainable service delivery for all.

7.2. Mission

To give life to the Vision for Victor Khanye Local Municipality the Local Economic Development Mission Statement is as follows: To create a conducive environment for job creation and economic growth.

The LED Mission of Victor Khanye Local Municipality: “To create a conducive environment for job creation and economic growth”

This mission is linked to addressing the key challenges that the municipality is already facing.

One of the key challenges of Victor Khanye Local Municipality area is to attract investment into the area. Attracting domestic and foreign investment into the municipality area will also create job opportunities and alleviate the problem of the “**outflow of money**” from the municipality. Attracting investment into the area will have spin-offs such as reducing the rate of unemployment in the municipality and also alleviate poverty in the municipality.

In order to achieve this mission, Victor Khanye Local Municipality needs to adopt an LED approach that is inclusive of the poor, women and the previously disadvantaged groups and attract investment in the area.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

7.3. Organisational Goals and Objectives Map

The overall primary aim of the LED Strategy is to expand the local economy in order to enhance the community's quality of life and improve the living conditions of the poor. The future development of the community depends on maintaining and enhancing the development efforts directed towards the following statements of intent:

- To develop, support and strengthen the Victor Khanye municipality's position as an investment destination.
- To reduce unemployment, achieve economic stability, and increase the standard of living.
- To concentrate on retaining and expanding the existing local businesses.
- To increase the number of small firms within Victor Khanye municipality area by fostering local entrepreneurship.
- To work towards identifying the economic needs of the chronically unemployed and under-privileged in Victor Khanye, and encourage programming, including education and retraining, to meet those needs.
- To strengthen the local tax base through enhancing revenue collection
- To establish and maintain housing and transportation, communication, and utility systems to foster quality development.
- To promote the provision of an adequate supply of vacant, development-ready land for industrial use as well as small-scale farming.
- To encourage development that is environmentally sensitive.
- To build a highly skilled, flexible workforce.

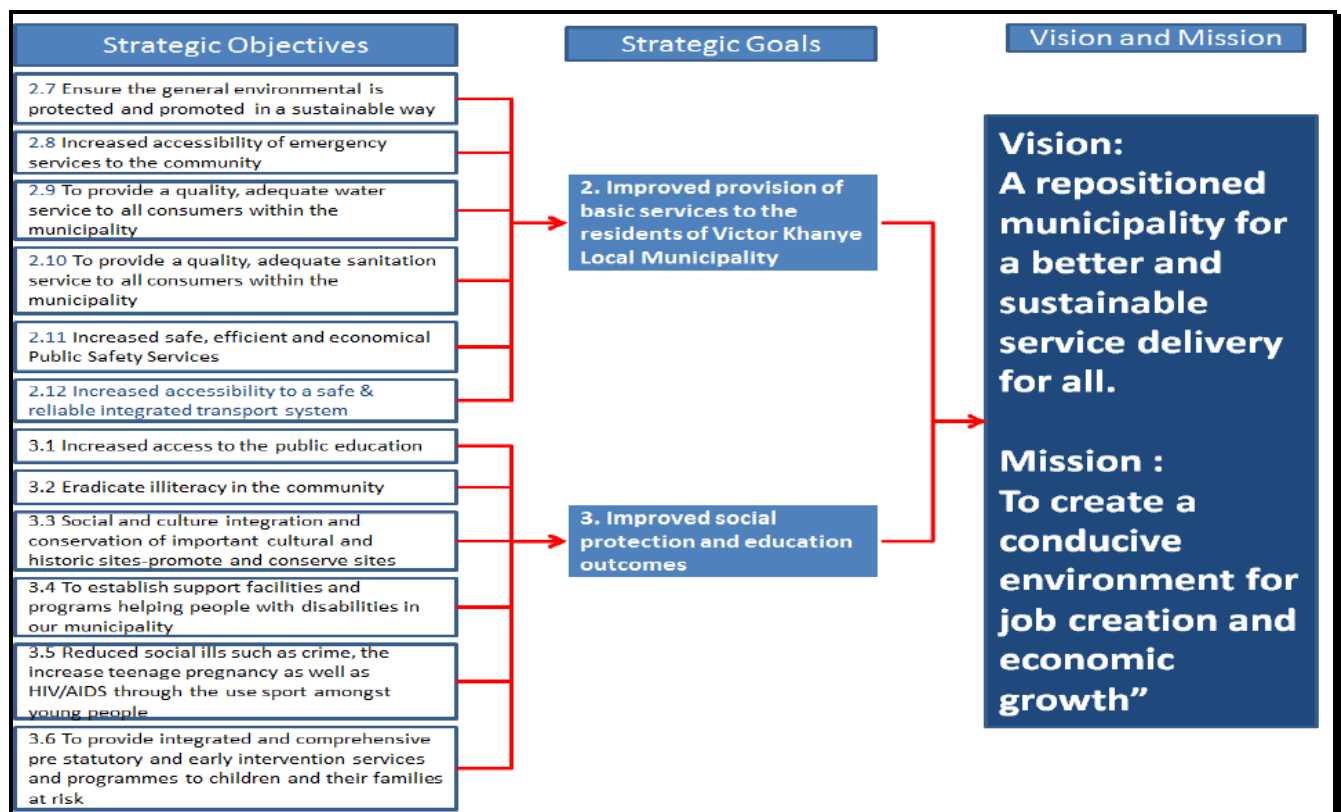
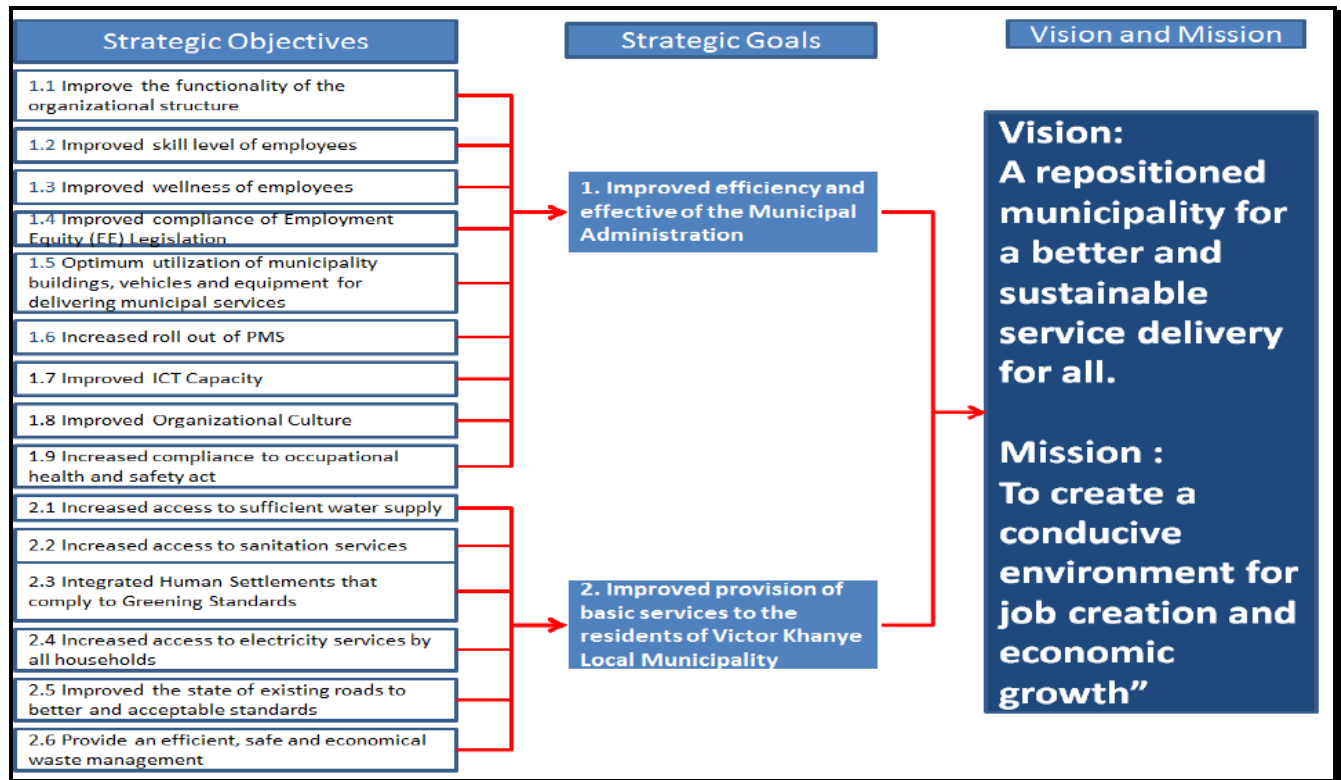
Victor Khanye Local Municipality has developed Organisational Goals and Objectives Map and is implementing through the Integrated Development Plan (adopted VKLM IDP 2017-2022). The Organisational Goals and Objectives are articulated as Ultimate (Goals) and Intermediate (Objectives) intended to achieve the Vision and Mission of the Municipality by 2030. To achieve the Vision and Mission all the efforts by the Municipality must be directed towards the following seven (7) institutional strategic goals and thirty five (35) strategic objectives:



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

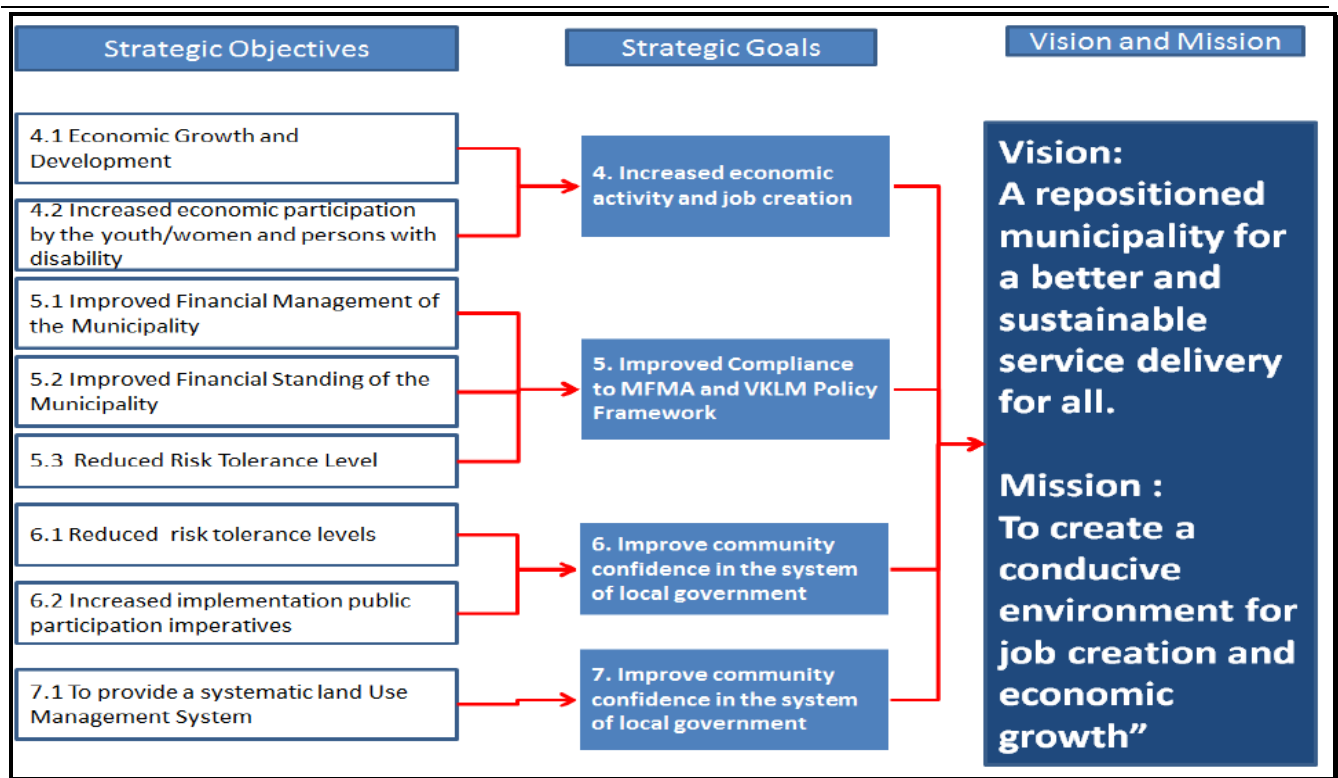
Figure 19: Strategic Goals and Objectives Map





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY



7.4. Strategic Goals of LED

The Victor Khanye Local Municipality has identified two (2) key economic development goals for the LED Strategy. The identified development goals for the municipality are as follows:

- Economic Growth and Development; and
- Increased economic participation by the youth/women and persons with disability

7.5. Strategic Objectives of LED

The Victor Khanye Local Municipality has also identified seven (7) key economic development objectives and their associated strategies. The identified objectives for the municipality are as follows:

- Increased Direct Investment into the Local Economy
- Increased promotion and support LED initiatives in line with set targets, norms and standards
- Increased percentage of SMMEs/Cooperatives/Informal Traders with access to markets to ensure faster inclusive growth for all key sector
- Stimulate tourism development and promotion; and
- Increased implementation of the Critical Skills Development Centre.



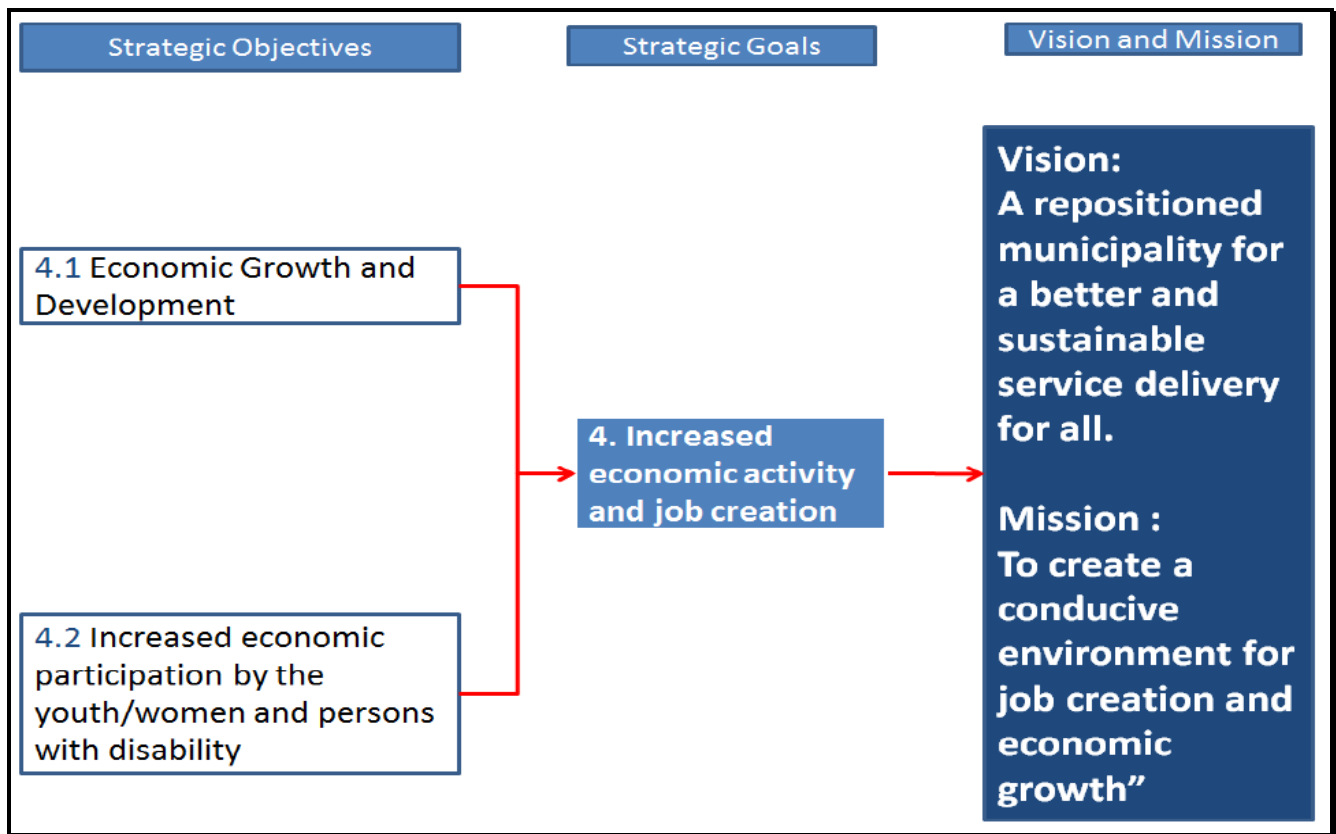
VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

7.6. Local Economic Development Logic Model

To focus the Municipal efforts towards a more responsive Local Economic Development Strategy the main Strategic Goal and specific Objectives that deal directly with Local Economic of VKLM have been selected from the VKLM Organisational Goals and Objectives:

Figure 20: Strategic Goals and Objectives Map for Local Economic Development



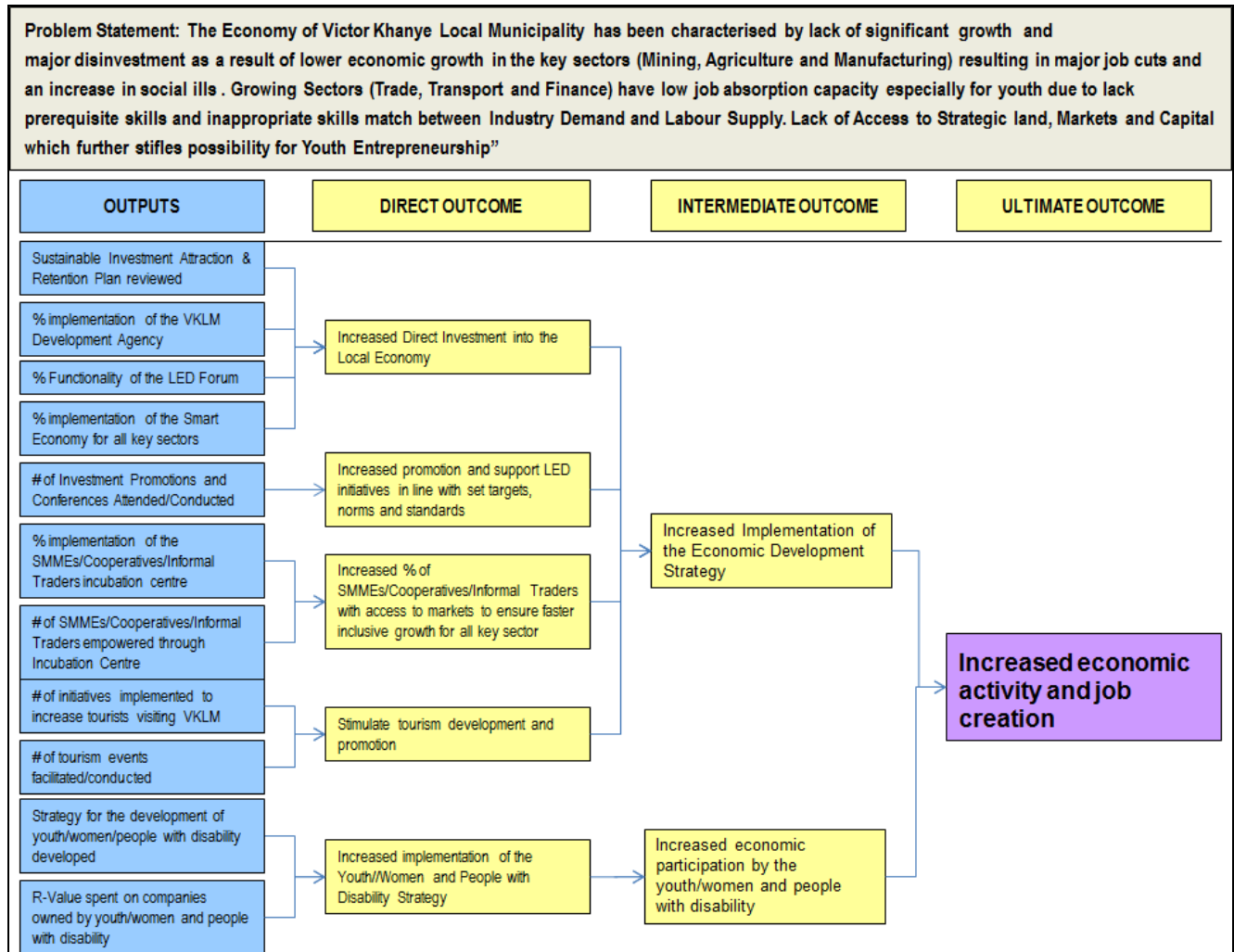
The Organisational Goals and Objectives has been expanded to include Strategies and Projects utilising the Logic Model.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 21: Local Economic Development Strategy Logic Model



The Strategies and Projects will be packaged and prioritised for implementation in the next section of the document.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

8. PROJECTS PACKAGING AND PRIORITISATION

8.1. Project Inventory

This section discusses in detail the major projects identified associated with the identified LED strategies formulated for Victor Khanye Local Municipality. Victor Khanye Local Municipality IDP identified some key objectives and projects associated with them. It is often argued that LED strategies must be based on both “big” investments projects and SMME development. SMMEs can play a critical role and is the key of creating jobs, but the local economy also needs ‘anchor’ investments projects to lead the way to linking local with global.

8.2. Key Projects and Proposed Interventions/Strategies

Good practice tells us that local economic development should always be guided by a strategy. An LED strategy is a key part of any community’s planning process. Ideally, an LED strategy should form a component of a broader community-wide strategic plan. The effective and efficient development of economic opportunities can be achieved when the vision is linked to the developmental programmes and strategies.

The following key areas have been identified to ensure that the vision of Victor Khanye Local Municipality is implemented:

- Promote Local Economic Development through infrastructure development
- Increase in the number of emerging farmers
- Explore tourism
- Explore green economy
- Increase in SMME promotion and development
- Skills development of the youth
- Reduce the level poverty in the area
- Reduce the rate of unemployment
- Municipal linkages
- Business retention, expansion and attraction
- Area targeting/regeneration



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

8.3. Project Packaging

This subsection presents the Project Implementation Plan for Victor Khanye Local Municipality. The most important element of this phase is the actual implementation of the identified development programmes/projects.

The strong agriculture base must be employed to drive LED activities in the Victor Khanye area. It is however not the only sector that must be stimulated.

- Agro-processing of local agriculture goods must be viewed as a key component of any LED strategy in this local municipal area. Such developments will support further growth and development of sectors such as the transport and trade sectors.
- The relatively small manufacturing base should be developed in a manner that the proximity of the Gauteng markets are utilised.

The Victor Khanye LED Project Implementation Plan is anchored around the following programmes (which are referred to as pillars or development thrusts):

Pillar One: Agriculture and Rural Development

Pillar Two: Green economy

Pillar Three: Manufacturing and Commerce

Pillar Four: Tourism Development

Pillar Five: Development of SMMEs and Cooperatives

Pillar Six: Mining and Electricity Generation



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PILLAR 1: AGRICULTURAL AND RURAL DEVELOPMENT

In her state of the province address (25 February 2020), Premier Refilwe Mtshweni-Tsipane stated that the notion that agricultural development is an integral component and catalyst of broader economic and infrastructural transformation is widely accepted and supported by evidence observed by the World Bank in other areas like Asia and South America. She further stated that the global demand for Mpumalanga agricultural products is consistently increasing. That there is a need to increase production in order to grow our net export market share. Indicated that there must be a strong and strategic collaboration between the policy makers, farmers of all sizes and shape and civil society organizations to collectively create sustainable solutions for this critical sector. Lastly emphasised that as a province there is a need continue to:

- Reconfigure and restructure support for emerging farmers in order to ensure that they are flexible enough to meet the constantly evolving needs of the international fresh produce market.
- Continue to ensure that small and emerging farmers are given opportunities to actively participate in the agricultural space.
- Provide herds of cattle, goats, pigs and poultry along with critical tools of trade such as tractors and other implements to ensure the success of farming enterprises.

Victor Khanye Local Municipality has an opportunity to develop their small scale farmers in agro-processing opportunities. The Municipality should develop and maintain long-term relationships with companies like McCain, which can provide a steady income to hundreds of small-scale farmers as well as job security.

Agro processing

Agro-processing is an integral component of rural and economic development, and forms part of the strategy to improve regional and local economic development and ensure food security.

Agribusiness enterprises are primarily labour intensive small and medium enterprises located near agricultural production sites in rural areas or in rural centres. It includes projects such as special area development zones and regional integration.

It is planned that South African HDI youth should own or control key value chains in South African agricultural industry through owning large scale and medium sized agro-processing businesses and related marketing channels. Youth must seek to own the whole value-chain and expand it to be internationally competitive. The diagram below illustrates a typical value-chain:



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

The agro processing project should be done with the Nkangala District Municipality and the Mpumalanga province.

The following are identified projects for Victor Khanye Local Municipality:

- Small Scale Agri-Village for Agro-processing
- Establishment of Agricultural School to train and support of schools going pupils, youth, women & persons with disability, new and emerging farmers
- Conduct agriculture opportunities awareness campaigns and workshops for schools going pupils, youth, women & persons with disability, new and emerging farmers focusing on business opportunities, planning and management
- Undertake an agriculture and rural economic development study to explore value chains and land suitability for agricultural purposes and link to other sectors of the economy
- Establish Victor Khanye Land Reform Forum

PROJECT 1: SMALL SCALE AGRI-VILLAGE	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	Project: Implement the Agro-Processing By-Products Project Indicator: % implementation of the Agro-Processing By-Products
Responsible Person/s: VKLM in partnership with MRTT and Nkangala District Municipality	
Funding Sources: Local Business, SEDA, Dept. of Agriculture, Dept. of Rural Development and Land Reform, DTI, IDC, NYDA, Land Bank, SETAS and MEGA	
Target Group: <ul style="list-style-type: none"> • Youth, Women and People with Disability • Informal Sector • Farm Workers • Farmers • Private Sector • Community 	
Promote Agro-Processing for Small Scale Farmers	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 1: SMALL SCALE AGRI-VILLAGE

Small-scale agro-processing is particularly suited to poverty elimination as it builds on the assets of poor people (indigenous knowledge and skills and local natural resources) and is less dependent on the assets that are in short supply such as finances.

The aim of this project is to develop agro-processing skills and provision of quality control services to all potential agro-processing entrepreneurs in Victor Khanye Local Municipality.

The training to be offered should cover all important aspects of agro processing and business skills and provides entrepreneurs with information on marketing, sourcing of finance, production inputs and machinery and, provides business consultancy and counselling services. The incubation system should also be adapted to provide practical skills to new entrepreneurs who need specific tailor-made training services and want to practice close to qualified trainers.

Other aspects that should be covered in the training curriculum include; training in packaging and branding, marketing and post-harvest handling of fresh fruits, vegetables and live stock processing. The project should facilitate linkage between small scale agro-processing entrepreneurs and micro-finance schemes and other development projects that have interest in agro processing.

Victor Khanye Local Municipality should seek support from local companies like McCain.

Objectives of the Project

- To focus on opportunities for small food producers, manufacturers, distributors and retailers to access the market, including value chain wide facilitated dialogue to identify blockages and opportunities for job creation
- To establish Agri-Village agro-processing training centre within the SMME Hub Precinct with adequate processing and training facilities and infrastructures to provide technical/business training and incubation to food processors, wholesale, logistics, transport and retailers.
- To build capacity of producers to carry out small and medium agro-processing enterprises; through effective training in agro-processing and entrepreneurial skills.
- To increase quality of agro-processing products by facilitating production at registered premises and offering adequate and



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

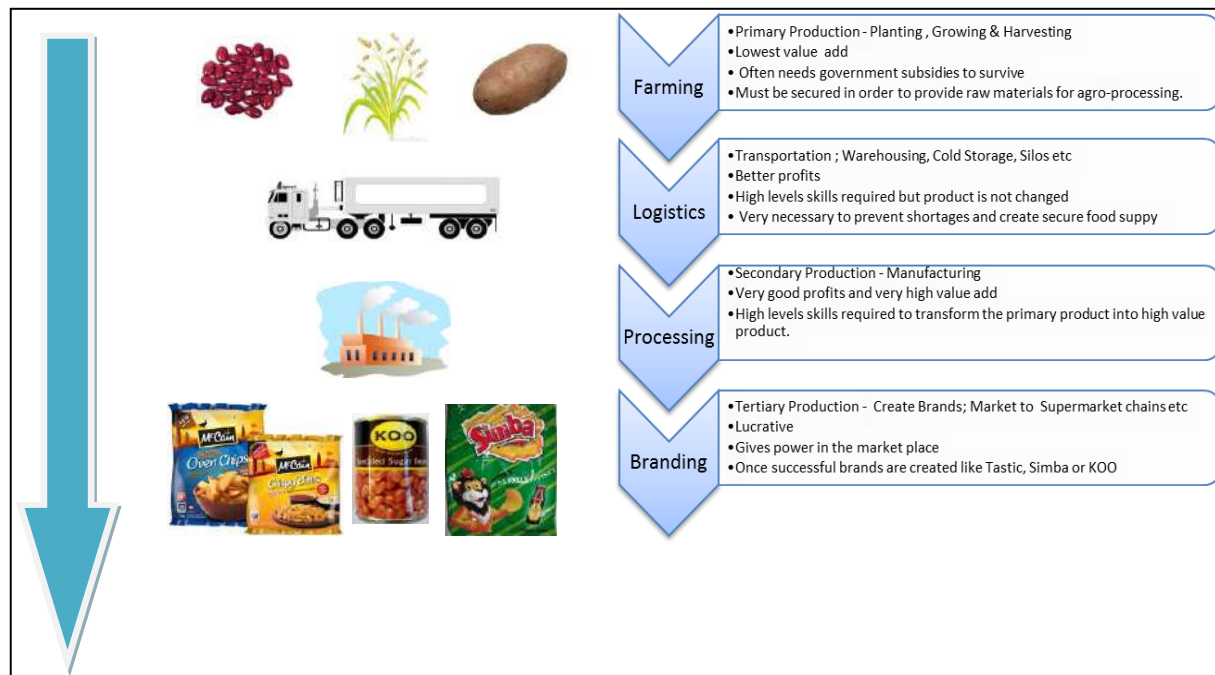
PROJECT 1: SMALL SCALE AGRI-VILLAGE	
	<p>affordable testing and quality assurance services.</p> <ul style="list-style-type: none"> To expand agro-processing activities through effective training and trade promotion program.
Challenges Experienced by the Sector Target Group	
	<ul style="list-style-type: none"> <i>High set-up costs in terms of equipment; facilities and training</i> <i>Unavailability of land for agricultural purposes; coupled by competition between agricultural activities and mining & electricity generation needs</i> <i>It is a medium to long term project, quick wins can be identified as well</i>
Proposed Solutions	<ul style="list-style-type: none"> The establishment of the Agro-Processing Agri-Village within the SMME Hub precinct focusing on incubation and development of small businesses to produce by products The Municipality should do the project in collaboration with the province/district
Outcomes Expected	<ul style="list-style-type: none"> Fully equipped Agri-Village agro-processing training and incubation centre developed at Victor Khanye Local Municipality and Nkangala District Municipality. Increased number of new SMME enterprises and entrepreneurs in agro-processing Increased income of and turnover of SMMEs enterprises and market share of local food products. Improved entrepreneurship and agro-processing skills for local processors. New employment opportunity for vulnerable groups such as women and youth created.
Timeframe	24 Months



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 22: Agro-processing value chain





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 2: SMART AND GREEN AGRICULTURAL SCHOOL	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	Project: Implement the Smart Agricultural School within the SMME Hub Precinct Project Indicator: % implementation of Smart Agricultural School
Responsible Person/s: Victor Khanye Council in partnership with the Agricultural Research Council, Provincial Department of Agriculture and the Provincial Department of Rural Development and Land Reform	
Funding Sources: Local Business, IDC, SEDA, Dept. Agriculture, Dept. of Rural Development and Land Reform, ARC, MRTT, SETAs and MEGA	
Target Group: <ul style="list-style-type: none"> • Youth, Women and People with Disability • Informal Sector • Existing Farmers • Emerging Farmers • Schools Going Pupils • Community 	
Build a Smart and Green Agricultural School for the Community <p><i>The agricultural sector plays an important role in Victor Khanye local economy. Training and support of interested Youth, Women and People with Disability, established and emerging farmers has to be undertaken to help them (especially new farmers) become more efficient, with an eye to creating competitive business, increasing productivity, efficiently and the quality of production utilisation the latest agricultural advancements, technology and introducing green agriculture with the aim of attracting the vulnerable into the sector.</i></p> <p><i>Smart Agriculture provides agricultural services through the use of innovative yet affordable agri-tech products to address food insecurity by developing inclusive and sustainable community embedded food systems.</i></p> <p><i>Implemented through innovative "hardware" which includes a range of smart sensors, customisable smart packhouses (HACCP ready, modular units) as well as hybrid/solar cold stores which serves to strengthen the food system at any spatial level (farm, community, regional or national) to add measurable value.</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Green agriculture is the application of the sustainable development principles to agriculture: ensuring the production of food, wood and fibres while respecting the ecological, economic and social limits that ensure the durability of this production. For instance, sustainable farming minimises the use of pesticides that can harm the health of farmers and consumers.

Objectives of the Project

- Develop efficient, self-sufficient and economical production systems that provide decent incomes
- Preserve and protect biodiversity and territories
- Optimize the use of natural resources
- Manage the quality of air, water and soil
- Increase energy efficiency in food production and distribution
- Develop efficient, self-sufficient and economical production systems that provide decent incomes
- Production and marketing of superfoods as an alternative beneficial option for the bio-producers.
- Competitive advantages compared to other bio-products.

Challenges Experienced by the Sector Target Group

- *Shortage of skills within the agriculture sector*
- *Inadequate and inaccessible financing for small and emerging farmers due to inability to meet minimum requirements*
- *Lack of and inadequate agriculture infrastructure for small and emerging farmers*
- *Lack of access to both local, national and international markets*

Proposed Solutions

- Establishment of a Smart and Green Agricultural School integrated within the SMME Hub precinct in partnership with the private sector and educational institutions capacitated to provide the following key features:
 - Research and Development
 - Product Development and Testing
 - AgriSETA Accredited Learning Programmes including Entrepreneurship, Business Case and Business Plan Development
 - An Incubation Facility providing finance and non-finance support for small and emerging farmers
 - Trade and Investment Promotion capability
 - Smart and Green Farming Systems and Technology as part of the



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

	<p>4IR Strategy and Green Economy for the Municipality</p> <ul style="list-style-type: none"> Incorporate Basic Agricultural Studies as Extra Curriculum Activity for Grade 6 to 12 in Victor Khanye schools integrated to the Smart Agricultural School
Outcomes Expected	<ul style="list-style-type: none"> Easy of entry and access to the agricultural sector to counter massive setup costs in terms of equipment; facilities and training Increased agricultural productivity and protection of the natural resources to sustain the sector and the environment Best management of farms, communal farming land and food security Increased aware of sustainable and environmentally friendly farming opportunities
Timeframe	6 Months

Figure 23: Smart Food Agri-Infrastructure and Systems



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 24: Future Small and Smart Farms

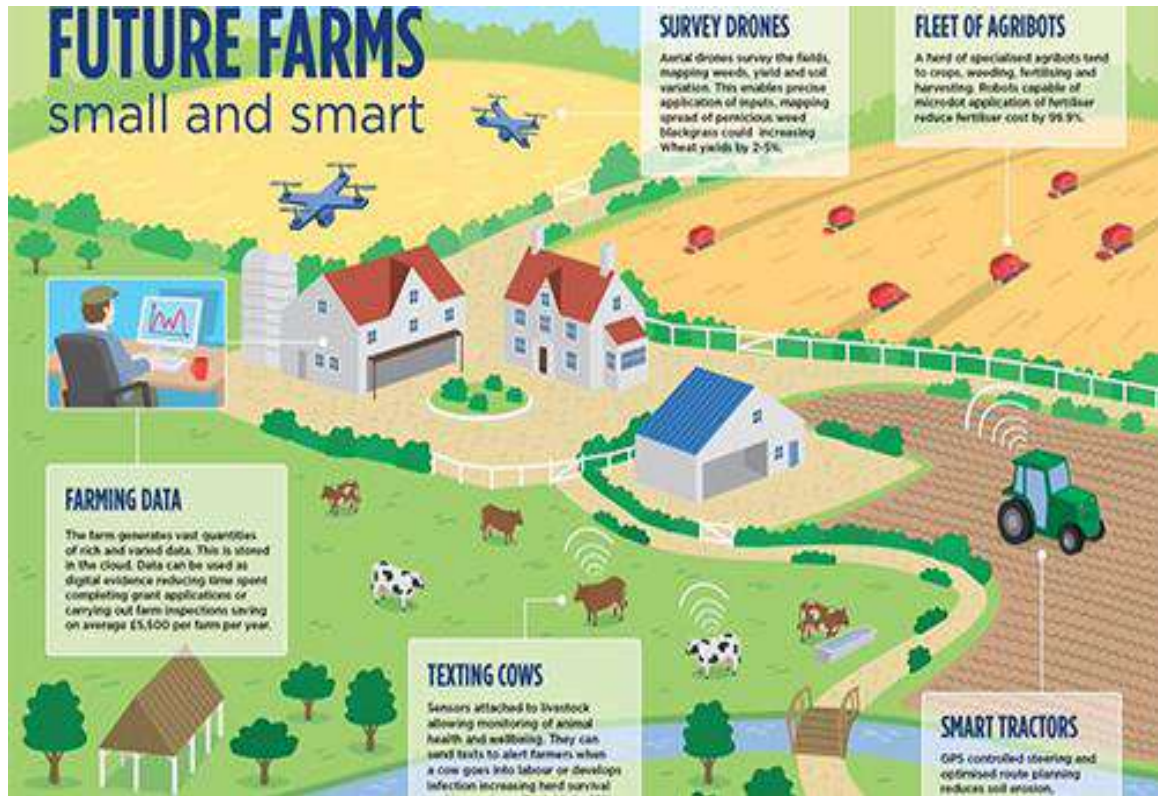
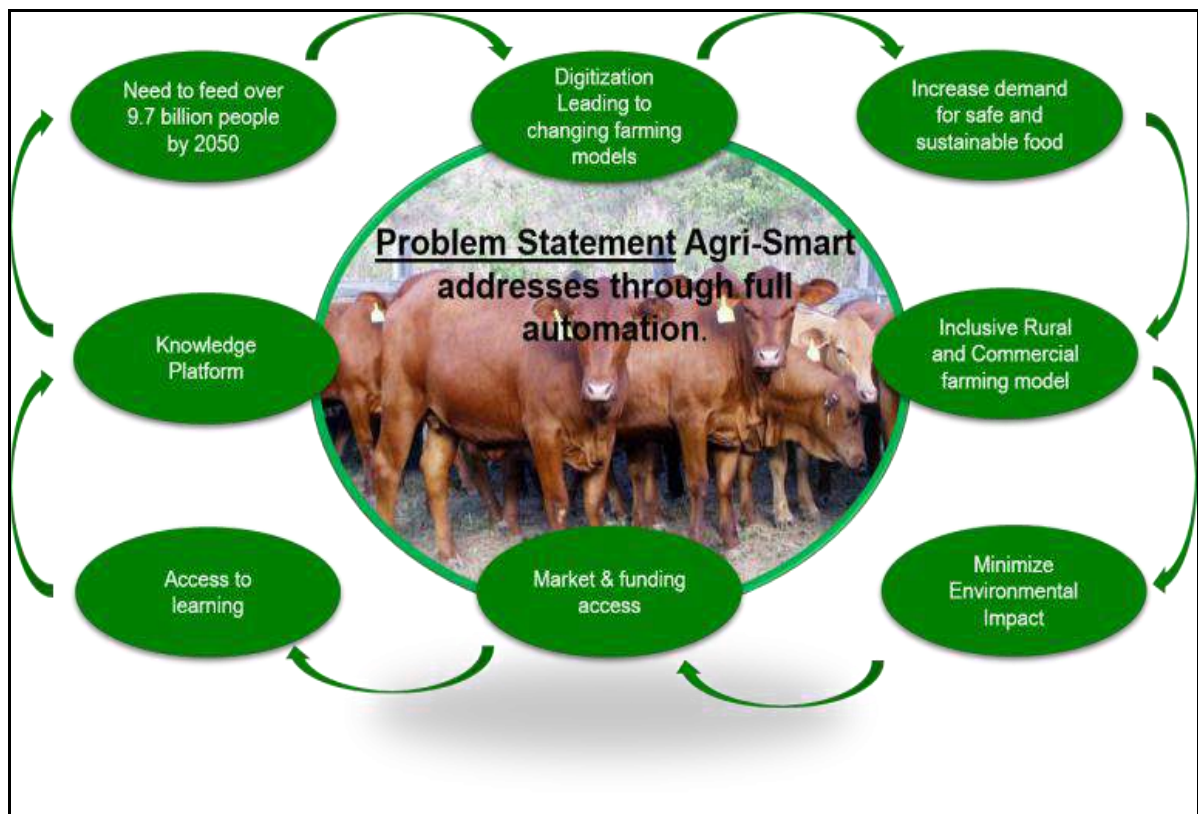


Figure 25: Agri-Smart Livestock Technology





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 3: AGRICULTURAL AWARENESS CAMPAIGNS	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased promotion and support LED initiatives in line with set targets, norms and standards	Project: Conduct Community Awareness Programmes to promote Agriculture and other supportive sectors as key sector to create employment and business Opportunities Project Indicator: # of Community Awareness Programmes conducted to promote the agricultural sector and other supportive sectors
Responsible Person/s: Agriculture companies, VKLM Public Participation and Tourism Centre, Department of agriculture, other private investors and SMMEs/Cooperatives	
Funding Sources: Dept. Agriculture, Dept. of Rural Development & Land Reform and DEDT	
Target Group: <ul style="list-style-type: none"> Youth, Women and People with Disability Established Farmers Emerging Farmers Informal Sector Community of Victor Khanye Local Municipality Grade 6 to 12 Pupils in Local Schools 	
Create Awareness about Smart and Green Agriculture and the Agricultural Economy	
<i>Conduct agriculture opportunities awareness campaigns and workshops for emerging farmers, the youth, women, people with disability, new and emerging farmers focusing on business skills, business opportunities, planning, management, smart and green advancements, technology incorporating Basic Agricultural Studies as Extra Curriculum Activity for Grade 6 to 12 in Victor Khanye schools integrated to the Smart and Green Agricultural School and the informal sector benefitting from procurement of fresh produce and agro-processed products ready for wholesale and the retail markets.</i>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Objectives of the Project	<ul style="list-style-type: none"> • Create Linkages between agriculture and other sectors of the economy • Ability to transform individual success stories into broader agricultural development • Availability of appropriate innovations in science and technology - these are both a precondition for and a part of agricultural transformation • Availability of appropriate technologies to support agricultural intensification – to achieve a shift from expansion of land for agriculture • Development of supply chains around small-scale farmers to increase farm production and deliver goods to consumers at competitive prices e.g. presence of input markets, seasonal finance, and marketing systems • Investments in agricultural research and in market and institutional development in order to reduce costs and mitigate risks; and • Rural infrastructure - to stimulate the rural non-farm economy and rural towns, and improve integration of these areas into national economies.
Challenges Experienced by the Sector Target Group	
<p><i>Shortage of skills, knowledge and experience for new and emerging farmers, which is being exacerbated by unwillingness of the youth, women and people with disability to enter the sector</i></p> <p><i>Inadequate and inaccessible platforms for small and emerging farmers to access information and promote their products and services including entry into sector to market and sell the products and services</i></p> <p><i>Lack of interest by the youth, women and people with disability, new and emerging farmers to enter the sector due to red tape including unattractiveness, low potential, no financing and lack of future prospects to invest in the sector</i></p> <p><i>Lack of transformation and infrastructure investment in the agricultural sector for the youth, women and people with disability, new and emerging farmers to enter the sector</i></p> <p><i>Lack of targeted programmes to attract the youth, women and people with disability into the agricultural sector</i></p>	

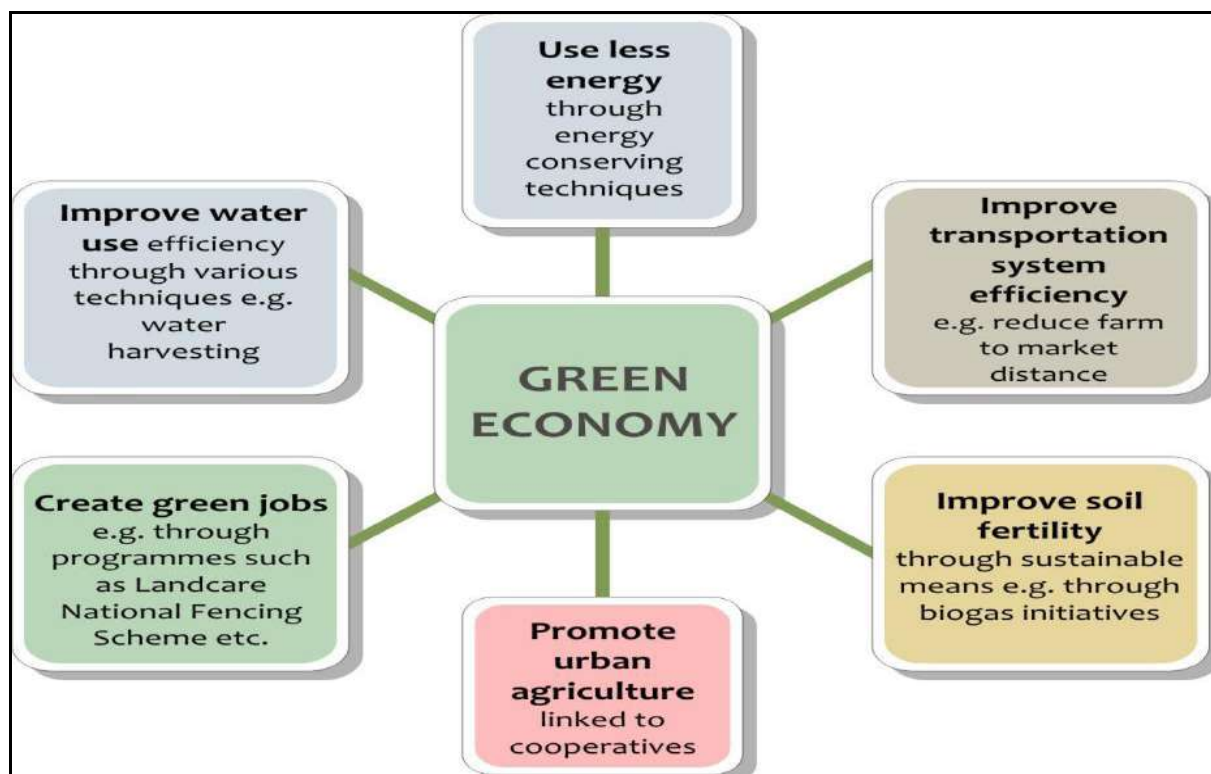


VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Proposed Solutions	<ul style="list-style-type: none"> • Conduct targeted community awareness campaigns on smart and green agriculture • Conducting targeted community awareness campaigns for the youth, women and people with disability, new and emerging farmers to enter the sector • Inclusion of basic agricultural studies as extra curriculum activity for Grade 6 to 12 to create interest in the agricultural sector • Conducting coaching and mentoring short courses for the youth, women and people with disability, new and emerging famers in basic agricultural studies
Outcomes Expected	<ul style="list-style-type: none"> • Huge potential for beneficiation • Huge potential for employment creation • Improved interest in agriculture • Youths encouraged to be engaged in farming • Raised awareness of farming
Timeframe	6 Months

Figure 26: Green Agricultural Economy Awareness Campaign focus





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 4: CONDUCT FEASIBILITY STUDY ON AGRICULTURAL AND RURAL DEVELOPMENT OPPORTUNITIES	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	Project: Conduct Feasibility Study on Agricultural and Rural Development Opportunities and related value adding services identified Project Indicator: Feasibility Study on Agricultural and Rural Development Opportunities identified conducted by target date
<ul style="list-style-type: none"> Responsible Person/s: Victor Khanye Council, Provincial Department of Agriculture, Provincial Department of Rural Development and Land Reform, Other private Investors, Department of Agriculture, DBSA and Agriculture companies 	
Funding Sources: Dept. Agriculture, Dept. of Rural Development & Land Reform and DEDT	
Target Group: <ul style="list-style-type: none"> Youth, Women and People with Disability Established Farmers Emerging Farmers Informal Sector Community of Victor Khanye Local Municipality 	
Create Awareness about Smart and Green Agriculture and the Agricultural Economy	
<i>Conduct agriculture opportunities awareness campaigns and workshops for emerging farmers, the youth, women, people with disability, new and emerging farmers focusing on business skills, business opportunities, planning, management, smart and green advancements, technology incorporating Basic Agricultural Studies as Extra Curriculum Activity for Grade 6 to 12 in Victor Khanye schools integrated to the Smart and Green Agricultural School and the informal sector benefitting from procurement of fresh produce and agro-processed products ready for wholesale and the retail markets.</i>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Objectives of the Project	<p>Project entails development of a major Agriculture and Rural Economic Development and Support Plan with these main objectives;</p> <ul style="list-style-type: none"> • To establish suitability of land in terms of animal husbandry and crop production • To establish agriculture value chains possible in VKLM area • Recommend areas and places to do certain types of farming • Identify physical and biological assets to be developed
Research Approach to be followed	<p>Project will follow these steps:</p> <ul style="list-style-type: none"> • Establish land availability / utilization for agriculture purposes • Study nature of soil and vegetation for purposes of recommending best agriculture practices. • Recommend best land use practices for agriculture type of activities • Conduct audit of farms / farming cooperatives in terms of land use, nature of farming, farming ownership and challenges etc. • Study agriculture output in terms of suitability for value chain activities (linked to agro-processing). • Recommend crop and animal production in line with best practices identified in 3 above. • Develop Agriculture and Rural Economic Development and Support Plan • Build Biological Assets in rural areas as per recommendations in 6 above (fruit trees, plantations, animals; cows, pigs, poultry etc. • Build Physical agricultural assets e.g. grain silos, as per recommendations from study
Challenges Experienced by the Sector Target Group	
<i>No basic assessment and feasibility studies done in the agricultural and rural development sectors</i>	
Proposed Solutions	<p>Undertake an agriculture and rural economic development study to explore value chains and land suitability for agricultural purposes and link to other sectors of the economy</p>
Outcomes Expected	<ul style="list-style-type: none"> • Massive employment generation • Massive economic turnaround • Raised awareness of opportunities in the agricultural value chain

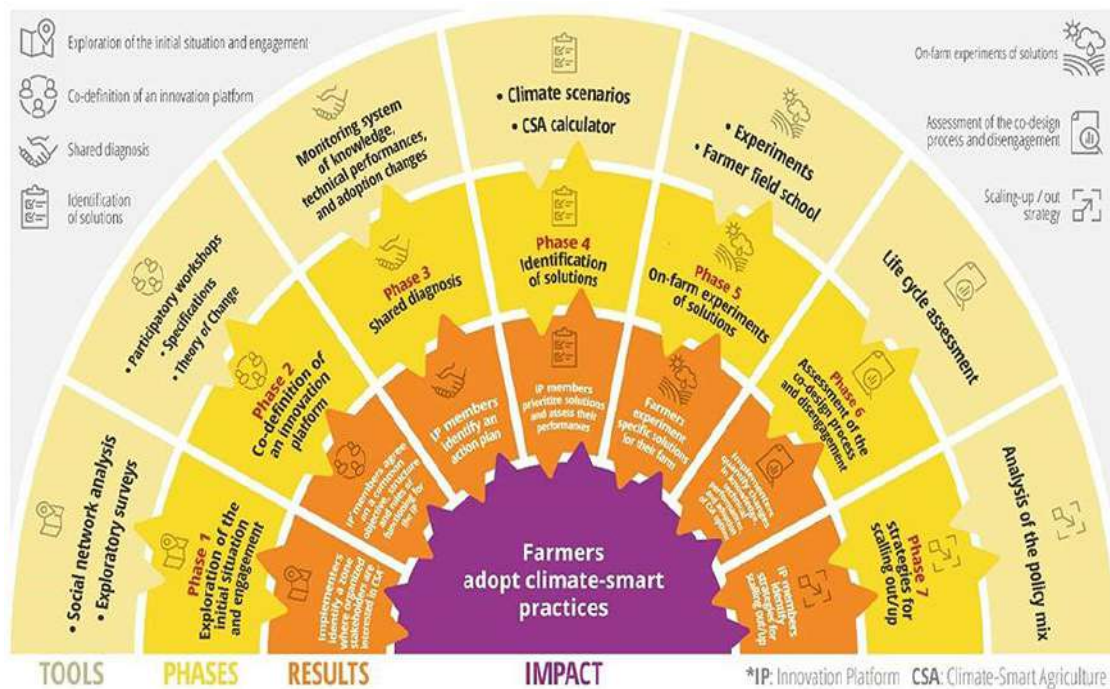


VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Timeframe	6 Months
------------------	----------

Figure 27: Approach and Design for Sustainable Agricultural Feasibility Studies





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PILLAR 2: GREEN ECONOMY

PROJECT 5: IMPLEMENTATION OF THE GREEN ECONOMY PROJECTS	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	Project: Implement Renewable Energy Manufacturing and Maintenance Hub Project Indicator: % implementation of Renewable Energy Manufacturing and Maintenance Hub
<ul style="list-style-type: none"> Responsible Person/s: Victor Khanye Local Municipality with support from the Department of Mineral Resources and Energy, Eskom, Independent Power Producers (IPPs), Department of Environment, Forestry and Fisheries 	
Funding Sources: National Skills Fund and EWSETA	
Target Group: <ul style="list-style-type: none"> Youth, Women and People with Disability Informal Sector i.e. Plumbers, Electricians without qualifications Community of Victor Khanye Local Municipality 	
Support Green Economy as an Environmentally Friendly Alternative <p><i>A Green Economy is one in which business processes are reconfigured to deliver better returns on natural, human and economic capital investments, while at the same time reducing greenhouse gas emissions, extracting and using fewer natural resources, creating less waste and reducing social disparities. Thus a Green Economy grows by reducing rather than increasing resource consumption.</i></p> <p><i>Green economies not only create direct and indirect employment opportunities, they also protect existing jobs by addressing the increasing costs and challenges that undermine traditional economic growth, such as increasing food and energy prices.</i></p>	
Objectives of the Project	<p>The projects seek to address and redress the high youth unemployment phenomenon which is characterised by the growing phenomenon of graduate unemployment where learners cannot find employment in the formal sector of the economy. Therefore the main objectives of the project are to:</p> <ul style="list-style-type: none"> To train identified youth in the prioritized artisanal trades within the green economy space



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

	<ul style="list-style-type: none"> • To go beyond training youth in these trades. To create co-operatives with negotiated guaranteed minimum installation and maintenance contracts with the mines, farms, households, municipalities within Nkangala District and thus ensuring a guaranteed and sustainable employment outcome. • To ensure through apprenticeships, mentorship and further training interventions in social entrepreneurship, that these co-operatives develop diversified incomes streams and thus further ensuring their sustainability • To ensure sustainability will lead to the creation of new job opportunities within local communities thus addressing the high unemployment that is abound within the targeted communities
Challenges Experienced by the Sector Target Group	
<p><i>Lack of skills, high unemployment and poverty levels especially the youth resulting in social ills i.e. high crime levels</i></p> <p><i>Lack of maintenance of installed infrastructure, high economic costs overall for the country as infrastructure disrepair leads to lost revenue for municipalities and higher than necessary repair costs</i></p> <p><i>In the case of solar water geysers, there is anecdotal evidence that solar water geysers have fallen into disuse due to non-maintenance thus missing the intended developmental objectives</i></p>	
Proposed Solutions	<ul style="list-style-type: none"> • To train and sustainably place an initial 1000 youth not in employment, education or training (NEET) in the green economy space and thus create Green Jobs • Register 50 (20 People Per Group) Co-operatives that will be supported with business management, incubation, financial and non financial support • The training will follow learnership route
8 Green Economy Focus Areas	<ol style="list-style-type: none"> 1. Water Management programme 2. Clean Energy and Energy Efficiency programme 3. Qualification - Electrical Engineering Renewable Energy NQF level 3 Learner-ship 4. Qualification - Water and Waste Water Reticulation NQF level 3 Learner-ship 5. Artisanal Trades - i) Electricians ii) Renewable Energy Technicians



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

	<p>6. Artisanal Trades - 1. Boiler Makers 2. Welders 3. Water Reticulation Plumbers</p> <p>7. i) Install, repair and maintain solar water geysers and ii) General electrical infrastructure maintenance in targeted municipalities</p> <p>8. i) Fix leaking water taps, ii) Repair and maintain water reticulation pumps and pipes and iii) Repair and maintain sewerage pipes</p>
Eligibility and Selection	<p>Project will follow these steps:</p> <p>Eligibility</p> <ul style="list-style-type: none"> • Unemployed Youth, Women • Any disabled person • Residents of Victor Khanye Local Municipality • Applicants should not be participating in any government programme <p>Selection</p> <ul style="list-style-type: none"> • Applicants will undergo aptitude tests <p>Duration</p> <ul style="list-style-type: none"> • 3 years • 1 year (support, coaching and mentoring) <p>Stipends</p> <ul style="list-style-type: none"> • R2500 to R3000 per month per Learner for the duration of the learnership
Outcomes Expected	<ul style="list-style-type: none"> • Guaranteed and sustainable employment outcome • Co-operatives develop diversified incomes streams • Secured sustainability but most importantly, creation of new job opportunities within local communities • Co-operatives serve as a lever for more job creation through social entrepreneurship ventures that will create further job opportunities for local communities
Timeframe	6 Months



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PILLAR 3: MANUFACTURING AND COMMERCE

The following are identified projects:

- Develop a long-term economic growth and development plan; linked to the establishment of the Nkangala International Airport and all business opportunities around it.
- Manufacturing (Furniture Making Project)
- Undertake study to explore manufacturing value chains and potential for beneficiation within the sector and across other sectors; as linked to Gauteng economy & the rest of Mpumalanga.
- Project on Casino and Entertainment as part of Public Private investment project

PROJECT 6: NKANGALA INTERNATIONAL AIRPORT	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	Project: Implement Projects linked to Nkangala International Airport Project Indicator: % implementation of Projects linked to Nkangala International Airport
<ul style="list-style-type: none"> • Responsible Person/s: Nkangala District Municipality, Victor Khanye Local Municipality and Local Business Association 	
<ul style="list-style-type: none"> • Funding Sources: Transport Education Training Authority, Department of Transport, SEDA, MEGA 	
Target Group: <ul style="list-style-type: none"> • Unemployed youth • SMMEs • Local Municipalities in Nkangala District • DEDT (Department of Economic Development and Tourism) • DTI • Airport Consortium • Business Chambers 	
Gateway into Mpumalanga, Africa and The World	
<i>Population dynamics has a direct and indirect impact and bearing in terms of the growth and decline in the volume of goods and cargo that is transported between areas of demand and zones of supply. It is therefore important to have an idea of population trends including attributes that can inform geographic market segmentation including targeted freight services in sync with existing population realities related to spaces, places and cultures.</i>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Objectives of the Project	<p>The objectives of the project are to:</p> <ul style="list-style-type: none"> • Enhance and integrate the entire import and export industry in the region through building an airport with international status • Dealing primarily with cargo but not limited to this category of business. • Also serve as means to relieve the pressure on existing infrastructure (OR Tambo International Airport)
Challenges Experienced by the Sector Target Group	
<p><i>Unavailability of relevant/required skills in Victor Khanye Local Municipality</i></p> <p><i>Non existence of relevant training facilities in the district</i></p> <p><i>Absence of local entrepreneurial, business and technical skills that could tap into future business opportunities that the cargo airport will be creating</i></p>	
Proposed Solutions	<ul style="list-style-type: none"> • Train youth on the careers related to the core businesses of the Airport industry • Train SMMEs on the business opportunities in the airport business • Approached major freight companies and most are keen to invest in the project.
Core Areas for Capacity Building	<p>Core focus areas for Capacity Building for Youth includes:</p> <ul style="list-style-type: none"> • Passenger handling • Aeroplane handling • General freight • Perishable goods • Frozen goods • Quarantine facilities • Dangerous goods • High value goods • Oversize cargo • Ambulance and mercy flights • Aviation repair and maintenance facilities



VICTOR KHANYE LOCAL MUNICIPALITY
FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT
STRATEGY

	<ul style="list-style-type: none">• Training facilities for Air Traffic and Navigation Services, Fire Brigades
Outcomes Expected	<ul style="list-style-type: none">• Job creation• Business opportunities• Skilled labour
Timeframe	24 Months



VICTOR KHANYE LOCAL MUNICIPALITY

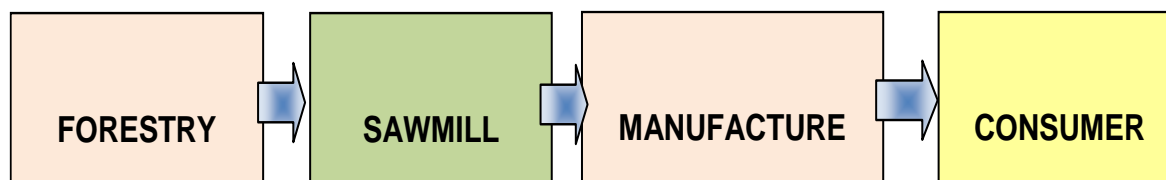
FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Manufacturing (Furniture Making Project)

Background

The traditional value chain for Wood and Furniture Products (WFP) starts with forestry:

Figure 28: Wood and Furniture Products Manufacturing Value Chain



The traditional primary raw material input in the WFP industry is timber or board. Most manufacturers use pine while Saligna is a key component of exported timber and wood furniture products. Other inputs in WFP manufacture are as follows:

- Chipboard;
- Timber veneer laminates such as oak or imbuia;
- Hardware fittings (for example mirrors, glass, handles);
- Lacquers;
- Leather;
- Fabric;
- Metal; and
- Aluminium.

The production focus areas for this anchor project are:

- Saligna furniture for export (based on locally grown hardwoods);
- Chipboard furniture primarily for the domestic market;
- Pine furniture production for both the domestic and export markets;
- Upholstered furniture (also using fabric, foam and leather);
- Office furniture (solid and/or chip board); and
- Home furniture (kitchen, lounge/living room, bedroom).

Location

While the WFP anchor projects that are proposed can theoretically be located anywhere in the country, the selection of location is driven by the spread of forestry resources to allow for local beneficiation. South Africa's forest resources comprise three main components namely:



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

- Savannas;
- Indigenous forests; and
- Plantations.

Savannas contribute the bulk of the woody biomass in South Africa. The potential area is in the region of 42 million hectares (one third of South Africa), of which 11 percent is partially transformed and 10 percent totally transformed to agricultural production.

Indigenous Forests cover a very much smaller area of 533 000 hectares. Almost three-quarters of these forests are conserved either as declared State forests or within formal protected areas.

Plantations cover approximately 1,37 million ha of South Africa. Over 80 percent of them are found in three provinces: *Mpumalanga*, KwaZulu-Natal and the Eastern Cape. Key performance metrics include:

- 22 million m³ of commercial roundwood in 2003 (worth an estimated R5.1 billion);
- Direct employment for approximately 107 000 people (67 500 are in formal employment, 30 000 are contract workers and 39 500 are small growers); and
- Provide the raw material for downstream activities such as pulp milling, paper manufacturing, saw milling, wood chip exports, timber board, mining timber and treated poles.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 7: SMART FURNITURE MANUFACTURING	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	Project: Implement Furniture Making Plant Project Indicator: % implementation of Furniture Making Plant
<ul style="list-style-type: none"> • Responsible Person/s: Victor Khanye Local Municipality, IDC, SEDA, SETA and NYDA 	
<ul style="list-style-type: none"> • Funding Sources: Local Business, IDC, SEDA, DTI, Department of Environment, Forestry and Fisheries 	
Target Group: <ul style="list-style-type: none"> • SMMEs • Co-operatives • Local Manufacturers focused on Smart and Additive Manufacturing • Department of Education (School Furniture) • Department of Health (Hospital Furniture) • Big business • Information and Communication Technology Companies 	
Promote Furniture Making as part of Smart and Additive Manufacturing Value Chain	
<p><i>Manufacturing is the transformation of raw materials into finished goods for sale, or intermediate processes involving the production or finishing of semi-manufactures. The success of this project is driven by the spread of forestry resources to allow for local beneficiation.</i></p> <p><i>Plantations cover approximately 1,37 million ha of South Africa. Over 80 percent of them are found in three provinces: Mpumalanga, KwaZulu-Natal and the Eastern Cape.</i></p> <p><i>With the advent of COVID-19 new and progressive ways of manufacturing including Smart and Additive Manufacturing are the buzz systems as the future of work and is it critical in the 4IR that these systems are considered, conceptualised and applied in the development of the manufacturing value chain for Victor Khanye</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Objectives of the Project	<p>The objectives of the project are to</p> <ul style="list-style-type: none"> • Add Value to the forestry competitive industry advantage of the province and boost the manufacturing competitive advantage of the Nkangala District and potential of the district utilising new technological advances including smart and additive manufacturing systems to maximise the manufacturing capability and capacity • Promote local furniture making and develop local skills for the manufacturing sector in new technological advances to create new 4IR skills to sustain the sector • Support primary and secondary sectors in the construction, trade and transport sectors i.e. Internet of Things utilised in the value chain for manufacturing
Challenges Experienced by the Sector Target Group	
<p><i>Lack of funding and non-financial support to potential manufacturers whether small scale or high capacity</i></p> <p><i>Lack of manufacturing activities for small businesses within Victor Khanye; that are linked to the national economic hub of Gauteng</i></p> <p><i>Absence of local entrepreneurial, business and technical skills that could tap into current and future business opportunities especially in new manufacturing technology</i></p>	
Proposed Solutions	<ul style="list-style-type: none"> • Conduct feasibility study for the establishment of the Smart Furniture Making Plant • Develop Business Case and Business Plan for the Smart Furniture Making Plant • Approach the IDC and other relevant funders • Approach merSETA for training • Train the Youth, Women and People with Disability • Plant set up within the SMME Hub with Incubation Services • Implement the project with the Nkangala District Municipality
Core Areas for Capacity Building	<p>The youth who will be selected for participation in the Smart Furniture Making Project will receive training that will include the following:</p> <ul style="list-style-type: none"> • Smart and Additive Manufacturing Technology • Application of 4IR in Furniture Manufacturing • 3D, AutoCAD & CNC programming and operating

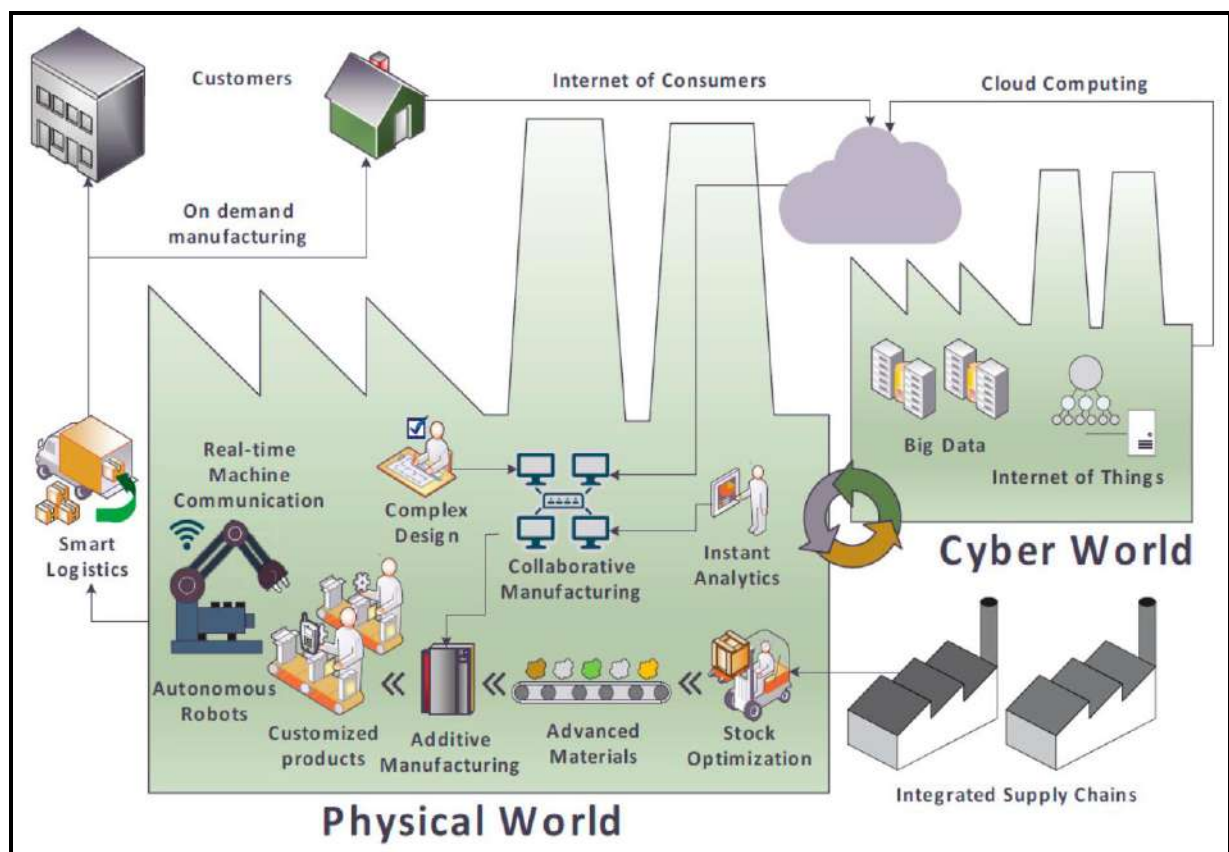


VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

	<ul style="list-style-type: none"> • Furniture industry overview (South Africa) • Business management • Wood machining • Wood finishing • Upholstery • Cabinet making • Furniture design
Outcomes Expected	<ul style="list-style-type: none"> • Direct employment with scarce skills in Manufacturing • Provide the raw material for downstream activities such as pulp milling, paper manufacturing, saw milling, wood chip exports, timberboard, mining timber and treated poles (depending on the type of furniture to be manufactured) utilising efficient system to optimise manufacturing capabilities
Timeframe	24 Months

Figure 29: Smart and Additive Manufacturing Systems





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 8: CONDUCT FEASIBILITY STUDY TO EXPLORE MANUFACTURING VALUE CHAINS AND POTENTIAL FOR BENEFICIATION CONSIDERING NEW TECHNOLOGICAL ADVANCEMENTS	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	<p>Project: Conduct feasibility study to explore manufacturing value chains and potential for beneficiation within the sector and across other sectors</p> <p>Project Indicator: Feasibility study to explore manufacturing value chains and potential for beneficiation within the sector and across other sectors conducted by target date</p>
<ul style="list-style-type: none"> Responsible Person/s: Manufacturers/agro-processors, Mining Houses, VKLM, Other private Investors, SMMEs and DBSA 	
<ul style="list-style-type: none"> Funding Sources: Local Business, IDC, SEDA, DTI, merSETA 	
Target Group: <ul style="list-style-type: none"> • VKLM • DEDT • DTI • Mining Houses • Manufacturing Companies • NDM 	
Increased Contribution of Manufacturing into the VKLM and NDM	
<p><i>The strengths of the manufacturing industry are that it is relatively stable. Although the demand for manufacturing tends to fluctuate with the ups and downs of the economy, it is characterised by regular periods of recovery following any downturns and now has adopted new technology to improve the efficiency and effectiveness to sustain the sector</i></p> <p><i>Additionally, manufacturing has become highly efficient over the last century, with the ability to maximise both the productivity of the workers, machines and systems to maximise profits</i></p> <p><i>South Africa has world-class infrastructure, exciting innovation, research and development capabilities and an established and enhance the manufacturing base</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

<i>It is actively involved in the development and roll-out of new green technologies and industries, creating new and sustainable jobs in the process and reducing environmental impact.</i>	
Objectives of the Project	<p>The objectives of the project are to</p> <ul style="list-style-type: none"> • Explore the manufacturing value chains and potential for beneficiation within the sector and across other sectors; as linked to Gauteng economy & the rest of Mpumalanga. • Add Value to the Forestry Industry and boost the Manufacturing competitive advantage and potential of the District • Position the Manufacturing Sector as one of the major labour absorption sector and develop local skills for the manufacturing sector and take advantage of 4IR • Support primary and secondary sectors in the Construction, Trade and Transport sectors i.e. Alternative Building Systems that save time and cost to setup structures
Challenges Experienced by the Sector Target Group	
<p><i>Absence of local entrepreneurial, business and technical skills that could tap into current and future business opportunities</i></p> <p><i>Availability of land suitably located for development of industrial clusters</i></p> <p><i>Huge capital outlay requirement for establishing a manufacturing plant</i></p> <p><i>Competition from other established companies within the country utilising technology to advance the sector (given its proximity to Gauteng, South Africa's industrial hub)</i></p>	
Proposed Solutions	<ul style="list-style-type: none"> • A detailed study to be conducted that explores the value chain (forward and backward integration) for goods and services that can be generated through the Manufacturing Sector and its advancements • Development of a long-term growth plan with a marketing plan and strategy, linked to sector development and job creation • Full support for the establishment of the Nkangala International Airport with all its related activities



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

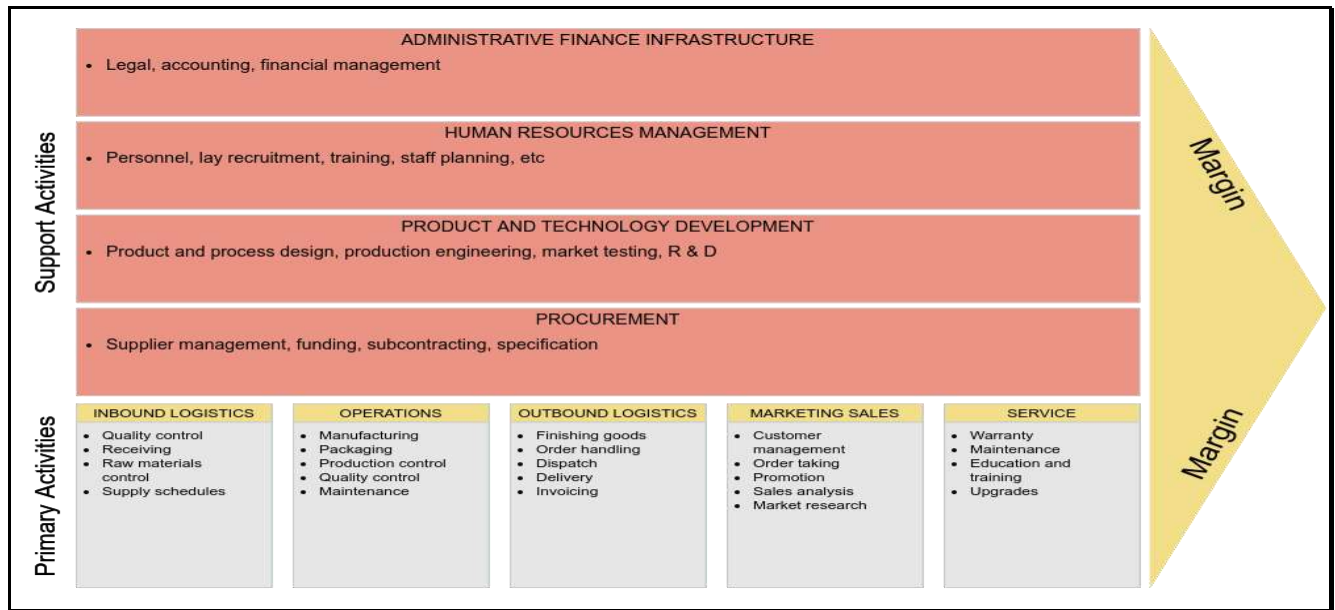
<p>Approach to the Feasibility Study</p>	<p>Step 1: Determine economic value chain of all output VKLM and surrounding areas which can be further processed. Manufacturing sectors to cover the following sub-categories;</p> <ul style="list-style-type: none"> • Technology drive manufacturing utilising smart and additive systems • Metal products, machinery and appliance manufacturing • Non-metallic products • Fuel, chemical and rubber products • Textiles, clothing and leather products • Furniture manufacturing • Wood and paper manufacturing • Food, beverages and tobacco <p>Step 2: Study and determine possible beneficiation or further processing that could be made on raw and unfinished products from VKLM area.</p> <p>Step 3: Determine the most economic projects to replicate / carry out through SMMEs or other private investors</p> <p>Step 4: Develop a Strategic Plan on Manufacturing or Industrial Development Support; linked to economies of Gauteng and rest of Mpumalanga and the 4IR</p>
<p>Outcomes Expected</p>	<ul style="list-style-type: none"> • Huge potential for beneficiation • Huge potential for employment creation • Potential for value chain linkages • Create interest for the Youth
<p>Timeframe</p>	<p>12 Months</p>



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 30: Manufacturing Value Chain





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 9: BUILDING AND MAINTENANCE OF PHYSICAL INFRASTRUCTURE	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	Project: Implement Small Town Regeneration Project Project Indicator: % Implement Small Town Regeneration Project
<ul style="list-style-type: none"> Responsible Person/s: The Municipal Council, Private sector, Department of Basic Education and Department of Transport 	
<ul style="list-style-type: none"> Funding Sources: SALGA, CoGTA, Local Business, Department of Education, DEDT, MEGA 	
Target Group: <ul style="list-style-type: none"> Community Businesses Pupils 	
Building and maintenance of physical infrastructure (e.g. roads, signage and public facilities)	
<p><i>Investment in physical infrastructure (e.g. roads, signage, public faculties) involves investing in improving the physical environment, thereby making it more attractive for business retention expansion and recruitment .The R555 links with Springs and with Witbank, R42 links with Nigel and with Bronkhorstspuit on the other side.</i></p> <p><i>The condition of these provincial roads has deteriorated to such an extent that repairing thereof will not be possible but only building thereof will be feasible. There is a challenge in terms of access to the following schools in Botleng Extension 3 and 4: Sizuzile Primary School, Phaphamani, and MM Motloun Secondary Schools. Farm schools have been taken over by the Department of Education and as a result, access roads that were previously maintained by farm owners are neglected.</i></p> <p><i>Upgrading and building and maintenance of these roads, railway, signage and public facilities will stimulate economic activities and attract more business network and access to all community members.</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Objectives of the Project	<p>The objectives of the project are to:</p> <ul style="list-style-type: none"> • Improve the image of the municipality to attract investment, economic development, social and human settlement • Improve on existing civic pride and social capital with a strong sense of community and identity • Showcase the potential of alternative lifestyle, energy efficiency or green technologies away from urban noise, pollution and traffic • Reduction of outward migration to urban centres: people are a resource for development. F • Enhance rural development attracting people with skills and expertise
Challenges Experienced by the Sector Target Group	
<p style="text-align: center;"><i>Ageing infrastructure and lack of maintenance</i></p> <p><i>Bad state of road and rail infrastructure and other basic services including signage and public facilities that should support economic sectors</i></p> <p><i>Infrastructure maintenance neglect as a result of a shift in service priority areas, the prioritization of backlogs, and national perspectives on regions and cities as the main centres of economic growth</i></p> <p><i>Irregular service provision especially in the area of waste removal, road maintenance and town upgrading and management of commonage.</i></p> <p><i>“Uneven” (or unequal) development in favour of previously advantaged areas where infrastructure is readily available and easily maintained. The opposite also holds true where development takes place in outer-lying informal settlements and townships at the expense of maintenance and upgrading of infrastructure in former “white” towns</i></p> <p><i>Unhealthy competition amongst towns for goods and services as opposed to collaborating around shared services and joint initiatives</i></p> <p><i>A substantial leadership void which is further exacerbated by a shortage of skilled, technical experts who could assist both the public and private sector with strategic tasks</i></p> <p><i>The exclusivity and gate-keeping that takes place in local planning forums and structures. IDP which is meant to be the overarching strategic plan for local government and which is meant to be derived at in an inclusive, participatory and integrated manner does not always represent the interest of the wider community</i></p> <p><i>Political challenges make it un-conducive to mobilise civil society as well as the private sector around common economic development objectives</i></p> <p><i>Addressing many of these challenges could encourage a re-focused interest in local economic development and ultimately elevate the plight of small towns in strategic national</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

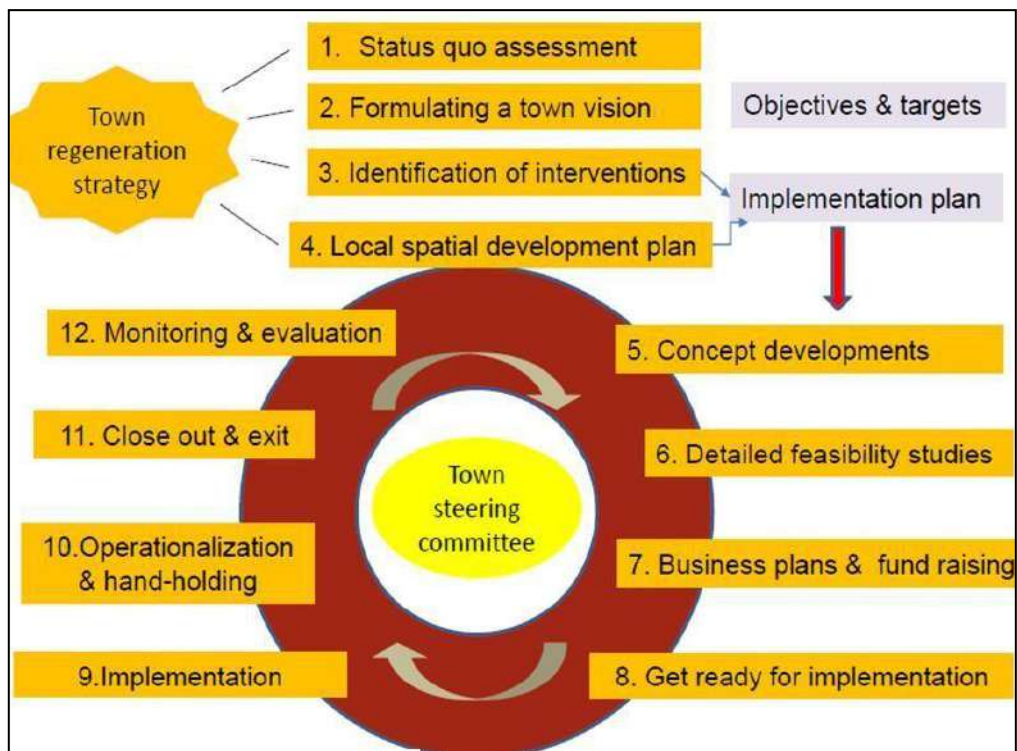
<i>debates</i>	
Proposed Solutions	<ul style="list-style-type: none"> • Building and maintenance of physical infrastructure (e.g. roads, signage and public facilities) utilising the Small Town Regeneration (STR) Programme • Review and implement Infrastructure development and maintenance master plan to promote intermodals between road and rail • Municipality should fully utilize the Municipal Infrastructure Grant (MIG) funds for development and maintenance of infrastructure and should collaborate with other relevant stakeholders
Drivers for the STR	<p>These drivers of the programme agree that there are four main pillars to achieve STR, being:-</p> <ul style="list-style-type: none"> • Socio-Economic Infrastructure Development • Beautification and Environmental Management • Local Economic Development and Anti-Poverty Programme • Tourism, Heritage and Marketing of the entire municipal features
Outcomes Expected	<ul style="list-style-type: none"> • Better access to the municipality • Improved living conditions • Encouragement for investment locally and neighbouring municipalities • Reduction in journey time for local residents • Increase in Tourism Spent in the Municipality • Reduce poverty and increase in employment opportunities
Timeframe	12 Months



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 31: The Model for Implementing the Small Town Regeneration Project





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PILLAR 4: TOURISM DEVELOPMENT

The following project has been identified:

- Develop the Tourism Information Desk – linked to the database of Tourism SMMEs, Cooperatives and Informal Traders
- Develop Township Revitalisation Strategy - linked to the Tourism Strategy of the Municipality



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 10: DEVELOP THE TOURISM INFORMATION DESK	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Stimulate tourism development and promotion	Project: Implement the Tourism Information Desk Project Indicator: % Implementation of the Tourism Information Desk
<ul style="list-style-type: none"> • Responsible Person/s: Victor Khanye Council, LED Unit, Department of Economic Development & Tourism and Private sector 	
<ul style="list-style-type: none"> • Funding Sources: Victor Khanye Local Municipality, Nkangala District Municipality, Provincial Department of Economic Development & Tourism, National Department of Tourism 	
Target Group: <ul style="list-style-type: none"> • Tourists • SMMEs • Cooperatives • Informal Traders • Community of Victor Khanye Local Municipality 	
Develop the Tourism Information Desk – linked to the database of Tourism SMMEs, Cooperatives and Informal Traders	
<p><i>Victor Khanye Local Municipality is a point of entry into Mpumalanga from Gauteng. The province of Mpumalanga comprises of unique scenery. It is also a home to much world-renowned attraction including the famous Kruger Park and many others.</i></p> <p><i>In addition, Mpumalanga is the only province of South Africa to border 2 provinces of Mozambique or to border all four districts of Swaziland. For Delmas to properly function as a primary gateway to Mpumalanga, a regional tourist information centre is therefore needed at the Bronkhorstspuit turnoff from the N12 into Delmas.</i></p> <p><i>This information centre will actively promote tourism in Victor Khanye and Mpumalanga province at large.</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

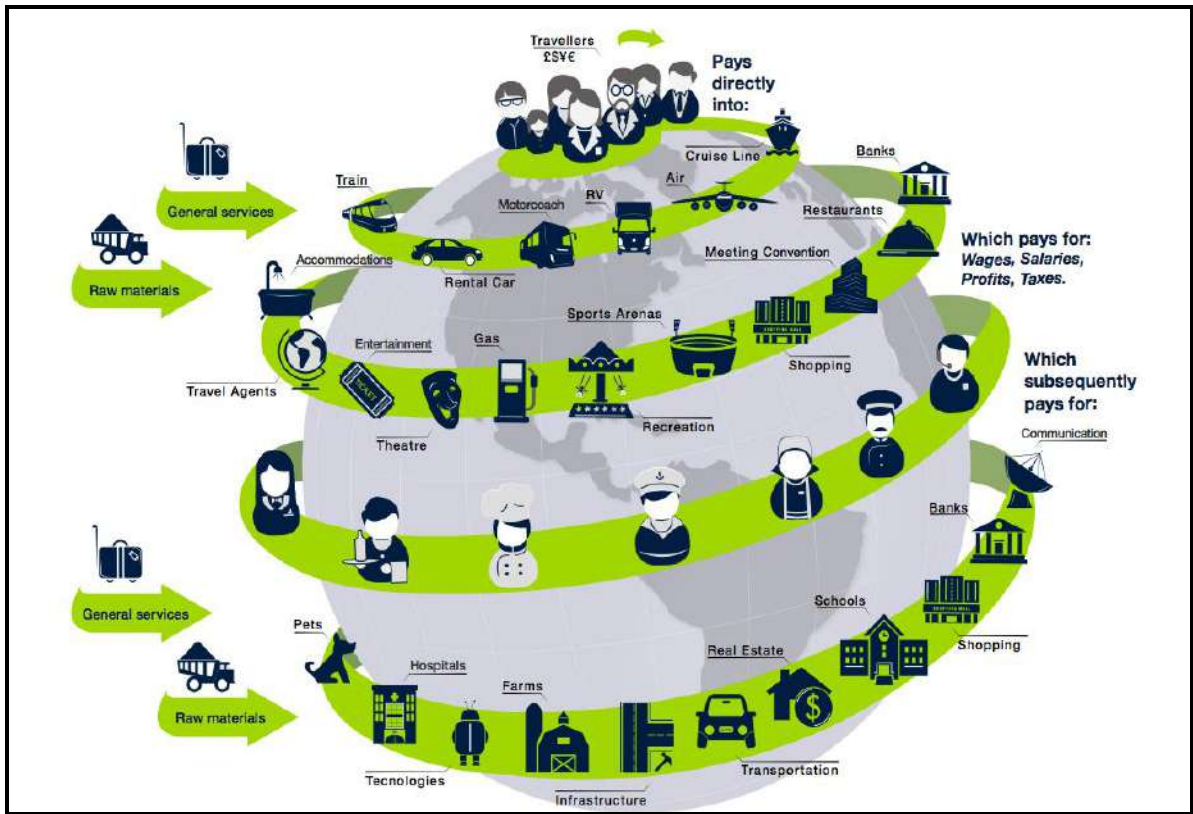
Objectives of the Project	<p>The objectives of the project are to:</p> <ul style="list-style-type: none"> • Increase domestic tourism expenditure (revenue) • Increase domestic tourism volume • Enhance measures and efforts aimed at addressing seasonality and equitable geographical spread • Enhance the level of the culture of tourism/travel among South Africans • Create Job Opportunities for SMMEs, Co-operatives, Informal Traders and Township Businesses
Challenges Experienced by the Sector Target Group	
<p><i>There is no tourism information centre in Delmas aimed at looking at the region as a whole</i></p> <p><i>Victor Khanye has not invested in promoting their tourism potential, culture and historic monuments</i></p>	
Proposed Solutions	<ul style="list-style-type: none"> • To facilitate the creation of one stop tourism information nerve centre on the N12.
Elements of Tourism Information Desk	<p>Some of the requirements for establishing a Tourism Information Desk include:</p> <ul style="list-style-type: none"> • A full functional office with the latest technology • Personnel • Tourism related materials • Upgrade and maintenance of the roads • Development controls and guidelines
Outcomes Expected	<ul style="list-style-type: none"> • Increased revenue for Tourism businesses, SMMEs, Cooperatives and Informal Traders • Development of tourism notes in the Delmas area for tourists to refresh before venturing deep into the Province. • SMMEs, Cooperatives and Informal Traders in the tourism sector will have the opportunity to market their business
Timeframe	6 Months



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Figure 32: The Tourism Value Network





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 11: TOWNSHIP REVITALISATION STRATEGY	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Stimulate tourism development and promotion	Project: Implement the Township Revitalisation Strategy Project Indicator: % Implementation of the Township Revitalisation Strategy
<ul style="list-style-type: none"> Responsible Person/s: Victor Khanye Council, LED Unit/Agency, Department of Economic Development & Tourism and Private sector 	
<ul style="list-style-type: none"> Funding Sources: Victor Khanye Local Municipality, Nkangala District Municipality, Provincial Department of Economic Development & Tourism, National Department of Tourism 	
Target Group: <ul style="list-style-type: none"> Township Businesses Spaza Shops SMMEs Cooperatives Informal Traders Community of Victor Khanye Local Municipality 	
Develop the Township Revitalisation Strategy– linked to the Tourism Strategy	
<p><i>‘Township economy’ refers to enterprises and markets based in the townships. These enterprises are operated by township entrepreneurs to meet primarily the needs within and beyond the township and therefore can be understood as ‘township enterprises’ as distinguished from those operated by entrepreneurs outside the township.</i></p> <p><i>Township enterprises are diverse, with high rate of informality and provide a range of goods and services to meet the needs of township communities and beyond.</i></p> <p><i>Whilst township enterprises are mostly necessity micro in nature, characterised by poverty and low-incomes, there are many that were born out of opportunity.</i></p> <p><i>Both necessity and opportunity enterprises have produced successful black entrepreneurs who have ‘graduated’ from exclusively serving the township economy or trace their roots in the township economy. Meeting the social and economic needs of township communities, on the basis of co-operation and solidarity, has been one of the defining features of</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

<p><i>township enterprises.</i></p> <p><i>Government believes that township enterprises have a distinct and vital role to play in helping to create a vibrant socially inclusive, labour-absorbing and growing economy.</i></p> <p><i>Township enterprises in Victor Khanye have a role to play in contributing to the economy of the municipality, district, province and the country and need to be adequately supported.</i></p>	
Objectives of the Project	<p>The objectives of the project are to:</p> <ul style="list-style-type: none"> • Formalisation of township businesses • Increased spending on township businesses • Ensuring that there is an appropriate legal and regulatory framework • Economic infrastructure support and clustered enterprise development • Promoting entrepreneurship development • Financing and investing in the township economy • Promoting access to markets
Challenges Experienced by the Sector Target Group	
<p><i>Lack of entrepreneurial and productive activity</i></p> <p><i>Poor understanding of the abilities and value of township enterprises</i></p> <p><i>Little hard evidence to demonstrate the impact and value-add of township enterprises</i></p> <p><i>Limited account taken of the particular characteristics and needs of township enterprises within enabling and supportive environment</i></p> <p><i>Complexity and lack of coherence within township economy sectors combined with widely varying skills and knowledge base</i></p>	
Proposed Solutions	<ul style="list-style-type: none"> • Development of the Township Revitalisation Strategy • Development of the Tourism Strategy • Develop By-Laws to regulate the Township Businesses • Review the SDF to demarcate areas for the development of township businesses • Describing the type of enterprises (formal and informal) that are active in the township economy, the scope of their activities and the



VICTOR KHANYE LOCAL MUNICIPALITY
FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT
STRATEGY

	<p>operating principles that are common to many of them</p> <ul style="list-style-type: none">• Identifying and highlighting the potential of township enterprises to bring economic and social value, particularly to township communities• Invest in the Township economy by creating infrastructure to realise and sustain their value
Outcomes Expected	<ul style="list-style-type: none">• Increased compliance to by-laws by Township businesses, SMMEs, Cooperatives and Informal Traders• Increased revenue and sustainability of Township businesses, SMMEs, Cooperatives and Informal Traders• Access to funding and markets by Township businesses, SMMEs, Cooperatives and Informal Traders
Timeframe	12 Months



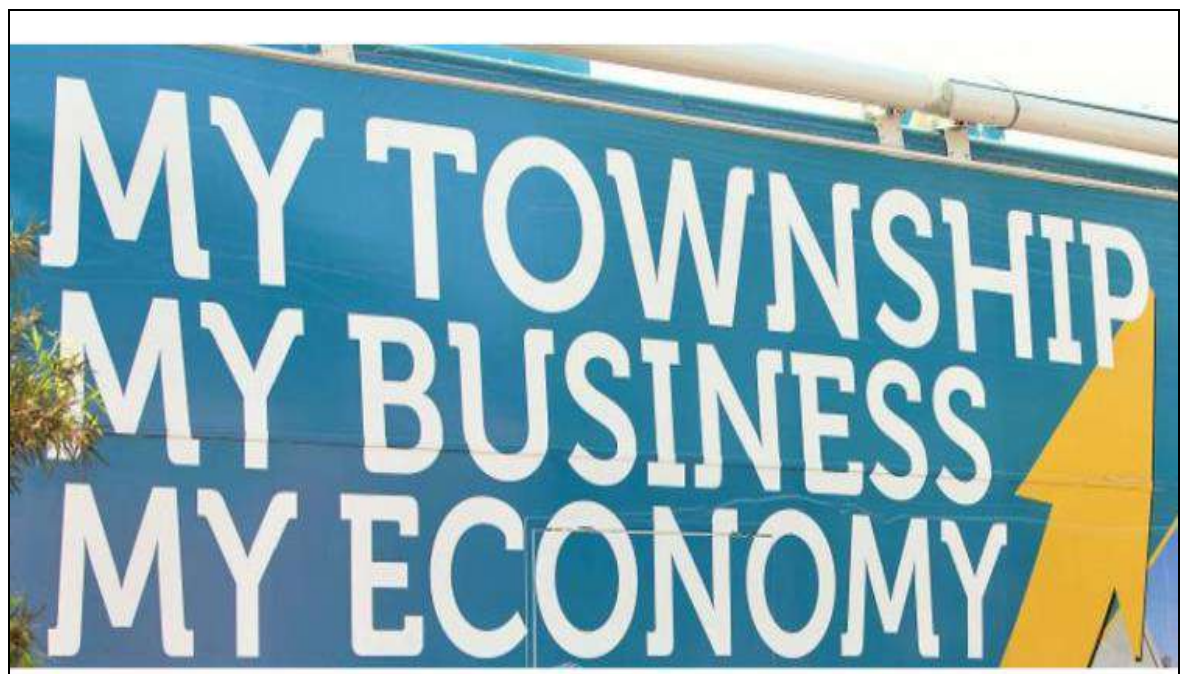
VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT
STRATEGY

Figure 33: Future of Township Economies



Figure 34: Billboard Promoting Township Economies





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PILLAR 5: DEVELOPMENT OF SMMEs AND COOPERATIVES

The following project has been identified:

- Support/formalisation of Informal Traders



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 12: FORMALISATION OF INFORMAL TRADERS	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Stimulate tourism development and promotion	Project: Formalise Informal Traders Project Indicator: # of Informal Traders formalised
<ul style="list-style-type: none"> Responsible Person/s: Victor Khanye Local Municipality, Nkangala District Municipality, Local Business Associations and Department of Economic Development and Tourism 	
<ul style="list-style-type: none"> Funding Sources: Local Business, Victor Khanye Local Municipality, Nkangala District Municipality and Department of Economic Development & Tourism 	
Target Group: <ul style="list-style-type: none"> Informal traders on the streets 	
Develop the Tourism Information Desk – linked to the database of Tourism SMMEs, Cooperatives and Informal Traders	
<p><i>Creation of job opportunities by the informal sector particularly the informal retail business/traders, remains an undisputable reality.</i></p> <p><i>The World Bank estimates that 40% of the GDP in developing countries is generated from the informal economy. Despite being neglected, the informal economic sector contributes to job creation, as well as the GDP.</i></p>	
Objectives of the Project	<p>The objectives of the project are to:</p> <ul style="list-style-type: none"> Empowering traders to transform their lives by becoming responsible business people; To create a clean, safe, accessible modern space in which the traders can ably work; To shift the informal traders into the formal sector, thereby aiding revenue collection; Improving the urban environment and keeping the municipal streets clean; and To encourage other street informal traders to join in the practice in order to create employment opportunities
Challenges Experienced by the Sector Target Group	
<p><i>The practice of informal trading is perceived illegal, thus, small informal retailers/traders operate from hidden and places declared illegal.</i></p>	

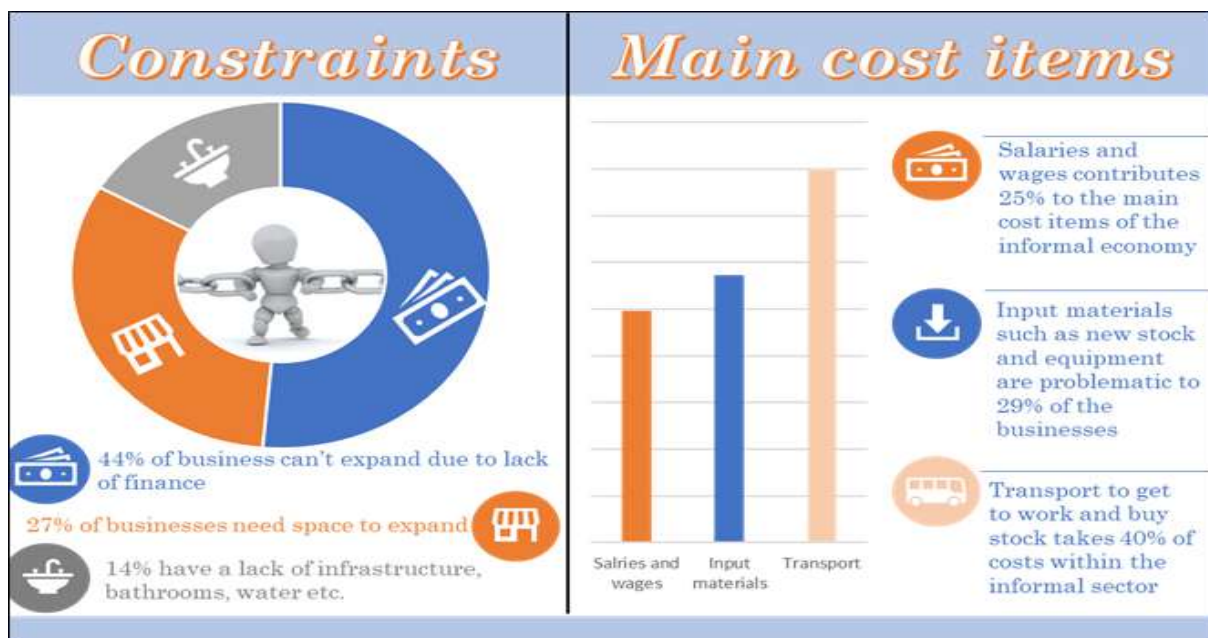


VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

<p><i>The informal traders, continues to operate without government's support, regulation and recognition</i></p> <p><i>There is a widespread lack of business skills, training and lack of financing</i></p> <p><i>Crime, lack of cooperation amongst entrepreneurs, competition from big retail stores</i></p>	
Proposed Solutions	<ul style="list-style-type: none"> • Development of informal traders strategy • Promote growth of informal traders • Improving mobility, accessibility and safety in the streets • Ensure compliance with municipal by-laws relating to environmental and public health • Increasing council's revenue base • Trading support and mentorship
Outcomes Expected	<ul style="list-style-type: none"> • Support programme for informal traders • Formalisation of informal traders • Improve the dignity of informal traders • Create sustainable employment opportunities
Timeframe	12 Months

Figure 35: Constraints and Main Cost Drivers for the Informal Economy





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PILLAR 6: MINING AND ELECTRICITY GENERATION

The following are identified projects:

- Establishment of a Mining Centre of Excellence for Incubation and Development Centre for SMMEs and Cooperatives



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

PROJECT 13: ESTABLISHMENT OF A MINING CENTRE OF EXCELLENCE	
Strategic Goal: Increased economic activity and job creation	Strategic Objectives: Increased Implement of the Local Economic Development Strategy
Strategy: Increased Direct Investment into the Local Economy	Project: Implement the VKLM Mining Centre of Excellence Project Indicator: % implementation of the VKLM Mining Centre of Excellence
<ul style="list-style-type: none"> Responsible Person/s: Victor Khanye Local Municipality, Nkangala District Municipality, Local Businesses and Department of Economic Development and Tourism 	
<ul style="list-style-type: none"> Funding Sources: Local Businesses, National Research Foundation, SETAs, Department of Minerals and Energy 	
Target Group: <ul style="list-style-type: none"> Mining Houses in VKLM area Companies in the Energy and Alternative Energy Sector Manufacturing companies SMMEs and Cooperatives Communities 	
Establishment of a Mining Centre of Excellence with Incubation and Development Capacity for SMMEs and Cooperatives	
<p><i>Mining in Victor Khanye is the largest contributor to the economy of the local space. It is characterized by an increase in the number of mining and related activities towards the Leandra area. In addition to mining (concentrating on coal and silica). The downside however of this is that industry contributes to increased levels of air, water and pollution.</i></p> <p><i>Due to skills challenges among local community members, around managerial and technical skills required within the mining sector. It is very imperative for the mining houses, other businesses and the municipality to embark on career guidance and offer bursary schemes to pupils within schools around Victor Khanye. The Mining houses should also make available procurement opportunities for up-take by SMMEs and other local businesses by making tenders and database forms more accessible.</i></p> <p><i>The mining sector has a number of opportunities especially in 4IR, Automation and Mechanisation that need to be exploited as well as challenges to be addressed.</i></p> <p><i>This will assist Victor Khanye Local Municipality to improve their local economy.</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Goal of the Project	<p>The Goal of the project is for:</p> <ul style="list-style-type: none"> • Sustainable mining and exploration to encourage and support research, education and outreach activities regarding the nature and impacts of mineral resource exploration and extraction
Objectives of the Project	<p>The objectives of the project are to:</p> <ul style="list-style-type: none"> • To establish and operate a fully capacitated resource centre in mining • To preserve the history and culture of the mining operations in the area • Improve the research, development and knowledge in the mining based on global best practices and customised for local condition • Increase awareness to communities and schools on social, economic, health & safety and environmental matters through delivery of community based outreach projects • Education and Training of the youth, women and people with disability in critical and scarce mining, leadership and management skills • To empower and incubate SMMEs/Cooperatives through enterprise development interested to participate in opportunities within the mining sector
Challenges Experienced by the Sector Target Group	
<p><i>Lack of mining and related skills to support and develop local businesses</i></p> <p><i>Skills challenges among local community members, around managerial and technical skills required within the mining and energy sector exacerbated by mechanisation, automation of the mining industry and the change in the energy mix of the country to include alternative energy/green economy</i></p> <p><i>The current education system is not geared towards fully equipping the learners with requisite industry skills in mining and energy</i></p> <p><i>Procurement opportunities within mining houses that are not biased in favour of local suppliers and SMMEs/cooperatives</i></p> <p><i>Absence of local manufacturers and suppliers of mining plant, machinery, equipment and component parts</i></p>	



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

<p><i>Absence of targeted skills development initiatives aimed at equipping young people within Victor Khanye with skills relevant to the mining sector</i></p> <p><i>Theft of cables is serious affecting the mining, electricity and other sectors of the economy within Victor Khanye Local Municipality</i></p>	
Proposed Solutions	<ul style="list-style-type: none"> • Reconfigure the Nkangala FET College, jointly with other accredited training providers and mining houses in partnership and establish VKLM Mining Centre of Excellence focused on the following: <ul style="list-style-type: none"> ○ Research and Development in mining and alternative energy ○ Conduct regular Community Skills Audits and Skills Profile of the Community ○ Management and Leadership Development ○ Implement Recognition of Prior Learning (RPL) system within the mining and other sectors ○ Accredited Skills development of artisans, technicians and plant operators in mining and alternative energy ○ Training of SMMEs in entrepreneurship, enterprise development and procurement in mining and alternative energy ○ Offer mining and alternative energy Learnerships for out of school youth ○ Conduct career guidance for schools within Victor Khanye ○ Offer bursaries for children schools within Victor Khanye ○ Development of the Mining and Energy 4IR strategy ○ Development of Alternative Energy/Green Economy Strategy for Victor Khanye ○ Implementation of automation and mechanisation systems for the mining, energy, alternative energy and manufacturing sector as part of the 4IR strategy and enterprise development of SMMEs and Cooperatives • Land should be made available for human settlement development to curb the challenge of workers having to stay and commute from Gauteng on a daily basis; since this does not promote circulation of money within the local space • Law enforcement and community education should be intensified to

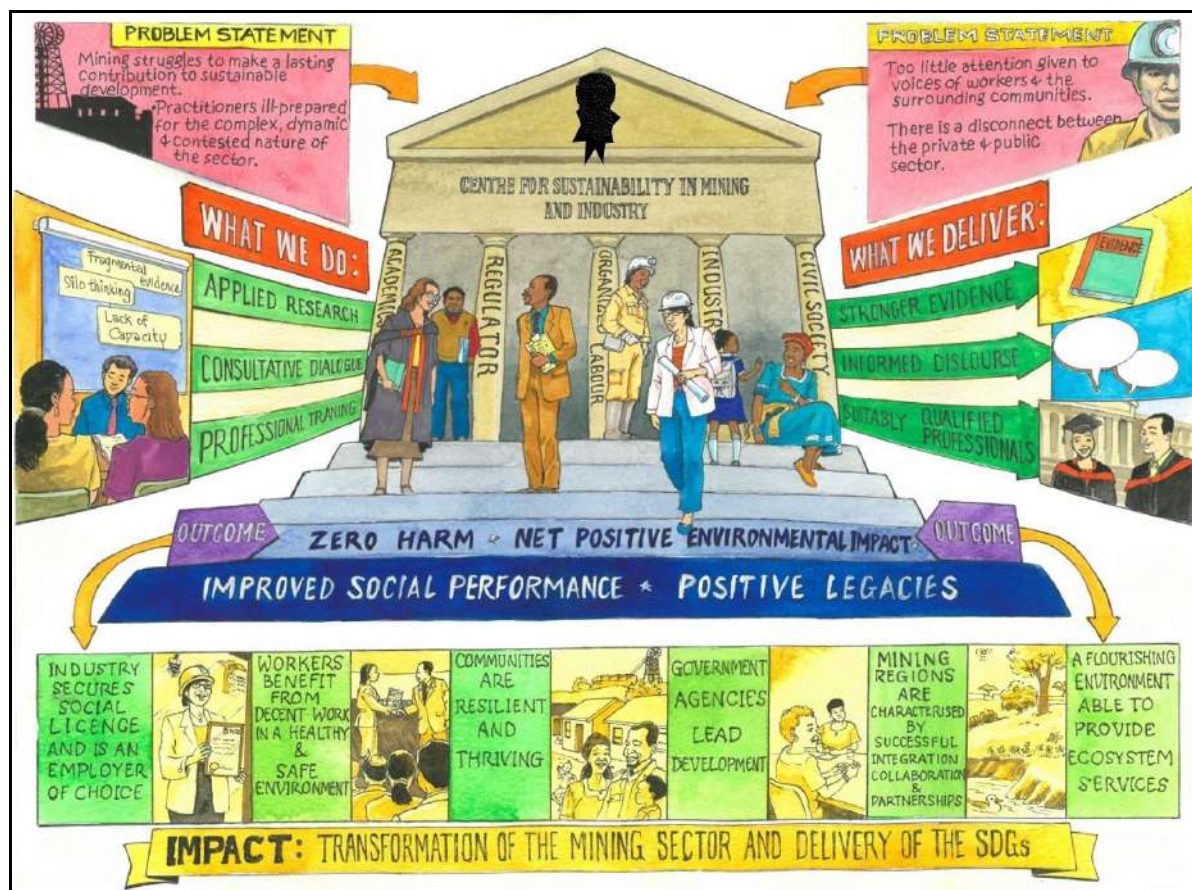


VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

	deal with the problem of cable theft within the local municipal area
Outcomes Expected	<ul style="list-style-type: none"> • Preserve the history and knowledge of mining in the area • Better understanding of career and business opportunities available the mining and the energy sector • Skills development • Community outreach projects
Timeframe	12 Months

Figure 36: Illustration of a Mining Centre of Excellence



9. PROJECT IMPLEMENTATION PLAN

The Project Implementation Plan illustrated below, includes all prioritised and planned projects that will assist the municipality to achieve economic growth and development.

Stakeholder inputs/comments were collected during the consultation and participation process and have been incorporated in the implementation plan

Table 29: Project Implementation Plan

Planning Level	Planning Statement	KPI	Baselines	Resp.	5 YEAR Targets					Estimated Budget
			2018/19		2020/21	2021/22	2022/23	2023/24	2024/25	
Strategic Goal.1	Increased economic activity and job creation	% contribution to Mpumalanga Economy	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Strategic Objective.1.1	Increased Implement of the Local Economic Development Strategy	Level of Implementation of the Local Economic Development Strategy	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Strategy 1.1.1	Increased Direct Investment into the Local Economy	Rand-Value of Investment attracted	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.1	Review Sustainable Investment Attraction & Retention Plan	Sustainable Investment Attraction & Retention Plan reviewed	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.2	Conduct research to justify for the viability to establishing an LED Agency/LED Department	Research conducted to justify viability for a LED Agency/LED Department by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.3	Implement the VKLM Economic Development Agency/LED Department	% implementation of the VKLM Development Agency/LED Department	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.4	Develop the Term of Reference for the re-establishment of the LED Forum	LED Forum Terms of Reference developed by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Planning Level	Planning Statement	KPI	Baselines	Resp.	5 YEAR Targets					Estimated Budget
			2018/19		2020/21	2021/22	2022/23	2023/24	2024/25	
Project 1.1.1.5	Re-Launch the LED Forum	LED Forum re-launched by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.6	Establish the LED Forum Sub-Committees	LED Forum Sub-Committees established by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.7	Assess functionality of the LED Forum	% Functionality of the LED Forum	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.8	Assess functionality of the LED Forum Sub-Committees	% Functionality of the LED Forum Sub-Committees	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.9	Implement the SMME Hub	% Implementation of the SMME Hub	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.10	Undertake an agriculture and rural economic development feasibility study	Agriculture and rural economic development feasibility study conducted by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.11	Develop Business Case for the establishment of the Smart Agricultural School within the SMME Hub Precinct	Business Case for the development of the Smart Agricultural School within the SMME Hub Precinct developed by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.12	Implement the Smart Agricultural School within the SMME Hub Precinct	% implementation of Smart Agricultural School	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.13	Develop Business Case for the establishment of the Agro-Processing Plant within the SMME Hub Precinct	Business Case for the establishment of the Agro-Processing Plant developed by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.14	Implement Agro-Processing Plant within the SMME Hub Precinct	% implementation of Agro-Processing Plant	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.15	Implement the Agro-Processing By-Products	% implementation of the Agro-Processing By-Products	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Planning Level	Planning Statement	KPI	Baselines	Resp.	5 YEAR Targets					Estimated Budget
			2018/19		2020/21	2021/22	2022/23	2023/24	2024/25	
Project 1.1.1.16	Develop Business Case for the establishment of the VKLM Mining Centre of Excellence	% implementation of VKLM Mining Centre of Excellence	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.17	Implement the VKLM Mining Centre of Excellence	% implementation of the VKLM Mining Centre of Excellence	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.18	Develop Business Case for the establishment of the Renewable Energy Manufacturing and Maintenance Hub	% implementation of the VKLM Renewable Manufacturing and Maintenance Hub	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.19	Implement the Renewable Energy Manufacturing and Maintenance Hub	% implementation of the Renewable Energy Manufacturing and Maintenance Hub	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.20	Implement Projects linked to Nkangala International Airport	% implementation of Projects linked to Nkangala International Airport	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.21	Conduct feasibility study to explore manufacturing value chains and potential for beneficiation within the sector and across other sectors	Feasibility study to explore manufacturing value chains and potential for beneficiation within the sector and across other sectors conducted by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.22	Implement Furniture Making Plant	% implementation of the Furniture Making Plant	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.1.23	Implement Small Town Regeneration Project	% implementation of the Small Town Regeneration Project	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Strategy 1.1.2	Increased promotion and support LED initiatives in line with set targets, norms and standards	Rand-Value Spent on SMMEs/Cooperatives/Informal Sector in LED Initiatives	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.2.1	Develop VKLM Investment Package	VKLM Investment Package developed by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Planning Level	Planning Statement	KPI	Baselines	Resp.	5 YEAR Targets					Estimated Budget
			2018/19		2020/21	2021/22	2022/23	2023/24	2024/25	
Project 1.1.2.2	Attend Investment Promotions Conference to Promote VKLM Economic Sectors	# of Investment Promotions and Conferences Attended	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.2.3	Conduct Investment Conferences	# of Investment Conferences Conducted	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.2.4	Conduct Community Awareness Programmes to promote Agriculture and supportive sectors as key sector to create employment and business Opportunities	# of Community Awareness Programmes conducted to promote the agriculture sector and other supportive sectors	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Strategy 1.1.3	Increased % of SMMEs/Cooperatives/Informal Traders with access to markets to ensure faster inclusive growth for all key sector	# of supplier contracts formalised with SMMEs/Cooperatives/Informal Traders to supply goods and services	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.3.1	Source investment to establish the SMME Hub	Investment sourced to establish the SMME Hub	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.3.2	Implement the SMMEs/Cooperatives/Informal Traders incubation centre	% implementation of the SMMEs/Cooperatives/Informal Traders incubation centre	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.3.3	Empower the SMMEs through the Incubation Centre	# of SMMEs empowered through the Incubation Centre	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.3.4	Empower the Cooperatives through the Incubation Centre	# of Cooperatives empowered through the Incubation Centre	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.3.5	Formalise Informal Traders	#of Informal Traders formalised	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project	Empower the Informal Traders	# of Informal Traders	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Planning Level	Planning Statement	KPI	Baselines	Resp.	5 YEAR Targets					Estimated Budget
			2018/19		2020/21	2021/22	2022/23	2023/24	2024/25	
1.1.3.6	through the Incubation Centre	empowered through the Incubation Centre								
Project 1.1.3.7	Develop the Township Revitalisation Strategy	The Township Revitalisation Strategy developed by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.8	Implement the Township Revitalisation Strategy	% implementation of the Township Revitalisation Strategy	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Strategy 1.1.4	Stimulate tourism development and promotion	Rand-Value Spent on Tourism Activities	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.1	Develop VKLM Tourism Strategy	VKLM Tourism Strategy developed by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.2	Implement the Tourism Strategy	% implementation of the Tourism Strategy	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.3	Implement the Tourism Information Desk	% implementation of the Tourism Help Desk	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.4	Develop the Township Tourism Strategy	The Township Strategy developed by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.5	Implement the Township Tourism Strategy	% implementation of the Township Tourism Strategy	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.6	Implement initiatives to increase tourists visits to VKLM	# of initiatives implemented to increase tourists visits to VKLM	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.7	Organise Tourism Events	# of tourism events organised	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 1.1.4.8	Hold Special Municipal Events	# of Special Municipal events held	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Planning Level	Planning Statement	KPI	Baselines	Resp.	5 YEAR Targets					Estimated Budget
			2018/19		2020/21	2021/22	2022/23	2023/24	2024/25	
Project 1.1.4.9	Track # of Tourists visiting VKLM Attractive/Heritage sites	# of Tourists visiting VKLM Attractive/Heritage sites	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Strategic Objective.2.1	Increased economic participation by the youth/women and people with disability	% of the Youth/Women and People Participating in the Economy of VKLM	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Strategy 2.1.1	Increased implementation of the youth/women/people with disability strategy	% implementation of the youth/women/people with disability strategy	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 2.1.1.1	Develop the strategy for the development of the youth/women/people with disability	Strategy for the development of youth/women/people with disability developed by target date	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Project 2.1.1.2	Monitor Procurement Spent on Companies owned by youth/women and people with disability	Rand-Value spent on companies owned by youth/women and people with disability	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC

10. CROSS CUTTING ISSUES FOR LED

These issues are constants in the formulation of meaningful LED interventions for Victor Khanye Municipality. The concerns surrounding HIV/AIDS's impact upon both social and economic fabric of the municipality acting as a major constraint to individuals and communities' ability to engage in economic activity. Skills development remains a critical concern for Victor Khanye, a municipality with of significant industrial and business opportunities for skilled labour. Inclusion of the informal sector and the promotion of SMMEs/Cooperatives development to help regulate this economic activity too are vital cross cutting issues. The promotion of BBBEE and other disadvantaged groups like youth, women and the disabled persons close off the list of multi-faceted issues that feature across all sectors of the LED strategy.

10.1. Skills development

A critical gap identified by stakeholders in Victor Khanye Municipality is the low availability of skilled labour. A concerted effort to promote and encourage the development of scarce skills is critical to the success of Victor Khanye's LED Strategy. Forming partnerships with training providers like SEDA, SETAs, MRTT, Emalahleni FET College and the Department of Labour will help bridge this skills shortage.

10.2. Informal sector

The informal sector is not easy to be defined and the scope is far beyond the commonly referred to informal economy – that of the traders of Victor Khanye. Essentially, for the purpose of this LED Strategy it is understood as an economic activity that includes: casual workers in formal sector, employers in informal enterprises, own account workers in informal enterprises, unpaid family workers both in formal as well as informal enterprises. The informal sector can also be understood using a production-based definition which includes employment and production that take place in unregistered enterprises. Workers in the informal economy are excluded from various legal protections and they are unable to access the basic benefits or enjoy the fundamental rights granted to those in the formal economy. These unprotected conditions often include unsafe and unhealthy working conditions, long working hours with insufficient and unsteady compensation, low skill and productivity levels, and a general lack of access to information, markets, finance, training and technology. Direct incorporation of the Informal Sector is not undertaken within the scope of LED, however, several projects aimed at SMME development across all key sectors seeks to address this issue by supporting growth of registered micro and small enterprises in Victor Khanye Municipality. This is in itself the first step in bringing protection and legal recourse to previous participant in the



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

informal sector. The development of the Informal Traders Strategy and incorporating it into the SMMEs/Cooperatives Strategy, Tourism Strategy and Township Revitalisation Strategy.

10.3. SMME/Cooperatives Development

The small business sector plays a crucial role in Victor Khanye's economy. SMMEs/Cooperatives in Victor Khanye attempt to provide the balance between the supply and demand on the job market, increasing the competition among the businesses which in turn leads to the more efficient utilisation of the resources, development of skills and technology, and thus overall development of the economy. The SMMEs/Cooperatives sector in Victor Khanye Local Municipality is a major source for employment creation and community growth.

However, small businesses face a wide range of constraints and problems and are less able to address the problems on their own, even in effectively functioning market economies. The constraints relate, among others, to the legal and regulatory environment confronting SMMEs/Cooperatives, the access to markets, finance and business premises (at affordable rentals), the acquisition of skills and managerial expertise, access to appropriate technology, the quality of the business infrastructure in poverty areas and, in some cases, the tax burden. The inclusion of SMMEs/Cooperatives specific development projects within each sector seeks to address these issues of emerging business within Victor Khanye.

10.4. Youth, Women & Persons with Disability

Taking cognisance of the role of previously marginalised women and youth in economic development forms an important overarching theme for Victor Khanye's LED Strategy. Dynamic and inclusive mechanisms for their stimulation and involvement in economic activity are present throughout the strategy. Promoting the role of women in SMMEs/Cooperatives, as labour and entrepreneurs is essential as the demographics of Victor Khanye indicate that 48.12% of the populous is female. Special consideration should be given to promoting opportunities directed at women in Victor Khanye. Vulnerable groups like the disabled persons and unemployed youth require integration into economic spheres, attention and consideration should be given to assist their inclusion as key productive members of Victor Khanye Local Municipality. The SMMEs/Cooperatives focussed projects in each sector as well as the "work in Victor Khanye" campaigns are ideally suited to target these special groups, to ensure that Victor Khanye's LED Strategy is as inclusive and supportive of all local stakeholders.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

10.5. HIV/AIDS

The impact of HIV/AIDS on the economic development and growth of Victor Khanye Municipality cannot be minimised. Nkangala District Municipality has taken an active role in the formulation of an HIV/AIDS Sector Plan. It should be noted however, that consideration must be given to the implications of the pandemic on all developmental related issues such as socioeconomic development, [and necessary] infrastructure provision.

10.6. COVID-19 Pandemic

This COVID-19 crisis is like no other. The negative impact on the global economy is large with the loss associated with this health emergency and related containment measures likely to dwarf the losses as a result of the global financial crisis in 2008-09. There is continued severe uncertainty about the duration and intensity of the shock, which further negatively affects the global economy. In normal crises, policymakers try to encourage economic activity by stimulating aggregate demand as quickly as possible. This time, the crisis is, to a large extent, the consequence of needed containment measures.

Economic policy, alongside public health, has a crucial role to play during the containment phase and thereafter. People should be able to meet their needs and businesses should be enabled to start once the acute phases of the pandemic pass. This will require substantial targeted fiscal, monetary and financial measures to maintain the economic and financial infrastructure of society. Far-reaching and widespread measures have therefore been rolled out in South Africa and economic recovery plans are being put in place.

Budget reprioritisation will be necessary but service delivery should not be compromised. Health and Social Development projects and programmes will require substantially more during and after the health crisis. It will, however, be entrepreneurs and labourers that will have to pick up the economic pieces, grow the economy and alleviate the triple challenges. Therefore, it is imperative that economic recovery plans not only be conceived but also funded and rolled out.

It is important that Mpumalanga follows a sectoral approach and adapts the national economic recovery plans to suit the intricacies of the provincial economy. The underlying structural economic challenges of Mpumalanga must be kept in mind and addressed together with the economic fall-out from COVID-19 containment measures. Provincial targets should be revised, especially for MTSF purposes, in line with economic realities.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Assistance and support must be provided to struggling industries and as far as possible in line with the mandate of Provincial Government. Key industries such as agriculture, tourism, SMMEs (including the informal sector) and construction can be identified in this regard. A clear vision per industry is necessary as well as focussed Government infrastructure spending to assist industries.

It is important that the revival and implementation of the CRDP in the eight poorest Municipalities be fast tracked to address the triple challenges in these areas. Further to this, programmes such as the Social Enterprise Model and Government Nutrition Programme must proceed and link with the CRDP where possible in order to contribute to the socio-economic transformation in the province.

It is crucial that there are functioning LED forums on municipal level in order for Government, Business and other relevant stakeholders to work together to address the economic challenges and develop a joint response. District Municipalities should also develop district plans to respond to and mitigate the negative impact.





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

11. INSTITUTIONAL ARRANGEMENT

11.1. Introduction

This section describes the final phase of the LED Strategy and makes firm recommendations on the implementation of the LED strategy. This would entail the restructuring of institutional arrangements as well as other interventions. LED is about creating favourable locational factors to do business; these include not only infrastructure and training but also for example improving the efficiency of local administration. It is also about promoting business – encouraging start-ups, but also facilitating and creating a general enabling environment in which to conduct business such as attracting investors and creating linkages. In this regard LED also focuses on making markets work better and making better use of locally available resources and skills. LED also targets previously disadvantaged peoples and promotes formal participation in the local economy, local ownership and community involvement. This is certainly a tall order to manage, even with the dedicated and excellent staff complement at Victor Khanye Local Municipality. LED Implementation falls within the ambit of the Planning and Economic Development, however, as several of these projects require both private and public sector champions it is critical to incorporate civil society organisations (like the Chamber of Commerce) and national bodies (like SEDA) on an LED Steering Committee for the Municipality. The immediate supporting role to the municipality has been identified as Nkangala District Municipality. Victor Khanye Municipality has a close relationship with the district.

11.2. Institutional Arrangements

The aim of this section is to provide guidance to the municipality towards managing the LED process. Recommendations are made based on the observed capacity of Victor Khanye Municipality. It remains central that dedicated resources (human and financial) must be applied in the initiation, management, implementation and monitoring phases of the proposed projects.

11.2.1. Practical Management of the LED Process

When LED projects are to be initiated and implemented on a practical level, five core activities have to be identified. It should be noted that these core activities are inter connected and are not separated from each other.

These are the following:



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

1. **Identification** – refers to those activities pertaining to the identification of potential projects and opportunities that can be developed in the local economy and is the first step of the LED.
2. **Defining Approach** – refers to the process of specifically defining the project and implies the actual formulation of business plans.
3. **Marketing** – refers to marketing of specific products or services produced by the respective projects
4. **Funding** – refers to the acquisition of finances for the implementation and development of projects.
5. **Implementation** – refers to the culmination of the preceding activities resulting in the identified opportunities being put into action.

Each of the aforementioned activities/phases of practical implementation are made up of its components. These components are similar to the activities, independent and progressive and build up to the implementation and evaluation of projects. It is important to note that Nkangala District Municipality should assist the local authority in all of the abovementioned activities of practical implementation depending on the capacity and or assistance required. These functions are best managed in-house, by Victor Khanye's relevant unit, with referral made to the district for assistance as required.

11.2.2. LED Structures

a. Dedicated Planning & LED Committee of Council

The Victor Khanye Local Municipality is encouraged to establish a dedicated committee in terms of Section 80 for Planning, Rural and Local Economic and Rural Development, of the Municipal Structures Act of 199 to facilitate oversight across all relevant departments in the municipality, taking into consideration the transversal nature of LED.

LED-related functions of a dedicated committee on planning and local economic and rural development include:

- Provide political direction and oversight in the implementation of the municipality's LED strategy across all departments in the municipality;
- Mobilise external stakeholders with the aim of encouraging inward as well as local investment in strategic projects;



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Mobilise communities by fostering a cohesive vision and understanding of local economic and rural development within the community that will energise the community into action.

Combining the Planning (SDF, IDP, LUMS), sustainable rural development (CRDP) and LED functions, foster an integrated approach to political oversight.

b. LED Technical Committee

The purpose of the LED Technical Committee is to prepare for, as well as process, inputs from the Broad LED Stakeholder Forum, in other words, do the more collective **strategic thinking and planning** as internal and external partners.

c. Objectives of the LED Technical Committee

- Ensure that the LED strategy speaks to the SDF and other sector plans, as conceptualized in the IDP of the municipality.
- Takes responsibility for the implementation of the cross-cutting municipal LED Strategy.
- Monitor the impact of service delivery challenges on the local economy, and resolve challenges that impact negatively.
- Analyze the economic trends within the municipality, assess the impact of the economic strategy of the municipality.
- Serve as a monitoring mechanism of the municipality on the implementation of the economic development projects and policies (Monitoring).
- Organise the LED summits and ensure that the resolutions of the summits are implemented and reviewed accordingly.
- Facilitate access to funding for the implementation of the projects identified through the IDP processes (Leveraging).

d. Key Stakeholders

Key stakeholders should be identified based on their level of expertise and taking into cognisance the economic sectors dominant in the municipality:

- Municipality – senior managers from the infrastructure, IDP, LED, urban planning, technical services, transversal/targeted group managers, communication and finance sections to ensure integration of LED across the municipal administration.
- Chairpersons of the Working Groups and LED Stakeholder Forum respectively.
- Nkangala district municipality – IDP manager, LED manager, economists (if available)



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Chairpersons of Business Chambers
 - Large corporates & business sector – based on the main economic drivers/sectors of the municipality
 - Labour
 - Education institutions – the municipality should establish formal links with the institution of higher education to assist them with LED-related planning and implementation
 - Resource persons – individuals with specific levels of expertise required in the Reference Group.
 - Key provincial and national government departments, parastatals – to request CoGTA to assist with mobilisation and coordination of relevant provincial government and parastatal participation upon receipt of a formal request on the type of support required.

It is advisable that the Mayoral Committee member responsible for LED chair the LED Technical committee, with the municipal manager acting as Deputy Chairperson.

e. Broad LED Stakeholder Forum

An LED Stakeholder Forum can be defined as a platform (institutional arrangement) where residents (individuals, private organizations, government, NGOs, CBOs, traditional leaders) within a particular locality gather, with an aim to share information and experiences, pool resources and solve problems.

The purpose of the broad stakeholder forum therefore is to engage as many community-based structures as possible in order to mobilise social capital for LED.

The forum could take the form of an LED imbizo, and/or focus groups with different communities/sectors.

f. Composition of the LED Stakeholder Forum

It is recommended that an annual municipal-wide LED Imbizo constitute the broad LED Stakeholder Forum.

- Key stakeholders for participation in the LED Stakeholder Forum could therefore include business chambers, informal sector, labour, traditional councils/leaders, SMMEs, ward committees, CDWs, civil society including vulnerable sectors, education institutions.
- It might not be practical to include all individuals in the community in the forum, and it is therefore recommended that individuals raise their issues at a ward committee level, or other relevant forums created by Victor Khanye Local Municipality.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- It is furthermore important that the LED Stakeholder Forum adopts a Term of Reference which would guide how its management structures are established, the duration of their term of office, flow of communication etc.

11.2.3. Role of Traditional Authorities

Victor Khanye Local Municipality with its large rural areas that fall under its jurisdiction should establish procedures and fora where traditional authorities will feel comfortable to participate in the development and implementation of the LED strategy and projects that will mobilize local resources for inward investment in these rural areas.

The traditional councils/leaders could for example be utilized as a local LED Forum for this purpose.

11.2.4. Role of Ward Committees

Ward committees will play an increasingly central role in planning, overseeing implementation and monitoring service delivery and other development projects within the ward, and should therefore be capacitated to drive the development and implementation of the LED strategy in each ward. It is furthermore envisaged that ward committees will play a central role in the management of the Community Works Programme.

11.2.5. Frequency of meetings

It is recommended that Council adopts an Annual LED meeting schedule as part of its LED Plan of Action. This programme should take into account the IDP Review Process Plan, which includes the LED Strategy Review Process Plan, as well as milestones contained in the IDP Implementation Plan.

a. Dedicated Planning, Rural & LED Committee of Council

The Committee will meet as per Council schedule.

b. LED Technical Committee

The LED Technical Committee should meet at least quarterly.

c. Broader LED Stakeholder Forum

The broader forum should meet at least annually, except if there is an urgent need to meet in-between.



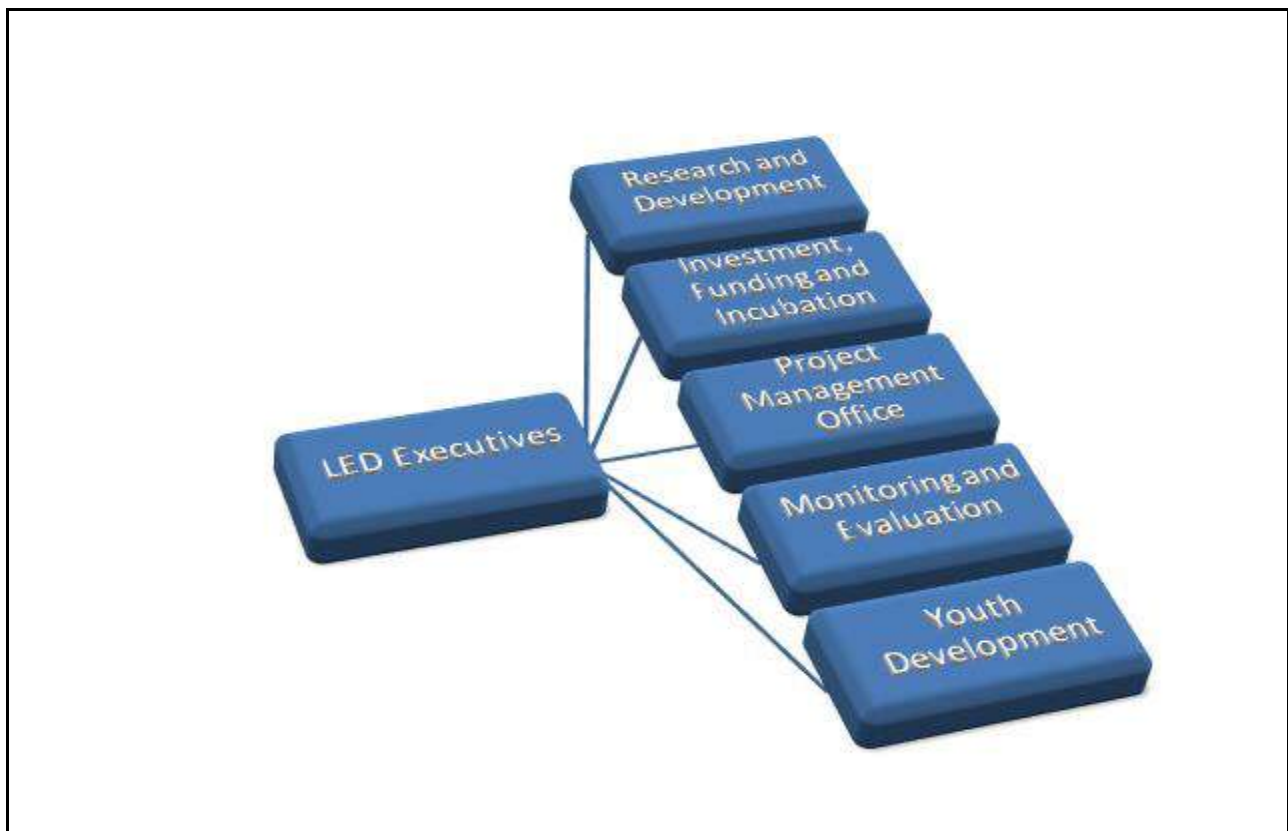
VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

11.3. The LED Unit

Taking the above broader and cross-cutting understanding of LED, in other words, that the promotion of local economic development is everyone's business, one can now begin to look at the organizational structure requirements of the LED Unit within a municipality.

Figure 37: Organisational Structure for LED Unit



Proposed functions:

It is proposed that the LED Unit be responsible for the following functions:

- Act as knowledge bank and champion on economic issues within the municipal space;
- Mobilise internal stakeholders and developing a cohesive internal vision and understanding of LED, for example the Executive Managers for Technical and Community Services, the CFO (incentives), officers appointed to advance the empowerment of women, youth and persons with disabilities, the communication officer, urban planning, health inspectorate etc;
- Coordinate the development and implementation of the LED Strategy and Implementation Plan;



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

-
- Coordinate the implementation of LED projects in the municipality;
 - Stakeholder management (done with the Public Participation/IDP Manager of the municipality);
 - Investment promotion;
 - Improve access to business advisory services by coordinating the availability of economic support services provided by government and public entities to local stakeholders;
 - Provide advice to and network businesses and/or individuals that are interested in starting a business;
 - Monitoring and evaluation of the impact of the local economic strategy within the municipality;
 - Mobilise communities, and vulnerable sectors such as women, young people and people with disabilities in particular, to become economically active; and
 - Provide secretariat services to the LED Technical Committee, the LED Reference Group as well as the LED Stakeholder Forum.

11.4. Potential Funding Sources

A range of institutions have been identified which could possibly be utilised as potential funding sources. The funding of LED projects/programmes is defined as being the various monetary sources identified (and available) from various institutional sources that will provide assistance for the starting of new businesses or in the research and implementation of new business ideas. These monetary sources manifest themselves as grants, loans (full or partial) and other financial assistance schemes.

Funding is vital for the implementation process of these projects, but is not solely responsible for successful implementation. The availability of funding and financial resources for LED initiated projects as with the implementation of most other newly identified projects, is more often a source of concern than not. This being so, a range of financial institutions were identified in respect to LED projects, as well as a range of available support programmes and services.

Once the proposed LED projects have been adopted, a more detailed and in depth investigation should be launched into the various financing and support resources available as to ensure that the support funding sources to be used are sufficient for the purpose it is intended.

The list of potential funding sources is illustrated in the table below.



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Table 30: Potential funding sources

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
Skills Development	Nkangala FET College	FET: Further Education and Training Facilities
	AgriSETA MerSETA EWSETA MICTSETA MQA CETA CATHSSETA ServicesSETA	SETA: Sector Education & Training Authorities
	Development Bank of South Africa (DBSA)	Vulindlela Academy – training programmes focusing on Municipalities in SA and Development Finance Institutions across the SADC region Assist in capacity building and training of various stakeholders in the development process
	Department of Cooperative Governance and Traditional Affairs	Provide policy direction in the implementation of local economic development in South Africa Assist in capacity building
	National Research Foundation	THRIP: Research, Technology Innovation Promotion through the transfer of people
	Agricultural Research Council	Short learning programmes for SMMEs/Cooperative: Agro-Processing Vegetable Production Grain Crop Agricultural Engineering Animal Health and Production Apiculture Smart Farming Fruit Production Disease and Pest Management Soil and Water Mushrooms Industrial Crops Livestock



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
	MRTT	SETA Accredited Training and work placement in Construction, Tourism, Hospitality, Manufacturing, Engineering, Agricultural, Mining, Electrical and related services for pre-employed unemployed and the employed youth
SMME Support and Development	Department of Trade and Industry	<p>SEDA: Provides support to SMMEs via various products/services, i.e. training, etc.</p> <p>SEDA Business Talk: Offerings focusing on clients who want information on starting a business.</p> <ul style="list-style-type: none"> • Business Advice and Information • Small Enterprise Training • Business Registration
		<p>SEDA Business Start: Provides tools and techniques for clients who are ready to start a business and want assistance and direction.</p> <ul style="list-style-type: none"> • Business Planning • Business Counselling • Facilitation of Access to Finance • Business Support
		<p>SEDA Business Build: Offerings focusing on clients who want skills to sustain and strengthen their businesses.</p> <ul style="list-style-type: none"> • Capacity Building Systems • Mentorship • Tender Advice/Procurement • Export Readiness • Franchising
		<p>SEDA Business Grow: Offerings focusing on clients who want to grow their businesses and expand nationally and internationally.</p> <ul style="list-style-type: none"> • Business Systems Development • Cooperative Support • Growth Strategies
		<p>Incubation</p> <p>Designed to strengthen technology commercialisation. This support directly helps inventors and new enterprises to use technology optimally in improving the competitiveness of their products and services. Further-more, it facilitates access to</p>



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
		<p>business infrastructure, strategic guidance, financial and legal advice, and creates an environment of learning and sharing of information.</p> <p>Process of Recruiting Incubatees: Each incubator has its own incubatee recruitment/selection process that is unique to their sector. Applicants must contact the relevant incubator for the recruitment criteria.</p> <p>Technology Transfer The Objective of the Technology Transfer Unit is to promote and facilitate the transfer of technology which is appropriate, effective and competitive to small enterprises. The Unit offers the following services:</p> <ul style="list-style-type: none"> • Grant funding for the acquisition of technology, such as equipment and machinery, to facilitate technology transfer • Improving access to technology information by small enterprises • Improving access to technology transfer funding through structured referrals to funding institutions • Linking investors/Universities or science councils with small enterprises or entrepreneurs with matching needs • Facilitating technology partnership between business locally and internationally. Applications for funding are facilitated through SEDA Branches and Incubators Country Wide <p>Quality and Standards The Quality and Standards unit ensures that small businesses have access to quality control and assessment processes, and provides training and access to accreditation and certifications.</p> <p>SEDA Courses Soda's five day entrepreneurial training courses empower small business owners with the necessary skills to enable them to take their businesses to greater heights. Entrepreneurs learn to:</p> <ul style="list-style-type: none"> • Market their business effectively



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
		<ul style="list-style-type: none"> Understand the importance of building a reputable Business profile as a marketing tool; and Maintain financial records and develop their business plans. Financial management, Customer care Report writing and business writing skills; and Help entrepreneurs to identify areas of improvement for their businesses.
		<p>Cooperatives Public and Private Partnerships Programme</p> <p>To promote the establishment of rural and collectively-owned enterprises and ensure their growth and sustainability by facilitating public and private partnerships.</p> <p>The programme aims to identify markets, resources, technical assistance and capacity-building opportunities that will enhance competitiveness and sustainability of enterprises. It focuses on four key sectors, namely</p> <ul style="list-style-type: none"> Agro-processing, Community Tourism and Protected Areas, Mining and Mineral Beneficiation, and Trading and Auxiliary enterprises.
		<p>The Public Sector SMME Payment Assistance Hotline</p> <p>The Public Sector SMME Payment Assistance Hotline helps facilitate payments for SMMEs who have been waiting for payment from the public sector institutions or government departments for longer than thirty days.</p>
	National Empowerment Fund	<p>NEF funds the following areas:</p> <ul style="list-style-type: none"> Rural and Community Development Fund Women Empowerment Fund iMbewu Fund uMnotho Fund Strategic Projects Fund Arts and Culture Venture Capital Fund Tourism Transformation Fund
	Industrial Development	Special schemes including GRO-E YOUTH SCHEME,



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
	Corporation	MCEP. AFD Green Energy Fund, Youth Pipeline Development, DSCIF, Green Tourism Incentive Programme, SMEs and MIDCAP Companies
	ESKOM	Eskom Development Foundation: Provides non-financial assistance and support plus partial guarantees on loan acquisition
		The Eskom Contractor Academy – an innovative programme that equips contractors with the necessary skills to enable them to build sustainable businesses.
	Mpumalanga Economic Development Agency	MEGA funding for businesses MEGA funds SMMEs and businesses that specialise in agro-processing, mining, manufacturing, construction, trade, transport, forestry, services, government and community
Manufacturing Support and Development	Industrial Development Corporation	Provides financial products within SA and the SADC region. Funding across multiple industry sectors including <ul style="list-style-type: none"> • Agro-processing • Agriculture • Chemical Products & Pharmaceuticals • Clothing and Textiles • Heavy & Light manufacturing • Media & Audio Visuals • Machinery & equipment • New industries • Tourism • Automotive & Transport • industrial infrastructure • Basic metals and Mining
	National Research Foundation	<ul style="list-style-type: none"> • Supporting, promoting and advancing research and human capacity development through fund and the provision of the necessary research infrastructure, in order to facilitate the creation of knowledge, innovation and development in all fields of science and technology, including humanities, social sciences and indigenous knowledge; • Developing, supporting and maintaining national research facilities;



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
		<ul style="list-style-type: none"> Supporting and promoting public awareness of, and engagement with, science; and Promoting the development and maintenance of the national science system and support of Government priorities.
	DBSA	Advisory Support & Technical Services
		Financing – range of financing products available to public and private sector organisations
Agricultural Support and Development	Ministry of Agriculture, and Land Reform	Land Redistribution for Agricultural Development (LRAD): assistance is provided in the form of grants (partial) paid to HDIs for the acquisition of land
	Agricultural Research Council	Agricultural Research and Advisory Services
		The Farmer Support Programme by providing training in accredited qualifications and short courses and assist with the development of technologies
	Mpumalanga Economic Development Agency	MEGA funding MEGA funds Agro-projects and farming, housing and promoting trade and investment
Tourism support, promotion and development	National Department of Tourism	Tourism sector support services is responsible for: <ul style="list-style-type: none"> Tourism Sector Human Resource Development: To facilitate management and implementation of tourism sector human resource development initiatives Enterprise Development and Transformation: To manage and facilitate inclusive participation and sustainability in the tourism sector Tourism Visitor Services: To manage and coordinate information integrity and facilitate accurate information for travelling Tourism Incentive Programme: To manage the establishment of capital and tourism incentives to promote and encourage tourism development and growth
		Destination development responsible for: <ul style="list-style-type: none"> Destination Planning and Investment Promotion Tourism Product and Infrastructure Development and Enhancement Working for Tourism



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
Marginalised groups, women, the youth and the disabled	Provincial Department of Economic Development and Tourism	Tourism Enterprise Programme: Provides assistance with identifying linkages and opportunities. Training and Technical fund is available
		Tourism Learnership Programme: Training programme co-funded by the Department of Labour
	National Empowerment Fund	Technology for Women in Business: facilitates access to technical support and business applications/systems
		National Empowerment Fund: Promotes and facilitates black economic equality by providing finance for black South African, NEF IMBEWU FUND, NEF CORPORATE FUND
		Black Business Suppliers Development Programme: Provides assistance in the attainment of various support services
	Provincial Department of Economic Development and Tourism	Provision of the following services: <ul style="list-style-type: none"> • Advice and support potential entrepreneurs to establish businesses • Facilitate the establishment of cooperatives • Develop and support SMME's and cooperatives • Conduct entrepreneur programmes for target groups (youth, women and people with disability) • Assist SMME's and Cooperatives to access funding • Capacitate cooperatives to comply with Cooperatives Legislation and Regulations • Advocate for SMME's to access procurement opportunities within provincial departments
Technological	National Youth Development Agency	Provision of the following services: <ul style="list-style-type: none"> • National Youth Services Programme • Education and Skills • NYDA Grant Programme • NYDA Grant Programme • Business Management Training • Mentorship • Market Linkages • Sponsorship and Thusano Fund • Solomon Kalushi Mahlangu Scholarship Fund
	Department of Trade and	SEDA – SEDA Technology Programme (STP):



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
Support	Industry	The SEDA Technology Programme was created as a special Programme to manage different business incubators, facilitate Technology transfer and quality interventions.
	DBSA	Technical Assistance – Focuses on the provision of advisory services , and assist in the implementation of LED strategies/projects
	Department of Cooperative Governance and Traditional Affairs	Management and Technical Support for Nodal Economic Development Planning
Mpumalanga Support SME Organisations	Mpumalanga Micro Credit Outlets	Siyakhula Micro Business Finance 45, Andrew Street Simunye Corner, office 24, 1st floor P.O. Box 1722, Nelspruit, 1200 Tel: (013) 752 3470
	Mpumalanga Retail Finance Institutions	Marang Financial Services 16/18 Kruger Str, Nelcity Bldg, Nelspruit Tel: +27 13 755 1807
		Siyakhula Micro Business Finance Ground Floor Office, 12/13 Simunye, Building 45 Andrews Street, Nelspruit Tel: +27 13 752 3470
	Banks	Absa bank Tel: 011 350 4741
		African Bank Tel: 011 207 4500
		Standard Bank BizConnect Tel: 0860 109 075
		First National Bank Tel: 011 371 3711
		Nedbank Small Business Services Tel: 0860 116 400
		Banking Council of SA Tel: 011 370 3500
		Nicro (Nelspruit) P.O. Box 3533 Nelspruit 1200



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Type of support	Potential Financial/Support Resources	Name of Fund/Support Programme
		Tel: 013 755 3540
	Mpumalanga SMME Parastatals	Small Enterprise Development Agency Suite 102 Bi-water building, 16 Brander Street, Nelspruit, 1200 Tel: 013 755 6046/7 Fax: 013 755 6043
General Implementation Support	Mpumalanga Economic Growth Agency <ul style="list-style-type: none"> • Enterprise development • Industry and Commercial Property Management and Development • Trade Promotion and Investment • Project Management • Mentorship or Aftercare service 	Tel: 013 752 2440 Fax: 013 752 2468





VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

12. MONITORING AND EVALUATION

12.1. Theoretical Overview of Monitoring and Evaluation

Monitoring and evaluation helps improve performance and achieve results. More precisely, the overall purpose of monitoring and evaluation is the measurement and assessment of performance in order to more effectively manage the outcomes and outputs known as developmental results. Performance is defined as progress towards and achievement of results. Traditionally, monitoring and evaluation focused on assessing inputs and implementation processes. Today, the focus is on assessing the contributions of various factors to a given development outcome, with such factors including outputs, partnerships, policy advice and dialogue, advocacy and brokering/coordination. Programme Managers are being asked to actively apply the information gained through monitoring and evaluation to improve strategies, programmes and other activities.

Monitoring can be defined as a continuing function that aims, primarily, to provide management and the main stakeholders with information on an ongoing intervention with early indications of progress, or lack thereof, in the achievement of results. An ongoing intervention might be a project, programme or other kind of support to an outcome. Evaluation is a selective exercise that attempts to systematically and objectively assess progress towards the achievement of an outcome. Evaluation is not a one-off event, but an exercise involving assessments of differing scope and depth carried out at several points in time, in response to evolving needs for evaluative knowledge and learning during the effort to achieve an outcome. All evaluations — even project evaluations that assess relevance, performance and other criteria — need to be linked to outcomes as opposed to only implementation or immediate outputs.

Reporting is an integral part of monitoring and evaluation. Reporting is the systematic and timely provision of essential information intervals. Monitoring and evaluation take place periodically at two distinct but closely connected levels: one level focuses on the outputs, which are the specific products and services that emerge from processing inputs through programme, project and other activities, such as through ad hoc soft assistance delivered outside of projects and programmes.

Monitoring, evaluation and reporting is an essential management function that is interactive and mutually supportive. Monitoring and evaluation must be continuously strengthened to enable the South African government to respond to demands for: (a) greater accountability in the use of resources, (b) a clearer basis for decision-making, and (c) more practical lessons from experience to

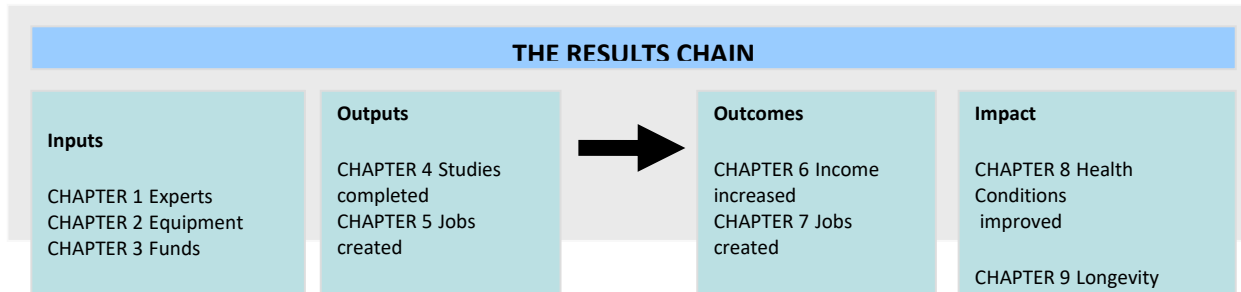


VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

guide future policy, project and programme interventions. Moreover, monitoring and evaluation must be both **process and results-oriented** and provide assessments of the relevance, performance and success of the Government's development interventions.

Figure 38: illustrates how outputs and outcomes inter-relate during the process of achieving results.



The monitoring and evaluation of policy, strategy, programmes and projects managed requires a multi-faceted framework, encapsulating both the specific and broader objectives of the Act or Bill. Specific objectives relate directly to the activities undertaken at a programme level. Broader objectives refer to the outcomes of such activities on the beneficiaries and institutions concerned. In order to ensure that the evaluation is informing project activities, it is critical first and foremost that the data being collected through monitoring and evaluation is systematically aligned with the project's objectives, so that the outcomes being measured can be attributable as far as possible to these objectives.

This requires that the components of the programme be analysed with respect to its internal logic i.e. how do the components logically fit together to inform the monitoring and evaluation design. Such logic is analysed according to the following elements:

- Objectives (what the project is seeking to achieve)
- Inputs (resources needed to achieve the objectives),
- Process (how the resources will be utilized to achieve the project's objective),
- Outputs (what the project will deliver through its implementation),
- Outcomes (what the immediate benefits of the deliverables will be for the beneficiaries), and
- Impact (what the broader benefits of the project will be).

Through ongoing data collection, the monitoring and evaluation will seek to thread together the operationalisation of the project with respect to its logic and to establish whether the manner in which the project has been operationalised has been optimal for achieving the original objectives.

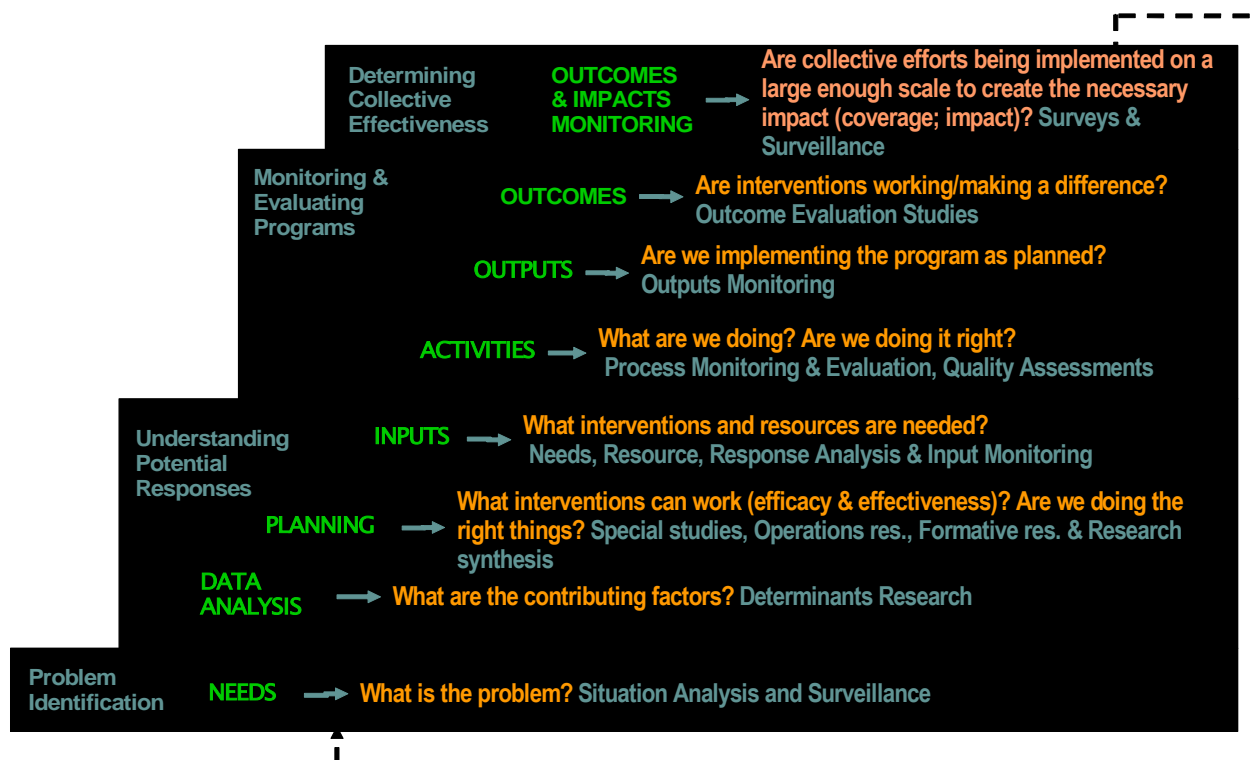


VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

The following is a high level model that can be utilised to understand the Monitoring and Evaluation process:

Figure 39: illustrates the link between the needs and outcomes inter-relate during the process of achieving results.



Each of these elements requires a set of Key Performance Indicators against which it can be measured. In much of the elements this is relatively straightforward and should already be captured in the project plan by the respective funding recipient. In particular the outputs that have been detailed in the respective project plans directly inform the evaluation design. The key challenge that emerges is clarifying and refining a clear set of outcome indicators. These indicators invariably define the success of the project as a whole and inform both the implementers and the funders as to whether the project has met its objectives.

12.2. Monitoring and Evaluation for VKLM LED Strategy

Monitoring and evaluation is a critical function of the LED process. Without proper examination of the work undertaken, programmes initiated and projects funded, there can be no understanding of what has been successfully implemented. Thus, there is no basis for the allocation of future funding and placement of other scarce resources from the District. In order to ensure that monitoring and evaluation of all aspects of this LED Strategy occurs it is recommended that the municipality appoint



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

an external evaluator to undertake a yearly review of LED Strategies and projects within Victor Khanye Local Municipality. An external evaluator is preferable, as using a municipal official is impractical – they are the implementers of the programmes and projects, they are highly constrained and certainly far from impartial. Using Councillors to fulfil the role of evaluator is also problematic, as the nature of representative governance denudes them of the ability to be fully impartial while still representing the interests of their wards.

Table 29: The Project Implementation Plan has been developed for monitoring and evaluation purposes as there is a direct link between a project, strategy, strategic objectives and goal for VKLM LED Strategy. The strategies and projects will need to be incorporated into the IDP of the municipality so that monitoring and reporting on the projects can be performed as part of the municipal reporting requirements. The External Evaluator appointed annually should find it easy to develop the Evaluation Framework and conduct the evaluation however it is critical that the monitoring data be collected and collated on a monthly, quarterly and annual basis as part of the Municipal Performance Information and Reporting.

13. CONCLUSIONS

The conducted research in Victor Khanye Local Municipality indicated that the economy of this area is declining and with the impact of COVID-19 this decline has been projected to contract further to 0.2%. The broad economic sectors within this municipality are currently experiencing negative growth. The rates of unemployment and poverty are high in this municipality. These problems were compounded by the closure of some businesses in the municipality. Also, the municipality is experiencing high rate of HIV/AIDS among the young people. Although the municipality is facing these serious economic challenges, the developed LED Strategy indicated that Victor Khanye Local Municipality is rich in resources, particularly land. Moreover, the municipality has a vast of 'untapped' tourism potential which can assist in the fight against unemployment and poverty.

The developed LED strategy is the guiding map in the 'journey' towards achieving the developmental vision for the municipality. The LED strategies are based on both "big" investments projects and SMMEs/Cooperatives and Informal Sector development needed to achieve the developed vision for the municipality. The identified strategies and projects will need an appropriate institutional arrangement which would enable the implementation of the LED projects hence the establishment of the Municipal Economic Development Agency has been strongly recommended for consideration failing which the LED unit will need to be capacitated further elevated into a department. The status of



VICTOR KHANYE LOCAL MUNICIPALITY

FIRST DRAFT LOCAL ECONOMIC DEVELOPMENT STRATEGY

the current poverty alleviation projects within the municipality indicates that those projects need to be coordinated from a central point so that their sustainability can also be evaluated against their objectives. Moreover, the municipal officials need to communicate with the other government departments such as the Mpumalanga Provincial Departments of Rural Development and Land Reform and Agriculture so as to be aware of the projects sponsored by those government departments. Currently, money is pumped into projects some of which are unable to sustain themselves and that is a futile exercise for a municipality which does not have a strong tax base due to the economic challenges mentioned above.

Victor Khanye Local Municipality must realise that it is competing in a world economy that is currently facing a pandemic which at the moment it is unknown when this scourge will end however the need to navigate through it with care to sustain lives while we waiting for a vaccine. Its LED strategies should use local comparative and competitive strengths to provide products and services that the world market needs and wants in the short, medium to long term.