2015

Mbombela Local Economic Development Strategy Review

Prepared By:

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Development Economists
Executive Summary

Mbombela Local Municipality appointed Urban-Econ Development Economists to review the existing Local Economic Development (LED) Strategy of 2012. Local economic development forms part of Mbombela Local Municipality’s mandate to create and facilitate the development of the economy, realising the local economic development potential as well as encouraging private sector investment and job creation.

Local economic development is an ongoing process, rather than a single project or a series of steps to follow. It involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The aim of LED is to create employment opportunities for local residents, alleviate poverty and redistribute resources and opportunities to the benefit of all local residents.

Situational Analysis

The social and demographic profile of Mbombela Local Municipality indicates that there is a large youth population who are unemployed. There is a definite need to address education and skills requirements amongst the economically active population. This will help decrease unemployment and increase household income.

Infrastructure backlogs in Mbombela LM should be resolved especially the sanitation backlogs. Providing proper basic services and infrastructure is an important component of local economic development.

Economic and Potential Analysis

Growth in the local economy of Mbombela Local Municipality has somewhat stagnated at 2% since 2010. Sectors that make the largest contribution to the local economy include the manufacturing sector, trade and accommodation (tourism) and the finance and business sector.

The sectors that can contribute to the future economic growth of Mbombela Local Municipality include:

- **Agriculture**: Mbombela Local Municipality is ideally located for an expanding agriculture sector. New developments such as the National Fresh Produce Market provide opportunity for local farmers to have better access to markets. The manufacturing sector also largely depends on the agriculture sector for inputs.
• **Manufacturing:** Expanding existing industries and developing new niche industries will not only benefit the manufacturing sector but also promote local exports.

• **Trade:** This important sector requires the necessary pro-active measures to ensure that Mbombela can grow as the regional trade hub.

• **Tourism:** This sector’s influence spans over a multitude of economic sectors and has a significant multiplier effect. The existing, numerous, tourism assets in Mbombela Local Municipality should be optimally promoted and developed.

• **Construction:** New developments such as the Mpumalanga University and the International Conference Centre (ICC) as well as infrastructure investment by government also provide opportunity for local construction companies to benefit.

Forward and backward linkages within the economy should be strengthened and a unique opportunity exists for utilising the by-products of different economic sectors for beneficiation and value adding.

**Strategic Framework**

The vision for Mbombela Local Municipality is to be a “City of Excellence”. In order to attain this vision, the mission statement for the LED Strategy is as follows:

“Together in partnership, stimulating economic development by providing efficient service delivery, meeting the needs of local communities and creating an enabling environment for business development, economic growth and employment creation”

The following five development objectives have been identified for LED in Mbombela Local Municipality based on the abovementioned vision and mission:

- Development Objective 1: An Efficient and Enabling Municipality with Exceptional Infrastructure
- Development Objective 2: An Inclusive Municipal Economy
- Development Objective 3: An Innovative and Technologically Advanced Municipality
- Development Objective 4: An Education and Skills Development Orientated Municipality
- Development Objective 5: An Environmentally Friendly and Tourism Centred Municipality
Each of these Development Objectives is discussed in Section 10 of the report together with projects that are identified to reach objectives.

The project prioritisation is done through the employment of prioritisation criteria. The identified prioritisation criteria will form the basis of the prioritisation model and ultimately assist in the identification of anchor LED projects for the Mbombela Local Municipality. The following four prioritisation criteria have been identified for Mbombela Local Municipality:

- Strategic importance and alignment
- Job creation potential
- Economic impact
- SMME development potential

Some anchor projects identified by the project prioritisation include:

- Reduction of service delivery backlogs
- SMME incubator
- Agriculture beneficiation and development projects
- New tourism developments in existing conservation areas
- Organic waste beneficiation
- Solar geysers in housing developments
- Rain water harvesting in rural communities and new business developments

**Implementation Guidelines**

In order to allow the Municipality to plan and implement this LED Strategy in an effective, successful and sustainable manner, it is important that certain institutional arrangements are established. These arrangements include the establishment of a range of organisations, structures and networks (such as the Mbombela Local Economic Development Partnership) through which the LED Strategy can be coordinated, managed, implemented and monitored. Without the successful implementation of these institutional arrangements, the LED Strategy will not be able to meet the development objectives of the Mbombela Local Municipality.

A further important institutional arrangement that can be utilised is the formation of partnerships between the Municipality’s LED unit and the Ehlanzeni LED unit as well as with other support organisations and Provincial Government departments.
To ensure optimal stimulation of economic development, job creation, poverty alleviation, SMME development, human resource development etc. the following actions need to be taken:

- Ensure that the LED unit has the capacity to operate and function effectively before commencing any LED implementation
- Ensure that all people employed within the LED unit has the relevant experience, expertise and skills to ensure effective management and implementation of LED initiatives
- Have a member of council focused exclusively on LED implementation
- Utilise external experts in draft project business plans and conducting feasibility studies and utilise expert networking to obtain sufficient funding sources
- Ensure balanced economic development by means of adopting an integrated, holistic, coordinated and diverse development focus
- Ensure that all necessary financial sources, equipment, human resources etc. are in place and available prior to starting with the implementation of a programme or project
- Ensure that the implementation of projects are executed by local people and not through imported labour where possible
- Focus on the stimulation of economic development and empowerment of local people at the same time
- Start LED by implementing the programmes and projects with the fastest anticipated impact on job creation, poverty alleviation, BEE, SMME development etc. followed by those with a medium and long term effects
- Utilise the tourism sector as economic catalyst for stimulating development across all sectors of the local economy
- Set reasonable timeframes and keep monthly/weekly tract records to effectively evaluate the progress of all necessary actions.
- Ensure that 30% of the procurement of goods and services by Mbombela Municipality be ring-fenced for local SMME’s and Co-operatives and that the LED Unit becomes responsible for capacitating the SMME’s and Co-operatives to ensure that they comply with the necessary procurement legislative prescripts

**Monitoring and Evaluation**

To achieve desired goals and objectives a framework to monitor and evaluate the impact of project is needed. The monitoring and evaluation will assist the Local Municipality with:

- Determine the extent to which the LED Strategy is able meet its goals and objectives,
Assist the municipality in its decision making process,
Enable the municipality to take corrective action should the monitoring and evaluation indicate that the intended outcomes are not achieved
Assist the municipality creating a database of successful and unsuccessful initiatives
Improve future planning, and
Increase accountability.

Indicators are provided to measure the success of the identified development goals, with an additional indicator on the success of LED in Mbombela Local Municipality.

**Recommendations**

The successful implementation of this LED strategy urges the need for the proposed institutional drivers to be established as a matter of urgency. This is essential in ensuring that momentum and commitment is not lost. Furthermore, institutional drivers will probably not success unless the political ambition to ensure success is not included in the LED process as a whole. This political ambition can be initiated and developed through the inclusion of all interested and affected parties, stakeholders and role players during the implementation planning phases. Through the participation and inclusion of all these stakeholders, the political will, interest and communication is stimulated, which when combines, will contribute to the success of the Strategy.

The following is recommended to achieve optimal sustainable local economic development, employment creation and human resource development:

- Start focusing on sectors with the highest development potential, followed by the sectors with less potential. Ensure balances stimulation of growth and development within all sectors
- Before deciding on the implementation of specific projects, ensure that the adequate funding sources and management capacity are in place
- Start implementing projects with the highest potential for stimulating economic growth and development
- Make sure that the projects that stimulate economic growth do not adversely affect the environment and human living conditions
- Set reasonable time frames for the implementation and ensure effective and continuous monitoring of project progress and effects
- Ensure that at least 30% of appointments of service providers are local SMMEs and ensure that procurement processes a transformed to allow for such appointments
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Section 1: Introduction

1.1 Introduction

Urban-Econ Development Economists have been appointed by the Mbombela Local Municipality (LM) to develop a 2014 – 2018 Local Economic Development (LED) Strategy.

Local Economic Development is not a series of steps to follow but it is an ongoing process. LED involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The aim of the LED Strategy is to create employment opportunities for local residents, alleviate poverty and redistribute resources and opportunities to the benefit of all local residents. This can, however, only be done if and when the current development situation in the municipality is understood. This analysis aims to provide this foundation by assessing the current demographic, socio-economic and economic characteristics and trends of the area and highlighting the main challenges faced in the area.

The report will identify development opportunities and also include implementation guidelines as well as some monitoring and evaluation criteria.

1.2 Concept of LED

Local Economic Development (LED) is an approach towards economic development that allows and encourages local people to work together to achieve sustainable economic growth and development, thereby bringing economic benefits and improved quality of life for all residents within a specific local area.

While LED is a relatively recent phenomenon in South Africa, it has been applied, as a programme, to improve the economic performance of municipal areas. It focuses attention on the local level as the most appropriate place for economic intervention, as this level should be the most readily accountable to the public, while having the legitimacy of being democratically elected.

LED is an on-going process, rather than a single project or a series of steps to follow. It involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The aim of LED is to create employment opportunities for local residents, alleviate poverty and redistribute resources and opportunities to the benefit of all local residents.
In order for LED to be effective, a community needs to identify and consider its own economic strengths, weaknesses, opportunities and threats and agree a shared strategy.

LED is characterised by the following objectives:

- Establishing a job-creating economic growth path;
- Embarking upon sustainable rural development and urban renewal; and
- Bringing the poor and disadvantaged to the centre of development

1.3 Study Objectives

The goal for this study can be summarised as follows:

**Box 1.1: Study Goal**

Review and update the local economic development strategy for Mbombela LM that would stimulate growth and employment as well as strengthening the linkages of the economy and addressing the structural inefficiencies within the municipality.

Based on the study goal and the terms of reference, the following study objectives have been identified:

- Identify and understand the role of government and municipalities in terms of service delivery and development initiatives to form the basis of the Local Economic Development Strategy;
- Review current legislative frameworks such as the IPAP2, NDP, NGP, IDPs, SDFs and several Sector Plans; these legislative documents have impacts on development and alignment with the legislative hierarchy is critical
- Review and update of the situational analysis on socio-economic indicators, demographics, infrastructure backlog, etc.
- Conducting economic, sectoral and gap analysis to identify new opportunities for development
- Review existing LED projects
- Stimulate projects already identified as part of the IDPs and SDFs
- Identify ways to support SMME development in the region
- Identify ways and projects to improve the skills and knowledge of locals
- Identify external funding sources to stimulate infrastructure development and upgrades
- Project prioritisation
- Implementation Framework
1.4 Study Area

The Mbombela Local Municipality is situated in the Mpumalanga Province in the north-eastern part of South Africa. Mpumalanga is bordered by the Kingdom of Swaziland on the south and east and by Mozambique on the south. Mpumalanga also shares common borders with the Limpopo Province on the north, Gauteng to the west, KwaZulu-Natal to the south east and the Free State to the south west. Mbombela is a SiSwati term meaning "a lot of people together in a small space" and fittingly describes several areas within the Mbombela Local Municipality’s area of jurisdiction. Mbombela LM falls within the borders of the Ehlanzeni District Municipality (DM).

Map 1.1: Mbombela LM

(Source: Ehlanzeni DM & Demarcation Board, 2011)

1.5 Methodology
The methodology that will be followed for the Mbombela LED Strategy Review is illustrated in the Diagram below.
1.6 Report Outline

The rest of this report is structured as follows:

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<thead>
<tr>
<th>Table 1.1: Report Outline</th>
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<tbody>
<tr>
<td><strong>Section 2</strong></td>
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<td><strong>Section 3</strong></td>
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<td><strong>Section 10</strong></td>
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<td><strong>Section 11</strong></td>
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<td><strong>Section 12</strong></td>
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Section 2: Legislative and Policy Framework

2.1 Introduction

Guidelines for the implementation of Local Economic Development (LED) Strategies have been presented by the various spheres of government. Legislation and policy on this subject matter provides a legal framework and influence the manner in which local authorities conduct local development.

LED Strategies cannot stand alone and need to, within its larger context, conform to and take into consideration many national, provincial and local government policies, programmes and initiatives. Below is the broad legislative framework within which Local Economic Development on a local level should be conducted. The policies and programmes discussed are by no means the only legislative frameworks to be considered, but gives a general indication of legislation that is linked to matters of employment creation, poverty eradication and economic growth. Taking these frameworks into consideration when formulating and implementing Local Economic Development initiatives will ensure wider government support and easier access to grants and other funding from government and donor organisations.

2.2 National Policies Framework Review

National policies that are reviewed for the Mbombela LED strategy include:

- National Development Plan (NDP)
- New Growth Path (NGP)
- Industrial Policy Action Plan (IPAP)
- National Space Development Perspective (NSDP)
- Comprehensive Rural Development Programme (CRDP)
- Presidential Infrastructure Coordinating Commission (PICC)

These policies are discussed in full in Annexure 1 as well as their relevance and implication for the Mbombela LED Strategy. It is very important to align the local economic development initiatives with that of national development initiatives. Based on the review of the national policies listed above the following must be taken into consideration when development new local economic development initiatives for Mbombela:

- Job creation
- Agro-processing (IPAP) and SMME development
- Rural infrastructure development and provision of basic services
- Job drivers should be tailor made for Mbombela LM as to accommodate local resources
- Sectors identified for development by IPAP should be taken into consideration
- Municipalities should create an enabling environment for businesses to grow by improving infrastructure

2.3 Provincial Policies Framework Review

The Provincial policies that are important for developing the Mbombela LED Strategy include:

- Mpumalanga Growth and Development Strategy (PGDS)
- Mpumalanga Vision 2030 Strategic Implementation Framework
- Mpumalanga Tourism and Parks Agency Strategic Plan (2011 – 2015)
- Mpumalanga Tourism Growth Strategy
- Mpumalanga Spatial Development Framework (SDF) – 2013

The abovementioned strategies are discussed in Annexure 1. Important points taken from these strategies that should be taken into consideration for the Mbombela LED Strategy include:

- The development goals of Mbombela LM should be aligned with that of the Province, which includes, economic development, social development, sustainable environmental development, good governance and human resource development
- Key drivers for development on which LED in Mbombela LM should focus include corridor and nodal development, business, commercial and industrial development, tourism development, forestry development, agricultural development, mining and energy related development, urban development, rural development and environmental management and conservation.
- Spatial planning should be taken into consideration

2.4 Local Policies Framework Review

The local policies that are important for LED Strategy development are:

- Ehlanzeni Integrated Development Plan and Spatial Development Plan
- Integrated Development Plan (IDP)
- Spatial Development Framework (SDF)
These local strategies are discussed briefly in Annexure 1. It is important to take the following into consideration when developing the Mbombela LED Strategy:

- Local development initiatives should be aligned with that of the district to enable corridor, and cluster development.
- It is important to prioritise LED projects and incorporate them into the IDP for budget purposes.
- Spatial planning is critical in Mbombela LM due to its strategic location as well as the urban/rural mix.
Section 3: Socio-Economic Profile Review

3.1 Introduction

This Section provides an overview of the socio-economic characteristics of Mbombela LM, highlighting the population strengths and weaknesses. This overview will assist in identifying local issues influenced by demographic and labour force dimensions. The following characteristics will be discussed:

- Size of the population and growth rate
- Gender
- Employment
- Level of education
- Level of household income
- Access to services such as water, sanitation and electricity

It is important to analyse the socio-economic characteristics of an area when developing an LED strategy as these factors help determine the need for schools, clinics, general infrastructure etc.

3.2 Socio-Economic Profile

The Table below summarises the important characteristics of the Mbombela LM socio-economic profile. The full profile is in Annexure 2.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Description</th>
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<tbody>
<tr>
<td>Population and Households</td>
<td>• Mbombela LM has an estimated 612,927 people and 170,544 households currently (2014).</td>
</tr>
<tr>
<td></td>
<td>• High population and household growth rates will result in an increased demand for employment and government services</td>
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<tr>
<td></td>
<td>• Large numbers of people migrate to Mbombela LM in search of employment which contributes to the high growth rates</td>
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<tr>
<td>Age and Gender</td>
<td>• There is a large youth (30%) population of which the majority are males</td>
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<tr>
<td></td>
<td>• 62% of the population are between the ages of 15 and 64 (potentially economically active)</td>
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<tr>
<td>Education</td>
<td>• The majority of people in Mbombela (33%) have completed secondary school and 13% have a higher education</td>
</tr>
<tr>
<td></td>
<td>• Compared to Ehlanzeni DM, Mbombela LM has slightly higher levels of education</td>
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</tbody>
</table>
### Characteristic

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Employment</strong></td>
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<tr>
<td>• 42% of the population are employed</td>
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<tr>
<td>• 36% are not economically active</td>
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<tr>
<td>• Mbombela LM has slightly less unemployed people than the District</td>
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<tr>
<td>• The highest unemployment is for people between the ages of 20 to 24.</td>
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<tr>
<td><strong>Income</strong></td>
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<tr>
<td>• 13% of households receive no income</td>
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<tr>
<td>• In general, the households of Mbombela receive higher income when compared to the annual income of households in the District.</td>
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<tr>
<td><strong>Housing</strong></td>
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<tr>
<td>• Majority of households (93%) live in formal housing</td>
</tr>
<tr>
<td>• Only 5% reside in informal housing</td>
</tr>
<tr>
<td>• Areas with prominent informal settlements include Msholozzi, Lundi and Luphisi</td>
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<tr>
<td><strong>Access to services (water, electricity, refuse disposal and sanitation)</strong></td>
</tr>
<tr>
<td>• 37% of households have access to piped water from inside their dwelling</td>
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<tr>
<td>• 22% of households have no access to piped water</td>
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<tr>
<td>• The majority of households (90%) have access to electricity for lighting</td>
</tr>
<tr>
<td>• The use of solar energy is largely under-developed in Mbombela LM</td>
</tr>
<tr>
<td>• The majority of households (60%) dispose of their own refuse</td>
</tr>
<tr>
<td>• 29% of households have their refuse removed weekly by the local municipality</td>
</tr>
<tr>
<td>• The majority of households have access to a pit latrine without ventilation (44%)</td>
</tr>
<tr>
<td>• 28% of households have access to a flush toilet</td>
</tr>
<tr>
<td><strong>Road infrastructure</strong></td>
</tr>
<tr>
<td>• The majority of roads within Mbombela LM are not tarred</td>
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</table>

### Box 3.1: Implications of Socio-Economic Profile for LED Strategy

Infrastructure backlogs in Mbombela LM should be resolved especially the sanitation backlogs. Providing proper basic services and infrastructure is an important component of local economic development.

Education in Mbombela LM is also lacking. This issue must be addressed since proper skills are needed in the workplace and employment creation is an important objective for economic development. An educated workforce goes hand in hand with better living standards and higher income.
Section 4: Economic Analysis

4.1 Introduction

The purpose of this section is to provide an updated Economic Profile using the latest economic data available, and additional economic techniques were utilised in order to add value to the previous profile. This provides an overview of the current economic situation, in Mbombela LM. This overview incorporates sectoral performances and composition as well as overall growth performance in the economy.

During this chapter the economic performance of Mbombela LM will be evaluated by making use of secondary data obtained from the Quantec Resource Database and Statistics SA. In order to determine the value and performance of the various economic sectors, growth rates were calculated in terms of expansion or contraction of the economy in terms of GVA values. In addition to this, various other techniques were used to analyse the economy of Mbombela, by using the given data and the various techniques will be explained in detail in the designated sections.

The economic performance of a region can be measured by Gross Value Added (GVA) in terms of, factors such as production activities. The GVA can be used to provide an oversight of the region’s economy, in this case the economy of Mbombela LM. In addition it can provide insight into the structural composition of the economy as well as the growth rate of production. This allows us to identify the comparative advantages for the given region, to determine the vulnerability (concentration) of the economy and the overall welfare of the community.

This Section provides only a brief highlight of the economic analysis with information that is relevant to the LED Strategy. A full economic analysis together with definitions of the economic sectors is provided in Annexure 3.

4.2 Production Structure and Growth

This subsection provides an overview of the production structure, growth performance and Industry Classification System in order to identify the most important economic sectors in the study area. The Gross Value Added product of three areas of reference is utilised to provide an indication of the economic performance of the relevant study area.
**Gross Value Added (GVA)** is defined as the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

Figure 4.1 indicates the economic growth rate between 2003 and 2013 in Mpumalanga, Ehlanzeni DM and Mbombela LM. Since 2007 Mbombela has experienced a decreasing growth rate with slight improvements in growth in 2010 and 2012. In 2010, the mining sector, the trade sector and the transport sector all contributed considerably to the local economy while in 2012; there was an increase in the contribution made by the agricultural sector as well as the utilities sector. Before the economic downturn (2007-2009), the average growth for Mbombela LM was approximately 6% while after the economic downturn (2009- present) Mbombela LM only grows at 2% meaning that it has not fully recovered from the recession. Before the economic downturn Mbombela LM also experienced higher growth rates than the Province and the District.

**Figure 4.1: Economic Growth Compared to District and Province, 2003 – 2013**

(Source: Quantec Research Database & Urban-Econ Calculations, 2014)

The sectors that contribute the most to the GVA of Mbombela LM include:

- Finance and business sector (22%)
- Manufacturing (17%)
- General government services (17%)
- Trade and accommodation (13%)
Mbombela (town) is the capital of Mpumalanga and is situated closely to Swaziland and Mozambique; it is therefore not surprising that finance and business services and trade sectors contribute considerably to the local economy as many consumers travel to Mbombela for their shopping and business needs.

4.2.1 Sectoral Performance

The Table below discusses each economic sector and its performance in Mbombela LM in brief. Based on this Table, it is evident that some sectors in Mbombela LM, some sectors contribute significantly to the local economy and has shown good growth over the last ten years.

It is evident that the economy of Mbombela has not yet recovered from the economic downturn in 2008. Many of the sectors are growing at much lower rates than before 2009. It is therefore necessary the projects within Mbombela LM stimulate sectors so that there can be an increase in economic growth.

The sectors with very low growth rates but still make a significant contribution to the local economy include:

- Manufacturing
- Trade and accommodation
- Finance and business services
### Table 4.1: Sectoral Performance

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<tbody>
<tr>
<td>Agriculture</td>
<td>5%</td>
<td>4%</td>
<td>2%</td>
<td>4%</td>
<td>Agriculture in Mbombela contributes little to the local economy compared to other sectors but due to the ideal location of Mbombela LM in terms of exports, tourism, and trade and the opportunities in this sector for employment creation, the agriculture sector has lots of potential for development. New developments such as the Fresh Produce Market will have a positive effect on the local sector by providing smaller, local farmers easier access to a market.</td>
</tr>
<tr>
<td>Mining</td>
<td>3%</td>
<td>3%</td>
<td>5%</td>
<td>1%</td>
<td>The mining sector does not contribute much to the local economy due to lack of commodities to mine, however, the mining of sand provides opportunities for brick making and other construction uses.</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>19%</td>
<td>17%</td>
<td>3%</td>
<td>0%</td>
<td>Growth in this sector is declined in recent years but manufacturing in Mbombela LM has potential to expand. This sector can contribute to the trading exports, increase exports from Mbombela LM and stimulate the transport industry.</td>
</tr>
<tr>
<td>Utilities</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
<td>The utilities sector in Mbombela LM has fluctuating growths and makes little contribution to the local economy. With new energy technologies (e.g., wind, solar); local municipalities are open to exploring innovative ways for efficient energy use. Mbombela LM can explore and invest in energy infrastructure for short and long term, growing this sector will also create job opportunities</td>
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</tr>
<tr>
<td>Construction</td>
<td>3%</td>
<td>3%</td>
<td>6%</td>
<td>2%</td>
<td>The construction sector has shown high average growth rates the last ten years and more developments in the local municipality will expand this sector and create the potential for new employment opportunities. The building of large projects such as the Fresh Produce Market, the high court and legal chambers and the ICC provide opportunities for employment and growth of this sector.</td>
</tr>
<tr>
<td>Trade and Accommodation</td>
<td>15%</td>
<td>13%</td>
<td>2%</td>
<td>1%</td>
<td>It should be noted that, as trade is a sector which derives its demand from other sectors, its growth can be attributed to growth in sectors such as manufacturing, construction and tourism. Therefore the growth of other sectors will cause the trade sector to grow. The future ICC development will have a positive effect on this sector in terms of employment an increased demand for consumable goods.</td>
</tr>
<tr>
<td>Transport and Communication</td>
<td>12%</td>
<td>10%</td>
<td>2%</td>
<td>2%</td>
<td>An enabling environment for growth in other sectors includes a good transport and road network. When the roads are poor and the railway network is weak, it has a negative effect on investment in the area as investor would rather choose different locations with more efficient transport linkages</td>
</tr>
<tr>
<td>Finance and Business Services</td>
<td>18%</td>
<td>22%</td>
<td>6%</td>
<td>2%</td>
<td>This is the most prominent sector in Mbombela LM. As other sectors achieve growth, the benefits of that growth will also be experienced in the tertiary sector such as Finance, insurance and trade. Growth in the finance sector is important for access to funding by entrepreneurs and SMME’s.</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------------</td>
<td>---------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Community Services Sector</td>
<td>9%</td>
<td>9%</td>
<td>4%</td>
<td>3%</td>
<td>Growth in community services indicates self-sufficiency and independence of communities to create own economic opportunities, therefore an enabling environment (basic infrastructure &amp; services, communication technology, linkages to economic nodes, active corridors and training facilities) need to be created to allow communities to function independently.</td>
</tr>
<tr>
<td>Government Services Sector</td>
<td>15%</td>
<td>17%</td>
<td>5%</td>
<td>3%</td>
<td>Government investments drive economic development. Prioritisation should to be given to growing sectors such as finance and business, trade and manufacturing to further increase their growth and in turn this will trigger an improvement in other sectors.</td>
</tr>
</tbody>
</table>
4.3 Sectoral Employment

Figure 4.2 illustrates the growth rate for formal employment in Mpumalanga, Ehlanzeni DM and Mbombela LM between 2003 and 2013. Mbombela experienced relatively high employment growth rates except for the period between 2008 and 2010. During this period, many sectors had to lay off workers, especially in the construction and manufacturing sectors.

Figure 4.2: Formal Employment Growth, 2003 – 2013

(Source: Quantec Research Database & Urban-Econ Calculations, 2014)

The sectors that contribute the most to local employment are as follows:

- Government services (22%)
- Finance and business services (17%)
- Trade and accommodation (17%)
- Community services (16%)

More information with regards to sectoral employment is captured in Annexure 3.

4.4 Level of Concentration: Tress Index

The Tress Index is a measurement of a region’s economic diversification. If the index is zero it indicates that the region’s economy is completely diversified, but the closer the index moves to 100 that shows the economy is much more vulnerable to exogenous factors such as climatic conditions and price fluctuations, and that the economy is considered to be more concentrated.
Mbombela Local Economic Development Strategy Review

Mbombela LM is a diversified local economy with a Tress Index of 48 (see Table 4.2). The Mbombela local economy depends primarily on the government and community services sector as well as the finance and business sector as well as the trade sector.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Contribution (%)</th>
<th>Weight</th>
<th>Weighted Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>4%</td>
<td>4</td>
<td>15.1</td>
</tr>
<tr>
<td>Mining</td>
<td>3%</td>
<td>2</td>
<td>5.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>17%</td>
<td>7</td>
<td>120.6</td>
</tr>
<tr>
<td>Utilities</td>
<td>2%</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td>Construction</td>
<td>3%</td>
<td>3</td>
<td>9.6</td>
</tr>
<tr>
<td>Trade Sector</td>
<td>13%</td>
<td>6</td>
<td>79.4</td>
</tr>
<tr>
<td>Transport &amp; communication</td>
<td>10%</td>
<td>5</td>
<td>50.1</td>
</tr>
<tr>
<td>Finance and business</td>
<td>22%</td>
<td>8</td>
<td>172.5</td>
</tr>
<tr>
<td>Services</td>
<td>9%</td>
<td>9</td>
<td>235.7</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>9</td>
<td>690.7</td>
</tr>
</tbody>
</table>

Tress Index: 48

(Source: Quantec Research Database & Urban-Econ Calculations, 2014)

4.5 Comparative Advantage: Location Quotient

This subsection aims at revealing the sectors in the study area economy that have a comparative advantage. Having a competitive advantage is not the same as having a comparative advantage. In the case of a competitive advantage the definition stems from the possession of a unique set of various assets (includes natural resources, human resources, locational advantages etc.) what gives the area/region a competitive edge over other areas.

To have a comparative advantage means that this economy has the ability to render or produce a product or service more effectively and efficiently, than its counterparts. The element that determines the comparative advantage of a region is the Location Quotient (LQ) this is used mainly to determine the levels of concentration within the study area. The industry groups that dominate a specific area will have a higher LQ and vice versa.

The calculation used to determine the Location Quotient (LQ) in this analysis is as follows:

\[
LQ = \frac{\% \left( \text{Local Employment in Industry} / \text{Total Local Employment} \right)}{\% \left( \text{Provincial Employment in Industry} / \text{Total Provincial Employment} \right)}
\]
Table 4.3: Location Quotient Interpretation

<table>
<thead>
<tr>
<th>LQ</th>
<th>Label</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 0.75</td>
<td>Low</td>
<td>Local needs are not being met by the resident sector. The region is importing goods and services in this particular sector.</td>
</tr>
<tr>
<td>0.75 – 1.24</td>
<td>Medium</td>
<td>Most of local needs are being met by the resident sector. The region is both importing and exporting goods and services in the sector.</td>
</tr>
<tr>
<td>1.24 – 5.00</td>
<td>High</td>
<td>The sector is serving needs beyond the sector, exporting goods and services from this sector.</td>
</tr>
<tr>
<td>More than 5.00</td>
<td>Very High</td>
<td>This is an indication of a very high level of local dependence on a sector, typically a “single-industry” community.</td>
</tr>
</tbody>
</table>

Table 4.4: Location Quotient, 2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>LQ</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.95</td>
<td>Medium</td>
</tr>
<tr>
<td>Mining</td>
<td>0.17</td>
<td>Low</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.93</td>
<td>Medium</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.41</td>
<td>Low</td>
</tr>
<tr>
<td>Construction</td>
<td>1.13</td>
<td>Medium</td>
</tr>
<tr>
<td>Trade &amp; Accommodation</td>
<td>1.10</td>
<td>Medium</td>
</tr>
<tr>
<td>Transport &amp; communication</td>
<td>0.90</td>
<td>Medium</td>
</tr>
<tr>
<td>Finance and business services</td>
<td>1.35</td>
<td>High</td>
</tr>
<tr>
<td>Community Services</td>
<td>1.23</td>
<td>Medium</td>
</tr>
<tr>
<td>Government Services</td>
<td>1.23</td>
<td>Medium</td>
</tr>
</tbody>
</table>

(Source: Urban-Econ calculations based on Quantec Research Database, 2014)

Relative to Mpumalanga, Mbombela LM has a high comparative advantage in the finance sector. Mbombela LM has a medium comparative advantage in all other sectors except the mining sector and the utilities sector.
Section 5: Opportunity Analysis

5.1 Introduction

This Section of the report will analyse the opportunities that exists within the different economic sectors of the Mbombela LM. The opportunity analysis will indicate areas with Mbombela LM to take hold of potential opportunities.

The tourism Sector according to SIC system classification is not a true economic sector, rather a multifaceted integrated economic sector. However due to the vital role this industry plays in terms of potential job creation and economic development it is addressed in this chapter.

5.2 Potential Identification Criteria

To identify the available opportunities in the area, it is necessary to identify criteria to facilitate the project identification and assessment process. The set of criteria will serve an evaluation tool to identify areas with potential for development and opportunities in each of the local economic sectors. Figure 5.1 indicates the methodology and criteria’s that will be used to asses economic potential of the different sectors.

Diagram 5.1: Potential Identification Criteria

Criteria used to Identify Opportunities
- Availability of raw materials and resources
- Economic linkages
- Market trends
- Gap analysis/ Agglomeration advantages
- Logistics/ Nodal point function
- Regional service delivery function
- Availability of labour
- Technology change
- Imports and Exports
- Enabling policy environment
5.2.1 Availability of Raw Materials and Resources

Raw material/local resources are regarded as the primary production factor. Without these materials, no product or service can be manufactured and/or delivered. The availability of raw materials and other resources makes local development promotion much easier, more feasible, viable and sustainable. Depending on the nature and extent of the resources/materials, these can also be a major tourist attraction. Apart from attracting tourists to an area, many of raw materials/resources can be used in local beneficiation and value adding processes, e.g. agriculture produce.

5.2.2 Economic Linkages

This is the various interactive relationships that exist between the various economic sectors with a region’s economy. These interactions and relationships can be observed in various forms and may take place on a mixture of scales. Linkages are important for an economy and its activities to be sustainable. One economy in general can’t provide in all local needs and therefore need to interact with neighbouring or nearby economies. Linkages can be defined and placed into two categories:

a. Backward Linkages

This type of economic interaction refers to the raw material or intermediate products required as inputs into the delivering of the end product or service. In many cases the inputs required in the local economy cannot be delivered by the same economy and need to be imported from other economies. In other cases the inputs are available but it is cheaper to obtain the same inputs from other outside economies.

A very important question one always need to ask in determining the development potential is: Can some of the inputs be supplied or manufactured locally; saving transport costs, creating employment opportunities and contributing to local beneficiation and value adding? If the answer is ‘yes’, there is definitely potential for development within the economy.

b. Forward Linkages

Forward linkages refer to the supply of intermediate products as inputs into the production process, in order to deliver the final product and/or service when the production process is complete. This would typically constitute the utilisation of an area’s own resources that are processed, packed and sold (or distributed).
5.2.3 Market Trends

Market trends refer to the consumption trends and preferences of the general market. It indicates where there is potential for an increase in the production of a specific product and/or delivering of a specific service, or it can indicate that there is a need for change in products and service delivery. For instance, a new trend can be observed in South Africa with respect of people consuming more organically farmed products than traditional products. This therefore, indicates that the agriculture sector should focus more on producing organic products than traditional products.

5.2.4 Gap Analysis/ Agglomeration Advantages

A gap is defined as being a disparity between what is provided and what is needed (or required). With regards to a gap in the economy it means that a mismatch of resources had occurred. The identification of a gap within the local economy can prove to be an advantage for various industries to group together to stimulate economic growth. Agglomeration advantages can be illustrated by developing a mining logistical hub or cluster. Therefore, all manufacturing orientated and related activities are grouped together in delivering services and information to the manufacturing sector.

5.2.5 Logistics/ Nodal Point Function

To determine if the area has potential for delivering a logistics or nodal point function, one needs to answer the following question: Can the area serve as a distribution point for specific products or services?

5.2.6 Regional Service Delivery Function

This criterion refers to the ability and capability to provide in both the local and regional requirements. This will typically be a situation where enough is produced in the economy as to disperse and provide for the wider region.

5.2.7 Availability of Labour

The labour force is vital to the production process due to the fact that they drive production. When considering potential within the local labour pool, the determining factors include the quantity and quality of the labour force. Quantity refers to the size of the labour force and quality refers to the educational and skills level of the labour force. If the education and skills level of the local labour force meets the requirements for manufacturing development, the potential for development is high, from a labour point of view.

5.2.8 Technology Change
Technology changes refer to the changes in the ways we produce goods and services. Good examples are genetic manipulated products, the Internet, etc. The changes in technological techniques and methods increase the potential for developing an incubator in the area. Incubators provide collective services (i.e. training and facilities) required by industries and also individual people to become self-sustained in their newly adopted economic activities.

5.2.9 Imports and Exports

Examining the import and export data for the district will help to identify the current gaps in the market as well as opportunities for value adding and processing. This will open up some of the hidden potential in the local area and help to identify innovative ideas.

5.2.10 Enabling Policy Environment

This looks at the current development strategies on local, district and provincial level, indicating the development priorities for a certain location and available funding for certain type of projects.

5.3 Sector Potential Analysis

This subsection indicates the potential for each sector based on the criteria in the previous subsection. A full potential analysis for each sector is contained in Annexure 4.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Potential</th>
</tr>
</thead>
</table>
| Agriculture | • Organic fruit and vegetable production  
• Macadamia nut production  
• SMME fresh produce suppliers and packaging plants  
• Export of fruits, vegetables and flowers (KMIA)  
• Rural agricultural infrastructure (cold storage)  
• Fruit juice from oranges and mangoes  
• Citrus peel and essential oil production  
• Fertilizer from macadamia shells  
• Macadamia oil  
• Aquaculture  
• Mango beneficiation: achar, canning, and drying  
• Cold storage and fresh fruit and vegetable export packaging plant and export hub |
<p>| Mining | • Corridor developments for mining beneficiation in adjacent municipalities where mining activities are more prominent |
| Manufacturing | • Food, beverages manufacturing |</p>
<table>
<thead>
<tr>
<th>Sector</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector</strong></td>
<td><strong>Potential</strong></td>
</tr>
</tbody>
</table>
| Biotechnology through Genetically Modified crops (Agriculture seed production) | • Manufacturing of building materials  
• Furniture and wood manufacturing  
• Manufacturing of arts and crafts  

| Utilities                                   | • Solar heating and alternative energy  
• Green buildings  
• Water and waste management (recycling, water storage and irrigation schemes)  
• Waste management and income generation |
| Trade                                       | • Manufacturing businesses  
• Tourism improvement and development  
• Enhancing informal sector  
• Service improvement and business development  
• Linkage with surrounding economic activities  
• Marketing and branding the local municipality  
• SMME retail development |
| Transport, Storage and Communication        | • Broadband Connectivity  
• Mobile internet cafés  
• Wi-Fi hotspots in CBD and public places such as libraries |
| Financial and community services sector     | • Establishing of a partnership with local business organisations and local government  
• Local government assisting in providing CSI opportunities with local businesses  
• SMME development |
| Tourism                                     | • Tour guide development  
• Beneficiation from the Kruger National Park  
• Additional accommodation facilities and resorts  
• Tourism safety promotion  
• Promotion of heritage sites  
• Promoting extreme sports  
• Developing existing protected areas into tourist attractions  
• Township/rural tourism |
Section 6: Spatial Analysis

6.1 Introduction

This section of the report will determine the development opportunities in Mbombela LM by means of a spatial analysis. The spatial analysis will determine the spatial advantages of Mbombela LM in terms of its access to markets, access to inputs etc.

6.2 Regional Location

Map 6.1 illustrates Mbombela LM within a regional context. The N4 is the only national route that traverses Ehlanzeni DM. The N4 spans from Gauteng, through Mpumalanga towards Mozambique and is known as the Maputo Corridor. On a local level, the N4 traverse Mbombela LM as well as Nkomazi LM. The Maputo Corridor is a very important trade link for imports and exports from the Maputo harbour.

The KMIA in Mbombela also provides a valuable regional transport link, especially for the tourism industry.

Map 6.1: Ehlanzeni DM Map

(Source: Demarcation Board, 2011)
The four prominent sectors in Ehlanzeni DM include agriculture, mining, forestry, manufacturing and agro-processing and tourism. Compared to the other local municipalities in Ehlanzeni DM, Mbombela LM has a comparative advantage in the construction sector, the finance and business services sector as well as trade and accommodation sector. These are more secondary and tertiary industries, meaning that in general, Mbombela LM is moving towards a service provision centred economy.

Map 6.2: Mbombela LM

(Source: Demarcation Board, 2011)

The main nodes in Mbombela LM are Mbombela, White River and Hazyview. However, a large number of the population in Mbombela LM do not live within the nodal areas and have to travel long distances everyday for work, trade and other services. These distances are a large barrier in terms of developing an inclusive economy within Mbombela LM.
Section 7: Swot Analysis

7.1 Introduction

This Section will identify the strengths, weaknesses, threats and opportunities within Mbombela LM based on the information captured in Sections 2 to 6. The SWOT analysis will assist with project identification in when formulating the Mbombela LED Strategy.

7.2 SWOT Analysis

Table 7.1 indicates the SWOT analysis for Mbombela LM.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good road network (N4 &amp; R40)</td>
<td>Lack of service infrastructure and many rural gravel roads</td>
</tr>
<tr>
<td>Close proximity to Swaziland, Mozambique, Gauteng and Limpopo</td>
<td>Poor service delivery</td>
</tr>
<tr>
<td>KMIA</td>
<td>Low levels of education</td>
</tr>
<tr>
<td>Subtropical climate is favourable for agriculture</td>
<td>High unemployment</td>
</tr>
<tr>
<td>Kruger National Park and other tourist attractions</td>
<td>Large informal sector</td>
</tr>
<tr>
<td>Mbombela Stadium</td>
<td>Poor infrastructure maintenance</td>
</tr>
<tr>
<td>Numerous private developments in Mbombela</td>
<td>Poor waste management practices</td>
</tr>
<tr>
<td>Prominent finance and business sector</td>
<td>Traffic congestions</td>
</tr>
<tr>
<td>Development of fresh produce market</td>
<td>Lack of funding for developments</td>
</tr>
<tr>
<td>Development of Mpumalanga University</td>
<td>Uncoordinated planning</td>
</tr>
<tr>
<td>Natural resources</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maputo development corridor</td>
<td>High crime rates</td>
</tr>
<tr>
<td>Growth in tourism sector</td>
<td>Pollution and environmental degradation due to overgrazing, erosion and</td>
</tr>
<tr>
<td>Using technology and ICT infrastructure for service delivery</td>
<td>deforestation, mining and unmanaged manufacturing</td>
</tr>
<tr>
<td>Green economy</td>
<td>Large number of migrations into Mbombela LM</td>
</tr>
<tr>
<td>Technological changes in manufacturing</td>
<td>Unplanned human settlements</td>
</tr>
<tr>
<td>Organic fruits and vegetables</td>
<td>Electricity theft</td>
</tr>
<tr>
<td>Numerous tourist attractions in surrounding municipalities</td>
<td>Lack of water for irrigation and human consumption</td>
</tr>
<tr>
<td></td>
<td>HIV/AIDS</td>
</tr>
<tr>
<td></td>
<td>Poaching</td>
</tr>
</tbody>
</table>
Section 8: LED Project Review

8.1 Introduction

The purpose of this section is to review the current LED projects that are planned for Mbombela LM and determine their viability from an economic development perspective.

8.2 LED Project Review

Table 8.1 provides a list of the 2014/15 LED projects in Mbombela LM as indicated in the Service Delivery and Budget Implementation Plan (SDBIP 2014/2015). These projects are categorised according to their potential effect on local economic development.

<table>
<thead>
<tr>
<th>Category</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential for large benefits for LED</td>
<td>Job linkage centre</td>
</tr>
<tr>
<td></td>
<td>Re-establishment of Mbombela Economic Development Agency (MEDA)</td>
</tr>
<tr>
<td></td>
<td>SMME Support</td>
</tr>
<tr>
<td></td>
<td>Informal Trade Management Programme</td>
</tr>
<tr>
<td>Potential for medium benefits for LED</td>
<td>LED forums, business visits and satisfaction surveys</td>
</tr>
<tr>
<td></td>
<td>Business Plan for Township Rural Route Development</td>
</tr>
<tr>
<td></td>
<td>Informal Trade Summit</td>
</tr>
<tr>
<td></td>
<td>Mbombela Marketing and Promotional Materials</td>
</tr>
<tr>
<td></td>
<td>Building of Trade Stalls</td>
</tr>
<tr>
<td>Little impact on direct LED</td>
<td>Business Arts, Craft Portfolio &amp; Maps</td>
</tr>
<tr>
<td></td>
<td>Support for LED related events in MLM</td>
</tr>
<tr>
<td></td>
<td>Celebrate Africa Day (Umsebe Accord)</td>
</tr>
<tr>
<td></td>
<td>Tourism Month Celebrations</td>
</tr>
<tr>
<td></td>
<td>Support for Events (i.e. MTE etc.)</td>
</tr>
<tr>
<td></td>
<td>Provision of software for the electronic cards for the informal traders</td>
</tr>
<tr>
<td>Necessary projects to create and enabling</td>
<td>Upgrade of KaNyamazane, Msogwaba and Luphisi road</td>
</tr>
<tr>
<td>environment for LED</td>
<td>Updating and Printing of By-Laws</td>
</tr>
<tr>
<td></td>
<td>Support for City Improvement Districts (CID’s)</td>
</tr>
</tbody>
</table>

Based on the above Table, the following projects are thus priority projects in terms of LED and should be included in the implementation plan for the LED Strategy.
<table>
<thead>
<tr>
<th>Project</th>
<th>Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Job linkage centre</td>
<td>Mbombela LM has high unemployment rates and projects designed to assist in decreasing unemployment should be a priority.</td>
</tr>
<tr>
<td>2. SMME Support</td>
<td>Growth in SMME is an important factor in LED as SMMEs has large potential to create new employment opportunities and facilitate growth, especially in rural areas. There is potential in Mbombela LM for SMME development in a number of sectors, including the trade and agriculture sector.</td>
</tr>
<tr>
<td>3. Re-establishment of Mbombela Economic Development Agency (MEDA)</td>
<td>MEDA will play an important role in LED in Mbombela as it can be utilised to bridge the gap between the municipality and the local community. MEDA will need a proper budget and good guidance and political support to ensure a sustainable impact in LED.</td>
</tr>
<tr>
<td>4. Informal Trade Management Programme</td>
<td>There are areas in Mbombela LM where informal trade is very prominent and an information trade management programme can assist in facilitating the inclusion of informal business into the formal economy.</td>
</tr>
<tr>
<td>5. LED forums, business visits and satisfaction surveys</td>
<td>This project can assist the municipality to obtain information on the business climate in Mbombela which will assist the municipality in future developments in the formal business sector.</td>
</tr>
<tr>
<td>6. Upgrade of KaNyamazane Msogwaba and Luphisi road</td>
<td>Infrastructure projects are necessary in rural areas in Mbombela and plays an important function in local economic development.</td>
</tr>
<tr>
<td>7. Support for City Improvement Districts (CID's)</td>
<td>CID can play in important role business area development and can encourage private entities to invest in new business developments in Mbombela LM.</td>
</tr>
</tbody>
</table>
Section 9: LED Strategic Framework

9.1 Introduction

The purpose of this section is to formulate the strategic framework which will guide the local economic development within Mbombela LM. The opportunities will be considered in terms of their ability to broaden the local economic base of the region, create sustainable employment and stimulate business development.

9.2 Development Objectives

The vision of the Mbombela LM is as follows:

“City of Excellence”

In order to attain this vision, the mission statement for the LED Strategy is as follows:

“Together in partnership, stimulating economic development by providing efficient service delivery, meeting the needs of local communities and creating an enabling environment for business development, economic growth and employment creation”

The outcomes of this LED Strategy are as follows:

- Higher employment, particularly in target sectors
- Elimination of basic service delivery backlogs
- Increase in sectors’ GVA contribution
- A more eco-friendly municipality
- Increase in local SMMEs
- Higher overall levels of education and skills development

There are five development objectives that have been identified for LED in Mbombela LM:

- Development Objective 1: An Efficient and Enabling Municipality with Exceptional Infrastructure
- Development Objective 2: An Inclusive Municipal Economy
- Development Objective 3: An Innovative and Technologically Advanced Municipality
- Development Objective 4: An Education and Skills Development Orientated Municipality
- Development Objective 5: An Environmentally Friendly and Tourism Centred Municipality
Each of the five objectives will be defined and discussed below, indicating potential projects as well as important issues that are prevalent in Mbombela LM which will have an effect on the successful implementation of the Mbombela LED Strategy.

9.2.1 Development Objective 1: An Efficient and Enabling Municipality with Exceptional Infrastructure

An efficient and enabling municipality is dependent on the following points:

- **Proper internal municipal capacity**: this means that the Municipality must have adequate staff with sufficient skills to ensure that the Municipality can function at its optimal level.
- **Service delivery & infrastructure**: the Municipality is responsible for providing water, electricity and sanitation services to the communities in Mbombela LM. These services are necessary for any new developments and assists in creating an enabling environment to attract new investments.
- **Municipal planning**: Policies and by-laws of Mbombela LM should be able to create an environment that is conducive of growth, that promotes public private partnerships and that is favourable towards private investment in the Mbombela LM economy. LED is only successful and sustainable if the private and public sector strives towards development and the municipality should thus be encouraging towards such partnerships and private development in its policies and strategies.
- **Accountability and Transparency**: Accountability and transparency is necessary to create confidence in the local municipality not only for local communities but also for businesses and future investors (Batho Pele Principles)

The provision of electricity, water, sanitation and the availability of a good road network form the basis of any economic development. Road development depends in the necessary funds, space and other environmental factors. Limited space for the expansion of roads in Mbombela LM is a very important factor to consider when planning for new developments. Roads need to be widened to be able to hold to traffic volumes but road reserves are too small for the required width or nonexistent due to uncontrolled human settlement in some areas.

In order for new development to take place in the Nsikazi corridor, formal, permanent roads are needed. Currently, the gravel roads need high levels of maintenance due to the damage caused by seasonal rain in the area.

Mbombela LM will also be responsible to ensure that the necessary infrastructure is in place to be able to provide services to new developments such as the National Fresh Produce
Market, the Mpumalanga High Court and business chambers, and the International Conference Centre (ICC) as well as the University of Mpumalanga.
Municipal Branding

The branding of Mbombela LM plays an important role in being an efficient municipality in the sense that branding is all about communication with the public. Residents in Mbombela LM should know that by living in the ‘municipality of excellence’ that they have access to proper service delivery and infrastructure. Not only is branding important for creating an image of unity for Mbombela citizens but also for future investors. The Mbombela LM brand should invoke confidence in the municipality and the services it provides to businesses. Branding of a municipality should highlight the assets of the municipality and area as well as the services the municipality provides, not create an unrealistic image.

In order to reach this development objective of Mbombela LM the following should occur:

- **Internal human resource management:**
  - Internal skills development programme
  - Having the people with the right skills in the necessary positions

- **Decrease service delivery backlogs:**
  - Focus on water provision and sanitation in areas with the highest need
  - Building new substations for electricity provision

- **Provision of infrastructure:**
  - Precinct plans as well as infrastructure management strategies
  - Building roads in areas identified for development in precinct plans and reducing the amount of gravel roads in the municipality
  - Upgrading and widening of roads which have large traffic volumes to provide better traffic flow and reduce accidents
  - Public transport infrastructure (taxi ranks and bus terminals)
  - Establishing collaborative partnerships in order to enhance the capabilities of the Municipality in terms of infrastructure provision

- Developing practical implementable municipal strategies and programmes
- Support for City Improvement Districts (CID’s)

Problems that must be overcome in order to realise this goal include:

- A critical lack of basic services in areas such as Mahukule A, Mahukube, Lundi and Nsikazi
- New developments will need proper infrastructure for service delivery
- Municipal funds must be allocated to prioritised projects and activities
- Internal skills development programmes should have a specific focus to ensure that skills gaps can be appropriately filled
- Staff in the municipality should be used where they can be most effective
There should be coordination between departments to ensure a unified focus for the development of Mbombela LM.

In many areas of Mbombela, there is infrastructure and basic service provision which is not up to standard.

Crime is a problem in many areas of the municipality.

Electricity theft is a major problem within Mbombela LM.

9.2.2 Development Objective 2: An Inclusive Municipal Economy

In order for economic growth in Mbombela LM to be sustainable an inclusive economy is essential. An inclusive economy in Mbombela LM would mean that there are no barriers to economic opportunity in the local economy whether it is geographic or social.

An inclusive economy in Mbombela LM would thus mean:

- Access to health and education facilities
- Access to infrastructure (transport, energy, communication)
- Access to government services
- An incentivised private sector and partnerships between the private and public sector to enable to create new economic opportunities
- A diversified local economy
- An enabling environment for the creation of economic opportunities
- No barriers to entering the local economy of Municipality (spatial and socio-economic barriers)

Potential projects towards this development objective include:

- Creation of new employment opportunities through the development of value chains in certain sectors to enhance the value-added procedures within Mbombela LM (decreasing imports and increasing final product exports) by means of cluster and corridor development.
- Promoting economic activity and in rural areas by providing basic services, infrastructure and creating an enabling environment for investment
- Skills development programmes so that the unemployed can acquire the necessary skills to be employed in the jobs that are being created by the LED strategy
- Transforming the local informal sector
- Aligning LED projects with the spatial planning of Mbombela LM
- Job linkage centre
- Re-establishment of MEDA
- SMME support in rural areas (SMME incubator)
Enterprise development strategy

Problems that should be investigated before implementing projects in this development objective include:

- Lack of coordination between IDP, LED and SDF
- Lack of communication between the municipality, local communities and the private sector
- Large informal sectors in rural areas
- Majority of the population lives far away from economic opportunities
- Lack of compliance and administering of compliance of the local legislative framework in rural and informal settlements

Creating an inclusive Mbombela LM economy is a long term goal and ideally development should focus on the economic nodes in the municipality from which corridor and cluster development will follow, to ultimately be an inclusive economy. The first phase of developing an inclusive economy would be to create an enabling environment (Development Goal 1) with a focus on roads and transport development, not only of goods but of people as well. A large obstacle for creating an inclusive economy in Mbombela LM is the distance between employees and their place of employment.

**Diagram 9.1: Phased Inclusive Economy Development**

- **Phase 1: Enabling Environment:** Infrastructure, roads & transport
- **Phase 2: 1st Order 2nd Order Nodal Point Development**
- **Phase 3: Development of Linkages, Corridors and Clusters**
- **Primary Industry Development**
- **Secondary Industry Development**
- **Tertiary Industry Development**

**Ongoing Maintenance within Mbombela (Regional Activity Node)**

**Inclusive Mbombela LM Economy**
Mbombela is a regional activity node and ongoing maintenance and revitalisation of this node should take place through the development of an inclusive Municipal Economy. Development should take first take place in the following 1st order and 2nd order nodal areas as identified in the SDF (2012): White River, Hazyview, KaNyamazane, Msogwaba, Kabokweni, Swalala and Matsulu. Once the nodal areas have been development, there should be cluster and corridor development to other areas in Mbombela. Following this development principle can in the long run lead to an inclusive municipal economy.

**Phase 1: Infrastructure, Roads and Transport**

This phase depends on Goal 1 as well as the availability of a public transport sector. Many residents of Mbombela LM live far away from the economic opportunities and make use of public transport to get to these locations. Public transport in Mbombela LM is predominantly the use of bus or taxi services. There are bus routes from numerous rural areas to the nodal points (Mbombela, White River, Hazyview etc.). The transport of goods in Mbombela LM is mostly done by trucks; the R40 as well as the N4 are important routes in terms of product transfers. The large volumes of trucks, busses and private vehicles in Mbombela LM make road safety very important. The roads that are used by public transport systems as well as the bus terminal should be focus points for development as these roads experience large numbers of traffic volumes every day. Investigating the possibility of rail as a form of public transport can also be explored.

**Phase 2: Nodal Development**

The sectoral overview and opportunity analysis in previous sectors indicates in which sectors there are development potential. It is therefore necessary to link the appropriate sectors to the areas in which their development will be the most beneficial in terms of growth and employment.

The following sectors where identified for development in Mbombela LM:

- Agriculture
- Manufacturing
- Utilities
- Trade
- Tourism

The Table below indicates potential sector development projects based on information from the economic analysis and economic potential analysis.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Projects</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1. Organic vegetable production</td>
<td>Organic vegetables are a recent trend in the agriculture sector. This project can be in the form of a community project where organic produce are produced for local markets as well as exports.</td>
</tr>
<tr>
<td></td>
<td>2. Macadamia nut and oil production</td>
<td>This project would entail establishing new macadamia nut farms to produce nuts for consumption as well a plant to produce macadamia nut oil.</td>
</tr>
<tr>
<td></td>
<td>3. Compost manufacturing from farm waste (SMME)</td>
<td>This project would follow the macadamia nut farm project where shells of macadamia nuts can be used to produce compost for the use of the farm as well as selling to the local markets.</td>
</tr>
<tr>
<td></td>
<td>4. Aquaculture</td>
<td>A community fresh water fish farm can promote SMME development and employment in rural areas of Mbombela LM.</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6. Packaging plant for fruit exports (KMIA)</td>
<td>Establishing an export market through KMIA for fruits and vegetables would require a packaging plant near the airport where produce can be specifically packed according to the requirements for exports markets.</td>
</tr>
<tr>
<td></td>
<td>7. Juice extraction (citrus, mango)</td>
<td>This project entails establishing a facility where juice can be extracted from local citrus fruits and mangoes for the local and export market as a way of adding value to the local agricultural sector.</td>
</tr>
<tr>
<td></td>
<td>8. Production of essential oil from citrus peel</td>
<td>Citrus fruits are a very prominent crop in Mbombela LM; this project would entail producing essential oil form citrus peel that would be normally be waste in the production of other citrus products such as juice.</td>
</tr>
<tr>
<td></td>
<td>9. Cosmetics from essential oils</td>
<td>This project links with the production of producing essential oils. This project develops the citrus value chain by producing cosmetics and soaps from local essential oils extracted from citrus peel.</td>
</tr>
<tr>
<td></td>
<td>10. Eco-friendly packaging material</td>
<td>This project entails producing boxes and other packaging materials from recycled paper and plastic items as collected from local recycling projects.</td>
</tr>
<tr>
<td></td>
<td>11. Food processing for exports</td>
<td>This project can link with the organic food production project where organic produce as processed and sold for the export market (dried, juice, sauces etc.)</td>
</tr>
<tr>
<td></td>
<td>12. Furniture production</td>
<td>This project would provide local communities or SMMEs the opportunity to learn skills and produce furniture from the wood of the local forestry industry.</td>
</tr>
<tr>
<td>Sector</td>
<td>Projects</td>
<td>Description</td>
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<td>----------</td>
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<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>13. Arts &amp; crafts manufacturing from recycled items</td>
<td>This project links with local recycling projects whereby arts and crafts from tins, plastic or glass can be produced for the local tourism market.</td>
</tr>
<tr>
<td>Utilities</td>
<td>14. Solar panel street lights installation</td>
<td>As a way to save electricity, street lights within Mbombela can be powered by solar panels.</td>
</tr>
<tr>
<td></td>
<td>15. Solar geysers in new housing developments</td>
<td>New housing developments for local residents should make use of solar geysers as a way to save energy.</td>
</tr>
<tr>
<td></td>
<td>16. Business, schools and household recycling programme</td>
<td>This project entails having special bins or bags for recyclable materials in schools, local business areas and households as well as a plant where materials can be sorted to be distributed to projects for manufacturing (compost, crafts or packaging materials)</td>
</tr>
<tr>
<td></td>
<td>17. Harvesting rain water in communities without water and new business developments</td>
<td>Water availability is a concern in Mbombela LM and the provision of water tanks to harvest rain water in communities can help decrease service delivery backlogs.</td>
</tr>
<tr>
<td></td>
<td>18. Programme to encourage businesses and households to change to energy saving light bulbs</td>
<td>This project can be in the form of a marketing campaign to enlighten households and business about the importance of saving energy and through this campaign encourage local households and business to use energy saving light bulbs where possible.</td>
</tr>
<tr>
<td>Trade</td>
<td>19. Informal Trade Management Programme</td>
<td>Establishing a system to manage informal trade and establishing ‘markets’ which specifically cater for informal traders is important tools that can help manage informal trade in Mbombela LM.</td>
</tr>
<tr>
<td></td>
<td>20. SMME retail development</td>
<td>Creating SMME business incubators which are in the business of trade in rural areas.</td>
</tr>
<tr>
<td>Tourism</td>
<td>* See Development Goal #5</td>
<td></td>
</tr>
</tbody>
</table>

**Phase 3: Corridor and Cluster Development**

The third phase of creating an inclusive economy is corridor and cluster development. While White River is an existing forestry cluster while Hazyview is an agriculture cluster and Mbombela is a regional commercial cluster. Value chain development will grow existing clusters and create opportunities for new local corridors which will promote a more inclusive economy as employment opportunities will not be limited to the nodal areas.
9.2.3 Development Objective 3: An Innovative and Technologically Advanced Municipality

Technological advancement can be in the form of service delivery, communication, energy provision and innovative manufacturing incubators. By ensuring that Mbombela LM is an innovative and technologically advanced municipality can mean that processes, service delivery and economic growth can occur at an optimal level and that there is an enabling environment for technologically advanced cluster developments. Partnerships between private sector and public sector are essential for technological advancements such as broadband and Wi-Fi internet connections in public areas. Mbombela LM can become a technologically advanced municipality through:

- Creating functioning ICT infrastructure (broadband connectivity)
- Skills development in technological changes in certain sectors, for instance agriculture or manufacturing
- Technologically advanced industrial parks
- A computer literate population
- Using technology to improve service delivery

Projects towards this development goal can include:

- Providing internet connectivity to local schools and skills development institutions
- Wi-Fi Hotspots in the CBD and places such as libraries
- Community computer literate program
- E-services
- ‘Smart’ crime fighting and emergency management
- Mobile internet cafes in rural areas
- Improving the municipal call centre to be available 24 hours

Box 9.1: E-Services Example

The City of Johannesburg has an e-services function on their website which allows residents to:

- Receive rates, water and lights invoices via e-mail
- View the progress of submitted building plans online
- Fill in online property valuations form
- Access an interactive City of Johannesburg map
Problems in Mbombela LM in terms of access to internet and computers:

- An estimated 32% of the people in Mbombela LM have access to the internet, of which 57% access the internet via their cell phones and only 17% have access at home.
- Access to a computer is limited to 20% of the Mbombela LM population.
- Rural areas in Mbombela LM should not be excluded from technological advancements (inclusive economy).

9.2.4 Development Objective 4: An Education and Skills Development Orientated Municipality

A university city can be defined as a city whose economy is closely related with the activities at the university and supported by university structures; this would typically include university clinics, libraries, business incubators etc. A university city is typically a city whose population is dominated by the university population. Many university cities are also centres for technological research and innovative start-ups. University cities in South Africa include Stellenbosch and Potchefstroom.

Conflict can easily arise between local government and higher education facilities, especially if there are a large number of students. Issues that normally arise are due to housing concerns, noise levels, crime concerns and traffic congestions. It is therefore very important that there are open lines of communication between local government and the higher education facilities.

Mbombela LM has a number of higher education facilities, especially in Mbombela. These education facilities include: a UNISA office, the Ehlanzeni FET College, a Tshwane University of Technology (TUT) Campus etc. as well as the development of the University of Mpumalanga.

The University of Mpumalanga’s main campus is situated at the Lowveld College of Agriculture and has two other campuses; the hospitality school in KaNyamazane and the Siyabuswa Education Campus. The Education Campus is not located within the borders of Mbombela LM.

Mbombela LM will not be a traditional university city where the local economy is mostly dependant on the operations of the University but the Mpumalanga University, together with other higher education facilities will assist to fill some of the economic and socio-economic gaps that are prevalent in the Mbombela LM.

The Diagram below indicates the framework with which the partnership between local education service providers, business and the local municipality can work together to work towards an education and skills development municipality.
Focus points for developing Mbombela LM into an education and skills development focused municipality:

- There is a large majority of the population that have a lack in education.
- The University will improve access to higher education for local communities.
- High youth unemployment rates are prevalent in Mbombela LM.
- The University will assist in developing the local agricultural and tourism sector.
- The University will create employment (temporary and permanent).
- By focussing on tourism and agriculture studies, the university can ensure growth in these sectors.
- Future commercial studies at the university can be very beneficial towards to local economy as Mbombela is the finance and business hub of the Province.
- Together with the municipality and other institutions, skills shortages can be addresses and the importance of an high school education can be promoted in Mbombela LM.
- By working together with other education and training facilities, the University can provide assistance in terms of accreditation of courses, guest lecturers etc.
- Collaboration volunteer programmes between institutions can directly benefit local communities.
- Encouraging post graduate research at higher education facilities in Mbombela LM.

The municipality can assist in maximising the benefits from the University by:

- Ensuring that there are basic services and infrastructure at university developments.
- Working together with the university to ensure that there is easy access to campus and the necessary facilities for example, shops, libraries, book stores etc.
- Collaborating with university in terms of spatial planning in areas surrounding the municipality
- Creating a job linkage programme with the university and local businesses to facilitate linking graduated with job opportunities or internships within Mbombela LM to ensure skills are retained within the municipality
- Creating a partnership with the university to create community and volunteer projects in which students can participate and build the local community
- Higher education institutions can collaborate with each other and the municipality to host facilitate courses or classes in the rural areas
- Developing a skills development centre for vocational education and training

Currently, the university is still in its development phase; with only 100 students being able to enrol for the B(Ed) and 20 students for the Bachelor of Agriculture programme. There is also space available for 20 students in for the Diploma in Hospitality Management programme. The municipality can therefore at this stage only ensure that adequate infrastructure is provided to the University and that the development of the university is part of Mbombela LM spatial planning. As the university develops and grows, the municipality must collaborate with the University and encourage their participation in local economic development.

- Skills development should be in those sectors which have been identified for development as well as the prominent sectors in Mbombela LM.
- Not only is it important to improve skills in Mbombela LM to ensure that sectors have adequately skilled employees and that there is a larger proportion of the population who have higher education but there should also be a focus on primary and high schools and the importance of obtaining a National Senior Certificate.
- Mbombela LM can assist in ensuring that schools are an environment constructive to learning by ensuring that there are functioning services like running water and electricity. The municipality can also assist in ensuring that schools have books, the necessary equipment and adequate libraries to help learners make the most of their education.

9.2.5 Development Objective 5: An Environmentally Friendly and Tourism Centred Region

This development objective is based on a two pronged approach:
 Diagram 9.3: Development Objective 5 – Approach

a) Environmentally Friendly Municipality

Developing Mbombela LM into an environmentally friendly municipality means that the municipality creates a favourable environment for recycling and waste management activities; encourages sustainable production practices and promotes the use of alternative energy sources.

Mbombela LM can be transformed into an environmentally friendly municipality by:

- Promoting the importance of ‘reduce, re-use and recycle’ in local communities
- Encouraging new developments to use products such as solar panels for electricity, solar geysers, energy saving light bulbs and environmentally friendly building materials and water tanks to harvest rain water.
- Encouraging businesses and households to use energy and water more efficiently and to reduce waste
- Creating more environmentally friendly practices within the day-to-day functioning of the Municipality.
- Utilising alternative energy sources to reduce infrastructure backlogs in rural communities (electricity and solar geysers)
- Reducing the carbon footprint of the Municipality
- Lobbying nationally for power to be put back into the grid by residential generation options

Potential projects:

- Recycling programmes (involve schools, businesses and local communities)
- Manufacture products from recycled materials for the tourism sector
- Organic waste to compost programme
Alternative energy for rural communities
- Support for CIIs/keep Mbombela clean projects
- Waste to energy production
- Advertisement campaign on recycling, water and electricity use in Mbombela LM to inspire the local communities and businesses to become more environmentally conscious

Community involvement in environmental protection is essential but unfortunately very poor waste management systems are in place in Mbombela; 60% of residents use their own refuse dumps to dispose of waste which can have very negative environmental impacts. Addressing this issue should be a priority while transforming Mbombela LM into an environmentally friendly municipality.

b) Conservation and Management of Biodiversity, Environmental and Natural Resources.

The natural environment of Mbombela LM and surrounding areas play a very important role in the local economy of the region. The region is renowned for the Kruger National Park as well as other natural tourist attractions. Conservation and sustainable agricultural methods must thus be of priority to the region.

The increase in the population, especially in Mbombela LM will have a negative effect on the natural environment. Deforestation, overgrazing, erosion and water pollution as a result of informal human settlements can all have negative effects on the environment which in turn can have a negative result on the regional tourism industry and the rural agricultural sector.

It is therefore necessary that local government, tourism stakeholders and the local community work together to protect the eco-systems and natural environment of the region as it can form valuable linkages to the tourism sector of the region and assist in creating new employment opportunities for the local communities.

Potential projects for conservation and tourism promotion in the region includes:
- Sustainable agriculture programme in rural areas
- Management of rivers, streams, wetlands etc.
Addressing illegal sand mining in rural areas

It is very important to educate local communities on the importance of conservation and sustainable agricultural practices. Not only for its effect on tourism but also on the livelihoods of future generations.

c) Tourism Promotion

As previously mentioned, the natural environment of Mbombela LM as well as in the surrounding areas play an important role in local tourism development; but this is not the only aspect to tourism in Mbombela LM.

The following types of tourism should be developed and promoted within Mbombela LM:

- Adventure tourism
- Cultural tourism
- Cross-border shopping tourism (Mozambique and Swaziland)
- Events tourism (ICC development, Mbombela Stadium, local festivals, etc.)
- Rural/township tourism

Potential projects in terms of tourism development thus include:

- Developing existing conservation areas in Mbombela LM into tourism attractions
- Working together with other local municipalities and tourism stakeholders to create regional tourism routes and packages
- Promoting community tourism in areas surrounding the Kruger National Park (rural tours, local arts & crafts manufacturing etc.)
- Creating a Mbombela Tourism Development Strategy which will promote the different types of tourism which are mentioned above in Mbombela LM as well as marketing an branding of Mbombela LM as a tourist destination

Tourism Branding

Branding is an important tool to market an area to potential tourists. Mbombela LM falls within the branding area of Kruger Lowveld Tourism who promotes tourism in the following towns and surrounding areas:

- Hoedspruit
- Schoemanskloof
- Bushbuckridge
- eManzana (Badplaas)
- Hazyview
- Malelane
- White River
- Komatipoort
- Mbombela
- Kruger National Park area
It is important when branding Mbombela LM as a tourist destination and a gateway to the region, to collaborate and align with existing branding of the area – such as the Kruger Lowveld brand. By working together with this brand, together with the Kruger Lowveld Chamber of Business and Tourism (KLCBT), tourism linkages to other areas can be strengthened and there can be collective tourism promotion. It is also important to create a more aligned branding strategy between private and public sectors. ‘Kruger Lowveld’ should be used to attract tourists to all the activities and attractions in the area and ‘the city of excellence’ should be true to its description in terms of services delivery and infrastructure, safety and cleanliness to ensure tourists to stay longer and return to Mbombela LM.

9.2.6 LED Projects & Outcomes

The Table below indicates a full list of projects under each development objectives as discussed in the previous subsection as well as the preferred main outcome(s) of each project.
<table>
<thead>
<tr>
<th>Development Goal</th>
<th>Project</th>
<th>Description</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. An efficient and enabling municipality with exceptional infrastructure</strong></td>
<td>1.1 Internal skills development programme</td>
<td>Identify skills shortages within the municipality and through training programmes, skills shortages can be resolved.</td>
<td>1.1.1 Skilled and efficient municipal employees</td>
</tr>
<tr>
<td></td>
<td>1.2 Reduction of service delivery backlogs through inter-departmental collaboration</td>
<td>By identifying areas that are in the highest need for service delivery and working together with other municipal departments, service delivery backlogs can be resolved.</td>
<td>1.2.1 Better coordination within Municipality</td>
</tr>
<tr>
<td></td>
<td>1.3 Creating precinct plans</td>
<td>Precinct plans for areas within Mbombela LM will create development perspective in terms of spatial priorities within Mbombela LM and can provide direction for new infrastructure developments</td>
<td>1.2.2 Decrease of service delivery in areas in need</td>
</tr>
<tr>
<td></td>
<td>1.4 Building of roads in areas identified for development</td>
<td>By working together with other departments, identify areas which are in highest needs for roads and road maintenance. This follows on the creation of precinct plans.</td>
<td>1.3.1 Clear plans for infrastructure developments within certain areas of Mbombela LM</td>
</tr>
<tr>
<td></td>
<td>1.5 Inter-departmental cooperation and teambuilding</td>
<td>Inter-departmental cooperation and coordination is essential to create a unified vision for development as well as encouraging teamwork. This can be achieved through team building exercises and interdepartmental task teams for specific projects</td>
<td>1.4.1 Better roads to create an enabling environment for investment</td>
</tr>
<tr>
<td><strong>2. Inclusive municipal economy</strong></td>
<td>2.1 Traffic and public transport strategy</td>
<td>Public transport and the affect it has on roads as well as traffic congestion in Mbombela needs to be thoroughly examined and a strategy needs to be in place on how to handle increased traffic flow and the affect on roads as Mbombela and towns develop.</td>
<td>2.1.1 Efficient public transport</td>
</tr>
<tr>
<td></td>
<td>2.2 Public transport strategy</td>
<td></td>
<td>2.1.2 Better road safety within Mbombela</td>
</tr>
</tbody>
</table>

Table 9.2: Projects and Outcomes
<table>
<thead>
<tr>
<th>Development Goal</th>
<th>Project</th>
<th>Description</th>
<th>Outcome</th>
</tr>
</thead>
</table>
| 2.2 Sector Development | Projects: | A. Agriculture  
• Manufacturing  
• Utilities  
• Trade | The Table below indicates potential sector development projects based on information from the economic analysis and economic potential analysis. Table 9.1. | 2.2.1 Increased GVA in sectors  
2.2.2 Increased employment in sectors  
2.2.4 Spill-over effect to other sectors (finance, services, etc.) |
|  | 2.3 Informal Sector Strategy |  
Informal sector is prevalent in Mbombela. An informal sector strategy needs to provide direction on ways to encourage SMME development and bringing informal business into the formal sector. The informal sector should also be properly managed to ensure that there is no conflict between the informal and formal sector in Mbombela. | 2.3.1 Improved management of informal sector  
2.3.2 SMME development by transforming informal business into formal businesses |
<p>|  | 2.4 Job Linkage Centre | This project would entail commissioning a facility or working together with local business in linking local candidates, especially in rural areas, with adequate skills, to employment opportunities in Mbombela. The job linkage centre can also provide training to ensure candidates have the skills that are required by employers. | 2.4.1 Assisting unemployed and discouraged work seekers to find employment |
|  | 2.5 SMME Incubator | An SMME incubator situated in a rural area can provide the necessary skills, mentorship and guidance for the unemployed to create their own economic opportunities | 2.5.1 More SMMEs in Mbombela LM |
|  | 2.6 Re-establishment of MEDA | This project is an existing LED project | 2.6.1 Local economic development through business development and support finance |</p>
<table>
<thead>
<tr>
<th>Development Goal</th>
<th>Project</th>
<th>Description</th>
<th>Outcome</th>
</tr>
</thead>
</table>
|                  | 2.7 Mbombela Corporate Social Investment Scheme | The Mbombela Corporate Social Investment (CSI) Scheme can link businesses with projects in Mbombela LM which will promote LED and form part of the company’s SCI project. | 2.7.1 Through CSI, get local business involved in LED  
2.7.2 Improved communication between private and public sector |
|                  | 2.8 Mbombela Economic Development Partnership | The Mbombela Economic Development Partnership is a way for the Municipality and the local private sector organisations to work together on specific projects for the purpose of LED. | 2.8.1 Improved communication between private and public sector  
2.8.2 Local Economic Development through a public-private partnership |
| 3. An Innovative & Technologically Advanced Municipality | 3.1 E-services | This project entails setting up the necessary infrastructure so that residents can receive statements via email as well as provide other online services that would normally be face-to-face. | 3.1.1 Easy access to municipal services |
|                  | 3.2 Wi-Fi project (CBD, Schools, Libraries) | The Wi-Fi project would be an extensive PPP to provide local libraries and schools as well as designated areas within the CBD with free Wi-Fi for a certain amount of data with the purpose of improving access to the internet in Mbombela. | 3.2.1 Improved access to the internet for local community |
|                  | 3.3 Community Computer Programme | Computer literacy is very important and this project will entail a computer centres in specific areas which will allow communities access to computers as well as basic training in computer skills. | 3.3.1 Improving access to the computers for communities in need  
3.3.2 Improving computer literacy in Mbombela LM |
<table>
<thead>
<tr>
<th>Development Goal</th>
<th>Project</th>
<th>Description</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.4 'Smart' Crime Fighting</td>
<td>This project aims to decrease crime in areas such as the CBD by installing CCTV cameras in critical areas.</td>
<td>3.4.1 Reduction in crime</td>
<td></td>
</tr>
<tr>
<td>4.1 Mbombela Higher Education Partnership</td>
<td>By facilitating a partnership between all higher education and training facilities in Mbombela, there can be collaboration on skills development projects with the purpose of getting local education institutions involved in LED in Mbombela.</td>
<td>4.1.1 Enhancing communication between higher education facilities and municipality</td>
<td></td>
</tr>
<tr>
<td>4.2 Mpumalanga University Service Provision</td>
<td>This project will be an ongoing project that ensures that as the university is developed that there is always the necessary infrastructure and service provision to create an enabling environment for the functioning of the university</td>
<td>4.2.1 Improving skills in Mbombela LM, especially in rural areas</td>
<td></td>
</tr>
<tr>
<td>4.3 Internship and Trainee Programme</td>
<td>This project would entail linking local graduates from higher education facilities to internships and trainee within Mbombela in order to assist graduates in obtaining experience in their respective fields.</td>
<td>4.3.1 Decreasing youth unemployment</td>
<td></td>
</tr>
<tr>
<td>4.4 Mbombela Schools Development Programme</td>
<td>Schools need to have proper infrastructure, facilities and equipment and also be in a safe environment to function properly. An audit of the needs of local schools need to be conducted which will assist in giving directions how local schools can be improved.</td>
<td>4.4.1 Ensuring a school environment constructive to learning</td>
<td></td>
</tr>
<tr>
<td>4.5 Youth Development Programme &amp; Skills Centre</td>
<td>A programming providing vocational skills development as well as SMME development skills and mentorship for the youth</td>
<td>4.5.1 Improve education and employment of youth in</td>
<td></td>
</tr>
</tbody>
</table>

4. An education and skills development orientated Municipality
<table>
<thead>
<tr>
<th>Development Goal</th>
<th>Project</th>
<th>Description</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.6 Sectoral Skills Audit</strong></td>
<td>A skills audit will identify the skills that are in need in local sectors and industries so that skills development projects can have a direct focus on supplying the skills that are in demand within Mbombela</td>
<td>Mbombela</td>
<td>4.6.1 Focussed sectoral skills development</td>
</tr>
</tbody>
</table>
| **5. An Environmentally Friendly and Tourism Centred Municipality** | **5.1 Recycling programmes (involve schools, businesses and local communities)** | This project will entail:  
• promoting ‘reduce, re-use and recycle’  
• providing colour coded recycling bins to local schools  
• a business paper recycling programme  
• Community glass, tin and plastic recycling bins | 5.1.1 Less waste in Mbombela LM |
<p>| | <strong>5.2 Manufacture products from recycled materials for the tourism sector</strong> | This project links with the recycling programme; glass and tins can be used to create crafts and other items to be resold in the tourism industry | 5.2.1 SMME Development |
| | <strong>5.3 Organic waste beneficiation</strong> | This community project will assist with refuse disposal in rural areas whereby organic waste is not dumped but utilised to make compost which can be sold to local farmers or used in community farming projects. Other products such as biogas can also be produced. | 5.2.3 Employment Opportunities |
| | <strong>5.4 Solar panels for service delivery in rural areas</strong> | This project will assist in alleviating the stress on current electricity sources. New township development can be | 5.4.1 Decrease service delivery backlog |</p>
<table>
<thead>
<tr>
<th>Development Goal</th>
<th>Project</th>
<th>Description</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.5 City Improvement District (CID) Support Programme</td>
<td>CID programmes have numerous positive effects on business areas and should be supported.</td>
<td>5.5.1 Attractive environment for new investment</td>
<td></td>
</tr>
<tr>
<td>5.6 Sustainable agriculture programme</td>
<td>This programme will teach sustainable agriculture methods and the importance of conservation to subsistence and emerging farmers in Mbombela.</td>
<td>5.6.1 Employment creation, 5.6.2 Decrease in environmental degradation, 5.6.3 Skills Development</td>
<td></td>
</tr>
<tr>
<td>5.7 New tourism development in conservation areas</td>
<td>Numerous areas within Mbombela LM are conservation areas but there is no beneficiation from them. Developments can be in the form of creating hiking trails, 4x4 routes or picnic spots for tourists.</td>
<td>5.7.1 Tourism and conservation promotion, 5.7.2 More tourists to region, 5.7.3 Employment creation</td>
<td></td>
</tr>
<tr>
<td>5.8 Regional tourism routes and packages</td>
<td>Mbombela LM, together with private sector and adjacent municipalities should develop new tourism routes and encourage private sector to create affordable tourism packages in an effort to stimulate regional tourism.</td>
<td>5.8.1 More tourists to region</td>
<td></td>
</tr>
<tr>
<td>5.9 Community tourism projects</td>
<td>This project aims to help local communities which are situated around the KNP. The project can assist local communities to develop tourism products in the rural areas. These products can be in the form of rural tours or the manufacturing of arts and crafts.</td>
<td>5.9.1 Community involvement in tourism, 5.9.2 Employment creation</td>
<td></td>
</tr>
<tr>
<td>Development Goal</td>
<td>Project</td>
<td>Description</td>
<td>Outcome</td>
</tr>
<tr>
<td>------------------</td>
<td>---------</td>
<td>-------------</td>
<td>---------</td>
</tr>
</tbody>
</table>
| 5.10 Waste to energy project | By incinerating waste, energy can be created. This can be an alternative source of energy especially in rural areas. This project can also help waste management in rural areas | 5.10.1 Employment creation  
5.10.2 Cleaner rural areas and less dumping sites  
5.10.3 Increased electricity provision in rural areas  
5.10.4 A more environmentally friendly municipality |
Section 10: Project Prioritisation

10.1 Introduction

The projects identified during the opportunity analysis and strategic framework development needs to be prioritised in terms of each project’s importance in Mbombela LM economy. The prioritisation of projects is done through the employment of prioritisation criteria. The identified prioritisation criteria will form the basis of the prioritisation model and ultimately assist in the identification of anchor LED projects for Mbombela LM.

10.2 Prioritisation Criteria

The following four prioritisation criteria have been identified for Mbombela LM:

- Strategic Importance and Alignment
- Job Creation Potential
- Economic Impact
- SMME Development Potential

10.2.1 Criteria 1: Strategic Importance and Alignment

A project strategic importance is determined by the project’s ability to positively impact on the local economy. Strategic importance as criteria takes into account the scale of development, the use of local resources as well as the effect the project will have on the comparative advantages of the local economy. A project will furthermore obtain a high score in this category if the project has strong linkages with other potential and existing projects.

The projects should also be aligned with government policies and legislation to adhere to a regional, provincial and national growth path.

10.2.2 Criteria 2: Job Creation Potential

This criterion evaluates the number of jobs to be created from potential project and the sustainability of jobs in the years to come. The creation of jobs is an important element for both local and national government as it assists with poverty eradication.
10.2.3 Criteria 3: Economic Impact

The criteria utilised for the assessment of projects, include the project’s impact in terms of socio-economic aspects. Economic impact refers to the sum of the projects’ influences on the local economy and includes the following aspects:

- Increased and additional levy income
- New business sales
- Potential agglomeration effects and advantages
- Investment

10.2.4 Criteria 4: SMME Development Potential

This criterion evaluates the potential of a specific project to assist with small and medium sized business developments; if the project will benefit or assist with development of SMMEs either directly or indirectly.

It is evident that the specific effects of each of the factors mentioned above are directly associated with the establishment of the project. This also includes indirect effects of the local economy and its community (social aspects), which are difficult to accurately measure and include aspects such as sustainable job creation and skills development.

10.3 Project Categorisation

Each project identified in the Mbombela LM LED is classified according to the following types of projects:

- **Quick win projects**: These projects can be implemented within a maximum of 6 months and show a quick success. This will ensure that awareness of the strategy is raised, the commitment of stakeholders is proven and assist stimulate the momentum required to implement a wide reaching economic strategy.

- **Anchor projects**: These projects are flagship projects aimed primarily at facilitating and attaining economic development. These projects should be functionally focused and will represent the primary marketable development drivers in the study area. These projects are generally aimed at the medium to long term.

- **Supportive projects**: These projects will play a supporting role for both the catalytic as well as the community need projects. An example in this regard could be upgrading of roads.

- **Identified need projects**: The needs identified by the local community in the study area are as important as any other project and thus also require facilitation.
Skills linkage projects: These projects relate to opportunities of local economic development service provision such as municipal labour-intensive projects where local community members with the appropriate skills can be employed or up-skilled.

10.4 Project Prioritisation

The Table below indicates the priority of each of the LED projects as well as the type of project.

Table 10.1: Project Prioritisation

<table>
<thead>
<tr>
<th>Project</th>
<th>Priority</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Development Goal 1: An Efficient and Enabling Municipality with Exceptional Infrastructure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Reduction of service delivery backlogs through inter-departmental collaboration</td>
<td>1</td>
<td>Anchor</td>
</tr>
<tr>
<td>1.2 Building of roads in areas identified for development</td>
<td>2</td>
<td>Supportive</td>
</tr>
<tr>
<td>1.3 Creating precinct plans</td>
<td>3</td>
<td>Supportive</td>
</tr>
<tr>
<td>1.4 Internal skills development programme</td>
<td>4</td>
<td>Quick win</td>
</tr>
<tr>
<td>1.5 Inter-departmental cooperation and teambuilding</td>
<td>5</td>
<td>Quick win</td>
</tr>
<tr>
<td><strong>Development Goal 2: An Inclusive Municipal Economy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 SMME Incubator</td>
<td>1</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.2 Macadamia nut and oil production</td>
<td>2</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.3 Job Linkage Centre</td>
<td>3</td>
<td>Identified need</td>
</tr>
<tr>
<td>2.4 Informal Trade Management Programme</td>
<td>4</td>
<td>Quick win</td>
</tr>
<tr>
<td>2.5 SMME retail development</td>
<td>5</td>
<td>Identified need</td>
</tr>
<tr>
<td>2.6 Packaging plant for fruit exports (KMIA)</td>
<td>6</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.7 Food processing for exports</td>
<td>7</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.8 Furniture production</td>
<td>8</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.9 Organic vegetable production</td>
<td>9</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.10 Aquaculture</td>
<td>10</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.10 Compost manufacturing from farm waste (SMME)</td>
<td>11</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.11 Juice extraction (citrus, mango)</td>
<td>12</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.12 Production of essential oil from citrus peel</td>
<td>13</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.13 Eco-friendly packaging material</td>
<td>14</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.14 Re-establishment of MEDA</td>
<td>15</td>
<td>Quick Win</td>
</tr>
<tr>
<td>2.15 Mbombela Corporate Social Investment Scheme</td>
<td>16</td>
<td>Quick win</td>
</tr>
<tr>
<td>2.16 Cosmetics from essential oils</td>
<td>17</td>
<td>Anchor</td>
</tr>
<tr>
<td>2.17 Mbombela Economic Development Partnership</td>
<td>18</td>
<td>Quick Win</td>
</tr>
<tr>
<td>2.18 Traffic and public transport strategy</td>
<td>19</td>
<td>Supportive</td>
</tr>
<tr>
<td>Project</td>
<td>Priority</td>
<td>Type</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>----------</td>
<td>-----------------------</td>
</tr>
<tr>
<td><strong>Development Goal 3: An Innovative &amp; Technologically Advanced Municipality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 Wi-Fi project (CBD, Schools, Libraries)</td>
<td>1</td>
<td>Quick win</td>
</tr>
<tr>
<td>3.2 Community Computer Programme</td>
<td>2</td>
<td>Identified need</td>
</tr>
<tr>
<td>3.3 E-services</td>
<td>3</td>
<td>Quick win</td>
</tr>
<tr>
<td><strong>Development Goal 4: An Education and Skills Development Orientated Municipality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Internship and Trainee Programme</td>
<td>1</td>
<td>Identified need</td>
</tr>
<tr>
<td>4.2 Youth Development Programme &amp; Skills Centre</td>
<td>2</td>
<td>Identified need</td>
</tr>
<tr>
<td>4.3 Mpumalanga University Service Provision</td>
<td>3</td>
<td>Supportive</td>
</tr>
<tr>
<td>4.4 Mbombela Higher Education Partnership</td>
<td>4</td>
<td>Quick win</td>
</tr>
<tr>
<td>4.5 Sectoral Skills Audit</td>
<td>5</td>
<td>Supportive</td>
</tr>
<tr>
<td>4.6 Mbombela Schools Development Programme</td>
<td>6</td>
<td>Identified need</td>
</tr>
<tr>
<td><strong>Development Goal 5: An Environmentally Friendly and Tourism Centred Municipality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1 Community tourism projects</td>
<td>1</td>
<td>Identified need</td>
</tr>
<tr>
<td>5.2 New tourism development in conservation areas</td>
<td>2</td>
<td>Anchor</td>
</tr>
<tr>
<td>5.3 Arts &amp; crafts manufacturing from recycled items</td>
<td>3</td>
<td>Skills linkage</td>
</tr>
<tr>
<td>5.4 Recycling programmes (involve schools, businesses and local communities)</td>
<td>4</td>
<td>Skills linkage</td>
</tr>
<tr>
<td>5.5 Regional tourism routes and packages</td>
<td>5</td>
<td>Quick win</td>
</tr>
<tr>
<td>5.6 City Improvement District (CID) Support Programme</td>
<td>6</td>
<td>Quick win</td>
</tr>
<tr>
<td>5.7 Organic waste beneficiation</td>
<td>7</td>
<td>Anchor</td>
</tr>
<tr>
<td>5.8 Waste to Energy</td>
<td>8</td>
<td>Anchor</td>
</tr>
<tr>
<td>5.9 Sustainable agriculture programme</td>
<td>9</td>
<td>Quick win</td>
</tr>
<tr>
<td>5.10 Solar geysers in new housing developments</td>
<td>10</td>
<td>Anchor</td>
</tr>
<tr>
<td>5.11 Harvesting rain water in communities without water and new business developments</td>
<td>11</td>
<td>Anchor</td>
</tr>
<tr>
<td>5.12 Solar panel street lights installation</td>
<td>12</td>
<td>Anchor</td>
</tr>
<tr>
<td>5.13 Programme to encourage businesses and households to change to energy saving light bulbs</td>
<td>13</td>
<td>Quick win</td>
</tr>
</tbody>
</table>
Section 11: Institutional Framework

11.1 Introduction

The institutional framework is a key driver to creating an enabling environment and ensuring that proposed projects are successful, without the appropriate framework, projects could fail. This purpose of this section is to ensure an effective and efficient LED structure exists to implement this LED Strategy.

The importance of good relationship and partnerships between various stakeholders in the Local Municipality is of utmost importance as this will be the driving factor to implement projects.

11.2 LED Roles and Responsibility

It is important to stress that LED is an on-going process involving numerous role-players and initiatives and that an integrated approach to LED is required.

According to Section 152 of the Constitution, a municipality must strive, within its financial and administrative capacity, to achieve the following objectives of local government:

- To provide democratic and accountable government for local government and 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 organizations in the matters of local government.

Municipalities need to play a **connector role** in respect of LED whereby they draw on resources locked in a range of different government support instruments into their localities. For example, municipalities can draw on the support of SETAs to address skills development in their areas, SEDA to assist with the retention and growth of enterprises in their area, etc. Besides government support programmes there are a range of non-governmental support initiatives that municipalities can tap into for resources.

**All levels of government have a role to play** and a responsibility to facilitate and coordinate LED initiatives in their areas of jurisdiction. Local municipalities are the key implementation agencies of government and therefore play a significant role in Local Economic Development. Figure 7.1 summaries the roles and responsibilities of Local Municipalities.
Diagram 11.1: Roles and Responsibilities of Local Municipalities in terms of Local Economic Development

11.3 Current Structure and Strength of the LED Unit

The Organogram below indicates the current structure of the LED unit of the Mbombela LM.

The local economic development department has an extensive organogram but only the following positions are filled:

- 1x Manager Economic Development
- 1x Officer Economic Development
- 1x Manager Tourism Development
- 1x Tourism officer
- 1x Officer Trade
- 1x Licensing officer
- 4x Street trading bylaws enforcers
- 1x Secretary to the senior Manager LED, Tourism and Trade
Diagram 11.2: Approved Organogram of Local Economic Development Department

LOCAL ECONOMIC DEVELOPMENT
- 1 x General Manager
- 1 x Secretary

ECONOMIC DEVELOPMENT
- 1 x Senior Manager
- 1 x Admin Assistant

TOURISM DEVELOPMENT
- 1 x Senior Manager
- 1 x Admin Assistant

BUSINESS REGULATION & GOVERNANCE
- 1 x Manager
- 1 x Business Regulation Officer
  - 1 x Informal Trade Officer
  - 4 x Licensing Officers (1)
  - 1 x Consumer Right Officer
  - 6 x Informal Trade Control Officer (4)

ECONOMIC PLANNING
- 1 x Manager
- 1 x Assistant Manager (Monitoring)
- 1 x Assistant Manager (Evaluation)
- 1 x Industrial Policy Controller

ECONOMIC DEVELOPMENT
- 1 x Manager
- 1 x Business Officer
  - 1 x Economic Growth and Development Officer
  - 2 x Job Linkage Registration Clerk
  - 1 x Economic Development Officer

TOURISM DEVELOPMENT & MARKETING
- 1 x Manager
  - 1 x Information Officer
  - 1 x Sector Regulations Officer
- 3 x Tourism Officers (1)
  - 1 x Events Coordinator
  - 1 x Tourism Skills Development Officer and Training Officer
  - 1 x Data Capturer
  - 2 x Licensing Officers
  - 1 x Marketing Officers
Based on the current positions that are filled within the LED unit, the following organisational structure is proposed:

**Diagram 11.3: Proposed LED Structure**

The functions of the LED implementer would entail, but not limited to:

- Focussed management and implementation of specific projects
- Targeting of support agencies, funding sources
- Development of business plans and getting key stakeholders on board
- Project management and facilitation

The main purpose of the LED implementer is to ensure that projects are completed successfully and speedily. There can be a new position created for an LED implementer or the duties of the LED implementer can be assigned to an existing employee, but it is crucial...
that the LED implementer has a degree in project management or an equivalent qualification with the relevant experience.

11.3.1 Communication

Good communication provides a solid foundation for the local economic development and the implementation of projects. Diagram 7.3 summarises the departments/authorities with which the LED unit must frequently communicate with to ensure that there is cooperation and a unified vision for economic development in Mbombela LM.

Diagram 11.4: Communication Links

Communication can be improved by:

- Establishing a good communication system:
  - Continuous feedback on progress and roadblocks of LED interventions, can be done via email, faxes, telephone or forum meetings
  - Advertising LED projects and opportunities in the Local Newspapers
  - Communicate with other local municipalities to ensure that potential linkages are established, duplications are prevented and best practices and lessons learnt are discussed amongst the Local Municipalities.
  - Ensure that regular meetings are held with traditional authorities and the well-established private sector preferably during the LED forum meetings.
  - Inclusion of various organisations, unions and bodies in LED interventions so no group is marginalised. Managing rising tensions among the different organisation is also important.
  - Interdepartmental meetings to ensure combined efforts towards development and departmental cooperation in project implementation
Communicate regularly with Provincial and District Economic Development departments as well as CoGTA to ensure cooperation between spheres of government

- Establish good relationships with Provincial and National funding bodies, to connect local businesses to available opportunities
  - Linking local business activities with activities taking place on national level could enhance business performance in the Local Municipality.
  - Relationships and networks could be established among the different businesses and SMME in the various provinces.
  - SMMEs could benefit greatly knowing which interventions and funding on provincial and national level are available to aid them.

- Effective and well organised meetings, where common goals, project priorities and joint ventures can be established.

- Establishment of the LED Partnership between local organisations/business and the municipality with the common purpose of promoting local economic development

- Communicate with and support local organisations and charities to collectively promote business and social development

### 11.4 Partnerships and Relationships with Local Organisations

#### 11.4.1 Local Economic Development Partnership

The purpose of this partnership is to create a working relationship between public and private sector within Mbombela LM to promote local economic development. The founding members of this partnership include Kruger Lowveld Chamber of Business and Tourism (KLCBT), South African Property Owners Association (SAPOA), Mbombela LM, National African Chamber of Commerce and Industry (NAFCOC), CID Forum, Business Network International (BNI), South African Women Entrepreneurs’ Network (SAWEN).

The strategic role of this partnership is as follows:

- Promote the initiation of specialist organisations
- Be a catalyst for strategic development
- Be an advocate motivator
- Promote urban management
- Promote consultant research
- Be a communicator connecter

Potential focus points for the partnership include:

- Investment and development
LED Forum

The main objective to establishing a LED Forum is to ensure:

- The participation and input from the local community,
- Businesses and other stakeholders within the local municipality that will enable coordination between local stakeholders,
- Mobilisation of resources, obtaining commitment as well as establishing and maintaining a common vision.

The LED Forum is the backbone for implementation of LED projects as the stakeholders will analyse the current economic challenges in the municipality and how to address these challenges, in their specialised field. The forum plays an important role in ensuring community members and local stakeholders are informed of economic happenings in their local areas and how to benefit and contribute to projects.

The LED forum will be a function of the Partnership as indicated in the Diagram below:

Diagram 11.5: LED Forum
These forums are important and critical tools required in bridging the communication gap and obtaining a common understanding between the local municipality and the community at large. Furthermore, these forums also provide the platform for the Local Municipality to form partnerships with the different stakeholders.

In general, a LED Forum consists of the private, public, and community sectors. Mbombela LM should also seek to involve a greater number of representatives from various government departments. This will increase access to resources as well as provide a different perspective on ensuring and enabling economic growth within the local municipality.

Diagram 11.6 indicates the potential stakeholders that can form part of the LED Forum.

**Diagram 11.6: Stakeholders (Multi-sector) to be included in the LED Forum**

11.4.2 Relationships with Local Organisations

There are numerous organisations and projects within Mbombela LM who try to have a positive impact on the local community and reduce poverty. It is important for local government to support these initiatives. This will encourage the private sector to work together with local government in promoting local economic development. By supporting community organisations, the communities and private sector can become more positive about working
and living in Mbombela LM which will promote good working relationships between public and private sector.

11.5 Conclusion

Strengthening of the LED unit in Mbombela LM with the necessary skills and capacity is imperative. It is also noted that relationships and partnerships between the LED unit, other departments and stakeholders need to be improved so projects can be implemented by various stakeholders and investment benefits can be shared. An improved institutional framework and structure is needed to improve the performance of the LED unit and ensure sustainability of projects. Improved communication between Local Municipality, other departments and stakeholders will promote good governance and at the same time ensure success of projects.
Section 12: Implementation Framework

12.1 Introduction

This Section will provide implementation guidelines for the projects outlined in the Mbombela LED strategy. The implementation guidelines will include project-specific details such as:

- Key stakeholder responsible for the action
- Partners for implementation of the action
- Potential funding
- Time frame for implementation
- Performance indicators

General guidelines which will be applicable to all projects will also be provided.

12.2 Action Plan

The Table below indicates the action plan for implementing the LED projects. The action plan will include:

- Fast track implementation projects
- Short term actions
- Medium term investment and marketing actions
- Long term actions

Each proposed LED project will also be categorised as seen in the Diagram below.

Diagram 12.1: Project Categorisation
Table 12.1: LED Project Action Plan

<table>
<thead>
<tr>
<th>Project</th>
<th>Proposed Actions</th>
<th>Potential Location(s)</th>
<th>Timeframe</th>
<th>Project Category</th>
<th>Potential Funding Sources</th>
<th>Performance Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Development Goal 1: An Efficient Municipality with World Class Infrastructure</strong></td>
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<tr>
<td><strong>Internal Skills Development Programme</strong></td>
<td>• Internal Skills Audit</td>
<td>Internal</td>
<td>Medium Term</td>
<td>Public Project</td>
<td>Internal, SETA, Dept. of Labour</td>
<td>Improved efficiency within municipality</td>
</tr>
<tr>
<td></td>
<td>• Organising skills development workshops</td>
<td></td>
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<tr>
<td></td>
<td>• Developing online staff training courses</td>
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<tr>
<td><strong>Reduction in service delivery backlog</strong></td>
<td>• Identify areas in highest needs of service delivery</td>
<td>Sandford, Elandshoek, Nsikazi, Phakane, Mpakeni</td>
<td>Long Term</td>
<td>Public Project</td>
<td>Municipality Grants</td>
<td>Increased number of households with access to water and electricity</td>
</tr>
<tr>
<td>Project</td>
<td>Proposed Actions</td>
<td>Potential Location(s)</td>
<td>Timeframe</td>
<td>Project Category</td>
<td>Potential Funding Sources</td>
<td>Performance Indicator</td>
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<tr>
<td>Building new roads</td>
<td>• Identify areas in rural areas for road development</td>
<td>• KaNyamazane</td>
<td>Long Term</td>
<td>Public Project</td>
<td>Municipality Grants</td>
<td>• Increased number of tarred roads</td>
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<td></td>
<td></td>
<td>• Msogwaba</td>
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<td>• Hazyview</td>
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<tr>
<td>Teambuilding &amp; Departmental Coordination</td>
<td>• Regular meetings between departments on development projects</td>
<td>Internal</td>
<td>Short Term</td>
<td>Public Project</td>
<td>Internal</td>
<td>• Better teamwork and interdepartmental cooperation</td>
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<tr>
<td>Development Goal 2: An Inclusive Municipal Economy</td>
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<tr>
<td>Traffic and Public Transport Strategy</td>
<td>• Identify key areas where better traffic management should take place</td>
<td>Internal</td>
<td>Short Term</td>
<td>Public Project</td>
<td>Internal</td>
<td>• Improved flow of traffic</td>
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<td>• Less traffic accidents</td>
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<td>• Improved management of public transport</td>
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<td>Project</td>
<td>Proposed Actions</td>
<td>Potential Location (s)</td>
<td>Timeframe</td>
<td>Project Category</td>
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<td>Performance Indicator</td>
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<tr>
<td>Job Linkage Centre</td>
<td>- Identify location</td>
<td>KaNyamazane Msogwaba Kabokweni Swalala Hazyview</td>
<td>Medium Term</td>
<td>Community</td>
<td>Jobs Fund</td>
<td>Decrease of unemployment in rural areas</td>
</tr>
<tr>
<td>Re-Establishment of MEDA</td>
<td>- Already in progress</td>
<td>N/A</td>
<td>Short Term</td>
<td>Public</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Establish Mbombela Corporate Social Investment Scheme</td>
<td>- Develop a portfolio of CSI projects related to LED</td>
<td>Mbombela</td>
<td>Short Term</td>
<td>Community</td>
<td>N/A</td>
<td>More CSI projects focused on LED</td>
</tr>
<tr>
<td>Mbombela Economic Development Partnership</td>
<td>- Already in progress</td>
<td>Mbombela</td>
<td>Already in Progress</td>
<td>Commercial/public</td>
<td>Internal DEDT</td>
<td>N/A</td>
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<td>Project</td>
<td>Proposed Actions</td>
<td>Potential Location(s)</td>
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<td>Project Category</td>
<td>Potential Funding Sources</td>
<td>Performance Indicator</td>
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<tr>
<td>Organic vegetable production</td>
<td>• Select farms to be part of the project</td>
<td>• Hazyview</td>
<td>Medium Term</td>
<td>Community</td>
<td>• Department of Agriculture, Forestry and Fisheries</td>
<td>• Increased number of jobs in agricultural sector</td>
</tr>
<tr>
<td></td>
<td>• Training course on organic vegetable production</td>
<td>• Swalala</td>
<td></td>
<td></td>
<td>• DTI</td>
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<tr>
<td></td>
<td>• Ensure proper infrastructure is in place to ensure productive farming</td>
<td></td>
<td></td>
<td></td>
<td>• Non-financial support: Organic Farms Group</td>
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<td></td>
<td>• Organic vegetable production mentorship programme</td>
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<tr>
<td></td>
<td>• Establish linkages between farmers and local retail outlets and markets</td>
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<tr>
<td>Aquaculture</td>
<td>• Location identification</td>
<td>• White River</td>
<td>Medium to Long</td>
<td>Community</td>
<td>• Department of Agriculture, Forestry and Fisheries</td>
<td>• Decreased rural unemployment</td>
</tr>
<tr>
<td></td>
<td>• Skills development</td>
<td>• Hazyview</td>
<td>Term</td>
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<td>• DTI</td>
<td>• Increased agriculture sector GVA</td>
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<td></td>
<td>• Infrastructure development</td>
<td>• Shabalala</td>
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<tr>
<td></td>
<td>• Establishment of markets</td>
<td>• Madras</td>
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<td>• Tekwane</td>
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</table>

**Note:** The table above outlines proposed actions, potential locations, timeframes, project categories, potential funding sources, and performance indicators for two projects: Organic vegetable production and Aquaculture.
<table>
<thead>
<tr>
<th>Project</th>
<th>Proposed Actions</th>
<th>Potential Location(s)</th>
<th>Timeframe</th>
<th>Project Category</th>
<th>Potential Funding Sources</th>
<th>Performance Indicator</th>
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<tbody>
<tr>
<td>Macadamia nut and oil production (phased development)</td>
<td>• Establish macadamia farm</td>
<td>• White River</td>
<td>Medium- to Long Term</td>
<td>Community/commercial</td>
<td>• Department of Agriculture, Forestry and Fisheries</td>
<td>• Increased number of jobs in the agriculture sector</td>
</tr>
<tr>
<td></td>
<td>• Macadamia nut production mentorship programme</td>
<td>• Hazyview</td>
<td></td>
<td></td>
<td>• DTI</td>
<td>• Increased number of jobs in manufacturing sector</td>
</tr>
<tr>
<td></td>
<td>• Establish a macadamia oil production plant</td>
<td>• Mbombela</td>
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<tr>
<td></td>
<td>• Build infrastructure</td>
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<td></td>
<td>• Establish linkages between farm/plant and local retailers and markets</td>
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<tr>
<td>Compost manufacturing from farm waste (SMME)</td>
<td>• Establish linkages with local farmers</td>
<td>• Hazyview</td>
<td>Medium- to Long Term</td>
<td>Community</td>
<td>• DTI</td>
<td>• Increased employment</td>
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<tr>
<td></td>
<td>• Establish site and waste collection operation</td>
<td>• Sandfort</td>
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<tr>
<td></td>
<td>• Training</td>
<td>• Elandshoek</td>
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<tr>
<td></td>
<td>• Build infrastructure</td>
<td>• Nkambeni</td>
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<tr>
<td>Project</td>
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<tr>
<td>Packaging plant for fruit exports (KMIA)</td>
<td>• Ensure adequate infrastructure/permission from KMIA for fruit export</td>
<td>KMIA</td>
<td>Long Term</td>
<td>Private</td>
<td>• DTI</td>
<td>• Increased employment</td>
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<tr>
<td></td>
<td>• Identify fruits and to be packed</td>
<td></td>
<td></td>
<td></td>
<td>• Private</td>
<td>• Increased exports</td>
</tr>
<tr>
<td></td>
<td>• Identify farmers to supply packaging plant</td>
<td></td>
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<td></td>
<td>• IDC</td>
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<tr>
<td></td>
<td>• Build infrastructure</td>
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<tr>
<td>Juice extraction (citrus, mango)</td>
<td>• Identify fruits for juicing</td>
<td>Mbombela, White River</td>
<td>Medium – to Long Term</td>
<td>Private</td>
<td>• DTI</td>
<td>• Increased employment</td>
</tr>
<tr>
<td></td>
<td>• Select best suited site</td>
<td>Hazyview</td>
<td></td>
<td></td>
<td>• Private</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Establish relationships with local farmers</td>
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<td>• IDC</td>
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<td></td>
<td>• Build infrastructure</td>
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<td></td>
<td>• Establish relationships with local retail outlets</td>
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<tr>
<td></td>
<td>• Training</td>
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<tr>
<td>Project</td>
<td>Proposed Actions</td>
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<tr>
<td>Production of essential oil from citrus peel</td>
<td>• Select best suited site&lt;br&gt;• Establish relationships with local farmers&lt;br&gt;• Build infrastructure&lt;br&gt;• Establish relationships with local retail outlets&lt;br&gt;• Training</td>
<td>Mbombela, White River, Hazyview</td>
<td>Medium- to Long term</td>
<td>Community/Commercial</td>
<td>DTI, IDC</td>
<td>Increased employment</td>
</tr>
<tr>
<td>Cosmetics from essential oils</td>
<td>• Project follows on the success of producing essential oils&lt;br&gt;• Build infrastructure&lt;br&gt;• Establish relationships with local retail outlets&lt;br&gt;• Training</td>
<td>Mbombela, White River, Hazyview</td>
<td>Long Term</td>
<td>Private/Public</td>
<td>DTI, IDC</td>
<td>Increased employment</td>
</tr>
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<tr>
<td>Food processing for exports</td>
<td>• Establish relationship with private spatiality food processor who will establish a plant at KMIA</td>
<td>KMIA</td>
<td>Long Term</td>
<td>Private</td>
<td>Private</td>
<td>Increased exports</td>
</tr>
<tr>
<td>Furniture production</td>
<td>• Identify location • Training • Infrastructure</td>
<td>White River, Hazyview, Kabokweni</td>
<td>Long Term</td>
<td>Community</td>
<td>DTI, IDC</td>
<td>Increased employment</td>
</tr>
<tr>
<td>Informal Trade Management Programme</td>
<td>• Development an informal trade policy • Develop entrepreneurial opportunities • Include informal trade into account with spatial planning</td>
<td>Mbombela, Mahusha, Zwelisha, Numbi, Newscom, Gutshwakop</td>
<td>Medium Term</td>
<td>Public Project</td>
<td>DTI</td>
<td>Increased formal business activities</td>
</tr>
</tbody>
</table>
## Mbombela Local Economic Development Strategy Review 2015

<table>
<thead>
<tr>
<th>Project</th>
<th>Proposed Actions</th>
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<th>Performance Indicator</th>
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</thead>
<tbody>
<tr>
<td><strong>SMME retail development</strong></td>
<td>• Select retailers to take part in programme&lt;br&gt;• Provide skills&lt;br&gt;• Assist with finding funding</td>
<td>• KaNyamazane&lt;br&gt;• Msogwaba&lt;br&gt;• Kabokweni&lt;br&gt;• Swalala&lt;br&gt;• Hazyview</td>
<td>Long Term</td>
<td>Commercial/community project</td>
<td>• National Empowerment Fund</td>
<td>• Growth in the retail sector&lt;br&gt;• Increased employment&lt;br&gt;• Increase in SMMEs</td>
</tr>
<tr>
<td><strong>Development Goal 3: A Technologically Advanced Municipality</strong></td>
<td><strong>E-Services</strong>&lt;br&gt;• Create an efficient system so that residents can pay for services, view statements, applications and report issues&lt;br&gt;• Ensure a fast response rate to queries and reported issues</td>
<td>Internal</td>
<td>Medium Term</td>
<td>Public</td>
<td>• Internal</td>
<td>• Improved customer satisfaction</td>
</tr>
</tbody>
</table>

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## Mbombela Local Economic Development Strategy Review 2015

<table>
<thead>
<tr>
<th>Project</th>
<th>Proposed Actions</th>
<th>Potential Location(s)</th>
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<th>Project Category</th>
<th>Potential Funding Sources</th>
<th>Performance Indicator</th>
</tr>
</thead>
</table>
| **Wi-Fi Project**     | • Attract private sector involvement in project  
• Identify key locations in Mbombela for Wi-Fi  
• Ensure proper maintenance and safety of system | Mbombela               | Medium Term | Commercial       | Department of Communications  
Project Isizwe | • An increased number of residents have access to internet |
| **Community Computer Programme** | • Identify the best location for programme (school/library etc.)  
• Get private sector involvement | KaNyamazane  
Msogwaba  
Kabokweni  
Swalala  
Hazyview | Medium Term | Community | Community Education Computer Society (CECS)  
PetroSA  
Dept. of communications | • A more computer literate community |
| **Mobile Internet Cafes** | • Get private sector involvement | Phola  
Khumbula  
Salubindza  
Bhekiswayo or  
Ga-Tshwene | Medium Term | Community | Dept. of communications  
iBurst | • Improved access to internet in rural areas |
<table>
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<tr>
<th>Project</th>
<th>Proposed Actions</th>
<th>Potential Location(s)</th>
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<th>Potential Funding Sources</th>
<th>Performance Indicator</th>
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<tbody>
<tr>
<td><strong>Mbombela Higher Education Partnership</strong></td>
<td>• Facilitate meetings with higher education bodies in Mbombela to establish a partnership</td>
<td>Mbombela</td>
<td>Medium Term</td>
<td>Commercial/Public</td>
<td>Internal/education partners</td>
<td>• Increased enrolment in local education facilities</td>
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<td></td>
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<td></td>
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<td>• Increased number of relevant courses</td>
</tr>
<tr>
<td><strong>Mpumalanga University Service Provision</strong></td>
<td>• Ensure that there is adequate water, electricity and sewerage as well as adequate maintenance</td>
<td>University of Mpumalanga</td>
<td>Long Term</td>
<td>Public</td>
<td>Internal</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Internship and Trainee Programme</strong></td>
<td>• Create a database of existing public and private sector internship programmes within Mbombela</td>
<td>Mbombela</td>
<td>Medium Term</td>
<td>Community</td>
<td>SETA/Private NYDA</td>
<td>More local internships</td>
</tr>
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<td></td>
<td>Less youth unemployment</td>
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<tr>
<td>Project</td>
<td>Proposed Actions</td>
<td>Potential Location(s)</td>
<td>Timeframe</td>
<td>Project Category</td>
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<tr>
<td>Mbombela Schools Development Programme</td>
<td>• Facilitate meetings with local schools to identify issues</td>
<td>• KaNyamazane</td>
<td>Medium Term</td>
<td>Community</td>
<td>• Department of Education</td>
<td>• More students who stay in school</td>
</tr>
<tr>
<td></td>
<td>• Form partnerships with private of public bodies to assist schools in their needs</td>
<td>• Msogwaba</td>
<td></td>
<td></td>
<td>• PetroSA</td>
<td>• Improved student results</td>
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<td>• Kabokweni</td>
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<td>• NYDA</td>
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<td>• Hazyview</td>
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<tr>
<td>Youth Development Programme</td>
<td>• Establishing a vocational skills development centre for youths</td>
<td>• KaNyamazane</td>
<td>Medium Term</td>
<td>Public</td>
<td>• PetroSA</td>
<td>• Decreased youth unemployment</td>
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<tr>
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<td>• Msogwaba</td>
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<td>• White River</td>
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<td></td>
<td></td>
<td>• Mbombela</td>
<td></td>
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<tr>
<td>Development Goal 4: An Environmentally Friendly and Tourism Centred Region</td>
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</tr>
<tr>
<td>Recycling Programme</td>
<td>• Provide bins in easily accessible community areas for recycling</td>
<td>All areas of Mbombela</td>
<td>Medium Term</td>
<td>Community</td>
<td>• PetroSA</td>
<td>• Less waste in Mbombela LM</td>
</tr>
<tr>
<td></td>
<td>• Create a recycling station(s) to sort items</td>
<td></td>
<td></td>
<td></td>
<td>Department of Environmental Affairs</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Project</th>
<th>Proposed Actions</th>
<th>Potential Location(s)</th>
<th>Timeframe</th>
<th>Project Category</th>
<th>Potential Funding Sources</th>
<th>Performance Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled Packaging Materials Manufacturing</td>
<td>• Establish a community centre where products can be made from recycled plastic, glass and tins</td>
<td>• Phameni • Elandsheok • Mpakeni • Salubindza • Nkambeni</td>
<td>Long Term</td>
<td>Community</td>
<td>• PetroSA • Department of Environment Affairs • DTI</td>
<td>• Increase employment • Increased manufacturing activity</td>
</tr>
<tr>
<td>Organic Waste to Compost</td>
<td>• Use organic waste from recycling programme to establish a compost depot</td>
<td>• Phameni • Elandsheok • Mpakeni • Salubindza • Nkambeni</td>
<td>Medium Term</td>
<td>Community</td>
<td>• PetroSA</td>
<td>• Increased employment</td>
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<tr>
<td>Solar Panels in New Settlements</td>
<td>• Obtain solar panels to be installed in new township developments</td>
<td>New township developments</td>
<td>Long Term</td>
<td>Public</td>
<td>• Department of Energy</td>
<td>• Decrease electricity provision backlog</td>
</tr>
<tr>
<td>Waste to Energy Project</td>
<td>• Location identification • Waste collection network establishment • Regulatory compliance</td>
<td>Mbombela</td>
<td>Long Term</td>
<td>Public/commercial</td>
<td>• Department of energy</td>
<td>• Increased electricity supply • Increased employment in the utilities sector • Less waste</td>
</tr>
<tr>
<td>Project</td>
<td>Proposed Actions</td>
<td>Potential Location(s)</td>
<td>Timeframe</td>
<td>Project Category</td>
<td>Potential Funding Sources</td>
<td>Performance Indicator</td>
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</tbody>
</table>
| Sustainable Agriculture Programme            | • Work together with University of Mpumalanga (agriculture department), other stakeholders and commercial farms to create a training programme on sustainable measures for rural farmers | • KaNyamazane  
  • Msogwaba  
  • Kabokweni  
  • Swalala  
  • Hazyview  
  • White River | Short Term  | Community       | • PetroSA  
  • WWF-South Africa  
  • Department of Agriculture, Forestry and Fisheries  
  • Dept. of Agriculture and Rural Development | • Increased employment  
  • Increase in agricultural activity |
| Tourism Development in Conservation areas    | • Identify conservation areas for development  
  • Infrastructure development  
  • Marketing | Conservation areas | Medium Term | Public Project   | • Department of environmental affairs and tourism  
  • DTI  
  • DEDT  
  • IDC | • Increased number of tourists  
  • Increased employment in tourism sector |
<table>
<thead>
<tr>
<th>Project</th>
<th>Proposed Actions</th>
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<th>Timeframe</th>
<th>Project Category</th>
<th>Potential Funding Sources</th>
<th>Performance Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Tourism Routes &amp; Packages</td>
<td>• Facilitate regional meetings with relevant tourism stakeholders in order to develop regional tourism packages</td>
<td>Mbombela LM, Umjindi LM, Thaba Chweu LM</td>
<td>Short Term</td>
<td>Commercial</td>
<td>Private</td>
<td>• Increased tourist arrivals</td>
</tr>
<tr>
<td>KNP Community Tourism Project</td>
<td>• Identify location for project</td>
<td>Areas close to Phabeni- and Numbi Gates</td>
<td>Short Term</td>
<td>Community</td>
<td>DEDT, Department of environmental affairs and tourism, Tourism Community Development Trust</td>
<td>• Increased employment</td>
</tr>
</tbody>
</table>
12.3 Key Implementation Actions

In order for the implementation of the development programmes and projects to take place in an efficient and sustainable manner, there are several actions that must be taken by key role players. To ensure optimal stimulation of economic development, job creation, poverty alleviation, SMME development, human resource development etc. the following actions need to be taken:

- Ensure that the LED unit has the capacity to operate and function effectively before commencing any LED implementation
- Ensure that all people employed within the LED unit has the relevant experience, expertise and skills to ensure effective management and implementation of LED initiatives
- Have a member of council focused exclusively on LED implementation
- Utilise external experts in draft project business plans and conducting feasibility studies and utilise expert networking to obtain sufficient funding sources
- Ensure balanced economic development by means of adopting an integrated, holistic, coordinated and diverse development focus
- Ensure that all necessary financial sources, equipment, human resources etc. are in place and available prior to starting with the implementation of a programme or project
- Ensure that the implementation of projects are executed by local people and not through imported labour where possible
- Focus on the stimulation of economic development and empowerment of local people at the same time
- Ensure that at least 30% of appointments of service providers are local SMMEs and ensure that procurement processes a transformed to allow for such appointments
- Start LED by implementing the programmes and projects with the fastest anticipated impact on job creation, poverty alleviation, BEE, SMME development etc. followed by those with a medium and long term effects
- Utilise the tourism sector as economic catalyst for stimulating development across all sectors of the local economy
- Set reasonable timeframes and keep monthly/weekly tract records to effectively evaluate the progress of all necessary actions.
12.4 General Guidelines

The Diagram below provides important guidelines which should be followed when implementing LED projects. Each guideline will be discussed below.

Diagram 12.2: General Implementation Guidelines

12.4.1 Identification of Location

Once the project to be implemented has been identified, the next step would be to identify where it will be located. Thereafter, it is important to see whether there is any land available. The location choice is made by considering:

- What is the cost of the land?
- Where is the target market?
- Where are the inputs sourced from?
- What resources are available in that area e.g. water, labour-force?
- Is transport available?
- Is there a network of access routes?
- What is the already-existing activity in that area?
- Is there a possibility of aligning or complementing already-existing programmes?

If the answers to the above questions complement the project, then the location choice is a good one. Sometimes, investors choose a location that may not at face-value, have any benefits. This is because there will be an advantage that outweighs all the negative factors. Therefore, in the end, the choice of location is completely up to the investor or project members.
12.4.2 Pre-Feasibility and Full Feasibility Studies

A pre-feasibility study may be conducted first to help sort out relevant alternatives. It is a preliminary assessment of the technical and economic viability of a proposed project. Alternative approaches to various elements of the project are compared, and the most suitable alternative for each element is recommended for further analysis. Costs of development and operations are estimated. Anticipated benefits are assessed so that some preliminary economic criteria for evaluation can be calculated. In some cases the municipality may have the capacity to perform the pre-feasibility study by itself.

The specific tasks of a pre-feasibility study should be spelt out in clear terms of reference. In general terms, the main tasks of a prefeasibility study may include the following steps:

- Undertake a detailed analysis of the development situation and constraints the tourism activity is to address, based on the collection of sound, objective data
- Identify partner government policies, programmes and activities designed to address the constraints
- Identify and define the linkages between the tourism initiative and poverty reduction, taking into account the findings of a poverty analysis
- Define possible design options or concepts, including different forms of aid, that may merit analysis
- Make a preliminary assessment of the viability of alternative approaches, and contrast and compare their likely feasibility and benefits
- Make a preliminary identification of likely risks to feasibility and benefits (including risks to sustainability) and assess the importance of these risks,
- Define achievable outcomes for the activity, and prepare (or further refine) an activity proposal (or proposals), including a logical framework matrix (or matrices), if appropriate
- Prepare terms of reference for a further design step (possibly a feasibility design study), if further design is considered warranted.

A feasibility study is designed to provide an overview of the primary issues related to a business idea. The purpose is to identify any ‘make or break’ issues that would prevent the project from being successful. In other words, a feasibility study determines whether the business idea makes sense. A thorough feasibility analysis provides a lot of information necessary for the business plan. For example, a good market analysis is necessary in order to determine the project’s feasibility. This information provides the basis for the market section of the business plan.
Because putting together a business plan is a significant investment of time and money, it has to be made certain that there are no major roadblocks facing the proposed project before investments are made. Identifying such roadblocks is the purpose of a feasibility study. A feasibility study looks at three major areas:

- Market issues
- Organisational/technical issues
- Financial issues

A feasibility study should not do in-depth long-term financial projections, but it should do a basic break-even analysis to see how much revenue would be necessary to meet the operating expenses. A feasibility study may examine alternative methods of reaching objectives or be used to define or redefine the proposed project. The information gathered must be sufficient to make a decision on whether to go ahead with the project, or to enable an investor to decide whether to commit finances to it. This will normally require analysis of technical, financial, and market issues, including an estimate of resources required in terms of materials, time, personnel, and finance, and the expected return on investment.

Conducting a feasibility study is a good business practice. Below are other reasons to conduct a feasibility study:

- Gives focus to the project and outline alternatives
- Narrows business alternatives
- Surfaces new opportunities through the investigative process
- Identifies reasons not to proceed
- Enhances the probability of success by addressing and mitigating factors early on that could affect the project
- Provides quality information for decision making
- Provides documentation that the venture was thoroughly investigated
- Helps in securing funding from lending institutions and other sources

12.4.3 Partnership Identification and Project Matchmaking

The purpose of this step will be to identify possible partnerships that can be formed. It will also identify the parties that will be involved with implementing projects. The correct stakeholders, beneficiaries and project leaders need to be identified. The following activities can be undertaken in order to identify suitable partners.
Hosting an Opportunities Awareness Campaign. This campaign will assist the Municipality to find interested parties, who will be willing to run with the project by bringing various quotas of the municipal and district population into contact with each other.

Project-specific workshops can follow the initial one to ensure that the interested parties identified understand the project. At this stage the training requirements, if any, are identified.

The campaigns will also assist to match investors to projects that are already running in the municipality and district and also to the identified but not yet implemented projects.

12.4.4 Development of a Business Plan

If the feasibility study indicates that the project idea is sound, the next step is a business plan. The business plan continues the analysis at a deeper and more complex level, building on the foundation created by the feasibility study. Business plans are drawn up firstly to map out how a project will be executed and secondly they are required when applying for funding. The purpose of the business plan is to minimise the risk associated with a new business and maximise the chances of success through research and planning. A business plan should have the following components:

Diagram 12.3: Components of a Business Plan
12.4.5 Municipality Budgeting and Funding

Mbombela LM has to identify funding sources for the development of projects. A good relationship between Local Municipality and funding institutions is essential to be informed with current and new funding opportunities. The World Bank LED booklet states the Local Municipality can raise revenue through property taxes, rates, user fees, sale and renting of Local Municipality own industrial and commercial building, intergovernmental transfers and corporate donations.

12.4.6 Enabling Environment and Support Structure

Business activities require key infrastructure to run effectively and it’s the responsibility of the Local Municipality to provide necessary infrastructure. Key factors that affect business are:

- **Electricity**: There is a raising concern amongst business stakeholders about the rising demand for electricity that the municipality might not be able to keep up with demand. The Local Municipality provides urban areas with electricity while Eskom target rural areas.
- **Water**: The backlog for water services needs to be dealt with to promote business growth throughout the municipality.
Waste Management: Increasing waste in rural and urban areas need innovative plans to deal with waste management. Growing population means growing settlements next to urban areas, if not properly mitigated; this could be an environmental hazard.

Sanitation: Urban areas in the Local Municipality are well covered with regards to sanitation, but most rural areas still face backlogs.

Roads: Efforts to improve and maintain roads in the Local Municipality will enhance the economic conditions. Potholes and signage into main towns and tourist sites need to be improved to retain and attract further businesses to local areas.

Maintenance and provision of Infrastructure: This is an important element as maintenance of existing infrastructure (roads, bridges etc.) allows access to the area for tourists

12.4.7 Project Handover

To ensure long term success and sustainability of the projects the Local Municipality has to monitor and evaluate performance of the supporting projects, providing relevant support where necessary. The handover of projects to beneficiaries requires withdrawal of high level support thus increasing ownership and responsibility to project.
12.5 Monitoring and Evaluation Management Framework

To achieve desired goals and objectives a framework to monitor and evaluate the impact of project is needed. The monitoring and evaluation will assist the Local Municipality with:

- Determine the extent to which the LED Strategy is able to meet its goals and objectives,
- Assist the municipality in its decision making process,
- Enable the municipality to take corrective action should the monitoring and evaluation indicate that the intended outcomes are not achieved,
- Assist the municipality creating a database of successful and unsuccessful initiatives,
- Improve future planning, and
- Increase accountability.

There are two possible approaches to monitor and evaluate the impact of the LED Strategy namely, the direct and indirect impact of the LED Strategy. The direct impact approach would need to put measures in place to determine the impact of each project. However, this approach is too costly and time-consuming and therefore the indirect approach is recommended.

Monitoring and evaluation indicators

The fundamental step to monitoring and evaluation is employing a system able to measure outcomes and deliverables of projects. Development indexes will be employed to monitor and evaluate development as the indicators were selected on the basis that they would be reflective of the objective that they were designed to measure. They were also designed to be able to be measured on an annual basis, and be based on reliable data. Under the index are various proxies which may be referred to as indirect measurements of the impact of the various projects.

12.5.1 Development Indices

Human Resource Development Index

This index relates to Goal 4 (An education and skills development orientated Municipality). Key to examining if this goal achieves its intended outcomes is to monitor the level of skill of persons within the local municipality. Furthermore the number of students employed within tertiary education facilities as well as the number of persons who have completed Grade 12 will assist in determining if the intended outcome is achieved.

The proxies that will need to be examined thus include the following:
Number of persons classified as highly skilled, skilled, semi-skilled and unskilled

Number of students enrolled in local tertiary facilities

Number of persons who have completed Grade 12

Number of education/training related jobs created

**Sustainable Development Index**

The purpose of this thrust is to ensure that the municipality focuses on growing the economy in a sustainable manner. To monitor the impact of this thrust the number of recycling initiatives established should be examined and the number of landfill sites will be examined.

As such the key proxies for this sector are:

- Number of landfill sites
- Number of recycling initiatives
- Number of green technologies methods employed

**Business Development Index**

This Thrust focuses on the creation of an enabling business environment that provides a supportive platform for SMEs and large businesses to develop and existing businesses to grow and expand. It is aimed at providing local business owners and entrepreneurs with the necessary skills and knowledge to effectively manage their businesses, as well as providing financial support and increasing access to external markets. The successful implementation of this Thrust would not only see increased direct employment, but also the generation of indirect job opportunities and further spin-off effects in the local economy. The Thrust is also aimed at seeing GVA growth, thereby increasing the incomes of local people and improving their quality of life.

The following indicators are used as a proxy to measure the success of the LED Unit in implementing this Thrust:

- Overall GVA
- Overall Employment; and
- Tress Index for GVA

**Tourism Clustering and Development Index**

The purpose of this thrust is to further build on the existing strength of the local municipal area. To examine the outcome of this thrust the number of tourism facilities within the local
municipal area is one of the main proxies that will be examined. In addition, the following proxies will be examined to determine the impact of this index:

- GVA for the catering and accommodation sector
- Employment growth for catering and accommodations
- Number of establishments accredited by the Tourism Grading Council of South Africa (TGCSA)
- Number of tourism facilities established
- Occupancy rates of tourism facilities

**LED Implementation Index**

The key proxies for the **LED Implementation Index** are:

- Number of projects successfully implemented
- Number of permanent jobs created
- Number of indirect jobs created
- Number of skilled developed

**LED Review**

The factors that need to be considered when reviewing the LED Strategy itself include the following:

- Changes in socio-economic and economic data
- Additions with regards to new opportunities, priorities etc
- Alignment with new policies and plans, and
- Any other changes or new development should be reflected within the LED Strategy.

12.5.2 **SALGA Implementation Guideline**

The Local Economic Development Strategy Implementation Plan Guideline by SALGA has also been adopted to guide implementation of projects in the Local Municipality. The guideline intends to give a practical implementation plan for LED officials with key milestones and tangible outputs. The guidelines are as follows:

- **Project name and location:** This refers to what the project is being called and a brief description of what it is about. Information should also indicate the sector within which the project falls for **easier tracking of sector performance and trends.** The location of the project should also be indicated to show spatially where the main
activities shall be happening and also which neighbouring areas/wards are likely to benefit.

- **Estimated Budget and Source of Funding:** The amount of money and human capital needed to successfully implement the project and an indication of where such funds are more likely to come from, e.g. Private investment/Strategic partners, IDC, DBSA, NDA and other potential funders.

- **Milestones:** Definition of tasks that should be executed in order to achieve the project goals and objectives. Milestones ought to be characterised by the task, the responsible personnel and time or date by which the task shall be completed, e.g. if a project does not have funding, a milestone would be, a memorandum of agreement for the funding of Project A signed between DBSA and the municipality by the end of November 2012. This milestone can be broken down into activities that the LED official has to undergo before achieving it. What this mean then is that as municipalities facilitate the implementation of LED Strategies, their work plans ought to be derived from the milestones of the LED strategy implementation plan.

- **Timeframes:** Helpful for monitoring purposes. Such information should be included to realistically reflect on the duration of implementation from the start to the end of the project in order to keep track with progress.

- **Anticipated impact:** The impact is the end result which the project intends to eventually achieve, e.g. job creation, investments, faster and responsive service deliver.

- **Impact indicators:** Explains what the project intends to eventually achieve and should always be quantified for easier measurement, for example, the number of jobs created, the amount of investment lured, the number of tourist visiting and their spend.

Section 13: Recommendations

The successful implementation of this LED strategy urges the need for the proposed institutional drivers to be established as a matter of urgency. This is essential in ensuring that momentum and commitment is not lost. Furthermore, institutional drivers will probably not succeed unless the political ambition to ensure success is not included in the LED process as a whole. This political ambition can be initiated and developed through the inclusion of all interested and affected parties, stakeholders and role players during the implementation and planning phases. Through the participation and inclusion of all these stakeholders, the political will, interest and communication is stimulated, which when combines, will contribute to the success of the Strategy.

Another critically important aspect for the successful implementation of the LED Strategy is the need to ensure that all stakeholders and parties involved in the LED process take ownership of the programmes and projects identified. It is also important that the monitoring and evaluation elements of the Strategy are incorporated into the performance management system of Mbombela LM. This will ensure accountability and responsibility for the implementation of the LED Strategy and its programmes, and will eradicate potential conflicts.

The following is recommended to achieve optimal sustainable local economic development, employment creation and human resource development:

- Start focusing on sectors with the highest development potential, followed by the sectors with less potential. Ensure balances stimulation of growth and development within all sectors
- Before deciding on the implementation of specific projects, ensure that the adequate funding sources and management capacity are in place
- Start implementing projects with the highest potential for stimulating economic growth and development
- Make sure that the projects that stimulate economic growth do not adversely affect the environment and human living conditions
- Set reasonable time frames for the implementation and ensure effective and continuous monitoring of project progress and effects
- Ensure that at least 30% of appointments of service providers are local SMMEs and ensure that procurement processes a transformed to allow for such appointments
Numerous opportunities exist within Mbombela LM. However, the possibility of implementing all of the potential projects is not realistic. Financial, institutional as well as market limitation are a constraining factor. Ensuring an enabling environment for future development in Mbombela LM is however critically important.