

SECTION B: STRATEGY FOR ACCELERATED LED

Table of Contents

1. PURPOSE.....	2
2. SERVICE DELIVERY IMPROVEMENTS.....	2
2.1 Political Facilitation.....	3
2.2 Technical Assistance.....	4
2.3 Recruitment.....	4
2.4 Training.....	4
3. HORTICULTURE CLUSTER PROMOTION.....	5
3.1 Situational Analysis: Salient Features and Issues.....	5
3.2 Development Opportunities.....	6
3.3 CAP: Principles and Projects.....	7
4. MEAT CLUSTER PROMOTION.....	9
4.1 Background.....	9
4.2 Proposed Objectives.....	11
4.3 Proposed Strategy.....	14
5. TOURISM CLUSTER DEVELOPMENT.....	15
5.1 Introduction.....	15
5.2 Current Tourism Situation in Marble Hall.....	16
5.3. Proposed Strategy.....	18
6. INFORMAL ECONOMY SUPPORT.....	24
6.1 Introduction.....	24
6.2. Informal Economy in Marble Hall Municipality.....	26
6.3. Conclusion.....	28
6.4 Recommendation.....	29

1. PURPOSE

The purpose of this section is to describe the preconditions and interventions that are required for accelerated economic growth, job creation and improved living conditions in Marble Hall Municipality. This description should serve to facilitate and co-ordinate appropriate public sector, private sector and community contributions to local economic development.

On the basis of the policy directives, the socio-economic analysis and the evaluation of physical and social infrastructure service standards in the previous section, the most appropriate strategic thrusts are identified as:

- 1.1. Service Delivery Improvements
- 1.2. Horticulture Cluster Promotion
- 1.3. Meat Cluster Promotion
- 1.4. Tourism Cluster Development
- 1.5. Informal Economy Support

A description of each of these strategic thrusts is provided below.

2. SERVICE DELIVERY IMPROVEMENTS

It is evident from the IDP analysis and from local observations that public sector service delivery standards are insufficient to enable rapid local economic development and job creation. Although every IDP for the past five years contains strategies to deal with each local government function, from infrastructure provision and maintenance to spatial development, it appears that very little progress has been made with strategy implementation during this time.

One of the primary contributors to this situation, which could become a development crisis, is a critical lack of capacity across the entire development management spectrum, from development planning to implementation and through to monitoring and evaluation. This lack of capacity occurs at all levels of government, from local and district municipalities, to sector departments at the provincial and national levels. It also occurs in the private sector. At the local municipality level in particular, large geographic areas were added, without the commensurate adjustments to organization structures that were originally created for considerably smaller and more manageable areas. The tax base in these extended areas is normally limited, meaning that municipalities are rarely able to mobilise sufficient resources to finance their own development programmes. The implication of this lack of capacity is that very little can be or is done about the community priorities that are raised and recorded every year during IDP consultative meetings. Very little is equally done about the infrastructure and service preconditions for economic investment, growth and job creation.

The strategy to deal with this emerging crisis should include political facilitation, technical assistance, recruitment and training.

2.1 Political Facilitation

With regard to political facilitation, it is important to note that Sekhukhune district (with all its local municipalities including Greater Marble Hall) is a presidential pilot node in terms of the national Integrated and Sustainable Rural Development Strategy (ISRDS). The strategy is designed to create socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development. It is intended to use and develop existing institutional, planning, management and funding mechanisms to focus the expenditure of government in the three spheres to more effectively and efficiently respond to needs and opportunities. The strategy is premised on international experience that the pervasiveness of poverty and poor delivery of basic services in rural areas of developing countries continue to constrain development efforts. It states that the reform of municipal government places organs of local government in a central role in integrating programmes to achieve synergistic rural development. The strategy concedes that many will need assistance and guidance to develop capacity, but their role and responsibilities are clearly established.

Given the paucity of skills in rural areas, the ISRDS concludes that national and provincial departments will have to facilitate short-term measures to supplement the available capacity. Deployment, secondment and even transfer of personnel to rural areas in support of the ISRDS, targeting both hard and soft skills, may be necessary.

Each node (Sekhukhune District in this case) has a nodal champion who is responsible to the Deputy President. Nodal champions are supported by dedicated Project Teams. The team will be lead by a nodal delivery manager, who will be operationally responsible for management and co-ordination of delivery. The manager will report to the nodal champion. Members of each Team will be drawn from a combination of staff from all three spheres of government, local NGOs, CBOs and the private sector.

The appropriate political facilitation strategy would therefore be that the mayor and councillors of Marble Hall Municipality should meet with the Mayor and Councillors of Sekhukhune District Municipality to prepare for a series of engagements with the national Sekhukhune Nodal Champion and his/her project team. The purpose of the engagements should be to secure the release of all the commitments from national government in terms of the ISRDS, particularly with regard to capacity building and development co-ordination.

The political facilitation strategy could be expanded to include engagements with all sector departments at the provincial and national levels with regard to sector targets. The poor condition of the N11 as it passes through Greater Marble Hall Municipality and its dangerous route through Marble Hall town, for example, is a matter that requires political facilitation with the national Department of Transport.

2.2 Technical Assistance

As indicated in the ISRDS, immediate capacity constraints necessitate the deployment of technical assistance to municipalities in the short term until the required capacity can be created. Technical assistance is available for specific projects from programmes such as the Neighbourhood Development Partnership Grant in the National Treasury. This department has also introduced an Infrastructure Delivery Improvement Programme (IDIP) to identify and address capacity constraints in sector departments and reduce the requests for budget roll-overs. This programme is being phased in by the Provincial Treasury in Limpopo and its positive impact was already evident in the capital expenditure performance of participating departments in 2007. Heads of provincial government departments are co-ordinators for the IDIP, but external consultants are recruited onto provincial technical assistance teams in order to create additional capacity.

Siyenza Manje is a programme of capacity building and provision of technical support to local municipalities for the implementation of infrastructure projects and harmonious and sustainable development of communities. The programme is managed and implemented by the Development Bank of Southern Africa.

There are also a number of donor programmes in South Africa, such as the Limpopo-EU LED Programme, that have significant capacity building components.

The proposed strategy is that the municipal manager and his executive team should lead a process of engagement with capacity building programmes for the approval of technical assistance that could be used for the planning and implementation of service delivery improvement programmes.

2.3 Recruitment

A comprehensive review of the organization structure was conducted in July 2007 during which the additional positions required at executive, middle management and operational levels were identified. Filling of these positions will obviously be constrained by the municipal budget. Service level improvements will only be possible once essential new positions and critical vacancies are filled. It is imperative that technical competence should be an important consideration during the recruitment process.

The strategy is for council and the municipal manager to work with the Limpopo Department of Local Government and Housing in Limpopo to accelerate the recruitment of essential new positions and critical vacancies. Technical assistance should be mobilised as an interim measure until internal positions are functional.

2.4 Training

A skills audit has been conducted for the municipality. It is essential that an appropriate response should be formulated to deal with the findings. Training resources are available, for example from the Limpopo-EU Capacity Building Programme. Training content must be aligned with training needs.

3. HORTICULTURE CLUSTER PROMOTION

A Competitive Action Plan for the horticulture cluster (HC) in Marble Hall Municipality was compiled during 2007. The most important development opportunities, interventions, key features and issues identified during the compilation of the plan, are summarized below.

3.1 Situational Analysis: Salient Features and Issues

Table 5: Salient features and issues resulting from the Situational Analysis

Advantages & Support for the HC Cluster	Issues & Development opportunities
1. Cluster development is supported by all of the major policy documents	1. The limited availability of water was identified as the most important constraint for the promotion of the HC Cluster
2. Soil and weather conditions in GMHM are favourable for increased HC production	2. The level of production technologies, especially pertaining to emerging farmers, needs to be addressed
3. The GMHM has a well established irrigation system infrastructure and that is a huge advantage for the HC cluster	3. There exists a general lack of efficient support services for emerging farmers in GMHM
4. The Support Service Infrastructure for commercial farmers in GMHM function effectively and provide sufficient support	4. Therefore there are development opportunities for support services for both commercial & emerging farmers
5. GMHM has some well established road links with surrounding areas and the important HC markets	5. Several important routes are not in a good condition and need urgent repair.
6. The existence of a good storage facility infrastructure, provides an excellent opportunity for inter-product linkages between the various HC products and producers	6. Current shortage in storage facilities amongst the emerging farmers is a detriment to the promotion of the HC Cluster.
7. The availability of an airfield provides opportunities for the development of the horticulture industry in the GMHM	7. The development of a Fresh Produce Market in study area would also be a development opportunity for the HC Cluster.
8. The existing railway network can contribute largely to the promotion of the HC Cluster	8. Resuscitation of the railway line is a huge development opportunity that will support the promotion of the HC cluster.

It was clear from the crop specific value chains that the GMHM Horticulture cluster has 3 subgroups within it, constituted on the basis of closely related supply and value chains. These are: Export Horticulture, Vegetables and Industrial Crops. Table 6 provides a summary of the subgroups and their main value drivers.

Table 6: Summary of the three subgroups in the GMHM Horticulture Cluster

SUBGROUPS OF THE MARBLE HALL HC CLUSTER	MAIN VALUE DRIVERS
1. Export Horticulture	1. Environmental awareness 2. Innovative packaging 3. Consumer preferences 4. Price competitiveness 5. Product competitiveness 6. Technology A few important ones to consider would include: <ul style="list-style-type: none"> ◆ Radio Frequency Identification (RFID) technology ◆ Information Communications Technology ◆ Biotechnology 7. Business model modification
2. Vegetables Sub-Group	1. Costs 2. Supply and demand trends 3. Product quality
3. Industrial Crops	1. Impact of global competition on the local industry, and 2. the international pricing system affects both crops

3.2 Development Opportunities

Discussions with GMHM stakeholders and information compiled by the team of experts during the value chain analysis have highlighted a number of development opportunities that are open for consideration in the area. These opportunities were grouped around the themes of Infrastructural Development, Business Development, Support Services and Emerging Farmer Development.

Table 7: Summary of the development opportunities identified in the Value Chain Analysis

THEME	DEVELOPMENT AREA
1. Infrastructure Development	1. Transport Infrastructure <ul style="list-style-type: none"> ◆ Airstrip ◆ Upgrade of the road infrastructure ◆ Maputo Fruit Terminal requires further upgrade. ◆ Maputo Development Corridor important for GMHM fruit exporters ◆ Upgrading of the railway line 2. Other Infrastructure <ul style="list-style-type: none"> ◆ Storage and handling capacity for fruit. ◆ Pack house linked to an inland cold storage facility ◆ Marble Hall Fresh Produce Exchange
2. Business Development	1. Service infrastructure highlighted above will have a significant knock on effect on the development of new businesses 2. Centrally coordinated logistics management creates a huge opportunity for further business development

3. Support Services	<ol style="list-style-type: none"> 1. Development opportunities exist in the area of support services across all the value chains. 2. Particularly in the export horticulture sector
4. Emerging Farmer Development	<ol style="list-style-type: none"> 1. Depends on the sector's own capacity to bring on board and develop a body of competent and active emerging farmers. 2. Need for coordination of all service providers giving financial support, training and mentoring, market access, input supply and contract farming.

Taking the above-mentioned development opportunities into consideration, opportunities for partnerships as well as possible projects to promote the MH Horticulture Cluster, were identified.

Partnership Opportunities included intra industry partnerships as well private public partnerships (PPP's). Eleven **possible new projects** were also identified and categorised according to the three identified Horticulture subgroups. **Table 8** provides a review of these projects.

Table 8: Possible new projects to promote the MH Horticulture Cluster

Sub Sector	Project
Export Horticulture	<ul style="list-style-type: none"> ◆ Direct Fruit Marketing ◆ Organic Grapes ◆ Organic Citrus ◆ Centralized Inland Cold Storage ◆ Carbon Footprint Mapping ◆ Logistics Company
Industrial Crops	<ul style="list-style-type: none"> ◆ Cotton Outgrower Scheme ◆ Tobacco Outgrower Scheme
Vegetables	<ul style="list-style-type: none"> ◆ Emerging Potato Growers Project ◆ Emerging Farmer Agro-info Kiosks ◆ Marble Hall Fresh Produce Exchange

3.3 CAP: Principles and Projects

In order to promote the competitiveness of the Marble Hall Horticulture Cluster, six specific principles were identified:

1. Broadening the market share
2. Improve Effectiveness:
3. Greater Local Co-operation
4. Address ALL Cluster Components
5. Optimise the Value Chain
6. Good Marketing

These six principles provide the general foundation for making the Marble Hall Horticulture Cluster More competitive.

Based on the above-mentioned principles, specific **objectives** and **actions** to support each principle were described. These actions include the identification of specific **projects** that will promote the competitiveness of the Marble Hall Horticulture Cluster. A summary of the identified projects is provided below:

1. Bonded Warehouse
2. Centralised Inland Cold Storage
3. Marble Hall Fresh Produce exchange
4. Logistics company/hub
5. Potato, Tobacco & Cotton Outgrower projects
6. Vegetable processing factory
7. Direct fruit marketing
8. Organic Table Grapes & Citrus
9. Carbon footprint mapping
10. Agro-Info Kiosks
11. Establish a SPV

The Limpopo-EU LED programme has approved a grant for a study into the establishment of a horticulture logistics hub for Marble Hall. Sekhukhune District is also in the process of compiling a horticulture development strategy. The outcome of these studies, which is expected in the second semester of 2008, and will spell out the public sector interventions and investments that are required to promote the local horticulture cluster and the role of the LED unit in this regard.

4. MEAT CLUSTER PROMOTION

4.1 Background

Based on the December 2005 census of Limpopo Department of Agriculture, Veterinary Services, it is estimated that the municipality herd numbers around 11 326 head of cattle (approximately 14% of the total Sekhukhune herd), and 155 533 goats (7% of the Sekhukhune herd). More accurate figures exist for livestock numbers in communal areas thanks to systems legacy from the homeland era. With the good rainfall over the last season and an estimate of the commercial area herd, the figures in Table 9 are proposed as representative of the cattle numbers in the area.

Table 9: Marble Hall cattle numbers estimate

Head				
Category	Breeding Stock	Replacement Herd	Net Weaners per Annum	Total
Commercial Area	4 000	600	2 000	6 600
Communal Area	10 100	1 200	2 300	13 600
Total	14 100	1 800	4 300	20 200

Source: LDA Veterinary Service, Vleissentraal, Farmer interviews

As in the commercial production areas the communal areas have a handful of larger livestock producers and numerous smaller-scale livestock owners. Compared with some communal livestock areas of the province Marble Hall livestock farmers are generally enthusiastic and progressive in many ways. Many farmers are more than merely livestock owners and attempt to use the resources at hand to generate an income.

Two general communal areas have been identified. One to the east past Toitskraal, and one to the west, north of Flag Boshielo Dam and east of the Olifants River, all the way up to the confluence with Moses River. The communal area in the west of the municipality is of a slightly different nature to that in the east. In the communal area west of Toitskraal there is around 10 000ha of good grazing and is utilized by around 940 enthusiastic livestock farmers in fairly well structured farmer groups and associations with good links with the Community Authorities. The area is well serviced with bulk infrastructure and support services. LDA helps with tick and disease control programmes and basic extension services are available. Production systems range from weaners to long weaners (steers) depending on the farmers and size of area/amount of grazing available. Stock theft is a major problem. Some of the larger, financially sound farmers appear to have this issue under control but the smaller farmers have had to combine their stock and other resources as a defense against this criminal problem. Although the animals and veld are in good condition productivity is around 35%. Even among the more progressive farmers there is a lack of genetic strategy and control, and thus potential for improvement.

There are no formal marketing structures in the area and farmers wanting to sell animals at the auction do so at Roedtan. Traditionally there are problems associated with the formal marketing channels. Operating arrangements of the formal market are not always convenient for the

farmers and they have a deep-felt perception that their treatment at these gatherings is not always fair. In addition to placing value on animal attributes that the market does not always appreciate the farmers sometimes feel a need to discuss a pending sale amongst themselves before a transaction is finalised.

The communal area situation on the eastern side of the municipality is similar in that there are the same problems associated with communal grazing, and theft. Productivity is, however, even lower. Population densities are higher with less grazing for livestock and more pressure is placed on the production cycle. This is particularly serious where housing development is increasingly encroaching on grazing areas. There is a general concern that the broader planning exercise does not take livestock farmer needs into account, or that their needs are not a priority.

Livestock owners are supported by LDA services and have arranged themselves into fairly effective Stock Owners Associations and remain enthusiastic. Theft is a problem but the structuring of the farmers into associations has helped somewhat to deal with this. Water availability continues to be a major problem with a lack of stock water facilities and many boreholes not functioning. There are several large livestock farmers but the majority of livestock owners have just a few head each. Although there are no formal marketing arrangements the demand locally and from the adjacent Makuduthamaga and Lepelle-Nkumpi appears to deal with the entire off-take of weaners and younger animals.

There is a general openness among the communal livestock owners to embrace any support and new development. Tompi Seleka has an important presence in this area. Through their Livestock Section the College offers training and support services and has data pertaining to livestock activities in the area. The poor, and unchanging, situation on the ground suggests that the institution could be more effective given their resources and ideal location.

Most of the farmer structures are functioning allowing easy access to the farmers. Many progressive owners are keen to adopt new technology and embrace changes if approached in the correct way. There is, however, a great deal of sensitivity around questions pertaining to productivity, costs and income. As with the commercial area farmers, there are a number of larger communal farmers who feel that they have control of the situation and see no need for outside assistance or interference.

Based on the estimated cattle numbers in table 9 above, the potential production for the municipality area can be extrapolated assuming increased productivity through better management, herd health, fertility, grazing management and improved genetics. By keeping the breeding herd the same size, and applying improved animal husbandry techniques and genetics, the improvement in production indicated in table 3 is possible in the medium to long term.

Table 10: Potential increase in productivity

Head					
Category	Breeding Stock	Replacement Herd	Net Weaners per Annum	Total	% Improvement
Commercial Area	4 000	600	2 800	7 400	40
Communal Area	10 100	1 800	6 300	18 200	274
Total	14 100	2 400	9 100	25 600	212

Source: Based in figures from table 9

In conclusion, the livestock industry in Marble Hall is admittedly not very large. However, the potential income from productivity improvements among communal livestock owners is so significant, that production management support can be justified. This support could eventually culminate in a larger meat cluster promotion strategy for Marble Hall Municipality and for the entire Sekhukhune District, because the livestock production patterns are very similar in neighbouring municipalities.

A cattle farming development plan was compiled for the Makgatle area in Marble Hall as a pilot study towards the compilation of a municipal cattle farming development plan. The objectives and recommendations on strategy from the Makgatle plan are reflected below.

4.2 Proposed Objectives

To facilitate a herd size of 300 productive cattle (cows) in line with the carrying capacity of the Mmakgatle area, to achieve a calving percentage of 80% based on the total number of cows mated in the correct ratio to superior bulls and an average weaning weight of 180kg. This will be achieved by way of the following sub-objectives.

4.2.1 Herd Composition

A balanced herd of 100 animals, producing at maximum capacity at a constant rate even during the replacement of breeding-redundant individuals, would ideally comprise 3 bulls, 65 adult cows, 16 2-year heifers and 16 1-year heifers. Once the 2-year heifers calf (at age 30-36 months), they replace 16 redundant cows (that are immediately culled) to keep the breeding group at 65 females. If this cycle is strictly implemented, the breeding nucleus will always have healthy breeding females in their prime production stage. This also facilitates herd improvement, as the 16 replacement heifers can indeed be procured from top breeders as certified pregnant heifers. This cost will be covered by the sale of the own 16 heifers that would otherwise have been retained as well as the eventual sale of the cows they replace. After 4-5 years the entire breeding stock could then be replaced by improved animals.

4.2.2 Genetics

To fast track genetic improvement two options could be considered. The first is to procure bulls of exceptional quality (stud bulls, if possible). Each bull will improve the quality of weaners as soon as the very first year. Crossbreeding is an excellent way of producing bullocks and long steers, but careful planning is required when attempting to produce replacement heifers.

Attempts should be made to keep the females as pure as possible of the same breed. This will alleviate mistakes made with improper crossbreeding. A herd with cows of mixed breed will produce a much larger variation in calves if mated to the same bull as a cow herd all of the same breed. It then becomes more difficult to produce calves of even weaning weight. To manage this within an existing mixed herd of cows/heifers, the best option is to group cows together of similar breed (eg all Nguni type together, all Brahman type together, etc.) and to mate each group to a bull that would produce calves most suited to the objective of the group – if replacement heifers are required and the Brahman-type cows perform well, mate all Brahman-type cows to a Brahman bull. If replacement heifers are instead bought in, this can be changed and each breed-type group can be mated to bulls that would produce the best weaners for sales. The groups not selected to produce replacement heifers should be mated to bulls that will produce the best weaners, based on breed and incorporating the crossbreeding principle.

Of utmost importance is to have cows that produce well under the prevailing environmental conditions at the minimum cost possible. These cows can then be mated to a variety of breeds' bulls to achieve the project-specific objective. If the objective is to produce the heaviest possible weaners without inducing calving problems, then a number of options exist. It is always worthwhile to constantly upgrade the quality of breeding cattle, as producing the best possible weaners is ultimately the main objective. A large number of bulls of a variety of breeds are always available, and the rule of thumb again is to buy the most expensive quality bull you can afford to ensure expedient improvement in the herd.

To change from communal to commercial farming, the fastest way is to improve the genetics to produce weaners that can compete on the commercial markets at best prices.

4.2.3 Animal Feed

Animal nutrition is by far the most important controllable factor influencing the financial gain of any cattle operation. Natural grazing is the cheapest form of animal feed, but its availability is dictated by both human intervention (stocking rates) and environmental conditions (rain, soil types, plant species, etc). Overgrazing is often viewed as a short-term occurrence that can be easily corrected, but the fact of the matter is that overgrazing results in secondary symptoms such as associated loss of topsoil that are imperative for the recovery of vegetation and without which total recovery will be impossible.

Cattle farmers should first be farmers of grass because cattle farmers are completely dependent upon grass to improve animal condition and increase profits. Cows should have access to ample feed of good quality during the critical last three months of pregnancy to provide in her requirements and support the optimum growth of her unborn calf. For best financial return, it is also important that the same cow calf every year, which means that she needs to conceive within 2-3 months after calving, which again requires adequate nutrition. This will not be possible during the drier winter months without excessive supplementary feeding (which in turn directly affects profitability).

Cows should ideally be provided with supplementary feed, which will ensure that they maintain proper condition and produce adequate milk for their calves. It is furthermore preferable to feed

the calves as well, and with supplementary feeding they should grow at a sufficient rate to be weaned at 6 months (preferably at 180-200kg live weight). This will provide the cows with an additional 2 months to recover and improve their condition prior to their next calving.

A variety of ready mixed supplementary feeds and licks are commercially available. In general, SA has an overall phosphate deficiency. It is thus common practice to supplement phosphate by way of a variety of licks and lick blocks that are commercially available. Such licks are generally inexpensive considering the resultant improved performance of animals. It is especially important to supplement phosphate during grass' growing season (summer months) as this enhances animals' absorption of crucial nutrients contained in such green fodder. The rule of thumb is to feed phosphate licks in summer and protein licks during the drier winter months when natural grazing contains limited nutritional value (especially the sourer species of grass).

4.2.4 Animal Health

The objective is to introduce a precautionary program instead of waiting for animals to fall ill before reacting – it is often too late as the animal has possibly not revealed the symptoms long in advance. Treating a sick animal is far more expensive than precautionary inoculation.

Most of the more serious diseases are tick-borne, which implies that they can be controlled to a large extent by inoculation and the control of external parasites. Other ailments are caused by internal parasites, which can also be controlled with effective remedies.

A simple yet effective inoculation and dosing program can be obtained from the local State Veterinarian, which should protect herds from the diseases prevalent in the area. A variety of pour-on and spray dips are commercially available, and the choice of these is dictated by management abilities, financial resources, infrastructure available and proven track record in the surrounding areas. The older dipping tanks have been replaced by spray dips and especially pour-on dips (which are more expensive but less labour-intensive and produce less spillage). It is good practice to alternate products as ticks are known to develop resistance towards the same dip that is used repeatedly. The rule of thumb is to dip once every 2-3 weeks during the colder winter months, and on a weekly basis during the hot and moist summer months.

4.2.5 Animal Production Facilities

The availability and location of grazing camps is inadequate to fully realize the potential of the Makgatle area and introduce responsible veldt management. A new detailed development plan is urgently required to scientifically re-plan the area according to available habitats and other guidelines.

Adult cattle each require on average 40-50 liters of clean drinking water per day, depending on their actual live mass, temperature and other environmental conditions (moisture content and quality of grazing, etc). To thus run the optimum Makgatle herd of 300 productive units with bulls and calves will require in the region of 20,000-25,000 liters of water every day (as calves grow they also consume progressively increasing volumes of water). Current provision is completely insufficient.

The partially upgraded plunge dipping facility at Makgatle (on Roodekopje) requires further upgrading, whilst the cattle handling facilities require complete replacement.

4.2.4 Brand marking

All cattle must be brand marked as a precaution against stock theft, which is becoming a serious threat to the viability of cattle farming.

4.3 Proposed Strategy

The strategy is to present the draft cattle farming development pilot study report to the Makgatle Cattle Farmer Association for discussion. Once consensus is reached regarding the content, implementation of the recommendations in the Makgatle area should proceed. At the same time, the Makgatle pilot study results should be used to broaden the cattle farming development plan for the entire municipality.

The Marble Hall Municipal LED Manager should be the co-ordinator of this process. The Office of the Limpopo Department of Agriculture in Marble Hall will be a key implementing agent, but it has severe capacity constraints of its own. A training college of the department (TOMPI Seleka) is situated within Marble Hall and it has considerably more capacity. College faculty members have agreed to participate in the implementation process by way of technical support and farmer training. The Agriculture Research Council has been active in supporting the Makgatle cattle owners in the past and should be invited to remain part of the implementation team.

Cattle farmer associations should be the principal organizations representing the beneficiaries. These institutions will require technical support to formalize aspects such as constitutions, operating procedures and compliance requirements.

The most important cost implications will be for the procurement of bulls (R25,000 per bull at current rates), physical infrastructure (grazing camps, stock watering and treatment facilities), as well as technical support for training and to complete the planning and documentation processes. Grant funding is available for these costs and the co-ordinator will need to engage the donor funding branch in the Office of the Premier for this purpose.

The objective should be to complete the consultation process with the Makgatle Cattle Farmers Association and to commence with the implementation process during 2008. The municipal cattle farming development plan should be completed during 2009 and implementation should commence before the end of that year.

5. TOURISM CLUSTER DEVELOPMENT

5.1 Introduction

International travel to South Africa has surged since 1994 when only 3.9-million foreign visitors arrived in the country. By 2004 this number has more than doubled to 6.7-million. In 2007 a total of 9.07-million foreigners visited South Africa - an 8.3% increase over 2006 as the country broke its annual tourist arrivals record for the third year running. Tourism is one of the fastest growing sectors of South Africa's economy, its contribution to the country's gross domestic product (GDP) increasing from 4.6% back in 1993 to 8.3% in 2008 (DEAT, 2008).

The provincial Tourism Growth Strategy developed in 2004 had the overriding strategic objective to double the contribution of tourism to the provincial economy from 4% in January 2004 to 8% by December 2008. This implies that the contribution from tourism also has to be doubled in Sekhukhune District and in Marble Hall Municipality.

Issues to be benchmarked and doubled (including in Marble Hall Municipality) are:

Number of visitors to the District

- ◆ Volume of domestic "within the Province" tourism movements
- ◆ Volume of bed nights sold to all visitors
- ◆ Value of total spend by all visitors within the District
- ◆ Value of tourist spend retained by operators within a destination
- ◆ The number of new tourism products created within the District
- ◆ The number of new jobs created within the district tourism industry
- ◆ Mobility of existing workers in terms of improved wages, positions, responsibilities
- ◆ Expansion of tourism destinations or cluster value chains within the District
- ◆ Black Economic Empowerment within the District tourism industry

The Provincial Tourism Growth Strategy is further based on six competitive clusters of tourism activity namely:

- ◆ Family and recreation
- ◆ Hunting and Safari
- ◆ Golf and Game
- ◆ Mega Conservation Areas
- ◆ Meetings, Information and Conferences
- ◆ Special Interests.

From a national perspective, the Tourism Black Economic Empowerment (BEE) Charter and Scorecard should be noted. It aims to address the two main challenges facing the tourism industry, namely the need to become more globally competitive and the need to be more inclusive of black people. Secondly, the National Poverty Alleviation Program from Department of Environmental Affairs and Tourism (DEAT) focuses on funding community based tourism projects. Several community based tourism projects, including projects in provincial parks, have been funded through this program.

The most important role that Local Government can play in the development of tourism is to create an enabling environment where the private sector is confident to invest in tourism

products because the prerequisite infrastructure and skills for viable tourism businesses are in place. This role of local government is clearly defined in municipal legislation such as:

- ◆ Municipal Public Finance Management Act;
- ◆ Municipal Systems Act; and
- ◆ Municipal Structures Act.

Other tourism development responsibilities of local government highlighted in the White Paper on Tourism include:

- ◆ Land use planning, urban and rural development;
- ◆ Control over land use and allocation;
- ◆ Maintenance of tourist services;
- ◆ Provision of road signage;
- ◆ Market and promote specific local attractions;
- ◆ Promote and financially support establishment of local publicity association's community tourism association and marketing organizations; and
- ◆ Facilitate participation of local community in the tourism industry.

5.2 Current Tourism Situation in Marble Hall

The LED plan for Marble Hall (November 2003), stated that there were 35 tourism establishments with more than 350 beds already operating in the municipal area. This figure increased to 38 tourism establishments with scope to accommodate 400 visitors overnight during a review in 2005. The latest (2007) figures indicate 35 tourism establishments/products with a total of 721¹ beds available.

The 2007 survey indicated that tourism products in the municipal area are predominantly based on accommodation (25), with business travellers and weekend hunting parties being core markets. In general, those product owners providing for weekenders get very few business travellers and vice versa.

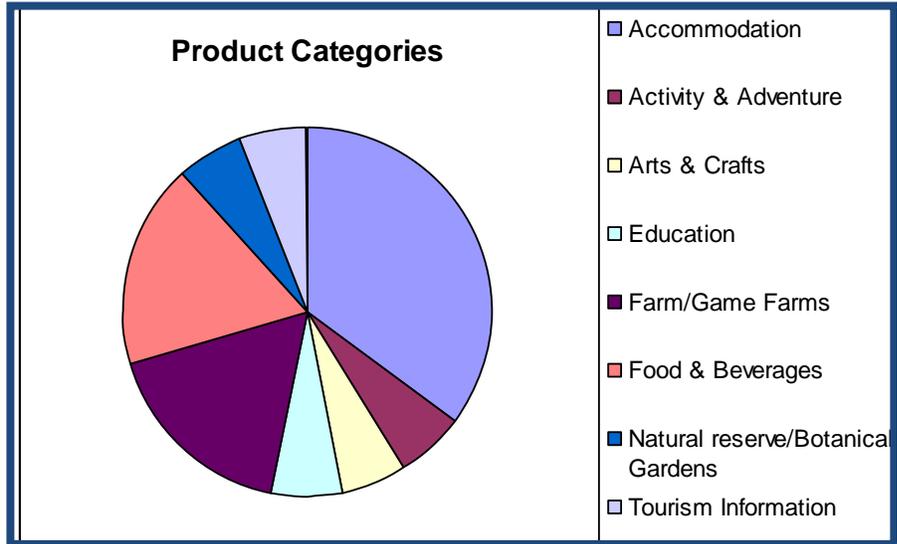
Many of the accommodation providers offer activities based on the surrounding natural resource such as hunting, hiking, fishing and birding. A significant proportion also provides a suite of leisure activities such as swimming, cycling, conference facilities and games. In addition, there are a variety of leisure and educational activities on offer from product owners that do not provide accommodation, such as the Cilabi Ostrich Farm, the Marble Hall Crocodile Farm, 4x4 trails and micro-lighting operators, as well as cultural artists.

Using data arising from the Kamoka Route application forms (provided by Sun Valley Tourism),

¹ Refer to appendix four in the draft Marble Hall Tourism Strategy, 2008

the categories of products on offer within Marble Hall are as shown in Figure 1.

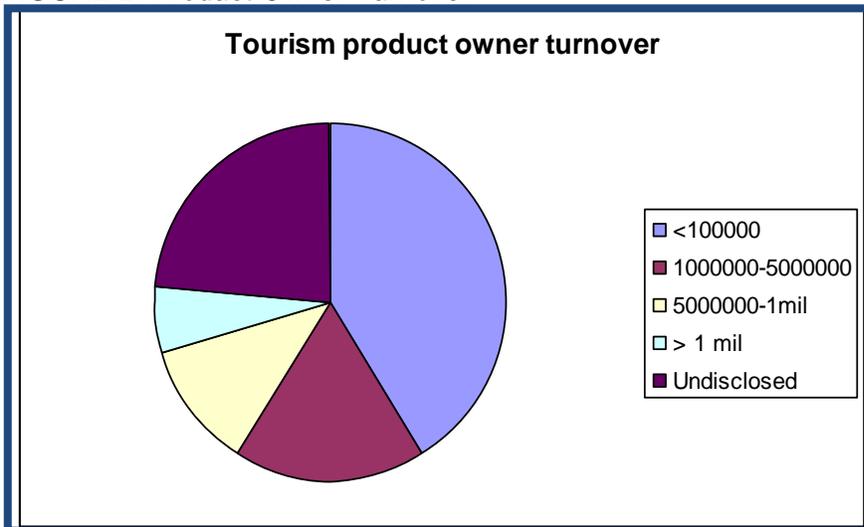
FIGURE 1: Tourism Product Categories



This breakdown reflects that accommodation is the principal product on offer (35%), followed by Game farms (18%) and Food and Beverage (also 18%). Other leisure activities are not yet well developed. The types of tourist reaching Marble Hall are almost all local and domestic travellers with only 5% from outside the country and there is an almost equal combination of holiday makers and business travellers.

Almost 41% of the product owners in Marble Hall have a turnover of less than R100,000 a year showing that most product owners are SMMEs and need to be treated as such and nurtured by the municipality tourism strategy.

FIGURE 2: Product Owner Turnover



5.3. Proposed Strategy

The proposed objective, in line with the provincial and district tourism growth plans, is to double the number of tourists that visit Marble Hall and their expenditure within the municipal area, so as to accelerate local economic growth and job creation. This is to be achieved by way of two strategic thrusts. The first is to meet the preconditions for sustainable tourism product development and secondly, to facilitate investment in tourism projects.

5.3.1 Meeting the Preconditions for Sustainable Tourism Product Development

Preconditions for Sustainable Tourism Product Development include infrastructure and service levels, skills availability, effective institutions and communication, as well as safety and security.

Infrastructure and service levels refer to issues such as the quality of the main access roads to Marble Hall, the internal roads, availability of water and electricity, as well as the quality of services such as telecommunications and refuse removal. As pointed out in section A, Marble Hall is compromised as a tourism destination, both in terms of access roads and in terms of internal roads. The condition of N11 in and alongside Marble Hall; and the Moloto road (main access from Gauteng) is so bad that it will discourage tourism traffic. Internal roads are just as bad, especially where the N11 intersects with the road from Moloto and Siyabuswa. Tourism product owners have often raised the problem that cellular services are very poor in large parts of the municipality and that fixed line services are frequently interrupted.

The Marble Hall Manager for LED and Tourism, with support from the Head of Technical Services, the Municipal Manager and the LED portfolio committee have an essential facilitation and lobbying role to play in mobilizing the different agencies that are responsible for infrastructure and services, to improve the quality of infrastructure and services for the municipality. Assistance should also be mobilized from the Sekhukhune District Municipality. Marble Hall should insist on receiving the assistance that it deserves by virtue of being part of a presidential node in the national integrated and sustainable rural development strategy.

Skills availability needs considerable improvement. A skills audit was commissioned among a selection of tourism product owners during the last quarter of 2007. It found that only 44% of all employees have academic qualifications of grade eight and above. Only 2 employees in the selection had job-related qualifications. The immediate training needed in the industry is for adult basic education and training (ABET) and for short skills development courses for field assistants, site guides, meat processors, waiters, assistant chefs, room attendants and receptionists. All of this training can be done through THETA-accredited training providers. Product owners were assisted to register with THETA before 31 January 2008 in order to be considered for assistance. Thirtyfive learnerships were approved for Marble Hall as a result of this process. The Limpopo Department of Economic Development, Environment and Tourism also has a significant budget (R22m over three years) for tourism skills development and empowerment. The Marble Hall Manager for LED and Tourism has a facilitating role to promote

constructive interaction between tourism product owners and agencies that are responsible for skills development. Progress with regard to skills development should be monitored.

Effective institutions and communication refers to the competence and capacity of the tourism component within the municipality, the reliability of the association that represents tourism product owners; and the flow of information between stakeholders. The Marble Hall Manager for LED and Tourism is also acting as Unit head for IDP. The incumbent has the competence, but not the capacity to do justice to all the needs of tourism promotion. It is imperative that the IDP position should be filled to release the LED and Tourism manager from those responsibilities. Alternatively, tourism promotion services should be contracted out. Donor funding could be available for this purpose. Available options can be established from the donor co-ordination unit in the Office of the Premier of Limpopo.

Sun Valley Tourism operated as the municipal tourism information centre for many years. It managed a useful display of brochures on a wide range of tourism products, acted as secretariat for the Kamoka Route participants and attended to telephone enquiries regarding reservations. Sun Valley Tourism did not have the support of all the local tourism product owners. It closed in March 2008. Product owners have subsequently established a new tourism association that is linked with the local business chamber. The Marble Hall Manager for LED and Tourism should maintain a close working relationship with the association and mobilize municipal support for it, provided that the association is representative of the local tourism industry.

The flow of information between all tourism development agencies and stakeholders should be promoted by the Marble Hall Manager for LED and Tourism. Electronic mail provides a useful platform to communicate with tourism development agencies and product owners and to communicate with them. A website is essential to communicate with tourists². The Marble Hall Manager for LED and Tourism should monitor the accessibility of the website and provide the tourism content for it. Contributions in this regard should be obtained from product owners and should be regularly updated. The brochure display should be maintained and regularly restocked and a suitably skilled official should always be available to deal with telephone enquiries. Development of a brand for the collective marketing of tourism products in Marble Hall should be encouraged and supported by the municipality. The brand should be reflected in landscaping throughout the municipality, in attractive features at strategic entry points and in all marketing material.

Safety and security in this context is about creating an environment where the risk of violent incidents is minimized and where tourists do not feel threatened. It requires a combination of preventative measures, including safety awareness, as well as the capacity for effective response when incidences do occur. The Head of the Community Services Unit should be requested to assist the Manager for LED and Tourism with the compilation of a safety and

² A draft LED communication strategy (January 2008) is being considered by the municipality

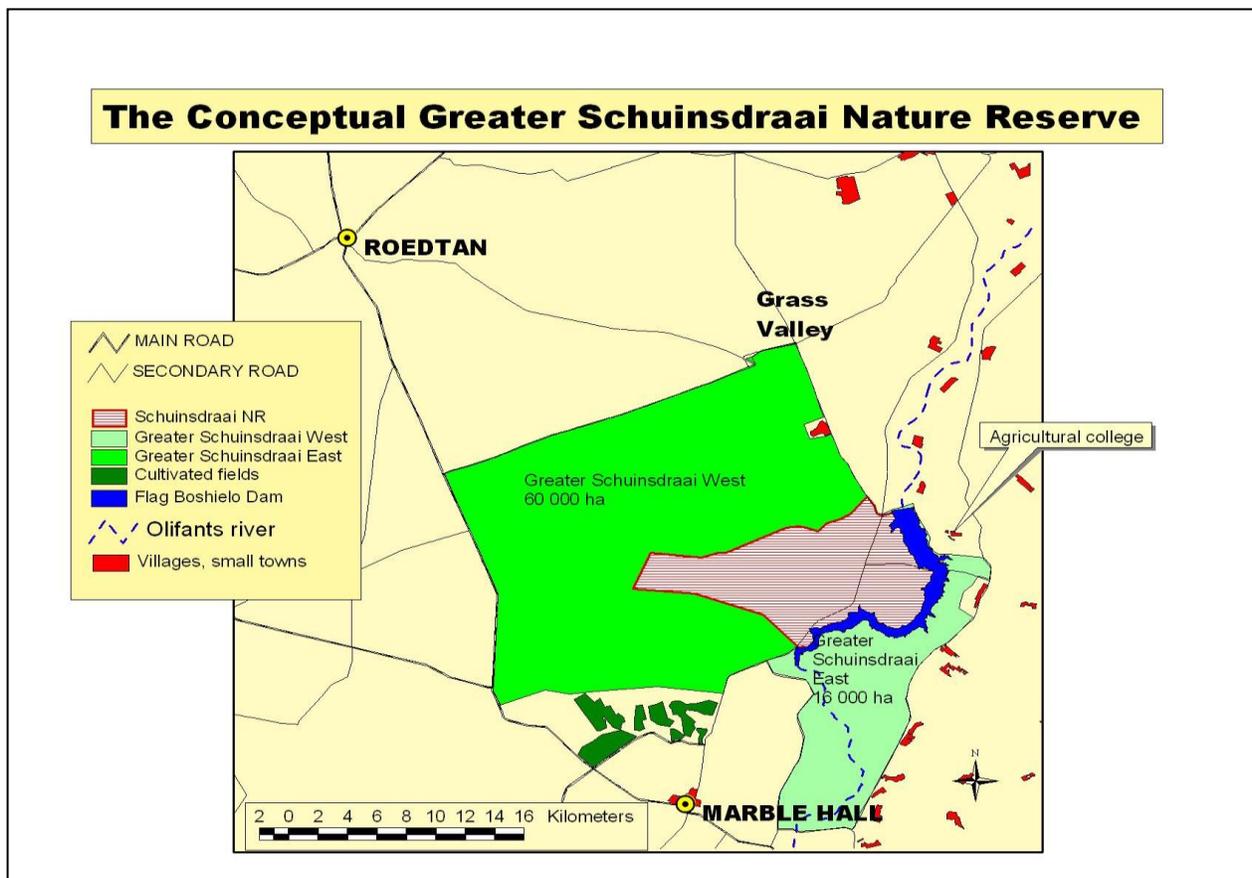
security plan. This should be done in consultation with the local police commander. Reference should also be made to the provincial tourism safety strategy.³

5.3.2 Potential Tourism Projects

As indicated in section 5.2 above, the current tourism market for Marble Hall mostly comprises business tourism and hunting parties. A broader range of sustainable tourism products is required to raise the attractiveness of Marble Hall to the larger leisure markets from Gauteng and abroad. Two potential projects are discussed below, which could contribute towards this objective, provided that the preconditions described in the previous section are met. Marble Hall Municipality should not be expected to invest capital in the proposed facilities, but has a facilitation role in the project development process.

Flag Boshielo Dam and Conservancy

The project concept is to promote investment into the development of a family resort at the Flag Boshielo Dam and to encourage the formation of a conservancy extending from the adjacent Schuinsdraai Nature Reserve to neighbouring game farms. The concept is illustrated in the figure below:



³ This can be obtained from the tourism directorate in the Limpopo Department of Economic Development, Environment and Tourism

Several planning documents have been completed for this purpose, including:

- ◆ Schuinsdraai Nature Reserve Master Plan, August 2006
- ◆ Sekhukhune 2025: Economic Impact and Assessment of Tourism Projects, Sept 06
- ◆ The Concept of a Greater Schuinsdraai Reserve/Conservancy, Nov 2007

The master plan reflects the area around the dam that has been zoned for commercial use by the Department of Water Affairs and Forestry. Management of this function is in the process of being transferred to the Limpopo Department of Economic Development, Environment and Tourism. The master plan also provides for the upgrading of facilities on the reserve with poverty relief funds from the National Department of Environmental Affairs and Tourism.

The preliminary impact assessment on the proposed family resort that was conducted as part of the Sekhukhune 2025 planning process concluded that the project should have an attractive net present value.

A concept paper on the proposal for the development of a conservancy at Schuinsdraai was commissioned from a consulting ecologist. The paper, which was completed in November 2007, found excellent potential for the enlargement of Schuinsdraai Nature Reserve into a substantial wildlife area that will be capable of carrying the big five. It provides an extensive description of the ecological aspects of the existing reserve and explores the options for the inclusion of additional land into the proposed larger conservancy. It also compares Schuinsdraai with other large game reserves in Limpopo. Finally, a process description and an estimated time and cost budget is provided to facilitate the formation of the proposed Schuinsdraai Conservancy. This process entails:

- ◆ Stakeholder consultation and analysis
- ◆ Consensus-seeking regarding objectives
- ◆ Tourism research
- ◆ Costs, benefits and constraints analysis
- ◆ Institutional options
- ◆ Compilation of draft game reserve/conservancy and resort development plan.

The next step is to find consensus among stakeholders regarding content of the conservancy concept paper.⁴ Once consensus is achieved, the business planning process and the identification of suitable investors and project developers can commence. It is advisable that the LED and Tourism Manager should recruit the assistance of an ecologist for the conservancy planning process. Limpopo Tourism and Parks (owner of Schuinsdraai Nature Reserve), as well as Trade and Investment Limpopo, should be requested to assist with the identification of suitable investors and developers.

⁴ The stakeholders are listed in the concept paper

Educational Tourism

The term educational tourism or edu-tourism refers to any program in which participants travel to a location as a group with the primary purpose of engaging in a learning experience directly related to the location. It is comprised of several sub-types including ecotourism, heritage tourism, rural/farm/agri- tourism and student exchanges between educational institutions. Interviews were conducted with LEDET, LTP, Department of Education, Department of Agriculture and the Limpopo Agribusiness Academy (Tomp Seleka), as well as with product owners in the area as a basis for the preparation of this proposal. Various reports on educational tourism were also consulted.

LTP and LEDET have existing programs for edu-tourism, focusing specifically on learners and teachers involved in Travel and Tourism as a school subject. LEDET has regular meetings with educators in the province giving Travel and Tourism as a subject in secondary schools. The last meeting was in February 2008, and was attended by 68 educators from different schools in Limpopo. One of the areas identified for urgent attention was the lack of opportunities for educators and learners to experience tourism first hand. Information for assignments is also limited. LEDET is striving to assist both educators and learners to address problems like this in improving the level of education regarding Travel and Tourism.

There are approximately 48,000 learners in the Marble Hall municipal area, of whom 28,000 are in primary school. A large proportion of them (70%) are from families with a very low income. Discussions with the relevant role players revealed a willingness to develop a well coordinated provincial edu-tourism program, using Marble Hall as a pilot project. Several unique destinations for educational tourism opportunities exist in the municipality.

A proposed three-day educational tour was designed in consultation with a tourism trainer and focused on the three themes of:

- ◆ environmental conservation
- ◆ leadership
- ◆ life skills and values

The themes are complimentary to each other, and will be presented in such a way that learners will not only be confined to a classroom situation, but will also have the opportunity to apply and test their newly acquired knowledge and skills in a recreational and entertaining context. They will furthermore be equipped with a “take me home” booklet, consisting of a concise summary of the educational tour contents, allowing them to refer back to the fundamental concepts of the three themes that were covered.

Tomp Seleka Agricultural College has offered its accommodation and training facilities to be used for agri-tourism and edu-tourism. Accommodation is also available at the primary school in Marble Hall. The cost estimate reflected in the table below is based on a quotation given by the school matron. The amount of R840 per learner will not be affordable for 70% of the learners in the Marble Hall municipal area. The maximum amount that all learners can realistically be

expected to contribute is probably R140. The concept of educational tourism is therefore only feasible if development funding or sponsorships can be obtained.

Table 11: Anticipated Cost of Three-Day Edutours per Learner

ACTIVITY	UNIT COST	NR	COST - R
Overnight accommodation per learner/teacher including breakfast and dinner	R175	2	R350
Lunch Hamper for 3 days	R30	3	R90
Transport: 4 x 12 seater mini-buses @ R8.45 per km for maximum of 300 km = 200.00 (R16 900.00 divided by 50 learners)	R200	1	R200
Sundries: entry fees to activities, materials, etc.	R200	1	R200
Total per learner			R840

It is recommended that the Manager LED and Tourism at Marble Hall should approach LEDET and donor agencies through the Office of the Premier to secure sponsorship for a pilot educational tour. A tourism trainer should then be contracted and a local school should be selected for the pilot tour. The tourism trainer contract should include the recording of the entire case as a basis for replication among other schools in Marble Hall and eventually throughout Sekhukhune District and Limpopo Province.

The regular influx of educational tour groups will have a positive impact on the economy of Marble Hall. Not only established tourism ventures and businesses will benefit, but increased numbers of visitors to the area, will stimulate growth of new business and tourism opportunities. The marketing value of word of mouth advertising for Marble Hall and its facilities by the learners should also be appreciated. The ultimate result will be the nurturing of environmental and leadership values among learners and the establishment of tourism behavior patterns that will strengthen the economic and social fabric of the Marble Hall community.

6. INFORMAL ECONOMY SUPPORT

6.1 Introduction

An Informal Economy Study conducted for the Western Cape Provincial Government in 2006 found that trade is the dominant activity in the Western Cape informal economy with 47% of informal workers engaged in these activities⁵. After trade, construction and services accounted for 17% and 15% of informal sector 'employment' respectively. However, an earlier qualitative study into the informal sector in Khayelitsha and Mitchell's Plain in 2000 found considerable diversity among businesses within the sector. This study highlighted the need to recognize the heterogeneous nature of informal enterprises, comprising a range of activities that are not necessarily synergistically linked.

The educational levels of those engaged in the Western Cape informal sector diverged between those with no schooling (4%) and those with higher level qualifications (8%). The majority of informal sector entrepreneurs have received some secondary school education with 38% falling into the educational Grade 8-11 category. While the labour force statistics show a slightly higher level of education among informal entrepreneurs in the Western Cape than for the country at large, the overall trends are remarkably similar. Other important findings from the Study with respect to the situation in the Western Cape were:

- ◆ 60% of persons working informally (either as entrepreneurs or workers within informal businesses) work from home,
- ◆ 43% of informal entrepreneurs run one-person businesses,
 - The informal economy therefore has limited employment potential,
- ◆ 10% of informal entrepreneurs operate their business from a footpath, street or open space,
 - The availability and accessibility of trading space within public sites is therefore a critical component to enterprise development,
- ◆ In all sectors, the bulk of respondents (39%) earned between R1001-R2500 per month, with 28% in the R501-R1000 category and 16% earning less than R500 per month. The data shows that 10% earn between R2501-R8000 per month.
- ◆ Informal market trading within the City and suburbs was historically dominated by coloured persons, but black foreigners have fast increased their stake in this segment, whilst black South Africans remain marginalized or unable to enter these markets competitively. In the case of inner-city markets, the absence of black South African traders is attributable to both the relatively high market fees and the action of vested interest groups / individuals.

Although no detailed analysis has been undertaken to examine the constraints to business development among informal enterprises, the study calls for a consideration of the following framework constraints, derived on the basis of more detailed information from other regions within South Africa:

⁵ Extracted from the Micro Economic Development Strategy for the Informal Economy in Western Cape, Nov 2007

- ◆ **Access to financial services – credit and savings.** Studies of informal enterprises in Durban and Johannesburg show that lack of funds and / or access to credit are the most important constraint to business growth. This constraint includes credit knowledge management and access to saving facilities.
- ◆ **Access to training.** Because most informal entrepreneurs have never received training, specific training in areas such as financial management, market analysis, buying, costing and customer care would assist these business persons.
- ◆ **Access to infrastructure and basic services.** These constraints include housing, services (public utilities), transport, electricity and security. As many informal enterprises operate from residential premises, the availability of housing and services (water, sanitation and electricity) would be key elements to enable growth in the informal economy.
- ◆ **Crime.** The threat of criminal activity presents a significant constraint to doing business, an impediment that is universally acknowledged although the precise impact of this threat within the informal economy in the study context is not known.
- ◆ **Regulations.** It is thought that the impact of regulations (national, provincial and local) on the informal economy presents less of a constraint than is commonly suggested. This argument is advanced on the basis that many informal enterprises simply ignore regulations. Realistically, the level of constraint or impediment varies from activity to activity - while regulations may not inhibit businesses from serving a demand (shebeens, a case in point); they certainly constrain investment in the business and increase the investment risks. Whilst many informal enterprises ignore regulations, it should not be concluded that they desire no regulation. Over-trading is one example where established traders seek intervention, through regulation by licensing, to ensure their business survival from the threat of new entrants willing to operate with higher risks. At the furthest end of the spectrum of regulatory challenges is trade prohibition, which some smaller towns in the Western Cape apply to all informal trade within the town centre.
- ◆ **Industry or sector specific constraints.** Different informal enterprises face different constraints specific to their field of business and the particular challenges within their immediate geographic environment. These constraints need to be identified to add nuance to policy and avoid prescriptive outcomes that do not address site and enterprise-specific challenges.
- ◆ **Access to business related infrastructure.** A common challenge for informal businesses throughout the country concerns the non-availability of affordable storage facilities and store / shop space. The IE Study suggests clustering, as one solution, though actual strategies used by different enterprises should be more carefully investigated to identify both individual and collective actions. The IE Study observes, in the case of informal trading, that very few resources have been allocated to street trader infrastructure such as shelters, toilets, water and storage facilities.
- ◆ **Collective action.** International experience has shown that collective action by informal sector workers or entrepreneurs can improve working conditions and the business environment. While collective action to achieve these objectives has been less successful in South Africa, co-operation and organization is clearly important for

specific groups, such as market traders, taxi operators and shebeen owners as evident by their membership of organizations dedicated to advance sector-specific interests.

The study highlights the range of institutional programmes at national, provincial and municipal levels to support small business development. It is evident that these programmes have tended to focus on small and very small enterprises rather than informal micro-enterprises. In the Western Cape, generic business support services for small businesses are channelled through the **Real Enterprise Development Initiative** (RED Door). The Province has nine RED Doors and two more are in the pipeline. Services are also provided by the private sector, such as the business management training for taverners/shebeen operators provided by SA Breweries.

In the broader South African context, the impact of these institutional programmes and training initiatives in fostering business is unclear. Anecdotal evidence suggests that informal entrepreneurs are reluctant to pay for, and endure, training / skills development if the course is not relevant to their specific needs and the learning acquired thereby cannot be applied within their enterprise in practical terms.

6.2. Informal Economy in Marble Hall Municipality

A survey of informal business was conducted in Marble Hall town as part of the compilation of the 2003 LED Strategy. It excluded farming and tourism activities. The total number of informal businesses recorded in all 13 wards amounted to 702, of which 100 were in Marble Hall. An extract from the LED strategy document on the results of the survey of the 100 informal economy businesses in Marble Hall town is provided in the table below.

The majority of informal businesses by far were found to be traders. It is evident from the survey that this trading is mostly in food (in various forms), followed by clothing, consumables and personal services. Trading is generally conducted in areas that are not demarcated for this purpose.

Food preparation in areas that are not demarcated for this purpose is problematic for a local municipality due to the community health hazard arising from random disposal. Informal trading hours are similar to normal business hours, which probably reflect the reliance of informal traders on public transport.

Most of the informal business owners have indicated that they are satisfied with the places from where they are operating their businesses (68% of traders in town and 79% of business owners in villages). The authors of the 2003 LED strategy believe that this is probably not an accurate reflection of real perceptions in this regard. It is attributed to the fact that the respondents perceive that they will have to pay for services if improved trading conditions are required. Problems that are encountered by informal business people and acknowledged as such, relate mostly to exposure to the elements and the lack of site facilities.

Table 12: Results of the Informal Sector Survey in Marble Hall, 2003

1.	Number of informal traders	100
2.	LOCATION OF STANDS	
	Demarcated area	31
	Areas that are not demarcated for trading	69
3.	Affiliated to hawkers association	26
	Not affiliated to hawkers association	74
4.	AVERAGE TRADING HOURS	
	05h00 - 16h00	2
	06h00 – 16h00	27
	07h00 – 16h00	47
	08h00 – 16h00	24
5.	PRODUCTS SOLD BY HAWKERS / INFORMAL TRADERS	
	Food (e.g. pap & vleis/Russian & chips)	44
	Vegetables & Fruit (e.g. Tobacco)	26
	Clothes (bags, belts etc. / watches / radios	13
	Airtime / Public phones / Cellphone accessories / photos	5
	Other: Soft goods / cosmetics / accessories	5
	Ice cream & milk	1
	Shoe repairs	4
	Barbershops	1
	Traditional herbs	1
	Livestock	0
7.	PROBLEMS ENCOUNTERED BY INFORMAL TRADERS	
	Water supply	7%
	Rain and dust	9%
	No shelter	5%
	No proper ablution (toilets)	1%
	No proper site allocated	5%
	Problems with existing business	5%
	No problems	68%

Source: Marble Hall LED, 2003

Apart from Marble Hall town, which is a prominent business and retail node, the distribution of informal economic activity throughout the other wards in the municipal area corresponds closely to the population concentration profile, with Leeufontein and Elandskraal being prominent alternative nodes.

The average monthly turnover of respondents was approximately R1,000 in 2003, which leaves very little in the form of income after the cost of doing business is deducted. This supports the interpretation that informal economy activities are not the first choice of most participants, but rather a means of survival when alternative options are limited.

According to the survey, traders operating in town were not paying any service fee to the Municipality, although 38% of those operating in the villages have indicated that they were paying service fees. The authors of the 2003 LED document found this questionable and believe that it was probably indicated in the affirmative because of the perception that follow-up

action might be instituted by the Municipality to extract such levies. The Manager: Community Services has subsequently indicated that all informal economy operators in Marble Hall are expected pay a flat rate of R10.00 per month for municipal services in addition to their membership fees for the Informal Traders Association. The flat rate is currently being withheld because informal economy operators claim that Marble Hall Municipality is allowing traders from Gauteng to operate in their spaces on pay days without extracting any fees from them.

6.3. Conclusion

There are at least two sets of critical success factors for effective support for the informal economy. These refer to institutional issues and to physical or structural issues.

Institutional success factors refer firstly to the importance of an integrated approach towards strategy formulation and implementation. It means that developmental local government concepts and informal entrepreneur education, training and support programs have to be integrated with the formal demands of urban management such as hygiene and traffic control. The integration of informal trade promotion strategies and public transport planning is crucial. It also means that support programmes from different spheres of government should be integrated. The informal trade promotion strategy has to be sufficiently robust to deal with the threats of organised as well as petty crime.

Secondly, it is important that local government should have a solid and accurate understanding of the dynamics and needs of different kinds of informal economy activities and its operators (such as traders, street kitchens and street hairdressers), as well as the impact that it is having on the local economy.

In the third place, institutional success factors also include the facilitation of access to credit, which is often a major constraint in the informal economy. Opportunities for co-operative buying could be assessed and resource mobilisation for informal economy should be considered. Informal traders have to be represented in the strategy formulation and implementation process, but the municipal management issues that are not negotiable also have to be made clear. Finally, it is crucial that adequate resources be provided, both in terms of persons and equipment, to implement, monitor and enforce the strategy.

Physical or structural issues refer to the importance of providing trading zones and sites where the highest density pedestrian flows occur. These flows are determined primarily by the spatial relationships between popular grocery shopping facilities, places of work and public transport entry and exit points. Informal trading sites that fail to recognise these pedestrian flows will not be successful.

In order to prevent the congestion of correctly located trading sites, it may be necessary to consider multiple places, provided that they are all informed by high density pedestrian flows. Sites have to be provided with basic amenities and services, as determined by the nature of activities on the sites, but have to be limited and regulated to avoid overtrading. The influx of dumpers from outside the municipality on pay days disrupt local informal trading patterns and needs to be regulated. Foreign informal traders also need to be regulated, since relationships with local traders have the potential to become violent.

In addition to site amenities, individual operators may require equipment such as trolleys or mobile cooking facilities, depending on the nature of the activity and its level of formalisation. Assistance is normally needed to contact and negotiate with appropriate suppliers.

The need for flexibility applies to both these sets of critical success factors that were discussed above. It dictates that pedestrian flows may change over time and that trading sites have to be responsive to these changes. However, bricks and mortar are impossible to move after construction has been completed. The risk of shifting pedestrian flows can be hedged by establishing multiple markets of different sizes along all the high-density pedestrian channels and by allowing kerbside trading outside the markets under certain conditions.

6.4 Recommendation

It is recommended that the Manager LED and Tourism should approach the LED Resource Centre⁶ to request the services of an informal economy expert available in order to complete the specific actions described below. Financial assistance can also be requested from the Neighbourhood Development Partnership Grant at National Treasury, specifically as far as Moganyaka/Leeufontein is concerned. Marble Hall town and Moganyaka/Leeufontein should be the initial priority areas. Once an effective informal economy support system is established, all the priority nodes as described in the spatial development framework should be included.

6.4.1 Training for Informal Economy Traders

Compile and implement a training programme in conjunction with LIBSA (Marble Hall). Themes could include basic bookkeeping, basic business management, hygiene and public health, as well as ABET. The programme must be designed and implemented to suit the needs and working conditions of informal traders.

6.4.2 Access to Micro Finance

The chairperson of the Informal Traders Association in Marble Hall, Mr. Noah Ntsehi, indicated that informal traders have an urgent need for small loans to acquire stock.

An institutional model that would enable stock to be purchased and warehoused in bulk by a co-operative on behalf of members who pay for the stock upfront by way of micro-loans and then draw daily stock requirements. No prototype of such models could be found in the informal economy literature. Care South Africa is experimenting with a voluntary savings club concept in Tubatse Municipality and the results could be useful in developing an appropriate institutional model for micro-financing, co-operative buying and stock warehousing for the informal economy.

6.4.3 Trading spaces

A town planner should be appointed (ideally with technical assistance funds from the Neighbourhood Partnership Grant) to prepare a preliminary zoning and site demarcation plan for informal economy activities in Moganyaka/Leeufontein and in Marble Hall town for presentation to stakeholders.

⁶ The LED Resource Centre was established at Edupark in Polokwane during 2007 with financial support from the Limpopo-EU LED Programme. It is currently compiling a toolkit on the informal economy in the context of LED.

6.4.4 Trading structures

An architect with a successful track record of informal economy projects, should be appointed to design appropriate structures and public facilities for the informal economy spaces that are zoned and approved as indicated above. An inventory should also be compiled of informal trading equipment that are available in the market with their prices and this information should be linked with the zoning and site demarcation proposals that are referred to above. Consideration should be given to the feasibility and imperative of separating slaughtering and cooking activities and the provision of separate and appropriate facilities for these distinctively different activities.

6.4.5 Crime and the Informal Economy

A proposal should be developed with regard to:

- ◆ More visible policing in informal trading areas
- ◆ The provision of police radios for selected informal traders
- ◆ Linking informal traders with community policing structures.

6.4.6 Informal Economy Regulation

Marble Hall Municipality needs to create a system for the allocation of informal trading and business sites and for the regulation of that system.

6.4.7 Policy Formulation

The results of all the activities referred to above should be consolidated into a process of policy formulation for informal economy support in Marble Hall. The policy should provide for appropriate monitoring, evaluation and improvement as experience is gained. It should also provide for replication from the first two priority sites to all the nodes that are identified in the spatial development framework. Experience that is gained with regard to informal economy support in Marble Hall should be made available to other municipalities as well.