



## ADDRESSING RURAL DEVELOPMENT THROUGH FUNCTIONAL REGIONS

**Priority District Analyses:  
High impact (catalytic) infrastructure intervention  
areas for economic transformation**

### **Cluster 2 Report: For Priority Districts in Limpopo and Mpumalanga**

Districts of Capricorn, Vhembe, Mopani, Sekhukhune and Ehlanzeni

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**Prepared For:**

Department of Rural Development and Land Reform  
Rural Infrastructure Development  
Clinton Heimann  
[heimann@ruraldevelopment.gov.za](mailto:heimann@ruraldevelopment.gov.za)

**Prepared By:**

CSIR, Built Environment  
Elsona van Huyssteen  
Johan Maritz



**rural development  
& land reform**

Department:  
Rural Development & Land Reform  
REPUBLIC OF SOUTH AFRICA



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## PART C

### First Round Catalytic Project evaluation for priority districts in Limpopo and Mpumalanga

#### 1 Introduction

Catalytic projects can be broadly defined as projects that lead directly or indirectly to high impact in relation to employment creation, local economic development and transformation. These are mostly (but not only) infrastructure related projects where the local environment/conditions are transformed such that it enables accelerated development locally and possibly also in the wider region. These projects are identified mostly through a bottom-up process where local municipalities / districts identify projects drawn from their own local planning processes. It is expected that these projects should be integrated parts of IDPs and/or local and regionally linked initiatives.

During the first round of requesting the submission of catalytic projects by DRDLR (2012/13) no predetermined framework or structure was provided to guide and inform municipalities. As a result a wide variety of projects extending across a number of sectors was received. These projects might not all fit into the view of what a 'catalytic' project would be. It does however provide insight into the types of projects that municipalities feel are critical/relevant/important.

It is also important to note that the details of national infrastructure investments driven through the PICC are not known, as such the potential for overlap or conflict might arise. During the current project it became necessary to develop an understanding of the makeup and structure of settlements within the identified 23 districts. It is this understanding combined with the economic, environmental and social context that can be used to evaluate the feasibility of proposed projects especially in view of its catalytic nature.

The current set of proposed catalytic projects consists of the following:

- Two projects per district, thus 46 projects in total;
- Projects are spread across all 23 district municipalities;
- Comprises both large and small projects (financial costs);
- Deals with sectors including:
  - Agriculture production;
  - Electrical infrastructure;
  - Processing (related to industry);
  - Road infrastructure;

- Water and sanitation services/infrastructure; and
- Other infrastructure categorised under 'urban'
- Maps have been prepared indicating, where possible, the location of catalytic projects (those without sufficient spatial information have been placed centrally in the district and are indicated with a yellow outline); and
- A table also accompany the mapped information listing the project, location, type, and financial cost implications.

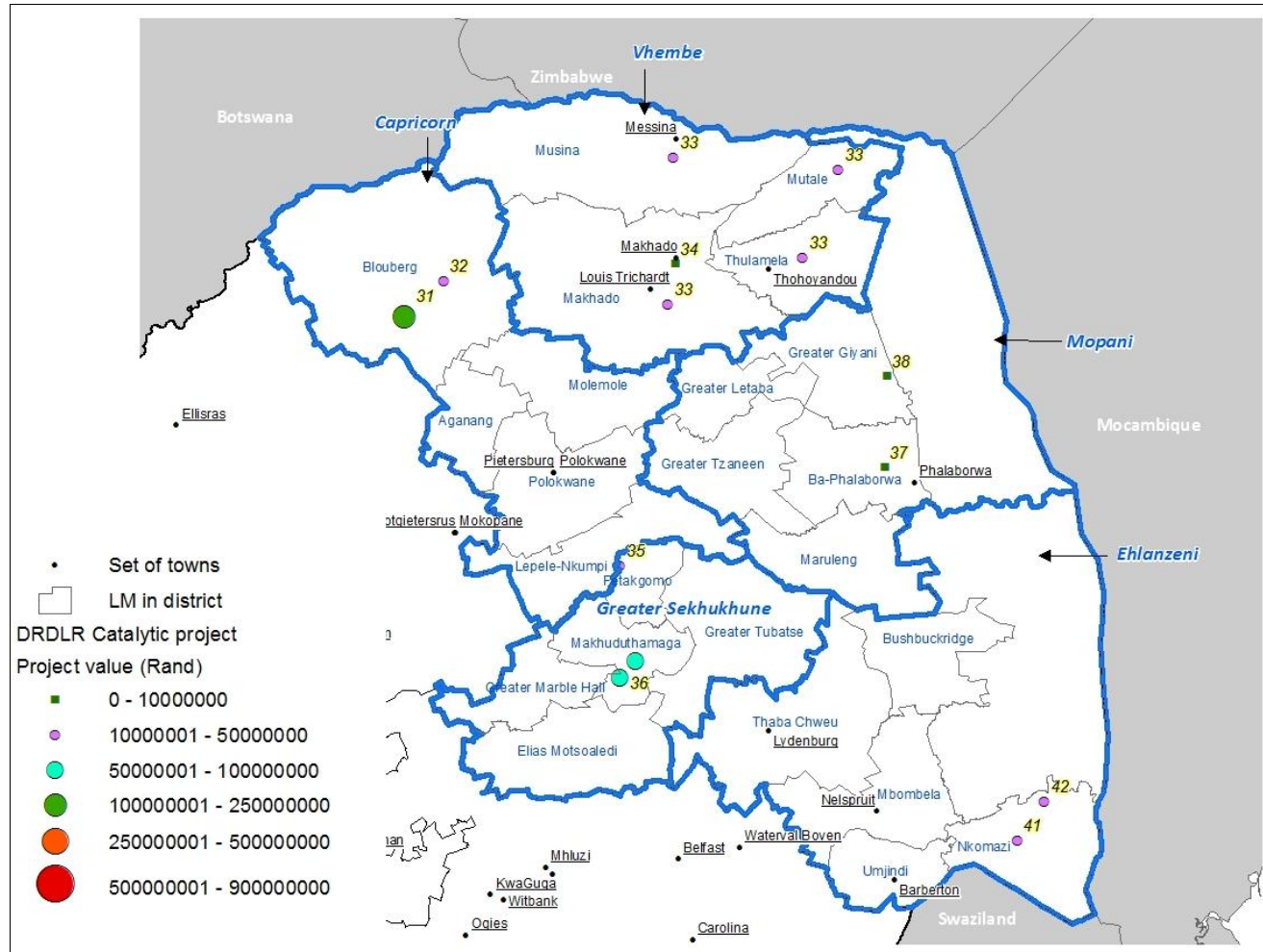


Figure 1.1: Catalytic projects in the Limpopo and Mpumalanga cluster of districts

## 2 Perspective on projects

Figure 1.1 shows the catalytic projects listed for the Limpopo and Mpumalanga cluster of districts in the spreadsheet below. The size and colour of each dot indicate the projected Rand value of the project (and not the type of project). Figure 2.1 indicates the total project value per district. It is clear that Capricorn in Limpopo has put forward catalytic projects with the highest price tag, while Mopani in Limpopo the lowest by far.

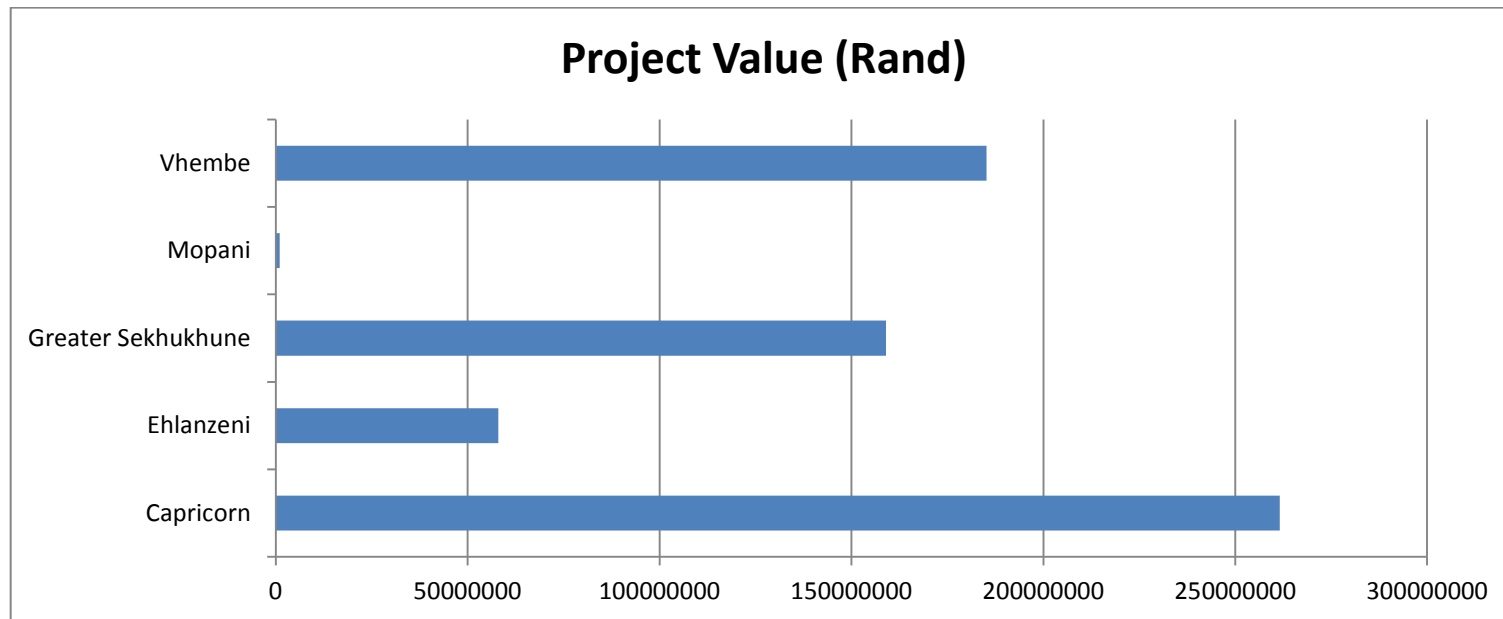


Figure 2.1: Project value per district in the Limpopo and Mpumalanga cluster of districts

Projects range from upgrading an access road (in Vhembe) to revitalising a bulk water supply line (in Capricorn) to upgrading a rural central business district (in Ehlanzeni). Some of the projects relate to water supply and roads construction, while others relate to economic development or improving agricultural production (see Tables 2.1 and 2.2 for all the project details that were supplied).

Table 2.1: List of catalytic projects in the Limpopo districts

**Limpopo Province**

DM	LM	Settlement	Project name	Main project activities/ output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
Capricorn DM	Blouberg LM	Papegaai, Mankgodi, Vergelen, Grootdraai, Berg & Dal, Mamaleka, Sekhung, Gorkum, Morotsi, La-Rochelle, Madibeng, Sebotlana, Borwalathoto, Manaka, Mons, Non-Parella, Swartz, De-Villiersdale and Silvermyn, Dendron and Senwabarwana	Glen Alpine Bulk Water Supply	Water Supply		Yes	36	R 239 720 000	
<b>Amount required by the district</b>									<b>R 239 720 000</b>
Capricorn DM	Blouberg LM	Pax, The Glen, Maswikeng, Naledi, Lovely, Maphoto, Kgatla, Burrgerrecht, The Granje and De - Vrede	Mokwena/Glenfurnes Bulk Water Supply	Refurbishment of existing Bulk Water Supply Line		No	24	R 21 896 000	
				Replacement of Asbestos Pipes					
<b>Amount required by the district</b>									<b>R 21 896 000</b>
Vhembe DM	All 4 LMs		Revitalization of Irrigation Schemes: Support for The Market	Training of the members of the Irrigation Schemes	4 000	Yes	48	R 180 000 000	
				Design of Infrastructure Required					
				Building of the Infrastructure					
				Planting of Crops					
				Selling of the Crops					
<b>Amount required by the district</b>									<b>R 180 000 000</b>

Vhembe DM	Mavhunga	Ward 38	Upgrading of Mavhunga Access Road (D3669) Phase 3 from gravel to tar (8km)	Clear cables and boulders in riverbed upstream align river path with centre of the bridge		Yes		R 100 000	
				Replace existing railings with F-Shape concrete balustrade/ parapets				R 350 000	
				Place asphalt on the deck				R 300 000	
				Provide expansion joint system				R 200 000	
				Repair minor concrete spilling				R 250 000	
				Enlarge deck drainage holes				R 100 000	
				Erect guardrails on approaches				R 250 000	
				Consider concrete pavement on approach roads to reduce damage by overtopping floods				R 750 000	
				Provide erosion protection by means of gabions on fill slopes				R 300 000	
								R 2 600 000	
								<b>Amount required by the district</b>	<b>R 5 200 000</b>
Greater Sekhukhune DM			Fetakgomo Road Construction – surfacing/ tarring of road D4190 from R37 to Gankwana; the total road to be surfaced is 14 km	Road Construction		No		R 49 000 000	
								<b>Amount required by the district</b>	<b>R 49 000 000</b>
Greater	Makhuduth	Jane Furse -	Sekhukhune Agro	Agro Processing		No		R 110 000 000	

Sekhukhune DM	amaga	Phokwane	Processing Units – the project has 3 components; the establishment of Poultry Abattoir, Fruit and Vegetables Pack house and the Milling Facility	Establishment of Poultry Abattoir, Fruit and Vegetable Pack House					
				Milling Facility					
<b>Amount required by the district</b>									<b>R 110 000 000</b>
Mopani DM			Majeje Eggs Making Poultry	Establishment of Eggs Making Poultry		No		R 500 000	
<b>Amount required by the district</b>									<b>R 500 000</b>
Mopani DM			Hlomela Poultry for Women	Establishment of Poultry for Women		No		R 500 000	
<b>Amount required by the district</b>									<b>R 500 000</b>

Table 2.2: List of catalytic projects in Ehlanzeni, Mpumalanga

### Mpumalanga Province

DM	LM	Project name	Main project activities/ output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
Ehlanzeni DM	Nkomazi LM	Rural Central Business District	Upgrade the existing business development precinct involving the upgrading of streets and parking areas, provision of lighting, service industries, a MPCC including the upgrading of municipal offices, separation of vehicle and pedestrian traffic	150	Yes	12	R 43 000 000	
			Detailed Design and planning of the areas surrounding the proposed development node involving parking areas, access to roads, roads upgrading, urban design					
			Enhancement of the informal sector and SMME					
			Development of resources by preparing a marketing programme, a customer services strategy, developing local businesses through training					
			Provide and upgrade access routes to CBD					
			Uplift rural communities by providing security of town					



				<b>Amount required by the district</b>			<b>R 40 500 000</b>
Ehlanzeni DM	Nkomazi LM	Unemployment, Economic Development & Rural Upliftment (Organic Fertilizer Plant)	Strengthen international business linkages	500	No	12	R 15 000 000
			Expand the existing export market (export manufactured products)				
			Strengthen the already developed agricultural sector				
			Creation of a stronger business environment within the Municipality (create various business opportunities)				
			Upliftment of the surrounding rural areas				
			Link with other development projects like packaging and storage hub (agglomeration advantages)				
				<b>Amount required by the district</b>			<b>R 15 000 000</b>

Many of the projects listed above would not typically be regarded as catalytic projects, but the fact that they are being listed, means that they are experienced as real constraints in these districts. Ehlanzeni District though seems to have considered the catalytic impact in its choice of projects. In most cases the projects as supplied by the districts offer little information, making it difficult to comment on their feasibility or impact. However, comparing the spatial analysis in this report with this list of catalytic projects, one can make the following deductions:

- The single most important economic sector in every local municipality in terms of its contribution to GVA and employment is community social, personal, as well as government services – thus most households are dependent on social grants for a livelihood in these districts. Any catalytic project should attempt to increase the number of people employed in the economy (compared to the number of people dependent on social grants for a living) as well as the district’s national contribution to the GVA. Does the upgrading of an access road for example have a catalytic effect on the economic and employment potential? Would a project that unlocks some economic potential (e.g. agro processing or urban agriculture) not be more of a catalyst?
- The population in the cities and regional service centres are all growing. Large clusters of poor people are found in the big towns and cities, extending the population pressure in terms of service delivery, job creation and social welfare. In considering a catalytic project, thought should be given to how the population pressure could be relieved in the big cities and services centres through addressing job creation.
- The rural areas in the north of Limpopo – stretching over Capricorn and Vhembe districts, have no service towns to serve the populations living here. It would benefit the people and the economy to establish a rural node here, although there seems to be no apparent economic potential to support the economy of such a node. A catalytic project could initiate the establishment of a rural node in the area, by investigating the economic potential to supply jobs and contribute to the GVA.

- The most densely populated rural areas are typically the areas under traditional authority, and are home to a major part of the population in these five districts, though the population growth rate is mostly declining. Large clusters of poor people are found in the densely populated rural settlements. The social vulnerability is quite severe. Approximately 15% of households have no income, while approximately 77% of the population live in poverty. This is exacerbated by the high dependency ratio, which is caused by the high percentage of children under 14 years, and the high unemployment in the rate in the districts. A catalytic project could perhaps look at how education and skills training in these districts can be improved, so that people can become more employable, but also to ensure that the youthful population have more options once they finish school. This may also counter the trend of out-migration.
- Service delivery in the former homeland areas is still lacking, with water provision showing the highest backlogs in the districts. Places with high concentrations of poverty, be it cities or dense rural areas, are also areas with huge backlogs in service delivery. A catalytic project provides an opportunity to explore the application of alternative and more “green” service provision while in the case of social services, the reliance on periodic services, e-government or agency type services will have to be explored.
- In terms of the various districts, the analysis in this report indicated the following economic potential that catalytic projects should attempt to unlock:
  - Agricultural production: a belt from Makhado in the north, to the Nkomazi local municipality in Mpumalanga in the south-east, as well as around Polokwane and Groblersdal, but land degradation needs to be addressed to grow the potential;
  - Ehlanzeni: Urban agriculture potential in Nelspruit-Hazyview, mining potential in the areas outside Barberton, Origstad, and a rural tourism node close to Graskop-Sabie-Lydenburg;
  - Vhembe: Agro-processing could be considered, urban agriculture potential in Thohoyandou, a rural tourism node close to Makhado;
  - Mopani: Urban agriculture potential in Tzaneen, mining potential around Giyani;
  - Capricorn: Agro-processing could be considered, a rural tourism node close to Zebediela; and
  - Greater Sekhukhune: Agro-logistics and production in Jane Furse, a rural tourism node close to Tubatse.

It may be that the catalytic projects listed here by the districts would unlock the economic potential, e.g. water supply is crucial for many sectors, but the thinking behind the projects is not specifically indicated. It can be concluded that more thought should be given to the potential catalytic impact of these projects before districts decide to invest in them, for there may be other projects that will have a deeper and wider impact on the economy and its people. It is recommended that feasibility studies be conducted for those projects that have not yet done so, and that the impact and benefits of each project be calculated in relation to the potential as well as challenges described in this report.