



LOCAL ECONOMIC

DEVELOPMENT

STRATEGY  
2010/2011



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## INTRODUCTION

There is a need for Mantsopa Municipality to develop a policy on business development that will be geared towards the enhancement of local economic development. As a point of departure it is important that Local Economic Development be defined.

Local Economic Development (LED) is outcome based on local initiative and is driven by local stakeholders. It involves identifying and using primary 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.

The amalgamation of Local Authorities on 5 December 2001 has set a new era for local government. The white paper on local government requires developmental local government to focus on the objects of local government set out in section 152 of the constitution. In addition, it is required of local municipalities to promote local economic development, tourism, social development and democracy in their area of Jurisdiction. They must not only deliver on present demonstration but must anticipate future demand and find ways to provide services in an effective, efficient and sustainable manner.

Economic development plays a crucial role in creating a prosperous, equitable, stable and democratic society. The overall national vision of economic development is one of decent work and living standards for all in the context of qualitative improved equality in ownership, skills and access to opportunities.

To achieve this, municipalities must work to:

- Stimulate local production and commerce, including home industries;
- Ensure intergovernmental linkages to national and provincial programmes and strategies;
- Utilize institutional arrangements that stimulate community initiatives and broaden ownership, through cooperatives;
- Address previous spatial planning that undermines local economic development;
- Deliver municipal services through collective community initiatives and enterprises.

## LEGISLATIVE ENVIRONMENT

The Constitution (1996) assigns the developmental mandate to local government. This implies that municipalities must strive to achieve the objects of local government within its financial and institutional capacity, namely:

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

It further requires of municipalities to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community whilst participating in national and provincial development programmes.

The above mandate should therefore be captured in the IDP of the local municipality and therefore the stronger focus on local development programmes that address the needs of the community.


## POWERS AND FUNCTIONS

Section 156 of the Constitution assigns executive authority to municipalities in respect of, and the right to administer the local government matter listed in Part B of Schedule 4 and Part B of Schedule 5 and any other matter assigned to it by national or provincial government. This implies that certain functions have been assigned exclusive to local government. As local government comprises both district and local municipalities, it was necessary to differentiate between the functional competencies of district and local municipalities. This division of functional competencies between district and local municipalities is governed by the Municipal Structures Act, as amended (2000). However, many district municipalities do not have the administrative capacity to execute their legislative powers and functions and therefore the MEC for Local Government and Housing authorised local municipalities to perform certain of the district municipal functions in terms of section 18 (1) of the Local Government Structures Amendment Act (2000).

The MEC's authorisation in terms on Provincial Notice No 225 of 27 November 2002 was repealed on 10 April 2002 with the promulgation of Provincial Notice No 53 of 2002. According to the Provincial Notice No 53 of 2002, the following functions and powers have been authorised to Mantsopa Local Municipality:

Section 84(1)(e) Solid Waste Disposal Sites serving the local municipal area

Section 84(1)(f) Municipal roads which forms an integral part of the road transport system of the local municipality

- 
- Section 84(1)(j) Fire fighting services serving the local municipal area
  - Section 84(1)(l) The establishment, conduct and control of cemeteries and crematoria serving the local municipal area
  - Section 84(1)(m) Promotion of local tourism
  - Section 84(1)(n) Municipal public works relating to any of the above functions.

Section 229 of the Constitution allows municipalities to impose property rates and service charges. This obligation requires strict financial management and accountability to the public.

The allocation of certain functional competencies to district municipalities has an impact on the administration of local municipalities. It was therefore necessary to consider the new functional competencies of local government in the design of a new organisational structure illustrated on the previously.

## **ECONOMIC ASSESSMENT OF PRESENT SITUATION**

This chapter tries to sketch a broad overview of the current development situation within the municipal area and focuses on the demographic profile of the area, its human and social development status, the economic development situation, the levels of infrastructure provisioning as well as land reform projects initiated in the area. The chapter further explores the spatial relationship of the municipal area and the environmental assets it possesses as well as those environmental issues that needs attention. It also critically assesses the strengths, weaknesses, opportunities and threats of the municipal area in order to strategically place the area in terms of future development opportunities.

### **Locality of the Study Area**

Mantsopa forms part of the central district municipal area, Motheo, within the Free State Province. The Free State is the third largest province in South Africa and covers 10.6% of the country's surface area while it accommodates only 6.9% of the total population of South Africa. (CSS, 1995)

Motheo District Municipal area is one of five district municipal areas within the Free State and accommodates 26.18% of the Free State's population (FSDP, 2001). The following is a breakdown of the composition and size of Motheo District Municipal area:

Table 1: Motheo District Municipal Area

Local Municipality	Number of Farms	Area in km <sup>2</sup>	% Coverage
Mangaung	3 368 (*2886)	6 262.31 km <sup>2</sup>	44.89%
Naledi	4 147 (*38)	3 412.08 km <sup>2</sup>	24.46%
Mantsopa	1 888	4 275.59 km <sup>2</sup>	30.65%
Total	6 403 (*2924)	13 950.18 km <sup>2</sup>	100.00%

Source: Free State Development Plan, 2003.


Note: \* Number of small holdings in addition to number of farms.

The area of Mantsopa was recalculated and it was found that the municipal area is 4290 km<sup>2</sup> in extent (Source: SSI, 2003).

Mantsopa is the second largest local municipal area within Motheo but only accommodates 7% of the total population of Motheo. The municipal area comprises five urban areas that are dispersed throughout the region with a surrounding commercial farming area that are utilised for mixed farming practises. (See locality map.)

**Ladybrand** is situated on the R26 between Ficksburg and Hobhouse. It is also situated on the N8 linking Bloemfontein with Maseru in Lesotho. The former municipal area measures approximately 4 682 hectares and comprises Ladybrand, Manyatseng and Mauersnek. The remaining extent of the municipal area consists of land mainly used for agricultural purposes. Ladybrand is a service centre to the predominantly agricultural orientated surrounding rural area, but also to Lesotho. It is the most progressive and largest of all the towns in the Mantsopa Local Municipal area. The town has a promising economy and many national companies occupy retail and industrial space.

**Excelsior** is located along the R703 between Tweespruit and Verkerdevlei. It is also directly linked to Thaba 'Nchu and Winburg via untarred roads. The former town lands measures approximately 1 298 hectares and comprises the developed areas of Excelsior and Mahlatswetsa. The remaining extent of the municipal town lands consists of land mainly used for agricultural purposes and a large percentage of the land is leased to commercial farmers while other land is used for communal grazing purposes. Excelsior serves as a service centre in support of the predominant agricultural surrounding area. In recent years, however, it lost its agricultural service centre function due largely to the liberalisation of the agricultural marketing system and improved technology. Agricultural produce is now delivered wherever it is needed and the services of the town are bypassed. The commercial sector also lost some of its former importance as those who can afford it, prefer to shop in other centre, such as Thaba 'Nchu and Bloemfontein. This impact negatively on the local economy and work opportunities in this town.



*Tweespruit* is situated along the N8 between Bloemfontein and Ladybrand. There is also a direct link between Tweespruit and Excelsior along the R709. The former town lands measures approximately 1 534 hectares and comprises Tweespruit, Borwa and Dawiesville. The remaining extent of the municipal area consists of land mainly used for agricultural purposes. These communal areas are leased to commercial farmers and also serve as grazing area for the stock kept by local farmers in Borwa and Dawiesville. Tweespruit serves as a service centre in support of the predominant agricultural surrounding area. This area is one of the highest sunflower production regions in the Free State and in response a large silo complex has been developed in the town. In combination with the station, with its capacity for mass transport of agricultural produce, it forms a positive asset for the town.

*Hobhouse* is located along the R26 between Wepener and Ladybrand. It is also directly accessible from Tweespruit. The former town lands measures approximately 2 089 hectares and comprises Hobhouse and Dipelaneng. The remaining extent of the municipal area consists of land mainly used for agricultural purposes. Hobhouse serves as a service centre in support of the predominant agricultural surrounding area.

*Thaba Patchoa* is located approximately 30 km from Tweespruit in a south-easterly direction. It is inaccessible from the major access routes in the region. It was a farming settlement particularly earmarked for the coloured community during the previous era with its separate development policy. The former municipal area measures approximately 3 864 hectares in extent. It is somewhat 'hidden' when referring to spatial planning initiatives of the past, but 'secluded' when referring to its largely untapped tourism potential. On micro scale, the urban area is located between the Leeu River dam in the east and Thaba Patchoa Mountain in the west. Agricultural activity prevails and the town lacks any other form of economic infrastructure, while social amenities are poorly developed. It provides no services to the surrounding area and the community utilises Hobhouse as the service centre. Agricultural activity is in the form of livestock and dry land cultivation of crops such as maize, sunflower and lucern. The bulk of commonages has been set aside as fields and for communal grazing and has been leased to farmers on a long-term basis. The town has been grouped with Tweespruit for all statistical purposes and has only been recognised as a separate entity during the transitional local government period.

## Demographic profile

### Population Size

The total population for the Mantsopa area based on the census 1996 data is shown in Table 2. This represents only 7% of the total population of Motheo. The census figures made use of the magisterial district boundaries and the rural areas of the smaller towns (non-urban areas) have been incorporated in the Ladybrand and Excelsior magisterial district areas. It is therefore not possible to show the non-urban population figures for each individual town.

Table 2: Total estimated population based on 1996 census

Year	Excelsior	Tweespruit	Hobhouse	Ladybrand	Excelsior Non-urban	Ladybrand Non-urban	Total
1996	5135	4886	2184	1631	17291	12331	47980
Estimated 2001 population (annual growth rate 1.7%)	5570	5383	2406	18018	8034	13371	52782
Estimated 2007 population (annual growth rate 1.7%)	6092	5881	2628	19686	8778	14609	57675

Source: Census 1996 (Central Statistical Services (CSS), 2001)

Estimates done by SSI(2002)

The total population for Mantsopa municipal area (including the rural areas) was 47 980 in 1996 (CSS, 2001). The estimated population for 2001 is 52 782 using the census figures of 1996 and applying the Free State average annual compound growth rate of 1.7%. Applying the same formula to the census figures, the total population for Mantsopa could reach 57 675 in the year 2007. However, this is highly unlikely as factors like HIV/AIDS and migration could have a severe impact on these figures.

Gathered from the table above, the majority of the population in 2001 resided in Ladybrand (34%) while 25.29% of the total population resided in the rural areas surrounding Ladybrand. This implies that 59% of the total population resided within the Ladybrand magisterial district and again proves the point that Ladybrand is the most progressive town in the Mantsopa area with a promising economy. It is foreseen that Ladybrand will remain the focus of economic growth while Tweespruit might also grow because of its central location in relation to the municipal area.

It is estimated from the table above that 40.49% of the total population of Mantsopa stayed on farms during 2001. However, this situation have changed as people moved from the farms to towns hoping to find a job and to have better access to social, economic and basic services. The rural survey conducted by the municipality in 2001 confirmed this phenomenon and it is estimated that the rural population has decreased from 19 425 in 1996 to 12 329 in 2001. It is predicted that a total number of 4430 households are currently staying on the farms.

The municipality is furthermore of the opinion that an estimated 10 627 households live in the urban areas. It is estimated that the total number of households in Mantsopa is currently 15057 and that the population has increase from 47980 in 1996 to 60 841 in 2001. This is a growth of 5% per annum. However, the opinion is held that this high growth rate will not be sustained over the long run. This



is informed by the fact that the majority of people who wanted to settle in town have already moved from the farms and that fewer people will move from the farms to towns in future. It is also foreseen that the proportionate share between the various urban nodes may change in future, with Ladybrand and Tweespruit having the potential to grow at a higher growth rate than the other areas. It is also foreseen that HIV/AIDS will have a huge impact on population growth in the near future and that the population might even stabilise and decrease by 2010.

**Age Profile**

According to census 1996, 45.29% of the total population was 19 years and younger. It is estimated that 58.17% of the total population were economic active (between 15 – 65 years). These figures could have changed due to migration and the impact of HIV/AIDS but it still gives a good overview of the age composition of the population. Table 3 gives a breakdown of the age profile per geographical area while Table 4 indicates the age profile per ward.

*Table 3: Age Profile per geographical area (1996)*

Age Profile per geographical area							
Age	Excelsior	Tweespruit	Hobhouse	Ladybrand	Excelsior Non-Urban	Ladybrand Non-Urban	Total
0-4	421	484	222	1632	826	1367	4952
5-9	588	572	395	1622	156	1554	5479
10-14	723	558	269	1887	1018	1546	6001
15-19	704	526	237	1795	846	1193	5301
20-24	545	538	193	1470	631	951	4328
25-29	299	375	149	1456	517	841	3637
30-34	312	346	130	1344	407	707	3246
35-55	855	869	366	3381	1234	2260	8965
56-65	224	224	138	825	370	587	2437
65+	329	337	162	827	260	483	2398
Unspecified	75	55	14	112	315	666	1237
<b>Total</b>	<b>5135</b>	<b>4884</b>	<b>2185</b>	<b>16351</b>	<b>7291</b>	<b>12135</b>	<b>47981</b>

Source: Census 2001 (CSS, 2001)

Table 4: Age profile per ward

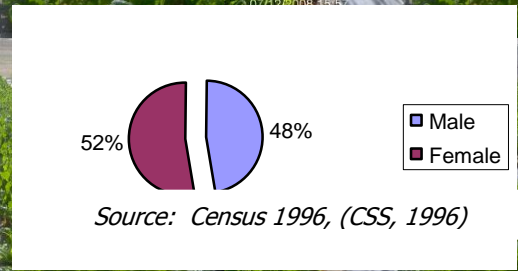
AGE BREAKDOWN	W1	W2	W3	W4	W5	W6	W7	W8	Mantsopa
0 – 19	44.12%	49.49%	46.43%	42.96%	39.36%	44.07%	47.95%	50.89%	45.96%
20 – 64	48.14%	43.42%	43.39%	50.68%	50.54%	50.87%	43.99%	42.82%	46.35%
Over 65	6.63%	6.51%	4.17%	5.13%	5.73%	4.49%	4.16%	4.95%	5.19%
Age Unknown	1.11%	0.88%	6.00%	1.23%	4.36%	0.57%	3.90%	1.34%	2.50%

Source: Demarcation Board (2000)

**Gender profile**

Figure 8 illustrates the gender distribution of

Figure 1: Gender Profile



Source: Census 1996, (CSS, 1996)

According to census 1996 females were the % of the total population.

This could be ascribed to the fact that many males economic opportunities.

Females are usually left behind to look after families.

dominating group representing 52

choose other destinations for

**Ethnic profile**

It is estimated that 86% of the total population of Mantsopa is African, 9% is White, 4% is Coloured while the rest of the ethnic groups represents 1% of the total population. The following is a breakdown of the ethnic composition per ward.

Table 5: Ethnic composition per ward (2003)

Ethnic Composition	W1	W2	W3	W4	W5	W6	W7	W8	Mantsopa
African	84.51%	80.10%	93.56%	45.73%	96.37%	98.70%	86.83%	97.70%	86.02%
Coloured	10.91%	13.17%	0.96%	12.10%	0.51%	1.02%	0.50%	0.29%	4.46%
Indian	0.10%	0.00%	0.00%	2.82%	0.00%	0.05%	0.00%	0.04%	0.37%
White	4.32%	6.22%	4.13%	38.36%	2.80%	0.00%	12.52%	1.76%	8.68%
Other	0.16%	0.52%	1.35%	0.98%	0.31%	0.24%	0.15%	0.21%	0.48%

Source: Demarcation Board, 2000.

## HUMAN AND SOCIAL DEVELOPMENT PROFILE

### Human development index

It is extremely difficult to determine the level of human development of the municipal area due to a lack of accurate and recent information. The only information that is readily available is census data that does not reflect the human and social development status of a community.

### Health Status

General statistics on the health status of the community is limited. However, a good indication is obtained from the statistics provided by the Department of Health about the current health status of people living in Mantsopa. 1018 new diarrhoea cases were reported during 2006 in Mantsopa. The incidence rate is 104.6 per 1000 of the population, which is far less than the incidence rate reported for neighbouring Naledi Local Municipality (Free State Provincial Government (FSPG): Department of Health, 2007).

The Provincial Department of Health (2007) also revealed that 3 227 new STI cases were reported in 2007 which represents 70.6 incidences. 145 TB case findings were reported in 2000 with an incidence rate of 8.3% and a current cure rate of 65.2% which is the highest in the whole of Motheo District Municipal area. Teenage pregnancies have decreased from 321 to 118 since 2000 (FSPG: Department of Health, 2001).

### Education and training

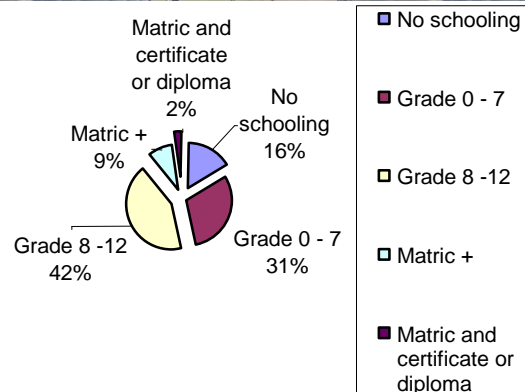


Figure 9 gives a summary of the education and training levels in Mantsopa. According to census 2001, 16 % of the total population has no formal schooling of which 55% of them were living in urban areas. It was estimated that 31 % of the total population had only

primary schooling (grade 0 – 7) as their highest level of education compared to the 42 % whom had secondary schooling (grade 8 – 12) as their highest level of education. 9 % of the total population had metric and higher while only 2 % had tertiary training. This indicates that the area has a high level of illiteracy, particularly in the more rural areas as compared to the bigger centre in the municipal area.

**Safety and security**

Crime has decrease on average for the area as a whole but stock theft remains a problem along the border. There are also an increased number of rape cases reported (South African Police Service (SAPS), 2007).

**Economic development profile**

**Unemployment**

The unemployment rate for Mantsopa local municipal area was according to census 2001 only 18 % (economic active people is defined as those between the ages of 15 – 65 years). As indicated in figure 10 overleaf, 10 933 (38%) people was not accounted for in the census which could have an effect on the accuracy of the data. The highest unemployment rate was recorded in the urban areas.

The Demarcation Board (2000) estimated the unemployment rate for Mantsopa at 29% for 2000. This is an increase of 11% over a 4-year period and shows the stagnation experienced in the rural economies in the Free State.

The employment profile of each ward is reflected in the table below:

*Table 6: Employment Profile per Ward (2000)*

Employment Profile	W1	W2	W3	W4	W5	W6	W7	W8	Mantsopa
Employed	39%	74%	76%	86%	72%	62%	89%	63%	71%
Unemployed	61%	26%	24%	14%	28%	38%	11%	37%	29%

*Source: Demarcation Board, 2000.*

**Level of Income**

According to Census 2001, 61 % of the total population had no formal income. Although this figure is alarming, it does include people who make a living from informal business activity, children, scholars, disabled people, etc. and are therefore not a true reflection in terms of dependency.

It was estimated that 63 % of people that had no income, stayed in urban areas, which correlates with the higher unemployment rate experienced in the urban areas. It was furthermore estimated that 83 % of the total population earned less than R 1 500 per month. If one compares these figures with the estimated annual household income per ward, it is alarming to see that 9% of all households in Mantsopa have no income. 66% of all households earned less than R1000 per month, which again proves the high levels of poverty experienced in the municipal area.

Table 7: Annual Household income per ward (2001)

Annual Household income	W1	W2	W3	W4	W5	W6	W7	W8	Mantsopa
None	2%	1%	1%	1%	1%	1%	0%	1%	9%
R1 – 2400	1%	2%	1%	1%	1%	1%	2%	4%	14%
R2401 – 6000	3%	4%	3%	2%	4%	2%	5%	6%	29%
R6001 – 12000	1%	2%	2%	1%	2%	1%	2%	3%	14%
R12001 – 18000	1%	1%	1%	1%	2%	1%	0%	1%	7%
R18001 – 30000	1%	1%	1%	1%	2%	1%	1%	1%	6%
R30001 – 42000	0%	0%	0%	1%	1%	0%	0%	0%	3%
R42001 – 54000	0%	0%	0%	1%	0%	0%	0%	0%	2%
R54001 – 72000	0%	0%	0%	1%	0%	0%	0%	0%	2%
R72001 – 96000	0%	0%	0%	1%	0%	0%	0%	0%	2%
R96001 – 132000	0%	0%	0%	1%	0%	0%	0%	0%	2%
R132001 – 192000	0%	0%	0%	1%	0%	0%	0%	0%	1%
R192001 – 360000	0%	0%	0%	0%	0%	0%	0%	0%	1%
Over R360000	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unspecified	0%	1%	1%	2%	1%	1%	0%	1%	8%
N/A	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	10%	12%	12%	13%	15%	9%	13%	17%	100%

Source: Demarcation Board, 2001.


### LOCAL ECONOMIC DEVELOPMENT PROJECTS

A number of poverty alleviation projects have been initiated in the municipal area since 2001.

#### Bulk infrastructure supply

##### Water:

Ladybrand extracts water directly from the Caledon River. The raw water storage dam in the Cathcartdriftsfruit is supplied from the Caledon River. The Cathcartdriftsfruit supplies Ladybrand with raw water when extraction from the Caledon River is not possible.



The raw water is purified at the purification works situated in Genoa, approximately 10 km southeast of Ladybrand. The purified water is pumped from the water treatment works in Genoa to the low level reservoirs. From here the water is pumped to the high level reservoirs. The high level reservoirs supply mainly Manyatseng area and Clover Factory while the low level reservoirs supply Ladybrand town and Mauersnek. Thomson borehole provides water to low level reservoirs when required.

**Hobhouse** subtracts water directly from the Leeu-river via pumps to water purifications works. After purification, the water is pump via two 150mm pipelines to the reservoirs that supply the town and Dipelaneng. If water cannot be subtracted from Leeu-river, a canal from the Department of Water Affairs is available. Hobhouse has no boreholes available.

**Thaba Patchoa** makes use of six boreholes to supply town but one borehole recently dried up. Water is pumped from these boreholes to purification works via pipelines and clean water is distributed to the town. Water is also extracted from the Leeu River on a regular basis to supplement the supply from the boreholes. The water purification plant needs to be upgraded in future.


**Tweespruit** makes use of four boreholes. Tweespruit extracts water from a private farm dam (Lovedale Dam) about 9 km south of the town on the road to Thaba-Patchoa in order to supplement the borehole supplies. The raw water is purified at the purification works situated in Dawiesville south-east of Tweespruit. This purification plant needs to be upgraded in future. The purified water is pumped from the water treatment works to the low level reservoirs and from here to the high-level reservoirs before it is distributed to the end user.

**Excelsior** extracts water from Linana-spruit via pumps to the water purification works and from here to reservoirs in Excelsior and Mahlatswetsa. Bloemwater supplies water to purification plant if the Linana-spruit is dry. The purification plant at Excelsior also needs to be upgraded in future.

### Sanitation:

**Ladybrand** and Mauersnek have 100% waterborne sewerage system in place. Manyatseng has 70% waterborne sewerage system in place. It is budgeted that waterborne sewerage shall be expanded to other households in Manyatseng due to the expected increase in the volume of sewage, the current oxidation ponds needs to be upgraded to a conventional sludge-activated system.

The Department of Water Affairs and Forestry has already expressed their concern about the possibility of contamination of the Cathcartsdraif dam.



**Hobhouse** makes use of flush toilets via a French drain system while Dipelaneng makes use of a bucket service. Alternative basic sanitation method has been budgeted. A bucket wash facility is situated between Dipelaneng and Hobhouse on the road to Ladybrand, close to the existing cemetery. The french drains in Hobhouse town are pumped when full while the buckets in Dipilaneng are remove once a week. The sewage is dumped in the oxidation ponds and capacity will have to be enlarged should waterborne sanitation be provided to the town and Dipelaneng.

**Thaba Patchoa** has a 100% waterborne system with oxidation dams that is big enough for the demand.

All erven in *Tweespruit* and Dawiesville are connected to a waterborne sewerage disposal system. The sewage effluent is disposed of at the oxidation ponds. The ponds are adequate for the present demand but should Borwa be connected to a waterborne system, these ponds will be inadequate. The whole of Borwa is using buckets, and the alternative basic sanitation method has been budgeted to replace the bucket system. The bucket wash facility is currently situated next to the oxidation ponds.

**Excelsior** town makes use of flush toilets via a French drain system that are pumped when full. Mahlatswetsa has about 60% of waterborne sewerage with bucket removal system catering about 40%. Bucket Eradication programme is in place to replace buckets with full waterborne Sewerage. The bucket wash facility is currently situated next to the cemetery at Mahlatswetsa and needs to be relocated in future.

### Electricity

ESKOM is the direct electricity supplier for Manyatseng, which in turns supply the local businesses and residents in Manyatseng. Mantsopa Municipality, through CENTLEC PTY LTD distributes electricity to *Ladybrand* town and Mauersnek and also certain surrounding farms.

The incoming supply line to the ESKOM distribution station is a 88kv supply from where it taps down to 11kv for distribution to Mantsopa Municipality. Ladybrand town has 19 substations in town and 2 in Mauersnek while 13 substations are situated on the surrounding farms. Currently, only 2 main 11kv cables supplies Ladybrand town which is on maximum load. Provision has been made for a third ring in the current budget as to distribute the load. Most of the substations in town are on maximum load during winter times and additional minisubs need to be installed in certain areas. Provision has been made in the budget for additional streetlights to be installed in Ladybrand and Manyatseng. These are maintained by Mantsopa Local Municipality.

ESKOM supplies *Hobhouse* town and Dipelaneng via a 11kv overhead supply to the substations in place. Prepaid meters have been installed in Dipelaneng while Hobhouse utilizes conventional meters. The Mantsopa Local Municipality through CENTLEC PTY LTD is responsible for the maintenance on streetlights and area lights, which is done on a regular basis.



ESKOM supplies electricity to *Thaba Patchoa* via a 11kv overhead power lines to the sub-stations. From here it distributes electricity via transformers to the town. Regular maintenance is done on streetlights in town and it is proposed that these streetlights be expanded in future.

ESKOM supplies *Tweespruit* town with a 11kv lines to the main substation. The substation needs urgent upgrading as the main switch supplies two outgoing lines. Both the milling and silo complex want to upgrade to a higher supply but this is delayed due to the capacity of the main substation. A project is proposed in the IDP to address this issue. ESKOM supplies Borwa with power via pre-paid meters.

Mantsopa Local Municipality through CENTLEC PTY LTD is responsible for the electricity supply to Dawiesville, which is distributed via a pre-paid system. The municipality is also responsible for regular maintenance on streetlights and area lights.

Mantsopa Municipality through CENTLEC PTY LTD provides electricity to *Excelsior* town with 11kv overhead lines to 12 transformers. ESKOM provides electricity to Mahlatswetsa and distributes electricity supply through pre-paid meters. The main substation needs to be upgraded, as equipment is outdated. A project is proposed in the IDP to address this issue.

Maintenance on streetlights is done on a monthly basis by the municipality.

#### **Solid waste disposal sites:**

The Municipality uses the current landfill site at *Ladybrand* Crushers. This site is almost full and needs to be rehabilitated soon. There is a project currently initiated by the District Municipality to register a new landfill site opposite the sewerage farm. The proposed new site is large enough for many years. An operator is permanently based on site to work the waste into trenches. Medical waste is disposed of at the hospital via an incinerator. All the surrounding towns dispose of medical waste via the burning of it in a container and the ashes are then transported to the Ladybrand hospital where it is disposed of.

*Hobhouse* has only one solid waste disposal site situated in Dipelaneng. The landfill site has sufficient capacity. No medical or toxic waste is disposed of locally.

There is a need for a combined solid waste disposal site for *Tweespruit* and *Thaba Patchoa* in Tweespruit. The existing site in Tweespruit will be insufficient and a new site needs to be identified for this in future. No medical or toxic waste is disposed of locally.





There is only one disposal site in *Excelsior*. The current site has sufficient capacity and a maintenance program is in place. No medical or toxic waste is disposed of locally.

### **Roads and storm water:**

The tar roads in *Ladybrand* need to be resurfaced urgently while the gravel roads can be surfaced in future. The roads in Manyatseng are in a bad condition as most of it is only graded. Storm water needs to be provided in Manyatseng to improve the maintenance of the road network while the ring road must be paved in total to improve access to the area.

The gravel roads in *Hobhouse* should be gravelled or surfaced in future. Dipelaneng has got only gravel roads which are currently being upgraded by contractors. This project also incorporates the upgrading of storm water in the area.

There are no surfaced roads in *Thaba Patchoa* and the gravelled streets are in a good condition. These should however be maintained on a regular basis to ensure proper access to the area. The road between Thaba Patchoa and Tweespruit needs to be tarred in future.

The tarred roads in *Tweespruit* need resealing urgently. Borwa has only gravelled roads which need proper maintenance. Storm water is a problem in certain areas and needs attention.

The gravel roads in *Excelsior* are in good condition but the tar roads need to be resurfaced. Storm water needs attention in Excelsior. Mahlatswetsa has only gravelled roads that require monthly maintenance. The storm water system needs to be maintaining on a regular basis.

### **Internal infrastructure network**

Backlogs in service provisioning refer to basic services that are rendered below the Reconstruction and Development Programme (RDP) standards to households. The RDP standards for these basic services are as follows:

- 20 – 30 litres of potable water per capita per day within a 200 metre radius
- a VIP toilet
- a regular refuse removal system in urban areas
- access to a grid or non-grid energy supply
- gravelled access roads

Table B: Summary of civil infrastructure

Service	Level of Service	Excelsior		Hobhouse		Tweespruit			Ladybrand			Thaba Patchoa	Total
		Town	Mahlatswetsa	Town	Dipelaneng	Town	Borwa	Dawiesville	Town	Manyatseng	Mauersnek		
<b>Number of households</b>		<b>170</b>	<b>1559</b>	<b>80</b>	<b>1260</b>	<b>207</b>	<b>1628</b>	<b>202</b>	<b>1048</b>	<b>4787</b>	<b>161</b>	<b>220</b>	<b>11322</b>
Land	Vacant Sites	236	76	31	0	20	0	83	113	611	4	156	1330
	Occupied Residential Sites	170	1372	80	1200	207	1268	197	1048	3750	161	215	9544
	Backyard Dwellers	0	0	27	60	0	350	5	0	672	49	5	1141
	Business sites	32	56	13	18	34	11	1	230	60	4	7	466
Housing	Informal housing	0	450	0	361	0	650	79	0	1550	49	0	2774
	Formal housing	169	1109	80	887	207	944	118	924	3237	161	215	8051
	Multi Residential Units	0	0	0	0	3	0	0	44	0	0	0	47
Sewer	Bucket	0	1250	0	1055	0	1268	23	0	1720	0	0	5316
	PTP	0	0	0	0	0	0	0	0	0	0	0	0
	Waterborne	0	0	80	0	207	0	201	924	2030	161	371	3974
	Conservancy tank	170	18	0	7	20	21	0	0	0	0	0	236
Water	Standpipes > 200 m walking distance	0	0	0	0	0	0	0	0	0	0	0	0
	Standpipes < 200 m walking distance	0	0	0	0	0	0	0	0	5	0	0	5
	Yard taps (unmetered)	0	0	0	1200	0	1017	0	0	3745	0	0	5962
	Household connection (metered)	170	1372	80	0	207	251	280	924	365	161	330	4140
Household pre-paid													41
None		0	0	0	0	0	154	0	0	0	0	0	154
Household connection		170	0	80	0	207	0	0	147	0	161	0	765
Electricity	Pre-paid	0	1148	0	980	0	1268	197	0	3750	0	215	7558
Refuse	Door-to-door	209	1372	80	1200	207	1268	197	1048	4115	161	215	10072

Service	Level of Service	Excelsior		Hobhouse		Tweespruit			Ladybrand			Thaba Patchoa	Total
		Town	Mahlatswetsa	Town	Dipelaneng	Town	Borwa	Dawiesville	Town	Manyatseng	Mauersnek		
Removal	Mass collection	0	0	0	0	0	50	10	0	5	0	0	45
Roads (km)	Tarred / Paved	6	0	2.8	0	6.18	0.74	0.23	14.5	2.2	1.85	0	34.5
	Gravel	16	30	23.4	15.8	1.75	8.11	2.60	31.9	46.35	0	6.8	182.71
	Unsurfaced (Graded)	0	3.5	0	4	0	4.9	0	0	3	0	0	15.4

Source: Mantsopa Local Municipality, Department of Technical Services (2003).

Limited information is available about the current infrastructure provisioning on farms. It is estimated that there is 4430 households staying on the farms within the municipal area (SSI, 2002). Of these households, 1368 are farmers and 3062 households are farm workers. Most of the farmers (61%) and farm workers (51%) rely on boreholes within 500 metres as their source of water. 23% of farm workers indicated that they use a communal tap, thus implying that the rest have to fetch water at the source, while most farmers have household connections. The majority of farm workers (89%) use pit latrines as a form of sanitation. The farmers on the other hand use mostly French drains for sanitation. Only 34% of all farm workers have electricity connections compared to 70% of farmers. Most of the farmers and farm workers felt that the rural roads were in a poor condition. Public transport is available to a few farm workers but the majority however do not have access to it. 59% of all farm workers did not have access to telephones.

The majority of farmers did have arrangements in place for emergencies with water shortages, power failures and veldt fires.

Looking at the infrastructure table and the conclusions drawn from the rural survey (Mantsopa Local Municipality, 2001), the following can be concluded in terms of infrastructure backlogs:

Table 9: Housing and infrastructure backlogs (2006)

Service	Urban	Rural	Total Units	% backlog urban	% backlog rural
Housing	2598	1985	4583	24.4%	44.8%
Sewer	5115	2725	7840	56.4%	61.5%
Water	156	2358	2358	0%	53.2%
Unmetered water connections	7309		7309	80.6%	
Electricity	0	2431	2431	0%	54.9%
Refuse collection	0		0	0%	
Unsurfaced roads (graded)	7.9 km	?	7.9 km	3.5%	?

Source: Mantsopa Local Municipality (2006)

### Social Infrastructure Profile

Mantsopa is well serviced with some basic social facilities. Access to these facilities is more readily accessible in urban areas than in rural areas as rural facilities are only provided at an ad hoc basis on farm owners' properties. The table overleaf gives a summary of the social facilities available in each area.

The rural survey indicated that the majority of farm workers utilised the clinics in town to access health services as the mobile clinic only visited them once a month. The average distance that they needed to travel to access these clinics is 30 kilometres. The majority of farm worker children attended primary schools on the farm while the majority of farmers' children and high school pupils of farm workers attended schools in the towns.

There are 12 provincial and 3 private primary schools, 8 secondary schools and 1 combined school available in the urban areas of Mantsopa (Mantsopa Municipality, 2006). No tertiary institutions exist which implies that people have to travel elsewhere to have access to post-school education facilities.

14 community halls have been developed in Mantsopa as well as some sport and recreation facilities. This could be a contributing factor to the social problems experienced by the youth and the community has indicated that this is a priority.

There is only one social worker visiting all towns once and sometimes twice a week. She is based in Ladybrand. According to the various communities there is a desperate need for a social worker to visit the areas on a more regular basis because of the major social problems that occur.

There is 1 provincial hospitals located in Ladybrand. There are 9 8-hour clinics available with only 3 mobile clinics which covers the entire municipal area. 2 of these mobile clinics are based in Mantsopa while the other one is based in Thaba Nchu. The community has expressed their concerns towards access to emergency services as these are centralised in Ladybrand and the response time is too long to remote areas.

Table 10: Social Infrastructure

Service	Level Of Service	Excelsior		Hobhouse		Tweespruit			Ladybrand			Thaba Patchoa	Total Mantsopa
		Town	Mahlat-swetsa	Town	Dipelane ng	Town	Borwa	Dawiesville	Town	Manyat-seng	Mauers-nek		
Social housing	Old age home								1	1			2
	Orphanage												
	Place of safety												
	Rehab centre												

Service	Level of Service	Excelsior		Hobhouse		Tweespruit			Ladybrand			Thaba Patchoa	Total Mantsopa
		Town	Mahlat-swetsa	Town	Dipelane ng	Town	Borwa	Dawiesville	Town	Manyatseng	Mauers-nek		
Aids centre	State												
	Private												
Hospital	Local	1		1		1	1		2	1		9	
	Mobile												
Clinic	Pre-primary (registered)	1				1							
	Primary		1		1	1	1	1	4	1	1	12	
Education	Private (primary)	1		1					1			3	
	Combined											1	
Police station	Secondary	1	1	1		1	1		2			8	
	Special												
Courts	Tertiary												
	Fixed	1		1		1							
Sports and recreation	Mobile												
	Magisterial	1		1		1			1			4	
Sports and recreation	Tribal												
	Community hall	2	1	1	1	2	1		3	1		14	
Sports and recreation	Sport hall								1	1		2	
	Rugby stadium	1		1								1	
Sports and recreation	Soccer stadium												
	Soccer field		1			1			1			3	
Sports and recreation	Cricket field			1								1	
	Netball courts												
Sports and recreation	Tennis courts	3		3		1						7	
	Swimming pool											1	

Service	Level of Service	Excelsior		Hobhouse		Tweespruit			Ladybrand			Thaba Patchoa	Total Mantsopa
		Town	Mahlat-swetsa	Town	Dipelane ng	Town	Borwa	Dawiesville	Town	Manyatseng	Mauers-nek		
	Sports field	2				2						1	5
	Golf course	1				1			1				3
	Caravan Park			1									1
Public open space	Parks developed			1									1
	Parks				2			2	2			2	8
Cemeteries	In use	1	1	1	1	2	1		2	1		1	12
Library	Fixed			1		1			1	1			4
	Mobile												0
Emergency services	Ambulance								9				9
	Fire Brigade								1				1
	Med-rescue												2
Museum					1								1
Post office		1		1		1			3				6
Gov't offices		2		2		2	1		3	1		2	12

Source: Mantsopa Local Municipality (2006).

### Land Reform Profile

Government's land reform programme comprises 3 components, namely:

- Land Redistribution and Agricultural Development (LRAD)
- Tenure upgrading
- Land Restitution.

There is also a commonage development programme targeting municipalities which has a shortage in municipal land used for communal agricultural purposes as well as a Settlement and Land Acquisition Grant whereby municipalities can be assisted to buy land for township establishment.

Several sets of legislation have been passed to protect land rights in South Africa. One of these is the Extension of Security of Tenure Act (ESTA) which is particularly applicable to farming communities. This act aims to reduce farm evictions and improve tenure security to farm workers.

Several land reform projects have been implemented since the adoption of the above land reform programmes of Government. The following land reform projects have been approved since 1996:

Table 11: Approved land reform projects

DLA Ref	Project Name	Type	Year	Farm Name + No	Town	Hectares	Details on Enterprise	Grant	Land Price	Own Contribution
913	Katlehong Trust Mamokoto	LRAD	2001	Upper Srenthiem	Excelsior	121	Livestock	R 181,736.00	R 140,000.00	R 182,400.00
954	Development	LRAD	2001	Susannarus No 1704	Excelstior	280	Livestock	R 285,369.00	R 280,000.00	R 216,000.00
944	Letsoara & Khahteli	LRAD	2001	Klein Linde's Rust No. 515 and Linde's Rust 353	Hobhouse	196	Livestock and crop	R 237,430.00	R 235,000.00	R 201,290.00
846	Moepi (Twyfelfontein)	LRAD	2001		Ladybrand	470	Establish vegetable production	R 355,236.00	R 550,000.00	R 580,000.00
962	Masakhane	LRAD	2001	Zaailand No. 201 and Portion 1 of Farm No. 70	Ladybrand	279	Livestock	R 221,186.00	R 180,000.00	R 174,950.00
846	Matladi (Brans Rust)	LRAD	2001		Ladybrand	214	Establish farm and livestock	R 229,664.00	R 220,000.00	R 182,200.00
	Moleme	LRAD	1999		Ladybrand	247	Livestock	R 180,000.00		
	Tsohang Balimi	LRAD	1999		Ladybrand	338	Cattle	R 300,000.00		
	Kent	LRAD	1998		Tweespruit	407	Livestock	R 390,000.00		
	Impala	LRAD	1998		Excelsior	548	Mixed	R 300,000.00		
	Dipelaneng (Tsoha Iketsese)	LRAD	1998		Ladybrand	293	Livestock	R 315,000.00		
	Fullerton (Hoopen)	LRAD	1997		Ladybrand	891.6413	Mixed	R 630,000.00		
	Waterland	LRAD	1997		Ladybrand	213.2765	Livestock	R 255,000.00		
	Westminister Big house	LRAD	1997		Ladybrand	782.37	Livestock/ Crop	R 465,000.00		
	Westminister Station	LRAD	1997		Tweespruit	317.61	Settlement, Crop	R 495,000.00		
	Nassau	LRAD	1996		Excelsior	428	Livestock	R 330,000.00		

Source: Department of Land Affairs (2003)

There are also land restitution cases lodged with the Department of Land Affairs in Ladybrand on the Platberg extension and another in Thaba Patcha on the farms Segogoanas Valley 665, Sweet Home 667 and Tshiamelo 664. These land restitution cases still need to be settled and therefore may impact on the future development proposals of the municipal area. Farms were given back in Thaba Patcha to their rightful owners.

### Spatial Development Profile



### Population Profile

The population size within the entire municipal area is estimated at 68 861 people for 2006, as indicated in Table 1.2. The largest portion of the population is situated in Ladybrand with Excelsior being the second largest concentration of people. The base data for determining the population figures was obtained from Statistic South Africa Census 2001. The estimated population growth for Mantsopa, based on the overall growth rate of the Free State Province, is 1.7 % according to the Mantsopa SDF (2005/6). An exponential growth rate was determined using the database to determine the population growth for Mantsopa until 2010.



**Table 1.2: Population Profile 2006 – 2010**

Town	2005	2006	2007	2008	2009	2010
Tweespruit	1,553	1,580	1,607	1,635	1,664	1,693
Dawiesville						
Borwa	4,836	4,918	5,001	5,086	5,172	5,260
<b>Total</b>	<b>6,389</b>	<b>6,498</b>	<b>6,609</b>	<b>6,722</b>	<b>6,836</b>	<b>6,953</b>
Ladybrand	5,435	5,527	5,621	5,716	5,812	5,911
Manyaiseng	22,199	22,576	22,959	23,349	23,746	24,149
Mauersnek						
<b>Total</b>	<b>27,634</b>	<b>28,103</b>	<b>28,580</b>	<b>29,065</b>	<b>29,538</b>	<b>30,060</b>
Excelsior	540	549	558	567	577	587
Mahlatswetsa	5,825	5,924	6,025	6,127	6,231	6,337
<b>Total</b>	<b>6,365</b>	<b>6,473</b>	<b>6,583</b>	<b>6,695</b>	<b>6,808</b>	<b>6,924</b>
Hobhouse	615	625	635	645	656	667
Dipelaneng	5,335	5,425	5,517	5,610	5,704	5,800
<b>Total</b>	<b>5,950</b>	<b>6,050</b>	<b>6,152</b>	<b>6,255</b>	<b>6,360</b>	<b>6,467</b>
Thaba Phatchoa	741	753	765	778	790	803
<b>Total Urban</b>	<b>47,079</b>	<b>47,877</b>	<b>48,689</b>	<b>49,514</b>	<b>50,353</b>	<b>51,207</b>
Total Rural	21,782	22,132	22,487	22,848	23,215	23,588
<b>Total</b>	<b>68,861</b>	<b>70,009</b>	<b>71,176</b>	<b>72,362</b>	<b>73,568</b>	<b>74,795</b>

(Statistic South Africa 2001) & Bopa Lesedi 2006

**OVERALL TRENDS IN MANTSOPA LOCAL MUNICIPALITY**

According to Table 2 (Mantsopa SDF – 2005/6) the interaction intensity between towns within Mantsopa area is indicated in the table overleaf. The average household size according to Statistics South Africa is estimated at 4.1 persons per household (2001). Table 1.3 indicates the distribution of households though out the local municipality.

**Table 1.3 Household distributions in Mantsopa**

Town	Average Growth rate	Households 2006 (Average 4.1)	Population 2006	Households
Tweespruit	1.7%	4.1	1,553	379
Dawiesville	1.7%	4.1		
Borwa	1.7%	4.1	4,836	1,179
<b>Total</b>			<b>6,388</b>	<b>1,558</b>
Ladybrand	1.7%	4.1	5,435	1,326
Manyatseng	1.7%	4.1	22,199	5,414
Mauersnek	1.7%	4.1		
<b>Total</b>			<b>27,635</b>	<b>6,740</b>
Excelsior	1.7%	4.1	540	132
Mahlatswetsa	1.7%	4.1	5,825	1,421
<b>Total</b>			<b>6,364</b>	<b>1,552</b>
Hobhouse	1.7%	4.1	615	150
Dipelaneng	1.7%	4.1	5,335	1,301
<b>Total</b>			<b>5,949</b>	<b>1,451</b>
Thaba Phatchoa	1.7%	4.1	741	181
<b>Total Urban</b>			<b>47,076</b>	<b>11,482</b>
<b>Total Rural</b>	1.7%		<b>21,782</b>	<b>5,313</b>
<b>Total</b>		<b>0</b>	<b>68,858</b>	<b>16,795</b>

(Statistic South Africa 2001) & Bopa Lesedi 2008

The current status quo of housing and erven are indicated below. There is currently housing backlog is 3087 and there is a need for 4500 residential erven to address the backlog and future growth. Table 1.4 gives a breakdown of the status quo on housing and residential erven.

**Table 1.4 Residential Erven**

Residential Area	Informal Settlements	Backyard Dwellers	Housing Backlog	Housing Need (Approximately)	Erf & Land Requirements
Ladybrand	991	352	1343	1500	2000
Excelsior	300	140	440	500	700
Tweespruit	482	198	680	700	850
Hobhouse	450	174	624	700	850
Thaba Patchoa	0	0	0	100	100
<b>Total</b>	<b>2223</b>	<b>864</b>	<b>3087</b>	<b>3500</b>	<b>4500</b>

From this graph, a hierarchy of towns in the region can now be produced as follows, based on population size:

*Table 12: Hierarchy of towns by population size (applicable to Mamsopa only).*

Hierarchy (population)	Towns
30000-15000	Ladybrand
15000-5000	Excelsior
5000-2500	Tweespruit
2500-1250	Hobhouse
< 1250	Thaba Patchoa

Source: Mamsopa SDF (2006)

**Regional Interaction**

Very simply based on gravity model (employing population size), the following interaction intensity between the towns (expressed as a percentage of the total expected interaction) are produced:

Table 13: Interaction intensity based on the gravity model.

Town	Ladybrand	Excelsior	Tweespruit	Hobhouse	Thaba Patchoa
Ladybrand	0%	33%	21%	10%	3%
Excelsior		0%	22%	2%	1%
Tweespruit			0%	3%	5%
Hobhouse				0%	1%
Thaba Patchoa					0%

Source: Mantsopa SDF (2006)

This model indicates that Tweespruit offers potential in terms of interaction and therefore focus should be placed on future development in this area.

### SPATIAL STRENGTHS AND OPPORTUNITIES

Mantsopa's **strengths / opportunities** of the space economy include:

- Abundant agricultural land;
- Some well developed agricultural areas;
- Well dispersed agricultural service towns in support of rural areas;
- A network of main and secondary roads crossing the region and linking it to adjoining regions;
- Enough land (for the development of neighbourhoods) and vacant sites (for commercial activities) to establishment certain land uses.

### Spatial Constraints and Problems

On the other hand, the **constraints / problems** of the space economy relate to:

- A large proportion of the region's population living in small, dispersed settlements with inadequate facilities (including educational and recreational facilities) and poor access (including condition of roads) to basic services (including health services, namely clinic and ambulance services);
- Wide disparities between the well off and the poor, most of whom live in relatively remote rural areas;

- Unemployment;
- Poor (agro-) industrial base;
- No information centre(s);

## Spatial Trends and Patterns

Certain trends / patterns have been identified:

- Alternative unsustainable livelihood strategies that cause damage to the environment and poses threats to human health (e.g. the high occurrence of pigs and cattle in urban areas);
- Incompatible mixing of land uses;
- Increase in urbanization, particularly farming communities settling in these rural towns.

## Environmental profile

### Natural Environment

Ladybrand is situated within a summer rainfall region with the average rainfall of approximately 627 mm. Mountains and peaks with valleys and low laying topography in between characterize its topography. The Platberg series is found south and west of the study area while another series of mountains and peaks are located in the northern section of the town. The cliffs and gorges of these mountains range between 18 and 25 degrees although 90-degree cliffs do occur.

The area is drained by means of a dendritic drainage system, which drains eastward. The drainage canals found in the north, northwest and northeast of the town are deeply eroded and present a problem of topsoil loss on a large scale. There is a scattering of small storage dams found in the area.

Groundwater is not commonly encountered although it is present in the low-lying areas in the vicinity of the golf course and the area in the vicinity of the storm water canal in Manyatseng. This situation may alter depending on the rainfall of a specific season. Ladybrand extracts water directly from the Caledon River. The Cathcartdrift dam supplies Ladybrand with water when extraction from the Caledon River is not possible. The raw water is purified at the purification works situated at Genoa, approximately 10 km southeast of Ladybrand.

Sparse grasslands, typical of the Free State Highveld, characterize Habbouse. The sandstone koppies and cliffs create a special atmosphere that attracts visitors to the eastern Free State. The Leeu River runs on the southwestern edge of the town.



The area lies between 1 450 m (in the southwest at the Leen River) & 1 880 m above sea level (the border of the area with Gorraskop in the north eastern corner). Hobhouse falls within the summer rainfall area with an average annual rainfall of 636 mm. The area has a moderate to cool climate with low average temperature.

Tweespruit is also situated within the summer rainfall region with an annual rainfall of approximately 623 mm. The town is located on a relatively flat landscape devoid of mountains and hills. The area is drained by a series of streams and channels in a northeasterly direction.

Mud rocks of the Adelaide sub-group underlie the area. The soil profile comprises a thin layer of transported material overlaying residual mud rock with mud bedrock at depth.

Groundwater is present in the low lying areas, which used to supply sufficient water for the town. Tweespruit extracts water from a private farm dam (Lovedale Dam) about 9 km south of the town on the road to Thaba Patchoa in order to supplement the borehole supplies. The raw water is purified at the purification works situated in Dawiesville southeast of Tweespruit.

Thaba Patchoa is situated in the summer rainfall region with an average rainfall of 559 mm per year. The overall area slopes from high lying areas in the west, Thaba Patchoa Mountain to the low-laying area in the east towards Armenia Dam. Smaller dams also occur in the south and west and the Leeu River that runs east of the town to feed Armenia Dam.

The town has a system of seven boreholes situated in and around the city. Only three of the boreholes are being used due to high pollution levels affecting the other four boreholes. The groundwater level as measured from the existing boreholes varies between 12.5 m to 32 m below surface.

Flat grasslands, typical of the Free State Highveld, characterize Excelsior. Excelsior is also situated within the summer rainfall region. The town is located on a relatively flat landscape devoid of mountains and hills. The koppie Bela-bela is also within the municipal area. The Lilana Spruit and vlei provides water to the town.

## Cultural resources

Mantsopa is rich in cultural resources. The following is a summary of some of the more significant features in the area:

- The Catholic Church-owned Mission at Modderpoort where there is a famous cave called "Kgalong La Mantsopa". Also the archaeological sites within the Ladybrand commonage boundaries. It is known as the Rose Cottage and is situated to the south east of the town.

- At Modderpoort, the Brotherhood of St Augustine has established a Cave Church in 1897 which receives scores of pilgrims annually.
- The slopes of the Platberg there are "stables" which were used by the Boers in 1858 during the Basotho wars to keep their horses safe.
- Ladybrand also has the highest number of sandstone buildings in the country and most of them have been declared national monuments and depicts a unique style.
- The Klaerhout Museum and the Unicom School which were designed by Sir Herbert Baker who was also the designer of the Union Buildings in Pretoria at Tweespruit.
- The miniature church that was built in 1938 to commemorate the Great Trek centennial at Hobhouse.
- San artwork in caves along the Caledon River.

### Non-renewable natural resources

Mantsopa is not known for large deposits of precious and semi-precious stones or minerals (non-renewable natural resources) and as such limited mining activity takes place in the area. The only mining activities that are known are the extraction of gravel, clay, soil and sand and the limited exploitation of sandstone in some areas of Ladybrand and Thaba Patchoa. Prospecting for diamonds also took place east of the Armenia dam in Thaba Patchoa (Department of Minerals and Energy, 2002).

### Environmental Issues

The following environmental issues have been identified for the urban areas:

*Table 14: Environmental Issues in the urban areas*

Issue	Cause
<p><b>1. Waste disposal</b></p>	<ul style="list-style-type: none"> <li>- Illegal dumping of waste;</li> <li>- Some areas have no facilities and no waste removal service is provided. Waste management is therefore in some areas not sufficient;</li> <li>- People are not motivated to keep their environment clean;</li> <li>- Poor access to waste/dumping sites;</li> <li>- Municipality do not have enough equipment;</li> <li>- Limited budget;</li> <li>- People live on slopes and within flood line areas. Litter washes down to rivers and streams;</li> <li>- Some people are living in areas that are not accessible by waste removal trucks;</li> <li>- Waste disposal sites are not fenced.</li> </ul>
<p><b>2. Water pollution</b></p>	<ul style="list-style-type: none"> <li>- Illegal dumping of waste into rivers, storm water gutters etc;</li> </ul>



Issue	Cause
	<ul style="list-style-type: none"> <li>- Dirty washing water, this is thrown away in the river or street and is then washed into nearby streams when it rains.</li> <li>- Limited waste removal service exist in some areas;</li> </ul>
	<ul style="list-style-type: none"> <li>- People are not motivated and educated around environmental health;</li> <li>- Municipality does not have enough equipment and finances to provide the services required;</li> <li>- People live on slopes and riverbanks. Litter and sewerage washes down to rivers and streams;</li> <li>- A large number of areas still do not have water borne sewerage system. People make use of pit latrines and conservancy tanks even in flood line areas and areas with a high water table.</li> <li>- Sedimentation of rivers and streams because of erosion that is caused by overgrazing, high density of people, high frequency of veld fires, people living on the river banks and steep slopes as well as removal of vegetation;</li> </ul>
<p><b>3. Urbanization</b></p>	<ul style="list-style-type: none"> <li>- Effluents from sewerage treatment works and industries might reach water resources.</li> <li>- Slaughtering of animals in an uncontrolled manner, especially in the townships;</li> <li>- Urban agriculture;</li> <li>- Waste disposal sites that are not fenced.</li> </ul>
<p><b>4. Air pollution</b></p>	<ul style="list-style-type: none"> <li>- Search of a better livelihood;</li> <li>- Job opportunities;</li> </ul>
	<ul style="list-style-type: none"> <li>- Lack of electricity;</li> <li>- Affordability of electricity;</li> <li>- Burning of coal and wood as an energy source;</li> <li>- Veld fires;</li> <li>- Burning of domestic waste;</li> <li>- Low standards for vehicle emissions;</li> <li>- Industrial emissions to a low degree;</li> <li>- Piggery at Tweespruit is currently the source of bad smells to the adjacent neighbourhood of Borwa;</li> <li>- People not educated or motivated around the issue.</li> </ul>
<p><b>5. Overgrazing and Erosion</b></p>	<ul style="list-style-type: none"> <li>- People live on steep slopes, riverbanks and flood line areas because of the lack of space for residential extension.</li> <li>- High population density;</li> <li>- High frequency of fires;</li> <li>- Urban agricultural activities;</li> <li>- Poor land management practices;</li> <li>- Vegetation removal on erven as well as removal of vegetation from riverbanks and steep</li> </ul>



Issue	Cause
	<ul style="list-style-type: none"> <li>- slopes;</li> <li>- Unsustainable utilization of vegetation as a fuel source;</li> <li>- Lack of legislation enforcement;</li> <li>- Environmental costs not accounted for. Rehabilitation of the environment almost non-existent.</li> <li>- Overexploitation of plants with medicinal value;</li> <li>- Poor or lack of affective storm water systems.</li> </ul>

*Mantsopa Local Municipality (2006)*

The following environmental issues were identified for rural areas:

*Table 15: Environmental Issues for rural areas*

Issue	Cause
<p><b>1. Loss of Biodiversity</b></p>	<ul style="list-style-type: none"> <li>- Unsustainable agricultural practices;</li> <li>- Agricultural pollution;</li> <li>- Overgrazing;</li> <li>- High frequency of Veld fires;</li> <li>- introduction of alien species;</li> <li>- Lack of legislation enforcement;</li> <li>- Unsustainable use of natural resources;</li> <li>- Overexploitation of plants with medicinal value;</li> <li>- Lack of knowledge around the environment.</li> </ul>
<p><b>2. Water pollution</b></p>	<ul style="list-style-type: none"> <li>- Illegal dumping of waste into rivers etc;</li> <li>- Unsustainable resource use;</li> <li>- Lack of proper farming plans and enterprises;</li> <li>- Irresponsible use of fertilizers and pesticides;</li> <li>- Lack of bio-degradable pesticides;</li> <li>- Bad waste disposal practices;</li> <li>- People are not motivated and educated around the environment and environmental health;</li> <li>- People live on slopes and riverbanks. Litter and sewerage washes down to rivers and streams;</li> <li>- A large number of areas still do not have a water borne sewerage system especially the farm workers. People make use of pit latrines and conservancy tanks sometimes in areas with high water tables and within the flood line areas;</li> </ul>

Issue	Cause
	<ul style="list-style-type: none"> <li>- Sedimentation of rivers and streams because of erosion that is caused by overgrazing, high frequency of field fires, people living on the river banks and steep slopes as well as removal of vegetation;</li> </ul>
<p><b>3. Agricultural Pollution</b></p>	<ul style="list-style-type: none"> <li>- Agricultural activities on areas sensitive to erosion.</li> <li>- Kraals that are situated next to rivers. Runoff of the waste into the rivers;</li> <li>- Effluent from abattoirs;</li> <li>- Irresponsible use of fertilizers and pesticides;</li> <li>- Lack of monitoring, control and rehabilitation;</li> <li>- Lack of biodegradable pesticides;</li> <li>- Animal kraals are situated near watercourses. Animal wastes can therefore runoff into water resources;</li> </ul>
<p><b>4. Air pollution</b></p>	<ul style="list-style-type: none"> <li>- Unsustainable resource utilization;</li> <li>- Lack of knowledge around sustainable agriculture;</li> <li>- Lack of proper farming plans and enterprises;</li> <li>- Agricultural activities on or next to sensitive areas.</li> <li>- Lack of electricity;</li> <li>- Burning of wood or coal as energy source;</li> <li>- Veld fires;</li> <li>- Poor quality diesel;</li> <li>- Burning of domestic waste.</li> </ul>
<p><b>5. Erosion</b></p>	<ul style="list-style-type: none"> <li>- Overgrazing;</li> <li>- Poor land/grazing management practices;</li> <li>- Drought;</li> <li>- Introduction of alien species;</li> <li>- High frequency of fires;</li> <li>- Agricultural activities on areas sensitive to erosion;</li> <li>- Vegetation removal;</li> <li>- Mining activities;</li> <li>- Lack of legislation enforcement.</li> </ul>

**Development Priorities**

1. Basic Services (Water & Sanitation, Electricity, Housing, Roads and Storm water, Clean and Healthy Environment)
2. Local Economic Development

- 3 Safety, Security & Disaster Management
- 4 HIV/AIDS & opportunistic diseases
- 5 Sports, Arts and Culture
- 6 Health and Social Development

## PRIORITIES OF LEAD SECTORS

## PLANNING FOR LOCAL ECONOMIC DEVELOPMENT

### Alignment with Motheo IDP, and the Free State Provincial Growth and Development Strategy

The May 2004 Cabinet Lekgotla and the President's State of the Nation Addresses in 2004 and 2005 stressed the need to complete the process of harmonising the Provincial Growth and Development Strategies, the Municipal IDP's, and the National Spatial Development Perspective.

The following will reflect the extent to which we have attempted to align our IDP with those strategies and perspectives in line with the Key Priority Areas.

MANTSOPA IDP	MOTHEO IDP	FREE STATE PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY
Local Economic Development	Economic Development	Economic Development and Employment Creation
Water and Sanitation	Improved Sanitation and water	Social and Human Development
HIV/AIDS	HIV/AIDS	Social and Human Development
Basic Services, Health and Social Development	Improved Education	Justice, Crime Prevention and Security
	Improved Safety and security	Justice, Crime Prevention and Security
	Housing	Social and Human Development
	Clean environment	Social and Human Development
Good Governance	Good Governance	Efficient Governance and Administration
Sports, Arts, & Culture	Improved sports and recreation	

## DELIVERING LOCAL ECONOMIC DEVELOPMENT

### Vision

Mantsopa Local Municipality shall strive to be a leading force to achieve an accessible, integrated, sustainable and equitable social and economic development of her community.

## Mission

To achieve an accessible, integrated, sustainable and equitable social and economic development of the municipality

## Values

Transparency  
Accountability  
Responsiveness  
Self Reliance  
Partnership

Inclusiveness  
Value for money  
Fairness  
Consultation  
Courtesy

To guide economic and social development at local level, a policy framework that entails specific thrusts and sets the broad parameters for economic empowerment and transformation to be realized is necessary.

## Local Economic Development Objectives and Strategies

OBJECTIVE	STRATEGY
<b>Strengthen the LED unit</b>	Employ additional staff
	Build capacity
<b>Focused investment in the agricultural sector</b>	Focus more attention in agricultural production
<b>Promote Tourism</b>	Develop and implement Tourism Turn Around Strategy
<b>Creation of sustainable job opportunities filled with appropriately skilled workforce</b>	Promote the creation of artefacts
	Develop and implement the Economic Development Strategy
	Establish emerging and small-scale farmers
<b>Increase economic growth to promote job retention</b>	Better utilisation of existing vacant sites and buildings
	Reduce crime and create a safe and secure environment
	Develop an incentive scheme for new investments and entrants to the economy
	Market area to investors
	Utilise the strategic position of Mantsopa with Eesotho
Encourage business development towards major routes	

	Encourage to buy locally
<b>Create diverse economic opportunities</b>	Explore the possibility of agro-processing and mining (sand stone)
	Expand the market of local products
<b>Increase the number of SMMEs</b>	Improve and develop a range of tourism products in Mantsopa
<b>Reduce poverty</b>	Increase access to start-up capital and business financing
	Increase education and skills levels
	Increase access to basic services
	Increase access to land
	Improve health and well being of farm workers
	Establish poverty alleviation projects
<b>Improve food security of the poor</b>	Initiate projects to ensure food security and self-reliance for the poor
<b>To improve access to information and support services</b>	Initiate various structures to ensure access to information support
	Improve access to information and technology
	Initiate learnerships and skills training programmes
	Improve vocational and career guidance
	Support of existing businesses and ensure availability of information
<b>Strengthen the institutional capacity of existing SMMEs</b>	Establish a supportive network for SMMEs

**Development Outputs chosen**

A range of outputs has been chosen to ensure that the development objectives are achieved. These outputs have been captured in the Development Programmes: LED and Education, Skills and Information Support. The other development programmes like Health, HIV/AIDS and Opportunistic Diseases, Housing and Land, Public Transport and Accessibility, Municipal Infrastructure, Corporate and Co-operative Governance and People Development are all supporting programmes to LED. It would therefore be wrong to see the LED programme in isolation from the rest of the development programmes. However, the following outputs have been chosen to specifically stimulate economic growth, to reduce poverty, to improve food security and to assist small businesses to enter into the mainstream economy:

Strategy	Output
Employ additional staff	Employ one community liaison officer in each town
Build capacity of the unit	Develop and implement skills development programme
	Allocate budget for LED programmes
Promote the creation of artefacts	Training of artists in arts and crafts manufacturing
	Arts and crafts projects initiated by DoSD/ Tourism and the private sector
	Arts and crafts markets established along mayor access roads (N8), markets elsewhere utilised and co-operations established
Establish emerging and small-scale farmers	Successful emerging and small-scale farmers established
	LRAD projects successfully implemented
	Co-operatives established for small-scale farmers
	Mentorship programmes implemented for small-scale farmers
	Fish farming project implemented
Better utilisation of existing vacant sites and buildings	Implement fresh produce market along the N8 to Lesotho
	List of buildings and sites that can be subdivided or sublet compiled
	Policy on land tax for vacant land implemented
	Offices of service agents established in small towns (MPC C)
Reduce crime and create a safe and secure environment	Reduce crime and create a safe and secure environment
	Implement campaigns on safe and secure environment
Develop an incentive scheme for new investments and entrants to the economy	An incentive scheme operational
	Proposal for a Tourism SDI for Mangaung, Mantsopa to Maluti-a-Phofung
Market area to investors	Market plan developed for Mantsopa
	Marketing Plan for Mantsopa implemented
	Implement tourism events to promote Mantsopa municipally (two nations, Mantsopa day and caledon 2000)
Utilise the strategic position of Mantsopa with Lesotho	Farmers / traders established to deliver products to Lesotho
	A 24-hour filling station along the N8 (next to Tweespruit) established
Encourage business development towards major routes	New developments guided to cluster along major development corridors
Encourage to buy locally	Promote buying locally
Explore the possibility of agro-processing and mining	Agro-processing businesses and industries established
Expand the market of local products	List of export markets for local products

Strategy	Output
Employ additional staff	Employ one community liaison officer in each town
Build capacity of the unit	Develop and implement skills development programme
	Allocate budget for LED programmes
Improve and develop a range of tourism products in Mantsopa	Economic strategy focusing on new product ranges offered by the area
	A range of tourism destinations available in Mantsopa
	Tourism projects implemented by DoSD and tourism
Increase access to start-up capital and business financing	Start-up capital and business financing easy accessible
	ATMs established
	Establishment of village/rural banks
	SMME support centres offices established within Mantsopa
Increase education and skills levels	Increased education and skills levels
Increase access to basic services	Increased access to basic services
Increase access to land	Increase access to land
Improve health and well-being of farm workers	Life skills training programmes implemented to reach also farming communities
Establish poverty alleviation projects	Viable poverty alleviation projects initiated
	Newly CBP projects implemented
	Implemented approximately projects
	Projects implemented by DoSD
Initiate projects to ensure food security and self-reliance for the poor	Communal garden projects established
	Vegetable garden initiated that is approved by PPAC
	Fruit tree planting initiatives implemented for particularly the disabled, homeless and aged
Initiate various structures to ensure access to information support	Advisory/Business support centre established
	Training courses conducted for SMMEs at ABET centre
Improve access to information and technology	Community Information and Communication Technology Centre established in partnership with private sector and government departments.
Initiate learner ships and skills training programmes	Skills training programme implemented
Improve vocational and career guidance	Vocational and career guidance at secondary schools implemented (including farm schools)
	Career guidance corners established in libraries
Support of existing businesses and ensure availability of information	Business forums and representative forum established
	Regular feedback and dialogue between rep forum and council



Strategy	Output
Employ additional staff	Employ one community liaison officer in each town
Build capacity of the unit	Develop and implement skills development programme
Establish a supportive network for SMMEs	Allocate budget for Led programmes
	Regular feedback and dialogue between rep forum and council
	Established business support centres
	Establish a legal resource centre
	Developed beehives / Business Incubators
	Development forum established in each area and a representative forum for Mantsopa
	Development forum well functioning
	Representative forum of Mantsopa well functioning
	Regular feedback and dialogue between representative forum and council
	Training programmes conducted to improve business, financial and technology skills of SMMEs
	Centralised office shared by a group of SMMEs at the multi-purpose centres
	Mentorship schemes and support groups for business people operating effectively



## INSTITUTIONAL ARRANGEMENTS

### Mantsopa Local Municipality's approaches to the promotion of local economic development

The following different ways/approaches to the promotion of local economic development is adopted and considered/utilized singly and/or together depending on the nature of the initiative:

Municipal role	Explanation of Mantsopa municipality's role
Co-ordination	In this role, the Mantsopa municipality acts as a coordinator body. An important tool for coordination is the integrated development plan (IDP), which draws together the developmental objectives, priorities, strategies, and programmes of a municipality. The IDP can be used to that LED initiatives are coordinated with other municipal programmes and appropriately linked to national and provincial initiatives.
Facilitator	In this role, Mantsopa municipality will improve the investment environment in the area, e.g. the municipality may improve planning procedures and zoning regulation.
Stimulator	Mantsopa municipality will stimulate business creation or expansion e.g. the municipality may provide premises at low rent to SMME's, or promote a particular tourism theme or activity in a key venue.
Entrepreneur or developer	Mantsopa municipality will take on the full responsibility of operating a business enterprise. The municipality can also enter into a joint venture partnership with the private sector or a NGO.

## INTERNAL ARRANGEMENTS

- LED Background Information  
The Department Community Services & Development was established in 2000, and the Led unit was later established in 2003. It was placed under the manager community services and development. The council later decided to do away with the department and the unit was placed under the department of municipal manager till to date.

Staff component – Chief Development Officer  
- Admin Liaison officer – 2004  
- Tourism Officer appointed - 2007

- Other role players:
  - Mantsopa Tourism Forum 2005
  - Motheo DM
  - Malufi tourist Information Centre

## RESPONSIBILITIES OF DIFFERENT ROLE-PLAYERS

The following different ways/approaches to the promotion of local economic development is adopted and considered/utilized singly and/or together depending on the nature of the initiative:

Municipal role	Explanation of Mantsopa municipality's role
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Stimulator	Mantsopa municipality will stimulate business creation or expansion e.g. the municipality may provide premises at low rent to SMME's, or promote a particular tourism theme or activity in a key venue.
Entrepreneur or developer	Mantsopa municipality will take on the full responsibility of operating a business enterprise. The municipality can also enter into a joint venture partnership with the private sector or a NGO.

## OTHER ROLE PLAYERS

Departments / Organisations	Role
SEDA	Provide non-financial business development services or programmes to small enterprises. Business registration with CIPRO, business plan writing, etc. these and many other services are rendered through service providers that are contracted by SEDA.
DTI	<p>Promote the development of economically sustainable co-operatives that will significantly contribute to the country's economic growth.</p> <p>Increase the competitiveness of the co-operative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets.</p> <p>Promote greater participation by black persons, especially those in rural areas, women, and persons with disability and youth in the formation of and management of co-operatives.</p>
IDC	Make finances available for the establishment of new outlets and refurbishments of the existing outlet, and BEE acquisition of established and emerging franchised concept.
FDC NEF	Amending funding products and criteria as the BB-BEE environment evolves. Unlocking private sector co-funding, particularly in terms of the Codes of Good Practice. Developing retail saving and investment products that match consumer demands. Providing funds for strategic projects. Establishing close relationships with private sector funders such as commercial banks. Effectively marketing the NEF's fund and asset management offerings.
DEPT LOCAL GOVERNMENT	



N HOUSING	
DEPT OF AGRICULTURE	
DEPT OF LAND AFFAIRS	
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## MONITORING

### Stage I: Concept

#### Description of Stage

The project parameters are outlined and development opportunities outlined. A typical output of this stage is a development concept report, or a project concept report. Any project concept should at the minimum include:

- A high-level description of the project including a vision and objectives
- A high-level spatial plan of the township, centers of economic activity, the location of the project and its transportation and other linkages to the township and surrounding areas within the municipal area
- A high-level description of the community of the township and potential project beneficiaries
- A high-level description of the township economy and opportunities for future development
- Possible investors in the project (other than the municipality and the Government Department)
- Identification of the human resources required to undertake the project
- Any other pertinent information that may already have been researched
- A Council resolution in support of project (failing which, a letter of support from the municipal manager)

#### Main Activities

- Brainstorm session
- Site visit
- In-house preparation of a development concept report or project report by the Municipality



## Stage 2: Pre-Feasibility

### Main Activities

Typically these include:

- Brainstorm session
- Site visit
- Basic information assembly
- Stakeholder analysis
- Participation of key stakeholders
- Identification of possible project constraints
- Terms of reference for initial investigation stage
- Preparation of Pre-Appraisal Report and/or more detailed development concept report

## Stage 3: Detailed Investigation

### Description of Stage

The purpose of the detailed investigation is to describe, in detail, the challenges and constraints of project. This should result in an understanding of the details of the project, quantification of the project components and recommendations for implementation plans. Typical outputs include, a Development Feasibility Study.

### Main Activities

Typically these include:

- Development of township regeneration strategy or plan
- Commissioning of desk studies
- Detailed information assembly
- Stakeholder engagement
- Preliminary risk assessment and/or analysis
- Terms of reference for detailed investigation stage
- High order cost estimate and implementation time frames

## Stage 4: Business Planning

### Description of Stage

The purpose of this step is to build a detailed business plan and implementation strategy for the project. Include financial and project viability assessments especially in respect of partners and sources of funding identified. This will include the necessary detailed planning, engineering, architectural and implementation aspects of the project. The end result of this will be a detailed business plan, outlining the various components of the project, its phasing and funding, and the various institutional, resourcing and other partnering arrangements. Typical outputs include preliminary designs, procedures and action plans.

*(Neighborhood Development Partnership Grant (Toolkit No 5 of 5): Building the Business Case for a Capital Grant July 2007)*

### Main Activities

#### Typically these include:

- Appointment of professional team
- Ongoing stakeholder consultation
- Detailed risk assessment
- Preparation of preliminary designs, procedures and action plans
- Further refinements of budgets and programmes
- Comprehensive marketing assessment
- Preparation of project business plan
- Preparation of detailed specifications and procurement documentation

### The Business Plan

It is not possible to provide a standard template for a Business Plan but as the purpose of the Business Plan is to provide a comprehensive overview of various project aspects, the identifications and quantification of the extent of project and/or its components are important. It is suggested that all necessary information be provided, such as:

- Description
- Project methodology
- Situational analysis
- Pre-conditions for implementation
- Project funding arrangements, budget, milestones, phasing and cash flow per investor category and project phase
- Risk analysis and risk mitigation measures

- Institutional arrangements on completion
- Operating plan and programme
- Outputs and outcomes
- Resource requirements
- Partnership structures
- Identification of key success factors
- Stakeholder management strategy
- Options and viability assessments
- Exit strategy (ownership of project and/or components, urban management, resources required, operations funding)
- Implementation plans (including management responsibilities and strategies on operational aspects)
- Any other aspects relevant to the project (see also the Appendices for other possible items)

Project funding arrangements, budget and cash flow perhaps the most important and complex component of any business plan is the section dealing with project funding arrangements. It is in this section that a clear picture of how the project is to be resourced financially should be apparent. This section should also explore the medium to long-term financial viability of the project. A detailed project budget and cash flow analysis should be presented. This budget should encapsulate the total costs of the project as a whole indicating the capital costs of the project as well as operating costs over the life cycle of the project. The business plan should provide details of all funding sources for the project as well as specific details on funding required. These funding requirements should be broken down by financial year in order to provide a profile of the size and timing of disbursements required, per investor category and project phase.

Where funds are not fully secured, it is important to disclose this as this may represent a significant risk to the project as a whole. The business plan must make it clear who the funding partners for the project are. It should also be apparent what the municipalities own contribution to the project is.

*In-kind contributions should be factored in to the project budget, e.g. donation of land into the project at a nominal or market-related value must be included. Note that the direction of municipal capital expenditure to social and environmental sub-projects will assist in unblocking private sector investment.*

In the development of the budget all budgeting assumptions should be explained or footnoted reflecting the manner in which figures have been arrived at (for example, per hour/day costs of human resources and number of hours spent on the project). It is important to explain how the project costs are broken down between different uses. This section should provide this breakdown. A detailed financial-cash flow model indicating the required rates of return-to-investment, break-even points and internal rates of return for private sector funds other than the grant funding could be provided. Types of uses will vary from project to project but could include:

- Staff costs
- Equipment costs
- Management and/or administration costs
- Accommodation costs

- 
- Evaluation costs
  - Transport costs
  - Land and/or building and/or fixed asset purchases
  - Building

## Risks and risk mitigation

This part of the business case is intended to identify the events and circumstances which could result in the project not achieving its objectives or delivering its outputs or long-term impact. Every project will have risks and it will never be possible to pre-empt all these risks.

However, a carefully considered project will identify many of these potential risks and identify ways to overcome or mitigate against them should they arise. Where possible, systems should be in place to ensure that risks are identified early so that their impact is reduced.

Recognizing risks will better equip the municipalities and other investors with the information needed to manage them. These can also relate to the operational phase of a project, e.g. training needs.

Municipalities must identify and assess the main areas of risk – by prevalence of occurrence (most likely; possible; unlikely) – that might prevent a project from delivering anticipated results/outputs. Mitigation strategies should be identified. As the goals include the attraction of private sector investment, it is advisable that the risks to the private sector be mitigated as far as is practically possible in this section. Standard examples of common risks can include:

- Cost overruns
- Difficulties in securing statutory consent
- Delays in project implementation

## Procurement capacity

The business plan should demonstrate that the municipality has the necessary capacity and budget to undertake the procurement of the project.

## Milestones, monitoring and reporting

This component of the project should set out and describe milestones against which the project can be tracked and monitored. Milestones are the building blocks of any project and are typically key events that are critical to the successful delivery of a project. The identification and tracking of milestones must be used to monitor project progress. This serves as an early warning system to ensure that if progress slips, management decisions can be taken to bring the project back on course.

## Milestones differ across projects but could include the following:

- Appointment of staff
- Purchasing of key equipment/assets
- Obtaining planning permission
- Tendering of work
- Start of contract
- Completion of contract, etc

In this section, information should be provided on the systems that will be developed and implemented to monitor progress against the identified milestones, cash flows and benefits. A project plan identifying high-level milestones must be part of the Business Case and is also included as part of Registration Form.

## Implementation

### Description of Stage

Finally, the project will be implemented. It is expected that by this stage other funding partners and investors will also be bought on-board. Funding will also be available for any necessary project management, capacity building and training, to ensure the success of the project. The Capital Grant/ loan component applies to this stage for the roll-out of all works & initiatives. Payment requests will be made according to milestones identified.

### Main Activities

#### Typically these include:

- Satisfaction of all conditions of the business plan approval
- Property acquisition where required
- Obtaining development funding
- Preparation of detailed specifications and procurement documentation
- Preparation and conclusion of all required contractual agreements
- Investment promotion for the project
- Place marketing
- Ongoing stakeholder consultation
- Management of all risks



- Implementation of project, sub-projects and components
- Progress and monitoring reporting

### Stage 6: Exit

#### Description of Stage

The main purpose of work in this stage is to effect project handover and closure, including the establishment of all management systems and the building of capacity if not already available. Typical outputs include the completion of project closure, commissioning and exit.

#### Main Activities

#### Typically these include:

- Confirmation of conclusion of long-term management arrangements
- Operational management of completed projects up to formal handover of development to operating entity
- Operational management monitoring of operating entity

### Stage 7: Review

#### Description of Stage

The main purpose of work in this stage is to provide an overview of the project and programme. Typical outputs include a project evaluation report, including any review of key success factors as identified in the business plan. The Auditor General (AG) may undertake audits of the work as part of any normal municipal auditing procedures and processes. In the relevant section of the business plan, reflect on how the different elements of the project could be evaluated and how this information could be passed on to others who may be engaged with similar projects. Information should be provided on the proposed method and timing of the evaluation of the project. National Treasury may undertake quantitative and qualitative assessments in order to support the development of Best Practice examples, with support from the municipality. The intention is to provide a reflection on successes and failures and the sharing of lessons through the creation of an accessible library of case studies for project participants, in the private and public sectors for use in subsequent similar projects, as well as other role-players.

## Main Activities

### Typically these include:

- Appointment of consultant for evaluation of project
- Review procedures
- Feedback to Municipality, Funders and Investors.

## PROJECTS IDENTIFIED

- ❖ Agri-tourism: Heldemoed (De Bruin)
- ❖ Special Project: PPP in developing Telecommunications Centre (ICASA)
- ❖ (Municipal Interventions) Cheese factory I.R.O condition of selling of property
- ❖ Recycling (solid Waste)
- ❖ Poultry
- ❖ Bright side farm Holiday Resort
- ❖ Upgrade Main Street in Ladybrand for Enhancement of Investment Development
- ❖ Truck Stop in Ladybrand
- ❖ Cleaning Campaigns-SMME Program
- ❖ Karabo Diapers
- ❖ Buy back Constantia farm for cultural development for the community
- ❖ Vegetables production (hydroponics)
- ❖ Production of cooking oil
- ❖ Promotion of Heritage Sites
  - Leqwala
  - Ramohomane
  - Mensvreetensburg
  - Lepaeng
  - Modderpoort
- ❖ Mahlatswetsa Bakery
- ❖ Mantsopa Fresh juice Produce
- ❖ Marang-rang fashions cc
- ❖ Manyatseng park development
- ❖ Sunmark
- ❖ Fresh Produce Market (N8 Corridor Development)
- ❖ Tshepanang Milling
- ❖ Mamise Pop Snacks
- ❖ Tweespruit Woman's Cooperative
- ❖ Mantsopa Birds
- ❖ Beef Feedlot
- ❖ Thaba Patchoa Business Centre

