

EU-funded Limpopo LED Programme

Case-Study for the Seminar
**“Private Sector Development and SME
Support in EU External Aid Programmes”**

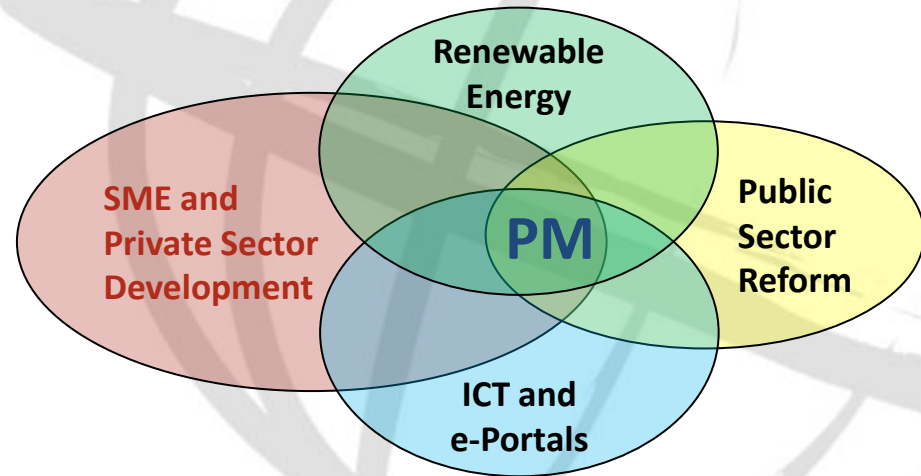
Brussels, 26 May 2011

Eurecna is the international consultancy arm of CNA, the largest SME federation in Italy

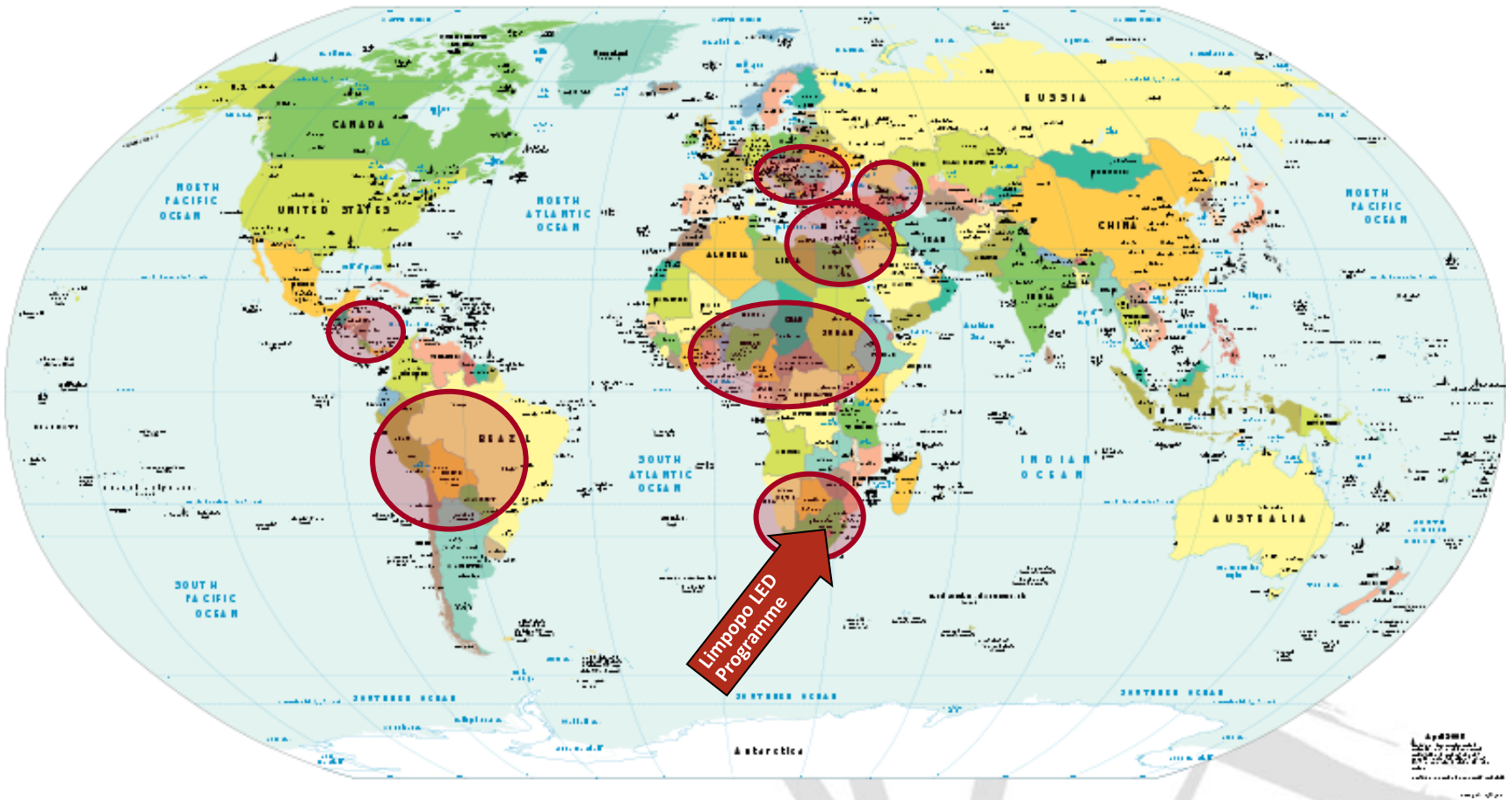
Eurecna has been in the TA business for the past 20 years

We make our experience available to those emerging countries that see an healthy SME sector as key to their sustainable and equitable growth

Our focus is still on SME development, but we have diversified our area of intervention



International Presence



Today's study-case of will deal with an EU-funded programme in South Africa, one of the richest countries in Africa, yet with many inequalities and poor marginalised communities



EU-funded Limpopo LED Programme



MAFATO-A-KGOALE

A hi tirheni - Kha ri shume

Our growth is in our hands

A 34m€ programme funded by the EU

Eurecna's TA (*in consortium with Shannon IDC [IE] and Regionomica [D]*) has run from 2003 to 2010

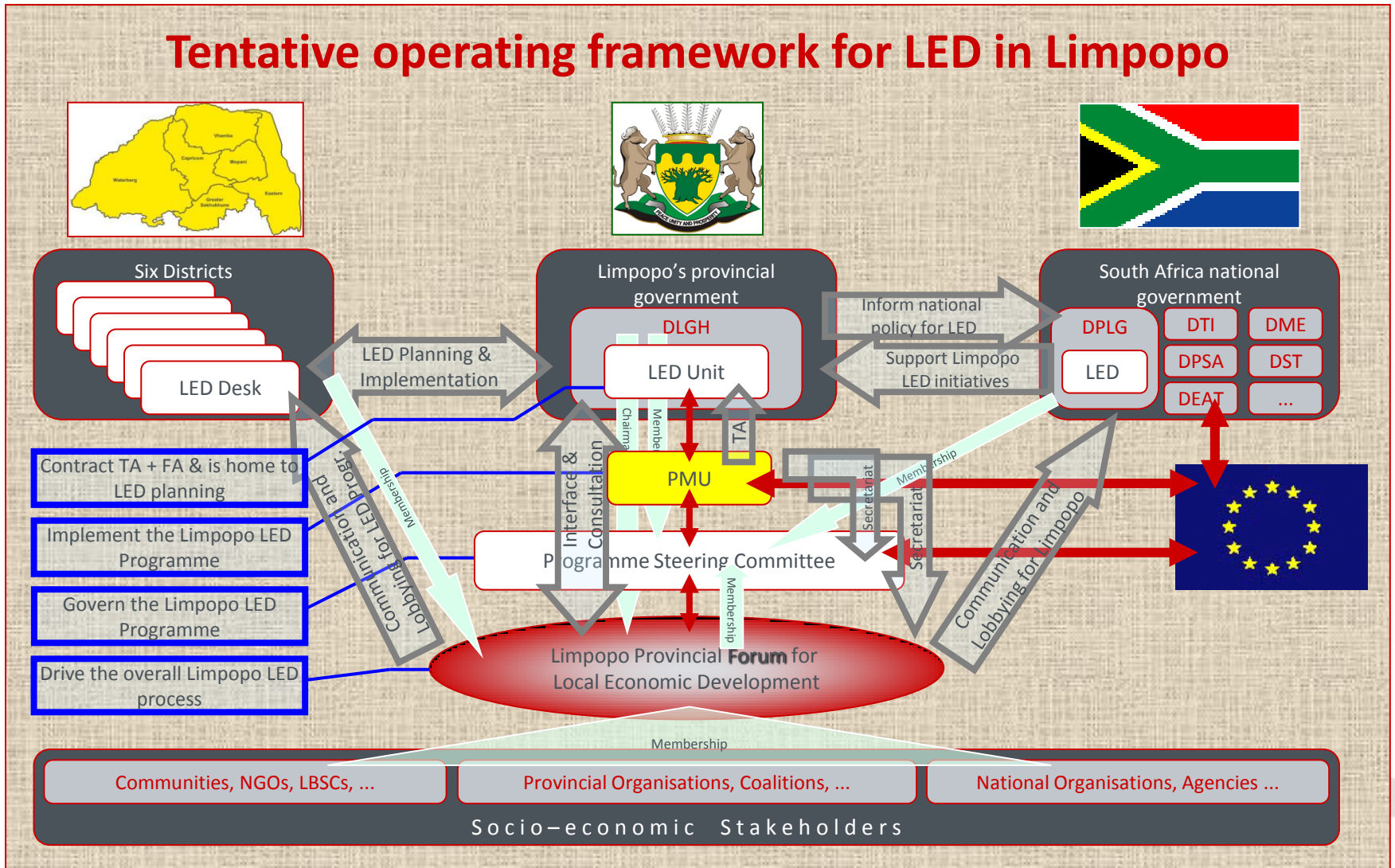
LED = Local Economic Development

Key objectives have been:

- Poverty reduction through pro-poor economic growth
- Reinforce the entrepreneurial basis of Limpopo
- Create new sustainable jobs
- Facilitate integration between first and second economy
- Remove administrative obstacles to business activities
- Promote efficient business support & facilitation services
- Building Capacity to Deliver Future LED Programmes
- Advising on a National Framework for LED Policy & M&E

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Tentative operating framework for LED in Limpopo



Key contractual aspects

The Implementing Agency for the programme has been DLGH (Department of Local Government and Housing of the Limpopo Provincial Government)

The Programme has been operated on a decentralised ex ante basis, where ALL decisions concerning procurement and award of contracts are taken by the Contracting Authority and referred for approval to the EU Delegation

Key Principles of Implementations

Consistency with
Provincial Growth and
Development Strategy

Partnership with
key local players

Mobilisation
of local actors

Building a Common Vision among All Stakeholders

A difficult start because of:

- long procurement procedures,
- inappropriate design,
- inefficiency of the initial PMU,
- lack of local experience dealing with EU support programmes

loss of confidence
in the Programme,
which called for:

Restoring mutual trust through:

- fresh design of programme activities,
- acceleration of grant funding,
- turnaround of the TA team,
- focus on capacity building for DLGH & direct involvement in PMU activities

**very successful
implementation and
achievement of all
the Programme's
main goals**

leading to a shared
vision and to:

Instruments for Implementation

Three main Grant Funds:

MCF

• **Marginalised Community Fund**

LCF

• **Local Competitiveness Fund**

LGSF

• **Local Government Support Fund**

Technical Assistance and Advice

TA to Grant
Beneficiaries

SME Support
Services

Training for
SMEs

Policy Advice
on LED

Support to
LED Planning

Strengthen
LED Capacities

Marginalised Community Fund – MCF

“Bringing Marginalised Communities into the Mainstream Economy”

Priorities of the MCF are to support initiatives which:

- **Improve the functioning of economies in marginalised areas**
- **Mobilise community assets and bring them into productive use**
- **Improve the linkage between these economies and the formal economy**
- **Create jobs through enterprise expansion and retention**
- **Benefit, and have an impact on, the community as a whole**
- **Promote cooperation and partnership between business and communities**

Number of Projects funded: 36

Total Funds Disbursed: 51 mZAR (93% of funds committed)

Average Value of Grant: 1.4 mZAR

Examples of Projects Funded by the MCF

Restituted community land to supply large mining companies

The South African platinum industry needs beans – particularly 1,000 tons of processed guar per months.

MCF has funded a project for small-scale farmers to produce, process and sell 300 tons per month to Limpopo smelters.



Traditional Mopane worms for export to Europe

MCF has supported a community to meet EU requirements for exporting this traditional South Africa meat (a colourful worm dried in the sun) to ethnic restaurants and dedicated food stores in the European Union.

“Creating a More Competitive Limpopo”

Types of projects that were eligible for LCF support:

- Consolidating/extending value chains and supply chains in existing markets
- Providing infrastructure and service platform for increasing competitiveness of a group of companies or sub-sector (e.g. industrial parks, logistic hubs, etc)
- Improving the operation and/or the technology of clusters and value-chains
- Upgrading the skill base of human resources related to a sub-sector or cluster
- Facilitating access to new markets and outlets for cooperative products

Number of Projects funded: 22

Total Funds Disbursed: 54 mZAR (86% of funds committed)

Average Value of Grant: 2.4 mZAR

Examples of Projects Funded by the LCF

Plataurex jewellery making factory

LCF has provided funding and TA for a new diamond cutting and polishing factory in Polokwane.

Emergent jewellery makers are now mentored in Plataurex, which is responsible for marketing products of the Limpopo jewellery cluster.



The new Greater Nwanedi eco-tourism resort

In collaboration with LTP (Limpopo Tourism & Parks) the Program has provided a grant to forge a public-private-community partnership to develop a 25,000 ha eco-tourism attraction in the Vhembe district.

Local Government Support Fund – LGSF

“Creating an Investment-Friendly Climate Limpopo”

The LGSF assisted municipalities in four priority areas:

1. Strengthening LED strategic planning and their ownership by local stakeholders
2. Removing obstacles to business development (e.g. streamlining of bureaucracy, removing administrative barriers, improving access to land and buildings, etc)
3. Strengthening the capacity of municipalities to implement LED action plans
4. Providing more effective delivery of LED services (e.g. access and dissemination of LED information, providing business support infrastructure, etc)

Number of Projects funded: 15

Total Funds Disbursed: 16 mZAR *(77% of funds committed)*

Average Value of Grant: 1.1 mZAR

Examples of Projects Funded by the LGSF

Boost for the Makapan Valley world heritage site

Grant for the conservation and promotion of the Makapan Valley caves, in the Waterberg Biosphere Reserve, encapsulating an almost unbroken record of proto-human and human presence since Australopithecine times 3.5 million years ago.



Skills for mining

LGSF has funded a mineral and mining development centre in the municipality of Sekhukhune, at the core of a new mining region. It develops a skilled labour force for the needs of the expanding platinum mining industry.

Other Projects Funded by the Limpopo LED Programme



Enabled remote communities to establish tourism facilities in the 350 km Waterberg Meanders



Letsitele Citrus Cooperative representing commercial and emergent farmers supported to upgrade its packhouse to export to EU markets



The tomato growers associations supported to buy new processing and packaging technology

Black-owned cooperative of 110 emergent farmers supported to establish a honey processing plant



Other Projects Funded by the Limpopo LED Programme

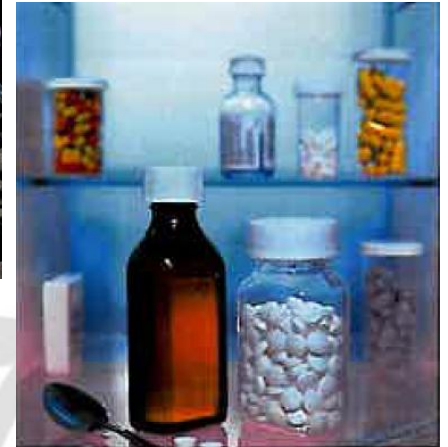


*Stone processing:
the Vhembe
women-led
colour-stone
mining
cooperative*



Plastic recycling

Nutriceuticals from herbs



*Brick factory
established as
Joint venture
between
community
and well-
known local
entrepreneurs*

*Beehive-style Small Business Incubator
in Marginalised Communities*



Importance of Monitoring & Evaluation

Example of parameters that have been monitored:

Jobs created during the implementation period:	1,020
Projected Permanent Jobs:	1,758
Projected Seasonal Jobs:	1,353
People Trained:	1,935
Average Cost of any new Permanent Job:	54,400 ZAR

Average cost of a new permanent job created by the LED Programme:

in Agriculture:	58,400 ZAR	in Tourism:	136,000 ZAR
in traditional SMMEs:	15,000 ZAR	in Mining:	151,000 ZAR

Success Factors for the EU-funded Limpopo LED Programme

Good Design of the Programme and of its Instruments (Grant Funds and TA)

Sharing of the Programme Vision and Objectives

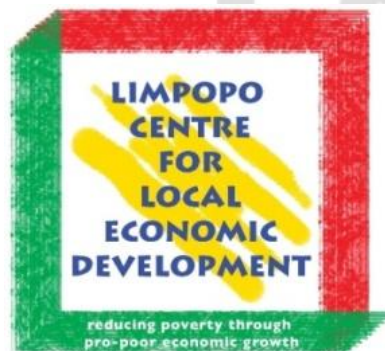
Flexibility and Adaptability in Implementation

Timeliness of Delivery to achieve Quick Results

Competence and Commitment of the TA Team *(80+% of expert-days from SA)*

Empowerment of Local Beneficiaries

Sustainability ...



... to keep the rich legacy of the Programme alive and continue with further LED activities

Grazie!

Mario Costariol

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