



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA



**public works
& infrastructure**

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

LIMPOPO PROVINCIAL ENGAGEMENT WITH INFRASTRUCTURE SOUTH AFRICA (ISA) REPORT

DATE: 14 – 15 December 2020

VENUE: Polokwane

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List of Abbreviations

LEDET	Limpopo Economic Development, Environment and Tourism
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OTP	Office of the Premier
ISA	Infrastructure South Africa
MMSEZ SOC	Musina-Makhado Special Economic Zone
FTSEZ	Fetakgomo-Tubatse Special Economic Zone
RAL	Road Agency Limpopo
LEDA	Limpopo Economic Development Agency
LC	Limpopo Connexion
CPA	Communal Property Association
COGTA	Department of Cooperative Governance and Traditional Affairs
DBSA	Development Bank of Southern Africa
GCIS	Government Communication and Information System
ISA	Infrastructure South Africa
DPWI	Department of Public Works and Infrastrucutre h
SIDS	Sustainable Infrastructure Development Symposium
LPG	Limpopo Provincial Governement

1) Engagement Overview

The Economic Reconstruction and Recovery Plan, as announced and detailed by President Cyril Ramaphosa, identifies infrastructure as a key driver to resuscitating the South African economy, following a prolonged period of economic decline further exacerbated by the current Covid-19 pandemic. Infrastructure Investment and development will serve as a key catalyst for large scale employment, industrialization focusing on small and medium enterprises (SME), and improved state capacity and legislative and policy reforms. In addition to the network industries (Transport, Energy, Water & Sanitation, and ICT), there will be great emphasis on social infrastructure, such as schools, health, human settlements, and student accommodation.

The Limpopo Province in its interest to further invest in infrastructure development as part of its economic recovery plan has been involved in a series of engagements with ISA to understand the national perspective of infrastructure investment and how it pertains to the Limpopo Province. The two-days engagement was planned on the back of these prior engagements. The Office of the Premier organised all relevant Limpopo Province role-players to take part in conveying the infrastructure plan of the province from the perspective of each entity. Limpopo province entities including the Musina-Makhado Special Economic Zone Soc (MMSEZ Soc), Fetakgomo-Tubatse Special Economic Zone (FTSEZ), Limpopo Economic Development Agency (LEDA), Limpopo Connexion and many other infrastructure role-players presented their infrastructure projects. They engaged ISA on their Strategic Infrastructure Projects and proposed where they need assistance to bring the projects into fruition.

The October cabinet lekgotla mandated Infrastructure South Africa (ISA) to incubate five (5) High-Value Infrastructure Initiatives.

These initiatives are outlined below:

1. Elimination inappropriate school infrastructure
2. Towards the Eradication of Informal Settlements
3. Water Security Intervention Programme
4. Optimisation of the State's Property Portfolio

2) Key Objectives of Limpopo Province Visit

1. Assess and engage on the Limpopo Catalytic Projects
2. Interact with Limpopo Provincial Government and Implementing Agents
3. Conduct site visits (Musina Makhado Dam and Zebediela Citrus Farm)
4. Present High Value Infrastructure Initiatives
5. Find areas of synergy and collaboration between ISA and LPG

3) Attendance Registry

	Date	Time	Role-players & Attendees	Venue
1	14 December 2020	09H05 to 19H00	<ul style="list-style-type: none"> ▪ Limpopo Office of the Premier ▪ LEDET ▪ LEDA ▪ Musina Local Municipality ▪ ISA ▪ DPWI ▪ Limpopo Treasury ▪ ISA ▪ GCIS ▪ Limpopo Department of Health ▪ MMSEZ ▪ FTSEZ ▪ Limpopo Connexion ▪ RAL ▪ LDARD ▪ Limpopo Department of Education 	Fusion Boutique Hotel
2	15 December 2020	09H00 to 13H00	<ul style="list-style-type: none"> ▪ ISA ▪ LRARD ▪ Bjatladi Communal Property Association ▪ Zebediela Citrus Farm Management ▪ GCIS 	Zebediela Citrus Farm
3	15 December 2020	09H00 to 13H00	<ul style="list-style-type: none"> ▪ Musina Local Municipality ▪ Limpopo Provincial government ▪ ISA ▪ MMSEZ ▪ GCIS 	Musina Makhado Dam

4) Summary of Engagements – Day 1

Dr Kgosientsho Ramokgopa opened the engagements by presenting the purpose of the visit and high-level work programme of Infrastructure South Africa (ISA). The Limpopo Provincial Government (LPG) with its entities shared its presentations to highlight key challenges/Backlogs of their strategic infrastructure Projects. The Presentations were delivered as follows;

4.1 Infrastructure South Africa (ISA) Perspective

ISA presentation covered the following aspects:

1. Infrastructure South Africa (ISA) is the single-entry point for all infrastructure projects and infrastructure as the flywheel to the South African economy recovery plan.
2. Improving the ease of doing business by removing bottlenecks in licensing and permitting
3. Underspending in MTEF allocations as a contributor to the infrastructure backlog in the country.
4. Emphasis on the importance of economic data analysis in determining the focus areas for the necessary infrastructure development, utilizing economic research developed by ISA
5. Outline of different funding models and operationalisation of the Infrastructure Fund
6. Emphasis on the importance of sourcing funding outside the fiscus
7. Unpacking the programme to optimise state owned assets with keen interest to collaborate with Limpopo Province in identifying the relevant immovable assets
8. Working towards a National Infrastructure Plan

4.2 Limpopo Provincial Government Entities and Departments

The Limpopo Provincial Government Entities prepared several presentations in order to share a detailed overview of the provincial infrastructure plan. These were delivered as follows;

4.2.1 Musina Makhado Special Economic Zone

The Musina-Makhado Special Economic Zone SOC (MMSEZ SOC) presented its infrastructure plan and gave an update on the Musina Dam. MMSEZ is an entity mandated to develop and operate the Musina-Makhado Special Economic Zone (MMSEZ) in terms of the SEZ Act 16 of 2014, with the main purpose of promoting the Nation's economic growth. The South African Government through the Department of Trade, Industry and Competition (DTIC) designated the MMSEZ located in the Limpopo Province. The MMSEZ is located closer to Beitbridge Border Gate which is the second biggest port of entry in South Africa and a gateway to other SADC countries; it is also strategically located in the Vhembe District in the Limpopo province which is endowed with mineral resources such as diamond and coking coal with potential for beneficiation. This SEZ is intended to accelerate economic growth, development and job creation in Limpopo. In line with the Special Economic Zone Act, 2014 the Minister for the Department of Trade and Industry issued an Operator Permit to facilitate investment.

Targeted sectors are Energy & Metallurgical; Agro Processing; Logistics and General Manufacturing. MMSEZ is a 2 in 1 project. The first site which is the main site is located in the

Southern side between Musina and Limpopo River. This site will have over 8000 hectares of land and its intended for Mega Industrial Park (Energy and Metallurgy) consisting of the following plants:

- Power Plant
- Steel Plant
- Coking Plant
- Pig Iron Plant
- Ferro Chrome Plant
- Chrome Plating
- Lime Plant

The second site is located between on the border between Musina and Makhado. This Northern Site is intended for the following plants

- Agro- Processing Plant
- Logistics
- General manufacturing

The project is estimated to bring \$14 billion of foreign direct investment from China. Despite the uncertainty in the global market, the investors are still on board, they only require MMSEZ to comply with the necessary legislative requirements to bring this project into reality. In addition, basic infrastructure such as roads, water and electricity need to be rolled out in order to attract investment. However, the Limpopo provincial government does not have finance to roll out such infrastructure. Therefore, assistance from ISA is required to achieve these goals. As part of the bulk infrastructure rollout the province have also started preliminary studied on the development of the Musina Dam. The Dam will provide critically need water that will be required for the MMSEZ and surrounding municipalities. A final feasibility study report is expected end of January 2021.

4.2.2. Fetakgomo - Tubatse Special Economic Zone

The Fetakgomo Tubatse Industrial hub is located in the Steelpoort area, between the Samancor and Lion Ferrochrome smelter in the Tubatse area (Sekhukhune District)

Total land - 1 220ha land (Farm Spitskop 333KT)

The Industrial Hub is earmarked to become a multi-sectoral establishment that focuses on:

- PGMs beneficiation (platinum, chrome, iron ore, vanadium)
- General manufacturing
- Manufacturing & assembly of mining inputs
- Energy generation and manufacturing & assembly of components into the different energy generating plants (biodiesel, lithium-ion batteries, vanadium redox batteries, solar energy, etc)

The proposed Special Economic Zone in this area is not yet licensed and processes are underway to develop key economic infrastructure projects along the R555, in alignment with the Sekhukhune District Development Model and the Dtic new approach to the implementation of the SEZ programme nationally.

4.2.3. Limpopo Science and Technology Park and Broadband Infrastructure

The Limpopo STP is a catalytic investment (prioritized by the Limpopo Development Plan) which aims to deliver scientific and technology environment and research in the key dominant sectors of the provincial economy. The park will be focused on digital infrastructure, innovation, research, entrepreneurship, skills and manufacturing. The park will also target the identified provincial growth sectors: Mining & Mineral Beneficiation, Agriculture & Agro-processing, Tourism, ICT, manufacturing, Transport & Logistics Hubs and Special Economic Zones. The data Centre has already been built and is in Peter Mokaba Stadium. The Limpopo provincial government has already spent over R585 Million on the project. However, more funding is needed to roll out this telecommunication infrastructure in the province. Limpopo Connexion is currently working with Development Bank of Southern Africa (DBSA) to package the project for financing. The DBSA has indicated a project preparation cost estimated of R5m to fully unlock the estimated overall project value of R3.bn.

4.2.4. Road Agency Limpopo (RAL)

Road Agency Limpopo (RAL) presented its projects in 5 districts namely: Vhembe, Capricorn, Mopani, Sekhukhune and Waterberg. RAL is responsible for 20 000Km of roads. However, 68% of the roads are unpaved or gravel roads. Although not all roads need to be paved, there is a huge demand in paved roads especially in mining towns and areas with tourism destinations. Key target areas for the agency is to focus on roads that enable growth in tourism, agriculture and mining, facilitate the implementation of the SEZ and create long term job creation. RAL identified 450km of roads that require an upgrade, estimated to cost R4.5bn. The prioritization of roads is informed by the following:

- The Limpopo Spatial Development Framework
- Nodal Strategy

4.2.5. Agriculture and Agro-Industrialization

The revitalization of agriculture and agro-processing value chain (RAAVC) plan has been developed in collaboration with the industry. The RAAVC plan aims to maximize agricultural production and agro-processing in Limpopo Province. The plan presents the sector's contribution to the Provincial Industrialization Plan, as espoused in the Limpopo Development Plan and National Development Plan. Among the key pillars of the RAAVC plan is the enabling of smallholder farmers and communities to have meaningful participation in the integrated industry value chain development. The presentation mainly focused on the two projects namely Revitalization of Zebediela Citrus and Limburg Citrus. Funding is being sort for the 2 projects Revitalization of Zebediela Citrus (R500 million) and Limburg Citrus (R250 million).

4.2.6. School Infrastructure Backlog

The presentation provided information on Infrastructure backlog within the Limpopo Department of Education (LDOE). There is a concerted effort to eradicate the backlog with maximum emphasis on pit latrines. To augment the work being undertaken through the SAFE programme and one LDOE Implementing Agent (IA), the department has embarked on an inhouse sanitation programme through which there is ongoing construction in 162 schools across the province.

The infrastructure backlog within the Limpopo Department of Education is massive and requires a huge budget. Currently the department is dependent on the EIG grant to address the infrastructure challenges. There are 35 Special schools which form part of major infrastructure which have to be built. Special schools are extremely costly compared to ordinary schools. It would be very highly appreciated if OTP and the Presidency could have a dedicated Infrastructure fund to address Special school challenges.

ITEM NO	NATURE	BACKLOGS/SCHOOLS
1	MAJOR INFRASTRUCTURE	598
2	WATER	522
3	SANITATION	879
5	ERADICATION OF ASBESTOS	09

4.6.7. Health Infrastructure and Academic Hospital

Department of health in Limpopo reported that it is experiencing the following challenges, Ageing and inappropriate “not fit for purpose” infrastructure and equipment, Dwindling capital and maintenance budgets, projects that remain in the initiation and planning phase for over 10 years, unreliable ESKOM’s electrical supply, water as a scarce resource and sanitation systems (dry and water-borne).

The Department has been operating within a context of declining funding since 2012/13, R1,24bn to R194m in 2015/16. The current budget is R 742 473 000.00 (HFRG). Lost opportunity on the grant funding the Hospital Revitalization Programme. Due to funding constraints Limpopo Central Hospital’s (LCH)beds have been reduced by 200; from 688 to 488. The LCH project has received funding to the tune of R3.9bn from the BFI.

5. Day 2 Summary of Engagements

Two sites which were presented on day one was visited by ISA to understand what is required and needed on the ground. The sites were visited simultaneously by a group of two teams.

5.1. Zebediela Citrus Estate Farm

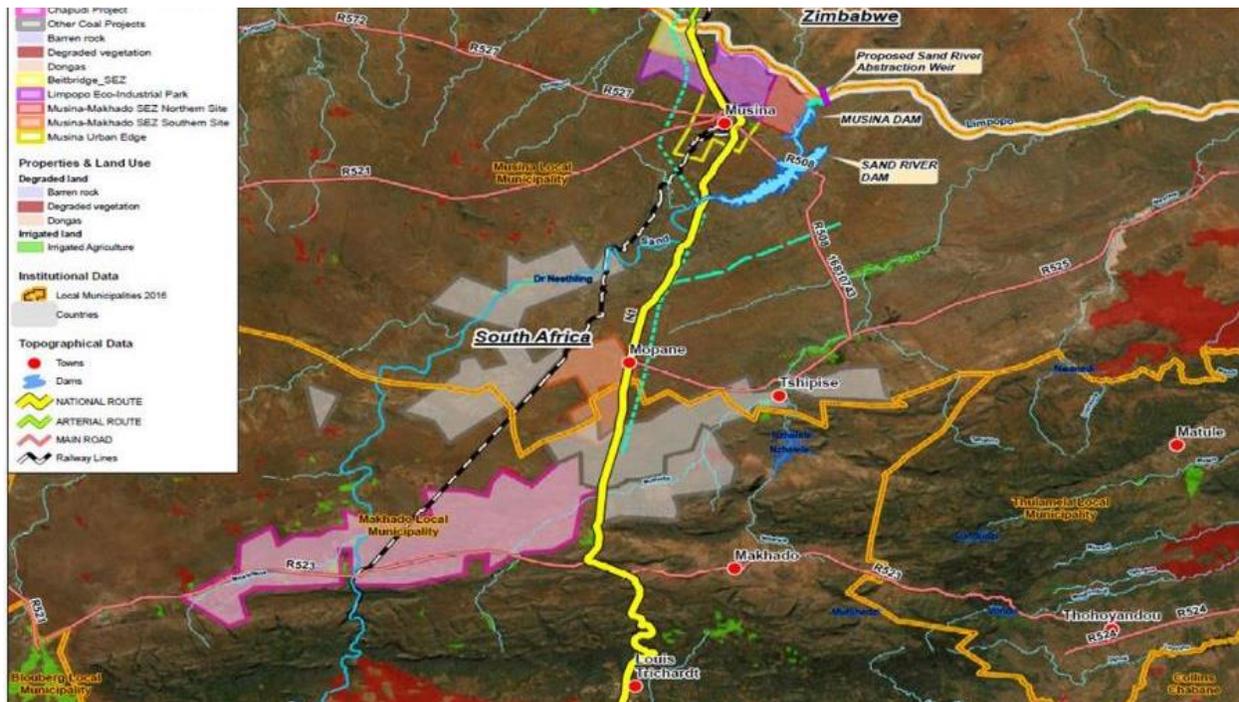


Zebediela citrus estate is a community owned enterprise. The land was restored back to the 21 communities of Zebediela through Government's land restitution programme. The land is held and managed under the Bجاتladi Communal Property Association (CPA) Zebediela Citrus Estates was at some point the largest citrus plantation in the Southern Hemisphere, with more than 3 000 hectares of planted citrus. Limited investment over the years resulted in more than 80% of the orchards on the estate having gone way beyond production stage. The packhouse on the estate dates back more than 50 years and utilizes an outdated system. Over the years, the estate has been managed through various operating models with varying levels of success and failures. In 2016/17, the LDARD started engagements with Bجاتladi CPA to establish a framework within which the estate can be revitalised to a profitable and sustainable citrus producer that can provide economic and employment opportunities for the communities as owners of the estate.

On site the Bجاتladi CPA chairperson highlighted that the farm is facing the challenge of ageing infrastructure which has not been maintained over the years. This include Water supply, packhouse and electricity supply. This has negatively affected the profitability of the farm since they have to transport their produce for packing of site. In addition, the 800 seasonal jobs have been lost due to packhouse not operating. In addition, The CPA raised the governance and management concerns.

Way Forward: Business case for the rehabilitation and resuscitation of Zebediala Citrus Farm will be finalized and submitted to Agriculture technical working group for consideration.

5.2. Musina Dam Project



The preferred site was visited on the 15 of December 2020. The project is in early feasibility phase and numerous legislative and licensing requirements are still to be achieved. This are outline in the table below.

Legislation	Requirement
National Water Act 36 of 1998	Water Use Licence for abstraction and storage of water Dam Safety licence to construct
National Environmental Management Act 107 of 1998	Environmental Authorisation for several listed activities identified Scoping and Environmental Impact Reporting (S&EIR) process
Mineral & Petroleum Resources Development Act 28 of 2002	Mining permit/right for borrow pits for construction material
National Heritage Resources Act 25 of 1999	Permits to destroy and/or relocate archaeological, palaeontological or cultural objects or graves/burial grounds
NEM: Biodiversity Act 10 of 2004	Permits for the destruction or relocation of protected species

	Alien and Invasive Species Eradication Plan
Water Services Act 108 of 1997	Approval to operate as a water services provider
Spatial Planning and Land Use Management Act 16 of 2013	Rezoning of properties from agriculture
Restitution of Land Rights Act 22 of 1994	Approval from DRDLR for development – land claims
LIMCOM Agreement	International relations – negotiations with neighbouring countries

Way forward: A final feasibility study report is expected end of January 2021 to be submitted to ISA for activation of the Project Preparation phase.

6. Action List: The 2 Days Infrastructure Engagement

The Limpopo provincial government and ISA resolved upon the following key actions:

Item No	Item	Intervention	Responsible Person	Timeframe
1.	Optimisation Of State Land, Building and Property Assets	Provincial Public Works & Treasury to identify immovable assets (buildings) for resuscitation	ISA (Mbaso Tshombe) Limpopo Public Works and also Treasury	Time frames to be determined after ISA first engagements with Limpopo Public Works and Treasury. 1 st engagement by end of January 2021
2.	Infrastructure Financing	Province to identify projects that will be submitted for blended infrastructure support funding	ISA (Mahlatse Molokomme) OTP, LEDA	Time frames to be determined after ISA first engagements with Limpopo Public Works and Treasury. 1 st engagement by end of January 2021
3.	Infrastructure Financing	Province to forward independent revenue streams projects to ISA	ISA (Mahlatse Molokomme) OTP, LEDA	Time frames to be determined after ISA first engagements with Limpopo Public Works and Treasury. 1 st engagement by end of January 2021
4.	Infrastructure Financing	Province to forward pure public infrastructure projects considering all risks	ISA (Mahlatse Molokomme) OTP, LEDA	Time frames to be determined after ISA first engagements with Limpopo Public Works and Treasury. 1 st engagement by end of January 2021
5.	Bolstering Capacity of The State	Province to partner with ISA to improve & strengthen project preparation capacity (LEDA)	ISA (Mahlatse Molokomme and Tshepo Chuene) OTP, LEDA	Time frames to be determined after ISA first engagements with Limpopo Public Works and Treasury. 1 st engagement by end of January 2021

6.	Bolstering Capacity of The State	ISA to forward project management template to OTP	ISA (Tshepo Chuene)	Done
7.	Bolstering Capacity of The State	LEDET / OTP to engage Department of Education and/or SETAs regarding mining qualifications of youth in Sekhukhune TVETs	ISA (Tshepo Chuene) LEDET, OTP	Time frames to be determined after ISA first engagements with LEDET and OTP. 1 st engagement by end of January 2021
8.	Bolstering Capacity of The State	ISA to prioritize support to the Musina Dam development	ISA (Miriam Chikwanda) MMSEZ SOC, LEDET	Awaiting completion of the preliminary feasibility that will be submitted to the TWG for Water and Sanitation.
9.	Bolstering Capacity of The State	ISA to support LEDET with analyzing economic indicators	ISA (Hubert Joynt) LEDET	Ongoing: need for first engagements to agree on fields of cooperation.
10.	Bolstering Capacity of The State	Provincial Investment Summit will be convened in March 2021	ISA (Nombulelo Nyathela and Nthabiseng Molotsi) OTP, LEDET	Time frames to be determined after ISA first engagements with OTP and LEDET. 1st engagement by end of January 2021
11.	Bolstering Capacity of The State	ISA to partner with the province to develop project pipeline and project commitments	ISA (Mahlatse Molokomme and Tshepo Chuene) OTP, LEDA, LEDET	Time frames to be determined after ISA first engagements with OTP, LEDA, LEDET. 1st engagement by end of January 2021
12.	Bolstering Capacity of The State	Limpopo One-Stop Shop to be launched in March 2021	ISA (Nombulelo Nyathela and Nthabiseng Molotsi) OTP, LEDET	Time frames to be determined after ISA first engagements with OTP and LEDET. 1st engagement by end of January 2021
13.	Information sharing	The business case for the rehabilitation and resuscitation of Zebediala Citrus Farm is going finalized and submitted to Agriculture technical working group for consideration.	ISA (Malcolm Simpson and Tshepo Chuene), Bjatladi CPA, LDARD, LEDET	Time frames to be determined after ISA first engagements with OTP and LEDET. 1st engagement by end of January 2021

Dr Kgosientsho Ramokgopa

Head: Infrastructure South Africa (ISA)

Date:

Mr Solly Kgopong

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Date: