ASGISA SUMMARY AND UPDATE

PART 2: 2007

10. 06-08 MARCH 2007 ASGISA FREE STATE AND NORTHERN CAPE PROGRAMME P21.


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ANNEXURES: GROUP ACTIVITIES, CONTACT DETAILS P.168

FEEDBACK AND FOLLOW-UP FORM, NATGROWTH FUND INVITATION P.169


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ASGISA SUMMARY AND UPDATE

The Accelerated and Shared Growth Initiative for South Africa (ASGISA) was launched in February 2006 with a Task Team led by the Deputy President. The main aims are to accelerate shared growth to an average 4.5% from 2006-2009 and 6% from 2010-2014, to halve unemployment and poverty by 2014 and to increase investment towards 25% of GDP, including Public Investment of +/- R416b from 2007-2010.

The “Binding Constraints” to achieving these targets were identified as: 1. Currency volatility and levels; 2. Logistics and the Costs of doing business due to infrastructure backlogs; 3. Skills shortages; 4. Industry Entry barriers, limited competition and high costs of key inputs; 5. Regulatory burdens; 6. Deficiencies in State Capacity, Organisation and Leadership.

The 6 sets of ASGISA Initiatives to achieve the targets and overcome constraints are: A. Macro-Economic initiatives; B. Infrastructure Investment; C. Education and Skills; D. Sector and Industrial Strategies; E. Second Economy Initiatives; F. Public Administration and Capacity.

The ASGISA 2006 Annual Report (www.gov.za) indicates that ASGISA is on track towards the overall targets, with 2006 growth over 5% led by consumer spending and job creation of over 1m jobs pa to Sep. 2006. Growth has slowed to 4.5% in 2nd quarter 2007 due to higher interest rates to mitigate inflation, the National Credit Act (NCA), and slower global markets. The growth outlook remains moderately positive led by fixed investment now at 20% of GDP. Increased efforts and strategic initiatives are needed to meet the key challenges such as:

A. Maintaining and increasing Macro-Economic momentum with coordinated models to:
   - Sustain and increase growth and job creation to meet a likely shortfall of 1-2m jobs,
   - Broden the base of shared growth
   - Maintain currency stability and competitiveness
   - Control inflation now 6.5% led by consumer demand, high international oil and food prices
   - Reduce the current account deficit of >7% by increasing “tradeable” exports and reserves
   - Improve budgeting, expenditure management and investment initiatives.

The Budget surplus may ease the pressure on inflation and interest rates. The Harvard Group argues for lower interest and exchange rates to stimulate the productive supply side and exports, which could lead to lower inflation due to economies of scale. A balanced approach to maintain productive growth, with fiscal expansion and monetary stability.

B. Accelerating implementation of Infrastructure Investment which is lagging in many national departments, provinces and municipalities with joint measures to address capacity constraints such as engineering, technical and financial management skills. Public Investment is planned to increase to 8% of GDP with +/- R416b in the 2007/08-2009/10 MTEF Budgets, supplemented by R65b in the 2007 Medium Term Budget, including:
   - Public Enterprises 40% including Eskom >R100b, Transnet R78b for Rail, Ports and Petronet, ACSA for Airport capacity and +/- R12b to augment self-funding DFI’s.
   - Government 55%: National, Provincial and Local capex for roads, water, energy, housing, schools, clinics, business centres, sports facilities, multi-purpose community centres, police stations, courts, correctional facilities and special “high impact” projects such as:
     - Electronic communication: broadband infrastructure, reducing telecom costs, submarine cable, subsidies for telecom and labour-intensive businesses in poor areas
     - World Cup 2010: R17.4b: R8.4b for 10 new or improved Stadia; and R9b for Transport, access, facilities and environs.
     - Other: eg. To improve Research and Development facilities and Public Private Partnerships
     - Maximising the spin-off impact eg. business linkages, supply and empowerment benefits
Special Provincial Projects listed in the original ASGISA document are moving towards implementation, and new high impact projects are being identified, eg. in various Provinces with budget funds are leveraging Private Investment and FDI. eg. E Cape R300m to >R1b, KZN R600m to >R1.5b and N West R50m to >R300m

- **E Cape:** Mzimvubu Development Zone: Catchment and Integrated Timber industries development; Kei Rail Project and others.
- **N Cape:** Diamond and gemstone jewellery project; Livestock and Bio-fuels projects
- **Bio-fuels** projects in Free State, North West, Northern Cape, Eastern Cape and KZN
- **Limpopo:** Mokopane Water, De Hoop Dam, Dilokong Platinum Corridor and others
- **Mpumalanga:** Moloto Corridor Rail project; Maputo Corridor: Big 5+ Projects
- **Gauteng:** Joburg International Logistics Hub and IDZ; Plus Global City Region Projects
- **KZN:** Dube Trade Port, King Shaka Airport, Makhathini Cassava & Sugar projects
- **North West:** National Livestock project; New PGDS Projects eg. Platinum Corridor, Treasure Route, Greater Taung Western Frontier and Mafeking IDZ
- **Northern Cape:** Proposed SKA: Square Kilometer Array and linked projects
- **Western Cape:** Cape Flats Infrastructure projects

**C. Accelerating Education and Skills** Initiatives to address scarce skills including initiatives by the Departments of Education, Labour, SETAS, FET’s and JIPSA: Joint Initiative for Priority Skills Acquisition. These initiatives require greater coordination, streamlining and alignment with industry needs to achieve the desired impacts in terms of capacity, job creation and effective utilisation of the major budget funds available.

**D. Accelerating Effective Implementation** of the National Industrial Policy Framework (NIPF) and Sector strategies approved in July 2007 including:

- **Competition policy and pricing** of key inputs such as steel, energy and telecommunications; Mittal's fine of R689m suggests some movement in this area
- **Reducing Regulatory** bottlenecks and the cost of doing business
- **12 Sector Strategies** for growth, exports and job creation including: the initial 3 ASGISA Sectors: Tourism, BPO&O: Business Process Outsourcing & Offshoring and Bio-fuels; 4 Lead Sectors: Capital / Transport Goods, Minerals and Metals Beneficiation; Auto Industry and Components, awaiting the new MIDP; Chemicals, Plastics and Pharmaceuticals; Forestry Products, Pulp, Paper and Furniture; and others: Agriculture, Agro-processing, Clothing & Textiles, Creative Industries and Mass-market Products.

Tourism has grown to 8.5m visitors and is moving towards a target of 10m and 12% of GDP, with upscaling initiatives towards 2010, including marketing, airlift capacity, transport, accommodation, services, business and shopping tourism for the growing overseas, African and domestic markets.

BPO&O including Call Centres is growing in niche markets such as the UK and EU Financial Services sector where SA’s cost/value proposition is competitive. To reach a target of 100 000 jobs, **Telkom costs have now been reduced** and funding for training of 30 000 learners needs to be accessed from the National Skills Fund.

**Bio-fuels:** Cabinet approval is awaited for a package including a +/-4.5% blending requirement, licensing, pricing guarantees, 30% BBBEE procurement, food security and location issues in order to proceed with 9 Ethanol Africa plants of +/- R1b each in 5 in Free State, 3 in North West and 1 in Mpumalanga, and Bio-diesel projects in KZN, Eastern Cape, Limpopo and other provinces. The job creation potential is estimated at 55 000 including direct and indirect jobs and SMME’s in the supply chain. (See Financial Mail 29/6/07). Food security, maize supply and price increases are issues being considered with options for alternative feedstocks such as sugar, soya and cassava.

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The Agricultural “Revolution”, Agro-processing, Agri-BBBEE and Land Reform projects are proceeding in many provinces including significant Foreign Partnerships and Investment eg. in E Cape, KZN, Limpopo and North West.

Acceleration of this process could unlock underutilised land and job creation potential, with more active collaboration between Departments of Agriculture, Land and Water Affairs in terms of extension and support services and Water management schemes and partnerships between commercial and small-scale black farmers, which are emerging successfully in many provinces.

E. Second economy integration initiatives are acknowledged to be a major challenge, requiring more ambitious and effective initiatives. More ambitious and decisive action is planned to accelerate 2nd Economy initiatives such as:

- Extending the Expanded Public Works Programme (EPWP) from 485 000 jobs to 1m target
- Implementation of the Broad-based Black Economic Empowerment (BBBEE) Codes with broader-based procurement, enterprise development, skills development, employment equity, equity ownership, management control and socio-economic development initiatives.
- Expansion of Small Medium and Micro Enterprises (SMME) and Cooperative Development through SEDA Umsobomvu, BBBEE Enterprise Development initiatives and linkages with larger businesses.
- Expansion of SMME Financing with acceleration of the Banks R5b Charter commitment, Business Partners private equity risk financing, and the broader mandates of Development Finance Institutions (Dfi’s) such as IDC, NEF, Khula, Apex, Mafisa and Land Bank.
- While it is generally considered that SMME financing initiatives are having little impact, Lionel October DDG of the dti indicates that funding by dti institutions such as IDC, NEF and Khula has expanded significantly and that there is sufficient capacity to consider Khula expanding from bank guarantees into retail operations. (See FM 29/6/07).
- Rolling-out the Jobs for Growth Programme by the Independent Development Trust (IDT), targeting 300 000 enterprises and 1m jobs particularly for women and youth in rural areas
- Accelerated implementation of Integrated Housing and Human Settlement projects. Natgrowth believes this can be achieved with great impact on second economy integration with more active collaboration between the various Departments of Housing in terms of their mandates and budgets, the Banks in terms of their Charter commitments and expansion opportunities, Municipalities in terms of infrastructure and service delivery, property developers with growing demand for viable mixed-used township development and property owners who are beginning to unlock the value of their assets.

F. Improving state capacity, coordination, strategic leadership and performance. Capacity assessments and Monitoring and Evaluation (M&E) Systems indicate that targeted initiatives are required to improve the capacity of certain government departments and to develop more decisive strategic leadership, effective performance management and coordination between different government departments and spheres.

Current Developments and Policy debates within the ANC, its Alliance Partners, Government, other parties and institutions raise a number of issues in terms of ASGISA, future policies and initiatives. Some of the key issues and their possible impacts are as follows:

- The Development Indicators (www.gov.za June 2007) show progress in many indicators from 1996 to 2006, such as unemployment declining to an official rate of 25.5% and an expanded rate of 37.3% in Sept 2006, increasing access to social grants by over 12m people, and to basic services such as electricity 73.7%, water 84.7% and sanitation 70.7%.
Market Research (www.saarf.co.za) indicates that “middle income” groups increased by 30% to 2.6m in 2006, adding some R60b to GDP. However, poverty persists with 43.2% living on less than R3000, inequality has increased and life expectancy has declined from 54.6 years in 2001 to 50 in 2007 due to the increasing prevalence of HIV, AIDS and related diseases.

The HSRC Growth, Development and Employment Report findings (FM 26/10/07) include:
- A likely shortfall of 1-2 m jobs under 3%, 4.5% and 6% Growth Scenarios.
- Limited impact on poverty with many new jobs under the R2 500 pm poverty limit
- The need to continue Social Grants, expand the EPWP and Public Sector employment

Presidential Poverty Node Research (DPLG and Business Trust Sept 2007) profiles the 15 Rural and 7 Urban nodes covering over 10m of the poorest people in SA. Stronger LED, investment, support and skills initiatives are suggested to tap significant underutilised potential

The SA Reserve Bank raised the repo rate to 10.5% in October 07 due to continuing pressure on inflation (Oct 07 CPIX 7%) despite oil and food prices being exogenous factors. Growth forecasts are lower due to interest rates and a stronger Rand. The Medium-Term Budget is likely to continue with public investment plans and social cluster expenditure, with a surplus due to strong revenue, despite lower growth and higher costs (S Times 28/10/07).

The ANC National Policy Conference resolutions of 30 June 2007 indicate a likely shift in the nuances of economic policy and leadership orientation towards development initiatives. The Economic Policy papers do not appear to depart radically from the current policy framework of a Mixed Economy, a more pro-active Developmental State and ASGISA with its focus on Accelerated and Shared Growth to halve unemployment and poverty, Broad-based BEE, Transformation and active Partnerships with the Private Sector to mobilise Investment.

The Leadership Succession process suggests intense lobbying for support in the branches for the ANC Presidency at the December National Congress. The Resolution on Consultation with Alliance Partners on Economic Policy implies that policies may be debated more intensely and broadly in future with greater pressure for delivery. The Resolutions on a Policy Institute and political school indicate a possible trend towards more consultative, informed and evidence-based policy development which may be more comprehensive and robust, and gain the buy-in and commitment needed for implementation.

The Resolution on implementing Integrated Housing Plans is consistent with current policy, with greater emphasis on implementation. The suggestion of interventions in the property markets to curb construction costs and foreign land ownership do not appear to be realistic.

A Basic Income Grant was rejected but may be investigated further in the context of work to avoid dependency and the existing major budget for Social Grants to some 12m beneficiaries. The need for National Health Insurance was re-affirmed while the need for a state pharmaceutical company to address affordability will be investigated further.

The Resources and Energy resolutions appear consistent with current thinking ie. mineral and marine resources should be used to realised the economic and social needs of the whole nation, a comprehensive rural development strategy is needed, and state-owned enterprises should be strengthened to guide industrial policy and transformation. The debates were inconclusive on energy mix, nuclear energy and the implications of bio-fuels on food security.

The Recommendation to establish a Women's Ministry to streamline women’s issues and a Development Fund to grow entrepreneurship will need to be investigated in terms of feasibility.

The recent Public Service Strike and 7.5% wage settlement suggest a precedent for wage negotiations, with further pressure on inflation. Performance-based remuneration and career path advancement could enhance the retention of key staff and public service delivery.

The Natgrowth ASGISA and GDS Roll-out Programme is an independent initiative which aims to assist Government and Stakeholders with the implementation of ASGISA and Broad-based Growth, Development and Investment initiatives in all Spheres and Sectors.
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The programme comprises an ongoing series of seminars around the country focused on business and economic development, project planning and investment facilitation. The Outcomes include Practical Projects, Business Plans, Partnerships, Financing, Investment and Implementation Processes. Management and financial support services are also provided to facilitate implementation. The overall Findings of the programmes around the country include:

- **ASGISA** is being aligned with National, Provincial and District Growth and Development Strategies (GDS), Integrated Development Programmes (IDP) and Local Economic Development (LED) Strategies to accelerate and broaden the base of shared growth, employment and second economy integration.

- **ASGISA** has a limited focus on constraints and key initiatives. A broader strategic framework for growth, development and investment is needed to do justice to the full range of opportunities, programmes and projects in different spheres and sectors in SA and beyond.

- **The Provinces** display the overall trends of increasing growth and employment with persistent poverty and unemployment, in many cases over 50% outside Gauteng and W Cape, which are advancing more rapidly towards potential “Global City Regions”.

- **Project Planning** is advancing with a large number of new projects. Project Implementation and Investment are lagging in many cases due to avoidable bottlenecks such as regulatory delays, compliance with conditional grant conditions and intergovernmental coordination.

- **The Provinces** display many common challenges and unique opportunities such as developing into global trade and investment Gateways into and beyond Africa, while adding value to natural and human resources. Certain Provinces, Projects and Investment initiatives are progressing rapidly with strong strategic leadership, partnerships and private investment. Limpopo attracted R61b private investment in 2006 compared to budget capex of some R3b.

- **Growth Funds** have been launched in several Provinces to leverage Public Investment and mobilise Private and Foreign Investment eg. E Cape increased its Fund from R300m to over R1b, KZN from R500m targeting R5b, N West from R50m to over R300m and Mpumalanga has initiated its Fund. Effective Project and Investment facilitation remain key challenges.

- **Natgrowth** has initiated a National Growth Fund initiative to assist Provinces, Local Government, Development Agencies and Business in facilitating projects and raising capital. Cooperation is being discussed with E Cape, KZN, Mpumalanga and North West as well as Municipalities. Natgrowth has been appointed Strategic Investment Advisors to Mafeking IDZ to facilitate projects, investments and trade as a gateway to Africa and beyond.

- **Future Programmes** and initiatives will focus on:
  - Growth Funds, Business Projects and Investment Facilitation,
  - Building a Shared Global Growth and Investment Region including SA and Africa
  - Provincial, District and Local GDS and LED Projects
  - Integrating the Second Economy through more ambitious and direct initiatives such as integrated property, township, housing and business development.
## I. ASGISA BACKGROUND SUMMARY FEB 2006, THE PRESIDENCY

### ASGISA BACKGROUND, AIMS AND VISION

- **National Initiative** with support of Key Groups: Government, Business, Labour, SOE’s, etc.
- **Deputy President Task Team** Reports to Cabinet and the Public
- **Aims:** Increase Shared Growth to 6% to Halve Unemployment & Poverty
- **Vision:** Vigorous, Inclusive, Diverse Economy, Adding Value, Reducing Costs, Labour-Absorbing, Encouraging Business Development
- **Analysis:** Sustainable Growth of 6% needs to address Imbalances eg.
  - Unbalanced Growth led by Strong Commodity Prices, R Exchange Rate, Non-tradeables, Capital Inflows and Domestic Demand led to
  - Lower Exports – Trade Deficit >7% GDP and uncertain sustainability
  - Social Imbalances: Social Grants reduced Poverty but 1/3 households do not benefit directly from the economy, which also constrains growth

### ASGISA BINDING CONSTRAINTS

6 Binding Constraints - key obstacles, not a wish list:

1. **Currency volatility and level** distorts growth, investment (& employment)
2. **National Logistics Cost**, Efficiency and Capacity due to **infrastructure** investment backlogs and lack of competitive market prices in some cases
3. **Skilled Labour** Shortage: Professionals, Managers and Artisans plus cost effects on labour of apartheid spatial patterns and education imbalances
4. **Entry Barriers, Limited Competition and Investment Opportunities** — eg. Concentration in upstream sectors (eg. Iron, Steel, Paper, Chemicals) input sectors (eg. Energy, Telecoms); and market/price structure limits to downstream production and service sector development. **Competition Law, Industrial Policies and Sector Strategies** need to counteract these
5. **Regulation and burden** on SMME’s eg. Tax admin, planning, municipal, labour and specific sector regulations inhibit growth
6. **Deficiencies in state organisation, capacity & strategic leadership** eg.
   - **Government Expenditure** management especially under-spending
   - **In-decisive policy** development and implementation

### ASGISA INITIATIVES

6 Sets of Initiatives to Overcome Constraints:

- **A. Macro-economic issues**
- **B. Infrastructure Investment R416b + R65b 2007/08-2009/10**
- **C. Sector and Industrial Strategies**
- **D. Skills and Education initiatives**
- **E. Second Economy interventions**
- **F. Public Administration / State Capacity & Governance issues**
ASGISA 2006 ANNUAL REPORT SUMMARY, THE PRESIDENCY

Forward by the Deputy President

- ASGISA is on track towards key targets with common objectives:
  - Growth ave 4.5% 2004-09; 6% 2010-14; over 500 000 jobs pa
- Much is needed to claim success with key challenges, especially
- Industrial and Sector Strategies to be well executed and increase exports
- 2nd Economy Strategies to be more effective to include the poor, especially youth – with bolder targets
- State capacity improvement in all sectors
- Macro-economic gains to be consolidated
- Infrastructural services to improve considerably
- Education and Skills produce more skilled people more quickly
- Investment targeted and efficient to generate growth and jobs
- Communication and coordination between all stakeholders

A MACRO-ECONOMIC ISSUES BACKGROUND

- Reduce Exchange Rate Volatility and Over-Valuation
- Fiscal and Monetary cooperation for sustained growth and development
- Fine-tune Modeling for different scenarios eg. global slowdown
- Improve Budgeting on revenue and expenditure
- Expenditure Management to avoid under-/over-spending
  - New National Integrated Infrastructure System (NIIS)
  - New National Infrastructure Project Register (NIPR)

A1 MACRO-ECONOMIC ISSUES PROGRESS

To continue improving
- Currency stability and competitiveness: building on foreign reserves $25.6b, budget surplus, easing exchange control
- Aligning NT and SARB policies for growth and export diversification to address increasing balance of payments deficit
- Investment and expenditure management efficiency

B. INFRASTRUCTURE INVESTMENT BACKGROUND

Overview

- Increasing from 4 to 6 to 8% of GDP +/- R416b - March 2009
- Public Enterprises 40% Eskom >R100b, Transnet rail, ports, Petronet
- Government 55%: national + provincial and local grants – roads, water, energy, housing, schools, clinics, business centres, sports facilities, multi-purpose community centres, police stations, courts, correctional facilities
- Electronic communication: broadband, reduce telecom costs, submarine cable, subsidies for telecom and labour-intensive businesses in poor areas
- World Cup 2010: R17.4b +>R2b in 2007 Mid-Term Budget
  - R8.4b 10 new or improved Stadia
  - R9b Transport, access and environs
- Other: eg. R & D facilities, PPP modalities
- Maximise spin-off impact eg. supply, businesses, empowerment

Special Provincial Projects
- finalisation of implementation plans –see 2006 progress reports eg.
  - E Cape: Mzimvubu Development Zone: Catchment, Integrated Timber industries development
  - N Cape: Diamond and gemstone jewellery project
  - Bio-fuels projects: F State, N Cape, E Cape, KZN
• Limpopo: Mokopane Water, De Hoop Dam, Dilokong Platinum Corridor
• Mpumalanga: Moloto Corridor Rail project
• Gauteng: Joburg International Logistics Hub and IDZ
• KZN: Dube Trade Port, King Shaka Airport, Makhathini Cassava & Sugar
• N West / N Cape: National Livestock project
• N Cape: Proposed SKA: Square Kilometer Array and linked projects
• W Cape: Cape Flats Infrastructure projects

B1. INFRASTRUCTURE INVESTMENT PROGRESS: To continue improving
• Fixed Investment increasing towards 25% GDP: 18.7% in 3rd Q 2006 highest since 1991
• Public Investment increasing 15.8% pa 2003-07; 14.2% to 2010 R409.7b as below (increased to R416b in Budget)

INFRASTRUCTURE INVESTMENT BUDGETS MTEF 2007-2010

<table>
<thead>
<tr>
<th>Rb</th>
<th>2007/8</th>
<th>2008/9</th>
<th>2009/10</th>
<th>TOTAL</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>6.4</td>
<td>7.1</td>
<td>8.2</td>
<td>21.7</td>
<td>5.3%</td>
</tr>
<tr>
<td>Provincial</td>
<td>34.6</td>
<td>40.3</td>
<td>42.9</td>
<td>117.8</td>
<td>28.8%</td>
</tr>
<tr>
<td>Local</td>
<td>25.5</td>
<td>30.9</td>
<td>32.6</td>
<td>89.0</td>
<td>21.7%</td>
</tr>
<tr>
<td>Government</td>
<td>66.5</td>
<td>78.3</td>
<td>83.7</td>
<td>228.5</td>
<td>55.8%</td>
</tr>
<tr>
<td>SOE's</td>
<td>5.3</td>
<td>5.6</td>
<td>6.3</td>
<td>17.1</td>
<td>37.1%</td>
</tr>
<tr>
<td>SOE’s Dfi’s</td>
<td>44.7</td>
<td>50.3</td>
<td>56.9</td>
<td>151.9</td>
<td>4.2%</td>
</tr>
<tr>
<td>PPP’s</td>
<td>3.4</td>
<td>4.8</td>
<td>3.9</td>
<td>12.1</td>
<td>2.9%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>119.8</td>
<td>139.0</td>
<td>150.9</td>
<td>409.7</td>
<td>100%</td>
</tr>
<tr>
<td>% GDP</td>
<td>6.2%</td>
<td>6.6%</td>
<td>6.5%</td>
<td>6.4%</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>1928.3</td>
<td>2119.9</td>
<td>2330.5</td>
<td>6378.7</td>
<td></td>
</tr>
</tbody>
</table>

Now R481b

B2 INFRASTRUCTURE CAPACITY improvement still a priority especially Provincial and Local; continuing initiatives include:
• Project Consolidate to become Mainstream Support as within the Strategic Agenda for Local Government and a budget of R741m over 3 years for MFMA and MIG capacity building
• Siyenza Manje run by DBSA assisting with 90 project managers and financial experts; 30 interns; database of 900 expats to date
• Business Trust Accelerated Infrastructure Development Programme for Provinces, Local Gov and PPP’s
• NIPR: National Infrastructure Project Register set up by NT

B3 NATIONAL DEPARTMENTS spent only 33.5% of capex Budgets in the 1st half-year to Sept 2006. Improvement of 39% needs to escalate:

Table 1 NATIONAL DEPARTMENT EXPENDITURE AT SEPT 2006

<table>
<thead>
<tr>
<th>Department Rm 2006/7</th>
<th>Budget</th>
<th>6 Months</th>
<th>% Budget</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial &amp; Local Gov</td>
<td>6265</td>
<td>2340</td>
<td>37.4%</td>
<td>64.1%</td>
</tr>
<tr>
<td>Housing</td>
<td>6383</td>
<td>1551</td>
<td>24.3%</td>
<td>-19.4%</td>
</tr>
<tr>
<td>Transport</td>
<td>4684</td>
<td>1483</td>
<td>31.7%</td>
<td>87.2%</td>
</tr>
<tr>
<td>Public Works</td>
<td>1706</td>
<td>680</td>
<td>39.9%</td>
<td>806.7%</td>
</tr>
<tr>
<td>Justice and Protection</td>
<td>1644</td>
<td>672</td>
<td>40.9%</td>
<td>37.6%</td>
</tr>
<tr>
<td>Health</td>
<td>1440</td>
<td>995</td>
<td>69.1%</td>
<td>126.7%</td>
</tr>
<tr>
<td>Minerals and Energy</td>
<td>1100</td>
<td>231</td>
<td>21.0%</td>
<td>305.3%</td>
</tr>
<tr>
<td>Trade and Industry</td>
<td>637</td>
<td>99</td>
<td>15.5%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Foreign &amp; Home Affairs</td>
<td>272</td>
<td>32</td>
<td>11.8%</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Arts and Culture</td>
<td>195</td>
<td>51</td>
<td>26.2%</td>
<td>292.3%</td>
</tr>
<tr>
<td>Environment &amp; Tourism</td>
<td>157</td>
<td>67</td>
<td>42.7%</td>
<td>318.8%</td>
</tr>
<tr>
<td>Science &amp; Technology</td>
<td>65</td>
<td>34</td>
<td>52.3%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Water and Forestry</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>24548</td>
<td>8235</td>
<td>33.5%</td>
<td>39.0%</td>
</tr>
</tbody>
</table>
B4 MIG: MUNICIPAL INFRASTRUCTURE GRANT: only 37.4% spent in the 1st half to Sept 06, with slow progress in certain provinces and many small projects – to continue acceleration

<table>
<thead>
<tr>
<th>Type</th>
<th>Province</th>
<th>Rm</th>
<th>Province</th>
<th>Rm</th>
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</thead>
<tbody>
<tr>
<td>Water</td>
<td>E Cape</td>
<td>645.5</td>
<td>F State</td>
<td>340.7</td>
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<td>Sanitation</td>
<td>E Cape</td>
<td>588.8</td>
<td>F State</td>
<td>505.0</td>
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<td>Municipal Roads</td>
<td>Gauteng</td>
<td>473.4</td>
<td>KZN</td>
<td>345.9</td>
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<tr>
<td>Sewerage</td>
<td>KZN</td>
<td>89.1</td>
<td>KZN</td>
<td>392.9</td>
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<tr>
<td>Sports facilities</td>
<td>Limpopo</td>
<td>60.7</td>
<td>Limpopo</td>
<td>150.8</td>
</tr>
<tr>
<td>Community facilities</td>
<td>Mpumalanga</td>
<td>31.3</td>
<td>Mpumalanga</td>
<td>30.7</td>
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<tr>
<td>Other?</td>
<td>N West</td>
<td>452.0</td>
<td>N West</td>
<td>325.3</td>
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<tr>
<td></td>
<td>N Cape</td>
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<tr>
<td></td>
<td>W Cape</td>
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<td>W Cape</td>
<td>158.7</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td>2340.8</td>
<td>TOTAL</td>
<td>2340.8</td>
</tr>
</tbody>
</table>

B5 SOE INFRASTRUCTURE
- SOE’s improving Capacity and Supplier Development plans
- ACSA Key Projects and Capex geared towards 2010
  - Durban: New King Shaka Airport at Dube Trade Port
  - Upgrades: OR Thambo, Cape Town, PE, others
  - Expansions: Domestic & International Air transport services
- TRANSNET R12b by March 07 delayed by COEGA & C Town EIA
- ESKOM Spent R6.7b of R8b by Sep 06.
- REDS: Regional Electricity Distributors: Cabinet approved 6 under DME & EDI

B6 OTHER INFRASTRUCTURE PROJECTS
- ICT: R627m for Infraco to buy Eskom/Transtel assets and improve Broadband
- GAUTRAIN Phase 1 started ORT-Sandton-Midrand to be completed by 2010; 58800 Direct Jobs, substantial indirect income, trade, engineering benefits
- TAXI RECAP lagging 10 000 target – priority to cover 80% by 2009
- 2010 R17.4b: Integrated plan R8.4b Stadia; R9b Transport, access and environs
- MOLOTO Rail Corridor lagging – feasibility due Nov 2007
- CAPE FLATS Projects slow, coordinate funds eg. for Public Transport links, upgrading human settlements, Athlone Stadium, Klipfontein Corridor
- ROADS/EPWP to be expanded: R15b over 5 years? 47350 jobs in 2005/6; improve capacity esp engineers and technicians – 50% vacancies
- OLIFANTS RIVER CATCHMENT, DE HOOP DAM due by 2011 – Delayed 6 months, Roads, Pipelines, Unlock Platinum Mining potential in Sekhukhune Limpopo
- MZIMVUBU DEVELOPMENT ZONE R21B: DWAF R9m to design water storage, transfer, hydro-power for agriculture, agro-processing, tourism and integrated forestry; R300m for ASGI-EC from Transkei Dev Fund.
- Sanitation 2010 targets in reach; R1.2b to eradicate buckets by Dec 07
- Health improving; R47.1b in 2005/6, but some underspending eg. Limpopo
- Hospital Grants R2b: 4 complete EC, WC, Limpopo, Mpumalanga; 26 large projects underway: 3 Gauteng, 3 W Cape, 2 F State, 3 Mpumalanga, KZN
- Education +15.5% pa FET & School programmes delayed to March 09
## B7 INFRASTRUCTURE GUIDELINES AND RECOMMENDATIONS

- **Strategy**: Holistic NIIP - National Integrated Infrastructure Programme including SOE's
- **M&E**: Quarterly Reports
- **Priority**: Project Implementation

## C1 EDUCATION AND SKILLS DEVELOPMENT BACKGROUND

**Skills** Shortages to be addressed eg. Engineers, Scientists, Financial, Project, HR Managers

- **JIPSA**: Joint Initiative for Priority Skills Acquisition: urgent needs and quick solutions: eg. Special training, retirees, expats; Review after 18 months
- **JOBS**: Jobs and Skills Online initiative
- **Siyenzo Manje** managed by DBSA: deploy 150 retired experts and transfer skills to graduates from April 2006
- **QUIDS UP** programme for literacy and numeracy at lowest grades
- **Dinaledi Maths & Science** 529 schools to double to 50 000 grads by 2008
- **Career guidance** programme upgrade
- **FET** huge upgrade and ABET revamp
- **Employment Services** Systems to close employer / employee gap
- **National Skills Development** Strategy Phase 2
- **Short-term Scarce Skills** database for 100+ ASGISA projects
- **Umsobomvu** skills projects

## C2 DOE INITIATIVES

- **School QIDS**: Quality Improvement and Development Strategy 5000 schools received books; 6000 to receive indigenous language materials; Maths and Science Teacher training
- **Dinaledi Schools Phase 2**: 529 schools, aim to double HG Maths & Science passes from 24 000 in 2004 to 50 000 in 2008; Slow progress in 2006
- **Provinces need funding** for science laboratories and teachers
- **FET's**: R1.9b for Recap, curriculum reform, training and equipment – **partnerships** sought with SETAS and industry to respond to demand

## C3 DOL AND SETA INITIATIVES

- **NSDS** align with needs, slow progress, inefficiency to be addressed with JIPSA
- **Scarce Skills** initiatives – streamlined import process needed with Home Affairs
- **Employment Services System** IT based – to align with opportunities
- **Tourism and Sport**: Thseta and DEAT strategies and initiatives
- **ICT Strategy**: DOC engaging with industry: shortage of high-level professional, specialist and strategic skills; surplus of low level and intermediate skills
- **BPO&O Strategies**: by dti, SACCOM (SA Call Centre Community), Bus Trust; Skills Fund for training 1000; R560m Proposal to DOL for 30 000

## C4 JIPSA FOCUS AREAS TO CONTINUE - SEE REPORT MARCH 2007

- **Engineers, Technologists**: increase graduates and registered professionals
- **Artisans**: 50 000 target over 4 years in 16 priority areas to be funded by NSF
- **Town & Regional Planners**: shortage, role, system review
• ICT
• Unemployed Graduates eg 3589 placed through UYF, exchange programmes
• Network industry Engineers;
• Maths, Science & ICT in Schools;
• Education and Health Planning and Management
• ASGISA Priority Sectors; eg. BPO, Tourism and Biofuels
• Cross-cutting: Project Management, ICT, Finance, ABET

C5 EDUCATION AND SKILLS DEVELOPMENT
GUIDELINES AND RECOMMENDATIONS
• COOPERATION between government, private sector and community to remove socio-economic barriers eg. transport costs, safety, curricula etc
• QIDS AND DINALEDI continuing
• POST-GRAD Scholarships for PDI's to be increased by National Treasury
• JIPSA initial 18 month Mandate ends Sep 2007 – need continuity
• MONITORING, EVALUATION AND COORDINATION needed between departments and stakeholders

D. INDUSTRIAL AND SECTOR STRATEGIES BACKGROUND
• National Industrial Policy and Sector Strategies to focus investment
• Priority Sectors growing worldwide, labour intensive, suit SA, BBBEE and SMME's: BPO: Business Process Outsourcing, Tourism, Biofuels
• BPO 5000 to 100 000 jobs by 2009: Joint Project Gov, Business Trust
• Tourism: ready for 2nd phase growth from 8 to 12% GDP + 400 000 Jobs! Key issues: Marketing, Air access, Skills, building Gov Bus Partnership
• Agriculture and Agro-processing including Bio fuels
• Chemicals
• Metals beneficiation including capital goods
• Creative industries: Crafts, TV and film content, Music
• Clothing and textiles
• Durable consumer goods
• Wood, pulp and paper
• Cross-cutting issues: Competition, Import parity pricing, Africa coordination, R&D incentive use, BBBEE for industry transformation

D1 SECTOR AND INDUSTRIAL STRATEGIES PROGRESS
• Progress in Priority Sectors BPO, Tourism, Biofuels and NIPF: National Industrial Policy Framework – clear policies emerging towards sustainable Job Creation, Exports, FDI, Import replacement – more needs to be done
• Challenges:
  1. Coordinating departments and spheres esp for skills development
  2. Capacity in departments to implement – needs strengthening
  3. Stakeholder consultation to be meaningful
  4. Redirecting initiatives for job creation, rural development and SMME’s

D2. TOURISM STRATEGY PROGRESS
• Airlift capacity increasing by 700 000 seats – tracking systems needed
• Safety and security with SAPS and provinces – more staff needed
### D2. BPO SECTOR
- **BPO 5 year strategy**: dti working with DOL, DOC & NT to address constraints: excessive Telkom Costs, Skills, Incentives to be competitive for FDI
- **Successes in 2006**
  - **Costs**: Telkom agreed to benchmark – comparative study due in 2007
  - **Incentives** in Budget for initial investment
  - **Skills**: NSF to fund 1000 positions working with provinces
  - **SACCCOM** established as national call centre business association
  - **Rural Call Centre Support Programme** partial funding for 13 sites
  - **FDI** negotiating with majors: possible 10 000 positions R2-4 000 pm in 2007
- **Next Steps urgently needed**
  - Incentive allocation procedures
  - **Skills funding for 30 000** proposed – NSF red tape needs to be cut
  - **Telkom** competitive cost package negotiations

### D3. BIOFUELS SECTOR
- **BIOFUELS Strategy Draft approved**: predicts
  - 4.5% of fuel needs by 2013 mainly maize and other inputs
  - 55 000 jobs mainly in small scale maize production
- **Government needs to**
  - Regulate rising share of biofuels
  - Manage price changes through Equalisation Fund
  - Support the R6b needed for processing plants
  - Ensure increased production of relevant crops –targeted assistance for smallholders through cooperatives
- **Comments**:
  - Ethanol Africa 1st of 8 Plants moving ahead at Bothaville, with funding +/- R800m using Carbon Credits
  - **Maize shortage, increasing prices, demand and land values** internationally – threat to viability and food security?

### D4. NIPF: NATIONAL INDUSTRIAL POLICY FRAMEWORK AIMS:
- **More effective** and coordinated sector initiatives
- **Diversification** beyond commodity exports towards
- **Knowledge-based economy, labour absorption, inclusive growth**
- **NIPF launch 2007**: Critical issues more coherent & inclusive strategy
- **Institutional structures** to drive initiatives
- **Urgent agreement & implementation of other priority sector initiatives**
- **Other Sector work** under ASGISA
  - Infrastructure input constraints Capital goods
  - Forestry products Chemicals
  - Creative industries Clothing and textlies
  - Downstream minerals beneficiation Furniture
  - Mass market white goods Pharmaceuticals
  - Agriculture and agrarian reform Agro-processing
<table>
<thead>
<tr>
<th>INDUSTRIAL AND SECTOR STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>D5. GUIDELINES AND RECOMMENDATIONS</strong></td>
</tr>
<tr>
<td>1. <strong>Sufficient Materials and Skills for Infrastructure Investment</strong> – engagement process with stakeholders on construction inputs</td>
</tr>
<tr>
<td>2. <strong>Chemicals CSP</strong>: Customised Sector Strategy – institutional structure to drive</td>
</tr>
<tr>
<td>3. <strong>Clothing &amp; Textiles CSP</strong> challenges: coordination between retail and clothing industries, ensuring sustainable local production</td>
</tr>
<tr>
<td>4. <strong>Wood-Paper Value Chain</strong> initiatives and BEE Charter negotiated</td>
</tr>
<tr>
<td>• Paper recycling promotion at local government level</td>
</tr>
<tr>
<td>• Forestry land to be accessible – environmentally, socially suitable</td>
</tr>
<tr>
<td>• Land restitution will be managed support new forestry producers</td>
</tr>
<tr>
<td>5. <strong>2007 key areas of growth and constraints</strong> to be identified for</td>
</tr>
<tr>
<td>• Minerals sector Agriculture sector</td>
</tr>
<tr>
<td>6. <strong>Review Capital Goods</strong> Pharmaceuticals</td>
</tr>
<tr>
<td>7. <strong>NIPF</strong> used to set priorities, plan sector studies and cross-cutting initiatives eg. competition policy and trade tariffs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E. SECOND ECONOMY INITIATIVES BACKGROUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential for sustainable growth – ASGISA is not the only initiative</td>
</tr>
<tr>
<td>• <strong>Main cause of mass poverty</strong> – insufficient employment opportunities esp for Blacks, Women and Youth (under 30, ave 10 years schooling)</td>
</tr>
<tr>
<td>• <strong>Formal Employment</strong> +3% pa, To address Shortfall 1-2m Jobs to halve unemployment</td>
</tr>
<tr>
<td>• <strong>ASGISA</strong> proposed:</td>
</tr>
<tr>
<td>1. <strong>EPWP</strong> jobs in infrastructure and social services</td>
</tr>
<tr>
<td>2. <strong>Support Micro</strong> enterprises to raise incomes, opportunities for poor</td>
</tr>
<tr>
<td>3. <strong>Measures to ease economic participation</strong>: skills and information</td>
</tr>
<tr>
<td>4. <strong>Unlock assets</strong>: land access, use, agriculture, blue collar skills</td>
</tr>
<tr>
<td>5. <strong>BEE Code implementation</strong> – esp in areas benefiting the majority</td>
</tr>
<tr>
<td>6. <strong>Cooperatives</strong>: mobilisation, link to 1st Economy, resources, skills</td>
</tr>
<tr>
<td>Continue improving social wage quality &amp; delivery: services, grants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E1. ASGISA BACKGROUND DOCUMENT INITIATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Leveraging the 1st Economy</strong> to address the 2nd eg Public Investment for Smme’s and BBBEE eg. access to finance, procurement, labour intensive sectors, 2010 opportunities, timely payment, regulatory review</td>
</tr>
<tr>
<td>• <strong>Targeting Women</strong>: Ensure HR Training, access to finance (micro to mega bucks), Fast-tracking out of 2nd Eco, Significant participation in EPWP, agriculture and creative industries, basic services</td>
</tr>
<tr>
<td>• <strong>Targeting Youth</strong>: unemployed graduates with Umsobomvu; This year: : 100 new advisory centres, min 10 000 in National Youth Service; 5 000 volunteer mentors to vulnerable children; business support system; youth coop programme; monitor impact on skills and business empowerment</td>
</tr>
<tr>
<td>• <strong>Sector Strategies</strong>: eg. 5 BPO centres in poor areas for women and youth</td>
</tr>
<tr>
<td>• <strong>BBBEE commitments</strong>: Monitoring Charters, access to finance, housing and smme loans, skills, social development, enterprise development</td>
</tr>
<tr>
<td>• <strong>Smme’s</strong> eg supporting Nafcoc’s aim of 100 000 per year; addressing gap for loans R10-250 000; Khula Business Partners R150m Fund</td>
</tr>
</tbody>
</table>
- Financial Charter: R5b commitment to be finalised
- Accelerate Roll-out of Apex (SAMAF) and Mafisa loans under R10 000
- New Venture Funds eg. IDC R1b; NEF fund; SEDA support
- Regulation reviews: eg. labour laws, tax admin, municipalities, sectors
- LED: Dplg to improve capacity to support LED and Smme’s
- Expand EPWP: R31b+
  - 63 000 more jobs maintaining roads;
  - 100 000 more in road-building and training over 6 months;
  - 1 000 more contractors; new access roads in poor areas;
- Concerted Roll-out of Early Childhood Development; Home-based Care; and Capacity for Larger Local Projects
- Realising value of “dead” assets: pushing land tenure; livestock improvement; housing finance commitment; planning & zoning; coops

E2. SECOND ECONOMY INITIATIVES PROGRESS
Progress and Obstacles: Critical Challenges Remain
1. Broad Targets needed: esp to integrate unemployed Youth, and provide support for individuals and households to achieve economic independence
2. Develop institutions to reach poor in remote rural areas – autonomous innovative institutions with adequate mandates, funding and monitoring
3. Securing Adequate Resources – substantially improve planning and funding
4. Translating NSDP effectively into local IDP’s and PGDS’s to guide provision of infrastructure, housing, services, welfare programmes esp former Bantustans

E3. PUBLIC EMPLOYMENT PROGRAMMES +/- 150 000 jobs per year
- Infrastructure created +/-70 000 full-time opportunities
- Early Childhood and Home-based Care – Community Health Workers should create 72 000 perm positions and 205 000 temp opportunities in 2007
- National Youth Service expects to create 9000 of 10000 target inadeq. Funds
- NYC and UYF 8350 volunteers with DEAT, DOT, Safety and Security
- Working for Water has created 27 000 short-term jobs
- Stats SA Labour Force Survey: +/-300 000 participants so far

E4. SUPPORT FOR MICRO-ENTERPRISES
Limited statistics except Bio-fuels 70 000 small farming jobs expected

Table 2 SMME Programme Progress

<table>
<thead>
<tr>
<th>Sectoral Programmes</th>
<th>Project</th>
<th>Dept</th>
<th>Aim</th>
<th>Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goat productivity improvement</td>
<td>Agric</td>
<td>Marketing improvement</td>
<td>500 SMME’s 10 000 jobs</td>
<td>Plan, Marketing, Need Funding</td>
<td></td>
</tr>
<tr>
<td>Irrigation development</td>
<td>Agric</td>
<td>Improved irrigation</td>
<td>Strategy, need Funding for roll-out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Rehab</td>
<td>Agric</td>
<td>Rehabilitate agricultural land</td>
<td>Strategy, need Funding for roll-out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biofuel inputs</td>
<td>Agric</td>
<td>Input production 55000 l/t jobs</td>
<td>Strategy approved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus Opportunity Support Services</td>
<td>UYF Boss</td>
<td>Business Franchises Nestle 681 MTN 100 Massmart 30</td>
<td>100 Vendors at R2-4000 pm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism Enterprise Pgm</td>
<td>Deat Dti</td>
<td>Train &amp; assist 2010 benefit</td>
<td>Planning; Training &amp; Communication</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Access to Finance

<table>
<thead>
<tr>
<th>Project</th>
<th>Dept</th>
<th>Aim</th>
<th>Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khula</td>
<td>dti</td>
<td>Increase funds Black Sme’s &amp; Farmers</td>
<td>2/3 &lt;R250 000</td>
<td>R12m 32 Sme’s 210 jobs</td>
</tr>
<tr>
<td>Financial Services Charter</td>
<td>dti NT Pres</td>
<td>FSC targets</td>
<td>Report pending final codes</td>
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<tr>
<td>SAMAF SA Micro-finance Apex fund</td>
<td>dti Sa-maf</td>
<td>Micro-finance Coops, NGO’s</td>
<td>50 partners R23m approved</td>
<td>8 partners disbursed R7.7m to 1700 borrowers</td>
</tr>
<tr>
<td>Micro-finance</td>
<td>UYF</td>
<td>Micro-finance</td>
<td>R6.1m to 768 enterprises +5000 loans, 1000 jobs</td>
<td></td>
</tr>
<tr>
<td>SME Finance</td>
<td>UYF</td>
<td>SME Finance</td>
<td>Since 2003: R315m, 230 Sme’s, 3000 jobs; 2006: R98m, 70 Sme’s, 1100 jobs</td>
<td></td>
</tr>
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</table>

### Procurement and other SMME Support

<table>
<thead>
<tr>
<th>Project</th>
<th>Dept</th>
<th>Aim</th>
<th>Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set asides</td>
<td>Dti, NT</td>
<td>Share of Gov procurement</td>
<td>Difficult with PFMA &amp; SCM</td>
<td></td>
</tr>
<tr>
<td>Timely payment</td>
<td>Dti, NT</td>
<td>15-30 days payment to Sme’s; bank bridging finance</td>
<td>SCM practice notes, discussion with banks, Difficult to implement – not a KPA</td>
<td></td>
</tr>
<tr>
<td>Broad-based BEE</td>
<td>Dti</td>
<td>Facilitate Codes, and Government procurement</td>
<td>1.5% Profits for Sme’s, Sme’s exempt</td>
<td>Gazette 9 Feb 2007</td>
</tr>
<tr>
<td>Cooperative Support</td>
<td>UYF</td>
<td>Support youth coops</td>
<td>R8m 23 coops 500 jobs</td>
<td></td>
</tr>
</tbody>
</table>

### E5. Supporting entry into formal employment
- 62 000 unemployed registered for learnerships since April 2005 – over half the target for March 2010
- Over 162 000 unemployed trained in short courses through provincial DOL
- UYF JOBS database places 500 pa should expand to 2000 pa
- 100 Youth Advisory Centres established by UYF with DOL & Thusong Service Centres - MPCC’s. 350 000 helped to date.

### E6. SECOND ECONOMY: THE WAY FORWARD

#### E6.1 Second Economy targets too modest
- Need to reach marginalised youth – majority of unemployed
- Formal Employment creation – 2/3 in retail and construction 2002-2006, but these sectors comprise only 1/3 GDP and are cyclical – needs analysis
- ASGISA Public Investment and Sector Programmes must provide a more sustainable base for employment growth in the medium-term

#### E6.2 Poverty alleviation in former Bantustans
- Joblessness and poverty disproportionately high: 30% households, 40% of people earning less than R1200 pm.
- Cannot rely on formal job creation which has not occurred in these regions

**Options for addressing rural poverty**
- Accelerating job creation in rest of SA and encouraging migration – requires planning of infrastructure and social services
- Dramatically expand EPWP and Agriculture programmes to create jobs
- Beyond ASGISA – include social wage – grants or employment subsidies, accelerated infrastructure (and municipal budgets) and other support
E6.2 Massification of Second Economy Initiatives

- Dept reports suggest that Public works could create required number of jobs, especially in community services, agriculture and agro-processing
- Massification of all 2nd Economy programmes: major institutional challenges as modern government systems are not designed to meet needs of micro-enterprises or poor households esp in remote rural areas
- To change behaviour, Gov often has to initiate projects with holistic support, but most economic programmes support projects driven by companies or individuals with finance rather than new programmes
- Coordination is difficult across departments and spheres
- No single department is responsible for 2nd economy: Economic departments focus on formal sector growth and social departments focus on living standards rather than economic participation
- If the Presidency were to drive 2nd Economy initiatives, it would need capacity and a clearly designated structure.

E6.3 Addressing 2nd Economy Challenges requires

- Decentralising economic and social programmes to townships & rural areas requiring more broad-based structures, improved funding for poorest municipalities with inadequate LED funding, review roles of CDW’s
- Reforming development agencies - more entrepreneurial encouraging new projects, support marketing agencies or coops to bolster micro-enterprises
- Clearly allocating responsibility for driving 2nd Economy initiatives with capacity for developing, monitoring, supporting and coordinating initiatives

E7. SECOND ECONOMY GUIDELINES AND RECOMMENDATIONS

1. Develop framework to massify 2nd Economy initiatives with broad targets, esp the needs of marginalised youth and black women, with cost estimates
2. Develop a centre within government to drive 2nd Economy initiatives eg. one proposal for DPLG to coordinate
3. Develop options for institutional structures to drive 2nd Economy initiatives on a mass scale in an innovative and holistic fashion
4. Commission analysis of
   - the impact of growth on employment,
   - The effect of the social wage on poverty,
   - implications of NSDP on services and infrastructure over next 20 years
   - factors affecting employment growth in retail and construction over next 10 years

F. GOVERNANCE AND STATE CAPACITY BACKGROUND

- GDS Implementation of some aspects through social contract
- BBBEE Charter Implementation and leveraging
- Local Government and service delivery – skills problems identified in Project Consolidate – Deployment of 150 retired experts by DBSA
- Ongoing Cabinet Monitoring of ASGISA
- Economic services improvement through Dpsa, Dti, Provinces & Local
- Development Finance Institutions Review IDC, Dbsa, Land Bank, NDA
**F1. CAPACITY ASSESSMENTS / VULINDLELA PROGRESS**

- **DPSA** investigated capacity to implement ASGISA in the Departments of Transport, Agriculture, dti, Apex, Mafisa, DME and Provincial Economic Depts
- **General** need to strengthen Human Resource Management and Organisation
- **National Transport** Transition Act 2000 and Public Transport Strategy allow devolution of key powers and functions to local government which needs a commitment to strong network control and management
- **Apex** Micro-finance and Mafisa Agriculture Micro-finance pilot projects 2006:
  - Underestimate demand, gaps & shortages in reach, resources & services
  - Lack of effective monitoring, reporting & staff for further rollout
  - More collaboration proposed
  - Need to screen applications and streamline processes & requirements
- **DME**: investigate effect of legislation at concept stage
- **Mining licenses**: investigate rejection reasons, processes and staff structures
- **Agriculture**: senior management training and mentoring by DPSA and SAMDI
- **Provincial Economic** Departments – technical team needed with dti, Dpsa, Dplg, National Treasury and SALGA to
  - Assess the Agency Model for municipalities
  - Assess impact of combination of certain functions in provinces
  - Develop optimal organisational structure and service delivery model
  - Strengthening LED: Presidency & Dplg to continue work with Metros & Districts
- **46 District and 6 Metro GDS’s** by March 2007 to strengthen coordination with social partners and local economic development
- **Project Consolidate: 2004-2006 Initiative**: 87 of 136 weak municipalities assisted with experts; Imbizo’s aligned for support; varying success of PC:
  - Acceleration of services with scarce skills; attention to performance agreements and S57 specific management skills as per PFMA
  - Improved financial viability: revenue management and systems
  - Ward committees & Imbizo’s designed to enhance Public participation
  - Local Government Strategic Agenda 2007–2011 To assist all 283 Municipalities

**F2.**

- **Development Finance Institutions (Dfi’s) reviews** by Jan 2008 led by NT to ensure mandates and operations coordinated and resources optimised
- **Regulatory Impact Assessment** (RIA) System adopted to avoid unintended negative consequences of regulations eg. for job creation – to pilot in 2007
- **Environmental Impact Assessment** (EIA) reviewed and revised July 2006 – fewer, faster, greater awareness, improved governance and coordination
• Financial and technical assistance to Provinces with backlogs – new decision support tools, strategic spatial info sets, sector and procedural guidelines, EIA info, training, awareness and capacity building among all stakeholders
• New system to be continuously reviewed to streamline gov processes
• Land Use Management Bill to simplify regulations to be finalised in 2007, to improve spatial planning for industrial and settlement use

F3. STATE CAPACITY Guidelines and Recommendations
1. Implement capacity recommendations re: public transport, micro-finance, mining licenses
2. Implement recommendations re dti, Agriculture, DME, Provincial Economic Dept’s re HR Management, recruitment, job retention and organisation
3. Implement Local Gov Strategic Agenda in all 283 Municipalities – mainstreaming PC
4. Presidency’s NSDP Pilot to be extended to more Districts and Metros
5. Districts and Metros should build on GDS’s and strengthen partnerships with social partners to improve municipal social and economic fortunes
6. Dfi Review to be finalised by Jan 2008
7. RIA tool pilot and implementation
8. New EIA to be finalised and alternatives introduced where appropriate
9. Land Use Management Bill to be finalised
10. Introduce One-stop Investor Centre within restructuring of trade and investment promotion and marketing

G. ASGISA MONITORING AND EVALUATION
• Inter-Ministerial Committee oversees implementation led by Dep President + DPE, dti, Finance, Premiers of E Cape and Gauteng and SALGA Chair
• Cabinet Committee Investment & Employment monthly meetings
• Interdepartmental ASGISA Task Team monthly meetings and reports
• Government’s Programme of Action (POA) bi-monthly reports

H. ASGISA CONCLUSIONS
2006 LAUNCH DOCUMENT
• ASGISA to be fine-tuned, monitored & adjusted with expert review
• Basis to meet objectives, exceed Millennium Goals, radically reduce inequality and virtually eliminate poverty with the support of the nation
• Does not replace comprehensive Growth and Development Strategies

2006 ANNUAL REPORT
• Considerable impact – Government should continue to drive
• Partners should continue and expand contributions
• Report provides platform to review and renew commitments
• Mindset shift & opportunities to fight poverty & unemployment
• Government, Business, SOE’s scaled up to ASGISA vision
• Real progress in accelerating growth and job creation
• 2nd Economy programmes need considerable development
• Opportunities for Faster Massification of existing programmes and projects including public works, smme development and community services
• New Challenges: to sustain and increase higher growth, and ensure it is shared
• Prospects look brighter for all objectives
• ASGISA will continue to illuminate the way forward
10. **ASGISA 2007 Free State and Northern Cape Programme**  
6-8 March 2007, Kagisho Inn, Bloemfontein

### 10.1 Overall Comments

#### 10.1.1 Delegates appeared to benefit greatly from the unpacking of ASGISA and related issues, and the workshopping of relevant Business and Economic Development Projects and Investment opportunities.

#### 10.1.2 ASGISA appears to be on track with robust economic activity nationally and in the provinces. The priorities are to maintain momentum, broaden the base of participation, harmonise national, provincial and local government, SOE and business initiatives and generate an ongoing pipeline of projects and investment promotion activities with high impact on job creation, enterprise development and poverty eradication.

#### 10.1.3 Delegates expressed the view that much can be achieved in terms of progress, effective implementation and project management with key skills such as a pro-active approach, strong commitment, passion, a clear vision beginning with the end-in-mind, personal responsibility, engagement and communication with all stakeholders, continuous improvement of management skills, monitoring and evaluation. These skills enable one to overcome obstacles and constraints in the same way that Madiba changed South Africa while being physically imprisoned for 27 years on Robin Island, while remaining free and pro-active in spirit. (Refer Steven Covey: 7 Habits of Highly Effective People).

### 10.2 SALGA Northern Cape Economic Development Working Group

- Planning to add "Investment Promotion" to their name and focus. They are planning the following initiatives with Natgrowth, the Provincial Government, Business and other stakeholders:
  
  **10.2.1 Integration of ASGISA, PGDS, District GDS's, Municipal IDP's, LED's and Budgets; and identification and listing of Projects: March-June with a possible workshop in June /July**
  
  **10.2.2 Investment Promotion Tour** July 2007 in selected districts, with further tours planned in all the districts. The Agenda, Itinerary, Invitation list, draft business plans and investment proposals to be compiled in the interim.
  
  **10.2.3 The Vision, Branding and Marketing of the Northern Cape** to incorporate the "Jewel of Africa", the rich resources and opportunities including diamonds, other minerals, jewellery, tourism, agriculture, agro-processing, fishing, mari-culture, science and technology.

  **10.2.4 Some of the projects discussed include Mining, Jewellery, Tourism, The Eye, Agro-processing, Devil's Claw, Geraniums, Namaqua floriculture, Water Management, Hydroponic farming, possible revival of the kevutza and paprika projects**

### 10.3 Free State Department of Tourism, Environment and Economic Affairs

- **Strategic Business Planning and Financial Management** short courses to be arranged asap for +/- 20 participants over 1 to 2 weeks continuing flexi-study over 6-9 months as required.

- **Free State Tourism and Economic Development Strategies, SMME Policy and Business Planning** to be developed further in the above courses and in liaison with the Economic Cluster, the ASGISA and PGDS departmental units.

- **An Investment Promotion Tour** of the Free State will be planned in consultation with Natgrowth, the Economic Cluster, and other relevant roleplayers.

- **Free State Marketing, Branding, Tourism and Economic Development Strategies** to incorporate a Vision of the Free State as the Centre or "Heart" of South Africa where it is all happening, attracting people from all directions and adding value to all natural and human resources.

- **The Provincial Spatial Development Framework** to be reviewed in the context of RIDS eg in terms of regional dynamics and a more equitable geographic spread of economic opportunities and investment. Piet and Chris to liaise with the dti, dpig, Natgrowth and other relevant roleplayers. Jabu Marema of the dti apologised for his delayed attendance due to logistical problems in Bloem.
<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.3.6</td>
<td><strong>Projects</strong> discussed included mining, beneficiation, manufacturing, tourism (business, leisure, sport, 2010, cultural, township, agro-, pharmaceutical etc.), agro-processing, floriculture, petro-chemicals, transport, the Harrismith logistics hub, brick making, ostrich farming and processing including meat and leather products, water management including linkages between Gariep Dam and projects in E Cape and Lesotho.</td>
</tr>
<tr>
<td>10.3.7</td>
<td>The Department will serve as a <strong>contact point</strong> for Natgrowth and associate, London School of Business and University Studies SA. This may include study groups, tutorials, recruitment of students, part-time lecturers and tutors on an agreed basis.</td>
</tr>
<tr>
<td>10.3.9</td>
<td>The London accredited qualifications are <strong>recognised by the SAQA Centre</strong> for the Evaluation of Qualifications for equivalence on the SA NQF. Refer attached Prospectus and Application Form with course fees. Departmental staff to make the necessary arrangements regarding appropriate facilities, fees, budgets and related activities.</td>
</tr>
<tr>
<td>10.4</td>
<td><strong>CENTLEC Training and Development Centre</strong></td>
</tr>
<tr>
<td>10.4.1</td>
<td>CENTLEC to follow-up with delegates on courses offered particularly regarding scarce skills in the electrical and technical fields.</td>
</tr>
<tr>
<td>10.4.2</td>
<td>CENTLEC to liaise with Natgrowth and London School SA regarding possible cooperation on other scarce skills areas eg. strategic management, financial management, business and project management.</td>
</tr>
<tr>
<td>10.5</td>
<td><strong>Lejweleputswa Development Agency</strong> ref Lizo Mtebele CEO</td>
</tr>
<tr>
<td>10.5.1</td>
<td>A strategic partnership was entered into with Natgrowth for investment promotion and funding.</td>
</tr>
<tr>
<td>10.5.2</td>
<td>An Investment Promotion Tour of Lejweleputswa District will be planned with Natgrowth over the coming months.</td>
</tr>
<tr>
<td>10.6</td>
<td><strong>Ethanol Africa</strong> Annelise Coleman and colleagues</td>
</tr>
<tr>
<td>10.6.1</td>
<td>Ethanol Africa's first plant in <strong>Bothaville</strong> is proceeding on track. The other 7 projects are in planning and details will be released in due course.</td>
</tr>
<tr>
<td>10.6.2</td>
<td>Opportunities and support services for participation by small scale commercial farmers and other relevant parties may be pursued with Ethanol Africa, and where appropriate in cooperation with Natgrowth. This could include possible participation in the broad-based component of the BBBEE Consortium.</td>
</tr>
<tr>
<td>10.7</td>
<td><strong>Global Insight</strong> Henk Gnade will follow-up on requests for further information, data and research on Provinces and magisterial districts.</td>
</tr>
<tr>
<td>10.8</td>
<td><strong>Kagisho Inn</strong> is thanked for their conference facilities, catering and accommodation which serve as a role model for SMME Development, particularly with regard to Tourism in the Free State. Kagisho Training and Development also offer training programmes accredited with HW Seta.</td>
</tr>
</tbody>
</table>
11. 24-26 April 2007 ASGISA LIMPOPO PROGRAMME
Oasis Lodge Polokwane

Participants: Polly Boshielo, Frank Mogano Transport, Modile Boshielo Treasury, Timothy Tsagane, Tendani Nelwamondo Anglo Platinum, Peter Mafuna FNB Limpopo, Refilwe Mathebe Mafura/Makhura, Jimmy Mathebe Elias Motswaledi, Ivy Mokgampe Lentsoane, Rinah Maisela and ME Mankwane Makhuduthamakga Municipality / Sekhukhune District

11.1 INTRODUCTION: LIMPOPO STRENGTHS AND OPPORTUNITIES
LIMPOPO: TREASURE CHEST AND GATEWAY TO AFRICA
Challenges of Halving Poverty & Unemployment Can be Overcome by
- Building on Great Strengths and Opportunities
- Developing Under-utilised Resources:
  - Agriculture – Fruit and Veg Garden of SA – currently declining
  - Agro-processing Potential
  - Water eg. De Hoop Dam and catchment scheme - delayed
  - Minerals – Major industry +/- 22% GDP & beneficiation potential
  - Energy: Coal and Water Resources
  - Petro-chemicals – Major industry with downstream potential
  - Tourism, Sport and 2010 Opportunities
  - Cultural and Environmental Attractions
  - Manufacturing, Trade and Services Potential
  - Gateway Transport & Logistics Hubs, Phalaborwa SDI, Maputo Corridor
  - Incentives eg. National 6 year Tax Holiday
  - Services eg. Trade & Investment Limpopo (LIT), Limdev

11.2 LIMPOPO STATE OF THE PROVINCE: PREMIER’S ADDRESS FEB 2007
11.2.1 AN OASIS OF GROWTH AND DEVELOPMENT
Limpopo GDS (LGDS) Progress, Plans, Opportunities and Challenges
- Multi-sectoral Economic Development Strategies
- Spatial Framework for Coordinated Public and Private Investment
- Project Management Units
- Cluster Management System
- Integrated Transport Plan
- Land Development Plan
- Major New Projects through ASGISA and LGDS eg. De Hoop Dam
- Growth exceeds SA Average: 4% 1996 to 2005; despite Agriculture decline
- GGP Now 6-7% SA GDP +/- R120b
Challenges: Require a Holistic Solution
- Investment Delays: Capacity? Land Transfers? Dead assets? Game Farms?
- Continuing High Unemployment and Poverty (62.7%)

11.2.2 Sector Summits – need to be reconvened
- Land Transfers speeding up but productivity declining and internal squabbles
  - Skills Transfers: DOA/Finnish Agri-Business Academies to be revitalised at Vhembeand Sekhukhune
- Mining Expansions and Investment but not Labour generating eg.
  - Venetia Diamonds R1b, Messina,
  - PPL Makopane R4.2b,
  - Foskor Phalaborwa R600m
  - Exxaro Grootgeluk Coal Makopane, Lephalele Mathimba Power Station R7b
  - Waterberg Eskom Flagship R26b, 9000 Jobs construction, Sasol may liquify
- Logistics and Infrastructure eg. Transport, Warehousing, Engineering
11.2.3 **Tourism: Growth in 2005** Need Comprehensive **Strategy** to max potential.
- **Business Tourism:** MICE: Meetings, Incentives, Conferences, Exhibitions
- **Health Tourism:** Places for Revival of Soul and Energy
- **Agri-Tourism:** eg.
  - Modimolle Druiwefeestes,
  - Wine Route: Nysvlei Rust de Winter,
  - Sonskyn fees Bela Bela,
  - Spring & Beer Festival Haenespoort
- **Sports Tourism** eg. Entabeni & Doorndraai Game Reserves & Golf Estate
- **World Cup 2010 Plans** and Action: Peter Mokaba Stadium
- **Shopping / Trade / Africa Tourism** – big growth opportunity
- **State Game Parks** Commercialisation slow due to land & buy-in issues
- **Cultural Tourism Mapungubwe Arts and Culture** Festival
  - 4 New Heritage Sites: Sukhukhune, Vhembe, Mopani, Capricorn
  - New Heroes Acre and history of rural struggle

11.2.4 • **ICT Progress**
  - **ICT Hub** Mogalakwena Community Centre + Roll-out
  - **India** Partnerships with Satayam and others
- **BEE and SMME’s:**
  - LIT, LIMDEV, LIBSA Amalgamation
  - LIMDEV Asset Sale eg. ASA Metals sale 30% BEE
- **Property Development**
  - 5 new Malls
  - Integration
  - Second Economy and Integration Initiatives?

11.2.5 **Governance and Administration**
- **Capacity to Spend**
  - Delays eg. ICC, Mokaba complex, Airport
  - Office of the Premier to lead with Planning and PMU
- **Public Administration Weaknesses** – early detection mechanisms
eg.
  - Staff turnover, skills shortages eg. co-sourcing
- **Project Consolidate**
  - 12 Development facilitators to assist municipalities with engineering, finance mangement, town & regional planning, councillors and municipal managers
  - **Still need:** technical, planning, financial management, legal skills
- **Skills vs Employment Equity** anomaly – can’t compromise either?!
  - Women highest rate in SA 50 HOD’s 37% Sen Management; 2% disabilities
  - Traditional Leaders in OTP towards House of Traditional Leaders April 2007

11.2.6 **Social Sectors**
- **Integration of all Social Services needed** eg. housing, basic services
  - **Health?**
    - HIV & Aids below average, but increasing – Need ABC
    - Malaria – cooperating with Zim and Mocambique with DDT
  - **Education**
    - More staff, subject advisors, HG passes, schools
refurbished

- **Poor Management** – drop in Matric passes to 55.7%
- **Skills No 1 Priority in Roundtables**
- **R95m investment by DOL, FET’s, various Academies**
- **Crime: Safest Province**
- **Need** Staff, better logistics, to address moral decay

### 11.3 LIMPOPO BUDGET 2007/8

#### 11.3.1 REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>Rb</th>
<th>Rb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equitable Share</td>
<td>22.339</td>
<td></td>
</tr>
<tr>
<td>Conditional Grants</td>
<td>2.504</td>
<td></td>
</tr>
<tr>
<td>Own Revenue</td>
<td>0.469</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25.312</td>
<td></td>
</tr>
</tbody>
</table>

#### 11.3.1 EXPENDITURE

<table>
<thead>
<tr>
<th>Description</th>
<th>%</th>
<th>Rb</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td>80.1%</td>
<td>20.266</td>
</tr>
<tr>
<td>Personnel</td>
<td>62.6%</td>
<td>15.852</td>
</tr>
<tr>
<td>Transfers &amp; Subsidies</td>
<td>13.2%</td>
<td>3.336</td>
</tr>
<tr>
<td>Other: procurement etc</td>
<td>4.3%</td>
<td>1.078</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>+31%</td>
<td>14.2%</td>
</tr>
<tr>
<td><strong>Other?</strong></td>
<td>5.7%</td>
<td>1.460</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>25.312</td>
</tr>
</tbody>
</table>

To overcome Infrastructure Backlogs, underspending and lost grants, *Prov Treasury to lead* with Departments, NT, DPW, DBSA IDIP: Infrastructure Development Investment Programme, with flexibility, expertise and PMU’s, Aligned with MTEF. *Compare Private Sector Investment of R61b!*

#### 11.3.2 LIMPOPO EXPENDITURE BUDGET 2007/8

<table>
<thead>
<tr>
<th>DEPARTMENTS</th>
<th>%</th>
<th>Rb</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td>44.8</td>
<td>11.351</td>
</tr>
<tr>
<td>Targeted increases in Staff, Schools, FET’s</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>21.6</td>
<td>5.456</td>
</tr>
<tr>
<td>Staff, Critical Professionals, HIV &amp; Aids 690m</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social Development</strong></td>
<td>1.7</td>
<td>.435</td>
</tr>
<tr>
<td>Excl National Social Security Welfare</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Safety and Security</strong></td>
<td>0.2</td>
<td>.038</td>
</tr>
<tr>
<td>Excl National – still very low</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SOCIAL</strong></td>
<td>68.3</td>
<td>17.280</td>
</tr>
<tr>
<td>Major Budget – integrate with Economic</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Roads and Transport</strong></td>
<td>7.4</td>
<td>1.870</td>
</tr>
<tr>
<td>Roads, Bus Subsidies, EPWP, Labour Intensive</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>3.8</td>
<td>.967</td>
</tr>
<tr>
<td>Infra, Irrig, Aqua, Agribus, Land, Drought Support, Info Mgmt</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eco Dev Env Tourism</strong></td>
<td>3.0</td>
<td>.760</td>
</tr>
<tr>
<td>ICC, Nature Tourism X Border, Exports, SMME’s, BEE 50m</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Public Works</strong></td>
<td>2.4</td>
<td>.602</td>
</tr>
<tr>
<td>Gov Infra, EPWP, Job Creation, Skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sport Arts Culture</strong></td>
<td>0.4</td>
<td>.098</td>
</tr>
<tr>
<td>Major events, Heroes Acre, Arts Festival Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ECONOMIC</strong></td>
<td>17.0</td>
<td>4.297</td>
</tr>
<tr>
<td>LGDS and ASGISA Investment and Implementation?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Treasury</strong></td>
<td>3.7</td>
<td>.938</td>
</tr>
<tr>
<td>PFMA MFMA Financial Systems Support Capacity Planning M&amp;E</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Office of the Premier</strong></td>
<td>1.8</td>
<td>.448</td>
</tr>
<tr>
<td>Coord Exco Clusters Youth Gender Disabled Trad Aff CDWs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loc Dev &amp; Housing</strong></td>
<td>1.6</td>
<td>.393</td>
</tr>
<tr>
<td>Fasttrack Projects PPP IDP LED Capacity Housing IHS MDGs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Legislature</strong></td>
<td>0.4</td>
<td>.100</td>
</tr>
<tr>
<td><strong>GOVERNANCE &amp; ADMIN</strong></td>
<td>7.4</td>
<td>1.879</td>
</tr>
<tr>
<td>Focus on Provincial Dept &amp; Local Implementation Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OTHER?</strong></td>
<td>7.3</td>
<td>1.856</td>
</tr>
<tr>
<td>Cond Grants Housing 326m/1b ASGISA remove constraints</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>25.312</td>
</tr>
</tbody>
</table>
Limpopo has a large budget, which can be more effectively utilised to support integrated economic and social development and encourage further substantial private investment.

<table>
<thead>
<tr>
<th>11.3.3</th>
<th>2007/8 BUDGET</th>
<th>EQUITABLE SHARE</th>
<th>%</th>
<th>Rb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SA Total Budget</td>
<td>544,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Limpopo Province</td>
<td>Equitable Share</td>
<td>4.1%</td>
<td>22,339</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOO LOW!</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SA Population 2006</td>
<td>46.4m</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Limpopo Population</td>
<td>12.1%</td>
<td></td>
<td>5.6m</td>
</tr>
<tr>
<td></td>
<td>SA Local Government</td>
<td>Equitable Share</td>
<td>3.8%</td>
<td>20,675</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOO LOW!</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Limpopo Local</td>
<td>Equitable Share</td>
<td>8.8%</td>
<td>1,821</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOO LOW!</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>DISTRICTS</td>
<td>Equitable Share</td>
<td>24.7%</td>
<td>0.449</td>
</tr>
<tr>
<td></td>
<td>Capricorn</td>
<td>21.8%</td>
<td>0.396</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mopani</td>
<td>17.9%</td>
<td>0.326</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sekhukhune</td>
<td>21.7%</td>
<td>0.396</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vhembe</td>
<td>13.9%</td>
<td>0.253</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waterberg</td>
<td>24.7%</td>
<td>0.449</td>
<td></td>
</tr>
</tbody>
</table>

11.4 LIMPOPO GROWTH AND DEVELOPMENT STRATEGY (LGDS) 2004

11.4.1 Introduction: 5 Year Multi-Sector Strategy: 2004-2009
Aims: Shared Growth 6% To Halve Unemployment and Poverty
- **Vision:** Peaceful, Prosperous, United, Dynamic, Transformed Province
- **Mission:** Stimulate, Sustain Economic Development, Social Justice, Quality Life for all
- **Purpose:** Share Dream of Dynamic Prosperous, Develop and Implement Strategies
- **Objectives:** Facilitate Active Participation to Achieve Targets for
  - **Urgent Socio-economic Challenges:** High Unemployment and Poverty
  - **Economic Development:** Job Creation, Income Generation, Poverty Reduction
  - **Investment** in Infrastructure, Natural Capital Land, Water, Skills and HRD
  - **LED:** Building Local Economies
  - **EPWP:** Job Creation Opportunities
  - **BBBEE and SMME** Development
  - **Health, HIV & AIDS** Reduction
  - **Service Delivery**
  - **Innovation and Competitiveness**
  - **Regional Integration**

11.4.2 LGDS Principles
- **Integrating** National, Provincial, Local Strategies, Regions, 1st & 2nd Economies
- **Implementation:** LGDS Advisory Council, PCU, Partnerships, 7 Clusters, POA’s
- **Sharing:** Multi-stakeholder Participation and Good Governance

Overcome Challenges
- **Poverty 2005:** 62.7% vs SA 46.8%;
- **Expanded Unemployment 2006:** 51.9% vs SA 37.3%
- **Official Unemployment 2006:** 32% vs SA 25.5%
- **Lowest Human Development Index HDI 0.49** vs SA 0.59

Building on Competitive Advantages and Opportunities
- **Mining:** Platinum Group, Chrome, Vanadium, Copper, Nickel, Iron ore, Titan, Coal

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11.4.3 LIMPOPO GDP AND EMPLOYMENT BY SECTOR 2003/6 ESTIMATES

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Comments</th>
<th>JOB%</th>
<th>GDP%</th>
<th>Rb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>Increase Jobs</td>
<td>4</td>
<td>24</td>
<td>28.8b</td>
</tr>
<tr>
<td>Agriculture &amp; Forestry</td>
<td>Increase GDP &amp; Jobs</td>
<td>18</td>
<td>3</td>
<td>3.6b</td>
</tr>
<tr>
<td>Primary</td>
<td>Growth Potential</td>
<td>22</td>
<td>27</td>
<td>32.4b</td>
</tr>
<tr>
<td>Construction</td>
<td>Increase GDP</td>
<td>6</td>
<td>2</td>
<td>2.4b</td>
</tr>
<tr>
<td>Electricity &amp; Water</td>
<td>Increase Jobs</td>
<td>1</td>
<td>3</td>
<td>3.6b</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Increase GDP &amp; Jobs</td>
<td>7</td>
<td>4</td>
<td>4.8b</td>
</tr>
<tr>
<td>Secondary</td>
<td>Growth Potential</td>
<td>14</td>
<td>9</td>
<td>10.8b</td>
</tr>
<tr>
<td>Transport &amp; Communication</td>
<td>Increase Jobs</td>
<td>3</td>
<td>9</td>
<td>10.8b</td>
</tr>
<tr>
<td>Trade &amp; Tourism</td>
<td>Increase Jobs &amp; GDP</td>
<td>14</td>
<td>12</td>
<td>14.4b</td>
</tr>
<tr>
<td>Business, Finance, Property</td>
<td>Increase Jobs</td>
<td>5</td>
<td>17</td>
<td>20.4b</td>
</tr>
<tr>
<td>Government &amp; Social Services</td>
<td>Increase GDP</td>
<td>35</td>
<td>18</td>
<td>21.6b</td>
</tr>
<tr>
<td>Other services</td>
<td>Increase Jobs &amp; GDP</td>
<td>7</td>
<td>8</td>
<td>9.6b</td>
</tr>
<tr>
<td>Services</td>
<td>Growth Potential</td>
<td>64</td>
<td>64</td>
<td>76.8b</td>
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<tr>
<td>TOTAL</td>
<td>Increase GDP &amp; Jobs</td>
<td>100</td>
<td>100</td>
<td>120b</td>
</tr>
<tr>
<td>TOTAL SA</td>
<td></td>
<td>100</td>
<td>100</td>
<td>120b</td>
</tr>
</tbody>
</table>

Limpopo GDP has been erratic influenced by the impact of the Rand and weather on key sectors: Mining, Agriculture, Trade, Tourism and Services which all have significant Growth and Employment potential.

11.4.4 LIMPOPO SOCIO-ECONOMIC PROFILE 2005

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>Expanded Employed</th>
<th>POOR %</th>
<th>POOR M</th>
<th>POP %</th>
<th>POP M</th>
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<tbody>
<tr>
<td>Capricorn</td>
<td>46.9%</td>
<td>65</td>
<td>0.916</td>
<td>25%</td>
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</tr>
<tr>
<td>Mopani</td>
<td>45.5%</td>
<td>55</td>
<td>0.620</td>
<td>20%</td>
<td>1.127</td>
</tr>
<tr>
<td>Sekhukhune</td>
<td>69.1%</td>
<td>67</td>
<td>0.604</td>
<td>16%</td>
<td>0.902</td>
</tr>
<tr>
<td>Vhembe</td>
<td>53.0%</td>
<td>62</td>
<td>0.908</td>
<td>26%</td>
<td>1.465</td>
</tr>
<tr>
<td>Waterberg</td>
<td>30.8%</td>
<td>51</td>
<td>0.373</td>
<td>13%</td>
<td>0.732</td>
</tr>
<tr>
<td>TOTAL</td>
<td>49.1%</td>
<td>62.7%</td>
<td>3.533</td>
<td>100%</td>
<td>5.635</td>
</tr>
</tbody>
</table>

Female 59% >62.7% >1.929 54.6% +/-3.077

Age Younger than Average
<15 40.9% 2.305
15-64 55.6% 3.133
65+ 3.5% 0.197

Ref: Global Insight

11.4.5 Limpopo has excessive poverty and unemployment, in a mainly rural population which is younger than average, 54.6% female and a high dependency ratio of up to 9 people per income earning household. Implementation of ASGISA and LGDS Strategies could make a major impact on transforming the social and economic profile of the province.

11.4.6 LGDS 7 CLUSTERS AND CORRIDORS

1. Platinum and Chrome Dilokeng Corridor, R37 Polokwane- Sekhukhune + Waterberg
2. Coal and Petrochemicals East-West Corridor, Lephalale, Waterberg
3. Horticulture: Fruit & Veg Vhembe, Mopani, Bohlabela
4. Meat Red & White: All Districts Cattle, Poultry, Game, Goats?
5. Forestry: Mopani, Vhembe
6. Logistics: Polokwane / Capricorn, Transfrontier Corridor: Airport,
7. Tourism: 8 Sub-clusters, High Potential Destinations, Targets: SA, Africa, Foreign?
   - Other Clusters: To be identified

11.4.7 TOURISM: 8 Sub-clusters, High Potential Destinations, Targets: SA, Africa, Foreign?
   a. Special interest eg Mpungubwe, Nylsvlei Birding, Agro and Health Tourism
   b. Game Reserves
   c. Sport / Golf Tours
   d. Biospheres Lowveld, Soutpansberg, Waterberg
   e. Family Leisure Resorts
   f. Business eg. Polokwane, ICC, MICE, Shopping?
   g. Mountain adventures
   h. Transfrontier Parks

11.4.8 LGDS INSTITUTIONAL IMPLEMENTATION FRAMEWORK
   - Limpopo Executive Council: regular review and decision-making
   - LGDS Advisory Council: Oversee LGDS, Multi-Stakeholder Coordination
   - Office of the Premier PCU: Provincial Coordinating Unit Supports Exco and Clusters
   - Clusters Targets: Economic, Social, Governance & Admin
   - IGR: National, Provincial and Local Coordination is crucial
   - Harmonisation with District and Local IDP’s and LED’s
   - POA’s: Programmes of Action
   - Monitoring and Evaluation: Review of IDP’s and Department Plans
   - Development Information Database to monitor progress
   - Integrated Budgeting, Financial and Project Management
   - Channel Resources from all spheres and sectors for maximum benefit
   - Smart Partnerships: Multi-stakeholder
   - Integrate 1st and 2nd Economies
   - Regional Integration

11.5 SOCIO-ECONOMIC UPDATES

11.5.1 Global Insight: Henk Gnade presented updated socio-economic statistics indicating the erratic economy and highly skewed income distribution by magisterial district.

11.5.2 FNB Limpopo Provincial Director Peter Mafuna however indicated that income flows into poorer areas may be underestimated; eg. a full FNB branch was opened in the poor area of Elam generating some 40,000 transactions on opening – from income earners returning after 5pm.

11.5.3 Limpopo Legislature Research Manager Kgabo Masahela presented data confirming the above trends, and highlighting key issues including
   a. Limpopo is becoming a major investment centre in SA which needs to benefit the majority of the population
   b. Land Access and Tenure Strategies to be accelerated by the Regional Land Claims Commissioners
   c. SLAG (Strategic Land Acquisition Grants) present concerns such as productivity, sustainability, tensions among beneficiaries, high debts eg. Mariveni in Tzaneen, the need for strategic partners
   d. Accelerating Skills development eg. resuscitation of the 2 Agri-business academies and the Tea estate in Vhembe
   e. The Achilles heel of Limpopo’s high vacancy rate and related roll-overs currently estimated at R500m, which require a recruitment and retention campaign and possible bursaries eg.
      • 1515 of 3228 in Economic Development, Environment & Tourism
      • 359 of 721 in the Provincial Treasury, of which 96 are high level
      • Many doctors and nurses in the Dept of Health
   f. Limpopo’s low own Revenue can be boosted significantly by retaining more private sector income eg. local bank accounts and BEE opportunities along the supply chain

Discussions indicated that the issues need to be addressed strategic holistic and well-informed recommendations eg. on Agriculture, Land Reform, Mining and Community participation
g. **Private Sector to consult more closely with communities** to avoid repeated trends such as in the Motloholo Report
   - **Limited Shareholdings** in restricted operations rather than along the entire value chain
   - **Unrepresentative BEE S21 structures**
   - **Inadequate “soft infrastructure”** such as schools, skills transfers, housing, clinics and recreational facilities
   - **Environmental** hangovers such as asbestos pollution at Mafefe
   - **Leaving “Ghost Towns”** on closure of mines without restoring the agricultural or economic potential of the area

11.5.4 **Anglo Platinum** representatives Timothy Tsagane and Tendani Nelwamondo responded to the challenge with examples indicating that
   - They have **effective Models for BBBEE and Community** participation along the entire value chain
   - A **Township Development** Model to gain economies of scale for infrastructure and facilities such as roads, schools and clinics. This may require the movement of people which needs consultation
   - **Substantial Procurement** opportunities of over R1b are available ref [http://vesta.angloplatinum.com](http://vesta.angloplatinum.com). Many of these are now **open**, off the tender list eg. safety equipment while others require registration on the supplier database to demonstrate **specialised expertise** and proven experience eg. tyre supplies, transport and engineering services
   - **Mining expansions** will continue to contribute significantly to GDP, employment and community development
   - A **R24 m partnership** has been entered into with Limpopo Department of Education towards building classrooms
   - **Participation** in various provincial fora with various partnerships including Mintek and the Limpopo EU LED Unit on the Jewellery Cluster, which the Limpopo Premiers Office is involved in.

11.6 **ASGISA AND GDS INITIATIVES AND PROJECTS IN LIMPOPO**

**OHM COLLINS CHABANE MEC ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM**

The MEC gave an overview and update on ASGISA and LGDS related initiatives and projects in Limpopo, noting that ASGISA is coordinated by the Office of the Premier. While only selected projects were officially included in ASGISA, many others are emerging from the LGDS Clusters and ongoing developments. Some examples included the following:

11.6.1 **De Hoop Dam and Oliphants River Catchment +/- R5b has started** as an official ASGISA project. **Together with the R37 Polokwane to Burgersfort, the Motolo Corridor Rail** links to Witbank and Richards Bay; and an Eskom **Power Station**, the project is designed to:
   - **Unlock the Dilokong Corridor Platinum** potential
   - **Address water shortages** in the Province
   - **Benefit Sekhukhune District** as a Presidential Poverty Nodal Point
   - **Benefit the Waterberg District**

11.6.2 **The Petro-chemical Cluster** costing R26-30b includes
   - **Grootegeluk Coal** mining in Lephalale
   - **Eskom Power Station**
   - **Petrochemical projects**
   - **Possible Sasol liquification**
   - **Water supplies** needed

11.6.3 **ROADS:** Certain heavy-duty roads have been handed to the SA National Roads Agency. Coordination is needed to unlock opportunities such as the Waterberg Golf Estate and Tourism investment of over R1b

11.6.4 **RAIL Networks** are under discussion with Spoornet to escalate priorities

11.6.5 **The LOGISTICS** and Transport Services Hub in Polokwane includes the following elements as work in progress
   - **Airport** focused on Cargo
   - **Intermodal** Transport System
   - **ICC:** International Convention Centre

11.6.6 **The RED MEAT** Cluster is seeking investors; Limpopo has abattoirs and livestock including the largest concentration of **game** in SA in Vhembe

11.6.7 **TOURISM** initiatives include the following sub-cluster initiatives:
### Regional Perspective

- Family / Leisure: such as Avonturas, Spas eg. at Bela-Bela, Rust de Winter Dam in the South and linkages to Kruger.
- Heritage Sites: such as Makapane and Mapungubwe.
- Game / Hunting: Limpopo has 60% of this R300m industry.

### Key Challenges

- Logistics and Transport: Hub initiatives.
- Private Sector: is ahead in mining investment but lags in manufacturing complicated by the distance from markets.
- Investment Promotion, Marketing and Branding.

### Discussion Points

- Investment Tours: were suggested as an initiative which could be considered with specific sector and site initiatives planned.
- Effective IGR: is key including within Departments, in the National, Provincial, District and Local spheres.
- BBBEE: processes to take advantage of the many opportunities available, including the need for specialised skills and supply reliability.
- Skills Gaps: include engineering, technical and artisans with a major gap in the 20-50 age group. The 2 universities are overflowing and the FET upgrades are awaited.

### Limpopo Investment Opportunities

- Reuben Rammmbuda Trade and Investment Limpopo (TIL)

11.7.1 TIL actively promotes investment opportunities in the various corridors and clusters, which were graphically presented eg.

- **Trans-Limpopo Corridor**: gateway to SADC and Africa along the N1.
- **Dilokong Corridor**: including De Hoop Dam, R37 from Polokwane to Burgersfort, on to Witwank and Richards Bay, to unlock Platinum, Agriculture, Tourism and other opportunities for Sekhukhune.
- **Petro-chemical Corridor**: in the West, Lephale and Waterberg Districts including Grootgeluk Coal mine, Eskom Power Station, diverse chemical industries and possible Sasol liquefaction plant.
- **Moloto Rail Corridor**: to Maputo as the nearest port for the region.

### Limpopo Enterprise Development Agency (LimDev)

11.8.1 LimDev is an SOE Dfi focusing on funding SMME’s in most sectors, excluding primary agriculture, which may be included on review of Dfi mandates, as essential in a rural province and as a basis for agri-business.

11.8.2 Funding Criteria: focus on Business Viability and Management, as well as Security and Own equity contribution of 10%, which may be flexibly applied eg. 90% loans may be made or equity partnerships facilitated.

11.8.3 PTO: Permission To Occupy land is accepted as security, but the system needs updated legal clarification including the roles of traditional leaders, communities, local government, the courts and land commissioners.

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11.8.4 LimDev funding is substantial (R100m?) but Technicalities need to be resolved such as the status of Trusts, Coops and links/amalgamation with TIL, LIBSA (non-financial support), as well as links to SEDA and MAFISA

11.9 LIMPOPO DEPARTMENT OF AGRICULTURE DELIVERY STRATEGIES

Mortimer Mannya GM Limpopo Department of Agriculture (LDA)

11.9.1 Opportunities and resources are substantial in small and large scale agriculture and agri-business clusters as above.

11.9.2 Constraints include
- Water, marginal soils, infrastructure backlogs
- Institutional issues/coordination of 3 spheres, sectors and agencies
- Market access: physical (eg. roads) and strategic linkages
- Key Skills: Production and business management
- Social and Legal issues: land, organisational

11.9.3 LDA Service Delivery Framework outline
- Strategic Policy alignment National, Provincial, Local, Sectors
- Focus: Local Massified Projects and Impact in Clusters
- Funding: Budget, CASP R62m, PIG, MIG, SLAG Grants etc.

11.9.4 Priority areas along the whole value chain:
- LRAD post-settlement support
- CASP R62m effectiveness improvement
- SLAG – re-engineering focus on restitution
- RESIS: Revitalisation of Irrigation Schemes R250m to 2010
- Extension Agents +/- 800 re-orientation and improvement of services
- Marketing facilities – processing, packing, storage etc.
- Demand responsiveness, information, crop selection, timing etc.
- Mechanisation support scheme R50m
- Training – Revival of 2 Agri-business Academies, +/- R18m pa:
  - R60m over 5 years from Flanders Gov
  - R12m over 2 years from Finnish Gov
- Poverty eradication eg. EPWP, household production
- Drought Relief / Disaster Management
- Tea – Black Tea revitalisation project R64m to 2008
- Communities involved along the value chain
- Rent for land to be paid to the communities
- Shares in the project
- Fruit growing and processing
- Integrated livestock eg. Blouberg
- Honey Bees
- Bio-diesel incubation
- Bio-ethanol possible if sufficient land for oil grain production 400 ton
- Bio-security – environmental and land-use management
- Addressing key issues:
  - Accelerating land claims
  - Aggressive support
  - Infrastructure
  - Water – grappling with DWAF

11.9.5 Discussion points
- Anglo Platinum has committed more than R10.8 m on various agricultural projects and is seeking value adding partnerships with relevant stakeholders. +/- R28m pa is the average CSI/LED spend.
- MAFISA – hoping for partnerships for effective delivery of Apex micro-finance (R1b available nationally).

11.10 BIOFUELS PROJECTS AND INVESTMENT OPPORTUNITIES

Annelise Coleman, Ethanol Africa

- Ethanol Africa is proceeding with the 1st of its 8 R1b projects in Bothaville, in high yield grain areas in F State, N West & Mpumalanga
- Limpopo is possible if 400t grain oils, water and energy are available which will be investigated further with the Dept. of Agriculture
- Legislation is pending for E 4.5% ethanol blend in petrol
- Project ROI's are 20-27% depending on R/$, oil and grain prices
- Small and Large scale farmers benefit from supply contracts
### 11.11 BIO-DIESEL

**Job creation** is greatest in supply of inputs, transport, services etc.

**Food security** should not be an issue as yellow maize is used rather than white, which is used for food, and which generally has surpluses

**Energy** consumption is not higher than for conventional fuels

**Ethanol** has become a major industry in the USA and Brazil with significant benefits for renewable fuel supply, farmers and land values

### 11.12 CULTURAL HERITAGE TOURISM

**Dorris Woerfel, CEO Southern Cross Group**

11.12.1 **Southern Cross** Vision and Mission is the promotion and incubation of viable **Cultural Heritage Tourism Routes** in SA, Africa, Asia and the India Ocean Region in partnership with UNESCO, Communities, NGO’s, universities, research and other organisations. Its **Tourism** entity organises tours from international niche markets

11.12.2 **Key Anchor Projects and Routes** with community extensions include:

- **Mapungubwe and the Kingdoms of Limpopo Valley Route** the including the sophisticated cultural landscape and iron age artefacts as symbols of the African Renaissance
- **International Ivory and Gold Trade Routes** Africa, China and India

11.12.3 **Other Routes** could include:

- **World Heritage** sites through Africa
- **Resistance / Struggle Route** from Robbin Island inland
- **Battlefields Route**
- **Cape to Cairo Route**

11.12.4 **Strategies** as a role model for other projects include

1. **Community Development**, BBBEE, PPP’s and SMME Development with Communities and NGO’s as Partners and Beneficiaries including Traditional Leaders
2. **Capacity Building and Local Employment** including agri-tourism, SMME’s, manufacturing, LED, a Youth Leadership Academy etc.
3. **Indigenous Knowledge and Technology Exchange**
   - Tangible and intangible heritage resources
   - Reconstruction of settlements
   - Traditional artefact production
   - Music, dance and drumming
   - Health, medicines and spiritual aspects
   - Indigenous knowledge transfer
4. **Research** eg. archaeology, anthropology, history, digitising archives, interpretation with local people; eg. Prof Meyer of Pretoria 30 years
5. **Information**: Education, E-learning, international Archiving
6. **Tourism Attraction**: developing sites and routes to attract tourists
7. **International Marketing**: Central Reservations, Brochures, Trade Shows, eg. 5 Afro-Asian Summits planned towards 2010.
8. **International PR**: Network with Media, Conferences, Documentary Channels (eg. Discovery), Trade, Tourism and Investment entities
9. **Financial Support**: Facilitating PPP Investors

11.12.5 **Discussion points**:

- **Sekhukhune** could be included in the Heritage routes including its German Missionary Station, Battlefields, Caves and possible rock-art
- **Affordable accommodation** should be available for local tourists
- **Passion and commitment** can attract major non-profit funding

### 11.13 ASGISA AND TOURISM INITIATIVES

**BAM-SA Sonto Mayise** BCom Hons, MA Tourism Management USA

- **ASGISA task team** recruited graduates such as Sonto to research tourism and other priority sectors in terms of growth and job creation
- **Study Tours** were arranged to India and other countries to explore international practices, including valuable models of tourism, coops, smme’s, innovative financing, job creation and poverty eradication
- **Initial research** is being conducted in Limpopo by BAM-SA with a
### 11.14 COMMENTS, PROJECTS AND FOLLOW-UP POINTS

#### 11.14.1 MEC Collins Chabane to maintain contact eg. on
- ASGISA, LGDS and IGR between the Office of the Premier, PCU, PMU’s, Departments and Municipalities
- Investment Tours and Site Visits

#### 11.14.2 Limpopo Treasury: Modile Boshieio Senior Manager to follow-up eg. on
- Follow-up workshops and programmes at a decision-making level to facilitate implementation
- Infrastructure Acceleration
- IGR in all 3 spheres, to support Departments and Municipalities
- Investment and Budget Systems and M&E led by Treasury to align budgets and avoid under-spending
- Capacity building to fill vacancies & gaps eg.
- London School courses, management and skills development

#### 11.14.3 TIL: Reuben Rammbuda to follow-up on
- Investment Tours and Site Visits
- Facilitating investment for specific projects

#### 11.14.4 LIMDEV: Morris Molapo Acting Exec. Manager to follow-up on
- Investment criteria eg. PTO’s, own contribution, primary agriculture and linkages to other institutions
- Implementation, Management and London School courses

#### 11.14.5 Limpopo Transport:
- Polly Boshielo GM to follow-up on 16 projects and business plans eg. Airport, R37, Transport & Logistics Hub, Roads and Rail
- Frank Mogano to follow-up on projects and London School of Business SA students and courses in Limpopo

#### 11.14.6 Limpopo Legislature Kgabo Masahela to liaise with Agriculture, Anglo Platinum and others on strategic recommendations eg. re land issues and community participation in developments

#### 11.14.7 Limpopo Department of Agriculture:
- Mortimer Mannya GM and colleagues to follow-up on acceleration of all initiatives within the department and municipalities, bio-fuels from grain sorghum, business plans, finance and investment implementation and management and London School courses
- KM Nkambule Land and Agrarian Reform to follow-up on projects
- Stella Qwabe Land and Agrarian Reform D Manager: continuous communication and PPP’s to make ASGISA a living sustainable reality
- Tinyiko Mahori Manager: follow-up workshops with other stakeholders, continuous interaction, project business modelling with the private sector, strengthen stakeholder partnerships, IGR and communication, Project Management & People Management courses

#### 11.14.8 Anglo Platinum Tendani Nelwamono and Timothy Tsagane to follow-up on partnerships between Public and Private Sectors and communities and projects such as:
- Agriculture job creation projects in communities
- Transport R37 and other key projects
- Community participation strategies
- Procurement opportunities eg. [http://Vesta.angloplatinum.com](http://Vesta.angloplatinum.com)
- Bio-fuels projects with Agriculture, Municipalities, Ethanol Africa
- Jewellery Projects with the Office of the Premier
- Ongoing communication and forums with government
| 11.14.9 | Sekhukhune: Makhuduthamaga Municipality, Exco Councillors Ms’s Ivy Mokgampe Lentsoane, Rinah Maisela and ME Mankwane; and Elias Motswaledi LED Officer Jimmy Mathebe to follow-up on initiatives, workshops, business plans, projects, financing, investment, implementation and management, IGR, and partnerships with the Private Sector eg.  
- Forge ties and partnerships with Natgrowth and all stakeholders  
- GDS and LED Local Workshops, Forums and Working Groups  
- Biofuels projects with Agriculture, Ethanol Africa, Mafura Makhura  
- Agriculture and EPWP projects with LDA, CASP, Extension Officers  
- Tourism projects with Southern Cross and BAM-SA  
- SMME Development and Investment with TIL, LimDev etc.  
- London School SA, Management and Skills Dev. Programmes |
| 11.14.10 | Ethanol Africa to follow-up with LDA on 400t Grain Oil potential, other projects and funding with Natgrowth |
| 11.14.11 | Mafura Makhura Refilwe Mathebe to follow-up bio-diesel projects with LDA, Municipalities and Anglo Platinum |
| 11.14.12 | Southern Cross Dorris Woerful to follow-up on heritage tourism projects with Provincial and Local Government eg. Sekhukhune opportunities, Investment Tours and the Afro-Asia Summits planned |
| 11.14.13 | BAM-SA Sonte Mayise to follow-up on Tourism and Marketing Strategies with Provincial and Local Government eg. Sekhukhune and Natgrowth on ASGISA programmes in all provinces |
| 11.14.14 | FNB Provincial Director Peter Mafuna to follow-up with Natgrowth on overall growth and development strategies and projects |
| 11.14.15 | London School of Business SA to follow-up on students and courses in Limpopo Frank Mogano, Mortimer Mannya, Modile Moshielo and others |

### 11.15 CONCLUSIONS AND FOLLOW-UP

- **Limpopo** is happening! A wide range of high potential projects are emerging from ASGISA, LGDS and other initiatives
- **The key challenges at all levels are to**
  - Accelerate implementation
  - Strengthen IGR between departments in all 3 spheres
  - Build Capacity in key areas: management, financial, technical
  - Implement Public-Private and Community partnerships
  - Maintain Continuing communication and follow-up
- It was generally considered that the programme provided valuable content, workshop discussion and networking on business and economic development, projects and partnership opportunities
- Follow-up plans include broad workshops at decision-making level
- Consultation will continue on IGR, business planning, project implementation, management and skills development
- Investment, financing and partnership facilitation will continue during and after programmes, with market-related referral and raising fees and options on participation
12. 29 MAY – 1 JUNE 2007 ASGISA NORTH WEST PROGRAMME:
29-30 May Mmabatho Tusk; 31 May-1 June Banqueting Hall Potchefstroom
NWPG Office of Premier: Danie Schoeman, Allister Smith, Dorah Munyai;
Economic Development & Tourism: Ishmael Kgokong, Bobby Maouane,
Bridgette Dtiulwiling, Local Gov & Housing: Colleen Mmute; Invest North
West: Hantie Hoogkamer; DBSA Municipalities Sponsor: Bojanala,
Bophirima, Central, Southern, Ditsobotla: Thembile Mnayakama; Molopo: S
Namusi; Moretele: T Mohlanyane; Moses Kotane: Tebogo Mogalane;
Potchefstroom: Magda Cilliers, Asma Damba, T Motsoaledi; Matlosana: MK
Khuwayyo, Ratlou: Rachel Gaepe; Greater Taung: Steyn de Jager, Joseph
Danxa; Tswaing: Nono Dince. Business: AngloGold: Thembile Ntsize,
Business Partners: Glanville Craig, Ethanol Africa: Annelise Coleman,
Global Insight: Henk Gnade; Maxim Solutions: Charl Grobbelaar, NW
University: Nelson Mongale, PPC: Hardie de Beer, SAIPA: Nicolaas van
Wyk, Senwes: Earl Smiles, Gideon Radepele; Elsa Phillips. SMME
Sponsor: Tourism Enterprise Pgm: Neo Rampagane; +/- 15 SMME’s

12.1 Executive Summary
- North West is progressing with Growth 5.2% 2005 towards 6.6%
target but still has high unemployment (official 27.4% expanded
44.1%), poverty (>50%), and backlogs in infrastructure and services
- The PGDS and District GDS’s are being aligned with ASGISA with 9
Major Projects, 3 SDI’s and a range of local and sector projects.
- Bojanala District is ahead of PGDS targets led by mining and
tourism, but Bophirima, Central and Southern are behind target
- The focus is now on driving accelerated implementation and
investment across the broad base of North West in coordination with
all government spheres and departments and the private sector
- Follow-up processes need to focus on business plans and
investment proposals to accelerate implementation and investment

12.2 State of the Province Address Feb 2007: North West Premier
- 2007 is the year of accelerating progress towards the PGDS Goals
with inclusive partnership approach: on track with need to triple speed
- Implementation structures include an EAC: Economic Advisory
Council, PGDS Forums, 7 Working Groups, 9 High Impact Projects
and a new Growth Fund

12.2.1 1. MIDZ: Mafikeng Industrial Development Zone and Airport Initiative:
- Phase 2 terminal revamp completed Sept 2006;
- Relocation of International License to be announced by Minister;
- Minerals Beneficiation Cluster at advanced stage of planning

12.2.2 2. Taung Development
- Irrigation infrastructure repairs and planting field crops produced
good yields. Expansion of Irrigation Scheme to include Citrus.
- North West Parks and Tourism Board establishing a Protected
Environment around the Taung dam. Consultation progress and
almost all conservation and environmental compliance requirements
have been completed.
- Taung Skull World Heritage Site Management Plan completed and
on-site developments have begun.

12.2.3 3. Western Frontier Cattle Beneficiation Initiative
- Multi-sector project will benefit small and commercial farmers in
Bophirima, “The Texas of SA” and potentially Northern Cape and the
rest of the province.
- Livestock Products cluster link to exports of natural hormone-free
beef at airport
- SEDA has appointed Scientific Roots for a feasibility study and a
business plan on beef opportunities that may be available.
- District Beef Forum established. First Research Report released

12.2.4 4. Central Bio-Diesel Project
- Project launched and nursery established at Setumo Dam with three
species of trees planted at a rate of 14 000 trees per week. The
Barolong – Boo – Ratshidi have contributed land.
- Draft Bio-fuels Industrial Strategy approved in December 2006 and
all further developments will be in line with the Strategy.
| 12.2.5 | 5. Mining Supplier Park will be rolled out from July 2007  
- Xstrata confirmed the availability of land for the project;  
- Rezoning and subdivision of the land is underway;  
- Tax implications of the project to Xstrata are being finalised;  
- Infrastructure on the land will be rolled-out from July 2007. |
| 12.2.6 | 6. Bojanala Platinum Mining Beneficiation Cluster Initiative: Platinum Mint and Catalytic Converter Plant Business Concept document completed; seeking investors for both opportunities |
| 12.2.7 | 7. Madibeng Automotive and Industrial Park Initiative  
- Automotive, manufacturing and industrial hub in Brits, in partnership with the Automotive Industry Development Council (AIDC).  
- Memorandum of Understanding signed and the process of the feasibility under the auspices of the AIDC is underway. |
| 12.2.8 | 8. Asset Management Initiative  
- Critical precondition for accelerated growth and development in the province. A key consideration is the maintenance, upkeep and full use of existing assets before new delivery. Data base of all underutilized properties has been established.  
- 2006/07 Asset management and infrastructure improvement programme consists of 10 anchor projects and amounts to approximately R1.7 billion. This incorporates infrastructure delivery for all three Spatial Development Initiatives in the province. |
| 12.2.9 | 9. SDI's: N12 Treasure Corridor, Western Frontier & Platinum Corridor  
- Basket of economic activities that will result from the two particular initiatives that are already underway.  
- All corridor developments have anchor projects to unblock the economic potential of surrounding communities, bridging the gap between first and second economy.  
- Other secondary projects are the Vredefort dome and initiatives by the Matlosana Municipality known as Agenda Sixteen(16), ongoing.  
- Road Infrastructure for SDI's  
- N12 Treasure Route (From Johannesburg southwards along the Vaal River to Kimberley) Considerable attention was given to the maintenance of this road and the position has improved considerably.  
- N14 Diamond Route (Carltonville to Ventersdorp to Coligny to Sannieshof to Delareyhof to Vryburg). Maintenance complete (?)  
- N18 Highway (Mafikeng to Vryburg to Taung and Kimberley). The project provides easy access to markets in terms of the proposed initiatives in Greater Taung and in particular to developments around the Taung Irrigation Scheme. Tenders have been invited but the contract has not as yet started. |
| 12.2.10 | 10. Bojanala Platinum Mining Beneficiation Cluster Initiative  
- Private sector-driven with dti support, to promote local economic participation & BBBEE in terms of the Mining Charter  
- Land identified and several projects have taken off including:  
  - Fully equipped training center established at the Orbit FET College currently trains local producers on platinum jewellery.  
  - Combines Djadji Platinum Jewellery Range arising from research since 1996 through “Millennium” Development Project.  
  - Platinum Jewellery Manufacturing has been successfully marketed to the Japanese in 2006 and possible partnership with a Japanese Jewellery Manufacturer currently being negotiated. |
| 12.2.11 | 11. BBBEE: Commitment to strengthen and implement, in addressing the divide between the first and second economy. Assessment of procurement practice in both the private and public sector to stimulate SMME’s, esp for women and youth |
| 12.2.12 | 12. Agriculture  
- Turnaround challenges addressed, service delivery accelerating |
| 12.2.13 | 13. Educating for a Growing Economy  
| | • Aligning Further Education & Training Colleges (FET) to provide needed artisan skills  
| | • Collective participation in ASGI-SA and its sub-programme of JIPSA  
| | • To Recruit 1000 young people in the National Youth Service Volunteer Campaign. Plus at least 1 000 who will provide services through ten departments which have already developed plans in this regard, and 500 young people as part of the EPWP  
| | • PDGS Working Group on skills development achievements with partners such as SETAs, Organized Business, SANGOCO & SALGA  
| | • By December 2006, 3050 senior and middle managers trained in different scarce skills programmes.  
| | • 2850 unemployed youth were registered in line function learnerships, 57 on apprenticeship and 552 on internship programmes.  
| | • ABET: 26 000 unemployed and 678 employees registered  
| | • 131 Bursaries to unemployed people for scarce skills  
| | • Gaps: improving reporting systems, increasing interactions with NGO’s, CBO’s and municipalities  

| 12.2.14 | 14. Intensifying Fight against Poverty; Comprehensive Social Security:  
| | • 9 Strategic Themes within the 4 Pillars of the MDG’s  
| | • Facilitation of small business & coop funding, market access and business linkages  
| | • Implementation of beneficitation programmes to create jobs  
| | • Promoting Community-based Cooperatives as a form of ownership and job creation  
| | • Emphasis on skills development, especially among adults to equip people with skills to access jobs and also run their enterprises  

| I. Equitable Access and Participation.  
| | • Commitment to acquire 30% of commercial agricultural land by 2014. Settled 96% restitution land claims. **But redistribution programme is still far behind.** “We remain hopeful the relevant parties will ensure that our target is achieved.”  
| | • Agricultural Sector Plan 3 core strategies:  
| | • Proactive Land Acquisition Strategy (PLAS) expecting a vast improvement of redistribution of agricultural land.  
| | • Agricultural finance: exploring ways of reducing debt burden of farmers. Once achieved, farmers will stand a better chance to access Land Bank and MAFISA credit.  
| | • Continue grant financing through Comprehensive Agricultural Support Programme CASP, Land Care and Post Settlement Support.  
| | • Continue to support commercial farmers to access the markets particularly in a complex international market  
| | • Conservation & Environment Access & Participation Programmes  

| II. Sustainable resource management.  
| | • Land care;  
| | • Environmental management and protection;  
| | • Biodiversity management and conservation  

| III. Improve Competitiveness & Profitability  
| | • Extension service norms and standards to improve effectiveness  
| | • Individual farmers and commodity groups supported through training, infrastructure development, extension advice, and business management support  
| | • To promote access to international markets for livestock and livestock products effective surveillance and control measures for diseases of economic importance (such as Foot Mouth Disease, Bird Flu etc) were put in place.  
| | • As a result, **Lichtenburg Clover Dairy** continues to enjoy European Union (EU) export certification while the **Bloemhof Dairybelle exports** cheese to Namibia.  

| 12.2.14 | 14. Intensifying Fight against Poverty; Comprehensive Social Security:  
| | • Facilitation of small business & coop funding, market access and business linkages  
| | • Implementation of beneficitation programmes to create jobs  
| | • Promoting Community-based Cooperatives as a form of ownership and job creation  
| | • Emphasis on skills development, especially among adults to equip people with skills to access jobs and also run their enterprises  

© Natgrowth 1/11/2008 Tel 011-403-5483; Fax 011-403-3237; natgrowth@global.co.za; P37 of 171
12.2.15 15. Integrated Human Settlement Programme
• Rustenburg (RLM) contract with NWPG including 800 linked (bond houses), 3200 project linked (low cost houses) and 1000 Social housing units
• Matlosana Informal Settlement Upgrading Project has progressed even more smoothly than Rustenburg pilot:
  • 997 foundations in Kanana and 701 houses completed.
  • 700 foundations in Jouberton and 318 houses completed.
• All sites serviced and construction runs parallel to subsidy administration.

12.2.16 16. Building the Capacity of the State and Improving Governance
• Performance Management and Development System (PMDS) continuing
• R98m from National Skills Fund for training unemployed in context of ASGI-SA/PGDS
• Call on partners to triple efforts on Joint Skills Development Programme
• ICT: Information Communications Technology Province-wide leading strategy to optimize pace and extent of addressing PGDS, poverty and service delivery
• Project Management Information System (ProMis) launched with IDT and DBSA in 2004 can now be rolled out as a web-based system with the potential to be a one-stop depository and source of provincial programme and project planning, implementation and delivery information. Official launch May 2007.
• Izimbizo feedback systems by departments need improvement
• MPCC’s on course for all Municipalities by 2014; 2 new: Rustenburg and Kgetleng
• Governance Code of Conduct on track
• Financial Management improving, now focusing on Municipalities and MFMA

12.2.17 17. Growth Fund – Stretching the Envelope
• To facilitate economic growth and accelerate the expansion of Provincial infrastructure Fund which will serve as a channel for private participation in enhancing the Province’s economic structure, job creation and social development.
• To focus initially on limited sectors like infrastructure provision and projects that enjoy sustainability and financial viability as well as promote BBBEE activities.
• Look forward to partnering with the mining houses in the Province

12.2.18 18. Preparing for 2010
• 2007 the International Year of African Football
• 2010 Showcase Africa to the World
• 3 crucial goals: Job Creation, Tourism, South Africa & Africa’s Unity
• 2010 Indaba this year to clarify roles
• Solidify working relations with the Rustenburg Local Municipality and the Royal Bafokeng as the proud anchors of this showpiece in the province – investments and work in progress

12.3 Budget Speech March 2007: North West MEC Finance
Budget informed by dimensions of Economic Development

12.3.1 Reducing Poverty: Major Challenge; MDG’s should be part of PGDS
• Eradication of extreme poverty and hunger: NW per Global Insight
• Extreme Poverty increased from 4.1% in 1996 to >8.6% 2005
• Moderate Poverty increased from 11.5% to 16.7%
• At least 650,000 people in Extreme or Moderate Poverty
• Could be 1.2 million in moderate and extreme poverty by 2014
• To Halve Poverty: over 850 000 to be lifted out by 2014
• Unemployment increased from 38% in 1996 to 44% by 2005
• Universal primary education: still some 300,000 over 15 with no education
• Reduction in child mortality: still infant mortality 42% and under 5 mortality 56%
• Improvements in maternal health: only 3.6% receive no ante-natal care
• Combating HIV/AIDS and other diseases: More than 440,000 people with HIV and Aids, the leading cause of death

12.3.2 Economic Performance: Positive but not Shared
• Growth 1996 to 2005 ave 2.9%, 2005: 5.2%, 2006: 4-4.5% expected
  GGP 2004 R87b, 2006 > R110b, Disposable income R38b reflecting increased: Trade and Consumer spending VS.
• Increasing Poverty & Unemployment: Growth not shared equally
• Growth does not translate into enough new job opportunities.
• Reason 1 Skills mismatch between skills needed and available.
  Need to continue to improve skills base and invest in human capital.
• Reason 2: Labour Market inflexibility? – Informal sector grew from +/- 55,000 in 1996 to over 155 000
• Reason 3: BEE Weakness eg. UCT study: benefit only 5000 $ millionaires by 2005

12.3.3 Public Finance: Need to improve Investment: remove bottlenecks on capital projects and conditional grants

12.3.4 Physical Geography:
• Strengths: Climate, Rainfall North & East, Border Gauteng, market & export access – location for industrial development and manufacturing for exports
• Weaknesses:
  a. Landlocked – substantial distances and high transport costs;
  b. Limited arable land and overall water scarce
  c. Low population density and small markets – investors attracted mainly to minerals
• Implies increased spending on infrastructure
  a. Trade and transport (roads, rail, air)
  b. Agricultural extension and farming methods
• Producing for small local markets except minerals and transport equipment
• PGDS Investment needs link to national and global market development
• Spatial Development need to deal with the NSDP and dti RIDS views: narrow vs broader development nodes and corridors?

12.3.5 Governance and Geo-Politics
• Stable Democracy with Global Links
• Need to fight Corruption, Crime and Mismanagement of Public Finances & Resources
• Under-spending on Infrastructure and Conditional Grants vs Huge Backlogs
  • Infrastructure improved from 63 to 67% after 3rd quarter
  • Conditional Grants improved from 65 to 69% after 3rd quarter
  • Focus now on problems mainly in smaller departments with less capacity

12.3.6 Budget MTEF Framework 2007-2010
• Municipal demarcation: NW lost 617 914 people per 2001 Census, Net R300m: R2b equitable share and R70m own revenue: 2 casinos and licenses, but saved R1.8b in costs
• Social Development New Bills Infrastructure R144m

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• **Health:** + R125m primary care; +R322m salaries; + R290m recruit professionals
• **Education:** R327m for 928 No-fee schools; R150m salaries; R419m new staff
• **Municipal capacity** support + R26m planning, project and financial management

### 12.3.7 Infrastructure and Development
- **R2.3b 2007/8 vs R1.9b 2006/7** – expect to spend 100%
- **N West Growth Fund R50m pledged** – channel for Private Sector Investment initially limited sustainable sectors and BEE. Expecting Mining House contributions
- **Sanitation** improvements +R170m
- **Community Development Workers** 285 trained - +R128m
- **Provincial Priority Matrix** based on PGDS R2.3b = 15.9% budget; aim 20% includes Infrastructure Cond. Grant, Housing Grant and Hospital Revitalisation Grant

### 12.3.8 Revenue

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<td>Conditional Grants</td>
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<td>Own Revenue</td>
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### EXPENDITURE

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<th>Land, CASP, Heritage</th>
<th>New Bill Infrastructure</th>
<th>R2,241b Constr &amp; Maint</th>
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2008/09 +13.4 16,344,891
2009/10 +11.1 18,164,390

### 12.4 PGDS/ASGISA JOURNEY IN THE NORTH WEST PROVINCE

Danie Schoeman Office of the Premier Acting HOD

#### Goals and Measurable Objectives

##### 12.4.1 Economic: 6.6% Growth to halve unemployment in 10 years
- Promote and facilitate Growth and Development of Key Sectors by
- Launching **Investment** Drive **R6.3b** (Public R1.3b, Private R5b) – revised to R11.7b (Public R5.4b; Private R6.3b)
- Target **Employment** creation of **45 400 pa** in key sectors
- Target **Skills Development** of 7665 pa in key sectors

##### 12.4.2 Poverty Eradication: No service backlogs in 10 years: Minimum targets:
- Housing: 17 657 pa; Water: 34 686 households pa
- Sanitation: 73 549 households pa; Energy: 33 556 households pa
- Hospital beds: 457 pa; 7 Clinics pa; 329 Classrooms pa
- Full service to 67 schools pa; 6 centres pa for children & elderly

##### 12.4.3 Transverse objectives at all levels of interaction
• Public Sector Employment Creation
• Promoting Equal and Fair Access
• Sustainable Resource Usage and Environmental Conservation
• Cooperative Governance and Promotion of PPP’s
• SMME Development
• Special Sector and Spatial Development Initiatives

12.4.4 PGDS ROADMAP

KEY CHALLENGE

AGREE ON SECTOR/SPATIAL OUTCOME TARGETS AND IDENTIFY AND MOTIVATE PRIORITY PROGRAMMES WITH INTEGRATED BUSINESS PLANS OF HOW PROJECTS COULD CONTRIBUTE TOWARDS THESE PGDS TARGETS

Targeted Position: 2014

Dispersed Position: 2004

KEY CONCLUSION

EVERY DEPARTMENT & MUNICIPALITY SHOULD MAKE EFFORT TO IMPROVE PACE OF IMPLEMENTATION WITH SUPPORT OF SOCIAL PARTNERS.

12.4.5 Programme and Project Priorities in supports of PGDS & ASGISA

Provincial and Cluster Programmes
• 2010 FIFA World Cup
• Greater Mafikeng Growth and Development - Central
• Asset Management
• Skills Development and Training
• Poverty Alleviation
• Taung and Western Corridor – Bophirima
• Bojanala Platinum Corridor – Bojanala
• Southern District & Treasure Corridor – Southern
• Research Agenda
• Combating HIV and Aids

Sector Programmes
• Western Frontier Cattle Beneficiation – Bophirima
• Madibeng Automotive and Industrial Cluster – Bojanala
• Mining Service Delivery and Supply Park – Bojanala
• Water and Sanitation
• Central Bio-Diesel – Central
• Road Construction and Maintenance
• School and Classroom Construction and Maintenance
• EPWP

12.4.6 MTEF Proportional Budget %: Increasing Development & Maintenance

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<tr>
<th>Expenditure Type</th>
<th>06/07 Target</th>
<th>06/07 Actual</th>
<th>07/08 Budget</th>
<th>08/09 Budget</th>
<th>09/10 Budget</th>
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<td>13.5</td>
<td>13.8</td>
<td>13.7</td>
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<td>Train/Research</td>
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12.4.7 Institutional Framework Diagram
12.4.9 PGDS GDP Growth Scorecard 2005/6: N West steady growth to 5.2%; Bojanala above target; Others below; Southern declined in GDP

12.4.10 PGDS Scorecard Diagram

- Construction and Trade exceeded targets
- Manufacturing, Finance and Transport increased
- Agriculture, Mining and Government declined

12.4.11

<table>
<thead>
<tr>
<th>Sector</th>
<th>Bojanala</th>
<th>Central</th>
<th>Bophirima</th>
<th>Southern</th>
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<td></td>
<td>Original</td>
<td>Revised</td>
<td>Original</td>
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<td>1 Agriculture</td>
<td>4.3%</td>
<td>5.2%</td>
<td>6.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>2 Mining</td>
<td>7.5%</td>
<td>6.7%</td>
<td>13.2%</td>
<td>3.0%</td>
</tr>
<tr>
<td>3 Manufacturing</td>
<td>5.1%</td>
<td>6.4%</td>
<td>9.2%</td>
<td>6.1%</td>
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<tr>
<td>4 Construction</td>
<td>5.1%</td>
<td>9.4%</td>
<td>10.2%</td>
<td>7.6%</td>
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<tr>
<td>5 Transport</td>
<td>6.7%</td>
<td>7.3%</td>
<td>13.8%</td>
<td>6.3%</td>
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12.4.12 Employment Targets Diagram

12.4.13 Investment Targets Diagram

12.4.14 Reality Test and Challenge:
- Are the targets achievable?
- Are the targets sustainable?
- What contribution can each Working Group make?
- What projects/actions are registered by departments & municipalities?
- What are expectations and implications?
- What is potential for social partners leveraging?

Comments: Pro-Active Drive and Leadership needed from Public and Private Sector

12.4.15 Conclusion
- The overall conclusion is that the North West province has registered considerable progress in implementing a Results Based Management Model for the Province.
- In this process the PGDS played a crucial road in establishing the goals and objectives for 2014 and a roadmap of how to get there.
- The province introduced several institutional, budget and Service delivery improvements and mechanisms to improve the position and accelerate development and growth.
- Indications are that the province is indeed making progress in accelerating the growth momentum.
- It is equally evident that this momentum is not enough and that growth and development must accelerate considerably more if the goals to halve poverty and unemployment must become a reality in 2014.
### Economic Sector Profile

<table>
<thead>
<tr>
<th>Sector</th>
<th>GGP Share</th>
<th>Employment Share</th>
<th>Employment Change pa</th>
<th>Comment</th>
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<td>4.2%</td>
<td>9.11%</td>
<td>-1.54%</td>
<td>Decline/Potential?</td>
</tr>
<tr>
<td>Mining</td>
<td>38.9%</td>
<td>16.63%</td>
<td>-0.52%</td>
<td>Major/More Jobs?</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9.0%</td>
<td>9.06%</td>
<td>1.68%</td>
<td>Steady</td>
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<tr>
<td>Electricity</td>
<td>0.9%</td>
<td>0.61%</td>
<td>1.15%</td>
<td>Steady</td>
</tr>
<tr>
<td>Construction</td>
<td>2.6%</td>
<td>6.94%</td>
<td>9.20%</td>
<td>Growth</td>
</tr>
<tr>
<td>Trade</td>
<td>11.4%</td>
<td>21.81%</td>
<td>7.78%</td>
<td>Growth</td>
</tr>
<tr>
<td>Transport</td>
<td>5.2%</td>
<td>3.63%</td>
<td>0.90%</td>
<td>Steady</td>
</tr>
<tr>
<td>Finance</td>
<td>8.2%</td>
<td>4.14%</td>
<td>5.98%</td>
<td>Growth</td>
</tr>
<tr>
<td>Community/Gov</td>
<td>19.6%</td>
<td>20.13%</td>
<td>3.66%</td>
<td>Steady</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>-0.71%</td>
<td></td>
</tr>
</tbody>
</table>

- GDP Growth has increased steadily since 2003 to +/- 5% in 2005 driven by Mining, with Job Growth in Construction, Trade & Services.
- Agriculture has declined and requires a drive for a turnaround

### Socio-Economic Profile

North West is below average in most indicators with high unemployment and poverty as major challenges.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>National</th>
<th>North-West</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Development Index (HDI)</td>
<td>0.60</td>
<td>0.54</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>0.64</td>
<td>0.61</td>
</tr>
<tr>
<td>Percentage of people in poverty</td>
<td>0.47</td>
<td>0.56</td>
</tr>
<tr>
<td>Poverty gap (R million)</td>
<td>37,646</td>
<td>3,631</td>
</tr>
<tr>
<td>Functional literacy: age 20+, completed grade 7 or higher</td>
<td>0.74</td>
<td>0.68</td>
</tr>
<tr>
<td>Population density (number of people per km²)</td>
<td>39.15</td>
<td>33.68</td>
</tr>
<tr>
<td>Urbanization rate (% of people living in urban areas)</td>
<td>0.56</td>
<td>0.40</td>
</tr>
<tr>
<td>EAP as % of total population</td>
<td>0.40</td>
<td>0.41</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>0.39</td>
<td>0.45</td>
</tr>
<tr>
<td>Annual per capita income (Rand, current prices)</td>
<td>22,136</td>
<td>14,924</td>
</tr>
</tbody>
</table>
12.6.3 **INW Business Strategies**

- **Investment** Promotion and Facilitation Strategy
  - Focus on projects over R10m, creating at least 50 jobs;
  - Partnership with embassies to promote the NWP as a preferred destination for investment;

- **Trade** Promotion and Facilitation Strategy
  - Partnership with business chambers to promote the NWP as a preferred source of manufactured export goods;
  - Strengthening the local exporters’ community through the exporters’ forum to boost trade export;
  - Finalise comparative and competitive advantages study as well as the DMS (Detailed study of Markets and Products) of the Province to promote the clusters of trade without duplication

- **Aftercare** Strategy
  - Conduct periodic client satisfaction surveys to track the needs and requirements of resident investors;
  - Continue the investor servicing programme to retain and facilitate expansion of the resident investor initiatives

- **Marketing and positioning** Strategy
  - Develop an attractive brand platform for the Province in partnership with the IMC, Brand South Africa, The Premier’s office and sister agencies like the NWP&TB;
  - Marketing for targeted investment and trade initiatives at locations and markets with proven comparative advantages globally;
  - Uniquely brand North West Trade and Investment initiatives in partnership with Proudly South African

- **Business Retention** and Expansion Strategy 65% of activities with detailed information and hands-on support

12.6.4 **Clusters and opportunities within the SDI’s**

- **Treasure Route**
  - SMME capacity building (PLATO)
  - Innovation Hub (Science Park and Pharmaceuticals)
  - Minerals beneficiation Cluster (Diamonds and Gold)
  - Tourism Cluster

- **Western Frontier**
  - Tourism Cluster
  - MIDZ
  - Agro-processing Cluster
  - Capacity Building

- **Platinum SDI**
  - Madibeng logistics hub and Dry Port
  - Automotive Cluster
  - Minerals Beneficiation Cluster (Platinum and Granite)
  - Tourism Cluster
12.6.5 Role clarity, e.g.
- INW – Facilitates Investment and Trade in Clusters
- NWP&TB – Tourism product development and programme management;
- NWDC – Industrialisation Cluster management and resourcing, monitoring and evaluation
- MIDZ company – MIDZ programme management, implementation, monitoring and evaluation

12.6.6 Contact details: 1st Floor, Old Mutual Building
171 Beyers Naudé Drive; Rustenburg, 0299
Tel: +27 (0) 14 5942570; Fax: +27 (0) 14 5942575
Email: inw@inw.org.za; Website: www.inw.org.za

12.7 Southern District GDS: Charl Grobbelaar, Maxim Planning Solutions
12.7.1 SDGDS Summit Feb 2007 reviewed progress and alignment with PGDS, NSDP, NW Spatial Development Framework NWISDF, ASGISA and JIPSA. Joint Development Forum: JDF has been established

12.7.2 Demographic Profile

<table>
<thead>
<tr>
<th>LOCAL MUNICIPALITY</th>
<th>POPULATION (ESTIMATED)</th>
<th>DISTRICT %</th>
<th>URBAN %</th>
<th>RURAL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matlosana</td>
<td>409,600</td>
<td>44.1%</td>
<td>88.2%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Potchefstroom</td>
<td>145,500</td>
<td>15.6%</td>
<td>90.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Merafong City</td>
<td>328,500</td>
<td>25.6%</td>
<td>98.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Maquassi Hills</td>
<td>87,300</td>
<td>9.4%</td>
<td>91.6%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Venterdorp LM</td>
<td>48,800</td>
<td>5.3%</td>
<td>60.8%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>929,700</td>
<td>100%</td>
<td>85.92%</td>
<td>14.08%</td>
</tr>
</tbody>
</table>

Mainly urban, pop growth declining < 1%, HIV increasing esp Matlosana > 40 000 in 2004

12.7.3 Economy 2004

<table>
<thead>
<tr>
<th>Sector by District</th>
<th>Local Muni.</th>
<th>Matlosana</th>
<th>Potchefstroom</th>
<th>Merafong</th>
<th>Maquassi Hills</th>
<th>Venterdorp</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size Rm</td>
<td>9063</td>
<td>4624</td>
<td>1954</td>
<td>834</td>
<td>389</td>
<td>16864</td>
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</tr>
<tr>
<td>Growth</td>
<td>-0.39%</td>
<td>3.11%</td>
<td>0.74%</td>
<td>4.65%</td>
<td>4.40%</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td>Poverty</td>
<td>56.6%</td>
<td>40.2%</td>
<td>34.0%</td>
<td>73.6%</td>
<td>75.8%</td>
<td>50.1%</td>
<td></td>
</tr>
<tr>
<td>Unempl.</td>
<td>42.0%</td>
<td>34.2%</td>
<td>22.6%</td>
<td>41.1%</td>
<td>32.2%</td>
<td>35.2%</td>
<td></td>
</tr>
<tr>
<td>Unempl.</td>
<td>85168</td>
<td>31106</td>
<td>33990</td>
<td>13272</td>
<td>4259</td>
<td>167795</td>
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</tr>
<tr>
<td>Imports</td>
<td>30%</td>
<td>64%</td>
<td>4%</td>
<td>1%</td>
<td>1%</td>
<td>R270m</td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>24%</td>
<td>71%</td>
<td>4%</td>
<td>1%</td>
<td>0%</td>
<td>R225m</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mining</th>
<th>Services</th>
<th>Trade</th>
<th>Transport</th>
<th>Manufact.</th>
<th>Construct.</th>
<th>Agric.</th>
<th>Electricity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>37%</td>
<td>11%</td>
<td>19%</td>
<td>2%</td>
<td>10%</td>
<td>4%</td>
<td>16%</td>
<td>1%</td>
<td>100%</td>
</tr>
<tr>
<td>GVA Size</td>
<td>28%</td>
<td>21%</td>
<td>17%</td>
<td>16%</td>
<td>8%</td>
<td>4%</td>
<td>4%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>Trend</td>
<td>Down</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
<td>Down</td>
<td>?</td>
<td>Flat</td>
<td></td>
</tr>
</tbody>
</table>

12.7.4 Strengths

- Location vis-à-vis Gauteng
- The N12 Treasure Corridor
- Pockets of local expertise (HEI)
- Knowledge of the mining industry
- Climate and altitude
- Agricultural base
- Relatively low cost of living
- District Development Agency
# Natgrowth - Proudly African - I’Africa Iyathuthuka

12.7.5 **Weaknesses**

- **Tourism:** The tourism sector in Southern District is underperforming. The foremost constraints are in a lack of clearly identified and articulated quality tourism products, the lack of integrated marketing, the lack of a competitive edge, etc.
- **Lack of skills**
- **Dependency on mining** – especially gold mining Lack of sufficient air and rail transport
- **Lack of communication and alignment** (inter-governmental / private sector)
- **Spatial Fragmentation** in Planning
- **Lack of attractive and vibrant business** parks / industrial areas
- **Central Business District decay**
- **Lack of organized local business forums**
- **Lack of a prominent “big bang” projects in the region**

12.7.6 **Opportunities**

- In key **MANUFACTURING** sectors (a.) food processing (b.) metal works (c.) chemicals (d.) pharmaceuticals. Import replacement & export orientated.
- **Leather tanning and fishing.** The District must investigate the development of supplies for automotive, upholstery and other manufacturing industries. The location and establishment of tanneries for the processing of cattle, sheep, ostrich and goat hides into wet blues and finished products ought to be investigated.
- **Horticulture (floriculture)** need to be further investigated and promoted.
- **Meat processing,** specifically the processing of goat meat
- **The establishment of a brewery.**
- **Bio-diesel and Ethanol.**
- **Metal industries** the greater production of **import substitutes** must be investigated. This can include a more aggressive focus on farm machinery and equipment, given the strong linkages of the Southern District’s manufacturing with agriculture.
- **Gold and diamond jewellery** beneficiation is also showing potential.
- **Composite materials** manufacturing.
- **TOURISM:** Vredefort Dome, Highveld National Park, Sports and Cultural Events, Bloemhof Dam, Ventersdorp Triangle, Guest Houses, Hotels and Restaurants, Golf Tourism. Abe Bailey and Bavaria in Merafong as well as mining tourism.
- **SMME:** one-stop support centre.
- **Joint Development Forum:** JDF projects Implementation.
- **Excess water** in the region due to declining mining activities.
- **Potential surrounding the N12 Treasure Corridor.**
- **Skills development** through NW University programmes

12.7.7 **Threats**

- **Mining closures**
- **Reduction in agricultural output and employment**
- **De-industrialization**
- **Rapid urbanization and rising urban squalor**
- **Lack of co-ordination and planning**
- **Lack of capacity and dedicated economic development champion**
- **Inadequate funding**
- **Loss of skills and HIV / AIDS impact**
- **Deterioration in critical infrastructure**
- **Competition from Gauteng and other local governments**
- **Financial stability on local government level**
- **Environmental deterioration and pollution**

12.7.8 **Vision: By 2014**

- **Unemployment** has been **reduced by half**
- **Poverty** has been **reduced by half**
- There are appropriate programmes and projects for skills and
capacity development that facilitate entrepreneurship and small business growth
- That the notion of “development as freedom” is given practical implementation in the Southern District in all spheres of life, but especially in a progressive disadvantaged individuals

12.7.9 Objectives:
- Increase economic growth rates to 6% per annum by 2014
- Grow fixed capital formation by 10% per annum
- Both domestic and foreign investment is attracted into the district to provide the resources to unlock opportunities
- Infrastructure, information and the institutional framework are efficient, effective and supportive for the attraction of investments
- That the competitiveness of the Southern District as a business environment is high, improving and sufficient

12.7.10 Problem Tree Analysis:
- External shocks, low skills, low population density, high business costs and a small local market
- Are important underlying reasons for poverty and unemployment
- Contribute towards lack of exports, lack of diversification, low investment, and backlogs in infrastructure and services.
- A lack of adequate economic marketing and support for opportunities in the District exacerbate the problem

12.7.11 4 Pillars of GDS
1.) Manufacturing Revitalization Program. (MRP)
2.) Urban Development Strategy (UDS) with Central Business District (CBD) revival program
3.) Agriculture and Rural Growth Program
4.) A Trade, Transport & Tourism Development Initiative (TTTI)

12.7.12 5 Coordinating Dimensions
- Spatial Development Initiative (SDI)
- Investment Promotion Strategy for the District (Create Regional Development Agency)
- Mining Redeployment program (mining charter)
- Black Economic Empowerment (including Agri-BEE)
- Skills development, capacity building and training

12.7.13 Spatial Development Approach – see Maps
- The strengthening of the existing core areas on the development corridor;
- The improvement of communication and transport network linking the core areas with each other;
- A development axis in formation which exists between Johannesburg and the Klerksdorp area (within the intermediate region); and
- A communication axis which exist between Klerksdorp and Wolmaransstad along the N12.

12.7.14 Existing JDF Programmes and Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Output/Finding</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>Ongoing</td>
<td>• Report has been completed on the pre-feasibility of a trade and transport hub</td>
<td>• Complete the ITP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ITP Terms of Reference has been drawn up</td>
<td>• Re-form the Transport Forum</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Establish Transport Authority</td>
</tr>
<tr>
<td>Industrial Parks</td>
<td>Ongoing</td>
<td>• An industrial park pre-feasibility scoping report is available</td>
<td>• Implementation Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• IDP Integration</td>
</tr>
</tbody>
</table>
| Rural Development | Ongoing | • A survey of certain resettled rural commitments have been completed  
• Report on land reform and rural development has been completed  
• A Draft Policy has been submitted | • Approve policy  
• Identify nodal agricultural villages |
| Mining, Water Infrastructure | Complete | • Report | • A Joint Water Forum can be established in future |
| CBD Development Matlosana & Potchefstroom | Ongoing | • Surveys of the CBD’s have been completed. Reports are available  
• Strategic options have been identified and are contained in reports on revitalisation of the CBD’s  
| CBD Development Matlosana & Potchefstroom | Ongoing | • Surveys of the CBD’s have been completed. Reports are available  
• Strategic options have been identified and are contained in reports on revitalisation of the CBD’s  
| GDS – Ventersdorp & Maquassi Hills | Ongoing | • A full GDS have been completed for each municipality. Reports are available.  
• Participative workshops have been held.  
| Manufact-uring | Ongoing Complete | • A pre-feasibility study has been completed for the Science Park and incubator. A report and prospectus is available.  
• The manufacturing report has been completed. A survey report and recommendations is available  
| Trade and Transport Node | Complete | • A pre-feasibility study has been completed for a trade and transport node in the Southern District  
| GDS PROGRAMME | AIM | INSTRUMENT |
| Community-based | • To reduce constraints on the economic participation of labour  
• To reduce vulnerability  
• To alleviate poverty  
• To stimulate a sense of community  
• To promote self-help  
• To advance empowerment  
• To promote self-employment through micro-enterprise programmes  
• To improve living and working conditions in settlements  
• To ensure adequate access to basic services | • Access to basic services  
• Gender equity planning  
• Youth entrepreneurship |
<table>
<thead>
<tr>
<th>enterprise-based services</th>
<th>Locality-base services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment (FDI)</td>
<td>Physical attraction of locality improve</td>
</tr>
<tr>
<td>Exports</td>
<td>Quality of life</td>
</tr>
<tr>
<td>Diversify economic base</td>
<td>Image positive</td>
</tr>
<tr>
<td>Lower business cost</td>
<td>Environmental protect</td>
</tr>
<tr>
<td>Business Development</td>
<td>Land Planning</td>
</tr>
<tr>
<td>Services</td>
<td>Participatory planning</td>
</tr>
<tr>
<td>IPA’s / Marketing cost</td>
<td>Infrastructure appropriate</td>
</tr>
<tr>
<td>Fiscal Incentives</td>
<td>Urban Plans</td>
</tr>
<tr>
<td>Special Programmes</td>
<td>Safety and Security</td>
</tr>
</tbody>
</table>

Potchefstroom

- **Sport & Recreation**
  - Lakeside Holiday Resort - LB
  - Integrated open space system linking - LB
  - Prozesky Bird Sanctuary - LB
  - Poortjie Dam - LB
  - Rock Rabbit Ride - LB
  - Moorivier Project - LB
  - Sport Institute - EB

- **Agriculture**
  - Veld care / Land care programme - LB
  - Urban agriculture - LB

- **Manufacturing / Industrial / Commercial**
  - Agro-processing industry - EB
  - Improvement of accessibility to the existing industrial area via N12 - LB
  - Densification of existing industrial area - LB
  - Industrial Commercial Park adjacent to N12 - LB
  - Establishment of incentive schemes - EB

- **SMME**
  - SMME Node - west of station and adjacent to Ross Street - LB
  - Kiosk for informal traders - CB
  - Waste buy-back schemes - CB

- **Multi Purpose Centres (MPC)**
  - Multi purpose truck facility - LB
  - Multi purpose Community Centre - CB
  - Multi purpose centre - corner of Chris Schwartz & Park Street - CB
  - Multi purpose centre - corner of Lekele / Mogatsi Street - CB

- **Building / Construction**
  - Social housing (Rebangwe) - LB

- **Development Nodes**
  - Special development nodes
    - Aerodrome area - LB
    - Lakeside Resort - LB

- **Tourism**
  - Vredefort Dome (World Heritage Site) - LB/EB
  - Highveld National Park - LB
  - Dolomite Caves - LB
  - N12 tourism and development corridor / node - LB
  - Cultural Festivals - CB
  - Guest Houses - LB

- **Multi Purpose Centres (MPC)**
  - Multi purpose truck facility - LB
  - Multi purpose Community Centre - CB
  - Multi purpose centre - corner of Chris Schwartz & Park Street - CB
  - Multi purpose centre - corner of Lekele / Mogatsi Street - CB
<table>
<thead>
<tr>
<th>Matlosana</th>
<th>Merafong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>Tourism</td>
</tr>
<tr>
<td>Redevelopment – Faan</td>
<td>Tourism Development Centre</td>
</tr>
<tr>
<td>Meintjies Nature Reserve – LB</td>
<td>- LB</td>
</tr>
<tr>
<td>2010 World Cup Legacy Project – CB</td>
<td>Kraalkop Game Farm – LB</td>
</tr>
<tr>
<td>Tourism Information Centre – Goudkoppie – CB</td>
<td>N12 Treasure Route - LB</td>
</tr>
<tr>
<td>Township Tours – CB</td>
<td>Mining Museum - LB</td>
</tr>
<tr>
<td>Tourism Awareness project – CB</td>
<td></td>
</tr>
<tr>
<td>Matlosana Community Tourism association – CB</td>
<td></td>
</tr>
<tr>
<td>Mining Tourism - CB</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Jewellery Manufacturing – EB</td>
<td></td>
</tr>
<tr>
<td>Arts &amp; Crafts Manufacturing - CB</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Building / Construction</td>
<td></td>
</tr>
<tr>
<td>Social Housing (Rebangwe) CB</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Merafong</th>
<th>Matlosana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing / Construction</td>
<td></td>
</tr>
<tr>
<td>Relocation of communities – LB</td>
<td></td>
</tr>
<tr>
<td>Housing project – LB</td>
<td></td>
</tr>
<tr>
<td>Brick and Building material manufacturing - CB</td>
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</tr>
<tr>
<td>Agriculture</td>
<td></td>
</tr>
<tr>
<td>Feasibility of Agricultural projects – CB</td>
<td></td>
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<tr>
<td>Bee-Honey Project – CB</td>
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</tr>
<tr>
<td>Commonage Farm / Small Scale Farming – CB</td>
<td></td>
</tr>
<tr>
<td>Agricultural School - CB</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Industrial Strategy – EB</td>
<td></td>
</tr>
<tr>
<td>Jewellery manufacturing – EB</td>
<td></td>
</tr>
<tr>
<td>Bio-Fuel - EB</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Matlosana</th>
<th>Merafong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maquassi Hills</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>SMME</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>• Small scale farming – LB</td>
<td>• Recycling project – CB</td>
</tr>
<tr>
<td>• Fish farming – LB</td>
<td>• Food and catering – CB</td>
</tr>
<tr>
<td>• Vegetable products – LB</td>
<td>• Garden maintenance – CB</td>
</tr>
<tr>
<td>• Livestock project - CB</td>
<td>• Sewing project – CB</td>
</tr>
<tr>
<td></td>
<td>• Training facilities - CB</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td><strong>Tourism</strong></td>
</tr>
<tr>
<td>• Fertilizer – EB</td>
<td>• Events – CB</td>
</tr>
<tr>
<td>• Meat Processing – EB</td>
<td>• Game Farming - EB</td>
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<tr>
<td>• Agro processing – EB</td>
<td>• Tourism and Recreational</td>
</tr>
<tr>
<td>• Manufacturing centre – CB</td>
<td>development</td>
</tr>
<tr>
<td>• Industrial and commercial area adjacent to N12</td>
<td>• Bloemhof Dam – LB</td>
</tr>
<tr>
<td></td>
<td>• Vaal River – LB</td>
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<tr>
<td></td>
<td>• N12 Accommodation - LB</td>
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<tr>
<td><strong>Mining</strong></td>
<td><strong>Revamping the CBD - LB</strong></td>
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<tr>
<td>• Diamond cutting and beneficiation – EB</td>
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<tr>
<td>• Small scale mining - CB</td>
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<tr>
<td><strong>Ventersdorp</strong></td>
<td><strong>Tourism / Recreation</strong></td>
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<tr>
<td><strong>Agriculture</strong></td>
<td>• Guesthouse – EB</td>
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<tr>
<td>• Vegetable Gardens – CB</td>
<td>• Community based tourism</td>
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<tr>
<td>• Crops – CB</td>
<td>and infrastructure programme – CB</td>
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<tr>
<td>• Cattle Grazing – CB</td>
<td>• Tourist shop / snake park /</td>
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<tr>
<td>• Poultry – CB</td>
<td>reptile park – CB</td>
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<tr>
<td>• Beef Projects – CB</td>
<td>• Recreational Park &amp; Dam – LB</td>
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<tr>
<td>• Piggery – CB</td>
<td>• Cultural, Arts &amp; Entertainment</td>
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<tr>
<td>• Refilwe Cooperation – CB</td>
<td>(MPSC) – CB</td>
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<tr>
<td>• Commonage Farm – CB</td>
<td>• Oral History Research Project</td>
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<tr>
<td>• Tshing Wetland / Fish Park - CB</td>
<td>– CB</td>
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<td></td>
<td>• Rietspruit, Elandskuil and</td>
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<tr>
<td><strong>Manufacturing</strong></td>
<td>Klerkskraal Dam - LB</td>
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<tr>
<td>• Ethanol Plant – EB</td>
<td><strong>N14 Development</strong></td>
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<tr>
<td>• Food Processing – EB</td>
<td>• Commercial / Light industry –</td>
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<tr>
<td>• Small scale industries - LB</td>
<td>LB</td>
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<tr>
<td><strong>Retail</strong></td>
<td>• Filling station / shopping</td>
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<tr>
<td>• Small scale retail - CB</td>
<td>complex – LB</td>
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<td></td>
<td>• Motel Accommodation - LB</td>
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<td></td>
<td><strong>CBD Revitalisation</strong></td>
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<td>– LB</td>
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<td><strong>Small Scale Mining</strong></td>
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<td>– EB</td>
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</tbody>
</table>

**Grant Funding**

**MIG: Municipal Infrastructure Grant**
- The municipality must be registered for MIG funding
- The proposed project(s) must be agreed upon
- There must be a council resolution with regards to this program
- A three-year capital programme

**NDA: National Development Agency**
- The entity must be registered as a Not for Profit Organisation
- It must be income generating and
- It must be an existing project.
### Neighbourhood Development Partnership Grant
- A needs analysis,
- A solution options analysis
- Project due diligence
- Value assessment
- Economic rationale and
- Procurement capacity

### DBSA
- The DBSA will only allocate a small amount of grant funding to
  - a bigger project such as a feasibility study for a large
  - sanitation project.

### IFC
- Provide audited financial statements for at least two years
- Provide details of the projects and
- Cash-flow and leveraging projections

### Department of Transport
- The project falls within the scope of the DoT
- The project will be co-funded (say 50/50 or 60/40) to show
  - commitment from the province/municipality towards the project
- The relevant DoT officials will be part of the project team for capacity building purposes and technical support

### IDC
Projects within the scope of the District Development Agency

### N West Province
Projects within the scope of the PGDS

### Loan funding

<table>
<thead>
<tr>
<th>Bank</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSA</td>
<td>detailed business plan, cash-flow projection and balance sheet</td>
</tr>
<tr>
<td>FNB</td>
<td>detailed business plan, cash-flow projection, balance sheet, audit report</td>
</tr>
<tr>
<td>NEDBANK</td>
<td>detailed business plan, cash-flow projection and balance sheet</td>
</tr>
<tr>
<td>STANDARD BANK</td>
<td>detailed business plan, cash-flow projection and balance sheet</td>
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<tr>
<td>SEDA</td>
<td>establishes funding through NEF</td>
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<tr>
<td>NEF</td>
<td>legal entity, positive cashflows (detailed application form with business plan)</td>
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</tbody>
</table>

**See Business Partners presentation:** Private Equity funding R250 000 – R15m based on business viability

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**12.7.15**

- JDF Structure includes Local IGR Forums, Sector Task Teams and
- **SODA: Southern District Development Agency**, using specialist Project Managers and Consultants
  - JDF and SODA to be branded as implementation agents
  - Big Bang projects must be agreed upon and branded
  - Strict adherence to time-lines / budgets / agreements
  - SODA to become fully operational
  - A high public profile

**12.7.16**

- **SODA Objectives**
  - To **promote investment** in selected growth-enhancing and job-creating ventures (in high-tech manufacturing)
  - To **promote innovation** and the creation of new enterprises by stimulating a learning region through establishing partnerships in entrepreneurial incubation with the North-West University
  - To **promote economic diversification** of the region by assist
promising entrepreneurs in high-value added innovative projects in the commercialization of potentially key manufacturing projects

To generate market the business opportunities in the Southern District, liaise in this process with provincial, national and international investment promotion agencies, and work closely with small enterprise development agencies to assist small business development


12.9 Potchefstroom Tourism Strategies: Magda Cilliers

12.9.1 Introduction

- Potchefstroom is well-situated with regard to North West’s major tourist market namely Gauteng.
- The N12 Treasure Route runs through our city and is a thoroughfare for thousands of potential tourists, especially over weekends. The aspect that will influence whether tourists will stay or just drive through depends on what the city has to offer and it’s development potential. The city will position itself in terms of the following sub-sectors:
  - Eco Tourism e.g. Mooi River, Dome Bergland World Heritage Site, Botanical Gardens, Prozesky Bird Sanctuary, Game Farms, etc). Potchefstroom is rich in bird and flora species
  - Cultural Tourism e.g. Historical places e.g. the House Museums, The Fort and Cemetery; Oak Avenue; Kohinoor Cinema in Makweteng now known as Miederpark, the AME Church, Devil’s Corner, Ga-Matlabe Hall, Oom Dow’s shop, Oom Babe’s, The Matlwang Community, etc.
  - Adventure Tourism eg. Pioneer, Bult, Buffelskloof and Venterskroon hiking trails, 4 x 4 Trails, Water Sports at Potchefstroom Lakeside Resort, Boskop Dam, Vaal River, etc
  - Game Parks numerous game, river and mountain lodges around Potchefstroom offering Hiking, Canoeing, Mountain Biking, Sailing Mountain Climbing, River Rafting, Fly Fishing and Team Building
  - Paleo Tourism Vredefort Dome Heritage Site with great archaeological significance which is now declared as South Africa’s seventh World Heritage Site.
  - Conference and Educational Tourism
    - Municipal and private owned facilities
    - A wide spectrum of complimentary educational institutions, which individually and jointly offer various tourism-related experiences that can be packaged and promoted. Conferences and other events presented by the institutions are one of the aspects creating a large number of people visiting Potchefstroom
  - Sports and Recreational Tourism eg.
    - PUK/McArthur, Ikageng Stadium, Country Club, Trim Park, Oliën Park, Rugby Institute, Sedgars Park, various sports and recreational venues & facilities, Lakeside Resort, Boskop Dam, Country Club etc.
    - The World Cricket Cup was successfully hosted in 2003 and the World Soccer Cup in 2010 is an exciting upcoming event.
    - According to tourism statistics for South Africa, more than 10% of all foreign tourists come to watch or participate in sport events, with spectators accounting for 60 - 80% of these arrivals.
  - Event Attractions eg.
    - Annual Spring Show, Aardklop National Arts Festival, The Art Film Festival (NW University), Pioneer Marathon, Rugby University, The Annual Swimming Mile, Annual Jazz Festival, etc
Community Based Tourism (CBT) supported by the Council
A wide range of opportunities for Community Based Tourism Initiatives, but not yet explored and developed. This is largely due to an unstructured approach to the planning, implementation and management of a CBT programme.

Business Tourism (Building on the MICE industry above, trade, specialist industries such as mining, agriculture etc.)

12.9.2 New Developments
- Highveld National Park
- Game Farms/Lodges
- 4 x 4 Tracks
- Joint marketing of the N12 Treasure Route
- Improvement of sporting facilities

12.9.3 Domestic Tourists: Visitors from Gauteng main market (42%), followed by North West Province (29%), Mpumalanga (8%) and Free State (7%) also potential growth markets

12.9.4 International Tourists (different from SA) from: Netherlands (38%), Australia 23% and UK 19%.

12.9.5 Purpose: Business 38%, Events, Education, Visiting 15%, Sport 12%
Duration: 1-2 Days 43%- needs to be extended with increased spend

12.9.6 Way Forward
- Potchefstroom can pro-actively position itself at the forefront of the future tourism strategy.
- There is an increasing awareness of and interest in environmental and cultural tourism experiences. Tourism marketing campaigns bear testimony to this. This holds considerable potential to Potchefstroom as it has various environmental and cultural tourism products and experiences, some of which have to date, not been fully developed.
- Safety and Security are relative competitive advantages
- Branding of Potchefstroom as City of Expertise, North West Home of Sports, Cultural Heartbeat of the North West, etc should be aggressively marketed at Tourism Exhibitions, Shows and Events, a dynamic rural tourism destination for domestic and international tourists.
- N12 Treasure Route: Participate actively in Forum, funded R3m by DEAT, N12 has been declared a national road in 2005

12.9.7 Tourism Growth and Development
- Facilitate and render help to emerging tourism product owners
- Provide training assistance, in co-operation with the Potchefstroom Tourism Association, to the previously disadvantaged industry on:
  - Tourism product development
  - Service Delivery
  - Tour Guide
  - Tour Operator
  - Game Farm Management
  - Starting of an own business
  - In-direct Tourism related people, e.g. Petrol attendants to be tourism-friendly and to assist people with correct information
  - Other related courses
- Facilitate and interact between possible funders and emerging and existing tourism product owners.
- Infrastructure and Services: City Council to ensure that the tourism infrastructure and services in Potchefstroom are adequate and where necessary developed / improved to meet future tourism needs.
- Tourism Marketing: Local, District, Province, SA and International to be expanded
- Ensure Continuous Shared Communication and Coordination
- Ensure Accessibility and affordability

An RFP process was suggested by Natgrowth for a Marketing and Branding Plan and a make-over of Potch, the District and Province!
12.10 Ethanol Africa – see previous presentations eg. Limpopo and Free Srate
   - Plans are advancing for 3 Ethanol plants in N West: starting with Lichtenburg, as well as Ventersdorp and Bloemhof
   - Funding is pending for the 1st plant in Bothaville
   - BBBEE: Delegates requested clarity on exact BBBEE structure in terms of community participation and support for small black farmers

12.11 DBSA Charmaine Kotze Regional Coordinator
   - DBSA provides Infrastructure Funding and Support for Local Government
   - N West Funding +/- R2.3b can be expanded with a pro-active approach on both sides.

12.12 Potchefstroom City Council Executive Mayor Cllr. Maphetle Maphetle
   The Mayor Welcomed delegates to Potchefstroom, wished them well in their deliberations and indicated that:
   - LED and Job Creation are key priorities
   - Funding is a key challenge
   - Public-Private Partnerships offer promising solutions
   - A Number of Projects were indicated in the Budget Speech
   - Initiative is required to unlock opportunities
   - Beneficiaries should not have a culture of entitlement
   - Ethics are vital in building a healthy culture
   - An EAC: Economic Advisory Council is planned for Potchefstroom
   - The initiatives should be followed-up in due course

12.13 Office of the Premier Allister Smith and Dorah Munyai are involved in PGDS coordination and alignment and indicated the need for follow-up processes to facilitate programme and project planning & implementation

12.14 Department of Economic Development and Tourism Bobby Maouane, Bridgette Diutwileng also indicated the need for follow-up processes

12.15 Dept of Dev. Local Government and Housing Colleen Mmutla indicated the need to coordinate, support and follow-up projects with Municipalities

12.16 Local Government and LED Projects and Funding were discussed indicating the needs such as:
   - LED Forums and working groups
   - LED Growth Funds
   - Partnerships, leveraging business resources and skills
   - Proper Planning and Management of Projects
   - Pro-active Investment Promotion

Municipalities represented and sponsored by DBSA and Natgrowth indicated the need for follow-up workshops on project planning, implementation, investment and Growth Funds, including the following:

12.16.1 Bophirima District Hercules Ndlovu: Western Frontier Taung Projects

12.16.2 Bophirima District: Greater Taung Steyn de Jager IDP Manager, Joseph Danxa LED Manager; Projects: Taung Irrigation Scheme, Tourism Taung Skull Heritage Site and Cattle Beneficiation

12.16.3 Molopo Sedikiwe Namusi Executive Mayor, Chris Mahosi Acting MM Projects to be discussed and followed-up

12.16.4 Tswaing Nono Dince CFO, unable to attend – to be followed-up

12.16.5 Bojanala District Itumeleng Louis, Moses Kotane Municipality, Tebogo Mogalane: 9 Projects in planning – 1 in each key sector eg.
### Platinum Catalytic Converter Plant
- Seeking investors - Natgrowth indicated interest!

### Tourism Development
- Near to and complementing Sun City, with Community Participation and Affordable access, including a Theme Park, Accommodation, Conferencing, Water Feature, Golf Estate

### Retail Development
- Filling gaps in the area

### Central District: Ditsobotla
- Thembile Mnayakama 5 projects need to be reviewed and replanned as they may have good potential eg.
  - Hydroponic Farming
  - Brick Making

### Moretele
- Tsholofelo Mohlanyane

### Naledi
- Tshepo Goralotse

### Ratlou
- Rachel Gaepe

### Southern District: Matlosana
- MK Khuzwayo workshops, smme development, housing projects, partnerships as above

### Potchefstroom
- Magda Cilliers, Asma Damba, T Motsoaledi Projects, Marketing Plan, SMME’s, Executive Mayor’s EAC follow-up as above

### Business Partners: Glanville Craig Regional Portfolio Manager
- Aims to be a leading Private Equity Partner in SA, Africa & Globally
- Focus on SMME funding R250 000 – R15m
- Leading investors in SME’s over 26 years
- Assets +/-R1.8b; now broadening market profile
- National Office network
- +/- 700 investments per year
- Assist entrepreneurs with limited own capital & limited (no) security
- 2 Offerings: Loans on a competitive basis; or Equity
  - Equity funding shares risk for a higher return than loan interest
  - Equity shares 25-49%, ave 30% exiting over period of finance
- Investment Criteria: viability of business and management capacity
  - Viable, profit seeking/optimising, sustainable businesses
  - Entrepreneur has
  - Technical (“doing”) skills
  - Business skills
  - Integrity
  - Entrepreneurship (risk-takers)
  - Financial risk (collateral and own capital)
  - Financial returns
  - Financial reporting/management system
  - Investor involvement – hands on, not hands in!!
  - Own contribution is important for commitment
  - Mentorship and management support may be provided
  - Partnerships and linkages may be facilitated with bigger business
  - Also do Financing of Properties, Contracts and Royalty deals
  - Senwes, Anglogold and SMME’s indicated interest in follow-up

### Senwes: Earl Smiles Trade and Gideon Radepele
- Grain Marketing
- Senwes is a major player in agriculture eg. buying and marketing a large portion of SA’s grain and other produce, supplying inputs, machinery and support services
- Senwes BBBEE Partners include the Royal Bafokeng Trust representing thousands of small stakeholders
- Senwes is trying to develop emerging black farmers, but is having difficulty mobilising suitable farmers and securing suitable land
- More Pro-active cooperation with LED Departments and other stakeholders could accelerate the emerging farmer strategy
12.19 | AngloGold Ashanti Commercial Leader: Thembile Ntsize – see detailed presentation for further information  
- **AngloGold Ashanti** is a major mining house in the district  
- **As part of BBBEE and CSI**, it is trying to further enterprise development, procurement, small scale mining, skills development, community and environmental redevelopment following mine closures  
- **More Pro-active cooperation with LED Departments and other stakeholders could accelerate these initiatives**

12.20 | N W University Centre for Advanced Manufacturing: Nelson Mongale – see detailed presentation for further information  
- **N W University Centre for Advanced Manufacturing** provides a range of world-class manufacturing services including the design and production of products and machinery, some exported to the EU  
- **The Centre** has a contract with the dti to support its manufacturing development strategies and a contract with N Cape Province to establish manufacturing centres and enterprises.  
- **Proposals to N West Government are being followed-up**  
- **The Centre** is now an independent self-financing entity

12.21 | Entrepreneurship Education and Enterprise Olympics Elsa Phillips  
- **Entrepreneurship Education** programmes and the **Enterprise Olympics** have been running in schools overseas for many years  
- **SA does not currently provide** funding for additional education programmes in schools  
- **Natgrowth** suggested that the programmes could form part of the new schools curriculum focusing on lifeskills and the world of work  
- **Allister Smith** of the Office of the Premier is currently analysing the major education budget in terms of outcomes, and would follow-up on the possibility of entrepreneurship education in the NW schools.

12.22 | Tourism Enterprise Programme Neo Rampagane and +/- 15 Sponsored SMME’s – see detailed list, including  
- **Baralong Boomodiboa**: Motaki Mogotsi, Scotch Lerefelo, Community Land Association participants in different aspects of Highveld Park  
- **Beachfront**: Kenny Kombikombi  
- **Checky Construction**: Checky Lebaloa  
- **50/50 Dream Houses**: Charity Moalosi  
- **Direka Thata**: Joey Sekano  
- **Door to Door**: Ntiti Phakedi  
- **Giants Wholesalers**: Bukisi Williams  
- **Gosetse Gosiama**  
- **Lotlemetse B&B**: Hope Socoza

12.23 | PPC Operations Manager & NW Business Forum: Hardie de Beer  
- **Gained valuable information** for BBBEE, CSI and Cement Business, which is expanding to fill the gap between large demand and supply  
- **Expressed interest in MIDZ** and other infrastructure projects

12.24 | SAIPA: SA Institute of Professional Accountants Nicolaas van Wyk, Technical Executive see detailed presentation for further information  
- **SAIPA has +/- 6000 members** available to do valuable accounting and financial work to fill the skills gap for business and municipalities  
- **SAIPA provides the professional control needed to ensure quality**  
- **Follow-up** is needed to find an effective working model with municipalities eg. on an in-house rather than outsourced basis

12.25 | Bheka Financial Services Matthews Molete provides Training on Financial Services and Products to improve consumer awareness, responsibility and empowerment

12.26 | MIDZ: Mafeking IDZ: A Strategy Workshop is planned with CEO Tebogo Kebothale to take MIDZ projects and investment initiatives forward
### 13. EXECUTIVE SUMMARY

#### 13.1 W Cape follows many national trends, which can be accelerated towards ASGISA and PGDS targets, with more effective integrated strategic initiatives.

#### 13.2 GDP-R Growth > 5% pa, which can be Accelerated towards the targets of 6-8% to halve unemployment and poverty by 2014.

#### 13.3 Unemployment is declining: 2005: Official 18.9%; Expanded 22.7%; March '06 Official 15.9% can be reduced further towards 10% target.

#### 13.4 Poverty: over 1m people below minimum living levels, with “2nd Economy” social, economic and spatial fragmentation, although concentrated in the 90% urban areas, which need more ambitious and effective integration initiatives.

#### 13.5 Strengths and Opportunities include the potential to build a Global City Region integrating the 2nd Economy with key Spatial and Sector Strategies including ASGISA and PGDS priority sectors such as agriculture, agro-processing, aquaculture, tourism, World Cup 2010, trade, transport, housing, financial services, coastal / marine industries, ICT, BPO&O / Call Centres, Oil and Gas, Bio-fuels, manufacturing, education, social and cultural sectors, with effective water, energy and environmental management.

#### 13.6 ASGISA-related Issues to be addressed include pro-active strategic leadership, intergovernmental and stakeholder coordination and acceleration of ASGISA, PGDS, District, Local and “2nd Economy” initiatives, as well as Public and Private Investment initiatives.

#### 13.7 A Growth Fund was suggested as a vehicle for mobilising private sector investment, which as generated significant investment in other Provinces such as E Cape (>R1b), KZN (>R1.5b) and North West.

#### 13.8 Cross-cutting Issues to be addressed include more effective and coordinated SMME, Coop and Skills Development.

#### 13.9 The PGDS process could be accelerated and structures strengthened for more rapid and effective implementation of initiatives across sectors and regions.

#### 13.10 The PGDS needs to integrate updated Sector and Spatial Strategies beyond the I’Kapa Base Strategies as a coherent, dynamic and substantive guide to strategy development, implementation and investment initiatives throughout the province.

#### 13.11 District GDS’s, IDP’s and LED Strategies appear to be aligned to the PGDS objectives, and could be enhanced with clearer integrated spatial and sector strategies and projects. The Districts are moving towards viable strategic projects and investment mobilisation. Follow-up Investment Conferences are planned in several Districts and Local Municipalities.
### 13.1.12
The City of Cape Town Metro IDP indicates that Growth and Development Strategies, Projects and Investment initiatives are needed to enhance its revenue base, to fund its increasing infrastructure, service delivery, social and economic development mandates and to take full advantage of opportunities such as World Cup 2010.

### 13.1.13
The planned Metro GDS should provide the appropriate framework and process to drive integrated growth, development and investment.

### 13.1.14
Integration of the PGDS and Metro GDS and Coordination are vital for both the City and the Province, with some 80% of the 4.9m population residing in the growing Greater Cape Town Functional Region (GCTFR), which contributes some 76% of GDP-R.

### 13.1.15
Investment and Budget coordination could more effectively leverage Private Sector Investment to enhance the Provincial Budget of R20.3b, the Metro Budget of R20.6b and National Budget funding available.

### 13.1.16
World Cup 2010 is an example of intergovernmental coordination and budget alignment around common goals with global, national, provincial and local dimensions, which could be a model for other Growth and development initiatives. The challenges and opportunities include the Stadia, Transport, Infrastructure, Logistics and Integrated Services as well as multi-faceted aspects of Tourism, Trade, Business Development, Procurement and Integration of the 2nd Economy with sustainable development and legacy impacts.

### 13.2
Western Cape Provincial Growth and Development Strategy (PGDS)
Nthatho Gobodo Dept. of the Premier Director PGDS

#### 13.2.1
The PGDS Green Paper I’Kapa Elihlumayo (Growing the Cape: A Home for All) was released in October 2006, incorporating the earlier 2003 PGDS Summit and I’Kapa Base Strategies.

#### 13.2.2
The Provincial Development Council (PDC) a multi-stakeholder inter-governmental forum is due to hold a GDS Summit to take the process forward to a White Paper and implementation processes in 2008/9.

#### 13.2.3
PGDS 2014 VISION: GROWING THE CAPE – A HOME FOR ALL

#### 13.2.4
PGDS OBJECTIVES
- To Commit PGWC to Shared Growth and Integrated Development
- To identify shared principles and strategic goals to shift W Cape to a Sustainable Path
- To identify and promote the spatial and sectoral location of accelerated growth in W Cape in accordance with principles of NSDP and ASGISA
- To align and harmonise planning, budgeting and implementation of all spheres of government in the W Cape
- To design the institutional architecture and reforms necessary for achieving shared growth and integrated development
- To identify the appropriate levels of government to shift to a developmental path for the W Cape
- To provide a framework for improved collaboration and coordination of all stakeholders in the province that is focused on a shared growth and integrated development agenda.

#### 13.2.5
CHALLENGES
1. Regional Competitiveness: costs, inputs, transport ....
2. Economic Participation and Empowerment: equitable distribution of assets, opportunities and services
3. Spatial Integration and Urban Restructuring
4. Environmental Quality
5. Quality of Life and Social Cohesion
6. Good Governance
7. Public Transport

#### 13.2.6
CONTEXT
- Resource Scarcity, Inequality, Environmental Degradation
- Developmental State: Public Investment, Partnerships, Levers
- Limited Funding: 86% of the Provincial Budget is for Social Sectors and Basic Services vs ASGISA, NSDP Focus on Economic
### Development Investment Role

- **Need to Leverage** National, Local, SOE and Private Resources, and Provincial “Own” Revenue

### 13.2.7 SITUATION ANALYSIS: BRIEF POINTS

See Detailed Evidence, Trends, Imperatives, Opportunities and Threats

#### 13.2.7.1 DEMOGRAPHIC

- **Population 2005 4.9m**: African 1.39 Coloured 2.59 Asian 0.05; White 0.9
- **Population Concentration**: Poverty amidst plenty in Cities: 90% Urbanised; 80% in Greater Cape Town Functional Region (GCTFR); 66% in Cape Town; 62.9% Youth < 30

#### 13.2.7.2 ECONOMIC

- **GDP**: 16% of SA: 2004 R212b; 2006: R232b+
  - Cape Town 12%; Cape Winelands 1.89%; Eden 1.13%
- **Growth 2004-06**: 5.3% > SA; Expect decline to 4.8% by 2008/9
- **Fixed Investment 2005**: 18% GDP-R expected to increase 9% pa.
- **Sectors 2004**: Services & Retail 40.7%; Labour Intensive Production 18.6%
- **Global Coastal City Region**, Knowledge Economy: Potential to Share
- **Unemployment**: 23.6% reducing to official <15.9% March 2006
- **Poverty**: 1 051 516 under Minimum Living Level

#### 13.2.7.3 SOCIAL

- **Poverty Trap**: Poor, Marginal, Unskilled, Health, Crime Problems
- **Social Housing Backlog <R3500 pm**: 260 000 houses

### 13.2.8 SPATIAL ANALYSIS Key Points

**Areas of Opportunity and Challenges**

#### 13.2.8.1 Regional Motors:

- **CT Metro Coastal Economy**:
  - Challenge: 8% Growth in Medium-Long-Term
  - High Need and Potential
  - VS Environmental Resource Constraints
- **Saldanah-Vredenburg**:
  - Challenge: To Enhance Output
  - Emerging industrial port,
  - Services Key Sectors: Oil & Gas, Iron Ore, Steel processing;
  - High Industrial Development Potential;
  - VS Sensitive environment: lagoon and wetlands
- **Southern Cape**:
  - Diversified Industry, Tourism, Construction
  - VS Seasonality

#### 13.2.8.2 Regional Development Corridors

- **Breede River Valley**:
  - CoC – S Cape Potential Public Road and Rail Services to decongested N2;
  - Potential Urban Development
- **Olifants River Valley**:
  - N7 Road – Rail links to North;
  - Accelerated Growth Potential: Agriculture, Tourism
  - Possible Urban Development

#### 13.2.8.3 Regional Transport Corridors

- **N1 Road – Rail to Gauteng**
- **N2/R316 Connecting agriculture and economically significant Agulhas Plain: Tourism potential**
<table>
<thead>
<tr>
<th>13.2.9</th>
<th>STRATEGIC OUTCOMES: See Action Plans and Links to Targets</th>
</tr>
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<tbody>
<tr>
<td>1. Broadening Economic Participation</td>
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<td>2. Efficient Connectivity Infrastructures</td>
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<td>3. Effective Public and non-motorised Transport</td>
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<tr>
<td>4. Liveable communities</td>
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</tr>
<tr>
<td>5. Resilient and creative communities</td>
<td></td>
</tr>
<tr>
<td>6. Greater spatial integration</td>
<td></td>
</tr>
<tr>
<td>7. A culture of tolerance and mutual respect</td>
<td></td>
</tr>
<tr>
<td>8. Effective governance institutions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.2.10</th>
<th>IGR ISSUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• IGR and Budget Alignment: National, Provincial, Local</td>
<td></td>
</tr>
<tr>
<td>• Institutional Framework: PCF as hub of cooperative governance</td>
<td></td>
</tr>
<tr>
<td>• Subs-regional planning forums and working groups</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.2.11</th>
<th>Lead Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.2.11.1</td>
<td>Path-breaking Strategies: Integrated Public Transport</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.2.11.2</th>
<th>Path-shaping Strategies:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cape Flats Renewal Project (listed as an ASGISA Project)</td>
<td></td>
</tr>
<tr>
<td>• World-Cup 2010</td>
<td></td>
</tr>
<tr>
<td>• Scarce Skills initiatives</td>
<td></td>
</tr>
<tr>
<td>• Inter-governmental initiatives</td>
<td></td>
</tr>
<tr>
<td>• Energy and water initiatives</td>
<td></td>
</tr>
<tr>
<td>• MEDS Priority Sectors: Agriculture, Aquaculture, BPO&amp;O / Call Centres, Oil and Gas, ICT and Creative Sectors</td>
<td></td>
</tr>
<tr>
<td>• PSDF Spatial Strategies (see below)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.2.11.3</th>
<th>Path-consolidating Strategies: The 9 l’Kapa Base Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• MEDS: Micro-Economic Development Strategy</td>
<td></td>
</tr>
<tr>
<td>• PSDF: Provincial Spatial Development Framework</td>
<td></td>
</tr>
<tr>
<td>• SIP: Strategic Investment Programme</td>
<td></td>
</tr>
<tr>
<td>• HCDS: Human Capital Development Strategy</td>
<td></td>
</tr>
<tr>
<td>• SCS: Social Capital Strategy</td>
<td></td>
</tr>
<tr>
<td>• SHSS: Sustainable Human Settlements Strategy</td>
<td></td>
</tr>
<tr>
<td>• SSS: Scarce Skills Strategy</td>
<td></td>
</tr>
<tr>
<td>• ILRP: Integrated Law Reform Project</td>
<td></td>
</tr>
<tr>
<td>• SDIP: Sustainable Development Implementation Plan</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.2.12</th>
<th>High Level Targets agreed with social partners include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.2.12.1</td>
<td>GROWTH</td>
</tr>
<tr>
<td>• Increase GDP-R towards 6-8%</td>
<td></td>
</tr>
<tr>
<td>• 100 000 Sustainable Jobs</td>
<td></td>
</tr>
<tr>
<td>• 120 000 EPWP Jobs</td>
<td></td>
</tr>
<tr>
<td>• 45 000 Income-earning opportunities</td>
<td></td>
</tr>
<tr>
<td>• R5b Investment in priority sectors by 2008</td>
<td></td>
</tr>
<tr>
<td>• 15 000 new Enterprises with full support &amp; supply-side measures</td>
<td></td>
</tr>
<tr>
<td>• Unemployment below 10%</td>
<td></td>
</tr>
<tr>
<td>• Diversify Economic base</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.2.12.2</th>
<th>EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduce Gini coefficient from 0.616 to below 0.55</td>
<td></td>
</tr>
<tr>
<td>• GDPR per Person in top Quartile of developing economies</td>
<td></td>
</tr>
<tr>
<td>• Reduce Crime rate 50%</td>
<td></td>
</tr>
<tr>
<td>• Reduce Segregation Index 50%</td>
<td></td>
</tr>
<tr>
<td>• MDG Targets: halve Unemployment and Poverty</td>
<td></td>
</tr>
<tr>
<td>• 50 000 kms bicycle and pedestrian network</td>
<td></td>
</tr>
</tbody>
</table>
### EMPOWERMENT

- BBBEE: 50% Government contracts
- Ownership patterns reflect demographics
- Increase Black Land Ownership 50%
- Women make up 50% of new professional FET qualifications
- BBBEE Procurement Targets

### ENVIRONMENT

- Maintain 2005 Ecological footprints
- Maintain 2005 Public Transport Dependency at 50%
- Environmental enforcement: 50% improvement in conditions
- 15% renewable energy by 2014
- 15% emission reduction from 2006 by 2010
- Reduce waste generation 50% and disposal 25%

### NATGROWTH PGDS COMMENTS

#### 13.3.1 The PGDS process can be accelerated and enhanced for more effective implementation across sectors and districts, with

- More pro-active strategic leadership
- Strengthening of the PGDS structures
- Inter-Governmental and Stakeholder Coordination

#### 13.3.2 Strategies and linkages may be more clearly articulated and integrated including

- **Sector Strategies**: Detailed MEDS Strategies to be integrated and updated in line with the PGDS, ASGISA and dti Sector Strategies
- **Spatial Strategies and RIDS**: Regional Integrated Development Strategies for balanced integrated development across regions
- **Metro and District GDS's**
- **Local IDP's and LED's**
- **World Cup 2010**
- **Lead Initiatives**:
  - **Path Breakers**: Transport may not be sufficient per se
  - **Path Shapers**: Sector Strategies may also be path breakers
  - **Path Consolidators**: may be path breakers and shapers
- **ASGISA Initiatives** such as the Cape Flats and other major Projects
- **Targets** and Timeframes
- **Projects** whether Lead, Icon, Catalytic or ongoing
- **Investment Opportunities**
- **Investment Funding**: Public and Private

#### 13.3.3 Building on Strengths and Opportunities including:

#### 13.3.3.1 Growing an Integrated Global Region with an

- **External Global Growth Strategy**
- **Internal Shared Growth and Integration Strategy**

#### 13.3.3.2 GLOBAL TOURISM MECCA MONTE CARLO FAIREST CAPE

- **Expand Markets**: Aggressive Marketing
- **Balance Capacity**: Business, MICE and Leisure Seasons
- **Expand and Integrate Facilities**
- **Competitive Integrated Packages**
- **Dramatic Partnerships**

#### 13.3.3.3 GLOBAL BOOMING PROPERTY INVESTMENT MARKET

- **Expand and Integrate Property Development**
- **Integrate with Tourism and Trade**
- **Public Sector**: Kick Start with Infrastructure
- **Private Sector will Build!**

#### 13.3.3.5 GLOBAL FINANCIAL SERVICES CENTRE

- **Global Insurance and Investment Centre**: Capitalise on Advantages
| 13.3.3.6 | GLOBAL CALL CENTRE BPO&O CENTRE: Capitalise and Integrate  
- Upscale to Capitalise on Niche Market Advantages |
| 13.3.3.7 | GLOBAL CORPORATE CAPITAL  
- Global Corporate Head-Offices: How to we build on Advantages?  
- Global Corporate Service Capital: Back-Office, Finance? |
| 13.3.3.8 | GLOBAL POLITICAL CAPITAL: Capitalise and Integrate  
- Developing – Developed World Interface: Unique Advantage  
- Developing World HQ: South, Africa, Asia, Middle-East |
| 13.3.3.9 | GLOBAL EXPERTISE: Capitalise and Integrate for All  
- Intellectual Capital: Conferences, Tourism, Research, Contracts |
| 13.3.3.10 | GLOBAL EDUCATION CENTRE...  
- World-Class Integrated Universities, FET’s, Schools? |
| 13.3.3.11 | GLOBAL HEALTH CENTRE...  
- World-Class Integrated Hospitals, Clinics, Specialists, Health Tourism? |
| 13.3.3.12 | GLOBAL RESEARCH CENTRE...  
- World-Class Institutions, Conferences, Contracts? |
| 13.3.3.14 | GLOBAL SPORTS INSTITUTIONS CENTRE...  
- Take the World by Stormers! |
| 13.3.4.1 | OTHER SECTOR OPPORTUNITIES...  
- Bio-technology to be developed  
- Oil and Gas to be developed  
- Regional Attractions and Integration to be developed  
- Manufacturing to be turned around and redirected |
| 13.3.4 | Addressing Weaknesses and Challenges including: |
| 13.3.4.1 | INEQUALITY, POVERTY, UNEMPLOYMENT AMIDST PLENTY  
- Massive High Impact Projects and Restructuring  
- Integrated Global and Local Gateway Spatial Projects  
- Integrated Sector Projects: Transport, Housing, Property, Tourism, Sport, 2010, Trade, Finance, Agriculture, Agro-Processing, ICT, BPO, Manufacturing, Services, Education, Health, Energy, Water, Other ... |
| 13.3.4.2 | SOCIO-ECONOMIC AND CULTURAL FRAGMENTATION  
- Major Integration Initiatives and Projects  
- Joint 1st and 2nd Economy Integration Projects  
- Market Expansion – Growing Middle-Income Markets  
- Big-Medium-Small Enterprise Linkages  
- Full Broad-based BEE: Equity Ownership, Enterprise Development, Procurement, Skills, Management, Employment Equity, Social Investment |
| 13.3.4.3 | GEOGRAPHIC CONCENTRATION: 80% GREATER CAPE TOWN  
- Balanced Spatial Development and Investment  
- Accelerate Integrated Global and Local Gateway Spatial Projects  
- Participative Project Planning, Implementation and Management  
- Joint National, Provincial, Metro, District and Local Projects |
| 13.3.4.4 | INFRASTRUCTURE BACKLOGS: TRANSPORT, HOUSING, SERVICES  
- Massive Public Investment Needed Across Spheres  
- Accelerate Transport, Housing, Service Delivery  
- Participative Project Planning, Implementation and Management  
- Joint National, Provincial, Metro, District and Local Projects |
### 13.3.4.5 BUDGET AND FINANCIAL STRAIN? LEVERAGE INVESTMENT
- Leverage National, Provincial, Local Infrastructure Budgets
- Leverage Private Investment & PPP’s for Expansion

### 13.3.4.6 ENVIRONMENTAL PRESSURE: WATER, ENERGY, DEGRADATION
- Sustainable Regional Resource Management
- Restructure Demand: Consumer vs Industrial
- Regionalise Water Supply: eg with Other Provinces
- Restructure Energy Supply and Demand: What is sustainable?

### 13.3.4.7 SLOW PACE: DYNAMIC ACTION NEEDED
- Get Stephen Covey’s 7 Habits of Highly Effective People
- Be Pro-Active: Take the Lead
- Begin with the End in Mind: Bold Vision and Targets

### 13.3.4.8 INTERNAL POLITICS: BOLD STRATEGIC LEADERSHIP
- All 1 Family: Joint Initiatives Structures
- Mobilise Champions in Business, Government, Social Partners
- Global and National Partnerships

### 13.4.1 Socio-Economic Background: Brief Notes
- GDP-R 2006 R232b; 2005-6: 5.7%; 2007 Forecast 5.3%
- Population 2006: 4.9m – Projected 5m by 2010
- Unemployment 2005: Official 18.9%; Expanded 22.7%
- Unemployment Declining: March 2006: Official 15.9%
- Employment 84% Formal
- Labour absorption declined to 54.3% due to new work-seekers
- Metro Share of GDP-R 77.87% 2005 due to top sectors at the coast: construction, transport, trade, financial and business services.
- Cape Winelands and West Coast slower than average.
- Infrastructure impetus
- Agriculture turnaround?
- Risks: Exports, Building Materials, Skills Shortage / Poverty

### 13.4.2 The Budget aims to Focus on ASGISA and the PGDS
- Infrastructure: Transport, Housing, Economic Projects, 2010
- Education, Health, Social Services: Access, Quality, Personnel
- Skills Development
- Sector Development
- 2nd Economy: EPWP, BBBEE, SMME’s
- Governance and Public Admin
- As Baseline Needs are +/-88% of the Budget, Efficiency of Spending is needed to contribute to the PGDS
### WESTERN CAPE BUDGET 2007/8

#### 13.4.4

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>Rm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equitable Share</td>
<td>15 118</td>
</tr>
<tr>
<td>Conditional Grants</td>
<td>3 673</td>
</tr>
<tr>
<td>Financing</td>
<td>360</td>
</tr>
<tr>
<td>National Transfers</td>
<td>19 151</td>
</tr>
<tr>
<td>Own Revenue +2%pa</td>
<td>1 612</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20 766</strong></td>
</tr>
</tbody>
</table>

#### EXPENDITURE

| Personnel       | 11 270 |
| Other current   | 3 650  |
| **Current**     | **15 920** |
| Transfers & Subsidies | 3 162  |
| GEMS, Other     | 155    |
| Capex / Infrastructure | 1 620  |
| **Total 2007/08** | **20 857** |
| **Total 2008/09** | **23 466** |
| **Total 2009/10** | **25 389** |

**Comments:** Consider a GROWTH FUND to leverage Investment eg.
- **E Cape:** Government’s R300m increased to > R1b
- **KZN:** Government’s R600m increased to > R1.5b
- **N West:** Government’s R50m increased to > R300m

#### 13.4.5

<table>
<thead>
<tr>
<th>DEPARTMENTS</th>
<th>EXPENDITURE 2007/8</th>
<th>%</th>
<th>Rm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>37.1</td>
<td>7 685</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>34.3</td>
<td>7 095</td>
<td></td>
</tr>
<tr>
<td>Social Development</td>
<td>4.3</td>
<td>892</td>
<td></td>
</tr>
<tr>
<td>SOCIAL</td>
<td>Major Funds – Integrate with Economic</td>
<td>75.7</td>
<td>15 672</td>
</tr>
<tr>
<td>Transport &amp; P Works</td>
<td>Path-breaking Projects? Capex R1 358m</td>
<td>10.7</td>
<td>2 207</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.4</td>
<td>290</td>
<td></td>
</tr>
<tr>
<td>Eco Dev &amp; Tourism</td>
<td>1.0</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>Env. &amp; Dev Planning</td>
<td>0.9</td>
<td>181</td>
<td></td>
</tr>
<tr>
<td>Culture &amp; Sport</td>
<td>2008 Budget 2010 R212m Stadia + R188</td>
<td>1.1</td>
<td>224</td>
</tr>
<tr>
<td>Community Safety</td>
<td>1.0</td>
<td>202</td>
<td></td>
</tr>
<tr>
<td>ECONOMIC</td>
<td>Effective Spending</td>
<td>16.0</td>
<td>3 318</td>
</tr>
<tr>
<td>Treasury</td>
<td>0.6</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>Premier</td>
<td>1.6</td>
<td>337</td>
<td></td>
</tr>
<tr>
<td>Loc Gov &amp; Housing</td>
<td>Path-Shaping Projects?</td>
<td>5.8</td>
<td>1 198</td>
</tr>
<tr>
<td>Parliament</td>
<td>0.3</td>
<td>57</td>
<td></td>
</tr>
<tr>
<td>GOVERN &amp; ADMIN</td>
<td>Training R248m PPP’s R44m</td>
<td>8.3</td>
<td>1 711</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100.0</td>
<td><strong>20 701</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Comments:** Social and Economic Departments can be integrated for greater budget leverage and impact. Economic Departments with small budgets can integrate initiatives with major budget areas such as Education, Health, Transport, Local Government and Housing.
13.5 Economic Profile of Western Cape

13.5.1 Growth in GDP-R appears to have exceeded 6% in the 2nd half of 2005 but declined below 4% in the first half of 2006, indicating seasonality effects. GDP-R Share in 2006 is approximately 17% of SA which could amount to +/R289b vs SA +/- R1 700b

13.5.2 W Cape GVA by Sector 2006

<table>
<thead>
<tr>
<th>Sector</th>
<th>SA</th>
<th>W CAPE</th>
<th>WC/SA*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2.7</td>
<td>3.6</td>
<td>1.34</td>
</tr>
<tr>
<td>Mining</td>
<td>7.9</td>
<td>0.5</td>
<td>0.06</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>18.2</td>
<td>16.6</td>
<td>0.91</td>
</tr>
<tr>
<td>Electricity</td>
<td>2.2</td>
<td>1.1</td>
<td>0.50</td>
</tr>
<tr>
<td>Construction</td>
<td>2.6</td>
<td>3.3</td>
<td>1.30</td>
</tr>
<tr>
<td>Trade</td>
<td>13.9</td>
<td>15.6</td>
<td>1.12</td>
</tr>
<tr>
<td>Transport</td>
<td>9.5</td>
<td>9.5</td>
<td>1.01</td>
</tr>
<tr>
<td>Finance</td>
<td>22.0</td>
<td>29.7</td>
<td>1.39</td>
</tr>
<tr>
<td>Community services</td>
<td>21.0</td>
<td>20.0</td>
<td>0.96</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

W Cape GVA by Sector 2006

Finance, Trade and Construction exceed national ratios. While Manufacturing is still substantial its share lags the national average.

13.5.3 W Cape Employment by Sector 2006

<table>
<thead>
<tr>
<th>Sector</th>
<th>Nr - 2006</th>
<th>% Share</th>
<th>CAGR '96-'06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>157,337</td>
<td>8.51%</td>
<td>-1.86%</td>
</tr>
<tr>
<td>Mining</td>
<td>3,657</td>
<td>0.20%</td>
<td>-0.44%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>296,913</td>
<td>16.06%</td>
<td>-0.72%</td>
</tr>
<tr>
<td>Electricity</td>
<td>8,927</td>
<td>0.48%</td>
<td>1.64%</td>
</tr>
<tr>
<td>Construction</td>
<td>157,009</td>
<td>8.49%</td>
<td>5.64%</td>
</tr>
<tr>
<td>Trade</td>
<td>433,624</td>
<td>23.46%</td>
<td>6.14%</td>
</tr>
<tr>
<td>Transport</td>
<td>88,274</td>
<td>4.78%</td>
<td>0.08%</td>
</tr>
<tr>
<td>Finance</td>
<td>243,969</td>
<td>13.20%</td>
<td>5.88%</td>
</tr>
<tr>
<td>Community services</td>
<td>364,105</td>
<td>19.70%</td>
<td>3.11%</td>
</tr>
<tr>
<td>Households</td>
<td>94,468</td>
<td>5.11%</td>
<td>-0.37%</td>
</tr>
<tr>
<td>Total</td>
<td>1,848,283</td>
<td>100.00%</td>
<td>2.52%</td>
</tr>
</tbody>
</table>

Trade (including Tourism-related accommodation and catering) is the largest employer at 23.46% with high growth 6.14% pa over 10 years

Finance is a significant employer at 13.2% growing at 5.88% pa

Construction has increased to 8.49% growing at 5.64% pa

Manufacturing is still a major employer at 16.06% declining -0.72% pa

Agriculture employment exceeds its share of GVA at 8.51% but is declining at -1.86% pa

Build on Strength

Build on Strength

Build on Strength

Turnaround needed

Turnaround needed
### 13.5.4 Social Indicators

<table>
<thead>
<tr>
<th>Social Indicators 2006</th>
<th>National Total</th>
<th>Western Cape</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Development Index (HDI)</td>
<td>0.61</td>
<td>0.69</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>0.64</td>
<td>0.57</td>
</tr>
<tr>
<td>Percentage of people in poverty</td>
<td>0.44</td>
<td>0.19</td>
</tr>
<tr>
<td>Poverty gap (R million)</td>
<td>37,897</td>
<td>1,474</td>
</tr>
<tr>
<td>Functional literacy: age 20+, completed grade 7 or higher</td>
<td>0.75</td>
<td>0.85</td>
</tr>
<tr>
<td>Population density (number of people per km²)</td>
<td>39.55</td>
<td>35.87</td>
</tr>
<tr>
<td>Urbanization rate (% of people living in urban areas)</td>
<td>0.56</td>
<td>0.90</td>
</tr>
<tr>
<td>EAP as % of total population</td>
<td>0.40</td>
<td>0.48</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>0.38</td>
<td>0.22</td>
</tr>
<tr>
<td>Annual per capita income (Rand, current prices)</td>
<td>25,059</td>
<td>38,463</td>
</tr>
</tbody>
</table>

W Cape exceeds national averages in many key social indicators. The notable exception is the Gini coefficient of 0.57 indicating the higher level of inequality. While W Cape is better off on average, the averages appear to be **distorted by poverty amidst plenty.**

### 13.6 Western Cape Agriculture and Agri-Business Strategy

**Dr Dirk Troskie** Specialist: Agricultural Economics, Dept. of Agriculture

**Brief summary**

#### 13.6.1 Why bother with Agriculture?
- **Agriculture** is a significant employer with **multiplier effects** on non-agricultural employment and GVA along the value chain to food which comprises some 20% of SA household consumption
- **Key areas** include deciduous fruit, table grapes and viticulture
- **Water** is a key factor; diversions to non-agricultural use cause multiple losses of income and jobs

#### 13.6.2 Challenges
- **Small Farmers** comprise the bulk of gross farm income. Only some 5% of farms exceed R5m pa which presents challenges for Agri-BEE
- **Agricultural support in SA** is amongst the **lowest at 5%** with Australia and New Zealand vs US 16%, OECD 29%, EU 33%, Japan 58% up to Switzerland with 68%  
- **Each cow in the EU** receives at least $2/day in the form of subsidies  
- **Half the world’s population** lives on less than $2/day  
- **Price / Cost Pincher:** Real PPI and Input Indexes crossed in 2004

#### 13.6.3 Efficiency: Food production
- has more than doubled in the past 30 years

#### 13.6.4 Strategy Background
- **Western Cape Agricultural summit (1996).**
  - Focus on public goods, research, environment, land reform
  - Currently outdated
- **Strategic plan for SA Agriculture (2001).**
  - Equitable access & participation
  - Global competitiveness and profitability
  - Sustainable resource management.
- **Agri Western Cape Code of Conduct (2001)**
- **The Agricultural BEE Strategy (current)**
- iKapa elihlumayo
<table>
<thead>
<tr>
<th>13.6.5</th>
<th>iKapa elihlumayo</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Building Social Capital with emphasis on Youth</td>
<td></td>
</tr>
<tr>
<td>- Building Human Capital with emphasis on Youth</td>
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<tr>
<td>- Strategic Infrastructure Plan (SIP)</td>
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<tr>
<td>- Micro Economic Development Strategy (MEDS)</td>
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<td>- Spatial Development Framework (PSDF)</td>
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<tr>
<td>- Co-Ordination and Communication (Project Consolidate)</td>
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<tr>
<td>- Improving Financial Governance</td>
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<td>- Provincialisation of Municipally Rendered Services</td>
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<thead>
<tr>
<th>13.6.6</th>
<th>Process</th>
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<tbody>
<tr>
<td>- PGD Summit – November 2003</td>
<td></td>
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<tr>
<td>- Agriculture as key sector</td>
<td></td>
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<tr>
<td>- Interim Steering Committee formed</td>
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<tr>
<td>- Plenary session of 21 April 2004</td>
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<tr>
<td>- Steering Committee (8 x 4)</td>
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<tr>
<td>- Identify 8 key themes</td>
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<thead>
<tr>
<th>13.6.7</th>
<th>Themes linked to iKapa goals (Activities per theme)</th>
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</thead>
<tbody>
<tr>
<td>- Land reform &amp; Agribbbee (19)</td>
<td></td>
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<tr>
<td>- HRD, Social &amp; Farm worker issues (4)</td>
<td></td>
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<tr>
<td>- Competitiveness, marketing &amp; market access (13)</td>
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<td>- Research &amp; Development (24)</td>
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<tr>
<td>- Extension &amp; farmer support (6)</td>
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<tr>
<td>- Physical infrastructure (12)</td>
<td></td>
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<tr>
<td>- The Natural environment, Food safety &amp; security (4)</td>
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<tr>
<td>- Institutional arrangements (8)</td>
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<tr>
<th>13.6.8</th>
<th>Capacity problems (all partners)</th>
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<tbody>
<tr>
<td>- Only 3 themes at a time</td>
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<tr>
<td>- Working groups per theme</td>
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<tr>
<td>- 10 persons per partner</td>
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<tr>
<td>- 3 Days for each theme</td>
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<tr>
<th>13.6.9</th>
<th>Working Sessions</th>
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<tbody>
<tr>
<td>- Analysis</td>
<td></td>
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<tr>
<td>- Issues</td>
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<tr>
<td>- Constraints</td>
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<td>- Threats</td>
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<td>- Opportunities</td>
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<td>- Desired results</td>
<td></td>
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<td>- Tasks</td>
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<tr>
<td>- Strategic results</td>
<td></td>
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<tr>
<td>- Specific activities</td>
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<tr>
<td>- Stakeholder responsibilities</td>
<td></td>
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<tr>
<td>- Objectively verifiable indicators</td>
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<td>- Means of verification</td>
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<tr>
<th>13.6.10</th>
<th>Strategic Results (Example)</th>
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<tbody>
<tr>
<td>- Institutional infrastructure</td>
<td></td>
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<tr>
<td>- Risk Management</td>
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<tr>
<td>- Agribusiness Investment Unit</td>
<td></td>
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<tr>
<td>- Intelligence</td>
<td></td>
</tr>
<tr>
<td>- Unified Agriculture</td>
<td></td>
</tr>
<tr>
<td>- Possible buyer of last resort</td>
<td></td>
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<tr>
<td>- Code of good practice</td>
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<tr>
<th>13.6.11</th>
<th>Process (Continued)</th>
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<tbody>
<tr>
<td>- Public launch of first draft on 23 June 2005</td>
<td></td>
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<tr>
<td>- Agreement signed:</td>
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<tr>
<td>- 12 May 2006</td>
<td></td>
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<tr>
<td>- Business breakfast</td>
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</table>
### Lessons Learned

**Co-ordination between Departments**
- Different priorities
- Authority of representatives
- Commitment
- “Turf battles”
- Cultures

- Skills levels
- Interaction between initiatives
- How to engage with local government?
- Mandating & reporting by roleplayers?

### Outcomes

- Shared direction between partners
- Shared understanding
- Possible new synergies
- Platform for further engagement

### Comments

- The process appears sound as a platform for further substantive strategic initiatives towards shared growth and development.
- While the specific themes, strategies, activities and sub-sectors of agriculture and agri-business were not discussed in detail, it appears that many of these could have significant potential for enhancing global and domestic growth in volume output and value along the value-chain.
- Marketing, market access and competitiveness
- Investment through the agribusiness investment unit
- Innovation, product development, packaging and branding
- Agribbbee, partnerships and 2nd economy integration
- The number, quality and sustainability of jobs along the value chain
- The existing Human Capital in the sector, including entrepreneurial, technical, scientific and management expertise could be leveraged towards a number of strategic objectives such as diversifying the sector in agricultural sub-sectors, agri-business, agri-tourism and non-agricultural enterprises
- Overcoming seasonality and water management challenges
- Skills transfers to broaden the base of Agribbbee

### Brief points from other documents, presentations and discussions

**MEDS: MICRO-ECONOMIC DEVELOPMENT STRATEGY**

- The MEDS Synthesis document presents background research and initiatives in the I’Kapa priority sectors (ref www.capegateway.gov.za)
- It is suggested that the Sector Strategies be integrated and updated within the PGDS to give a substantive basis for the Lead Initiatives, High Impact Projects and Investment opportunities
- It is also suggested that Sector and Spatial strategies be integrated as a guide to projects and investment initiatives within the Metro, the districts, towns and development corridors.

### District GDS’s, IDP’s and LED’s

A selection of District and Metro GDS’s, IDP’s and LED’s available appear to be aligned with the PGDS at a high level. Common issues arising...
in the discussion included the following:

- **There is substantial and varying economic potential** in the Metro, the different Districts and Municipalities which needs to maximised
- There is a need for more substantive **sector strategies, concrete projects and investment initiatives**
- There is substantial potential for projects and investment initiatives which could facilitate **integration of the 1st and 2nd economies** eg. in transport, trade, tourism, housing & mixed-use property development
- There is a need to involve **stakeholders actively in LED Forums and ongoing working groups** eg. to gain the input and buy-in of business, labour, communities & professionals
- The issue of LED as an apparent “unfunded mandate” was raised by several municipalities. The approaches to LED Funding include:
  - Alignment of LEDs to IDPs as the basis of **Budget funding**
  - Alignment of LEDs to EPWP Projects and MIG funding
  - Alignment of LED’s to National Department **Budget funding**
  - Alignment of LED’s to the PGDS and **Provincial Budgets**
  - Planning LED Projects for Private Sector Investment
- There was interest in facilitating project planning and **investment programmes** which could mobilise private sector investment

### 13.8.2 CAPE WINELANDS DISTRICT AND STELLENBOSCH

- As a central part of the **Cape Winelands** District there are a range of opportunities in the **major sectors** such as agriculture, agro-processing, agro-tourism, education, sport, research, BPO&O and financial services, as well as the human capital and expertise of some of the most successful business people in SA.
- **Kayamandi tourism precinct** is seeking funding. It was suggested that the active involvement of the private sector in the LED Forum, Working Groups and Project Planning could reposition the project as part of an **Integrated Tourism Strategy** and Route including the township in terms of its unique experiences similarly to the way **Soweto** has become a must for tourists in Gauteng.
- There was interest in facilitating project planning and **investment programmes** which could mobilise private sector investment

### 13.8.3 EDEN DISTRICT LED STRATEGY

The Eden LED Strategy in the draft IDP document presents a range of objectives and shared **growth opportunities** in the local municipalities of George, Knysna Plettenburg Bay, Mossel Bay as well as Kannaland and Hessequa and Oudtshoorn

#### 13.8.3.1 Key Strategic Areas and Sectors

- **Tourism**, **Sports, Arts and Culture**
- **Agriculture**, Forestry and Fisheries
- **Manufacturing**
- **Property** and **Construction**
- **SMME’s and the second economy**
- **Poverty Alleviation** and reduction
- **Environment, Settlement** Planning and Infrastructure
- **Human Resource** Development

#### 13.8.3.2 Strategies considered crucial for implementation include

- **Inter Governmental Relations**
- **Investment and Trade Promotion**
- **Vision, Leadership and Partnerships**
- **Communication and information**
- **Eden Economic Development Agency / Initiative**
- **Value addition**
- **Marketing Strategy**
- **Human Resource Development and Entrepreneurial Skills**
### 13.8.3.4 Key Initiating Actions:

A possible package of a dozen catalytic projects warranting immediate attention from a wide range of partners in the hope that these efforts will lift Eden’s development process onto a higher plane.

- A pilot Business Incubator as an initial kingpin in the new approach towards competitive manufacturing niches.
- Activate a “turn-around strategy” in Eden’s timber processing niche, including the furniture industry.
- Intensify cooperation with the NPA to accelerate efforts to expand Mossel Bay Harbour and other projects requiring active cooperation with the NPA and business.
- Pursue the establishment of a decentralised grid of small business information, advice and support points incorporating existing centres as well as extensions planned by the SEDA, Red Door and LBC systems and other players.
- Accelerate efforts to provide (land for) affordable housing through the release of more public land, deliberate in-fill schemes and practical steps to improve land security for informal self-housed families. These steps should illustrate the direction of a multi-dimensional housing strategy and help to mobilise further private or community efforts to broaden the process.
- Plan the suggested Eden Development Agency incorporating Mossel Bay’s planned Mosbayda initiative and other functions.
- Launch the system of Eden Development fact sheets to supplement the LED Fact File, the planned website and other media contacts, incorporating the monitoring of BEE and poverty reduction efforts.
- Establish planning and coordination secretariats for manufacturing and education and training initiatives.
- Strengthen Eden’s regional tourism development efforts through transformation of existing institutions on a solid basis.
- Establish a local training access fund to help steer and encourage an expansion of demand-focused affordable training.
- Renegotiate relationship with Wesgro and CTRU to provide greatest benefits for Eden’s international trade, tourism and investment marketing.
- Provide a high public profile and facilitate the necessary public sector support for strategic private sector mega-projects arising in the region.

### 13.8.3.5

It is suggested that the LED Sector Strategies and initiatives be reviewed to plan more specific projects to be presented to investors and at an investor conference.

### 13.8.4 CENTRAL KAROO DISTRICT GDS 2007-2022

**Thembinkosi Henge LED; Mzingisi Nkungwana Beaufort West**

**Growth Targets include**

- Reduce the unemployment rate from 36% to 25% by 2014.
- Maintain current economic growth rate of 4.2% p.a.
- An increased economic growth rate of 7% by 2014.

**Opportunities include**

- Large physical area (land available) in the District.
- Unique regional characteristics.
- Rapid increase of land prices.
- The logistical advantage - N1 road network.
- Diversifying economy.
- Better & improved access and provision of basic services.
- Potential of global branding - “Karoo Lamb” brand name.
Increase in the demand for semi skilled artisans.

**Economic Development Challenges** include
1. Limited economic activity within settlement area’s.
2. Slow pace of land reform delivery.
4. Economic leakages.
5. Lack of investment attraction potential.

**Social Development Challenges** include
1. High rate of unemployment & growing number market entrants.
2. Growing number of HH living in poverty.
3. High level of illiteracy amongst adults.
4. Skew & unequal distribution of income.
5. Growing occurrence of drug-related crimes.
7. Dependency on social grants.
8. High level of substance abuse

**Strategic Infrastructure Development Challenges**
1. Insufficient water supply.
2. Intra-district disparities.
3. Lack emergency infrastructure
4. Inadequate provision of basic services.
5. Lack of appropriate housing for various income groups.
6. Poor road maintenance within the towns.

**Spatial Development Challenges**
1. Large & vast spatial area which the district covers.
2. Segregated settlement planning.
3. Desertification of the natural area.
4. Lack of natural resources – especially water.

**Key Priority Areas**

<table>
<thead>
<tr>
<th>N1 Realignment</th>
<th>Cold Storage Facility</th>
<th>Wind-Power Generation</th>
<th>Uranium Mining</th>
<th>Water-Demand-Management Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desert Knowledge, R&amp;D Hub</td>
<td>Hydroponics</td>
<td>Economic Development Agency</td>
<td>GAP housing</td>
<td>Gateway Development</td>
</tr>
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</table>

**Way Forward**
✓ Feasibility Studies and Business planning.
✓ Resource Mobilisation.
✓ Refining targets to address economic challenges.

It is suggested that the GDS and LED Strategies be reviewed to plan projects for potential investment initiatives.

13.8.5 **WEST COAST DISTRICT AND SALDANHA BAY**
- West Coast presents significant opportunities in oil and gas, energy, tourism and further development as an industrial port
- **Challenges** include the sensitivity of the coastal environment
- It is suggested that the IPD and LED Strategies be reviewed to plan projects and an investment initiatives

13.8.6 **OVERBERG DISTRICT:**
- Delegates unable to attend
- It is suggested that the IPD and LED Strategies be reviewed to plan projects and investment initiatives
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
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</table>
| **13.8.7** | **CITY OF CAPE TOWN:** Delegates unable to attend  
- It is suggested that the IPD and LED Strategies be reviewed to plan and package projects and investment initiatives |
| **13.9** | **BUSINESS DEVELOPMENT AND FINANCING SERVICES**  
Peter Ross and Zachias Nyoni ActivPro Business Solutions  
- A wide range of business development and financing institutions was presented – see detailed presentation  
- It was considered in discussion that greater marketing and coordination between the various institutions and service providers could increase their impact with greater benefits for SMME’s |
| **13.10** | **ENTERPRISE DEVELOPMENT CENTRE INITIATIVES**  
Gerrit Davids Enterprise Development Centre  
- Similar issues were discussed as above  
- Opportunities for the future include the power of mobile phones as a method of communication and service provision |
| **13.11** | **BUSINESS PARTNERS FINANCING**  
Anton Roelofse COO W & E Cape and Nikita Mfenyana COO Tourism Fund  
- Business Partners range of SMME Financing products and services was presented including Private Equity Risk Financing, Loans, the Khula Business Partners Youth Fund and the New Tourism Fund – see detailed presentation and North West programme above.  
- The concept of **Private Equity** was clarified which involves sharing risk on entry and sharing rewards on exit at market value, unlike loans where the risks and rewards are not shared but access may be limited by a lack of collateral security.  
- It was considered on discussion that Business Partners could benefit by adapting its **communication strategies** more actively towards its emerging target markets. |
| **13.12** | **COMMUNITY EXCHANGE PROJECTS**  
Rudayba Khan SANE: SA New Economics Network  
- An innovative programme was described in which poor communities can exchange products and services and build up capital separately from and in parallel with the normal Rand currency  
- There was great interest in this programme amongst delegates involved in community development. |
| **DELEGATE COMMENTS AND FOLLOW-UP** |
| **13.13** | **LAND BANK CORPORATE FINANCE:** Kiyaam Bekko, Eunice Maseogane, Andile Mfihlo, Jacqui Ntjana, Gabriel Rousseau  
- **Land Bank** is a major development finance institution focusing on agriculture and agro-processing  
- It was considered beneficial to strengthen communications with the district and local municipalities to broaden the market for agricultural financing and development |
| **13.14** | **ESKOM TRAINING AND DEVELOPMENT**  
Nombongo Maqasho, Mbongi Yedwa  
- To follow-up on SMME Development, BBBEE and Training |
| **13.15** | **TNT Properties and Construction**  
Thozama Tongo  
- To follow-up on Property Development and Investment |
| **13.16** | **Industrial Flooring Systems**  
Rory Heath  
- To follow-up on BBBEE initiatives |
| **13.17** | **ABSA Corporate and Business Bank**  
Grant Abrahams Specialist Consultant 2010 and Tourism  
- To follow-up on future programmes and investment initiatives |
| **13.18** | **Impi Business Consultants**  
Nolan Arendse  
- To follow-up on LED initiatives |
14. EXECUTIVE SUMMARY (See presentations for further details)

14.1.1 The National and Provincial Economies indicate mixed progress in 2006 towards ASGISA targets with Growth on track towards 4.5% average to 2009 and 6% from 2010-2014. Unemployment is not keeping pace due to a growing labour force (Ref Global Insight, Stats SA, ASGISA Report, Gauteng Provincial Economic Review & Outlook):
- **Increasing Growth**: Gauteng 6.1%; National 5.1%.
- **Increasing Employment**: Gauteng 4.0m; National 12.8m: an increase of 1.2m since 2005.
- **Lower National Unemployment** rates: Official 25.5%, Broad 37.3%
- **National Official Unemployed increased from 4.1 to 4.4m** but broad unemployed **decreased from 8.1 to 7.6m**.
- **Gauteng Official Unemployment increased from 22.8 to 23.2%** - over 1m people, and **Broad from 31.9 to 32.5%** - over 1.64m people.
- **The SA labour force is increasing** by 1.5m from 15.7m to 17.2m due to the entry of youth, women and migrants into the labour market, particularly in Gauteng and W Cape, and fewer discouraged work-seekers: decreasing from 4.0 to 3.2m.
- **A shortfall of 1-2m jobs** is indicated in the ASGISA 2006 Report.
- **More ambitious targets and decisive initiatives** are thus needed for job creation, including Industry and Sector Initiatives, BBBEE, SMME development and integration of the second economy.

14.1.2 The programme covered strategic initiatives, expansion and employment projects and investment in a number of sectors and regions including:
- **Automotive, Components and Manufacturing**: AIDC expansion
- **Jewellery Council** expansion and skills development
- **The Innovation Hub** expansion and skills development
- **Creative and Cultural** expansion and skills development
- **Gauteng Public Transport**, Roads and Infrastructure projects including integrated public transport projects towards 2010
- **Tourism and 2010** Preparations including Transport, Accommodation, Shopping and Trading Tourism
- **Financial Services**: Skills Development, BBBEE and Funding by Khula, with representatives from ABSA, NEF and Liberty
- **Local Government** Support and Financing by DBSA
- **Property Development**: Major Township Shopping Centres and Trading facilities for Informal Sector Traders and Hawkers
- **Second Economy Integration** including expansion of Khula SMME Financing, Integrated Housing, Property Development and Trade
- **Skills Development** for Artisans, Graduates and School-leavers
- **Gauteng Human Resource Planning and Development Agency** coordination of skills development from schools to employment
- **Ekurhuleni Economic Development** initiatives and working groups
- **Midvaal / Sedibeng LED** initiatives and working groups
- **Agriculture and agro-processing** initiatives
- **BBBEE Expansion** of procurement and enterprise development
- **Mining industry** BBBEE procurement and enterprise development
- **Proudly South African** expansion and support initiatives
- **The Global City Region (GCR)** is a framework for Gauteng regional integration, competitiveness and intergovernmental coordination

14.1.3 The Global Shared Growth and Investment Region is an extension of this framework for South Africa, SADC and Africa emerging from Natgrowth programmes in the different regions indicating Multiple linkages, gateways, investment and integration opportunities between regions and the first and second economies. See Summary Models P7-10.

14.1.4 Future Programmes will focus on Facilitating Projects, Investment and Working Groups. Natgrowth is serving as Investment Advisors and Strategic Partners on a number of exciting initiatives

14.1.5 Main points for follow-up only are summarised below. For further information, please see detailed presentations.
<table>
<thead>
<tr>
<th>Day 1</th>
<th>ASGISA STRATEGIES AND PROJECTS</th>
</tr>
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</table>
| 14.2  | Local Government Challenges and Initiatives  
Qedani Dorothy Mahlangu MEC Local Government  
(Brief own summary of MEC’s speech) |
| 14.2.1 | Infrastructure Initiatives including basic services, water, sanitation and roads are delayed by a **shortage of specific artisan skills and staff** with +/- 34% vacancy rates eg. heavy current electricians, water service people and plumbers, welders, process controllers millwrights, carpenters, bricklayers, painters, mechanics, machine operators and drivers |
| 14.2.2 | Local Government Staff and Skills Challenges include  
- More effective **Learnerships** now aligned with new needs and challenges, with a combination of comprehensive training and work experience more along the lines of previous apprenticeships  
- **Curriculum Content, Certification and Quality Control** need to be improved with better quality lecturers and management  
- **Supervision and coaching** need improvement  
- All but 2 Municipal Training Centres were discontinued  
- Transformation with quality: **1600 candidates require more partners**  
- **Date bases are required** of artisans, supervisors, partners etc  
- **More effective Performance Management** at all levels starting with leadership to develop a better work ethic and culture  
- **Staff Budget shortages** due to limited revenue and National Treasury budget guidelines of only 37% on personnel, although increasing staff are required to operate and maintain infrastructure  
- **Low Salary scales**  
- **Loss of Staff to the Private Sector** due to the construction boom |
| 14.2.3 | Potential Solutions to the Skills and Staffing Shortage include:  
- The Local Government SETA needs to deal with these challenges  
- Specific needs to be defined  
- Re-open 18 Municipal Training Centres  
- Local Government needs be made into an **attractive choice** with an awareness campaign on job & career advancement opportunities  
- **Salary scales** to be reviewed in terms of the Single Public Service  
- Incentives and rebates for **apprenticeships needed** |
| 14.2.4 | An integrated approach is needed to Local Government  
- dti and other national and provincial departments need to assist with Local Economic Development  
- **Regulations and expectations** of national and provincial departments need to be reviewed eg. excessive reports required  
- **Collaboration and Joint efforts are required**  
- National Treasury is to report on the above requirements  
- **SOE facilities** are limited in certain areas eg. Energy and Telecoms  
- **Recreational Parks and facilities** need to be planned for |
| 14.2.5 | Access to Land (Response to question by Cllr Madubedube, Midvaal)  
- Access to land is limited by physical constraints (eg. dolomite), poor planning, stressed infrastructure and private ownership.  
- **Developers** are now required to integrate poor areas and provide mixed-income integrated housing such as in Cosmo City, Chief Albert Luthuli Development and rental schemes in Joburg.  
- There is government land in poor areas which could be accessed  
- If all else fails, **expropriation** is an option  
- **Natgrowth Comment:** Joint Public Private Projects should be pursued more pro-actively as a win-win solution |
| 14.2.6 | Developing a Work Ethic (Response to question by Leonie Hall, Interakt)  
- Batho Pele principles should be followed  
- **Performance management** is needed at all levels  
- **Natgrowth Comment:** Leadership should be the role models with pro-active strategies and participation to motivate and gain buy-in for a more performance-oriented and committed culture, as demonstrated by change management processes in many organisations |
14.3 Local Government Support and Financing

DBSA

Bethuel Netshiswinzhe
Regional Manager, Patrick Ntsime, Shaheeda Sechel, Motsama Senyakoe

14.3.1 DBSA has a balance sheet of R30b with access to major funding for Infrastructure Projects – and yet has a shortage of projects!

14.3.2 DBSA’s Single Goal is to improve the quality of life of as many people as possible as a state-owned development finance institution. Its 5 Strategic Objectives towards this goal are:

- Co-delivery and financing Infrastructure development
- Capacity Development
- Broad-based Growth and Job Creation
- A Centre of Excellence for Knowledge management
- Internal Financial Sustainability

14.3.3 DBSA Focus areas include:
- Hard Infrastructure Development in SA and partly in SADC
- Human Resource Development as a secondary support focus eg. The Siyenze Manje initiative to support local government with scarce skills by secondment of experts and skills transfers
- DBSA Development Foundation Grants for Infrastructure Planning and Feasibility Studies
- Soft Social and Economic Infrastructure
- Regional Economic Infrastructure and Integration
- Private Sector Participation
- Broad-based Wealth and Job Creation serving the poor
- Knowledge mobilisation, management and sharing

14.3.4 Social and Economic Infrastructure have been neglected.
- A Social Accounting Matrix (SAM) is used with 12 focus areas eg.
- Employment Multipliers indicating the number of jobs created per R1m investment eg. Agriculture is first with 18 jobs, followed by residential property, education and tourism.
- GDP Multiplier per Sector eg. Tourism has the highest multiplier

14.3.5 Products and Services include:
- Investment Loans
- Debt at favourable interest rates
- Soft Loans at 5% interest: R2b available for Targeted Infrastructure Programme (TIP)
- Guarantees
- Equity through third party managed funds
- BBBEE Financing
- Public-Private Partnerships (PPP’s)
- Technical Assistance grants for
- Project planning and preparation
- Advisory Services
- Knowledge projects
- Capacity Building: Development Fund Assistance eg. Siyenza Manje

14.3.6 The Value Proposition includes the focus on:
- Partnership
- Technical assistance
- Long-term view
- Integration of Financing and Capacity
- Catalytic role – facilitating private sector participation and co-funding

14.3.7 Lending Criteria include:
- Sound borrower
- Sound project fundamentals
- Predictable regulatory framework
- Achievable plans
- Financial modelling for repayment

14.3.8 Municipalities Big Challenges:
- New Quality Services and Infrastructure
- Maintenance and operation of infrastructure
- Aiming to Invest R20b in 2007!

14.3.9 DBSA Forward Plans include:
- Supporting Provincial and District Growth and Development Strategies, eg. assisting in the packaging of projects
- 2010 Infrastructure
• Eliminating Infrastructure Backlogs
• Urban Renewal Projects
• Township Development
• Sustainable Communities
• Growth Funds – mobilising private sector investment

14.3.10 Conclusions
• Targeting maximum impact
• Cooperation and integration
• Integrated asset management, maintenance and operations
• Affordability of services for households

14.3.11 Questions and Answers:
• Development Impact Indicators (Dr Paddy Padayachee GHRPDA) include: the SAM Matrix, UN Models and M&E Unit assessments
• Funding for Poor Municipalities (Cllr. Madubedube, Midvaal): includes Planning Grants, Siyenza Manje assistance and TIP soft loans. These should be followed up by Midvaal and DBSA.
• National Treasury and MFMA Compliance issues (Artie Phatlane, Natgrowth): A strategy is needed to assist municipalities including:
  • Financial Management and Revenue collection systems
  • Joint Task Teams including business and service providers

14.4 Economic Profiles, Global Insight Henk Gnade (Adapted)
• Gauteng is a major driver of the SA Economy, with 37% of SA GDP, 31% of Employment and 19% of the SA Population
• Major Growing Sectors in SA and Gauteng include Finance, Trade and Manufacturing. Community / Government Services is large but growing modestly while Construction is smaller but growing >10% pa.
• Trade and Construction employ relatively more people than their GDP share while Finance and Manufacturing employ relatively fewer

<table>
<thead>
<tr>
<th>2006SECTOR GDP</th>
<th>Joburg</th>
<th>Tshwane</th>
<th>Ekurhuleni</th>
<th>Gauteng</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.1%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Mining</td>
<td>1.1%</td>
<td>0.4%</td>
<td>1.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>14.6%</td>
<td>13.9%</td>
<td>25.9%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Electricity</td>
<td>1.5%</td>
<td>1.8%</td>
<td>1.4%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Construction</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.7%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Trade</td>
<td>17.3%</td>
<td>14.1%</td>
<td>14.2%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Transport</td>
<td>9.9%</td>
<td>14.8%</td>
<td>13.7%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Finance</td>
<td>35.2%</td>
<td>26.8%</td>
<td>24.6%</td>
<td>29.5%</td>
</tr>
<tr>
<td>Government/Community</td>
<td>17.8%</td>
<td>25.4%</td>
<td>15.1%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
14.5 Economic Outlook, Chris Hart ABSA (now Investment Solutions)

14.5.1 Structural changes in the economy have improved the baseline on key indicators such as growth, inflation, interest and exchange rates.

14.5.2 Cyclical variations may occur around these more favourable baselines eg. forecasts may indicate a temporary decline in growth to a baseline of 4.5%, inflation peaking at 6.5%, prime interest rates at 14% etc.

14.5.3 Investment spending is taking over from consumption spending as the driver of growth eg. commercial and industrial property and vehicles are replacing the growth in residential property and personal vehicles.

14.5.4 Africa except Zimbabwe is showing trends of increasing growth as a reward for reduced risk: lower inflation and improved economic management eg. Mozambique, Zambia and Angola with 15.2% Growth.

14.5.5 South Africa post-apartheid is the biggest investor in Africa contributing significantly to regional economic integration and diversification.

14.5.6 The Commodity Boom is set to continue for 10-20 years driven by the ongoing growth and demand in China and India with 2 billion people.

14.5.7 The next wave should be increasing FDI in an attractive Growth Region.

14.5.8 The current account deficit is huge (+/-7% of GDP) indicating:

- The shortage of economic capacity to finance infrastructure investment and to absorb the growing market.
- As domestic savings are low, imports are financed by foreign funds, which could switch from Loans to FDI.
- The need to remove obstacles to infrastructure which adds capacity to do business, such as red tape and limited thinking eg.
- Traffic congestion indicates the need for more roads and transport – not less transport!

14.5.9 The developmental state is adding new markets and opportunities eg.

- The first economy is now 10-20m people and growing.
- The second economy is now 8-10m people and moving up.
- The “third” or non-economy of +/-12-20m people are receiving social grants which should assist them to generate income and move into the mainstream.
- Booming African tourism presents new opportunities such as shopping tourism and educational tourism.
- Excellence vs shortages: eg Healthcare: the answer is not to compromise quality, but to increase capacity and incomes.

DAY 2 ASGISA SECTOR STRATEGIES AND PROJECTS

14.6 The July Cabinet Lekgotla approved the National Industrial Policy Framework (NIPF) and key Sectors with further plans due:

- Competition policy and pricing of key inputs such as steel, energy and telecommunications,
- Increasing Tradeable Exports and Competitiveness
- Reducing regulatory bottlenecks
- Detailed Sector Strategies and Incentives for growth, exports and job creation in 12 Priority Sectors including the following:
  - Initial 3 ASGISA Priority Sectors:
    - Tourism: towards 10m tourists and over 12% of GDP
    - BPO&O: Business Process Outsourcing & Offshoring
    - Bio-fuels: Cabinet approval expected for 4.5% blend & incentives
  - 4 Lead Sectors:
    - Capital / Transport Goods, Minerals and Metals Beneficiation
    - Auto Industry and Components: new MIDP expected with production incentives, job creation and affordability requirements
    - Chemicals, Plastics and Pharmaceuticals;
    - Forestry Products, Pulp, Paper and Furniture;
  - Other Sectors:
    - Agriculture and Agro-processing;
    - Clothing & Textiles
    - Creative Industries
    - Mass-market White Goods

Detailed Strategies and targeted incentives are awaited subject to National Treasury. Natgrowth favours robust sector strategies as key for growth, job creation, competitive pricing and deregulation.
14.7 **Proudly SA, Dalene du Preez, Marketing and Communications Executive**

14.7.1 **Proudly SA (PSA)** is expanding its marketing and support services across a wider range of public and private sector organisations, including small business which currently make up +/- 70% of its membership of +/- 1700.

14.7.2 **PSA has the support** of all Nedlac social partners and parliament. Its main aims currently include the Buy Local Campaign, Job Creation, enhancing brand awareness and value, and expanding its membership and funding.

14.7.3 **PSA is seeking government funding** and cooperation with other marketing and support agencies in order to extend its reach and impact. The following suggestions were made for follow-up towards these aims:

- **As an official SA marketing agency, PSA should have substantial official government funding** and not be reliant only on sponsorships and membership fees which tend to be uncertain and limited.
- **This would enable PSA to broaden the base** of its coverage and to expand its services to support business growth and job creation.
- **PSA should be fully aligned** and coordinated with other marketing and support agencies such as the International Marketing Council (IMC), SA Tourism, Trade and Investment South Africa (TISA) its, provincial counterparts and various Chambers of Commerce.
- **PSA should also be aligned** and coordinated with other growth and job creation initiatives such as ASGISA, National Departments such as the dti, Provincial Economic Development and Investment Agencies, Local Economic Development and Business initiatives.
- **Coordination would enable PSA to broaden its reach and impact** beyond the buy-local campaign to include Africa and Global markets.
- **Natgrowth** has invited cooperation with **PSA** to assist in facilitating the above initiatives.

14.8 **Gauteng Infrastructure and Transport Projects towards 2010**

14.8.1 **Dept of Public Transport, Roads and Works, Sipho Mbele obo Sibusiso Buthelezi HOD, Nomfundo Bembe, Chief Director**

14.8.1 The Gauteng **Infrastructure Summit** identified the need for maximum coordination and integration in order to deliver sustainable, efficient and targeted infrastructure. Such infrastructure includes much needed

- **Roads and rail transport, freight and logistics** as well as
- **Socio-economic infrastructure**, including hospitals, clinics, stadia and facilities in conservation areas across Gauteng.

14.8.2 **The Department aims** to establish a **single integrated transport network** and system including all modes, offering accessible, safe, affordable and customer-orientated services, so that public transport can become the mode of choice. **Initiatives Integrating BBBEE and EPWP include:**

14.8.3 **Better Roads Plan**

- **Targets in terms of job creation** for vulnerable groups: 40% to women, 30% to youth and 2% to people with disabilities.
- **Increasing the size of labour intensive, roads-related projects and programmes.**
- **More large scale projects** and programmes with a minimum value of R30 million in terms of capital expenditure.
- **Unemployed participants in EPWP** will be provided with additional accredited and non-accredited training during the road, construction, gravelling and re-surfacing projects in the 20 identified townships.
### 14.8.4 2010 Transport Projects

<table>
<thead>
<tr>
<th><strong>Road Upgrades</strong></th>
<th>K29, R24, R21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interchanges</strong></td>
<td>- Interprovincial at JHB and Tshwane Central, ORTIA and Lanseria</td>
</tr>
<tr>
<td></td>
<td>- Inter-City at JHB and Tshwane Central, ORTIA, Lanseria, Midrand (Gautrain Station), Sandton (Gautrain Station), JHB North West (Northgate), Brakpan/Benoni, Germiston, Vereeniging, Krugersdorp</td>
</tr>
<tr>
<td><strong>Airports Landside</strong></td>
<td>Develop landside strategy including service and infrastructure design and operational plan, information and pilot ops of services</td>
</tr>
<tr>
<td><strong>Public Transport Services</strong></td>
<td>Quantify demand, plan and provide scheduled bus services from and to airports, and between cities and provinces, and coordinate rail services</td>
</tr>
<tr>
<td><strong>OLS’s &amp; accreditation</strong></td>
<td>Develop a provincial operating licensing and accreditation strategy for bus, mini-bus and metered taxis with participation from LA’s and operators</td>
</tr>
<tr>
<td><strong>Vehicle acquisition</strong></td>
<td>Coordination between transport agencies and municipalities to develop a strategy to provide a sufficient number of quality vehicles additional to the current operating fleet, and qualified operating staff additional to the current levels within a strategy that ensures post-2010 industry sustainability</td>
</tr>
<tr>
<td><strong>Transport Info</strong></td>
<td>Develop, in close collaboration with all stakeholders, a provincial transport information strategy, which would provide information on public transport and travel demand measures, including marketing and promoting the above on a provincial level. The formation of an ITS Task team to ensure an integrated and inter-operable system is imperative</td>
</tr>
<tr>
<td><strong>Navigation &amp; info signage</strong></td>
<td>In consultation with the LOC, plan and provide signage on provincial routes, and liaise with NDOT, SANRAL and Municipalities to ensure a uniform approach is taken across the province for the provision of signage</td>
</tr>
<tr>
<td><strong>Travel Demand Management</strong></td>
<td>Create a TDM Task Team to develop and implement a TDM strategy for Gauteng</td>
</tr>
<tr>
<td><strong>Integrated ticketing</strong></td>
<td>Create a Ticketing Task Team to develop a ticketing strategy, in liaison with the LOC and FIFA, which, if not feasible to be fully integrated and electronic by 2010, will at least form the basis of a fully integrated and electronic ticketing system for the province as soon as possible after the 2010 Soccer World Cup</td>
</tr>
</tbody>
</table>

### 14.8.5 Freeway Improvement Scheme

**OBJECTIVE:** Provide a safe & reliable strategic road network by
- Optimising movement of freight & passengers
- Managing congestion
- Promoting public transport

**PRINCIPLES**
- User pay principle
- Ensure acceptable level of service
- Promote public transport through cross-subsidization of infrastructure
- State toll roads – affordability for users
- Full electronic tolling
- Joint initiative by all authorities
- Revenue to fund
  - Operation & maintenance
  - Promotion of public transport
  - Future expansion of scheme

**Initial construction works (ICW)**
- **Existing Freeways:** N1, N3, N12, N14, R21, R24
- **New Freeways:** N17 (Soweto), PWV9 (N1 – N14), PWV5 (PWV9 – R21), PWV14
### 14.8.6 Top 20 Townships Roads Maintenance Project
- **TOP20:** SOSHANGUVE ATTERIDGEVILLE MAMELODI MUNSI birthday SOWETO SEBOKENG RATANDA BOIPATONG BOPELONG SHARPDALL EYTON DUDUZA THEMBA KAGISO THOKOZA KATELEHONG MOHLAKENG WATTVILLE KWATHIHSA TSHEMA
- The intention is for Gauteng to invest **R3 billion** in 20 major townships including **taxi and bus ranks** and in particular ensure that all roads in these townships are **tarred by 2009** and that each area has a vibrant **commercial and transport hub**.
- The focus has been on **upgrading of roads** in existing townships, using emerging CIDB level 1-4 contractors within the context of the Expanded Public Works Programme.

### 14.8.7 Strategic Public Transport Network
- Routes to be served by the **appropriate mode** for the demand – this means standard and articulated **buses on corridors >3 000 peak passengers** and **rail on corridors >25 000/30 000 peak passengers**.
- Concentration of passengers on **trunk routes** with **feeder and distribution services** to/from these routes – trunk routes provided by higher volume vehicles, **feeders provided by lower volume vehicles**.
- Public transport to be given **priority** through exclusive rights of way and priority measures – need to maximize speed, minimize travel time.
- Public transport to be provided with **high quality vehicles** and service.
- **SPTN** to be operated as an **integrated network** – integrated timetables, fares and ticketing, and image.
- **IPTN:** Integrated Passenger Transport Network priority from 2007, integrated in terms of infrastructure, finance and subsidies, operations, regulation, empowerment as well as 2010, GCR, Gauteng Spatial Development Perspective and National Land Transport Transition Act.
- **Integration** is taking place through planning of infrastructure to
  - Provide effective **operational integration across modes** through appropriate interchanges and facilities;
  - Manage passenger transport travel demand through technological innovation such as ITS measures.

### 14.8.8 Institutional Changes to support Public Transport
- **Urban Transport Board and GTTE**
  - The Urban Transport Board has recently been established to deal with **financially related transport matters**. The aim is for the UTB to be the oversight structure fro the Gauteng **Transport Trading Entity**, which currently deals with two major initiatives namely I3S and the number plating system, both of which are multi-million Rand projects.
  - **Proposed Gauteng Transport Management Authority**
    - Within the context of the identified need for an integrated, sustainable provincial-wide transport management system, there is a need to establish the correct institutional framework that will be able to drive and manage this task. The intention of this proposed institutional structure is to plan, coordinate and facilitate transportation functions within the provincial context and as determined in the relevant legislation. This process is in the consultation phase and is estimated to be established by mid 2007.
    - “**Wealth cannot build roads, But roads can build wealth**” JF Kennedy

### 14.8.9 Comments for follow-up:
- **Stakeholder Working Groups, Communication** and consultation including taxis to be expanded to gain vital inputs and build confidence.
- **Subsidy System to include taxis** which currently provide the backbone of public transport. **While buses** enjoyed subsidies over many years, taxis have had to barely survive on low cost fares.
- **Fair taxi subsidies would** accelerate the taxi recap process, reduce the pressure to generate revenue at rush hour, provide for maintenance, electronic ticketing and monitoring.
### 14.9 Automotive Industry Development Centre (AIDC), Dr Paulo Fernandes MD (Own summary and reference to NAAMSA Paper & Quarterly Review)

#### 14.9.1 AIDC

AIDC was set up by Gauteng Provincial Government as a Blue IQ initiative to support the development of the auto and component industries, currently servicing the growth of the industries in Gauteng, Eastern Cape and KZN.

#### 14.9.2 The Auto industry has its more than doubled production over the past few years to over 600 000 vehicles in 2006 due to factors such as

- The **Motor Industry Development Programme** (MIDP) allowing rebates on import tariffs against exports
- **Integration within Multi-national Global Supply Chains** post apartheid, eg. Daimler, BMW, VW, Toyota, Ford and GM
- Growth in the production of **Platinum Catalytic Converters** with increasing global demand and SA’s major source of supply
- **Improvements** in productivity, technology, economies of scale, local content supplies and logistics

#### 14.9.3 The new MIDP has been delayed to later this year with some uncertainty about long-term commitments. The common goal is to increase the size of the industry to 1.2m vehicles, as a Lead Sector. Issues under negotiation between the industry, dti, National Treasury and other role-players include

- **Production incentives** are likely to replace tariff rebates to comply with the World Trade Organisation (WTO).
- **Growth and incentives (+/-R55b over the past few years)** should result in benefits such as increasing
- **Job creation**, which has been static or negative due to automation
- **Affordability of local vehicles** due to economies of scale: there is substantial scope for price reduction and market expansion
- **Expansion of local content**, suppliers and smme’s:

#### 14.9.4 AIDC Opportunities discussed include auto, aviation and other manufacturing in Ekurhuleni, North West and Mpumalanga.

**Challenges** include the facilitating the new MIDP and its benefits, local suppliers, and improving the bottleneched logistics system

### 14.10 Jewellery Council of SA Initiatives, Lourens Maré CEO (Own summary)

#### 14.10.1 Current successful initiatives to promote the jewellery industry include

- **International Jewellery Confederation (CIBJO) Congress**
- **Fair Trade Jewellery** international project with SMME & HDI linkages
- **Jewellery Council Design Competition**
- **Jewellex** and other trade exhibitions
- **Gold Credit Facility** for emerging jewellers
- **Facilitation of marketing** to major distributors
- **Regional Structures** support services

#### 14.10.2 Opportunities for follow-up include

- **Expansion** of initiatives nationally and in different provinces,
- **Joint marketing** in broader national and international markets,
- **Joint ventures** with international designers and distributors,
- **Tourism and 2010** opportunities to showcase and expand the sector
- **Further BBBEE, SMME and Skills development**

### 14.11 Creating a Smart Province – Science Parks as a Catalyst for Economic Growth, The Innovation Hub Dr Neville Comins CEO

#### 14.11.1 The Innovation Hub was set up as a Blue IQ project to facilitate “Creating a Smart Province” to grow the knowledge economy, ICT and other sectors.

#### 14.11.2 The Hub was the first African member of the International Association of Science Parks. **Key elements** include: incubation, technology transfer, business clusters, networking, high quality space and services, industry and educational interfaces.

#### 14.11.3 Target industries include: ICT, Electronics, Life Sciences, Biotechnology, Advanced Materials & Manufacturing, Energy & Sustainable Environment. **Typical innovations** which have become successful businesses include:

- **Experton Cellpower**: Using Cellphones for prepaid electricity overcomes problems at pay points such as congestion, transport and security
  - **Active consumers**: 110 000; 111 Vendors at March 2006
  - **Sales** March 2006 R2.5m; July 05 – March 06: R14.5m
  - **Cellphone vending is here to stay**
**14.11.5 Jabula Projects:** A Mobile High Speed Visual Information Audit System creates maps with videos in all areas of the country including rural areas where addresses are created. **Benefits**
- **Municipalities** for proper statistics and IDP’s,
- **Residents** for accessing government, financial and other services
- **Investors** businesses development and risk management

**14.11.6 Contributions to ASGISA:** Growth, Education and Skills. Eliminating the 2nd economy: SMME Development, Satellite pre-incubators, Job creation, deployment of technology solutions

**14.11.7 The Innovation Hub as Key Note to stimulate development:**
- Rapid resident uptake (75 companies on site) employing over 900
  - Established Maxum incubator with 36 companies since 2001
  - Over 200 new sustainable jobs created
  - Pre-incubators WITS (JCSE) and under discussion with TUT
  - SAPPI’s Technology Centre for Africa fully operational
  - BIGEN AFRICA Centre just completed
  - Planning for Cisco Technology Centre and SAP/Meraka R&D Centre in progress

INNOV8 Community Network - >5000 members
- **Corporate Partners** for 2007 include Cisco, MTN, Epi-Use, Standard Bank and The Resilience Company
- **Academic Partners** include University of Pretoria, Tshwane University of Technology and UNISA
- **Construction** phases generated about 2000 temporary jobs

**14.11.8 The Future:**
- Continuing to grow vibrant and innovative business clusters
- Further establishing The Innovation Hub as an internationally known Science Park to extend FDI
  - Bringing the IASP World Conference to Gauteng in 2008
- Improving the link between our R&D and business with new mechanisms of technology transfer and co-operation
  - Ensuring The Hub becomes the core of a growing and networked smart industry community, spreading across Gauteng capable of both economic and social impact
  - Keeping our ‘smart youth’ to contribute to SA development
- Supporting the Global City Region to become a competitive world player in this Knowledge Economy Age

**14.11.9 Opportunities for follow-up include**
- **Roll-out links** to AIDC, SEDA, Ekurhuleni and other Municipalities for advanced manufacturing, ICT and SMME development
- **Education and Skills** development links to the schools and SETAS
- **Online innovation**, networking and incubation communities
- **Alignment with ASGISA priority sectors and targets**

**14.12 Tourism Towards 2010, DEAT, Boichoko Seane Assistant Director**

**14.12.1 The goals** of the 2010 Tourism Organising Plan are in line with the broader objectives for the event and the growth and competitiveness of tourism:
- **Maximise Value During the Event**
  - Contribute to hosting a successful FIFA World Cup™ in 2010
  - Maximise tourism value from the event
  - Enable other African countries to benefit from the event
- **Maximise Value After the Event**
  - Maximise branding South Africa as a tourism destination
  - Have a positive impact on social legacy through advancing the tourism competitiveness agenda to support objectives of creating jobs, growth and equity

**14.12.2 Tourism-related opportunities**
- **Increase in tourism-related arrivals**
- Increase **tourism revenue** in 2010
- Upgrade the tourism **supply-side** to meet demand
- Significantly enhance SA tourism competitiveness long-term*
- Widespread media exposure and focus on SA
- Enhance SA’s brand as a world-class tourism destination

### 14.12.3 Services provided by the tourism sector
Information, Accommodation, Attractions / Events, Service Levels / Skills, Transport, Safety and Security

### 14.12.4 Key activities

**Recruitment**
1. **Engage with key stakeholders** in SA and neighbouring countries to package products for 2010 and to manage displacement
2. Create a national content management platform
3. Create interface to enable transaction booking
4. Manage displacement

**Experience Delivery**
5. Increase the number of **graded establishments**
6. Identify existing and alternative **accommodation** for short-term spikes in demand
7. Ensure sufficient tourism-friendly **public transportation** to tourism focal points
8. Ensure completion & implementation of a national tourism **safety plan**
9. Address poor service levels and skills shortages at key consumer touch points

10. **Coordinate event planning** to maximise tourism value from the event
11. Coordinate development & upgrading of attractions
12. **Research WC demand** to better understand profile, perceptions and expectations
13. Scale-up SAT call-centre
14. Create a 2010 national tourism **volunteer program**

**Leverage**
15. Identify and utilise opportunities to capture **information about 2010 arrivals (CRM)**
16. Deliver the brand to convert arrivals to brand ambassadors

**Cross-cutting initiatives**
17. Develop a robust database of available products
18. Identify 2010-related opportunities to brand South Africa

### 14.12.5 Addressing the Challenges- Status Report

**Poor access to channels and tourism info**
- A **Tourism Portal** has been developed to provide information to international, regional and local tourists
- A **tourism product database** has been developed. 100 000 records have been sourced and 55 000 records have been verified

**Insufficient accommodation**
- Some **20 000 rooms** have been contracted by MATCH
- A national 2010 accommodation **workshop** was held on the 12th October and was attended by some **1500 accommodation establishments**
- A further 17 workshops were held in the host cities and surrounding areas. Attended by **3400 accommodation establishments**
- The purpose of the workshops was to provide establishments with the opportunity to sign contracts with MATCH
- **Tourism Grading Council** of South Africa (TGCSA) signed contract with MATCH that commits TGCSA to ensure the provision of sufficient graded establishments by 2010
### Insufficient compelling attractions & activities
- SAT Tourism and DEAT are developing a Tourism Event Strategy that will take into account local and international events.
- A 2010 Plan that links the Trans Frontier Conservation Areas in 9 different countries has been developed (S Africa, Angola, Namibia, Botswana, Zimbabwe, Mozambique, Swaziland, Lesotho and Zambia).
- A Greening Strategy for 2010 is in the process of being developed.

### Poor service levels and skills shortage
- A National Tourism Skills Conference was held in October 2006.
- A Declaration Statement was signed by government, business, labour and communities. The declaration commits the partners to improve sector skills development, improve the knowledge base, improve curricula development and participation in education and training, and to increase SMME and community participation in education and training.
- Foreign Language Training Programme.

### Inadequate & unsatisfactory public transportation
- **Land Transport:** A GIS project is being undertaken that entails the mapping of accommodation establishments and attractions in relation to current and planned transport routes. This will provide an indication of the opportunities for private sector tour operators and car hire companies. DEAT also represented on relevant DoT 2010 task teams.
- **Air Transport:**
  - The Airlift Strategy was approved by Cabinet in July 2006.
  - The Strategy seeks to create an enabling environment which will effectively respond to the needs of both domestic and international air transport users.
  - It paves the way for tourist charter flights and addresses the issue of airfares and the open skies concept and strict enforcement of competition rules which will clamp down on airline dominance, predatory pricing structures and capacity dumping.
  - More importantly, the strategy has aligned South Africa's aviation policy with its tourism growth strategy which enables government to more effectively meet the demands of 2010 World Cup and beyond.
  - South Africa has renegotiated a number of air bilateral agreements with a number of countries, including France, Mozambique, Oman, UAE, Bahrain, Qatar, Namibia, etc.

### Insufficient focus on tourist safety and security
- A national tourism safety plan is being finalised by the Department of Safety & Security in collaboration with tourism industry roleplayers.

We are on track!

**14.12.6 Comments:** Improved communication and consultation is needed to build confidence and to ensure credible delivery.

**14.13 Creative and Cultural Sector Opportunities, Innovation and New Business Models: Interakt Development Network, Leonie Hall CEO**

**14.13.1 CREATIVE SECTOR VIVA!**
- Time rich, money poor
- Limitless opportunities
- Cheap and easy to create jobs
- Diverse skills
- Innovative – adaptable solutions that fit
- Anywhere / everywhere / somewhere

**14.13.2 POTENTIAL**
- Ability to deliver significant growth to developing economies
- Growing international trend to assess how the Creative sector is reflected in patterns of economic growth and job creation - do your IDP’s consider these opportunities???
- Major role in building and sustaining economically vibrant communities
- Arts organizations provide jobs and generate revenue and are the cornerstone of tourism and urban regeneration.
### 14.13.3 Creative Sector Definition:
Visual art, film, music, music business, recording industry, design, fashion, craft, publishing, photography, performing arts, animation, printing, journalism, advertising, cultural tourism, heritage, live events, poetry, technical production for live events, arts and culture administration, imagination and dreams…

### 14.13.4 CRAFT STUDY: dti Craft Strategy 2005
- 5 yrs avg growth of 8%
- + R2 billion to GDP (0.14%)
- Income and employment to + 38062 ppl through the activity of
- 7028 SMMMEs
- Slightly less than 1% of global craft trade

### 14.13.5 Film Industry
- SA Entertainment industry valued in excess of R7.7 billion
- It employs 20 000 workers
- It has more than 150 registered producers nationally active
- It has been accessible to black film-makers since 1994
- It has produced 22 feature films and documentaries

### 14.13.6 Challenges: Access, Opportunities, Funding
#### 14.13.7 Creating an Enabling Environment
- Designating land for business
- Providing amenities and infrastructure
- Underwriting risk eg. insurance
- Promoting participating in chambers of commerce, economic development organizations, trade missions
- Modifying burdensome regulations
- Redefining funding requirements eg. Often limited to NGO’s
- Create a demand for our products / services
- More tender opportunities

### 14.13.8 CREATIVE & CULTURAL ENTREPRENEURS
The strength and creativity of our culture depends on sustainable and self-reliant cultural industries

### 14.13.9 New Venture Creation Learnership
Creative Entrepreneur Programme Aims
- To develop the music industry and overcome barriers to success
- To participate in growing South Africa’s prosperity
- To create jobs for South African youth
- To take advantage of Skills Development /SETA opportunities

### 14.13.10 Gauteng Creative Industries Co-operative Ltd (GCI) formed 2007
- To overcome obstacles: limited funds, access, scope, recognition etc.
- Provides market leverage to small producers victimized by powerful cartels & sole-source companies, by undercutting the middlemen whose charges are often exorbitant

### 14.13.11 Limitless Opportunities: Government and Organisational Initiatives
Get Started: Develop a Strategy and Select Initiatives eg.
- Identify learnerships relevant to your sector / department
- Order corporate gifts from crafters / artists / musicians
- Building sites – scaffolding art
- ICASA – increase the quota, monitor public spaces
- Busking permits
- Performance pavements
- Provincial arts festivals showcasing unsigned talent
- Develop cultural tours for school groups
- Give staff tickets to events
- Team building interventions – actors / musicians
- Sponsor events at school (this also works as a community builder)
- Maximizing marketing by sponsoring and branding cultural events
- Invite a crafter / artist etc to create works in your foyer
- Invite musicians to entertain your staff during lunch
- Bring in an artist to do staff portraits / caricatures etc
- Commission a cartoonist to communicating policies and procedures
- Learning/laughing organization: invite a comedian to a staff meeting
- Municipalities identify buildings that can be used as cultural centres
- DtI Creative Sector Strategy
- Entertainment Industry
- Tourism Industry
- SMME Support and Financing: Khula, SEDA etc.
- BBBEE Enterprise Development Strategies

Day 3 ASGISA Business Projects and Investment Initiatives

14.14 SMME Development and Financing Initiatives
Khula Enterprise Finance, Zukile Nomafu COO

14.14.1 SMME Financing Landscape

Supply Side
- Banks, Corporate Pr Equity Ven Cap Khula IDC NEF
- Own, Banks, Corp PDC Khula
- Own, Banks, Micro PDC SAMAF
- Own, Family Micro SAMAF

SMME Financing Landscape

Opportunity-driven/Entrepreneurial
- Less than 200 employees
- Turnover > R25m p.a.
- Developed technical & business skills

Medium enterprises
- Less than 50 employees
- Turnover < R25m p.a.
- Developed technical limited business skills

Small enterprises
- Less than 5 employees
- Turnover < R150k p.a.
- Some technical limited business skills

Micro enterprises
- Individual self employment
- Turnover < R50k p.a.
- Limited technical and business skills

Survivalist enterprises

Necessity-driven/Survival

Financing Needs/Demand
- Medium to long term debt & equity, Over R250k, Asset based, working capital, property finance etc
- Short to medium term debt, Asset based & working capital, Up to R250k
- Short term loans, Up to R10k, Working capital
- Short term loans, Up to R3k, Stock purchases

- 65% of all jobs in the economy can be attributed to SMME sector
- Small business contributes 35%-50% to South African GDP

- SA Economic Growth 4.9%
- Enterprise sector growth reached 7% growth rate
- Almost 40 000 new entrants annually
- GDP – 40% by micro-small enterprise
- Main contributing Sectors: Construction, Services, Transport, Telecommunications and financial services
- Construction, services and retail 90% of informal sector
- Formal small enterprise: business services (44%) trade (23%)
- Sector growth depend highly on domestic expenditure
- Growth Inhibitors: Lack of demand for small business products and services, regulations, labour problems, skills levels, cost of access to services and productive capital assets and operating facilities

14.14.4 Access to finance challenges
- Perceived risk profile of SMEs
- Smaller loan size and cost of funding
- Structural weaknesses in the financial system
- Lack of collateral in SMEs
- Information gaps in accessing external finance
- Inadequate skills by SMEs
- Quality of business propositions
- Insufficient understanding of the SME landscape by lenders
### 14.14.5 Financial Sector Charter
- **Targets are substantive** and a commendable step in the right direction
- **Need for appropriate risk sharing** with government or DFIs
- **Recognition for achievement** of developmental objectives
- **Risk that focus** will remain on higher end of SME spectrum
- **Financial sector charter** – 1st review for period ending Dec 2005
  - Targets largely to be met
  - Bias towards GP, KZN & WC
  - Focus on higher end of SME market
  - Narrow definition of Black SMEs

### 14.14.6 Strategic Pillars for the SMME Strategy
1. **Increase Supply** of financial and non-financial support services
2. **Creating demand** for small enterprise products and services
3. **Reduce** small enterprise regulatory constraints

### 14.14.7 Support institutions for strategy implementation
- **Dti**
  - Dedicated government policy and national strategy
  - Development and regulatory advocacy department
  - Research for Small Enterprise Sector and annual performance reviews
- **SEDA**
  - Dedicated national non-financial support services Agency targeting Micro, Small, Medium enterprises through business support service network, incubation and technology transfer network
- **KHULA**
  - Dedicated national SME finance Agency
  - Targeting loan size of R10 000+ to R3 000 000
  - Using retail financial institutions and commercial banks as a spring board
- **SAMAF**
  - Dedicated national Micro-Finance Agency
  - Targeting loan size of R10 000
  - Using Financial Services Cooperatives, village banks and other approved micro-credit outlets as a spring board.
- **THE ENTERPRISE ORGANISATION (TEO)**
  - Dedicated for business development incentives administration

### 14.14.8 Strategic issues facing DFIs
- **Private sector “crowd out”** – reality or perception
- **Rather than just driving volume**, DFIs must focus on the sustainability of the enterprises they support
- **Balance development focus with financial sustainability**
- **Create sustainable jobs**
- **Provide a complete solution** for the entire spectrum of needs

### 14.14.9 Public and Private Sector Partnerships
- **Smart partnerships** required to develop innovative products
- **Need for risk sharing** between commercial lending institutions and public sector
- **Performance based** agreements/partnerships
- **Financially sustainable** partnerships to achieve common goals

### 14.14.10 Concluding remarks
- **Prospects for SME sector are good**
- **Renewed focus on SMEs** by both the public and private sector
- **Scale up of interventions** by the DFIs and commercial banks
- **Differentiation of product offering**
- **Better cooperation amongst DFIs**
- **Increased awareness** of official programmes by SMEs, banks, DFIs, and other stakeholders

### 14.14.11 Comments for follow-up
- **Need to align with ASGISA targets** eg. 100 000 sustainable enterprises to generate 500 000 jobs + per year
- **A complete solution** needs a one-stop shop approach eg. between SEDA, Khula, NEF and SAMAF with links to the banks.
- **Retail distribution** is being considered by Khula – report awaited
- **Partnership Funds** offer mutual benefits eg. for Private Sector Partners to enhance the impact of their BBBEE Enterprise Development initiatives and for the Public sector to gain funding and capacity.

14.15.1 Resilient is a JSE listed company which was the 3rd top performing company in the 2007 FM Top Companies Survey, to the satisfaction of +/- 200 institutional investors. It comprises a number of Property Investment Funds.

14.15.2 One Fund of +/- R4.5b focuses on Shopping Centres in under-serviced townships and rural areas eg. Thoyandou, Zeerust, Sterkspruit, Highveld Mall Witbank and Jabulani Mall.

14.15.3 The success of these projects recognise the huge markets and spending power which have previously been spent outside poor under-serviced areas and are now been tapped within these areas. Recognition is given to major Social Grants of R88.2b (2007/8) to over 12m people, and linkages between in the 1st and 2nd economies resulting in transfers of income.

14.15.4 These projects illustrate the success of Urban and Rural Township development with • infrastructure investment by Government • Major property development projects, partnerships and expansion by business and • Enterprise development by SMME's both formal and informal.

14.15.5 The main challenge has been rightsizing of tenants to meet the demand eg. In Jabulani Mall, Shoprite Checkers projected R60m turnover in the first year with +/- 40 000 sq m. The turnover exceeded R140m requiring more than double the space.

14.15.6 Further projects are planned in Vosloorus and other areas. The Group has access to substantial funds and will consider developments in Ekurhuleni, Midvaal, CBD's and other areas, based on the viability of projects including the ability to attract national tenants and the size of the population in the area.

14.15.7 The BBBEE approach favours partnerships with existing businesses in a particular area. It has also been found that new Developments tend to establish a broader trading hub benefiting local traders. The Group has a BBBEE shareholding of over 25%.

14.15.8 Developments can integrate and formalise street traders and hawkers eg. within new taxi ranks, such as in Zeerust, in answer to a challenge by Executive Mayor of Ekurhuleni Duma Nkosi.

14.15.9 Comments for Follow-up • Explore shopping centre projects in Ekurhuleni, Midvaal, CBD’s, and other provinces and areas • Explore integrated township development projects, including housing in partnership with government & others • Follow-up meetings with Natgrowth and other interested parties

14.16 Managing the Talent Pipeline: Gauteng Human Resource Planning and Development Agency: HRPDA, Dr AD Paddy Padayachee Head of Agency, Lydia Mathinya Dept of Education

14.16.1 Gauteng Human Resource Development Strategy (GHRDS) Sep 06 • Aims to facilitate the development and integration of HRD initiatives within Gauteng in order to address key provincial socio-economic imperatives in line with national policy frameworks. • Provides a framework for the development of skills that the Gauteng City Region (GCR) requires to drive economic growth and social transformation

14.16.2 Core Elements of HRD Strategy: Maximising the Triple Helix: 3 High-Impact Step Change Solutions
- Managing the talent pipeline
- Leveraging the entrepreneurial value chain
- Harnessing priority skills for a services revolution
Unlocking Structural Barriers: 5 Systemic Breakthroughs

- Accelerate improvements in the education foundations
- Create a skilled, adaptable and employable workforce
- Support the eradication of poverty and unemployment
- Expand the national and regional system of innovation
- Develop GPG’s capacity to drive HRD and skills development

14.16.3 HRDS Institutional Architecture

14.16.4 High priority skills (AsgiSA/ JIPSA)

- Engineering
- City, Urban and Regional Planning
- Artisan and Technical Skills
- Management and Planning in Education and Health
- MST (Maths, Science, Technology) and Language competency in public schools

14.16.5 Managing the Talent Pipeline

Scope
- To fast-track the creation of pipelines in scarce skill areas and to facilitate improvements in the school to work transition through targeted interventions to improve teaching in gateway subjects, career guidance as well as graduate employability

Concept
- To develop talent pipelines in scarce skills areas targeting poor schools and spanning the whole school-to-work value chain i.e.
  - Business support in providing quality teaching in gateway subjects.
  - Business support in providing quality career guidance.
  - Industry tailored further education programmes
  - The provision of bursaries - incorporating ongoing work experience – from school up to graduate placement.
- Additional Bursary funding through NSF to incentivise more employers

14.16.7 Implementation Model

Professional Accreditation

Post Graduate

Under Graduate

School

14.16.8 Thuthuka Development Programme

SAICA: SA Institute of Chartered Accountants
Ongoing support Departments of Education, Labour, Science & Technology

School to Work Value Chain
- Identification of Champions in different Industries
Identification of talent from Grade 9
Mentoring & Coaching at Grade 10-12
Tertiary (University & University of Technology) Level with continuous workplace mentoring & coaching

Results 2006
• Schools: 24,022 learners and 9,973 educators: good attendance
• Under Graduates: 907 students + 515 work readiness: good results
• Qualifying Exam: 26 wrote, 19 passed (73%) higher than average
• Workplace: MOU’s with Professional Firms and Commerce for Experience, Placement, Continuing Professional Education

The Model needs to be Replicated with other Industry Sectors
Eg. Medical, Finance, Education, etc.
Identifying the gap between skills supply and demand is key so that prioritisation can take place

14.16.9 Achievements: The Dinaledi Initiative
- Based on the National MST Strategy launched in 2001
- 72 Schools participating in the Project
- Dinaledi Initiative aimed at:
  - Doubling the number of learners passing HG Maths & Science by 2008 in the Province
  - Increasing the number of Dinaledi Schools in the Province in relation to current Grade 12 enrolment and performance
  - Providing a basic teaching and learning package for every Dinaledi School

14.16.10 Achievements: FET
- Memoranda of Understanding established with SETAs to facilitate the introduction of skills programmes targeting over 46 000 learners
- The Province has prioritised the Recapitalisation Programme of FET Colleges and the establishment of partnerships with business and other government departments. Upgrade of Colleges currently underway.

14.16.11 Achievements - Learnerships & Internships

<table>
<thead>
<tr>
<th>Entity</th>
<th>Learn/Interns</th>
<th>Entity</th>
<th>Learn/Interns</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSSC</td>
<td>42</td>
<td>Local Govt</td>
<td>332</td>
</tr>
<tr>
<td>Sports</td>
<td>113</td>
<td>Health</td>
<td>511</td>
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<tr>
<td>DACE</td>
<td>50</td>
<td>Education</td>
<td>1435</td>
</tr>
<tr>
<td>Safety</td>
<td>50</td>
<td>Transport</td>
<td>344</td>
</tr>
<tr>
<td>Social Dev</td>
<td>239</td>
<td>Econ Dev</td>
<td>26</td>
</tr>
<tr>
<td>OoP</td>
<td>18</td>
<td>Treasury</td>
<td>13</td>
</tr>
<tr>
<td>Housing</td>
<td>87</td>
<td>Total</td>
<td>3260</td>
</tr>
</tbody>
</table>

14.16.12 “Ithutele Tiro” Project – Learning for Education
As part of the GHRDS, funding (R100 million) has been obtained from the Department of Labour through the National Skills Fund for the training of 8693 learners over the next 3 years in the following skills areas:

Gautrain: Service provider identified
- 193: Tunnelling/ Construction
- 250: Construction – TBM
- 1502: Construction – Artisans

AIDC
- 157: Qualified Electrical and Mechanical Artisans: 120 briefed, 37 workplace identified

City of Joburg
- 5000: Business Process Outsourcing: 400 Training; 680 Database

Education
- 1000: ICT: 49 admitted, UYF to sponsor 150, Ekurhuleni 70
14.16.13
City of Joburg BPO Skills Development Initiative
- Focused effort to deepen and develop competitive SA BPO&O talent pool, through promotion of the industry, focused education and skill-building efforts, and identification of alternative sources of talent
- Roll-out from July 2007: Update:

<table>
<thead>
<tr>
<th>Graduates in employment</th>
<th>Graduates in training and employment</th>
<th>Graduates to be trained and in employment</th>
<th>BPO suitable candidates being sourced from unemployed youth</th>
</tr>
</thead>
<tbody>
<tr>
<td>680</td>
<td></td>
<td>400</td>
<td>1000</td>
</tr>
</tbody>
</table>

14.16.14
Way Forward

- **ABET**
  - In line with the EPWP program, the GDE is facilitating the transformation of the ABET curriculum in order to provide greater access to skills oriented programme

- **ECD**
  - Aimed at enhancing access and equity to early childhood development programmes in the Province
  - Key intervention: to gradually bring Grade R into the compulsory education phase by 2010
  - Grade R sites currently being set up across the Province

- **FET** A draft Pipeline Talent, Search and Development Strategy has been developed

- **Talent Pipeline Framework for the Province**
  - Industry Champions to be identified per Sector.
  - Access corporate and government funding

14.16.15
Comments for follow-up

- **GCA:** Global City Academy to be launched later this year – business leaders and champions to be identified
- **IISE:** Impophama Infrastructure Support Enterprise set up by Dept of Transport, 2000 learners now at FET’s: seeking funding >R300m?
- **Partnership Opportunities** with Local Government, Business, Institutions, SETAs etc. Identifying at least 10 Champions of Industry
- **GHRPDA Model** could be replicated in other provinces
- **Breakthrough involvement of the Dept. of Education** in the skills development area, with its major budget, facilities and opportunities to work with all learners in the school system, parents after hours, tertiary learners, SETAs, Business Employers, in cooperation with the Dept. of Labour and other government departments.

14.17
Thusanani (Help Eachother) Work Readiness Programme
Stanley Hutcheson CEO Stanley Hutcheson & Associates (SH&A)

14.17.1
"In a survey conducted by the Department of Education, in the context of unemployed graduates, to establish what it was that employers wanted, it was concluded that the fundamental qualities are good communication skills, problem solving skills and information technology skills,” Deputy President Phumzile Mlambo-Ngcuka (July 2006)

14.17.2
National Skills Development Strategy

<table>
<thead>
<tr>
<th>Objective 1:</th>
<th>Prioritising critical skills for growth and development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 2:</td>
<td>Stimulating quality training for all in the workplace</td>
</tr>
<tr>
<td>Objective 3:</td>
<td>Promoting employability and sustainable livelihoods through skills development</td>
</tr>
<tr>
<td>Objective 4:</td>
<td>Assisting new entrants into the labour market and self-employment</td>
</tr>
<tr>
<td>Objective 5:</td>
<td>Improving the quality and relevance of provision.</td>
</tr>
</tbody>
</table>
## 14.17.3 FASSET

**Fasset** is the Seta for firms working in the accounting, finance, management consulting and other financial services industries. **Fasset** provides the funding for the current *Thusanani Programme*.

<table>
<thead>
<tr>
<th>Scarce Skills</th>
<th>Critical Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants</td>
<td>Management and leadership</td>
</tr>
<tr>
<td>Corporate (Administration &amp; Business) Services Managers</td>
<td>Organisational development/office management skills</td>
</tr>
<tr>
<td>Contract, Program and Project Administrators</td>
<td>Information technology</td>
</tr>
<tr>
<td>Finance Managers</td>
<td>Communication, customer care and marketing</td>
</tr>
<tr>
<td>General Clerks</td>
<td>Support and administration</td>
</tr>
<tr>
<td>Secretaries</td>
<td>Personal development</td>
</tr>
<tr>
<td>Other Project Managers not elsewhere classified</td>
<td></td>
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<tr>
<td>Economists</td>
<td></td>
</tr>
<tr>
<td>Bookkeepers</td>
<td></td>
</tr>
<tr>
<td>Financial Investment Advisers and Managers</td>
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</tbody>
</table>

### 14.7.4 Thusanani Rationale

- The twin evils of the South African labour market are **unemployment and skills shortages**.
- A national need exists to **recruit additional PDI and disabled new entrants into the labour market** (particularly graduates).
- In response to this need, the **Thusanani Work Readiness programme** recruits, trains and places **unemployed PDI Graduates**.
- **Stanley Hutcheson and Associates** chose to partner with the University of Johannesburg and Deloitte for delivery of this project.

### 14.17.5 Candidate Selection

- From thousands of applications only 5% of applicants selected for programme.
- Robust electronic selection tools ensure fair and objective selection.
- All short-listed candidates are personally interviewed and undergo psychometric assessment.
- Criminal, credit and academic record verification.

### 14.17.6 Components of Training Programme

- Career development and job searching.
- Critical workplace soft skills.
- Team work and Leadership.
- IT training.
- Practical on-the-job experience.
- Mentoring.
- Entrepreneurship.
- Portfolio of evidence.

#### Skills Development

- Skills development is managed through a process of **continuous assessment** and individual feedback.
- **Mentoring** is a structured and integrated process, guided by experienced mentors and psychometric feedback.
- The skills development process lays the foundation for a personal culture of **life-long learning**.

#### Candidate Placement

- Even after training one has to **actively market** candidates to employers.
- Priority is placement within the Fasset sector.
- SHA developing a growing **database** of committed employers.
- Employers that have recruited these candidates regard them as the **best candidates** currently available in the market.
Learner Benefits
- Training is **free** of charge.
- Learner receives a **daily allowance** for transport, meals and wardrobe.
- Learners are provided with bags, jackets and stationery.
- Learners have **access** to all of the facilities at the University of Johannesburg.
- Learners enter into **fixed term employment contract**.
- Learners receive a **reference letter** and develop a portfolio.
- Learners receive practical **on the job experience**.
- **Young people** who could previously not get work, become **employed** and play their part in the **upliftment of their communities**.

Employer Benefits
- Candidates undergo **60 Days** (three working months) of soft skills **training** that the employer would otherwise need to provide.
- Costly psychometrics, credit, criminal and academic verifications are completed - candidates are not only **qualified but verified**!
- **No recruitment costs**.
- If candidates are placed on **learnerships** employers have access to significant **tax rebates and Seta grants**.
- **Each candidate is carefully selected and developed** to fit seamlessly into the modern work place, reducing both recruitment risk as well as time lost to inducting a new recruit.

Programme Statistics
- **2005**: Over 3000 candidates, 111 Selected (5 disabled), 96 completed and placed with employers: 86%
- **2006**: Over 3000 candidates, 156 Selected (6 disabled), 146 completed training, 136 already placed with employers: 86%
- **2007**: 240 Selected (4% disabled +/- 10)
- **2008**: 240 Selected (4% disabled +/- 10)
- **Demand continues**

14.17.7 Transformation
- **Youth Owned**.
- **BEE – Ownership/Management**.
- **Employment Equity**.
- **Woman Empowered**.
- **Corporate Social Investment & Initiatives**.

14.17.8 Future Potential
- In discussions with Umsobomvu Youth Fund since January 2006.
- Bankseta intend commencing with Thusanani
- Are in discussions with other SETAs.
- Via the University of Johannesburg, have commenced discussions with a further 8 universities in other provinces that have shown an interest in Thusanani.

14.17.9 Comments for Follow-up
- **The initiative can be broadened** – in principle this type of programme should be available for all learners and graduates.
- **The skills are** covered in unit standards of many SETA accredited programmes, which could be rolled out more effectively on the Thusanani model.
- **Cooperation** could be pursued with GHRPDA, other agencies, institutions, companies and government departments

14.18 ABSA, Komani Mfuni Strategy Consultant
- **Integrated Strategy for ASGISA** implementation throughout the group
- **List of Projects** and Partnership opportunities

14.19 Anglo American, Gavin Keeton Group Economist
- **BBBEE** Procurement and Enterprise Development opportunities
- **Mining expansion, beneficiation and small mining projects**
<table>
<thead>
<tr>
<th>14.20</th>
<th>Dept. Of Water Affairs and Forestry, Dr Cornelius Ruiters DDG</th>
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<tbody>
<tr>
<td></td>
<td>• Water, Agriculture and Forestry Projects in all provinces</td>
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<tr>
<th>14.21</th>
<th>EDI Holdings, Phindile Nzimande CEO</th>
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<tr>
<td></td>
<td>• RED: Regional Electricity Distributor Projects in Municipalities</td>
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<tr>
<th>14.22</th>
<th>Ekta Consulting, Adv. Saras Chettier, CEO</th>
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<tbody>
<tr>
<td></td>
<td>• Labour Relations, Legal Services, Diversity, HIV and AIDS and other Training and Consulting Services</td>
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<tr>
<th>14.23</th>
<th>Ekurhuleni Dept of Economic Development, Ursula Ntsubane Director, Fred Mocuminyana, Sinah Mphatse, Bertha Mogale</th>
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<tbody>
<tr>
<td></td>
<td>• Township and CBD Development Projects</td>
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<td></td>
<td>• 2nd Economy integration Projects</td>
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<td></td>
<td>• ASGISA Economic Development Workshop and Working Groups</td>
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<td></td>
<td>• AIDC and Manufacturing Sector Projects</td>
</tr>
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<td></td>
<td>• Agriculture, Agro-processing, Bio-fuels and Land Projects</td>
</tr>
<tr>
<td></td>
<td>• Transport, Tourism and 2010 Projects</td>
</tr>
<tr>
<td></td>
<td>• SMME and Informal Sector Development, Financing</td>
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<td></td>
<td>• Innovation Hub cooperation possibilities</td>
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<thead>
<tr>
<th>14.24</th>
<th>IISE Impophama infrastructure Support Enterprise, Emma Mkhatshwa</th>
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<tbody>
<tr>
<td></td>
<td>• IISE was set up by Dept of Transport for Arisan Training</td>
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<tr>
<td></td>
<td>• 2000 learners are now at FET’s: IISE is seeking funding &gt;R300m</td>
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<td></td>
<td>• Natgrowth to discuss proposals for funding and cooperation</td>
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<thead>
<tr>
<th>14.25</th>
<th>Jasco Holdings, Olga Seiphemo Marketing Director</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Contacts with Resilient Properties and AIDC to be followed-up</td>
</tr>
<tr>
<td></td>
<td>• Strategic Business Development and Marketing opportunities for the main business focus areas and other new opportunities where the core competencies can be applied</td>
</tr>
<tr>
<td></td>
<td>• Electronic component and other manufacturing opportunities</td>
</tr>
<tr>
<td></td>
<td>• Telecommunication equipment and new opportunities</td>
</tr>
<tr>
<td></td>
<td>• Security Systems equipment supply</td>
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<td></td>
<td>• Advanced Manufacturing and Distribution opportunities</td>
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<tr>
<th>14.26</th>
<th>Liberty Life, Kea Molopo Corporate Affairs, Lynne Maart Project Manager</th>
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<tbody>
<tr>
<td></td>
<td>• Discussions with Zukile Nomafu of Khula on SMME Financing</td>
</tr>
<tr>
<td></td>
<td>• Discussions with Paddy Padayachee of GHRPDA on the roll-out of the Thusanani Project and other skills development initiatives</td>
</tr>
<tr>
<td></td>
<td>• Market expansion plans underway in broader markets and Africa</td>
</tr>
<tr>
<td></td>
<td>• Discussions on specific needs, opportunities, benefits and expectations of large corporates from Government and SMME's eg.</td>
</tr>
</tbody>
</table>

- **ACCELERATED IMPLEMENTATION OF THE BBBEE CHARTER**
- **ENTERPRISE DEVELOPMENT**: GOOD AGENCY AND BROKER OPPORTUNITIES AND SUPPORT SERVICES
- **ACCESS TO FINANCIAL SERVICES**: INNOVATIVE COST EFFECTIVE INSURANCE, INVESTMENT AND COLLATERAL SECURITY PRODUCTS FOR THE EMERGING MARKETS, EG. LIFE, HEALTH, SOCIAL SECURITY, STOKVELS, BURIAL SOCIETIES, FAMILY PLANS, HOUSING FINANCE, BUSINESS LOANS AND EQUITY ETC.
- **PROCUREMENT**: A SIGNIFICANT OPPORTUNITY TO EXPLORE AND IMPLEMENT FURTHER
- **EDUCATION AND SKILLS DEVELOPMENT**: PARTNERSHIPS WITH FASSET, GHRPDA, THUTHUKA, FINANCIAL SERVICES EDUCATION FOR THE PUBLIC
- **EMPLOYMENT EQUITY ACCELERATION**
- **EQUITY OWNERSHIP**: BROAD BASED COMPONENT INITIATIVES
- **SOCIO-ECONOMIC DEVELOPMENT/CSI**: SECOND ECONOMY EXPANSION, PARTNERING MUNICIPALITIES & DEVELOPERS SUCH AS RESILIENT ON TOWNSHIP DEVELOPMENT
GOOD PUBLIC EXPOSURE AND COMMUNICATION

14.27 Llale & Company (Quantity Surveyors), Jane Llale Business Development and Marketing Director
- Partnerships with Ekurhuleni, Midvaal, Resilient
- Greater exposure to municipalities and developers

14.28 Midvaal Local Municipality, Egna Madubedube Councillor
- Follow-up meetings planned to discuss initiatives eg.
  - Township Development and 2nd Economy integration Projects
  - ASGISA Economic Development Workshop and Working Groups
  - Agriculture, Agro-processing, Bio-fuels and Land Issues
  - Transport, Tourism and 2010 Projects
  - SMME and Informal Sector Development and Financing

14.29 NEF: National Empowerment Fund, Siphiwe Nchunu Investment Associate, Y Makhajana Investment Analyst
- Partnerships to increase capacity to process Funding Applications, to assist BBBEE Applicants with Business Plans and to Roll-out services throughout the country eg.
  - Partnerships with SEDA, SETAS, Business and service providers

14.30 Telkom SA, Madoda Cuphe Project Manager, Soks Sokotu Sen. Manager
- Suggest Working Groups be set up and facilitated with Natgrowth for the range of initiatives around the country
- Numerous ICT initiatives to be discussed

14.31 TIL: Trade and Investment Limpopo, Khanyi Jali Manager, John Nkuna Economic Planner
- Limpopo Trade and Investment initiatives to be followed-up

14.32 Ubunye Training and Development, Nellie Ngwane Manager
- Partnerships in KZN on Training, Skills, SMME and Community Development, entrepreneurship and income generating projects

15. 28-30 AUG 2007 ASGISA MPUMALANGA PROGRAMME
INGWENYAMA LODGE WHITE RIVER


15.1 Mpumalanga Profile Summary
Extracted from reports by: Dept of Economic Development & Planning 2005; Global Insight 2006

- Population 3.5m; 7.4% of SA Mainly Rural
- District Population: Gert Sibanda 25% Nkangala 32% Ehlanzeni 43%
- Medium Growth 2005 4.3% vs SA 5%; G 3.9% N 4.4% E 4.6%
- Lower Growth 2006 3.7% vs SA 5.1% (Global Insight)
- GDP-R 6.7% of SA (+/- R110b) below Population share of 7.4%
- High Official Unemployment 2006: 28% vs SA 25.5%; Male 20.7% Female 35.4%
- High Broad Unemployment 2006: 37.9% vs SA 37.3%; G 39.4% N 36.3%, E 36%
- High Poverty 48.7% +/-1.7m vs SA 47% G 54.8% N 42.5% E 49.7%
- Lower Human Development Index .54 vs SA .60 G .55 N .58 E .51
- Low Exports 6% vs SA 22.6%; Low Trade 7.9% vs SA 47.6%

15.2 GDP-R & Employment 2006 Adapted from Global Insight

<table>
<thead>
<tr>
<th>Sector</th>
<th>2006 GDP Share %</th>
<th>2006 Employment Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2.7</td>
<td>4.7</td>
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<tr>
<td>Mining</td>
<td>7.9</td>
<td>19.8</td>
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<tr>
<td>Manufacturing</td>
<td>18.2</td>
<td>37.6</td>
</tr>
<tr>
<td>Electricity</td>
<td>2.2</td>
<td>9.5</td>
</tr>
<tr>
<td>Construction</td>
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<td>1.8</td>
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<td>6.4</td>
</tr>
<tr>
<td>Gov &amp; Community</td>
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<td>12.5</td>
</tr>
<tr>
<td>Households</td>
<td></td>
<td>8.2</td>
</tr>
<tr>
<td>Total %</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total Number / Rb</td>
<td>R1635b +/-R110b</td>
<td>12.0m 848,122</td>
</tr>
</tbody>
</table>

Unbalanced Sector GDP vs Jobs: The Shared Growth Challenge

- **Big Sectors have Lower Jobs**: Mining, Manufacturing and Electricity, presenting major challenges for shared growth, jobs and BBBEE
- **Trade** including **Tourism** is only 10.1% of GDP-R but 27.6% of Jobs, growing at 9.2% pa with major potential for Growth, Jobs & Smme’s
- **Agriculture** is 4.7% of GDP-R and 11.8% of jobs declining 1.13% pa with broad potential for Growth and Jobs with effective management
- **Construction** is 1.8% of GDP-R but 6.6% of jobs, growing 6.1% pa with further growth potential related to infrastructure and 2010.
- **Finance, Property and Business** services are relatively small, with only 6.4% of GDP-R, 4.9% of Jobs but growth of 6.3% pa indicating upside potential related to Trade, Tourism, Call Centres and ICT
- **Government** and Community services are relatively low: 12.5% of GDP-R and 14.7% of Jobs with upside growth and job potential
### 15.3 Targets and Timeframes

Targets and Timeframes need to be set for growth and employment in order to achieve the ASGISA and PGDS goals of halving unemployment.

- If Official Unemployment = 28% and employed 72% = 848,122; then
- Official Unemployed = $848,122 \times 28/72 = \pm 329,825$; therefore
- Halving Unemployment requires $329,825/2 = 164,913$ Jobs; therefore
- From 2007 to 2014, 164,913/7 years = $\pm 23,559$ Jobs per year
- This target can be broken down to $\pm 2,000$ jobs per month and
- District and Sector Targets for Growth, Jobs, Poverty Reduction, Investment, Skills Development and Services etc.

### 15.4 The Big 5 Projects

The Big 5 Projects identified in the Premier’s State of the Province address for special attention through dedicated project management capacity, the concentration of resources and leadership provision include:

- **Maputo Development Corridor**: expanding road and rail freight transport from Gauteng to Maputo, expanding Komatipoort border facilities 24/7, and economic development projects along the N12.
- **Moloto Rail Development Corridor**: (Listed in ASGISA) appears to involve expanding rail freight from Limpopo to KZN/Richards Bay mainly for coal and minerals, but may conflict with the Maputo line
- **Tourism, Heritage and Greening the Province**: Increasing domestic and international tourism focusing on packaging heritage attractions, restoring and enhancing the environment and bolder marketing
- **Water for All**: Roll-out of infrastructure to provide water for all in a sustainable way for basic services, to facilitate full utilisation of agricultural potential and the Masibuyele emasimini programme
- **Accelerating Capacity Development**: to attain efficiency and excellence in government and service delivery. This project includes improving skills need to accelerate implementation of infrastructure investment in provincial departments and municipalities, including financial, project management and technical skills.

### 15.5 Further Big 5+ Flywheel Projects

Further Big 5+ Flywheel Projects suggested in with potential for high impact on Growth, Job Creation, SMME’s and BBBEE include:

- **2010**: integrated with Tourism, Heritage, Trade and Transport projects, including dedicated facilities for:
- **Business and Shopping Tourism**: capitalising on the majority of African tourists (6m of 7.5m in SA) spending R18 000 per trip on shopping vs R10 000 for foreign leisure tourists, developing into:
- **Trade Centres / Gateway Projects to SADC, Africa and Asia**: capitalising on the existing trends of high growth, employment and SMME participation with unique major trading centres developing into:
- **Fully-fledged Industrial Parks / IDZ’s**: with logistical, distribution, trade and investment promotion services, customs free bonded warehousing, access to Mpumalanga Kruger International Airport, and applicable tax incentives under review by the dti
- **Call Centres / BPO&O / ICT**: Accelerating the Call Centre sector with the recently announced more cost-effective telecom access, to absorb thousands of unemployed school-leavers and graduates
- **Agro-processing**: eg. Expanding and diversifying the range of value added produce eg fruit, vegetables, sugar, forestry and fishing
- **Bio-fuels**: Accelerating the soyabean-based biofuel sector
- **Value-added Manufacturing**: eg. the dti’s NIPF 4 lead sectors all have potential applications in Mpumalanga ie.
  - Integrated Forestry, Pulp, Paper, Wood Products and Furniture
  - Capital and Transport Goods and Metal Products
  - Chemicals, Petro-chemicals and Pharmaceuticals
  - Automotive and Component manufacturing
- **Creative Sectors**: including the emerging Film and Video industry, and integration of indigenous arts, crafts, jewellery, fashion, heritage assets, music and theatre into the lucrative mainstream tourism and entertainment industries
- **Minerals, Energy and Beneficiation**: expansion and diversification of these major sectors including coal, petrochemicals, alternative energy sources, steel and stainless steel products
- **Integrating the “Second and First” Economies with**
  - Linkages between commercial and informal enterprises
• Across all sectors eg. Tourism, Trade, Transport & Agriculture
• Integrated Housing, Township & Shopping Centre Development
• Accelerating Local Economic Development (LED) and Municipal Infrastructure Grant (MIG) Investment with appropriate support
• Integrating Social and Economic Development sectors to facilitate income generation including Housing, Education, Skills Development, Health and Social Services

PRESENTATIONS: MAIN POINTS FOR FOLLOW-UP

15.6 Mrs Mathulare Coleman MEC Finance

The MEC presented an overview of the provincial economy with an update on the Big 5 and other projects, indicating positive developments.

Progress is expected in infrastructure investment with continuing efforts to improve capacity in provincial and local government, as indicated in the MEC’s Budget and Policy address.

The Executive Development Programme for managers is proceeding and a new Management School is being established in cooperation with a number of tertiary institutions. Natgrowth and associate, London School of Business SA offer their assistance with these initiatives.

Further cooperation with the private sector is invited which will be enhanced with effective Public-Private Partnership (PPP) models

The MEC welcomed Natgrowth’s interest in the province and a number of items and potential new projects were noted for follow-up, such as
• The need for integrated targets, linking growth, employment and investment across sectors and regions of the province
• Business and Shopping Tourism integrated with 2010,
• Trading Centres, IDZ’s and/or Industrial Parks
• Call Centres, ICT and BPO&O
• ASGISA / dti priority sectors, such as Furniture, Metal and Chemical beneficiation projects
• Integration of the Second Economy through stronger linkages with the private sector
• Integrated Property Development including shopping centres, such as the Witbank Highveld Mall, housing and mixed use facilities

The MEC invited Natgrowth to assist with follow-up processes eg. on
• The Economic Cluster
• The PGDS Review process
• The Provincial Growth Fund which is targeting to raise +/- R1.2b for investment in a range of projects. The Fund will be managed by the newly constituted Mpumalanga Economic Growth Agency (MEGA).
• Specific Projects in the different sectors
• Education and Skills development projects

15.7 Ria Mills Facilitator Kruger Malalane Junction Project and Wildbreaks.

The Kruger Malalane Junction Project is a Flagship project along the Maputo and Moloto Corridors with aspects of all the Big 5.

The project is an area with a large poor population, targeted as the main beneficiaries for job creation, skills and smme development.

The area has high traffic (+/-1m people pa) en route to Kruger Park Malalane Gate and Maputo, and a rich history and environment making it suitable as a Heritage Tourism and Greening attraction.

The project design includes a number of unique features contributing to a “Body, Mind and Soul” experience such as a medicinal plant Garden.

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Science and Technology Centre highlighting the origins of the earth in the area, theme park activities, shopping, catering, picnic and other facilities around the railway station to be restored.

Government has contributed seed funding for the design and feasibility. The challenge is to raise further investment funding for the development and implementation. The project is driven by a S21 entity in cooperation with government, business, the community and other stakeholders. The Facilitator, Ria Mills has a long history in promoting Tourism and managing projects in Mpumalanga and other provinces. The key factors appear to be the attractiveness to investors and the marketing of the project. Natgrowth has been asked to assist in reviewing the business plan and investment facilitation and a follow-up meeting has been arranged.

15.8 Johan van Zyl Dept of Agriculture: Greening the Province

Greening is one of the Big 5 projects integrated with Heritage and Tourism and linked to Water for All. It aims to restore and conserve the pristine environment as a major attraction for domestic and foreign tourism. The Environmental Awareness and Education campaign includes,

1. Media Outreach R7m Mass media, Billboards, Promotions
2. Waste Clean-up R2.7m 54 local clean-ups, 1080 job days
3. Tree Planting R3+4m 100 000 pa, local areas, 2700 job days
4. Cleanest Town waste management programme/competition R6,35m
5. Climate Change energy programme/competition R3.27m

The project is driven by the Dept of Agriculture Environmental Awareness and Education unit, in cooperation with the office of the premier, other departments, district and local municipalities, communities and hopefully business and industry. The province has a cooperation arrangement with areas of Canada with similar environmental challenges, such as alleviating the pollution of industries including coal and forestry processing, which requires investment in new technologies and alternative energy sources. Opportunities include enhancing the province as a major sustainable tourism destination, with Job Creation, SMME and Cooperative Development in all districts and local areas.

15.9 Enterprise and Skills Development Initiatives

Helen Thrush, President, LCBT: Lowveld Chamber of Business and Tourism, Chamsa Mpumalanga & SA Institute of CA's Northern Region

Chambers of Business offer a range of enterprise and skills development initiatives for members and contribute to government initiatives through various forums, committees and projects. The different Chambers cooperate on specific projects such as the new regional Radio station.

The SA Institute of CA’s (SAICA) runs successful initiatives such as the Thuthuka skills development programme from schools to learnerships and professional qualifications in the accounting and finance sector, through FASSET. CA’s provide vital services to government such as auditing and financial management to meet the challenges of compliance with the PFMA and MFMA, to facilitate the release of funding, capacity building and the transfer of scarce skills. Points were noted for follow-up including:

- Exchange of information on economic trends, employment, SMME, BBBEE and procurement opportunities and candidates between the Chambers and the Department of Labour would encourage common terms of reference and positive results
- Participation in working groups in various sectors could encourage more active collaboration with government and stakeholders, and greater possibilities of practical outcomes towards targets and funding
- A pro-active Win-Win approach to cooperation with government and communities could facilitate broader economic participation, membership, mutual benefits, business and investment opportunities.
- The above approaches could also encourage inclusiveness, transformation and BBBEE.
### 15.10 Online Training Courses: Louis Joubert Enlist HR Solutions

**Enlist HR Solutions** provides a full range of turnkey Human Resource Management services from recruitment through to training, management and career development.

Some 40 000 international courses are offered online, blended with personal facilitation services, and accredited through an SA Business School. A contract has been arranged in principle with the DOE on Grade 7 career assessments. Further opportunities would emerge with customisation of courses to specific needs.

### 15.11 Sam Maseko Maseko Trailers: Entrepreneurial Success Stories

**Maseko Trailers** manufacturers a flexible range of SABS approved industrial scale trailers, after starting out on a micro basis with no funding, driven by passion and commitment rather than money!

**Maseko** are planning to expand into the vehicle industry for which they have obtained a license, as well as seeking procurement opportunities with larger companies and participation in the corridor projects.

These initiatives may be followed up with Natgrowth and relevant Chambers which may be able to assist with entry to these markets. The company offers training and business development opportunities to suitable candidates. This will be followed up with the Dept. of Labour.

### 15.12 Film Production and related Projects

**Mark Schormann CEO Softnet**

An animated version of Jock of the Bushveld is currently in production as demonstrated in an impressive presentation which was also made to the Legislature at the MEC for Arts and Culture’s Budget Speech. The project has raised substantial funding which will need to be supplemented in order to release the production on schedule after the FIFA World Cup in 2010. The production is geared towards international audiences which comprise the essential markets for films. The key constraint is the scarcity of appropriate IT and animation skills.

Mark Schormann is an entrepreneur who runs his own Internet Service Provider company and has been involved in a number of projects in Mpumalanga and other provinces. He has corporate finance skills and experience which could contribute to various initiatives within a business-like framework. These possibilities will be followed-up within the province and in communication with Natgrowth.

### PARTICIPANTS: MAIN POINTS FOR FOLLOW-UP

**15.13 Department of Labour (DOL): Fanus Potgieter, Paul Mathebula, Louis Mabena, Millicent Motau, Thabo Ngwenya**

**DOL** invited Natgrowth to contribute to its Strategies from an external point of view. Some of the issues to be addressed include: Integration of strategies, ongoing multi-stakeholder working groups, more action oriented initiatives, and linkages between various departments and stakeholders towards achieving growth, skills, smme and employment targets at local, district, provincial and national levels eg

In addition to the current Labour Market Form and Skills Development Forum, more active cooperation and partnerships are needed with the
- Department of Education
  - To manage the talent pipeline from school to employment, such as demonstrated by the SAICA Thuthuka model and the Gauteng HR Planning and Development Agency
- **To effectively utilise the schools** as a comprehensive point of contact with all learners, their parents and communities
- **To align curricula** with economic and employment opportunities and to facilitate the development of effective life skills
- **The dti and Departments of Economic Development** to align skills and sme development programmes with sector strategies, scarce skills, employment and sme opportunities
- **Other Departments** with information on scarce skills, employment, BBBEE and SMME opportunities such as Public Works, Transport, Health, Social Development, Local Government and Housing
- **Business** in terms of addressing scarce skills, employment, learnerships, BBBEE and SMME opportunities and
- **SETAS** in terms of the effective streamlining and acceleration of skills development programmes, learnerships, sustainable exit strategies accreditation and funding.

**Employment** and Skills development initiatives need to focus more on Life skills, SMME and BBBEE business development, and need to be aligned more comprehensively with job opportunities.

### 15.14
**Prof Solomon Yirenkyi-Boateng, MEGA Research Director**

MEGA: Mpumalanga Economic Growth Agency has recently been established as a merger between the former MIIU and MEEA, operating under the department of Economic Development and Planning. MEGA will be managing the Provincial Growth Fund, targeting +/- R1.2b

A follow-up process has been initiated with Natgrowth and other parties:

- To develop strategies and facilitate investments for the Growth Fund
- To assist in the review of the PGDS and related projects
- To assist with linkages to other agencies, networks and contacts

### 15.15
**Tholi Nkambule, Pel Africa**

Pel Africa is actively involved with the Umsobumvu Youth Fund and the ASGISA/IDT Jobs for Growth initiatives to enhance broad-based enterprise development in Mpumalanga.

**Linkages** and **Task Teams** may be explored with other parties to strengthen this and other ASGISA initiatives.

### 15.16
**Neels van Wyk, Sasol Acting CSI Manager**

As a leading petrochemical company in SA, globally and in the province, Sasol aims to align its CSI initiatives with ASGISA and related processes in the province for maximum impact. **Linkages** may be explored with other interested parties to strengthen these initiatives, as well as other opportunities such as BBBEE, procurement and enterprise development.

Sasol is also engaged in major expansion projects in Mpumalanga and other provinces which should contribute to growth and job creation. Further initiatives may emerge from National Treasury’s investigation into excess “windfall” profits and the dti’s focus on the petrochemicals sector.

### 15.17
**Bongani Zwane, Msukaligwa Municipality, LED Asst. Director**

To follow-up with:

- **Natgrowth on LED Projects**, Business Planning, feasibility studies and Investment facilitation.
- **Dept. of Labour and Business Chambers** on Skills development and employment opportunities
- **Dept. of Agriculture** on Greening the Province
16. **18-20 SEP 2007 ASGISA EASTERN CAPE PROGRAMME REGENT HOTEL EAST LONDON: BRIEF SUMMARY FOR FOLLOW-UP**


Refer also Eastern Cape 2006 Programme p45-47

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### 16.1 PGDP and ASGISA Priorities for Government Action, Craig Goliath, Office of the Premier, Sector Specialist Growth and Investment

#### 16.1.1

The Provincial Growth and Development Plan (**PGDP**) is being assessed and reviewed in the light of **ASGISA**, progress and challenges, focusing on:

- **2nd Economy** Eastern part of the province with its high poverty rate
- **Monitoring and Evaluation (M&E)** Indicators
- **7 Working Groups** in which stakeholders are invited to participated

The **PGDP** targets 6-8% Growth to halve poverty and unemployment of +/- 900 000 people by 2014 in line with **ASGISA**. The **PGDP** comprises several **Pillars**, **27 Programmes** and 9+ **High Impact Priority Projects:** **HIPP's** in clusters, referenced within the **SDF**: Spatial Development Framework, ie. **Pillars**

- Agriculture and Agro-processing eg. Biofuels, Tea and others
- Tourism Development eg. Wild Coast, Addo Park, Big 6, Branding
- Manufacturing Diversification building on Coega, ELIDZ, Auto Sector
- **Integrated Poverty Alleviation** Strategy targeting 10 poorest areas - 65-70% in some areas: Umzimvubu, Elundini, Intsika Yethu, Mbashe, Mbizana, Mnquma, Ngqushwa, Ntbankulu, Nyandeni, Quakeni
- Integrated Housing and Human Settlements

#### Economic Cluster

- Mzimvububu Water Resource and Development Zone
- Integrated Forestry and Wood Products eg. Ugie-Maclear Projects
- **Infrastructure & Transport** eg N2 Corridor, Key Rail & Access Roads

#### Social Cluster

- 2010 Intensification, Sport, Recreation and Cultural Industries
- Community Mobilisation against Crime
- Scaling up Prevention and Treatment of HIV and Aids

#### Governance and Administration Cluster

- Skills Development focusing on scarce skills in areas such as:
  - **Planning**, **Monitoring and Evaluation**
  - Local Government Financial Viability and Support
  - Shared Services Centre and Resources

#### 16.1.2

The **PGDP** Economic Growth Strategy the following 3 focus areas:

- **Aggregate Demand**: Using Government expenditure to reduce unemployment and alleviate poverty eg. **EPWP**, 2nd Economy initiatives, **Massification** of economic initiatives, **Large Scale HIPP's**
- **Industrial Development Strategy**: Building competitive advantage in key industries using the large scale HIPP Icon Projects within the **SDF**
- **Skills Development, Human Resource Development Strategy and JIPSA**: Acquiring Scarce Skills, Developing Skills to participate in the economy

#### 16.1.3

**PGDP Issues** include:

- BBBEE Multipliers
- **Shared Service Call Centre**: 6-8 Seats operational
- Provincial Procurement and Supply Chain Management Targets
- **Call Centres for R100m+ Investors**
- Provincial Investor Package with packaged incentives
- **Talent Development Plan**
- **Investment Growth**: Private 10.7% pa; Public 5.8% pa
- Infrastructure Development services
- Supportive Regulatory Systems
- New Sector opportunities eg. Cement mining potential investigated
16.1.8 Cross cutting GDS Priorities
- Fast tracking
- Addressing land issues.
- Transport and logistics infrastructure.
- Hands on support to municipalities.
- Building Productive infrastructure.
- 2010 Soccer world cup.

16.1.9 Conclusions:
- Motor industry will serve as a major growth stimulator
- Note opportunities in construction forward and backward linkages as well as pressures on skills and material.
- A mandatory 30% be proposed by municipality for EPWP construction methodology.
- 1-3% Infrastructure delivery to be done through FET colleges to speed up skills development of Artisans for the MTEF.
- NSDP principles in planning.
- Mobilise senior leadership in business, government, organised labour and institutions concerned in politics, education, training, science and technology to address priorities and capacity in a more co-ordinated and targeted way.
- Improve Communication
- Improve Local Linkages
- Let us continue to make the Eastern Cape a compelling place to live, work and invest in!

### Eastern Cape Transport Linkages Map

16.2 Andrew Murray, CEO, ECSECC: E Cape Social & Economic Council
Additional Comments on PGDP Assessment
- ASGISA E Cape and the PGDP are aligned with national strategies, the NIPF and the Pro-active Developmental State
- Sector Plans, Working Groups and Engagements are emerging and participation by stakeholders is welcomed eg.
- COEGA Sectors: Auto and Metals
- BPO&O initiatives going beyond Call Centres
- Mariculture with 800 km coastline and 12 000 job potential
- Enabling Infrastructure is key
- District GDS’s provide effective inputs to the PGDP Assessment
- Natgrowth’s ASGISA Programme is welcomed as an initiative sharing knowledge and initiatives between national and provinces

16.3 Comments: There is a need for
- Targets and Timeframes for Growth, Job Creation and Investment by Project, Sector, District and Target Group (Women and Youth) eg.
If Unemployed = +/- 900 000, (Official 32%, Broad 40.9%) then
Target = 450 000 Jobs in 7 years to 2014 = +/- 65 000 Jobs p year

**Note: This may be achievable** - Premier’s State of the Province Address indicates 152 000 Jobs created in the past 2 years

**Working Groups** to involve the Private Sector & other stakeholders

**Marketing, Branding, Communication and PR Strategies**

**Trade and Shopping Tourism** are major sectors which should be developed towards 2010 with anticipated large **numbers of African visitors**, high average **spend** and the high job potential

**Integrated Housing and Property Development** can have significant impact on 2nd economy integration such as in other provinces

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### 16.4

**Adv. Perry Benningfield Chief State Legal Advisor, Mbuyisile Mboya Interim Public Officer, ASGISA E CAPE (Pty) Ltd**

#### 16.4.1

- **Special Purposes Vehicle** for management of PGDP HIPP’s esp Mzimvubu Development Zone and Integrated **Forestry Projects**
- **Board** has been appointed with prominent E Cape business people.
- **Appointment of CEO** and technical managers underway.
- **Interim public officer/project administrator seconded.**
- **Appointment of interim project management service providers** (detailed environmental scoping, project design and financial structuring) to be managed by new Board.
- **Governance arrangements approved** at key Board meeting 24/8/07 (specialized articles and shareholder compact)
- **Physical and Economic Infrastructure** Investment in planning

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#### 16.4.2

**Comments**

- **Interim EXCO, Project Managers, Strategies and Action Plan** could assist in accelerating implementation and investment
- **Working Groups** could also assist in mobilising stakeholder participation, business planning, feasibilities and investments
- **While Investment Targets are over R20b**, only a small amount has been raised thus far eg. R9m by DWAF for the design phase

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**Mzimvubu: An untapped resource**

- The largest undeveloped river in South Africa
- The Mzimvubu River Basin extends over 20,000 km2
- It is one of the highest mean annual rainfall areas in South Africa, from 700mm - 1500mm

**Budget** R3billion per annum (10%) for dedicated ASGISA projects within the programme

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### 16.5

**OVERVIEW: PRINCIPLE AGRICULTURAL ENTERPRISES AND OPPORTUNITIES IN THE EASTERN CAPE**

**Felix Hobson Dept. of Agriculture, Senior Manager Resources**

#### 16.5.1

**E CAPE SECTOR GDP**

- **MANUFACTURING** 19.4% - motor & textiles &goods
- **TRADING** 11.6% - wholesale & retail & TOURISM
- **SERVICE SECTOR** 61.0% - Govt. Service , financial serv. transport, Electricity & water
- **MINING** 0.2% - clay, stone, lime, “ titanium??”
- **FISHERIES** ? - fish, chokka, marine culture, abalone?
- **CONSTRUCTION** 2 % - Infrastructure
- **AGRICULTURE** 3.1% - LIVESTOCK & CROPS
- **UNALLOCATED** 2.7%

#### 16.5.2

**BASIC STATISTICS E CAPE**

- **7 MIL. PEOPLE IN E. CAPE**
- **4 500 COMMERCIAL FARMERS IN E. C. ON 12 MIL HA**
- **65 000 AGRIC. WORKERS EMPLOYED: +/- 6% OF E CAPE JOBS** (14 % OF AGRIC WORKERS IN RSA)
16.5.3 BROAD LAND USE POTENTIAL PER CURRENT CATEGORY: million Ha

<table>
<thead>
<tr>
<th>LAND CATEGORY</th>
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<th>NON–AGRIC LAND</th>
<th>LAND USED FOR AGRICULTURE</th>
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<td>1.5</td>
<td>0.5</td>
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<tr>
<td>TOTAL</td>
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<td>3</td>
<td>1</td>
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</tbody>
</table>

16.5.4 EASTERN CAPE DISTRICTS

Map

16.5.5 Sub-sector opportunities surveyed include:
- Livestock: Cattle, Sheep, Goats, Game, Ostriches, Poultry
- Fruit & Vegetables: Dry Land: Deciduous Fruit, Citrus, Tropical Fruit & Nuts, Pineapples set back by poor imported fertiliser, Irrigated: Tomatoes, Lucerne, Onions, Cabbage, Potatoes, Sugar Beet
- Oil & Protein / Biofuel Crops: Canola, Maize, Sorghum
- Horticulture: Flowers, Chicory, Hemp, Agave, Medicinal Plants
- Other: Tea, Cotton

16.5.6 ASGISA related Strategies include:
- Growth with substantial potential to increase production over 5 times
- Job Creation: Increasing Labour Absorption
- Shared Prosperity: Broadening Participation and AGRI-BEE
- Poverty Alleviation: Food Security Home Growing Programmes

16.5.7 AGRI-BEE and Farmer Settlement Challenges
- Most LRAD farmers are struggling. There are instances of new farmers leaving and/or hiring land out.
- Principal constraint is lack of experience and skills in the full management spectrum needed for successful commercial farming.
- Small profit margins in a high risk operation such as agricultural production leave no margin for error or anything below efficiency.

16.5.8 Agriculture in Underdeveloped areas: Cornerstone for rural development: Major Growth Potential of 5 to 10 times

Data for Underdeveloped Rural Areas

TARGET GROSS AGRIC. PRODUCTION VALUES
Excluding Pre- and Post production Economic Activity

<table>
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<tr>
<th></th>
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<th>Present</th>
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<th>10 Year Goal</th>
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<td>Sheep</td>
<td>38</td>
<td>186</td>
<td>577</td>
<td></td>
</tr>
<tr>
<td>Beef</td>
<td>126</td>
<td>356</td>
<td>1 161</td>
<td></td>
</tr>
<tr>
<td>Crops</td>
<td>140</td>
<td>990</td>
<td>1 620</td>
<td></td>
</tr>
<tr>
<td>Goats</td>
<td>16</td>
<td>41</td>
<td>145</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>320</td>
<td>1 573</td>
<td>3 503</td>
<td></td>
</tr>
</tbody>
</table>

16.5.9 Strategies Against Underdevelopment: Green Revolution
- MDG, Nepad, ASGISA, NSDP, PGDP, IDP, LED, JIPSA, Agri-BEE
- Dept Mission: To Facilitate, Promote and Coordinate Sustainable Food Production and Commercial Agricultural Development
- Optimum Use of all our Resources: Land, Management, Capital, Time, Infrastructure, Markets
- 6-PEG Policy: Fencing, Dipping Tanks, Water Dams, Tractors, Rehabilitation of Irrigation Schemes, HR Development
- HIPPS: Moving progressively up the Value Chain from welfare to sustainable production
- Siyazondla Food Security / Homestead Food Production
- Siyakhula Economic Development / Commercial Agriculture: Massive Food Production Programme
- Livestock Development: Meat, Fibre and Leather
- Bio-Fuels: increasing agricultural production & competitiveness
- Agri-Industry
- Agricultural Support Services
- CASP: Comprehensive Agricultural Support Programme
### 16.5.10 MAGWA Tea Estate Case Study 2004-2007

- **Record productions** in Sept06, Oct06, Dec06, Jan07, Feb07
- **Expect record** for the 2006/2007 season
- **Employing over 3200 people** at peak
- **Full production** area being used, first time in 16 yrs
- **Stock** worth over R13m (R5m sold )
- **ECDC** has paid off JV Gokal R2.7million
- **Magwa** land now owned by community
- **Revised forecasts** show break even 2009/2010

#### Tea Market Challenges
- **International Tea price** in a slump
- **Bumper season in Kenya**
- **SA buyers** terms from 14 days to over 60 days
- **Sales volumes** dropped in January 2007 but picking up
- **Strong Rand** hampering exports
- **Estate holding back sales** due to low exporting price (expected to improve in the next months)
- **Price per kg** is lower than forecast (USD, international tea price)
- **Developing export markets** requires asking lower prices.
- **Pakistan and Russia** are being targeted

### 16.5.10 Other Issues include:

- **Trade Agreements** to ensure SA not disadvantaged eg. IBSA agreement unfavourable for chicory
- **Input Costs**: eg. **Steel** price makes **canning** unprofitable
- **R/$ Exchange Rate** is a key factor for exports

### 16.5.11 Comments for Follow-up

- **Delegates** were fascinated by the range of agricultural opportunities and knowledge available
- **A Communication** campaign is needed to make the information broadly and easily available
- **Rural Finance** schemes do not appear to be functioning effectively eg. MAFISA, APEX Fund and the ECRFC: Eastern Cape Rural Finance Corporate which is still waiting for the transfer of funds from the Department of Agriculture.

---

### 16.6 Mvula Lolwana DBSA E Cape Business Unit, Institutional Analyst

(Refer Gauteng Presentation Page 109-111)

#### 16.6.1 Some key initiatives supported by the DBSA in E Cape

- Eastern Cape Housing Capacity Building Programme
- **2010 Soccer World Cup** – Nelson Mandela Stadium
- Biofuels Policy and pilot study for the EC with ECDC
- Biodiversity Plan for the EC with DWARF
- **Wild Coast** Local Area Investment (LIA) with Old Mutual
- **Capital Infrastructure Development** Programmes for various municipalities
- **Technical Assistance Grants for DMs** for the Growth and Development Summits
- **SALGA** - Capacity Building Grant and Sponsorship for Provincial Conferences
- **Rural Development Programme** with Walter Sisulu University
- Participation in the **Kei Rail Project**
- **Sustainable communities** – 2 rural housing pilots & Urban Renewal Projects
- **Siyenza Manje** Expert Deployment

#### 16.6.2 Initiatives under consideration
16.6.3 Alignment of the DBSA support programme with the Govt’s key strategic priorities – going forward

- Support is given within: Legislative framework of Borrowing Act 1996 (PFMA 1999)
- Operating within the NSDP, PGDP and Municipal IDP priorities
- Support and align with national strategic intervention e.g. ASGI-SA, ISRDP, URP, Project Consolidate, EPWP, NEMA etc
- Enhancing Sustainable Economic Development and Job Creation
- Providing and Facilitating Sustainable Infrastructure Development
- Investing in Human Capital Development
- Intensify involvement in municipalities with poor resource base – emphasis on advisory & capacity building to improve absorptive capacity

- More focus on socio-economic & environmental infrastructure:
  - Social: healthcare services, education, sports
  - Economic: support IDZs, Public Transport, Telecoms etc.
  - Environmental: support public & private sector to ensure all development is sustainable, social equity & human rights

- Promote co-delivery of services – partnerships with other key role-players

16.6.4 Development Support to the Eastern Cape Prov (R’000)

<table>
<thead>
<tr>
<th>Product</th>
<th>2004/5</th>
<th>2005/6</th>
<th>2006/07</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Total Book R1.2b</td>
<td>81,263</td>
<td>83,332</td>
<td>100,475</td>
<td>265,070</td>
</tr>
<tr>
<td>Development Fund Grants</td>
<td>12,336</td>
<td>27,952</td>
<td>3,456</td>
<td>43,744</td>
</tr>
<tr>
<td>Technical Assistance Grants</td>
<td>2,862</td>
<td>3,159</td>
<td>2,037</td>
<td>8,058</td>
</tr>
<tr>
<td>JCT</td>
<td>8,526</td>
<td>1,325</td>
<td>2,771</td>
<td>12,622</td>
</tr>
<tr>
<td>CEO Fund</td>
<td>2,550</td>
<td>2,900</td>
<td>3,200</td>
<td>8,650</td>
</tr>
<tr>
<td>Total</td>
<td>107,537</td>
<td>118,668</td>
<td>111,939</td>
<td>338,144</td>
</tr>
</tbody>
</table>

16.6.5 Conclusion

- Target infrastructure investments with highest returns (development impact)
- Cooperation between sector departments to promote integrated planning
- Municipalities to adopt integrated asset management towards operations & maintenance
- Assess the affordability of households and accessibility of services
- Adopt public participatory approaches to promote ownership and local management of services

16.6.6 Comments for Follow-up: Explore opportunities to significantly expand the scale of investment and capacity in working groups with the Provincial Government, Municipalities, ASGISA E Cape, ABSA, the Private Sector, Natgrowth and other Strategic Partners

© Natgrowth 1/11/2008 Tel 011-403-5483; Fax 011-403-3237; natgrowth@global.co.za; P108 of 171
16.7 Zwelethu Mhlope ELIDZ, Sector Specialist (Ref E Cape 2006 Programme Page 47)

16.7.1 ELIDZ was established in 2002 and has been operational since 2005/6
- IDZ benefits such as customs controlled area and low cost facilities
- Ideally situated to better service all the major cities in SA
- Centralized location
- Coastal rather than inland – access to port and airport
- Excellent Road and Rail Systems to all the major cities
- Good infrastructure: energy, facilities, telecoms (own fibre cable)

16.7.2006/7 Successes

Investment Generation:
ASP: Automotive Supplier Park
- The ELIDZ commenced with the development of the first cluster in the zone, the Automotive Supplier Park.
- To date 7 component manufacturers have invested in the zone, all of which are already occupying their premises.

Increased investor interest
- This has increased the number of investors in the ELIDZ from 4 to 11 in just less than a year, warranting for more than 100% increase from the past financial year.
- These investors have ramped up the total sum invested by the private sector in the ELIDZ to R755 million, a R450 million increase from the previous financial year.

Operations and job creation
- Combined, these investors will create a total of 1180 direct manufacturing jobs in addition to the 3973 direct construction jobs which have been created to date.

16.7.3 Target Sectors – significant opportunities

<table>
<thead>
<tr>
<th>Automotive</th>
<th>Agro-Processing</th>
<th>Pharmaceuticals</th>
<th>BPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>* 1st tier Suppliers</td>
<td>* Agro-processing</td>
<td>* Generics</td>
<td>-* Call Centers*</td>
</tr>
<tr>
<td>* 2nd tier Suppliers</td>
<td>* Forestry &amp; Wood</td>
<td>* Cosmetics</td>
<td>-* Software engineering*</td>
</tr>
<tr>
<td>* Related industries</td>
<td>* Dairy Products</td>
<td>* Natural Remedies</td>
<td>-* Programming*</td>
</tr>
<tr>
<td>* Bio-fuels</td>
<td>* Leather</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Food-Processing</th>
<th>Logistics</th>
<th>Aqua-Culture</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Fruit Concentrates</td>
<td>* Logistic Service Providers</td>
<td>* Abalone Farming</td>
<td>-* Light industries*</td>
</tr>
<tr>
<td>* Meat Processing</td>
<td>* Warehousing facilities</td>
<td>* Fish Farming</td>
<td>-* Plastic Conversion*</td>
</tr>
<tr>
<td>* Packaging</td>
<td>* Distribution Centers</td>
<td>* Fish processing</td>
<td>-* Assembly / fabrication*</td>
</tr>
<tr>
<td><strong>Agro-Processing</strong></td>
<td></td>
<td></td>
<td>-* Electrical / electronics*</td>
</tr>
</tbody>
</table>

16.7.4 Investments to Date

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>NUMBER</th>
<th>INVESTMENT VALUE (Rm)</th>
<th>JOBS CREATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>11</td>
<td>657</td>
<td>977</td>
</tr>
<tr>
<td>Logistics</td>
<td>3</td>
<td>52</td>
<td>133</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1</td>
<td>25</td>
<td>40</td>
</tr>
<tr>
<td>Aqua-culture</td>
<td>1</td>
<td>21</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>755</td>
<td>1180</td>
</tr>
</tbody>
</table>

16.7.5 Comments / Issues for Follow-up

- Port Expansion has been turned down by Transnet in terms of its own investment priorities and commercial viability. It is possible to review the business case and raise investment funding independently. DBSA expressed interest and Natgrowth is willing to assist.
• Marketing and Communication are key to the expansion of ELIDZ and the business case for the port.
• Working Groups should be promoted with stakeholders in the Province, Amatole District and Buffalo City.

16.8 Estelle Gathercole Auto Industry Development Centre E Cape GM (Ref Gauteng Programme Page 116)

16.8.1 AIDC has been a key part of the Auto sector expansion in Gauteng and E Cape: PE and East London under the current MIDP with its focus on supplier development, supply chain management and skills development, contributing to ASGISA and the PGDP.

16.8.2 The MIDP is key to the future of the industry beyond 2012. The MIDP review has found that
  - The MIDP requires the automotive industry to sustain EMPLOYMENT, which it has done.
  - The MIDP requires the automotive industry to GROW EXPORTS & IMPORTS, which it has done.
  - The MIDP is expected to stimulate INVESTMENT in new plant and equipment on the part of the OEMs, the Component Manufacturers and the distribution and servicing areas of the industry.
  - The MIDP has the goal to increase the AFFORDABILITY OF VEHICLES for South Africans.
    • Domestic vehicle sales grew by over 217,483 units from approx 400,000 in 1995 to 617,000 in 2005
    • Over the period 1995 through 2005, average annual new vehicle prices in 7 out of the 11 years were below increases in the annual average South African inflation rate.
    • Since 2003 the real car price index has declined
  - Weaknesses to be addressed:
    • Employment is relatively stable although job creation has shifted from manufacturing to distribution
    • Insufficient job and/or enterprise creation in the components industry- more can be achieved
    • Insufficient focus on technical skills development
    • MIDP recommendations (amongst others)
  - Extension of the PAA
    • Increase support to 35% duty or tax credit on Fixed Investments
    • Include Skills development support of 10% on Fixed Investments
    • Include all manufacturing value chain investments except raw material suppliers

16.8.3 Comment:
• Key areas under negotiation with National Treasury and the dti appear to include significantly increasing the return on government’s investment which would contribute meaningfully to the aims of ASGISA and national priorities: ie
  • Increased Employment
  • Enterprise Development
  • All aspects of BBBEE
  • Affordability of Vehicles
• The change from Export to Production Incentives involves adjustments which are not considered to be major
• The current industrial action indicates that labour issues and wages are key in terms of future planning and operations

16.9 Hylton Long Khula East London, Regional Coordinator (Ref Gauteng Programme Page 121)

16.9.1 New Agreement with the Banks
10,000 To 250,000
Up to 90% Prime + 2% 2.5 2 50

250,001 To 1,000,000
Up to 80% Prime + 2% 5 3 30

1,000,001 To 3,000,000
Up to 70% Prime + 3% 10 3.5 20

16.9.2 Mentorship Scheme for first 12 months
• First Quarter - 48 Hours No Client Contribution
• Second Quarter - 24 Hours Client Contributes 45% of hourly rate
• Third Quarter - 18 Hours Client Contributes 46% of hourly rate
• Fourth Quarter - 18 Hours Client Contributes 50% of hourly rate

16.9.3 Access to Finance Challenges
• Perceived risk profile of SMEs
• Smaller loan size and cost of funding
• Structural weaknesses in the financial system
• Lack of collateral in SMEs
• Information gaps in accessing external finance
• Inadequate skills by SMEs
• Quality of business propositions
• Insufficient understanding of the SME landscape by lenders

16.9.4 Concluding Remarks
• Prospects for SME sector are good
• Renewed focus on SMEs by both the public and private sector
• Scale up of interventions by the DFIs and commercial banks
• Differentiation of product offering
• Better cooperation amongst DFIs
• Increased awareness of official programmes by SMEs, Banks, DFIs, and other stakeholders

16.9.5 Comments for Follow-up
• The Quality and number of Service Providers doing business plans and providing mentorship needs to improve – follow-up with SEDA
• Partnerships with Businesses and Professionals could assist as part of BBBEE & enterprise development eg. PWC voluntary scheme
• More assertive marketing and delivery strategies are needed to contribute towards the Target for sustainable enterprises
• More coordination and communication with Municipalities would benefit a greater number of beneficiaries particularly in rural areas
• To follow-up with Services SETA on New Venture Creation Learnership to enhance business planning and sustainability

16.10 Louis Joubert Enlist Human Resources
(Ref Mpumalanga Programme Page 135) Follow-up points
• Online learning can contribute towards skills development on an affordable basis. In order to have a significant impact –
• Alignment with scarce skill needs is emerging eg. Project Management, Financial Management, Planning and Technical skills
• Access to computer facilities needs to be expanded eg. a project was discussed which is distributing over 1m non-electrical computers on a free basis, which should be more widely publicised

DELEGATE FOLLOW-UP POINTS

16.11 Mokgalo Mulaudzi, ABSA, Regional Manager Commercial Retail
• Would like Natgrowth to partner with ABSA in a strategic advisory capacity on projects, partnerships and removing bottlenecks
- To follow-up on projects and partnerships with ASGISA E Cape, District Municipalities and the Department of Agriculture

### 16.12 Nomaxabiso Mshweshwe, ABSA, Consultant, Public Affairs, CSI and Public Sector
To follow-up on
- A Flagship Project for ABSA
- Pro-activeness on different matters
- Projects, Partnerships and Working Groups with the Province, Municipalities and Natgrowth
- NBI cooperation with the Province and Natgrowth on key tasks eg
  - Impact assessment
  - Business planning
  - Branding and Marketing
  - HR Management
  - Shared Services

### 16.13 Irene Hintsho, Balimosi Facilitation Training and Development
- Expansion of community facilitation services providing essential communication, training and development services to enhance participation in a range of social and economic initiatives

### 16.14 Vuyisa Mginxa, Nomhle Ngcizela, Uvimba / ECRFC: Eastern Cape Rural Finance Corporation, Department of Agriculture
- ECRFC has been set up by the Dept of Agriculture to finance emerging farmers. A new CEO Prof Sandi has been appointed
- Funding has been delayed which is frustrating delivery
- Some 25 representatives appear to need transport, improved conditions and performance incentives to be more effective

### 16.15 Pelloza Mpeqeka Eskom Eastern Cape
To report to principals on Natgrowth ASGISA programme, positive outcomes, projects, partnerships, LED Forums, Working Groups and opportunities to broaden Eskom’s ASGISA and BBBEE impact

### 16.16 Phumelelo Kate Executive Mayor, Pravin Naidoo Municipal Manager, Makana Municipality
To follow-up on implications for District GDS and LED Working Groups, Investment opportunities and Broadening Participation eg.
- The Ceramics Industry: mining, manufacturing and marketing
- Arts and Culture Festivals Expansion and Marketing
- The Goat industry

### 16.17 Dr Sithambela Vatala Nelson Mandela Metro, Director Strategic Planning and Integration, IDP, Office of the Municipal Manager
- NMM faces a number of challenges with a substantially new organization and employees
- NMM has significant opportunities as the economic hub of the province, with 2010, Coega, manufacturing and tourism sectors
- The GDS in Feb 2007 needs to be translated into a more externally focused IDP and LED Strategies and Plans
- IDP and LED Forums and Working Groups could assist in building on the existing Metro Business Council
- Integrating the 2nd Economy is a key challenge and opportunity to broaden shared growth in the Metro and the Province, eg. with linkages to other districts
- 2010 Plans need to involve communities and SMME’s
- Various coops set up to supply NMM need to be expanded
- Addressing the Housing Backlog of +/- 265 000 is a priority with some 85 informal settlements.
- Integrated Township and Property Development to be explored
- Overloaded Infrastructure and Roads need to be addressed –
to follow-up with DBSA
- COEGA expansion and broader participation to be explored
- Urban Agriculture eg. Good small holdings and community gardens can be expanded with linkages to the 1st economy

16.18. Sizwe Tantsi SMME Development Manager, Andisa Tyiwana, SMME Officer OR Thambo District Municipality

16.18.1 Opportunities and linkages to be explored:
- LED Working Groups eg. On Agriculture, Tourism, Trade, Transport and SMME’s; and specific linkages eg.
- Mzimvubu and Forestry Mega Projects with ASGISA E Cape
- Infrastructure Development with DBSA
- SMME Financing with Khula and ABSA
- Agriculture Projects with the Dept of Agriculture
- Tourism Projects eg. Wild Coast Marketing and Development
- Cooperation with Natgrowth on the above & preparation for the
- Investment Conference Feb 2008

16.18.2 There is an urgent need to fill key positions ie. Chief Financial Officer and Engineer/s. These vacancies cause ongoing bottlenecks in Financial Management and Investment initiatives. Recruitment of scarce skills is difficult in rural areas.
Options to be explored include:
- Siyenza Manje placement of specialists through DBSA
- Appointment of professionals on a mutually acceptable basis

16.19 Thilani Botes Manager, Rakesh Bhika Director SizweNtsaluba Chartered Accountants (CA’s)
SizweNtsaluba have recently opened as a firm of CA’s in E Cape. They are actively seeking opportunities and are willing to assist the Province, Municipalities and SMME’s with a range of priorities including:
- Auditing, PFMA and MFMA compliance, business planning, financial management, learnerships and participation in working groups
- Mobilization of other professionals and business associations.
17. 23-25 OCTOBER 2007 ASGISA KWA-ZULU NATAL PROGRAMME, SOUTHERN SUN NORTH BEACH, DURBAN

Marcia Zungu ABSA, Dr Paulo Fernandes CEO AIDC, Sonte Maise BAMS, Mandle Ndimande CEO Durban Film Office, Russell Curtis Acting CEO DIPA, Michael Bertram CEO, Nozihlo Gigaba Hibiscus Coast Development Agency, Dominic du Plessis CEO, Vuyi Hlabangane KZN Growth Fund, Mlungisi Mkhize IDT Umzimkulu, Sakhile Zuma IDT Sisonke, Leonie Hall CEO Interakt, MMC Media, Rodgers Hlongwane Okhahlamba, Nomvula Xaba SA Canegrowers, Dr Langa Mqadi, Chief Director KZN Social Welfare, Nkosana Sifumba TIKZN, Nellie Ngwane Unbuye Training, Cllr. MC Zungu Umkhanyakuda, Daniel Lubbe DM Uthungulu, Apologies: Premier, Legislature, MECs, HODs, DBSA, DEAT, dti, Durban Africa, Cllr. Obed Mlaba Mayor eThekwini, Mbuso Zungu Empowerdex, Andrzej Kiepielo KZN Growth Coalition, Wallace Langeni Khula, Prof Sipho Shabelala Office of the Premier, Donnee Kruger TIKZN.

17.1 SUMMARY: BACKGROUND

17.1.1 KZN is experiencing high Unemployment: Official 29.2% 946 000, Expanded 42.2% 1 676 000 (Stats SA March 2007)

<table>
<thead>
<tr>
<th>Unemployment</th>
<th>Sep 06</th>
<th>March 2007</th>
<th>Target 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 9.8m</td>
<td>%</td>
<td>%</td>
<td>'000</td>
</tr>
<tr>
<td>Official</td>
<td>26.6</td>
<td>29.2</td>
<td>946</td>
</tr>
<tr>
<td>Expanded</td>
<td>37.0</td>
<td>42.2</td>
<td>1676</td>
</tr>
</tbody>
</table>

- **Targets** to halve unemployment by 2014 require 68 -120 000 jobs per year on the official and expanded rate respectively.
- **5.32m** People were living in Poverty in 2004 which could exceed 6m by 2014. The **Target** to halve Poverty by 2014 now exceeds 308 000 people p year (PSEDS: Prov Spatial Eco Development Strategy)
- **Targets** need to be set by District and Sector with defined initiatives
- **District GDS and Local LED Projects** need to be packaged for effective implementation and investment facilitation

17.1.2 The State of the Province Address Feb 2007 (SOPA) indicates some progress towards “Building the Economy through Partnerships”

- **The 2nd largest GDP-R:** +/- 13% of SA although the population of 9.8m comprises 20.5% of SA 47.7m
- **Growth increased** from 1% in 1999 to 5.3% 2006; with the potential to achieve 10% by 2014
- **Unemployment** declined from 36.3% in 2003 to 29.9% in 2006
- **Poverty declined** from 54% in 2004 to 51.9% in 2005: Global Insight
- **Literacy increased to 88.6%**
- **Major Budget 2007:** R43.5b +R24.1b Local Government = R67.6b
- **Tourism leader 2005:** 11.6 domestic, 1.6m foreign; Total R20.7b

17.1.3 SOPA identifies major PSEDS initiatives and “new money” including:

- **2010 Projects** including R2b on the new Stadium
- **King Shaka Airport and Dube Trade Port R4b** at La Mercy
- **Dube** is expected to add R12b and thousands of jobs
- **Roads R3b:** P700 Corridor R Bay-Ulundi R350m, P577 Mthubathuba to Hlabisa and Nongoma R300m
- **Durban Port** improvement: R10b over 7 years
- **Growth Sectors** in the PSEDS and District GDS’s: Agriculture, Tourism, Manufacturing, Transport, Logistics
- **Aligning National, Provincial and Local Programmes and Capex**
17.1.4 AGRICULTURAL DEVELOPMENT / AGRARIAN REVOLUTION

- **Potential Mass Agriculture** in 2nd Economy / Rural areas
- **Food Security** Programme, from Unemployment to Employment and Self-employment
- **Partnerships** with Flanders R60m Food Security, India and China:
  - **Mushrooms and dryland Rice** Ploughing and Planting
  - **Nguni Cattle:** Progress 187 Bulls, 839 Heifers for meat production
- **Invasive Alien Species eradication**

17.1.5 INTERNATIONAL RELATIONS

- **Partnerships** include France, Germany, Belgium, China, India
- **Belgium** >R200m aid, EU marketing in Brussels with SA Embassy
- **China** Visit Dec 2006: 3 outcomes
  - Partnership with Fujian Agricultural University on rice, cooperation on hiv/aids research, arts, culture, sports, business and IT
  - MOU with Shanghai revived to identify concrete projects in agriculture, business, tourism, arts and culture
  - **Beijing** relationship: Olympic preparation, cooperation on urban agriculture, water conservation
- **India** strong links through MOU with Punjab food basket and on coops
- **Delegations to the Gulf, Brazil**
- Engaging France, Germany, Reunion re 2010
- Engaging Mozambique on cross-border hijackings

17.2 BUDGET SPEECH SUMMARY MEC Z MKHIZE

17.2.1 PSEDS: PROVINCIAL ECONOMIC SECTORS being aligned with Local IDP’s, LED’s and Budgets, comprise:

- **Agriculture** and Agri-industry
- **Industry** and Manufacturing
- **Tourism:** Domestic and Foreign
- **Services:** Financial, Social, Transport, Retail and Government Revival Strategies for Labour-absorbing Clothing & Textiles and Mining

17.2.2 INVESTMENT PARTNERS include:

- **Transnet & Nat. Ports Authority R15b** on Durban over 5 years
- **Private Sector**
  - 2000-5 >R27b invested in Auto, Steel, Aluminium, Forestry, Paper, Oil, Gas, Property
  - 2004-5: Toyota R3.4b; Anglo: Mondi R1.4b; Paper Mill R0.9b; R0.8b Portuguese invested in Natal Cement; Shell/BP R0.63b Sapref
- **FDI:** TIKZN: New Board representing all municipalities; Projects:
  - Indian Appalo Tyres bought in to Dunlop
  - Indian Tata Steel building a manufacturing plant in Richards Bay
  - Indian Uni-Phos BEE JV for Plastics plant
  - Belgian Rovoplast bought property to set up a PVC plant in Eshowe
  - Chinese Shanghai Haboa Chair BEE JV to manufacture stadium seats in PMB

17.2.3 THREE DEVELOPMENTAL STRATEGIES INFORMING 2007/8 BUDGET

1. **Stimulating sustainable** and shared growth through partnerships
2. **Employment creation** and empowerment initiatives
3. **Improving Service Delivery**

17.2.4 1. **Stimulating sustainable** and shared growth through partnerships

**Aim:** To be the leading Provincial Economy - Requires

- **Government Investment:** to guide economic development
- **Private Investment** to transform the economy, participatory & inclusive
- **Building Relevant Skills:** to support a technologically advanced economy
- **Labour absorbing Business Sector** directing efforts to halve unemployment
- **Broadening Participation** requires Meaningful BEE
### 17.2.5 Government Investment

- **Economic Cluster**: R7.637b, creating 183,000 temp jobs in housing, roads, agriculture, land reform & restitution, tourism, corridors & nodes
- **Infrastructure**
  - Increasing from R3.9b to R6.36b in 2007/8 to R9.854b in 2009/10
  - Not tolerating under-spending
  - Transport: R3.18b to upgrade major corridors including John Ross Highway, P700 Richards Bay-Ulundi ultimately to Vryheid & North Dube Trade Port (DTP) and King Shaka International Airport
  - With ACSA and DOT Budget increased from R2.5b to R5.3b
  - Ilembe Consortium appointed – on track towards 2010 target
  - Catalytic impact across the province as preferred Tourism destination

### 2010 Soccer World Cup

- **Business opportunities** across many sectors: tourism, sports, security, hotel, food & beverage, transport and others
- **Stadium progress**: Province contributing R300m over MTEF cycle

### Provincial Growth Fund

- **Partners**: 5 Private Sector Banks
- **Delays** in finalising arrangements and packaging projects
- **DBSA assisting** with Management capacity
- **R500m**: Needs to be disbursed on projects
- **Oversight**: Dept of Economic Development

### Other Instruments

- To stimulate Sustainable and Shared Growth built around the theme of a positive image and a Sport and Cultural Mecca
  - **A1 Grand Prix** partnership contributed R360m in 2006 to GDP-R
  - **KZN Film Industry**: 59 films & commercials in 2004 to 77 in 2006; 30-40% cheaper than US & EU; Incentives considered to increase
  - **Music Industry**: R10m to promote local production
  - **Tourism**:
    - **Growing Market Share**: Domestic leaders in SA, 2nd in International
    - **10% GDP-R**
    - **77,000** Direct Jobs, **154,000** Indirect Jobs
    - **Substantial** Infrastructure Investment: R89m past 2 years
    - **Private Investment >R2.5b** in new hotels, 3 hotels in planning including a coastal resort; plan to package new investment opportunities
    - **Packaging Projects & Investment** opportunities in different districts
    - **Working with Arts, Culture and Tourism**

### 17.2.6 STRATEGY 2 EMPLOYMENT CREATION & EMPOWERMENT

#### 2.1 Supply Chain Management (SCM)

- **SCM Units** in all departments to promote BEE & other development policies
- **29% of Budget R42.4b = R12.3b** requires procurement procedures (71% Salaries, Municipal services, Telkom, Transfers to NGO’s, Public Entities)
- **R4.7b** National Contracts: strategy to negotiate BEE and Local impact
- **R7.6b** Direct impact: enforce BEE and Local Economic Development

#### 2.2 Agrarian Revolution and Basic Food Security Programmes

- Most important strategy to revive rural economy and fight poverty
- Mobilise existing resources: communal land and indigenous skills
- Nguni Cattle Revitalisation Project
- 8670 Hectares produced 13,000 tons maize and dry beans in...
Nongoma, Magadu, Nquthu, Nkandla etc. with Gov fencing, fertilisers, seeds, weed killers, tractors in mechanisation programme
  • Serious planning and operational challenges: late planting, overspending, severe criticism, being actioned by Dept. of Agriculture

2.2 Agrarian Revolution and Basic Food Security Programmes /…
  • Focus on Agro-processing export opportunities linked to Dube Trade Port
  • Tea Production viability study: loss of 5000 jobs; Ngome Est. stakeholders to assist; advised by Japanese to focus on high-end ready-to-drink green teas.
  • Comment: Many opportunities – needing skills, support and cooperation

2.3 Ithala Small Enterprise Support and Financing
  • Tasked to fund and drive Coops, SMME’s and BEE
  • Challenges: Increase in arrears of R52m needing recapitalisation
  • Strategy to overcome and prevent arrears with upfront support
  • Restructuring as deposit taking institution and streamlining, new Board
  • Recruitment of skills as a true development finance institution (dfi)
  • R1.3b MTEF Budget: R635m for Coops, R665m for SMME’s
  • To date: R478m approved for 465 enterprises, 3 552 job opportunities
  • Support: Ukwakha Consortium appointed to assist with business plans, mentorship, technical support and due diligence on loan applications
  • Support Model with SEDA and India at district level

2.4 Cooperatives Programme
  Aims: Basic Food Security and Economic Activity at Community Level
  • Over 4000 trained at FET’s on business planning
  • Over 1000 loans R169.6m approved by Ithala contributing to 7130 Jobs
  • Look forward to millions involved
  • Government provides a supportive environment but does not run coops
  • U of Zululand Coop Programme set up with 2 experts – needs to strengthen practical coop outcomes
  • Secondary Coops to be set up in each district to benefit from procurement, bulk buying, branding, marketing and participation through the value chain; expected in poultry, beef, vegetables & bean production and mechanisation
  • Combination of Grants and Loan Funding
  • Government committed to providing markets to trade eg. Dept of Health buying linen, fresh produce and meat for public health facilities

2.4 Specific Job Creation Programme: EPWP
  • R2.6b MTEF Budget for Dept’s of Transport, Health, Social Welfare, Local Government, Education, Agriculture and Works, targeting women & youth eg.
  • Transport: Zibambele and Vukuzakhe expected 109 500 Jobs by 2009/10
  • Community Health and Home-based Care 16 034 Jobs by 2009/10
  • Local Gov Community Development Workers 410 Jobs by 2009/10

2.5 Business Process Outsourcing (BPO)
  • 3 Call Centres to be set up by Eco Dev in PMB, Richards Bay & Newcastle
  • 1000 Agents to be trained – R20.8m set aside
2.6 Empowerment through savings

- Educating the public on benefits of saving (currently only 0.2% of incomes)
- Government Budget Surplus contributing to public sector savings

17.2.7 STRATEGY 3: A. IMPROVING SERVICE DELIVERY

Increases in Budget Funding for baseline quality services

**Education + 14.9% + R2.4b including**

- **No-fee schools** (now 3342), salary increases and more teachers
- **Concern:** Not matched by matric pass rate improvement
- FET's increasing from R392m to R513m by 2009/10
- **Masifundisasane Literacy campaign** contribution to Dept of Labour

**Health +14.4% +R1.7b to R13.4b**

- Strengthen HIV & Aids campaign from 30% to 70% ARV's R1.3b by 2009
- Increases in Staff and Salaries
- Increasing Primary Healthcare Clinics (PHC) visits beyond 19.9m
- Capex Delays: part transferred to National, part PPP for hospital revitilisation

**Social Welfare**

- 2006/7 R13b grants transferred to National – now 1.9m on child grants
- Prov Budget for Social Workers, population development, child care, aged, crime prevention & victims, HIV & Aids prevention, social relief etc.

**Function Shifts to Economic Development**

- **Prov Growth Fund R1.709b** over MTEF
- **SMME Fund R665m** over MTEF
- **Treasury to assist** until full-time project managers appointed

3 B: GOOD GOVERNANCE

- Performance Budgeting System: R100m Project
- Financial Management: Improve Audit reports and PFMA compliance
- Monitoring Municipal Financial Management: Assisting 53 of 61; Total Local Budgets R24.1b

3 C: FIGHTING CRIME AND CORRUPTION

- Fraud & Corruption: Zero tolerance; investigations ongoing

17.2.8 KZN BUDGET

<table>
<thead>
<tr>
<th></th>
<th>2006/7</th>
<th>+-%</th>
<th>2007/8</th>
<th>+-%</th>
<th>2008/9</th>
<th>+-%</th>
<th>2009/10</th>
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</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td>16 209.1</td>
<td>14.9</td>
<td>18 630.3</td>
<td>9.8</td>
<td>20 457.5</td>
<td>10.9</td>
<td>22 678.9</td>
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<tr>
<td><strong>Health</strong></td>
<td>11 736.8</td>
<td>14.4</td>
<td>13 423.3</td>
<td>7.1</td>
<td>14 375.6</td>
<td>9.9</td>
<td>15 792.3</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td>894.8</td>
<td>11.8</td>
<td>1 000.4</td>
<td>0.5</td>
<td>1 005.3</td>
<td>9.0</td>
<td>1 095.7</td>
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<tr>
<td><strong>SOCIAL share decreasing</strong></td>
<td>77.9%</td>
<td>75.9%</td>
<td>73.5%</td>
<td>71.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td>2 415.9</td>
<td>26.9</td>
<td>3 066.4</td>
<td>14.2</td>
<td>3 501.2</td>
<td>16.5</td>
<td>4 078.6</td>
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<tr>
<td><strong>Works</strong></td>
<td>451.5</td>
<td>6.2</td>
<td>479.4</td>
<td>6.9</td>
<td>512.5</td>
<td>7.5</td>
<td>550.9</td>
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<tr>
<td><strong>Local Gov &amp; Trad Affairs</strong></td>
<td>595.6</td>
<td>29.0</td>
<td>768.1</td>
<td>21.8</td>
<td>935.8</td>
<td>17.2</td>
<td>1 096.9</td>
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<tr>
<td><strong>Housing</strong></td>
<td>1 252.1</td>
<td>21.5</td>
<td>1 520.9</td>
<td>18.1</td>
<td>1 796.8</td>
<td>16.7</td>
<td>2 096.7</td>
</tr>
<tr>
<td><strong>Agriculture &amp; Environment</strong></td>
<td>1 298.9</td>
<td>16.1</td>
<td>1 507.8</td>
<td>16.2</td>
<td>1 628.4</td>
<td>16.2</td>
<td>1 892.6</td>
</tr>
<tr>
<td><strong>Economic Development</strong></td>
<td>390.1</td>
<td>257.5</td>
<td>1 394.4</td>
<td>100.2</td>
<td>2 792.2</td>
<td>13.7</td>
<td>3 174.0</td>
</tr>
<tr>
<td><strong>Arts, Culture &amp; Tourism</strong></td>
<td>254.7</td>
<td>12.8</td>
<td>287.4</td>
<td>9.2</td>
<td>313.8</td>
<td>10.6</td>
<td>347.1</td>
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<tr>
<td><strong>Sport and Recreation</strong></td>
<td>106.1</td>
<td>52.0</td>
<td>161.2</td>
<td>8.5</td>
<td>174.9</td>
<td>26.2</td>
<td>220.7</td>
</tr>
</tbody>
</table>

**Social share decreasing:**

77.9% to 71.9%
17.3 Dominic du Plessis CEO, KZN Growth Fund

17.3.1 Strategic Objectives
- To enhance growth & development in KZN
- To accelerate socio-economic upliftment via job creation
- To create opportunities and promote effective BEE
- To target productive infrastructure investment into KZN
- To enhance existing sector comparative advantages by focusing on
  a) Tourism
  b) Provision of bulk water supply
  c) Transportation and Logistics
  d) Telecommunications
  e) Power: Generation / Transmission / Distribution
  f) Sector-specific Infrastructure Projects

17.3.2 The Growth Fund fills a gap with High-impact Projects over R30m in contrast to commercial banks eg.
- Keen on greenfield job-creating projects
- Not seeking enormous returns: longer term view on pay-back
- Flexible with promoter’s own contribution
- Seek to maximise BEE – promote innovative Partnerships – leverage Govt support

17.3.3 Structure

17.3.4 Capitalisation
- 1 Year Target R1.5b
- 3 Year Target R5b

Funding in 3 Forms
- Capital Contribution by Provincial Treasury through Ithala 2007: R500m; 3 years R1.74b. Junior debt – repaid after senior debt
- Mezzanine Debt R250m this year
  - Standard Bank, Sanlam, DBSA, INCA
- Mixture of equity/shares and loan finance
  - **Senior Debt R750m** this year
    - Standard Bank, Sanlam, DBSA, INCA
    - Interest rates – based on Prime
    - Loan maturity: 15 years

**17.3.5 Investment Criteria**
- Projects requiring investment of **R30 - R150m**
- Projects with major **infrastructural** component
- **Financial viability and sustainability**
- **Job creation** (direct and indirect)
- Compliance with the KZN BEE objectives
- Alignment with **Sectoral Priorities**
- **Return on Investment** parameters
- **Sound corporate governance**
- **Positive socio-economic impact**

**17.3.6 Target Sectors**
- **Tourism-based development projects**
  - Major resort developments in under-developed areas
  - Large-scale community based game park/other projects
- **Provision of bulk water supply**
  - Especially for new industrial/economic developments
- **Power: Generation / Transmission / Distribution**
- **Transportation and Logistics** for well-defined economic and industrial zones
  - **Logistics parks**, Industrial development zones, etc.
- **Sector-specific infrastructure projects**
  - **Manufacturing hubs** (steel, aluminium, autos, etc.)
  - Agro-processing projects, IT parks, Call centres, service centre
  - Bio-fuels, manufacturing, aqua culture, mineral beneficiation

**17.4 Vuyi Hlabangane Chief Investment Officer, KZN Growth Fund**

**17.4.1 Some Projects in the Pipeline**
1. Ship-building Park at Durban Harbour: **R24m**
2. Aluminium Slug Plant at Richards Bay: **R57m**
3. KZN Portland Cement at Richards Bay: **R33m**
4. Harbour Development at Port Shepstone: **R242m**
5. Marian Ridge Industrial Park: **R150m**
6. KZN Winery in Escourt: **R30m**
7. Imvumo Shic Shabeen in Durban: **R37m**
8. Marriott Hotel in Umhlanga: **R150m**

**TOTAL**
- Estimated Project Value **R5.2 billion**
- Loans applied for **R1.3 billion**
- Estimated Job Creation **1950**

**17.4.2 Some approved projects**

<table>
<thead>
<tr>
<th>Location</th>
<th>Project Value</th>
<th>KGF Loan</th>
<th>Job Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayhead Marine Industrial Park</td>
<td>Durban</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Cold Storage Logistics Facility</td>
<td>Richards Bay</td>
<td>62</td>
<td>52</td>
</tr>
<tr>
<td>Zembeni Herbs</td>
<td>Durban</td>
<td>71</td>
<td>54</td>
</tr>
</tbody>
</table>

**17.4.3 Projects Under Appraisal**
17.4.4 Initial Screening Phase Projects

<table>
<thead>
<tr>
<th>Location</th>
<th>Project Value</th>
<th>KGF Loan</th>
<th>Job Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durban</td>
<td>61</td>
<td>40</td>
<td>45</td>
</tr>
<tr>
<td>Richards Bay</td>
<td>36</td>
<td>33</td>
<td>64</td>
</tr>
<tr>
<td>Marianridge</td>
<td>1,500</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Umhlanga</td>
<td>306</td>
<td>138</td>
<td>350</td>
</tr>
<tr>
<td>Ntuzuma</td>
<td>45</td>
<td>37</td>
<td>327</td>
</tr>
<tr>
<td>Newcastle</td>
<td>270</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>Lake Sibaya</td>
<td>70</td>
<td>70</td>
<td>90</td>
</tr>
<tr>
<td>Total</td>
<td>2,440</td>
<td>708</td>
<td>1176</td>
</tr>
</tbody>
</table>

17.4.5 Some Identified Projects

<table>
<thead>
<tr>
<th>Location</th>
<th>Project Value</th>
<th>KGF Loan</th>
<th>Job Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greytown</td>
<td>150</td>
<td>50</td>
<td>660</td>
</tr>
<tr>
<td>Ximba</td>
<td>217</td>
<td>150</td>
<td>70</td>
</tr>
<tr>
<td>Newcastle</td>
<td>196</td>
<td>150</td>
<td>150</td>
</tr>
</tbody>
</table>

17.4.6 Macro-economic Key Performance Indicators & Targets include

**GEOGRAPHIC SPREAD**
- At least 50% of the projects outside of the 3 urban economic hubs

**CAPITAL RAISING**
- The successful raising of commitments for Senior Debt and Mezzanine Debt: R1bn committed by July 2006

**SUSTAINABILITY OF THE FUND AND ASSET MANAGER**
- Building a diverse portfolio of performing assets
- Financial profitability – break-even in 3 years
- Ability to cover costs

17.4.7 CHALLENGES FACED

**SPEED:** The promoters were slow to respond to the requests for information;

**FINANCIAL SKILLS:** Some promoters lacked financial management skills, imperative to their businesses;

**GROWTH RATES:** Financial projections, evidence was that these were not well researched or growth rate assumptions not appropriate;

**EXPERIENCE:** Promoters lacking appropriate industry experience required for projects;

**EXPECTATIONS OF THE FUND:** Promoters had a false impression of growth fund i.e. promoters expecting below prime interest rates on funding;

**ENTREPRENEURIAL SPIRIT:** Lack of entrepreneurial behaviour from some of the promoters;
BROAD BASED BEE: Some promoters aren’t willing to acquire Broad Based Black Economic Empowerment partners i.e. community groups

17.4.8 COMMENTS FOR FOLLOW-UP

- The number, value and range of projects indicates a clear demand for the Growth Fund and similar initiatives. The pace of investment should accelerate as the structures become operational
- Job creation is greater and more cost-effective in some projects eg. the Agro-processing project in Greytown is expected to create 660 jobs with an investment of R150m: +/- R0.227 per job, compared to +/- R1m + per job on other projects
- Socio-economic development impact, viability, job creation and geographic spread suggest a broad mandate and criteria
- Co-funding is the norm with other financial institutions, with a need for both additional equity and loan funding
- Assistance is available on business planning and packaging to meet the challenges presented
- Natgrowth offers cooperation and assistance on business planning, project packaging, investment and co-funding facilitation

17.5 Nkosana Sifumba TIKZN: Trade and Investment Kwa-Zulu Natal

17.5.1 TIKZN is a government trade and investment promotion agency, developed to promote the province of KZN as an investment destination, and promote trade by assisting local companies to identify markets and export their products. Its services include:
- Destination marketing
- Investment opportunity identification and project packaging
- Market development and empowerment
- Market intelligence

17.5.2 Stakeholders include:
- Government: National, Provincial, Local and Parastatals
- Customers: Existing and potential exporters and buyers
- Investors: Local and Foreign Investors
- International: Diplomatic and Trade Missions
- Local Business, Communities, Women, Youth and BEE groups

17.5.3 Pro-active Strategies and Partnerships: focus on
- Municipalities: Project Packaging and Investment Facilitation
- Project Promoters: assisting the process
- Service Providers: facilitating Government and SOE processes
- Sector Research eg. leveraging the work of the dti
- Import Substitution
- Trade Exhibitions: Foreign and Local
- Trade Missions: Inward and Outward
- The SA International Investment Conference on 29-31 October is being co-hosted by TIKZN with +/- 500 foreign and SA delegates from all provinces. The event is planned annually

17.5.4 TIKZN Packaged Projects for the International Trade and Investment Conference and Exhibition 29-31 October 2007. Some examples:

17.5.5 Weve Exclusive Woven Furniture: details awaiting board meeting
Location: Mfume, Vulamehlo Municipality, Ugu District 100K SW Durban
Budget: R30m feasibility underway funded by Ugu District
Job Opportunities

<table>
<thead>
<tr>
<th>Factories</th>
<th>Start-off</th>
<th>1 Year</th>
<th>2 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weaving</td>
<td>65</td>
<td>190</td>
<td>500</td>
</tr>
<tr>
<td>Resin</td>
<td>6</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>Table</td>
<td>3</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>TOTAL</td>
<td>74</td>
<td>220</td>
<td>590</td>
</tr>
</tbody>
</table>

Investor Partner: for operations and potential partnership
Promoter: Ian Houston; TIKZN Contact: Donnee Kruger 031-368-7050
| 17.5.6 | **Aluminium Alloy Wheels**: Manufacturing for local and export auto industry and after sales markets eg. Ford, Toyota, Hyundai  
**Location**: Richards Bay, uMhlatuze Municipality, 170k NE Durban  
**Rationale**: Raw material and technology available, low envir. Risk  
**Feasibility**: completed  
**Budget**: R82m  
**Job Potential**: 182 full-time within plant  
**Investor Role**: Funding and operation  
**Promoter**: Cliff Bell Richard Bay IDZ 082-800-5049  
**TIKZN**: Donnee Kruger 031-368-7050 |
|---|---|
| 17.5.7 | **Mthonjeni Aluminium Slug Plant**: production for cans and aerosols for established local and export markets  
**Location**: Richards Bay IDZ  
**Rationale**: Raw material and technology available  
**Feasibility**: complete  
**Budget**: Capex R113m; 75% by Growth Fund  
**Job Potential**: 40 direct  
**Investor Role**: R26m to be a partner with Bingelela Investments  
**Promoter**: Sizwe Khumalo 083-273-1618  
**TIKZN**: Neville Matjie or Donnee Kruger 031-368-7050 |
| 17.5.8 | **Qualex Aluminium Extrusion Plant**: can anodize, powder coat, fabricate  
**Location**: Richards Bay IDZ  
**Rationale**: 1 540t local market secured, 6 160t export to EU  
**Feasibility**: Available  
**Budget**: R100m; Capex R75m + R25m working capital; 60/40 debt/equity  
**Job Potential**: To be confirmed  
**Investor Role**: Funding R100m as operational partner.  
**Promoter**: Cliff Bell, RBIDZ 082-800-5049  
**TIKZN**: Donnee Kruger 031-368-7050 |
| 17.5.9 | **Food Canning Plant – Kotts Foods**: samp and beans  
**Location**: Umngeni Products, Ballito, Stanger  
**Rationale**: Business Plan via Umsobomvu  
**Feasibility**: Pilot plant established; marketing and premises needed  
**Budget**: R13m; R3.8m Gijima  
**Job Potential**: 25  
**Investor Role**: Raise funding and operational management  
**Promoter**: Mogie and Fikile Naidu 031-267-2122; kotts@intekom.co.za  
**TIKZN**: Donnee Kruger 031-368-7050 |
| 17.5.10 | **Ilembe Agro-processing Hub**, subtropical fruit training farm, vegetable and herb farm, Stanger market, collection depots and transport, de-bulking unit, provision of bridging finance  
**Location**: Ilembe District near KwaDukuza (Stanger) 69K NE Durban  
**Rationale**: Diversification, graduation of small to commercial operators  
**Feasibility**: Completed  
**Budget**: R315m  
**Job Potential**: 200  
**Investor Role**: Private sector anchor tenant or equity partner  
**Promoter**: TIKZN: Donnee Kruger 031-368-7050 |
| 17.5.11 | **Aluminium Fluoride Plant**  
**Location**: Mbonambi Local Municipality, uThungulu Distr. 170k NE Durban  
**Rationale**: Overseas funders 40%, dti interest, potential downstream cement plant, requires substantial infrastructure / transport links  
**Feasibility**: To be undertaken  
**Budget**: R350m: Plant R300m (40% FDI, 60% dti); R50m infrastructure and full feasibility sought from Growth Fund  
**Job Potential**: To be established  
**Investor Role**: 60% Funding and operational management  
**Promoter**: TIKZN: Donnee Kruger 031-368-7050 |
| 17.5.12 | **RMT Aviation**: Assembly of light aircraft for export  
**Location**: Howick 110 NW Durban  
**Rationale**: Identified market  
**Feasibility**: Business plan completed  
**Budget**: R50m  
**Job Potential**: 80-100  
**Investor Role**: 50% Funding |
<table>
<thead>
<tr>
<th>Date</th>
<th>Project Description</th>
</tr>
</thead>
</table>
| 17.5.13 | **Isithebe Industrial Estate Expansion**  
*Location:* Ilembe District, Mandeni Local Mun 90 K BE Durban  
*Rationale:* Limited commercial land in Durban, Dube Trade Port on southern boundary; needs water, electricity and waste management  
**Feasibility:** not yet completed  
**Budget:** to be determined  
**Job Potential:** to be determined  
**Investor Role:** Anchor tenant or equity partner  
**Promoter:** Mike Newton 083-301-5268 |
| 17.5.14 | **Industrial, Commercial Strip Nodes, Agro-processing Sites**  
*Location:* Ilembe District: Ndwedwe and Mafumolo 35K NE Durban  
*Rationale:* Opportunities with Dube Trade Port and King Shaka Airport  
**Feasibility:** Budget: Job Potential: Investor Role: To be determined |
| 17.5.15 | **Park Rynie Industrial Development**  
*Location:* Park Rynie, Umdoni Local Mun 60K SW Durban  
*Rationale:* Expand beyond existing industrial site  
**Feasibility:** To be done;  
**Budget:** R350 000 Gijima funding for feasibility |
| 17.5.16 | **Marburg Industrial Area Extension**  
*Location:* Hibiscus Coast Mun (Port Shepstone) 120K SW Durban  
*Rationale:* Expansion potential  
**Feasibility:** not yet;  
**Budget:** R22m;  
**Job Potential:** to be established |
| 17.5.17 | **CONCEPTUAL STUDIES: IMPORT SUBSTITUTION**  
**Clay Tiles:** 3m sq m per year  
*Location:* eg. Near clay (kaolin) deposits Inanda and Ndwedwe  
*Rationale:* Market 48-50m sq m;  
**Feasibility:** Business Plan to be done  
**Budget:** Est Capex R401m; Operations to give Net Profit 13.7% Sales  
**Job Potential:** +/- 158 at average total cost R298 000 p person |
| 17.5.18 | **Aluminium Engine Blocks** from scrap: 18 000t pa, R509m, Sales/Costs 1.9/1, 109 Jobs? |
| 17.5.19 | **Titanium Pigments** from Slag: R Bay 150 000t pa, Budget R4b, Net profit Margin 25%, 300 Jobs? |
| 17.5.20 | **Grinding Media** from Steel Scrap: 16 000t pa, R143m, Sales/Costs 3/1, 60 Jobs? |
| 17.5.21 | **Shaped Objects** from Metal Powder Injection Moulding: R Bay, 175t pa, R60m, ROA 35%, 46 Jobs |
| 17.5.22 | **Industrial Enzymes,** Umbogintwini, Global Market $2b, SA has power and labour cost advantages; R80-R200m; Sales/Costs 2/1, 50 Jobs? |
| 17.5.23 | **Horn River Cheese Factory,** 2 dairy farms in Normandien Newcastle 340K N Durban. Feasibility completed. Budget R150.5m Equity, 180 Jobs;  
**Promoter:** Mbulelo Clive Khoza TIKZN 084-503-7799; clive@tikzn.co.za |
| 17.5.24 | **Amajuba Hydroponic Techno Park 60ha** Newcastle 340K N Durban, Feasibility available. 60ha at R300m Capex R80-R100m, Jobs? Equity  
**Investor to reduce gearing.** Promoter Mbulelo Clive Khoza TIKZN 084-503-7799; clive@tikzn.co.za |
| 17.5.25 | **Sun-Dried Tomatoes** for export, Newcastle. Newco 30% emerging Farmers 35%, Financiers 30%, Technical partners 10%. Italian agri-food companies interested. Feasibility done. R78m budget, 69 jobs in plant, 92 permanent + 275 seasonal jobs in tomato production. Promoter: Mark Durham Amajuba 034-314-3759; Project Manager: Mbulelo Clive Khoza TIKZN 084-503-7799; clive@tikzn.co.za |
| 17.5.26 | **Texturised Soya Products,** Newcastle, Business Plan being revised, R55m budget, Investor partnership. Champions Henry Davies, Amajuba |
| 17.5.27 | **Mkhuzi Regional Airport** 250k NE Durban to serve St Lucia Wetlands. Feasibility not completed. Budget R70m; 30 Jobs?  
**Investor:** Partner in construction and management. Promoter: Mbulelo Clive Khoza TIKZN 084-503-7799; clive@tikzn.co.za |
<p>| 17.5.28 | <strong>Chicken Broiler</strong> uMkhambathini (Camperdown) 60K NW Durban within 40k radius of Rainbow. Feasibility in progress. Budget R30m. Jobs? Equity and Operational Investor. Promoter: Mbulelo Clive Khoza TIKZN |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Project Description</th>
<th>Promoter</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.5.30</td>
<td><strong>Makhatini Flats Renewable Energy</strong>, Jozini 270K NE Durban, Ethanol from sugar, and co-generated electricity. Equity Investor and Technical Partners. Promoter: Mbulelo Clive Khoza TIKZN</td>
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<tr>
<td>17.5.31</td>
<td><strong>Stables Wine Farm Expansion</strong>, city cellar, 40 room hotel, restaurant, craft centre and healing centre. Nottingham Road, Mooi Mpofana 140k NW Durban. Part Business Plan. <strong>R70m</strong> equity and export marketing partner. Promoter: Mbulelo Clive Khoza TIKZN</td>
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<tr>
<td>17.5.32</td>
<td><strong>Amajuba Agricultural Plan Opportunities</strong>, Equity partners, Promoter: Mbulelo Clive Khoza TIKZN</td>
<td></td>
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<tr>
<td>17.5.33</td>
<td><strong>Amajuba Coal Mining Opportunities</strong>, Feasibilities done. DME decision due. <strong>R90m</strong> for 2 mines purchase and development. BEE Equity Investors and Operating Partners sought. Promoter: Mbulelo Clive Khoza TIKZN</td>
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<tr>
<td>17.5.34</td>
<td><strong>The Canecta</strong> sugarcane based beverages. Riversbend Nkwaleni Valley 50k W Richards Bay. Business Plan completed. <strong>Budget R31m. Jobs: 54-331</strong> within 6 years. Promoter: Mbulelo Clive Khoza TIKZN</td>
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<tr>
<td>17.5.35</td>
<td>SERVICES: TOURISM <strong>Mkambathini Game Reserve</strong> 110 sq k, 30 min from Durban, 10 min from PMB, with Msunduzi River, Rhino, Buffalo, Elephant, Antelopes and small game. Plan for camps, lodges, conference facilities, roads some upmarket / sectional title houses. Feasibility done. Capital outlay <strong>R108m</strong>, payback expected from saleable facilities R151m. Jobs? Investor Partner sought to develop, operate and manage. Promoter Thokozani Chili TIKZN 082-901-7424; <a href="mailto:Thokozani@tikzn.co.za">Thokozani@tikzn.co.za</a></td>
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<tr>
<td>17.5.36</td>
<td><strong>Umsuluzi Game Reserve Midlands 7000 ha. Land Claim beneficiaries seek partner investment R2.5m</strong> to further develop, operate and manage. Business plan completed. <strong>50-100 Jobs</strong> expected. Promoter Thokozani Chili TIKZN 082-901-7424; <a href="mailto:Thokozani@tikzn.co.za">Thokozani@tikzn.co.za</a></td>
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<tr>
<td>17.5.37</td>
<td><strong>Isandlwana Development Initiative</strong>, Nquthu Local Mun 300k NW Durban. Internationally known heritage site with museum, private lodge and underdeveloped cultural village, needs an affordable facility for the local market. Draft feasibility done with DBSA. <strong>Budget R36m. Jobs?</strong> Promoter Thokozani Chili TIKZN 082-901-7424; <a href="mailto:Thokozani@tikzn.co.za">Thokozani@tikzn.co.za</a></td>
<td></td>
</tr>
<tr>
<td>17.5.38</td>
<td><strong>Nonoti/Inqaba Community Trust</strong>: KwaDukuza LM, Ilembe District 69k NE Durban. 500ha prime beachfront land claim settled, value R105m, with lagoon frontage. Earmarked for up-market 5-7 star hotels with mix of Zulu cultural activities. Design concept <strong>R2.5b. Feasibility not completed. 100 Jobs.</strong> Promoter Thokozani Chili 082-901-7424; <a href="mailto:Thokozani@tikzn.co.za">Thokozani@tikzn.co.za</a></td>
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<tr>
<td>17.5.39</td>
<td><strong>Port Shepstone Beachfront Development</strong>: 120k S Durban led by Hibiscus Coast Development Agency. Inner Harbour, Canal, Pier, Boardwalk, link to CBD using Umzimkhulu River. 300 000 sq m bulk space for residential, office and retail. Feasibility, Traffic study and EIA completed. **Budget: Infrastructure R210m construction and bulk services. Investors will be sought to make use of the opportunities created by the facilities. Promoter Thokozani Chili 082-901-7424; <a href="mailto:Thokozani@tikzn.co.za">Thokozani@tikzn.co.za</a></td>
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<tr>
<td>17.5.40</td>
<td><strong>Michael Bertram CEO, Nozipho Gigaba Director Hibiscus Coast Development Agency</strong> presented an overview of the Beachfront Project.  • <strong>The pre-feasibility</strong> indicates an attractive PPP Project. The District is a prime domestic tourism location including 6 Blue Flag Beaches: Margate, Ramsgate, Uvongo, Scotborough and Shelley Beach with passing traffic of +/- 2.5m people pa. There is potential for 27 000 beds, B&amp;B’s, Beach tourism and sightseeing eg. the Oribi Gorge. The target market is broad-based needing 3 Star accommodation.  • <strong>11 000 Jobs</strong> could be created, including 850 permanent in tourism.  • <strong>The Total Budget is R2b</strong> including Private Development <strong>R1.8b + R210m</strong> Infrastructure as part of a 5 year 21st Century Development Plan. <strong>DBSA</strong> has indicated interest in funding R500m and Growth Fund R170m. Private investors will be sought for the balance  • <strong>Issues discussed include</strong>  • Participation eg. Spoornet asked to approve railway line plans, Political groups, private investors and Business Against Crime  • Broader community benefits and 2nd Economy integration  • Revenue generation and Return on Investment potential  • Skills needed to participate and implement the project</td>
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<tr>
<td>17.5.41</td>
<td>Comments for Follow-up  • Municipalities throughout the province/s have a definite need for</td>
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</tbody>
</table>
pro-active project identification, packaging and investment facilitation to support their GDS and LED strategies

- As an Agency of the Dept. of Economic Development, TIKZN’s mandate may be interpreted as facilitating broader economic development, trade and investment throughout the province in addition to foreign trade and investment.
- Natgrowth offers cooperation and assistance in meeting the need for facilitating broader economic development, trade and projects and investment throughout the province.

17.6 All Hits and Flagships: Infrastructure for Trade, Investment & Tourism
Russell Curtis Acting CEO DIPA: Durban Investment Promotion Agency, on behalf of Cllr. Obed Mlaba, Mayor eThekwini

17.6.1 2010 and Beyond – Its not just about 2010

17.6.1.1 2010 Host City Objectives
- Put country on map
- Scale up infrastructure in city, region
- Attract trade & investment
- Create jobs
- Develop sports infrastructure
- Urban renewal
- Improve tourism products

17.6.1.2 2010 Event on a new scale for SA
- At least 300 000 international visitors during the event with millions before and after – at least one-third will visit KwaZulu-Natal
- At least 5000 journalists will visit – imagine the coverage
- For the next four years, FIFA and everyone connected with soccer and also the major sponsors of FIFA will be talking South Africa
- Over 40 billion viewers will cumulatively watch the events in SA

17.6.1.3 Strategic Infrastructure
Warwick Junction Precinct Flyover
Western Freeway est cost R110m

17.6.1.4 Moses Mabhida Stadium
- World class 70 000 Seater stadium to host semi-final
- Capable of being expanded to accommodate future Olympics
- Multifunctional without compromising activity of football
- Financially viable: maximising potential income streams while minimising financial drain on city
- Best concept at the best price
- Iconic Stadium - R2.5 billion project
- Forms part of city strategy for sports precinct
- Completion December 2008
- Pedestrian link to beach
- Arch Adventure Walk & Incline Rail Car
- New Kings Park Railway Station and Transport interchange
- Imbizo Place, retail & Multi-media Sports Museum

17.6.1.5 2010 Work Streams in Durban
- Stadium Precinct
- Transport
- Safety
- ICT
- Tourism & Accommodation
- Skills Development
- Marketing & Communication
- Economic Dev. & Business Opportunities
- Green Goal (Environmental)
- City Beautification
- Bulk Support infrastructure
- FIFA events
- Volunteers

17.6.1.6 Develop the Football Economy

© Natgrowth 1/11/2008 Tel 011-403-5483; Fax 011-403-3237; natgrowth@global.co.za; P126 of 171
A single big PSL match employs more than 2,500 people in the value chain producing the match;
Get a bigger share of the international football economy which is worth more than $400 billion. Africa currently has less than 5% of that world football economy.

17.6.1.7 KwaZulu-Natal benefits

- **Infrastructure** (Stadia, Roads, ICT, Transport, Electricity, Water, Port)
- **Fan Fests**: Imagine 500 000 people viewing matches on screens each night for a month in one venue (Blue Lagoon Precinct)
- **Fans**: Imagine having 15 or more countries fans camped in our province for a few weeks.
- Durban will host at least 7 matches, 6 first & second rounds and semi-final – each match means over 100 000 total visitors
- Out of 32 countries in the finals at least 15 will visit KwaZulu Natal
- Some teams may be based here, 15 teams may train here and given our weather in June tourists will want to come here
- Access to the wallets of 3 MILLION ticket holders, PLUS those friends & family without tickets

17.6.1.8 Maximising the Economic Benefits for the country

<table>
<thead>
<tr>
<th>Category</th>
<th>2003</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Expenditure</td>
<td>R12,7 billion</td>
<td>R30,4 billion</td>
</tr>
<tr>
<td>Contribution to GDP</td>
<td>R21,3 billion</td>
<td>R51,1 billion</td>
</tr>
<tr>
<td>Job Creation</td>
<td>119,000</td>
<td>196,400</td>
</tr>
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17.6.2 Transnet / City Forum

- **USD 3 Billion** Project
- Projecting to incr. TEU’s to 5m+ p.a.
- **New Car Terminal**
- **New Container Terminal**
- **Harbour Mouth Expansion**
- **New Break Bulk Terminal & Quays**
- **New Road & Rail Links**

**Durban Port Development Criteria:** Several layout options

- **Clean cargo** harbour
- National & local economic development
- Sustainable estuary
- **City/port integration**

**Durban Harbour**

- Durban’s physical port infrastructure and traffic levels are colossal by African and Southern Hemisphere standards, with:
  - Total annual cargo handled of 45-55 million tons
- **Container traffic** of approximately 2 million TEU’S annually, the port stands as:
  - The leading container port in the South Hemisphere (vying for top spot with Melbourne, Australia)
  - The leading diversified general cargo port in the Southern Hemisphere (vying for top spot with Santos, Brazil)
  - The largest and most diversified set of port-ancillary establishments in any port city in the southern hemisphere

**Strategic Port Infrastructure: The Port of Durban**

1. Multi-cargo Port
2. Meet modern shipping requirements
3. Encourage trans-shipments
4. Premier port for container ships
5. Facilitation of regional transport and local competitiveness
6. Projected cost exceeding R10 billion for port expansion initiatives

**The KZN Logistics Platform - Integrated Multimodal Approach**

- **Time Sensitive Manufacturing**, Value Added Logistics (IDZ) &
### Commercial and Cyber Activities

- **Logistics Pipeline Linking** Dube TradePort and King Shaka Airport, Richards Bay, Gauteng, Southern and Northern Corridors

<table>
<thead>
<tr>
<th>17.6.3</th>
<th>DUBE TRADEPORT</th>
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<tbody>
<tr>
<td><strong>D11Bn Megaproject</strong></td>
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<tr>
<td><strong>2,000 Hectare Masterplanned Development incorporating:</strong></td>
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<tr>
<td><strong>King Shaka International Airport</strong></td>
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<tr>
<td>Intercontinental Air Platform for Passenger and Freight Operations</td>
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<tr>
<td>- Initial runway length 3,700m, but expandable to 4,000 m</td>
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<tr>
<td>- 24 hour operating capability</td>
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<tr>
<td>- 6 million passenger capacity</td>
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<tr>
<td><strong>Trade Zone Incorporating:</strong></td>
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<tr>
<td>- Cargo Terminal and Perishables Centre</td>
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<tr>
<td>- Time sensitive manufacturing and value added logistics areas</td>
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<tr>
<td>- ICT Platform and Electronic Trade</td>
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<tr>
<td>- Government Support Services</td>
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<tr>
<td>- Agricultural Production and Processing Zone</td>
<td></td>
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<tr>
<td>- Business Support Environment</td>
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<tr>
<td><strong>Location:</strong> At La Mercy N2 between Gateway and Richards Bay</td>
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<tr>
<td>1. <strong>2000 hectare</strong> development for airport &amp; trade zone</td>
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<tr>
<td>2. <strong>6-million passenger capacity</strong> R7.2 billion project</td>
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<tr>
<td>3. <strong>Over 160 000 sustainable jobs</strong></td>
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<tr>
<td>4. Time-sensitive manufacturing and value-added logistics area</td>
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<tr>
<td>5. Additional <strong>R21.3 to GDP</strong></td>
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<tr>
<td>6. First multi-modal logistics platform in Africa</td>
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<tr>
<td>7. Additional <strong>R2.2 billion tax revenue</strong></td>
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<tr>
<th>17.6.4</th>
<th>BROADER PIPELINE</th>
</tr>
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<tr>
<td>• <strong>Event led Tourism Strategy</strong></td>
<td></td>
</tr>
<tr>
<td>- A1 GP, 2010 WC, Africa WRC?, FIFA Beach Soccer WC?</td>
<td></td>
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<tr>
<td>• <strong>New Durban Car Terminal</strong></td>
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<tr>
<td>- South side of harbour?</td>
<td></td>
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<tr>
<td>• <strong>Arbour Town Development</strong></td>
<td></td>
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<tr>
<td>- Large commercial, retail and residential development – Umbogintwini</td>
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<tr>
<td>• <strong>AgriBusiness Forum</strong></td>
<td></td>
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<tr>
<td>- PPP for delivery</td>
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<tr>
<td>• <strong>KZNonSOURCE</strong></td>
<td></td>
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<tr>
<td>- Contact Centre &amp; BPO (PPP)</td>
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<tr>
<td>• <strong>Durban Automotive Supplier Park</strong></td>
<td></td>
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<tr>
<td>- Durban South?</td>
<td></td>
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<tr>
<td>• <strong>Sibaya Node Development</strong></td>
<td></td>
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<tr>
<td>- 100’s of Ha. for Hotels, Residential, Retail &amp; Commercial</td>
<td></td>
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<tr>
<td>• <strong>KwaMashu New Town Centre</strong></td>
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<tr>
<td>- Large PPP redevelopment in Presidential Project area</td>
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<tr>
<th>17.6.5</th>
<th>BEACH NODES</th>
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<tr>
<td>• <strong>Coastal Redevelopment</strong></td>
<td></td>
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<tr>
<td>- 100 KM of “Platinum” Coastline (Tongaat River to Scottburgh)</td>
<td></td>
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<tr>
<td>- Focus on high intensity tourism nodes (Central, Umhlanga, Westbrook/La Mercy, ‘Toti, Warner Beach, Doonside, …)</td>
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</tbody>
</table>
Four Key City Nodes:
- New Beach (old SeaWorld)
- UShaka Interface
- Ocean Sports Complex
- Natal Command/Film Studio Interface

17.6.6
**Economic Infrastructure**

**uShaka Marine World and Point Precinct Development**
1. Launched in 2003
2. 200,000m² sold to 14 property developers
3. **City committed R300 million** over 5-years for upgrade & new infrastructure
4. Forms part of strategy to rejuvenate Point region

17.6.7
**HOTEL DEVELOPMENT**
- Hotel Study identified market demand & sites
- 6 "hot" sites
- 3 sites released for hotel development
  - Hoy Park
  - Pavilion site (to be released Dec 07)
  - ICC
- Private sector hotel developments (10+ in total)
  - Sun Coast Casino (160 room)
  - Point Development (2 hotels average 110 rooms)
  - Film Studio beach interface
  - Royal Palm (Three Cities)
  - Marriott Hotel
  - ...

17.6.8
**eThekwini, Chief Albert Luthuli ICC**
- Accommodate audiences of up to 10,000
- Already proven to be a quality venue for indoor music concerts

17.6.9
**Spatial Integration: Bridge City**
1. Part of broader strategy to rejuvenate region
2. Jobs?
3. **R3 billion mixed-use** commercial/residential project
4. Joint Venture partnership with Tongaat-Hulett Properties

17.6.10
**Spatial Integration: Inanda Dam Precinct**
1. Significant employer & income generator
2. Tourist attraction, LED driver and water sports
3. **Partnerships** amongst landowners, DWAF, Umgeni Water & private investors
4. **Concept Development Plan** – to address access, utilization, development nodes & sites, and infrastructure requirements

17.6.11
**Spatial Integration: Hazelmere Dam Precinct**
1. Initiative to **unlock economic potential** in an equitable & sustainable manner
2. Create **conducive environment** for investment and operation
3. **Expand recreation & sporting** industry in & around dam
4. **Distribute benefits equitably**
5. Improve infrastructure & services
6. **Conservation of water & land** as natural and cultural resources
7. **Concept Development Plan** – to address access, utilization, development nodes & sites, and infrastructure requirements

17.6.12
**Sector Support: Growth through Partnerships**
1. Aligned with sectors also prioritized by national govt.
2. City focusing on Maritime, Chemicals, Materials recovery, Creative industries, Automotive, Clothing & textiles, Furniture, Renewable energy technologies, Tourism and ICT sectors
3. Initiatives to establish Clusters for Chemicals, Maritime and Craft Industries
4. Clusters already established for Clothing & Textile, Automotive and Furniture sectors
5. Comprehensive business plans to emerge from City’s Economic Strategy
6. Clusters expected to enhance competitiveness and create centers of manufacturing excellence – for growth and job creation
7. Investment Promotion & facilitation

4. Clusters already established for Clothing & Textile, Automotive and Furniture sectors
5. Comprehensive business plans to emerge from City’s Economic Strategy
6. Clusters expected to enhance competitiveness and create centers of manufacturing excellence – for growth and job creation
7. Investment Promotion & facilitation

17.6.13 Enterprise Development: Small Medium Micro-enterprise Fairs
1. SMME Fairs to bridge the gap between formal large businesses and SMME sector
2. Networks and linkages with mainstream economy
3. Opportunities to showcase products and services
4. Opportunity to identify key constraints for small businesses

17.6.14 Durban, KZN in a global context

Award Winning Municipality
Lifestyle of Business & Pleasure
Largest Human Resource Pool
Highest Growth Rates
Infrastructure Leader
Tourism Crown
Substantial Business Base

17.6.15 South Africa in the Commonwealth Context

SA: Preferential export treaty with IBSA (India, Brazil and South Africa) USA (AGOA), European Union & SADC
• Flexible investment and trade policies
• Modern infrastructure at 3rd world prices
• Political and economic stability
• Low cost of business and living
• Close proximity to international growing markets

Commonwealth: 53 Nations – 2 Billion People
• 40% of WTO Membership
• 25% of Global Trade
• 30% of Global Population
• Common Language- English
• Common Legal system
• Common Accounting system

…. Due to above, on average 10-15% cheaper for Commonwealth businesses to work with other Commonwealth businesses
» Source: Commonwealth Business Council, 2007

Commonwealth Economic Opportunity
Trade:
1997 - $2 trillion; 2003 - $2.8 trillion  2015 - $4.5 trillion
Two-way Investment Flows:
1997 - $100 billion; 2003 - $160 billion  2015 - $220 billion

Partner with Durban KZN South Africa

17.6.15 Comments for Follow-up
- Durban has certainly got its act together: All Hits and Flagships!
- Natgrowth will be pleased to assist with further business plans, project packaging and investment facilitation
- It would be good to facilitate integration of other districts in KZN for broader benefit, eg. in terms of
  - Spatial and socio-economic integration
  - The logistics and supply chain pipeline
  - Sector integration eg. Tourism, agro-processing, auto and other manufacturing, ICT, BPO, Financial services & Smme’s
  - Sharing knowledge, expertise and opportunity
### 17.7 Uthungulu District GDS Projects and Investment Initiatives

**17.7.1** Uthungulu District +/- 180k north of Durban comprises 6 Local Municipalities including Umhlatuze: Richards Bay and Empangeni and 5 rural areas: Mbonambi, Ntambanana, UMlalazi (Eshowe), Mthonjaneni (Melmoth), Nkandla. Much of the rural land falls under the Ingwenyama Trust. The District is also one of 4 comprising Zululand.

**17.7.2** The 2nd Annual District GDS was held on 11-12 October 07. KPI’s and existing projects were reviewed and new projects identified. EU Funding has covered 70% of the feasibilities. The “A” List comprises funded, projects while the “B” List projects seek funding. Natgrowth is willing to assist with project and investment facilitation. Project examples include:

#### 17.7.3 General LED Projects to enhance highest District Growth in SA of 7.5%
- Zuliland Film Office
- Business Techno Park
- Craft Factory and Warehouse
- ICT Hub
- Investment Marketing and Incentives

#### 17.7.4 Tourism
- Passenger Cruise Terminal, separate from freight terminals with Welcome services, Tourist packages and other support
- Siyaya Coastal Park Tourism Development
- Lake Ntlanane Tourism Resort
- Port Durnford Resort Development
- Zululand Forests Route
- Zulu Cultural Route: Heritage site upgrades
- Zululand Birding Route

#### 17.7.5 Agriculture and Agro-processing
- Regional Agricultural Market
- Cooperatives
- Essential Oils
- biodiesel and Ethanol
- Forestry Development
- Aquafarming
- Magwa Tea Estate: trying to convert to Green Tea from Black Tea which is not competitive against imports eg. Malawi & Kenya
- Value-adding enterprises

#### 17.7.6 Next Steps for Projects:
- Increase Participation by local communities
- Secure Funding from investors and development agencies
- Ingwenyama Trust Land: Negotiate with Traditional Leaders

#### 17.7.7 Effective Infrastructure
- Water and Sanitation: Bulk Supply, > 280 drought relief schemes
- Integrated Transport Plans
- Energy
- Waste
- Integrated Environmental Management

#### 17.7.8 Leadership Excellence: Governance and Administration in place
- Strategic and Financial Plans and Compliance
- Shared Services Centre
- Integrated Poverty Alleviation Strategy

#### 17.7.9 Maximising Funding:
- Capital Budgets only 1/3, 2/3 needed from other sources eg.
- MIG, EU, Gijima Fund, DBSA Grants and Loans below prime
- Provincial Funds: react immediately eg. Shared Services
- National Departments: eg. DME, DWAF, DEAT, DOA

#### 17.7.10 2010 Plans: 1 of 4 District which will participate
- Steering Committee set up through LED and Tourism Forums
- Multi-Purpose Stadium and Fan Parks R25m from LGTA
- Integrated Strategic Plan with 12 Programmes: Tender plans to be revised as funds needed for Fan Parks by 25 Nov 2007

#### 17.7.11 Comments for Follow-up:
- uThungulu appears well advanced with its GDS, LED, 2010 and
related plans, projects and funding initiatives.

• These initiatives require **ongoing effort and resources** to maximize the benefits for all stakeholders and municipalities in the district

• **Natgrowth is assisting** uThungulu with its further strategies, projects and investment facilitation as strategic investment advisors.

17.8 Mandle Ndimande CEO Durban Film Office (DFO)

17.8.1 **DFO was established** in 2001/2 to tap into the R2b market dominated by Gauteng and Cape Town. DFO facilitates +/- 15 films per year.

17.8.2 **The Commercial and Economic Business Model** is based on cost advantages, talent, incentives and scenery, an on Financial Models

17.8.3 **The Cultural and Creative Business Model** is based on local production, attractions and packaging

17.8.4 **The Growth Strategy** revolves around:

• **SASWA Lab**: SA Script Writers Association aiming to develop 40 scriptwriters per year

• **Producers Lab**: Incubator for new films

17.8.5 **The Public Sector Approach** focuses on

• Development goals

• Infrastructure development

• Growth programmes

• The Film Fund

• Public relations impact which can be enormous

17.8.6 **The Private Sector** focuses on

• High Return on Investment expected in a High Risk industry

• Identification of the right projects

• Investment in talent

• Ensuring Distribution and Sales

17.8.7 **Comments**: The Growth Strategy needs to be reviewed in detail to do justice to the potential of the industry, and to maximize the Public and Private Sector objectives

**ITEMS FOR FOLLOW-UP**

17.9 **Dr Paulo Fernandes CEO AIDC See Gauteng Presentation 14.9 p 116**

• **AIDC plans** to open a Centre in KZN to service the growing industry including Toyota and component suppliers

• **Government and Development Agencies** can approach AIDC on supplier development and skills development programmes

17.10 **Creative and Cultural Sectors Leonie Hall CEO Interakt Development Network See Gauteng 14.13 p119**

• **There is significant potential** for creative and cultural sectors in KZN, as part of **LED** strategies as well as **social** development and poverty alleviation programmes particularly in poor areas

• **As creative talent** is indigenous, the cost of job creation is low

• **The New Venture Creation Learnership** provides opportunities to develop creative and enterprise development skills simultaneously

• **The keys are** to establish linkages with **income generation** and 1st economy integration opportunities such as tourism, domestic and export marketing and distribution channels

17.11 **Dept. of Local Government & Traditional Affairs, Urban and Rural Development Manager Nozipho Dlomo, Deon Chetty, ISRDP Pev Curry, Phindi Mkhize Urban Development Unit**

• **The Presidential Poverty Node** Studies funded by DPLG and Business Trust indicate the **general profiles, needs and opportunities** in the various nodes, including 7 of 22 in KZN; 6 of 15 **Rural Nodes**: uMkhanyakuda, Okahlamba, Ugu, Umzinyathi, Zululand, Umzikulu and 1 of 7 **Urban Nodes**: INK

• **General Sector opportunities** include Agriculture, Agro-processing, Tourism, small-scale manufacturing and SMME development

• **Additional sector opportunities** include Trade, Property Development, Creative Sectors, Integration with the 1st Economy, and
integration of Social and Economic Cluster Development projects

- **Projects need to be packaged** for funding and implementation within the framework of District GDS’s, LED’s and IDP’s.
- **The Seminar** demonstrated the in-depth processes required to identify, package and assess the viability, sustainability and potential impact of projects, and to facilitate funding.
- **An LED “Summit”** was discussed as part of the Department of Local Government and Traditional Affairs (and DPLG) plans to assist the municipalities to package projects and facilitate investment.
- **Natgrowth offers** to assist the Department in this process as well as with District GDS projects and investment facilitation.
- **The Skills** required to unpack and facilitate projects and funding include Business Management, Strategy, Financial Management, Economics, Project Management and Marketing. Natgrowth is discussing the London School of Business SA “Mini-MBA” as one option for a suitable business management development programme.

17.12 Dr Langa Mqadi, Chief Director KZN Social Welfare

- **Integration of Social and Economic Development programmes** was discussed as an important process which should be addressed in all spheres: national, provincial and local and at community level
- **Social Cluster Programmes** need to reduce dependency and create sustainable employment and income generating opportunities
- **LED Programmes** are often “unfunded” within municipalities, requiring outside funding from development agencies and private investors
- **Integrated Programmes** have significant potential to leverage social cluster projects to become economically sustainable.
- **Natgrowth offers** to assist the Social and Economic Clusters in developing an effective integrated model

17.13 Mlungisi Mkhize IDT Umsikumbulo Local Municipality, Sakhiwe Zuma IDT Sisonke District Municipality

- **IDT Development Support Unit** assists Municipalities with key skills and programmes such as District GDS’s, LED and Jobs for Growth
- **Cooperation** between IDT and Natgrowth could assist this process

17.14 Rodgers Hlongwane Speaker, Okhahlamba Municipality (Bergville) part of uThukela District

- **Insights** were gained to advise LED officials on implementing and funding projects, as well as the key skills required.
- **The District and Municipality** have a number of opportunities bordering on Lesotho including Tourism, Agriculture and Trade.
- **There was a need for coordination** with the District, LGTA, other provincial departments and agencies.
- **Natgrowth offered assistance in these processes**

17.15 Cllr. MC Zungu Deputy Mayor, Umkhanyakuda District Municipality

- **Umkhanyakuda District** is part of Zululand, including Jozini, Mtabatuba, Hlabisa, Umhlabuyalingana, The Big Five False Bay Municipalities, as well as St Lucia, Cape Vital and Mkhize Airstrip
- **The District** has identified many opportunities, as well as threats such as crime with hijackings over the border to Mozambique
- **Assistance is needed** with the District GDS, LED’s, Project packaging and investment facilitation. Natgrowth offered assistance.

17.16 Marcia Zungu ABSA CSI Consultant

- **A number of CSI opportunities** were identified for possible follow-up

17.17 Nomvulo Xaba Development Manager SA Canegrowers Association

- **Substantial opportunities** exist for Agri-BEE projects in Sugar Cane farming and processing. Bottlenecks to be addressed include:
  - **Land transfers** delayed: +/- 75% under claim. Need to facilitate the process between Land Claims Commissioners, Nkosi & beneficiaries
- **Commercial farmers reluctance** – this may be exaggerated eg. TSB and Bigen Africa have done a major BEE deal in Mpumalanga which could be used as a model. A recent press report indicates that the KZN Commercial Farmers are eager to move forward.

- **Skills, Literacy, and hands-on Mentorship** are required with limited funding and support available from National and Provincial Departments. It was suggested that **these aspects be incorporated into Agri-BEE Agreements**, opening up many related opportunities.

## 17.18 Sonte Maise BAM-SA See Limpopo Programme 11.13 P 65
- To follow-up on ASGISA Tourism, 2010 and 2nd Economy Initiatives

## 17.19 Nellie Ngwane Ubunye Training and Development See Gauteng P 130
- To follow-up on Training and Development initiatives

## 17.20 ASGISA 2008-2014: GROWING TO THE NEXT LEVEL

### 17.20.1 ASGISA Programmes and Initiatives will need to move to the next level to meet the Targets for Shared Growth, Investment, Employment and Poverty Reduction throughout SA and beyond into Africa.

### 17.20.2 The focus of future programmes will be on packaging projects with high impact, investment facilitation, enhancing implementation, management and financial skills in all spheres and sectors.

## 18. 27-29 NOV 2007 ASGISA NATIONAL 2008-2014: GROWING TO THE NEXT LEVEL, INANDA CLUB SANDTON


### 18.1 ASGISA ECONOMIC UPDATE Eric Stillerman CEO Natgrowth

#### 18.1.1 Economic Growth will be a challenge in 2008, requiring new strategies for “Growing to the Next Level” towards the ASGISA targets of 4.5% average 2006-2009 and 6% 2010-2014.

- **Growth** reached a high point of 5.4% in 2006 but declined to 4.7% in 3rd Quarter 2007 due to higher interest rates and the impact of the US sub-prime crisis on global economies.

- **Developing economies** such as China, India, South America and Africa are maintaining their strong fundamental growth trends

- **Infrastructure investment** should maintain momentum in the short-to medium-term towards the ASGISA targets of 25% of GDP.

- **The Medium-Term Budget** indicates **R481b** for ASGISA-related infrastructure spending 2007/08 to 2010/11 with a continuing surplus.

- **Government spending** has improved from 32% to 45% of budget at Sept 2007. **Under-spending** remains a key challenge in certain departments, provinces and municipalities, with assistance on scarce skills by Treasury, JIPSA and DBSA/Siyenza Manje

#### 18.1.2 Halving Unemployment remains an ongoing challenge requiring more ambitious, decisive and direct initiatives.

- **Official Unemployment at March 2007** remained **25.5% (4.3m)** and **Expanded Unemployment 38.3% (7.8m)** (Stats SA Sept 2007).

- **Employment increased** by 1m jobs in 2005-06 but only by 0.190m jobs to **12.6m** Jobs at March 2007.

- **The Economically** active population has increased by 0.7m since 2004 to 20.4m, due to new entrants to the labour market such as discouraged workseekers, youth, women and immigrants.
• Halving Employment Targets have thus increased to 2.2m Official and 3.9m Expanded. Over 7 years to 2014, the moving Annual Targets are now Official: 0.31m; Expanded: 0.56m per year.

18.1.3 Provincial Unemployment Rates remain high (Stats SA) particularly in Eastern Cape, KZN, Limpopo and N West, and among Women and Youth

18.1.4 Provincial Employment Targets remain high and need to inform Provincial GDS Strategies by District and Sector

18.1.5 The HSRC Growth and Employment Scenario Report (F Mail 26/10/07) indicates major gaps in achieving the Employment and Poverty targets

18.1.6 The Growth Scenarios are based on a number of economic models and factors including the degree of success of the key ASGISA initiatives.
### GROWTH SCENARIOS 2004-2014

<table>
<thead>
<tr>
<th>Description</th>
<th>SLOW 3% pa</th>
<th>CHUG CHUG 4.5% pa</th>
<th>HIGH 6% pa</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Infrastructure not improved: tel, rail, port quality &amp; price</td>
<td>5. Infrastructure improves, but prices increase</td>
<td>2. Infrastructure +190b</td>
<td>9. Hi Growth stable prices</td>
</tr>
<tr>
<td>2. SOEs fail to transform and drain public funds</td>
<td>2. China moves up tech ladder to compete with SA</td>
<td>1. Weaker R boost exports</td>
<td>3. R&amp;D grows, Incentives</td>
</tr>
<tr>
<td>4. Mining jobs fall due to lower demand &amp; prices</td>
<td>3. Mining creates 80 000 jobs, hi demand &amp; prices</td>
<td>4. Services 5% +/- 1m Jobs</td>
<td>7. Mining jobs grow 3%</td>
</tr>
<tr>
<td>5. Manufacturing grows 2% but jobs stagnant</td>
<td>6. Manufacturing grows 1% creates only 150 000 jobs</td>
<td>5. Manufacturing jobs 2.3%</td>
<td></td>
</tr>
<tr>
<td>8. The Public sector creates 300 000 new jobs</td>
<td>1. Min Rand intervention</td>
<td>10. Public Sector grows 3.5% pa +615 000 jobs</td>
<td></td>
</tr>
<tr>
<td>7. EPWP 2.9m Jobs at R58b in 2014</td>
<td>9. EPWP 1.5m Jobs at R26b in 2014</td>
<td>8. EPWP small could be cut 12. Grants halve Poverty</td>
<td></td>
</tr>
<tr>
<td>8. 56% earn &lt;R1000 pm vs 48% in 2004</td>
<td>10. 52% earn &lt;R1000 pm vs 48% in 2004</td>
<td>11. 65% earn &lt; R2500pm same as 2004</td>
<td></td>
</tr>
</tbody>
</table>

### Comments

**Bobby Godsell** former AngloGold Ashanti CEO:
- SA Could achieve highest growth if business becomes “globally competitive with world-class labour and capital productivity

**Dr Miriam Altman**, HSRC Director, Project Leader:
- The Scenarios depend on Policies
- 4.5% Scenario is most likely but it is
- Crucial to maintain target 6% with its positive economic impact

**Allan Hirsch**, Presidency DDG Policy:
- The Research is not Policy, but will feed into ongoing Scenario planning and the 15 year review

**Natgrowth**
- The Research affirms the need for ASGISA to move to a higher level Targets, Strategies and Projects are needed for All Sectors, Provinces and Districts
- Skills, BBBEE, SMME & 2nd Economy initiatives need acceleration
### 18.1.8 EMPLOYMENT BY SECTOR MARCH 2007

STATS SA indicates a shift from the Informal (I) to the Formal sector (F)

<table>
<thead>
<tr>
<th>MARCH '000</th>
<th>F</th>
<th>I</th>
<th>2001</th>
<th>F</th>
<th>I</th>
<th>2007</th>
<th>+/-F</th>
<th>+/-I</th>
<th>01-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>561</td>
<td>5</td>
<td>566</td>
<td>3</td>
<td>455</td>
<td>-109</td>
<td>-2</td>
<td>-111</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1318</td>
<td>301</td>
<td>1619</td>
<td>264</td>
<td>1759</td>
<td>+187</td>
<td>-47</td>
<td>+140</td>
<td></td>
</tr>
<tr>
<td>Utilities Elec Water</td>
<td>96</td>
<td>5</td>
<td>101</td>
<td>8</td>
<td>100</td>
<td>-4</td>
<td>3</td>
<td>-7</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>348</td>
<td>291</td>
<td>639</td>
<td>331</td>
<td>966</td>
<td>-111</td>
<td>+287</td>
<td>+40</td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>1381</td>
<td>1671</td>
<td>3052</td>
<td>1982</td>
<td>2962</td>
<td>+601</td>
<td>-691</td>
<td>-90</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>425</td>
<td>155</td>
<td>580</td>
<td>138</td>
<td>576</td>
<td>+13</td>
<td>-17</td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td>Finance Services</td>
<td>879</td>
<td>130</td>
<td>1009</td>
<td>65</td>
<td>1330</td>
<td>+384</td>
<td>-65</td>
<td>+319</td>
<td></td>
</tr>
<tr>
<td>Community, Gov</td>
<td>1728</td>
<td>289</td>
<td>2017</td>
<td>2048</td>
<td>2310</td>
<td>+320</td>
<td>-27</td>
<td>+293</td>
<td></td>
</tr>
<tr>
<td>Household, Other</td>
<td>914</td>
<td>230</td>
<td>1144</td>
<td>174</td>
<td>2310</td>
<td>+320</td>
<td>-27</td>
<td>+293</td>
<td></td>
</tr>
<tr>
<td>Total excl Agric</td>
<td>6808</td>
<td>3890</td>
<td>10698</td>
<td>8423</td>
<td>11573</td>
<td>+1615</td>
<td>-740</td>
<td>+875</td>
<td></td>
</tr>
</tbody>
</table>

#### 18.1.9 GDP GROWTH AND SHARE AT 3rd QUARTER 2007

STATS SA 27/11/07 Annualised at Current Prices

- **Mining** showed growth of 4%, with higher prices and a weaker R/$
- **Manufacturing** slowed to negative growth of -2.5%
- **Construction** continued with strong growth at 14.7%
- **Services** continued to show consistent high growth
- **Financial, Business and Property Services** grew strongly at 12.1%
- **Trade, Hotels and Restaurants** slowed to 4.5% growth
- **Sector Strategies and Projects** remain a key priority to maintain and increase growth and employment towards ASGISA targets.

### 18.1.10 Provincial GDP-R Current Prices Stats SA 27/11/07

<table>
<thead>
<tr>
<th>Provice</th>
<th>2004 Rm</th>
<th>2005 Rm</th>
<th>2006 Rm</th>
<th>2006 % Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>E CAPE</td>
<td>111 427</td>
<td>122 053</td>
<td>136 668</td>
<td>4.0</td>
</tr>
<tr>
<td>F STATE</td>
<td>75 978</td>
<td>84 175</td>
<td>94 269</td>
<td>4.2</td>
</tr>
<tr>
<td>GAUTENG</td>
<td>470 467</td>
<td>517 976</td>
<td>585 114</td>
<td>5.5</td>
</tr>
</tbody>
</table>
**SUMMARY OF PRESENTATIONS**

<table>
<thead>
<tr>
<th>Province</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Growth Rate</th>
<th>Share of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>KZN</td>
<td>230,391</td>
<td>251,453</td>
<td>283,655</td>
<td>16.3</td>
<td>4.8</td>
<td>5.3</td>
</tr>
<tr>
<td>LIMPOPO</td>
<td>93,029</td>
<td>104,458</td>
<td>118,865</td>
<td>6.8</td>
<td>3.3</td>
<td>4.1</td>
</tr>
<tr>
<td>MPUMAL.</td>
<td>93,550</td>
<td>104,100</td>
<td>118,825</td>
<td>6.8</td>
<td>4.1</td>
<td>4.2</td>
</tr>
<tr>
<td>N CAPE</td>
<td>30,203</td>
<td>32,884</td>
<td>37,613</td>
<td>2.2</td>
<td>2.8</td>
<td>3.3</td>
</tr>
<tr>
<td>N WEST</td>
<td>87,330</td>
<td>98,800</td>
<td>112,234</td>
<td>6.4</td>
<td>3.8</td>
<td>4.3</td>
</tr>
<tr>
<td>W CAPE</td>
<td>202,994</td>
<td>225,168</td>
<td>253,815</td>
<td>14.6</td>
<td>6.1</td>
<td>5.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,395,369</td>
<td>1,541,067</td>
<td>1,741,060</td>
<td>100.0</td>
<td>4.9</td>
<td>5.0</td>
</tr>
</tbody>
</table>

- **The strong urban provinces continued** to dominate with higher than average growth and share ie. Gauteng, KZN and W Cape
- **Eastern Cape increased** to 5.2% growth led by construction, manufacturing (strong in automotive) and services
- **The other provinces** apart from N Cape followed the growth trend with greater dependency on agriculture and mining and Rand prices

18.1.11 **Provincial, District and Local Growth and Development Strategies** need to be reviewed in line with the emerging opportunities and challenges with greater focus on **Project Packaging, Business Planning, Investment Facilitation, Growth Funds, Implementation and support by National Departments and Agencies and the Private Sector**

18.1.12 **The SAARF Data on expanding Middle-Income Groups is supported** by the latest AMPS and UNISA Bureaux for Economic Research data, suggesting greater socio-economic mobility, despite persistent unemployment and poverty levels in the lower income groups.

18.1.13 **Second Economy initiatives remain key priorities** to capitalise on opportunities and address the ongoing growth employment challenges with more ambitious, direct and decisive strategies and action, including:

- **Expanding EPWP jobs in infrastructure and Social Services**
- **Supporting SMME’s, Micro Enterprises and Cooperatives**
- **Unlocking assets**: land access and use, agriculture, skills
- **Integrated Housing and Property Development**
- **Integrating Big Budget Social Sectors with Economic Development Initiatives**
- **Implementing BBBEE** to benefit the majority,
- **Greater focus** on **Enterprise Development, Skills Development and Partnerships** to make the enormous **Procurement opportunities** available an effective reality

18.1.14 **Growing to the Next Level 2008-2014**

- **ASGISA and other Government initiatives** are currently under review. It is considered that there is a need for new and more effective strategic initiatives to achieve ASGISA targets.
- **Cabinet on 5/12/07 approved the Transport Masterplan and an adjusted Bio-fuels Strategy** with a target 2% (not 4.5%) blend by 2013 **excluding maize** in the initial phase, due to concerns about food security and prices. Bioethanol will have 100% and Bio-diesel 50% fuel levy rebate. Feedstocks for Bio-ethanol will be **sugar** and sugar beet; and for Bio-diesel: soya beans, canola and sunflower
- **Priorities include accelerated implementation of Sector and Industrial strategies, Second Economy strategies, Provincial and Local Projects, Infrastructure Investment and JIPSA.**
- **Natgrowth ASGISA programmes** will continue to build on the roll-out processes to date, with greater focus on **new broad-based growth strategies, flywheel projects**, more effective **investment facilitation**, management and financial support and **implementation**
18.2 ECONOMIC OUTLOOK Chris Hart Investment Solutions

- GDP Growth was revised to 5.4% for 2006 and decreased to 4.7% in the 3rd Quarter of 2007 (Stats SA 27/11/07), led by financial and business services, construction and trade.
- Growth may decline further in 2008 due higher interest rates and a global cyclical slowdown. However, the economy has shifted onto a higher structural baseline of +/- 4% which previously was a peak.
- Growth has shifted from being consumption to investment led, driven by strong earnings growth, capacity shortages, the commodities boom and regional prospects. This is evident in the shift to commercial vehicles, commercial and industrial property, investment rather than consumer credit and capital equipment orders.
- CPIX inflation increased above the 6% target to 7.3% and the CPI to 7.9% for October 2007 due to high international oil and food prices. The PPI appears to have peaked at over 9% and is expected to decline in the second half of 2008, followed by CPI and CPIX.
- SAR increased interest rates a further 0.5% on 8/12/07 although acknowledging that inflation is externally driven and consumer demand and money supply have declined. Rates may reverse in the second half of 2008 in line with lower inflation.
- More effective ways to reduce inflation without constraining growth include reducing key input costs with greater competition.
- Tito Mboweni suggested that Eskom could avoid an 18% tariff increase by finding other ways to finance its capex of over R1 trillion.

- The Current Account Deficit is at a record R14.7b, above 8% of GDP, due to increased capital and oil imports funded by portfolio inflows. Foreign reserves have increased to over $30b as a cushion; but there is a view that this adds to inflation due to dollar weakness.
- Current Rand strength / $ weakness should provide some relief from rising imports which needs to be balanced in terms of exports.
- Export Strategies need to be more actively implemented with a focus on tradeable exports to sustain the level of imports and growth.
- While portfolio inflows may be erratic, it is possible that Foreign Direct Investment may increase with long-term growth prospects, such as the Chinese investment in Standard Bank is an example.
- The Economy remains resilient led by the investment boom and consumer confidence, although debt exceeds 70% of household income and business failures are increasing.
- The Infrastructure boom and the benefits in terms of increased capacity are expected to last well beyond 2010, adding to the productive capacity of the economy to meet expanding demand.
- Growth should recover towards ASGISA targets of 4.5% average to 2009 and 6% 2010-2014 supported by pro-active initiatives.

18.3 ECONOMIC PROFILES Henk Gnade Global Insight See previous sections eg. 14.4 Gauteng and National Programme July 2007 P 77.

Note: There has been some objection from the Presidency and debate about the Global Insight (GI) poverty statistics in the SA Institute of Race Relations Annual Report, showing that the number of people living in poverty increased from some 1.4m in 1994 to over 4m in 2006. This seems to contradict most Development Indicators which show a positive trend. It is considered that GI should explain its methodologies and definitions more clearly, taking account of the poverty line, social grants and other poverty relief measures, such as access to basic services.

18.4 JOHANNESBURG DEVELOPMENT AGENCY Dr Kirsten Harrison

Executive Manager: Strategy and Planning JDA

18.4.1 Mission: JDA is an agency of the City of Johannesburg which stimulates and supports area-based economic development initiatives throughout the Johannesburg metropolitan area in support of the Growth and Development Strategy. As development manager of these initiatives, JDA coordinates and manages capital investment and other programmes involving both public and private sector stakeholders.
18.4.2 Strategic Approach: The proposed strategic approach for the JDA envisages large-scale “reconstruction and development zones”, in which significant regeneration and economic impacts are delivered at scale.

The JDA undertakes two types of developments:

a) Those funded out of its own core budget
b) Those it implements on behalf of other City departments.

a) In terms of its own budget, JDA selects a few large scale interventions. These are areas that are under-performing, in decline and otherwise doing less well and require intervention. Areas that have been identified in the 2007/2008 financial year include:

- The Inner City, specifically Hillbrow and the Park City Precinct
- Soweto, specifically Baragwanath, Kliptown and NASREC precinct
- 2010 Soccer World Cup related work

b) In addition to these areas and its own budget, the JDA undertakes client work, in particular relating to transportation at this juncture.

18.4.3 Some of the most high-profile projects delivered by the JDA which have redefined/regenerated the City of Johannesburg

- Inner City: Nelson Mandela Bridge, Newtown Cultural Precint, Mary Fitzgerald Square, City Improvement District (CID), Social Housing
- Braamfontein: Constitution Hill, CID
- Soweto: Kliptown Freedom Square, Baragwanath Taxi Rank

18.4.4 Part 2: Institutional Dynamics

Business Model

The JDA business model is designed to ensure effective co-operation and collaboration with other MoE’s in the development process, by ensuring that the relevant MoE’s and Council departments are involved in all aspects of the development.

18.4.5 Planning Period Objectives

The area-based developments that JDA focuses on responds to two key challenges:

- **Creating an efficient business environment**: this includes responding to improved service delivery and enhanced operational efficiencies, forging connections within the city’s various nodes, and building effective transport and telecommunications linkages in JDA developments.
- **Dealing with areas in decay**: created by a cycle of disinvestment, increased decay and further disinvestment, this decay is related to residential, commercial and industrial development, and is a factor in undermining the effective business environment that JDA is seeking to achieve.
This investment lays the basis for new private sector investment, provides significant new business opportunities and both short-term and sustainable job creation.

### 18.4.6 Alignment with City Policies

<table>
<thead>
<tr>
<th>Sector Plan</th>
<th>5 year Strategic Objectives</th>
<th>IDP Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spatial Form and Urban Management</td>
<td>Enhancement of a clear structure of nodes (concentration of activity) well integrated with movement systems in the city, with an emphasis on new economic nodes in disadvantaged areas and mixed use, mixed income nodes in other parts of the city</td>
<td>Nodal programme</td>
</tr>
<tr>
<td>Spatial Form and Urban Management</td>
<td>Increased investor confidence in declining and under-performing areas. Public investment in marginalised areas to facilitate crowding in of private sector spending</td>
<td>Economic area regeneration programme</td>
</tr>
<tr>
<td>Spatial Form and Urban Management</td>
<td>Design and implement codes to create safer communities, legibility, functionality and aesthetics of the urban environment</td>
<td>Urban design programme</td>
</tr>
<tr>
<td>Economic Development</td>
<td>Measured increase in sectoral diversification and growth in sectors targeted for City Support</td>
<td>Sector support programme</td>
</tr>
<tr>
<td>Economic Development</td>
<td>Improve the profile of Johannesburg, both on the continent and internationally, as a core centre of finance, business and trade</td>
<td>International positioning programme</td>
</tr>
<tr>
<td>Community Development</td>
<td>Increased number of developed public spaces (other than formal parks) where citizens can interact freely and safely</td>
<td>Public spaces programme</td>
</tr>
<tr>
<td>Community Development</td>
<td>Steadily increasing percentage of residents who have either participated in or attended a City of Johannesburg-led arts, culture or heritage initiatives</td>
<td>Public arts, Cultural life, Heritage, Theatres support for the arts</td>
</tr>
<tr>
<td>Transportation</td>
<td>Gautrain infrastructure and services well-integrated with other transport modes and services</td>
<td>Gautrain support programme</td>
</tr>
</tbody>
</table>

### 18.4.7 Part 3 Medium-Term Focus

#### 18.4.8 JDA’s Current Inner City Projects

- Braamfontein
- Fashion District
<table>
<thead>
<tr>
<th>18.4.9</th>
<th>Importance of Inner City: Facts and Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Significance to GDP</td>
<td></td>
</tr>
<tr>
<td>• 7 million m2 of floor space</td>
<td></td>
</tr>
<tr>
<td>• Home to large number of corporate head offices</td>
<td></td>
</tr>
<tr>
<td>• Daily commuters: 1 000 000</td>
<td></td>
</tr>
<tr>
<td>• Weekday (Mid-day) Population: 1 million plus</td>
<td></td>
</tr>
<tr>
<td>• Office vacancy rate declining</td>
<td></td>
</tr>
<tr>
<td>• Office rentals increasing</td>
<td></td>
</tr>
<tr>
<td>• “Tourist shoppers”: 300 000 - 400 000 p.a.</td>
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</tr>
<tr>
<td>• Number of dwelling units: 40,000 plus</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>18.4.10</th>
<th>Inner City Geographic Trends: JDA’s Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Generally strong performance in the areas south and west of the Carlton Centre (Newtown, Main Street precinct, Government precinct, Financial district; South West)</td>
<td></td>
</tr>
<tr>
<td>• Greater intervention required in the areas east of Carlton Centre/ ABSA precinct (Fashion District, Jewel City, Greater Ellis Park)</td>
<td></td>
</tr>
<tr>
<td>• Strong performance north of Park Station – Braamfontein, Hillbrow Health Precinct and Constitution Hill</td>
<td></td>
</tr>
<tr>
<td>• More interventions in the areas around Park Station – more demand to be in the area</td>
<td></td>
</tr>
<tr>
<td>• Continued challenges in the high density residential areas of Hillbrow, Joubert Park, Berea, Bertrams and parts of Yeoville</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>18.4.11</th>
<th>Private Sector Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nodal developments with an emphasis on economic nodes in disadvantaged areas.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Braamfontein:</strong></td>
<td></td>
</tr>
<tr>
<td>• In partnership with Sappi, ApexHi, Liberty, JD Group</td>
<td></td>
</tr>
<tr>
<td>• Urban upgrade including public art co-funded by business</td>
<td></td>
</tr>
<tr>
<td>• JDA interventions are maintained through the NID in the area</td>
<td></td>
</tr>
<tr>
<td><strong>High Court Precinct</strong></td>
<td></td>
</tr>
<tr>
<td>• JDA led development but strong private sector participation</td>
<td></td>
</tr>
<tr>
<td>• Apex High</td>
<td></td>
</tr>
<tr>
<td>• Old Mutual</td>
<td></td>
</tr>
<tr>
<td>• Schreiner Chambers</td>
<td></td>
</tr>
<tr>
<td>• Pitje Chambers</td>
<td></td>
</tr>
<tr>
<td>• Lights and street furniture are being installed along Pritchard Street with emphasis on increased utility and attractiveness for the legal community.</td>
<td></td>
</tr>
<tr>
<td><strong>Jewel City</strong></td>
<td></td>
</tr>
<tr>
<td>• The JDA and ApexHi (who are co-funding the project) have finalised designs for Jewel City.</td>
<td></td>
</tr>
<tr>
<td>• The project comprises the upgrade of the external environment such as roads, sidewalks, lighting, and other street furniture in the End, Commissioner, Berea and Main Streets area as well as improvement of internal roads and environment within the precinct itself.</td>
<td></td>
</tr>
<tr>
<td>• The project has already sparked off development in the areas (immediately to the east of the site) with the development of 30 large loft apartments and a commercial and retail development.</td>
<td></td>
</tr>
<tr>
<td><strong>Fashion District</strong></td>
<td></td>
</tr>
<tr>
<td>• The Fashion Square will incorporate a fashion catwalk to allow local designers to produce their own fashion shows.</td>
<td></td>
</tr>
<tr>
<td>• The square will be used for major fashion shows.</td>
<td></td>
</tr>
<tr>
<td>• The operations of the square and buildings will be managed by...</td>
<td></td>
</tr>
</tbody>
</table>
the Fashion District Institute.
• Buildings in the area bought by large property companies.

**Hillbrow Health Project**
• To create an integrated, safe, secure and functional area by:
  • Being the preferred location for primary health care providers
  • Consolidating the research base and operational connections among stakeholders
  • Enhancing the existing residential accommodation
  • Creating world class educational and training facilities
  • Multi-stakeholders and beneficiaries: eg. CoJ Health, Gauteng Health, Wits, JDA, Communities

**Newtown Cultural Precinct**
• **City Improvement District** now established and managing regular cultural events and festivals
• **Arts Alive** focusing on Newtown
• Numerous private sector investments establishing mixed use developments in the cultural hub
• **Kippies** recently re-opened at the historic ‘songwriters club’ and Bassline flourishing
• **1 Central Place** a strong indicator of demand for space
• **Residential market** beginning to take off
• **The JDA offices** at the Bus Factory are 100% complete and staff moved into the offices at the end of January 2007. The offices were officially opened in May 2007.
• **Turbine Hall** redevelopment Tiber Props for Anglogold Ashanti

**Brickfields:** Johannesburg Housing company, Award winning non-profit housing: 742 units

18.4.13 **Comments, Questions and Answers**
• **Greater Ellis Park Precinct:** Plans emerging – it will be good to see opportunities available
• **Klipspruit:** Operating company to consider marketing and pricing of facilities to increase usage and affordability
• **Fly-In Centre:** planned near Park Station catering to Trade and Shopping tourism

18.5 **SOUTH AFRICA’S INVESTMENT ENVIRONMENT**
**A BUSINESS CASE FOR INVESTING**

**TRADE AND INVESTMENT SOUTH AFRICA** Denan Kuni TISA

18.5.1 **South African Economy**

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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP (billions)</strong></td>
<td>R 482</td>
<td>R 1 374</td>
<td>R 1 726</td>
</tr>
<tr>
<td></td>
<td>US$ 213</td>
<td>US$ 255</td>
<td></td>
</tr>
<tr>
<td><strong>GDP per capita</strong></td>
<td>R 12 507</td>
<td>R 29 422</td>
<td>R 35 994</td>
</tr>
<tr>
<td></td>
<td>US$ 4 561</td>
<td>US$ 5 324</td>
<td></td>
</tr>
<tr>
<td><strong>Merchandise exports</strong> (billions)</td>
<td>R 69,8</td>
<td>R 281,8</td>
<td>R 398,5</td>
</tr>
<tr>
<td></td>
<td>US$ 43,6</td>
<td>US$ 58,9</td>
<td></td>
</tr>
<tr>
<td><strong>Total Foreign Debt / GDP</strong></td>
<td>21,8%</td>
<td>20,2%</td>
<td>22,4%</td>
</tr>
<tr>
<td><strong>GDP Growth</strong></td>
<td>3,2%</td>
<td>3,7%</td>
<td>5,0%</td>
</tr>
<tr>
<td><strong>Unemployment</strong></td>
<td>20%</td>
<td>26,5%</td>
<td>25,5%</td>
</tr>
<tr>
<td><strong>Inflation (CPIX)</strong></td>
<td>9% (CPI)</td>
<td>4,3%</td>
<td>4,6%</td>
</tr>
<tr>
<td><strong>Prime Rate</strong></td>
<td>15,75%</td>
<td>12%</td>
<td>12,5%</td>
</tr>
</tbody>
</table>

18.5.1 **SADC**
### 18.5.3 South Africa from a Global Perspective

- One of the most **sophisticated and promising** emerging markets, offering a unique combination of highly developed first world economic infrastructure with a vibrant emerging market economy.
- South Africa is one of the world’s **26 industrialised nations**.
- The country is also regarded as the gateway to Africa.
- South Africa has the **largest economy on the African continent**, accounting for approximately **25%** of the continent’s GDP.
- According to the World Bank, South Africa ranked 28th in the world for the ease of doing business in 2006.
- The JSE Securities Exchange is Africa’s largest and most developed Securities Exchange and one of the world’s **top 20** exchanges.
- **South Africa remains the world’s top producer of minerals** such as gold, platinum, rhodium, chrome, manganese and vanadium.
- South Africa holds **80% of global manganese** reserves, **72% of chrome**, **88% of platinum-group metals** (PGMs), **40% of gold** and **27% of vanadium**.
- **Unit labour costs** in South Africa are significantly lower than those of many other emerging markets.
- South Africa scored well in various categories according to the 2006 **World Competitiveness** Yearbook (61 countries ranked):
  - Ranked 6th in the world in terms of **price stability**;
  - Our fiscal policy was ranked in **11th place**;
  - 24th in terms of **management practices** (business efficiency);
  - 31st in terms of attractiveness for **foreign direct** investment;
  - SA has the **lowest electricity** costs for industrial clients.
- **Market access**-SA-EU TDCA, AGOA, MERCOSUR, EFTA, SADC, SACU & INDIA
- **Upbeat outlook** for the SA economy, as we project strong GDP growth averaging **5% p.a.** over the next 5 years.
- **Strong domestic demand**, with robust consumer spending and a rapid increase in fixed investment should underpin the expected higher growth trajectory.
- Despite the recent rate increases, we forecast a much shallower interest rate cycle in a low inflation environment.
- Recent increase in interest rates should result in a moderate reduction in the growth of private consumption expenditure (particularly on durable and semi-durable goods, which tend to be rather sensitive to interest rate levels).
- The multi-billion rand capital expenditure program by state owned enterprises, the build-up to the 2010 Soccer World Cup and increased government infrastructure spending will underpin a robust public sector fixed investment growth.

### 18.5.4 Investing in Africa: an improving environment

- **54 countries, 35 democracies** (compared to only 8 in 1991)
- Many countries have **improved their business environment**:
  - restored macro-economic stability
  - greater predictability & increased reliability of policy & regulatory framework
  - increased transparency and improved decision-making
  - privatisation initiatives
  - reduced corruption
  - investment protection & promotion
  - intra and inter-regional initiatives
- **High returns on investment**
- The only global region for which a higher rate of growth is forecast by the IMF for 2007 & 2008 (relative to 2006)
### 18.5.5 NIPF: NATIONAL INDUSTRIAL POLICY FRAMEWORK

#### Lead Sectors
- Capital/Transport equipment and Metals
- Automobiles and Components
- Chemicals, Plastic fabrication and Pharmaceuticals
- Forestry, Pulp and paper, and Furniture

#### 13 Key Action Programmes

<table>
<thead>
<tr>
<th>Policy Coherency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Policy</td>
</tr>
</tbody>
</table>

### 18.5.6 SA’s Industrial Challenges
- South Africa’s key industrialisation challenge is **to grow and diversify manufacturing and tradable services**
- South Africa’s industrialisation process faces a number of **constraints**
  - Market size and logistics costs
  - Cost and reliability of infrastructure (esp. freight / commuter transport)
  - Monopolistic pricing of key inputs
  - Skills development and training
  - Intense global competition
  - Low investment in manufacturing, which has resulted in poor capital productivity and outdated machinery and equipment
  - Inadequate state support for investment, upgrading, innovation and technology
- This has resulted in **low manufacturing profitability** which in turn lead to **low investment, low output, and poor export and employment performance** particularly in low-and-medium skill industries

### 18.5.7 NIPF Vision
- **Diversification** beyond traditional reliance on minerals and mineral-processing → increased value-added per capita
- Long term intensification of South Africa’s industrialisation and movement towards a **knowledge economy**
- **More labour-absorbing** industrialisation path
- **Broader-based growth** → greater participation of historically excluded people and marginalised regions
- **Support economic development and integration on the African continent**

### 18.5.8 Industrial Policy Approach
- Government will always have to engage across substantial parts of manufacturing, services and primary sectors involving **championship and coordination** across multiple departments and actors
- Government will from time-to-time single out **sectors** for particular focus, based on: substantial **growth and employment potential**; diversification and growth of exports; substantive research and self-discovery processes
- This requires active use of appropriate policy **instruments to upscale industries to their full potential**, particularly:
  - Supporting investment to update ageing machinery and equipment stock through appropriate targeting and scale
  - **Industrial upgrading** to deepen manufacturing capabilities
  - Support for **industry and cluster specific infrastructure**
  - Addressing monopoly pricing

### 18.5.9 Lead Sectors for Fast-tracking

<table>
<thead>
<tr>
<th>Lead Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital/Transport equipment and Metals</td>
</tr>
<tr>
<td>Automobiles and Components</td>
</tr>
<tr>
<td>Chemicals, Plastic fabrication and Pharmaceuticals</td>
</tr>
<tr>
<td>Forestry, Pulp and paper, and Furniture</td>
</tr>
</tbody>
</table>
Capital/Transport equipment and Metals
- **Major opportunity** to stimulate manufacturing through reducing import leakage of the public Capex programme and capitalising on the current mining and mineral-processing boom
- Platform to position these sectors as **major future exporters** onto the rest of the continent and beyond

Automotives and Components
- **SA’s leading manufacturing sector**, generating strong backward linkages from other sectors, particularly metals, leather, textiles and plastics
- **Major opportunity to double current vehicle production** to 1.2 million units by 2020 with a corresponding deepening of local content

Chemicals, Plastic fabrication and Pharmaceuticals
- **Major opportunity to increase local beneficiation** of polymers, particularly for automotive and packaging applications and leverage state procurement for local production of pharmaceuticals

Forestry, Pulp and paper, and Furniture
- The sector has the potential to bring jobs and income to poor rural communities
- **Increased plantations in EC and KZN** in the next 10 years will contribute to the provinces’ growth and employment and stimulate processing activities, such as sawmilling and furniture

### 18.5.10 Trade, Export, Investment Trends: Refer Tables 2006

#### Main Export Sectors
- R250b Manufacturing
- R125b Mining
- R50+b Auto

#### Main Export Destinations
- R41.3b Japan
- R41.1b USA
- R31.7b UK
- R26.8b Germany
- R67.1b Other EU
- R14b China
- R19b Other Asia
- R26.2b Africa

#### Main Investment Sectors:
- 25.9% Finance, Real Estate and Business Services
- 20.1% Manufacturing

#### Changing Composition of Exports

<table>
<thead>
<tr>
<th>Rank</th>
<th>Top 20 Export Products</th>
<th>% Share 1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Precious metals</td>
<td>48.2</td>
</tr>
<tr>
<td>2</td>
<td>Iron and steel</td>
<td>9.0</td>
</tr>
<tr>
<td>3</td>
<td>Mineral fuels</td>
<td>6.1</td>
</tr>
<tr>
<td>4</td>
<td>Ores, slag and ash</td>
<td>4.7</td>
</tr>
<tr>
<td>5</td>
<td>Copper and articles</td>
<td>1.9</td>
</tr>
<tr>
<td>6</td>
<td>Edible fruit</td>
<td>1.7</td>
</tr>
<tr>
<td>7</td>
<td>Wool</td>
<td>1.6</td>
</tr>
<tr>
<td>8</td>
<td>Machinery</td>
<td>1.5</td>
</tr>
<tr>
<td>9</td>
<td>Sugars and sugar confectionery</td>
<td>1.4</td>
</tr>
<tr>
<td>10</td>
<td>Articles of iron or steel</td>
<td>1.4</td>
</tr>
<tr>
<td>11</td>
<td>Inorganic chemicals</td>
<td>1.3</td>
</tr>
<tr>
<td>12</td>
<td>Nickel and articles</td>
<td>1.3</td>
</tr>
<tr>
<td>13</td>
<td>Salt, sulphur</td>
<td>1.3</td>
</tr>
<tr>
<td>14</td>
<td>Pulp of wood</td>
<td>1.2</td>
</tr>
<tr>
<td>15</td>
<td>Cereals</td>
<td>1.2</td>
</tr>
<tr>
<td>16</td>
<td>Vehicles other than railway</td>
<td>1.1</td>
</tr>
<tr>
<td>17</td>
<td>Aluminium and articles</td>
<td>0.9</td>
</tr>
<tr>
<td>18</td>
<td>Paper &amp; paperboard, articles of pulp, paper and board</td>
<td>0.9</td>
</tr>
<tr>
<td>19</td>
<td>Vegetables</td>
<td>0.8</td>
</tr>
<tr>
<td>20</td>
<td>Leather</td>
<td>0.6</td>
</tr>
<tr>
<td>Rank</td>
<td>Top 20 Export products</td>
<td>% share 2005</td>
</tr>
<tr>
<td>------</td>
<td>------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>1</td>
<td>Precious metals</td>
<td>25.0</td>
</tr>
<tr>
<td>2</td>
<td>Iron &amp; steel</td>
<td>11.9</td>
</tr>
<tr>
<td>3</td>
<td>Mineral fuels</td>
<td>9.9</td>
</tr>
<tr>
<td>4</td>
<td>Vehicles other than railway</td>
<td>8.4</td>
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<tr>
<td>5</td>
<td>Machinery</td>
<td>6.7</td>
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<tr>
<td>6</td>
<td>Ores, slag and ash</td>
<td>4.6</td>
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<tr>
<td>7</td>
<td>Aluminium</td>
<td>3.4</td>
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<td>8</td>
<td>Edible fruit</td>
<td>2.5</td>
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<tr>
<td>9</td>
<td>Inorganic chemicals</td>
<td>2.4</td>
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<tr>
<td>10</td>
<td>Electrical, electronic equipment</td>
<td>1.8</td>
</tr>
<tr>
<td>11</td>
<td>Organic chemicals</td>
<td>1.6</td>
</tr>
<tr>
<td>12</td>
<td>Beverages</td>
<td>1.6</td>
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<tr>
<td>13</td>
<td>Articles of iron or steel</td>
<td>1.4</td>
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<tr>
<td>14</td>
<td>Furniture</td>
<td>1.2</td>
</tr>
<tr>
<td>15</td>
<td>Plastics</td>
<td>1.2</td>
</tr>
<tr>
<td>16</td>
<td>Wood and articles of wood</td>
<td>1.1</td>
</tr>
<tr>
<td>17</td>
<td>Paper &amp; paperboard</td>
<td>1.0</td>
</tr>
<tr>
<td>18</td>
<td>Misc. chemical products</td>
<td>1.0</td>
</tr>
<tr>
<td>19</td>
<td>Pulp of wood</td>
<td>0.8</td>
</tr>
<tr>
<td>20</td>
<td>Fish</td>
<td>0.8</td>
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<tr>
<th>18.5.11</th>
<th>Infrastructure: Core SOE Investments: R230 – 380b</th>
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<tbody>
<tr>
<td></td>
<td>Eskom R150b (now R300b) next 5 years from cashflow, balance sheet</td>
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<tr>
<td></td>
<td>• 70% Generation Capacity</td>
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<td>• 30% Transmission and Distribution (6 REDS)</td>
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<td>• R15b Rehab 3 Power Stations, 2 Peaking Plants</td>
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<td>Transnet R40bn/ $ 6.3bn for a range of core projects – railways, ports, infrastructure &amp; operations and petroleum pipeline</td>
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<tr>
<td></td>
<td>• A further R8,5bn to be invested in SAA and other non-core projects</td>
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<tr>
<td></td>
<td>• Spoornet some R8bn on locomotives, wagons and equipment</td>
</tr>
<tr>
<td></td>
<td>• Funding options: divesting from non-core businesses, PPPs, own revenue, concessioning, borrowing and strategic equity arrangements</td>
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<tr>
<td></td>
<td>Water Projects R19.7b: R3b from Budget, Balance: recoveries, markets</td>
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<td>ACSA R19.3b by 2010 esp. Joburg, Cape Town and Durban</td>
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<tr>
<th>18.5.12</th>
<th>IDZ’s: Industrial Development Zones</th>
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<tr>
<td></td>
<td>Customs-Controlled Area</td>
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<tr>
<td></td>
<td>Near to an International Port</td>
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<td>One-Stop Service Centre</td>
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<tr>
<td></td>
<td>Import Raw Materials, Machinery</td>
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<tr>
<td></td>
<td>Export Finished Goods</td>
</tr>
<tr>
<td></td>
<td>Current IDZ’s</td>
</tr>
<tr>
<td></td>
<td>• COEGA, next to NGQUA new deep water port</td>
</tr>
<tr>
<td></td>
<td>• East London</td>
</tr>
<tr>
<td></td>
<td>• Richards Bay</td>
</tr>
<tr>
<td></td>
<td>• OR Thambo</td>
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<thead>
<tr>
<th>18.5.13</th>
<th>Priority Sectors for FDI</th>
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<tbody>
<tr>
<td></td>
<td>• Metals</td>
</tr>
<tr>
<td></td>
<td>• Mining</td>
</tr>
<tr>
<td></td>
<td>• Biofuels</td>
</tr>
<tr>
<td></td>
<td>• Agribusiness</td>
</tr>
<tr>
<td></td>
<td>• Automotive</td>
</tr>
<tr>
<td></td>
<td>• Machine tooling</td>
</tr>
<tr>
<td></td>
<td>• Precision engineering</td>
</tr>
<tr>
<td></td>
<td>• Aerospace</td>
</tr>
<tr>
<td></td>
<td>• Film production</td>
</tr>
<tr>
<td></td>
<td>• Tourism</td>
</tr>
<tr>
<td></td>
<td>• ICT and electronics</td>
</tr>
<tr>
<td></td>
<td>• BPO (Business Processing &amp; Outsourcing) and Call Centres</td>
</tr>
<tr>
<td></td>
<td>• Chemicals</td>
</tr>
<tr>
<td></td>
<td>• Plastics</td>
</tr>
<tr>
<td></td>
<td>• Bio-pharmaceuticals</td>
</tr>
<tr>
<td></td>
<td>• Leather and footwear</td>
</tr>
<tr>
<td></td>
<td>• Forest products</td>
</tr>
</tbody>
</table>
### 18.5.14 Investment Opportunities

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sub-sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agro-processing</strong></td>
<td>Fisheries and Aquaculture, Floriculture, Fruit and Vegetable Processing Plants, Juices, Meat Processing, Wine Production, Confectionery, Indigenous teas and Natural Fibres.</td>
</tr>
<tr>
<td><strong>Automotives</strong></td>
<td>Interiors, Engine Parts/Components, Electronic, Drive Train Components, Body Parts, Aluminum Components and Diesel particulate filters.</td>
</tr>
<tr>
<td><strong>Chemicals and Allied Industries</strong></td>
<td>钛和氟化学品的扩产项目，聚丙烯项目，聚丙烯的下游产品，和天然纤维的生产。</td>
</tr>
<tr>
<td><strong>Business Process Outsourcing &amp; IT Enabled Services</strong></td>
<td>Call Centres, Back Office Processing and Shared Corporate Services.</td>
</tr>
<tr>
<td><strong>Electro Technical</strong></td>
<td>Manufacturing of: automotive electronics, microchips and telecommunication equipment.</td>
</tr>
<tr>
<td><strong>Tourism</strong></td>
<td>Hotels and self-catering holiday resorts, Adventure-, Eco-, Sport- Conference- and cultural tourism, gaming, infrastructure development, leisure complexes and world class golf courses, harbour &amp; waterfront developments, transfrontier conservation areas, cruise liners &amp; transportation.</td>
</tr>
<tr>
<td><strong>Clothing, Textiles, Leather and Footwear</strong></td>
<td>Manufacturing of Industrial Textiles using Polyester</td>
</tr>
<tr>
<td><strong>Mining and metal based industries</strong></td>
<td>Aluminum smelter capacity, Capital equipment: machine tool manufacturing and petrochemical equipment, downstream processing and value-adding of iron, carbon steel, aluminum, platinum group metals and gold, ferro-alloys, gold and stainless steel.</td>
</tr>
<tr>
<td><strong>Aerospace, Rail and Marine</strong></td>
<td><strong>Aerospace:</strong> Rotor and fixed wing aviation equipment and services, Helicopters and aircraft components, Aviation training services for African airlines, IDZ at Johannesburg International Airport, warehousing for aircraft parts. <strong>Rail:</strong> Rolling stock and services for the domestic market, estimated R7 billion Gautrain which includes infrastructure development and rolling stock, Rail infrastructure of the African continent through NEPAD and Rehabilitation of low density rail line. <strong>Marine:</strong> Development of boat yards and wet docks/floating docks, Joint ventures with local shipyards, manufacture of boats, yachts, catamarans and fleet racing boats, custom-made vessels (tugs) and training schools.</td>
</tr>
<tr>
<td><strong>Capital Equipment</strong></td>
<td>Re-capitalisation of: Forgings &amp; Castings</td>
</tr>
<tr>
<td><strong>Expansion &amp; export development</strong></td>
<td>Pumps, valves, material handling &amp; straddle crane carriers</td>
</tr>
<tr>
<td><strong>New investments in:</strong></td>
<td>Turbine assembly</td>
</tr>
<tr>
<td><strong>Film</strong></td>
<td>Film studios and post production facilities.</td>
</tr>
</tbody>
</table>

### 18.5.15 Dti’s Investment Services

- Sector Information
- Finance to explore investment opportunities in SA
- Facilitating direct Government support in the form of:
  - information on investing in SA and the Business Environment
  - detailed investment Incentives
  - investment facilitation
  - after-care – ongoing contact
### 18.6.1 Institutional Coordination
- DEAT has established a **Tourism Forum**, representative of all tourism industry stakeholders, provincial tourism authorities & host cities to coordinate tourism initiatives for the 2010 event, meetings will be held on a quarterly basis, the first held on 25 October 2007.
- This Forum will serve as a **Tourism reporting structure** and will enable DEAT to support and make timely interventions where necessary and enable stakeholders to work in synergy in the implementation of the Tourism Plan towards 2010 and beyond.
- **Partnerships** are also critical with other stakeholders, thus we participate in different Forums to support the role of Tourism towards 2010 and beyond e.g. the 2010 Technical Coordination Committee and the Host Cities Forum.
- Also support Provincial/Host city initiatives, recently participated at the 2nd KZN Provincial 2010 Indaba.

### 18.6.2 Marketing and Branding SAT: South Africa Tourism
- SAT established **2010 events unit** focusing on 2010 major projects.
- Plans underway to engage **Soccerex**.
- Collaborating with sponsors to explore opportunities (Coke).
- Negotiating **Joint marketing agreement** with celebrities to punt positive message.

### 18.6.3 Information
- **2010 web portal** has been established.
- Plan to link the portal to **events webpage**.
- 3 months **calendar of events** from October to Dec 2007 in place.
- Plans underway to commission a study to **understand 2010 World Cup Demand** and research traveling patterns.

### 18.6.4 Accommodation
- **55000 rooms required** to meet 2010 demand.
- **23000 rooms signed** with large hotel establishments.
- **2300** with non hotel establishments.
- **Additional 8000 non hotel** rooms required.
- To address shortfall Tourism 2010 **Nation-wide Grading** Strategy in place aimed at Promoting grading and sign up of match contract.
- **TEP supporting SMMEs** to be graded with % of grading fees.
- Road shows have commenced and will end in April 2008 (full report to be provided on progress).
- 2010 Accommodation Sign-Up representatives will be travelling around the country between Nov 2007 and March 2008 to sign up MATCH contracts for the 2010 FIFA World Cup South Africa™.
- **12 months** to obtain Star Grading after Match contract.

### 18.6.5 Skills and Service Levels
- National **skills partnership** programme in place between DEAT, THETA and NBI.
- **Tourism Sector Skills Plan** in place.
- Plans underway to develop a **Tourism Human Resources Strategy** to ensure that we better compete through people – End of March 2008.
- **Language training programme** in place focusing on French, German, Portuguese, Spanish and Chinese (100 beneficiaries already – all provinces).
- **Ambassador Strategy and Plan** aimed at training 180 volunteers.
(as a pilot 2007/2008) finalised - 20 per province on tourism awareness and events support (funding modalities under discussion)

• **Language Training** implemented: French exchange programme, Chinese and Spanish; to follow: European, Asian and African

### 18.6.6 Transport and Safety

**Tourism Safety and Awareness Plan** is being implemented in all provinces and host cities (proactive, reactive and follow up)

• **Model for partnership** on implementing Tourism Safety is being rolled out in all provinces.

• **Working relationship** established with MATCH to appoint international and national tour operators.

• **SRPP** to allocate funding for **Black Tour Operators** to take advantage of opportunities brought by 2010

• **Aviation strategy** in place and partnership signed with transport to improve tourist transport (Transport support and commitment at the Tourism Annual Conference focusing on Aviation Conference).

### 18.6.7 Transfrontier Conservation Area (TFCA) Strategy

- Focusing on 7 TFCA’s cutting across 9 countries (Angola, Botswana, Lesotho, Mozambique, Namibia, SA, Swaziland, Zambia and Zimbabwe)

- **TFCA Development Unit** in place

### 18.6.8 Africa Participation through UNWTO Steering Committee

• **Build capacity** of countries and ensure that benefits are accrued by most countries from the tourism point of view

• **Events Parks in every country**

### 18.6.9 Greening 2010 Themes

- **Carbon offsetting** (airlines and domestic travel).
- **Sustainable transport** and mobility.
- **Waste management** (recycling and reduction).
- **Energy efficiency** (infrastructure and efficiency).
- **Water** (reuse and efficiency).
- **Tourism** (Green Stars and Green Buildings).
- **Biodiversity**.

**Achievements**

- **Draft business plan** completed.
- **Produced a partnership catalogue**.
- **Mobilisation of international partners** (Germany, Helsinki, UNEP).
- **Commissioned stadium reviews** (complete in Feb 2008).
- **Draft communications strategy** in place.
- **Brand development** underway (in line with Fifa).

### 18.7 MANUFACTURING SECTORS ABSA: Andre Rosslee, Julia Kupka

#### 18.7.1 Headlines

- **More Chinese vehicles on way** January 11, 2007
- **Cement scam escalates as shortages trouble suppliers** Feb 26, 2007
- **Biofuels can employ 55 000 ... eventually** February 14, 2007
- **Motor industry needs local parts** March 5, 2007
- **Sick supply chains cost business R7bn a year** March 16, 2007
- **Expanding manufacturing sector aids economic growth** Sep 10, 2006
- **Manufacturing sector booming: BER** December 5, 2006
- **Surging vehicle sales fuel Metair’s profit** March 16, 2007
- **SA businesses prepare to showcase in US** March 7, 2007
Factory output rises on rand and demand March 14, 2007

Local firms to get half of R33bn Eskom's Medupi power station in Lephalale spend November 14, 2007

18.7.2 Manufacturing Intensity - % GDP

18.7.3 Provincial Manufacturing Contribution ABSA
Gauteng 39%; KZN 21%; W Cape 16%; E Cape 8%; Mpumalanga 7%; F State 4%; N West 3%; Limpopo 1%; N Cape 1%

18.7.4 Sub-Sector Turnover (NPAT) % Stats SA 2005
Petrol Products 24.2%(26.6); Basic Iron 20.4% (23); Food and Beverage 16.7% (14.5); Motor Vehicles 16.3% (13.3); Wood Products 7.9%(11.3); Textiles 4.3%(1.2); Furniture 3.6%(1.9); Glass 3.4%(5.6); Electrical Machinery 2.5%(1.9); Communication Equipment 1%(0.6)

18.7.5 Seasonally-adjusted manufacturing production trend between January 2000 and June 2006:
- Rising production since mid-2003 to September 2004
- Sideways movement up to December 2004
- Upward trend resumed in 2005 and 2006.

18.7.6 Output Constraints
Increasing Trends:
Skilled Labour >40%;
Semi-skilled labour 30%;
Raw Materials 35%;
Interest Rates 30%;
Improvements: demand level

18.7.7 SA MANUFACTURING SECTOR – SWOT ANALYSIS

Strengths
- Internationally recognised food-processing
- World class automotive manufacturing sector
- Low cost production capacity
- Available resources
- Strong regulatory environment
- Government support programs
- Low interest rates (Cyclical)
- Perceived high quality quality of local goods

Weaknesses
- Low tariff protection
- Inadequate rail system
- Limited water supply
- Poor Productivity in certain sectors
- Slow BEE transformation
- Red Tape

Opportunities
- Manufacturers operating at 80% capacity
- Food-processing is most productive sub sector
- Improving economic conditions
- Strong local demand
- Asset rich sector
- Advances in the renewable energy sector
- Automotive exports
- South Africa’s renewed access to world markets

Threats
- Rand strength
- Interest rates (Effect on local demand)
- Labour action
- Labour regulation
- Environmental risks
- Rising fuel costs
- Foreign government subsidies
- Expansion of the Chinese export sector
• Construction and infrastructure development
  • 2010

• Low cost imports
  • HIV / Aids

18.7.8 Key Finding BER 3rd Quarter 2007: Challenges
• Manufacturing business confidence down
• Growth in domestic sales orders slowed
• Export performance down
• Production volume moderates
• Stocks recovered (decline in local demand)
• Capacity pressures eased
• Increase in rate of unit labour cost
• Moderation in fixed investment
These findings do not however indicate negative growth, but only a moderation in growth.

18.7.9 Food and Beverage Sector Highlights
• Contributes
  • 2,4% to GDP (worth R9, 9billion)
  • 3,2% to total exports, 4,1% of total imports
  • 2,6% of total employment
• Growth boosted by strong domestic demand
  • Expected to remain positive despite inflationary trends
• Food processing
  • 4 000 companies, employs 27% of manufacturing employees
  • Gauteng – home to half the country’s manufacturers
  • Western Cape - backbone of the manufacturing sector
    • 400 companies employ 40 000 people
    • underpinned by a richly diverse primary agricultural sector
    • contributes 18% to the country’s total food manufacture.
    • fishing an invaluable part of the economy, earning important foreign reserves
• Beverages
  • Value of output estimated R30,7b, beer represents R9,3b
  • SMEs thriving, stimulated by SAB, world second-largest brewer
  • Soft drinks and carbonated waters comprise 21% of the sector, worth R9.9 billion, or 3% of GDP.
  • SA a growing market for carbonated beverages
    • 4% increase in sales per annum
    • Fastest growing: mineral waters and functional drinks.

18.7.10 Automotive Sector Highlights
• Major part of South Africa’s manufacturing industry
  • contributes 7.2% to GDP (mining 7.1%)
  • employs 82 000 people (45% of manufacturing employees)
• Regional focus
  • Gauteng - industry larger than Ireland, Israel and Malaysia
    • 200 firms, 38 000 workers, 4,3% of province’s gross geographic product, worth R13 billion per annum.
  • Eastern Cape – contributes 27% of national value and 30% of employment in the industry
• Growth potential
  • R165bn plan to upgrade transport and electricity infrastructure
  • Motor vehicles and parts expected to grow at 12.5%
    • Should contribute more to GDP than fabricated metal products by 2008
• Enabling environment
  • Motor Industry Development Programme - export incentive scheme
• import duty rebates on vehicle components to local carmakers
  - Programme expired in 2007 - Local assemblers, component manufacturers need clarity

• **Industrial Development Zones**
  - tenants can import raw materials duty free, locally procured inputs VAT exempt

• **Automotive Industry Development Centre (Pretoria)**
  - provides technical input for the development of the sector
  - Opportunities in light metal components for vehicles, stainless steel petrol tanks, high-powered 42V electrical systems
  - AGOA - duty free access to the US, foreign investors encouraged to set up JVs with local companies

### 18.7.11 Chemical Sector Highlights

**Size**
- second to the food sector in turnover.
- largest of its kind in Africa
- 20% manufacturing volumes
- Employees 178 000 people (value chain)
- Contributes 4.5% to GDP

**Nature**
- Highly complex and diverse
  - Bias towards capital intensive upstream operations
  - segmented into 11 sub-sectors excluding synthetic textile fibres
  - Liquid Fuels (31%), Plastic Products (20%), Consumer Formulated Chemicals (5%), Inorganic Chemicals (8%), Primary Polymers & Rubbers (7%), Pharmaceuticals (8%), Rubber Products (5%), Bulk Formulated (5%), Organic Chemicals (6%), Pure Functional and Specialties (5%), and Fine Chemicals (0,1%).

**Trade balance**
- Exports R19.7 billion
- Imports R30.5 billion

### 18.7.12 BIOFUEL PRODUCTION – Fuel Supplies Running Dry

**Increase in demand**
- 15% increase over 15 years
  - 3bn ltr increase/year
  - Mainly in inland areas
- New Eskom peaking plants
  - will need 1bn ltrs diesel/yr
- Diesel supplies already stressed
  - 730m ltr shortfall in 2006
  - 1.6bn – 3.7bn predicted by 2012

**DME expects inland shortages**
- Crude oil refining capacity exceeded
  - Constrained further by changes needed for new fuel specs
- Imports increase
  - 1.2bn litres imported in 2007
  - But port & pipeline bottlenecks

**Location of refineries**
- Inland refineries close to grain production areas
- Largest fuel consumer base
- Project Mthombo
  - New 200 000b refinery
  - Logistic costs minimised
Transport costs = 2nd highest

Location of agri-infrastructure
- Silos for storage
- Co-operatives
- Feedlots for oilcake offtake

Agroclimatic factors
- Sugar expansion potential ltd
- Under utilised land in former homeland areas, land reform
  - NW, Mpuma, FS, EC

Rural development potential
- Energy efficiency not only criteria for selecting crops
- Grain crop projects can stimulate agri & infrastructure development

18.7.13 BIOFUEL PRODUCTION – Options
Do-it-Yourself

Project design
- Farmers contracted
- Biodiesel
  - Crushing
  - Processing
  - Oilcake offtakers
- Bioethanol
  - Processing
  - DDGS offtakers

Advantages
- Rural development
- Underutilised land put to use

Disadvantages
- Supply risk
- Limited hedging
- Capex, working capital costs

Involve Traders

Project design
- Grains sourced from traders
- Biodiesel
  - Crushing
  - Processing
  - Oilcake offtakers
- Bioethanol
  - Processing
  - DDGS offtakers

Advantages
- Feedstock supply security
- Ability to hedge feedstock prices

Disadvantages
- High capex costs
- Working capital costs

Buy-in Vegoil (Bio-diesel)

Project design
- Veg oil sourced from traders
- Processed into biodiesel on site

Advantages
- Lower capex costs
- Less infrastructure needed
- No need for oilseed offtake markets

Disadvantages
- Compete in existing vegoil markets
- No by-product profit stream
- Quality and consistency control
Contract Bio-diesel
- Project design
  - Buy biofuel from contracted producer
- Advantages
  - No capex and infrastructure
  - BEE procurement
- Disadvantages
  - Lack of control
  - Quality and supply issues
  - Higher biofuel prices
  - Profits accrue at supplier level

18.8 ADVANCED MANUFACTURING CENTRE Nelson Mongale U N West
See 12.20 North West Programme Page 56

18.9 FORESTRY Michael Peter Technical Specialist DWAF
ASGISA, SONA (State of the Nationa), POA (Programme of Action)

18.9.1 • Finalise practical programmes for forestry and paper
  - Charter is both a transformation and a practical growth and
development strategy for the sector
  - Every element has an accompanying strategy e.g. skills
development, new afforestation, R+D and forest enterprise
development

18.9.2 • To raise the rate of investment in the First Economy
  - Charter details concrete roles and resources for
Government and Private sector to achieve higher rates of
investment

18.9.3 • To reduce the cost of doing business in our country
  - Have already almost halved the time to get an afforestation
licence and plans in place for 07-08 to use general
authorisations to reduce cost and time further
  - Applications risen from 800ha in 2004 to 5500ha last year

18.9.4 • To promote the growth of the small & medium business sector
  - Approached Treasury for a Forestry Support Fund
  - Plan to process 15 000ha of forestry licence applications to
ensure a net increase of 10 000ha per annum by small and
medium black growers
  - Transfer of DWAF Cat B and C plantations into community
hands – 07-08 plan to transfer largest plantations of
Manzengwenya and Mbazwana and possibly Injaka too
pending the finalisation of land claim by RLCC
  - Reach agreement with DLA on resolution of lands rights
holders for payment of lease rentals

18.9.5 • To increase spending on Scientific Research and Development
  - Finalised the proposal for Forestry Science Technology
and Innovation strategy, develop capacity and approach
Treasury for funding for implementation

18.9.6 • To speed up the process of skills development
  - Key element of the Charter – Skills development strategy
has been approved
  - Bursaries for people in forestry granted last year for first
time in many years and plans to increase number in 08-09
  - Integrate forestry into national school curriculum and input
further into all tertiary institutions offering forestry
qualifications
  - Collaboration with Department of Labour to allow DWAF
membership to Forestry Industry Educational Training
Authority (FIETA)

18.9.7 • To improve our export performance on services and
manufactured goods
Forestry industry ranks among top export industries in South Africa and reduced the trade deficit in 2005 by 14%.

Plans under Charter to further increase processing and manufacturing in the sector, thereby adding further value to exports and increasing foreign exchange earnings.

**18.9.8**

- Programmes to align planning instruments across the spheres of government
  - Forestry already reflected in the PGDP/S of EC, KZN and Limpopo which is important as this is where new afforestation is taking place
  - Forest sector implementation plan about to be finalised for incorporation of forestry (in line with IGFR Act) into District and Local Government planning processes and documents

**18.9.9**

- Strengthen relations with India, Brazil and China
  - Continue to support technical exchange on forestry with China
  - Explore scope for forestry bi-lateral agreements with India and Brazil

**18.9.10**

**Strengths:**
- High levels of current and future resources under black ownership
- Well defined local community, workers and black SMME interests
- Industry dominance of a few large corporate companies
- Large pool of skilled black technical workers & junior management
- Well developed industry training infrastructure and programmes
- Industry & public sector are large procurers of goods & services
- Tree growing opportunities in the forest sector
- Niche market processing and procurement opportunities in the forest sector
- As a rural based industry forestry contributes significantly to the livelihood opportunities of the poor
- Internationally recognised forestry sector

**18.9.11**

**Challenges:**
- Lack of know-how & institutional capacity amongst medium and small enterprises for FED
- Inadequate access to funds and financial services for emerging black entrepreneurs
- Inadequate capacity building and business support services for emerging black entrepreneurs
- Slow and costly process to obtain afforestation and milling water use licences
  - Long investment horizons
  - Insecure tenure rights on forest land
  - Poor rail and rural road infrastructure in many potential forestry areas
  - Shortage of timber supply (particularly saw timber)
  - Weak and poorly represented industry structures Profitability and sustainability problems experienced by many small scale forest enterprises in the forestry contracting, sawmilling, charcoal production and growing sub-sectors

**18.10**

**ESKOM’S CONTRIBUTION TO ASGISA WITH SPECIAL FOCUS ON BRIDGING THE GAP BETWEEN THE 1ST AND 2ND ECONOMY**

Haylene Liberty, Corporate Specialist, Eskom ASGISA Unit

**18.10.1**

SOEs have been tasked to support ASGISA through job creation, poverty alleviation, skills development and infrastructure development. **Eskom** will contribute through its core business of supplying electricity and leveraging economic benefits from associated activities

- Growing its assets to meet electricity demand growth: **R150b** over the next 5 years
- **Maximising local content**: Procuring from BEE, SME and BWO suppliers
- **Training new learners**: 4000 learner pipeline
### Electrification:
Over 3.4 million homes electrified since 1991.

### Focused CSI Programmes:
Over R400 million invested by the Eskom Development Foundation, since 1999.

#### 18.10.2 R150b Infrastructure Roll-out Programme over 5 years:
- **70% Generation; 14% Transmission; 14% Distribution; 2% Corporate**
- The multi – billion rand build programme presents an opportunity to leverage developmental benefits on a significant scale.

#### 18.10.3 Return to service of Camden, Grootvlei & Komati power stations (total of 3 800MW)
- **Camden** (near Ermelo in Mpumalanga) – 8 units of 200MW
  - 5 units under commercial operation. Another planned for commercial operation by end 2007, and last unit scheduled for commissioning in 2008.
- **Grootvlei** (near Balfour in Mpumalanga) – 1200 MW
  - 1st unit to be commissioned by end 2007
  - Last unit scheduled for commercial operation by end 2009
- **Komati** (between Middelburg & Bethal in Mpumalanga) – 1 000MW (5 x 100MW and 4 x 125MW)
  - 1st unit is planned to be commissioned in 2008
  - Last unit scheduled to be in commercial operation in 2011

#### 18.10.4 Open Cycle Gas Turbine Stations
- **Ankerlig** (Atlantis, Cape Town) (9 units x 147.17 MW)
  - 4 units rated at 147.17MW under commercial operation
  - 5 additional units of 147.17MW to be built
- **Gourikwa** (Mosselbay) – 1200 MW
  - 3 units rated at 146,29MW under commercial operation
  - Additional 2 units of 146MW to be built

#### 18.10.5 Open Cycle Gas Turbine Stations
- **Ankerlig** (Atlantis, Cape Town) (9 units x 147.17 MW)
  - 4 units rated at 147.17MW under commercial operation
  - 5 additional units of 147.17MW to be built
- **Gourikwa** (Mosselbay) – 1200 MW
  - 3 units rated at 146,29MW under commercial operation
  - Additional 2 units of 146MW to be built

#### 18.10.6 Pumped Storage
- **Ingula** (near Van Reenen, between KZN & Free State) - 1 332MW
  - Will comprise 2 dams, underground waterways, underground powerhouse complex, access tunnels & access roads
  - Station to be fully operational by 2012

#### 18.10.7 Coal Fired Power Station
- **Medupi** (Lephalale, Limpopo) - 6 units totalling 4 788MW installed capacity
  - 1st unit to be commissioned by 2011.
  - Boiler & Turbine contracts have been recently signed

#### 18.10.8 Renewable Energy
- Eskom is committed to increase the share of renewable energy in the energy mix.
- Our aspiration is to include 1 600MW in the mix by 2025.
- Pending the approvals & licensing process, a decision has been taken to build a 100MW wind facility.
  - the choice of technology and location to be used is based on learnings obtained from the pilot wind project run at Klipheuwel in the Western Cape from 2003-2006.
  - Investigating the feasibility of a 100MW concentrating solar power plant.
In order to ensure developmental benefits in the roll-out of infrastructure:

- **Technical** 40%
- **Financial** 40%
- **ASGISA Readiness** 20%: split between
  - 25% **Local Content**¹ commitment: value added in SA by SA resources
  - 20% BEE compliance
  - 15% 2nd tier BWO participation
  - 15% 2nd tier SME participation
  - 25% **Skills development**² commitment: pre-identified skills categories

A Supplier’s tender response must achieve a total **ASGI-SA score** greater than 60% for a tender to be evaluated and a contract to be approved.

### 18.10.10

In executing the boiler and turbine contracts for the **Medupi Power station**, local content and the transfer of knowledge and skills will be supported.

- **Boiler and turbine contracts** recently signed for Medupi:
  - **Boiler contract** to the value of **R20.2 billion**, has been awarded to an Hitachi Consortium, (consisting of Hitachi Power Europe GmbH and Hitachi Power Africa (Pty) Ltd)
  - **The turbine contract**, valued at **R13.2 billion**, has been awarded to Alstom S&E Africa (Pty) Ltd

*More than 50% of the two contracts combined will be procured locally.*

This includes a significant portion of **skills development** across various artisan and technical categories, BEE, SME and BWO contracting.

### 18.10.11

Existing business procurement opportunities for BEE, SME & BWO

- **Electrical contracting**
- **Legal consulting**
- **Management consulting**
- **Engineering and civil works**
- **Coal transportation**
- **Graphic design**
- **Electrical components**
- **Coal**
- **Food products**
- **Stationery products**
- **Safety work wear**
- **Vehicles**

### 18.10.12

Support for SME’s firmly entrenched

**Note:** Small Enterprise Turnover <R25m; Medium R25-R100m; BWO: Black Women-owned Enterprises, both Small and Medium

- **Clear targets** are set for BEE procurement, including SME’s and BWO’s
  - Targets are cascaded into individual business units and are part of performance compacts signed with heads of business units.
  - Goods and services to the value of R16.5bn procured from BEE suppliers during the 2005 / 2006 financial year.
  - This amount includes a total of R2.096bn procured from BWO

- **Payment cycles have been reduced**
  - Policy to pay within 30 days, when industry norm was 120 days

- **Supplier forums have been established**
  - Sharing information on approved projects
  - General feedback on performance provided,
  - Suppliers afforded an opportunity to raise business concerns

- **Breaking up of large contracts** so that SME’s can have capacity to deliver on contracts

- **Support** provided to SME’s in the form of **training, assistance with equipment purchases** (through Development Foundation)

### 18.10.13

**Eskom Development foundation** actively contributes to the development of Small Businesses, including the annual small business development exhibition

- 2005 Small Business Development Exhibition created an...
opportunity for 91 disadvantaged SMME’s to exhibit their businesses
• A total of 10,698 visitors attended the exhibition over the four days
• Since the first expo in 1997, 38,386 visitors have attended

18.10.14 Creating a Platform for sustainable economic development
• CSI programmes are executed by the Eskom Development Foundation, a section 21 company.
  — The Development Foundation’s mission is to contribute to improving the lives of the previously disadvantaged through integrated, efficient and effective development programmes

18.10.15 In partnership with University of Limpopo, Eskom is looking at establishing a Contractors Academy: Pilot academy will be at Edupark in Polokwane, with possible replication in other provinces. A certificate will be awarded to the participants, endorsed by University of Limpopo.
• Equipping contractor with entrepreneurial, Legislative, management and leadership and technical skills to successfully operate business,
• Conform with the OHSact – Construction regulations
• Equip emerging contractors with the competence to successfully procure a contract
  — Tender process
  — Tender documents
• Develop Safety plans
• Facilitate sub contractors to become prime and main contractors
• Equip potential emerging enterprise with required competence in the category of construction (Electrical engineering works)
• Assist emerging contractors with Technical, management training, Coaching/mentorship, construction management support
• The learner will do the theory and then practically apply the newly-acquired skills and competencies in real situations, simulated environments, or experiential training

18.12 INVESTMENT OPPORTUNITIES IN NORTH WEST Floyd Leeuw
Marketing and Communications Manager Invest North West
Ref 12.6 North West programme Page 43

Key investment opportunities
PLATINUM CORRIDOR SDI

18.12.1 Auto Catalytic Converter
Project: Catalytic converters or “canning” where ‘coated’ bricks are canned or covered with stainless steel to produce catalytic converters. The product controls emissions from vehicle engines
Status: Greenfields
Owner: Ya-ditsala Catalytic Converter
Requirements: Establish plant in North West
Value: Investment R300m
Job Creation Potential: 200

18.12.1 Platinum Theme Park
<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Status</th>
<th>Owner</th>
<th>Requirements</th>
<th>Value</th>
<th>Job Creation Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>18.12.1</strong></td>
<td><strong>Natgrowth - Proudly African - I’Africa Iyathuthuka</strong></td>
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<tr>
<td><strong>Project:</strong> Theme park centered around platinum, the simulated mining will be the anchor attraction complemented by leisure, entertainment, sports and educational facilities</td>
<td><strong>Status:</strong> Greenfields</td>
<td><strong>Owner:</strong> Archway Projects</td>
<td><strong>Requirements:</strong> Funding, Technical partners</td>
<td><strong>Value:</strong> Investment R75m</td>
<td><strong>Job Creation Potential:</strong> 200</td>
<td></td>
</tr>
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<tr>
<td><strong>18.12.2</strong></td>
<td>Metshamekong Amusement Park</td>
<td><strong>Project:</strong> Entertainment theme park boasting the following products: amusement park, Budget hotel, conference facilities and retail shops</td>
<td><strong>Status:</strong> Greenfields</td>
<td><strong>Owner:</strong> Metshamekong Entertainment and Resorts</td>
<td><strong>Requirements:</strong> Funding, Equity Partnership</td>
<td><strong>Value:</strong> Investment R1.2b</td>
</tr>
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<tr>
<td><strong>18.12.3</strong></td>
<td>Sumba Foundry Engineering</td>
<td><strong>Project:</strong> Aluminium casting of parts for the mining and automotive industry</td>
<td><strong>Status:</strong> Expansion</td>
<td><strong>Owner:</strong> SEDA</td>
<td><strong>Requirements:</strong> Industrial Property Development</td>
<td><strong>Value:</strong> Investment R17m</td>
</tr>
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<tr>
<td><strong>TREASURE ROUTE SDI</strong></td>
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<tr>
<td><strong>18.12.4</strong></td>
<td>Catfish Beneficiation</td>
<td><strong>Project:</strong> Fish farming, processing and export</td>
<td><strong>Status:</strong> 10 years operation, requires expansion to service export market</td>
<td><strong>Owner:</strong> Catfish Supreme – Mr. Johan Kooij</td>
<td><strong>Requirements:</strong> Expansion of 3200t Systems to service a market 1000t pa; Expansion to feed a processing plant with a threshold of 3000tons pa</td>
<td><strong>Value:</strong> Investment R71m primary processing plant, R6m for fish farms</td>
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<tr>
<td><strong>18.12.5</strong></td>
<td>North West Science Park</td>
<td><strong>Project:</strong> An entrepreneurial centre for creating and promoting regional innovation systems, within the vicinity of the NWU</td>
<td><strong>Status:</strong> Greenfields</td>
<td><strong>Owner:</strong> North West University</td>
<td><strong>Requirements:</strong> Funding, Equity Partner</td>
<td><strong>Value:</strong> Investment R3m</td>
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<tr>
<td><strong>18.12.6</strong></td>
<td>Schinkenmeister Meat Processing</td>
<td><strong>Project:</strong> Beef and pork meat processing project for export and local consumption, there will be five plants within one project which will include amongst others, an abattoir</td>
<td><strong>Status:</strong> Greenfields</td>
<td><strong>Owner:</strong> Execu-trading</td>
<td><strong>Requirements:</strong> Funding, Equity Partners</td>
<td><strong>Value:</strong> Investment R900m</td>
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<tr>
<td><strong>WESTERN FRONTIER SDI</strong></td>
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<tr>
<td><strong>18.12.7</strong></td>
<td>Beef Beneficiation</td>
<td><strong>Project:</strong> This beef beneficiation cluster boast a number of projects being, feedlots, meat processing &amp; packaging, de-boning, tanneries, abattoir etc.</td>
<td><strong>Status:</strong> Greenfields</td>
<td><strong>Owner:</strong> Soliciting project owners for various elements of the value chain</td>
<td><strong>Requirements:</strong> Funding, Equity Partnership</td>
<td><strong>Value:</strong> Investment R5b</td>
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<tr>
<td><strong>18.12.8</strong></td>
<td>Citrus Orchards</td>
<td><strong>Project:</strong> Plantation of citrus trees on 50 Ha land</td>
<td><strong>Status:</strong> Brownfield</td>
<td><strong>Owner:</strong> Ba – Hurutshe ba Kgosi Kgopane</td>
<td><strong>Requirements:</strong> Funding, Equity Partnership</td>
<td><strong>Value:</strong> Investment R25m</td>
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<td><strong>18.12.9</strong></td>
<td>Crusher Project</td>
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<tr>
<td><strong>Project:</strong> Stone crushing plant used in the production of crushed stone for concrete work</td>
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<tr>
<td><strong>Status:</strong> Brownfield - expansion</td>
<td></td>
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<tr>
<td><strong>Owner:</strong> Mafikeng Crusher Stone</td>
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</tr>
<tr>
<td><strong>Requirements:</strong> Funding, Equity Partnership</td>
<td></td>
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<tr>
<td><strong>Value:</strong> Investment R20m</td>
<td></td>
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</tr>
<tr>
<td><strong>Job Creation Potential:</strong> 30</td>
<td></td>
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</tr>
</tbody>
</table>

**18.12.10 Contacts:**
1st Floor, Old Mutual Building, 171 Beyers Naudé Drive
RUSTENBURG 0299
Tel: +27-(0)-14-594-2570; Fax: +27-(0)-14-594-2575
Email: zodwa@inw.org.za; Website: www.inw.org.za

**18.13 MPUMALANGA Land of Opportunity – Make No Excuses**
Mark Schormann CEO Softnet, PDip Mus, BSc Chem Eng, BCom, CFA
Just a local Mpumalanga guy who tries to get things done
Refer 15.12 Mpumalanga Programme Page 101

**18.13.1 PROJECTS**
- **SoftNet** – funding the old fashioned way
- **Jock** – nobody told us
- **M-Power FM** – exceeding expectations
- **Sunrise Aviation and Ingwe Litho** – BEE in a sustainable way
- **VBX Telecom** – cutting edge

**18.13.2**
- **SoftNet** – funding the old fashioned way
ISP started by Mark with own limited equity funds, in response to market opportunities, maintaining sustainable operations

**18.13.3**
- **Jock of the Bushveld Animation Film** – nobody told us
See 15.12 Page 101. Equity capital raised +/- R30m. Now moved to Gauteng due to shortage of skilled animation artist in Mpumalanga.
Expected to release around 2010

**18.13.4**
- **M-Power FM** – exceeding expectations
Consortium won tender for regional radio station – great success

**18.13.5**
- **Sunrise Aviation and Ingwe Litho** – BEE in a sustainable way
Facilitating BEE partnerships and funding for promising SMME’s

**18.13.6**
- **VBX Telecom** – cutting edge
Seeking funding for an innovative Voice over IP Switchboard

- No excuses – we are only limited by our imagination and propensity to innovate
- Contacts: Cell: 082 802 5885; Office: 0861 SOFTNET;
- E-mail: mark@soft.co.za

**18.14 THUSANANI WORK READINESS PROGRAMME**
**SKILLS DEVELOPMENT AND EMPLOYMENT PROJECT:**
**BROADENING THE BASE** Stanley Hutcheson & Associates
Refer 14.17 Gauteng and National Programme Page 93

**18.14.1 JIPSA’s Scarce and Priority Skills**
- high-level, world-class engineering and planning skills for the ‘network industries’ – transport, communications and energy - all at the core of our infrastructure programme.
- city, urban and regional planning and engineering skills - desperately needed by our municipalities.
- artisan and technical skills, with priority attention to those needs for infrastructure development.
- management and planning skills in education, health and in municipalities.
- teacher training for mathematics, science, information and communication technologies (ICT) and language competence in public education.

- specific skills needed by the priority AsgiSA sectors starting with tourism and business process outsourcing and
- cross-cutting skills needed by all sectors, especially finance; project managers and managers in general.
- skills relevant to the local economic development needs of municipalities, especially developmental economists.
18.14.2 FASSET: FINANCIAL AND ACCOUNTING SERVICES SETA
- Setas are required to address skills shortages in their sector.
- Fasset is one of more than 20 Sector Education and Training Authorities (Setas) established in terms of the Skills Development Act of 1998 (SDA).
- Fasset is the Seta for firms working in the accounting, finance, management consulting and other financial services industries.
- Fasset provides the funding for the current Thusanani Programme.

18.14.3 Scarce Skills

<table>
<thead>
<tr>
<th>Scarce Skills</th>
<th>Critical Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants</td>
<td>Management and leadership</td>
</tr>
<tr>
<td>Corporate (Administration &amp; Business) Services Managers</td>
<td>Organisational development/office management skills</td>
</tr>
<tr>
<td>Contract, Program and Project Administrators</td>
<td>Information technology</td>
</tr>
<tr>
<td>Finance Managers</td>
<td>Communication, customer care and marketing</td>
</tr>
<tr>
<td>General Clerks</td>
<td>Support and administration</td>
</tr>
<tr>
<td>Secretaries</td>
<td>Personal development</td>
</tr>
<tr>
<td>Other Project Managers not elsewhere classified</td>
<td></td>
</tr>
<tr>
<td>Economists</td>
<td></td>
</tr>
<tr>
<td>Bookkeepers</td>
<td></td>
</tr>
<tr>
<td>Financial Investment Advisers and Managers</td>
<td></td>
</tr>
</tbody>
</table>

18.14.4 Thusanani Rationale
Thusanani recruits, trains and places unemployed PDI Graduates. See Programme Details and Achievements 14.7 from Page 93

18.14.5 The Future for Thusanani
How can Thusanani address the broader issues of Skills Development in South Africa?
- Discussions with other SETAs.
- University of Johannesburg, have commissioned a Thusanani Centre at their School for African Leadership Soweto Campus.
- Via the University of Johannesburg, have commenced discussions with a further 8 universities in other provinces that have shown an interest in Thusanani.
- Focus on programmes exclusively for the public sector
- Focus on industry specific programmes
- Make use of Thusanani alumni network to promote growth
- Expand scope to include Grade 12 learners
- Expand scope to include vocationally qualified learners

Contacts:
Stanley Hutcheson and Associates
Tel: 011 678 2144
www.sh-a.co.za; stan@sh-a.co.za; info@sh-a.co.za

18.15 MODEL HEALTHCARE ©
Accelerated and Shared Initiative Towards Sustainable, Effective and Efficient Healthcare for All
A New Business Partnership between
Dr Clyde Green-Thompson, Medical Advisor MHS;
London School of Business SA and Natgrowth

18.15.1 VISION: MODEL HEALTHCARE ©
- Sustainable: Viable over the Long-term
- Effective: Professional Delivery
- Efficient: Optimising Resources
• **Healthcare: Ensuring Wellness**  
For All Sectors of the Population

18.15.2 **MISSION**  
Delivering Optimal Healthcare Services  
To Meet the Needs of All Population Sectors

**Healthy Functional Communities**  
• Overall Wellness, High Life Expectancy, Low Disease Rate  
• Working towards the Goals of ASGISA and NEPAD  
• Affordable Access to:

**Optimal Healthcare Services**  
• Primary: Education, Hygiene, Nutrition, Environment, Basic Care and Services, Clinics etc.  
• Secondary: Hospitals: In- and Out-patient, Complex Medical Care eg. Casualty, X-Rays, Procedures, Technology etc.  
• Tertiary: Advanced Specialist Care, Major Medical problems

18.15.3 **Strategic Analysis**  
• Population Segments  
• Needs and Services  
• Industry Analysis and Value Chain  
  Public Sector  Private Sector  
• Role Players  
• Resources  
• Effectiveness  
• Efficiency  
• Issues

**POPULATION SEGMENTS: HOUSEHOLD INCOME**  
ADAPTED FROM SA ADVERTISING RESEARCH FOUNDATION 2006

<table>
<thead>
<tr>
<th>LSM</th>
<th>R000 p month</th>
<th>POP M</th>
<th>%</th>
<th>URBAN</th>
<th>%</th>
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<tbody>
<tr>
<td>10</td>
<td>19,974</td>
<td>2,856</td>
<td>6.0%</td>
<td>12.7</td>
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<tr>
<td>9</td>
<td>12,647</td>
<td>3,189</td>
<td>6.7%</td>
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<tr>
<td>8</td>
<td>9,304</td>
<td>2,713</td>
<td>5.7%</td>
<td>13.5</td>
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<tr>
<td>7</td>
<td>6,880</td>
<td>3,713</td>
<td>7.8%</td>
<td></td>
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<tr>
<td>6</td>
<td>4,400</td>
<td>6,854</td>
<td>14.4%</td>
<td>27.9</td>
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<tr>
<td>5</td>
<td>2,674</td>
<td>6,426</td>
<td>13.5%</td>
<td></td>
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<tr>
<td>4</td>
<td>1,924</td>
<td>6,664</td>
<td>14.0%</td>
<td>26.6</td>
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<tr>
<td>3</td>
<td>1,509</td>
<td>5,998</td>
<td>12.6%</td>
<td>RURAL</td>
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<tr>
<td>2</td>
<td>1,210</td>
<td>5,807</td>
<td>12.2%</td>
<td>18.3</td>
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<tr>
<td>1</td>
<td>1,003</td>
<td>2,904</td>
<td>6.1%</td>
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</tbody>
</table>

(c) 2007 Clyde Green-Thompson, London School, Natgrowth

18.15.4 **STRATEGIES**  
• STRATEGIC MODELS  
• INTEGRATION  
• MANAGEMENT  
• EFFECTIVENESS  
• EFFICIENCY  
• HUMAN RESOURCES  
• FINANCIAL RESOURCES

18.15.5 **KEY ISSUES**  
Public Sector  
• Budget +/- R65b serving > 30m People

© Natgrowth 1/11/2008 Tel 011-403-5483; Fax 011-403-3237; natgrowth@global.co.za; P163 of 171
- **Inefficiency:** Management, Budget and Financial Management
- **Poor Access and Delivery** – especially poor rural areas
- **Poor Primary Healthcare** – education, hygiene, clinics, living conditions etc leading to high disease, low life expectancy
- **Poor Secondary Healthcare** – lack of access, overcrowded hospitals, understaffed, underpaid, especially in rural areas
- **Limited access to Medical Aid** especially poor and unemployed

**Private Sector**

- Estimated R100b serving <10m People
- Quality Delivery at High Cost: Limited Access
- Profitable: Concentrated Major Groups, Fund Administrators, Hospitals, Specialists, Medical Suppliers
- Marginal: Fragmented Independent Medical Aids, Some Practitioners, Paramedics, Pharmacies
- Questionable Medical Aid Packages and Claims
- Mediators: Managed Healthcare Companies

**PPP’s / Emerging Markets**

- GEMS: Government Employees Medical Scheme
  - Well subsidised by government
  - Expanding membership
  - Apparent attractive options
  - Preferred Supplier Networks: Affordable, Limited Choice
- EMERGING MARKETS
  - Young upwardly mobile
  - Low Risk, Attractive expanding market
- FOLATENG UNIT AT JOHANNESBURG HOSPITAL
  - Private Healthcare Standards in a Public Hospital
  - Lower cost as Preferred Supplier
  - Access to Public Hospital facilities

### 18.5.6 STRATEGIC MODELS

- **NATIONAL HEALTH SERVICES**
  - New Zealand
  - UK, Other
- **PPP’s**
  - Folateng
  - Other
- **EXPANDED HEALTH SERVICES**
  - Public
  - Private
  - PPP’s
- **MODEL HEALTHCARE ©**
  - Integrated
  - Restructured
  - Broadening the Base
  - Model Strategic Leadership, Management, Budget and Financial Management
  - Model Professional Training, Resourcing and Care
  - Model Facilities and Equipment
  - Model Financial and Institutional Arrangements

**WORK IN PROGRESS – WATCH THIS SPACE!**

### 18.16 TRANSFORMATIONAL BEE FUNDS

Sandra Beswick Principal Officer ABSA Incubator Fund
(Soft copy for information purposes only)

#### 18.16.1 Nature of Activities

- Funding of BEE transactions where the BEE parties have no access to normal banking channels and capital except for the Incubator Fund.

- Rationale
  - Regulatory FSC and scorecard;
  - Cross selling;
  - Creation of new black client base – growth market SMME
development.

- **R650 million of Absa's capital base** committed to these funds.
- **Absa’s objective** is to create sustainable businesses in the SMME segment of the South African economy.
- **Industry sector funds** – Franchising and Agriculture.
- **Joint Funds** with Provincial Governments.

### 18.16.2 Investment Opportunities

- **Unbundling** of groups involving BEE
- **Black businesses** with growth potential;
- **Black shareholders** acquiring equity from retiring or outgoing shareholders (corporate or shareholder re-origination)
- **Management buy-outs** and buy-ins involving BEE
- **Employee Trusts** provided strong management representative.
- **Supplier Chain Funding** for large businesses

### 18.16.3 Processes

- **Business Plan** required and **3 years historical financial information** if acquisition;
- **Due diligence** and assessment of the business will be done by IF consultants and external parties i.e. mentors;
- **Approval** by Finance Committee;
- **Documentation**: Shareholders Agreements, Cession of shares, Suretyship
- **Conditions**: Precedent have been fulfilled payout will occur.
- **3 months minimum to payout** if we have the relevant and required information.

### 18.6.4 Portfolio of Incubator Fund

- **R190 million paid out 42 companies** in the portfolio across all industry sectors and regions in South Africa;
- **BEE ownership** over 50%;
- **In excess of 300 jobs** have been created;
- **Composition of portfolio**
  - Earthmoving Equipment in E Cape;
  - Manufacturing/Engineering being the highest – most successful;
  - Community based project in Northern Cape to link the prevention of crime in the agricultural sector with the creation of job opportunities for the San community
  - Start up chicken production facility that has completed first cycle.

### 18.16. Summary of Criteria

<table>
<thead>
<tr>
<th></th>
<th>Incubator Fund (Debt)</th>
<th>Incubator Fund (Equity)</th>
<th>Agri Business Fund (Equity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>R500k to R5m</td>
<td>R5m to R10m</td>
<td>R1m to R20m</td>
</tr>
<tr>
<td>Term</td>
<td>Max 5 years</td>
<td>Max 5 years</td>
<td>Max 10 years</td>
</tr>
<tr>
<td>Types of instruments</td>
<td>Term loans (with royalty incentive)</td>
<td>Shareholders loans; Mezzanine debt; Ordinary or preference shares.</td>
<td>Profit share</td>
</tr>
<tr>
<td>BEE thresholds</td>
<td>50.1% equity involvement in operations</td>
<td>26.1% equity involvement in operations</td>
<td>26.1% equity involvement in operations</td>
</tr>
<tr>
<td>IRR</td>
<td>Prime plus margin plus royalty to provide a return of 20% p.a. pretax and costs.</td>
<td>Shareholders loans prime plus margin Minimum 20% pre tax and costs.</td>
<td>Shareholders loans prime plus margin Minimum 20% pre tax and costs.</td>
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</tr>
<tr>
<td>Business Development Support</td>
<td>Attendance at board and management meetings by IF and mentors; Data Base of mentors (grey haired wise)</td>
<td>Personal suretyships; Personal suretyships; Security; Absa equity maximum 25%, security, personal suretyships and cession of shares; Absa has minority protection rights. Own contribution</td>
<td></td>
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<tr>
<td>Terms</td>
<td></td>
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</tr>
<tr>
<td>Fund</td>
<td>Term</td>
<td>Return</td>
<td>Thresholds</td>
</tr>
<tr>
<td>Joint funds (debt) Partnerships with Public and Private Sector R200 million</td>
<td>Max 5 years</td>
<td>Prime linked</td>
<td>R5k – R500k</td>
</tr>
<tr>
<td>Franchising (debt) R50 million</td>
<td>5 years</td>
<td>P-2</td>
<td>R600k – R5m</td>
</tr>
<tr>
<td>Social housing fund (equity) R50 million</td>
<td>10-20 years</td>
<td>10% minimum</td>
<td>Up to R10m</td>
</tr>
</tbody>
</table>

18.16.4 Business Development Support Programme

- **Mentorship programme** has been outsourced to Crest Consulting (Peter Gordon);
  - Data base includes retired business people with industry experience;
  - Match investees and mentor with related industry experience
  - Involvement pre-approval with due diligence
  - Turn around specialists
  - Transfer of skills
  - Role of non-executive director

- **Risk mitigant**;

- **Pro active monitoring** and review;
  - Monthly financial statements from clients;
  - Quarterly valuations

- **Regular attendance** at management and board meetings

18.16.5 Challenges and experiences

- **"Banking the Unbankable"**
  - Credit requirements not aligned to client base
  - Balance sheet lending not appropriate – cash flows;
  - Lack of financial and business acumen;
  - Risk and reward not in sync – higher risk for lower return;

- **Success Stories**
  - 2 companies in the Engineering sector
  - Absa’s initial loan R4.5 million value R37 million repaid loan;
  - Buying out Absa’s share at a return of 26%.
### Human Factor
- Survivalists and lifestyle entrepreneurs;
- Investees don’t accept responsibility for actions;
- ABSA does not understand PDI’s;
- Job mentality – short term view.

### Paid school fees
- Integrity of information by vendors pre approval to determine the valuation of the company;
- Trust other shareholders;
- When to stop support and close the business.
- What is ABSA doing for me?

**18.16.6**
Sandra Beswick – sandrab@absa.co.za - 011 556 7788
Jacky Molisane - jacky.molisane@absa.co.za - 011 556 6278

### ENTREPRENEURSHIP AND LEADERSHIP
MK Mohlala, MK Khum Investments
Motivational Talk emphasising
- Pro-active Can-do attitude
- Networking and People Skills
- Business Strategy and Planning
- Being Ready for Opportunities
- Commitment to implementation
- Constant learning and gaining the necessary business skills
- Doing things properly – get it in writing

### DELEGATE COMMENTS AND FOLLOW-UP

**18.18**
**GREATER TAUNG Local Municipality,**
Cllr. Jeannette Morwagashwe Speaker
Ref 12 North West Programme P35 and 18.12.7 Invest N West P159.
Western Frontier and other LED Projects to follow up with Natgrowth eg.
- Cattle Beneficiation
- Agriculture, Agro-processing and Irrigation schemes
- Tourism

**18.19**
**MEGA:** Elvis Rabohale COO, Anton Scheepers Head: Trade and Investment, Sipho Marala Head: Enterprise Development
Ref 15. Mpumalanga Programme P97.
- Mpumalanga Growth Fund of +/-R300m is in planning. To be followed-up for funding and implementation in 2008
- Other Growth and Investment Funds may be considered
- Existing Investment Projects driven by project owners, eg. Maputo Corridor, Greening Mpumalanga, ICC – list to be forwarded for review and potential investment
- Challenges to be addressed in 2008
  - New Projects driven by MEGA, packaging business models with attractive investment and development prospects
  - Incorporating the poor rural areas in terms of MEGA’s mandate
  - PGDS Sector Studies to be reviewed and turned into viable attractive business projects eg.
  - Forestry Downstream products eg. Construction timber and Funiture with export potential
  - Tourism, Trade and 2010 Projects to be explored on a greater scale with 2nd economy linkages
  - Investment Networks and deal-making to be enhanced
  - Trade Promotion to be turned around
  - SMME Credit Management and capacity to be enhanced
  - BBBBE Enterprise Development opportunities to be explored with major businesses eg. Sasol, Eskom, Highveld, Columbus and District Municipalities
  - Specific proposals to be followed up eg. with ABSA Incubator Fund, TISA, Nelson Mongale and Mark Schormann
  - Sector Working Groups to be more pro-actively used to identify
attractive business projects and investment opportunities
- Partnerships to be facilitated eg. with funders and Business
- Follow-up Proposals to be discussed with Natgrowth in 2008

18.20 MPUMALANGA DEPT. OF FINANCE
Musa Khumalo HR Director. Ref 15. Mpumalanga Programme P97.
To follow-up on major Skills and Capacity development project within
Mpumalanga Government Departments and Municipalities being driven by
the Department of Finance including
- Budgeting and Financial Management Skills
- Business Strategy, Planning and Management Skills

18.21 O R THAMBO DISTRICT MUNICIPALITY
Sizwe Tantsi Manager: SMME Development,
Mncedisi Zungulu OR Thambo Development Agency
Ref 16. Eastern Cape Programme P103
To follow-up on Projects for Investor Conference March 2008 including:
- Tourism: Wild Coast Development and Marketing
- Umzimvubu Development Zone, including:
  - Agriculture and agroprocessing
  - Forestry, Downstream and Water projects
- SMME Development, Financing and Partnerships
- Urban Renewal and ISRD Projects
- Property Development Projects
- 2nd Economy Integration

18.22 TETA: Transport Education and Training SETA
Tuelo Mogashoa Executive Officer
To follow-up on SETA-related and personal development Projects eg.
Thusanani and Entrepreneurship and future programmes.

18.23 TIL: TRADE AND INVESTMENT LIMPOPO
Patjane Moloisane GM Economic Planning and Strategy, John
Kgorane Researcher, Prudence Muvhango Researcher
Ref 11. Limpopo Programme P23.
To follow-up on Projects, Investment Facilitation, Building solid
business relationships: marriages and future programmes

18.24 XHARIEP DISTRICT MUNICIPALITY
Jerry Moitse Municipal Manager, Ref 10. Free State Programme P21
To follow-up on District and LED Projects and Investments

18.25 Zanele Mncwango, MD Misiyephambili Productions
To follow-up on Business Plan and Strategy course

18.26 Bukelwa Zweni, Director, Ntinga Business Enterprises
To follow-up on Tourism and Transport projects and partnerships,
Strategy course and future programmes

18.27 CONCLUSIONS
18.27.1 ALL ON BOARD FOR AN ACCELERATED SUCCESSFUL 2008-2014
18.27.2 FOCUS ON PROJECTS, INVESTMENT AND IMPLEMENTATION WITH
MORE AMBITIOUS JOB CREATION AND 2ND ECONOMY INITIATIVES
18.27.3 OPPORTUNITIES AND CHALLENGES TO GROW TO THE NEXT LEVEL
WITH NEW STRATEGIES AND PROJECTS TO MAINTAIN MOMENTUM
18.27.4 NATGROWTH FUND IS ATTRACTING GREAT INTEREST FROM
POTENTIAL PARTNERS AND PROJECTS SEEKING INVESTMENT
18.27.5 FEEDBACK & FOLLOW-UP INITIATIVES TO BE ACTIVELY PURSUED
IN A NETWORK MANAGEMENT PROCESS: REF ATTACHED FORMS
18.27.6 WITH OUR VERY BEST WISHES FOR THE NEW YEAR

ANNEXURE: GROUP ACTIVITIES
A1. NATGROWTH National & Africa Growth, Development & Investment Centre

NATGROWTH is an independent empowered Growth, Development and
Investment Centre which facilitates Programmes, Projects,
Partnerships and Investments, and provides Management and
Financial Services and Training, as a leading Strategic Resource for
all Stakeholders. NATGROWTH operates in association with the following
Group entities, established in 1993 (see www.natgrowth.co.za;
www.londev.co.za). NATGROWTH ASGISA 2008-2014 Programmes
focus on Business Projects and Investment Facilitation as follows:
### A2. NATGROWTH FUND / NATGROWTH DEVBANK
Development and Investment Banking Services
Raising capital and investment for business and economic development projects, partnerships, Growth Funds, BBBEE and PPP’s. 
**Natgrowth Fund / Devbank** is working on target investments of over R2b with Mafeking IDZ (MIDZ), Mpumalanga Economic Growth Agency (MEGA), Gauteng Partnership Fund (GPF) and other provincial, local and business entities.

### A3. DEVGROWTH Strategic Management and Financial Services
Strategic Management and Financial consulting and advisory services

### A4. I’Africa BBBEE Trust
Group BBBEE Investment Vehicle

### A5. I’Africa Iyathuthuka Investment Holdings
Group Investment Holding Company

### A6. I’Africa Foundation (non-profit)
Group Social Responsibility initiatives

### A7. LONDON SCHOOL OF BUSINESS SA
Education and training programmes to support broad-based growth and development, towards international Degrees and Diplomas through the University of London and the Association of Business Executives UK, recognised by the SAQA Centre for the Evaluation of Foreign qualifications, (see www.londev.co.za for detailed prospectus) including:

- Accounting and Finance
- Banking and Finance
- Business Management and Development
- Development and Economics
- Financial Management and Corporate Finance
- Human Resource Management
- Information Technology and Systems
- Marketing and International Business
- Politics, International Relations and Social Sciences
- Strategic Management
- Sports Management
- Tourism and Hospitality - towards 2010

**Contact Details** for further information, feedback and follow-up:
Eric Stillerman and Executives Tel 011-403-5483; Fax 011-403-3237; natgrowth@global.co.za; grow@natgrowth.co.za; www.natgrowth.co.za

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**FEEDBACK AND FOLLOW-UP FORM**

Please submit by Email or Fax to Eric Stillerman CEO and Natgrowth Executives
Fax: 27 011 403-3237; Tel: 27 011 403-5483/4/5;
Email: natgrowth@global.co.za; or grow@natgrowth.co.za; Web: www.natgrowth.co.za

Name ___________________________ Designation ___________________________

Organisation ___________________________ Department ___________________________

Tel ___________________________ Fax ___________________________

Cell ___________________________ Email ___________________________
Feedback Comments and Suggestions (Please indicate page number or reference)

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Projects of Interest

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Potential Partnerships

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Investment and Finance Needs

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Follow-up Action Plans

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**Follow-up Services:** Please indicate your interest by a tick and specify

- Strategic Advisory Services
- Services Required
- Financing & Investment Services
- Business Plans & Projects
- Follow-up Workshops and Programmes
- Implementation & Management Services
- Management & Skills Development
- London School SA Programmes
- Other (Please specify)

*Thank You!*
Contributing Towards Broad-based Growth, Employment, Empowerment and Prosperity

NATGROWTH FUND (NGF) has been established to meet the needs for facilitating business and economic development projects, partnerships, finance and investment in all spheres in the public and private sectors, towards the objectives of ASGISA, NEPAD and related initiatives.

NGF has identified a Project Pipeline and Funding of over R10b, requiring pro-active hands-on business planning, project packaging, investment structuring and support services. The Investment Criteria of NGF and Funding Partners include financial viability, sustainability, management capacity, job creation and development impact. NGF services provided on a market-related basis include:

- Investment Facilitation
- Equity Finance
- Loan Finance
- Project Finance
- BBBEE Transactions
- Asset Finance
- Business Finance
- Project Facilitation
- Strategic Advisors
- Business Plans
- Management
- Financial Services

NGF is part an independent empowered Growth, Development and Investment Group, serving all stakeholders, including NATGROWTH, I’Africa Iyathuthuka, I’Africa Foundation (non-profit) and London School of Business SA established in 1993. (www.natgrowth.co.za; www.londdev.co.za).

Group Executives: Eric Stillerman BSocSc BA Hons BA acc CA(SA) MA CEO, specialist in Business and Economic Growth, Strategy, Finance and Investment, lifetime experience as an Entrepreneur, Executive and Consultant across Sectors, Princess Mavundla MDM, Artie Phatlane NDE, Phumelele Thwathwa DipIT, Taurai Gumbo BSc Econ Hons Lon Zim, Lisanias Mupambireyi BSc Econ Lon AMD IMM Zim. Non-exec: Dr Colin Lawrence London & Beijing, Mahlatse Mashiane MBA

RSVP: PROSPECTIVE PARTNERS AND PROJECTS

Fax 011-403-3237; Tel 011-403-3799/5483; Email: grow@natgrowth.co.za; www.natgrowth.co.za

Name ____________________________ Position ____________________________

Organisation ____________________________ Tel ____________________________

Address ____________________________ Fax ____________________________

Cell ____________________________ Email ____________________________

Please contact us to discuss Projects and Partnerships as follows (Please tick & specify):

Projects Seeking Investment [ ]

Investment Required [ ]

Services Required [ ]

Prospective Partnerships [ ]

Other Information/Comments [ ]

________________________________________________________________________

1st Floor Everite House, 20 de Korte Street, Braamfontein; PO Box 890695 Lyndhurst 2106
Tel 011-403-3799/5483; Fax 011-403-3237; Email grow@natgrowth.co.za; natgrowth@global.co.za;
NatGrowth Fund (Maison Management & Investment Services cc t/a. Reg 1989/24401/23)

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