

Eastern  
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+  
AGRICULTURE & AGRO-PROCESSING  
RENEWABLE ENERGY  
FORESTRY  
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AUTOMOTIVE & COMPONENTS  
PHARMACEUTICALS & CHEMICALS  
BPO & ICT  
TEXTILES & CLOTHING  
CREATIVE INDUSTRIES  
TOURISM  
INFRASTRUCTURE  
GENERAL MANUFACTURING



# 2020 CORPORATE PLAN CAPABLE AND REIMAGINED

## OFFICIAL SIGN-OFF

It is hereby certified that this Corporate Plan:

- Was developed by the management of the Eastern Cape Development Corporation under the guidance of Board.
- Takes into account all the relevant policies, legislation and other mandates for which the Eastern Cape Development Corporation is responsible.
- Accurately reflects the Impact, Outcomes and Outputs which the Eastern Cape Development Corporation will endeavour to achieve over the period of five years covered by the Corporate Strategy.

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**Nandi Madiba**

Chairperson of the Board



Hon MEC for Economic Development, Environmental Affairs & Tourism

**Mlungisi Mvoko**

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## LIST OF ACRONYMS

AIDC	Automotive Industry Development Centre
APTCOD	Accelerated Professional and Trade Competency Development
BBB-EE	Broad-based Black Economic Empowerment
CDC	Coega Development Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoGTA	Cooperative Governance and Traditional Affairs
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DTIC	Department of Trade, Industry and Competition
DSBD	Department of Small Business Development
ECDC	Eastern Cape Development Corporation
ECRDA	Eastern Cape Rural Development Agency
ECSECC	Eastern Cape Socio-Economic Consultative Council
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FDI	Foreign Direct Investment
FPSU	Farmer Production Support Unit
GDP	Growth Domestic Product
GGDA	Gauteng Growth and Development Agency
GGP	Good Governance and Public Participation
GTAC	Government Technical Advisory Centre
HDI	Human Development Index
HOD	Head of Department
ICT	Information Communication Technology
IDC	Industrial Development Corporation
IDZ	Industrial Development Zone
IP	Industrial Park
IRPP	Industrial Park Revitalisation Programme
KPI	Key Performance Indicator
MEC	Member of the Executive Council
MoU	Memorandum of Understanding
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NGO	Non-Governmental Organisation
OTP	Office of the Premier
PDP	Provincial Development Plan
PEDS	Provincial Economic Development Strategy
SAPS	South African Police Service
SDF	Spatial Development Framework
SDI	Service Deliver and Infrastructure
SEZ	Special Economic Zone
SMME	Small Medium Micro Enterprise
UFH	University of Fort Hare

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# FOR.01

ECDC BOARD  
CHAIRPERSON'S  
FOREWORD



The Eastern Cape Development Corporation (ECDC) Corporate Strategy 2020-2025 has identified a variety of empowering development instruments which are primed to build a capable and world-class organisation that adequately delivers on its stated mandate.

**The strategy as translated in the Corporate Plan 2020, the first year of the strategy, recognises the need to build and promote quality human capital that lies at the centre of a fit-for-purpose organisation. The strategy is cognisant that capacitated human capital will prove pivotal in the delivery of the ECDC mandate particularly as the Corporation seeks to keep up with the demands of the fourth industrial revolution.**

The socio-economic challenges which characterise the Eastern Cape Province require human resources which are able to immerse and familiarise themselves with the demands of the digital age in order to effect sustainable and viable development solutions. Therefore, a considered organisational design over the next five-year period should result in an inspired deployment of ECDC's people in order to help facilitate real socio-economic development.

These challenges include an acute skills shortage, inadequate business acumen and developed infrastructure, a shrinking economy as well as a dependency syndrome which contradicts the user pay principle. Furthermore, government spend continues to drive economic activity instead of small business driven economic growth and development trajectory. In addition, the cost of doing business in the Eastern Cape results in investors taking their business to other provinces due to being overly bureaucratic processes, underdeveloped economic infrastructure especially the efficiency of ports and the road network and the unavailability of skills.

ECDC's strategic conversations have therefore identified a variety of strategic pillars or themes which will respond to these varied socio-economic challenges. These strategic instruments will form the basis of its strategic thrust over the next five years. These pillars are economic transformation, inclusive growth and competitiveness, customer-focused solutions, pioneering innovation in the key growth sectors, operational efficiency and financial viability as well as attracting and retaining the best talent in the sector.

Similarly, over the next five years, a special focus will be placed on ensuring that women, youth and people with disabilities are brought into the mainstream economy to ensure their meaningful participation. This group bears the brunt of the scourge of unemployment and inadequate access to economic opportunities. As such, ECDC apparatus will be directed at this group which should bolster SMME support interventions which should translate in the creation of sustainable small businesses and job opportunities.

This posture finds expression with the dictates of the National Development Plan (NDP) which seek to reduce unemployment to 6% by 2030. In finding alignment with the aspirations of the NDP, ECDC

will place additional focus on creating an environment for sustainable employment and economic growth, promoting employment in labour-absorbing industries and promoting exports and competitiveness. This work will be underpinned by strong industry and enterprise support and a rapid development of high-potential economic sectors which include, film, tourism, creative industries, construction and real estate especially the development of industrial parks, implementation of the oceans economy masterplan, manufacturing particularly the automotive masterplan, agro-processing mainly in the areas of cannabis and deepening investment and exports across the sector and the knowledge economy.

Furthermore, ECDC will place significant emphasis on collaborations and the leveraging of third-party partnerships. These partnerships are aimed at augmenting ECDC's limited capacity in order to expand the extent and reach of the Corporation's programmes. These partnerships will include collaborations with other development finance and research institutions, government, state-owned companies, institutions of higher learning, private sector partnerships as well as civil society.

The measurement of the efficacy of the ECDC corporate strategy will thus be based on demonstrable impact and in the lived collective experience of the province's populace.

Finally, I extend my sincere appreciation to the ECDC Board, Executive Management and employees who have provided valuable inputs in the strategy development process. I am grateful to the executive authority the Honourable Mlungisi Mvoko for his continued support. I am also equally grateful to unwavering stakeholder and partner support which will prove a central cog in the mandate delivery process over the next five years.



**Nandi Madiba**  
Chairperson of the Board

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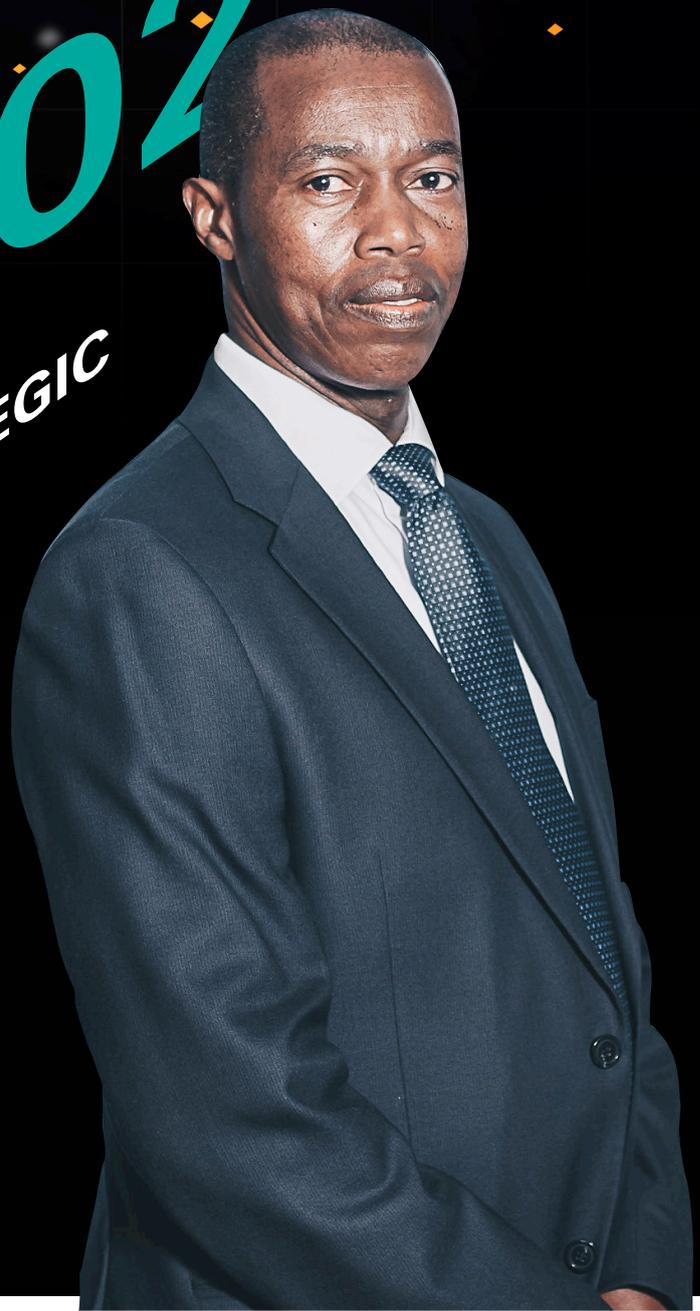
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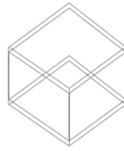
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# FOR.02

CHIEF EXECUTIVE  
OFFICER'S STRATEGIC  
REFLECTION





The strategy development process has culminated in the adoption of a 2020-2025 corporate strategy which provides a set of tools and instruments that serve to provide guidance to the mandate delivery function over the next five years.

The strategy development process was preceded by an incisive review of ECDC's internal and external delivery environment which culminated in the development of high level priorities and parameters that are meant to direct and lead the Corporation for the next five years. As such, ECDC has developed key strategic priorities which will aid and direct the Corporation's business.

The elaborate strategy development process provided critical inputs into shaping an ECDC of the future in which its people will form a critical pillar in reshaping the Eastern Cape's socio-economic architecture. The strategy identifies the recruitment and retention of the best talent in order to ensure inspired mandate delivery as well as the overall viability and sustainability of the Corporation. This work will necessitate a reconfigured Corporation in form and function which is designed for an improved development impact.

In addition to attracting the best people, the strategy prioritises the promotion of trade and investment by packaging projects which promote value chains for small business development. This should include leveraging trade and investment opportunities for ECDC equity participation. Linked to this priority, is the establishment of customised SMME development and support programmes which are designed to improve the global competitiveness of Eastern Cape businesses. This should include development finance tools which are specifically focussed on the very small and micro levels of the SMME sector as well as co-operative enterprises. There will also be a deliberate focus on the training and support of SMMEs to allow the sector to contribute effectively to employment creation.

The strategy identifies the reconfiguration of the property portfolio into a financially and operationally independent stand-alone division. The redesign of the property business will also focus on the establishment of development leases for the portfolio's properties which possess a high economic potential. This will include leveraging third-party funding which should aid in the refurbishment of properties that have a high demand and high income potential across the spectrum. The disposal of non-core and non-performing

assets remains a key focus area. The funds released from the disposal process will be used in funding the development agenda and in leveraging for the refurbishment of the retained portfolio as well as development of strategic vacant land.

Linked to this is the continued revitalisation of industrial parks into special industrial zones (SIZs). The revival of the parks should improve regional economic activity while facilitating the creation and retention of sustainable employment opportunities. The ECDC will work with the Department of Trade, Industry and Competition (thedtic) to strengthen the efforts to revitalise the industrial parks in the Eastern Cape. The ECDC will also play a leading role in working with the private sector to package projects for funding through the various incentive grants available through thedtic and its entities.

These interventions should be based on the improvement of the customer experience, the leveraging of strategic and high value partnerships and the use of procurement tools for economic empowerment purposes.

However, the strategy acknowledges that the current fiscal framework focuses government resources on the social aspects with minimal resources reserved for economic considerations. Similarly, the Corporation is dependent on government for survival. This is not sustainable and the Corporation continues to lobby the shareholder for capitalisation in order to address the historical and structural challenges which prevent the ECDC from assuming its leading role in driving the economic trajectory of the province. Adequate capitalisation should allow the ECDC to leverage partner and other resources for a marked development impact.

The sustainability of the ECDC is critical in driving economic development in the province. In order to achieve this outcome, a paradigm shift is required in the service delivery model of the Corporation. This is elaborated in the Corporate Plan 2020.

All these development imperatives will be achieved with the participation of and collaboration with relevant development partners, and with the support of the shareholder. ECDC intends to sharpen its internal instruments to ensure that they are poised to deliver the required dividend.

**Ndzondelelo Dlulane**  
Chief Executive Officer



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# SEC.A

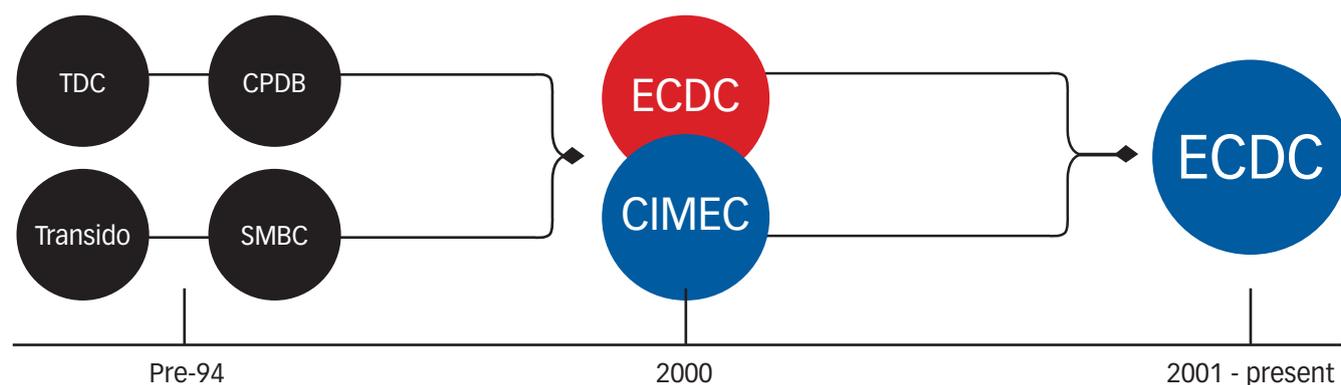
EASTERN CAPE  
DEVELOPMENT CORPORATION  
MANDATE



## 1. Constitutional mandate

The constitution says that the government has an obligation to transform the economy into one that doesn't discriminate that protects and respects the dignity of each person and steadily improves the standards of living. ECDC's mandate is to plan, finance, co-ordinate, market, promote and implement development of the Province and its people in the fields of industry, commerce, agriculture, transport and finance. ECDC, in its current form, emerged due to the merger of the following development finance institutions:

Figure 1: ECDC's transition



- The Transkei Development Corporation (TDC), Transkei Small Industries Development Organisation (Transido), Ciskei Small Business Corporation (CSBC) and Ciskei People's Development Bank (CPDB) into the previous Centre for Investment and Marketing in the Eastern Cape (CIMEC) in the year 2000.
- In 2001, ECDC was promulgated as a single legal entity with the enactment of the Provincial Proclamation 1 of 2001 and its enabling legislation, the Eastern Cape Development Corporation Act 2 of 1997.

When it was established, ECDC inherited several issues, including poor financial information, inaccurate or missing data on properties and loans, limited development impact, and declining state financial support. Currently, ECDC's property portfolio is spread across industrial, commercial, residential and leisure categories throughout the Eastern Cape, with the majority of the portfolio located in the former Ciskei and Transkei areas.

## 2. Legislative and policy mandates

In fulfilling its mandate, the ECDC is guided by the following legislation and policy framework amongst others:

- Eastern Cape Development Corporation Act No. 2 of 1997.
- White paper on SMME promotion
- National Small Business Act 29 of 2004, as amended
- Co-operatives Act No. 14 of 2005, as amended
- Co-operatives Bank Act No. 40 of 2007
- Preferential Procurement Policy Framework Act No. 5 of 2000
- Broad Based Black Economic Empowerment Act No. 46 of 2013, as amended
- Companies Act No. 71 of 2008, as amended
- National Credit Act No. 34 of 2005, as amended
- Prescription Act No. 68 of 1969
- Public Finance Management Act No. 1 of 1999



## The ECDC Act is undergoing a review process by DEDEAT.

The current Act under Section 5 stipulates the duty of the corporation:

- 1) It shall be the duty of the corporation so to exercise its powers that:
- a. every application or proposal dealt with is considered strictly on its economic merits, irrespective of all other considerations whatsoever;
  - b. all matters relating to the raw materials necessary for carrying on the industry or undertaking or proposed industry or undertaking, to the labour supply available for the carrying on thereof, to the rates of wages proposed to be paid and to the markets available for the disposal of the products thereof are carefully reviewed;
  - c. generally, the activities of the corporation are directed towards guiding and assisting others in financing the establishment or development of industries or undertakings and that, so far as may be practicable, the corporation shall not be required to provide an unduly large proportion of the capital which is necessary for such establishment or development;
  - d. all income, property and profits of the corporation shall be used for the promotion and attainment of its objects: Provided that dividends may be paid to the shareholders of the corporation.

2) Notwithstanding the provisions of subsection (1)(a) the corporation may undertake tasks on behalf of government which are in the public interest and have little or no economic merit for the corporation if instructed to do so by the responsible Member, subject to its being adequately remunerated by the government of the Province for fulfilling such tasks.

The outcome of the legislative review of the ECDC Act may result in changes in the mandate of the company which necessitate a review of this strategy document and the Corporate Plan.

## 3. Institutional Policies and Strategies over the five-year planning period

The matrix below highlights the linkages between the MTSF Priorities as per National Development Plan 2030 in relation to the Provincial Development Plan.

Priority	MTSF 2020-2025	Provincial Development Plan	Detail of Focus Area Per Goal/Priority
Priority 1	Economic Transformation and Job Creation	Goal 1: Innovative and inclusive growing economy	<ol style="list-style-type: none"> <li>1. Create enabling environment that support economic enterprise development</li> <li>2. Rapid development of high-potential economic sectors.</li> <li>3. Spatially balanced economic development, Urban Development and Small-Town Revitalisation</li> <li>4. Drive digital transformation and development of ICT sector</li> </ol>
		Goal 3: Rural development and an innovative and high-value agriculture sector	<ol style="list-style-type: none"> <li>1. Create sustainable diversified livelihoods through sustainable community agriculture</li> <li>2. Development of agricultural value chains</li> <li>3. Land reform and land rehabilitation programmes</li> </ol>
		Goal 5: Environmental Sustainability	<ol style="list-style-type: none"> <li>1. Safeguarding ecosystems and existing natural resources</li> <li>2. Respond to climate change and green technology innovations</li> <li>3. Environmental governance</li> </ol>

Priority	MTSF 2020-2025	Provincial Development Plan	Detail of Focus Area Per Goal/Priority
Priority 4	Spatial Integration, Human Settlements and Local Government	Goal 2: An enabling infrastructure network & Goal 6: Capable democratic institutions	<ol style="list-style-type: none"> <li>1. Build resilient economic infrastructure that promotes economic activity.</li> <li>2. Universal access to basic infrastructure</li> <li>3. Sustainable energy and electricity provision</li> <li>4. Develop sustainable and integrated settlements</li> <li>5. Improve infrastructure planning, delivery, operations and maintenance &amp;</li> <li>6. 6.2: Transformed, Integrated and Innovative Service Delivery</li> </ol>
Priority 6	A Capable, Ethical and Developmental State	Goal 6: Capable democratic institutions	<ol style="list-style-type: none"> <li>1. Building the Capability of the State to deliver</li> <li>2. Transformed, Integrated and Innovative Service Delivery</li> <li>3. Instilling a culture of good corporate governance&amp;</li> <li>4. 6.4: Build multi-agency partnerships</li> </ol>
Priority 7	A Better Africa and World	Goal 6: Capable democratic institutions	6.4: Build multi-agency partnerships



## 4. Strategic Themes

In order to achieve our Strategic Goals, the following strategic pillars or themes, form the basis of our strategy, and will be pursued through collaborations and partnerships with various stakeholders, including our shareholder, other DFIs, state-owned companies, institutions of higher learning, private sectors partners and civil society. In pursuit of its mandate, the ECDC has the following strategic thrusts to align to the MTSF, NDP2030 and the Provincial Development Plan. These thrusts are filtered into the targets and functional areas as contained in the Corporate Plan 2020-21.

Figure 2: Strategic Themes



## 5. Relevant Court Rulings and Legislation

The case law relating to the following pieces of legislation have an impact on the achievement of goals but not necessarily on the operations of ECDC:

- a. Land Restitution/Land Claims which excludes property under development.
- b. Land Tenure Issue
- c. Landlord being responsible for all debts incurred by tenants
- d. Procurement Act
- e. Alienation of Land Act 68 of 1981
- f. Black Economic Empowerment Act
- g. Borrowing Powers of Provincial Governments Act 48 of 1996
- h. Companies Act 71 of 2008 (Workout)
- i. Companies Amendment Act 3 of 2011 (workout)
- j. Companies Regulations 2011 (Workout)
- k. Co-operatives Act 14 of 2005
- l. Debt Collectors Act 114 of 1998-Dept of Justice
- m. Electronic Communication Act
- n. Intellectual Property Laws Amendment Act 28 of 2013
- o. Labour Relations Act
- p. Labour Relations Act 66 of 1995 as amended
- q. Matrimonial Property Act 88 of 1984
- r. National Archives and Records Services of South Africa Act 43 of 1996-Section 13
- s. National Credit Act 34 of 2005, as amended
- t. Occupational Health and Safety Act 85 of 1993
- u. PFMA 1999 as amended March 2017
- v. Preferential Procurement Policy Framework 5 of 2000
- w. Prescription Act 68 of 1969
- x. Prevention of Illegal Eviction from Unlawful Occupation of Land Act 19 of 1998
- y. Protection of Information Act 84 of 1982





## 6. Strategic Goals

- The Transkei Development Corporation (TDC), Transkei Small Industries Development Organisation (Transido), Ciskei Small Business Corporation (CSBC) and Ciskei People's Development Bank (CPDB) into the previous Centre for Investment and Marketing in the Eastern Cape (CIMEC) in the year 2000.
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When it was established, ECDC inherited several issues, including poor financial information, inaccurate or missing data on properties and loans, limited development impact, and declining state financial support. Currently, ECDC's property portfolio is spread across industrial, commercial, residential and leisure categories throughout the Eastern Cape, with the majority of the portfolio located in the former Ciskei and Transkei areas.

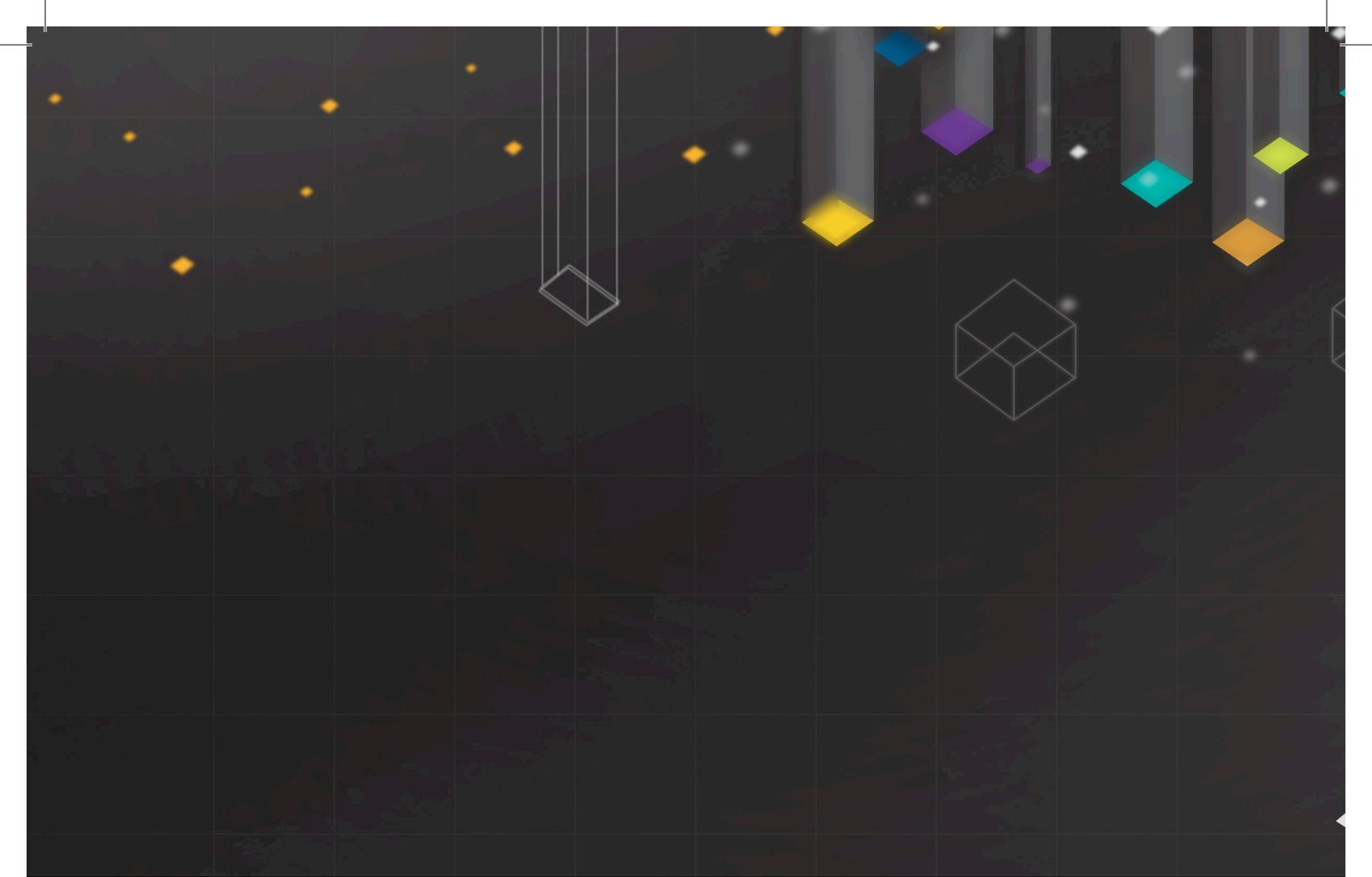


## 7. Strategic Outcomes

A growing diversified and inclusive economy

Competitive and sustainable SMME sector that contributes to socio-economic development of EC

Sustainable ECDC that offers competitive products and services



## 8. Situational Analysis



### 8.1 External Environment

#### 8.1.1 Population

- a. Eastern Cape population figures have shown a steady increase between 2012 and 2018 according to Stat SA data (2018). This upward trend is further confirmed by the confirmed by mid-year population estimates which indicate a population of approximately 6, 522 million, make Eastern Cape the fourth largest Province by population size after Gauteng(14, 717 million), KwaZulu-Natal (11,384 million) and Western Cape (6, 621million). This shows an average growth rate of about 0.020% over the period.
- b. The 2018 mid-population estimates showed that 33% of the Eastern Cape population is young people between the ages 15-34 years. In terms of the gender profile, 53% of the Eastern Cape population are female, and 47% are males (Stats SA, 2018). In 2017, 10% of the population in the province were classified with some form of disability, with those between the ages 5 to 9 with the percentage of 3% (Stat SA, 2017). These figures are critical for policy making, because the transformation programmes of the 6th Administration is targeting these designated groups.

- c. Despite these marginal increase in Eastern Cape population figures, Eastern Cape shows the highest number of people leaving Eastern Cape for other provinces. The estimated migration stream indicate that Eastern Cape is likely to lose significant number of its population to Western Cape (176 784), Gauteng (147 729), and KwaZulu-Natal (99 306) between 2016 and 2021 (Stats SA, 2018).

#### 8.1.2 Political Factors

- a. The past 5 years has been characterised by political uncertainty which has impacted on the ability of the state to function efficiently and effectively at all levels. The political environment has experienced major upheavals global, nationally and locally.
- b. In the context of the national politics, South Africa has been grappling with the rise in corruption and refocusing of state resources away from the poor majority to an elitist connected class. This phenomenon has been characterised as “state capture” and is currently a subject of judicial enquiry.

- c. The focus of the new political leadership is to strengthen governance and administration systems, with special focus on the rule of law, growing the economy and developing a responsive and development-oriented public service. This view is further supported by the rating agency, Moody's characterisation of the political environment in South Africa in 2019 in these terms: "At the political level, as things stand in terms of policy orientation, we still see a very reform-oriented executive which is why we still believe there is still some prospects of a pick-up in growth" (Moody's, 2019).
- d. The priorities of the new administration which are focused on increase the pace of service delivery in order to achieve the NDP targets are:
1. Economic transformation and job creation.
  2. Education, skills and health.
  3. Consolidating the social wage through reliable and quality basis services.
  4. Spatial Integration, Human settlements and local government.
  5. Social cohesion and safe communities.
  6. A better Africa and better world.
  7. A capable, ethical and developmental state

The importance of political stability in the Eastern Cape given its development challenges can never be overstated. The province lags other provinces in most of the development indicators. The provincial executive is focused on strengthening the local and provincial spheres to address service delivery challenges with specific focus on projects and programmes that have a potential impact. To this end the Provincial Development Plan has been reviewed to lift key priority projects for each of the 6 Strategic Goals outlined in the plan.

### 8.1.3 Economic Factors

- a. The rate of economic growth has stagnated 5-8 years resulting in the country failing to meet most of its NDP targets. The NDP projected a reduction in unemployment to 14% by 2020 from a base of about 27.6% in 2012. In order to meet this target, it was anticipated that the economic output would grow by an average of 5% per annum. The current rate of unemployment remains stubbornly high at 29% in the fourth quarter of 2019 (Stats SA, 2018). In the Eastern Cape the unemployment stood at 39.5% in the 4th quarter of 2019. In the same period, youth unemployment is more expressed in the Eastern Cape were 34.8% of young people between the ages 15-24 years are not employment, education or training.
- b. The data from Eastern Cape Socio-Economic Consultative Council (ECSECC) show a disturbing trend of rising unemployment, poverty and inequality in the Eastern Cape Province since 2011. This data further shows that unemployment is higher in rural areas than in urban areas, and that these developmental challenges manifest in geographic localities in the province where state capacity is at its weakest. If this data is juxtaposed against migration patterns, a picture of depopulation of the rural centres, with people moving towards urban centres within the provincial and outside of the province looking for economic opportunities. These migration pattern have would have a negative impact on agricultural sector in the medium to long-term. The trend indicates that 70% of the people in the province leaving in poverty.

14%

NDP projects a reduction in unemployment to 14% by 2020 from a base of about 27.6% in 2012

29%

current rate of unemployment remains high at 29% in the fourth quarter of 2019 (Stats SA, 2018).

39.5%

Eastern Cape unemployment rate stood at 39.5% in the 4th quarter of 2019

34.8%

youth unemployment rate in the Eastern Cape of young people aged 15 - 24 years

70%

of the Eastern Cape province leaves in poverty



Only 36.9% of children between the ages 0-4 years attended formal Early Childhood Development facilities in South Africa



● 45.9%  
Free State



● 45.8%  
Gauteng



● 41.1%  
Western Cape



● 34.6%  
Eastern Cape

#### 8.1.4 Social Factors

- a. There is a relationship between educational outcomes and early childhood development services. Only 36.9% of children between the ages 0-4 years attended formal Early Childhood Development facilities in South Africa, and only 34.6% for the Eastern Cape. The provinces with the highest attendance rate where Free State (45.9%) Gauteng (45.8%) and Western Cape (41.1%), and it is not coincidence that the same provinces have shown consistent performance in terms of Grade 12 results over the past 3 years.

#### 8.1.5 Poverty

- a. Despite all the efforts, poverty remains one of the challenges that continue to haunt South Africa 25 years into democracy. In the Eastern Cape 67.3% of the adult population (18 years or older) is living below the upper-bound poverty line. The data from Stat SA show that female-headed households were more likely to feel the hardship of poverty, and children were at the most affected by poverty.
- b. The special attention on youth, women and children by the 6th Administration is borne out by this data. The National Development Plan has set a target to eradicate absolute poverty from 39% in 2012 figures to zero by 2020, yet this data shows that poverty has in fact increased.

#### 8.1.6 Crime

- a. Crime statistics paint a disturbing picture of social instability and uncertainty which does not augur well for a country in need of investment as South Africa. Investors are reluctant to invest in countries with high levels of crime. The Eastern Cape following closely by Western Cape top list of murders (SAPS, 2018).
- b. The 2018/19 statistics show that in the Eastern Cape, 71.7% of murder offenders are youth between the ages 18-34 years, and 62.1% of rape offenders are youth of the same age group. This data further reinforces the focus on youth in terms of socio-economic opportunities by the 6th Administration.

#### 8.1.7 Technological

Technology is because a source of competitive advance and a potential growth sector for the country and province. At centre of technological innovation is digital connectivity. Technology, particularly rapid and intersecting developments in information and communication technologies (ICTs) is changing the nature of business; biotechnology and materials, transportation and energy technologies, are creating major opportunities for innovation and efficiency. But also present new challenges for governance, threats to traditional forms of work and to personal security. ICTs are ubiquitous in today's world, and developments in computers, computer networking, data analytics, sensing and telecommunications are influencing and shaping most fields of technological and economic endeavour. Exponential development in technology is creating novel opportunities, while testing governments' ability to harness their benefits and provide prudent oversight.



### 8.1.8 Sector Analysis

- World growth plateaued at 2.9% in 2019, with uneven growth among emerging market, developing economies and advanced economies due to escalating trade protectionism as a result of tariff increase enacted in the United States and China, as well as political and policy uncertainty. China growth is projected to have narrowed down from 6.6% in 2018 to 6.1% in 2019 as the economy rebalances, India (4.8%), with South Africa forecasted at 0.4%. Growth in the United States is estimated at 2.3%, Euro Area (1.2%) and the United Kingdom (1.3%) in 2019.
- To overturn the current world economic state and outlook, economies at national level need balanced policy mix to enhance resilience, productivity and inclusiveness by reducing policy uncertainty, especially for trade in order to support confidence and investment, implement reforms to boost long-term productivity and opportunities for all, review policy and prioritize investment. The world economy is projected to grow by 3.3% in 2020 and rise to 3.4% in 2021.
- The provincial growth rate was last to be above 1% in 2014(1.3%) thereafter constantly declined to 0.6% in 2017 before starting to pick up to 0.8% in 2018. With the new political dispensation in South Africa in 2019, the future is promising as the growth rate by end of 2019 is forecasted to reach 1.5% and further up to 2.3% by end of 2020. The province followed the similar pattern with the country's growth rate, South Africa posted 1.8% in 2014 and 0.8% in 2018 posting the same rate as Eastern Cape.
- In 2018, the industries that contributed more to the provincial growth of 0.8% were finance, real estate and business services sector which posted (1.3%) followed by transport and communication (1.2%) and, community, social and other personal services and general government services both with a tie of 1.1%. Whereas the sectors that posted negative growth were agriculture, forestry and fishing (-4.0), mining and quarrying (-2.6%) and the construction industry (-1.3%).

### 8.1.9 Eastern Cape Consumer Price Index Trends

The Inflation measures the change in food and services consumed by households; headline inflation fluctuated between 2014 and 2019, as the province recorded CPI of 4.2% in 2014 and increasing to 7.3% in 2016 exceeding the upper bound target of the inflation (3%-6%), with food and transport costs, and volatile exchange rate the major contributors to the increase, before declining to 5.3% in 2017, 4.4% in 2018 and 3.7% in 2019.

### 8.1.10 Labour Markets Developments

Unemployment remains a serious challenge for South Africa particularly the Eastern Cape, The Eastern Cape registered an average unemployment rate of 29.6% in 2014, above the country's average rate of 25.1% in the same period. Unemployment rate for the province in the period under review showed a steady increase up to 37.2% in 2019 again higher than the national average of 28.8%. The youth unemployment in the Eastern Cape remains the biggest challenge and contributing factor to high unemployment rates in the province. The province continues to have the highest unemployment rate amongst the youth in the country; in the fourth quarter of 2019, youth unemployment (for those between the ages 15 to 34) stood at 53.3%.



## World Growth

6.1%

China

4.8%

India

3.5%

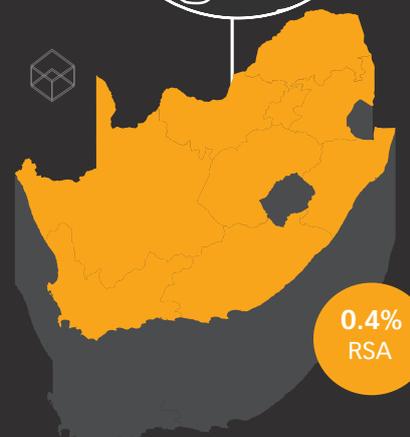
United Kingdom

2.3%

USA

1.2%

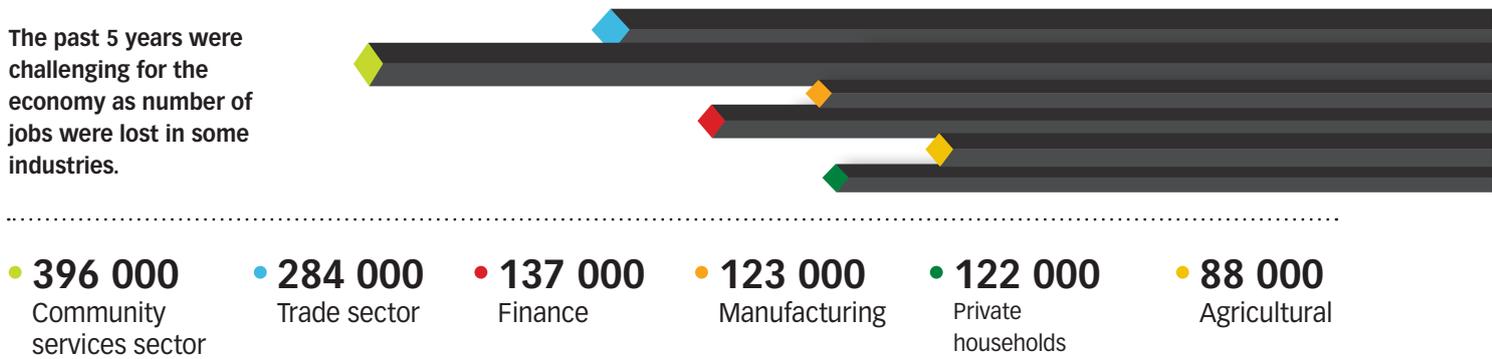
Europe



### 8.1.11 Eastern Cape Employment Trends by sector

The past 5 years were challenging for the economy as number of jobs were lost in some industries. In 2019, the highest number of jobs were recorded by community services sector with 396 000 on average, tailed by trade sector with 284 000, finance (137 000), manufacturing (123 000) and private households (122 000) with the agricultural sector recording the lowest number totaling to 88 000 jobs). Over the years the province experienced varying employment levels amongst industries, with government remaining the biggest contributor to employment in the province, while the construction sector has been in a slump and shedding the highest number of jobs.

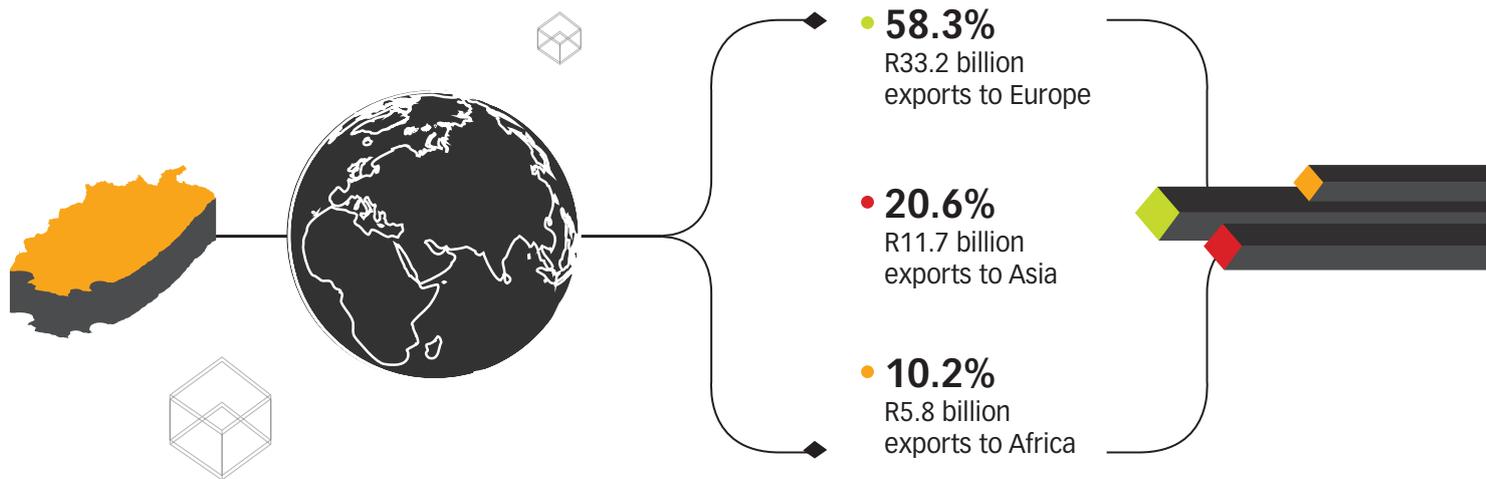
The past 5 years were challenging for the economy as number of jobs were lost in some industries.



### 8.1.12 Eastern Cape Trade with the World

- a. Eastern Cape is a net exporter of commodities to the rest of world. The balance of trade (where export of all commodities exceeds imports) recorded a trade surplus of R1.5 billion in 2014 and significantly increased to approximately R14 billion in 2019. The total exports revealed a fluctuating pattern from R40.8 billion in 2014 to R57.2 billion in 2019. On the same token, total imports showed a fluctuating pattern from R39.3 billion in 2014 to R43.1 billion in 2019.
- b. Europe absorb the largest share of Eastern Cape exports and

imports in 2019 and commanded 58.3% (about R33.2 billion worth of Eastern Cape's export merchandise, while the province absorbed 53.5% of imports from Europe (amounting to R23.1 billion), with most of the the trade activity from Germany. This was tracked by Asia with a market share of 20.6% of exports (R11.7. billion) and market share of approximately 24.8% on imports (R10.7 billion), with China the biggest trading partner in Asia. The third biggest export region for the Eastern Cape in 2019 was Africa with a market share of 10.2% (R5.8 billion) and import market share of 6.0 % (R2.6 billion).



### 8.1.13 The Eastern Cape export

The Eastern Cape top 10 export commodities the rest of the world regions from the 2014 period to 2018 period are tabulated in table 7 above. Vehicles were the most exported commodities by Eastern Cape between 2014 and 2019, although with fluctuating trend; in 2019, motor cars worth R23.5 billion were supplied by the province to the rest of the world. This was followed by centrifuges worth R6.7 billion, citrus fruit valued at R3.7 billion, wool not carded R3.6 billion), waste and scrap of precious metal (R2.4 billion), parts and accessories, and containers both values R1.4 billion, new pneumatic worth R1.3 billion, spark-ignitions (R1.2 billion) and wool fine or coarse valued at R770.7 million. These products collectively accounted for 80% of Eastern Cape export merchandise to the rest of the world in 2019. The Eastern Cape top 10 import commodities from the rest of the world between years 2014 to 2019 are tabulated in table 8 above. Although, Eastern Cape export base is manufacturing orientated (particularly that of vehicles), it was notable that motor vehicles were the most sourced products by Eastern Cape from the rest of the world in between 2014 and 2019, valued at R9.9 billion in 2014 to R7.9 billion in 2019. This shows a shift in the trade of this product as the value of its exports continues to surpass its imports. The second most imported commodities in the top 10 list of imports by the province included parts and accessories of motor vehicles worth R3.2 billion, followed by seats valued at R1.9 billion, insulated wire R1.6 billion), new pneumatic (R1.6 billion) and ceramic wares worth R1.5 billion, motor vehicles for the transport of goods.

### 8.1.14. Global Foreign Direct Investment Climate

a. In 2018, global FDI inflows decreased by 13% to US\$1.3 trillion compared to US\$1.5 trillion in 2017. This represents 1.3% of

global GDP, the lowest level since 1999. The drop was largely due to the 2017 US tax reform which prompted US parent companies to repatriate large amounts of earnings held with foreign affiliates.

b. The FDI by region shows that, FDI inflows to the OECD area decreased by 23% in 2018, to US\$ 625 billion. FDI inflows to the OECD area accounted for 48% of global FDI inflows, down from 53% in 2017 and 64% in 2016 but comparable to the average 47% recorded between 2012 and 2014. The decrease was mostly driven by large disinvestments in Ireland and Switzerland and less investment in the United Kingdom, the United States and Germany. The disinvestments in Ireland and Switzerland can probably be attributed to US parent companies repatriating past earnings held by affiliates in these countries. Thirteen other OECD countries also recorded decreased inflows. In contrast, FDI flows increased in Spain, Belgium, Australia, the Netherlands (excluding resident SPEs) and Canada. FDI flows into EU countries decreased by 20% due to the large disinvestments in Ireland and Switzerland. FDI flows into EU countries accounted for 22% of global inflows, comparable to 2017. The FDI inflows to the G20 as a whole decreased by 2% to US\$ 955 billion. While FDI flows to OECD G20 economies decreased by 7%, FDI inflows to non-OECD G20 economies increased by 8%. The increased inflows went largely to China and India, with Russia and Brazil recording decreased FDI inflows.

In 2018, FDI inflows into the African market increased by 10.9% (from US\$41.4 billion to US\$45.9 billion), with Egypt in the lead and tailed by South Africa with FDI inflows valued at US\$6.8 billion and US\$5.3 billion respectively.

a. A total of 20 companies invested in Eastern Cape between January 2014 and August 2019, out of a total 46,481 companies investing in FDI globally. During this period under review, a total of 26 Foreign Direct Investment projects landed in the province with an average project size 291 in terms of jobs and average project size US\$ 89.20 million in terms of capital investment.



20

20 out of 46,481  
companies

In FDI globally invested in the  
Eastern Cape over 5 years  
(2014 - 2019)

b. A total of US\$ 2.3 billion FDI was attracted by Eastern Cape and created approximately 7,571 job opportunities into the province's economy between 2014 and 2019. Eastern Cape attracted the highest capital investment of US\$ 841.7 million in 2014 and created approximately 3,036 job opportunities in the province. The second highest investment in Eastern Cape was attracted in 2018 amounting to US\$ 568.2 million capital investment and created approximately 1,021 job opportunities in the province



**US\$ 2.3 billion / 7,571 job**  
FDI attracted by the EC / opportunities created

61.6% of job creation and 79.1% of capital investment was accounted for by the top 10 companies that invested in the Eastern Cape

c. The top 10 companies that invested into the Eastern Cape between 2014 and 2019 accounted for 61.6 % of job creation and 79.1% of capital investment. The top company that generated biggest capital investment of US\$ 802.00 million and created 167 number of jobs was Enel Green Power. The second biggest capital investment that landed into the province was made by BAIC International landed in Port Elizabeth amounting to US\$ 794.80 million and created approximately 2,500 highest number of job opportunities to the provincial economy. China FAW Group (First Automotive Works) located in Port Elizabeth was the company that invested a third largest capital investment of US\$ 15.60 million and created approximately 754 job opportunities in the province.

d. In terms of industry, the Automotive OEM sector accounted for a substantial total capital investment of US\$ 1.2 billion overall compared to other sectors during the period under review. Closely tailed by renewable energy sector which attracted the second biggest total in FDIs of US\$ 802.00 million followed by electronic components sector with a capital investment value of US\$ 94.60 million. In terms of total number of job opportunities created in the province, the Automotive OEM ranked number one with 5,285, followed by electronic components with 857 and automotive components in the third place with 320 total job opportunities created across the province. In the number of projects tracked side, electronic components sector attracted the highest number of 7 projects.

e. Out of a total of 11 source countries, namely; China, Germany, Italy, the United States, Austria, France, Greece, India, Japan and

Turkey the top first five account for the majority of projects. China is the top source country accounting for almost one-third of projects tracked amounting to US\$ 1.0 billion and generated the highest number of total jobs totalling to 4,100 jobs, while Italy and Germany had the largest project size on average in terms of investment and jobs creation.

f. The Eastern Cape Foreign Direct Investment from the world by destination city between 2014 and 2019 shows that Port Elizabeth received the highest number of total jobs and the greatest investment value with a total of 4,414 jobs and US\$ 1.1 billion capital investment. Out of a total of three destinations, namely Port Elizabeth, East London and Uitenhage, Uitenhage takes the second place for attracting FDI inflows in terms of capital and job creation with US\$ 273.90 million and 1,545 respectively. On the other hand, between 2014 and 2019, East London received FDIs with capital investment of US\$ 180.00 million and created a total of 1,409.



### FDI by region

- **4,414 jobs**

US\$ 1.1 billion  
Port Elizabeth

- **1,545 jobs**

US\$ 273.9 million  
Uitenhage

- **1,409 jobs**

US\$ 180 million  
East London

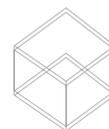


## 8.2 Internal Environment Analysis

### Key challenges

The key challenges identified are the following in the EC economy:

- a) Skills shortage in the Province which result from the migration of critical skills to other provinces.
- b) Inadequacy of business acumen/entrepreneurship (more than 80% of SMMEs are very small and micro / survivalist).
- c) Inadequacy of developed infrastructure (impacting on cost of transacting in the province i.e. sourcing of goods outside the province).
- d) Shrinking economy with low growth figures in provincial GDP reported i.e. EC is a lagging economy, economic activity declines, minimum opportunity for growth to exploit, funding opportunities become scarce.
- e) Government spending is the key economy driver of SMME activities, instead of a commodity or service driven economy to drive economic growth and socio-economic development.
- f) Entitlement mentality and dependency syndrome which contradicts the user-pay principle and the realities of the shrinking national fiscus is politically influenced and advocated.
- g) Cost of doing business in the Province contributes to investors giving their businesses to other provinces.
- h) Reduction in equitable share of the Province from the National Fiscus is also contributing to the shrinking economy which is already growing below the National average.
- i) The dysfunctional systems across all sphere as reported by the Auditor General has resulted in a development challenge, which manifest in the following among others:
  - Policy uncertainty.
  - Political instability.
  - Land expropriation.
  - Visa regiment.
  - Safety and security.
  - Infrastructure.
  - Flexibility and economic agility.
  - Corruption.
  - Exchange rate fluctuations.
  - Global competitiveness.
  - Ineffectual Change management process
- j) Spatial set up of our Province makes it uncompetitive as compared to the other provinces.
- k) Underfunding of the development mandate.
- l) Continued biasness of urban infrastructure development which contributes to the broadening disparity between the rural and urban parts of the province.





### Strengths

1. ECDC is tax exempted status enables savings for re-investment.
2. Provincial footprint with respect to regional offices.
3. Diversified property asset base which is unencumbered.
4. Strong IT infrastructure.
5. Clean Governance.
6. Pockets of highly skilled personal with experience.
7. Well established trade and investment capability outside the SEZ's
8. Ability to unlock value chains across sectors/ industries.
9. Fund management capability (sourcing, leveraging, packaging and managing)
10. Development project management capability
11. Tailor made non-financial and incubation business development support.
12. Strong networks and partnerships and collaboration.
13. Product stratification aligned to the demands of the target market.

### Weaknesses

1. High dependence on Government funding.
2. Inadequate Customer centricism.
3. Ageing workforce and limited talent pool.
4. Inability to deal with non-compliant tenants (there is a culture of entitlement by tenants resulting in non-payments by both tenants and loanees);
5. Inadequate brand management;
6. Limited capacity for big data analytics;
7. Too much knowledge management with no resulting implementation.
8. Underperforming property assets.
9. Limited agility.
10. Inadequate skills and capabilities within the organization.
11. Condition of properties.
12. Cost efficiency of ECDC.
13. Old dilapidated residential stock with little return

### Opportunities

1. Leverage funding and expertise from public and private sector to turnaround the property portfolio.
2. Develop/ Exploit existing industrial parks into Special Industrial Zones.
3. Infrastructure project and programme management to municipalities.
4. Extract value from high impact projects.
5. Increase socio-economic returns through business development support.

### Threats

1. Property invasions – is outside of ECDC's control, however, affects the Corporation output;
2. Land tenure. Land in tribal areas that are not registered is a threat as the tribal areas' residence can lay a claim on the land;
3. Slow to fund ECDC property developments eg. Dimbaza Masterplan approved in 2016 but still being considered for funding three years later;
4. Territoriality and vested interests in government projects;
5. Failing to attract investors as a province, environment not conducive e.g. incentives, properties in strategic positions, ICT Infrastructure, transport infrastructure, capacity of Port, the airports, etc.;
6. Deficit in the trust relationship with stakeholders i.e. misconception about the ECDC;
7. Lack of coordination of economic development entities with similar mandates in the province;
8. Dwindling of Provincial fiscus;
9. Competing economic opportunities in other Provinces which impact negatively on the Budget Allocation from National Treasury;
10. EC not a province of choice in terms of attracting Foreign Direct Investment;
11. 4th Industrial Revolution and the province is not capacitated from a technology point of view i.e. technological lag;
12. Impact of legislation amendments which could result in potential write off i.e. NCA;

Fisheries  
 Renewable Energy  
 Technology  
 Science  
 Arts and Culture  
 Forestry  
 Business Development  
 Tourism  
 Construction  
 +

**8.3 Governance and Mangement Framework**

**8.3.1 Governance Structures**

ECDC is a schedule 3D public entity under the oversight of the Department of Economic Development, Environmental Affairs and Tourism. The board reports to the Shareholder’s representative, the Member of Executive Council responsible for Finance, Economic Development, Environmental Affairs and Tourism. The accountability framework between the shareholder and the Board is regulated through the shareholder’s compact.

The shareholder compact outlines the performance expectations and agreement between the Executive Authority and the Accounting Authority (the Board). The Board has four committees, namely Audit, Risk and Compliance, Funding and Investment Committee, Governance and Nominations and HRSEC. These committee meet in prescribed intervals and when a need arise, and report to the Board.

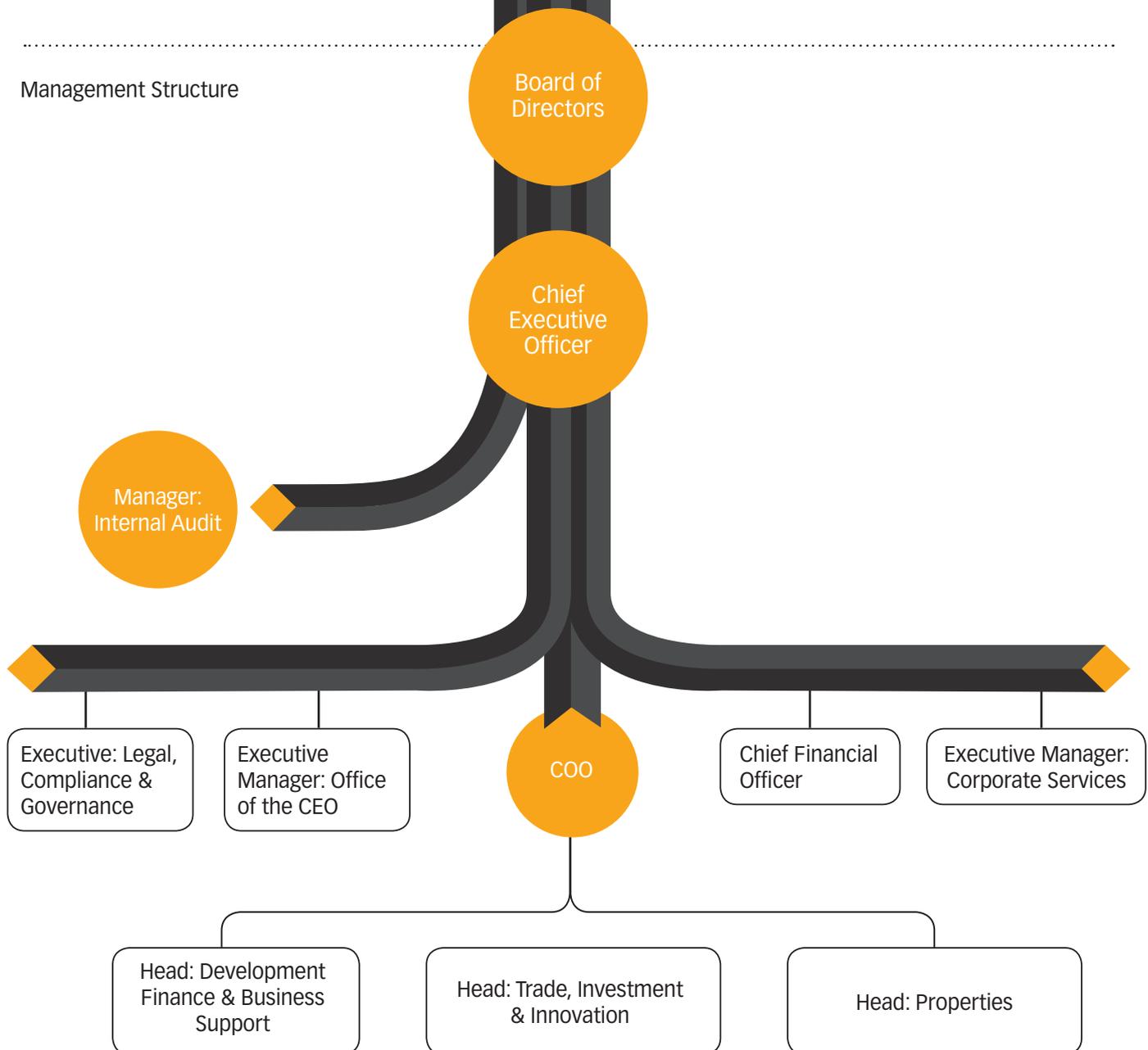
Figure 3: Governance Structure



**8.3.2 Management Structure**

The Chief Executive Officer is the Accounting Officer of the company and is responsible for driving implementation of Corporate Strategy and all policies of the company subject to the delegation of authority. The CEO is leading a team of executives responsible for various business portfolios as determined by the Board from time to time. In the current management structure, the Executive Heads in the following portfolios report to the CEO; Chief Financial Officer, Chief Operating Officer, Corporate Services, Legal, Compliance and Governance, and Executive Manager in the Office of the Chief Executive Officer. The CEO and CFO are ex officio members of the Board.

## Management Structure



#### 8.4 Outcomes of the ECDC Strategy Session

From the deliberations of the Board Strategy session, the following key observations and resolutions were noted:

- a. The fiscal framework continues to focus government resources on the social needs living little resources for economic infrastructure. The current ECDC business model is not sustainable and requires to be streamlined to respond to the economic realities of the province.
- b. Major decisions must be taken with regards to the property portfolio – the focus being on the implementation of previous deci-

sions on restructuring of this portfolio for growth.

- c. ECDC is dependant on the shareholder for financial survival, this has to change – however the shareholder must capitalise ECDC in order for the company to deal with its historical and structural challenges and enable it to play its leading role in driving the Eastern Cape economy.
- d. ECDC should collaborate with the Department of Public Works to unlock the economic potential of the property portfolio and use it to increase government revenue base, and to drive economic development and transformation.

- e. There should be deliberate focus on the training and support of SMMEs to allow the sector to contribute effectively to employment creation. ECDC must work with the four universities in the province to establish an academy of small business to train and empower SMMEs.
- f. ECDC must be responsive to the needs of the SMME sector, and that the organisation must actively engage the private sector in its work. The local business feel they are not adequately utilised even though they have expertise in the areas in which ECDC work.
- g. There should be greater coordination and collaboration between the IDZs, ECDC and other DFIs to harness and sharpen focus on the high-potential sectors identified in the PEDS.
- h. ECDC should work with DTIC to strengthen the efforts to revitalise the Industrial Parks in the Eastern Cape. ECDC must play a leading role in working with private sector to package projects for funding through the various incentive grants available through DTIC and its entities.
- i. ECDC must play a leading role in the revitalisation of ageing economic infrastructure in the province. The process of redefining the mandate of the ECDC provides opportunities for an organisation that plays a more meaningful developmental role in the development of the province. This repurposing of ECDC would require a new skills set in various sectors.
- j. The cost containment measures have been effective but have not resulted in increase in revenue. This has to reviewed and appropriate steps taken to increase the revenue generation capacity of the company.
- k. There is a need to strengthen internal capacity in the property portfolio in order to take advantage of the economic potential of this portfolio. Lessons can be drawn from Ithala, given their success in managing their property portfolio.
- l. The ECDC review currently being undertaken by GTAC on behalf of the Shareholder must be completed to get a clearer picture of the possible business models that would ensure that ECDC plays a meaningful role in growing the Eastern Cape economy. The process of the review coincides with the review of the mandate of ECDC.



Eastern  
Cape  
Development  
Corporation

Science  
Technology  
Innovation  
Sustainable Energy  
Infrastructure  
Rural Development

Science

Renewable Energy

# SEC.C

MEASURING  
OUR PERFORMANCE

## 9. Institutional Programme Performance Information

The ECDC has reviewed its environment, examined its internal and external operating environment, redefined and adjusted its objectives, mission statement and vision. These high level parameters are meant to direct and lead the corporation into the next 5 years. In order to keep pace and find synergy with the shareholder and various urgent actions a set of priorities are needed to lead and direct the ECDC apart from the key performance areas, indicators, target and budget. These key strategic priorities are as follows:

### 9.1 Strategic priorities

#### 9.1.1 Priority 1: Mandate, organisational review and cost realignment

- a. ECDC act review
- b. Alignment of the act, business review and ECDC operations and costs
- c. Enabled platform for operations.

#### 9.1.2 Priority 2: Grow the Economy through promoting Trade and Investments

- a. Package Priority programs aligned to promoting value chains for SMME development.
- b. Leveraging of trade and investment opportunities for ECDC equity participation
- c. Increase the profile of the 1 stop shop.

#### 9.1.3 Priority 3: SMME development

- a. Focussed SMME development and support programs
- b. All-inclusive Development finance instruments with debt instrument limited to Lower level of Small SMME Category, Very Small, Micro and Co-operatives
- c. Implementation of government SMME development initiatives

#### 9.1.4 Priority 4: Properties:

- a. Re-configure the Property Portfolio into a financially and operationally independent stand-alone division.
- b. Strategic business partnership to refurbish specific identified properties with high economic potential (Development leases)
- c. Package and model properties with high demand, high income potential to leverage third party funding for refurbishment across the portfolio;
- d. Package and release non-core, underperforming assets to fund strategic development and refurbishment costs

#### Develop and Nurture Stakeholder Relationships

- e. Improved customer experience
- f. Improved collaboration and coordination with stakeholders and private sector
- g. Procure for economic empowerment

Industrial parks revitalisation phases 2 and 3.

- h. Revitalisation of industrial parks into Special Industrial Zones.

### 9.2 Implementation model

ECDC employs 2 implementation pillars across its business units namely:

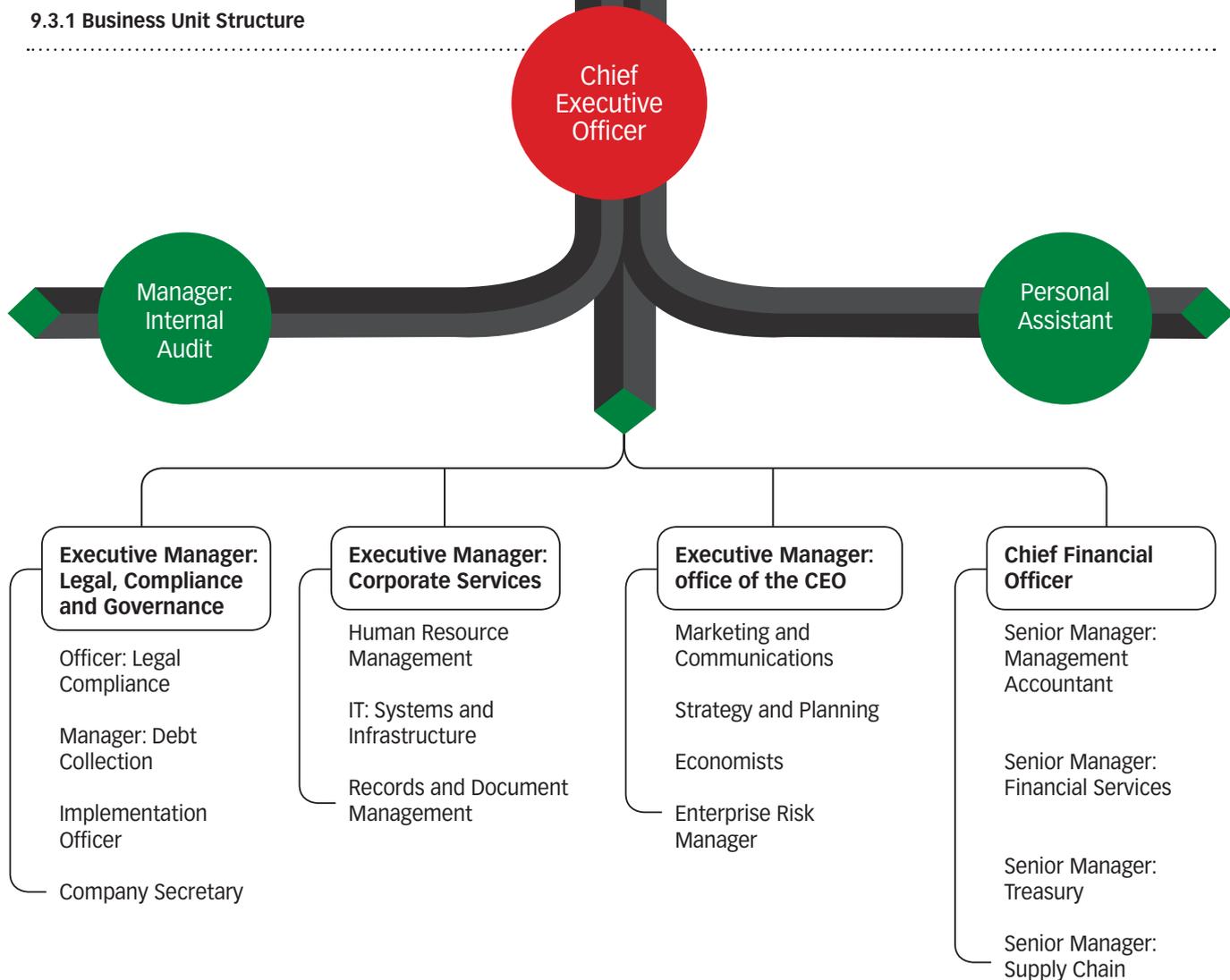
- a. Partnership, leveraging and co-investing models where partners and other stakeholders are co-opted into various projects. The investment comes in various forms and may consist of joint project management, skills mixing, monetary investments, expansion of development interventions and community upliftment.
- b. The other pillar is the use SMME development models namely financial support, non-financial support, grant funding, training and development, incubation, mentorship and other models that are uniquely tailored to suit the economic development challenge in a region or specifically to a business.

### 9.3 Programme 1: Support Services

Administration offers key strategic and operational support services to the company's business units. The main purpose of Support Services is to provide seamless, efficient and effective administrative support function to the company core-business units. The following are the key functions supporting three business units:

- a. Office of the CEO inclusive of Strategy and Planning, Risk Management and Internal Audit,
- b. Finance inclusive of Supply Chain
- c. Corporate Services inclusive of Human Capital, Information Communication and Technology (ICT), Economists and Communication and Marketing,
- d. Legal and Compliance and Company Secretary.

### 9.3.1 Business Unit Structure



### 9.3.2 Outcome, Outputs, Performance Indicators and Targets

Table 3: Support services Outcomes, outputs, PI's and targets

Outcome	Output	Output Indicator	Annual Targets			
			2020/21	2021/22	2022/23	2023/24
A viable ECDC that offers competitive product and services	Cost containment measured put in place at business unit level	Cost-to-income ratio (excluding impairment)	1:1	1:1	1:1	1:1
	Audit outcomes	AG output outcomes	Unqualified	Unqualified	Unqualified	Unqualified
	Network uptime	% network uptime	95%	95%	95%	95%
	Staff contracts and reviews	% compliance to performance management	90%	90%	90%	90%
	Suppliers paid on time	Average number of days to pay suppliers	30	30	30	30

### 9.3.3 Indicators, Annual and Quarterly Targets

Table 4: Support services indicators, annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Cost-to-income ratio (excluding impairment)	1:1	n/a	n/a	n/a	1:1
AG output outcomes	Unqualified audit	n/a	n/a	n/a	Unqualified audit
% network uptime	95%				
% compliance to performance management	90%	n/a	90%	n/a	90%
Average number of days to pay suppliers	30 days	30 days	30 days	30 days	30 days

### 9.3.4 Explanation of planned performance over the medium-term period

There are four core service delivery units:

- Development Finance and Business Support.
- Trade, Investment and Innovation.
- Properties
- Support Services.

These Units have guiding principles, key drivers and core priorities and over the medium term, these are articulated in the pre-determined objectives and projects. Each business unit has its own service delivery model and is dependent on differing actors and partnerships. This is reflected on the strategy map as contained in Figure 1. ECDC's Head Office is in East London and it implements its work through regional offices in the following regions:

- East London (satellite offices in King Williams Town and Mdantsane).
- Butterworth.
- Mthatha (satellite office in Mount Alyliff).
- Queenstown (satellite office in Aliwal North).
- Port Elizabeth.

### 9.3.5 Varying strategic approaches

The ECDC support services uses varying strategic approaches for each business unit which is meant to bring about:

- Synergy in operations to the EC business.
- Leveraging a common group services platform.
- Each unit is based on unique strategy based on market conditions, operations, performance approach and delivery. Each unit has its own market challenges, legislation, clientele and parameters and opportunities.
- The strategic approaches is as follows:
  - Properties: Profit making run on business principles.
  - Development finance: Break-even and profit making.

- TII and Business support: Draw down strategy based on allocations. Targets are agreed with the Shareholder.
- Group Support services, governance and finance: Financially supported from core units.

Support Services are the key internal support enablers for the four business units. The key support services are: Office of the CEO (made up of Risk and Internal Audit), Finance and Supply Chain, Corporate Services (made up of Human Resources Management, Information and Communication Technology (ICT), Communication and Marketing and finally Legal, Governance and Compliance. The aspects related to the procurement plan, risk management, fraud and financial management will be discussed at the end of the corporate plan.

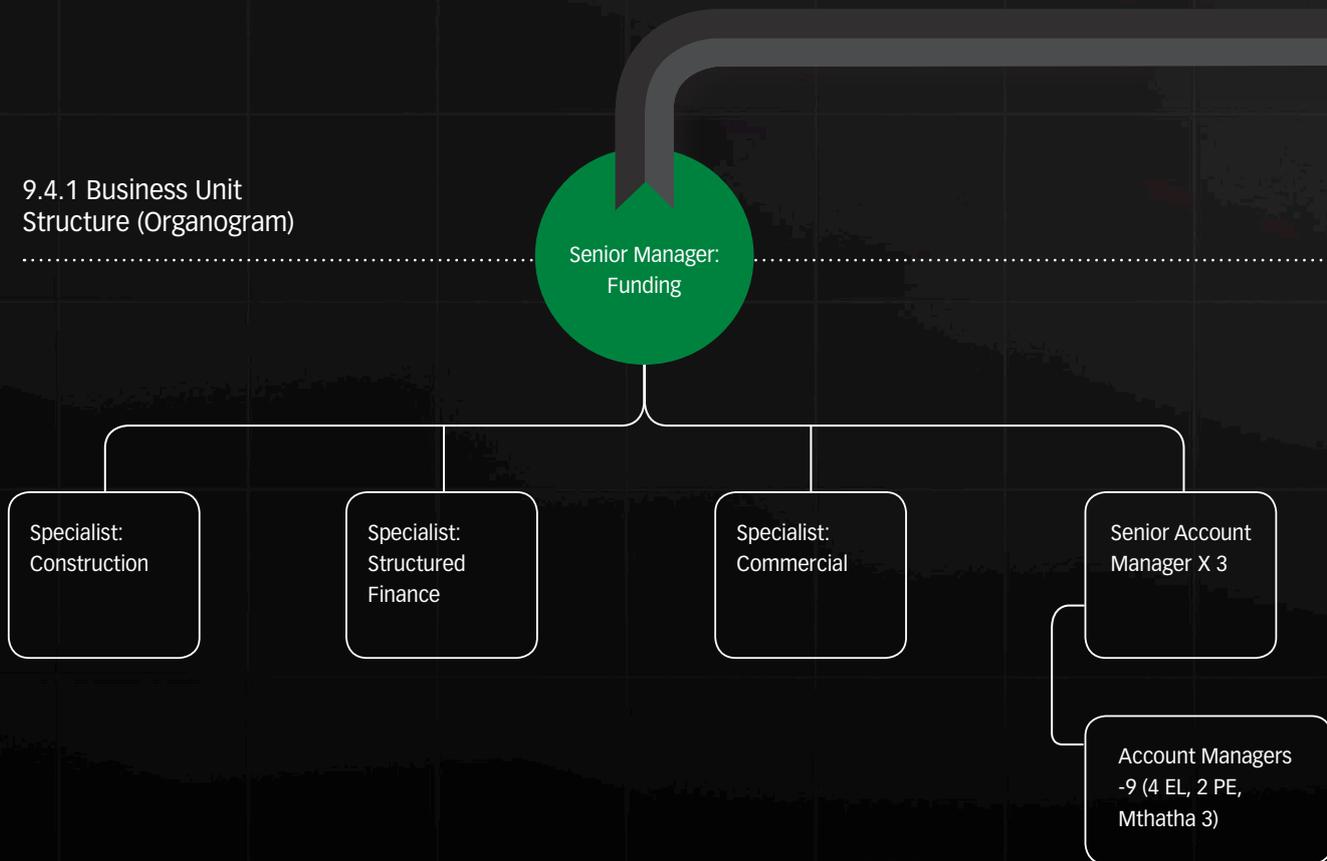
The management approach to supporting core units involves ensuring a capable and varied skill sets across the organisation, making authority and decision making easier and quicker, ensuring enabling infrastructure to allow for the decentralisation of decisions (modernised processes, technology and people), managing the dynamics emanating from managing a matrix structure and finally managing staff morale through change. ECDC is undergoing a mandate review and business review this will affect this strategy, the structure and crewing levels.

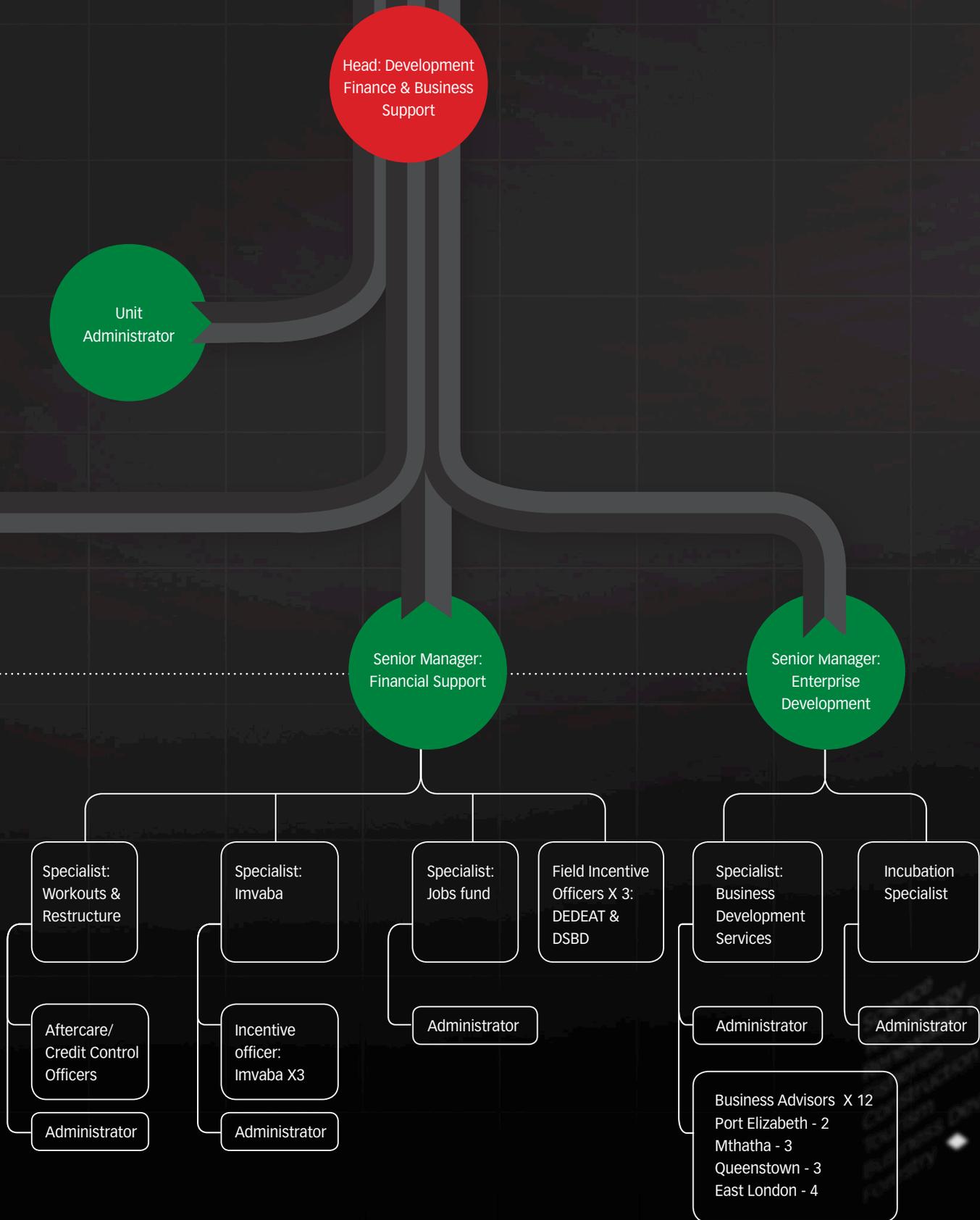
**9.4 Programme 2: Development Finance and Business Support**

The mission of the unit is to be “the” lead catalytic agent in Development Finance whilst creating sustainable SMMEs through Business Support. DF & BS unit is to assist SMME’s to attain a level of self-sustainability and have a realistic prospect in accessing funding opportunities from the financial sector based on the identified interventions which would be made available during the operational life-cycle from infancy and/or early stage. This could be achieved through:

- a) Provision of innovative enterprise development financial services
  - b) Leveraging of resources, strategic alliances, investment and partnerships and
  - c) SMME development to boost an inclusive provincial economy
- This strategy approach requires:
- a) Securing the required capital/ funding;
  - b) Establishing integrated partnerships with stakeholders to ensure maximum leverage of resources and development outcomes: and
  - c) Ensuring future sustainability for the Corporation.

**9.4.1 Business Unit Structure (Organogram)**





## 9.4.2 Critical functions

### a. Funding (on-lending)

A critical challenge, specifically the Eastern Cape, is that of closing substantial development gaps such as financial exclusion and financial constraints. More than 50% of individuals in South Africa have no access to formal financial institutions. Only about 30% of small and medium-scale enterprises, have access to credit from banks. Development finance debt instrument (loans/on-lending) offers possibilities to access funding which can provide a wide array of financing mechanisms.

The ECDC SMME Loan Portfolio has been eroded over the past 10 years and the underlying cause is: The high cost of Economic, SMME, Development and the risk of finance within the sector that the unit operates. The primary contributor is the lack of capital investment from the shareholders due to its lack of perception of the costs and risks pertaining to development of SMMEs. The ECDC funded portfolio of SMMEs' is only 6% of ECDC total assets for any strategic impact to the development of SMMEs' in the Province there is a definitive need to capitalise ECDC in order to support emerging SMMEs' and increase the funded portfolio to 20% of total assets over the next five years. This has been accentuated since 2011. The Funded portfolio has the potential over time, if capitalised sufficiently, to provide an adequate financial return on investment (ROI) whilst simultaneously delivering on the Developmental mandate which contributes to the economic growth as per ECDC mandate.

### b. Enterprise Development

The focus of the unit to provide Business Development Services

(BDS) to enterprises in order to improve their competitiveness and sustainability. These services can either be strategic, aimed at long term growth of the enterprise or operational, which are targeting day to day operations of an enterprise. They are directly aimed at improving the operations and performance of an enterprise in order to impact positively on the profitability. These products are either to generic products and services or sector specific products/programmes. The business support unit aims to provide effective, efficient and integrated enterprise development support to businesses in priority sectors and different stages of their development. The support includes customised, long term and sector specific enterprise development programme should be implemented versus once off walk in client support, establishment of SMME Hubs programme, supplier Development Programmes, Mentorship Programme, Business Management and Financial Management capacity building, Township and rural enterprise development support programme, Incubation support programme and Strengthening of partnership programme.

### c. Financial support - Incentive programmes

Any incentives requested by applicants and received by DEDEAT and other departments like DSBD. The ECDC Incentive Fund would then be responsible for evaluating all Applicants applications and undertaking the necessary due diligence analysis. Key to this evaluation process should be establishing whether the applicant has a commercial or non-commercial objective. ECDC will deal with all commercial ventures operation in priority sectors identified in the Eastern Cape's industrial and economic development strategies. To make this approach feasible, it will be necessary to significantly increase both the budgetary allocation and staffing complement of the Incentive Fund in ECDC.

## 9.4.3 Outcome, Outputs, Performance Indicators & Targets

Table 5: DF& BS Outcomes. Outputs, PI's and targets

Outcome	Output	Output Indicator	ANNUAL TARGETS			
			2020/21	2021/22	2022/23	2023/24
A Competitive and sustainable SMME sector that contributes to socio-economic development of EC	<ul style="list-style-type: none"> <li>Loan applications received and processed</li> <li>Due diligence assessment conducted</li> </ul>	Number of SMMEs receiving development finance	150	150	150	150
	SMMEs applications received and processed for non-financial support	Number of SMMEs receiving non-financial support services	250	250	250	250
	Cooperatives applications received and processed	Number of co-operatives receiving financial support	20	20	20	20
	SMME jobs facilitated	Number of jobs facilitated	150	150	150	150
	SMME's job fund applications received and processed	Number of jobs saved	900	900	900	900

### 9.4.4 Indicators, Annual and Quarterly Targets

Table 6: DF&BS indicators, annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of SMMEs received development finance	150	40	40	30	40
Number of SMMEs assisted with non- financial support services	250	50	70	70	60
Number of co-operatives financial support	20	5	5	5	5
Number of jobs facilitated	150	40	40	30	40
Number of jobs saved	900	230	321	174	175

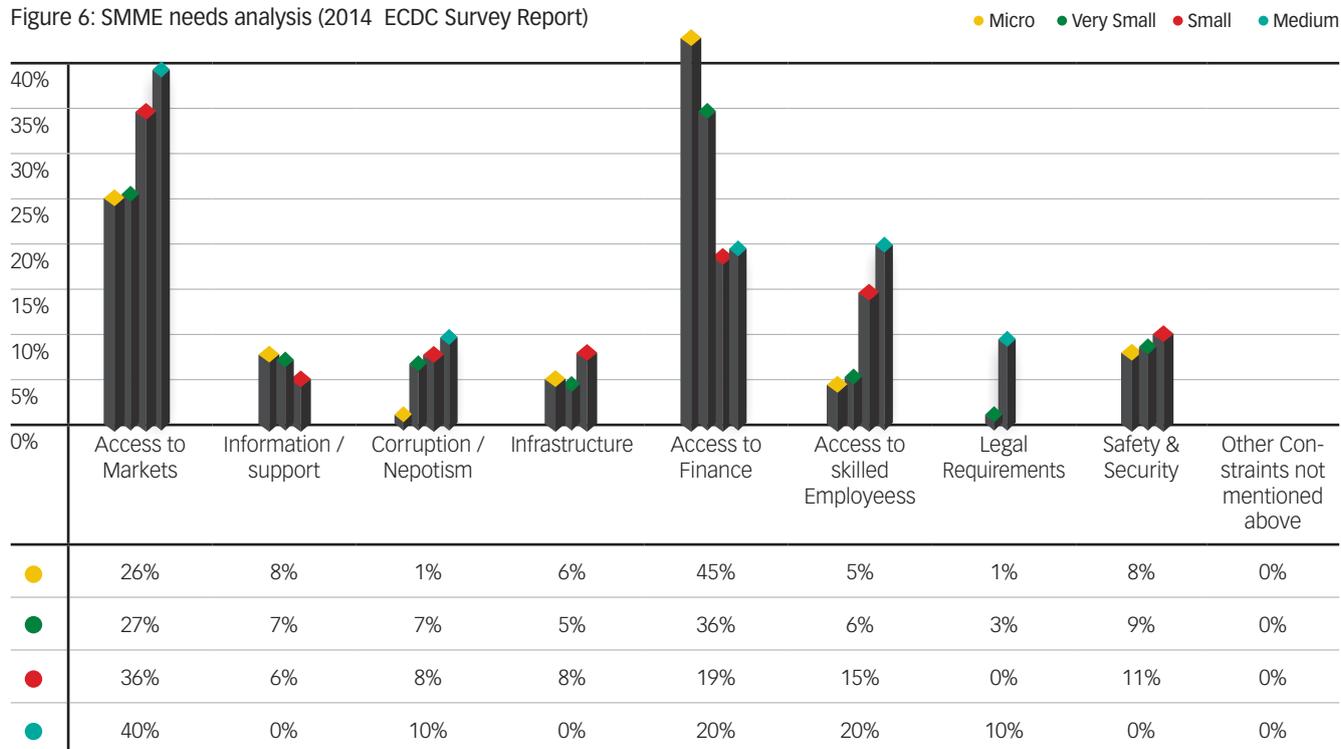
### 9.4.5 Explanation of planned performance over the medium-term period

The value proposition of the unit is to provide support (non-financial support as a primary intervention prior to securing loan business and financial support as a secondary interventions respectively in the form of on-lending intervention) to emerging business during the developmental stages of their operations taking into cognisance the emphasis of the support on designated groups and previously disadvantaged communities:

- a. Pre investment support. As a value add proposition; non-financial and financial support is provided to distressed companies, who are struggling to service and maintain the funding interventions provided. This is done primarily to assist the recipient to normalize their loan obligations while importantly placing ECDC in a far better position to recover fully on its exposure.
- b. Post investment support. The outputs are informed by the needs analysis provided below and as a direct alignment to the ECDC mandate. The Table below depicts causes of SMME’s failures and areas that required enhanced development support (financial & non-financial) for businesses to thrive.

### 9.4.6 SMME needs analysis

Figure 6: SMME needs analysis (2014 ECDC Survey Report)



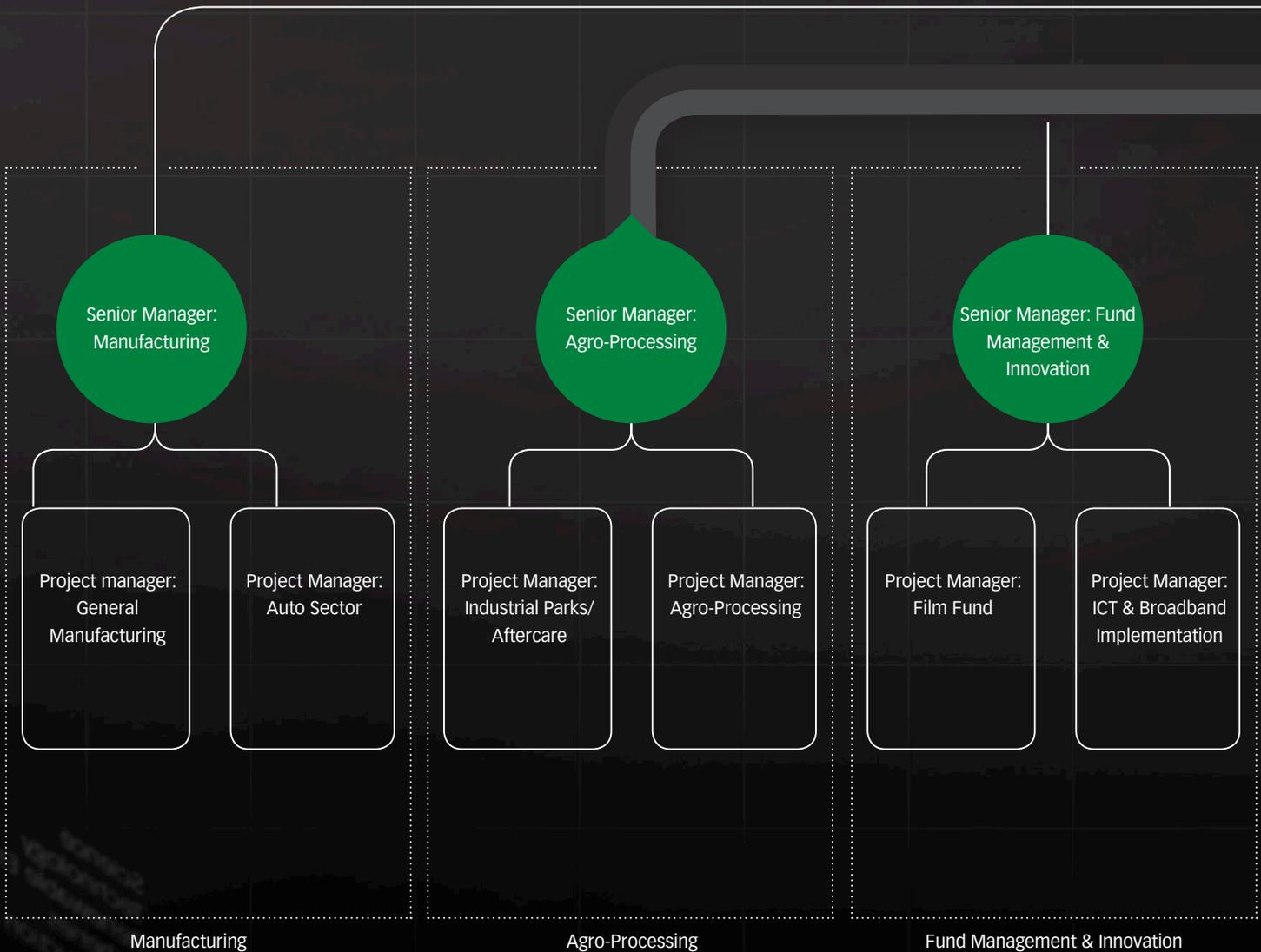
Source: 2014 ECDC Study report

9.5 Programme 3: Trade, Investment and Innovation

The Trade, Investment and Innovation business unit's core mandate is to market Eastern Cape to domestic and international investors and to ensure that existing investors (particularly those outside the Special Economic Zones) are provided with support needed to grow their businesses in order to increase employment opportunities within the Eastern Cape. The business unit is further responsible for promoting trade in order to increase exports from the Eastern Cape and position ECDC as an implementing agent for government to government economic development initiatives.

9.5.1 Business Unit Structure (Organogram)

Figure 7: TII structure



HEAD: TII

Administrator

Manager: Special Projects

Senior Manager: Trade Promotion

Senior Manager: Oceans Economy & Tourism

Senior Manager: Industrial Parks & Incentives

Trade Advisor x3

Helpdesk Assistant

Manager: Creative Industries

BCM Helpdesk Admin

2x Admin: Creative Industries

NMB Admin

Project Manager: Events

Project Manager: Oceans Economy

Trade Promotion

Oceans Economy & Tourism

Industrial Parks & Incentives

## 9.5.2 Outcome, Outputs, Performance Indicators & Targets

Table 7: TII: Outcomes, outputs, PIs and targets

Outcome	Output	Output Indicator	ANNUAL TARGETS			
			2020/21	2021/22	2022/23	2023/24
A growing diversified and inclusive economy	<ul style="list-style-type: none"> <li>Investment attraction initiatives facilitated</li> <li>Agreements signed with investors</li> </ul>	Rand Value of investments facilitated	R300 million	R450 million	R500 million	R500 million
		Number of economic projects that attract investments and jobs in the EC	5	5	5	5
	Exports facilitated from the Eastern Cape	Rand value of exports facilitated	R80 million	R100 million	R120 million	R120 million
	<ul style="list-style-type: none"> <li>SMME provided with support to access exports markets</li> <li>Trade Exhibitions local and international.</li> <li>SMMEs participated in Trade Missions</li> </ul>	Number of SMMEs / local entrepreneurs provided with integrated export support:	75	80	85	85
	Entrepreneurs/SMMEs trained in various sectors	Number of people trained in new potential sectors	200	250	300	300
	People employed in various high potential sectors prioritised by Eastern Cape government	Number of jobs facilitated	600	680	750	750

## 9.5.3 Indicators, Annual and Quarterly Targets

Table 8: TII: Indicators, annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Rand Value of investments facilitated	R300 million	R50 million	R50 million	R50 million	R150 million
Rand value of exports facilitated	R80 million	R20 million	R20 million	R20 million	R20 million
Number of development projects in potential sectors secured	5	0	2	1	2
Number of SMMEs / local entrepreneurs provided with integrated export support:	75	20	15	20	20
Number of people trained in various sectors	200	50	50	50	50
Number of jobs facilitated	600	100	150	150	200

## 9.5.4 Explanation of planned performance over the medium-term period

### 9.5.4.1 EC One stop shop

The InvestSA One Stop Shop initiative is geared toward providing investors with services to fast-track projects and to reduce government red tape when establishing a business. It is part of national government's drive to become investor-friendly and to improve the business environment by lowering the cost of doing business as well as making the process easier.

The One-Stop Shop is envisaged to house government entities such as the South African Revenue Service (to help with customs and tax), Home Affairs, Environmental Affairs, Eskom and the Com-

panies and Intellectual Properties Commission under one roof. An investor can make an appointment, meet a government representative and be guided by the representative through the process of setting up a business.

The One Stop Shops simplifies administrative procedures for issuing business approvals, permits and licenses and thereby remove bottlenecks that investors may face in establishing and running businesses. One-Stop Shops have been rolled out in Tshwane in Gauteng (national office), Cape Town in the Western Cape and eThekweni in KwaZulu-Natal.

The One Stop Shop Eastern Cape will officially be launched during the financial year 2020/2021.

#### 9.5.4.2 Innovation and Fund Management

ECDC, through the Innovation sub-unit provides project support, which is early-stage support for innovative business concepts and ideas in order to advance these to commercialization stage. At commercialization stage, ECDC aims to assist with attracting and leverage third-party funding. The sub-unit provides:

- a. Support to catalytic projects that have potential to unlock economic activities, especially in economically depressed areas of the Eastern Cape
- b. Support to projects that promote local beneficiation – diversification of the manufacturing base of the Eastern Cape (Provincial Development Plan objective)
- c. Promotion of new product development that encourages import substitution
- d. Establishment and growth of a good-quality pipeline that create viable opportunities for the Development Finance and Properties Development Units, government and the provincial entrepreneurs.
- e. Increased investments in high-impact projects, promoting the diversification of the manufacturing base of the provincial economy

#### 9.5.4.3 Market access promotion and co-ordination (Trade)

ECDC undertakes a number of export (“market access”) initiatives, which include:

- a. Undertaking export readiness assessments for businesses seeking to export
- b. Providing assistance in the export process
- c. Hosting export readiness workshops and seminars
- d. Assisting firms in accessing the export and investment incentive programmes of the national Department of Trade and Industry (dti)
- e. Facilitating participation in inward and outward trade missions and exhibitions organised by ECDC and other government agencies
- f. Undertaking export market research to assist in the identification of export opportunities
- g. Exposing businesses to global markets
- h. Establishing linkages and sharing experience for regional economic development
- i. Increasing the value of trade and thus contributing to the reduction of the trade deficit.

In addition, ECDC has set up programmes to assist exporter through an “Export Help Desk” in partnership with the Nelson Mandela and Buffalo City Metros. The desk provides local firms with export advice and information, export-readiness tools and other data relating to marketing their goods and services internationally.

#### 9.5.4.4 Investment Promotion and Coordination

ECDC also actively promotes the Eastern Cape as an investment destination by partnering with other agencies in the province, packaging specific projects, working with local municipalities, identifying opportunities to leverage investment, and undertaking targeted investment missions. The mandate of ECDC’s Investment Promotion sub-unit is to facilitate foreign and local direct investment into the Eastern Cape, and to support existing investors in order to retain their provincial presence and/or encourage additional

investment into their interests in the province.

ECDC’s investment promotion efforts further provide wealth and job creation opportunities for businesses in the Eastern Cape. ECDC’s investment promotion role complements its development finance role. ECDC renders these investment promotion services on behalf of the Provincial Government in return for which it receives funding to perform these functions.

The objectives of investment promotion include the following:

- a. Retain existing businesses by provide effective after-care support.
- b. Play an active role in policy advocacy.
- c. Contribute to growing a quality pipeline for funding by ECDC.
- d. Market the province as an investment destination of choice.
- e. Co-ordinate investment promotion efforts across all provincial and municipal agencies.
- f. Facilitate skills training in key sectors and in investment promotion.

#### 9.5.4.5 Economic sector & cluster support initiatives

The Investment Promotion Unit plays an important role in supporting our shareholder in a number of ways not captured in the existing KPIs and targets. Some of them are covered, however, in internal reporting structures and individual performance contracts. Some of these support measures are:

- a. Administering programme support activities of the AIDC as an interface between the private sector and government in the automotive sector
- c. Being members of working groups and provincial committees, such as the Provincial Coastal Committee and Operation Phakisa working groups
- d. Planning and undertaking ad hoc hosting of investor meetings, missions and events.
- f. Provincial Investment Promotion Co-ordination (Office of the Premier and DEDEAT). The ECDC is mandated, through this unit, to co-ordinate investment promotion activities in the Eastern Cape across various entities, municipalities and government departments. It does this in the following ways:
  - It is a member of the Provincial International Relations project steering committee (chaired by the Office of the Premier).
  - It provides economic and trade information and data to the Office of the Premier and other agencies involved in investment promotion activities.
  - It hosts inward investment, trade and political missions from other countries.
  - It is part of the training and briefing of Ambassadors, Consulates and Economic Representatives before they are placed in South African Embassies around the world.

#### 9.5.4.6 Partnerships/ Leveraging approach

##### Partnership and leveraging approach

Outcome	Output	Output Indicator	ANNUAL TARGETS
A growing diversified and inclusive economy	<ul style="list-style-type: none"> <li>Investment attraction initiatives facilitated</li> <li>Agreements signed with investors</li> <li>Exports facilitated from the Eastern Cape</li> </ul>	Rand Value of investments facilitated	Key partnerships with the IDC, DBSA and the dti have already been established to fund key projects facilitated by the ECDC. These relationships will continue on a project by project basis. Pipeline is about R4.5bn
		Number of economic projects that attract investments and jobs in the EC	The DBSA has already agreed in principle to be a key partner with the ECDC in funding a bankable feasibility for the IOX cable, pending a due diligence Some of these projects will be funded directly by the ECDC, provided they show potential for a financial injection in the province and also creation of jobs
		Rand value of exports facilitated	This is always an immediate and direct injection into the economy once a deal has been secured. AL Mawashi is a good recent example, having spent about R160million in the past 10 months The ECDC will vigorously pursue finding buyers of commodities that can be procured from the Eastern Cape
	<ul style="list-style-type: none"> <li>SMME provided with support to access exports markets</li> <li>Trade Exhibitions local and international.</li> <li>SMMEs participated in Trade Missions</li> </ul>	Number of SMMEs / local entrepreneurs provided with integrated export support:	The ECDC has been successful in leveraging R4.5million from the dti incentive to attend international expos and trade missions. A large number of local SMMEs have seen opportunities come their way during these missions. The ECDC will strengthen its relationship with the dti to leverage more funding.
	Entrepreneurs/SMMEs trained in various sectors	Number of people trained in new potential sectors	Technical Advice and funding for the trainers still comes from the dti, with the ECDC providing logistical support. At the end, our local SMMEs benefit from the skills and knowledge
	People employed in various high potential sectors prioritised by Eastern Cape government	Number of jobs facilitated	Creation of jobs is a direct outcome of securing the much needed investments and trade.
	Investment and Trade Missions facilitated	At least 20 Trade and Investment Missions facilitated annually	Investment Missions over the past 2 years have yielded about R4.5bn worth of projects in the ECDC pipeline. Mission are also used to present the province, its potential investment opportunities and generally
Revitalisation of the Industrial Parks	Revitalised Industrial Parks that will have incentives to attract investors	The ECDC has been able to attract about R200million from the dti to implement different construction phases of different parks. The ECDC will seek to maintain a good relationship with the dti in order to access more funding for the 5 Industrial Parks in the province	
Unleashing the economic value of the creative industry	Market access opportunities for the Creative Industry	<ul style="list-style-type: none"> <li>Providing market access through trade missions and Nahoan Craft Shop</li> <li>Quality and Standards Training to Crafters</li> <li>Skills Enhancement to Crafters</li> </ul>	ECDC has leveraged about R3.9million from the Department of Small Business in the past 2 years. Large sums of monies are generated for local crafters by their attendance and selling of their products in these local events ECDC shall maintain this relationship with the Department because it is critical to crafters

Table 9: Partnership and leveraging approach (continued)

Outcome	Output	Output Indicator	ANNUAL TARGETS
	Eastern Cape as a destination for international Film Production	Eastern Cape province's locations hosting international films	The ECDC was able to leverage R89million worth of films into the province since September 2018. Most of these are secured through network during the film festivals. Attending these festivals has proved valuable for the ECDC efforts in promoting the province's locations, this shall continue into the future. The ECDC will also pursue an investor(s) for Film Studios in order to further attract more of the dti incentives, similar to the Western Cape province.
	Implementation of projects of the Oceans Economy Masterplan	Mobilising funding from investors for projects identified under each stream within the Masterplan	The Masterplan is forecasted to require R10.4bn of project funds in the next 5 years to implement a number of projects that have been mapped out already. The ECDC has been approached by the NMMU to assist the process of mobilising investors The ECDC will assist the process of developing a Bid Book (Investment Booklet) that articulates the project. The ECDC will also be directly involved in packaging projects that will be added to the Bid Book on an ongoing basis
	Implementing the Automotive Masterplan Vision 2035	<ul style="list-style-type: none"> <li>• Localisation, which is targeted to reduce the % of imported parts</li> <li>• Increase the volumes of vehicles produced locally</li> <li>• Empowerment</li> </ul>	The Masterplan implementation calls for the capacitation of the AIDC to act as interface between Provincial Government and Private Sector. Implementation requires about R32million from DEDEA in order to attract more investors across the value chain of assembly and manufacturing of a vehicle

## 9.6 Programme 4: Properties and Strategic Projects

### 9.6.1 ECDC Property Management Strategy

The strategy revolves around active ECDC property management and enhancement strategy and implement proactive initiatives to enhance the properties and improve their operational performance, so as to maximize:

#### a. Asset Management

- Maximise Internal Rate of Return (Asset Value vs PBIT generated)
- Investigate best use strategies of developing vacant land and property by partnering with government and private institutions;
- Increase asset value by planned maintenance, best use strategies (e.g. zoning etc.), ensuring asset compliance to regulatory requirements and balanced environmental
- Maintain a strong balance sheet,
- Secure diversified funding sources by accessing both financial and governmental institutions;
- Dispose of non-strategic and non-beneficial assets.

#### b. Leasehold Management

- Optimise rental income by reducing vacancy rates, maximizing rates charged per m<sup>2</sup>, streamlined internal collection processes, outsourcing of debt collection recoveries, strict eviction protocols, strict tenant verification, and recoveries of utilities

#### c. Facilities Management

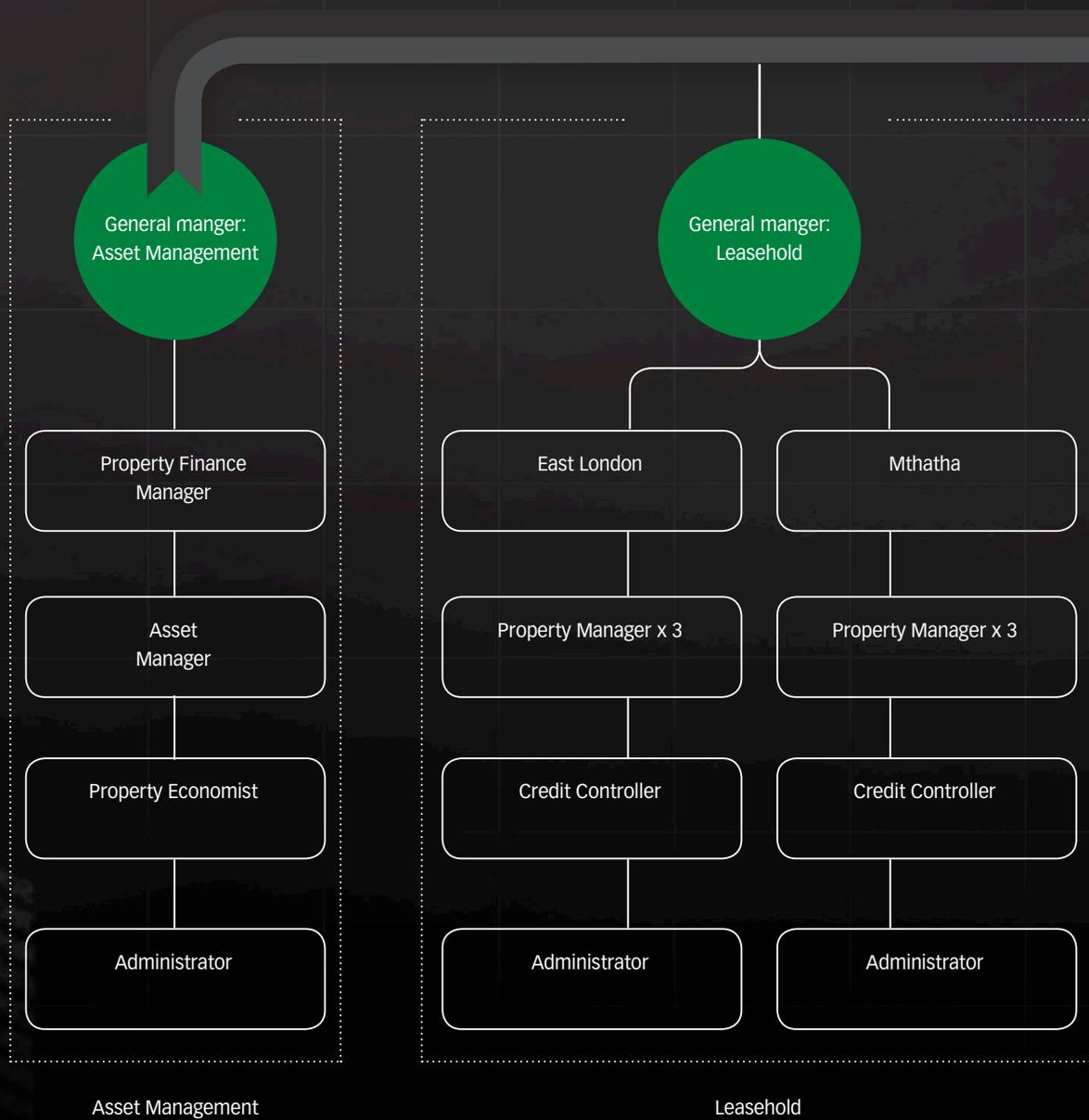
- Minimize operational costs by ensuring value for money, cost efficiency, elimination of wastage and implementing maintenance plans, security, cleaning, unplanned maintenance

#### d. Project Management

- Optimise return on Project Management services generated from:
- Implementing ECDC property asset management strategies; and
- External Infrastructure Development implementations ;

9.6.2 Business Unit Structure (Organogram)

Figure 8: Properties Structure





Facilities Management

Project Management

### 9.6.3 Explanation of planned performance over the medium-term period

ECDC's Property Portfolio has a calculated worth of R1.5 billion as at end of March 2018. The Portfolio comprises of industrial, light industrial, residential, small micro medium enterprise, commercial, retail, leisure and vacant land.

### 9.6.4 Outcome, Outputs, Performance Indicators & Targets

Table 10: Properties: Outcomes, outputs, PIs and targets

Outcome	Output	Output Indicator	ANNUAL TARGETS			
			2020/21	2021/22	2022/23	2023/24
A growing diversified and inclusive economy	Optimise cash return on Property Rental Portfolio	Cash Collections/ Billings	65%	68%	70%	70%
	Efficient and Effective use of resources (Operating ratio)	Total gross operating expenditure / Rental billings	90%	80%	70%	70%
	Optimal use of asset	Percentage of planned maintenance projects completed	Maintenance Plan	80% of planned projects	80% of planned projects	80% of planned projects
		Major property Development projects implemented		1	2	2
	Efficient use of project management resources	Project Management Fees		80% of budgeted project management fees	80% of budgeted project management fees	80% of budgeted project management fees

### 9.6.5 Indicators, Annual and Quarterly Targets

Table 11: Properties: Indicators, Annual and Quarterly targets

Output Indicators	Annual Target 2020/21	Q1	Q2	Q3	Q4
Cash Collections/Billings	65%	65%	65%	65%	65%
Total gross operating expenditure / Rental billings	90%	90%	90%	90%	90%
Percentage of planned maintenance projects completed	Maintenance Plan	n/a	n/a	n/a	Maintenance Plan
Major property Development projects implemented	1	0	0	0	1
Project Management Fees	80% of budgeted project management fees	80% fees	80% fees	80% fees	80% fees



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## 10. Human capital plan

ECDC has embraced the principle that its organisational goals and human resource needs are mutual, compatible and strongly inter-dependent. In order for the Corporation to remain a successful organisation in the years to come and deliver on its strategy it has asked itself three critical questions:

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- a. What kinds of people do we need to manage and run ECDC's business to meet our strategic objectives?
- b. What people programmes and initiatives must be designed and implemented to attract, develop and retain staff to compete effectively?
- c. How can we improve the working life of those in the ECDC?

These questions are underpinned by the following:

- Culture - where culture refers to our company beliefs, values and management style.
- Organisation - refers to the company structure, job roles and reporting lines.
- People - refers to our skill levels, staff potential and management capability.
- Human Resource Systems - refers to the people focused mechanisms which deliver the strategy (incl. employee selection, training, rewards, career development, employee wellness, automation of services and communication).

The purpose of the Human Capital function is to provide integrated human capital solutions to ECDC with a passion for quality and customer service excellence. In order for ECDC to deliver on its strategy, as well as provide superior service to customers, it is critical to transform human resources (people) into more productive assets, and to plan and match people to the Corporation's strategic needs. ECDC aims to prioritize investment in human capital and to build a differential people strategy based on its core business areas and transversal services.

### 10.1 Human capital focus areas and priorities

Our human resources are the pulse of our business. The HR unit has numerous policies that are approved by the Board and is reviewed annually. These policies include material terms and conditions, performance management and development, recruitment and selection, confidentiality and intellectual property, employment equity, harassment, integrated wellness, grievance management, termination of employment, misconduct and incapacity code and procedures, education, training and development, remuneration, job evaluation, code of ethics, occupational health and safety, travel and subsistence and local and foreign travel. ECDC will therefore develop and translate the following human resources focus areas in order to ensure it has the kinds of people and people programmes it needs to implement its plans and objectives:

#### a) Employee Resourcing and Human Resources Administration

ECDC shall ensure effective attraction, retention and engagement of staff with expertise, experience and skills that we need, within a framework that ensures equity and diversity. Recruitment and selection of staff is a responsibility which is devolved to line managers in the business units with the assistance HR personnel. Line Managers have prime responsibility for the management of staff and for creating an environment within which staff are aligned, capable and engaged such that they make an effective contribution to the organisation's strategies.

**b) Learning and Development**

The organisation seeks to create an environment in which all employees are recognised as well qualified, professionally engaged and committed to high quality and standards. It is critical for both individuals and the organisation, that all members of staff are engaged effectively and supported in carrying out their functions

**c) Performance Management**

Performance management seeks to ensure the achievement of ECDC's strategic goals by managing skills, competencies, commitment of employees, recognizing good performance and managing poor performance effectively. It is a planned process of directing, developing, supporting, aligning and improving individual and team performance in enabling the sustained achievement of organisational objectives.

**d) Employee Wellness**

ECDC has well-established Health and Safety and Occupational Health services, and the general physical working environment is regarded as good. Occupational Health support is provided by promoting opportunities, guidance that enable employees to engage in effective management of their own physical, mental, spiritual, financial and social wellbeing.

**e) Employee Relations**

ECDC strives to create an environment in which our employees feel valued and support the organisation's values, strategies and priorities. The relationship with trade union in the organisation is managed by Human Resources Department through open communication forums which allow for internal issues to be effectively dealt with. Success in a competitive industry cannot be achieved without motivated, committed and unified workforce that is focused on achieving common objectives.

**f) Organisational Development**

The organisation seeks to improve an organisational effectiveness and efficiency by utilising diagnostic data, designing and implementing appropriate organisational development solutions and interventions to measurable enable the organisation to optimise its strategy.

**g) Human resource systems development**

In order to ensure that policy, process and procedures are observed and implemented efficiently, these will be migrated toward automation and the use of technology to ensure there are seamless and quick responses to everyday human resource products and services. This will be fully implemented in the financial year.

**10.2 Key Human Capital initiatives**

The Human Capital team has aligned its focus with the realities of ECDC's operating environment. A number of key initiatives are being implemented. These include:

- Updating organisational structure of core units and thereafter investing in Human Capital in line with new impetus of the ECDC.

- Enhance nurturing of skills focusing internally and external through progressive policies on human capital management.
- Consolidate the performance management system and culture.
- Develop leadership systems and culture.
- Implementation of the HR standards in terms of the SABPP, including the HR audit.
- Reduction of the wage bill.

**10.3 Employment equity strategy**

The ECDC Employment Equity programme is a long term strategy with short and long term objectives to which reasonable and justifiable resources will be allocated. The approach to the equity programme will be guided by the provisions of Employment Equity Act and will include a process of consultation. The equity programme will draw on the information from our Skills Development programmes where appropriate in order to ensure that our Employment Equity targets and goals are achieved. The key intent of employment equity within ECDC is to ensure that there is equitable consideration of all groupings within the population, taking into account the demographic character of the Eastern Cape. A comparison of ECDC's employment equity components is performed on a regular basis. The ECDC uses the National equity statistics to align its performance in the organisation.

**10.4 Relook at the structure to align to strategy**

ECDC reviewed the structure in line with the revised Corporate Plan that refocuses the Properties Unit towards property development, property investment and facilities management. The same has been done for the TII Unit. The approved organisational structure in line with the revised Corporate Plan of the Corporation has been implemented.

For the Corporation to deliver on the Corporate Plan, the strategy and the structure is woven together seamlessly. The Corporation has reviewed the structure to ensure that there are no task overlaps that create confusion, inefficiencies and lack of accountability, especially when it comes to laying a strong foundation for long-term productivity. ECDC's structure was reviewed to improve efficiency, promote teamwork, create synergy and reduce costs. The process involved studying the competition, consumer trends and culture, and identifying the strengths and weaknesses of its competition, the buying habits of consumers and economic capabilities. Based on the Corporate Plan, ECDC aligned its structure in a way to best achieve this plan.

## 11. Corporate public relations, communication and marketing

ECDC's approach to marketing, public relations and corporate communication has been developed to serve the Corporation and its key stakeholders and clients. As such, information is acknowledged as a key resource, and the way information is communicated shapes perceptions and attitudes about ECDC internally and externally. Perceptions and attitudes are also broadly affected by ECDC's service levels, as well as any associated variances with customer and stakeholder expectations.

ECDC constantly is in touch via various social and media platforms and researches and seeks to understand the provincial market and its perceptions, as well as how its service model meets the needs of beneficiaries and how it compares with local comparable benchmarks. On the basis of findings obtained so far, ECDC is engaging in continual enhancement of its strategic positioning, as well as the ancillary marketing and communication approach. In addition to this, ECDC has prioritised customer service through its business Units as an imperative to close the gaps identified with respect to the products and services ECDC delivers. The organisational approach also recognises that the ECDC brand is a collective of various components that include people, service and market, as well as other environmental aspects. The organisational strategy should ensure that all parties are on board toward building the organisational brand. There is also a need for a consistent presentation of the corporate brand and identity, which is a core component of building the ECDC brand. Therefore, there is a need to ensure complete alignment of all resources, processes and strategic initiatives so that all levels of staff within ECDC are empowered to build its brand through their various interventions and work efforts.

### Objectives

The following communication and marketing objectives have been formulated to contribute to effectively marketing the services of ECDC by promoting its strategic goals and objectives, both internally and externally. The communication and marketing objectives are to:

- a. Manage and build sound stakeholder relations (internally and externally).
- b. Continue building a strong ECDC brand.
- c. Establish a sound customer service model.
- d. Improve effective communication.
- e. Promote the business of ECDC through:
  - Driving marketing of products and services.
  - Researching target market needs.
  - Ensuring continued visibility of the ECDC.

Effective stakeholder engagement is of strategic importance to ECDC. The organisational communication function identifies and prioritises activities that will effectively and efficiently communicate ECDC's messages, as well as provide a platform for regular interactions and engagements with its key stakeholders. ECDC will also utilise appropriate marketing and communication principles to meet the needs of the different stakeholders that engage with it.

## 12. Information and communication technology plan

The Information and Communication Technology (ICT) unit is continually focusing on ensuring that suitable technological investments are acquired, developed and managed. The ICT team will ensure that its contribution to ECDC's strategic goals and objectives is visible and relevant. It works to bring about a shift from a "transactional support focus" to that of being "information optimisers", able to enhance collaboration, creating systemic integration and unlocking the potential value of ICT investments.

### 12.1 ICT pillars

**a. Assist ECDC to improve returns on investment:** the ICT unit will identify, develop and manage systems that assist business units to improve the long-term financial sustainability of ECDC. Therefore, the focus will be to prioritise IT initiatives based on corporate needs that improve current applications, thereby enhancing the effectiveness and efficiency of business operations, providing management with timely and accurate financial information to make informed decisions and identifying products and

services that do not provide adequate return on investment for ECDC.

**b. Improve ECDC relationships with current and future customers;** the ICT unit will assist the organisation to identify, implement and support applications which improve business processes that interact with customers. Furthermore IT systems will provide management with accurate and relevant customer information for business to perform customer profiling and match customers with ECDC products and services.

**c. Improve ECDC internal processes:** currently, the IT processes are relatively mature and formalised. The services desk established within ECDC will focus on delivering IT services in line with business requirements, with the aim of maintaining an effective IT governance environment to manage IT-related business risk.

**d. Assist ECDC to create a high performance culture:** the continuous improvement of employee skills is a key strategic focus area for the next three to five years. ECDC understands that adequate training programs (internal and external) are required to ensure that the employee skills improve throughout the organisation. Furthermore, it is required that business units share learnings and information with each other. By leveraging on information technology as provided by the ICT unit, ECDC can improve on communications between units, effectively rolling -out internal training programs and utilising knowledge repositories.

### 12.2 ICT principles

Table 12: ICT Principles

Principle	Definition
Principle 1:	Business and ICT work to become integrated business partners. Dedication to a constructive, collaborative and team oriented environment, sharing knowledge and building effective partnerships with key stakeholders.
Principle 2:	Encourage creative and critical thinking in the development of technology services and solutions to provide excellent service by being consistent, agile, reliable, and accessible to all.
Principle 3:	While ECDC does not intend to lead in new technology platforms and solutions that may not be applicable to the ECDC but where required investment will be made in tried and tested best of breed solutions.
Principle 4:	The ICT unit will work towards operational excellence through ongoing team development and constantly raising standards of service to internal customers

### 12.3 Key ICT focus areas for 2020/21

- a. ICT Governance:** ensure integrity, confidentiality and availability of information for ECDC; maintain governance of IT that mitigates risk, manages investment and ensures compliance; improve core business systems and processes; Deliver accurate, timely and relevant information that supports business operations and facilitates tactical and strategic decision making.
- b. Embrace, examine and explore Time to Value Digital Business solutions to streamline processes and optimise business functions:** ensure that excellent information, technology and communication services are consistently delivered to derive business value e.g. Adopt Cloud Platform enabled services to empower Standardisation and Scale for Service that offers customer centric delivery models
- c. Meet changing innovation demands in the Digital landscape:** provide a high level of service delivery and continuous improvement of data management that provides economic value. Ensure we nurture a digital culture of ICT staff members that are highly skilled and empowered in ICT to support changing demands of a rapid digital revolution.
- d. Improve ICT Infrastructure:** develop, implement and review ICT architecture that identifies the ongoing future technology needs for ECDC to ensure that ICT Infrastructure can quickly adapt to meet the agile business needs of applications and data, as well as improve performance whilst avoiding escalating costs.
- e. Cyber Security:** manage the pace of all ICT Cyber Risks and implement necessary processes to ensure that resilient, flexible, scalable infrastructure and operations are in place to respond swiftly to attacks and deliver user-focused services.
- f. ICT Continuity:** ensure that Disaster Recovery plans are aligned to the overall business continuity plans and reviewed regularly to meet timely business resumption.



# SEC-E

## BUDGETS

### 13. Programme Resource Considerations

Table 13: Budget for 2020/21

## Annexure A – ECDC budget details

	Properties	Loans	Invaba	Jobs Fund
2	<b>OPERATING CASH INFLOW</b>			
3	Collections from tenants and Holiday Inn	96 880 000	0	0
4	Bad debt recovered / other recoveries	0	921 090	0
5	Government subsidy	0	0	24 130 000
6	Admin fee income	97 792	959 142	0
7	Interest income and Investment income	0	7 600 000	0
7	Project management fee income	0	0	0
	<b>TOTAL OPERATING CASH INFLOW</b>	<b>96 977 792</b>	<b>9 480 232</b>	<b>24 130 000</b>
8	Administration expenses	9 926 846	915 108	0
9	Rates & Taxes	29 507 974	0	0
10	Water & Electricity	18 201 016	0	0
11	Security Services	6 387 474	0	0
12	Repairs & Maintenance	3 686 080	0	0
13	Salaries & Employee benefits	16 620 206	23 455 571	1 747 658
14	VAT on government subsidy	0	0	0
15	Projects expenditure			13 000 000
16	Other Expenses	2 108 031	3 093 586	0
	<b>TOTAL OPERATING CASH OUTFLOW</b>	<b>86 437 628</b>	<b>27 464 265</b>	<b>14 747 658</b>
	<b>OPERATING CASH SURPLUS / (DEFICIT)</b>	<b>10 540 165</b>	<b>-17 984 033</b>	<b>9 382 342</b>

Business Support	TII	SPU	Head office admin	Shared Support Services	Budget 2020/21
0	0	0	0	0	96 880 000
0	0	0	0	0	921 090
52 876 000	77 222 000	0	0	0	171 629 000
0	0	0	0	0	1 056 934
0	0	0	0	10 901 341	18 501 341
0	0	5 131 336	0	0	5 131 336
52 876 000	77 222 000	5 131 336	0	10 901 341	294 119 702
0	0	265 424	13 470 856	14 218 116	38 796 350
0	0	0	0	0	29 507 974
0	0	0	0	217 200	18 418 216
0	0	0	0	22 500	6 409 974
0	0	0	191 869	1 013 440	4 891 390
8 835 149	18 164 603	3 567 031	3 462 263	46 578 080	123 530 394
6 662 087	10 072 435	0	0	0	16 734 522
17 000 000	20 000 000	0	0	0	59 000 000
0	0	1 250	75 000	8 713 664	13 991 530
32 497 236	48 237 038	3 833 705	17 199 989	70 763 001	311 280 351
20 378 764	28 984 962	1 297 631	-17 199 989	-59 861 659	-17 160 649

## Annexure A – ECDC budget details

		Properties	Loans	Invaba	Jobs Fund
	<b>CAPITAL CASH INFLOW</b>				
17	Disposal proceeds	7 500 000	0	0	0
18	Government subsidy	0	0	0	0
19	Collections from Loan clients	0	50 000 000	0	0
20	Collections from other rec	0	0	0	0
21	AIDC	0	0	0	0
		7 500 000	50 000 000	0	0
	<b>CAPITAL CASH OUTFLOW</b>				
22	Loan disbursements	0	50 000 000	0	0
23	Asset purchases - IT	0	0	0	0
24	Asset purchases - Moveable Assets	0	0	0	0
25	Property renovation	0	0	0	0
26	Property renovation - Holiday inn	0	0	0	0
27	Accruals	0	0	0	0
28	Economic infrastructure	0	0	0	0
29	External project funds	0	0	0	0
30	Expenditure on behalf of subsidiaries	0	0	0	0
31	AIDC	0	0	0	0
		0	50 000 000	0	0
32	<b>CAPITAL CASH SURPLUS / (DEFICIT)</b>	7 500 000	0	0	0
33	<b>ECDC CASH SURPLUS / (DEFICIT)</b>	18 040 165	-17 984 033	9 382 342	7 301 168

Business Support	TII	SPU	Head office admin	Shared Support Services	Budget 2020/21
0	0	0	0	0	7 500 000
0	4 000 000	7 343 000	0	0	11 343 000
0	0	0	0	0	50 000 000
0	0	3 107 000	0	10 043 951	13 150 951
0	23 619 000	0	0	0	23 619 000
0	27 619 000	10 450 000	0	10 043 951	105 612 951
0	0	0	0	0	50 000 000
0	0	0	6 680 000	0	6 680 000
0	0	0	550 000	0	550 000
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	36 038 000	0	0	36 038 000
0	16 935 000	4 000 000	0	15 873 000	36 808 000
0	0	0	0	232 684	232 684
0	23 619 000	0	0	0	23 619 000
0	40 554 000	40 038 000	7 230 000	16 105 684	153 927 684
0	-12 935 000	-29 588 000	-7 230 000	-6 061 733	-48 314 733
20 378 764	16 049 962	-28 290 369	-24 429 989	-65 923 392	-65 475 382
				Projected closing Bank balance (31Mar2020)	85 653 836
				Closing Bank Balance (31Mar2021)	20 178 454

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# SEC.F

RISK  
MANAGEMENT



## 14. Key Risks

Table 14: High level table of Risks

Outcome	Key Risks	Risk Mitigation
Competitive and sustainable SMME sector that contributes to employment creation	Lack of access to markets domestic and global markets	Support and advocate for localisation and proudly South African initiatives
	SMME sector that is heavily reliant on government for business	Facilitate access to new markets for SMMEs nationally, regionally and globally
	Poor research and business intelligence capabilities	Partner with the four University to conduct research on behalf of the corporation.
	Low labour absorption rates despite growing SMME sector	Prioritise businesses support to SMMEs that absorb more labour unit per rand value loaned
	Lack of funds to support enterprise development	Partner with LED Unit of Municipalities to support enterprise development in a more structured and sustainable way
A growing diversified and inclusive economy	Lack of skills required by the high potential PEDS sectors	Collaborate with sector organisations and Universities (provincially and nationally) while building internal skills in the high potential sectors.
	Poor integration and coordination between stakeholders with similar mandates	Lead initiative to coordinate the economic cluster stakeholders to improve collaboration and integration of economic initiatives
	Investors prefer other provinces as investment destinations	Strengthen relationship with DTIC to access incentive grants and support related to improving investment destination.
	Social instability in areas identified for major investments	Collaborate with relevant stakeholders at community, local and provincial level, to facilitate resolution of issues causing social distress.
	Increasing levels of electricity outages due to load shedding and poor energy infrastructure	Attract investment in alternative sources of energy in the province
A sustainable ECDC that offers competitive product and services	Failure to achieve financial sustainability	Raise Management fee from facilitation of project packaging of economic development initiatives in the province. Take on development agency support to the Provincial Government and Metros.
	Inadequate and/or ineffective governance over property disposal strategy	Engage an experienced government agency or private sector company to manage the disposal of non-core assets (properties) in line with the disposal strategy
	Inadequate Human Capital	Make use of sector specialists from the market and universities, while building internal capacity.
	Inadequate and non-integrated Information technology systems	Conduct an organisation-wide assessment of IT needs and deploy a comprehensive ERP system in line with ECDC requirements

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# SEC.G

TECHNICAL DESCRIPTION  
INDICATOR SUMMARY (TID)



Table 15: High level technical indicator descriptions summary

<b>Outcome</b>	<b>Key performance indicator</b>	<b>Responsible Unit</b>
Competitive and sustainable SMME Sector	Number of SMMEs received development finance	DF&BS
	Number of SMMEs assisted with non-financial support services	DF&BS
	Number of Co-operatives supported with finance	DF&BS
	Rand value Investment facilitated	TII
	Rand value of exports facilitated	TII
	Number of economic projects facilitated	TII
A growing diversified and inclusive economy	Number of SMMEs and/or local entrepreneurs provided with integrated export support	TII
	Number of people trained (sector development and strategic initiative)	TII
	Number of jobs facilitated (inclusive of youth)	TII and DF&BS
	Number of jobs saved through the intervention of the Jobs Fund	Jobs Fund
A sustainable ECDC that offers competitive product and services	Cash collections/ billings	Properties
	Total gross operating expenditure/ rental billings	Properties
	Cost-to-income ratio (excluding impairment)	Corporate
	Audit outcomes	Corporate

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Tourism  
Business Development  
Forestry

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+ Construction  
Tourism  
Business Development  
Forestry  
Arts and Culture  
Science  
Technology  
Renewable Energy  
Fisheries

# SEC.H

AIDC  
TARGETS

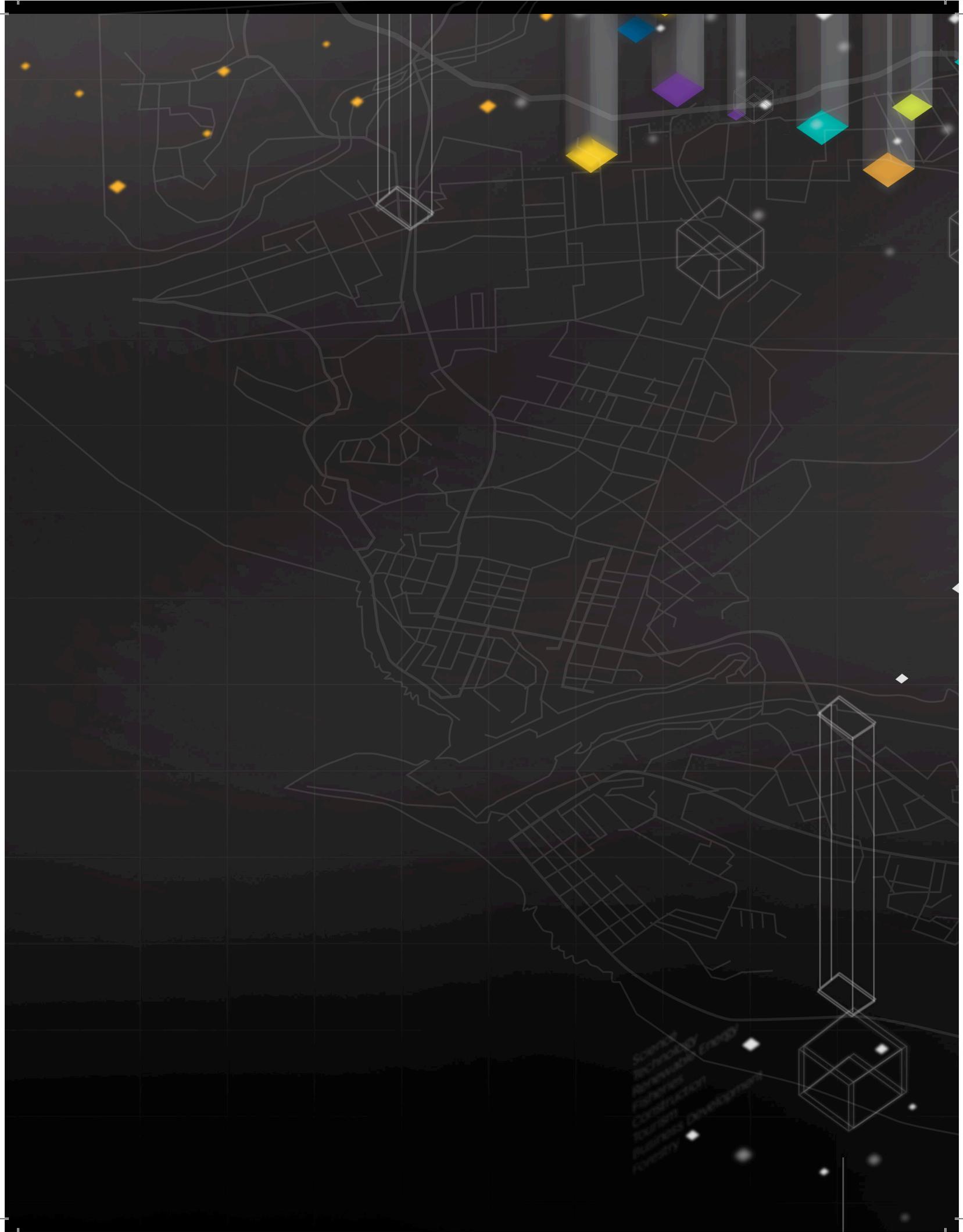


Table 16: AIDC outputs for 2020-21

## Strategic Objective 1: ALIGNMENT TO THE AUTOMOTIVE MASTER PLAN 2035

Key Performance Area	Outputs	Baseline	Key Performance Indicator
Transformation of the automotive industry	Automotive companies provided with BBBEE compliance services through development of a BBBEE Plan	20	1.1.1 Number of BBBEE plan developed for automotive supplier companies
Increase in value of local content and identification of new imported parts	Rand value spent in locally manufactured products and services	R25billion	2.1 Rand value Increase in local content of potential suppliers provided with opportunities through the AIDC hosted Supermarket for possible local production
	Potential products identified within the automotive sector	62	2.2 Number of new imported products identified for localisation (Black Supplier Development)
Employment created in the automotive sector	Jobs created and sustained in the Eastern Cape Automotive Industry	51 948	3.1 Number of jobs sustained through world class manufacturing cost improvements at contracted suppliers
Total Vehicles produced in the Eastern Cape	Increase in number of vehicles produced in the Eastern Cape	282 141	4.1 Increase in number of vehicles produced in the Eastern Cape
Establish a Smart Industrial Academy	Smart Academy Established	0	5.1 R95 million investment secured
		0	5.2 Secure a lease with the Mandela Bay Development Agency
		0	5.3 Construction of the Smart Industrial Academy
Establish an Automotive and Manufacturing Incubator	Incubator established	37 million	6.1 R74 million investment secured
		0	6.2 Secure a lease with the East London IDZ
		0	6.3 Construction of the automotive manufacturing Incubator

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4		
	Target	Target	Target	Target	Year 2021-22	Year 2022-23
38	4	4	5	5	56	74
R26 billion	0	R500million	0	R500million	R27 Billion	R 28 Billion
80	4	4	5	5	100	120
53 577	407	407	407	407	55,201	56,825
296 493	3 588	3 588	3 588	3 588	310,845	325,197
R95 Million	0	0	0	R95 million	0	0
Secure lease with MBDA	Secure lease with MBDA	0	0	0	0	0
0	0	0	0	0	Start construction of the Smart Industrial Academy	Finalise construction of the SMART Industrial Academy
R74 million	R 37 million	0	0	0	0	0
Secure a lease with East London IDZ	Secure a lease with East London IDZ	0	0	0	0	0
Construction of the automotive manufacturing incubator	0	0	0	0	Start construction of Incubator	Finalise construction of the automotive manufacturing Incubator

## Strategic Objective 2: OPTIMISE INTERNAL RESOURCES TO MAXIMISE EFFICIENCY AND ATTAIN SUSTAINABILITY

Key Performance Area	Outputs	Baseline		Key Performance Indicator
Cost optimisation	A mature control framework through embedded risk management, improved business processes and zero tolerance of fraud and corruption.	55%	CFO	2.1.1 Reduction of internal control deficiencies reported in previous external and internal audit reports
Efficient optimisation of internal resources	Suppliers paid in line with statutory requirements	30 days	Finance Department	2.1.2 Turnaround for payment of invoices
	Increase in spend of public funds to promote SMME's	30%	Procurement Department	2.1.3% local SMME's contracted to supply
	Effective and efficient management of finances including compliance with relevant legislative requirements	Unqualified audit report without other findings	CFO	2.1.4 Audit opinion
	Capable workforce	70%	Human Resources	2.2.1% of AIDC Workplace Skills Plan (WSP) implemented.
	<b>High performance culture</b>	100%		
	Deliver on strategic objective of the organisation	80%		2.2.3 % of critical positions filled and retained
ICT Strategy Implementation Plan	Process of automation of internal process	0	ICT Department	2.3.1 Implementation of an ERP system
Brand Positioning	Brand awareness of the organisation to position the AIDC as a preferred partner	2	Marketing Department	2.4.1 Number of branding and corporate events held during the financial year

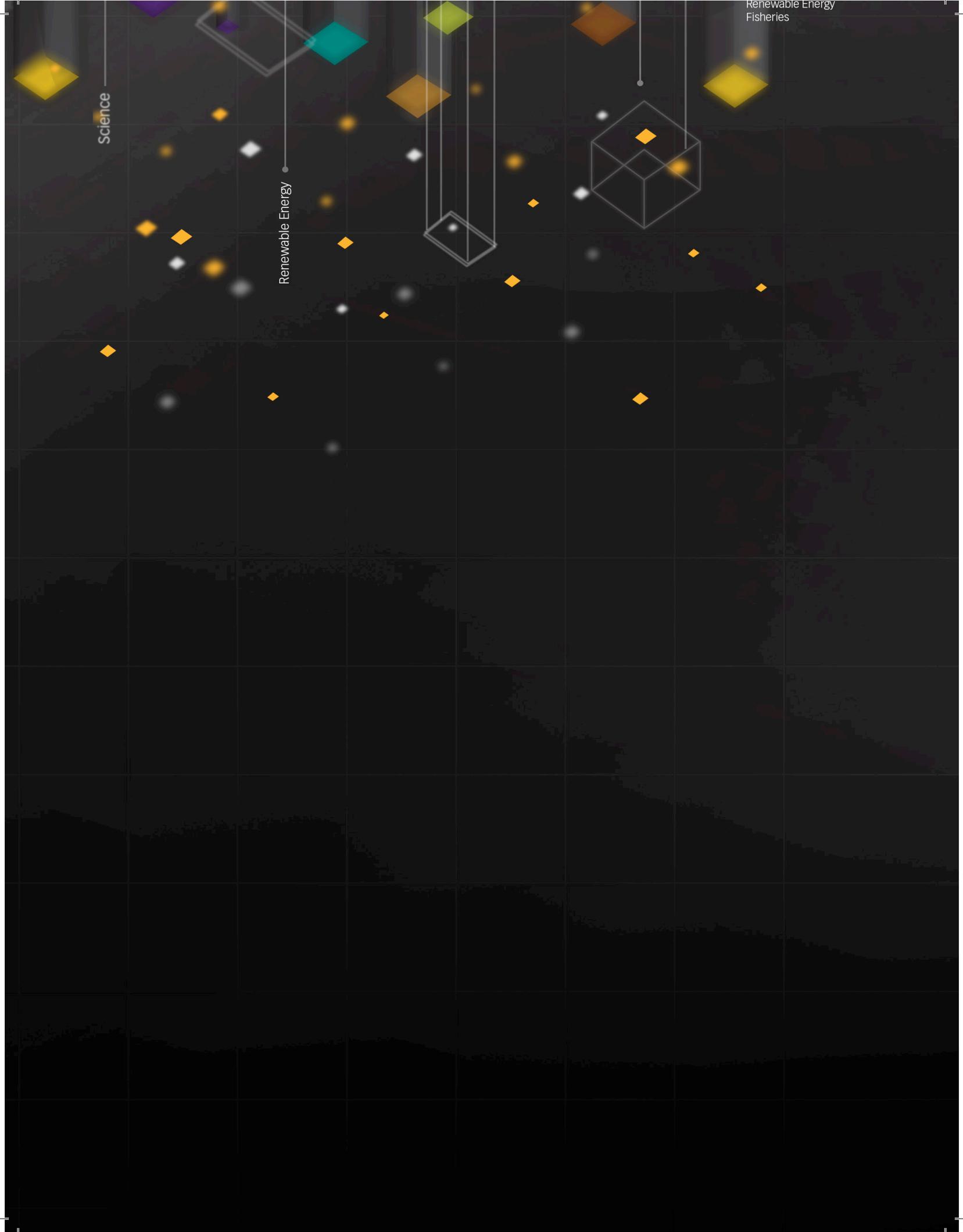
Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year 2021-22	Year 2022-23
	Target	Target	Target	Target		
100%	N/A	0%	N/A	100%	100%	100
30 days	30 days	30 days	30 days	30 days	30 days	30 days
30%	30%	30%	30%	30%	30%	30%
Unqualified audit opinion without other findings		Unqualified audit opinion without other findings			Unqualified audit opinion without other findings	Unqualified audit opinion without other findings
70%	10%	25%	25%	20%	80%	80%
100%	100%	100%	100%	100%	100%	100%
80%	80%	80%	80%	80%	80%	80%
80%	0%	20%	40%	80%	100%	100%
4	1	1	1	1	4	4

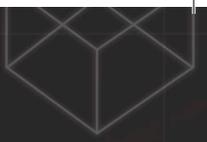




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