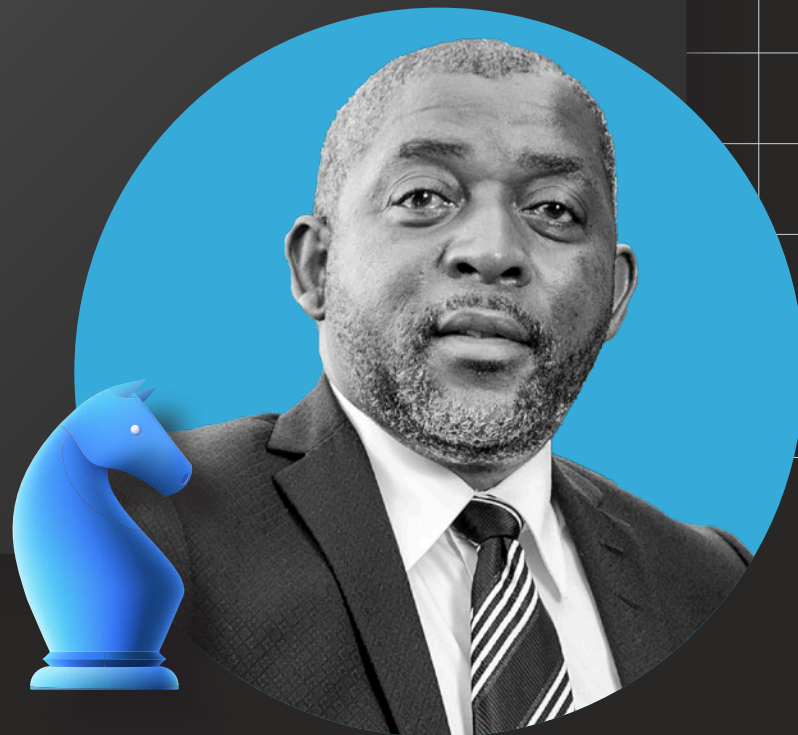


LIST OF ACRONYMS

AIDC	Automotive Industry Development Centre
APTCOD	Accelerated Professional and Trade Competency Development
B-BBEE	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
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

Statement by the Chair of the Board



We present the annual Corporate Plan of the Eastern Cape Development Corporation (ECDC) for the year ending in March 2024. The Corporate Plan is an annual social contract with the corporation's shareholders and stakeholders. The 2023/2024 financial year is the second year of the ECDC Reimagined Strategy 2021 to renew the ECDC.

Through the renewal strategy, the Board seeks to build an ECDC that is fit for purpose and has deep capabilities to tackle the Eastern Cape's stubborn challenges, such as rising unemployment, endemic poverty, and widening inequality gap.

A capable and fit-for-purpose ECDC must have an expanded footprint built around a mixed-channel model of internal staff and capable partners. It should also have superior skills in critical areas of the economy that are resourced through a dual human resources acquisition strategy comprising an on-payroll and off-payroll independent associate model. It must attract third-party capital flows to on-lend to its market. It must support local government and provide finance and technical support to micro, small and medium enterprises (MSMEs) in the province while attracting investments and promoting the province as an investment destination of choice.

Lastly, the ECDC must generate a return on investment from its assets and capabilities. This will give other capital providers the confidence that the ECDC is the right investment vehicle and intermediary through which they can invest in the Eastern Cape's economy.

None of this can be achieved without capable staff, an enabling environment, and organisational culture that rescues people from the clutches of poverty and unemployment through entrepreneurship and attracting investments that create jobs.

The annual Corporate Plan presents what can be achieved within the constraints of available resources. The Board believes the economic impact will be greater with more resources invested in the ECDC's capabilities and programmes. Underpinning our work is a commitment to developing the economy of the Eastern Cape and creating opportunities for entrepreneurs to grow and thrive, attracting investment to the Eastern Cape and creating jobs, and breaking the cycle of poverty and unemployment.

We present the annual plan at a time when most of the ECDC properties are under illegal occupation or with former tenants who fail to honour their lease commitments. As a Board, we have adopted a dual-pronged strategy to regain control of our properties and bring back the culture of payment. The strategy entails a legal approach through the courts to pursue evictions, dialogue with invaders and illegal occupants, and defaulting former tenants still occupying our properties. We appeal to all parties illegally occupying the properties that are meant to be trading spaces for SMEs or residential property from which the ECDC must derive revenues to reinvest in new facilities for youth businesses and other start-ups and to meaningfully engage with the ECDC to return the properties or to pay rent to the ECDC.

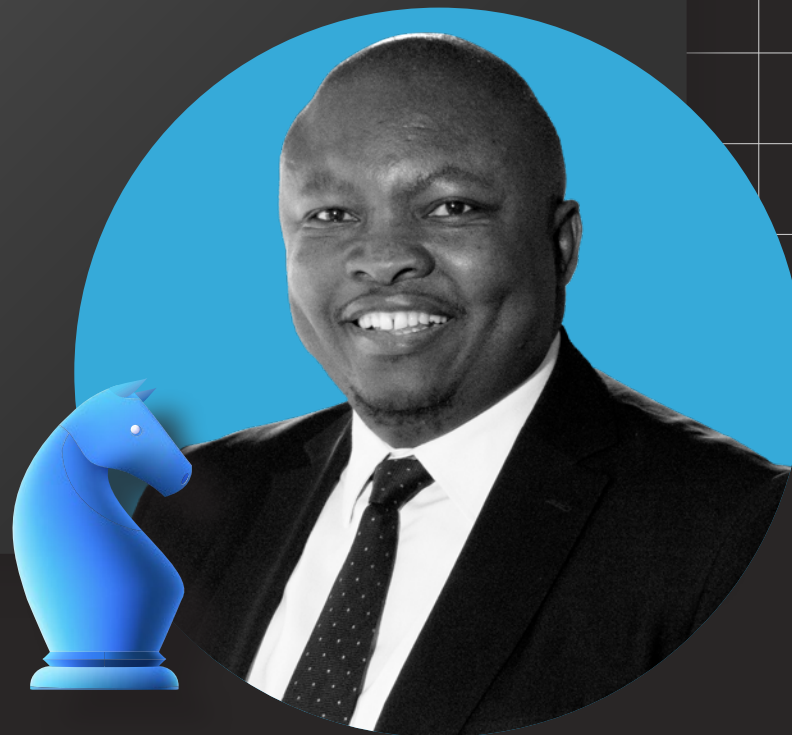
With the requisite financial resources, the ECDC can slow youth unemployment experienced by the province. As citizens, we need a new consciousness that ensures we do not stand in the way of progress to fight poverty, unemployment, and inequality, particularly among the youth.

We sincerely thank the ECDC's Shareholder for their continuous support and the management team and all the ECDC's employees for their commitment to building a high-performing organisation. Let us continue to work together to bring our vision to life and to build a brighter future for the Eastern Cape and its people.

The Board fully endorses this Corporate Plan as the guiding document for the organisation's work and focus for the 2023/24 financial year and medium-term period.

Vuyani Jarana
Chairperson of the Board

Chief Executive Officer's Statement



I am honoured to present the 2023/24 Corporate Plan of the Eastern Cape Development Corporation (ECDC) which is the Corporation's instrument for driving the much-needed large and small-scale industrialisation, job creation and inclusive economic growth.

Our 2024-2028 Strategic Plan is a result of a comprehensive process led by the Board and informed by a thorough analysis of the ECDC's performance over the previous period (2016-2022). It reflects our desire to accomplish "a vibrant Eastern Cape economy, anchored in sustainable and inclusive economic growth and job creation". We aim to achieve this vision by playing a catalytic role in the economic development of the Eastern Cape.

To this end, we will actively pursue our mission to accelerate sustainable and inclusive economic growth and job creation by:

- Coordinating efforts to enhance economic competitiveness
- Unlocking opportunities for investment and expansion in the economy
- Creating an enabling environment for growth-targeted investment and trade
- Providing MSMEs and co-operatives with access to finance and business support to enable them to be competitive participants in the economy
- Serving as the preferred implementing agent for economic programmes and infrastructure projects.

The 2023/24 Corporate Plan reaffirms the ECDC's commitment to evolving into a more commercial organisation, generating sufficient revenue from our operations and investing activities to safeguard the sustainability of its trading activities. We will also focus on strengthening internal controls and business processes relating to internal audit, enterprise risk management, ICT maturity levels, and human capital management and development.

I want to thank the Board and the Department of Economic Development, Environmental Affairs and Tourism team for their steadfast support and wise counsel, and the Honourable MEC for his support in ensuring that the ECDC remains on an upward growth trajectory.

In closing, I affirm my commitment to lead the ECDC to the best of my ability as it strives to realise the outcomes, outputs, and targets reflected in this plan.

We remain dedicated to delivering on our mandate and achieving our mission to accelerate sustainable and inclusive economic growth and job creation in the Eastern Cape.

Thank you for your support and trust in the ECDC.

Mr. Ayanda Wakaba
Chief Executive Officer

OFFICIAL SIGN-OFF

It is hereby certified that this Corporate Plan for 2023/24 and the medium-term period to 2025/26:


1. Was developed by the management team of the Eastern Cape Development Corporation under the guidance of the Board of Directors
2. Considers all the relevant policies, legislation, and other mandates for which the Eastern Cape Development Corporation is responsible
3. Accurately reflects the outputs and targets which the Eastern Cape Development Corporation will endeavour to achieve over the 2023/24 financial year and the medium-term period to 2025/26.

Prepared by:



Ms Nwabisa Matoti

Acting Executive: Corporate Services



Niesh Ravjee

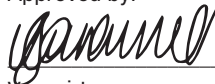
Chief Financial Officer



Ayanda Wakaba

Chief Executive Officer

Approved by:



Vuyani Jarana

Chair of the Board



Mlungisi Mvoko

**Hon MEC for Economic Development, Environmental
Affairs & Tourism**



LIST OF FIGURES

Figure 1:	ECDC Transition	13
Figure 2:	ECDC Corporate Governance Structure	14
Figure 3:	ECDC - Core Delivery Areas	15
Figure 4:	ECDC Results-based Planning Logic Model	17
Figure 5:	ECDC Legislative Mandates	19
Figure 6:	ECDC International and National Policy Context	21
Figure 7:	ERRP Priority Interventions and Enablers	23
Figure 8:	ECDC Sectors of Focus	24
Figure 9:	Typical Funding Areas for the Eastern Cape Development Fund	26
Figure 10:	ECDC Property Development and Modernisation Strategy	27
Figure 11:	Enterprise Finance and Business Support Business Model	28
Figure 12:	ECDC Operating Model for Entrepreneurship Development	29
Figure 13:	ECDC Targeted Revenue Streams	30
Figure 14:	Functional Approach to Trade and Investment Promotion	31
Figure 15:	ECDC Value Creation Model	36
Figure 16:	ECDC Business Model	38
Figure 17:	ECDC Operating Model	39
Figure 18:	IMF Projected Inflation Rate 2021 to 2024	44
Figure 19:	Global GDP Growth, 1994 to 2021	45
Figure 20:	Sub-Saharan Africa GDP Growth Forecasts, 2021 to 2023	46
Figure 21:	Sub-Saharan Africa Regional Tourism Recovery	46
Figure 22:	Summary of South African Budget 2022/23 Ranked by Value	47
Figure 23:	South African GDP Growth Forecasts	48
Figure 24:	South African GDP Growth 1994 to 2021	48
Figure 25:	Size of GDP, 2015 to 2022 Q3	49
Figure 26:	South African Inflation, Consumer Prices, 1994 to 2021	49
Figure 27:	South African Inflation, 2006 to 2022	50
Figure 28:	Employment in the Non-agricultural Formal Sector, June 2018 to March 2022	50
Figure 29:	Expanded vs Official Unemployment Rate over the Last Ten Years	51
Figure 30:	GDP Growth by Province	52
Figure 31:	GDP and GVA in the Eastern Cape by Sector	52
Figure 32:	Eastern Cape Economic Performance 2018-2021 by Sector	53
Figure 33:	Sectoral Employment in the Eastern Cape, Q2 2022	54
Figure 34:	Characteristics of Employment in the Eastern Cape (Q3 2022)	54
Figure 35:	Official Unemployment Rate by Level of Education (Q3 2022)	55
Figure 36:	NEET Rate for Ages 15-24 and 15-34, 2014-2022	56
Figure 37:	Eastern Cape Trade Flows with the World, 2021Q2-2022Q2 (Values in R-millions)	57
Figure 38:	Eastern Cape Top 10 Companies by Jobs Created and Capital Investment, 2016-Sep 2021	58
Figure 39:	Five Worst Performing Ports in the World	58
Figure 40:	Eastern Cape MSMEs by Industry, 2021Q1 vs. 2022Q1	60
Figure 41:	Financial Inclusion by Province	61
Figure 42:	ECDC New Organisational Structure, 2022	66
Figure 43:	The ECDC Strategic Framework, 2023 to 2028	71
Figure 44:	Phases of REF&BS Business Strategy	80

CONTENTS PAGE

• Statement by the Chairperson of the Board	4
• Chief Executive Officer’s Statement	6
• Introduction and Context	12

SEC. A: OUR MANDATE18

- Relevant Legislative and Policy Mandates
- Institutional Policies and Strategies
- Updates to Relevant Court Rulings

SEC. B: OUR STRATEGIC FOCUS34

- Vision and Mission
- Values
- Our Value Creation Model
- Principal Activities Driving the Core Business
- Our Business Model
- Our Operating Model

SEC. C: SITUATIONAL ANALYSIS INFORMING THE CORPORATE PLAN40

- External Environment Analysis
- Pestel Analysis
- Internal Environment Analysis
- Swot Analysis

SEC. D: MEASURING ECDC PERFORMANCE70

- Alignment to the 2023/24 Strategic Plan
- Strategic Plan Outcomes Alignment
- Five-Year Strategy Targets
- Functional Design
- 2023/24 Corporate Performance Scorecard

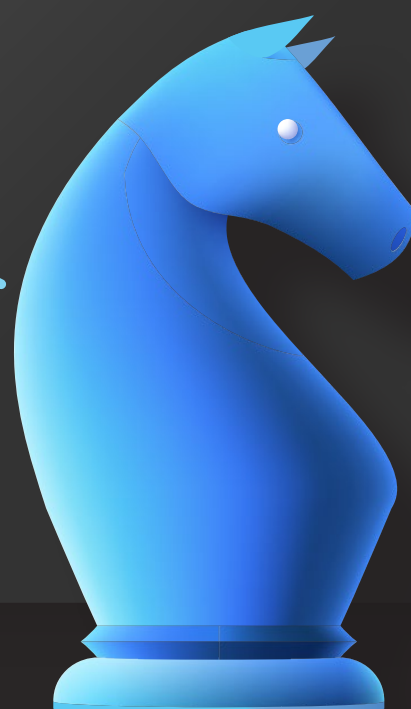
SEC. E FINANCIAL PLAN AND GOVERNANCE88

- Cash Inflows and Outflows for the 2023/24 Financial Year and MTEF Period
- Key Risks and Mitigations from the Strategic Plan
- Public Entities and Subsidiaries
- Public Private Partnerships

SEC. F: TECHNICAL INDICATOR DESCRIPTION SUMMARY94

INTRO

INTRODUCTION AND CONTEXT TO THE CORPORATE PLAN



OVERVIEW OF THE ECDC

The Eastern Cape Development Corporation (ECDC) was established through the promulgation of the Eastern Cape Development Corporation Act (No. 2 of 1997). The stated rationale for the establishment of ECDC was to create “a more financially viable corporation” able to address “the challenge of developing the provincial economy”.

The establishment of the ECDC saw the merging of four legacy agencies and development banks that operated in the previous homeland areas, namely:

- 1) The Transkei Development Corporation,
- 2) The Transkei Small Industries Development Organisation (TRANSIDO),
- 3) The Ciskei People's Development Bank,
- 4) The Ciskei Small Business Corporation.

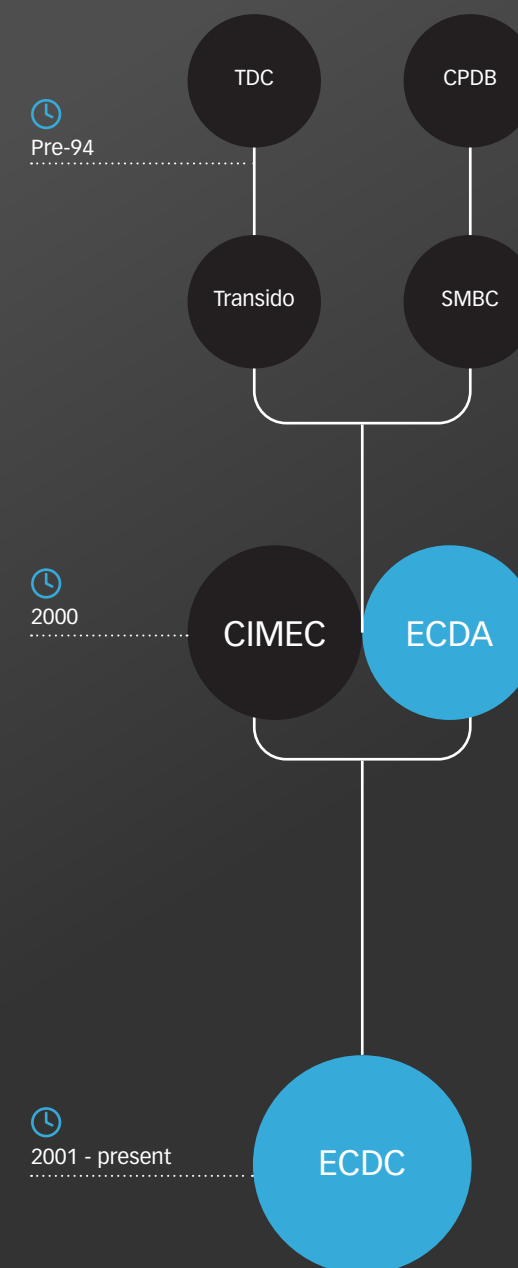
Provincial Proclamation 1 of 2001 then formally merged the then Eastern Cape Development Agency (ECDA) with the Centre for Investment and Marketing in the Eastern Cape (CIMEC), bringing the trade and investment promotion functions into the newly-established Eastern Cape Development Corporation.

The ECDC has three wholly-owned and one majority-owned subsidiaries:

- 1) Automotive Industry Development Centre (AIDC-EC) (100% shareholding by the ECDC) – the ECDC also acts as a conduit for funding to AIDC-EC from DEDEAT.
- 2) Centre for Investment and Marketing in the Eastern Cape (CIMEC) (100% shareholding by the ECDC) – entity owns ECDC head office building.
- 3) Transdev Properties (SOC) Ltd (100% shareholding by the ECDC) – entity owns building leased to Holiday Inn Mthatha.
- 4) Transkei Share Investments Company (Pty) Ltd (98% shareholding by the ECDC) – investment management company.

In addition, the ECDC has equity in five companies and operations acquired through its loan finance and investment activities. Typically, the stakes are lower than 20%, although in some cases, the ECDC's equity ownership is larger.

Figure 1: ECDC'S TRANSITION



ECDC GOVERNANCE AND MANAGEMENT FRAMEWORK

In terms of the Public Finance Management Act (No. 1 of 1999, as amended) (PFMA), the ECDC is listed as a Schedule 3D Provincial Business Enterprise, reporting to the Shareholder’s representative, the Member of the Executive Council (MEC) for Finance, Economic Development, Environment and Tourism, and the Legislature.

The ECDC operates under the supervision of an independent Board of Directors, whose non-executive members are appointed by the MEC for EDEAT and always strives to comply with the principles of the King Code on Corporate Governance in South Africa (2016) (King 4).

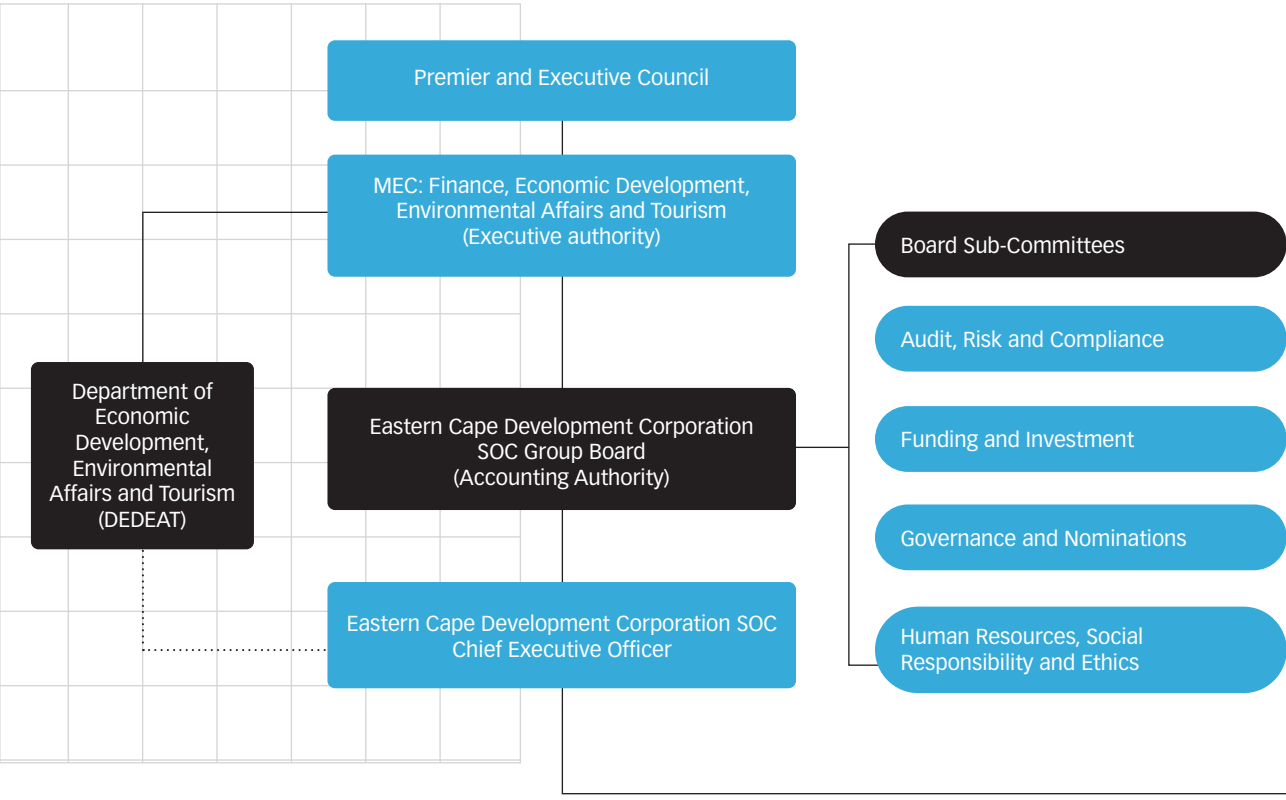
The Shareholder’s Compact regulates the accountability framework between the Shareholder and the Board. The Shareholder’s Compact outlines the performance expectations and agreement

between the Executive Authority and the Accounting Authority (the Board). The Department of Economic Development, Environment and Tourism (DEDEAT) then acts on behalf of the MEC as delegated in its dealings with the ECDC.

The Board is responsible for setting the strategic direction of the Corporation. Ultimately, it is responsible for risk management and ensuring an effective internal control system over the financial and other operations in compliance with the PFMA.

The Board has constituted four committees: Audit, Risk and Compliance Committee; Funding and Investment Committee; Governance and Nominations Committee and the Human Resources, Social Responsibility and Ethics Committee. These committees sit at prescribed intervals and, when a need arises, report to the Board.

Figure 2: ECDC Corporate Governance Structure



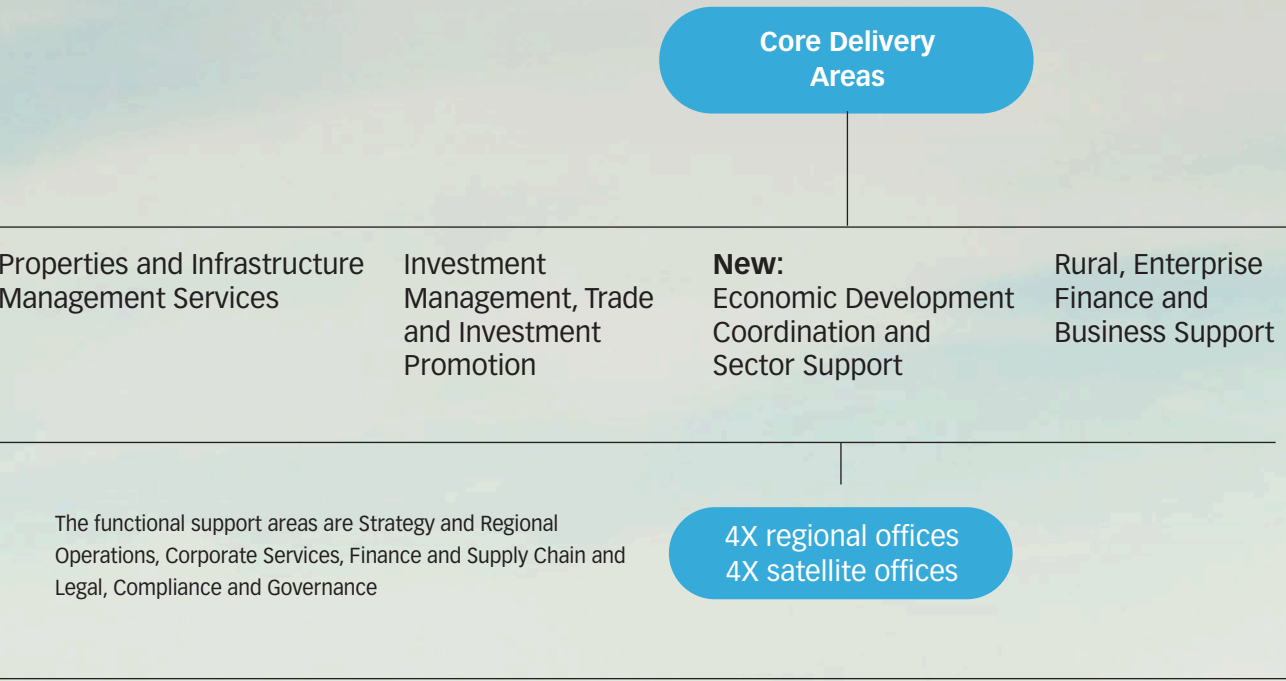
As the Accounting Authority in terms of the PFMA, the Board provides leadership and oversees strategic direction to enhance Shareholder value and ensure the ECDC’s long-term sustainable development and growth. In fulfilling its responsibilities, the Board is supported by the Chief Executive Officer (CEO), and the executive team, who are responsible for implementing the approved strategic and corporate plans and policies.

In the current management structure, executive heads in the following portfolios report to the CEO: Chief Investment Officer, Chief Financial Officer, Executive Manager: Enterprise Finance and Business Support, Executive Manager: Corporate Services, Executive Manager: Properties and Infrastructure Management Services, Executive Manager: Economic Development Coordination and Sector Support, Head: Strategy and Regional Operations as well as the Head: Legal,

Compliance and Governance,. The CEO is an ex-officio member of the Board.

In fulfilling its responsibilities, the Board is supported by the Chief Executive Officer (CEO), and the executive team, who are responsible for implementing the approved strategic and corporate plans and policies.

Figure 3: ECDC - Core Delivery Areas



ECDC FIVE-YEAR STRATEGIC PLAN FOR 2023/24-2027/28

Aligned with the national and provincial institutional planning cycle for 2020-2025, in late 2019, the previous ECDC Board approved the ECDC Strategic Plan 2020-2024. The Strategic Plan has informed the development of the annual corporate plans for 2020/21 and 2021/22.

However, this strategy was informed by a different set of circumstances and assumptions, and implementation was hampered by challenges about the long-term sustainability of the ECDC, the findings of the Government Technical Advisory Centre ECDC Business Review (30 September 2020), and the Government Technical Advisory Centre (GTAC) proposal for a Revised ECDC Strategic Trajectory (30 September 2021).

The new ECDC Board was appointed, and its three-year term commenced on 22 February 2021. The new Board is mandated to strategically position the ECDC to drive a growing, diversified, inclusive, and robust Eastern Cape economy; in particular, the development of a competitive and sustainable micro, small, and medium enterprise (MSME) sector that contributes to the province’s socio-economic development.

In 2021, the new Board embarked on an extensive process of engagement with stakeholders, which informed the development and approval, in December 2021, of a ECDC Strategy 2022/23-2026/27 - “ECDC Reimagined”. The ECDC Reimagined Strategy centred on refocusing and renewal, leveraging four broad areas: new development projects and financing instruments, new networks, new ways of working, and a new focus. It introduced a revised mission statement, impact statement, and six strategic pillars/themes.

While the 2022/23 Annual Corporate Plan was still packaged against the original 2020-2024 Strategic Plan, it introduced elements of the ECDC Reimagined Strategy, 2021.

In 2022, and in giving effect to the ECDC Reimagined Strategy, the ECDC embarked on an organisational renewal process, involving, among others, four key projects, namely:

Project 1: The development of an ECDC Economic Development Priority Sectors, Programmes and Project Support Plan.

Project 2: The development of a Business Strategy and Operating Model for Small Enterprises Finance and Business Support.

Project 3: The development of a ten-year business plan and business case for recapitalisation.

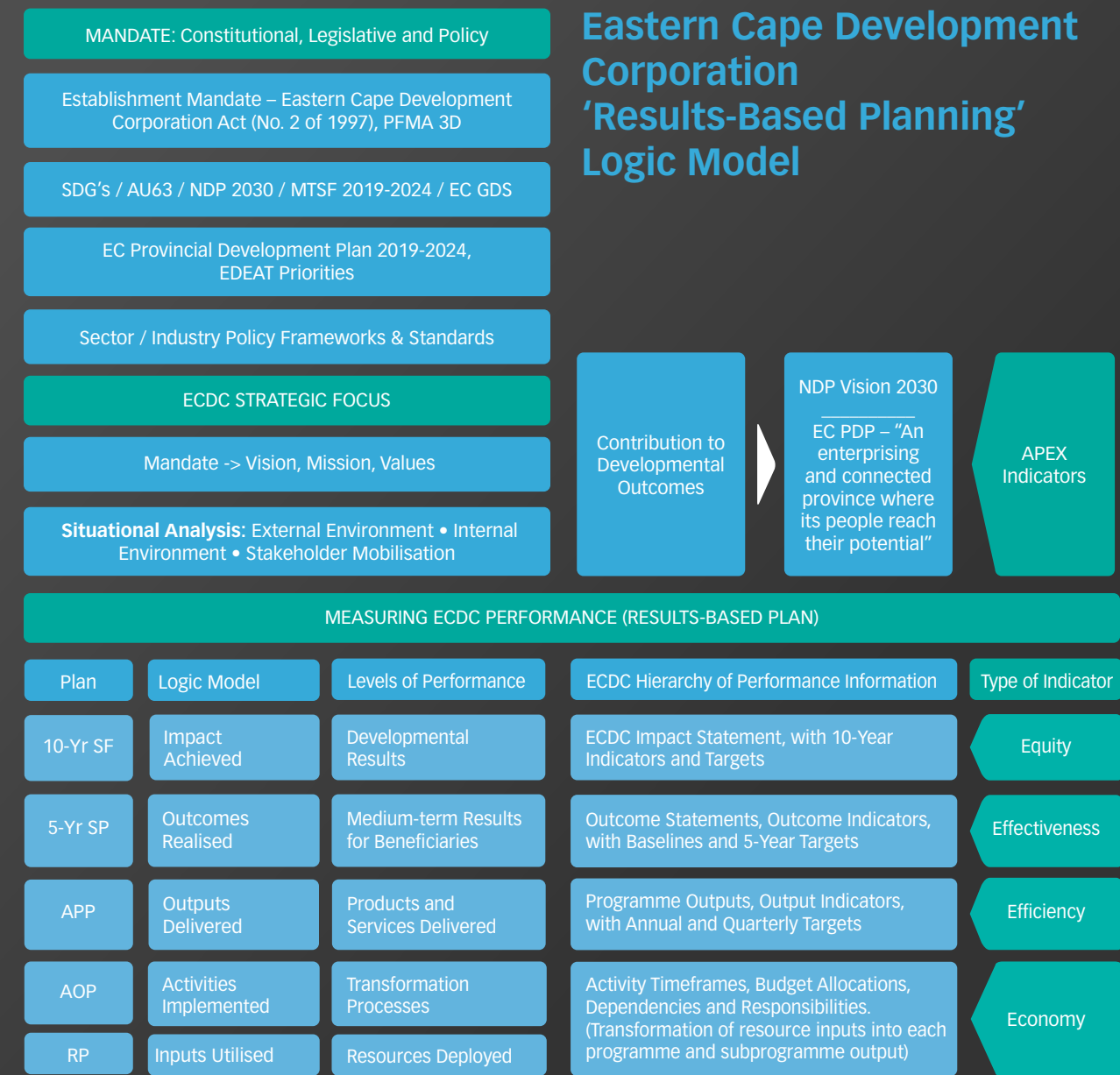
Project 4: Project Ikhwelo – ECDC organisational design and culture transformation process.

While focused on the ten-year business plan and case for recapitalisation, a third deliverable of Project 3 was to enhance and align, and to develop a revised five-year ECDC Strategic Plan, based on the ECDC Reimagined Strategy, further engagements with the ECDC team, and the outcomes of Project 1, Project 2, and Project 4 above.

This was also to ensure that the revised strategy is compliant with government planning frameworks, notably the DPME Revised Framework for Strategic Plans and Annual Performance Plans (2019) and is thus able to easily cascade into and inform the development of annual corporate plans moving forward.

In facilitating the process towards the development of the Five-Year Strategic Plan for 2023/24-2027/28, a results-based planning logic model was followed and informed the approach to the various discussions and to the packaging of the arising strategic information.

Figure 4: ECDC Results-based Planning Logic Model



The result of the above process is reflected in the Eastern Cape Development Corporation Five-Year Strategic Plan (2023/24-2027/28), and an aligned Ten-Year Business Plan (2023/24-2032/33).

This annual Corporate Plan for 2023/24 and the MTEF, as year one of the five-year strategy, is compliant with the Draft Guideline for Corporate Planning and Shareholder Compact (2002) but is pack-

aged in line with the DPME Revised Framework for Strategic Plans and Annual Performance Plans (2019).

It, therefore, follows the similar structure to the Strategic Plan, but is focused on the 2023/24 financial year and MTEF period. In future years, the annual corporate plans will reflect updates to the information reflected in the Strategic Plan, and progress towards the five-year results.



1. RELEVANT LEGISLATIVE AND POLICY MANDATES

As discussed in the Strategic Plan, the mandate of the Eastern Cape Development Corporation (ECDC) is derived from legislation (static mandates) and policy frameworks (dynamic mandates).

1.1 LEGISLATIVE MANDATES

The legislative prescripts impacting on the ECDC mandate as reflected in the 2024-2028 Strategic Plan follows:

Figure 5: The ECDC Legislative Mandates

Constitutional Mandate	<p>The Constitution of the Republic of South Africa (Act No. 108 of 1996) – specifically:</p> <ul style="list-style-type: none">▪ Section 22 – Every citizen has the right to choose their trade, occupation, or profession freely and the practise of trade, occupation or profession may be regulated by law.▪ Section 217 – When an organ of state contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive, and cost effective.▪ Chapter 3 pertains to Cooperative Government and assigns functions to the three spheres of government. Schedules 4 and 5 of Section 41(1) define the relationship and principles underlying cooperation between the various spheres of government. Economic development is an area of concurrent responsibility.▪ In terms of Chapter 6, Section 125, the entity is mandated through the powers and responsibilities delegated by the Premier to the respective Member of the Executive Council. In the Eastern Cape, this responsibility resides within the Finance, Economic Development, Environmental Affairs and Tourism portfolio.
ECDC Establishment Mandate	<ul style="list-style-type: none">▪ Eastern Cape Development Corporation Act (No. 2 of 1997):<ul style="list-style-type: none">○ Section 3 describes the primary object of the ECDC as: to plan, finance, coordinate, and market, promote and implement the development of the province and all its people in the fields of industry, commerce, agriculture, transport, and finance.○ Section 4 ascribes powers to the ECDC to plan and undertake activities, purchase and establish corporations, lend money, issue stock or debentures, and invest reserve funds.○ Section 5 prescribes the duties of the ECDC.▪ Public Finance Management Act (No. 1 of 1999), as amended – the Entity is listed as a Schedule 3D Provincial Business Enterprise, accountable to the MEC and the Legislature.



Legislation governing ECDC core operations

- Small Business Development Act (No. 102 of 1996), as amended by National Small Business Amendment Act (No. 26 of 2003)
- Co-operatives Act (No. 14 of 2005), as amended by Co-operatives Amendment Act (No.6 of 2013)
- National Credit Act (No. 34 of 2005), as amended by National Credit Amendment Act (No. 19 of 2014)
- Financial Intelligence Centre Act (No. 38 of 2001), as amended by Financial Intelligence Centre Amendment Act (No. 1 of 2017)
- Consumer Protection Act (No. 68 of 2008)
- Prescription Act (No. 68 of 1969), as amended by Prescription Amendment Act (No. 11 of 1984)
- South African Revenue Services Act (No. 34 of 1997), as amended by South African Revenue Service Amendment Act (No. 46 of 2002)
- Property Practitioners Act (No. 21 of 2018)
- Government Immovable Asset Management Act (No. 19 of 2007)
- Occupational Health and Safety Act (No. 85 of 1993), as amended by Occupational Health and Safety Amendment Act (181 of 1993)
- Land Administration Act (No. 2 of 1995), as amended by the Land Administration Amendment Act (No. 52 of 1996)
- Communal Property Associations Act (No. 28 of 1996)
- Rental Housing Act (No. 50 of 1999), as amended by the Rental Housing Amendment Act (No. 35 of 2014)
- Extension of Security of Tenure Act (No. 62 of 1997), as amended by Extension of Security of Tenure Amendment Act (No. 2 of 2018)
- Prevention of Illegal Eviction and Unlawful Occupation of Land Act (No. 19 of 1998)
- Municipal Property Rates Act (No 6 of 2004) as amended by Local Government: Municipal Property Rates Amendment Act (No. 29 of 2014)
- Local Government Municipal Property Rates Act (No. 6 of 2004), as amended by Local Government Municipal Property Rates Amendment Act (No. 29 of 2014)
- Tourism Act (No. 72 of 1993) as amended by Tourism Amendment Act (No. 105 of 1996), Tourism Amendment Act (No. 8 of 2000) and Tourism Second Amendment Act (No. 70 of 2000)
- National Building Regulations and Building Standards Act (No. 103 of 1977), as amended by National Building Regulations and Building Standards Amendment Act (No. 62 of 1989)
- Infrastructure Development Act (No. 23 of 2014)
- Spatial Planning and Land Use Management Act (No. 16 of 2013)
- National Environmental Management Act (No. 107 of 1998), as amended by National Environmental Management Amendment Act (No. 56 of 2002)
- Physical Planning Act (No. 125 of 1991), as amended by Physical Planning Amendment Act (No. 2 of 2020)
- Construction Industry Development Board Act (No. 38 of 2000,) as amended by Construction Industry Development Board Amendment Act (No. 12 of 2021)
- Promotion of Access to Information Act (No. 2 of 2000), as amended by Promotion of Access to Information Amendment Act (No. 31 of 2019)
- Electronic Communications and Transactions Act (No. 25 of 2002), as amended by Electronic Communications Amendment Act (No. 1 of 2014)
- Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended by Broad-Based Black Economic Empowerment Amendment Act (No. 46 of 2013)
- Preferential Procurement Policy Framework Act (No. 5 of 2000)
- Protection of Personal Information Act, 2013 Act (No. 4 of 2013)
- Prevention and Combating of Corrupt Activities Act (No. 12 of 2004)
- Various legislation informing the ECDC governance and institutional arrangements

The abovementioned legislation and acts are not exhaustive, and it is recognised that ECDC is subject to and must comply with all national and provincial legislation and regulations and all municipal bylaws applicable to its functions or the areas in which it operates.

Figure 6: ECDC International and National Policy Context

Long range development priorities

- **The National Development Plan, Vision 2030**
- **UN Sustainable Development Goals,2 015(SDGs): The following SDGs are particularly relevant the ECDC:**
 - o Goal 5 . Achieve gender equality and empower all women and girls.
 - o Goal 8 : Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all.
 - o Goal 9 : Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
- **The AU Africa Agenda 2063 (AU 2063): Of particular relevance to the ECDC are the following aspirations:**
 - o Aspiration 1. A prosperous Africa based on inclusive growth and sustainable development.
 - o Aspiration 6. An Africa where development is people-driven, unleashing the potential of its women and youth.
 - o Aspiration 7: Africa as a strong, united and influential global player and partner.
- **National Spatial Development Framework, 2050 - Moving South Africa forward towards the desired Spatial Future**

National priorities for the five-year electoral cycle, 2019-2024

- State of the National Address, June 2019 - 6th Administration Apex Priorities
- The Medium-Tenn Strategic Framework (2019-2024)
 - Giving effect to the electoral mandate and framed around even priorities for the period to 2020 - 2024.
- ECDC contributes to 2 MTSF Priorities:
 - Priority 1: A capable, ethical and developmental state; and Priority 2: Economic transformation and job creation
- District Development Model (DDM):
 - o ECDC needs to be in contact with each district municipality where the project maybe implemented, in order for the project to form part of the DDM One Plan for the district municipality

Key national relevant to the ECDC Mandate

- **Infrastructure Delivery Management**
 - o Standard for an Infrastructure Delivery Management System (IDMS) (2010).
 - o Framework for Infrastructure Delivery and Procurement Management (FIDPM)(2019).
- **Trade and Investment Promotion**
 - o African Continental Free Trade Agreement (AfCFTA).
- **Enterprise Development and Support**
 - o The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2 005).
 - o The Integrated Strategy on the Development and Promotion of Co-operatives (2012).
 - o National Informnal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014 and 2015).
 - o Draft National Integrated Small Enterprise Development Masterplan (NISED) (For comment on 10 May 2022).
- **Priorities related to women, youth, and persons with disabilities**
 - o Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing.
 - o National Youth Policy (2020-2023).

1.2. PROVINCIAL POLICY CONTEXT

Eastern Cape Vision 2030	The National Development Plan (NDP), Vision 2030 and the 2019-2024 Medium-Term Strategic Framework are translated into the Eastern Cape Vision 2030 – Provincial Development Plan (PDP), and the Provincial Medium-Term Strategic Framework 2020-2025 (PMTSF), respectively.	
Provincial Development Plan (PDP)	<div><div>To give effect to the vision of “an enterprising and connected province where its people reach their potential”, the EC PDP sets out six goals/impact areas:</div><div><div>Goal/Impact area 1: Innovative and inclusive growing economy.</div><div>Goal/Impact area 2: An enabling infrastructure network.</div><div>Goal/Impact area 3: Rural development and an innovative and high-value agriculture sector.</div><div>Goal/Impact area 4: Human development.</div><div>Goal/Impact area 5: Environmental sustainability.</div><div>Goal/Impact area 6: Capable democratic institutions.</div></div></div>	
Provincial Medium-Term Strategic Framework 2020-2025 (PMTSF)	<div><div>Aligned to the NDP 2030 targets, the EC PDP Apex 2030 Targets are as follows:</div><div><div>Grow the Eastern Cape economy from a Gross Domestic Product (GDP) growth rate of 0.8% in 2018 to 2.8% in 2024/25 and to 5.0% by 2030.</div><div>Increase investment from 16.5% of GDP in 2018 to 21.6% in 2024/25 and to 27.1% of GDP by 2030.</div><div>Reduce unemployment from 35.4% in 2018 to 25% in 2024/25 and to 10.0% by 2030.</div><div>Reduce poverty as measured by the Food Poverty Line from 36.7% to 26.3% in 2024/25 and to 7.7% by 2030.</div><div>Improve service delivery as measured by the Service Delivery Index from 3.80 in 2018 to 4.20 in 2024/25 and to 5.00 by 2030.</div><div>Improve human development as measured by the Human Development Index from 0.60 in 2018 to 0.68 in 2024/25 and to 0.85 by 2030.</div><div>Lessen inequality as measured by the Gini coefficient from 0.63 in 2018 to 0.60 in 2024/25 and to 0.58 by 2030.</div></div></div>	
Provincial Economic Development Strategy (Revised 2017)	<div><div>The PEDS sets the overarching goal of “a growing, inclusive and equitable economy, which is larger and more efficient and optimally exploits the competitive advantages of the province, increases employment, and reduces inequalities of income and wealth”.</div><div><div>It introduces six objectives:</div><div><div>1) Absorption.</div><div>2) Stabilisation.</div><div>3) Protection.</div><div>4) Diversification.</div><div>5) Expansion.</div><div>6) Transformation. It further identifies six high-potential sectors of the economy, namely:</div></div><div><div>1) Agri-industry.</div><div>2) Sustainable energy.</div><div>3) Oceans Economy.</div><div>4) Automotive.</div><div>5) Light manufacturing.</div><div>6) Tourism.</div><div>It is noted the PDP reflects the same six sectors, and two more:</div><div>7) Creative and cultural industries.</div><div>8) ICT sector.</div></div></div></div>	
Provincial MSME Strategy, 2021-2025	Aligned to the National Integrated Small Enterprise Development Masterplan (NISED), the strategy seeks a strengthened MSME ecosystem that will result in economic growth and job creation in the Eastern Cape Province, through collaboration with private sector and community organisations. Thus, better planning will be realised by working together across all spheres of government and the impact will be measurable.	
Five-Point Plan for Economic Recovery of the Eastern Cape (2021)	<div><div>Aligned to the National Economic Recovery Plan, the Five-Point Plan is built on the objectives of economic growth and job creation.</div><div>It focuses on five pillars of drive post-COVID-19 economic recovery, namely:</div><div><div>1) Infrastructure at the heart of economic recovery – strengthening provincial project packaging and implementation capacity.</div><div>Drive the growth of productive sectors through provincial catalytic projects and rural initiatives based on the strengths of the province (recalibrate the PEDS for the new reality).</div><div>Build equitable and inclusive economy through MSMEs, township enterprises informal sector, and social economy.</div><div>Elevate the strategic role of broadband infrastructure – ensure skills, capacity, and access for connected and digitally included MSMEs and entrepreneurs.</div><div>Mobilise public investment as a lever for growth</div></div></div>	
Other relevant provincial policy and strategy frameworks	<div><div>Provincial Spatial Development Framework</div><div>Provincial Sustainable Energy Strategy</div><div>Eastern Cape Youth Development Strategy</div></div>	

Where the above sections reflect key legislation and the national and provincial policy stance, specific institutional policies and strategies directing the strategic trajectory of the ECDC, as it informs the five-year Strategic Plan, and this annual Corporate Plan, are introduced below.

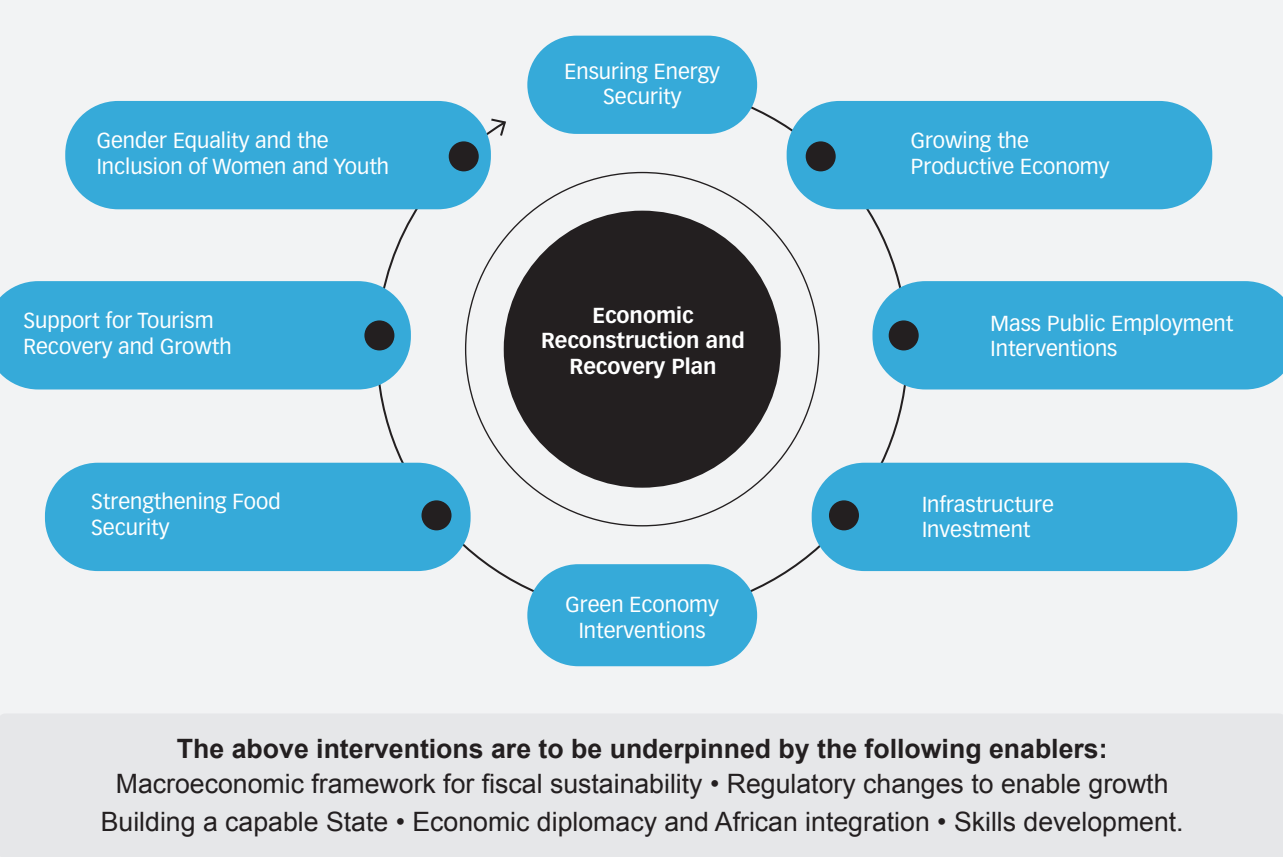
2. INSTITUTIONAL POLICIES AND STRATEGIES

Outlined below are institutional policies and strategies underpinning the ECDC planning priorities:

2.1. EASTERN CAPE RESPONSE TO THE NATIONAL ECONOMIC AND RECONSTRUCTION PLAN, 2020

The South African Economic Reconstruction and Recovery Plan (2020) (ERRP) is directed at addressing the deepening economic crisis brought on post the Novel Coronavirus Disease 2019 (COVID-19) pandemic. It comprises eight priority interventions for economic recovery, underpinned by key enablers to restore economic growth.

Figure 7: ERRP Priority Interventions and Enablers



Infrastructure Investment and development will serve as a key catalyst for largescale employment, industrialisation focusing on MSMEs, and improved State capacity and legislative and policy reforms. In addition to the network industries (transport, energy, water and sanitation, and ICT), there will be great emphasis on social infrastructure, such as schools, health, human settlements, and student accommodation.

In turn, the Eastern Cape Five-Point Plan Towards Economic Recovery stipulates the province’s areas of strategic intervention, namely, infrastructure development, industrialisation, and sector support, inclusive growth, digital economy, and public

finance. The province has also identified three economic corridors, where transit-oriented development will take place to catalyse economic growth.

Furthermore, the Eastern Cape Provincial Infrastructure Plan 2030 outlines eleven provincial strategic projects (PSPs) (strategic catalytic projects); however, due to a lack of readily available funds to implement all eleven of the PSPs, the Eastern Cape will need to ‘prioritise their priorities’. This exercise requires strategic thinking, as the projects that are prioritised need to be strategic and catalytic so that they may generate revenue and draw in further investment into the province.

2.2. EASTERN CAPE RESPONSE TO THE COUNTRY INVESTMENT STRATEGY, 2021

The Country Investment Strategy (CIS) has identified the following as South Africa’s big 5 investment frontiers:

Frontier 1: Green hydrogen – South Africa at the global forefront of green energy.

Frontier 2: Next generation digital industries and infrastructure.

Frontier 3: SEZ anchoring advanced manufacturing and logistics networks targeting export.

Frontier 4: Industrial cannabis and other advanced agro processing.

Frontier 5: Hyper-scaling impact investment to social and green economy objectives.

Towards the attainment of the investment frontiers, enhanced investment coordination is pivotal across all spheres of government. The CIS notes coordination gaps in South Africa’s investment efforts, and advocates for structured coordination of the various mandates and processes relevant to mobilising, promoting, designing, implementing, and enabling investment.

South Africa’s CIS reflects that the Eastern Cape province exhibits the best performance in the agricultural, electricity and water sectors. However, the CIS notes that the province has a high vulnerability to exogenous vulnerability owing to a lack of diversification.

The CIS identifies the following sectors in the Eastern Cape as having good investment opportunities due to their Location Quo-

tient (LQ: having comparative advantage relative to aggregate economy) scores:

- 1) Construction.
- 2) Manufacturing.
- 3) Wholesale and retail trade, catering, and accommodation.

The CIS further suggests that the following sectors be given the greatest priority when it comes to investment, as they reflect the highest Performance Matrix:

- 1) Finance.
- 2) Insurance.
- 3) Business services and real estate.
- 4) Transport, storage, communication.

2.3. ECDC ECONOMIC DEVELOPMENT PRIORITY SECTORS, PROGRAMMES AND PROJECT SUPPORT PLAN (OCTOBER 2022)

The ECDC Economic Development Priority Sectors, Programmes and Project Support Plan (E.D.P) outlines sectors of focus and development for the ECDC moving forward. The intention of the E.D.P is to provide both sectors of focus across districts, as well as projects that the ECDC can partner on – through both strategic and loan/equity financing – to drive the sector of focus forward in each of the various regions.

The ECDC E.D.P reflects six sectors of focus for the ECDC moving forward:

ECDC efforts are on supporting and leveraging these priority sectors and their related industries in order to maximise the impact of its efforts and resources

The E.D.P then overlays these sectors of focus across the respective competitive advantages of the Eastern Cape metropolitan and district municipalities and presents projects or initiatives for potential ECDC intervention given their alignment with the needs of the district, the functionality of the ECDC, and the likely contribution that they represent to the economy of the Eastern Cape.

2.4. EASTERN CAPE PROVINCIAL ECONOMIC DEVELOPMENT FUND

The Eastern Cape Provincial Government seeks to establish a consolidated provincial economic development fund. The initiative, while sponsored by Provincial Treasury, shall be led the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT). The ECDC has been designated as the fund manager and is tasked with the role of anchoring the Provincial Economic Investment Council (PEIC).

Economic Development Fund

The Eastern Cape is faced with the persistent challenges of poverty, inequality, unemployment, and stagnant economic growth. The unemployment rate as at Q3 2022 was 42.4% (with youth unemployment being 53.6%), while poverty levels were last surveyed at 67.3% for the province’s population. Over the past five years, provincial economic growth has averaged -2.26%3, including the major economic downturn in late March of 2020 as a result of the declaration of a national state of disaster, and the resultant instituted lockdowns. Exacerbating this picture is the challenge of youth unemployment and excessive levels of inequality. These are potential triggers for social unrest and hopelessness.

To reverse this picture, it is necessary that the province institute extraordinary measures to stimulate economic growth and reduce poverty and joblessness. In response to economic development challenges, the Eastern Cape government has established the Economic Development Fund as an instrument that is geared towards the activation of industrial development and economic growth which in the medium to long term is expected to yield financial, economic, and developmental returns.

The Economic Development Fund (EDF/The Fund) seeks to facilitate economic growth, employment and industrial development in the Eastern Cape.

The core mandate of The Fund is to position the province as a competitive investment destination. The aim is to invest in initiatives, programmes, projects and ventures that are developmental and commercially-sound; stimulate economic growth and equitable development; supporting entrepreneurship, and to create sustainable employment opportunities. The Fund will discharge its mandate through specific fund products, designed to respond to identified developmental and commercial objectives. These constituent instruments (subfunds) shall have sub-mandates that respond to the unique needs of targeted beneficiaries or industries.

The Provincial Economic Development Fund will focus on ventures in the following categories:

- 1) Loans and/or blended finance for commercially grounded enterprising ventures, particularly by MSMES and the informal business sector.
- 2) Project development costs relating to largescale economic development initiatives, industry value chain development catalytic ventures, and high-potential job creation, and/or innovation-oriented commercially ventures.
- 3) Seed funding and partnership development linked to resource leveraging relating to identified Eastern Cape priority sectors and catalytic economic development projects.
- 4) Structured loans and/or equity finance for largescale projects and/or enterprising ventures focused on priority sector and industry activation.
- 5) De-risking and/or financing partnerships for strategic economic infrastructure with an identifiable economic dividend and/or commercial return.
- 6) Priority investments relating to the creation, protection, or preservation of a conducive economic, trade, and investment environment. Envisaged investments may relate to deployment of innovative solutions or infrastructure to remove or minimise red tape, prevent sustained economic loss, or prevent economic degeneration

Figure 8: ECDC Sectors of Focus

Key Issues		Details
1	General Focus	The EC is not ubiquitous and the economies of the various districts require separate focuses and interventions. A general focus also risks not having as much impact.
2	Spreading Resources	The broader the sectoral focus the less resources for each separate sector. Focus must be on upstream activities above downstream activities and those aspects of the economy foundational to economic activity.
3	Other Role-players	Other government agencies need to be deftly handled to avoid duplication/double-accounting.
4	Return on investment/Impact	Optimising returns on interventions (& internal costs).
5	Realistic Understanding of Public Intervention	Public interventions are limited in their scope - private incentives are more impactful.
6	New Operating Model	Gaining private buy-in though appropriate understanding of the USP of the ECDC and its role in driving private interest.

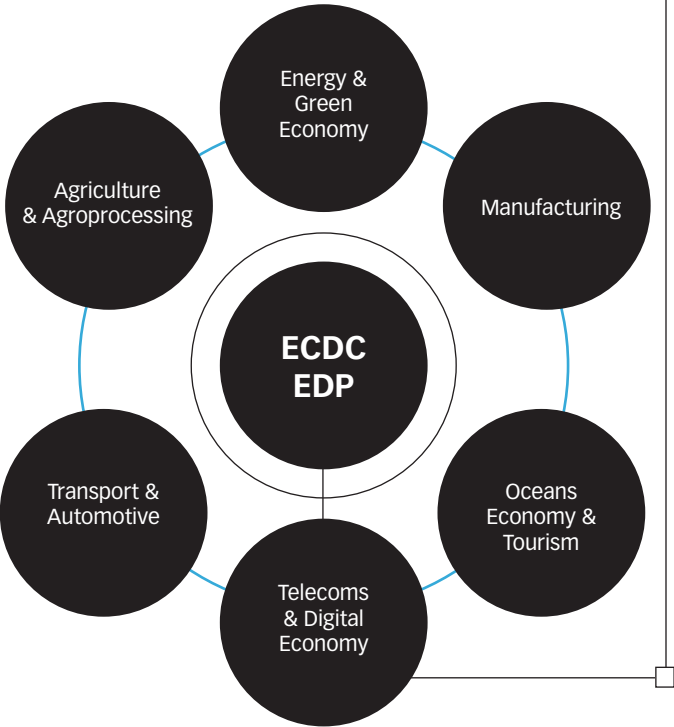
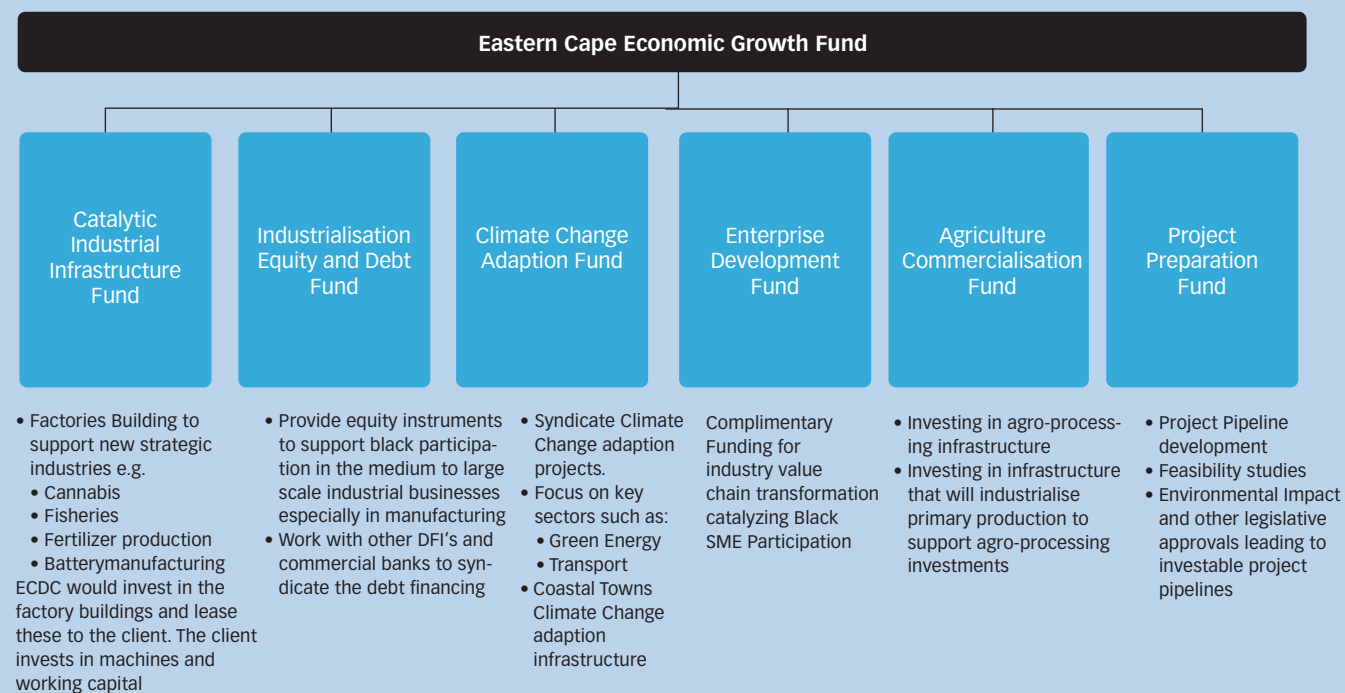


Figure 9: Typical Funding Areas for the Eastern Cape Development Fund



All supported ventures are required to demonstrate quantifiable economic value entailing economic value generation, protection, preservation, or commercial returns. The fund management structure and the fund itself will operate as a ring-fenced operation within the ECDC.

2.5. THE ECDC PROPERTY DEVELOPMENT AND MODERNISATION STRATEGY

The ECDC currently has an underperforming Property portfolio with an estimated value of approximately R1,3 billion. This portfolio is concentrated in the Mthatha, Butterworth, Buffalo City, and Komani areas. It consists of commercial, industrial, and residential property, together with tracks of vacant land.

The Property Development and Modernisation Strategy seeks to turn around the Property portfolio to a well-managed, smart, competitive offering, that underpins socio-economic development in an environmentally sustainable manner in the Eastern Cape Province. This will be achieved through rationalising, transforming, and investing for growth in the Property portfolio.

Figure 10: ECDC Property Development and Modernisation Strategy



Whilst Shareholder capital injection is required to help transform the portfolio, it is well-understood that it is impossible for the Shareholder to provide all the capital required for portfolio modernisation. ECDC has, therefore, adopted a three-pronged approach to capital raising for portfolio modernisation and these are the disposal of non-strategic assets, joint investment by leveraging private sector investment, and Shareholder capital calls.

2.6. THE ECDC BUSINESS STRATEGY FOR SMALL ENTERPRISE FINANCE AND BUSINESS SUPPORT

ECDC's Enterprise Finance and Business Support (EF&BS) activities are aligned to the key activities of both a development finance institution (financial support) and a development agency (non-financial and financial incentives support) by playing a catalytic role in the Eastern Cape to attract other industry players, funding gaps in the market, and supporting government policies in identified priority sector industries, including small towns, rural

areas, and townships. The intention is to support commercially viable MSME businesses in the Eastern Cape with enterprise finance instruments, and financial and non-financial business support services to stimulate the local economy and alleviate poverty through the retention and creation of sustainable jobs and these enterprises.

The primary driver of the enterprise finance function is the capital which it lends through direct and wholesale financing channels, supported by the business support function, which uses government grants to assist MSMEs and co-operatives with non-financial support and financial incentives to overcome structural inadequacies, drive transformation, job creation and retention, and to support the growth of entrepreneurs along the business growth path.

The economy has a dominant tertiary sector, dominated by survivalist, informal sector enterprises; an underdeveloped primary sector, particularly within agriculture; and a sluggish secondary sector, mainly kept afloat by the automotive industry.

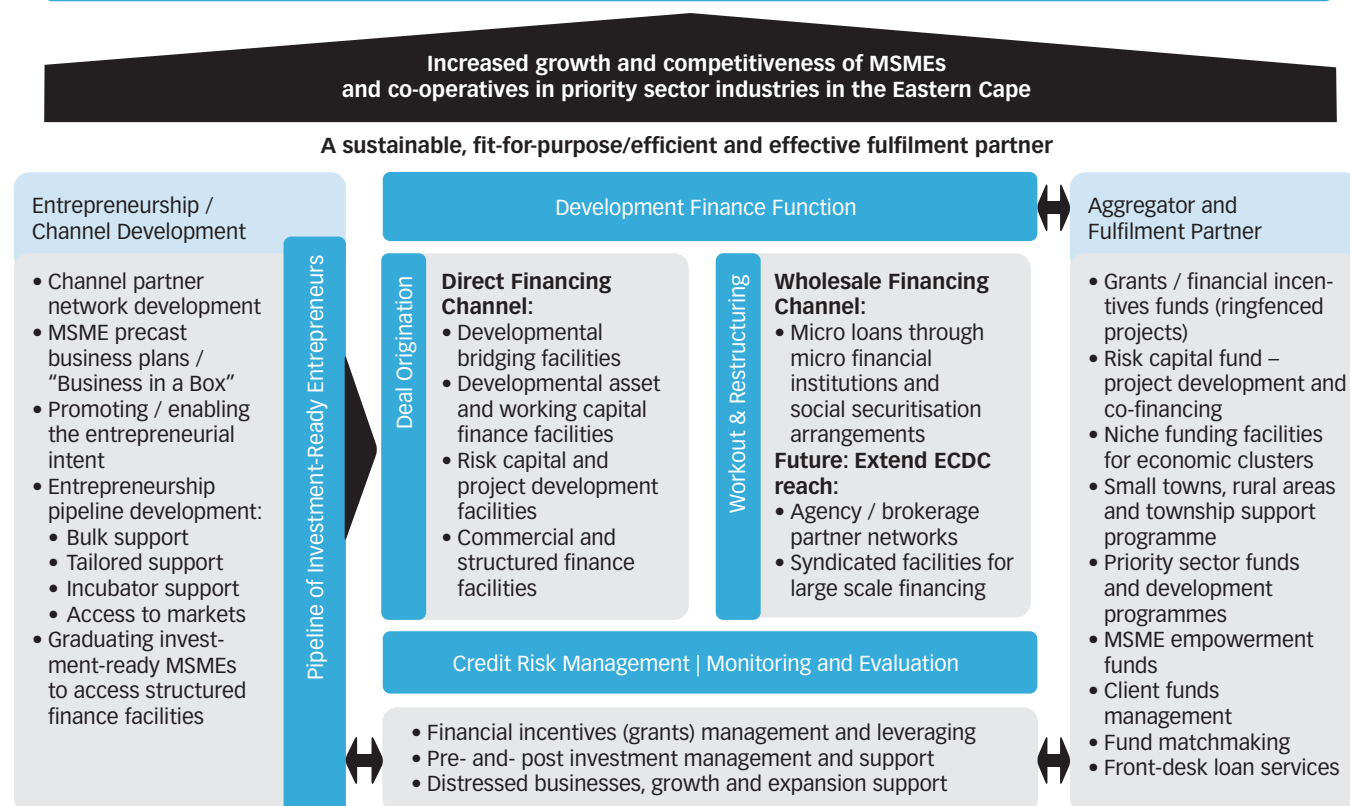
However, the ECDC is affected by several environmental factors, including supply and demand variables, associated competitive market forces, and the rural/peri-urban structure of the economy.

The business strategy addresses key gaps in the lending value chain, which includes a lack of appropriate projects, project packaging, and co-financing/risk-financing in targeted productive sectors. ECDC's focus must be on supporting small enterprises to be producers of goods, as compared to consumers and resellers of goods produced by others, mostly outside of the province.

The lack of a quality deal pipeline is a major constraint and thus the need for a targeted entrepreneurship development programme with collaborative partnerships with channel partners, interventions aimed at stimulating the entrepreneurship intent, and building a pipeline of investment-ready enterprises in targeted sectors within each district. The ECDC will focus its financing instruments on structured finance solutions, risk capital instruments, and other targeted funds and programmes to support entrepreneurship development and the growth of MSMEs along the business growth path.

The Enterprise Finance and Business Support business model is depicted as follows:

Figure 11: Enterprise Finance and Business Support Business Model



Client Journey

Business Growth Cycle Tracking And Management: Pre-Start-Up -> Start-Up -> Survive And Build -> Take-Off And Grow -> Mature And Renew

Partnerships

LINKAGES: Economic Clusters, ECDC Properties, Incubators and Accelerators, Research Institutions / Partners

PARTNERSHIP NETWORKS: DFIs, Development Agencies, Channel Partners/Agencies, Sector/Technical Specialists, Private Sector and Civil Society

Enablers

ADEQUATE CAPITALISATION: Own Capital and Syndicated (Capital Raised / Borrowed)

SYSTEMS AUTOMATION / CAPACITY AND CAPABILITIES: Sound Governance, Organisational Effectiveness and High Performance

The strategy defines the rural and enterprise finance and business support business model in terms of:

1) Entrepreneurship Development

The purpose of ECDC's Entrepreneurship Development Programme is to address the problem of a lack of appropriate projects and project packaging in industries identified as having high growth potential for MSME's in the Eastern Cape. The outcome of a successful entrepreneurship development programme is investment-ready small enterprises feeding into the direct and wholesale financing channels of ECDC and other financial institutions.

2) Channel partners – Non-financial MSME support agents and technical specialists will be engaged to extend the ECDC's reach and assist with building the entrepreneurship pipeline. The ECDC will provide a structured finance solution for projects that meet the ECDC funding and entrepreneurship development criteria.

3) MSME precast business plans

Comprising precast business plans for speed and effective due diligence/project packaging for zero-based business plans. All financing deals will be de-risked with strapped-in business support forming part of the funding terms and conditions.

4) Direct Finance Channel

ECDC's financial product range is being extended from the current short-term bridging facilities to instruments that include longer-term loans, equity investments and blended debt/equity structured facilities. The focus is on investment-ready start-ups, micro and small enterprises. Investment decisions are made using objective criteria, including:

Direct job creation | Security of employment | Indirect job creation | Priority sector | Spatial orientation and location | Skills development (WYPDs)

5) Wholesale Finance Channel

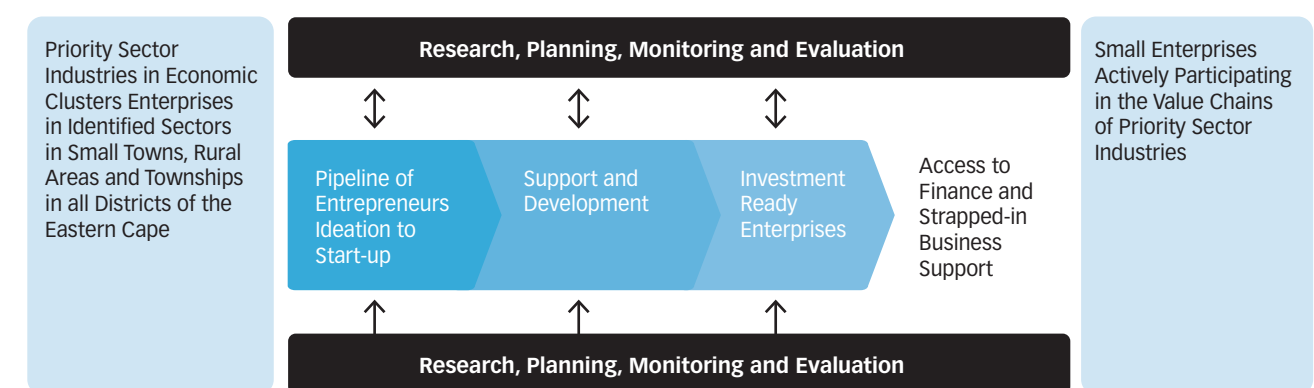
Initially, a wholesale lending approach will be adopted to service the microfinancing needs of informal and survivalist micro-enterprises, to complement available grants/financial incentives, to

service their daily operational needs, and to grow their asset and income base over time. The wholesale financing channel may be extended over time with additional products to complement the direct finance channel.

6) Targeted Development Finance and Programmes

ECDC's financial and non-financial business support products and services will be deployed through a number of targeted funds and programmes, directed at identified target markets to support the MSME business growth path in priority sector industries. The programmes and funds are responsive to the need for entrepreneurship development in small towns, rural areas, and townships in all districts of the Eastern Cape; and the need for empowering black-owned, women, and youth-owned enterprises to be active participants in the mainstream economy.

Figure 12: ECDC Model for Entrepreneurship Development



Rural & Enterprise Finance

- Nexus Trade Finance R50k - R2.5m
- WorkFlow Construction Loans: R350k-R10m
- Commercial and Structured Term Facilities Debt, Equity and Blended Finance: R500k-R10m

Wholesale Micro-financing: R5k-R50k

Risk capital instruments:
Project development finance – R1.5m
Project /business finance – R3m

PowerPlus Small Term Loans: R50k-R500k

Funding for ring-fenced projects (conditional grants)

Business Support

Funding for business development and support (unconditional grants)

DEVELOPMENT FUNDS AND PROGRAMMES

- Grants / Financial Incentives - Imvaba Incentive Co-operatives Fund | Jobs Protection and Stimulation Find | Other (e.g. Informal Sector)
- Small Towns, Rural Areas and Townships Entrepreneurship Programme (STRTEP) – financial incentives supporting informal and formal micro-enterprises in small towns, rural areas and townships
- Risk Capital Fund – access to project development costs and business finance instruments, aimed at leveraging external funding
- Niche facilities – structured financial support for participation of MSMEs in the value chain of identified economic clusters
- Priority sector funds and development programmes – targeted financial and non-financial support for identified sectors for MSME participation
- MSME empowerment funds – providing black-owned enterprises with the equity needed to access finance and empowering WYPD enterprises to increase their asset base, grow their revenue and formalise

7) Strapped-in Business Support

Non-financial business development and support and the use of financial incentives in the pre-investment and post-investment management stages of the investment cycle. The business support services are aimed at securing ECDC’s investment, while supporting the growth of enterprises along the business growth path.

8) Support measures underpinning finance channels

The finance channels are supported by the following:

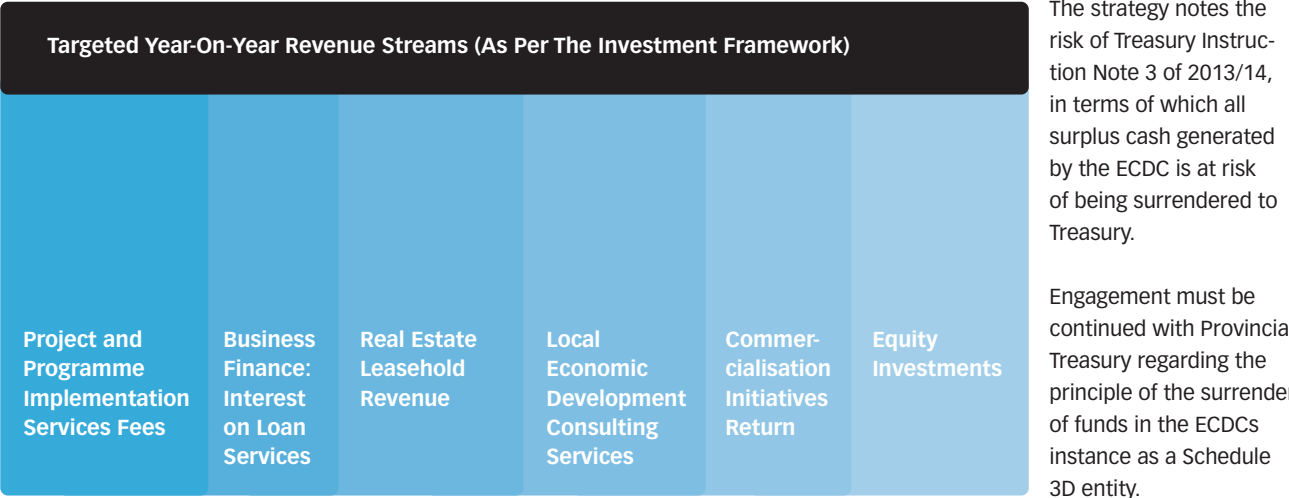
- a) Effective credit management, collections, and debt management.
- b) Workout and restructure for enterprises in distress and those requiring growth and expansion support.
- c) One-stop shop support provided by the regional offices (as competency centres).

2.7. ECDC INVESTMENT STRATEGY

The ECDC Investment Strategy seeks to evolve the institutional business model towards a more commercial organisation. The ECDC must generate sufficient revenue from operations and earn enough income from its investing activities to operate its trading activities in a manner which ensures sustainability.

The ECDC Investment Framework identifies the following sustainable revenue streams

Figure 13: The ECDC Targeted Revenue Streams



2.8. ECDC TRADE, INVESTMENT AND INNOVATION STRATEGY

The ECDC has the mandate to promote the Eastern Cape as an attractive destination for foreign direct investment (FDI) and local direct investment (LDI). This requires a solid validated project pipeline, promoting industry sectors with high-potential and qualified projects and not merely sector opportunities.

The ECDC Trade, Investment and Innovation (TII) Strategy presents a functional approach to pre- and post-investment services to investors and exporters – targeting the priority sectors and related industries identified by the ECDC E.D.P.

9. Aggregator/Intermediary Services:

Considered interventions shall include the following:

- a) Fund matchmaking portal will be established to extend the access of enterprises to matched financial and non-financial support providers, including into ECDC’s Entrepreneurship Development Programme.
- b) Fund manager of third-party funds (government departments/agencies in the national and provincial and local government spheres)
- c) Front-desk loan services for other DFIs, supporting ECDC’s positioning as a fulfilment partner through funds mobilisation and leveraging.

Figure 14: Functional Approach to Trade and Investment Promotion

Investment Project Planning	Investment Promotion	Trade Promotion	InvestSA One-Stop Shop	Policy Advocacy
<ul style="list-style-type: none">• Sector development and opportunities mapping• Project origination• Investment case preparatory support• Market demand studies• DDM and Support Mun with Urban Town Planning service	<p>Establish a solid brand and Knowledge Management Hub fo InvestEC.</p> <p>Attract investors into Industrial Parks.</p> <p>Investment Pipeline Management in prioritised sectors</p>	<p>Implement the EC Trade strategy.</p> <p>Exporter Development Programme.</p> <p>Export Finance.</p> <p>Creation of Export Village EC districts.</p>	<p>One-Stop-Shop.</p> <p>Streamlined services to support investors & exporters.</p>	<p>Shape government policy to support investments in high potential sectors.</p> <p>Develop selected programme spend impact studies to influence prioritisation of spend.</p>

The strategy promotes a targeted approach to trade and investment promotion, rather than a “shotgun” approach, and presents the case for the establishment of an Investment Management unit, tasked to take projects from idea to business plan, and then onwards towards implementation on the ground.

The above strategies are carried forward to inform the ECDC Results-based Plan presented in Part D of this document.

Eastern Cape Provincial Investment Council (PIC) Framework

Eastern Cape Provincial Investment Council (PIC) Framework

To coordinate investment attraction and promotion initiatives, the Eastern Cape will establish a Provincial Investment Council (PIC) to strengthen province-wide planning, reporting, operation, and implementation of investment activities. The Eastern Cape Provincial Investment Council (PIC) will lead and coordinate investment efforts in the Eastern Cape, and be mandated to:

- 1) Strengthen public and private sector coordination, and province-wide, planning, reporting, operation, and implementation of investment activities.
- 2) Improve the interface and coordination between government and industry players on trade and investment matters.
- 3) Create mechanisms where investor grievances will be addressed to prevent government/investor disputes.
- 4) Enhance and improve the regulatory environment for ease of investment in the province.
- 5) Facilitate and coordinate direct and indirect financial incentives to create an inclusive business environment for investors.
- 6) Reduce political and regulatory risks through enabling policy and institutional frameworks that support the investor environment.
- 7) Propel diversification of economic drivers in the province.
- 8) Identify and feed packaged infrastructure and investment projects into the National IDA (at LOD – Line of Defence 1) for processing by the Infrastructure Investments Review Committee (IIRC) and IIC.

The PIC will coordinate investment attraction and promotion efforts in alignment with existing investment structures and correlate its functioning with the PIC, EC-IPF and EC-OSS

In summary:

- 1) The Eastern Cape One Stop Shop, hosted by the ECDC, will continue to coordinate trade and investment matters in the province, and provide on the ground support and assistance to investors.
- 2) The EC-IPF, convened by DEDEAT, will continue to guide province-wide coordination efforts. The decision-making processes and position documents across earmarked workstreams will be presented to the broad EC-IPF for adoption, consideration and/or refinement.
- 3) The new Provincial Investment Council (PIC), convened by the Premier, will be constituted by investment promotion leaders, large companies and prominent industry bodies in the Eastern Cape, across priority sectors, as well as the leadership of investment promotion agencies, economic development cluster departments, metros, district municipalities and other relevant stakeholders.

The council will be constituted by invitation and have a term of 18 to 24 months. The Premier will have sole discretion to increase the serving period. The PIC will lead and coordinate investment efforts in the Eastern Cape, identify and unblock red tape and identify investment stimulation measures, including critical reform programmes and interventions to address any bureaucratic processes impacting industry which are relevant to provincial departments, provincial agencies, and national government.

The heads of departments and agencies that form part of the PIC will communicate and share consolidated final decisions of Cabinet/EXCO emanating from the PIC. The PIC, through the Premier, can convene an extended PIC-Public Sector Workstream meeting to communicate and coordinate the decisions of the PIC.

4) The PIC is supported by the PIC-Public Sector Technical Workstream, chaired by the Director-General of the Eastern Cape, which will coordinate the work of provincial investment promotion agencies, economic development cluster departments, and other relevant stakeholders, including metros and district municipalities.

The Public Sector Technical Workstream will provide strategic guidance to the planned activities of the Investment Promotion Forum (EC-IPF) and will package inputs and technical considerations for the PIC. Further, it will monitor and track standing matters from the PIC and process reports of existing coordination structures, such as the intergovernmental relations workstreams to ensure coordination of investment initiatives with existing international relations matters.

Through its Investment Promotion unit, the ECDC will coordinate the functioning of the PIC, and ensure effective coordination towards the fulfilment of the PIC mandate to enable greater investment coordination in the province.

Eastern Cape One Stop Shop (OSS)

The Eastern Cape One Stop Shop (EC-OSS) is the focal point of contact in government for all investors to coordinate and facilitate the relevant state institutions involved in regulatory matters, registration, permits, and licencing.

It endeavours to significantly shorten and simplify administrative procedures and guidelines for the issuance of business approvals, permits and licences, and thereby remove bottlenecks faced by investors in establishing and running businesses. It further reduces the silo functioning in the investment arena.

The EC-OSS is tasked to coordinate trade and investment matters by:

- 1) Guiding investors that locate in the Eastern Cape on regulatory issues.
- 2) Offer investors (trade and investment) support when requiring information across intergovernmental stakeholders.
- 3) Promote the Eastern Cape offering (trade and investment) through marketing information services, in collaboration with EC-IP Forum members.
- 4) Fast-track and unblock red tape when investing in South Africa.
- 5) Escalate red tape, policy issues and bureaucratic processes to relevant provincial departments, provincial agencies and national government.
- 6) Advocate for policy considerations aimed at and/or in support of growth of trade and investment identified (targeted) projects in the province.

3. UPDATES ON RELEVANT COURT RULINGS

Apart from court proceedings arising from land claims in the Mthatha area, whose continued existence impacts adversely on the ability of the ECDC to transact with its property portfolio, at the time of developing the Corporate Plan, there were no court judgments or rulings that have a bearing on the mandate and core operations of the Eastern Cape Development Corporation.



SECTION B

SEC. B

THE ECDC STRATEGIC FOCUS



Informed by the legislative and policy and strategy directives discussed in Part A, and in support of the 2030 vision of the Eastern Cape Province for “an enterprising and connected province where its people reach their potential”, the 2024-2028 Strategic Plan articulates the ECDC’s strategic focus – its vision, mission, organisational values, and its impact (long-term development benefit):

1. VISION AND MISSION

Our Vision

“A leader in facilitating inclusive sustainable economic growth”.

Our Mission

To accelerate sustainable and inclusive economic growth and job creation in the Eastern Cape, by:

- Coordinating efforts to enhance economic competitiveness.
- Unlocking opportunities for investment and expansion in the economy.
- Creating an enabling environment for growth targeted investment and trade.
- Providing MSMEs and co-operatives with access to finance and business support, to enable them to be competitive participants in the economy; and
- Serving as the preferred implementing agent for economic programmes and infrastructure projects.

2. VALUES

Our values and what it means in practice

Excellence

- We are results-driven, solution-orientated, and committed to superior performance.
- We strive to develop professionally by expanding our capabilities.



Sustainable Growth

- We look beyond the present to deliver future value which is responsible and sustainable.
- We seek to innovate and continuously improve what we do.



Accountability

- We are uncompromising in our honesty and integrity, and we do what we say we will do.
- We are each responsible for our words, our actions, and our results.



Client Focus

- We strive to provide speedy, responsive, and quality services, and place the client at the centre of what we do.
- We are committed to delivering value for money and return on investment.



Collaboration

- We achieve more when we all work together for a common purpose.
- We work constructively with people from diverse backgrounds and demonstrate respect for and understanding of different points of view.



OUR IMPACT

A vibrant Eastern Cape economy, anchored on sustainable inclusive economic growth and job creation.

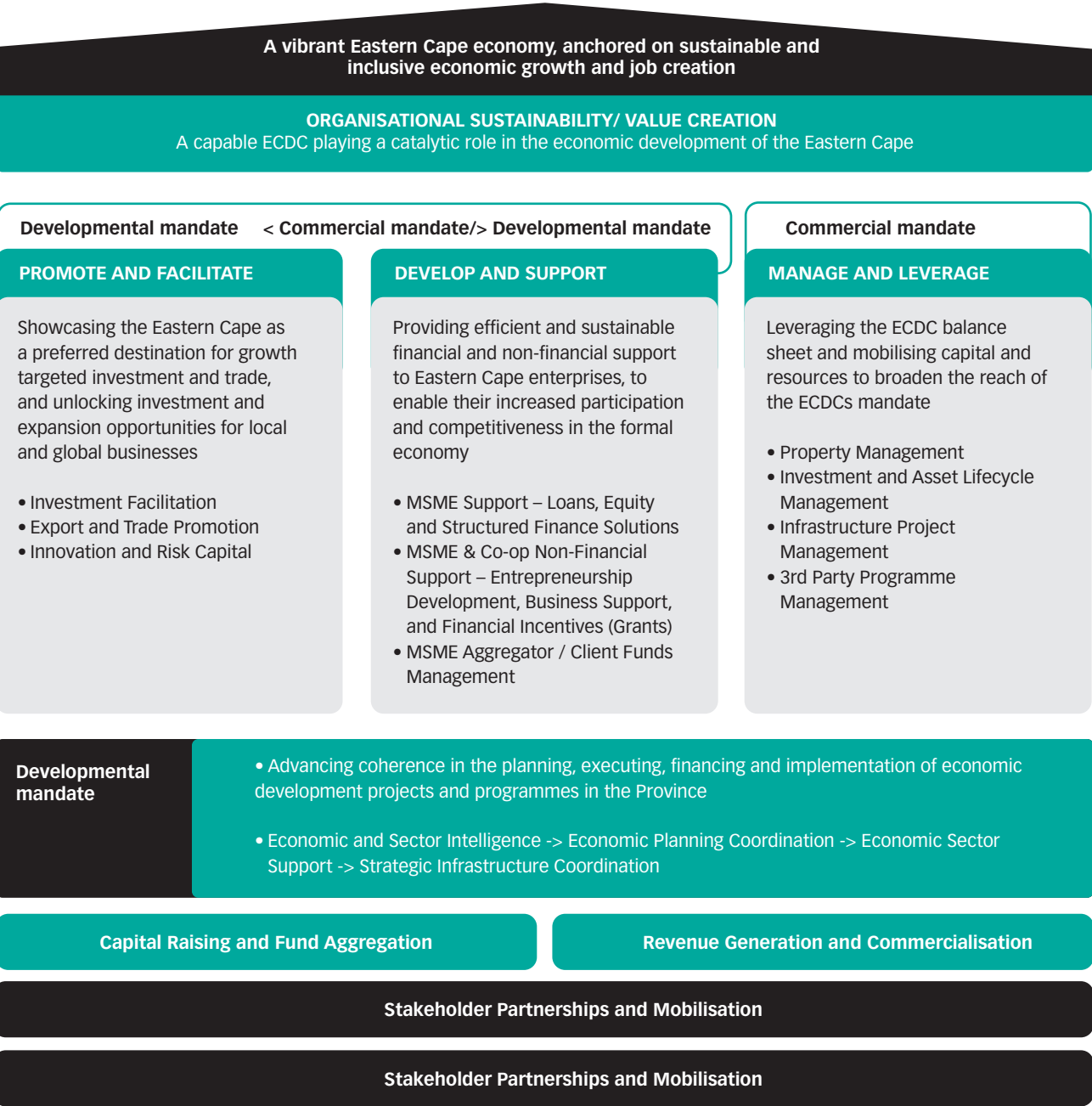
Enabled by:
A capable ECDC playing a catalytic role in the economic development of the Eastern Cape.



3. OUR VALUE CREATION MODEL

To give effect to our mission, and towards our desired impact, our business/value creation model is as follows:

Figure 15: ECDC Value creation Model



4. PRINCIPAL ACTIVITIES DRIVING OUR CORE BUSINESS

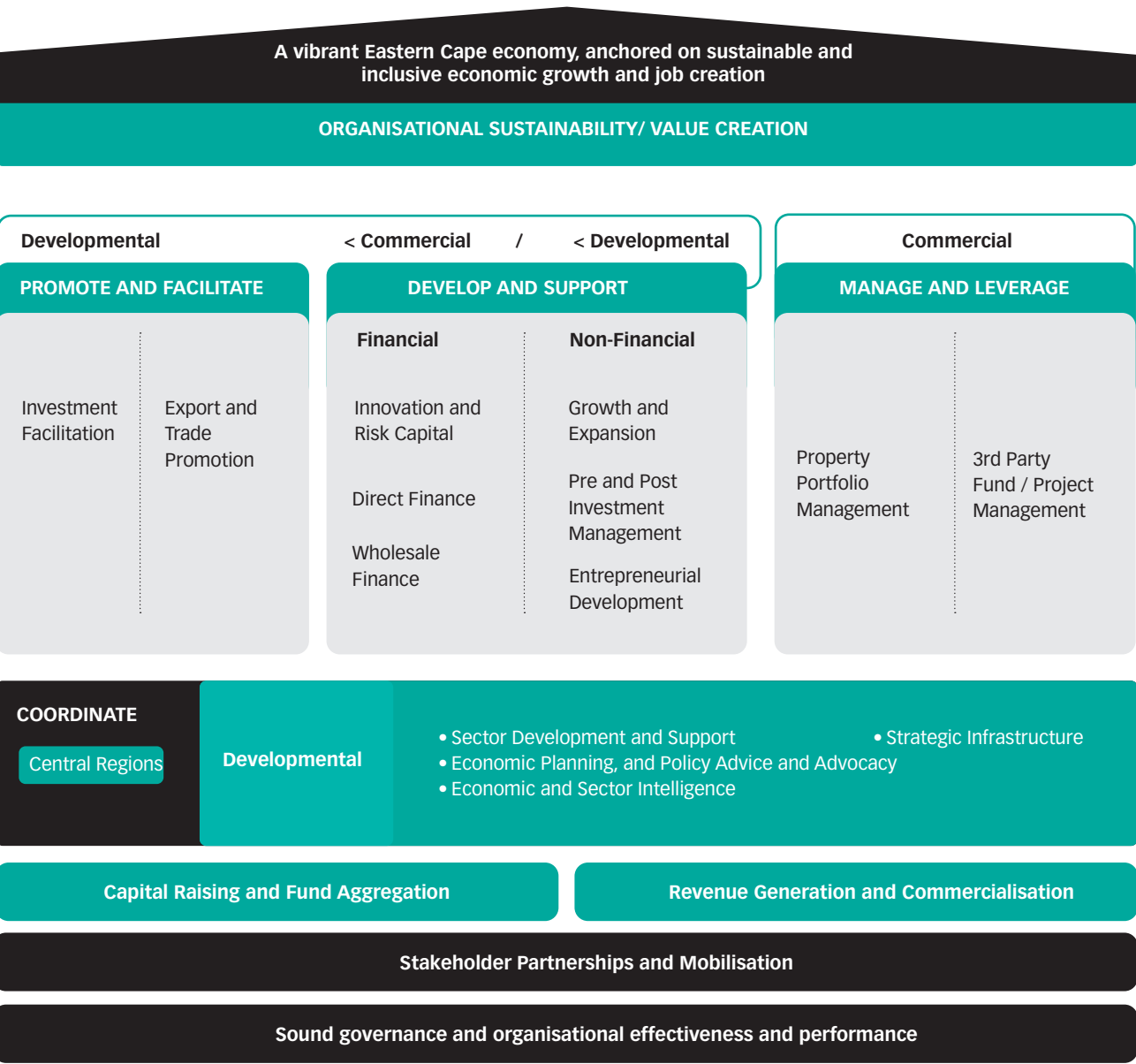
1) PROMOTE AND FACILITATE - Showcasing the Eastern Cape as a preferred destination for growth targeted investment and trade and unlocking investment and expansion opportunities for local and global businesses.	Key functions include: a) Investment facilitation. b) Export and trade promotion. c) Innovation and risk capital.
2) DEVELOP AND SUPPORT - Providing efficient and sustainable financial and non-financial support and assistance to Eastern Cape enterprises, to enable them to best participate in the mainstream economy.	Key functions include: a) MSME and co-operative financial support – loans, grants, and equity finance. b) MSME and co-operative non-financial support. c) MSME fund aggregator/client funds management. The effectiveness of financial support is based upon the application of sound credit risk management and due diligence analysis.
3) MANAGE AND LEVERAGE – Leveraging the ECDC balance sheet and mobilising capital and resources to broaden the reach of the ECDCs mandate.	Key functions include: a) MSME and co-operative financial support – loans, grants, and equity finance. b) MSME and co-operative non-financial support. c) MSME fund aggregator/client funds management. The effectiveness of financial support is based upon the application of sound credit risk management and due diligence analysis.
4) COORDINATE Advancing coherence in the planning, executing, financing, and implementation of economic development projects and programmes in the province.	Key functions include: a) Economic and sector intelligence. b) Economic planning coordination. c) Economic sector support. d) Strategic infrastructure coordination.

Underpinning the ECDC core business functions, the focus is to enable and enhance the effectiveness of the product and service offering:

- 1) Building and maintaining ECDC brand visibility and awareness and targeted messaging through various media platforms, stakeholder engagements, and engagement activities.
- 2) Providing governance assurance through efficient, effective, and proactive internal controls and financial management; and legal, governance, enterprise risk, and compliance advisory and support services.
- 3) Enhancing ECDC’s capacity and capability through the efficient, effective, and proactive management and development of people and enabling systems, processes, and tools of trade.

5. OUR BUSINESS MODEL

Figure 16: ECDC Business Model



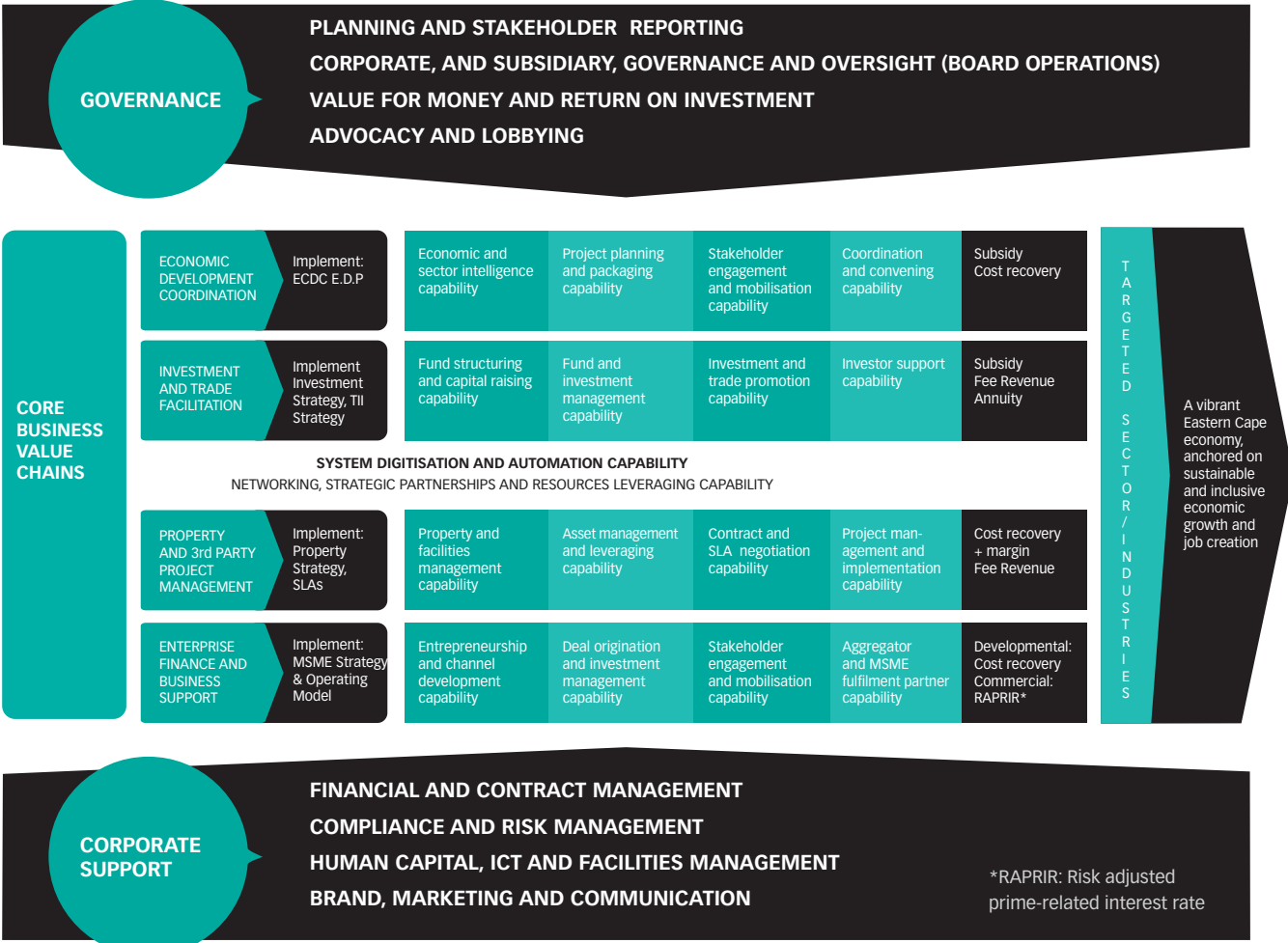
The operating model carries the logic of the business model forward, aligned to the high level organisation design. It seeks, over time, to build required core capabilities in the four core functional areas of the ECDC, enabling them to implement the institutional strategies informing their focus and to maximise their revenue contribution.

The effectiveness of the core functions will be underpinned by the ECDCs digital systems, and by a sound networking and strategic partnering approach and capability.

The organisation then requires efficient and effective corporate support and governance functions, to enable the business and ensure Shareholder value, respectively.

6. OUR OPERATING MODEL

Figure 17: ECDC Operating Model



The ECDC's operating model advocates for a mixed service delivery model, where ECDC holds key capabilities with limited capacities, and leverages third party providers for project implementation. It is important that ECDC has competencies in most areas of its chosen strategy, so that it is able define and scope projects, select service providers and oversee their work. The ECDC's mixed service delivery model will see the ECDC's total administrative overhead comprise of variable and fixed costs.

The variable administrative overheads (cost of fulltime employee equivalent) will be charged to the capital projects or programmes for which they delivered the services.

The above understanding of the ECDC business then informs the medium-term results (outcomes) to be achieved over the five-year period of the Strategic Plan and inform the annual corporate plans over the period.

SECTION C

SEC. C

SITUATIONAL ANALYSIS INFORMING THE CORPORATE PLAN



1. EXTERNAL ENVIRONMENT ANALYSIS

1.1. GLOBAL ECONOMIC CONTEXT

COVID-19 lockdowns forced a sudden and severe contraction of global economic activity during 2020, with the world's GDP shrinking by 3.3% in that year. The International Monetary Fund (IMF) reports that the world's 69 poorest countries need an extra \$436 billion over the next five years to address the aftermath of COVID-19, rebuild external buffers, and grow incomes.


3.3%

The world's GDP shrunk by 3.3% in 2020

\$436 billion

Is what the worlds 69 poorest countries need over the next five years to address the aftermath of COVID-19

The gradual lifting of restrictions resulted in a recovery of around 6% growth in 2021, but expansion had begun to slow again by the time Russia invaded Ukraine in February 2022. This conflict sparked an unexpected rise in the price of a number of key energy, metals, and agricultural commodities. Inflation spiked, and growth estimates for 2022 and beyond were revised significantly downwards. Central banks tightened monetary policy in an attempt to tame inflation, and global sentiment declined precipitously, with Bloomberg Economics calling a global recession into 2023/24 a near certainty. Global growth is expected to remain subdued for the remainder of the decade.

INFLATION

Following the conflict between Russia and Ukraine, key commodities exported by those countries, particularly energy and food, saw sharp price increases that have since rippled through global value chains. Russia was a key supplier of natural gas to Europe, and the significant reduction in supply due to sanctions and sabotage meant that the cost of energy in the region rose fourfold, with the price of natural gas climbing to more than 10 times its normal level during 2022.

In addition to the unusually high energy costs, post COVID-19 demand for consumer goods outstripped supply, which created an upward pressure on price and caused transport costs to rise

sharply and suddenly for a period. Supply disruptions persisted, in part due to ongoing lockdowns in China under the country's "Zero COVID-19" Policy. Also, the fiscal stimulus packages employed by central banks during the pandemic had a direct and profound inflationary effect.

Rising inflation quickly led to monetary policy tightening by central banks around the world. The US Federal Reserve reduced its balance sheet and increased policy interest rates, and the European Central Bank ended its net asset purchases and increased its policy rate for the first time since 2011. Those same two central banks offered "unprecedented support" to markets during the pandemic and, as the IMF admits, "Across advanced economies, (inflation) forecast errors are related to the size of COVID-19 related fiscal stimulus packages." Central banks in all other major economies also tightened policy rates during 2022, except China, Turkey, and Russia.

While the world's biggest fossil fuel companies raked in record profits, increased energy costs played a major role in the acceleration of global inflation. High energy costs have a significant knock-on effect on the rest of the economy, raising the price of almost everything else. The World Bank estimates that energy prices rose by 52% in 2022. The original estimate for the year was a rise of 5%.

Both sets of figures are well below the region's longer-term average growth rate, almost a full percentage point below the 2000-2019 average. Tourism, services, and manufacturing were particularly hard hit by COVID-19 restrictions, and some countries offset their expenditure on pandemic relief programmes by not spending on infrastructure and development projects. Very high inflation, persistent unemployment, and growing poverty and food insecurity rank among the region's most pressing challenges moving forward.

The fiscal space to mount effective responses to these challenges is limited by high levels of debt, rising servicing costs, and depleted public savings. During the pandemic, the region's primary deficit expanded from 4.1% of GDP in 2019 to 6.3% in 2020. As a result, debt rose to an estimated 59.5% of GDP in 2022, meaning African governments must allocate a larger share of their revenues to service that debt. In 2021, the region spent 16.5% of its income on debt servicing, up from less than 5% in 2010.

Slow growth in the region's key trading partners will have a negative effect on SSA's ability to generate and sustain exports. The region is seeing a gradual recovery in tourism, although this has been slow and pandemic-related uncertainties still linger. Also, many countries where tourists might originate are experiencing logistical difficulties around air travel since losing staff and capacity during the height of the pandemic.

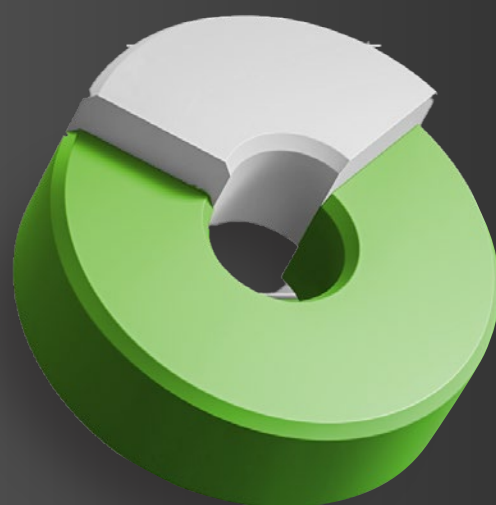
Russia and Ukraine are key exporters of wheat, together accounting for about a quarter of global exports. Agricultural prices are estimated to have risen 15% in 2022, again significantly higher than previous projections. Russia is the world's largest exporter of fertilizers, and due to quotas and restrictions, prices are expected to have increased by nearly 70% in 2022, although prices were moderating towards the end of the year.

Energy commodities maintained an escalated price throughout the year and, whilst they are expected to moderate slightly in 2023, costs are expected to remain high. Metal prices softened in the second half of 2022, reflecting concerns about demand, particularly from China, as more than half of global metal supplies are consumed by the country. Agricultural prices also declined modestly towards the end of 2022, particularly for wheat and vegetable oils, owing to good crop yields in Canada, Russia, and the United States (US), but overall food prices are expected to remain elevated into 2023.

According to IMF estimates made in October 2022, global inflation rose to 8.8% in 2022, and will moderate to 6.5% in 2023 and 4.1% in 2024.

SOUTH AFRICA

In 2021, South Africa spent 16.5% of its income on debt servicing, up from less than 5% in 2010.

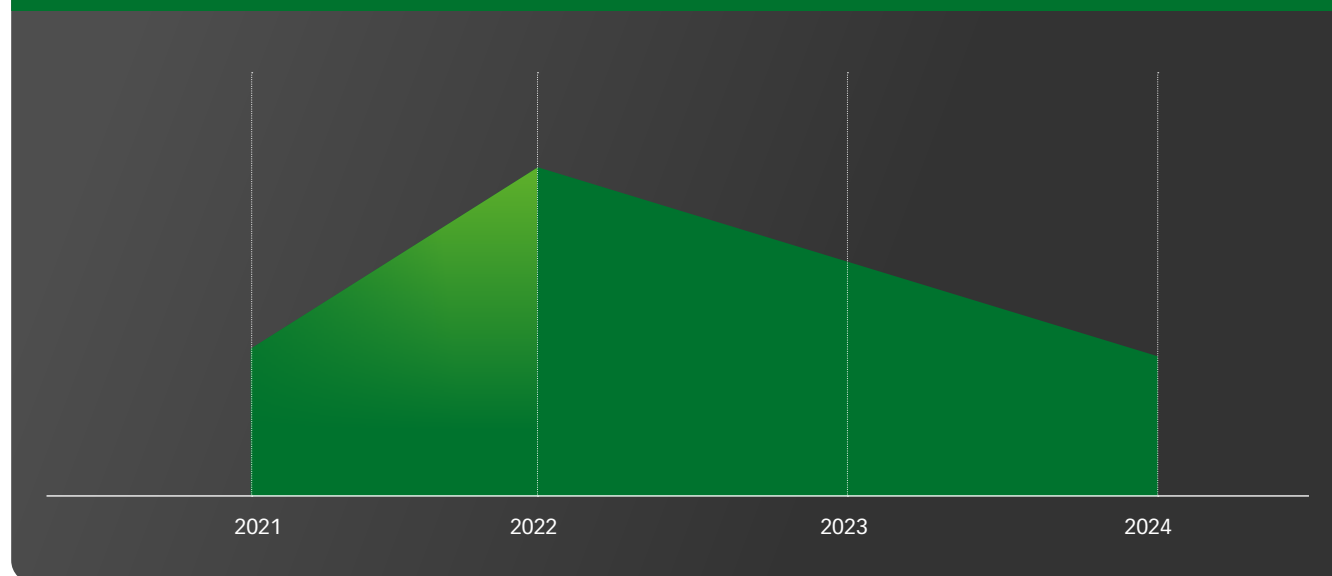


1/4 OF GLOBAL WHEAT EXPORTS

are from Russia and Ukraine.



Figure 18: IMF Projected Inflation Rate 2021 to 2024



Source: IMF World Economic Outlook, October 2022

The IMF notes that inflation could be more difficult to bring down than anticipated and create tighter global financial conditions.

“In short, the worst is yet to come, and for many people 2023 will feel like a recession.”

IMF World Economic Outlook, Countering the Cost-of-Living Crisis, October 2022

GROWTH

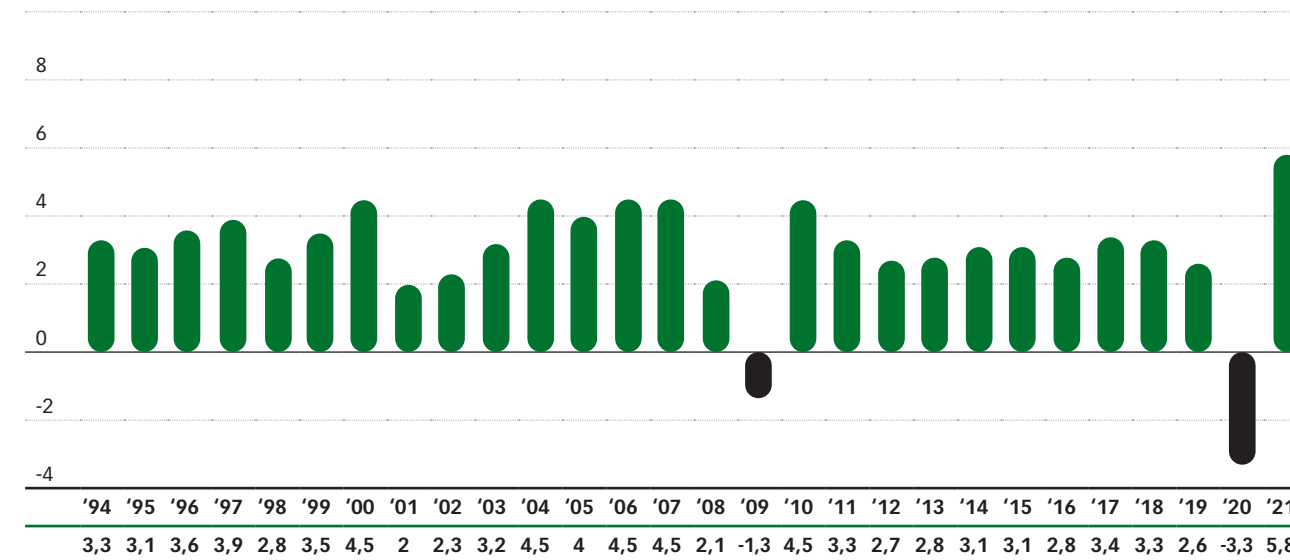
All three of the world's largest economies have shown signs of weakness. The cost of energy in Europe is likely to weigh heavily on output there, and the US is facing increasingly strong headwinds in its attempts to remain the dominant economic force in the world. Despite a currency surging in value and strong employment numbers, the US spent the first half of 2022 in a technical recession.

China has been a key engine of global economic growth for decades, but trouble in the country's oversized property/construction sector along with the Zero COVID-19 Policy and ongoing lockdowns had a substantial negative impact on the country's 2022 GDP, estimated at just 3.2% for the year, compared to 8.1% in 2021. As China is an important trading partner to many other nations and a key consumer of commodities, a slowdown there has a deleterious effect on growth in the global economy as a whole. As 2022 drew to a close, Beijing seemed to be softening its COVID-19 stance after widespread public protest, but optimism about growth in 2023 is muted. At the end of 2022, US manufacturing orders in China were down 40% according to the CNBC Supply Chain Heat Map.

Fears of a global recession persist, and the world economy could be facing a lengthy period of stagflation, where inflation and unemployment are high, and growth is low. Markets expect that inflation peaked in mid-2022, but the taper is likely to be slow and levels will remain elevated for some time to come, necessitating continued hikes in interest rates. Global growth has trended downwards since the beginning of 2022 and is expected to remain subdued for the remainder of the decade when compared to the 2010s.

IMF World Economic Outlook, October 2022 Update
<https://www.theguardian.com/business/2022/oct/27/profits-at-worlds-seven-biggest-oil-firms-soar-to-almost-150bn-this-year-windfall-tax>
 World Bank. 2022. Global Economic Prospects, June 2022. Washington, DC: World Bank. doi: 10.1596/978-1-4648-1843-1.
 License: Creative Commons Attribution CC BY 3.0 IGO.
 IMF World Economic Outlook, October 2022 Update

Figure 19: Global GDP Growth, 1994 to 2021



“The combination of slow growth and tightening financial conditions amid high levels of debt is likely to lead to fiscal pressures, rising corporate defaults, and weak investment in many countries.”
 World Bank Africa's Pulse, October 2022

Source: World Bank - Global Economic Prospects, 2022

Key take-outs:

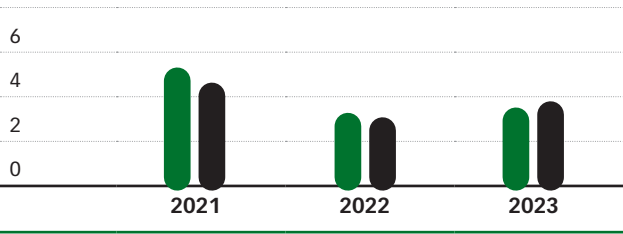
- Growth is likely to remain subdued for some time, even if a full-blown global recession is avoided in 2023, inflation could remain higher than is ideal for longer than is anticipated.
- The push for a homogenised, centrally controlled approach to future pandemic response and climate change may intensify.
- As of the end of 2022, the European Union is attempting to finalise their “Carbon Border Adjustment Mechanism”, which will allow them to add a carbon tax to goods imported from outside of the region.
- Global trade maps are likely to be redrawn as the US and European economies re-evaluate outsourcing the manufacture of key products and technologies to ideologically divergent nations.
- BRICS might begin to pose a more serious threat to the established economic order and US hegemony, particularly if Saudi Arabia were to join the bloc. There is talk of the group introducing a commodities-backed reserve currency as an alternative to the dollar.

1.2. SUB-SAHARAN AFRICA ECONOMIC CONTEXT

The Sub-Saharan African (SSA) economy is expected to slow as it faces the global headwinds of tightening monetary policy, high inflation, and low growth. Adding to the region's woes is the rising risk of debt distress. Any recovery in the economic activity in the region has been set back by weak demand from all three of its key trading partners: China, the US, and the Euro area. This affects Sub-Saharan nations directly through a slowing of foreign trade and investment, but also indirectly through falling commodity prices.

The region's growth is expected to drop to 3.3% in 2022, down from 4.1% in 2021, according to the World Bank October 2022 Africa's Pulse forecast. IMF expects growth of 4.7% in 2021, 3.6% in 2022 and 3.7% in 2023.

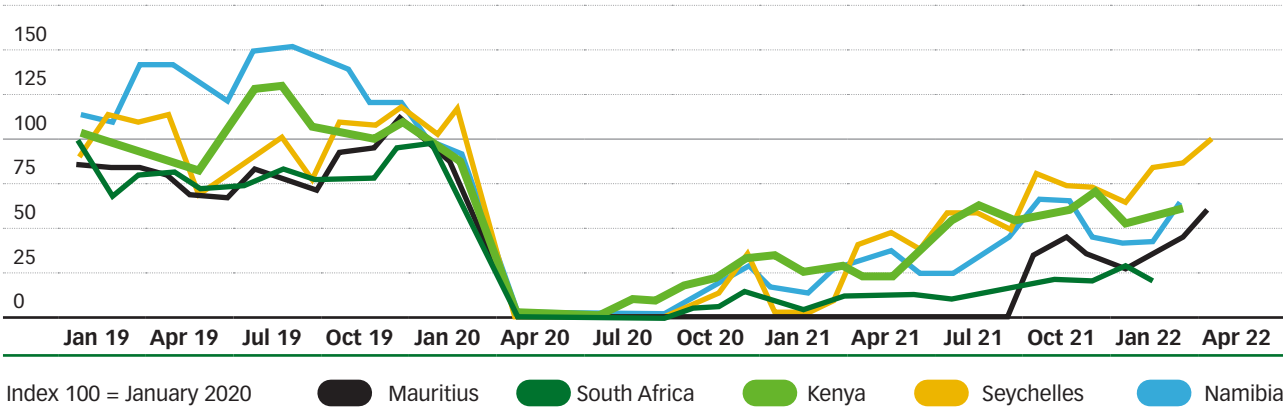
Figure 20: Sub-Saharan Africa GDP Growth Forecasts, 2021 to 2023



Both sets of figures are well below the region’s longer-term average growth rate, almost a full percentage point below the 2000-2019 average. Tourism, services, and manufacturing were particularly hard hit by COVID-19 restrictions, and some countries offset their expenditure on pandemic relief programmes by not spending on infrastructure and development projects. Very high inflation, persistent unemployment, and growing poverty and

Calderon, Cesar; Kabundi, Alain; Kubota, Megumi; Korman, Vijdan; Goyal, Aparajita; Eliste, Paavo; Forget, Vanina Daphne. 2022. “Africa’s Pulse, No. 26” (October), World Bank, Washington, DC. Doi: 10.1596/978-1-4648-1932-2. License: Creative Commons Attribution CC BY 3.0 IGO

Figure 21: Sub-Saharan Africa Regional Tourism Recovery



Source: World Bank. 2022. Global Economic Prospects, June 2022

Severe food insecurity in SSA has increased sharply, with around 140 million people classified as acutely food insecure in 2022 (20 million more than in 2021). In East Africa, 41 million people were estimated to be acutely food insecure in 2021. In 2022, that figure is thought to have risen to 55 million people, slightly more than the entire population of Kenya.

One in five people in Sub-Saharan Africa faces regular hunger. More than 250 million are undernourished.

food insecurity rank among the region’s most pressing challenges moving forward.

The fiscal space to mount effective responses to these challenges is limited by high levels of debt, rising servicing costs, and depleted public savings. During the pandemic, the region’s primary deficit expanded from 4.1% of GDP in 2019 to 6.3% in 2020. As a result, debt rose to an estimated 59.5% of GDP in 2022, meaning African governments must allocate a larger share of their revenues to service that debt. In 2021, the region spent 16.5% of its income on debt servicing, up from less than 5% in 2010.

Slow growth in the region’s key trading partners will have a negative effect on SSA’s ability to generate and sustain exports. The region is seeing a gradual recovery in tourism, although this has been slow and pandemic-related uncertainties still linger. Also, many countries where tourists might originate are experiencing logistical difficulties around air travel since losing staff and capacity during the height of the pandemic.

Almost three quarters of SSA countries had a food deficit before the 2022 food price surge. On average, food imports account for 20% of total imports in SSA countries, almost twice as high as in other emerging market and developing economies. One in seven SSA countries depend on Russia and Ukraine for more than 45% of their wheat imports, and almost all of the region’s economies are net importers of wheat. This makes SSA particularly vulnerable to further disruptions and price spikes related to the conflict in Eastern Europe.

Further to this, increasing prices of agricultural inputs like fertilizers, fuel, and seeds will make growing food in these countries more expensive and likely lessen productivity of local farmers, further exacerbating food shortages and raising the prices of staples for longer.

Persistence of pandemic induced long-term damage is a significant risk to the baseline growth forecast for the SSA region. Disproportionate losses to incomes, employment, and human capital accumulation could hinder poverty alleviation and lead to lasting increases in inequality across the region. The sharply rising cost of food basics will compromise any recovery in consumer spending.

The African Continental Free Trade Agreement (AfCFTA) represents an opportunity for SSA nations to strengthen cooperation and find new economic synergies, thereby reducing reliance on more distant trading partners and strengthening the region’s ability to determine its own future.

Key take-outs:

- Slow growth in the region’s main trading partners threatens export potential, and weak demand will exert downward pressure on commodity prices.
- Inflation and particularly food inflation is challenging to contain in countries characterised by shallow capital markets and a large informal sector where interest-based monetary policy is a less effective tool.
- Current costs of funding, expected to peak in 2024/25, are making large levels of debt more difficult and expensive to service, and 18 SSA nations risk crossing “debt service risk thresholds”.
- Close to 20 million people face starvation as the East African region experiences its worst drought in four decades and braces for its fifth consecutive failed rainy season.

1.3. SOUTH AFRICAN SOCIO-ECONOMIC CONTEXT

The local economy was not performing optimally for some time before COVID-19 lockdowns further devastated businesses, productivity, and jobs. As is the case in the rest of the world economy, high inflation and low growth are currently key challenges for South Africa, along with a perpetually high unemployment rate. This presents a particularly difficult challenge for government, as interventions designed to curtail inflation may well exacerbate unemployment, and policies designed to lower unemployment may stoke inflation higher.

Rising government debt and, by extension, debt service costs, will continue to erode public spending capacity, potentially leaving gaps in public services delivery and infrastructure development. South Africa’s debt service costs for the 2022/23 budget period amount to R301,8 billion, making it the third most expensive line item after only education and social development, ahead of health, community development, economic development, and peace and security

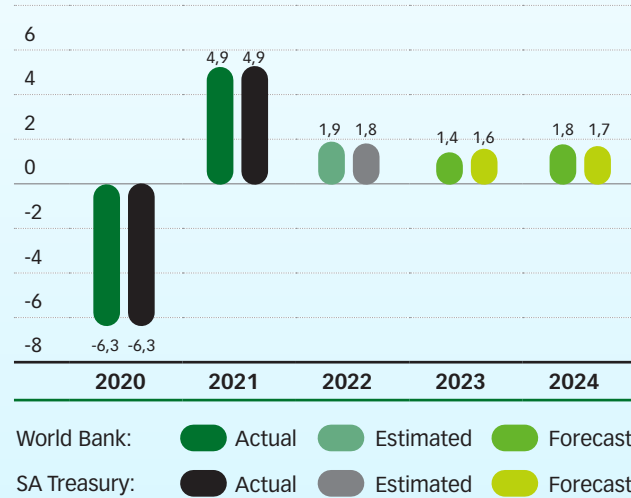
Figure 22: Summary of South African Budget 2022/23 Ranked by Value

Budget Item	Rand value
Learning and Culture	R441,5 billion
Social Development	R364,4 billion
Debt Service Costs	R301,8 billion
Health	R259,0 billion
Community Development	R236,3 billion
Economic Development	R227,1 billion
Peace and Security	R220,7 billion
General Public Services	R69,2 billion

GROWTH

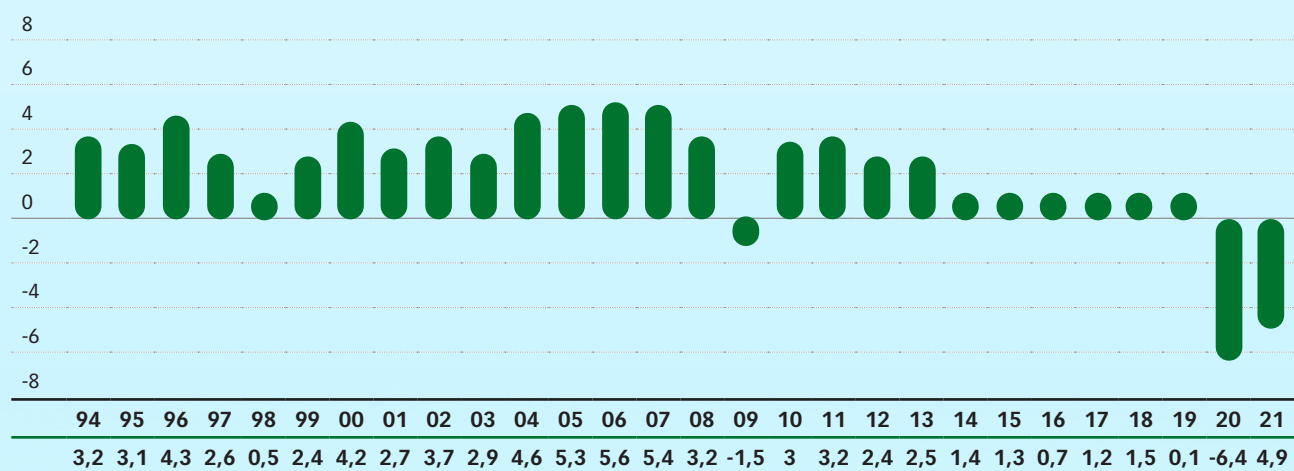
The World Bank forecasts growth in South Africa of just 2.1% in 2022, and 1.5% for the 2023 financial year. The IMF predicted 2.3% and 1.4% respectively. National Treasury forecast real economic growth in the country of just 1.8% in 2022, 1.6% in 2023, and 1.7% in 2024.

Figure 23: South African GDP Growth Forecasts



The Reserve Bank has downgraded its GDP growth forecast for 2023 from 0.6 to 0.3%, citing loadshedding as the primary contributor to impeded output. The country's average annual GDP growth rate between 1994 and 2022 is 2.39%. Forecasts for the next couple of years are well below that average and wholly insufficient to meet any of the country's significant economic development and unemployment reduction goals.

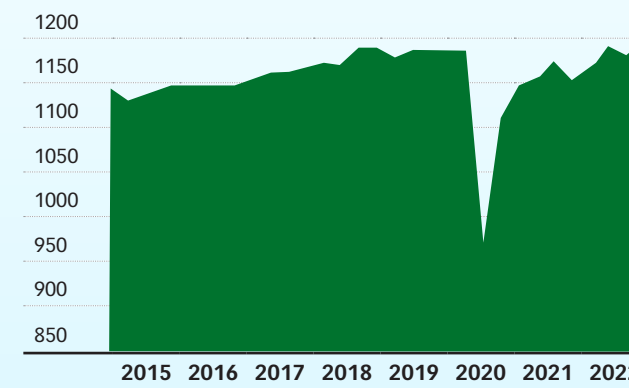
Figure 24: South African GDP Growth 1994 to 2021



Source: World Bank - Global Economic Prospects, 2022

Despite the negative global headwinds, South African real GDP reached pre-pandemic levels in 2022. After a contraction in the second quarter due in part to widespread flooding in KwaZulu-Natal, the economy rallied in the third quarter, expanding by 1.6% to R1,161 billion (in constant 2015 prices), which is above the previous all-time peak of R1,152 billion recorded in the fourth quarter of 2018.

Figure 25: Size of GDP, 2015 to 2022 Q3

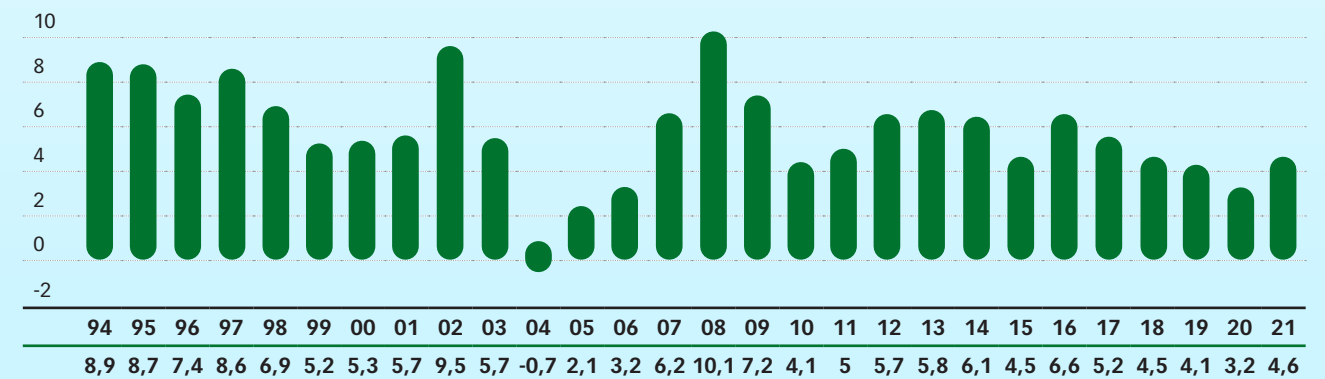


Source: Stats SA

Eight of the ten industries recorded an increase in economic output in the third quarter of 2022. Agriculture, forestry, and fishing were the largest positive contributors, increasing by 19.2%, mainly due to a rise in the production of field crops and horticulture products. Exports also increased in the third quarter, driven mainly by increased trade in mineral products, metals, vegetable products, and paper products.

The rise in government consumption was due mainly to increased spending on goods and services.

Figure 26: South African Inflation, Consumer prices, 1994 - 2021

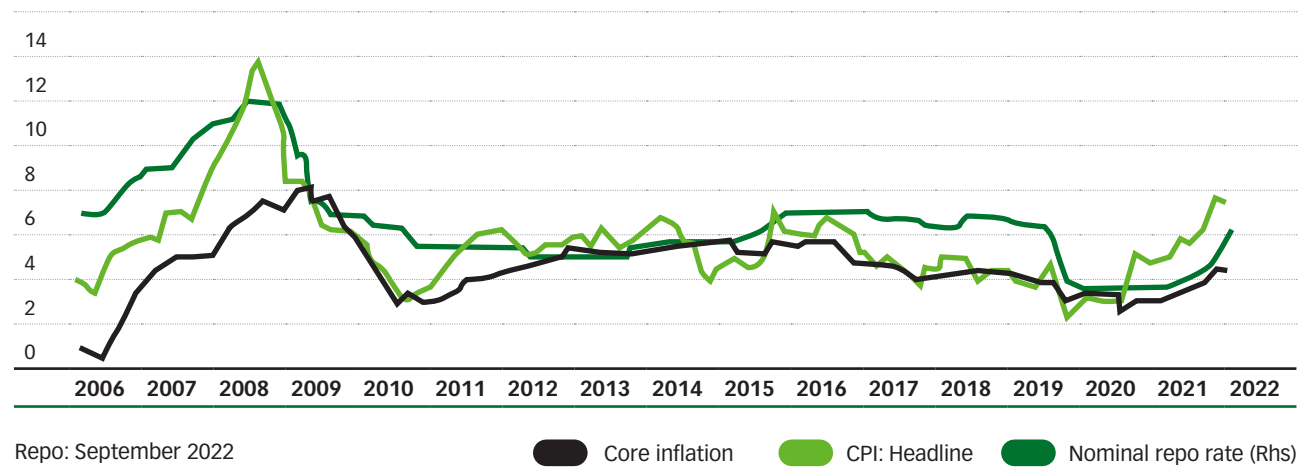


Source: World Bank, IMF figures

INFLATION

In step with the rest of the world, inflation in South Africa spiked higher in 2022. July saw consumer price inflation rise to 7.8%, with petrol (+56.2%), food (+10.1%), and electricity (+8.1%) being key drivers. August saw a slight moderation as the CPI declined to 7.6%, with petrol inflation slowing to 43.2%. Food prices were still rising, however, at a rate of 11.5%. There is hope that inflation may have peaked, with softer crude oil and other commodity prices resulting in a moderation in price pressures in the months ahead.

Figure 27: South African Inflation, 2006 to 2022

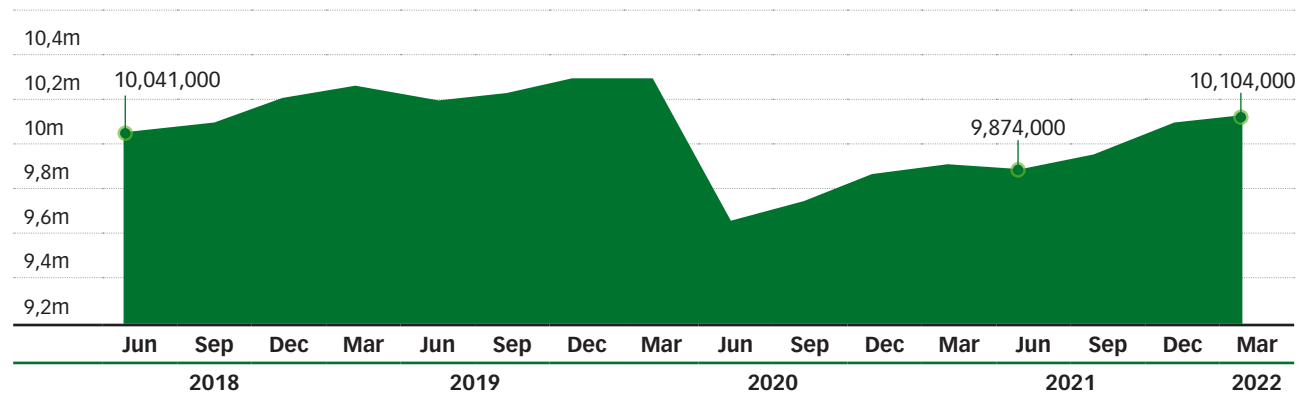


The target range for inflation is 3%-6%. The upper limit has been breached for some time, and indications are that it may take a while to bring back down. SARB has responded to the inflationary pressure by raising the policy rate by 325 basis points (3.25%) since November 2021, and there are indications that the hiking cycle may not yet be over. Low consumer sentiment is likely to persist for some time, resulting in a lack of willingness by households to significantly increase spending.

UNEMPLOYMENT AND POVERTY

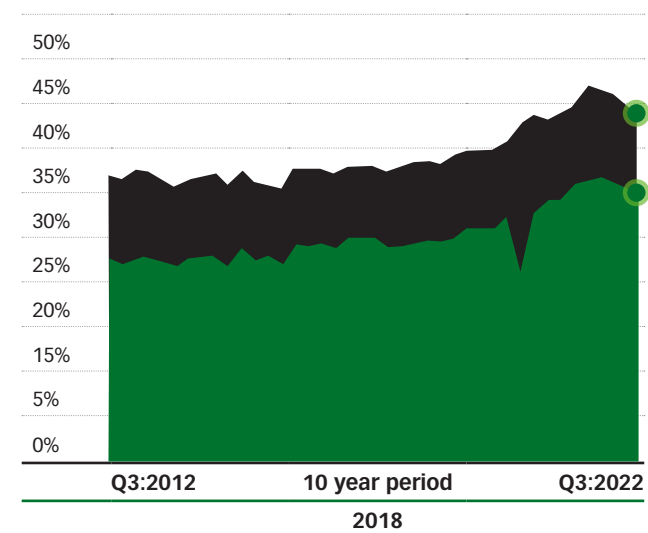
After the COVID-19 lockdowns in 2020, the number of private sector jobs in the country reached a sixteen-year low. More than three quarters of post-pandemic job losses have been in lower earning positions. Official data show divergences in employment recovery by age, education, gender, and race, with Black women in particular bearing the brunt of job losses.

Figure 28: Employment in the Non-agricultural Formal Sector, June 2018 to March 2022



As is illustrated in the figure below, South Africa's unemployment problem is not a new phenomenon or a consequence of COVID-19, but a systemic and steadily worsening feature of the country's economy. With around 7.7 million people of working age unable to find employment and a further 3.5 million who have given up trying, it is clear that economic growth and job creation are not keeping track with the country's population growth, and the political promise of decent work for all remains very much unfulfilled.

Figure 29: Expanded vs Official Unemployment Rate over the Last Ten Years



Despite the prevailing adverse economic conditions in the country and the world at large, employment rose during the first three quarters of 2022, bringing the official rate down to 32.9%. This, of course, is a negligible improvement. Unemployment in South Africa remains an urgent social emergency, particularly among the young. Stats SA's Q3 2022 Labour Survey confirmed that unemployment amongst youth remains well above crisis level, with 45.5% of the workforce under 35 years of age, or 4.6 million individuals, unable to find employment.

The unemployment rate is likely to remain at these unsustainably elevated levels for some time as subdued rates of economic growth limit labour absorption capacity. The number of new entrants into the labour market is outpacing the number of jobs being created by a substantial margin.

Consequently, poverty remains a serious issue for South Africa, with 27% of the country's population already living below the Food Poverty Line (FPL) according to data collected in 2019. As long as unemployment remains high, the poverty problem will continue to worsen. The current high levels of food inflation will cause many more of the country's poorest families to struggle to adequately nourish themselves and leave millions of young people with no legal means to sustain themselves.

As is the case with the global economy, South Africa faces low growth, very high inflation, and unusually inflated energy costs. None of these factors are positive for employment creation, and

the sharply higher food prices will push the unemployed and impoverished in the country closer to the brink.

Structural constraints in the domestic economy are expected to further slow any recovery, notably:

- 1) Inadequate electricity supply continues to drain productivity and reverse economic gains. Some estimates suggest that Stage 6 loadshedding costs the country upwards of R4 billion per day. All indications are that power supply issues are likely to get worse rather than better in the short to medium term.
- 2) South Africa's rail network has become dysfunctional due to mismanagement, corruption, and neglect. The inability to move freight by rail means that the country's national arterial roads are becoming ever more congested with large trucks, which impacts on general road safety levels and results in costly damage to road surfaces.
- 3) Maritime transport carries more than 80% of global merchandise trade by volume, meaning that any inefficiencies at a country's seaports will have tangible repercussions. Research by the Freight Forwarders Association showed that port delays cost the South African economy between R100 million and R1 billion per day.
- 4) "Construction mafias", or extortionists posing as "business forums" are seriously impeding infrastructure and other construction projects in the country using violence and intimidation to demand 30% of project value under the guise of fighting for social justice or Black economic empowerment. This unchecked lawlessness has now spread into the country's all-important mining industry.

Without application of the rule of law, adequate electrical power, and an efficient means of moving freight in and out of the country, all other economic stimulus efforts will be in vain and, instead of much needed growth, the economy will see sustained contraction, particularly in energy dependant and crime affected sectors.

Key take-outs:

- The global headwinds of slow growth, high inflation, and tightening monetary policy will constrain local growth opportunities and fiscal policy options.
- Unsustainably high unemployment, particularly amongst the youth, threatens social stability and all but guarantees a rise in crime and violent unrest. Untenable levels of poverty, inequality, and hunger will drive the country's dispossessed to reckless and destructive action. An increasingly significant portion of the country's population have absolutely nothing to lose.
- Current economic policy is failing to create the mass of new employment needed to sustain the nation's population.
- Mismanagement, incompetence, and corruption have weakened many state institutions, state-owned entities (SOEs), and much of the national infrastructure to the point of collapse.
- Energy supply and logistical constraints seriously depress economic growth and limit entrepreneurial opportunity and activity.
- Organised crime syndicates pose a growing threat to safety and security in the country, disrupting legitimate business and increasingly challenging the State's ability to maintain law and order.

https://www.moneyweb.co.za/news/south-africa/eskom-barely-dodges-stage-7-as-weeks-long-recovery-looms/?-bid=120_7606_8401658

<https://dailyfriend.co.za/2022/10/26/eskom-and-transnet-millstones-around-the-neck-of-the-economy/> (Accessed 26 October 2022)

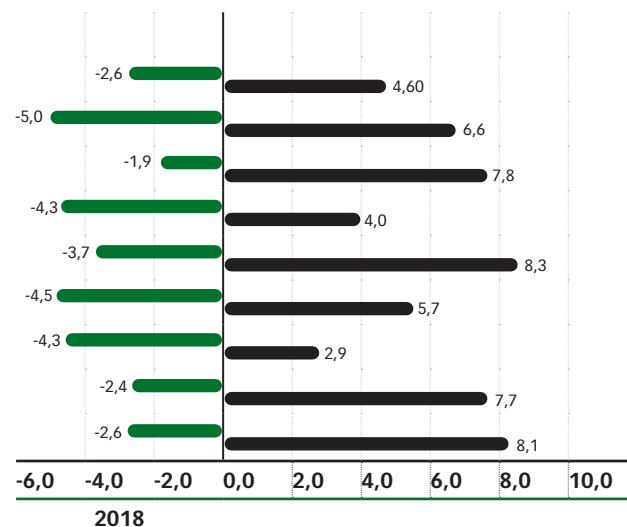
<https://www.moneyweb.co.za/mineweb/extortion-mafia-hits-sas-almost-r1trn-mining-sector/> (Accessed 12 December 2022)

1.4. EASTERN CAPE SOCIO-ECONOMIC CONTEXT

ECONOMIC PERFORMANCE

While GDP in all provinces was negatively impacted by the COVID-19 pandemic, there are signs of recovery, and the Eastern Cape is recovering relatively well.

Figure 30: GDP Growth by Province

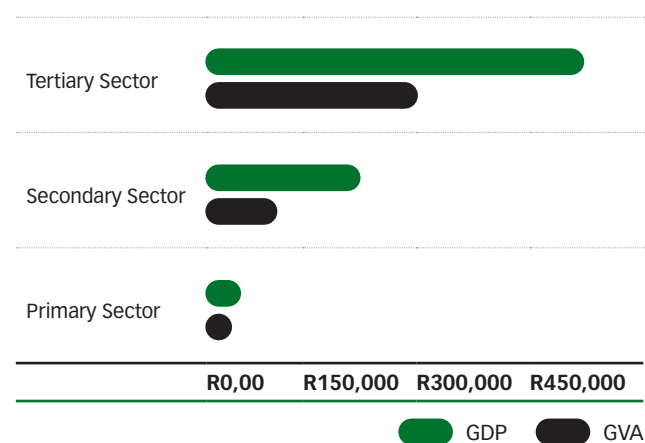


Source: Quantec

The Eastern Cape province struggles with the same economic challenges as the rest of South Africa, only perhaps more acutely. The province has the highest unemployment and poverty rates in the country, with more people unemployed than employed. In the 15–24 year old age group 77.2% were unemployed in the second quarter of 2022, as were 59.2% of those aged 25–34.

The State is the largest employer in the province, responsible for 29.9% of total employment. Consequently, the Tertiary Sector dominates the Eastern Cape economy, producing 68% of the province's GDP, and 82% of Gross Value Add (GVA). The Secondary Sector accounts for 28% of GDP, and the Primary Sector just 3%.

Figure 31: GDP and GVA in the Eastern Cape by Sector

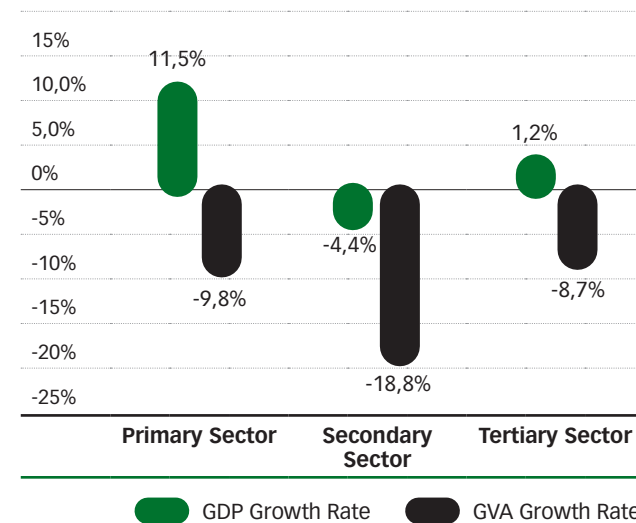


Primary Sector	<ul style="list-style-type: none"> • Agriculture • Mining
Secondary Sector	<ul style="list-style-type: none"> • Manufacturing • Construction • Utilities (electricity, gas, water)
Tertiary Sector	<ul style="list-style-type: none"> • National, Provincial, and Local Government • Wholesale and retail trade • Catering and accommodation • Transport and storage • Communication • Finance, insurance, real estate, business services and activities • Education, health, and social work • Other community and personal services

Source: Urban-Econ, ECDC Economic Development Priority Sectors, Programmes and Project Support Plan, ECDC Board Workshop, August 2022

54.1% of the province's unemployed have not completed secondary school, so in a province that needs to provide work opportunities for a largely unskilled population, the heavy reliance on the Tertiary Sector, which generally requires educated and qualified people, is not ideal.

Figure 32: Eastern Cape Economic Performance 2018-2021 by Sector



Source: Urban-Econ, ECDC Economic Development Priority Sectors, Programmes and Project Support Plan, ECDC Board Workshop, August 2022

In contrast, 95% of Primary Sector labour is unskilled, making it the ideal sector to absorb a lower skilled workforce, but this sector currently comprises just 3%-4% of the Eastern Cape's GDP. Employment in the agricultural sector increased by 18.2% in Q2 2022, and the sector presents some of the most realistic and accessible opportunities for employment in the province.

In terms of GDP (which is calculated by adding together total consumer spending, total government spending, total business spending, and the value of exports minus what is spent on imports), the Primary Sector saw growth of 11.5% over the period 2018 to 2021, as seen in the figure below. The Tertiary Sector managed 1.2% growth over the period, but the Secondary Sector contracted by 4.4%. At least part of the reflected GDP growth is likely due to inflation rather than actual value added.

When it comes to GVA (calculated by adding subsidies to GDP and then subtracting taxes), all sectors of the province's economy were in negative territory. In other words, the Eastern Cape economy has lost value everywhere over the 2018 to 2021 period, particularly in the Secondary Sector (manufacturing, construction, and utilities).

The Primary Sector was the best performer over the period, with the decline in GVA likely due to withdrawal of subsidies or an increase in taxation. The Secondary Sector was the worst performer and is perhaps the greatest cause for concern. The marked decline in GVA is reflective of a shrinking sector experiencing increased tax pressure or adverse operating conditions. The loss of value from the Tertiary Sector indicates falling productivity and less conducive conditions of operation.

ECDC Economic Development Priority Sectors, Programmes & Project Support Plan, Board Workshop, August 2022, Urban-Econ

EMPLOYMENT

Employment levels in the Eastern Cape improved in the second quarter of 2022, emanating from the abolishment of lockdown restrictions in the country from the second quarter of 2022, which aided the uptrend in economic activity as businesses started to operate at full capacity, resulting in businesses employing more people. The Eastern Cape Province remained number one in South Africa in terms of high unemployment rate. The Eastern Cape is amongst the 8 provinces in the country that experienced an increase in employment in 2022Q2 of 50,000, with job gains in the following sectors: Agriculture recording a highest job increase of 17,000, trailed by the manufacturing sector with 16,000, community services sector 13,000, private households with 11,000, and construction with 6,000.

The sectors in the Eastern Cape Province that registered a deterioration in employment despite relaxation of lockdown restrictions, which enabled economic activity to fully resume, were Finance, registering the highest job losses of 11,000 in 2022Q2; trailed by Utilities at 3,000; and Trade (-2,000).

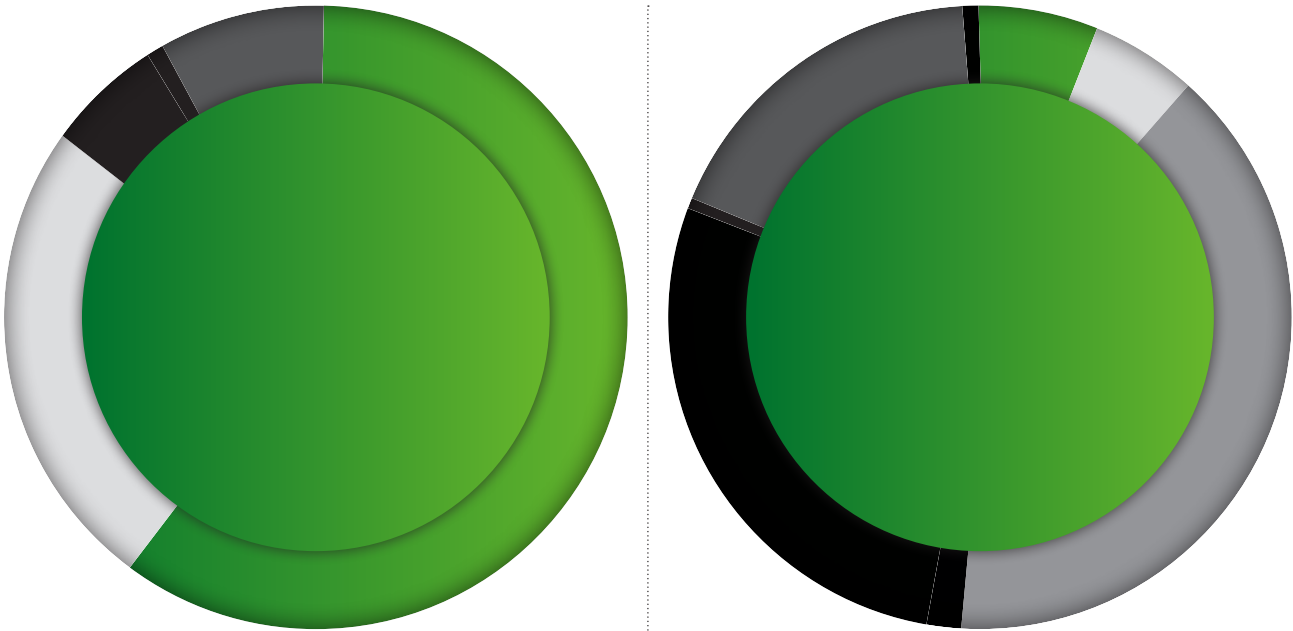
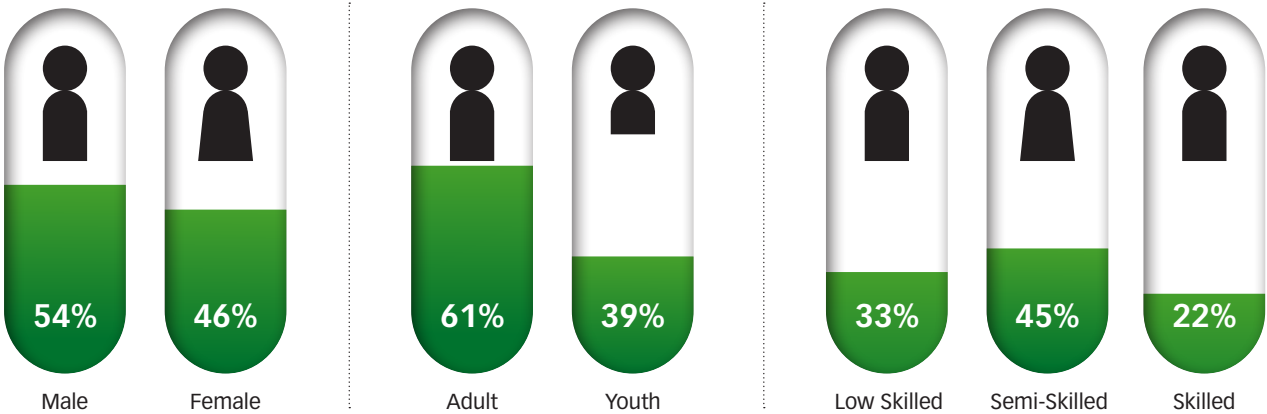
Figure 33: Sectoral Employment in the Eastern Cape, Q2 2022

Budget Item	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	Quarter-on-Quarter Change
Agriculture	82	107	1078	93	110	17
Mining	1	1	4	-	2	-
Manufacturing	115	126	115	141	157	16
Utilities	4	5	5	6	3	-3
Construction	112	122	128	116	122	6
Trade	252	198	228	229	227	-2
Transport	70	78	84	72	72	0
Finance	118	133	147	139	129	-11
Community services	376	367	333	389	402	13
Private households	105	79	97	108	119	11

Eastern Cape Socio-economic Consultative Council, Eastern Cape Labour Market Overview Q2 2022

10% of the employed workforce have primary school education or less, 67% have matric or some high school education, and 21% have tertiary qualifications. Reflecting on this, only one in five people (22%) with jobs in the province are in skilled positions, 45% perform semi-skilled roles, and 33% fill low-skilled positions .

Figure 34: Characteristics of Employment in the Eastern Cape (Q3 2022)



- 60% Formal sector (Non-agricultural)
- 24% Informal sector (Non-agricultural)
- 7% Private households
- 9% Agriculture

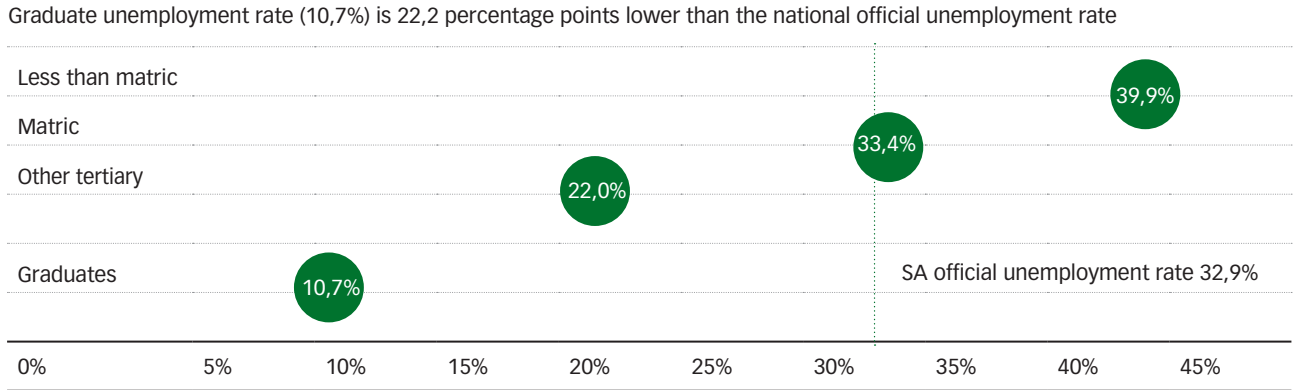
Source: Statistics South Africa Labour Force Survey
ECSECC calculations 2022

- 6% Less than primary completed
- 3% Primary completed
- 21% Tertiary
- 32% Secondary completed
- 35% Secondary not completed
- 1% No schooling

There is a clear connection between education and employability (see figure below). On a national level, 40% of the country's unemployed did not finish high school (54.1% in the Eastern Cape). A further 35% completed school but did not study further. The unemployment rate among university graduates, by contrast, is 10.7%, a full 22.2% lower than the official national unemployment rate.

Whilst 10% unemployment among graduates may be considered high, it is likely to be partially related to the types of courses that young people opt to study at university. Graduates with science, technology, engineering, and mathematics (STEM) skills are in high demand, where graduates from humanities departments may experience stiffer competition for fewer available posts. Similarly, the fact that around a quarter of those with "other tertiary qualifications" are unable to find work may speak to the quality and relevance of the sector's educational offerings. The country faces a shortage of qualified plumbers and electricians.

Figure 35: Official Unemployment Rate by Level of Education, 2022 Q3



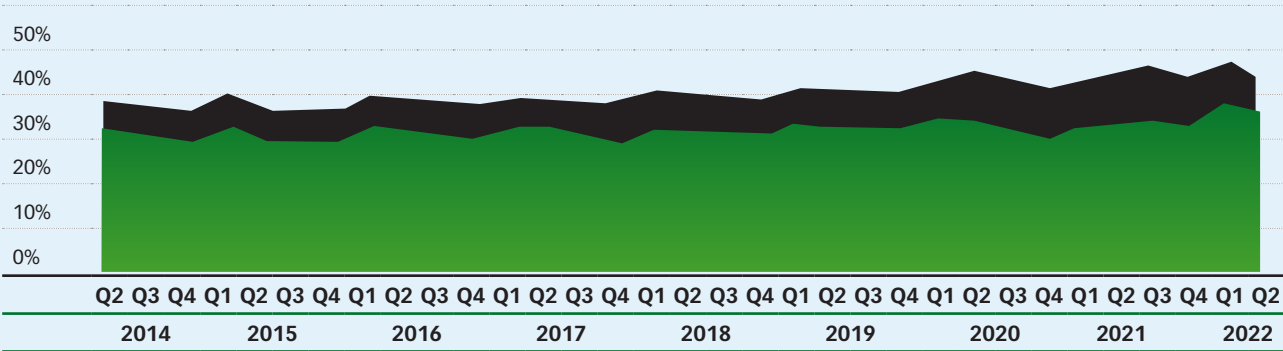
Source: Stats SA, Quarterly Labour Force Survey (QLFS), Q3:2022

A recent OECD report on South Africa defines the country’s problem thusly: “The economy is constrained by the average low skills of workers ”.

There is an urgent need to strengthen education from bottom to top in the country and in the Eastern Cape: early childhood development, primary and secondary schooling, vocational training, and adult education. A greater percentage of the population possessing the required aptitude and foundational skills need access to a university education.

In the second quarter of 2022, approximately 3,5 million out of 10,2 million young people aged 15-24 years were not in employment, education, or training (NEET). When expanding the age group to 34 years old on the upper end, 44% of the country’s youth is not only excluded from participating in the economy right now but has ever-diminishing hope of being able to do so in the future.

Figure 36: NEET Rate for Ages 15-24 and 15-34, 2014-2022



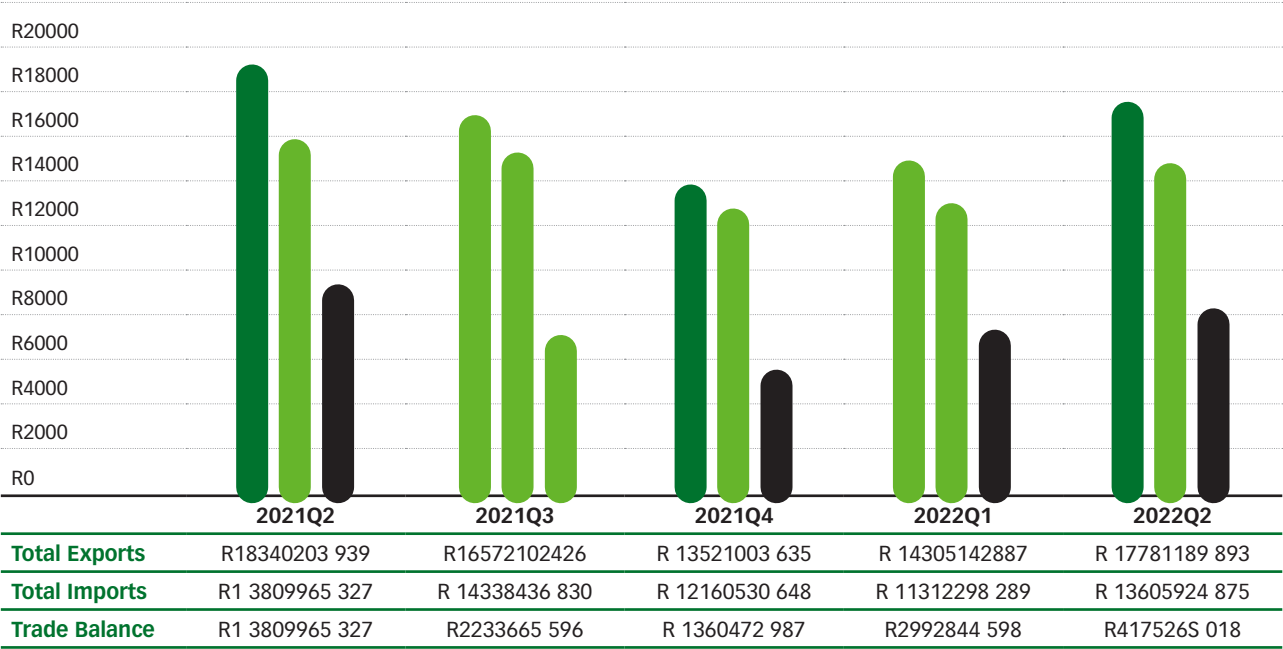
Source: Stats SA, Quarterly Labour Force Survey (QLFS), Q3:2022

Poverty is a consequence of unemployment, and to a large degree, unemployment is a consequence of an undereducated workforce. If unemployment is to be significantly lowered in the province, then improving the suboptimal educational outcomes in the Eastern Cape is an urgent priority. The province cannot realistically expect to be competitive in an increasingly complex economic ecosystem when more than half of its young citizens are not finishing high school.

INTERNATIONAL TRADE

Eastern Cape trade flows with the rest of the world between 2021Q2 and 2022Q2 are displayed in the figure below. The province registered a trade surplus of R4,2 billion in 2022Q2 down from R4,5 billion registered in 2022Q1. Eastern Cape total export commodities stood at R14,3 billion in 2022Q1 increased to R17,8 billion registered in 2022Q2 and grew by 24.5 percent. Similarly, the value of import commodities stood R11,3 billion in 2022Q1 and increased to R13,6 billion in 2022Q2.

Figure 37: Eastern Cape Trade Flows with the World, 2021Q2-2022Q2 (Values in R-millions)



Source: Quantec

South Africa’s key trading partners include the US, United Kingdom, Eurozone, and China, who together account for 39.7% of the national export basket. Economic forecasts predict a significant slowdown in all of these markets, which may negatively affect export volumes.

22.6% of South African exports already go into SSA, and the finalisation of the AfCFTA may represent an opportunity for the Eastern Cape and the country as a whole to strengthen focus on exports to SSA, not only compensating for any lost demand from other trading partners, but also strengthening cooperation and economic synergies with the country’s continental neighbours.

A total of 16 companies invested in the Eastern Cape between 2016 and September 2021, amounting to a total of US\$ 2,7 billion in FDI that created approximately 5,980 job opportunities in the province.

South Africa’s key trading partners account for 39.7% of exports

Europe

United States

China

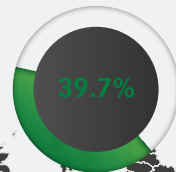


Figure 38: Eastern Cape Top 10 Companies by Jobs Created and Capital Investment, 2016 to September 2021

Company Name	Jobs created		Capital investment	
	Total	Average per project	Total (USD million)	Average (USD million)
1. Mercedes-Benz South Africa	3,690	1,230	917.90	305.97
2. Enel Green Power	167	41	814.40	203.60
3. Engie (GDF SUEZ)	97	97	633.60	633.60
4. China FAW Group (First Automotive Works)	585	585	114.80	114.80
5. Hive Energy	100	100	40.20	40.20
6. Himoina	72	72	16.40	16.40
7. Clariter	41	41	13.10	13.10
8. Ford South Africa	160	160	12.80	12.80
9. Nulutex	280	280	11.60	11.60
10. Polytec Group	69	69	11.30	11.30

Source: Eastern Cape Socio-economic Outlook, 2022

\$917,9 million

Capital investment made by Mercedes Benz



3,690

Jobs created in East London

The top 10 companies account for 97.3% of all jobs created, and 88% of total capital investment in the province. Mercedes Benz South Africa made the largest capital investment of \$917,9 million, creating 3,690 jobs in East London. Enel Green Power invested \$814,4 million and added around 167 jobs. US Engie (GDF SUEZ) invested the third largest amount of \$633,6 million over the period, creating approximately 97 new job opportunities in Gqeberha.

THE PROVINCE’S PORTS

As mentioned earlier, maritime transport carries more than 80% of global merchandise trade by volume. The Eastern Cape has two ports that could and should be benefitting from this fact, but that are currently grossly underperforming.

According to the Container Port Performance Index 2020, South Africa’s container ports are not only the worst performing in Africa, but quite literally the worst performing in the world. The Administrative Approach to evaluation is a pragmatic methodology reflecting expert knowledge and judgment, where the Statistical Approach uses factor analysis. South Africa holds four of the

five bottom positions in both evaluation approaches . Ngqura is ranked 351 out of 351 in terms of a statistical approach to evaluation, and 348 out of 351 from a pragmatic point of view.

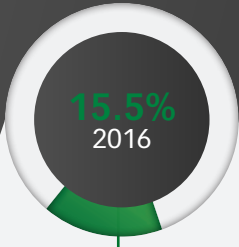
Figure 39: Five Worst Performing Ports in the World

Statistical Approach		Administrative Approach	
Port	Rank	Port	Rank
Cape Town	347 of 351	Cape Town	347 of 351
Gqeberha	348 of 351	Gqeberha	348 of 351
Durban	349 of 351	Ngqura	349 of 351
Luanda	350 of 351	Marseille	350 of 351
Ngqura	351 of 351	Durban	351 of 351

Source: The Container Port Performance Index 2020

Improving the performance of the Ngqura container port might begin to justify the huge investment made in the project and allow it to make a positive contribution to the economic growth of the province, and the country at large.

The global digital economy was estimated to be worth \$11,5 trillion or equivalent of 15.5% of the global GDP in 2016



\$23 trillion or 24.3% of the global GDP by 2025

THE DIGITAL ECONOMY

The global economic landscape is in the process of rapid transformation due to the growing adoption of digital technologies for communication, commerce, and wide-ranging process management. The “digital economy” refers to how digital technologies are transforming the patterns of production, distribution, and consumption in the modern economy. These technologies can be highly disruptive to the way businesses have run in the past, unlocking efficiencies that are impossible without high speed computing and almost instant global connectivity. The pervasive nature of these technologies makes them impossible to ignore or resist, creating an environment where businesses either adopt and adapt, or find themselves cut off and excluded from the mainstream economic ecosystem.

The global digital economy was estimated to be worth \$11,5 trillion or equivalent of 15.5% of the global GDP in 2016. It is expected to reach about \$23 trillion or 24.3% of the global GDP by 2025 . In this context, it is particularly important for policymakers in the Eastern Cape to understand how best to leverage the emerging technologies to support productivity, job creation, and inclusive growth.

While digital transformation is a global phenomenon, the pace of digital adoption and policy response will vary from country to country and region to region. In terms of digital infrastructure, the Eastern Cape’s positioning along the south-east coast of South Africa is advantageous given its proximity to the Undersea Cable Network.

The impact of technology adoption is complex and, whilst there are vast empirical studies on the impact of technology adoption on productivity, economic growth, employment, and demand for workers with different types of skills, such studies have not been conducted in the Eastern Cape.

In terms of the impact of technology adoption on the demand for workers with different types of skills, estimates indicate that ICT reduces the employment of skilled workers by 0.06%, while M&E and R&D increase their employment by 0.04% and 0.11% respectively over the short term. Over the longer term, ICT reduces the employment of skilled workers by 0.11%, while M&E and R&D increase their employment by 0.07% and 0.15% respectively. By contrast, ICT contributes positively to employment of semi-skilled workers by approximately 0.08% and 0.21% in the short and long term respectively. In addition, ICT contributes to the employment of low-skilled workers by roughly 0.12% over the short term.

MSME SECTOR

In 2021Q1, there were an estimated 232 367 MSMEs in the Eastern Cape, a year-on-year increase of 3.1% from the prior year. Of that total, 43,220 (18.6%) were formal enterprises while 171,254 (73.7%) operated in the informal sector and 17,660 (7.6%) were in the agriculture and private household's sector.

The Eastern Cape was the operational base for the third largest number of MSMEs in the country, at around 10% of the total number of businesses. In 2020, it was estimated that MSMEs in the Eastern Cape account for 19% of employment in the province. However, the total number of MSMEs in the Eastern Cape has declined from 232,367 to 177,418 in 2022Q1 as compared to 2021Q1. The national proportion of MSMEs in the Eastern Cape declined from 10% to 7.2% year-on-year. The percentage of formal sector MSMEs declined from 18.6% in 2021Q1 to 16% in 2022Q1. Over the same period, the percentage of informal sector MSMEs increased from 73.7% to 79.7%.

Most MSMEs operate in low employment creation service industries, while MSMEs in the construction industry have halved in the past year. On the positive side, the number of MSMEs operating in manufacturing industries has doubled from 9,393 in 2021Q1 to 18,531 in 2022Q1.

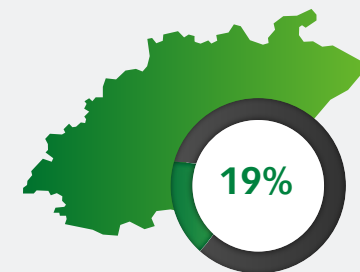
"Provinces, such as the Eastern Cape, with many of their MSMEs active in the trade and accommodation sector tend to have more informal MSMEs, since this sector has relatively lower barriers to entry (in the form of informal spaza shops). The Western Cape, with more than half its MSMEs operating formally, has a relatively small trade and accommodation sector".

177,418

MSMEs in the Eastern Cape in 2022Q1

Formal sector MSMEs 16%

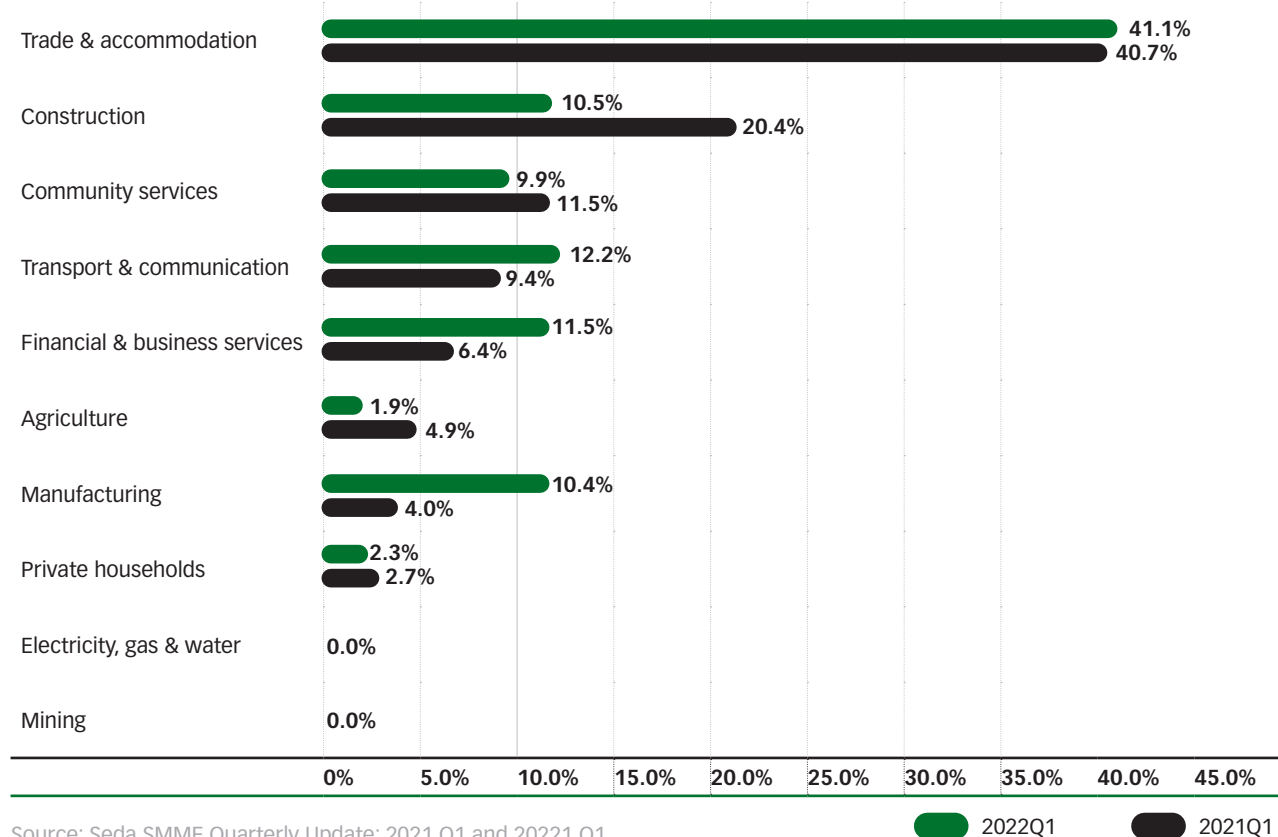
Informal sector MSMEs 79.7%



MSME's

accounted for 19% employment in the Eastern Cape in 2020

Figure 40: Eastern Cape MSMEs by Industry, 2021Q1 vs 2022Q1



Source: Seda SMME Quarterly Update: 2021 Q1 and 2022 Q1

2022Q1 2021Q1

The desired long-range outcome is a change to the profile of MSMEs in the Eastern Cape, from the current dominance of MSMEs operating informal businesses in trade-related industries to a higher proportion of MSMEs actively participating in innovation-driven tradeable service industries such as ICT and tourism, and goods producing industries in the value chain of priority sectors.

FINANCIAL INCLUSION BY PROVINCE

The Eastern Cape comes in third nationally in terms of the proportion of business owners who are formally financially serviced (83%). This means that 17% or around 39,500 of business owners in the province are financially excluded.

In addition to providing access points for those who are completely disconnected from the formal financial system, an opportunity exists to expand business banking among entrepreneurs, as 70% of banked business owners operate their enterprise from a personal account.

Although lack of access to finance is reported as a major challenge to the formation and growth of MSMEs, entrepreneurs with high quality, high growth potential micro and small businesses have several funding options open to them, from the big banks to private equity firms, to public incentives and programmes. There are loans, grants, equity investments, and crowdfunding options. Awareness and ease of access are areas in need of increased attention.

Key take-outs:

- As is the case for the rest of the country, the current economic environment is characterised by low growth, high inflation, and shrinking fiscal space.
- Much of the existing infrastructure in the province is ageing and suffering from neglect, and large parts of the Eastern Cape remain isolated and underserved.
- Educational outcomes in the province need urgent attention.
- The primary sector of the Eastern Cape's economy needs to be urgently expanded in order to absorb the province's low-skilled unemployed, and begin reducing the extreme levels of poverty, inequality, and hunger.
- The province should build on its history of achieving a trade surplus, with exports exceeding imports, with a strong focus on building trade volumes with SSA nations.
- The Port of Ngqura needs to begin to quickly improve its global ranking, through drastic improvements in performance.
- The Eastern Cape's positioning along the south-east coast of South Africa is advantageous given its proximity to the Undersea Cable Network.
- Efforts to advance access to finance and financial inclusion in the province are critical.

Figure 41: Financial Inclusion by Province

Limpopo

72% Banked
21% Excluded

Mpumalanga

68% Banked
14% Excluded

Gauteng

78% Banked
17% Excluded

North West

62% Banked
31% Excluded

KZN

90% Banked
7% Excluded

Free State

81% Banked
16% Excluded

Northern Cape

84% Banked
10% Excluded

Eastern Cape

81% Banked
12% Excluded

Western Cape

77% Banked
17% Excluded

Source: FinMark Trust FinScope MSME Survey South Africa 2020

2. PESTEL ANALYSIS

The macro-environment discussed above informs the PESTEL analysis for the Eastern Cape, with relevance to the work and mandate of the ECDC.

ENVIRONMENTAL FACTOR	SUMMARY ANALYSIS AND IMPLICATIONS FOR ECDC
Political	<ul style="list-style-type: none">Growing tensions between the world’s most powerful players threaten to disrupt the decades old economic and political status quo and reshape global cooperation and trade patterns.China and other nations are beginning to challenge the status of the US dollar as the global reserve currency. BRICS are considering creating their own commodities-based reserve currency.In South Africa, the July 2021 riots raised further questions about the government’s ability to discharge its mandates, from economic growth and job creation to enforcing the law and maintaining public order.Policy uncertainty and a seeming lack of efficacy of economic recovery plans is further eroding the credibility of public institutions, along with unprecedented levels of loadshedding and chaotic politicking in coalition run municipalities.The government will come under increasing pressure to curb spending as tax revenues come under pressure due to low growth, and taxpayers feel the pain of higher prices for everything.Food inflation will affect the poor and unemployed dramatically, potentially sparking much more widespread unrest than seen in July 2021. A cash-strapped government will be unable to offer much in the way of relief.
Economic	<ul style="list-style-type: none">Having just begun to emerge from the massive disruption and economic losses caused by COVID-19 mitigation efforts, the global economy is again on shaky ground as longstanding geopolitical tensions boiled over into war in Ukraine.Global growth estimates are likely to contract further, and high inflation is likely to persist for longer than forecast, with concerns that constricting global growth will develop into a full-blown worldwide recession.Tightening monetary policy and rising interest rates in advanced economies will make debt more expensive for emerging markets and create downward pressure on their currencies.Global supply chains are likely to see more regular disruptions due to an increasingly fractious geopolitical environment and bottlenecks in the system. Trade patterns are being rethought as fragilities and inefficiencies are exposed.South Africa needs to be cautious of an overreliance on buoyant commodity prices and focus on building a diverse and robust local economy poised to take advantage of recovery opportunities.Primary Sector: 82.3% of provincial GDP in this sector comes from agriculture, suggesting that there may be opportunities to expand operations in forestry and fisheries. Forestry operates under tight margins though, perhaps indicating a barrier to increased investment .Secondary Sector: The motor vehicle industry has a strong presence in the sector, and a high uptake of skilled and semi-skilled labour, but returns are quite low compared to other industries (ranks 17th). Food makes a strong contribution to provincial employment levels and requires primary inputs and harmonised supply chains; therefore, focus should be on primary output and supporting investment to streamline the supply chain. In order to be globally competitive, the Eastern Cape’s secondary sector requires affordable and reliable electricity, accessible networks, supporting industries, cost-effective inputs, security of tenure and property, as well as a stable currency and consistent governance .Tertiarisation refers to the propensity of the tertiary sector to become the largest sector of developed economies, where a high-income population demands a vast range of specialised services and skills. A dominant tertiary sector is not desirable in low-income, low-skilled countries with small urban populations and insufficient transport linkages .Tertiary Sector: Transport and storage generates R31 billion per annum in the province. Initiatives to increase the accessibility and connectivity of the Eastern Cape to people and freight are likely to expand this sector. Catering and Accommodation, a proxy for tourism, contributes R7,8 billion per annum to the Eastern Cape’s economy. Given the province’s natural resources, tourism should be more prominent an income earner.Early childhood development is critical to successful outcomes later in the educational process, yet only a third of the Eastern Cape’s children have any access.
Technological	<ul style="list-style-type: none">Rapid technological change has produced a handful of giant corporations that dominate global internet infrastructure, operating systems, key platforms, and access portals.At the same time, the advent of the World Wide Web has dramatically improved free access to information, and created unprecedented opportunity for small, independent start-ups of all types: online, offline, and everywhere in between.Digitalisation and automation of administrative, organisational, and management processes may facilitate greater efficiencies.In many industries technology has lowered barriers to entry, provided affordable business administration and support tools, and supplied access to global markets.Access to technology in South Africa mirrors the patterns of general inequality in the country. Whilst most of the country is covered by cellular networks 2G, 3G, and 4G, the price of data remains prohibitively high, and speeds are not always adequate. Reliable, high-speed, cost-effective internet access through fibre and 5G remain the dominion of the privileged.Deficiencies in physical infrastructure, including basics like roads, rail, electricity, and water, continue to hobble economic expansion in the province.

ENVIRONMENTAL FACTOR	SUMMARY ANALYSIS AND IMPLICATIONS FOR ECDC
Environmental	<ul style="list-style-type: none">A coordinated and centrally controlled approach to tackling climate change and future pandemics is being strongly advocated by groups, such as the World Economic Forum, World Health Organisation, IMF, and the World Bank. Practically this would require nation states to sacrifice autonomy and cede significant decision-making power to a centralised (and unelected) technocratic authority.Corporate investment decisions are increasingly being influenced by environmental, social, and governance (ESG) considerations, although ‘official’ ESG scores are still somewhat contentious.Fixed investment in infrastructure and the green economy (including renewable energy and climate friendly industrial processes) is expected to accelerate, supporting the emergence of ‘green’ industries and occupations.South Africa is the largest greenhouse gas emitter in Africa, and the 12th largest globally. The country has committed to ambitious climate change targets in line with the NDP and net zero emissions by 2050 commitments.In November 2021, government announced that developed countries will supply R131 billion in concessional and grant funding over the next three to five years to support South Africa’s transition away from coal and develop new sectors, such as electric vehicles and green hydrogen.
Legal / Regulation	<ul style="list-style-type: none">Expropriation without compensation (EWC) continues to be a divisive issue, with many analysts seeing EWC as a major factor in the declining levels of foreign investment in the country.Another factor perennially accused of suppression of investment and economic growth is overly rigid labour regulation.The regulatory burden on MSMEs in South Africa has long been recognised as excessive, and a major hurdle to bringing informal enterprises into the formal economy.Despite a recent admission that the NDP 2030 is not realistically attainable, there has been no hint from the ruling party of any change to broad economic policy or legislation.

The external environment analysis above provides context to the next section, which reflects on the ECDC’s internal environment, together informing the five-year Strategic Plan and this annual Corporate Plan.

3. INTERNAL ENVIRONMENT ANALYSIS

The ECDC is the main catalyst and strategic champion of economic development and trade promotion in the Eastern Cape Province, tasked with creating a prosperous, sustainable, robust, and transformed economy where small businesses are able to develop and become competitive in the national and international arena. 2020 ECDC Review (GTAC)

Since the appointment of the new Board in February 2021, the ECDC has taken the steps to design a new strategic path for an organisation beset by numerous systematic challenges. Internal challenges have been compounded by an external environment characterised by constrained economic growth, resulting in fiscal and budgetary tightening.

The strategy review process reimagines the ECDC as a leader in the effort to reindustrialise the Eastern Cape. Rural and small town development is a point of focus, along with the development of a competitive and sustainable MSME sector that contributes to the province’s socio-economic development. Special emphasis is being placed on the implementation of the property development and modernisation strategy, which targets improved yields and developmental output. The foundation has been laid for a well-managed, self-sustaining real estate business. Linked to this strategy is a Capital Raise Programme to fund the refurbishment of the portfolio’s core assets.

In essence, the strategy review recognised the need for a renewal process that charts a new strategic direction for the corporation, geared to unlock the ECDC’s inherently creative human resource potential. The ECDC has embarked on an organisational renewal process which entails three primary objectives: financial sustainability, organisational repositioning, and upscaling of development impact.

3.1. REFLECTION ON ECDC’S FINANCIAL PERFORMANCE

While the ECDC is solvent, as assets exceed liabilities, doubts linger about the sustainability of the ECDC. In 2022, the auditors once again expressed reservations about the ECDC’s ability to continue as a going concern, but management has conducted a comprehensive assessment and is comfortable that the ECDC will be able to continue as a going concern despite the negative indicators, which are being responded to.

The ECDC’s average operating loss was R61,5 million over the period between 2012 to 2021. Due to management interventions and improvements in operations, the loss was reduced to R9,111 million in the 2021/22 financial year. The implementation of the renewal strategy and improvements in property portfolio returns are expected to produce further improvements in the ECDC’s bottom line, with the intention of generating surpluses still within the MTEF period. Grants from government remain at 64% of total income and the five-year strategy is to reduce this ratio to below 40%, by increasing the generation of own revenue.

The current ratio of the ECDC continues to reflect inadequate cash resources, reflecting ongoing operational losses and negative cashflows.

However, and postured in this Strategic Plan, factors in favour of the ECDC turning around its financial position include:

- 1) It continues to carry out various mandates on behalf of government.
- 2) Government sees the ECDC as a critical vehicle to assist in addressing initiatives to improve the economy of the province, as well as to provide support to MSMEs within identified sectors.
- 3) Despite liquidity challenges, the ECDC has managed its finances well and has ensured that operations are contained within funding constraints.
- 4) The ECDC continues to play a vital role in issuing loans and providing business support to MSMEs who would not be able to secure such loans from traditional financial institutions.
- 5) The Property Development and Modernisation Strategy is being implemented, and revenue collection from the Property portfolio improved by over R9 million for the 2021/22 financial year compared to the previous year. A Capital Raise Programme is underway with 56 non-core residential vacant land parcels less than 2,000 sqms and other properties disposed of during the 2021/22 financial year with a combined value of R 19,165 million.
- 6) ECDC has received recapitalisation from the Shareholder of R81 million for properties and R32 million for enterprise finance in the 2022/23 financial year. A further R51 million for properties is indicated in the 2023/23 and 2024/25 financial years.

The onus is now on the ECDC to leverage and exploit these strengths and the recapitalisation received from the Shareholder, and to demonstrate tangible results in the short term.

3.2. REFLECTION ON ECDC'S PAST PERFORMANCE

In 2020, the GTAC found that the ECDC had not successfully executed the proposed revised business models. However, a new Board assumed office and the Shareholder (DEDEAT) entrusted the Board and management to chart a new way forward. A new CEO has been appointed and a strategy review has provided clarity about the Corporation's objectives and created the roadmap it will use to sharpen the efficacy of its economic development apparatus.

The roadmap identifies priority areas aimed at consolidating the ECDC's aspirations as a critical leader of economic development in the province. It prioritises the transformation of the Development Finance and Property functions into commercially viable concerns, while establishing economic coordination and sector support capabilities. Included in the priorities is the promotion of mid-tier and small-scale man-

ufacturing, and the reintroduction of the risk capital and project management functions.

Despite a challenging economic environment, the Trade and Investment Promotion function has performed well, particularly in facilitating exports and attracting the film industry to the province. The ECDC has been designated as the fund manager for the Eastern Cape Economic Development Fund and is tasked with the role of anchoring the PEIC.

The revised Property Development and Modernisation Strategy is being implemented, with significant milestones achieved already. The process of regaining invaded properties is underway, with the control of over 20 properties secured by 05 May 2022, including 7 factories. Revenue collection from the Property portfolio improved by over R9 million for the 2021/22 financial year compared to the previous year. A Capital Raise Programme is underway, with 56 non-core residential vacant land parcels less than 2,000 sqms and other properties disposed of during the 2021/22 financial year, with a combined value of R 19,165 million.

The ECDC has developed in-house capacity for the planning, implementation, and project management of large capital projects, offering cost-effective and professional implementation services to clients. Internal projects are funded using the ECDC's and donor funding, and external projects are funded by the ECDC's clients. Fee income for this service has more than doubled over the past two years, and growth opportunities remain strong for this type of service moving forward.

Due to budget constraints, enterprise development loans offered have been limited to short-term construction loans ("WorkFlow"), and trade finance ("Nexus"). Due to their short-term nature, the ECDC has seen good collection rates on new loans advanced. However, due to a large percentage of legacy non-performing loans, the average collection rate across the entire portfolio has dropped to 74%, above the 70% threshold that is considered acceptable for DFIs.

There are various incubation programmes that are either facilitated or provided with support in-kind or financially, including CHEMIN, the Furntech partnership, and the Duncan Village I-Hub.

The ECDC also provides business advisory services and delivers a suite of business development services to walk-in clients. Businesses are proactively recruited to participate in designed enterprise development and capacity-building programmes. Access to information and outreach sessions is facilitated through seminars and workshops.

The ECDC has deregistered some subsidiaries and retained those thought to have some potential for generating additional revenue. The ECDC has a service-level agreement with the Automotive Industry Development Centre (AIDC) and a seat as a shareholder observer in the AIDC board. Moving forward, there is a need to look at the structure, governance, and operating models of the

current group structure to ensure better yields.

The ECDC maintains various relationships with business forums, industry associations, private companies, development agencies, and municipalities.

The ECDC has established offices in the province's major regions. The regional teams require capacity development and decisive focus on their core competence, aligned to the business and operating model. While the ECDC has limited internal capacity to conduct industry and sector research, multiple opportunities and models exist for partnerships with higher education and research institutions to support the ECDC in this regard.



3.3. REFLECTION ON ECDC'S HUMAN CAPITAL AND ORGANISATIONAL CAPABILITIES

The vacancy rate of 31.5% (139/203) at the beginning of the 2021/22 financial year was reduced to 26% (150/203) by the end of 2021/22. A revised structure was approved by the Board in August 2022 providing for a total establishment of 245 positions. During the 2022/23 financial year various middle and senior management roles were filled, including the Senior Manager – Investment Promotion, Senior Manager – Industrial Development, Senior

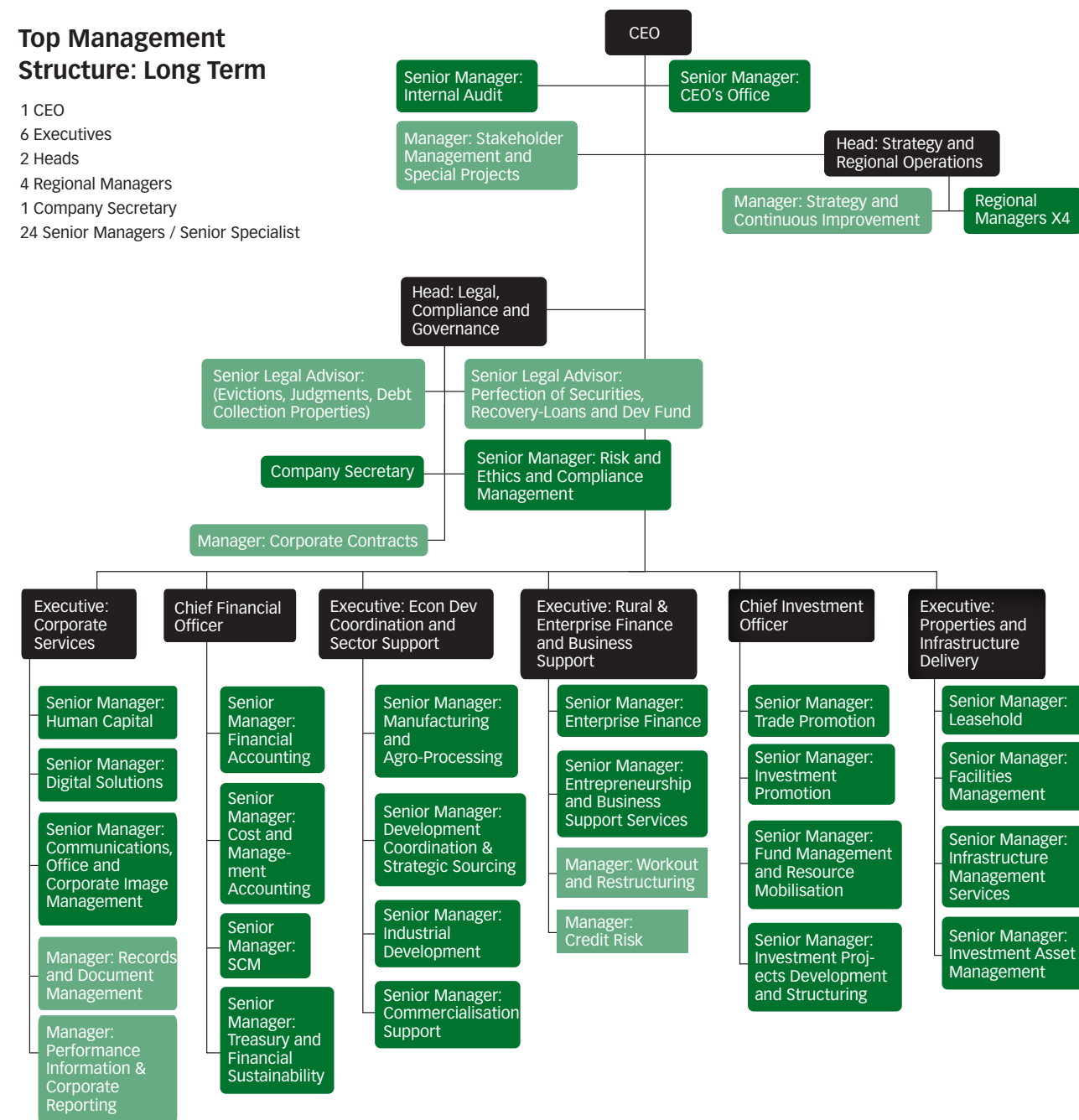
Manager – Financial Support, Senior Manager: Fund Management and Resource Mobilisation and Senior Manager Agro-processing and Manufacturing.

The ECDC Project Ikhwelo process focused on creating an organisational structure that is fit for the organisation's purpose, through a new structure which enables the ECDC to sustain and strengthen its existing capabilities and allows for the development of new strategic capabilities:

Figure 42: ECDC New Organisational Structure, 2022

Top Management Structure: Long Term

1 CEO
6 Executives
2 Heads
4 Regional Managers
1 Company Secretary
24 Senior Managers / Senior Specialist



The implementation of the new structure is regarded as a two-to three-year project, with the principle of incremental and managed growth applied. Attempting to grow too fast will most likely undermine success³⁰.

The new structure sought to:

1. Focus head office on leadership, strategic direction, and support, and regional offices on delivery
2. Empower and support regional offices as competency centres
3. Strengthen property administration
4. Strengthen loan administration (customer engagement, processing, and post-loan processes)
5. Strengthen debt collection
6. Strengthen investment asset management
7. Build fund management capabilities
8. Enhance commercialisation capability, internally and externally (optimising value from investments and subsidiaries and as an offering to other state entities)
9. Strengthen, de-risk and diversify supply chain management
10. Separate risk-takers from risk mitigators to enable progress
11. Establish capability for economic project development and risk capital
12. MSME Focus
 - a. Attract capital providers by strengthening the MSME lending business
 - b. Automation of customer engagement
 - c. Focused lending products
 - d. Excellent business support and plans (with partners)
 - e. Improved portfolio management
 - f. Better client selection processes
13. Enable partnerships with other related entities for funding and support
14. Clarify the role and reach of Invest SA
15. Develop economic development coordination and sector support capability

16. Develop the capacity to monitor and influence provincial strategic sourcing.

The ECDC acknowledges that success in a competitive environment cannot be achieved without a motivated, committed, and unified workforce that is focused on achieving common objectives. The ECDC shall ensure effective attraction, retention, and engagement of staff with expertise, experience, and skills, whilst ensuring equity and diversity.

To ensure its staff are enabled to perform optimally, the ECDC requires a technology infrastructure that supports "information optimising", and is able to enhance collaboration, create systemic integration, and unlock the full value of ICT investments. ICT infrastructure requires continuous review, development, and the implementation of more effective and efficient architecture. The key will be combining the right technologies with the right people, creating a remote workforce that cuts costs, increases productivity, and generates brand building customer experiences³¹.

3.4. REFLECTION ON THE ECDC'S STAKEHOLDER ENVIRONMENT

The ECDC operates in a multi-stakeholder environment. The ability to effectively identify and manage these collaborative relationships carries critical implications for the success or failure of fulfilling the ECDC's strategic intent.

In this context, ECDC places its stakeholders at the apex of its strategic thinking and resultant planning, and stakeholder priorities are a critical consideration in the development of this Strategic Plan. The following table reflects key stakeholder considerations and interventions considered in the planning process.

³⁰Report on the Organisational Design and Culture Transformation Process: Project Ikhwelo

³¹The ECDC Corporate Plan, 2022/23

Key Stakeholder Group	Key Considerations and Interventions
External Stakeholder Groups	
Financial institutions	<ul style="list-style-type: none">• Lack of cooperation and duplication. Must strengthen collaborative efforts.• Strengthen approach and mechanisms for sharing information – to benefit frustrated small enterprises.
Business support institutions	<ul style="list-style-type: none">• Are generally not provincially based – don’t drive provincial mandate, and their support is not in synch with provincial focus.• Must strengthen collaborative efforts.
Traditional leaders	<ul style="list-style-type: none">• Need to strengthen engagement.
Other DFIs	<ul style="list-style-type: none">• ECDC has viewed them as competitors rather than collaborators.• Explore opportunities for co-funding/joint project packaging or syndication.• Explore top-up funding opportunities.
Other government departments	<ul style="list-style-type: none">• Not sharing enough ideas - strengthen approach and mechanisms for sharing information.• Identify opportunities to access other funding streams/grant options.
Private sector	<ul style="list-style-type: none">• Leverage partnerships to support and mainstream Black industrialists - headhunt key private sector businesses to mentor emerging industrialists.• Strengthen collaboration with the private sector.• Need an approach to handle unsolicited proposals that come from the private sector – need a clear policy (perhaps requiring a Shareholder directive?)
Clients and potential clients/tenants	<ul style="list-style-type: none">• Need to streamline ECEC processes and procedures – ensure transparent and consistent procedures.• Strengthen ECDC standards and service levels - don’t benchmark ECDC against lowest denominator.• Strengthen mechanisms for client feedback.
Regulators	<ul style="list-style-type: none">• Operating in a highly regulated environment – need to strengthen relationship and engagement with regulators.
Local municipalities	<ul style="list-style-type: none">• Need to strengthen strategic relations in areas where ECDC is invested.• Strengthen collaboration with local development agencies.• Ensure alignment with Spatial Development Planning.• Observe municipal standards and bylaws.• Meaningful participation in relevant fora.• Participate in broader planning structures and champion ECDC mandate.
Communities	<ul style="list-style-type: none">• Have lots of expectations (e.g., around employment) – need to ensure mechanisms for continuous engagement.
Suppliers and professional service providers	<ul style="list-style-type: none">• Efficient supply chain processes – fair, transparent and effective.• Focus on regional supplier/contractor development.• Strengthen enterprise development focus and support.• Improve contract negotiation, management, and reporting.• Consistency in application of standards.• Timeous payment for work done.
Industry associations	<ul style="list-style-type: none">• Tap into their knowledge to strengthen ECDC’s offering.
Universities/Institutions of Higher Education	<ul style="list-style-type: none">• Create partnerships for research collaboration, content support, and enhancing content.
Internal Stakeholder Groups	
Shareholder	<ul style="list-style-type: none">• Ensure policies are consulted on – ensure buy-in and support.
Labour and employee associations	<ul style="list-style-type: none">• Ensure a working environment which is conducive to achieve organisational objectives.• Provide opportunities for growth and development.• Nurture a culture of recognition, communication, and transparency.• Involvement and consultation on all matters affecting labour.• Implement and monitor the “living” of the corporate values.
ECDC subsidiaries	<ul style="list-style-type: none">• Are we aware of what is happening in subsidiaries – need to strengthen relationship for good of the group.• Need to work with them to ensure success.• Consider a shared services approach and model.

A comprehensive stakeholder management and partnering strategy aligned to this Strategic Plan must be implemented, so as to aid the ECDC in dealing with the stakeholder expectations and requirements highlighted above.

4.SWOT ANALYSIS

The above internal environment analysis informs the updated SWOT analysis:

S: Internal Strengths (to leverage)	W: Internal Weaknesses (to mitigate)
<ul style="list-style-type: none">• Provincial footprint and regional offices.• New senior managers and staff appointed.• Provincial footprint and regional offices.• Good financial governance reflected through several unqualified audit opinions.• Diversified property asset base which is unencumbered.• Property management and administration system in place.• In-house capacity for the planning, implementation, and project management of large capital projects.• Well established trade and investment capability outside the SEZs.• Established networks, partnerships, and collaboration.• Key strategies for trading divisions finalised or approved, and implementation has commenced.	<ul style="list-style-type: none">• ECDC trading services are underperforming financially.• Inadequate customer centrisism (elements of non-responsiveness, slow turnaround times).• Limited agility - inadequate infrastructure/ systems (especially loans), PFMA requirements, etc.• Limited capacity for in-depth economic research and analysis.• Underperforming property assets and condition of properties.• Fragmented business divisions, lack of shared objectives, SOPs.• Under-funding of the mandate especially Economic Development and Sector Support.
O: External Opportunities (to take advantage of)	T: External Threats (to overcome)
<ul style="list-style-type: none">• Establishment of the Eastern Cape Economic Development Fund, with ECDC as fund manager.• Ability to attract critical skills.• Partnerships with global development funding institutions and donor community for resource leveraging.• Development of vacant strategic commercial and industrial land.• Unlock barriers for economic activities, such as urban planning, infrastructure and road maintenance, basic (bulk) service delivery, and ICT.• Pursuit of broadband enabling infrastructure investments, including submarine cables in the Eastern Cape, which could enable the rollout of connectivity.• Positioning of the ECDC as a funding aggregation channel intermediary.• Expansion of SMME support services through value chain integration with other development finance and support agencies.• Utilisation of fund management services as a vehicle to leverage development funding.• Driving of catalytic investments in new industries and value chains, e.g., renewable energy, cannabis, digital economy, etc.	<ul style="list-style-type: none">• National and provincial fiscal constraints.• Low levels of productive economic activity in the former homeland areas.• Eastern Cape is not a province of choice in terms of attracting FDIs.• Challenges relating to position the Eastern Cape as a province of choice in terms of attracting FDIs.• Eastern Cape MSME competitiveness relating to locally manufactured products and capabilities of local enterprises.• Limited collaboration, alignment, and follow-through on development initiatives and implementation.• Limited investment in project development, i.e., movement from ideation phase to bankable business plan.• Endemic culture of entitlement in communities impacting on development initiatives.• Legacy deficit in the trust relationship with stakeholders and shareholder, i.e., reputational challenges.• Slow economic growth and development under-funding.

Together, the external environment analysis and the internal environment analysis inform the strategic response, and the priorities and focus areas of the ECDC Results-based Plan reflected in the next section.



1. ALIGNMENT TO THE 2023/24 – 2027/28 STRATEGIC PLAN

A visual representation of the ECDC five-year strategic framework, as defined in the Strategic Plan for 2023-2028, is presented below:

Figure 43: The ECDC Strategic Framework, 2023 to 2028

Our Mandate

ECDC ACT - To plan, finance, coordinate, and market, promote and implement the development of the Province and all its people in the fields of industry, commerce, agriculture, transport and finance.

NDP Vision 2030, MTSF 2019-2024; PDP Goal 1: Innovative and inclusive growing economy; PDP Goal 2: An enabling infrastructure network; PDP Goal 6: Capable democratic institutions

Our Vision

A leader in facilitating inclusive, sustainable economic growth in the Eastern Cape

Our Mission

To accelerate sustainable and inclusive economic growth and job creation in the Eastern Cape, by:

- Coordinating efforts to enhance economic competitiveness.
- Unlocking opportunities for investment and expansion in the economy.
- Creating an enabling environment for growth targeted investment and trade..
- Providing MSMEs and co-operatives with access to finance and business support, to enable them to be competitive participants in the economy; and
- Serving as the preferred implementing agent for economic programmes and infrastructure projects.

Our Values

- Accountability
- Excellence
- Client Focus
- Collaboration
- Sustainable Growth

Our Impact

A vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation.
Enabled by: A capable ECDC playing a catalytic role in the economic development of the Eastern Cape.

ECDC Reimagined Strategy 2021 Pillars	Financial Sustainability and viability	Property rationalisation and modernisation	Improved investment and trade promotion output	Reconfigured development finance function	Leader in economic development initiatives Driver for reindustrialisation Enabled digital economy	Enabling factors
Our Outcomes	1. A financially viable and sustainable organisation	2. A well-managed, smart, and competitive property portfolio	3. Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets	4. Increased growth and competitiveness of small enterprises in priority sector industries	5. Enhanced planning and coordination of economic development programmes and projects	6. A well-governed, agile, and high performing organisation

The ECDC has defined six “outcomes” (results) for the period 2024 - 2028 in its Results-Based Management Approach to achieve the necessary impact.

Progress towards these outcomes will be assessed through the outcome level indicators and the five-year targets to be realised by the end of the five-year period in March 2028.

2. STRATEGIC PLAN OUTCOMES ALIGNMENT

Alignment To National Priorities	Alignment To Provincial Priorities	BSC PERSP.	ECDC OUTCOME (The result we aim to achieve)
MTSF Priority 1 – A capable, ethical and developmental State	PGDS Goal 6: Capable democratic institutions DEDEAT Strategic Pillar: Implementation of ECDC Turnaround Strategy	Finance	1. A financially viable and sustainable organisation
MTSF Priority 2 – Economic transformation and job creation	PGDS Goal 2: An enabling infrastructure network DEDEAT Strategic Pillar: Improve infrastructure planning, delivery, operations, and maintenance; roll out of industrial park master plans and packaging investment value chains and engaging with private sector partners to attract investors to industrial parks	Customer	2. A well-managed, smart, and competitive Property portfolio
MTSF Priority 2 – Economic transformation and job creation	PGDS Goal 1: Innovative and inclusive growing economy DEDEAT Strategic Pillar: Spatially balanced and inclusive economic development characterised by high economic growth; rapid development of high-potential economic sectors	Customer	3. Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets
MTSF Priority 2 – Economic transformation and job creation	PGDS Goal 1: Create an enabling environment that supports economic enterprise development DEDEAT Strategic Pillar: Spatially balanced and inclusive economic development characterised by high economic growth; build resilient economic infrastructure that promotes economic activity	Customer	4. Increased growth and competitiveness of small enterprises in priority sector industries
MTSF Priority 2 – Economic transformation and job creation	PGDS Goal 1: Innovative and inclusive growing economy DEDEAT Strategic Pillar: Roll out of industrial park master plans, packaging investment value chains, and engaging with private sector partners to attract investors to industrial parks	Customer	5. Enhanced planning and coordination of economic development programmes and projects
MTSF Priority 1 – A capable, ethical and developmental State	PGDS Goal 6: Capable democratic institutions DEDEAT Strategic Pillar: Implementation of ECDC Turnaround Strategy; Enabled, simplified and responsive business processes	Process and Learning and Growth	6. A well-governed, agile, and high-performing organisation

3. FIVE YEAR STRATEGY TARGETS

OUTCOME INDICATOR (How we track progress towards the result)	BASELINE (Audited 2021/22)	FIVE-YEAR TARGET (By 31 March 2028)	RESPONSIBLE TO CONSOLIDATE REPORTING
1.1. Asset turnover ratio	9,7%	12%	Chief Financial Officer
1.2. Current ratio	0.78:1	2:1	Chief Financial Officer
1.3. Ratio of operating revenue to operating expenditure	0.48 :1	1:1	Chief Financial Officer
1.4 Surplus on trading services (Properties and Loans)	-20%	5%	Chief Financial Officer
2.1. Property portfolio yield	6.99% (R93 million)	15%	Executive: Properties and Infrastructure Delivery
2.2. Property Portfolio debtors days - residential	1,883	60	Executive: Properties and Infrastructure Delivery
2.3. Property Portfolio debtors days - commercial	863	60	Executive: Properties and Infrastructure Delivery
2.4. Rand value of property development facilitated through leveraging and partnerships	R0	R900 million	Executive: Properties and Infrastructure Delivery
2.5. Total Rand value of infrastructure projects under ECDC management	R255,043million	R1,273 billion	Executive: Properties and Infrastructure Delivery
3.1. Cumulative Rand value of investment facilitated	R9,5 billion facilitated (2015-2020)	R13 billion facilitated (Estimated investment to be facilitated)	Chief Investment Officer
3.2. Cumulative number of jobs facilitated through investments	15,200 jobs facilitated (2015-2020) R250 million investment creates an estimated 400 jobs	20 800 jobs estimated to be facilitated R250 million investment creates an estimated 400 jobs	Chief Investment Officer
3.3. Cumulative Rand value of exports by supported enterprises	R910 million (2020-2022)	R1.7 billion	Chief Investment Officer
3.4 Eastern Cape Economic Development Fund economic multiplier	NA	1:5	Chief Investment Officer
4.1. Rand value of loans granted	R255 million	High: R600 million Par: R400 million Low: R200 million	Executive: Rural and Enterprise Finance and Business Support
4.2. Impairment rate on loans	72,67 %	25%	Executive: Rural and Enterprise Finance and Business Support
4.3. Total Rand value of funding leveraged directly for MSME projects	(New Indicator)	High: R500 million Par: R400 million Low: R300 million	Executive: Rural and Enterprise Finance and Business Support
4.4. Survival rate of ECDC supported small enterprises	New indicator	High: 80% Par: 60% Low: 50%	Executive: Rural and Enterprise Finance and Business Support
4.5. Total number of jobs facilitated, created or saved by supported MSMEs and co-operatives	7 793	High: 15,000 Par:12,000 Low: 10,000	Executive: Rural and Enterprise Finance and Business Support
5.1. Cumulative number of major projects (>R10 million) assessed for pre-feasibility	New indicator	High: 25 Par: 17 Low: 15	Executive: Economic Development Coordination and Sector Support
5.2 Rand value of economic development projects implemented (outcome of efforts)	New indicator	High: R500 million Par: R400 million Low: R300 million	Executive: Economic Development Coordination and Sector Support
6.1. External audit outcome	Unqualified, with matters of emphasis	A clean audit outcome	Chief Financial Officer
6.2 Vacancy rate against approved positions in new structure	34%	<10% vacancy rate against approved staff establishment	Executive: Corporate Services

4. FUNCTIONAL DESIGN

In delivering on the outcomes set out in Point 2 of this section, the ECDC is constituted by the following business divisions:

Business Division	Key Functions
1. Investment Management, Trade and Investment Promotion	1. Investment Management 2. Trade Promotion 3. Investment Promotion 4. Fund management and resource mobilisation 5. Investment projects pipeline development and projects funding structuring 6. Advisory services
2. Rural and Enterprise Finance and Business Support	1. Enterprise financial services 2. Entrepreneurship development support 3. Business support services 4. Workout and restructuring 5. Credit risk management
3. Properties and Infrastructure Management Services	1. Asset management 2. Real estate and facilities management 3. Leasehold management 4. Infrastructure programme and project management 5. Infrastructure development 6. Investment property management
4. Economic Development Coordination and Sector Support	1. Sector and industry development 2. Economic development co-ordination and facilitation 3. Industrial development 4. Commercialisation and project structuring 5. Manufacturing localisation 6. Agro-processing support 7. Digital economy
5. Corporate Services	1. Human capital management and development 2. ICT and digital solutions 3. Communications and corporate image management 4. Records and knowledge resource management 5. Performance information management and corporate reporting 6. Office management
6. Finance and Supply Chain Management	1. Financial accounting 2. Cost and management accounting 3. Supply chain management and strategic procurement 4. Treasury and financial sustainability 5. Subsidiaries and associate entities financial management support
7. Legal, Compliance and Governance	1. Board and shareholder management 2. Internal audit 3. Corporate compliance 4. Enterprise risk, compliance and ethics management 5. Legal advisory services and contract management 6. Stakeholder management and special projects
8. Strategy and Regional Operations	1. Strategy formulation 2. Regional office coordination 3. Operations integration and optimisation 4. Service standards monitoring and continuous improvement

5. 2023/24 CORPORATE PERFROMANCE SCORECARD

These business divisions contribute to the attainment of the outcomes through their relevant outputs, output indicators, and annual and quarterly targets, as reflected in the following sections:

5.1. DIVISION 1: INVESTMENT MANAGEMENT, TRADE AND INVESTMENT PROMOTION

5.1.1. PURPOSE

- In support of the ECDC mandate, vision and mission, the Division aims to:
- Showcase the Eastern Cape as a preferred destination for investment and trade, and to unlock investment and expansion opportunities for Eastern Cape enterprises; and
 - Ensure that the ECDC deliberately evolves its business model towards that of a more commercial organisation, generating sufficient revenue from its operations and investing activities to ensure sustainability.

Towards the ECDC impact of “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation”, the Division directly contributes to the following outcome through its key result areas:

Outcome 3: Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets.

- To implement a coordinated Trade, Investment and Innovation (TII) strategy.
- To prioritise sectors and industries that stand to better transform the structure of the economy - precision planning and facilitation of economic development projects.
- To facilitate access to markets for Eastern Cape enterprises.

In addition, the Division indirectly supports Outcome 1: A financially viable and sustainable organisation, and Outcome 6: A well-governed, agile, and high-performing organisation, through its focus on:

- Securing sustainable annuity and investment income, and investment management fee income.
- Implementing cost-containment and efficiency improvement measures.
- Engaging with government and private sector to secure support and funding for economic development projects and programmes.
- Improving trade and investment management processes and systems to enhance performance.
- The 2023/24 performance plan of the Division is reflected in the log frame tables below:

5.1.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Increased investment in priority economic sectors and diversification of exports and trade in traditional and new markets	Investment facilitation	1.1. Rand value of investments facilitated per annum	R1,175,1 m	R128,3 m	R162,2 m	R250 m	R350 m	R400 m	R450 m
		1.2. Number of investor leads landed and/or existing investors supported	N/A	N/A	N/A	50	75	100	150
		1.3. Number of sectoral catalytic economic projects supported	12	6	8	10	10	15	15
		1.4. Number of jobs facilitated through trade and investment support per annum	364	1207	1001	400	530	640	720
	MSMEs supported with non-financial services	1.5. Rand value of exports facilitated per annum	N/A	R352,7 m	R384,3 m	R100 m	R200 m	R300 m	R350 m
		1.6. Number of MSMEs assisted with integrated export support	206	404	131	150	200	250	300
		1.7. Number of enterprises trained on trade and export readiness	223	171	314	150	160	180	200

5.1.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTERLY TARGETS				
			2023/24	Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets	Investment facilitation	1.1. Rand value of investments facilitated per annum	R350 million (cumulative)	R25 million	R110 million	R260 million	R350 million
		1.2. Number of investor leads landed and/or existing investors supported	75 (cumulative)	10	30	55	75
		1.3. Number of sectoral catalytic investment projects supported	10 (cumulative)	1	4	7	10
		1.4. Number of jobs facilitated through trade and investment support per annum	530 (cumulative)	130	280	430	530
	Trade and export promotion	1.5 Rand value of exports facilitated per annum	R200 (cumulative)	R40 million	R100 million	R170 million	R200 million
		1.6. Number of MSMEs assisted with integrated export support	200	10	55	120	200
		1.7 Number of enterprises trained on trade and export readiness	160 (cumulative)	20	55	110	160

5.1.4. PRIORITIES OVER THE MEDIUM-TERM PERIOD

Over the medium-term period, the Division will focus on fully implementing the ECDC Trade, Investment and Innovation Strategy. A key catalytic initiative is establishing a consolidated Provincial Economic Development Fund. Sponsored by Provincial Treasury and led by DEDEAT, the ECDC has been designated as the fund manager.

Due care must be exercised in formulating the fund implementation arrangements to ensure a good balance between fund accessibility and fund protection.

In addition to economic development dividends and/or commercial returns in funded ventures, it is critical to incorporate resource leveraging and the protection of capital as key performance indicators for the fund. The fund management structure and the fund itself will operate as a ring-fenced operation within the ECDC.

5.2. DIVISION 2: RURAL, ENTERPRISE FINANCE AND BUSINESS SUPPORT

5.2.1. PURPOSE

In support of the ECDC mandate, vision and mission, the Division aims to:

- Serve as a catalytic, sustainable provider and aggregator of enterprise finance and business support solutions for the growth and development of competitive small enterprises in identified priority sector industries, including within small towns, rural areas, and townships.

The Division directly contributes to the ECDC goal of creating “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation” through its key result areas: **Outcome 4:** Increased growth and competitiveness of small enterprises in priority sector industries.

- To implement a targeted entrepreneurship/channel development programme.
- To provide development finance support to small enterprises through a direct finance channel.
- To support informal and formal micro-enterprises to grow their income and asset base through wholesale microfinancing.
- To administer and leverage financial incentives and provide non-financial business support services.
- To provide strapped-in business support for the investment management cycle, to improve survival and growth rates, and to secure ECDC’s investment.
- To provide workout and restructure support.
- To serve as an aggregator/intermediary of funding support for enterprises.

In addition, the Division indirectly supports Outcome 1: A financially

viable and sustainable organisation, and Outcome 6: A well-governed, agile, and high-performing organisation, through its focus on:

- Retaining and growing the principal capital amount of ECDC’s loan portfolio.
- Improving revenue generation and income collection.
- Implementing cost-containment and efficiency improvement measures.
- Engaging with government and private sector to secure support and funding for enterprise development and support.
- Tracking, monitoring and evaluating the impact of support provided to enterprises.
- Improving the efficiency and effectiveness of deal origination and investment management.
- The 2023/24 performance plan of the Division is reflected in the log frame tables below:

5.2.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Increased growth and competitiveness of small enterprises in priority sector industries	MSMEs supported with financial services	2.1. Number of MSMEs receiving financial support (loans and financial incentives)	216	87	78	160	330	380	450
		2.2. Number of co-operatives and participating enterprises/ individuals receiving financial support	20	26	27	32	50	60	70
		2.3. Value of funds leveraged directly for MSME projects	N/A	N/A	N/A	R30 million	R100 million	R200 million	R300 million
	MSMEs supported with non-financial services	2.4. Number of enterprises and individuals receiving entrepreneurship and business development support	233	256	256	200	300	350	450
		2.5. Number of MSMEs supported with training and development	790	914	750	300	600	700	800
		2.6. Number of jobs facilitated through loans	790	437	478	150	250	300	400
	MSME jobs facilitated, saved and/ or created	2.7 Number of jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund	808	1,343	1,683	900	1,300	1,500	1,800

5.2.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2023/24 ANNUAL TARGET	QUARTERLY TARGETS			
				Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
Increased growth and competitiveness of small enterprises in priority sector industries	MSMEs supported with financial services	2.1. Number of MSMEs receiving financial support (loans and financial incentives)	330 (cumulative)	100	240	290	330
		2.2. Number of co-operatives and participating enterprises/ individuals receiving financial support	50 (cumulative)	10	30	40	50
		2.3. Value of funds leveraged directly for MSME projects	R100 million (cumulative)	R30 million	R70 million	R80 million	R100 million
	MSMEs supported with non-financial services	2.4. Number of enterprises and individuals receiving entrepreneurship and business development support	300 (cumulative)	80	180	220	300
		2.5. Number of MSMEs supported with training and mentoring	600 (cumulative)	120	400	500	600
	MSME jobs facilitated, saved and/ or created	2.6. Number of jobs facilitated through loans	250 (cumulative)	50	170	200	250
		2.7. Number of jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund	1 300 (cumulative)	350	750	950	1 300

5.2.4 PRIORITIES OVER THE MEDIUM-TERM PERIOD

The Division’s focus, over the medium term period, will be on the full implementation of the Business Strategy and Operating Model for Small Enterprises Finance and Business Support, reflected in the figure below:

Figure 44: Phases of REF&BS Business Strategy

Research, monitoring, evaluation and continual improvement

Increased growth and competitiveness of MSMEs and co-operatives in priority sector industries of the Eastern Cape

PHASE 1: GET THE BASICS RIGHT

- Position ECDC as a fulfilment partner
- Establish and rollout targeted entrepreneurship programme
- Build channel partnerships network
- Build back-end supply capabilities
- Pilot the rollout of precast business plans
- Phased rollout of sector-based funds/development programmes
- Pilot the development of boutique facilities for economic cluster projects
- Secure capital and build a sustainable loan portfolio
- Streamline deal origination and credit risk management
- DFC: Progress to providing term loans
- Entrench post-investment support
- Establish fund matchmaking portal
- Leverage funding for MSME projects–Risk Capital Fund and referrals
- 3rd party funds management
- Systems automation and processes optimisation

PHASE 2: UPSCALE

- Growing brand recognition as a fulfilment partner
- Growing pipeline of investment-ready entrepreneurs
- Active channel partnerships network, linked with structured finance solutions
- Precast business plans yielding results and extended for identified projects
- Boutique facilities yielding results – increasing MSME activity in industries of economic clusters
- Risk Capital Fund yielding results – up-scaled leveraging of funding
- DFC: Increased bias towards long-term funding – term loans/equity/blended
- WFC: Wholesale micro-financing channel activated
- Broadened rollout of targeted funds and developmental programmes
- Fund matchmaking portal successful matching MSMEs and suitable funders
- Growth in supported SMEs supplying large businesses
- Full digitisation of systems & processes

PHASE 3: INNOVATE AND GROW

- Recognised as trusted steward of capital and catalytic mobiliser of funding and support for MSMEs in the province
- Entrepreneurship programme producing pool of priority sector entrepreneurs
- Tier 3 and Tier 2 MSMEs supplying large enterprises
- Precast business plans, boutique facilities and channel partners yielding results – growth of MSMEs operating in primary and secondary sectors
- Funds mobilisation and leveraging embedded, extending support to MSMEs
- DFC: Financing focused on high-impact projects – term loans/equity/blended and co-financing/hybrid deal structures
- Extensive rollout of sector-based funds/development programmes
- Extensive partnerships network supporting an ecosystem approach
- Best practices implemented throughout the value chain of financial and non-financial support
- ECDC in a position to borrow funds to capitalise its loan book, with reduced reliance on the Shareholder

Year 1-2

Year 2-4

Year 3-5, and beyond

Note: The phases are not necessarily sequential due to dependencies – overlaps are reflected by the timeframes

5.3. DIVISION 3: PROPERTIES AND INFRASTRUCTURE MANAGEMENT SERVICES

5.3.1.PURPOSE

In support of the ECDC mandate, vision and mission, the Division aims to:

- Transform the Property portfolio of the ECDC into a well-managed, smart, competitive offering that underpins socio-economic development in an environmentally sustainable manner. This will be achieved through rationalising, transforming, and investing for growth in the Property portfolio.

Towards the ECDC impact of “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation”, the Division directly contributes to the following outcomes through its key result areas:

Outcome 1: A financially viable and sustainable organisation To ra-

tionalise, refurbish, and enhance the ECDC property asset base. To improve revenue generation and income collection from trading divisions. To implement cost-containment and efficiency improvement measures.

- To engage with government and private sector to secure support and funding.

Outcome 2: A well-managed, smart, and competitive Property portfolio

- To improve the condition quality of the Property portfolio, and the number of units available to let.
- To improve tenant satisfaction.
- To provide affordable premises for MSMEs and co-operatives.

Outcome 5: Enhanced planning and coordination of economic development programmes and projects

- To design and deliver project management services (to provincial and local government) to enhance the delivery of services to investors.

In addition, the Division indirectly supports Outcome 6: A well-governed, agile, and high-performing organisation, through its focus on improving property and facilities management processes.

The 2023/24 performance plan of the Division is reflected in the log frame tables below:

5.3.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
A financially viable and sustainable organisation	Property portfolio balance sheet management	3.1. Property portfolio yield	N/A	N/A	7%	8%	9%	11%	R61 million
		3.2. Rand value spend on ECDC property acquisitions, refurbishment and upgrade	N/A	N/A	N/A	R100 million	R130 million	R116 million	R84,12 million
		3.3. Rand value capital raise from property disposals	R4,1 million	N/A		R70 million	R37,7 million	R60.45 million	R60 million
		3.4. Rand value leverage from private sector	N/A	N/A	R19,2 million	R30 million	R50 million	R150 million	R400 million
	Property portfolio cost management and efficiency	3.5. Property portfolio cost to income ratio	1:0.75	1:0.94	1:0.96	1:1	1:1.05	1:1.10	78%
A well-managed, smart, and competitive Property portfolio	Property portfolio management	3.6. Rental collections as a percentage of billings	N/A	57%	58%	67%	72%	75%	100%
	Enhanced condition quality of the Property portfolio, and property available to let	3.7. Percentage spend of maintenance programme budget (receipts)	N/A	N/A	20%	50%	75%	90%	95%
Enhanced planning and coordination of economic development programmes and projects	Infrastructure delivery revenue generation	3.8. Rand Value of Infrastructure programme under management for current year (external clients)	n/a	n/a	n/a	R356m	R701m	R750m	R800m
		3.9. Rand value of revenue from project and programme management services (external clients)	N/A	N/A	R10,23 million	R17,6 million	R18,4 million	R20 million	R25 million

5.3.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2023/24 ANNUAL TARGET	QUARTERLY TARGETS			
				Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
A financially viable and sustainable organisation	Property portfolio balance sheet management	3.1. Property portfolio yield	9% (cumulative)	2%	4%	7%	9%
		3.2. Rand value spend on ECDC property acquisitions, refurbishment and upgrade	R130 million	R15 million	R40 million	R80 million	R130 million
		3.3. Rand value capital raise from property disposals	R37,7 million (cumulative)	R0 million	R14 million	R29 million	R37,7 million
		3.4. Rand value leverage from private sector	R50 million (cumulative)	R0 million	R0 million	R15 million	R50 million
	Property portfolio cost management and efficiency	3.5. Property portfolio cost to income ratio	1:1.05	1:1	1:1	1:1.05	1:1.05
A well-managed, smart, and competitive Property portfolio	Property portfolio management	3.6. Rental collections as a percentage of billings	72%	72%	72%	72%	72%
	Enhanced condition quality of the Property portfolio, and property available to let	3.7. Percentage spend of maintenance programme budget (receipts)	75% (cumulative)	15%	35%	55%	75%
Enhanced planning and coordination of economic development programmes and projects	Infrastructure delivery revenue generation	3.8. Rand Value of Infrastructure programme under management for current year (external programmes)	R701 million	R644 million	R644 million	R667 million	R701 million
		3.9. Rand value of revenue from project and programme management services (external clients)	R18,4 million (cumulative)	R4 million	R9 million	R13 million	R18,4 million

5.3.4. PRIORITIES OVER THE MEDIUM-TERM PERIOD

The ECDC is well-placed to use its property management and development capabilities to facilitate and manage the implementation of socio-economic infrastructure programmes and projects in the province on behalf of client departments and municipalities. This is a revenue generation opportunity for the portfolio.

The Division’s focus, over the medium-term period, is towards the full implementation of the Revised Property Development and Modernisation Strategy.

5.4. DIVISION 4: ECONOMIC DEVELOPMENT COORDINATION AND SECTOR SUPPORT

5.4.1. PURPOSE

In support of the ECDC mandate, vision and mission, the Division aims to:

- Advance coherence in the planning, executing, financing, and implementation of economic development projects and infrastructure in the province.

Towards the ECDC impact of “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation”, the Division directly contributes to the following outcomes through its key result areas:

Outcome 1: A financially viable and sustainable organisation

- To engage with government and private sector to secure support and funding for economic development projects and programmes.

Outcome 5: Enhanced planning and coordination of economic development programmes and projects

- To strengthen business development and sector intelligence capabilities, to inform evidence-based decision-making.
- To prioritise sectors and industries that stand to better transform the structure of the economy - precision planning and facilitation of economic development projects.
- To assist DEDEAT to achieve greater economic coordination.
- To ensure project identification and planning process efficiencies.

In addition, the Division indirectly supports Outcome 6: A well-governed, agile, and high-performing organisation, through its focus on improving the efficiency and effectiveness of management processes and systems to enhance performance.

The 2023/24 performance plan of the Division is reflected in the log frame tables below:

5.4.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
A financially viable and sustainable organisation	Capital raising and resource leveraging	4.1. Rand value of funding leveraged for implementation of economic projects	N/A	N/A	N/A	R30 million	R60 million	R70 million	R90 million
Enhanced planning and coordination of economic development programmes and projects	Economic development coordination and precision project planning	4.2. Number of catalytic economic development projects identified and supported, which are aligned to provincial priorities	N/A	N/A	N/A	7	12	14	16
		4.3. Number of major projects (min R10 million per project) assessed for feasibility (internally or externally)	N/A	N/A	N/A	3	5	7	10

5.4.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2023/24 ANNUAL TARGET	QUARTERLY TARGETS			
				Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
A financially viable and sustainable organisation	Capital raising and resource leveraging	4.1. Rand value of funding leveraged for implementation of economic projects	R60 million (cumulative)	R10 million	R25 million	R45 million	R60 million
Enhanced planning and coordination of economic development programmes and projects	Economic development coordination and precision project planning	4.2. Number of catalytic economic development projects identified and supported, which are aligned to provincial priorities	12 (cumulative)	3	6	9	12
		4.3. Number of major projects (R10 million) assessed for feasibility (internally or externally)	5 (cumulative)	1	2	4	5

5.4.4 PRIORITIES OVER THE MEDIUM-TERM PERIOD

The ECDC, in the recent past, has not played any effective role in economic coordination in the province. There is a need for the development of various economic master plans in the priority sectors and a project pipeline of opportunities ready for commercialisation. This will require that the ECDC, in line with its mandate as a lead development agency of the province, coordinates these planning aspects of economic development, and then facilitates and drives these initiatives. In this regard, the ECDC needs to build partnerships and relationships premised on development value, mutual respect, and trust between itself and its partners. The Division’s focus over the medium-term period is informed by the ECDC Economic Development Priority Sectors, Programmes and Project Support Plan (E.D.P). The plan outlines sectors of focus and development for the ECDC moving forward. The intention of the E.D.P is to provide both sectors of focus across districts, as well as projects that the ECDC can partner on – through both strategic and loan/equity financing – to drive the sector of focus forward in each of the various regions.

5.5 SUPPORT SERVICES, GOVERNANCE AND FINANCE

5.5.1 PURPOSE

In support of the ECDC mandate, vision and mission, the Division’s aim to:

- Provide seamless, efficient and effective governance and corporate support functions to the ECDC’s core business units; and
 - Provide seamless, efficient and effective financial management and supply chain management services to the ECDC’s core business units.
- Towards the ECDC impact of “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation”, the Division’s support all six organisational outcomes, but contributes directly to:

Outcome 1: A financially viable and sustainable organisation

- To ensure effective financial management and internal controls.
- To secure sustainable annuity and investment income, and investment management fee income.
- To implement cost-containment and efficiency improvement measures.

Outcome 6: A well-governed, agile, and high-performing organisation.

- To ensure good governance and compliance.
- To improve management processes and systems to enhance performance.
- To support efficient and effective operations.
- To implement effective customer and stakeholder relations management.
- To strengthen the brand visibility of the ECDC.
- To ensure effective human capital management and development.

The 2023/24 performance plan of the Division’s is reflected in the log frame tables below:

5.5.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
A financially viable and sustainable organisation	Financial management and internal controls	5.1. Cost to income ratio (excluding valuations and impairment)	1:0.75	1:0.94	1:0.96	1:1	1:1.05	1:1.08	1:1.10
	Organisational governance and compliance	5.2. Average number of days to pay suppliers	30 days	30 days	30 days	30 days	30 days	30 days	30 days
A well-governed, agile, and high-performing organisation	Organisational governance and compliance	5.3. External Audit outcomes	Unqualified, with matters of emphasis	Unqualified, with matters of emphasis	Unqualified, with matters of emphasis	Unqualified, with matters of emphasis	Unqualified, with matters of emphasis	Clean, with no matters of emphasis	Clean, with no matters of emphasis
	Human capital management and development	5.4. Minimum percentage of annual performance contracts in place and reviews undertaken	99%	90%	90%	95%	90%	90%	90%

5.5.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2023/24 ANNUAL TARGET	QUARTERLY TARGETS			
				Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
A financially viable and sustainable organisation	Financial management and internal controls	5.1. Cost to income ratio (excluding valuations and impairment)	1:1.05 (cumulative)	1:1.0	1:1.02	1:1.03	1:1.05
		5.2. Average number of days to pay suppliers	30 days	30 days	30 days	30 days	30 days
A well-governed, agile, and high-performing organisation	Organisational governance and compliance	5.3. External Audit outcomes	Unqualified, with matters of emphasis	n/a	n/a	n/a	Unqualified, with matters of emphasis
	Human capital management and development	5.4. Minimum percentage of annual performance contracts in place and reviews undertaken	90%	0	90%	0	90%

5.5.4 PRIORITIES OVER THE MEDIUM-TERM PERIOD

In addition to ensuring sound governance and financial management, and strengthened internal controls, the Division’s focus over the medium-term period will be on:

1) Enterprise-wide risk management - risk management underpins the ECDC’s governance arrangements. It is a fundamental component of the internal control framework that supports good governance by providing reasonable assurance that a business will meet its objectives without exceeding its ability to accept or tolerate risk.

Over the medium term, priority is on:

- a) Embedding risk management in all organisational activities.
- b) Developing a shared understanding of the ECDC’s risks and their management.
- c) Measuring, controlling, and monitoring the ECDC’s risks.
- d) Continuing to improve the ECDC’s risk management practice.

2) Implementing the Anti-Fraud and Corruption Strategy, including:

- a) Creation of fraud and corruption awareness through training and communication.
- b) A Code of Ethics and Business Conduct contains a set of values that management believes and requires their staff to adhere to.
- c) The ECDC’s policies, procedures, rules, regulations, and other prescripts (including the PFMA and Treasury regulations).
- d) Disciplinary code and procedures.
- e) Implementation of sound internal controls to prevent and detect fraud and corruption.
- f) An anti-fraud and corruption investigative capacity.
- g) Ongoing fraud and corruption risk assessments.
- h) Management structures to develop, implement, monitor, and assess the Fraud and Corruption Prevention Strategy.
- i) An anti-fraud and corruption reporting mechanism for confidential reporting.
- j) Physical and information security.

3) Implementing the Social Responsibility and Ethics Awareness Plan aimed at:

- a) Collaborating with other functions (Compliance, Risk Management, Internal Audit, and Human Resources, for example) to report any unethical behaviour to appropriate channels for investigation and resolution.
- b) Developing and implementing ethics awareness and other ethics training programmes and anti-corruption measures.
- c) Identifying trends in unethical behaviour/behaviour that transgress the corporation’s Code of Ethics/Conduct.
- d) Ensuring organisational integrity of policies, procedures, and practices.
- e) Obtaining reports from designated officials and subsequently reporting to the Board any conflict of interests.
- f) Identifying (through whistleblowing lines and other channels) and reporting on unethical behaviour and corrupt activities.
- g) Maintaining a database of all employees under investigation and those disciplined for unethical conduct.
- h) Providing regular feedback to the Board and executive management on ethics performance and challenges.

4) Implementation of the Human Capital Plan for the ECDC to deliver on its strategy and 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. The ECDC aims to prioritise investment in human capital and build a differential people strategy based on its core business areas and transversal services.

Informed by the Human Capital Plan, a number of key initiatives are being implemented. These include:

- a) Updating organisational structure and, thereafter, investing in human capital in line with the new impetus of the ECDC.
- b) Enhance nurturing of skills, focusing internally and externally through progressive policies on human capital management.
- c) Consolidate the performance management system and culture.
- d) Develop leadership systems and culture.
- e) Implementation of the HR standards in terms of the SABPP, including the HR audit.

5) Implementation of the Employment Equity Strategy - the intention of the ECDC’s employment equity is to ensure equitable consideration of all groupings within the population, taking into account the demographic character of the Eastern Cape. A comparison of the ECDC’s employment equity components is performed on a regular basis. The ECDC uses the national equity statistics to align its performance.

6) Strengthened corporate public relations, communication, and marketing - based on the findings obtained so far, the ECDC is engaging in continually enhancing its strategic positioning and ancillary marketing and communication. In addition, the ECDC has prioritised customer service through its business units as an imperative to close the gaps identified with the products and services the ECDC delivers.

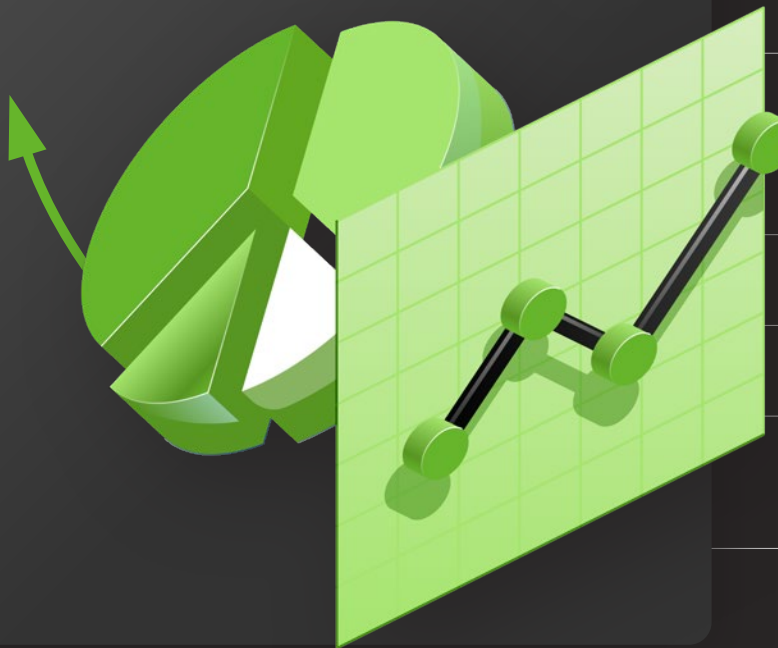
The following communication and marketing objectives have been formulated to contribute to effectively marketing the services of the ECDC by promoting its strategic goals and objectives, both internally and externally:

- 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 the ECDC through:
 - Driving marketing of products and services.
 - Researching target market needs.
 - Ensuring continued visibility of the ECDC.

7) Enhanced Information and Communications Technology with the aim 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.

SECTION E

SEC. E
FINANCIAL PLAN AND
GOVERNANCE



1. CASH INFLOWS AND OUTFLOWS FOR THE 2023/24 FINANCIAL YEAR
AND MTEF PERIOD

1.1 ALLOCATIONS FROM THE SHAREHOLDER

The ECDC budget allocation ECDC covers four categories. The first is unconditional grants amounting to R194,608 million. This allocation is intended to fund the mandate in respect of SMME support, trade, investment and promotion activities as well as economic development and sector support. The second is conditional grants amounting to R190,624 million. This allocation is intended to fund specific ring-fenced projects or programmes which are aligned to the mandate of government. The third relates to transfers to other entities including support for the automotive industry, SMME devel-

opment and economic development within the province. The final category relates to recapitalisation funding which is allocated for the development and modernisation of the property portfolio as well as funding for enterprise development for the issuing of loans. The recapitalisation funds amount to R85 million.

The budget is formulated with the following allocations from the Shareholder Government Department.

Category of Funding	R'000 2023/24
Unconditional grants	194 608
Conditional grants (10% management fees)	190 624
Transfers (No management fees)	126 404
Recapitalisation - Property modernisation and development	55 000
Recapitalisation - Enterprise Financing	30 000
Total	596 636

ECDC Budget Allocation	2023/24
ECDC Mandate - Unconditional	194 608
SMME support	97 804
Trade& investment and Innovation	51 011
Economic Development and Sector Support	45 793
ECDC Mandate - Conditional	190 624
Jobs Stimulus and Protection Fund	17 178
Imvaba Fund	25 446
Eastern Cape Economic Development Fund	100 000
Film fund - Production	8 000
Film fund - Infrastructure	20 000
Agro-processing support	20 000
ECDC - Direct Transfers	126 404
AIDC:Operations	30 967
AIDC:Automotive Industry support	90 796
Non Automotive Manufacturing (NAM) Cluster	921
EC Automotive Industry Forum (ECAIF)	921
Chemin Incubation	1 800
Production Technology SA (PTSA)	1 000
ECDC - Recapitalisation	85 000
Property Development and Modernization	55 000
SMME - Enterprise Financing	30 000
ECDC - Total Budget Allocation	596 636

1.2 CASH INFLOW AND OUTFLOW FOR THE 2023/24 - 2026/27 MTEF

Cash budget for the 2023/24 financial year and MTEF period

Category of Funding	Budget	Budget	Budget	Budget	Budget
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Government subsidy	317 225	553 551	258 863	267 295	280 660
Transfers AIDC, ECAIF (No implem. fees)	59 601	126 404	66 147	69 454	72 927
Conditional grants (10% - 30% implementation fees)	38 422	172 922	30 884	32 428	34 050
Unconditional grants (ECDC Mandate)	106 129	169 224	134 332	137 913	144 808
Property modernisation and development (Recapitalisation)	81 000	55 000	27 500	27 500	28 875
SMME Loans Recapitalisation	32 073	30 000	-	-	-
Inflows generated from operations	157 064	209 425	193 020	205 772	216 886
Trading Services Income	104 793	118 714	133 564	143 720	158 092
Rental and Recoveries inflow	71 140	87 299	96 029	105 632	116 195
Interest on Loans	6 595	9 892	12 860	14 146	15 560
Investment income	11 881	11 523	12 675	13 943	15 337
Bad debt and other recoveries	15 177	10 000	12 000	10 000	11 000
Management Fees	33 271	45 711	45 957	48 551	51 294
Project Management Fees	12 049	18 761	19 887	21 080	22 345
Implementation Management Fees	10 432	17 702	16 267	17 080	17 934
Program Management fees	10 790	9 248	9 803	10 391	11 015
Property Realization Account transfer	19 000	45 000	13 500	13 500	7 500
One Stop Shop Grant Funding	2 000	2 000	2 200	2 420	2 664
Cash Inflows	476 289	764 975	454 083	475 487	500 210
Salaries and wages	116 430	151 557	147 220	153 108	159 233
Directors fees	996	2 287	2 401	2 521	2 647
Project costs	259 526	486 781	169 158	172 092	176 622
Direct property costs	71 731	78 190	87 007	97 121	108 428
Repairs and maintenance	19 000	12 000	12 200	12 485	12 259
Insurance	5 341	6 409	7 114	7 897	9 081
Security services	5 038	5 500	5 775	6 064	6 367
Industrial park management services	-	2 500	2 625	2 756	2 894
Rates and Taxes	26 181	32 275	37 116	42 684	49 086
Electricity and water	13 870	16 956	19 499	22 424	25 788
Valuation fees	655	1 500	1 575	1 654	1 736
Debt collection charges - properties	1 646	1 050	1 103	1 158	1 216
Debt collection charges - loans	1 066	1 170	1 229	1 290	1 354

Category of Funding	Budget	Budget	Budget	Budget	Budget
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Marketing and development costs	1 030	2 500	2 625	2 756	2 894
Travel and accommodation	727	2 750	2 888	3 032	3 183
Communication costs (Telecoms and ICT)	3 232	2 950	3 098	3 252	3 415
Audit fees	3 445	3 750	3 938	4 134	4 341
Consulting fees	1 844	12 213	12 824	13 465	14 138
Licences	3 631	4 357	4 575	4 804	5 044
Rent paid	3 442	3 779	3 968	4 166	4 375
Legal fees	3 847	3 750	3 938	4 134	4 341
Cleaning services	1 046	1 125	1 098	1 153	1 211
Staff training and development	1000	3 500	3 675	3 859	4 052
Personnel selection costs	1163	2 500	2 625	2 756	2 894
Bank charges	289	525	551	579	608
Other operating costs	1 264	1 291	1 394	1 395	1 569
Cash Outflows	476 289	764 975	454 083	475 487	500 210
Surplus / (Deficit)	-	-0,00	0,00	0,00	-0,00

2. KEY RISKS AND MITIGATIONS FROM THE STRATEGIC PLAN

The key risks reflected in the 2023/24-2027/2028 Strategic Plan are aligned with the outcomes, and have been updated:

Outcome	Key Risks	Risk Mitigations
1. A financially viable and sustainable organisation.	<ul style="list-style-type: none">• Low collections and high impairments.• Inadequate return on assets.• Lack of funds to support enterprise development.	<ul style="list-style-type: none">• Implement asset whole lifecycle management.• Cashflow forecasting submitted to Exco and Board subcommittees.• Revenue Optimisation and Cost Minimisation Strategy implemented.• Improve debt collection and impairment rates.• Engage with government and private sector to secure funding for loans, projects, and investments.
2. A well-managed, smart and competitive Property portfolio.	<ul style="list-style-type: none">• Ineffective maintenance planning and operating model.• Safety incident(s), due to non-compliance with OHS Act and other legislation.• Lack of private sector partnerships/support.• Invasions, land grabs, and vandalism.	<ul style="list-style-type: none">• Implement the Revised Property Modernisation Strategy.• Market studies commissioned to support investment decision and ideal tenant mix.• Financial viability conducted to ensure required rates of return are achievable.• Establish the capacity and capabilities to deliver quality infrastructure on time - skills, tools of trade, and systems/processes.• Implement a maintenance strategy and operating model.• Enhance infrastructure procurement processes and capabilities.

Outcome	Key Risks	Risk Mitigations
3. Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets.	<ul style="list-style-type: none">• Lack of access to domestic and global markets.• Investors prefer other provinces as investment destinations.• Lack of skills required by the high-potential economic sectors.	<ul style="list-style-type: none">• Facilitate access to new markets for MSMEs nationally, regionally, and globally.• Strengthen relationship with dtic to access incentive grants and support related to improving investment destination.• Collaborate with relevant stakeholders at community, local, and provincial level.
4. Increased growth and competitiveness of small enterprises in priority sector industries.	<ul style="list-style-type: none">• Low labour absorption rates despite growing MSMEs.• Inadequate return on assets deployed.• High default rates that are not in line with defined appetite levels.	<ul style="list-style-type: none">• Prioritise business support to MSMEs that absorb more labour unit per rand value loaned.• Implementation of an automated workflow and integration to the back-end systems.• Perform due diligence financial analysis on new loan applications, to mitigate against potential high default rates in the high-risk market that ECDC operates in.• Internal reviews on performance, as well as quarterly reviews and reporting against the Annual Corporate Plan to Exco and the Board to prevent delivery gaps.• Strengthen the business support function to assist in business sustainability and job creation, and de-risking of ECDC’s investment.• Monitoring and improvement of the rate of first default.
5. Enhanced economic development planning and coordination for the effective implementation of development programmes and projects.	<ul style="list-style-type: none">• Poor integration and coordination between stakeholders with similar mandates.• Inadequate capacity/resources to deliver at required rate.• Poor project and quality management processes.• Delays in the approval of projects and programmes.	<ul style="list-style-type: none">• Implement the ECDC E.D.P.• Lead initiatives to coordinate the economic cluster stakeholders to improve collaboration and integration of economic initiatives.• Ensure relevance and accuracy of research and knowledge produced.• Secure project partnerships (consultation, joint planning).
6. A well-governed, agile, and high-performing organisation.	<ul style="list-style-type: none">• Adverse audit outcome.• Service delivery targets not achieved.• Non-compliance, contravention, and inability to remedy gaps in business processes.• Inadequate and/or inappropriate performance and monitoring management.	<ul style="list-style-type: none">• Organisational structure review and change management.• Evaluate the regional office network to ensure its capacity is closer to its target market.• Digitisation/automation of key business processes.• Monitor and improve on fraud and ethics enhancement activities.• Identify and provide job-specific learning and development solutions (linked with training and development programmes based on gaps identified).• Ongoing training and awareness on key legislation applicable to ECDC.• Fully implement performance contracting and management system.

The detailed ECDC Risk Register is reviewed monthly by Exco and quarterly at the Audit and Risk Committee meetings.

3. PUBLIC ENTITIES AND SUBSIDIARIES

The Eastern Cape Development Corporation has the following wholly owned subsidiaries, which fall under the oversight and control of the Group Board:

Name of Subsidiary/Public Entity	Outcomes
Automotive Industry Development Centre	<ul style="list-style-type: none">• Effective coordination of stakeholders for maximum sector impact in the Eastern Cape• Effective coordination and implementation of SAAM 2035 in the Eastern Cape• Effective implementation of projects that support localisation and transformation• Facilitate the improvement of skills development in the Eastern Cape automotive sector
Transdev Properties (SOC) Ltd	<ul style="list-style-type: none">• Effectively manage the arrangements relating to the building leased to Holiday Inn Mthatha
Transkei Share Investments Company (Pty) Ltd	<ul style="list-style-type: none">• Ensure an appropriate return on investment from managed investments
Centre for Investment and Marketing in the Eastern Cape	<ul style="list-style-type: none">• Ensure an appropriate return on investment relating to the ECDC head office building

In addition, the ECDC has equity in five companies and operations acquired through its loan finance and investment activities.

4. PUBLIC PRIVATE PARTNERSHIPS (PPPS)

Not applicable to the Eastern Cape Development Corporation at this stage.

SECTION F

SEC. F
TECHNICAL INDICATOR
DESCRIPTION
SUMMARY



The high-level technical indicator descriptions for the Corporate Plan are summarised below:

Outcome	Output	Corporate Output Indicator	Responsible Division
Increased investment in priority economic sectors and diversification of exports and trade in traditional and new markets	Investment facilitation	1.1 Rand value of investments facilitated per annum	Investment Management, Trade, and Investment Promotion
		1.2. Number of investor leads landed and/or existing investors supported	
		1.3. Number of sectoral catalytic economic projects supported	
		1.4. Number of jobs facilitated through trade and investment support per annum	
	Trade and export promotion	1.5 Rand value of exports facilitated per annum	
		1.6 Number of MSMEs assisted with integrated export support	
		1.7 Number of enterprises trained on trade and export readiness	
Increased growth and competitiveness of small enterprises in priority sector industries	MSMEs supported with financial services	2.1. Number of MSMEs receiving financial support (loans and financial incentives)	Rural and Enterprise Finance and Business Support
		2.2. Number of co-operatives and enterprising individuals receiving financial support	
		2.3. Value of funds leveraged directly for MSME projects	
	MSMEs supported with non-financial services	2.4. Number of enterprises and individuals receiving entrepreneurship and business development support	
		2.5 Number of MSMEs supported with training and mentoring	
	MSME jobs facilitated, saved and/or created	2.6. Number of jobs facilitated through loans	
		2.7. Number of jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund	
A financially viable and sustainable organization	Property portfolio balance sheet management	3.1. Property portfolio yield	Properties and Infrastructure Management Services
		3.2. Rand value spend on the ECDC property acquisitions, refurbishment and upgrade	
		3.3. Rand value capital raise from property disposals	
		3.4. Rand value leverage from private sector	
A well-managed, smart, and competitive property portfolio	Property portfolio cost management and efficiency	3.5. Property portfolio cost-to-income ratio	
	Property portfolio management	3.6 Rental collections as a percentage of billings	
	Enhanced condition quality of the property portfolio, and property available to let	3.7. Percentage spend of maintenance programme budget (receipts)	
	Infrastructure delivery revenue generation	3.8 Rand value of Infrastructure programme under management for current year (external programmes)	
		3.9 . Rand value of revenue from project and programme management services (external clients)	

Outcome	Output	Corporate Output Indicator	Responsible Division
A financially viable and sustainable organisation	Capital raising and resource leveraging	4.1 Rand value of funding leveraged for implementation of economic projects	Rural and Enterprise Finance and Business Support
Enhanced planning and co-ordination of economic development programmes and projects	Economic development co-ordination and precision project planning	4.2. Number of catalytic economic development projects identified and supported, which are aligned with provincial priorities	
		4.3. Number of major projects (min R10 million per project) assessed for feasibility (internally or externally)	
A financially viable and sustainable organisation	Financial management and internal controls	5.1. Cost-to-income ratio (excluding valuations and impairment)	Finance
		5.2. Average number of days to pay suppliers	
A well-governed, agile, and high-performing organisation	Organisational governance and compliance	5.3. External audit outcomes	Finance
	Human capital management and development	5.4. Minimum percentage of annual performance contracts in place and reviews undertaken	Corporate Services

ADDITIONAL INFORMATION

AMENDMENTS TO THE STRATEGIC PLAN

The Eastern Cape Development Corporation (SOC) Ltd. developed a new Five-Year Strategic Plan for 2023/2024 to 2027/2028 at the same time as developing this Corporate Plan. The two documents are, therefore fully aligned.

In future years, should there be amendments to the Strategic Plan, they will be discussed in this section.

DISTRICT DEVELOPMENT MODEL

The ECDC Economic Development Priority Sectors, Programmes and Project Support Plan (E.D.P) outlines sectors of focus and development for the ECDC moving forward. The intention of the E.D.P is to provide both sectors of focus across districts, as well as projects that the ECDC can partner on – through both strategic and loan/equity financing – to drive the sector of focus forward in each of the various regions. The E.D.P then overlays these sectors of focus across the respective competitive advantages of the Eastern Cape metropolitan and district municipalities and presents projects or initiatives for potential ECDC intervention given their alignment with the needs of the district, the functionality of the ECDC, and the likely contribution that they represent to the economy of the Eastern Cape.

It is postured that all ECDC effort and focus should be on supporting and leveraging these priority sectors and their related industries, so as to maximise the impact of its efforts and resources. In this light, the intent and focus of the ECDC's economic development efforts are fully in line with the District Development Model.

MATERIALITY FRAMEWORK

In terms of Treasury Regulation 30.1.3, it is hereby affirmed that Eastern Cape Development Corporation (SOC) Ltd. has a Materiality Framework in place, which is available separately.

BOARD AND SUBCOMMITTEE CHARTERS

It is hereby affirmed that the Eastern Cape Development Corporation (SOC) Ltd. has approved Board and Subcommittee charters in place, which are available separately.

BORROWING PLAN

Not applicable to the Eastern Cape Development Corporation at this stage.

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