

BEYOND 2022



CORPORATE PLAN 2021/22



Statement by the Chair of the Board

The Eastern Cape Development Corporation (ECDC) remains concerned with the search and deployment of high-value and high-impact socio-economic development tools and apparatus which should bring real change in fortunes in the lives of those who reside in the Eastern Cape. As the Corporation enters the second year of its 2020-2025 strategy, it has begun to consolidate the preparatory steps towards the cultivation of an effective and efficient agent of economic redress. The 2021 Corporate Plan lays down ambitious targets for the Corporation which require a steady resolve and a leadership collective with the acumen and wherewithal to deliver a pronounced economic development for the province and its citizens. The attainment of the stated objectives stated herein also require a human resource pool with the talent and energy to discharge the ECDC's varied and bulky development mandate.

The Board of Directors is keenly advocating for the further development of the Corporation's capabilities so that they are primed to deliver the requisite shareholder value. This should be achieved by an inspired investment into the areas so that Corporation keeps abreast of development trends and imperatives as well as the ever-changing demands of the 4th Industrial Revolution. As such, the ECDC continues to ensure there is the right resources matched to the right portfolios in line with strategic goals of the Corporation. This should ensure that everyone's capabilities are fully exploited in pursuit of the development agenda.

The 2021/22 Corporate Plan continues to recognise the key challenges inhibiting the growth of the provincial economy. Some of the serious challenges include a shrinking economy with low growth figures, government spending continues to be the key economy driver of SMME activities instead of a commodity or service-driven economy to drive economic growth and socio-economic development. There continues to exist an entitlement mentality and dependency syndrome which contradicts the user-pay principle and the realities of the shrinking national fiscus. In addition, the cost of doing business in the province contributes to investors giving their businesses to other provinces.

Through the 2021/22 Corporate Plan, the ECDC commits itself to deploying the requisite development instruments to help address this anomaly. The Corporation intends to do this by working in tandem and in alignment with various government priorities as outlined in the National Development Plan (NDP) and the Provincial Development Plan (PDP). The Corporation is committed in unleashing its development apparatus in helping achieve the ambitious targets set out in the NDP particularly in relation to job creation. The NDP intends to cut unemployment to 6% by 2030. As a result, the ECDC will place make resources available to facilitate the creation and saving of sustainable jobs and vibrant economic growth. This should be achieved by promoting employment in labour-intensive industries, promotion of an export culture as well as improved domestic and foreign direct investment.

In particular, the Corporate Plan recognises the role the Corporation must play in the attainment of economic transformation and job creation in pursuit of an innovative, inclusive, and growing provincial economy working with the various clusters at Provincial level. Through the key performance indicators outlined in this document, the ECDC aims to help achieve this by creating an enabling

environment that supports economic enterprise development, rapid development of high-potential economic sectors, spatially balanced economic development, urban development, and small-town revitalisation as well as driving digital transformation and the development of the ICT sector. Furthermore, the ECDC aims to contribute to the establishment and consolidation of capable democratic institutions by building multi-agency partnerships. To achieve its strategic goals, the Corporation has identified five strategic tenets which form the foundation of its five-year strategy. These strategic tenets or goals are Economic transformation, inclusive growth, and competitiveness; Customer-focused solutions; Pioneering innovation in the key growth sectors; Operational efficiency and financial sustainability and Attracting and retaining the best talent in the sector.

These tenets or strategic pillars will be achieved through bold leadership, a spirited implementation of collaborations and partnerships with various stakeholders, including the ECDC's shareholder, other development finance institutions, state-owned companies, institutions of higher learning, private sector partners and civil society.

The 2021/22 Corporate Plan also places special focus on the economic sectors which are most likely to deliver the requisite economic returns. Support will be provided to these sectors particularly to those businesses owned by youth and women. This group is the most vulnerable and significantly impacted by the scourge of high unemployment. These sectors are agro-processing, manufacturing, ocean economy, construction, tourism, knowledge economy as well as the creative industry. The effectiveness of the ECDC will be measured by a tangible, positive and real socio-economic change in the lives and collective experience of its citizens.

I am grateful to the ECDC Board of Directors, ECDC executive team and the Corporation's employees who provided critical inputs which led to the development of an informed and engaging 2021/22 Corporate Plan. I am grateful to the shareholder representative, the Honourable MEC Mlungisi Mvoko for his wise counsel and steadfast support. I am also grateful to stakeholder and partner inputs which have enriched the 2021/22 Corporate Plan.

Simpiwe Somdyala
Interim Chair of the Board



Accounting Officers Statement

The 2021/22 Corporate Plan is the culmination of a collaborative strategic planning process which identified the inhibitors to improved and energised economic growth and job creation as well as the concomitant solutions to these challenges. The finalisation of this corporate plan took place under uncertainty, series of lockdowns, economic activity restrictions and organised labour tension in the public sector. In the coming financial year ECDC aims to deepen delivery of those products and services that SMME's are dependent on to survive and thrive. SMME development support, financial support, investment advice, business services and export support remain the key services SMME's rely on. Most of these services seem mundane but their impact on SMME's provide them with the confidence, backing and encouragement for them to pursue their business ambitions.

The Eastern Cape continues to face daunting yet surmountable socio-economic development challenges which threaten the constitution of a viable and capable democratic state. The attainment of a capable democratic state should be underpinned by the establishment of capable democratic institutions. The intrinsic value of these institutions lies in their collective development of tools and instruments which will resolve the country's top socio-economic challenges such as growing inequality, unemployment, poverty, declining economic growth and declining investment compounded by credit ratings downgrades, the COVID-19 pandemic, structural challenges as well as fiscal constraints.

Over and above the recent COVID-10 pandemic, the Eastern Cape is plagued by low investment and economic growth, weak business and consumer sentiment, budgetary and fiscal limitations. These are compounded by reducing government expenditure, load shedding which deters investment as well as productive capacity and high unemployment. These challenges are likely to continue in this trajectory soon unless urgent economic reforms are implemented.

Special purpose vehicles of the state such as the ECDC are thus required to employ innovative and inventive means to assist government to navigate the enormous challenges presented by structural challenges in the economy. This 2021/22 Corporate Plan acknowledges that the attainment of the socio-economic development mandate will be the result of partnerships and strategic alliances which complement their collective efforts to deliver the desired socio-economic dividend. Over and above its own resource pull, the ECDC will lean on its partners, stakeholders and the shareholder to help unleash the required human, social, economic and financial resources necessary to ensure an effective and efficient discharge of the ECDC mandate. The ECDC will focus its energies on two goals:

- A growing diversified and inclusive economy
- Competitive and sustainable SMME sector that contributes to the socio-economic development of the Eastern Cape
- Sustainable ECDC that offers competitive products and services

These goals are given effect by five pillars which will also be achieved through the deployment of capable, fit-for-purpose and energised human capital which knows the levers it needs to pull in order to effect the desired socio-economic change. They require capacitated human resources with the skills base and who can keep up with the evolving demands of the development arena.

Therefore, the ECDC will prioritise economic transformation, inclusive growth and competitiveness, customer-focused solutions, pioneering innovation in the key growth sectors, operational efficiency and financial sustainability as well as attracting and retaining the best talent in the sector.

A key area of concern for the ECDC and which will receive further attention is stubborn unemployment. In 2019, the provincial unemployment rate stood at 37.2%. This figure was also influenced by the increase in the number of new entrants into the labour force, particularly young people and those that have been laid-off from their jobs. As a result, the ECDC will rev up its focus of providing support to youth-owned and women-owned businesses. These are the groups which are most affected by rising unemployment levels. The Corporation is cognisant of the fact that providing the necessary support to these vulnerable groups will prove pivotal to changing

the socio-economic fortunes of the province. As such, the extension of the ECDC's varied financial, non-financial, co-operatives as well as trade and investment support tools will form a central pivot of its onslaught on youth unemployment and low economic growth. There should also be a deliberate focus on the training and support of SMMEs to allow the sector to contribute effectively to employment creation. The efficacy of these interventions will be witnessed in the improvement of the customer experience, the deliberate and ongoing commitment to procurement practices which promote inclusivity and the empowerment of the marginalised and those on the fringes of the formal economy.

However, the effectiveness of this Corporate Plan also requires a significant financial investment. The ECDC is thus continuing with its capitalisation conversations with the shareholder. The capitalisation of the Corporation is critical if the ECDC is to deliver a superior development return to the shareholder and the people of the province. The ECDC holds these engagements with the shareholder acutely aware of the precarious financial position government finds itself in. As such, the ECDC continues to do more with less with the resources it has at its disposal. Likewise, ECDC as a corporation has been on a steady holding pattern of institutional development over 5 years due to resource challenges. Critical investment in its operational infrastructure and people is needed to ensure it remains the premium development agency of choice in the Province. Concerted efforts will be made to ensure that modernised working tools, systems, and processes are kept up dated while we have engagements with various stakeholders on ECDC's future ambitions. Finally, the ECDC will achieve this work mindful that it has practice financial prudence and diligence in the execution of the development agenda. This means the ECDC has to account for every cent of public funds spent and to treat such assets in a judicious manner. In this regard, the ECDC will ensure that it improves its audit outcomes which should build public and funder confidence.

In closing I want to thank staff for their unwavering support, my executive team and the Board for always listening and contributing to the leadership of the Corporation, the Head of Department direction and always supporting the ECDC and Hon MEC Honourable MEC Mlungisi Mvoko for leadership and wisdom as my term comes to a close.

Ndzondelelo Dlulane
Chief Executive Officer

OFFICIAL SIGN-OFF

It is hereby certified that this Corporate Plan:

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

Prepared by:



Lesley Govender

Executive Manager: Corporate Services



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Chief Financial Officer



Ndzondelelo Dlulane

Chief Executive Officer

Approved by:



Simpiwe Somdyala

Interim Chairperson of the Board



Mlungisi Mvoko

Hon MEC for Economic Development, Environmental Affairs & Tourism

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

BEYOND 2021

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**PART A:
OUR MANDATE**

1. Constitutional mandate

ECDC 's mandate is to plan, finance, co-ordinate, market, promote and implement development of the Province and its people in the fields of industry, commerce, agriculture, transport and finance. ECDC, in its current form, emerged due to the merger of the following development finance institutions:

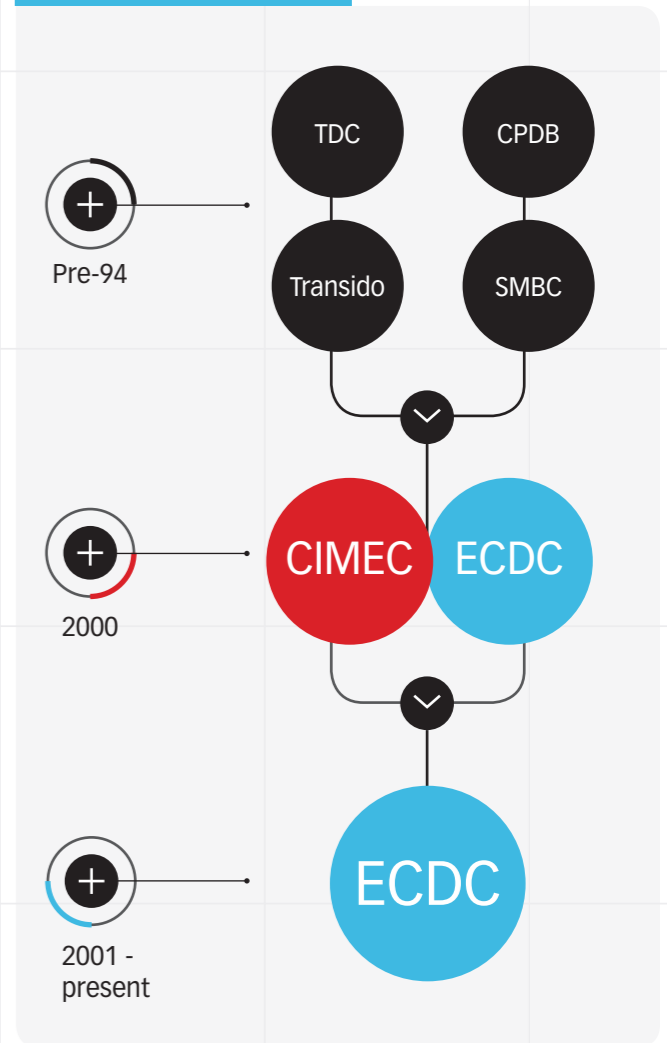
- The Transkei Development Corporation (TDC), Transkei Small Industries Development Organisation (Transido), Ciskei Small Business Corporation (CSBC) and Ciskei People's Development Bank (CPDB) into the previous Centre for Investment and Marketing in the Eastern Cape (CIMEC) in the year 2000.
- In 2001,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

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

2. Legislative and policy mandates

- In fulfilling its mandate, the ECDC is guided by the following legislation and policy framework amongst others:
- Constitution of the Republic of South Africa Act 108 of 1996, as amended.
 - Eastern Cape Development Corporation Act 2 of 1997; as amended.
 - Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999 and 2017.
 - National Treasury Regulations 2005, as amended but only to the

Figure 1: ECDC's transition



- extent as indicated in paragraph 6.1.2 and regulations 16, 24, 25, 27 to 29 and 31 to 33.
- Eastern Cape Development Corporation Act No. 2 of 1997.
- Public Finance Management Act No. 1 of 1999
- Alienation of Land Act 68 of 1981
- Basic Conditions of Employment Act 75 of 1997
- Borrowing Powers of Provincial Governments Act 48 of 1996
- Broad Based Black Economic Empowerment Act No. 46 of 2013, as amended.

- Compensation for Occupational Injuries and Diseases Act 130 of 1993
- Construction Industry Development Board Act 38 of 2000
- Consumer Protection Act 68 of 2008, as amended and its Regulations.
- Council for the Built Environment Act 43 of 2000
- Condensed Public Sector Risk Management Framework
- Criminal Procedure Act 51 of 1977
- Debt Collectors Act 114 of 1998-Dept of Justice
- Deeds Registry Amendment Act 34 of 2013
- Electronic communications Act 36 of 2005
- Electronic Communications and Transactions Act 2 of 2002
- Electronic Deeds Registration Systems Act 19 of 2019
- Employment Equity Act 55 of 1998 as amended
- Expropriation Amendment Act 45 of 1992
- Extension of Security of Tenure Amendment Act 2 of 2018
- Financial Intelligence Centre Act 38 of 2001,
- Financial Intelligence Centre Amendment Act 1 of 2017
- Government Immovable Asset Management Act 19 of 2007
- Land Administration Act (If applicable)
- National Archives and Records Services of South Africa Act 43 of 1996-Section 13
- National Building Regulations and Building Standard Act 103 of 1977, as amended.
- National Credit Act 34 of 2005, as amended.
- National Environmental Management Act 107 of 1998
- National Water Act 36 of 1998
- Intellectual Property Laws Amendment Act 28 of 2013
- Insolvency Act 24 of 1936
- Labour Relations Act 66 of 1995 as amended
- National Archives and Records Services of South Africa Act 43 of 1996-Section 13
- National Water Amendment Act 27 of 2014
- Occupational Health and Safety Act 85 of 1993 and its General Safety Regulations
- Preferential Procurement Policy Framework Act No. 5 of 2000
- Preferential Procurement Policy Framework 5 of 2000, as amended and its Preferential Procurement Regulations as amended
- Prescribed rate of interest act 55 of 1975
- Prescription Act 68 of 1969
- Prevention and Combating of Corrupt Activities Act 12 of 2004
- Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 19 of 1998
- Prevention of organised crime act 121 of 1998.
- Prescribed rate of interest act 55 of 1975
- Prevention and Combating of Corrupt Activities Act 12 of 2004

- Prevention of Illegal Eviction from Unlawful Occupation of Land Act 19 of 1998
- Prevention of organised crime act 121 of 1998.
- Project and Construction Management Profession Act 48 of 2000
- Property Practitioners Act 22 of 2019
- Property Valuation Act 17 of 2014
- Protocol on Corporate Governance in the Public Sector
- Rental Housing Amendment Act 35 of 2014
- Rental Housing Amendment Act 43 of 2007
- Rental Housing Act 50 of 1999
- Sectional Title Amendment Act 33 of 2013
- Sectional Titles Schemes Management Act 8 of 2011
- The Competition Act 89 of 1998
- Spatial Planning and Land Use Management Act 16 of 2016
- The Income Tax Act 58 of 1962, as amended its Schedules and SARS Interpretation Note 110 – Leasehold Improvements
- The Prescription Act No. 68 of 1969, as amended.
- The Promotion of Access to Information Act 2 of 2000 and its manual
- The Promotion of Administrative Justice Act 3 of 2000
- The Promotion of Equality and prevention of Unfair Discrimination Act 4 of 2000 and its Guidelines
- The Protected Disclosure Act no 26 of 2000
- The Protection from Harassment Act 17 of 2011
- The Protection of Information Act 84 of 1982
- The Protection of Personal Information Act 4 of 2013
- Skills Development Act 97 of 1998
- The Value Added Tax Act 89 of 1991, as amended and its regulations.
- The Unemployment Insurance Act, No 63 of 2001
- Trespass Act 6 of 1959 Legislation and Frameworks which have an impact on our activities / products.
- Architectural Profession Act 44 of 2000
- Companies Act No. 71 of 2008, as amended.
- Companies Amendment Act 3 of 2011 and its regulations.
- Co-operatives Act No. 14 of 2005, as amended.
- Co-operatives Bank Act No. 40 of 2007
- Copyright Act 98 of 1978 as amended
- Debt Collectors Act 114 of 1998-Dept of Justice
- Engineering Profession Act 46 of 2000
- Financial Intelligence Centre Act 38 of 2001
- Financial Intelligence Centre Amendment Act 1 of 2017
- Geomatics Profession Act 19 of 2013
- International Financial Reporting Standards
- Insolvency Act 24 of 1936
- Landscape Architectural Profession Act

- Local Government Municipal Property Rates Act 6 of 2004
- Local Government Municipal Property Rates Amendment Act 29 of 2014
- Local Government Municipal Systems Act 32 of 2000
- Matrimonial Property Act 88 of 1984
- National Credit Act No. 34 of 2005, as amended.
- National Small Business Act 29 of 2004, as amended.
- Property Valuers Profession Act 47 of 2000
- Quantity Surveying Profession Act 49 of 2000
- Recognition of Customary Marriages Act 120 of 1998
- Restitution of Land Rights Amendment Act 15 of 2014
- Security by Means of Movable Property Act 57 of 1993
- Town and Regional Planners Amendment Act 3 of 1995
- White paper on SMME promotion
- National Small Business Act 29 of 2004, as amended.
- Co-operatives Act No. 14 of 2005, as amended.
- Co-operatives Bank Act No. 40 of 2007
- Preferential Procurement Policy Framework Act No. 5 of 2000
- Broad Based Black Economic Empowerment Act No. 46 of 2013, as amended.
- Companies Act No. 71 of 2008, as amended.
- National Credit Act No. 34 of 2005, as amended.
- Prescription Act No. 68 of 1969
- Public Finance Management Act No. 1 of 1999 Procurement Act
- Alienation of Land Act 68 of 1981
- Black Economic Empowerment Act
- Borrowing Powers of Provincial Governments Act 48 of 1996
- Companies Act 71 of 2008 (Workout)
- Companies Amendment Act 3 of 2011 (workout)
- Companies Regulations 2011 (Workout)
- Co-operatives Act 14 of 2005
- Debt Collectors Act 114 of 1998-Dept of Justice
- Electronic Communication Act
- Intellectual Property Laws Amendment Act 28 of 2013
- Labour Relations Act
- Labour Relations Act 66 of 1995 as amended
- Matrimonial Property Act 88 of 1984
- National Archives and Records Services of South Africa Act 43 of 1996-Section 13
- National Credit Act 34 of 2005, as amended.
- Occupational Health and Safety Act 85 of 1993
- PFMA 1999 as amended March 2017
- Preferential Procurement Policy Framework 5 of 2000
- Prescription Act 68 of 1969
- Prevention of Illegal Eviction from Unlawful Occupation of Land Act 19 of 1998
- Protection of Information Act 84 of 1982
- Landscape Architectural Profession Act

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- Broad Based Black Economic Empowerment Act No. 46 of 2013, as amended.
- Companies Act No. 71 of 2008, as amended.
- National Credit Act No. 34 of 2005, as amended.
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- Prescription Act 68 of 1969
- Prevention of Illegal Eviction from Unlawful Occupation of Land Act 19 of 1998
- Protection of Information Act 84 of 1982

The ECDC act is undergoing a review process by DEDEAT.

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

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

2) Notwithstanding the provisions of subsection (1)(a) the corporation may undertake tasks on behalf of government which are in the public interest and have little or no economic merit for the corporation if instructed to do so by the responsible Member, subject to its being adequately remunerated by the government of the Province for fulfilling such tasks. The outcome of the legislative review of the ECDC Act may result in changes in the mandate of the company which necessitate a review of this strategy document and the Corporate Plan.

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

The matrix below highlights the linkages between the MTSF Priorities as per National Development Plan 2030 in relation to the Provincial Development Plan and highlights (in italic) the areas in which ECDC can contribute to the achievement of this.

Table 1: Alignment of ECDC to the various policy frameworks

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

Priority	MTSF 2020-2025	Provincial Development Plan	Detail of Focus Area Per Goal/Priority
Priority 2	Education, Skills and Health	Goal 4: Human Development	<ol style="list-style-type: none"> 1. Increase access to Early childhood development 2. Quality of primary and secondary education for improved education outcomes 3. Increase skills for development of the province 4. Improved health profile of communities within the province
Priority 3	Consolidating the Social age through Reliable and Quality Basic Services	Goal 4: Human Development & Goal 2: An enabling infrastructure network	<ol style="list-style-type: none"> 1. 4.7: Social Protection and Viable Communities & 2. 2.2: Universal access to basic infrastructure
Priority 4	Spatial Integration, Human Settlements and Local Government	Goal 2: An enabling infrastructure network & Goal 6: Capable democratic institutions	<ol style="list-style-type: none"> 1. Build resilient economic infrastructure that promotes economic activity. 2. Universal access to basic infrastructure 3. Sustainable energy and electricity provision 4. Develop sustainable and integrated settlements 5. Improve infrastructure planning, delivery, operations and maintenance & 6. 6.2: Transformed, Integrated and Innovative Service Delivery
Priority 5	Social Cohesion and Safe Communities	Goal 4: Human Development	<ol style="list-style-type: none"> 1. Improve the safety of the people in the Eastern Cape 2. Promotion of Social Cohesion and moral regeneration
Priority 6	A Capable, Ethical and Developmental State	Goal 6: Capable democratic institutions	<ol style="list-style-type: none"> 1. Building the Capability of the State to deliver 2. Transformed, Integrated and Innovative Service Delivery 3. Instilling a culture of good corporate governance& 4. 6.4: Build multi-agency partnerships
Priority 7	A Better Africa and World	Goal 6: Capable democratic institutions	6.4: <i>Build multi-agency partnerships</i>

4. Key challenges

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

- a) Skills shortage in the Province which result from the migration of critical skills to other provinces.
- b) Inadequacy of business acumen/entrepreneurship (more than 80% of SMMEs are survivalist).
- c) Inadequacy of developed infrastructure (impacting on cost of transacting in the province i.e. sourcing of goods outside the province).
- d) Shrinking economy with low growth figures in provincial GDP reported i.e. EC is a lagging economy, economic activity declines, minimum opportunity for growth to exploit, funding opportunities become scarce.
- e) Government spending is the key economy driver of SMME activities, instead of a commodity or service driven economy to drive economic growth and socio-economic development.
- f) Entitlement mentality and dependency syndrome which contradicts the user-pay principle and the realities of the shrinking national fiscus is politically influenced and advocated.
- g) Cost of doing business in the Province contributes to investors giving their businesses to other provinces.
- h) Reduction in equitable share of the Province from the National

Fiscus is also contributing to the shrinking economy which is already growing below the National average.

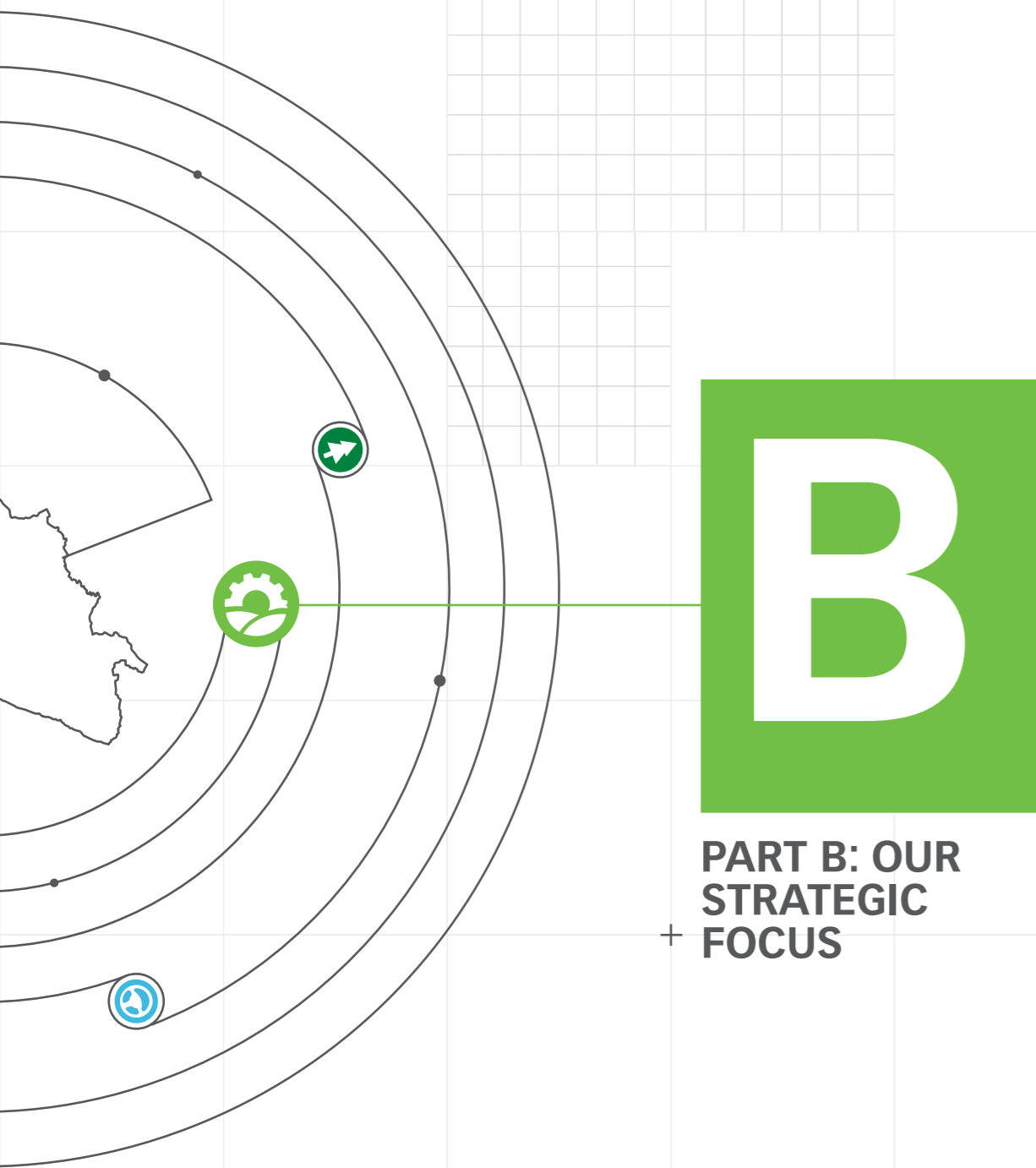
- i) The dysfunctional systems across all sphere as reported by the Auditor General has resulted in a development challenge, which manifest in the following among others:
 - Policy uncertainty.
 - Political instability.
 - Land expropriation.
 - Visa regiment.
 - Safety and security.
 - Infrastructure.
 - Flexibility and economic agility.
 - Corruption.
 - Exchange rate fluctuations.
 - Global competitiveness.
 - Ineffectual Change management process
- j) Spatial set up of our Province makes it uncompetitive as compared to the other provinces.
- k) The unintended consequences of incentivized IDZ's and SEZ's places the ECDC property portfolio offering at a disadvantage in terms of investor attractiveness.

5. Relevant Court Rulings

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

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





PART B: OUR STRATEGIC FOCUS

6. Strategic Outcomes

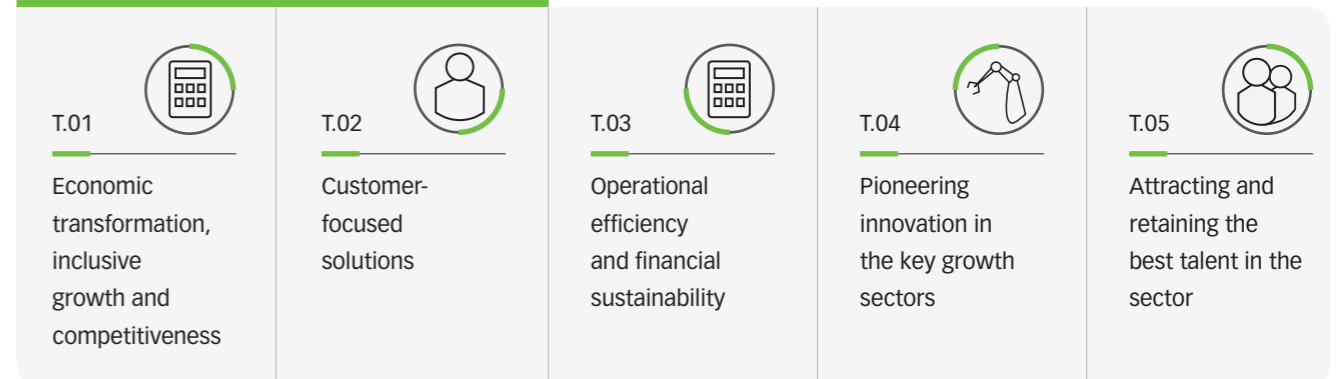
The following are the Strategic Goals to be pursued by ECDC over the next 5 years:

- A growing diversified and inclusive economy
- Competitive and sustainable SMME sector that contributes to the socio-economic development of the Eastern Cape
- Sustainable ECDC that offers competitive products and services

7. Strategic Themes

In order to achieve our Strategic Goals, the following strategic pillars or themes, form the basis of our strategy, and will be pursued through collaborations and partnerships with various stakeholders, including our shareholder, other DFIs, state-owned companies, institutions of higher learning, private sectors partners and civil society.

Figure 2: Strategic Themes



8. Situational Analysis

8.1 External Environment

8.1.1 Eastern Cape Socio-Economic Developments

The Eastern Cape as well as the rest of South Africa continue to encounter poor growth trajectory which is not only attributable to the COVID-19 pandemic, but also challenges that the economy has been faced with over the years including low investments and economic growth, weak business and consumer sentiments, constrained fiscus including reduced government expenditure, load-shedding disrupting production, and high unemployment. The pandemic on its own has revealed how deeply rooted poverty and, inequality is and aggravated the extent of unemployment in

poor communities. Furthermore, Covid-19 has also showed how globalisation and technological advancement have changed the world and the economic land scape, given the remote business processes adopted by businesses to carry forward work related activities. Although, businesses might have converted to the new normal ways of doing business using technology; the challenge in the Eastern Cape remains that the provincial human capital stock remains negatively impacted by socio-economic challenges. The above discussed risk factors to economic growth and social development are likely to persist in the 2020 period and going forward, until the economy recovers - reforms put in place need to be effective.

Figure 3: Framing the Problem



Source: SA Covid-19 Recovery Plan, October 2020

8.1.2 Population Size

According to Stats SA data (2020), the Eastern Cape population figures steadily increased between 2012 and 2019, with this confirmed by the mid-year population estimates of approximately 6 734 million and resulting to the provincial economy accounting for 11.3% of the South African total population. This figure makes the Eastern Cape the fourth largest province in South Africa, following after Gauteng (15 488 137 million), KwaZulu-Natal (11 531 million) and Western Cape (7 005 million). Furthermore, the 2020 mid-year population estimates revealed that the provincial population size is young, with 33% of the Eastern Cape population being people between the ages 0-14 years, while 31% are people between the ages 15-34 years.

Although not depicted, the highest concentration of the Eastern Cape population size is found in the OR Tambo and the Nelson Mandela Bay Metropolitan, which account for 22.8% and 18.0% respectively to the provincial population. These two regions are tracked by Alfred Nzo (12.4%), Amathole and Buffalo City both at (11.9%) and the Chris Hani District (10.8%), while the Sarah Baartman and Joe Gqabi account for 7.2% and 5.1% (Stats SA).



In the Eastern Cape, there is a high concentration of Black Africans, this group accounts for 88% of the Eastern Cape total population size, tracked by Coloured (7.6%), Whites (4.3%) and Indians/Asians (0.4%). In terms of the gender, 53% of the Eastern Cape population are female, and 47% are males.

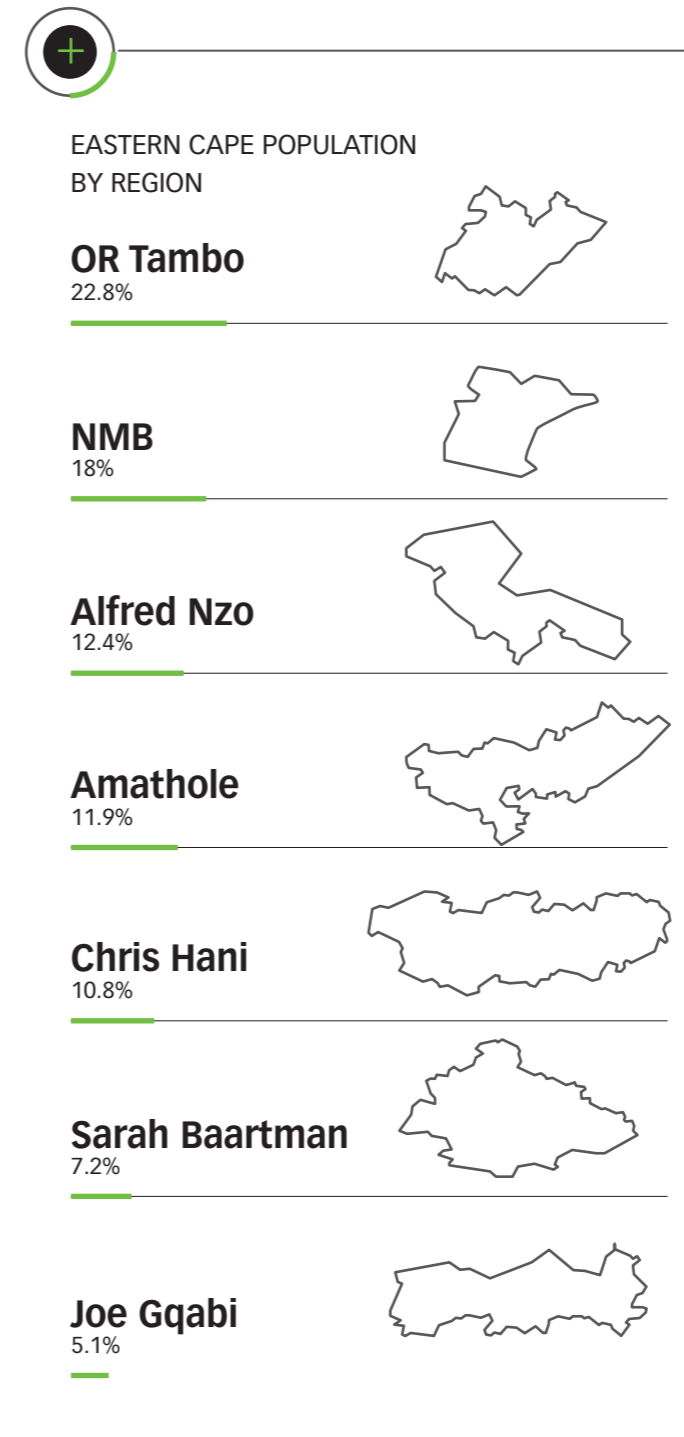
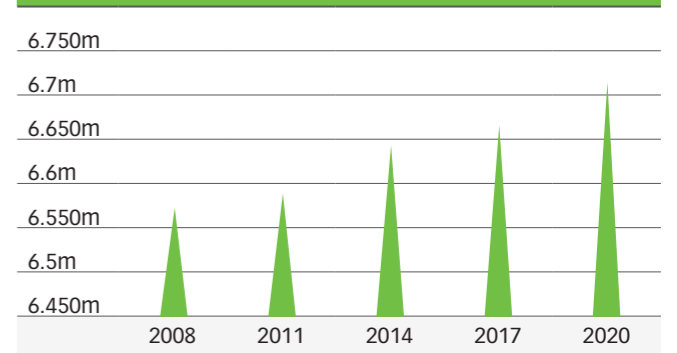


Figure 4: Eastern Cape Population Size 2009 to 2020



Source: Stats SA

8.1.3 Poverty and Income Inequality

Poverty and inequality remain deeply rooted in the Eastern Cape, despite all the efforts made by government to curb its extent throughout the province. The coronavirus pandemic has also revealed how wide-spread and deeply rooted poverty and income inequality is amongst households, not only in the Eastern Cape, but across South Africa. 70% of the Eastern Cape population is living below the upper-bound poverty line (IHS Markit, 2020). Furthermore, 67% of adults and approximately 79% of children between the ages 0-17 years' experience extreme levels of poverty in the Eastern Cape (IHS Markit and Stats SA). In terms of district and metropolitans, poverty level remains more pronounced in Alfred Nzo, O.R Tambo, Amathole, Chris Hani and the Joe Gqabi District, while the Buffalo City and the Nelson Mandela Bay metropolitan poverty rate remain between 50% and 60%.

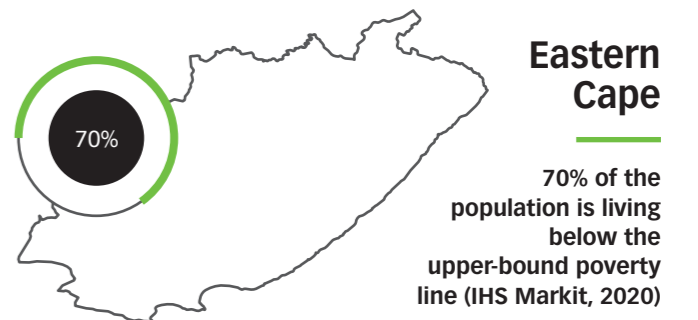
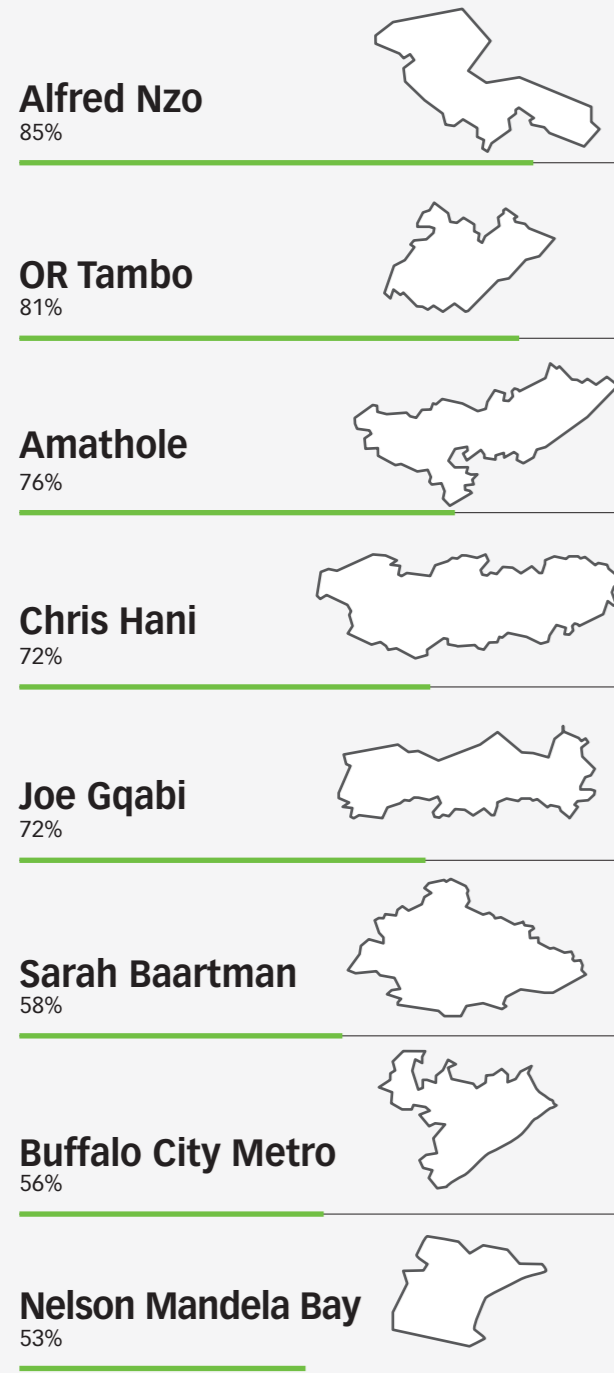


Figure 5: Percentage of people living in poverty in the Eastern Cape



Eastern Cape is among the top three unequal provinces in South Africa behind, namely, KwaZulu-Natal and Limpopo (Stat SA). In 2019, the Gini coefficient in the Eastern Cape was estimated at 0.624 (IHS Markit) and shows a huge variation in the level of income distribution among households across the province. In terms of districts and metropolitans, income inequality is seen to be more pronounced in Buffalo City with a Gini coefficient 0.639, and followed by Nelson Mandela Bay (0.619), OR Tambo (0.611), Joe Gqabi (0.602), Chris Hani (0.602) and the Sarah Baartman (0.602), while Amathole and the Alfred Nzo District had the lowest observed Gini coefficient value of 0.577 and 0.594 respectively (Quantec). Overall, most people in the provincial economy highly depend on government support in the form of social grants and other services in order to sustain their livelihoods.

8.1.4 Education

Education is important to the economic growth of the Province and in the development of its industries by providing a trained workforce and skilled professionals. The quality and extent of education has a direct bearing on the performance of the economy as an investment in education is expected to drive job and wage growth. However, imbalances still exist in the country's education system owing to the legacy of apartheid era. The greatest challenges lie in the poorer and rural provinces like the Eastern Cape and KwaZulu-Natal, while Gauteng and the Western Cape experience better schooling resource quality, with this supported by the outstanding performance of learners in acquiring basic education (Eastern Cape Socio-Economic Review and Outlook - Coega, 2018). The quality of schooling infrastructure in the Eastern Cape remains substandard, with schools still having poor ablution system, electricity supply, with poor laboratories and libraries facilities (DOE, 2019).

8.1.5 Gross Domestic Product Growth (GDP)

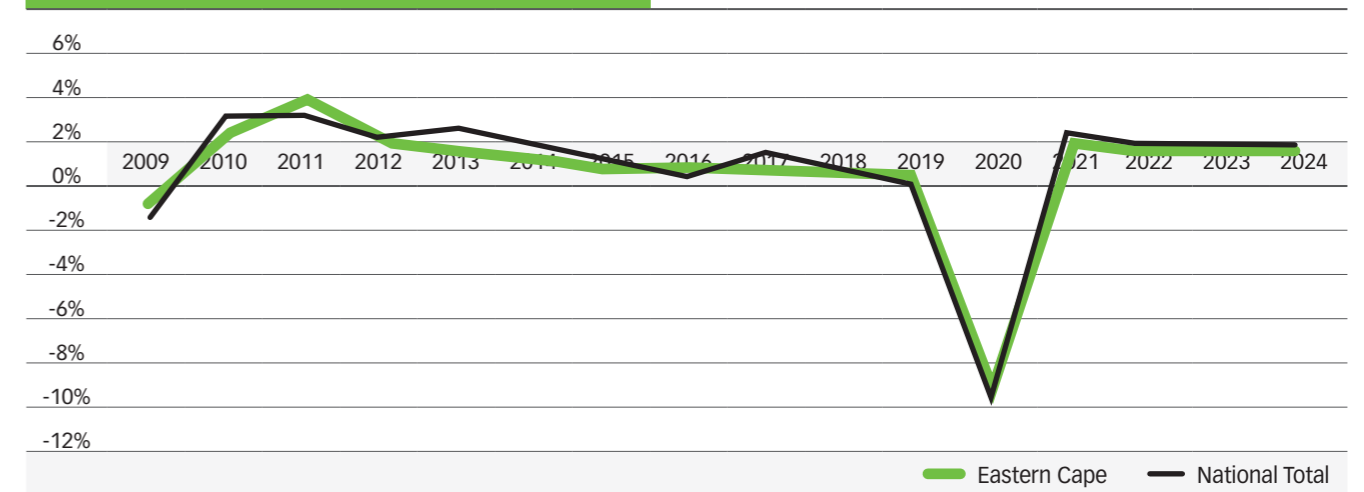
Economic uncertainty continues to adversely affect growth globally and in the domestic market. Since the 2008 recession, the Eastern Cape GDP growth has constantly been on a declining trend adversely affected by weak business and consumer sentiments, domestic challenges in relation to electricity supply affecting production and continuous state-owned entity challenges. Recently incidents propelled by the COVID-19 pandemic has resulted to severe plunged in growth, which has and continues to negatively affect social development, particularly the health industry and other social service activities.

In 2019, the Eastern Cape economy expanded by an estimated 0.3%, down by 0.5 percentage points compared to the preceding period, and with growth driven by the services sector.

Source: IHS Markit

The South African economy is forecasted to grow by 7% in 2020 according to the National Treasury and -8.9% according to the South African Reserve Bank. The Eastern Cape is expected to follow a similar trend, as its growth over the years has consistently tracked that of national, with growth projected at -9% in 2020.

Figure 6: Eastern Cape GDP Growth, 2009-2024 (%)



Source: Stat SA and IHS Markit

Unfavorable economic conditions have led to subdued productive activity across all sectors in the province between 2014 and 2019. Between 2014 and 2019, the sectorial contribution to the provincial real GDP varied. In 2019, it was notable that the tertiary sector was the significant contributor to the growth in the province as it accounted for an estimated 0.3%, with this mostly attributable to finance, real estate and business services sector which increased

from 0.8% in 2018 to an estimated 1.6% in 2019, followed by government services (1.1%) and community services (0.9%), while the primary sector and the secondary sector deteriorated by -5.5% and -1.4% respectively in the same period. The manufacturing industry and construction sector continue to be severely constrained industries in the Eastern Cape, with this revealed by their performance and contribution to the economy in the past years.

Table 2: Eastern Cape Sectorial Contribution to the Provincial GDP, 2014-2019 (%)

Industry	2014	2015	2016	2017	2018	2019est
Primary sector	3.1	-5.7	-14.1	15.9	-8.8	-5.5
Agriculture, forestry and fishing	2.8	-5.8	-16.2	18.4	-9.8	-6.0
Mining and quarrying	4.9	-4.9	-2.3	3.8	-3.1	-2.9
Secondary sector	0.1	-0.1	0.4	-0.2	0.5	-1.4
Manufacturing	-0.3	-0.4	0.4	-0.2	0.7	-0.8
Electricity and water	-0.6	-1.4	-1.6	0.8	0.6	-0.8
Construction	1.9	1.4	0.7	-0.8	-0.2	-3.5
Tertiary sector	1.7	1.2	1.2	0.5	0.8	0.9
Wholesale & retail trade; hotels & restaurants	0.8	1.2	0.9	-0.4	0.3	0.0
Transport and communication	2.6	1.2	1.2	1.4	1.2	-0.3
Finance, real estate and business services	2.3	1.3	1.6	1.2	0.8	1.6
Community, social and other personal services	0.9	0.6	1.0	0.9	0.7	0.9
General government services	1.7	1.3	1.1	0.2	1.2	1.3

Source: Stats SA, Quantec and own calculations

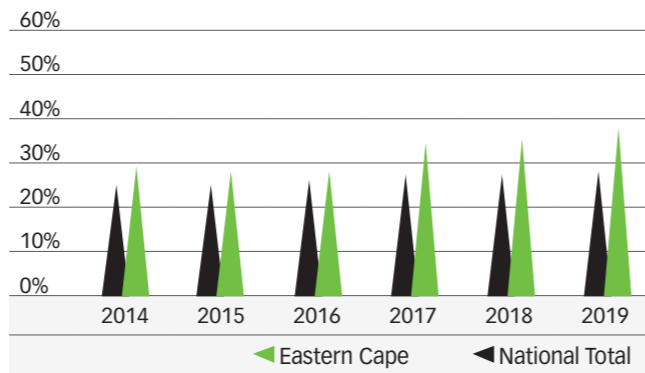
8.1.6 Labour Force Market Development

Unemployment remains stubbornly high across South Africa, particularly for the Eastern Cape and the Free State Province when compared to other provinces. Compared to other provinces, the Eastern Cape has a marginally high unemployment rate in South Africa and tracks behind the Free State. In 2019, the provincial unemployment rate stood at 37.2%, higher than the national average of 28.7% in 2019, with this influenced by the increase in the number of new entrants into the labour force, particularly young people and those that have been laid-off from their jobs.

Although not depicted, in the second quarter of 2020, unemployment in the Eastern Cape stood at 36.9% with youth unemployment the highest.

Youth unemployment in the Eastern Cape remains one of the biggest challenges and a contributing factor to the high unemployment rates in the province, particularly for the cohort between the ages 15-34 years having an unemployment rate above 50%. The establishment of employment opportunities is of paramount importance to address the challenge of poverty and inequality in the province, as well as reducing the high government dependency syndrome. However, there is a need for an economic and social balance for this to be realised.

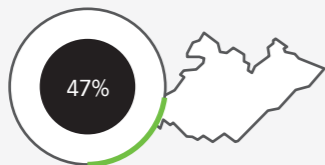
Figure 7: SA and EC Unemployment Rate Trends, 2014-2019 (Average %)



Source: Stats SA and Quantec

In terms of district and metropolitan municipalities, unemployment continues to be stubbornly high in the O.R Tambo District at 47%, followed by the Amathole (37.2%), Chris Hani (33.9%), Buffalo City (33.0%) and the Joe Gqabi District, and with youth unemployment predominant across all districts in the province. The availability of sustainable jobs is crucial for the local market to be able to retain its skills mix, grow the economy and avoid the increased population outflow to Gauteng, Western Cape and KwaZulu-Natal as people look for better livelihood.

OR Tambo



Amathole



Table 3: Eastern Cape Unemployment Rate Trends by Districts, 2019 (%)

Industry	Sarah Baartman	Amathole	Chris Hani	Joe Gqabi	OR Tambo	Alfred Nzo	Nelson Mandela Bay	Buffalo City
Unemployment rate	20.4	37.2	33.9	32.4	47.0	45.1	29.9	33.0
Adult unemployment rate	15.1	28.4	25.6	24.6	34.6	34.3	21.0	24.2
Youth unemployment rate	26.1	47.5	43.1	40.1	57.1	53.9	39.9	42.9

Source: Quantec

8.1.7 Eastern Cape Employment Trends

In the Eastern Cape employment opportunities is predominantly driven by the tertiary sector, particularly the government and community, along with trade and financial services. In the secondary sector, manufacturing and construction influence employment opportunities under the sector even though both industries are faced with numerous production and business challenges. The primary sector, specifically the agricultural industries in the Eastern Cape has the potential to contribute significantly to growth and employment due to it being a labour-intensive industry and employing over 80 000 people across the province. However, the challenge is that most black farmers are small scale farmers who are active in farming for subsistence purposes, a mind-set that needs to change for the local primary agriculture market to be able to support secondary agriculture.

Table 4: Eastern Cape Average Employment Trends by Sector, 2015 - 2020q2 (Thousands)

Industry	2016	2017	2018	2019	2020q1	2020q2
Agriculture, forestry and fisheries	95	89	88	88	80	67
Mining and quarrying	2	-	-	-	2	2
Manufacturing	134	130	127	123	127	115
Utilities	7	7	3	7	6	7
Construction	164	152	163	150	169	119
Trade	297	323	294	283	269	240
Transport	72	70	68	72	81	65
Finance, real estate and business services	127	162	137	137	141	114
Community and social services	384	369	396	385	384	346
Private households	115	111	110	121	122	97

Source: Stats SA and Quantec

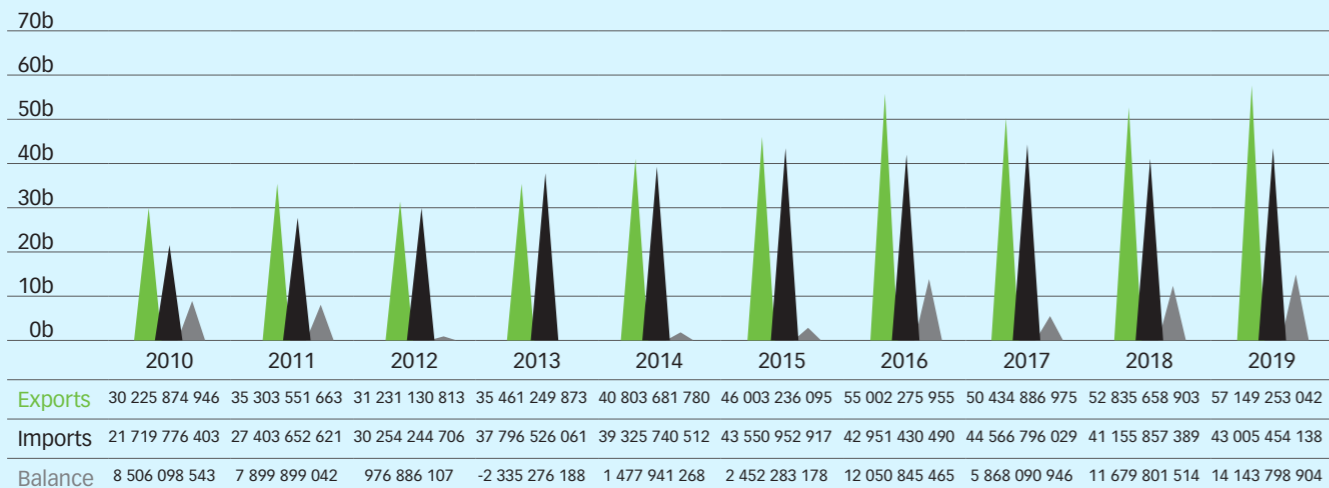
8.1.8 International Trade Trends

Despite market fluctuation and changing business conditions, Eastern Cape remains a net exporter of commodities to the rest of the world. The balance of trade varied between 2010 and 2019, with Eastern Cape recording a trade surplus of R14.1 billion in 2010, fluctuating to R14.1 billion in 2019. The total exports showed a fluctuating trend from R30 billion in 2010 to R57.1 billion in 2019, while total imports displayed a similar upward growth pattern from R8.5 billion in 2015 to R43.0 billion in 2019. Between 2018 and 2019, the value of export merchandise expanded by 8.2%, while the value of imports increased by 4.5% in the same period.

For the 2020 period trade activity are expected to contract as a result of the effects of the COVID-19 pandemic. Although international trade activity is expected to be moderate, international trade activities will significantly drive economic growth in the province as it has been seen through the statistical figures of the first half of 2020. Trade activities in the Eastern Cape are projected to pick-up in 2021, lower than pre-pandemic and significant recovery, with a surge expected in 2022 provided the vaccine is found and there is no lockdown going forward.



Figure 8: Eastern Cape Trade Balance, 2010 - 2019



Source: Quantec

8.1.9 Eastern Cape Exports and Import Products

Between 2018 and 2019, there was an increase in demand for export merchandise of motor vehicles, parts and accessories worth R25.2 billion tracked by machinery and mechanical appliances R9.3 billion; Wool, fine or coarse animal hair (R4.7 billion); edible fruit and nuts (R4.0 billion); Rubber and articles thereof(R1.5 billion); railway or tramway locomotives, rolling stock and parts thereof (R1.5 billion), & preparation of vegetable, fruits, nuts or other parts of plants (R 836.7 million) in 2019 from the province by the rest of the world between 2018 and 2019.



Figure 9: Eastern Cape Top 12 Export Products, 2018 – 2019

	2018	2019
Vehicles parts and accessories thereof	R25 151 718 668	R18 226 443 336
Nuclear reactors, boilers, machinery and mechanical appliances	R9 338 274 697	R9 092 930 457
Wool, fine or coarse animal hair	R4 683 264 052	R5 421 564 736
Edible fruit and nuts	R4 043 400 026	R3 572 078 856
Natural or cultured pearls, precious or semi-precious stones and others	R2 462 546 557	R4 959 499 613
Rubber and articles thereof	R1 520 853 609	R1 435 031 341
Railway or tramway locomotives, rolling stock and parts thereof	R1 452 915 104	R1 545 532 652
Preparations of vegetables, fruit, nuts or other parts of plants	R836 703 422	R731 374 128
Pharmaceutical products	R693 097 428	R734 550 586
Electrical machinery and equipment and parts thereof	R664 816 938	R759 332 973
Ceramic products	R620 483 788	R389 644 699
Iron and steel	R606 486 337	R613 694 594

Source: Quantec

In terms of imports, again vehicles other than railway or tramway rolling stock, and parts and accessories thereof were the most imported commodities by Eastern Cape from the rest of the world in the period under review worth R12.8 billion in 2019. The second most imported commodities in the province in 2019 were electrical machinery and equipment and parts thereof valued at R3.7 billion and followed by nuclear reactors, boilers, machinery

and mechanical appliances valued at R3.7 billion, rubber and articles thereof worth R2.7 billion, furniture (R2.1 billion), ceramic products worth R1.5 billion, natural or cultured pearls worth R1.3 billion, meat and edible meat offal valued at R1.2 billion. Import substitution in the local market is needed with regards to the top three most imported products by the Eastern Cape from the rest of the world.

Figure 10: Eastern Cape Top 12 Import Products, 2018 – 2019

	2018	2019
Vehicles parts and accessories thereof	R12 274 855 887	R12 815 144 210
Electrical machinery and equipment and parts thereof	R3 628 050 751	R3 738 774 749
Nuclear reactors, boilers, machinery and mechanical appliances	R3 304 001 818	R3 670 566 142
Rubber and articles thereof	R2 520 172 217	R2 672 555 891
Furniture	R1 871 785 010	R2 133 899 027
Plastics and articles thereof	R1 609 665 512	R1 564 180 605
Ceramic products	R1 331 241 284	R1 548 688 790
Natural or cultured pearls, precious or semi-precious stones, precious metals and others	R678 252 192	R1 271 091 075
Meat and edible meat offal	R1 245 167 540	R1 178 118 738
Articles of iron or steel	R725 126 372	R775 501 213
Aluminium and articles thereof	R664 783 870	R757 908 702
Organic chemicals	R1 382 332 177	R746 415 351

Source: Quantec

8.1.10 Eastern Cape Trade Activity by World Regions

The majority of Eastern Cape export merchandise has consistently been consumed by European market about 58.2% (or R33.2 billion) worth of export commodities and tracked by Asia at approximately 21% (R11.7 billion). It was noticeable that a significant upsurge in the demand for Eastern Cape exports in Europe, Americas and Africa, with these regions recording a growth rate of 32.9%, 7.4% and 3.1% respectively in 2019, while the provincial exports to Asia and Oceania deteriorated.

In 2019, the province imported goods worth R43.0 billion, of which approximately 54% of Eastern Cape's import commodities were sourced from Europe and followed by Asia. Asia is the second largest source market for imports in the Eastern Cape as it accounted for 24.8% (or about R10.7 billion worth of import commodities). Eastern Cape imported the least from Ocean (0.4%). Compared to other regions the value of imports from Europe, particularly the European Union into Eastern Cape significantly surged, in countries such as Germany, Spain, Poland and Italy.

Table 5: Eastern Cape Exports and Imports by World Regions, 2018-2019

Continents	Exports				Imports			
	2018	2019	Growth	Market Share 2019	2018	2019	Growth	Market Share 2019
	Values in R-billion		%	%	Values in R-billion		%	%
Africa	5 626.1	5 800.1	3,1	10,1	2 825.9	2 559.8	-9,4	6,0
Americas	4 501.5	4 836.1	7,4	8,5	6 861.5	6 521.5	-5,0	15,2
Asia	16 068.3	11 743.5	-26,9	20,5	10 920.8	10 652.4	-2,5	24,8
Europe	25 070.0	33 235.5	32,9	58,2	20 186.8	22 995.0	13,9	53,5
Oceania	1 515.2	1 486.7	-1,9	2,6	297.5	193.4	-35,0	0,4

Source: Quantec and own calculations

8.1.11 Eastern Cape Trade Activity Trends with the rest Africa

With trade and investment opportunity likely to be subdued in the 2020 period before the economy and the world at large recovers from the Covid-19 pandemic, it is crucial for the Eastern Cape to fully position itself to take advantage of the opportunities that are likely to be brought forth by the Africa Free Trade Agreement among Africa countries. With strong relations with the SADC and the SACU block, the Eastern Cape needs to expand its horizon in other countries found in Africa.

Looking at the trade relations between Eastern Cape and the rest of Africa; over the years Eastern Cape has remained a net exporter of commodities with the continent despite market fluctuations. In 2019, the province recorded a trade surplus of R3.2 billion with the

Africa, with the South African Customs Union (SACU) accounting for the largest share of approximately 48% (2.8 billion), followed by Southern African Development community (SADC) with 35% (absorbing about R2.1 billion worth of Eastern Cape exports) and Eastern Africa with 11% (R660.6 million). Although SACU is Eastern Cape major export sub-region in Africa, the growth of the province's exports contracted by -3.7% in 2019, while in Western Africa and SADC export growth significantly expanded in the same period.

On the imports side, approximately 81% (or about R2.1 billion) of the Eastern Cape imports were sourced from the SACU region in 2019, followed by the SADC region with 15% (R387.5 million) and Northern Africa with 3% (R75.7 million). The province imports the least from Middle Africa, as revealed by the value of imports and market share in 2019 of R664.6 thousand or 0.03%.

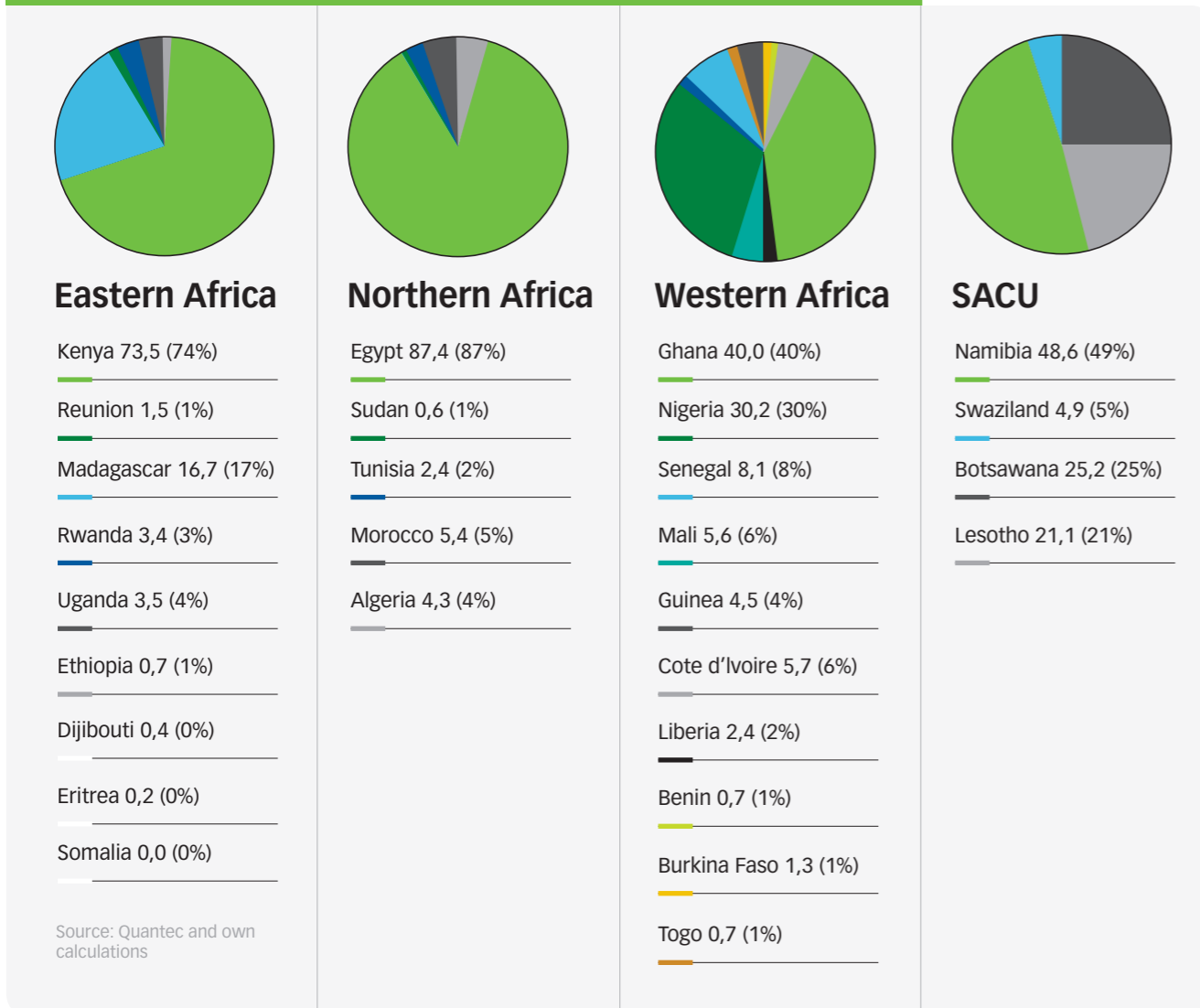
Table 6: Eastern Cape Export Destination and Import Source Regions & Market Share, 2018-2019

Sub-regions	Exports				Imports			
	2018	2019	Growth	Market Share 2019	2018	2019	Growth	Market Share 2019
	Values in R-billion		%	%	Values in R-billion		%	%
Eastern Africa	650.7	660.6	1.5	11.4	11.7	20.3	73.8	0.8
Middle Africa	14.1	14.9	6.2	0.3	185.6 K	664.6 K	258.2	0.0
Northern Africa	76.4	85.8	12.4	1.5	50.5	75.7	49.9	3.0
Western Africa	173.2	203.9	17.8	3.5	19.1	15.9	-16.6	0.6
SADC	1 822.9	2 051.6	12.5	35.4	255.3	387.5	51.8	15.1
SACU	2 888.9	2 783.2	-3.7	48.0	2 489.1	2 059.6	-17.3	80.5

Source: Quantec and own calculations

The Eastern Cape 2019 top key exports markets in the rest of Africa by sub-regions are illustrated in figure 6 below. Some of the markets to look-out for; between 2015 and 2019, in Eastern Africa there has been an increase in demand for Eastern Cape in Eritrea, Ethiopia and Rwanda. In Northern Africa an increase in exports has been noted in Tunisia and Morocco, while in Western Africa and increase in demand for the province's exports was noted in Burkina Faso and Guinea over the years.

Figure 11: Eastern Cape Export Market Share in Africa by Sub-regions, 2019



8.1.12 Foreign Direct Investment Trends

Foreign direct investment prospects remain muted as a result of the effects of the coronavirus pandemic and compounded by political turbulence and structural weaknesses in several economies. Globally, foreign direct investments are projected to decline and reached a similar value to that of the 2008 financial crisis, because of the COVID-19 globally. FDIs globally are forecasted to contract from the US\$1.5 trillion recorded in 2019 to below US\$1 trillion in 2020, with a recovery expected before the 2022 period. Developing economies are expected to severely be affected as production and investment footprint is less diversified compared to the developed economies¹. Developing economies FDIs are expected to experience a decline of 30% to 45% in 2020. Investment promotion agencies globally have also lowered the expectations with regards to FDIs inflows and outflows investments.

¹UNCTAD World FDI Report 2020

The COVID-19 has resulted to a significant decline in FDs worldwide, with global FDIs projected to decline by up to 40% in 2020, from US\$1.54 trillion in 2019. The FDI by region shows that, among developed countries, FDI inflows to Europe are expected to fall by 30 to 45%, significantly more than those to North America and other developed economies (with falls of 20 to 35 % on average), because the region entered the crisis on a relatively more fragile footing. In 2019, FDI inflows to developed economies as a group increased by 5% to US\$800 billion dollars. FDI flows to Africa are forecast to fall by 25% to 4 % in 2020. The negative trend will be exacerbated by low commodity prices. In 2019, FDI inflows to Africa declined by 10% to US\$45 billion dollars. FDI inflows to developing Asia are expected to be severely affected due to their vulnerability to supply chain disruptions, the weight of global value chain intensive FDI in the region and global pressures to diversify production locations, with FDIs projected to fall by 30% to 45%. In 2019, FDI inflows to the region declined by 5%, to US\$474 billion dollars, despite gains in South-East Asia, China and India.

FDIs in Latin America and the Caribbean are expected to halve in 2020. Investment prospects are bleak because the pandemic

compounded by political turbulence and structural weaknesses in several economies. The industry profile of FDIs in the region also makes it vulnerable. In 2019, FDI in Latin America and the Caribbean grew by 10% to US\$164 billion dollars.

FDI inflows to economies in transition are expected to fall by 30% to 45%. The decline will largely undo a recovery of FDIs into the region in 2019 (up 59% to US\$55 billion) after several years of low inflows. The outlook for FDIs in structurally weak and vulnerable economies is extremely negative. Many least developed countries (LDCs) are dependent on FDI in extractive industries, many small island developing States are dependent on investment in tourism, and landlocked developing countries are disproportionately affected by supply chain blockages. In 2019, FDI inflows to LDCs declined by 6% to US\$21 billion dollars, representing just 1.4% of global FDIs. Despite the drastic decline in global FDIs flows during the crisis, the international production system will continue to play an important role in economic growth and development. Global FDI flows will remain positive and continue to add to the existing FDI stock, which stood at US\$36 trillion dollars at the end of 2019.

8.1.13 Eastern Cape Foreign Direct Investment Inflows

Between 2016 and 2019, the Eastern Cape Province has absorbed a total of US\$1.2 billion dollars' worth of foreign direct investments from the rest of the world which created approximately 2 779 job opportunities across the province. In the past four years ranging from 2016 to 2019, a total of 20 FDI projects with a capital investment value of US\$59.80 million dollars. The largest number of projects were announced in 2018, with 8 projects that year and the largest number of jobs were created in the same period totalling to 1391 job opportunities across the province.

Table 7: Eastern Cape FDI Inflows from the rest of the World, January 2016 – August 2020

Year	Number of projects	Jobs created		Capital investment	
		Total	Average	Total (USD million)	Average (USD million)
2019	5	852	170	568.20	113.60
2018	8	1,391	173	191.40	23.90
2017	1	41	41	192.40	192.40
2016	6	495	82	243.60	40.60
Total	20	2,779	138	1,195.60	59.80

Source: Quantec and own calculations

A total of 15 companies invested in the Eastern Cape between January 2016 and August 2020, out of the total 41,080 companies investing in FDI globally. The top 10 companies accounted for 62.9% of job creation and 87% of capital investment in the province. The top company that generated the greatest investment of US\$814.4 million dollars was Enel Green Power which created a total of 167

number job opportunities. The second highest capital investment was from China FAW Group, creating the highest number of job opportunities totalling 585 across the provincial economy. This was followed by Daimler AG with an investment value worth US\$16.50 million dollars and Ford South Africa with US\$13.7 million.

Table 8: Eastern Cape FDI Inflows by Company, January 2016 – August 2020

Company Name	Jobs created		Capital investment	
	Total	Average	Total (USD million)	Average (USD million)
Enel Green Power	167	41	814.40	203.60
Seraphim Solar System	418	139	34.60	11.50
Aegean Marine Petroleum Network	35	35	8.90	8.90
Agni Steels	150	150	7.40	7.40
China FAW Group (First Automotive Works)	585	585	113.50	113.50
Clariter	40	40	12.20	12.20
Daimler AG	90	90	16.20	16.20
Ford South Africa	160	160	13.70	13.70
GAC South Africa	11	11	10.90	10.90
Hengtong Aberdare Cables (Hengtong South Africa)	92	92	8.80	8.80

Source: FDI Markets

Out of a total of 11 sectors the top five account for more than two-thirds of projects into the province. Electronic components are the top sector accounting for one quarter of projects that landed into the Eastern Cape in the period under review and tracked by re-

newable energy investment worth US\$ 814.40 million and created 167 job opportunities in the province. Automotive OEM has generated the highest number of jobs totalling to 1 170 in the province and has the largest project size.

Table 9: Eastern Cape FDI Inflows by Sector, January 2016 – August 2020

Sector	Jobs created			Capital investment	
	No of projects	Total	Average	Total (USD million)	Average (USD million)
Electronic components	5	521	104	45.50	9.10
Renewable energy	4	167	41	814.40	203.60
Automotive OEM	2	1,170	585	227.00	113.50
Plastics	2	107	53	23.50	11.80
Automotive components	1	160	160	13.70	13.70
Coal, oil & gas	1	35	35	8.90	8.90
Consumer products	1	296	296	11.70	11.70
Engines & turbines	1	72	72	16.40	16.40
Metals	1	150	150	7.40	7.40
Software & IT services	1	90	90	16.20	16.20
Other sectors	1	160	160	13.70	13.70
Total	20	2,779	138	1,195.60	59.80

Source: FDI Markets

Out of a total of 12 source countries, the top five account for almost two-thirds of projects. China is the top source country accounting for one quarter of projects into the province tracked by Italy. Both countries have the highest total and highest average

investment (see table 10 below). From the Chinese market, the province has generated the highest number of jobs (1 095) and the second highest investment of US\$156.90 million dollars (see table 10 below).

Table 10: Eastern Cape FDI Inflows by Country, January 2016 – August 2020

Source country	Jobs created		Capital investment	
	No of projects	No of companies	Total	Average (USD million)
China	5	3	1,095	156.90
Italy	4	1	167	814.40
Germany	2	2	675	129.70
Austria	1	1	67	11.30
France	1	1	11	2.00
Greece	1	1	35	8.90
India	1	1	150	7.40
Japan	1	1	72	16.40
Luxembourg	1	1	40	12.20
Malaysia	1	1	296	11.70
Other source countries	2	2	446	19.10
Total	20	15	2,779	1,195.60

Source: FDI Markets

The Eastern Cape FDIs by country shows that East London is the destination city of choice that received the greatest capital investment of US\$189.30 million therefor creating the and the highest total number of jobs of approximately 1 360 into the province. The second destination city which has the highest investment value of US\$183.10 million was Port Elizabeth with 1 217 second largest number of jobs. Again, East London also has the largest project size on average in terms of both investment and jobs creation.

Table 11: Eastern Cape FDI Inflows by Country, January 2016 – August 2020

Destination city	Projects		Companies		Jobs Created	Total Capital Investment (USD)
	No	%	No	%		
Port Elizabeth	8	40.00	8	57.14	1,217	183.10
East London	7	35.00	6	42.86	1,360	189.20
Not Specified	5	25.00	2	14.29	202	823.30
Total	20	100.00	15	107.14	2,779	1,195.60

Source: FDI Markets

8.1.14 Lending Environment Trends

At the back of low economic growth and rising unemployment as a result of low investment and weak business confidence and an increase in job losses along with the COVID-19 pandemic, current economic conditions have resulted in a reduction in demand for credit by households and businesses due to unfavourable economic conditions both in the domestic market and globally. Credit extension provided by financial institutions throughout the country moderated in the first half of 2020 due to unfavourable business conditions, as the majority of businesses had to lay-off employees in order to meet operations while other had to close business operations because of the financial strain brought forth by the pandemic, resulting in reduced production and revenue. Corporation such as the ECDC were not immune to the effects of the pandemic as credit extension to SMMEs has contracted in the 2020 period. However, on the other hand the easing of the cost of borrowing by the South African Reserve Bank has resulted to an increase in demand for home loans, particularly for new buyers, while the demand for bank loans contracted. According to the TransUnion Report (Q2 2020) report, the number of consumers applying for credit has significantly declined compared to the pre-pandemic period, with household income negatively affected by the pandemic. The current economic climate calls for lenders to extend credit extensions periods due to the financial constrain brought to the fore by Covid-19 pandemic. It is also important that the market prepare itself for the likelihood of encountering a high credit extension default rate.

8.1.15 Property Trends

The effects of the pandemic have somewhat been favourable for buyers. The demand for residential property across the country increased throughout the 2020 period, particularly in the second quarter of the year, with this attributable to the easing of the repo interest rate by SARB as well as the decline in house prices in the high-class suburbs amid the coronavirus pandemic. According to the FNB Property Barometer (September 2020) report, young people (below the ages 35 years) and new house buyers remain the driving force behind the surge in demand for mortgage loans in the country. The Eastern Cape residential property remains resilient particularly for new buyers and those that are at retirement age (Pam Golding Properties).

According to the JLL report (September 2020), there is positive outlook for retail space, attributable to an increase in the demand for warehousing and logistics space (with this driven-up by an increase in e-commerce consumers as well as stock holding requirements). Amid the Covid-19 the demand for space has also been impacted by the pandemic, however, as lockdown restrictions have been eased, "there is a great opportunity for new-generation warehousing and distribution space" in relation to industrial spaces across the country. Given the challenges brought to the fore by the pandemic which affected both the economic and business production, landlords might be forced to reduce rentals or provide businesses with some form of incentive in order to retain tenants.

8.1.16 Innovation

The pandemic has already provided a significant push for digital economic development. Many multinational companies have transitioned into doing business online using technology. This trend had already become important in recent years, as consumers had shifted away from traditional in-store shopping. Governments need more investment in information and communication technology industries to thrive in a 21st century digital economy². Adapting the policy and regulatory frameworks to support these developments must be a priority – protection of personal information and cybersecurity should be on the government agenda.

8.1.17 Innovation and Fourth Industrial Revolution

The Prosperity Paradox, Clayton Christensen (2020) argues that poor countries are best developed through the introduction of market-creating innovations, which service the needs of those that are largely ignored by current value mechanisms and create new ways in which people can gain access and contribute to an economy. The effective leveraging of innovation in South Africa has not been a significant driver of the economy to this point, but the impact that a widespread culture of innovation should have on our future is undeniable. In this future, the lived experience of going through a protracted period of lockdown spurs an unprecedented wave of innovation from big corporate giants, as well as individual entrepreneurs. There is a real sense of urgency throughout the world, as well as in South Africa, that this kind of disaster should never be allowed to happen again, and creative and innovative responses are quickly mobilized. Significant investments are made in digital retail platforms, online learning, logistics, local manufacturing, and healthcare. Inspired by their time in isolation, and seeing huge gaps in the local market, South Africans set about re-designing and re-engineering the models of numerous product and service offerings. The emergence from the lockdown is heralded as a 'new era of innovation' by academics, business leaders and local politicians alike³.

8.1.18 Fourth Industrial Revolution

The most profound change is the accelerated of the way in which digital transformation and the Fourth Industrial Revolution 4IR have moved at speed to change. It is still far too early to understand the ramifications of the pandemic on the country, economy and institutions. However, one immediate and obvious consequence has been the rapid adoption of digital technology. This is driven by necessity as the world has been catapulted into rapid digital transformation⁴.



²Source: www.tralac.org/blog/article/14720-covid-19-to-curtail-fdi-flows-to-africa-in,2020

³Source: www.cherryflava.com/the-future-of-south-africa-after-the-covid-19-lockdown/

⁴Source: www.softwareengineer.org.za/has-covid-19-fast-tracked-4ir/

Buy-in from staff and other stakeholders: before the pandemic, many people working in organizations and people interacting with organizations might have been resistant to using digital technology. The pandemic has blown away many of these doubts and opened people’s minds to different ways of working and interacting. Many of the changes brought about by remote working and a redefinition of the notions of “a job” and a “workplace” will increase the importance of data to manage the organization. We are destined to see a transition from human-to-machine interaction to far more machine-to-machine (M2M) activity. This type of communication results in the generation and use of large amounts of data. Although this is not new, it will become far more pervasive.

Given the importance of data, all organizations will need to develop very clear strategies on the collection, storage, use and management of data. This is called “data governance” and it will become a central requirement in our new way of working. Touching on automation in relation to redefining jobs and sequences of tasks, some of which might be automated, or performed by robots. Social distancing and the work from home (WFH) will result in society adapting to working more interactively with chatbots, robots and other forms of automation. An important prerequisite for wide-scale automation is the availability of data. This seems set to become a reality, based partly on the increased use of M2M communication and the Internet of Things (IoT).

The old economic methods are now dying a natural death, and the digital economy, whose bedrock is innovation, is taking over. Innovation and digitization will be a necessary condition for building

this economy and will help build various SMMEs of the economy. It is not an exaggeration that the symbiosis of innovation and digital economy is now a pervasive juggernaut that is globally tearing down any inhibitive firewalls⁵. It’s evident that countries that have long embraced and cultivated innovations are now leading the world in terms of breaking new ground and innovation.

One of the most central ideas that have emerged in economic thinking in the last few decades has been the recognition of the role of ‘innovation’ in the long run technical change that is a feature of all economies. The cyclical nature of such change and its impact on an economy’s ‘boom bust’ cycles formed the basis of much of the work of economist Joseph Schumpeter. Schumpeter argued that innovation not only gave firms cost, quality and price advantages that made them more profitable, but also expanded the productive potential and possibilities of society as a whole⁶.

The Eastern Cape is not operating in isolation and neither is it immune to economic shocks affecting the domestic market and the world at large. There is clearly a big shift that the province needs to make in follow suit and adopt innovation driven by Fourth Industrial Revolution. The covid-19 pandemic forced all countries including the Eastern Cape to embrace the use of technology due to Covid-19 pandemic which required digitalization in a way that was never experience before in the history in South Africa and the rest of the world. Therefore, going forward the province needs to follow suit and adapt to the use of artificial intelligence in certain areas of doing business and the education sector.



⁵ Source: <https://www.itweb.co.za/content/5yONPvEg1mpMXWrb.2020>

⁶ Source: www.4ir.gov.za/category/the-fourth-industrial-revolution/

Strengths

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

Weaknesses

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

Opportunities

1. Leverage funding and expertise from public and private sector to turnaround the property portfolio.
2. Develop/ Exploit existing industrial parks into Special Industrial Zones.
3. Infrastructure project and programme management to municipalities.
4. Extract value from high impact projects.
5. Increase socio-economic returns through business development support.
6. Strategic alliances and syndication
7. Tap into and utilize ECDC properties for incubation to accelerate job creation
8. Development of ICT based online distributions channels

Threats

1. Property invasions – is outside of ECDC’s control, however, affects the Corporation output;
2. Land tenure. Land in tribal areas that are not registered is a threat as the tribal areas’ residence can lay a claim on the land;
3. Slow to fund ECDC property developments e.g. Dimbaza Masterplan approved in 2016 but still being considered for funding three years later;
4. Territoriality and vested interests in government projects.
5. Failing to attract investors as a province, environment not conducive e.g. incentives, properties in strategic positions, ICT Infrastructure, transport infrastructure, capacity of Port, the airports, etc.;
6. Deficit in the trust relationship with stakeholders i.e. misconception about the ECDC;
7. Lack of coordination of economic development entities with similar mandates in the province;
8. Dwindling of Provincial fiscus;
9. Competing economic opportunities in other Provinces which impact negatively on the Budget Allocation from National Treasury;
10. EC not a province of choice in terms of attracting Foreign Direct Investment;
11. 4th Industrial Revolution and the province is not capacitated from a technology point of view i.e. technological lag;
12. Impact of legislation amendments which could result in potential write off i.e. NCA.
13. COVID-19 pandemic and the lockdown prescripts which paralysed operations in all sectors

Figure 12: Governance Structure

8.3 Governance and Management Framework

8.3.1 Governance Structures

ECDC is a schedule 3D public entity under the oversight of the Department of Economic Development, Environmental Affairs and Tourism. The board (Accounting Authority) reports to the Shareholder's representative, the Member of Executive Council (Executive Authority) responsible for Finance, Economic Development, Environmental Affairs and Tourism. The accountability framework between the shareholder and the Board is regulated through the shareholder's compact. The shareholder compact outlines the performance expectations and agreement between the Executive Authority and the Accounting Authority (the Board). The Board is responsible for setting the strategic direction of the Corporation and is ultimately responsible for risk management ensuring that there is an effective system of internal control over the financial and related operations in compliance with the PFMA. The Board has established five committees, namely the Audit, Risk and Compliance, Funding and Investment Committee, Governance and Nominations, Social Responsibility and Ethics and a Human Resources and REMCO Committee. These committee meet in prescribed intervals and when a need arise, and report to the Board.

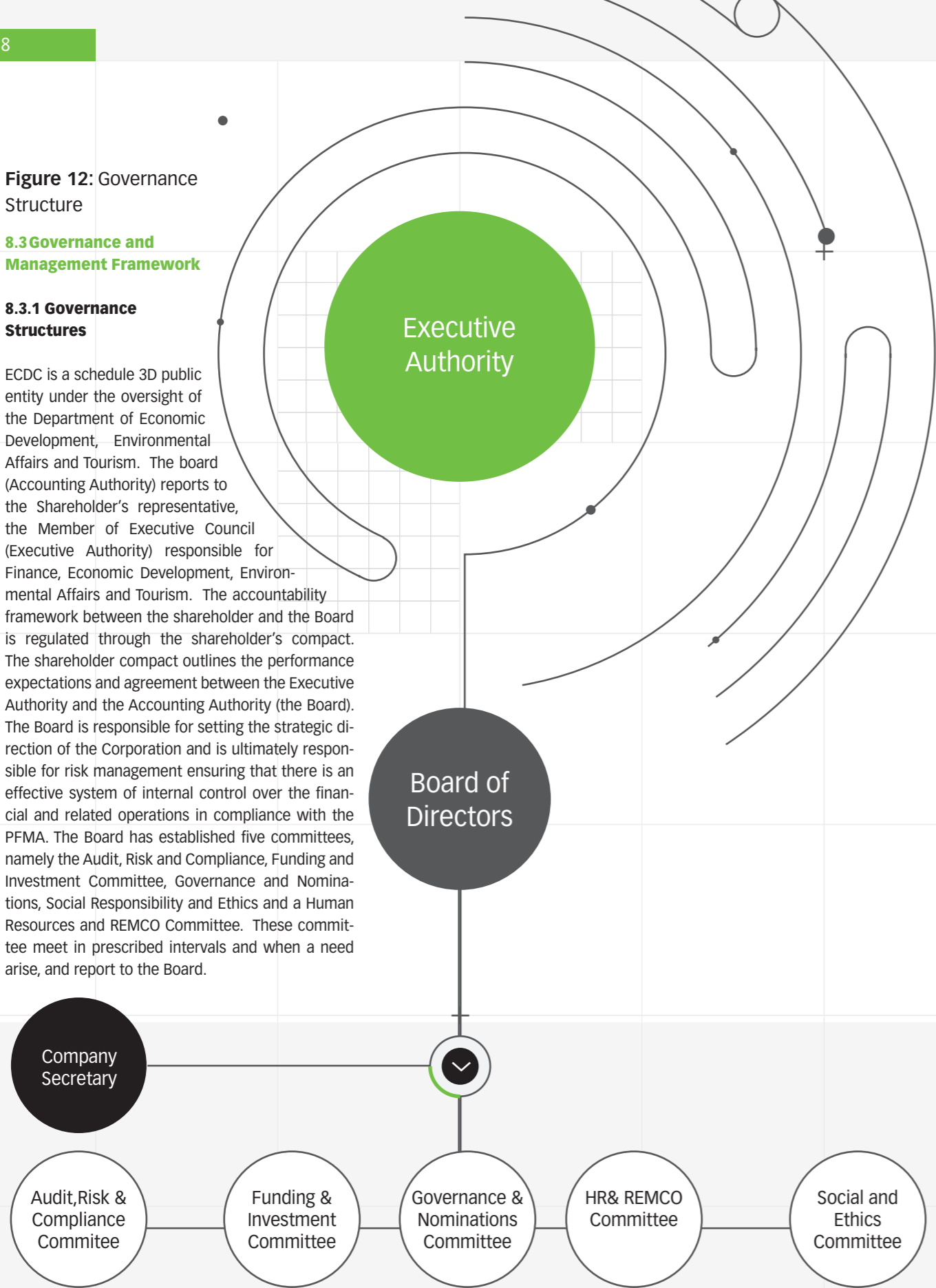
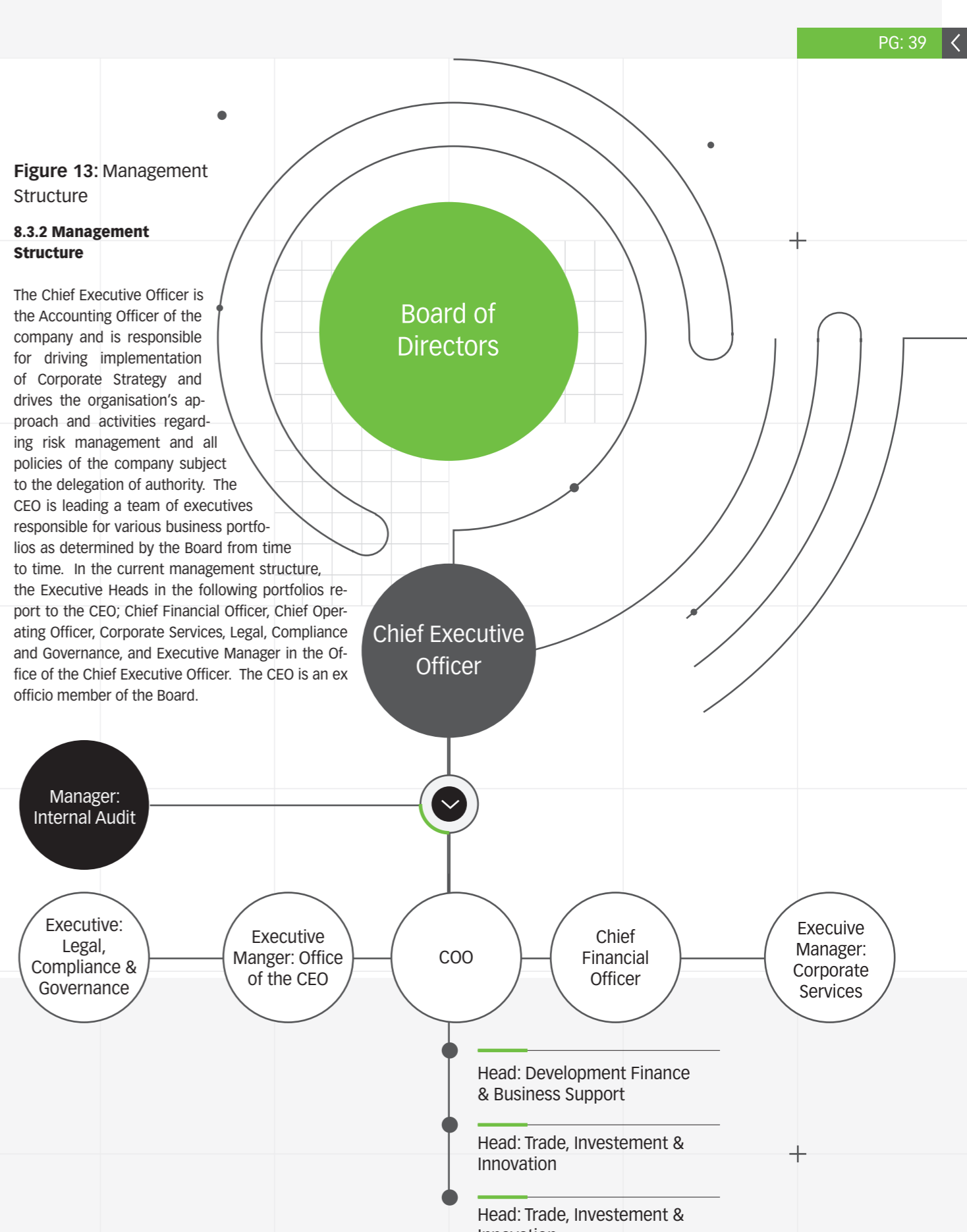


Figure 13: Management Structure

8.3.2 Management Structure

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

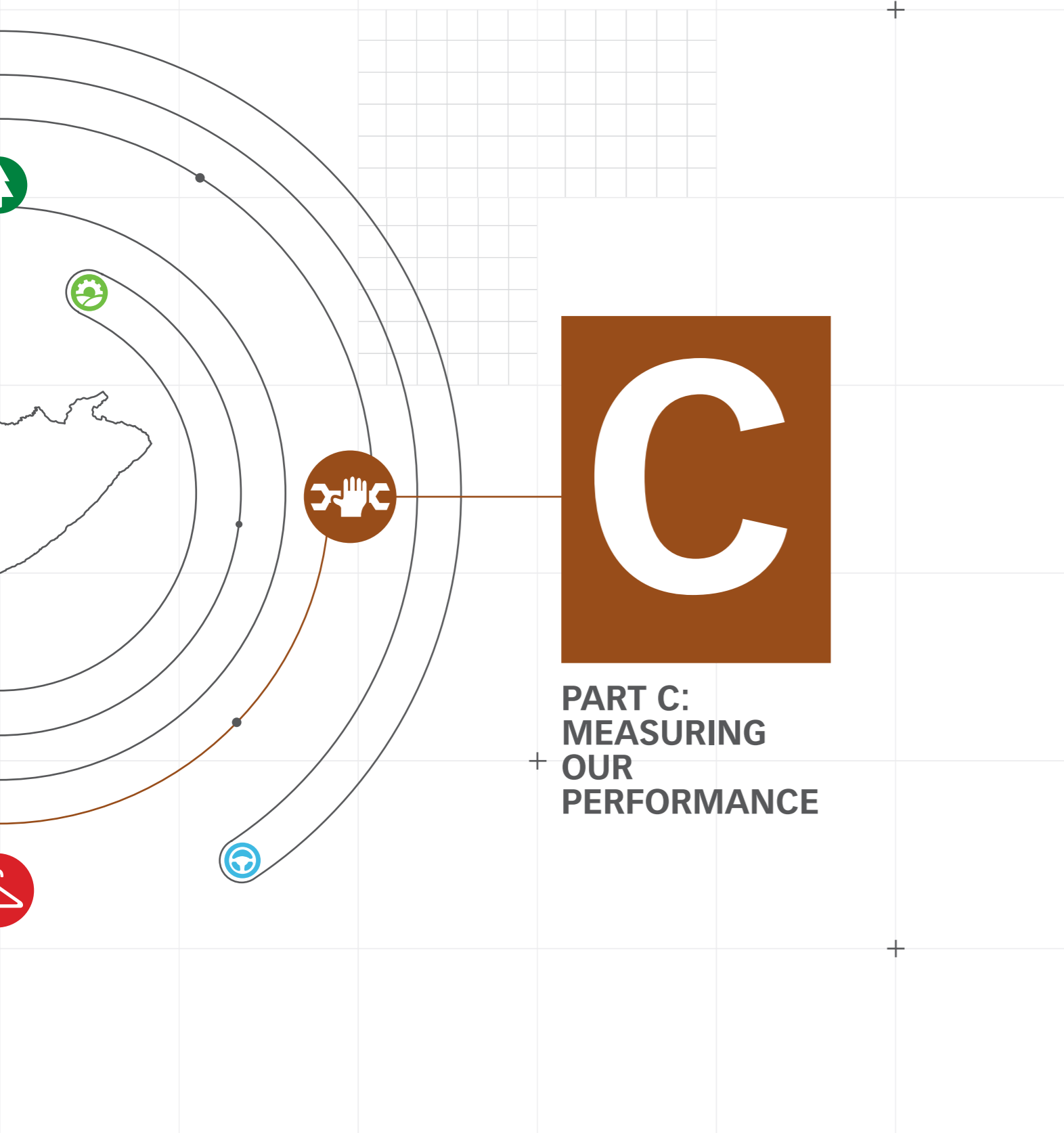


8.4 Outcomes of the ECDC Strategy Session for 2020 to 2025

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

- a. The fiscal framework continues to focus government resources on the social needs leaving little resources for economic infrastructure. The current ECDC business model is not sustainable and requires to be streamlined to respond to the economic realities of the province.
- b. Major decisions must be taken with regards to the property portfolio – the focus being on the implementation of previous decisions on restructuring of this portfolio for growth.
- c. ECDC is dependent on the shareholder for financial survival, this must change – however the shareholder must capitalise ECDC in order for the company to deal with its historical and structural challenges and enable it to play its leading role in driving the Eastern Cape economy.
- d. ECDC should collaborate with the Department of Public Works to unlock the economic potential of the property portfolio and use it to increase the government revenue base, and to drive economic development and transformation.
- e. There should be deliberate focus on the training and support of SMMEs to allow the sector to contribute effectively to employment creation. ECDC must work with the four universities in the province to establish an academy of small business to train and empower SMMEs.
- f. ECDC must be responsive to the needs of the SMME sector, and that the organisation must actively engage the private sector in its work. The local business feel they are not adequately utilised even though they have expertise in the areas in which ECDC work.
- g. There should be greater coordination and collaboration between the IDZs, ECDC and other DFIs to harness and sharpen focus on the high-potential sectors identified in the PEDS.
- h. ECDC should work with DTIC to strengthen the efforts to revitalise the Industrial Parks in the Eastern Cape. ECDC must play a leading role in working with private sector to package projects for funding through the various incentive grants available through DTIC and its entities.
- i. ECDC must play a leading role in the revitalisation of ageing economic infrastructure in the province. The process of redefining the mandate of the ECDC provides opportunities for an organisation that plays a more meaningful developmental role in the development of the province. This repurposing of ECDC would require a new skill set in various sectors.
- j. The cost containment measures have been effective but have not resulted in an increase in revenue. This must be reviewed, and appropriate steps taken to increase the revenue generation capacity of the company.
- k. There is a need to strengthen internal capacity in the property portfolio in order to take advantage of the economic potential of this portfolio. Lessons can be drawn from Ithala, given their success in managing their property portfolio.
- l. The ECDC review currently being undertaken by GTAC on behalf of the Shareholder must be completed to get a clearer picture of the possible business models that would ensure that ECDC plays a meaningful role in growing the Eastern Cape economy. The process of the review coincides with the review of the mandate of ECDC.





**PART C:
MEASURING
OUR
PERFORMANCE**

9. Institutional Programme Performance Information

The ECDC has reviewed its environment, examined its internal and external operating environment, redefined and adjusted its objectives, mission statement and vision. These high-level parameters are meant to direct and lead the corporation into the next 5 years. To keep pace and find synergy with the shareholder and various urgent actions a set of priorities are needed to lead and direct the ECDC apart from the key performance areas, indicators, target and budget. The priorities are also cognisant of the COVID-19 and the lockdown impact on operations and performance. The impact includes the adverse consequences of the economic climate notwithstanding the fact that the Province (and the country) was already experiencing the market meltdown due to the weakening Rand and the downgrades. Organisation on general and SMMEs continue to face major crisis as their financial performance remains under pressure. The COVID-19 impact has exacerbated the shrinkage and causes a crisis in all sectors. These key strategic priorities are as follows:

9.1 Strategic priorities requiring action

The management and leadership at ECDC are required to be bold and concerted steps to place the ECDC into a sustainable and productive institution. The strategic priorities hereunder when read together is meant to direct the corporation towards properties being the lead business form together with a strong SMME development focus especially in the areas of grant funding and non-financial support.

9.1.1 Priority 1: Mandate, organisational review and cost realignment

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

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

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

9.1.3 Priority 3: SMME development

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

9.1.4 Priority 4: Properties:

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

- Develop and Nurture Stakeholder Relationships
- e. Improved customer experience
- f. Improved collaboration and coordination with stakeholders and private sector
- g. Procure for economic empowerment.
- Industrial parks revitalisation phases 2 and 3.
- h. Revitalisation of industrial parks into Special Industrial Zones.

9.2 Implementation model

ECDC employs 2 implementation pillars across its business units namely:

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

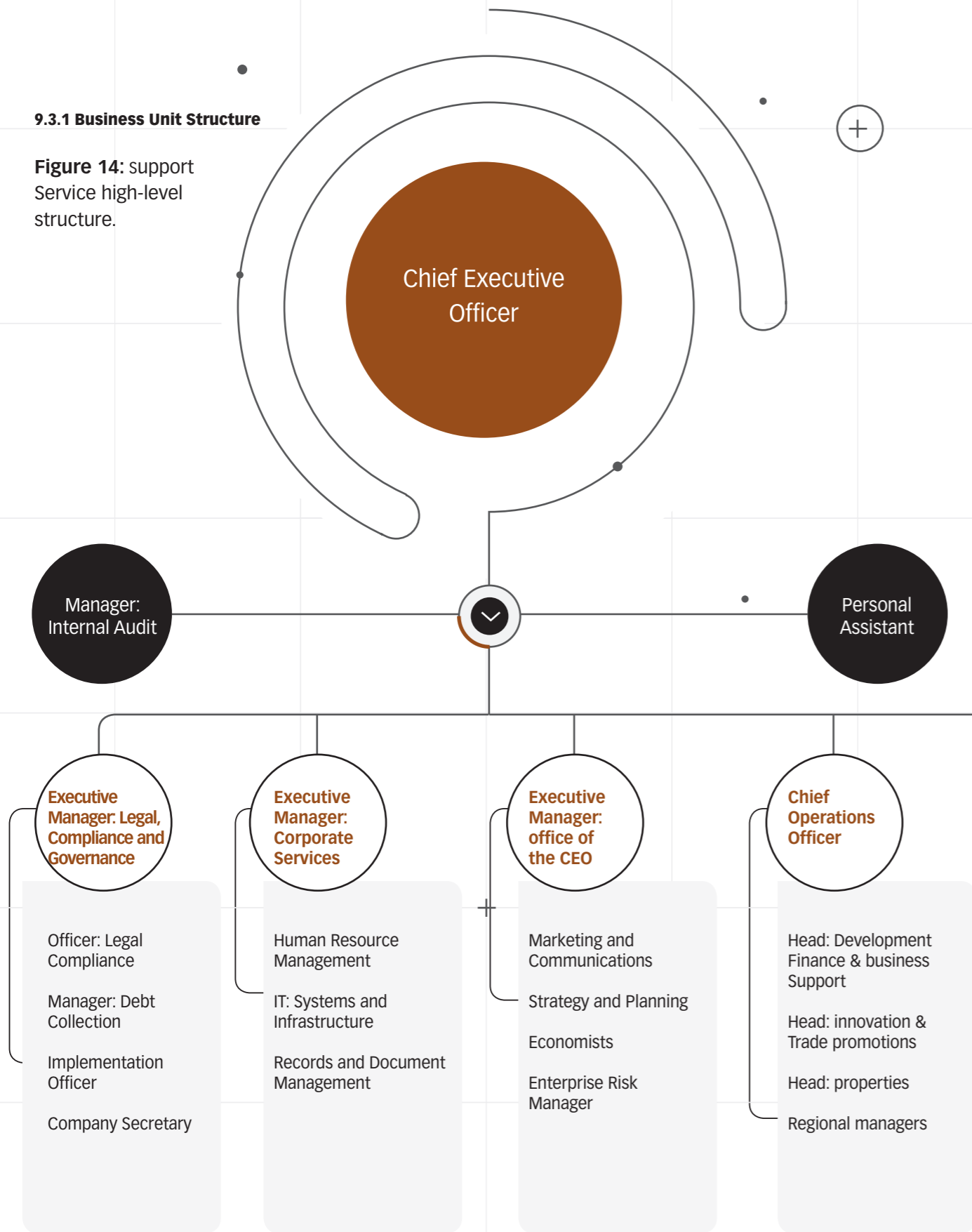
9.3 Programme 1: Support Services

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

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

9.3.1 Business Unit Structure

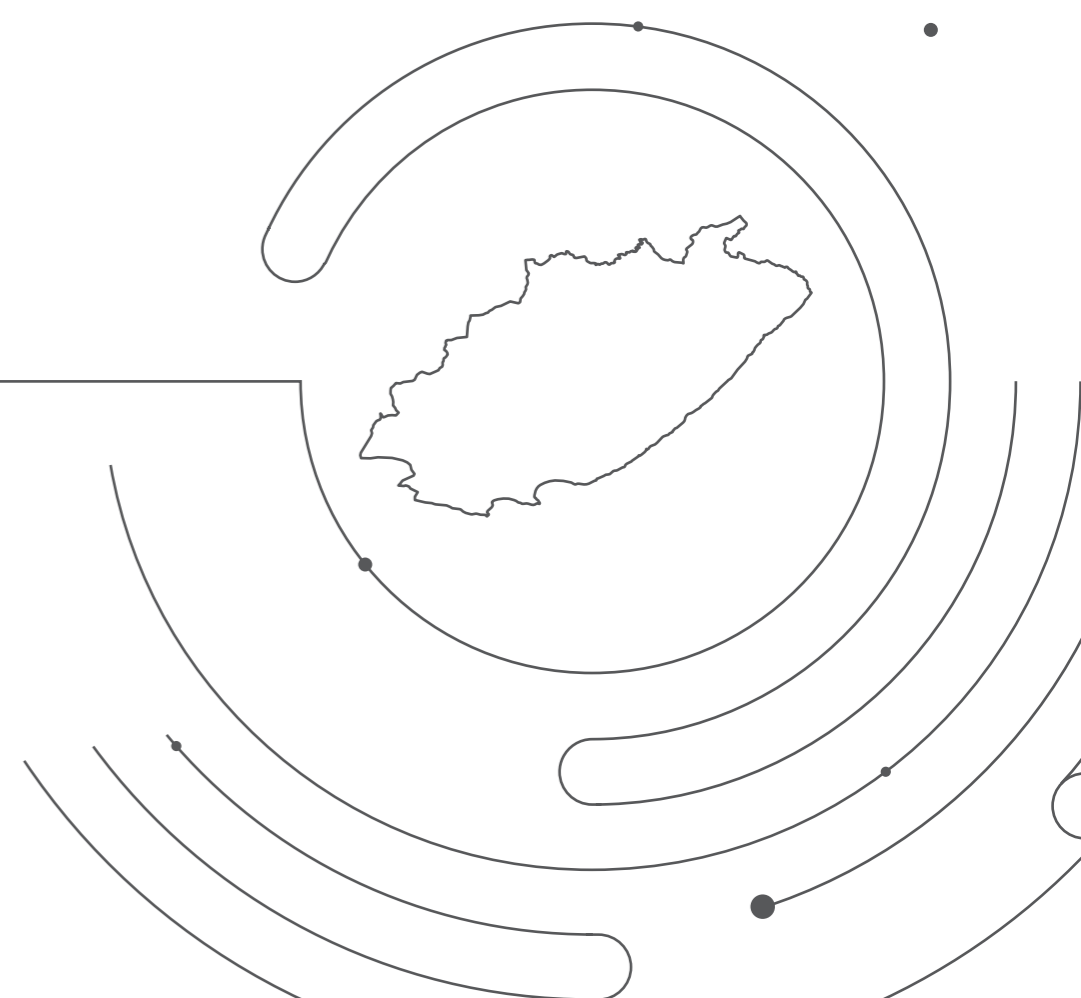
Figure 14: support Service high-level structure.



9.3.2 Outcome, Outputs, Performance Indicators & Targets

Table 13: Support services Outcomes, outputs, PI's and targets

Outcome	Output	Output Indicator	Previous performance		Baseline	Previous performance			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
A viable ECDC that offers competitive product and services	Cost containment measured put in place at business unit level	Cost-to-income ratio (excluding impairment)	1:1.07	0.84:1	1:0.75	1:1	1:1	1:1	1:1
	Audit outcomes	AG output outcomes	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
	Network uptime	% network uptime	95%	95%	95%	95%	95%	95%	95%
	Staff contracts and reviews	% compliance to performance management	90%	95%	99%	90%	90%	90%	90%
	Suppliers paid on time	Average number of days to pay suppliers	30	30	30	30	30	30	30



9.3.3 Indicators, Annual and Quarterly Targets

Table 14: Support services indicators, annual and quarterly targets

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

9.3.4 Explanation of planned performance over the medium-term period

There are four core service delivery units:

- a. Development Finance and Business Support.
- b. Trade, Investment and Innovation.
- c. Properties
- d. Support Services.

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

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

9.3.5 Varying strategic approaches

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

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

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

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

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

9.4 Programme 2: Development Finance and Business Support

9.4.1 Purpose

The rationale for DF&BS as one of the ECDC core functions. Its mission is to generate revenues that contribute to the sustainability of the Corporation and the Enterprises it supports. The primary drivers for the unit are capital which it on-lends and is government grants that it uses to assist SMMEs with non-financial support and incentives so that they can overcome structural inadequacies and transformation.

The DF and BS Unit has the following outcomes over the medium term:

- a. Building a quality DF loan portfolio
- b. Building financially viable SMMEs
- c. Leveraging financial and other resources

9.4.2 Unit functions (Funded & unfunded mandates)

- a. Provide DF, Financial & Non-Financial Support to SMMEs
- b. Portfolio Management (DF – Loans & Incentives, Debt Management, Interventions)
- c. DF Debt Finance, Non-Financial & Incentives Support Monitoring
- d. Risk management
- e. Compliance & Management of Incentives Funding (Imvaba and Jobs Fund)

9.4.3 Unit performance

Key Indicator	Performance	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		(audited)	(audited)	(audited)	(audited)	(audited)	*YTD	
Value of DF disbursed		R92,3m	R168.4m	R98.3m	R41.8m	R58.7m	R12.3m	R472m
Funding: SMMEs assisted		260	263	163	190	216	46	1138
SMME Development Support #		292	368	1079	2208	1798	326	6071
DF: Collections		R115.4m	R135.1m	R174m	R120.8m	R69.2m	R22.30	R637m
Disbursements: Jobs Stimulus Fund		R5m	R10.2m	R9.9m	R8.1m	R9.8m	R6.2m	R49m
Approvals: # Jobs Stimulus Fund		583	939	987	808	980	604	4901
Disbursements: Imvaba Co-op Fund		R4,2m	R8.6m	R7.3m	R9.3m	R9.3m	R3m	R42m
Approvals: #Imvaba Co-op Fund		17	16	20	20	20	14	107

9.4.4 Challenges in the internal and external environment

- a. Insufficient liquidity to provide high-value financing solutions & client diversity resulting in the erosion of the DF Portfolio – Capitalisation will help augment portfolio size.
- b. Insufficient funding for critical sectors – Capitalisation will help accentuate sector impact.
- c. Inadequate DF Management System/IT systems – Capitalisation will help in acquiring an appropriate system that will be responsive to DF operations.
- d. Limited capacity, skills, experience and competencies to provide the required non-financial support – leveraging partnerships and collaborations for staff capacity building.
- e. Escalation of repayment defaults and impairment due to the SA financial crisis – continuation of jobs and economic stimulus funds to help sustain business through crisis period.

- f. Inadequate regulated Retail sector – this requires government intervention in enforcing regulations to protect domestic businesses.
- g. Inadequate compliance by some Government departments in accepting & honouring cessions – continuous engagement of Treasury for assisting in ceding of payments in all LOGIS payment system environment.

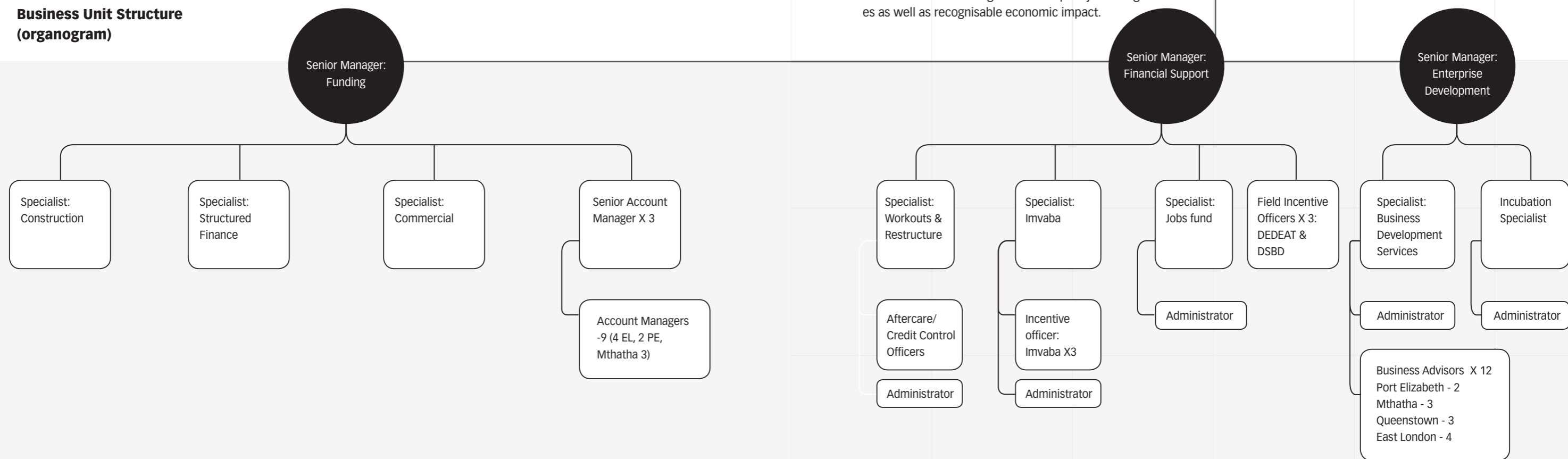
9.4.5 Areas that need greater partnership and collaboration

- a. Potential for integrating all co-operative interventions in the province under ECDC umbrella (and additional funding)
- b. Cooperation and support from Provincial Treasury in DF repayments to ECDC
- c. Strategic alliances and syndication
- d. Tap into and utilize ECDC properties for incubation to accelerate job creation.
- e. Development of ICT based online distribution channels.

9.4.6 Strategy going forward

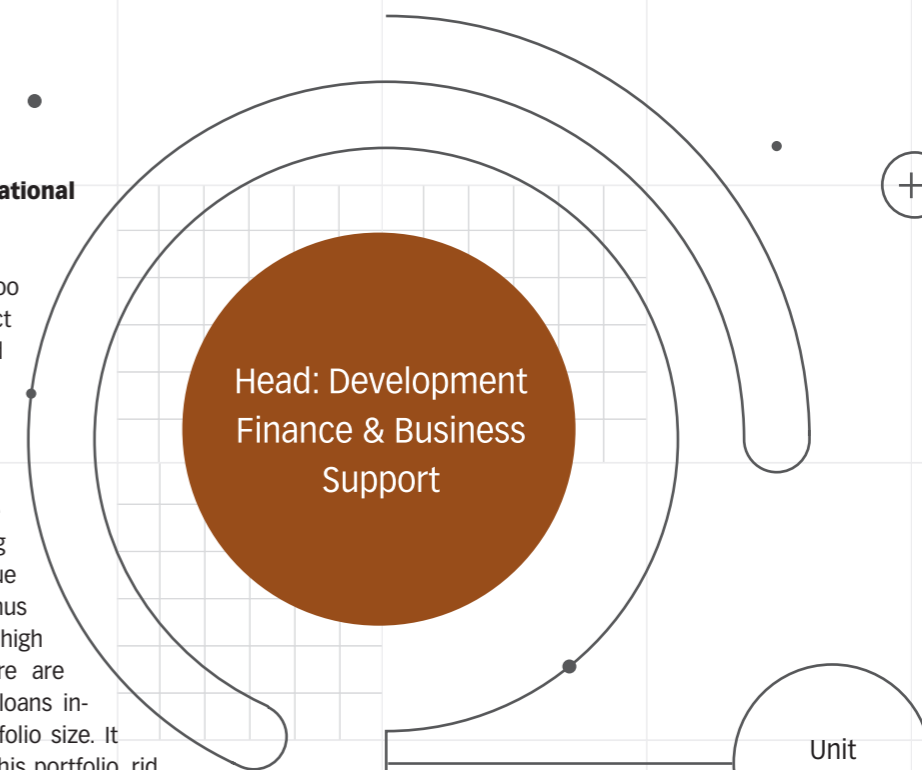
No.	Current Focus	Areas Of Improvement/ Shift Over The Medium Term
1.	Debt Finance for SMMEs	Emphasis on incentives, Enterprise Development Services (EDS) and Contract Based Development loans
2.	Enterprise interventions dominantly follow DF loans support	Lifting & prioritising of Enterprise Financial & Nonfinancial support for economic recovery
3.	Limited incentive support	SMME Financial & Nonfinancial Capacity Building (Training, Acquisition of equipment/assets/resources)
4.	Inadequate flexibility in staff utilisation	Optimal utilisation and cross pollination of Human Capital
5.	Limited staff capacity building	Intensified staff capacity building
6.	Moderate partnerships, collaborations and syndication focus	Intensified priority focus on partnerships, collaborations & syndication
7.	Narrow focus on formal SMME sector	Expanded focus on formal SMME sector
8.	Inadequate IT support on processes	Bias on building strong IT systems to allow digitalisation and virtualisation of operation

Business Unit Structure (organogram)



9.4.7 Strategic and operational management

The ECDC loan book is too meagre to make an impact both in the economy and in the sustainability of the portfolio, and as the good loans are settled the size of the loan book progressively decreases. This leaves the old dead loans not moving but continuing to swell due to arrear interest accrual, thus creating an impression of high impairments because there are no voluminous fresh/new loans infused to increase the portfolio size. It is therefore vital to clean this portfolio, rid it of the dead element, get decent capitalisation (R500million) to increase the volume of secured fresh loans that will deliver annuity income which will contribute towards relieving the ECDC liquidity challenges as well as recognisable economic impact.



Senior Manager: Financial Support

Senior Manager: Enterprise Development

Unit Administrator

9.4.9 Outcome, Outputs, Performance Indicators & Targets

Table 15: DF& BS Outcomes. Outputs, P.I's and targets

Outcome	Output	Output Indicator	Previous performance			Estimated performance		Annual targets	
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
A growing diversified and inclusive economy	Loan applications received and processed	Number of SMMEs receiving development finance	163	190	216	150	70	70	70
	SMMEs applications received and processed for non-financial support	Number of SMMEs receiving non-financial support services	1079	2208	1798	250	250	250	250
	Cooperatives applications received and processed	Number of co-operatives receiving financial support	20	20	20	20	25	25	25
	SMME jobs facilitated	Number of jobs facilitated	1070	790	885	100	80	50	50
	SMME's job fund applications received and processed	Number of jobs saved	987	808	980	980	1800	900	900

9.4.10 Indicators, Annual and Quarterly Targets

Table 16: DF&BS indicators, annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of SMMEs received development finance	70	20	25	15	10
Number of SMMEs assisted with non-financial support services	250	50	70	70	60
Number of co-operatives financial support	25	7	7	6	5
Number of jobs facilitated	80	25	25	15	15
Number of jobs saved	1800	600	600	600	600
Incubation Programme supported⁷	5	1	2	1	1

9.5 Programme 3: Trade, Investment and Innovation

Trade, Investment and Innovation Unit functions within the ECDC with a mandate to promote the province of the Eastern Cape as a destination for investments, trade and tourism. It performs these functions through partnerships with a range of stakeholders including embassies, Investment Promotion Agencies, DEDEAT and its entities, the dtic, Municipalities, other SOEs, etc. The unit fulfils the following objectives:

- Market the Eastern Cape as an investment destination
- Facilitate foreign and local direct investment into the Eastern
- Provide aftercare to existing investors (mainly outside the IDZ and Coega)
- Promote trade and increase exports from the Eastern Cape.
- Stimulate growth in targeted economic sectors.
- Promote and finance economic sector focussed innovation.

7. Subject to availability of funding

9.5.1 BUDGET AND PRIORITISATION

It is worth noting that, through the letter of allocation, there is uncertainty around the future allocated budget of the unit in the outer years.

9.5.2 FOCUS AREAS

9.5.2.1 Trade Promotion

The following will be key areas of focus within Trade Promotion:

- Maintain the partnerships with NMB and BCM Metros on the Export Help Desks that provide advice, support and information to emerging exporters in the province. These partnerships facilitate funding for the ECDC to operationalize export promotion activities.
- Continue to facilitate Trade Expos and Missions for Eastern Cape SMMEs in order for them to access markets for trading locally and internationally. The ECDC and local SMMEs is benefitting tremendously from the dti incentives, that is why the unit is spending most of its effort on trade missions.
- Strengthen the partnership with the NMB Chamber to implement the Small Exporters Development Programme. This project will now be extended to EL, via a partnership with the Border Kei Chamber of Commerce.
- Maintain all the Creative Industry Programmes, including the Craft Shop, by continuously securing funding from the Department of Small Business to finance the implementation of such programmes.
- Organise the Annual Eastern Cape Export Symposium in order to provide a platform for dialogue on how best to create a competitive region to export from.
- Focus on the Middle East as a trading partner in order to promote exporting of agricultural commodities, both processed and un-processed

9.5.2.2 Investment Promotion

The following will be key areas of focus within Investment:

- **EC Film Investment Fund:** The focus on film has yielded R252million investment into the Eastern Cape in the past 2 years. The focus now will be to capitalize the Film Fund by R94million over 3 years for 30 film projects with an anticipated investment revenue of R600million into the province. The business plan has already been submitted to DEDEAT for capitalization.
- Secure investments into the construction of at least **2 Film Studios** in the Eastern Cape in order to cement the province as a destination for film production.
- The **Automotive Sector** instrument (AIDC) has undergone major improvement in Governance and Mandate and also awaiting approval from DEDEAT for strengthening its capacity to deliver on its

new Business Plan (R32million MTEC) to ensure localization, empowerment and attracting new OEMs in the province. The other projects are the implementation of the Smart Academy in PE and the Automotive Incubator in EL. Business Plan has been submitted to DEDEAT.

- **Connectivity:** The unit is in negotiation with 2 undersea cable investors (IOX and 2 Africa) with the intention of securing landings in the province in order to enhance the connectivity capacity of the province. The intention is to attract fortune 500 companies into the province, drop the cost of data, improve connectivity and ultimately benefit the general population. Both projects investment size is about \$1.5billion.
- The **Port Oily Waste Management Facility** project valued R1.2billion is still being pursued, with the ECDC having secured an in-principle 5% equity from the Transnet side of the deal, with the EC having to invest equity of R100million. Transnet is now delaying the entire project from being implemented.
- **Investor Aftercare and One Stop Shop:** COVID 19 has had a devastating impact on the economies of the world such that there is a projection that worldwide investment revenue is projected to drop by at least 30%. This means there is a slim chance that there will be new investments. The main focus will be to maintaining existing investments through the provision of after-care services. The One Stop Shop will be operationalized to provide the aftercare service to existing investors as its main focus in the outer years.
- Organise an **Annual Investment Conference** for the EC, working with key stakeholders and investors themselves.
- Organise **International Investment Missions** to retain and attract new investments into the Eastern Cape.

9.5.2.3 Fund Management and Innovation

The following key projects within Fund Management and Innovation is in progress:

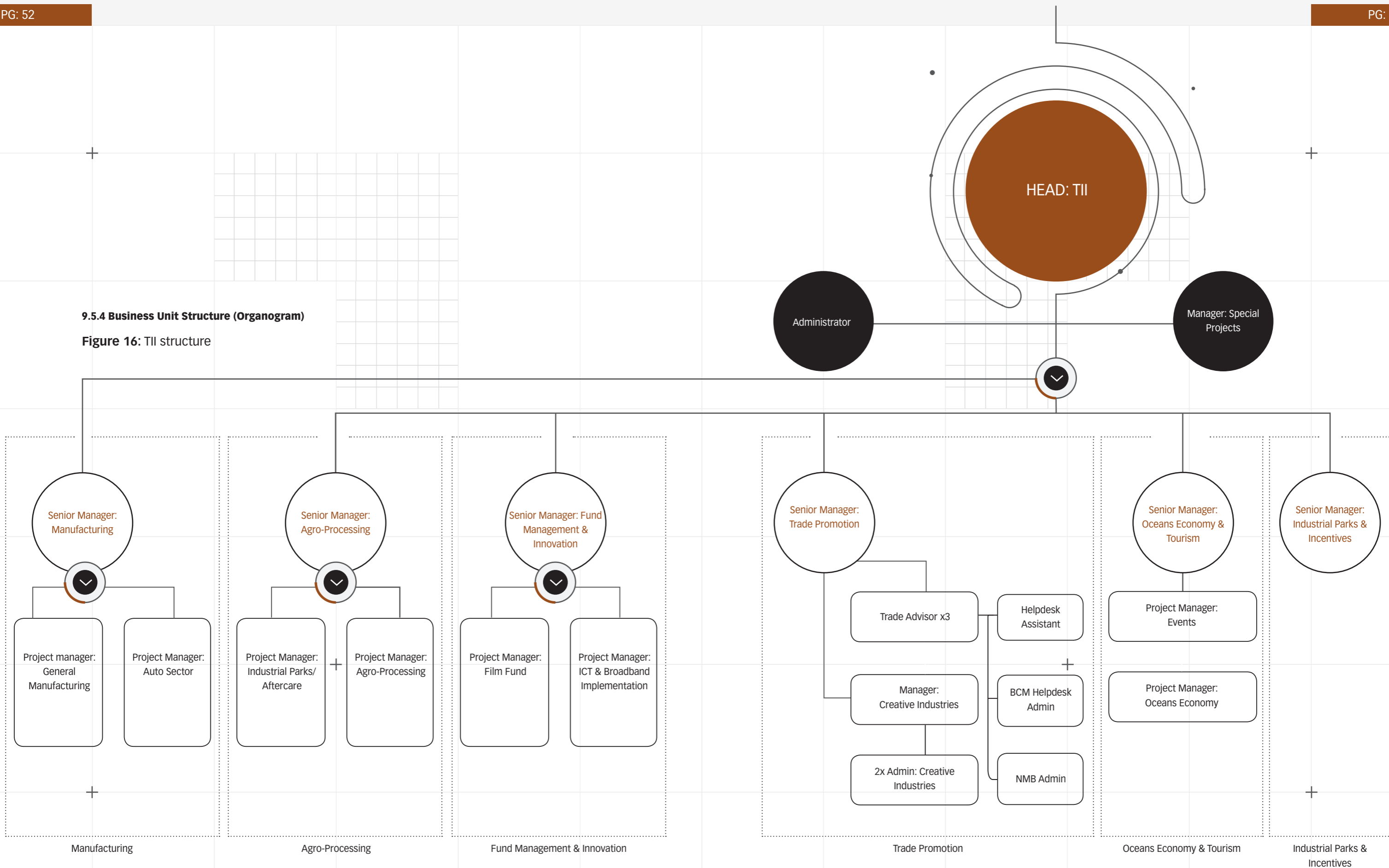
- Implementing a Biodigesters project for R30million in 30 schools.
- Identifying other development projects that are funded by international Development Funding Organisations to implement in the Eastern Cape.

9.5.3 Purpose of the Unit

- Promoting Trade and Investments into the Eastern Cape
- Promoting an economy that is innovating in order to create new industries.
- Alignment of the TII Unit activities with the targeted economic sectors of the province

9.5.4 Business Unit Structure (Organogram)

Figure 16: TII structure



9.5.5 Outcome, Outputs, Performance Indicators & Targets

Table 17: TII: Outcomes, outputs, PIs and targets

Outcome	Output	Output Indicator	Previous performance			Estimated performance	Annual targets		
			2017/18	2018/19	2019/20		2020/21	2021/22	2022/23
A growing diversified and inclusive economy	- Investment attraction initiatives facilitated. - Agreements signed with investors.	Rand Value of investments facilitated	R349.4 million	R292.4 million	R1175,1 million	R200 million	R175 million	R210 million	R270 million
		Number of economic projects that attract investments and jobs in the EC	10	9	12	5	5	5	5
	Exports facilitated from the Eastern Cape	Rand value of exports facilitated	Not measured	Not measured	Not measured	R20 million	R70 million	R90 million	R100 million
	SMME provided with support to access exports markets, trade Exhibitions local and international.	Number of SMMEs / local entrepreneurs provided with integrated export support:	81	172	206	75	50	65	65
	Entrepreneurs/ SMMEs trained in various sectors	Number of people trained in new potential sectors	135	203	223	50	90	110	120
	People employed in various high potential sectors prioritised by Eastern Cape government	Number of jobs facilitated	644	3179	364	300	350	400	400

9.5.6 Indicators, Annual and Quarterly Targets

Table 18: TII: Indicators, annual and quarterly targets⁸

Output Indicators	Annual Target		*Quarterly targets			
	2021/22	Q1	Q2	Q3	Q4	
Rand Value of investments facilitated	R175 million	R35 million	R43,75 million	R61,25 million	R35 million	
Rand value of exports facilitated	R70 million	R14 million	R17,5 million	R24,5 million	R14 million	
Number of development projects in potential sectors secured	5	1	2	2	1	
Number of SMMEs / local entrepreneurs provided with integrated export support:	50	5	15	18	13	
Number of people trained in various sectors	90	9	27	32	23	
Number of jobs facilitated	350	35	105	123	88	

8. Subject to impact of COVID-19 regulations.

9.6 Programme 4: Properties and Strategic Projects

The property portfolio of the ECDC is diversified and substantial but is currently under performing in terms of return on investment for the organization. This is due to numerous factors including a lack of maintenance, inadequate management, high risk tenants, vandalism, property invasions, a high level of vacancies, escalating input costs i.e., municipal rates and utility costs, a high level of bad debt and an increasing dependency on the legal system to manage errant tenants. Various strategies have been developed in the past few years to correct the trend of decreasing performance but yielded limited success. The Property Unit has therefore begun reviewing the current performance with the view to develop a refined strategic approach to first stabilizing the performance and improving performance over the next 3 years. The Properties Division has reviewed the current property strategy for the ECDC. The situational assessment, scenario planning, the development of a strategic intent statement, the identification of strategic interventions and the development of an action plan has been developed for consideration by the Board of the ECDC.

9.6.1 Purpose

The purpose of the proposed revised property portfolio strategy is to revitalize the performance of portfolio and create a stable source of revenue for the ECDC.

9.6.2 Strategic alignment

The ECDC strategic themes are derived from the National Development Plan 2030 and the Eastern Cape Development Plan. They are defined in the 2020 Corporate Plan as follows:

- a. Economic transformation, inclusive growth and competitiveness
- b. Customer focused solutions
- c. Operational efficiency and financial sustainability
- d. Pioneering innovation in the key growth sectors

The intended outcomes of these strategic themes for the ECDC are 1) "Growing a diversified and inclusive economy", 2) Supporting a "Competitive and sustainable SMME sector that contributes to socio-economic development of the EC" and 3) A "Sustainable ECDC that offers competitive products and services". The extensive and diversified property portfolio of the ECDC is therefore a critical enabler for the organization to realize the intended outcomes.

9.6.3 Performance

Key Indicator	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	
Rental income (R' million)	R 65.7	R 71.6	R 69.5	R 68.0	R 71.7	R 72.7	R 69.16	R 422.7



9.6.4 Strategy going forward

The development and consideration the PESET analysis, SWOT analysis, GAP analysis and the three property performance scenarios allowed the strategic review team to agree on a statement of intent for the property portfolio performance:

The property portfolio of the ECDC will be transformed from a dilapidated, poorly managed business 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 skills development, human resources

capacitation, enhanced performance management, business system development and integration, the rationalization refurbishment and maintenance of the ECDC asset base. This will position the ECDC property portfolio to attract low risk, high economic potential tenants and investors that will result in an increase in the ROI for the ECDC.

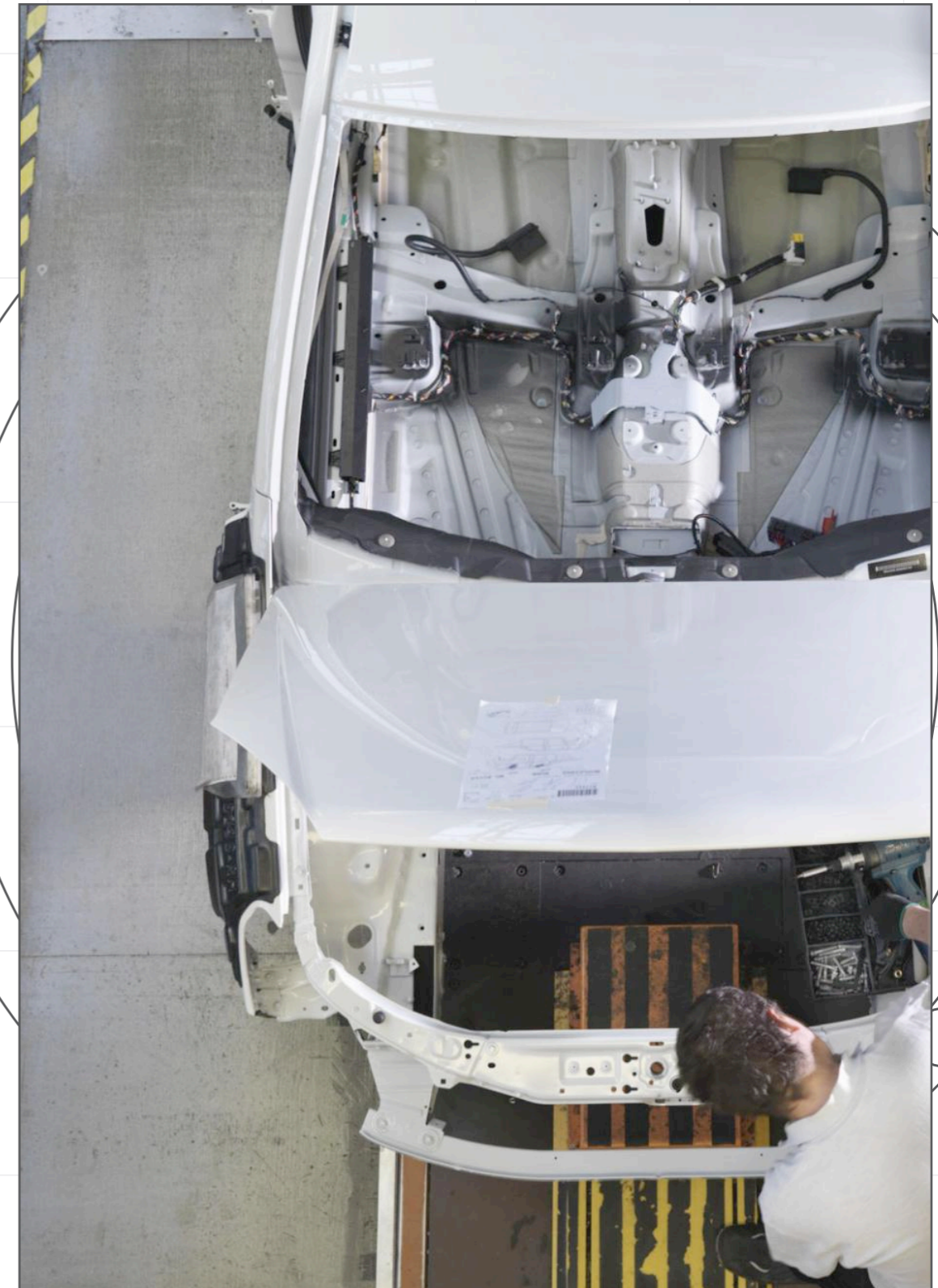
Time frames for scenarios-

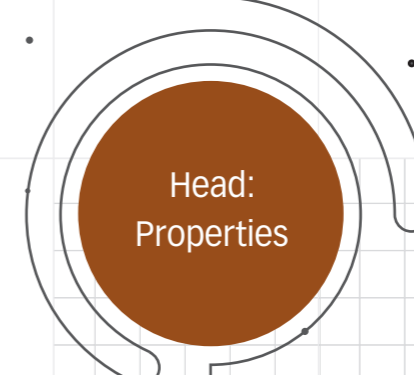
- a. "Let it be" phase (status quo while preparing) until 31 September 2021.
- b. "Back to reality" phase from 1 April 2020 to 31 September 2023
- c. "We are the Champions" phase from 1 October 2023 onwards.

The strategy will consist of the following pillars:



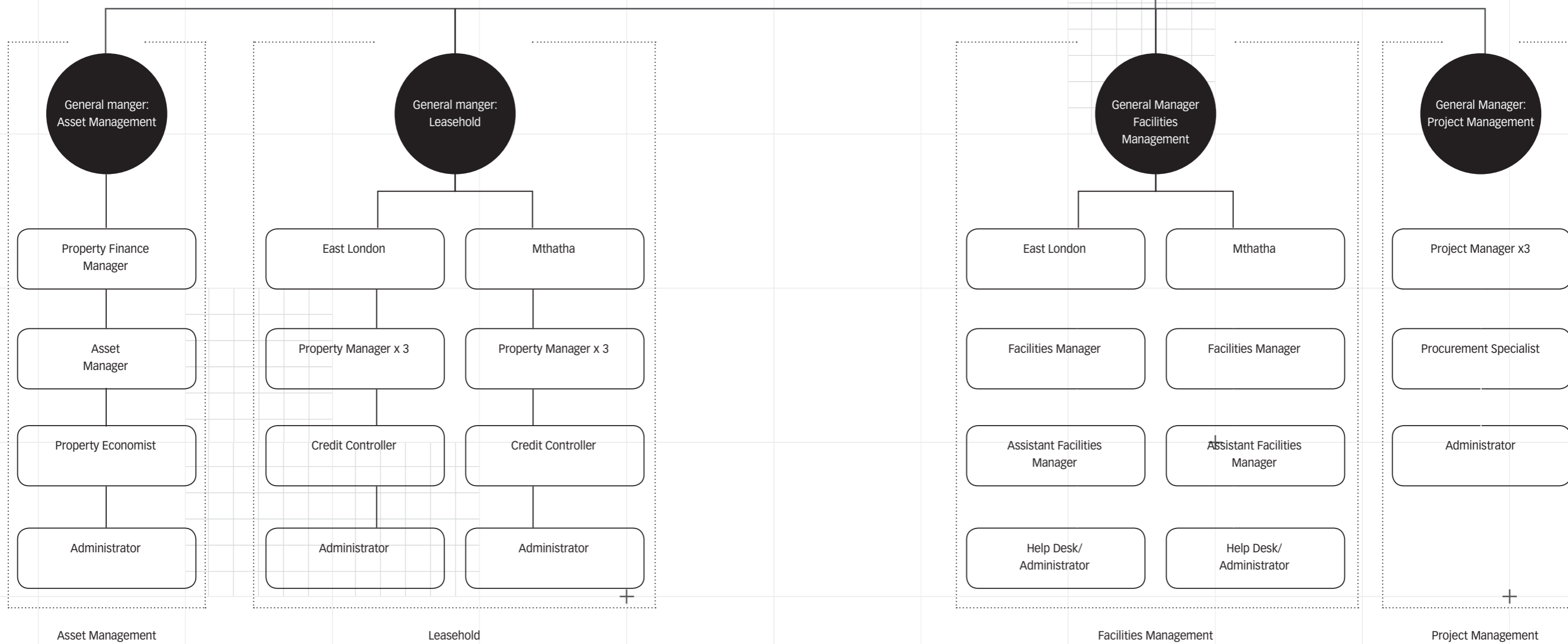
An amount of R388m (preferably grant funding) is required to improve the condition of the ECDC property stock. This funding will be invested in strategic properties that will yield higher returns on investment that can then be reinvested in other property stock. This "virtuous circle" approach is expected to result in an overall increase in rental income with resultant increase in return on investment (ROI) across the property portfolio. The outcome of this will certainly help in improving the ECDC liquidity challenges and put the corporation on the path to sustainability.





9.6.5 Business Unit Structure (Organogram)

Figure 17: Properties Structure



9.6.6 Outcome, Outputs, Performance Indicators & Targets

Table 20: Properties: Outcomes, outputs, PIs and targets

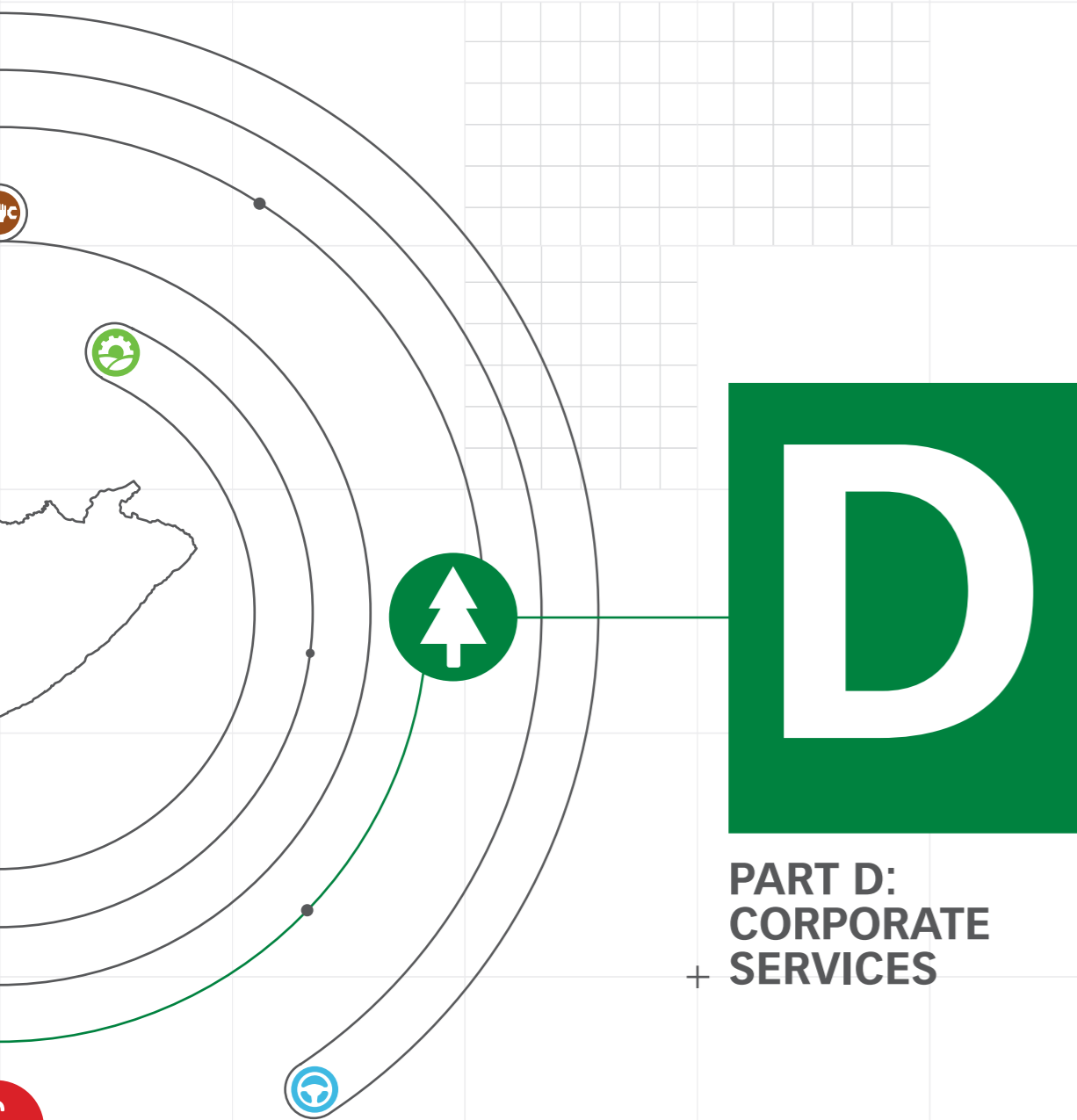
Outcome	Output	Output Indicator	Annual targets			
			Estimated performance 2020/21	2021/22	2022/23	2023/24
A growing diversified and inclusive economy	Optimise cash return on Property Rental Portfolio	Cash Collections/ Billings	57%	65%	70%	75%
	Efficient and Effective use of resources (Operating ratio)	Total gross operating expenditure / Rental billings	1.2	1.0	0.95	0.90
	Optimal use of asset	Number of co-operatives receiving financial support	0%	75%	80%	85%
		Major property	1	1	1	1
	Efficient use of project management resources	Project Management Fees (millions)	R4 m	R5 m	R6 m	R7 m

9.6.1 Indicators, Annual and Quarterly Targets

Table 21: Properties: Indicators, Annual and Quarterly targets

Output Indicators	Annual Target	*Quarterly targets			
	2021/22	Q1	Q2	Q3	Q4
Cash Collections/Billings	65%	65%	65%	65%	65%
Total gross operating expenditure / Rental billings	1.0	1.05	1.05	0.95	0.95
Percentage of planned maintenance projects completed	75%	0%	25%	50%	75%
Major property Development projects implemented	1	0	0	0	1
Project Management Fees	R5 m	R0.5m	R1,0m	R1,5m	R2.0m





**PART D:
CORPORATE
SERVICES**

10. Human capital plan

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

- a. What kinds of people do we need to manage and run ECDC's business to meet our strategic objectives?
- b. What people programmes and initiatives must be designed and implemented to attract, develop and retain staff to compete effectively?
- c. How can we improve the working life of those in the ECDC?
These questions are underpinned by the following:
 - Culture - where culture refers to our company beliefs, values and management style.
 - Organisation - refers to the company structure, job roles and reporting lines.
 - People - refers to our skill levels, staff potential and management capability.
 - Human Resource Systems - refers to the people focused mechanisms which deliver the strategy (incl. employee selection, training, rewards, career development, employee wellness, automation of services and communication).

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

10.1 Human capital focus areas and priorities

Our human resources are the pulse of our business. The HR unit has numerous policies that are approved by the Board and is reviewed annually. These policies include material terms and conditions, performance

management and development, recruitment and selection, confidentiality and intellectual property, employment equity, harassment, integrated wellness, grievance management, termination of employment, misconduct and incapacity code and procedures, education, training and development, remuneration, job evaluation, code of ethics, occupational health and safety, travel and subsistence and local and foreign travel. ECDC will therefore develop and translate the following human resources focus areas in order to ensure it has the kinds of people and people programmes it needs to implement its plans and objectives:

a) Employee Resourcing and Human Resources Administration

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

Efforts to reduce the vacancy rate of 29.38% will include:

- Retention of critical skills within the organisation.
- Succession planning to retain and maintain internal excellence.
- Allow career pathing for top talent within the organisation.
- Optimisation of resources to maximise investment returns by consolidating vacant positions, thus reducing the high costs of labour.
- Reducing the staff turnover from 2.5% to 1.5% during 2021/2022 financial year period subject to funding available.

b) Learning and Development

The organisation seeks to create an environment in which all employees are recognised as well qualified, professionally engaged and committed to high quality and standards. It is critical for both individuals and the organisation, that all members of staff are engaged effectively and supported in carrying out their functions. Ensuring that strategic partnerships are forged with institutions such as Services SETA, Buffalo City Metro Municipality and Office of the Premier to ensure capacity building within the METRO as well as the organisation at large. Cost effective learning and development initiatives will include the following facets:

- Coaching
- On-the-job training, and
- Mentoring of employees in different departments

c) Performance Management

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

Human Resources department will ensure that 95% of employees conclude on their balanced scorecards during the first and second quarter of the financial year, effectively managing and auditing at least 50% of all concluded scorecards to ensure outputs and perspectives are aligned to the Corporate Business Plan.

d) Employee Wellness

ECDC has well-established Health and Safety and Occupational Health services which is aligned to the Occupational Health and Safety Act 85 of 1993, and the general physical working environment is regarded as good. Occupational Health support is provided by promoting opportunities, guidance that enable employees to engage in effective management of their own physical, mental, spiritual, financial and social wellbeing. Annual wellness activities will be aligned to the Health Calendar of South Africa in association with our Careways partnership. All COVID related activities will be aligned with the Disaster Management Act which requires the following:

- Conduct risk assessments in terms of clause 20.1 to 20.3.
- Develop a plan outlining or mitigating those risk factors in terms of protective measures in place for employees returning to work.
- Consult on the risk assessment plan.
- Ensure continued communication with staff regarding COVID developments.
- Create continuous awareness on the risks associated to COVID.
- Ensure compliance with COVID regulations and levels.

e) Employee Relations

ECDC strives to create an environment in which our employees feel valued and support the organisation's values, strategies and priorities. The relationship with trade union in the organisation is managed by Human Resources Department through open communication forums which allow for internal issues to be effectively dealt with.

These relationships will effectively be managed through the establishment of HR/Labour bodies, EE/SDF bodies, CNF bodies that will meet on a monthly/quarterly/annual basis. Success in a competitive industry cannot be achieved without motivated, committed and unified workforce that is focused on achieving common objectives.

f) Organisational Development

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

The Manpower Planning Matrix will be aligned with the outputs of the department. The key drivers will be critical vacancies as well as scarce skills.

g) Human resource systems development

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

h) Succession Planning

Succession planning is an important part of the talent management process. It provides a way to identify key roles, people with the right skills and positions that may need filling in a short space of time or inhouse talent development over a specified period. Succession planning will also provide a way to cut the costs of recruitment, enabling organisations to manage recruitment in-house.

Currently 31% of ECDC workforce consists of employees between the age of 50 – 59, furthermore:

- 44% of the 28 employees in the Development finance department is between the age of 50 – 60, and
- 55% of the 18 employees in the Property department is between the age of 50-60.

This aging workforce calls for implementation of succession planning within these specified departments thus ensuring knowledge preservation as well as continuation of services and delivery.

10.2 Key Human Capital initiatives

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

- Updating organisational structure of core units and thereafter investing in Human Capital in line with new impetus of the ECDC.
- Enhance nurturing of skills focusing internally and external through progressive policies on human capital management.
- Consolidate the performance management system and culture.
- Develop leadership systems and culture.
- Implementation of the HR standards in terms of the SABPP, including the HR audit.
- Reduction of the wage bill.

10.3 Employment equity strategy

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

The ECDC uses the National equity statistics to align its performance in the organisation.

10.4 Relook at the structure to align to strategy.

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

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

11. Corporate public relations, communication and marketing

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

ECDC constantly is in touch via various social and media platforms and researches and seeks to understand the provincial market and its perceptions, as well as how its service model meets the needs of beneficiaries and how it compares with local comparable benchmarks. On the basis of findings obtained so far, ECDC is engaging in continual enhancement of its strategic positioning, as well as the ancillary marketing and communication approach. In addition to this, ECDC has prioritised customer service through its business Units as an imperative to close the gaps identified with respect to the products and services ECDC delivers.

The organisational approach also recognises that the ECDC brand is a collective of various components that include people, service and market, as well as other environmental aspects. The organisational strategy should ensure that all parties are on board toward building the organisational brand. There is also a need for a consistent presentation of the corporate brand and identity, which is a core component of building the ECDC brand. Therefore, there is a need to ensure complete alignment of all resources, processes and strategic initiatives so that all levels of staff within ECDC are empowered to build its brand through their various interventions and work efforts.

Objectives

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

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

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

12. Information and communication technology plan

The Information and Communication Technology (ICT) unit is continually focusing on ensuring that suitable technological investments are acquired, developed and managed. The ICT team will ensure that its contribution to ECDC’s strategic goals and objectives is visible and relevant. It works to bring about a shift from a “transactional support focus” to

that of being “information optimisers”, able to enhance collaboration, creating systemic integration and unlocking the potential value of ICT investments.

12.1 ICT pillars

- a. Assist ECDC to improve returns on investment:** the ICT unit will identify, develop and manage systems that assist business units to improve the long-term financial sustainability of ECDC. Therefore, the focus will be to prioritise IT initiatives based on corporate needs that improve current applications, thereby enhancing the effectiveness and efficiency of business operations, providing management with timely and accurate financial information to make informed decisions and identifying products and services that do not provide adequate return on investment for ECDC.
- b. Improve ECDC relationships with current and future customers;** the ICT unit will assist the organisation to identify, implement and support applications which improve business processes that interact with customers. Furthermore, IT systems will provide management with accurate and relevant customer information for business to perform customer profiling and match customers with ECDC products and services.
- c. Improve ECDC internal processes:** currently, the IT processes are relatively mature and formalised. The services desk established within ECDC will focus on delivering IT services in line with business requirements, with the aim of maintaining an effective IT governance environment to manage IT-related business risk.
- c. Improve ECDC internal processes:** currently, the IT processes are relatively mature and formalised. The services desk established within ECDC will focus on delivering IT services in line with business requirements, with the aim of maintaining an effective IT governance environment to manage IT-related business risk.
- d. Assist ECDC to create a high performance culture:** the continuous improvement of employee skills is a key strategic focus area for the next three to five years. ECDC understands that adequate training programs (internal and external) are required to ensure that the employee skills improve throughout the organisation. Furthermore, it is required that business units share leanings and information with each other. By leveraging on information technology as provided by the ICT unit, ECDC can improve on communications between units, effectively rolling -out internal training programs and utilising knowledge repositories.

12.2 ICT principles

Table 22: ICT Principles

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

12.3 Key ICT focus areas for 2020/21

- a.** To keep ECDC operational and productive in times of disruption these are the IT objectives for 21-22:
 - Adapt to Rapidly Changing Business Needs with the Right Technology for Working Remotely and improving business process efficiencies.
 - Fully Integrated and location independence.
 - Resilient delivery and Intelligent Workflows.
 - Feature-Rich Workspace.
 - IT Security.
 - Virtual Assistance
- b. ICT Governance:** ensure integrity, confidentiality and availability of information for ECDC; maintain governance of IT that mitigates risk, manages investment and ensures compliance; improve core business systems and processes; Deliver accurate, timely and relevant information that supports business operations and facilitates tactical and strategic decision making.
- c. Embrace, examine and explore Time to Value Digital Business solutions to streamline processes and optimise business functions:** ensure that excellent information, technology and communication services are consistently delivered to derive business value e.g., Adopt Cloud Platform enabled services to empower Standardisation and Scale for Service that offers customer centric delivery models.
- d. Meet changing innovation demands in the Digital landscape:** provide a high level of service delivery and continuous improvement of data management that provides economic value. Ensure we nurture a digital culture of ICT staff members that are highly skilled and empowered in ICT to support changing demands of a rapid digital revolution.
- e. Improve ICT Infrastructure:** develop, implement and review ICT architecture that identifies the ongoing future technology needs for ECDC to ensure that ICT Infrastructure can quickly adapt to

meet the agile business needs of applications and data, as well as improve performance whilst avoiding escalating costs.

- f. Cyber Security:** manage the pace of all ICT Cyber Risks and implement necessary processes to ensure that resilient, flexible, scalable infrastructure and operations are in place to respond swiftly to attacks and deliver user-focused services.
- g. ICT Continuity:** ensure that Disaster Recovery plans are aligned to the overall business continuity plans and reviewed regularly to meet timely business resumption.

12.4 Key Technologies drivers for 21-22

Considering the pandemic and the need to stay productive while apart the following are critical to ensure we move.

- a. Hardware – Laptops, Server and Storage Upgrade, Backups and Recovery.
- b. Cloud Technology - Provision Cloud Applications for employees from any public cloud, on-premises or hybrid solution.
- c. IT integrated capabilities to provide fast access to ECDC Corporate resources, without having to build out the backend infrastructure needed.
- d. Cyber Security - With traditional security strategies already pushed to the breaking point, the need to consistently monitor and manage security is even more important when the attack surface swells. Risks increase exponentially during disruptions, when corporate data is regularly accessed from staff’s homes and mobile devices.
- e. Maintain good IT technical support desk with experienced IT staff and suppliers. Together, it will save ECDC time, money, and frustration.
- f. Building a remote workforce can create the competitive edge we need to survive in today’s tough business environment. The key will be combining the right technologies with the right people together, we can create a remote workforce that cuts costs, increases productivity, and generates brand-building customer experiences.
- g. Modernisation of the business applications portfolio to adapt to changing needs through automation of all administrative processes mainly around supply chain; human resources and financial reporting (SmartGov, BA Tool, HR Focus)

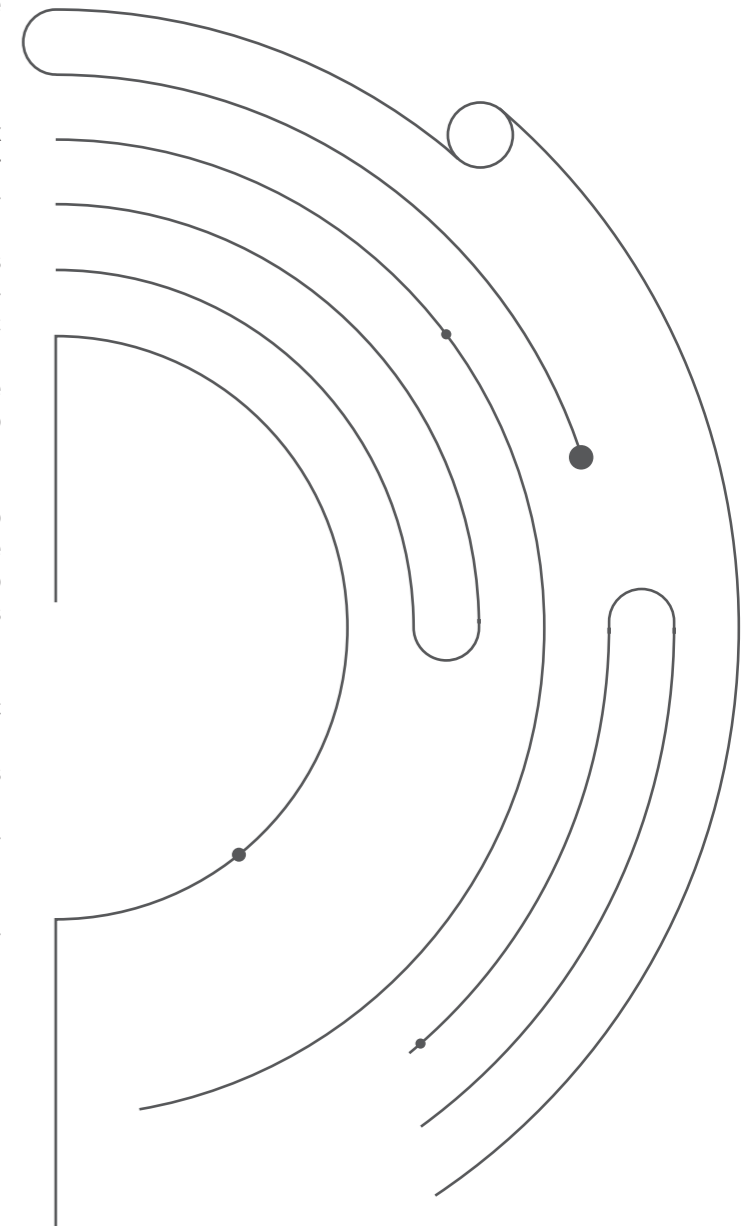


PART E: BUDGETS

Budget context:

- As for South Africa, economic growth declined for the third consecutive quarter in quarter 1:2020 by -2% annualised.
 - NT expects an overall -7.2 % decline in economic activity in 2020 (versus IMF's projected -8% decline for the country.)
 - Current weak national economic outlook driven by both COVID-19 lockdowns and pre- COVID 19 structural challenges that led to a technical recession and sovereign credit rating downgrades.
 - Government consequently deployed a range of fiscal and monetary measures to address the adverse effects of the pandemic, limiting the economic damage, and supporting recovery.
 - However, current government spending plans imply higher fiscal deficits at 12 per cent of GDP for the foreseeable future. This is one of the key reasons South Africa is losing its investment-grade credit rating by all ratings agencies.
 - High deficits place enormous pressure on South Africa's financial sector and the real economy.
 - Furthermore, due to persistent weak economic outlook gross tax revenues continually revised down. For the 2020/21 fiscal year gross tax revenues revised from R1.43 trillion to R1.12 trillion, creating a R304.1 billion shortfall.
- National Treasury expects a R304 billion revenue shortfall as shown in the previous slide. The impact is that the Provincial Allocation will be reduced, and this has a direct impact on ECDC funding.
- National Treasury has issued a circular which imposes a 0% wage increase over the MTEF period. ECDC has a legal obligation to comply with this requirement. The only organ of state which can override this is National Treasury.
 - Although the ECDC has a very strong asset base, our ability to recover 100% of the rentals billed is severely impacted by the Covid epidemic, invaded properties, tenants not having funds to pay, tenants deliberately not paying, vacant properties and leases not concluded or renewed.
- ECDC needs to create revenue by:
1. Continuing to engage with DEDEAT and Treasury on the ECDC funding model.
 2. Strong motivations for recapitalisation of the ECDC (Properties and Loans)
 3. Seek alternate sources of funding through collaboration with private sector.
 4. Improve revenue collection within the Properties division and ensure that Properties become profitable (from a cash flow perspective)

5. As a long-term strategy, secure properties where revenue is guaranteed especially in commercial and industrial space.
- The above cash flow budget assumes that the following will remain in place subject to the additional allocations been made:
 1. Administration fee on projects will be negotiated at 10%
 2. No cost-of-living increases will be implemented in line with Governments directive.
 3. Filling of vacancies will be delayed managing any cash flow deficit.
 4. An amount of R5 million has been allocated for critical vacancies.
 5. Further operational budget cuts need to be made.

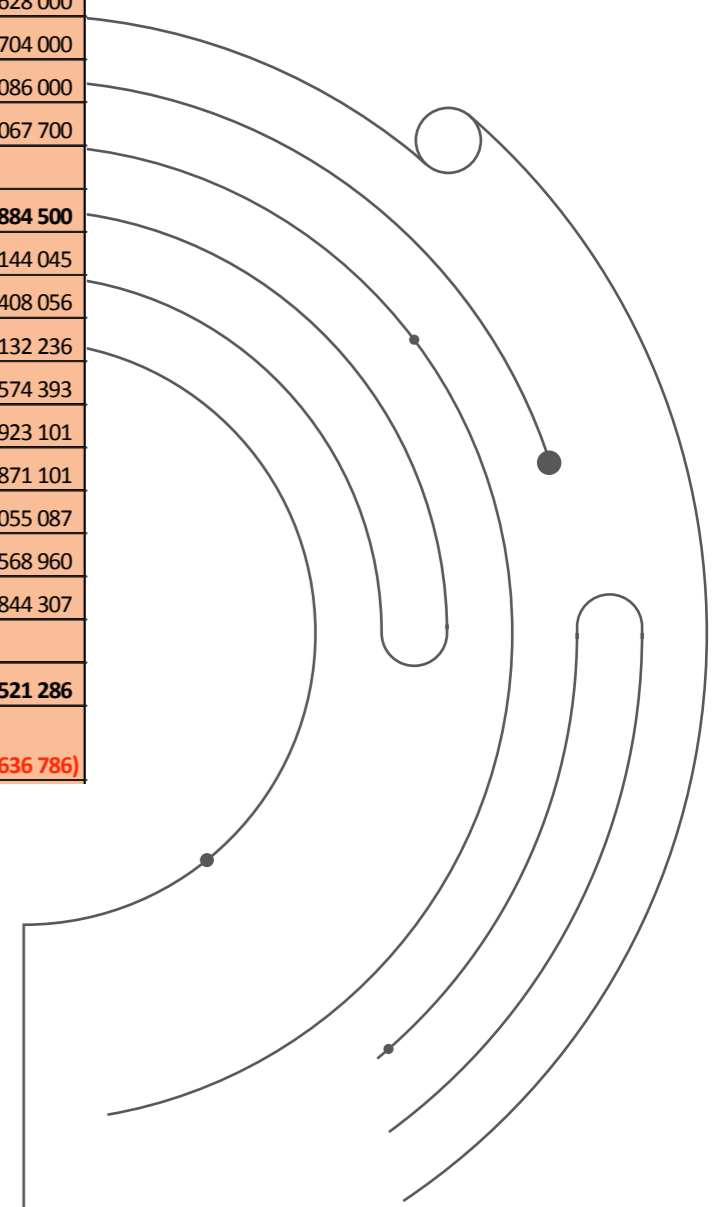


13. Programme Resource Considerations

Table 23: Budget for 2021/22

ECDC Cashflow Budget Summary 2021/2022

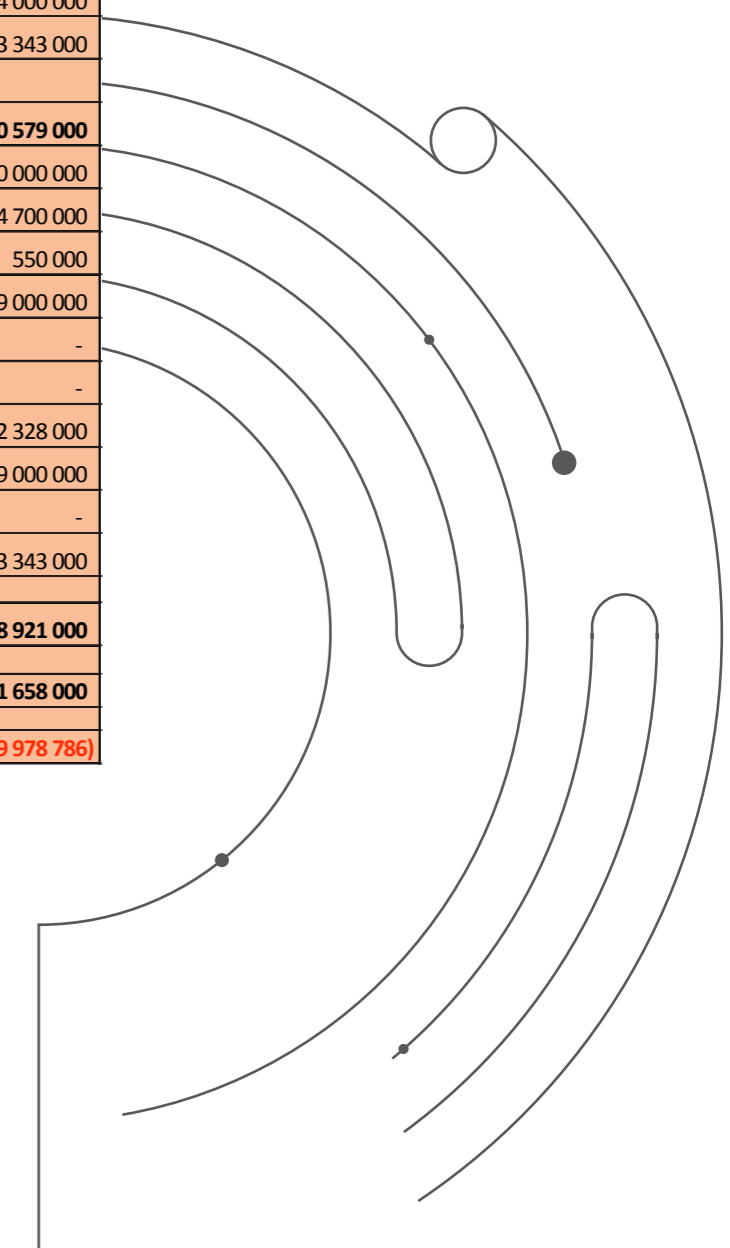
	Properties	Loans	Imvaba	Jobs Fund	Business Support	TII	SPU / Infrastructure	Head office admin	Shared Support Services	Budget 2021/22
OPERATING CASH BUDGET										
Collections from tenants	81 398 800	-	-	-	-	-	-	-	-	81 398 800
Bad debt recovered / other recoveries	-	1 000 000	-	-	-	-	-	-	-	1 000 000
Government subsidy	-	-	24 237 000	112 302 000	46 836 000	76 253 000	-	-	-	259 628 000
Admin fee income	-	704 000	-	-	-	-	-	-	-	704 000
Interest income and Investment income	-	2 280 000	-	-	-	-	-	-	5 806 000	8 086 000
Project management fee income	-	-	-	-	-	-	7 067 700	-	-	7 067 700
TOTAL OPERATING CASH INFLOW	81 398 800	3 984 000	24 237 000	112 302 000	46 836 000	76 253 000	7 067 700	-	5 806 000	357 884 500
Administration expenses	9 350 218	300 000	-	-	-	-	-	9 427 364	13 066 463	32 144 045
Rates & Taxes	26 408 056	-	-	-	-	-	-	-	-	26 408 056
Water & Electricity	15 090 959	-	-	-	-	-	-	-	41 277	15 132 236
Security Services	3 574 393	-	-	-	-	-	-	-	-	3 574 393
Repairs & Maintenance	2 645 230	-	-	-	-	-	-	12 260	265 611	2 923 101
Salaries & Employee benefits	14 880 964	15 743 559	2 547 658	3 901 500	6 924 354	13 341 985	4 845 407	3 553 659	42 132 015	107 871 101
VAT on government subsidy	-	-	-	-	6 109 043	9 946 043	-	-	-	16 055 087
Projects expenditure	-	-	13 000 000	103 879 350	22 000 000	18 689 610	-	-	-	157 568 960
Other Expenses	-	4 840 594	-	-	-	-	-	22 991	2 980 722	7 844 307
TOTAL OPERATING CASH OUTFLOW	71 949 820	20 884 153	15 547 658	107 780 850	35 033 398	41 977 639	4 845 407	13 016 274	58 486 088	369 521 286
NET OPERATING CASH INFLOW / (OUTFLOW)	9 448 980	(16 900 153)	8 689 342	4 521 150	11 802 602	34 275 361	2 222 293	(13 016 274)	(52 680 088)	(11 636 786)



13. Programme Resource Considerations

Table 23: Budget for 2021/22

	Properties	Loans	Imvaba	Jobs Fund	Business Support	TII	SPU / Infrastructure	Head office admin	Shared Support Services	Budget 2021/22
CAPITAL CASH INFLOW										
Disposal proceeds	9 000 000	-	-	-	-	-	-	-	-	9 000 000
Government subsidy	-	-	-	-	-	10 000 000	94 236 000	-	-	104 236 000
Collections from Loan clients	-	20 000 000	-	-	-	-	-	-	-	20 000 000
Collections from other projects	-	-	-	-	-	-	14 000 000	-	-	14 000 000
AIDC	-	-	-	-	-	23 343 000	-	-	-	23 343 000
TOTAL CAPITAL CASH INFLOW	9 000 000	20 000 000	-	-	-	33 343 000	108 236 000	-	-	170 579 000
Loan disbursements	-	20 000 000	-	-	-	-	-	-	-	20 000 000
Asset purchases - IT	-	-	-	-	-	-	-	4 700 000	-	4 700 000
Asset purchases - Moveable Assets	-	-	-	-	-	-	-	550 000	-	550 000
Property renovation	9 000 000	-	-	-	-	-	-	-	-	9 000 000
Property renovation - Holiday inn	-	-	-	-	-	-	-	-	-	-
Accruals	-	-	-	-	-	-	-	-	-	-
Economic infrastructure	-	-	-	-	-	-	102 328 000	-	-	102 328 000
External project funds	-	-	-	-	-	9 000 000	-	-	-	9 000 000
Expenditure on behalf of subsidiaries	-	-	-	-	-	-	-	-	-	-
AIDC	-	-	-	-	-	23 343 000	-	-	-	23 343 000
TOTAL CAPITAL CASH OUTFLOW	9 000 000	20 000 000	-	-	-	32 343 000	102 328 000	5 250 000	-	168 921 000
NET CAPITAL CASH INFLOW / (OUTFLOW)	-	-	-	-	-	1 000 000	5 908 000	(5 250 000)	-	1 658 000
GROSS CASH INFLOW / OUTFLOW	9 448 980	(16 900 153)	8 689 342	4 521 150	11 802 602	35 275 361	8 130 293	(18 266 274)	(52 680 088)	(9 978 786)





PART F: RISK MANAGEMENT

14. Enterprise-Wide Risk

Risk management underpins 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 be able to meet its objectives without exceeding its ability to accept or tolerate risk.

14.1 Role of the risk management function:

The Enterprise-Wide Risk management function is an independent line management function and is responsible for facilitating and assisting the Board, CEO and staff with their risk management obligations. The risk management function provides independent advice about risks and how they are managed by: -

- Developing or leading the development of the risk management policy and strategy for risk management

- Acting as the primary champion for risk management at the strategic and operational level
- Designing and reviewing the processes for risk management
- Building a risk management culture within the organisation, including appropriate staff training and development
- Providing advice and tools to staff to assist them in managing risk.
- Co-ordinating the various functional activities, relating to risk management within the organisation.
- Working with risk owners to ensure compliance with the risk management framework.
- Performing of Independent risk assessments
- Reviewing risk registers for completeness and accuracy
- Preparing risk management reports for the Audit Risk and Compliance Committee

14.2 Risk Management Strategy

No.	Objectives	Strategy	Initiatives
1	Embed risk management in all organisation activities	Risk management needs to form part of all of ECDC's systems and processes. We need to establish mechanisms to support the implementation of risk management at all levels.	a) Identify our risk management objectives. b) Identify risk management roles. c) Integrate governance and risk management. d) Integrate audit and risk management. e) Integrate planning and risk management. f) Integrate risk management indicators into Performance Contracts and Appraisals
2	Develop a common understanding of our risks and their management	We need to ensure that our approach to managing risk is well understood and applied consistently in all business units and at all levels in the Corporation. This requires: <ul style="list-style-type: none"> • An approach that meets the needs of the Corporation. • Strong leadership; and • Effective communication about risk 	a) Understanding our internal and external operating environment as it relates in managing our risks. b) Establish our risk leadership team consisting of Executive and other Risk Champions. c) Understand our risk culture and identify any barriers to the implementation of our Risk Management Framework d) Continuously improve our risk capability e) Improve and implementing our Risk Management Policy f) Improve and implement our risk management communication strategy
3	Measure, control and monitor our risks	We need to ensure that our process for managing risk is clearly defined, repeatable and based on appropriate information	a) Identify our risk appetite and tolerance levels. b) Improve our risk process, including the rules for risk escalation and risk reporting. c) Identify, assess and control our strategic risks. d) Cascade our risk management process into all level of planning. e) Develop a process for identifying and managing project risks. f) Develop a process for identifying and managing ad hoc risks. g) Develop and improve our risk management reporting strategy
4	Continue to improve our risk management practice	We need to understand what level of risk management maturity is current in the Corporation and what level is required and develop a strategy to close the gap.	a) Assess the current maturity level and identify what constitutes an appropriate level of risk management maturity for the Corporation. b) Develop and improve our risk management assurance program to monitor the effectiveness of our risk management framework and risk management maturity.



PART G: ANTI-FRAUD AND CORRUPTION STRATEGY

15.1 Objective

The primary objective of the anti-fraud and corruption strategy is to develop and reinforce, or instill a culture of ethical behaviour amongst employees and other role players.

15.2 Main Principles

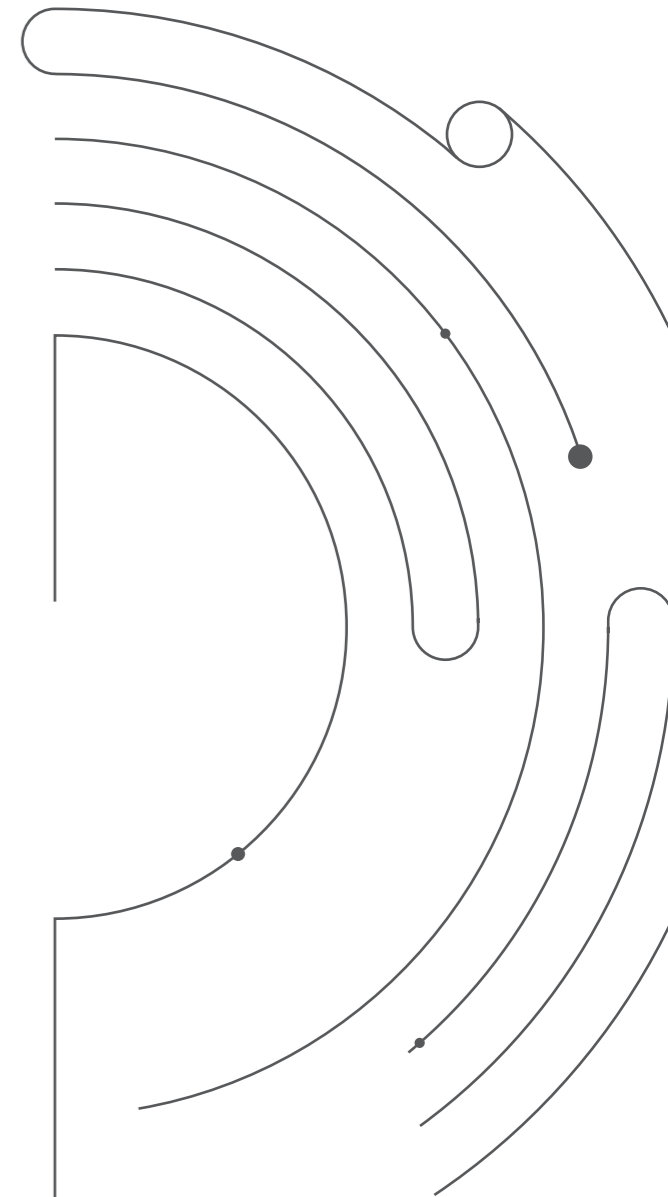
The main principles of the Fraud and Corruption Prevention Strategy includes:

- Creating a culture which is intolerant to fraud, corruption and related misconduct; and
- Deterrence, prevention, detection, investigation, resolution of incidents of fraud, corruption and related irregularities.

15.3 Fraud And Corruption Strategy

This strategy to address fraud and corruption includes the following components:

- Creation of fraud and corruption awareness through training and communication;
- A Code of Ethics and Business Conduct containing a set of values in which management believes, and require their employees to adhere to;
- ECDC policies, procedures, rules, regulations and other prescripts (including the PFMA and Treasury regulations);
- Disciplinary code and procedures;
- Implementation of sound internal controls to prevent and detect fraud and corruption;
- An effective internal audit function;
- An anti-fraud and corruption investigative capacity;
- Ongoing fraud and corruption risk assessment;
- Management structures to develop, implement, monitor and assess the Fraud and Prevention strategy;
- An anti-fraud and corruption policy, including a response plan and comprehensive processes for the appropriate resolution of related incidents
- An anti-fraud and corruption reporting mechanism for confidential reporting;
- Physical and information security; and
- Ongoing maintenance and review.





16.1 Goal

- Unethical and illegal conduct can cause organisations great harm and jeopardise its sustainability.
- Integrity is one of ECDC's core corporate values – it is an integral part of its strategy and forms the foundation on which it conducts its business and people.
- Unethical behaviour have a serious impact on ECDC's reputation, limits our ability to fight poverty, negatively affects our economic development, damages social values and undermines democracy and good governance.
- ECDC fosters a culture of zero tolerance to unethical behaviour in all its activities. In South Africa, King IV laid the foundation for the establishment of social and ethics management structures and the appointment of an Ethics Officer responsible for managing ethics programmes in organisations because of its premise that corporate governance is grounded in an ethical foundation. King IV also set guidelines on the management of ethics in organisations.

Although the King Codes are not enforceable through legislation, complying with the principles of the Code is a requirement for State Owned Entities.

16.2 Role Of The Ethic's Officer

- The Ethic's Officer role is to develop, initiate and maintains an ethics management programme to actively manages ethics in the organisation.
- The Ethic's Officer provides guidance to the Accounting Authority, Executive and Senior management and employees on ethics-related issues; identifies and monitor ethical risks, promotes integrity and ethical behaviour in the organisation, advises employees on ethical matters.

16.3 Social Responsibility And Ethics Strategy

- Collaborate with other functions (e.g., compliance, risk management, internal audit, HR, etc.) to whistle blow and report any unethical behaviour to appropriate channels for investigation and resolution.
- Develop and implement an ethics awareness and other ethics training programmes, and anti-corruption measures.
- Identifies trends in unethical behaviour / behaviour that transgresses the organisation's Code of Ethics/Conduct
- Ensures organisational integrity of policies, procedures and practices.
- Obtain reports from designated officials and subsequently report to SEC any conflicts of interests, including:
 - Financial disclosures related to employees.
 - Applications for external remunerative work
 - Gifts received reported and recorded in the gift register –
- Identifies (through whistleblowing lines and other channels) and reports on unethical behaviour and corrupt activities.
- Maintains a database of all employees under investigation and those disciplined for unethical conduct.
- Provides regular feedback to the SEC and executive management on ethics performance and challenges.

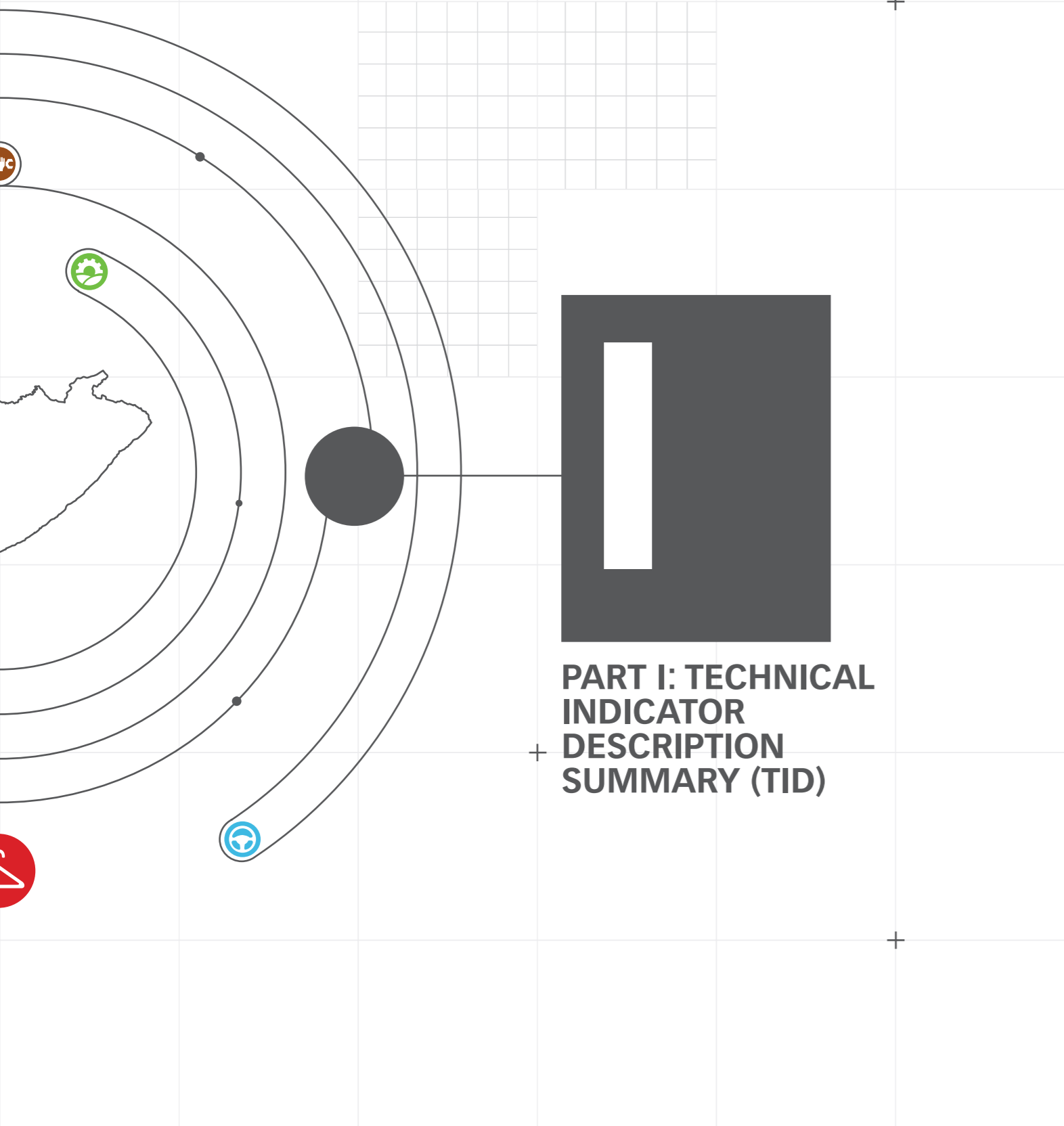
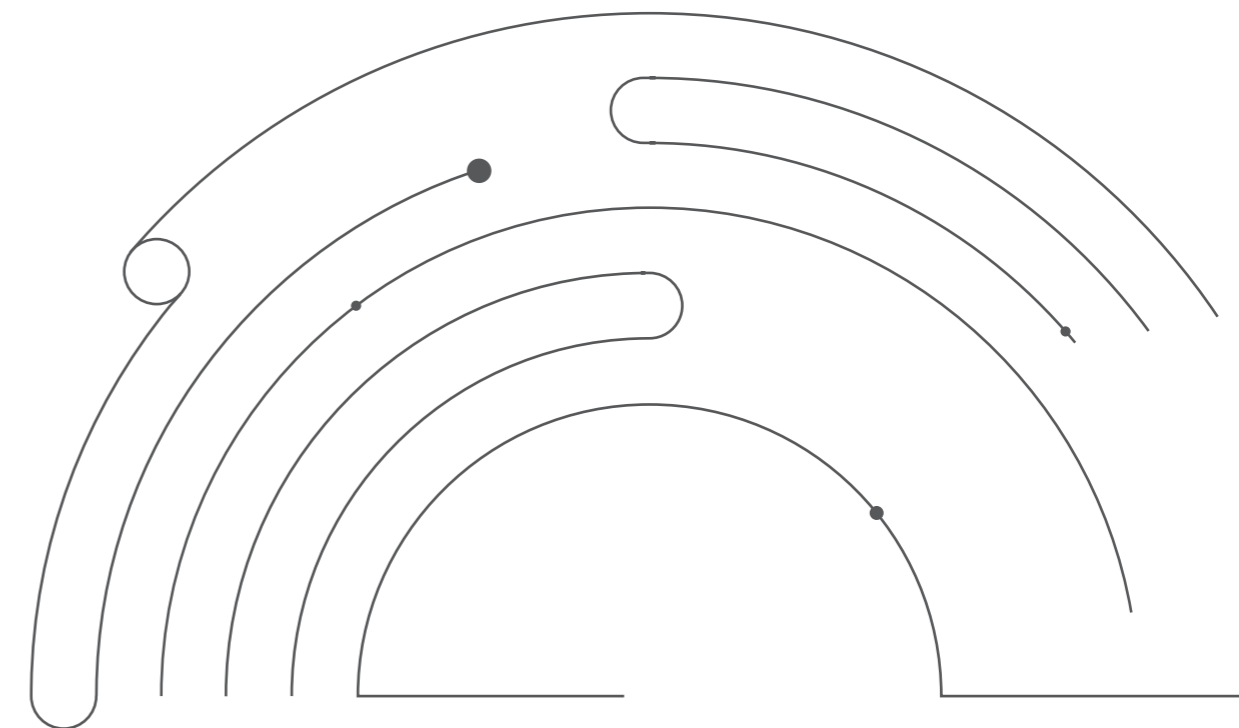
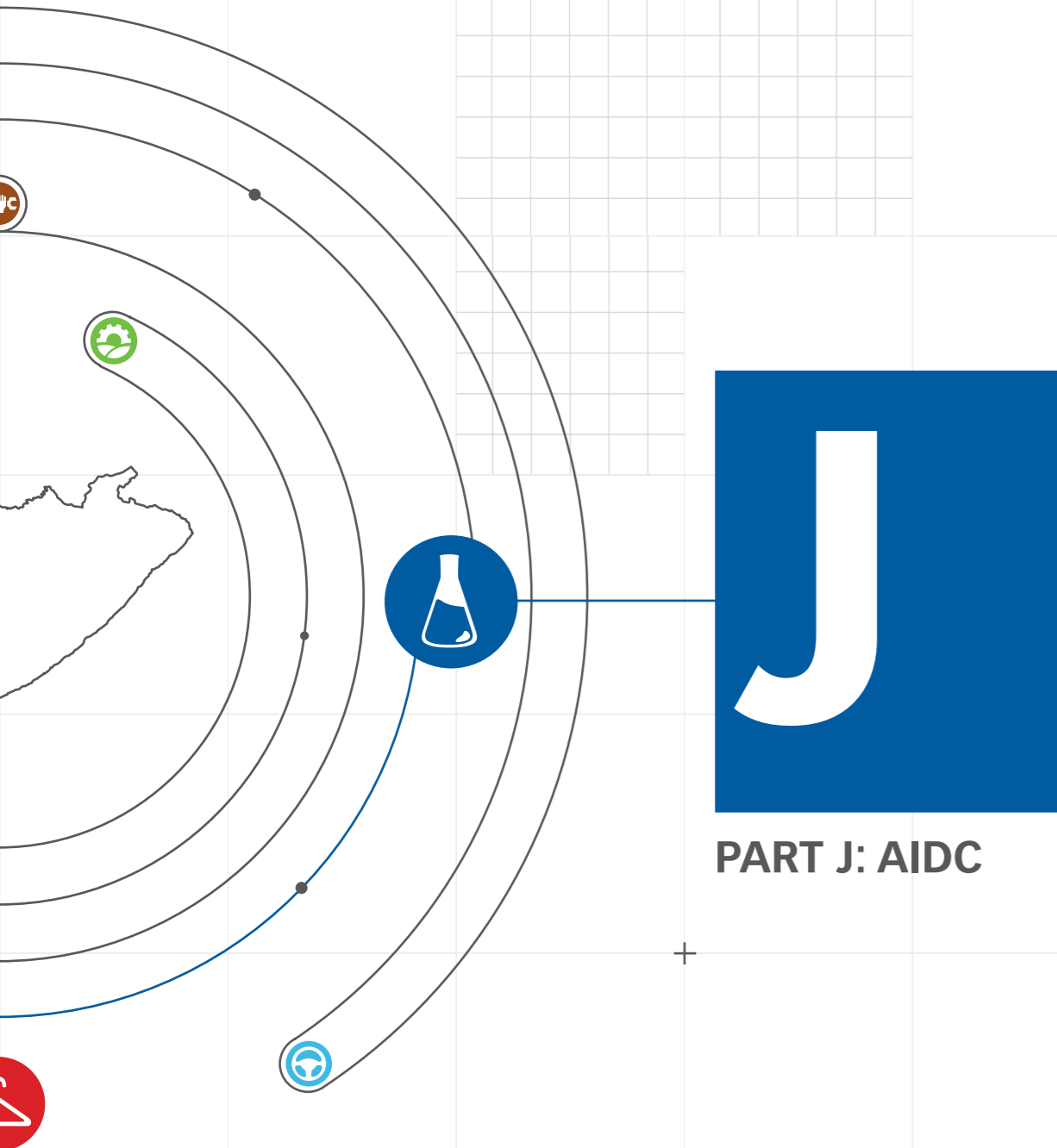


Table 25: High level technical indicator descriptions summary

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





PART J: AIDC

Table 26: AIDC outputs for 2021/22

AIDC Annual Performance Plan 2021-2022						
Strategic Objective	Key Performance Indicators	Outcome	Q1	Q2	Q3	Q4
1. Establish regional and local stakeholder structures	1.1 Establish two advisory committee structures for engagement and hold two committee meetings per annum the strategic objectives outlined herein.	Establish MEC Automotive Advisory Council	Approved TORs for MEC Automotive Advisory Committee	MEC Advisory Committee Meeting held	BCM and NMB Auto Advisory Committees established	MEC Advisory Committee Meeting held
	1.2 Facilitate once a quarter meaningful discussion at the established structures as well as managing feedback on the implementation of key projects.		Minutes of stakeholder Meetings	Minutes of stakeholder Meetings	Minutes of stakeholder Meetings	Minutes of stakeholder Meetings
	1.3 Provide quarterly progress report on automotive sector into the policy priorities of the province to the Eastern Cape Provincial Government (MEC DEDEAT and EXCO) including Infrastructure requirements.		Present to the Economic Cluster	Present to the Provincial EXCO	Present to the Cluster and CEO Forum	Present to the Economic Cluster
	1.4 Develop a functional organisational structure to deliver on the mandate of the AIDC-EC		Approved Organogram	Recruit key staff	Appoint key staff	Orientation and Onboarding of key staff
2. Facilitate the improvement of infrastructure development for the Eastern Cape Automotive Sector	2.1 Determine infrastructural requirements of the Eastern Cape Automotive sector in both BCM and NMB	Enhance investment in infrastructure (port, road and rail) and utilities infrastructure (water and energy)	Determine Merc Benz Infrastructure Needs	Determine VWWSA, Ford Engine Plant and Isuzu Infrastructure Needs	Secure Commitment from Transnet and ACSA	Combined Infrastructure Plan for auto sector in EC and associated SLAs with key stakeholders
	Engage relevant Government stakeholders on the proposed infrastructural development plan and determine an implementation framework			Presentation to EXCO on infrastructure plans for the auto sector	Presentation to the Cluster on infrastructure plans for the auto sector	Presentation to EXCO On progress to secure funding
	Facilitate the conclusion of SLAs with relevant stakeholders to enable implementation of the agreed implementation framework		n/a	n/a	n/a	SLAs secured and signed with Transnet and other stakeholders

Table 26: AIDC outputs for 2021/22

AIDC Annual Performance Plan 2021-2022						
Strategic Objective	Key Performance Indicators	Outcome	Q1	Q2	Q3	Q4
3. Facilitate increased localisation in the Eastern Cape Automotive Sector	3.1 Engage the number of EC OEMs and industry bodies representing suppliers to establish achievement of transformation targets.	Localise 30 imported parts.	Engage with Mercedes	Engage with VW, Ford Engine plant and Isuzu	Engage with NACAAM, NAAMSA and ECAIF including dtic	Localisation opportunities mapped out in the Eastern Cape
	3.2 Develop a localisation strategy with inputs received, inclusive of proposed solutions to identified constraints.		Mercedes Benz Localisation Strategy secured	VW, Ford Engine plant and Isuzu Localisation Plan secured	Meeting on EC Localisation Plans with NACAAM	Localisation Report of the Supermarket Project
	Compare current achievement against the SAAM 2035 targets		Analyse localisation levels of Mercedes	Analyse localisation levels at VW and Isuzu	Report that compares national and provincial levels of localisation	Localisation Report (targets vs achievements by EC OEMs)
	Provide feedback to industry and Government against the localisation strategy and implementation thereof		Consultation with industry bodies on the Eastern Cape SAAM alignment	Consultation with industry bodies on the Eastern Cape SAAM alignment	Consultation with industry bodies on the Eastern Cape SAAM alignment	Consultation with industry bodies on the Eastern Cape SAAM alignment
	3.3 Secure rand value of investments generated from localisation transaction, facilitated by the AIDC EC.	Secure 25m for SMME from AITF	Secure access criteria for the Automotive Industry Transformation Fund	Compile Business Plans for at least 5 new SMMEs	R25million secured for SMMEs from AITF	R25million secured for SMMEs from AITF
	3.4 Establish an automotive sector incubator at the ELIDZ.	Secure OPS Budget of R50m in the next MTEF cycle	Assist the ELIDZ to secure 100% funding of R74.35million	AIDC finalise OPS Budget	AIDC to fund-raise for OPS Budget	Secure OPS Budget of R50m in the next MTEF cycle
4. Facilitate increased transformation of the Eastern Cape automotive sector	4.1 Engage EC OEMs, Tier 1 and Tier 2 suppliers to establish achievement of transformation targets.	Secure R25m from AITF for Black Suppliers	Engage with Mercedes	Engage with VW, Ford Engine plant and Isuzu	Engage with NACAAM, NAAMSA and ECAIF including dtic	Transformation opportunities mapped out in the Eastern Cape
	4.2 Compare transformation achievements against the targets determined in SAAM 2035.		Mercedes Benz Transformation Strategy secured	VW, Ford Engine plant and Isuzu Transformation Plan secured	Meeting on EC Transformation Plans with NACAAM	OEMs Transformation Report produced
	4.3 Unpack identified opportunities and constraints and determine areas where AIDC-EC may assist in facilitating assistance and solutions.		Engage Tier 1 suppliers on opportunities for Transformation	Develop the supermarket imported parts further with EICAF	Package BEE opportunities Approach the Black Industrialist Fund	Present packaged deals to the AITF and Black Industrialist Fund
	4.4 Secure rand value of investments generated from transformation transactions, facilitated by the AIDC EC.		Secure access criteria for the Automotive Industry Transformation Fund	Compile Business Plans for at least 5 transactions	R25million secured for BEE transactions from the AITF	R25million secured for SMMEs from AITF

AIDC Annual Performance Plan 2021-2022						
Strategic Objective	Key Performance Indicators	Outcome	Q1	Q2	Q3	Q4
5. Facilitate the improvement of skills development in the Eastern Cape Automotive Sector	5.1 Analyses the skills requirements for the Eastern Cape Automotive industry to 2035	Secure R5m from SETA's and National Skills Fund	Engage with Mercedes Benz on Future Skills requirements	Engage with VW, Ford Engine plant and Isuzu on future skills requirements.	Engage with NACAAM, NAAMSA and Merseta	Future automotive sector skills mapped out
	5.2 Facilitate partnerships to deliver skills development programmes across the province.		Engage TVET Colleges that can deliver the training	Engage MerSeta and the National Skills Fund	Organise SLAs between the OEMs, MerSeta, NSF and IYF	Secure R5million per annum for 5 years to deliver future auto skills in the EC
	5.3 Unpack the skills requirements for the Eastern Cape to prepare its infrastructure for electric and driverless vehicles.		Develop and approve TORs to research the requirements for driverless and electric vehicles	Appoint a service provider to work with OEMs to develop the strategy	Consultations nationally and internationally	Present and launch the Strategy
	5.4 Establishment of the Automotive Smart Academy for Industry 4.0.	Secure R100m for the SMART Academy	AIDC-EC secures a long-term lease from NMB. Sign partnership agreement with German partners	AIDC-EC repackages the business plan for mobilising funding	AIDC-EC submits funding application to the dtic and National Treasury	R100million secured for the Smart Academy by the AIDC-EC
	5.5 Attend the Barcelona Smart City Expo from 16-18 November 2021.		Register for the event and contact the SA Embassy for facilitation	Secure approval from the Board with travel itinerary	Travel to Barcelona, Spain	Prepare a report and articulate the benefit
6. Facilitate the increase of the regional and domestic automotive market	6.1 Participate in structures established that report and grow the domestic sales of locally produced vehicles.	Increase in Local vehicle production and parts	Sign a partnership agreement with NAAMSA.	Prepare a comprehensive report on vehicle sales	Develop policy proposals to DEDEAT and the dti on how to increase locally produced domestic sales	Present the submission to the dtic for consideration
	6.2 Participate in structures established that report and grow the regional market.		Sign up as a member of the African Automotive Association of Manufacturers	Prepare a report on the export of vehicles to the African continent	Highlight opportunities arising out of the Africa Free Trade Agreement for the automotive sector	Prepare and present the EC penetration Strategy for the African Continent
	6.3 Attend and participate in the Intra-Africa Trade Expo in Rwanda from the 6 to 12 September 2021.		Secure approval and prepare an itinerary	Attend the Intra Africa Trade Expo	Prepare a report and articulate the opportunities for EC OEMs into the continent	Present the report to Provincial Expo
					Lobby the OEMs and industry to adopt the report	



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