



Harry Gwala District Municipality Investment Promotion and Facilitation Strategy



Contents

List of Tables	4
List of Figures	4
List of Abbreviations & Acronyms	5
<u>EXECUTIVE SUMMARY</u>	7
1. INTRODUCTION	8
1.1 Background to Investment Promotion and Facilitation	8
1.2 Development of the Harry Gwala Investment Promotion and Facilitation Strategy	9
<u>SITUATIONAL ANALYSIS</u>	10
2. SUMMARY OF THE SITUATIONAL ANALYSIS OF THE HARRY GWALA DISTRICT	10
2.1 Location of the Harry Gwala District Municipality	10
2.2 Key Sectors Contributing to the District's GDP	12
2.3 Education and Skills Profile of the District	12
2.4 The South African Investment Climate	14
<u>STRATEGIC FRAMEWORK</u>	17
3. FRAMEWORK FOR THE DEVELOPMENT OF THE HARRY GWALA IP&F STRATEGY	17
3.1 Introduction	17
3.2 Objectives of the IP & F Strategy	18
3.3 Vision, Mission & Value Proposition	19
4. POSITIONING FOR INVESTMENT	20
4.1 Strategic Output 1: Institutional Positioning	20
4.2. Strategic Output 2: Creation of an Investment Climate	23
5. INVESTMENT PROMOTION	30
5.1 Investment Promotion Objectives	30
5.2 District Competitive & Comparative Advantages	30
5.3 Strategic Output 3: Investment Target Priorities	33
5.4 Strategic Output 4: Opportunity Development	38
5.5 Strategic Output 5: Promotions Planning and Systems	42
6. INVESTMENT FACILITATION AND AFTER-CARE	48
6.1 Strategic Output 6: Facilitation Services	48
6.2 Strategic Output 7: Partnerships & Stakeholder Coordination	53
6.3 Strategic Output 8: Business Retention & Expansion	54
7. MONITORING, EVALUATION AND REPORTING	56
7.1 Strategic Output 9: Monitoring	56
7.2 Strategic Output 10: Evaluation	61
7.3 Strategic Output 11: Reporting	62

<u>IMPLEMENTATION PLAN</u>	65
<u>CONCLUSION</u>	87
<u>ANNEXURE</u>	88

List of Tables

Table Number and Description	Page
Table 2.1: Size and Population of each Local Municipality within Harry Gwala DM	11
Table 4.1: IP&F Budget	21
Table 4.2: IP & F Strategic Systems	22
Table 4.3: Partnerships with IP&F Unit	27
Table 4.4: Recommended skills and experience required	29
Table 5.1: Harry Gwala District Marketing Themes	31
Table 5.2: Investment Selection Criteria	40
Table 6.1: Projects Requiring Facilitation Support	51
Table 7.1: IP&F Unit Performance Indicators	58
Table 7.2: Performance Evaluation Milestones	61
Table 8: Implementation Plan	65

List of Figures

Figure Number and Description	Page
Figure 1.1: Strategy Development Process	9
Figure 2.1: Location map of Harry Gwala District Municipality	10
Figure 2.2: Map of Harry Gwala District Local Municipalities	11
Figure 2.3: Gross Value Added (GVA) contribution by sector	12
Figure 2.4: Harry Gwala District Education Status	13
Figure 2.5: Formal employment by skill level in Harry Gwala DM	13
Figure 3.1: IP&F Strategy Framework	17
Figure 3.2: Components of the IP & F Strategy Framework	18
Figure 4.1: Organisational Structure of IP&F Unit	20
Figure 4.2: Investment Promotion Agency Collaboration	26
Figure 5.1: Harry Gwala District Municipality Sub-sectors	33
Figure 5.2: Priority Markets for Harry Gwala: South Africa	34
Figure 5.3: Priority Markets for Harry Gwala: International	35
Figure 5.4: Harry Gwala District Municipality Tourism Investment Nodes	36
Figure 5.5: Harry Gwala District Municipality Manufacturing Investment Nodes	36
Figure 5.6: Harry Gwala District Municipality Agricultural Investment Nodes	37
Figure 5.7: Process for Investment Identification, Selection and Development	38

List of Abbreviations & Acronyms

ABBREVIATIONS & ACRONYMS		
BBBEE	:	Broad Based Black Economic Empowerment
BPO	:	Business Process Outsourcing
BR&E	:	Business Retention and Expansion
COGTA	:	Cooperative Governance and Traditional Affairs
DAFF	:	Department of Agriculture, Forestry and Fisheries
DARD	:	Department of Agriculture and Rural Development
DFS	:	Detailed Feasibility Study
DM	:	District Municipality
DTI	:	Department of Trade and Industry
EDTEA	:	Department of Economic Development, Tourism and Environmental Affairs
EIA	:	Environmental Impact Assessment
FDI	:	Foreign Direct Investment
GDP	:	Gross Domestic Product
GVA	:	Gross Value Added
HGDA	:	Harry Gwala Development Agency
HR	:	Human Resources
IDC	:	Industrial Development Corporation
IDP	:	Integrated Development Plan
IDZ	:	Industrial Development Zone
IP	:	Investment Promotion
IP&F	:	Investment Promotion and Facilitation
IP&FS	:	Investment Promotion and Facilitation Strategy
IPA	:	Investment Promotion Agency
IPAP	:	Industrial Policy Action Plan
ITM	:	Investment Tracking Mechanism
KCM	:	Key Client Management
KPA/I	:	Key Performance Area/Indicator
KM	:	Knowledge Management
KZN	:	KwaZulu-Natal
LED	:	Local Economic Development
LG	:	Local Government
LM	:	Local Municipality
ME&R	:	Monitoring, Evaluation & Reporting
MFMA	:	Municipal Finance Management Act
MOU	:	Memorandum of Understanding
NGO	:	Non-Governmental Organisation
No.	:	Number
PESTLE	:	Political, Economic, Social, Technological, Legal and Environmental
PFMA	:	Public Finance Management Act

PFS	:	Pre-Feasibility Study
PMS	:	Performance Management System
PSC	:	Project Steering Committee
Rm	:	Rand million
ROD	:	Record of Decision
SADC	:	South African Development Community
SALGA	:	South African Local Government Association
SARS	:	South African Revenue Services
SCM	:	Supply Chain Management
SEDA	:	Small Enterprise Development Agency
SEZ	:	Special Economic Zone
SMME	:	Small, Medium and Micro-sized Enterprise
SOE	:	State-owned enterprise
STEM	:	Science, Technology, Engineering, Maths
SWOT	:	Strengths, Weaknesses, Opportunities, and Threats
TIA	:	Technology Innovation Agency
TIKZN	:	Trade and Investment KwaZulu-Natal
TVET	:	Technical Vocational Education and Training
U/KSP	:	Unique/Key Selling Position
Yr.	:	Year

EXECUTIVE SUMMARY

The Department of Economic Development, Tourism and Environmental Affairs (EDTEA) reviewed the investment environment of the Harry Gwala District (“the District”) to identify gaps and opportunities in the investment promotion and facilitation programmes. The objective was to develop an Investment Promotion and Facilitation Strategy (IP&FS) that would improve the investment profile of the District and attract more fixed investment. The development of the IP&FS was undertaken through a series of assessment and consultative processes. A number of consultative forums were held with key stakeholders of the District, who also gave input into the IP&FS.

The IP&FS was preceded by a Situational Analysis that profiled the District’s key investment environment by assessing the key strengths, weaknesses, threats and opportunities of each of the District’s local municipalities. An comparative analysis of the District was also done against some of the Districts and Metros in KZN. As a way of identifying investment opportunities and gaps in the District’s investment programme, the Situational Analysis also analysed the current trends in international direct investment flows, the investment trends in South Africa, the District’s investment performance over the years, current market opportunities and best practices in investment promotion and facilitation in regional economic development institutions. The IP&F Strategy is crafted around the findings of the Situational Analysis, the comments from District Stakeholders and international best practices.

The IP&FS profiles the investment environment of the Harry Gwala District, describes the key attractive features and suggests a key value proposition for direct investors. The IP&FS proposes the Vision and Mission for the District’s investment promotion programme and sets out a number of interventions that the investment programme should encompass under the following headings, “Getting Ready for Business”, “Investment Promotion”, “Investment Facilitation”, and “Partnerships”.

The IP&FS highlights the information, resources, skills, attitudes and behaviour of personnel required in order for the IP&FS to succeed. Finally, a Monitoring, Evaluation and Reporting System (MERS) is proposed to ensure continuous review and improvement of the IP&FS.

An Implementation Plan for IP&FS sets out the building blocks of an investment promotion and facilitation programme that could be implemented over a 3-year period. The Implementation Plans is actually a prospectus for partnership – a call for joint working across all sectors, organizations, local municipalities and communities to bring together the resources needed to realise the IP&FS, which would unlock the District’s economic potential, create employment and make the District a competitive, resilient and prosperous investment location.

1. INTRODUCTION

1.1 Background to Investment Promotion and Facilitation

A growing number of Municipalities around the world (including South Africa) are actively promoting their localities as investment¹ destinations and, in the process, engaging prospective investors to locate to their Municipalities.

An Investment Promotion & Facilitation Strategy (IP&FS) identifies, profiles and markets the comparative advantages and investment opportunities of particular locality (i.e. country, Metro, District, Local Municipality, Town or Industrial Park). Post investment activities include after-care, trade support, business retention and business expansion (BR&E) support. These interventions are all aimed at preserving and increasing the net fixed direct investments value in the locality.

Fixed direct investments offer a number of benefits to a region such as:

- φ Renewal and revitalisation of priority areas;
- φ Increased economic activity within the locality (through increased residential, retail, commercial, industrial and public sector investments);
- φ An increase in flow into the municipality's fiscus;
- φ Utilisation of local resources including raw materials, labour, finance, utilities, products and services;
- φ An increase in tax flows into the country's fiscus; and
- φ Injection of new skills and technology.

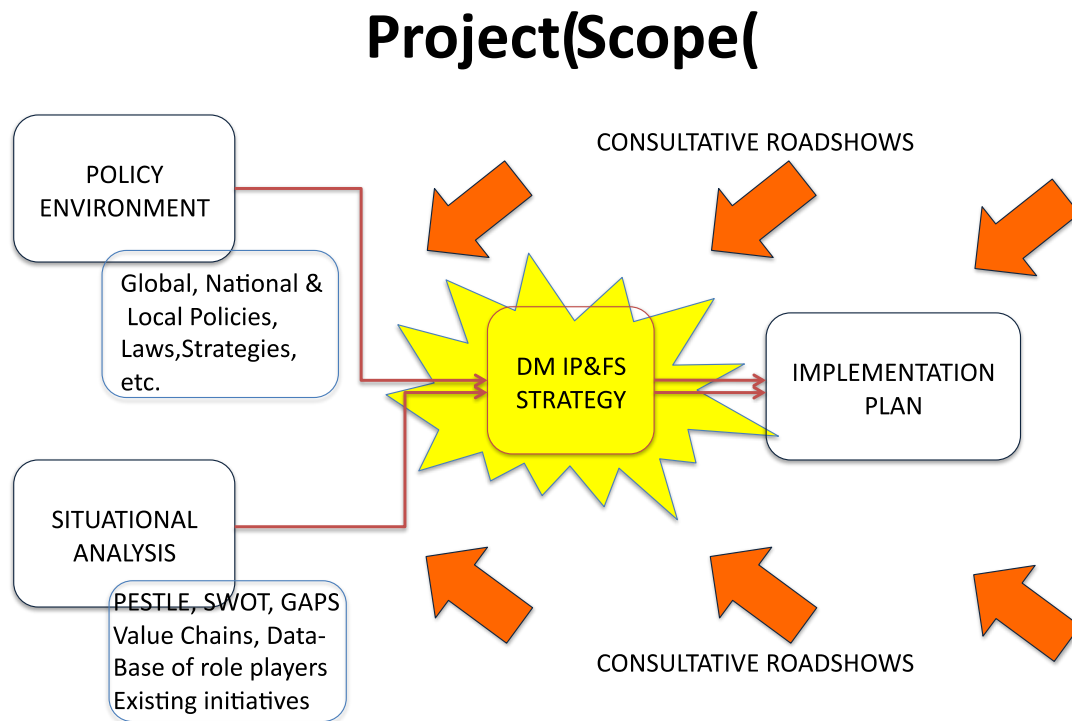
A District that wishes to attract fixed investment must plan its IP&FS well to ensure that the Strategy is targeted, effective and efficient. The Harry Gwala District IP&FS outlines the key interventions, best practices, organisational resources and partnerships required for a targeted, effective and efficient investment promotion and facilitation programme.

¹ Fixed investment refers to investment in land, buildings, plant, equipment, etc.

1.2 Development of the Harry Gwala Investment Promotion and Facilitation Strategy

The Figure 1.1 below summarises the process that was used in the development of the IP&FS for Harry Gwala District.

Figure 1.1: Strategy Development Process



Source: Lindon Corporation (2016).

The strategy development process included an assessment of the policy environment, a review of relevant literature, consultations with key stakeholders and a situational analysis of the District's investment climate. Assessment of the policy environment entailed a review of the global, national and local policies and strategies that were either hindering or supporting direct investment flows. The Situational Analysis utilised tools such as PESTLE², SWOT³, Comparative Advantage and Key Selling Proposition (KSP) to investigate the current investment challenges and opportunities in the District. During this phase extensive engagements with both the local public sector as well as the private sector were conducted. Consultative workshops with District stakeholders sought input and agreement on the key thematic areas of the Strategy. The culmination of this process allowed for the crafting of the IP&FS and Implementation Plan for the Harry Gwala District.

² Political, Economic, Social, Technological, Legal, Environmental

³ Strengths, Weaknesses, Opportunities, Threats

SITUATIONAL ANALYSIS

2. SUMMARY OF THE SITUATIONAL ANALYSIS OF THE HARRY GWALA DISTRICT

The Situational Analysis undertaken for the Harry Gwala District is available in a separate document and is summarised below. The focus of the Situational Analysis was to gauge the District's attractiveness to direct investment, to identify the key investment opportunities and destinations and to identify the gaps in the current investment and facilitation programmes.

2.1 Location of the Harry Gwala District Municipality

Harry Gwala District Municipality (previously Sisonke District Municipality⁴) is situated in the south of the province of KwaZulu-Natal in South Africa, and covers an area of approximately 10,547km². Lesotho and the Drakensberg Mountains border the district⁵.

Figure 2.1: Location map of Harry Gwala District Municipality



Source: www.localgovernment.co.za

The Harry Gwala District Municipality comprises of four Local Municipalities:

⁴ The Municipality name change, which was finalised in 2013, was named after the late Harry Themba Gwala - a teacher by profession, and leader involved in the apartheid political movements.

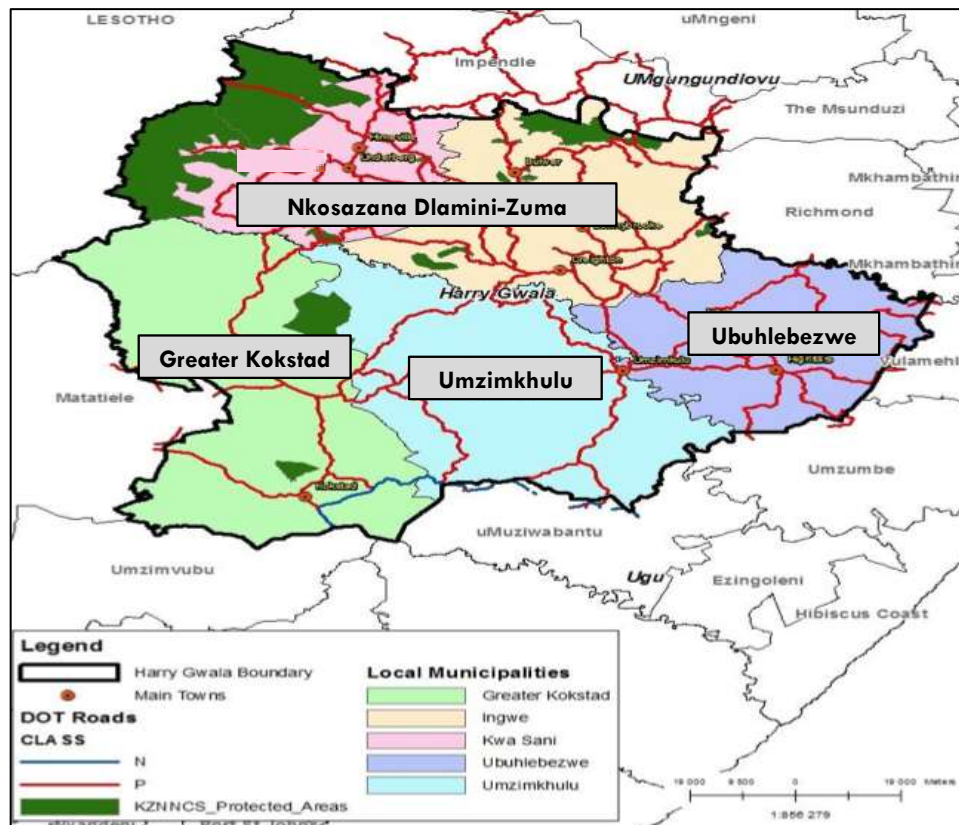
⁵ The Drakensberg Mountains form a 150km-long World Heritage Site – uKhahlamba Drakensberg Park.

Table 2.1: Size and Population of each Local Municipality within Harry Gwala DM

Local Municipality	Area (km ²)	Population (2015)
Greater Kokstad	2,680	55,193
Nkosazana Dlamini-Zuma ⁶	3,828	119,384
Ubuhlebezwe	1,604	107,396
Umzimkhulu	2,435	189,410
TOTAL	10,547	471,383

Source: Quantec (2015).

Figure 2.2: Map of Harry Gwala District Local Municipalities



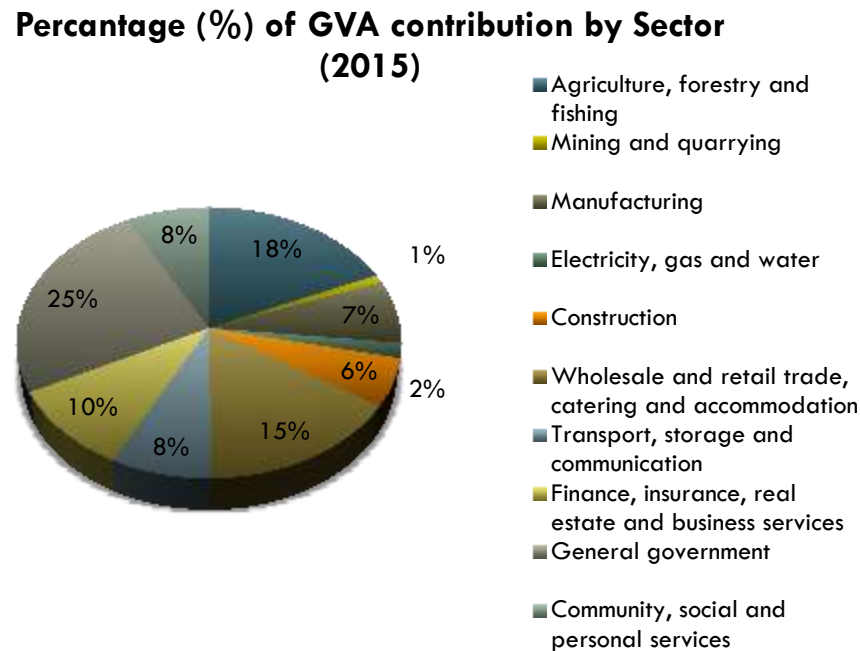
Source: Harry Gwala District Municipality Final IDP 2015/2016.

⁶ Nkosazana Dlamini-Zuma Local Municipality was established by the amalgamation of Ingwe Local Municipality and Kwa Sani Local Municipality on 3 August 2016.

2.2 Key Sectors Contributing to the District's GDP

The total Gross Value Add (GVA)⁷ of Harry Gwala in 2015 was estimated at R9.1 billion. The GVA was contributed by a number of key sectors as indicated in Figure 2.3 below. The tertiary sector was and still remains the greatest contributor to the GVA output of the District, mainly comprising General Government. Other dominant sectors include Agriculture, Forestry and Fishing and Wholesale and Retail Trade, Catering and Accommodation.

Figure 2.3: Gross Value Added (GVA) contribution by sector



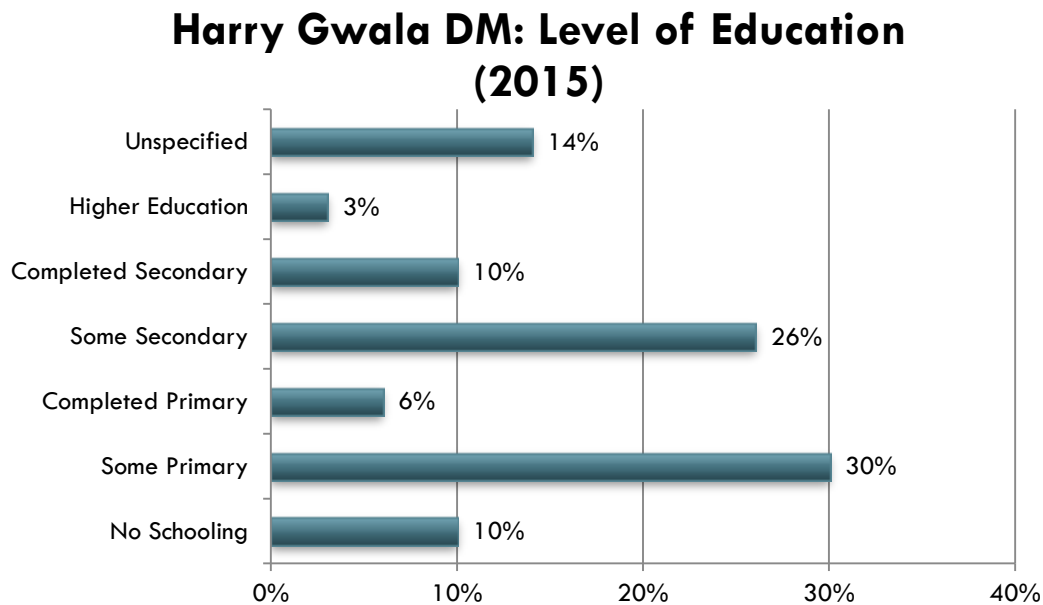
Source: Quantec (2015).

2.3 Education and Skills Profile of the District

The historic low educational levels of the District (Figure 2.4) and migration of the better educated youth to more economically developed regions have gradually resulted in a population that is characterised as low skilled. The local labour market, however, shows that skilled rather than unskilled people are in demand (Figure 2.5).

⁷ The Gross Value Added (GVA) is the total of all production or services from every sector within the period of a year.

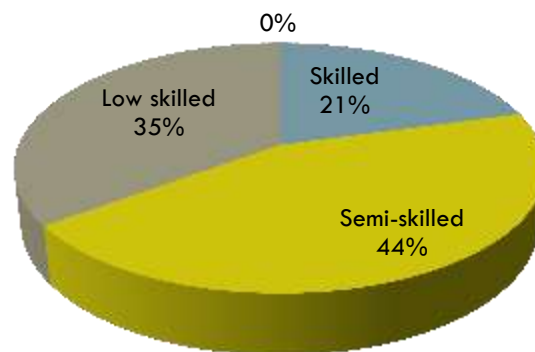
Figure 2.4: Harry Gwala District Education Status



Source: Quantec (2015).

Figure 2.5: Formal employment by skill level in Harry Gwala DM

Harry Gwala DM: Formal Employment by Skill Level (2015)



Source: Quantec (2015).

Key employment sectors include Trade and Tourism (23%); Agriculture, Forestry and Fishing (18%); General Government (16%); and Community, Social and Personal Services (16%).

2.4 The South African Investment Climate

The current uncertain business and political landscape in South Africa is also mirrored in the Harry Gwala investment environment. The National Business Confidence Index has dropped to its lowest levels since 1999, a symptom of the uncertainties in the political and economic environment. These uncertainties include:

- ϕ A weak Rand-Dollar exchange rate;
- ϕ Uncertainty in the electricity supply sector (supply and price);
- ϕ Low consumer confidence;
- ϕ Low economic growth rates (globally and locally);
- ϕ South Africa's low competitiveness ranking on the ease of doing business; and
- ϕ Unstable political climate.

Not only is the District economically and geographically isolated from the mainstream KZN economy, basic factors of production such as raw materials, skilled labour and infrastructure are relatively limited in Harry Gwala.

31.3% of Harry Gwala's employable people remain unemployed. Approximately 30% of the employed people are engaged in informal work; and 51.25% of those employed earn less than R1,600 per month (2013). Electricity remains a key challenge in Harry Gwala, as in elsewhere in South Africa. Harry Gwala is afflicted by prolonged droughts impacting communities, the environment and the economy. Other investment barriers include the uncertainty in land tenure and claims.

The Municipality is also experiencing a shortage of critical technical and managerial skills, affecting delivery of basic services.

These challenges are borne out in the District's relatively low Gross Value Add (R9.1 billion, 2015) when compared to other KZN District economies.

In 2015, it was estimated that Harry Gwala contributed a minor amount of R49.6 million to KZN's exports (Quantec, 2015). The main products exported from Harry Gwala were mushrooms (R9.1million); wood and articles of wood (R8 million); herbicides, anti-sprouting products and plant-growth regulators (R3.8 million); roofing tiles (R2 million); and suspension systems/parts for motor vehicles (R1.1 million).

Key attractors to investors include:

- φ Proximity to markets in Eastern Cape and Lesotho;
- φ Rich and diverse natural resources, such as wildlife, water and the Drakensberg Mountains;
- φ Rich English and English literacy heritage;
- φ Vast agricultural land;
- φ Year-round favourable climatic conditions suitable agriculture and tourism; and
- φ Link to Durban, the South Coast and Pietermaritzburg by road.

While the general government plays the largest role in the economy, other investment opportunities in the district include tourism infrastructure, agriculture, transport and commerce.

A number of economic corridors and priority economic development zones have been proposed by the District, namely:

- φ Primary nodes - Urban centres of Kokstad, Umzimkhulu, Ixopo and Underberg;
- φ Furniture-manufacturing cluster (Furntech);
- φ Agri-park (DARD);
- φ Secondary nodes - Urban centres of Franklin, Creighton, Donnybrook, Bulwer and Highflats;
- φ Tertiary nodes: Swartberg, Riverside, Ibisi and Rietvlei;
- φ Rural nodes: Ntsikeni (Umzimkhulu), Lourdes (Umzimkhulu), Gowan Lea (Umzimkhulu), Centacow (Creighton), Kilmon (Underberg), Ncwadi, Stepmore (Nkosazana Dlamini-Zuma), Ntwasahlobo (Nkosazana Dlamini-Zuma), Makhoba (Kokstad), Nokweja (Umzimkhulu) and Jolivete (Ubuhlebezwe);
- φ Tourism and Recreation nodes: Garden Castle (uKhahlamba Drakensberg Park), Sani Pass (Underberg) and Bushman's Nek (Underberg), Ntsikeni Nature Reserve (Umzimkhulu), Nazareth (Umzimkhulu), Ophepheni (P68, Highflats), Indlovu Clan (Ubuhlebezwe to west of R56), Qunu falls (Umzimkhulu), Umzimkhulu, Kokstad and Creighton; and
- φ Development Corridors: Kokstad – Umzimkhulu – Msunduzi (Secondary Corridor);, and Port Shepstone – St Faiths – Ixopo (Secondary Corridor), and Underberg – Himeville (P21 Nottingham Road).

The Harry Gwala Development Agency (HGDA) is the mandated investment agency of the District. However, greater clarity is required in the HGDA's investment programme, specifically in the following areas:

- φ Vision, Mission and Objectives;
- φ Key Value Proposition/ Key Selling Points;
- φ Performance Management System incorporating the Key Performance Areas (KPA) and Key Performance Indicators (KPIs);
- φ Investment Promotion Process;
- φ Investment Facilitation Process;
- φ Ethics;
- φ Marketing and Promotions;
- φ Information Systems;
- φ Monitoring, Evaluation and Reporting System;
- φ Bid Support Mechanisms;
- φ Partnerships and Advocacy;
- φ One-Stop-Shop services; and
- φ Business Support, Expansion and Retention.

Furthermore, the current qualifications and experience base of the organisation is skewed towards management and administration of the Agency while few resources are allocated to the core mandate of IP&F. The Agency appears to lack the key IP&F skills or resources. It also appears that the LED staff currently located at the HGDA will be transferred back to the Municipality, which would leave the agency grossly under-resourced.

At the last assessment of the Districts investment performance (2015), Harry Gwala had attracted approximately R2 billion in fixed investment, mostly in the form of domestic investment (Quantec, 2015).

STRATEGIC FRAMEWORK

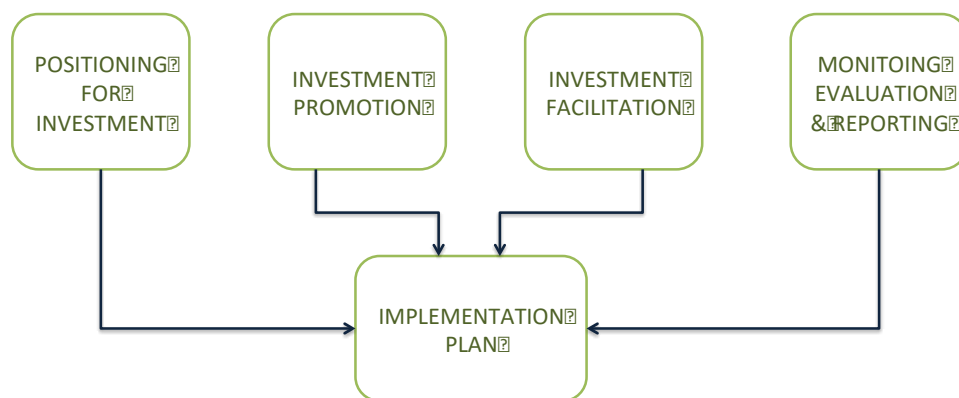
3. FRAMEWORK FOR THE DEVELOPMENT OF THE HARRY GWALA IP&F STRATEGY

3.1 Introduction

The Figure 3.1 below demonstrates the framework that was used for the development of the Harry Gwala IP&FS.

Figure 3.1: IP&F Strategy Framework

IP&F Strategy Framework



Source: Lindon Corporation (2016).

The IP&FS Framework was based on the logical evolution and building blocks of a typical investment promotion and facilitation programme. In other words, the District (or the HGDA) must first position the District as an attractive destination and organise itself for the investment promotion and facilitation activities. The institution then embarks on a focused Investment Promotion drive followed up by the Facilitation of qualified investment leads. The entire programme is monitored, evaluated, reported and continuously improved upon. Each of these strategic interventions in the Figure 3.1 above has a number of implementation actions, which together form the Implementation Plan.

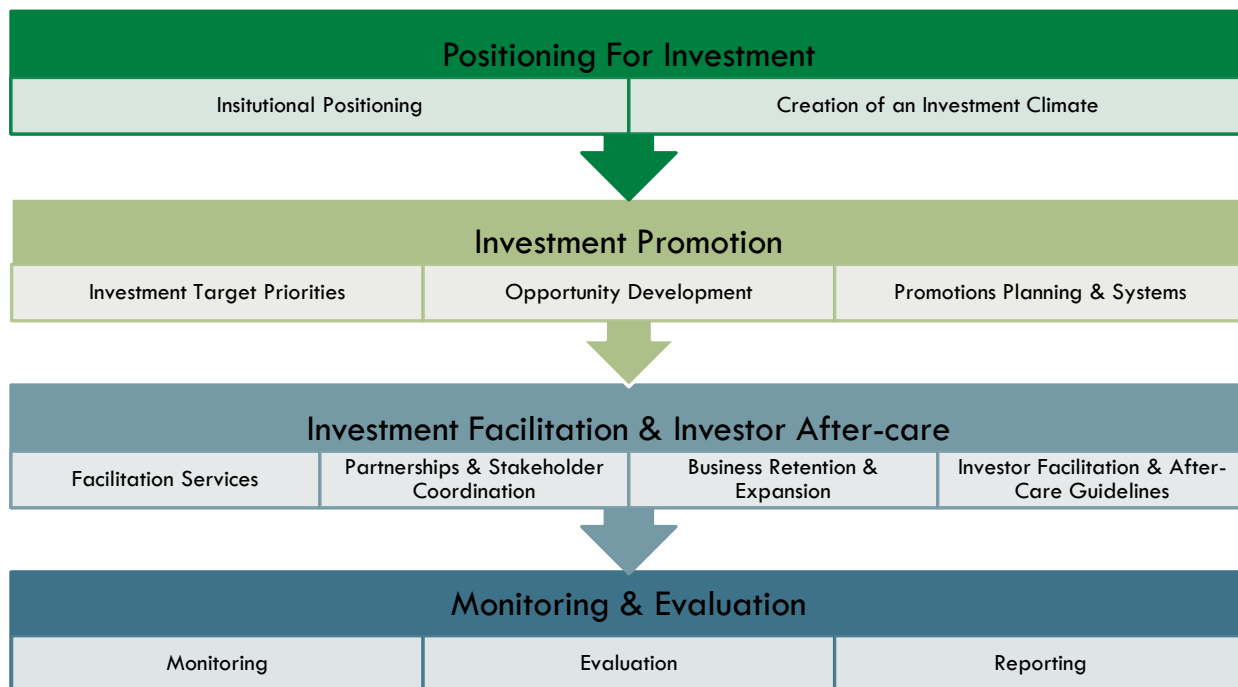
3.2 Objectives of the IP & F Strategy

Key objectives of the IP&FS are to:

- ϕ Direct the investment attraction activities to achieve the Harry Gwala District's socio-economic objectives;
- ϕ Provide the focus and priorities for the District and Local Municipalities' investment attraction activities;
- ϕ Outline the detailed actions needed to deliver the investment objectives;
- ϕ Drive policy changes;
- ϕ Efficiently allocate resources between investment promotion and facilitation activities;
- ϕ Develop partnerships and assign responsibilities for investment promotion & facilitation actions;
- ϕ Set time lines and budgets for the Implementation Plan; and
- ϕ Outline monitoring, evaluation and reporting requirements.

The components of the IP&FS are discussed below:

Figure 3.2: Components of the IP & F Strategy Framework



3.3 Vision, Mission & Value Proposition

The Vision for the Harry Gwala District's IP&FS

The **VISION** for the District's IP&F Strategy is:

One of the most attractive investment destinations in KZN by offering a competitive business climate and a world-class investment facilitation service

This goal directs the District, the HGDA and indeed all the District's local municipalities (LM's), to continuously strive to improve the local investment environment, to offer competitive public services/utilities and to offer an investment facilitation service that rivals the world's best investment promotion agencies.

The Mission for the Harry Gwala District IP&F Strategy

The **MISSION** of the Municipality's IP&F Strategy may be summarised as follows:

To continuously position the Harry Gwala District as one of the preferred investment destinations in KZN by promoting the District's attractive economic opportunities and providing a professional investment facilitation service

Value Proposition of Harry Gwala District Municipality to Investors

The Value Proposition of the Harry Gwala District Municipality may be summed up as follows:

A District that offers a pleasant country lifestyle, vast and competitive economic resources (such as agricultural land, tourism resources, skilled labour) and convenient access to local (Durban, Pietermaritzburg, Ugu) and regional (Eastern Cape, Lesotho) markets

4. POSITIONING FOR INVESTMENT

INSITUTIONAL POSITIONING

Establish IP&F Unit
Adopt Systems & Protocols
Investment Tracking Mechanism

CREATION OF INVESTMENT CLIMATE

Capacity Building and Administrative Streamlining
Stakeholder Engagement & Advocacy Plan
Skills Development Plan

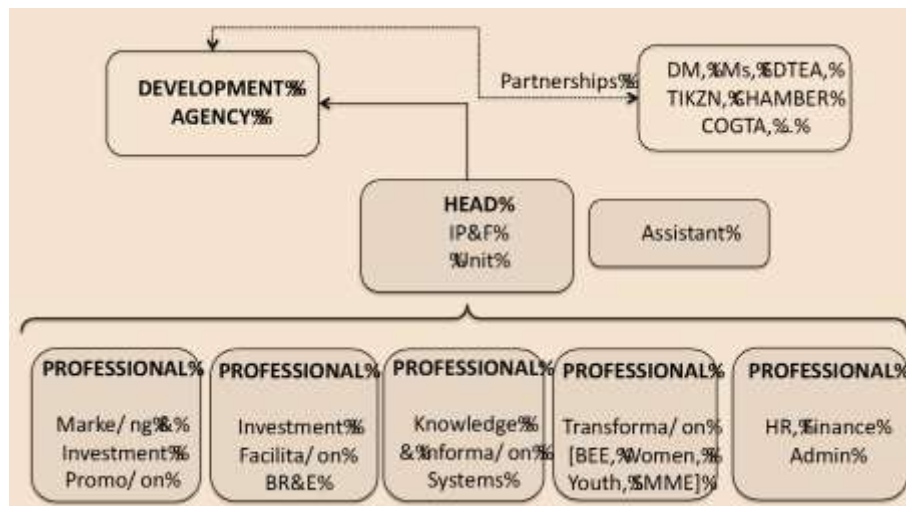
4.1 Strategic Output 1: Institutional Positioning

- φ Establish IP&F Unit
- φ Adopt Systems & Protocols
- φ Develop Investment Tracking Mechanism

4.1.1 Establish IP & F Unit

The IP&FS of the Harry Gwala District would be driven by an Investment Promotion & Facilitation Unit (IP&F Unit), which would be organised within the Harry Gwala Development Agency. The Agency will collaborate with the District's and LM's Economic Development directorates and other economic development/trade and investment entities such as EDTEA, TIKZN and COGTA to promote and facilitate investment into the Harry Gwala District.

Figure 4.1: Organisational Structure of IP&F Unit



I. RESOURCE REQUIREMENTS

Success in investment promotion and facilitation is seldom accomplished at the desk. Successful IP&F requires officials that are highly mobile, that collaborators and form partnerships, that regularly plug into their information networks and who operate with an acute business mentality (“FDI James Bond”). IP&F officials must be given the resources to operate effectively and efficiently in a fast paced and dynamic environment. These resources include:

- φ Financial resources;
- φ Smart devices;
- φ Online Resources (such as information, market intelligence, contacts);
- φ Access to high level networks with government and business sector; and
- φ Performance incentives.

Employing the right skills for the job is also important in delivering an effective and efficient IP&F service. The Agency must therefore develop comprehensive job descriptions and indicate the ideal qualifications and experience required for each position. Recruitment and employment must be in line with the required qualifications and experience and not based on deployment of cadres or excess resources.

Where IP&F experience and skills are lacking in existing agencies or within Municipal LED structures, programmes should be developed and experts appointed to transfer such skills and experience to officials.

II. FINANCIAL RESOURCE REQUIREMENTS

The Harry Gwala Development Agency should ensure that the IP&F Unit has adequate financial resources to effectively compete and execute its IP&F mandate. Based on the IP&F Strategy framework, the following annual budget is proposed. The budget includes the Set-up and Operations budget of a start-up IP&F Unit, some aspects of which may not be necessary in the case of the HGDA.

Table 4.1: IP&F Budget

Item	R'000	Year 1	Year 2	Year 3	Year 4
Organising the IP&F Programme		8,300	2,920	3,121	3,338
Investment Promotion		1,150	1,550	1,550	1,550
Investment Facilitation		1,000	1,100	1,250	1,400
		10,450	5,570	5,921	6,288

A detailed breakdown of the budgets is provided in the Implementation Plan. Some of the activities and budgets included in the Implementation Plan may already exist and the budget should be appropriately adjusted to account for this. Possible funding sources for the proposed IP&F programmes include the District, LM, EDTEA, TIKZN, COGTA, the DTI and the IDC.

4.1.2 Adopt Systems & Protocols

Knowledge Management

Knowledge Management (KM) is the process of capturing, developing, sharing, and effectively using organisational and market knowledge. In investment promotion and facilitation, knowledge and information is a strategic asset and having relevant, current and accurate information makes the difference between success and failure. Knowledge and Information is required at each of the following stages: Planning, Organising, Investment Promotion, Facilitation, Monitoring and Evaluation and Reporting. Annexure A2 details the various Knowledge and Information Systems that should be developed in order to provide a professional and valuable service to investors.

Table 4.2: IP & F Strategic Systems

IP & F Systems	IP& F Strategy	Key IP & F Tactics
Management Information System	Investment Promotion	Lead Generation
	Investment Promotion	Investment Enquiries
	Investment Facilitation	Investors Visits
	Investment Facilitation	Established Investments
Investment Facilitation Information System	Investment Facilitation	
Investment Enquiry Dossiers	Investment Facilitation	

4.1.3 Investment Tracking Mechanism

An investment tracking mechanism is a good way of:

- ϕ Monitoring progress of an enquiry and an investment;
- ϕ Identifying bottlenecks in the investment facilitation process;
- ϕ Measuring performance of IP&F officials;
- ϕ Observing and benchmarking turnaround times for resolving issues;
- ϕ Quantify the number of investment enquiries by sector, source country, promotional media;
- ϕ Measuring turnaround time from lead generation to deal closure; and
- ϕ Identifying opportunities for partnerships and advocacy.

4.2. Strategic Output 2: Creation of an Investment Climate

- φ **Capacity Building & Administrative Streamlining**
- φ **Stakeholder Engagement & Advocacy Plan**
- φ **Skills Development Plan**

Investment agencies around the world recognise that creating an environment that is conducive to doing business is critical to retaining existing business and in attracting new investments. Investment destinations need to have good quality and efficient infrastructure, optimal and stable government regulations, competitive business costs, stable politics and an efficient investment promotion agency.

Other key requirements of investors include easy access to and competitively priced resources (such as raw materials, land and labour), fair access to local economic resources, strong local demand for products and services and a skilled workforce.

A sound business environment is therefore critical to attracting investment. The role of the District and Local Municipality in this process is to:

- φ Reduce the barriers created by over-regulation;
- φ Make economic infrastructure as accessible and affordable as possible; and
- φ Attract and build key capabilities (education and skills) as a catalyst for investment.

There are a number of initiatives that the District and its LMs can embark on to improve the investment environment such as:

- φ Identifying opportunities to make (small) but regular improvements to the local business environment;
- φ Focusing on making municipal costs more competitive;
- φ Focusing on shorter turnaround times for business-related queries and applications;
- φ Engaging regularly with the local business community;
- φ Being the interface between industry, investors and labour;
- φ Engaging with chambers of commerce to identify practical problems faced by companies doing business in the District and any adverse perceptions about the District's business climate;
- φ Being an advocate for investors within government, facilitating changes to laws and regulations or seeking development approvals;

- φ Establishing ongoing relationships with government agencies whose operations impact on the District, businesses and new investment in the District; and
- φ Working within government to streamline administrative procedures impacting on the establishment of a business.

4.2.1. Capacity Building & Administrative Streamlining

I. IDENTIFYING AND RESPONDING TO INVESTMENT BARRIERS

To effectively attract investment to the District, the IP&F Unit needs a thorough understanding of the wider investment climate, the challenges industries are facing, and the barriers these present to existing and new investors. Systematically identifying these issues would allow the Harry Gwala District to prioritise areas for reform, and direct its efforts to areas that will produce the greatest benefits for the District.

The IP&F Unit must undertake market research, analysis and industry scanning to identify challenges in priority sectors (such as labour intensive, value-adding sectors) and identify infrastructure bottlenecks, identify high-level issues affecting local businesses, and develop programmes with industry to mitigate these issues.

The IP&F Unit can do this through its ongoing engagement with industry to gather intelligence, monitoring of the investment climate and commissioning regular business climate surveys.

Information obtained should be analysed to provide the IP&F Unit staff with knowledge that can be used to suggest improvements to the business climate, to develop marketing and promotions strategies, to assist in the investment facilitation activities and in business support programmes.

II. REDUCING THE ADMINISTRATIVE BURDEN ON BUSINESS

In its Advocacy role, the Harry Gwala Development Agency's IP&F Unit should facilitate changes to business establishment requirements by working with other departments, regulators and government agencies.

After establishing what the District has to offer and how it compares to its competitors, it would be necessary to identify what existing and potential investors think about the District.

This information should be used to identify what needs to be done to bridge the gap between how the target market sees the District and how the District would like the location to be perceived.

A good tool to survey the local investment environment and perceptions of the business community is to undertake a comprehensive independent Business Climate Survey (BCS) across the District's key sectors and economic nodes.

III. STREAMLINING ADMINISTRATIVE PROCEDURES

A major factor affecting investment decisions is the time taken to establish an investment in a locality. Key factors that impact investment timeframes are access to land, information, raw materials, utilities, red tape, turnaround times and government regulatory requirements. Reducing and streamlining these processes enables an investment to be established quicker and ultimately reduces the cost to the investor and speeds up the delivery of economic benefits to the region.

A popular approach adopted by regions is to establish a 'one-stop shop' that gives investors access to the information they need and to assist them to meet regulatory requirements.

The IP&F Unit therefore needs to create a one-stop-shop and a culture of resolving issues quickly on behalf of existing and potential investors. A One-Stop-Shop collaborates with all business facing District departments and ex-District partners to deliver the following services:

- ϕ Assist companies to gather market information and make contact with relevant Government agencies;
- ϕ Provide information on the companies' market potential, including details of existing companies, research and development capabilities, available skills and costs;
- ϕ Identify a range of available sites and raw materials for a particular investment;
- ϕ Facilitate planning approvals and access to utilities;
- ϕ Put companies in touch with suitable local suppliers, service providers and partners; and
- ϕ Assist companies to access government services including government incentives and support programs.

4.2.2 Stakeholder Engagement & Advocacy Plan

I. STAKEHOLDER ENGAGEMENT PLAN

Partnerships and collaboration with investment stakeholders is key to success in investment promotion and facilitation. Strong networks with business-facing partners have a number of benefits such as greater investor referrals, sharing of resources, marketing collaboration and sharing of information.

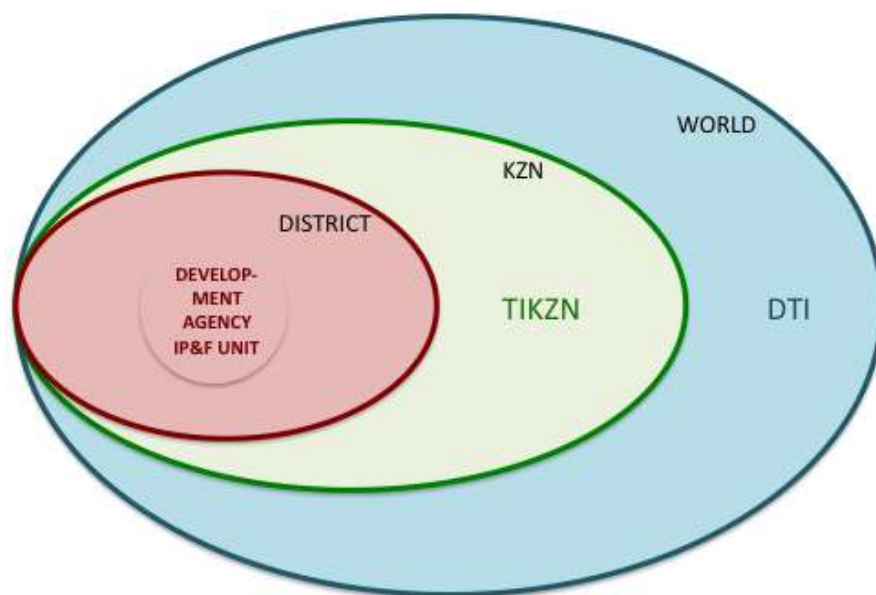
Through the District Agency, it would be important for the IP&F Unit to work with national, provincial, and local agencies whose activities impact on investment. The IP&F Unit should:

- ϕ Have ongoing contact with relevant national, provincial, district and local government agencies, and routinely direct companies to the right people within these agencies to addresses their issues;

- φ Make representations to these agencies on behalf of business and investors;
- φ Help companies understand government processes and regulatory requirements and assist in making applications and preparing documents;
- φ Work with TIKZN and other relevant provincial agencies to promote the District as an investment destination;
- φ Consult and collaborate with the local Chambers of Commerce and Industry to improve networks between business and government; and
- φ Assist government organisations like TIKZN, the DTI and Productivity Institute with their information requirements.

The Figure 4.2 below shows the proposed collaboration between the IP&F Unit and the various entities mandated to undertake investment promotion and facilitation activities in South Africa

Figure 4.2: Investment Promotion Agency Collaboration



Source: Lindon Corporation (2016).

The IP&F Unit would be responsible for coordinating all investment promotion and facilitation activities within the District and the LMs. It would partner with TIKZN when engaging investors outside of the District, i.e. domestic investors located elsewhere in KZN or in South Africa. Furthermore, the IP&F Unit must, in addition to collaborating with TIKZN, it would also collaborate with the DTI when undertaking promotions and facilitation activities outside of South Africa. In the latter two cases, joint activities would include marketing such as advertising, trade and investment missions and investment exhibitions.

All leads generated through these joint efforts would be shared between all partners for reporting purposes. Investment leads that are independently received by the IP&F Unit and which originate from outside of the province or South Africa would also be dealt with in collaboration with TIKZN and the DTI. The IP&F Unit would, in particular, focus its facilitation strategy on local catalytic projects, existing district-based company expansion opportunities and on any enquiries channeled from the Harry Gwala Development Agency, TIKZN, EDTEA, COGTA, the DTI and other partner organisations.

The IP&F Unit would facilitate all investment enquiries with support from TIKZN and the DTI where appropriate. The IP&F Unit should send regular progress reports to TIKZN and the DTI. The IP&F Unit should also partner with TIKZN when it wishes to target specific investors outside of the District. The IP&F Unit would collect relevant information about the investor and develop, package and present investment opportunities to prospective investors in partnership with TIKZN.

The IP&F Unit could also generate more investment leads if it collaborates with other institutions, investment channels and business-facing enterprises. The table below lists some of the obvious partners and their role in the IP&F Programme:

Table 4.3: Partnerships with IP&F Unit

Partner	Role
EDTEA	Funding of Feasibility Studies and Strategies
TIKZN	Referrals of investment leads, Facilitation, Technical Assistance Fund
Chambers of Commerce	Referrals of investment leads, Testimonials
IDC/Ithala/Growth Fund	Project Funding
SEDA	Funding of Business Plans
Agricultural Development Agency (ADA)	Agricultural Project & Emerging Farmer Support
COGTA	Infrastructure Funding
Property Landlords/ Developers	Access To Land
Environmental/Architectural/Engineering /Project Management Firms	Referrals of investment leads
Ingonyama Trust Board	Access to land
Eskom	Electricity Supply
Umgeni Water	Water Supply
Department of Transport	Road upgrades
Department of Energy	Renewable Energy Options and licences
Department of Minerals & Mining	Mining opportunities and permits
SARS	Business Tax Advice
Department of Rural Development & Land Reform	Land and Land Tenure
SALGA	Capacity building

Through the Harry Gwala Development Agency, the IP&F Unit will develop MOUs with the above organisations to outline their roles and responsibilities.

II. ADVOCACY PLAN

Advocacy is “obtaining support for a recommendation of a particular cause or policy from the relevant decision makers”.

The IP&F Unit could improve its service to companies wishing to set up or expand their businesses in the District by establishing arrangements with other public and private sector agencies whose activities directly or indirectly impact on the business environment, who promote the District, or who provide assistance to business.

These relationships are important for raising business concerns within government and assisting companies to establish investments in the District.

Advocacy partners include local, provincial and national government agencies including the Local Municipalities, the DTI, State-owned Enterprises (SOE's), Trade & Investment KZN, Tourism KZN, COGTA and the District Chamber of Commerce and Industry.

To establish effective working relationships, the IP&F Unit needs to have a clear strategy for intergovernmental communication and must, on a case-by-case basis:

- ϕ Determine which activities are best undertaken in conjunction with other agencies;
- ϕ Define the types of arrangements that should be established; and
- ϕ Outline reporting and evaluation requirements for advocacy programmes.

4.2.3. Skills Development Plan

I. DISTRICT SKILLS DEVELOPMENT PLAN

The Situational Analysis of the District's investment readiness identified a number of gaps in the general population's skills and education profile. These included a relatively low percentage of pupils completing Grade 12, few graduates and relatively low technical skills. An attractive business destination has an educated and skilled workforce that is required by new investments. Developing such a workforce requires a comprehensive skills development plan that must incorporate interventions at primary and secondary school levels as well as amongst the unemployed and less skilled employees of the District. It is recommended that an analysis be done on the reasons for the high rate of dropouts from school and the relatively poor Grade 12 results. Thereafter, practical interventions to improve the situation need to be implemented. These may include prioritising Science, Technology, Engineering and Maths (STEM) subjects and English at both primary and secondary school levels to increase the number of matriculants qualifying for technical degrees at university. Life Orientation at school should focus on motivating pupils to excel academically and especially to aim for better marks in Grade 12. Encouraging the establishment of Technical Vocational and Educational Training (TVET) Schools and other skills development institutions that offer technical, vocational and artisan training and education are also recommended.

II. IP&F UNIT TRAINING & SKILLING

Employing the right skills for the job is important in delivering an effective and efficient IP&F service. The Agency should develop job descriptions and indicate the optimal qualifications and experience required for each role. Recruitment and employment must then be in line with the required qualifications and experience.

Where certain skills are lacking, TIKZN, the Local Government Sector Education and Training Authority (LGSETA), consultants and the local TVET colleges should be consulted to determine what training could be provided to or developed for the IP&F Unit staff.

The broad skills base of the IP&F Unit include business strategy, destination marketing, knowledge management, project finance, company tax and incentives, technical, legal and report writing. Soft skills include international business and cultural etiquette, collaboration and networking, written and spoken language skills (preferably English), business/cultural dress codes, general knowledge and a positive “can-do” attitude.

A key challenge that the IP&F Unit would face is the difficulty in securing the right skills from within the District. The Agency may therefore need to look further afield to find the right individuals if such individuals cannot be found locally. The following skills and experience are recommended for the IP&F Unit:

Table 4.4: Recommended skills and experience required

Key Skill	Qualifications, Experience
Executive Management	Appropriate degree plus 5 or more years experience
Financial Management	Financial Degree, PFMA, MFMA plus 5 or more years experience
Investment Promotion Officer	Commercial/Marketing Degree plus 5 or more years experience in a sales & marketing environment
Investment Facilitation Officer	Commercial/Financial Degree plus 5 or more years in a deal making/negotiation environment
Knowledge Management Officer	Economics Degree plus 5 or more years in Economics Research Environment
Transformation Officer	Economics Degree plus 5 or more years in Economics Research Environment
Human Resources Manager	Human Resources related degree plus 5 or more years in public sector HR management
Research Support Staff	Economics Degree plus 3 or more years in Economics Research Environment
Administration	Degree/Diploma in Public Sector Governance, Finance, HR, SCM

Continuous development of personnel to stay ahead of the competition and to fill any skills gaps will be achieved through implementing a Skills Development Plan.

5. INVESTMENT PROMOTION

Promoting the District as an attractive investment destination as well as its investment opportunities involves a number of components. The first is to determine the promotion objectives of the District and to assess its comparative advantages. This involves regularly understanding the local attractors, the District's competitive position in the investment market and the supply of and demand for direct investment.

5.1 Investment Promotion Objectives

Clearly defined objectives are required to guide investment promotion activities and the allocation of limited resources. The promotional objectives are to:

- ϕ Highlight to the district stakeholders, KZN operators, national and international business community the resilience of the District's economy and its long-term stability;
- ϕ Strategically target investment in specific sectors and nodes that have high growth potential and which match the District's capabilities;
- ϕ Raise the profile of the District as a world class business location; and
- ϕ Maximise opportunities for synergies with other economic development stakeholders — such as EDTEA, TIKZN, Tourism KZN and the DTI.

To be effective in its marketing strategy, the IP&F Unit must:

- ϕ Reflect on what the investor is looking for;
- ϕ Demonstrate how the District can help the investor to meet this need—for example, a marketing theme might stress the District's cost-efficient yet highly skilled labour, rather than simply proclaiming that it is a wonderful place to live in; and
- ϕ Clearly identify and position the District as a unique investment opportunity, to distinguish it in the eyes of investors.

5.2 District Competitive & Comparative Advantages

The competitive and comparative advantages of the Harry Gwala District are its:

- ϕ Unique natural and tourism resources, including vast agricultural land;
- ϕ Rich English heritage;
- ϕ Impressive tourism, agricultural and manufacturing opportunities;
- ϕ Easy access to key local and regional markets; and
- ϕ Quality of lifestyle factors.

I. PROMOTING THE DISTRICT AS AN INVESTMENT DESTINATION

The key comparative advantages and opportunities of the District must be promoted using a set of marketing themes. The following marketing themes are recommended for the Harry Gwala District and are based on the observed comparative advantages and investment opportunities:

Table 5.1: Harry Gwala District Marketing Themes

Natural Resources	<ul style="list-style-type: none"> φ Eco-Tourism and English heritage φ Agriculture φ Large tracks of land (agricultural, potential industrial, commercial, tourism) in close proximity to transport routes linking key local and regional markets
Investment Nodes	<ul style="list-style-type: none"> φ Primary nodes: urban centres of Kokstad, Umzimkhulu, Ixopo and Underberg φ Secondary nodes: urban centres of Franklin, Creighton, Donnybrook, Bulwer and Highflats φ Tertiary nodes: Swartberg, Riverside, Ibisi and Rietvlei φ Rural nodes: Ntsikeni (Umzimkhulu), Lourdes (Umzimkhulu), Gowan Lea (Umzimkhulu), Centacow (Creighton), Kilmon (Underberg), Ncwadi (Nkosazana Dlamini-Zuma), Stepmore (Nkosazana Dlamini-Zuma), Ntwasahlobo (Nkosazana Dlamini-Zuma), Makhoba (Kokstad), Nokweja (Umzimkhulu) and Jolivet (Ubuhebezwe) φ Tourism and Recreation nodes: Garden Castle (uKhahlamba Drakensberg Park), Sani Pass (Underberg) and Bushman's Nek (Underberg), Ntsikeni Nature Reserve (Umzimkhulu), Nazareth (Umzimkhulu), Ophepheni (P68, Highflats), Indlovu Clan (Ubuhebezwe to west of R56), Qunu falls (Umzimkhulu), Umzimkhulu, Kokstad and Creighton φ Development Corridors: Kokstad – Umzimkhulu – Msunduzi (Secondary Corridor); and Port Shepstone – St Faiths – Ixopo (Secondary Corridor), and Underberg – Himeville (P21 Nottingham Road) φ Agri-Park (eButha Farm, Umzimkhulu) φ Furniture Industrial Hub (Ubuhebezwe) φ Texas Valley (Umzimkhulu) φ Nyala Valley (Nkosazana Dlamini-Zuma) φ Malenge Project (Umzimkhulu)
Catalytic Projects	<ul style="list-style-type: none"> φ Agri-park φ Soy Bean Project φ Furniture Industrial Hub φ Milk Processing φ Riverside State Dairy Farm

	<ul style="list-style-type: none"> φ Railway tourism
Lifestyle Factors	<ul style="list-style-type: none"> φ Climate φ Recreation options φ Tranquility φ Low cost of living φ Farm-style living

The availability of these key attractors is a major draw card for investors interested in opportunities in the manufacturing, farming, tourism, real estate, commerce, public services, energy and transportation sectors.

Besides a growing local market base, the Harry Gwala District Municipality is also well connected via national road and rail networks to key markets in neighbouring Districts ([uMgungundlovu District Municipality](#), [Ugu District Municipality](#) and [eThekweni Metropolitan Municipality](#)) and Lesotho. Most areas targeted for development are also well served with electricity, water, road, telecommunication and rail networks.

Investors also prefer to invest, work and live in areas where they can enjoy the best quality of life and the Harry Gwala District Municipality is known for its tranquility and quality of life factors. These include farm-style and game-farm living, good road infrastructure, access to the Drakensberg Mountains and proximity to pristine and iconic natural resources such as nature reserves, wildlife and waterways.

INVESTMENT TARGET PRIORITIES

Sector Targeting
Target Investor Source Regions
Identify Investment Nodes

OPPORTUNITY DEVELOPMENT

Investment Packaging
Lead Generation
Incentives/Industry Support Measures
Entrepreneurship

PROMOTIONS PLANNING & SYSTEMS

Marketing & Communication
Information Management
Investment Promotion Guidelines

5.3 Strategic Output 3: Investment Target Priorities

- φ **Sector Targeting**
- φ **Target Investor Source Regions**
- φ **Identify Target Investment Nodes**

Due to limited financial, time and human resources, the IP&F Unit would do well to focus on a few key sectors, opportunities and target markets in its Investment Promotion Plan. These priorities are discussed below:

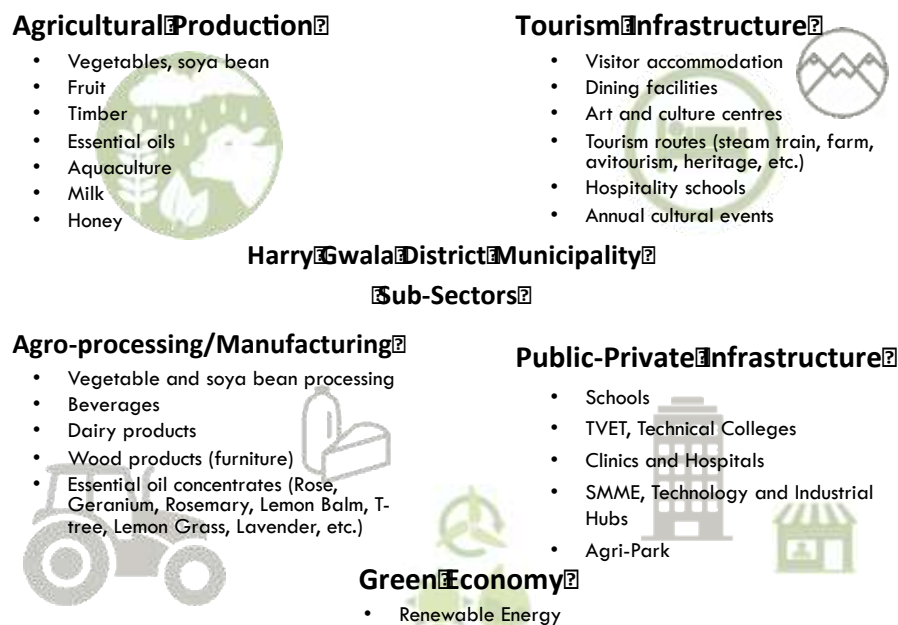
5.3.1 Sector Targeting

Based on the relative strengths of and opportunities in the Harry Gwala District Municipality and the market demand for products, the following sectors have been identified as key sectors for targeting by the District:

General Sectors for Harry Gwala District Municipality:

- φ Agricultural Production;
- φ Agro-processing;
- φ Tourism Infrastructure;
- φ Public Infrastructure; and
- φ Green Economy.

Figure 5.1: Harry Gwala District Municipality Sub-sectors



The Development Agency should also consider and include other sectors in which the District has successfully secured investments in the past. Lastly, high value opportunities such as business process outsourcing (BPO), call centres, high value manufacturing, logistics [truck stops, warehousing] and cross border precincts should also be considered.

5.3.2 Target Investor Source Regions

Targeted investment regions should be those that have a strong existing trade and investment relationship with South Africa as well as those countries with a proven track record of foreign direct investments.

Recommended priority investment source markets for Harry Gwala are as follows:

i. **South Africa**

Figure 5.2: Priority Markets for Harry Gwala: South Arica



ii. International

Figure 5.3: Priority Markets for Harry Gwala: International



5.3.3 Identify Priority Investment Nodes

The maps below provide a general indication of where in the District investments of a particular type should be directed. The role of the IP&F Unit would be to match investments with these zones, while the role of the local municipality would be to package land options that meet the requirements of these investors. Specific investors may also be directed to land available within Industrial Hubs and Agri-parks.

Investors may prefer areas outside of promoted zones or land proposals. Investment Promotion officials should therefore prepare for these eventualities by also being flexible in the site options and in providing the necessary support.

Figure 5.4: Harry Gwala District Municipality Tourism Investment Nodes

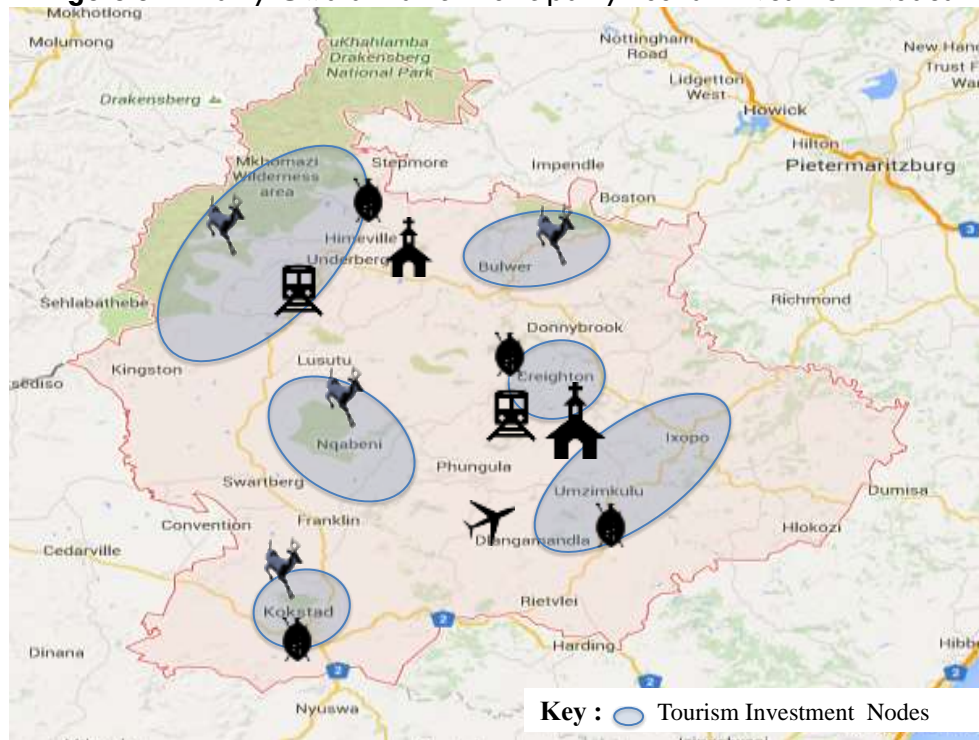


Figure 5.5: Harry Gwala District Municipality Manufacturing Investment Nodes

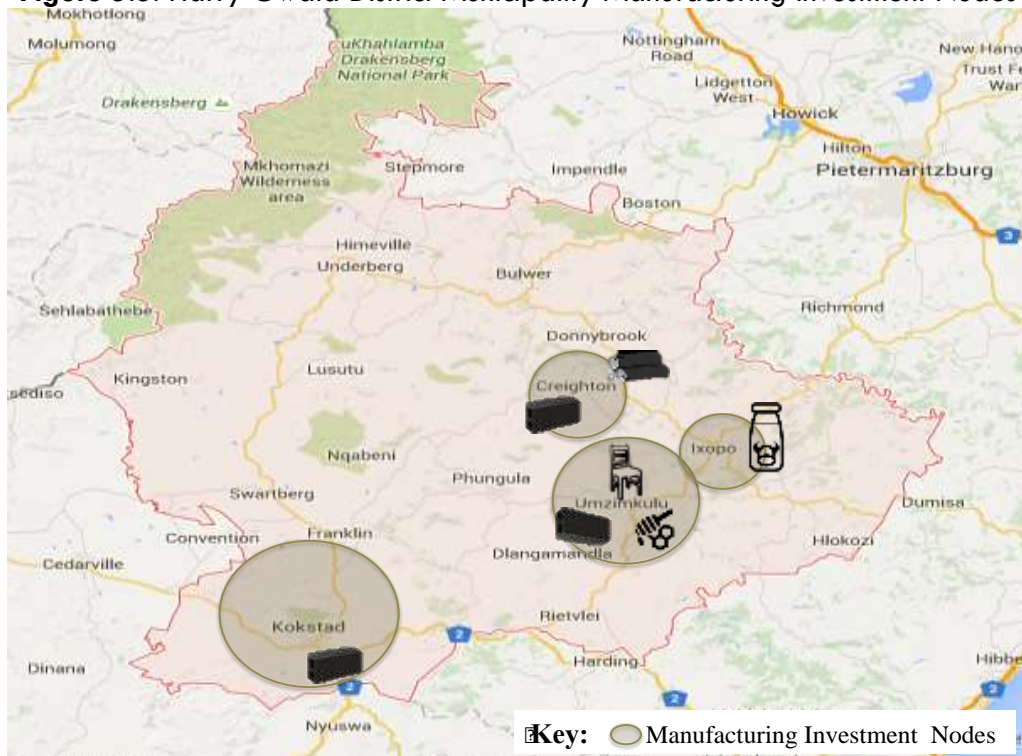
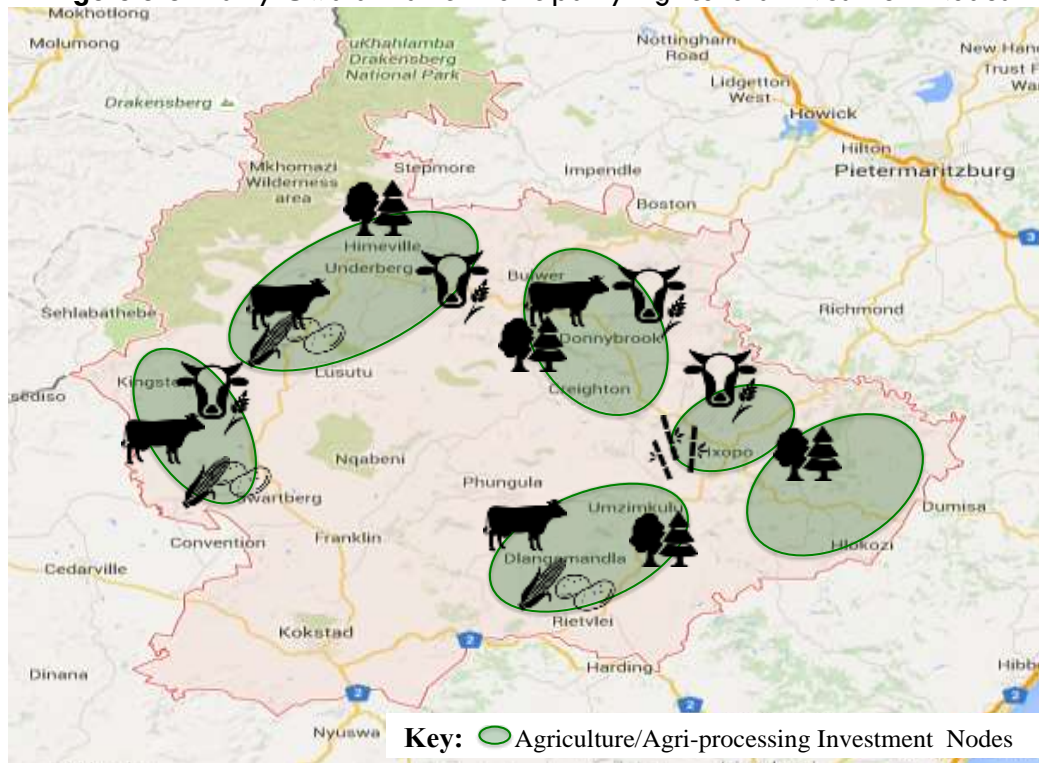


Figure 5.6: Harry Gwala District Municipality Agricultural Investment Nodes



KEY: Harry Gwala District Municipality Priority Investment Nodes			
Icon	Industry	Icon	Industry
	Cultural Tourism: Heritage and Cultural sites and accommodation.		Furniture Manufacturing
	Mission Tourism		Wood Processing Wood chip processing and timber products
	Rail Tourism		Industrial Supplies
	Wildlife & Ecotourism: Game and Nature Reserves, Bird watching		Honey Production
	Dairy Farming		Dairy Production
	Forestry Farming		Livestock Production: Beef, Sheep
	Crop Production: Maize, Potatoes, Vegetables		Sugarcane Production

5.4 Strategic Output 4: Opportunity Development

- ϕ Investment Packaging
- ϕ Lead Generation
- ϕ Incentives/Industry Support Measures
- ϕ Entrepreneurship

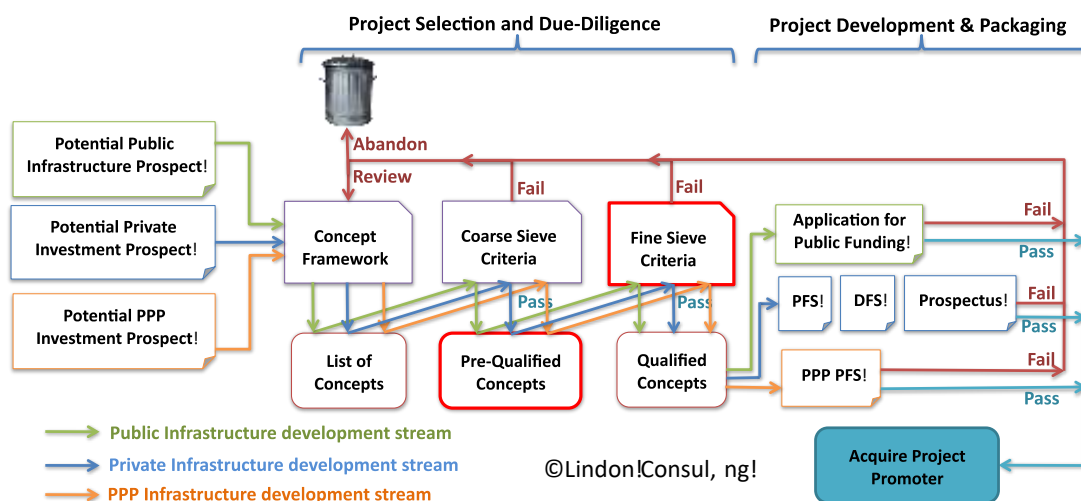
5.4.1 Investment Packaging

The IP&F Unit in collaboration with relevant local and provincial agencies should develop a process to identify and evaluate potential local investment opportunities. Potential local business opportunities occur under the following circumstances:

- Availability of one or more comparative advantage/s such as close proximity to natural resources, raw materials, skilled workforce, good climate, an under serviced market and lower cost of business;
- An opportunity exists to replace an imported product or service more competitively;
- Opportunities for value-adding in strong, stable traditional sectors; and
- Opportunities with potential to compete nationally and globally.

The Figure 5.7 below presents the process for the identification, development and packaging of investment opportunities in the private, public and public-private spheres and should be adopted by the IP&F Unit when embarking on a local opportunity development strategy.

Figure 5.7: Process for Investment Identification, Selection and Development



Source: Lindon Corporation.

LMs are especially encouraged to identify potential local investment opportunities and to research and package these opportunities into investment proposals for presentation to prospective investors in collaboration with the Development Agency and TIKZN.

5.4.2 Lead Generation

Investment Promotion deals with generating quality investment leads. Investment Promotion, however, is a time consuming and expensive activity and should therefore be well-planned and executed in order to get the most “bang for a buck”. One way of doing this is to select a handful (of no more than 5) sectors as summarised in Figure 5.1 above. Other sectors that may be considered include:

Innovation

- φ Manufacturing;
- φ Energy;
- φ Water;
- φ Public Services; and
- φ Consumer goods.

Green Economy

- φ Energy and energy efficiency;
- φ Renewable Energy; and
- φ Water recycling/recovery.

Another tactic of making investment promotion lead generation more cost-effective and successful is to target fewer source markets for investment targeting. The key investment targets recommended for Harry Gwala are listed in figures 5.2 and 5.3 above.

Foreign countries should be targeted in partnership with TIKZN and the DTI.

I. PRIORITISING INVESTMENT LEADS

Given the tight fiscal environment within which the District and LMs currently operate, limited financial and human resources are available to the IP&F Unit. One method of prioritising the IP&F Programme is to focus on investment leads that would have the greatest and quickest economic impact with minimum financial expenditure by the District. This can be achieved by using criteria to rank and prioritise investment leads as shown in the Table 5.2 below:

Table 5.2: Investment Selection Criteria

Lead Score →			1	2	3	4	5
	Investment Criteria	Weight					
1	Investment value (R million) ⁸	20	0 – 5	>5 - 20	>20 - 50	>50 - 100	>100
2	Permanent local jobs ⁹	20	0-5	>5 – 20	>20 - 50	>50 - 100	>100
3	LM GVA/p ¹⁰	20		Greater Kokstad	Nkosazana Dlamini-Zuma	Ubuhlebezwe	Umzimkhulu
4	Local beneficiation (% of input costs) ¹¹	10	>20	>30	>50	>65	>80
5	Technology import (% of capital costs) ¹²	10	>20	>30	>50	>65	>80
6	Potential for down-stream value-adding	10	>20	>30	>50	>65	>80
7.	Project Phase	10	PFS	DFS/ EIA	Business Plan	Funding Secured	Key Resources Secured

Ranking of investment leads in this way helps an under-resourced IP&F Unit and provides a method of prioritising investment leads more objectively.

The IP&F Unit could increase its investment success rate by marketing local investment opportunities that have proven prospects of success. At any given time, the IP&F Unit should have at its disposal a collection of qualified local investment opportunities for presentation to potential investors. These investment opportunities should be thoroughly researched (through feasibility studies) and professionally packaged in the form of investment prospectuses.

⁸Total rand value of the fixed investment including cost of property, plant, equipment, vehicles, etc.

⁹ Estimate of jobs provided to District based skills

¹⁰ Potential for the project to be located in a low GVA/p LM

¹¹ Level of use of local raw materials and or products in the investment

¹² Level of new technology (equipment, processes, etc.) introduced into the District

5.4.3 Incentives/Industry Support Measures

Incentives, also referred to as Industry Support Measures includes financial and non-financial support offered to strategic investors to reduce the investor's financial risks in the investment. Incentives takes on two forms:

- i. Financially supporting specific technical studies concerning a local site (such as geo-technical investigations or environmental screening), site-specific design work (storm-water, access roads) or socio-economic impact studies;
- ii. Financially supporting the operations through discounts on costs such as utilities and taxes for a fixed number of years; and
- iii. Non-financial support such as a one-stop-shop service and support with market access.

The DTI offers a number of incentives for various sectors and it is recommended that the District's IP&F Unit familiarise itself with these incentives and offer them to prospective investors during the investment promotion and facilitation process.

At a District level, additional incentives could be offered and may include funding of critical infrastructure and recouping this from the investor over a number of years, waiving property rates for a predetermined period and providing grants for skilling of local workforce.

Non-financial incentives include facilitation of any applications made by the investor such as for electricity, water and rezoning.

A Bid Support Policy provides a standard approach to bid support and prevents abuse by investors.

5.4.4 Entrepreneurship

Entrepreneurship and innovation are effective ways of stimulating domestic investment and job creation, especially when foreign investments are proving difficult to attract. Entrepreneurship and Innovation may be encouraged through a number of tactics such as:

- ϕ Developing a platform to publicise business opportunities such as for goods and services by the Municipality and from large local businesses;
- ϕ Establishing business incubators to provide space, office support, mentoring, business coaching, business planning and access to funding;
- ϕ Developing an Innovation roadmap to support local innovation, including the establishment of innovation incubators, providing access to TIA's Innovation Stations, prototyping, mentoring and accessing seed funding; and
- ϕ Discussing with organisations such as Ithala Development Corporation for the establishment of small business parks in the District to support start-up companies.

5.5 Strategic Output 5: Promotions Planning and Systems

- φ **Marketing and Communications Plan**
- φ **Information Management**
- φ **Investment Promotion Guidelines**

5.5.1 Marketing and Communications Plan

The Marketing and Communications Plan promotes the District's attributes as an attractive investment destination. If investors have a poor perception of the District or know little about the advantages the District has to offer, then IP&F Unit's efforts to generate investment will be difficult.

The IP&F Unit's Marketing and Communication activities must therefore be well planned and organised.

To do this, the IP&F Unit needs to identify and understand the District's and LMs':

- φ Promotional objectives, i.e. what the DM/LMs are trying to achieve by attracting foreign investment;
- φ Needs and what types of investment will best serve these needs;
- φ Ability to attract investment and how the current foreign direct investment trends affect this ability;
- φ Strengths and weaknesses as an investment destination; and
- φ Competitor locations and how the District/LMs compare to them.

I. MARKETING & COMMUNICATIONS PLAN

The IP&F Unit must outline its promotion and marketing initiatives in its Annual Plan for the forthcoming period. This should also include above-the-line marketing campaigns, below-the-line marketing campaigns, trade promotion and local business support programme. The IP&F Unit's Plan must also reflect on the District's strengths and opportunities, and identify investment locations and target markets. The Plan should also outline the communication and advertising mechanisms and channels that it would use to engage the target markets.

The IP&F Unit should continuously research and adopt better and more innovative lead generation tactics to ensure that better quality of investment leads are generated.

The IP&F Unit may use the following marketing strategies to attract interest in the District and to generate investment leads:

a. Above The Line (ATL) Promotions

An annual ATL marketing plan for the purposes of generating a high volume of investment leads should be developed. This should include:

- φ Development of the District's/LMs' unique or key selling proposition (USP/KSP) from an investor's point of view;
- φ An evaluation of key target regions and/or sectors that would benefit from the above USP;
- φ The development/update of the most appropriate ATL promotional material (such as an investment brochure or website promoting the District's local competitive advantages, investment opportunities); and
- φ A list of the most effective distribution channels (local, national, print and online media, chambers of business, industry associations, investment conferences) to reach the sectors and or countries being targeted by the District.

b. Below The Line (BLT) Promotions

An annual BTL Marketing plan for the purposes of generating specific targeted investment leads should be developed by the IP&F Unit. The BTL Plan should include:

- φ A catalogue of qualified investment opportunities in key strategic sectors; and
- φ A list of potential investors and regions to be targeted with the qualified investment opportunities. Targeting would be through direct selling techniques using technical, financial and legal experts, as necessary.

Promotional Tactics

PROMOTIONAL TACTICS

Above the Line Investment Promotion:

Print media [press, sector magazines, brochures]

Exhibitions at Investment Conferences

Make Investment Profile and Opportunities available online

Investment ambassadors [TIKZN, the DTI, Agents]



Below the Line Investment Promotion:

Set of packaged investment opportunities based on:

Available local resources, raw materials, market opportunity, comparative advantages

Import replacement

Value addition of local or in transit raw materials

A list of targeted investors and regions for the investment opportunity

II. MARKETING PARTNERSHIPS

Partnerships are key in the IP Process. Deep and wide networks with investor facing entities help generate better quality investment leads. For example referrals from business consultants, architects, real estate agencies and land surveyors are likely to be much more advanced in the investment process than a lead generated through the website. Partnerships should be maintained through regular collaboration and mutually beneficial interactions such as business and investor networking forums and missions abroad.

a. Memorandums of Understanding

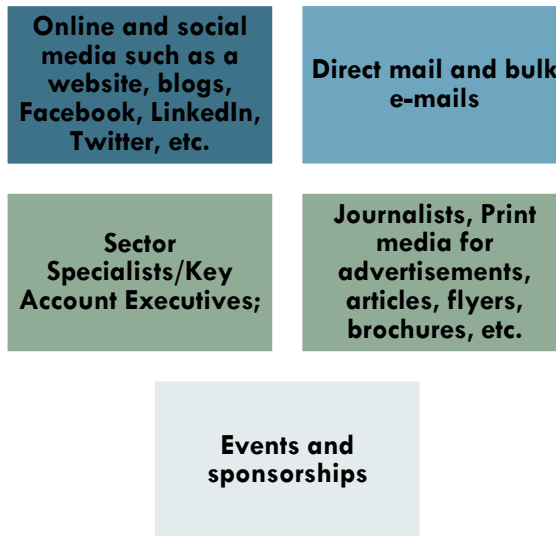
There are a number of organisations that support investment, entrepreneurship and innovation, These include organisations such as EDTEA, Trade and Investment KZN, SEDA, the Industrial Development Corporation, Ithala Development Corporation, Technology Innovation Agency (TIA) and the DTI. These organisations are mandated to support local economic development and have the resources to do so. Memorandums of Understanding with these organisations would therefore be very strategic as the IP&F Unit could leverage additional resources and support for the District's investment promotion and facilitation programme.

b. Trade Missions

The DTI, TIKZN and other organisations plan and regularly undertake trade and investment missions to foreign markets. The District IP&F Unit should make arrangements for it and its local businesses to participate in these missions. When this is not practical or cost effective, the District IP&F Unit should make available to the DTI and TIKZN its promotional material for distribution at trade and investment missions.

III. PROMOTIONAL MARKETING PARTNERSHIPS

There are a number of promotional tools and channels available to the IP&F Unit for the purposes of investment promotion. These include:



The Agency should also promote the District using the following channels:

- ϕ Its established partnership networks such as the DTI, Foreign Embassies, Chambers of Commerce, industry groups, TIKZN; and
- ϕ The District's, LMs' and Agency's websites. The websites should provide businesses and potential investors with general information on the District as well as information on the District's key value proposition and opportunities.

WHILE THESE TOOLS ARE USEFUL IN TERMS OF SELLING THE DISTRICT'S INVESTMENT MESSAGE, THEIR EFFECTIVENESS IS ULTIMATELY DETERMINED BY THE FREQUENCY AND MANNER IN WHICH THEY HAVE BEEN PLANNED AND UTILISED.

Natural Resources: Eco-Tourism and English heritage, Agriculture, Large tracks of land	Sector Specialists/Key Account Executives Events and Sponsorship Journalists, Print media for advertisements, articles, flyers, brochures, etc. District's, LMs' and Agency's websites
Investment Nodes: Primary, Secondary, Tourism and Recreation, Development Corridors, Agri-park, Furniture Industrial Hub, Texas/Nyala Valley, Malenge	Sector Specialists/Key Account Executives Journalists, Print media for advertisements, articles, flyers, brochures, etc. Events and Sponsorship
Catalytic Projects: Agri-park, Soy Bean Project, Furniture Industrial Hub, Milk Processing, Riverside State Dairy Farm, Railway tourism	Online and Social Media Sector Specialists/Key Account Executives Journalists, Print media for advertisements, articles, flyers, brochures, etc. District's, LMs' and Agency's websites
Lifestyle Factors: Climate, Recreation options, Tranquility, Low cost of living, Farm-style living	Online and Social Media Direct Mail and Bulk Emails Sector Specialists/Key Account Executives Journalists, Print media for advertisements, articles, flyers, brochures, etc. Events and Sponsorship District's, LMs' and Agency's websites

5.5.2 Information Management

Information collection and information management is a critical success factor in Investment Promotion. An IP official must develop information dossiers on all investment enquiries received through missions, the website, call-in or walk-ins. Typical Information that the IP Official should collect include information on the investment company (such as name, nature of business, location of head office, etc.), details of the proposed investment (such as sector/sub-sector, markets, project requirements, job creation, Rand million values, time frames, etc.), information requested and provided to the investor, location and site preference, bulk infrastructure required, utilities required and key contact people. This information should be recorded and passed on to the Investment Facilitation team for further facilitation.

5.5.3 Investment Promotion Guidelines

The two broad tactics in Investment Promotion are “Above the Line” marketing and “Below the Line” marketing. In Above the Line (ATL) marketing the District’s value proposition is conveyed to a broad spectrum of investors using mass media such as the press, magazines, exhibitions, the internet, social media platforms, outward missions and conferences. The ATL tactic has a broad global reach. In Below the Line (BTL) marketing, investment opportunities available in the District are researched and packaged into project prospectuses, which are then presented to pre-selected investors that have been qualified as good prospects. Qualifying of investment opportunities usually involves a feasibility assessment. Presentations of qualified investment opportunities are usually done on a one-on-one basis at the headquarters of the prospective investor.

6. INVESTMENT FACILITATION AND AFTER-CARE

Investment Facilitation and Aftercare involves direct engagement and “hand-holding” of investors throughout the investment process and beyond. It involves a wide range of facilitation services, all aimed at realising the investment in the shortest possible time and at least cost to the District. Professionalism, Optimism, Knowledge and Strong Networks are the hallmarks of a professional Investment Facilitator.


A sound investment facilitation strategy ensures that all investment enquiries are dealt with expeditiously, fairly and equitably. Investment facilitation also requires creating and maintaining transparent and sound administrative procedures that apply over the lifetime of the investment enquiry, and include effective deterrents to corrupt practices.

FACILITATION SERVICES

A teal arrow pointing right, containing a list of services.


- Facilitating Investment
- Bid Support
- Facilitating Catalytic Projects
- Research and Information Provision
- Business Development

PARTNERSHIPS & STAKEHOLDER COORDINATION

A green arrow pointing right, containing a list of services.

- One Stop Shop
- Policy Advocacy
- Management of Stakeholders

BUSINESS RETENTION & EXPANSION

A yellow arrow pointing right, containing a list of services.

- Business Support
- Distressed Industries

INVESTMENT FACILITATION & AFTER-CARE GUIDE

A light blue arrow pointing right, currently empty.

6.1 Strategic Output 6: Facilitation Services

- ⌀ **Facilitating Investment**
- ⌀ **Bid Support**
- ⌀ **Facilitating Catalytic Projects**
- ⌀ **Research and Information Provision**
- ⌀ **Business Development**

6.1.1 Facilitating Investment

Investment Facilitation is a challenging and dynamic activity on account of officials having to deal with the varied and numerous requests of investors. Investment Facilitation involves direct engagement and “hand-holding” of investors throughout the investment process, and in most cases even through to post commissioning.

The Facilitator updates the Enquiry Dossier (received from the Investment Promotion Official) whenever information becomes available or is supplied either to the investor or vice versa or when there is movement on the enquiry. The Facilitator must also maintain a strong network of public sector stakeholders that may need to provide a decision or give approval of a particular aspect of the project at various stages. Potential collaborators include, for example, Eskom, Umgeni Water, and Environmental Affairs.

Good facilitation entails figuratively holding the hand of the investor from the time a visit is planned until the investor departs from the District. Apart from the supply of information, the Facilitator also co-ordinates the general requirements of the investor such as travel, accommodation, meeting schedules, site visits, after-hours entertainment and sometimes even personal arrangements such as leisure activities for the investor and his family.

6.1.2 Bid Support

Apart from the facilitation services provided to a project, the IP&F Unit may provide occasional bid support to investors in order to entice a project to the District. As far as possible, bid support should not be direct financial incentives to the investee company but contributions towards overcoming a specific local challenge or resolving uncertainties relating to a project. This could be in the form of a short specialist study.

Bid Support takes the form of:

- φ Grants to assist business investment in the District; and
- φ Non-financial assistance to help companies understand the District’s regulatory requirements and establish or expand their businesses.

I. BID SUPPORT PROCESS

To maximise the benefits of Bid Support to both investors and the District, the IP&F Unit needs a comprehensive and robust process to allocate grants and services.

Objectives

The overall objective of the Bid Support programme is to provide mutual benefits to the District and the investor. For the District the benefits include jobs and taxes while to the investor benefits include a lowering of the start-up risks. To achieve the desired outcomes, the Bid Support programme needs to be sufficiently robust and should include:

- φ Clear objectives and priorities to focus the Bid Support;
- φ Measurable, relevant and transparent selection criteria;
- φ A rigorous assessment and approval processes;
- φ List the types of interventions supported;
- φ Include non-financial support such as access to office space, administration support, information and networks; and
- φ Effective monitoring and evaluation of the project outcomes.

The IP&F Unit should therefore:

- φ Consider financial assistance to those projects that meet eligibility criteria [such as innovation, job creation, sector focus, geographic focus];
- φ Adequately justify, support and document assessment decisions; and
- φ Formalise its selection and assessment process for bid support.

As part of the Investment Facilitation process, the IP&F Unit would identify the project's needs. Where a proposed investment may benefit from Bid Support, the IP&F Unit works with the company to apply for external financial assistance or support the project in other ways. Potential pre-investment funding is available from TIKZN's Technical Assistance Fund (up to R250,000 per applicant) and from the DTI. The IP&F Unit may also establish its own Bid Support Fund.

Bid Support may be provided for a range of purposes including project development, environmental scoping, technical site assessments, market studies and feasibility studies.

6.1.3 Facilitating Catalytic Projects

There are a number of catalytic projects being proposed for implementation in the Harry Gwala DM by various public and private promoters. Some of these projects are experiencing challenges, which are delaying their implementation. The IP&F Unit's Facilitation team should engage with the Project Promoters of these teams to identify the key challenges and assist with removing any impediments to these projects. Facilitation would include advocacy, providing access to information, undertaking feasibility studies, assisting with partnerships and the identification of potential investors, tenants and operators.

The Table 6.1 below lists some of the projects that require facilitation support from the IP&F Unit.

Table 6.1: Projects Requiring Facilitation Support

Project	Promoter	Requirements
Agri-Park [eButha Farm]	DARD	Feasibility Study, Suppliers, Agro-processing tenants, logistics, market development
Soya Bean Project [23,000 ha]	DARD	Farm development and farmer skilling
Furniture Industrial Hub	EDTEA	Land, operator, tenants, funding
Milk Processing [powder milk]	Clover	Feasibility Study, market volatility
Riverside State Dairy Farm	DARD	Dairy expansion, Operator, BEE
Railway tourism	Nkosazana Dlamini-Zuma LM	Funding for rehabilitation of line

6.1.4 Research and Information Provision

Information is a key requirement in the investment facilitation process. The role of the Facilitator is to provide any and as much information as possible required by the Investor. The aim of Facilitation is to progress an investment lead from the “enquiry” stage to the “committed” stage in the shortest possible time. For the Facilitator, information helps qualify an investment lead while for the investor, information helps in the development of a business case. A good Facilitator has quick access to reliable and credible information sources and networks. Information and research provided to investors must be accurate, current and relevant.

I. RECORDING OF INFORMATION

The Investment Facilitator should record all information about the project, investee firm, contacts made, challenges experienced, take photographs, record minutes of meetings and site visits. The following list provides the minimum requirements for reporting on the Facilitation provided:

- φ List of collaborators engaged in all spheres of local and provincial government;
- φ List of service providers utilised or recommended;
- φ Detailed information on site options requested and presented;
- φ Location information requested and provided;
- φ General and customized incentive packages offered/advised on;

- ϕ Cost of inputs for the particular project;
- ϕ Challenges encountered;
- ϕ Opportunities for up-stream and downstream [industry symbiosis];
- ϕ Opportunities for SMME, Youth and BEE participation;
- ϕ Potential local joint venture opportunities and partners; and
- ϕ Outcome of the process and reasons why investor made a positive/negative decision.

6.1.5 Business Development

Business Development deals with the identification of local investment opportunities and researching and packaging these opportunities into investment proposals for presentation to pre-selected investors. The pro-active research, packaging and promotion of local investment opportunities to a select group of investors would increase the District's investment success rate as it shortens the investment decision-making process, removes hurdles and takes away the upfront risk of investing. At any given time, the IP&F Unit should have a list of qualified investment opportunities for presentation to potential investors. However, since business development is a pro-active strategy, it has an element of financial risk to the IP&F Unit. Potential project opportunities must therefore be thoroughly pre-screened through a due-diligence process, before costly feasibility studies are undertaken.

Initial feasibility criteria may include:

- ϕ An identifiable strategic and/or local competitive advantage (such as a unique natural resources, patented technology or a captured market);
- ϕ Proven competitiveness against current producers elsewhere and/or importers of the product to be manufactured;
- ϕ Potential for sound financial performance over the long term; and
- ϕ Environmentally sustainable (i.e. no fatal flaws).

Since most Development Agencies do not focus much on the business development aspect of Investment Promotion, resulting in mediocre investment promotion performance, it is recommended that the IP&F Unit increase its focus on packaging of qualified investment opportunities.

6.2 Strategic Output 7: Partnerships & Stakeholder Coordination

- ϕ **One-Stop-Shop**
- ϕ **Stakeholder Management**
- ϕ **Policy Advocacy**

6.2.1 One-Stop-Shop

A *one stop shop* is a convenient and effective way of providing investors with all information and advice needed at a single point. A one-stop shop assists investors by receiving and tracking applications related to a new investment or expansion of an existing business in the District. The usual location of the one stop shop is within the District's Development Agency, where dedicated resources are allocated to ensure its effectiveness. The District's one-stop-shop should provide information and support related to all District and Local Municipal requirements and work hand-in-hand with the TIKZN One Stop Shop, which is responsible for providing provincial and national information.

6.2.2 Stakeholder Engagement

Investment success is seldom achieved independently of the key influencers and partners in the fixed investment environment. There are a number of key players that influence and support fixed investment. Potential collaborators in investment promotion and facilitation include the DTI, TIKZN, COGTA, utility service providers, landlords, LMs, provincial authorities, etc.

Stakeholders may sometimes have a major negative influence on a proposed investment. Poorly informed stakeholders could become very troublesome later on in the investment process leading to unnecessary delays. A well-crafted and implemented Stakeholder Engagement Plan will ensure that most Stakeholders are supportive of the IP&F efforts most of the time.

6.2.3 Policy Advocacy

Advocacy refers to “obtaining support for a recommendation of a particular cause or policy from the relevant decision makers”. Districts are encouraged, or rather compelled, to establish relationships with other public and private sector agencies: whose activities directly or indirectly impact on the business environment, who promote the District, or who provide assistance to business. These relationships are important for raising business concerns within government and in assisting investors to establish businesses in The District. Such agencies include the Local Municipalities, the DTI, State-owned Enterprises (SOE's), Trade & Investment KZN, Tourism KZN, COGTA and the District Chamber of Commerce and Industry.

To establish effective working relationships, the DM IP&F Unit must have a clear strategy for intergovernmental communication, which must:

- ϕ Outline which activities are best undertaken in conjunction with other agencies;
- ϕ Define the types of arrangements that should be established; and
- ϕ Outline reporting and evaluation requirements for advocacy programmes.

6.3 Strategic Output 8: Business Retention & Expansion

- ϕ **Business Support**
- ϕ **Distressed Companies**

Investment Aftercare involves providing ongoing support to the recently established business to ensure everything runs smoothly and to identify potential opportunities for expansion and up- and downstream economic opportunities for local businesses. In the long term, business support should also extend to aiding companies in distress or retaining companies that may start showing signs of dis-investment.

6.3.1 Business Support

The key objectives of offering support to businesses is to identify and resolve issues before they become problems. Business support is also meant to assist businesses improve on their efficiency and to help them achieve strategic and financial goals. If these goals are achieved it is highly probable that the business would not only remain in the District but would also expand its operations. Business support services include:

- ϕ One Stop Shop for municipal related services and requirements;
- ϕ Assisting with access to markets;
- ϕ Assisting with access to funding such as Incentives and Grants;
- ϕ Research on economic opportunities;
- ϕ Key Client Management for the top 10 businesses in the District; and
- ϕ Engagement with provincial and national authorities on behalf of the local firm or business community.

6.3.2 Distressed companies

It is cheaper to retain existing jobs than to create new jobs. A BR&E Program assists local businesses to be more competitive by evaluating and addressing some of their key needs and concerns. By addressing common business concerns, the District would ensure a healthier future for itself. Businesses that stay competitive are more likely to remain in the District and possibly expand. Companies, however shed jobs and/or disinvest for a number of reasons, some of which are beyond the control of the Municipality. However, there are several tactics that the Development Agency could implement to monitor the business operating climate and to reduce the risk of closures of local firms. These tactics include:

- ϕ Undertaking regular business climate surveys to identify key issues and costs affecting local businesses and developing programmes to manage or eliminate these factors;
- ϕ Benchmarking the District's competitiveness against other South African and international regional destinations;
- ϕ Focus on practical, achievable goals to resolve issues affecting local businesses such as crime and grime, slow service delivery, internal red tape and excessive bureaucracy;
- ϕ Develop intimate knowledge of the key businesses operating in the District, especially intelligence on critical success factors of these businesses;

- ϕ Advocate for decision and policies that would enhance the competitiveness of the local business environment;
- ϕ Provide support in accessing funding for feasibility studies, infrastructure and expansions;
- ϕ Provide support with market access and exports; and
- ϕ Focus on making costs that are within the control of the District more competitive.

6.3.3 Investment After-Care Guidelines

Aftercare is defined as the range of activities from post-establishment facilitation services to developmental support to retain investment, encourage follow-on investment and achieve greater local economic impact. It needs to be driven by the view of what investors need in the present and in the future, and what the District needs from investors in its territory. This is achieved through the development of a structured service offer that includes administrative, operational and strategic support to investors.

Examples of After-care Services offered to local businesses include:

- ϕ Securing contracts and new markets;
- ϕ Securing funding and local investors;
- ϕ Linking investors to local suppliers;
- ϕ Creating new opportunities and leads for expansion opportunities;
- ϕ Fast tracking access to key resources such as land and utilities for expansion;
- ϕ Eliminating red tape and bureaucracy;
- ϕ Facilitating work permits;
- ϕ Establishing technical support teams to assist with implementation and post-commissioning issues;
- ϕ Finding homes and schools for foreign expatriates; and
- ϕ Assisting with developing social networks for expatriates and invite to social events.

7. MONITORING, EVALUATION AND REPORTING

Investment Promotion and Facilitation should include a formal monitoring, evaluation, reporting (ME&R) process to measure performance against set targets, to identify and eliminate inefficiencies and to continuously improve the quality and range of services provided to investors. The ME&R process should also measure and report on the Agency's contribution towards national and provincial economic objectives, as well as the overall performance in the area of investment. The following section discusses the Monitoring, Evaluation and Reporting requirements of the IP&F Unit.

MONITORING

Key Performance Indicators
Key Performance Areas

EVALUATION

Performance Evaluation System

REPORTING

Internal Reporting Process
External Reporting Process

7.1 Strategic Output 9: Monitoring

Monitoring of investment attraction activities, including the associated costs per intervention and the outcomes achieved, would allow the IP&F Unit, the District Municipality, LMs and the wider public to assess whether the District's IP&F Programme is performing effectively and achieving the value-for-money objectives.

The success of the IP&F Programme is ultimately determined by:

- ϕ The amount of new investment the District receives;
- ϕ The IP&F Unit's ability to retain and assist the expansion of existing businesses; and
- ϕ The incidents of transformation achieved through new investment.

The IP&F Unit's information systems should also capture all relevant costs allocated to investment promotion and facilitation activities. Specifically the costs:

- ϕ Incurred in promoting the District and creating a sound business environment;
- ϕ Of the Municipality's other industry development services that create new investment opportunities;
- ϕ Of administering grant programs; and
- ϕ Of providing facilitation services, allocated to specific projects.

The benefits to the District and community generated by new investment can take many forms including new jobs, capital expenditure, exports, productivity improvements, introduction of innovative processes and an increase in tax revenues. These benefits should be monitored accurately.

7.1.1 Information Management System

Current, accurate and relevant information about the District and its opportunities are the key tools of an Investment Promotion and Facilitation Unit. Annexure A2 provides the range of information that should be collected, regularly updated and made available for use by officials and investors alike. Information should be easily updatable by the Agency officials and made easily accessible to both officials and investors anywhere in the world.

Senior Management of the Agency also require timely and current information on all the essential aspects of the implementation of the IP&F Programme. Information to Management would include, for instance, budgets and incidents of marketing interventions, channels used, leads generated, list of qualified leads with brief investment profiles, bid support provided, actual and potential benefits derived for the District, list of established investments in each LM, jobs created and investments secured, challenges encountered, effectiveness of the advocacy programme, aftercare support provided, businesses retained and business that disinvested or closed.

7.1.2 Key Performance Areas

The IP&F Unit should, as a minimum, evaluate the following Key Performance Areas (KPA's):

- ϕ Advocacy;
- ϕ The full costs and benefits derived from each investment, including the full costs of the investment incentives, grants and facilitation;
- ϕ Whether incentives provided were critical to a recipient company's investment decision;
- ϕ The net economic benefit of the assistance provided by looking at the impact on the economy and on other businesses/SMMEs; and

- φ The value-for-money benefits. The results of the evaluations should be used to direct resources towards the activities delivering the highest returns.

7.1.3 Key Performance Indicators

These KPAs should be broken down into S.M.A.R.T¹³ Key Performance Indicators (KPIs) as follows:

Table 7.1: IP&F Unit Performance Indicators

KPA	Measure	Annual Goal	Achievement				
Reporting Period			1st	2nd	3rd	4th	Year
Advocacy							
○ Strength of relationships with individual key decision makers and collaborators	Weak, medium, Strong						
○ Turnaround time to address an investment challenge/enquiry/issue	Days						
Image Building							
○ Number of positive press releases in the local/national/international media about the District's <i>Investment Profile</i>	No./Year						
Investment Promotion							
○ Number of targeted investment promotion and marketing interventions	No./Year						
○ Number of leads generated through direct IP&F Unit efforts	No./Year						
○ Number of leads received from Collaborators	No./Year						
○ Number of leads generated through promotional media	No./Year						

¹³S.M.A.R.T = Specific, Measurable, Achievable, Relevant, Timed-Based

KPA	Measure	Annual Goal	Achievement				
Reporting Period			1st	2nd	3rd	4th	Year
○ Number of packaged investment proposals in each key sector	No./Year						
○ Total Expenditure on Investment Promotion Programmes	R/Year						
○ Ratio: Average Expenditure per “potential” Rm investment	R/Rm						
○ Ratio: Average Expenditure per “actual” Rm investment	R/Rm						
○ Ratio: Average Expenditure per “potential” Job Created	R/Rm						
○ Ratio: Average Expenditure per “actual” job created	R/Rm						
Investment Facilitation							
○ Turnaround time by the Facilitation Unit to satisfactorily respond to investment challenge/query/request	Days						
○ Number of investments facilitated per year, reported quarterly	No./Year						
○ Value of qualified potential investments per year, reported quarterly	R/Year						
○ No. of Jobs from qualified potential investments per year, reported quarterly	No.						
○ Value of committed investments per year, reported quarterly	R/Year						
○ Number of jobs from committed investments per year, reported	No.						

KPA	Measure	Annual Goal	Achievement				
Reporting Period			1st	2nd	3rd	4th	Year
quarterly							
○ Number of bid support cases such as funding for special studies, incentives	No.						
○ Total Value of bid support expenditure	R/Year						
○ Ratio: Bid Support/actual investment	R/Rm						
○ Total Expenditure on Investment Facilitation Programmes	R/Year						
○ Ratio: Average Expenditure per “potential” Rm investment	R/Rm						
○ Ratio: Average Expenditure per “actual” Rm investment	R/Rm						
○ Ratio: Average Expenditure per “potential” Jobs Created	R/Rm						
○ Ratio: Average Expenditure per “actual” Rm investment	R/Rm						

Note: Goals to be set by the IP&F Unit or Agency at implementation of IP&F Programme. IP&F Unit to report on Achievements on a Quarterly and Annual basis.

Macro level indicators that the District should also track and benchmark against other Districts in South Africa include:

- ϕ Annual GDP (Rm);
- ϕ Skills level (Matriculants, Graduates, Engineers);
- ϕ Unemployment;
- ϕ District Competitiveness (municipal costs, turnaround times for applications, bid support);
- ϕ Sector Diversity and Relative Contribution to GDP;
- ϕ Value of Exports; and
- ϕ Level of BBBEE.

7.2 Strategic Output 10: Evaluation

7.2.1 Performance Evaluation System

The process of promoting and facilitating an investment may at times be a long process. This is especially true for large complex projects. The performance of Investment Promotion and Facilitation staff is therefore best judged by evaluating the achievement of key milestones rather than just the final outcome of an investment lead. This allows management to continuously measure and reward the “effort” that an official makes in increasing the probability of a project being committed, even when the investment may at times not be realised. In this model, the official is measured for the number of leads generated and thereafter on the speed and effort in moving the lead from “enquiry” stage to “committed” stage. At each stage a percentage of the potential outcome (jobs and investment) of the project is claimed.

The rationale for this approach is that it provides the IP&F Unit with at least three ways of achieving its investment objectives, namely:

- φ By increasing in the number of qualified investment leads through additional promotional efforts;
- φ By increasing the quality of the facilitation services so that prospects move quicker to the next phase of the business establishment process; and
- φ By focusing on larger investment deals in terms of value and jobs.

The Table 7.2 below provides a proposal on how the IP&F Unit can measure its performance using milestones in the investment process:

Table 7.2: Performance Evaluation Milestones

Investment Facilitation Milestone	% Claim	Evidence Required
Receipt and qualification of an investment enquiry that leads to a visit	5	Enquiry form received & verified; Visit undertaken
Project Concept submitted by the Investor	10	Concept report available
Pre-Feasibility Study completed	20	PFS report available
Detailed Feasibility Study Completed	30	DFS report available
EIA Completed and ROD obtained	50	Record of decision (ROD)
Full Funding for the project secured	70	Letter from funding institutions

Investment Facilitation Milestone	% Claim	Evidence Required
Commercial agreements signed for key requirements such as land, electricity, raw materials	85	Commercial agreements or a letters of commitment received
Construction Phase commenced	90	Site under development
Project Commissioned/ Operations Commenced	100	Utilities consumed, rates paid to DM

Note: % Claim refers to the portion of jobs and investment value that should be claimed when that phase of the investment has been completed.

7.2.2 Macro-Economic Investment Evaluation

The District Development Agency should undertake an annual investment climate survey to benchmark its macro environment, investment performance and competitiveness against other Districts and Metros in KZN and elsewhere. Macro factors include the level of the utility capacities available to support investment and growth, export value of goods and services, education and skills profile of the population, cost competitiveness, political stability and quality of life factors. The survey must also identify areas of weaknesses and propose mitigation measures.

7.3 Strategic Output 11: Reporting

The IP&F Unit's internal and external reports should provide for a comprehensive understanding of the cost and impact of investment attraction activities on the District.

7.3.1 Internal Reporting Processes

Ideally, the IP&F Unit's efforts should be measured at the end of each quarter and reported internally to the Agency's Executive Committee (EXCO). An annual report summarising the performance of the IP&F Unit should also be prepared and shared publicly through, for instance, the Agency's Annual Report.

7.3.2 External Reporting Processes

The Municipality should review completed projects to determine whether they provided a net economic benefit to the District, or value-for-money.

The Municipality's financial assistance assessment processes should involve evaluating projects before a decision is made to fund them. This process is designed to limit assistance to those projects that meet the selection criteria for projects.

For instance, the economic benefits of each project must exceed the cost of the assistance. The Municipality's monitoring of deliverables in grant agreements should also be designed to provide assurance that the District receives these economic benefits prior to grant milestone payments being made.

These assessments should not be a substitute for formal evaluations of completed projects, as benefits predicted at the commencement of a project are not always achieved.

Evaluations of project performance after the projects are completed would provide greater accountability and valuable information on the return the public is getting from the assistance provided.

Reporting should at least include:

- φ The number of jobs created;
- φ The value of exports;
- φ Capital expenditure from the projects receiving Government assistance;
- φ Progress of activities or actions taken that improve on the District's business environment;
- φ The number of projects assisted;
- φ The cost of investment promotion and facilitation;
- φ The names of the companies receiving financial assistance from grants and incentives and the total value of financial assistance provided for the year; and
- φ Transparent account of the full cost and impact of the Municipality's investment attraction activities.

Reporting on what funding has been provided to whom, and the outcomes it has generated, is necessary to achieve transparency and maintain public confidence that this use of public funds is benefiting the District.

The IP&F Unit's public reporting could be significantly enhanced by including the:

- φ Amounts of financial and/or other government assistance provided to specific activities and entities;
- φ Criteria for assessing applications;
- φ Jobs, exports and capital expenditure generated by the individual projects receiving government assistance;
- φ Innovation processes, productivity improvements, skill development and wider value added by these projects; and
- φ Adverse impacts of government assisted projects on other companies, such as increasing the price of skilled labour in that industry or the District, closure of existing businesses, etc.

Finding the right balance between reporting on government assistance to industry, while maintaining commercial confidentiality would be a challenge. Furthermore, disclosure of specific grant payments could raise expectations and encourage other businesses to seek assistance, potentially stimulating demand and increasing costs to the Municipality.

However, public disclosure is more likely to:

- φ Expose government assistance to greater external scrutiny;
- φ Provide a strong incentive for the Municipality to demonstrate that funds provided are generating the expected economic benefits for the District; and
- φ Encourage competition for government financial assistance, thereby generating greater benefits for the District for each Rand of assistance.

IMPLEMENTATION PLAN

Table 8: Implementation Plan

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Positioning the District for Investment								
	Strategic Output 1: Institutional Positioning							
	1. Establish IP & F Unit							
	Motivate for IP&F Programme to the District & EDTEA	Write Motivations to relevant authorities and decision makers to support the DM IP&F Strategy with the required resources	EDTEA, District	TIKZN, COGTA				
	Appoint a Governing Body/Members of a PSC	To set direction and to give approval of key deliverables, milestones and achievements	District	EDTEA				
	Appoint the IP&F Unit Manager	Appoint a IP&F Programme Manager [or short term Consultant] with the required qualification [degree in commerce or finance], skills [IP&F, Marketing, HR, Planning] and Experience [IP&F, Business Development, PFMA]	District/ Agency	EDTEA, TIKZN, LMs				
	Write the Annual Business Plan	Based on the IP&F Strategy, develop an Annual Business Plan with goals, objectives, targets], Staff requirements and Job Descriptions, Marketing Strategy, Investment Promotion Strategy, Facilitation	IP&FU	District, EDTEA, TIKZN	550	605	666	733

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		Process, Budget for the Annual Plan, Performance Man. System [KPA's KPI's], Advocacy and Partnership Requirements, Policies						

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Positioning the District for Investment								
	Strategic Output 1: Institutional Positioning							
	1. Establish IP & F Unit							
	Set the Annual Targets	Determine Annual Targets [Institutional, Marketing, Jobs, Investment, Project Packaging, Partnerships and Advocacy]	District/ Agency	EDTEA, TIKZN				
	Establish & Operate the IP&F Unit	Secure Offices, furniture, Equipment, Bid Support vehicle	District/ Agency	EDTEA, TIKZN	500	550	600	650
	Appoint IP&F Staff	Staff to have the required qualification [degree in commerce or finance], skills [IP&F, Marketing, HR, Planning] and Experience [IP&F, Business Development, PFMA]	District/ Agency IP&FU	EDTEA, TIKZN				
		i. Marketing & IP Officer	IP&FU	EDTEA, TIKZN	250	275	303	333
		ii. Investment Promotion Officer	IP&FU	EDTEA, TIKZN	250	275	303	333
		iii. Investment Facilitation Officer	IP&FU	EDTEA, TIKZN	250	275	303	333

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		iv. Knowledge Management and Info Systems Officer	IP&FU	EDTEA, TIKZN	250	275	303	333
		v. HR, Admin, Financial Officer	IP&FU	EDTEA, TIKZN	250	275	303	333
	Write an Ethics Policy	Develop Policy Standards and Guideline. IP&FU to update thereafter	IP&FU	EDTEA, TIKZN	200			
		i. Standards of Conduct	IP&FU	EDTEA, TIKZN				
		ii. Non Disclosure Policy	IP&FU	EDTEA, TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Positioning the District for Investment								
	Strategic Output 1: Institutional Positioning							
	2. Adopt Systems & Protocols							
	Develop and adopt Systems and Protocols for: Investor Information Management	Develop Information Repository, Online and Print Information Sheets	IP&FU	None		250		
	IP&F Performance Management	Develop performance matrix and criteria for approval by Management	IP&FU	None		250		
	Monitoring, Evaluation and Reporting	Develop ME&R requirements for approval by Management	IP&FU	None		250		

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
	3. Investment Tracking Mechanism							
	Develop the Investment Tracking Mechanism (ITM)	Electronic (and preferably online) ITM	IP&FU	None		350		
	Strategic Output 2: Creation of an Investment Climate							
	1. Capacity Building & Administrative Streamlining							
	Improve the Investment Environment of the DM and LMs	Develop relationships/MOUs with Departments/Agencies that impact/influence the District investment environment	IP&FU	DM, LMs, EDTEA, TIKZN				
		Provide District, LM and local sector profile information [resources, key players, skills, costs]	IP&FU	DM, LMs, EDTEA, TIKZN	100	30	30	30
		Identify land and building options and assist with planning approvals and access to utilities	IP&FU	DM, LMs, EDTEA, TIKZN	100	30	30	30
	Collect, Develop & Update District/LM Information Repository	Establish networks with local suppliers, service providers and investment collaborators	IP&FU	DM, LMs				
		Assist with access to government services including government grants and support programs	IP&FU	EDTEA, TIKZN				
		Be the point of contact for all investment enquiries [direct, through KZN]	IP&FU	EDTEA, TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	Positioning the District for Investment							

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	2. Stakeholder Engagement & Advocacy Plan							
	Stakeholder Engagement	Determine which activities are best undertaken in conjunction with other agencies	IP&FU	EDTEA, TIKZN				
	Advocacy	Write the Advocacy Strategy to identify and build relationships with relevant government agencies	IP&FU	EDTEA, TIKZN	100			
		Develop MOU's with Local Municipalities, the DTI, State-owned Enterprises (SOE's), Trade & Investment KZN, Tourism KZN, COGTA, the District Chamber of Commerce and Industry	IP&FU	DM, LMs, EDTEA, TIKZN	100			
		Define the types of arrangements that should be established, and outline reporting and evaluation requirements for advocacy programmes.	IP&FU	EDTEA, TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	Positioning the District for Investment							
	3. Skills Development Plan							
	District Skills Development	Commission a Study to analyse the reasons for high school dropout rates	IP&FU	DM, LMs EDTEA, DOE		250		

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		and low grades in Matric. Develop mitigation plans to address above						
		STEM Programmes to improve performance		DM, LMs EDTEA, DOE			250	
		Feasibility Studies on Technical Vocational & Education Schools		DM, LMs EDTEA, DOE			300	
	Initiate IP & F Training & Development Programmes	Build Capacity and skills amongst IP&F staff through teaching:	IP&FU	LGSETA				
		i. Investment Promotion Best Practices	IP&FU	EDTEA, TIKZN	50	50	50	50
		ii. Investment Facilitation and BR&E Best Practices	IP&FU	EDTEA, TIKZN	50	50	50	50
		iii. M&E & Reporting Methods	IP&FU	EDTEA, TIKZN	50	50	50	50
		iv. Key investment-centred capabilities to LMs	IP&FU	EDTEA, TIKZN	50	50	50	50
		v. One Stop Shop Operations	IP&FU	EDTEA, TIKZN	50	50	50	50
Investment Promotion								
Plan tactical interventions for high-impact marketing, lead generation and new opportunity development								
District Competitive & Comparative Advantages								
		Profile the comparative advantages and opportunities in (a maximum of) 5 key sectors	IP&FU	EDTEA, TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)
--	--------	-------------------------	---------------------------	----------	---------------

					2016/17	2017/18	2018/19	2019/20
Investment Promotion								
Strategic Output 3: Investment Target Priorities								
1. Sector Targeting								
Target Sectors and Investors Source Regions	Prioritise geographic targets for investment promotion by selecting & profiling a maximum of 10 high potential regions	IP&FU	EDTEA, TIKZN		350	50	50	50
2. Target Investor Source Regions								
Target Investors	Identify and profile the target investors that meet specific criteria [sector, location, size, investment history, market growth]	IP&FU	EDTEA, TIKZN		200	50	50	50
3. Identify Priority Investment Nodes								
Identify Priority Investment Nodes	Prioritise, Profile and Promote District/LM sector nodes as investment destinations	IP&FU	EDTEA, TIKZN		50	50	50	50
Strategic Output 4: Opportunity Development								
1. Investment Packaging								
Identify and "Package" investment opportunities for presentation to investor	Execute process for Investment Identification, Selection and Development	IP&FU	EDTEA, TIKZN					
2. Lead Generation								
Above the Line Marketing	Website, Information Brochures, Advertorials	IP&FU	EDTEA, TIKZN			500		
Below the Line Marketing	Identify, develop, and package investment opportunities and target pre-selected investors	IP&FU	EDTEA, TIKZN				500	
Prioritising Leads	Utilise 'Investment Selection Criteria'	IP&FU	EDTEA, TIKZN					500

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Investment Promotion								
Strategic Output 4: Opportunity Development								
	3. Incentives/Industry Support Measures							
	Promote the DTI Incentives to existing and prospective investors	Include in website and information packages	IP&FU	DM, LMs				
		Distribute brochures to local businesses and incoming investors	IP&FU	DM, LMs				
	District Incentives	Commission a study to assess what (financial and non-financial) incentives could be offered to investors	DM	TIKZN				
		Write-up an Incentives Policy for District Treasury/Council Approval	DM	TIKZN				
	4. Entrepreneurship							
	Develop an Innovation and Entrepreneur roadmap	Develop an online platform to publicise business opportunities to local entrepreneurs	IP&FU	None				
		Establish business incubators to support SMMEs	EDTEA	SEDA				
		Promote small business & innovation parks	EDTEA	SEDA, SBD				
Strategic Output 5: Promotions Planning and Systems								
	1. Marketing & Communications Plan							
	Write the Marketing and Communications Plan	Research/Refine the key comparative advantage(s) of the District	IP&FU	EDTEA, TIKZN	50			

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		Develop/Refine the Key Value Proposition of the District to the investment community	IP&FU	EDTEA, TIKZN	50			
		Develop/refine the marketing message to the target markets [investors]	IP&FU	EDTEA, TIKZN	50			
		Conduct Roadshows to promote the IP&F Goals & Objectives amongst LM's and all other stakeholders	IP&FU	EDTEA, TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Investment Promotion								
	Strategic Output 5: Promotions Planning and Systems							
	1. Marketing & Communications Plan							
	Write the Marketing and Communications Plan	Seek approval from stakeholders [DM, LMs] on the DMs/LMs comparative advantages and key value proposition	IP&FU	EDTEA, TIKZN				
		Develop & Update promotional material such as brochures, e-brochures, webpages, business cards, advertisements and distribute to stakeholders, at missions, to TIKZN to convey the market message	IP&FU	EDTEA, TIKZN	350	50	50	50

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	Employ Investment Promotion Tactics	Above-the-Line Investment Promotion tactics	IP&FU	TIKZN	100	250	250	250
		Below-the-Line Investment Promotion tactics	IP&FU	TIKZN	100	100	100	100
	2. Marketing Partnerships							
	Form Partnerships for collaboration	Develop marketing partnerships with LMs, TIKZN, COGTA, journalists, media to share cost of marketing and communication actions	IP&FU	EDTEA, TIKZN				
		Collaborate with investor facing agencies for marketing interventions	IP&FU	TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Investment Promotion								
	Strategic Output 5: Promotions Planning and Systems							
	3. Promotional Marketing Partnerships							
	Memorandums of Understanding	District LM's – investment climate, information, facilitation, opportunity development, BR&E	IP&FU	LMs				
		TIKZN – IP&F Programme	IP&FU	TIKZN				
		SEDA – SMME Incubators	IP&FU	SEDA				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		TIA – Innovation Incubators	IP&FU	TIA				
		EDTEA – Policy Support, Industrial Hubs	IP&FU	EDTEA				
		DARD – Agri-parks	IP&FU	DARD				
		Local Chambers of Commerce – BR&E	IP&FU	Chambers				
	Trade & Investment Missions	Overseas	IP&FU	The DTI/ Chambers				
		National/Overseas	IP&FU	TIKZN/ DTI/ Chambers				
Investment Facilitation & After-care								
Strategic Output 6: Facilitation Services								
1. Facilitating Investment								
	Bid Support	Research and information	IP&F U	IDC				
		Opportunity development (feasibility studies)	IP&F U	TIKZN/ IDC/ EDTEA				
	Catalytic Projects	Funding for site specific technical studies	IP&F U	TIKZN				
		Industrial Hubs	IP&F U	EDTEA				
		Agri-Parks	IP&F U	DARD				
		Operation Phakisa	IP&F U	DAFF				
		Milk Processing	IP&FU	Clover				
		Riverside State Dairy Farm	IP&FU	DARD				
		Railway Tourism	IP&FU	Nkosazana Dlamini-Zuma LM				
2. Bid Support								

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	Offer Financial and Non-Financial support offered to prospective investors	Design a Bid Support programme: i. objectives and priorities ii. selection criteria iii. assessment and approval processes iv. List the types of interventions supported v. Include non-financial support vi. Effective monitoring and evaluation of the project outcomes	IP&FU	EDTEA/ TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Investment Facilitation & After-care								
	3. Facilitating Catalytic Projects							
	Catalytic Project Database	Develop a comprehensive database of all past and current investment projects, profile to identify challenges and facilitate	IP&FU	None				
	4. Research and Information Provision							
	Investment Promotion Information – general information	Collate information that would be used to promote the District to the investment community by IP officials, TIKZN and the DTI	IP&F U	TIKZN, DTI				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	Investment Facilitation Information – project specific information	Collate specific investment project data such as local input costs, suppliers for the investor	IP&F U	TIKZN, DTI				
	Project Packaging (Feasibility Studies)	Undertake research on local opportunities and package into investment proposals.	IP&F U	EDTEA				
	Information Repository	Centralise information	IP&F U	None				
	5. Business Development							
	Business Development Strategy	Identify local investment opportunities	IP&F U	EDTEA				
		Undertake Due Diligence/Feasibility Study	IP&F U	EDTEA				
		Package into Investment Prospectus	IP&F U	EDTEA				
		Identify Potential Target Investors (domestic, foreign)	IP&F U	TIKZN				
		Present Proposals	IP&F U	TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	Investment Facilitation & After-care							
	Strategic Output 7: Partnerships & Stakeholder Coordination							
	1. One-Stop-Shop							
	Establish a District Level One-Stop-Shop for facilitation of applications and	Develop One Stop Shop Processes and Procedures	IP&FU	TIKZN/ DTI				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	queries on public services							
		Set targets	IP&FU	None				
		Develop linkages with Provincial and National 1-Stop Shops to collaborate on mutual support required	IP&FU	DTI/ TIKZN				
2. Stakeholder Engagement								
	Investment Partners/ Collaborators	Develop a Stakeholder Engagement Plan to keep informed and co-ordinate efforts of all Investment Partners such as TIKZN, the DTI, COGTA, Chambers of Commerce, SEDA, DFIs	IP&F U	EDTEA/ TIKZN				
	District Stakeholders	Develop a Stakeholder Engagement Plan to keep informed interested and affected parties in the District such as labour, environmental NGO's	IP&F U	None				
3. Policy Advocacy								
	Develop Public Advocacy Policy or Plan	Establish working relationships with public & private Agencies that influence the investment environment such as DTI, Dept. of Environmental Affairs, District Planning & Dev., COGTA	IP&FU	TIKZN/ EDTEA				
		Have regular networking sessions with the above organisations to discuss challenges in the Policy Environment	IP&FU	TIKZN/ EDTEA				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
	Strategic Output 8: Business Retention & Expansion							
	1. Business Support							
	One Stop Shop	Provide 1-stop information and support to local business	IP&FU	TIKZN				
	Market Support	Identify potential new markets for local businesses/investors	IP&FU	TIKZN				
	Access to funding	Assist with access to DFIs for expansion and bridging finance	IP&FU	EDTEA				
	Research Support	Provide ad hoc research support such as market research, customer satisfaction surveys	IP&FU	EDTEA				
	Key Client Management	Develop a KCM Strategy that focuses on top firms in the District	IP&FU	TIKZN				
	Advocacy	Engage with Decision Makers to ease business regulations and red tape affecting business prosperity	IP&FU	TIKZN/ EDTEA				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Investment Facilitation & After-care								
	Strategic Output 8: Business Retention & Expansion							
	2. Distressed Companies							
	Investment Climate Surveys	Conduct regular investment climate surveys to identify investment	IP&FU	EDTEA				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		barriers and mitigate						
	Benchmark costs against other Districts	Identify critical cost factors for local investors and benchmark the Districts performance on these costs against other Districts	IP&FU	EDTEA				
	Improve Business Climate	Identify areas to improve business climate such as input costs, crime and grime, bureaucracy	IP&FU	EDTEA				
	Knowledge Management	Work closely with investment collaborators to have early warning systems to detect businesses in distress and act pro-actively	IP&FU	TIKZN/ EDTEA				
3. Investment Facilitation and After-Care Guide								
	Aftercare - activities that encourage follow-on investment and create greater local economic impact	Develop a structured service offering that includes administrative, operational and strategic support to investors such as:	IP&FU	TIKZN				
		Securing contracts and new markets	IP&FU	TIKZN				
		Securing funding and investors	IP&FU	IDC/ GF				
		Linking investors to local suppliers	IP&FU	None				
		Creating new opportunities and leads for expansion opportunities	IP&FU	EDTEA				
		Fast track access to key	IP&FU	None				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		resources such as land and utilities for expansion						
		Eliminate red tape and bureaucracy	IP&FU	DM				
		Facilitate work permits	IP&FU	TIKZN				
		Establish technical support teams to assist with implementation and post-commissioning issues	IP&FU	DM				
		Finding homes and schools for foreign expatriates	IP&FU	None				
		Assist with developing social networks for expatriates and invite them to social events	IP&FU	None				
Monitoring, Evaluation and Reporting								
Strategic Output 9: Monitoring								
4. Information Management System								
	Develop Template for the MIS and prepare monthly reports		IP&FU	None				
5. Key Performance Areas								
	Develop Key Performance Management System to measure the following objectives	<p>Advocacy</p> <p>The full costs and benefits derived from each investment, including the full costs of the investment incentives, grants and facilitation</p> <p>Whether incentives provided were critical to a recipient company's investment decision</p> <p>The net economic benefit</p>	IP&FU	EDTEA/ TIKZN				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		<p>of the assistance provided by looking at the impact on the economy and on other businesses/SMMs</p> <p>The value-for-money benefits. The results of the evaluations should be used to direct resources towards the activities delivering the highest returns</p>						
	6. Key Performance Indicators							
	Measure the IP&F Unit's efforts monthly, quarterly and annually by monitoring the following key performance indicators:	As per Table 7.1	IP&FU	None				
	Strategic Output 10: Evaluation							
	1. Performance Evaluation System							
	Develop Performance Management System to evaluate IP&F Officials in terms of:	PMS must use the S.M.A.R.T Principle (Simple, Measurable, Assignable, Realistic, Time-related	IP&FU	TIKZN		300		

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Monitoring, Evaluation and Reporting								

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
Strategic Output 10: Evaluation								
	2. Macro-economic Investment Evaluation							
	The District Development Agency should undertake an annual investment climate survey to benchmark its macro environment, investment performance and competitiveness against other Districts and Metros in KZN and elsewhere. Macro factors include:	The level of the utility capacities to support investment and growth	IP&FU	DM				
		Export value of goods and services	IP&FU	TIKZN				
		Education and skills profile of the population	IP&FU	DOE				
		Cost competitiveness, political stability	IP&FU	DM				
		Quality of life factors	IP&FU	None				
		The survey must also identify areas of weakness and propose mitigation measures	IP&FU	DM				
Strategic Output 11: Reporting								
	1. Internal Reporting Process							
	Prepare Internal and External Reports	Reporting aspects: The number of jobs created	IP&FU	None				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		<p>The value of exports</p> <p>Capital expenditure from the projects receiving Government assistance</p> <p>Progress of activities or actions taken that improve on the District's business environment</p> <p>The number of projects assisted</p> <p>The cost of investment promotion and facilitation</p> <p>The names of the companies receiving financial assistance from grants and incentives and the total value of financial assistance provided for the year</p> <p>Transparent account of the full cost and impact of the Municipality's investment attraction activities</p> <p>Amounts of financial and/or other government assistance provided to specific activities and entities</p>						

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		<p>Criteria for assessing applications</p> <p>Jobs, exports and capital expenditure generated by the individual projects receiving government assistance</p> <p>Innovation processes, productivity improvements, skill development and wider value added by these projects</p> <p>Adverse impacts of government assisted projects on other companies, such as price competition or price increase, shortage of supply of raw materials, closure of existing businesses</p>						
	2. External Reporting Process							
	Recommendations on the Implementation	Secure Buy-in from District and LMs to adopt the Strategy	IP&FU	DM, LMs				
		Secure financial and human resources to Implement the Plan	IP&FU	EDTEA, IDC				
		Secure political support for the Strategy across DM and LM constituencies	IP&FU	DM				

	Action	Practical Interventions	Implementing Organisation	Partners	Budget ('000)			
					2016/17	2017/18	2018/19	2019/20
		Secure partnerships and collaborators to help implement the Plan	IP&FU	TIKZN				
		Keep Stakeholders and Collaborators informed of progress	IP&FU	None				

CONCLUSION

District and Local Municipalities are actively engaging in investment promotion and facilitation programmes to attract a larger business and employer base into their local economies. Apart from the additional jobs and revenue to the public fiscus, other benefits include the regeneration of stagnating precincts, injection of new skills and technology into a local District and utilisation of local resources and services.

Investment Promotion & Facilitation (IP&F) require appropriately qualified and experienced personnel, financial resources, information and strong partnership networks. Success in IP&F depends on how effectively these resources are utilised for the benefit of the District and its LMs.

The Harry Gwala District Municipality has a number of comparative advantages and opportunities that would be of interest to the investment community. However, a key gap in directing investors' attention to the District is the absence of an effective IP&F programme.

This document sets out some of the best practices that the District's Development Agency could adopt in its IP&F Programme and makes practical recommendations on the tactics that should be employed to increase the investment profile and investment success rate of the District.

The IP&F Strategy also describes the building blocks of an effective IP&F programme, which would be implemented by a well-resourced Investment Promotion Unit (IP&F Unit). The IP&F Unit will reside within the Harry Gwala Development Agency.

The programme includes a number of interventions that could be executed immediately with minimal cost while other interventions would require funding partnerships in order to deliver them. Potential collaborators and funding partners include EDTEA, TIKZN, SEDA, IDC, etc.

All activities of the IP&F Programme must be monitored, evaluated and reported on to stakeholders in government and to public stakeholders.

Annexure

Annexure A1: Key Definitions

Committed Investment

A committed investment or project is one where there is a firm obligation on the part of the investor, expressed in an agreement or (commercial) contract confirming that the key requirements of the project, such as land and/or buildings, funding, utilities, environmental record of decision, etc. have been secured.

Uncommitted Investment

An uncommitted project is one where a firm has not made any verbal or written commitment to invest in the District. This may be due to some shortcoming in the District, or absence of a critical resource, information or decision, or due to the hesitation on the part of the investor for unknown reasons.

District Municipality ['Municipality']

A municipality that has municipal executive and legislative authority in an area that includes more than one local municipality. Known as a Category C Municipality.

District

The area in which the District Municipality has municipal executive and legislative authority.

Local Municipality

A municipality that shares municipal executive and legislative authority in its area with a Category C Municipality within whose area it falls, i.e. a sub-area of the District Municipality. Known as a Category B Municipality.

Local Municipal Area (LMA)

The area in which the LMA shares municipal executive and legislative authority with a Category C Municipality within whose area it falls.

Investment Promotion

Investment Promotion includes all activities and measures aimed at creating a favorable business environment for fixed investment in the District. This includes formulating relevant policies, assessing and improving the local investment environment and providing a professional investment promotion and facilitation service.

Investment Facilitation

Investment Facilitation is the methodical process undertaken by the Investment Promotion Unit in securing a fixed investment deal in the District. The quality and flexibility of these activities has a direct bearing on the success of the District's investment strategy.

Direct Investment

An investment, which is sufficiently large, in land, factories, buildings, plant, equipment, tools, infrastructure, etc. Such an investment could either be in a green-field project or in an existing District-based company. An investment in an existing District-based company could be through an expansion, a shareholding, takeover, buy-out, joint venture, partnership, etc.

Direct Investor

An individual, an incorporated or unincorporated private or public enterprise; an associated group of individuals or enterprises; a government or a government agency; an estate or trust; a group of individuals with a common investment goal, or an international organization, which has made an investment of more than 10 percent of the fixed capital requirements of the new or existing enterprise operating in the District.

Foreign Direct Investment (FDI)

Foreign direct investment refers to investment (funds, plant or equipment) originating from outside the country and flowing into a particular locality specifically for the purposes of establishing a presence in that locality. Funds are used for the purchase of fixed assets such as land, built structures, plant and equipment. For the purposes of the Strategy, external investment would refer to all investments sourced “from outside the District”, either from a private or public entity.

Domestic Direct Investment (DDI)

Domestic Direct Investment refers to investments originating from within South Africa, from an existing local enterprise (private or public).

Above The Line (ATL) Marketing

Above The Line Marketing is a destination marketing technique using specific channels to promote the District’s strengths and opportunities to a broad spectrum of stakeholders. This technique makes use of traditional mass media such as newspapers, magazines, radio and television, internet, email, etc.

Below The Line (BTL) Marketing

Below The Line Marketing tactics profile and directly target specific investors, matching their needs or preferences with the District’s key selling proposition (KSP) or packaged opportunities. BTL promotion strategies are quite specific and the outcomes are generally easier to measure. BTL marketing often takes place as face-to-face interventions.

Investment Incentives

Schemes aimed at stimulating private sector interest in specified types of capital expenditure, or investment in areas of high unemployment or under-development.

New Opportunity Development

New Opportunity Development refers to the proactive identification of potential investment opportunities (such as the presence of an economic resource, a lucrative local market opportunity or requirement, etc.) and the development of these opportunities into bankable business plans. Packaged investment propositions are usually used in the BTL promotion strategy.

Market Intelligence

Is the process of acquiring and analysing information gathered from external and internal sources in order to understand the locality; the target investor (i.e. existing and potential investors); current and future needs of local business; the perceptions, attitudes and behavior of the business and investor body; changes in the business/investment environment that may affect the investment promotion effort; and to aid in decision-making by the Municipality's Investment Promotion & Facilitation Unit.

Knowledge Management

Strategies and processes undertaken by the Municipality's Knowledge Management Unit to identify, capture, structure, value, leverage and share knowledge in key sectors to enhance the District's investment promotion competitiveness and performance. Knowledge management involves two activities: (1) capture, analysis and packaging of economic and sector-specific knowledge, and (2) dissemination of knowledge within the Municipality.

Monitoring & Evaluation (M&E) of IP&F Activities

Monitoring focuses on tracking inputs, outputs, outcomes and impacts of the interventions as implemented by the District's Investment Promotion Unit (IP&F Unit). Evaluation assesses the efficiency and impact of interventions (typically after they have been implemented) by the IP&F Unit. Together, monitoring and evaluation allows the IP&F Unit's management to track results, suggest corrections or improvements during implementation, and assess the level of success of any IP&F intervention.

Annexure A2: Knowledge Management Systems

A2.1 Research and Market Intelligence

The IP&F Unit should gather extensive information on the District's business environment. This would include investment trend analysis and benchmarking studies. The benchmarking studies should compare the District's competitive position as an attractive destination with other Districts in KZN and SA. The IP&F Unit should also commission a snapshot of the District's businesses, location strengths and weaknesses and the operating conditions of businesses. The IP&F Unit should also have ongoing discussions with the provincial investment promotion Agency (TIKZN), District and LM LED Units to gather information relevant to the IP&F Programme.

A2.2 Information Systems

Having access to current and accurate information is a prerequisite of an effective IP&F Programme. The following section describes some of the information systems that should be developed and updated on a continuous basis.

a. Investment Enquiry Dossiers

One way of ensuring that the Municipality offers a professional and customised facilitation service to investors would be to develop detailed *Investment Dossiers* on every investment lead, and especially on potential catalytic projects. The *Investment Dossier*, should capture the following information:

Investor Information:

- ϕ Name of enterprise;
- ϕ Nature of business;
- ϕ Country/province where headquartered;
- ϕ Key personnel in the business (Chairperson, CEO, Business Development Exec.);
- ϕ Latest news about the business in question (such as recent announcements, negative publicity, etc.);
- ϕ Visiting Delegate/Contact Person (Local and/or foreign); and
- ϕ Contact Details of Delegate.

Details of the Proposed Project:

- ϕ Sector (e.g. manufacturing, tourism, services, etc.);
- ϕ Sub-Sector (e.g. food processing, hospitality, call centre, etc.);

- φ Details of the project (Size/volume, number of beds, number of seats, etc.);
- φ Target markets (local, regional, national, global);
- φ Specific requirements from the District (raw materials, land requirements – see below, skills, partners, etc.);
- φ Specific requirements from the Municipality/LM (information – see below, approvals, utilities, incentives, bid support, etc.);
- φ Requirements to proceed to next stage (studies, zoning, EIA, etc.);
- φ Estimate number of employment by skill level (management, blue-collar, semi-skilled, labourers, etc.);
- φ Project time frames (phases by month/year);
- φ Estimate of capital investment in the project; and
- φ Preferred location (LM).

Information provided to the Investor:

- φ Cost of doing business in the District (e.g. raw materials, utilities, rates, taxes, labour, rentals, transport, import duties, services, etc.);
- φ Site options available that meet the project requirements and costs;
- φ Incentives;
- φ Potential local partners/BEE; and
- φ Other supporting services and information.

Location and Site Requirements

- φ Location requirements (proximity to key resources and infrastructure);
- φ Land requirements (size, arable, terrain, proximity to key resources and infrastructure, environmental sensitivity factors, etc.);
- φ Preferred zoning; and
- φ Building requirements – if available (Size - LxBxH, type of flooring/walls/roof, ventilation requirements, parking spaces, etc.).

Bulk Infrastructure Requirements

- φ Electricity supply (MVA, kV);
- φ Water (quantity and quality);
- φ Telecommunications; and
- φ Access to waste management facilities (solid, effluent, toxic, etc.).

Key Dates

- φ Date Enquiry was received;
- φ Date of initial response and nature of response;
- φ Dates of follow-up responses and nature of responses;
- φ Proposed visit date/s (and purpose) by the investor; and
- φ Expected project establishment date.

Key Contact Persons

- φ Point of contact for this enquiry within the IP&F Unit;
- φ Point of alternate contact for this enquiry within the IP&F Unit; and
- φ Point of contact at the prospective investment firm.

Not all of the above information may be available or provided during the first contact. Therefore the IP&F Unit Official should build up this Dossier over a number of contact sessions with the investor and through own research.

b. District/LM Information

The following information about the District/LMs should be available to investors, either in the form of a PDF file, on the Municipality's (and LMs) websites or in printed form. This information should be regularly updated.

- φ Investment opportunities available in the District and LMs;
- φ Geography;

- φ Economy;
- φ Business infrastructure;
- φ Political and business leadership profile;
- φ Key competitive advantages;
- φ Key industry sectors;
- φ How to establish a business in KZN/District/LM;
- φ Profile of other successful investors/projects;
- φ Key sector strengths;
- φ Workforce/labour information;
- φ Cost of doing business (labour, energy, tax rates, interest charges, etc.);
- φ Profile of the business environment;
- φ Profile of export markets;
- φ Services available to investors
- φ Major cities;
- φ Foreign Trade Structure;
- φ Legal & political frameworks;
- φ Languages;
- φ Religions;
- φ Topography & climate;
- φ Currency;
- φ Standard time;
- φ Public holidays;
- φ Entry requirements;
- φ Health care system;
- φ Utility information (voltage, frequency, broad-band, 3G, etc.);

- φ Metric conversion tables; and
- φ Currency conversion tables.

At any given time the IP&F Unit Team (incl. investment collaborators) should have access to the above information in order to provide a professional IP&F service to investors.

c. **Management Information System**

A key requirement for effective monitoring and evaluation of the IP&F Programme is the availability of current and easily accessible information such as:

- φ The results of the investment lead generation strategy. The following lead information should be recorded as a minimum:
 - date of marketing intervention;
 - market channel/s used;
 - details of leads generated;
 - initial response and engagements; and
 - channel that generated the lead, etc..
- φ List of qualified investment enquiries received:
 - record date;
 - country/region of origin;
 - company name;
 - potential investment value;
 - potential jobs;
 - Name of IP&F official assigned to the lead;
 - proposed local municipal destination;
 - facilitation required/offered; and
 - current project status, etc..

φ List of investors that have visited the District:

- visit date;
- country/region of origin;
- company;
- potential investment;
- potential jobs;
- name of IP&F official assigned to the investor;
- proposed local municipal destination; and
- project status.

φ List of established investments:

- date of establishment;
- country/region of origin;
- company name;
- actual investment (Rm);
- actual jobs (no.);
- name of after-care official assigned to the project;
- local municipal destination; and
- project status.

φ Incidents of investment hurdles encountered, advocacy efforts undertaken and final outcomes.

d. Investment Facilitation Information System

In order for the Investment Facilitator to provide a professional and valuable facilitation service, he/she should have access to the following information:

- φ List of relevant investment collaborators in all spheres of local and provincial government;

- φ A list of service providers that could add value to the investment facilitation process such as researchers, project managers, environmental consultants, financiers, surveyors, architects, engineering companies, business property owners, utility service providers, recruitment agencies, transaction advisors, etc.;
- φ Detailed information on vacant premises for development (such as land, office buildings, warehouses, factories, etc.) available through-out the District at local municipal level;
- φ Minimum site information should include location (distance from Durban Port, Airport, GPS co-ordinates), size, zoning, market value (rental/purchase cost if available), services/utilities available, transaction options (lease, buy, etc.), possible development/environmental restrictions, etc.;
- φ General and customised incentive packages available;
- φ Cost of doing business information (such as electricity, water, gas, labour, tax, property rates, etc.); and
- φ South African, provincial and municipal policies and laws affecting fixed investments, e.g. environmental regulations, labour laws, transformation requirements, etc.

All information should be reviewed and updated on an ongoing basis by the Knowledge Management officer.

In addition to the above information systems, investment leads should be logged and tracked to ensure that all projects receive adequate attention.