



## **Final Draft Strategic Roadmap for Economic Development, Job Creation and Transformation for the City of Umhlathuze**



Prepared by Sigma International  
February 2016

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## **PART A – PROJECT CHARTER/ INCEPTION REPORT**

## **Acronyms**

DTI	Department of Trade and Industry
RBM	Richards Bay Minerals
IDZ	Industrial Development Zone
KZN	Kwazulu-Natal
IDP	Integrated Development Plan
NDP	National Development Plan
LED	Local Economic Development
SALGA	South African Local Government Association
IDC	Industrial Development Corporation
NEF	National Empowerment Fund
RBIDZ	Richards Bay Industrial Development Zone
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
PWD	People with Disabilities
SEDA	State Enterprise Development Agency
PGDP	Provincial Growth and Development Plan
SETA	Skills, Education and Training Authorities
SMMEs	Small, micro and medium enterprises

## **Background**

### **Business Problem/ Opportunity**

uMhlathuze Local Municipality is located within the Uthungulu District Municipality, north-east of Kwazulu-Natal. uMhlathuze is the most developed economy and has the largest population within the district.

However, the Municipality is faced with a number of development challenges. Unemployment in the City of Umhlathuze is lower than in the District, with the rate of unemployment remaining unacceptably high. Other primary economic challenges within the City include low income, disinvestment and business closure ***(Umhlathuze LED Strategy 2013-2017).***

It is on this basis that Umhlathuze Local Municipality have prioritized the three key areas of economic development, transformation and job creation and as such, reached consensus to develop such a roadmap for the City of Umhlathuze.

The Municipality, invited through a Terms of Reference proposals from consultant companies, herein referred to as the “Service Provider” to develop an Economic Development, transformation and job creation roadmap for the city of Umhlathuze.

Sigma International is appointed as the Service Provider to develop an all-embracing roadmap aimed at guiding the City of uMhlathuze’s interventions and programmes that will and put into action recommended implementable solutions and support measures which will result in the following over time:

1. Improving citizen’s skills levels/ education
2. Increased competitiveness and investment in the city
3. Transformation within the Public and Private sector
4. Job creation
5. Economic growth through job creation
6. Stimulate rural development
7. Sustainable Environmental Management
8. Consistent spatial Development Framework
9. Improved productivity and resource management
10. Strengthened collaboration amongst key industry partners that will grow and sustain the city’s job creation, economic growth and transformation efforts, in a collective manner

***(Umhlathuze Local Municipality Tender Terms of Reference)***

## **Project Objectives and Scope**

### **Project Aim and Objectives**

To develop a practical, implementable and solutions-oriented roadmap to address Economic Development, Transformation and Job Creation in the City of uMhlathuze by:

- Analysing, unpacking and consolidating economic data and trends in relation to the city of uMhlathuze
- Aligning the emerging roadmap to the national, provincial and district economic development plans and strategies
- Aligning the emerging roadmap to the Master Plan of Richards Bay Industrial Development Zone, Transnet Port Expansion Plan and other mega investments in the City
- Identifying and package strategic economic sectors to be championed and supported by the city including Maritime industry
- Identifying and recommend business support interventions and initiatives including investment attraction incentive packages
- Preparing a roadmap implementation scorecard in terms of short, medium and long term deliverables for the city
- Preparing and facilitating six (06) stakeholder engagement sessions and one(01) Economic Development, Transformation and Job Creation summit
- Preparing priority skills development focus areas informed by industry demand
- Analysing and packaging public sector job creation and skills development initiatives for implementation by the city
- Organising and facilitating one (01) critical thinking dialogue with selected key stakeholders on the state of the south African Economy and Opportunities for Growth and Job Creation
- Aligning economic development imperatives to the spatial development framework of the city
- Recommending investment attraction strategies and modalities
- Preparing, consolidating, finalizing and submitting a completed roadmap for adoption by council

***(Source: Umhlathuze Local Municipality Tender Terms of Reference)***

## **Project Scope**

The scope of the project entails the following:

- Identifying and prioritizing job creation programmes and catalyst projects that will attract business investment, expansion and retention
- Development of Small, medium and micro enterprises with emphasis on skills development in the identified priority industries
- Supporting of economic infrastructure via the municipal budget
- Strategy to modernise township and rural economy
- Analysis of the economic data pertaining to the City of uMhlathuze
- Bringing together key and relevant stakeholder minds to develop and implement an effective and all-embracing roadmap
- Providing insight on how the current and future investments can be leveraged for the uplifting of the local communities.
- Development of a monitoring and evaluation system for all action items

***(Source: Umhlathuze Local Municipality Tender Terms of Reference)***

## **Project Exclusion (Out of Scope)**

- None

## **Project Duration**

The commencement date of the Project will be 19 October 2015. The project completion date is 28 February 2016.

Refer to **Annexure A** for the Project Gantt chart.



## **Project Stakeholders**

The project stakeholders include the following:

1. uMhlathuze Local Municipality
2. EDTEA
3. KZN Treasury
4. Uthungulu District Municipality (and key Local Municipalities)
5. Other Key Municipalities (District and Local)
6. SALGA
7. Development financiers (IDC, DTI, ABSA, etc)
8. Zululand Chamber of Commerce and Industry
9. SEDA
10. Private sector (organizations and business)
11. Educational and Research institutions (University of Zululand, other)
12. Local community organizations (focus on youth groups, women's groups, PWD groups, traditional authorities)

Refer **Annexure B** for a detailed list of stakeholder we propose engaging

## Deliverables

### Work Breakdown Structure

	Phase	Deliverable/s
A	Inception Phase	Project Charter/ Inception Report
	Initial scoping/ planning meeting	
	Set up of Project Steering Committee	
	Develop project milestones and timelines	
	Complete inception meeting schedule	
	Develop initial list of stakeholders and set dates for stakeholder engagement workshops	
B	Data Mining, Analysis and Consolidation	Interim Report 1 (Completion of Literature Review, Stakeholder Engagement Workshops and Key Stakeholder interviews/ focus group discussions)
	Desk-top research/ Literature review	
	Collation and review of key documents	
	Trends analysis	
	Facilitation of critical thinking dialogue	
	Facilitation of 6 stakeholder engagement workshops	
	Interviewing key stakeholders/focus group discussions	
C	Development of Key Findings and Recommendations Report	Interim Report 2 (Key Findings and Recommendations Report; Facilitation of Economic Development, Transformation and Job Creation Summit)
	Development of draft key findings and recommendations report	
	Tabling and approval of report	
	Facilitation of Economic Development, Transformation and Job Creation Summit	
D	Development of Roadmap	Development of Draft Economic Development, Transformation and Job Creation Roadmap document
	Draft roadmap/ implementation plan	
	Development of a scorecard	
	Development of an action plan	
E	Document Finalisation, Handover and Project Close Out	Final Economic Development, Transformation and Job Creation Roadmap document; Project Close Out
	Review of draft roadmap	
	Tabling report with Municipal Manager's Office/ Project SteerCom	
	Finalisation of report	
	Handover of Report/ Project Close Out	

## Payment Schedule

Payment amounts include VAT and project disbursements (transport, accommodation, printing, stationery and telephony costs)

	Phase	Deliverable/s	Timeline	Amount
<b>A</b>	Inception Phase	Project Charter/ Inception Report	9 November 2016	R75 778.02
	Initial scoping/ planning meeting			
	Set up of Project Steering Committee			
	Develop project milestones and timelines			
	Complete inception meeting schedule			
	Develop initial list of stakeholders and set dates for stakeholder engagement workshops			
<b>B</b>	Data Mining, Analysis and Consolidation	Completion of Literature Review, Stakeholder Engagement Workshops and Key Stakeholder interviews/ focus group discussions	14 January 2016	R 367 236.78
	Desk-top research/ Literature review			
	Collation and review of key documents			
	Trends analysis			
	Facilitation of critical thinking dialogue			
	Facilitation of 6 stakeholder engagement workshops			
	Interviewing key stakeholders/focus group discussions			
<b>C</b>	Development of Key Findings and Recommendations Report	Key Findings and Recommendations Report; Facilitation of Economic Development, Transformation and Job Creation Summit	29 January 2016	R 149 918.28
	Development of draft key findings and recommendations report			
	Tabling and approval of report			
	Facilitation of Economic Development, Transformation and Job			

	Creation Summit			
<b>D</b>	Development of Roadmap	Development of Draft Economic Development, Transformation and Job Creation Roadmap document	5 February 2016	R 100 785.40
	Draft roadmap/ implementation plan			
	Development of a scorecard			
	Development of an action plan			
<b>E</b>	Document Finalisation, Handover and Project Close Out	Final Economic Development, Transformation and Job Creation Roadmap document; Project Close Out	28 February 2016	R 30 865.53
	Review of draft roadmap			
	Tabling report with Municipal Manager's Office/ Project SteerCom			
	Finalisation of report			
	Handover of Report/ Project Close Out			

## **Methodology/ Delivery Strategy**

### **Phase 1: Project Set-Up and Project Charter/ Inception Report**

In this phase the project charter/ inception report will be drafted detailing the overall research approach and methodology to be employed, project team members and their contact details, key project milestones and expected timeframes in which each phase of the project activities costs will be completed. This stage will also entail the creation of a steering committee for the development of the roadmap comprising members from both the Municipality and Sigma's consulting team. The Project Steercom will comprise representation from the following:

- Municipal Manager's office
- CFO's office
- City Planning
- Technical Services
- Disaster Management
- Representation from the Mayoral Advisory Panel

In addition, the following key items will be covered in the Inception report/ Charter:

- Methodology
  - Project governance, roles and responsibilities
  - Project dependencies
  - Critical success factors
  - Project Risks and Mitigation
  - Project Gantt chart
  - Key Project Stakeholders
- The detailed plan would be developed and submitted for approval to the Municipality by the Steering Committee beforehand. Once tabled and approved by the office of the Municipal Manager of the City of uMhlathuze, key project milestones will be emphasized and timelines highlighted. The following key documents shall be made available by the Umhlathuze Municipality COO during the inception phase of the project:
    - *National Development Plan*
    - *Provincial Growth Development Plan (PGDP)*

- *Integrated Development Plan(IDP)*
  - *Municipal Budget*
  - *Local Economic Development Strategy (LED) 2013-2017*
  - *Spatial Development Plan*
  - *Richards Bay Industrial Development Zone (RBIDZ) Master Plan (RBIDZ)*
  - *Transnet Port Expansion Plan*
  - *City expansion plans (Mega Investments)*
  - *Other key documents*
- The inception report will provide for project reporting/communication guidelines as well as governance milestones to ensure that the final output is achieved/ completed as required
  - Meeting with the Project SteerCom to discuss our proposed approach, as well as obtain input from the Municipality on what is expected from the requirements
  - Obtain an approved stakeholder database to begin setting up meetings/ engagements for the stakeholder engagement workshop
  - Set up stakeholder engagement workshop dates

## **Phase 2: Data Mining, Analysis, Stakeholder Engagement and Consolidation for the City of uMhlathuze**

- This phase will also entail a literature review of all recommended documents, Master Plans, Reports and strategies for the City of uMhlathuze. It will also entail desktop research to supplement the data provided by the Municipality.
- Comparable data will be obtained and analysed for best performing City's in South Africa for benchmarking purposes
- Trends will be generated for the economic development key performance indicators, Table 1 gives a summary of sample data to be collected and analysed.
- Organization and facilitation of one critical thinking dialogue with selected key stakeholders on the state of state of the South African economy and opportunities for growth and job creation This will provide an overall reality context of the economy
- Meetings with key approved stakeholders (from across the municipalities borders, including Esikhaleni, Vulindlela, Nseleni and Ngwelezane) be held to complement the literature review (we will conduct the six stakeholder engagement sessions), including:
  - Youth
  - Women
  - Business and investors
  - Professionals

- Councillors
- People with Disabilities
- Table 2 gives our proposed reference group.
- Obtain input from external stakeholders as to the perceived and actual relevance and impact of the roadmap
- Weaknesses and gaps are to be identified
- The Sigma International approach will include the facilitation of an international expert in Economic development and Job creation to provide invaluable input from an international perspective on how to grow the local economy.

**Table 1: Data Gathering**

Examples of data/ literature we will gather include on the City of Umhlathuze	
<b>Socio-demographic</b>	Population size, age structure, growth rate, income levels (individual, household, family), poverty levels
<b>Labour force</b>	Labour force participation, employment / unemployment, length of unemployment, unemployment by age, nature of employment (full-time, part-time, casual), age structure, employment by industry type, gross weekly earnings
<b>Education and training</b>	Level of education (highest level completed), age left school, literacy, numeracy, absenteeism, higher education by type
<b>Economic</b>	Number, size and type of firms by sector / employees, firm closures by sector, new business start-ups, vacancy rates, Mega projects and investments
<b>Business environment</b>	Current Government programs and interventions, access to finance, existing support networks
<b>Infrastructure</b>	Condition of road, rail and air transport, availability of broadband, electricity, telecommunications, land availability and of water

**Table 2: Reference group comprising key stakeholders to engage**

<b>Community</b>	Representatives of key community organisations Representatives of Traditional Authorities Representatives of women, youth and unemployed
<b>Industry and Business</b>	CEO's of major employers in the province Farmers' union representatives Chamber of Commerce and Industry Local business and commerce organisations Business forums and associations
<b>Government</b>	Officials from provincial government departments Officials from surrounding municipalities Regional skills development officials - e.g. from the Education and Training Authority (SETA)
<b>Research Institutions</b>	Local Universities and Universities of Technology Research Councils NGOs

### Phase 3: Development of key findings and recommendations report

- Based on the above and from our review of the findings from engagement with internal and external stakeholders, the key findings and recommendations report will be developed. The key findings shall include;
  - Identified strategic economic sectors to be championed and supported including;
    - ❖ Maritime industry
    - ❖ Agriculture
    - ❖ Tourism
    - ❖ Manufacturing (incl automotive)
    - ❖ Mining
    - ❖ ICT
    - ❖ Township economy
  - Recommendation of investment attraction strategies and modalities
  - Identified and recommended business support interventions and initiatives including incentive packages and investment attraction (particular attention will be paid to identifying and developing downstream benefits for small business).
  - Preparation of priority skills development focus areas informed by industry demand. It is envisaged that this plan will be segmented chronologically into short, medium and long-term.

These activities will include engagement of the following organizations and people;

  - ❖ Department of Trade and Industry
  - ❖ Universities and further education training institutions
  - ❖ Industry bodies and Chamber of Commerce
  - ❖ Productivity South Africa
  - ❖ Ithala Development corporation
  - ❖ Industrial Development Corporation
  - ❖ DoE
  - ❖ SETA
  - ❖ SEDA
  - ❖ Traditional Leaders
  - ❖ Local communities
- The key findings and recommendations will be tabled with Municipal Manager's office and be used as the basis of the Summit to encourage dialogue and gain further input, discussions and buy-in.



#### **Phase 4: Development of a Roadmap/ Implementation Plan**

- Develop a comprehensive and implementable draft roadmap linked to budgets and timeframes and aligned to plans and strategies at all levels of government (PGDP/ NDP), The RBIDZ master plan, and Transnet Port Expansion plan and mega investments within the City of uMhlathuze. This roadmap shall include all the adopted recommendations and contributions from the stakeholders (including key resolutions from the proposed summit)
- Provide a Project implementation Plan which shall include a schedule for all key items, their timeframes and responsibilities of all parties involved.
- Preparation of a roadmap implementation scorecard in terms of short, medium and long term deliverables for the city.
- The implementation plan will be complemented with a funding plan that will include the proposed funding model that will allow the Economic development, Transformation and Job Creation Roadmap to be implemented on a sustainable basis (a partnership basis with public, private sector, and civil society)
- The Implementation Plan should be broken down into initiatives that can be implemented in the short (2 years), medium (5 years), and long term (10 years); taking into consideration any initiatives that currently exist and the alignment with other national and provincial strategies.
- Tabling of the draft roadmap with the Municipal Manager's office for review

#### **Phase 5: Document Finalisation, Handover and Close out of Engagement**

- Tabling of the final document (and presentation of) with key management and the Office of the Municipal Manager
- Finalisation and sign off of the roadmap
- A close out meeting will be held to
  - Provide guidance on successful implementation practices as well as possible limitations
  - Review of the implementation scorecard and outline key success factors
  - Handover of final, approved Economic development, Transformation and Job Creation Roadmap to the Municipal Managers Office.

Our methodology is summarized in Figure 1 below.

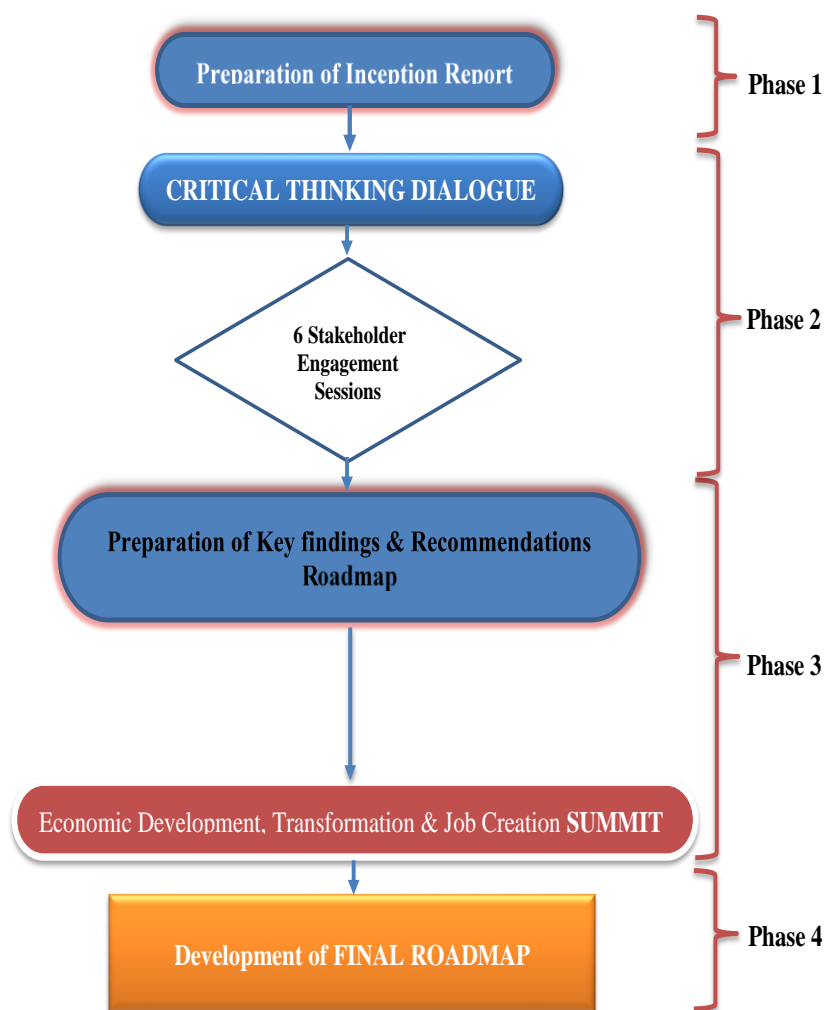


Figure1: Project Methodology

## Project Governance structure

### Project Sponsor

The Umhlathuze Municipality is the Project Sponsor, represented by Mr Nathi Mthethwa (COO)

### Project Sponsor responsibilities

Key responsibilities of the Project Sponsor are:

- i) Defining the vision and high level objectives for the project
- ii) Approving the Project Charter and Plan
- iii) Authorising the provisioning of funds and resources
- iv) Providing final acceptance of the solution upon project completion

### Project Steering Committee

The Project Steering Committee comprises representatives from Umhlathuze Municipality and the service provider (Sigma International) as shown in Table 1 below. All major deliverables will be approved by the Project steering committee.

No	Name	Contact No	Email Address
<b>Umhlathuze Municipality</b>			
1.	Nathi Mthethwa	035 9075199	<a href="mailto:MthethwaNI@umhlathuze.gov.za">MthethwaNI@umhlathuze.gov.za</a>
2.	Nongcebo	0713436449	<a href="mailto:MadlalaNL@umhlathuze.gov.za">MadlalaNL@umhlathuze.gov.za</a>
3.	Representative from Mayoral Advisory Panel		
<b>Sigma International</b>			
4.	Akash Singh	0836380339	<a href="mailto:akash@sigmaintl.co.za">akash@sigmaintl.co.za</a>
5.	Shamantha Moodley	0734575855	<a href="mailto:shamantha@sigmaintl.co.za">shamantha@sigmaintl.co.za</a>

### **Project steering committee responsibilities**

Key responsibilities of the Project Steering Committee are:

- i) Ensuring project operational support arrangements are put in place
- ii) Review the project plan and project deliverables
- iii) Providing input into the project execution by resolving issues and taking corrective action accordingly
- iv) Input into the project management processes – specifically, project risk, communications and stakeholders management
- v) Input into changes in scope and approval thereof

### **Roles and Responsibilities**

#### **Umhlathuze Municipality responsibilities:**

The responsibilities of Umhlathuze Municipality are:

- i) Provide a conducive environment for Sigma International as a service provider to be able to successfully deliver the project
- ii) Project deliverables quality control
- iii) Ensure all specifications as per the ToR for the development of the Economic Development, Transformation and Job Creation Roadmap are met
- iv) Providing accurate information and data
- v) Assist with stakeholder engagement (as and when required)

#### **Sigma International responsibilities:**

The responsibilities of Sigma International (as the service provider) are:

- i) Project design, management and execution in accordance with the ToR for Development of the Economic Development, Transformation and Job Creation Roadmap and Project Charter/ Plan
- ii) Communications and interface with Umhlathuze Municipality and keeping the Umhlathuze Municipality aware of all relevant aspects of project progress
- iii) Project and deliverables quality management

- iv) Overall development, refining and submission of project deliverables that will meet the objectives of this project

## **Project Dependencies, Constraints and Assumptions**

### **Dependencies**

- i. Timeous approvals in line with the Project Plan
- ii. Availability of relevant information
- iii. Availability of key stakeholders to input into the development of the regional innovation strategy

### **Constraints**

- i. Complexity of the project due to number of stakeholders/ location/ external influencing factors/ span of control/ technologies to be deployed

### **Assumptions**

- i. Umhlathuze Municipality will provide the relevant documentations and associated current data or assist to obtain data available within the scope of work
- ii. All available information on similar projects will be provided to all parties

## **Critical Success Factors**

The critical success factors for this project are:

- i) A common understanding of the roles of Project Sponsor, Service Provider, Stakeholders, and other project participants
- ii) A common and agreed understanding of the project scope and objectives, and how best to achieve these
- iii) Stakeholder consultation and communications to ensure their involvement and participation
- iv) Proper and pro-active management of risks and dependencies

- v) Access to all relevant and appropriate information that will guide the development of the strategy

#### **Risk Assessment and Mitigation**

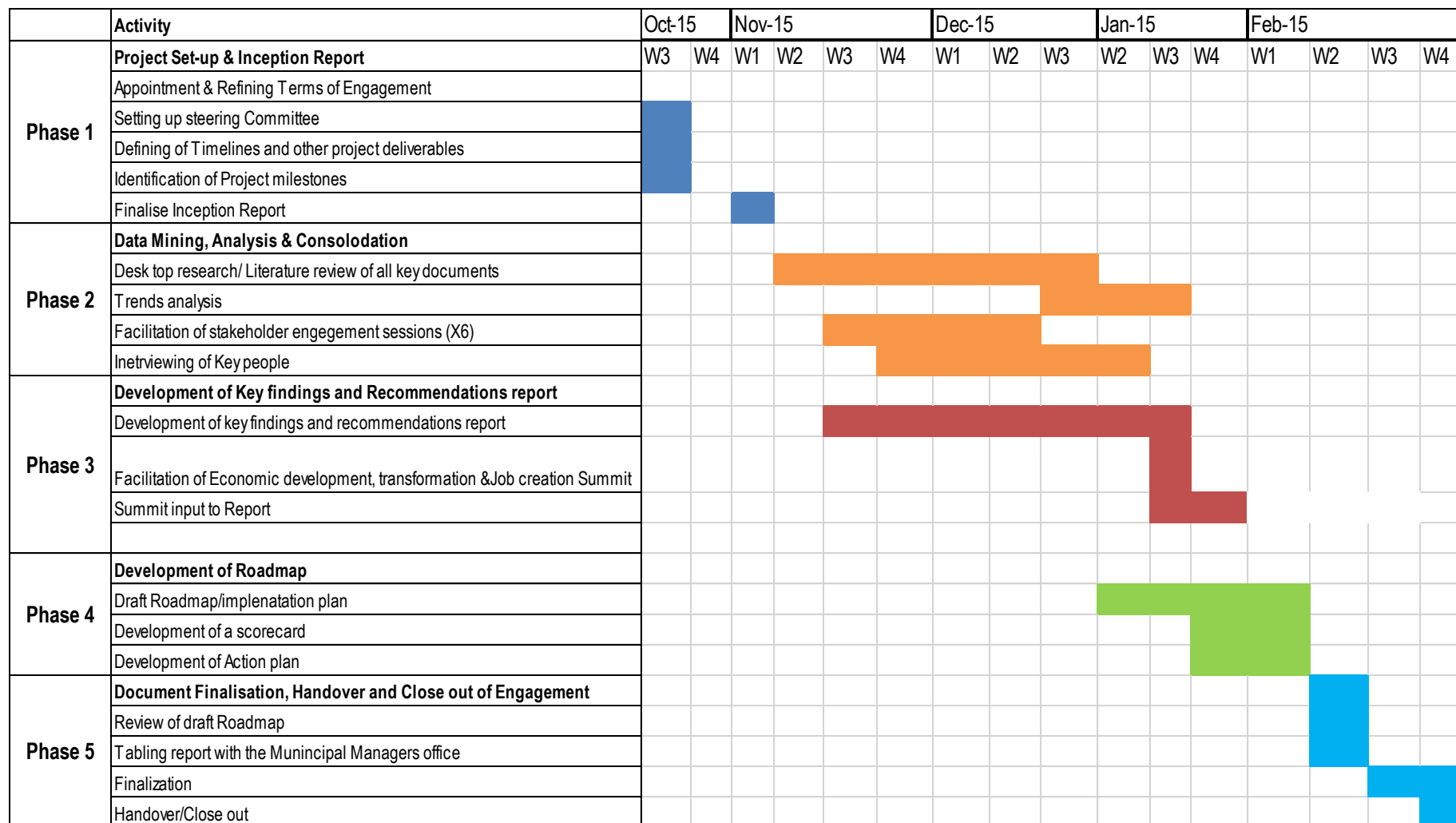
<b>Risk ID</b>	<b>Risk</b>	<b>Probability</b>	<b>Impact</b>	<b>Mitigation</b>
1	Availability of stakeholders	Medium to high	High	i. Setting meetings in advance ii. Engage stakeholders via the Umhlathuze Municipality office

#### **Status Reporting**

##### **Project Steering Committee Meetings**

The project steering committee meetings will be held at least once every six weeks at Umhlathuze Municipality offices. The project status/deliverable will be presented at these meetings and issues, risks, work-in-progress, and variances will be reviewed.

## Annexure A: Project Gantt chart



## **Annexure B: List of Stakeholders**

1. uMhlathuze Local Municipality
2. EDTEA
3. KZN Treasury
4. Uthungulu District Municipality
5. Other Key Municipalities (District and Local)
6. SALGA
7. IDC
8. DTI
9. ABSA
10. ITHALA
11. Zululand Chamber of Commerce and Industry
12. SEDA
13. Private sector (organizations and business)
14. Educational and Research institutions (University of Zululand, other)
15. Local community organizations (focus on youth groups, women's groups, PWD groups)
16. Black Management Forum
17. Traditional authorities
18. RBM
19. Transnet
20. eThekweni Maritime Cluster (EMC)



**PART B – INTERIM REPORT 1 (DETAILED LITERATURE  
REVIEW & STAKEHOLDER ENGAGEMENT FACILITATION &  
FEEDBACK)**

## **Acronyms**

KZN	KwaZulu-Natal
PGDP	Provincial Growth and Development plan
DGDP	District Growth and Development Plan
NDP	National Development Plan
IPAP	Industrial Policy Action Plan
SDF	Spatial Development Framework
RBIDZ	Richards Bay Industrial Development Zone
SoNA	State of the National Address
TKZN	Tourism KwaZulu-Natal
TIKZN	Trade and Investment KwaZulu-Natal
EMC	EThekweni Maritime Cluster
PWD	People with Disabilities
IMF	International Monetary Fund
GDP	Gross Domestic Product
SWOT	Strengths, Weaknesses, Opportunities and Threats
PMI	Purchasing Managers Index
SALGA	South African Local Government Association
SOEs	State-owned enterprises
OEMs	Original Equipment Manufacturers

## **Executive Summary**

uMhlathuze Municipality is currently developing a strategic roadmap for job creation, economic development and transformation. In developing the roadmap, this process entailed the following:

- a. Review of key influencing policies and documentation
- b. Analysing and unpacking key economic trends
- c. Engaging of key stakeholders (focus group discussions and one-on-one engagements)
- d. Alignment of stakeholder thinking to economic policy influences
- e. Developing key findings that will influence the economic development, job creation and transformation roadmap for uMhlathuze

This document provides:

- A synopsis of the process,
- Identified economic policies that influence the uMhlathuze economy
- Key stakeholder feedback
- Alignment and synthesizing of economic policy influences to the needs of stakeholders
- Identified key sectors to be focused on for the City, as well as Key enabling factors that need to be considered for economic development, job creation and transformation.

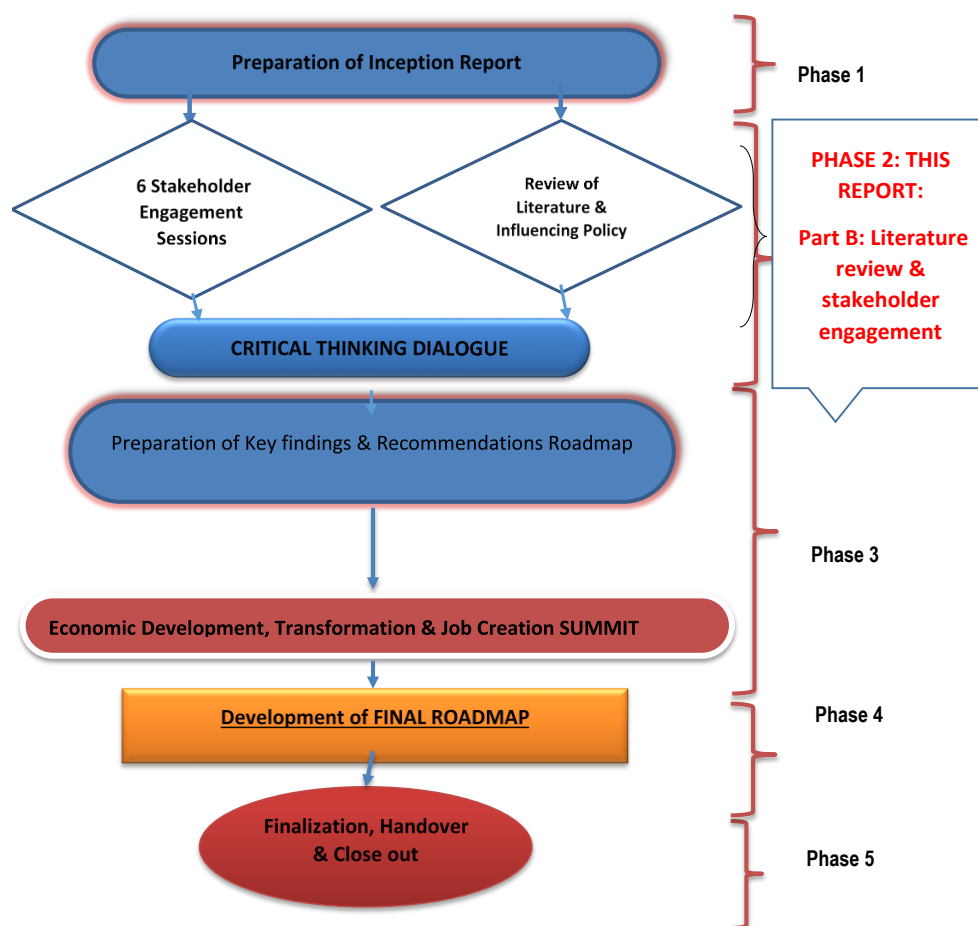
This report is structured as follows

- **Part A: Literature Review and Assessment of Key Influencing Policies**
- **Part B: Stakeholder Interviews and Focus Group Discussions**

## Our Approach

Our approach included a synthesis of economic policy review as well as engagement with key stakeholder groupings (focus groups and interviews) within the economy of uMhlathuze. These included local business people, sector specialists, communities marginalized from the economy as well as management from the Municipality.

Our approach was tabled in the Project Charter and is illustrated in Figure 1 below. It highlights the context of this Literature Review and Stakeholder Engagement Report, which is to meet the requirements of Part B, as envisaged in the Project Charter. The review of literature and influencing policy will then be synthesised with the findings from the 6 stakeholder engagement sessions in order to develop the Key Findings Report (Part C), which will then inform the draft *Economic Development, Transformation and Job Creation Roadmap for Umhlathuze Municipality* (Part D).



**Figure 1: Project approach showing the context of the Key Findings Report**

## Literature review

The methodology used in the development of this report includes a detailed literature review, with a focus on the key documents as listed in Table 1 below.

**Table 1: Key documents reviewed**

Document Type	Document Description
<b>National</b>	<i>National Development Plan 2030</i>
	<i>National Industry Policy Framework</i>
	<i>Industrial Policy Action Plan</i>
	<i>SoNA 2016</i>
	<i>National Budget 2015</i>
<b>Provincial</b>	<i>KZN Provincial Growth Strategy</i>
	<i>KZN Provincial Growth and Development Plan</i>
	<i>KZN Maritime Strategy</i>
	<i>KZN Tourism Master Plan</i>
	<i>State of the Province Address 2015</i>
	<i>Provincial Economic Statistics from KZN Treasury</i>
<b>District</b>	<i>uThungulu Integrated Development plan</i>
	<i>Informal Economy Policy for the City of uMhlathuze</i>
	<i>Local Economic Development Strategy , 2013 – 2017</i>
	<i>Spatial Development Review for uMhlathuze</i>
	<i>Tourism Strategy</i>
<b>Master Plans</b>	<i>RBIDZ Master Plan</i>
	<i>Transnet Port Expansion Plan</i>

## Stakeholder Engagement

A number of stakeholder engagements sessions and interviews were conducted. These included:

- Specialized focus group discussions comprising key stakeholders from business, tourism, women and people with disabilities
- Critical thinking dialogue with leadership from the municipality
- One on one engagements with *Richards Bay IDZ, TIKZN, EMC, TKZN, Transnet, UThungulu District Municipality, SALGA and Productivity SA.*

## **PART A: Literature Review**

### **Global and African Economic Trends**

According to the World Bank, *“the global economy is still struggling to gain momentum as many high-income countries continue to grapple with the legacies of the global financial crisis and emerging economies are less dynamic than in the past”*.

After rising marginally in 2014, to 2,6%, the World Bank projected that the world GDP will grow by an estimated 3% in 2015 and 3,3% in 2016, supported by gradual recovery in high-income countries, low oil prices, and receding domestic headwinds in developing countries. Developing economies are expected to see an increase in growth of between 4 to 6% in coming years.

Sub-Saharan Africa (SSA) is expected to rise gradually to 5, 1% in 2016, supported by sustained infrastructure investment, increased agricultural production and expanding service sectors.

Lower oil prices will lead to significant shifts in real income from oil-exporting countries to oil-importing ones. This will benefit a number of African countries including Zimbabwe. However, falling commodity prices are likely to offset some of the benefits.

Risks to the global outlook remain tilted downwards especially if the Eurozone or Japan experience prolonged periods of stagnation or deflation. Financial conditions could become volatile as high-income economies tighten monetary policies on diverging timelines.

Africa has certainly benefited from increasing fund flows due to expansionary monetary policies in the West. However, the end of quantitative easing in many developed markets is likely to result in reduced fund flows to Africa. Other risks include a spike in geopolitical tensions, bouts of volatility in commodity markets or financial stress in major emerging market economies.

Relevance to economic development, transformation and job creation for uMhlathuze

- Local economic growth rate is behind global and emerging market peers
- Increased competition from African peers for FDI. Hence, the need for aggressive investment promotion
- Global commodity prices will negatively impact the local mining industry

## National Priorities

The International Monetary Fund (IMF) has significantly cut South Africa's economic growth outlook for this year (2016) from 1.3% to 0.7%, the lowest forecast on record so far.

The growth projection for 2017 was revised down to 1.8% from 2.1%. "*South Africa was among the region's largest economies whose growth would be negatively affected by lower commodity prices and higher borrowing costs*", the IMF said in its World Economic Outlook update.

Subdued economic growth means lower investment spending by the private sector and modest job creation. It also means sovereign credit rating downgrades remain a possibility.

### *National Development Plan (2030)*

The National Development Plan (NDP) offers a long-term perspective for South Africa by defining a desired destination and identifying the role different sectors of society need to play in reaching that goal. As a long-term strategic plan, it serves four broad objectives:

- Providing overarching goals for what the country wants to achieve by 2030.
- Building consensus on the key obstacles to achieving these goals and what needs to be done to overcome those obstacles.
- Providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP.
- Creating a basis for making choices about how best to use limited resources.

### *State of the Nation Address 2016*

In his *State of the Nation Address (SoNA)* held on the 11<sup>th</sup> February 2016, Honourable President Zuma iterated that our country remains an attractive investment destination despite the challenges it is faced with and that we must continue to market the country as a preferred destination for investments which requires a common narrative from all of us as business, labour and government. Key elements of his address which impact the job creation, economic development and transformation agenda of uMhlathuze are:

- The establishment of a one-stop shop investment promotion initiative
- The establishment on an Inter-Ministerial Committee on Investment Promotion
- Investing R100million per annum to promote domestic tourism



- Greater focus on SMMEs and their growth
- Black economic empowerment remaining a key program for government with focus on Black Industrialists

#### *Industrial Action Policy Plan (Plan) 2015/16-2017/18*

In an effort to boost economic growth amidst the current economic crisis, the Southern African Government has set out to prioritise the following themes in aiding economic growth; which includes;

##### 1) Public and private procurement

Given the depressed and volatile global environment, it has been thought as vital that the impact of government, State Owned Enterprises (SOEs) and private procurement on the manufacturing sector is optimised.

##### 2) Leveraging South Africa's resource endowment

The mining sector remains a core part of the South African economy, responsible for around 9% of GDP and 38% of exports. It remains critical that the Country maximise the opportunities provided by the linkages and multipliers that exist between mining and manufacturing in order to extract full value from South Africa's enormous resource endowment. The Industrial Policy Action Plan (IPAP) 2015/16 - 2017/18 therefore sets particular store on continuing efforts to build working relationships with large mining companies that can potentially contribute to the realisation of our industrial ambitions. The revised empowerment codes, which unambiguously provide incentives for both small business and supplier development, create a foundation for working with mining companies towards building world-class engineering companies in the mining supply chain. This includes collaboration between government and mining companies on the development of new technologies to benefit our mineral wealth inside South Africa.

##### 3) Support for manufactured exports

The IPAP 2015/16 - 2017/18 puts a special emphasis on building world-class manufactured product exporters, by working with and supporting leading and dynamic companies with a proven track record as winners in their respective sectors. The emphasis on ramping up export competitiveness will increasingly be achieved through the implementation of a range of carefully considered strategies; as follows:

- Working with OEMs
- Industrial financing and support for OEMs to develop products specifically tailored for exports
- Exports and African regional integration
- Support for black industrialists

Economic Development, Job Creation and Transformation policy and strategies promoting for different interest groups (e.g. SMMEs, Women, etc.)

The Department of Trade and Industry's gender and women empowerment programme promotes, contributes to and provides the following:

- Gender-sensitive policies and programmes for trade and industry;
- Women-specific programmes;
- Fosters networks, linkages and partnerships for strategic opportunities;
- Lobbying and policy advocacy; and
- Intensifies research in the area of women enterprises/gender equality to gain a better understanding of the opportunities and challenges presented.

Through this programme, the DTI is tasked with the responsibility of championing women's economic empowerment and participation, as well as ensuring that women-owned enterprises are integrated into the mainstream economic activity in South Africa. The programme address economic policy, skills development, access to finance and technology, youth development, building sustainable partnerships and play a role in ensuring that women are able to access economic markets.

Relevance to economic development, transformation and job creation for uMhlathuze

- Subdued national economic growth will filter through the local economy of uMhlathuze
- The NDP is government's key strategic plan to strengthen the country and its capacity. Alignment of local plans will allow for prioritised development of the economy and the creation of jobs
- Key projects identified in SONA 2016, e.g. Black Industrialists program need to be high on the agenda for transformation and job creation of uMhlathuze
- Government procurement needs to be used to stimulate micro-economic growth
- Existing industries need to be retained and supported whilst new industries need to be nurtured.

## Provincial, District and Local Context

### *KwaZulu-Natal Provincial Growth and Development Strategy (PGDS)*

The Provincial Growth and Development Strategy (2011) clearly set out the Development vision for KwaZulu-Natal defined as follows:

*“By 2030, the province of KwaZulu-Natal should have maximized its position as a gateway to South and Southern Africa, as well as its human and natural resources so creating a safe, healthy and sustainable living environment. Abject poverty, inequality, unemployment and current disease burden should be history, basic services must have reached all its people, domestic and foreign investors are attracted by world class infrastructure and a skilled labour force. The people shall have options on where and how they opt to live, work and play, where the principle of putting people first and where leadership, partnership and prosperity in action has become a normal way of life.”*

The PGDS sets out seven strategic goals with specific strategic objectives being identified for each of these strategic goals. These strategic goals are:

- Job Creation
- Human resource development
- Human and community development
- Strategic infrastructure
- Responses to climate change
- Governance and policy
- Spatial equity

Further to this Plan, the Premier of KZN in his 2015 *State of the Province Address (SoPA)* stressed the need for developing and protecting the human capital through the following interventions aligned to the NDP. Amongst these interventions was; social security and housing, agriculture development, Job creation, Enterprise development and skills development.

### *UThungulu District*

The uThungulu District Integrated Development Plan was developed based on the nine point plan announced in the national budget by the president. It also expresses the needs raised and identified during the IDP engagement process, and through public participation meetings.

The uThungulu District Municipality has therefore prioritised the following sectors: manufacturing, mining and mineral processing, agriculture and agro-processing, tourism, maritime and blue economy.

In addition, the uThungulu District has also prioritized skills development and revitalization of the township economy in order to meet the national targets.

From the Spatial Development Framework, it can be seen that most of the area in the uThungulu District is available for development with 59 % of the land having high to good potential. The table below shows the different agricultural areas and their sizes. Forty percent of the land is restricted with most of the land taken up by agriculture. In the *uThungulu District Growth and Development Plan (DGDP)*, agricultural production has been set as the main priority for development in this district.

**Table 2: Availability of Land in UDM**

	Area	% of total
<b>High Land Potential</b>	6959ha	9%
<b>Good land Potential</b>	39519ha	50%
<b>Moderate Land Potential</b>	21565ha	27%
<b>Restricted Land Potential</b>	2259ha	3%
<b>Very Restricted Land Potential</b>	7632ha	10%
<b>Waterbodies</b>	1400ha	1%
<b>Total</b>	79334ha	100%

#### *uMhlathuze Local Municipality*

The long term vision of the uMhlathuze Municipality is to become *“the Port City of uMhlathuze offering improved quality of life for all its citizens through sustainable development.”* The municipality intends to achieve this through sustained socio-economic development and distribution of opportunities for the benefit of all communities in an efficient, cost-effective manner.

The uMhlathuze Municipality has planned to grow employment in line with the NDP. The key economic drivers identified to achieve this target as well as economic growth are;

- 1) Substantial public investments in infrastructure both to create jobs in construction, operations and maintenance as well as production of input and indirectly by creating efficiency across the economy
- 2) Targeting more labour-absorbing activities across the main economic sectors: agriculture and mining value chains, manufacturing and services
- 3) Exploring the knowledge and green economy (new economies)
- 4) Leveraging social capital in the social economy and the public services

## 5) Fostering rural development and regional integration (Spatial Development)

The LED strategy for uMhlathuze is aligned to the NDP, PGDP and the DGDP via the following key points;

- i) Job creation
- ii) Education
- iii) Health
- iv) Rural development, food security and land reforms
- v) Crime and corruption
- vi) Nation-building and good governance

The uMhlathuze Local Municipality occupies 789 square kilometres which is less than 10% of the total area of the uThungulu District Municipality.

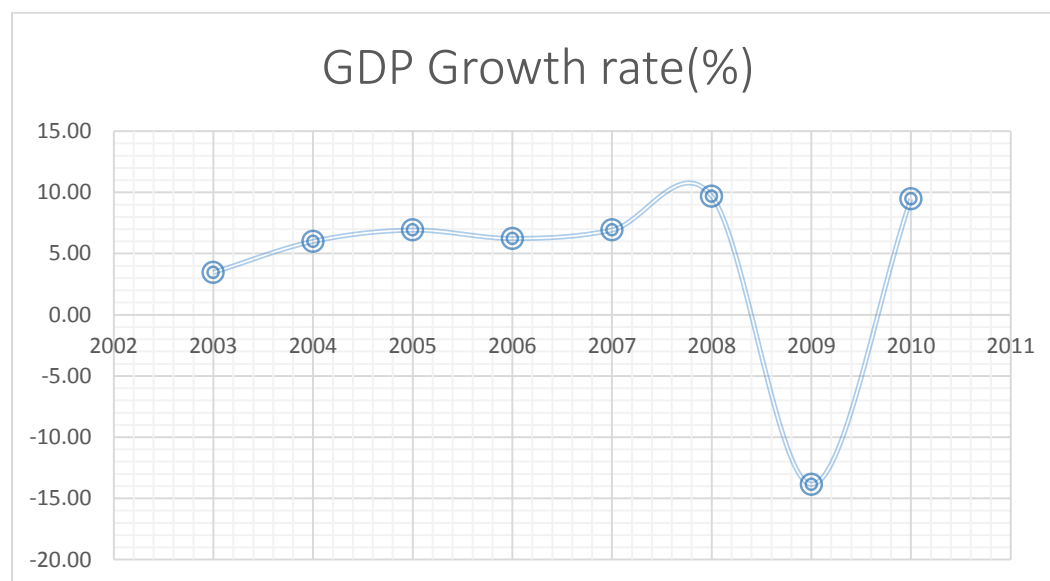
According to *Statistics South Africa (Census 2011)*, uMhlathuze Municipality has a total population of 334,459. Of these, 88% are black Africans, followed by Whites (7%), then Indians/Asians (8%). The least population group are the coloureds, forming a paltry 0.9%. The percentage of female population in uMhlathuze is 51% versus 49% Male population. uMhlathuze is largely a young Municipality, considering that four in every ten residents (40%) are teenagers (between 0 and 19 years). Also, when the age band is expanded, roughly three quarters (72%) of the population is aged below 35 Years. Only 4% are on retirement age (64 and above).

The uMhlathuze municipality has a growing population with a relatively high density and fairly high levels of urbanisation. The uMhlathuze and Mfolozi Local Municipalities are the only municipalities in the uThungulu District that have experienced a net population increase between 2001 and 2011. Their population increase has been significant, more than 14% with the uMhlathuze Municipality at 15.65%.

**Table 3: Summary of Statistics for uMhlathuze Municipality**

Indicator	Value
Total surface area	789 square metres
Total population	334,459
Population growth rate from 2001 to 2011	1.45%
Percentage of female in population	51%
Percentage of the youth in Population	72%
Unemployment levels	26.5%
Percentage of population with access to water	89.3%
GDP	R3.7 Billion
uMhlathuze contribution to GDP of KwaZulu-Natal	7.6%

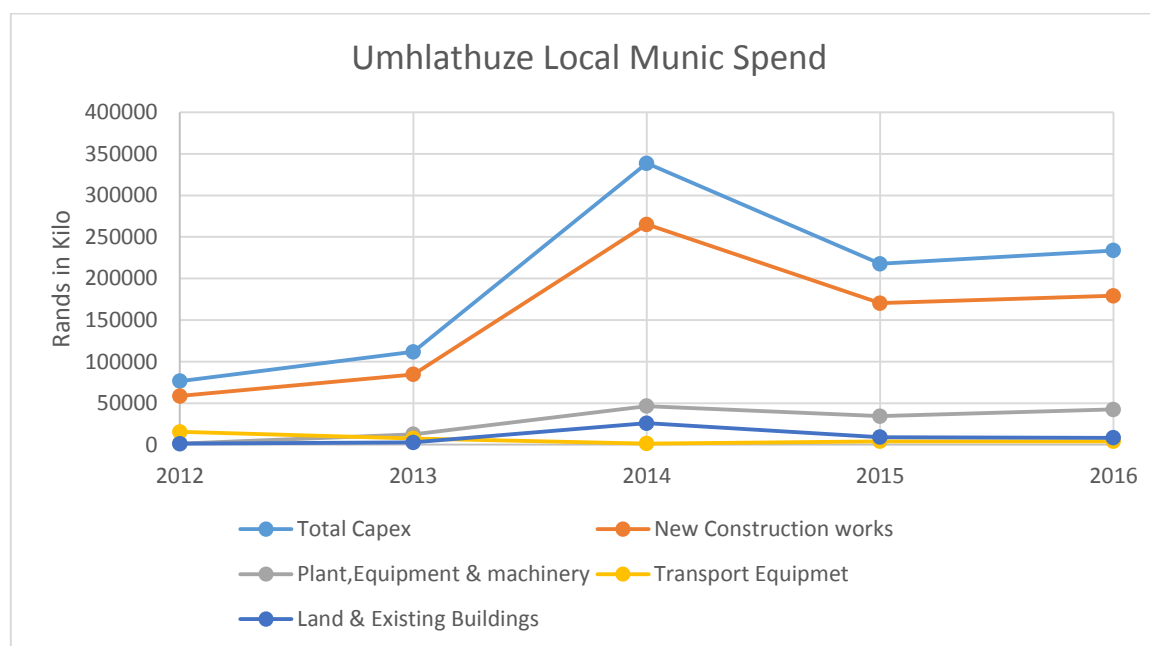
The GDP increased progressively from 2003 to 2008. The GDP growth decreased to -14% in 2009 due to the economic downturn. Figure 2 shows the growth in the GDP in the uMhlathuze Municipality.



**Figure 2: GDP Growth rate for uMhlathuze (Source: KZN Treasury)**

### Capital Expenditure and other Spends for the uMhlathuze Local Municipality

Figure 3 below highlights the actual and planned spend for the uMhlathuze local municipality.



**Figure. 3: Spend by uMhlathuze Municipality (Source: uMhlathuze Municipality statistics)**

As can be seen from the graph, the total expenditure increased progressively from 2012 to 2014 and reduced in 2015 and 2016. The projected capital expenditure for 2016 is under R250, 000,000. New construction accounted for about 67% of the total capital expenditure for 2016 indicating that they will be activity in building and construction while investment in plant, equipment and machinery is limited which will impact negatively on the expansion of the services been offered.

### Spatial Considerations

During 2007, the *uMhlathuze Spatial Development Framework* was adopted. One of its main features was the identification of the potential expansion areas A-F as areas likely to be viable for long term future development, also in support of the longer-term development of the Richards Bay Port. These areas are shown in the map below. The identification of these potential expansion areas were informed by various factors which are industry specific and government plans. During 2009, Council approved the inclusion of “Area G” into the uMhlathuze SDF. Area G being proposed for residential, commercial, industrial, business park and service station uses.

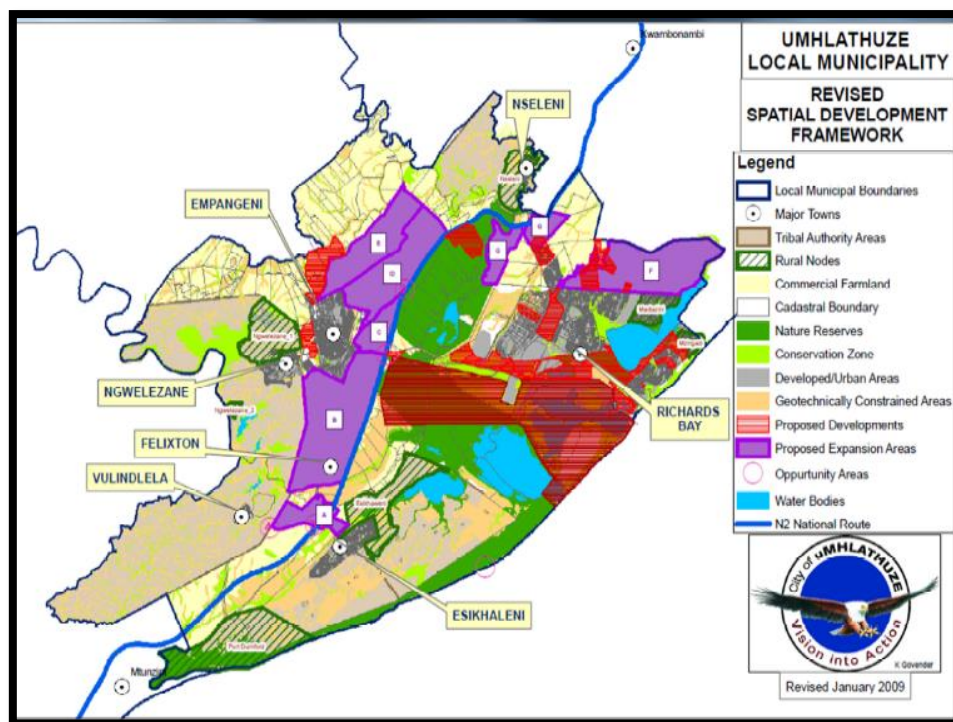
These proposed expansion areas (A-H) are to accommodate “greenfield” development opportunities. It is imperative that all future expansion areas are included into the SDF as no applications for planning approval in terms of the new KwaZulu-Natal Planning and Development Act, 2008, may be considered if the application is not in line with the Council’s SDF.

However, it is noted that various **constraints** are present in most of the proposed expansion areas, mainly relating to:

- a. Conflict between the expansion areas and areas of high agricultural potential, as identified by the Department of Agriculture.
- b. Conflict between the expansion areas and “Mineral Rights” as identified by the Department of Minerals Resources.
- c. Availability of bulk engineering services has not yet been assessed.
- d. Areas owned by the Ingonyama Trust have been excluded as possible expansion areas. The Council is not the land owner and does not have control over the decision-making processes
- e. A number of the proposed expansion areas are subject to long term leases in favour of, amongst others, forestry interest groups.
- f. Some identified expansion areas are not geo-technically suitable for proposed projects

The proposed development areas are shown on the map in Figure 4 below.





**Figure 4: Spatial Development Plan for uMhlathuze Local Municipality**

A large proportion of the area proposed for development is near the coast. This will present some challenges in terms of the approval of the EIA because of the geotechnical requirements. The areas for expansion lay adjacent the N2 route with most of it been surrounded by restricted areas which are either tribal lands or game reserves. However, the John Ross Parkway and Highway developments has catalysed access to the City from inland provinces.

The uMhlathuze Municipality has identified key projects through the established Richards Bay Industrial Development Zone (RBIDZ) to fuel these drivers which have been proposed for the identified land in the SDF. The following are key projects that are being implemented by RBIDZ:

- Manufacturing of plastic piping for bulk water transportation
- Paint manufacturing
- Machinery and equipment assembly and repacking
- Manufacture of solar water heater geysers
- Manufacture of energy storage and micro grid systems
- Cement blending and production facility
- Establishment of caustic soda/ chorine chemical production plant
- Manufacturing of stainless steel cookware

- Manufacture of products that use nano-precipitated calcium carbonate
- Manufacturing of tomato paste
- Manufacturing of agricultural supplements
- Manufacturing of Titanium dioxide pigment
- Pulp manufacturing
- Generation of 60 megawatt green electricity
- Establishment of a metallurgical coke production facility
- Aluminium beneficiation
- Manufacturing of welding electrodes

The RBIDZ report shows that some of these projects are already committed (signed) and ready to start while others have been approved for feasibility and implementation.

- Additionally, strategic prioritized projects of the Richards Bay port are critical for economic growth and transformation of the local economy. Many of these projects have been prioritized in Operation Phakisa, which is a national priority to unpack the potential of the sea economy to South Africa. Some of the key projects relating to Richards Bay, include:
  - Ship and rig repairs
  - Establishing a liquid natural gas cluster
  - Enhanced container handling capacity
  - Improving the cruise terminal facility and
  - Development of the waterfront

#### Relevance to economic development, transformation and job creation for uMhlathuze

- The need for alignment to the provincial skills development initiatives that are being used to catalyse economic growth
- Government procurement needs to be used to stimulate micro-economic growth, particularly with regard to capital spend of the Municipality
- Key sectors of the district appear to be aligned to uMhlathuze
- Spatial development influences need to be filtered into economic plans to ensure that these plans are realistic
- The large population of youth (72%) needs to be the target of job creation and transformation
- Land ownership bottlenecks need to be resolved to promote economic activity
- Key catalytic projects of RBIDZ and Port need to be filtered into the job creation and economic transformation roadmap

## **Policy Challenges and Obstacles for Economic Development, Job Creation and Transformation**

South Africa is currently facing and is projected to continue facing very serious economic challenges in the year that lie ahead. This year to be dogged by an unresolved global economic crisis that has taken on few features that threatens the growth and productivity of many economies including South Africa. Demand for mineral commodities have slumped with leading to sharp falls in the dollar prices of almost all mineral commodities. With 36% of South Africa's total exports consisting of precious stones and metals, oils, iron and steel, South Africa has been and will continue to be seriously affected.

The price of gold in January this year was one third down on the corresponding level of 2013. Platinum was 40% down and iron ore at \$42 a ton was only one third of the \$135 it was in early 2013. Many analysts also project that, while these effects are partly being mitigated by the devaluation of the rand, they have had and will continue to have very serious dampening effects on our economy. To add salt to the wound, this year we are facing an El Nino which is associated in Southern Africa with drought. Moreover, the World Bank has also stated that this year's El Nino may be the strongest since detailed data have been available.

### *At the policy level*

Since 1996, the Growth, Employment and Redistribution (GEAR) programme has been the central economic programme. The aim was to stimulate growth above 6%, which in turn would lead to 500,000 jobs being created. Between 1996 and 2008, South Africa's economy did grow, but at an average of 3.2%.

Since the financial crisis, growth has slowed even further - in 2013 the economy grew 1.9% - a snail's pace compared with other emerging markets. Unemployment has also risen to 24%, with jobs seen as the biggest concern among young South Africans ahead of the election.

In his Budget Speech delivered in February 2014, the minister of finance said there were promising signs of a recovery which should create some jobs and help to boost growth to 2.3% and back to 3% in the coming years.

However, debt has grown to 44% of GDP and the trade deficit is at 6%. In 2016, the finance minister has said the country cannot continue on this course indefinitely and so he's tried hard to curb public spending.

The government has redrafted policy and has replaced GEAR with the National Development Plan. The principles are the same, but the focus will be on monitoring performance. In the past year, the South African

currency lost 20% of its value, largely due to the withdrawal of stimulus in the US. This volatility has led to the country being named one of the "Fragile Five" alongside Indonesia, Brazil, India and Turkey.

This has had the knock-on effect of pushing up the price of goods, and South Africans are now paying much more for food, housing and transport. The Reserve Bank has also started to hike interest rates in order to support the currency, which is already resulting in consumer spending slow down.

## **Key Influencers**

Existing economic development policy role players

### *Government bodies*

The leading economic cluster departments and public entities at both national and provincial level are:

- Economic Development
- Trade and Industry
- Agriculture and Rural Development
- Water Affairs
- Energy
- Mineral Resources
- Transport
- All development finance institutions
- Trade and investment KZN
- Tourism KZN
- KZN Agricultural Development Agency and
- Richards bay IDZ

uMhlathuze municipality needs to closely collaborate closely with these departments and public entities to achieve its objectives of economic development, job creation and transformation. The uMhlathuze municipality should also take a proactive action to explore the means of localising some of the programmes and initiatives championed by these departments.

### *Academic and Vocational Education and Training institutions*

Academic institutions such as universities, universities of technology and council for scientific and industrial research can play a vital role in complementing research capacity of the uMhlathuze Municipality. Many advanced cities such as Seoul, Taipei, Nagoya, Hamburg, etc. have forged very close ties with local academic institutions and have benefited immensely from programmes and outcomes from such collaborations.

### *Business*

The large businesses located in the uMhlathuze municipality are mainly in the environmentally sensitive sub sectors such as mining, smelting, pulp and paper, etc. These sectors and sub sectors also require highly technical and scarce skills. These above mentioned challenges and others not mentioned present a good opportunity for uMhlathuze municipality to engage with large and small business towards the objective of economic development, job creation and transformation.

### *Access to Markets*

The department of Trade and Industry has concluded various trade agreements with trade blocks in Africa and the rest of the world. The department also administers an incentive scheme called “Export Marketing & Investment Assistance Scheme” (EMIA). This incentive is aimed at all businesses conducting international trade.

### *Africa*

The DTI utilises government-to-government relations and mechanisms to advance a developmental agenda in Africa that focuses on the following items, among others:

- i. promoting two-way trade;
- ii. identifying and establishing joint investment projects in partner countries;
- iii. promoting regional integration through the strengthening and consolidation of the Southern African Customs Union (SACU) and the Southern African Development Community (SADC) free trade agreement; and

### *The Rest of the World*

Outside Africa the department focuses on bilateral and regional negotiations and has concluded a free trade agreement with the European Union (EU) and the European Free Trade Association (EFTA) comprising Switzerland, Norway, Lichtenstein and Iceland. A preferential trade agreement (PTA) with MERCOSUR comprising Brazil, Argentina, Paraguay and Uruguay was concluded and signed in 2009.

While the scope of the market opening is more limited, once ratified, the PTA will create a legal and institutional framework for managing South Africa's trade relations with these countries of the South and offer further opportunities to improve South Africa's export growth in the coming years.

South Africa has signed many agreements with its trading partners in the past few years and is also a beneficiary of a number of trade arrangements such as the recently renewed African Growth and Opportunity Act.

*Initiatives specific to SMMEs or general support applicable to SMMEs*

Since 1994 the South African government has recognised its important role in fostering an enabling environment for the creation and growth of small enterprises. To date the government articulated a number of measures to foster an enabling environment on the development and promotion of small business in South Africa. These includes:

- Creating an enabling legal framework
- Streamlining regulatory conditions
- Facilitating access to information and advice
- Facilitating access to marketing and procurement
- Facilitating access to finance
- Facilitating access to affordable physical infrastructure
- Providing training in entrepreneurship, skills and management
- Improving industrial relations and the labour environment
- Facilitating access to appropriate technology
- Encouraging joint ventures
- Capacity building and institutional strengthening
- Introducing differential taxation and other financial incentives

## **PART B: Stakeholder Interviews and Focus Group Discussions**

### **Stakeholder Interviews**

The following key stakeholders were specifically interviewed:

- uThungulu District Municipality
- Tourism KZN
- Richard's Bay Port Manager
- Productivity SA
- EThekweni Maritime Cluster
- SALGA
- RB IDZ
- Trade and Investment KZN
- Transnet

**A summary of the collective stakeholder feedback is contained in the table below:**

### **Collective Stakeholder Feedback – One-on-one engagements**

- Need for greater focus on capacity-building of businesses (small, medium, large) in partnership with capacity-building organizations
- Need to remove the siloed approach to operations at the Municipality
- Key industries to focus on should include:
  - *Maritime*
  - *Manufacturing*
  - *Tourism (beach tourism, business tourism, cultural tourism, wildlife tourism)*
  - *Agriculture*
  - *Minerals beneficiation*



- *ICT (particular broadband focus)*
- Current infrastructure of the City is considered to be a strength
- Existing industries places huge strain on the current water systems of the area
- Poor quality of air may compromise the environment
- Currently high levels of unemployment, especially amongst the youth
- Key transformation interventions should include skills development, mentorship and funding
- Key skills that need to be developed include
  - *Technical artisanal skills*
  - *Maritime skills (port logistics, operations management, port management, support services like maritime law and finance)*
  - *Engineering skills*
  - *Research and development skills*
  - *Entrepreneurship*
- Implementation of current strategies and policies at Umhlathuze is considered critical for job creation and transformation
- Agriculture is considered as the most labour-absorbing industry
- Municipality should focus its strategies on increasing revenue which will allow it to provide cost-effective services efficiently (which will reduce the cost of doing business)
- The Municipality should focus on developing local incentives for investment and trade promotion
- EPWP projects should have more targeted approach to skills training.
- There should be a focus on reducing red tape (quicker TATs for EIA, PDA)
- Hub and spoke option for cruise terminal should be considered
- The City should consider working with Durban and not against it
- Adequate resources (finance) is required to train Municipal officials to become experts in each sector
- Key consideration needs to be given to the location-specific advantages of Umhlathuze in developing a job –creating roadmap

- Key consideration to be given to ship repair/ rig repairs
- Key plans to be developed to mitigate the impact of drought
- Government's procurement process needs to be reviewed as a tool to facilitate job creation and transformation
- Environmental sensitivity of land is considered a bottleneck
- Tourism products needs to be more attractively packaged to strengthen the industry
- The need to develop a robust township based economy for the City of Umhlathuze
- Procurement policy needs to favour local business
- Rural inclusivity needs to be a key consideration for the roadmap
- Key consideration to be given to improving the current volumes of the port
- Port productivity and efficiency needs to be reviewed
- Diversification of the economy is considered critical

## Focus Group Discussions

The following key focus group discussion took place:

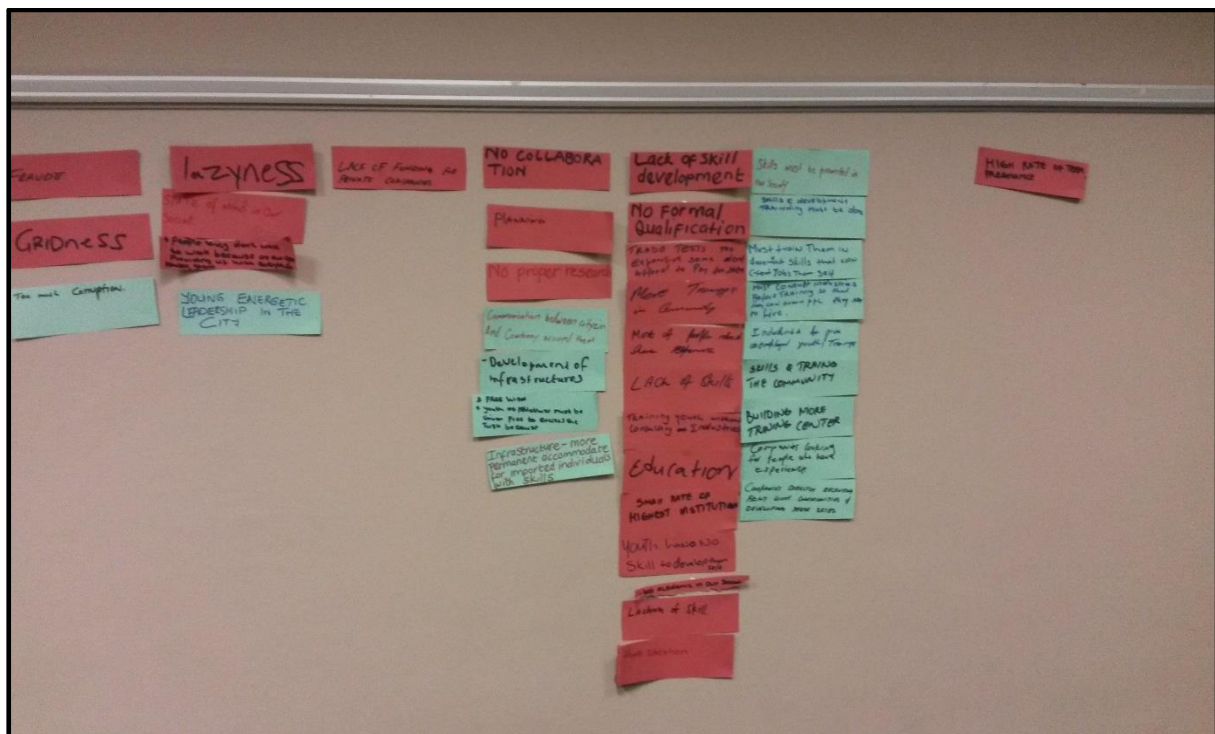
Date	Details of Engagement
16 October 2015	Conversation on Emerging City of Umhlathuze Municipality (introduction as SP and participation)
22 October 2015	Planning meeting with Umhlathuze COO (Mr Nathi Mthethwa)
30 November 2015	Focus group discussion 1 (business focus)
30 November 2015	Focus group discussion 2 (tourism focus)
01 December 2015	Focus group discussion 3 (youth focus)
01 December 2015	One on one meeting with Richards Bay IDZ CEO (Mr Pumi Mosoahae)
20 January 2016	Focus group discussion 4 (persons with disabilities)
20 January 2016	Focus group discussion 5 (women)
12 February 2016	Focus group discussion 6 (Critical Thinking Dialogue with Umhlathuze Municipality staff)

### 1.0 DASH BOARDING EXERCISE

In order to quickly capture the thoughts of all people present, a dash boarding exercise was conducted by Sigma International, facilitated by the CEO, Mr Akash Singh. All attendants presented their thoughts on the challenges the municipality is facing with regards to job creation and economic development as well as where they see opportunities, strength or what they feel is working properly with regards to the above subject. The challenges were written on RED cards while the opportunities/ strengths were written on GREEN cards.

## 2.0 YOUTH STAKEHOLDERS

Figure 1 below shows the dash board of all thoughts collected from the youth.



From the dash board the following general categories of areas which needs attention from the municipality as per the youth session are shown in Table 1 below. The number of cards, both RED and GREEN in each of them also shown in Table 1.

Table 4: Main areas of concern

S/no.	Area of attention	Number of Cards	Percentage
1	Lack of skills	22	38.6
2	Lack of Information	6	10.5
3	No collaboration	7	12.3
4	Laziness	4	7
5	Lack of Support for youths	7	12.3
6	Large industries available	4	7
7	Greediness/Fraud/corruption	3	5.3
8	Miscellaneous(high rates of pregnancies, private owned industries, no funding from the private sector)	4	7

The four main areas of concern were;

- 1) Lack of Skills
- 2) No collaboration or partnerships
- 3) Lack of support for youths
- 4) Lack of information.

## 2.1 Group Discussions

Two groups were then formed to further discuss these four main areas and possible ways to resolve these issues.

### 2.1.1 Outcomes of the discussions

Table 5: The outcomes from the Youth Stakeholder engagement session are shown below

Problem	Proposed Solution
Information does not filter all the way to the community members	The organizations disseminating information must follow through to ensure the intended audience is reached.
Lack of sharing and unwillingness from the youth	Assigning responsibilities to the youth.
Lack of career guidance in schools	Invite NPO on the subject to carryout career guidance and offer support
Lack of Accountability	Carry out your responsibilities
Limited partnership between people and Local authorities	Partner with Public/Private sector
Appointment of incompetent people to leadership roles	Transparency, best man for the job to be emphasized.
Public sector offers assistance which does not add much value to communities	Community must submit a wish list
Lack of skills needed by industry	Career guidance to start early, preferably at grade 8 level
Inappropriate Education System	Local Higher learning institutions to offer programs and syllabi aligned to key industries in the area i.e. mining, manufacturing, maritime and tourism
Expensive Trade Tests	Funding or subsidizing of trade tests Roll out more apprenticeships
Youth Lack career information	Conduct career festivals Roll out of free WIFI Introduce Career centres

### 2.2. Concluding Remarks

- The youths from the FET colleges felt that there is need for government to support student in terms of tuition and living expense as most of the students fail to complete because of lack of resources
- There is need to improve the South African education system starting from primary school level
- Industries must also try to consider people who do informal training in skills like welding, carpentry etc. and see how best they can utilize and integrate them as most of the youth have no access to formal training
- There is need to provide free Wi-Fi in higher learning institutions

- In general, the youth group was positive that investments in the Mining, Tourism, manufacturing and the blue/maritime economy would uplift their communities.

### 3.0 TOURISM STAKEHOLDERS

The Tourism stakeholder workshop was held from 2pm to 4:30pm on Monday 30 November 2015. Members of the tourism community within Umhlatuze Municipality were invited to attend the session.

Table 6: Main areas of concern

No	Area of attention	Number of Cards	Percentage
1	Infrastructure challenges facing tourism	11	26
2	Economic growth challenges facing SMME Development	8	19
3	Challenges in strategic planning	7	17
4	Miscellaneous issues (transport, skills, bureaucracy, etc.)	16	38

The three main areas of concern seen from the flash cards were:

- Infrastructure challenges facing tourism
- Economic growth challenges facing SMME Development
- Challenges in strategic planning

### 3.1 Group discussions

#### 3.1.1 Outcomes of the discussion

Two groups were then formed to further discuss the three main issues. Topics of discussion were infrastructure challenges facing tourism, economic growth challenges facing SMME.

Table 7 showing challenges and proposed solutions

<b>1. Infrastructure challenges facing tourism</b>	<b>Proposed solutions</b>
The area is known more for its industrial area, thus it's an industrial tourism gateway Umhlathuze is seen more as gateway – no one stays there long term/leisure	Ways to maximize maritime industry that will improve tourism and development. Has the potential to create more jobs and allow transfer of skills.
Bureaucracy and environmentalists hinder property development issues.	Need plans to be financed
Need to market events, activities, festivals and tours – calendar of events (customised) private events – municipality doesn't support financially	Build an International Convention Centre (ICC) – leads to increase in planned events and more money is brought into the Umhlathuze economy Increase Tourism budget to allow marketing of the area as a tourism destination Implementation of plans that are already on the table Umhlathuze needs support from TKZN
<b>2. Economic growth challenges facing SMME Development</b>	<b>Proposed solutions</b>
Lack of support Bureaucratic factors hamper progress Lack of Development Forums to assist SMME's	Encourage government to be more proactive in assisting tourism industries. Mentors to assist upcoming businesses
Funding is scarce Facilitation of Grants and additional funding hinder development.	Investors to invest in tourism
Business Support in terms of mentorship market access target	Experienced mentors to assist existing businesses and new businesses
Innovation and entrepreneurial skills in rural areas	Encourage the locals to develop the necessary skills

In addition to the above, the following challenges in strategic planning were identified,

- No integrated planning
- Best man for the job isn't always the case.
- Land development/ investment
- Lack of research done
- Poor service delivery
- Integrated sustainable plan (road map) is not available



- There isn't a database for available skills/resources that can provide opportunities for future development.

### 3.2 Concluding remarks

- Stakeholders in the tourism industry felt that bureaucracy in the district is one of the main challenge in the industry
- Financial assistance from the government will help grow SMME's and hence boost the industry.
- An increase in planned events and marketing will help draw more visitors to the city.

## 4.0 BUSINESS STAKEHOLDERS

The business stakeholder engagement workshop was held from 10am to 12:30pm on Monday 30 November 2015. Members of the business community within Umhlatuze Municipality were invited to attend the session.

Table 8 Main areas of concern stemming from this workshop.

No	Area of attention	Number of Cards	Percentage
1	Skills Development is a challenge	9	24
2	Ineffective Leadership is hampering economic growth and job creation	9	24
3	Support for SMMEs does exist	8	20
4	Infrastructure is a strength of Umhlatuze and needs to be leveraged to grow the economy and create additional opportunities	12	32

The four main areas of concern identified were:

- Challenges in skills development
- Ineffective Leadership hampering economic growth and job creation
- Some support for SMMEs does exist
- Infrastructure is a strength of Umhlatuze and needs to be leveraged to grow the economy and create additional opportunities

## 4.1 Group Discussions

Two groups were then formed to further discuss these four main areas and possible ways to resolve these issues.

### 4.1.1 Outcomes of the discussions

Table 9 showing challenges and proposed solutions

<b>1. Skills Development challenge</b>	<b>Proposed Solutions</b>
Industry needs to support training programmes	Facilitate forum of business and training institutions to drive alignment of training programmes
Funding from SETA available – window funding; needs to be accessed	Access SETA funding to drive skills development/ engage SETA on informing private sector on how to access funds
Industry and government to work closer together to design curricular/ disjuncture of courses with skills needs	Re-look at curricula for skills development programmes/ institutions
Landing pad to get stakeholders to engage on skills development	Setting up of a type of forum for Skills Development in Umhlathuze
Set of skills in this region and set of skills required – a document	Research into existing skills and needed skills for the area must be done Encourage development of necessary skills rather than open ended qualification of “vanilla” skills
Skills conference next year (TVET) in Umhlathuze – database of skills to be used to inform curricula/ way forward	Skills conference in Umhlathuze to be attended by key stakeholders to drive skills assistance plans going forward
Task team formulating skills plan for ZCCI	ZCCI to complete and circulate to stakeholders to inform consultation
Technical college needed	Set up another technical college in Umhlathuze
Skills migration	Incentivise skilled individuals to stay in Umhlathuze. Bursaries to be offered for scarce skills.
<b>2. Ineffective Leadership is hampering economic growth and job creation</b>	<b>Proposed Solutions</b>
Localised leadership	Business champion as per below
Business Champion	To identify and appoint a business champion within the Umhlathuze Municipality
Localised incentives to attract business	To devise and develop incentive package to promote investment in Umhlathuze
Bureaucracy – decentralise approval	Allow certain approvals to occur locally (without having to go to Pretoria)
Integrated planning	Stakeholder involvement in planning
Online applications & timelines	Umhlathuze Municipality to develop service charter stating standard turnaround times for standard applications
Lack of stability in leadership	Public / private partnership to be developed for continuity of partnerships that transcend specific office bearers
Crowdsourcing of funds – creating ring-fenced funds for	Crowdsourced finance to be driven by private sector for specific key infrastructure projects for Umhlathuze

Municipality – service delivery charter – e-tracking systems for plans, targets against prescribed (top services) and measure	Umhlathuze Municipality to develop service charter stating standard turnaround times for standard applications
<b>3. SMME development &amp; support</b>	<b>Proposed Solutions</b>
Mentorship & incubator (customised technical skills)	Develop Umhlathuze mentorship programme ; experienced mentors to assist existing businesses and new businesses
Access to finance - Start up finance, working capital – give banks guarantees, banks to take some risk on Greenfields projects	Umhlathuze to engage with Development Finance Institutions about improving knowledge of their offerings and requirements to access finance To explore guarantees from DFI's to be used as collateral for commercial lending Engage DFI and other institutions regarding platforms for new ideas/ start-up businesses to access finance
Red tape for small businesses, streamline process for small business	Umhlathuze Municipality to give commitments on turnaround times for standard applications Sensitize municipal official regarding actual impact of red tape on performance of SMMEs & Job creation Develop streamlined processes for SMME applications
Incubators to work together to develop enterprises - RBM Business Development Centre - Foscor - Shanduka - Raizcorp	Incubators to work together to develop enterprises Create Incubator forum/ working group to encourage sharing of knowledge/ maximising benefits for incubatees
Cash flow for small business – payment terms needed.	30 days payment terms strictly enforced to SMMEs Penalties for non-compliance Relevant to government and corporate Signing of MOU / agreement between key Public sector entities and corporates
Lack of skills/ business acumen to banks	Workshops hosted by banks
Corruption	Municipality-led campaign to weed out corruption
Innovation lacking	Access to R& D for business community
<b>4. Infrastructure development</b>	<b>Proposed Solutions</b>
Port capacity to handle containers	To drive higher utilisation of the port for containers
Investors – medical facilities, private facilities	Engage potential investors concerning possible investment opportunities into soft infrastructure.
Airport project –	Fast track airport development along with supporting infrastructure; to raise profile of Richard's Bay
Investor handbook – one stop shop for investors	Develop investor handbook for Umhlathuze with opportunities and existing industries/ success stories; focus on key sectors (mining, tourism, manufacturing & maritime services)
Rural economy	Develop specific strategy for rural development; agriculture/ agri-processing amongst other opportunities Wireless access to all
Umhlathuze clusters – manufacturing, logistics, mining, services, tourism (business)	Set up formalised clusters in Umhlathuze for key sectors; manufacturing, logistics, mining, services, tourism (business) and maritime.
Emerging sectors – youth (going forward) – agri-processing.	Feasibility studies into opportunities in emerging sectors Develop ICT sector Develop agri processing sector Develop alternative energy sector
Business skills	More business skills training to be made available to the public

Guidance component of schooling	Industries and government to visit schools and highlight opportunities that exist in Umhlatuze
Water supply	Water conservation road show in Umhlatuze
Electricity constraints	Industry to feedback into the grid to enhance local capacity (consult with Eskom)

## 5.0 WOMEN STAKEHOLDER FOCUS GROUP

The Woman's stakeholder's workshop was held from 2pm to 4:30pm on Wednesday 20 January 2016. Female members of the woman's movements and business community within Umhlatuze were invited to attend the session.

### 5.1 Outcomes

Table 10: Main areas of concern

No	Area of attention	Number of Cards	Percentage
1	Social challenges affecting woman	4	19
2	Lack of funds hinder Economic growth and affects SMME Development	3	16
3	Lack of Skills	5	24
4	Infrastructure challenges	4	19
5	Safety concerns	3	14
6	Miscellaneous issues (political, unequal land distribution)	2	8

The main areas of concern identified were:

- Lack of funding/capital is a concern.
- Information on opportunities isn't accessible.
- Lack of skills due to the issue of insufficient training colleges, incomplete school studies.
- Social challenges such as poverty, inequality, assistance from government.
- Poor infrastructure, water restrictions, lack of clean water available.
- Safety and crime within working areas.
- Economy decline results in less business opportunities.

Areas that were favourable include:

- Tourism
- Poultry sector
- Agriculture and Agro-processing sector
- Natural resources
- The leaders of Umhlathuze are learning to use the people with correct skills
- The industries in the area provide jobs to many residents.
- Farming creates jobs

## 6.0 People with Disabilities Focus Group

The workshop with persons with disabilities was held from 10:00 to 13:00 on Wednesday 20 January 2016. Disabled attendees within the community and NPO's within Umhlathuze were invited to attend the session.

Table 11: Main areas of concern

No	Area of attention	Number of Cards	Percentage
1	Social issues	3	15
2	Disabled people are given equal opportunities	11	55
3	Lack of Skills	4	20
4	Infrastructure to cater for special needs	2	10

The main areas of concern were:

- No schools that are equipped for the disabled students
- No social centre for them to group together
- Disabled people do not get help from government
- Lack of communication between City of uMhlathuze and disabled people
- Lack of mentorship, skills, training
- Too few companies owned by disabled people
- Disabled people are not given equal opportunities
- Disabled people are not given the chance and opportunity to prove they can do what other able persons can do (jobs)
- Job opportunities are given to able of people which COULD have been done by the disabled persons.
- Public transport does not take needs of disabled people into account.

- Requests made for training in sewing, craftwork, wheelchair repair training courses have not been addressed.
- Marketability of goods produced by the disabled community.

Areas that were favourable

- The limited farming training
- Ownership of Tuck shops allow the disabled to generate some income
- Poultry farming and sales



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**PART C – INTERIM REPORT 2 (KEY FINDINGS AND  
RECOMMENDATIONS REPORT; FACILITATION OF  
ECONOMIC DEVELOPMENT, TRANSFORMATION AND  
JOB CREATION SUMMIT)**

## **Acronyms**

KZN	KwaZulu-Natal
PGDP	Provincial Growth and Development plan
DGDP	District Growth and Development Plan
NDP	National Development Plan
IPAP	Industrial Policy Action Plan
SDF	Spatial Development Framework
RBIDZ	Richards Bay Industrial Development Zone
SoNA	State of the National Address
TKZN	Tourism KwaZulu-Natal
TIKZN	Trade and Investment KwaZulu-Natal
EMC	EThekweni Maritime Cluster
PWD	People with Disabilities
IMF	International Monetary Fund
GDP	Gross Domestic Product
SWOT	Strengths, Weaknesses, Opportunities and Threats
PMI	Purchasing Managers Index
SALGA	South African Local Government Association
SOEs	State-owned enterprises
OEMs	Original Equipment Manufacturers

RFI     Retail Finance Intermediary

SPV     Special Purpose Vehicle

## Executive Summary

uMhlathuze Municipality is currently developing a strategic roadmap for job creation, economic development and transformation. In developing the roadmap Sigma International followed a process that entailed the following:

- f. Review of key influencing policies and documentation
- g. Analysing and unpacking key economic trends
- h. Engaging of key stakeholders (focus group discussions and one-on-one engagements)
- i. Alignment of stakeholder thinking to economic policy influences
- j. Developing key findings that will influence the economic development, job creation and transformation roadmap for uMhlathuze

This document provides an overview of the key findings from key stakeholder focus group discussions, the detailed literature review and interviews with critical stakeholders. This report provides a high-level preliminary report on the key findings and recommendations for areas of focus in the development of the Umhlathuze Municipality Economic Development, Transformation and Job Creation Roadmap, as well as providing feedback from the Umhlathuze Municipality Economic Development, Transformation and Job Creation Summit, which was held on Friday 26 February 2016.

An overview of our report indicates the following key areas of focus for the proposed Roadmap creation:

- The need for a centralized champion for business support and development. This one stop business shop is envisaged to be a single entity that has priority programmes in each of the key economic sectors identified above
- Diversifying the economy by strengthening existing businesses and identifying new and future industries
- Prioritizing localisation of the economy by ensuring the economic demands are met by local suppliers
- A need for reducing the cost of doing business in uMhlathuze, by reducing the red tape and bureaucracy
- The geographic location of uMhlathuze is a critical enabling factor for its future growth
- Agriculture and agri-processing has been identified by stakeholders as the easiest sector to absorb high levels of employment
- Future economic growth needs to be under-pinned by focusing on inclusiveness within the local economy.
- Driving the use of the virtual economy as the cornerstone for Umhlathuze as a smart city
- The proposed roadmap needs to be championed by the Municipality in partnership with business, civil society, and labour
- The need to strengthen existing business by driving innovation and productivity



## Our Approach

Our approach included a synthesis of economic policy review as well as engagement with key stakeholder groupings (focus groups and interviews) within the economy of uMhlathuze. These included local business people, sector specialists, communities marginalized from the economy as well as management from the Municipality.

Our approach was tabled in the Project Charter and is illustrated in Figure 1 below. It highlights the context of this report which is to meet the requirements of Part C, as envisaged in the Project Charter. This report deals with the key findings, which were determined through our detailed literature review and the stakeholder engagement sessions and interviews that were conducted with key

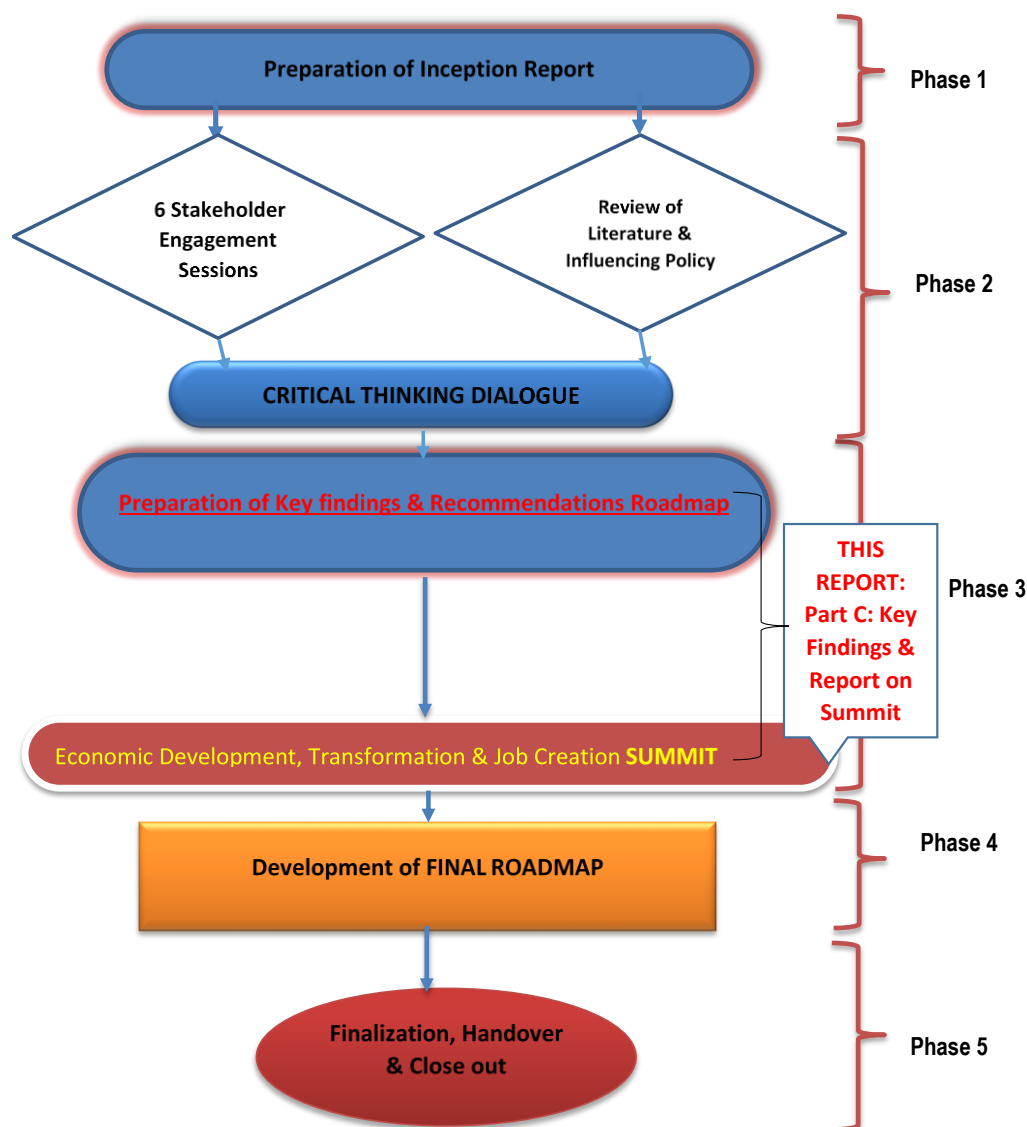


Figure 1: Project approach showing the context of the Key Findings Report

## PART A: Key Findings

Our findings are a synthesis of reviewing key literature (local, national, provincial, international and engaging key stakeholders that are critical to the success of the *Umhlathuze Economic Development, Transformation and Job creation Roadmap*. The Key findings are noted below:

### *Economic Climate*

#### *Global and African Trends*

- The **local economic growth rate is behind global and emerging market peers**, which is of concern as it suggests lower knock-on opportunities in the local market for economic development, transformation and job creation. The generally **higher growth rates of other Sub-Saharan African countries** do provide **export opportunities** for Umhlathuze
- **Increased competition from African peers for FDI** creates a threat to new capital injection into the Umhlathuze economy from external sources. Hence, there is a **need for aggressive investment promotion** in order to **attract** the dwindling number of **Emerging Market Investors** to Umhlathuze
- **Global commodity prices will negatively impact the local mining industry**, and the status quo is expected to remain for the foreseeable future. The Umhlathuze Municipality is **heavily reliant on industry** and mining (commodities), which suggests that Umhlathuze **needs to diversify their local economy to mitigate commodity price risk**, as well as identify additional economic opportunities along the commodities value-chain that may hedge commodity risk

#### *National Priorities*

- **Subdued national economic growth** will filter through the local economy of uMhlathuze
- The National Development Plan is government's key strategic plan to strengthen the country and its capacity. **Alignment of local plans** will allow for prioritised development of the economy and the creation of jobs through support from National Government for the Municipality as well as investors
- Key projects that were identified in SONA 2016, which included, amongst others, the **Black Industrialists program**, need to be high on the agenda for transformation and job creation of uMhlathuze
- **Government procurement** needs to be used to **stimulate micro-economic growth**.
- **Existing industries need to be retained and supported whilst new industries need to be nurtured**. This sentiment holds true for Umhlathuze, as the City needs to promote and stimulate strong existing industries, whilst supporting the development of new industries, which will have the effect of diversifying the economy and providing sustained economic development and job creation, as well as creating further opportunities for Transformation in the Umhlathuze Municipality



### *Provincial, District and Local Context*

The City of UMhlatuze is host to the port of Richards Bay and is one of the largest industrial cities in South Africa. The port of Richards Bay is South Africa's premier bulk port and the largest port by tonnage handled. It handles 98million tonnes of cargo per year which is 40% of South Africa's ports demand. A 30 year forecast predicts that around 184 million tons of cargo per annum will be handled by the port of Richards Bay with expected major growth areas of this port being the coal export and dry bulk handling. Bulk operations in the port of Richards bay include focus on four major activities ; export coal, dry bulk, break bulk and liquid bulk. Richards Bay port receives an average number of 1800 vessel calls per annum (equivalent to 5 vessels per day), the majority of which are for dry bulk and break-bulk terminals. The coal terminal receives approximately 250 cape size vessels per year.

In addition to the port, the City of uMhlatuze is known an industrial gateway and is home to the following companies, including but not limited to: Rio Tinto, Richards Bay Minerals, BHP Billiton's South 32, Bell Equipment, Foskor, Mondi, Tongaat Hulett, and Tronox mining operations. Additionally, the city has invested in the development of the Richards Bay IDZ as a key platform to promote economic growth and manufacturing. It is imperative that the development of a strategic roadmap be aligned to the strategic plan of the RB IDZ.

The key provincial, district and local (KwaZulu Natal, uThungulu District & specifically Umhlatuze Local Municipality) trends that were identified through our detailed literature review are as follows:

- The **need for alignment to the provincial skills development initiatives** that are being used to catalyse economic growth. It is essential that the Municipality promote the development of appropriate skills that are in demand from current and prospective industries. This is crucial for sustained economic growth.
- **Government procurement** needs to be used to **stimulate micro-economic growth**, particularly with regard to capital spend of the Municipality through setting aside Municipal projects for local SMME's and entrepreneurs
- **Key sectors** of the district appear to be **aligned to uMhlatuze**
- **Spatial development influences** need to be filtered into economic plans to ensure that these plans are realistic, specifically from an environmental perspective
- The large population of **youth (72%) needs to be the target of job creation and transformation initiatives**, with a strong focus on skills development for this population group in order to create an enabling job creation environment within the Municipality
- **Land ownership bottlenecks** need to be **resolved** to promote economic activity and transformation
- Key **catalytic projects of RBIDZ and Port** need to be filtered into the job creation and economic transformation roadmap

The analysis above provides a brief synopsis of the key themes and overarching findings that will influence the Economic Development, Transformation and Job Creation Roadmap for Umhlathuze.

### *Stakeholder Engagement Findings*

Our stakeholder engagements included focus group discussions with key sectors of the Umhlathuze economic landscape as well as individual key institutional stakeholders. The focus group sessions and formal meetings and interviews, included the following:

<b>Date</b>	<b>Details of Engagement</b>
16 October 2015	Conversation on Emerging City of Umhlathuze Municipality (introduction as SP and participation)
22 October 2015	Planning meeting with Umhlathuze COO (Mr Nathi Mthethwa)
30 November 2015	Focus group discussion 1 (business focus)
30 November 2015	Focus group discussion 2 (tourism focus)
01 December 2015	Focus group discussion 3 (youth focus)
01 December 2015	One on one meeting with Richards Bay IDZ CEO (Mr Pumi Mosoahae)
20 January 2016	Focus group discussion 4 (persons with disabilities)
20 January 2016	Focus group discussion 5 (women)
12 February 2016	Focus group discussion 6 (Critical Thinking Dialogue with Umhlathuze Municipality staff)

Further to the formal meetings noted above, interviews with the following key stakeholders took place:

<b>Organisation</b>
<i>uThungulu District Municipality</i>
<i>Tourism KZN</i>
<i>Richard's Bay Port Manager</i>
<i>Productivity SA</i>
<i>EThekweni Maritime Cluster</i>
<i>SALGA</i>
<i>RB IDZ</i>
<i>Trade and Investment KZN</i>
<i>Transnet</i>

Refer to Annexure F for detailed notes from each individual stakeholder engagement session, as well as individual interviews with key stakeholders.

Based on the detailed literature review and stakeholder engagement, the key economic sectors have been identified as possible focus areas for economic development, job creation and transformation for the city of uMhlathuze. These include:

- **Manufacturing & logistics**
- **Agriculture**
- **Maritime & blue economy**
- **Tourism**
- Wholesale, retail, trade and services
- Mining and beneficiation
- Township economy
- Construction and built environment
- ICT

The proposed key priority sectors identified for short term interventions are highlighted in red above.

Key findings for each of these industries have been identified and will influence the economic development, job creation and transformation.

**Table 4: Key findings by Sector**

Key Findings by Sector	
Agriculture and agro-processing	
<ul style="list-style-type: none"><li>• Agriculture has been identified as the top of mind sector with the greatest job-creating/ labour absorption potential. Key projects in this sector includes NSNP, agri-parks, goat farming, poultry farming and incubation programs for farmers in partnership with district, province and national departments</li><li>• Drought has significantly impacted the job creation potential of this industry, as well as absorbing fewer jobs in the past year or so</li><li>• Under-utilisation of arable land is a key challenge for uMhlathuze</li><li>• The agro-processing potential of Umhlathuze has not yet been fully explored</li><li>• Emerging farmers appear to be stagnant and are not growing their enterprises and creating scalable businesses. There appear to be few new entries into the agricultural value chain</li><li>• Farming is not attractive to youth, which represent 72% of the populous of uMhlathuze</li></ul>	
Tourism	
<ul style="list-style-type: none"><li>• Beach tourism was identified as a priority niche that uMhlathuze needs to capitalise and focus on</li><li>• Wildlife/ game reserve of the surrounding areas provide an unusual unique product for the visitors of uMhlathuze, but these are not being effectively packaged and partnered with cruise tourism.</li><li>• Eventing is viewed as low hanging fruit to increase occupancy and grow jobs in the short term horizon</li><li>• Business tourism is currently the backbone of the local tourism value chain, but does not receive much direct support from Umhlathuze or Provincial and National Tourism structures. The proposed ICC project for conferencing is viewed as a critical project for Tourism in Umhlathuze</li></ul>	

- Culture and heritage tourism have not been fully explored and packaged as a key segment based on the rich history of the Zululand area
- Visiting friends and family is a large segment of tourists visiting uMhlatuze. This potential market is not fully understood in detail or aligned to existing tourism product offerings
- Current marketing efforts of the destination are considered inadequate and are not being sufficiently prioritised or resourced

#### Maritime and Blue Economy

- The collaborative model amongst key stakeholders in the extended maritime value chain has proven to be successful in strengthening and growing this industry
- Port efficiency and productivity are critical ingredients to increase utilisation and volume of the port. Currently, the Port has spare capacity and is handling less cargo than it has in past years. This is largely driven by the commodities slump being experienced globally
- The port is a flagship asset for uMhlatuze and complements the other geographic specific advantages of being the economic gateway to the province and the country

#### Manufacturing & Logistics

- There are various committed private sector projects that provide the platform to generate economic growth, transformation and job creation. Currently, there is not a dedicated focus on end- to- end investment promotion championed by local business people
- TATs for the approval of regulatory compliance is not as quick as business would like it to be. The TATs are not standardised for specific routine applications, and the actual TAT's are not measured and evaluated
- Skills development for new industries is not well understood and supported. The skills development initiatives need to be aligned to the provincial skills programs
- There is not a dedicated focus on small business development within Umhlatuze, which creates barriers to entry by local SMMEs and entrepreneurs

#### Township Economy

- There is no "One stop shop" for small business as the primary platform to drive and champion the township economy.
- Township businesses are not graduating from small and survivalist businesses into sustainable SMMEs that can compete in the formal marketplace. New entrants require support to grow and strengthen their businesses to fully access the mainstream economy, especially marginalised groups

- There is little Enterprise Development/ Supplier Development spend in the township economy
- There are no buy local campaigns underway to encourage civic pride and consumerism
- The township economy is not being measured and evaluated on a continuous basis

#### Mining and Beneficiation

- Lower global commodity prices will have/ is having a negative impact on the micro economy of uMhlathuze
- Environmental sensitivity is of concern in relation to spatial planning and development relating to mining and beneficiation
- Even with the global downturn in commodity prices, there are still some key expansion projects in the local mining sector
- The impact of beneficiation, especially with respect to exported materials and imported input for local industries, is not fully understood

#### Built Environment

- There are no dedicated champions to drive key construction/ built environment projects, which hinders the progression of key projects and frustrates investors, as well as the construction industry.
- 'Soft' infrastructure is viewed as important to strengthening the investment attractiveness of uMhlathuze
- The proposed airport development is essential for long-term development planning for uMhlathuze and investment attractiveness of the region
- Alternative funding structures need to be explored

#### Wholesale, retail, trade and services

- Marginalized individuals (women, youth, PWD) occupy a very small percentage of mainstream retail, wholesale, trade and services real estate
- uMhlathuze has the potential to be the trade gateway of choice for KZN, in particular the surrounding rural areas
- This sector has no linkage with the township/rural economy
- CBD revitalisation projects are documented in key local planning documents

#### ICT & Innovation

- Key critical ICT infrastructure projects such as broadband roll out and the RB IDZ Techno hub have been planned, but have not yet been realised
- ICT infrastructure is needed to allow the City to roll out its Smart city concept, which is central to their Vision
- This industry provides an attractive platform for the inclusion of youth into the mainstream economy

#### Other (Alternative Energy, Water Security, Municipal Cost Saving & Revenue Generation)

- Preliminary investigations have begun into water re-use initiatives and a possible desalination plant
- There are opportunities to invest in alternative energy generation. E.g. Electricity co-generation through Felixton Sugar Mill
- The Umhlathuze Municipality is budgeting for a deficit; there is a need to enhance revenue generation; the City generates more revenue from utilities than it does from rates

In addition to the above priority sectors, it is imperative that the following key enablers (applying across all proposed key economic sectors for uMhlathuze) will be considered in developing the job creation, economic development transformation roadmap.

- Special Purpose Vehicle (SPV) to drive job creation
- Setting up an end-to-end business support infrastructure
- Securing partnerships to capitalise the rollout of the roadmap
- Access to capital
- SMME development/ support
- Investment promotion
- Skills development
- Reducing red tape/ bureaucracy
- Access to capital
- Public-private partnerships & stakeholder engagements
- Driving inclusiveness and transformation
- Spatial development (Environmental, EIA, carbon-footprint & land management)
- Infrastructure (including soft infrastructure)
- Access to information
- Localisation of economy



## PART B: Recommendations and Way Forward

The recommendations and way forward are influenced by the key findings that have been presented in section A of this document. The recommendations have been developed in relation to key findings identified during the course of the literature review, as well as the key stakeholder engagement sessions and interviews, and as such represent the synthesis of findings from both key methods of intelligence gathering, which will form the basis for the Economic Development, Transformation and Job Creation Roadmap for Umhlathuze.

The key recommendations are summarised in tabular format in line with the key findings, as follows:

**Table 5: Key Recommendations (by sector)**

Key Recommendations (by sector)
Agriculture and agro-processing
<ul style="list-style-type: none"><li>• Farmer development to be prioritised, with support from Provincial and local agencies, in order to graduate emerging farmers into viable, commercial enterprises, through skills development and mentorship</li><li>• One Stop shop to be created as an end-to-end support facility for farmers in Umhlathuze</li><li>• Feasibility studies to be conducted into Agri-Parks in the City to drive agro-processing and further opportunities along the agricultural value chain</li><li>• Aggregation and facilitation of access to market for emerging farmers</li><li>• Identification of export opportunities for existing commercial farmers and potential new products</li><li>• Ring-fenced fund for access to capital</li><li>• Development of Agricultural forum to drive drought relief and support for the Agricultural Industry in Umhlathuze</li></ul>

- Prioritise agri-processing initiatives

#### Tourism

- One stop shop for tourism industry to drive enterprise development for tourism businesses in UMhlathuze
- Development of a detailed marketing plan for Umhlathuze Tourism and driving of an events calendar to increase visitor numbers
- Prioritise key strategic tourism infrastructure projects in the City
- Packaging of tourism offerings
- Development of CTO and Tourism Forums to improve effectiveness of these important institutions

#### Maritime and Blue Economy

- Build on existing Industry Collaboration to drive the development of the Maritime Industry in Richard's Bay
- Development of a one stop shop for the Maritime sector, including the development of Maritime specific skills in the City through partnerships with Transnet and tertiary institutions
- Focus on development of maritime infrastructure to provide opportunities for economic growth, transformation and job creation in the City

#### Manufacturing & Logistics

- One stop shop would incorporate a specific section for Manufacturing sector, to assist in the development and transformation of this sector
- Customised Umhlathuze Investment Promotion Toolkit to attract investment, through offering of new, local incentives, as well as leveraging off national incentives and priorities
- Prioritise existing pipeline projects to realise benefits in the near term, specifically including opportunities identified in the RBIDZ and developing a business case for automotive industry
- Focus on incentives for / promotion of exports

### Township Economy

- One stop shop is a key platform to address challenges of skills development, access to information and enterprise development, which hamper growth of township businesses, with a focus on ICT, retail, creative industries and cultural tourism as immediate opportunities to stimulate economic growth in townships
- Development of township growth index to monitor and evaluate the township economy, as well as driving a localisation campaign in support of township businesses and provide access to markets for township businesses
- Roll out of broadband to townships to create an enabling environment for innovation and entrepreneurialism

### Mining and Beneficiation

- Support priority mining projects and assess export opportunities around new and existing minerals
- Localisation of the mining value chain to retain economic flows within the City through strong enterprise development and supplier development partnerships with mining houses and the City

### Built Environment

- Creating an enabling environment for infrastructure development through dedicated champions to drive key construction/ built environment projects, a focus on standardising and limiting turnaround times for standard approvals, and the development of critical support infrastructure as well as appropriate soft infrastructure
- Assessment of opportunities for the built environment around the N2 Corridor Development plan, which is currently being drafted

### Wholesale, retail, trade and services

- Infrastructure development and urban revitalisation is key to provide opportunities in wholesale, retail, trade and services with a focus on set asides for priority groups to drive transformation

#### ICT & Innovation

- Broadband rollout is key critical infrastructure to create an enabling environment for ICT sector, especially in relation to opportunities for Youth, as well as a driver for innovation in the City
- Skills development in the ICT sector is key to provide opportunities for e-entrepreneurs. Partnerships with key learning institutions are key.
- The need to develop a blueprint for the virtual economy

#### Other (Alternative Energy, Water Security, Municipal Cost Saving & Revenue Generation)

- Water security to be prioritised to allow for economic growth in the City
- Alternative energy generation opportunities to be prioritised
- Revenue generation options, and cost-cutting initiatives need to be a focus for the City in order to be able to continue to create an enabling environment for economic growth, transformation and job creation

## **PART C: uMhlathuze Economic Development, Job Creation and Transformation Summit**

Sigma International was tasked, as per the project charter for the uMhlathuze Economic Development, Job Creation and Transformation Roadmap assignment, to facilitate an Economic Summit for uMhlathuze Municipality. This summit occurred on Friday 26 February 2016, and Sigma International was instrumental in bringing the programme together and driving the summit through the following actions:

1. Development of the agenda for the Summit, in co-ordination with the Umhlathuze Municipality
2. Identifying panellists for key discussion and facilitating the invitation of such key panellists, as well as speakers and important stakeholders. We also provided guidance to panellists for preparation purposes
3. Sigma International presented the uMhlathuze Economic Development, Job Creation and Transformation Roadmap Key Findings at the Summit, with Akash Singh presenting and addressing questions from the delegates
4. Akash Singh, of Sigma International, facilitated the panel discussions with the panellists through directing pertinent questions to respective persons, as well as allowing for questions from the delegates
5. Sigma International facilitated feedback from the entire audience through the use of electronic voting key pads to allow for instantaneous feedback from the audience on certain pre-determined questions. The results of these queries are contained in the summary report on the Summit contained below

## Summary of Interactive Voting at the Summit

**Table 1: Showing key questions and most popular answer with percentage of popular vote**

<b>Questioned posed to audience</b>	<b>Most popular answer/s</b>	<b>% age of the vote</b>
What is Umhlathuze's single most economic priority?	Creation of Jobs	36.1%
Is agriculture a sustainable job creation sector for Umhlathuze?	Yes	67.6%
What is the single most economic sector for Umhlathuze's future?	Manufacturing	30.3%
Who should promote uMhlathuze as an investment destination?	All of the Above (Brand SA, TIKZN, Umhlathuze Municipality, UThungulu District Municipality)	70.1%
In growing small and medium enterprises, the single most important priority is?	Access to Funding	44.8%
Which is the main incentive that should be provided by the city to accelerate economic growth and improve business support?	Discount on utilities & Developers rebates	31% each (62% of vote cumulatively)
What is the number one strategic infrastructure and tourist's attraction project required to enhance tourism?	Upgrade of Beach Facilities (esp. Alkanstrand)	34.9%

## **Key Input identified from the Summit to inform Economic Development, Transformation and Job Creation Roadmap for Umhlathuze**

The summarised key input from the Economic Summit held on 26 February 2016 is the consolidation of the key note addresses, draft roadmap discussions on the roadmap, as well as discussions with panellists and including input from the delegates of the summit

### **A Economic Sectors**

- The Virtual economy needs to be prioritised to drive innovation within the City and provide opportunities for the Youth
- Economic diversification is critical to sustained economic development, transformation and job creation
- Greater focus to be placed on innovation and productivity
- The key focus from most role-players was on industrial development and the potential that Richard's Bay has in relation to manufacturing and industrial processes; especially with respect to export potential
- More focus needed to be given to creative industries in the roadmap
- The roadmap should consider the role of not-for-profit organisations in UMhlathuze
- The current drought is a serious issue in Umhlathuze currently; and the City was looking at option to ensure security of water supply including water re-use projects and a feasibility study into a desalination plant
- There is a need to diversify the economy of UMhlathuze away from commodity- dependant industries and mining, as well as agriculture in order to drive inclusive, sustainable growth going forward
- Key projects specifically identified as priority projects:
  - Port Expansion Plans- Transnet committed to approximate R14 billion expansion, including container handling facilities
  - Airport relocation and upgrade
  - ICC Development
  - Waterfront development Project
  - Upgrade Empangeni City
  - Provide free Wi-Fi to Rural areas through the introduction of fibre optic cables and broad band
  - The City wants to create its own supply chain to create opportunities for local, previously disadvantages SMMEs
  - Larger focus on SMME

- “The Bay” Netcare Hospital to be expanded now that City has the resources to provide Emergency Services to buildings higher than 10 stories
- Additional opportunities identified in the Agricultural value chain:
  - Sugar Mill- opportunity for co-generation of electricity, as well as ethanol production opportunities
  - Timber Industry has many downstream economic development and job creation opportunities, including grazing for livestock and farming honey (bees)
- Aqua / Marine culture provided great opportunities given Umhlathuze’s natural resources and coastline; it was highlighted that especially Mariculture was not susceptible to drought

## **B Investment promotion**

- Umhlathuze Businesses need to be lobbied to promote the Umhlathuze Municipality as an investment destination, as business persons tend to take other business person’s personal accounts more seriously
- The Richard Bay IDZ has a number of key projects underway, which have tremendous economic growth and job creation potential. The Umhlathuze Municipality needs to work hand in hand with the RB IDZ to promote transformation within this environment
- Investment promotion for Umhlathuze was not the responsibility of Umhlathuze Municipality alone, but required input from various stakeholders including Brand SA, TIKZN, Umhlathuze Municipality, UThungulu District Municipality
  - It is essential that all investment promotion initiatives convey a clear and consistent message that is backed up by appropriate support to actualise investment in the City
- Incentive packages will be made available that will address fair equitable distribution

## **C Business development, support and other**

- Greater drive for localised incentives (decrease utilities and rates)
- Land distribution and access to quality business premises was a barrier to transformation in the City
- Industrial corporates need to open their doors to apprentices in order for more students to receive the required training to be absorbed into the job market as they required workplace experience to fully qualify
- Rural areas/ traditional authority areas are not achieving full potential; need support



- Strategic land parcels to be formed for future growth
- Ingonyama Trust Board will be consulted on further issues; constantly working on improving relationships
- Common themes cross cutting sectors:

## **Annexure A: Summit Programme**

## **Annexure B: Sigma International's Presentation for Summit**

## **Annexure C: Electronic Voting Results from Summit**

## **Annexure D: Detailed Notes on Summit**

## **Annexure E: SWOT Analysis**

## **Annexure F: Summary of Individual Stakeholder Sessions**

## **PART D – STRATEGIC ROADMAP FOR ECONOMIC DEVELOPMENT, JOB CREATION AND TRANSFORMATION**



**Acronyms**

SPV Special Purpose Vehicle

ADA Agribusiness Development Agency

DARD Department of Agriculture and Rural Development

DOE Department of Education

DTI Department of Trade & Industry

ECDC Eastern Cape Development Corporation

ED/SD Enterprise Development / Supplier Development

EDTEA Economic Development, Tourism and Environmental Affairs

ICT Information and Communications Technology

RB Richards Bay

RBIDZ Richards Bay Industrial Development Zone

RFI Retail Finance Intermediary

SEFA Small Enterprise Finance Agency

TATs Turn-around times

TKZN Tourism Kwa-Zulu Natal

ZCCI Zululand Chamber of Commerce & Industry

## Executive Summary

uMhlathuze Local Municipality is faced with a number of development challenges. The rate of unemployment for uMhlathuze Municipality remains unacceptably high. Other primary economic challenges within the City include low income, disinvestment and business closure (*uMhlathuze LED Strategy 2013-2017*).

It is on this basis that the Municipality has prioritized economic development, transformation and job creation by developing a practical roadmap that will ensure the outcomes listed below:

11. Job creation
12. Improving citizen's skills levels/ education
13. Increased competitiveness and investment in the city
14. Transformation within the Public and Private sector
15. Economic growth through job creation
16. Stimulate rural development
17. Sustainable Environmental Management
18. Consistent spatial Development Framework
19. Improved productivity and resource management
20. Strengthened collaboration amongst key industry partners that will grow and sustain the city's job creation, economic growth and transformation efforts, in a collective manner

In developing the roadmap, this process entailed the following:

1. Review of key influencing policies and documentation
2. Analysing and unpacking key economic trends
3. Engaging of key stakeholders (focus group discussions and one-on-one engagements)
4. Alignment of stakeholder thinking to economic policy influences
5. Developing practical implementation steps/action plan that would form the basis of a roadmap

The draft roadmap has been developed by focusing on key sectors of the current and future economies of uMhlathuze. It has identified those sectors most likely to create jobs and transform the economy on a sustainable basis and provide a competitive advantage for the City. Key overarching themes/ considerations that emerged during the development of the roadmap include:

**1. Economic diversification:** the City of uMhlathuze should focus on strengthening and supporting existing industries in its economic basin whilst identifying and investing in future/ new industries. This would allow for economic diversification, as well as strengthening the City's competitive advantage.

**2. Localisation of the economy:** Key to driving economic transformation and inclusiveness is the need for uMhlathuze to localise the economy by using procurement as a critical enabler. Additionally, a local brand/campaign will lend support

**3. Economic inclusiveness:** The current structure of the local economy has marginalised certain sectors of society. The proposed roadmap is intended to allow for greater inclusiveness of marginalized groups on a sustainable basis.

**4. Evangelizing job creation:** Job creation and the need to nurture the local economy, via the implementation of the strategic roadmap for job creation, economic development and transformation, should be made a priority by business, civil society, labour and the municipality.

**5. Cost of doing business:** Economic competitiveness, both financial and non-financial are critical in attracting new investment to the economy, as well as strengthening and retaining existing businesses. Productivity is key to driving the internal cost of doing business, whilst local government has a key role in providing an enabling environment

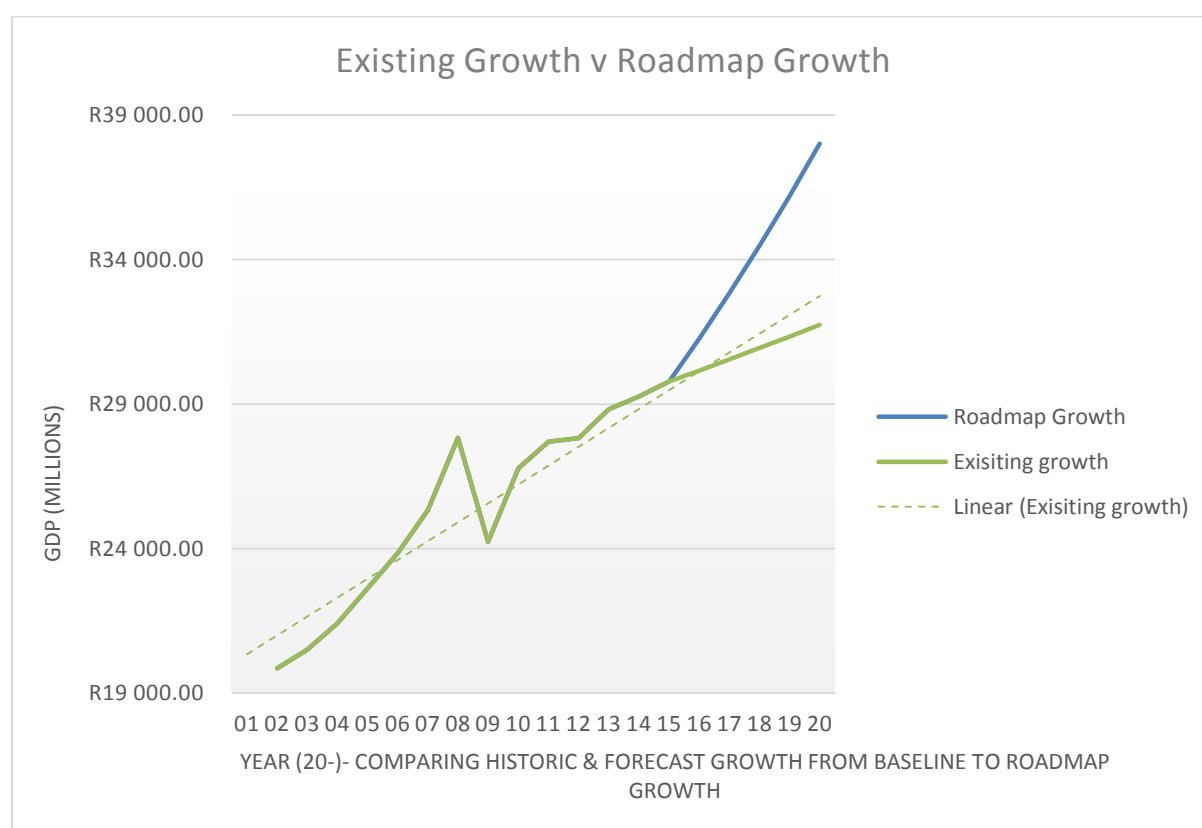
**6. Virtual economy:** Future economic thinking and trends have placed the internet and artificial intelligence as the foundation pillars for future economic growth. The proposed roadmap has aligned itself to the virtual economy, by proposing certain key infrastructure projects, and focusing on innovation across sectors. Additionally, we have proposed that the City consider the impact of internet and ICT as well as the virtual economy by the development of a virtual economic plan. It is envisaged the plan will influence the future resource planning of the Municipality by being able to deliver services to the citizenry and business at a reduced cost and efficient/smarter manner

**7. Funding:** Growing the economy of uMhlathuze is reliant on obtaining finance for new projects as well as growing existing industries, as well as strengthening infrastructure. A new partnership approach to capital funding should be considered and built around innovative funding structures.

**8. Skills prioritisation:** Appropriate skills are fundamental in growing all key sectors identified. Prioritising and matching industry skill requirements with academia will assist in reducing the rate of unemployment as well as improving the economic participation of youth in the economy.

**9. Green Economy (water security & energy supply):** Current water restrictions for uMhlathuze and the province (and South Africa) is an important reminder of the need to secure adequate supply of water for growth. The proposed roadmap gives specific attention to identifying alternative supplies of water, whilst also focusing on water efficiency measures. Proposed/ pipeline projects as per the strategic roadmap for economic development, job creation and transformation will place a significant strain on the current energy supply. Key considerations need to be given to securing electricity supply as well as diversifying the energy needs of the local economy by considering alternative energy.

Implementing this roadmap will assist in stimulating the output of the local economy of uMhlathuze above the planned growth rate of 1.2% (as per the 2016/17 Municipal budget) for the area. Growing the economy will ensure the municipality will have additional revenue to support its service delivery mandate. The current estimated GDP for uMhlathuze is R29.7billion. At the proposed growth rate of 1.2% (forecasted growth rate based on 2016/17 budget for the city of uMhlathuze), the economy will grow by approximately R1.9billion over the next 5 years. Prioritising the roadmap and its implementation will help to improve the economic growth rate. If the growth rates were increased to 5% on average, **the incremental growth** in the economy over the next 5 years would be R8.2billion. The latter is an aggressive expectation, however, during 2010, the local economy averaged approximately 6%. This potential impact has been graphically represented below:



**Figure 1: Simulated impact of the strategic roadmap on economic output**

Additionally, the roadmap has the potential to improve the rate of employment in the local economy. Currently, the unemployment rate is 31% with an estimated 38,500 unemployed individuals. If this roadmap had the potential to improve economic activity and reduce unemployment by 1%, then the unemployment rate in 2020 would have reduced to approximately 26% (with approximately 32,300 being unemployed – this is a 5% (formal, informal and self-employed) decrease in the unemployment rate, from 2015). This would have meant that approximately 6,200 individuals would have been absorbed by the economy.

Consequently, implementation of this job creation, economic development and transformation roadmap is critical to impact the output of the economy and jobs to be created. The greater the success of its implementation, the greater would be its impact on the local economy of Umhlathuze. **Implementation of this roadmap will require a detailed resources plan that must be done in line with the budgeting cycles of the municipality. Additionally, the scorecard developed, needs to be developed into key performance areas for the municipality's Executive team.**

This economic, job creation and transformation roadmap has been developed and crystallized based on:

- **Detailed literature review and stakeholder engagement, as found in our interim report 1 as shown in Part B of this report**
- **Key Findings and recommendations report, including outputs from the economic summit, as found in our second interim report, and is shown in Part C of this report**

**The above two reports (Parts B and C) are separately attached.**

### **Project Aim and Objectives**

To develop a practical, implementable and solutions-oriented roadmap to address Economic Development, Transformation and Job Creation in the City of uMhlathuze by:

- Analysing, unpacking and consolidating economic data and trends in relation to the city of uMhlathuze
- Aligning the emerging roadmap to the national, provincial and district economic development plans and strategies
- Aligning the emerging roadmap to the Master Plan of Richards Bay Industrial Development Zone, Transnet Port Expansion Plan and other mega investments in the City
- Identifying and package strategic economic sectors to be championed and supported by the city including Maritime industry
- Identifying and recommend business support interventions and initiatives including investment attraction incentive packages
- Preparing a roadmap implementation scorecard in terms of short, medium and long term deliverables for the city
- Preparing and facilitating six (06) stakeholder engagement sessions and one (01) Economic Development, Transformation and Job Creation summit
- Preparing priority skills development focus areas informed by industry demand

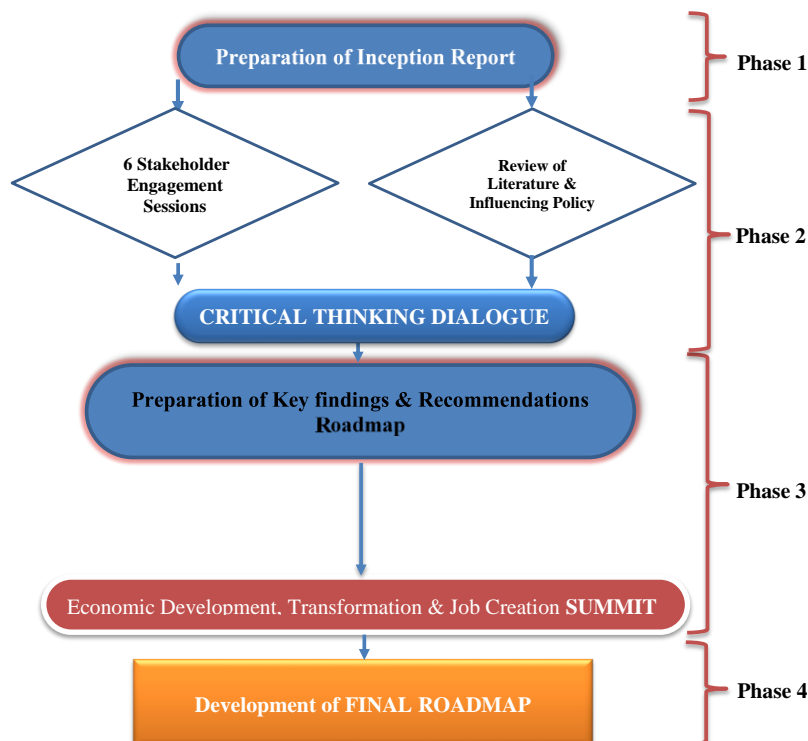
- Analysing and packaging public sector job creation and skills development initiatives for implementation by the city
- Organising and facilitating one (01) critical thinking dialogue with selected key stakeholders on the state of the south African Economy and Opportunities for Growth and Job Creation
- Aligning economic development imperatives to the spatial development framework of the city
- Recommending investment attraction strategies and modalities
- Preparing, consolidating, finalizing and submitting a completed roadmap for adoption by council

***(Source: Umhlathuze Local Municipality Tender Terms of Reference)***

### **Our Approach in Developing the Roadmap**

Our approach included a synthesis of economic policy review as well as engagement with key stakeholder groupings (focus groups and interviews) within the economy of uMhlathuze. These included local business people, sector specialists, communities marginalized from the economy as well as management from the Municipality.

Our approach is tabled in the project charter and is illustrated in Figure 2 below.



**Figure 2: Approach to Strategic Roadmap Development**

The approach adopted was informed by the need for a practical implementation plan that would crystallize job creation, economic development and transformation for the City of Umhlathuze, in the short, medium and long-term.

As a consequence of the above, the proposed approach in developing the roadmap focused on:

- Critical interrogating influencing strategies and policies
- Engaging key stakeholders and industry specialists who are at the coal front of economic development, transformation and job creation

Preceding the roadmap, a key findings document was developed. This document provided a basis for unpacking and developing the detailed roadmap below, and included:

- Global and African trends
- National priorities
- Provincial, district and local context
- An alignment of economic policy to local stakeholder needs

Based on the above influencing findings, a practical roadmap was developed that focused on key industries that would precipitate job creation and transformation in the shortest possible time and with the highest possible impact. Additionally, the key interventions proposed in the roadmap was a result of a:

- Engaging key industry experts on the status of key catalytic projects (including the practicality on implementation as well as the time to market)
- Understanding key enabling factors and requirements that would ensure the fast-tracked implementation of key projects
- Aligned to key spatial considerations impacting the City of Umhlathuze
- Identifying key stakeholders (and champions) that would ensure smooth roll-out of the roadmap
- Reviewing and benchmarking other cities and their job creation initiatives

## **Strategic Roadmap for Economic Development, Job Creation and Transformation (including Priority Projects and Implementation Plan)**

The development of the job creation, economic development and transformation roadmap has been crystallized by focusing on key industries in Umhlathuze. The industries identified are a result of the needs of the economy, competitive advantage of Umhlathuze. The key industries identified are:

- **Agriculture, agri-processing and rural economy**
- **Tourism**
- **Maritime & blue economy**
- **Manufacturing**
- Township economy
- Mining and beneficiation
- Built environment
- Wholesale, retail, trade and services
- ICT and innovation

In each of these key industries, a detailed implementation plan has been developed highlighting key projects/ interventions. In addition to the industry-specific intervention, the strategic roadmap has identified priority projects/ interventions that are sector-wide, as well. Some of these include the development of a one stop shop for business development, creating a local business finance fund, green economy.

The roll out of the economic development, job creation and transformation roadmap will require:

- The strategy has recommended the set up of a separate state-owned entity that will become custodians of implementation of this strategic roadmap. The proposal for a separate state-owned entity is because of the following key reasons:
  - It will provide agility to transact and implement the proposed key projects. In doing so, it will reduce the time to market for these interventions, ensuring job creation happens at its earliest (reduction of red tape).
  - It will assist the Municipality to participate as an active stakeholder (in some cases as a shareholder/ partner) in many of these proposed initiatives. This will ensure compliance to good governance, as well as provide the required assurances for the annual audit of the municipality
  - This stand-alone entity will allow the Municipality to earn additional revenue streams (diversify the risk of reliance on rates and electricity), as well as to acquire capital assets that will strengthen its asset base



- It will reduce the risk of corruption (which are core inhibitors of economic growth and transformation)
- It will provide the foundation for a dedicated champion for job creation, economic development and transformation.
- It will allow for easier leveraging of partnership, both locally and internationally.
- It will allow for greater integration between public and private sectors, respectively
- It allows for greater public accountability.

This proposed entity is envisaged to have the following key areas of operations/ programs:

- An advisory board that will help provide oversight (including business, government and civil society)
- A business development program that will incorporate on the one stop business development shop, which will sector-focused
- Information/ knowledge management
- Stakeholder engagement, including PR and marketing
- Commercialisation unit (incorporating Infrastructure Development Fund)
- The development and implementation of an incentive policy for the City of uMhlathuze (refer to Section on *Proposed Incentives* and **Annexure A** for a proposed incentives framework)
- Strong partnership and engagement. This will require the City of uMhlathuze to use existing platforms, such as the *Mayoral Advisory Panel*, *CEO's Forum*, etc to help drive and build the required partnerships in order to implement the roadmap as effectively as possible
- The need for a "one stop business support shop" that would provide end to end business support for each of the priority sectors. It is envisaged that this "one stop shop" will **be one of the key programs (for business development)** for the separate state-owned entity proposed above. This program will be resourced by specialised program managers who will be industry specialists in their own right.
- Additionally, this roadmap needs to address key themes that have emerged from both the stakeholder engagement process, as well as the economic policy review. These themes have been listed below and have been used in building up each of the key sectors:
  - Focus on small business
  - Skills (realigning academic curricular to the skills (both practical and theoretical) needs of the economy)
  - Localisation of the Umhlathuze economy
  - Implications of spatial planning
  - Decrease the cost of doing business/ red tape
  - Access to capital
  - The need for improved infrastructure
  - The impact of the global reduction of commodity prices

- The need for integrated investment promotion
- The need for inclusive economic growth
- The need for integrated support for business
- The adoption and rigorous implementation of a Monitoring and Evaluation Framework to support the action steps of this proposed roadmap (refer Annexure B for Proposed Monitoring and Evaluation Framework)

Based on the above approach, we have developed sector specific projects/ implementation plans that would provide the key ingredients for the roadmap. These plans include key focus areas, proposing new projects, setting estimated timelines, as well as recommending stakeholders that would be required during implementation. Tabulated below is the proposed roadmap/ implementation plan.

We have identified the following **key success factors** that are required to be in place per sector, as well as sector-wide:

#### Sector-wide

- Adoption and ratification of the strategic roadmap for uMhlathuze
- Finalise institutional arrangements and setting up a SPV for implementation of the roadmap
- Completion of the business case and business plan for the SPV
- Development of a resource plan (financial and non-financial) for the SPV
- Detailed implementation plan for the strategic roadmap
- Adequately skilled professionals across the various sectors
- Development of an Investment Incentive Policy for the city of uMhlathuze
- Finalising and implementing a sector-wide incentive plan
- A collective and stronger investment promotion culture

#### Manufacturing

- Customising and accessing incentives for this industry
- Providing both financial and non-financial support in assisting to reduce the cost of doing business

#### Agriculture

- The agricultural program within the one-stop shop has been crystallized and implemented
- Ensuring private sector support these projects for setting up the forum
- Land availability
- Water security
- Instilling a culture of entrepreneurship and innovation within the sector

## Tourism

- uMhlathuze Tourism Forum needs to be strengthened and capacitated
- Ensuring inclusivity of the sector
- Making available adequate funding to support this industry
- Prioritising destination promotion

## Maritime

- Having a platform that facilitate private and public partnerships
- Adequately skilled professionals to champion this industry
- Further strengthening of the working relations between uMhlathuze Municipality, RB IDZ and Transnet
- Township Economy
- Develop a long-term master plan for the economy of the various townships, and elevate its importance in future economic planning
- Provide access to information platforms

## Mining and beneficiation

- Adequately skilled professionals to champion this industry
- A turn around in global commodity pricing

## Built environment

- Land availability
- Improving turn-around times for regulatory approvals

## ICT/ Innovation

- Improving broadband coverage and infrastructure

## Other

- Diversification of concentration risk (for existing electricity and water supply)



Sector Wide Priority Projects/ Interventions				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Business/ Enterprise Development	1.1 One-stop shop for business development (with particular focus on small to medium enterprises)	<p>1.1.1 Conceptualise, develop and implement a “one-stop shop” for business support to the key industries identified. This will be a primary program for the SPV that is envisaged to roll out the strategic roadmap. This program should have the following elements:</p> <ul style="list-style-type: none"> <li>- Will have a customized sector-specific sub-program supporting business retention and growth in that area. It is envisaged these will be on the nine proposed sectors identified in this roadmap.</li> <li>- Each key program will be managed by experienced and qualified industry experts</li> <li>- This one-stop shop sector specific programs will focus on the following: <ul style="list-style-type: none"> <li>o Access to market</li> <li>o Skills development</li> <li>o Funding</li> <li>o Business development</li> </ul> </li> <li>- Ensure the required infrastructure support is in place for that particular sector</li> <li>- Will utilise existing or create new sector-specific forums to facilitate industry dialogue</li> <li>- a sector-specific incubation and mentorship plan (targeting SMMEs) in partnership with private sector</li> </ul>	Umhlathuze Municipality	2018/19

Sector Wide Priority Projects/ Interventions				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
	1.2 Dedicated local business finance fund to be set up	<p>1.2.1 Complete a business case and implement the establishment of a local fund that is built around the following key parameters:</p> <ul style="list-style-type: none"> <li>- Use lines of funding obtained from DFI's (IDC, ITHALA, SEFA, NEF foreign funders, etc)</li> <li>- A high focus on local developmental funding (not the traditional credit scoring mechanism)</li> <li>- The one-stop shop program managers (sector-based) will oversee the disbursing and collecting of funds</li> <li>- The above concept is based on the proposed SPV becoming a retail finance intermediary (RFI) for local business focusing on the proposed key industries for Umhlathuze</li> </ul>	Umhlathuze Municipality/ DFIs	2018/19
	1.3 Development of a commodity resource plan (in advance) for both private sector and the public sector	<p>1.3.1 A detailed commodity resource plan (advanced) that would determine products and services required by the local economy, based on approved projects and organic growth. This plan would be used to:</p> <ul style="list-style-type: none"> <li>- identify high volumes, services and products used (both by private sector and public sectors, respectively)</li> <li>- aggregate and secure the supply of these products and services (eg. Vegetables supplied to the Schools Nutrition program)</li> <li>- identify local small and emerging businesses to meet the aggregate demand</li> <li>- groom and mentor these businesses to secure other contracts</li> </ul>		2017/18

## Sector Wide Priority Projects/ Interventions

Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
	1.4 Business capacity-development program with <i>Productivity SA</i>	<p>1.4.1 Complete and implement a MOU (which has been agreed to with PSA), that would provide:</p> <ul style="list-style-type: none"> <li>- Productivity awareness training across targeted key sectors</li> <li>- Informal trader training</li> <li>- Business start-up training</li> <li>- Customized business training for mature business (e.g. Kaizen training)</li> <li>- Productivity training for the public sector</li> <li>- Business mentorship</li> <li>- Business turn-around solutions (focusing on business retention)</li> </ul>	Umhlathuze Municipality/ PSA	2016/17
	1.5 Global Mentorship program focusing on key sector development	<p>1.5.1 Complete and implement a MOU with the PUM Senior Netherlands program. This proposed partnership will allow the City to facilitate global retired experts to assist individual businesses in the prioritised sectors, grow and capacitate their businesses. It is envisaged that the initial MOU will provide approximately 15 global mentorships which amount to approximately R3million</p> <p>1.5.2 Crowdsourcing of mentorship for business development by identifying key partners to offer similar programs as per 1.3.1 above (on an ongoing basis)</p>	Umhlathuze Municipality/ PUM	2016/17

Sector Wide Priority Projects/ Interventions				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
3. Spatial Planning	1.6 Policy to transform supply chain/ procurement	1.6.1 Develop a policy framework for procurement (both public and private sector) that would include: - policy on sub-contracting (to avoid window-dressing) - setting targets for local procurement with particular focus on: o SMMEs, township companies and co-operatives o women-owned businesses o youth-owned businesses o PWD owned businesses - having a database for preferred local suppliers Once finalised, lobby for implementation both in public and private sectors, respectively	uMhlathuze Municipality	2016/17
	1.7 Youth in Business Forum	1.7.1 Set up and implement a youth in business forum that would focus on supporting young entrepreneurs, promoting innovation as well as graduating them to the mainstream economy	uMhlathuze	2016/17
	2.1 Centralized knowledge repository	2.1.1 Establish a centralized knowledge repository/ database comprising: - key local economic statistics and data - existing, planned/ pipeline projects of both the public and private sectors, respectively - creation of a database of development applications (using this foundation to calculate the possible growth trajectory of the City, and using this to plan for spatial development) This central database needs to be periodically updated and converted to business intelligence	uMhlathuze Municipality/ Unizulu	2018/19
	3.1 Development of "land banks" for uMhlathuze Municipality	3.1.1 Engaging key partners (e.g. ITB and private sector) to identify and secure future banks for land (for both agriculture and property development)	uMhlathuze Municipality/ private sector ITB/	2018/19



## Sector Wide Priority Projects/ Interventions

Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
4. Investment Promotion	4.1 Customized <i>Incentive Toolkit</i> for Umhlathuze	<p>4.1.1 Developing a customized <i>Incentive Toolkit</i> that includes the following:</p> <ul style="list-style-type: none"> <li>• Explain *incentives in detail and how these impact business.</li> <li>• Local incentives by the Municipality need to be developed (after formalising incentive policy). These could include: <ul style="list-style-type: none"> <li>○ Reduced utilities,</li> <li>○ Payment holidays (rates)/ deferred payments to incentivise new industries, subsidized utilities</li> <li>○ Reduced rates,</li> <li>○ Developer's rebates</li> <li>○ Rebates for developing bulk infrastructure</li> <li>○ Incentives for greenfield projects</li> <li>○ Focusing on the prioritized industries for Umhlathuze</li> </ul> </li> <li>• Step by step assistance with application process</li> <li>• Showcasing successful examples of accessing incentives and the impact on business</li> <li>• To list all National Incentives including <i>12I tax incentive, DTI MCEP grant, PI grant, Black Industrialists program, BBSDP</i>, etc</li> <li>• Detailed IDZ-specific incentives (reduction of customs duties, simplified customs procedures, capital development expenditure incentives, reduced corporate tax, VAT and import duty exemptions, employment incentives) *see <i>Proposed Incentives</i></li> </ul>	Umhlathuze Municipality, EDTEA/ TIKZN DTI,	2017/18

## Sector Wide Priority Projects/ Interventions

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Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
	4.2 Customized <i>Investment Promotion Plan</i> for Umhlathuze (including a comprehensive investment promotion programme)	<p>4.2.1 Development of a targeted investment promotion plan for Umhlathuze that will focus on:</p> <ul style="list-style-type: none"> <li>- Key priority sectors</li> <li>- Targeted global markets that would be interested in these priority sectors</li> <li>- A dedicated focus on business retention and expansion (e.g. the revival of the aluminium industry in Richards Bay)</li> <li>- Investment opportunities for potential investors (e.g. possible additional smelter, automotive assembly plant (using AIS scheme), supplemented with alternative energy production</li> <li>- Showcasing key soft infrastructure that would attract potential investors, both existing and proposed (like the new <i>John Ross Hospital, Bay Hospital Expansion</i> project)</li> <li>- Development of an investment prospectus for Umhlathuze</li> <li>- Partnering with other destination promotion agencies (<i>Brand South Africa, SAT, TKZN, TIKZN, DTI/ DIRCO Ambassador's Forum</i>)</li> <li>- Trade shows</li> <li>- Investment success stories and specific IDZ incentives</li> </ul>	Umhlathuze Municipality/ EDTEA,/ TIKZN/ DTI/ Brand South Africa/ SAT	2017/18

Sector Wide Priority Projects/ Interventions				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
		<p>4.2.2 Roll out of the <i>Investment Promotion Plan</i> should be championed by the following key stakeholders:</p> <ul style="list-style-type: none"> <li>- the Mayor</li> <li>- existing CEO's of current corporates operating out of Richards Bay</li> <li>- Richards Bay IDZ</li> <li>- TIKZN</li> </ul> <p>It is envisaged that investment promotion for Umhlathuze will become an integrated initiative between business and government, as envisaged in SONA 2016 (<i>Invest SA</i> initiative)</p>	Umhlathuze Municipality/ TIKZN/ Richards Bay IDZ/ corporate CEOs	2017/18
5. Green Economy	5.1 Development of uMhlathuze's <i>Green Economic Plan</i>	<p>5.1.1 Develop a detailed plan that would include the following:</p> <ul style="list-style-type: none"> <li>• Creating greater awareness for the business imperative of the green economy</li> <li>• A migration of traditional forms of energy to alternative/ green energy (across all industry types)</li> <li>• Sustainable water and waste management</li> <li>• Green building and built environment</li> <li>• Food security</li> <li>• Aligning skills development to the green economy</li> <li>• Providing incentives to migrate to green economy</li> </ul>	uMhlathuze Municipality	2019/20

Sector Wide Priority Projects/ Interventions				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
	5.2 Development of a <i>Water Relief Program</i> for Umhlathuze Municipality	5.2.1 Development of a <i>Water Relief Program</i> to be driven by each sector that would include: <ul style="list-style-type: none"> <li>• A program targeting water efficiency/ saving for Umhlathuze Municipality (via the <i>Umhlathuze Water Reuse</i> project)</li> <li>• A contingency plan to access assistance on a proactive basis for drought relief (including funding support)</li> <li>• Crowd-sourcing of ideas (for new technologies, new water sources, new ways to harvest water)</li> <li>• Effective Water Demand Model</li> <li>• Long term security of supply</li> </ul>	Umhlathuze Municipality/ National Treasury/ CSIR	2021/25
6. Other	6.1 Integrated Public Transport System	6.1.1. Development of a pre-feasibility/ concept for an Integrated Public Transport System. This plan needs to incorporate the approved projects for uMhlathuze (short, medium and long-term)	uMhlathuze Municipality	2017/ 18
	6.2. Environmental sustainability	6.2.1 Development of a <i>Localised Climate Change, Mitigation and Adaption strategy</i> that would ensure alignment with the UN's Sustainable Development Goals	uMhlathuze Municipality	2018/19

Sector Wide Priority Projects/ Interventions				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
	6.3 Revenue-generation, cost-saving and diversification	6.3.1 It is recommended that the Umhlathuze Municipality consider developing and implementing a long-term plan for cost-saving and revenue generation (diversification). It is proposed that this plan be focused on productivity improvement and innovation (in addition to cost reduction) which would allow for reduced resources. It is recommended that the PUM program mentioned previously be utilised to assist the Municipality in key projects relating to improving productivity and reduction of costs	uMhlathuze Municipality	2016/17
	6.4 Public safety	6.4.1. Development an integrated public safety plan for uMhlathuze. Public safety is considered a key ingredient of investment promotion. This plan will focus on: <ul style="list-style-type: none"> <li>• crime prevention</li> <li>• community safety</li> <li>• by-law enforcement</li> <li>• urban management</li> </ul>	uMhlathuze Municipality	2017/18
	6.5 Infrastructure Development Fund	6.5.1 Complete a feasibility analysis/ business case for a infrastructure development fund for uMhlathuze that would include the following: <ul style="list-style-type: none"> <li>• alternative ways in raising capital</li> <li>• using public-private partnerships to capitalise infrastructure</li> <li>• setting capital investment thresholds for infrastructure (10 years in advance)</li> </ul>	uMhlathuze Municipality	2018/19

Sector Wide Priority Projects/ Interventions				
	6.6 Job Seekers Diversion Programme	6.6.1 Creation of a centralised database of unemployed graduates, as well as job seekers, in partnership with private sector, using a virtual platform	uMhlathuze Municipality	2017/18
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
	6.7 Long-term investment developmental plan for catalytic projects	<p>6.7.1 Development of a long-term investment plan that incorporates:</p> <ul style="list-style-type: none"> <li>• long-term planning requirements for the City of uMhlathuze</li> <li>• high-level needs of key stakeholders</li> <li>• spatial planning considerations</li> <li>• identify funding requirements and potential sources of funding</li> <li>• annual budget provisions</li> </ul> <p>It is envisaged that this plan will be periodically updated</p>	uMhlathuze Municipality	2018/19

**Priority Sector: Agriculture, Agro-processing and the Rural Economy**

Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Farmer Development/ Enterprise Development	1.1 Integration and alignment of agricultural support programmes for existing and new farmers, in particular farming co-operatives and women	1.1.1. Development of a graduation model for existing and new suppliers to ensure growth in capacity and competence.	Umhlathuze Municipality/ private sector	2017/18
		1.1.2 Implement program using existing beneficiaries (possibly in partnership with Agribusiness Development Agency (ADA)).	Department of Agriculture and Rural Development (DARD)/ (ADA)	2018/19
		<p>1.1.3 Develop support mechanisms for the formalisation of urban and rural agriculture (both public and private sector). This will include:</p> <ul style="list-style-type: none"> <li>• Identification of potential new farmers for participation in agricultural programmes (including sugar farmers, vegetable farmers, as well as forestry farming). Consideration needs to be given to attracting youth to farming via: <ul style="list-style-type: none"> <li>- Showcasing successful young farmers and innovation in farming (incl beneficiation)</li> <li>- Emphasizing farming as a possible occupation for school-leavers (via co-operatives)</li> </ul> </li> <li>• Training, developing and mentoring new participants to become suppliers. This will include developing an incubation programme for entrant farmers (including co-operatives) in partnership with District, Province and National Department. In addition, this capacity-building program should leverage off</li> </ul>	Umhlathuze Municipality in partnership with Uthungulu District municipality, DARD/ Traditional authorities and ADA	

**Priority Sector: Agriculture, Agro-processing and the Rural Economy**

		<p>existing programs such as the development of small scale farmers)</p> <ul style="list-style-type: none"> <li>This will include the development and implementation of support programmes specifically geared to PWD (people with disabilities), young and women farmers in the City</li> </ul>		
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
	1.2 Development of a “one-stop shop” for business support <u>with particular focus on emerging farmer development and access to markets</u>	<p>1.2.1 Conceptualise, develop and implement a “one-stop shop” for business support for agriculture. This will include the development and roll out of a capacity-building program focusing on:</p> <ul style="list-style-type: none"> <li>Agricultural skills development (including business and technical)</li> <li>Infrastructure strengthening (e.g. irrigation systems)</li> </ul>	uMhlathuze Municipality/ Department of Agriculture, (sector) development funders (e.g. ITHALA, SEFA, COGTA, etc), business support agencies (SEDA, ADA, etc)	2019/20
	1.3 Partnership with DARD for the establishments of Agri-Parks (as the per the 2015 Budget Speech by the MEC of DARD)	1.3.1 Partnership with DARD for the establishment of Agri-Parks in the City and rural areas	uMhlathuze Municipality/ DARD/ Traditional Authorities	2018/19
2. Aggregation & Access	2.1 Strengthening access to market of local farmers in Uthungulu Fresh Produce Market (UFPM)/ Market Aggregation and other market access opportunities	2.1.1 Identify areas of collaboration and partnership with public sector (hospitals, prisons) and private sector (hotels, canteens, etc) clients via the development and implementation of an access to market plan. In future, this will include aggregating market access for the proposed agri-parks (as mentioned in 1.3 above)	uMhlathuze Municipality	2018/19



**Priority Sector: Agriculture, Agro-processing and the Rural Economy**

		2.1.2 Conduct a pilot project to aggregate vegetables from urban-based farmers to promote and support urban agriculture (e.g. community gardens in townships) by providing logistics to collect vegetables and sell to UFPM (to be used for NSNP in other similar projects)	uMhlathuze Municipality/UFPM	2018/19
<b>Focus Area</b>	<b>Priority Projects/ Interventions</b>	<b>Detailed Project Activity</b>	<b>Responsible</b>	<b>Timeframes</b>
	2.2 Investigate the feasibility of the following: <ul style="list-style-type: none"> <li>- commercial goat farming (for local food) in partnership with Department of Agriculture) consumption, export as well as for ritual use)</li> <li>- honey production (and other potential in addition to food)</li> <li>- charcoal manufacture</li> </ul>	2.2.2 Commission feasibility studies for these niche farming industries with particular focus on: <ul style="list-style-type: none"> <li>- Aggregation of small-scale farmers (co-operatives)</li> <li>- Facilitating access to market on a collective basis (similar to UFPM)</li> <li>- Production of value -adding by-products</li> </ul> Key consideration to the above feasibilities should be given to include co-operatives	uMhlathuze Municipality/EDTEA	2017/18  2018/19 2018/19
	2.3 Poultry Aggregation Model	2.3.1 Develop and implement a poultry project that aggregates demand, similar to the NSNP model, by pre-selling both private sector and public sector consumption of eggs to small-scale poultry farmers	uMhlathuze Municipality	2019/20
	2.4 Negotiate supplier agreements on behalf of small-scale and urban farmers with supermarket chains	2.4.1 Engage and develop potential supplier agreements with local supermarkets/ chains in uMhlathuze to buy vegetables from small-scale and urban farmers. This could be positioned by supplier development	uMhlathuze Municipality/supermarkets	2019/20

**Priority Sector: Agriculture, Agro-processing and the Rural Economy**

<b>Focus Area</b>	<b>Priority Projects/ Interventions</b>	<b>Detailed Project Activity</b>	<b>Responsible</b>	<b>Timeframes</b>
<b>3. Climate resilient agriculture</b>	3.1 Waterless farming model for uMhlathuze Municipality	3.1.1 Develop a research-based model for waterless farming for the city of Umhlathuze	uMhlathuze Municipality	2021/25
		3.1.2 National and international benchmarking (e.g. Brazil) to inform the operationalisation of the above model		2021/25

Priority Sector: Agriculture, Agro-processing and the Rural Economy				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
4. Access to Finance	4.1 Special/ ring-fenced capital for agriculture development	4.1.1 Set up of an agricultural-specific fund (in partnership with SEFA) for the development of agriculture within Umhlathuze	Umhlathuze Municipality/ SEFA	2019/20
		4.1.2 Create a structured funding model (with SOEs and private sector) for local agriculture development. The proposed “one-stop shop” will serve as a platform for business/ farmers to access this fund, providing both financial and non-financial assistance (e.g. post-funding mentorship support)	Umhlathuze Municipality/ SEFA	2019/20
5. Public-private partnerships	5.1 Development of an industry-specific (agricultural) forum	<p>5.1.1 The development of a local agri-forum is proposed that will comprise private companies, emerging &amp; established farmers, public sector development agencies, industry associations, technical experts, and other key industry role-players.</p> <p>It is envisaged this forum will support the activities of the proposed “one-stop shop” for business support, as well as play a key advocacy and lobbying role in the development of the agricultural sector in Umhlathuze</p>	Umhlathuze Municipality	2017/18

**Priority Sector: Agriculture, Agro-processing and the Rural Economy**

Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
6. Agri-processing	6.1. Prioritizing new/ planned agri-processing projects for the Umhlathuze region	<p>6.1.1 Assist in prioritizing key new agri-processing projects that have been identified for implementation by assisting with regulatory approval, engaging stakeholders and assisting with local incentives. The key projects that have identified include:</p> <ul style="list-style-type: none"> <li>• Manufacturing of tomato paste</li> <li>• Manufacturing of agricultural supplements</li> <li>• Pulp manufacturing</li> </ul>	Umhlathuze Municipality/ RBIDZ	2016/17
	6.2. Pineapple-processing facility	<p>6.2.1 Commission the completion of a detailed feasibility plan for the processing of pineapples for both canning (jam-making) and production of fibre products, similar to ECDC, in partnership with IDC</p> <p>It is envisaged this facility (if feasible) be set up within the Richards Bay IDZ to optimize export potential of the product</p>	Umhlathuze Municipality/ IDC/ RB IDZ	2018/19

Tourism				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
1. Enterprise Development	1.1 Development of a single window tourism business support portal that focuses on tourism development, skills development, marketing and branding	1.1.1 Conceptualise, develop and implement a single window system for tourism that will include the following key interventions: <ul style="list-style-type: none"> <li>• access to information</li> <li>• access to funding and support</li> <li>• access to business development support (mentorship, training, product quality).</li> <li>• focusing on promoting existing tourism businesses and route development e.g. R66</li> <li>• access to market opportunities for tourism enterprises and skills development</li> <li>• PPPs</li> <li>• integrated marketing and branding support with particular focus on packaging of the core tourism offering of Umhlathuze</li> </ul>	Umhlathuze Municipality/ EDTEA/ TKZN/ FEDHASA/ SATSA	2018/19
2. Marketing/ access to market	2.1 Marketing Plan for Tourism Development/ Promotion	2.1.1 Development of a targeted marketing plan for tourism for the City of Umhlathuze.  This plan will focus on the following: <ul style="list-style-type: none"> <li>• key tourism sub-sectors (i.e. beach tourism, cruise tourism, wildlife tourism, township tourism, events tourism, industrial tourism, business tourism, cultural and heritage tourism – R66 Heritage route) inherent to Umhlathuze/ surrounding</li> <li>• brand identity/ development</li> <li>• identification of key markets (segmented by type, spend, activity)</li> <li>• tactical promotional plan (including the use of social media to promote)</li> <li>• funding to support marketing activities</li> <li>• Roll out strategic projects and programmes in support of township and rural tourism</li> <li>• establish functional relationship with neighbouring municipalities as part of</li> </ul>	Umhlathuze Municipality/ EDTEA/ TKZN/ CTO/ Tourism Forum	2017/18

Tourism				
		tourism development and marketing <ul style="list-style-type: none"> <li>Investigate and prepare business case for cruise ship tourism</li> </ul>		
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
	2.2 Events Tourism	2.2.1. Development of an eventing plan that would include: <ul style="list-style-type: none"> <li>Development of an eventing calendar to ensure all-year round activities to drive tourism. It is envisaged that this calendar will be joint-led and developed by the Municipality and Zululand Chamber of Commerce. Tourism Kwazulu-Natal (TKZN) is also expected to play a key role in promoting key events of Umhlathuze</li> <li>Identification of a champion to drive eventing activities (from the Municipality)</li> <li>Create an interactive virtual portal that will list /update events/ leisure activities throughout the year, and accessible to the public</li> <li>Engaging national and international events organizers</li> </ul>	Umhlathuze Municipality / Zululand Chamber of Commerce/ TKZN/ Tourism Forum/ CTO	2017/18
3. Tourism Infrastructure Development	3.1 Task team to prioritise development of key strategic tourism infrastructure projects	3.1.1 Prioritise development of the following tourism infrastructure projects via an appointed task team that will focus on prioritizing funding for development; expediting compliance applications; and feedback to business and civil society: <ul style="list-style-type: none"> <li>Beachfront/Resort Upgrade at Alkantstrand</li> <li>Waterfront Development</li> <li>Regional Airport City</li> <li>Theme Parks</li> <li>Upmarket Recreational Facilities</li> <li>Conference Centre (ICC), Retail &amp; Hotel</li> <li>Ridge Estate Development targeting secondary home ownership</li> </ul>	Umhlathuze Municipality – <i>Tourism Infrastructure Projects Task Team</i> (proposed)	2016/17

Tourism				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
	3.2 Heritage Infrastructure audit	3.2.1 Conduct a heritage infrastructure audit to identify existing and possible future places of interest (to be built) as part of developing heritage tourism as a niche sub-sector	uMhlathuze Municipality/ TKZN/ Unizulu	2017/18
4. Product packaging	4. 1 Packaging key tourism sub-sectors for Umhlathuze	4.1.1 Packaging of the following tourism sub-sectors, identified as key to Umlathuze: <ul style="list-style-type: none"> <li>- Beach tourism</li> <li>- Cruise tourism</li> <li>- Industrial tourism</li> <li>- Township tourism</li> <li>- Cultural and heritage tourism (also package to support cruise tourism)</li> <li>- Events tourism</li> <li>- Wildlife tourism (also package to support cruise tourism)</li> <li>- Business Tourism</li> <li>- Rural tourism</li> </ul>	TKZN, EDTEA, Umhlathuze Municipality/ SAT/ CTO	2017/18
5. Institutional Strengthening/ development	5.1 Community Tourism Organization (CTO) Development	5.1.1 Review the existing CTO with a view to further develop, capacitate and integrate. It is recommended that the CTO mandate be aligned/ integrated to the key tourism initiatives of the City.	EDTEA, Umhlathuze Municipality/ CTO	2017/18
	5.2 Umhlathuze Tourism Forum	5.2.1 Review the existing Tourism Forum to ensure it is appropriately capacitated with a balance of appropriately represented private and public sector stakeholders. Additionally, this forum should champion tourism initiatives for the City, as well as : <ul style="list-style-type: none"> <li>- Advocate and lobby for key tourism related issues (crime and grime)</li> </ul>	Umhlathuze Municipality	2017/18

Tourism				
		<ul style="list-style-type: none"> <li>- Promote eventing</li> <li>- Assist in championing the tourism marketing strategy</li> <li>- Help create ED/SD initiatives of the sector</li> <li>- Cross border collaboration and integration (based on its key corridor location)</li> </ul>		

Maritime/ Blue Economy				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Industry Collaboration	1.1 Proposed Umhlathuze Maritime Sector Forum	<p>1.1.1 It is proposed that a local maritime forum be developed that will provide a platform for collaborative engagement between different levels of government, state owned enterprises and the maritime community (Transnet, RBIDZ, corporates, business, key representation from eThekweni Maritime Cluster) to implement programs of common interest that support the growth and improve performance and competitiveness of the local maritime industry (as part of a local action plan).</p> <p>In the long term, the voluntary model will evolve into a maritime cluster that will be similar to the successful eThekweni Maritime Cluster model and ultimately help to drive economic growth of the city of Umhlathuze, and the district of Uthungulu. The Cluster will focus on the following key areas:</p> <ul style="list-style-type: none"> <li>- port efficiency and effectiveness,</li> <li>- education and skills development (in particular technical skills such as artisans, fitters and turners and engineering (e.g. ship-building),</li> <li>- SMME development &amp; transformation,</li> <li>- maritime OHS,</li> <li>- promotion of the Umhlathuze maritime industry locally and internationally)</li> </ul>	Umhlathuze Local Municipality/ EDTEA/ Private sector	2016/17



## Maritime/ Blue Economy

		<ul style="list-style-type: none"> <li>- Prioritise projects of Operation Phakisa that impact uMhlathuze (coastal &amp; maritime tourism, oil and gas, marine transport, aquaculture)</li> <li>- other</li> </ul> <p>It is proposed a MOU be developed with eThekweni Maritime Cluster to facilitate the fast-tracked establishment of a local maritime cluster (based on the learnings of eThekweni)</p>		
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
	1.2 Port Cities Network/ PCN Collaboration/ Other strategic port cities	1.2.1 Develop and implement a plan of action that would ensure stronger engagement with other port cities and leverage off of their partnership, programs and learnings/ experiences (e.g. PCN collaboration)	uMhlathuze Municipality/ PCN Network/ other strategic port cities	2016/17
2. Enterprise Development	2.1 Development of a 'one-stop shop' to support <b>maritime development</b>	2.1.1 Conceptualise, develop and implement a "one-stop shop" for business support to the key industries identified. This one-stop business support shop will have key sector support programs, including maritime.	Umhlathuze Municipality	2019/20
	2.2 Development of an economic localisation plan for the import of 950,000tons of maize in the current year. Proactive identification by Municipality of similar opportunities for other commodity products	2.2.1 Develop and roll out a local economic plan for the importation of maize that will include the following: <ul style="list-style-type: none"> <li>- identify the key companies/ service providers that will be involved across the value chain (maritime and logistics)</li> <li>- identify local companies that would be able to propose/ pitch for this work</li> <li>- engage with Transnet on prioritizing the local spend i.t.o procurement</li> </ul> <p>Based on the success of this pilot project, work with Transnet to identify other similar opportunities (in the port) that could benefit local communities</p>	Umhlathuze Municipality/ Transnet	2017/18
	2.3 Feasibility study for an owner-driver program (in partnership with private sector)	2.3.1 Conduct a feasibility study of developing a local owner driver program (e.g. partnership with RBCT). This would entailing opening access for local companies in the bulk logistics sector of the transportation of coal, and other bulk products (liquid, woodchips, stone, metals, etc)	uMhlathuze Municipality/ private sector	2018/19

Maritime/ Blue Economy				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
3. Maritime Infrastructure Development	3.1 Key maritime/ port development projects/ other critical related projects	3.1.1 Prioritise development of port expansion infrastructure project, such as: <ul style="list-style-type: none"> <li>• Land acquisition</li> <li>• Expansion of coal export terminal in Richards Bay from current 72mtpa to 95mtpa</li> <li>• Richards Bay Port Terminals Capacity Expansion Project (increase from 14mtpa to 23.7 mtpa – new port, rail and terminal infrastructure)</li> <li>• Enhanced container-handling facility (with particular focus on strengthening demand) on a sustainable basis to ensure increased capacity is utilized. This will include identifying new clients that will have the potential to use containers. This project is to also consider the spatial planning implications for downstream industries</li> <li>• New terminals (dry bulk and multipurpose terminals, LNG)</li> <li>• Ship/ rig repair and dry dock</li> <li>• <i>Phangela</i> storage tank (oil and gas)</li> <li>• Development of the Waterfront</li> <li>• Improving cruise terminal facilities (with dedicated point of entry facilities)</li> </ul>	Umhlathuze Municipality/ RBIDZ/Transnet/ CEO <i>Forum</i>	2016/17

Maritime/ Blue Economy				
		<p>3.1.2 It is recommended that the following collaborative platforms play a key oversight and support role to expedite development of the key port expansion projects listed above:</p> <ul style="list-style-type: none"> <li>- Umhlathuze Mayoral Advisory Panel</li> <li>- Umhlathuze Maritime Sector Forum</li> <li>- CEO's Forum</li> <li>- Transnet and IDZ Bi- Lateral</li> <li>- District and government collaborative forums</li> </ul>	Umhlathuze Municipality	2016/17
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
4. Maritime Skills Development	4.1 Maritime skills development	<p>4.1.1 Development detailed skills profile (per sub-sector of the local maritime industry) (linked to the scarce and critical skills assessments of the relevant SETAs), with particular focus on:</p> <ul style="list-style-type: none"> <li>• <u>Artisanal skills</u></li> <li>• <u>Port logistics</u></li> <li>• <u>Port management</u></li> <li>• <u>Support services (e.g. maritime law/ finance)</u></li> </ul> <p>The above should be based on planned port capacity as a result of the capital projects being rolled out (as mentioned above in 3.1.1).</p> <p>4.1.2 A planned project by the Umfolozi TVET College is the establishment of a Maritime School. It is recommended that the college consider the findings of the skills profile (above-mentioned) to develop appropriate maritime curricular, and aligned to required skills and industry needs (aligned to <i>Operation Phakisa Centre of Specialisation</i> requirements for maritime skills development)</p>	Umhlathuze Municipality/ Umfolozi TVET/ Unizulu/ government departments	<p>2017/18</p> <p>2016/17</p>

Manufacturing				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Enterprise Development	1.1 Customising the “one-stop shop” to support <u>local manufacturing development</u>	<p>1.1.1 The proposed one-stop business support shop for the manufacturing sector will include the following:</p> <ul style="list-style-type: none"> <li>Developing supplier development support programs for large manufacturers in Umhlathuze focusing of inclusivity of marginalised groups, such as <ul style="list-style-type: none"> <li>Aligning the activities of the key business incubators in Umhlathuze to supplier development programmes of corporates</li> </ul> </li> <li>Prioritizing the roll out of the DTI’s <i>Black Industrialist’s program</i></li> <li>A focus on developing technical skills to support the manufacturing requirements of the economy, with a focus on realigning current curricular and complementing it with practical training)</li> <li>Establishment of an investment support desk</li> </ul>	Umhlathuze Municipality/ DTI	2019/20

Manufacturing				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
2. Investment Promotion support	2.3 Develop an Early Warning System to identify potential projects that would prioritise projects in the pipeline	<p>2.3.1 Development of an Early Warning System for championing and providing support to ensure the following key projects are nurtured into implementation:</p> <ul style="list-style-type: none"> <li>• Manufacturing of plastic piping for bulk water transportation</li> <li>• Paint manufacturing</li> <li>• Machinery and equipment assembly and repacking</li> <li>• Manufacture of solar water heater geysers</li> <li>• Manufacture of energy storage and micro grid systems</li> <li>• Cement blending and production facility</li> <li>• Establishment of caustic soda/ chorine chemical production plant</li> <li>• Manufacturing of stainless steel cookware</li> <li>• Manufacture of products that use nano-precipitated calcium carbonate</li> <li>• Manufacturing of tomato paste</li> <li>• Manufacturing of agricultural supplements</li> <li>• Manufacturing of Titanium Dioxide pigment</li> <li>• Pulp manufacturing</li> <li>• Generation of 60 megawatt green electricity</li> <li>• Establishment of a metallurgical coke production facility</li> <li>• Aluminium beneficiation</li> <li>• Manufacturing of welding electrodes</li> <li>• Development of a business case for automotive manufacture identifying niche opportunities to focus on (including establishment of a task team to champion)</li> </ul>	RBIDZ/ Umhlathuze Municipality/ EDTEA/ ZCCI/ KZN Growth Coalition/ TIKZN/ Uthungulu District Municipalities	2018/19

Manufacturing				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
3. Export Development	3.1 Customized <i>Export Enhancement Plan</i> for Umhlathuze	<p>3.1.1 Development of an <i>Export Enhancement Plan</i> for Umhlathuze that will focus on:</p> <ul style="list-style-type: none"> <li>• Promoting access for small-medium enterprises by minimizing red tape associated with exports (streamlining export processes, facilitation of an efficient payment system for exporters,</li> <li>• Admin support services, including guidelines (virtual) for exporters and possibly a walk-in centre for support</li> <li>• Export registration assistance</li> <li>• Upskilling for exports and training in reducing input costs</li> <li>• Facilitation of access to finance for exporters (Technical Financial Assistance Fund)</li> <li>• EMIA Funding (both domestic and international National Pavilions)</li> <li>• Prioritizing those manufacturing products with highest export potential. Also exploring what products could be manufactured locally for agriculture, chemical, mining and manufacturing (based on current imports). This will strengthen the industrial competency of uMhlathuze and support export in the long terms</li> <li>• Partner with TIKZN to enhance export potential of Umhlathuze</li> <li>• Strengthening partnership with TNPA</li> </ul>	Umhlathuze Municipality, EDTEA, TIKZN, TNPA	2018/19

Township Economy				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Economic Development	1.1 Action Plan for development and strengthening and modernisation of township economy	<p>1.1.1 Identify, audit and develop key growth sectors (via the development of an action plan) within the townships that would allow for absorption of skilled, semi-skilled and unskilled labour force. These sectors will include but not limited to:</p> <ul style="list-style-type: none"> <li>• Transport</li> <li>• ICT</li> <li>• Urban agriculture</li> <li>• Creative industries (arts, craft, fashion)</li> <li>• Cultural and heritage tourism</li> <li>• Food and beverage/ retail</li> <li>• Light manufacturing &amp; artisanal industries (e.g. panel-beating, repair facilities- automotive, brick-laying, welding, block-making)</li> <li>• Eventing &amp; catering</li> <li>• Leisure</li> </ul> <p>In particular, this plan should focus on modernising and revitalizing the township economy using ICT. Serious consideration needs to be given to providing opportunities for PWD (people with disabilities), via NPOs</p>	Umhlathuze Municipality/ Uthungulu District Municipality/ EDTEA, Ministry of Small Business	2017/18
	1.2 Township Growth Index	1.2.1 Commission the development of a township growth index to baseline key township areas in Umhlathuze and measure bi-annually	uMhlathuze Municipality/ Institutes of Higher Learning	2018/19
	1.3 Chamber Forum for Township Economic Development	1.3.1 Engage the Zululand Chamber of Commerce and Industry to establish a township business forum (that would represent township businesses) and affiliate to the Zululand Chamber of Commerce and Industry	uMhlathuze Municipality/ Zululand Chamber of Commerce and Industry	2018/19

Township Economy				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
2. Enterprise Development	2.1 Township business support hubs to be developed.	<p>2.1.1 Business support hubs for Esikhalini (realignment of current business park/ enterprise development centre), Vulindlela, Esikheleni, Ngwelezane, and Enseleni, as well as surrounding peri-urban areas are proposed. These hubs will be based on a <i>“third-generation co-creation model”</i>, and will focus on the following:</p> <ul style="list-style-type: none"> <li>- have basic incubation facilities (access to office, office automation, broadband and other)</li> <li>- mentorship support</li> <li>- providing access to market platforms, with particular focus on the use of the mobile channel</li> <li>- a graduation model with key developmental interventions to allow graduation of informal/ survivalist businesses to more organized/ compliant small/ micro enterprises</li> </ul> <p>It is envisaged these township business development centres, which will have an ICT focus, will attract youth in accessing the mainstream economy</p>	Umdlathuze Municipality	2019/20
	2.2 Township Enterprise & Supplier Development Program	2.2.1 Develop, formalize and implement partnerships/ conduits for large corporates/ business in Umdlathuze to access the township economy as beneficiaries of Enterprise Development/ Supplier Development programs	Umdlathuze Municipality/ CEO's Forum	2019/20
	2.3 Development of Strategic Township Economic Corridors	2.3.1 Complete a feasibility study that would identify and prioritise strategic township economic corridors to showcase township lifestyle– modelled on success stories of Vilakazi street	uMdlathuze Municipality	2021/25



Township Economy				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
3. Infrastructure Development	3.1 Roll out of broadband to key business nodes including Last Mile connections	<p>3.1.1 It is proposed that broadband roll out be prioritised in the following key townships:</p> <ul style="list-style-type: none"> <li>○ Vulindlela,</li> <li>○ Esikheleni</li> <li>○ Enseleni</li> <li>○ Ngwelezane</li> </ul> <p>In addition, it is proposed broadband is rolled out in integration with economic nodes (such as Richards Bay, Felixton, etc)</p>	Umhlathuze Municipality/ Uthungulu District Municipality/ EDTEA	2021/25
4. Access to markets	4.1 Development of a Localization Campaign	<p>4.1.1 It is proposed that a customized Localisation campaign be developed that will include the following:</p> <ul style="list-style-type: none"> <li>- Development of a local brand identity using crowdsourcing to strengthen inclusivity</li> <li>- Encourages local businesses in the Umhlathuze area to adopt this brand identity, as part of their marketing strategy (e.g. "So-we-too" tourism brand created for Soweto township)</li> <li>- Evangelise the brand in a "buy local" campaign supported by individuals, business, tourist, etc</li> </ul>	Umhlathuze Municipality/ civil society	2017/18

Township Economy				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
	4.2 Encourage establishment and strengthen operation of local markets	4.2.1 A local market development plan is proposed that will identify ways and propose solutions to: <ul style="list-style-type: none"> <li>• increase the number of markets (as segmented by <i>the Informal Economy Policy</i> for Umhlathuze)</li> <li>• improve basic infrastructure for these markets</li> <li>• assist in reducing bureaucracy associated with informal trade</li> <li>• align spatial planning to allow proposed and existing markets to generate sufficient foot traffic</li> </ul>	Umhlathuze Municipality	2019/20

*\*third-generation co-creation model* – is a business/ innovation centre that would focus on using technology as an enabler for SMMEs to access the mainstream economy

Mining and beneficiation				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Investment Promotion	1.1 Umhlathuze Municipality support for priority mining projects	1.1.1 Prioritize development and lend support for the implementation of key mining expansion projects	Umhlathuze Municipality/ Department of Mineral Resources	2017/18
2. Localisation of the mining value chain (direct/ indirect)	2.1 Development of a “one stop shop” to support the development of the <u>local mining value chain</u>	2.1.1 Conceptualise, develop and implement a “one-stop shop” for business support to the key industries identified in the mining value chain. This one-stop business support shop will have key sector support programs, including mining and beneficiation (with primary focus on localising the value chain to meet the Mining Sector Charter requirements). This will include: <ul style="list-style-type: none"> <li>• working with enterprise and supplier development programs of organizations</li> <li>• providing inclusive platforms for rural-based economies around which these opportunities exist</li> <li>• assisting local mining companies to strengthen their local content</li> </ul>	Umhlathuze Municipality/ private sector/ Department of Mineral Resources	2021/25
	2.2 Assessment of mining inputs/ outputs	2.2.1 Complete a pre-feasibility study on key minerals exported from/imported to RB with a view to identifying downstream beneficiation/ sourcing opportunities for Umhlathuze. This is to be done using the proposed RB IDZ technohub as the implementation partner	Umhlathuze Municipality/ EDTEA/ TIKZN/ RB IDZ/ Department of Mineral Resources	2019/20

Built Environment				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
1. Creating an enabling environment	1.1 Turn-around plan for regulatory approvals	<p>1.1.1 Identify the key regulatory approvals performed by the City (business licence, zoning, permits, building plans, etc) and complete the following:</p> <ul style="list-style-type: none"> <li>• Setting ideal TATs</li> <li>• Measuring the TATs and reporting to public and business (to be done in consultation with the Chamber)</li> <li>• Benchmarking the municipality's performance with other key municipalities (particularly metros)</li> <li>• Looking at the possibility of automating these regulatory processes</li> <li>• Setting up a Help-desk (virtual and walk-in, including the use of Retired experts)</li> <li>• Calculating the impact on the cost of doing business</li> </ul>	Umhlathuze Municipality	2016/17

Built Environment				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
	1.2 Developing a strategic integrated plan for EPWP projects (both existing and new)	<p>1.2.1 EPWP projects is a significant contributor of temporary jobs. It is important that these job creation projects be aligned to the permanent economy by developing a strategic integrated plan that focuses on:</p> <ul style="list-style-type: none"> <li>- Ensure skills development programs of public sector programs (EPWP) provide training that meets entry-level requirements for the construction sector (and ensuring absorption into the mainstream economy)</li> <li>- Exceeding EPWP benchmarks for PWD employment</li> <li>- Providing post-employment mentorship and support to ensure likelihood of employment</li> <li>- Actively target new EPWP projects with a particular focus on rural areas of Umhlathuze</li> <li>- Exit plan for EPWP workers (convert to local enterprises, have set asides to support the EPWP cooperatives and enterprises)</li> </ul>	uMhlathuze Municipality	2017/18
	1.3 Create a central repository for approved plans	1.3.1 Create and develop a central repository for approved building plans, this repository should be used for all future planning of the city (e.g. LED strategy, resource planning, etc)	uMhlathuze Municipality	2017/18
	1.4 Local/ Provincial Government Four-a-Side	1.4.1 Establish (on a pilot basis) an engagement platform between uMhlathuze Municipality and provincial governments departments with a view to unblock developmental bottlenecks (similar to the Growth Coalition Four-a-Side)	uMhlathuze Municipality/ Provincial Government	2017/18

## Built Environment

2. Infrastructure Development	2.1 N2 Corridor Development	2.1.1 It is envisaged that the <i>N2 Corridor Development</i> plan (currently being developed) will inform the spatial development requirements for integrated planning of key infrastructure projects. It is recommended that once complete, the City use the plan to identify opportunities	uMhlathuze Municipality	2017/18
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Wholesale, Retail, Trade and Services				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Infrastructure Development	1.1 Nodal development and enhancement (Richards Bay, Empangeni and other new growth nodes)	1.1.1 The CBD revitalisation and extension projects for both Empangeni and Richards Bay and other needs to be fast-tracked to ensure a more enabling environment for wholesale, retail, trade and services businesses that are operating in the CBD.	uMhlathuze Municipality	2019/20
2. Access to market	2.1 Prioritisation of retail space for marginalized communities	2.1.1 Developers of new facilities need to prioritize allocation of facilities for marginalized groups and communities (women, youth, local) to ensure localisation of small business	uMhlathuze Municipality/ private sector/ Eskom	2018/19
	2.2. Localising retail mall ownership	2.2.1 Engage existing property companies that have malls in Umhlathuze with view to localising shareholder ownership to local communities, using DFIs as funding agents (similar to Sizavuna ownership in Umlazi Megacity Mall)	uMhlathuze Municipality	2018/19
	2.3 Local sourcing of products and services	2.3.1 Finalise and sign local sourcing commitment charter with wholesalers, retailers, trade, services via the Zululand Chamber of Commerce and Industry	uMhlathuze Municipality	2019/20
3. Informal trading	3.1 Developing and implementing an informal trader master plan	3.1.1 Develop and implement a Master plan for informal traders that would cover the following key areas: - completing an audit of product offering - developing a database of informal traders (and continuously updating) - developing a customized skills development framework - providing infrastructure support - developing customised business development interventions that would in graduating informal traders to the formal economy	uMhlathuze Municipality	2018/19

		- providing access to market opportunities for informal traders		
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ICT & Innovation				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Infrastructure Development	<p>1.1 Prioritisation development of the following key ICT projects:</p> <ul style="list-style-type: none"> <li>- broadband roll out: <ul style="list-style-type: none"> <li>o fibre optic routes</li> <li>o the roll out of Last Mile connection for areas that have been connected to broadband</li> </ul> </li> <li>- RB Technohub (including industrial research, as well as ICT)</li> </ul> <p>This will provide key infrastructure to roll out the Smart City concept that was envisaged for the City of Umhlathuze</p>	<p>1.1.1 An ICT Task team is proposed to drive key ICT projects to ensure an enabling infrastructure environment for business to thrive. This will be done by including key partners such as Broadband Infracore SOC, RB IDZ, Zululand Chamber.</p> <p>This proposed task team is to ensure that these key ICT infrastructure projects are linked to the township economy and a focus on youth. Additionally, this task team will ensure the technohub project focuses on mainstream ICT (in addition to industrial research)</p>	Umhlathuze Municipality/ <i>Broadband Infracore SOC/</i> RB Technohub/ Zululand Chamber	2017/18

ICT & Innovation				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
2. Skills Development	2.1 Virtual economic plan to be developed for Richards Bay	<p>2.1.1 It is proposed that the City develop a virtual economic plan that crystallizes how the City of uMhlathuze will use the internet to develop and create economic activity. This plan will include the following:</p> <ul style="list-style-type: none"> <li>- Using the technohub to catalyse and strengthen the virtual economy of uMhlathuze</li> <li>- Identify how the virtual economy can be developed and strengthened with regards to: <ul style="list-style-type: none"> <li>o job creation,</li> <li>o skills development</li> <li>o improving productivity and competitiveness (both public and private sector)</li> <li>o transformation,</li> <li>o using public-private partnerships to develop catalytic projects in the virtual economy</li> <li>o skills development and</li> <li>o access to new markets for business</li> <li>o encourage innovation and inclusivity</li> </ul> </li> </ul> <p>It is proposed that virtual economic plan become the cornerstone in delivering a Smart Economy and City for Umhlathuze as the existing densification levels (low) do not allow the building of a Smart City in its traditional form</p>	Umhlathuze Municipality/ RB Technohub	2019/20

ICT & Innovation				
Focus Area	Priority Projects	Detailed Project Activity	Responsible	Timeframes
3. ICT as an Enabler for Innovation	3.1 Development of an Innovation Strategy (to support key sector development)	<p>3.1.1 Develop an innovation strategy that provides a framework on which innovation (and productivity improvements) will grow and strengthen each of the key sectors identified. It is envisaged that this strategy will address:</p> <ul style="list-style-type: none"> <li>- the use of ICT to drive innovation</li> <li>- focus on business innovation, inclusive innovation and public sector innovation</li> </ul> <p>It is proposed that this innovation strategy will provide organic growth for existing businesses and will complement job creation, in addition to promoting new investments</p>	uMhlathuze Municipality	2018/19

Other (Alternative Energy, Water Security)				
Focus Area	Priority Projects/ Interventions	Detailed Project Activity	Responsible	Timeframes
1. Alternative Energy Supply	1.1 Development of an alternative energy supply plan	1.1.1 Development of an alternative energy supply plan for the City of Umhlathuze, that will identify and assess the various alternative energy options for the City (such as <i>Felixton Sugar Mill's</i> use of biogas to generate its own electricity)	uMhlathuze Municipality/ Department of Energy (DoE) / Eskom	2018/19
		1.1.2 Prioritise key energy and related projects, such as: <ul style="list-style-type: none"> <li>• <i>Phangela Tank Farm</i> (gas turbine plant)</li> <li>• Generation of 60 Megawatt green electricity</li> <li>• Manufacture of energy storage and micro-grid systems</li> <li>• Manufacture of solar water heater geysers</li> <li>• Harvesting waste heat from existing industries</li> </ul> In addition, it is proposed that other projects such as aluminium and metals cluster, consider sourcing energy of the grid.	DoE, uMhlathuze Municipality/ Eskom	2019/20
2. Water Security	2.1 Desalination plant and water reuse	2.1.1 A feasibility study for desalination and water reuse that will inform as potential viable options to water security	uMhlathuze Municipality	2026/30

## Proposed Incentives

Critical to actualising the strategic roadmap, is the ability to incentivize both existing and new businesses, as mentioned in the sector-wide initiatives table above. This will require the following key steps by the Municipality:

- Increasing awareness around existing key incentives available at a national and provincial level. We have created a summary of some of the key incentives and segmented them by industries of this roadmap and presented it in Annexure A.
- Developing local incentives that would complement the above provincial and national incentives. This will require that the municipality devise a policy for local incentives that should be built around:
  - *Transparency and fairness*
  - *The needs of both local and international business*
  - *Taking into account the impact on revenue generation*
  - *Affordability*
  - *Responsibilities are clearly defined for implementation*
  - *Uniformity*
  - *Sectoral, spatial and employment impact targeted*
  - *Simplicity*
  - *Legality and compliance*
  - *Complementarity and alignment (to provincial and national policies)*
  - *Continuous review (monitoring and control of incentives)*
- Once the above local policy has been finalised, it is proposed that a *Customized Incentive Toolkit* be developed for local, provincial and national incentives. This toolkit needs to be made easily available (preferably electronically). Key investment promotion ambassadors need to know these incentives and application, very well.
- Local incentives, like those mentioned above, are new to the South African economy (being rolled out Johannesburg, Tshwane and Cape Town). Most investment promotion is built around national incentives. However, local, location-specific incentives will help distinguish the city of uMhlathuze from its peers. In this regard, we recommend a combination of financial and non-financial incentives for the city of uMhlathuze, as found in the Table below. This excludes SEZ incentives.

**Table showing the Proposed Local Incentives to be developed by uMhlathuze**

Financial	Incentive	Details
<b>Building Plans</b>	Exemption from building plan scrutiny fees	Free Building plan submission
	Exemption from land use application fees	Free Land Use Application fees
	Limited exemption for payment of civil works required for development in priority zones	R1 million exemption for priority areas
<b>Utilities</b>	Electricity/ Water tariff subsidy	15% Electricity tariff subsidy for investment in priority sectors
		Between 16 and 30 percent for Flagship/SEZ/IDZ projects
		Between 30 and 50 percent for nodal development and regeneration projects
<b>Rates</b>	Rebate on Rates for Specific Priority Projects	40 % rebate for IDZ projects or projects within key sectors
		An additional rebate of 20 percent is provided to developers of high density properties with 70 dwellings or more per hectare.  Sectional title owners also qualify for a 20 percent rebate for sectional titles.
<b>Non-financial</b>	Fast-tracking of building plans	Complete building plans are fast-tracked for approval within five days from submission date
	Fast-tracking of land use applications,	Applications are fast-tracked for approval within three months from submission date
	Fast-tracking of Environmental Impact Assessments,	City to assist in fast-tracking EIA process
	Facilitation of International Investment Shows	Facilitation of investment missions and inbound Investment Shows

## Other Enabling Factors

Listed below are key enabling/ success factors that should be considered prior to implementing the roadmap:

- An appropriate special-purpose vehicle (SPV) to implement the strategic roadmap for Umhlathuze , on an agile basis, with reduced red tape
- Key sector specialists that are envisaged (for the proposed '*one-stop business support shop*') as sector champions must be well experienced and qualified in their respective fields
- Municipal officials to be upskilled in the respective sectors they are championing
- Development of scarce/ required skills (business and academic linkages to be strengthened/ formalized)
- Secure adequate funding for capital and operations to implement the proposed projects on a timely basis (possibly look at PPPs to complement traditional financing methods)
- Adequate revenue generation for the municipality is required in order for the Municipality to provide service delivery and an engaging environment for business to invest and grow in
- A strong and robust stakeholder engagement plan that would ensure participation and implementation of the targeted priority projects

## Way Forward

Key next steps for the implementation of the strategy would include:

1. Adoption and obtaining buy-in from the political leadership from the Municipality, the administrative leadership of the Municipality, business, civil society and labour
2. A separate state-owned entity that is owned by the Municipality to be the implementing agent for this roadmap
3. Making available the necessary resources (both financial and non-financial) for it to be implemented. This will require developing a resource plan that is aligned to the budgeting cycle of the municipality.
4. Converting the high-level scorecard into key performance areas for the Executive team of the Municipality. A monitoring and evaluation framework has been proposed for the implementation of this roadmap and is found in **Annexure B**.
5. Monitoring (updating) and developing of key milestones that will allow for a review and effectiveness of this strategy

## **Annexure A: Incentives Matrix (Proposed Local, Provincial and National)**



## **Annexure B: Monitoring and Evaluation Framework**