



STRATEGY REVIEW

TRADE & INVESTMENT KWAZULU-NATAL

STRATEGIC PLAN

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Contents

TRADE AND INVESTMENT KWAZULU-NATAL.....	1
STRATEGIC PLAN	1
1. EXECUTIVE SUMMARY	3
2. OVERVIEW OF THE STRATEGIC DRIVER MODEL PROCESS.....	4
3. ECONOMIC OUTLOOK.....	4
3.1. GLOBAL ECONOMIC OUTLOOK	4
3.2. SOUTH AFRICAN ECONOMIC OUTLOOK	5
3.3. Economic Disrupters	9
3.4. Global Macro Outlook.....	10
3.5. South African Outlook.....	12
4. KWAZULU-NATAL ECONOMIC PERFORMANCE	13
5. THE ROLE OF INVESTMENT PROMOTION AGENCIES	14
5.1. WORLD ASSOCIATION OF INTERNATIONAL ROLE.....	14
5.2. TRADE AND INVESTMENT KWAZULU-NATAL.....	15
1. TIKZN STRATEGY REVIEW	16
1.1. SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)	16
1.2. Critical Success Factors to Achieving the Strategy.....	17
1.3. Strategic Risk Assessment.....	18
1.4. TIKZN Strategic Goals.....	19
1.5. RADICAL ECONOMIC TRANSFORMATION.....	19
1.5.1. Investment Promotion	19
1.5.2. Export Development and Promotion.....	19
1.5.3. Procurement	19
1.5.4. Knowledge Management.....	20
2. TRANSLATING THE TIKZN STRATEGIC GOALS	20
2.1. Proposed Strategy.....	20
2.1.1. Mandate.....	20
2.1.2. Vision.....	21
2.1.3. Mission.....	21
2.2. Other key priority areas	21
Other priority areas that require the attention of the organisation are:	21
3. Strategy Performance Objectives	21
8.1 STRATEGIC INDICATORS.....	28

SECTION 1

1. EXECUTIVE SUMMARY

This strategic plan is to support the leadership of Trade & Investment KwaZulu-Natal (TIKZN) on the strategic priorities and performance indicators of TIKZN. These have emanated through a strategic planning process which has been driven internally by executive management. This document further addresses the strategic goals and strategic objectives for TIKZN over the 2015-2018 Medium Term Expenditure Framework (MTEF) periods.

Before formulating the strategic goals and strategic objectives over the 2015-2018 MTEF period, the national priorities in the National Development Plan (NDP) and the revised provincial priorities contained in the Provincial Growth and Development Plan (PGDP) were also considered in order to ensure that TIKZN's strategic direction is aligned. With this in mind, the strategic goals which are high-level outcomes and the strategic objectives were formulated, with the view to promote investment and trade. These are in accordance with the performance oriented strategy, i.e. specific, measurable, achievable, realistic and time-related.

This performance orientated strategy forms the core direction for TIKZN and management will constantly review the strategies and all key drivers to ensure long term success. Trade promotion and facilitation organizations have a difficult task of delivering their mandate in an environment that is complicated by extensive stakeholder engagement that extends locally, nationally and internationally. In addition the existing global economy, which is challenged by the post-recession environment, creates greater competition for a reducing investment and trade base.

To be a leader and central point of contact for all trade and investment engagements is an overarching objective and all other objectives are undertaken to achieve objective. There is a need for TIKZN to strengthen its ties with municipal and district development agencies to ensure more FDI is unlocked at these levels. Once TIKZN positions itself as the leader and central point of contact for all trade and investment opportunities in the Province, it will be in a better position to collaboratively work with these smaller district agencies and play a mentor / coaching role and collaboratively identify and package projects which TIKZN would not have been able to identify at municipal and district levels if these relationships were non-existent.

These challenges significantly impact on the direction TIKZN needs to take to ensure that it manages to secure a sufficient portion of the available new trade and investment for the Province (both domestically and internationally). In addition, the slower than expected growth of the South African economy, the larger than expected unemployment rate for our Province (from the recent Census 2011) and the continued longwinded industrial action further compounds the need for TIKZN to react tactically in its approach and deliver a performance that is beyond previous expectation.

The strategic review of TIKZN has contextualized the above and engaged several stakeholders (internal and external) of the organization. In addition, this strategic review should complement the existing export and investment strategies of the Province, which are directional plans for the operations of the organization. Based on the above engagement we recommend that:

- i. The existing strategic objectives of the organization though relevant should be slightly modified in order to respond to the dynamic changes within the economic environment
- ii. New once-off areas of focus should be compounded to strategic initiatives supporting the reviewed strategic objectives and indicators
- iii. Finally, the existing organizational delivery model was changed to a hybrid model that is focused on targeted priority industry sectors and markets. This remains in effect in order to support the organisation's delivery model.

2. OVERVIEW OF THE STRATEGIC DRIVER MODEL PROCESS



3. ECONOMIC OUTLOOK

3.1. GLOBAL ECONOMIC OUTLOOK

The after-effects of the Global Financial Crisis continue to reverberate across both developed and developing countries. Initially, South Africa was only modestly impacted by the crisis, but as the full extent of the macro-economic imbalances in a number of countries and particularly the European Union (EU) became apparent, the impact has deepened.

In particular, the second- and third-round effects of the financial crisis have led to highly constrained consumer and industrial demand, and very low interest rates in many developed countries resulting in substantial capital inflows in developing countries accompanied by strengthening exchange rates. Unsettled sentiment towards emerging economies has also led to large and sudden capital inflows and especially outflows with associated exchange rate uncertainty.

Nevertheless, a consensus view among multilateral agencies, such as the World Bank and the International Monetary Fund (IMF), is that world GDP growth will accelerate over the next three years. These forecasts are predicated on a sustained recovery in the United States (US), China continuing to grow at about 7% to 8%, and the Euro Zone returning to aggregate GDP growth after the damaging effects of substantial economic contraction in Greece, Spain, Italy and Ireland.

Overall, South Africa's outlook for the global economy in 2014-16 is relatively positive. Although China has returned to growth, it appears increasingly likely that it will not reach double-digit growth rates in the near future. More particularly because China will be facing a range of structural impediments to which it will need to adjust over the next decade. These include the mismatch between investment and consumption rates, slowing growth in global demand for its major consumer exports, rising domestic wage costs and rising costs associated with environmental damage. China will almost certainly need to exit low wage - low value industries, which being typically "footloose" can be expected to shift to neighbouring countries such as Bangladesh, Sri Lanka and Vietnam. Asia is therefore expected to continue to grow at rates above the global average, but with a smaller margin than that of the last decade.

The outlook for Africa is extremely positive. Underpinning this is the emergence of a rapidly urbanising, youthful population that is driving domestic demand, and expanding investment in mineral exploitation. The combination of these two factors accompanied by political stability strongly suggests that the African continent will experience an extended period of strong growth. South Africa remains well-positioned to be a core part of Africa's growth "take-off".

3.2. SOUTH AFRICAN ECONOMIC OUTLOOK

The OECD's Economic Outlook has revised South Africa's growth rate expectations for 2018 and 2019 upward, on the back of positive sentiment around the economy and changes to the political landscape. The OECD projects that the global economy will grow by 3.9% in both 2018 and 2019, with private investment and trade picking up on the back of strong business and household confidence. Inflation is set to rise slowly. "Growth is steady or improving in most G20 countries and the expansion is continuing," the group said.

"The Outlook underlines the boost to short-term growth expected from new tax reductions and expected spending increases in the United States and expected fiscal stimulus in Germany, but also points out a number of financial sector risks and vulnerabilities, as well as those posed by a rise in protectionism."

For South Africa, the OECD has revised the expected GDP growth rate upward to 1.9% in 2018, and 2.1% in 2019 – higher than the growth rate currently targeted by National Treasury. National Treasury currently anticipates growth of 1.5% in 2018, rising to 2.1% in 2020.

At the State of the Nation Address, President Ramaphosa said that government will "embark on a number of measures to address the unemployment challenge. One of the initiatives will be to **convene a Jobs Summit** within the next few months to align the efforts of every sector and every stakeholder behind the imperative of job creation. The summit will look at **what we need to do to ensure our economy grows and becomes more productive, that companies invest on a far greater scale, that workers are better equipped, and that our economic infrastructure is expanded.**"

The second announcement the President made, was that government "will make a major push this year to encourage significant new investment in our economy. To this end, we will organise an Investment Conference... targeting both domestic and international investors, to market the compelling investment opportunities to be found in our country.

We are going to address the decline over many years of our manufacturing capacity, which has deeply affected employment and exports. We will seek to re-industrialise on a scale and at a pace that draws millions of job seekers into the economy. We are going to promote greater investment in key manufacturing sectors through the strategic use of incentives and other measures.”

The most critical is to further stimulate manufacturing, and forging ahead with the localisation programme, through which products like textile, clothing, furniture, rail rolling stock and water meters are designated for local procurement.

At last year’s World Economic Forum (WEF) meeting in Davos, it was announced that the world stands on the brink of a technological revolution that will irrevocably alter its current socio-economic and industrial, landscape. Termed the Fourth Industrial Revolution, it was argued that this is a convergence of the physical and digital worlds and represents a “fundamental shift in how we produce, consume and relate to one another”¹ and is characterised by the speed of technological change and the emergence of new trends and sectors such as the Internet of Things, robotics, artificial intelligence and 3D printing. The new technologies that have evolved as part of the Fourth Industrial Revolution (4IR) allow for digital communication between machines, and entire factories, and are dependent on the evolution of smart technology which has combined to revolutionise industries in some parts of the world while destabilising industries elsewhere.²

According to the WEF, this Fourth Industrial Revolution heralds a new dawn in modern society’s rapid evolution, one which envisages profound changes to the way society functions, and it is perhaps appropriate now to take stock of what this all means, of how we can be part of this change, how we can possibly influence it, and more importantly, possibly benefit from it. The world has witnessed these sorts of epochal shifts before.

The First Industrial Revolution, which was mainly concentrated in Europe, spanned the 18th and 19th centuries as mass urbanisation took off. During this period, water, steam and coal power was harnessed to mechanise production and to transform factories and industries. Similarly, the construction of national railway systems facilitated the vast spread of the First Industrial Revolution and throughout it all mechanised power replaced animals as a central component of the production process. The Second Industrial Revolution occurred between 1870 and 1914 and was facilitated by the widespread use of steel. Central to its success was the rapid deployment of electrical energy in the mid-19th century which ushered in the arrival of assembly lines, mass production³ the telephone and radio, and which combined with cheap oil, the internal combustion engine and large infrastructure programmes to create this Industrial Revolution.⁴

The Third Industrial Revolution is regarded as having started sometime in the 1960’s when electronic and information technology was used to automate production. Often referred to as the digital revolution, its principal signpost was the advent of personal computers and later, the internet, which brought efficiencies and abilities that completely transformed the business of manufacturing. These three industrial revolutions spanned many years and were characterised by technological advancements and the widespread adoption of machinery. Unfortunately, these periods also witnessed global economic upheavals and widespread dislocation of labour markets, often to the detriment of the developing world.

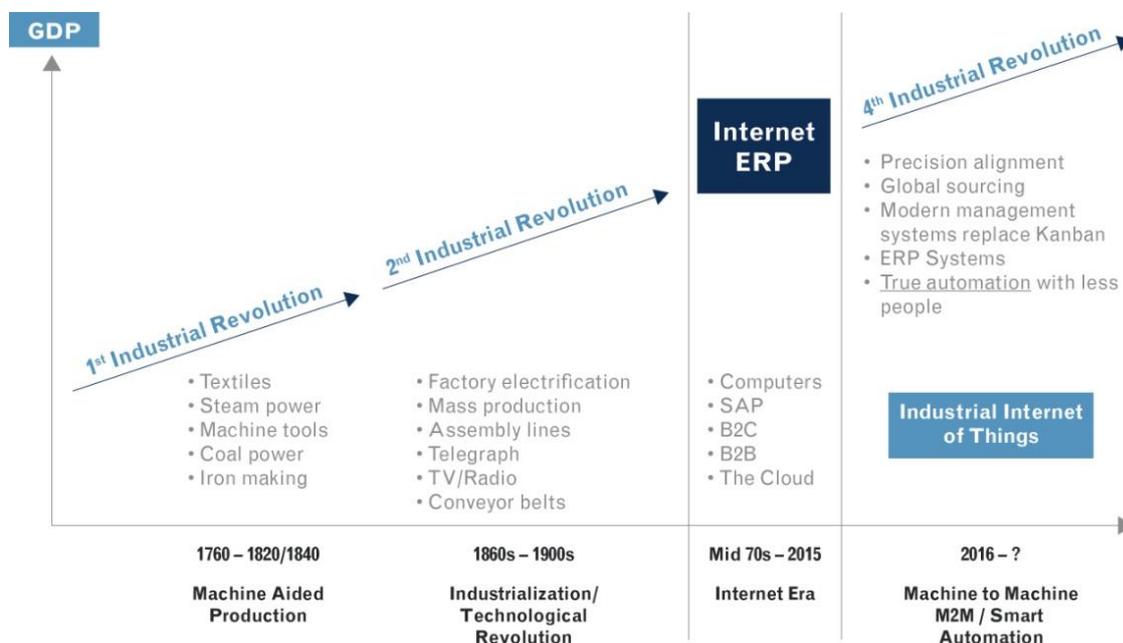
¹ Davis, N (2015) 5 ways of understanding the Fourth Industrial Revolution in <https://www.weforum.org/agenda/2-15/11/5>

² <http://www.raymondjames.com/forefront/industrials/text/welcome-to-the-fourth-industrial-revolution>

³ <http://www.raymondjames.com/forefront/industrials/text/welcome-to-the-fourth-industrial-revolution>

⁴ Rifkin, J (2016) The 2016 WEF misfires with its Fourth industrial Revolution theme.

The Fourth Industrial Revolution, by fusing the technologies that appeared during the digital revolution, is regarded by its adherents as differing quite crucially from the previous ones. While the first three were notable for advances in technology, the Fourth Industrial Revolution (4IR) is instead powered by innovation that is based on an agglomeration of technologies as depicted in the graphic below.



Source: <http://www.raymondjames.com/forefront/industrials/text/welcome-to-the-fourth-industrial-revolution>

Red Tape Reduction

Government will also need to focus its resources far more purposively on managing the costs of inputs to manufacturers such as electricity, water, freight and logistics. These costs – coupled with long periods of exchange rate appreciation – undermine the competitiveness of domestic manufacturers and reduce export potential, while raising import competition. Failure to manage these cost pressures will see the domestic industry missing the benefits of Africa’s growth take-off and could undermine South Africa’s need to re-industrialise with its attendant economic growth and job creation benefits. The SEZ programme is intended to play a critical role in positioning domestic manufacturers to compete more effectively in the international market, in addition to promoting investment and attracting foreign direct investment (FDI).

The NGP and NDP provide clear frameworks through which the dti seeks to accelerate inclusive economic growth, job creation and B-BBEE. The IPAP is the central pillar of the dti’s work programme and the Productive Sectors Forum, which the dti convenes, provides a high-level structure for unblocking constraints to economic sectors’ growth as well as a co-ordination mechanism to identify key economic opportunities and drive the development thereof.

The NEDP launched by the Minister in 2013 is designed to be a catalyst to spur economic growth, generate employment and broaden participation within the economy by increasing the exporter base of the country. It is targeted at enhancing the export readiness of South African business and promoting industry capabilities by improving efficiencies and domestic logistical support for designated products, while deepening internationalisation.

In the 2014-2019 period, the focus of the dti will be to:

- Accelerate industrialisation linked to the National Infrastructure Plan and sectoral initiatives, and growth opportunities in Africa and BRICS;

- Broadening economic participation with a sharper focus on B-BBEE in the industrial sector
- Trade and investment policy refinements to maximise South Africa's access to regional and BRICS markets, while protecting the domestic market from unfair competition;
- Enhancing the regulatory environment for business and protecting vulnerable consumers; and
- Continuous improvement to enhance efficient and effective service delivery.

With per capita GDP of 12260.20 US dollars in 2016 – in PPP terms – South Africa is the leading most affluent country in Africa, the country is classified as middle-income, emerging market with an abundant supply of natural resources; well-developed financial, legal, communications, energy, and transport sectors, and a stock exchange that is Africa's largest, among the top 20 in the world, and the best regulated. Even though the country's modern infrastructure supports a relatively efficient distribution of goods to major urban centres throughout the region, unstable electricity supplies retard growth. Unemployment, poverty, and inequality - among the highest in the world - remain a challenge. Official unemployment is sticky around 25% of the work force and runs significantly higher among black youth.

According to UNCTAD, global foreign direct investment (FDI) inflows fell by 3 per cent in 2016. This decline in FDI flows was influenced mainly by the fragility of the global economy, policy uncertainty for investors and elevated geopolitical risks. Given the decline outlined above, there are regional differences that indicate that while developed economies and economies-in-transition saw significant declines of flows, developing countries remain at historically high levels.

At a regional level, UNCTAD indicates that FDI flows to North Africa rose by 11 percent to \$14.5 billion. This increase was boosted by positive inflows in Egypt (due to new gas discoveries) and Algeria (due to investment reforms and discoveries of oil). Inflows to East Africa increased by 13 percent to \$7.1 billion, driven by increases in Ethiopia, Mauritius and Madagascar – but Kenya and Tanzania fell by 36 percent to \$394 million and 15 per cent to \$1.4 billion, respectively.

Flows to West Africa grew by 12 per cent to \$11.4 billion, propelled by Nigeria's 45 percent increase (to \$4.4 billion), Ghana's 9 per cent (to \$3.5 billion). The latter was driven by hydrocarbons and cocoa processing projects. Yet flows to Côte d'Ivoire and Senegal dropped by 3 and 4 percent, respectively.

FDI to Central Africa decreased by 15 percent to \$5.1 billion because of commodity prices slump. This was mainly affected by substantial declines in Democratic Republic of the Congo (28% to US\$1.2 billion) and Equatorial Guinea (77% to \$54 million). However, FDI to Gabon and Congo increased by 13 per cent to \$703 million and 8 per cent to \$2 billion, respectively.

FDI to Southern Africa, fell by 18 per cent to \$21.2 billion, due mainly to declines of FDI to in Zambia (70%), Mozambique (20%) and Angola (11%). FDI flows to South Africa grew by 31 percent to \$2.3 billion, but still below its previous average. Despite the slump, the region has the highest share of continental FDI inflows, followed by North Africa, West Africa, East Africa and, lastly, Central Africa.

South Africa's agriculture products are mainly corn, wheat, sugarcane, fruits, vegetables, beef, poultry, mutton, wool, dairy products, and industrial products (which comprise mining, that sets South Africa apart as the world's largest producer of platinum and chromium) include automobile assembly, metalworking, machinery, textiles, iron and steel, chemicals, fertilizer, foodstuffs, commercial ship repair. South Africa's industrial production is under serious threat, mainly from competitiveness in the east, continuing restructuring of the mining sector, and the constrained electricity supply. This is one of the main reasons that the country is has embarked on industrial revitalisation, with turnaround strategies such as the Industrial Policy Action Plan (IPAP) and the automotive production development plan (APDP) working to aggressively improve the industry.

South Africa's population is estimated at around 56 million people (2017), and of these, the labour force is approximately 22 million, making it the 31st largest labour force in the world. With the employment structured 5% agriculture, 24% industry and 72% services, South Africa has become a tertiary economy with challenges of a primary economy, such as the highest unemployment rate of all the four east3ROUTE countries.

An estimated 26.2% of the South African population is said to be below the poverty line. With income or consumption distributed such that the lowest 10% of the households are entitled to only 1.1%, and the highest 10% earn 53.8%, South Africa is regarded one of the most unequal societies in the world, however, the country has made some significant strides in reducing extreme levels of poverty.

3.3. Economic Disrupters

Over the past decade the world has undergone a process of by rapid innovation that has irrevocably altered the face of business, our social behaviour and even the way entire industrial sectors are organised. In turning traditional growth models upside down, this process has also changed the way we perceive innovation, technology and business generally. Termed Disruption or Disruptive Innovation, this trend describes the way that the innovative introduction of a new product or service, through simplicity, convenience and affordability, “upends an existing market and value network and displaces an earlier technology or process.”⁵ Disruption as a descriptive tool and as a period of economic development has coincided with another development which has come to define the modern world, in effect, another epoch.

Termed the Fourth Industrial Revolution, this period concerns the convergence of the physical and digital worlds,⁶ and is characterised by the speed of technological change and the emergence of new trends and sectors such as the Internet of Things, robotics, artificial intelligence and 3D printing. The new technologies that have evolved as part of the Fourth Industrial Revolution (4IR) allow for digital communication between machines, and entire factories, while the use of smart technology which has combined to revolutionise industries in some parts of the world, has also destabilised industries elsewhere.⁷ As such the 4IR and Disruption which has seen the birth of electric vehicles, the IPAD, Wikipedia, Skype, Airbnb, Netflix, Google and Facebook, and which all initially disrupted the industries that they have come to dominate, are both inextricably linked.

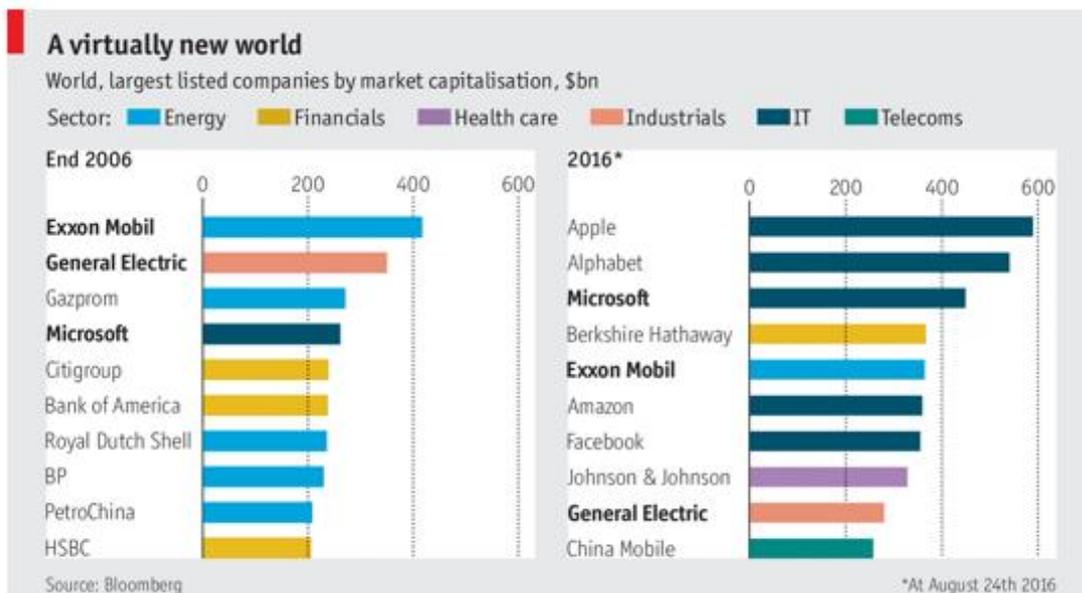
In the early years disruption was seen as an interruption of the normal course of things but having become so ubiquitous and commonplace, it is now a daily reality that we can scarcely do without. Examples of disruption abound and includes Amazon, personal computers, Wikipedia, Google, Uber, Airbnb, the iPod and recent innovations include smart phones which do banking, stream music and videos, while WhatsApp, is a free data and voice messaging service, that allows users to make voice calls – at a minimal data cost- and which will in all likelihood, supplant the traditional voice service offered by mobile service operators.

Evidence of the extent to which the world had changed irrevocably is that ten years ago the five largest companies on the globe were oil or oil-related, while today, they have been replaced by information-based giants. This has ensured that data has become the new global commodity, the “new oil”. Not surprisingly it is digital businesses such as Uber and Airbnb which have made the biggest strides in the 4IR, primarily due to their ability to remodel traditional transport and accommodation industries with cloud-based services.

⁵ Allardice, D (2015) pg 21

⁶ Davis, N (2015) 5 ways of understanding the Fourth Industrial Revolution in <https://www.weforum.org/agenda/2-15/11/5>

⁷ <http://www.raymondjames.com/forefront/industrials/text/welcome-to-the-fourth-industrial-revolution>



Source: <http://ritholtz.com/2016/09/largest-companies-2016/>

A recent report of the 4IR argues that by 2025, smart phones will be used by 90% of the population and currently they comprise 67% of handset sales in Kenya, with its use in Africa, having doubled in just two years alone. Interestingly, sub-Saharan Africa is predicted to have over half a billion smart phone users by 2020.⁸ Furthermore, mobile services generated 6.7% of the continent's GDP, totalling around \$150 billion in economic value.⁹ Similarly, by 2025, 5% of consumer goods would be produced using 3D printing technology and this will have huge implications for supply chains. In 2012, the number of connected devices (internet of Things) worldwide reached 8.7 billion. Although only 1 % of the world's devices are currently connected, it is estimated that by 2020, close onto 25 billion things will be connected and by 2017 the Internet of Things will support total services spending of \$235 billion.¹⁰

3.4. Global Macro Outlook

While South Africa boasts one of Africa's most sophisticated political systems, significant risks to short-term stability remain. According to Business Monitor International (BMI):

- Global real GDP set to grow by 2.9% annually between 2017-2021, a slight acceleration from 2.8% in the previous five-year period, led by emerging markets ex-China
- Strengthening eurozone economy and hawkish shift by European Central Bank spur upward revision in euro exchange rate projections
- Headline global forecasts largely unchanged despite downward revision to BMI's oil price expectations
- Emerging markets to benefit from strengthening external environment, stable commodity prices, and improved investor sentiment - but outlook not uniformly positive.

BMI research predicts a downgrade to the global real GDP growth forecast for 2018 to 2.9% from 3.0% previously (largely due to a downward revision to the already below-consensus US growth expectations).

For developed market economies, the current pace of expansion is about 'as good as it gets', with the eurozone and Japan growing well above-trend, and the US growing slightly faster than potential.

⁸ <https://www.gsma.com/newsroom/press-release/gsma-report-forecasts-half-a-billion-mobile-subscribers-ssa-2020/>

⁹ <https://qz.com/748354/smartphone-use-has-more-than-doubled-in-africa-in-two-years/>

¹⁰ <https://techcrunch.com/2015/07/22/the-next-industrial-revolution-should-happen-in-america/>

In contrast, emerging markets are set to pick up some of the slack after a period of growing well below trend, with growth rising from 4.3% in 2017 to 4.5% in 2018 and beyond - despite a gradual multi-year slowdown in China. Real GDP in emerging markets excluding China will grow by an annual average 3.7% in 2017-21, a significant acceleration from 3.2% in the preceding five-year period.

The table below shows a list of the 10 best-performing African nations, as measured by the World Economic Forum's annual Global Competitiveness Report. Mauritius, South Africa and Rwanda come out on top.



The 10 most competitive African economies
Africa Competitiveness Report 2017

Economy	GCI rank 2016–2017	Score
Mauritius	45	4.49
South Africa	47	4.47
Rwanda	52	4.41
Botswana	64	4.29
Morocco	70	4.20
Namibia	84	4.02
Algeria	87	3.98
Tunisia	95	3.92
Kenya	96	3.90
Côte d'Ivoire	99	3.86

Source: WEF 2017

Though Mauritius ranks first among African countries in this WEF Report, it is still only at No 45 in the global index, a sober nod towards Africa's slowing productivity levels after a decade of sustained growth. According to WEF, if Mauritius consistently outperforms its continental peers, it's because its leaders have removed the hurdles that prevent so many other countries from achieving prosperity; in this case, streamlining its goods market, building solid infrastructure and promoting a healthy workforce.

South Africa and Rwanda also do well and have improved their global ranking since the last index was released in 2015. Their continued growth can be attributed to the uptake of technology, efficient financial markets and a focus on strengthening institutions. These are just some of the factors that contribute to a country's prosperity. But the most important are those that enable people to find employment, travel to work and carry out their jobs. If they can do that, then disaster is not only averted, it is turned inside out, into an economic revival that may yet sweep Africa to prosperity.

The world economy is still experiencing growth challenges, with dire possible implications especially export demand and domestic job creation for small open economies such as South Africa. Global economic growth is estimated to have slowed to just 2% in 2016, the slowest rate of growth since the onset of the Global Financial Crisis. However, according to the International Monetary Fund's (IMF) World Economic Outlook (WEO) published in January 2017, global growth is forecast to accelerate to 3.4% in 2017 and 3.6% in 2018.

These projections do carry significant downside risks including:

- a. a possible shift toward inward-looking policy platforms and protectionism associated with the incoming administration in the United States (US);
- b. a sharper than expected tightening in global financial conditions that could interact with balance sheet weaknesses in parts of the euro area and in some emerging market economies;
- c. increased geopolitical tensions; and
- d. a more severe slowdown in China.

While the risks are viewed as being to the downside, there are some potential tail winds. These include the possible acceleration of global activity if policy stimulus turns out to be larger than currently projected in the US and/or China; and a firming of oil prices following the agreement among the Organisation of the Petroleum Exporting Countries (OPEC) members and several other major producers to limit supply.

Among advanced economies and in the US, economic activity rebounded strongly after a weak first half of 2016, and the economy is approaching full employment. Despite this rebound, economic growth in advanced economies is estimated to decelerate from 2.1 per cent in 2015 to 1.6 per cent in 2016. It is projected to increase by 0.3 percentage points to 1.9 per cent in 2017 and by a 0.1 percentage point to 2.0 per cent in 2018.

The picture for emerging market and developing economies (EMDEs) remains diverse with commodity-producing countries experiencing domestic and external head winds. Supported by continued policy stimulus, the growth rate in China was stronger than expected. India on the other hand is expected to shrink due to cash shortages and payment disruptions. However, economic activity was weaker than expected in some countries, such as Argentina, Russia and Brazil that are currently in recession. It is expected that EMDEs will account for over 70 per cent of global growth, and growth is expected to reach 4.5% in 2017 and 4.8% in 2018.

Economic growth in Sub-Saharan Africa (SSA) is estimated to have slowed to 1.6 per cent in 2016 due to weak commodity, including oil, prices. Nigeria is currently in recession whilst Angola is registering zero growth due to the low oil price. Most countries in SSA are expected to see a gradual lift-off, driven by the infrastructure programmes in the continent, as outlined in the African Union Agenda 2063 commitments. Consequently, SSA is projected to grow by 2.8% in 2017 and by 3.7% in 2018.

In the euro area, output remains well below potential, according to the January 2017 WEO update. It is projected to grow by a very modest 1.6% in 2017 and 2018.

3.5. South African Outlook

The International Monetary Fund cut South Africa's economic growth forecast for this year, saying rising political uncertainty has dented consumer and business confidence. The IMF said it expected South Africa's economy to grow by 0.7% this year, down from an earlier projection of 1% given in July. South African growth should tick up to 1.1% next year, slightly lower than an earlier forecast of 1.2%, the IMF added in its October world economic outlook.

South Africa slipped into recession earlier this year as rising inflation and high unemployment hit consumer spending, but a rebound in agricultural output has since helped the economy to return to growth. Investors' nerves, however, have been tested by the subsequent credit downgrades to sub-investment grade. The IMF maintained its GDP growth projection for Nigeria at 0.8% this year, a performance underpinned by a recovery in oil production and farming after the economy contracted in 2016.

South Africa will post continued slow growth in the coming quarters, according to BMI, it is expected that the mining sector will face increased headwinds as commodity prices falter and regulatory changes further undermine appetite to invest. A mix of structural challenges, elevated unemployment and continued uncertainty over the direction of policy will also weigh on the manufacturing and consumer-driven sectors such as retail.

4. KWAZULU-NATAL ECONOMIC PERFORMANCE

The province of KwaZulu-Natal is South Africa's second largest provincial economy, contributing almost one fifth of the country's gross domestic product (GDP). The provincial economic growth has also consistently recorded above national average rates, signalling its continuous relevance and remarkable resilience. KZN is home to two of South Africa's, and Africa's, largest and busiest seaports: the Port of Durban, and the Port of Richards' Bay. The Port of Durban handles between 60% and 65% of all South Africa's container traffic, and nearly 60% of all vehicle exports, while about 45% to 50% of the country's bulk cargo goes through the Port of Richards' Bay. This is also the world's largest standalone coal export facility.

According to Standard Bank of South Africa (2016); figures showed that KwaZulu-Natal accounts for:

- 26.9% of the country's agriculture sector;
- 21.6% of South African manufacturing;
- 13% of the value added in the country's construction sector;
- Around 15.7% of the country's electricity, gas and water output – placing it in second position to Gauteng's 33%;
- A share of about 17.8% of the country's retail and wholesale trade, catering and accommodation;
- An anticipated 22.3% stake of the nation's transport, storage and communication facilities;
- 13.4% of the country's finance, insurance, real estate and business activities; and
- At least 13.4% of South Africa's community, social and personal services sector activity.

Manufacturing, trade, transport and the finance sector are key role players in KwaZulu-Natal's economy. Important to note is that agriculture, manufacturing, trade and transport have a comparative advantage, as these sectors are much larger in size in the province's economy than in the national economy.

The provincial economic strength lies largely in the eThekweni district, home of the city of Durban, one of the most progressive cities in the world by virtue of financial management and large domestic tourism demand. uMgungundlovu district, home to Pietermaritzburg; the province's legislative headquarters and the Comrades marathon origin, contributes the second largest gross value added to the province's GDP. uThungulu, home to the city of Richards Bay, which houses one of the world's largest aluminium smelters, and is home to the world's largest single coal terminal – Richards Bay Coal Terminal – is the third most important economic district in the province.

Potential for economic growth in the province lies everywhere, with the provincial government's plans to:

- i. attract strategic investment activities into the Dube Trade Port, home to the King Shaka International Airport,
- ii. attract strategic investments into Richards Bay IDZ, thus stimulating support industries supporting the port,
- iii. establish industrial economic hubs across the province to unleash each district's unique economic potential, and
- iv. increase international tourism through establishment of world-class tourism offerings, through the efforts of the Route Development Committee.

Strong sectors of the provincial economic makeup (excluding general government services) include Finance, Real Estate and Business Services (FREBS), Trade, Manufacturing and Logistics. Not only are these sectors large industrial backbone of the KZN economy, but they are also still going strong, recording phenomenal growth rates of up to 3.7%. Great potential lies in the agricultural sector, and the transportation sector, which includes maritime transport that remains largely untapped.

KwaZulu-Natal remains a predominantly rural province, with dependency ratios and poverty levels highest in the rural areas, although the greatest numbers of poor people (poverty density) are to be found in the major urban centres. Key policies and strategies for the province, such as the Provincial Growth and Development Plan (PGDP), provide a tool with which the provincial government can achieve its developmental goals.

KZN still imports most of its goods from the traditional markets, while Angola is also an important market, ahead of the likes of Germany and United States. However, the province is slowly diversifying its source and destination markets, with the share of the leading markets to the province's inward and outward trade decreasing. In 2015, nearly 48% of the province's total export value landed in the top 10 destination markets, which include the traditional ones such as the US, China, Japan, the UK, and the Netherlands. This was a percentage point lower than the share of the leading markets half a decade earlier. In addition, more African markets such as Algeria and Zimbabwe featured in the leading destination markets.

The strategic pillars, driven by the department of economic development tourism and environmental affairs (EDTEA) are:



The business of Trade and Investment KwaZulu-Natal must be in line with the provincial priorities in order to deliver on the mandate of the organisation.

5. THE ROLE OF INVESTMENT PROMOTION AGENCIES

5.1. WORLD ASSOCIATION OF INTERNATIONAL ROLE

Investment Promotion Agencies (IPAs) are key institutions for delivering increased levels of economic growth through the attraction of Foreign Direct Investment (FDI) and the promotion of trade. IPAs have had to chase a smaller pool of projects, identifying the sectors and subsectors where they truly have a competitive advantage and packaging their locations' offerings in a more targeted and professional way. The FDI slump has highlighted the importance of IPAs putting their best feet forward during the site selection process, when over 90% of multinational companies contact the IPAs in locations being considered.

A key task for IPAs is to be ready to provide timely and relevant information when investors first make contact, as the most effective way of attracting FDI is to focus on a few priority sectors (targeting) rather than attempt to attract all types of foreign investors. Thus, an agency not engaged in targeting will promote its country as a good place to do business, while an IPA targeting particular sectors will emphasize why its country is an ideal location for investors operating in these industries.

Globalisation has brought with it a quantum leap in the opportunities for collaboration on a worldwide basis. As basic information becomes more readily available, particularly online, firms are well placed to share commercial information, glean opportunities and form trading partnerships. However, just as the economy changes, the role for government changes. Government agencies must take advantage of online communication opportunities. Further, the role of government shifts more towards education and training of firms about trade and investment opportunities and how to capitalise on the colossal volume of commercial data available. Its priorities also include the reduction of unemployment therefore IPAs are a source of job creation and the creation of opportunities for new entrepreneurs to take advantage of.

5.2. TRADE AND INVESTMENT KWAZULU-NATAL

Within the development framework set out above, TIKZN has a vital role to play. This role needs to be placed in perspective, taking into account the international and national structures and practices for attracting investment and increasing trade within countries. Notwithstanding that the DTI takes overall responsibility, amongst other things, for promoting trade and investment in South Africa, there are however institutional arrangements, allocation of responsibilities and management structures in respect of the Economic Development Strategy.

In pursuing the strategic goals of TIKZN, the Agency ensures that its efforts are also consistent with national priorities, the revised provincial priorities, and the strategic goals of the EDTEA, some of which include:

- Creating jobs and alleviating poverty by attracting foreign investors and increase local exports
- Local economic development with specific focus on the departments' key pillar, i.e. aerotropolis; industrial hubs; maritime industries; tourism development; and sustainable development
- Skills development and learnerships
- Integrating public and private sector inputs and encouraging synergies; and
- Promoting black economic empowerment.

SECTION 2

1. TIKZN STRATEGY REVIEW

A review of the past performance and the requirements of the Provincial economy necessitates the output of TIKZN be increased when compared to the targets of the past. In this respect the following target increases are proposed for the next 5 years:

- i. 10 500 jobs through the attraction, retention and expansion of investment to the province (biased by labour absorbing industries)
- ii. R8 billion of new investment be committed into the province
- iii. Rand value of total new investments into KwaZulu-Natal be tracked and reported by TIKZN
- iv. Greater focus on the packaging of sector opportunities aligned with the EDTEA's priorities on the Industrial Hubs and Special Economic Zones (SEZ)

The above output levels are above the existing levels. TIKZN wants to be relevant to the vision planned for this province for 2030; hence the need to drive higher levels of new investment, increased opportunities and new jobs. Key critical in achieving the above output is effective stakeholder engagement of both public and private sector representatives. TIKZN has to ensure robust (proactive) engagements of both these collectives.

1.1. SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)

In addition to the review of the existing strategy, the TIKZN Management engaged several stakeholders (both internal and external). This involved one on one interviews, in an attempt to understand its impact, its strengths, weaknesses, opportunities, as well as threats. In addition, we attempted to solicit input on the operational effectiveness of the organisation. These have been captured below:

STRENGTH	WEAKNESSES
<ol style="list-style-type: none"> 1. Provincial Agency with a mandate and political support. 2. Access to and good relationship with key decision makers and stakeholders. 3. Access to economic knowledge repository 4. Provide matchmaking services 5. Access to international stakeholders through the Gauteng office 6. Dedicated and highly skilled employees 7. Investment and trade promotion knowledge leader 8. Highly skilled and supportive Board of Directors 	<ol style="list-style-type: none"> 1. Limited Budget 2. Communication gap in the organisation 3. Staff capacity and skills gap - limited resources to support advocacy, trade and marketing components of the organisation. 4. SA and KZN slow economic growth rate – negative impact on output 5. Too reactive as opposed to proactive 6. Organisation – too many things to too many stakeholders 7. Limited opportunities for career development due to flat structure 8. KwaZulu-Natal brand not globally recognised 9. Limited IT systems to support business processes 10. No control over regulatory and investment decisions (EIA's, Zoning, Rand, etc)

OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. Increase visibility in foreign markets - province as a viable investment destination 2. Increase diversification of revenue generation 3. Dube Trade Port, industrial hubs and SEZ projects collaboration 4. Partnerships in the attraction of investments and the promotion of exports (e.g. Brand SA) 5. PR - Regular publication of opinion piece, knowledge forums, newspaper articles, etc 6. Improve skills (e.g. deal structuring) 7. Backward linkage opportunities with Productivity SA, Transnet, ESKOM, etc 8. Strengthen the role of trade development and policy advocacy 9. The use of the Board's influence and network to drive the business of TIKZN 10. Strengthen relationships with business 11. The huge investment into existing and new infrastructure 	<ol style="list-style-type: none"> 1. Competition from other provinces 2. Competition from other countries e.g. India, Pakistan, Mexico, Brazil 3. Rand volatility 4. No provincial incentive packages to offer investors 5. Maintaining intellectual capital 6. Potential instability in the political arena 7. Cost of doing business in SA 8. SA and KZN slow economic growth rate – negative impact on output 9. Business is burdened by the large socio-economic challenges of our country 10. Global political risk (e.g. Russia, Syria, Iran) could impact negatively on trade with us 11. Fragmented structure related to the promotion of the Province (no central structure to focus on the coordination of trade and investment development and attraction in KZN)

1.2. Critical Success Factors to Achieving the Strategy

The Critical Success Factors for TIKZN are as follows:

Financial Resources - The financial element of the strategy is one of significant importance. Often quantitative factors can give management a quick and clear understanding of the agency's position, it's potential to take advantage of opportunities and the risk/reward trade off of these opportunities. EDTEA will also consider seriously the agency's financial strategy and policy, and the signals given by the results of these, as a key determinant in the investment decision. The foundation for a firm achieving its overriding strategic vision is often based on having access to the required financial resources.

Research - The two most common uses of marketing research are for diagnostic analysis in order to understand the market and TIKZN's current performance, and opportunity analysis to define any unexploited opportunities for growth. Marketing research studies include consumer studies, distribution studies, semantic scaling, multidimensional scaling, intelligence studies, projections, and conjoint analysis.

Knowledge Management - The management team is required to build up a resource system for TIKZN. A resource system is a discrete collection of individual and organisational activities and assets that, when taken together, create organisational capabilities. The management team needs to identify talents that are needed in the company in terms of management and technology, how to expand market share, how to raise funds economically and so fourth. In a tough competitive environment, how to use scarce resource wisely to support the organisation is a key task for management. Cutting edge technology, good management, combined with correct financial support should create large-scale brand awareness that will lead to attainment of objectives.

Human Resources Development – Employ high calibre of personnel to maintain operational efficiency, which is the backbone of TIKZN. Existing staff to participate in local and international training programmes in order to enhance skills base.

Corporate Governance – The aim of recent changes in corporate governance world wide is to promote greater corporate accountability, transparency and stakeholder confidence. A direct result of these changes is increased accountability of company directors regarding risk control within their organisations. In South Africa, the release of the third King Committee Report (King III) has led to enhanced interest in good corporate governance practices. It has therefore become of paramount importance that TIKZN seek to conform to international best business practices by implementing sound corporate governance ‘hand book’ which must consist of the delegation of powers / powers approved by the TIKZN Board of Directors.

Brand Management - The fundamental idea behind positioning the TIKZN brand is the idea of competitive advantage. A poorly positioned TIKZN brand will provide low market share, outcomes of less visible impact, and teeter on the edge of not delivering on strategic objectives. A well positioned TIKZN brand is easy to identify, the identity resonates, will provide dominant market share, and is envisaged to show high (sometimes obscene) FDI attraction.

1.3. Strategic Risk Assessment

International - In its quest to compete in the global market place, institutional changes emanating from WTO negotiations will result in countries reducing trade barriers by entering into bilateral and multilateral trade agreements; however there exists barriers between markets and restrictions on product offerings. Differences in factor costs in different countries, results in certain countries having a competitive advantage in the production of certain products.

Domestic – High levels of unemployment, education system, unstable Rand, corruption, unstable governments and poor legal systems are risks that have to be taken into consideration when deciding on the country of choice. Legislation governing foreign exchange control, taxation and incentives may place restrictions on attracting FDI.

Institutional – Doing business in different cultures requires adaptation to conform with the value systems and norms of that culture. Adaptation can embrace all aspects of TIKZN’s operations in a foreign country. The way in which deals are negotiated, the appropriate incentive pay systems for staff, the structure of the organization, the manner in which the products and services are promoted.

1.4. TIKZN Strategic Goals

In accordance to the KZN priorities and the TIKZN mandate, the strategic goals for TIKZN over the 2015 -2019 period are:

Central Point of Contact: By creating TIKZN as the primary point of contact, “First point of call” for all matters related to trade and investment knowledge, capacity building and facilitation in the province

Investment promotion: By March 2019 TIKZN will facilitate foreign and domestic investment to the value of R8 billion.

Trade promotion: By March 2019 KwaZulu-Natal will make a sustainable contribution to the country’s export trade through KZN companies having access to new export markets

1.5. RADICAL ECONOMIC TRANSFORMATION

According to the United Nations Economic Commission for Africa, "Economic transformation is associated with a fundamental change in the structure of the economy and its drivers of growth and development. It involves: a reallocation of resources from less productive to more productive sectors and activities; an increase in the relative contribution of manufacturing to Gross Domestic Product..." TIKZN recognises and accepts that poverty reduction and economic growth cannot be sustained without economic transformation and productivity change must be aligned to the transformation agenda. Within TIKZN's core deliverables and through its programmes, economic transformation is prioritised and will be implemented radically. The radical implementation will entail the following key performance areas:

1.5.1. Investment Promotion

- Commitment to driving Black Economic Empowerment (BEE) in new investments (ensuring a greater focus on linkages with black business partners and support for black industrialists)
- Contribution to economic transformation by encouraging economic geographical spread - spatial development (driving and making opportunities available for investors in smaller towns/municipalities to engender entrepreneurship and job creation)

1.5.2. Export Development and Promotion

- Capacitating and developing emerging black owned businesses into formidable exporters
- Black owned businesses assisted with new export markets for KZN manufactured products

1.5.3. Procurement

- Increase TIKZN's procurement spent on black owned enterprises, with particular focus on women and youth owned enterprises

1.5.4. Knowledge Management

- Packaging of catalytic projects that foster spatial economic development with ensuring the increase in Youth, women and people with disabilities.

2. TRANSLATING THE TIKZN STRATEGIC GOALS

In implementing the strategy, TIKZN has set five core strategic objectives as follows:

- Increasing the levels of investment in the province (Foreign direct investment and domestic investments) by positioning KZN as the premier investment destination. This also includes support for existing investors through business retention and expansion programmes
- Fighting poverty and creating employment by providing packaged investment projects for Greenfileds projects
- Promoting intra-trade and increasing export trade. Utilising free trade agreements, export platform, outward trade missions and international exhibitions. New and existing KZN products will be promoted to domestic and global markets
- Developing, implementing and enhancing strategies to promote broad based Black Economic Empowerment (BEE) by linking BEE to primary and secondary opportunities in all projects
- Promote the competitiveness and attractiveness of the province through Image building, marketing and positioning.

2.1. Proposed Strategy

TIKZN has a critical role to play in influencing the economic development of KwaZulu-Natal and its people. The strategy adopted by TIKZN will have its relevance driven by the needs of the people of this province. In this regard key influences and outcomes (both directly and indirectly) will include job creation, skills development, spatial equality, environmental sustainability and the development of infrastructure.

The organization will capitalize on the existing strengths of the province. In addition it would be required to use existing resources sparingly by targeting specific industries/sectors and focusing on certain key markets to attract trade and investments. Stakeholder engagement will be a key tool in unlocking the trade and investment potential of this province. What has remained relevant and unchanged is the mandate of the organisation as enlisted in the TIKZN Act of 2010 which states:

2.1.1. Mandate

The mandate of Trade and Investment KZN as per Act No.5 of 2010 is to:

- Identify, develop, market and **promote investment opportunities** in the Province to international and domestic investors
- Develop the **export capacity** of the Province
- Develop the **export market** of the Province
- Forster trade and investment within the Province
- Develop a **Provincial Investment and Export plan; and**
- Keep and maintain a **database of opportunities** within the Province in such a manner as to benefit all sectors of the economy

2.1.2. Vision

To contribute to economic development by promoting the Province of KwaZulu-Natal (KZN) as the premier investment destination and the leader in export trade

2.1.3. Mission

The mission of TIKZN is to:

- Identify and package investment opportunities in KZN
- Brand and market KZN as an investment destination
- Link opportunities to the developmental needs of the KZN community, and
- Ensure easy access to investment and export trade opportunities

2.2. Other key priority areas

Other priority areas that require the attention of the organisation are:

- Targeting specific sectors
- Focussing on specific markets
- Strengthening stakeholder engagement

Targeting specific sectors does not mean the organisation will exclude support to sectors that are not targeted. However, it would ensure efficient allocation of resources by the organisation by applying the best effort to a few sectors that are built around the strengths of this province. In this regard the following sectors are proposed:

- i. ICT and Business Process Outsourcing
- ii. Maritime
- iii. Infrastructure Development (particularly rail)
- iv. Agriculture
- v. Manufacturing (Agro processing, Automotive, Chemicals Wood and related and Machinery)
- vi. Renewable energy (Green Economy); and
- vii. Tourism development (large catalytic developments for the industry) The industries have been proposed after taking into account:
 - The uniqueness of the province
 - The core competencies of the existing economy
 - The master plan for the province as set out by the Provincial Planning Commission
 - The successful inward investment into the economy over the last few years

3. Strategy Performance Objectives

Underpinning the strategic objects are the performance objectives. Following extensive engagement with the management and staff, the following are strategic performance objectives that have been agreed:

- i. Promote and facilitate new fixed investments in the KZN province
- ii. Develop and facilitate export opportunities for the KZN province

- iii. Comply with National and Provincial Treasury regulatory reporting standards
- iv. Facilitate business retention and expansion programmes to ensure sustainability and business growth in the KZN province
- v. Enhance TIKZN's research and knowledge capabilities to effectively disseminate comprehensive business intelligence to stakeholders.
- vi. Use Technology to improve organisational effectiveness and efficiency
- vii. Through international best practice, become a central point of contact, advocate and communicate regulatory guidelines to investors
- viii. Improve market visibility and brand awareness of TIKZN services locally and internationally
- ix. Facilitate KwaZulu-Natal trade and investment opportunities through the Gauteng Office
- x. Improve human capability thereby creating an effective and efficient organisation

The key organisational objectives are encapsulated in the following Programmes with measurable indicators:

- Investment Promotion
- Business Retention and Expansion
- Export Development and Promotion
- Knowledge Management
- Corporate Services (Marketing and Communications; and Human Resources)
- Finance and Administration (Executive Office & Gauteng Office)

SECTION 3

1. OVERVIEW

The existing strategy of the organization has its roots developed originally in 2006 and repositioned in 2012. The original core themes/pillars of this strategy were two-fold:

- i. Focused large direct investment growth; and
- ii. Growth through general trade and investment service excellence

The above themes were originally mapped to four dashboards which were shareholder, client, internal processes and organizational learning and growth. These dashboards and their related progress were reported over the last few years in the annual reports of the organization. A review of the organization's performance, indicate that TIKZN has used the above strategic road map and gained significant traction along the way in many areas:

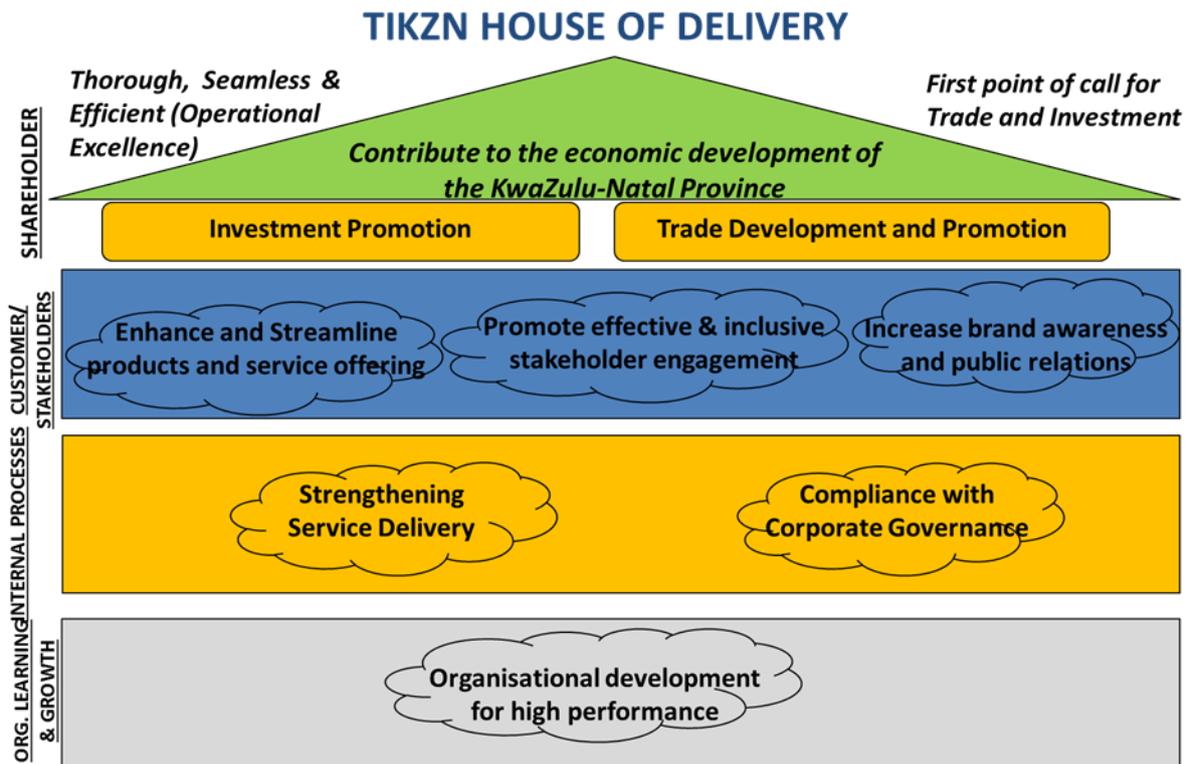
- Assisting the facilitating of R8billion of new investment to this province
- Facilitating the creation of new jobs to this province
- Development of and rolling out the current business retention and expansion programs
- Developing collateral with respect to doing business in KZN
- Strengthening the organizational brand and awareness of services offered

This original strategy was underpinned by strategic objectives (mapped to the 4 dashboards) that have evolved over the years. To date, the above strategy has been updated over the years and reflected below in the overarching strategy map with key delivery areas.

An analysis of the existing strategy map above shows that the key areas and four dashboards (viz. shareholder, client, internal processes and organizational learning and growth) have remained relevant for the organization over the last 5 years and is still the case for the future.

A review of other similar organizations both nationally and internationally reveals that they share similar objectives as their areas of priority.

The key performance indicators for the delivery of the above strategy are new investments committed, jobs created and companies assisted with new markets (with respect to export). These three key performance indicators of TIKZN have been analysed against, target sets in the original budget completed, as a high level measure of effectiveness of the existing strategy. Below are the key performance strategic indicators and key performance indicators per business unit.



2. CHIEF EXECUTIVE OFFICE

The Executive Office Programme comprises the Office of the CEO: Strategy and Operations and the One Stop Shop Investment Centre; and the TIKZN Gauteng Branch Office. Its main function is to provide strategic guidance through delivering on the strategic objectives of TIKZN, drive legislative and policy imperatives, manage stakeholder relationships and provide support to the Board of Directors to ensure their effective oversight of the organisation.

2.1 Strategy and Operations

The Strategy and Operations programme seeks to ensure a conducive business environment in the KZN Province and ensure organisational strategic compliance. This is in line with the Public Finance and Administration Act, Treasury Regulations and the Framework on Strategic Management.

Project Brokering Unit: The Provincial Planning Commission identified the need for the establishment of a dedicated Brokering unit to facilitate the speedy implementation of projects identified as being catalytic to the transformation of the province and to advance strategic objectives and interventions identified in the PGDS and the Plan (PGDP). As the Chair and Secretariat of the Project Brokering Unit, TIKZN is directly instrumental in expediting various projects that need intervention.

a. Strategic Performance Objective

Ensure a conducive business environment in the KZN Province and ensure organisational strategic compliance. This is in line with the Public Finance and Administration Act, Treasury Regulations and the Framework on Strategic Management.

2.2 Gauteng Branch Office

The Gauteng branch office is responsible for investment recruitment, trade promotion and marketing of the KZN Province to international and domestic companies and organisations (Embassies, funders, etc)

a. Strategic Performance Objective

Promote and Facilitate KwaZulu-Natal trade and investment opportunities through the Gauteng Office

2.3 One Stop Shop Investment Centre and Advocacy

Central coordination and One Stop Shop Investment Centre - Critical to the role of TIKZN is ensuring that the organisation leads the coordination of all matters related to trade and investment in the province of KZN. The importance of this coordination will ensure unity of action which ensures that all involved in trade and investment activities with diverse resources, activities must be coordinates to bring unity through action.

Coordination brings efficiency and helps to maintain good relations among all levels of structures. TIKZN will lead the coordination to help in the synchronisation of messages between agencies and the process of assisting traders and investors. This level of coordination will assist in harmonizing the message driven by the Province to investors.

A physical One Stop Shop Investment Centre has been established by TIKZN in partnership with the Department of Trade and Industry (the dti) to facilitate the regulatory compliance for business in KwaZulu-Natal. Satellite structures linked to Dube Trade Port (established), Richards Bay IDZ and key municipalities will be established in the medium to long term.

Critical Success Factors to Achieving the Strategy - In line with the provincial priorities and the mandate of the organisation the following key drivers will make input into the achievement of the critical success factors:

- Provincial co-ordination is critical for TIKZN to play an influential role in the Provincial Tourism and Investment Council
- Effective and efficient "One-Stop Shop Investment Centre" for Traders and Investors
- Presence within Africa in order to increase KZN company and product presence
- To become the leader in economic knowledge repository
- Lead the KwaZulu-Natal BRICS Countries engagements - Sourcing investments and creating an export market
- The active promotion of KwaZulu-Natal Industrial Economic Hubs and market the SEZs to investors
- Package trade and investment opportunities linked to the fourth industrial revolution; and
- Impact of the Fourth Industrial Revolution on the packaging of "economic disrupter" opportunities

a) Strategic Performance Objective

Through international best practice, become a central point of contact, advocate and communicate regulatory guidelines to investors

3. FINANCE AND ADMINISTRATION

The Finance business unit is responsible for compliance to the Public Finance and Management Act (PFMA) and supply chain management for the organisation. The organisation undertook a number of initiatives aimed at improving its compliance with treasury regulations and the PFMA.

a. Strategic Performance Objective

Comply with national and provincial treasury regulatory reporting standards. (Finance)

4. CORPORATE SERVICES

The Corporate Services programme comprises Human Resources (HR) and, Marketing and Communication. Key Policies have been developed for travel, asset management, fraud and prevention plan, supply chain management, budgeting procedures etc.

4.1 Marketing and Communications

The Marketing and Communications department is responsible for the positioning and branding of the institution. It also ensures that the investment and trade promotions units have required support during their interface with key stakeholders domestically and internationally.

a. Strategic Performance Objective

Improve market visibility, stakeholder engagement and brand awareness of TIKZN services locally and internationally

4.2 Human Resource Management

The Human Resource business unit is responsible for recruiting and developing human resource skills required by the organization. The Human Resource business unit focuses on developing and motivating its employees' in order to enhance the goals and objectives of the organisation as a whole. People development is done through individual training programmes, succession planning, career pathing and a comprehensive performance management system.

a. Strategic Performance Objective

Improve human capability to create an effective and efficient organisation

5. INVESTMENT PROMOTION

The Investment Promotion department is responsible for the promotion, facilitation and aftercare services offered to KZN Investors.

5.1 Investment Promotion and Facilitation

The priority of this department is to proactively market, promote and attract investors to the KZN province. The unit assists in marketing TIKZN packaged large investment project to investors as well as support domestic business to expand. The unit further is responsible for destination marketing of the province.

a. Strategic Performance Objective:

To promote and facilitate new fixed investment in KZN province

5.2 Business Retention and Expansion

The Business Retention and Expansion Unit (BREU) was established to facilitate the business expansion, assist struggling companies and business retention needs of companies. The BREU also assists municipalities, industry associations and businesses to develop business linkages and opportunities. The unit is to assist companies in distress

a. Strategic Performance Objective:

Facilitate business retention and expansion programmes to ensure sustainability and business growth in the KZN province

6. EXPORT DEVELOPMENT AND PROMOTION

The programme, Export Development and Promotion provides assistance to exporters and facilitation of market access for KwaZulu-Natal traders. The operational activities include facilitating missions, planning for exhibitions, implementation of training programmes and responding to various enquiries.

a. Strategic Performance Objective

Develop and promote exports from the KZN Province

7. KNOWLEDGE MANAGEMENT

The Knowledge Management department is responsible collation and distribution of information to the organization and external stakeholders, as well as information communication technology

7.1 Knowledge Management and Research

The Knowledge Management function aims to generate and disseminate business information to key stakeholders. It is also responsible for project packaging of Trade and Investment opportunities. It is also responsible for sector intelligence development and management of information technology systems and policies.

a. Strategic Performance Objective

Enhance TIKZN's research and knowledge capabilities to effectively disseminate comprehensive business intelligence to stakeholders

7.2 Information Communication Technology

The role of this function is to ensure the use of ICT as a business enabler for TIKZN and is optimised to create better efficiencies. The functions are responsible for connectivity (voice, data and visual); Web-design and maintenance, communication and e-marketing.

a. Strategic Performance Objective

Use technology to improve organisational effectiveness and efficiency

8. DETAILED STRATEGIC OBJECTIVES

Below are the strategic objectives as agreed upon for the new financial year:

8.1 STRATEGIC INDICATORS

Corporate Services provides strategic leadership, governance and support to TIKZN's operations. The following table presents the structure of the programme, the sub-programmes, strategic objectives and performance indicators.

A. MARKETING AND COMMUNICATION

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
1.1 To improve market visibility and brand awareness of TIKZN's services locally and internationally	1.1a.	Public relations programmes implemented to enhance the TIKZN brand	110	NEW	13	21	20	25	30	35
	1.1b.	Advertising campaigns implemented to promote TIKZN services	53	NEW	7	11	8	10	15	20
	1.1c.	Stakeholder engagement plans implemented	27	NEW	NEW	NEW	NEW	7	9	11
	1.1d.	Brand awareness and perception surveys conducted	2	NEW	NEW	0	1	0	1	0

B. FINANCE

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
1.2 To comply with national and provincial treasury regulatory reporting standards	1.2a.	To achieve a clean audit annually	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit
	1.2b.	BEE suppliers, including Women, youth, war veterans and people with disabilities, in procurement spend	90%	84.5%	90.25%	97.25%	75%	0	0	0
	1.2b.	Procurement spend on BEE companies with 51% or more ownership by Black/African people	55%	NEW	NEW	NEW	NEW	50%	55%	60%
	1.2c.	Internal audit findings resolved prior to AG audit.	95%	93%	93%	97.4%	90%	95%	95%	95%
	1.2d.	Risks identified and properly mitigated or resolved. (As identified through the risk management process and documented in the risk register)	95%	94%	93%	95%	90%	95%	95%	95%
	1.2e.	Improve TIKZN's BBBEE rating level to highest level	Level 1	N/A	N/A	N/A	Level 2	Level 1	Level 1	Level 1
	1.2f.	Expenditure reports submitted to EDTEA by prescribed deadline.	36	NEW	NEW	NEW	NEW	12	12	12
	1.2g.	Invoices from SMMEs, QSEs and AMEs paid within 30 days of receipt	95%	NEW	NEW	NEW	NEW	90%	90%	90%
	1.2h.	Comparison of actual budget VS expenditure to be not more than or less than 5%	+/-5%	NEW	NEW	NEW	NEW	+/- 5%	+/- 5%	+/- 5%

C. HUMAN RESOURCES

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
1.3 Improve human capital capability to create an effective and efficient organisation	1.3a.	TIKZN's Workplace Skills Plan implemented	95%	NEW	NEW	NEW	NEW	95%	95%	95%
	1.3b.	Learnership and internship programmes facilitated	34	NEW	NEW	NEW	NEW	10	12	12
	1.3c.	Sessions hosted by change management facilitators	50	N/A	5	8	8	14	14	14
	1.3d.	Employee wellness programmes implemented	53	N/A	6	8	10	12	15	16
	1.3e.	Performance reviews and appraisals completed annually	100%	NEW	NEW	NEW	NEW	100%	100%	100%

D. INFORMATION COMMUNICATION AND TECHNOLOGY

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
1.4 To improve organisational effectiveness and efficiencies through the utilisation of Information, Communication and Technology	1.4a.	ICT business improvement initiatives successfully implemented	16	N/A	8	2 (phase 2)	4	4	4	4
	1.4b.	Projects implemented to enhance the organisation's digital presence.	16	N/A	6	4	4	4	4	4
	1.4c.	Enhancement of ICT Operational efficiencies by: <ul style="list-style-type: none"> IT systems uptime and availability and, IT help-desk turnaround time 	99%	99.9%	99.86%	99.95%	95%	98%	99%	99%
	1.4d.	Monitor, analyse and evaluate ICT digitally implemented initiatives	98%	New	New	New	New	98%	98%	98%

E. INVESTMENT PROMOTION

Strategic Objective	Strategic Objective Target		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
2.1 To promote and facilitate new fixed investment in the KZN Province <i>(Facilitation of pre-investment opportunities)</i>	2.1a.	Foreign investment attracted in to the province of KZN	R8.2bn	R1.68bn	R1.981bn	R10.885bn	R1.8bn	R2.0bn	R2.2bn	R2.2bn
	2.1b.	Potential jobs created from the investment projects facilitated	11250	4565	5170	6270	2500	2750	3000	3000
	2.1c.	Projects added to the investment pipeline for future development	360	83	51	65	80	80	100	100
	2.1d.	Inward and outward investment attraction missions facilitated	125	N/A	47	20	25	30	35	35
	2.1e.	Investment projects facilitated for Black youth and women owned businesses	15	NEW	NEW	NEW	NEW	5	5	5

F. BUSINESS RETENTION

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
2.2 Retain and expand businesses in the KwaZulu-Natal province. <i>(Facilitation of post-investment opportunities)</i>	2.2a.	Company expansion projects facilitated	R3.7bn	20 (Companies counted)	R509.33m	R859m	R800m	R900m	R1bn	R1bn
	2.2b.	Jobs created/retained from the expansion/ retention projects facilitated	9200	1627	1531	2452	2000	2200	2500	2500
	2.2c.	Technical business support programmes implemented to improve business competitiveness and efficiency	36	NEW	NEW	NEW	NEW	12	12	12
	2.2d.	Distressed companies supported through business retention interventions	30	NEW	NEW	NEW	NEW	10	10	10

G. DESTINATION MARKETING

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
2.3 To market and position the KwaZulu-Natal Province in key markets. <i>(Marketing and positioning the KwaZulu-Natal Province in key markets)</i>	2.3a.	International destination marketing activities implemented for Investment Promotion and Export Development	42	N/A	5	7	8	10	12	12
	2.3b.	Inward missions coordinated	85	N/A	N/A	16	15	20	25	25
	2.3c.	Qualified leads generated by Destination Marketing activities	72	N/A	N/A	20	12	15	20	25
	2.3d.	Annual Investment Conferences hosted with the participation of International Stakeholders	4	N/A	N/A	New	1	1	1	1

H. EXPORT DEVELOPMENT AND PROMOTION

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
3.1 To develop and promote exports from the KZN Province	3.1a.	Export and intra-trade business opportunities secured for KZN export companies	302	68	121	67	70	72	80	80
	3.1b.	KZN Exporters that have showcased products at trade events	370	N/A	178	113	80	90	100	100
	3.1c.	KZN companies assisted with provincial and national export incentives (SSAS, EMIA, BEEFA, TAF, etc)	550	110	115	119	120	130	150	150
	3.1d.	Export companies participating in the TIKZN coordinated export training programmes.	300	NEW	NEW	NEW	NEW	100	100	100
	3.1e.	Black youth and women owned businesses that participate in trade events	30	NEW	NEW	NEW	NEW	10	10	10

I. CORPORATE STRATEGY AND OPERATIONS

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
4.1 To ensure a conducive business environment in the KZN Province and ensure organisational strategic compliance	4.1a.	Annual strategic plan and annual performance plan developed	4	New	New	1	2018/19 Strategic Plan and APP produced	2019/20 Strategic Plan and APP produced	2020/21 Strategic Plan and APP produced	2021/22 Strategic Plan and APP produced
	4.1b.	Quarterly performance monitoring reports produced	16	New	New	New	4	4	4	4
	4.1c.	Quarterly performance verification reports produced	16	New	New	New	4	4	4	4
	4.1d.	Approved and Audited Annual Report	1	New	New	New	2016/17 Annual Report	2017/18 Annual Report	2018/19 Annual Report	2019/20 Annual Report

J. ONE STOP SHOP INVESTMENT CENTRE AND ADVOCACY

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
4.2 Through international best practice, become a central point of contact, advocate and communicate regulatory guidelines to investors	4.2a.	Development programmes in partnership with SALGA / COGTA	36	N/A	6	8	9	9	9	9
	4.2b.	Projects / companies assisted with regulatory compliance (One Stop Shop, etc.)	52	8	7	8	10	12	15	15
	4.2c.	Policy guidelines sessions hosted	24	N/A	6	6	6	6	6	6
Strategic Initiatives to Drive Target Achievement										
<ol style="list-style-type: none"> 1. Foster relations with the Diplomatic Corps 2. Collaborate with Growth Coalition 3. Develop and follow-up on relations between municipal sister-cities 4. Develop a framework on the implementation of project assessment for municipalities 										

K. KNOWLEDGE MANAGEMENT

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
4.3 To enhance TIKZN's research and knowledge capabilities to effectively disseminate comprehensive business intelligence to stakeholders.	4.3a.	Sector reports and fact sheets to key stakeholders within the economic development environment	52	N/A	9	32	16	12	12	12
	4.3b.	Export-related research reports developed and disseminated.	52	9	12	23	16	12	12	12
	4.3c.	Concept documents developed that look at new investment trends, opportunities and catalytic projects	48	9	11	11	12	12	12	12
	4.3d.	Dialogue forums hosted to present research on sectoral and topical issues in collaboration with strategic partners	26	N/A	New	4	8	6	6	6
	4.3e.	Macro-economic reports developed, disseminated and sessions hosted, including Trade & Investment trend analyses, statistics and sector overviews to strategic Government Departments (e.g. OTP and EDTEA)	58	18	27	16	22	12	12	12

L. GAUTENG OFFICE

Strategic Objective	Strategic Objective Indicator		5 Year Strategic Objective Target	Audited/Actual performance			Estimated Performance 2017/2018	Medium-term targets		
				2014/2015	2015/2016	2016/2017		2018/19	2019/20	2020/21
4.4 To facilitate trade and investment opportunities in the KZN Province through the Gauteng Office	4.4a.	Qualified trade and investment leads generated and handed over from Gauteng	205	32	38	45	45	50	55	55
	4.4b.	International organisation/foreign investor sessions hosted	97	10	13	11	12	25	30	30
	4.4c.	Inward investment and buying missions recruited for KZN	50	24	19	12	8	12	15	15
	4.4d.	Business development initiatives undertaken in strategic foreign markets	38	4	5	7	8	10	10	10
	4.4e.	Sector-specific business linkage sessions hosted for KZN companies	52	7	11	16	10	12	15	15