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# **Five-year Strategic Plan**

**Northern Cape Department of  
Economic Affairs**

**2005/2006 – 2009/2010**

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**First Draft**

**April 2005**

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## **Foreword by the Executing Authority**

The South African economy is continuously undergoing significant transformation, underpinned by sound micro-economic policy objectives by the state. These policy choices have, amongst others, resulted in the country obtaining investment grade ratings by foreign rating agencies of note. However, these policy choices, have been made within an environment where trade offs had to be made among different equally challenging alternatives, choosing between immediate consumption of state resources to address past imbalances and making economic sacrifices to ensure future economic expansion (as illustrated in the targets set in the National Programme of Action).

The challenges brought about by the current micro-economic policy should also be considered within the context of the need for service delivery by the State and the maintenance of civil obedience through the provision of jobs, mainly to a young, dynamic, talented and motivated youth.

It is said that, if government were to implement all white papers drafted since 1994, it will require six times the amount of money currently available for service delivery. This economic reality makes it imperative for decision makers in government to focus on effective service delivery through the efficient use of economic resources. The private sector has a significant and pivotal role to play to ensure that government achieves its objectives within the context of limited resources and a wide range of policy decision that require implementation. This sentiment is also embodied in the Northern Cape Growth and Development Strategy (NCPGDS) and, most importantly, the implementation plans and institutional arrangements flowing from the NCPGDS.

At the macro-level, the world is becoming more and more integrated as economies globalise. This is evident in the increase in export activity within the South African economy, as indeed in the province as well. Globalisation, however, assumes efficient job markets and the benefits thereof may take time to be recognised. In the mean time, there are local challenges that require urgent attention to ensure that government objectives are achieved. A substantial number of our people are unemployed most notably the youth) and there has been a rise in the number of indigent households. This part of our society remain oblivious to globalisation and its effects as they have to worry about their day to day survival. Another critical priority for government is the empowerment and emancipation of women and women in the Northern Cape particularly can look forward to improved access to economic development services, support and opportunities.

For government to make a meaningful contribution towards improving the standard of living of our people, it is critical that service delivery initiatives begin to address the challenges faced by the province at the local government level. In this regard, the department will continue to work towards fulfilling its Constitutional Mandate through initiatives aimed at:

- Promoting Economic Growth, Diversification & Transformation of The Provincial Economy;
- Developing Social & Human Capital;
- Improving Efficiency & Effectiveness of Governance & Development Institutions;
- Unemployment Reduction Through Sustainable Economic Growth & Social Development.

The department has, in the spirit of the NCPGDS, embarked on a drive to involve all relevant stakeholders in its service delivery initiatives to ensure that integrated solutions that enjoy the support of all stakeholders are developed. Government has formally linked economic development with poverty eradication and job creation. Like other departments, the Department will create a high rate of awareness amongst stakeholders of its intentions and has already commenced with the creation of vibrant partnerships among stakeholders in promoting growth and development of the Northern Cape economy.

At provincial level, we will assist local government in consolidating local economies to take advantage of the benefits of the global economic arena through initiatives aimed at attracting and maintaining investments and promoting economic growth. Yet, the Department will maintain a balance in participation between the formal and the informal economy to ensure that the poor also benefits from the initiatives. In support of maintaining this balance, we will enrich local economic development initiatives with monitoring and evaluation tools for continuously assessing their effectiveness in alleviating poverty, creating jobs and expanding the tax base of local government.

It is within this framework of inter-governmental planning and co-ordinated development to improve empowerment and deepen the economic development impact, that I proudly endorse my Department's strategic plan and the proposed direction the Department intends to take, as detailed therein.

**Mr. OP. Dikgetsi, MPL**  
**MEC For Finance and Economic Affairs**

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## **Part A: Strategic Overview**

### **1 Overview by the Accounting Officer**

The heightened focus on economic development, as captured in the recent State of the Nation Address by President Mbeki and the State of the Province Address by the Premier of the Northern Cape, Ms. E. D. Peters, has spurred the Department of Economic Affairs (hereafter referred to as the Department) on to review its strategic positions from the previous years so as to maximize its impact on economic growth and development. In order to achieve this, the Department must deliver on its mandate in an effective and efficient way.

With this objective in mind, the Department engaged in a phased strategic planning process since November 2004. One of the main aims of this process was to ensure alignment of the Strategic Plan of the Department with the Northern Cape Provincial Growth and Development Strategy, as well as alignment between the plans of different programmes within the newly restructured Department. Thus the aim was to ensure that there is connectivity throughout the Department beginning with the mandate and unpacking that mandate into measurable objectives) and that every activity in the Department contributes to the vision of the Department.

The Department selected areas for specific interventions and it put in place a performance management system that will enable management and all stakeholders to review the performance of the Department in an objective way. The performance management system is underpinned by two beliefs namely, the Department is a whole composed of interrelated processes and systems and therefore the performance management system must be a system of causal relationships. Secondly, all objectives in the Department are measurable.

The Departmental Strategic Direction Process reflects a new focus and drive for effective delivery around the vision of the Department with specific focus on the NCPGDS. Its main focus is to propel the Department into efficient, effective, economical service delivery.

The department will be guided by the strategic objectives in delivering on it's mandate. The process of allocating resources will be conducted in a manner that ensures that key objectives are prioritised for implementation. Corporate and economic strategies, policies and plans will be continuously formulated, reviewed and updated to ensure uninterrupted efficient, effective, economical service delivery to all the people of the Northern Cape. As part of its commitment to service delivery improvement and performance enhancement, the department will also invest in it's human resources to ensure the development of the adequate and relevant skills.

Government's most important resource is its people. Ensuring that we have skilled and well-motivated staff is essential to achieving efficiency. We have also actively sought to bring about equity in our employment practices in line with our equity plan.

**Mr. P.M. Seboko**  
**Head of Department**

## **2 Vision**

### **Vision 2005 – 2009 (DE<sup>2</sup>BS)**

Promotion of Economic Growth and Economic Development in the NC Province based on DE<sup>2</sup>BS, i.e.:

- Diversification;
- Empowerment;
- Employment;
- Business creation;
- Sustainable development.

The vision plays an important role in the Department. All the activities of the Department are focusing at realizing this vision. In future all the projects that are sponsored by the Department will have to pass the acid test of the vision.

The vision, like other aspects of the Department's strategic plan, is aligned with the provincial development vision, which is:

“Building a prosperous, sustainable, growing provincial economy  
to reduce poverty and improve social development.”

## **3 Mission**

The mission of the Department stems from the mandate of the Department and is aligned to it. The mission is thus:

The creation of an enabling environment for economic growth  
and economic development in the Northern Cape Province.

## **4 Values / Organisational Culture**

### **4.1 Values**

The success of any organization depends in a critical way on its culture. Organizational culture is under-pinned by shared values. The Department laid particular emphasis on the importance of values in its strategic planning process and the following shared values were agreed upon for the Department:

- Learning and Innovation
- Professionalism
- Team-work
- Trustworthiness
- Integrity
- Honesty



## 4.2 Principles

In addition, all the activities of the Department must be based on the following principles:

- Accountability
- Batho Pele
- Representivity
- 3 E's (Effectiveness, Efficiency and Economy) as prescribed by the PFMA

## 5 Sectoral situation analysis

### 5.1 Summary of service delivery environment and challenges

Refer to Appendix 1.

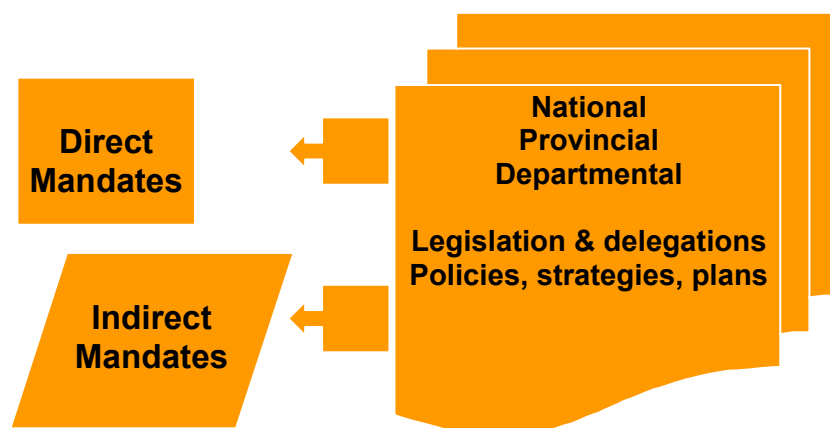
### 5.2 Summary of organisational environment and challenges

Refer to Appendix 2.

## 6 Legislative and other mandates

As illustrated in the diagram below, the Department derives direct and indirect mandates from national, provincial and departmental legislation, delegations, policies, strategies and plans. The Department derives its core mandate from the Constitution, which mandates government create an enabling environment for economic growth and development. This implies that the Department of Economic Affairs must be the principal economic policy formulation driver in the Province. The Department also derives its mandate from the Northern Cape Growth and Development Strategy (NCPGDS) and its related sector strategies.

**Figure 1: From where does the Departmental mandates arise?**



More specifically, the Department derives its mandate primarily from the following sources:

- National legislation (bills, acts, regulations, charters), of which the following are the most important:
  - Constitution of RSA, 1996 (Chapters 2, 3, 6, 7, 9, 10, 13, 14, Schedule 4-6);
  - Entire PSA, PSR, as amended;
  - Entire PFMA & TR, as amended;
  - Division of Revenue Act;
  - Relevant line function legislation & regulations (national & provincial, e.g. legislation pertaining to small businesses, companies, competition, gambling, liquor, consumer protection, local government, inter-governmental relations, development and planning, mining, minerals, manufacturing, empowerment, fishing, marine resources, environment, financing and development funding, health, environmental and other standards and procedures, statistics, information, security, human resource management and development, labour, etc., including court decisions).
- National and provincial government policies (white papers, green papers, frameworks, guidelines, manuals, etc.), strategies and plans, for example:
  - National Government Programme of Action, People's Contract, White Paper of Transformation in the Public Service, State of Nation Address by the President, State of the Province Address by the Premier, national and provincial budget speeches, cabinet resolutions, management decisions endorsed by the Executing Authority, Northern Cape Innovation Fund policy, Departmental policies on security, information management, HIV and AIDS, etc.;
  - National Spatial Development Perspective, Medium-Term Strategic Framework, Broad-Based Black Economic Empowerment Framework, Northern Cape Fishing & Mariculture Strategy, Departmental Human Resource Development Strategy, etc.
  - Provincial and departmental Medium-Term Expenditure Framework, existing strategic plans, employment equity plans, etc.
  - High level priorities set by national departments co-ordinating programmes in which the Department has a co-responsibility, e.g. the Presidency (harmonisation of the NSDP, PGDS's & IDP's & national programme of action), National Treasury (budget priorities and medium- to long-term financial and corporate planning and performance management), the dti (SMME development and support, economic empowerment of PDI's, trade zones, development corridors and nodes, trade controls), etc.
- International, national and local multi-party agreements and memoranda of understanding, e.g.:
  - South Africa – China trade agreements;
  - Africa – Brazil – India Free Trade Agreement;
  - Hunan-Northern Cape Provinces Friendship Agreement;
  - Sweden – South Africa city-to-city twinning agreement;
  - UNOPS - Dept. Economic Affairs Memorandum of Understanding;
  - TISA – Dept. Economic Affairs Memorandum of Understanding, etc.

The articulation of the specific mandates derived from these frameworks is found in the strategic and business / performance plans of the different programmes and sub-programmes in the Department. The programme mandates (management mandates) that stems from the Departmental mandates are organised into programmes with the following programme / management mandates:

## **6.1 HOD and Administration:**

- Provide management and administrative direction to the Department according to the Public Service Act, its regulations and the Public Finance Management Act and the Treasury Regulations;
- Provide technical and economic policy advice to the MEC.

## 6.2 *Economic Development:*

- Manage the implementation of the economic development service strategic and performance plan focusing on diversified economy, job creation, urban and rural regeneration, industries, SMME, BEE, business creation and sustainable enterprise development.

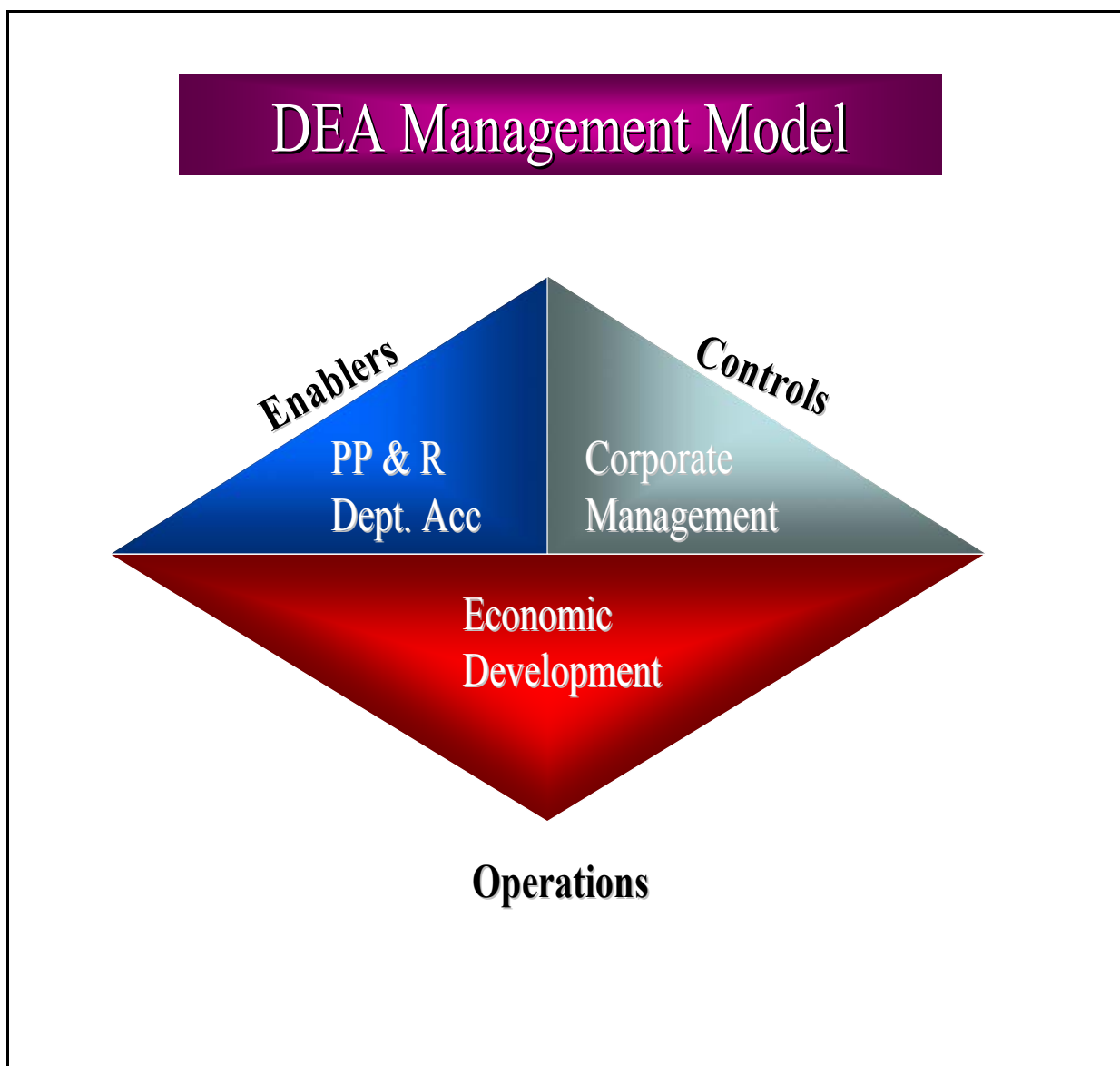
## 6.3 *Policy, Planning and Research:*

- Render economic policy, planning, research and development services to the Department.

## 6.4 *Departmental Accounting:*

- Ensure overall effective, efficient and orderly conduct of business.

**Figure 2: Department of Economic Affairs Management Model**



## 7 Broad policies, priorities and strategic goals

This section sets out the overall strategic goals and strategic objectives of the department. These should follow from the sectoral situation analysis and the legislative and other mandates. Where relevant, they should also link with any overall sectoral policies.

There should be an overall statement of policy and direction and a set of fairly broad 'strategic goals'. Rather than just listing the strategic goals, departments should give a brief description of each goal.

It is important that these goals should underpin the identification of more specific 'strategic objectives' relating to the programmes in Part B.

When drawing up these strategic goals and defining the strategic objectives in Part B it is important to understand the difference between them (see definitions in Section Two above).

In response to the presidential call for provincial growth and development plans to be developed to facilitate harmonised planning between all development actors and to enable stakeholders from the public, private and parastatal sectors together with labour and civil society to jointly determine a plan for the sustainable growth and development, the Northern Cape hosted a Development Summit in October 2004. At this event, a new ten year growth and development strategy for the province (the NCPGDS) , which includes a provincial development vision, development objectives and targets, was adopted for the Northern Cape.

The new provincial development vision is: "Building a prosperous, sustainable growing provincial economy to reduce poverty and improve social development". The strategy is based on the following principles: Equality, Efficiency, Integration, Good Governance, Sustainability & Batho Pele.

The provincial development objectives are:

- Promoting the growth, diversification and transformation of the provincial economy.
- Poverty reduction through social development.
- Developing social and human capital.
- Improving the efficiency and effectiveness of governance and other development institutions.
- Enhancing transport and communication infrastructure for growth and development.

In terms of these objectives and in line with the national programme of action for the second decade, the following development targets have been adopted by all stakeholders in the province:

- Maintain an average economic growth rate of 4-6%.
- Halve unemployment by 2014.
- Reduce number of households living in absolute poverty by 5% per annum.
- Improve literacy rate to 50%.
- Stabilise the prevalence rate of HIV & AIDS and begin the reverse by 2014.
- To reduce the incidence of crime by 10% by 2014.
- Reduce infant mortality by two thirds by 2014.
- Reduce maternal mortality by two thirds by 2014.
- Provide shelter for all by 2014.
- Provide clean water to all in the province by 2009.
- Eliminate sanitation problems by 2009.
- Redistribute 30% of productive agricultural land by 2015.
- Provide adequate infrastructure for economic growth and development by 2014.
- Conserve & protect 6.5 % of our vulnerable biodiversity by 2014.

The goals, objectives and performance measures of the Department have been based on these development objectives and targets. Principally, the Department will be measured on whether the

GDP of the province is above 4% per annum and whether unemployment was halved by 2014. To achieve these provincial growth targets, the Department has set itself these strategic goals:

- Economic Growth And Development (Which Will Bring About Social Development).
- Unemployment Reduction Through Sustainable Development Social Development.

The strategic objectives of the Department are derived from the NCPGDS as well, namely:

- Promoting Economic Growth and Transformation of the Provincial Economy.
- Developing Social and Human Capital.
- Improving Efficiency and Effectiveness of Governance and Development Institutions.

In terms of these broad policy and strategy changes in the Northern Cape, the Department of Economic Affairs will be responsible for the implementation of the economic aspects of the NCPGDS. This sets a new direction for the department and will include responsibilities such as:

- Development and refinement of sector strategies (specifically for agro-processing, mining & minerals-processing, industrial development and manufacturing, black economic empowerment (BEE), SMME development, fishing & mariculture, trade and investment, etc.);
- Ensuring the availability of economic intelligence;
- Facilitating access to supply-side measures;
- Establishment of strategic alliances & partnerships;
- Support in terms of governance and inter-governmental relations;
- Promotion of economic growth, diversification and transformation of the provincial economy.

## **8 Information systems to monitor progress**

The department intends to focus on creating knowledge management systems and a variety of data bases that will provide adequate and relevant data for monitoring and supporting municipalities, businesses, potential businesses, agencies, programmes and projects of the Department. To this end, the department plans to invest a substantial amount of resources to develop a provincial information system, both for internal communication, service delivery and control, as well as for external communication and access to services and information by clients. The envisaged electronic information architecture will be financed from departmental as well as donor funding over the next three years. Details of this initiative will be finalised by the end of 2005/2006, after which the speed of implementation would escalate.

## **9 Description of strategic planning process**

After the launch of the PGDS, it became necessary for the department's most senior management to hold a strategic session. The launch of the PGDS meant that the strategic environment of the department has significantly changed. There is now intensive pressure on the Department to deliver on its mandate effectively and efficiently. There was therefore a need for the organizations most senior leadership to prepare the organization for the challenges ahead.

In the period between November 2004 and the April 2005, the Department held meetings and strategic sessions amounting to several days. These sessions involved all staff in the department, but demanded higher levels of participation and responsibility by managers.

The outcomes of this strategic planning process include:

- A restructured organogramme for the new Department of Economic Affairs;
- Agreed delegation arrangements;
- Agreed strategic goals, objectives and targets;

- Principle agreement on the internal and external environments, as well as challenges facing the department and preferred means of overcoming these;
- Short-term turn-around-strategy for corporate performance and service delivery by the Department;
- Establishment of firm organizational fundamentals and administrative priorities.

With the launch of the PGDS it became necessary therefore for the Department to define a strategic direction process and an implementation plan. The initial sessions of the strategic planning process took cognisance of this. The final strategic session took place immediately after the Provincial Cabinet Lekgotla of 2 – 3 February 2005 and the MINMEC of 4 February 2005 and the most senior managers of the Department considered the proceedings and outcomes from these events for the finalisation of the outcomes of the departmental strategic planning process.

Some of the major strategic issues that were raised and deliberated on during the strategic planning process of the Department were:

- The mandate of the Department has not changed in spite of the NCPGDS.
- Geographically, the strategic focus of the Department must be in terms of nodes and corridors.
- The Department must focus on industrial development as well, though not in the same degree as on industry development. The focus on industrial development will enable the Department to explore the opportunities that are presented by the comparative advantages of the province. The comparative advantages of the province are its vastness and openness of space and very hot climatic conditions.
- BEE and SMME should remain the focus areas of the Department.
- The economic development strategies of the Department must put more emphasis on high impact projects.
- The Department should pursue SMME clustering as one of its major means for facilitating economic linkages and thus economic impact.
- The development funds that reside with Development Funding Institutions must be unlocked.
- Linkages with the province's neighbours (province and country) are important for economic development of the province.
- Lowering economic entry barriers in the different economic sectors remains one of the strategies of the Department.
- The Department should be concerned with the creation a conducive environment for economic growth and development and not be involved in running businesses.
- The capacity of the Department to deliver on its mandate need to be increased.

The Department has already selected areas for specific interventions and is in the process of putting in place a performance management system that will enable management and all stakeholders to review the performance of the Department in an objective way. The performance management system will be underpinned by two beliefs namely, the Department is a whole composed of interrelated processes and systems and therefore the performance management system must be a system of causal relationships. Secondly, all objectives in the Department are measurable.

The Departmental Strategic Direction Process reflects a new focus and drive for effective delivery around the vision of the Department with specific focus on the NCPGDS. Its main focus is to propel the Department into efficient, effective, economical service delivery.

## Part B: Programme Overview

### 10 Programme and sub-programme plans

The Department has set itself the following strategic goals:

- Economic Growth and Development;
- Unemployment Reduction through sustainable Development Social Development.

The strategic objectives following from these goals (derived from the NCPGDS) are:

- Promoting Economic Growth and Transformation of the Provincial Economy;
- Developing Social and Human Capital;
- Improving Efficiency and Effectiveness of Governance and Development Institutions.

The sub-objectives are derived from the developmental objectives of the NCPGDS and the economic sector strategies. The sub-objectives are directly linked to the developmental objectives:

From NCPGDS Developmental Objective 1:

- Promote large-scale mining development;
- Support small scale mining development;
- Promote agro-processing sector;
- Promote the development of the manufacturing sector;
- Promote the development of the fishing and mariculture sector;
- Enhance infrastructure for investment development.

From NCPGDS Developmental Objective 3:

- Improve access to knowledge and workforce productivity;
- Identify and target skills development.

From NCPGDS Developmental Objective 4:

- Strengthen local government;
- Promote good governance.

Additional sub-objectives of the Department:

- Increase revenue collection;
- Ensure the utilization of current and future preferential procurement initiatives;
- Establish institutions governing Gambling, Liquor and Consumer Protection.

It is crucial to ensure that in the implementation of the developmental objectives, the Department carefully selects those strategies that would enable stakeholders to respond to them, especially the private sector and Development Funding Institutions. In order to deliver on these objectives in an efficient, effective and economical manner, the Department has structured itself into the following programmes:

#### 10.1 Programme 1: Administration

Aim: provides management and administration direction to the department according to the public service act and public finance management act and ensure overall effective, efficient and orderly conduct of business.

This programme consists of the following sub-programmes:

- Office of the HOD
- Human Resource and Labour Relations

- Equal Opportunities
- Legal Services
- Security
- Communication
- Chief Economist
- Business Regulation and Consumer Protection (reporting to the HOD)
  - Liquor Affairs
  - Gambling Board
  - Consumer Education and Protection
- Departmental Support Services (Departmental registry, Ministry)
- Departmental Accounting.

## **10.2 Programme 2: Economic Development**

Aim: Manage the implementation of the economic development service strategic and performance plan focusing on diversified economy, job creation, urban and rural regeneration, industries, SMME, BEE, business creation and sustainable enterprise development.

This programme consists of the following sub-programmes:

- SMME, Enterprise and Development of Local Economies
- Economic Support Services

## **10.3 Programme 3: Policy, Planning and Research**

Aim: Render economic policy, planning, research and development services to the Department.

This programme consists of the following sub-programmes:

- Strategy Management
- Economic Research
- Business Initiative Development
- Information Management and IT support

## **10.4 Priorities & Strategic Objectives**

The detailed performance plans of all programmes will only be available once the intensely restructured organogramme of the Department is approved by Cabinet. Thus, this draft strategic plan will only capture the proposed programmes of the department and details of the sub-programmes, performance / business plans and annual action plans will only be available in the finalised strategic plan of the new, restructured Department at the end of May 2005.

## **10.5 Analysis of constraints and measures planned to overcome them.**

Refer to detailed analysis in Annexure 1 & 2.

## **10.6 Resources.**

Currently, the Department is severely under-resourced, but the budget of the Department has been increased compared to preceding years and staff recruitment processes have been initiated. The proposed human resource allocation is detailed in the attached organogramme. The proposed budget allocations to programmes is reflected in the table below. The resource allocations



reflected in this draft document is due for approval by the legislature and Cabinet within the next week and the final strategic plan of May 2005 would reflect the approved allocations.

#### **Economic Affairs Budget**

<b>Programme</b>	<b>2001/2002 R'000</b>	<b>2002/2003 R'000</b>	<b>2003/2004 R'000</b>	<b>2004/2005 R'000</b>	<b>2005/2006 R'000</b>
<b>Administration</b>	4,981	5,642	6,135	7,042	10,400
<b>Economic Development</b>	5,797	24,116	32,372	22,829	38,138
<b>Policy planning and research</b>	-	-	-	-	11,950
<b>Business regulation &amp; consumer protection</b>	3,697	4,335	2,505	4,007	6,012
<b>TOTAL</b>	14,475	34,093	41,012	33,878	66,500

#### **10.7 Capital investment, maintenance and asset management plan**

The department seeks to efficiently utilise available resources through proper planning, allocation and maintenance. The capital spending of the Department would concentrate on the acquisition of ICT resources for internal use, furniture for the new staff of the restructured Department.

The Department is also the custodian of the Northern Cape Innovation Fund. The policy for allocations from this fund is currently being revised, but the fund will probably be used for kick-starting high impact innovative or manufacturing economic activities in the province. It is envisaged that most of the allocations from this fund would be used to leverage further funding to provincial economic initiatives by our development partners in the implementation of the NCPGDS.

## **11 Co-ordination, co-operation and outsourcing plans**

The Department has a multitude of stakeholders. These stakeholders can be classified according to their significance in terms of the strategy and service delivery objectives of the Department. An exercise in terms of this classification still needs to be conducted. The Department regards the following stakeholders as amongst the most significant::

1. National Government
2. Provincial Government
3. Local Government
4. National & Provincial Treasury
5. Department of Trade Industry
6. Department of Public Enterprises
7. Department funded institutions
8. Local Business Service Centres
9. Development Funding Institutions

## SUMMARY OF STAKEHOLDERS AND THEIR EXPECTATIONS

STAKEHOLDER	EXPECTATIONS
<b>Local Government</b>	Leadership and partnership in the transformation process Support in service delivery Monitoring and evaluation of projects Alignment of IDP's & NCPGDS
<b>Legislature</b>	Accountability on the discharge of our responsibilities Confirmation of and alignment of strategic initiatives to expected outcomes
<b>Other Provincial Government Departments</b>	Planning and Policy input. Coordination of the implementation of economic aspects of the NCPGDS Execution of interdepartmental projects in a responsible manner
<b>National Departments</b>	Effective implementation of national priorities and programmes on an agency basis Achievement of policy objectives Legislative compliance
<b>National &amp; Provincial Treasury</b>	Timeous submission of financial reports Efficient utilisation of allocated resources and feedback on challenges experienced in the discharge of our mandate Compliance with PFMA & Treasury Regulations
<b>The Public &amp; NCPGDS Implementation Partners</b>	Service delivery in the spirit of Batho Pele Efficient, effective, economical service delivery and utilisation of resources Responsible implementation, taking into account community needs and planning requirements Access to services and information Accountability for implementation Fairness, transparency and equity in resource service delivery and resource allocation Commitment to partnerships and economic development policies and strategies

### 11.1 Interdepartmental linkages

The responsibility for local economic development support to municipalities and communities is shared between this Department with the Department of Housing & Local Government (DHLG). Similarly, the responsibility for the harmonisation of the IDP's and the NCPGDS (together with implementation of these strategies and plans) are responsibilities that are shared by this Department with the Department of Housing & Local Government, the Department of Social Services & Population Development and the Office of the Premier. These partnerships represent an advance in terms of integrated provincial support to and monitoring of municipalities to deepen the economic development impact and improve good governance and service delivery efficiency and effectiveness in the Northern Cape.

**The table below summarizes the main inter-departmental linkages maintained by the Department:**

Initiative	Nature of linkage	Target
Inter-Departmental Forums	PGDS Linkages CFO Forum Accountability Forum Planning Forum Project management on sectoral integration	All Departments All All All Economic Cluster Departments
Inter-provincial linkage	Sectoral complementarities Cross -provincial inter-linkages Inter-Provincial Migration Research Forum	All other provincial departments of Economic Affairs /

	Goat production and processing initiative	Development
Department Institutions	M & E of Dept's institutions	NCEDA, FAMDA, SETA's, LBSC, NCMAC
Provincial-National linkages	MINMEC HOD-DG Forum TISA –CEO Forum-Project & Trade Related Complementarities Harmonisation of the NSDP, PGDS's & IDP's	Presidency, dti & its institutions, NCEDA, Ministry, provinces (Dept. Economic Affairs, Offices of the Premier, Development Planning units).

## 11.2 Local government linkages

The Department does not directly fund any local government, but various initiatives have been developed to monitor and support local government. These include :

- Information dissemination to Community Development Workers;
- Assisting municipalities in developing their IDP's;
- Formulation of strategies for local economic regeneration in respect of certain municipalities;
- Assistance to municipalities with LED implementation;
- Development of strategies and mechanisms for the effective inter-governmental implementation of the NCPGDS at local and district level.

## 11.3 Public entities

The Department supports the following public entities:

Name of public entity	Main purpose of public entity
NCEDA	Northern Cape Economic Development Agency, a provincial economic growth initiative in partnership with the IDC
FAMDA	Fishing & Mariculture Development Agency for the efficient, effective implementation of the Fishing & Mariculture Sector Strategy
SEDA	Small Enterprise Development Agency, the new vehicle for non-retail financial and management support to SMME's
LBSC's, including KIMSEC, KBSC, Frances Baard Development Trust, KDA, NAMDEV, SIYEDA	Pre-2004 Small Business Amendment Act SMME support institutions
NCMAC	Pre-2004 Small Business Amendment Act partnership between the province and NAMAC for promotion of manufacturing and SMME support for manufacturing businesses

#### **11.4 Public, private partnerships, outsourcing etc.**

The Department is expected to lead the process of transformation and diversification of the Northern Cape economy through facilitation and co-ordination of the transformation and diversification processes and initiatives, in partnership with municipalities, national government, development and funding agencies, other provincial departments, the institutional support framework of the NCPGDS, as well as the private sector, labour and civil society.

The current local business service centres and specialised vehicles of assistance in support of SMME development and promotion of economic growth (like NCMAC, Siyeda & NCEDA, as per table of Public Entities) are public-private partnerships aimed at SMME development and support and fast-tracking economic development implementation. The SMME support agencies will soon be rationalised and SMME development and support across the province will be streamlined, in line with recent amendments to the Small Business Act at national level and the provincial SMME Strategy. Thus, these agencies will form part of the country-wide Small Enterprise Development Agency (SEDA) network for more efficient, effective SMME development & support. In addition to these agencies, the possibility of using the Community Development Worker programme as a vehicle for local economic development promotion and taking the services of the Department closer to the people through more effective information distribution and service promotion, is currently being explored. This is especially important in the light of the vastness of the province and the lack of public transport systems across the province, but specifically outside the major towns.

## Part C: Background Information

### 12 Appendix one: Analysis of service delivery environment

#### 12.1 External Environment, Challenges

The province is faced with the following realities that need precise and effective intervention:

**Geography** - Geo-physically, the Northern Cape is constrained by climatic extremes, limited water resources and a vast land mass that must be covered in service delivery, namely 29.7% of total land of South Africa, which amounts to 361 830 km<sup>2</sup> land area or a land mass almost the size of Germany.

**Demographics** – Only 1.8 % of the total population of the country lives in the Northern Cape and they are scattered over 29.7 % of the total landmass of South Africa, which amounts to a very lowest population density in the country and inadequate local market / critical mass for internal consumption of products. One third of the population is younger than 25 years and 45 % of the population is younger than 30 years.

**Urban-rural patterns** – The province consist of a few towns, of which Kimberley (the capital) is the largest and Upington is the second largest, and rural nodes dispersed over vast areas. One urban renewal node (Galeshewe) and one rural development node (Kgalagadi) has been identified as presidential priority areas in the province. Most of the population is younger than 30 years (57.7 %). Over the past five years, a trend of people moving from the more rural to the more urbanized areas developed in the province. Most of the people that move out of the province (notably the 20-24 year age group), move to the Western Cape, North West, Gauteng and the Free State.

**Education** – Only 3.7% of the population has tertiary education, 71.3 % has secondary education and 15.1 % has no education at all.

**GDPR, Economic Growth & Employment** - The Northern Cape is a disadvantaged province in the sense that it has a high poverty rate (44.6 % in 2001) and the economy is dominated by a few very rich people. The province is under-developed and the economy relies heavily on primary production in the mining and agriculture industries. The economic growth rate remains low (1.3 % in 2002) and the province shows the lowest contribution to the country's GDP (2 % in 2002). Due to its dependence on the primary sector (agriculture and mining), the economy of the Northern Cape is extremely vulnerable to factors like the weather and the strength of the rand, e.g. drought or a strong rand could easily lead to job losses in these sectors. This is one of the reasons for the exodus of economically active people from the Northern Cape to other provinces (in search of better employment opportunities). In the past 15 years, a trend was also established in the tertiary sector of relocation of company head offices from the Northern Cape to the Free State, Gauteng and the Western Cape. Although the mining industry (capital) is the largest contributor to the GDPR, agriculture is the largest sector in terms of employment. This is due to the fact that the mining sector is capital –intensive and creates only 13 jobs for every R1million production cost. Even though agriculture is labour-intensive with 36 jobs being created for every R1million production cost, the tertiary sector has for the past 3 years absorbed more labour with 47 jobs being created for every R1million production cost.

**Unemployment** -26,1 % of economically active people are unemployed, but most importantly, 45% of the younger than 30-year old labour is unemployed, despite the improvement in the levels of education in the province since 1996.

**Household income** – The province is divided into five districts. Significant poverty occurs in all districts, with the percentage of households living below the poverty breadline in each of the districts being: 48 % in Bo Karoo, 56 % in Frances Baard, 46 % in Siyanda, 38 % in Kgalagadi and 36 % in Namaqua.

**Health indicators** – The most challenging diseases in the Northern Cape are: malnutrition, foetal alcohol syndrome, tuberculosis and chronic diseases like hypertension, HIV and AIDS. The HIV prevalence rate in the province is 16.7 %.

**Infrastructure Backlogs** - approximately 7 050 households does not have access to clean water, 23 % of households does not have adequate sanitation and about 19.8 % of households does not have access to formal housing.

**Crime** – Of all the provinces, the Northern Cape (with the Western Cape and Gauteng) features more prominently in national crime statistics in most of the crime categories, but specifically in terms of violent crime. The main reason for this is the extremely high rate of alcohol abuse in the province.

**Local Government Capacity** - lack capacity (staff, skills and funding) to implement projects around infrastructure development, integrated development planning systems and financial management systems, is wide-spread in the province. Most municipalities face financial difficulties and local government viability remains a serious problem despite the amalgamation of municipalities.

**Provincial Government Finances** – 98 % of the provincial budget is received from national as equitable share and 2 % of the budget is raised as own revenue. The province receives only 2.2 % of the total equitable share. Most of the provincial budget is spent on education (about 36 %), social services (27 %) and health (16 %), which leaves only about 21 % for all the other departments (a situation which makes economic development by the provincial government extremely challenging).

**Economy Growth Opportunities** - The sectors of the economy that shows the most potential to contribute to economic growth are:

- Agriculture and agro-processing;
- Mining and minerals-processing;
- Fishing and mariculture;
- Manufacturing;
- Transport;
- Tourism.

The development need and potential for growth is locked up in the secondary sector. Since the province does not pose energy reserves, the only logical development of the secondary sector would be the beneficiation of the abundance of primary products in the agriculture, mining and mineral sectors. On the positive side, the growth rate has improved from over the past seven years, there is an abundant labour supply in province, the province has a ten year growth and development strategy and implementation model that is aligned with the National Spatial Development Perspective and the district IDP's and the province has adopted new institutional arrangements (that includes all economic development stakeholders) to facilitate provincial economic growth.

## **12.2 Policy changes, trends & external controls**

The Public Service Act, its regulations, the Public Finance Management Act and the Treasury Regulations are the main legislative frameworks within which the organization operates. There is also a host of other legislation that guide the activities of the Department.

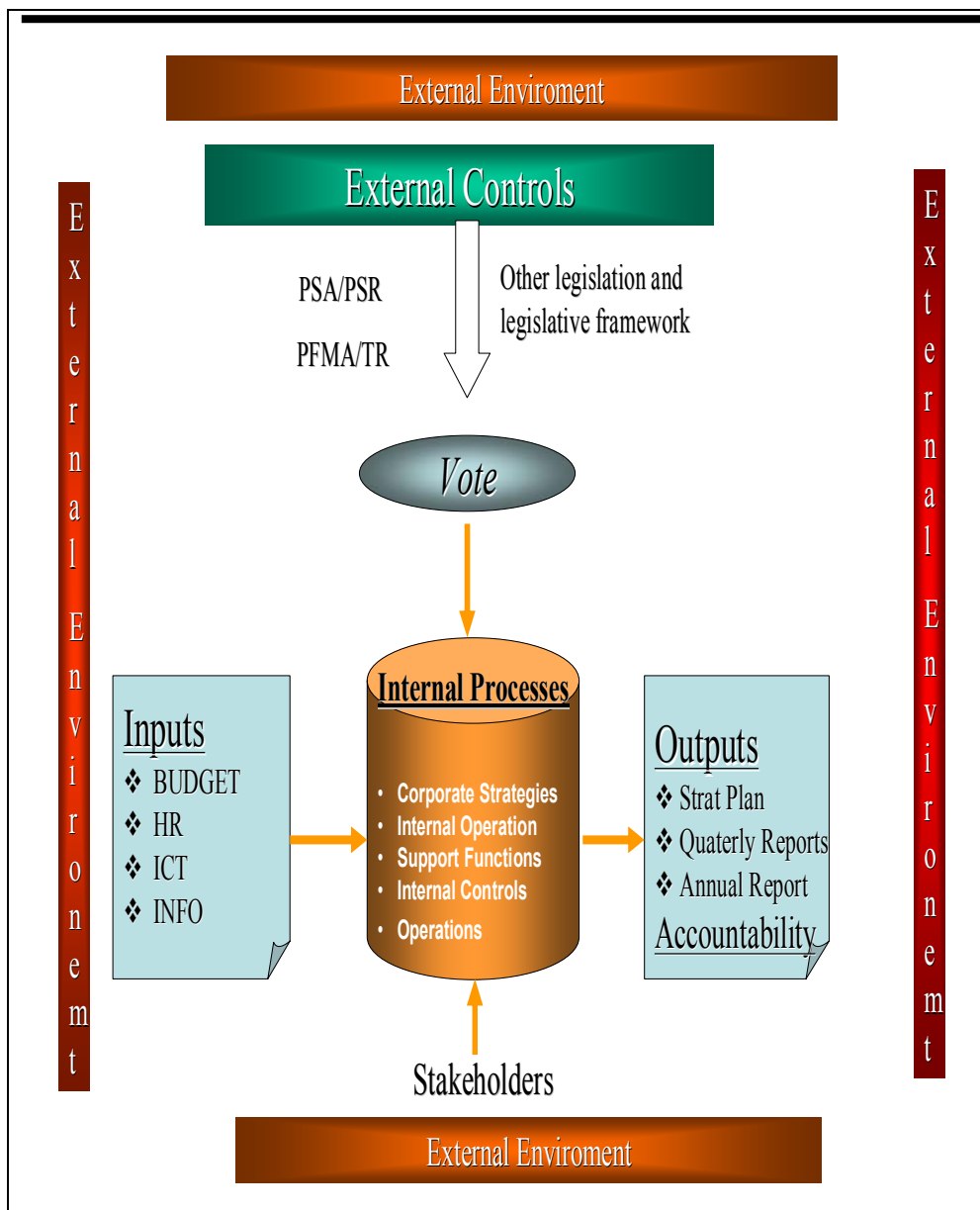


Fig.4. External controls within which DEA operates

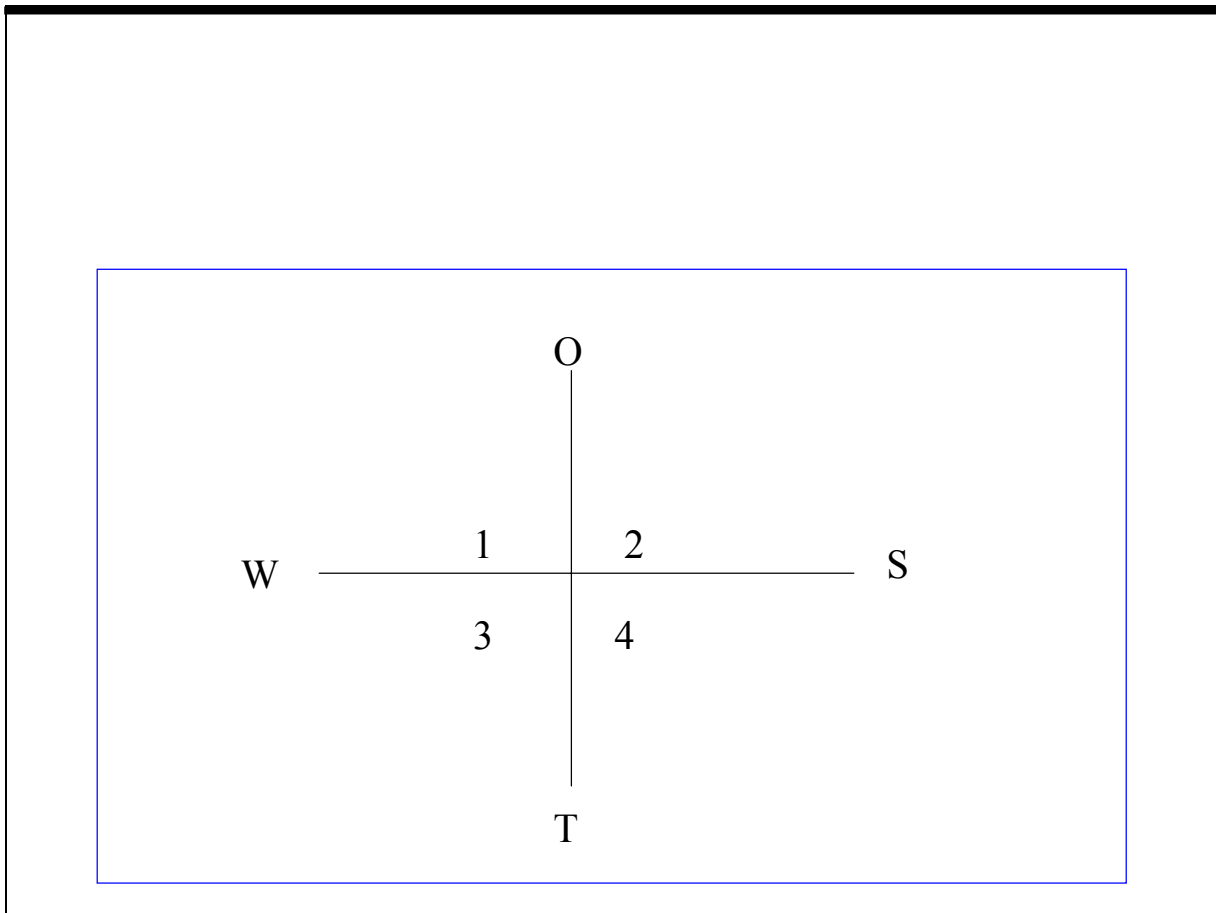
Every year the Department is allocated its vote. The Department must then table its strategic plan before the Provincial Legislature. The Strategic Plan must contain programmes, a budget and measurable outputs.

### 12.3 Evaluation of current implementation performance

## 13 Appendix two: Organisational information and the institutional environment

### 13.1 SWOT Analysis

The SWOT analysis confirmed the conclusions that were drawn at the strategic sessions, namely that the organization is not in a position to deliver on its mandate in any meaningful way. The figure below summarizes the conclusions drawn from the SWOT analysis.



**S:** Strengths  
**W:** Weaknesses  
**O:** Opportunities  
**T:** Threats

*Cell one is a relatively weak position. Cell 2 is a strong position. Cell 4 is also a relatively weak position. Cell 3 is the worst position. The SWOT Analysis revealed that the Department lies in cell 3. The objective for the period between November 2004 and May 2006 is to move the Department from cell 3 to cell 2. The conclusion is like at the previous strategic session; the conclusions in the present session was that a turn-around strategy is necessary. It is significant to note that the session was in no doubt that the situation has significantly improved in the last three months.*

The fact that the most senior management has been appointed is one of the strengths for the Department. However, the SWOT analysis revealed that this management is unable to work as a team and will not be able to do so at least in the short and medium terms. It is encouraging, however to note that there is commitment by junior staff to take the organization forward. Middle management, Assistant Directors and Deputy Directors the vital link between senior management



and staff has no real impact on the Department given that the SWOT Analysis is silent on the issue.

The other purpose of a SWOT analysis not usually mentioned is the identification of the Critical Success Factors. These factors need to be systematically documented and will form the basis for the building of the competencies of the Department, a task that is still outstanding.

Given the above scenario the session had to ask itself this pertinent question:

Will the Department be in a position to deliver on its mandate?

The answer to this question was that unless drastic measures are implemented the Department would continue to under perform. Other questions that needed urgent answers were:

1. What are those opportunities we can take immediately?
2. What are those threats we must manage now?
3. What are those weaknesses that can be tackled urgently?

The issues raised in the SWOT analysis were grouped according to their critical impact on the Department. Strategies need to be formulated to address these issues.

## **Internal Environment**

The budgeting and planning reforms brought about by the Public Finance Management Act (1999), as amended and the Public Service Act (1999), as amended, calls for the department to implement focused systems and processes for service delivery. These reforms are continuously taken into account in the formulation and implementation of corporate strategies, policies, plans and programmes. Programmes are also developed around the department's Constitutional mandate of co-ordinating provincial government initiatives aimed at monitoring, evaluating and supporting economic growth and development in the province.

The department intends to continuously ensure that its programmes are focussed on delivering on its vision and mission. In this regard, we will strive to ensure that all planned programmes are implemented effectively so that they directly or indirectly impact on the lives of all of our stakeholders, especially the employees, the municipalities and the communities at large.

A more efficient and well focussed service delivery environment is a pre-requisite to achieving the service delivery objectives of the Department. In this regard, the Department will continue to seek ways of enhancing its approach to implementation. The Department has set service delivery standards for itself for the first time since its inception and monitoring and evaluating of organizational and individual performance is high on the internal priority list.

The internal environment is based on the following pillars:

1. Efficient and Flat organisation
2. Project Team Management
3. High impact projects
4. Highly- skilled personnel
5. Network Management
6. Sound Management processes and systems

The various functional units within the departmental are currently organised along directorates and chief directorates for purposes of managing and supervising human resources. Programme and sub-programme managers are responsible for managing resources and outputs of the programmes and sub-programmes in the Department.

The Department has recently embarked on major restructuring and the new organogramme was developed with the aims of preventing the duplication of functions, enhancing service delivery, improving co-ordination among programmes and ensuring maximum benefits are achieved from available resources.

The Department's mandate calls for a high degree of skills and advanced information systems. In this regard the Department has committed itself to realign its skills development plan to ensure that it is in line with the needs of the programmes. An emphasis will be placed on skills in management, economics, research, planning, financial management, human resource management, project management, ICT and management information systems. The Department will ensure that these requirements are also addressed in the performance management and development system. In this regard, the Department will strive to recruit, retain and reward individuals who display excellence in their performance and the desire for development.

### 13.2 Organisational design

Refer to attached organogramme.

### 13.3 Delegations and performance agreements

Delegation from the MEC and HOD have been done (in line with the Public Service Act and Public Finance Management Act), registered and are being implemented. The lowest level of delegation is the sub-programme level (directors).

### 13.4 Capital investment, maintenance and asset management plan

The department seeks to efficiently utilise available resources through proper planning, allocation and maintenance. The capital spending of the Department would concentrate on the acquisition of ICT resources for internal use, furniture for the new staff of the restructured Department.

The Department is also the custodian of the Northern Cape Innovation Fund. The policy for allocations from this fund is currently being revised, but the fund will probably be used for kick-starting high impact innovative or manufacturing economic activities in the province. It is envisaged that most of the allocations from this fund would be used to leverage further funding to provincial economic initiatives by our development partners in the implementation of the NCPGDS.

### 13.5 Personnel

The salary levels, gender and race profile of the Department's personnel is reflected in the table below.

Staff Establishment of Department of Economic Affairs as at 1 April 2005											
SR Level	Number	Vacant	Filled	African		Coloured		Indian		White	
	of posts			Male	Female	Male	Female	Male	Female	Male	Female
15	1	0	1	1	0	0	0	0	0	0	0
14	2	0	2	0	0	0	0	2	0	0	0

13	10	5	5	2	2	1	0	0	0	0	0
11-12	18	12	6	2	3	0	0	0	0	0	1
9-10	45	37	8	4	2	1	0	0	0	0	1
7-8	48	27	21	8	6	2	3	0	0	1	1
3-6	41	19	22	2	11	0	8	0	0	0	1
1-2	3	0	3	0	3	0	0	0	0	0	0
<b>Total</b>	<b>168</b>	<b>100</b>	<b>68</b>	<b>19</b>	<b>27</b>	<b>4</b>	<b>11</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>4</b>

### 13.6 IT systems

The department intends to focus on creating knowledge management systems and a variety of data bases that will provide adequate and relevant data for monitoring and supporting municipalities, businesses, potential businesses, agencies, programmes and projects of the Department. To this end, the department plans to invest a substantial amount of resources to develop a provincial information system, both for internal communication, service delivery and control, as well as for external communication and access to services and information by clients. The envisaged electronic information architecture will be financed from departmental as well as donor funding over the next three years. Details of this initiative will be finalised by the end of 2005/2006, after which the speed of implementation would escalate.

### 13.7 Performance management system

### 13.8 Financial management

For sound financial management the department has established internal control measures for processing financial and operational information and also a compliance office personnel to ensure that matters of emphasis as raised in the auditor general report are attended to. Training planned for the future include, amongst others, risk management, supply chain management and systems training (BAS & PERSAL), as well as SCOA training provided by IPFA.

### 13.9 Audit queries

Mechanisms are in place to ensure effective internal and accounting controls and these will be continuously updated. The process will be informed by the risk assessment plan of the department,

reviews by management, internal audit reviews, recommendations by the auditor general and events that may require a update of existing controls.

In this regard, the department will ensure that a formal plan is developed, whenever a need arises for the review and upgrade of controls, which clearly identify the areas to be addressed, the people responsible for ensuring implementation and the completion date. If audit queries should arise, the Department will ensure that all audit-queries are comprehensively answered within the prescribed time frames and before the closure of the books for the financial year under review. It is part of the Department's strategy to minimise the number of audit queries by sensitising officials on areas of concern by providing well-documented policies, systems and procedures that all departmental officials must adhere to.