

2011

KZN INVESTMENT STRATEGY PROMOTION AND FACILITATION IMPERATIVES

INVESTMENT STRATEGY AND
IMPLEMENTATION PLAN

FINAL DRAFT REPORT – JUNE 2011



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KWAZULU-NATAL



**TRADE &
INVESTMENT
KWAZULU-NATAL**



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LIST OF ACRONYMS

IPA	-	Investment Promotion Agency
DA	-	Development Agency
IP&F	-	Investment Promotion and Facilitation
IPFS	-	Investment Promotion and Facilitation Strategy
IPFF	-	Investment Promotion and Facilitation Forum
BR&E	-	Business Retention and Expansion
DEDT	-	KZN Department of Economic Development and Tourism
TIKZN	-	Trade and Investment KZN
DIPA	-	Durban Investment Promotion Agency
RBIDZ	-	Richards Bay Industrial Development Zone
dti	-	Department of Trade and Industry
TISA	-	Trade & Investment South Africa
M&E	-	Monitoring & Evaluation
NGP	-	New Growth Path

EXECUTIVE SUMMARY

KZN currently faces three core structural barriers to growth and development, namely: high levels of unemployment, poverty and inequality. National government has, through the New Growth Path (NGP), emphasised the importance of creating jobs, labelling 2011 “the year of job creation”, and set an ambitious goal of creating 5 million jobs by 2021. In order to address job creation the province must achieve, amongst other things, high levels of investment into productive economic sectors. This will require large investment by the private sector, but must be lead by private sector investment into infrastructure and other social programmes.

This strategy therefore refers to investment as meaning both public and private investment into infrastructure and productive industries. The strategy also seeks to enhance the capacity of all stakeholders within the province to attract and facilitate both domestic and international investment. International investment refers to both private investment in productive industries and public donor funding for infrastructure and social development to enhance domestic public spending. Domestic investment refers to both new investment, as well as expansion of existing business, and requires substantial supporting investment from the public sector. The strategy does not actively seek to attract investors located in other provinces as this will result in a ‘zero-sum game’.

Although investment promotion as a function has been historically undertaken on a national and provincial government level, there has been a recent paradigm shift towards investment promotion and attraction on a local level as part of district and local municipal local economic development programmes. The UN’s Millennium Development Goal (MDG) support team has recently placed emphasis on the importance of investment promotion at a local level as a means of contributing towards LED and in achieving the MDG’s. Taking a leaf from international best practices and trends, the province understands the importance of highlighting investment promotion at the local sphere, and ensuring that local government and associated IPA’s and DA’s are capacitated to undertake investment promotion. This requires not only sufficient skills and resources, but continuous support and assistance from provincial and national government, as well as partnerships between all spheres of government and the private sector.

This movement towards locally driven interventions does not however ignore the importance of investment promotion, attraction and facilitation on a national and provincial level, but rather promotes coordinated investment promotion efforts between all three spheres of government. Additionally, private sector involvement in investment promotion and facilitation is equally important due to factors such as technical expertise and networking between private sector role player. The strategy therefore emphasises the importance of a coordinated, integrated, shared system of investment promotion and facilitation that encourages public-private partnerships, and strong inter-governmental relations at all spheres.

A driving factor in achieving high levels of investment is the implementation of an efficient and effective system that coordinates the activities of all key stakeholders involved in investment promotion and facilitation. Achieving strong coordination between all stakeholders is a challenging task. However, when achieved, it will deliver the most desirable results. A highly efficient and effective system of coordination implies the implementation of organisational applications and processes with strong networks, including

private sector involvement. These interventions are institutional in nature and the strategy focuses on improving the institutional coordination and efficiency of all stakeholders involved in facilitating investment in the province.

The strategy identifies the importance of implementing a targeted and focused approach to investment promotion. This includes targeting economic sectors and spatial preferences that will maximise the growth and development impact of investment into strategic sectors or locations. It also implies a targeted foreign investor focus, and promotion of expansionary domestic investment through business retention and expansion efforts. This will ensure that the investment promotion and attraction resources of all stakeholders are coordinated and optimally utilised. The strategic sectors, spatial locations and investors' focus are aligned with national and provincial policies and strategies.

The province has identified the importance of research, data and information in ensuring that all stakeholders are sufficiently capacitated to undertake investment promotion and facilitation, and to ensure that potential investors are able to access reliable and up-to-date information swiftly. A number of gaps have been identified in KZN with regards to the provision of relevant and appropriate data and information, and it is imperative that these gaps be addressed. Global investment promotion best practices highlight the significance of provision of investment related data and information. Information is generally available to investors and other stakeholders, but often requires unnecessary cost and effort to access. Available information in the province is often poorly coordinated making it difficult to access information on investment opportunities, the investment climate, and foreign market and sector research. Strategies are therefore suggested to address the current information gaps and weaknesses.

Fostering an environment conducive to investment has been identified as one of the most fundamental prerequisites for promoting investment growth. Such an environment includes a well established and extended physical infrastructure, a stable political environment, a strong growing economy, transparent policies, available and appropriately skilled personnel and cost effective services, comparable tax rates and profit repatriation. Although not all these factors can be influenced from a provincial level, the strategy does however provide an indication of the systems that are required to ensure that a fundamentally sound and investor-friendly environment exists. However, this can only be achieved once coordination between all spheres of government (as well as between government departments, institutions and private sector) is realised, and once investment promotion and facilitation practitioners have developed strong, transparent relationships with both public and private stakeholders.

The strategy identifies the need to develop a provincial and local skills and resource base that supports and promotes the objectives of this strategy, and the province as a whole. Coordination between all spheres of government, and between government and the private sector, is of the utmost importance when allocating skills and resources to effectively promote and facilitate investment. The strategy therefore continuously encourages the enhancement of coordination between all stakeholders, both directly and indirectly involved in investment promotion and facilitation, to ensure that resources are optimised.

CHAPTER 1: INTRODUCTION

Background

KwaZulu-Natal faces a number of challenges which act as constraints or barriers to investment. Many of these challenges are not exclusive to the province itself and require intervention from all spheres of government, with assistance from the private sector. The position of the province is to identify, assess, and address these challenges in order to reduce the constraints to investment, which will in turn enhance the investment environment in KwaZulu-Natal, and attract investment into the province. The most important challenges that have been identified are outlined below¹.

Institutional Challenges

There are a number of stakeholders directly and indirectly involved in the process of investment promotion and facilitation in the province. These stakeholders all fulfil different functions, all of which are as important as the other. However, stakeholders currently operate in an isolated fashion which results in a lack of integrated planning, and hampers the potential of the province to attract investment. Achieving coordination between all stakeholders is therefore essential in creating an efficient and effective investment promotion and facilitation cycle. The challenges identified in this regard are:

- Need for clearly defined roles and responsibilities at a national, provincial and local government level;
- Lack of coordination and alignment of stakeholder activities;
- Need for a coordinated monitoring and evaluation system without compromising investor confidentiality;
- Lack of private sector involvement;
- Level of specialisation of TIKZN and other stakeholders;
- Securing a potential investment.

Investment Targeting Related Challenges

A crucial element of an effective investment promotion process is to ensure that promotional activities are aligned to the needs and challenges of the province and the requirement of investors, are coordinated to ensure that there is no duplication and conflict of efforts, and that synergies are created between all stakeholders taking part in investment promotion and marketing. This requires all stakeholders to have a comprehensive understanding of provincial policy, the strategic aims and objectives of the province, sectoral preferences, investor preferences, the underlying structural challenges that face the province and country as a whole, and the planned activities of other investment promotion practitioners. In addition to this, investment promotion activities need to be aligned to priority sectors and geographic areas, while investors from strategic countries need to also be targeted. The challenges relating to investment promotion are:

- Promoting investment into productive industries;
- Attracting emerging productive industries;

¹ Urban-Econ – KZN Investment Strategy: Situational Analysis Report (2010)

- Alignment of promotion efforts to spatial policy ;
- Attracting investment into less economically dominant areas;
- Alignment of promotion efforts to other policy (especially environmental policy);
- Determining investment promotion thresholds;
- Promoting expansionary investment and BR&E initiatives to balance FDI promotion;
- Maximize leverage off international relations.

Information Related Challenges

Both investors and stakeholders require speedy access to accurate and reliable information, data and research. This needs to be coordinated and shared among stakeholders to ensure that all stakeholders have a comprehensive understanding of the KwaZulu-Natal investment environment, and that investors have access to a comprehensive database of information which will assist them in making a rational investment decision. Speedy access to a comprehensive package of reliable and accurate information and data acts as an incentive to investors, and assists in creating a positive investment environment. There is currently a lack of coordination between academic institutions, government and other organisations undertaking research, and these relationships need to be strengthened to ensure a complete cycle of information dissemination and sharing. The challenges relating to the provision of information and data are:

- Lack of a shared database of all investment occurring in South Africa and KZN;
- Lack of investment promotion and facilitation data and information, and the shared storage thereof;
- Lack of coordination between institutions undertaking research;
- Lack of research into new emerging & innovative sectors for investment;
- Lack of financial and/or cost-specific investment data.

Investment Environment Related Challenges

The most important aspect of investment promotion and facilitation is to ensure that the province possesses an environment that is conducive to investment. Investment promotion and facilitation stakeholders require the right underlying fundamentals to be in place for them to effectively attract and secure investment. This requires a coordinated, integrated approach to addressing these fundamentals and creating a conducive environment, with the involvement of numerous private and public stakeholders. The importance of private sector input with regards to the investment environment is of the utmost importance as no one understands the needs of business like business itself. A mechanism needs to be put in place to ensure an integrated feedback system whereby blockages can be discussed, and solutions can be prioritised and implemented thereafter. The challenges identified in this regard are:

- Investment into social infrastructure (schools, housing, education, health facilities, etc);
- Provision of bulk infrastructure and services (Water, electricity, roads, bridges, etc);
- Bureaucracy, red tape, and regulatory application processes (incl. EIA's, building plan approvals, etc);
- Governments own internal prioritisation and understanding of investment promotion;
- Lack of skilled labour and skills development and training initiatives;

- Lack of business-centric human resources;
- Lack of SMME, BEE and Entrepreneurial Development;
- Crime and corruption;
- Access to finance;
- Labour Regulations.

Objectives of the Study

The overall objectives of the KZN Investment Strategy are:

1. To strengthen the capacity of the Department of Economic Development and Tourism and its mandated government institution (TIKZN) to effectively promote and facilitate investment opportunities with the view of attracting foreign direct and domestic investment into the province;
2. To ensure that the promotion of investment at a municipal level (district and local) is further coordinated with provincial mandates, and sufficiently capacitated and prioritised by municipalities;
3. To assess KwaZulu-Natal's comparative advantages and current investment facilitation strategies, at all spheres of government, and recommend on the improvement thereof.

Propose of this Report

The purpose of this report is to present the strategic thrusts identified and a plan for implementation of each of these thrusts. These strategies will create a framework for better coordination between all stakeholders, and enhance the capacity of these stakeholders to effectively undertake investment promotion and facilitation in the province. The strategic thrusts essentially answer the question of **WHAT** needs to be done, while the implementation plan answers the question of **HOW** this will be done, **WHO** will do what, and **WHEN** this will be done.

Methodology

The study utilises the following consultative approaches and methodologies:

- Desktop research to report on current trends in international investment promotion and attraction, provide an analysis on the investment climate in KZN, and assess the current investment situation in South Africa and KwaZulu-Natal with regards to investment inflows².
- Case studies to assess and adopt international best practices in investment promotion and facilitation in KZN.
- Brief surveys to get some input from investors on preferences and perceptions about investment promotion and facilitation in KZN.
- Workshops, meetings, interviews and telephonic discussions to get input and feedback from stakeholders on the investment promotion and facilitation environment in KZN.

² Documented in the KZN Investment Strategy - Situational Analysis Report (2010)

Report Outline

- Chapter 2 presents a vision for the strategy and reviews the strategic framework of the strategy, which includes aligning the key challenges identified during the situational analysis phase with the strategic thrusts.
- Chapter 3 introduces each strategic thrust, and breaks these down into the specific strategic programmes that have been identified. This chapter also presents the key principles behind each of the strategies, as well as an indication of the stakeholders involved and the systems behind each strategic principle.
- Chapter 4 presents the outputs that were identified in Chapter 3, and a framework for implementation thereof. This provides an indication of the actions that are required, the responsible parties, and the expected time-frame to implement each action step. This will assist in achieving the outputs identified in Chapter 3.

CHAPTER 2: AN OVERALL STRATEGIC FRAMEWORK FOR INVESTMENT PROMOTION

The Investment Strategy consists of five strategic thrusts that will address the challenges identified during the Situational Analysis Phase. This section briefly presents a Vision for the Strategy, and thereafter identifies the Strategic Thrusts that can be assigned to each category of challenges.

An Investment Target and Vision for Investment Promotion in KZN

The New Growth Path has set a target of creating five (5) million jobs by 2021 (10 years), of which KwaZulu-Natal will contribute one (1) million jobs. In order to retain consistency and alignment, this target is utilised to determine a target for the province in attracting investment.

Assuming that investment promotion efforts can contribute 20% to the creation of jobs through new, and expansion of existing business, this relates to 20,000 new jobs each year for a period of 10 years, and a total of 200,000 jobs by 2021. Based on previous research, it was established that creating one job requires approximately R500,000 of investment on average, and therefore the province requires R10 billion worth of investment per annum for the next 10 years to contribute 20% towards job creation targets³.

Accordingly, the **Vision** of the KZN Investment Strategy is:

“To provide strategic guidance to the actions and activities of the DEDT, TIKZN, and all other relevant stakeholders in attracting, promoting and facilitating investment, with the overall objective of attracting R100 billion worth of investment into the province of KwaZulu-Natal by 2021 in order to create 200,000 jobs over this period.”

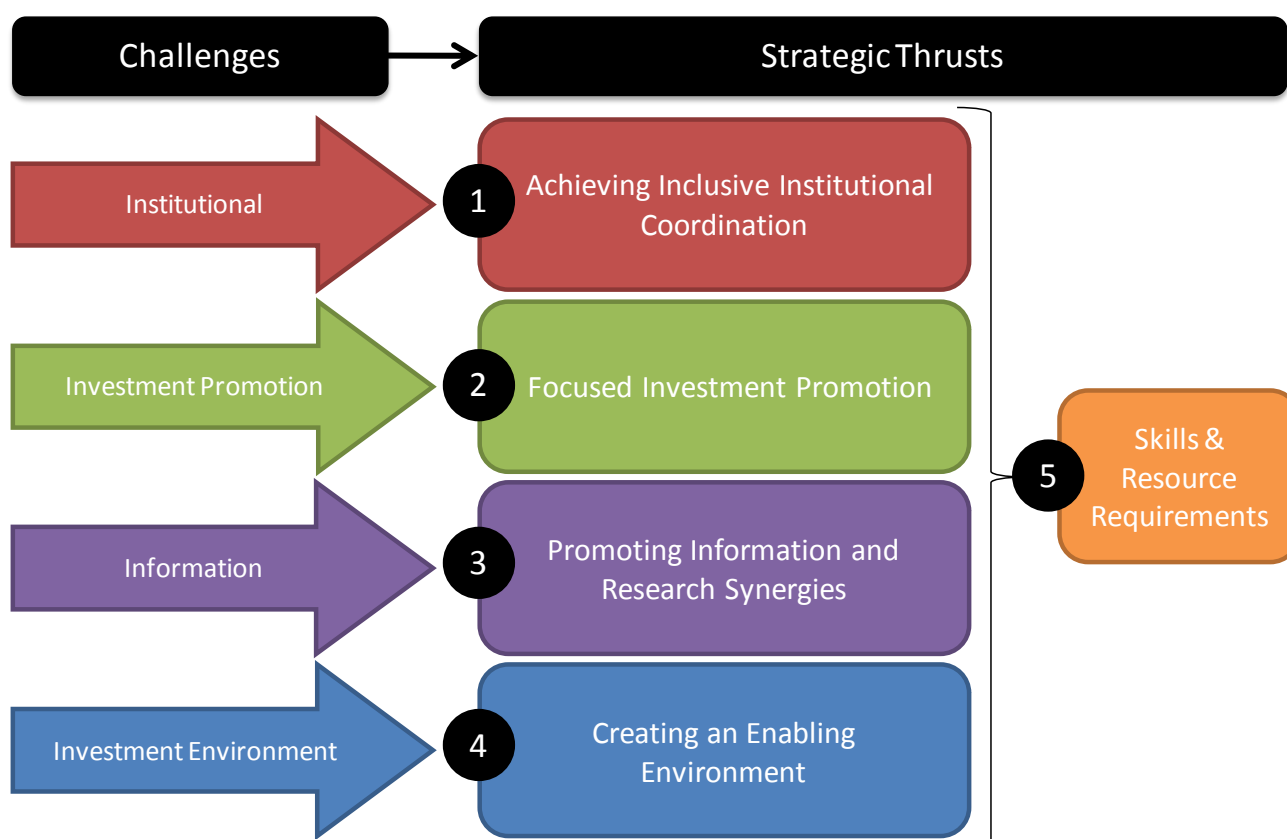
The strategic thrusts and associated programmes that constitute this strategy will assist all stakeholders in the province to efficiently and effectively undertake investment promotion and facilitation, which will ultimately lead to increased levels of investment and job creation to contribute to the above targets. These strategic thrusts are identified below.

Aligning the Challenges to the Strategic Thrusts

The challenges identified in the previous chapter were based on the findings of the comprehensive Situational Analysis Report as part of phase one of the Investment Strategy. These challenges can be translated into a number of strategic thrusts, which if implemented, will assist in addressing the challenges faced by the province. These challenges and their relevant strategic thrusts are displayed in the diagram below, and are discussed in the sub-sections to follow.

³ For a breakdown of the above investment promotion strategy target see annexure 1.

Figure 1: Translating the Challenges into Strategic Thrusts



Each of the Strategic Thrusts is unpacked in detail in the following chapter. The table provides a summary of the strategic thrusts and related programmes that are discussed during the Strategy:

Table 1: Strategic Thrusts and Programmes Detailed in this Strategy

No	Strategic Thrust	No	Strategic Programme
1	Achieving Inclusive Institutional Coordination	ST 1.1	Investment Promotion & Facilitation Planning
		ST 1.2	Integrated and Coordinated Mechanisms
		ST 1.3	Private Sector Involvement
2	Focused Investment Promotion	ST 2.1	Targeted Focus
		ST 2.2	Investment Incentives
		ST 2.3	Image Building and Marketing
3	Promoting Information & Research Synergies	ST 3.1	Coordinated Sector Research
		ST 3.2	Facilitating Information Sharing
		ST 3.3	Profiling Investment in KZN
4	Creating an Enabling Environment	ST 4.1	Addressing the Fundamentals
5	Skills & Resource Requirements	ST 5.1	Skills & Resource Requirements

CHAPTER 3 – INVESTMENT STRATEGY

STRATEGIC THRUST 1 – ACHIEVING INCLUSIVE INSTITUTIONAL COORDINATION

Introduction

Coordinated and integrated processes are required in order to enhance the capacity of all stakeholders and ensure effective and efficient investment promotion and facilitation in the province. Given the numerous direct and indirect stakeholders and their various functions in KwaZulu-Natal, it is essential that there is alignment and cohesion between all these stakeholders. This can be achieved by ensuring that all stakeholders understand their function and the functions of other stakeholders, that there are consistent mechanisms in place to coordinate investment promotion and facilitation planning activities, and that there are on-going interactions between all stakeholders, private sector representatives, existing business, and potential investors.

Achieving coordination between all institutions requires commitment by TIKZN as the provincial investment promotion agency, to ensure that all stakeholders are fulfilling their core functions and creating a conducive investment environment. This also requires there to be mechanisms in place to ensure that TIKZN has knowledge of investment activities that are occurring in the province without compromising investor confidentiality. In addition, TIKZN and all local investment promotion and development agencies must continue to build on their existing relationships to ensure efficient communication channels. This strategic thrust is therefore an overarching thrust, as it carries through to all the other thrusts, and relates to both Investment Promotion (Image building and Investment Generation) and Investment Facilitation (Investor Servicing and Investor Aftercare).

ST 1.1 – Investment Promotion & Facilitation Planning

A central focus in achieving institutional coordination across the board is to develop a coordinating structure that will bring together all stakeholders in an integrated manner. This can be achieved through establishment of a coordinating body in the form of the **investment promotion & facilitation forum (IPF Forum)**. The IPF Forum is a coordination mechanism that will pull together all stakeholder organisations and institutions on a bi-annual basis, and must be representative of the entire investment promotion and facilitation community. The IPF Forum will not have any executive powers but instead should act as an advisory body to the MEC of Economic Development and Tourism in the province. This advisory function will be achieved by developing two critical reports from the IPF Forum, namely:

- Investment Promotion & Facilitation Plan (IPF Plan)
- Monitoring & Evaluation Report (M&E Report)

IPF Plan

The IPF Plan is a mechanism that will provide guidance to the annual activities of investment promotion practitioners by coordinating the planned promotional and facilitative activities of all stakeholders. TIKZN must engage with stakeholders via the IPF Forum to determine each stakeholder's priorities for the year ahead, in order to align these priorities and create synergies between the activities of all stakeholders.

Additionally, the IPF Plan must indicate the intentions of local government with regards to investment promotion and facilitation for the year ahead. Should a local government institution want to delegate TIKZN with the duties of promotion and facilitation within their region, this must be noted within the IPF Plan. This IPF plan will align the overseas missions currently being undertaken by various stakeholders on an *ad hoc* basis, to ensure that the correct stakeholders are represented during these trips, and that the objectives of the trips are for the benefit of the province as a whole. Additionally, the IPF Plan will inform all stakeholders of important forums or seminars that they are required to attend.

A **Skills Plan** must be included in the IPF Plan. The objective of this plan is to identify the skills required for the year ahead. Each stakeholder must announce their current skills capacities, and indicate whether or not additional skills (and skills training) are required to achieve their specific investment promotion and facilitation activities for the year ahead. Given that various stakeholders (including private sector) possess many of the skills required to efficiently promote and facilitate investment in the province, arrangements can be made between stakeholders for the outsourcing or sharing of these skills. Alternatively, any required skills that are not possessed by stakeholders can be identified, and if necessary, acquired by either TIKZN or outsourced from the private sector. It must be noted however that the forum shouldn't, in any way, take over the mandates, delegations, and authorities already present in any given municipality to perform investment promotion. The forum will merely act as a coordinating body in order for all investment promotion practitioners to plan and coordinate skills requirements for the year ahead.

In addition to this bi-annual coordinating forum, TIKZN must host an **annual stakeholder seminar**. The purpose of this seminar will be to engage with stakeholders to identify issues, challenges and opportunities that have arisen throughout the year, and to discuss possible solutions to these challenges. The outcomes of this seminar will form the basis of the **M&E Report** discussed below.

M&E Report

A monitoring and evaluation report must be produced as a second outcome of the IPF Forum. This will provide the MEC and HoD of Economic Development and Tourism with an indication of how investment promotion and facilitation activities are currently operating, what the blockages in the system are, and what can be improved on. The M&E report must draw from various sources of information including the annual IPF Forum itself, interactions with investors and existing businesses (BR&E), feedback from IPF practitioners and stakeholders (annual seminar), and business chambers (annual seminar), the web-based coordination & information system, and the investment profile for the province (ST 3.2 & 3.3). The overall objective of the M&E Report will be to flag the key issues that currently act as blockages to investment and that require intervention, which will ultimately enhance the investment environment in the province.

Stakeholders

The key stakeholders that must be active members of the IPF Forum, and their roles and responsibilities, are detailed below.

- TIKZN
- KZN DEDT
- Local Government and their respective IPA's and DA's;
- The **dti** and TISA

- Other government departments and institutions (incl. financial and developmental organisations);
- Business chambers and other private sector associations and clusters;

TIKZN is the mandated provincial investment promotion agency and must therefore take the lead as the provincial structure in KZN in order to ensure overall coordination of investment promotion and facilitation between all stakeholders. TIKZN must not seek to take over the activities of existing IPA's, DA's, or municipalities, but rather work in a coordinated manner with these stakeholders to ensure that objectives and activities are aligned, and to provide assistance to the activities of these investment promotion practitioners. With regards to the IPF Forum, TIKZN must take up the responsibility of Secretariat of the Forum. The current functions of TIKZN must continue to be strengthened, as TIKZN effectively acts as a **one-stop shop**, providing potential investors with a range of services to address their specific investment requirements.

- Project Profiling
- Inward Investment Promotion Missions
- Site Identification and Evaluation
- Joint Venture Facilitation
- Sector Economic Data Provisioning
- Agreement Brokering
- Backward and Forward Linkages
- Business Permits
- Capital-Raising
- Incentives
- Business Retention and Expansion Services
- General Business Advice

Additionally, TIKZN must ensure the implementation of the coordinated structures, mechanisms and systems presented in this Strategy. They must also provide specialist services to local government and other stakeholders as requested in the IPF Forum and IPF Plan.

The **DEDT** has the provincial mandate of providing policy and strategy direction on matters concerning economic development, and therefore need to work closely with TIKZN to ensure coordinated investment promotion and facilitation in KZN. The DEDT is also responsible for undertaking research and information collection and must provide TIKZN and all other municipal IP&F practitioners with these and other investment related resources. The DEDT must also ensure that other provincial and national departments are undertaking the required infrastructural and social development programmes required by the province to enhance the current investment environment. This can be achieved by strengthening existing relationships or developing new relationships with the relevant departments to ensure efficient and effective implementation of strategic priority interventions. The DEDT must also act as the chair of the IPF Forum.

The primary stakeholders on a municipal level are **District and Local Municipalities**, and their associated **Investment Promotion Agencies and Development Agencies** (should they have). These included institutions

such as DIPA, Enterprise iLembe, Umhlosinga Development Agency, and the Hibiscus Coast Development Agency. Local government is crucial to the investment promotion and facilitation cycle for a number of reasons. Firstly, they are mandated to undertake functions such as building plan approvals and permits; spatial and development planning; provision of infrastructure such as water, electricity, and road maintenance; the collection of revenue including property rates and bulk service tariffs, and the increasingly important function of LED. These functions contribute significantly to creating a conducive business and investment environment. Secondly, local authorities often undertake their own promotional activities and facilitate investment requests either directly or indirectly through establishment institutions such as DIPA and Enterprise iLembe. These municipalities are even further capacitated as they have a dedicated unit mandated to directly tackle investment promotion.

Local government must continue to strengthen their relationships with TIKZN, and all other provincial and national stakeholders (and *vice versa*), to ensure a coordinated bottom-up approach to investment promotion and facilitation, and to ensure that infrastructure and social development interventions are being identified and implemented. District level investment can form part of the Growth & Development Summit to ensure that district level stakeholders are involved in the process.

Local government must commit to reducing red-tape and other bureaucratic bottlenecks between their departments, and between themselves and the other spheres of government on which they rely. TIKZN must provide assistance to the activities of local government, while local government must work in partnership with TIKZN as the provincial investment promotion agency to ensure a coordinated and integrated investment promotion and facilitation process. This is essentially fulfilled by ensuring a strong local government involvement in the IPF Forum (as members of the forum), and by TIKZN providing assistance to local government when requested. Local government must also work closely with their associated business chambers as these act as a valuable resource and provide crucial information to government about the current business environment and the challenges faced by existing business.

In partnership with TIKZN and the DEDT, each district municipality must undertake their own **Investment Promotion and Facilitation Strategy (IPFS)**. The purpose of this will be to outline the specific strategies that will guide the IP&F activities of each district, particularly with regards to the promotion of their strategic sectors based on competitive and comparative advantages. The IPFS will also review the capacity of each region to undertake investment promotion and facilitation, which will form the basis of any arrangements between the specific district, TIKZN and DEDT. In this regard, and on completion of a district IPFS, agreements between local government and TIKZN must be outlined in a **Memorandum of Understanding** (or relevant collaborative agreement) between the parties. This will provide a specialised agreement between each district and TIKZN which will specify the arrangements between the two parties in all regards of the investment promotion and facilitation relationship, including assistance from TIKZN, skills sharing, and any other personalised arrangements.

TISA is the national IPA mandated to promote and facilitate trade and investment in South Africa. Given the institutional structure of TISA as a division of the **dti**, TISA has good access to the resources of the **dti**, as well as assistance from other units within the dti on issues such as regulatory procedures and incentive programmes, and good access to other national government departments and institutions. The **dti** and

TISA must be active members in the provincial IPF Forum to ensure that national priorities are represented on a provincial and local level, and that coordination is being achieved by the activities of investment promotion practitioners in all spheres of government. Additionally, TIKZN and other municipal IPA's and DA's must continue to build on their relationship with TISA, to actively strengthen the coordination between the agencies. The activities of TIKZN and municipal IPA's and DA's must also be aligned to the national Investment Promotion and Facilitation Strategy (IPFS) and the activities of TISA. This will ensure that promotional and facilitative activities undertaken by all provincial and local IPA practitioners are coordinated on a national level, and will allow all practitioners to effectively access the various skills and resources occupied within the dti and TISA.

Other government departments and institutions play an important role in ensuring that the economic and infrastructural fundamentals are in place, as well as undertaking policy formulation, strategic planning, providing financial and other technical assistance, and research. They also play a role in providing assistance to TIKZN and local government by creating an enabling investment environment, and ensuring the promotion of investment and development of their relevant sectors or focus areas. TIKZN and local IPA's and DA's must constantly strengthen these relationships and collate information pertaining to the above functions of government, and through the **annual stakeholder's seminar**, ensure that the relevant departments and institutions are aware of the challenges and barriers facing investment promotion in the province and their specific municipal region. TIKZN must engage with financial institutions such as the KZN Growth Fund, the IDC, and iThala to ensure easier access to finance for potential investors and existing business looking to expand.

In addition, provincial departments and institutions must continue to undertake their own investment attraction and promotion activities relating to their sector. This includes institutions such as the Richard Bay IDZ, who currently undertake promotion of investors. However, these activities **must** be aligned with the province via the IPF Forum and IPF Plan to create synergies with the current promotional activities of TIKZN and local IPA's and DA's. Strong coordination between relevant government departments and IPA practitioners will ensure that investment priorities are clearly understood and that synergies are created between the activities of these stakeholders.

TIKZN and existing municipal IPA's and DA's must also ensure good communication with the Department of Foreign Affairs and High Commissioners in various nations abroad. This will allow provincial and local IPA practitioners to get feedback on strategic overseas missions undertaken by the Presidency, and allow alignment of strategy to national priorities. Provincial and local practitioners can also leverage off feedback from High Commissioners about international investors' current trends and preferences.

Business chambers, private sector associations, and industry clusters are bodies set up as the voice of the private sector. Private sector representatives must therefore be consulted with via an **annual private sector seminar** to ensure that feedback is received on challenges and opportunities experienced by the private sector. It is suggested that the private sector also be represented in the bi-annual **IPF Forum**, to allow any challenges or issues currently being faced by the private sector to be flagged to the province. In addition to this, good chains of communication need be established and/or strengthened to ensure that private sector representatives are able to communicate directly with the relevant authority or agency. This can be

achieved by ensuring that business representatives (through chambers, clusters or associations) act as brokering agents between business and government in order to raise specific issues that are critical in enhancing the investment environment, and to debate solutions to how these issues or challenges can be eradicated.

Bodies such as the KZN Growth Coalition currently act as a brokering agent between large private sector players and government, to ensure that the challenges and/or requirements of private sector businesses are being heard by government, and that action is being taken to remove bottlenecks in the system. Accordingly, local business chambers must operate in a similar manner by acting as brokering bodies between their private sector members and their respective local government authority. In addition, TIKZN must make use of the existing forums or seminars being hosted by business chambers and the Growth Coalition as an additional mechanism through which to communicate with the private sector.

- Establish an **IPF Forum** and identify stakeholders as members.
 - Outcomes of the IPF Forum are an **IPF Plan** (incl. skills plan) and **M&E Report**
- Establish an **annual stakeholder seminar and private sector seminar**
- Develop an **IPFS** for each DM
- **Develop MOU's** to govern arrangements between TIKZN, DEDT and other role-players
- Business chambers, associations and clusters must act as **brokering agents** between business and government

ST 1.2 - Integrated and Coordinated Mechanisms

In order to create synergies between the activities of all stakeholders, the province requires efficient and effective, proactive and flexible investment promotion and facilitation procedures and systems that pull together and direct the activities and functions of all stakeholders. TIKZN must take responsibility for building these procedures, maintaining these relationships, and assisting investors to overcome the collective administrative processes. The ability of TIKZN to effectively coordinate investment promotion and facilitation efforts relies on the implementation of systems proposed in this strategy. In terms of coordination, these systems relate primarily to the **IPF Forum** and **annual seminars** discussed above, **investment facilitation project teams** and the **web-based coordination & information system** to be discussed below.

Securing Investment

Of strategic importance is securing investment via fast, efficient and flexible investor facilitation and servicing. **Investment facilitation project teams** must be formed on a case by case basis to address each of the investment applications and requests as efficiently and effectively as possible. TIKZN must assume the role of **lead project manager** for all catalytic projects, and coordinate with the stakeholders required on an *ad hoc* basis, depending on the requirements of the investor. The level of sophistication of each project team must be based on the size of each potential investment and the strategic importance for the province, and must pull together the relevant stakeholders based on this. High-level project teams must be assembled for potential key catalytic projects, and must include political leadership from the MEC, representatives from TIKZN, relevant national and provincial government departments and institutions,

the relevant municipal representatives, as well as private sector representatives. Local government must be strongly represented within these project teams as they will be required to assist in the facilitation and servicing of investment requests, with a particular focus on speedy and efficient regulatory application turn-around times and a reduction in other 'red-tape'. TIKZN can allocate the role of lead facilitator to other relevant stakeholders based on the size and complexity of the potential investment.

TIKZN must ensure that all investment requests are received on an *ad hoc* basis via a **web-based coordination & information system** (see below). TIKZN must then assess each request accordingly, and assign a project manager either from within TIKZN or from the municipal IPA or DA (based on the size, complexity and strategic importance of the potential investment) to guide the investor facilitation and servicing process. The strategy understands the importance of investor confidence, and that investment requests received by other stakeholders might not be directly referred to TIKZN. All stakeholders must therefore be made aware of the importance of a coordinated approach to investment promotion, and must be ensured that the investment will not be redirected away from them. Rather, TIKZN will assist in coordinating the investment request by calling for the assistance of other strategic departments, institutions and private sector representatives, while ensuring that the entity that attracted the investor remains a key role player in the facilitation process. Annexure 2 provides an indication of the information that is required in a typical investment application of request.

Investment Facilitation & Servicing

Coordination is required between all stakeholders in order to create a holistic and integrated investment facilitation process. There are multiple stakeholders who all receive investment applications or requests through various channels, and therefore there is the need to coordinate these processes. A **web-based coordination & information system** must be developed which will allow all stakeholders to log investment applications or requests, and to track the progress of investment servicing and facilitation. This system must also include information, data and research relevant to investment promotion and facilitation, and must pull through all the data from logged investment requests into a profile of investment into the province (see ST 3). The system must be accessible by all stakeholders in order for them to access information, send out general messages or notifications to other stakeholders, and to view and track the progress of investment requests and facilitations activities. However, access to the system must be authorised according to the importance or relevance of the institution or agency to ensure that investor confidentiality remains the highest priority. For example, should an investor not want any other department or agency to know of their intended investment, the investment request can be logged into the system in a way that only the persons who logged the request can view this information. Once the investor is happy releasing this information, this can be released and accessed by all the other stakeholders who have access to the system. Additionally, smaller, less classified investment requests will be logged for all stakeholders to view.

For key catalytic projects, TIKZN as the provincial IPA must assume the role of lead **project manager** or facilitator in each case, and assess each of the unique investment requests to allocate an **investment facilitation project team** accordingly (see above). The project manager will then ensure that the required stakeholders are involved in the facilitation and servicing process, based on the specific requirements or each potential investor. The institution that generated the investment lead must maintain the position of

assistant facilitator within the project team. For those potential investments that are not seen to be catalytic, the investment request or application must still be logged onto the system. However, the institution that generated the investment lead will assume **lead project manager** (unless they request that TIKZN take up this role), and utilise the web-based system as a means to track project progress and coordinate other stakeholders on the project team. Again, the system must ensure investor confidentiality whereby only TIKZN and the stakeholder that originated the investment can view this project until it has officially been announced. In cases where investment is cross-cutting and extends over more than one municipal boundary, TIKZN must take the lead as project manager, with the other relevant municipalities becoming assistant facilitators. TIKZN must then ensure coordination and a clear channel of communication between all the stakeholders, especially each of the municipalities involved.

Investor Aftercare

Investor aftercare is an essential function of investor servicing and is important in ensuring that the on-going requirements of established investors are fulfilled. This not only ensures a satisfied investor base, but also promotes follow-up investment. Business Retention and Expansion (BR&E) programmes are important mechanisms that allow the private sector to give feedback to government. Current BR&E programmes must be continued by all municipal and provincial departments, while municipalities not undertaking BR&E programmes should be advised to implement such programmes. Information from BR&E programmes must be fed into the **web-based coordination system** (ST 1.3) which will provide a comprehensive set of information on the investors that have or have not established in KZN. BR&E programmes must utilise feedback from business chambers and other private sector stakeholders via the **annual private sector seminar** (ST 1.3), as well as from the **annual stakeholder seminar** (ST 1.1). It is suggested that the province, in partnership with TIKZN and the private sector, develop a standardised BR&E programme and data capturing framework that can be used by all (municipal and provincial) departments or agencies in the province. This will allow all the information from BR&E programmes to be collated and assessed in a standardised format.

Investment Scale

The strategy of the province is to attract and promote investment of all sizes. However, for the purpose of assigning a lead facilitator to head each project team (see ST1.1), a distinction is made based on the catalytic potential of each investment. This must be determined by TIKZN and the DEDT. However, some guidelines are provided which will assist in identifying the importance of each investment⁴:

- Investment value (Rm)
- Tax Contribution (Rm/Yr)
- Permanent local jobs
- Wage Bill (% of T/O)
- Decentralization
- Local beneficiation (% of input costs)
- Technology import (% of capital costs)
- Training budget (% of T/O)
- Labour ratio: local vs total

⁴ Extracted from the TIKZN Investment Promotion Policy (2011)

- Backward linkages (% of total procurement budget)

Where potential investments are relatively large and catalytic in nature, TIKZN must request political assistance from the MEC for Economic Development and Tourism to ensure that investors are sufficiently supported at the highest level.

Leverage of Specialist Expertise

TIKZN, the DEDT, and other municipal IPA's and DA's have various sector specialists who assist in providing expertise based on the requirements of investors. However, there are instances where particular sector specialist expertise is required in technically driven sectors or industries that these institutions, departments or agencies might not possess. In these instances, and on an *ad hoc* basis, it is recommended that TIKZN engage with industry specialists within the various business chambers and sector clusters and associations that can provide input and assistance to the **investment facilitation project team** described above. This will ensure that the projects teams are sufficiently capacitated with the relevant technical expertise to effectively facilitate any potential investor's request.

- Establish **investment facilitation project teams** for each investment request
 - TIKZN to project manage catalytic investments
 - The lead generator is to act as assistant facilitator for catalytic investments, and project manager for smaller investments
- Establish a **web-based coordination & information system**
 - Must log all investment requests in the province to allow TIKZN to assign project teams
 - Must provide investor privacy (TIKZN and stakeholder that originated the investment only)
 - Used to track progress of investment facilitation

ST 1.3 - Private Sector Involvement

Strong private sector involvement is required in investment promotion and facilitation to ensure that the dynamic needs of business are understood, as well as to receive input concerning challenges being faced by the private sector. Private sector associations, clusters and business chambers need to be actively involved in the development of policy, including Integrated Development Plans and Spatial Development Frameworks, and need to be directly involved in other strategic investment promotion and facilitation planning initiatives. The province must establish an **annual private sector seminar** to ensure a strong feedback mechanism between private sector and investment promotion and facilitation practitioners on all spheres of government. The issues, challenges and opportunities identified during this seminar must be fed into discussions at the IPF Forum, and must be incorporated into the **M&E Report**.

The importance of the private sector must not be underestimated. Business chambers, clusters and associations are mechanisms established to represent the private sector, and provide bargaining or brokering power to business. Municipal business chambers must continue to discuss and debate the challenges and opportunities within the province, and particularly within their specific area, and must ensure that the outcomes of these discussions are transferred to the relevant government institution. The annual **private sector seminar** must act as a conduit through which private sector representatives can

voice their concerns. Chambers and associations must continually work as a bargaining tool for business, in order to elevate the challenges faced by business up to a relevant level where action can be taken. Other organisations such as the KZN Growth Coalition, who act as a brokering agent for some of the largest companies in the province are also of critical importance, and must be included in private sector consultations.

- Engage with private sector associations, clusters and business chambers through an **annual private sector seminar** to ensure that the needs of the private sector are understood and challenges are identified and addressed.
- Ensure that local and provincial chambers, associations and clusters are continuously engaging with business and government to fulfil the roll of a **bargaining or brokering council** for private sector.

STRATEGIC THRUST 2 – FOCUSED INVESTMENT PROMOTION

Introduction

Investment promotion consists of two core elements, namely, image building and investment generation. The dynamics of each of these elements are often complex and require a focused, targeted, and innovative approach in order to effectively secure investment. TIKZN must ensure that investment promotion activities and the actions of all the stakeholders are targeted and focused so as to maximise the impact of the skills and resources that are allocated to these functions. This targeted approach will ensure that activities are aligned to national and provincial spatial and sectoral preferences and policy, targeting investors from strategic origins, and encouraging follow-up investment from existing businesses.

The decision of where to invest is ultimately up to the investor, and based on factors such as their access to resources (labour, inputs into production), access to markets, proximity to their suppliers, and provision of bulk services and infrastructure. Due to the uniqueness of each potential investment, the strategy cannot cater for all these varying dynamics. The government can however direct an investor's decision via negotiations with the potential investor, and can provide some guidelines based on provincial spatial preferences. The focus of the strategy therefore remains on how to get investors into the province rather than where the investor will be located, although overall spatial guidance is required by government to ensure that investment flows into strategic areas which assist in achieving the goals of the province.

It is therefore necessary to highlight the priority sectors on which to focus investment promotion efforts, and although these priority sectors will be preferred, the province does not exclude investment that falls outside of these sectors. Rather it will use these preferential sectors as a guideline for investment promotion activities in order to focus efforts and efficiently channel available resources. There is also a need to focus promotion efforts on targeting investment from specific countries which are either strategic trade partners, already have a significant presence in KZN, or have the potential to invest in strategic sectors or locations in the province.

Incentives also act as an effective tool through which strategic locations and sectors can be targeted. However, the strategy deals specifically with soft incentives as a means through which investors can be attracted, as financial incentives within a province can lead to a zero-sum game whereby investors relocated to a new region within the province. However, financial incentives currently offered by the **dti** must be promoted by investment promotion practitioners, along with other incentives offered by TIKZN and other institutions or departments.

ST 2.1 - Targeted Focus

Coordinated, focused investment targeting is required to ensure that the resources allocated to promotion and attraction activities are utilised optimally, and that synergies are created between all stakeholders. Investment promotion is predominantly a sales and marketing activity which is based on the principles of building an image and generating investment, and therefore it is important to have focused investment promotion targets.

Three targeted focus areas are identified dealing with:

- Spatial Alignment
- Sectoral Alignment
- Targeting Investor Countries

This applies to new potential foreign direct investment as well as expansionary investment from existing businesses.

Spatial Alignment

Locational choices of investors are often reliant on existing sectoral distributions within and economy as well as areas with demonstrated economic potential, and cannot be completely directed by the public sector. Effectively, locational considerations are ultimately up to the investor, and investors will move towards areas that have the right characteristics to meet their needs. The public sector must however provide spatial guidance to ensure that investment is aligned with national and provincial spatial requirements. The PGDS and PSEDS are currently being revised and once adopted, must provide spatial guidance to this Strategy. However, some relevant principles are provided that assist in guiding investment into areas that require investment and meet the needs of the province, as well as local government. These spatial principles are:

- Private sector fixed capital investment should be focused on locations of socio-economic growth and/or potential;
- Public sector fixed capital investment should be focused on areas with both high levels of poverty and demonstrated socio-economic potential;
- Investment into human capital development through education and training, social transfers and poverty relief programmes should focus on areas with both low demonstrated economic potential and high levels of poverty.

The above guiding principles should not directly govern the destination of investment into the province. On adoption of the PSEDS and PDGS, all stakeholders must ensure that the new priority locations of the province are used as an indication as to where investment must be channelled, and must be included in this, and the industrial development strategy of the province.

Sectoral Alignment

It is important to achieve focused investment promotion aimed at stimulating investment in provincial priority sectors which are aligned to national and provincial policy, and which build on the current comparative advantages and potential competitive advantages of the province. The sectors presented below have been earmarked as priority sectors for inward investment into the province. These sectors were selected based on their potential to create employment, their contribution to GDP, and their strategic importance based on the current competitive and comparative advantages of the province. These sectors have also been aligned to the TIKZN Investment Protocol document (2010), as well as national and provincial policy such as the New Growth Path and IPAP2. These priority sectors are for research and

marketing purposes only, and although the province provides this targeted sectoral focus, all investment into the province is welcome regardless of its sector.

The cross-cutting priorities of the province continue to be focused on investment that is **export-orientated** and involves **beneficiation or value-adding**, or preferentially both.

Priority Sectors for Inward Investment into KZN:

- Manufacturing
- Agriculture & agri-processing
- Transport & logistics
- Tourism
- Knowledge, innovation and 'green economy' sectors

These priority sectors must be continually reviewed, refined and updated by TIKZN and the DEDT to ensure that the promotion of preferred sectors is always aligned to national, provincial and local policy, and based on the changing needs and priorities of the province as well as investors. Review of the priority sectors must be closely linked to a comprehensive economic development strategy for the province and to the outcomes of the **IPF Forum** and associated **M&E Report** (ST 1.1). Review of these sectors must also include a strong input from the private sector and other stakeholders through **annual seminars**.

In addition to these sectors, new emerging and innovative sectors must also be constantly identified and assessed in order for the province to be flexible and respondent to the needs of investors in these sectors (see ST 3.1). Sectors that show proven (and substantial) linkages with domestic SMME's, BEE companies, and that have the potential to contribute to the transformation of the local economy in terms of youth, women, and disabled persons, must also be considered as priority. This will ensure that KZN bridges the gap between actual and planned transformation targets.

Targeted Investor Countries

The province understands the importance of both domestic and foreign investment to assist in the growth of KwaZulu-Natal and creation of employment. However, given limited resources, the importance of focusing investment promotion and attraction activities (overseas missions and marketing mechanisms) on specific foreign nations is understood. In terms of domestic investment, the province will not actively seek existing investment from other provinces, while local government will not seek existing investment in other districts, cities or towns. The province understands that this is a "zero-sum game". Domestic investment promotion will therefore focus on expanding existing businesses and attracting new investment through offering of efficient services and expanding BR&E programmes.

In terms of international investment, the table below provides a categorised list of the countries on which investment promotion and attraction activities must focus. These countries are categorised in order of priority and based on TIKZN's Country Targeting Plan for 2010 – 2011, and are again for marketing and research purposes only. The province welcomes investment from any foreign nation provided the investment meets the strategic objectives of the province.

Table 2: Priority Countries for Investment Promotion in KZN

Category A - Priority Countries
• BRIC & IBSA (Brazil, India, Russia, China)
• Japan
• UK
• Germany, Italy, Netherlands, Spain Belgium, Switzerland, Sweden
• Australia
• United States of America
• Gulf Co-operation Council Countries (United Arab Emirates, Kuwait, Saudi Arabia, Oman, Qatar)
• South-East Asia (Thailand, Singapore, Indonesia & Malaysia)
Category B - Countries that have potential but require further exploration
• Canada
• Korea Republic
• Portugal
• Denmark
• Czech Republic
• France
Category C - Countries that require extensive market verification
• SADC and other African countries ⁵ (primarily for export-related investment)
• Greece
• Ireland
• Norway
• Finland
• Russia
• New Zealand

Source: Adopted from the TIKZN Country Targeting Report (2010-2011)

As with targeted sectors, these countries must be continually reviewed and adjusted to ensure that the province is flexible enough to adjust to changes in the global economy and the dynamic preferences of foreign investors.

- The **targeted investment locations** need to be included into the strategy once the PSEDS and PGDS are finalised. Until then, investment must be allocated spatially based on the principles presented.
- Investment promotion and facilitation activities must be **aligned to the identified targeted sectors and origin of the potential investor**.
- All targeted focuses must be **constantly reviewed** to ensure that they are strategic and meet the requirements and objectives of the province.

⁵ Although other African countries have the potential to generate inward investment into the province, it is suggested that the province (and country) focus on outward investment into other African regions until such time as sufficient demand arises to warrant trade missions into other African countries.

ST 2.2 - Investment Incentives

A number of financial investment incentives are currently offered by the **dti** which target specific sectors and types of business activities. No other monetary incentives will be offered besides those offered by the **dti**. In KZN, TIKZN and other municipal IPA's and DA's offer coordination and facilitation services between investors and the **dti** incentives and other support offered. TIKZN specifically offer two types of incentives to investors, namely, the Technical Assistance Fund and the BEE Travel Assistance Fund. In addition to this, municipal IPA's and DA's offer a host of support services to investors which act as incentives in ensuring a fast, efficient investment process. Provincial and local IPA practitioners must ensure the ongoing promotion of both the **dti** incentives and their own to ensure that all potential investors are aware of the full range of incentives available. Other services offered by financial, social development, and training institutions must also be identified and promoted to provide investors with a comprehensive understanding of the services offered throughout the province.

The following services offered by IPA role-players in the province act as 'soft incentives' which assist in reducing the collective administrative burden of establishing a business in the province.

- Fast and flexible investor facilitation and servicing;
- Efficient and effective coordination and networking between all stakeholders;
- Assistance with regulatory administrative processes and business permits;
- Provision of a comprehensive package of information, research and project profiling;
- Site identification and evaluation;
- Coordination of bulk infrastructure and services provisions;
- Joint venture facilitation;
- Agreement brokering;
- Backward and forward linkages;
- Capital raising.

All provincial and local IPA's and municipalities must continually improve on these services to ensure the maximum impact of these 'soft incentives'. They must also ensure that new services are constantly added to their current packages in order to keep in line with global best practices. This can be done by ensuring that all IPA practitioners are aware of current IP&F trends via resources such as the World Bank Group, (MIGA and FIAS). Additionally, training sessions must be arranged by TIKZN to capacitate local and provincial agencies, department and institutions.

In addition to the promotion of **dti**'s financial incentives, and the continual improvement of soft incentives such as services offered to investors, municipalities must have the discretion to offer rebates on municipal services such as water, electricity, refuse removal and sanitation. This must however be done cautiously and within the financial capacity of each municipality to ensure that the costs of these incentives are outweighed by the benefits.

- All provincial and local stakeholders must place importance on **promoting the incentives offered** by the DTI, TIKZN, and other municipal agencies.
- Provincial and local IPA practitioners must also ensure the **efficient and effective offering of services to investors**, and that issues which act as disincentives to investment (investment environment constraints) are addressed.
- **Training sessions** must be arranged on an ad hoc basis to investigate new developments in international best practices for IPA's
- Municipalities must have discretion to offer **municipal service rebates** should they be financially capable

ST 2.3: Image Building and Marketing

Of strategic importance to promoting and attracting investment is ensuring that the image of TIKZN, and KZN as a whole, is constantly promoted and strengthened. Best practices indicate that there has been a strong shift towards online marketing and image building to attract potential investors. This includes an easy to navigate, informative, comprehensive website which provides the services offered, visions and missions, spatial and sectoral priorities, potential opportunities, and links to all other important stakeholder websites. This assists in creating a strong 'brand', which generates an interest in the province and will entice investors to assess the potential of the province.

In addition, marketing campaigns need to constantly focus on building up the image of TIKZN and other municipal IPA's and DA's, while simultaneously promoting and advertising the opportunities and strategic focuses areas of the province. The province must therefore commit to **image building and strengthening marketing media** for the province.

- The **image of the province** and TIKZN must continually be strengthened
- **New marketing media** needs to be developed to advertise the new strategic direction of the province with regards to investment promotion and facilitation.

STRATEGIC THRUST 3 – PROMOTING INFORMATION AND RESEARCH SYNERGIES

Introduction

An essential element of investment promotion and facilitation is the provision of comprehensive, speedy, accurate, and reliable packaged data and information, as well as new research into domestic markets and sectors for investment. There is currently a host of information available to potential investors, which is produced by a range of stakeholders including national, provincial and local government (and their IPA's/DA's), private sector, academic institutions, and NGO's. However, on a provincial level there is a lack of coordinated and shared information, as well as research into new emerging domestic markets or sectors for investment. Strategic Thrust 3 presents the strategy towards these challenges which will assist in creating a free-flow of information between all stakeholders, as well as to potential investors themselves.

ST 3.1 – Coordinated Sector Research

The province recognises the importance of undertaking research as a means to unlocking new investment potential in KZN. TIKZN and local IPA's and DA's must undertake research, and facilitate research by other stakeholders and government departments and institutions. Research in this context is directly related to investment promotion and facilitation, and is primarily focused around:

- Research into existing priority sectors and potential opportunities;
- Research into new emerging and innovative sectors for new potential investment focus;
- Research into new potential countries for investment targeting.

TIKZN must take the lead in researching and compiling information relating to investment promotion and facilitation, and in facilitating other research undertaken by both public and private sector stakeholders, as well as academic institutions. This includes the coordination of this information and research and distribution to stakeholders and investors via the **web-based coordination & information system**. Local investment promotion practitioners must also undertake research and ensure that any new information is disseminated amongst stakeholders via the above system.

- **TIKZN must undertake new sector research**, as well as **coordinate and collate other research** undertaken by government and academic institutions, the private sector, and any other sources identified.
- **Local IPA's and DA's must also undertake research and collate other new research and information**

ST 3.2 – Facilitating Information Sharing

Crucial to the success of investment promotion and facilitation efforts in KZN is the provision of a comprehensive, up-to-date, shared database of information. This information must be accurate, reliable and speedy. In addition, awareness needs to be created on already available information, and databases need to be constantly maintained.

A **web-based coordination & information system** must be designed to capture all information, data and research relevant to investment promotion and facilitation, which can be accessed by stakeholders and investors alike. The system must be categorised and easy to navigate. Annexure 2 provides a list of the information, data and research that should be provided in such a web-based information system. The information component of the web-based system will form the second function after the coordination function as discussed in strategic thrust 1.

- A **web-based coordination and information system** must be developed to capture all information, data, and research relevant to investment promotion and facilitation in KZN
- This system must act as a conduit through which all stakeholders, as well as potential investors can gain access to critical information to assist in either promoting or facilitating investment.

ST 3.3 – Profiling Investment in KZN

The province recognises the importance of having a comprehensive database of investment flows into the province, as well as proposed investment that was not carried through. This will provide an indication of the successes or failures of investment promotion and facilitation in KZN, and assist when undertaking the M&E Report (ST 1.1) and when refining the province’s targeted focus (ST 2).

The **web-based coordination & information system** presented (ST 1.1 and ST 3.2) must be able to pull through all investment requests logged to create an investment profile of the province. The information that must be entered into the system when logging an investment request is displayed in Annexure 1. This will provide all the relevant details to review the type, size, and location of the investment, or the reasons why the investment never occurred.

- The **web-based coordination & information system** must be able to produce a profile of investment in the province from information logged by stakeholders about actual and potential investments

STRATEGIC THRUST 4 – CREATING AND ENABLING ENVIRONMENT

Introduction

Addressing the underlying economic, social and political fundamentals is essential to creating a conducive and enabling investment climate. The effectiveness of efforts to promote and facilitate investment is reduced by barriers or constraints to investment. A good investment climate is therefore a crucial element of this strategy.

Creating an enabling investment environment is more than a provincial effort, as many of the underlying fundamentals are influenced on a national level. These include fundamentals such as the tax rate, employment and environmental regulation, profit repatriation, macro-economic stability, the judicial system, and education and health facilities. However, there are numerous activities that are influenced provincially and locally that can assist to enhance the investment climate. These include fundamentals such as provision of infrastructure, fast and efficient regulatory applications processes and turn-around times, skills development and training, good governance, and availability of finance. A strong, well coordinated investment promotion and facilitation process is another factor that creates a conducive investment environment, and is dealt with separately in Strategic Thrust 1.

Recommendations are presented with regards to how the investment environment can be improved in order to create the right fundamentals to assist in promoting and attracting investment into KZN.

ST 4.1 - Addressing the Fundamentals

The province acknowledges the importance of ensuring that the fundamentals are in position, in order to enhance the investment environment within KZN. This will assist in stimulating both foreign and domestic invest. However, this requires sufficient public investment into the following fundamental areas:

- Bulk Infrastructure & Services
 - Roads, rail, water, electricity, sewerage, stormwater
- Social Infrastructure
 - Educational facilities, housing, health facilities, etc
- Creating More Efficient Regulatory Application Processes
 - Building plan approvals, business permits, business registration, EIA's, etc
 - Reduction of other 'red-tape'
- SMME, BEE and Entrepreneurial Development
- Skills Development
- Easier Access to Finance
- Macroeconomic & Policy Environment

To ensure that these fundamentals are in place, a strong feedback mechanism is required between all interested parties. This is achieved through the **annual stakeholder & private sector seminars** presented in strategic thrust 1, whereby all stakeholders will gather annually to discuss, debate, and develop possible solutions to the constraints to investment. This will ensure that there is common agreement and

coordination between all stakeholders with regards to these constraints and possible solutions. The issues and challenges identified must then be packaged into the **M&E Report**, which is an output of the IPF Forum, and must be tabled to the MEC for Economic Development and Tourism to ensure that areas in need of investment are coordinated at the highest level with the relevant national, provincial and departments and government subsidiaries.

The KZN Investment Protocol (2011) lays out the regulatory processes that any investor will need to adhere to in order to establish a business in SA and KZN. TIKZN must ensure that the actions of stakeholders required to streamline these processes identified in the Investment Protocol are coordination through development of the **IPF Plan**. Additionally, private sector chambers, associations and clusters (on a provincial and municipal level) must act as brokering mechanisms for business, and constantly ensure that the issues and challenges identified by the private sector (and potential solutions) are relayed to the relevant government department, institution, or IPA/DA.

- The underlying fundamental economic, social and political challenges need to be identified constantly, and fed into the **IPF Forum** and **M&E plan**.
- These challenges must be identified through **engagement with private sector and stakeholders** via annual seminars
- Private sector representatives must act as **brokering mechanisms** to identify and discuss solutions to the issues and challenges being faced by business, and ensure these are being transferred to the relevant government departments

STRATEGIC THRUST 5 – SKILLS AND RESOURCE REQUIREMENTS

Introduction

The outcomes of this strategy consist of a number of systems and procedures that need to be adhered to in order to assist in guiding the investment promotion and facilitation efforts of the province. These outcomes have implications on the skills and resource requirements of the DEDT, TIKZN and the various other stakeholders. It is therefore important to recognise these requirements to ensure that the strategy has a clear implementation path. This thrust identifies the skills and resources required based on the outcomes of each of the other strategic thrusts. This provides TIKZN and the DEDT with an indication of the skills and resources required in order to effectively and efficiently tackle investment promotion and facilitation within a coordinated system.

The overarching principle for this thrust is that as a complete system, the entire community of investment promotion and facilitation stakeholders require the relevant skills and resources to effectively undertake investment promotion and facilitation in the province. However, TIKZN must ensure that all the stakeholders have the relevant skills and resources required via the **Skills Report** as part of the **IPF Plan** (ST 1).

ST 5.1 - Skills & Resource Requirements

The province understands that there are skills and resources (human and capital) required to implement the strategic outcomes of this strategy, and that stakeholders may not currently inherit all these requirements. Given that public sector resources are limited, it is suggested that all IP&F practitioners assist each other by providing skills and resources that they might inherit to others in need, which will reduce the budgetary implications of this strategy. However, there are specific skills and resources that no stakeholders currently inherit which will require some investment from provincial government.

The following skills and resources have been identified given the strategic outcomes of this strategy, and are required in order for these outcomes to be effectively and efficiently implemented:

- Transactional Advisor (project management, legal, business registration, taxation, labour);
- Skills and resources to undertake sector and market research;
- Local government IP&F skills training and capacitating (business-centric);
- Skills and resources to develop the web-based investment and web-based information systems.
- Access to skills and resources within financial institutions

Of strategic importance is the need for the function of a 'transactional advisor'. This individual could be either housed within TIKZN (and outsourced to other stakeholders when required), or outsourced from the private sector on an *ad hoc* basis. Essentially, the transactional advisor should take a lead role in facilitating transactional procedures with the potential investor. Therefore, a transactional advisor would require the following business-centric skills:

- Knowledge of the legal system;

- Knowledge of accounting practices and taxation laws;
- Knowledge of labour regulations;
- Knowledge of the business registration and foreign work permit processes (working closely with the dti and CIPRO);
- Project management skills.

Additional skills and resources might also be required to undertake market and sector research within TIKZN, while there is the need to contract an IT specialist to develop the web-based coordination and information system.

Overall, each stakeholder is responsible for ensuring that they have the required skills and resources to undertake IP&F activities for any given period. TIKZN must engage with all stakeholders to identify their planned IP&F activities for the following period, and to identify the skills and resources required to do so, as well as the current gaps between skills required and existing capacity. The skills and resource requirements must then be captured formally in a **Skills Plan**, which will form part of the **IPF Plan** (ST 1.1). Stakeholders can decide on what aspects of investment promotion and facilitation they would like to undertake for the period to follow, and thereafter either identify what additional skills and resources are required, or what functions can be handed over to TIKZN to undertake on their behalf.

- Skills & resources required need to be identified during the IPF Forum, and included in a **Skills Plan as part of the IPF Plan**.
- This plan will **specify arrangements between TIKZN, DEDT and other stakeholder's** with regards to the sharing and outsourcing of skills and investment promotion and facilitation capacity.

CONCLUSION AND WAY FORWARD

Strategic Outputs

The strategy has identified the following outputs that are required to enhance the capacity of TIKZN and the DEDT to coordinate stakeholders in the effort to effectively and efficiently promote, attract and facilitate investment in the province. The implementation plan in the next chapter will break each of these outputs into action steps, allocate the relevant responsible parties, and provide an indication of the expected time-frames for each action step.

1. Establish a **bi-annual investment promotion & facilitation forum**

This forum will allow TIKZN and other key stakeholders to coordinate their investment promotion and facilitation efforts for the year. A 3 year-rolling **IP&F Plan** must be formulated which will stipulate the IP&F activities planned by each stakeholder to ensure that all efforts are coordinated for the years to follow. As part of this plan, a **Skills Plan** must be drawn up which identifies the skills requirements relative to the proposed activities of each stakeholder. This will allow TIKZN to coordinate skills and resource requirements. In addition, a bi-annual **M&E Report** must be formulated which will capture all of the issues and challenges faced by stakeholders in undertaking IP&F activities. This must be complemented by information received by stakeholders about the investment environment, feedback from investors and other private sector representatives, and any other sources of information that might identify issues or challenges in the IP&F arena. Both of these reports must be tabled to the KZN MEC of Economic Development and Tourism to ensure that these issues are addressed at the highest level and that other national, provincial and local departments are made aware of blockages in the system.

2. Hosting of two **annual seminars**

TIKZN and the DEDT must host two annual seminars: a **private sector seminar** and a **broader-stakeholder seminar**. The purpose of both of these seminars is to receive feedback and have discussions about issues, challenges and opportunities that have arisen in the past years. These seminars must be held before the bi-annual **IPF Forum** to ensure that all the feedback from stakeholder and the private sector can be raised in the forum and compiled via the **M&E Report**.

3. Establish a **web-based coordination & information system**

This proposed system has two core functions. The first is to ensure that investment facilitation is **coordinated** on a case-by-case basis. The system must allow all stakeholders to log investment applications or requests, from no matter what source they originate, onto a coordinated system. Catalytic projects will be assessed by TIKZN as the provincial IPA in KZN, who must thereafter assign the relevant stakeholders to an investment facilitation project team which will be responsible for facilitating the request and ensuring that they 'seal the deal'. For smaller investment that is not catalytic in nature, the stakeholder who received the request must log this on the system for the purpose of monitoring and evaluation, and will themselves assume the role of lead facilitator in coordination with TIKZN and other relevant stakeholders. All stakeholders undertaking investment promotion and facilitation activities must

be able access this system, and any notifications or feedback can be sent to all stakeholders via a mail facility. This will ensure that all stakeholders are kept up-to-date and are involved in the entire cycle of investment promotion. Different levels of access must be assigned to stakeholders depending on their importance in the provincial investment promotion and facilitation chain. The system must ensure that investor privacy is maintained.

The second function of this system is a web-based *information* portal which will provide a comprehensive, speedy, accurate and reliable database of information, data and research to all stakeholders. TIKZN must coordinate with all stakeholders to ensure that all the relevant information and data required to facilitate investment is included, and constantly maintained. This system be must be categorised to ensure that it is easy to navigate. In addition, all information captured from investment requests logged onto the system will be used to develop a continued investment profile for the province. This will provide a one-stop portal where any stakeholder can access the system, extract the information relevant to their specific investment request, as well as include any new information or research. This will also act as an incentive to investors as they will be able to easily access a reliable database of up-to-date information relating to all aspects of investment.

4. Establish case-by-case **investment facilitation project teams (incl. Transactional Advisor)**

In order to effectively and efficiently facilitate investment and 'seal the deal', an investment facilitation project team needs to be formed for each investment request or application received through the web-based coordination system. TIKZN must allocate a relevant team of stakeholders based on the type, sophistication, and size of the potential investment to ensure that the correct skills and resources are assigned to each investor. These project teams are responsible for guiding the entire investor servicing process with the ultimate goal of securing the particular investment. The transactional advisor must be assigned to key investment requests to ensure that all the sufficient technical expertise (business registration, legal, labour, etc) is available to the potential investor.

5. Develop an **Investment Promotion and Facilitation Strategy (IPFS)** for each district municipality

Each district municipality must undertake an IP&F Strategy. This will allow each district to outline their specific investment promotion and facilitation focuses (targeted sectors and areas relevant to that particular region), which must be driven by and aligned to the KZN Investment Strategy. This will ensure that the priorities of each district are aligned to the province, and that the strategy of each district in terms of the promotion and facilitation of investment is clearly defined and formulated. The strategies must also outline how the district intends coordinating investment between the local and district functions, and must identify their institution capacity in terms of skills and resources.

6. Formulate **MOU's or collaborative agreements**

TIKZN and local government must enter into agreements to formalise how investment promotion and facilitation is handled at a local level in conjunction with TIKZN. This relates to the IPF Forum where a proposed action plan for each municipality will be captured annually within an IPF Plan. The MOU's or

agreements must relate to the shared services that will be offered by TIKZN to local government (and visa versa) and how TIKZN and local government will coordinate their efforts via the outcomes of the IPF Plan. This will formalise arrangements between TIKZN and local government to ensure that coordination is maintained and investment promotion and facilitation efforts are being effectively and efficiently undertaken.

7. Strengthen **image building and marketing media**

New promotional and marketing media needs to be developed which promotes the new strategic direction of the province. This must relate specifically to the targeted focus of the province in terms of sectoral and spatial priorities. In addition, TIKZN must continue to develop their online marketing media (website and other online investment promotion) to ensure that the crucial outputs of the strategy and other achievements are promoted widely. TIKZN must also ensure that new marketing media assists in building and strengthening the 'brand' of the agency and the province as a whole. Local IPA's, DA's and other municipal departments must also continue to promote their own 'product', but this must be in coordination with TIKZN via the IPF Forum.

8. Actions required to facilitate **skills and resource requirements and skills training**

This output relates to the specific skills and resources that will be required to undertake the outputs identified in this strategy as well as the skills training that is required by all IPA practitioners. This outlines the type of skills or resources required, who must be responsible for acquiring such skills or resources, and any arrangements with regards to skills sharing and outsourcing of specialist expertise. In addition, all stakeholders involved in IP&F must be provided with the following skills training:

- General personnel training and capacity building;
- Training on the web-based coordination and information system.

CHAPTER 4: IMPLEMENTATION PLAN

Introduction

A number of strategic thrusts have been presented which address the challenges facing investment promotion and facilitation in KZN. These thrusts essentially answer the question of 'what needs to be done to achieve the objectives of the province'. A number of strategic outputs were then identified which will assist in achieving these objectives. This chapter expands on these outputs in order to provide a framework for implementation, which will assist in achieving the identified outputs.

The table below displays the strategic thrusts and relative programmes that were assessed in the previous chapter, as well as the eight strategic outputs that are expected from implementation of these strategies.

Table 3: Strategic Thrusts, Programmes and Outputs

No	Strategic Thrusts	No	Strategic Programmes	Investment Promotion & Facilitation Forum	Annual Stakeholder & Private Sector Seminars	Web-based Coordination & Information System	Investment Facilitation Project Teams	District Municipal IP&F Strategy	TIKZN and Local Government Agreements	Strengthen Image Building & Marketing Media	Skills and Resource Requirements and training
				S.O 1	S.O 2	S.O 3	S.O 4	S.O 5	S.O 6	S.O 7	S.O 8
1	Achieving Inclusive Institutional Coordination	ST 1.1	Investment Promotion & Facilitation Planning								
		ST 1.2	Integrated and Coordinated Procedures								
		ST 1.3	Private Sector Involvement								
2	Focused Investment Promotion	ST 2.1	Targeted Focus								
		ST 2.2	Investment Incentives								
		ST 2.3	Image Building and Marketing								
3	Promoting Information & Research Synergies	ST 3.1	Coordinated Sector Research								
		ST 3.2	Facilitating Information Sharing								
		ST 3.3	Profiling Investment in KZN								
4	Creating an Enabling Environment	ST 4.1	Addressing the Fundamentals								
5	Skills & Resource Requirements	ST 5.1	Skills & Resource Requirements								

Direct relationship
Indirect relationship

Each of the outputs relate to a number of strategic programmes as there are many cross-cutting areas. The following sections provide actions steps, responsible parties, and the expected timeframes that are required in order to achieve the outputs identified above.

Strategic Output 1 – Investment Promotion & Facilitation Forum (IPF Forum)

Central to the efficient and effective promotion and facilitation of investment in the province is ensuring an integrated and coordinated approach by all stakeholders. All stakeholders must understand the activities, actions and promotion missions planned by other stakeholders to ensure that there is a coordinated approach to investment promotion and facilitation. This can be achieved by establishing an IPF Forum on a bi-annual basis which pulls together all key stakeholders in an effort to coordinate all plans relating to investment promotion and facilitation. This will include specifying their intended plans for the year ahead, as well as their requirements in terms of skills sharing and assistance required from TIKZN. This will all be pulled through into an Investment Promotion and Facilitation Plan (IPF Plan) which will include a Skills Plan as a sub-component.

In addition to this, all issues, challenges and opportunities identified through consultation with investors, private sector, and other stakeholders must be presented at the Forum and fed into a Monitoring and Evaluation Plan (M&E Plan).

No.	Specific Action	Description	Responsible Parties	Timeframe
1	Identify members of the forum	All the key stakeholders need to be identified and contacted to ensure they are aware of the forum, and need to agree that they will become members of the forum and adhere to the outcomes of the forum.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipal IPA's & DA's 	Short-term
2	Develop an agenda for the forum	A generic agenda must be drafted as a guideline to the exact objectives required from the forum.	<ul style="list-style-type: none"> • Founding members 	Short-term
3	Engage with MEC	There needs to be engagement between TIKZN, DEDT and the MEC for Economic Development to ensure that the framework for the forum is suitable, and that all arrangements are understood by each party.	<ul style="list-style-type: none"> • TIKZN • DEDT 	Short-term
4	Arrangements and invitations for the first forum	Arrangements for the first forum need to be secured and invitations need to be sent to all key stakeholders.	<ul style="list-style-type: none"> • TIKZN 	Bi-annually
5	IPF Plan and M&E Report	An IPF Plan and M&E Report must be drafted after each forum, and thereafter circulated for comment, and then forwarded to the MEC	<ul style="list-style-type: none"> • TIKZN • DEDT 	Bi-annually

Strategic Output 2 – Annual Private Sector & Stakeholder Seminars

The strategy has identified the need for two focused annual seminars in order to receive input and feedback from both stakeholders and private sector representatives. These seminars are:

- A stakeholder’s seminar to discuss challenges and constraints within the investment environment, and to identify challenges in coordinating investment facilitation in the province;
- A private sector seminar to get feedback on investment environment constraints (and present solutions), and review sector performance and new emerging sector potential.

Both of these seminars must be hosted before the IPF Forum, preferably before the first annual forum, to ensure that all feedback received can be presented at the IPF Forum at the end of the year, and translated into an M&E Report to guide the activities of stakeholders for the year ahead.

The specific actions required, responsible parties, and timeframes to achieve this output are identified in the table below:

No.	Specific Action	Description	Responsible Parties	Timeframe
1	Allocate personnel to champion each of the annual seminars	An individual needs to be allocated the duty of championing each of the seminars. This will include identifying and inviting all the stakeholders, organising and coordinating the seminars, ensuring that the discussions in the seminars are captured and fed into a the IPF Forum	<ul style="list-style-type: none"> • TIKZN • DEDT 	Annually
2	Identify key stakeholders and private sector stakeholders	Key stakeholders for this seminar must include all those included in consultation during the KZN Investment Strategy (IP&F practitioners and all other stakeholders). Private sectors stakeholders must be identified.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipal IPA’s & DA’s 	Annually
3	Arrangements and invitations for seminars	Arrangements for the first seminars need to be secured and invitations need to be sent to all invitees.	<ul style="list-style-type: none"> • TIKZN 	Annually

No.	Specific Action	Description	Responsible Parties	Timeframe
4	Develop a seminar report framework	A basic reporting framework needs to be developed to capture the issues, challenges and opportunities identified at the respective seminars.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipal IPA's & DA's 	Short-term

Strategic Output 3 – Web-Based Coordination & Information System

Central to enhancing the coordination between stakeholders is ensuring that all investment proposals or requests (received through whichever department, organisation, or individual) are assessed by TIKZN. This will require the development of a system to log investment proposals for review by TIKZN. Developing such a system will allow TIKZN, as the mandated investment promotion agency in the province, to assess each investment request based on the needs of the investor and the province, and set up a case-specific project team to facilitate the investment. This project team must be tailored to match the specific requirement of the investor, and therefore must include the relevant public sector departments (and IPA's & DA's) and institutions (national, provincial and local), business chambers, and any other stakeholders relevant to that investment. (ST 2)

In addition, the province acknowledges the importance of developing and maintaining a 'database' which will contain comprehensive, speedy, accurate and reliable information, data and research required by investors to make an informed decision. There are currently a number of sources of data, and a number of online portals from which information can be extracted. However, there is a lack of a coordinated web-based system focused on investment promotion and facilitation information for the province.

No.	Specific Action	Description	Responsible Parties	Timeframe
1	Engage with all stakeholders	Stakeholders must be consulted with regards to the design, operation and maintenance of the system.	<ul style="list-style-type: none"> • TIKZN • DEDT • Stakeholders 	Short-term
2	Identify an IT consultant to develop system	An IT Consultant needs to be appointed to develop the system. This development must be closely linked to the outcomes of consultation with stakeholders.	<ul style="list-style-type: none"> • TIKZN • DEDT 	Short-Term
3	Develop a System Protocol and undertake stakeholder training	A system protocol document must be developed which outlines the way in which the system is operated and maintained. All stakeholders need to be trained to use the system based on protocol.	<ul style="list-style-type: none"> • TIKZN • IT Consultant 	Short-term

No.	Specific Action	Description	Responsible Parties	Timeframe
	Formalise requirements	The requirements of stakeholders w.r.t the system must be formalised through inclusion in MOU's.	<ul style="list-style-type: none"> TIKZN DEDT Stakeholders 	Short-term
4	Allocate personnel to manage the portal and identify and collate specific information required from the various departments and institutions	There is a need to identify individuals to champion the system. These people will be responsible for ensuring that the system data is up-to-date and functioning properly, and to coordinate the compilation of all the necessary information, data and research from various departments, institutions and private sector institutions.	<ul style="list-style-type: none"> TIKZN DEDT All stakeholders 	Short-term
5	Implement the system	Roll-out the system throughout KZN.	<ul style="list-style-type: none"> TIKZN IT Consultant Stakeholders 	Short-term

Strategic Output 4 – Investment Facilitation Project Teams

Based on input from the web-based coordination & information system, investment facilitation project teams must be formed on an *ad hoc* basis. Each group must be represented by stakeholders based on the characteristics of the investment. This includes such characteristics as the intended investment location and sector, level of specialisation of the investment, technical expertise required, the value of the investment, the strategic importance of the investment, as well as any special requests from the potential investor. Each project team will be responsible for facilitating the potential investment.

No.	Specific Action	Description	Responsible Parties	Timeframe
1	Develop a set of guidelines to lead the project team formation process	Guidelines need to be developed to lead the formation of project teams. These guidelines will assist in deciding who will be involved in each project team and will be based on criteria such as the intended sector and investment destination, value of investment, strategic importance of the investment, and any special requirements.	<ul style="list-style-type: none"> TIKZN DEDT Municipal IPA's & DA's 	Short-term

No.	Specific Action	Description	Responsible Parties	Timeframe
2	Formalise guidelines	The guidelines and requirements need to be formalised through MOU's with all stakeholders.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipal IPA's & DA's • Stakeholders 	Short-term
3	Transactional Advisor	The strategy suggests that in order to enhance the capacity of TIKZN to effectively secure investment and manage the investor servicing functions, a transactional advisor is required. The transactional advisor will act as the project manager for catalytic investments being facilitated by TIKZN, and can be outsourced to other stakeholders if and when the services are required (via arrangements in the MOU's)	<ul style="list-style-type: none"> • TIKZN • Private Sector 	As required

Strategic Output 5 – District Municipal Investment Promotion & Facilitation Strategy (IPFS)

Although this strategy is the overarching investment strategy for KZN, each district municipality has its own competitive and comparative advantages, issues, challenges and opportunities. Each district municipality must therefore commit to developing an IPFS with assistance from TIKZN. These IPFS's must outline their specific investment promotion and facilitation focuses, which must be driven by the characteristics and potential of the area, and aligned to the strategy of the province.

No.	Specific Action	Description	Responsible Parties	Timeframe
1	Engage with each District Municipality	The province must engage with each district municipality that does not have investment promotion and facilitation strategy. This engagement process must also comprise discussions and arrangements on the process of developing a strategy.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipalities • Municipal IPA's & DA's 	Short-term

No.	Specific Action	Description	Responsible Parties	Timeframe
2	Budget and funding for the Strategies	The DEDT must specify a budget required for the development of each strategy, and must identify possible sources of funding for the development of investment promotion and facilitation strategies	<ul style="list-style-type: none"> • DEDT 	Short-term
3	Develop TOR	A TOR must be developed that can be used by each municipality to advertise the Request for Proposals. The TOR must highlight the need for a strong institutional component and must also ensure that the strategies are aligned to the KZN Investment Strategy.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipalities • Municipal IPA's & DA's 	Short-term
4	Appointment	Once the TOR has been completed and proposals have been received, a consultant must be appointed. Once a consultant has been identified, the process must be initiated, and coordinated by TIKZN.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipalities • Municipal IPA's & DA's 	Short-term

Strategic Output 6 – Strengthen Image Building & Marketing Media

Given the outcomes presented in this Strategy and the new strategic direction of the province, new promotional/marketing media needs to be developed to strengthen the 'brand' of the province. This new media can include updating the TIKZN website to include the new strategic focus of the province and printing new promotional brochures that highlight priority sectors and locations.

No.	Specific Action	Description	Responsible Parties	Timeframe
1	Develop a new image building & marketing campaign	A new campaign must be developed to promote the image of the province and TIKZN, and to market the new strategic direction of the province based on the outcomes of this Strategy	<ul style="list-style-type: none"> • TIKZN • Marketing firm 	Short-term
2	Update and strengthen TIKZN & DEDT websites	The website of TIKZN and DEDT must be updated and strengthened to ensure that the new direction of the province and new marketing media is included.	<ul style="list-style-type: none"> • TIKZN • DEDT • IT Consultant 	Short-term

Strategic Output 7 – TIKZN and Local Government Agreements

Many district and local municipalities without a dedicated agency such as DIPA currently lack the skills and capacity necessary to effectively promote and facilitate investment within their region. In most cases, the irregular occurrence of investment requests directly to local government does not warrant the appointment of specific investment promotion personnel within the local government institution. Given TIKZN's mandate as the provincial investment promotion agency, there is a need for local government to enter into agreement with TIKZN on how investment promotion and facilitation is handled.

The specific agreements for each municipality will need to be determined after consultation between the parties, and based on factors such as level of skills and experience with investment promotion and facilitation, historic interest by investors in that particular region, and the potential catalytic investment opportunities on offer. For local government institutions that have either an IPA or DA, TIKZN must enter into an agreement with these institutions to outline the interactions required between the local agencies and TIKZN.

No.	Specific Action	Description	Responsible Parties	Timeframe
1	Engage with all district and local municipalities (incl. development and investment promotion agencies)	TIKZN & DEDT must engage with all key municipal stakeholders once the processes and requirements of the web-based system & project teams have been formalised to finalise MOU agreements.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipalities • Municipal IPA's & DA's 	Short-term
2	Formation of MOU's	MOU's for each local government stakeholder must be finalised.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipalities • Municipal IPA's & DA's 	Short-term

Strategic Output 8 – Skills and Resource Requirements and Training

The outcomes of this Strategy have a number of implications on the province in terms of skills and resources and training required. The DEDT, TIKZN and all other stakeholders need to decide, based on their budgetary constraints, which of the skills or resources required can be accommodated in-house, which will require additional resources to acquire, and which can be shared in agreements between TIKZN, DEDT and stakeholders.

No.	Specific Action	Description	Responsible Parties	Timeframe
1	Skills training	TIKZN and DEDT must ensure that all IP&F practitioners are sufficiently capacitated to undertake investment promotion and facilitation. It is suggested that a programme be developed that will capacitate all public sector stakeholders in terms of general personnel training of IP&F, and training on the web-based system.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipal IPA's & DA's • Other public sector stakeholders 	Short-term
2	Research Skills	TIKZN and DEDT need to assess the current skills and resources allocated towards research, and identify if further resources are required to conduct research on existing & new emerging sectors.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipal IPA's & DA's 	As required
3	Local government IP&F skills and resources	Local government stakeholders need to assess the current skills and resources allocated towards undertaking IP&F activities, and identify the gaps. They can thereafter make a resolution to acquire additional personnel, or make arrangements with TIKZN to provide them the services required.	<ul style="list-style-type: none"> • TIKZN • DEDT • Municipal IPA's & DA's • Municipalities 	Annually
4	IT skills	An IT Consultant will need to be appointed to develop the web-based system, and provide on-going support. Additionally, a person within TIKZN or DEDT must be allocated to undertake daily maintenance of the system, and ensure all the relevant information is received.	<ul style="list-style-type: none"> • TIKZN • DEDT • IT Consultant 	Short-term

CONCLUSION

The key outputs of each strategic thrust have been identified and translated into implementable actions steps. The table below provides a summary of the implementation plan, with an applied rating system. The rating system determines the importance and urgency of each implementable output based on a scale of Medium (M), High (H) to Very High (VH).

Table 4: Implementation Plan Priorities

List of Outputs		Importance Rating	Urgency Rating
Strategic Output 1	Investment Promotion & Facilitation Forum (incl. IPF Plan, Skills Plan and M&E Plan)	VH	VH
Strategic Output 2	Annual Stakeholder & Private Sector Seminars	H	H
Strategic Output 3	Web-based Coordination & Information System	VH	H
Strategic Output 4	Investment Facilitation Project Teams (incl transactional advisor)	VH	H
Strategic Output 5	District Municipal IP&F Strategy	H	M
Strategic Output 6	TIKZN and Local Government Agreements	H	VH
Strategic Output 7	Strengthen Image Building & Marketing Media	H	M
Strategic Output 8	Skills and Resource Requirements	VH	H

ANNEXURES

Annexure 1 - Model to determine the amount of investment required until 2021

Jobs to be created by 2021 (NGP)	R 5 000 000 000
Jobs to be created by KZN by 2021 (NGP)	R 1 000 000
Number of jobs to create in KZN via investment promotion activities by 2021 (20%)	200 000

Average amount of investment required to create one job in KZN	R 500 000
Timeframe in years	10

Total Investment Required by 2021 to create 500 000 jobs	R 100 000 000 000
Total Investment Required per Annum	R 10 000 000 000
Total Jobs to Create per Annum	20 000

To make a 20% contribution towards creating 1 million jobs in KZN, the province needs to create approximately 20 000 jobs per annum for the next 10 years by attracting approximately R10 billion worth of investment per annum. This equates to 200 000 jobs and R100 000 000 000 investment by 2021.

Annexure 2 – Investor details and Information, Data and Research to be logged into the Web-Based Coordination and Information System

Investment Request Details

It is recommended that the centralised investment proposal system collect the following data from potential investors in order for TIKZN to assess each investment request and assign a task team accordingly:

- Date of request
- Name and contact details of applicant
- Name and contact details of the business
- Sector and activities of the business
- Preferred location
- Estimated investment value
- Estimated employment (local and international labour requirements)
- Expected output markets (local, regional, national, export)
- Expected input markets (local, regional, national, import)
- Skills requirements
- Resource requirements

Information, Data and Research

The Strategy recommends that the following information be included in the online information portal:

- National Level
 - Doing Business in SA & competitiveness studies
 - Information on business permits and other regulatory application processes
 - Incentives offered by the DTI and CSIR
 - Taxation and custom legislation
 - Competition and regulatory policy

 - Employment legislation
 - BBEEE and Affirmative Action Policy
 - All other significant National Policy such as ASGISA, IPAP, NSDS
 - Reserve Bank exchange controls
 - Financial regulations
 - Environmental regulations
- Provincial Level
 - Doing Business in KZN
 - All provincial policies and strategies such as RIDS, PSEDS, PDGS, Strategic Plan, BBEEE Strategy
 - Information on Industrial Development Zones
 - Provincial Treasury Data
 - Database of contacts for each provincial department
 - Sectoral research

- Provincial budget
- Municipal Level
 - Profile of each district and local municipality
 - IDPs for each district and local municipality
 - Annual tariffs for each district and local municipality (electricity, water, sewerage, refuse, rates)
 - MFMA

Procurement policy