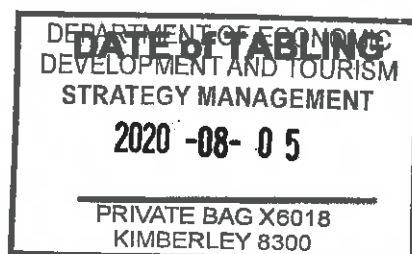


DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

Revised Strategic Plan for 2020 – 2025



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Executive Authority Statement

On 24th June 2020 the Minister for Finance, the honourable Tito Mboweni delivered his Supplementary Budget speech to the nation. In it he declared that we are "in the midst of a fast-evolving pandemic." He described the pandemic as a raging "tempest" and metaphorically referred to the country as the "Aloe Ferox" that has to be protected until the storm had passed.

He went on to say that, "The historic nature of this pandemic and economic downturn has made it necessary to table such an adjustment. We will table a second adjustment budget in October together with the Medium-Term Budget Policy Statement." The Supplementary Budgets "... brings an Adjustments Appropriation Bill and a Division of Revenue Amendment Bill to the House."

The country and indeed the Province of the Northern Cape is required to devise a plan that help to forge a new economy in within a "new global reality." We are an economy that is reliant on exports and the predicted supply and demand shocks is predicted to see the economy contract by as much as 7.2%.

One cannot forge a new economy unless as advocated by Antonio Gramsci (1891-1937), deconstructs the economy and then reconstructs it in such a manner that the people are granted an equitable share in its benefits so that they no longer have to "sell their labour power in order to live" because they do not "have a means of production of their own."

The socio-economic crisis created by the pandemic is the opportune time to entrench the developmental precepts that underpin radical economic transformation. The impact of the COVID19 pandemic provides the unique opportunity to "reboot" the economy in the Province. In his book, *Rules for Radicals*, Saul Salinsky writes that "a threat or a crisis becomes almost a precondition to communication." In essence, one should take advantage of a crisis and manufacture solutions that address the challenges of the past while simultaneously managing the crisis that threatens the "Aloe Ferox." The idea is not to employ strategies and interventions seeking to "return to normal" but to develop a "new normal."

This is a challenging developmental trajectory that requires boldness to bring about the socio-economic impacts in the medium and long-term in support of sustainable labour-intensive growth that maximises the competitive and comparative advantages in the province. It requires the development of a new compact between government and the private sector. +

It cannot be done in isolation of the international economic environment in which we find ourselves. As a country and a province we are part of the international community and as such subject to the vicissitudes of the world's economy. We can, however, put the building blocks

in place that builds an economy that is both competitive and resilient to these exogenous pressures. We need to turn inward and reduce our dependence on trade dependence. It is the opportune time to drive the "proudly South African", "Sho't Left" and "Buy Local" initiatives to grow the economy. SMMEs and Cooperatives need to be strengthened to support diversified economic development which will protect existing jobs while simultaneously providing opportunities to existing and new local manufacturers and entrepreneurs to take advantage of the value-chain to enter the mainstream economy.

The Minister of Finance Tito Mboweni has called for a series of "deliberate and concerted actions" to raise SA's moribund GDP growth rate, hence we are pleased of the announcement of more than R5 billion has been invested into the development of Gamsberg to produce 4Mt of zinc ore a year by the Vendanta group that is also assessing the feasibility of building a zinc smelter and refinery. We are looking into the long-term, whilst Aggeneys has a population of just over a thousand people currently, this town could develop to a million people once the smelter and refinery takes shape and would further need rail infrastructure.

In terms of the Boegoebaai project, all technical feasibilities, demand flow and commodity mix studies have been conducted to determine the feasibility of building a financially viable Port. In the next MTSF we aim to complete the project and maximise the economic benefits to shut the jaws of poverty, unemployment and inequality.

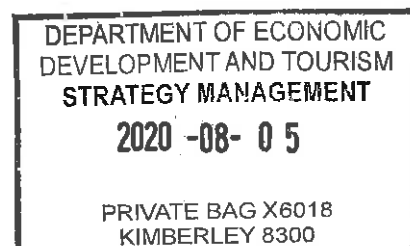
Although mega-projects act as catalysts for growth, it is the development of sustainable SMMEs and Cooperatives who are the mainstay of sustainable economic growth in all the sectors. The youth, women and people with disabilities must be developed to establish SMMEs and to take advantage of the value chains in mining, manufacturing, renewable energy, agriculture, tourism and the knowledge economy.

In order to "help build a bridge to a prosperous future" for the citizens of the Northern Cape Province, I hereby table the revised Strategic Plan for 2020 -2025 that has been developed in line with the developmental objectives as outlined in the National Development Plan, Medium Term Strategic Framework 2019-2024, Election Manifesto, the Provincial Growth and Development Plan and the Programme of Action.



Mr Abraham Vosloo

Member of the Executive Committee
Finance, Economic Development and Tourism.



Accounting Officer Statement

The advent of the COVID19 pandemic has dealt the economies of the world a severe blow. In February 2020 the expectation was that the global economy would grow by 3.3%. However, in reality it is expected to contract by 5.2%. The last time an economic distress of this magnitude was in 1873. The "Panic of 1873" led to the longest recorded economic downturn in modern history, spanning from October 1873 to March 1879. Early projections indicate that the COVID19 pandemic will bring about an even broader collapse in per capita income. Millions of workers have lost their jobs. In South Africa unemployment increased by one percentage point. It has reached 30.1% in the first three months of this year.

The South African economy, reliant on exports, is expected to contract by 7.2% in 2020 with inflation hovering around 3.3%. Real gross domestic product (measured by production) decreased by 2,0 % in the first quarter of 2020, following a decrease of 1,4% in the fourth quarter of 2019.

The two largest negative contributors to growth in GDP in the first quarter were the mining and manufacturing industries. The mining industry decreased by 21,5% and contributed -1,7 percentage points to GDP growth.

The manufacturing industry decreased by 8,5% and contributed -1,1 percentage point to GDP growth. The three highest positive growth rates and contributions to GDP growth in the first quarter were in agriculture (27,8% and contributing 0,5 of a percentage point), finance (3,7% and contributing 0,8 of a percentage point) and general government services.

These factors conspire to unravel the economic development interventions already undertaken to address the triple threat of poverty, unemployment and inequality. The economic tempest seeks to undermine the Honourable Premier, Dr Zamani Saul who, this year, indicated in his State of the Province address that government cannot "alone address the triple threat that continues to keep the citizens of the Northern Cape in socio-economic subjugation. It is true that our economy is not growing and that not enough jobs are being created to underpin the developmental changes expressed in the New Growth Path and the National Development Plan.

The statistics released by StatsSA clearly underpin the Northern Cape's challenges where the high unemployment rate is the biggest poverty driver. This does not augur well for the development of an economic development trajectory where 64,1% of the population in the Northern Cape comprises of youth and adults who can be employed but are not.

The provincial labour market paints a rather ambiguous picture. In that there were increases in the unemployment rate, whilst there were non-movement in terms of the participation rate and absorption rate. As there were increases, in total provincial employment on a quarter-on-quarter basis – increasing by 745 new entrants. This at the back of increases in population and labour force numbers, by 1893 and 1525, respectively. In contrast, the number of unemployed persons increased by 771 in the same period of analysis. Thus, culminating in an unemployment rate of 27.0%, for the first quarter of 2020.

In context of the first quarter of 2020, and analysing based on a quarter-on-quarter basis the provincial financial sector was the biggest casualty with almost 9 000 employees lost in the sector. With the transport sector following with 4 072 jobs lost in the same period of analysis. Private household's and the manufacturing sector also continue the job-shedding by shedding around 5 200 combined, that is 2 170 and 2 999, respectively.

Curtailing the job-blood bath were the trade sector and agriculture. With the latter recording around 5 300 jobs increase, where the former increased its employment base by over eight thousand new jobs (i.e. 8 031). Of fortitude was the increase in the construction jobs, which increased by the 3 451.

The downturn follows the protracted drought over the last five years in the Province. According to the "Early Warning Committee Report on Drought" dated May 2019, almost 10 000 farms covering 5.8 million hectares have been affected. The COVID19 pandemic will contribute to further disruptions in the agricultural value chain in the Province. Very few farms are totally self-sufficient in their production process. In most instances some form of inputs is required from other farmers (e.g. animal feed, seed, etc.) or from other sources (e.g. services, fertiliser, equipment, etc.). It can be foreseen that these inputs may be available, but it can become difficult to reach farms as a result of regulations restricting trade. The impact on the commercial viability of farms is yet to be determined as the pandemic leads to the loss of market share both nationally and internationally.

The increase in population has also impacted on the employment rate. There was an increase of approximately 2 000 persons of working age (15-64 years olds) in the Northern Cape between Q1:2019 and Q2:2019.

Mining remains a key contributor to the provincial economy's GDP. Nominal GDP for Northern Cape estimated at R96,5 billion for 2017, increasing by R6 billion from 2016. Mining was up by R2.5 billion to R19,5 billion. Services was up by R1.2 billion to R15 billion. Agriculture was up by R851 million to R6.8 billion while construction was down by R161 million to R2.6 billion. However, the Northern Cape's contribution to the country's GDP is only 2.1%. However

economic growth for the province was above national average in 2017 at 2,7%. This picture is expected to change for the worse in the next few months.

The Department of Economic Development and Tourism has developed a Strategic Plan for the next five years with intentional interventions directed at addressing the high unemployment youth unemployment rate; to stimulate the labour market unable to absorb new entrants to the employment sector, to match the unemployed graduates to the requisite demand skills required by the diversified economy. The plan demonstrates that the department will intervene in all five districts taking into cognisance of the fact that each district has its own developmental DNA. The Strategic Plan tabled in July 2020 has been revised in response to the devastating socio-economic impact of the COVID-19 pandemic.

The development of the revised departmental Strategic Plan is still informed by the NDP, the seven priorities of the MTSF (2019-2024), the Provincial Growth and Development Plan (Vision 2040) and Programme of Action.

DEDaT has adopted the Results Chain and the Results-based methodology as driven by the DPME. The plan focuses on achieving the envisioned long-term impacts as encapsulated in the NDP's Vision 2030 and the PGDP's Vision 2040. Qualitative targets have been set for short, medium and long term outcomes.

SMMEs and Cooperatives have been identified as "the lifeblood of economic development" in the Province. The reprioritised resources, curtailed by the budgetary cuts, will still be utilized with the objective of providing a real return on investment and hence the department will augment its Monitoring and Evaluation capacity to ensure that the outcomes to develop the Province into a "modern, growing and successful" one are achieved. Key to achieving the Premier's vision is the development of SMMEs and Cooperatives.

The Risk Adjusted Strategy Regulations, as announced by the National Coronavirus Command Council, came into effect on 01 May 2020. These "relaxed" regulations continue to impact the tourism sector in the Province even though "Domestic commercial flights are allowed at the golden triangle airports – OR Tambo, Cape Town International and King Shaka International airports – as part of phase 1 from 01 June 2020." Travel and the accommodation of travellers remain restricted. Consequently "hotels, lodges, bed and breakfasts, timeshare facilities and resorts and guest houses are only allowed to operate if they are providing accommodation for persons for work purposes, the remaining tourists confined to these facilities, and persons in quarantine or isolation. This excludes any leisure activities. However, accommodation establishments not formally accredited and licensed, such as private homes for paid leisure accommodation, are not allowed to operate." Under "Lockdown Level 3" only

people who are carrying out work responsibilities or performing any services permitted under Level 3 are allowed to travel between provinces, metropolitan areas, districts and hotspots.

These restrictions negatively impact the department's vision of developing the tourism sector for inclusive growth and transformation. Tourism remains an important economic driver of rural economies and a mechanism to create sustainable employment opportunities outside urban and industrial areas. Hence the department will continue to proactively implement interventions aimed at transforming the Tourism sector in the Province. We are determined to elevate the tourist product of SMMEs through the development of a tourism incubator and the development of a skilled tourism industry through specialized tourism interventions that actively seek to increase bed-nights and the tourism spend in the province. These interventions will include the targeted groups i.e. women, youth and people with disabilities.

The Vision, Mission Statement and the values reflect the commitment of the department to forge ahead in pursuing the Medium Term Strategic Framework priority i.e. "Economic Transformation and Job Creation." As such we will proactively seek to promote investment by linking prospective investors with high-impact projects and incentive programmes that target investments in strategic sectors such as agro-processing, mining, mineral beneficiation, clothing and textile as well as the development of infrastructure. Localisation and the development of targeted groups remain a priority.



Mr T Mabija

Acting Accounting Officer

Department of Economic Development and Tourism

DEPARTMENT OF ECONOMIC
DEVELOPMENT AND TOURISM
STRATEGY MANAGEMENT

2020 -08- 05

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Official Sign Off

It is hereby certified that this Strategic Plan:

- Was developed by the Department of Economic Development and Tourism under the guidance of the MEC for Finance, Economic Development and Tourism Mr. Abraham Vosloo.
- Takes into account all the relevant policies, legislation and other mandates for which the Department of Economic Development and Tourism is responsible.
- Accurately reflects the Impact and Outcomes which the Department of Economic Development and Tourism will endeavour to achieve over the period 2020-2025.

Signatory	Date
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Ms L. Wengert
Executive Manager
Economic Technical Cluster Secretariat
OHOD


Dr M. Phera
Chief Operations Officer
Corporate Services


Mr K. Paokrisamy
Chief Financial Officer
Executive Manager
Administration







Mr D. Christians
Executive Manager
Integrated Economic Development Services


Mr D. Makin
Executive Manager
Trade and Sector Development

DEPARTMENT OF ECONOMIC
DEVELOPMENT AND TOURISM
STRATEGY MANAGEMENT

2020 -08- 05

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Signatory	Date
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 Mrs S Mabile Executive Manager Policy, Research and Innovation Head official responsible for planning	
 Ms J Wilson Executive Manager Tourism	
 Mr T Mabile Acting Accounting Officer Department of Economic Development and Tourism	
Approved by:  Mr Abraham Vosloo MEC for Finance, Economic Development and Tourism	

DEPARTMENT OF ECONOMIC
DEVELOPMENT AND TOURISM
STRATEGY MANAGEMENT

2020 -08- 05

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PART A: OUR MANDATE

Constitutional Mandate

The broad mandate of the Department is derived from the Constitution of the RSA, 1996, which regulates government's duties and responsibilities to the citizens, in particular the promotion of socio-economic rights.

Specific reference needs to be made to Provisions in the Bill of Rights (chapter 2) relating to equality (section 9); human dignity (section 10); freedom of trade, occupation and profession (section 22); and chapter 3 of the Constitution dealing with intergovernmental relations that inform the Department's work.

There have been no changes to the Constitutional mandates.

Legislative and Policy Mandates

The following directive commands the mandate of the Department;

National legislation (bills, acts, regulations, charters), of which the following are the most important:

- Constitution of RSA, 1996
- Public Service Act(PSA) and Public Service Regulations(PSR), as amended;
- Public Finance Management Act (PFMA) and Treasury Regulations (TR), as amended; and the
- Division of Revenue Act (DoRA).

Relevant line function legislation and regulations includes the following (National and Provincial, e.g. legislation pertaining to small businesses, companies, competition, gambling, liquor, consumer protection, local government, inter-governmental relations, development and planning, other standards and procedures, information, security, human resource management and development, labour, etc., including court decisions).

There have been no changes to the Legislative Mandates that govern the functions of the department. The passing of the Division of Revenue Amendment Bill of 2016, which is introduced to pave way for the National Treasury to allocate funds to urgent and unavoidable service delivery interventions, has not been passed to date.

Institutional Policies and Strategies 2020 – 2025

National Development Plan

The National Development Plan is the long-term socio-economic development plan for the country. The plan has a target of increasing employment by 11 million by 2030. In addition to the employment creation, the plan sets out mechanisms by which to improve the living conditions of citizens as measures by the 14 outcome areas that the government will focus on.

This is proposed to be achieved by:

- Realising an environment for sustainable employment and inclusive economic growth,
- Promoting employment in labour-absorbing industries,
- Raising exports and competitiveness,
- Strengthening government's capacity to give leadership to economic development, and
- Mobilising all sectors of society around a national vision.

Industrial Policy Action Plan

The Industrial Policy Action Plan (IPAP) is aimed at growing the economy and creating about 129 000 jobs in order to reduce unemployment. The aim is to achieve this by preventing industrial decline and supporting the growth and diversification of the South Africa's manufacturing sector. IPAP is aligned to the National Development Plan (NDP) and also located within the New Growth Path (NGP) framework. The plan is reviewed annually to measure progress on implementation and revise targets.

The Northern Cape supports the implementation of IPAP through the Provincial Manufacturing Strategy and its implementation plan. As a Province with mineral wealth there is big opportunity of mineral beneficiation which is one of the pillars of IPAP.

New Growth Path

The New Growth Path (NGP) provides bold, imaginative and effective strategies to create the millions of jobs South Africa needs. The aim is to create five million new jobs by 2020 so that unemployment can decrease by 15 per cent. To realise this target, the focus was set to be on areas that have the potential for creating employment on a large scale (what is called "jobs drivers") and securing strong and sustainable growth in the next decade.

Table 1. Job Creation Targets for the NGP

Job driver	Sectors	Employment target
Seizing potential of new economies	Green & knowledge economy	400,000
Main economic sectors	Manufacturing, mining, agricultural , tourism & related high-level services & related IPAP sectors	1,210,000
Infrastructure	Energy, transport, water & communications	250,000
Investing in social capital	EPWP,CWP & public service & youth schemes	260,000
Spatial development	Rural development African regional development	150,000
Rural development	Infrastructure, marketing institutions, education & skills	500,000
TOTAL DIRECT JOBS		2,770,000

The NGP puts special emphasis on new economies i.e. the Green and Knowledge economy. The Northern Cape has the potential of benefiting a lot from these new economies as the Province has been identified as the solar hub of the country and the Square Kilometre Array (SKA).

Infrastructure is one of the key job drivers identified in the New Growth Path. The South African Government adopted a National Infrastructure Plan in 2012 that intends to transform the economic landscape while simultaneously creating significant numbers of new jobs and to strengthen the delivery of basic services.

The plan identifies 18 Strategic Infrastructure Projects (SIPs). Of the 18 SIPs there are currently six that are of importance to the Province namely:

- SIP 3 South-Eastern node and corridor development,
- SIP 5 Saldanha – Northern Cape Development Corridor,
- SIP 8 Renewable Energy,
- SIP 14 Higher Education Infrastructure,
- SIP 15 Expanding access to communication technology, and
- SIP 16 Square Kilometre Array (SKA).

The full implementation of projects identified within these SIPs will result in more jobs being created in the Province.

Bi-lateral Agreements

International, National and local Multi-party Agreements and Memoranda of Understanding concluded with the Province include the following:

- South Africa – China trade agreements;
- Africa – Brazil – India Free Trade Agreement;
- Hunan-Northern Cape Provinces Friendship Agreement;
- Sweden – South Africa city-to-city twinning agreement;
- UNOPS - Department of Economic Affairs' Memorandum of Understanding;
- TISA – Department of Economic Affairs' Memorandum of Understanding.

The articulation of the specific mandates derived from these frameworks is found in the strategic and business / performance plans of the different programmes and sub-programmes in the Department.

Medium Term Strategic Framework

Medium Term Strategic Framework (MTSF) sets out government priority focus areas for 5 years. The country adopted the National Development Plan (NDP) which is a 20 year development plan, the NGP, IPAP and National Infrastructure Plan (NIP) which are short to medium term plans that are aimed at implementing the NDP.

The MTSF 2019 – 2024 is developed in line with electoral mandate identifies and the Priorities to be undertaken during 2019-2024 to put the country on a positive trajectory towards the achievement of the 2030 vision. It sets targets for implementation of the priorities and interventions for the 5 year period, and states the Outcomes and Indicators to be monitored.

The new MTSF is now defined as the combination of a NDP Five Year Implementation Plan for the Priorities outlined in the Electoral Mandate and an Integrated Monitoring Framework that:

- Is more focused on a limited set of priorities.
- Allows for a clear line of sight for the President and the country.
- Outlines the required delivery, resources and delivery timelines.
- Defines the proposed targets, interventions, outcomes and indicators.

The MTSF outlines the following set of priorities derived from the electoral mandate and the State of the Nation Address:

- Priority 1: Building a capable, ethical and developmental state.
- Priority 2: Economic transformation and job creation.
- Priority 3: Education, skills and health.
- Priority 4: Consolidating the social wage through reliable and quality basic services.
- Priority 5: Spatial integration, human settlements and local government.
- Priority 6: Social cohesion and safe communities.
- Priority 7: A better Africa and World.

The priority and subsequent impact and outcomes that resonate with the mandate of the Department of Economic Development and Tourism is:

- Priority 2: Economic Transformation and Job Creation.

An integrated monitoring framework will track progress using a variety of tools to measure the achievement of the priorities, by the different government and non-government stakeholders.

Changes in the Policy Environment

The new MTSF 2019-2024 has streamlined the vision of Operation Phakisa (Hurry Up) pronounced in July 2014. It still encompasses the Ocean's Economy with its potential to make an exponential contribution to the GDP through significant job creation. The areas for growth include Marine Transport and Manufacturing, Offshore Oil and Gas exploration, Aquaculture and Oceans' Governance and the Marine Protection Services. It also refocuses the developmental elements as contained in the "9-Point Plan."

Relevant Court Rulings

The matter of Imperial Group (Pty) Ltd t/a Cargo Motors Klerksdorp v Dipico and Others (1260/2015) [2016] ZANHC 1 (1 April 2016), had a direct impact on the NC Consumer Court, as it related to jurisdiction, by providing clarity as to whether a consumer is bound to a specific regulator based on the area of expertise or whether a consumer has the right to refer its matter to a Consumer Court where the consumer resides. This directly impacts us as it dictates when matters can be referred to our courts. The Court stipulated that:

"Section 70 puts paid to any doubt on whether the CPA seeks to introduce the hierarchical system of dispute resolution in s 69. It makes plain that a consumer may seek to resolve any dispute in respect of a transaction or agreement with a supplier by referring the matter to an alternative dispute resolution agent who may be any of the institutions listed in the section."

"Therefore if a consumer resides in a province where there is a consumer court, such consumer is not barred from approaching the consumer court even if an ombud with jurisdiction exists."

"More pertinently, s 75 (1) of the CPA put an end to any uncertainty on the jurisdiction of the NCCC. It provides that if the NCC issues a Notice of non-referral in response to a complaint, other than on the grounds contemplated in section 116, the complainant concerned may refer the matter directly to, inter alia, the consumer court, if any, in the province within which the complainant resides, or in which the respondent has its principal place of business in the Republic, subject to the provincial legislation governing the operation of that consumer court."

PART B: OUR STRATEGIC FOCUS

Vision

A radically transformed economy in the Northern Cape.

Mission

Accelerating the inclusive economic growth of the NC Province through modernization, diversification and empowerment.

Values and Principles

In delivering a service to its diverse clients the Northern Cape Department of Economic Development and Tourism has laid particular emphasis on the following values and principles:

- Transparency
- Responsiveness
- Accountability
- Professionalism
- Integrity
- Diligence
- Innovation
- Accessibility

Situational Analysis

Economic Overview

In delivering the supplementary budget, honourable Minister of Finance cautioned that

"We are in the midst of a fast-evolving pandemic. In South Africa and around the world, we have made the decision to protect each other. We have quickly adapted. We all now wear masks. We wash our hands more often. We maintain a safe social distance. As a result, millions have stayed safe. We remain deeply concerned about the path of the virus. But, in common with several other countries that adopted a stringent, early lockdown, we have "flattened the curve" and saved lives. As the wise farmer will tell you, when the tempest is raging you must protect your plants from damage. Our Aloe Ferox, like our people, is protected. Mr President, you are the wise farmer, caring for this Aloe Ferox. The storm is not over. But, if we follow the health guidelines and make the right decisions to prepare for a new global reality then, soon enough, the days will grow calmer and our national Aloe Ferox shall go into the new day healthy and strong." (National Treasury(NT), 2020)

South Africa's economic fortunes are currently closely tied to the Covid-19 pandemic brought on by the novel coronavirus. The lockdown measures that South Africa has put into place to contain the virus have profound economic implications. The implications of the pandemic in the rest of the world, and hence on demand for South Africa's export, are not as large as the effects of the domestic lockdown but are still very large by any normal measure (Development, 2020).

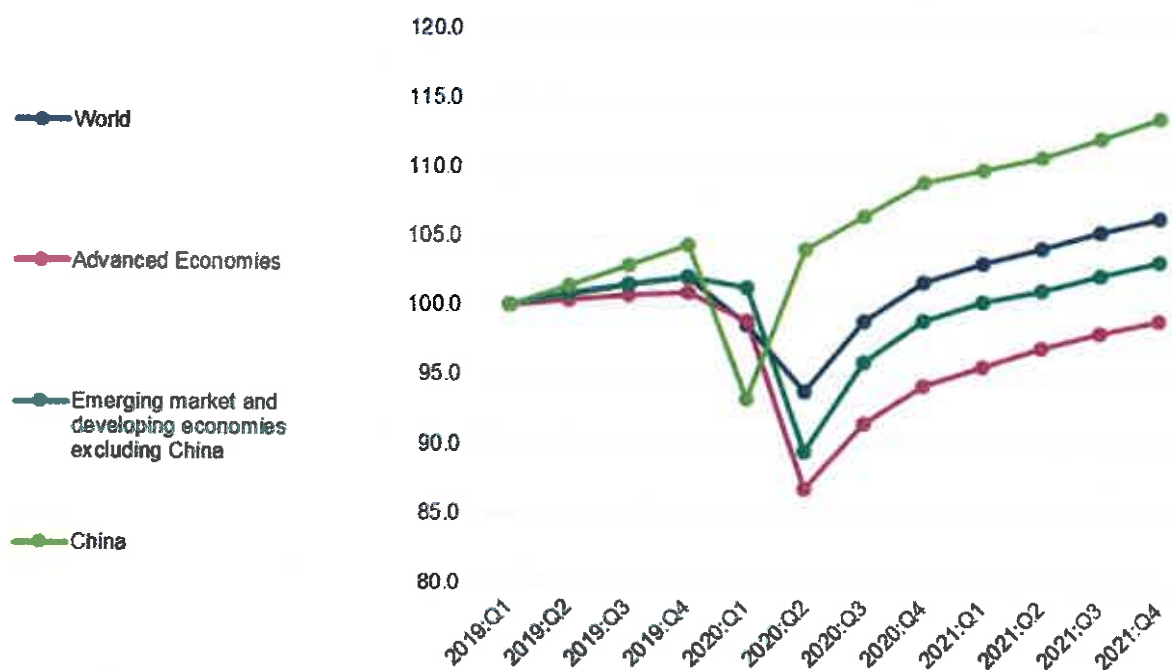
IMF COVID-19 Economic impact Projections

The global growth is projected at -4.9 % in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 %. Overall, this would leave 2021 GDP some 6.5 percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s.

Table 1: IMF World Economy Projections

	Year over Year								
	Projections				Difference from April 2020 WEO			Q4	over Q4 2/
					Projections 1/			Projections	
	2018	2019	2020	2021	2020	2021	2019	2020	2021
World Output	3,6	2,9	-4,9	5,4	-1,9	-0,4	2,8	-3,5	4,6
Advanced Economies	2,2	1,7	-8,0	4,8	-1,9	0,3	1,5	-7,2	5,1
United Kingdom	1,3	1,4	-	6,3	-3,7	2,3	1,1	-9,0	6,9
			10,2						
Emerging Market and Developing Economies	4,5	3,7	-3,0	5,9	-2,0	-0,7	3,9	-0,5	4,2
China	6,7	6,1	1,0	8,2	-0,2	-1,0	6,0	4,4	4,3
India 4	6,1	4,2	-4,5	6,0	-6,4	-1,4	3,1	0,2	1,2
Russia	2,5	1,3	-6,6	4,1	-1,1	0,6	2,2	-7,5	5,6
Brazil	1,3	1,1	-9,1	3,6	-3,8	0,7	1,6	-9,3	4,5
Sub-Saharan Africa	3,2	3,1	-3,2	3,4	-1,6	-0,7
Nigeria	1,9	2,2	-5,4	2,6	-2,0	0,2
South Africa	0,8	0,2	-8,0	3,5	-2,2	-0,5	-0,6	-2,1	-2,8

Figure 1: IMF Quarterly GDP forecast



In its scenario analysis, the IMF concedes that its first scenario assumes instead that a second major global outbreak takes place early in 2021. The disruptions to domestic economic activity in each country in 2021—resulting from measures taken to contain this second outbreak—are assumed to be roughly one-half the size of what is already in the baseline for 2020. The halving of the impact reflects the assumption that containment measures will be less disruptive to firms and households because the share of vulnerable individuals will likely be lower and the

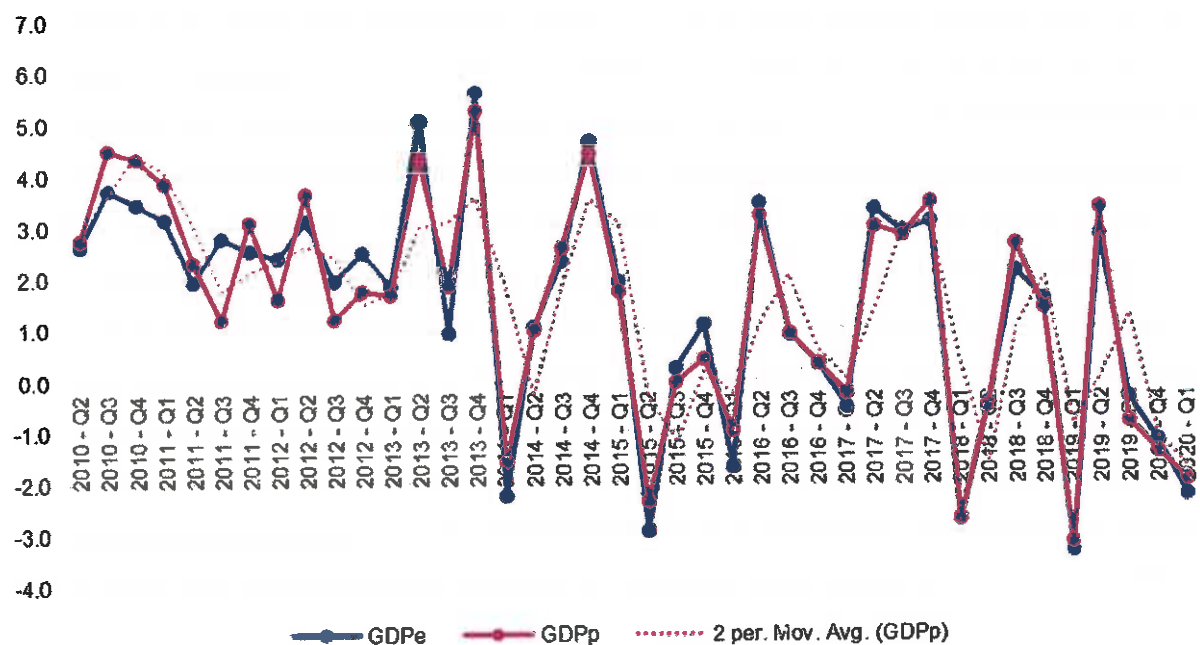
measures will become better targeted at vulnerable groups, building on the experience gained regarding the effectiveness of measures that have been tried to date (International Monetary Fund(IMF), June 2020).

Country in recession and fighting off global pandemic

COVID-19 has turned the global economy upside down. In the February Budget, we expected that the global economy would expand by 3.3 % in 2020. We now expect a global contraction of 5.2 % this year. This will bring about the broadest collapse in per capita incomes since 1870. Throughout the world, tens of millions of workers have lost their jobs. South African unemployment increased by one percentage point, reaching 30.1 % in the first three months of this year.

The South African economy is now expected to contract by 7.2 % in 2020. This is the largest contraction in nearly 90 years. Inflation will likely register 3 % in 2020, in line with the outcome. Commodity price increases and a weaker oil price have softened the blow, but as a small open economy reliant on exports we have been hit hard by both the collapse in global demand and the restrictions to economic activity (National Treasury (NT), 2020).

Figure 2: South African economic growth rate.

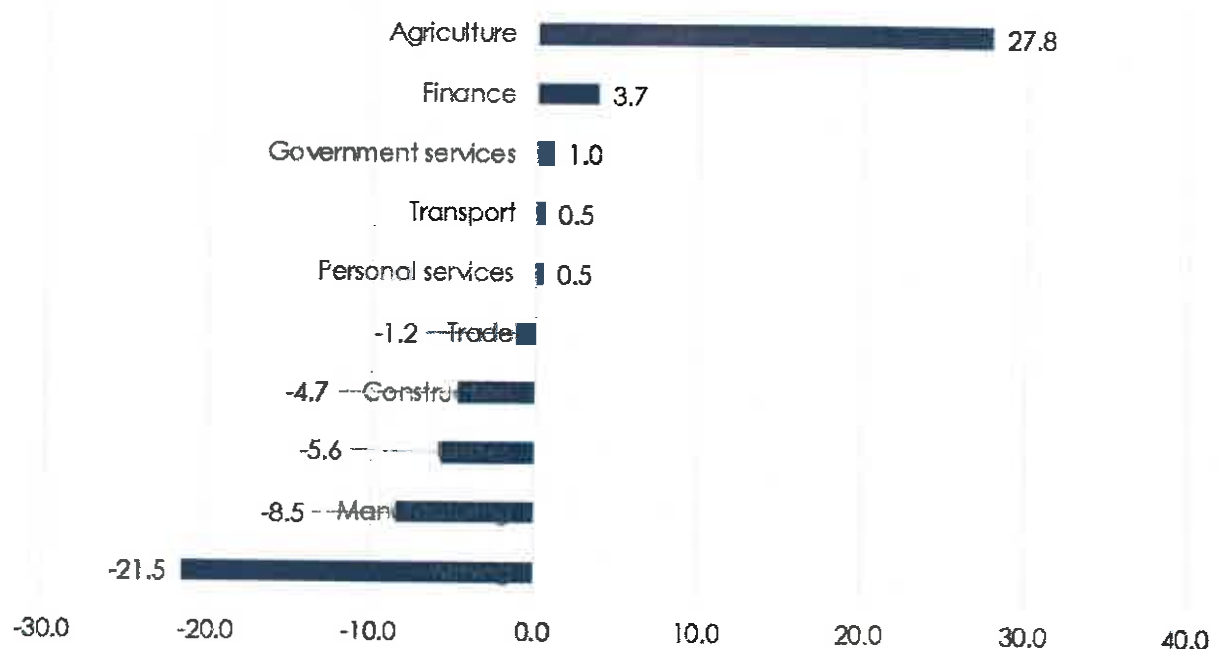


Real gross domestic product (measured by production) decreased by 2,0 % in the first quarter of 2020, following a decrease of 1,4% in the fourth quarter of 2019. The two largest negative contributors to growth in GDP in the first quarter were the mining and manufacturing industries.

The mining industry decreased by 21,5% and contributed -1,7 percentage points to GDP growth.

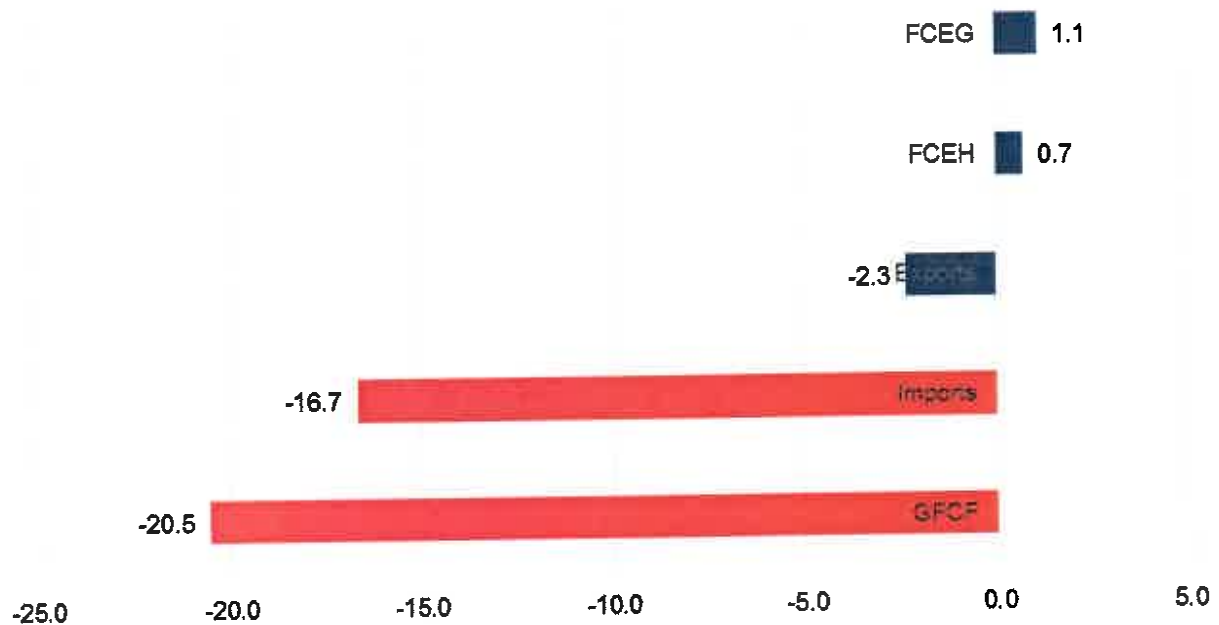
The manufacturing industry decreased by 8,5% and contributed -1,1 percentage point to GDP growth. The three highest positive growth rates and contributions to GDP growth in the first quarter were in agriculture (27,8% and contributing 0,5 of a percentage point), finance (3,7% and contributing 0,8 of a percentage point) and general government services (1,0% and contributing 0,1 of a percentage point) (Statistics South Africa(StatsSA), June 2020).

Figure 3: South African economic growth figures - Production side



Whereas, on the expenditure end, Household final consumption expenditure increased by 0,7% in the first quarter of 2020, contributing 0,4 of a percentage points to total growth. Government final consumption expenditure increased by 1,1%, contributing 0,2 of a percentage point. Gross fixed capital formation decreased by 20,5%, contributing -4,2 percentage points. Changes in inventories in the first quarter contributed -3,4 percentage points to total growth. Exports and imports of goods and services decreased by 2,3% and 16,7%, respectively. Net exports contributed 4,6 percentage points to total growth.

Figure 2: South African economic growth - Expenditure side

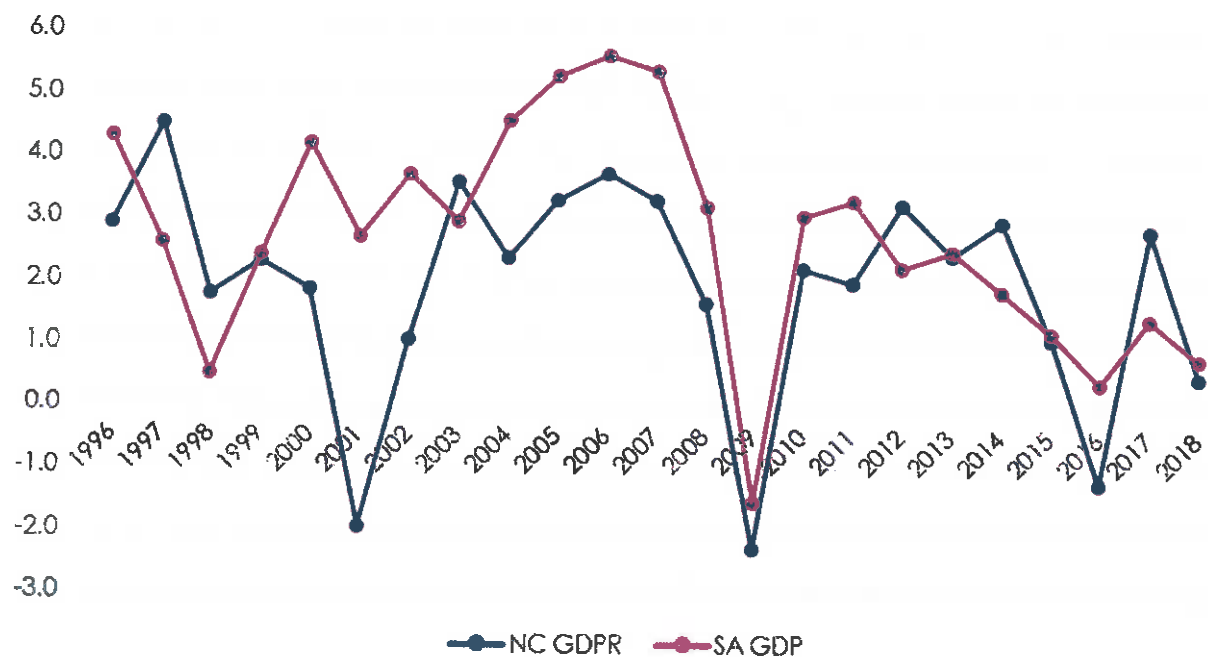


The 0,7% increase in the Household expenditure, was in the main due to positive contributors to growth in HFCE were expenditures on food and non-alcoholic beverages (4,3% and contributing 0,8 of a percentage point), furnishings, household equipment, maintenance (3,2% and contributing 0,3 of a percentage point) and housing and utilities (1,7% and contributing 0,2 of a percentage points) (Statistics South Africa(StatsSA), June 2020).

Provincial Economic performance

In tabling his 2020 State of the Province Address (SOPA), the Honourable Premier, Dr Zamani Saul bemoaned the fact that “unemployment, poverty and inequality are not challenges that government alone will address. I heard our people’s voices in various areas of the Northern Cape, struggling with the socio-economic consequences of underdevelopment. Government, private sector and communities need to join hands to confront the root causes of these challenges. As partners we must be jointly committed to find long-term solutions” (Saul, February 2020).

Figure 5: Northern Cape and South Africa's economic growth rates

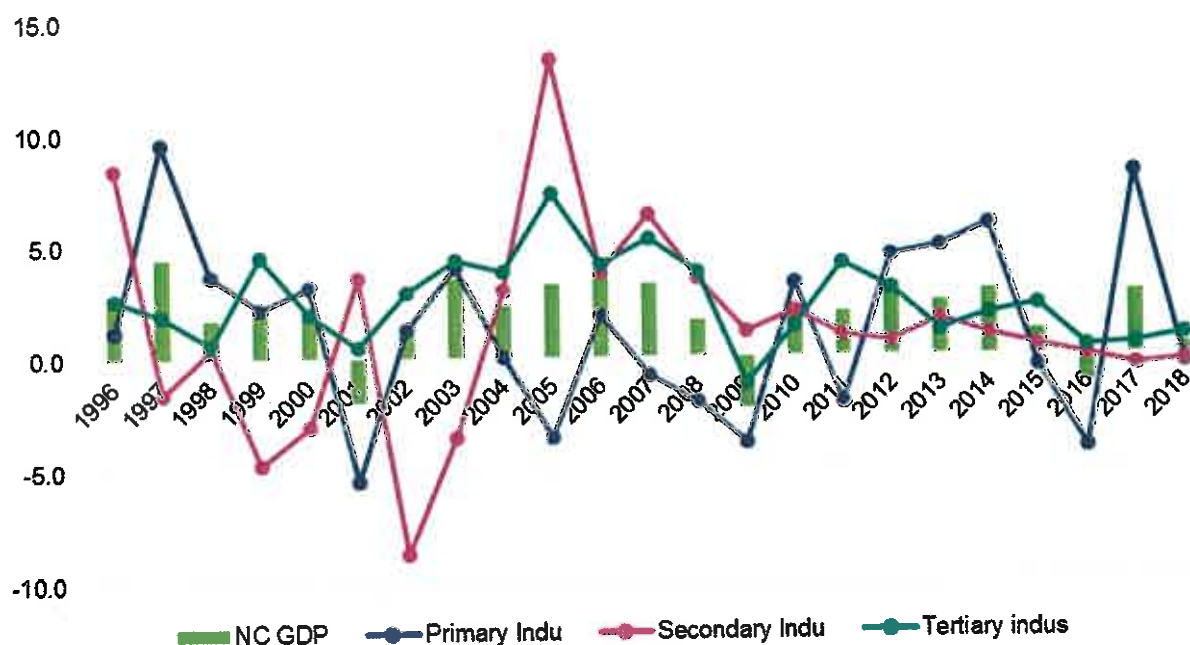


Source: (Statistics South Africa (StatsSA), March 2020)

True to the Premier's sentiment the developmental challenges confronting the province cannot be addressed alone by the State. Indicatively, table 3 below, expressly highlights the provincial economic structure, as well as performance thereof, over the three-year period (i.e. 2016, 2017 and 2018). According to (Statistics South Africa(StatsSA), March 2020a), the provincial economy grew at a lowly 0.5%. this indicates a slowdown in comparison to 2017 figures, wherein the provincial economy outperformed the national and other eight provinces to record a 2.8% growth.

The provincial economic growth rate estimations by (IHS MarkIT 2019), anticipates the economy to negatively grow by -0.3%. This indicates that the provincial economy would have been in a recession during 2018. Notably, this is a staggering decline when compared to the previous year (i.e. 2017), wherein the provincial economy outperformed even the national average.

Figure 6: Northern Cape GDP-R growth rate – 2018



Source: (Statistics South Africa (StatsSA), March 2020)

The primary sector continues to be a key growth propeller. This is despite the decline the sector experienced at the end of 2018, wherein it grew at a negative growth rate of -0.3%. To elucidate this point, in 2017 wherein the provincial economy grew at an unprecedented 2.8% growth, the sector grew at a strong 8.1%. Whilst, in contrast to 2017 when a negative growth was realised, the sector had declined by 4.1%.

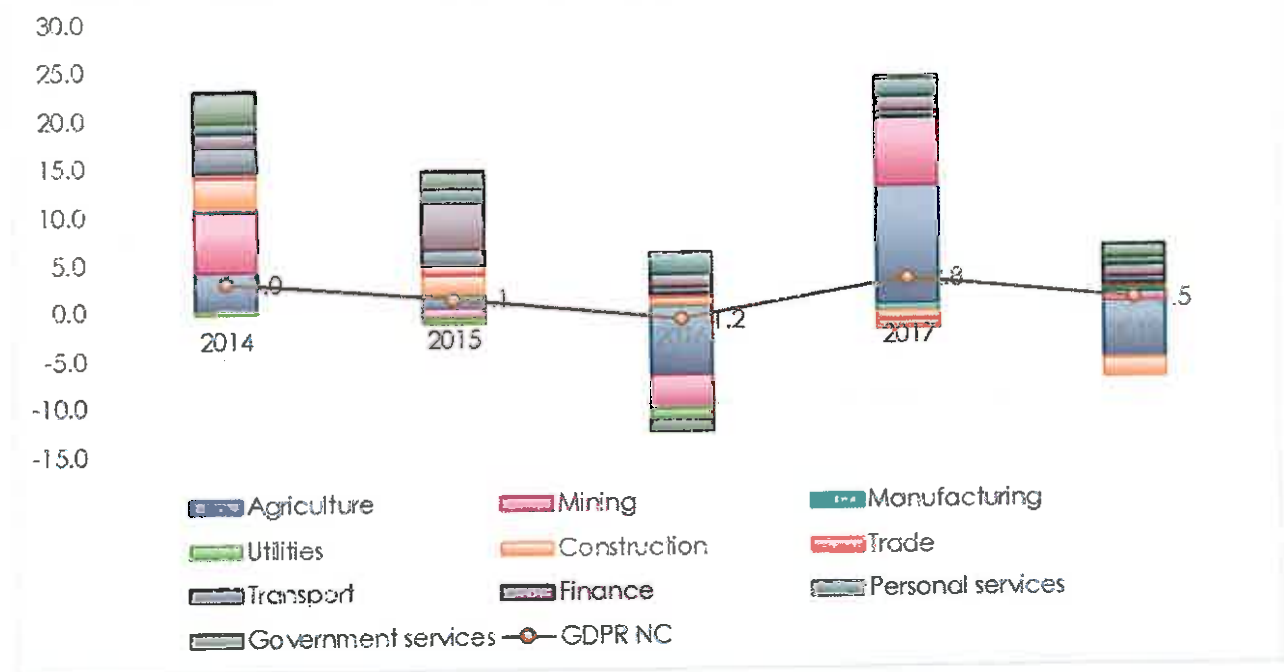
Table 2: Northern Cape Provincial Economic Synopsis

Industry	GDPR in Current Prices			Contribution by Sector			GDPR in Constant Prices			Sectoral growth rates		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Primary Industries	23 008	26 323	26 922	25,5	27,3	26,9	20 945	22 641	22 564	-4,1	8,1	-0,3
Agriculture	5 989	6 840	6 435	6,6	7,1	6,4	4 091	4 597	4 326	-7,1	12,4	-5,9
Mining	17 018	19 483	20 488	18,8	20,2	20,5	16 854	18 044	18 238	-3,4	7,1	1,1
Secondary Industries	8 959	8 896	9 780	9,9	9,2	9,8	5 385	5 361	5 345	0,0	-0,4	-0,3
Manufacturing	2 933	2 977	3 202	3,2	3,1	3,2	2 010	1 996	2 004	0,3	-0,7	0,4
Utilities	3 297	3 351	3 884	3,6	3,5	3,9	1 788	1 791	1 796	-1,1	0,2	0,3
Construction	2 729	2 567	2 694	3,0	2,7	2,7	1 587	1 574	1 545	0,8	-0,9	-1,8
Tertiary industries	48 809	51 794	53 435	54,0	53,7	53,4	34 085	34 248	34 554	0,4	0,5	0,9
Trade	9 792	10 287	9 539	10,8	10,7	9,5	7 323	7 263	7 279	0,4	-0,8	0,2
Transport	9 974	10 411	10 314	11,0	10,8	10,3	6 014	6 049	6 090	0,6	0,6	0,7
Finance	10 965	11 471	12 392	12,1	11,9	12,4	6 450	8 581	8 682	1,3	1,5	1,2
Personal services	4 264	4 652	5 042	4,7	4,8	5,0	2 951	3 005	3 030	2,2	1,8	0,8
Government services	13 813	14 974	16 149	15,3	15,5	16,1	9 347	9 350	9 472	-1,2	0,0	1,3
All Industries at basic prices	80 775	87 014	90 137	89,4	90,2	90,0	60 415	62 250	62 463	-1,3	3,0	0,3
Taxes less subsidies on products	9 597	9 473	9 983	10,6	9,8	10,0	6 204	6 259	6 391	-0,6	0,9	2,1
GDPR at market prices	90 372	96 487	100 120	100,0	100,0	100,0	66 619	68 509	68 853	-1,2	2,8	0,5

Source: (Statistics South Africa(StatsSA), March 2020)

Studying table 2 and figure 6 and 7, in tandem, provides an inkling on the performance of the provincial economy, and thus a glimpse of sectors that spurred on the 0.5% growth recorded in 2017. According to StatsSA, the provincial economy stands a tad below the R 70 billion mark, recorded at R 68.5 billion for the 2018 year, using the constant or real measure. Whilst utilising the current or nominal measure, the provincial economy was at R 100.1 billion in 2018, which indicates a R 3.6 billion increase in the provincial GDP, when compared to the preceding year (i.e.2016) (Statistics South Africa(StatsSA), March 2019).

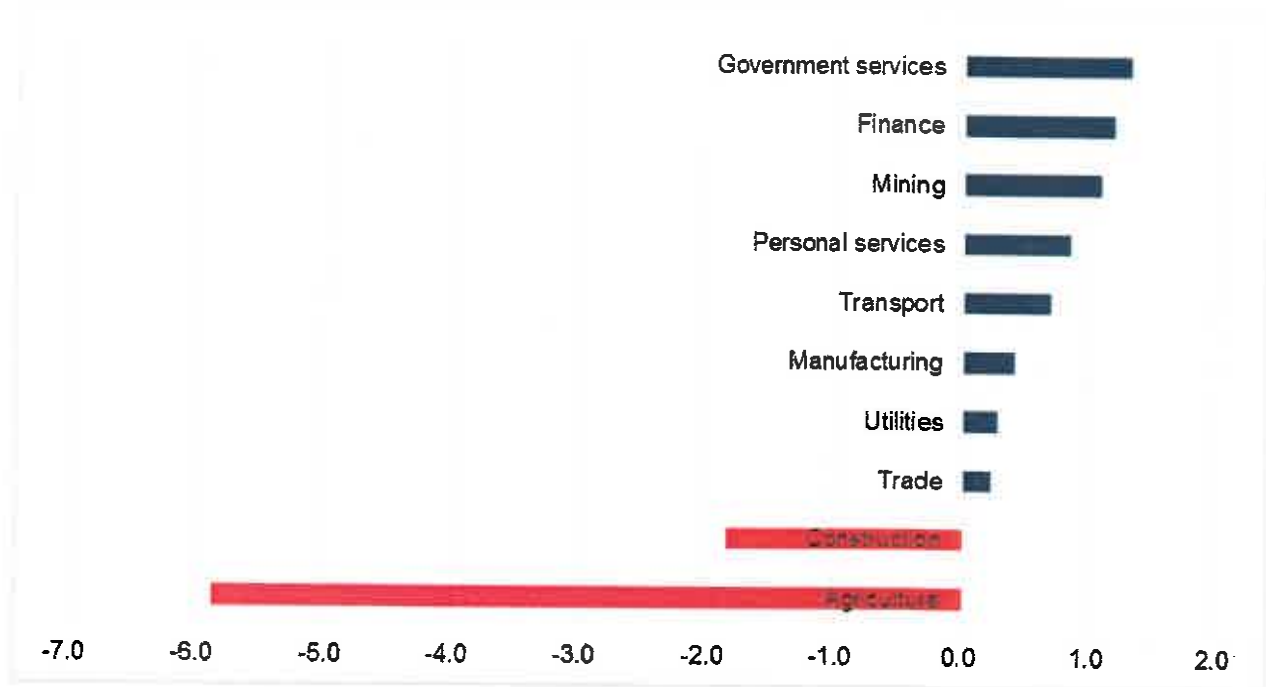
Figure 7: Sectoral contribution to the provincial economic growth rate - 2014-2018



Source: (Statistics South Africa (StatsSA), March 2020)

Figure 7 above, provides a quinquennial depiction of the provincial growth rate over the past five years, and notably the key sectoral growth leaders. In the analysis above, the primary industries are considered a pivotal sector of the provincial economy, thus a quinquennial analysis of provincial economy further asserts this notion. During 2013 and 2014, when the provincial economy growth by an averaged 2.7%, the mining and agricultural sector contributed an averaged 4.9% and 5.9%, respectively. In furtherance of the significance of the sectors, in 2016, wherein the provincial economy grew by a negative growth of 1.2%, the mining sector had declined significantly. Thus, in context, the 0.5% growth recorded in 2018, was 1.1%.

Figure 8: Sectoral growth to Northern Cape economy in 2018



Source: (Statistics South Africa (StatsSA), March 2020)

As depicted by figure 8 above, the provincial slowdown in economic could be attributed to the negative growth realised in the agriculture and construction sectors, which grew at a negative growth rate of 5.9% and 1.8%, respectively. Noteworthy, the mining sector continues to be the biggest sector provincial, with a contribution of 20.5% towards the provincial economy. The mining sector growth of 1.1% is therefore, followed on the growth spurts in government (1.3%) and the finance sector (1.2%). Thus, in perspective, the 2.3% growth recorded by the mining sector has far reaching positive impact, in that had the sector grew negative the detrimental impact would have been felt throughout the provincial economy (Statistics South Africa (StatsSA), March 2020).

Provincial Market Analysis

In its latest Quarterly Labour Force Survey (QLFS) StatsSA finds that the South African working-age population increased by 147 000 or 0,4% in the first quarter of 2020 compared to the fourth quarter of 2019. Compared to Q1: 2019, the working-age population increased by 591 000 or 1,5%. The number of employed persons decreased by 38 000 to 16,4 million in the first quarter of 2020. While the number of unemployed persons increased by 344 000 to 7,1 million when compared to fourth quarter of 2019, resulting in an increase of 306 000 (up by 1,3%) in the number of people in the labour force. The unemployment rate increased by 1,0 percentage point to 30,1%, the labour force participation rate increased by 0,5 of a percentage points to 60,3%, while the absorption rate decreased by 0,3 of a percentage points

to 42,1% in the first quarter of 2020 compared to the fourth quarter of 2019 (Statistics South Africa(StatsSA), June 2020a).

The largest employment decreases were observed in the formal sector (50 000), followed by the Agricultural sector with 21 000 in Q1: 2020. On the other hand, employment in the informal sector and Private households increased by 3 000 and 30 000 respectively in Q1: 2020 compared to Q4: 2019. The number of discouraged work-seekers increased by 63 000, with the number of people who were not economically active for reasons other than discouragement decreasing by 222 000 between the two quarters, resulting in a net decline of 159 000 in the not economically active population. Compared to a year ago, total employment increased by 91 000, the number of unemployed persons increased by 14,0% (869 000) and the number of persons who were not economically active decreased by 2,3% (369 000) (StatsSA).

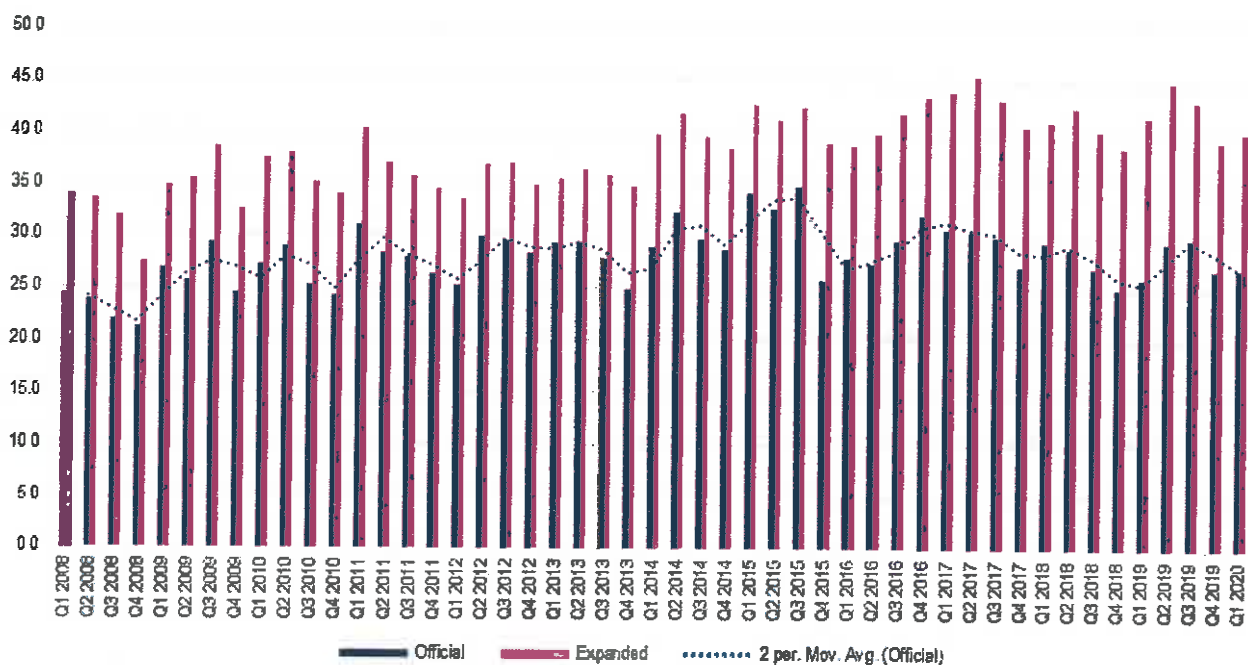
Table 3: Provincial Labour Market Characteristics

	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Qrt-on-Qrt % Change	Qrt-on-Qrt Difference
	Thousand	Thousand	Thousand	Thousand	Thousand		
Population 15-64 yrs	800	802	804	806	808	0,2%	1 893
Labour Force	434	427	458	458	460	0,3%	1 525
Employed	321	301	322	335	336	0,2%	754
Formal sector (Non-agricultural)	218	204	224	232	241	3,5%	8 129
Informal sector (Non-agricultural)	38	39	35	41	31	-25,4%	-10 409
Agriculture	41	33	33	36	41	14,5%	5 205
Private households	25	25	30	26	24	-8,4%	-2 170
Unemployed	113	125	137	123	124	0,6%	771
Not economically active	366	376	346	348	348	0,1%	367
Discouraged work-seekers	84	76	76	67	71	6,7%	4 496
Other	282	299	270	281	277	-1,5%	-4 129
Rates (%)							
Unemployment rate	26,0	29,4	29,8	26,9	27,0	0,4%	0,1
Employed / population ratio (Absorption)	40,1	37,6	40,0	41,6	41,6	0,0%	0,0
Labour force participation rate	54,2	53,2	57,0	56,8	56,9	0,2%	0,1

Source: StatsSA

The provincial labour market paints a rather ambiguous picture. In that there were increases in the unemployment rate, whilst there were non-movement in terms of the participation rate and absorption rate. As there were increases, in total provincial employment on a quarter-on-quarter basis – increasing by 745 new entrants. This at the back of increases in population and labour force numbers, by 1893 and 1525, respectively. In contrast, the number of unemployed persons increased by 771 in the same period of analysis. Thus, culminating in an unemployment rate of 27.0%, for the first quarter of 2020.

Figure 3: Official and Expanded Unemployment rates



Source: StatsSA

The Provincial unemployment rate marginally increased in the first quarter of 2020, increasing by 0.1% to record 27.0%. Whilst, the expanded definition which includes the discouraged work-seekers, reached the 40.0%. Spelling an increase of 0.8 percentage point, or in 2.0% growth. This growth elucidates the increase in the number of discouraged work-seekers – increasing by over four thousand (i.e. 4 496) – on a quarter-on-quarter basis. In percentage terms the discouraged worker seekers increase by 6.7%.

Table 4: Provincial Unemployment Rates

	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Growth – Qrt -on Qrt	Diff Qrt-on-Qrt
SA	27,6	29,0	29,1	29,1	30,1	3,4%	1,0
WC	19,5	20,4	21,5	20,9	20,9	0,0%	0,0
EC	37,4	35,4	36,5	39,5	40,5	2,5%	1,0
NC	26,0	29,4	29,8	26,9	27,0	0,4%	0,1
FS	34,9	34,4	34,5	35,0	38,4	9,7%	3,4
KZN	25,1	26,1	25,9	25,0	26,9	7,6%	1,9
NW	26,4	33,0	30,4	28,8	33,2	15,3%	4,4
GP	28,9	31,1	31,0	30,8	31,4	1,9%	0,6
MP	34,2	34,7	35,3	33,6	33,3	-0,9%	-0,3
LP	18,5	20,3	21,4	23,1	23,6	2,2%	0,5

Source: StatsSA

Table above depicts the provincial unemployment rates and growth in the first quarter. Notably, the Mpumalanga province, Northern Cape and Western Cape noted marginal to no-growth in the unemployment rate. Eastern Cape, has the highest unemployment rate in the country, 40.5% and followed by the Free State with 38.4%. Western Cape and the Limpopo province have the lowest unemployment rate in the country, with 20.9% and 23.6% respectively.

Table 5: Sectoral Employment Changes

	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Difference	Difference
	Thousand	Thousand	Thousand	Thousand	Thousand	qrt-on-qrt	yr-on-yr
Employment	321	301	322	335	336	754	14 593
Formal sector	218	204	224	232	241	8 129	22 949
Informal sector	38	39	35	41	31	-10 409	-7 841
Agriculture	41	33	33	36	41	5 205	499
Private households	25	25	30	26	24	-2 170	-1 015

Source: StatsSA

The informal sector recorded the highest employment losses in the first quarter of 2020. The informal sector declined by around 10 500 employees. This is a worrying trend, as in comparisons to the same period last year, the sector shed a total of 7 841. Whilst, the formal sector improved its employment base, on both the quarter on quarter estimations and the yearly figure, around 8 129 and 22 949.

Table 6: Provincial Sectoral Employment Figures and Changes

	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Diff - year on year	Diff quarter on quarter
	Thousand	Thousand	Thousand	Thousand	Thousand		
Agriculture	41	33	33	36	41	499	5 205
Mining	28	26	29	33	35	6 874	2 191
Manufacturing	17	17	15	17	14	-3 405	-2 999
Utilities	4	3	2	1	2	-2 032	687
Construction	18	16	20	20	24	5 193	3 445
Trade	46	49	47	57	65	19 153	8 031
Transport	14	9	9	11	7	-7 351	-4 072
Finance	20	22	21	29	20	-380	-8 997
Government Services	109	101	116	107	106	-2 946	-567
Private Households	25	25	30	26	24	-1 015	-2 170

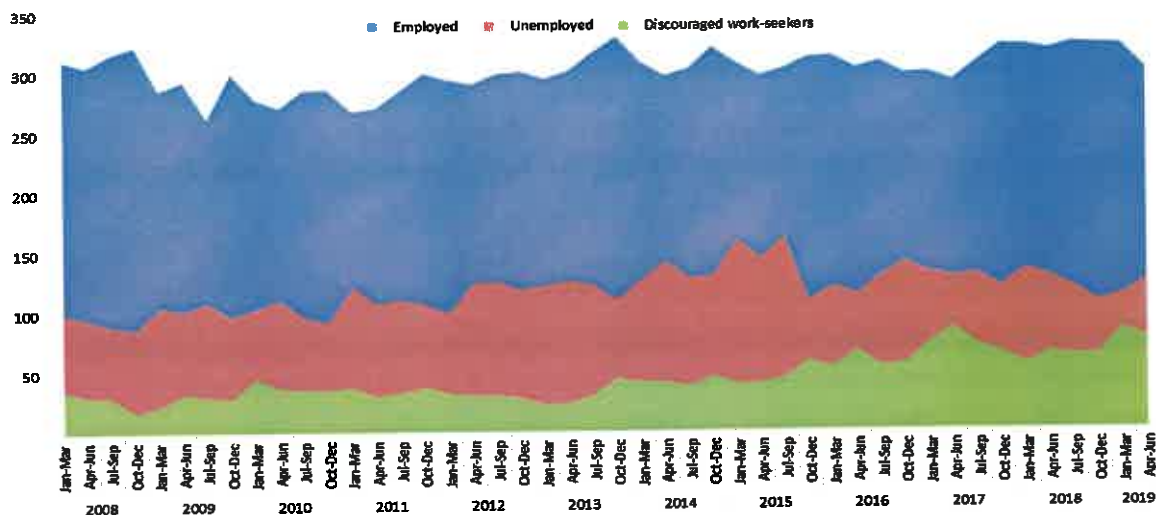
Source: StatsSA

In the first quarter of 2020, the provincial unemployment marginally increased by 0.1% to record 27.0%. This was a welcomed reprieve as the figure was anticipated to be much higher. However, with the advent of COVID-19 and the subsequent lockdown regulations the provincial unemployment is expected to breach the 30.0% mark. In context of the first quarter of 2020, and analysing based on a quarter-on-quarter basis the provincial financial sector was the biggest casualty with almost 9 000 employees lost in the sector. With the transport sector following with 4 072 jobs lost in the same period of analysis. Private household's and the manufacturing sector also continue the job-shedding by shedding around 5 200 combined, that is 2 170 and 2 999, respectively.

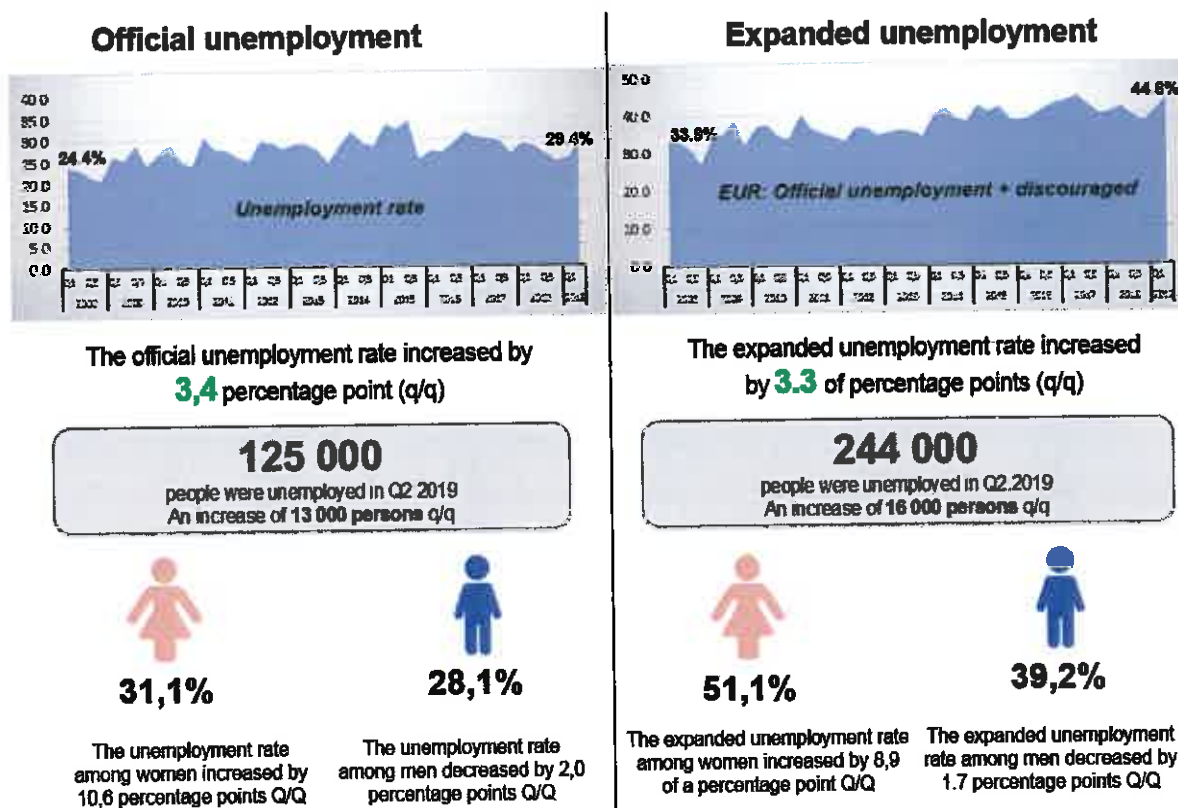
Curtailling the job-blood bath were the trade sector and agriculture. With the latter recording around 5 300 jobs increase, where the former increased its employment base by over eight thousand new jobs (i.e. 8 031). Of fortitude was the increase in the construction jobs, which increased by the 3 451. Which will be definitely forfeit due to the impact of the imposition of a lockdown.

External Environmental Analysis

The extensive situational analysis clearly outlines the external environment economically and demographically. The department has analysed the poverty drivers, the labour absorption rate, the high levels of unemployment in the age cohort 16-64 in terms of unskilled and lower skilled levels. It also noted that there was an increase of approximately 2 000 persons of working age (15-64 years olds) in the Northern Cape between Q1:2019 and Q2:2019.

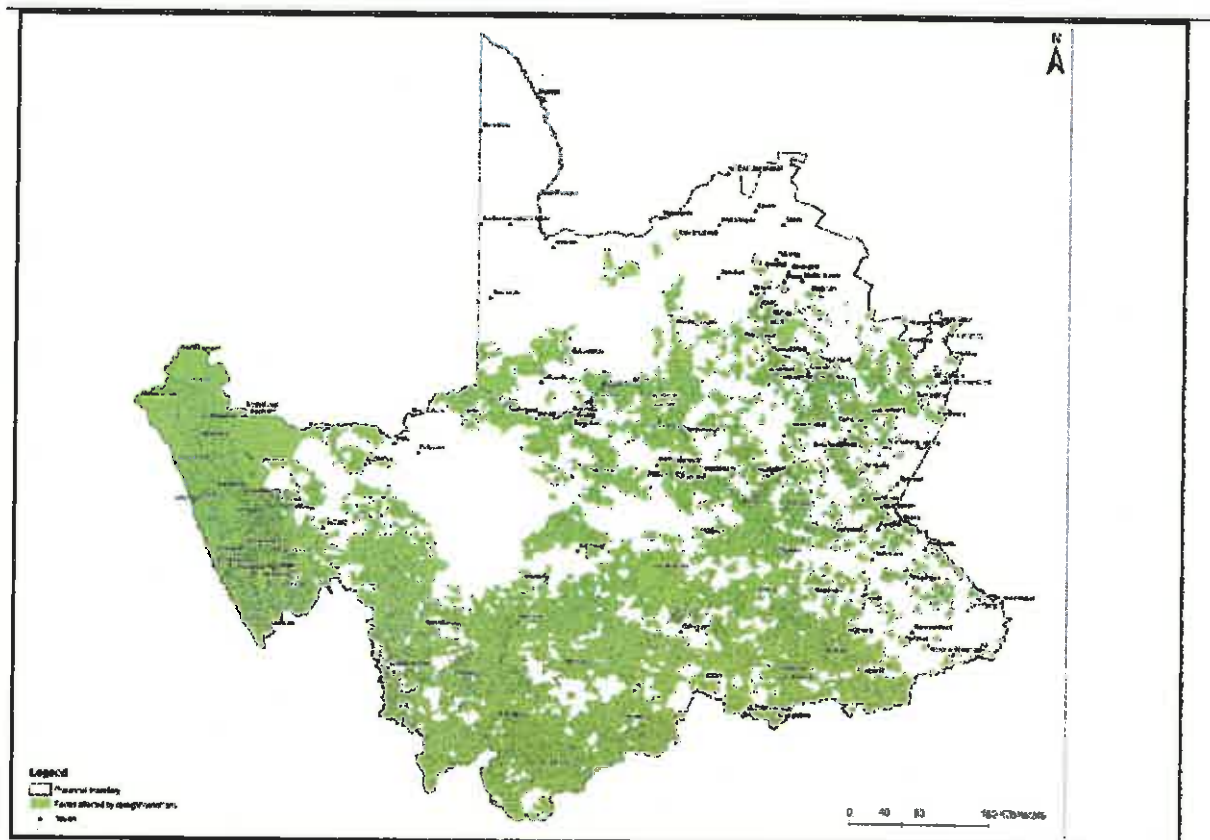


Source: StatsSA, October 2019



Source: StatsSA, October 2019

In addition the department is cognisant of the findings of the "Early Warning Committee Report on Drought" (May 2019) as sanctioned by the Department of Agriculture, land reform and Rural Development which indicates that cast areas of the Northern Cape are experiencing rainfall averages that are way below average. This is exacerbated by the higher than average minimum and maximum temperatures throughout the province. The total area affected by the protracted drought is 5 823 885 ha and the number of affected farms total 9 714 (see map below).



Source: Northern Cape Province Early Warning Committee Report on Drought, May 2019

Given current values of products and levels of production, it is estimated that the value of production during normal situation in the affected area, would amount to R691 million per annum. If the knock-on effect of backward and forward linkages to the rest of the economy is added, the total value of production for the entire economy is estimated at R2.143 billion per annum. The corresponding values for the potential affected area would increase to R4.370 billion and R13.546 billion respectively.

The value that is added by this production (contribution to the Regional GDP) is calculated at R484 million per annum to the Region. This represents the value that is added by producers to the inputs they are utilizing to create their products. If the backward and forward linkages are included, the cumulative effect is that R1.037 billion is added annually to the Regional

GDP and the rest of the economy. The corresponding values for the potential affected area would increase to R3.059 billion and R6.554 billion respectively.

This production also impacts households right throughout the production area, those involved in all related industries and businesses throughout the value chain and also those throughout the economy as they are influenced by the multiplier effects. It is calculated that the abovementioned production will add an amount of R121 million per annum to household income and is more or less evenly distributed between low-, middle- and high income households. The corresponding value for the potential affected area would increase to R765 million. It also is cognisant that they recommend that be declared a "drought affected region."

This is significant given that several features of agriculture make it important in the pursuit of inclusive, labour-intensive economic growth: its rural linkages, ability to absorb less-skilled labour, large multipliers due to extensive links with the rest of the economy, globally competitive labour productivity, and importance for export-led growth (Cramer and Sender 2015). A growing agricultural sector can therefore help address our challenges of unemployment and low growth while countering rural poverty.

The department also conducted a stakeholder analysis to inform interventions, targets and operations over the next five years.

Stakeholder	High	High	Intervention	Frequency	Intervention
NCIA	High	High	Destination marketing and positioning	Monthly	Joint planning session/campaigns
Tourism routes forum	High	High	Provision of tourism experiences	Quarterly	Route forum consultation sessions
TGCSA	High	High	Quality assurance and standards	On going	Grading roadshow
District and Local Municipalities	High	High	Local economic development	Quarterly	Consultative forums
D&EC	High	High	Sustainable development	On going	Consultative
SATSA	Low	Low	Organised tourism business	On going	Consultative
NDT	High	High	Alignment with national policies	Quarterly	National Development and Governance Forum
DSAC	High	High	Cultural/heritage tourism/creative industries	On going	Consultative
Tourism industry	High	High	Delivering tourism product and experience	On going	Joint campaigns
Event organisers	Low	Low	Delivering events	On going	Consultative
CPA/Communities	High	High	Creating a culture of tourism	Quarterly	Awareness campaigns
DRPW	High	High	Ensuring accessibility and infrastructure	On going	Consultative
Funding institutions	High	Low	Financial development and growth	On going	Conducting awareness roadshows
SAT	High	High	Collaborative marketing	Quarterly	Marketing forum consultative sessions
BANPARKS	High	High	Wildlife and nature-based experiences	On going	Consultative
Service providers	Low	Low	Outsource functions	On going	Service level agreement
Tertiary institutions	High	High	Research and development	On going	Consultative
STATSSA	High	High	Tourism industry performance	Quarterly	Consultative
Economic Development Department	High	High	Strategic direction	On going	Meetings
Department of Social Development	High	Low	Social Economic	On going	Meetings
BETA	High	Low	Skills development	On going	Consultative
Incubators	High	High	Mentorship and SMME development	On going	Consultative
OTIP	High	High	Planning	Monthly	Meetings, Forums, Consultative
Sector Departments: Agric, D&EC, Mining etc	Low	Low	Planning	Monthly	Meetings, Forums, Consultative
Division of Career Development and Transition (DCDT)	High	High	Mentorship and SMME development	On going	Meetings, Forums, Consultative
Department of Science and Innovation (DSI)	High	High	Collaborative	Bi-monthly	Meetings
SARAO (SKA)	High	High	Collaborative	Bi-monthly	Meetings
Stellenbosch University	High	High	Research and development	Monthly	Meetings, Forums, Consultative
SITA	High	High	Information technology	On going	Consultative
TVET Colleges	High	High	Skills development	On going	Consultative
Telco Operators	High	High	Information technology	On going	Consultative
DASC	Low	Low	Innovation	On going	Consultative
State-Owned Entities	High	Low	Planning	On going	Meetings, Forums, Consultative
Departmental Programmes	High	High	Planning	On going	Meetings, Forums, Consultative
Private Sector	High	High	Partnerships for economic development	On going	Meetings, Forums, Consultative
SMMEs	High	High	Development, mentorship funding etc	Monthly	Consultative
Information/Service providers (IHS World T, Quardac)	High	Low	Economic intelligence	On going	Consultative
International Data providers (World Bank, IMF)	High	Low	Economic intelligence	On going	Consultative
Public Sector Economist Forum (PSEF)	Low	Low	Planning	On going	Consultative
Development Finance Institutions	Low	Low	Investment	On going	Consultative
NCEDA	High	High	Investment attraction	On going	consultative
Foreign Direct Investment	High	High	Bi-lateral agreements	On going	consultative

The Department of Economic Development and Tourism (DEDaT) agreed on a strategy to develop multi-stakeholder relationships, to promote, grow and modernize the provincial industry(s), with the development of local capacity, which would serve to expand the resource base from which the Province could encourage inclusive economic development.

The Stakeholder Engagement Plan (SEP), is designed to deliver a strong network of stakeholders who will contribute to sustainable economic growth, social enhancement, and empowerment for the modernization, growth and success of the province. The SEP will impact economic development and human resource development, two strategic focus areas critical to the success of the province. More specifically, it intends to contribute to building key stakeholder relationships to increase employment, developing intellectual capital, and build local capacity to enhance skills.

Overall issues impacting efficient stakeholder engagements are the utilization and coordination of multiple stakeholders, resources and delivery partners; involvement of two or more provincial government department, the want of project office for coordination and planning amongst stakeholders and the challenging issues of social redress and sustainability.

To support stakeholder engagement, a comprehensive Communications Plan is critical to ensure effective, efficient conduct of relationships, operations and smooth adoption of overall objectives. The strategic intent of the Communications Plan is to increase delivery partner and stakeholder knowledge of economic developmental interventions, promote end-user awareness of the purpose of the interventions and to provide a consultative mechanism. The primary target audience will be comprised of the project delivery partners. The secondary audience will be comprised of the various stakeholders in the Province. The third audience to be targeted by the Communications Plan are the beneficiaries.

<u>SA Government Members</u>	<u>Labour Members</u>
Department Economic Development	Congress of South Africa Trade Unions (COSATU)
Department Trade & Industry	Communications Workers Unions (CWU)
Department Small Business Development	National Union of Metalworkers of South Africa (NUMSA)
Department Science & Technology	South Africa Commercial, Catering and Allied Workers Union (SACCAWU)
Department of Telecommunications & Postal Services	South African Society of Bank Officials (SASBO)
Department of Tourism	
Department of Agriculture, Forestry & Fisheries	
Department of Arts, Sports & Culture	
Department of Mineral Resources	
Department of International Relations	

<p>State Owned Enterprises</p> <p>SITA</p> <p>SARAO</p> <p>District and Local Government</p> <p>Provincial Legislature</p> <p>Public Sector Economist Forum</p> <p>Auditor General</p> <p>SANParks</p> <p>Traditional Leaders</p> <p>International Organizations...</p> <p>Embassies...</p> <p>Railways...</p> <p>Harbor...</p> <p>SABS</p> <p>SARS</p>	
<p><u>Association Members</u></p> <p>Steel, Iron and Engineering Federation of South Africa (SIEFSA)</p> <p>NC SMME Trust</p> <p>National Youth Development Agency</p>	<p><u>Business/Industry Members</u></p> <p>South Africa Chamber of Business (SACOB)</p> <p>Northern Cape Chamber of Commerce and Industry (NOCCI)</p> <p>Black Management Forum (BMF)</p> <p>Development Finance Institutions</p> <p>Media Houses</p> <p>Mining Houses</p> <p>Farms</p> <p>SMME</p> <p>Entrepreneur</p> <p>Information Service Provider including IHS MarkIT, Quantec.</p> <p>Renewable Energy Companies...</p> <p>Trade Partner Countries.</p> <p>Export markets...International, Local</p> <p>Telecoms Operators</p> <p>Tourism Routes</p> <p>Bank</p>
<p><u>Parastatals & Service Provider Members</u></p>	<p><u>Civil Organization Members</u></p>

Eskom Internet Service Providers Association (ISPA) Telkom TransNet	South Africa National Civics Association (SANCO)
<u>Human Resource (Training) and R&D Members</u> Council for Scientific and Industrial Research (CSIR) Foundation for Research Development (FRD) Universal Service Agency Sector Education Training Authority(s) Sol Plaatje University (SPU) TVET Colleges mLab NC and the University of Potchefstroom	<u>Other Stakeholders</u> Incubators. Community based organizations

The development corridors of the province were also considered and hence interventions designed to maximise the economic advantages in SIPS 3, 5, 8, 14, 15 and 16.

In addition the Provincial Spatial Development Framework was taken into account as well that is included in the Provincial Growth and Development Plan as it relates to the eradication of poverty and inequality and the protection of the integrity of the environment.

The department seeks to implement this strategy through interventions that:

- Compact, densify and diversify urban growth in the Kimberley Urban Core well connected with a national network of resilient urban cores.
- Consolidate and expand provincial competitive advantages supporting the national competitive advantages.
- Utilise the benefits of urbanisation to enhance the potential of young people through: human capital development, and opening-up of urban economies to enable and support a multiplicity of livelihood options.
- Maintain and strengthen international trade, ports, transport, through-routes and related infrastructure in order to support international and national competitiveness.
- Support diversification of economies, tourism, the knowledge economy, the entertainment industry, the green economy and alternative energy-related enterprise development.
- Focus on green economy solutions.



The department also undertook a SWOT analysis to examine how competition in the external environment, in which it is to fulfil its mandate, is likely to evolve and what implications that evolution has for the threats and opportunities the organization is facing.

In terms of the internal analysis the following findings were made:

Strengths	Weaknesses
Intellect Resources Information (NC Procurement Spend per sector, Primary & Secondary Sectors Contribution to Regional GDP) Experience/ Institutional memory Compliance/ Regulations Senior Management Retention Innovation Networking Systems Shared vision Institutional functions Policy Framework	Branding Duplication of functions Implementation of plans Red-tape Inconsistency Legislation constraints No coordination Accessibility Misalignment Governance Stakeholder engagement Acting Senior instability/ Organisational instability Connectivity (marketing) Integration Under-utilisation of technology Marginalising targeted groups EPMDS Monitoring & Evaluation (Capacity)

An analysis of the external environment yielded the following results.

Opportunities	Threats
Investment funding Partnerships Branding Revenue streams Natural resources (Mining & Solar) Skills development Technological advancement Land/Space (372 889 km²) Renewable energy/Climate Informal business sector	Revenue decline Increased unemployment (29.4%) vs -29% National & 46% Youth Commodity price fluctuation Leakages: 60% Capital Flight Brain drain Corruption Specific Skills (ICT) set for 4IR

These findings were also contextualized:

Opportunities		Threats	
	Context		Context
Investment funding	The President has undertaken to increase the Foreign Direct Investment (FDI) into the country and thus the Department would need to leverage from the presidential investment drive.	Revenue decline	The economic and revenue outlook has deteriorated since the October 2018 Medium Term Budget Policy Statement (MTBPS), and funding pressures from state-owned companies have increased.
Partnerships	A need to expand and harness the partnerships that exist between the Department and private sector, National and Local government, as well as the provincial Trading partners.	Increasing unemployment	The provincial unemployment rate stands at 29.4%, as at the second quarter of 2019. Notable increase from its first quarter result of 26.0%. While also, the unemployment is seen as the main poverty driver (36.7%) followed by years of schooling (18.7%) in the NC, whereas the population has increased. Youth unemployment is the highest.
Land/space	<p>The province boasts a landmass (372 889 km²) equal to the country Germany (357 386 km²), and in context accounts for over a third of the South Africa's geographical mass. Thus, it is no anomaly that the province has mining as its biggest contributor to the Gross Value-Added (GVA) as computed by (Statistics South Africa (StatsSA), March 2019).</p> <p>NC = 3 X FS (129 825 km²) NC – 21 X Gauteng (18 176 km²)</p>	Corruption	The country and the province are seen as corrupt and this tends to lessen the possible growth of the province and curtail its potential.
Brain gain	The province has recently experienced a positive net migration, which simply means more and more people (of both productive and reproductive age) are coming to the province and could assist in growing the province.	Specific skills set for the Fourth Industrial Revolution(4IR)	Know the impact of the 4IR to the greater population of the province: look at the first 3 revolutions and determine who benefited there

The following recommendations were made:

Strengths	Weaknesses
<p>Institutional Memory : Use effectively in strategic planning and decision-making e.g. inputs and engagements in planning forum and EMC meetings</p> <p>Compliance/regulations : Strengthen organisational capacity and improve</p>	<p>Duplication of functions – integration: Reduce duplication. Increase efficiencies (Rationalisation of functions). Improve planning and integration of functions</p> <p>Red-Tape: Service delivery and innovation severely hampered by red tape. Introduce</p>

Strengths	Weaknesses
<p>performance e.g. review organisational structure and increase skills development</p> <p>Shared vision: Promote shared vision in the organisation to improve performance and achieve objectives e.g. skills development.</p> <p>Policy Framework : Review organisational structure in line with policy position of the department and province e.g. rationalisation</p>	<p>red-tape reduction measures. Promote and cultivate innovation in the department.</p> <p>Inconsistencies : Standardize administrative processes to improve performance e.g. transparent and fair EPMDS assessments</p> <p>Accessibility : Improve visibility and presence of department in districts e.g. improve branding, increase partnerships and collaboration (Triple Helix Model)</p>

Opportunities	Threats
<p>Investment Funding : Leverage presidential investment drive i.e. FDI e.g. build partnerships and attract investments by creating an enabling investment environment</p> <p>Partnerships : Expand and harness the partnerships that exist between the Department and private sector, other spheres of government and trading partners e.g. exploit shared objectives/ mandates</p> <p>Branding: Rebrand department and province in line with the premier's vision of modern, growing and successful province.</p> <p>Favourable Political Environment: Leverage favourable environment to improve investor confidence in the country/ province e.g. IPPs.</p>	<p>Revenue Decline: Increase efficiencies. Integrate functions. Reduce duplication. Rationalize functions. Increase collaboration e.g. co-funding of projects and programmes</p> <p>Leakages: Support economic growth and job creation e.g. Increase localisation/ Local Content and Production. Self-designation of sectors and products</p> <p>Specific skills set for the Fourth Industrial Revolution(4IR) : Evolution in the economy i.e. shift toward digital economy and 4IR requires improvement in development of scarce skills, compatibility of departmental programmes and organisational structure with prevailing opportunities e.g. develop and improve human resources to acquire requisite skills and competencies for absorption</p>

Analysis of the Internal Environment

The Department of Economic Development and Tourism is developed within the framework of the Budget Structure. It is organised into six Programmes i.e. Administration, Integrated Economic Development Services, Trade and Sector Development, Business Regulation and Governance, Policy Research and Innovation, and Tourism. Each Programme performs specific functions directed at collectively implementing the department's mandate to create an enabling environment to stimulate inclusive economic growth that address the unemployment, inequality and poverty.

Administration

In the Office of the HOD, The Economic Technical Cluster Secretariat mainly provides technical support to the Economic Sectors, Investment, Employment and Infrastructure Development Cluster. The Economic Technical Cluster Secretariat provides technical support through the verification, quality control and analysis of information for submission to the Economic Cluster. The secretariat also reports on progress of resolutions for the Economic Cluster. The sub-programme is also responsible for coordinating the Economic Technical Advisory Committee (ETAC) or (Think Tank) which is a research and planning component, analysing and coordination of the High Impact Projects within the department.

The Financial Management Unit delivers supportive functions within the Department relating to financial accounting, management accounting, supply chain, risk and strategic management. There are a few funded posts that are still vacant in Strategy Management and Management Accounting.

Supporting functions rendered within Corporate Services include HRA&D, Communications, ICT Management, Employee Health and Wellness, Registry, Security, Labour and Legal Services.

Integrated Economic Development Services

This programme consists of three sub-programmes i.e. Enterprise Development; Regional Economic Development Services (REDS) which was formerly known as Regional and Local Economic Development (RaLED); and the sub-programme Economic Empowerment.

Enterprise Development consists of two units i.e. Enterprise Development and Corporate Development. The strategic intent of Enterprise Development is to create an enabling environment in which SMMEs and Cooperatives can be developed and flourish through

financial and non-financial support. The sub-programme also addresses the informal business sector to help them to 'migrate' towards sustainability and formalisation.

Regional Economic Development Services (REDS) supports the economic development, enterprise planning and implementation in the municipalities. It focuses on supporting municipal IDP's, LED Strategies, the reduction of Red tape and Township Development. REDS also provide EPWP project support as per conditional grant.

The focus of the Economic Empowerment unit is the provision of support to HDI's to enable them to participate in the mainstream economy. The sub-programme promotes and supports these HDI's through business intelligence, skills development and enterprise development.

Trade and Sector Development

The Trade and Sector Development Programme has as an overall objective the stimulation of economic growth in the province through the development of key sectors as well as export promotion and investment attraction. The Programme consists of three sub-programmes, Trade and Investment, Sector Development and Strategic Initiatives.

Trade and Investment Promotion is mandated to market and promote the province as a suitable trade and investment location. Through the application of best practice methodology and focused targeting, this sub-programme proactively seeks to attract, facilitate and retain foreign investment and promote exports and market access into the Province.

Our Sector Development sub-programme actively pursues catalytic interventions with snow-balling effect that could trigger development initiatives on related industries within and outside the manufacturing sector. An intervention that was introduced to achieve this was the manufacturing clusters (Metals Industrial Cluster, Agro-Processing Cluster and Clothing Cluster) which is an attempt to encourage the development of industries in the Province. In conjunction with economic analysis research which the Sub-programme conducts, we have become better informed on the type of interventions to introduce in boosting manufacturing in the Province while responding to the national call for industrial development in the country as a strategy for economic growth and job creation.

In Strategic Initiatives, we seek to Identify and implement strategic initiatives within key economic sectors. The current focus is mainly on mineral beneficiation with intervention initiatives geared towards skills development in diamond cutting and polishing as well as jewellery manufacturing as part of the Kimberley International Diamond and Jewellery Academy (KIDJA). The sub-programme also provides strategic support to SMMEs in this industry through our incubation programme (Kimberley Diamond and Jewellery Incubator – KDJI).

Business Regulation and Governance

The main aim of the Programme is to promote and oversee good governance of the public entities, namely the Gambling Board, Liquor Board and the Consumer Protection Authority, including the Consumer Court. On a quarterly basis, the performance and financial reports of these entities are analysed and processed. These public entities are a creation of statutes and function in accordance thereto and are held accountable by the Department through monitoring and evaluation of their strategic performance plans.

The Programme is divided into:

- Governance is mandated to provide support to public entities in order to ensure both compliance and good governance.
- Regulation Services: although it is unstaffed and unfunded, it is included in the Annual Performance Plan because it is part of the generic structures for similar units in the whole country. While the department wants to restructure and change this, it can only be done after extensive national consultation in this regard.
- Consumer Protection is mandated to promote and protect the rights of consumers in the Northern Cape Province.

Policy Research and Innovation

This Programme seeks to support and facilitate the transformation of the economy by developing economic policies and strategies to support job creation informed by relevant economic research.

The Policy and Planning sub-programme places greater emphasis on the alignment of provincial strategies to the National Development Plan (NDP) and the National Infrastructure Plan (NIP). It consolidates the department's inputs towards achieving the priorities outlined in the MTSF 2019-2024. The priorities include Economic transformation and job creation

The Research and Development sub-programme seeks to conduct and facilitate socio-economic research that will inform planning to promote growth and development.

The Knowledge Economy and Innovation sub-programme focuses on the promotion of Management information Systems (MIS) and Enterprise Information Architecture (EIA), as key tools in the promotion of a knowledge society and economy in order to

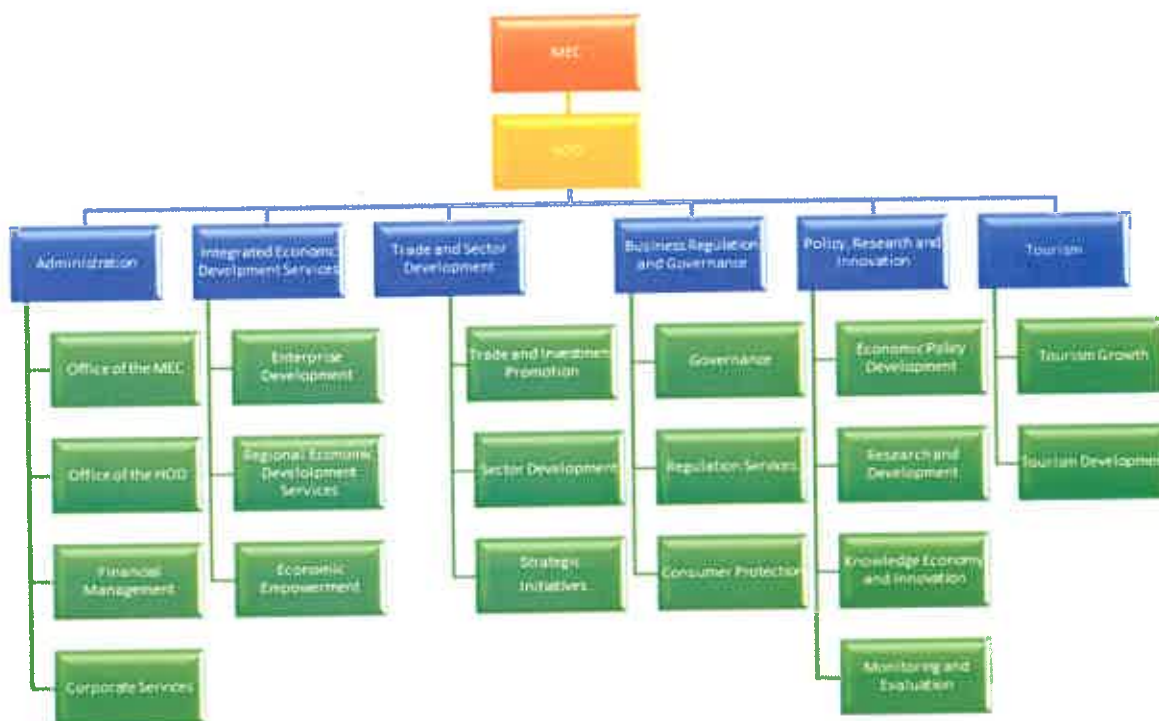
promote initiatives that position entrepreneurs in the province that enable them to exploit the value chain afforded by the Fourth Industrial Revolution (4IR).

The Monitoring and Evaluation (M&E) sub-programme ensures support to the implementation of the MTSF and the Provincial Growth and Development Plan by monitoring the implementation of the economic development interventions in order to improve outcomes and impacts.

Tourism

The objective of the Tourism Programme is to promote and facilitate efficient tourism research and planning; to stimulate demand through tourism industry development and promotion; and the transformation of the tourism industry for inclusive economic growth and job creation. The programme has two sub-programmes i.e. Tourism Growth and Tourism Development.

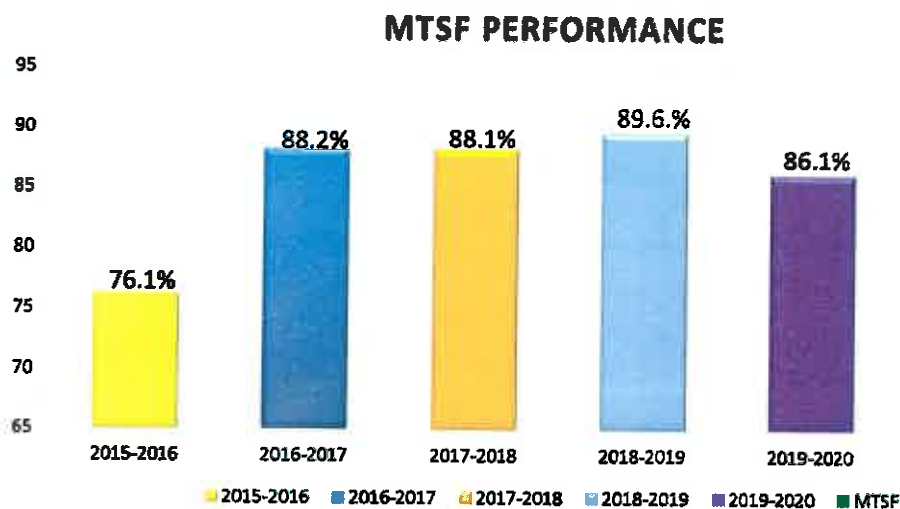
Organisational Structure



The recruitment process was guided by a comprehensive HR Plan which sought to recruit and place a skilled and capable workforce at the right place at the right time. The recruitment of senior management was guided by the competency assessment as prescribed. The pursuit of targeting 50% women at senior management level continued, as well as efforts to ensure that 5% the workforce of the department is comprised of those who are physically challenged.

The diagramme below reflects that extent to which the department (as structured) has been able to deliver on its mandate over the current MTSF (2014-2019) to date:

Departmental Performance Over MTSF 2014-2020



Employment Vacancy Rate as of 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	104.00	92.00	11.50	1.00
Small business Development (IEDS)	30.00	26.00	13.30	0.00
Trade and Sector Development	19.00	17.00	10.50	0.00
Business Regulation and Governance	24.00	21.00	12.50	0.00
Policy Research and Innovation (Economic Planning)	25.00	23.00	8.00	1.00
Tourism	23.00	22.00	4.30	0.00
Total	221.00	196.00	11.30	2.00

Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2019

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (L15-L16)	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00
Senior Management (L13-L14)	5.00	5.00	0.00	3.00	6.00	2.00	0.00	1.00	22.00
Professionally qualified and experienced specialists and mid-management	31.00	11.00	0.00	2.00	13.00	8.00	0.00	3.00	68.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8.00	5.00	0.00	0.00	21.00	19.00	0.00	5.00	58.00
Semi-skilled and discretionary decision making Not available, Permanent	5.00	3.00	0.00	0.00	13.00	3.00	0.00	0.00	24.00
Unskilled and defined decision making	8.00	0.00	0.00	0.00	10.00	1.00	0.00	0.00	19.00
Contract (Senior Management)	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
Contract (Professionally qualified)	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00
Contract (Semi-skilled)	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Contract (Unskilled)									
Total	59.00	25.00	1.00	5.00	63.00	34.00	0.00	9.00	196.00

Financial considerations when planning include the projected budget for Vote 6 over the MTEF

Table 2.1 : Summary of payments and estimates by programme: Economic Development And Tourism									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2016/17	2017/18	2018/19	2019/20			Revised 2020/21	2021/22	2022/23
1. Administration	53 688	60 981	63 332	70 053	65 586	65 586	62 210	75 978	78 840
2. Integrated Economic Development Services	86 527	83 685	65 042	66 389	38 791	38 791	29 075	71 587	74 250
3. Trade And Sector Development	32 991	44 542	64 274	50 218	51 478	51 478	52 039	61 660	63 990
4. Business Regulation And Governance	34 246	38 382	40 633	43 270	43 050	43 050	39 475	46 456	48 188
5. Economic Planning	18 217	21 296	21 162	24 050	23 580	23 580	19 965	26 704	27 712
6. Tourism	46 798	54 225	64 066	74 017	88 484	88 484	52 751	86 109	92 833
Total payments and estimates	272 467	303 091	318 509	327 997	310 969	310 969	285 515	368 494	385 813

The department applied the following broad assumptions when compiling the budget:

- Provision for inflation related items is based on CPIX projections according to the 2020 Medium Term Budget Policy.
- The funding of compensation is based on the assumption that cost-of-living adjustment will track CPI projections.
- The regulating of the Gambling and Liquor Acts for related items were taken into account.
- The regulating of the Northern Cape Consumer Act for related items was taken into account.
- The expenditure has increased from R272.467 million in 2016/17 to R310.969 million in 2019/20 and the budget is projected to increase over the MTEF to R385.813 million in 2022/23.
- Compensation of employees shows an expenditure increase from R93.500 million in 2016/17 to R1.003 million in 2019/20 and the budget is projected to increase over the MTEF to R150.355 million in 2022/23.
- The expenditure on goods and services has increased from R74.442 million in 2016/17 to R91.174 million in 2019/20 and the budget is projected to increase over the MTEF to R95.919 million in 2022/23.
- The expenditure on Transfers and subsidies has increased from R102.638 million in 2016/17 to R103.288 million in 2019/20 and the budget is projected to decrease over the MTEF to R136.900 million in 2022/23.
- The expenditure on Payments for capital assets has decreased from R1.887 million in 2016/17 to R2.504 million in 2019/20 and the budget is projected to increase over the MTEF to R2.639 million in 2022/23.
- The Suspension of Funds (COVID-19) for The Department of Economic Development and Tourism amounted to R96.113 million as per the Final Allocation Letter 2020/21.
- The breakdown per Programme is as follows:

Administration	R10.607 million
Integrated Economic Development Services	R42.577 million
Trade and Sector Development	R12.709 million
Business Regulation and Governance	R2.527 million
Economic Planning	R5.630 million
Tourism	R22.063 million

- The breakdown per Economic Classification is as follows:
 - Compensation of Employees: R18.805 million
 - Goods and Services: R44.302 million
 - Transfers and Subsidies: R31.539 million
 - Payments for Capital Assets: R1.467 million

- The department undertook virements and shifts as follows:
 - **Programme 2:** Integrated Economic Development Services - a virement from another programme and economic classification resulting in an increase of R1.000 million.
 - **Programme 3:** Trade and Sector Development - virements from other programmes resulting in an increase of R5.655 million.
 - **Programme 4:** Business Regulation and Governance - virements to another programme resulting in a decrease of R2.500 million.
 - **Programme 6:** Tourism - virements to other programmes and economic classifications resulting in a decrease of R4.155 million.

In addressing the intent to improve the status of the audit outcome, the department will undertake the following steps:

- Regular monitoring of the departmental budget.
- Regular financial reporting to all executive and planning forums of the department.
- Record / Report the irregular expenditure on a monthly basis. Conduct an investigation on any irregular expenditure incurred.
- Engage with the Department of Roads and Public Works relating to the expired lease contracts.
- Write letters to the relevant authority seeking condonation for irregular expenditure (if any).
- Review the EGDF processes. Convene meetings with all programme managers on transfer payments. Conduct regular monitoring and evaluations on all funded enterprises. Arrange meeting(s) with the legal unit for advice on enterprises that defaulted on the transfer agreement. The Monitoring and Evaluation (M&E) Unit to develop an M&E timetable to conduct regular visits to all funded recipients. The Enterprise Development unit to conduct monitoring and evaluations to determine the receivables amount and report accordingly. A similar exercise will be conducted for the tourism recipients. Tighten controls to ensure that disbursement of funds is within policy requirements. Conduct training on basic business, financial and administrative principles for recipients to offset the trend to spend grant on operational purposes.
- Monitor and inspect the upgrading and infrastructure work to be performed at the Kimberley Skate Plaza Park. Sign-off of all invoices received from the service provider. Process payments in accordance to the payment schedule and upon signature of invoice by the project co-ordinator. In future, if the terms of reference change, re-advertise.
- The departmental contract register will be reviewed and updated on a quarterly basis or updated as and when required.
- The deviation register will be developed and will be managed by the Office of the CFO.
- The department will also Utilise the Central Supplier Database (CSD) system to detect whether employees work for government or not.
- Standard bidding documents for completeness (SBD Forms) will be verified for completeness.
- Newly appointed interns will be inducted on the requirement of the regulation of doing business with the state. Reminders are sent to all departmental staff to apply for remunerated work outside the department. The necessary application are all distributed in the e-mail to all staff with the contact details of the ethics officer. The department will continue to inform all staff members on this requirement in the quarterly information sessions.
- The SCM Unit will publish all names of service providers that applied for a departmental tender within 10 days.
- Conduct quarterly inspections and one annual full count to verify assets.
- The department will complete and submit the B-BBEE Form to the B-BBEE Commission by the due date/s.
- In terms of the Disaster Recovery Process the department will participate in transversal DR tests conducted by the SITA and Provincial Treasury. It will also perform regular back-ups on departmental information. Safeguarding of back-ups will be done off-site. Implement annual DRP Implementation Plan.
- Review Supply Chain Management policies regularly.
- Implement the Business continuity plan and disaster recovery plan. Implementation of business continuity is dependent on the completion of the technology refresher project as was allocated to SITA for the entire province.

- Improve oversight function over the entities to facilitate the submission of documentation in line with legislative requirements.

PART C: MEASURING OUR PERFORMANCE

Institutional Programme Performance Information

IMPACT STATEMENT

Impact statement Sustainable and Inclusive Economic Growth and Development.

MEASURING OUR OUTCOMES

MTSF PRIORITY	Economic transformation and job creation		
Outcome	Outcome indicator	Baseline	Five year target
Higher economic growth	Percentage growth of the provincial economy (GDP)	1.5%	2% - 3%
Improved levels of employment.	Unemployment rate reduced.	29.4%	24%-26%

Explanation of Planned Performance over the five-year planning period

The MTSF 2019-2024 aims to address the challenges of unemployment, inequality and poverty. The envisioned outcomes of the Department of Economic Development and Tourism seeks to underpin the development agenda for the Republic of South Africa.

The current situation analysis for the province clearly indicates that the low growth and rising unemployment demonstrates that the economic trajectory is not sustainable. Consequently this impacts on the quality of life in the Northern Cape Province, which stands reads 0.60 on the Gini-coefficient index.

In order to address this, the Department commits itself to promoting economic transformation, supporting labour-intensive growth amongst enterprises and creating an economy that is competitive both nationally and internationally. The interventions are directed as ensuring a supportive economic climate for investment in the province, enhancing small business development and innovation in order to transform the economy.

In pursuit of these Outcomes the Department will seek to emphasise economic transformation, inclusive growth and competitiveness. There will be a concerted effort to accelerate historical patterns of ownership because inclusive growth implies growing the economy where the benefits of growth are shared broadly. This is why the developmental interventions of the Department seek not only to ensure sustainable economic growth for the Province but foster growth that is accompanied with the creation of employment which in turn will result in a reduction of inequality. Greater opportunities for economic participation will also reduce

reliance on foreign investment to drive growth while at the same time enhancing competitiveness.

Key to this is fostering the development of small, micro and medium enterprises. This will be driven through the provision of development funding and alleviating the high regulatory burden through Red Tape Reduction. To ensure that a greater number of start-ups succeed (even beyond three years) the department will improve oversight and the monitoring and evaluation of these enterprises in terms of the dictates of the contractual agreements.

Over the MTSF the Department will also continue to implement targeted-group (women, youth and people who are physically challenged) employment interventions. This will include the upskilling of targeted groups to address the skills deficit that is preventing many from accessing economic opportunities which consequently suffocates economic growth.

Tourism is one of the key sectors often referred to as a "game changer" in that it has the potential to deliver inclusive growth through its labour absorption potential. Tourism is strategic pillar of RSA's Economic Diplomacy and has the potential to address the triple challenges of unemployment, poverty and inequality through the creation of decent jobs. It is also a foreign exchange earner contributing to the balance of payments. It provides economic opportunities for women and youth. It supports NDP's economic policy objectives for a more diversified economy. It has multiple linkages with other sectors of the economy and generate significant multiplier effects. In addition Tourism has the potential to foster social cohesion.

The departmental interventions will be driven by the five pillars of the National Tourism Sector Strategy (NTSS) which are effective marketing, facilitating ease of access, the visitor experience, destination management and broad-based benefits. The department will also endeavour to roll out the Tourism Safety Initiative.

As most tourism businesses are small they are not clustered along any specific nodes and are thus perfectly positioned to drive rural economic growth and economic transformation. The department will thus seek to focus on growth in tourism services i.e. accommodation, catering and transport.

The department will also fast-track the rationalization of Liquor Board and The Gambling Board reporting to the Member of the Executive Committee for Finance, Economic Development and Tourism.

This emanates from the fact that the separate entities currently experience a severe shortage of funds and are unable to execute some of the core functions including amongst others, the conducting of regular inspections. The intention is to finalize the first phase (Liquor Board and Gambling Board) by the end of 2020/2021 financial year. Parallel to this, the organogramme

will be finalized, all positions will be submitted for evaluation and the conditions of service will be aligned. An interim board will be inaugurated to preside over the new entity which will be called The Northern Cape Gambling and Liquor Authority.

Key to achieving these deliverables internally include the necessary budget and fully staffed departmental organogramme designed to implement the mandate of the department over the next five years.

Many deliverables are tied to our delivery partners meeting their agreed shared deliverables as outlined in the provincial Programme of Action.

Key drivers to economic development in the province also include addressing the skills deficit and the investment appetite of foreign investors. The latter is influenced by rating agencies.

Several features of agriculture make it important in the pursuit of labour-intensive economic growth which include its rural linkages and ability to absorb less-skilled labour. The "Agriculture Drought Report 2019/2020" released by AgriSA indicates that the protracted drought in the province has had a significant impact on agriculture's economic growth potential. If the drought persists it will negatively impact this sector.

During April 2019 the report states that almost 10 000 farms with a carrying capacity of 166 000 large stock units, covering more than 5.8 million hectares have experienced prolonged drought. This has escalated to the current situation where more than 15 500 farms covering more than 20 000 000 hectares are severely affected. This relates to 613 447 LSU's (livestock units) which is affected. The total area affected by the potential disaster drought in the Province is 27 157 247 ha with a carrying capacity of 1 068 408 LSU's (livestock units). Given current values of products and levels of production, it is estimated that the value of production during a normal situation in the affected area, would amount to R 2.53 billion per annum.

A priority area for industrial policy is demand-side support. Hence, leveraging public procurement to support industrialization is a key enabler which will help drive economic transformation through preferential procurement. The department will drive this initiative by actively pursuing the registration of enterprises on the Central Supplier Database in order to increase the department's spend in terms of localization.

In an effort to strengthen the efficacy of public procurement as an industrial policy tool the Department will also improve procurement systems to ensure that payment of small businesses take place within 30 days. At the same time enterprises will be assisted towards product development and market access in order to ensure the sustainability of local production beyond the support of government.

Key Risk and Mitigations

Outcome	Key Risk	Risk Mitigation
Improved levels of employment.	High / Increase in unemployment in the Northern Cape Province.	Establishment of an Economic Intelligence Resource Centre (War Room) to reduce unemployment. Create new work opportunities through the Expanded Public Works Programme (EPWP). Ensure the creation of jobs through projects.
Inclusive economic growth	Failure of businesses, a business crisis or a business collapse.	Government grant / Financial support as funding mechanisms will be disbursed across all five (5) districts in the Province. Enterprise Development eco-system to provide appropriate support.
	Low / Untapped foreign direct investment into the Northern Cape Province.	Participation in the NC Provincial Growth and Investment Council (NCGIC). Finalisation of the NC Investment booklet. Development of a NC investment portal. Development of an investment model.
	Inadequate critical infrastructure & networks (e.g. broadband, satellite, radio links).	NC Innovation Forum and mLab. Development of Provincial Integrated Broadband Strategy and Implementation Plan (inclusive of e-Gov strategy).

Public Entities

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R thousand)
Liquor Board	Northern Cape Liquor Act, 2008. Amendment to the Act 2010.	A fortified regulatory environment within the liquor industry of the Northern Cape in order to accommodate new entrants and enhance competition so as to serve as a lever for inclusive growth.	13 346
Gambling Board	Northern Cape Gambling Act, 2008.	A fortified regulatory environment within the gambling and betting industry of the Northern Cape in order to accommodate new entrants and enhance competition so as to serve as a lever for inclusive growth.	13 071
The Northern Cape Trade and Investment Agency (NCEA)	NCEA Act, 2008	<ul style="list-style-type: none"> Increased foreign direct investment into the Northern Cape. Growth of export products and services from the Northern Cape. 	18 473
Northern Cape Tourism Authority (NCTA)	Northern Cape Tourism Act, 2008	<ul style="list-style-type: none"> A fortified the regulatory environment within the tourism industry of the Northern Cape. Increased domestic and international leisure arrivals to the Northern Cape. 	23 242

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R thousand)
		<ul style="list-style-type: none"> Increased Mice (Meetings, Incentives, Exhibitions, Conferences and Events) initiatives in the Northern Cape. The Outcomes endeavour to accommodate new entrants and enhance competition so as to serve as a lever for inclusive growth and transformation of the Tourism Industry in the NC. 	

There are no public private partnerships.

There are no infrastructure projects.

Part D: Technical Indicator Descriptions (TID)

Indicator Title	Percentage growth of the provincial economy (GDP).
Definition	Gross Domestic Product (GDP) This indicator measures the total economic activity in the Province of the Northern Cape. The GDP represents the monetary value of all goods and services produced within the province over a specific period of time.
Source of data	Statistic South Africa statistical publications
Method of Calculation/ Assessment	GDP = private consumption + gross investment + government investment + government spending + (exports – imports).
Assumptions	The data provided in the statistical publication is accurate. The modernization of network industries (transport, water, energy and communications) adequately support economic growth. Barriers to entry are lowered in order to promote the growth of SMMEs so as to address the distorted patterns of ownership.
Disaggregation of Beneficiaries (where applicable) Assumptions	Not applicable.
Spatial Transformation (where applicable)	All five districts in the province. <ul style="list-style-type: none"> • Pixley Ka Seme • John Taolo Gaetsewe • Frances Baard • Z F Mgcawu • Namakwa
Reporting Cycle	Annually
Desired Performance	2-3% Growth in the provincial GDP
Indicator Responsibility	Accounting Officer

Indicator Title	Unemployment rate reduced.
Definition	<p>The labour force comprises all persons who are employed plus all persons who are unemployed.</p> <p>The unemployment rate is the proportion of the labour force that is unemployed.</p> <p>Unemployed persons according to Official definition are those (aged 15–64 years) who:</p> <ul style="list-style-type: none"> a) Were not employed b) Actively looked for work or tried to start a business c) Were available for work and d) Had not actively looked for work.
Source of data	Statistical publications by StatsSA e.g. QLFS
Method of Calculation/ Assessment	<p>The formula used to calculate the unemployment rate is:</p> $\text{Unemployment Rate} = \frac{\text{unemployed people}}{\text{labour force}} \times 100$
Assumptions	<p>The data provided in the statistical publication is accurate. The modernization of network industries (transport, water, energy and communications) adequately support economic growth. Barriers to entry are lowered in order to promote the growth of SMMEs so as to address the distorted patterns of ownership so as to catalyse inclusive economic growth that leads to the creation of jobs.</p> <p>The short-and-long-term educational outcomes addresses the skills deficit thus ensuring that more high skilled workers can be employed to address the negative trend in wage inequality in the province.</p>
Disaggregation of Beneficiaries (where applicable) Assumptions	Not applicable.
Spatial Transformation (where applicable)	<p>All five districts in the province.</p> <ul style="list-style-type: none"> • Pixley Ka Seme • John Taolo Gaetsewe • Frances Baard • Z F Mgcawu • Namakwa
Reporting Cycle	Annually
Desired Performance	An unemployment rate ranging between 20%-25%
Indicator Responsibility	Accounting Officer

ANNEXURES TO THE STRATEGIC PLAN

Annexure A: District Development Model

	2020-2025					
	Project Description	Budget Allocation	District Municipality	Location GPS coordinates	Project Leader	Social Partners
Financial support to enterprises	EGDF	-	Frances Baard	-	D Christians	Municipalities
			Z F McGawu	-		
			John Taolo Gaetsewe	-		
			Namakwa	-		
			Pixley Ka Seme	-		
	Informal Sector (NIBUS and IMEDP)	130 000	Frances Baard	-	D Christians	Municipalities
			Z F McGawu	-		
			John Taolo Gaetsewe	-		
			Namakwa	-		
			Pixley Ka Seme	-		
Non-financial support to enterprises	Business Advice; Information sharing; Coaching; Outreach programmes CIPC Services	500 000	Frances Baard	-	D Christians	Municipalities
			Z F McGawu	-		
			John Taolo Gaetsewe	-		
			Namakwa	-		
			Pixley Ka Seme	-		
Economic Empowerment						
Financial and Non-Financial support for target groups	Training for SMME's in the clothing and textile(Covid 19 intervention)	50 000	Frances Baard	-	A Ntidisang	Municipalities
				-		
	Entrepreneurship training	30 000	Frances Baard	-	A Ntidisang	Municipalities
30 000		Pixley ka Seme	-			
	Cleaning and Hygiene training (Covid 19 intervention)	100 000	All districts	-	A Ntidisang	Municipalities
	Verification training	30 000	Frances Baard		A Ntidisang	Municipalities
	Enterprise and supplier development training	30 000	Frances Baard	-	A.Ntidisang	Municipalities
-						
-						

Sector Development						
Electricity (not direct)	A metals industrial cluster that aims at promoting value addition in the steel industry and other metals-related products. (The project seeks to enhance the level/rating of the municipality by ESKOM to increase capacity allocation from the current level.)	R3 million	JTG – specifically the Ga-Segonyane Municipality along the N14, 1 kilometre east of Kuruman.	-	DEDAT	Mining Houses, IPPs, Community structures, Business, Organised labour, Institutions of higher learning and NGOs.