



CORPORATE PLAN

— 2024/25 —



LIST OF ACRONYMS

AfCFTA	African Continental Free Trade Agreement	MSME	Micro, small, and medium-sized enterprise
AIDC	Automotive Industry Development Centre	UFH	University of Fort Hare
AIDC-EC	Automotive Industry Development Centre Eastern Cape	MTEF	Medium Term Expenditure Framework
BRICS	Brazil, Russia, India, China, and South Africa	MTSF	Medium Term Strategic Framework
CAPEX	Capital expenditure	N/A	Not applicable
CEO	Chief executive officer	NAM	Non-Automotive Manufacturing
CIMEC	Centre for Investment and Marketing in the Eastern Cape	NDP	National Development Plan
COO	Chief operations officer	NEET	Not in employment, education or training
COVID-19	Coronavirus disease 2019	NISED	National Integrated Small Enterprise Development Masterplan
CPDA	Ciskei Peoples Development Bank	NPC	Non-profit company
CPI	Consumer price index	OECD	Organisation for Economic Co-operation and Development
CSBC	Ciskei Small Business Corporation	OHS	Occupational health and safety
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	PDP	Provincial Development Plan
DFI	Development finance institution	PEDS	Provincial Economic Development Strategy
DPME	Department of Planning, Monitoring and Evaluation	PEIC	Provincial Economic Investment Council
dtic	Department of Trade, Industry and Competition	PFMA	Public Finance Management Act, 199 (Act 1 of 1999, as amended)
ECAIF	East Cape Automotive Industry Forum	PGDS	Provincial Growth and Development Strategy
ED	Enterprise Development	PIC	Provincial Investment Council
EDP	Economic Development Priority Sectors, Programmes and Project Support Plan	PMTSF	Provincial Medium Term Strategic Framework
EC	Eastern Cape	PPP	Public-private partnership
ECDA	Eastern Cape Development Agency	PTSA	Production Technologies South Africa
ECDC	Eastern Cape Development Corporation	QES	Quarterly employment statistics
ECSECC	Eastern Cape Socio-Economic Consultative Council	QLFS	Quarterly Labour Force Survey
EF&BS	Enterprise Finance and Business Support	R&D	Research and Development
ESG	Environmental, Social, and Governance	REF&BS	Rural Enterprise Finance & Business Support
EWC	Expropriation without compensation	SABPP	South African Board of People Practices
EXCO	Executive Committee	SARB	South African Reserve Bank
FDI	Foreign direct investment	SCM	Supply chain management
FPL	Food poverty line	SEZ	Special economic zone
FY	Financial year		Foreign direct investment
GDP	Gross domestic product	SLA	Service level agreement
GTAC	Government Technical Advisory Centre	SOC	State-owned company
GVA	Gross value add	SOE	State-owned entity
HR	Human Resources	SOP	Standard operating procedure
ICT	Information and communication technology	SSA	Sub-Saharan Africa
IDC	Industrial Development Corporation of South Africa Limited	STEM	Science, technology, engineering, and mathematics
IMF	International Monetary Fund	TDC	Transkei Development Corporation
LDI	Local direct investment	TII	Trade, Investment and Innovation
M&E	Monitoring and Evaluation	TRANSIDO	Transkei Small Industries Development Organisation
MEC	Member of the Executive Council	US/USA	United States of America
MOA/U	Memorandum of Agreement/Understanding	WYPD	Women, youth, and persons with disability
		VAT	Value-added tax



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STATEMENT BY THE CHAIR OF THE BOARD

The Eastern Cape Development Corporation (ECDC) Board of Directors is pleased to present the annual corporate plan for the 2024/25 financial year (FY), which sets out a course of action for achieving the ECDC Reimagined Strategy 2021.

Central to the strategy is the agenda of refocus, renewal and sustainability. The 2024/25 corporate plan represents the third year of the ECDC Reimagined Strategy. As evidenced by the prior year's achievements against its performance plan and the ECDC's operating and strategic context, the Corporation can safely declare that the plan signals an organisation in a transforming trajectory.



The corporate plan and supporting operational plans collectively transition the Corporation into a trusted brand that is relevant, responsive and reliable - a Corporation that is easily accessible and ensures improved economic development of the Eastern Cape Province.

Throughout the first two years of the strategy, the Corporation's focus has been on building a capable and fit-for-purpose ECDC through:

- An expanded footprint built around a mixed-channel model of internal staff and capable partners.
- Assured capacity to deliver its strategy through its organisational design, superior skilled human capital resources.
- Leveraged third party capital inflows to improve its on-lending capacity.
- Responsive and well-thought products for the micro small medium enterprises (MSMEs)
- The Eastern Cape packaged as an investment destination of choice through investment attraction and promotion.

The corporate plan is presented at a time when the South African economy has stagnated with rapacious consequences across its society. A stagnant economy, high crime rates and the effects of load-shedding continues to be a threat for prospective and current investors and emerging small micro medium enterprises, to name a few challenges.

With respect to electrification, the production time for every company in South Africa has been reduced, and those who have opted for alternative energy have had to do so at higher costs.

Further, the ECDC's property investment is still suffering ongoing illegal occupation and slow legal battles including court interdicts that impede the disposal of the residential property portfolio and eviction of illegal tenants.

In this context of these challenges, a capable human capital and clear strategy that is responsive to provincial development imperatives, particularly job creation and inclusive growth to break the cycle of poverty and unemployment in the Eastern Cape, is non-negotiable for the ECDC.

The ECDC Corporate Plan aligns to the National Development Plan (NDP) goals by articulating the Corporation's strategic contribution to the DEDEAT mandate. It is envisaged that by the end of the Medium Term Strategic Framework (MTSF) cycle, the ECDC brand will have sufficient market equity to attain a status of a strategic partner of the government in its role as a provider of infrastructure management services, particularly in under-served communities, economic development coordination and sector support, trade and investment promotion, enterprise support and business finance.

The ECDC continues to implore the Shareholder to support its initiatives that assist MSMEs with resources that can catapult them into established businesses.

The ECDC sincerely thanks its Shareholder for continued support and the ECDC family for their commitment to building a high-performing organisation. May the ECDC continue to work together to realise the vision of building a brighter future for the Eastern Cape and its people.

The Board fully endorses this corporate plan as the guiding document for the organisation's work and focus for the 2024/25 financial year.

Vuyani Jarana
Chairperson of the Board

CHIEF EXECUTIVE OFFICER'S STATEMENT



I present the 2024/25 Corporate Plan when South Africa, particularly the Eastern Cape, grapples with the debilitating challenges of high unemployment, poverty, and stagnant economic growth.

These formidable socio-economic challenges require an agile, capacitated, and resourceful ECDC with the right human capital achieve its development aspirations. The Corporation contributes to reshaping the Eastern Cape's socio-economic architecture through, among others, an astute deployment of its empowering small business support instruments. The ECDC recognises that its mandate delivery apparatus must be underpinned by wise planning and decision-making to realise the desired economic outcomes.

The 2024/25 corporate plan is focused on delivering a solid socio-economic dividend by efficiently implementing the key pillars and outcomes of the ECDC Reimagined Strategy. In its third year, the strategy is centred on the refocusing, renewal and sustainability of the Corporation by focussing on six broad areas:

- Improved yields and development output
- Strong sector-based value chain linkages
- Leadership SMME financial services
- Catalyst investment coordination
- Rural and small industries development
- Focussed strategy to deliver digital jobs

In this regard, the ECDC Corporate Plan outlines the economic development priority sector and programmes which identify the Corporation's sector focus areas. These sectors are energy and the green economy, agriculture and agro-processing, transport and automotive, manufacturing, oceans economy and tourism, telecoms and the digital economy.

Effective support for the development of these sectors should form the bedrock of energised economic activity in the province by contributing to sustainable job creation, poverty alleviation and a vibrant small business ecosystem. Through the plan, the ECDC is well-primed to partner strategic and loan or equity financing institutions to drive the sector focus in the province's districts.

R1,2 billion property portfolio

The focus is underpinned by continuous improvement in the ECDC's R1,2 billion property business turning it into a well-managed, competitive business through portfolio interventions such as rationalising, transforming, and investing for growth.

In addition, the ECDC's focus will be amplified by intensifying efforts aimed at supporting commercially viable small businesses in the Eastern Cape with financing instruments focused on structured finance solutions, risk capital instruments, and other targeted funds and programmes to support entrepreneurship development and growth.

The corporate plan reaffirms that the efficacy of the Corporation's development posture must be supported by a capable ECDC that knows which levers it needs to pull to deliver on its stated mandate. As such, the ECDC Corporate Plan 2024/25 outlines its strategic intent to consolidate commercial sustainability imperatives by improving revenue-generation, particularly from operating and investing activities. The Corporation is mindful of addressing internal efficiencies in ICT, as well as human capital management and development.

I extend sincere gratitude to the Board and the Shareholder for their collective leadership and insight in navigating an often-challenging operating environment. I am grateful for the input into developing this 2024/25 corporate plan, whose implementation should bring us closer to the desired destination.

I thank the Honourable MEC, Mlungisi Mvoko for his support in the various engagements, premised on developing the ECDC as an able and committed steward of socio-economic change.

The ECDC team is committed to the diligent delivery of the ECDC mandate, the implementation of which is designed to inject vigour into the Eastern Cape's economic aspirations. Ultimately, the idea is to deliver inclusive economic growth and create sustainable jobs.

Thank you for your support and trust in the ECDC.

Mr. Ayanda Wakaba
Chief Executive Officer

OFFICIAL SIGN-OFF

It is hereby certified the Eastern Cape Development Corporation (ECDC) Corporate Plan for 2024/25 and the medium-term period to 2026/27:

1. Was developed by the management team of the Eastern Cape Development Corporation under the guidance of the Board of Directors
2. Its development considered relevant policies, legislation, and other mandates for which the Eastern Cape Development Corporation is responsible.
3. It accurately reflects the outputs and targets that the ECDC will endeavour to achieve over the 2024/25 financial year and the medium-term period to 2026/27.

Prepared by:



Nosipho Ngewu

Head: Strategy and Regional Operations



Nieleesh Ravjee

Chief Financial Officer



Ayanda Wakaba

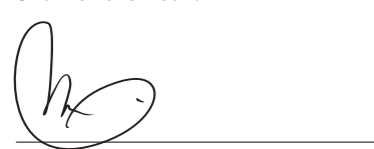
Chief Executive Officer

Approved by:



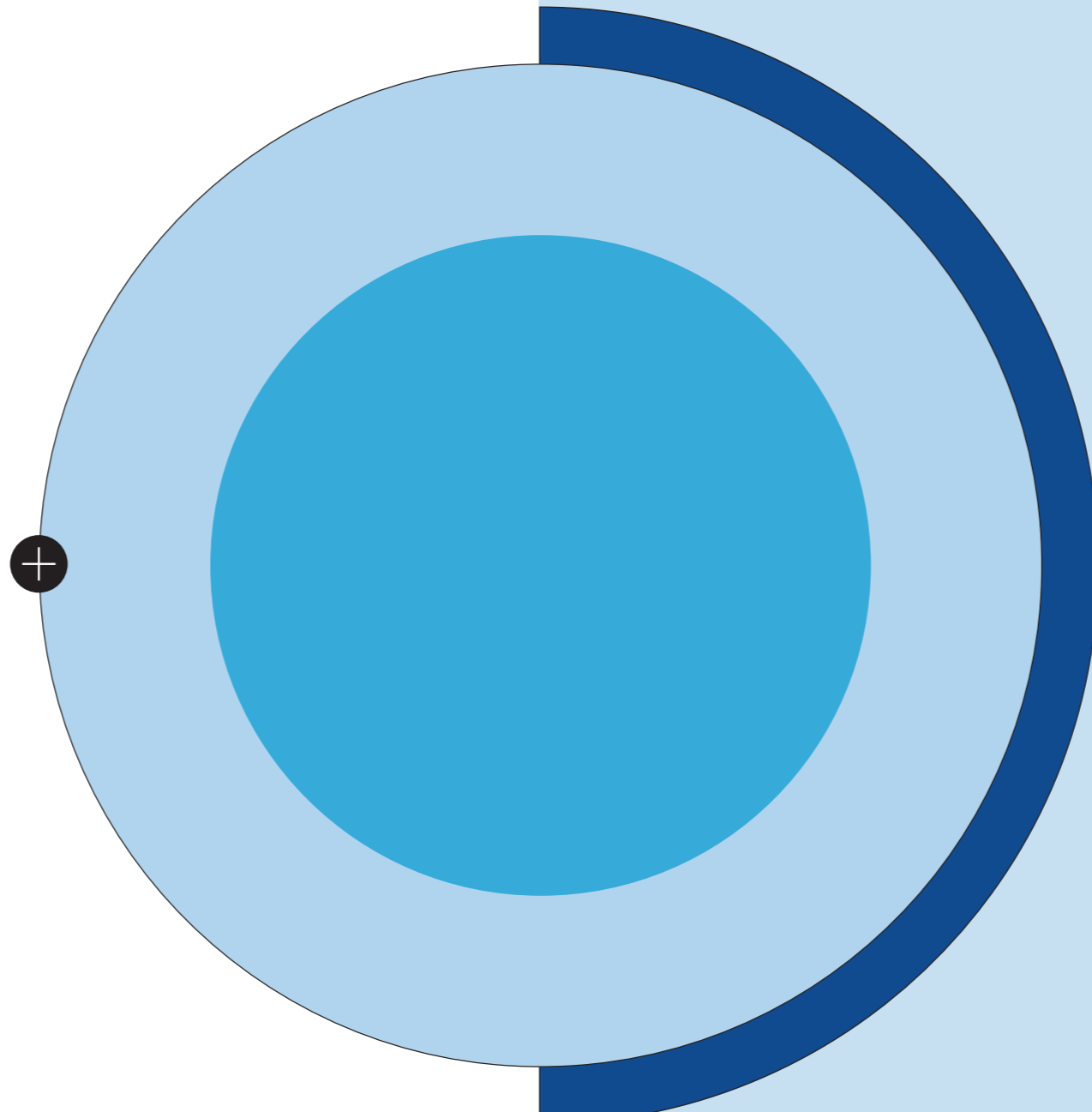
Vuyani Jarana

Chair of the Board



Mlungisi Mvoko

Hon MEC for Economic Development, Environmental Affairs & Tourism



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INTRODUCTION AND CONTEXT TO THE CORPORATE PLAN

OVERVIEW OF THE ECDC

The Eastern Cape Development Corporation (ECDC) was established by promulgating the Eastern Cape Development Corporation Act (Act 2 of 1997). The stated rationale for establishing the ECDC was to create “a financially viable corporation” to address “the challenge of developing the provincial economy”.



The establishment of the ECDC saw the merging of four legacy agencies and development banks that operated in the previous homeland areas:

- The Transkei Development Corporation (TDC)
- The Transkei Small Industries Development Organisation (Transido)
- The Ciskei People’s Development Bank (CPDB)
- The Ciskei Small Business Corporation (CSBC)

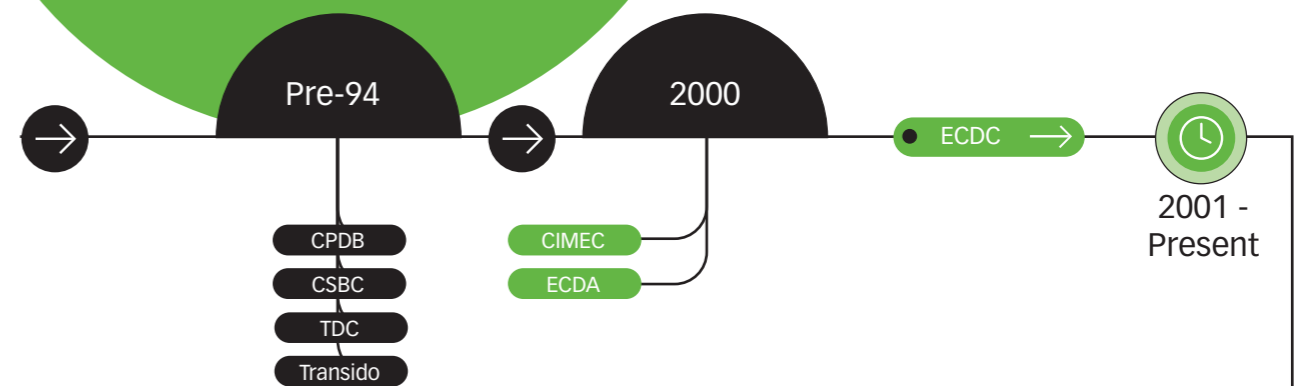
The Provincial Proclamation 1 of 2001 formally merged the ECDC with the Centre for Investment and Marketing in the Eastern Cape (CIMEC), bringing the trade and investment promotion functions into the ECDC.

The ECDC has three wholly-owned and one majority-owned subsidiary:

1. Automotive Industry Development Centre Eastern Cape (AIDC-EC): (100% ECDC) – the ECDC also acts as a conduit for DEDEAT funding to the AIDC-EC.
2. Centre for Investment and Marketing in the Eastern Cape (CIMEC) (100% ECDC). CIMEC owns the ECDC head office building.
3. Transdev Properties (SOC) Ltd (100% ECDC). Transdev owns the building leased to the Garden Court in Mthatha.
4. Transkei Share Investments Company (Pty) Ltd (98% ECDC) is an investment management company.

In addition, the ECDC has equity in five companies and operations acquired through its loan finance and investment activities. Typically, the stakes are lower than 20%, although in some cases, the ECDC’s equity ownership is larger.

Figure 1: ECDC’S TRANSITION



ECDC GOVERNANCE AND MANAGEMENT FRAMEWORK

In terms of the Public Finance Management Act (Act 1 of 1999, as amended) (PFMA), the ECDC is listed as a Schedule 3D Provincial Business Enterprise, reporting to the Shareholder's representative, the Member of the Executive Council (MEC) for Finance, Economic Development, Environment and Tourism, and the Legislature.

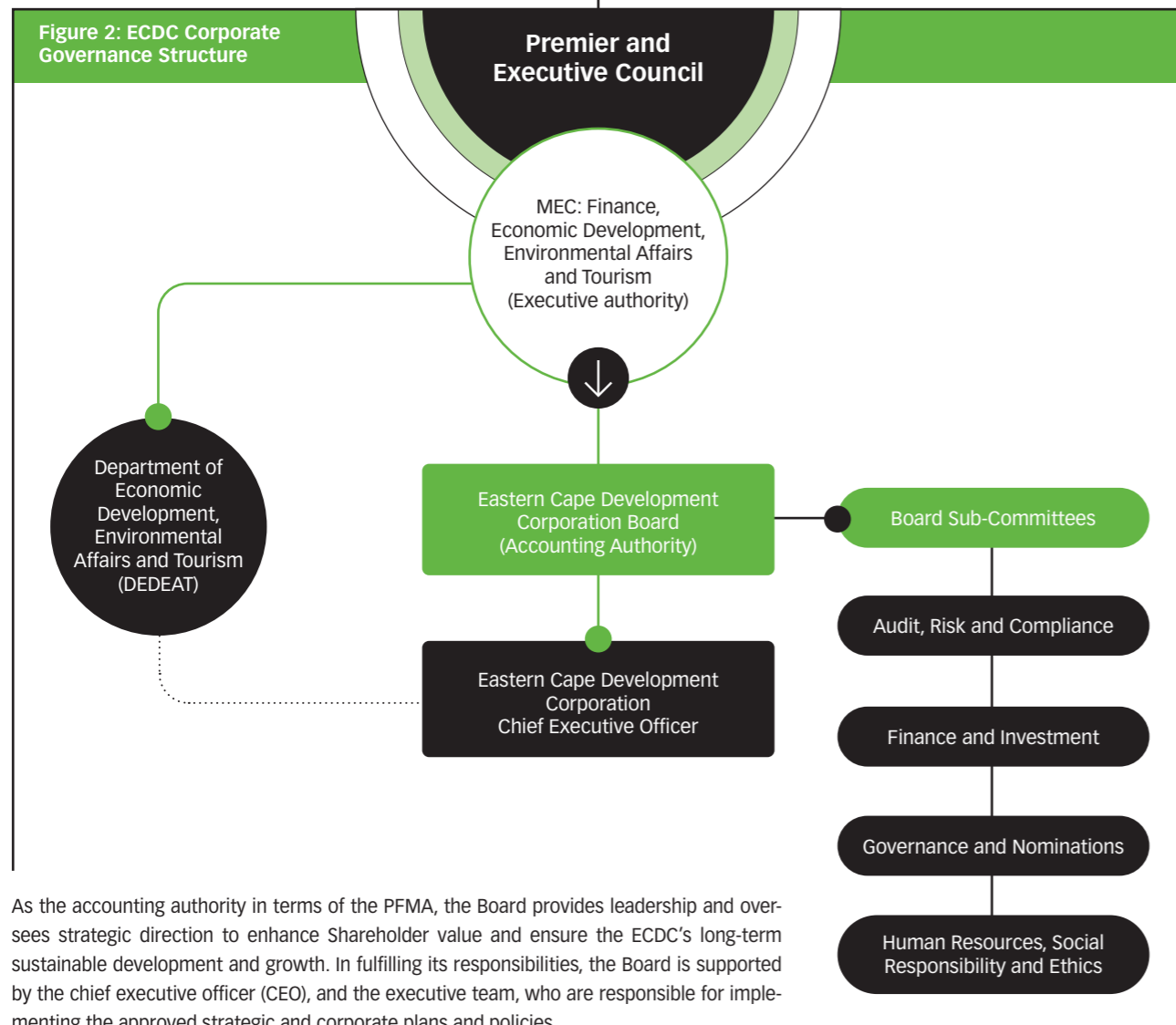
The ECDC operates under the supervision of an independent Board of Directors, whose non-executive members are appointed by the MEC for DEDEAT, and embraces the principles of the King Code on Corporate Governance in South Africa (2016) (King 4).

The Shareholder's compact regulates the accountability framework between the Shareholder and the Board. The Shareholder's compact outlines the performance expectations and agreement between the executive authority and the accounting authority (the Board). The

Department of Economic Development, Environment and Tourism (DEDEAT) then acts on behalf of the MEC as delegated in his dealings with the ECDC.

The Board is responsible for setting the strategic direction of the Corporation. Ultimately, it is responsible for risk management and ensuring an effective internal control system over the financial and other operations in compliance with the PFMA.

The Board has constituted four committees: the Audit, Risk and Compliance Committee; Funding and Investment Committee; Governance and Nominations Committee and the Human Resources, Social Responsibility and Ethics Committee. These committees sit at prescribed intervals and, when a need arises, report to the Board.

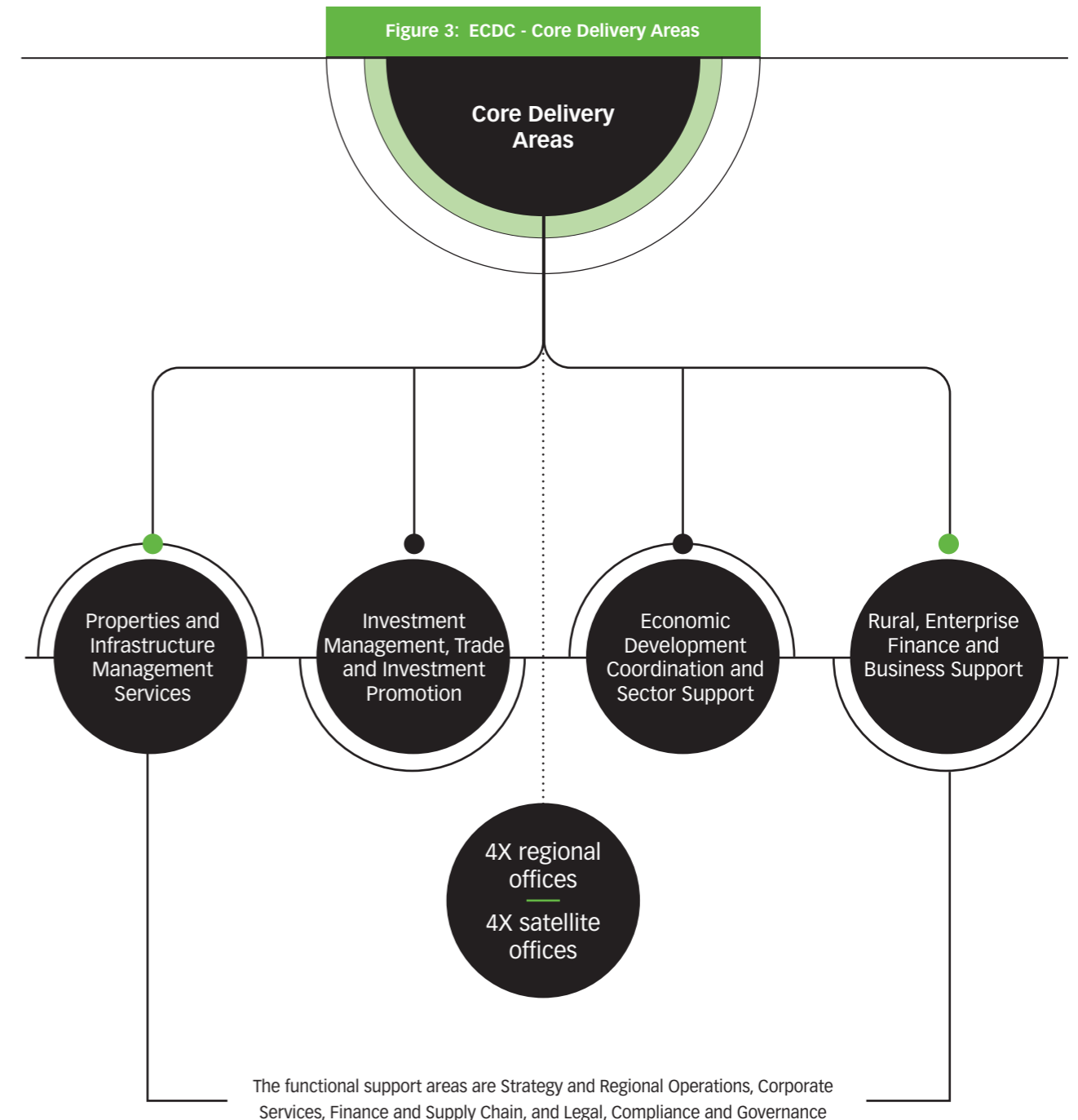


As the accounting authority in terms of the PFMA, the Board provides leadership and oversees strategic direction to enhance Shareholder value and ensure the ECDC's long-term sustainable development and growth. In fulfilling its responsibilities, the Board is supported by the chief executive officer (CEO), and the executive team, who are responsible for implementing the approved strategic and corporate plans and policies.

In the current management structure, executive and functional area heads in the following core business and support services areas report to the Chief Executive Officer (CEO): Chief Investment Officer, Chief Financial Officer, Executive Manager: Enterprise Finance and Business Support, Executive Manager: Corporate Services, Executive Manager: Properties and Infrastructure Management Services, Executive Manager: Economic Development Coordination and Sector

Support, Head: Strategy and Regional Operations and Head: Legal, Compliance and Governance. The CEO is an ex-officio member of the Board.

In fulfilling its responsibilities, the Board is supported by the CEO and the executive team, who are responsible for implementing the approved strategic and corporate plans and policies.



THE ECDC FIVE-YEAR STRATEGIC PLAN FOR 2023/24-2027/28

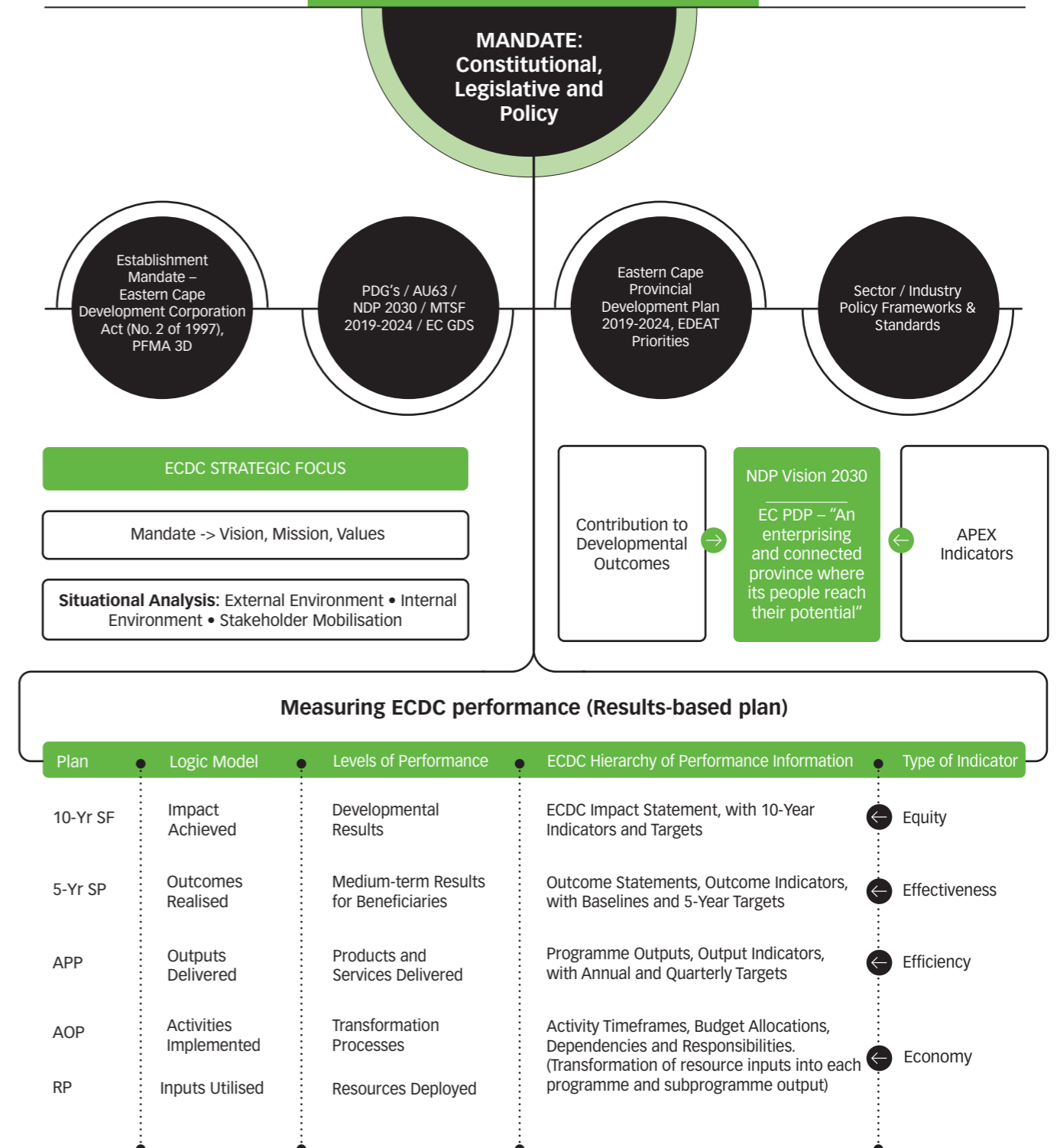
During the 2022/23 financial year, the Eastern Cape Development Corporation reviewed its strategy, producing a five-year strategic plan for 2023/2024 to 2027/2028. The revised five-year strategy replaces the 2019/20-2023/24 strategic plan. The review of the five-year strategic plan follows the approval of the ECDC Reimagined Strategy 2021, which was concluded during the 2021/22 financial year. The 2022/23 corporate plan was informed by the ECDC Reimagined Strategy 2021, as the five-year strategic plan was reviewed during the 2022/23 financial year. The 2023/24 and 2024/25 corporate plans have been informed by the revised 2023/24 – 2027/28 five-year strategic plan.

The ECDC Reimagined Strategy centred on re-focusing and renewal by leveraging four broad

areas: New development projects and financing instruments, new networks, new ways of working, and a new focus. The ECDC Reimagined Strategy 2021 informed the 2023/24 – 2027/28 five-year strategic plan, which introduced a revised mission and value statement, impact statement and six strategic pillars/themes.

In facilitating the development of the five-year strategic plan for 2023/24- 2027/28, a results-based planning logic model was followed, which informed the approach of the various discussions and the packaging of the strategic information.

Figure 4: ECDC Results-based Planning Logic Model



The result of the above process is reflected in the Eastern Cape Development Corporation Five-Year Strategic Plan (2023/24-2027/28), and an aligned Ten-Year Business Plan (2023/24-2032/33).

This annual Corporate Plan for 2024/25 and the MTEF, as year two of the five-year strategy, is compliant with the Draft Guideline for Corporate Planning and Shareholder Compact is packaged in line

with the DPME Revised Framework for Strategic Plans and Annual Performance Plans.

In future years, the annual corporate plans will reflect updates to the Strategic Plan, and progress towards the five-year results.

SECTION. A

THE ECDC MANDATE



1. RELEVANT LEGISLATIVE AND POLICY MANDATEICY MANDATES

The mandate of the Eastern Cape Development Corporation (ECDC) is derived from legislation (static mandates) and policy frameworks (dynamic mandates).

1.1 LEGISLATIVE MANDATES

The legislative prescripts impacting the ECDC mandate as reflected in the 2024-2028 strategic plan are:

Figure 5: The ECDC Legislative Mandates

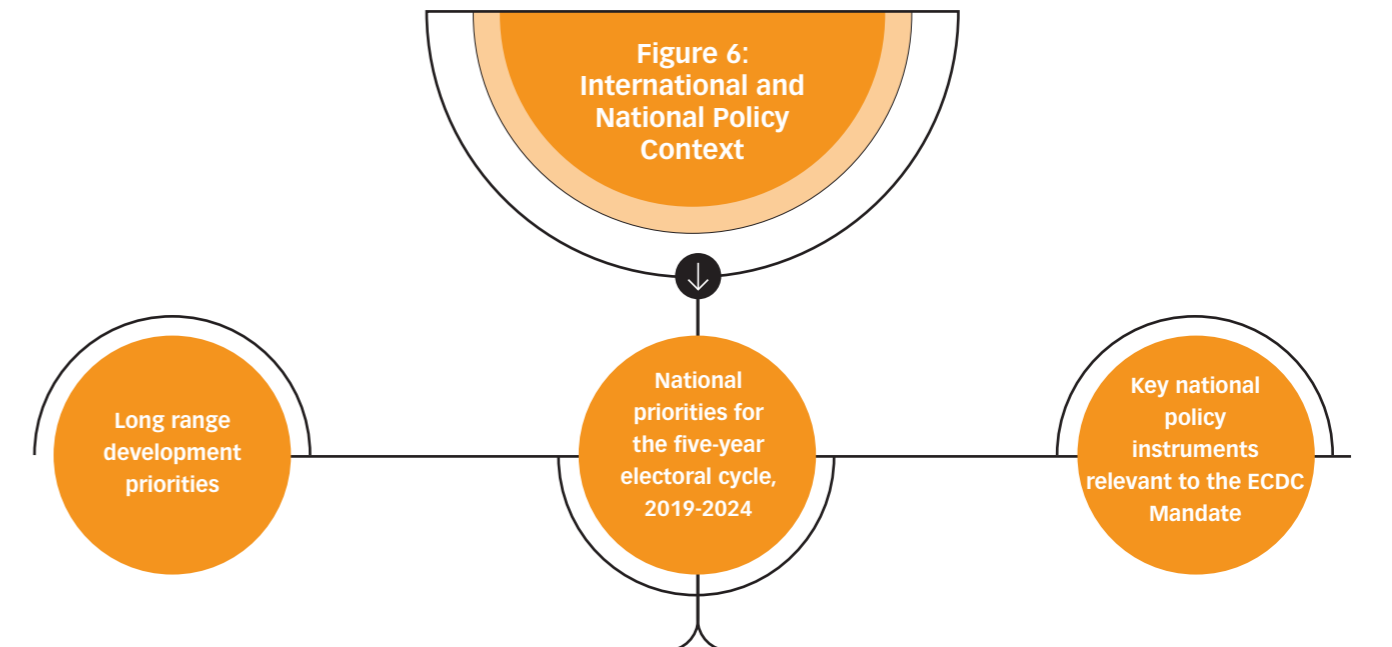
Constitutional Mandate	<p>The Constitution of the Republic of South Africa (Act 108 of 1996):</p> <ul style="list-style-type: none"> ▪ Section 22 – Every citizen has the right to choose their trade, occupation, or profession freely and the practice of trade, occupation, or profession may be regulated by law. ▪ Section 217 – When an organ of state contracts for goods and services, it must do so in accordance with a fair, equitable, transparent, competitive, and cost-effective system. ▪ Chapter 3 pertains to cooperative government and assigns functions to the three spheres of government. Schedules 4 and 5 of Section 41(1) define the relationship and principles underlying cooperation between the various spheres of government. Economic development is an area of concurrent responsibility. ▪ In terms of Chapter 6, Section 125, the entity is mandated through the powers and responsibilities delegated by the Premier to the respective Member of the Executive Council. This responsibility resides within the Finance, Economic Development, Environmental Affairs, and Tourism portfolio in the Eastern Cape.
ECDC Establishment Mandate	<ul style="list-style-type: none"> ▪ Eastern Cape Development Corporation Act, 1997 (Act 2 of 1997): <ul style="list-style-type: none"> ○ Section 3 describes the primary object of the ECDC as: to plan, finance, coordinate, and market, promote and implement the development of the province and all its people in the fields of industry, commerce, agriculture, transport, and finance. ○ Section 4 ascribes powers to the ECDC to plan and undertake activities, purchase and establish corporations, lend money, issue stock or debentures, and invest reserve funds. ○ Section 5 prescribes the duties of the ECDC. ▪ Public Finance Management Act, 1999 (Act 1 of 1999 as amended) – the entity is listed as a Schedule 3D Provincial Business Enterprise, accountable to the MEC and the Legislature.

Legislation governing ECDC core operations

- Small Business Development Act, 1996 (Act 102 of 1996), as amended by the National Small Business Amendment Act, 2003 (Act 26 of 2003)
- Co-operatives Act, 2005 (Act 14 of 2005), as amended by the Co-operatives Amendment Act, 2013 (Act 6 of 2013)
- National Credit Act, 2005 (Act 34 of 2005), as amended by the National Credit Amendment Act, 2014 (Act 19 of 2014)
- Financial Intelligence Centre Act, 2001 (Act 38 of 2001), as amended by the Financial Intelligence Centre Amendment Act, 2017 (Act 1 of 2017)
- Consumer Protection Act, 2008 (Act 68 of 2008)
- Prescription Act, 1969 (Act 68 of 1969), as amended by the Prescription Amendment Act, 1984 (Act 11 of 1984)
- South African Revenue Services Act (No. 34 of 1997), as amended by the South African Revenue Service Amendment Act (No. 46 of 2002)
- Property Practitioners Act (No. 21 of 2018)
- Government Immovable Asset Management Act, 2007 (Act 19 of 2007)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993), as amended by the Occupational Health and Safety Amendment Act, 1993 (Act 181 of 1993)
- Land Administration Act, 1995 (Act 2 of 1995), as amended by the Land Administration Amendment Act, 1996 (Act 52 of 1996)
- Communal Property Associations Act, 1996 (Act 28 of 1996)
- Rental Housing Act, 1999 (Act 50 of 1999), as amended by the Rental Housing Amendment Act, 2014 (Act 35 of 2014)
- Extension of Security of Tenure Act, 1997 (Act 62 of 1997), as amended by the Extension of Security of Tenure Amendment Act, 2018 (Act 2 of 2018)
- Prevention of Illegal Eviction and Unlawful Occupation of Land Act, 1998 (Act 19 of 1998)
- Municipal Property Rates Act, 2004 (Act 6 of 2004), as amended by the Local Government: Municipal Property Rates Amendment Act, 2014 (Act 29 of 2014)
- Local Government Municipal Property Rates Act, 2004 (Act 6 of 2004), as amended by the Local Government Municipal Property Rates Amendment Act, 2014 (Act 29 of 2014)
- Tourism Act, 1993 (Act 72 of 1993), as amended by the Tourism Amendment Act, 1996 (Act 105 of 1996), Tourism Amendment Act, 2000 (Act 8 of 2000) and Tourism Second Amendment Act, 2000 (Act 70 of 2000)
- National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977), as amended by the National Building Regulations and Building Standards Amendment Act, 1989 (Act 62 of 1989)
- Infrastructure Development Act, 2014 (Act 23 of 2014)
- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)
- National Environmental Management Act, 1998 (Act 107 of 1998), as amended by the National Environmental Management Amendment Act, 2002 (Act 56 of 2002)
- Physical Planning Act, 1991 (Act 125 of 1991), as amended by the Physical Planning Amendment Act, 2020 (Act of 2020)
- Construction Industry Development Board Act, 2000 (Act 38 of 2000), as amended by the Construction Industry Development Board Amendment Act, 2021 (Act 12 of 2021)
- Promotion of Access to Information Act, 2000 (Act 2 of 2000), as amended by the Promotion of Access to Information Amendment Act, 2019 (Act 31 of 2019)
- Electronic Communications and Transactions Act, 2002 (Act 25 of 2002), as amended by the Electronic Communications Amendment Act, 2014 (Act 1 of 2014)
- Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the Broad-Based Black Economic Empowerment Amendment Act, 2013 (Act 46 of 2013)
- Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
- Protection of Personal Information Act, 2013 (Act 4 of 2013)
- Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)
- Various legislation informing the ECDC's governance and institutional arrangements.

The abovementioned legislation and acts are not exhaustive, and it is recognised that ECDC is subject to and must comply with all national and provincial legislation and regulations and all municipal bylaws applicable to its functions or the areas in which it operates.

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• The National Development Plan, Vision 2030

• UN Sustainable Development Goals, 2015(SDGs): The following SDGs are particularly relevant to the ECDC:

- o Goal 5 . Achieve gender equality and empower all women and girls.
- o Goal 8 : Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all.
- o Goal 9 : Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

The AU Africa Agenda 2063 (AU 2063): Of particular relevance to the ECDC are the following aspirations:

- o Aspiration 1. A prosperous Africa based on inclusive growth and sustainable development.
- o Aspiration 6. An Africa where development is people-driven, unleashing the potential of its women and youth.
- o Aspiration 7: Africa as a strong, united and influential global player and partner.

National Spatial Development Framework, 2050 - Moving South Africa forward towards the desired Spatial Future

- State of the National Address, June 2019 - 6th Administration Apex Priorities
- The Medium-Tenn Strategic Framework (2019-2024)
 - Giving effect to the electoral mandate and framed around seven priorities for the period to 2020 - 2024. ECDC contributes to 2 MTSF Priorities:
 - Priority 1: A capable, ethical and developmental state; and Priority 2: Economic transformation and job creation
 - District Development Model (DDM):
 - o ECDC needs to be in contact with each district municipality where the project maybe implemented, in order for the project to form part of the DDM One Plan for the district municipality

Infrastructure Delivery Management

- o Standard for an Infrastructure Delivery Management System (IDMS) (2010).
- o Framework for Infrastructure Delivery and Procurement Management (FIDPM)(2019).

• Trade and Investment Promotion

- o African Continental Free Trade Agreement (AfCFTA).

• Enterprise Development and Support

- o The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises.
- o The Integrated Strategy on the Development and Promotion of Co-operatives.
- o National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework.
- o National Integrated Small Enterprise Development Masterplan (NISED).

• Priorities related to women, youth, and persons with disabilities

- o Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing.
- o National Youth Policy.

1.2. PROVINCIAL POLICY CONTEXT

Eastern Cape Vision 2030	The National Development Plan (NDP), Vision 2030, and the 2019-2024 Medium Term Strategic Framework are translated into the Eastern Cape Vision 2030 – Provincial Development Plan (PDP) and the Provincial Medium Term Strategic Framework 2020-2025 (PMTSF), respectively.	
Provincial Development Plan (PDP)	To give effect to the vision of “an enterprising and connected province where its people reach their potential”, the Eastern Cape PDP sets out six goals/impact areas: <ul style="list-style-type: none"> ▪ Goal/Impact area 1: Innovative and inclusive growing economy ▪ Goal/Impact area 2: An enabling infrastructure network ▪ Goal/Impact area 3: Rural development and an innovative and high-value agriculture sector ▪ Goal/Impact area 4: Human development ▪ Goal/Impact area 5: Environmental sustainability ▪ Goal/Impact area 6: Capable democratic institutions. 	
Provincial Medium-Term Strategic Framework 2020-2025 (PMTSF)	Aligned with the NDP 2030 targets, the EC PDP Apex 2030 targets are: <ul style="list-style-type: none"> ▪ Grow the Eastern Cape economy from a gross domestic product (GDP) growth rate of 0,8% in 2018 to 2,8% in 2024/25 and 5.0% by 2030. ▪ Increase investment from 16,5% of GDP in 2018 to 21,6% in 2024/25 and 27,1% of GDP by 2030. ▪ Reduce unemployment from 35,4% in 2018 to 25% in 2024/25 and 10,0% by 2030. ▪ Reduce poverty as measured by the food poverty line from 36,7% to 26,3% in 2024/25 and 7,7% by 2030. ▪ Improve service delivery as measured by the service delivery index from 3,80 in 2018 to 4,20 in 2024/25 and 5,00 by 2030. ▪ Improve human development as measured by the human development index from 0,60 in 2018 to 0,68 in 2024/25 and 0,85 by 2030. ▪ Lessen inequality as measured by the Gini coefficient from 0,63 in 2018 to 0,60 in 2024/25 and 0,58 by 2030. 	
Provincial Economic Development Strategy (Revised 2017)	The PEDS sets the overarching goal of “a growing, inclusive and equitable economy, which is larger and more efficient, and optimally exploits the province’s competitive advantages, increases employment, and reduces inequalities of income and wealth”.	It introduces six objectives: <ol style="list-style-type: none"> 1) Absorption. 2) Stabilisation. 3) Protection. 4) Diversification. 5) Expansion. 6) Transformation.
		It further identifies six high-potential sectors of the economy, namely: <ol style="list-style-type: none"> 1) Agri-industry. 2) Sustainable energy. 3) Oceans Economy. 4) Automotive. 5) Light manufacturing. 6) Tourism. The PDP reflects the same six sectors with two more: <ol style="list-style-type: none"> 7) Creative and cultural industries. 8) Information and communication technology ICT sector.
Provincial MSME Strategy, 2021-2025	Aligned with the National Integrated Small Enterprise Development (NISED) Master Plan, the strategy seeks to build a strengthened MSME ecosystem that results in economic growth and job creation in the Eastern Cape, through collaboration with the private sector and community organisations. It is expected that better planning will be realised by working together across all spheres of the government, and the impact will be measurable.	
Five-Point Plan for Economic Recovery of the Eastern Cape (2021)	Aligned with the National Economic Recovery Plan, the five-point plan is built on economic growth and job creation objectives. It focuses on five pillars of drive post-COVID-19 economic recovery, namely: <ol style="list-style-type: none"> 1) Infrastructure at the heart of economic recovery – strengthening provincial project packaging and implementation capacity. 2) Drive the growth of productive sectors through provincial catalytic projects and rural initiatives based on the strengths of the province (recalibrate the PEDS for the new reality). 3) Build equitable and inclusive economy through MSMEs, township enterprises informal sector, and social economy. 4) Elevate the strategic role of broadband infrastructure – ensure skills, capacity, and access for connected and digitally included MSMEs and entrepreneurs. 5) Mobilise public investment as a lever for growth 	
Other relevant provincial policy and strategy frameworks	<ul style="list-style-type: none"> ▪ Provincial Spatial Development Framework ▪ Provincial Sustainable Energy Strategy ▪ Eastern Cape Youth Development Strategy 	

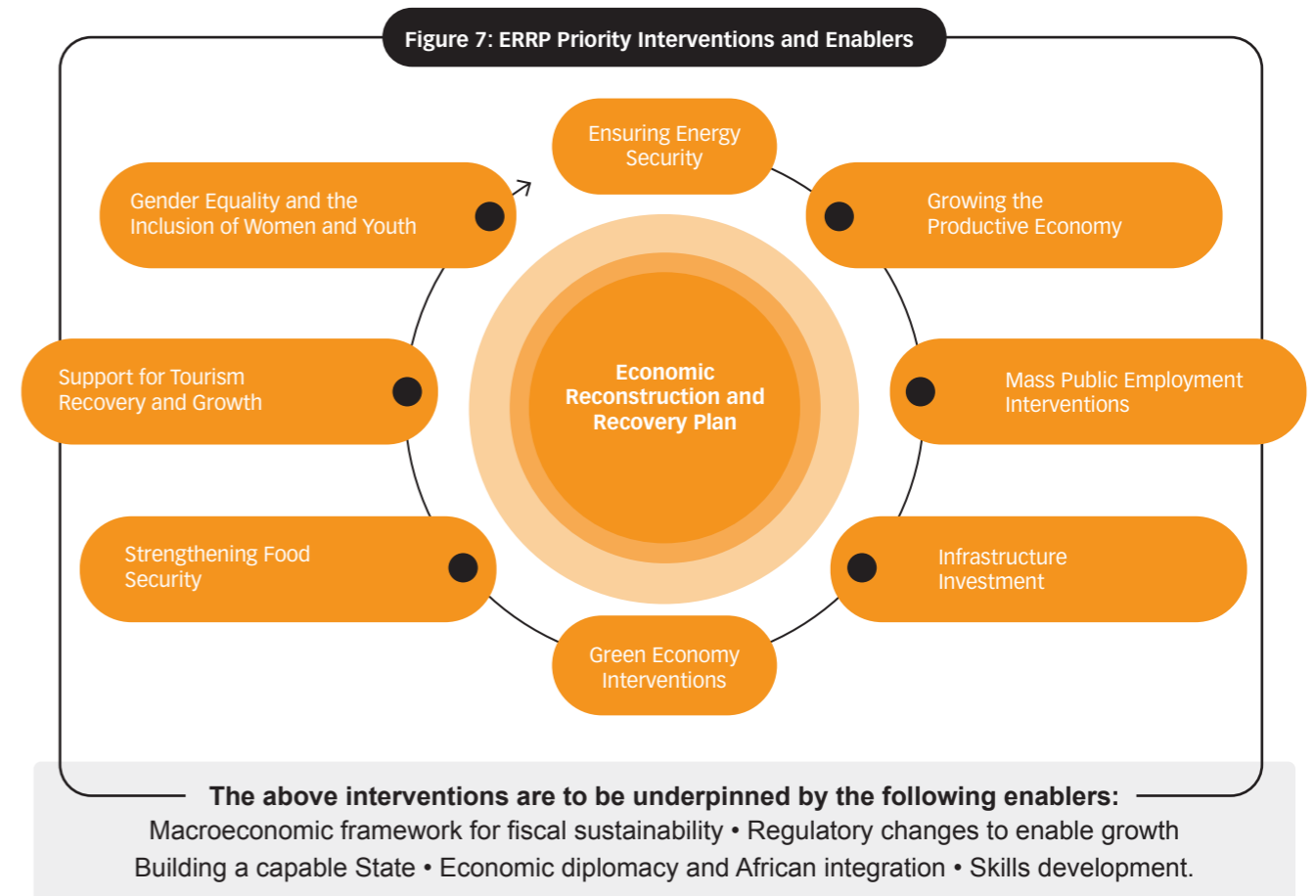
Where the abovementioned sections reflect key legislation and the national and provincial policy stance, specific institutional policies and strategies directing the strategic trajectory of the ECDC, which inform the five-year strategic plan and the annual corporate plan, now follow.

2. INSTITUTIONAL POLICIES AND STRATEGIES

The institutional policies and strategies underpinning the ECDC planning priorities now follow:

2.1. EASTERN CAPE RESPONSE TO THE NATIONAL ECONOMIC AND RECONSTRUCTION PLAN, 2020

The South African Economic Reconstruction and Recovery Plan (2020) (ERRP) is directed at addressing the economic crisis brought on by various factors, particularly the Coronavirus disease 2019 (COVID-19) pandemic. It comprises eight priority interventions for economic recovery, underpinned by key enablers to restore economic growth. Post the COVID-19 pandemic, the world, South Africa and indeed the Eastern Cape have had to contend with many other global events, including the Russia-Ukraine war and global warming-related disasters, which hurt world economies, including South Africa.



Infrastructure investment and development are key catalysts for large-scale employment, industrialisation focusing on MSMEs, improved state capacity and legislative and policy reforms. In addition to the network industries (transport, energy, water and sanitation, and ICT), there will be greater emphasis on social infrastructure, such as schools, health, human settlements, and student accommodation.

In turn, the Eastern Cape Five-Point Economic Recovery Plan identified the province’s areas of strategic intervention: Infrastructure development, industrialisation, sector support, inclu-

sive growth, digital economy, and public finance. The province has also identified three economic corridors where transit-oriented development will take place to catalyse economic growth.

Furthermore, the Eastern Cape Provincial Infrastructure Plan 2030 outlines eleven provincial strategic projects (PSPs) (strategic catalytic projects). However, due to resource constraints to execute the 11 PSPs, the Eastern Cape has had to prioritise its interventions in the implementation of the plan.

2.2. EASTERN CAPE RESPONSE TO THE COUNTRY INVESTMENT STRATEGY

The Country Investment Strategy (CIS) has identified South Africa's big five investment frontiers:

- Frontier 1:** Green hydrogen – South Africa at the global forefront of green energy
- Frontier 2:** Next generation digital industries and infrastructure.
- Frontier 3:** Special export zones anchoring advanced manufacturing and logistics networks targeting export
- Frontier 4:** Industrial cannabis and other advanced agro-processing.
- Frontier 5:** Hyper-scaling impact investment to social and green economy objectives.

Enhanced investment coordination is pivotal across all spheres of government if the investment frontiers are to be achieved. The CIS notes coordination gaps in South Africa's investment efforts and advocates for structured coordination of the various mandates and processes relevant to mobilising, promoting, designing, implementing, and enabling investment.

South Africa's CIS shows that the Eastern Cape province exhibits the best performance in the agricultural, electricity, and water sectors. However, the CIS explains that the province is highly vulnerable to exogenous susceptibility due to a lack of diversification.

The CIS identified the following sectors in the Eastern Cape as having good investment opportunities due to their location quotient scores (LQ). These sectors have been identified as having comparative advantage relative to the aggregate economy:

- 1) Construction.
- 2) Manufacturing.
- 3) Wholesale and retail trade, catering, and accommodation.

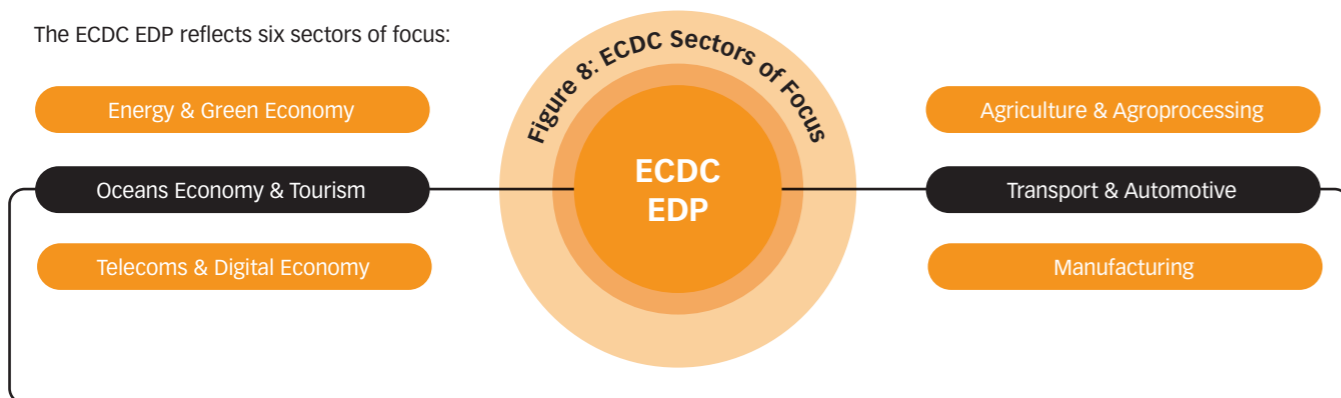
The CIS further suggests the following sectors be given the greatest priority when it comes to investment, as these reflect the highest performance matrix:

- 1) Finance.
- 2) Insurance.
- 3) Business services and real estate.
- 4) Transport, storage, communication.

2.3. THE ECDC ECONOMIC DEVELOPMENT PRIORITY SECTORS, PROGRAMMES. AND PROJECT SUPPORT PLAN

The ECDC Economic Development Priority (EDP) Sectors, Programmes, and Project Support Plan outlines the sectors of focus. The EDP focuses on sectors and projects across all districts where the ECDC partners with strategic and loan/equity financing to drive the sector of focus forward in each region.

The ECDC EDP reflects six sectors of focus:



Key Issues	Details
1 General Focus	The EC is not ubiquitous and the economies of the various districts require separate focuses and interventions. A general focus also risks not having as much impact.
2 Spreading Resources	The broader the sectoral focus the less resources for each separate sector. Focus must be on upstream activities above downstream activities and those aspects of the economy foundational to economic activity.
3 Other Role-players	Other government agencies need to be deftly handled to avoid duplication/doubleaccounting.
4 Return on investment/Impact	Optimising returns on interventions (& internal costs).
5 Realistic Understanding of Public Intervention	Public interventions are limited in their scope - private incentives are more impactful.
6 New Operating Model	Gaining private buy-in though appropriate understanding of the USP of the ECDC and its role in driving private interest.

It is postured that all the ECDC's efforts and focus should support and leverage these priority sectors and their related industries to maximise the impact of its efforts and resources.

The EDP overlays these sectors of focus across the competitive advantages of the Eastern Cape metropolitan and district municipalities and presents projects or initiatives for potential ECDC intervention given their alignment with the needs of the district, the functionality of the ECDC, and the likely contribution that they represent to the economy of the Eastern Cape.

2.4 EASTERN CAPE STRATEGIC INITIATIVES

The Eastern Cape Provincial Government has established a consolidated provincial economic development fund. The initiative, while sponsored by the Provincial Treasury, is led by the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) with the ECDC designated as the fund manager.

2.4.1 Eastern Cape Economic Development Fund

The Eastern Cape government, in response to economic development challenges faced by the province, has established the Eastern Cape Economic Development Fund (EDF) as an instrument geared towards activating industrial development and economic growth. Over the medium to long term, this policy intervention is expected to yield quantifiable economic and developmental returns. Among others, the EDF seeks to facilitate inclusive economic growth, employment, and activation of new industries in the Eastern Cape.

The core mandate of the fund is to position the province as a competitive investment destination. The aim is to invest in initiatives, programmes, projects and ventures that are developmental and commercially sound, stimulate economic growth and equitable development, support entrepreneurship, and create sustainable employment opportunities.

The fund discharges its mandate through specific fund products designed to respond to identified developmental and commercial objectives. These constituent instruments (sub-funds) have sub-mandates that respond to the unique needs of targeted beneficiaries or industries.

The Eastern Cape Economic Development Fund focuses on ventures in:

1. Loans and/or blended finance for commercially grounded enterprising ventures, particularly by MSMEs and the informal business sector
2. Project development costs relating to large-scale economic development initiatives, industry value chain development catalytic ventures, high-potential job creation, and/or innovation-oriented commercial ventures.
3. Seed funding and partnership development linked to resource leveraging for identified Eastern Cape priority sectors and catalytic economic development projects.
4. Structured loans and/or equity finance for large-scale projects

and/or enterprising ventures focused on priority sector and industry activation.

5. De-risking and/or financing partnerships for strategic economic infrastructure with an identifiable economic dividend and/or commercial return
6. Priority investments relate to creating, protecting, or preserving a conducive economic, trade, and investment environment. Envisaged investments may relate to the deployment of innovative solutions or infrastructure to remove or minimise red tape, prevent the sustained economic loss, or prevent economic degeneration.

2.4.2 Eastern Cape Provincial Investment Council (PIC) Framework

The ECDC is also tasked with anchoring the Provincial Investment Council (PIC), a forum constituted by representatives of large private sector corporations, industry bodies, business chambers and public institutions that are part of the economic development cluster. The Premier of the Eastern Cape chairs the PIC.

To coordinate Investment attraction and promotion initiatives, the Eastern Cape has established a Provincial Investment Council (PIC) to strengthen province-wide planning, reporting, operation, and implementation of investment activities.

The Eastern Cape Provincial Investment Council (PIC) directs and coordinates investment efforts in the Eastern Cape, and is mandated to:

1. Strengthen public and private sector coordination, and province-wide, planning, reporting, operation, and implementation of investment activities.
2. Improve the interface and coordination between the government and industry players on trade and investment matters.
3. Create mechanisms where investor grievances are addressed to prevent government or investor disputes.
4. Enhance and improve the regulatory environment for easy investment in the province.
5. Facilitate and coordinate direct and indirect financial incentives to create an inclusive business environment for investors.
6. Reduce political and regulatory risks through enabling policy and institutional frameworks that support the investor environment.
7. Propel diversification of economic drivers in the province.
8. Identify and guide the packaging of strategic infrastructure and investment projects for funding Infrastructure South Africa.

The PIC coordinates investment attraction and promotion efforts and aligns with existing investment facilitation structures, including:

1. The **Eastern Cape Invest SA One Stop Shop (OSS)**, hosted by the ECDC, facilitates investor landing, providing comprehensive support and guidance on all matters relating to settling an investor in the Eastern Cape.
2. The **Eastern Cape Investment Promotion Forum (EC-IPF)**, convened by Department of Economic Development and Environmental Affairs and Tourism (DEDEAT), coordinates province-wide investment promotion efforts.
3. The **Provincial Investment Council (PIC)**, convened by the Premier, is constituted by investment promotion agencies, large corporates, industry bodies and business chambers operating in the Eastern Cape.

The PIC directs and coordinates investment efforts in the Eastern Cape, identifies and unblocks red tape, and identifies investment stimulation measures, including critical reform programmes and interventions. The PIC's efforts seek to address any bureaucratic processes impacting industry relating to provincial departments,

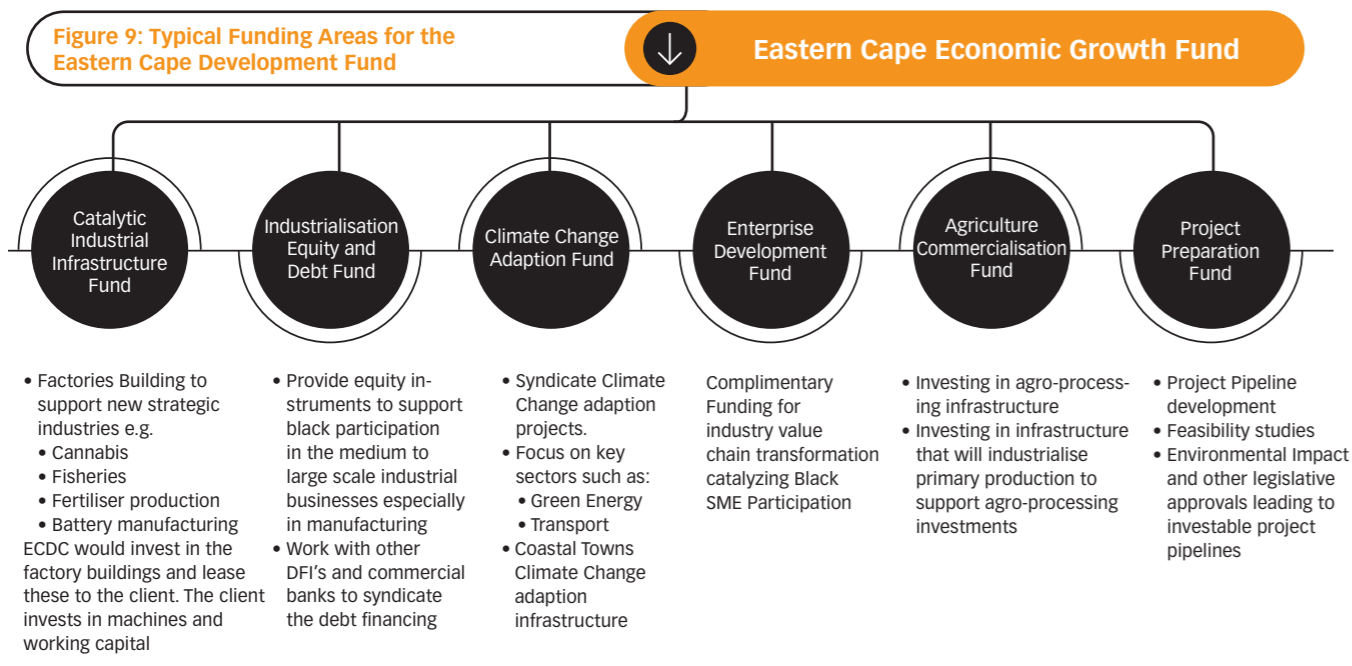
provincial agencies, and national government.

The PIC is supported by the **PIC-Public Sector Technical Workstream**, chaired by the director-general of the Eastern Cape, which coordinates the work of the provincial investment promotion agencies, economic development cluster departments, and other relevant stakeholders, including metros and district municipalities.

The Public Sector Technical Workstream provides strategic guidance to the activities of the Investment Promotion Forum and packages proposals for consideration by the PIC. Further, it monitors standing matters from the PIC agenda. It receives reports of existing coordination structures, such as the intergovernmental relations workstreams, to ensure coordination of investment initiatives with existing international relations matters.

Through its investment promotion function, the ECDC coordinates the functioning of the PIC, ensuring effective fulfilment of the PIC mandate to enable greater investment coordination in the Eastern Cape.

Figure 9: Typical Funding Areas for the Eastern Cape Development Fund



All supported ventures are required to demonstrate quantifiable economic value entailing economic value generation, protection, preservation, or commercial returns.

The fund management structure and the fund operate as a ring-fenced operation within the ECDC.

2.5. THE ECDC PROPERTY DEVELOPMENT AND MODERNISATION STRATEGY

The ECDC has an underperforming property portfolio with an estimated value of approximately R1,2 billion. The portfolio is con-

centrated in the Mthatha, Gcuwa (Butterworth), Buffalo City, and Komani areas. It consists of commercial, industrial, and residential property, and vacant land.

The Property Development and Modernisation Strategy seeks to turn around the property portfolio into a well-managed, smart, competitive offering that underpins socio-economic development in an environmentally sustainable manner in the Eastern Cape.

The strategy entails interventions relating to rationalising, transforming, and investing for growth in the property portfolio.

Figure 10: ECDC Property Development and Modernisation Strategy

- Rationalise for Productivity**
 - Divest from residential Property.
 - Sell non-core underperforming assets to fund the refurbishment program of strategic asset.
 - Review industrial property holding considering demand and financial sustainability.
 - Sell non-strategic vacant land to finance property portfolio revitalization.
- Transform for Efficiency**
 - Refurbish strategic property to increase asset values and yields.
 - Enter strategic joint investments with private sector investors to improve commercial property holdings that require heavy capital investments.
 - Attract private sector investors to develop top structures in strategic commercial and industrial land owned by ECDC.
 - Improve occupancy of the current portfolio.
 - Improve collections from the current portfolio.
 - Address illegal occupation on ECDC property.
- Invest for Growth**
 - Revitalised the Industrial Park based on industrial demands of the economy. (Dimbaza and development of master plans)
 - Focus on small industries development infrastructure to support SME requirements.
 - Identify key industries that require largescale investment in economic infrastructure and partner with other DFIs to affect such investments .

Whilst shareholder capital injection is required to help transform the portfolio, it is well understood that it is impossible for the shareholder to provide all the capital required for the portfolio modernisation. The ECDC has, therefore, adopted a three-pronged approach for raising capital for the portfolio's modernisation: (1) The disposal of non-strategic assets, (2) joint investment by leveraging private sector investment, and (3) shareholder capital.

2.6. BUSINESS MODEL FOR SMALL ENTERPRISE FINANCE AND BUSINESS SUPPORT

The ECDC's Rural, Enterprise Finance and Business Support (REF&BS) undertakes services relating to a development finance institution (financial support) and a development agency (non-financial and financial incentives support). Implemented interventions play a catalytic role in attracting other industry players to address market funding gaps and support government policies in priority sectors and industries, including small towns, rural areas, and townships.

The intention is to support commercially viable MSME businesses in the Eastern Cape with enterprise finance instruments and financial and non-financial business support services to stimulate the local economy and alleviate poverty by retaining and creating sustainable jobs and enterprises.

The primary driver of enterprise finance is capital, which it lends through direct and wholesale financing channels, underpinned by the business support function. Business support uses government grants to assist MSMEs and cooperatives with non-financial support and financial incentives to overcome structural inadequacies, drive transformation, create and retain jobs, and support the growth of entrepreneurs and their businesses.

However, the ECDC is affected by several environmental factors, including supply and demand variables, associated competitive market forces, and the rural/peri-urban structure of the economy. The economy has a dominant tertiary sector, dominated by survivalist and informal sector enterprises; an underdeveloped primary sector, particularly within agriculture; and a sluggish secondary sector, is mainly kept afloat by the automotive industry.

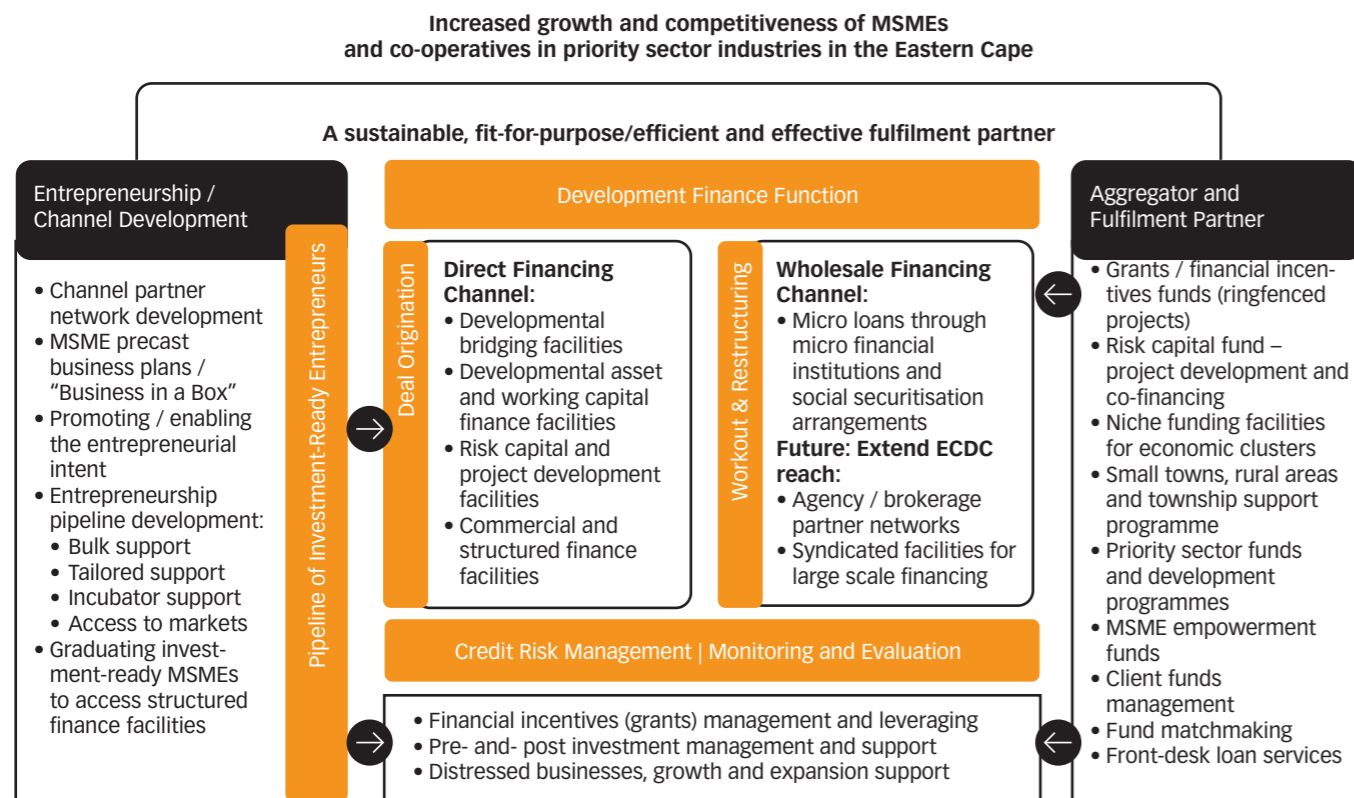
The business strategy addresses key gaps in the lending value chain, which include a lack of appropriate projects, project packaging, and co-financing/risk-financing in targeted, productive sectors. The ECDC must focus on supporting small enterprises to produce goods as opposed to being consumers and resellers of goods produced by others from outside of the province.

The lack of a quality deal pipeline is a major constraint. Thus, there is a need for a targeted entrepreneurship development programme with collaborative partnerships with channel partners, interventions aimed at stimulating the entrepreneurship intent, and building a pipeline of investment-ready enterprises in targeted sectors within each district.

The ECDC will focus its financing instruments on structured finance solutions, risk capital instruments, and other targeted funds and programmes to support entrepreneurship development and the growth of MSMEs.

The Rural Enterprise Finance and Business Support business model is depicted as:

Figure 11: Enterprise Finance and Business Support Business Model



- Client Journey** Business Growth Cycle Tracking And Management: Pre-Start-Up -> Start-Up -> Survive And Build -> Take-Off And Grow -> Mature And Renew
- Partnerships** LINKAGES: Economic Clusters, ECDC Properties, Incubators and Accelerators, Research Institutions / Partners
PARTNERSHIP NETWORKS: DFIs, Development Agencies, Channel Partners/Agencies, Sector/Technical Specialists, Private Sector and Civil Society
- Enablers** ADEQUATE CAPITALISATION: Own Capital and Syndicated (Capital Raised / Borrowed)
SYSTEMS AUTOMATION / CAPACITY AND CAPABILITIES: Sound Governance, Organisational Effectiveness and High Performance

The model defines the Enterprise Finance programme and Business Support Services and their interface. The service interventions entail:

1) Entrepreneurship Development

The purpose of the ECDC's Entrepreneurship Development Programme is to address the lack of appropriate projects and project packaging in industries identified as having high growth potential for MSMEs in the Eastern Cape. The outcome of a successful entrepreneurship development programme is investment-ready small enterprises that feed into the direct and wholesale financing channels of the ECDC and other financial institutions.

2) Channel partners – Technical specialists are engaged to extend the ECDC's reach and assist with building the entrepreneurship pipeline. The ECDC, through the support provided by the channel partners, provides MSMEs with a structured finance solution for projects and business proposals that meet the ECDC funding and entrepreneurship development criteria.

3) MSME precast business plans

This intervention comprises precast business plans for speed and effective due diligence/project packaging for zero-based business plans. All financing deals will be de-risked with strapped-in business support, forming part of the funding terms and conditions.

4) Direct Finance Channel

The ECDC's financial product range is being extended from the current short-term bridging facilities to instruments that include longer-term loans, equity investments and blended debt/equity structured facilities. The focus is on investment-ready start-ups and micro and small enterprises. Investment decisions are made using the following objective criteria:

- Direct job creation
- Employment security
- Indirect job creation
- Priority sector
- Spatial orientation and location
- Skills development (Women, youth, and persons with disability).

5) Wholesale Finance Channel

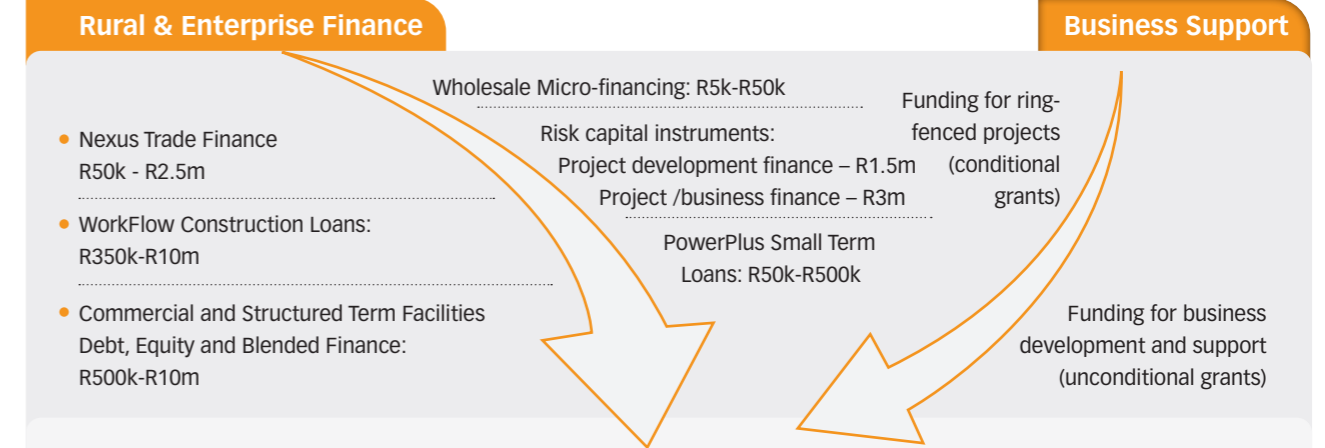
A wholesale lending approach has been adopted to service the microfinancing needs of informal and survivalist micro-enter-

prises, complement available grants/financial incentives, service beneficiaries' daily operational needs and grow their asset and income base over time. The wholesale financing channel may be extended with additional products to complement the direct finance channel.

6) Targeted Development Finance and Programmes

The ECDC's financial and non-financial business support products and services, deployed through various targeted funds and programmes, are directed at identified target markets to support the MSME business growth path in priority sectors. The programmes and funds are responsive to the need for entrepreneurship development in small towns, rural areas, and townships in the Eastern Cape and empower black-owned, black women and black youth-owned enterprises to be active participants in the mainstream economy.

Figure 12: ECDC Model for Entrepreneurship Development



DEVELOPMENT FUNDS AND PROGRAMMES

1. Grants / Financial Incentives - Invaba Incentive Co-operatives Fund | Jobs Protection and Stimulation Find | Other (e.g. Informal Sector)
2. Small Towns, Rural Areas and Townships Entrepreneurship Programme (STRTEP) – financial incentives supporting informal and formal micro-enterprises in small towns, rural areas and townships
3. Risk Capital Fund – access to project development costs and business finance instruments, aimed at leveraging external funding
4. Niche facilities – structured financial support for participation of MSMEs in the value chain of identified economic clusters
5. Priority sector funds and development programmes – targeted financial and non-financial support for identified sectors for MSME participation
6. MSME empowerment funds – providing black-owned enterprises with the equity needed to access finance and empowering WYPD enterprises to increase their asset base, grow their revenue and formalise

7) Strapped-in Business Support

Non-financial business development, support, and financial incentives are provided throughout the investment cycle, including the pre-investment and post-investment management stages. The business support services aim to secure the ECDC's investment while helping enterprises along their business growth path.

8) Support measures underpinning finance channels

The finance channels are supported by the following:

- a. **Effective credit management**, collections, and debt management
- b. **Workout and restructuring** for distressed enterprises and those requiring growth and expansion support.
- c. **Technical support** is provided by the regional offices (as competency centres).

9. Aggregator/Intermediary Services:

Interventions include:

- a) **A fund matchmaking** portal has been established to extend enterprise access to matched financial and non-financial support providers, including the ECDC's Entrepreneurship Development Programme
- b) **Fund manager** of third-party funds implemented on behalf of government departments/agencies in national, provincial and local government spheres
- c) **Front-desk loan services** for other development finance institutions (DFIs), supporting the ECDC's positioning as a fulfilment partner by mobilising and leveraging funds.

2.7. THE ECDC INVESTMENT STRATEGY

The ECDC Investment Strategy seeks to transform the institutional business model towards a more commercial organisation. The ECDC must generate sufficient revenue from operations and earn enough income from its investing activities to operate its trading activities to ensure sustainability.

The ECDC Investment Framework identifies the following sustainable revenue streams:

Figure 13: The ECDC Targeted Revenue Streams

Targeted Revenue Streams (As Per The Investment Framework)

- ↓ **Project and Programme Implementation Services Fees**
- ↓ **Business Finance: Interest on Loan Services**
- ↓ **Real Estate Leasehold Revenue**
- ↓ **Local Economic Development Consulting Services**
- ↓ **Commercialisation Initiatives Return**
- ↓ **Equity Investments**

The strategy notes the risk of Treasury Instruction Note 3 of 2013/14, in which all surplus cash generated by the ECDC is at risk of being surrendered to the Treasury.

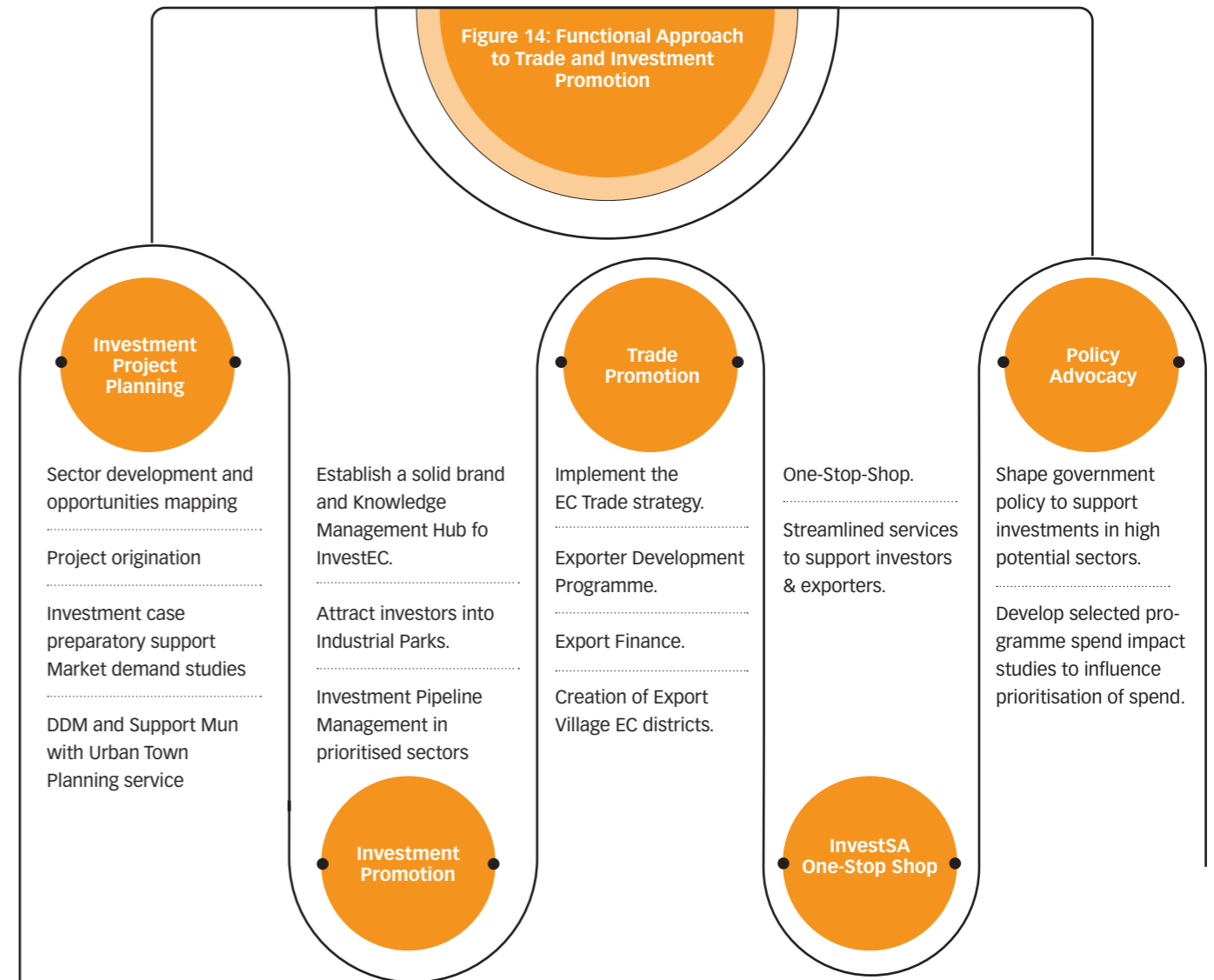
Engagement must be continued with the Provincial Treasury regarding the principle of the ECDC surrendering funds as a Schedule 3D entity.

2.8. THE ECDC TRADE AND INVESTMENT PROMOTION STRATEGY

The ECDC's mandate is to promote the Eastern Cape as an attractive destination for foreign direct investment (FDI) and local direct investment (LDI). This requires a solid validated project pipeline, promoting industry sectors with high-potential and qualified projects and not merely sector opportunities.

The ECDC Trade and Investment Promotion Strategy presents a functional approach to pre- and post-investment services to investors and exporters – targeting the priority sectors and related industries identified by the ECDC EDP.

Figure 14: Functional Approach to Trade and Investment Promotion



The strategy promotes a targeted approach to trade and investment promotion, rather than a "shotgun" approach, and presents the case for establishing an Investment Management unit, tasked with taking projects from idea to business plan to implementation on the ground.

These strategies inform the ECDC Results-Based Plan presented in Part D of the corporate plan.

3. UPDATES ON RELEVANT COURT RULINGS

Apart from court proceedings arising from land claims in the Mthatha area and court interdicts relating to residential property disposals, whose continued existence adversely impacts the ability of the ECDC to transact with its property portfolio, at the time of developing the corporate plan, there were no court judgements or rulings that had a bearing on the mandate and core operations of the Eastern Cape Development Corporation.

SECTION. B

THE ECDC STRATEGIC FOCUS



Informed by the legislative policy and strategy directives discussed in Part A, and in support of the 2030 vision of the Eastern Cape Province for “an enterprising and connected province where its people reach their potential”, the 2024-2028 strategic plan articulates the ECDC’s strategic focus – its vision, mission, organisational values, and its impact (long-term development benefit).

1. VISION AND MISSION

Our Vision

A leader in facilitating inclusive, sustainable economic growth in the Eastern Cape

Our Mission

To accelerate sustainable and inclusive economic growth and job creation in the Eastern Cape, by:

- Coordinating efforts to enhance economic competitiveness.
- Unlocking opportunities for investment and expansion in the economy
- Creating an enabling environment for growth-targeted investment and trade
- Providing micro, small and medium entrepreneurs and cooperatives with access to finance and business support to enable them to be competitive participants in the economy.
- Serving as the preferred implementing agent for economic programmes and infrastructure projects.

2. VALUES

Our values and what it means in practice

Excellence

- We are results-driven, solution-orientated, and committed to superior performance.
- We strive to develop professionally by expanding our capabilities.



Sustainable Growth

- We look beyond the present to deliver future value which is responsible and sustainable.
- We seek to innovate and continuously improve what we do.



Accountability

- We are uncompromising in our honesty and integrity, and we do what we say we will do.
- We are each responsible for our words, our actions, and our results.



Client Focus

- We strive to provide speedy, responsive, and quality services, and place the client at the centre of what we do.
- We are committed to delivering value for money and return on investment.



Collaboration

- We achieve more when we all work together for a common purpose.
- We work constructively with people from diverse backgrounds and demonstrate respect for and understanding of different points of view.



OUR IMPACT

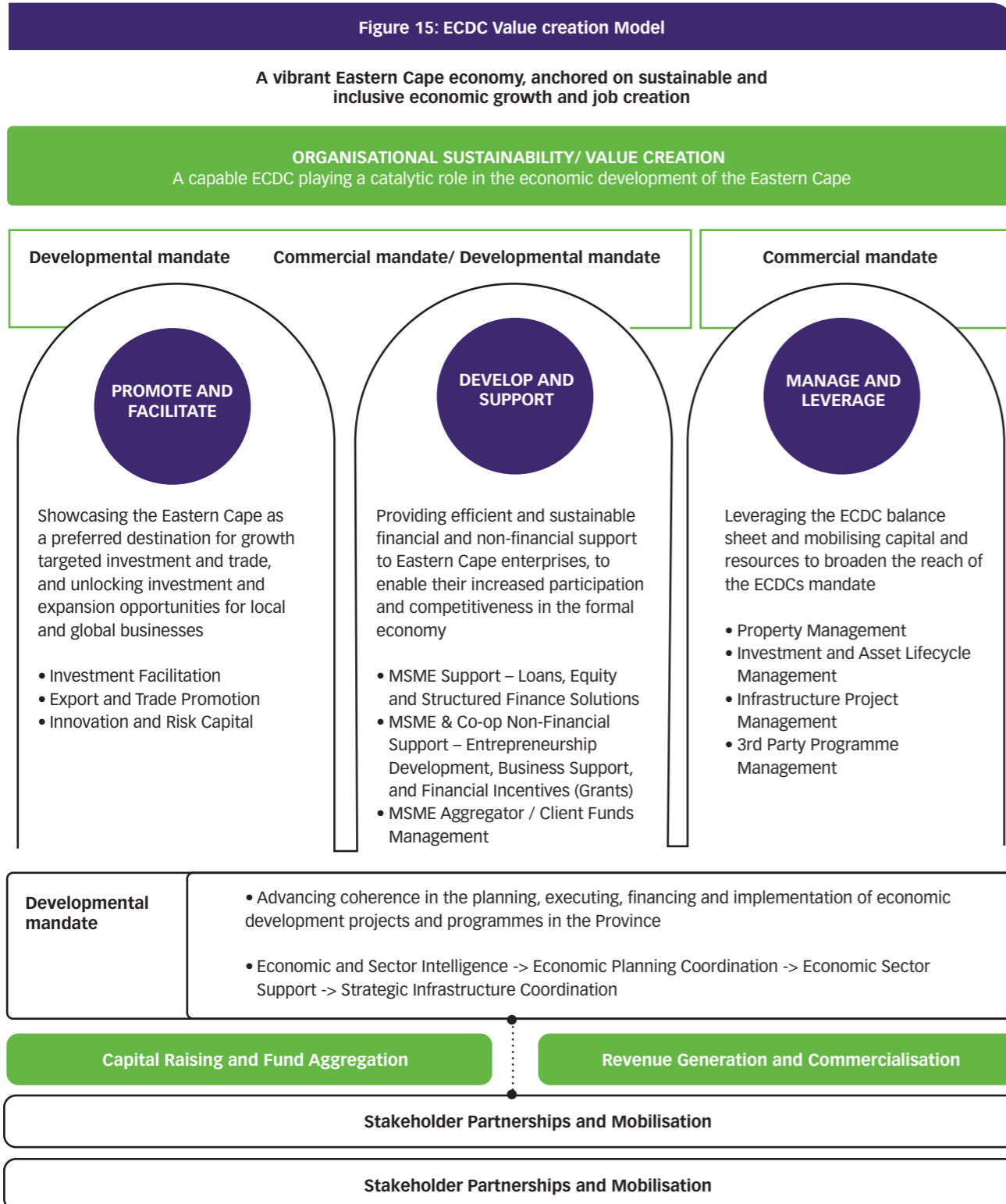
A vibrant Eastern Cape economy, anchored in sustainable and inclusive economic growth and job creation.

Enabled by:

A capable ECDC, playing a catalytic role in the economic development of the Eastern Cape.

3. OUR VALUE CREATION MODEL

To give effect to our mission and our desired impact, our business and value creation model is:



4. PRINCIPAL ACTIVITIES DRIVING OUR CORE BUSINESS

1) PROMOTE AND FACILITATE - Showcasing the Eastern Cape as a preferred destination for growth-targeted investment and trade and unlocking investment and expansion opportunities for local and global businesses.	Key functions include: <ol style="list-style-type: none"> a. Investment facilitation b. Export and trade promotion c. Innovation and risk capital.
2) DEVELOP AND SUPPORT - Providing efficient and sustainable financial and non-financial support and assistance to Eastern Cape enterprises to enable them to best participate in the mainstream economy.	Key functions include: <ol style="list-style-type: none"> a. MSME and cooperative financial support – loans, grants, and equity finance b. MSME and cooperative non-financial support c. MSME fund aggregator/client funds management. The effectiveness of financial support is based upon the application of sound credit risk management and due diligence analysis.
3) MANAGE AND LEVERAGE – Leveraging the ECDC balance sheet and mobilising capital and resources to broaden the reach of the ECDC’s mandate.	Key functions include: <ol style="list-style-type: none"> a. Property management b. Investment and asset lifecycle management c. Infrastructure project management d. Third-party programme management. Importantly, any programme/project management or third-party service must contribute to revenue generation by fully recovering the costs and with an appropriate margin.
4) COORDINATE Advancing coherence in the planning, executing, financing, and implementing economic development projects and programmes in the province.	Key functions include: <ol style="list-style-type: none"> a. Economic and sector intelligence b. Economic planning coordination c. Economic sector support d. Strategic infrastructure coordination.

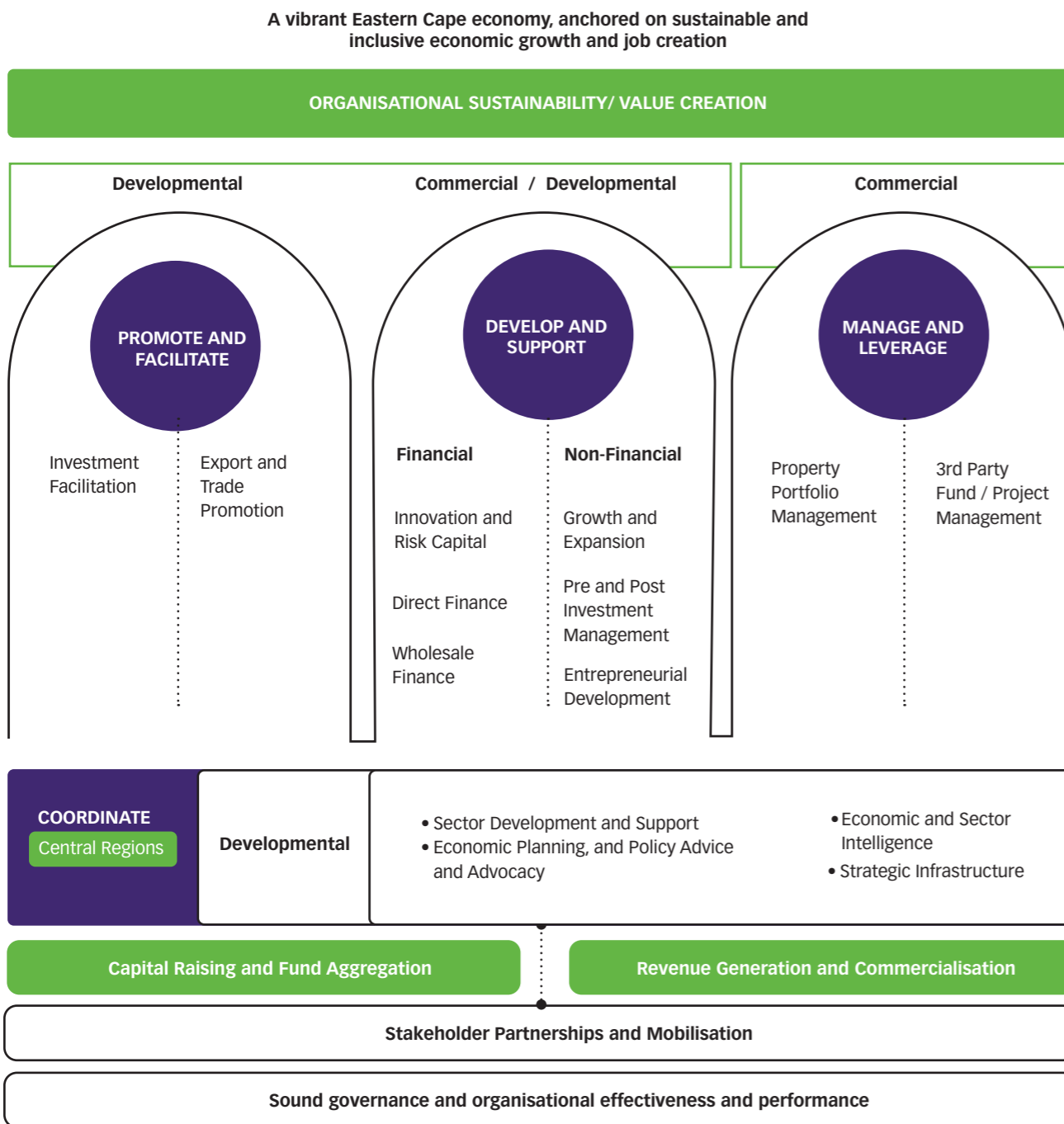
Underpinning the **ECDC’s** core business functions, the focus is to enable and enhance the effectiveness of the product and service offering:

1. Building and maintaining the ECDC’s **brand visibility, awareness and targeted messaging** through various media platforms, stakeholder engagements, and engagement activities
2. Providing **governance assurance** through efficient, effective, and proactive internal controls and financial management, legal, governance, enterprise risk, and compliance advisory and support services

Enhancing the ECDC’s **capacity and capability** through the efficient, effective, and proactive management and development of people and enabling systems, processes, and tools of the trade.

5. OUR BUSINESS MODEL

Figure 16: ECDC Business Model

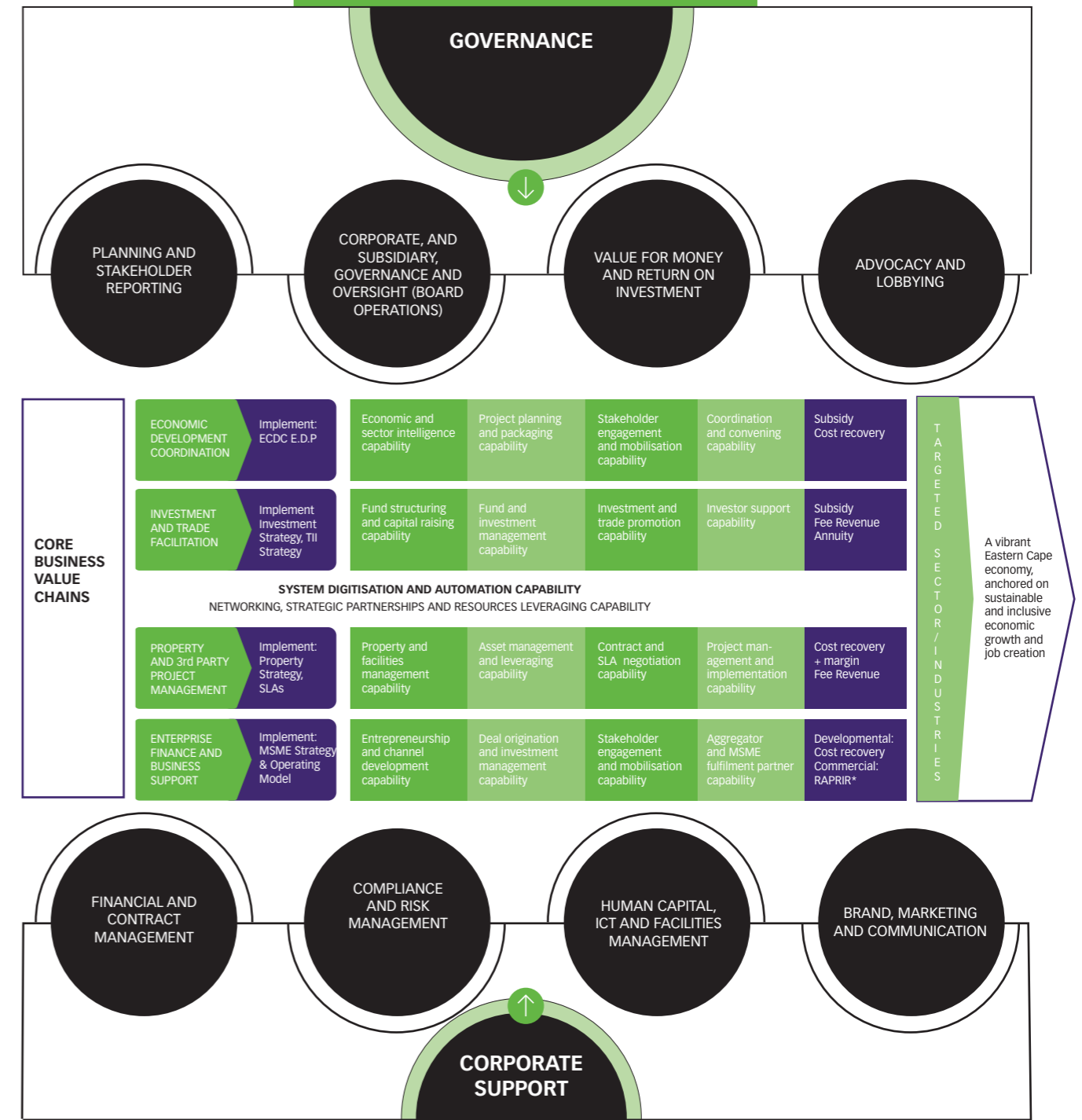


The operating model carries the logic of the business model forward aligned to the organisational design. Over time, it seeks to build the required core capabilities in the four core functional areas of the ECDC, enabling it to implement the institutional strategies informing its focus and to maximise its revenue contribution.

The effectiveness of the core functions should be underpinned by the ECDC's digital systems and by a sound networking and strategic partnering approach and capability. The organisation thus requires efficient and effective corporate support and governance functions, to enable the business and ensure Shareholder value.

6. OUR OPERATING MODEL

Figure 17: ECDC Operating Model



The ECDC's operating model advocates for a mixed service delivery model, where the ECDC holds key capabilities and leverages third-party providers for project implementation. The ECDC must have competencies in most areas of its chosen strategy to define

and scope projects, select service providers and oversee their work. This ECDC business approach informs the medium-term results (outcomes) to be achieved over the five years of the strategic plan and informs the annual corporate plans over the period.

*RAPRIR: Risk adjusted prime-related interest rate

SECTION. C

SITUATIONAL ANALYSIS

INFORMING THE CORPORATE PLAN

1. EXTERNAL ENVIRONMENT ANALYSIS

1.1. GLOBAL ECONOMIC CONTEXT

According to provisional estimates, the gross domestic product (GDP) within the Organisation for Economic Co-operation and Development (OECD) was 0,5% in the third quarter of 2023, emulating the growth rate observed in the preceding quarter (0,5% in 2023Q2).

0,7%
increase in G20 GDP in the third quarter of 2023

0,5%
GDP growth within the Organisation for Economic Co-operation and Development (OECD)

In the G7, quarter-on-quarter GDP growth increased to 0,6% in 2023Q3, up from 0,4% in 2023Q2, driven by a significant acceleration in GDP growth in the United States (1,2% in 2023Q3, compared to 0,5% in Q2). Meanwhile, provisional estimates indicate that GDP in the G20 area increased by 0,7% quarter-on-quarter in the third quarter of 2023, a slight increase from 0,6% in the preceding quarter. The remaining G7 countries experienced zero, close-to-zero, or negative growth in 2023Q3: Growth remained flat in Canada, Italy, and the United Kingdom, increased by 0,1% in France, and decreased in Japan and Germany (-0,5% and -0,1% respectively).

Several G7 countries have published more detailed information on the main factors driving these changes in GDP. In the United States, the acceleration in GDP growth was driven by an increase in private consumption by 1,0% in 2023Q3, compared with 0,2% in Q2. In Japan, investment was a drag on growth, reflecting mainly the effect of destocking; net exports (exports minus imports) also weighed on growth due to a 5,0% increase in service imports in 2023Q3. Similarly, in France, destocking and net exports dragged down growth, in this case reflecting a 1,4% drop in exports.

In the United Kingdom, private and government spending fell by 0,4% and 0,5% respectively in 2023Q3, and fixed investment by 2%. According to preliminary analyses released nationally, zero growth in Italy reflected a reduction in domestic demand (including changes in inventories), while the GDP contraction in Germany was driven by lower private consumption.

Among other OECD countries for which data is available, Poland and Costa Rica recorded the strongest GDP growth (1,4% and 1,3% respectively) in 2023Q3, followed by Hungary and Mexico (both

recording 0,9%). By contrast, GDP contracted most in Ireland by -1,8%, followed by Finland with -0,9%. GDP in the OECD exceeded its pre-pandemic (2019Q4) level by 6,0% in 2023Q3. Revised data from the United Kingdom shows that UK GDP exceeded its pre-pandemic level for the first time in 2021Q4, and in 2023Q3 GDP was 1,8% higher than in 2019Q4. Czechia is the only OECD country that has not yet reached its pre-pandemic level.

1.2 SOUTH AFRICAN SOCIO-ECONOMIC CONTEXT

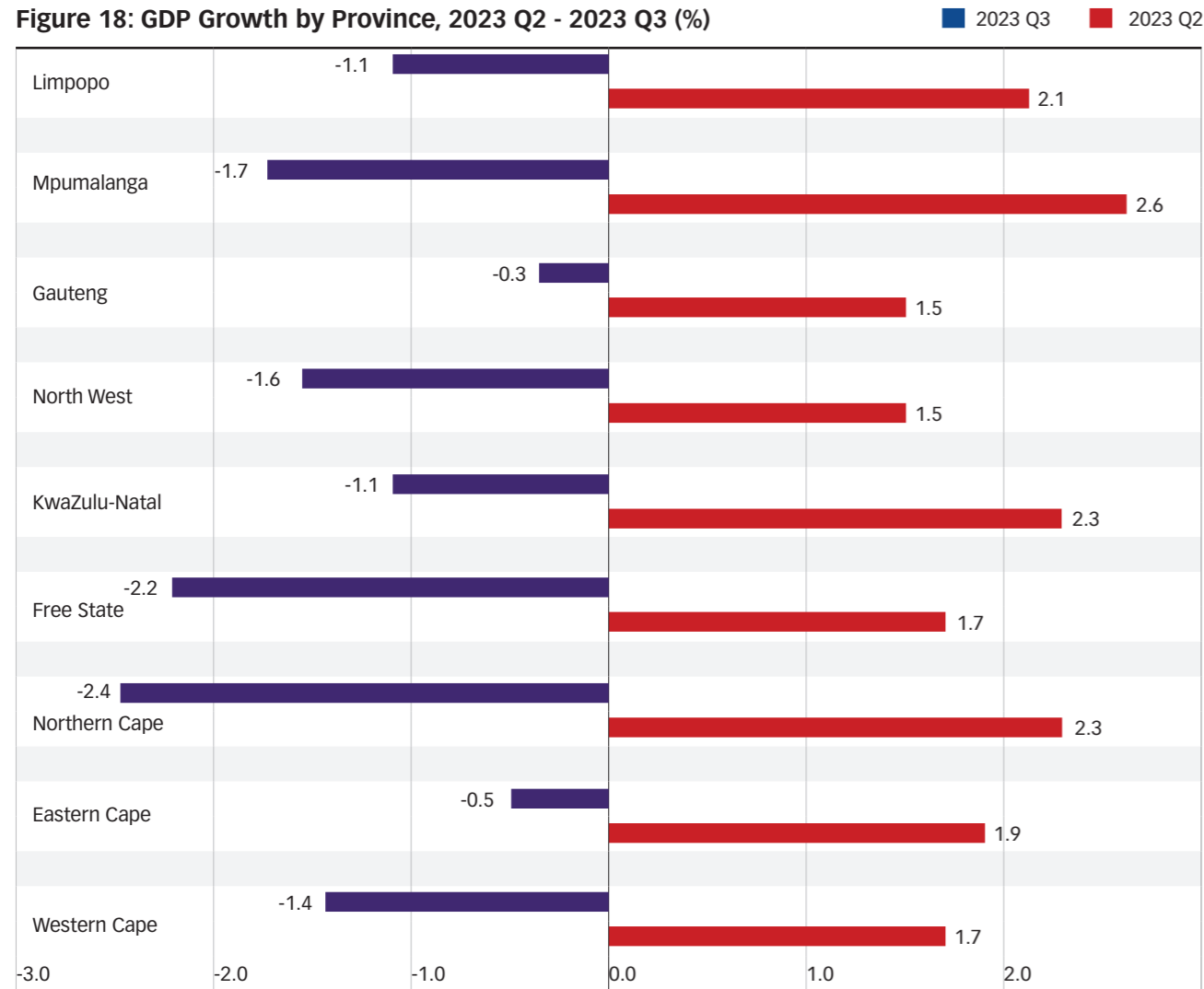
Figure 18 illustrates the GDP growth rates per province in South Africa during the period between 2023Q2 and 2023Q3. The data indicates that all provinces in South Africa experienced a shift from positive GDP growth in 2023Q2 to negative growth in 2023Q3. This change is primarily attributed to persistent load-shedding, which has had a detrimental impact on economic activity, coupled with persistently high interest rates. In 2023Q3, South Africa experienced a negative growth of -0,2%, from a growth of 0,5% recorded in 2023Q2. The GDP growth forecast for 2024 and 2025 is at 1,2% and 1,3%, respectively according to the South African Reserve Bank.



In 2023Q3, the Northern Cape experienced the highest provincial real GDP decline at -2,4%, a significant decrease from the 2,3% recorded in 2023Q2. Following closely, the Free State witnessed a decline of -2,2%, down from a positive 1,7% in 2023Q2. Mpumalanga recorded a decline of -1,7%, while Northwest saw a decrease of -1,6%, a significant drop from the 1,5% posted in 2023Q2.

The Eastern Cape ranked second in terms of improved growth after Gauteng, with a decline of -0,5%, a significant decrease from the 1,9% recorded in 2023Q2. The real GDP growth in the Eastern Cape was driven by the tertiary sector mostly supported by growth in community, social and other personal services, finance, real estate and business services and transport and communication.

Figure 18: GDP Growth by Province, 2023 Q2 - 2023 Q3 (%)



Source: Quantec estimates

1.3. SOUTH AFRICAN SOCIO-ECONOMIC CONTEXT

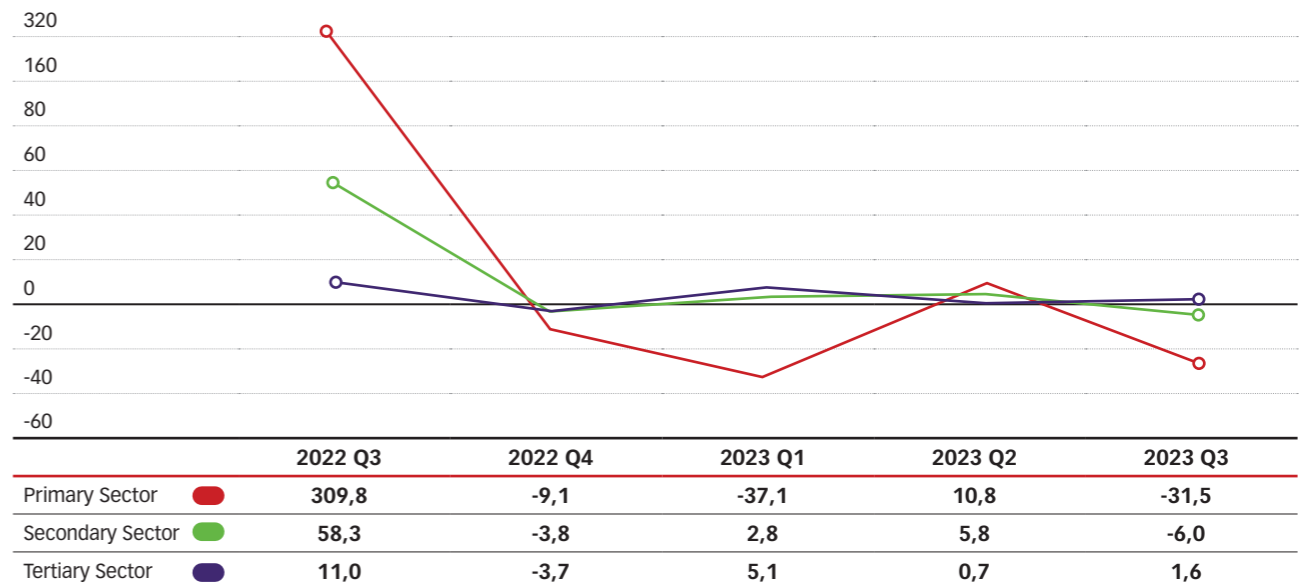
A comprehensive overview of industry performance in the Eastern Cape from 2022Q3 to 2023Q3 is demonstrated in Figure 19, which follows. Only one sector – the tertiary sector - displayed a growth.

The following tertiary sector industries recorded positive growth: Community, social and other personal services, finance, real es-

tate and business services, transport and communication and general government services.

All primary and secondary sectors industries recorded negative growth in the third quarter of 2023.

Figure 19: Eastern Cape sectorial performance, 2022Q3 – 2023Q3 (%)



Source: Quantec estimates

Table 1 portrays a detailed breakdown of industry performance in the Eastern Cape between 2023Q1 and 2023Q3. The data shows that only the tertiary sector which comprises community, social and other personal services, finance, real estate and business services, transport and communication and general government service experienced growth and contributed positively to the provincial growth rate of -0,5% in the third quarter of 2023.

In the third quarter of 2023, all primary and secondary sector industries experienced negative growth. This decline can be attributed to persistent load-shedding, which disrupts productive activities in the economy, high interest rates, and the ramifications of the conflict between Russia and Ukraine.

Table 1: Eastern Cape industry GVA growth, 2023Q1-2023Q3 (values in %)

Budget Item	Quarter-on-Quarter Change			Year-on-Year Change		
	2023Q1	2023Q2	2023Q3	2023Q1	2023Q2	2023Q3
Agriculture, forestry and fisheries	-39,6	11,5	-33,6	33,7	12,8	0,3
Mining and quarry	3,8	2,9	-3,,3	-12,3	-11,7	-6,2
Manufacturing	6,2	8,2	-5,7	3,3	-0,3	-3,3
Electricity and water	-3,8	-3,4	-0,2	-2,1	-1,2	-5,9
Construction	4,4	-0,5	-10,2	-2,5	0,7	2,6
Wholesale and retail trade	2,9	-1,5	-0,8	6,8	0,3	-1,6
Transport and communication	4,3	-7,3	3,2	11,1	8,9	8,5
Finance, real estate and business services	2,2	0,9	1,4	4,5	3,3	1,9
Community, social and other services	3,4	3,0	3,2	0,8	-1,7	-0,5
General government services	1,4	2,9	0,4	-0,2	-0,6	-1,4

Source: Quantec estimates

Consumer price index (CPI) trends

The annual consumer price index (inflation) measures a basket of goods and services households consume at a certain time, with the target band for South Africa set between 3% and 6% by the South African Reserve Bank (SARB). The persistent conflict between Russia and Ukraine has caused a cost-push inflation effect from the market's supply side, resulting in a rise in oil prices and certain food prices.

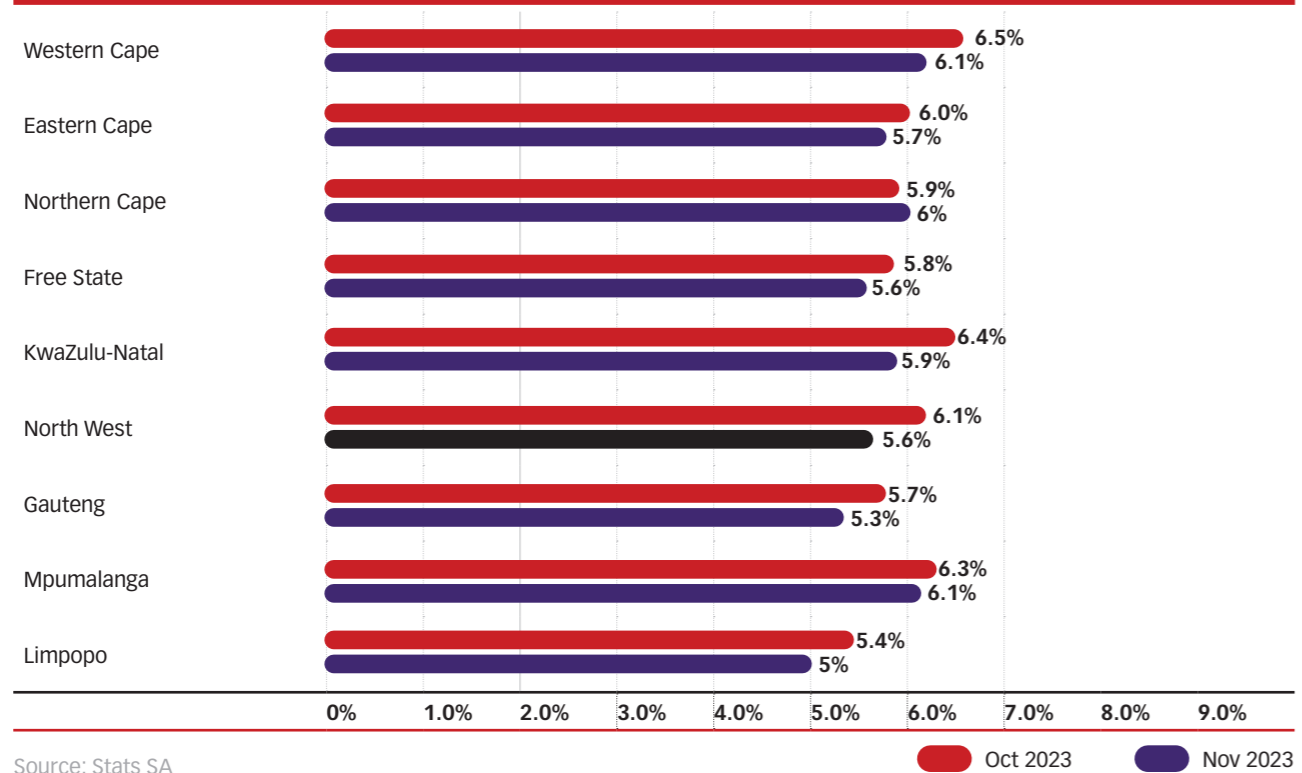
However, global inflation is showing signs of declining. As a result, reserve banks started to keep interest rates unchanged in all meetings held from the second half of 2023 (i.e. The Federal Reserve held its key interest rate steady for the third straight time in December 2023 and set the table for multiple cuts to come in 2024 and beyond). The uptrend in the repo rate started in November 2021 when the repo rate increased by 4,75% since November 2021, nevertheless, in November 2023, the decision by the

SARB's Monetary Policy Committee (MPC) to keep interest rates unchanged for the third time pointed to the beginning of the declining cycle in inflation and interest rate.

Annualised consumer price inflation was 5,5% in November 2023, a slight decline from 5,9% recorded in October 2023. The main contributors to the 5,5% annual inflation rate were food and non-alcoholic beverages, housing and utilities, miscellaneous goods and, services and transport. Provincial annual inflation rates ranged for 6,1% for the Western Cape and Mpumalanga to 5,0% in Limpopo. Based on the November CPI figures, seven provinces in the country registered a CPI value higher than that of national, that is, 5.5%: Western Cape and Mpumalanga recorded the highest at 6,1%, followed by Northern Cape (6,0%), Kwa Zulu-Natal (5,9%), Eastern Cape (5,7%) and Free State and North West (5,6%).

Eight out of the nine provinces experienced a marginal decrease in the consumer price index (CPI). This decrease indicates a self-correction of inflation, driven by the fact that approximately 80% of the inflation was cost-push inflation and the global inflation is starting to subside, and the Reserve Banks are due to kick-start the decrease interest rates cycle. (Figure 20).

Figure 20: CPI by province, October 2023 - November 2023 (%)



Source: Stats SA

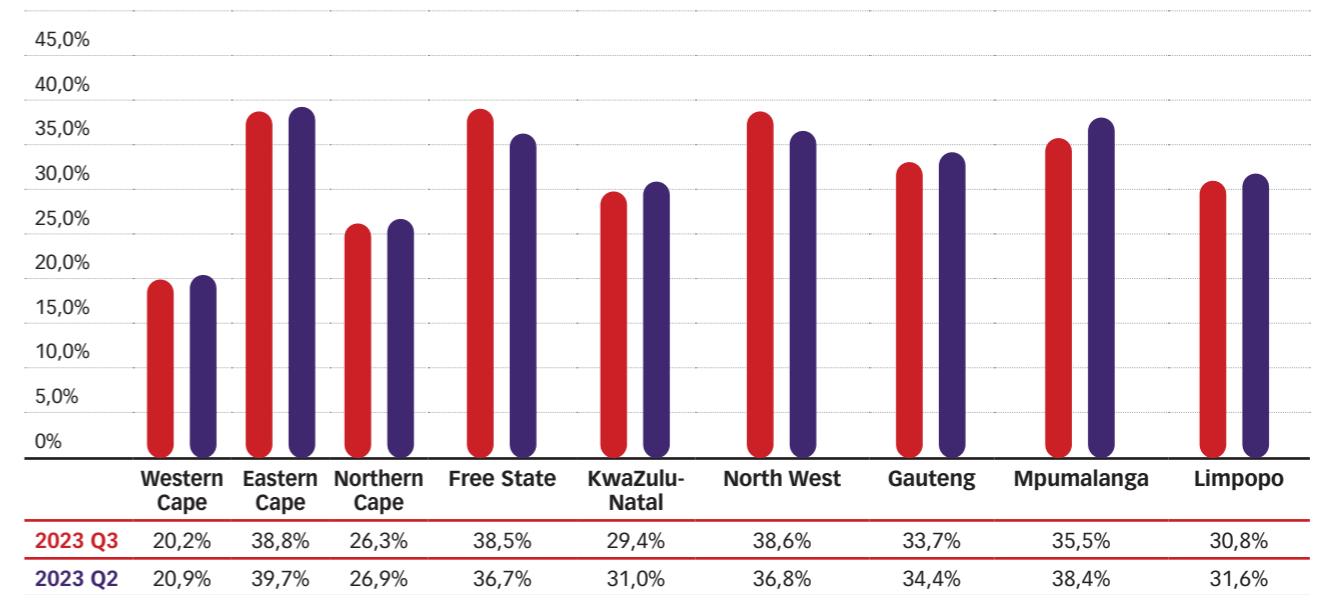
Quarterly Labour Force developments

Despite facing challenges such as ongoing load-shedding, the persistent conflict between Russia and Ukraine, the global economic downturn due to the COVID-19 pandemic, and the impact of high interest rates, the South Africa economy saw an increase in employment during 2023Q3

Based on the latest data from the Quarterly Labour Force Survey, the official unemployment rate in South Africa has slightly

declined by 0,7% from 32,6% in 2023Q2 to 31,9% in 2023Q3. The expanded unemployment rate which also counts job seekers who have given up on the search for employment was 41,2% in 2023Q3, decreased from 42,1% recorded in 2023Q2. The number of unemployed persons increased by 399 000 to 16,7 million in 2023Q3 while employed persons decreased by 72 000 to 7,8 million, resulting in an increase of 326 000 (up by 1,3%) in the number of people in the labour force.

Figure 21: Unemployment rate by province, 2023Q2 – 2023Q3



Source: Stats SA

Based on the narrow definition, the unemployment rate in the Eastern Cape declined to 38,8% in 2023Q3, an improvement of 0,9% compared to 39,7% recorded in 2023Q2. However, based on the expanded definition, unemployment in the province increased to 43,9% in 2023Q3 from 43,3% in 2023Q2 (Stats SA Quarterly Labour Force). This can be attributed to an increase in the number of employed people across the province from 1 444 million in 2023Q2 to 1 459 million in 2023Q3, despite the unfavourable economic conditions.

Furthermore, the number of unemployed persons decreased from 946 000 in 2023Q2 to 926 000 in 2023Q3, with the decrease in the unemployment rate being supported by an increase in employment numbers. The Eastern Cape Province has the highest employment rate (see Figure 21 above). The high unemployment rate in South Africa is a serious economic challenge. It is aggravated by persistent load-shedding, high interest rates, the repercussions of the COVID-19 pandemic that restricted economic growth and the impact of the conflict between Russia and Ukraine.

Employment trends in the Eastern Cape

The Eastern Cape Province is one of the eight provinces in South Africa that experienced an increase in employment in 2023Q3, with 15 000 jobs recorded in the province. In the province, several sectors experienced job growth. Finance saw the highest increase with 26 000 new jobs, followed by agriculture with 16 000, community services with 10 000, and private households with 7 000. The sectors that recorded a decline in employment are; Construction and Trade recorded the highest job losses with a tie of 17 000 in 2023Q3, followed by transport with 6 000 and manufacturing experienced 3 000 job losses (see Table 2 below).

Table 2: Employment trends by industries in the Eastern Cape, 2022Q3 – 2023Q3 (narrow definition)

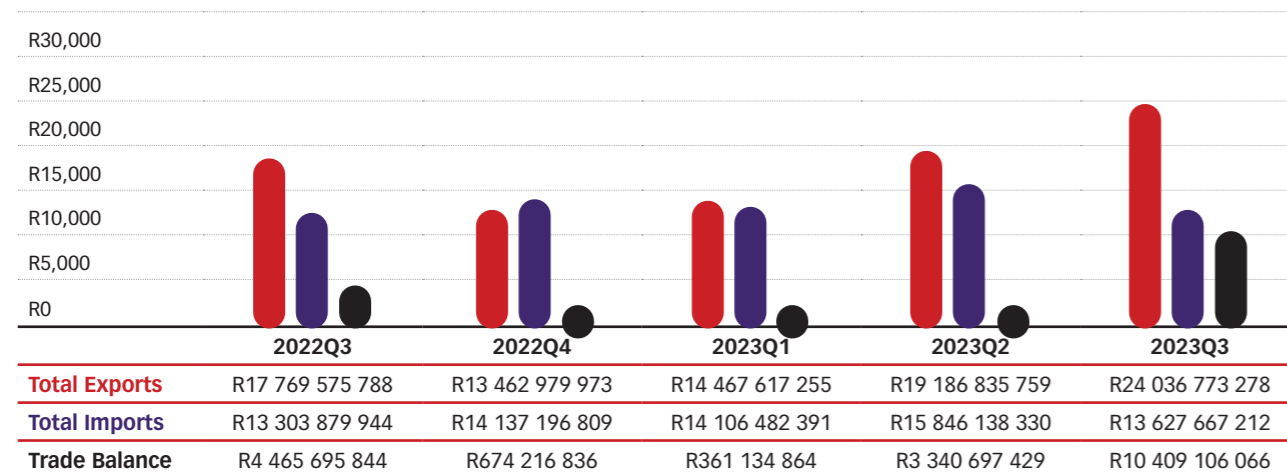
Values in thousands	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	Quarter-on-quarter change
Agriculture	118	89	90	121	136	16
Mining	-	1	1	1	-	-
Manufacturing	147	167	146	127	124	-3
Utilities	6	4	8	4	4	0
Construction	124	122	134	141	125	-17
Trade	268	309	312	297	281	-17
Transport	73	67	86	82	77	-6
Finance	141	146	166	155	182	26
Community services	391	373	397	416	426	10
Private households	91	101	81	99	105	7

Source: Stats SA

Eastern Cape international trade developments

The global economy is yet to grow at the pre COVID-19 pandemic levels. However, this recovery is being hampered by the ongoing Russia-Ukraine conflict. The international trade in South Africa demonstrated improvement, increasing from R512,4 billion in the second quarter of 2023 to R528,0 billion in the third quarter of 2023. South Africa registered a trade surplus of R40,5 billion in 2023Q3 from the R7,3 billion registered in 2023Q2. Likewise, the Eastern Cape exports of commodities to the rest of the world also improved to R19,2 billion in 2023Q2 to R24,0 billion registered in 2023Q3.

Eastern Cape trade flows with the rest of the world between 2022Q3 and 2023Q3 are shown in Figure 22 which follows. In the third quarter of 2022, the Eastern Cape recorded a trade surplus of R4,5 billion, which then envisioned a significant increase to R10,4 billion in the third quarter of 2023. However, by the fourth quarter of 2022, the province experienced a trade deficit of R674,2 million. The Eastern Cape total export commodities registered R17,8 billion in 2022Q3 and flatulated to R24,0 billion in 2023Q3. Likewise, the value of import commodities registered R13,3 billion in 2022Q3 and fluctuated to R13,6 billion in 2023Q3.

Figure 22: Eastern Cape trade flows with the world, 2022Q3-2023Q3 (values in R-millions)

Source: Quantec and own calculations

The exports and imports value by sector in the Eastern Cape between 2023Q2 and 2023Q3 are illustrated in Table 3. Manufacturing sector exports, particularly that of transport equipment, recorded an increase of 27% in 2023Q3 achieving a level of R19,7 billion. Subsequently, the agriculture, forestry, and fisheries sector's exports exhibited a 17% improvement, reaching R4,4 billion in 2023Q3. Lastly, the mining and quarry sector also experienced a 17% improvement, amounting to R25,1 million.

Table 3: Value of exports and imports by sector, 2023Q2-2023Q3 (Value in R-million)

Sector	Value of Exports		Value of imports		Trade balance
	2023 Q2	2023 Q3	2023 Q2	2023 Q3	2023 Q3
Agriculture, forestry & fisheries	R3 728,5	R4 361,2	R181,4	R194,5	R4 166,7
Mining and quarry	R21,9	R25,1	R12,6	R24,7	R0,40
Manufacturing	R15 436,5	R19 650,5	R15 652,1	R13 408,5	R6 241,9

Eastern Cape exports and imports commodities by product to the world

Table 4 illustrates the Eastern Cape's exports and imports with the rest of the world and the share contribution between 2023Q2 and 2023Q3. The analysis of the Eastern Cape export commodities in 2023Q3 revealed that the demand and value of motor vehicles improved from R9,6 billion in 2023Q2 to R13,5 billion in 2023Q3 and accounted for 61,7% of the Eastern Cape's total value of exports to the rest of the world in 2023Q3.

In contrast, motor vehicle imports decreased from R5,9 billion in 2023Q2 to R4,0 billion in 2023Q3, with a share of 38% of the total imports from the rest of the world, trailed by exports of edible fruit and nuts, peel of citrus recording R2,0 billion in 2023Q2 and R3,8 billion in 2023Q3 (17,5% share), followed by miscellaneous chemical increasing to R1,5 billion (6,8% share) and wool, fine or coarse animal hair declining to R682,5 million (3,1%).

On the imports side, electrical equipment, which was the second most imported commodity to the rest of the world decreased from R2,1 billion in 2023Q2 to R1,7 billion in 2023Q3 with a market share of 16,7 percent.

Table 4: Top 10 exports and imports of Eastern Cape with the world and share, 2023Q2 - 2023Q3

Exports	2023Q2	2023Q3	Share	Imports	2023 Q2	2023 Q3	Share
Products	Values in R-million			Products	Values in R-million		
1.Motor vehicles	R9 620,0	R13 460,2	61,7	1.Motor vehicles	R5 869,9	R3 966,0	38,0
2.Edible fruit and nuts; peel of citrus	R1 988,7	R3 817,7	17,5	2.Electrical equipment	R2 134,2	R1 744,1	16,7
3.Miscellaneous chemical.	R1 211,3	R1 486,9	6,8	3.Nuclear reactors, boilers	R1 275,1	R1 485,3	14,2
4.Wool, fine or coarse animal hair	R1 864,1	R682,5	3,1	4.Rubber and articles thereof	R823,2	R803,3	7,7
5.Rubber and articles thereof	R432,1	R552,2	2,5	5.Plastics and articles thereof	R720,1	R761,6	7,3
6.Railway or tramway locomotives	R364,8	R538,3	2,5	6.Articles of iron or steel	R365,8	R40 26	3,9
7.Nuclear reactors, boilers	R239,7	R471,7	2,2	7.Miscellaneous chemical	R284,9	R358,7	3,4
8.Iron and steel	R296,8	R310,2	1,4	8.Ceramic products	R340,4	R349,3	3,3
9.Preparations of vegetables, fruit, nuts	R291,5	R282,4	1,3	9.Inorganic chemicals & etc	R357,6	R328,3	3,1
10.Electrical equipment,	R260,7	R228,7	1,0	10.Aluminium and articles thereof	R268,3	R244,7	2,3

Source: Quantec and own calculations

3.2 Destination markets for Eastern Cape exports and imports

Table 5 shows Eastern Cape trade flows with various regions in the global economy. Eastern Cape exports to all the regions improved in 2023Q3: Exports to Europe grew by 53,1% registering about R11,7 billion with a market share of 60,7%, trailed by Asia posting a 6,2% growth recording R2,8 billion with a market share of 14,8%, and Africa registering a 19,6% growth reaching a level of R2,8 billion with a market share of 14,6% over the period under review.

On the imports side, the following regions experienced a growth in import commodities: Europe recorded a 38,8% growth reaching a level of R16,2 billion with the biggest market share of 67,3%,

followed by Asia which grew by 6,3% to R3,1 billion with a market share of 13%, trailed by Americas growing by 14,4% to R2,0 billion with a market share of 8,4%, and tracked by Oceania which grew by 176% to R311,6 million with a market share of 1,3%. Only the African region recorded a decline in both exports and imports growth. The Eastern Cape was a net exporter of commodities to the world regions during the period under review, except Asia, with a trade surplus of R9,4 billion with Europe, trailed by Africa with R1,5 billion, followed by the Americas with R576,0 million, Oceania with R53,5 million and the only recorded deficit of R1,2 billion with Asia.

Table 5: Eastern Cape exports and imports share per region and trade balance, 2023Q2- 2023Q3

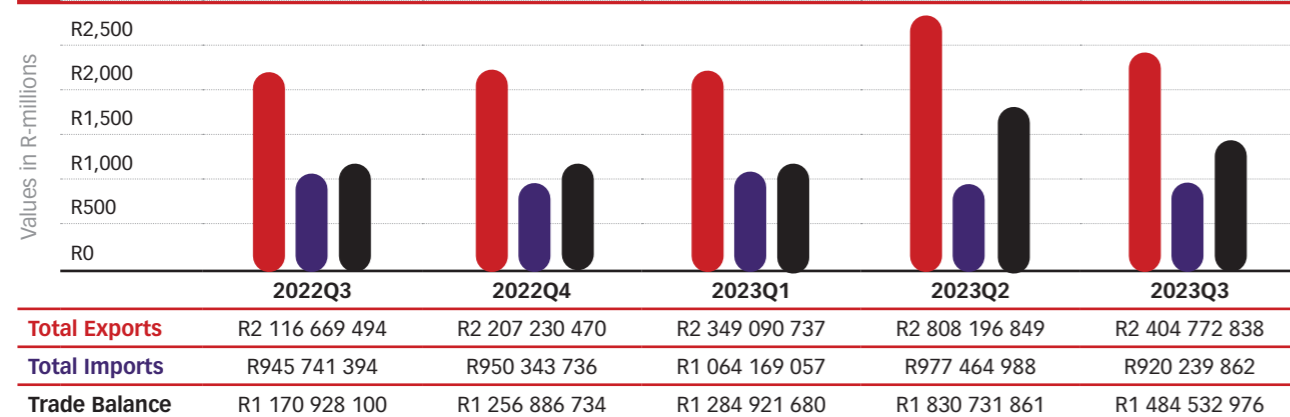
Regions	EXPORTS				IMPORTS				Trade balance
	2023Q2	2023Q3	Growth	Market Share 2023 Q3	2023 Q2	2023 Q3	Growth	Market share 2023Q3	2023 Q3
	Values in R-million		%	%	Values in R-million		%	%	Values in R-million
AFRICA	R2 808,2	R2 404,8	-16,7	10,0	R977,5	R920,2	-6,2	0,7	R1 484,5
AMERICAS	R1 770,1	R2 024,6	14,4	8,4	R1 749,2	R1 448,5	-20,8	10,8	R576,0
ASIA	R2 839,1	R3 116,8	6,3	13,0	R4 150,3	R4 273,9	3,0	31,8	-R1 157,2
EUROPE	R11 642,9	R16 158,9	38,8	67,3	R8 757,5	R6 723,4	-30,3	50,0	R9 435,5
OCEANIA	R112,9	R311,6	176	1,3	R56,7	R79,7	40,6	0,6	R53,5
ANTARCTICA	R0	R0	0,0	0,0	R0	R0	0,0	0,7	R0

Source: Quantec and own calculations

Eastern Cape African Continent trade developments

The exports and imports of the Eastern Cape with the African continent between 2022Q3 and 2023Q3 are shown in Figure 23. The Eastern Cape Province was a net exporter of commodities to the African continent during the period under review. The province's trade surplus amounted to R1,02 billion in 2022Q3, then increased to R1,5 billion in 2023Q3. Provincial exports fluctuated from R2,1 billion in 2022Q3 to R2,4 billion in 2023Q3 over the period under review. Similarly, the import commodities fluctuated from R945,6 million in 2022Q3 to R920,2 million in 2023Q3.

Figure 23: Eastern Cape trade flows with African continent, 2022Q3-2023Q3



Source: Quantec and own calculations

Table 6 tabulates the exports and imports of the Eastern Cape with the African continent and share contribution between 2023Q2 and 2023Q3. The analysis of provincial export commodities in 2023Q3 reveals that the value of motor vehicles decreased from R1,2 billion in 2023Q2 to R892,4 million in 2023Q3, representing 21,7% of the Eastern Cape's total export value to the African continent during the period under review. Iron and steel followed suit, declining to R225,9 million with a market share of 16,1%, while electrical machinery and equipment decreased to R167,3 million (14,4% share).

On the other hand, rubber and articles thereof improved to R150,4 million with a market share of 11,8%.

On the import side, electrical equipment decreased from R599,3 million in 2023Q2 to R469,1 million in 2023Q3, constituting 52,9% of the total import value from the African continent. Following this, other made-up textile articles ranked second, increasing from R134,7 million in 2023Q2 to R158,0 million in 2023Q3, representing a 17,8% market share.

Table 6: Top 10 exports and imports of Eastern Cape with Africa and share, 2023Q2-2023Q3

Exports	2023Q2	2023Q3	Share	Imports	2023 Q2	2023 Q3	Share
Products	Values in R-million			Products	Values in R-million		
			%				%
1.Motor vehicles	R1 168,1	R892,4	21,7	1. Electrical equipment	R599,3	R469,1	52,9
2. Iron and steel	R272,9	R225,9	16,1	2. Other made-up textile articles	R134,7	R158,0	17,8
3.Electrical machinery and equipment	R184,0	R167,3	14,4	3. Wool, fine or animal hair	R79,0	R116,5	13,1
4. Rubber and articles thereof	R139,8	R150,4	11,8	4. Articles of apparel, not knitted	R51,2	R41,8	4,7
5. Plastics and articles thereof	R94,9	R123,5	7,3	5. Aluminium & articles thereof	R14,4	R37,9	4,3
6. Railway or tramway locomotives	R28,3	R75,8	7,0	6. Live animals	R19,3	R22,2	2,5
7. Nuclear reactors, boiler	R69,5	R72,5	6,0	7. Plastics and articles thereof	R16,9	R15,9	1,8
8.Cotton	R56,2	R62,3	5,5	8. Articles of apparel, knitted	R18,1	R13,0	1,5
9.Pharmaceutical products	R69,3	R56,9	5,0	9. Salt; sulphur; earths and stone	R5,8	R7,4	0,8
10.Other made-up textile articles	R41,8	R52,6	5,3	10. Rubber and articles thereof	R3,6	R5,2	0,6

Source: Quantec and own calculations

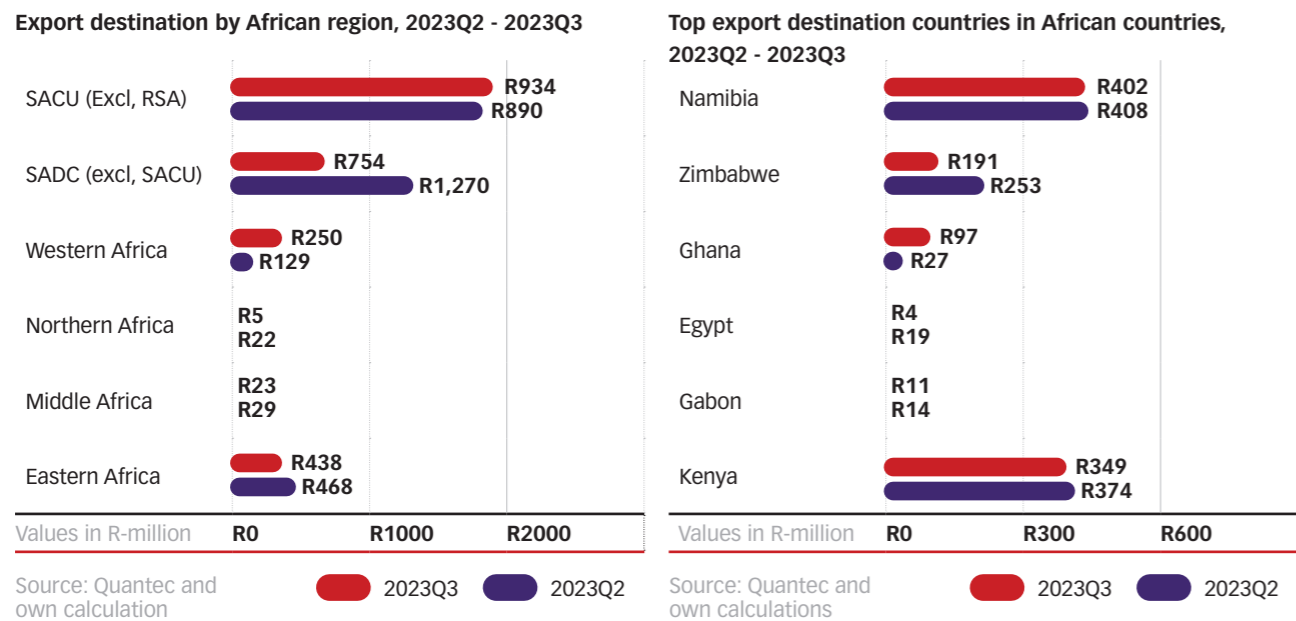
Eastern Cape exports by destination African region and by country

Figure 24 below illustrates the Eastern Cape's destination markets within African regions and its top countries from 2023Q2 to 2023Q3. In the third quarter of 2023, the Eastern Cape's exports to certain African regions improved. Specifically, exports to the Southern African Customs Union (SACU) increased to R934,0 million, while Western Africa experienced a rise to R250,2 million. However, exports from the province to the Southern African Development Community (SADC), Northern Africa, Middle Africa,

and Eastern Africa declined during the same period.

In terms of countries that absorbed the Eastern Cape exports in each of the African regions in 2023Q3, Ghana was a top country from the Western Africa region, taking the leading position and absorbing about R97,3 million worth of the provincial exports of merchandise, and the rest of the top countries experienced a decline.

Figure 24: Eastern Cape destination markets in African regions and top countries, 2023Q2 - 2023Q3

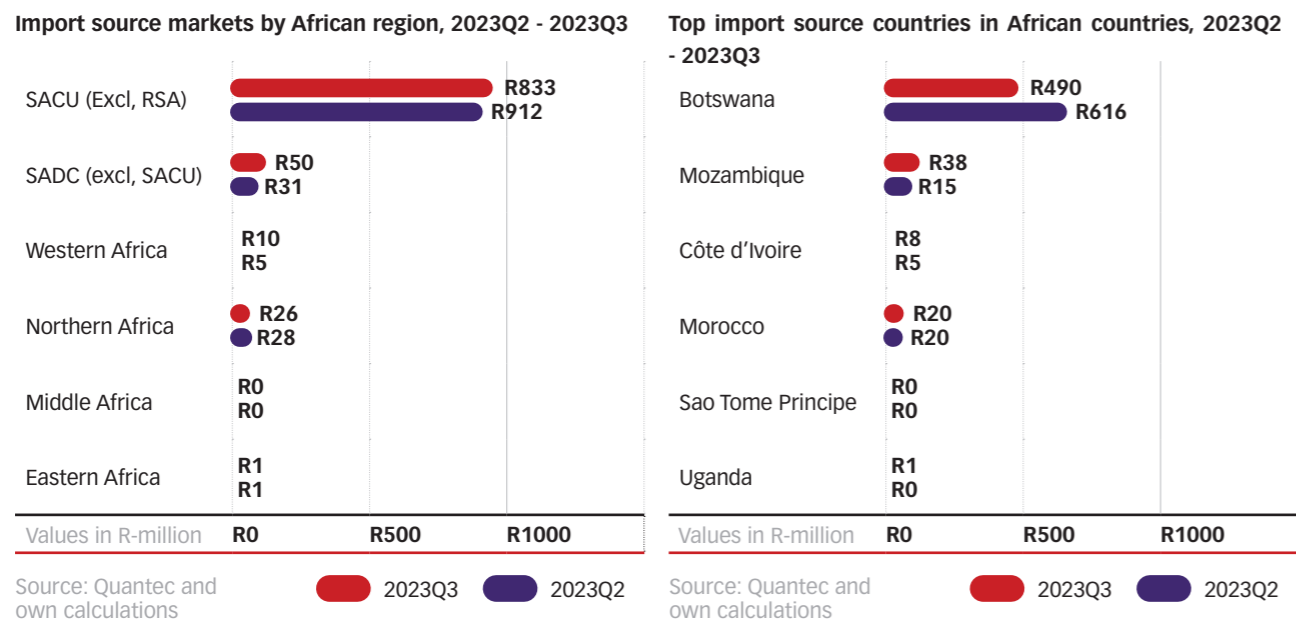


Eastern Cape imports by African region and by country

Figure 25 depicts the Eastern Cape's source markets in African region and top countries between 2023Q2 and 2023Q3. The source markets for imports into the Eastern Cape indicate most imports originated from the SACU region, totalling R833,2 million, followed by SADC with R49,7 million, and Northern Africa, which recorded R26,1 million.

In 2023Q3, the province sourced its imports from various African countries within each region as follows: Botswana emerged as the top country from the SACU region, recording imports of R490,0 million to the province, followed by Mozambique from SADC, which posted R38,3 million, and Morocco from North Africa, with imports amounting to R19,7 million. All experienced a decline from the previous quarter.

Figure 25: Eastern Cape source markets in African regions and top countries, 2023Q2 - 2023Q3



National port movements

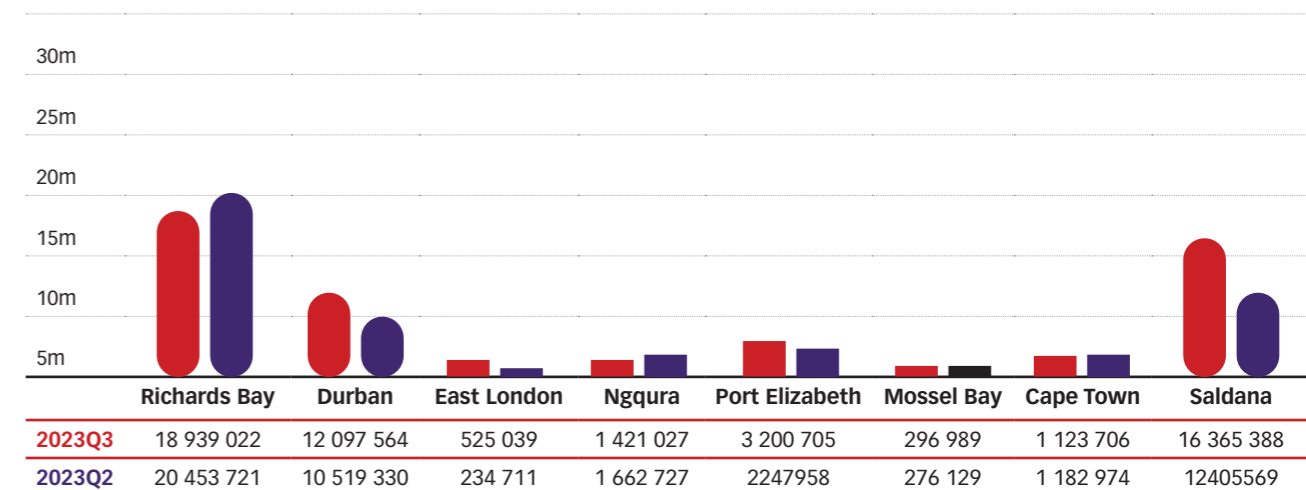
Despite facing a combination of international exogenous factors and domestic challenges, including persistent load-shedding and logistical issues at Transnet ports in KwaZulu-Natal, five out of eight ports in South Africa managed to handle increased cargo volumes in the third quarter of 2023 compared to the second quarter. The improvement led to an increase from 49,0 million metric tons in the second quarter of 2023 to 54,0 million metric tons in the third quarter of 2023.

KwaZulu-Natal ports are losing their largest market share (previously 63,2% in 2023Q2) as they contend with a backlog in cargo handling. The Western Cape is the second biggest cargo handling province with 17,8 million metric tons of cargo handled in 2023Q3, a share of 33%, while the Eastern Cape handled approximately 5,1 million metric tons of cargo accounting for 9,5% market share, an improvement from 4,1 million handled in 2023Q2.

Cargo handled in KwaZulu-Natal ports amounted to approximately 31,0 million metric tons in 2023Q3, showing a slight improvement from the 30,9 million metric tons recorded in 2023Q2. It accounted for the largest share at 57,5%. It is noteworthy that

During this period, the Ports of Gqeberha and Ngqura were the most active ports within the province. Among the Eastern Cape ports, specifically the Port of Gqeberha and East London, cargo handling showed an improvement when compared to ports in other provinces, as shown in Figure 26 below.

Figure 26: South Africa port movements by port/province, 2023Q2 - 2023Q3 (Values in million metric tons)



Foreign direct investment trends

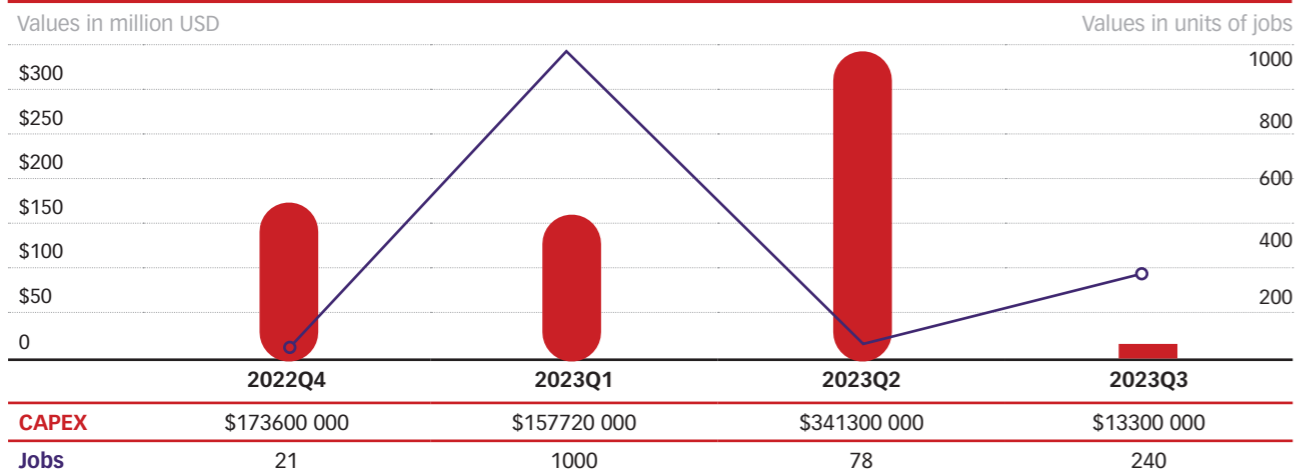
In 2023, global foreign direct investment (FDI) flows reached an estimated US\$1,37 trillion, marking a marginal increase (+3%) compared to 2022. This growth defied expectations as recession fears early in the year diminished and financial markets performed well. However, economic uncertainty and higher interest rates did impact global investment. The headline increase was largely due to higher values in a few European conduit economies, excluding those with global FDI flows lower than 18%.

remaining EU nations decreased by 23%, with declines observed in several major recipient countries. Inflows in other developed countries also stagnated, with zero growth in North America and declines elsewhere. FDI flows to developing countries fell by 9%, to US\$841 billion, with declining or stagnating flows in most regions. FDI decreased by 12% in developing Asia and by 1% in Africa. It was stable in Latin America and the Caribbean as Central America bucked the trend.

In developed countries, FDI in the European Union (EU) surged from a negative US\$150 billion in 2022 to a positive US\$141 billion, primarily due to significant fluctuations in Luxembourg and the Netherlands. Excluding these two countries, inflows to the

Based on data from The Financial Times for the year 2023, South Africa attracted a total of US\$12 948,70 billion in FDI through 138 projects, leading to the creation of approximately 18 045 job opportunities across the country for the full year of 2023.

Figure 27: FDI inflows into Eastern Cape by capital investment and job creation, 2022Q4 – 2023Q3



Source: FDI Intelligence Market

Between 2022Q4 and 2023Q3, the Eastern Cape attracted a total of US\$685,92 million in FDI, creating approximately 1 339 job opportunities within the Eastern Cape economy.

In 2023Q2, the Eastern Cape attracted its largest capital investment of US\$341,30 million, creating approximately 78 total job opportunities within the provincial economy.

The Eastern Cape attracted the second largest capital investment, amounting to US\$173,60 million, in 2022Q4, resulting in approximately 21 total job opportunities in the provincial economy. Additionally, in 2023Q3, the Eastern Cape secured US\$1 330 million in FDI globally and generated 240 job opportunities across the province. (Refer to Figure 11 above and Table 7 below).

Table 7: FDI inflows into Eastern Cape by quarter, 2022Q4 – 2023Q3

Month	No of projects	Jobs created		Capital investment	
		Total	Average	Total (USD million)	Average (USD million)
2023Q3	2	240	120	13,30	6,65
2023Q2	3	78	26	341,30	113,77
2023Q1	1	1000	1000	157,72	157,72
2022Q4	1	21	21	173,60	173,60
Total	7	1,339	191	685,92	97,99

Source: FDI Intelligence Market

The number of FDI into the Eastern Cape by quarters, project number, jobs created and capital investments between the 2022Q4 and 2023Q3 are shown in Table 7.

Table 8: FDI inflows into Eastern Cape by source country, 2022Q4 – 2023Q3

Source country	No of projects	No of companies	Jobs created		Capital investment	
			Total	Average	Total (USD million)	Average (USD million)
United Kingdom	2	1	42	21	336,60	168,30
Switzerland	1	1	21	21	173,60	173,60
Netherlands	1	1	1000	1000	157,72	157,72
Denmark	1	1	9	9	8,20	8,20
India	1	1	231	231	5,10	5,10
Mauritius	1	1	36	36	4,70	4,70
Total	7	6	1,339	191	685,92	97,99

Table 8 depicts the Eastern Cape FDI trends from the world by source country between 2022Q4 and 2023Q3. Out of a total of six countries, the United Kingdom accounted for 29% of the number of projects tracked. United Kingdom, furthermore, was the top source country accounting for about 49% of total capital investment amounting to US\$336,60 million and created the third highest total number of 42 job opportunities. Switzerland had the second highest capital investment of US\$ 173.60 million and created the fourth highest number of total job opportunities (21) in the Eastern Cape Province. Netherlands was the third source country for Eastern Cape FDI that amounted to US\$175,72 million and created the highest number of job opportunities (1 000). Lastly Denmark landed the fourth highest capital investment of US\$ 8.20 million; this investment created nine job opportunities.

Table 9: FDI inflows to Eastern Cape by region, 2022Q4 – 2023Q4

Destination region	No of projects	No of companies	Jobs created		Capital investment	
			Total	Average	Total (USD million)	Average (USD million)
Buffalo City Metro	2	2	57	28	178,30	89,15
Nelson Mandela Metro	3	3	1,240	413	171,02	57,01
Not Specified	2	1	42	21	336,60	163,30
Total	7	6	1,339	191	685,92	97,99

Source: FDI Intelligence Market

Table 9 tabulates the Eastern Cape FDI from the world by destination region/metro between 2022Q4 and 2023Q3. The Nelson Mandela Bay Metropolitan Municipality was the top destination region accounting for 43% of the number of projects tracked. The Buffalo City Metropolitan Municipality received the largest capital investment, amounting to US\$178,30 million; the highest number of jobs (57) were created from two investments. The first investment, made by Nestlé South Africa, a food specialist, involved adding solar capacity to its existing operations in East London, amounting to US\$173,60 million and creating 21 job opportunities in the metro during 2022Q4.

The second investment, by Liquid Intelligent Technologies, a telecommunications service, amounted to US\$4,70 million, creating 36 job opportunities in East London during 2023Q2.

The Nelson Mandela Baby Metro received the second largest capital investment, totalling US\$171,02 million, and created the highest number of 1 240 jobs from three investments. The first investment, made by Stellantis in the automotive OEM sector, involved establishing a manufacturing facility in the Coega Industrial Development Zone, amounting to US\$157,72 million that created 1 000 job opportunities in the Mandela metro during 2023Q1. Following this development, Scan Global Logistics invested US\$8,20 million in the transportation and warehousing sector for a sales, marketing and support project, generating nine job opportunities in 2023Q3. In addition, Redington, in the software and IT services sector, opened a support office in Gqeberha with an investment of US\$5,10 million, creating 231 job opportunities in 2023Q3.

2. PESTEL ANALYSIS

The macro-environment as previously discussed informs the PESTEL analysis for the Eastern Cape, with relevance to the work and mandate of the ECDC.

ENVIRONMENTAL FACTOR	SUMMARY ANALYSIS AND IMPLICATIONS FOR ECDC
Political	<ul style="list-style-type: none"> Growing tensions between the world's most powerful players threaten to disrupt the decades-old economic and political status quo and reshape global cooperation and trade patterns. China and other nations are beginning to challenge the status of the United States dollar as the global reserve currency. The BRICS, a powerful grouping of the world's leading emerging market economies, are considering creating their commodities-based reserve currency. In South Africa, the July 2021 riots raised further questions about the government's ability to discharge its mandates, from economic growth and job creation to enforcing the law and maintaining public order. Policy uncertainty and a seeming lack of efficacy of economic recovery plans are further eroding the credibility of public institutions, along with unprecedented levels of load-shedding and chaotic politicking in coalition-run municipalities. The government will come under increasing pressure to curb spending as tax revenues come under pressure due to low growth, and taxpayers feel the pain of higher prices. Food inflation will dramatically affect the poor and unemployed, potentially sparking much more widespread unrest than seen in July 2021. A cash-strapped government will be unable to offer much in the way of relief.
Economic	<ul style="list-style-type: none"> Having emerged from the massive disruption and economic losses caused by COVID-19, the global economy is again on shaky ground as longstanding geopolitical tensions boiled over into war in Ukraine. Global growth estimates are likely to contract further, and high inflation is expected to persist for longer than forecast, with concerns that constricting global growth will develop into a full-blown worldwide recession. Tight monetary policy and rising interest rates in advanced economies will make the debt more expensive for emerging markets and create downward pressure on their currencies. Global supply chains are likely to see more regular disruptions due to an increasingly fractious geopolitical environment and bottlenecks in the system. Trade patterns are being rethought as fragilities and inefficiencies are exposed. South Africa needs to be cautious of an overreliance on buoyant commodity prices and focus on building a diverse and robust local economy poised to take advantage of recovery opportunities. Primary sector: 82.3% of the provincial GDP in this sector comes from agriculture, suggesting that there may be opportunities to expand operations in forestry and fisheries. Forestry operates under tight margins though, indicating a barrier to increased investment. Secondary sector: The motor vehicle industry has a strong presence in the sector, and a high uptake of skilled and semi-skilled labour, but returns are quite low compared to other industries (ranks 17th). Food makes a strong contribution to provincial employment levels and requires primary inputs and harmonised supply chains. Therefore, focus should be on primary output and supporting investment to streamline the supply chain. To be globally competitive, the Eastern Cape's secondary sector requires affordable and reliable electricity, accessible networks, supporting industries, cost-effective inputs, security of tenure and property, a stable currency and consistent governance. Tertiarisation refers to the propensity of the tertiary sector to become the largest sector of developed economies, where a high-income population demands a vast range of specialised services and skills. A dominant tertiary sector is undesirable in low-income, low-skilled countries with small urban populations and insufficient transport linkages. Tertiary sector: Transport and storage generates R31 billion per annum in the province. Initiatives to increase the accessibility and connectivity of the Eastern Cape to people and freight may expand this sector. Catering and accommodation, a proxy for tourism, contributes R7,8 billion per annum to the Eastern Cape's economy. Given the province's natural resources, tourism should be more prominent income earner.
Social	<ul style="list-style-type: none"> Structural and socio-economic inequality was deepened by the pandemic, and gaps continue to widen as unemployment rises, especially among the youth. Widespread poverty, fuelled by mass unemployment, is an urgent challenge for the Eastern Cape. One in five people in the province cannot afford to feed themselves. In a report compiled by the World Economic Forum "Social cohesion erosion" was considered a short-term threat in 31 countries, including Argentina, France, Germany, Mexico, and South Africa. Socio-economic challenges are exacerbated by the underperformance of the education system, with low pass rates generally, and specifically poor results in science, technology, engineering, and mathematics (STEM). As STEM subjects are key to employability in technical and professional occupations, the education system is not delivering the skills youth need to thrive in the current and future economy. Early childhood development is critical to successful outcomes later in the educational process. Yet only a third of the Eastern Cape's children have access.

ENVIRONMENTAL FACTOR	SUMMARY ANALYSIS AND IMPLICATIONS FOR ECDC
Technological	<ul style="list-style-type: none"> Rapid technological change has produced a handful of giant corporations that dominate global internet infrastructure, operating systems, key platforms, and access portals. At the same time, the advent of the World Wide Web has dramatically improved free access to information and created an unprecedented opportunity for small, independent start-ups of all types - online, offline, and everywhere in between. Digitalisation and automation of administrative, organisational, and management processes may facilitate greater efficiencies. In many industries, technology has lowered barriers to entry, provided affordable business administration and support tools, and supplied access to global markets. Access to technology in South Africa mirrors the patterns of general inequality in the country. While most of the country is covered by cellular networks 2G, 3G, and 4G, the price of data remains prohibitively high, and speeds are inadequate. Reliable, high-speed, cost-effective internet access through fibre and 5G remain for the privileged. Deficiencies in physical infrastructure, including basics like roads, rail, electricity, and water, continue to hobble economic expansion in the province.
Environmental	<ul style="list-style-type: none"> A coordinated and centrally controlled approach to tackling climate change and future pandemics is strongly advocated by groups such as the World Economic Forum, World Health Organisation, International Monetary Fund, and the World Bank. Practically, this would require nation states to sacrifice autonomy and cede significant decision-making power to a centralised (and unelected) technocratic authority. Corporate investment decisions are increasingly being influenced by environmental, social, and governance (ESG) considerations, although "official" ESG scores are still contentious. Fixed investment in infrastructure and the green economy (including renewable energy and climate-friendly industrial processes) is expected to accelerate, supporting the emergence of green industries and occupations. South Africa is the largest greenhouse gas emitter in Africa and the 12th largest globally. The country has committed to ambitious climate change targets in line with the National Development Plan (NDP) and net zero emissions by 2050 commitments. In November 2021, the government announced that developed countries will supply R131 billion in concessional and grant funding over the next three to five years to support South Africa's transition from coal and develop new sectors, such as electric vehicles and green hydrogen.
Legal/Regulatory	<ul style="list-style-type: none"> Expropriation without compensation (EWC) continues to be a divisive issue, with many analysts seeing EWC as a major factor in the country's declining levels of foreign investment. Another factor perennially accused of suppressing investment and economic growth is overly rigid labour regulation. The regulatory burden on micro, small and medium (MSME) entrepreneurs in South Africa has been recognised as excessive and a major hurdle to bringing informal enterprises into the formal economy. Despite a recent admission that the NDP 2030 is not realistically attainable, there has been no hint from the ruling party of any change to broad economic policy or legislation.

The external environment analysis provides context to the ECDC's internal environment and informs the five-year strategic plan and this annual corporate plan.

3. INTERNAL ENVIRONMENT ANALYSIS

The ECDC is the main catalyst and strategic champion of economic development and trade promotion in the Eastern Cape, tasked with creating a prosperous, sustainable, robust, and transformed economy where small businesses can develop and become competitive in the national and international arena.

The ECDC has taken steps to design a new strategic path for an organisation beset by numerous systematic challenges. Internal challenges have been compounded by an external environment characterised by constrained economic growth, resulting in fiscal and budgetary tightening.

The strategy review process reimagines the ECDC as a leader in reindustrialising the Eastern Cape. Rural and small-town development is a point of focus, along with the development of a competitive and sustainable MSME sector that contributes to the province's socio-economic development. Special emphasis is being placed on the implementation of the property development and modernisation strategy, which targets improved yields and developmental outputs. The foundation has been laid for a well-managed, self-sustaining real estate business. Linked to this strategy is a Capital Raise Programme to fund the refurbishment of the portfolio's core assets.

In essence, the strategy review recognised the need for a renewal process that charts a new strategic direction for the Corporation to unlock the ECDC's inherently creative human resource potential. The ECDC has embarked on an organisational renewal process that entails three primary objectives: Financial sustainability, organisational repositioning, and upscaling development impact.

3.1. REFLECTION ON THE ECDC'S FINANCIAL PERFORMANCE

The current ratio of the ECDC reflects inadequate cash resources, reflecting ongoing operational losses and negative cash flows. While the ECDC is solvent - assets exceed liabilities - doubts linger about the sustainability of the ECDC. In 2023, the auditors again expressed reservations about the ECDC's ability to continue as a going concern, but management has conducted a comprehensive assessment and is comfortable that the ECDC will be able to continue as a going concern despite the negative indicators that it is addressing.

The ECDC's operating loss was R27,8 million for the 2021/22 financial year. Due to management interventions and improvements in operations, the loss was reduced to R6,3 million for the 2022/23 financial year. The implementation of the renewal strategy and improvements in the property portfolio and investment returns are expected to produce further improvements in the ECDC's bottom line. The ratio of grants from the government to total revenue was reduced to 62,44% from 65,76% in the previous financial year. The five-year strategy is to reduce this ratio to below 40%, by increasing own revenue generation. The ECDC's current ratio reflects inadequate cash resources, reflecting ongoing operational losses and negative cash flows and the main contributing item is the amount of R47 million owing to Provincial Treasury which management believes it will resolve in the next financial year.

However, as featured in the strategic plan, factors in favour of the ECDC turning around its financial position are:

1. It continues to carry out various mandates on behalf of the government.
2. The government sees the ECDC as a critical vehicle that assists in addressing initiatives to improve the province's economy and supports MSMEs in the identified sectors.
3. Despite liquidity challenges, the ECDC has managed its finances well and ensured operations are within funding constraints.
4. The ECDC continues to play a vital role in issuing loans and providing business support to MSMEs who could not secure such loans from traditional financial institutions.
5. The Property Development and Modernisation Strategy is being implemented, and revenue collection from the property portfolio improved by over R3,3 million in the 2022/23 financial year compared to the previous year. A Capital Raise Programme is underway with 138 non-core residential vacant land parcels of less than 2,000 sqm, and other properties were sold during the 2022/23 financial year with a combined value of R63,175 million.
6. The ECDC has received recapitalisation from the Shareholder of R55 million for properties and R30 million for enterprise finance in the 2023/24 financial year. A further R47 million for properties has been indicated for the 2024/25 and 2025/26 financial years combined.

R27,8million
Operating loss in 2021/22 reduced to R6,3 million due to management interventions



62,44%
Government grants ratio for total revenue

R47 million
owed to Provincial Treasury

R3,3 million
improvement in revenue collection in the 2022/23 financial year

R55 million
Shareholder recapitalisation for properties

R55 million
Shareholder recapitalisation for properties

The onus is on the ECDC to leverage and exploit these strengths and the recapitalisation received from the Shareholder and to demonstrate tangible results in the short term.

3.2. REFLECTION ON THE ECDC'S PAST PERFORMANCE

Following a past of institutional constraints impacting the ECDC's ability to execute its mandate effectively, the Corporation has adopted a new roadmap set out in its revised ECDC Reimagined Strategy 2021. The roadmap identifies priority areas to consolidate the ECDC's aspirations as a fit-for-purpose development agency providing effective economic coordination in the province. It prioritises transforming the development finance and property functions into commercially viable concerns while establishing economic coordination and sector support capabilities. The priorities include the promotion of mid-tier and small-scale manufacturing and the reintroduction of the risk capital and project management functions.



Despite a challenging economic environment, the trade and investment promotion function has performed well, particularly in facilitating exports and attracting the film industry to the province. The ECDC has been designated as the fund manager for the Eastern Cape Economic Development Fund and is tasked with anchoring the PIC.

The revised Property Development and Modernisation Strategy is being implemented, with significant milestones achieved already. Regaining invaded properties got traction during the 2022/23 financial year. Control over 91 properties had been regained through the lease normalisation process. These gains, however, were short-lived as the Corporation experienced a fresh wave of invasions during the last semester of the 2023 calendar year.

Revenue collection from the property portfolio improved by over R3,1 million for the third quarter of the 2023/24 financial year compared to the same period in 2022/23. A Capital Raise Programme is in progress as the ECDC disposed non-core residential and vacant land parcels to the value of R24,6 million as at end of quarter three of the 2023/24 financial year. This brings the total capital raised amount to more than R80,5 million.

Various incubation programmes are facilitated or provided with in-kind and/or financial support. These incubations include CHEMIN, the Furntech partnership, and the Duncan Village I-Hub.

The ECDC also provides business advisory services and delivers a suite of business development services to walk-in clients. Businesses are proactively recruited to participate in designed enterprise development and capacity-building programmes. Access to information and outreach sessions is facilitated through seminars and workshops.

The ECDC has deregistered some subsidiaries and retained those that are thought to have the potential to generate additional revenue. The ECDC has a service level agreement with the Automotive Industry Development Centre (AIDC) and a seat as a shareholder observer on the AIDC board. Moving forward, there is a need to look at the structure, governance, and operating models of the current group structure to ensure better yields.

The ECDC maintains relationships with business forums, industry associations, private companies, development agencies, and municipalities.

The ECDC has established offices in the province's regions with offices in major centres such as Buffalo City, Gqeberha, King Sabatha Dalindyebo, and Komani with satellite offices in Graaff Reinet, Gcuwa (Butterworth), eMaxesibeni (Mount Ayliff) and at Maletswai (Aliwal North). The regional teams require capacity development and a decisive focus on their core competencies, aligned with the business and operating model.

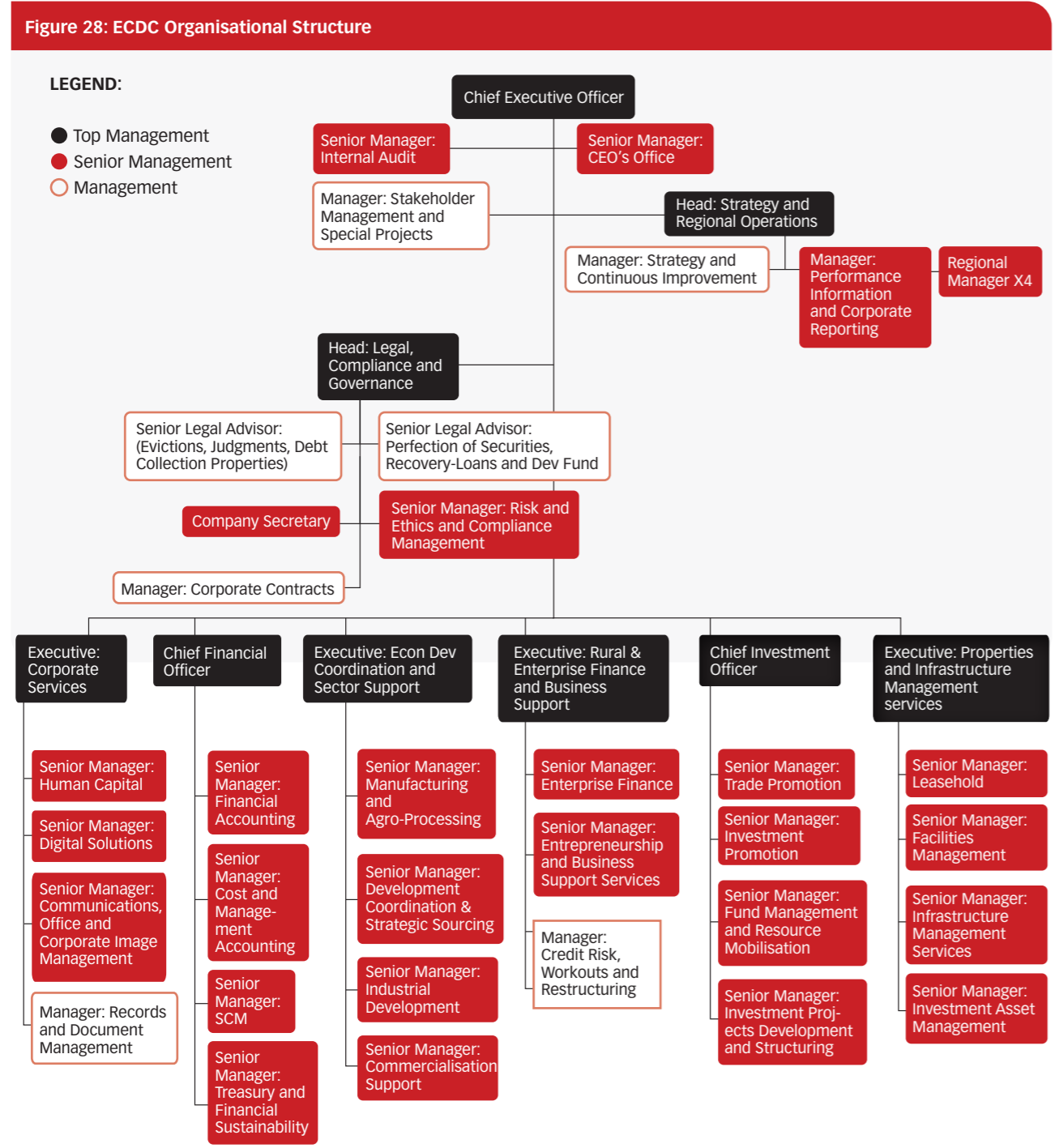
While the ECDC has limited internal capacity to conduct industry and sector research, multiple opportunities and models exist for partnerships with higher education and research institutions to support the ECDC.

3.3. REFLECTION ON THE ECDC'S HUMAN CAPITAL AND ORGANISATIONAL CAPABILITIES

A revised structure was approved by the Board in August 2022 providing for a total establishment of 245 positions, with a vacancy rate of 37,9% being recorded at the end of the 2022/23 financial year. During the 2022/23 financial year and the first half of 2023/24 financial year, various middle and senior management

roles were filled to address capacity gaps and to ensure better delivery on the Reimagined Strategy.

The ECDC's Project Ikhwelo process focused on creating an organisational structure that is fit for the organisation's purpose. The new structure enables the ECDC to sustain and strengthen its existing capabilities and allows for the development of new strategic capabilities:



The structure, which is aligned to the strategy, strengthens and/or brings clarity to the following areas:

1. Formalise role clarification: Head office will focus on leadership, strategic direction, and support; regional offices will focus on delivery.
2. Empower and support regional offices as competency centres.
3. Strengthen property administration.
4. Strengthen loan administration (customer engagement, processing, and post-loan processes)
5. Strengthen debt collection.
6. Strengthen investment asset management.
7. Build fund management capabilities.
8. Enhance commercialisation capability, internally and externally (optimising value from investments and subsidiaries and as an offering to other state entities)
9. Strengthen, de-risk and diversify supply chain management.
10. Separate risk-takers from risk mitigators to enable progress.
11. Establish capability for economic project development and risk capital.
12. MSME focus
 - a. Attract capital providers by strengthening the MSME lending business.
 - b. Automate customer engagement.
 - c. Focus on lending products.
 - d. Facilitate excellent business support and plans (with partners)
 - e. Improve portfolio management.
 - f. Improve client selection processes.
13. Enable partnerships with other related entities for funding and support.
14. Clarify the role and reach of Invest SA
15. Develop economic development coordination and sector support capability.
16. Develop the capacity to monitor and influence provincial strategic sourcing.

The ECDC acknowledges that success in a competitive environment cannot be achieved without a motivated, committed, and unified workforce that is focused on achieving common objectives. The ECDC shall ensure effective attraction, retention, and engagement of staff with expertise, experience, and skills while ensuring equity and diversity.

To ensure its staff is enabled to perform optimally, the ECDC requires a technology infrastructure that supports "information optimisation", enhances collaboration, creates systemic integration, and unlocks the full value of ICT investments.

The ICT infrastructure requires continuous review, development, and implementation of a more effective and efficient architecture. The key will be combining the right technologies with the right people, creating a remote workforce that cuts costs, increases productivity, and generates brand-building customer experiences.

3.4. REFLECTION ON THE ECDC'S STAKEHOLDER ENVIRONMENT

The ECDC operates in a multi-stakeholder environment. The ability to effectively identify and manage these collaborative relationships carries critical implications for the success or failure of fulfilling the ECDC's strategic intent.

The ECDC places its stakeholders at the apex of its strategic thinking and planning, and stakeholder priorities are critical in developing the strategic plan. The following table reflects key stakeholder considerations and interventions in the planning process:



Key Stakeholder Group	Key Considerations and Interventions
External Stakeholder Groups	
Financial institutions	<ul style="list-style-type: none"> Lack of cooperation and duplication; must strengthen collaborative efforts Strengthen approach and mechanisms for sharing information – to benefit frustrated small enterprises
Business support institutions	<ul style="list-style-type: none"> Are generally not provincially based – don't drive provincial mandate, and their support is not in sync with the provincial focus Must strengthen collaborative efforts
Traditional leaders	<ul style="list-style-type: none"> Need to strengthen engagement.
Other DFIs	<ul style="list-style-type: none"> The ECDC views them as competitors rather than collaborators Explore opportunities for co-funding/joint project packaging or syndication Explore top-up funding opportunities
Other government departments	<ul style="list-style-type: none"> Not sharing enough ideas - strengthen approach and mechanisms for sharing information Identify opportunities to access other funding streams/grant options
Private sector	<ul style="list-style-type: none"> Leverage partnerships to support and mainstream black industrialists - headhunt key private sector businesses to mentor emerging industrialists Strengthen collaboration with the private sector Need an approach to handle unsolicited proposals from the private sector – need a clear policy that may require a Shareholder directive?
Clients and potential clients/tenants	<ul style="list-style-type: none"> Need to streamline the ECDC processes and procedures – ensure transparent and consistent procedures Strengthen the ECDC standards and service levels - don't benchmark the ECDC against the lowest denominator Strengthen mechanisms for client feedback
Regulators	<ul style="list-style-type: none"> Operating in a highly regulated environment – need to strengthen relationships and engagements with regulators
Local municipalities	<ul style="list-style-type: none"> Need to strengthen strategic relations in areas where the ECDC is invested Strengthen collaboration with local development agencies Ensure alignment with spatial development planning Observe municipal standards and bylaws Meaningful participation in relevant forums Participate in broader planning structures and champion the ECDC mandate
Communities	<ul style="list-style-type: none"> Have many expectations (for example, around employment) – need to ensure mechanisms for continuous engagement
Suppliers and professional service providers	<ul style="list-style-type: none"> Efficient supply chain processes – fair, transparent and effective Focus on regional supplier/contractor development Strengthen enterprise development focus and support Improve contract negotiation, management, and reporting Consistency in the application of standards Timeous payment for work done
Industry associations	<ul style="list-style-type: none"> Tap into their knowledge to strengthen the ECDC's offering
Universities/Institutions of Higher Education	<ul style="list-style-type: none"> Create partnerships for research collaboration, content support, and enhancing content
Internal Stakeholder Groups	
Shareholder	<ul style="list-style-type: none"> Continue to engage management fees and surplus “sweeping” – underpinned by the Treasury prescript (supply chain management process) Strengthen engagement with DEDEAT working groups - engage in a way that supports delivery on initiatives (act as implementing agents – what objectives can ECDC assist with?) Practically deliver on the developmental mandate Demonstrate collaboration and support for sister agencies objectives Ensure sound and defensible performance reporting Ensure sound corporate governance Ensure solid return on investment

Internal Stakeholder Groups

Labour and employee associations	<ul style="list-style-type: none"> Ensure consultation on policies – ensure buy-in and support
Employees	<ul style="list-style-type: none"> Ensure a working environment which is conducive to achieve organisational objectives Provide opportunities for growth and development Nurture a culture of recognition, communication, and transparency Involve and consult on all matters affecting labour Implement and monitor the “living” of the corporate values
ECDC subsidiaries	<ul style="list-style-type: none"> Are we aware of what is happening in the subsidiaries? – need to strengthen relationships for good of the group Need to work with them to ensure success Consider a shared services approach and model.

A comprehensive stakeholder management and partnering strategy aligned with the strategic plan should be implemented. The implementation will aid the ECDC in dealing with the stakeholder expectations and requirements.

4.SWOT ANALYSIS

The aforementioned internal environment analysis informs the updated strength-weakness-opportunities-threats (SWOT) analysis:

S: Internal Strengths (to leverage)	W: Internal Weaknesses (to mitigate)
<ul style="list-style-type: none"> Provincial footprint and regional offices. New senior managers and staff appointed. Provincial footprint and regional offices. Good financial governance reflected through several unqualified audit opinions. Diversified property asset base which is unencumbered. Property management and administration system in place. In-house capacity for the planning, implementation, and project management of large capital projects. Well established trade and investment capability outside the SEZs. Established networks, partnerships, and collaboration. Key strategies for trading divisions finalised or approved, and implementation has commenced. 	<ul style="list-style-type: none"> The ECDC trading services are underperforming financially Inadequate customer centricism (elements of non-responsiveness and slow turnaround) Limited agility - inadequate infrastructure/systems (especially loans) and Public Finance Management Act requirements, for example Limited capacity for in-depth economic research and analysis Underperforming property assets and condition of properties Under-funding of the mandate especially in economic development and sector support
O: External Opportunities (to take advantage of)	T: External Threats (to overcome)
<ul style="list-style-type: none"> Establishment of the Eastern Cape Economic Development Fund, with ECDC as fund manager. Ability to attract critical skills. Partnerships with global development funding institutions and donor community for resource leveraging. Development of vacant strategic commercial and industrial land. Unlock barriers for economic activities, such as urban planning, infrastructure and road maintenance, basic (bulk) service delivery, and ICT. Pursuit of broadband enabling infrastructure investments, including submarine cables in the Eastern Cape, which could enable the rollout of connectivity. Positioning of the ECDC as a funding aggregation channel intermediary. Expansion of SMME support services through value chain integration with other development finance and support agencies. Utilisation of fund management services as a vehicle to leverage development funding. Driving of catalytic investments in new industries and value chains, e.g., renewable energy, cannabis, digital economy, etc. 	<ul style="list-style-type: none"> National and provincial fiscal constraints Low levels of productive economic activity in the former homeland areas Eastern Cape limited competitiveness in attracting FDI Eastern Cape MSME competitiveness relating to locally manufactured products and capabilities of local enterprises Limited investment in project development that is, movement from the ideation phase to a bankable business plan Endemic culture of entitlement in communities impacting development initiatives Legacy deficit in the trust relationship with stakeholders and Shareholder, that is, reputational challenges Slow economic growth and development under-funding.

The external and internal environment analyses inform the strategic response, and the priorities and focus areas of the ECDC Results-Based Plan set out in Part D.

SECTION. D

MEASURING ECDC PERFORMANCE



1. ALIGNMENT TO THE 2023/24 – 2027/28 STRATEGIC PLAN

A visual representation of the ECDC Five-Year Strategic Framework, as defined in the strategic plan for 2023/24 - 2027/28, follows:

Figure 29: The ECDC Strategic Framework, 2024 to 2028

Our Mandate ECDC ACT - To plan, finance, coordinate, and market, promote and implement the development of the Province and all its people in the fields of industry, commerce, agriculture, transport and finance.

NDP Vision 2030, MTSF 2019-2024; PDP Goal 1: Innovative and inclusive growing economy; PDP Goal 2: An enabling infrastructure network; PDP Goal 6: Capable democratic institutions

Our Vision A leader in facilitating inclusive, sustainable economic growth in the Eastern Cape

Our Mission

To accelerate sustainable and inclusive economic growth and job creation in the Eastern Cape, by:

- Coordinating efforts to enhance economic competitiveness.
- Unlocking opportunities for investment and expansion in the economy.
- Creating an enabling environment for growth targeted investment and trade..
- Providing MSMEs and co-operatives with access to finance and business support, to enable them to be competitive participants in the economy; and
- Serving as the preferred implementing agent for economic programmes and infrastructure projects.

Our Values

- Accountability
- Excellence
- Client Focus
- Collaboration
- Sustainable Growth

Our Impact

A vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation.
Enabled by: A capable ECDC playing a catalytic role in the economic development of the Eastern Cape.

ECDC Reimagined Strategy 2021 Pillars	Financial Sustainability and viability	Property rationalisation and modernisation	Improved investment and trade promotion output	Reconfigured development finance function	Leader in economic development initiatives Driver for reindustrialisation Enabled digital economy	Enabling factors
Our Outcomes	1. A financially viable and sustainable organisation	2. A well-managed, smart, and competitive property portfolio	3. Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets	4. Increased growth and competitiveness of small enterprises in priority sector industries	5. Enhanced planning and coordination of economic development programmes and projects	6. A well-governed, agile, and high performing organisation

The ECDC has defined six "outcomes" (results) per the 2023/24 – 2027/28 strategy in its results-based management approach to achieve the necessary impact.

Progress on these outcomes is assessed through outcome level indicators and the five- year targets that are to be achieved by the end of the five-year period in March 2028.

2. STRATEGIC PLAN OUTCOMES ALIGNMENT

Alignment To National Priorities	Alignment To Provincial Priorities	BSC PERSP.	ECDC OUTCOME (The result we aim to achieve)	OUTCOME INDICATOR (How we track progress towards the result)	BASELINE (Audited 2021/22)	FIVE-YEAR TARGET (By 31 March 2028)	RESPONSIBLE TO CONSOLIDATE REPORTING
Medium Term Strategic Framework (MTSF) priority 1 – A capable, ethical and developmental state	Provincial Growth Development Strategy (PGDS) Goal 6: Capable democratic institutions Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) strategic pillar: Implementation of the ECDC Turnaround Strategy	Finance	1. A financially viable and sustainable organisation	1.1. Asset turnover ratio	7,6%	12%	Chief Financial Officer
				1.2. Current ratio	0.96:1	2:1	Chief Financial Officer
				1.3. Ratio of operating revenue to operating expenditure	0.98 :1	1:1	Chief Financial Officer
				1.4 Surplus on trading services (Properties and Loans)	-8,06%	5%	Chief Financial Officer
MTSF Priority 2 – Economic transformation and job creation	PGDS Goal 2: An enabling infrastructure network DEDEAT Strategic Pillar: Improve infrastructure planning, delivery, operations, and maintenance; roll out of industrial park master plans and packaging investment value chains and engaging with private sector partners to attract investors to industrial parks	Customer	2. A well-managed, smart, and competitive Property portfolio	2.1. Property portfolio yield	10%	15%	Executive: Properties and Infrastructure Management Services
				2.2. Property Portfolio debtors days - residential	2 070	60	Executive: Properties and Infrastructure Management Services
				2.3. Property Portfolio debtors days - commercial	1 017	60	Executive: Properties and Infrastructure Management Services
				2.4. Rand value of property development facilitated through leveraging and partnerships	R0	R900 million	Executive: Properties and Infrastructure Management Services
				2.5. Total Rand value of infrastructure projects under ECDC management	R442,987million	R1,273 billion	Executive: Properties and Infrastructure Management Services
MTSF Priority 2 – Economic transformation and job creation	PGDS Goal 1: Innovative and inclusive growing economy DEDEAT Strategic Pillar: Spatially balanced and inclusive economic development characterised by high economic growth; rapid development of high-potential economic sectors	Customer	3. Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets	3.1. Cumulative Rand value of investment facilitated	R5,2 billion	R13 billion facilitated (Estimate investment to be facilitated)	Chief Investment Officer
				3.2. Cumulative number of jobs facilitated through investments	15,200 jobs facilitated (2020-2022) R250 million investment creates an estimated 400 jobs	20 800 jobs estimated to be facilitated	Chief Investment Officer
				3.3. Cumulative Rand value of exports by supported enterprises	R910 million (2020-2022)	R1.7 billion	Chief Investment Officer
				3.4 Eastern Cape Economic Development Fund economic multiplier	NA	1:5	Chief Investment Officer
MTSF Priority 2 – Economic transformation and job creation	PGDS Goal 1: Create an enabling environment that supports economic enterprise development DEDEAT Strategic Pillar: Spatially balanced and inclusive economic development characterised by high economic growth; build resilient economic infrastructure that promotes economic activity	Customer	4. Increased growth and competitiveness of small enterprises in priority sector industries	4.1. Rand value of loans granted	R207 million (2020-2022)	High: R600 million Par: R400 million Low: R200 million	Executive: Rural and Enterprise Finance and Business Support
				4.2. Impairment rate on loans	75.67%	25%	Executive: Rural and Enterprise Finance and Business Support
				4.3. Total Rand value of funding leveraged directly for MSME projects	R52 951 500	High: R500 million Par: R400 million Low: R300 million	Executive: Rural and Enterprise Finance and Business Support
				4.4. Survival rate of ECDC supported small enterprises	New indicator	High: 80% Par: 60% Low: 50%	Executive: Rural and Enterprise Finance and Business Support
				4.5. Total number of jobs facilitated, created or saved by supported MSMEs and co-operatives	8 214 (2020-2022)	High: 15,000 Par: 12,000 Low: 10,000	Executive: Rural and Enterprise Finance and Business Support
MTSF Priority 2 – Economic transformation and job creation	PGDS Goal 1: Innovative and inclusive growing economy DEDEAT Strategic Pillar: Roll out of industrial park master plans, packaging investment value chains, and engaging with private sector partners to attract investors to industrial parks	Customer	5. Enhanced planning and coordination of economic development programmes and projects	5.1. Cumulative number of major projects (>R10 million) assessed for pre-feasibility	3	High: 25 Par: 17 Low: 15	Executive: Economic Development Coordination and Sector Support
				5.2 Rand value of economic development projects implemented (outcome of efforts)	New indicator	High: R500 million Par: R400 million Low: R300 million	Executive: Economic Development Coordination and Sector Support
MTSF Priority 1 – A capable, ethical and developmental State	PGDS Goal 6: Capable democratic institutions DEDEAT Strategic Pillar: Implementation of ECDC Turnaround Strategy; Enabled, simplified and responsive business processes	Process and Learning and Growth	6. A well-governed, agile, and high-performing organisation	6.1. External audit outcome	Unqualified, with matters of emphasis	A clean audit outcome	Chief Financial Officer
				6.2 Vacancy rate against approved positions in new structure	37%	<10% vacancy rate against approved staff establishment	Executive: Corporate Services

3. FIVE YEAR STRATEGY TARGETS

4. FUNCTIONAL DESIGN

For delivering on the set development outcomes, the ECDC functional design is constituted by the following functional areas:

Business Division	Key Functions
1. Investment Management, Trade and Investment Promotion	<ol style="list-style-type: none"> Investment Management Trade Promotion Investment Promotion Fund management and resource mobilisation Investment projects pipeline development and projects funding structuring Advisory services
2. Rural and Enterprise Finance and Business Support	<ol style="list-style-type: none"> Enterprise financial services Entrepreneurship development support Business support services Workout and restructuring Credit risk management
3. Properties and Infrastructure Management Services	<ol style="list-style-type: none"> Asset management Real estate and facilities management Leasehold management Infrastructure programme and project management Infrastructure development Investment property management
4. Economic Development Coordination and Sector Support	<ol style="list-style-type: none"> Sector and industry development Economic development co-ordination and facilitation Industrial development Commercialisation and project structuring Manufacturing localisation Agro-processing support Digital economy
5. Corporate Services	<ol style="list-style-type: none"> Human capital management and development ICT and digital solutions Communications and corporate image management Records and knowledge resource management Performance information management and corporate reporting Office management
6. Finance and Supply Chain Management	<ol style="list-style-type: none"> Financial accounting Cost and management accounting Supply chain management and strategic procurement Treasury and financial sustainability Subsidiaries and associate entities financial management support
7. Legal, Compliance and Governance	<ol style="list-style-type: none"> Board and shareholder management Internal audit Corporate compliance Enterprise risk, compliance and ethics management Legal advisory services and contract management Stakeholder management and special projects
8. Strategy and Regional Operations	<ol style="list-style-type: none"> Strategy formulation Regional office coordination Operations integration and optimisation Service standards monitoring and continuous improvement

5. 2024/25 CORPORATE PERFORMANCE SCORECARD

These business divisions contribute to the attainment of the outcomes through their relevant outputs, output indicators, and annual and quarterly targets, as reflected in the following sections:

5.1. DIVISION 1: INVESTMENT MANAGEMENT, TRADE AND INVESTMENT PROMOTION

5.1.1. PURPOSE

In support of the ECDC mandate, vision and mission, the Division aims to:

- Promote the Eastern Cape as a preferred destination for investment and trade and unlock investment and expansion opportunities for Eastern Cape enterprises
- Ensure that the ECDC deliberately evolves its business model towards a more commercial organisation, generating sufficient revenue from its operations and investing activities to ensure sustainability.

The Division directly contributes the ECDC goal of creating “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation” through its key result areas:

Outcome 3: Increased investment in priority economic sectors and the diversification of exports and trade in traditional and new markets

- To implement a coordinated Investment Management, Trade and Investment Promotion (IMTIP) strategy
- To prioritise sectors and industries that contribute to the transformation of the economy’s structure - precision planning and facilitation of economic development projects
- To facilitate access to markets for Eastern Cape enterprises.

via**ble and sustainable organisation**, and **Outcome 6: A well-governed, agile and high-performing organisation**, through:

- Securing sustainable annuity and investment income, and investment management fee income.
- Implementing cost-containment and efficiency improvement measures.
- Engaging with government and private sector to secure support and funding for economic development projects and programmes.
- Improving trade and investment management processes and systems to enhance performance.

The 2024/25 performance plan of the Division is reflected in the following tables:

In addition, the Division indirectly supports **Outcome 1: A financially**

5.1.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Increased investment in priority economic sectors and diversification of exports and trade in traditional and new markets	Investment facilitation	1.1. Rand value of investments facilitated per annum	R128,3 million	R162,2 million	R5,2 billion	R350 million	R350 million	R450 million	R500 million
		1.2. Number of investor leads landed and/or existing investors supported	N/A	N/A	48	75	100	150	200
		1.3. Number of sectoral catalytic investment projects supported	6	8	10	10	12	15	20
		1.4. Number of jobs facilitated through trade and investment support per annum	1207	1001	1615	530	640	720	750
Trade and export promotion		1.5. Rand value of exports facilitated per annum	R352,7 million	R384,3 million	R121,9 million	R200 million	R220 million	R350 million	R400 million
		1.6. Number of enterprises trained on trade and export readiness	171	314	283	160	180	200	250
Investment Stimulation		1.7. Percentage of allocated Economic Development Fund (EDF) approved and disbursed (Disbursed amount/capital allocation less implementation fees)		N/A	N/A	88% (R81m/R92m)	75%	75%	75%
		1.8. Value of resources leveraged through the EDF expressed as percentage of approved annual EDF application funding		N/A	N/A	R78 million	50% of EDF approved application funding	80% of EDF approved application funding	100% of EDF approved application funding

5.1.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTERLY TARGETS				
			2024/25 ANNUAL TARGET	Q1 Apr - Jun 2024	Q2 Jul - Sep 2024	Q3 Oct - Dec 2024	Q4 Jan - Mar 2025
Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets	Investment facilitation	1.1. Rand value of investments facilitated per annum	R350 million (Cumulative)	R30 million	R150 million	R250 million	R350 million
		1.2. Number of investor leads landed and/or existing investors supported	100 (cumulative)	20	50	70	100
		1.3. Number of sectoral catalytic investment projects supported	12 (cumulative)	3	5	8	12
		1.4. Number of jobs facilitated through trade and investment support per annum	640 (cumulative)	150	350	550	640
	Trade and export promotion	1.5 Rand value of exports facilitated per annum	R220 million (Cumulative)	R30 million	R100 million	R170 million	R220million
		1.6. Number of enterprises trained on trade and export readiness	180	0	55	110	180
	Investment Stimulation	1.7. Percentage of allocated Economic Development Fund (EDF) approved and disbursed (Disbursed amount/capital allocation less implementation fees)	75%	20%	50%	65%	75%
		1.8. Value of resources leveraged through the EDF expressed as percentage of approved annual EDF application funding	50% of EDF approved application funding	10% of EDF approved application funding	30% of EDF approved application funding	40% of EDF approved application funding	50% of EDF approved application funding

5.1.4. PRIORITIES OVER THE MEDIUM-TERM PERIOD

Over the medium-term period, the Division will focus on fully implementing the ECDC Trade, Investment and Innovation Strategy.

A key catalytic initiative is establishing a consolidated Provincial Economic Development Fund. Sponsored by Provincial Treasury and led by DEDEAT, the ECDC has been designated as the fund manager.

Due care must be exercised in formulating the fund implementation arrangements to ensure a good balance between fund accessibility and fund protection.

In addition to economic development dividends and/or commercial returns in funded ventures, it is critical to incorporate resource leveraging and the protection of capital as key performance indicators for the fund. The fund management structure and the fund itself will operate as a ring- fenced operation within the ECDC.

5.2. DIVISION 2: RURAL, ENTERPRISE FINANCE AND BUSINESS SUPPORT

5.2.1. PURPOSE

In support of the ECDC mandate, vision and mission, the Division aims to:

- Serve as a catalytic, sustainable provider and aggregator of enterprise finance and business support solutions for the growth and development of competitive small enterprises in identified priority sector industries, including small towns, rural areas, and townships.

The Division directly contributes to the ECDC goal of creating “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation” through its key result areas:

Outcome 4: Increased growth and competitiveness of small enterprises in priority sector industries

- To implement a targeted entrepreneurship/channel development programme
- To provide development finance support to small enterprises through a direct finance channel
- To support informal and formal micro-enterprises to grow their income and asset base through wholesale microfinancing.
- To administer and leverage financial incentives and provide non-financial business support services.
- To provide strapped-in business support for the investment management cycle, to improve survival and growth rates, and to secure the ECDC’s investment.
- To provide workout and restructure support
- To serve as an aggregator/intermediary of funding support for enterprises.

In addition, the Division indirectly supports **Outcome 1: A financially viable and sustainable organisation, and Outcome 6:**

A well-governed, agile, and high-performing organisation, through its focus on:

- Retaining and growing the principal capital amount of the ECDC’s loan portfolio
- Improving revenue generation and income collection
- Implementing cost-containment and efficiency improvement measures
- Engaging with the government and private sector to secure support and funding for enterprise development and support
- Tracking, monitoring and evaluating the impact of support provided to enterprises.
- Improving the efficiency and effectiveness of deal origination and investment management.

The 2024/25 performance plan of the Division is reflected in the following page.

5.2.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Increased growth and competitiveness of small enterprises in priority sector industries	MSMEs supported with financial services	2.1. Number of MSMEs receiving financial support (loans and financial incentives)	87	78	160	330	380	450	500
		2.2. Number of co-operatives and participating enterprises/individuals receiving financial support	26	27	32	50	55	70	80
		2.3. Value of funds leveraged directly for MSME projects	N/A	N/A	R30 million	R100 million	R100 million	R150 million	R200 million
	MSMEs supported with non-financial services	2.4. Number of enterprises and individuals receiving entrepreneurship and business development support	256	256	242	300	250	350	400
		2.5. Number of MSMEs supported with training and development	914	750	568	600	550	700	750
		2.6. Number of jobs facilitated (through loans)	437	478	150	250	300	400	500
		2.7. Number of jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund	1 343	1,683	1 116	1 300	1 350	1600	1800

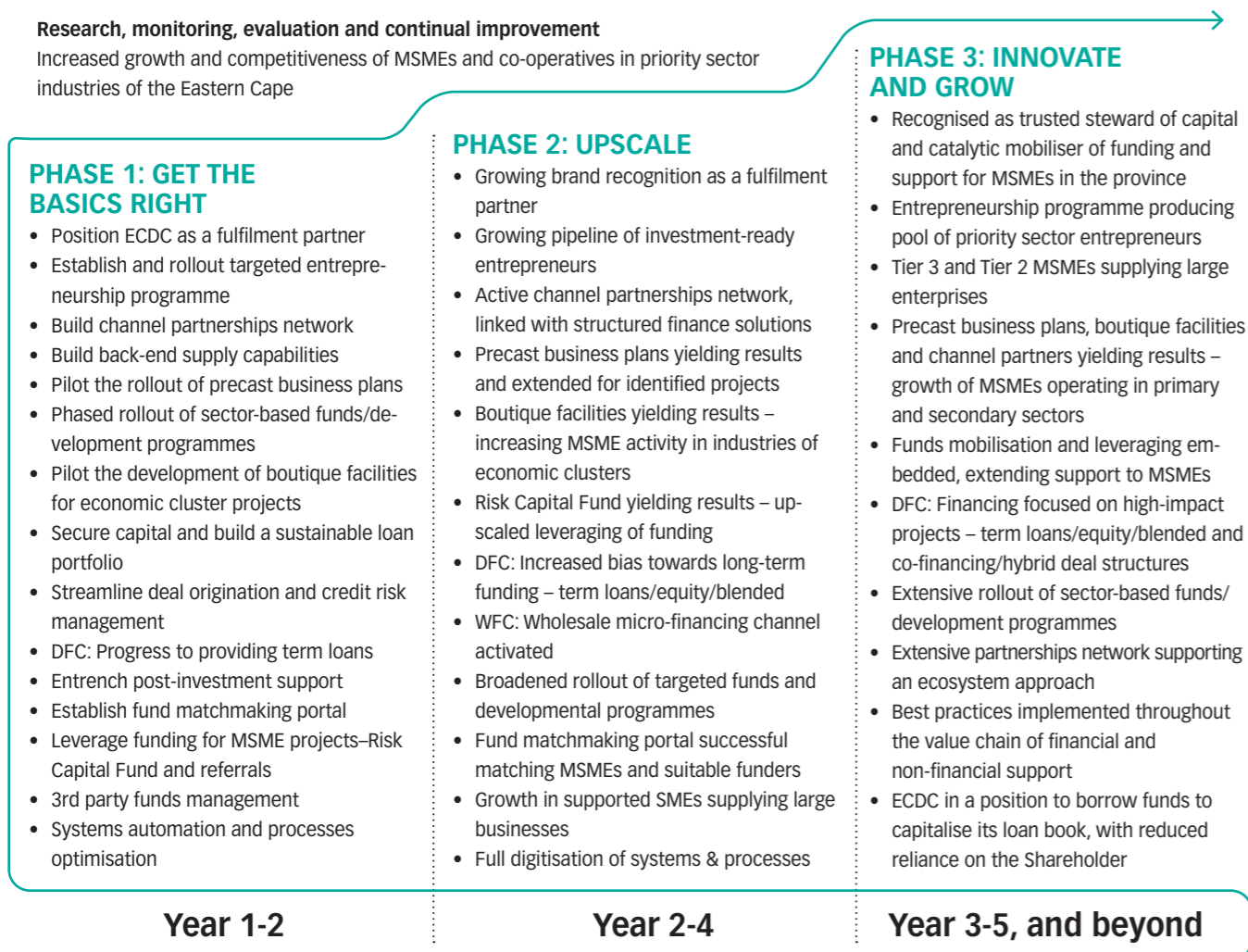
5.2.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2024/25 ANNUAL TARGET	QUARTERLY TARGETS			
				Q1 Apr - Jun 2024	Q2 Jul - Sep 2024	Q3 Oct - Dec 2024	Q4 Jan - Mar 2025
Increased growth and competitiveness of small enterprises in priority sector industries	MSMEs supported with financial services	2.1. Number of MSMEs receiving financial support (loans and financial incentives)	380 (cumulative)	150	300	340	380
		2.2. Number of co-operatives and participating enterprises/individuals receiving financial support	55 (cumulative)	15	35	45	55
		2.3. Value of funds leveraged directly for MSME projects	R100 million (cumulative)	R20 million	R60 million	R80 million	R100 million
	MSMEs supported with non-financial services	2.4. Number of enterprises and individuals receiving entrepreneurship and business development support	250 (cumulative)	60	140	200	250
		2.5. Number of MSMEs supported with training and capacity development	550 (cumulative)	100	300	450	550
	MSME jobs facilitated, saved and/or created	2.6. Number of jobs facilitated through loans	300 (cumulative)	50	180	250	300
		2.7. Number of jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund	1 350 (cumulative)	400	850	1100	1 350

5.2.4 PRIORITIES OVER THE MEDIUM-TERM PERIOD

Over the medium-term, the Division will focus on the full implementation of the Business Strategy and Operating Model for Small Enterprises Finance and Business Support, reflected below:

Figure 30: Phases of REF&BS Business Strategy



Note: The phases are not necessarily sequential due to dependencies – overlaps are reflected by the timeframes

5.3. DIVISION 3: PROPERTIES AND INFRASTRUCTURE MANAGEMENT SERVICES

5.3.1.PURPOSE

In support of the ECDC mandate, vision and mission, the Division aims to:

- Transform the property portfolio of the ECDC into a well-managed, smart, competitive offering that underpins socio-economic development in an environmentally sustainable manner. It will be achieved through rationalising, transforming, and investing for growth in the property portfolio.

The Division directly contributes the ECDC goal of creating “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation” through its key result areas:

Outcome 1: A financially viable and sustainable organisation

- To rationalise, refurbish, and enhance the ECDC property asset base
- To improve revenue generation and income collection from

trading divisions

- To implement cost-containment and efficiency improvement measures
- To engage with the government and private sector to secure support and funding.

Outcome 2: A well-managed, smart, and competitive Property portfolio

- To improve the condition quality of the Property portfolio, and the number of units available to let.
- To improve tenant satisfaction.
- To provide affordable premises for MSMEs and co-operatives.

Outcome 5: Enhanced planning and coordination of economic development programmes and projects

- To design and deliver project management services (to provincial and local government) to enhance the delivery of services to investors.

In addition, the Division indirectly supports Outcome 6: A well-governed, agile, and high- performing organisation, through its focus on improving property and facilities management processes.

The 2024/25 performance plan of the Division is reflected in the following log frame tables:

5.3.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
A financially viable and sustainable organisation		3.1. Rand value spend on the ECDC property acquisitions, re-furbishment and upgrade	N/A	N/A	R6,441 million	R50 million	R120 million	R76.5 million	R91.5 million
	Property portfolio balance sheet management	3.2. Rand value capital raise from property disposals	N/A	R19,2 million	R44,374 million	R37,7 million	R45 million	R60 million	R55 million
		3.3. Rand value leverage from private sector	N/A	N/A	R0	R0	R50 million	R70 million	R100 million
A well-managed, smart, and competitive property portfolio	Property portfolio management	3.4 Rental collections as a percentage of billings	57%	58%	67%	66%	70%	75%	80%
Enhanced planning and coordinating economic development programmes and projects	Infra-structure delivery revenue generation	3.5 Rand value of Infrastructure programme under management for current year (external clients)	N/A	N/A	R356 million	R450 million	R500 million	R700 million	R900 million
		3.6. Rand value of revenue from project and programme management services (external clients)	N/A	R10,23 million	R17,6 million	R8 million	R11 million	R13 million	R14 million

5.3.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2024/25 ANNUAL TARGET	QUARTERLY TARGETS			
				Q1 Apr - Jun 2024	Q2 Jul - Sep 2024	Q3 Oct - Dec 2024	Q4 Jan - Mar 2025
A financially viable and sustainable organisation	Property portfolio balance sheet management	3.1. Rand value spend on the ECDC property acquisitions, refurbishment and upgrade	R120 million (cumulative)	R20 million	R55 million	R95 million	R120 million
		3.2. Rand value capital raise from property disposals	R45 million (cumulative)	R0 million	R15 million	R35 million	R45 million
		3.3. Rand value leverage from private sector	R50 million (cumulative)	R0 million	R0 million	R10 million	R50 million
A well-managed, smart, and competitive property portfolio	Property portfolio management	3.4. Rental collections as a percentage of billings	70%	70%	70%	70%	70%
Enhanced planning and coordinating economic development programmes and projects	Infrastructure delivery revenue generation	3.5. Rand value of infrastructure programme under management for current year (external programmes)	R500 million (cumulative)	R250 million	R350 million	R450 million	R500 million
		3.6. Rand value of revenue from project and programme management services (external clients)	R11 million (cumulative)		R350 million	R8.8 million	R11 million

5.3.4. PRIORITIES OVER THE MEDIUM-TERM PERIOD

The ECDC is well-placed to use its property management and development capabilities to facilitate and manage the implementation of socio-economic infrastructure programmes and projects in the province on behalf of client departments and municipalities. It is a revenue generation opportunity for the portfolio.

Over the medium-term period, the Division will focus on fully implementing the Revised Property Development and Modernisation Strategy.

5.4. DIVISION 4: ECONOMIC DEVELOPMENT COORDINATION AND SECTOR SUPPORT

5.4.1. PURPOSE

In support of the ECDC mandate, vision and mission, the Division aims to:

- **Advance coherence in the planning, executing, financing, and implementing economic development projects and infrastructure in the province.**

The Division directly contributes to the ECDC goal of creating “a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation” through its key result areas:

Outcome 1: A financially viable and sustainable organisation

- To engage with the government and private sector to secure support and funding for economic development projects and programmes.

Outcome 5: Enhanced planning and coordination of economic development programmes and projects

- To strengthen business development and sector intelligence capabilities, to inform evidence-based decision-making.
- To prioritise sectors and industries that stand to better transform the structure of the economy - precision planning and facilitation of economic development projects.
- To assist DEDEAT to achieve greater economic coordination.
- To ensure project identification and planning process efficiencies.

In addition, the Division indirectly supports **Outcome 6: A well-governed, agile, and high-performing organisation**, by focusing on improving the efficiency and effectiveness of management processes and systems to enhance performance.

The 2024/25 performance plan of the Division is reflected in the following tables:

5.4.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE		ESTIMATED PERFORMANCE	MTEF TARGETS		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
A financially viable and sustainable organisation	Capital raising and resource leveraging	4.1. Rand value of funding leveraged for implementation of economic projects	N/A	R30 million	R60 million	R60 million	R70 million	R80 million
Enhanced planning and coordination of economic development programmes and projects	Economic development coordination and precision project planning	4.2. Number of catalytic economic development projects identified and supported, which are aligned to provincial priorities	N/A	7	12	14	16	20
		4.3. Number of major projects (min R10 million per project) assessed for feasibility (internally or externally)	N/A	3	5	6	8	10

5.4.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2024/25 ANNUAL TARGET	QUARTERLY TARGETS			
				Q1 Apr - Jun 2024	Q2 Jul - Sep 2024	Q3 Oct - Dec 2024	Q4 Jan - Mar 2025
A financially viable and sustainable organisation	Capital raising and resource leveraging	4.1. Rand value of funding leveraged for implementation of economic projects	R60 million (cumulative)	R10 million	R30 million	R45 million	R60 million
Enhanced planning and coordination of economic development programmes and projects	Economic development coordination and precision project planning	4.2. Number of catalytic economic development projects identified and supported, which are aligned to provincial priorities	14 (cumulative)	3	8	12	14
		4.3. Number of major projects (R10 million) assessed for feasibility (internally or externally)	6 (cumulative)	1	3	4	6

5.4.4 PRIORITIES OVER THE MEDIUM-TERM PERIOD

Recently, the ECDC has not played an effective role in economic coordination in the province. There is a need to develop various economic master plans for the priority sectors and a project pipeline of opportunities ready for commercialisation. It will require that the ECDC, in line with its mandate as a lead development agency of the province, coordinates these planning aspects of economic development and then facilitates and drives these initiatives. In this regard, the ECDC needs to build partnerships and relationships premised on development value, mutual respect, and trust between itself and its partners. Over the medium term, the Division's focus is informed by the ECDC Economic Development Priority Sectors, Programmes and Project Support Plan (EDP). The plan outlines sectors of focus and development by the ECDC. The EDP's intention is to provide projects across the districts through which the ECDC can partner through strategic and loan/equity financing to develop sector focus.

5.5 SUPPORT SERVICES AND FINANCE

5.5.1 PURPOSE

In support of the ECDC mandate, vision and mission, the Division's aim to:

- Provide seamless, efficient and effective governance and corporate support functions to the ECDC's core business units
- Provide seamless, efficient and effective financial management and supply chain management services to the ECDC's core business units.

The Division directly contributes to the ECDC goal of creating "a vibrant Eastern Cape economy, anchored on sustainable and inclusive economic growth and job creation" through its key result areas:

Outcome 1: A financially viable and sustainable organisation

- To ensure effective financial management and internal controls
- To secure sustainable annuity and investment income, and investment management fee income
- To implement cost-containment and efficiency improvement measures.

Outcome 6: A well-governed, agile, and high-performing organisation.

- To ensure good governance and compliance
- To improve management processes and systems to enhance performance
- To support efficient and effective operations
- To implement effective customer and stakeholder relations management
- To strengthen the brand visibility of the ECDC
- To ensure effective human capital management and development.

The 2024/25 performance plan of the Division's is reflected in following tables:

5.5.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED PERFORMANCE		ESTIMATED PERFORMANCE	MTEF TARGETS		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
A financially viable and sustainable organisation	Financial management and internal controls	5.1. Average number of days to pay suppliers	30 days	30 days	30 days	30 days	30 days	30 days
	Organisational governance and compliance	5.2. External audit outcomes	Unqualified, with matters of emphasis	Unqualified, with matters of emphasis	Unqualified, with no matters of emphasis	Unqualified, with no matters of emphasis	Clean, with no matters of emphasis	Clean, with no matters of emphasis
A well-governed, agile, and high-performing organisation	Human capital management and development	5.3. Minimum percentage of annual performance contracts in place and reviews undertaken	90%	95%	90%	90%	90%	90%



5.5.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2024/25 ANNUAL TARGET	QUARTERLY TARGETS			
				Q1 Apr - Jun 2024	Q2 Jul - Sep 2024	Q3 Oct - Dec 2024	Q4 Jan - Mar 2025
A financially viable and sustainable organisation	Financial management and internal controls	5.1 Average number of days to pay suppliers	30 days	30 days	30 days	30 days	30 days
A well-governed, agile, and high-performing organisation	Organisation- al governance and compliance	5.2. External audit outcomes	Unqualified, with no matters of emphasis	N/A	N/A	N/A	Unqualified, with no matters of emphasis
	Human capital management and development	5.3. Minimum percentage of annual performance contracts in place and reviews undertaken	90%	0	90%	0	90%

5.5.4 GOVERNANCE PRIORITIES OVER THE MEDIUM-TERM PERIOD

In addition to ensuring sound governance and financial management, and strengthened internal controls, over the medium term, the Division will focus on:

1. Enterprise-wide risk management: Risk management underpins the ECDC's governance arrangements. It is a fundamental component of the internal control framework that supports good governance by reasonably assuring that a business will meet its objectives without exceeding its ability to accept or tolerate risk.

Over the medium term, priority is on:

- Embedding risk management in all organisational activities.
- Developing a shared understanding of the ECDC's risks and their management.
- Measuring, controlling, and monitoring the ECDC's risks.
- Continuing to improve the ECDC's risk management practice.

2. Implementing the Anti-Fraud and Corruption Strategy, including:

- Creation of fraud and corruption awareness through training and communication
- A Code of Ethics and Business Conduct contains a set of values management believes and requires their staff to adhere to
- The ECDC's policies, procedures, rules, regulations, and other prescripts (including the PFMA and Treasury regulations)
- Disciplinary code and procedures
- Implementation of sound internal controls to prevent and detect fraud and corruption
- An anti-fraud and corruption investigative capacity
- Ongoing fraud and corruption risk assessments
- Management structures to develop, implement, monitor, and assess the Fraud and Corruption Prevention Strategy
- An anti-fraud and corruption reporting mechanism for confidential reporting
- Physical and information security.

3. Implementing the social responsibility and ethics awareness plan aimed at

- Collaborating with other functions (Compliance, risk management, internal audit, and human resources, for example) to report unethical behaviour to appropriate channels for investigation and resolution
- Developing and implementing ethics awareness and other ethics training programmes and anti-corruption measures
- Identifying trends in unethical behaviour/behaviour that transgress the Corporation's Code of Ethics/Conduct
- Ensuring organisational integrity of policies, procedures, and practices
- Obtaining reports from designated officials and reporting any conflict of interests to the Board
- Identifying (through whistleblowing lines and other channels) and reporting on unethical behaviour and corrupt activities
- Maintaining a database of all employees under investigation and those disciplined for unethical conduct
- Providing regular feedback to the Board and executive management on ethics performance and challenges.

1. Implementing the human capital plan for the ECDC to deliver on its strategy and provide superior customer service. It is critical to transform human resources (people) into more productive assets and to plan and match people according to the Corporation's strategic needs. The ECDC aims to prioritise investment in human capital and build a disparate people strategy based on its core business areas and transversal services.

Informed by the Human Capital Plan, various key initiatives are being implemented. These include:

- Implementing the approved organisational structure and investing in human capital in line with the new impetus of the ECDC
- Enhance nurturing of skills, focusing internally and externally through progressive policies and systems on human capital management
- Consolidate the performance management system and accountability culture
- Develop and implement leadership development strategies
- Implement the human resource standards in terms of the SA Board for People Practices, including the human resources audit
- Reviewing and benchmarking salary scales in line with market standards
- Strengthening and ensuring sound labour relations in the workplace.

2. Implementation of the employment equity strategy - ECDC's employment equity intends to ensure equitable consideration of all groupings within the population, considering the demographic character of the Eastern Cape. A comparison of the ECDC's employment equity components is performed on a regular basis.

3. Strengthened corporate public relations, communication, and marketing - - Based on the findings obtained so far, the ECDC is continually enhancing its strategic positioning and ancillary marketing and communication. In addition, the ECDC has prioritised customer service through its business units as an imperative to close the gaps identified with the products and services the ECDC delivers.

The following communication and marketing objectives have been formulated to contribute to effectively marketing the services of the ECDC by promoting its strategic goals and objectives, internally and externally:

- Manage and build sound stakeholder relations (internally and externally)
- Continue building a strong ECDC brand
- Establish a sound customer service model
- Improve effective communication
- Promote the business of the ECDC through:
 - Driving marketing of products and services
 - Researching target market needs
 - Ensuring continued visibility of the ECDC.

4. Enhanced information and communications technology aims to shift from a "transactional support focus" to "information optimisers", able to enhance collaboration, creating systemic integration and unlocking the potential value of ICT investments.

5. Create sound paperless records management culture across ECDC. The aim is to secure the ECDC information and records through a sound electronic document and records management system.

SECTION. E

FINANCIAL PLAN AND GOVERNANCE



1. CASH INFLOWS AND OUTFLOWS FOR THE 2024/25 FINANCIAL YEAR AND MTEF PERIOD

1.1 ALLOCATIONS FROM THE SHAREHOLDER

The budget is, based on the draft budget allocation letter received from DEDEAT.

The budget allocation to the ECDC covers four categories.

The first is unconditional grants amounting to R136,201 million to fund the mandate for MSME support, trade investment and promotion activities, and economic development and sector support.

The second is conditional grants amounting to R94,195 million, allocated to fund specific ring-fenced projects or programmes aligned with the governments mandate.

The third relates to transfers amounting to R68,481 million to other entities, including support for the automotive industry, MSME development and economic development within the province.

The final category relates to recapitalisation funding, which is allocated for developing and modernising the property portfolio and funding enterprise development to issue loans. The recapitalisation funds amount to R26,5 million for properties and R12 million for loans.

Budget allocation DEDEAT and ECPT for the year ended March 2025

CATEGORY OF FUNDING	Actual 2023/24 R '000	Budget 2024/25 R '000	MTEF 2025/26 R '000	MTEF 2026/27 R '000
Unconditional grants	194 608	136 201	129 464	107 499
Conditional grants (15% management fees)	190 854	94 195	64 769	53 601
Transfers (No management fees)	126 174	68 481	72 040	72 040
Recapitalisation - Property modernisation and development	55 000	26 500	31 500	31 500
Recapitalisation - Enterprise Financing	30 000	12 000	12 000	12 000
Total	596 636	337 377	309 773	276 640

ECDC Budget Allocation

ECDC Mandate - Unconditional	194 608	136 201	129 464	107 499
SMME support	92 586	80 139	71 188	46 980
Trade & investment and Innovation	102 022	48 562	48 776	49 019
Economic Development and Sector Support	-	7 500	9 500	11 500
ECDC Mandate - Conditional	190 854	94 195	64 769	53 601
Jobs Stimulus and Protection Fund	17 178	17 017	17 091	17 923
Imvaba Fund	25 446	25 178	25 178	25 178
Eastern Cape Economic Development Fund (EC-EDF)	100 000	30 000	-	-
Film fund - Production	8 230	12 000	12 000	-
Film fund - Infrastructure	20 000	-	-	-
Agro-processing support	20 000	10 000	10 500	10 500
ECDC - Direct Transfers	126 174	68 481	72 040	72 040
AIDC:Operations	59 158	33 000	35 000	35 000
AIDC:Automotive Industry support	62 605	31 175	32 734	32 734
Non Automotive Manufacturing (NAM) Cluster	920	920	920	920
EC Automotive Industry Forum (ECAIF)	921	921	921	921
Chemin Incubation	1 570	1 465	1 465	1 465
Production Technology SA (PTSA)	1 000	1 000	1 000	1 000
ECDC - Recapitalisation	85 000	38 500	43 500	43 500
Property Development and Modernization	55 000	26 500	31 500	31 500
SMME - Enterprise Financing	30 000	12 000	12 000	12 000
ECDC - Total Budget Allocation	596 636	337 377	309 773	276 640

1.2 CASH INFLOW AND OUTFLOW FOR THE 2024/25 - 2027/28 MTEF

Cash budget for the 2024/25 financial year and MTEF period

Details	Budget	Budget	Budget	Budget
	FY 2025	FY 2026	FY 2027	FY 2028
Government subsidy	306 632	282 220	253 605	266 285
Transfers AIDC, ECAIF (No implem. fees)	68 481	72 040	72 040	75 642
Conditional grants (15 % implementation fees)	81 216	54 103	44 591	46 821
Unconditional grants (ECDC Mandate)	118 435	112 577	93 474	98 147
Property modernisation and development (Recapitalisation)	26 500	31 500	31 500	33 075
SMME Loans Recapitalisation	12 000	12 000	12 000	12 600
Inflows generated from operations	201 661	225 721	231 183	202 676
Trading Services Income	134 282	141 930	152 923	168 215
Rental and Recoveries inflow	94 276	103 704	114 074	125 481
Interest on Loans	9 281	12 065	13 272	14 599
Investment income	12 874	14 161	15 578	17 135
Admin Fees	2 376	2 614	2 875	3 162
Bad debt and other recoveries	15 475	12 000	10 000	11 000
Management Fees	22 379	23 791	23 260	24 460
Project Management Fees	6 750	13 125	14 250	15 000
Implementation Management Fees	12 979	10 666	9 010	9 460
Program Management fees	2 650	-	-	-
Property Realization Account transfer	45 000	60 000	55 000	10 000
One Stop Shop Grant Funding	2 000	2 200	2 420	2 664
Cash Inflows	510 293	510 141	487 208	471 625
Salaries and wages	147 890	153 806	159 958	166 356
Directors fees	2 287	2 401	2 521	2 647
Project costs	253 338	237 229	197 012	162 620
Direct property costs	73 590	81 562	90 877	101 219
Repairs and maintenance	8 900	8 790	8 905	8 500
Insurance	5 409	6 004	6 665	7 664
Security services	8 000	8 400	8 820	9 261
Industrial park management services	3 500	3 675	3 859	4 052
Rates and Taxes	30 275	34 816	40 039	46 044
Electricity and water	14 956	17 199	19 779	22 746
Valuation fees	1 500	1 575	1 654	1 736
Debt collection charges - properties	1 050	1 103	1 158	1 216
Debt collection charges - loans	670	704	739	776

Category of Funding	Budget	Budget	Budget	Budget
	FY 2025	FY 2026	FY 2027	FY 2028
Marketing and development costs	2 500	2 625	2 756	2 894
Travel and accommodation	1 750	1 838	1 929	2 026
Communication costs (Telecoms and ICT)	2 950	3 098	3 252	3 415
Audit fees	3 750	3 938	4 134	4 341
Consulting fees	4 250	4 463	4 686	4 920
Licences	3 831	3 996	4 195	4 402
Rent paid	3 779	3 968	4 166	4 375
Legal fees	3 750	3 938	4 134	4 341
Cleaning services	1 125	1 094	1 149	1 207
Staff training and development	1 500	1 575	1 654	1 736
Personnel selection costs	1 500	1 575	1 654	1 736
Bank charges	525	551	579	608
Other operating costs	1 308	1 383	1 393	1 566
Cash Outflows	510 293	510 141	487 208	471 625
Surplus / (Deficit)	0,00	-0,00	-0,00	-0,00

Notes to the cash flow projections:

- The projections are based on cash inflows and cash outflows.
- Government grants are based on the allocations from DEDEAT as per the allocation letter.
- The revenue from investment property is based on the available units once disposals have been effected with an increase in the number of available units and rate per unit once refurbishment has been done.
- Cost of employment has been adjusted for a 5,5% cost of living allowance for the 2024/25 financial year and a 4% cost of living allowance for the MTEF period.
- Project costs are directly linked to the extent of conditional grants allocated to the ECDC.

2. KEY RISKS AND MITIGATIONS FROM THE STRATEGIC PLAN

The key risks reflected in the 2023/24 - 2027/2028 strategic plan is aligned with the outcomes, and have been updated:

Outcome	Key Risks	Risk Mitigations
1. A financially viable and sustainable organisation	<ul style="list-style-type: none"> Failure of borrower or debtor to meet its payment obligations in accordance with agreed terms Inadequate return on assets Lack of funds to support enterprise development Delays in the approval and completion of projects and programmes at the right quality and within budget Lower than anticipated profits or experiencing a loss rather than taking a profit Inability to meet short and long term obligations on a timely basis 	<ul style="list-style-type: none"> Implement asset whole lifecycle management. Cash flow forecasting submitted to Exco and Board subcommittees. Revenue optimisation and cost minimisation strategy implemented. Implement best practice credit management principles e.g. credit risk analysis, risk mitigation (security), monitoring, credit control and debt collection. Engage with the government and private sector to secure funding for loans, projects, and investments.
2. A well-managed, smart and competitive Property portfolio.	<ul style="list-style-type: none"> Ineffective maintenance planning and operating model. Safety incident(s), due to non-compliance with Occupational Health and Safety Act (OHS) Act and other legislation. Lack of private sector partnerships/support. Invasions, land grabs, and vandalism. 	<ul style="list-style-type: none"> Implement the revised property modernisation strategy. Market studies commissioned to support investment decision and ideal tenant mix. Financial viability conducted to ensure required rates of return are achievable.

Outcome	Key Risks	Risk Mitigations
	<ul style="list-style-type: none"> Lower than anticipated profits or experiencing a loss rather than taking a profit 	<ul style="list-style-type: none"> Establish the capacity and capabilities to deliver quality infrastructure on time - skills, tools of trade, and systems/processes Implement a maintenance strategy and operating model. Enhance infrastructure procurement processes and capabilities. Revenue optimisation and cost minimisation strategy implemented. Implement best practice credit management principles e.g. credit risk analysis, risk mitigation (security), monitoring, credit control and debt collection.
3. Increased investment in priority economic sectors, and diversification of exports and trade in traditional and new markets.	<ul style="list-style-type: none"> Lack of access to domestic and global markets. Investors prefer other provinces as investment destinations. Lack of skills required by the high-potential economic sectors. 	<ul style="list-style-type: none"> Facilitate access to new markets for MSMEs nationally, regionally, and globally. Strengthen relationship with dtic to access incentive grants and support related to improving investment destination. Collaborate with relevant stakeholders at community, local, and provincial level.
4. Increased growth and competitiveness of small enterprises in priority sector industries.	<ul style="list-style-type: none"> Low labour absorption rates despite growing MSMEs. Inadequate return on assets deployed. High default rates that are not in line with defined appetite levels. Lack of investment and delivering on key strategic socio-economic development sectors and priorities in the Eastern Cape 	<ul style="list-style-type: none"> Prioritise business support to MSMEs that absorb more labour units per rand value loaned. Implementation of an automated workflow and integration to the back-end systems. Implement best practice credit management principles e.g. due diligence, credit risk analysis, risk mitigation (security), monitoring, credit control and debt collection. Internal reviews on performance, as well as quarterly reviews and reporting against the Annual Corporate Plan to Exco and the Board to prevent delivery gaps. Strengthen the business support function to assist in business sustainability and job creation, and de-risking of ECDC's investment.
5. Enhanced economic development planning and coordination for the effective implementation of development programmes and projects.	<ul style="list-style-type: none"> Poor integration and coordination between stakeholders with similar mandates. Inadequate capacity/resources to deliver at required rate. Poor project and quality management processes. Delays in the approval of projects and programmes. 	<ul style="list-style-type: none"> Implement the ECDC E.D.P. Lead initiatives to coordinate the economic cluster stakeholders to improve collaboration and integration of economic initiatives. Ensure relevance and accuracy of research and knowledge produced. Secure project partnerships (consultation, joint planning).
6. A well-governed, agile, and high-performing organisation.	<ul style="list-style-type: none"> Adverse audit outcome. Service delivery targets not achieved. Non-compliance, contravention, and inability to remedy gaps in business processes. Inadequate and/or inappropriate performance and monitoring management. 	<ul style="list-style-type: none"> Conduct an organisational structure review and change management Evaluate the regional office network to ensure its capacity is closer to its target market Digitise/automate key business processes Monitor and improve on fraud and ethics enhancement activities Identify and provide job-specific learning and development solutions (linked with training and development programmes based on the gaps identified) Continue with ongoing training and awareness on key legislation applicable to the ECDC Fully implement performance contracting and management system

The detailed ECDC Risk Register is reviewed monthly by Exco and quarterly at the Audit and Risk Committee meetings.

3. PUBLIC ENTITIES AND SUBSIDIARIES

The Eastern Cape Development Corporation has the following wholly owned subsidiaries, which fall under the oversight and control of the Group Board:

Name of Subsidiary/Public Entity	Outcomes
Automotive Industry Development Centre – Eastern Cape	<ul style="list-style-type: none"> Effective coordination of stakeholders for maximum sector impact in the Eastern Cape Effective coordination and implementation of the South African Automotive Masterplan 2035 in the Eastern Cape Effective implementation of projects that support localisation and transformation. Facilitate the improvement of skills development in the Eastern Cape automotive sector. Effective governance measures
Transdev Properties (SOC) Ltd	<ul style="list-style-type: none"> Effectively manage the arrangements related to building leased to Garden Court Mthatha
Transkei Share Investments Company (Pty) Ltd	<ul style="list-style-type: none"> Ensure an appropriate return on investment from managed investments
Centre for Investment and Marketing in the Eastern Cape (NPC)	<ul style="list-style-type: none"> Ensure an appropriate return on investment relating to the ECDC head office building.

In addition, the ECDC has equity in five companies and operations acquired through its loan finance and investment activities.

4. PUBLIC PRIVATE PARTNERSHIPS (PPPS)

Not applicable to the Eastern Cape Development Corporation at this stage.

ADDITIONAL INFORMATION

AMENDMENTS TO THE STRATEGIC PLAN

During the previous reporting period, the Eastern Cape Development Corporation reviewed its strategy, producing a revised five-year strategic plan for 2023/2024 to 2027/2028. The 2024/25 corporate plan is thus informed by the revised 2023/24 – 2027/28 five-year strategic plan.

MATERIALITY FRAMEWORK

In terms of Treasury Regulation 30.1.3, it is hereby affirmed that Eastern Cape Development Corporation. has a significance and materiality framework in place, which is available on request.

BOARD AND SUBCOMMITTEE CHARTERS

It is hereby affirmed that the Eastern Cape Development Corporation has approved Board and Subcommittee charters in place, which are available on request.

BORROWING PLAN

Not applicable to the Eastern Cape Development Corporation at this stage.



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