NGF

NatGrowth Fund **NATGROWTH** **I'AFRICA IYATHUTHUKA**

National and Africa Growth, Development and Investment Centre

GOING FOR GROWTH AND INVESTMENT PROGRAMME
SUMMARY REPORT JUNE 2009

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FEEDBACK AND FOLLOW-UP FORM; NATGROWTH FUND AND NATVEST INVITATION PRESENTATIONS SEE www.natgrowth.co.za

1. GOING GROWTH AND INVESTMENT PROGRAMME
GLOBAL, NATIONAL AND GAUTENG, 31 MARCH-2 APRIL 2009 GALLAGER ESTATES

1.1 Global and SA Economic Scenarios, Strategies and Investment Opportunities

1.1.1 **Lih-Wen Chu, International Economist, Thebe Securities**

- **The Quadruple Global Great Recession is likely to bottom out in 2009,** but continue in its effects for 3-5 years in Developed Markets, despite over $3 Trillion in Bailout packages, based on historical trends and the extent of the structural crisis, including Credit Markets, Housing Markets, Stock Markets and the Real Economy.
- **Emerging Markets are likely to recover sooner in 2009-10,** in a form of decoupling, due to stronger domestic economies and less exposure to sub-prime toxic securities, led by the continuing rise of China, as well as India, South America, Eastern Europe and Africa.
- **Crisis = Danger + Opportunities** including a Nike shaped recovery, led by Global Chinafication, Industrial ChinAfrication and excess liquidity boosting asset process.

1.1.2 **Chris Hart, Economist, Investment Solutions**

- **It's a Tough New World: The Bear is in the Box:** The Global Outlook remains **gloomy**, with a **viscious cycle** of low asset prices breaking new technical levels, increasing the pressure on banks and credit
- **Policy responses have not yet had the desired impact,** including Bail-out pledges of over $9Trillion, Infrastructure spending with huge budget deficits (US 12.5% GDP), Interest rate cuts, increases in the money supply and Credit Default Swaps (CDS's). Notional Derivatives of $700 Trillion and Pension Fund Deficits of UK £67b and US $409b herald more pain to follow.
- **A Tale of 2 Regions: Developed markets** are "falling of the cliff" structurally to excess debt, while **Emerging markets** are experiencing a more limited cyclical downturn, in terms of most indicators; eg. Growth in Developed economies is expected to be -2% in 2009 and 1.1% in 2010, compared to 3.3 and 5.0% in Emerging economies. The £ and $ are thus expected to be weak, with a stronger R in 2009.
- **Decoupling is possible, with a Recovery period** of **1-2** years in **Emerging** Markets vs **3-5** years in the US, UK and EU.
- **Investment Opportunities** need to be seen in the correct perspective: It's tough out there and likely to worsen in a multi-year bear market though mainly in the West; Avoid debt, excessive risk and rash responses; Survivors will be much stronger and huge winners.

1.1.3 **Eric Stillerman, CEO Natgrowth** See Presentation and http://ericstillerman.blog.com

- **The Recovery has commenced** with a **steady upturn** in global and local financial and real economic markets in the past few weeks, renewed confidence in the **G20's united strategy** of support measures and regulatory reforms, and the isolation of **toxic assets** in the West from the rest of the body of the global economy.
- **Investment opportunities** include generally under-priced Assets, Infrastructure and 2010 spending, Commodities and sectors involved in a renewal of international trade.
- **Bold Strategic Leadership** and sound Management in the Public and Private Sectors **are** seen as the primary medicines to boost confidence, asset prices and real economic growth and to overcome the uncertainty of political and economic changes, no less in South Africa.
- **South Africa's GDP Growth fell** from 5.1% in 2007 to 3.1% in 2008 with a decline of 1.8% in the 4th Quarter. **Growth** remained strong in the Q4 in **Agriculture 16.7%** and **Construction 10.8%**; and stable in Trade and Services. The worst hit sectors were **Manufacturing -21.8%** Q4, especially the auto sector and **Mining - 6.5%** for the year.
- **Unemployment fell surprisingly** from 23.5% in Q1 to 21.9% in Q4 with an increase of 221 000 jobs for the year, across all Provinces. The biggest gains were in Construction, Government and Community Services. **2009** figures are expected to be significantly **worse** including mining, manufacturing and vulnerable seasonal sectors.
- **SA's Response (www.nedlac.org.za)** includes **interest rate cuts of 2%** thus far with a further 3% expected in 2009 assuming further decreases in inflation, continuing and improved **Public Infrastructure** Investment of >R786b**, increased Budget Social spending** to protect the most vulnerable, **EPWP** targeting 4 m unemployed for minimum 6 months**,** targeted **Sector Support** and Incentives (eg. Auto, Clothing and Textiles), restraints by Business on Retrenchments, and by Labour on wage demands.
- **The 2009/10 Budget** Expenditure increase 16.5% to R738.6b, with a deficit of 3.9% of GDP R2.474 Trillion; Growth forecast 1.2% increasing to 3% and 4% in the next two years, inflation 5.8% falling to 5.3% and 4.7%, and balance of payments deficit falling 6.9 to 6.3%.
- **The 2008 LSM Statistics** of the SA Advertising Research Foundation continued to show a **Diamond Shape** with growing **Middle-income segments** particularly in the Provinces with higher GDP share, Gauteng 33.5%, KZN 16.2% and W Cape 14.5% (Stats-SA 2007). The **Rural Provinces** remain poorest, needing bolder growth and employment initiatives.
- **Implementing High-Impact Projects and Investments** is the theme of the Natgrowth programmes in 2009-2010 in all Provinces, including Infrastructure, 2010, Agriculture, Agri-BBBEE, Energy and Solar Water Heaters, Transport, Tourism, Trade, ICT, Education, Skills, Housing, Business Development and Integrated Social and Economic Development.

1.2 2010 Update: Stadia Progress and Business Opportunities Leslie Sedibe 2010 Local Committee Representative

- **The Impressive Stadia are on track** for the ConCup in June 2009 towards 2010.
- **Ticketing is progressing** for both events, with Hospitality packages already sold out.
- **2010 R15b Media Revenue** is a record excluding Tickets, Sponsorship and other Revenue
- **Transport and Infrastructure** projects are progressing including Gautrain and the BRT.
- **FIFA Fan Parks** are on track in the host cities and main centres
- **Public Viewing Areas (PVA's)** offer opportunities for Provinces, Municipalities & Business
- **Security measures are progressing,** including over 41 000 extra police on duty
- **Accommodation 55000 rooms** is a major challenge and opportunity for hotels or non-hotels
- **Tourism and Trade** opportunities are increasing with **450 000 extra** foreign visitors and many more African visitors expected, reaching a record of **10m** in 2010
- **Marketing and Communication** need to be enhanced to capitalize on the opportunities
- **Business Opportunities abound** in all areas, as indicated on www.fifa.com

1.3 City of Johannesburg Spatial Development Plans and Projects
Herman Pienaar, Director Development Planning, City of Joburg

- **The Integrated Spatial Development Plans (SDPs)** presented inform the City of Joburg's IDP and major Capex Budget (See full plans on www.joburg.org.za)
- **The BRT** is the main infrastructure project along the **central spine,** to facilitate public transport, optimise infrastructure and bulk services and minimise urban sprawl
- **Urban sprawl settlements** on the periphery over-stretch bulk infrastructure and are not conducive to sustainable human settlements or public transport, whether RDP or upmarket.
- **It was acknowledged** in discussion that the SDP's may be **over-centralised** and may lead to concentration in the centre, and neglect of major settlements on the periphery. The SDP's also focus on **transport,** needing more attention to social and economic initiatives.

1.4 Infrastructure, Construction and Transport Projects
Peter Namingona QS, Jane Llale Marketing and Business Development, Llale & Co

- **The Infrastructure Boom** including Construction and Transport is stretching professional and delivery skills and resources, often increasing costs and compromising quality delivery. It was noted in discussion that the industry needs to rise to the challenges and opportunity of increasing capacity, including more experiential components in professional training.
- **The EPWP** often focuses on numbers and lacks skills development due to budget constraints and sustainability after short term employment. It was noted that the new extended **EPWP** will require a minimum of **6 months employment** and that the **Skills Fund** should be used to ensure adequate skills development. **Exit strategies** should also be part of the process, including multi-skilling and access to a range of exit opportunities.
- **BBBEE** Joint Ventures often use black contractors for labour only, rather than sharing management functions, skills transfers and profit on a fair basis. **BBBEE Partners** should take **professional advice** to ensure that JV's are **properly structured** to maximise the benefits, and progression in the **CIDP** levels.

1.5 Bio-fuels and Food Security (See Presentation)
Andrew Makenete ABSA Regional Manager and SA Biofuels Association (SABA) President

- **"Bioenergy** provides us with a historic chance to fast-forward growth in the worlds poorest countries, to bring about an agricultural renaissance and supply modern energy to a third of the worlds population" Jacques Diouf DG UN Food & Agriculture Organisation: FT 15.08.07
- **Green Opec: Sub-Saharan Africa** is among the **most fertile regions** in the world which could feed Africa and the world, and generate substantial renewable **bio-fuel production,** with the appropriate strategies, investment and management, which are lacking. In **SA**, this includes the poorest regions of KZN, E Cape, Free State, Mpumalanga and Limpopo. The new focus on **rural development** could see an upturn in both food and bio-fuel production.
- **Food security and prices** should not be compromised by Bio-fuels, where staples such as Maize are generally in surplus, bye-products are used for animal feed and bio-fuel offtake agreements create price stability for farmers. The reasons for price increases and food shortages, it was argued, are more related to parallel increases in demand in Asia and other world markets, and distributional inefficiencies, rather than to bio-fuels.
- **Maize** is the most viable biofuel feedstock in SA and yet is excluded from the current E2 (2% Ethanol) blend policy despite major research and investment. The majority of Maize in SA, being yellow Maize, is used for animal feeds rather than food. The EU, Brazil and China are capitalizing on SADC Biofuels with higher E blends and no exclusion of maize. It is hoped by SABA that the policy will be reviewed by the new government.
- **Other Feedstocks** are in pilot stages including Sugar cane, Sugar beet, Soya and Canola, but excluding Tatropha which is popular in SADC. Bio-diesel has significant potential, as diesel has overtaken petrol in consumption in SA, particularly in farming and industry.
- It was also noted in discussion that effective **Agri-BBBEE** partnerships between emerging and commercial farmers, are key to land reform, to ensure optimal land use, access to markets and supplies, skills transfers, and sustainable businesses along the value chain

1.6 Eskom Solar Water Heating Rebate Programme

Cedric Worthmann Eskom SWH Programme Manager

1.6.1 Eskom SWH Programme

- **National programme aimed peak reduction and energy efficiency**
  - With diversity reduce 0.625 kW per geyser- peak
  - Decrease average energy consumption by 4.5 kWh/day in family home of 2.
- **Programme based on Quality systems**
  - SABS test report required short term, and Mark Approval long term
- **Rebate mechanism**
  - **Rebate calculated on thermal efficiency**
  - **Customers claims**
  - **Timer and installation requirements set for compliance**

1.6.2 Targets

- **Target market** - anyone utilising energy for heating water in residential sector
  - Existing homes
  - New homes
- **Target is 925,000 SWH's in 5 years**
- **Estimated to 3500 GWh savings**
  - 578MW's
- **Current programme aimed at High/middle income earners due to cost of equipment**
  - However any residential home owner can claim
- **Tested low income systems could become a reality**

1.6.3 Barriers to uptake

Supply chain

- **SA manufacturers capacity** small

Cost of Equipment

- Systems are relatively **expensive** and will not be readily adopted due to perceived **low incentive value, low electricity costs and low buy in.**

Installation capacity development

- **Installation capacity** required to meet targets not available

  - Needs sustainable development of industry

Regulations and testing

- **SABS testing speed has** increased however there are still issues and incapacities
- **Sustainable and suitable regulations not available**
- **Certain departments not functioning optimally**

Awareness

- **Consumer awareness of SWH** and its benefits, and the energy crises
- **Consumer awareness of Rebate programme**

1.6.4 Aims of the Programme

The aim of the programme was to stimulate a sustainable SWH market which included:

- **Minimum quality standard** - create consumer confidence in the product's operation and longevity.
- **Assist** with the development of a supply chain.
- **Increase installation capacity** for solar geysers.
- Create an environment that will **encourage the conventional geyser manufacturers** to enter the solar market with quality products.
- Open links to the **high impact insurance and financial industry.**
- **Stakeholder education and stimulation** (municipalities, government departments etc).
- Provide both **consumer and supplier education and confidence.**
- **Provide some financial assistance** to increase the uptake of quality solar water heating systems.

1.6.5 Progress to date

To date, the following has been achieved:

- **31 suppliers and 36 distributors** have been **accredited.**
- **50 systems** have SABS test results and 5 companies have mark approval on their equipment.
- **Over 1027 systems** have been installed.
- **SESSA** the industry body has grown from **9 suppliers to over 100.**

1.6.6 **Municipalities: Entering the market:** 2/3 of Households vs Eskom 1/3; **eg.**

- **City of Johannesburg:**
  - Evaluating tender for 210 000 systems
  - Funding challenges to be addressed
- **Nelson Mandela**
  - Pursuing fee-for-service scheme: 90 000 systems
- **Ethekwini**
- **Sol Plaatje**

1.6.7 **Feasibility Study**

- Current programme perceived to be **too slow moving**
- Study to investigate **solutions to barriers** identified in existing programme:
  - Alternate **funding options**
  - Opening up **supply chain issues**
  - Addressing **marketing and communication**
  - **Legislative** options
  - **Technical bottlenecks** and assistance
- **An inclusive Industry Forum** is needed to coordinate and drive action, with the possible need for independent faclitation to balance the interests of different role-players

1.7 SOLAR WATER HEATER ROLLOUT ISSUES, STRATEGIES AND PROJECTS

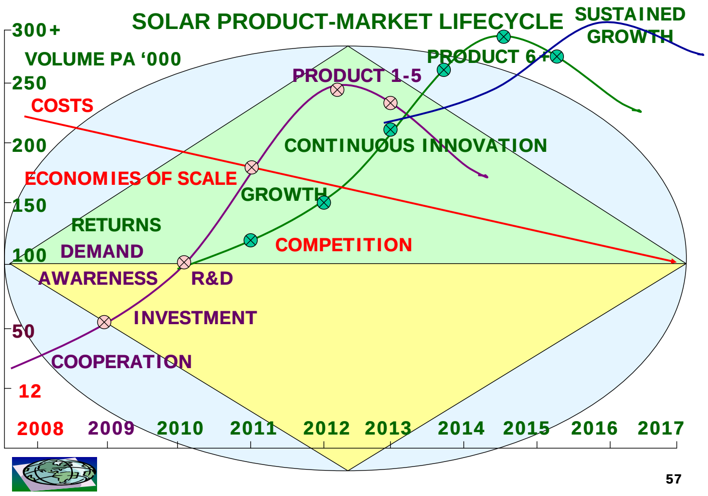
Eric Stillerman, NATGROWTH CEO

1.7.1 BACKGROUND: SWH HEATER PROGRAMME

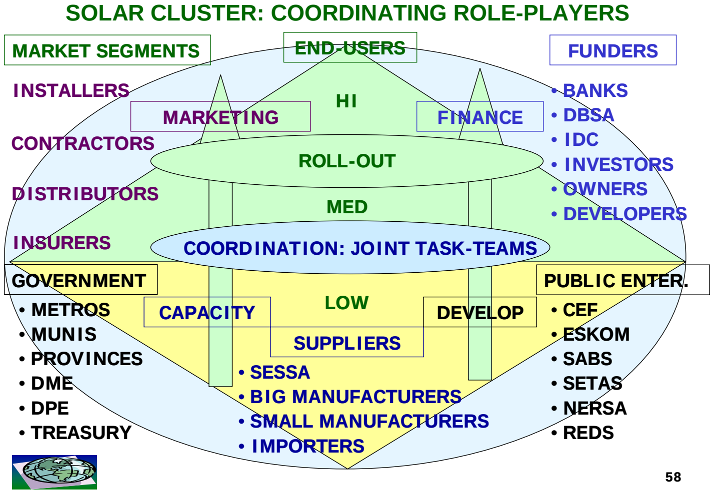
- **TARGET: PER ESKOM 925 000** IN 5 YEARS = 200 000 PER YEAR
- **POTENTIAL: >10M** HOUSEHOLDS + COMMERCIAL AND INDUSTRIAL
  - REPLACE ELECTRIC >4M
  - NEW INSTALLATIONS >6M
- **REBATES: UP TO +/- 20% DEPENDING ON SAVINGS**
- **CONDITIONS: APPROVED SUPPLIERS AND INSTALLATIONS**
  - SABS APPROVAL
  - REPLACE ELECTRIC ELEMENT
  - TIME SWITCH
- **ACTUAL 2008:** ONLY +/- 800 REBATES CLAIMED (>1000 TO DATE PER ESKOM)
- **TOTAL SOLAR** INCREASED FROM +/- 8 000 TO +/-12 000
- **VS +/- 60 000 ELECTRIC GEYSERS** PER MONTH = **+/- 720 000 P YEAR!!??**
- **+/- 40% INSURANCE REPLACEMENTS** > 300 000 PER YEAR!!??

1.7.2 KEY ISSUES

- **COORDINATION LACKING:** FRAGMENTED, MANY PLAYERS DOING OWN THING
- **ACTION INERTIA:** LACK OF DRIVERS, STRATEGIES AND ACTION
- **MARKET AWARENESS LOW:** HOUSEHOLDERS AND OTHER MARKET SEGMENTS
- **EFFECTIVENESS NOT DEMONSTRATED:** DOES SOLAR WORK?
- **SAVINGS NOT PROVEN:** 70% GEYSER? 30% OF ELECTRICITY BILL?
- **COSTS HIGH:** NEED R5-8000? VS AVERAGE R13-15 000? FULL COST R20-30 000?
- **FINANCING UNCLEAR:** UP FRONT VS INSTALMENTS
- **INVESTMENT NEEDED:** TO GEAR UP CAPACITY
- **SUPPLIERS LACK CAPACITY:** +/-12 000 ACTUAL VS > 300 000 TARGET
- **DISTRIBUTORS NOT READY:** NOT OFF-THE-SHELF SALE
- **INSTALLERS NOT READY:** PLUMBERS, ELECTRICIANS, CONTRACTORS
- **JOBS NOT BEING CREATED:** WORKERS NOT READY
- **STANDARDS AND SKILLS LACKING:** TO MAKE IT WORK PROPERLY
- **LEGAL ISSUES:** DO WE NEED BYE-LAWS? ARE WE READY?



- As with other new Products, **Solar** requires Industry **Cooperation**, a Generic **Awareness** Campaign and **Investment** to create and meet the Demand.
- Once **critical mass and returns** are achieved, eg. 100 000 units per year for the first group of Products, Competition and Continuous Innovation will be required to sustain the growth path towards the target of 200-300 000+ units per year.



- The Solar industry requires **coordination of** a range of role-players in an **inclusive Cluster Forum,** including Government, Public Entities, Suppliers, Installers and Funders.
- **Joint Task-teams** are needed to resolve the key issues of Marketing in different market segments, Finance, Capacity and Skills Development.
- An **Inter-Governmental Steering Committee** is being set up to coordinate Government and Public Sector initiatives. SteerCom will need to engage with SESSA and suppliers.
- It was also suggested by various participants that **Independent facilitation** is needed to balance the various interests in the industry.

1.7.3 STRATEGIES AND ACTION PLANS PROPOSED

COORDINATED ACTION

- **SET-UP AN INCLUSIVE INDUSTRY CLUSTER** FORUM AND TASK TEAMS
- **KICK-START ACTION** WITH CLEAR DRIVERS, STRATEGIES, ACTION PLANS AND TARGETS

MARKET AWARENESS

- **JOINT GENERIC AWARENESS CAMPAIGNS** ARE NEEDED BY SEGMENT AND REGION
- **DEMONSTRATE SOLAR EFFECTIVENESS** AND COST SAVINGS
- **COSTS: TEST MARKET SEGMENTS** FROM LOW R5-8000; AVE R13-15 000; TO R20-30 000

FINANCE AND INVESTMENT

- **LINE UP INSTALMENT** PACKAGES WITH FINANCIAL INSTITUTIONS
- **DO BANKABLE BUSINESS PLANS** AND INVESTMENT PROPOSALS

SUPPLY CHAIN: JOINT ACTION AND TRAINING PROGRAMMES

- **SUPPLIER CAPACITY: GET MOVING** ON PRODUCTION TOWARDS 300 000 PA TARGET
- **DISTRIBUTORS AND INSTALLERS: GET READY** WITH STOCK AND SKILLS
- **JOB CREATION AND SMME'S: RECRUIT AND TRAIN** FOR BROAD-BASED ROLL-OUT
- **STANDARDS AND SKILLS: IMPLEMENT PROJECTS** FOR QUALITY AND QUANTITY

LEGAL STICK: NOT NEEDED OR READY (NATGROWTH VIEW)

- MANY ROLE-PLAYERS BELIEVE THAT **BYE-LAWS** ARE NEEDED TO ENFORCE SOLAR TOWARDS THE TARGETS SET.
- NATGROWTH BELIEVES THAT WITH EFFECTIVE MARKETING OF THE BENEFITS, EFFECTIVENESS AND COST SAVINGS, BYE-LAWS **ARE NOT NEEDED**, AND THAT THE INDUSTRY IS **NOT READY** TO FAIRLY JUSTIFY A LEGAL STICK

1.8 SKILLS DEVELOPMENT AND CAPACITY BUILDING IN THE PLUMBING INDUSTRY IN SOUTH AFRICA FOR HOT WATER INSTALLATION (INCLUDING SOLAR)

Marie Roux, Department of Public Enterprises (DPE) Solar Consultant

1.8.1 Background TO THE

- **Government calls for 10 000 GWh renewable energy** contribution by 2013.
- This is equivalent to replacing two units of Eskom's combined coal fired power stations.
- Water heating in the home accounts for 30% - 50% of a household's electricity consumption.
- Successful projects to promote Solar water heaters will make a significant difference to this target.
- **DPE introduced a target of 1 million solar** water heater systems to be installed by **2010**.
- Research and Investigations into the following was conducted and an immediate implementation plan was developed to address **key barriers**, i.e. **<u>Installation and maintenance capacity and bulk procurement.</u>**
- **There is a serious Skills Shortage in the Solar and Hot Water Industry**, including the **need for +/- 8 000 Plumbers** who should be properly trained and registered

1.8.2 DEMAND INITIATIVES

- **In order to create demand that will make a <u>significant</u> difference that** also includes a <u>sustainability</u> model with regards to <u>local</u> development, the insurance industry in South Africa was approached.
- **The insurance industry** facilitates replacement of faulty water heaters through short term insurance claims. It is estimated that the insurance industry replaces around **315 000** units per annum – close to 30 000 per month.
- **SAIA** – the South African Insurance Association has been closely involved in educating and encouraging their Board and Members to start with initiatives to replace with solar water heaters instead of electric geysers.
- **SAIA** is currently working towards endorsing such initiatives at Board level at their **next board meeting held on <u>7 April 2009</u>.**
- This initiative aims at encouraging an **immediate 10% difference**

Targets/ Deliverables

- **10 insurance companies** implementing pilot projects country wide by June 2009.
- **10% of water heater replacements with solar water heaters**
- **20 insurance companies** implementing country wide by June 2010.
- **20% of water heater replacements with solar water heaters by June 2010.**

Current Structures: Demand Side

IN PLACE:

- **Central Coordination and Communication through SAIA** on behalf of the Insurance Industry
- Insurance industry **best practice processes** and procedures in place to administer the process
- Insurance industry has current **processes in place to collect ESKOM incentive** on behalf of customer
- Insurance industry has current **relationships with suppliers and installers**

BARRIER:

- **Quality control of installation and maintenance.**

DPE, ESKOM, IOPSA and SAIA are currently working on the registration and implementation of the **Plumbing Industry Registration Board (www.pirb.co.za).** Registration of the PIRB as a statutory body will demand a Certificate of Compliance from a certified installer for each installation.

- **Financial shortfall for replacement of solar.**

DPE, ESKOM, IOPSA and SAIA are currently working on a **model to minimise the shortfall**. Apart from the ESKOM incentive an **additional funding scheme** managed through SAIA for the period of pilot projects will assist. This fund may have a ceiling but will assist in driving down costs with regards to units as well as maintenance.

1.8.3 MAINTENANCE AND INSTALLATION INITIATIVES

- **The SA Plumbing industry consists of an estimated 13 000 workers .**
  - **3 000** are qualified workers ;
  - **10 000** are semi-skilled (can do the job but has no certificate or formal qualification).
  - It is also estimated that 50% of the semi-skilled workers are illiterate.
- The plumbing industry currently has a demand for an **additional 8 000 workers.**
- **95%** of the plumbing industry are **SMME** companies.
- **The insurance industry** is the most significant employer of the plumbing industry.

Targets / Deliverables

Pilot 2008/2009:	**1 000 new entrants registered**
	500 semi-skilled workers certified
	500 currently skilled workers upskilled
2009/2010:	**3 000 new entrants registered**
	2 000 semi-skilled workers certified
	600 currently skilled workers upskilled
2010/2011:	**3 000 new entrants registered**
	3 000 semi-skilled workers certified
	2000 currently skilled workers upskilled

Current Structures: Supply Side

MANUFACTURERS:

- Larger as well as smaller manufacturers have **foundations in place to supply at bigger scale.** Larger manufacturers currently have **capacity to triple output.**
- ESKOM already have a list of nearly **100 suppliers with accredited products.**

INSTALLATION/MAINTENANCE:

- **Hot water installation qualification** was developed and registered with SAQA.
- **Accredited training providers** were identified.
- **Centralised Communication** with regards to training through PIRB.

Training Budget

- **Pilot 2008/2009:** **R 43,845,200.00**
- **2009/2010:** **R 112,540,000.00**
- **2010/2011:** **R 127,640,000.00**

R 284 025 200.00

- **A Plumbing Industry Registration Body (PIRB)** is being formed to ensure proper Standards in the industry
- **Various Training Programmes are proposed including Learnerships and Certification** to address the skills shortage of existing plumbers and new entrants
- **An Intergovernmental Solar Steering Committee** has been formed as part of the National Energy Response Task-team. **An inclusive Industry Form** would assist with coordination
- **Legal enforcement** is considered necessary if SA is serious about 1m Solar Water Heaters
- **In the interim, incremental progress** should be achieved through a range of initiatives

Discussion Comments by certain suppliers:

- **Solar heater installation** is more complex and time-consuming, eg. 1 solar vs. 4 electric geysers could be installed per day, as well as comebacks, adding to the higher cost.
- **Insurance companies** offer little margins at a target net price of R8 000 after rebate (with only +/- R480 shortfall to be paid by the consumer.)

1.9 WHAT A SOUTH AFRICAN SOLAR MANUFACTURER LOOKS LIKE

Neriel Hurwitz, SUNTANK Marketing and Business Development Manager

1.9.1 **Established 1994** Vertically integrated: R&D, Manufacturing, Marketing, Sales, Installation, Service

1.9.2 **Technology:** Thermal Siphon, Flat-Plate Solar Heat Absorption Collector

1.9.3 **SABS Test Reports** and Factory Audit lading to SABS Mark

1.9.4 **Installation Options:** On-Roof; In-Roof; On Ground: Pumped

1.9.5 **Gallery of Installations:** Commercial and Residential throughout SA

1.9.6 **Blue Sky Scenario: A Solar Heater on Every Roof in SA:** Like in Israel

1.9.7 **Main Barrier: Low Demand**

1.9.8 **Consumer Behaviour: AIDA Needed**

- **Awareness**
- **Interest**
- **Desire**
- **Action**

1.9.9 **Overcoming the Barrier**

1.9.10 **Stimulate Demand through Market Forces**

Advertising, Promotions, Education

Pricing: Incentives, Subsidies, Scale

Easy Finance Mechanisms: Bond, Loans etc.

1.9.11 **Shifting Consumer Behaviour** is

- **Costly**
- **Time-consuming**

1.9.12 **To Reach Millions** of SHW's, we could use **LOAD-SHEDDING or**

1.9.13 **LEGISLATION:** THE BEST WAY TO REACH SWH NUMBERS

- **New Buildings**
- **Government and Municipal Buildings**
- **Insurance Replacements**

1.10 **Discussion:** There was active engagement and willingness to pursue follow-up action.

1.10.1 **Natgrowth** expressed confidence that the industry could succeed without legislation

1.10.2 **Paul Vermeulen, City Power Solar Project Manager**

- **City Power is evaluating a Tender for 210 000** Solar Water Heaters. **The Target Market** is middle- to upper income households. **The Scheme** would involve no costs to householders who would not purchase the unit, but would benefit from +/- 15% of the electricity savings
- **City Power** would purchase the SWH's from the suppliers and achieve the main savings on electricity consumption, which would avoid load-shedding and may accrue Carbon Credits
- **Solar Suppliers** would need to gear up their capacity and financing to meet the demand. They would also need to generate the demand through marketing and sales to households. **Solar Suppliers** indicated that it would not be feasible to gear up capacity without orders
- **Financing** of City Power's Solar purchases is the major challenge, which would need to be "off balance sheet", due to City of Joburg's Budget and Financing constraints.
- **Natgrowth** believes a**n appropriate financing** scheme is possible and has offered to assist City Power with the project. City Power will follow-up once the Tenders have been evaluated.

1.10.3 **Other Solar Sector participants present:**

- **Andrew Etzinger, ESKOM Marketing and Communications Manager**
- **Ruse Moleshe, DBSA Energy Specialist**
- **Martin Coetzee, Technical Manager, Cobra Watertech**
- **Herman Weber, Technical Director Kwikot**

1.11 Apologies / Contacts to Follow-up: CEF, DME, MATLA, SESSA

1.12 International Housing Solutions (I.H.S.) Equity Funding for Housing and Related Projects Elize Stroëbel CEO, Willem Odendaal Investment Director, International Housing Solutions

- **I.H.S. PROVIDES EQUITY FUNDING FOR AFFORDABLE HOUSING** PROJECTS, COMPANIES PROVIDING HOUSING AND RELATED PRODUCTS & SERVICES
- **TARGETING GROWING MIDDLE TO LOW INCOME MARKET** EARNING R3500-22 000 PM; TYPICAL OWN UNITS COST R280 – 550 000
- **SA WORKFORCE HOUSING FUND**: EQUITY FUNDING
- **FUND 1: EQUITY R1.161B + DEBT 0.605B = R1.7B +/- 1/3 INVESTED** TO DATE
- **BRIDGE GAPS BETWEEN DEBT AND TOTAL PROJECT COST**
- **PARTNERSHIPS WITH ESTABLISHED DEVELOPERS INCLUDE:**
  - **New Housing Developments:** Urban In-Fill or Suburban Land-to-Stand
  - **Substantial Rehabilitation of Property for Rental or Sale**
  - **Existing Portfolios of Apartment Buildings**
  - **Expansion or Diversification of businesses** serving residential market eg. alternative housing technologies
- **ACTIVE IN ALL PROVINCES AND NEIGHBOURING COUNTRIES**
- **SOLID TRACK RECORD** IN LOCAL AND INTERNATIONAL MARKETS;
- **DIVERSITY OF FINANCE AND REAL ESTATE EXPERTISE**
- **CURRENT PROJECTS** INCLUDE 4200 UNITS IN WITBANK, 6500 UNITS IN SOWETO, LOW-END RENTAL APARTMENTS GREATERMAN'S JOBURG 23 SQ M @R800-1000 PM
- **MINIMUM INVESTMENT IS R25M; PREFERED EQUITY < 30%** FOR 75-85% OF CAPITAL, WITH 1ST CLAIM ON CAPITAL & RETURN; OR 50-5 DEAL FOR R25-250M EQUITY.

1.13 IDC Financing Development in South Africa

Thami Twala IDC Strategic High Impact Projects (SHIP) Senior Project Manager

Apology: Zanele Monnakgotla, Head IDC SHIP

1.13.1 **IDC's Approach: R60b 5 Year Investment Plan**

IDC addresses market failures by supporting investments, which may otherwise not happen, in partnership with private sector companies. This entails taking a **higher risk profile** than commercial financiers to support the development of sectors and new entrepreneurs through

- **Diversifying** the economy through supporting a range of sectors
- **Encouraging** the introduction and development of new industries and products

- **Developing internationally competitive** companies
- **Supporting** the establishment of **green-fields developments**
- **Supporting expansions** of existing businesses
- Facilitating the entry of **new entrepreneurs** and supporting their development
- **Supporting the growth and development** of small and medium businesses into competitive players
- **Encouraging regional development** by supporting companies with regional comparative advantages

1.13.2 SECTORAL INVOLVEMENT

- **Agriculture**
- **Mining**
- **Manufacturing**
- **NEW SECTOR INVOLVEMENT**
- **Services - related**
  - **energy**
  - **tourism**
  - **IT**
  - **telecoms**
  - **motion pictures**
  - **healthcare & education**
  - **transport & storage**
  - **venture capital**
  - **government / corporate tenders**
  - **franchising**
  - **financial services**
  - **construction**
  - **2010**
- **Other**
  - **public private partnerships**
  - **development agencies**

1.13.3 **IDC** offers a **wide array** of financial instruments, and **flexible Deal-Structuring including :**

- **Equity**
- **Quasi-equity**
- **Commercial debt**
- **Wholesale & bridging finance**
- **Share warehousing**
- **Guarantees**
- **Export/import finance**
- **Short-term trade finance**
- **Venture capital**

1.13.4 Financing Criteria

- Projects must exhibit **economic merit (i.e. profitable)**
- IDC finances **fixed assets** and fixed portion of growth in **working capital requirements**
- **Reasonable contribution** expected from promoter/s
- **R1 million minimum**
- **Security**
- **Environmental compliance**

1.13.5 Role in Project Development

- **Co-sponsors feasibility studies**
- **Identifies project opportunities**
- **Provides and arranges funding** (e.g. export and import finance, equity and loan funding)
- **Identifies suitable international and local DFIs,** commercial and merchant banks and companies and export credit agencies as potential participants
- **IDC acts as a financial adviser** in partnership with other financial institutions
- **Shares project risk** with the sponsors and financial partners
- **Identifies strong operating partners**
- **Off-take and supply agreements**
- **Assists with the early negotiations** of project agreements to improve and ensure their bankability and shorten the funding schedule
- **Structures appropriate limited recourse funding packages** by allocating project risk to the appropriate stakeholders
- **Assists with implementation via steering committee**
- **Serves on board of directors**
- **IDC does not seek shareholding control or management participation**

1.13.6 Project Challenges

- Creation of **shareholder value** - the key driver
- **Over-paying** for an investment can never be corrected (hurdle rate)
- **Fair-deal** (creating identical risk/return profiles)
- The best structuring cannot rectify a **bad deal** (improving returns with smarter due diligence; invest in time; key risks are almost always under-estimated; does the business model make sense? bringing reality to budgets: hockey stick projections typically made; info integrity etc.)
- **Good corporate governance** is not negotiable (independence of non-executives; composition of committees; reporting; shareholders' approvals)
- Financial investors' **strategic vision** for the business must be aligned with that of operational management
- **Main reasons for business failures** (management lacks passion and/or required skills; capacity to take the product to the market; market sentiment turned negative; cash flow management; excessive gearing)

1.13.7 Approach to provincial & local development

- **Unlock investment potential** to address **inequitable** regional socio-economic development
- Exploiting **comparative advantage in sectors**
- **Addressing market gaps**
- IDC in discussion with provincial development corporations to address **capacity building**
- **Capacity building** for third-tier government through **development agencies (24 approved to date):** serve as a support and resource facility to fulfill IDC's developmental role through the establishment of agencies (particularly in rural areas)

1.13.8 Highlights of financial year 2007/08

- Funding approvals amounted to a **record amount of R8.5 billion**
- **More than 75%** of the value of approvals to **expansions and start-ups**
- **R5.2 billion** approved for **black empowered** enterprises (61% of the total)
- **55%** of the total number of funding approvals (167) to **SMEs**
- **R2.1 billion** for developments in the rest of the **African continent (19 countries)**
- The funding activities will assist in the creation and retention of:
  - more than **33 200 direct new jobs** in South Africa
  - around **1 900** in the rest of **Africa**
  - **More than 42%** of the jobs will be created in South African **rural areas**
- **Roll-out of regional offices to eight provinces** in an advanced stage

1.13.9 In the 2000s and in the future …

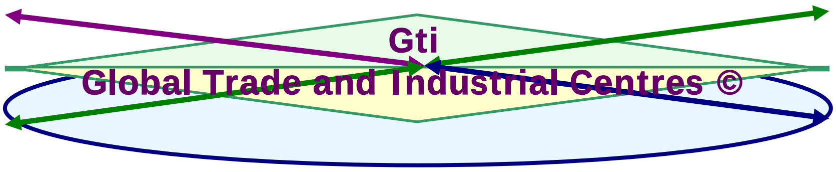
- **Berries**
- **Cherries**
- **Persimmon**
- **Community pay-phones**
- **Motion pictures**
- **Diamond cutting & polishing**
- **Bio-fuels**
- **Pebble-bed Modular Reactor**
- **Composites**
- **Biomass**
- **New technologies**
- **Owner-driver schemes**
- **Boat-building**
- **Tele-medicine**
- **etc.**

1.13.10 Way Forward

- Targeting sectors that have **strong growth and development potential**
- **Financing viable and sustainable projects**
- Focusing on **previously neglected areas**
- Placing emphasis on **job creation**
- Promoting **SME development and BEE**
- Engaging in **creative investments that empower rural communities**
- **Consulting and collaborating with provincial governments and other key role players**

Your partner in development finance!

1.14 Global Trade and Industrial Centres
Eric Stillerman, CEO Gti Global Trade and Industrial Centres (Gti) part of Natgrowth Group



Major Opportunities and Attractions
Fast Growing Sector
Biggest / Highest Growth Employer
Easy Entry, Low Cost

- **Multiple Hubs** for Trade, Transport, Logistics and Industry
- **Trading** into SADC, Africa and beyond
- **Capitalising on 2010** Shopping and Business Tourism
- **World-Class Logistics**, Procurement and Supply Chain Management
- **Integrating All Sectors**
- **Integrating** 1st and 2nd Economies
- **Integrating** All Regions

1.14.1 **Trade is a major high growth and employment sector** which includes a range of buying and selling activities and services including domestic and international, wholesale and retail, tourism, restaurants, catering, accommodation and hotels, as well as the informal trade sector

1.14.2 **Trade** is likely to be the major beneficiary of **2010**, including African Shopping Tourism and overseas leisure tourism

1.14.3 **Trade and Industrial Centres provide** integrated facilities for the inter-related activities of **Transport, Logistics and ICT,** which are not currently properly serviced in all areas

1.14.4 **Trade and Industrial Centres provide** integrated facilities f**or industry,** adding value to raw materials through processing, fabrication, assembly and packaging

1.14.5 **Trade and Industrial Centres** are an ideal platform for **IDZ's:** export-oriented manufacturing zones at international ports of entry with special benefits such as vat and customs-free areas

1.14.6 **Trade and Industrial Centre opportunities** have been identified in all Provinces

1.14.7 A **Trade and Industrial Centres Working Group** has been formed for **several Provinces,** including **Gauteng, Limpopo, Mpumalanga, North West / Mafikeng IDZ**

1.15 Business Strategy, Development, Leadership and Investment Programmes
Eric Stillerman, CEO Natgrowth

1.15.1 **Business Strategy, Development, Investment and Leadership** are part of the same dynamic strategic process and framework, which are powerful classic techniques for success, when applied effectively at all levels, from individual and SMME's to big businesses and government.

1.15.2 The **Strategy Process** is guided by the right brain which is accessible in a relaxed atmosphere, and is creative, participative, pro-active, inspirational, interactive and motivational

1.15.3 The **Strategy Framework** covers all aspects of business strategy and planning including: Vision: Where are we Going? Mission: What Business are we in? Strategic External, Industry ad Internal Analysis: Where are We Now? Strategy Development: How do we Get There? Strategy Implementation: Business Action Plans, Targets, Budgets, Financial Plans, Investment Proposals, Management Roles, Key Performance Areas and Indicators, Monitoring and Review.

1.15.4 **Strategic Leadership** is one of the most vital ingredients for success in business and government, which is even more urgently required to provide bold and clear direction, to maintain momentum and to enhance performance in the current climate of economic crisis and political transition.

1.15.5 **Strategic Investment** processes include bankable business plans, financial projections, management capacity, investment attractiveness, proposals and investment structuring.

1.15.6 **Strategic Business Planning, Development and Investment** techniques were demonstrated with participants in the programme in an exciting, empowering and interactive process. The process may be followed up with Natgrowth towards a full business plan and investment proposals.

1.16 Enterprise Development Programmes
Jackie Launder, Consultant, Raizcorp Arize Channel

1.16.1 **Raizcorp** was founded in 2002 as a **Business Incubator / Prosperator** which has developed over 100 successful entrepreneurs in a powerful process and professional support environment

1.16.2 **Arize Channel** specialises in the **Enterprise Development (ED)** component of the BBBEE scorecard, maximising the impact for companies and entrepreneurs.

1.16.3 **The GEM Report** 2006 indicates that SA has one of the lowest rates of entrepreneurial activity and success in the developing world. Some new venture creation programmes have zero success.

1.16.4 **Raizcorp's Model** includes **Rigorous Selection**, in the belief that one is backing the jockey not the horse, and a **Value Stack** comprising: Infrastructure, Professional Personnel, Learning, Guiding, Sales Networking and "Raizcorp Magic" ie. a community of entrepreneurs.

1.16.5 **In discussion,** it was noted that Natgrowth prefers a **broader business development** model to the more **selective** modelie. We need to help the 99% who might otherwise fail, to become successful in business, not only the 1% who will succeed anyway.

1.17 Tourism, Trade and Creative Sector Projects (See 2007 and 2008 Reports)
Dorris Woërful, CEO Southern Cross Group

- **Update on Mapungubwe,** International **Tourism and Trade Routes** including Africa, Middle-East, Asia and China
- **Follow-up** with Natgrowth to discuss cooperation on Trade and Industrial Centre Projects

1.18 JCCI City of Joburg Export Promotion Project, Keith Brebnor CEO JCCI

Sector	No. of SMME's	Woman Owned	HDI
Construction	20	5	13
Agriculture	3	2	3
Craft and design	3	3	3
Fashion	15	8	11
Hospitality	12	6	9
Medical	10	4	5
Mining	13	6	11
Services	44	8	37
Transport	11	5	9
FDI (Fashion District)	18	15	17
Jewellery Council SA	24	9	9
Total	154	71	127

NAFCOC JCCI Facilities available

- **International Trade Desk**
- **Information Centre**
- **Chamber staff**
- **Credit Reports and checks**
- **Potential export contracts abroad**
- **2 x Trade Point terminals**
- **Trade experts in various fields**
- **Incoming Trade Missions**
- **Outgoing Trade Missions**
- **Network Sessions**
- **Financial Institutions**
- **Full time Project Manager**
- **Advertising and member discounts**
- **Exporter of the Year**

TRADE POINT AS A MARKETING TOOL

- **JCCI is host to Trade Point SA** which helps members to access **International markets** for their products and to trade with an additional **79 countries and 114 offices** worldwide as potential trading partners through the Global Trading Directory System (GTDS)

TRADE SHOWS – LOCAL AND INTERNATIONAL

SAITEX Sept. 2007	10 members on Exhibition
BITSA Sep. 2007	26 members on Inward Mission
DTI, Investors Conference Oct. 2007	10 members on Exhibition
JCCI Trade Mission Feb. 2008	2 members on Trade Mission (Tanzania and Uganda)
APEX, BRAZIL April 2008	9 members
DTI, DRC Trade Mission April 2008	4 members on Trade Mission
Serbian Inward Mission June 2008	16 members
SA/Nigerian Presidential Delegation June 2008	16 members
SAGHCOEX 08 June 2008	14 members applied DTI SSAS

TOTAL: 107 PROJECT MEMBERS PARTICIPATED

DISCUSSION POINTS

- **Participants requested JCCI** to assist other Chambers to get organized.
- **Natgrowth and JCCI to** discuss cooperation on Trade and Industrial Centre Projects

1.19 Eskom Contractor and Supplier Development Programmes: Update (See 2007-8 Reports) Steph Prinsloo Eskom ASGISA Unit

1.19.1 ***Polokwane:* (Edupark Campus) : 38 Students**

- Launched on 14 January 2008.
- Two groups of 14 Contractors (10 are BWO)
- Practical construction training group started on 28 January 2008 at Bela Bela with 10 people (1 Female)
- Students graduated 24 October 2008.
- Follow up scheduled for 24 April 2009.
  - Progress on contracts
  - NEF–Meeting with students - Funding

1.19.2 ***East London:* (LDI Campus) : 38 students**

- Launched on 6 October 2008.
- Two groups of 14 Contractors (11 are BWO)
- Practical construction training group started on 28 January 2008 at Eskom Simulator with 10 students
- Graduation scheduled for 21 August 2009.
- Follow up will be scheduled 6 months after graduation

1.19.3 Way Forward Approved

- **7 Contractor Academies**
- **Polokwane Jan / May 2009: 24**
- **W Cape July 2009: 14**
- **Medupi late 2009: 28** to be transported from Lephalale to Polokwane

1.19.4 Proposed (Not Yet Approved)

- **Eskom Distribution: 784 Owners + 420** practical students: R116m needed over 5 years
- Content adapted to include **Supplier Elective Modules**

1.19.5 Conclusions: Positives include

- From pilot programme of 38 students to 142 in 2 years
- Programme can be implemented in a short period of time – only approval process, infrastructure & logistics arrangements is a challenge (eg. laptops, venues accom. etc)
- Credible programme certificated and quality assured by University of Limpopo.
- SETA registered
- Contractors can be registered at CIDB, SACCMP etc
- Huge external interest.
- Funding opportunities for Contractors (ABSA & NEF)
- Long term sustainable relationship with Eskom

1.19.5 Conclusions: Negatives

- **Not "mass" programme** – 14 to 20 students per group.
- **Practical training** is dependant on **upgrade of 'simulators"** Cost implications
- **Expensive programme** to maintain excellence –funding will be a major challenge to train huge numbers.
- **Cost is +/- R70 000 per** person or R1 000 per person per day

1.19.6 Comments

- **Eskom is applauded** on the success and rollout of the Contractor programme and its extension to supplier development, to enable many more SMME's to benefit.
- **Natgrowth** believes the **cost is excessive** with facilitator fees at +/- R14 000 per day. Most modules are not unique and many skilled facilitators would be pleased to tender at a fraction of the cost. For example, London School offers a similar Mini-MBA at R15 000 per year

OTHER PARTICIPANT COMMENTS AND FOLLOW-UP POINTS

1.20 Mpumalanga: Charles Mnisi, Manager LED and Tourism, Ehlanzeni District Municipality

- **Trade and Industrial Centres, GDS and LED Projects** to be followed-up in Mbombela, Nkomazi, Bushbuckridge and other Local Municipalities
- **Business Plans** to be followed-up with Natgrowth
- **Interests include property development,** including alternative rural accommodation, tourism, entertainment and game reserve developments

1.21 Gauteng: Paul Maseko, CEO Emoyeni Trading Entity, Public Works, Roads & Transport

- **Emoyeni** is a trading entity within Gauteng Dept of Public Works, Roads and Transport. **It's Vision and Mandate** includes facilitating the following:
- **Priority Gauteng IDZ** near ORTIA to be followed-up with Natgrowth including the Trade and Industrial Centre concept
- **Major Public Sector Properties** for Revival, Development or Sale, as well as R27m Land in the South, to be discussed further with Natgrowth. Seminar Day 2 and 3 were **fruitful**.

1.22 KZN: Barbara Mgutshini Local Government Special Projects

Projects emerging from the KZN Provincial Spatial Economic Development Strategy (PSEDS) to be **followed up for implementation,** including:

- **Corridor** Development R160m Budget
- **Small Town** Rehabilitation R 55m Budget
- **2010 Infrastructure** initiatives
- **Investment Opportunities**
- **Municipal Infrastructure** Grants

1.23 Limpopo: Lehlagare Mothapo, Development Economist, Economic Development & Tourism

- **Seminar Evaluation: Excellent.**
- **Trade and Industrial Centre, GDS, Industrial Clusters and LED Projects, to follow up** including Transport and Logistics Hubs in Polokwane and possibly Musina.

1.24 Dept. of Science and Technology, Catherine Leboa, Dep Director, Sustainable LIvelihoods

- **Seminar Evalutation: Good Programme.**
- **DST Vision is to facilitate Prosperous** Business Projects along the full business value chain for a number of new science and technology products and technologies
- **Enterprise Development** and JCCI Projects to be followed-up

1.25 Mpho Lovedale MD Formco

- **Found the Programme to be a very rewarding** process recommended to many others: Email received: "I would like to thank you for the wonderful and educational seminar you had. One doesn't feel to miss it for anything. Natgrowth is definitely the future"
- **Switching from Transport to Agriculture**, towards a Vision of a major farming enterprise with several farms in Mpumalanga, Limpopo and Free State, with crops, honey bees, processing facilities, dairy cows, livestock and abbotoirs
- **Business Plan and funding** to be followed-up

1.26 Kgomotso Lediga Malgaki Resources

- Follow-up on Business Plan **Wellness for Success** targeting government, corporates and individuals;
- **Follow-up** Strategic Business Development and Financial Management Programmes

1.27 Moipone Masalesa: Thought-provoking seminar.

- **Follow-up Vision and Business Plan** for a Major Construction Company doing large scale civil works throughout SA and SADC
- **Follow-up** Strategic Business Development and Financial Management Programmes

1.28 Tsietse Makwela, Mudzi and Mashonga Construction

- **Programme** assisted in moving towards the objective of advancing from a small to a larger business, including a bigger Vision, more confidence to handle the bigger work, negotiating better terms on joint ventures to benefit from allround business experience, rather than labour-only, and broadening the business development network
- **Business Plans** to be followed-up
- **Email: "**Thanks for the opportunity to attend such a powerful "High Impact" workshop. As most of us could not differentiate between the vision and the mission, but we finally managed to separate the two. I think most people lack the deal making skills which is what needs to be added most with those business planning skills that we have learned. If an opportunity presented for me to become the contributor to such a vibrant organisation like Natgrowth Fund, I will definitely grab it with both hands. Thanks for everything".

1.29 Jane Llale, Llale & Company Director New Business

- **Seminar Evaluation: Day 1 Good, Day 2 Better, Day3 Best, Overall: Perfect!**
- **Vision:** more major developments all over SA, SADC and overseas, building on experience with projects such as 2010 Soccer City, NM Museum, Mapopane Station
- **Business Plans** to be followed-up towards the goal of a JSE listing

1.30 Tami Tale, IDC SHIP Senior Project Manager

- **Email:** "Thanks a lot for organising this seminar. It's a pity I missed most of the topics on the program due to other commitments, but have enjoyed those that I had a chance to listen to; they were very **informative and enriching**. Looking forward to your summary"

1.31 Artie Phatlane, COO, Natgrowth

- **It's Happening! The Programme has moved to the next level** as a project factory and investment deal- room.

1.32 Eric Stillerman, CEO, Natgrowth

- **We look forward to following up with all participants,** present, past and future in contributing to implementation of sustainable growth, investment and employment

1.33 APOLOGIES:

- Central Energy Fund, Jabulani Shabalala
- DBSA, Motsamai Senyakoe
- IDC, Zanele Monnakgotla
- Ekurhuleni Metro
- Jewellery Council CEO, Lourens Maree
- Matla
- City of Tshwane
- Others

2. FREE STATE AND CENTRAL REGION, 19-21 MAY 2009, CITY LODGE, BLOEMFONTEIN

UPDATE AND OVERVIEW, NATGROWTH, ERIC STILLERMAN, CEO

NATIONAL

The Economic Recession is continuing with **GDP -6.4%** and Job Losses **208 000** in Q1 2009.

Positives include signs of a **Recovery** on the JSE, Global Stock Markets and in Commodities, Lower Inflation 8.4% and Repo Rate 7.5%, and ongoing Infrastructure Investment towards 2010

The President's Top 10 Priorities include **Improving Growth, Infrastructure** Investment, **Job Creation**: 500 000 in 2009 and 4m by 2014 with expansion of the EPWP, **Skills** Development, **Education**, **Service** Delivery, **Health** Care, **Social** Development, **Human Settlements**, Reducing **Crime** and Corruption; and Enhancing SA's Role in Africa and in **International** Relations.

Economic Priorities include effective **implementation** of **SA's Response** to the Global Crisis agreed between Social Partners at Nedlac including Job Retention and Retraining, an **Infra-structure Cluster** to drive R786b Investment, Comprehensive **Rural Development, Trade and Industrial** Policy and **Integrating Social and Economic** Development initiatives for **13m** people

New Ministries and Structures indicate the direction of Government including the National and Provincial **Planning Commissions,** Performance, Monitoring and Evaluation; Economic Development; Rural Development; Human Settlements; Cooperative Governance; Basic Education; Higher Education; Women, Youth and People with Disabilities

Government's Strategic Plans and Programme of Action (POA) will now be developed to **implement the key priorities** with clear targets, time-frames, budget allocations and accountability. Public Enterprises will be included in the integrated planning framework.

Alliance Partners, Business and other stakeholders will continue to play an active role in policy development and implementation, representing diverse interests in a vibrant democratic process

Natgrowth plays an **ongoing role** in supporting the development and implementation of strategies and projects with the different spheres of government, as well as business and other stakeholders.

Natgrowth runs a Network Management process across SA and all Provinces, including ongoing Seminar Programmes, Management and Financial Services, Management Education and Training, Business Planning and Development, Investment Facilitation and Mentoring

FREE STATE AND CENTRAL REGION

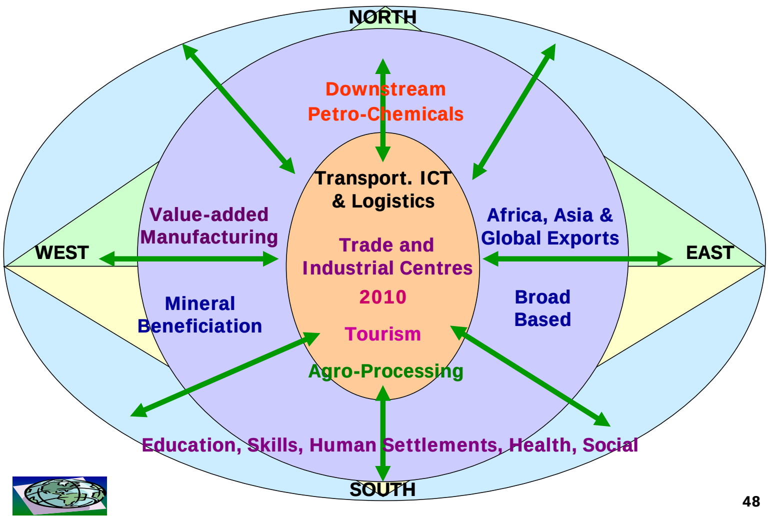
Free State and the Central Region are well positioned to be the Centre of the Action in SA as indicated in the 2008 Report. **Pro-active** Strategies and Marketing are needed to turn the region from a declining **drive-through,** into a hub of economic activity with a diverse range of sectors.

Free State GDP-R R108.9b is 8th of 9 Provinces followed by Northern Cape R44.2b (Stats SA 2007). Free State 2007 Growth 4.1% and N Cape 3.3% were below SA average 5.1%.

Offical Unemployment increased in Free State to 277 000 or 25.4% and N Cape 105 000 or 27.4% in Q1 2009. **Halving unemployment** by 2014 thus requires **138 500 Jobs (27 700 per year)** in Free State and **52 500 Jobs (10 500 per year)** in Northern Cape.

Key Sectors in the Provincial GDS and Spatial Development Framework (SDF) across the 5 Districts include Agro-processing, Tourism, Mineral Beneficiation, Manufacturing, Trade, Transport and Logistics; as well as Infrastructure towards 2010 and beyond.

FREE STATE: CENTRE OF THE ACTION



DISTRICTS X SECTORS X PROJECTS X INVESTMENT = JOBS

SECTORS DISTRICTS	Agro-processing	Manufacturing	2010, Tourism	Trade, Transport	Other
Xhariep	•	•	• Lake Gariep	•	•
Motheo	• Trading	• High-Value	• Host City Business	Major Centre	ICT Knowledge
Lejweleputswa	• Bio-fuels	• Mineral Benefic.	•	•	•
Thabo Mofutsanyana	• Cherries, Asparagus, Dairy	• Assembly	• Nature Maluti Transfrontier Park	Harrismith Hub	• ICT Logistics
Fezile Dabi	• Bio-fuels Maize	• Steel, Petrochem	• Heritage Vredefort	• Kroonstad	• ICT
ALL	Meat, Leather Land, Water	Mass Production, SMME's BBBEE	Education, Skills	Marketing Finance	Housing Social

The Free State GDS and SDF provide information on the District Economies which can be used to integrate **Targets eg. 5 Districts X 5 Sectors X 10 = 250 Projects X 500 = 125 000 Jobs**

Implementation requires **Pro-active Drive** and Coordination to bring the Sectors to life with practical **Projects, Business** Proposals and Investment facilitation. **Coordination** is needed between the new Provincial Planning Commission, Sector Departments, Districts, Local Government, Business, Public Enterprises and other stakeholders

Natgrowth provides ongoing **support services** to Provincial and Local Government to facilitate **Pro-active Drive, Coordination, Implementation and Network Management**

PARTICIPANT FEEDBACK AND FOLLOW-UP

DBSA PROJECT MANAGER, KHOSI KUNJWA

2.2.1 **Evaluation: Excellent Programme**

2.2.2 **Projects and Investments Planned: Infrastructure** – various sectors eg. mining, tourism, agriculture, manufacturing, transport

2.2.3 **Lejwelephutswa** Sectors and Potential Projects (from initial visit): Mining, Tourism, Flamingo Waterfront, Livestock, Agro-processing, Natgrowth-type Trade and Industrial Centre

2.2.4 **DBSA Appraisal Process:** Project Viability, Financials and Institutional Capacity.

2.2.5 **Comment: DBSA** has a **Development Fund** which could be used to fill the Gap between Project Proposals and DBSA requirements. Eg. it would be useful to explore the gap with the Setsoto Dairy Project which DBSA indicated was not complete.

2.2.6 **Action Plans and Way Forward:** Identify bankable projects for DBSA support, form strategic partnerships with (other) potential funders. (Municipalities have limited loan capacity)

2.2.7 **Natgrowth services required:** All.

DEPT. OF COOPERATIVE GOVERNANCE, TRADITIONAL AFFAIRS AND HUMAN SETTLELMENTS

CHRISTO JANSEN VAN VUUREN DEPUTY CHIEF TOWN AND REGIONAL PLANNER

2.5.1 **Provincial Spatial Development Framework (SDF)** presented including mapping of sectors and sub-sectors for each district (see tables and comments above)

2.5.2 **Evaluation: Very Good**

2.5.3 **Valuable Topics and Services: Business Plan** compilation, analysis of proposed businesses and follow-up workshops

2.5.4 **Comments:** Sectors need to be brought to life by engagement on Strategies and Projects with the Districts and Municipalities.

DR HENNING STAPELBERG, CHIEF TOWN AND REGIONAL PLANNER

2.4.1 **Overview** of Provincial and Local Planning Processes was presented including **IDP's and SDF's.**

2.4.2 **Improvements are required to achieve credible IDP's** which inform Budgets.

2.4.3 **The Provincial Planning Commision** may assist in improving Planning and Coordination

2.4.4 **Follow-up:** further engagement with Natgrowth on planning, coordination and projects

MPHO "GIFT" MOKOENA, ACTING HEAD HUMAN SETTLEMENTS

2.5.1 **Objectives: Growth initiatives** with tangible benefits and high-impact spin-offs

2.5.2 **Follow-up:** further engagement with Natgrowth on action plans

DEP OF PUBLIC ENTERPRISES (DPE), SPECIAL ADVISOR TO MINISTER, LITHA MCWABENI

2.6.1 **Overview** of Major Public Enterprise Projects, led by Eskom and Transnet (See 2007 Report)

2.6.2 **Eskom Build Budget is +/- R1 trillion** up to 2018. Coal remains the focus, with the second largest revserves in the world after China.

2.6.3 **6 New Nuclear Power Stations** are planned from 2013 as part of the Kyoto Protocol Renewable Targets, which may be located in suitable areas such as Jeffery's Bay, Free State and Northern Cape. North West University will be providing some of the Nuclear Scientists

2.6.4 **The National Transport Masterplan** is proceeding with a major role played by Transnet. (See 2008 Report, December)

2.6.5 **Inland Ports** are being considered – which could include Harrismith and Kroonstad.

2.6.6 **Comment: Further Engagement** on Project Business Models, Funding, Implementation and opportunities in the Provinces eg. in settting up relevant PPP and State-owned structures

OPPORTUNITIES FOR SMME'S IN ESKOM HOLDINGS LTD

ESKOM BEE ADVISOR FREE STATE, GWENDELINE ALEXANDER

2.7.1 **ESKOM's huge Procurement spend includes**

- **Build Programme > R350b over next 5 years**
- **Operating Expenditure > R60b pa**
- **Refurbishment**
- **Need to double capacity by 2025**

2.7.2 **Current Suppliers include**

- **International** Suppliers, some looking for **BEE Partners**
- **Big Local** Suppliers looking to improve **BEE Status**
- **Local Suppliers** with acceptable BEE
- **BWO's and SME's**
- **Joint Ventures** (Small & Big; Local & Foreign)
- **Registered suppliers**

2.7.3 **Opportunities throughout Eskom**

Underground Coal Gasification (UCG) – Majuba PS:

- Compressors (R50m)
- Piping materials (R290m)
- Casings – 300km/annum (R140m)

Consulting Services:

- Business Consulting
- Engineering Consulting
- IT Consulting
- Environmental Consulting

Strategic Services:

- Coal Mining (New build & beyond)

- Aggregates (New build & beyond)
- Engineering (New build & beyond)
- IT
- Risk Management
- Security
- Project Management
- Logistics

2.7.4 **Supplier Applications and Evaluations processed** (See new definitions and criteria)

2.7.5 **Support of Black Small and Large and Black Woman Owned** businesses remain the focus

2.7.6 **B-BBEE Supplier Development Framework:**

An **end to end,** rigorous supplier engagement process which aims to

- Set **targets** & use **ASGISA** compliance as the gate keep for awarding contracts
- Identify **opportunities** for start-ups & analysis of gaps within Eskom's BEE suppliers across the value chain.
- Engage the expertise of the **service providers** preferably B-BBEE companies to execute.
- Following individual development and **cluster development** strategy (Learning from each other)
- Influence the **multi-nationals to comply** with new Codes of Good Practice i.e. B-BBEE
- Create synergies / leverages by **sharing the BEE strategy** with other SOEs through the structured forums

2.7.7 SME Support Program…

- **Setting aside portions** or the whole of certain tenders for BWO and SMEs
- **Permitting price matching** as stipulated in the tender enquiry
- **Arranging for expedited payment,** i.e. within 15 days of receipt of invoice without deduction of settlement discount
- **Arranging for free issue materials** from Eskom stores
- **Supplier development** opportunities
- **Giving advice and guidance** in areas such as quality, financial, marketing and production management
- **Access to the international suppliers** through joint ventures
- **Assisting with strategy** to avoid dependency on Eskom for survival
- **Subcontracting** (Influence the OEM / Multinationals).
- **Facilitation of Technical Agreements** where possible
- **Providing pre-tender advisory** and production management
- **Setting targets** for OEMs to develop suppliers
- **Driving localisation** (particularly power station proximity)
- **Putting pressure on all non-B-BBEE** compliant companies to achieve a minimum level 4.
- **Settings targets for skills development** for each project.

ESKOM ASGISA UNIT, STEPH PRINSLOO

2.8.1 **Contractor Academy Rollout across SA** discussed with prospects for Free State (See 1 above)

2.8.2 **Cooperation with DBSA to be** discussed eg. to explore possible synergies on Contractor development in the common space of infrastructure development, with the DBSA Vulindlela Academy and the Siyenza Manje programme

2.8.3 **The Power Station in Kroonstad** will be explored in terms of its potential for recommissioning and regional supply

2.8.4 **Distribution** infrastructure may be revived soon with greater clarity on ownership of Regional Electricity Distributors (REDS) by the Municipalities

FEZILE DABI DISTRICT MUNICIPALITY, CHAIR FINANCE COM, CLLR. DONALD COLBERT

2.9.1 **Major sector projects** to be followed up with the District and Local Municipalities and Natgrowth, capitalising on its strategic location close to Gauteng, on the Vaal River, and at the gateway to the Central Region, including

2.9.2 **Agro-processing and Bio-fuels**: in the light of the exclusion of maize from the Bio-fuel policy

2.9.3 **Tourism capitalising on 2010, the Vaal River and the Vredefort Dome** World Heritage Site. A major marketing initiative is needed which has somehow not been implemented to date.

2.9.4 **Environmental** issues are of concern including water pollution in the Vaal and air pollution from Sasol and Mittal. A **Clean and Green** campaign is needed, which may partly for Carbon Credits

2.9.5 **Trade and Industrial Centre in Kroonstad** based on Natgrowth's Model, also serving as an inland port to relieve Gauteng of the space congestion of road and rail freight

2.9.6 **Petrochemicals** to be followed with Sasol

2.9.7 **Metal Manufacturing** to be followed up with Mittal Steel

2.9.8 **Power Station** regeneration in Kroonstad.

NAFCOC FREE STATE, EXCO MEMBER, ISAAC MASHIYA

2.10.1 **NAFCOC** plays a major role in business development, members around the province and **affiliated chambers** in different sectors such as NAFU: Agriculture; SALTO: Transport; NIC: National Industrial Chamber; Commerce and Trade "ACHITS".

2.10.2 **As a Wholesaler,** the Natgrowth Trade Centre concept is very attractive. It is worth investigating **Overland,** a successful trading operation in North West driven by a determined entrepreneur.

2.10.3 **More Active Partnerships** are needed between NAFCOC, Provincial and Local Government and NATGROWTH, which could assist with business development, management and investment

NAFCOC FREE STATE, SECRETARY, TLADINYANI KGODUMO

2.11.1 **NAFCOC Free State** has +/- 5000 paid up members around the Province, which it assists in opening up business opportunities in all sectors.

2.11.2 **Tladinyan**i is involved in structural steel and plans to become an international business player

2.11.3 **Follow-up to implement an effective Business Development** process, moving from Ideas to Implementation and Financing, with the necessary Business Skills and Partnerships

SETSOTO "COW HOTEL" DAIRY PROJECT

SETSOTO MUNICIPALITY MAYOR, MBOTHOMA MADUNA

2.12.1 **The Vision for Setsoto** is a prosperous community benefiting from thriving rural development, integrating Lesotho, by implementing practical business projects such as the Cow Hotel

2.12.2 **Dairy Farming** has been in decline in Setsoto (Ficksburg / Senekal) and similar areas due to overgrazing and land degradation, with factories closing and skilled people leaving the area

2.12.3 **The Cow Hotel Dairy** Project will use an innovative **Zero Grazing** Model to be provided by German Partners in a 20 year partnership. Cows are Fed and Milked in dedicated controlled areas

2.12.4 **Waste** is processed in a **Fermentator** into Methane Gas and is converted in a Septic Tank to electricity to supply the plant.

2.12.5 **A Business Plan** was done at high cost to start the project with 500 cows. The plan was not accepted by various funders approached, apparently as it was not a complete model.

2.12.6 **Key Issues include the Marketing and Distribution Strategy** in an industry dominated by major players, the **opportunities** of a milk shortage in SA and Africa (particularly for long-life milk), upfront **capital expenditure**, input costs, supply chain and operational management

2.12.7 **Natgrowth has been requested to assist in** finalsing the business model, financial projections and investment facilitation, as strategic advisors and prospective partners.

SETSOTO MUNICIPALITY DAIRY PROJECT MANAGER, SELLO TSOLO

2.13.1 **Evaluation:** Workshop was Great

2.13.2 **Most Valuable Topics:** Strategy Development and Analysis

2.13.3 **Projects and Investments:** Setsoto Dairy Project

2.13.4 **Natgrowth Services required:** Business Plans; Financing and Investment Services

SIYATHEMBA MUNICIPALITY, MUNICIPAL MANAGER, GERT J BESSIES

2.14.1 **Siyathemba** is in Northern Cape alongside the Orange River. There are a number of Investment opportunities in various stages of planning and funding, including the following:

2.14.2 **Tourism: Die Bos Site Development** – feasibility done. 34-78 Plots for Chalets; Eco Estate, Hotel and Golf Course; Profits will fund other services eg. restaurant, pool, gym etc. DWAF is assisting with the Alien tree project to make furniture.

2.14.3 **Value-added Agriculture: Processing** Fruit and Veg, Tannery; Livestock; Maize and Wheat. Meetings with Wholesalers such as TWK and Sentra-Wes to discuss marketing and distribution

2.14.4 **Mining and Beneficiation:** Mintek and DME assisting with Tiger's Eye and semi-procious stones cutting, polishing and marketing to Asia. Other opportunities including **Copper, Salt and Lime**

2.14.5 **Follow-up:** Natgrowth Workshops and Services

SIYATHEMBA MUNICIPALITY, CONSULTANT, ISAAC PHOOKO

2.15.1 **Trade and Industrial Centre** (Natgrowth-style) to be followed-up. This would provide a Centre for SMME's and Coops to coordinate supplies and marketing to promote rural development and poverty alleviation

2.15.2 **The Trade and Industrial Centre** could also service trade to Namibia and West African countries, moving from import and export trade to assembly, processing and manufacturing

SABC RADIO (Zimbasa) interview on business and investment opportunities for different audiences – from poor and middle-income to higher income groups.

NATGROWTH COO, ARTIE PHATLANE

2.17.1 **The Programme was fruitful** in taking projects to the next level. The focus is on perfecting the **Business Models** to implement the many good initiatives in practice.

2.17.2 **There are many exciting synergies** eg. the Dairy Project, DBSA as funders, NAFCOC members as distributors, Provincial and Local Government as customers

2.17.3 **Active Follow-up** is needed between all role-players to build ongoing relationships, active partnerships and successful implementation structures.

NATGROWTH CEO, ERIC STILLERMAN

2.18.1 **This was a successful practical programme** dealing with concrete projects and maintaining strategic leadership in the context of many changes taking place in SA and globally

2.18.2 **The momentum of the programme** should be maintained by **active follow** of the various projects by all role-players. Natgrowth is ready to assist with implementation and investment facilitation through its pro-active Network Management process.

APOLOGIES

BOTSHABELO CREATIONS COMMUNITY DEVELOPMENT, DIRECTOR, JULIA LETELE

DEPT. OF THE PREMIER, STRATEGIC ADVISOR, DP MPHAKA

SEDA BUSINESS ADVISOR, MADODA KHUMALO

COMMENTS AND SUGGESTIONS FOR FOLLOW-UP

3. LIMPOPO AND NORTHERN REGION, 23-25 JUNE 2009, OASIS LODGE, POLOKWANE

3.1 SUMMARY AND OVERVIEW

NATGROWTH CEO ERIC STILLERMAN

3.1.1 **Limpopo's position as the Heartland of Southern Africa** is strengthening with good prospects for emerging **regional trade and shopping tourism** towards and beyond 2010

3.1.2 **Natgrowth is promoting Trade and Industrial Centres,** which would capitalise on the **regional and cluster** opportunities and facilitate **Urban and Rural** integration eg. **Polokwane and Musina**. Participants from **Sedibeng** indicated that similar initiatives apply in Gauteng and other Provinces

3.1.3 **Rural Development can advance in all districts**, not only in the Giyani pilot project, building linkages to urban and trade centres in key clusters such as agriculture and agro-processing

3.1.4 **The Top 10 Priorities** in the State of the Nation Address (SONA) and the State of the Province (SOPA) include Economic Growth and Job Creation, Massive Infrastructure Development, Rural Development, Education and Skills, Healthcare, Human Settlements, Social and Community Development, Sustainable Resource Management and Use, African Advancement and International Relations; Fighting Crime and Corruption; and Building a Developmental State

3.1.5 **Economic Growth in Limpopo** 1996-2007 3.8% was **above SA ave** 3.1%, up to R138.1b in 2007, with major investments in **Mining** and the **R100b Eskom** Medupi Power Station in Lephalale.

3.1.6 **In response to the Global crisis** and the **downturn of -6.4%** in SA in the 1st Quarter of 2009, Limpopo is benefiting from **ongoing investments** in coal, energy and infrastructure, good agricultural conditions, commitments to preserve and create jobs, and protection of the vulnerable.

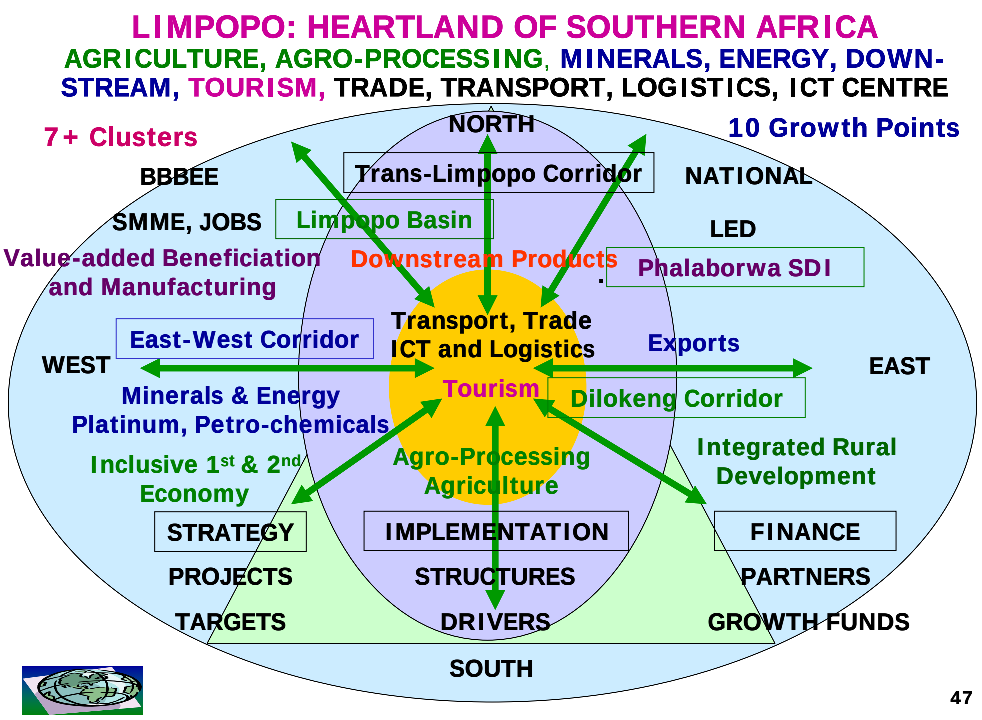
3.1.6 **Employment:** Limpopo was the only province to show a **decrease in unemployment** in Q1 2009, although 28.1% is still **too high,** and the rates of participation and labour absorption are very low. **Growth has not translated** into major job creation and benefits to the broader population, which needs to be addressed by **more aggressive strategies**.

3.1.7 **Job Creation: EPWP Targets 500 000** job opportunities by Dec 2009, **4.5m** by 2014 or 2m full-time equivalents in SA. **Limpopo's target** is **496,402** ie **+/- 248 000** full-time jobs by 2014 +/- 50 000 per year. **Limpopo's target in 2009 is only 10 000, which should be adjusted to 50 000.**

3.1.8 **The LGDS** (Limpopo Growth and Development Strategy) is under review in the light of the new priorities, the 2009 electoral mandate terminology and the **industrial cluster studies.**

3.1.9 **10 Growth Points** have been identified in the Spatial Development Framework which need to be clarified to align with key nodes such as Polokwane, Musina and Lephalale, the 5 districts, the East-West Development Corridor, Dilokong Development Corridor, Trans Limpopo SDI, Phalaborwa SDI and Limpopo Basin

3.1.10 **Natgrowth is ready to assist with High Impact projects** and investment initiatives and implementation at all levels: National, Provincial and Local.



LIMPOPO STATE OF THE PROVINCE ADDRESS (SOPA) 2009 EXTRACTS

MTSF PRIORITY 5 MASSIVE INFRASTRUCTURE PROGRAMME

Massive programme to build economic and social infrastructure to stimulate growth and development

- **Spatial Development Framework (SDF)** identifies growth points
- **Urgent need to invest on our transport and logistics infrastructure** in order to support the scale of economic activities taking place
- **R33 (Modimolle to Lephalale) and R37 (Polokwane to Burgersfort)** important networks with huge potential to enhance economic productivity **R33 soon to be National – with SANRAL**
- **R37 resealing** from Polokwane to Olifantsriver
- **Polokwane International Airport Terminal 99% complete**
- **Regional Mall of the North in Polokwane R1.5b**, 1500 perm jobs + 1500 temp
- **Water and electricity 83% Target by 2010;** and Sanitation; Urgent Problems in Giyani being addressed with DWEA
- **EPWP Phase 2:** National goal 4.5m Work opportunities = 2m full-time jobs
    - **Limpopo Target 496,402 Work opportunities** or 248,000 full-time in 5 years
    - **President's 500 000 Target 2009: Limpopo to work hard for 10 000 (Seems an error)** – some through filling SMS Senior Management Service posts after rationalisation
    - **State Owned Enterprises (SOE)** Incentive scheme: more funds for job creation
    - **Procurement policies** and public incentives not to undermine decent work
    - **Support labour-intensive methods**, local goods, public-private partnerships and cooperatives to share the benefits of procurement
    - **National Youth Development Agency Youth Service** will go a long way to enlist the majority of our young people into the world of work.

3.2 LIMPOPO OFFICE OF THE PREMIER, DR. CHRISTOPHER WHITE, GM POLICY COORDINATION UNIT

3.2.1 **The 7+1 Priority Industrial Clusters** now include **Manufacturing**/Beneficiation / Agro-processing. (Natgrowth believes **Trade** should be included with Logistics). The PGDS Unit is to support opportunities/priorities of the following Industrial Clusters, with an emphasis on job-creation, community involvement, beneficiation and unlocking Cluster Value-Chain Opportunities (input/output), through networking, building relationships / partnerships and sharing of information:

1. **Horticulture** – Mopani and Vhembe Districts; In all Corridors
2. **Red and White Meat** – In all Corridors
3. **Forestry**- In Vhembe: Phalaborwa and Trans-Limpopo corridors
4. **Petro-Chemical and Energy** –Waterberg District; East West Corridor
5. **Platinum Group Metals (PGM)** – Waterberg and Sekhukhune Districts; Dilokong and East-West Corridors
6. **Logistics** – Polokwane, Lephalale, Phalaborwa, Musina and Greater Thubatse e.g. mining hubs, transport hubs etc; where all other Corridor converge
7. **Tourism** – In all corridors; Sub-clusters:
    - **Special interest** eg Mapungubwe, Nylsvlei Birding, Agro, Health
    - **Game Reserves**
    - **Sport / Golf Tours**
    - **Biospheres** Lowveld, Soutpansberg, Waterberg
    - **Family** Leisure Resorts
    - **Business:** eg. Polokwane, ICC, MICE, Shopping
    - **Mountain** adventures
    - **Transfrontier Parks**
8. **Manufacturing** Beneficiation drive, Agro-processing etc.

3.2.2 Special Priority Projects outlined by the DG at Exco Lekgotla

- **Establishment of one technical school per district (**costed plan by end of this financial year for implementation in the next financial year). This project is aimed at laying a foundation for scarce skills development and the improvement of quality basic education)
- **Big-bang hospital revitalization** (phased-in rolling PPPs at ± 5 hospital batches at a time. We could register the first batch with the National PPPP Unit by end of financial year). **This will address the SONA pronouncement on hospital revitalisation.**
- **Upgrading of sewer systems (**cost estimated at R900m of which R400m is available. MIG funding can be channeled to address this over a period of 3 to 4 years).

  This will assist in preventing / minimising cholera problems in future).
- **Information Society** though the prioritization of broadband infrastructure network. Finalise the Provincial Broadband Strategy with a view to implementing in the next financial year.
- **Provision of bulk water supply** (costed plan almost complete. District water plans still to be finalised.)
- **Development of funding models** including involvement of DBSA and paying back through MIG funding over a period. NB: This will require the Premier and the relevant MECs to request for variation of the DORA (Division of Revenue Act)
- **Establishment of the Growth and the Skills Development Funds** (institutional and funding models completed). Top-slicing current budget to kick-start the fund immediately.
- **Approval of proposed Lephalale growth support programme** model for the use in all growth points in order to have focused attention to the development.
- **Entering into MOU with Botswana** to strategically manage the Lephalale development project.
- **Comprehensive Rural Development** Programme (Muyexe Pilot Project)
- **Creation of sustainable jobs in government** by reducing number of funded SMS posts in order to increase the number of lower posts to be filled (see table).
- **Render overall support** towards improved integration / co-ordination in achieving the Objectives of the PGDS / Mandates of the ruling party
- **Facilitate and support appropriate institutional arrangements** at growth points towards ensuring economic development and improved service delivery – build the relationship between the various components of government, community, industry and civil society
- **Support Industrial Cluster (PGDS) development:** specific priority projects, value-chain development / beneficiation
- **Build real and practical regional relationships** and partnerships in harnessing the competitive advantages of the region
- **Support the implementation of specific priority programmes** and projects aimed at maximum impact, as reflected below:

3.2.3 Logistics Centres Priority Programme

The PGDS Unit is to support Logistical Centres across the Province with an aim to unlock and facilitate internal and regional linkages / integration and support to the broader provincial and regional economic development drive e.g. Transport Hub. Bearing in mind that the various Industrial Clusters need specific logistical support as well e.g. possible Mining Hubs. The following Logistical Centres are prioritised:

- **Polokwane** (Internal Logistical support to all growth points and Industrial Clusters, as well as external i.e. rail (Trans-Africa), road (N1), air (Gateway: regional linkages, cargo, aircraft maintenance)
- **Musina** (Zimbabwe / Limpopo – north into Africa)
- **Lephalale** (Botswana / Limpopo – north into Africa / Support to Mining, Petro-Chemical and Electricity Clusters)
- **Greater Thubatse** (Burgersfort / Steelpoort / Support to Mining Cluster)
- **Phalaborwa** (Mozambique / Limpopo (Support to Mining, Agric and Tourism Clusters)

A reliable understanding would be critical e.g. issues of policy, legality etc. and network in support of import / export / beneficiation potential linking Logistics Centres Internationally, regionally and internally / harnessing the information society

3.2.4 Growth Point Support

PGDS Unit to assist in unlocking services for potential development at prioritised Growth Points, through rendering institutional support (based on Lephalale experience) and building partnerships between industry, government and the broader community. Issues that should be prioritised:

- **Land**
- **Infrastructure**
  - **Water** and sanitation (upgrading of sewer systems)
  - **Housing** (Sustainable human settlements)
  - **Roads**
  - **Electricity**
  - **Social** e.g. Schools, Hospitals & Clinics, recreational facilities
  - **Economic** Infrastructure e.g. main access routes
  - **Health**
- **Environmental and waste-management**
- **Primary Health Care**
- **Transportation**
- **LED**
- **Skills development**
- **Community involvement / ownership / responsibility**
- **Revitalisation of rural towns linked to the 10 growth points**

3.2.5 Health Improvement Priority Programme

The PGDS Unit is to support fast-tracking of the following:

- **The <u>Big Bang approach in support of the Hospital Revitalisation</u> Programme**
- **Development of the <u>Medical Platform</u> in Polokwane (Edupark). (**This would imply close co-operation and an integrated approach between the Departments of Education and Health and Social Sciences, as well as the University of Limpopo)

3.2.6 Skills Development and Training Priority Programme

Focused skills development in support of the various Industrial Clusters and in support of the Public Service are critical. This implies support to the following initiatives:

- **<u>Development of the Learning Academy</u> (**in support of skills Development within the Public Service and tied to business / community training)
- **<u>Modernisation of schooling facilities</u>**
- **Location and <u>development of Specialized Schools</u>** in support of Industrial Cluster development e.g. focused technical / agricultural schools
- **<u>Support to Industrial Cluster development</u>** – through partnerships between local government, FETs, Universities, private training institutions and industry
- **<u>Integration of schooling system</u>** from Grade R through to Tertiary Education – <u>leadership support</u> to educational institutions
- **<u>Recruitment and retention of specialized skills</u>**
- **<u>Fast-track the ABET Programme</u>**

3.2.7 The HOW part

- Ensure that the necessary **<u>support and authority</u>** is given by EXCO / Office of the Premier
- Build and **<u>maintain a strategic network</u>** across spheres of government, with private sector and civil society
- **<u>Ensure that the Unit is appropriately</u>** <u>resourced</u> and has a small team of skilled personnel – it should not be cumbersome and get bogged down in administrative tasks – it should play a largely unlocking and networking role in addressing blockages and optimising opportunities
- **<u>Source professional support</u>** where required (eg. discussions with Natgrowth to proceed)
- **The Mandates of Government / Objectives of the PGDS / MTSF Strategic Priorities** should cut across / under-pin all matters focused on by the Unit
- **<u>Focus on specific priority projects</u>** aimed at maximum impact in the short and long term

3.3 LIMPOPO OFFICE OF THE PREMIER, SEIPATI TLAKA, 2010 PROVINCIAL COORDINATOR, AND COO LIMPOPO TOURISM AND PARKS

LIMPOPO PROVINCE STATUS QUO IN RELATION TO HOSTING THE 2010 FIFA WORLD CUP

3.3.1 **LIMPOPO HOST PROVINCE** AND POLOKWANE HOST CITY HARD AT WORK

3.3.2 **In total 13 or 17 guarantees** have been signed for the provision of the following, for example:

1. **Transport**
2. **Public Health**
3. **Clean and Consumable Water**
4. **Electricity**
5. **Safety and Security**
6. **Sufficient Accommodation**

3.3.3 **Strategic Actions** include

1. **Marketing and Branding**
2. **Communications** (Mass mobilization/PR Campaigns)
3. **Legacy and sustainability**
4. **Entertainment and night life.**

3.3.4 **Key Challenges for Tourism around 2010** (some also emerging in the 2009 Confederations Cup)

- Lack of sufficien**t** **<u>accommodation facilities</u>.**
- Acknowledge the fact that the **statistics have changed**
- Lack of <u>sufficient **graded accommodation**</u>
- Lack of <u>sufficient and relevant **information in respect of tourism**</u>
- Lack of **integrated transport**
- Lack of **<u>access roads to tourism establishment</u>**
- Lack of <u>**entertainment,** especially night life entertainment</u>
- Lack of **<u>experience in hosting big events</u>** by the host city
- Lack of **<u>safety and security</u>**
- Poor **<u>service levels</u>**

3.3.5 **ENVISAGED: LIMPOPO'S SAFARI VILLAGE**

- **50m² ultra luxury tent sleeping** 2 people with en-suite bathroom

3.3.6 **LIMPOPO MARKETING: BRANDING PAY-OFF LINES**

- **Government – Development is about people.**
- **Limpopo Tourism and Parks – Live the game and live the adventure.**
- **Polokwane municipality – The city of stars.**

All the brands and payoff lines have been launched and utilized.

- We must begin to highlight and showcase good characteristics about our Province.
- Rigorously market our Province to **sport loving countries**.
- Send a **high powered delegation** headed by the Head of the Province to designated countries in order to have them come and base in Limpopo
- An **integrated and powerful strategy** is of vital importance.
- Government needs to **communicate all time** to people within the province.
- Well structured communication strategy to manage expectations within the province.

3.3.7 **Legacy Projects include**

- **Peter Mokaba Stadium**
- **City Beautification**
- **Limpopo Tourism Products – Limpopo Safari Village.**
- **Training of Sports Administrators.**

3.3.8 **Comments: 2010 Strategies should include**

- **Trade Tourism** with a larger inflow from Africa than 15-20 000 people expected
- **Outreach Campaigns** to all Districts and Municipalities
- **Broader Communication** of Business Opportunities

3.4 LIMPOPO OFFICE OF THE PREMIER, REUBEN RAMMBUDA, Strategic Projects, ICT

LIMPOPO PRIORITY ICT PROJECTS AND PROGRAMMES

Strategic Objectives

3.4.1 INSPIRE – Information Society Programme in the RSA

Provincial Information Society Programme

- **To achieve the UN MDGs and the WSIS targets** and to raise the quality of life of Limpopo people and to promote the competitiveness of the provincial economies through e-strategies.
- **To harmonise the (PGDS) and concomitant IDPs** with the NISAD Plan which has been approved by the national Cabinet in February 2007.
- **To support initiatives** that work **to bridge the digital divide** through community training programmes
- To establish a long term **vision** for the **provincial Inclusive Information Society** Programme
- To ensure the use of **ICT for optimising** the pace and extent of addressing provincial developmental challenges.
- To enhance the **delivery and implementation of the PDGS and IDPs** for poverty eradication.
- To develop, at the end of the programme, an **integrated**, **comprehensive** and **feasible** inclusive **provincial information society strategy.**

3.4.2 The Limpopo Living Lab (ICT Innovation Hub)

- **To create a platform for co-operation and collaboration** between businesses, universities, research institutions, government and civil society
- **To produce technology business entrepreneurs** and to turn community-based ideas into business ventures and to raise over time the Total Entrepreneurial Activities (TEA) index of Limpopo Province, from 3 to 6 over 6 years.
- **To retain the educated workforce as a key priority for development and to attract investments** by creating an environment where multinational companies could use Limpopo and the Limpopo Living Lab as a test bed
- **To develop key clusters through knowledge creation**, transfer and exploitation by bringing businesses closer to universities and research institutes.
- **To foster ICT entrepreneurship through incubation activities** in the form of new companies.
- **To alleviate poverty through ICT** - create new jobs and income opportunities through sustainable business models for services and solutions.
- **To promote R&D and innovation** which are widely and increasingly seen to be the driving force of country's competitiveness and economic growth in the information era.

3.4.3 The Inclusive Community (I-Community) Programme

- **To establish breakthrough models of sustainable social and economic development** that can be replicated in similar communities around the province
- **To transform municipalities into thriving communities** where information technology empowers individuals, families and the community at large - and shape their future
- **To realise the goals and objectives of the IDPs and PGDS** which aim at improving the socio-economic developments of the province through access to information flows
- **To facilitate and establish a collaborative and cooperative platform for an ecosystem of partnerships** on which all stakeholders contribute to the improvement of the lives of the people acting in a coordinated manner resulting in optimal impact to communities
- **To create an ICT rich platform and infrastructure** which will enhance socio-economic development, new job/income opportunities, educational opportunities, access to new markets and trade relationships.
- **To build leadership and capacity within communities**, establish viable demands, business and replication models, research and development on sustainable livelihoods initiatives

3.4.4 Business Process Outsourcing and Off-shoring (BPO &O)

- **To support the aims and objectives of ASGISA by creating jobs and bridging the digital** divide between the 1st and 2nd economies
- **To attract multinational companies** to move all or parts of their operations and services in Limpopo Province
- **To enhance service delivery in both public and private sectors**
- **To attract anchor institutions and organisations** in both public and private sectors
- **Facilitate Government assistance and Support (GAS), Talent development, Marketing,** Industry mobilisation and BPO&O standards.
- **To promote and facilitate the growth and development of the key priority sectors in Limpopo**, namely, mining, agriculture and tourism in terms of value added services.
- **To facilitate socio-inclusive service delivery through access to government services** and related support by communities
- **To establish a collaborative partnership platform** among key stakeholders for the development and implementation of the programme.

3.4.5 Open Access Broadband Telecommunications network infrastructure

- **To provide affordable, true broadband connectivity** to the provincial government departments including educational and health institutions, district and local municipalities, businesses, and ultimately all residents of Limpopo.
- **To establish Limpopo Province as a leader in the "high tech" industry** making it attractive for these companies, ICT entrepreneurs and talented workers to stay or move into the Province.
- **To ensure that the Province's ICT infrastructure remains nationally and internationally competitive** in the long term, supporting economic development, investment and talent attraction.
- **To stimulate the creation and uptake of high bandwidth services** to end users, in the Province.
- **To promote educational, health, social and cultural development** of the Province's residents.
- **To reduce cost of doing business** in Limpopo Province (time and distance)

3.4.6 Limpopo Integrated Innovation Systems/Strategy (LIIS)

- **To promote R&D and innovation** which are widely and increasingly seen to be the driving force of country's competitiveness and economic growth in the information era
- **To develop knowledge intensive business services (KIBS): (R&D), capacity building, training services and information technology** which are among the economy's most rapidly growing sectors and play an important role in the regional innovation system
- **To enhance the effectiveness of the South African National System of Innovation (SANSI)** in order to promote economic growth and poverty alleviation, a programme called COFISA, driven by DST in partnership with Finnish Government.
- **To strengthen cooperation and collaboration** between key stakeholders: civil society, universities, research institutes, industry and government
- **To harmonise the sectoral innovation systems** and regional innovation systems with the national innovation systems.

3.4.7 The Limpopo ICT Institute (ICTI)

- **Bridging the digital divide** Improve the ICT skills level of the people in the province by enhancing their educational opportunities, and access to information and communication flows
- **Poverty alleviation through ICT** Create new jobs and income opportunities through development and use of sustainable business models for services and solutions and by providing access to new markets and trade relationships

- **Servicing the ICT needs of the existing businesses and the public sector** Comprehensive ICT education and skills training schemes driven by current and future needs of the businesses and the public sector to be realized in collaboration with existing ICT educational institutions and training providers, both private and public.

FOCUS OF ICTI: *ICT skills development* at three levels.

1. **The first level: The basic ICT skills needed by every citizen** in order to include them in the information society initiatives.
2. **The second level: The basic skills needed in the working life.** This is divided into basic office skills and general skills needed in the main economic sectors, mining, agriculture, tourism, manufacturing goods and service
3. **The third level: The advanced skills** for ICT professionals

ADVANCED IT SKILLS

- **These skills will be developed though projects** which fill the gaps in the existing educational and training programs – job-ready skills
- **They will be planned and executed together with education institutions** and/or companies.
- **The professional skills will be developed in collaboration with ICT industry** (Cisco, NeoTel, MicroSoft, Oracle, Tata, Satyam, NISG, Intel, CDAC, etc.)
- **These organisations have the expertise for the content of the training and education** programs and thus are important stakeholders for the ICT Institute.
- **Through cooperation and collaboration the Institute** will build new, need-based training programs which combines parts from various already existing programs in various institutions.
- **The ICT Institute will provide consultancy services**, from private and public organizations offering training and education services.
- **The Institute will employ outside experts on a projects basis** (like part-time teachers) which will provide both business and job opportunities.

MAIN CONTENT AREAS OF ICT INSTITUTE

ICTI CONTENT	Training and education	Development projects	Expertise development
Examples	**Basic ICT skills** **Basic working life ICT skills** **Advanced ICT skills**	**ICT solutions (e.g. in logistics)** **Consulting** **IT-caretaker services** **Free and open source development** **Entrepreneurship** **Community projects**	**Tailored courses** **Skills development programs**
Objective	**Skills development**	**Increasing the ICT utilisation in companies, new solutions**	**Capacity building in main economic sectors and government**
Main target group	**Citizens**	**SMMEs and companies in key clusters**	**Bigger companies, government**

The network based model of the ICT Institute will utilise a wide network of different kinds of organisations where the ICT Institute acts as an initiator, developer and coordinator. **The network model of the ICTI has 4 layers.**

1. **The Supplier Network:** educational institutions, companies and individual experts, etc
2. **The Satellite Model/Delivery network: T**husong service centres, community access points, schools, universities, NGOs, CBOs, FETIs, companies, community projects, etc
3. **The customer network:** departments, municipalities, parastatals, companies, communities NGOs, CBOs, Individuals, etc
4. **The potential financiers** of the different programs and projects includes local and foreign governments, local and foreign companies, donor funding agencies, ISETT SETA, etc

3.4.8 Readiness of implementation plans

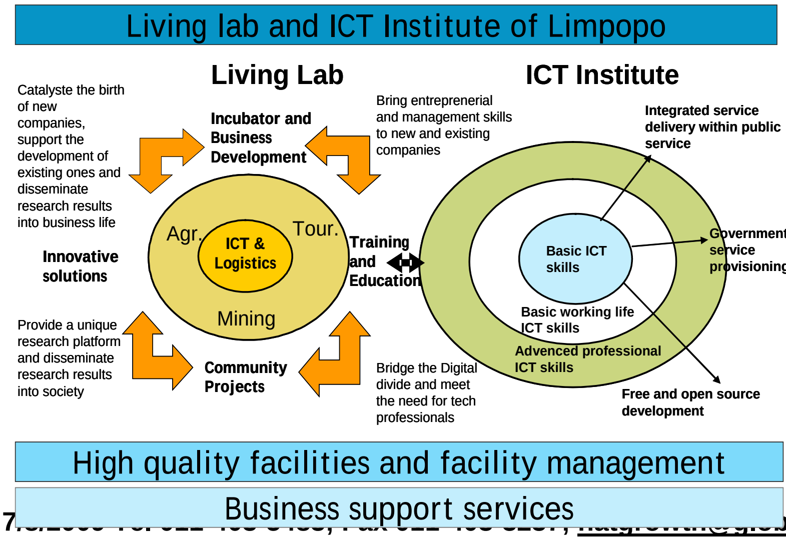
- **The founding feasibility research study** reports of these projects and programmes have been produced
- **The annual work plans** have been compiled
- **Detailed implementation plans**, work breakdown structures, timeframes and related budget allocations have been compiled
- **More than 10 MoUs and MoAs** have been received from various companies interested in the development of ICT Apex Priority Projects and Programmes.

3.4.9 Institutional and organisational framework

- **The MEC for Economic Development, Environment and Tourism and the MEC for Health and Social Development** have been appointed as the political champions for these projects and programmes
- **The Supervisory Board consists of two DG's from both provinces,** representatives of the Department of Communications and the Finnish Foreign Ministry.
- **The Steering Committee** has been established and consists of representatives from PNC, Finish Government, Limpopo and Northern Cape Provinces
- **The core management** is in place and operational at 41 Church Street, Polokwane
- **The Finish technical team** are in both Limpopo and Northern Cape provinces

3.4.10 Next Steps

- Do a study of the **existing relevant education and training** projects and programmes
- Do a study concerning **the existing and future needs of companies' and organisations'** related to training and education of their workforce
- **Partner contract with international partner company/companies** (e.g. Cisco, NeoTel, HP, Dell, mines, universities, IBM, Satyam, Tata, Oracle, Microsoft, etc.)
- **List all potential ICT- related solutions projects,** prioritising and planning
- Do a study of the **existing relevant community projects**
- Planning the **working model for free and open-source software development**
- Develop and plan the **network models, analysis of the key partners for each network**
- **Development** of a Business plan that will establish a management framework (legal entity) for Limpopo ICT Institute and Limpopo Living Lab.



3.4.11 Comments

- **Natgrowth is ready to assist** with business modelling, implementation and funding

3.5 TRADE AND INVESTMENT LIMPOPO, MINING INVESTMENT OVERVIEW, FREDDY CHABA

3.5.1 **Global Economic Meltdown: reduced demand** for automotive components and Building or construction materials made from our Iron-ore, Manganese, Chrome and PGM's minerals

3.5.2 SA Mining Industry (2007/8)

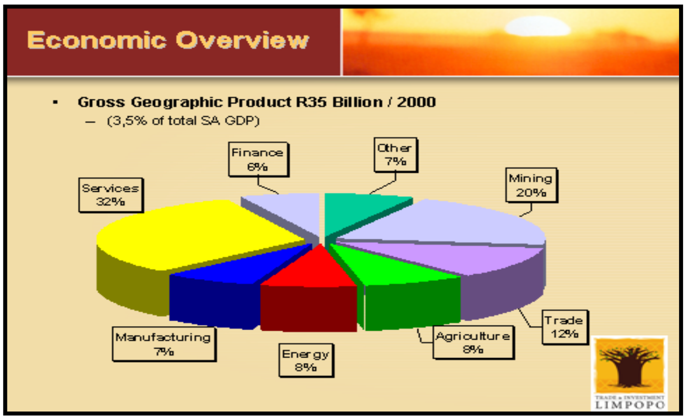
- **Contribution to GDP = 7.7% = R135.5 bn**
- **Total Primary mineral sales = R224 bn**
- **Contribution to Total Fixed Capital Formation = 8.9% = R410 bn**
- **Jobs = 495 474**
- **Remuneration = R410 bn**
- **Number of mines and quarries = 1414**
- **Jobs by sector:** Gold (34%), PGM's (37.6%), Coal (12.2%), Diamonds (4%), others (12.1%)

Mineral Sales by Province 2007/8

PROVINCE	LOCAL	EXPORT
North West	21.1%	34.5%
Mpumalanga	29.6	20.3
Limpopo	21.5	15.5
Gauteng	4.3	12.0
Northern Cape	8.1	10.7
W. Cape	8.4	4.7
OFS	3.2	0.9
KZN	3.0	1.4
E. Cape	0.8	00

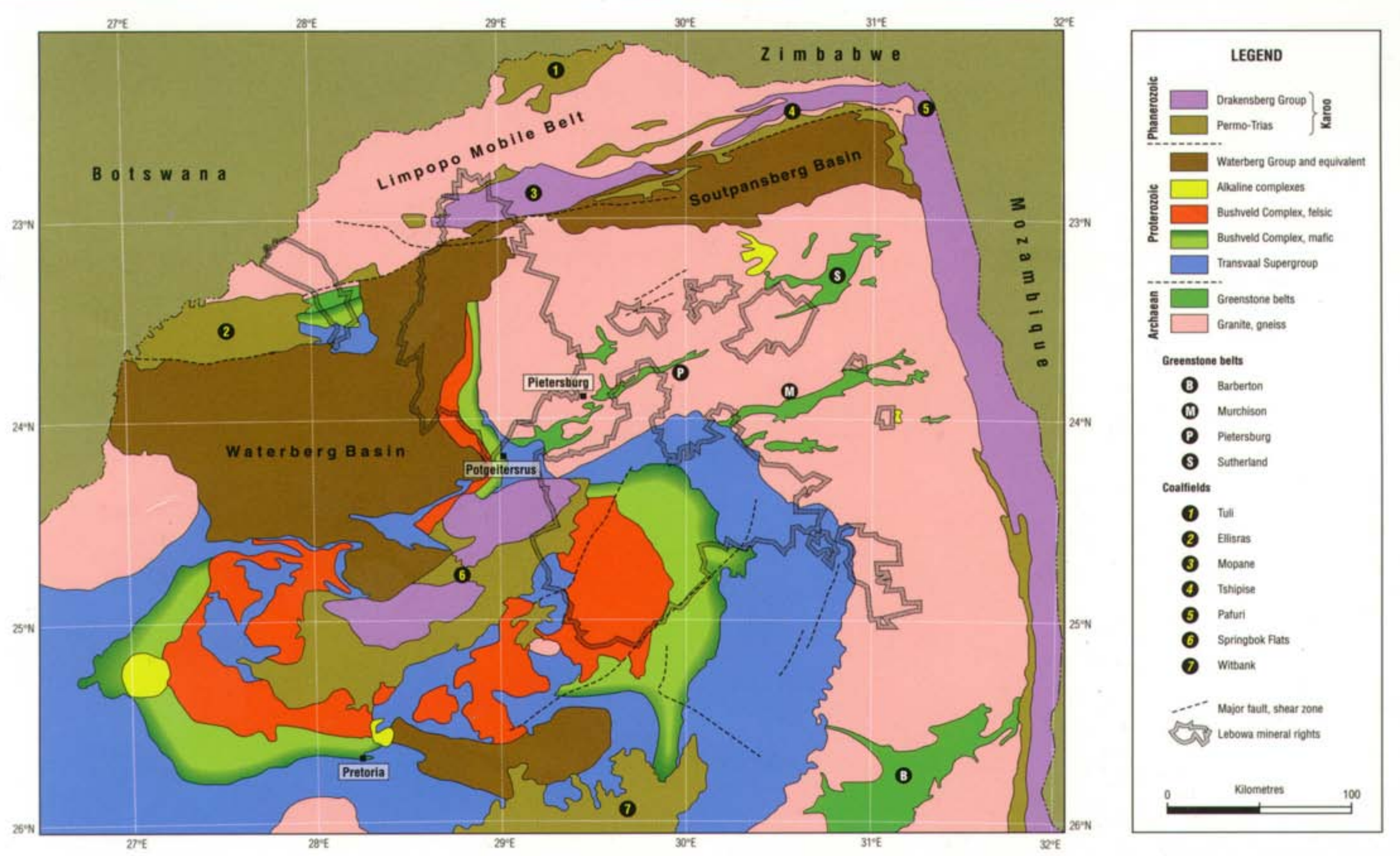
Limpopo Mining Industry vs RSA

- **10%** of RSA's (Mining?) **GDP** (2008)
- **145** of RSA's active **mines**
- **12.8%** of RSA's mining **labour- force (2008)**
- **15.5%** of RSA primary minerals **domestic sales (FOR) during 2007/8**
- **8.2%** of RSA's export sales (FOB) for **primary minerals in 2007/8**
- **40%** of RSA **exploration investment capital (new mining projects)**



2 OF 8 LIMPOPO GDS CLUSTERS

- **PGM's & Chrome clusters**
- **Coal mining & Petrochemical clusters**



LIMPOPO MINERAL SITUATION

- **Northern Archaen granite gneiss** host RSA's **largest diamond mine, copper deposits, corundum and graphite**
- **The Greenstone Belt** contains the **world's largest antimony resources, emeralds deposits and gold**
- **The Bushveld Complex (B.C**) contains the **largest reserves of chromite, PGM's, vanadium as well as significant reserves of nickel, cobalt, copper, titanium and iron-ore**
- **The overlying Granite Suite** within the B.C contains **tin, flourspar and dimension stones of class.**
- **The Phalaborwa Complex** is impresive – it is mined for **copper, phosphate, vermiculite and baddeleyite**
- **The Waterberg Supergroup** hosts the most **unique coal deposits in RSA**
- **The Transvaal Supergroup** hosts **Andalusite, manganese, gold, limestone/dolomite and best Iron-ore deposits**

LIMPOPO COAL FIELDS

- **Tuli** coal field
- **Mopane** coal field (Soutpansberg)
- **Tshipise** coal field
- **Pafuri** coal field
- **Springbokflats** coal field
- **Waterberg** coal field (Hosts 50% of RSA's remaining coal resources beyond 2020)

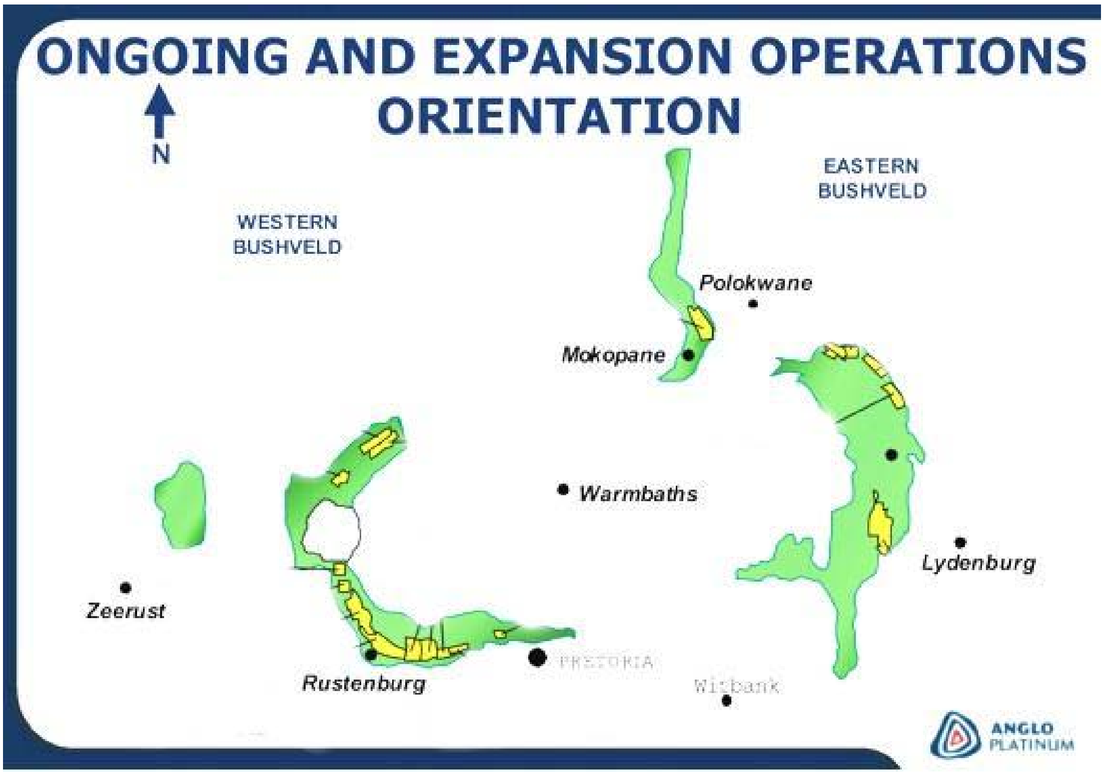
COAL INVESTMENT

- **Expansion of Grootegeluk Colliery = R700 mil**

- **Construction of Medupi Power Station = R110 bn**
- **Lephalale Sintel Char project = R350 mil**
- **Lephalale CBM by Anglo-Coal = R400 mil**
- **Lephalale BTX project = R2.8 bn**
- **Potential investment (CTL) by SASOL = R4.0 bn**
- **Potential Investment (GTL) by PetroSA = R3.0 bn**
- **Coal exploration in Waterberg/Springbokflats/ Soutpansberg/Tuli by others (including BEE) = R10bn**

TOTAL = R 132,27 bn

PLATINUM CLUSTER



INVESTMENT OPPORTUNITIES OTHER MINERALS

- **Dump reclamations** of PGM/ Chrome/ Magnetite deposits
- **New chrome mines** and chrome downstream value added
- **Expansion of Thabazimbi** mine and other Iron ore Projects
- **New PGM mines** (Northern, East & Western Limbs of BIC)
- **Small-scale mining opportunities [manganese/granite, etc]**
- **Uranium mining**
- **Power stations**
- **Alternative energy** projects like Biofuels, solar, etc
- **Limestones**
- **Jewellery Hubs**
- **Total Investment** Likely to be over **R150 billion** in the next 5 – 15 yrs

10.5.11 Perceived Challenges For new Investment

- Scarcity of **Water**
- Lack of **Technical and Project management Skills**
- Unavailability of good **Investment Partners**
- Lack of relevant **Funding Instruments**
- No proper **Community Structures (legal)**
- Lack of **Investment Incentives**

- Unavailability of **firm market (Local and Foreign)**
- Inadequate and lack of **proper Infrastructure**
- Lack of relevant and efficient **technology**
- Lack of a co-ordinated **Mining Development Forum** for Information sharing and synergy

10.5.12 GOVERNMENT SUPPORT

- Provincial Policy Strategies **(PGDS)**
- The Provincial **Political Leadership**
- National Policy Strategies **(Mining Charter)**
- National and local government **investment Incentives**
- **Infrastructure Development Plan (R150 billion)**
- Collaboration with **National Laboratories (Mintek, Council for Geoscience & CSIR) for R&D**
- **Local Universities & FET colleges – Skills Training**
- Provincial Investment Promotion Agency **(Trade and Investment Limpopo – TIL)**
- Provincial and National Departments/Parastatals**, eg (Roads&Transport/RAL/DWARF/ESKOM/DBSA/etc)**
- Provincial Financial Institutions **(LIMDEV, IDC, etc)**

10.5.13 CONCLUSIONS

- **Major Coal Mining Projects** and expansions under review and construction in Limpopo between **2007 – 2017 (+/- R110 bn)**
- **Provincial Government strategies and general support for investment**
- **Limpopo poised for greater economic growth**
- **The New Mineral and Petroleum Resources Development Act in RSA opening investment opportunities in Limpopo**
- **TIL is poised and mandated to assist investors** in doing business in Limpopo
- **Contact chabaf@til.co.za; www.til.co.za; Tel 015 295 5171**

10.5.14 COMMENTS

- **Mining Forum** should be set up to address the challenges and opportunities
- **Community Participation** Model need to be developed to unleash investments
- **Natgrowth** and other participants are ready to assist in these processes

3.6 SA INSTITUTE OF CHARTERED ACCOUNTANTS (SAICA), THUTHUKA DEVELOPMENT PROGRAMME, AMOS KHOVA, MANAGER TRANSFORMATION

3.6.1 **MISSION:** For the membership of SAICA to *grow* and *reflect the South African population* demographics and to *uplift communities* in order to enhance the relevance of the profession

3.6.2 **The supply** of our talent starts at **school level, constrained** by the fact that only 700 pass Matric Maths HG per year of 1.6m who start Grade 1;

3.6.3 **Africans and Coloureds** have much lower pass rates for Matric, Maths, University and CTA; **pass rates need to increase 70%** to avoid a supply shortage and negative employment equity

3.6.4 **Thuthuka focuses on uplifting the value chain** from school level to matric, maths, degree, postgraduate, professional qualification and practical experience. Strategies to address the challenges include: increasing full-time study bursaries for Africans and Coloureds, broader curricula including life and business skills, increase mentoring and ongoing support

3.6.5 **Thuthuka is showing results: In 2006, 24 022** learners and **9,973** educators impacted, **1,638** undergraduate students, 515 students in workplace readiness programmes, Bursaries increased from 120 to 300, pass rates improving

3.6.6 **Additional Funding is needed** to support 400 of the target of 600 African and Coloured CA's per year eg. R10m per year at school level and R29m per year at tertiary level.

3.6.7 **Comments:**

- **There should not be a funding shortfall** with proper support by the DOE, DOL, FASSET SETA and Accounting firms.
- **The technical requirements** should be reviewed and streamlined from Matric to CA level

3.7 ESKOM CONTRACTOR ACADEMY, ESKOM ASGISA UNIT, STEPH PRINSLOO

Background Overview: See 2008 Report and Sections 1 and 2 above

3.7.1 Progress

Polokwane: **(Edupark Campus) : 38 Students** graduated Oct 2008; Follow-up April 2009: Progress on contracts; meetings with NEF on funding opportunities

East London: **(LDI Campus) : 38 students launched Oct 2008, due to graduate Aug 2009**

3.7.2 Way Forward

Polokwane **(Edupark Campus) : 24 Students 2nd intake May 2009**

Western Cape : 14 Students *Planned for 3 August 2009*

Medupi: (New Build Supplier's): *28 Students possible 2nd quarter 2009*

- *Approved by Eskom Development Foundation*
- *Supplier development focus (small change in curriculum)*

Eskom Distribution: Not Yet Approved

- *Business case in final stages of development.*
- *In a 5 year period:*
  - *784 owners to be trained – (784 owner skills sets)*
  - *420 "practical" students to be trained – (6300 skills sets)*
  - *Total Cost of R116million.*
    - *Year 1: R9.4m*
    - *Year 5: R30.7m*
- *Funding is major challenge!!!*

3.7.3 Conclusions: Negatives

- **Not "mass" programme** – 14 to 20 students per group.
- Practical training is dependant on **upgrade of 'simulators" Cost implications**
- **Expensive programme** to maintain excellence –funding will be a major challenge to train huge numbers.

Overall CSI

- **Electrification connections: 112965 (R798m)**Total of 3,625million households to date
- **Schools & Clinics: 494 (R102m)**
- **Rural Development: 18 Schools (R27m)**
- **Development Foundation: 64 grants/projects & 135 donations (R52.5m)**
- **Training (2007/08: R784m- No of Bursars 5368**
- **Black Economic Empowerment: (2007/08 R28.2 Billion with R3.5 Billion to BWO)**

EPWP Results 2008/9

Description	Eskom Capital Programme	DME Electrification Programme
Number of Projects	5,357	169
Person-days of work (Excluding Person-days of Training)	152,202	45,617
Number of Job opportunities (Including learner-ships if Beneficiary)	37,021	3,034
Average Employment Period (Including Training)	0.23 Months	0.85 Months
TOTAL Number of Youth Employed (18 to 35 yrs)	24990	2,009
Percentage of Youth Employed (18 to 35 yrs)	68%	68%
Number of Women Employed (Including Youth)	1,769	583
Percentage of Women Employed (Including Youth)	5%	19%
Number of People with Disabilities Employed (Including Men, Woman & Youth)	561	48

Percentage of People with Disabilities Employed (Including Men, Woman & Youth)	**1.52%**	**1.58%**
Number of Persons Trained (ACCREDITED TRAINING ONLY)	**0**	**0**
Number of Person-Days of ACCREDITED Training Received	**0**	**0**
Number of Persons trained (NON-ACCREDITED TRAINING ONLY)	**5,038**	**521**
Number of Person-Days of NON-ACCREDITED Training Received	**8,135**	**3.733**
TOTAL Person-Days of Training:	**8,135**	**3,733**

COMMENTS

Natgrowth and Eskom to meet to discuss various possibilities such as

- **Eskom's major Procurement opportunities should be more broadly marketed** to potential BBBEE suppliers
- **The Enterprise Development and Supplier development programmes** need to be extended
- **The Contractor Academy cost structure of R70 000 per person appears excessive and** could be significantly reduced on an open tender basis by a range of service providers

3.8 GCIS, NYIKO NKUNA, DIRECTOR, INCLUSIVE ECONOMY COMMUNICATION

3.8.1 **Objectives:** High Impact Low Cost Marketing Campaign with a budget of R3.8m to communicate business and economic opportunities to the "2nd economy", targeting LSM 1-5. On a personal level, Nyiko's Vision is to return to Bushbuckridge as a **thriving prosperous rural community** fully equipped with all facilities and "included" in the modern global economy.

3.8.2 **Natgrowth is willing to assist GCIS with the marketing strategy** which needs to be well worked out, as many similar initiatives have not succeeded, eg. as acknowledged in the ASGISA Report and the Second Economy Strategy document.

3.8.3 **The Second Economy Strategy** document is seen by Natgrowth as being too pessimistic about the ability of the "second economy" to escape from the trap of poverty, and too vague about strategies to overcome these challenges. Government should gain different perspectives and inputs from a range of professionals and stakeholders, rather than a limited set of consultants.

3.8.4 **Natgrowth** believes there there is **substantial scope to assist** informal "second economy" traders and businesses to advance, to integrate and to link with the formal "first economy". Many examples illustrate this potential eg. successful shopping centres in rural areas and urban townships which incorporate taxi ranks and informal traders. Often government regulations frustrate this potential eg. in chasing street traders away from their customers.

3.8.5 **Some Suggestions by Natgrowth** for the marketing campaign include:

- **Leveraging** the initiatives and resources of all government departments and SOE's such as dti, IDC, Khula, SEDA, and particularly the thousands of Schools which reach every community in the country and can be used for both youth and adults after hours
- **Ongoing marketing initiatives** which involve people and smme's on a long-term basis **rather than once-off** media campaigns or documents such as the "comic book" example
- **Professional marketing** agencies should be requested for proposals (RFP's) to gain a range of inputs from the best in the field, rather than trying to do the campaign in-house, in which is notoriously unsuccessful.
- **Broad-based** low-cost media which could be considered include community radio stations

3.8.6 **Follow-up** to discuss above proposals and invitation to next month's Government strategy forum

3.9 ELIAS MOTSWALEDI MUNICIPALITY, CLLR. THOKOZILE MAHLANGU, CHAIRPERSON STRATEGIC MANAGEMENT

3.9.1 **Requested assistance** on projects to better the community towards a vision of prosperity, including agro-processing (eg. grapes), mining, tourism as well as roads taps, water and sanitation.

3.9.2 **Natgrowth is ready to assist** and believes that Elias Motswaledi like all rural municipalities can be included in the pilot project for comprehensive rural development together with Greater Giyani. Natgrowth also believes that Trade is crucial to development by linking rural and urban economies.

3.10 ELIAS MOTSWALEDI MUNICIPALITY, JIMMY MPUBANE MATHEBE, LED OFFICER

3.10.1 **To follow-up with Natgrowth** on LED Strategy, Projects and Workshops to implement the above vision and objectives of comprehensive rural development and prosperity.

3.11 KHULILE AFRICA, ELIZABETH LEMMER, CEO AND FOUNDER

3.11.1 **Khulile Africa** does Rural Community Economic Development Projects such as the **community owned Hlanganani** Project which is being funded by a **R10m** grant my a member of the Gautrain consortium through the NIPP (National Industrial Partnership Programme). A further **R50m** is sought I complete the infrastructure for the 6 component projects including the Nature Reserve, Traditional Healing Centre, Various Types of Accomodation, African Lodge, Drama, Dance and Music Production Centre, Conference Facilities and Restaurant as well as cross-cutting activities such as marketing, administration and fund-raising. (See Summary of Presentation in 2008 Report)

3.11.2 **Some the issues to be addressed include**

- **Completing the Business Plan** and Financial Projections on a realistic basis to establish the financial viability, sustainability and bankability of the projects
- **Reviewing the business structure** to distinguish between **Non-profit** entities qualifying for social, donor and government funding from **Business** activities which could raise equity and loan capital from financial institutions. Social entrepreneurship projects can sometimes fall unhappily between the requirements of social grant funding and commercial funding.
- **Implementing key operational aspects** of the projects as soon as possible to demonstrate viability on practice eg. bookings are commencing for the Lodge and Nature Reserve for December 2009.
- **The Business Management** modules of the training programmes could be more effectively designed and structured
- **Khulile** can use its expertise in many aspects of development to contribute to other projects and government initiatives, eg. in resolving community participation aspects of land reform and in designing effective community economic development programmes.

3.11.3 **Evaluation: Excellent.** Highly interactive, consultative, gained valuable insights

3.11.4 **Action Plans**: Reposition Khulile as a business; Raise funding for Hlangagni.

3.11.4 **Way forward: Meet with Natgrowth** to assist with the above tasks and budgeting on a consulting basis, and to raise funds on a market-related basis.

3.12 KHULILE AFRICA, MATHABO PLESSY, DIRECTOR

3.12.1 **More business-oriented** approach with extensive business experience, including banking.

3.12.2 **Programme Evaluation:** Good. Excellent networking, helped us as an organization and with personal goal setting.

3.12.3 **Way forward:** As above. Further similar workshops, better communication and follow-up with existing networks, people to prepare to enable development of bankable business plans

3.13 LIMPOPO LEGISLATURE, KGABO MASEHELA, HEAD OF RESEARCH

3.13.1 **Follow-up with Natgrowth,** Office of the Premier, TIL and other stakeholders on PGDS Review, Mining Forum and related initiatives

3.14 LIMPOPO LEGISLATURE, ISAAC NKUNA, SENIOR RESEARCHER

Brief attendance only

3.15 LIMPOPO LEGISLATURE, MAJUTE MAMOGALE, RESEARCHER

3.15.1 **Follow-up**: Interested in the range of Natgrowth projects

3.16 LIMPOPO ECONOMIC DEVELOPMENT, EDDIE LOBOPA, MANAGER

Brief attendance only

3.17 LIMPOPO TOOLING INITIATIVE, NATHI THWALA, CEO

3.17.1 **Limpopo Tooling Initiative** is an independent initiative responding to the needs of industry eg. in terms of skills, and technology in various sectors from agro-processing to manufacturing.

3.17.2 **Follow-up: Seeking partnerships** with Natgrowth and other entities on business opportunities and funding for tooling initiatives

3.18 NEF CORPORATE FUND, BOTHWELL MANIKAI, REGIONAL MANAGER

3.18.1 **BBBEE Funding** Natgrowth programmes create awareness of NEF's empowerment funding

3.18.2 **Natgrowth** to discuss hosting **workshops with NEF on Bankable Business Plans** around the country. Details to be discussed eg. dates, logistics, costs, modules to be used etc.

3.19 SEDIBENG DISTRICT MUNICIPALITY, ROBERT THEMA, PLANNING MANAGER

3.19.1 **Objectives:** Impelementing High Impact Projects and Funding

3.19.2 **In search** of innovative community development projects and methods for executing these projects

3.19.3 **Way Forward:** Work with Natgrowth to identify and build such projects especially the Vaal 21 Project, Tourism, other key sectors and a possible Natgrowth concept Trade and Industrial Centre

3.20 SEDIBENG DISTRICT MUNICIPALITY, BHEKI NGOBESE, IDP MANAGER

Brief attendance only

3.21 SHIMA PROTECTION, SIPHIWE SABAYA, DIRECTOR

3.21.1 **Objectives:** Gain skills on Business planning, networking, relationship building, consulting, strategy, funding opportunities, investment proposals, implementation etc.

3.21.2 **Vision:** Becoming a Mega Player, Business Strategist in Africa and the World

3.21.3 **Follow-up:** Assistance by Natgrowth to realize opportunities eg. Mining investment and Trade

3.22 LONDON SCHOOL OF BUSINESS SA, JOHN MBANDA, CAMEROON REPRESENTATIVE

3.22.1 **Objectives:** understand how businesses are established; initiation of community projects; how to get funding; bankable business plans;

3.22.2 **Follow-up on Projects and funding:** 2 Big Shopping Centres - at Douala and Yaounde in Cameroon, a Broadcast franchise, Asset Management Business Funding, and Recycling Business

3.22.3 **Way forward: Cooperation with Natgrowth** to implement projects with all participants

3.23 NATGROWTH, ARTIE PHATLANE, COO

3.23.1 **Evaluation:** One of the most successful Natgrowth programmes – generating practical projects, partnerships, investment opportunities and follow-up processes among all participants, which would transform Limpopo into a world class regional economic centre.

3.23.2 **Way Forward:** Follow-up MOU's with all participants for implementation and funding

3.24 NATGROWTH, ERIC STILLERMAN, CEO

3.24.1 **Limpopo is an exciting place** which is sure to realize its huge regional development potential

3.24.2 **Natgrowth is ready** for project implementation and funding

3.24.3 **Follow-up:** Email and Telephone, leading to meetings, MOU's, funding and implementation

APOLOGIES

NEF IMBEWU FUND, LEHLONOHOLO MOHLABI, INVESTMENT ASSOCIATE

COMMENTS, FEEDBACK AND SUGGESTIONS

ANNEXURE: NATGROWTH GROUP

NATGROWTH National & Africa Growth, Development & Investment Centre
NATGROWTH is an independent empowered Growth, Development and Investment Centre which **facilitates Programmes, Projects, Partnerships and Investments, and provides Management and Financial Services and Training,** as a leading Strategic Resource for all Stakeholders. **NATGROWTH** operates in association with the following entities within a Group established in 1993 (see www.natgrowth.co.za; www.londev.co.za).

NATGROWTH FUND Private-Public Sector Investment Fund
Dealflow R10b with various national, provincial, local and business entities

NATGROWTH DEVBANK Development and Investment Banking Services
Raising capital and investment for business and economic development projects, partnerships, BBBEE and PPP's.

NATVEST: Natgrowth Investments
Investing in viable projects, together with other strategic partners and investors.

GTi: Global Trade and Industrial Centres
Establishing Trade, Industrial, Transport, ICT and Logistics Hubs in strategic locations in all provinces in South Africa and Africa

DEVGROWTH Strategic Management and Financial Services
Strategic Management and Financial consulting and advisory services

I'Africa BBBEE Trust
Group BBBEE Investment Vehicle

I'Africa Iyathuthuka Investment Holdings
Group Investment Holding Company

I'Africa Foundation (non-profit)
Group Social Responsibility initiatives

LONDON SCHOOL OF BUSINESS AND UNIVERSITY STUDIES SA

Education and training programmes to support broad-based growth and development, towards international Degrees and Diplomas through the University of London and the Association of Business Executives UK, recognised by the SAQA Centre for the Evaluation of Foreign qualifications, (see www.londev.co.za for detailed prospectus) including:

- **Accounting** and Finance
- **Banking** and Finance
- **Business Management** and Development
- **Development and Economics**
- **Financial Management** and Corporate Finance
- **Human Resource** Management
- **Information Technology** and Systems
- **Marketing** and International Business
- **Politics,** International Relations and Social Sciences
- **Strategic** Management
- **Sports** Management
- **Tourism** and Hospitality - towards 2010

Contact Details for further information, feedback and follow-up:

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Cell 083-780-5483
Email: natgrowth@global.co.za; Website: www.natgrowth.co.za