COGTA: National LED Conference
09 November 2017
Presentation points

• Background
• Why
• IDC Footprint
• Legal requirements
• Composition
• Overview of current agencies
• Overview of projects
• 2004 IDC launched the Agency Concept
• International model visited
  – France
  – Russia
• 36 Agencies
• R 240 000 000 approved
• Actual R 249,821,496.83
• Committed 183,658,375.24
Why Development Agencies

• Communities often do not recognize their assets
• Too often inappropriate strategies are copied from elsewhere (IDP process).
• Municipalities often not focused on economic potential due to extended mandates, addressing basic need priorities etc.
• Municipalities lack specific capacity in relation to business and project management
• Often too focused on poverty alleviation projects and programmes – not sustainable and viable business opportunities.
• Competitive/comparative advantages lead to skewed investment and development.
• Need for “sweetener” and minimisation of risk factors – public role?
Why - STRATEGIC OBJECTIVES OF A DEVELOPMENT AGENCY

• To promote and develop economic potential on a local/regional basis by building on opportunities which recognize the unique competitive strengths of a region’s economy

• To leverage public and private resources for development linked to opportunities which offer economic and spatial development potential

• To manage the spatial organization of the area, in a socially efficient manner, particularly through the use of public land and targeted private projects

• To develop and foster entrepreneurial potential and innovative activities which supports and drives economic growth.

• To strengthen the respective areas, real and perceived environment so that they can compete effectively for capital investment necessary to develop their full economic potential
In a nutshell – an agency is an entity with **public interest and accountability** but uses private sector tools and strategies.

It can be defined as a specialized entity essential to fill the gap between the crafting of development plans and the implementation thereof.

A development agency is a delivery tool **owned by the municipality** to co-ordinate and manage public resources, potential investors and regional investment opportunities in accordance with the identified development objectives.

Tasked with pursuing key strategic projects – **catalytic** in nature.

A central receptacle for funding, technical assistance and skills.
Legislative requirements

- Formed under the Municipal Systems Act
  - If more than 50 percent ownership by Parent Municipality = Municipal entity
    - Service Utility
    - Pty LTD
    - Multi Jurisdictional Entity

- Governed under the Municipal Finance Management Act
  - Independent Board appointed by Council
  - Audited by AG
  - Reporting requirements
  - Supply Chain Regulations
• Experience has shown that the success of a development agency depends on the presence of the following elements, namely:
  - **Partnerships** amongst stakeholders that influence economic development of a area;
  - **Committed and visionary leadership**;
  - **Entrepreneurial approach** but with maintenance of **public interest**;
  - **Strategic vision** of potential development of the area;
  - **Community/local support** and participation
  - **Mobilisation and valorisation/leveraging of resources** available in the area.
CHALLENGES

- Legislative Impediments and unintended consequences
- Funding
- Complementary finance.
- Training and capacity development at local level.
- Monitoring and evaluation.
- Public participation processes – communication.
- Community participation in economic projects – community/worker’s trusts, cooperatives, community bonds, foundations.
- Lack of appropriate skills to manage an agency.
- Political buy-in, continued support and power and patronage.
- Maintaining focus
Footprint of IDC funded agencies

• **Eastern Cape**
  – Aspire
  – Mandela Bay
  – Nkonkobe
  – Joe Gabi
  – Port St Johns

• **KZN**
  – Province decision taken to establish agencies in all districts

• **Mpumalanga**
  – Thaba Chweu
  – Umjindi

• **Limpopo**
  – Greater Skhukhune
  – WEDA (2 projects)

• **North West**
  – Lekwa Teemane

• **Gauteng**
  – West Rand

• **Northern Cape**
  – Central Karoo

• **Western Cape**

• **Free State**
  – Letswela Putsa
Overview continued

- Completed Agencies
  - Johannesburg Development agency
  - Blue Crane Development agency
  - Umshlosinga Development Agency
  - Northern Cape Development Agency
  - Greater Tzaneen Development Agency
  - Enterprise Ilembe
  - Hibiscus Coast

- IDC Withdrawn Agencies
  - Overstrand WC
  - Southern Most WC
  - Knysna WC
  - Moretele Limp
  - Moses Khotane Limp
  - Modimolle Limp
  - Buffalo City Ec
  - Kouga Ec
  - DRKK Nw
  - Mbombela Mpu
  - Metsweding Mpu
IDC involvement in new agencies

- IDC does not fund establishment of new development agencies
- Assist in providing guidance in administrative processes
- IDC can look at funding projects which falls within its mandate
- COGTA is in process of evaluating development agency concept
### Statistics last confirmed

<table>
<thead>
<tr>
<th>Areas</th>
<th>Totals</th>
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<tr>
<td><strong>Public investment</strong></td>
<td>R 736 862 741.00</td>
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<td><strong>Private investment</strong></td>
<td>R 22 000 000.00</td>
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<tr>
<td>No direct Jobs (Before operationalisation)</td>
<td>4695</td>
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<tr>
<td>No Indirect jobs (Before operationalisation)</td>
<td>1043</td>
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<tr>
<td>No direct Jobs (Full Operation)</td>
<td>4384</td>
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<tr>
<td>No Indirect jobs (Full Operation)</td>
<td>2470</td>
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<tr>
<td>No staff trained</td>
<td>1512</td>
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<tr>
<td>Value of investment in value chain</td>
<td>R 167 610 000.00</td>
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<tr>
<td>No jobs in value chain</td>
<td>1725</td>
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<tr>
<td>Number of agencies stats</td>
<td>13</td>
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<tr>
<td>Number of projects</td>
<td>84</td>
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</table>
Success stories
Thaba Chweu

• Location : Mpumalanga
• Stage : Operational Phase
• IDC Investment : R 18 000 000
• Key Initiatives :
  • Revitalization of Sabie and Graskop Caravaan parks
  • Revitalization of Lydenburg Fish farm
  • Renewable energy
  • Agricultural project
  • Hotel

Implemented Projects

• R 500 000 into Roozenkraal Sweet Potato for Massmart
• R 500 000 into Coromandel Sweet Potato for Massmart
• R 45 million DEA
• R 36 million for a skylift project
Before:

After:
Coromandel and Makumaa

Makumaa 5.5 ha

Coromandel 10 ha
Mandela Bay Development Agency

- Location: Eastern Cape
- Stage: Operational Phase
- IDC Investment: R 16 000 000
- Leveraged Funds: R 694 000 000
- Key Initiatives:
  - Urban regeneration of city centre
  - Uitenhage Market Square
  - Njoli Square
  - Mandela Bay Stadium
  - Harbour/waterfront

- Featured Project: City Centre Revitalisation
- Value of Project: R 188 200 000
- Jobs Created: 1 325
- Key partners: Mandela Bay Metro
  National Treasury
  NMMU
  Heritage Council

- Strategic Impact:
  - Coega IDZ
  - Tourism
  - Retail
  - Property development
Mandela Bay Development Agency

- **Location**: Eastern Cape
- **Featured Project**: Uitenhage Market Square Upgrade
- **Primary Sector**: Urban Revitalisation
- **Value of Project**: R 25 100 000
- **Leveraged Funds**: R 25 000 000
- **Jobs Created**: 173
- **Partnerships**:
  - NMMM
  - NMMU
  - National Treasury
Blue Crane Development Agency

• Location : Eastern Cape
• Stage : Operational Phase
• IDC Funding : R 24 000 000
• Leveraged Funds : R10 200 000
• Key Initiatives :
  - Boschberg Eco-Estate and Boutique Hotel
  - Boschberg Tourism Hub
  - Agriculture
  - Skywake and Aviation initiative
  - Rural Education Initiative
  - Renewable Energy Initiative
  - Commercial and Residential Property

• Featured Project : Boschberg Tourism Hub
• Key Sector : Tourism, Arts and Craft
• Value : R 2 000 000
• Jobs Created : 90
• Partnerships :
  Cacadu District Municipality
  Blue Crane Municipality
  DRDLA
  ECDC
  Eastern Cape Tourism
Blue Crane Development Agency

- **Location** : Eastern Cape
- **Featured Project** : Skywake and Aviation
- **Project Status** : Sourcing prototype funds
- **Primary Sector** : Aviation and manufacturing
- **Value of Project/s** : Indicative R 15 000 000
- **Jobs Created** : To be determined
- **Key Partners** :
  - Wits University (Wits Enterprise)
  - NAC
  - the dti
  - IDC (Metals, SHIP)
- **Strategic Impact** : Education, manufacturing, skills development
Enterprise Ilembe

- **Location**: Kwa-Zulu Natal
- **Stage**: Operational Phase
- **Funds Leveraged**: R 126 000 000
- **Key Initiatives**:
  - Agri-processing Hubs,
  - North Coast Vineyards,
  - King Shaka Heritage Route,
  - KwaLoshe Forest Project
  - KwaShuShu Hot springs,
  - iLembe Broadband Project

- **Featured Project**: Agri-processing Hub
- **Value of Project**: R 13 000 000
- **Jobs Created**:
  - Direct - 50 rising to 128 in full operation
  - Indirect - 256

- **Key Partners**:
  - Local municipalities
  - CoGTA
  - Cooperatives
Aspire

• Location : Eastern Cape
• Stage : Operational Phase
• Leveraged Funds : R405 000 000
• Key Initiatives :
  – Stutterheim:
    • Community commercial park (Mlungisi Town), Commercial, administrative and transport hub, in town centre, Amahlathi gateway petro-park and information centre, Woodhouse training & entrepreneurship centre. Blueberry outgrowers initiative
  – Alice:
    • Middle class housing for professionals, student accommodation, ICT development, CBD upgrade, heritage development.
  – Hamburg:
    • Hamburg artists' residency
  – Butterworth:
    • Butterworth CBD upgrade, Gcuwa Dam /Golf Course, Renovating, cleaning and greening CBD infrastructure
• Featured Project : Stutterheim Small Town Revitalisation
• Value of Project : R 93 000 000
• Jobs Created : 95
• Key Partners :
  • National Treasury
  • DEAT
  • DRDLA
• Strategic Impact :
  • Entrepreneurial development
  • Skills development
  • Social integration
• **Featured Project** : Hamburg Artist Retreat
• **Primary Sector** : Art, Craft and Tourism
• **Value of Project** : R 28 000 000
• **Jobs Created** : 47
• **Key Partners** : National Treasury
  Department of Tourism
  Various NGOs and cooperatives
• **Strategic Impact** : Tourism
  Arts and Crafts
  Skills and capacity building
### Greater Tzaneen Economic Development Agency

<table>
<thead>
<tr>
<th><strong>Location</strong></th>
<th>Limpopo</th>
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</thead>
<tbody>
<tr>
<td><strong>Stage</strong></td>
<td>Operational Phase</td>
</tr>
<tr>
<td><strong>Leveraged Funds</strong></td>
<td>R 81 000 000</td>
</tr>
<tr>
<td><strong>Key Initiatives</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revitalisation of Sapekoe Tea Estate</td>
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<td></td>
<td>Subtropical fruit and nut cluster</td>
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<td></td>
<td>Corrugated Packaging</td>
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<td>Pepperdew project</td>
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<td>Oil extraction project</td>
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<td>GTM Tourism Framework</td>
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<td>Letaba River Mile</td>
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<td></td>
<td>Livestock Improvement Project</td>
</tr>
<tr>
<td></td>
<td>Tzaneen Community Radio</td>
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<tr>
<td><strong>Featured Project</strong></td>
<td>Greater Tzaneen Community Radio</td>
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<tr>
<td><strong>Primary Sector</strong></td>
<td>Media</td>
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<tr>
<td><strong>Value of Project</strong></td>
<td>R5 500 000</td>
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<tr>
<td><strong>Jobs Created</strong></td>
<td>6 direct and 17 indirect</td>
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<tr>
<td><strong>Key Partners</strong></td>
<td>Media Development and Diversity Agency, Business community, Civil society</td>
</tr>
<tr>
<td><strong>Strategic Impact</strong></td>
<td>Empowerment, Communication, Social Integration</td>
</tr>
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Mhlosinga (Umkhanyakude) Development Agency

- **Location:** KwaZulu-Natal
- **Stage:** Operational Phase
- **Leveraged Funds:** R 25 240 000
- **Key Initiatives:**
  - Mkuze Airport,
  - Jozini Hydro power station
  - Makathini Flats agriculture
  - Rail transport initiative

- **Featured Project:** Jozini Hydro Electric Project
- **Primary Sector:** Energy
- **Value of Project:** R 150 000 000
- **Jobs Created:** 300 direct and 250 indirect
- **Strategic Partners:**
  - DBSA
  - Department of Energy
  - Mjindi Farming
  - IDC
  - Astrum Energy
NCEDA

- **Location:** Northern Cape
- **Stage:** Operational Phase
- **Key Initiatives:**
  - Triple D Farms - Farm Share Equity Scheme,
  - Onseepkans citrus/fig project,
  - Lower Majeakgoro Community Project,
  - Richtersveld Dairy Project,
  - Douglas Resort,
  - Wildebeeskuil Rock Art Centre,
  - Boesmansput Resort,
  - Steam train tourism
  - Trade and Investment Promotion

- **Featured project:** Wildebeeskuil
- **Primary Sector:** Heritage and Community-Based Tourism
- **Value of Project:** R 2 000 000
- **Status:** Operational
- **Jobs Created:** 4 direct
- **Key Partners:**
  - Department of Economic Affairs
  - National Lottery
  - Francis Baard Muni
THANK YOU-

Stephen Nel

SNR LED Specialist