



REVIEW OF THE ECONOMIC DEVELOPMENT STRATEGY (EDS) (previously EHDS)

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REVIEW CONDUCTED BY:

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- Mayor and Mayoral Committee

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CITY OF CAPE TOWN

ECONOMIC DEVELOPMENT STRATEGY (EDS)

1. Introduction and Rationale

The City of Cape Town approved its economic development strategy and implementation plan, referred to as the Economic and Human Development Strategy (EHDS) in August 2006.

The EHDS addressed five focus areas each with detailed objectives: growing the formal economy, growing the formal and informal economies of the poor, establishing economic bridges to integrate first and second economies, ensuring access to services and build the human, social and natural capital of the poor.

The City of Cape Town acknowledges that it works in a highly competitive, dynamic and rapidly changing economic environment, hence the need to review its economic development plan. A focused review of the EHDS and the outcomes of programmes implemented to date was completed. This review builds on the EHDS direction and provides focus in terms of the emphasis of competitiveness, enterprise development innovation and support for key sectors.

In order to successfully position Cape Town as a significant global city the following basics must be in place:

- The City of Cape Town needs to provide public sector infrastructure that will stimulate and accommodate private sector investment and support economic growth;
- The City of Cape Town needs to ensure that fundamental infrastructure such as transport, electricity, telecommunications, water and waste disposal systems, etc. are of the highest possible standards to attract, grow and retain businesses and skilled persons in the future;
- The City of Cape Town needs to work with a range of role players to provide a safe and secure environment for business, residents and visitors to allow for business growth, reduce costs and impact, manage perceptions and inspire confidence;
- High speed Internet access and low telecommunications costs are a key input factor for local community, business and industry to achieve sustainable growth;

- Initiatives to stimulate the geographic spread of investment to townships and other underdeveloped areas should be clearly defined and implemented;
- Effective use of strategic, unused and underdeveloped industrial sites in the City of Cape Town's jurisdictional area (for e.g. Culemborg - though this strategic land parcel belongs to Transnet) for economic development;
- The City of Cape Town needs to ensure that destination Cape Town and brand Cape Town are actively marketed and promoted locally and internationally as an investment, business, film and tourism destination, where opportunities for a good life style and quality of life abound;
- The City of Cape Town must ensure the adequate conservation and protection of its natural and built environmental assets and promote increased investment into these assets.

The Economic Development Strategy (EDS) has, to this end, identified the following economic goals for the City of Cape Town:

- Positioning Cape Town as a globally competitive city (ensure that fundamental infrastructure is of the highest possible standards to attract and retain businesses);
- Creating an environment conducive to growing the visitor economy;
- Positioning Cape Town as a Low Carbon City through the promotion of energy efficient and renewable energy technologies in the manufacturing, commercial and residential sectors, and encouraging investment in the establishment of a green technology manufacturing industry;
- A well governed, efficient and effective administration (ensure sufficient capacity of housing, office space, transportation, etc. and other facilities will be planned for future development);
- A stable policy environment;
- Promoting local economic development and sustainable livelihoods as a means of addressing poverty and unemployment;
- Optimising the tourism potential of Cape Town's tangible and intangible heritage assets.

The reviewed economic development strategy proposes a multi-pronged strategy for the City of Cape Town to be implemented over a 3 – 20 year period depending on the programme, focusing on the following areas:

- Positioning Cape Town as a globally competitive city with a strong bias towards SMMEs;

- Positioning Cape Town as a global knowledge and innovation hub;
- Strengthening and growing key sectors such as the creative industries, and tourism.;
- Encouraging the establishment of innovative green industries such as manufacture of solar water heaters and other renewable energy and energy efficient technologies, installers of renewable energy components, independent power producers, as well as creating an enabling environment for households to generate renewable energy, and promote net-metering, whereby households could sell electricity to the City of Cape Town;
- Strengthening the relationship with the research and learning institutions as a source of more appropriate skills to meet the growing demands of the Cape Town economy (such as project management, ICT, web development, new media, etc);
- Targeting interventions in the informal settlements to create tangible economic opportunities and sustainable livelihoods;
- Implementing area based interventions, including nodes and corridors, with integrated transport, land use and services including local economic development opportunities.

2. Economic Development Strategy Vision for Cape Town

The vision for Cape Town is of a globally competitive, low carbon and environmentally sustainable city that retains, attracts and develops investments and skills and that creates an enabling environment for its citizens to prosper.

3. Guiding Principles and Focus of the City of Cape Town's Economic Development Strategy

3.1. Guiding Principles

Based on an understanding of local government's mandate, which is guided by the Constitution (1996) and specific local government powers and responsibilities, including the promotion of economic and social development, the context of the challenges of poverty, need for empowerment and economic growth, and existing trends, the interdependent principles of the Economic Development Strategy are to:

- Enhance global competitiveness through accelerating economic growth and maximising opportunities cognisant of our natural resource constraints;
- Maximise empowerment;
- Reduce poverty through enhancing access to economic opportunities and meeting basic needs.

3.2. Focus

Using the global competitiveness, empowerment and poverty reduction guiding principles, the focus of the Economic Development Strategy is to provide a strategy for the City of Cape Town. The Economic Development Strategy, with its eight strategies indicates the direction and focus needed to support the City of Cape Town decision-making and programme prioritization and implementation.

The proposed roles of the City of Cape Town in economic development include, in addition to the City of Cape Town's key fundamental role as a provider of efficient and cost-effective services, the strategic roles of:

- Proactive enabler
- Leader
- Lobbyist
- Partner
- Implementer
- Monitor

4. Context and Approach

The revised Economic Development Strategy is based on a number of trends and assumptions about the economy, resources and its future growth. These can be summarised as:

Economic

- The global economy is recovering from the effects of the recent financial crisis. The results of various central banks' stimulus packages are filtering through to markets and are evident as liquidity and investor confidence has improved;
- The weakening US dollar has led to increasing lobbying for a new currency for international trade led by China;
- Oil prices have stabilised around US \$70;
- Acceleration in the levels of domestic and foreign fixed investment and economic infrastructure will remain a key driver of economic growth in the foreseeable future;
- Government will stimulate the economy through major investments in infrastructure and 2010 will leverage resources for infrastructure upgrades and expansion;
- The South African government has created a R2 billion National Jobs Fund to assist employees earmarked for retrenchment to be re-trained, thereby enhancing the jobs prospects on other sectors of the economy;
- The Industrial Development Corporation (IDC), which offers loans to manufacturing firms in distress (including automotive companies) struggling to secure conventional bank finance, have thus far approved R500 million funding, resulting in saving approximately 2 500 jobs in the last financial year. The IDC has set aside R6.1 billion for the next 2 years to aid distressed companies during the cyclical downturn;
- The natural environment plays a significant role in Cape Town's economy, and sustainability will continue to be a determinant and provide opportunities for the City's economic growth;
- In order for Cape Town to achieve the goal of becoming a Sustainable City, it is vital to ensure that economic growth is achieved through low carbon initiatives, energy efficiency, and natural resource and heritage conservation;
- Cape Town's growth will be centred around growth in the financial services, tourism and niche focus on creative industries;
- The second economy will remain a strong feature of Cape Town's economic and community life. The national and international trend towards outsourcing and casualisation slows the growth of formal employment; however, it builds a bridge into the second economy, creating economic opportunities.

Environment

- It is not an overstatement to say that the natural environment is the foundation upon which Cape Town's economy is built. Bounded by ocean and mountains and situated in the

smallest and most diverse of the World's Six Floral Kingdoms, Cape Town is one of the most environmentally rich cities in the world, and is home to unique and special biodiversity of global importance;

- Cape Town is also a unique historic city; it derives its character from a layered and multi-faceted history, its dramatic scenic setting, its historical townscapes and cultural landscapes, its cultural and heritage diversity and the traditions and memories that arise from its past;
- The economic value of Cape Town's natural environment has been conservatively estimated to be between R2 and R6 billion per year, and up to R82 billion in terms of net present value;
- The natural environment makes up between 40% - 60% of the package of attractions that draws tourists to Cape Town (ibid.), including nature areas and beaches, accounting for between R1 and R3 billion value to the economy per year. This can be expected to remain at this level or grow further, provided that the natural environment is maintained and conserved. Significant growth potential exists for increased nature based tourism if the natural environment is subject to more investment and thus increased conservation and formal management. There is also significant potential for increased niche tourism in terms of niche eco-tourism (e.g. birding);
- The film and advertising industry is a significant contributor to the City of Cape Town's economy. The scenic beauty and natural environment of the city is an important driver of the industry, accounting for up to 15% of the total value of the industry, or almost R400 million annually (ibid.);
- Much opportunity exists for optimising the City of Cape Town's heritage (both tangible and intangible) as a tourist drawcard;
- The City of Cape Town's natural environment provides environmental services such as flood mitigation, air quality promotion, water purification, recreation, soil stabilisation, and pollution mitigation. These services are often seen as "free", when in fact they are a significant cost to the environment;
- However, the City of Cape Town's natural environment and heritage assets suffer from a lack of maintenance and appropriate funding and investment. Without increased management and investment into these assets, they will become increasingly eroded and lose value.

People

- Migration to Cape Town will remain relatively constant, contributing to significant urban growth and the doubling of the population over the next two decades;
- Unless the City of Cape Town intervenes to close the gap between the supply and demand of skills, the skills mismatch, unemployment and poverty will continue to grow;
- As housing and other basic service demands are gradually met, pressure from the poor for improvements in the quality of life will escalate, making the economic and human development agenda a high political priority;
- Since many Capetonians live in poverty, and are thus more exposed to changes in the environment and climate, the poor suffer most when the environment deteriorates;
- Infrastructure led growth and capital investment will require an expansion of engineering and technical skills, including succession and skills retention planning;
- Cape Town will struggle to retain its engineering and technical skills base due to international demand from competing countries, a prime recruiter being Dubai and the Middle East.

Institutional

- The City of Cape Town will drive internal efficiency and continue to improve its business process;
- Ensuring an enabling business environment in Cape Town that reduces the cost and complexity of business, supports sustainable SMME development, encourages investment and trade and promotes rather than hinders entrepreneurship development is critical to growth, especially in context of the changing nature of work and the increase in outsourcing;
- Whilst the City of Cape Town has an impressive global credit rating, has raised a municipal bond and remains a good governance model, the challenge of securing additional revenue streams must be addressed. In this regard development contributions are but one conduit for additional income;
- Intergovernmental relations must be strengthened with Provincial and National governments;
- Working relations with State-Owned Enterprises must be formalised and put in place, especially around integration of programme alignment and infrastructure expansion;
- Basic service infrastructure will be expanded to meet the demand and will not be the constraining factor for growth;

- Provision of infrastructure and services will be prioritised for industrial and business nodes;
- Taking into account the high accessibility of mobile telephones and the growth in the mobile telecommunications market, the City of Cape Town will actively seek to create technology parks in nodal areas in order to increase the digital literacy of citizens;
- Cape Town will introduce strong environmental regulations to ensure current and future growth does not further erode the city's long term sustainability and environmental resources.

Given the dynamism of the economy, it is proposed that these assumptions are reviewed every three years, and that the strategy is realigned or modified as required by the new context.

4.1. Economic Growth

In 2008, Cape Town concentrates 8% of South Africa's population and generates 12% of national wealth.

Cape Town is home to 3.5 million people and the Cape Town economy currently contributes R242 billion (2008) to the national economy's Gross Domestic Product (GDP). The metropolitan area of Cape Town accounts for 72.16% of the provincial economy and 19.04% of the national economy (Quantec, 2009).

4.1.1 Economic Sector Analysis

Although economies around the world have been affected in some way or the other by recent financial and economic crisis, the City of Cape Town not excluded, there is some surety in the fact that the local economy of Cape Town is well-diversified in the sectors contributing to its Gross Geographic or Domestic Product (GGP or GDP). Sectoral analysis between 2005 and 2008 illustrates growth in all contributing sectors, the three greatest being the Financial, insurance, real estate and business services, Manufacturing, and Wholesale and retail, catering and accommodation sectors (in that order), followed closely by General Government and Transport, storage and communication. Although all data shows positive growth between the analyzed years, growth rates are expected to be lower for 2009.

In addition to the traditional sectors analyzed, niche sectors such as film, design, engineering and financial services, and creative industries will grow, further positively contributing to the stabilization and recovery of the local economy.

A detailed analysis is attached as Annexure B: Detailed Economic Sector Analysis.

4.1.2 Sub Sectors: Investment Value and Employment

The three sectors within Cape Town that were the biggest contributors to GGP between 2005 and 2008 were Finance, insurance, real estate and business services, Manufacturing, and Wholesale and retail trade, catering and accommodation. In 2008 alone, these three sectors contributed 61% of Cape Town's GDP. A more detailed description can be seen in the table below, illustrating employment levels in the various sectors in the City of Cape Town between March 2006 and September 2007.

Employment per sector for the City of Cape Town:

Industry	March 2006	September 2006	March 2007	September 2007
Agriculture	14,313	7,000	17,239	9,695
Mining & Quarrying	-	-	2,566	3,324
Manufacturing	231,873	217,183	194,358	237,475
Utilities	8,660	7,110	9,916	15,791
Construction	95,086	92,616	86,930	106,586
Wholesale & Retail Trade	340,309	346,100	362,758	265,519
Transport	60,289	66,806	68,702	67,445
Financial & Business Services	187,316	203,474	190,698	216,921
Community & Personal Services	230,799	227,505	237,972	242,220
Private Households	57,752	88,828	93,057	85,101
Unknown	0	870	0	10,720
Industry Total	1,226,397	1,257,495	1,264,197	1,260,798

Source: Labour Force Trends in Cape Town: September 2005 to September 2007, City of Cape Town (2009)

The services sector is the dominant sector accounting for 86% of all investment and 73% of all estimated employment. In general, manufacturing has provided more jobs per Rand invested.

Just four sub-sectors: Tourism and accommodation; Business services; Property development and construction; and Business Process Outsourcing (BPO) / Call centres account for 74% of all past investment value.

BPO / Call Centres and Property development and construction investment are responsible for 26% and 19% of estimated employment respectively. However, the employment totals for property development and construction may consist largely of temporary construction jobs.

It is worth noting that clothing & textile sectors investments have provided much employment even though this is regarded as a declining industry.

4.1.3 Quality of Life and Human Development

It is important for the City of Cape Town to ensure that services are provided to maintain and develop the health status of the residents of Cape Town. Health is a key indicator of human development and relates to quality of life and healthy living environment. Given the health challenges facing the City of Cape Town, including the impact of HIV/AIDS and TB, increased substance abuse, it is imperative that continued and enhanced support is given to the City of Cape Town's health programmes which focus on the following strategic interventions:

- Maternal and child health care;
- HIV/AIDS and TB programmes, with a focus on orphans;
- City substance abuse plan with roll out of treatment centres;
- Environmental health - food quality control, air quality etc.

4.1.4 Economic Growth Drivers

The economic strategy for the City of Cape Town needs to signal the new economic drivers of growth (finance and business services contribute 35%), and gear the economy to be responsive to the new growth areas.

The backbone of the current economy is the strong financial services industry. The economy is likely to continue to grow in financial services sector (backroom operations of asset managers for example). This is the sector that creates high end skilled jobs, without this Cape Town will lose its local and global comparative economic advantage. Retention and attraction strategies for engineering and project management skills need to be developed to cater for investor needs.

The link between the natural environment, environmental services, and the services sector also needs to be recognised. Although it is extremely difficult to quantify, the natural beauty and associated quality of life offered by the city is an important contributor to the decision to locate offices in Cape Town; this link has been demonstrated worldwide (ibid. 2).

The knowledge economy is likely to become even more important. A significant number of highly skilled people choose to live in Cape Town as learning and innovation has become coupled with lifestyle choices. This trend should be fostered and encouraged as part of re-positioning Cape Town as the design and service hub. The importance of information technology as part of this re-positioning should not be underestimated.

However, what the City of Cape Town also needs is employment growth at semi and low skilled ends if it aims to address the unemployment problem. The City of Cape Town should encourage employment absorption through low skilled sectors of the economy e.g. tourism and manufacturing. In addition, the City of Cape Town's support also should be given to the SMME sector which has the potential to include and up skill low and semi-skilled workers.

Support for the creative industries should be accelerated for existing initiatives which have flourished in certain parts of the City of Cape Town, notably the East and Central precinct and new opportunity areas.

There is significant potential to position Cape Town as a green, low-carbon city. Globally, environmental issues, specifically global climate change, have moved to the forefront of public and political discourse.

Cape Town has an opportunity to position itself as a leader in green technologies, green building, green industries and responsible tourism. Increasingly, international companies choose to do business with environmentally conscious companies and governments, as

corporate social responsibility and environmental sustainability become progressively more important to the commercial world. It is also important to explore potential income from carbon trading initiatives.

The manufacturing sector has seen a significant decline over the past decade, and a large number of semi-skilled workers have become unemployed. There is significant potential for the city to position itself as a national leader in the manufacturing of green technologies such as solar water heaters, and in doing so revitalise underutilised industrial areas and create sustainable jobs.

4.1.5 Social Entrepreneurship

Social entrepreneurship will, through bridging the divide, show a diverse spectrum of entrepreneurial activities that exist in the Cape Town economy. It is motivated by the opportunity of adding social value, and of making a significant and lasting improvement to the conditions of many citizens of the City of Cape Town. While efforts may often work with activists lobbying for change, social entrepreneurs have the ability to make a positive change to the economy. There is also a need to encourage unemployed persons to evaluate the types of needs currently not met in the Cape Town markets, and thus social entrepreneurs have the a special role in developing business ideas to service those needs in the emerging markets.

4.2. Poverty

Local government has a mandate to fight poverty in terms of the Constitution. A useful definition of poverty is provided by the City of Cape Town's Going Global Working Local strategy, which states that "Poverty is more than a lack of income. Poverty exists when an individual's or a household's access to income, jobs and/or infrastructure is inadequate or sufficiently unequal to prohibit full access to opportunities in society". The condition of poverty is caused by a combination of social, economic, spatial, environmental and political factors."

It is also useful to distinguish between *transient poverty* and *chronic poverty*. Transient poverty is experienced by those who move in and out of poverty, necessitating short term support. Low income households are affected by the quantity and quality of employment. While employment might have increased, the quality of this employment has not. Chronic poverty involves

becoming locked in a poverty trap for an extended period of time – usually defined as a sustained period of five or more years. The absence of an explicit defined poverty alleviation strategy for the City with specific goals means we cannot measure the City of Cape Town's contribution toward the Millennium Development Goals (MDG 2014) target of halving poverty and unemployment.

In order to address poverty, a comprehensive local economic development and sustainable livelihoods programme needs to be implemented. It has been estimated that within wealthy communities, money circulates up to seven times before it leaves the community, whilst in poor communities it circulates only twice.

Local economic development and sustainable livelihoods implementation consists of two important strategies. Firstly, the stimulation of local formal economies in currently disadvantaged areas in order to provide jobs and increase spending within the community. Identification of growth nodes in poor communities, and incentives for businesses to locate within those areas are needed. Additionally, entrepreneur development and SMME support to encourage the expansion of local businesses is a key factor.

Secondly, issues of poverty and food security need to be addressed, through the implementation of a sustainable livelihoods programme focusing on reducing household resource consumption, and thus costs, whilst improving quality of life. Urban agriculture, which is one of many options, is a significant contributor to the informal and subsistence economy in the city, and growth in this sector will assist in improving resilience to poverty and economic hardship.

5. City of Cape Town's Strategic Thrusts

Strategy 1: Invest in Cape Town

Problem statement

Investment includes foreign direct investment and local investment from the public and private sectors. Without investment it is very difficult to stimulate jobs and economic growth. In particular, investment capital promotion underpins sustainable economic growth. The City of

Cape Town needs to encourage labour-absorptive investment. The City of Cape Town's economy has performed above the national average growth rate of 3%, but still falls far short of the 7% growth rate required to prevent the current unemployment rate from worsening. Another trend is that, almost exclusively, private investment flows to Cape Town are concentrated in the more developed or affluent areas such as the northern corridor. This reinforces the inequitable spread of economic activities in the city. It is imperative also to attract investment towards areas whose economic potential is still latent, enabling residents of these areas to share in the benefits of economic growth and development. In addition, sustainable livelihoods programmes are important focus for the City of Cape Town to encourage job creation and improve quality of life in poorer areas, whilst ensuring that natural areas are conserved, and waste and pollution minimized.

Description of the intervention

The City of Cape Town has identified the provision of infrastructure as the most important investment accelerator. The City of Cape Town needs to actively leverage its infrastructure to maximize economic growth and investment. Both strategic thrust 2 and 7 need to be implemented in a sustainable way in partnership with other stakeholders, national and provincial government.

In respect of promotion of direct investment, the City of Cape Town works through Wesgro, another agent set up by the City of Cape Town and the Western Cape Provincial Government (PGWC) to maintain current investment and expand the investment base through both established and new markets. Wesgro works closely with the sector bodies who also often promote sector specific investment. The City of Cape Town also works with the private sector through the sector bodies and area-based partnerships such as the Cape Town Partnership, Khayelitsha Trust, etc. to facilitate area based investment. The need for coordination between the various agencies involved in investment generation is critical, as is clarity on the respective roles of the various spheres of government.

Alongside these cooperative relationships the City of Cape Town has been working on an investment incentives policy and series of interventions to further enhance the City of Cape Town's attractiveness to businesses and to direct investment to priority disadvantaged areas.

Cape Town is largely an outwardly oriented city economy. Consequently it is intricately linked, both positively and negatively, to the global economy. Helping business engage and deal with this factor is important. Largely, this is the work of Wesgro, with support around information and regulations from the City of Cape Town.

It is important for the City of Cape Town to ensure that it is aware of, and is responsive to, business needs. Interventions such as the crime reduction strategy and investment incentive and retention initiatives would assist to continue to support Cape Town as an investment destination.

Critical success factors

- Stable environment (policy, service and political);
- Fostering a sound political and regulatory environment;
- Good quality of life;
- Capable human resource base;
- Being informed of potential investment opportunities;
- Responsive planning system.

Strategy 1: Invest in Cape Town				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
1.1	Economic Advisory Committee (EAC)	Appoint an EAC comprising of strategic and business leaders to advise the City on economic development related matters and the carbon economy.	Economic Development	Leader Implementer
1.2	Strategic Economic Infrastructure: Port and Airport	City to lobby for more local influence and control in strategic infrastructure e.g. the City to be formally represented on Airport and Port Boards and decision-making structures.	Service and Integration Economic Development External Relations	Lobbyist
1.3	Port Capacity Expansion	City to intensify lobbying of NPA and other stakeholders for support of the Marine Industries Strategy , which will assist and enable those City identified growth sectors and commodity trade which have close dependency on the port and its activities. Expansion of rail links to the port is a key step in reducing the carbon footprint associated with import/export activities.	Economic Development External Relations	Lobbyist
1.4	Global Competitiveness Benchmarking Project	Facilitate and complete the implementation of the Global Competitiveness research and recommendations.	Economic Development	Leader Implementer

Strategy 1: Invest in Cape Town				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
1.5	Major Project Development	Initiate planning and development of mixed use office, hotel, retail, residential, recreational and green public space facilities for the City's large vacant districts and target nodes in disadvantaged areas / nodes. Prioritise brownfield and greyfield redevelopment, infill development and densification, whilst ensuring the protection of Greenfield sites and heritage assets.	Spatial Planning	Lobbyist Partner
1.6	Public Capital Investment	The City shall allocate public capital investment in site acquisition and in basic preparatory infrastructure, to attract private sector development in target areas / nodes Feasibility of a renewable energy development hub-with incentives for manufacturers and renewable generators.	Strategy & Planning Property Management	Lobbyist Partner
1.7	Transport and other linkages to northern growth corridor and Atlantis	Investigate feasibility of transport and other linkages to Atlantis to provide expanded and efficient transport passenger services to the northern growth corridor to stimulate growth in Atlantis and the surrounding areas.	Transport Metro Rail	Partner
1.8	Cost of Doing Business Study	Fast-track completion and implementation of the Cost of Doing Business project to improve service delivery, manage administrative costs and promote investment.	Corporate Services Economic Development	Leader

Strategy 1: Invest in Cape Town				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
1.9	Investment Incentive & Business Retention Scheme	Activate the approval of the scheme, budget and appropriate City mechanisms to attract investment in targeted areas, including potential role of development levies.	Finance & Economic Development	Leader Partner
1.10	Regulatory Incentives linked to the City's Integrated Zoning Scheme	Research and implement IZS linked incentives e.g. use of transfer of development rights, value capture opportunities, rates rebates schemes to incentivise and direct developers and development.	Strategy & Planning Finance Economic Development	Partner
1.11	Sustainability of water, waste & energy	Promote the efficient use of water resources, support recycling initiatives such as investment in technology and business infrastructure, and promote low carbon investments and energy efficiency initiatives in industrial and commercial facilities. These initiatives support the attainment of the City's energy targets and the reduction of the City's vulnerability to climate change.	Environmental Resource Management Water Economic Development	Lobbyist Partner
1.12	Strategic Asset Management	Optimising the economic, social and environmental returns on City-owned assets whilst protecting/enhancing those which are conservation-worthy from an environmental point of view.	Property Management	Lobbyist

Strategy 2: Spatial Analysis and Planning, Exploiting Comparative and Competitive Advantages, and Area Targeting

Problem statement

Without intervention to overcome historical patterns of spatial isolation and exclusion, certain areas degenerate or become pockets of extreme poverty. Degraded areas of high economic potential, especially around the CBD and other nodes, may also require specialized area-based interventions. In addition to this, economic nodes are often not located close to where poor people live and specific efforts need to be made to integrate home-work-leisure opportunities.

Description of the intervention

Area-based interventions by the City of Cape Town may involve the City of Cape Town targeting a particular area for increased marketing and investment, improved service delivery and increased citizen involvement to enhance the local economy. Alternatively, it may involve the establishment of semi-autonomous area-based partnerships (such as the Cape Town Partnership). Nationally the government has targeted certain areas for urban renewal to address the needs of the poor. In Cape Town, Khayelitsha and Mitchell's Plain have been targeted. In addition, the City of Cape Town has identified a range of development nodes/corridors at decentralized locations to facilitate better integration. Implementation of area targeting needs to support formal and informal businesses. Area targeting has been endorsed by the City of Cape Town in its adoption of the by-law for the establishment of business or improvement districts and special areas ratings which can assist. There is no other City of Cape Town policy on area targeting which needs to be addressed.

Critical success factors

- Integrated local area planning and service delivery;
- Participation of local residents and businesses model;
- Public consultation;
- Co-operation from all City of Cape Town departments;
- Effective and accountable area management and finance structures.

Strategy 2: Spatial analysis and planning, exploiting comparative and competitive advantages, area targeting				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
2.1	Review LUPO	Review zoning policies and land-use regulations (LUPO) to reduce the cost/impact on business, support City's growth, encourage investment and development imperatives, and enable home-based businesses and telecommuting.	Strategy & Planning	Lobbyist Partner
2.2	Development Corridors and nodes	Initiate detailed planning and preparation of land for public-private mixed use development along identified and prioritised development corridors and nodes.	Strategy & Planning	Lobbyist Partner
2.3	Densification	Promote densification in line with City Development Strategy – particularly in areas of existing and emerging CBDs – in order to reduce travel costs and time, promote local economic development, and reduce costs of delivering services.	Strategy & Planning	Partner
2.4	Environmental and Heritage Permitting	Streamline environmental permitting processes whilst ensuring that sensitive environments and heritage assets are not compromised.	Environment Resource Management	Lobbyist
2.5	Land Use Planning information & processes	Work with developers, businesses and development business forums to encourage applicants to submit the required information completely and timeously to assist to cut application processing time down.	Strategy & Planning	Partner
2.6	Targeted Improvement Districts	Investigate and facilitate the establishment of TIDs in prioritised LED areas.	Urban Renewal Economic Development Strategy & Planning	Leader Partner

Strategy 2: Spatial analysis and planning, exploiting comparative and competitive advantages, area targeting				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
2.7	Greening of Nodal Areas	Promote rehabilitation and conservation of natural environments in all nodal areas as a part of mixed use developments in order to ensure greening and beautification and thus encourage investment, as well as upliftment of the surrounding communities.	Environment Resource Management	Lobbyist
2.8	Coastal Development Guidelines	Promote appropriate coastal development in line with coastal development guidelines in order to maximise economic value of the coast, whilst ensuring that natural areas remain undisturbed.	Environmental Resource Management	Lobbyist
2.9	Ensure economic and social development initiatives as part of Integrated Human Settlement Plans	Provide economic development guidelines and inputs to inform the IHSP planning and implementation e.g. ECD, skills development, LED etc. Monitor implementation: EHD to be part of task teams. Integrate sustainable livelihoods approach into human settlement planning, including water and energy efficiency, and urban agriculture for food security and small business development.	Economic Development Social Development Housing Planning Tourism	Partner
2.10	Investigation of IDZs	Research and investigate the feasibility of establishing and using Industrial Development Zones (IDZ) in Cape Town (in alignment with the DTI National Industrial Policy Framework and Action Plan) to attract investment and growth in development areas.	Economic Development Planning & Strategy	Leader

Strategy 2: Spatial analysis and planning, exploiting comparative and competitive advantages, area targeting				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
2.11	Facilitate integration of greater Philippi area into airport industrial precinct	Review and implement the recommendations of the Philippi industrial areas study and other initiatives. Investigate and fast track planning and construction of link off N2 and other access requirements to Philippi and other areas to allow for development of Philippi into mixed use growth node. Ensure IRT is extended to this area as soon as possible.	Economic Development Spatial Planning Transport & Roads (City) Provincial Public Works	Leader

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Strategy 3: Building a Resilient, Low Carbon City

Problem statement

Global climate change is an area of concern for the City of Cape Town, in two respects. Cape Town, as all cities, is vulnerable to the impacts of global climate change, and therefore needs to ensure that planning for environmental change is well considered. The City of Cape Town must avoid a situation in which new infrastructure or developments are inappropriately situated or designed, thus creating a future economic burden due to negative impacts on these resources.

Concern over global climate change also offers the City of Cape Town an important opportunity to take steps towards mitigating climate change through the implementation of a low carbon economy and positioning itself as a regional and global leader in sustainability. There is significant potential for foreign investment and green jobs as part of this intervention.

Whilst there are significant future benefits to be gained from becoming a low carbon city, the reverse is also true. Excess carbon dioxide production is likely to increasingly become a disincentive for international investment, especially from within the European Union. The City of Cape Town must not only work towards reducing its carbon footprint, but must also be seen to be doing so; strategic marketing of the low carbon city is of key importance here.

Description of the intervention

The City of Cape Town must position itself as a regional leader in the building of a low carbon economy. Decoupling of economic growth from energy and resource use is a critical part of this intervention. There is also significant opportunity to revitalize the flagging manufacturing sector through establishing the City of Cape Town as a green technology centre and promoting the establishment of green industries (e.g. solar water heater manufacture).

Additionally, implementing simple “no regret” interventions for climate change adaptation is critical, as this will provide important reassurance to investors that the City of Cape Town is taking active steps to protect itself against future climate events.

Energy security is a crucial consideration, both in terms of ensuring the enabling environment for formal economic growth, as well as preventing energy poverty. Diversity of supply is a critical consideration to be explored by the City of Cape Town.

Critical success factors

- Political commitment to a resilient low carbon city;
- Incentives for initiation of green businesses;
- Local, national and foreign investment in renewable energy and green technologies
- successful marketing of the brand;
- New developments are built within the context of a changing climate, take into account the environmental impacts that these developments could experience, and promote resilience to the effects of climate change;
- Net metering is a common legal practice.

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Strategy 3: Building a resilient, low-carbon city				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
3.1	Energy Efficiency	Promote energy efficiency and renewable energy initiatives in industrial, commercial, residential and government facilities to support the attainment of the City's energy targets (including the implementation of Green Building guidelines).	Environmental Resource Management Economic Development	Lobbyist Partner
3.2	Renewable Energy	Work towards diversity of energy supply and energy security through encouraging investment in energy businesses either through purchase agreements or the provision of rates (or other) incentives.	Electricity Environmental Resource Management Economic Development	Lobbyist Partner
3.3	Green technology	Provide incentives for the establishment of green technology manufacturing centres through the use economic tools.	Economic Development	Leader Lobbyist
3.4	Marketing of resilient, low carbon city	Promote the international marketing of Cape Town as a resilient, low-carbon city.	Economic development Tourism	Leader
3.5	Water demand management & supply-side interventions	Promote the efficient use of water resources and support initiatives such as investment in recycling technology and recycling infrastructure in businesses to support the reduction of the City's vulnerability to climate change.	Environmental Resource Management Water Economic Development	Lobbyist
3.6	Climate Adaptation	Protect the economic future of the City by implementing immediate, "no regret" climate adaptation options, with a view to implementing more intensive interventions in the future.	All departments	Implementer

Strategy 4: Local Economic Development and Sustainable Livelihoods

Problem statement

A significant proportion of Cape Town's citizens live in poverty, are unemployed, or lack the basics necessary for a decent quality of life. Historically, economic growth has not been associated with decreases in unemployment, and therefore additional, alternative interventions need to be considered.

Description of the intervention

Implementation of a sustainable livelihoods approach to local economic development is critical. A key aspect is the creation of incentives for businesses to encourage location in previously disadvantaged areas, and emerging CBDs. Entrepreneur development and SMME support to encourage the expansion of local businesses is a key factor.

Additionally, poverty will be addressed through the implementation of the City of Cape Town's Smart Living Programme which focuses on reducing household resource consumption, and thus costs, whilst improving quality of life. The City of Cape Town is also implementing its Sustainable Livelihoods Strategy, which focuses on the development of livelihoods for the poor based on the sustainable use of natural resources. Urban agriculture is a significant contributor to the informal and subsistence economy in the City of Cape Town, and growth in this sector will assist in improving resilience to poverty and economic hardship.

Critical success factors

- Updated information on the state of food security of the poor in Cape Town is available;
- An increase of community driven sustainability initiatives such as home food gardens;
- Low cost housing developments are better designed to facilitate economic growth;
- Poor communities are empowered to make informed decisions about developments in their area;
- The City of Cape Town has the capacity to administer and manage areas in an integrated nodal approach, as opposed to a departmental approach;
- Poor communities have the facilities to generate and spend their income within their communities;

Strategy 4: Local Economic Development and Sustainable Livelihoods				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
4.1	Support City EPWP processes	Ensure all projects incorporate EPWP principles into account in all phases of planning.	EPWP with Utility Services, Electricity, Transport & Roads	Lobbyist Partner
4.2	Support Urban agriculture interventions	Ensure all urban agricultural projects promote household food security and create economic opportunities in accordance with the City's Urban Agricultural Policy.	EHD Dept (Development Facilitation Branch along with Local Area Economic Development & Business Support Branches)	Lobbyist Leader
4.3	Support informal trading within poor communities	Ensure that survivalist and informal trading initiatives are promoted in line with the City's Informal Trading Policy and By-law.	EHD Dept; Utilities and Community Services	Leader
4.4	Promote sustainable design and layout of low-cost housing developments	Ensure resource efficient design in low-cost housing projects and promote multi-purpose use of low-cost houses by including potential for income generating facilities within the layout of low-cost housing developments.	EHD Dept; Housing; SPUD; ERM	Lobbyist

Strategy 5: SMME Business Development and Support

Problem statement

93% of Cape Town's formal businesses are small, contributing 50% of total output and 40% of total employment (Business Support Policy, 2003). The figures would be even higher if informal business were included. The small medium and micro enterprise (SMME) sector has also been identified as one of the high impact priority sectors for the province in its micro-economic development strategy. In order to grow and develop, small businesses need knowledge about business opportunities, capacity to run a business and access to services. In addition Cape Town needs to shift from a city of job seekers to one of job providers by increasing entrepreneurship activity in line with the changing nature of work globally.

Description of the intervention

The City of Cape Town has a business support policy, adopted in 2003, and a dedicated small business development and promotion programme. The City of Cape Town's aim is to grow existing businesses and support the development of new businesses through maximizing knowledge, capacity and opportunities. Business services including training, advice, counseling, marketing support and information – provided through advice centres, a voucher system, etc. The City of Cape Town also indirectly helps small and medium firms take advantage of international business opportunities through its support of Wesgro's Exporter Development Programme and sector support body initiatives. In addition there is a need to raise awareness about business and entrepreneurship and facilitate greater links between educational and entrepreneurship activities. City of Cape Town processes and regulations must support small businesses creation at all times for example a link between vendors and business support supported by the City of Cape Town.

Critical success factors

- Accessibility
- Affordability of business support services
- Good entrepreneurship education
- Co-ordination and partnerships

Strategy 5: SMME business development and support				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
5.1	Cost of Doing Business	Undertake a cost of doing business study to determine key constraints within City processes to small business development & promotion e.g. Business license reductions. Maintain a record and report to Council on key business constraints including reports from the Ombudsman and Customer Care Centres.	Economic Development	Implementer Leader
5.2	Business Support Advocacy: City and External	Continue to lobby and influence City Directorates and National, Provincial Government, State Owned Enterprises, SEDA, IDC and others to ensure support for SMMEs and enterprise development.	Economic Development	Leader
5.3	Innovation and Technology Development	Support innovation programmes and technology development initiatives, low carbon credit programmes.	Economic Development Environmental Resource Management	Leader Partner
5.4	Cape Town Research and Innovation Hub	Initiate a pilot to establish a research and innovation hub to support innovation and small business development (Barcelona Activa model).	Economic Development	Leader
5.5	City SMME procurement targets	All Directorates to monitor and report SMME spend (Capex and Opex), set targets. City's chain management to meet National legislation requirements.	All Directorates Financial Services	Lobbyist
5.6	Waste Management Small Business Opportunities	Support opportunities for SMMEs in city waste management programmes and the promotion of waste management companies.	Economic Development Waste Management Environmental Resource Management	Partner

Strategy 5: SMME business development and support				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
5.7	SMME support for Mini Bus Taxi Operators through a Business Entity	Develop and implement SMME support programmes for minibus taxi operators through a planned structured business entity.	Transport & Roads Economic Development	Facilitator
5.8	Exploring opportunities for SMME development in alternative energy	To promote and support SMME opportunities in alternative energy.	Economic Development Environmental Resource Management Electricity	Partner
5.9	Health, safety and environmental Awareness Programmes for SMMEs	Support awareness programmes e.g. HIV/AIDS, TB and workplace safety for SMMEs.	Economic Development Health	Lobbyist
5.10	Infrastructure economic empowerment SMMEs	Promote and support the optimal use of Council land and facilities for economic empowerment.	Economic Development Property Development Corporate Facility Management	Lobbyist Partner
5.11	Informal Trading: Enabling Environment	Create a more enabling regulatory environment and increase well managed informal trade infrastructure and opportunities in order to encourage movement from unemployed, to the informal sector, to markets, to the formal sector.	Economic Development Planning Property Management Legal	Lobbyist Leader
5.12	Informal Trading: Business focus	Investigate and implement a roving market programme for local products at key sites and special events; promote cooperatives and collective buying initiatives management bodies and support informal trader business development programmes.	Economic Development	Implementer Leader

Strategy 6: Promote Skills Development

Problem statement

Cape Town's workforce lacks the skills demanded by key growth industries. A recent survey revealed that jobs in a range of firms could not be filled, despite the prevailing 23.4% unemployment rate. Technical skills, language skills for business and the ability to manage small businesses are known to be in short supply.

Description of the intervention

The City of Cape Town is committed to developing the skills base of its residents. This commitment is reflected in the Integrated Development Plan (IDP), the Human Resource Development Strategy and this Strategy. The ESD&T Directorate and other Departments need to focus on facilitating skills-based training in partnership with local businesses, educational institutions and non-governmental organizations, in order to reduce poverty and unemployment by enhancing competitiveness, productivity and sector-based skills.

Based on this, the following training areas have been prioritized:

- Tourism management, catering and hospitality;
- ICT training (web and software development);
- Literacy training;
- Basic business skills;
- Entrepreneurship training;
- Encourage green jobs such as SWH manufacturing, expert professional services;
- Sector-based training in priority sectors;
- Language and communication training;
- Early childhood education;
- Learnerships and internships.

Critical success factors

- Data on the skills gaps;
- Supply and capacity of accredited training service providers;
- Partnerships between training providers and business;
- Human resource development strategies linked to the needs of growth sectors;

- Linking graduates with employment opportunities.

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Strategy 6: Promote skills development				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
6.1	Engage Home Affairs	Intensify lobbying for enabling and responsive immigration Policy that promotes importing of high tech skills.	External Relations (with City Manager)	Lobbyist
6.2	Develop appropriate skills for Cape Town's economy	Facilitate, advocate and lead engagements with tertiary institutions and relevant sector bodies to address critical skills gaps and challenges.	External Relations (with City Manager) Career Higher Education Consortium (CHEC) Tourism Development Economic Development	Partner
6.3	Further and Higher Education Training (FET/HETS) targeted areas & affordable fees	Lobby for the establishment of FETS/HETS in targeted areas and affordable fee structures to support the development of skills linked to demand led sector needs, including artisan training at scale.	PGWC – Education Department (Urban Renewal) Career Higher Education Consortium (CHEC)	Lobbyist
6.4	Early Childhood Development	Facilitate the development of Early Childhood Education educators and enrichment specialists.	Social Development	Lobbyist Partner

Strategy 7: Destination Marketing

Problem statement

Over time, cities become branded as hosts to particular types of economic activity. Expanding the horizons of what economic activities are possible and extending the scale of economic actions requires active marketing of the city and its economic products and activities. Cape Town is an established tourism node, the challenge is to build and promote it as a place to do business. Tourism and business are linked – the City of Cape Town's natural environment offers an unparalleled quality of life, many of the aspects which draw tourists can also draw business. The City of Cape Town has a significant opportunity to position itself as a global events centre, trading on its natural beauty, historic legacy and events infrastructure.

Description of the intervention

The City of Cape Town is working to devise and support destination and trade marketing of Cape Town for the purposes of increasing economic activity in tourism and investment. This is implemented in partnership with the Province through the province-wide destination marketing and visitors services organization trading as Cape Town Tourism and Wesgro the investment and trade promotion agency.

Critical success factors

- Co-ordinated approach between spheres of government and between government and its agencies;
- Accurate information on the city services, opportunities and constraints;
- Honest, effective and appropriate marketing;
- Synergy of Council and the various agencies' brand promotion;
- Understanding and lobbying potential investors.

Strategy 7: Destination Marketing				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
7.1	Major international events	Use major events e.g.2010 Fifa World Cup to: <ul style="list-style-type: none"> • promote Cape Town as an investment and tourism destination • foster social cohesion amongst residents • support / implement the green ratings system for the tourism industry to become more globally competitive. 	Economic Social Development Tourism SDI Community Services	Lobbyist Leader
7.2	Implement the City's Events Policy	Promote & support major and Cape Town signature events to enhance the City's competitiveness and achieve the City's strategic objectives including those which promote the City's key strategic sectors: creative industries, etc.	Economic, Social & Tourism Development and the other City lead Departments	Leader
7.3	Implement 2010 investment strategy	Maximise and leverage off the 2010 World Cup and other major events by targeting potential investors for the identified investment project/opportunities in the 2010 investment strategy.	Economic, Social & Tourism Development and the other City lead Departments	Implementer Partner
7.4	Conventions	Capitalise on Cape Town's position as a leading conference destination to enhance and develop business tourism and business opportunities.	Economic, Social & Tourism Development	Leader
7.5	Cruise Liner strategy	Contribute to the Regional Cruise liner Strategy.	Tourism Development and Economic Development	Partner

Strategy 7: Destination Marketing				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
7.6	Additional landing slots at Cape Town International Airport	Continue to engage with SAA, ACSA, Dept of transport to secure additional direct international flights from continental Europe to support tourism and business development.	Tourism Department	Lobbyist
7.7	Implement City's Public Transport Strategy initiatives	Through the IRT and other programmes, redesign and restructure the City landscape to service tourism sector and improve international appeal.	Transport & Roads Tourism Development	Lobbyist
7.8	Niche Tourism	Develop Arts & Culture, academic sports tourism.	Tourism Development Arts & Culture	Lobbyist
7.9	Eco-Tourism	Continue the development and marketing of the Blaauwberg Conservation Area (BCA) and False Bay Ecology Park (FBEP) as flagship destinations. Implement the biodiversity network to ensure the future sustainability of the eco-tourism sector. Significantly step up marketing of City's natural areas both locally and internationally – possible partnership initiative with TMNP.	Tourism Environmental Resource Management	Lobbyist
7.10	Heritage Tourism	Identify the City's unique cultural and historical heritage assets, and promote the marketing of these assets.	Tourism	Partner

Strategy 7: Destination Marketing				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
7.11	Coastal Assets	Ensure the implementation of the coastal protection zone with the goal of protecting the highly desirable natural and unspoiled character of the city's beaches. Promote the marketing of the city's beaches as a key national and regional tourist destination.	Tourism Environmental Resource Management	Partner
7.12	Creative Industries Framework	Develop a creative industries framework to position CT as a creative & innovation hub.	Economic Development and Arts & Culture	Leader Lobbyist
7.13	City's sport & recreation facilities for multi-purpose use	Review the City's sport and recreation facilities for multi-purpose use, including stadia; prioritise upgrade and provision of new facilities and facilitate creative partnerships - to support the City's strategic positioning to host events and support cultural, community activities (in addition to sport), post 2010.	Sports & recreation, Economic, Social & Tourism Development and Planning	Lobbyist
7.14	Destination marketing-brand awareness	Reposition brand message to include primary investment and quality of life destination.	Tourism Development, Economic Development	Implementer Partner

Strategy 8: Improve Good Governance, Service Delivery, and Public and Market Confidence

Problem statement

Local government is charged by the South African Constitution (1996) to provide good governance, reliable and efficient services. The provision of infrastructure (including maintenance of quality and reliable infrastructure) and services in a financially sustainable and energy efficient manner is a pre-requisite for investment attraction.

Description of the intervention

The City of Cape Town has adopted an infrastructure-led economic development approach. This is based on the provision of high quality infrastructure and a sound administration which will provide leadership and confidence to both the public and private sector. This strategic thrust is essential to attract and retain business and investment in Cape Town and to leverage this growth to address poverty and other developmental challenges.

Critical success factors

- Good quality economic infrastructure;
- Reliable and quality service provision;
- Responsive administration;
- Establishment of a single authority for transport.

Strategy 8: Improve good governance, service delivery, and public and market confidence				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
8.1	City's Facilities Management	Investigate and establish a world class facility management ("Public Works type") Unit/Department or other suitable mechanism/organisation to maximise returns on the City's assets (potential revenue source).	Corporate Facility Management	Lobbyist Partner
8.2	Transport Pricing Strategies	Investigate and develop incentives to support non-motorised transport and energy efficient public transport.	Transport Department	Lobbyist Partner
8.3	Transport Vouchers	Investigate transport vouchers for the City's poor and carbon credit exchange and reflect in the City's fare policy and programmes.	Transport Department	Lobbyist Partner
8.4	Municipal Fibre Optic Infrastructure	Ensure the implementation of the Broadband infrastructure project, with phased installation of underground cabling; fast tracked where possible to target areas to support economic and small business development and maximise the capacity of the City's transport infrastructure through the use of intelligent transport systems and services.	IS & T	Lobbyist
8.5	Economic Service Charters	All Directorates to develop and adopt a service charter with defined standards guided by Batho Pele principles.	All Directorates	Implementer Lobbyist

Strategy 8: Improve good governance, service delivery, and public and market confidence				
	WHAT	HOW & WHY	BY WHOM: LEAD DEPARTMENT(S)	ROLE OF ECONOMIC DEVELOPMENT
8.6	Infrastructure development alignment to EDS	All City infrastructure Development Projects to be aligned with the Economic Development Strategy through the use and application of Economic Development Guidelines in order to ensure that economic development objectives and outcomes are achieved. The City's standard report formats to include a section on the report content's relationship to the EDS.	All Directorates Economic Development	Lobbyist Leader
8.7	Business Development Destination	Promote and facilitate SMME investment opportunities and development of SMMEs in Cape Town, specifically in urban renewal nodes such as Phillpi, to support economic development, job creation and skills development.	Economic Development	Lobbyist Leader

6. Implementation

6.1. Introduction

The successful implementation of the City of Cape Town's Economic Development Strategy relies heavily on an effective and efficient administration. Line departments will be required to include the proposed strategy programmes and business indicators in their Service Delivery and Budget Implementation Plans (SDBIP).

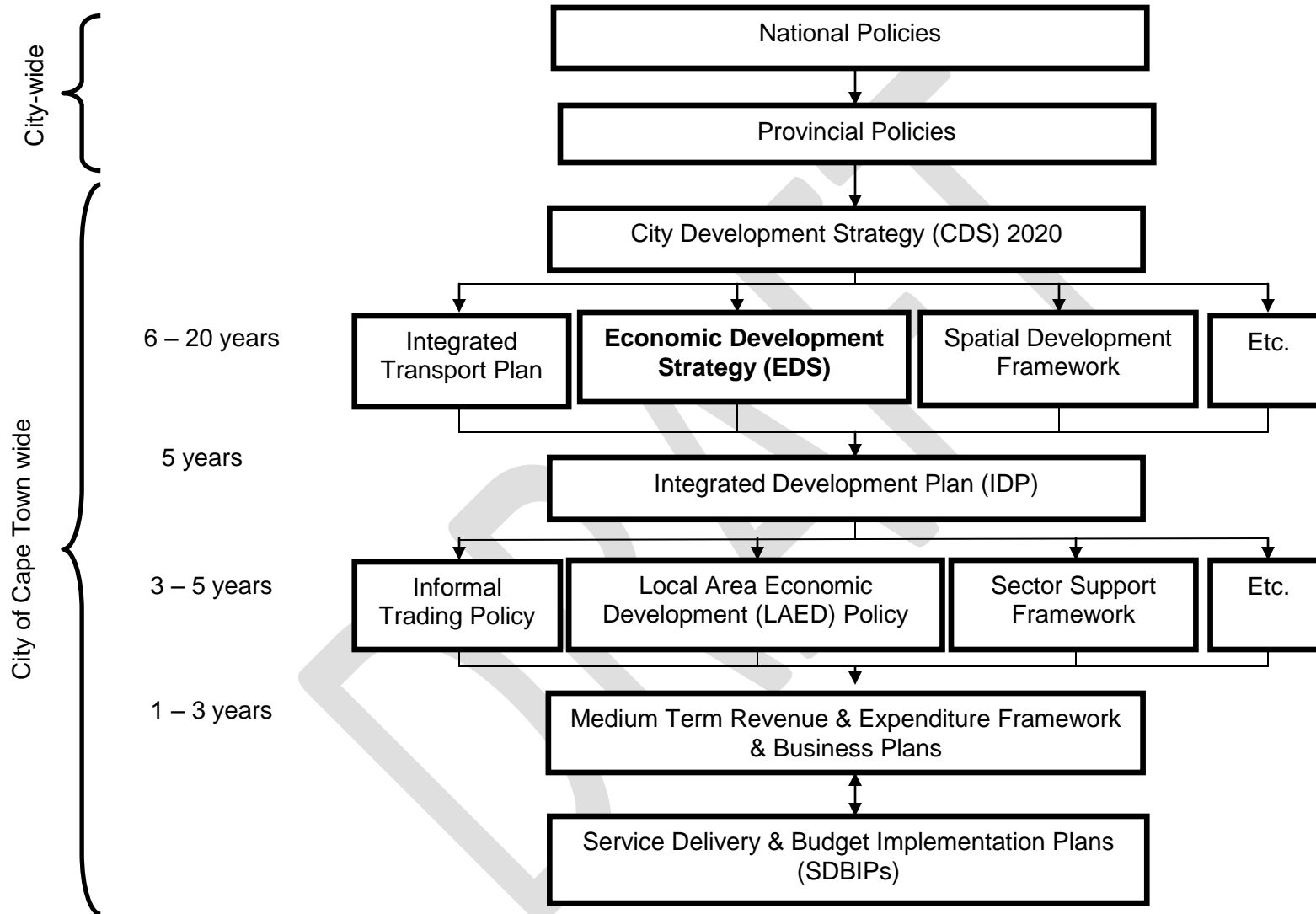
Lead Departments have been identified and these Departments will be required to ensure that the strategy programmes are planned, budgeted for and implemented.

The identified programmes and interventions must be included in the City of Cape Town's Medium Term Revenue and Expenditure Framework (MTREF) process and budget provisions made by Departments.

A high level summary of the context and interrelationships of the various policies, strategies and plans, including EDS is presented below.

An annual report will be tabled at the City of Cape Town Council to track progress with deliverables and the implementation of the strategy.

Summary: Context and Relationship of Policies, Strategies and Plan



City-wide extends beyond the mandate and operations of the City of Cape Town and affects all stakeholders.

6.2. Role of the Economic and Human Development Department

The Economic Development Department will work in partnerships with other line Departments, other levels of government, State Owned Enterprises and the private sector to fulfill its mandate.

The Department's main role will be to coordinate and lead the implementation of the strategy, with identified programmes the responsibility of City of Cape Town Departments as indicated. These Departments will need to include these programmes in their own strategy implementation plans, programmes, business plans and budgets for implementation from 2009/10 onwards.

7. Monitoring and Evaluation

A key component of the Economic Development Strategy implementation plan is monitoring and evaluation. It is essential that the City of Cape Town is able to regularly and easily monitor and report on its progress in achieving the goals of the Economic Development Strategy and the proposed interventions.

An agreed monitoring framework is to be set in place for all City of Cape Town projects which must be included and actioned for each project. Performance management contracts to be linked to the Economic Development Strategy targets.

Key indicators must be carefully selected and data collected accordingly. Indicators of the sustainability and cost-effectiveness of interventions must be included. These must be appropriate and readily available to Directors in order to make monitoring effective.

Responsibility for the monitoring process should be assigned as part of the City of Cape Town Corporate processes, and regular monitoring reports collated, reported and reviewed.

- Annual monitoring reports are proposed;
- On a bi-annual basis, the Economic and Human Department will collate and analyze the information and report any red alert areas to management;
- On an annual basis, the City of Cape Town management will review the information and take appropriate corrective steps where necessary. Performance at this level will be linked to the personnel performance management system and the City of Cape Town scorecard.

Intermediate and final evaluations of the programmes will be necessary. This must be built into the programme plan and resource provision made by Departments. The evaluation will draw on the programme monitoring reports.

With large scale interventions it is also important to undertake a pre-project evaluation in terms of a cost-benefit or return on investment analysis.

The Economic and Human Development Department will conduct an annual assessment of the implementation of the strategy, chaired by the City Manager.

After a defined period of time, suggested to be three years, the Economic and Human Development Department in partnership with others will drive the process of evaluation and review of the strategy and the impact on growth, competitiveness and poverty reduction components of the Strategy.

8. Conclusion

It is important to note that the creative industries (arts, film & video, fashion, broadcasting, publishing, design, music, visual arts, etc.), the educational institutions within the City of Cape Town's boundaries (and region for e.g. Stellenbosch University) and the environment are some of the major contributors to the City of Cape Town's economy and fundamental to our citizen's quality of life. The City of Cape Town needs investment in these strategic economic assets as these will form an important component of the City's long-term development strategy (CDS).

Rising costs (interest rates at 15.5% - August 2008) and also the scarcity of prepared sites for development in the Cape Town CBD and other areas of the City of Cape Town remain major issues for private developers. With no prepared sites for development, the City of Cape Town runs the risk of capital flight – companies deciding to locate elsewhere.

In conclusion, the City of Cape Town must have a flexible land use policy and zoning regulations to accommodate development of smaller sites throughout the City of Cape Town's eight planning districts for new housing development, high technology industries, etc. A

comprehensive investment incentive policy, coupled with the provision of a seamless direct investment facilitation service would also discourage capital flight, particularly if the investment facilitation service has clearly defined business retention measures.

It is expected that the refined Economic Development Strategy will assist the City of Cape Town to achieve its strategic and developmental goals and provide a framework for achieving economic growth and reducing poverty in Cape Town.

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Acronyms and Definitions

BPO	Business Process Outsourcing
BRIC	Brazil, Russia, India, China
CBD	Central Business District
CDS	City Development Strategy
City or CoCT	City of Cape Town
EDS	Economic Development Strategy
EHD	Economic and Human Development (department)
EHDS	Economic and Human Development Strategy
ESD&T	Economic, Social Development and Tourism (directorate)
GDP	Gross Domestic Product: An economic indicator released quarterly that measures the value of all goods and services produced by the economy within its boundaries and is the nation's broadest gauge of economic health.
GGP	Gross Geographic Product: An economic indicator released quarterly that measures the value of all goods and services produced by the economy within the boundaries of a specific geographic location.
ibid.	Ibidem: Used to cite the same book, publication, chapter, or page previously cited.
ICT	Information Communications Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IRT	Integrated Rapid Transport (system)
IT	Information Technology
MDG	Millennium Development Goals
MTREF	Medium Term Revenue and Expenditure Framework
PGWC	Provincial Government of the Western Cape
SDBIP	Service Delivery and Budget Implementation Plan
SMME	Small, Medium and Micro Enterprises

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