STEVE TSHWETE INVESTMENT STRATEGY 2023

Final Report

Steve Tshwete
Local Municipality

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List of Abbreviations

AAII	African Agri Investment Indaba
ABSEI	Annual Business Survey of Economic Impact
ADEP	Aquaculture Development and Enhancement Programme
AEB	Association of European Businesses
AFD	Agence Française de Développement
AGOA	African Growth and Opportunity Act
AIS	Automotive Investment Scheme
ALS	Aircraft Leasing Scheme
AMBER	Advanced Materials and BioEngineering Research
APPS	Agro-Processing Support Scheme
BBBEE/B-BBEE	Broad-Based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
BEE	Black Economic Empowerment
BEPS	Base Erosion and Profit Shifting
BIS	Black Industrialists Scheme
BPS	Business Process Services
BRICS	Brazil, Russia, India, China and South Africa
CAPEX	Capital Expenditure
CC	Close Corporation
CCI	Chamber of Commerce and Industry
CDO	Collateralised Debt Obligations
CIP	Critical Infrastructure Programme
CIPC	Companies and Intellectual Property Commission
CIS	Co-Operative Incentive Scheme
CIT	Corporate Income Tax
CLO	Collateralised Loan Obligations
CLSA	Credit Lyonnais Securities Asia
CMT	Cut, Make and Trim
COMESA	Common Markets for Eastern and Southern Africa
CPFP	Capital Projects Feasibility Programme
CTCIP	Competitiveness Improvement Programme
DBSA	Development Bank of Southern Africa
DDI	Domestic Direct Investment
DEDT	Department of Development and Tourism
DM	District Municipality
DNI	Direct Normal Irradiation
DSBD	Department of Small Business Development
DTAT	Double Taxation Avoidance Treaties
DTIC	Department of Trade, Industry and Competition
EEA	European Economic Area
EIA	Environmental Impact Evaluation
EMIA	Export, Marketing and Investment Assistance
EPA	Economic Partnership Agreement
EPZ	Export Processing Zones
ETI	Employment Tax Incentive
EU	European Union

FDI	Foreign Direct Investment
FE&BRIP	Far East and the Baikal Region Investment Projects
FEMA	Foreign Exchange Management Act
FERA	Foreign Exchange Regulation Act
FIAC	Foreign Investment Advisory Council
FIEP	Fund for Infrastructure and Educational Programmes
FIPB	Foreign Investment Promotion Board
FTA	Free Trade Agreement
FTC	Finance and Treasury Centre
FTWZ	Free Trade & Warehousing Zone
GDP	Gross Domestic Product
GEDP	Green Economy Development Plan
GGP	Gross Geographic Product
GHG	Greenhouse Gas
GIZ	Gesellschaft für Internationale Zusammenarbeit)
GSP	Generalised System of Preferences
GVA	Gross Value Added
IAP	Investment Attraction Programme
ICT	Information and Communication Technology
IDA	International Development Association
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IIPSA	Infrastructure Investment Programme for South Africa
IISD	International Institute for Sustainable Development
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
IRP	Integrated Resource Plan
IS	Investment Strategy
ITAC	International Trade Administration Commission
JET	Just Energy Transition
KZNIP	KwaZulu-Natal Investment Protocol
LED	Local Economic Development Strategy
LIA	Land Intensification Allowance
LQ	Location Quotient
MCEP	Manufacturing Competitiveness Enhancement Programme
MEGA	Mpumalanga Economic Growth Agency
MEGDP	Mpumalanga Economic Growth and Development Plan
MFN	Most Favoured Nations
MIDP	Mpumalanga Industrial Development Plan
MOI	Memorandum of Incorporation
MVA	Manufacturing Value Addition
NDP	National Development Plan
NDT	National Department of Tourism
NEDP	National Exporter Development Programme
NEF	National Empowerment Fund
NIPF	National Industrial Policy Framework
NMW	National Minimum Wage

NSIC	National Small Industries Corporation
NTSS	National Tourism Sector Strategy
NWF	National Wealth Fund
NYDA	National Youth Development Agency
OECD	Organization for Economic Cooperation and Development
PAYE	Pay As You Earn
PLC	Private Limited Company
PMR	Primary Market Research
PPD	Product Process Development Scheme
PPP	Public-Private Partnerships
PPPFA	Preferential Procurement Policy Framework Act
PSEDA	Priority Social and Economic Development Areas
PZ	Patterson Zechonics
QFII	Qualified Foreign Institutional Investor
R&D	Research and Development
RDIF	Russian Direct Investment Fund
REA	Regional Environmental Assessment
REI4P	Renewable Energy Independent Power Producer Procurement Programme
RIP	Regional Investment Projects
RISC	Research Incentive Scheme for Companies
RUIE	Russian Union of Industrialist and Entrepreneurs
RUMC	Rural Urban Marketing Centre
RVC	Russian Venture Company
SABS	South African Bureau of Standards
SACU	South Africa Customs Union
SAD	Single Administrative Document
SADC	Southern African Development Community
SAIC	South African Investment Conference
SARS	South African Revenue Service
SAWEA	South African Wind Energy Association
SBU	Strategic Business Units
SDF	Spatial Development Framework
SEBRAE	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (Support Service for Micro and Small Enterprises)
SEZ	Special Economic Zone
SIC	Special Investment Contract
SMME	Small, Medium, and Micro-sized Enterprise
SMSTE	Small and Medium-Sized Qualifying Science and Technology Enterprise
SPII	Support Programme for Industrial Innovation
SPLUMA	Spatial Planning and Land Use Management Act
SSAS	Sector Specific Assistance Scheme
STLM	Steve Tshwete Local Municipality
STP	Seda Technology Programme
TASE	Technology Advanced Service Enterprises
TDCA	Trade, Development and Co-operation Agreement
TGC	Training Grant for Company
THRIP	Technology and Human Resources for Industry Programme
TIPS	Trade & Industry Policy Strategies
TISA	Trade and Investment South Africa

TNC	Trans-National Corporations
TSP	Tourism Support Programme
TTF	Technology Transfer Fund
UAC	United Africa Company
UIF	Unemployment Insurance Fund
UNFCCC	United Nations Framework Convention on Climate Change
USA	United States of America
VAT	Value-Added Tax
VEB	Vnesheconombank

1 Introduction

Urban-Econ Development Economists have been appointed by Steve Tshwete Local Municipality (STLM) to develop an investment attraction strategy that provides insight on the driving economic sectors in STLM where sustainable investment could take place effectively. The purpose of the report is to provide a comprehensive and structured plan for making informed decisions regarding the allocation of financial resources to achieve specific objectives. This report serves as a guiding document that outlines the municipality's approach to managing its investments and financial assets.

2 Literature Review

This section aims to provide insight into policy and legislation formulated by the government of South Africa to promote investment and fair business practice. The following subsections provide insight into the national and provincial policy frameworks, as well as considerations for conducting business in Mpumalanga and STLM. Additional policy and legislative considerations relating to business activities are identified and augmented with an in-depth case study review for best practices.

2.1 The National Policy and Legislative Framework

National government has passed legislation as a foundation for all provincial policies. This subsection identifies relevant laws, strategies and international trade agreements which ally to domestic businesses.

2.1.1 Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)

Within the Bill of Rights, No. 108 of 1996, The Constitution of the Republic of South Africa states that all citizens have the right to freely select their occupation, trade or profession, although these choices may be regulated by law that through reasonable legislative and other measures prevent ecological degradation and pollution, secure ecologically sustainable development, and use of natural resources while promoting justifiable economic and social development.

This method by means of national government aims to protect these rights by formulating fiscal and monetary policies that encourage job creation and economic growth and investment for the citizens of South Africa. Creating more job opportunities will enable the workforce to exercise their right to choose their careers instead of merely surviving. Attracting investment, especially to the green areas of the economy, will address both the unemployment situation as well as environmental sustainability concerns.

2.1.2 National Development Plan

The NDP is a long-term South African development plan, developed by the National Planning Commission in collaboration and consultation with South Africans. The NDP envisions a South Africa where “everyone feels free yet bounded to others”; where everyone embraces their full potential, a country where “opportunity is determined not by birth, but by ability, education and hard work”. A South Africa where “we participate fully in efforts to liberate ourselves from the conditions that hinder the flowering of our talents” (Vision 2030). To realise such a society, we need transform the domestic economy and focus efforts to build the capabilities of both the country and the people. To eliminate poverty and reduce inequality, there should be accelerated growth in the economy, growth that benefits all South Africans. The NDP serves as an action plan for securing the future of South Africans as charted in the Constitution.

Chapter seven on the NDP deals specifically with South Africa’s position in the word as it relates to diplomatic, political, security, environmental, economic and regional co-operative aspects. From an investment perspective the following observations can be made from this chapter:

- South Africa must focus on deeper trade integration and cooperation with other African countries
- South Africa should play a key role in the global-south, specifically with regards to BRICS and the mediating role that South Africa could play
- South Africa must identify development and investment synergies with its SADC partners in specific market sectors such as energy and agro-processing
- South Africa’s business community must be involved with its foreign policy making since it is businesses that are ultimately responsible for cross-border trade

2.1.3 Industrial Policy Action Plan (IPAP) 2018/2019-2020/2021

The IPAP, first launched on 18 February 2010, was undertaken through a range of successive industrial policies developed for South Africa. The National Industrial Policy Framework (NIPF), which was adopted in 2007 and set out government’s broad approach to industrialisation was the predecessor of the IPAP. A number of iterations of the IPAP have been undergone, with the IPAP 2018/2019 – 2020/2021 edition being the most recent.

The IPAP identified the need for growth of employment, but stresses that employment creation over recent years has mainly accrued in terms of the service sectors (especially the retail and wholesale sectors) with the consequence of unsustainable private credit extension. It is therefore imperative that long-term growth in employment be underpinned by growth in production sectors. Policies have been identified within the IPAP to achieve the desired industrialisation levels. These policies relate to:

- Stronger articulation between macro- and micro-economic policies.
- Industrial financing channelled to real economic sectors.

- Leveraging public and private sector procurement to raise domestic production and employment in a range of sectors, including alignment of B-BBEE and industrial development objectives, and influence over private procurement.
- Developmental trade policies which deploy trade measures in a selected and strategic manner, including tariffs, enforcement and standards, quality assurance, and metrology measures.
- Competition and regulation policies that lower costs for productive investments and for poor and working-class households.
- Skills and innovation policies that are aligned to sectorial priorities.
- Deploying these policies in general and in relation to more ambitious sector strategies, building on work already done.

2.1.4 Competition Amendment Act (18 of 2018)

The aim of competition policy is not to protect specific organisations, but to safeguard the competitive process. The purpose of the Act is to encourage competition, both domestic and foreign. The Act allows for three agencies to enforce and regulate competition policies, namely the Competition Commission, the Competition Tribunal and the Competition Appeal Court, which have the sole jurisdiction to tend to competitive matters.

The Act prevents anticompetitive conduct between competitors. Mergers must be approved by the Competition authorities if they exceed asset value and turnover thresholds. Abuse of dominance by large firms is prohibited and price fixing, tender collusion, excessive pricing, minimum resale price maintenance, market division and exclusion from an essential facility are penalizable offences. The Act promotes consumer welfare, addresses anti-competitive conduct, and, essentially, enhances the economy’s ability to promote a pro-competitive culture.

2.1.5 Standards Act (8 of 2008)

The Standards Act, 2008 is founded on the principle of providing a legal framework for the promotion, development, and maintenance of South African National Standards domestically and the execution of compliance assessment services and related activities, the continuation of the SABS, established by section 2 of the Standards Act as the highest national establishment for the promotion, development, and maintenance of South African National Standards, and the establishment of the Board of the SABS.

The Act also states that it is desirable to ensure the provision of a standardisation system that continues to support the needs of South African enterprises competing in the global economy, and to promote South African National Standards as a means to facilitate international trade and enhance South Africa's economic performance and transformation.

2.1.6 Land Reform (Labour Tenants) Act (3 of 1996)

The Land Reform (Labour Tenants) Act seeks to provide for security of tenure of labour tenants and those persons occupying or using land as a result of their association with labour tenants. Additionally, the Act also aims to provide for the acquisition of land and rights in land by labour tenants.

2.1.7 Protection of Investment Act (22 of 2015)

The Protection of Investment Act seeks to protect investors and their investments. The Act also aims to achieve a balance of rights and obligations that apply to all investors. The purpose of the Protection of Investment Act is outlined below:

- Protect investment in accordance with and subject to the Constitution, in a manner which balances the public interest and the rights and obligations of investors
- Affirm the Republic's sovereign right to regulate investments in the public interest
- Confirm the Bill of Rights in the Constitution and the laws that apply to all investors and their investments in the Republic

2.1.8 Immigration Act (13 of 2002)

The Immigration Act of 2002 and amended in 2014 seeks to provide for the regulation of admission of persons to, their residence in, and their departure from South Africa. The Regulations provides more information on the processes to be followed when applying for a visa/permit. The Immigration Act aims at setting in place a new system of immigration control which ensures, among other things, that:

- Visas and permanent residence permits are issued as expeditiously as possible and on the basis of simplified procedures and objective, predictable and reasonable requirements and criteria, and without consuming excessive administrative capacity
- Economic growth is promoted through the employment of needed foreign labour, foreign investment is facilitated, the entry of exceptionally skilled or qualified people is enabled, skilled human resources are increased, academic exchanges within the Southern African Development Community is facilitated and tourism is promoted
- The entry and departure of all persons at ports of entry are efficiently facilitated, administered and managed

2.1.9 Spatial Planning and Land Use Management Act (SPLUMA) (16 of 2013)

The SPLUMA is a national law that was passed by Parliament in 2013. The Act seeks to:

- Provide a framework for spatial planning and land use management in South Africa
- Specify the relationship between the spatial planning and the land use management system and other kinds of planning
- Provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government
- Provide a framework for the monitoring, coordination and review of the spatial planning and land use management system
- Provide a framework for policies, principles, norms and standards for spatial development planning and land use management

- Address past spatial and regulatory imbalances
- Promote greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications
- Provide for the facilitation and enforcement of Municipal Planning Tribunals
- Provide for the facilitation and enforcement of land use and development measures
- Provide for matters connected herewith

2.1.10 Southern African Customs Union (SACU)

The SACU agreement is an agreement between South Africa, Botswana, Lesotho, Namibia and Swaziland. The current SACU agreement of 2002 provides guidelines for calculating and implementing transfers based on customs and excise duties between the member countries. An ambitious SACU regional trade facilitation programme is endorsed by the SACU Heads of State and Government, which are working towards implementing a common information technology platform. The aim of the SACU agreement is to simplify the trade within the union by applying uniform excise duties and customs regulations on both locally manufactured and imported goods.

The application of uniform tariffs and coordination of procedures enable free movement of goods for customs purposes. However, all other national restrictive measures such as import, and export control and domestic taxes apply to goods moved between member states.

2.1.11 African Growth and Opportunity Act (AGOA)

TAGOA is a trade Act initiated by the United States of America (USA). The Act was passed on 18 May 2000 as Public Law 106 of the 200th USA Congress. The Act allows for Sub-Saharan African countries to enter into unilateral trade agreements with the USA that allow for duty-free exports of selected products to the USA.

Furthermore, the agreement allows for the expansion of benefits under the Generalised System of Preferences (GSP) programme.

The GSP comprises a list of more than 250 products that are AGOA-eligible. Combined AGOA exports (including GSP provisions) to the USA from South Africa amounted to approximately R20 billion between June 2017 and June 2018. The largest AGOA qualifying goods export contributing sectors are the Transportation/Equipment sector (40%) and the Minerals and Metals sector (26%), which is of direct benefit.

As of 2018, 40 countries qualify under the AGOA requirements, including South Africa. Qualifying countries must comply with improving human rights requirements and the rule of law (including property rights) and respecting the core of labour standards.

2.1.12 The Economic Partnership Agreement (EPA)

Preceded by the Trade, Development and Co-operation Agreement (TDCA), which governed trade relations and development co-operation between South Africa and the EU, the EPA is a trade agreement between the EU and the SADC EPA Group, currently comprising South Africa, Botswana, Lesotho, Mozambique, Namibia, and Swaziland. The agreement is the first regional EPA in Africa and became operational in February 2018 (European Union, 2018).

The EU remains one of SADC EPA Groups' most important economic trading partners, accounting for over 27% of its imports and exports. South Africa's trade balance with the bloc rose from a deficit of R4,9 billion in 2015 to a surplus of R5.9 billion at the end of 2017. Conversely, between 2015 and 2017, EU imports from SADC countries declined by 0.3%. (European Union, 2018)

2.1.13 Climate Change

South Africa is part of the United Nations Framework Convention on Climate Change (UNFCCC) and is a signatory to a number of international agreements, the most prominent of which are the Kyoto Protocol and Paris Agreement, which aim to combat climate change and "accelerate and intensify the actions and investments needed for a sustainable low carbon future" (UN, 2015). Making South Africa's development path more sustainable would be a major contribution to reducing its emissions relative to a business-as-usual development path.

South Africa's involvement in the aforementioned agreements have the following obligations and requirements for a country according to the Catholic Parliamentary Liaisons Office, (2016:2) and Grist (2017):

- Holding temperature increases to 'well below 2 °C above pre-industrial levels' and further pursuing efforts to limit temperature increases to 1,5 °C above pre-industrial levels
- Increasing countries' ability to adapt to the effects of climate change and to foster climate resilience
- Encouraging low GHG emissions development that does not compromise food production
- Making finance flows consistent with a pathway towards low GHG emissions and climate resilient development
- Reaching a peak in GHG emissions 'as soon as possible' while recognising that the timeframes for achieving this will differ between developed and developing countries.
- Achieving carbon neutrality from 2050 onwards
- The mobilisation of financial resources and capacity building to implement nationally determined contributions (NDCs)
- Ensuring that there is an institutional memory for various reporting cycles (reporting will be done every five years)
- Ensuring that there are adequate institutional arrangements for planning, preparing and submitting NDCs every five years

Currently the most noteworthy and high impact international treaty is the Paris Agreement of which South Africa officially has been a part of since 4 November 2016.

2.1.14 InvestSA

InvestSA is a division of the DTIC that support investors exploring opportunities in South Africa by helping with information, facilitation and aftercare. Its One-Stop-Shops provide practical assistance to streamline the setting up of a business. The objective of InvestSA is to attract FDI and DDI by providing an information service and investment recruitment vehicle that will facilitate investment in key growth sectors of the South African economy.

InvestSA One-Stop-Shop:
The One-Stop-Shop aims to provide investors with services that will fast-track projects and reduce regulatory red tape when establishing a business. One-stop-shops houses entities such as SARS, Home Affairs, Eskom, and the CIPC under one roof.

2.2 Provincial Policy and Legislative Framework

For STLM to achieve an increase in both trade and investment in the province, the Provincial Government has initiated provincial strategies that investigate development opportunities. These strategies focus on economic and social development to improve the standard of living for residents.

2.2.1 Mpumalanga Economic Growth and Development Plan (MEGDP)

The primary objective of the Mpumalanga Economic Growth and Development Plan (MEGDP) is to foster economic growth that creates jobs, reduces poverty and inequality in the province. The following main economic sectors have been identified as key to spur economic growth and employment creation:

- Agriculture and forestry
- Mining and energy
- Tourism and cultural industries
- The Green Economy and ICT
- Manufacturing and beneficiation

The MEGDP outlines clear development targets and outcomes which are in line with the NDP. The Investment and Promotion Strategy need to take into consideration clusters mentioned within the MEGDP namely agriculture, forestry, tourism and manufacturing in order to grow the economy.

2.2.2 Mpumalanga Spatial Development Framework (SDF)

The objective of the SDF is to cover the following aspects at provincial level:

- Integration of development policies, strategies, and objectives at various levels.
- Prioritized land use development patterns.
- Translate developmental needs.

- Unpack spatial directives and objectives for implementation.
- Provide investment guidance and the mechanisms for implementation.
- Provide guidance on sectoral development needs, investments, integration, and programme implementation

Local interventions should assist in reaching the objectives listed above by ensuring that local planning and interventions for development are complimentary to spatial plans and objectives on a Provincial level.

2.2.3 Mpumalanga Industrial Development Plan (MIDP)

The MIDP has identified a number of key industrial sectors which could lay the foundation industrial development in the province, in particular, their diversification into downstream value-adding sectors for labour absorption, at the same time supporting current upstream value addition activities. The plan acknowledges the concentration of industrial sectors in specific regions and proposes the Industrial Centres of Competence accordingly.

The MIDP proposes to develop the following central hubs:

- **Mining and Metals Technology Park-** A comprehensive facility for promoting industrial development within the mining and metals manufacturing sectors. This should be logistically well-positioned, adjacent to the N4 between Emalahleni and Middleburg. The preferred size of this park is 600 hectares.
- **Forestry Technology Park-** It will provide a platform for inter-firm cooperation, and lead to specialisation and improvement in quality standards for exports out of the province. The park will be based at Sabie.
- **International Fresh Produce Market-** A site has been identified on the Sabie/Mashishing Road close to Nelspruit and the Riverside Park mixed-use regional node.
- **Petrochemicals Technology Park-** One of the major industrialisation initiatives in the province, aimed at stimulating economic growth and job creation, both through Small, Medium, and Micro-sized Enterprise (SMME) incubation and large-scale production. This park is based at Secunda. Land for the development of the proposed Technology Park has already been allocated by the Local Municipality.
- **Agro-processing Technology Park-** The park has been proposed within the Nkomazi SEZ. The proposed Technology Park will serve as a hub for the development of other rural nodes, such as the proposed agro-processing hub in Bushbuckridge linked to the Dumphries C Irrigation Scheme and the Giba Community Property Association farming development new Hazyview.

2.2.4 Mpumalanga Vision 2030

The Mpumalanga Vision 2030 is a direct implementation response to the NDP as described above. The socio-economic outcomes of the Mpumalanga Vision 2030 can be described as:

- Economy and employment
- Improving education, training and innovation
- Health care for all
- Social protection

These outcomes can be achieved through the following mechanisms:

- Economic infrastructure
- Transforming human settlements
- Environmental sustainability and resilience
- Inclusive rural economy

These mechanisms for development can only be successful and sustainable if there is a strong and capable state, if there are supportive, safe and cohesive communities and if issues such as corruption are dealt with.

2.3 Local Policy and Legislative Framework

Within this subsection, an overview of the relevant local policies and legislative frameworks within the STLM are outlined.

2.3.1 STLM Integrated Development Plan (IDP)

The key strategic planning tool is the IDP (2022/23), which directs and shapes all municipal processes related to planning, budgeting, management, and decision-making. The IDP's primary objective is to optimise the efficient allocation of limited resources. It accelerates service delivery and encourages increased financial support from government levels and the private sector. Additionally, the IDP strives to counteract the apartheid's historical impact by advocating for cohesive rural and urban integration. It extends essential services to underserved communities and fosters harmonious collaboration among local, provincial, and national governmental bodies.

The IDP recognizes LED as a critical area for performance evaluation. It delineates various matters pertaining to economic growth and acknowledges the strategic positioning of the STLM, along with its related competitive benefits. The plan pledges the local government's dedication to devising tactics and practical initiatives aimed at fostering industrial progress and encouraging the advancement of rural areas. It embraces a strategic stance and underscores the importance of a unified economic development outlook, a comprehensive method to development, and the principle of sustainability.

In addition, the investment strategy should be aligned and consider the strategies and objectives of the IDP.

These include the following:

- Job creation through linkage to policies, implementation of supply chain management, expanded public works programme implementation/labour intensive.
- Local Economic Development through targeted investment programmes including policy, diversification of value-add products, marketing, support to structures to support SMMEs and co-operatives.
- The implementation of an integrated crime-prevention strategy, to ensure lessening crime.
- Open access to land as a catalyst for BBBEE (Broad-Based Black Economic Empowerment).
- Recognising the role of tourism in the economy through broadening product development and marketing.
- Recognising the necessity of infrastructure to support tourism, and the services, which treble during season needs to be accommodated.

The IDP of the STLM is well poised to effectively accommodate the investment strategy. By aligning its goals with the needs of its population and leveraging its strengths, the municipality aims to create an environment that fosters economic growth, employment opportunities, and sustainable development. Through targeted initiatives and collaborative efforts with various stakeholders, including the private sector and neighbouring economies, the municipality's plan not only envisions attracting investments but also ensures that these investments contribute to the overall welfare of its residents.

As the municipality continues to implement its integrated approach, it remains committed to nurturing a vibrant and prosperous community while simultaneously positioning itself as an attractive destination for both local and international investors.

2.3.2 STLM Spatial Development Framework (SDF)

The STLM’s SDF (2017), is an integral part of the IDP's spatial aspect and is closely aligned with it in its creation. Functioning as the primary strategic spatial planning tool, it provides direction towards the desired spatial future. This process involves the municipality crafting a strategic spatial development plan for the area under its jurisdiction, spanning medium to long-term periods. Within the STLM SDF are spatial strategies and objectives aimed at enhancing the spatial structure and quality of the municipality's region. This planning tool shapes both land use management and the decision-making process concerning spatial matters in Steve Tshwete. Essentially, it serves as a spatial representation or manifestation of the developmental vision, objectives, and strategies outlined within the IDP.

The SDF of the STLM stands as a visionary blueprint, adeptly poised to seamlessly align with and accommodate the details of the municipality's investment strategy. By coordinating the imperatives of development, job creation, private sector engagement, and economic diversification, this framework serves as a dynamic platform for realising the aspirations of both the municipality and its inhabitants. Through strategic spatial planning, it not only facilitates the attraction of investments but also ensures that these investments are integrated harmoniously into the municipality's social, economic, and environmental fabric.

By forging robust linkages between the strategic objectives of the investment strategy and the principles embedded in the SDF, the STLM is poised to chart a course toward sustainable growth, improved livelihoods, and a thriving future for all its stakeholders.

2.3.3 STLM Local Economic Development Strategy (LED)

The LED strategy has been carried out by leveraging the municipality's existing advantages and pinpointing sectors that demand extra assistance. This approach focuses on different areas that foster unique prospects for economic growth, particularly within specific nodes. Significantly, the LED strategy has been executed to align with the national, provincial, and local policy framework.

As per the LED strategy (2021), the objectives intend to identify economic development needs, opportunities and comparative advantages of the STLM in order to:

- Fulfil the municipality's constitutional duty by providing information and guidance.
- Drive development and job creation to address the swiftly increasing youth unemployment and to draw in investments from the private sector.
- Support the growth of various industries such as small businesses, tourism, manufacturing, and agriculture.
- Cultivate productive economic connections between STLM and the broader regional economy.
- Enhance market access, stimulate competition, and establish platforms that boost local goods and services.
- Promote political stability and economic progress in both STLM and neighbouring economies.
- Attract inbound investments.
- Strengthen LED strategies and initiatives by fostering relationships between different levels of government and partnering with the private sector.

The LED strategy of the STLM is well poised to seamlessly accommodate the investment strategy outlined. By focusing on constitutional obligations, fostering economic growth, promoting diverse industries, and establishing strong regional ties, the municipality is primed to attract private sector investments and create an environment conducive to development. The strategy's emphasis on intergovernmental collaboration and private sector partnerships will undoubtedly fortify its ability to align with the investment strategy, resulting in a harmonious and prosperous trajectory for both the municipality and the broader region.

2.3.4 STLM 2040 Long Term Strategy

According to the STLM LED Strategy (2021), the Long-Term Strategy and Implementation Plan stands as a pivotal achievement in shaping the prospective trajectory of STLM towards becoming a preeminent municipality. The decision to initiate a comprehensive Long-Term planning endeavour was motivated by the courageous aspirations of the Municipality's leadership and management. Their aim was to forge a future where STLM becomes a preferred destination and a thriving community that realises the ambitions and hopes of its residents.

In May 2018, the STLM Council embraced a Strategic Intent that set the municipality on a prolonged course emphasising inclusive economic advancement and spatial transformation. This Strategic Intent marked the initial phase of an extensive journey in planning and execution over the long term. Presently, the Strategic Intent is undergoing further refinement to compose the comprehensive Long-Term Strategy document for STLM, encompassing the period until 2040.

This Long-Term Strategy evaluates present circumstances and trends while delineating strategic goals within five areas of transformation. These objectives aim to work towards realising the envisioned future for STLM:

- Economic Positioning
- Spatial Restructuring
- Infrastructure Engineering
- Housing and Services Provisioning
- Governance and Management

The comprehensive Long-Term Strategy places significant emphasis on the management of urban expansion, fostering economic growth and diversity, and tackling the challenges posed by climate change.

Incorporating the 2040 Long Term Strategy and Implementation Plan into the STLM's investment strategy marks a pivotal step towards realising the region's potential for growth and prosperity. By seamlessly integrating these two approaches, the municipality demonstrates its commitment to fostering economic development, job creation, and sustainable progress. This harmonious alignment will not only attract investors but also lay a solid foundation for the municipality's future success. As the investment strategy finds its place within the broader vision of the 2040 plan, it will synergistically fuel the realisation of goals, facilitate community well-being, and ensure that STLM remains a vibrant and flourishing hub for years to come.

2.3.5 STLM Township Development Economy Strategy

As a component of the government's developmental goals, local municipalities are assigned the responsibility of creating effective strategies to challenge their specific economic difficulties within their regions. This encompasses the enhancement of Township Economies. The strategy is intended to serve as a foundational document for future planning and to provide a framework for executing key strategic endeavours (Steve Tshwete Local Municipality, 2018).

The strategy's mission is to guide and develop an innovative and sustainable township which reflect a growing municipal economy, increasing job opportunities, and thoroughgoing environmental conservation. The strategy further outlines strategic clusters within townships where economic intervention and development could take place. The Township Development Strategy of the STLM stands prepared to align with its investment strategy. By prioritising informed guidance, sustainable economic growth, and fostering intergovernmental relations and private sector partnerships, the municipality is well-positioned to create a conducive environment for investment.

This synergy between township development and investment strategy not only envisions a prosperous future for the municipality but also reaffirms its commitment to holistic growth, job creation, and the overall enhancement of the quality of life for its residents. Through these integrated efforts, STLM would pave a way for thriving and inclusive communities that harnesses the power of strategic development and investment synergy.

2.3.6 STLM Tourism Strategy and Implementation Plan

As per the STLM Tourism Strategy and Implementation Plan (2020), the municipality has placed a strong emphasis on fostering tourism development as an integral part of its local economic growth strategy. The aim is to broaden the current local economic landscape, generate essential employment opportunities, and boost economic activity in the area. This objective aligns with both the National Development Plan (NDP) and the National Tourism Sector Strategy (NTSS), which recognise the tourism industry as a crucial catalyst for much-needed job creation and the cultivation of entrepreneurial prospects in our nation. Tourism is acknowledged as a labour-intensive field that catalyses the emergence of small-scale enterprises. However, within rural and township areas, tourism ventures have encountered challenges in fully harnessing the potential presented by the tourism sector.

The integration of STLM's Tourism Strategy and Implementation Plan with the investment strategy marks a pivotal step towards sustainable growth and development. By aligning these two essential frameworks, the municipality ensures a harmonious approach that not only promotes tourism as a vital economic driver but also creates an environment conducive to attracting both local and foreign investments. This synergy guarantees that the municipality's tourism initiatives become not only a source of cultural enrichment and community engagement but also a catalyst for economic prosperity.

As the municipality leverages its rich potential in tourism, it concurrently welcomes investments that will further amplify its economic vibrancy, benefiting both its residents and contributing to the region's overall progress. This strategic collaboration between tourism and investment sets the stage for a dynamic and resilient future for STLM and its stakeholders.

2.4 Just Energy Transition (JET)

According to International Institute for Sustainable Development (IISD), (Strategies for just energy transitions, 2018), energy transitions are shifts in the way people produce and consume energy using different technologies and sources. A low-carbon energy transition is a type of energy transition involving a shift from high-carbon energy sources such as oil, gas and coal to low-carbon and zero-carbon energy sources such as renewables.

A just energy transition is a negotiated vision and process centred on dialogue, supported by a set of guiding principles, to shift practices in energy production and consumption. It aims to minimise negative impacts on workers and communities with stakes in high-carbon sectors that will wind down, and to maximise positive opportunities for new decent jobs in the low-carbon growth sectors of the future. It strives to ensure that the costs and benefits of the transition are equitably shared.

The concept of JET is essential for South Africa for several reasons, considering both environmental and social aspects. Here are some key reasons why it is important to incorporate JET in the country:

- **Environmental Sustainability:** South Africa is heavily reliant on coal-based energy, which is a major source of greenhouse gas emissions and contributes to climate change. Transitioning to cleaner and renewable energy sources, such as solar, wind, and hydro power, is crucial to reducing the country's carbon footprint and mitigating the impacts of climate change (IRENA, 2021).
- **Energy Security and Diversification:** Relying heavily on coal for energy production makes South Africa vulnerable to fluctuations in global coal prices and supply disruptions. Diversifying the energy mix and investing in renewable sources can enhance energy security by reducing dependence on imported fossil fuels and stabilizing energy costs (Department of Mineral Resources and Energy, Republic of South Africa, 2019).
- **Air Quality Improvement:** Burning coal for energy generation releases pollutants such as sulphur dioxide, nitrogen oxides, and particulate matter, which have severe health and environmental consequences. Shifting to cleaner energy sources can significantly improve air quality, reducing respiratory illnesses and enhancing overall public health (Climate Transparency, 2020).
- **Job Creation and Economic Growth:** JET can drive the growth of renewable energy industries, leading to the creation of new jobs in areas like manufacturing, installation, maintenance, and research and development. This can contribute to economic growth and provide opportunities for employment in emerging green sectors.
- **Social Equity and Inclusion:** The JET emphasizes inclusivity and fairness in the process of shifting away from fossil fuels. It ensures that affected communities, particularly those reliant on coal mining and coal-fired power plants, are considered in the transition process, with opportunities for retraining, reskilling, and job placement in the renewable energy sector. This approach reduces the risk of leaving vulnerable populations behind during the transition.
- **Long-Term Cost Savings:** While there may be initial investment costs associated with transitioning to renewable energy, over time, the operational costs of renewable energy systems can be lower than those of fossil fuel-based power plants. This can lead to cost savings for consumers and businesses in the long run.

Acting sooner rather than later can make energy transitions less expensive and more equitable, while also providing new opportunities for countries to build low-carbon industries. Nonetheless, overcoming "carbon lock-in" is difficult, and targeted political and media efforts are required to speed up just energy transitions. Much may be done to help these processes, which are either underway or in the initial stages in many nations. Based on case studies and research, the table below lists concrete steps that governments can take to begin or accelerate a just energy transition (IISD, 2018).

Table 2-1: Implementation Steps for JET

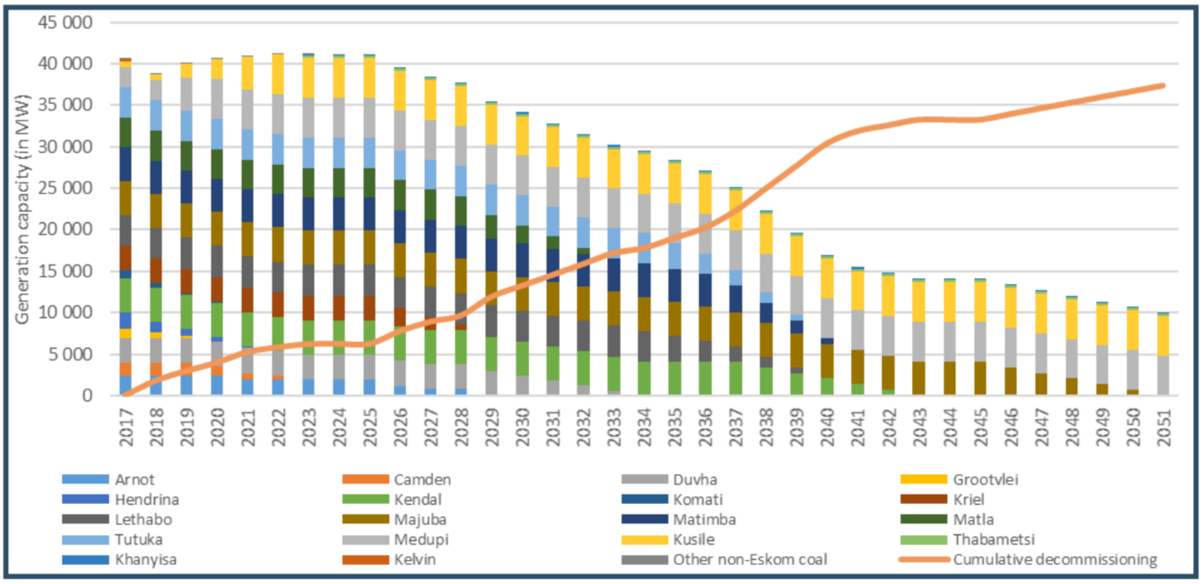
Understanding the context	• Map the political economy of an energy transition • Use detailed analyses of positive and negative impacts of an energy transition (at national, regional or even plant level)
Identifying champions	• Facilitate international and regional exchange and peer learning between countries at various stages of energy transition processes, including engagement with labour, businesses, civil society, especially for developing country contexts • Round tables at the country level to start or enhance a conversation on a just transition between all concerned stakeholders • High-level dialogue between countries in similar situations to promote the idea of a just transition at the highest levels of government (e.g., at the EU, OECD or G20 level or bilaterally)
Making the case	• Develop communications strategies for just energy transitions • Set up inclusive processes for "two-way communications" • Train government officials in communications
Implementing just transition measures	• Promote localized green jobs, including in decentralized energy and energy efficiency, and link this explicitly to the energy transition • Mobilize additional funding to promote visible and tangible just transition measures, and communicate about the benefits • Share best practices of just transition measures

Source: (International Institute for Sustainable Development, 2018)

According to Trade & Industry Policy Strategies (TIPS) (Making sense of jobs in South Africa's just energy transition: Managing the impact of a coal transition on employment, 2021), South Africa's just transition plan is both essential and conspicuously absent as the reality of a coal transition and coal power decommissioning approaches.

The need to manage the transition's effects on employees and local economic development, particularly in coal-dependent regions and communities, is urgent. It is necessary to have a credible fact base from which to make suitable and widely supported decisions. Several specific political consensuses must be brokered in this conceptual clearing in order to enable policy creation and execution, as well as investment, for a green and just transition.

Figure 2-1: South Africa's coal-based generation capacity and scheduled decommissioning



Source: (Trade & Industry Policy Strategies, 2021)

According to JET IS (Investment Strategy) (2022), the coal plant decommissioning will need R4,1 billion between 2023 and 2027. Coal plant-decommissioning costs reflect what Eskom has currently provided for in its planning. These costs exclude the costs of repurposing or repowering retired plants and other infrastructure investments.

As per the JET IS (2022), the infrastructure investment priorities are:

- To manage the decommissioning of the retiring coal generation fleet, in line with a revised Integrated Resource Plan (IRP), and in tandem with the development of renewable energy generation at scale and pace
- To timeously strengthen the transmission grid infrastructure to accommodate the shift to renewable energy
- To modernise the electricity distribution system

In conclusion, the implementation of JET in South Africa is of paramount importance, given the pressing environmental, social, and economic challenges facing the country. By shifting towards cleaner and renewable energy sources, South Africa can enhance its environmental sustainability, reduce greenhouse gas emissions, and improve air quality, leading to significant health and ecological benefits. Moreover, the transition can bolster energy security, promote job creation in green industries, and foster long-term economic growth. Equally crucial is the emphasis on social equity and inclusion, ensuring that affected communities and workers in the fossil fuel sector are not left behind, but rather empowered with new opportunities for reskilling and meaningful employment in the renewable energy sector. Through a well-managed and just transition, South Africa can forge a path towards a more sustainable, equitable, and prosperous future for its citizens and the planet at large.

2.5 Doing Business in Mpumalanga

The intention of this subsection is to assist investors by emphasizing essential factors to be mindful of while conducting business in Mpumalanga. These factors form the regulatory framework that governs business operations within the province and its districts.

2.5.1 Opening & Registering a Business

In order to conduct business in Mpumalanga, a company is required to be officially registered with the Companies and Intellectual Property Commission of South Africa (CIPC). Once the registration number is granted, the company is eligible to commence its operations. Table 2-2 shows the types of business ownership structures in South Africa, the number of owners for each type of business, the personal liability of the owners/shareholders and the continuity of the business after a change of ownership/shareholders.

Table 2-2: Types of Business Ownership Structures

Type	Owners	Liability	Continuity
Sole Proprietorship	1 owner	Unlimited	Periodic
Partnership	2-20 owners	Unlimited	Periodic
Private Limited Company (PLC)	1-50 owners	Limited for shareholders Unlimited for directors Unlimited for negligent members	Perpetual
Business Trust	No limitation on ownership	Limited	Perpetual
Non-profit organisation	At least 3 directors	Limited	Perpetual
Public company	Listed entity with no limit on ownership	Limited	Perpetual
Foreign and External Companies	A foreign company is required to register as an “external company” with the Companies and Intellectual Property Commission (CIPC) if it conducts or intends to conduct business in South Africa. The		

Source: (SARS, 2018)

Starting from 2011, Close Corporation (CC) registrations have been prohibited, leading to the discontinuation of this business type. However, existing CCs are still permitted to operate following the regulations that were in place before 2011.

2.5.2 Annual Returns

An annual return represents a comprehensive compilation of essential information regarding a company. By submitting annual returns, companies guarantee that the CIPC possesses their most up-to-date details. It also verifies that the company is actively operating or has plans to conduct business based on its Memorandum of Incorporation (MOI). All companies are legally obliged to file their annual returns with the CIPC annually, adhering to specific deadlines. The annual return holds a statutory status as per the Companies and Close Corporations Act and it is mandatory for all companies to fulfil this obligation.

2.5.3 Transparency and Accountability

The Companies Act requires companies to adhere to a number of measures to ensure transparency and accountability.

Among others, all companies are required to:

- Have at least one office in the Republic, and to register the address of such office (or its principal office) with the CIPC.
- Keep certain records in written or electronic form for a period of seven years.
- Keep accurate and complete accounting record.
- Prepare annual financial statements.
- Submit an annual return, including a copy of its annual financial statements and any other prescribed information. The content of this report is prescribed in regulations to the Act.

2.5.4 Company Finance

The company's MOI outlines the authorisation and categorisation of shares, specifying the number of authorised shares for each class, along with their respective preferences, rights, limitations, and other associated terms. Any changes to these aspects can only be made through a special resolution passed by the shareholders. However, the board of directors possesses special powers, allowing them to alter the number of authorised shares for any class or classify/reclassify shares, unless the MOI states otherwise. To safeguard the interests of minority shareholders, approval from shareholders is mandatory for issuing shares and options to directors and other specified individuals, as well as for providing financial assistance for share purchases.

Furthermore, a new debentures framework grants companies' significant flexibility in creating financial instruments.

2.5.5 Banking Licences

A company wishing to conduct banking operations in South Africa has three alternatives. All of these require the approval of the Registrar of Banks, who heads up the Banking Supervision Department of the Reserve Bank.

The three main banking establishment options are:

- A separate banking-company
- A branch of an international bank
- A representative office of an international bank

2.5.6 Utility Connections

The local municipality typically handles essential services like electricity, water, sewerage, refuse removal, and property tax. To access these services, individuals need to directly contact their local municipality. Internet and telephone services, on the other hand, are provided by a variety of public and private service providers, including Telkom, Cell C, Vodacom, MTN, VOX, and others.

2.5.7 Property Rentals & Purchases

In South Africa, individuals have the option to either buy a property as an asset or rent it from a landlord. Table 2-3 highlights the essential aspects of acquiring a property, which must be considered and incorporated into any negotiation or contractual arrangements.

Table 2-3: Property Acquisition

Acquisition Type	Consideration

Property purchase	• Agreement of sale between buyer and seller
	• Purchase price of the property payable through either cash or a bond
	• Typically, a transfer attorney, a bond cancellation attorney and a bond registration attorney are required
	• The transfer of ownership may take up to 3 months to complete
	• Cost considerations:
	  ○ Purchase price of property
	  ○ Rates payable to the Local Municipality

	○ Fees to the relevant banks ○ Transfer duty to SARS ○ Conveyancer's interim and final account payable
Property rental	• A rental agreement should include the following: ○ Costs ○ Tenant rules and regulations ○ Duration of the lease agreement ○ Clear termination clauses at the end of the duration ○ Rights and responsibilities of both parties

The transfer of ownership in land is subject to certain taxes, duties and fees. These include:

- Conveyancing fees payable to the conveyance
- Transfer duty or VAT
- A Deeds Registry Fee

Transfer duty is a tax imposed on the value of any property obtained by any individual through a transaction or by any other means. This tax is governed by the Transfer Duty Act No.40 of 1949. For the purposes of this duty, property refers to land and fixtures, encompassing real rights in land, rights to minerals, shares or interests in a "residential property company," or shares in a share-block company.

Under the Sectional Titles Act No. 95 of 1986, with subsequent amendments, buildings can be divided into sections and common property. This act enables the individual ownership of a specific section as well as joint ownership of the common property. To regulate the use of the common property, body corporate scan be established under the Sectional Titles Act, implementing rules to ensure proper control and management.

2.5.8 Human Resources / Labour Costs

Human resources encompass the personnel necessary to carry out the daily functions of business operations. Employees are indispensable yet expensive contributors to production. Therefore, measures have been put in place to safeguard workers from exploitation by their employers.

The considerations regarding the cost of labour include:

- **Working hours:** The maximum normal time an employee may work is 45 hours per week. Self-employed persons and sales staff who manage their own time are exempt from this policy.
- **Leave:** An employee is entitled to 1 day's annual leave for every 17 days of paid work.
- **Minimum wage:** President Cyril Ramaphosa has signed into law the National Minimum Wage Bill; the National Minimum Wage Act will come into force on a date to be determined by the President. Once the Act comes into force, there are a few exceptions to the National Minimum Wage (NMW):
    - For workers: R25,42 per hour
    - For domestic workers on par with NMW
    - For workers on an expanded public works programme: R13,97 per hour.
- **PAYE:** Pay as You Earn (PAYE) is a progressive income tax deducted from employees' wages. SARS calculates PAYE according to income. PAYE is calculated as a percentage of income earned, according to a scale, from 18% to 41%.

The foundation of the employment relationship lies in the employment contract. Additionally, employment policies and procedures usually complement this contract by integrating their terms into it. Nevertheless, it is important to note that the employment contract is always subject to sectoral determinations, bargaining council agreements, and employment legislation. These external sources establish minimum standards, rights, and entitlements for the employment relationship.

The following table summarises the main labour regulations that must be adhered to in South Africa.

Table 2-4: South African Labour Laws

Act	Description
Basic Condition of Employment	Applies to all employers and workers and regulates leave, working hours, employment contracts, deductions, pay slips, and termination
Compensation for Occupational Injuries and Diseases	Workers who are affected by occupational injuries and diseases are entitled to compensation
Employment Equity	Applies to all employers and workers and protects workers and job seekers from unfair discrimination, and also provides a framework for implementing affirmative action
Labour Laws Amendment	Applies to all workers and aims to amend the Basic Conditions of Employment Act as to provide parental adoption and commissioning parental leave to employees.
Labour Relations	Applies to all workers and employers and aims to advance economic development, social justice, labour peace and the democracy of the workplace.
National Minimum Wage	Applies to all workers and aims to establish a national minimum wage and National Minimum Wage Commission.
Occupational Health and Safety	Aims to provide and regulate health and safety at the workplace for all workers.
Employment Services Act **Skills Development** **Skills Development Levies Act**	Aims to develop and improve the skills of the South African workforce.
Unemployment Insurance Fund (UIF)[1]	Prescribes how employers should contribute to the National Skills Fund.
Unemployment Insurance Contributions Act	Prescribes how employers should contribute to the UIF Contributions fund.
Unemployment Insurance Act No. 63 of 2001	Provides security to workers when they become unemployed.
Labour Bill	If passed, and once the Basic Conditions of Employment Act and the Unemployment Insurance Act are amended, the Bill proposes three new forms of leave for employees: parental leave of 10 days, adoption leave of 10 weeks, and commissioning leave (where a surrogate mother is involved) of 10 weeks.
National Minimum Wage Act	President Cyril Ramaphosa has signed into law the National Minimum Wage Act (Act 9 of 2018) and came into effect on 1 January 2019. The national minimum wage is R20 for each hour worked. There are, however, a few exceptions: • Farm workers are entitled to a minimum wage of R18 per hour. • Domestic workers are entitled to a minimum wage of R15 per hour. • Workers employed on an expanded public works programme are entitled to a minimum wage of R11 per hour.

[1] *Parliament has made changes to the Unemployment Insurance Act, aimed at enhancing the value of benefits, streamlining administrative procedures, and providing clarity on eligibility for foreign national employees and learners employed on a learnership agreement to claim benefits. Additionally, amendments were made to the Unemployment Insurance Contributions Act, making it mandatory for foreign national employees and learnership participants to contribute to the Unemployment Insurance Fund (UIF). This requirement aligns with the principle that contributing to an insurance fund is necessary to avail oneself of its benefits.*

	• Members employed by the South African National Defence Force, the National Intelligence Agency and the South African Secret Service, are excluded from the Act.
Employment Tax Incentive (ETI) Act	For an employee to qualify for the Employment Tax Incentive, the employer must pay the employee at least the minimum wage. Where there is no wage-regulating measure (such as a sectoral Bargaining Council), the Act specifies that the employer must pay a minimum wage of R2 000 per month. There is no hourly or weekly minimum wage option in the Act, making it difficult to apply this test fairly in a weekly payroll where some months have 4 weeks and others 5 weeks.

Source: (Dept. of Labour, 2018)

2.5.9 Industrial Procurement

The revised regulations of the Preferential Procurement Policy Framework Act (PPPFA), which took effect on December 7, 2011, require the South African Minister of Trade and Industry to appoint industries, sectors, and sub-sectors for local procurement, specifying the levels of local content.

2.5.10 Importing & Exporting

The International Trade Administration Act, established on 1 June 2003, brought forth the International Trade Administration Commission of South Africa (ITAC). The primary aim of the ITAC is to create an environment for fair trade, through effective and efficient administration of foreign trade. The responsibilities of ITAC include import and export control, tariff investigations, international trade instruments, technical advice and trade remedy solutions (Department of Trade and Industry, 2018).

According to the ITAC Act, in order to import and export goods to South Africa, a permit must be acquired. The application forms to register, as both an importer and exporter, can be acquired from ITAC.

2.5.11 Customs Clearance

SARS employs a Single Administrative Document (SAD), a versatile form used for declaring goods, streamlining customs clearance, and facilitating cross-border trade. To engage in import activities, importers must register and obtain an importer code from SARS' customs division, Customs SA.

For all imported goods valued above R500, a standard customs duty of 5,8% is applied. However, certain agricultural, apparel, and automotive products attract higher customs duties. South Africa is affiliated with the Customs Union of COMESA, granting member countries preferential rates. Additionally, the country is part of the Most Favoured Nations (MFN) agreement, entailing an average rate of 8,2% (Stander, 2018).

2.5.12 Taxes

The South African Revenue Service (SARS) levies taxes on businesses operating within South Africa, calculated as a percentage of their taxable income. Both resident and non-resident businesses are obligated to pay taxes on the income they generate within the country.

Corporate Income Tax (CIT) is applied to all resident companies, regardless of whether their income is earned domestically or internationally. The various business types are taxed according to the ownership structure of the business, seen in Table 2-5.

Table 2-5: Business Tax

Type of Business	Tax
Sole Proprietorship[2]	Taxed according to progressive individual income tax (currently at 18% - 41%)
Partnership	Taxed according to progressive individual income tax (currently at 18% - 41%)
Private Limited Company **Public company** **Close Corporation**	Small Business (R70 000 < R550 000 taxable income): 0% - 28% Large Business: Flat rate of 28%
Business Trust	Flat rate of 41%.
Non-profit organisation	Tax exempt if registered as a Public Benefit Organisation (PBO) through SARS

Source: (SARS, 2018)

SARS complies to the International Financial Reporting Standards (IFRS). Taxes may either be submitted through e-filing (an internet-based system) or at one of the SARS branches. E-filing is a convenient system introduced by SARS to aid in the administration of income tax, both for individuals and organisations.

[2] *Sole Proprietors and Partnerships are not required to be registered at the CIPC; however, they are expected to comply with the statutory obligations in the country such as paying taxes.*
The net profit of the Sole Proprietor and Partner is viewed as personal income of the business owner and taxed in his personal name according to the income tax tables of South African income tax law. Partnerships can be created through a contractual legal partnership agreement between two or more persons and not more than 20.

3 Case Studies

This section provides a comprehensive look at investment approaches in emerging economies, covering both global and regional perspectives. These exemplify optimal methods and takeaways for creating a potent investment promotion strategy. The insights gathered from this examination serve as the foundation for constructing the Investment Framework, which is then customised for application in the specific contexts of STLM. Employing case study analysis proves invaluable in identifying exemplary techniques for devising and executing interventions. The ensuing discussion commences by outlining the criteria used during the selection process, followed by a presentation of case studies that highlight key lessons and superior practices in the formulation and execution of investment promotion strategies.

3.1 Selection Criteria

During the initial research phase, potential case studies were pinpointed. Out of these, five case studies that were considered highly pertinent were chosen for more comprehensive examination. These selections were made using a well-defined set of criteria, which is detailed in Table 3-1. This approach was crafted to guarantee that each of the chosen case studies provides meaningful and relevant insights into the prospective advantages and obstacles related to promoting investment in the STLM.

Table 3-1: Selective Criteria

Broad Criteria	Explanatory Variables
Similar economic circumstances at the time of the intervention	At the time of the intervention the region must be/have been classified as a ‘developing’ or ‘emerging’ economy characterised by: • High and/or rising unemployment • High and/or expanding inequality • Skills shortages in technology driven sectors
Investment & Development	• The country must have interventions focusing on targeted skills development • The country should have a focus on closing occupation gaps found within targeted industries • The country should exhibit a strategic drive, in upskilling of the desired sectors workforce
Demonstrate variety in the case studies selected	The case studies selected for analysis should demonstrate variety according to the following: • Representation of more than one geographic region • Exhibit a range of models and methods • Undertake different approaches to implementation

3.2 Case Study Analysis

3.2.1 Brazil

Brazil is the main economy in Latin America and one of the top 10 countries in the world in population, landmass and gross domestic product (GDP). A major player in international trade, Brazil has proven to be an open and vibrant country with a diversified economy and one of the largest consumer markets in the world. It also has a highly productive agriculture sector, a broad and sophisticated industrial base, one of the most solid and prudently regulated financial sectors in the G20, the largest stock market in Latin America and abundant natural resources.

In 2010, the so-called 'ABC Plan' was adopted by the federal government to implement the consolidation of low carbon emissions in Brazilian agriculture while sustaining economic growth in the sector (Ministry of Agriculture, Livestock and Food Supply, 2021). From 2011 to 2020, BRL 197 billion (USD 62.8 billion) will be set aside for the plan, especially in the form of credit for producers.

According to Embrapa (n.d.), the plan consists of seven programmes, six of which are related to the development of sustainable production and mitigation technologies, with one programme for climate change adaptation:

1. **Programme 1:** Rehabilitation of Degraded Pastures – recovery of 15 million hectares of degraded pasture.
2. **Programme 2:** Crop-Livestock-Forest Integration and Agroforestry Systems – increase in the use of integrated crop-livestock-forestry systems, covering an area of 4 million hectares.
3. **Programme 3:** Tillage System – expansion of the no-tillage system, covering an area of 8 million hectares.
4. **Programme 4:** Biological Nitrogen Fixation – increase of biological nitrogen fixation in an area covering 5.5 million hectares of farmland, as a substitute for nitrogen fertilisers.
5. **Programme 5:** Planted Forests – expansion of new forest plantations, covering an area of 3 million hectares.
6. **Programme 6:** Treatment of Animal Waste – increase technologies used to treat 4.4 million cubic meters of animal waste.
7. **Programme 7:** Adaptation to Climate Change

In Brazil, Export Processing Zones (EPZs) are utilised as specialised areas for free trade industrial activities. Their primary purpose is to attract businesses involved in global trade of goods, thus contributing to increased investments, job opportunities, and technological advancements within Brazil. Companies operating within these EPZs are offered significant incentives, including various federal tax exemptions specifically related to the acquisition of capital goods, raw materials, intermediate products, and packaging materials. Additionally, investors can take advantage of unrestricted foreign currency exchange, allowing them to retain foreign currency earned from exports without the obligation to convert it into Brazilian Real. This is especially beneficial since these companies predominantly sell their products overseas.

In return, they commit to export a minimum of 80% of total gross sales revenue. Companies can sell 20% of their production to the domestic market, with the collection of all federal and state taxes suspended. Contracts are granted for a long term, 20 years, extendable for an additional 20 years (Gov.br, 2021).

3.2.2 India

India had a receptive attitude towards FDI for about a decade after it gained independence in 1947. This was on account of limited domestic base of created assets viz. technology, skills and entrepreneurship. During this period foreign investors were assured of free remittances of profits and dividends, fair compensation in the event of acquisition, and were promised national treatment. However, the second five-year plan (1956-61) made a significant departure by emphasising self-reliant economic development and adopting a restrictive attitude towards FDI in order to protect the domestic base of created assets. Further in 1973, the Foreign Exchange Regulation Act (FERA) came into force which prescribed a ceiling of 40% in equity by foreigners in Indian companies. This resulted in many foreign companies leaving India in the late 1970s.

However, there was a reversal in the policy stance during 1980s. The liberalisation of industrial and trade policies during this decade was accompanied by an increasingly receptive attitude towards FDI and foreign collaborations. In order to modernise the Indian industry greater role was sought to be given to trans-national corporations (TNCs). Further, exceptions from the general ceiling of 40% on foreign equity were allowed on the merits of individual investment proposals.

The Foreign Investment Promotion Board (FIPB) was set up to process applications for cases not covered by automatic approval. Replacement of FERA by Foreign Exchange Management (FEMA) removed shareholding and business restrictions on TNCs. Further policies relating to foreign technology purchase and licensing were liberalised to improve access to foreign technology. Finally, outward investments by Indian enterprises were liberalised and proposals satisfying certain specified norms were given automatic approval. These changes in national FDI policies were complemented by bilateral investment treaties (BITs) and double taxation avoidance treaties (DTATs), many of which have been signed by India in recent years.

The Modi government made two industry-wide FDI changes during May 2014 – July 2015. For selected industries it eliminated the need for prior government approval of FDI in cases of mergers and acquisitions involving new operations and facilities. It also raised the threshold for other investment projects requiring cabinet approval from Rs 20 billion ($322.8 million) to Rs 30 billion ($484.3 million) (CSIS, 2017).

The Modi government also made a number of industry-specific FDI changes during May 2014 – July 2015. Key changes included raising FDI equity limits in the insurance and defence and civil aerospace industries; removing the requirements for pre-investment authorisation in several cases; removing requirements for prior government approval of FDI in medical devices; and permitting FDI in certain segments of the railways industry, in which FDI had previously been wholly prohibited. The Commission did not identify any FDI changes that have increased restrictions on US firms seeking to do business in India.

India announced a small number of tariff reductions and tariff increases across various manufacturing sectors in February 2015. Goods on which tariffs were lowered included 22 ICT-related products, such as high-definition television panels; clean energy goods, such as solar water heaters; textiles and footwear; and medical devices. Tariffs were raised on several telecommunications-related products, including cell phones, tablet computers, and digital video cameras.

In late 2014, India began deploying additional workers to provide 24/7 customs clearance at major seaports and airports. In April 2015, India announced further measures to expedite customs clearance. These included establishing a special Customs Clearance Committee to facilitate customs at major seaports and airports and setting up a 'single window' to handle regulatory matters for agricultural imports.

The Modi government pursued several broad policy initiatives to enhance India's business climate during May 2014 – July 2015. Four such efforts that may positively affect India's trade and investment climate are:

- Improving economic infrastructure
- Improving the ease of doing business and bureaucratic accountability
- Reforming taxation policy
- Encouraging state-level initiatives

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000 (International Labour Office, 2012).

By 2005, all EPZs had been converted to SEZs. As of September 2022, there are 270 SEZs in operation (Statista, 2023). For developers to establish an SEZ in India, applications can be made to the Indian Board of Approval. Companies, partner firms, and individuals may also apply by completing Form-A which is available on the Department of Commerce's website. There are four types of SEZs in India, which are categorised according to size: Multi-sector (1,000+ hectares); Sector-specific (100+ hectares); Free Trade & Warehousing Zone (FTWZ) (40+ hectares); and Tech, handicraft, non-conventional energy, gems & jewellery (10+ hectares) (India Briefing, 2021).

3.2.3 Nigeria

The phenomenon of foreign direct investment, which is a developmental process commonly associated with developed nations, is not exclusive to countries in the process of development like Nigeria. The historical roots of foreign direct investment in Nigeria can be traced back to the 19th century. Its origins are linked to the Berlin Conference of that era, during which the Nigerian territory was allocated to Britain. Some scholars view foreign direct investment as a means of facilitating colonial expansion.

When Britain established its presence in Nigeria, it also integrated the legal framework of the latter into the former, ensuring protection and facilitating the influx of foreign direct investment. During the early phase, Britain emerged as the primary source of foreign direct investment in Nigeria. In the 1960s, a total of 102 companies were operational in Nigeria. Among these, 94 were of British origin, 5 had joint British ownership, and the remaining 3 were under Nigerian ownership. The prominent multinational companies during the colonial era in Nigeria were United Africa Company (UAC), John Holts, A.G. Leventis, Patterson Zechonics (PZ), and Pfizer among others.

At first, the primary focus of foreign investment in Nigeria centred around the mining industry; however, this emphasis gradually transitioned towards the manufacturing sector. The year 1965 marked the signing of the Convention on the Settlement of Investment Disputes, aimed at resolving investment conflicts primarily among Western nations. This agreement led to the diversification of foreign direct investment sources in Nigeria, encompassing not only the United States of America but also various European countries. The discovery of oil in the 1970s further propelled foreign direct investment towards Nigeria's mining sector (Nnaemeka, 2015).

Nigeria developed several plans to promote trade and investment in the country. These plans include:

- **Import Substitution Industrialisation Strategy:** The major purpose of the import policy regime is to encourage import substitution industries in Nigeria.
- **Export Promotion Industrialisation Strategy:** The goals of the export policy in the context of export promotion strategy were to increase exports of manufactured goods, improve the technological skills, increase local content of manufactured products and improve incentives for attracting foreign direct investment.
- **Exchange Rate Policy:** The primary objectives of a fixed exchange rate regime which entails the pegging of the exchange rate of the domestic currency to a unit of gold, a reference currency or a basket of currencies is to ensure a low rate of inflation, reduction in transaction cost in trade and to increase credibility due to stability in the exchange rate.

Table 3-2: Summary of the Impacts of FDI Policies on Sectors in Nigeria

	Sectors			
Policies	**Manufacturing**	**Agricultural**	**Mining**	**Communication**
Import Substitution Industrialisation Policy	During the period of the policy, the contribution of this sector to GDP increased by 1%. Companies grew by not less than 150%.	Did not impact positively on the sector because of its inability to abolish commodity boards that has been under-pricing agricultural products.	Part of the public investment was used to establish oil refinery. Oil boom during the period impacted on the growth of the sector.	Exerted no impact on the sector.
Export Promotion Industrialisation Policy	Exerted positive impact on the sector in the early period but deteriorated later due to competition from foreign	Exerted positive impact on the sector in the early period. Encourage the sector by abolishing	No impact on the sector was observed.	No impact on the sector was observed.

	companies as a result of trade liberalisation.	commodity boards and allowed prices for agricultural products to be determined by the forces of demand and supply.		
Exchange Rate Policy	During the period of fixed exchange regime, the currency appreciated, and Nigeria witnessed fall in manufactured exports. Exports of manufactured products improved during the period of float with managed regime.	During the period of fixed exchange regime, the currency appreciated, and Nigeria witnessed a fall in agricultural exports. Exports of agricultural products improved during the period of float with managed regime.	The sector witnessed an unprecedented growth due to the oil boom of 1970s during the period of fixed exchange rate regime. No impact on the sector was observed during the float with managed regime.	No impact on the sector was observed.

3.2.4 Russia

By the close of 2017, as per data from the Bank of Russia, the aggregate value of Russian FDI reached $388.7 billion when considering the directional approach. This methodology aids in eliminating at least some of the pseudo-foreign investment from the calculation. This figure at year-end marked the peak value across the entire observation period, surpassing the end-of-2013 level by $3.4 billion. Moving forward to April 1, 2018, the total Russian FDI stock further escalated to $398.4 billion. However, a subsequent decrease followed, succeeded by growth throughout 2019. This was then trailed by a downturn in the first quarter of 2020, but with a subsequent upswing in the second quarter of the same year.

This pattern indicates that the expansion of Russian FDI in foreign territories experienced a deceleration, exhibiting fluctuations from one quarter to another, primarily driven by individual sizable transactions. These transactions encompass both the procurement of novel assets and the divestment of foreign subsidiaries owned by Russian multinational enterprises (Kuznetsov, 2021).

Three primary factors contributing to the recent decline in the expansion of Russian foreign investments are as follows:

1. The escalation of the "sanctions confrontation" with Western nations subsequent to Vladimir Putin's re-election to his fourth presidential term.
2. The deceleration of the global economy between 2018 and 2019, coupled with the context of relatively modest prices for hydrocarbons and other raw materials exported from Russia.
3. The upheaval triggered by the coronavirus pandemic in 2020.

These elements collectively led to a decrease in both outward foreign direct investment held by Russian multinational enterprises (partially attributed to the reassessment of their assets following the depreciation of the Ruble exchange rate). Furthermore, there was a reduction in investments made by affluent Russians in foreign real estate, along with a decline in pseudo-foreign investments due to ongoing efforts aimed at de-offshorisation (Kuznetsov, 2021).

Russia utilises many avenues to attract and retain this investment. These avenues include:

- Partnership between government and business: Implementation of priority investment
- Special Investment Contract (SIC): SIC is an agreement between the investor and the Russian Federation (or its constituent territory), which sets forth the investor’s obligations to set up manufacture of industrial products within the given term, and the obligations of the Russian Federation or its constituent territory to guarantee stable tax and regulatory environment and implement incentive and support measures.
- State Guarantees of the Russian Federation (Guarantees): Guarantees are granted with respect to loans or bonded loans raised to implement investment projects by a commercial entity, which focus on:
    - Financing of infrastructure projects using the funds of the National Wealth Fund (NWF)
    - The Programme to Support Investment Projects on the Basis of Project Financing (Programme)
    - Special Economic Zones (SEZ)
- Priority Social and Economic Development Areas: PSEDA is an area in the constituent territory of the Russian Federation, where the Government of the Russian Federation by its decision set a special regulatory regime for business and other activity in order to create favourable conditions to attract investments and launch non-resource manufacture of goods, including export-oriented products.
- Regional Investment Projects (RIP): RIP is a project focused on the manufacture of goods.
- Industrial Clusters: An industrial cluster is a community of industrial enterprises interconnected through their relations in this area due to proximity and functional dependence and located in one or several constituent territories of the Russian Federation.
- Investment Projects Planned for Implementation in the Far East and the Baikal Region (FE&BRIP): FE&BRIP are the projects aimed to ensure production of produce goods, works and (or) provision of services, which are executed in the constituent territories of the Russian Federation located in the Far East and the Baikal Region
- Free Port of Vladivostok: The Free Port of Vladivostok is a port area, which enjoys special customs, tax, investment and related regulation regimes.
- Russian Direct Investment Fund (RDIF)
- Russian Export Centre: The Russian Export Centre is a state export support institute created with the cooperation of the Government of the Russian Federation as a ‘one-stop-shop’ for exporters and is a coordination element of the whole export support system.
- EXIAR: EXIAR was established as a specialised state institution to support exports through the provision of a range of export credit and investment insurance products.

- Russian Venture Company JSC: Russian Venture Company JSC (RVC) is a national fund of funds and an institute for innovation development of the Russian Federation.
- State Corporation Vnesheconombank (VEB): VEB is a national development bank contributing to the implementation of state social and economic policy, the enhancement of competitiveness of the national economy and its modernisation based on innovations.
- RUSNANO Joint Stock Company: RUSNANO JSC contributes to implementing the state policy for the development of the nano-industry through investing in high-tech projects that facilitate the creation of technological chains and (or) ensure the development of new production facilities in the nano-industry in Russia. 100% of RUSNANO's shares are held by the Russian Federation.
- Russian Foundation for Technological Development: Russian Foundation for Technological Development provides financial support for scientific and engineering projects and experimental development that correspond to the Foundation's top-priority Technology Platforms.
- The Fund for Development of the Centre for Elaboration and Commercialisation of New Technologies (The Skolkovo Foundation)
- Fund for Infrastructure and Educational Programmes (FIEP)
- Institute of the Commissioner for the Protection of the Rights of Entrepreneurs (Business Ombudsman)
- The Far East and Baikal Region Development Fund
- The One-Company Town Development Fund: The One-Company Town Development Fund is a development institute which focuses on the creation of institutional and infrastructural conditions to attract investments and create new jobs in one-company towns.
- The Investment Lift Tool: Investment lift is an integrated programme to support the development of non-resource mid cap companies with export potential.
- Agency for Strategic Initiatives: Agency for Strategic Initiatives to Promote New Projects (Agency for Strategic Initiatives) is the autonomous non-profit organisation established by the Government of Russia in order to implement a set of measures in economic and social spheres.
- Federal Corporation for the Development of Small and Medium Enterprises (SME Corporation)
- Foundation for Assistance to Small Innovative Enterprises in Science and Technology
- Russian Bank for Small and Medium Enterprises Support (SME Bank)
- Centres for Coordinated Support of Export-Oriented SMES (Export Centres)
- The Foreign Investment Advisory Council (FIAC)
- Association of European Businesses (AEB)
- All Russia Public Organisation 'Delovaya Rossiya'
- Opora Russia All-Russian Public Organisation
- Russian Union of Industrialist and Entrepreneurs (RUIE)
- Chamber of Commerce and Industry of the Russian Federation (CCI of Russia)
- Association of Industrial Parks of Russia

Russia's Special Investment Contract program, launched in 2015, aims to increase investment in Russia by offering tax incentives and simplified procedures for dealings with the government. These contracts, generally negotiated with and signed by the Ministry of Industry and Trade, ostensibly allow for the inclusion of foreign companies in Russia's import substitution programs by providing access to certain subsidies for foreign producers if local production is established. In principle, these contracts may also aid in expediting customs procedures. In practice, however, reports suggest even companies that sign such contacts find their business hampered by policies biased in favour of local producers.

Russia continues to promote the use of high-tech parks, special economic zones, and industrial clusters, which offer additional tax and infrastructure incentives to attract investment. "Resident companies" can receive a broad range of benefits, including exemption from profit tax, value-added tax, property tax, import duties, and partial exemption from social fund payments. The government evaluates and grants funding for the business investments on a yearly basis.

Russia's Ministry of Economics has announced that three new SEZs will be established in three Russian Federal Districts. Ministry stated that this will attract about Rubles 197 billion (US$3.18 billion) of investment in the economy, and help launch new industries in chemistry, gas processing, agriculture and other areas. SEZ offer tax incentives that motivate employment, and new product and services creation (Russia Briefing, 2022). Currently, there are 45 Special Economic Zones in Russia, which can be classified into four categories: 26 zones are focused on industry and production, 7 zones - on technology and innovation, 10 zones - on tourism and recreation, and the other 2 zones are port-focused (Bridge West, 2023).

3.2.5 China

Starting from 1978 when China initiated its economic liberalization and transformation, the country has consistently achieved an average annual GDP growth rate exceeding 9%. This period of growth has facilitated the elevation of over 800 million individuals from poverty, while also witnessing noteworthy enhancements in healthcare, education, and various other essential services. Currently positioned as an upper-middle-income nation, China has successfully eliminated extreme poverty. Despite this achievement, a notable portion of its population still faces vulnerability, as their incomes fall below the threshold commonly employed to delineate poverty within upper-middle-income economies.

After the rapid reopening of China subsequent to the COVID-19 outbreaks in late 2022, there is an anticipation of a resurgence in GDP growth, projected to reach 5,1% in 2023, up from the 3% in 2022. This growth trajectory will be spearheaded by a revival in demand, especially within the service sector. The foreseen outlook involves a sustained and robust level of investment, supported by a more gradual yet steady expansion in both infrastructure and manufacturing investments, alongside the gradual stabilization of property investment. However, the growth might be somewhat dampened by net exports due to subdued external demand, combined with a modest uptick in import growth due to the rise in domestic demand (The World Bank, 2023).

China's growth today has many drivers: growing domestic wealth, technological innovation, expanded entrepreneurship, a burgeoning services sector and financial reform, to name a few. The scale of the opportunity for investors is enormous—and it is growing fast. The liquidity, depth and breadth of listed companies in China is only to the United States with approximately 5,000 companies to choose from (Matthews Asia, 2019).

The spill over effects of the ongoing US-China trade war may have serious economic impacts on the Chinese economy and its investment outlook in the near future. For example, China's industrial profits growth has fallen for eight consecutive months since April 2018, down to 10.3%, compared to 21% in 2017. For this reason, China is pledging to further open up its market to global investors by easing the tax burden on businesses to combat an anticipated slowdown in its economy (Leng, 2019).

Historically, the Chinese government has made it difficult for foreigners to access local shares. Foreign asset managers were limited to mechanisms like the QFII Scheme (Qualified Foreign Institutional Investor), whereby qualified institutional investors were given limited access to China's capital markets. Foreigner access has been improving lately, however. China's regulators made a significant effort to further open its capital markets by creating “Stock Connect,” a trading link that connects the Shanghai and Shenzhen stock exchanges to the Hong Kong Stock Exchange, enabling foreign investors to buy A-shares with fewer restrictions. As a testament to China's ongoing market reforms, index provider MSCI recently marked a vote of confidence in China's markets and efforts to enlarge global access to its capital markets—allowing 222 of China's large-capitalization domestic A-share stocks to be gradually included into its Emerging Market Index, starting in mid-2018 (Ibid.: 5).

The country has introduced mechanisms to improve the delivery of major foreign investment projects, reduce import tariffs, streamline customs clearance, and establish an online filing system to regulate FDI. Some of the key mechanisms China employs to stimulate local and foreign investment are summarised in Table 3-3.

Table 3-3: Key Investment Incentives in China

Policy	Description
Import tariff cuts	• In 2018, China announced it would cut import tariffs on 1,585 taxable items, including machinery, textiles, paper products, and construction materials. • On July 1, 2018, China substantially lowered tariffs on goods such as apparel, cosmetics, cleaning products, home appliances, fitness products, and some healthcare products.
Regional Comprehensive Economic Partnership (RCEP)	• RCEP is a China-backed group that involves the 10 ASEAN members as well as China, Japan, South Korea, Australia, New Zealand, and India – the six Asia-Pacific countries with whom the ASEAN has working free trade agreements (FTAs).
Made in China 2025 (MIC 2025)	• The goal of MIC 2025 is to comprehensively upgrade Chinese industry, making it more efficient and integrated so that it can occupy the highest level of global production chains. The plan wishes to raise domestic content of core components and materials to 40% by 2020 and 70% by 2025.
Free trade zones (FTZs)	• FTZs are a specific type of special economic zone (SEZ) where goods can be imported, handled, manufactured, and exported without direct intervention from Customs. They play an important role in modernizing China's business landscape and serve as areas where authorities can experiment with pro-business regulations.
Special Administrative Measures on Access to Foreign Investment	• The new list will partly replace the previous *Catalogue for the Guidance of Foreign Investment Industries*. The new Negative List will reduce the number of restrictive measures for FDI from 63 in the previous version to 48.

2018 ("the Negative List")	• The 2018 Negative List will immediately relax or remove restrictions on foreign investment in the agriculture, mining, and infrastructure sectors.
Efficient customs clearance	• China will streamline and accelerate customs clearance by slashing the number of customs clearance documents from 86 to 46.
"One window One Form"	• Designed to make business registration easier by cutting red tape and bureaucratic steps for businesses. Foreign-funded enterprises will be able to submit a single form to a single office, rather than register separately with various government offices. • Notably, the reform strengthens data exchange and information sharing between relevant government departments.
Five-in-One Business Licence	• China's Five-in-One system combines a business' tax registration certificate, organization code, business license, social security registration certificate, and statistical registration certificate into a single document with one social credit code. This has made setting up a business in China faster and easier for foreign investors.
Export Tax Rebates	• Businesses qualify for a 16 percent export tax rebate for a wide range of products, including steel products, chemicals, lithium batteries, LEDs, multi-component semiconductors, machinery products, and books and newspapers.
Expanded CIT incentives	• Preferential CIT (Corporate Income Tax) rates apply to 95 percent of corporate taxpayers and lower the total tax burden for qualified enterprises by five to 10 percent. This will assist SMMEs in particular.
VAT exemption	• This initiative offers value-added tax (VAT) exemptions for small-scale VAT taxpayers.
Reduced tax rates for Technology Advanced Service Enterprises (TASEs)	• A reduced 15% EIT rate applies to TASEs. TASE status is obtained by applying and the status will be reviewed annually. • TASEs generally are not entitled to the 50% super deduction for qualified R&D expenses.
Small and Medium-Sized Qualifying Science and Technology Enterprise (SMSTE) status	• China offers a variety of tax incentives to encourage R&D, including an R&D super deduction on taxable income, if the company has Small and Medium-Sized Qualifying Science and Technology Enterprise (SMSTE) status, as well as VAT/customs duty benefits. • A 175% deduction (i.e., an additional 75% deduction on top of the normal expense deduction) is available to qualified small and medium-sized technology enterprises for R&D expenses.

Sources: Dezan Shira & Associates "China Briefing." 2017, available at: https://www.china-briefing.com/ & (Deloitte, 2018) "Survey of Global Investment and Innovation Incentives"

3.2.6 Ireland

The Republic of Ireland boasts a sophisticated knowledge-based economy, primarily centred around advanced services in areas such as high-tech industries, life sciences, financial services, and agribusiness, encompassing agri-food sectors. The nation operates as an open economy, securing the 5th spot on the Index of Economic Freedom. It stands at the forefront for attracting substantial Foreign Direct Investment (FDI) geared towards high-value ventures. When considering global GDP per capita standings, Ireland holds an impressive position, ranking 4th out of 186 countries according to the IMF table, and 4th out of 187 nations in the World Bank's ranking (Ireland Guide, 2023).

The Irish government take proactive measures to promote Ireland as a preferred European location for global companies. As part of the enticement package, they provide state-sponsored financial aid, such as grants, to help cover initial setup expenses and other financial requirements. The Industrial Development Authority (IDA), serving as Ireland's agency for FDI, has collaborated with more than 1

600 organisations to facilitate their establishment and growth within Ireland. Additionally, various forms of assistance, both monetary and non-monetary, are accessible through government departments, offices, and agencies (Matheson, 2022).

The most recent Annual Business Survey of Economic Impact (ABSEI) conducted by the Department has shed new light on the degree to which FDI upheld the Irish economy during the incredibly challenging circumstances of 2020. Clients of the IDA significantly increased their expenditures within the economy, marking a 9% rise to reach €27.9 billion in total. This spending was distributed across various areas, including payroll (€16.8 billion), utilization of Irish services and materials (€11.1 billion). Furthermore, both capital expenditure (amounting to €7.5 billion) and in-house Research and Development (R&D) (totalling €2.8 billion) by IDA clients saw an uptick in 2020. Despite the pandemic's adverse impacts, exports played a critical role in driving Irish GDP growth in 2020, experiencing a 9% surge to reach €291.4 billion. Notably, IDA clients contributed to about 72% of the country's overall exports (IDA Ireland, 2022).

The above notwithstanding, the consistency and stability of Government policy in Ireland has been a major contributory factor to its economic growth and development. Some of its main investment incentives are summarised in the table below:

Policy	Description
Main Tax Incentives	• 12.5% corporation tax rate on active business income. • A 25% credit on qualifying R&D expenditures; total effective tax deduction of 37.5%. • Ability to exploit IP at favourable tax rates. • Accelerated tax depreciation allowances for approved energy efficient equipment. • Ability to carry out investment management activities for non-Irish investment funds without creating a taxable presence in Ireland for such funds. • An effective legal, regulatory, and tax framework to allow for the efficient domiciliation of investment funds from traditional offshore centres to Ireland.
Intellectual property (IP) regime	• Legislation provides for a tax deduction for capital expenditure incurred by a company, which is carrying on a trade, on the acquisition of qualifying IP assets.
Knowledge Development Box	• The Knowledge Development Box provides a 6.25% rate of corporation tax to apply to certain profits arising from qualifying assets that are the result of qualifying R&D carried out by the company qualifying for the relief. This is the first Knowledge Development Box in the world to be compliant with the new standards of the OECD's 'modified nexus' approach.
Exemption for new start-up companies	• A corporation tax holiday applied to certain start-up companies that commenced trade between 2009 and 2018. The relief applied for three years where the total amount of corporation tax payable does not exceed EUR 40,000 in each year. Marginal relief was available where corporation tax payable is between EUR 40,000 and EUR 60,000. The relief available was linked to the amount of employer's PRSI paid by a company in an accounting period as it is intended to provide relief at companies generating employment.
Section 110 company	• A Section 110 company is an Irish resident special purpose company that holds and/or manages 'qualifying assets' and satisfies a number of conditions. A Section 110 company can provide an onshore investment platform, which should be eligible to access Ireland's DTT network where the Irish company is the beneficial owner of the income flow. The Section 110 regime has been in existence almost 25 years and, with appropriate structuring, can provide for an

	effective corporation tax rate of close to 0%. The regime is widely used by international banks, asset managers, hedge funds, private equity firms, and investment funds in the context of securitisations, investment platforms, collateralised debt obligations (CDOs), collateralised loan obligations (CLOs), acquisition of distressed loan portfolios, big ticket leasing, and capital markets bond issuances. • Section 110 companies are permitted to invest in financial assets, commodities, and plant and machinery. The term 'financial asset' is widely defined and includes both mainstream financial assets, such as shares, loans, leases, lease portfolios, bonds, debt, and derivatives, as well as assets such as greenhouse gas emissions allowances and carbon offsets.
Grants (particularly in manufacturing)	• Cash grants may be available for capital expenditures on machinery and equipment and industrial premises, training of employees, creation of employment, rent subsidies, R&D, manufacturing and exporting products, providing services to customers overseas, etc. The level of grant aid depends on a number of factors and is specific to each project. Rates depend on the location of the new industry. • Grants are subject to a maximum award of: • 10% for first EUR 50M of investment • 5% for next EUR 50M • Less than 5% for investment above EUR 100M
Foreign tax credit	• Foreign taxes borne by an Irish resident company (or Irish branch of an EEA resident company), whether imposed directly or by way of withholding, may be creditable in Ireland. The calculation of the credit depends on the nature of the income item, but for income sources other than dividends and some related-party interest, the credit is limited to the Irish tax referable to the particular item of income.
RD&I grants	• Support of up to 25% for R&D projects that address technical challenges for which the solution has potential for commercialization
Disruptive Technologies Innovation grant	• Support for projects that leverage Irish research for commercial impact within a series of priority areas

Sources: (PwC, 2019) & (Deloitte, 2018)

3.2.7 Singapore

Singapore's economy relies extensively on trade and is marked by an open approach to investment, although certain sectors (real estate or media) have limitations on foreign involvement. Rather than employing a comprehensive framework, Singapore oversees foreign investment on a sector-by-sector basis. Notably, there are minimal constraints on repatriating earnings and capital, as well as conducting remittances, foreign exchange activities, and capital transfers (Loong, 2022).

Singapore is renowned within the investment circles for its thriving trade and financial domains. According to CLSA's projections, by 2025, Singapore is poised to surpass Switzerland, taking charge of almost 33% of the global Agri-commodity trade. Additionally, the nation's strong financial markets have evolved into a vital funding hub for a vast market encompassing 4 billion individuals, all reachable within a seven-hour flight radius (3EAccounting, 2023).

The nation's achievement in international trade can be primarily attributed to its strategic geographical position and the absence of significant corruption. It also benefits from a highly proficient workforce, favourable tax rates, and sophisticated infrastructure. These qualities have enticed around 7,000 multinational enterprises from the United States, European Union, and Japan, along with an extra 3,000 firms from India and China (Kuepper, 2018).

To foster the ongoing expansion of Singapore's asset management sector, the government has prolonged and enhanced tax incentive programs for eligible funds. Moreover, Singapore maintains economic and tax agreements with more than 70 nations, conferring a significant edge over conventional alternatives. Alongside its advantageous low-income tax and absence of capital gains tax framework, these factors have purposefully rendered the nation appealing to fund managers. Singapore also harmonizes and collaborates transparently with worldwide tax endeavours (3EAccounting, 2023).

Typically, individuals applying should engage in significant and valuable undertakings within Singapore. They will need to adhere to specific benchmarks for investing in local businesses and hiring skilled employees. Various aspects will be evaluated, including utilizing Singapore as a hub for expanding operations in the region, introducing and establishing cutting-edge skills, technology, and operations in the country, contributing to the advancement of research and innovation capabilities, and the possible extension of positive effects to the broader economy (PwC, 2018).

Some of Singapore’s most salient investment incentives are summarised in the table below:

Table 3-4: Key Investment Incentives in Singapore

Policy	Description
Pioneer tax incentive	• Corporations manufacturing approved products with high technological content or providing qualifying services may apply for tax exemption for five to 15 years for each qualifying project or activity under the pioneer tax incentive. Corporations may apply for their post-pioneer profits to be taxed at a reduced rate under the Development and Expansion Incentive
Development and Expansion Incentive	• Under the Development and Expansion Incentive, corporations engaging in new high-value-added projects, expanding or upgrading their operations, or undertaking incremental activities after their pioneer period may apply for their profits to be taxed at a reduced rate of not less than 5% for an initial period of up to ten years. The total tax relief period for each qualifying project or activity is subject to a maximum of 40 years (inclusive of the post-pioneer relief period previously granted, if applicable).
Investment allowance	• Under the investment allowance, a tax exemption is granted on an amount of profits based on a specified percentage (of up to 100%) of the capital expenditure incurred for qualifying projects or activities within a period of up to five years (up to eight years for assets acquired on hire-purchase). Capital expenditure incurred for productive equipment placed overseas on approved projects may likewise be granted integrated investment allowances. Investment allowances of 100% of capital expenditure (net of grants) may be granted to businesses seeking to make substantial investment in automation, subject to a cap of SGD 10 million per project.
Incentives for internationalisation	• The double tax deduction scheme for internationalisation allows companies expanding overseas to claim a double deduction for eligible expenses for specified market expansion and investment development activities. This includes labour expenses incurred when Singaporeans are deployed to overseas entities.
Intellectual Property Development Incentive (IDI)	• The IDI is a new incentive scheme that was introduced to encourage the exploitation of IP arising from R&D activities of the taxpayer. Income from the commercialisation of certain IP will be taxed at a concessionary rate. This incentive scheme is expected to be modelled after the modified nexus

	approach set out in the Action 5 report of the OECD base erosion and profit shifting (BEPS) project.
Maritime Sector Incentive (MSI) scheme	• The MSI scheme is the umbrella incentive for the maritime sector. Incentives offered include tax exemption for shipping companies and a 10% concessionary tax rate for international freight and logistics operators. Approved ship investment managers are also taxed at 10% on qualifying management-related income.
Finance & Treasury Centre (FTC) Incentive	• The Finance and Treasury Centre (FTC) Incentive aims to encourage companies to grow treasury management capabilities and use Singapore as a base for conducting strategic finance and treasury management activities.
Aircraft Leasing Scheme (ALS)	• The Aircraft Leasing Scheme (ALS) aims to encourage companies to develop aircraft leasing capabilities and grow the aircraft leasing industry in Singapore.
Research Incentive Scheme for Companies (RISC)	• The Research Incentive Scheme for Companies (RISC) encourages the development of research and development capabilities and technologies through the support of projects in the areas of science and technology.
Training Grant for Company (TGC)	• The Training Grant for Company (TGC) encourages labour capability development in applying new technologies, industrial skills and professional expertise through the support of training programmes for companies' employees.
Land Intensification Allowance (LIA)	• The Land Intensification Allowance (LIA) aims to promote the intensification of industrial land use towards more land-efficient and higher value-added activities.
TradeNet Single Window	• TradeNet is Singapore's National Single Window for trade declaration. Launched on 1 Jan 1989, it allows various parties from the public and private sectors to exchange trade information electronically. • TradeNet integrates import, export and transhipment documentation processing procedures and enables the trade and logistics communities to fulfil their trade formalities.

Sources: (PwC, 2018) & (EDB, 2019)

3.2.8 Kwa-Zulu Natal Investment Protocol (KZNIP)

According to the KZN Investment Protocol (KZNIP) (2014), the protocol serves as a guide to the regulatory environment and processes involved in the formation of fixed capital, with a focus on the ease and cost of doing business with both local and foreign investors. Areas covered include but are not restricted to:

- The regulatory environment
- The processes involved in complying with the regulations
- The cost of doing business
- Time scale it takes to complete the compliance processes

Usually, these procedures involve tasks like enrolling a fresh enterprise, establishing communication networks, procuring land, performing an Environmental Impact Evaluation (EIA), and addressing various interconnected matters.

Attracting FDI stands as a pivotal element in reaching the economic growth objective. Over the past three fiscal years, KZN has consistently surpassed its investment goals, positioning itself as a frontrunner. KZN aspires to solidify its status as a prime investment location and a pivotal economic entry point to South Africa, sub-Saharan Africa, and the wider continent.

The Trade and Investment KZN offers a variety of resources to encourage both foreign and domestic direct investment in KZN. These resources aim to aid the expansion and enhancement of existing businesses in KZN, particularly those involved in exports. One such resource is the investment manual, a comprehensive booklet encompassing topics ranging from national and provincial policy guidelines to fundamental steps of initiating and formalising a business. Additionally, the manual provides insights into utilizing services and navigating the regulations related to importing and exporting (Department of Economic Development and Tourism and Environmental Affairs, 2014).

The manual also outlines the export development and promotion services available for the province to enhance trade and investment. These services include:

- Export Training
- Export Registration
- Land Generation
- Export Advisory Services
- Export Incentives
- Trade Missions
    - *Outbound Trade Missions*
    - *Inbound Trade Missions*
    - *International Trade Missions*

3.3 Lessons Learnt

This subsection delved into the exploration of the encounters of seven nations and a single province which possess knowledge in crafting effective motivations to entice investment for the advancement and augmentation of their regional economies. It outlines the most fitting policies and encouragements to draw in and uphold both FDI and local capital investment. The research indicates that there is not a solitary formula for establishing ideal investment incentives; however, certain approaches and grants are more likely to yield economic expansion and enduring outcomes. While each nation's political and social backdrop, along with their designated tax revenue, differ, leading to unique experiences, there exist shared insights that can be relevant in other settings. The most significant takeaways gleaned from these case studies are presented in the Table 3-5.

Table 3-5: Lessons Learnt From International Case Studies

Country	Lessons Learnt
Brazil	• Trade liberalization measures and fiscal incentives have created dynamic industrial hubs in Brazil via the establishment of Free Trade Zones and Export Processing Zones. • The operations and exports of industries established in the Pecém EPZ, located at the Ceara Estate, has demonstrated the potential of Brazilian EPZ regime to stimulate investment by and in exported-oriented companies in areas that have previously been economically under-developed, The EPZ programme has proven to be an opportunity to leverage the export potential of Brazil through the attraction of investment in Industrial Projects that add value to the production chain.
India	• The initial failure of EPZs in India is largely attributable to lack of a well-articulated policy to accommodate and execute factors necessary for their success. The Indian Government aimed to rectify this issue by converting all EPZs to SEZs similar to the Chinese model. India's current SEZ policy is now known for clarity in objectives, broader economic area to operate and its recognition of the role of different stakeholders in the promotion of SEZs. • India's success in encouraging investment hinges on its ability to identify the problems and prospects for business and investment expansion rather than just extending liberal incentive schemes.
Nigeria	• Without strong political and policy support, and because of the unresolved challenges to investment and business in Nigeria, the ability of the National Investment Promotion Commission to attract new investment has been limited. • The Nigerian Export Promotion Industrialisation Policy exerted a positive impact on the sector early on but deteriorated later due to competition from foreign companies as a result of trade liberalisation. • Agencies created to promote industrial exports remain burdened by uneven management, vaguely defined policy guidelines, and corruption. Nigeria's inadequate power supply and lack of infrastructure and the associated high production costs leave Nigerian exporters at a significant disadvantage. Many Nigerian businesses fail to export because they find meeting international packaging and safety standards to be too difficult or expensive. The vast majority of Nigeria's manufacturers remain unable to compete in the international market and have little interest in doing so, given the size of the domestic market. • The Nigerian Export-Import (NEXIM) Bank provides commercial bank guarantees and direct lending to facilitate export sector growth, although these services are underused. • Nigeria's trade regime remains protectionist in key areas. High tariffs, restricted forex availability for 41 categories of imports, and prohibitions on many other import items aim to spur domestic agricultural and manufacturing sector growth.
Russia	• To restore investor confidence and alleviate the effect of Western sanctions, the Russian government has put in place new measures and reforms designed to attract investment. These include the privatisation of state-owned businesses, the provision of cheap bank credit to SMEs, digitising and streamlining government services and boosting strategic state-assisted investment in sectors such as high-tech industries by developing new techno and industrial parks and upgrading existing ones. • As part of Russia's new industrial policy to overcome the effect of sanctions and enhance long-term industrial competitiveness, the Moscow government is promoting the gradual substitution of imports by local production. It has developed more than 2,000 individual projects in 19 sectors involving up to 800 selected products and implemented policies such as higher local content requirements to encourage domestic manufacturing.

Country	Lessons Learnt
	• The Agency for Strategic Initiatives has played an important role in improving Russia's investment climate. Its system of ranking Russian regions has spurred many local authorities to improve the investment climate in their regions relative to others. As different regions compete for foreign investment, local authorities have substantially reduced local regulations, which account for the bulk of foreign investors' regulatory burden. • The Russia government frequently adopts rules with little to no transparency or without incorporating public comments, creating significant business uncertainty. Moreover, Russia's import substitution program often gives local producers a sizeable advantage over foreign competitors that do not meet Russia's localization requirements.
China	• The numerous SEZs and industrial clusters that emerged after the country's reforms are two important engines of China's remarkable development. • The SEZs and industrial clusters have made crucial contributions to China's economic success. Foremost, the SEZs (especially the first several) successfully tested the market economy and new institutions and became role models for the rest of the country to follow. Together with the numerous industrial clusters, the SEZs have contributed significantly to national GDP, employment, exports, and attraction of foreign investment. The SEZs have also played important roles in bringing new technologies to China and in adopting modern management practices • Some of the key lessons learnt are the importance of strong commitment from top leadership; preferential policies and broad institutional autonomy; support and proactive participation of government; support for public-private partnerships; foreign direct investment; clear goals and benchmarking, monitoring, and competition; business value chains and social networks; as well as continuous technology learning and upgrading.
Ireland	• Ireland is a progressive and open economy with strong ongoing cooperation between government, industry and universities. • Ireland offers a combination of a highly educated, skilled and flexible workforce, an advanced infrastructure and a pro-business environment. • Ireland prides itself on its knowledge economy and continues to attract a significant level of foreign investment. • Generous tax incentives attract a range of multinational companies. • Flexibility is a key factor in Ireland's ability to react quickly to international trends and the global marketplace. • There is concern that Ireland is misused as a tax haven by certain unscrupulous companies, due to its liberal tax policies.
Singapore	• Serious effort has been made to provide sufficient land space (due to the land shortage in Singapore) and the provision of state-of-the-art infrastructure. This aspect has also been characterised by innovative solutions to local problems. • The development strategies implemented in Singapore over the years, incorporated the development of its available human resources and the application of new infrastructure (such as "soft infrastructure"). • Singapore realised the importance of attracting foreign investment to strengthen the competitiveness of the area. For this reason, focus was placed on the establishment of Multinational Companies in the country. • The above is still incorporated in the country, as it moves towards a Knowledge-Based Economy. This is evident from the implementation of innovation and product development services, IT infrastructure and e-businesses and highly skilled human resource development. Examples include the iPark21 and the Science Hub. • As part of the country's initial industrial development programme, emphasis was placed on the development and management of industrial clusters around core industries. The thriving chemical industries on Jurong Island confirm this. The cluster industries not only promote economies of scale and the associated agglomeration advantages, but it also contributes to shared services and increased networking and cooperation. • Singapore increases the productivity of its workforce in the industrial areas by providing appropriate social amenities, facilities and services that create a favourable working and living environment.

Country	Lessons Learnt
KZN	• A key component in achieving its economic growth target is attracting FDI and KZN is leading the way having continuously exceeded investment targets for the last three financial years. • The strength of KwaZulu-Natal as a preferred investment destination is its two major seaports - Durban and Richards Bay - as well as Dube Trade Port, home to King Shaka International Airport. • The KZN One-Stop-Shop is an integrated central hub designed to assist investors and exporters wishing to invest in the province by providing all-in-one specialised services. • KZN's investment manual is a resource provided by Trade and Investment KZN to promote foreign and national direct investment into KZN and to support the growth and development of existing KZN businesses, particularly within the export sector

3.4 Best Practice Model

Following is a concise overview of the top strategies for crafting and executing effective investment promotion approaches. These approaches are designed to facilitate the attraction of both domestic and international investments to the STLM fostering economic viability in the process:

Best Practice	Description	Country/ies Utilising this Practice	Example(s)	Incentives
Investment strategies that leverage existing industry cluster strengths have the highest probability of success	• An established industry cluster's presence indicates to investors that the region possesses a reliable and mature framework to bolster investments. Decisions regarding FDI, particularly in innovative sectors, are significantly swayed by the existence of a pre-existing industry cluster as it also suggests a foundation of expertise and potential for collaborative growth. • The most effective investment approaches centre on fostering investments within well-established industry clusters that have proven prowess in (i) research and development; (ii) the capacity to exchange knowledge; (iii) entrepreneurial endeavours; and (iv) a proficient and skilled workforce.	• Ireland • China • Brazil • India	• Manaus Free Trade Zone, Brazil • Shenzhen SEZ, China • Pearl River Delta, Chang Jiang Delta, and Beijing-Tianjin-Hebei Super City Clusters, China • Bengaluru Cluster, India • Irish ICT Cluster	• 12L Tax allowance • Support Programme for Industrial Innovation (SPII) • Export Marketing Investment Assistance (EMIA) • Aquaculture Development and Enhancement Programme (ADEP) • Pegged rates for brownfield investments • Rates relief for reinvestment in abandoned and derelict buildings on which penalty rates are currently charged

Cooperation and collaboration between multiple stakeholders accelerate success	• Partnerships between state, regional, local, industry, academia and organizations are a fundamental best practice across all successful investment initiatives. • Multi-stakeholder collaboration is important for leveraging shared resources, presenting a unified image, and reaching scale for key infrastructure initiatives.	• Singapore	• The chemical industries cluster on Jurong Island, Singapore • TradeNet Single Window concept, Singapore • KZN One-stop-shop	• Development of a Mpumalanga Cape One-stop-shop • Single window program to enhance trading operations by eliminating paper and reducing timescales, keeping information up-to-date and in one secure place for reference.
Strong R&D capabilities, including industry-facing University R&D are a major factor in successful investment attraction efforts	• Geographical clusters with a high concentration of R&D firms and noticeable patterns of advanced activities present encouraging indicators for prospective investors. • Efforts to attract FDI should emphasize the robustness of R&D infrastructure and capabilities within specific sectors. • Incorporating university-based R&D into FDI attraction initiatives is vital, as it forms a critical element of knowledge-centric industry clusters and serves as a pertinent gauge of R&D prowess.	• Ireland • India • China	• AMBER (Advanced Materials and BioEngineering Research) Science Foundation Ireland • ICT cluster, Bengaluru, India • Made in China 2025 • Internet Plus, China • Shanghai Science and Technology Hub	• Technology and Human Resources for Industry Programme (THRIP) • Research and Development (R&D) Tax Incentive
Successful investment strategies are embedded in broader economic development strategies that include business attraction/retention, exports, innovation and industry cluster development strategies	• Optimal procedural models encompass strategies within a more comprehensive economic scheme that conveys a cohesive theme, brand, and objective. Such an amalgamated strategy establishes a structure that harmonizes FDI tailored to specific states or regions, along with endeavours to attract, expand, and retain export businesses, in accordance with designated state-level or regional aspirations, incentives, and assets. • This methodology exploits limited regional and state resources to curtail redundant actions and inefficiencies that arise when individual strategies deviate from a more encompassing	• Brazil • India • Nigeria	• Nigerian Investment Promotion Commission • Brazilian Trade and Investment Promotion Agency (Apex-Brazil) • India Act East Policy	• Strategic Partnership Programme [Replaced Incubation Support Programme (ISP)] • Support Programme for Industrial Innovation (SPII) • Technology and Human Resources for Industry Programme (THRIP) • Black Industrialists Scheme (BIS)

	economic development blueprint for the state or region.			
There is a strong positive relationship between entrepreneurial activities within a region and the rate of investment.	• Regions that foster a strong entrepreneurial culture stimulate innovation by promoting the creation and exchange of knowledge. Robust entrepreneurial ecosystems in these areas attract companies due to their ability to expedite advancements in processes and generate novel patents and concepts, thereby enhancing competitiveness.	• Brazil • India • Russia • China • Singapore • Nigeria • Ireland • KZN	• TKZN incubator programme • KZN Growth Fund • Ithala Development Finance Corporation, KZN • SEBRAE SMME Body, Brazil • ViaSebrae E-commerce platform, Brazil • NSIC SMME Incubation Hub Model, India	• Incubation Support Programme (ISP) • Seda Technology Programme (STP) • Khula SME Fund • SEDA Agricultural & Mining Tooling Incubator • Gro-E Youth Scheme • IDC SME and Midcap Fund • IDC Youth Pipeline Development Programme • Product Process Development Scheme (PPD) • Transformation and Entrepreneurship Scheme • Women Entrepreneurial Fund • Automotive Investment Scheme (AIS) • Black Business Supplier Development Programme (BBSDP) • Clothing and Textile Competitiveness Improvement Programme (CTCIP) • Critical Infrastructure Programme (CIP) • Film Incentive Programme • Business Process Services (BPS) • Capital Projects Feasibility Programme (CPFP) • Support Programme for Industrial Innovation (SPII)

				• National Youth Development Agency (NYDA) • National Empowerment Fund (NEF) • National Gazelles Programme
Investment strategies that leverage export strengths and resources have a higher probability of success	• Comprehending the complex interrelationships linking FDI and exports empowers companies to make the most of their restricted resources.	• Brazil • India • China • Singapore • Nigeria • Ireland • KZN	• Export Promotion and Investment Agency (APEX), Brazil • Export Processing Zones, India • KZN Export Week • KZN CTC Competitiveness Improvement Programme (CIP)	• EMIA Incentives • National Pavilions (dti) • Sector Specific Assistance Scheme (SSAS). • Outward Selling Mission (OSM), Investment and Trade Initiatives. • Primary Market Research (PMR); and • Individual Exhibition Assistance.
Targeted Worker Skills Initiatives	• •Consistently ranked as a potent substitute incentive is the utilization of rewards tailored to employees' skill sets. • This preference stems from the fact that proficient workers stand as a paramount catalyst for enhancing productivity and quality within a given setting.	• China	• China's TVET System • Enterprise Ireland • Skillnet Ireland	• Employment Tax Incentive • Employment Creation Fund • National Skills Fund • SETA Discretionary Grants • Scarce Skills Development Fund
Targeted Infrastructure Initiatives	• Improved infrastructure allows access to highways, seaports, airports, accessible roads, electricity, etc.	• China	• China Belt and Road Initiative	• Critical Infrastructure Programme (CIP) • Industrial Infrastructure SBU • Infrastructure Investment Programme for South Africa (IIPSA) • Urban Development Zone Tax Incentive
The development of a One-Stop-Shop	• One-stop shops are alternative incentives that provide a centralized location and concierge-type services to a targeted firm, such as tax services and business registration.	• KZN	• KZN One-stop-shop	• InvestSA One-stop-shop Initiative • Development of Mpumalanga One-stop-shop

4 Economic Analysis

The purpose of this section is to provide an updated Economic Profile using the latest economic data available, and additional economic techniques were utilised in order to add value to the previous profile. This provides an overview of the current economic situation in the study area. This overview incorporates sectoral performances and composition as well as overall growth performance in the economy.

During this section the economic performance of STLM will be evaluated by making use of secondary data obtained from the Quantec Resource Database and Statistics SA. In order to determine the value and performance of the various economic sectors, growth rates were calculated in terms of expansion or contraction of the economy in terms of GVA values.

The economic performance of a region can be measured by Gross Value Added (GVA) in terms of, factors such as production activities. The GVA can be used to provide an oversight of the region's economy, in this case the economy of STLM. In addition, it can provide insight into the structural composition of the economy as well as the growth rate of production. This allows us to identify the comparative advantages for the given region, to determine the vulnerability (concentration) of the economy and the overall welfare of the community.

4.1 Economic Sectors

The salient features of the economic conditions in the STLM are discussed in this section. In order to facilitate a situation whereby the individual economic activities throughout the municipality can be measured, a standardised classification is utilised.

It is also important to note that tourism spans across the following economic sectors, accommodation and catering, retail and wholesale, manufacturing, business services and social services

The following sub-section offers a delineation of the various economic sectors as per the Standard Industrial Classification (SIC). A total of 9 sectors are distinguished. This section discusses the GVA, Location Quotient and Tress Index activities such as sport, which are included under the community services' sector.

The 9 economic sectors are as follows:

Table 4-1: Sector Review

Sector	Description
Agriculture	The agriculture sector incorporates establishment and activities that are primarily engaged in farming activities, but also includes establishments focusing on commercial hunting and game propagation and forestry, logging, and fishing.
Mining	This sector includes the extracting, beneficiating of minerals occurring naturally, including solids, liquids and crude petroleum and gases. It also includes underground and surface mines, quarries and the operation of oil and gas wells and all supplemental activities for dressing and beneficiating for ores and other crude materials.
Manufacturing	This sector is broadly defined as the physical or chemical transformation of materials or compounds into new products and can be classified into 10 sub-groups.

Sector	Description
Utilities	This sector includes the supply of electricity, gas and hot water, the production, collection and distribution of electricity, the manufacture of gas and distribution of gaseous fuels through mains, supply of steam, and the collection, purification and distribution of water.
Construction	This sector includes the site preparation, building of complete constructions or parts thereof, civil engineering, building installation, building completion and the renting of construction or demolition equipment with operators.
Trade	The trade sector entails wholesale and commission trade, retail trade, repair of personal household goods, sales, maintenance and repair of motor vehicles and motorcycles, hotels, restaurants, bars, canteens, camping sites and other provision of short-stay accommodation
Transport, storage and communication	Transport as an economic sector refers to activities concerned with land transport, railway transport, water transport and transport via pipelines, air transport, activities of travel agencies, post and telecommunication, courier activities, as well as storage and warehousing activities.
Financial and business services	This sector includes inter alia financial intermediation, insurance, and pension funding, real estate activities, renting or transport equipment, computer and related activities, research and development, legal, accounting, bookkeeping and auditing activities, architectural, engineering and other technical activities and business activities not classified elsewhere.
Social, community and government services	This sector includes public administration and defence activities, activities of government, government departments and agencies, education, public and private, health and social work, sewage and refuge disposal, sanitation and similar activities, activities of membership organisations, recreational, cultural and sporting activities, washing and dry-cleaning of textiles and fur products, hairdressing and other beauty treatment, funeral and related activities.

4.2 Production Structure and Growth

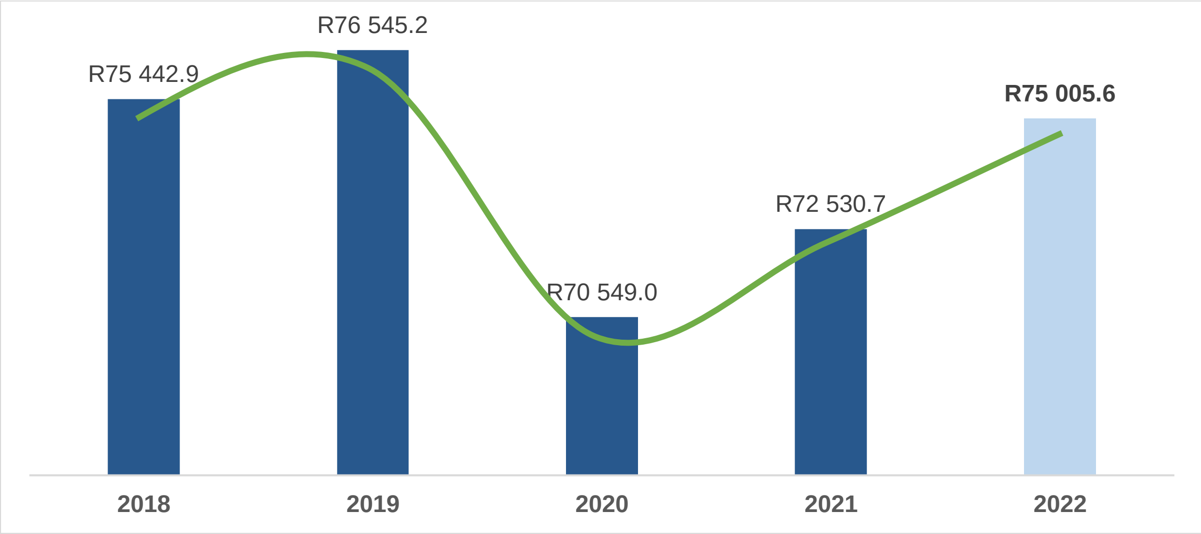
This subsection provides an overview of the production structure, growth performance and industry classification system in order to identify the most important economic sectors in STLM. Gross Value Added (GVA) is defined as the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

Figure 4-1depicted below illustrates the trend in (GVA) for the STLM, with values measured in millions of Rands, spanning the years from 2018 to 2022. Notably, a distinct pattern emerges during this period, reflecting the economic impact of various factors, most notably the unprecedented COVID-19 pandemic.

Analysing the data in closer detail, it becomes evident that the GVA of the local municipality underwent a significant transformation. Specifically, between the years 2019 and 2020, a notable downturn was recorded, with the GVA plunging by a substantial 7,8%, contracting from R76,5 million in 2019 to R70,5 million in 2020. This drop can be directly attributed to the overwhelming influence of the global COVID-19 pandemic, which induced widespread economic contraction, leading to various operational challenges and disruptions across industries. However, the subsequent years demonstrated a noteworthy recovery trajectory. The year 2021 marked the initial stages of recuperation, as the GVA witnessed a modest yet encouraging rise of 2,8%, showcasing an increase from the previous year's value.

This positive momentum was sustained and even amplified in the subsequent year, as the interval between 2021 and 2022 experienced a further growth of 3,4%. These consecutive increments in GVA highlight a robust economic resurgence within the STLM, effectively delineating a trajectory of recovery after the adverse effects of the pandemic during the span of 2019 and 2020. This data serves as a testament to the region's adaptability and resilience in the face of unprecedented challenges.

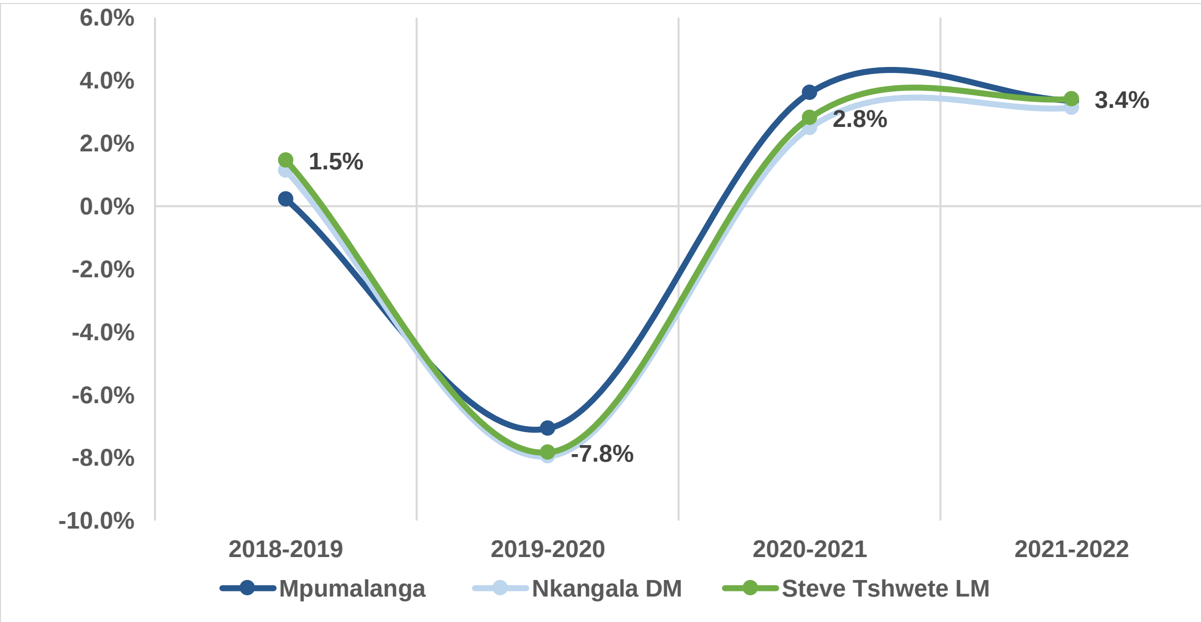
Figure 4-1: STLM GVA Trend, 2018 - 2022 (R'Million)



Source: Quantec Research Database, 2023

The annual growth rates of the province, district and local municipality are presented in Figure 2 below. From the figure, it is clear that all three spheres experienced the same growth trends between 2018 and 2022.

Figure 4-2: GVA Annual Growth Rate (2018 – 2022)



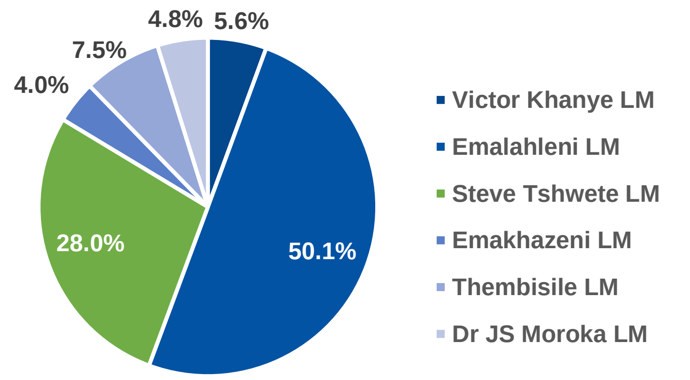
Source: Urban-Econ Calculations based on Quantec Research Database, 2023

According to Figure 4-2, across the span of five years, from 2018 to 2022, the average growth rate of STLM stands at a modest -0,04%. This figure underlines a pronounced requirement to implement strategic investment interventions aimed at rejuvenating the economy, particularly in the aftermath of the extensive disruptions caused by the global COVID-19 pandemic. The imperative to bolster economic recovery and foster sustained growth becomes evident in light of this stagnation.

Delving into regional specifics, the Nkangala District Municipality (DM) exhibited an average economic growth rate of -0,30% over the same five-year period. This further underscores the need for carefully directed efforts to uplift economic prospects and stimulate progress within this locality. In parallel, the economic trajectory of the Mpumalanga Province remained essentially stagnant, managing to realize only a slight 0,03% growth over the entirety of the five-year timeframe. This statistic emphasizes the challenges facing this particular region, necessitating comprehensive strategies to reignite economic momentum and achieve a more robust and sustainable growth trajectory.

In light of these performance indicators, the imperative for targeted and impactful investment strategies becomes paramount, not only at the regional level but also at the broader national level. The lessons drawn from the experiences of STLM, Nkangala DM, and Mpumalanga Province can collectively inform policy decisions, guiding the formulation of interventions that not only mitigate the adverse effects of the pandemic but also lay the foundation for a resilient and thriving post-pandemic economy.

Figure 4-3: GVA Contribution To Nkangala DM, 2022



Source: Quantec Research Database, 2023

In the year 2022, the Nkangala DM played a pivotal role in bolstering the economic landscape of the Mpumalanga Province, contributing a significant 39.4% to the province's overall economic output. It's important to note that each of the LMs within Nkangala DM had a distinct share in shaping the region's economy. Notably, Emalahleni LM emerged as a standout contributor, wielding the largest impact with a substantial 50,1% share towards the district's economic prosperity. Following closely, the STLM, which played a noteworthy role as well, accounting for 28,0% of the district's economic contribution.

The Emalahleni LMs dominance extends beyond mere numbers; it holds the distinguished position of being the primary catalyst for economic growth and employment generation within the entire province. Its multifaceted contributions reverberate across various sectors, propelling the region forward on both economic and developmental fronts. This not only underscores the municipality's pivotal role but also highlights its resilience and adaptability in steering the province's economic course.

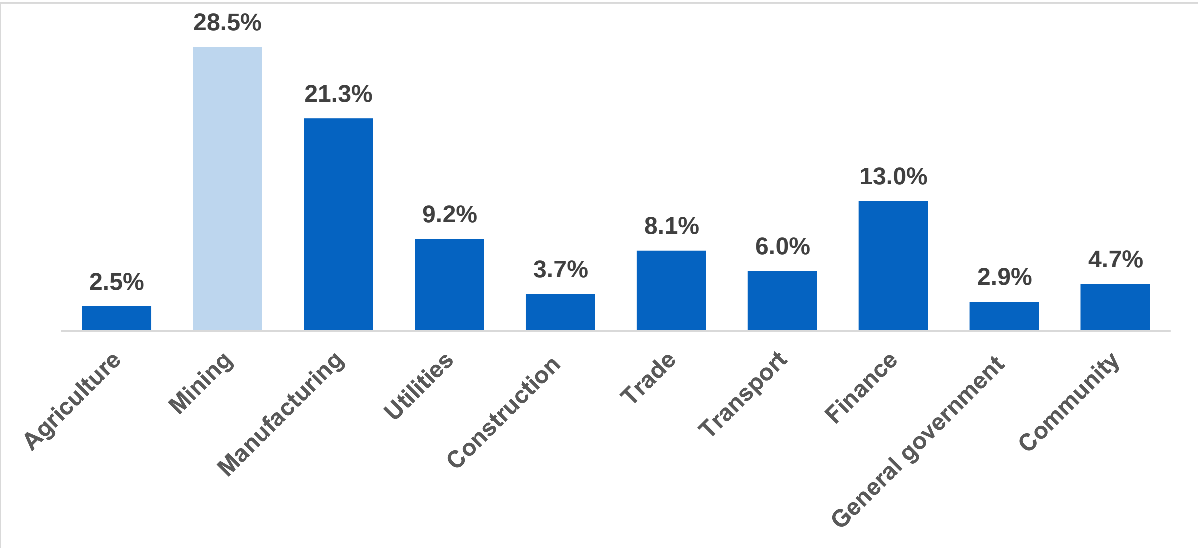
Figure 4-4 provides a visual representation of the various sectors' contributions to the GVA within the context of the STLM for the specific year of 2022. It is evident that the economy of the STLM is characterised by a diverse range of sectors, each playing a distinct role. As of the year 2022, the Mining sector stood out as the most influential contributor to the GVA, commanding a substantial share of 28,5%. This sector's significance can be attributed to various factors, including the region's resource-rich nature and the demand for raw materials on a global scale.

Following closely was the Manufacturing sector, constituting 21,3% of the GVA. This sector's prominence underscores the municipality's industrial capabilities and its capacity to produce goods for both domestic consumption and export purposes. The Manufacturing sector's performance can serve as an indicator of the STLM's manufacturing prowess within the broader economic landscape. Additionally, the Finance sector held a notable position with a contribution of 13,0%. This sector's robust presence reflects the financial activities and services that thrive within the STLM. The Finance sector often serves as a barometer for the overall economic health, and its substantial contribution indicates a level of financial sophistication and market engagement within the local economy.

However, it's important to acknowledge that not all sectors yielded the same level of contribution. The Agricultural sector, despite being an essential part of the municipality's economy, accounted for a comparatively modest share of 2,5% in the GVA. This lower contribution might be attributed to various factors, such as changing consumption patterns, technological advancements impacting the sector's productivity, or a shift towards other more dominant sectors.

In conclusion, the GVA distribution among sectors in the STLM for the year 2022 highlights the multifaceted nature of the municipality's economy. While Mining, Manufacturing, and Finance stand out as the driving forces behind its economic activity, it's important to recognize that each sector, including Agriculture, plays a unique role in shaping the overall economic landscape of the STLM.

Figure 4-4: STLM Sectoral Contribution, 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

4.3 Sectoral Performance

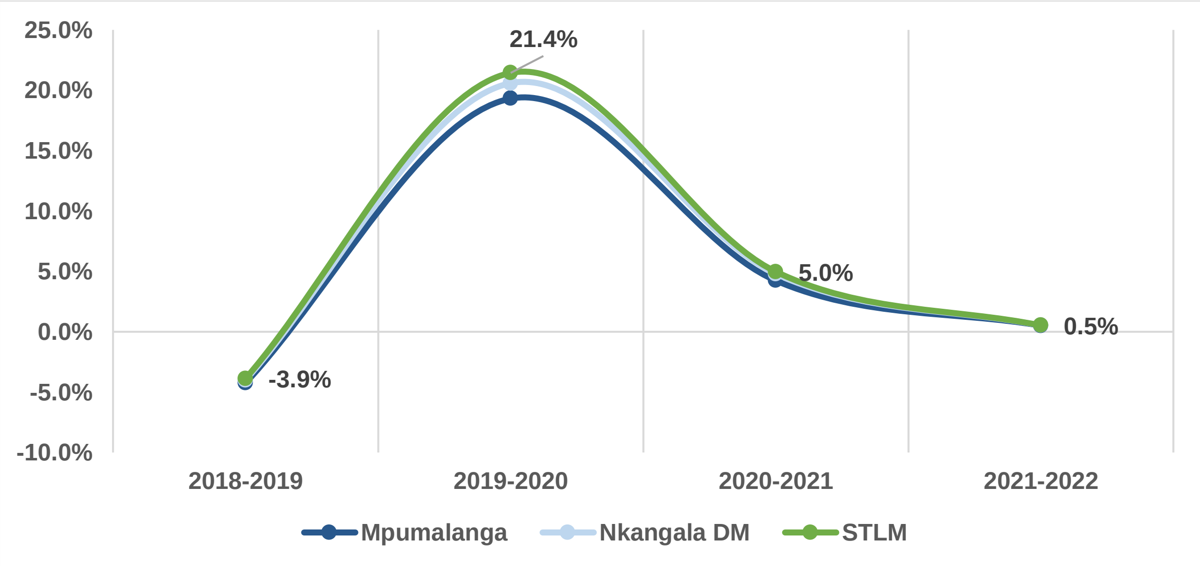
This specific subsection of the document provides a detailed analysis of the performance of various economic sectors within the STLM in relation to their respective contributions to economic growth. This analysis delves into the individual sectors that constitute the STLM and examines how each of them has contributed to the overall economic growth within this framework.

Furthermore, this subsection seeks to establish a clear understanding of the interplay between these sectors in driving the overarching economic growth within the STLM. By delving into the specific performance metrics of each sector, we can identify potential synergies and areas that require targeted interventions to optimize the overall economic performance.

4.3.1 Agriculture, Forestry and Fisheries Sector

This sector includes agriculture, hunting, and related service activities. It comprises activities such as the growing of crops, market gardening and horticulture, mixed farming of animals, hunting, trapping and forestry and fishing and fish farms.

Figure 4-5: Agriculture, Forestry And Fisheries Sector GVA Growth, 2018 - 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

In spite of the challenging circumstances brought about by the COVID-19 pandemic and the consequent implementation of lockdown regulations, the agriculture, forestry, and fisheries sector demonstrated remarkable resilience and displayed an impressive average growth rate of 5,8% from the year 2018 to 2022 within the context of STLM. This noteworthy growth trajectory was not confined to specific areas but was uniformly distributed across all municipalities, as illustrated by the graph. Such consistent and positive expansion across regions underscores the significance of directing focused investment interventions and strategic initiatives towards fortifying and amplifying the potential of this pivotal sector. This data serves as a compelling indication that placing a higher emphasis on the development and upliftment of the agriculture, forestry, and fisheries domain is both warranted and promising.

Figure 4-6: Agriculture Subsector GVA Contribution, 2022

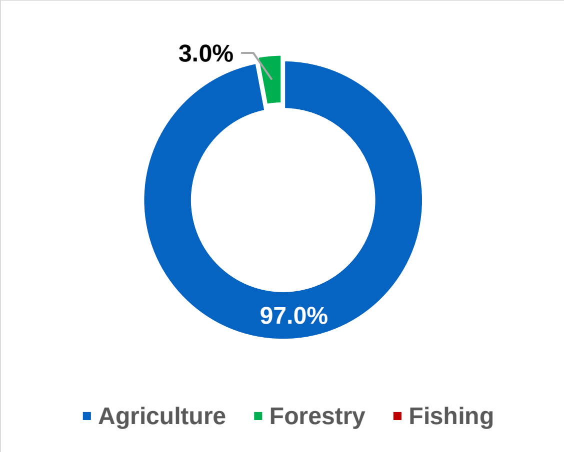
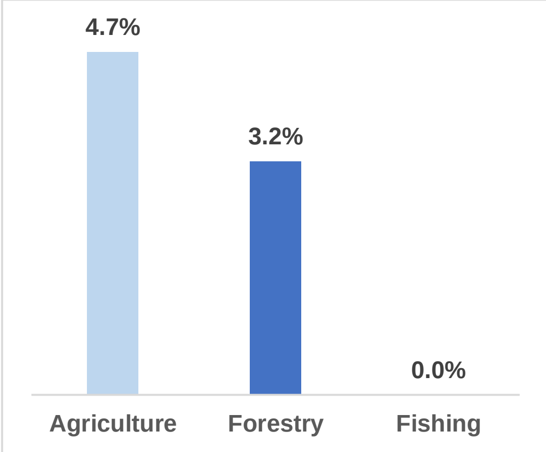


Figure 4-7: Agriculture Subsector Growth Rate (2018 - 2022)



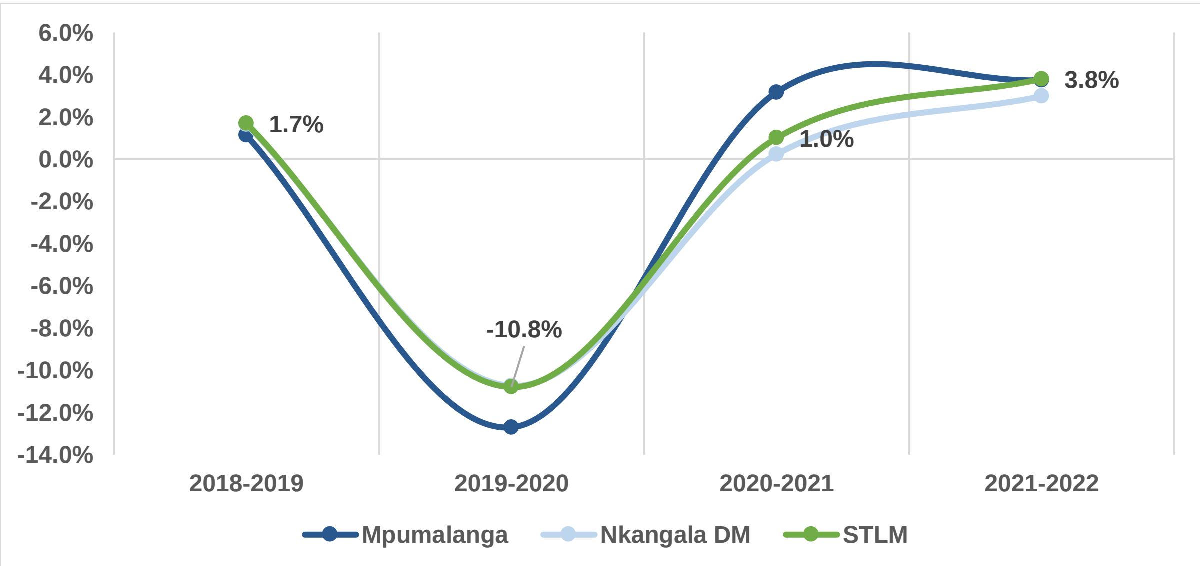
Source: Urban-Econ Calculations based on Quantec Research Database, 2023

The Figures above provide a breakdown of the subsectors classified under the agriculture, forestry and fisheries sector as well as their 5-year average growth rates. The fisheries subsector contributes 0.0% to the overall sector, with general agriculture contributing 97,0% and the forestry sector contributing 3,0% to the GVA of the sector.

4.3.2 Mining and Quarrying Sector

This sector includes the mining of minerals, quarrying of stone, the extraction of clay and sandpits, the extraction of fuels and gas, and service activities incidental to the mining of minerals.

Figure 4-8: Mining Sector GVA Growth, 2018 - 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

The data presented in Figure 4-8 clearly illustrates the significant downturn witnessed in the mining sector, which underwent a substantial negative growth rate of 10,8% between 2019 to 2020. This decline can be predominantly attributed to the unprecedented emergence of the COVID-19 pandemic, which consequently prompted the implementation of stringent measures and restrictions aimed at mitigating the rapid spread of the virus.

The imposition of these containment measures, particularly during the initial phase of lockdown Level-5, played a pivotal role in causing disruptions within the usual operational framework of the mining industry. This disruption, in turn, resulted in the unfortunate retrenchment of a considerable number of workers within the sector. The challenges were not solely confined to the realm of labour; rather, the entire mining supply chain experienced a state of upheaval due to the complexities introduced by the pandemic-related restrictions.

It is worth noting, however, that the inherent cyclical nature of economic trends began to manifest itself in the subsequent years. The mining sector, like many others, showcased its resilience and ability to rebound. As the global economic landscape gradually adjusted to the new normal, the mining industry embarked on a trajectory of recovery, gaining significant momentum leading up to 2022. During this period, the sector managed to achieve a growth rate of 3,8% between the years 2021 and 2022.

This resurgence can be attributed to a confluence of factors. The industry adeptly adapted to the prevailing conditions, implementing innovative approaches to ensure operational continuity while adhering to the essential health and safety protocols. Additionally, the gradual relaxation of restrictions, coupled with the increased demand for essential minerals and resources as economies regained their footing, collectively contributed to the positive growth trajectory of the mining sector.

While the negative impact was undeniable in the initial stages, the subsequent recovery serves as a testament to the industry's capacity for resilience and adaptability in the face of unprecedented adversity.

Figure 4-9: Mining Subsectors GVA Contribution, 2022

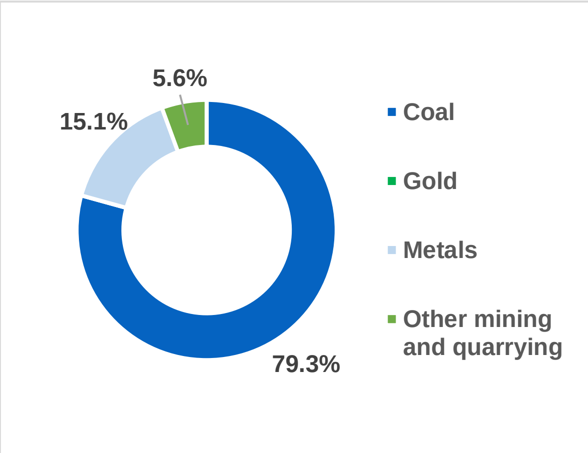
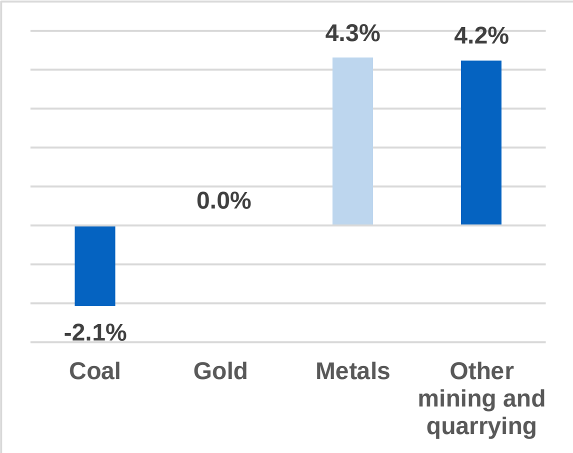


Figure 4-10: Mining Subsectors Growth Rate (2018 - 2022)



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

The Figures above provide a breakdown of the subsectors classified under the mining and quarrying sector as well as a 5-year average annual growth rates. Coal mining contributes 79,3% to the GVA, however the mineral realised a contraction of 2,1% between 2018 and 2022. Metal realised an average growth of 4,3% for the same period.

4.3.3 Manufacturing Sector

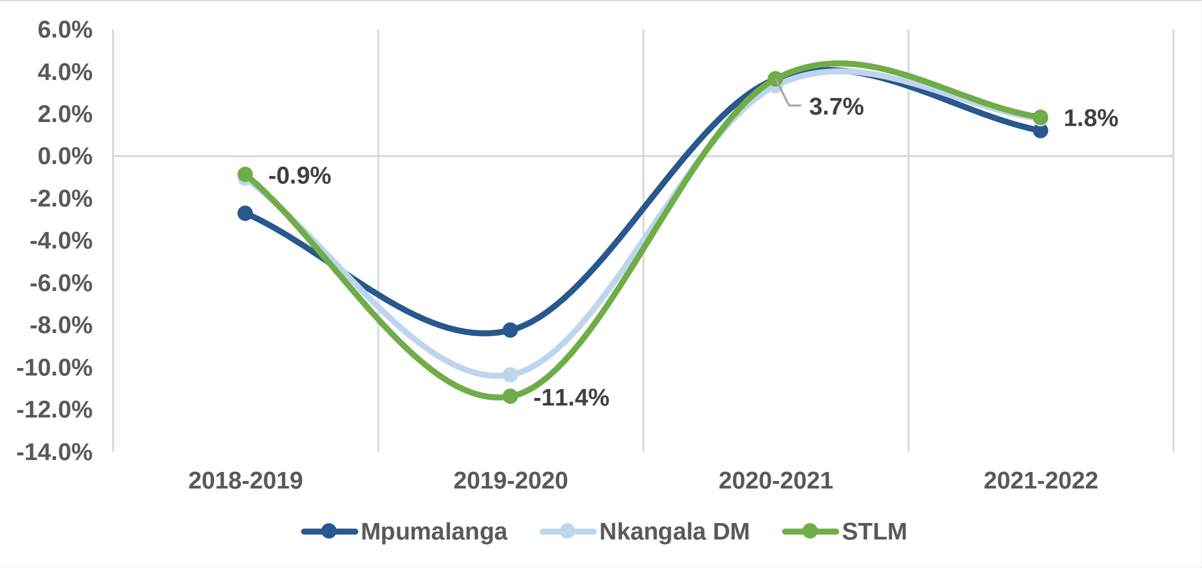
This sector includes the manufacturing of goods, products and beverages. It also comprises the production, processing and preservation of meat, fish, fruit, vegetable, oils and dairy products, grain mill, starches and tobacco products, textiles products, spinning, weaving and petroleum products and nuclear fuel.

The STLMs manufacturing sector experienced a significant decline of 11,4% from the year 2019 to 2020, a downturn primarily attributed to the far-reaching repercussions of the COVID-19 pandemic that rippled through economies worldwide. This contraction underscored the vulnerability of manufacturing industries in the face of unprecedented disruptions caused by the pandemic.

However, signs of resilience and recuperation emerged as the manufacturing sector within the STLM region embarked on a path to recovery. Between 2020 and 2021, there was a noteworthy rebound with a growth rate of 3,7%. This marked resurgence indicated the sector's capacity to adapt and rebound in the face of adversity, driven by a combination of factors such as strategic adjustments, supply chain stabilization, and pent-up demand finding its way back into the market.

Nonetheless, the subsequent years brought about a more tempered pace of growth. The momentum that characterised the initial recovery waned somewhat between 2021 and 2022, evidenced by a growth rate of 1,8%. This deceleration could be attributed to a variety of factors, including lingering uncertainties related to the pandemic, evolving consumer behaviour, and potential bottlenecks in the supply chain that hindered the manufacturing sector's ability to regain full pre-pandemic momentum.

Figure 4-11: Manufacturing Sector GVA Growth, 2018 – 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

In 2022, the main contributors to the manufacturing sector of the district was Basic Iron and Steel Products and Casting of Metal (17,7%) followed by Coke, Petroleum products and nuclear fuel (12,5%) and lastly by Machinery and Equipment (8,9%) as indicated in Figure 4-12 below. However, the subsectors have experienced a negative average annual growth rate as depicted in Figure 4-13.

Figure 4-12: Manufacturing Subsectors GVA Contribution, 2022

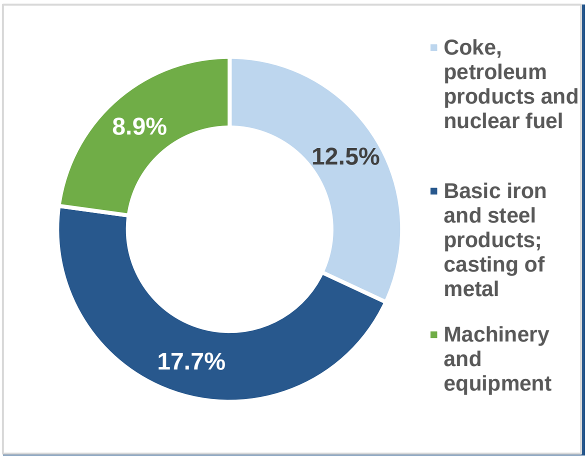
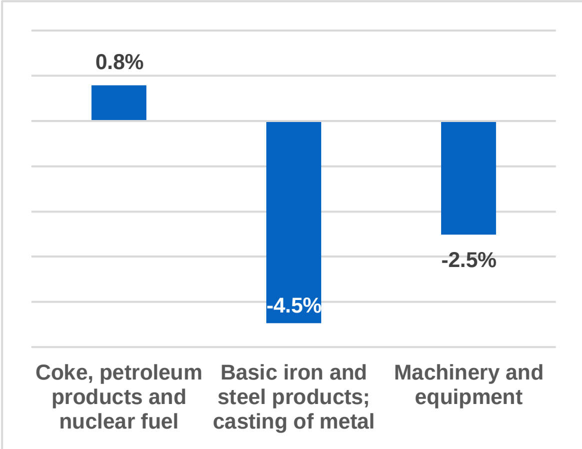


Figure 4-13: Manufacturing Subsectors Growth Rate (2018 - 2022)

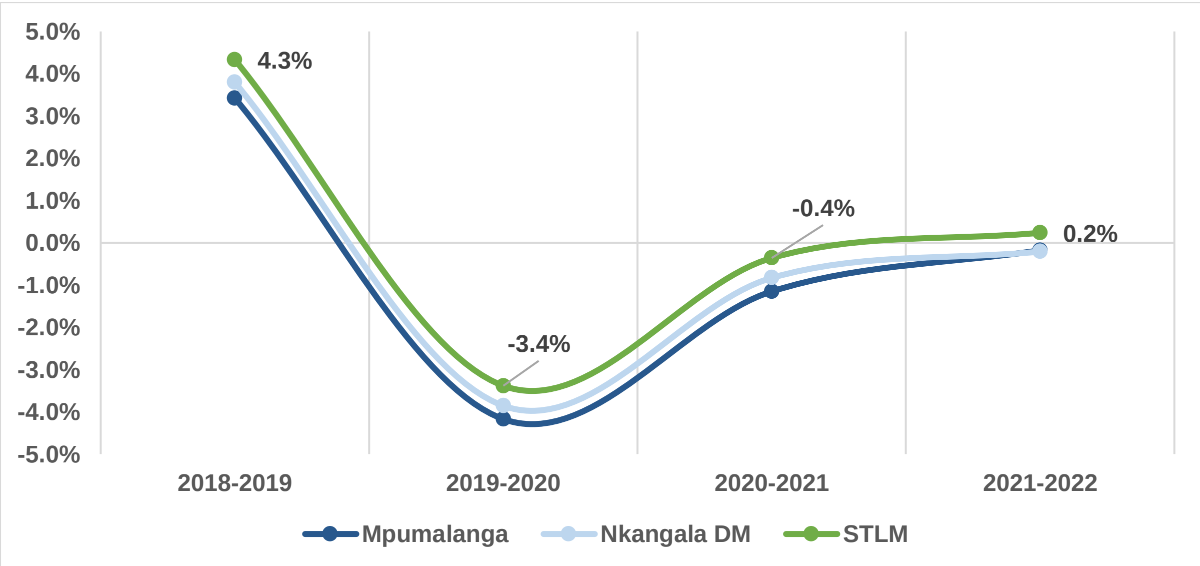


Source: Urban-Econ Calculations based on Quantec Research Database, 2023

4.3.4 Utilities Sector

This sector includes electricity, water, and gas. It comprises the production, collection and distribution of electricity, the manufacturing of gas, distribution of gaseous fuels through mains, and the supply of steam and hot water. This sector is of an infrastructural nature, and it provides a vital role in support and powering the entire spectrum of economic activities.

Figure 4-14: Utilities Sector GVA Growth, 2018 - 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

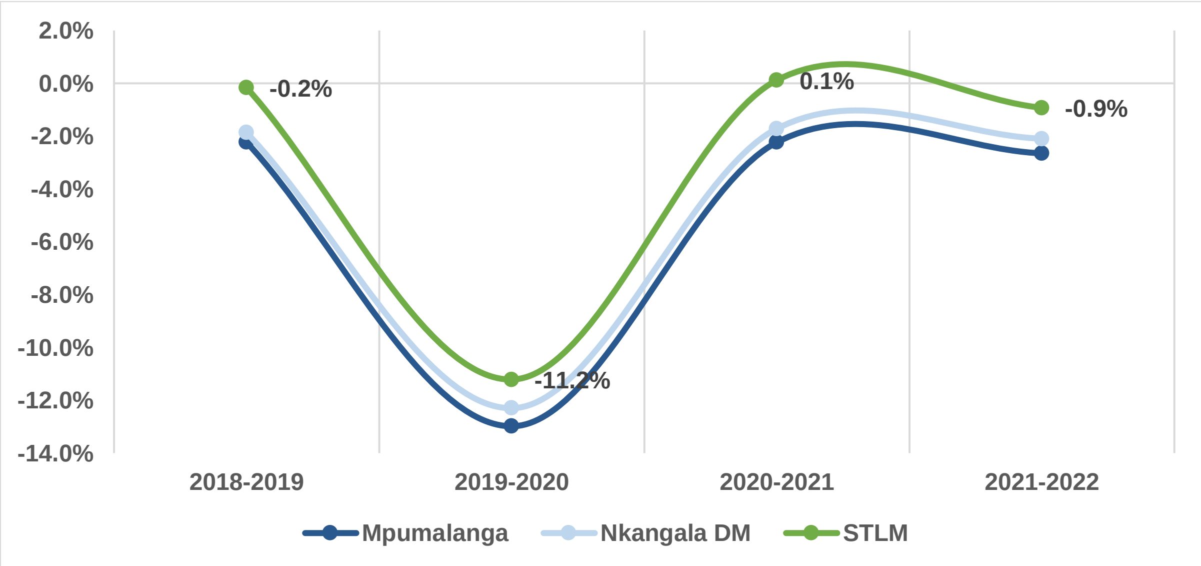
The data provided in Figure 4-14 makes it clear that the utilities sector underwent a notable contraction of 3,4% between 2019 to 2020. This contraction signified a substantial downturn in the sector's performance. Regrettably, this downward trend persisted, as evidenced by an additional contraction of 0,4% spanning the period between 2020 and 2021. This continuous decline underscores the persistent challenges faced by the utilities sector.

Furthermore, when we delve into the specific time frame between 2021 and 2020, we observe only a marginal and nearly stagnant growth. This sluggish growth pattern reveals that despite a slight uptick, the utilities sector struggled to regain its momentum during this interval. This sluggishness could be attributed to various factors, such as loadshedding, regulatory changes, market dynamics, or broader economic influences, which have collectively hindered the sector's ability to achieve more robust growth. In summary, the figure unmistakably illustrates a series of challenging years for the utilities sector. The initial substantial contraction followed by a continued decline and subsequently feeble growth highlights the sector's vulnerability to external forces and internal dynamics that have impeded its progress.

4.3.5 Construction Sector

The construction sector includes construction, site preparation, and the building of complete constructions, civil engineering, building installation and completion, and renting of equipment with operators. Figure 15 below indicates the construction sector's GVA growth.

Figure 4-15: Construction Sector GVA Growth, 2018 - 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

Between the years 2019 and 2020, the STLM experienced a notable contraction, with a negative growth rate of 11,2%. This decline in economic activity can be primarily attributed to the disruptive influence of the COVID-19 pandemic, which had profound implications for municipal revenue streams that were crucial for financing essential infrastructure programs. The pandemic's impact on the municipality's financial health was substantial, causing a considerable setback in its growth trajectory. The revenue streams that STLM heavily relied upon for sustaining and initiating various infrastructure projects were significantly compromised due to the pandemic's far-reaching effects. The resulting reduction in available funds had a direct and adverse effect on the municipality's ability to invest in projects that were vital for its long-term development.

Subsequent to the initial shock of the pandemic, the municipality's recovery has been gradual. However, it's important to note that the growth rate has been quite modest, registering only a slight uptick of 0,1% post-pandemic. While this marginal improvement signifies a stabilization of economic conditions and an end to the precipitous decline, it also underscores the challenges of achieving a robust rebound. The 0,1% growth rate suggests that the municipality has managed to prevent further deterioration, but it falls short of achieving the significant growth that characterized the pre-pandemic era.

In essence, the trajectory of STLM's economic performance reveals a two-fold narrative. Initially, the negative growth of 11,2% in the wake of COVID-19 showcased the severity of the pandemic's impact on the municipality's revenue streams, particularly those linked to financing infrastructure initiatives. Subsequently, the subsequent 0,1% growth underscores a stabilization of the situation, with the municipality managing to mitigate further declines. However, the lack of substantial growth post-pandemic underscores the formidable challenges in restoring economic vitality to levels seen prior to the global health crisis.

4.3.6 Trade and Accommodation Sector

The trade sector entails, wholesale and retail trade, personal and household goods, sales, maintenance and repair of motor vehicles, hotels and restaurants, and other provision of short-stay accommodation.

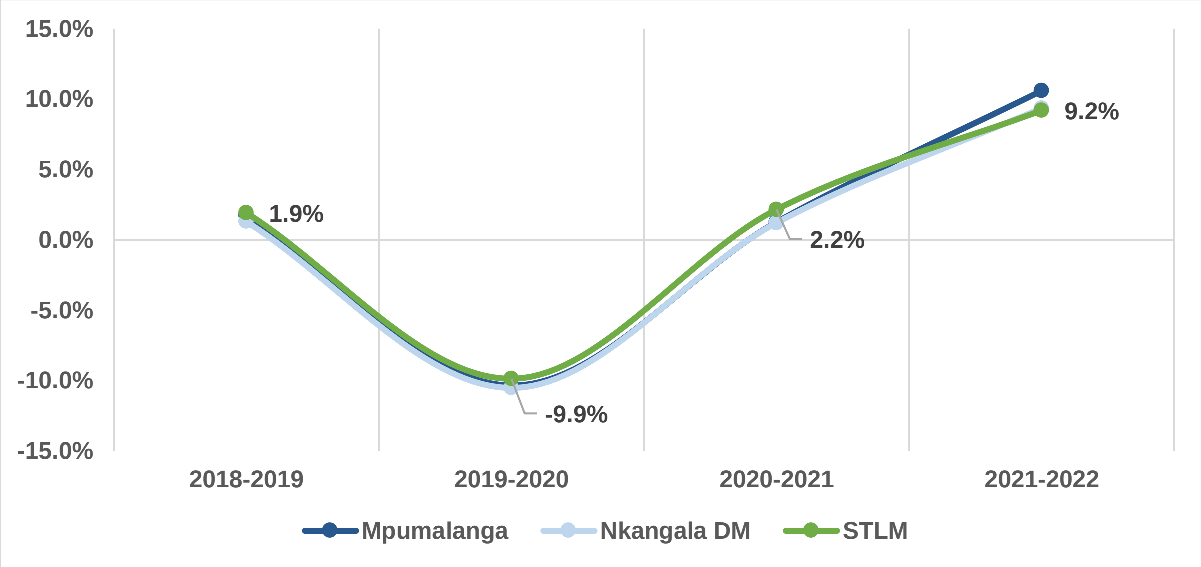
The data presented in Figure 4-16 illustrates the performance of the trade and accommodation sector in the STLM. It is evident from the graph that this sector underwent a significant contraction of 9,9% between 2019 to 2020. However, the subsequent years witnessed a commendable resurgence, with the sector rebounding impressively and achieving a growth rate of 9,2% by the year 2022.

This resurgence in growth signifies a noteworthy turnaround for the trade and accommodation sector in the STLM. Despite the challenges faced during the initial contraction, the sector displayed remarkable resilience and adaptability. The post-contraction period saw strategic efforts and initiatives that contributed to its remarkable recovery.

The recovery of the trade and accommodation sector is an encouraging indication of the region's economic resilience and its ability to respond effectively to adverse conditions. The 9,2% growth rate achieved by 2022 not only signifies the sector's capacity to regain lost ground but also underscores its potential for further expansion in the coming years.

The positive trajectory depicted in the data underscores the importance of effective economic policies, adaptive business strategies, and consumer confidence in driving the revival of a sector that plays a vital role in the overall economic landscape of the STLM. It also serves as a testament to the dedication and efforts of various stakeholders, including businesses, policymakers, and the community at large, in working collectively towards rejuvenating and sustaining the trade and accommodation sector's growth.

Figure 4-16: Trade and Accommodation Sector GVA Growth, 2018 - 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

In conclusion, the trade and accommodation sector's journey from a contraction of 9,9% in 2019-2020 to a robust growth rate of 9,2% in 2022 within the STLM exemplifies the resilience, adaptability, and collaborative spirit that contribute to the region's economic vitality. This positive trajectory stands as a promising harbinger for continued expansion and prosperity in the years ahead.

4.3.7 Transport and Storage Sector

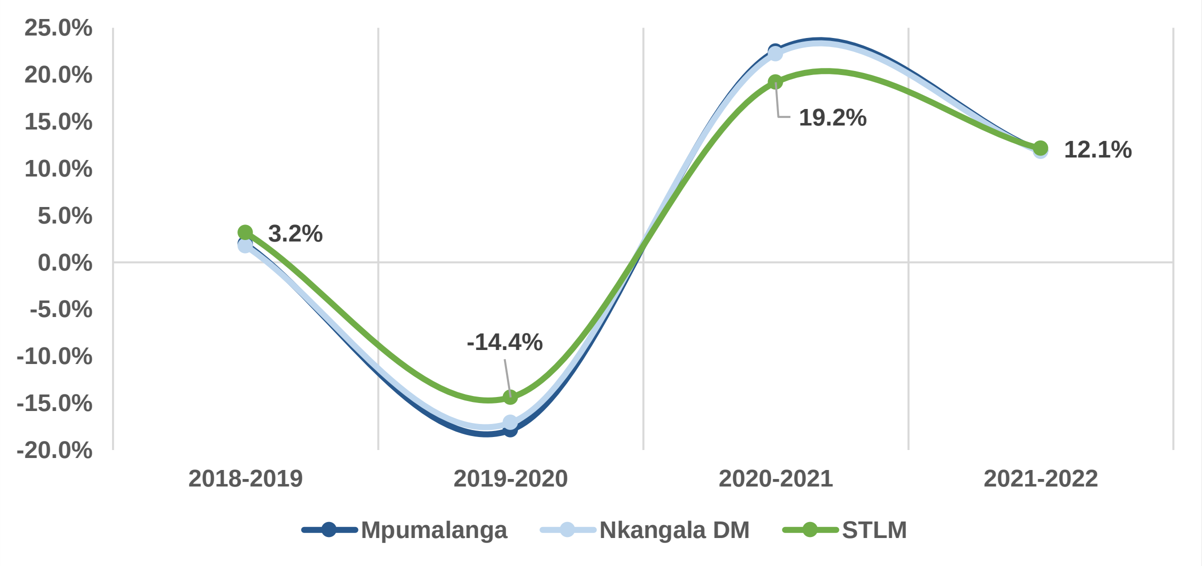
The transportation sector comprises land transport, road transport, water transport and transport via pipelines, air transport activities and supporting services, post and telecommunications, and courier activities and storage.

The transportation sector experienced a significant contraction of 14,4% between 2019 and 2020, as illustrated in the data presented in Figure 4-17. However, a positive trend of recovery has become evident, with the sector displaying a noteworthy growth rate of 12,1% leading up to the year 2022. This resurgence is indicative of the sector's resilience and adaptability. It is important to recognise that a robust and efficient transportation and road network plays a pivotal role in fostering an environment conducive to growth across various industries. The vitality of the transport sector cannot be overstated, as it forms the backbone of economic activities by facilitating the movement of goods, services, and people.

One of the linchpins for attracting investments and driving economic expansion lies in the quality of the transportation infrastructure. With commodities being dependent on seamless movement, it becomes imperative to prioritize the upkeep and enhancement of transportation facilities. The investment in maintenance and the development of proper infrastructure has a twofold benefit: not only do they invigorate the transportation sector itself, but they also exert a positive influence on the overall economic landscape of the district.

In this context, channelling resources towards the advancement of transportation infrastructure becomes an indispensable strategy. By ensuring that roads, highways, railways, and logistical networks are well-maintained and up to modern standards, the STLM can position itself as an attractive hub for potential investors. This draws attention to the interconnected nature of economic growth, where a well-functioning transport sector acts as a catalyst for various other industries.

Figure 4-17: Transport, Storage and Communication Sector GVA Growth, 2018 - 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

To realise the full potential of this virtuous cycle, it is paramount for policymakers and stakeholders to collaborate in crafting a comprehensive strategy that places the transport sector at the forefront. By focusing on the ongoing enhancement of transportation capabilities, the STLM can bolster its competitiveness on both district and provincial scales. Thus, nurturing a conducive environment for the growth of the transportation sector not only ensures its own vitality but also sets the stage for a thriving economic ecosystem as a whole.

4.3.8 Finance and Business Services Sector

This sector includes financial intermediaries, insurance and pension funding, real estate activities, renting of transport equipment, computer and related activities, research and development, legal, bookkeeping and auditing activities, architectural, engineering and other technical activities, and business activities not classified elsewhere.

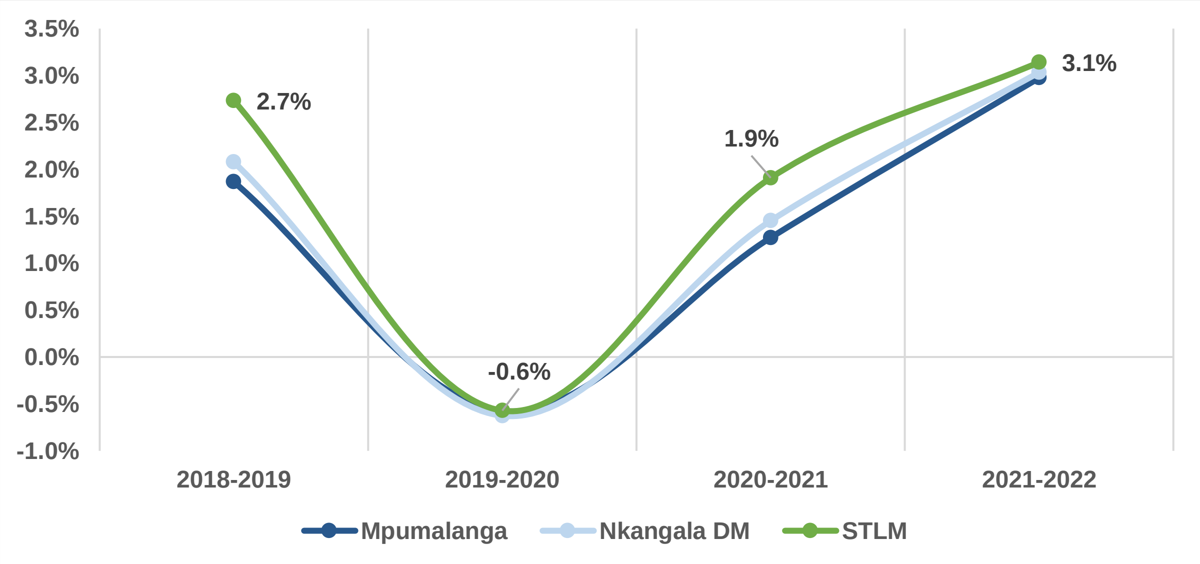
The financial services sector holds a significant position as one of the leading driving forces behind the economic growth of the STLM. Nonetheless, this crucial sector faced a notable downturn attributable to the widespread impact of the COVID-19 pandemic, a trend evident in the data presented in Figure 4-18. During the period spanning 2019 to 2020, the municipality grappled with a contraction in its financial services, reflecting the broader economic challenges posed by the pandemic.

In a promising turn of events, the subsequent years, from 2020 to 2022, witnessed a commendable resurgence in growth within the financial domain.

This revival can be attributed to various factors, including adaptive strategies adopted by financial institutions, technological advancements, and an overall upturn in economic conditions. The prosperity of the finance sector in the STLM area is of paramount importance for a multitude of reasons. Notably, it plays a pivotal role in facilitating access to vital funding and loans that are instrumental for the sustenance and expansion of businesses. As enterprises secure the necessary financial resources, they are empowered to invest in innovation, expand operations, and explore new avenues for growth. This, in turn, fosters a conducive environment for the creation of employment opportunities within the STLM community.

Furthermore, the financial services sector does not solely contribute to job creation; it also fosters a network of interconnected economic activities. The vitality of this sector resonates through various industries, serving as a catalyst for economic diversification and resilience. As businesses flourish and entrepreneurs are supported in their endeavours, a ripple effect permeates throughout the municipality, nurturing a dynamic ecosystem of economic development.

Figure 4-18: Finance Sector GVA Growth, 2018 - 2022



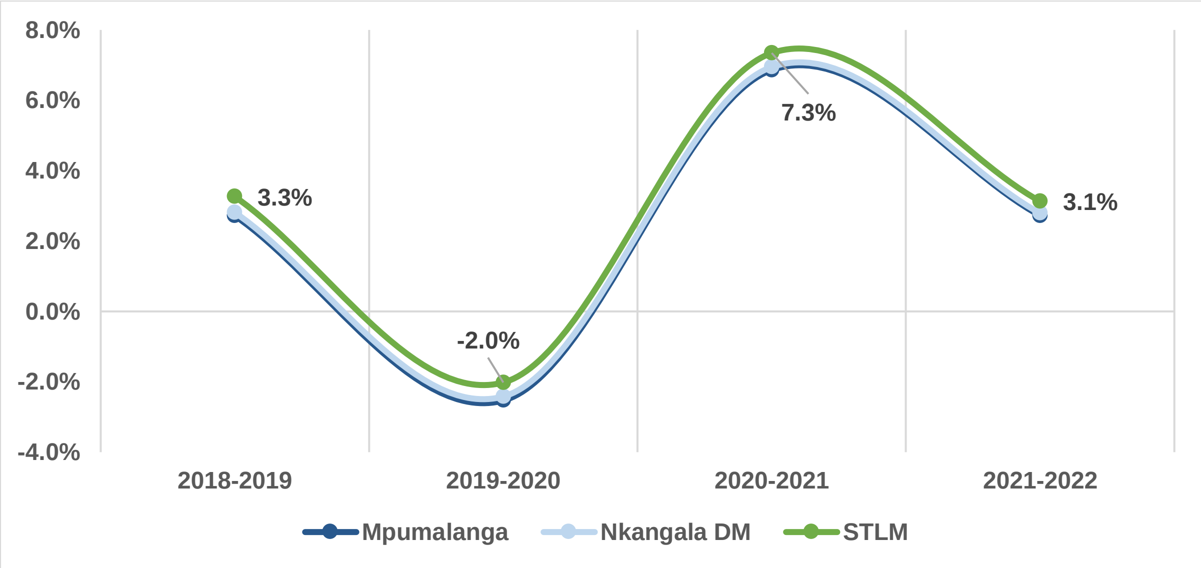
Source: Urban-Econ Calculations based on Quantec Research Database, 2023

In conclusion, while the financial services sector experienced a temporary setback during the COVID-19 pandemic, the subsequent years demonstrated a commendable resurgence in growth. This sector's role in facilitating access to funds for businesses, and consequently job creation, underscores its indispensable significance in driving economic prosperity within the STLM. The interplay between the finance sector and the broader economy exemplifies its pivotal contribution to not only monetary circulation but also to the overall vibrancy and sustainability of the local community.

4.3.9 Community Services Sector

This sector comprises of community, social and personal services. It includes all services of a non-governmental nature. Therefore, it includes activities of membership and professional organisations, trade unions, recreational organisations, entertainment and news provider and libraries.

Figure 4-19: Community Services Sector GVA Growth, 2018 - 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

The landscape of community services bore the brunt of the adverse impacts stemming from the emergence of COVID-19 and the subsequent enforcement of restrictive measures. This was particularly evident in the case of community, social, and personal services that inherently rely on physical presence and interpersonal interactions, which often cannot be adequately replicated through virtual means. The shift to remote or virtual platforms proved challenging for these sectors, as their very essence is deeply rooted in face-to-face engagement.

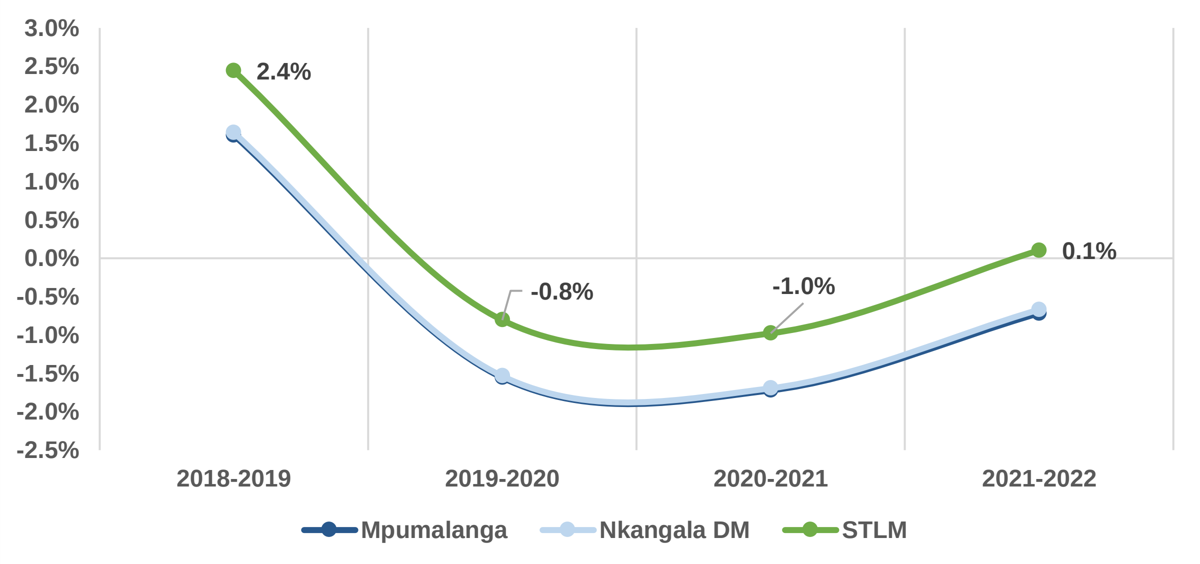
Looking beyond the pandemic era, it becomes evident that fostering an environment conducive to the revival of communities is imperative. This entails creating the necessary conditions that empower communities to regain their vibrancy and functionality in the aftermath of the COVID-19 disruption. The notion of an enabling environment encompasses the removal of barriers, the provision of resources, and the implementation of strategies that collectively serve to facilitate the reinvigoration of community-driven activities.

Remarkably, in the wake of the pandemic, the community services sector has displayed a commendable resilience and an impressive capacity for recovery. This recovery trajectory is further underscored by the sustained and robust growth trends that continue to characterise this industry. Despite the challenges posed by the pandemic, the sector has managed not only to rebound but also to exhibit clear indicators of expansion and progress.

4.3.10 Government Services Sector

This sector includes national, provincial, and local government. The government sector comprises public administration and defence, compulsory social security, administration of the state and social policy of the economy, foreign affairs, public order and safety, education, health and social work.

Figure 4-20: Government Services Sector GVA Growth, 2018 - 2022



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

Between 2019 and 2020, the government services sector experienced a significant contraction primarily attributed to the heightened strain placed on government funding and resources amidst the unprecedented challenges posed by the COVID-19 pandemic. This critical period saw a substantial reduction in the sector's capacity to operate optimally, largely due to the urgent redirection of funds and efforts to address the pressing healthcare and socioeconomic needs arising from the pandemic.

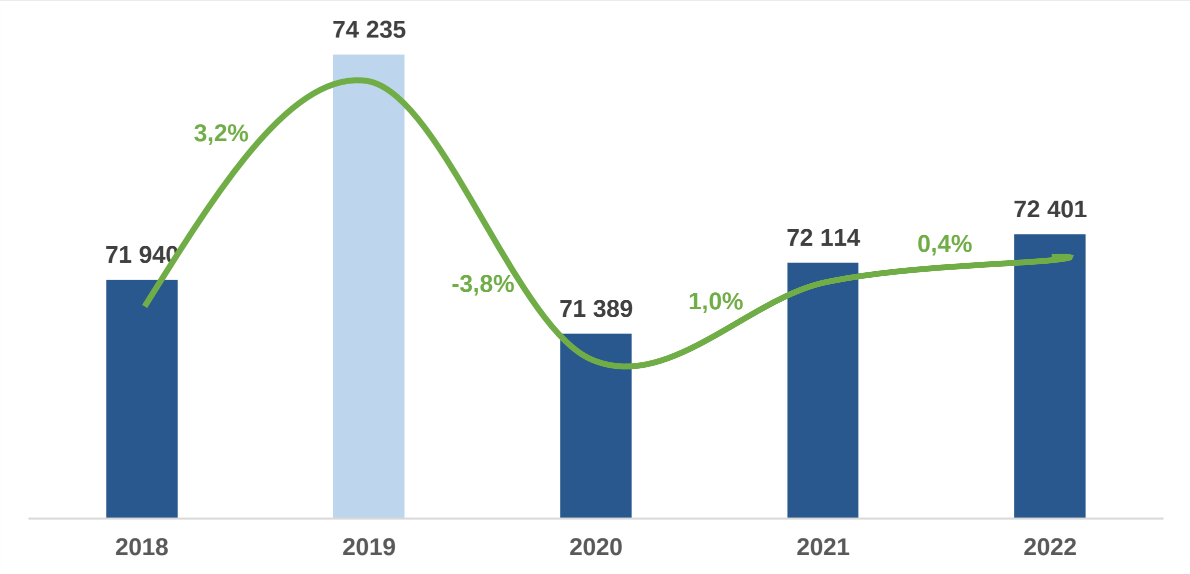
Since the onset of 2020, the recovery journey for the government services sector has been marked by persistent struggles, with a conspicuous lack of the robust growth rates observed prior to the pandemic. The period preceding the global health crisis had already indicated a state of relatively subdued expansion within the sector, making the subsequent recovery endeavours even more challenging. It is essential to recognise the pivotal role that government investments play in steering the trajectory of economic development. Consequently, the services offered by the government sector should be crafted and directed in a manner that consistently places emphasis on enticing investments to flow into STLM. By fostering an environment that is conducive to attracting investments, local authorities can stimulate economic growth, generate employment opportunities, and enhance the overall quality of life for residents.

Strategic planning and resource allocation should be geared towards initiatives that create a favourable investment climate. Streamlining bureaucratic procedures, implementing transparent regulatory frameworks, and offering targeted incentives are just a few of the multifaceted strategies that can be employed to catalyse increased investment inflow. By proactively engaging with potential investors and showcasing the unique potential of the local area, government services can evolve into a dynamic catalyst for economic revitalisation.

4.4 Formal Employment

This subsection will focus on the formal employment in STLM. Figure 4-21 below illustrates the changes in formal employment in STLM over a 5-year period 2018 and 2022.

Figure 4-21: Formal Employment in STLM (2018 - 2022)



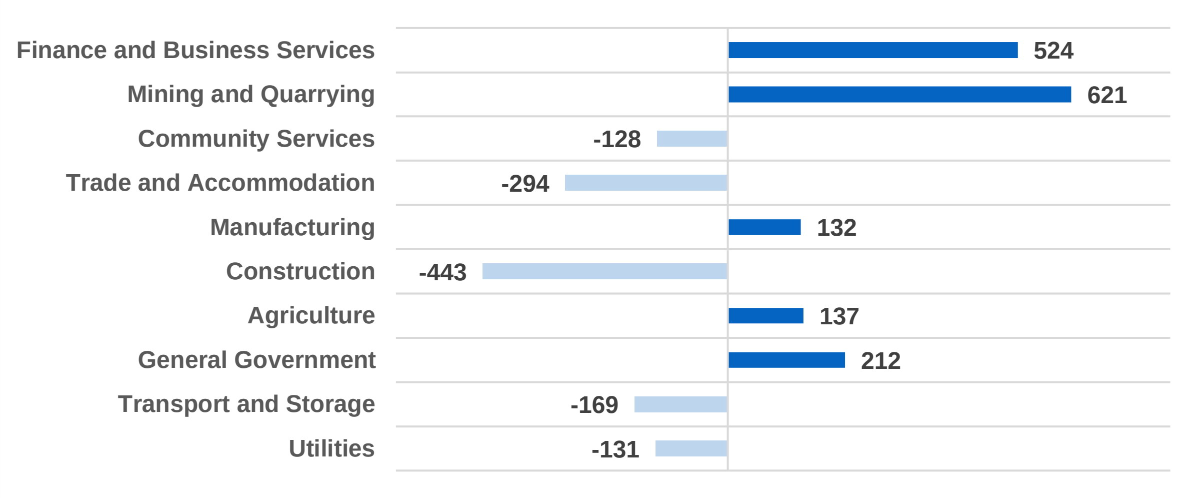
Source: Urban-Econ Calculations based on Quantec Research Database, 2023

The year 2020 witnessed a significant decline in formal employment, with a reduction of 2 846 jobs, reflecting a substantial decrease of 3,8% compared to the preceding year, 2019. This drop can be attributed to the far-reaching impact of the COVID-19 pandemic, which led to widespread job losses during the enforced lockdown period. Particularly noteworthy is the situation that transpired during the national lockdown level five, a phase characterised by stringent governmental measures that curtailed various economic activities. These measures were implemented in an effort to curb the escalating tally of COVID-19 infections.

In the aftermath of the pandemic, there has been a discernible trend of job recovery, albeit at a gradual pace. It is important to acknowledge, however, that the journey to complete recuperation of formal employment to its pre-pandemic levels remains considerably challenging and extended.

The data presented in Figure 4-22 depicts alterations in sectoral employment between 2018 to 2022 for the STLM. The illustration underscores the ongoing challenges that certain sectors are grappling with in terms of employment opportunities, stemming from the lingering impacts of the COVID-19 pandemic. Sectors like community services, trade and accommodation, construction, transport, storage, communication, and utilities are persistently experiencing declines in employment since 2018. On a positive note, the mining and quarrying sector has demonstrated the most substantial job creation during the period under review, generating a total of 621 jobs. Following closely behind is the finance and business services sector, which contributed 524 new jobs.

Figure 4-22: Change is Sectoral Employment (2018 - 2022)



Source: Urban-Econ Calculations based on Quantec Research Database, 2023

4.5 Level of Concentration – Tress Index

The Tress Index is a measurement of a region's economic diversification. If the index is zero it indicates that the region's economy is completely diversified, but the closer the index moves to 100 that shows the economy is much more vulnerable to exogenous factors such as climatic conditions and price fluctuations, and that the economy is considered to be more concentrated.

Table 4-2: STLM Tress Index

Sector	Contribution (%)	Weight	Weighted Value
Agriculture	2,5%	1	2,5
Mining and Quarrying	28,5%	10	284,7
Manufacturing	21,3%	9	191,9
Utilities	9,2%	7	64,6
Construction	3,7%	3	11,2
Trade and Accommodation	8,1%	6	48,3
Transport and Storage	6,0%	5	30,1
Finance and Business Services	13,0%	8	104,3
Community Services	4,7%	4	18,9
Government Services	2,9%	2	5,9
Total	100%		762,3
Tress Index			**65,6**

Clearly indicated in Table 4-2 is the notable vulnerability of the STLM's economy, as denoted by an index value that is proximate to 100 rather than 1. This index value specifically stands at 65.6, underscoring the susceptibility of the municipality's economy to external influences encompassing global pandemics, fluctuations in prices, and climatic variations. In light of these circumstances, it is imperative for the STLM to concentrate its efforts on broadening the scope of its economic activities. By doing so, the municipality can strive towards establishing an economy that is not only more resilient but also sustainable, thus ensuring stability during times of economic and environmental adversity.

4.6 Comparative Advantages

This subsection aims at revealing the sectors in the local municipal economy that have a comparative advantage. In the case of a competitive advantage the definition stems from the possession of a unique set of various assets (includes natural resources, human resources, locational advantages etc.) what gives the area/region a competitive edge over other areas.

To have a comparative advantage means that this economy has the ability to render or produce a product or service more effectively and efficiently, than its counterparts. This section covers the comparative advantages of the STLM. The element that determines the comparative advantage of a region is the Location Quotient (LQ) this is used mainly to determine the levels of concentration within the study area. The industry groups that dominate a specific area will have a higher LQ and vice versa.

The calculation used to determine the Location Quotient (LQ) in this analysis is as follows:

$$LQ = \frac{\%\,(Local\ Employment\ in\ Industry/Total\ Local\ Employment)}{\%(\boldsymbol{Provincial\ Employment\ in\ Industry/Total\ Provincial\ Employment})}$$

Table 4-3: Location Quotient Interpretation

LQ	Label	Interpretation
Less than 0.75	Low	Local needs are not being met by the resident sector. The region is importing goods and services in this particular sector.
0.75 - 1.24	Medium	Most of local needs are being met by the resident sector. The region is both importing and exporting goods and services in the sector.
1.24 - 5.00	High	The sector is serving needs beyond the sector, exporting goods and services from this sector.
More than 5.00	High	This is an indication of a very high level of local dependence on a sector, typically a “single-industry” community.

4.6.1 STLM Critical Sectors for Investment

The offices of STLMs are located in Middelburg, a pivotal economic hub within Mpumalanga. Serving as a strategic intermediary point between Lydenburg and Pretoria, this location conveniently facilitates connections to Richards Bay and Mozambique. As indicated by the economic assessment provided earlier, STLM makes a substantial 28,0% contribution to the economic vitality of Nkangala DM. Notably, the domains of mining, quarrying, and manufacturing play indispensable roles in STLM's operations. This significance is particularly emphasized in Middelburg, renowned as the continent's Stainless-Steel Capital (SA-Venues, 2023).

Table 4-4 below shows the LQ of STLM per sector:

Table 4-4: STLM – LQ

Sector	Location Quotient	Label
Agriculture	0,42	Low
Mining and Quarrying	**2,15**	**High**
Manufacturing	**1,41**	**High**

Sector	Location Quotient	Label
Utilities	**2,08**	**High**
Construction	1,08	Medium
Trade and Accommodation	0,67	Low
Transport and Storage	0,70	Low
Finance and Business Services	1,12	Medium
General Government	1,10	Medium
Community and Personal Services	0,85	Medium

4.6.1.1 Mining and Quarrying

Mining and quarrying have emerged as robust economic sectors within the STLM for several compelling reasons. One of the key factors contributing to the strength of these sectors is the municipality's geologically endowed landscape. The region is rich in valuable mineral resources such as coal, chrome, and other minerals, which naturally attract mining and quarrying activities. Additionally, the strategic geographical location of STLM plays a pivotal role. Situated as a midpoint between Lydenburg and Pretoria, the municipality offers convenient access to major transportation routes, including connections to the ports of Richards Bay and Mozambique. This advantageous location facilitates efficient export and distribution of mined resources, enhancing the economic viability of the mining and quarrying sectors.

Moreover, the expertise and infrastructure established over time have nurtured a conducive environment for these industries to thrive. The municipality has invested in developing necessary infrastructure, such as transport networks, energy supply, and logistical facilities, that cater to the unique needs of mining and quarrying operations. This proactive approach by local authorities has attracted mining companies and related enterprises, further solidifying the sectors' prominence.

Furthermore, the recognition of Middelburg as the Stainless-Steel Capital of Africa highlights the specialization in metal-related industries. This specialization, in turn, fuels demand for raw materials sourced from mining and quarrying activities. Lastly, the economic analysis revealing STLM's substantial contribution of 28.0% to the Nkangala District Municipality's economy underscores the pivotal role that mining and quarrying play in generating revenue, providing employment opportunities, and fostering overall economic growth within the municipality.

In summary, the geological richness, strategic location, supportive infrastructure, and specialized industries collectively contribute to making mining and quarrying strong economic sectors within the STLM.

4.6.1.2 Manufacturing

Manufacturing stands as a key economic sector within the STLM for multiple reasons. The STLM's specialization in stainless steel manufacturing, earning it the moniker "Stainless-Steel Capital of Africa," underscores its expertise and capability in this domain. This specialization has attracted a cluster of related industries and businesses, creating a synergistic ecosystem that fosters innovation, collaboration, and growth. The availability of essential resources like skilled labour, raw materials, and infrastructure also bolsters the manufacturing sector's prominence.

Middelburg's history and legacy in the mining and metallurgical sectors have fostered a skilled workforce that can seamlessly transition into advanced manufacturing processes. Government incentives, policies, and supportive regulatory frameworks at the municipal and provincial levels further promote manufacturing growth. The STLM's commitment to fostering a conducive business environment, along with streamlined procedures and investment-friendly policies, has encouraged both domestic and foreign investors to establish and expand manufacturing operations within the municipality.

Overall, the convergence of strategic location, specialized expertise, resource availability, and supportive governance has propelled manufacturing to be a formidable economic pillar in the STLM, driving job creation, industrial diversification, and sustainable economic development.

4.6.1.3 Utilities

The Electricity, Gas, and Water sector holds a prominent position as a robust economic sector within the STLM. First and foremost, the sector plays a fundamental role in providing essential services that are critical for both residential and industrial activities. Electricity, gas, and water are indispensable resources required for daily life, manufacturing processes, commercial ventures, and various other economic endeavours.

Furthermore, the availability and reliability of electricity, gas, and water infrastructure are key determinants in attracting and sustaining business investments. Modern industries and businesses heavily rely on these utilities to operate efficiently and maintain productivity. A well-developed and consistent supply of these resources contributes to a favourable business environment, which in turn promotes economic growth and job creation. In addition, the prudent management and expansion of the Electricity, Gas, and Water sector can lead to technological advancements and innovation. For instance, embracing renewable energy sources and sustainable practices in electricity generation and water management can not only bolster economic activities but also align with global trends towards environmental responsibility.

Moreover, the revenue generated from the sector through utility bills, tariffs, and fees can significantly contribute to the local municipality's revenue stream. This financial influx can then be channelled into various development projects, public services, and infrastructure improvements that further stimulate economic progress within the municipality.

In essence, the Electricity, Gas, and Water sector's strength in the STLM is a result of its indispensable role in supporting daily life, fostering a conducive business environment, encouraging innovation, and generating revenue that fuels local development.

4.6.1.4 Main Economic Sector’s Dependence on Electricity

The coal-reliant mining, manufacturing, and utilities sectors have a significant dependence on both coal resources and the state-owned power utility, Eskom. Currently, Eskom's power stations are undergoing a transformation process as part of the JET initiative. This transition is of particular concern to the aforementioned sectors as it directly affects their operational strategies and long-term sustainability.

The JET initiative aims to shift the energy landscape from traditional fossil fuels, like coal, to more sustainable and environmentally friendly sources. This transition will likely pose challenges to the mining, manufacturing, and utilities sectors, which have historically relied heavily on coal-powered energy sources provided by Eskom. The changes in power generation and supply could impact their established operational models and potentially disrupt their continuity. Nonetheless, the JET initiative also presents an opportunity for the integration of renewable energy sources that will play a crucial role in ensuring the continued success of the primary sectors in STLM. Among these renewable energy sources, solar and wind energy projects, particularly in Mpumalanga, hold immense significance. These projects will become pivotal in meeting the growing electricity demands of the robust economic sectors present in the municipality.

The emergence of solar and wind energy projects will not only address the energy needs but also trigger substantial positive effects on the local economy and job market within the STLM. The establishment, maintenance, and operation of these projects will create employment opportunities across various skill levels, contributing to enhanced economic development in the region. Moreover, the adoption of renewable energy sources adds a layer of diversification to the STLM's electricity network. Relying on a mix of energy sources, including renewables, can enhance the reliability and resilience of the electricity supply. This diversification can mitigate the potential risks associated with over-reliance on a single energy source, thus ensuring a more stable energy provision for both the primary sectors and the broader population.

In summary, the coal and Eskom-dependent sectors are facing a transformative period through the JET initiative. Although these changes might initially pose concerns, the shift towards renewable energy, particularly solar and wind projects, offers a promising pathway for sustaining energy supply, supporting economic growth, generating employment, and fortifying the electricity network's stability within the STLM.

4.6.1.5 Agriculture

The changing economic landscape within the STLM has prompted a revaluation of its economic contributors. While historically, other sectors might have been dominant, there is now a growing realization of the untapped potential within the agriculture sector. This recognition is driven by the need to diversify economic activities and reduce over-dependence on specific industries, which can lead to vulnerability in times of economic fluctuations. Investing in the agriculture sector is expected to yield significant economic benefits for the STLM. Agriculture has a broad value chain that includes farming, processing, distribution, and retail. Each of these stages presents opportunities for revenue generation and job creation. By bolstering agriculture, the municipality can harness these different stages to boost economic growth and reduce unemployment rates.

One of the noteworthy aspects of this shift is the potential for intensive and commercial agriculture. Intensive agriculture involves maximizing production per unit of land, often through advanced techniques and technologies.

Commercial agriculture focuses on producing crops and livestock for sale, targeting broader markets. These approaches have the potential to create a surplus of agricultural products that can feed into other sectors of the economy. In this context, the mention of agro-processing is significant. Agro-processing involves transforming raw agricultural products into value-added goods. This aligns with the manufacturing sector, as it entails processing, packaging, and refining agricultural output. By emphasizing agro-processing, the municipality can tap into the manufacturing sector's capabilities, enhancing the value of agricultural products and contributing to economic growth.

Moreover, this approach aligns with sustainability goals. Diversifying economic activities to include agriculture can reduce the environmental impact of a heavily industrialised economy. Sustainable agricultural practices can promote soil health, water conservation, and biodiversity preservation.

In conclusion, the agriculture sector's increasing role in the STLM's economy stems from the need to alleviate pressure on existing economic contributors. By investing in this sector, the municipality can unlock economic benefits and employment opportunities. The focus on intensive and commercial agriculture, coupled with agro-processing, holds potential not only for the agriculture sector's enhancement but also for bolstering the performance and sustainability of the manufacturing sector.

4.6.1.6 Tourism

Expanding the tourism sector within the STLM is crucial for diversifying the local economy, creating job opportunities, and promoting cultural preservation while fostering community development and growth. Exploiting the tourism sector in the STLM would involve strategically harnessing its natural, cultural, and historical assets to attract visitors, stimulate economic growth, and enhance the overall quality of life for residents. Here are some steps and strategies that could be considered:

- **Asset Identification and Development:** Identify and assess the municipality's unique attractions, such as natural landscapes, wildlife, historical sites, cultural events, and local traditions. Develop these assets to create compelling and authentic tourism experiences.
- **Infrastructure and Accessibility:** Improve transportation, accommodation, and other essential infrastructure to make the municipality more accessible and comfortable for tourists. This might involve upgrading roads, developing public transportation options, and expanding lodging facilities.
- **Local Engagement and Empowerment:** Involve the local community in tourism development plans. Engage residents in showcasing their culture and heritage and empower them to participate in tourism-related businesses like local crafts, guided tours, and traditional performances.

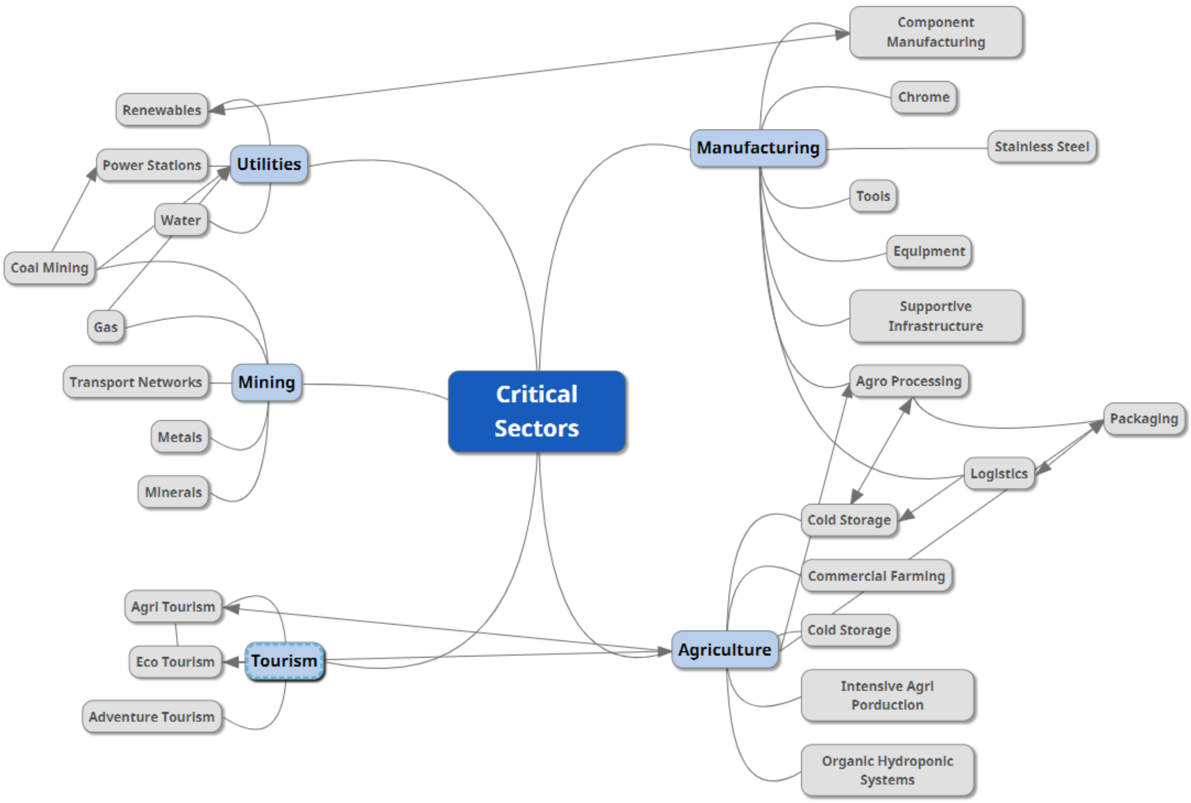
- **Cultural and Heritage Tourism:** Promote and preserve the municipality's cultural heritage. Establish cultural centres, museums, and heritage trails that educate visitors about the area's history, traditions, and local way of life.
- **Nature and Adventure Tourism:** Capitalise on the municipality's natural beauty by offering outdoor activities such as hiking, bird-watching, camping, and adventure sports. Develop eco-friendly tourism practices to ensure the sustainability of natural resources.
- **Events and Festivals:** Organise regular events, festivals, and cultural celebrations that showcase the municipality's unique identity. These events can attract visitors and inject funds into the local economy.
- **Marketing and Promotion:** Develop a strong online and offline presence to market the municipality's tourism offerings. Utilise social media, websites, travel guides, and partnerships with travel agencies to attract a wider audience.
- **Training and Skill Development:** Invest in training programs for local residents to enhance their hospitality, language, and guiding skills. Well-trained staff can provide better experiences for tourists and contribute to positive word-of-mouth marketing.
- **Sustainable Practices:** Prioritise sustainable tourism practices to ensure that the natural environment and local culture are preserved for future generations. Implement waste management, energy conservation, and responsible tourism guidelines.
- **Collaboration and Partnerships:** Collaborate with regional tourism bodies, neighbouring municipalities, and private sector stakeholders to pool resources, share knowledge, and collectively promote the region.
- **Visitor Information Centres:** Set up visitor information centres at key entry points to provide tourists with maps, brochures, and assistance. These centres can also be hubs for promoting local attractions and events.
- **Feedback and Continuous Improvement:** Gather feedback from tourists to understand their experiences and areas for improvement. Continuous refinement of offerings based on this feedback can enhance visitor satisfaction.
- **Investment Incentives:** Offer incentives for private investors to develop tourism-related infrastructure and services, such as hotels, restaurants, and recreational facilities.
- **Collaboration with Educational Institutions:** Partner with local universities and colleges to conduct research, offer training, and promote educational tourism initiatives that showcase the area's unique features.

By strategically implementing these steps, the STLM can tap into its tourism potential, create sustainable economic growth, and enhance the overall appeal of the region to both tourists and residents.

4.6.2 STLM Critical Sectors and Opportunities

The diagram below visually represents the key sectors operating within the STLM, shedding light on the pivotal sectors that drive the municipality’s economic landscape. Additionally, the diagram highlights the diverse range of opportunities inherent to each of these sectors, showcasing the potential areas for growth, development, and progress within the STLM.

Diagram 4-1: STLM Critical Sectors and Opportunities



4.7 Synopsis

The economic trajectory of STLM has experienced fluctuations throughout the five-year period (2018 to 2022), as highlighted earlier. The region's economic landscape is primarily shaped by pivotal sectors including mining, manufacturing, and finance and business services, which fundamentally define the utilization patterns of the land within the area. It is important for the municipality to adapt to renewable energy as this will ensure sustainability in the leading sectors. Other sectors that would improve economic diversification in the municipality is the agriculture sector as well as the tourism sector, which has the capacity to expanded.

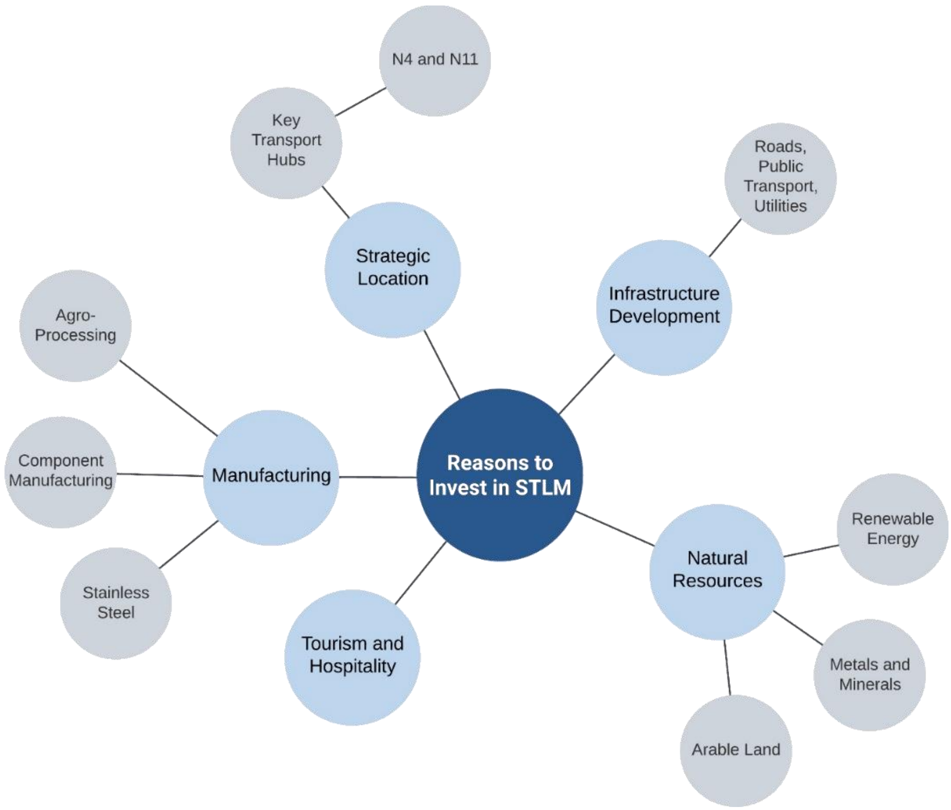
The emergence of the COVID-19 pandemic has inflicted severe repercussions upon the economy of STLM. The outbreak, coupled with the consequential measures implemented to contain the virus's spread, has reverberated profoundly across all levels of the economic framework. Consequently, the economy of STLM underwent a contraction of 7,8% in the year 2020. Across the above-mentioned span of five years, from 2018 to 2022, the average annual GVA growth rate of STLM displayed a negative trajectory, at a rate of 0,04%. This underscores the urgent necessity to invigorate the economy through strategic investment interventions, which would serve as a vital avenue for fostering post-COVID-19 economic recuperation. These indices stand as compelling indicators mandating the imperative to stimulate the economic landscape.

STLM possesses a distinct competitive edge within the domains of mining, manufacturing, and utilities in comparison to other industries within the province. This reality declares a comprehensive exploration for growth through strategies such as industrialization, localization, and the promotion of exports. These efforts would not only facilitate the flourishing and expansion of businesses but also cultivate an environment conducive to their prosperity. Given the substantial impact endured by these sectors as a result of the pandemic, it becomes crucial to channel support and initiatives towards nurturing the resurgence and expansion of these predominant sectors.

5 Reasons to Invest in STLM

Directing investments towards the STLM stands as a crucial factor in nurturing expansion and tackling the economic developmental hurdles faced by these regions. By capitalizing on investment prospects, the result will be the emergence of new job offerings, the cultivation of proficient and resourceful (skilled) communities and address general economic development concerns. Diagram 5-1 below indicates reasons to invest in STLM.

Diagram 5-1: Reasons to Invest in STLM



5.1 STLM Investment Opportunities

This subsection emphasizes the resources, products, and services that the municipality aims to provide within the STLM area. There are significant investment prospects available for enhancing productivity. The competitive sectors identified in the preceding section constitute the primary sources of economic potential in STLM. It is imperative to ensure that these opportunities are integrated with economic initiatives within the STLM region. Figure 5-1 below presents sectors where economic opportunities could be located within the STLM.

Figure 5-1: Economic Opportunities in STLM

5.1.1 Investment Opportunities in Mining

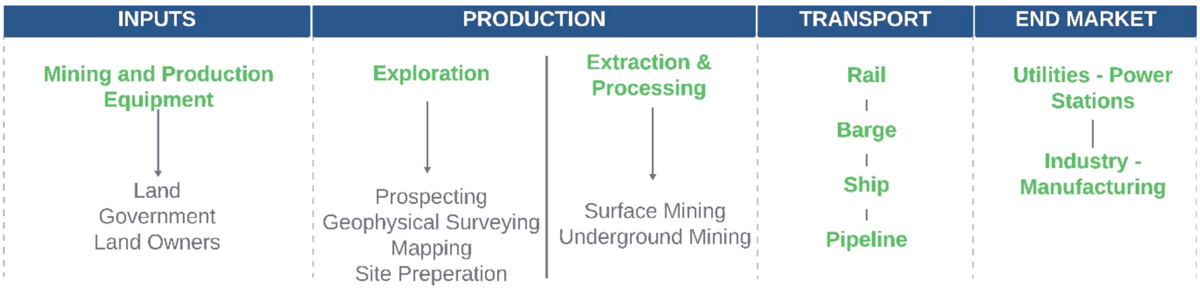
Within the STLM, the mining sector plays a significant role, accounting for 28,5% of the municipality's GVA and providing several employment opportunities. This sector's prominence is due to STLM's strategic geographical advantage, positioning it as a crucial economic centre for coal mining activities within the Mpumalanga province.

The considerable share of GVA attributed to coal mining underscores the municipality's heavy reliance on this particular industry. However, this dependence also calls attention to the vulnerability of the municipal economy to potential fluctuations in coal mining. As the long-term sustainability of coal mining faces varying outlooks, STLM finds itself at a crossroads. It is imperative for the municipality to be acutely aware of this situation and to explore alternative avenues for economic development, particularly those that have the potential to become primary contributors to the local GDP.

As indicated in Figure 4-9 in Section 4 of this report, 79,3% of STLM's mining sector is consisted out of coal mining. The second largest mining activity is metals (15,1%), such as iron, followed by gold mining at 5,6%. It is important to take note of the factor that the JET initiative is in the process of decommissioning coal production, as the transition from coal to renewables are taking place. This, however, provides numerous opportunities for investment in renewable energy generation within the STLM.

Illustrated within Figure 5-2, is the coal mining value chain reflecting the inputs, production, transport and end market.

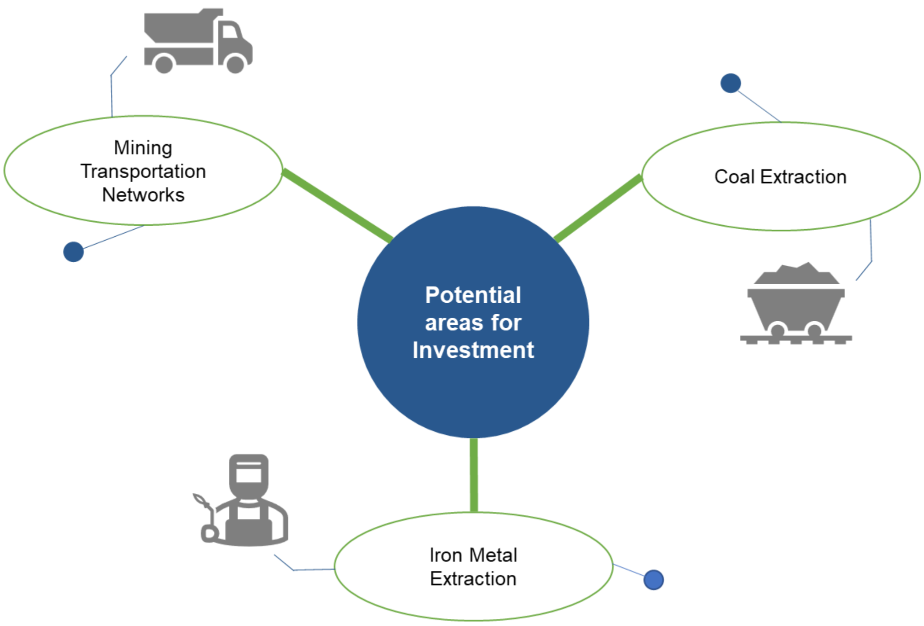
Figure 5-2: Coal Mining Value Chain



The coal mining value chain refers to the entire process of extracting coal from the ground, processing it, and delivering it to customers. It encompasses a series of interconnected stages that contribute to the production and distribution of coal for various uses, including energy generation, industrial processes. Investing in the coal mining value chain involves significant financial, technical, and regulatory considerations. Given the evolving energy landscape, it's important to thoroughly assess the risks and opportunities associated with coal mining investments.

As illustrated in Diagram 5-2, the predominant areas for investment in the mining sector is in coal and iron extraction. With the improvement for the mining transportation networks, as this will improve the travelling times, which will positively impact the value chain as a whole.

Diagram 5-2: Potential Areas For Investment In Mining



5.1.2 Investment Opportunities in Utilities

5.1.2.1 Renewables (Energy)

Despite the nationwide transition towards renewable energy sources, when considering the situation from a provincial standpoint, the dominance of the coal industry remains pronounced in Mpumalanga's energy sector. This is largely due to the considerable number of mines and substantial coal reserves within the province, as elaborated earlier. However, it's noteworthy that Mpumalanga has proactively embarked upon a Green Economy Development Plan (GEDP), with the ambitious goal of reshaping the province's economic landscape by reducing its dependence on coal-derived energy. The plan envisions a transformation that encompasses a shift towards biomass-based energy, fostering sustainable agriculture, promoting tourism, and establishing environmentally conscious communities, all to be realised by the year 2030.

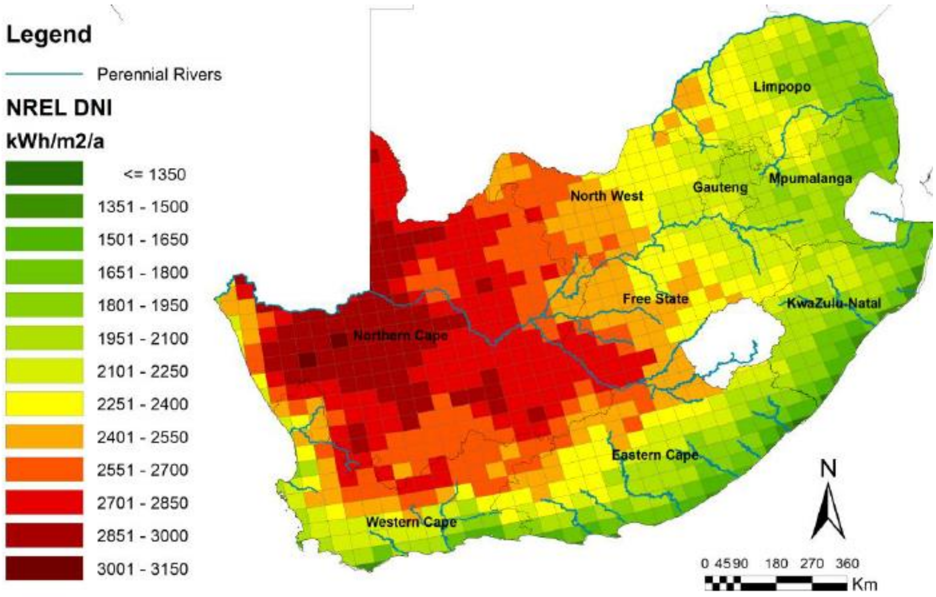
The centrepiece of this comprehensive strategy is the prioritisation of biomass as the primary green energy outlook for the municipality. To achieve this, the plan outlines a multifaceted approach that involves harnessing energy from forestry and sugar cane resources. These resources have faced challenges such as declining demand for paper and the implementation of sugar taxes, which have necessitated alternative avenues for their utilisation. By tapping into these resources for energy generation, Mpumalanga aims to not only diversify its energy portfolio but also contribute to the sustainable utilisation of its natural assets.

Solar:

While solar energy is undeniably a promising avenue for promoting greener energy practices, it's important to acknowledge the unique solar irradiation conditions specific to Mpumalanga. The area experiences an annual sun coverage of approximately 1 650 to 2 100 kWh/m², as depicted in Map 5-1.

However, it's worth noting that industrial solar installations typically require a direct normal irradiation (DNI) of around 2 100 kWh/m² annually to be maximally efficient (Krarti, 2018). Consequently, the province's solar energy potential is limited, but not constrained by its levels of solar irradiance.

Map 5-1: DNI-Map of South Africa



Source: (Meyer & Van Niekerk, 2023)

Wind:

Mercia Grimbeek, the chairperson of the South African Wind Energy Association (SAWEA), has highlighted a significant development in the field of wind energy. She pointed out that through rigorous resource measurement campaigns, previous assessments which had hinted at inadequate wind resources in the Mpumalanga region have been completely overturned. These new measurements have conclusively demonstrated that the province indeed possesses a substantial and viable wind resource. This exciting revelation has paved the way for the feasible implementation of wind energy facilities in the area, presenting a promising opportunity for the advancement of renewable energy in the province (Engineering News, 2022).

The evaluations indicate that wind potential in Mpumalanga has the capacity to range from 21,6-25,2 km/h, which is perfectly suitable for the establishment of wind farms employing turbines designed to function within those velocities. Wind turbines typically necessitate a minimum wind speed of 12-14 km/h to effectively generate energy, with 50-60 km/h to generate at full capacity (Western Cape, 2007). The significant benefit arising from the required wind speed and the real wind environment enhances the practicality of wind energy in the STLM. Given these favourable wind speeds, the possibility of utilising wind energy seems to be a feasible choice for the STLM region.

Biomass:

STLM holds a considerable prospect for harnessing biomass energy, particularly through the waste-to-power approach. Biomass energy, a form of energy derived from organisms that are currently living or were once alive, offers a promising avenue for sustainable power generation. Within the context of STLM, various sources hold the potential for contributing to biomass energy production.

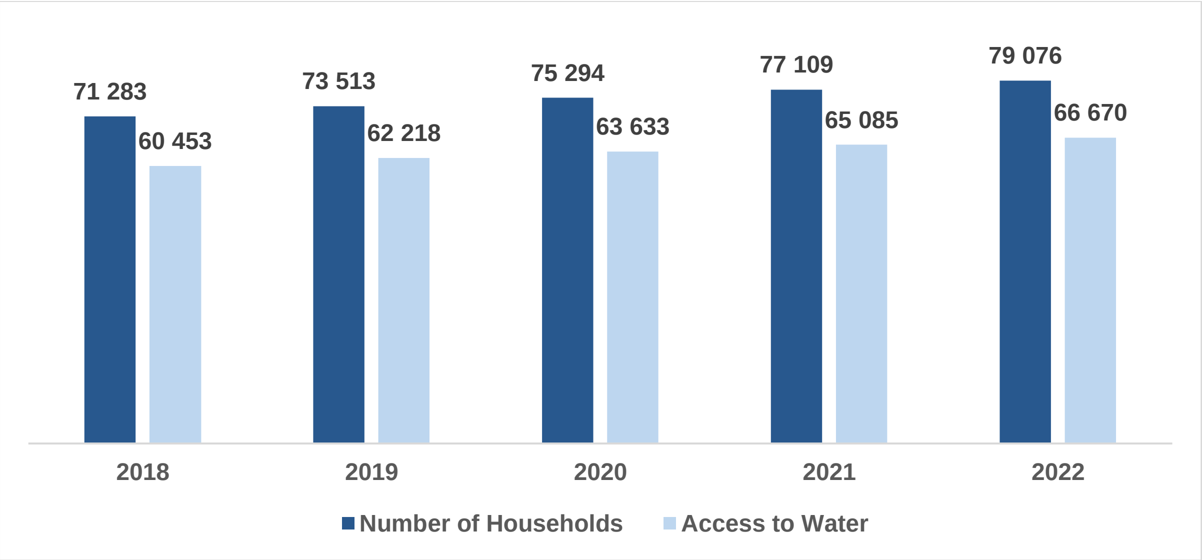
These sources encompass a range of materials such as household organic waste, sludge sourced from water purification plants, crops like sugar cane, and oils extracted from nuts and seeds. Even the municipality's forestry resources, and the presence of invasive alien plant species can be tapped into for this purpose. Given the abundance of these biomass sources in STLM, an exciting opportunity emerges to unlock their energy potential. However, the current state of affairs reveals a certain level of underutilisation and inefficiency in the biomass energy sector.

While the prospect of biomass energy holds promise, a number of challenges currently impede its full realisation, particularly when it comes to the engagement of Small, Medium, and Micro-sized Enterprises (SMMEs) in this sector. The intersection of environmental considerations and cost factors presents limitations on the widespread adoption of biomass energy technologies. Balancing the ecological impact of biomass extraction and conversion processes with the economic viability of these projects is crucial.

5.1.2.2 Water

Water accessibility within the STLM continues to maintain a commendable level, standing out positively in comparison to other municipalities across the nation. As of the year 2022, an impressive 84,3% of households, 66 670, within the STLM had access to water. This access encompassed the provision of piped water either within the dwelling or in the immediate yard vicinity.

Figure 5-3: STLM Households Access to Piped Water (2018-2022)



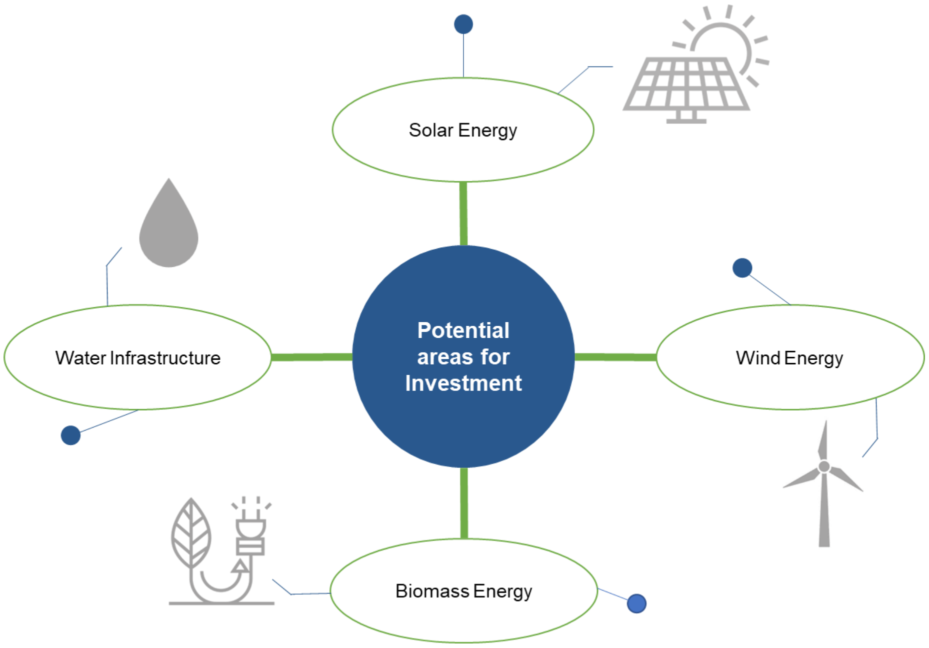
Source: Urban-Econ Calculations based on Quantec Research Database, 2023

Nonetheless, it's important to acknowledge a marginal decline in the availability of water resources that has surfaced over the past five years, spanning from 2018 to 2022. This decline has been characterised by an annual contraction rate of 0,2%. Although this figure might appear relatively insignificant at first glance, it's vital to recognise the potential ramifications if this trend continues unabated. Unless corrective measures are undertaken, there exists a looming threat that the STLM may eventually find itself unable to recover from this emerging water accessibility deficit. This provides opportunity for investment to improve water service delivery within the STLM.

The significance of sustaining and enhancing access to water resources cannot be overstated, particularly given its far-reaching impact on various sectors contributing to the overall economic development of the municipality. Key sectors such as manufacturing, agriculture, and mining are heavily reliant on a consistent and sufficient water supply. These industries are the stronghold of the municipality's economic growth and prosperity, and their smooth operation hinges on the uninterrupted availability of water resources. Thus, it becomes imperative for local authorities and stakeholders to proactively address the gradual reduction in water accessibility and implement strategies and investment that will safeguard against any potential impediments to the municipality's progress.

Illustrated within Diagram 5-3 are the predominant areas for investment in the utilities sector is in renewable electricity generations, such as solar, wind and biomass. Water infrastructure investment will ensure sustainable access to water for households and business within the STLM.

Diagram 5-3: Potential Areas For Investment In Utilities



5.1.3 Investment Opportunities in Tourism

The strategic location of STLM attracts numerous tourists who pass through the municipal area on route to neighbouring tourist destinations. The STLM's mountainous northwestern and northern regions, benefiting from ample grazing land and water sourced from the Olifants River, serve as key hubs for eco-tourism activities, particularly game farms. Meanwhile, the primary tourism within the municipal boundaries is Loskop Dam and its surrounding areas.

The tourism industry is characterised by its significant reliance on a workforce and holds the promise of generating employment and economic growth within the municipal area. Noteworthy sectors within tourism include lodging, dining services, passenger transportation, travel agencies, sports and leisure, and the cultural domain. STLM may not be as widely known as one of the country's more popular tourist destinations however, it does offer a range of attractions and activities for investment.

When looking into tourism investment opportunities, it's essential to consider factors such as infrastructure, attractions, local policies, and market demand.

In 2022, the trade and accommodation sector, encompassing tourist-related activities, played a crucial role in the economy, accounting for 8,1% of the GDP. What's noteworthy is that it also had a substantial impact on employment, with 13,6% of local residents finding employment in this sector. This highlights its significance in accomplishing job creation goals. While the Kruger National Park and the Blyde River Canyon stand out as the primary tourist attractions in the province, there are several other notable sites to explore, including:

- Middleburg Dam
- Botshabelo Heritage Site
- Olifants River Lodge
- Pieraarsdam
- Loodswaai Game Ranch
- De Voetpadkloof Resort
- Ruby River Lodge
- Matombu Wild
- Little Elephant Ndlovu Encane Arts and Crafts Market
- Leopards Train
- The Middleburg Air show
- The Great Train Race
- Loskop Marathon
- Loskop Kuper Bonanza
- Loskop Leisure Resorts (Aventura)
- The Amazing Race
- Cycad Trail
- The Middleburg Club
- Loskop Dam
- Amanzi Mountain reserve
- Arts and Cultural Festival
- Waterfall Safari
- Isiyala Lodge
- Imbambala Wilderness Trail
- Panorama Route
- The Mpumalanga Heritage Route
- The Liberation Route
- The Genesis Route
- The Cultural Heartlands

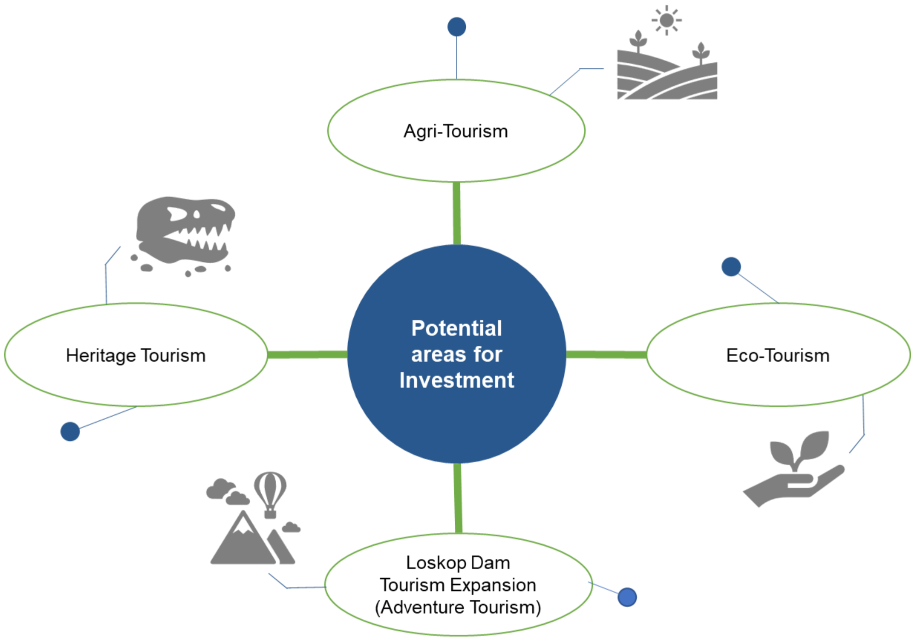
According to the STLM Long Term Strategy 2040 (2019), the current constraints within the tourism sector is ageing of infrastructure, lack of investment in formal accommodation facilities and limited secondary tourism services. The strategy further indicates the following proposed interventions, which could also lead to areas for investment:

- Establish a hotel and conferencing facility
- Attract secondary tourism services (travel agency services, car hire)
- Improve tourism attraction sites, rebuilding Botshabelo, Fort Merensky
- Improve information sharing and signage to tourism establishment

It is clear that there is significant untapped potential for investment in the tourism industry within STLM. Particularly promising are opportunities in agri-tourism, eco-tourism, heritage tourism, and adventure tourism. STLM's unique blend of natural beauty, rich cultural heritage, and adventurous landscapes make it an ideal destination for travellers seeking diverse experiences. With strategic investments and development initiatives, STLM can harness the power of these tourism sectors to not only boost its economy but also create sustainable employment opportunities, while showcasing its distinct offerings.

Diagram 4-1 below indicates potential areas for investment in the tourism industry.

Diagram 5-4: Potential Areas For Investment In Tourism



5.1.4 Investment Opportunities in Manufacturing

Manufacturing is the production of goods through the use of labour, machinery, tools and biological or chemical processing or formulation. Manufacturing has close connections to the engineering and industrial process design sectors. Middelburg serves as the primary hub for industrial operations within the municipal region, and Columbus Stainless Steel plays a pivotal role as the leading industrial cornerstone in STLM. A significant portion of the industries located in Middelburg caters to the mining operations in the neighbouring areas.

STLM serves as a prominent manufacturing centre within the Mpumalanga province. Within its boundaries, one can find several steel production facilities, petrochemical plants, and beverage manufacturing sites. As a consequence of this industrial activity, the manufacturing sector contributes significantly towards GDP, making up 21,3% of the municipality's economic output. However, in terms of local employment, the sector accounts for a relatively lower share, standing at 11,2% in 2022.

5.1.4.1 Food and Beverage and Steel Manufacturing

The Food and Beverage value chain comprises agriculture, processing, distribution, and sales phases. Among these stages, the processing phase poses challenges in entering the sector due to intense competition and substantial initial expenses. However, the presence of the existing Twizza factory in Middelburg offers employment opportunities and could serve as a potential customer for small businesses. In the distribution and sales stage, there is a promising opportunity, especially for SMMEs. This is evident from the numerous informal tuckshops that sell food and beverages. Therefore, the primary emphasis should be on formalizing these businesses and expanding their operations if they demonstrate market potential.

The steel value chain encompasses various stages, including primary metallurgy, secondary metallurgy, casting and/or milling, rolling, and distribution or sales. Business's encounter challenges when attempting to enter the primary and secondary metallurgy stages due to significant capital requirements and entry barriers. These obstacles are more pronounced in the primary stage compared to the secondary stage.

However, in the casting and/or milling as well as the rolling stages, there are more favourable conditions for businesses to participate in the value chain and produce basic steel products. It is suggested that steel beneficiation, currently utilised by the Mpumalanga Stainless Initiative, presents a substantial market opportunity and has the potential for expansion. This expansion would necessitate artisanal skills like welding. In contrast, the distribution and sales stage primarily involves business-to-business (B2B) transactions and entails extensive logistical demands, which can pose challenges for in terms of coordination.

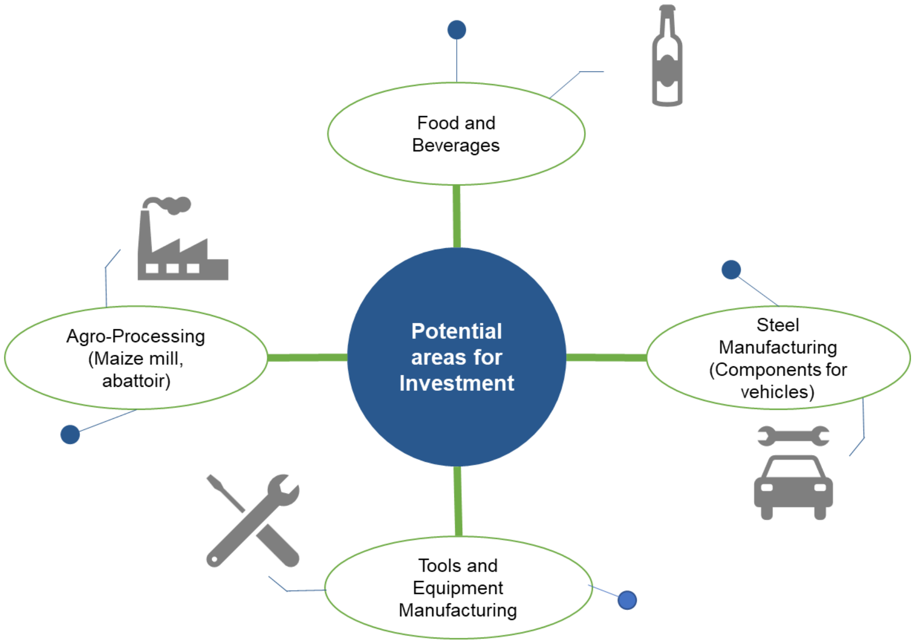
It is important to note that according to the STLM Long Term Strategy 2040 (2019), it is important for the STLM to diversify within the manufacturing sector, which encourages investment opportunities within the sector. Diversifying away from an exclusive reliance on steel manufacturing is crucial for several reasons. Firstly, it reduces economic vulnerability to fluctuations in global steel markets, shielding the local economy from potential downturns in the industry. Secondly, diversification encourages the growth of other sectors, fostering a more resilient and balanced economy. This, in turn, can lead to increased job opportunities, improved income distribution, and a more sustainable future for the region. Additionally, diversification can promote innovation and the development of new industries, which can attract diverse talents and investments, further stimulating economic growth. Lastly, it ensures that the community remains adaptable and capable of meeting changing market demands and consumer preferences, positioning it for long-term prosperity.

5.1.4.2 Agro-Processing

Investing in agro-processing is crucial as the agriculture sector in the STLM undergoes growth and improvement. Firstly, agro-processing adds significant value to raw agricultural products, thereby increasing their market value and profitability. This not only benefits farmers but also stimulates economic growth by creating job opportunities in processing plants. Moreover, it helps in reducing post-harvest losses and ensuring food security as processed products have longer shelf lives. Additionally, agro-processing can diversify the local economy, reducing dependence on traditional agricultural practices and making the region more resilient to market fluctuations. Overall, as the agriculture sector in STLM thrives, investing in agro-processing is a strategic move to harness its full potential, fostering sustainable development and prosperity for the community.

As illustrated in the diagram below, the food and beverage industry have further opportunities available, as well as steel manufacturing. Other potential areas for investment includes component manufacturing, tools and equipment and exploiting ago-processing facilities such as maize mills and abattoirs.

Diagram 5-5: Potential Areas For Investment In Manufacturing



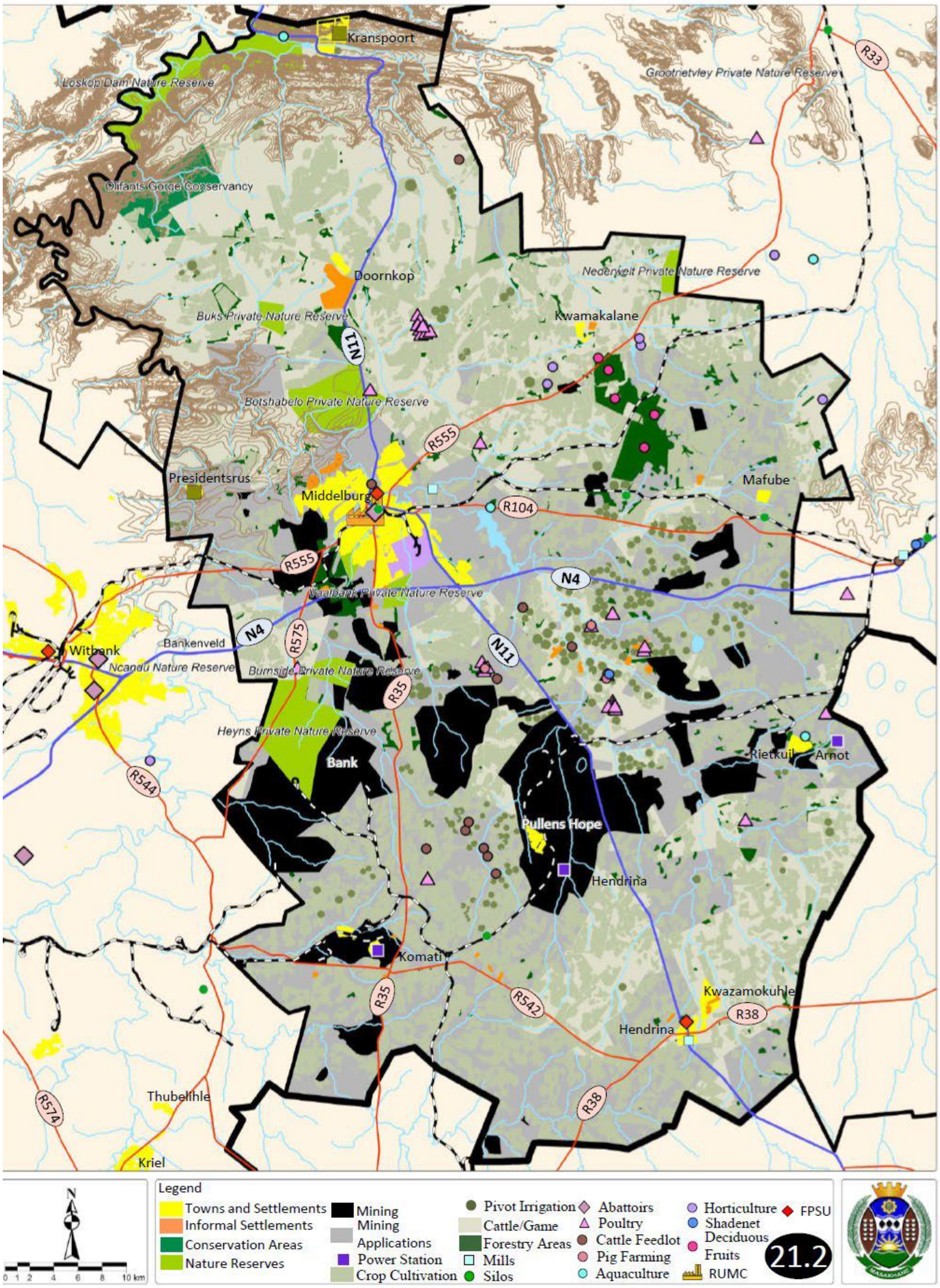
5.1.5 Investment Opportunities in Agriculture Sector

The agriculture sector contributed a significant low percentage to STLM's GDP, at 2,5% in 2022 and the sector contributed only 5% towards employment. The STLM primarily consists of various agricultural activities, with grazing land and cultivated land being the two most significant contributors as illustrated in Map 5-2. In the northeastern and southern parts of the municipality, the majority of land is dedicated to cultivation, focusing on crops such as maize, soybeans, sorghum, and potatoes. The mountainous region in the northwestern area is mainly utilized for game farming, while cattle farming is widespread throughout the entire area.

Additionally, there is a noticeable concentration of irrigated land, a valuable resource, located between Komati and Pullenshope, as well as between Pullenshope and the N4 freeway. In the latter area, you can also find several poultry farms and the Kanheim feedlot. Deciduous fruits and horticulture are clustered in the northern part, extending from the N4 towards KwaMakalane and even reaching up to Doornkop. Middelburg and Hendrina have been designated as Farmer Production Support Units as part of the Mpumalanga Agri-Parks initiative, with Middelburg also serving as the Rural Urban Marketing Centre (RUMC).

The suitability of agricultural commodities in the STLM will largely depend on its specific climate, soil conditions, and other environmental factors. However, generally, the region falls within a semi-arid to arid climate zone, which can present some challenges for agriculture due to limited and irregular rainfall.

Map 5-2: STLM Agricultural Activity and Infrastructure



Source: (Steve Tshwete Local Municipality, 2019)

To make the best use of the local climate, here are some agricultural commodities that may be suitable for cultivation in such conditions:

- **Drought-Resistant Crops:** Focus on crops that are drought-resistant or have shorter growth cycles, such as millet, sorghum, and certain types of maize and wheat.
- **Livestock Farming:** Raising livestock such as cattle, goats, or sheep can be a viable option as these animals are better adapted to arid conditions.
- **Fruit Trees:** Some fruit trees like pomegranates, figs, and olives are relatively drought-tolerant and can thrive in semi-arid climates.

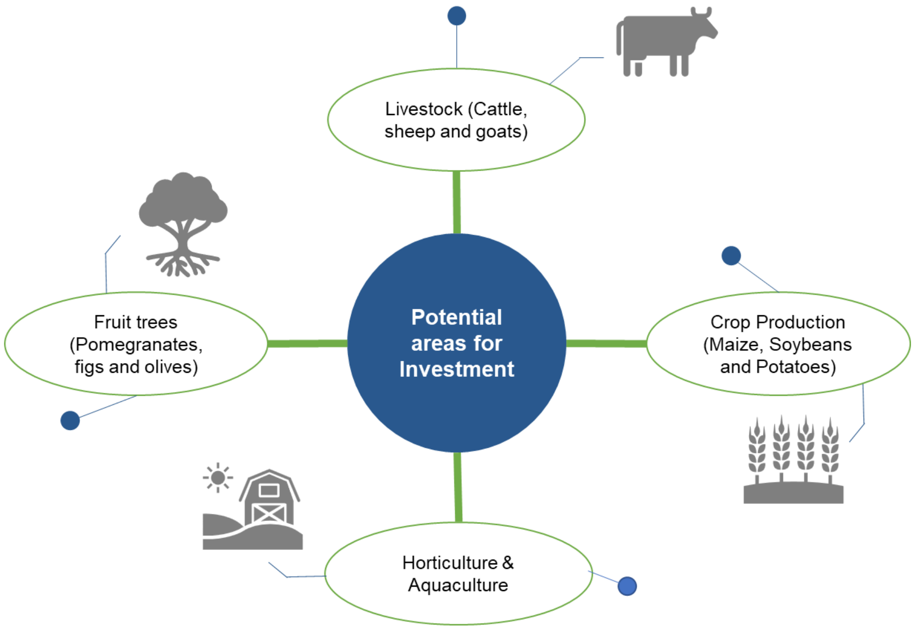
- **Drip Irrigation:** Investing in modern irrigation techniques like drip irrigation can significantly expand the range of crops that can be grown successfully.
- **Cash Crops:** Depending on soil quality and water availability, certain cash crops like groundnuts, sunflowers, and soybeans might be feasible.

According to the STLM Long Term Strategy 2040 (2019), the current constraints within the agriculture sector is the slow process of land restitution. This impacts the sector in such way that the industry underperforms. However, investing in the agricultural sector is of paramount importance for several compelling reasons. Firstly, agriculture is the backbone of food production, ensuring a stable and secure food supply for a growing global population. Adequate investment in this sector is crucial for achieving food security and reducing hunger and malnutrition worldwide.

Secondly, agriculture contributes significantly to the economy, providing employment opportunities for a substantial portion of the population and generating income for both rural and urban communities. Thirdly, sustainable agricultural practices can mitigate environmental challenges such as climate change and habitat degradation by promoting conservation and responsible land management. Lastly, investments in agriculture foster rural development, alleviate poverty, and empower small-scale farmers, thus promoting economic growth and stability in both developed and developing nations. In summary, investing in agriculture is not only a matter of economic prudence but also a moral imperative, given its pivotal role in ensuring food security, economic prosperity, and environmental sustainability.

Diagram 5-6 below indicates potential areas for investment in agriculture.

Diagram 5-6: Potential Areas For Investment In Agriculture



5.2 Creating an Enabling Environment

The local government should continue to create an enabling environment as it aims to attract investment to the region. STLM should create an enabling environment for the following reasons:

- To minimize cost of doing business in the municipality
- To open new areas for investors
- To enhance economic development in the municipality
- To promote public-private sector relationship
- To create employment opportunities
- To encourage utilization of local resources

Currently the local government has committed itself to creating an enabling environment across the sectors. Road expansions and maintenance in major transport corridors should remain a priority for the government as it is understood that expanding the road network in rural areas will also enable emerging and smallholder farmers easier access to markets in the agriculture sector for example.

The local government must establish a conducive environment for business operations by offering vital social services such as water supply, sewage systems, healthcare, and education. This involves formulating favourable policies, streamlining licensing processes, and providing subsidies. Furthermore, the government should maintain political stability and foster goodwill, invest in citizen training and education to cultivate a skilled workforce, and facilitate the marketing of finished products for local producers.

As per analysis of precinct plans of local municipalities, it is evident that the local government is prioritising enabling environment projects that would assist in attracting investment. Below are some projects that have been identified as projects the local government is implementing to ensure that it creates an enabling environment.

Table 5-1 below indicates the municipal enabling projects.

Table 5-1: STLM Enabling Projects

Project Name	Location
SMME development and support	STLM
Water Distribution (replace old water network and infrastructure)	Middelburg, Hendrina, Villages
Water Storage	STLM
Wastewater Treatment (Plant)	Villages, Hendrina
Street Lighting and Signal Systems	STLM
Road Maintenance and Upgrades	STLM
Sewerage Systems Upgrades and Repairs	STLM
Electricity Distribution and Connections	STLM
Enhance Gateways to the CBD	Middelburg
Branding and development of Tourism Precinct	STLM
Implementation of the CBD Revitalisation Strategy	Middelburg, Hendrina
Implementation of the Long-Term Strategy	STLM

5.3 STLM Investment Projects

Identifying investment projects is crucial for fostering local economic development and promoting investments within a region. The projects outlined in this section have been carefully selected through consultations with key stakeholders of STLM, as well as a thorough review of viable initiatives documented by the municipality. These projects span across diverse sectors and are strategically chosen to capitalize on economic opportunities and broaden the region's economic diversity. By focusing on projects that can attract investments, STLM aims to not only stimulate economic growth but also create a favourable environment for potential investors. The STLM investment projects are reflected in Table 5-2 below:

Table 5-2: STLM Investment Projects

Sector	Type	Project Name	Project Location
Utilities	Infrastructure	Just Energy Transition: Wind Energy Facilities	Hendrina
Utilities	Infrastructure	BESS and Solar Facilities	STLM (Komati and Arnot Power Stations)
Utilities	Infrastructure	Green Hydrogen Facilities	Hendrina
Utilities	Infrastructure	Water and Sanitation maintenance and upgrades	STLM
Communication	Infrastructure/ Business	Technology Incubation Centre (TIC)	STLM
Utilities	Infrastructure/ Business	Green energy project for generation of various forms of energy through various technologies	STLM
Manufacturing	Infrastructure/ Business	Steel manufacturing for car parts	Middelburg
Manufacturing	Infrastructure/ Business	Centre of excellence (steel, manufacturing, incubation)	Middelburg
Manufacturing	Infrastructure/ Business	Food and drinks production	Middelburg
Services	Community	Establish a mobile SMME support and community enterprise development e-centre, focusing on green infrastructure initiatives and development	STLM (Middelburg)
Tourism	Community/ Business	Development of Middelburg Dam (PPP opportunity for recreational/tourism activities)	Middelburg dam
Tourism	Infrastructure/ Business	Middelburg Hotel, Conferencing and Casino Centre	Middelburg
Tourism	Community/ Heritage	Middelburg Arts Theatre	Middelburg
Agriculture	Business	Animal production: cattle, sheep and poultry	Middelburg/ Doornkop/ Hendrina
Agriculture	Business	Animal production: Feedlot	Middelburg/ Doornkop/ Hendrina
Agriculture	Business	Crop production: soybeans	Middelburg/ Doornkop/ Hendrina
Agriculture	Business	Crop production: maize	Middelburg/ Doornkop/ Hendrina
Agriculture	Business	Crop production: potatoes	Middelburg/ Doornkop/ Hendrina
Agriculture	Business	Tree production: pomegranates, figs and olives	Middelburg/ Doornkop/ Hendrina
Agriculture	Business/ Infrastructure	Horticulture and aquaculture	STLM
Agro Processing	Business/ Infrastructure	Maize mill	Middelburg/ Hendrina
Agro Processing	Business/ Infrastructure	Livestock feed mixing	Middelburg/ Doornkop
Agro Processing	Business/ Infrastructure	Red meat abattoir	Middelburg
Agro Processing	Business/ Infrastructure	Chicken abattoir	Middelburg

Sector	Type	Project Name	Project Location
Retail	Business/ Infrastructure	Development of Hendrina/Kwazamokuhle Mall	Hendrina/Kwazamokuhle
Retail	Business	Kwazamokuhle Town Centre	Kwazamokuhle

4.5 Synopsis

Investing in the STLM holds the promise of significantly enhancing economic performance, fostering job creation, and diversifying the local economy. Traditionally reliant on coal and steel manufacturing, STLM recognizes the need to expand its economic horizons. By strategically channelling investments into sectors such as agriculture, with a focus on maize cultivation and livestock farming, the municipality can tap into these robust industries, fostering agricultural growth and employment opportunities for the local workforce.

Additionally, embracing the tourism sector, particularly through the development of hotel, casino, and conference facilities, offers STLM the chance to attract visitors, boost hospitality services, and create jobs in the hospitality and entertainment sectors. This diversification not only generates revenue but also ensures a more stable economic foundation, lessening the municipality's dependence on a single industry. Furthermore, STLM's commitment to a Just Energy Transition is pivotal. By investing in renewable energy generation, the municipality not only contributes to environmental sustainability but also secures long-term, sustainable job opportunities in the promising green energy sector. This forward-looking approach aligns with global efforts to combat climate change while fostering economic growth and stability within the community.

Recognizing the significant potential of the STLM, various stakeholders have actively participated in engaging with this strategy. The Agence Française de Développement (AFD) expressed their commitment to fostering a robust partnership with STLM, emphasizing their intent to provide ongoing guidance and support, particularly concerning the JET initiative. In their interactions with the Development Bank of Southern Africa (DBSA), it was clarified that the DBSA primarily concentrates its funding efforts on capital projects, especially those related to infrastructure. Notably, they do not extend their support to LED initiatives.

Additionally, the German development agency, GIZ, has been actively involved in multiple governance support programs within the municipality. Their focus is directed towards enhancing service delivery mechanisms. GIZ's engagement underscores their dedication to strengthening the administrative and operational aspects of the local governance structure, aligning with the broader objectives of STLM. These collaborative efforts highlight the determined actions taken by various stakeholders to empower STLM and facilitate sustainable development in the region. First National Bank (FNB) requested that a relationship between themselves and the STLM's LED unit will drive success for SMME development in the municipality, this will also help to increase distribution of information as they will have access to the local SMME database. Future Growth (Investment Analyst) mentioned that they have funds available for municipal projects, however the weak financial standings and poor governance in the municipalities realised in a lack of interest and investment. Future Growth suggested that municipalities do investor roadshows and engage with the investor community more proactively.

In addition to the active relationship of key stakeholders with STLM, it is crucial to recognize the significance of their involvement in driving investment opportunities within the municipality. By harnessing STLM's agricultural potential, strengthening the tourism industry, and promoting renewable energy generation, stakeholders play a pivotal role in stimulating economic growth and fostering job creation.

Furthermore, this diversified approach to economic development helps mitigate the risks associated with over-dependence on specific industries, ensuring resilience and stability in the face of economic challenges.

The collaborative efforts of stakeholders not only contribute to the municipality's economic vibrancy but also pave the way for a more inclusive future, where diverse sectors thrive. By prioritizing sustainable energy solutions and embracing a multi-faceted approach to development, STLM stands to achieve a thriving and environmentally friendly future. This shared vision and active participation of stakeholders underscore the municipality's potential for sustainable growth, making it a promising hub for investments that benefit both the community and the environment.

STLM's task of promoting, attracting, and facilitating investment in the region demands a methodical approach and collaboration with local stakeholders. Adopting a systematic strategy is essential to ensure the municipality establishes a responsive local government system. Engaging with potential stakeholders through partnerships will further enable the successful implementation of diverse projects with substantial potential.

6 Potential Investors for STLM Investment Opportunities

The objective of this section is to pinpoint the factors that facilitate investment, aiding STLM in simplifying the process of attracting investments for the key industrial sectors outlined earlier. Investment enablers encompass elements that support the attraction and retention of investments for the various opportunities identified. These include global, national, and local funding institutions, along with investment promotion agencies, policies, and programs that can assist STLM in attracting both foreign and domestic direct investment.

The investment prospects outlined in the preceding section require the involvement of investors seeking diversification and growth in specific sectors to capitalise on these opportunities. When investors take action to leverage STLM offerings, it will pave the way for the municipality to become a preferred investment destination, driving its growth and development.

STLM's offerings present opportunities in key competitive sectors worldwide, necessitating investment from institutional investors at the global, national, and local levels. Table 6-1 below outlines potential investors interested in STLM investments.

Table 6-1: Potential Investors for STLM

STLM Potential Investors
International • BPI Global Investment Fund • International Finance Corporation • Grow Africa • AgDevCo • The New Development Bank • Investment firms (JP Morgan, Investec etc) • Meat producing corporations (JBS Foods, Tyson Foods, Cargill and Smithfield)
National • DBSA (Development Bank of Southern Africa) • IDC (Industrial Development Corporation of SA) • NEF (National Empowerment Fund) • Future Growth Agri funds • Department of Trade, Industry and Competition • Department of Environment, Forestry and Fisheries • Department of Agriculture, Land Reform and Rural Development • AFGRI • SEDA (Small Enterprise Development Agency) • Commercial banks (ABSA, FNB, Nedbank, Investec and Standard Bank) • SEFA (Small Enterprise Finance Agency) • Investment firms (Old mutual, STANLIB, Coronation Fund managers, Sanlam etc) • United Farmers Fund (Agriculture) • Advance Africa (Agriculture)
Provincial and Local • Exxaro • GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) • Alzu • Columbus Steel • AFD (Agence Française de Développement) • DEDT (Department of Economic Development and Tourism) • Private sector companies • MEGA (Mpumalanga Economic Growth Agency)

6.1 Investment Incentives

The following section aims to identify and highlight the key features of various South African investment support incentive policies and/or programmes. The South African Government has created specific platforms to encourage and promote investment in the country. Investment is fundamental to growth and sustainable development. It expands an economy's productive capacity and drives job creation and income growth.

6.1.1 National Investment Incentive Programmes

In South Africa, the Department of Trade, Industry and Competition (the DTIC) formulates and administers National Investment Incentive Programmes.

6.1.1.1 Agro-Processing Support Scheme (APSS)

The Agro-Processing Support Scheme (APSS) aims to stimulate investment by the South African Agro-processing/ beneficiation enterprises. The Agro-Processing Support Scheme is geared towards investments in support of the following outcomes:

- Increased capacity
- Employment creation
- Modernised machinery and equipment
- Competitiveness and productivity improvement
- B-BBEE

The scheme offers a 20% to a 30% cost-sharing grant to a maximum of R20 million over a two-year investment period, with a last claim to be submitted within six months after the final approved milestone. The DTIC may consider an additional 10% grant for projects that meet all economic benefit criteria such as employment, transformation, geographic spread and local procurement. The maximum approved grant may be utilised on a combination of investment costs provided the applicant illustrates a sound business case for the proposed investment activities.

An applicant must submit a completed application form and business plan with detailed Agro-processing/beneficiation activities, budget plans and projected income statement and balance sheet, for a period of at least three years for the project. The project/business must exhibit economic merit in terms of sustainability. The application must be submitted within the designated application window period, prior to start of processing/beneficiation or undertaking activities being applied for. Any assets bought and taken into commercial use or competitiveness improvements costs incurred before applying for the incentive will be considered as non-qualifying.

The agricultural sector in STLM holds significant economic promise, capable of enhancing the municipality's economic performance. Given its potential for robust economic activity, APSS aims to promote, expose, and attract attention to this sector, fostering increased trade, investment, and overall economic advantages related to agriculture and manufacturing.

6.1.1.2 Critical Infrastructure Programme (CIP)

The Critical Infrastructure Programme (CIP) is another investment incentive programme by the DTIC. It aims to leverage investment by supporting infrastructure that is deemed to be critical, thus lowering the cost of doing business. The South African Government is implementing the CIP to stimulate investment growth in line with the National Industrial Policy Framework (NIPF) and Industrial Policy Action Plan (IPAP). It is aimed at supporting infrastructure that is deemed critical to investment, being that the investment would not occur or operate optimally without said infrastructure.

The CIP offers a grant of 10% to 30% of the total qualifying infrastructural development costs, up to a maximum of R50 million, based on the achieved score in the Economic Benefit Criteria. Agro-processing applicants and state-owned Aerospace and Defence National Strategic Testing Facilities: The CIP will offer a grant of 10% to 50% of the total infrastructural development costs, up to a maximum of R50 million. Projects that alleviate water and/or electricity dependency on the national grid: The CIP will offer a grant of 10% to 50%, up to a maximum of R50 million. Distressed municipalities and state-owned industrial parks: The CIP offers a maximum grant of up to 100%, capped at R50 million for infrastructural developmental. Applicants are encouraged to contribute according to their affordability.

6.1.1.3 The Production Incentive Programme (PIP)

The Production Incentive Programme flows from the DTIC customised sector programmes. This incentive programme aims to assist the industry's efforts in upgrading its processes, products, and people while further supporting its competitiveness improvement programmes.

The PIP consists of an Upgrade Grant Facility and an Interest Subsidy for Working Capital Facility. This is a market-neutral incentive, with a benefit equal to 7,5% for the year, based on the company's Manufacturing Value Addition (MVA). The PIP is offered to the following subsectors:

- Clothing manufacturers
- Textile manufacturers
- Cut, Make and Trim (CMT) operators
- Footwear manufacturers
- Leather goods manufacturers
- Leather processors (Specifically for Leather Goods and Footwear industries)
- Design Houses (Provided the design house partners with one or more CMTs)

6.1.1.4 Export, Marketing and Investment Assistance (EMIA)

The EMIA is an incentive implemented by the DTIC, aimed at developing export markets for South African products and services and recruiting foreign direct investment. According to the DTIC, the objectives of this incentive are to:

- Provide marketing assistance to develop new export markets and grow existing export markets.
- Assist with the identification of new export markets through market research.

- Assist companies to increase their competitiveness by supporting patent registrations, quality marks and product marks.
- Assist with facilitation to grow FDI through missions and FDI research.
- Increase the contribution of black-owned businesses and SMMEs to South Africa's economy.

6.1.1.5 Support Programme for Industrial Innovation (SPII)

The SPII is administered by the IDC and geared towards supporting and facilitating the development of technology and innovative products and/or processes. The programme provides a maximum grant of R5 million rand to all applicants, aimed at covering a percentage of the qualifying costs of the development activities of specified development projects. The proportion of the qualifying costs incurred covered by the grant is determined by the applicant's BEE ownership, as seen in Table 6-2.

Table 6-2: SPII Grant Offering

BEE Ownership	% Qualifying Costs Incurred
0% – 25% B-BBEE ownership	50%
25.1% – 50% B-BBEE ownership OR >50% ownership by women/people with disabilities	65%
Larger than 50% B-BBEE ownership	75%

Source: Industrial Development Corporation 2018

This incentive is relevant to almost all industrial sectors such as mining, renewable energy, manufacturing, and agriculture. These sectors are key to trade and investment and therefore promoting them is important for the growth and development of the province's economy.

6.1.1.6 Industrial Development Corporation (IDC) Transformation and Entrepreneurship Scheme

The IDC Transformation and Entrepreneurship Scheme offers loans, from a minimum of R1 million to a maximum of R1 billion per transaction, at normal IDC fixed interest rate of 3% per annum The repayment period may range between 8 to 12 years.

The IDC offers funding across its mandated sectors under the following Strategic Business Units (SBU):

- Basic Metals and Mining
- Automotive, Transport and Equipment
- Machinery, Equipment and Electronics
- Chemicals, Medical and Industrial Mineral Products
- Textiles and Wood Products
- Agro-Processing and Agriculture
- Energy
- Infrastructure
- Tourism and Services
- Media and Audio Visual

6.1.1.7 NEF Women Entrepreneurial Fund

The Women Entrepreneurial Fund provides funding to businesses with more than 50% female ownership, with women included in both the operation and management of the business. The NEF Women Empowerment Fund is aimed at accelerating the provision of funding to businesses owned by black women. The funding starts from R250 000 to R75 million across a range of sectors, for start-ups, expansions and equity acquisition purposes.

6.1.1.8 People with Disabilities Fund (Amavulandlela Funding Scheme)

The Amavulandlela Funding Scheme offers South African persons with disabilities an opportunity to enter the mainstream economy by accessing credit facilities ranging from R50 000 to a maximum of R15-million to build qualifying entrepreneurial enterprises. To qualify for the loan, applicants must demonstrate operational and management involvement of entrepreneurs with disabilities.

6.1.1.9 Development Fund for Workers

The Development Fund for Workers provides finance to Broad-Based Black Economic Empowerment (B-BBEE) transactions for at least 85% black ownership. Businesses that can apply may be start-ups, or companies looking to expand. The maximum amount that can be financed under this fund is R15 million per transaction. There are no restrictions on the business size, but the workers must acquire a meaningful stake in the business.

6.1.1.10 Community Fund

The Community Fund provides finance to marginalised communities that want to acquire shares in a company funded by IDC. These businesses can be start-up, or companies looking to expand. The maximum amount that can be financed under this fund is R10 million and there are no restrictions on the business size, but it is a requirement that the community acquires a meaningful stake in the business.

6.1.1.11 Black Business Supplier Development Programme (BBSDP)

The BBSDP is administered by the Department of Small Business Development (DSBD). The programme is an 80:20 cost-sharing, cash grant incentive scheme and offers a maximum grant amount of R100 000 per project to black-owned enterprises. The programme provides support to enterprises with a maximum annual turnover of R12 million per annum. The requested amount on the application should not exceed 25% of the entity’s previous year’s turnover.

6.1.1.12 The Co-Operative Incentive Scheme (CIS)

The CIS is a 90:10 matching cash grant for registered co-operatives. Through the DSBD, the maximum grant that can be offered to one co-operative entity under the scheme is R350 000. The CIS is an incentive for co-operative enterprises in the emerging economy to acquire competitive business development services.

6.1.1.13 Black Industrialist Scheme (BIS)

The purpose of Black Industrialists (BI) policy is to leverage the State's capacity to unlock the industrial potential that exists within black-owned and managed businesses that operate within the South African economy through deliberate, targeted and well-defined financial and non-financial interventions as described in the IPAP and other government policies.

The BIS offers a cost-sharing grant ranging from 30% to 50% to approved entities to a maximum of R50 million. The quantum of the grant will depend on the level of black ownership and management control, the economic benefit of the project and the project value.

6.1.1.14 Tourism Support Programme (TSP)

Administered by the National Department of Tourism (NDT), the Tourism Support Programme (TSP) is a reimbursable cash grant aimed at facilitating the development of tourism enterprises to stimulate job creation and increase the geographic spread of tourism investment. The grant is provided for the establishment or expansion of tourism operations such as accommodation, services, passenger transport services, tour operators, cultural services, and recreational and entertainment services.

To stimulate tourism investment in the province, the TSP provides financial assistance according to the scale of investment. Although various grant scale tables are formulated in the TSP, Table 6-3 summarises the grant offerings.

Table 6-3: TSP Grant Summary

Investment	≤ R5m	> R5m to ≤ R30m	≥ R30m
Grant	30%	30% - 15%	15%
Grant Ceiling	R1.5m	R4.5m	R30m

Source: Department of Trade and Industry, 2011

The tourism industry is a key contributor to South Africa's GDP and job creation prospects to the economy. This incentive directly influences the industry, stimulating economic activity on a national scale and thus contributing to an environment conducive to both trade and investment.

6.1.1.15 National Empowerment Fund (NEF)

The National Empowerment Fund (NEF) provides financial and non-financial support to promote and facilitate black economic participation. The aim of the fund is to empower black businesses while championing a culture of investment and saving among black South Africans.

The fund provides business loans from R250 000 to R75 million, for start-ups, expansion and equity acquisition purposes across all industry sectors.

6.1.1.16 Automotive Investment Schemes (AIS)

This incentive provides a non-taxable cash grant to stimulate growth and development of the automotive sector. It is geared towards investment in new and/or replacement models and components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain.

This incentive scheme is tied to the manufacturing and retail sectors of the automotive industry, directly stimulating activity and thus facilitating trade, investment and employment growth.

6.1.1.17 Renewable Energy Independent Power Producer Procurement Programme (REI4P)

The Renewable Energy Independent Power Producer Procurement Programme (REI4P) was established by the Department of Energy, in collaboration with the Development Bank of Southern Africa (DBSA) and the National Treasury. The programme is an urgent government intervention created to stimulate private investment, growth and development in the South African renewable energy sector. The REI4P is also designed to contribute towards broader national objectives such as economic and employment growth, technological innovation, socio-economic development and transformation (Department of Energy, 2018).

6.1.1.18 SEDA Technology Programme (STP)

The SEDA (STP) provides technology and business development support services to small enterprises as an integral part of its mandate to drive the national technology and business incubation agenda. The programme provides a range of services that enable industry and in particular small enterprises in the second economy to access and transfer technology. There are two principal areas in which STP provides support:

Technology Transfer Fund (TTF): The main purpose of the TTF is to specifically fund defined components of the process of transferring available technology to entrepreneurs, communities and existing South African businesses, focusing on the second economy. The TTF provides funding, to enable technology transfer for the second economy, as a grant with no payback of up to R500 000 per project.

Technology Business Incubation: This is designed to strengthen technology diffusion and harness the entrepreneurship of the science and technology community in South Africa; therefore, incubation provides support to South African.

6.1.1.19 Special Economic Zone (SEZ)

Special Economic Zones (SEZ) are geographically designated areas of the country that are set aside for specifically targeted economic activities, supported through special arrangement (that may include laws) and systems that are often different from those that apply to the rest of the country. SEZs may be sector specific or multi-product. The following categories of SEZs have been defined as per the SEZ Act:

Sector Development Zone: a zone focused on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market.

Free Port: a duty-free area adjacent to a port of entry where imported goods may be unloaded for value-adding activities within the Special Economic Zone for storage, repackaging or processing, subject to customs import procedures.

Free Trade Zone: a duty-free area offering storage and distribution facilities for value-adding activities within the Special Economic Zone for subsequent export.

6.1.1.20 National Youth Development Agency Grant Programme

The NYDA Grant Programme aims to offer young entrepreneurs a chance to receive financial and non-financial assistance for developing their businesses. Individuals aged 18-35 with qualifying business ideas can access support services such as mentorship, business consultancy, market connections, business management training, and youth cooperative development through the Grant Programme. This initiative is designed to help them establish or expand their ventures successfully with an investment size from R1 000 to R250 000 cumulative grant.

6.1.1.21 AgriBEE Fund

The AgriBEE Fund functions as a support initiative designed to assist agricultural enterprises owned by black individuals, aiming to boost transformation within the sector. Its purpose has been expanded to promote enterprise development initiatives, focusing on value addition and agro-processing infrastructure. The investment size ranges from R1 000 000 (with 10% applicant contribution) to R5 000 000 (with 20% applicant contribution).

6.1.1.22 Manufacturing Competitiveness Enhancement Programme

The goal of the MCEP is to support exploratory studies aimed at developing viable business/project proposals, ultimately paving the way for financially viable plans. These plans could involve investing in novel components, products, or processes that the applicant does not currently produce or perform. Alternatively, they could focus on creating new markets that significantly boost the applicant's manufactured products. The investment size ranges from projects of <R30 000 000 qualify for 70% grant; projects of >R30 000 000 qualify for a grant of 50%.

6.1.1.23 Aquaculture Development and Enhancement Programme (ADEP)

The ADEP is an incentive programme available to South African registered entities engaged in primary, secondary and ancillary aquaponic activities in both marine and freshwater classified under SIC 132 (fish hatcheries and fish farms) and 301 and 3012 (production, processing and preserving of aquaculture fish). The grant is provided directly to approved applications for new, upgrading or expansion projects (50% cost-sharing grant capped at R20 million).

6.1.1.24 The Green Energy Efficiency Fund

The AFD Green Energy Fund offers financial support (25% financing of R250 million per project with maximum 8 years payback) for smaller-scale renewable energy and energy efficiency projects, as well as the manufacturing of eco-friendly products in South Africa.

6.2 Provincial Trade and Investment Incentives

The Department of Economic Development and Tourism (DEDT) has been entrusted with the responsibility of driving economic growth initiatives at the provincial level while also safeguarding the environment. The primary goal is to accelerate economic development, reshape the economy, and establish opportunities for meaningful employment and sustainable livelihoods for the residents of Mpumalanga. MEGA operates as an agency under DEDT, functioning as the official development finance institution and the trade and investment promotion entity of the provincial government of Mpumalanga. Its dedicated mission is to position the province as a preferred investment destination and a key regional trade hub.

The main objective of MEGA is to:

- Is to leverage trade and investment
- Provide funding for SMMEs and cooperatives
- Deliver housing finance to foster growth and development of Mpumalanga's economy.

In South Africa, investment incentives may include both financial and non-financial incentives. Financial incentives may include various financial support programmes, facilitated by National Government Departments and state-owned entities (such as the DTI, the IDC, NEF, and other sector- or industry-specific programmes). These programmes are typically presented in the form of cost-sharing, grant, and loan funding schemes. Financial incentive programmes also include equity-procurement programmes.

Non-financial incentives are more popular at the sphere of Provincial and Local Government and may include programmes such as:

- Business Registration assistance
- Export Market identification assistance
- SMME non-financial assistance such as training and market access
- Investment promotion and support

7 Investment Promotion Platforms

The purpose of this section is to identify key investment promotion platforms for the implementation of STLM investment promotion and attraction strategy.

7.1 Establish an Investment Promotion Unit

The STLM needs to prioritise establishing an Investment Promotion Unit that will be geared towards promoting investment opportunities in the municipality. Currently, Investment Promotion Units exists in Metropolitan municipalities such as the City of Tshwane. The Investment Promotion Unit should also have the authority to engage and develop processes that will reduce red tape for investors.

The mandate of the Unit should include the following:

- To become a one-stop-shop for all investor related queries or applications. Each investor should be assigned a case officer who in turn will take up all the investor's queries and applications with the relevant authorities.
- The case officer will engage with other departments within STLM and other government spheres. The case officer will take full ownership of any investor related query or process.

To assist the Unit and its case officers, a Trade and Investment Committee needs to be established.

7.1.1 Investor Stakeholder Engagement

Stakeholder relationships will be of paramount importance to the Unit's success. It is critical that the Unit develops an Investor Stakeholder Engagement Strategy, which include a clearly defined Investor Stakeholder Map. This will assist the Unit to identify and approach key investment stakeholders, including those individuals and organisations that should serve on the Trade and Investment Committee and who should form part of the Trade and Investment Forum.

The Unit will need to show these stakeholders that they are a dedicated team that can provide them with valuable services. It is therefore, suggested that the Unit focuses on the following activities:

- **Establish, manage and maintain the relationships with**:
  - Business and potential investors
  - Departments within the Nkangala District Municipality
  - Departments within the STLM
  - Departments within the Mpumalanga Provincial Government
- **Act as a contact point for business and potential investors for**:
  - Any trade-related question or query
  - Any potential investment question or query
  - Any trade or investor-related activity or process

- Reduce red tape by taking ownership of any trade or investment query for business or potential investor within the STLM, Nkangala District Municipality and the Mpumalanga Provincial Government
- **Develop trade and investment data by**:
  - Collecting and collating all trade and investment data for the province
  - Developing an interactive system that allows for all trade and investment data to be searched, displayed and analysed electronically
- **Promote trade and investment opportunities in STLM**:
  - Identify trade and investment opportunities through sectoral and other trade and investment plans and programmes
  - Identify trade or investor orientated projects
  - Develop plans for trade and investment projects, including pre-feasibility and feasibility studies with clearly defined value-propositions
  - Develop trade and investment marketing material
  - Approach businesses and potential investors with well-developed investment opportunities and support material
- **Support local business and potential investors**:
  - Analyse each stakeholder's needs and then develop a customised action plan
  - Champion the streamlining of any trade and investment orientated query within the STLM
  - Champion the streamlining of any trade and investment-orientated process within the STLM and all four local municipalities, including rezoning applications, passing municipal council resolutions
- Actively promote STLMs investment opportunities including engaging with stakeholders, assist potential investors with business plan development
- Convert all investor related information into web friendly information and ensure that it is loaded onto the STLM's website

7.1.2 Establish Trade and Investment Committee

The Trade and Investment Committee will be a cross-departmental and multi-organisational committee that either has an interest in trade and investment in the STLM or that influences investor-related processes. The Committee should include organisations that fund projects. The committee will function through the investment promotion unit.

The main objectives of the Committee will be to:

- Create a conducive environment for investment in STLM
- Ensure that potential investors' queries are addressed
- Ensure that potential investor's processes are expedited
- Ensure that investment red tape is reduced

A dedicated Trade and Investment committee would enable the STLM to engage with a variety of stakeholders in order to continuously improve service delivery to potential investors.

7.1.3 Establish Trade and Investment Forum

A forum that will also be linked to the unit needs to be established. It is important to provide stakeholders with a platform where they can voice their opinions, make suggestions, and contribute to the advancement of investment in STLM.

7.1.3.1 Potential Trade and Investment Forum Participants

The Forum will be lead and chaired by the Investment Promotion Unit with support from the Trade and Investment Committee. Other parties that need to be included in the forum are:

- Government and state-owned entities that are not represented on the Trade and Investment Committee
- Local businesses, including the local business chamber, property developers, property owners, farming unions, etc.
- Potential investors
- Potential Project Financiers, such as IDC, SEDA, MEGA, DTIC etc.
- Other stakeholders including, labour unions, civil society, etc.

Figure 7-1: Potential Trade And Investment Forum Participants

7.1.4 Technology Utilisation

The Trade and Investor Portal will become the cornerstone of the Unit's delivery system. The portal will allow the Unit to track and review all stakeholder engagements. It will allow the Unit to identify trends and where necessary intervention points that will increase the Unit's good-will with the business community, potential investors and other stakeholders.

Technology usage should include:

- A Trade and Investor Portal
- Local business and potential investors should be able to create a profile on this portal
- The Portal should allow businesses and potential investors to make online payments for all their municipal accounts
- All application processes should be available on the Portal
- By utilising electronic application forms, tracking can be placed on all applications, ensuring the delivery and processing of all applications
- Alerts should be placed on all key milestones to ensure that all parties involved, including the potential investor, case-officer, and relevant departments and organisations are alerted
- All interactions with businesses and potential investors should be recorded on this portal

7.2 Directory of Trade and Investment Promotion

The STLM should also consider establishing a Directory of Trade and Investment Promotion, where essential information regarding potential international, national and local investors that promote trade and investment is found. This directory should be linked to the Trade and Investor Portal where local business and potential investors should be able to create a profile on this portal.

Table 7-1 below indicates a directory of potential investors for STLM opportunities.

Table 7-1: Directory Of Potential Investors For STLM

Organisation	
International Finance Corporation www.ifc.org PMejlak@ifc.org +1 (202) 458-2278	**SEFA** www.sefa.org.za 012 748 9600 013 755 3923
Grow Africa info@growafrica.com +27 11 256 3534.	**Agri SETA** www.agriseta.co.za/ info@agriseta.co.za 012 301 5600
AgDevCo www.agdevco.com investment@agdevco.com +44 (0)20 7539 2650	**Old Mutual** www.oldmutual.co.za 0860 60 70 00
The New Development Bank www.ndb.int enquiries.arc@ndb.int +27 11 043 2000	**STANLIB** www.stanlib.com 0860 123 003
JP Morgan www.jpmorgan.com +1 212 270 6000	**Coronation Fund managers** www.coronationsecure.co.za 0800 22 11 77
Investec www.investec.com +27 (11) 286 7000	**Sanlam** www.sanlam.co.za +27 21 947 9111
JBS Foods jbsfoodsgroup.com 970-506-8000	**FNB** www.fnb.co.za 087 575 9404
Tyson Foods Investor relations ir@tyson.com 1-800-643-3410 ext.4524	**Standard Bank** www.standardbank.co.za 0860 123 000
Cargill www.cargill.com 800-227-4455 (US)	**Nedbank** www.nedbank.co.za 0800 555 111

Smithfield Foods www.smithfieldfoods.com Investor Relations (757) 365-3050	**ABSA** www.absa.co.za 0860 008 600
DBSA www.dbsa.org webmaster@dbsa.org +27 11 131 3500 or +27 11 313 3297	**MEGA** www.mega.gov.za info@mega.gov.za 013 755 6328
Industrial Development Corporation (IDC) www.idc.co.za 011 269 3000	**AFGRI** www.afgri.co.za 011 063 2090
National Empowerment Fund (NEF) www.nefcorp.co.za 0113058000	**York Timbers** www.york.co.za 013 764 9200
Future Growth Agri funds www.futuregrowth.co.za businessfunding@futuregrowth.co.za 021 659 5300	**SAAPI** www.saapi.org.za 011 442 3616
Department of Trade, Industry and Competition www.thedtic.gov.za 086 184 3384	**Department of Small Business and Development** www.dsbd.gov.za 0861 843 384
Department of Environment, Forestry and Fisheries www.environment.gov.za 012 399 9000/086 111 2468	**Tongaat Hulett** www.tongaat.com +27 32 439 4000
Department of Agriculture, Land Reform and Rural Development www.dalrrd.gov.za 012 319 6000/012 312 8911	**Selati** selati.co.za +27 860 103 764
SEDA www.seda.org.za info@seda.org.za 0860 103 703 (013) 755 8730 (Mpumalanga)	

7.3 Synopsis

STLM offers investment opportunities across five key sectors, each comprising specific areas with growth potential that are open for investors. Within this section, prospective investors are pinpointed. However, it is STLM's responsibility to actively engage and attract these potential investors by showcasing the municipality's appeal through diverse platforms.

Additionally, the South African Government has established dedicated platforms to facilitate and boost investment within the country. These platforms provide an array of opportunities for STLM to enhance its investment promotion and attraction efforts. By leveraging these resources, STLM can effectively reach out to a broader audience of investors, thereby fostering economic growth and development in the municipality.

8 Investment Promotion Strategy

This section presents the strategic investment promotion interventions and their plans. These plans give structure to the investment opportunities identified earlier in the strategy. The implementation plan will be presented in the following section.

8.1 Strategic Framework

The purpose of the Investment Framework is to present a framework within which the Investment Strategy can be developed.

8.2 Vision and Mission

The role of STLM regarding investment is to develop an enabling environment within the municipality in order to attract and attain investors. Part of this role is to create a conducive environment for investment, including:

- Identifying and developing investment opportunities by creating value proposition
- Proactively engage potential investors
- Ensuring access to investment information
- Ensuring minimal red tape regarding administrative processes

8.3 Strategic Objectives

The primary goal of the strategy is to provide guidelines that will promote investment in STLM by focusing on retaining/expanding the existing businesses and on attracting new investment in the area.

The following objectives support the achievement of the strategy:

- Highlighting sector potential
- Identification of investment projects
- Enhance industry and stakeholder communication
- Increase awareness about investment opportunities within STLM

Primary development objectives:

- Stimulate economic development
- Develop and enhance infrastructure for economic growth and development
- Reduce poverty through job creation
- Ensure a safe and secured environment for all people of STLM

The investment strategy is structured to either address these objectives directly or ensure that the implementation of the strategy indirectly responds to these challenges.

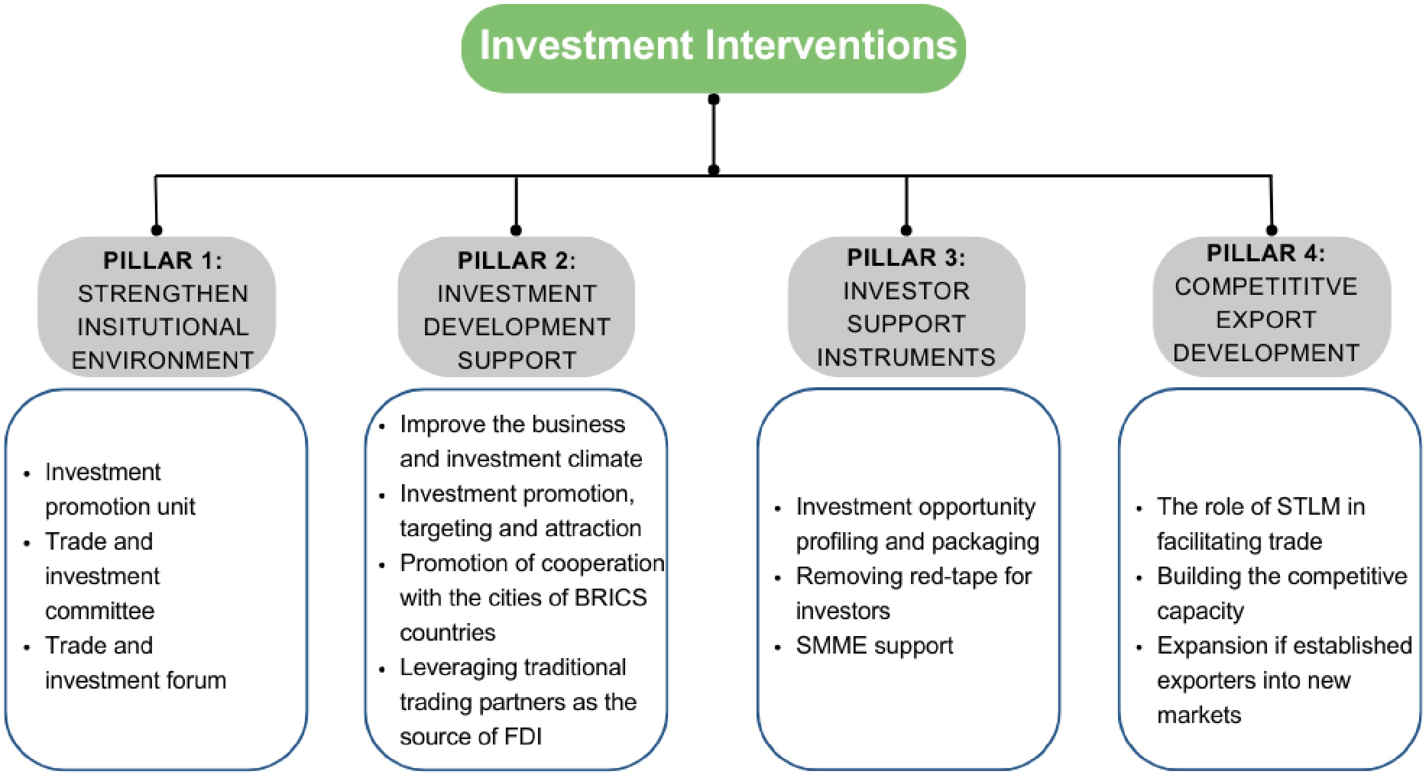
8.4 Investment Interventions

To achieve the above-mentioned objectives, the following investment intervention areas are proposed:

1. Strengthen Institutional Environment
2. Investment Development Support
3. Investor Support Instruments
4. Competitive Export Development

Figure 8-1 below indicates investment interventions for STLM:

Figure 8-1: Investment Interventions



8.4.1 Pillar 1: Strengthen Institutional Environment

Creating an environment that will encourage investment starts with creating a conducive institution to address all investment matters. This includes:

- Having the instructional capacity to deal with all investment business-related matters (proposed STLM investment Unit)
- Ensuring streamlined processes that ensure all queries are dealt with in a timely manner
- Trade and investment staff that have the required skills and expertise
- Institutional and management support
- Appropriate funding

8.4.2 Pillar 2: Investment Development Support

The Investment Development Support programme focusses on investment promotion, attraction and facilitation.

8.4.2.1 Improve the business and investment climate

Promoting investment is not just an activity; it's a continuous process crucial for the STLM. It's essential to minimize business costs and establish a favourable business environment. Removing bureaucratic hurdles in the municipality can reduce expenses for investors and enable quicker decision-making. Additionally, enhancing the competitiveness of services like transportation, energy, and communications not only lowers costs but also improves product quality and service variety. Ultimately, this approach leads to job creation within local communities through increased investment opportunities.

8.4.2.2 Investment, promotion, targeting and attraction

Considering the intense competition among provincial investment promotion agencies and municipal entities for foreign direct investments, there is a need to prioritize collaboration and mutual support to enhance efforts in promoting, attracting, and facilitating investments. It is crucial to note that investment promotion missions incur significant costs. Hence, rather than focusing on individual investors from various countries, it is essential to integrate collaborative initiatives between local municipalities and districts to capitalize on trade and investment cooperation agreements. This approach will enable the STLM to effectively track potential investors and their requirements, preparing to place them in different areas of the municipality based on their respective comparative advantages.

8.4.2.3 Promotion of cooperation with the cities of the BRICS countries

The aim is to ensure that the STLM targets FDI in the sectors where BRICS countries have a comparative advantage, but also taking advantage of the New Development Bank. The role played by the bank would be to finance infrastructure development and should consider targeting FDI from BRICS on the following recommended sectors:

- Renewable energy
- Infrastructure

- Beneficiation of minerals
- Capital equipment

The STLM should be responsible for coordinating all the above-mentioned activities. In addition, there is a BRICS Business Forum that consists of all prominent businesses and companies from the BRICS countries. In this regard, the STLM needs to use forums as a platform to target investments and matchmaking of the local exporters to potential buyers.

8.4.2.4 Leveraging traditional trading partners as the sources of FDI

Europe and the United States have traditionally served as the primary origins of Foreign Direct Investment (FDI) and the main markets for South African products. Among competing companies, American firms stand out as the leading contributors to Greenfield FDI projects. They predominantly invest in sectors such as transportation equipment, heavy industries, tourism, ICT, electronics, and life sciences.

8.4.3 Pillar 3: Investor Support Instruments

8.4.3.1 Investment opportunity profiling and packaging

The STLM is responsible for creating and maintaining their marketing materials, which will be made available to investors and the public on the STLM website and can be accessed through the Trade and Investor Portal.

8.4.3.2 Removing red-tape barriers for investors

Governments occasionally play a crucial role in preventing investors from investing in a country. The absence of efficient coordination to support investors can delay the process of locating suitable investment opportunities due to bureaucratic hurdles and necessary requirements. To expedite this process, STLM should take proactive measures to assist investors by eliminating unnecessary paperwork. This can be achieved through the municipality's Investment Promotion Unit.

8.4.3.3 SMME support

FDI is widely considered to be a driving force for economic growth. It helps alleviate capital shortages in host regions and supplements domestic investment, especially in high-risk areas or emerging industries where local investment is limited. For instance, when FDI is directed towards resource industries, it can stimulate domestic investment in related sectors.

Efforts should be made to encourage investments in emerging fields like green technology manufacturing and mineral sector beneficiation. The goal is to attract FDI for these sectors. However, to bolster local capabilities, incubation centers will be established within SEZs. This initiative aims to ensure that SMMEs have the opportunity to be nurtured in these new investment areas.

8.4.4 Pillar 4: Competitive Exporter Development

The Competitive Export Development programme is intended to be utilized as an instrument to assist in identifying new markets for STLM based on emerging exporters to promote locally manufactured products. This programme provides opportunities for established SMMEs within the municipality to be exposed to the international market. As such, this programme aims to achieve the following:

- Creating an environment that is supportive
- Enabling exporters to gain access into international markets
- Expanding the number of products exported by local companies to new markets

8.4.4.1 The role of STLM in facilitating Trade

Local government lacks the authority to engage in sovereign joint trade agreements with various countries; this power resides with the national government. This arrangement aims to enhance trade and investment at the provincial level. Collaborating with the Department of Trade, Industry, and Competition (DTIC), Provincial Investment Promotion Agencies (PIPAs) conduct investment and export promotion initiatives in specific markets aligned with South Africa's international relations agreements. Consequently, STLM must cooperate with the DTIC to facilitate trade.

The partnership between the DTIC and PIPAs has centralized all trade and investment incentives at the national level. Supporting emerging exporters becomes challenging without these incentives. Therefore, it is imperative for local government to collaborate with the DTIC's Trade and Investment South Africa (TISA), a branch responsible for promoting exports and facilitating investments in South Africa. Furthermore, export promotion incentives are administered nationally through TISA.

TISA utilizes national pavilions, international exhibitions, and outbound missions to promote the country's exports globally. These activities cater to exporters affiliated with Export Councils and registered business associations. Export Councils are utilized to categorize companies exporting manufactured goods based on their product offerings. In addition, the National Exporter Development Programme (NEDP) advocates for a more comprehensive approach to increasing the country’s exports. The approach integrates the country’s competitiveness. According to the NEDP, the issues that affect the general competitiveness of countries are classified into three categories:

- Those beyond the countries border (demand side issues).
- Those experienced at the border (facilitation issues); and
- Those experienced behind the borders (supply side issues).

Comprehensive approach means that exporters need to be supported on the border-in issues, border issues and border-out issues. In addition, the NEDP envisages that using the comprehensive exporter development approach programme can progressively increase the total pool of exporters by:

- Retaining and further developing existing exporters
- Supporting and strengthening emerging exporters
- Enabling non-exporters with potential to become emerging exporters

Increased exports of existing exporters can be achieved by:

- Exporting more of the same product to the same foreign market
- Exporting new products or services
- Exporting to new foreign markets

8.4.4.2 Building the competitive capacity

The primary focus of this step lies in enhancing the competitive capabilities of businesses, empowering them to either expand their existing exports or enter new markets. This aspect integrates marketing theory, strategic planning, market development strategies, and international trade logistics, complemented by hands-on tasks derived from the daily workings of small businesses. The training approach fosters extensive interaction between participants and trainers. Upon completing this training, companies are expected to enhance their competitiveness in the global market.

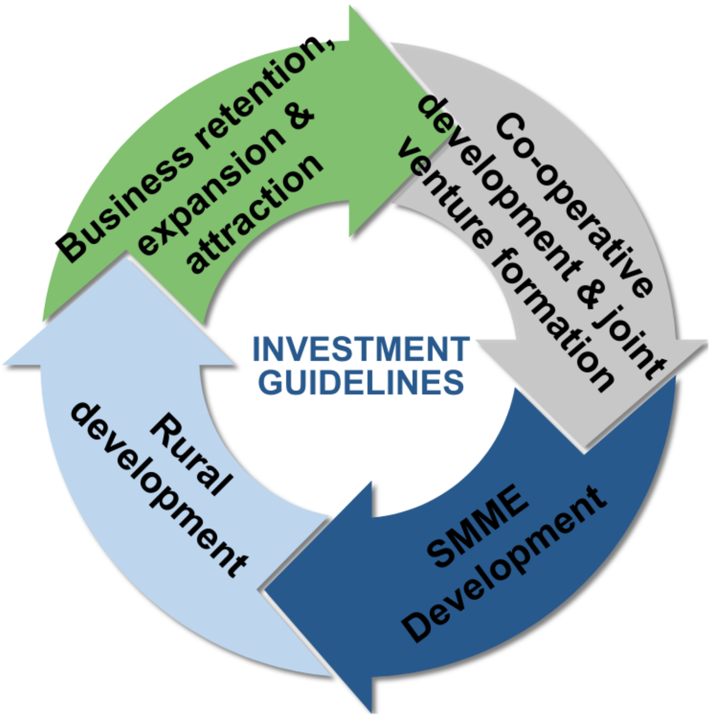
8.4.4.3 Expansion of established exporters into new markets

This stage is designed for experienced exporters who are already actively involved in markets and wish to broaden their reach into new ones. It caters to established exporters by offering up to date, on-the-ground information, encompassing market opportunities, potential threats, and barriers to entry.

8.5 Investment Guidelines

The purpose of this section is to present the Investment Guidelines for the STLM. It is divided into the following four segments as illustrated by Figure 8-2 below:

Figure 8-2: Investment Guidelines



8.5.1 Business Retention, Expansion & Attraction

The stimulation of economic development is primarily driven by the activities of established businesses. Research shows that these businesses are the primary creators of jobs and investments, with approximately three-quarters of new jobs originating from businesses already established in the area. These enterprises have adapted to local conditions, producing and offering goods and services in demand by the community and nearby regions. Consequently, they boast a higher survival rate compared to new businesses and provide more sustainable job opportunities and income for the government.

Furthermore, the satisfaction of existing businesses regarding the services and support they receive, along with their successful growth, acts as a testament to prospective businesses looking to establish themselves in the local area. This underscores the importance of the government prioritizing the nurturing and support of existing local businesses. To this end, guidelines for Business Retention and Expansion have been established. Implementing these guidelines not only benefits existing businesses but also conveys a positive message to both local and potential businesses. It signals a pro-business climate in the municipality, indicating active government involvement in local economic development and a genuine interest in supporting its businesses.

Business retention and expansion entail a collaborative effort involving local government, businesses, communities, agencies, and government organizations. This effort encompasses planning and executing activities that foster interaction with local stakeholders and create an environment conducive to their operations. In detail it is aimed at:

- Identifying needs and concerns of the local businesses
- Removing obstacles that prevent existing firms from continuing their operations or expanding
- Reducing costs and risks of doing business in the local economy
- Improve competitiveness of the local businesses
- Enhance market opportunities for the local businesses
- Improve business infrastructure for the local businesses
- Generally creating an environment that would improve businesses' survivability and create a sustainable community through implementation of a defined set of actions

Ensuring the community's sustainability relies heavily on adhering to the guidelines for business retention and expansion. However, it's equally vital to recognize the significance of business attraction. While the guidelines primarily support local businesses, business attraction concentrates on drawing in fresh investments and establishing new enterprises. Essentially, business attraction strategies encompass actions aimed at tackling local developmental constraints and risks, making it akin to a risk management approach. The ultimate goal of business attraction is to bring in new industries, diversifying and strengthening the local economy.

The main objectives of a business attraction programme include:

- Attraction of businesses operating within the key sectors of STLM
- Promote the STLM as a favourable location for the targeted businesses
- Creating an enabling environment for business development
- Encourage both local and foreign investment
- Create an awareness of various development opportunities in the area
- Create a fair, efficient, and competitive marketplace
- Diversify the economy and improve its sustainability
- Foster economic development and growth

8.5.2 Co-operative development & Joint Venture Formation

A cooperative is a group of individuals who jointly own and govern an organization to fulfil their shared economic, social, and cultural needs and goals. The Cooperative Act 14 of 2005 can be utilized as a tool to create cooperatives, enabling local development. This legislation offers a comprehensive legal structure for establishing various cooperatives across different sectors of the country's economy. It is acknowledged that a genuine, autonomous and economically viable co-operative movement and its membership have a vast development potential. Potential contributions of co-operatives to development include:

- Development of income-generating activities and sustainable employment
- Increased savings and investment
- Improve social and economic well-being
- Sustainable human development
- Human resource development
- Development of business potential, including entrepreneurial and managerial capacities
- Improved competitiveness and access to markets and institutional finance
- Enhanced broad-based economic empowerment

Cooperative organizations play a crucial role in reshaping the informal economy. They ensure legal protection and seamless integration of entrepreneurs into the mainstream economy, preserving their unique identity. The cooperative model boosts small businesses' competitiveness on both national and global levels. It provides advantages such as economies of scale, synergies, enhanced bargaining power, collaborative innovation, active member participation, and stability, enabling entrepreneurs to access various opportunities without compromising their individuality. In order to promote local investors as joint-venture partners and to promote other forms of enterprise-to-enterprise co-operation, the following activities will need to be undertaken by the responsible unit for implementing the investment strategy:

- Identify potential local partners and obtain information on their company, size, products, technology, markets, financial position and investment interests

- Compile an investment prospectus identifying project profiles describing the investment proposal and giving enough information to allow a potential investor to decide whether the venture is worth investigating and pursuing.
- Prepare profiles of those projects likely to be of greatest interest to overseas partners
- Local partners should prepare fact sheets on their companies and investment interests.

8.5.3 SMME Development

SMMEs are recognized as key drivers of inclusive economic growth and development not only in South Africa but also globally. In South Africa, the small business sector holds significant importance within the national economy. SMMEs play a crucial role in any country's economic progress, contributing significantly to production, employment generation, exports, and income distribution.

It is imperative to channel investments towards SMMEs in specific sectors within the STLM, particularly those with the potential to attract both local and international investors. STLM should prioritize the marketing and promotion of these SMMEs, given their capacity to decrease the municipality's unemployment rate. The formulation of policies and implementation of programs to support SMME development are essential. Therefore, it is vital for STLM to continue creating initiatives associated with the growth of SMMEs.

8.5.4 Rural Development

Several regions within the STLM are rural areas, and the unique characteristics of these areas necessitate the establishment of guidelines for rural development. Rural development is a comprehensive concept that involves enhancing service provision, creating better income-generating opportunities, promoting local economic growth, improving physical infrastructure, fostering social cohesion and safety in rural communities, ensuring active participation in local political processes, and providing effective support for vulnerable populations.

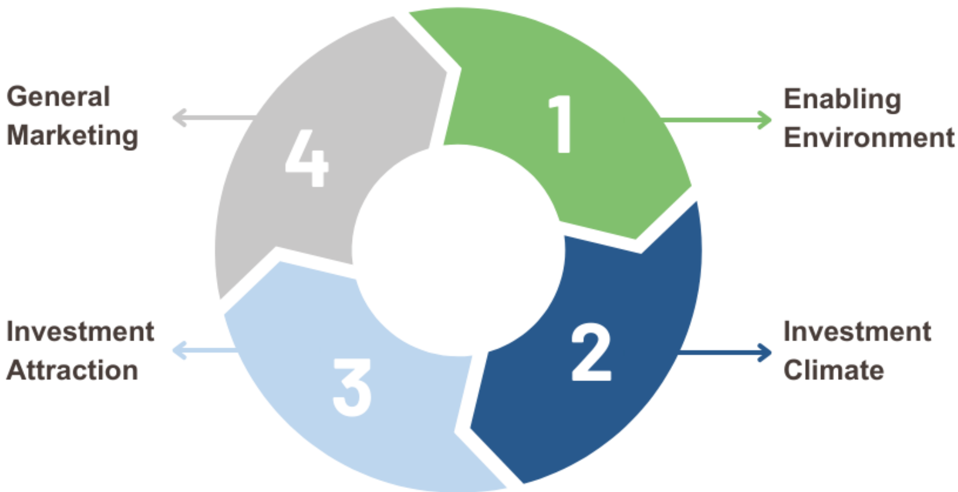
This approach goes beyond merely alleviating poverty through social programs and financial assistance; it focuses on facilitating transformative changes in rural environments. The goal is to empower impoverished individuals to increase their earnings, invest in themselves and their communities, and contribute to the maintenance of vital infrastructure crucial for their livelihoods. It is the responsibility of the government to clearly identify local development needs and opportunities and strategically plan responses to address them. Proper budget allocation and alignment are essential to achieving planned objectives.

In this context, the STLM should serve as a responsible institution overseeing participatory planning and implementation processes in rural areas. They will receive support from provincial and/or district governments, which will coordinate, integrate, and align planning efforts to ensure effective outcomes.

9 Promotion Strategy

The purpose of this section is to present the promotion strategy for the STLM. It is divided into the following four segments as illustrated by Figure 9-1 below.

Figure 9-1: Promotion Strategy



9.1 Enabling Environment

The economic landscape of a particular area refers to the social and economic activities in the vicinity that can impact a specific business. An enabling environment, in this context, refers to external conditions that support sustainable market growth beyond a business's control over internal aspects like finances and personnel. Some external factors are beyond the influence of private entities. To foster a business-friendly atmosphere conducive to economic development and growth, specific production inputs (illustrated in Figure 9-2) and their availability in adequate quantities are essential.

Figure 9-2: Production Inputs

Skilled labour: In order for a business or economy to operate effectively, it is essential for the local population and potential workforce to possess adequate skills. This proficiency can be attained through ample schooling and training opportunities within the municipality. These resources are crucial to providing emerging businesses and entrepreneurs in the area with access to a highly skilled labour pool, enabling them to establish and grow their ventures successfully.

Water and sanitation: Ensuring a reliable supply of clean water for human consumption and industrial needs is crucial. The availability of proper sanitation facilities is equally important and is closely linked to clean water provision. Water-borne sanitation systems are highly effective, but in regions where water is scarce, alternative methods like bucket latrines and chemical toilets can be employed. In these situations, bio-augmentation products can be utilized at sewage treatment plants to minimize water usage.

Transport infrastructure: To establish a robust distribution network within and beyond the municipality, it is crucial to have efficient road connections. These road linkages are essential for connecting businesses in different towns and production sites with the broader province and country. Regular evaluations of necessary road upgrades and maintenance are vital to guarantee that the transportation infrastructure supports business growth. If a distribution hub is planned for the municipality, the quality of roads must facilitate easy travel for trucks and people between various locations within the municipality.

Public transport: In addition to developing a robust transportation network, it is essential to establish efficient, dependable, and economical public transportation systems along crucial routes. These systems can serve multiple purposes, such as commuting labour from residential areas to workplaces and facilitating the transportation of raw materials and finished goods between different destinations.

Disaster management: A genuinely supportive environment must account for the potential impact of natural disasters. Every municipality should have disaster management strategies in place to prepare for such events effectively. These strategies ought to outline the deployment of emergency services and detail the assistance that will be offered to local residents and businesses.

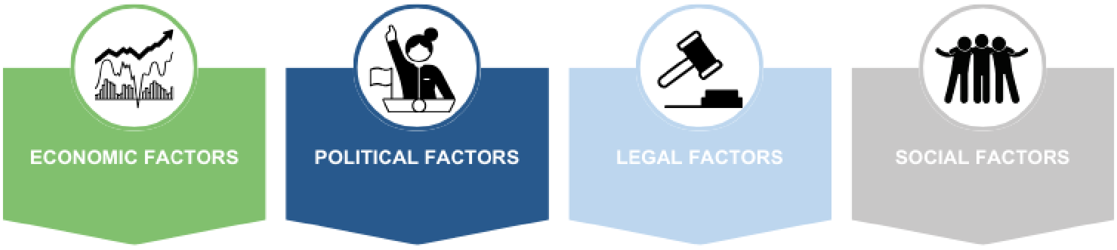
The municipality needs to ensure that the aforementioned factors are sufficiently addressed so as to provide an enabling environment that is conducive to business development.

9.2 Investment Climate

Investment climate is defined as the general atmosphere as influenced by economic, legal, political and social factors which could directly and indirectly influence the performance of an investment.

There are four macro influences on the investment climate:

Figure 9-3: Macro Influences On Investment Climate



Economic Factors: This information may encompass details about infrastructure, workforce statistics like unemployment rates and skills, and poverty levels. Additionally, factors like the availability of natural resources and other elements affecting specific industries' production processes might be considered. Favourable investment conditions often align with high-growth economies.

Political Factors: Similar to prevailing ideologies, the government's structure and the ease of transitioning between regimes significantly impact the investment environment of a region. Governments determine taxation on profits and establish legal guidelines for investors, sometimes offering financial incentives to promote investment. Additionally, political elements such as national security, political instability, and uncertainty about the governing system must be considered. Political stability and a minimal government intervention approach can foster a more favourable investment atmosphere.

Legal Factors: These elements provide a framework for both economic and political considerations. They encompass various aspects, such as the simplicity of business registration and the extensive demands of corporate governance, all of which impact the investment environment. Reforming regulations can significantly contribute to eliminating obstacles to investment. While certain legal obligations are essential, a more conducive investment atmosphere can be fostered by regulations that minimize financial uncertainties and streamline investor activities.

Social factors: These encompass the less transparent elements of the investment environment that significantly influence investment outcomes. Factors like crime rates, work ethic in specific regions, and overall performance impact the investment climate. A positive work ethic rooted in social stability and values contributes to a favourable investment atmosphere.

Considering various macro factors that influence the investment environment, the primary elements shaping the investment climate in the STLM encompass the labour market, crime rates, land availability, and the speed of approval processes for developments. Additionally, factors such as inadequate infrastructure, specifically in water and communications, could further contribute to these conditions.

A summary of the most pertinent factors that affect the STLM, including and in addition to those already mentioned includes:

- Availability of skilled labour
- Availability of serviced sites
- Availability of land
- Access to electricity/ rise in price
- Access to water
- Access to telecommunications
- Permit approval timelines
- Transportation network
- Access to raw material/suppliers
- Conducive climate
- Availability of schools, clinics, etc.
- Entertainment/shopping
- Co-operation of local government
- Aging infrastructure, especially roads and water infrastructure
- High levels of crime
- Decrease in public trust
- Scarcity of land for farming activities
- There is a lack of well-defined policy statements regarding the green economy.
- Identifying development needs
- Unlocking investor potential
- Land rehabilitation
- Enhancement and maintenance of tourist attractions is imperative.
- Agricultural Development

- Tourism Development
- A lack of synergy exists between the tourism industry and other sectors.
- Transitioning to Green Economy
- Opportunities for higher-paying jobs are limited.
- The cost of training is high

9.3 Investment Attraction

The development and implementation of an Investment Attraction Programme (IAP) is key to ensuring sustainability of the municipality. This programme is focused on attracting new investment and creating new businesses. Simply put, the IAP encompasses all actions that are aimed at addressing local development constrictions and risks, it thus also possesses some elements of a risk management strategy.

The central purpose of an IAP is to attract new investment to the municipality in order to diversify and build the local economy and aims to target both domestic and foreign investors. The main objectives of an IAP include:

- Attracting investors interested in the target sectors
- Promoting the STLM as a favourable location for the targeted investors
- Creating an enabling environment for investment development
- Encouraging both local and foreign investment
- Forming an awareness of various development opportunities in the STLM
- Building a fair, efficient and competitive marketplace
- Diversifying the economy and improving its sustainability
- Fostering economic development and growth

The following actions of an effective IAP are proposed:

- **Conduct annual survey of investors' perceptions:** to identify the main focus areas for the government's initiatives and to monitor their effectiveness through changes in the responses of potential investors.
- **Improve infrastructure services provision in the municipality:** by making an investigation into the main causes of the current service provision situation and addressing these issues through negotiations with local, provincial and national departments.
- **Increase the supply of land:** Land reform creates a certain level of risk for potential investors, as on-going land claims can discourage businessmen from investing in the area.
- **Increase the supply of services competitive sites for manufacturing, warehousing, retail and wholesale businesses:** Provision of serviceable sites is one of the main interventions that local government can implement for the attraction of new businesses.
- **Promote and plan the establishment of clusters in the municipality**: It is recommended that the IAP of the STLM be geared towards attracting businesses that are able to capitalise on the local opportunities and create clusters of competing, connected and complimentary industries. The biggest benefit of clustering is the establishment of linkages between the

interrelated companies, increased competitiveness between the competing industries and improved productivity resulting from these relationships.

Clustering of economic activities involves the establishment of an economic infrastructure that includes the provision of industrial estates with serviceable sites, financial assistance and consulting services. Clusters could either be developed from scratch or by re-designing the existing industrial or office parks.

- **Link the IAP to the Investment Promotion Unit in the STLM:** to drive and oversee the implementation of the Programme.
- Actively participate in local, regional and foreign investment seminars, outward and inward missions and exhibitions.
- **Conduct a Regional Environmental Assessment:** Environmental Impact Assessments (EIAs) are one of the risk factors faced by potential investors. The purpose of a Regional Environmental Assessment (REA) is to promote sustainable development in the region and in order to enable the formulation of development plans. A key of REA is the analysis of the environmental constraints and opportunities in the region as well as the region's natural resource base and socio-economic conditions. The assessment should contain the following key information:
    - Legal, administrative and policy framework that influences environmental management in the region
    - Assessment of the existing baseline environmental conditions
    - Description of the development plan along with potential projects in the area
    - Estimation of the potential cumulative impacts of the potential activities on environmental and socio-economic environments
    - Identification of the costs and benefits associated with alternative investment options
    - Development of an optimal regional investment plan
    - Development of an environmental management strategy that would identify potential projects that would require scoping, or a full EIA, including guidelines for environmental monitoring and plans for institutional strengthening

Given the above information, a REA has the potential to be of great assistance to potential investors and could improve their relationship with the municipalities as it could fast track an EIA process by:

1. Preliminary highlighting of potential environmental risks
2. Indicating what type of an EIA needs to be followed
3. Providing valuable information to the specialists involved in the EIA, thus reducing the amount of time needed to compile and Environmental Impact Report.

9.4 General Marketing

At both the national and international levels, there is limited awareness about the various investment possibilities in STLM. As a result, potential investors are not informed about the business prospects offered by the municipality. Insufficient understanding of the region's potential greatly hampers the effectiveness of investment promotion initiatives.

Hence, it is crucial to enhance overall awareness regarding the local opportunities available in STLM, making it an essential element of any investment strategy. The general marketing efforts for STLM should focus on promoting awareness about the business prospects in the municipality and establishing the region as a favourable and business-friendly environment.

The main objectives of general marketing include:

- Promoting the STLM as a business-friendly environment with a government workforce committed to meeting the needs of potential investors and fostering a conducive atmosphere for their business growth.
- Raising awareness among potential investors and stakeholders about STLM's competitive advantages across various sectors.
- Enhancing understanding among potential investors about business prospects in different sectors.
- Focusing on attracting both South African and international investors, specifically from countries like China, India, Japan, the United Kingdom, the Netherlands, France, Spain, Italy, Mozambique, Tanzania, Canada, the United States, the United Arab Emirates, Switzerland, Germany, Indonesia, Australia, and Argentina.
- Implementing a comprehensive marketing strategy to enhance the STLM's reputation and entice new investors by utilizing promotional materials and marketing mix techniques.

9.5 Promotional Information

There are distinct types of promotional information that the STLM can employ in order to inform and attract potential investors. The most applicable types of promotion information with regard to the municipality is indicated in Figure 9-4 below.

Figure 9-4: Promotional Information

Introductory Brochure: The intention behind creating this brochure is to offer comprehensive social and economic details about the STLM. Producing a top-notch brochure is the initial move to demonstrate the government's commitment to a proactive stance on business development in the municipality. It also showcases the professionalism and exceptional service standards provided, aiming to attract potential investors. The brochure should contain information such as:

- Map of the STLM
- Background of the region
- Geopolitical information (size of municipalities, average temperature, natural resources etc.)
- Population statistics of the municipality (total population, urban and rural division, working age population, economically active population, employed and unemployed population, division between unskilled, skilled and highly skilled workers)
- Economic background (GGP, major economic sectors, income per capita, average household income)
- Infrastructure information (road and railroad routes, distances to main urban centres, airports, energy and water supply capacity)
- Tourism information
- Institutions located in the area along with their contact details (education, business support, non-governmental organisations, etc.)
- Available incentives

Sectoral Studies and Business Opportunities: The primary objective of conducting sector studies is to offer comprehensive insights into key industries within the STLM. These studies focus on outlining the competitive advantages and business prospects of priority sectors. This valuable information is crucial for aiding prospective investors in distinguishing the municipality from others across the country. Each analysis of a specific sector should be presented in a manner that emphasizes the key benefits of establishing a business in the STLM. Additionally, the study should address the challenges present in each sector and outline the government's strategies to overcome these obstacles.

Business Opportunities Portfolio: This portfolio is crafted to facilitate sector analyses and provide valuable information about high-quality investment prospects and potential partners in the STLM. Its purpose is to effectively promote the area to potential investors.

Business Directory Brochure: The objective of this brochure is to offer a comprehensive listing of nearby businesses, fostering business networking among existing companies in the area. The intended audience for the brochure primarily comprises businesses aiming to expand or establish a new presence in the area. These businesses require assistance in identifying suppliers, buyers, and understanding their competitors, making this brochure a valuable resource for them.

The information contained in the brochure should include:

- Brief introduction to the STLM
- Regional road and street maps
- Sector and resources allocation map that would show the spatial distribution of economic sectors in the municipality as well as the location of mineral and other natural resources
- Details of local businesses grouped according to the sectors. The details should contain information such as postal and physical address, e-mail, website, contact numbers and operating hours along with the main, secondary and intermediary products or services offered.

9.5.1 Annual Investment Promotion and Attraction Campaign

STLM should identify international and domestic investment promotion and facilitation programmes where the municipality can take the opportunity to market the region as an investment destination. These include campaigns such as:

- Investment week summits
- Investment conferences (e.g., South African Investment Conference (SAIC), African Agri Investment Indaba (AAII))
- Tourism Indaba (e.g., Africa's Travel Indaba, Meetings Africa)
- Mining Indaba (e.g., Investing in African Mining Indaba, The Junior Indaba, The Joburg Indaba etc.)
- MEGA Exhibitions
- CSIR and DTIC Exhibitions

9.6 Synopsis

This approach outlines recommendations to encourage investment in STLM by concentrating on retaining current businesses and attracting new investments to the region. It emphasizes the potential of various sectors, specific investment projects, and aims to raise awareness about investment prospects within the municipality. The primary development objective of this strategy is to stimulate economic development and reduce poverty through job creation.

Investment interventions for STLM are proposed to achieve the objectives of the strategy:

1. Strengthen Institutional Environment
2. Investment Development Support
3. Investor Support Instruments
4. Competitive Export Development

Investment prospects within STLM encompass five pivotal sectors, each offering potential avenues for investors to explore. Within these sectors, specific projects have been pinpointed by STLM, showing promise in positioning the municipality as an attractive investment hub. To harness these opportunities, the municipality must establish an Investment Promotion Unit dedicated to promoting the identified investment prospects outlined in the strategy, aiming to attract foreign direct investment.

This unit's primary objective should be to serve as a comprehensive resource for all investor inquiries and applications, functioning as a centralized hub. Each investor will be assigned a dedicated case officer responsible for addressing all their queries and liaising with the relevant authorities on their behalf.

To attract foreign direct investment, STLM should employ investment guidelines such as business retention, expansion, and attraction, cooperative development, joint venture formation, SMME development, and rural development. A promotional strategy should be adopted, emphasizing the creation of a conducive environment for investors, improving the investment climate, attracting investments, and general marketing efforts. The crucial aspect lies in developing and implementing an Investment Attraction Programme (IAP) to guarantee the municipality's sustainability. This program aims to draw in new investments and establish fresh businesses.

The STLM can utilize various types of promotional information to inform and attract potential investors. These include introductory brochures, sectoral studies, and a portfolio of business opportunities. Additionally, the STLM should identify international and domestic investment promotion and facilitation programs. This will allow the municipality to market the region effectively as an investment destination.

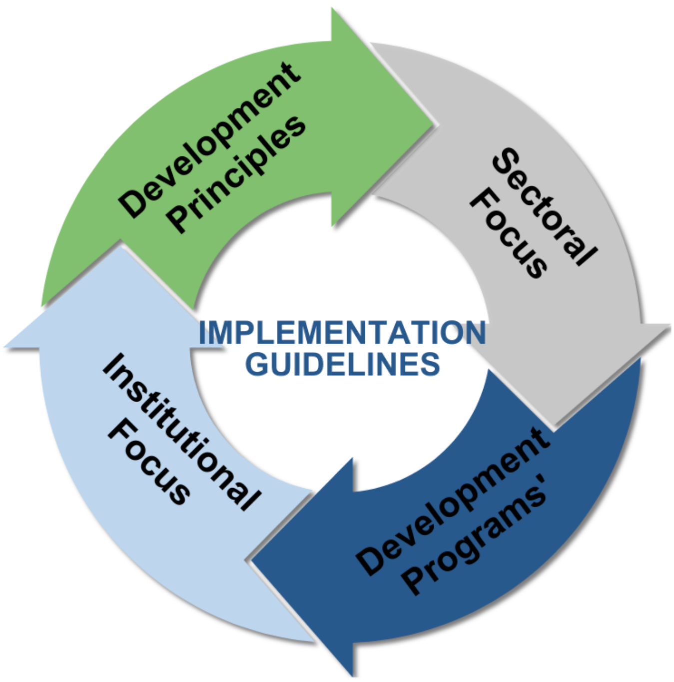
10 Implementation Guiding Principles

In this section, the guidelines for implementing the strategy are outlined. Earlier in the document, different investment projects, interventions, and programs were identified. The effectiveness of these initiatives relies heavily on the stakeholders within the STLM, as their capacity to foster a favourable economic climate and draw investments to the municipality is crucial. Efficient facilitation of investments will also greatly influence the realization of other related opportunities.

10.1 Implementation Guidelines

The primary goal of an implementation plan is to facilitate the streamlined and fast-tracked delivery of the various STLM investment projects, investment intervention pillars and their respective programmes. It is important to realise that the Implementation Plan can be sub-divided into four gears:

Figure 10-1: Implementation Guidelines



The discussion now focuses on these gears within the practical framework of the overall integrated implementation plan. Considering the interconnected nature of these gears is crucial to ensure alignment and a cohesive approach to development. The specific emphasis of each gear is outlined in the following subsections.

10.1.1 Development Principles

Table 10-1 below presents the primary principles according to which the implementation of the various pillars and their programmes should be undertaken.

Table 10-1: Development Principles

Principle	Description
Sustainability	Examining economic, social, and environmental impacts is crucial for sustainability. Before implementing any initiative, it is essential to thoroughly evaluate these aspects to prevent irresponsible resource usage.
Broad-Based Black Economic Empowerment	Considering the disparities in opportunities based on demographic factors, economic development should adhere to the national B-BBEE guidelines.
Employment	Every implemented development project should prioritize employment creation as its primary objective. In simpler terms, labour-intensive methods should be utilized whenever possible.
Income	Efforts should focus on improving the income levels of local households and communities through various initiatives. It is essential to strive for a fair distribution of income generated from these initiatives whenever feasible. Cooperatives and public-private partnerships (PPPs) have shown positive outcomes in achieving this goal.
Comparative advantage	The strategy has pinpointed specific strengths in the local areas. Industries in the region possessing these advantages should be prioritized for investment and growth. Additionally, efforts should be made to reduce investment limitations through various development initiatives.
Identified needs	Projects should be introduced to specific local communities and recipients before being executed. This communication serves not just to gain approval and backing, but also to uncover other community requirements that the project could creatively address. These identified needs should be transformed into key development priorities for implementing particular projects related to attracting investments.
Investment	Attracting external investments holds significance, as it means infusing funds into the regional economy. It also indicates projects to boost local investment levels and promote the circulation of capital generated within the community.
Capacitation	The success of initiatives hinges on the presence of skilled and competent workers. Since most municipality workers are considered low to medium skilled, capacity building should be integrated into all programs. It is advisable to incorporate this aspect into the feasibility study and business plans of specific projects to allocate appropriate budgets. Other contributing factors include business mentoring and support for SMME incubation.
Linkages	Linkages encompass the exchange of economic goods and services, as well as the communication between government and non-government entities. It is essential to establish and enhance these connections to strengthen the existing network.
Efficiency	Enhancing efficiency can be seen as a boost in the speed at which work or specific tasks are accomplished. This idea emphasizes the desired outcomes that need to be met. A general enhancement in efficiency is crucial for implementing the strategy and is relevant to everyone involved in the STLM. This concept is about performing tasks correctly, and it involves reevaluating institutional mandates and organizational structures, like task teams and institutional systems, to achieve improved efficiency.
Effectiveness	Efficiency and effectiveness are closely intertwined concepts. While efficiency concerns optimizing the relationship between outputs and the energy or inputs needed for a task, effectiveness emphasizes achieving desired outcomes with minimal resources. In essence, the goal is to accomplish tasks accurately and efficiently, emphasizing the importance of resource management. Achieving effectiveness in any strategy involves collaboration among stakeholders, creative thinking, and the successful implementation of programs.
Poverty alleviation	Emphasizing poverty mitigation is crucial during the implementation phase. While market forces influence investment placement, it's essential to factor in impoverished communities when planning projects. If market conditions deem a project unfeasible in such an area, the business plan should detail how it will still benefit the most disadvantaged members of the communities in question.

The principles of development outlined above are crucial and should be adhered to consistently during the entire implementation process. These principles hold significant importance, especially when considering the broader community-level factors.

10.1.2 Sectoral Focus

The initial stage explains the principles relevant to implementing the strategy, while the second stage underscores the primary areas of intervention evaluated in earlier sections. This information is presented here because the strategy is viewed as a dynamic document, open to periodic review and modification. The sector-specific emphasis is part of a comprehensive framework designed to steer development planning and implementation in the STLM.

As per analysis above key sectors highlighting investment potential in STLM that should be focused on namely:

- **Mining (coal and iron)**
- **Utilities diversification (Green energy generation and component manufacturing)**
- **Manufacturing (including Agro-processing) development**
- **Tourism development**
- **Agricultural development**

The key areas of focus within specific sectors serve as the primary points for implementing activities. These areas, whether through direct or indirect means, significantly affect the economic well-being of local communities in the STLM.

Table 10-2 indicates the specific direct and indirect benefits of these sectoral focus areas.

Table 10-2: Direct and Indirect benefits

Sector	Direct Benefits	Indirect Benefits
• Agriculture development • Manufacturing and Agro-processing development • Tourism development • Mining and utilities	• Employment creation • Increased local production • Increased local consumption • Broader tax base for the local municipalities • Diversificationn of the STLM economy	• Entrepreneurship • Business expansion • Investment attraction • B-BBEE • Innovation and creativity • Marketing of the municipality

The investment climate is a function of a variety of variables. One of these variables is the level of skills available in the local economy. The more skilled workers there are, the easier it will be for a potential investor to find suitable candidates for employment. This level of ease with which investors can recruit labour is very important during the location decision.

10.1.3 Interventions and Programmes

The preceding section outlined development programs that detailed necessary investment interventions to enhance the local economic conditions. These programs were tailored to specific sectoral areas. To effectively implement them, it is crucial to pinpoint and prioritise specific projects. Identifying and prioritising these projects ensures that key initiatives are strategically chosen, considering their potential impact on local communities and the municipality.

10.1.4 Institutional Focus

The STLM, aided by the investment promotion unit, should primarily oversee the implementation of various activities associated with the strategy, with support from other stakeholders. Successfully executing the strategy across the municipality will generate more job opportunities through programs and investment projects, consequently lowering unemployment rates in the municipality. This is expected to boost household incomes and enhance the community's ability to afford essential services. To effectively alleviate poverty and create employment, it is crucial to concentrate efforts on the comprehensive execution of the strategy, emphasizing efficient planning, management, and implementation.

10.2 Implementation Plan

The implementation guide centers on the strategy's projects and programs, aiming to enable the municipality to attract investments and enhance productivity, transforming into an export-oriented economy within the key sectors of STLM. Increasing production levels is crucial for generating employment, addressing the triple challenge of inequality, poverty, and unemployment in South Africa. These initiatives act as a pathway to unleash economic potential by encouraging investments and exports.

10.2.1 Implementation Programme and Responsibilities

Table 10-3 illustrates the implementation plan guideline for the investment intervention pillars of the strategy. It shows the interventions, implementation programmes for each intervention, the audience the programme is aimed at, the key role players, potential partnerships as well as the priority and timeframe for each programme.

Table 10-3: Implementation Programmes and Responsibilities

Investment Interventions	Implementation Programmes	Target Audience	Role Players	Partnership	Priority			Timeframe Years		
					High	Med	Low	1	3-5	5+
PILLAR 1: Strengthen Institutional Environment	Investment Promotion Unit Trade and Investment Committee Trade and Investment Forum	Private and public sector investors Local and International Investors	STLM	DTIC DEDT MEGA NDM						
PILLAR 2: Investment Development Support	Improve the business and investment climate	Local and international investors Private and public sector	STLM	DEDT, COGTA NDM Business Chamber						
	Investment, promotion, targeting and attraction	Private and public sectors investors	STLM DEDT	MEGA Provincial & National Departments						
	Promotion of cooperation with the cities of the BRICS countries	SMMEs Local and International Investors	DTIC STLM DEDT	BRICS Trade Partners						
	Leveraging traditional trading partners as the sources of FDI	Provincial Government Departments	DTIC STLM	MEGA DEDT						
PILLAR 3: Investor Support Instruments	Investment opportunity profiling and packaging	Private and public sectors investors	STLM	STLM Funders (Business Plans)						
	Removing red-tape barriers for investors	SMMEs Local & International Investors	STLM	DEDT DTIC MEGA						
	Research, development and technology transfer	Provincial & National Government Departments	STLM	Universities Business Consultants						
	SMME support and joint ventures	SMMEs Investors	STLM DEDT	DSBD DTIC MEGA, SEDA, SEFA						
PILLAR 4: Competitive Exporter Development	Facilitating Trade	SMMEs Investors	DTIC STLM	Provincial Government Departments MEGA						
	Building the competitive capacity	SMMEs Investors	STLM MEGA	DEDT COGTA						
	Expansion of established exporters into new markets	SMMEs Investors	DTIC MEGA STLM	Provincial Government Departments						

Table 10-4: STLM Investment Project Implementation

Project	Status	Location	Estimated Project Planning Budget	[3]Estimated CAPEX Requirements	Sector	Role Players	[4]Estimated Job Creation Potential
Just Energy Transition: Wind Energy Facilities	• Feasibility study • Business Plan • EIA	• Hendrina	R1,000,000	R5,000,000,000 per project	Utilities	• STLM • MEGA • Private and Public investors (Local & International)	40 - 400
BESS and Solar Facilities	• Feasibility study • Business Plan • EIA	• STLM (Komati and Arnot Power Stations)	R1,000,000	R3,500,000,000 per project	Utilities	• STLM • MEGA • Private and Public investors (Local & International)	30 – 350
Green Hydrogen Facilities	• Feasibility study • Business Plan • EIA	• Hendrina	R1,000,000	R3,500,000,000 per project	Utilities	• STLM • MEGA • Private and Public investors (Local & International)	25 – 350
Water and Sanitation maintenance and upgrades	• Feasibility study • Business Plan	• STLM	R500,000	Unknown	Utilities	• STLM • MEGA, COGTA • Private and Public investors (Local & International)	25 – 50
Technology Incubation Centre (TIC)	• Feasibility study • Business Plan	• STLM	R350,000	R50,000,000	Technology	• STLM • MEGA, CSIR, Universities • Private and Public investors (Local & International)	30 – 60
Green energy project for generation of various forms of energy through various technologies	• Feasibility study • Business Plan	• STLM	R1,000,000	R50,000,000 – R5,000,000,000	Utilities	• STLM • MEGA • Private and Public investors (Local & International)	40 – 100
Steel manufacturing for car parts	• Identify communities to benefit from initiatives	• Middelburg	-	R75,000,000	Manufacturing	• STLM • MEGA • Private and Public investors (Local & International)	50 – 75
Centre of excellence (steel, manufacturing, incubation)	• Stakeholders buy-in and funding	• Middelburg	-	R120,000,000	Manufacturing	• STLM • MEGA • Columbus Steel • Private and Public investors (Local & International)	60 – 100

[3] Estimated Capital Expenditure only – can only be finalised when a completed feasibility and/or business plan is available

[4] Estimated Job Creation Potential – can only be established when a completed feasibility and/or business plan is available (direct jobs only – per project)

Project	Status	Location	Estimated Project Planning Budget	[3]Estimated CAPEX Requirements	Sector	Role Players	[4]Estimated Job Creation Potential
Food and drinks production	• Stakeholders buy-in and funding	• Middelburg	-	R50,000,000	Manufacturing	• STLM • MEGA • Coca Cola, Twizza • Private and Public investors (Local & International)	25 – 75
Establish a mobile SMME support and community enterprise development e-centre, focusing on green infrastructure initiatives and development	• Feasibility studies • Business Plan	• STLM (Middelburg)	R500,000	R20,000,000 – R35,000,000	Services	• STLM • MEGA • Tech companies • Private and Public investors (Local & International)	30 – 50
Development of Middelburg Dam (PPP opportunity for recreational/tourism activities)	• Feasibility study • Business Plan	• Middelburg dam	R5,000,000	R25,000,000 – R100,000,000	Tourism	• STLM • MEGA • DTIC • IDC • Private and Public investors (Local & International)	80 - 150
Middelburg Hotel, Conferencing and Casino Centre	• Feasibility studies • Business Plan	• Middelburg	R500,000	R150,000,000	Tourism	• STLM • MEGA • Private and Public investors (Local & International)	100 - 250
Middelburg Arts Theatre	• Stakeholders buy-in and funding	• Middelburg	-	R3,000,000	Tourism	• STLM • DSBD, SEFA • Private and Public investors	10 - 20
Animal production: cattle, sheep and poultry	• Feasibility studies • Business Plan	• Middelburg • Doornkop • Hendrina	R200,000	R2,000,000 – R10,000,000 per project	Agriculture	• STLM • JBS Foods, Grow Africa, Tyson Foods • Advance Agriculture • Alzu • Private and Public investors	20 - 50
Animal production: Feedlot	• Feasibility studies • Business Plans	• Middelburg • Doornkop • Hendrina	R200,000	R10,000,000 – R20,000,000 per project	Agriculture	• STLM • JBS Foods, Grow Africa, Tyson Foods • Advance Agriculture • Alzu • Karan Beef • Private and Public investors	15 – 30
Crop production: soybeans	• Feasibility study • Business Plans	• Middelburg • Doornkop • Hendrina	R200,000	R2,000,000 – R10,000,000 per project	Agriculture	• STLM • JBS Foods, Grow Africa, Tyson Foods • Advance Agriculture • Southern Hemisphere Seeds • GrainSA • Irwing Soya • Private and Public investors	20 - 50

Project	Status	Location	Estimated Project Planning Budget	[3]Estimated CAPEX Requirements	Sector	Role Players	[4]Estimated Job Creation Potential
Crop production: maize	• Feasibility study • Business Plans	• Middelburg • Doornkop • Hendrina	R200,000	R2,000,000 – R10,000,000 per project	Agriculture	• STLM • JBS Foods, Grow Africa, Tyson Foods • Advance Agriculture • Alzu • Super B • Afgri and GrainSA • Private and Public investors	20 – 50
Crop production: potatoes	• Feasibility study • Business plan	• Middelburg • Doornkop • Hendrina	R200,000	R2,000,000 – R10,000,000 per project	Agriculture	• STLM • Potato Pro • Potato Seed • Korkom • Private and Public investors	20 – 50
Tree production: pomegranates, figs and olives	• Feasibility study • Business plan	• Middelburg • Doornkop • Hendrina	R200,000	R2,000,000 – R10,000,000 per project	Agriculture	• STLM • SA Pomegranate • SA Figs • SA Olive Association • EVOOSA • Private and Public investors	20 – 40
Horticulture and aquaculture	• Feasibility studies • Business plans	• STLM	R350,000	R5,000,000 – R20,000,000 per project	Agriculture	• STLM • MMN Fisheries • Cort Fish Farming • Private and Public investors	15 – 30
Maize mill	• Feasibility studies • Business Plans	• Middelburg • Hendrina	R500,000	R25,000,000	Agro Processing	• Private and Public investors • Keystone Milling • Afgri Milling • Super B • STLM	15 – 40
Livestock feed mixing	• Feasibility study	• Middelburg • Doornkop	R500,000	R5,000,000 – R20,000,000	Agro Processing	• Private and Public investors • ALZU Feeds • Midfeeds • Meadow Feeds • STLM	15 – 30
Red meat abattoir	• Feasibility study • Business Plan	• Middelburg	R750,000	R10,000,000 – R20,000,000	Agro Processing	• Private and Public investors • Red Meat Abattoir Association • Karan Beef • STLM	15 – 40
Chicken abattoir	• Stakeholders buy-in and funding	• Middelburg	-	R10,000,000 – R15,000,000	Agro Processing	• Private and Public investors • South African Poultry Association • STLM • MEGA	15 – 35

Project	Status	Location	Estimated Project Planning Budget	[3]Estimated CAPEX Requirements	Sector	Role Players	[4]Estimated Job Creation Potential
Development of Hendrina/Kwazamokuhle Mall	• Feasibility studies	• Hendrina • Kwazamokuhle	R300,000	R20,000,000 – R50,000,000	Property	• Private and Public investors • Retail Africa, McCormick, Redbland • STLM	50 – 250
Kwazamokuhle Town Centre	• Feasibility studies • Business Plan	• Kwazamokuhle	R300,000	R5,000,000 – R15,000,000	Property	• Private and Public investors • Contractors • Provincial and National Government	10 - 35

10.2.2 Identification of Location

Determining the project's location is crucial for attracting potential investors. After pinpointing the project to be undertaken, the subsequent step involves identifying its specific location. Aspects that investors consider when doing a site assessment include:

- Proximity and accessibility to transport routes and/or the target market.
- Proximity to inputs such as raw materials and labour.
- Communities that are forward looking and exhibit a high standard of land management.
- Informed communities who understand the value of the development and have data on their own needs, strengths and weaknesses.
- Proper due diligence of the site has been conducted in terms of any rezoning or Environmental Impact Assessment planning procedures to be followed and the bulk and geotechnical capacity is appropriate for the development.

10.2.3 Pre-feasibility and detailed feasibility studies

Feasibility studies need to be conducted for the investment projects to determine the viability of a projects. In some cases, the project may require a pre-feasibility study which would serve as the pre-cursor for the feasibility study. The pre-feasibility study ensures a solid basis for the feasibility study.

A pre-feasibility assessment entails the following:

- Location data
- Potential project limitation
- Potential alternatives
- Preliminary estimated cost
- Detailed information required in a feasibility study
- Potential funding sources
- The terms of reference for the feasibility study

Feasibility assessments comprise the following:

- Location analysis
- An initial environmental assessment
- Market research (demand and supply analysis)
- Identification and qualification of income streams and the identification of potential funding sources

The development concept is then refined and concrete concept designing, and planning is done. The feasibility study translates into information for the investor(s) on:

- Demonstrated existence of a market that it is viable for a new entrant to gain enough size of the market share
- Macro-economic environment is sufficiently stable to support and/or grow the current market

- Costs such as start-up capital, labour, supply chain logistics, utilities and taxation are investigated and accurately estimated
- Income streams are accurately calculated based on market research and the income will be enough to cover cost and earn a Return on Investment (RoI).

10.2.4 Development of Business Plans

Business plans are developed for two purposes. The first purpose is to provide a project roadmap, to map out how a project will be executed. The second reason for their development is that they must be submitted with applications for funding. Business plans provide details about the project that gives potential funders the liberty to decide whether they want to invest their money in a specific project. A business plan should have the following key components:

- **Description:** to provide an explanation of the proposed development project.
- **Operational plan:** to give a concise, clear and understandable description of the input and capital requirements, production, operational and logistical strategies and systems that will be applied by the proposed development.
- **Impact assessment:** to assess the project's impact on the levels of economic activity, the increase in production and how the general market will be affected and to analyse potential risks.
- **Organisational, management and staffing plan:** to show how many people are required to run the project/business. It will also clarify at what levels they will work for example, managerial, administrative or operational.
- **Financial plan:** to analyse the envisaged income and expenditure of the project.
- **Implementation and action plan:** to provide clear, functional guidelines with respect to implementing the preferred development concept.
- **Monitoring, evaluation and mitigation framework:** to highlight Key Performance Indicators and remedial actions that should be taken if KPI's should fail to be achieved.

10.2.5 Partnership identification & Project match making

The objective of this phase is to recognise individuals or groups with a vested interest in the project, such as stakeholders, potential collaborators, financial backers, and project leaders. A crucial component is appointing a dedicated project leader who will steer and orchestrate the ongoing process. This individual will assume responsibility for the subsequent steps and, as a result, should be equipped with the necessary information, data, and authority to guide the project efficiently and promptly. Eventually, they will transfer the project to the developer/operator.

Stakeholders encompass various entities, including government departments integral to the planning phase, industry experts, representative organizations, communities, beneficiaries, and landowners, among others. During this project preparation phase, it is imperative to ensure that all involved parties comprehend the project thoroughly. It is essential to identify any specific requirements of the stakeholders, which might include training needs.

Moreover, this phase offers the opportunity to initiate discussions with potential investors and align them with existing or potential projects. Investors will not only require feasibility studies but also a comprehensive business plan, as detailed below. Depending on the appeal of the opportunity, some potential investors might create their business plans, while in other cases, a well-structured business plan will be necessary to attract investors to the project.

10.2.6 Potential Funders and Support Services

This section presents potential funders to facilitate successful implementation, of the projects identified. Local Authorities are responsible for mobilising as much funding as possible for local economic development initiatives, locally within their respective stakeholder networks. For longer term programmes that require regular funding, local and regional budgets must reflect these priorities and they should be motivated through LED. The funding component includes funding sources for private sector investors and public sector interventions. These can be explained below which entails:

- Funding sources for private sector investors: Various incentive schemes and other funding sources exist in the form of subsidies and loans to contribute to the start-up capital requirements of large development projects.
- Funding sources for public sector interventions: Various grants and other funding sources exist for municipalities working toward improving their readiness for investment by the private sector

Funders and support service organizations play a crucial role in fostering a sustainable, dynamic, and diverse environment for SMMEs in the municipality. The majority of SMMEs and established businesses in the area lack access to the valuable services offered by support agencies. Hence, it is imperative for the municipality, in collaboration with pertinent stakeholders, to guarantee that SMMEs have access to essential information.

Other potential funders that could be approached for the financing of STLM investment projects include the following:

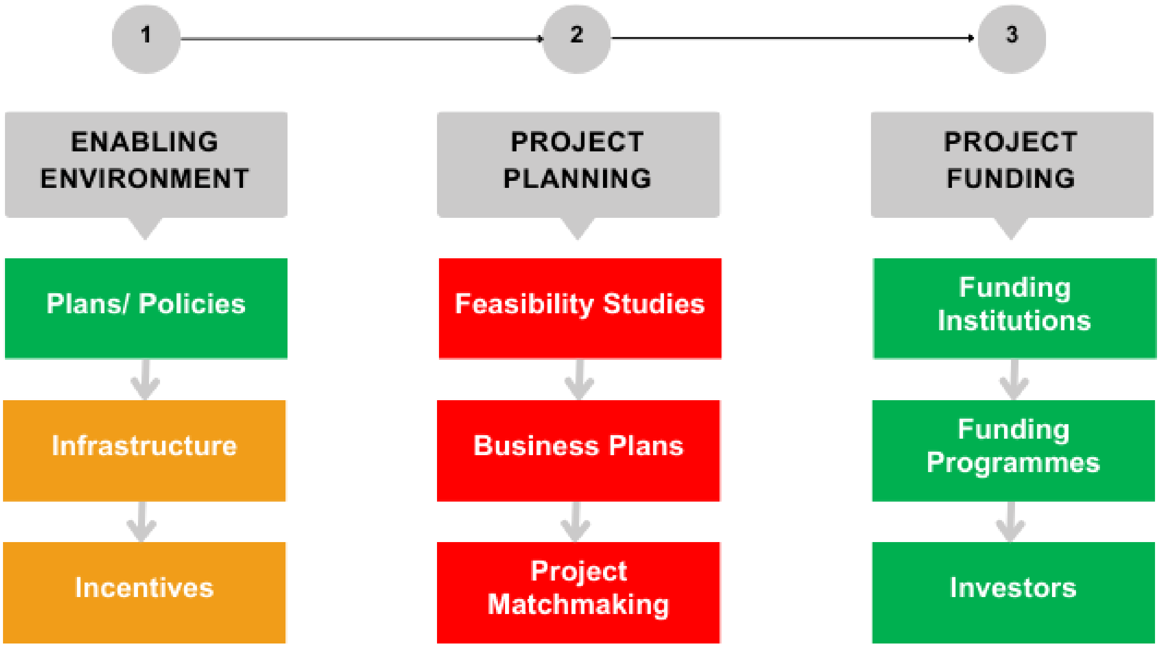
- The Department of Trade, Industry and competition (DTIC)
- The Industrial Development Corporation (IDC)
- Trade and Investment South Africa (TISA)
- National Empowerment Fund (NEF)

10.2.7 Project Funding and Implementation Challenges

The challenges faced in project implementation are not unique to STLM, as they are prevalent nationwide. While plans and policies have been established, certain obstacles persist, particularly in the jurisdiction of infrastructure and incentives. However, there are existing programs aimed at mitigating these challenges. Regarding project funding, there is a robust system in place, encompassing various funding institutions, programs, and private sector investors. Despite this, the primary hurdle lies in the initial project planning phase.

Feasibility studies and comprehensive business plans are essential prerequisites to attract investments. Unfortunately, securing funding for these vital studies, especially at the SMME level, remains a significant issue. Addressing this critical area is imperative. It is essential for the municipality to allocate budgetary resources, ensuring the creation of at least two to three business plans annually. This strategic step is necessary to facilitate the unlocking of essential funding, ultimately paving the way for successful project execution and sustainable development. The various project phases are illustrated in Diagram 10-1 below, the challenges explained above is based on part of the first step, and especially the second step, project planning.

Diagram 10-1: Project Roll-Out Phases



10.3 Monitoring and Evaluation Framework

The STLM Investment Promotion Strategy requires constant monitoring to gauge its effectiveness. It is crucial to assess the progress in attracting new investments and analyse their impact on the local economy. This ongoing evaluation is essential to ensure long-term sustainable growth and development. To optimize the strategy's efficiency, regular adjustments should be made in response to market fluctuations and changes in demand. This involves consistently repositioning the strategy strategically.

10.3.1 Performance Assessment Framework

The Performance Assessment Framework is a set of recommendations provided for the benefit of the strategy and will allow for effective monitoring and evaluation during the implementation of the strategy.

Table 10-5: Performance Assessment Framework

Indicators	Actions
Assessment and Monitoring Framework	• Establish a working relationship with the relevant stakeholders and agree on a shared monitoring framework. • Define the necessary indicators for development and their data sources. • Develop clear reporting/accountability procedures
Performance Monitoring at Programme/Project Level	• Develop a single framework for summarising project performance. • Advise project drivers with regards to monitoring indicators and mechanisms • Monitor and advise on implementation, contractual requirements and partnerships
Performance Evaluation, Review and Adjustment	• Monitor and advise on technical aspects of project implementation • Monitor and advise on project adjustment and project planning • Monitor relevant stakeholders and other project drivers
Reporting	• Annual Work Planning and Performance Reports o Programmes and projects o The state of the local economy and employment

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