

# STRATEGIC PLAN

2020-2025  
IN-YEAR REVISION (SECOND AMENDMENT): 3 November 2023

**Wesgro**

cape town & western cape  
tourism, trade & investment



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## Executive Authority Statement

27 November 2023

As the Western Cape Government's tourism, trade and investment promotion agency, Wesgro has an important role to play in realising the province's economic vision as set out in the Growth for Jobs (G4J) Strategy. Wesgro has aligned its key performance indicators to the G4J strategy to ensure that the Western Cape becomes a leading regional economy. With its proven track-record in facilitating collaboration with the private sector, the agency's experience and expertise in this respect will be valuable in enabling private-sector led economic growth.

This track-record speaks for itself. The 2022/2023 financial year recorded an impressive R4.13 billion in new investments facilitated, R3.14 billion in new export declarations reached, and helped land 30 conference bids for the Western Cape with an economic impact of up to R423.8 million.

I would also like to congratulate Wesgro for winning two Loerie Awards, and Cape Town Air Access for winning the gold for the World Destination Award for a second year in a row, which is helping to keep our province top of mind in both South Africa and around the world.

Looking ahead, as our national economy continues to face significant challenges, the work Wesgro is doing to attract investment, boost trade, and grow our tourism economy is more important than ever before. They have my full support in their plans for the year ahead.



Minister Mireille Wenger  
Minister of Finance And Economic Opportunities

## Accounting Officer Statement

Wesgro's mandate is clear and uncontested. In collaboration with partners, we will continue to drive inclusive and sustainable economic growth to enable job creation. In addition, as a sub national Trade, Tourism, and Investment Promotion Agency (TTIPA) we are committed to doing our part in ensuring that the Western Cape remains one of the world's competitive regional economies.

Over the FY23 financial year we worked hard to:

- 1) Differentiate the Western Cape as a leading regional economy;
- 2) Capture the Western Cape's share of global investment into the tech and green economies;
- 3) Leverage technology to grow Western Cape exports;
- 4) Grow the leisure and business tourism pie; and
- 5) Build an effective, efficient, and more innovative Wesgro.

The Western Cape has a strong economic story to tell. The key fundamentals are in place, evidenced by the recent jobs' statistics. The vision for the province is clear and is set out in the provincial Growth for Jobs strategy. The economic leadership team in the Western Cape is aligned across the tiers of government and bold steps have been taken to mitigate loadshedding and to ensure energy security over the medium to longer term.

Leveraging technology and the 'region of origin' brand, Made in the Cape, to grow Western Cape exports. Wesgro has continued to innovate in the way we approach trade, more so than in any other part of our business. We have leveraged technology to connect more exporters with more buyers (Cape Trade Portal); built capacity to ensure a deliberate focus on the services sector (70% of jobs in the WC come from the services sector); focussed on building relationships with global buyers and finally building the Made in the Cape brand, to make Western Cape goods and services synonymous with quality, sustainability, and trust.

Growing the leisure and business tourism pie to create jobs. Tourism continues to be a key focus for Wesgro because of its labour intensity, its multiplier effect, its ability to generate opportunities for Small, Micro to Medium Enterprises (SMMEs) and its ability to support increased exports and foreign direct investment. The post pandemic recovery of the tourism sector in the Western Cape has been rapid. In the Tourism economy, we are no longer talking about recovery, instead we are talking about growth. Our focus has shifted to finding ways that can deliver inclusive growth and counteract seasonality.

For its part, Wesgro has successfully taken the Western Cape's value proposition to the world and continues to bring the world to the Western Cape, and in doing so is building the reputation of the Western Cape globally. As we continue this journey, we remain dedicated to continuing to improve our governance practices, delivering success across our mandates; being digitally enabled, and continuing to be stakeholder facing to ensure value for all our stakeholders.

We have built a digitisation competence across the Agency, and were actively part of the dialogue in the digitisation space both locally and globally.

I would like to extend a sincere thank you to Premier Alan Winde, MEC Mireille Wenger, Executive Mayor Geordin Hill-Lewis, Mayoral Committee Member Alderman James Vos, HOD DEDAT Velile Dube; HOD Provincial Treasury, David Savage, the Wesgro Board, and the previous Chairman of the Wesgro Board, David Green. To our current Chairperson, Dr Shirley Zinn, who was part of sculpting our current strategic direction, thank you for your contribution and I know that you will be an asset to the Wesgro Board.

Of course, none of this would have been possible without the Wesgro Executive Team and the passionate and engaged, Wesgro staff!

Thank you for your unwavering support.

Chief Executive Officer



Wrenelle Stander (Nov 27, 2023 19:01 GMT+2)

Wrenelle Stander

## Official Sign-Off

It is hereby certified that the Strategic Plan for 2020/21 – 2024/25:


- was developed by the Management of Wesgro under the guidance of the Board of Directors and Minister Mireille Wenger MEC of Finance and Economic Opportunities, and takes into account all the relevant policies, legislation and other mandates for which Wesgro is responsible; and
- accurately reflects the impacts, outcomes and outputs which Wesgro will endeavour to achieve over the period 2021/22 to 24/25, subject to the resources being made available.

**Sandiso Gcwabe**

Signature:  \_\_\_\_\_

**Chief Financial Officer**


**Wrenelle Stander**

Signature:  \_\_\_\_\_  
Wrenelle Stander (Nov 27, 2023 19:01 GMT+2)

**Chief Executive Officer**

**Approved by:**

**Dr. Shirley Zinn**

Signature:  \_\_\_\_\_  
Shirley Zinn (Nov 27, 2023 19:42 GMT+2)

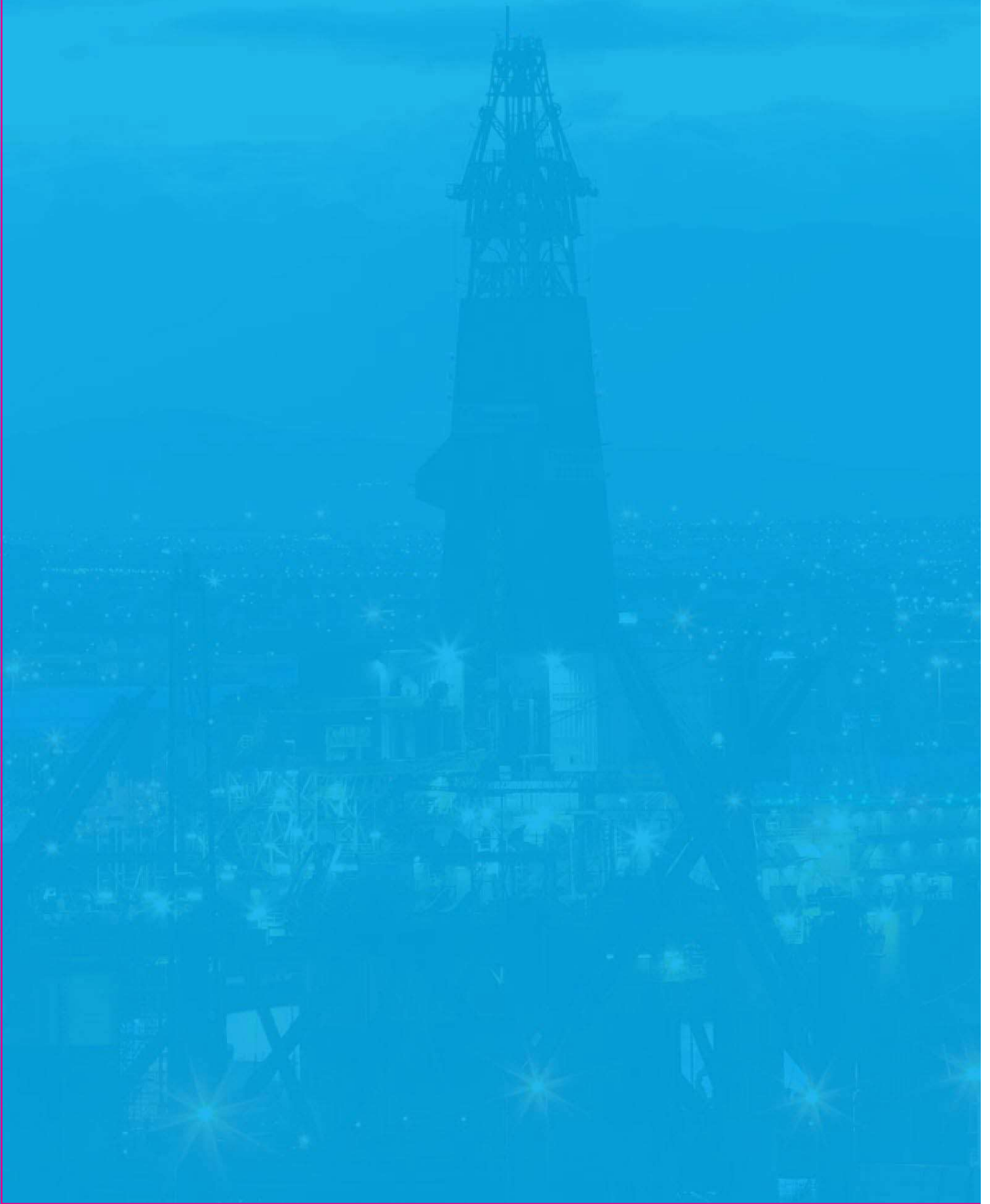
**Chairperson of the Wesgro Board**

**Minister Mireille Wenger**

Signature:  \_\_\_\_\_

**Executive Authority**

Cape Town Harbour



# 1. Part A: Our mandate

## 1.1 Vision

In collaboration with partners, drive inclusive and sustainable economic growth, create jobs. Promote and facilitate Cape Town and the Western Cape to be a globally competitive regional economy.

## 1.2 Mission

The mission of the Agency is:

- Be instrumental in ensuring that Cape Town and the Western Cape is an investment destination of choice for global and local investors
- Be instrumental in ensuring that Cape Town and the Western Cape is a sought-after source market globally for goods and services
- Be instrumental in ensuring that the Cape Town and the Western Cape is considered a world class tourism destination
- Differentiate the Western Cape as a leading regional economy
- Lead the dialogue on and drive global economic competitiveness of Cape Town and the Western Cape together with partners
- Ensure Wesgro is a leading sub-national TIPA globally

## 1.3 Values

Wesgro's Management and Staff will strive to uphold the following values in all its business activities:

- Professionalism and commitment to excellence
- Efficient and outcomes-driven
- Accountability
- Innovation
- Enabling
- Passionate
- Courage
- Integrity and trust

## 1.4 Constitutional, legislative and other mandates

### 1.4.1 Constitutional mandate

#### **Constitution of the Republic of South Africa, 1996**

Schedule 4 of the Constitution of the Republic of South Africa lists functional areas of concurrent national and provincial legislative competencies. Those areas which are relevant for Economic Development and Tourism are:

- Consumer Protection
- Industrial Promotion
- Tourism
- Trade

Schedule 4B of the Constitution identifies Local Tourism as a local government matter of concurrent National and Provincial legislative competence, to the extent set out in sections 155(6)(a) and (7) of the Constitution.

### 1.4.2 Legislative mandates

While Wesgro is governed by a number of Acts, this section provides an overview of the Acts that significantly impact the work of the Agency.

#### **Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013)**

To provide for the establishment, appointment, powers and functions of the Western Cape Tourism, Trade and Investment Promotion Agency in order to promote and support the economic growth and development of the Province, and to provide for matters incidental thereto. [Long title amended by sec 14 of Act 6 of 2013 wef 28 August 2013.]

Wesgro is a Schedule 3C Public Entity. Its legislative mandate, as provided for in the Objects of the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013), include:

- (f) “to furnish tourism, trade and investment marketing assistance and expert and specialised advice, information and guidance to any business, company or association of persons who so request it from the Agency or would assist the Agency in achieving its objects;
- (h) to act as a tourism, trade and investment promotion agent on behalf of the Province and to facilitate co-ordinated destination marketing activities for the Western Cape;
- (l) to develop, implement and promote a provincial tourism, trade and marketing strategy and implement any project that realises growth in the economy of the Western Cape;
- (n) to exercise such other powers which, in the opinion of the Minister are necessary for the achievement of its objects and which the Minister, in consultation with the Board, may confer upon the Agency by notice in the Provincial Gazette;
- (o) to promote the Province as a tourism destination;
- (p) to promote leisure and business tourism and events; and
- (q) to promote the alignment of provincial marketing activities in all tourism sectors in the Province in collaboration with private and public entities.”



### **Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the B-BBEE Amendment Act, 2013 (Act 45 of 2013)**

The B-BBEE Act establishes a legislative framework for the promotion of black economic empowerment; empowers the Minister to issue codes of good practice, and to publish transformation charters; establishes the Black Economic Empowerment Advisory Council; and provides for matters connected therewith. The B-BBEE Amendment Act introduced a number of changes, of which the following are deemed to be the most significant:

- The establishment of a B-BBEE Commission that provides an oversight and advocacy role.
- The definition of “fronting practices” and the criminalisation of such practices.
- All organs of state to report on compliance with B-BBEE regulations in their annual reports.

The amendments to the B-BBEE Codes of Good Practice came into effect on 1 May 2015.

### **The Special Economic Zones Act, 2014 (Act 16 of 2014)**

The purpose of the Act is to provide for the designation, promotion, development, operation and management of Special Economic Zones (SEZ), which includes the establishment of a business enterprise (either provincial or municipal) to manage each SEZ. The Act provides for the establishment and functioning of the national Special Economic Zones Advisory Board and the establishment of the Special Economic Zones Fund. The Act seeks to regulate the process of applying for and issuing of Special Economic Zones operator permits and to provide for functions of the Special Economic Zones operator.

### **Tourism Act, 2014 (Act 3 of 2014)**

This Act makes provision for the development and promotion of sustainable tourism for the social, economic and environmental benefit of South African citizens. Its objectives include the promotion of responsible tourism practices; the effective marketing of South Africa both domestically and internationally through South African Tourism (SAT); the promotion of quality tourism products and services; the promotion of economic growth and development of the sector; and the establishment of concrete intergovernmental relations to develop and manage tourism. It specifically makes provision for further training and registration of tourist guides, a code of conduct and ethics for tourist guides, procedures to lodging complaints and disciplinary measures.

#### **1.4.3 Policy mandates**

##### **1.4.3.1 National policy framework State of the Nation Address (SONA)**

In the State of the Nation Address (SONA), on 13 February 2020, the President focused on the following key areas for delivery:

- Education
- Health
- Energy
- Transport
- Water
- Police
- Infrastructure
- Youth and Women empowerment
- Investment and jobs
- Land reform
- Local and Provincial Government

## **Medium Term Strategic Framework**

The Medium Term Strategic Framework (MTSF) is the Government's Strategic Plan for the 2020-2024 electoral term. The MTSF sets out the actions that Government will take, and the targets to be achieved. It also provides a framework for the other plans of National, Provincial and Local Government.

## **National Development Plan (NDP)**

The National Development Plan (NDP) represents a vision for the South Africa of 2030. It aims to enable faster economic growth, higher investment and greater labour absorption. The NDP contains detailed plans and interventions across all sectors of the economy to enable the achievement of this vision.

## **Industrial Policy Action Plan (IPAP)**

The Industrial Policy Action Plan (IPAP) is firmly entrenched in Government's overall policy and plans to address the key challenges of economic and industrial growth and race-based poverty, inequality and unemployment. IPAP 2018 is a product of the Economic Sectors, Employment and Infrastructure Development (ESEID) cluster. The responsibility for its implementation lies with Government as a whole, and a wide range of entities, including State Owned Companies. IPAP 2018 focusses on the following ten key themes that inform the work of the DTI and serve as a roadmap for the wider industrial effort:

1. Grow the economy.
2. Strengthen efforts to raise aggregate domestic demand – mainly through localisation of public procurement and intensified efforts to persuade the private sector to support localisation and local supplier development.
3. Step up South Africa's export effort.
4. Create and reinforce policy certainty and programme alignment.
5. Strengthen ongoing efforts to build a less concentrated, more competitive economic and manufacturing environment in which barriers to entry for new entrants are lowered.
6. Build a stronger system of industrial finance and incentives to support and secure higher levels of private sector investment in the productive sectors of the economy and grow exports.
7. Press ahead with technology-intensive, value-adding beneficiation projects which fully leverage SA's
  - a. comparative resource endowment advantage into a global competitive advantage.
8. Optimise technology transfer and diffusion and, working closely with the Department of Science and
  - a. Technology, further ramp up the effort to commercialise "home-grown" R&D in key sectors.
9. Support the further strengthening of energy-efficient production and carbon mitigation efforts and measures in a manner that allows for sustainable adaptation by all the energy-intensive sectors of the economy.
10. Understand, grasp and prepare for the foreseeable effects of the Digital Industrial Revolution and emergent disruptive technologies, collaboratively adapting SA's production and services sectors to meet the challenges, including those related to employment displacement.

## **National Tourism Sector Strategy (NTSS)**

The National Tourism Sector Strategy (NTSS) aims to inspire and accelerate the responsible growth of the tourism industry. It has the following three core themes, with specific focus areas which has a national, provincial and local perspective:

- THEME 1: Tourism growth and the economy
- THEME 2: An enhanced visitor experience
- THEME 3: Sustainability and good governance

### **1.4.3.2 Provincial policy framework State of the Province Address (SOPA)**

During the State of the Province Address (SOPA), delivered on 20 February 2020, the Premier outlined the Western Cape Government's main focus areas as being:

- Safety
- Economy
- Energy and Resilience
- Ease of doing business
- Health
- Education
- Transport
- Human Settlements
- Culture change and innovation

## **OneCape2040**

OneCape2040 envisages a transition towards a more inclusive and resilient economic future for the Western Cape region. It sets a common direction to guide planning, action and accountability. It serves as a reference point and guide for all stakeholders in order to:

- promote fresh thinking and critical engagement on the future;
- provide a common agenda for private, public and civil society collaboration;
- help align government action and investment decisions;
- facilitate the necessary changes we need to make to adapt to our (rapidly) changing local and global context; and
- address our development, sustainability, inclusion and competitiveness imperatives.

## **Provincial Strategic Plan (PSP)**

Aimed at creating an enabling environment that facilitates opportunities, and encourages responsible citizenship, the Western Cape Government has developed five Vision Inspired Priorities (VIPs). These are:

- VIP 1 – Safe and cohesive communities
- VIP 2 – Economy and jobs
- VIP 3 – Empowering people
- VIP 4 – Mobility, spatial transformation and human settlements
- VIP 5 – Innovation and culture

The Department of Economic Development and Tourism (DEDAT), through its programmes and activities, contributes to the achievement of VIP 2: Economy and Jobs, with the apex priority of growing exports.

The identified PSP priorities are:

- Investment
- Infrastructure
- Exports
- Skills
- Resource resilience

Wesgro contributes to the achievement of VIP2: Economy and Jobs, and has developed its 5-year strategy and the achievement thereof to the creation of an enabling environment that fosters economic growth and job creation.

### **Western Cape Green Economy Strategic Framework**

The aim of the Framework is to position the Western Cape as the lowest carbon province in South Africa and the leading green economic hub of the African continent.

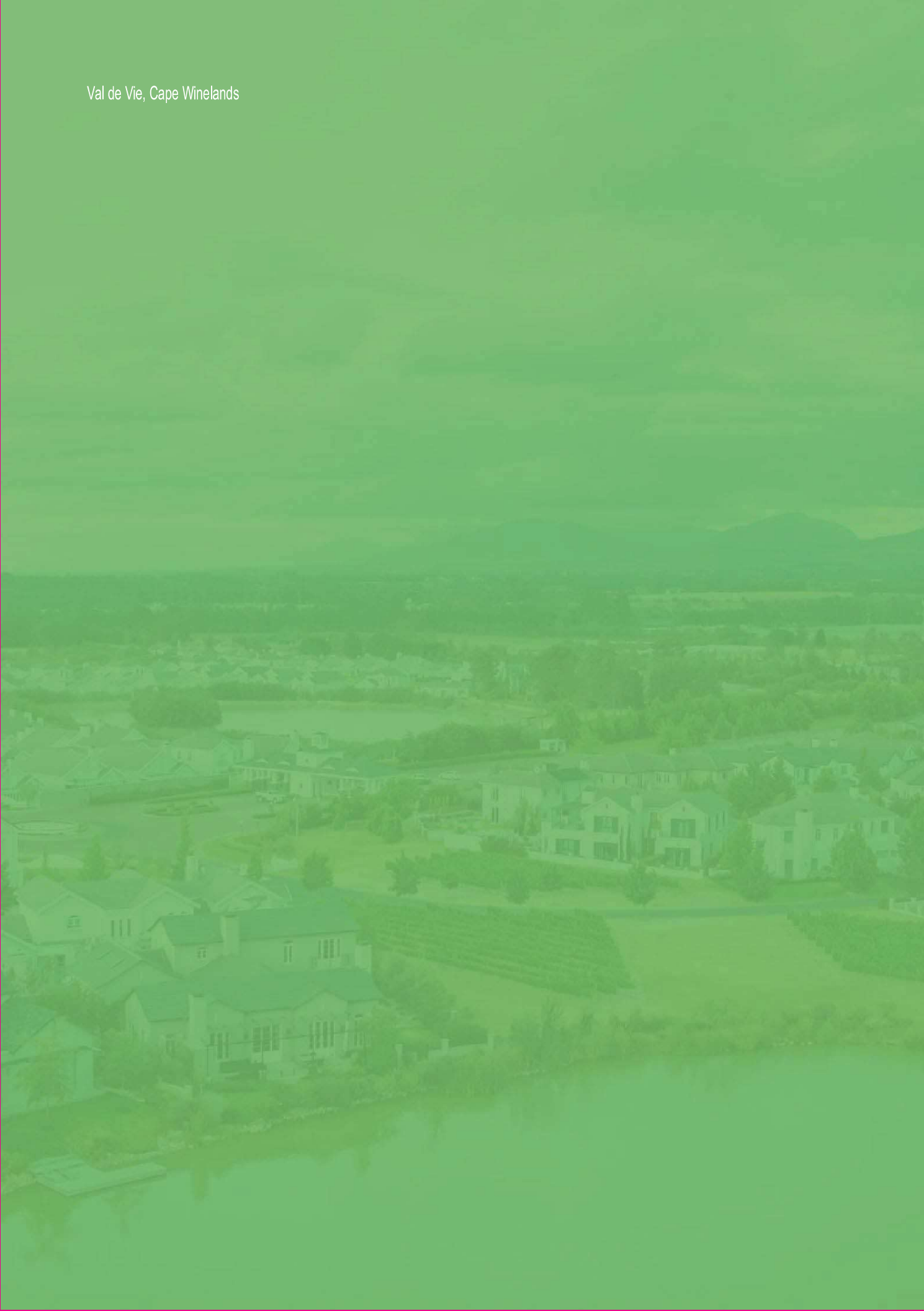
### **The Western Cape Infrastructure Framework**

The Western Cape Infrastructure Framework aligns the planning, delivery and management of infrastructure provided by all stakeholders (National Government, Provincial Government, Local Government, parastatals and the private sector).

### **International Relations Strategy**

The International Relations Strategy aims to harness the activities of the Provincial Government for maximum impact of our economic diplomacy efforts.

Val de Vie, Cape Winelands



Hermanus, Cape Overberg



## 2. Part B: Our strategic focus

### 2.1 Situational analysis

#### Economic environment

South Africa's mediocre economic performance continues to be a major hurdle to job creation and long-term poverty alleviation. After rebounding from a revised 3,2% in the second quarter of 2019, activity in the South African economy slipped in the third quarter to reach a negative 0.6%. Mining, manufacturing and transport were the biggest impediments to growth. Key sectors that contributed to the economic decline were mining, manufacturing and agriculture. Lower production was recorded for field crops such as maize, wheat, sunflower seeds, tobacco and soya beans. The construction industry failed to recover, registering its 5<sup>th</sup> consecutive quarter of negative growth. Furthermore, decreases were reported for activities related to residential and non-residential buildings, and construction works. It is crucial that Government accelerates infrastructure projects as a way to help grow the economy.

Notwithstanding the improved performance seen in the economy in Q2 2019, the SARB's Monetary Policy Committee (MPC) remains circumspect in outlook. The forecast for 2020 has been revised downward to 1,2%. Inflation is expected to remain below 5% for 2020 and 2021, and as a result the repo rate was decreased by 0,25% in January 2020. While noting that risks to the growth forecast are balanced in the near term, the MPC remains concerned about longer-term risks, further cautioning that investment prospects will continue to be limited in the absence of structural reforms, while the escalation of trade tensions could have a further negative impact.

For the Western Cape, the latest estimates by Quantec and the Bureau of Economic Research (BER), published by Provincial Treasury in the Provincial Economic Review and Outlook 2019, stated that the provincial economy expanded by a mere 0.2% in 2018. Underpinning this slowdown was the drought-related decline in the output of agriculture, forestry and fishing, which in turn had an effect on agri-processing. It is expected that this will impact regional investment in the medium term.

A key constraint to unleashing sustained growth on the South African economy is the large number of struggling State-Owned Enterprises (SOEs). These institutions have been badly managed, rocked by corruption scandals and used for the self-enrichment of a few as opposed to working towards creating an enabling environment for private sector enterprises. These include Eskom, Transnet, Prasa, Denel, SABC and SAA. Government's inability to turn these SOEs, around continues to damage the reputation of the country and hamper private sector investment and export-led growth.

#### Inflationary Developments

South Africa's headline inflation averaged 4.7% in 2018, marginally higher than the midpoint of the Central Bank's target band of 3% to 6%. Year-to-date headline inflation has fluctuated between 4.0% and 4.5%.

International developments have been a major contributor to the country's improved inflation outlook in recent quarters, with falling international oil prices and a less depreciated exchange rate. Over the last 12 months, Brent crude prices have fallen from a peak of around \$84 per barrel (bbl.) amid fears of a repeat of rising supply and faltering demand. Brent crude oil was trading at \$58,24 bbl. on 10 October 2019. The Organisation of the Petroleum Exporting Countries (OPEC) cut its forecast for global oil demand for the remainder of this year to 0,98 million barrels per day (b/d); some 40,000 b/d lower than its September 2019 estimate. The intergovernmental organisation of 14 nations cited weaker-than-expected data in the Asia Pacific region and the Americas. It expects world oil demand to grow by 1,08 million b/d in 2020.

## External Position

During the first 11 months of 2019, South Africa exported US\$83,1 billion worth of goods. Assuming an annualized \$90,6 billion for 2019, South Africa is on track for a 4% retreat in the value of its exported products from 2018 to 2019. Steel products in particular saw a sharp decline in 2019, contributing to further industry stress. This impacted on the Western Cape, with the announcement that Arcelor Mittal would mothball its plant in Saldanha and effectively cease operations. Since steel products made up the 6th largest export product from the Province in 2018, it is clear that this development will have an ongoing negative impact on the regional economy.

Although there was noted improvement in the services, income and current transfer account shortfall, this was more than offset by the deterioration in the trade balance, the net effect of which was a further widening of the current account deficit in the second quarter. On balance, the current account widened from R144 billion in the first quarter of 2019 to R204 billion in the second quarter. As a percentage of GDP, the deficit on the current account widened from 2.9% to 4.0% over the same period.

From a regional perspective, the Western Cape recorded an annual average export growth rate of 11.14% over the period 2010 to 2018. In parallel, imports grew at an annual average rate of 8.71% over the said period. From a nominal perspective, the value of exports from the Western Cape totalled R129,32 billion in 2018, an increase of 3.94% from 2017. Associated import costs incurred by the Western Cape totalled R219,339 billion in 2018, some 19.49% higher than that recorded in 2017.

The Western Cape's trade balance remained firmly in deficit at a shortfall of R90,01 billion in 2018, a significant 52.2% wider than the shortfall of R59,13 billion recorded in 2017, underpinned by a notable (19.49%) increase in import costs incurred in 2018. A large share of the Western Cape's import bill are costs associated with petroleum (both crude and refined petroleum oil) imports, with these accounting for a significant 50.41% of total import costs in 2018. This compares to an average deficit of R80,1 billion recorded over the last ten years, with imports outstripping exports. However, excluding oil imports, the Western Cape recorded a trade surplus of R20,6 billion in 2018.

From a product perspective, the Western Cape's top export products in 2018 was petroleum oils and oils obtained from bituminous minerals at a value of R14,38 billion. This was equivalent to 11.1% of the Province's total exports in 2018. Citrus fruit, fresh or dried exports followed in second place at a value of R12,79 billion (9.9%), with wine exports in third position at a value of R9,16 billion (7.1%).

### Trade source and destination markets

In terms of key trade partners, Africa continues to be the most important export market for the Western Cape, with the continent being the destination for 36.2% of the Province's exports in 2018. In turn, 29.9% of the said exports were destined for Europe, while 17.9% and 9.8% were destined for Asia and the USA. The Western Cape exported R129,3 billion worth of goods in 2018.

Within the African continent, South African Customs Union (SACU) members received 18.4% of total exports in 2018, which is equal to 50.9% of the exports to Africa.

Namibia remains the Province's largest export market, with some R11,3 billion worth of goods, equivalent to 8.7% of total exports, exported to the neighbouring country in 2018. The United Kingdom (UK) followed at R9,7 billion (7.47%), with the United States of America (USA) in third position at a value of R9,1 billion (7.05%).



## The Western Cape's top 10 export markets, 2018

In terms of import sources, Saudi Arabia remains the Province's top source market, accounting for R37,9 billion (equivalent to 17.3% of total imports) in 2018. China followed at R29,9 billion (13.6%), with Nigeria in third position at an associated cost of R20,4 billion (9.31%).



## Exchange Rate Developments

The local currency has come under significant pressure year-to-date, with both global and domestic factors weighing heavily on the currency. From the apparent lack of movement on key growth-enhancing policy reforms, to the significant and increasing burden of the power utility, the outlook for the rand continues to deteriorate. The possibility of an impending sovereign credit rating by Moody's Investors Services places further downward pressure, as does the country's deteriorating fiscal position. Ongoing global trade uncertainty is a further factor, especially the China-US trade war, which along with rising risk aversion, continues to weigh heavily on emerging market currencies. The rand was trading at R14.79/\$ in February 2020.

## Foreign Direct Investment (FDI)

Between January 2018 and December 2019, 8,748 FDI projects were recorded globally. These projects represented a total capital investment of \$422 billion. During the period, over 1,2m jobs were created through FDI. The USA was the dominant source market for global FDI in 2019, accounting for 20.37% of all projects, followed by Germany (9.14%) and the UK (8.02%). The USA and China were the largest source markets in terms of global capex in 2019 investing 15.77% and 9.38% of total capex.

From a regional perspective, 20 FDI projects were brought into the Western Cape over the period January 2019 to December 2019. These projects represented a total capital investment of USD281.7m, which is an average investment of USD14.1m per project. During this period 1 021 jobs were created. Twelve of these investment projects originated from Western Europe (60.0% projects and 38.0% capex), followed by North America (20.0% projects and 22.3% capex). A fifth of all investment projects into the Western Cape in 2019 were from the UK (20.0% projects and 7.0% of capex). The top three markets (including the UK, Ireland and the USA) collectively commanded more than 50.0% of all investment projects into the Province over the said period. Dublin and London clinched first and second place as top source cities for FDI projects into the Western Cape in 2019. Shenzhen was the dominant city in terms of capex into the Western Cape in 2019, at an investment value of USD94.0m.

In terms of outward FDI by the Western Cape, between January 2019 and December 2019, 35 outward FDI projects were recorded. These projects represented a total capital investment of USD386 million, which equates to an average investment of USD11 million per project. During the period, 2 323 jobs were created. As seen in previous years, Africa was the largest destination for Western Cape outward FDI (OFDI) in 2019, accounting for 13 projects (equivalent to 37.1% of all outward FDI projects and 55.3% of capex in 2019) followed by Latin America and the Caribbean in terms of projects (28.6%) and Western Europe in terms of capex (22.9%). The Province's largest destination markets in terms of projects were Brazil and the UK, which accounted for 40% of all projects in 2019. The software and IT services continued to dominate outward FDI, accounting for 40.0% of all projects in 2019, followed by business services (31.0%) and food and beverages (18.6%).

### **Uncertainty caused by the Coronavirus**

At the time of writing, the Coronavirus hit China and holds significant risk for all areas of the economy and in particular the tourism industry. It does pose a threat to global growth and trade between the USA and China. South Africa receives relatively small numbers of Chinese visitors, however, many people will choose not to travel in order to reduce their chances of exposure. The virus is having a major impact on life in China, which in turn will impact the demand for raw materials and it may affect South African exports in the short term. Since the risk associated with the virus is still relatively unknown, it is hard to predict the medium- to long-term impact of the illness.

### **Update on Brexit**

Another key consideration is that of Brexit and what this means for South Africa and for the Western Cape, given the Province's strong historical trade ties with the UK. The UK is the second largest export destination for Western Cape goods, the number one tourism source market, and the number one source of FDI.

The UK officially left the EU on 31 January 2020, subject to a transition period until the end of December 2020. During the transition period, the UK will remain part of the EU Customs Union and Single Market. During this time, the EU and UK need to negotiate a new trade agreement between themselves. Depending on the results of the negotiations, Brexit will have various implications for South African exporters to the UK. The Western Cape economy is intricately linked to that of the UK, as the UK is the number one source of FDI and tourism and the second largest export market for Western Cape exports after Namibia. Exports are one of the areas where Brexit has already had the most tangible effects and is therefore an area that Wesgro has focussed on.

South Africa currently enjoys preferential trade with the UK under the Southern African Development Community-European Union Economic Partnership Agreement (SADC-EU EPA). When the UK leaves the European Union (EU), they will no longer be a party to the trade agreements that the EU has with third party countries like South Africa. The UK has therefore negotiated an agreement with South Africa, Botswana, Lesotho, eSwatini, Namibia and Mozambique, which largely replicates the terms of the SADC-EU EPA. These are all the countries that are party to the SADC-EU EPA, and are referred to as the Southern African Customs Union and Mozambique (SACUM) countries.

The new trade agreement is called the SACUM-UK EPA and it will take effect once the UK has left the EU. The new agreement with the UK replicates the terms of trade between the UK and South Africa currently in place under the EU-SADC EPA. Under the SADC-EU EPA, South African goods to the EU (and currently the UK) are almost entirely duty free. For certain goods there are tariff-rate-quotas, which allow for a certain volume of goods to be exported duty free (after which an import tariff is charged).

## The USA and China Trade Wars

Trade wars do not produce winners. Both China and the USA are such big global markets, with a trade war between the two impacting global trade in general and having a harrowing effect on emerging markets such as South Africa. While there has been some easing in trade tensions with a phase one agreement signed, harder choices remain ahead and it is difficult to predict the outcomes. South African exports to China mostly consists of raw materials destined for further beneficiation. A slowdown in Chinese trade will mean a decrease in the demand for the materials of production and therefore a decline in demand for products from South Africa. Slower trade growth, protectionism and technology pose challenges to an export-led growth strategy. With South Africa being a very small open economy, economic events across the world will adversely affect South Africa.

## Tourism performance 2018

International tourist arrivals to the Western Cape reached a significant 1 729 088 in 2018, increasing by 0.2% year-on-year (from 2017). This is the highest number of arrivals in six years. Total foreign direct spend (excl. capital expenditure) by tourists in the Province reached R16,3 billion, registering a 29.6% decrease in spend when compared to 2017. From a national perspective, the Western Cape accounted for 16,5% of all South African tourist arrivals, 19.8% of tourists' spend, and 19.7% of bed nights recorded in 2018. However, the tourism industry has been under significant pressure in 2018 as a result of the drought, rand appreciation (early in 2018), listeriosis, crime and security fears, and land dispossession without compensation talks. Domestic tourism is equally under pressure due to reduced disposable incomes.

## The Western Cape's share in South Africa's tourist visits during 2018

Tourists visiting South Africa	Western Cape Share (%)
Africa	3.6%
Middle East	40.1%
South America	55.6%
North America	50.1%
Asia	42.6%
Australasia	45.2%
Europe	55.4%

Source: SA Tourism, 2019

## Western Cape tourism statistics, 2015 – 2018

Western Cape Performance	2015	2016	2017	2018	17/18 % Change
<b>International</b>					
Total number of tourist arrivals	1,3 million	1,6 million	1,7 million	1.7 million	0.2%
% Share of South Africa's arrivals	14.9%	15.6%	16.8%	16.2%	-
Total foreign direct spend (excl. capital expenditure)	R14,9 billion	R18,1 billion	R23,1 billion	R16,3 billion	-29.6%
% Share of South Africa's spend	21.8%	23.9%	28.6%	19.8%	
Total number of bed nights spent by tourists	15,6 million	16,7 million	23,3 million	23,3 million	-
% Share of South Africa's bed nights	19.2%	18.9%	19.3%	19.7%	
Length of stay	12.2 nights	11.1 nights	14.1 nights	12.9 nights	-8.5%
<b>Domestic</b>					
Total domestic trips	1,829,000	2,139,000	1,587,000	1,288,000	-18.8%
Total direct domestic spend	R2,0 billion	R2,5 billion	R1,6 billion	Data not available as yet	-
Total annual domestic bed nights	8,316,000	10,393,000	533,000		
Length of stay	4.8 nights	4.9 nights	3.4 nights		

Western Cape Tourism Statistics 2015 – 2018

## Top 10 source markets to the Western Cape, 2016 – 2018

Ranking	Markets	2016	2017	2018	17/18 % Change
1	United Kingdom	270 167	259 188	250,429	-3.4%
2	Germany	204 015	210 699	213,054	1.1%
3	United States	189 867	192 465	192,629	0.1%
4	Namibia	114 723	120 477	105 817	-12.2%
5	France	92 439	98 978	102 007	3.1%
6	Netherlands	96 797	86,527	79 045	-8.6%
7	China (incl. Hong Kong)	60 096	36 710	57 868	57.6%
8	Australia	47 891	54 791	53 843	-1.7%
9	Brazil	22 135	42 281	45 446	7.5%
10	Italy	37 433	34 045	38 662	13.6%

Source: SA Tourism, 2019

## Provincial Tourism Performance

Of the nine provinces, the Western Cape ranked:

- TOP in the average length of stay: 12.9 nights
- 2nd Highest in total foreign direct spend: R16,3 billion
- 2nd Highest in total bed nights: 23,3 million
- 3rd Highest in tourist arrivals: 1,7 million

PROVINCIAL TOURISM PERFORMANCE, 2018				
Province	International Tourist Arrivals (millions)	Total Foreign Direct Spend (billions)	Bed nights (millions)	Length of stay (nights)
Gauteng	3.8	R28.2	40.3	10.5
Western Cape	1.7	R16.3	23.3	12.9
Limpopo	2.2	R5.5	7.9	4.0
Mpumalanga	1.6	R10.7	15.4	10.0
Free State	1.3	R9.0	12.8	10.8
KwaZulu-Natal	0.8	R5.7	8.1	9.5
North West	0.7	R3.1	4.5	6.9
Eastern Cape	0.4	R3.5	5.0	9.9
Northern Cape	0.1	R0.8	0.2	7.1

Source: SA Tourism, 2019

Attractiveness of Western Cape's top tourism icons and activities:

- 12 out of the top 20 attractions and landmarks visited in South Africa were based in the Western Cape.
- 13 out of the top 25 natural scenery and game attractions visited in South Africa were based in the Western Cape.
- The V&A Waterfront ranked as the top mall in the top 20 malls and urban attractions visited in South Africa.
- Robben Island ranked as the top landmark in the top 10 culture and heritage attractions visited in South Africa.
- Camp's Bay and Clifton ranked as the top two beaches in the top 10 beachfront attractions visited in South Africa, followed by Mossel Bay in 10th position.

Source: SATourism, 2019

## 2.2 Organisational environment

### 2.2.1 External Environmental Analysis

#### Political risks

South Africa held its national elections in May 2019. The new administration has a period of five years to address some of the largest challenges facing the South African economy, including policy uncertainty, incoherent economic policy and historical growth restricting policies (such as the current visa regulations and unabridged birth certificate requirements).

At the same time there has been a massive shift in public opinion on the negative impact of corruption, with increased outrage at the way the Government purse has been robbed. It is anticipated that this national discourse will help to align public sector spending into the areas where development is most required. Spending correctly will be a big boost for local businesses, increase international confidence (and investment) and help to attract more tourists as the country is able to demonstrate a positive growth story. The Western Cape has demonstrated exemplary performance in recent municipal audits, which helps to create confidence and stimulate private sector investment. The dire unemployment position can only be turned around with significant private sector investment.

Ongoing socio-economic issues also remain of concern, including labour reform and property/land ownership issues. There is a significant need for greater transparency and policy certainty if South Africa is to successfully regain business confidence and investors' interest.

## **Economic risks**

### **Macroeconomic risks**

One of the greatest challenges posed by the prevailing macroeconomic conditions has been the downturn in both consumer and investor confidence. Wesgro has been impacted by this too, particularly in terms of investment promotion. Notwithstanding the country's fragile economic outlook, recent political developments are positive for the country. This is largely dependent on President Cyril Ramaphosa building and maintaining investor and consumer confidence at a national level. The Western Cape will benefit from both investment and trade, as it remains a well-run province with above average economic growth and below average unemployment.

Negative perceptions around South Africa as an investment destination have also affected investment promotion activities. However, recent political developments could assist in changing these perceptions for the better.

Global growth has continued to soften in 2019. Subdued investment in Emerging Market and Developing Economies (EMDEs) is dampening potential growth prospects. Risks to the outlook remain firmly on the downside, including the possibility of escalating trade tensions. Another concern is rising debt, which may make it difficult for EMDEs to respond to adverse developments and to finance growth-enhancing investments. Reforms to boost private investment and productivity growth are needed, particularly in low-income countries which face more significant challenges today than they did in the early 2000s.

### **Risks in international trade**

The World Trade Organisation (WTO) continues to be inundated with international transaction disputes and many countries are raising the red flag on questionable barriers to trade imposed by partner countries. Unresolved trade disputes can adversely affect international trade as traditional partners seek markets for products elsewhere.

Notwithstanding the success achieved under various trade pacts and agreements, non-tariff and tariff barriers to South African exports remain a challenge. The Western Cape's agricultural exports face major non-tariff barriers such as highly technical phytosanitary requirements, import bans on products considered to be diseased (such as citrus blackspot), and antidumping regulations. The African Growth and Opportunity Act (AGOA), which provides duty free access to about 6 500 tariff lines to the USA for select eligible countries and products, has had a significant impact on promoting sub-Saharan Africa and US bilateral trade.

What lies ahead for trade relations between the USA and Africa if AGOA ends post 2025? While there has been no formal indication from the USA that the programme will not be renewed, the consensus view is that it will not be renewed post 2025. Key reasons for this include a rapidly changing global trade environment which is increasingly affecting the USA-Africa trade relationship and secondly, the fact that AGOA was not intended to be permanent, with the programme designed as a stepping stone to a more mature trade relationship between the USA and Africa.

Determining a new and appropriate strategy for trade and investment relations between South Africa (and Africa) and the USA post-2025 remains a key consideration. The China and US trade war also poses risks for South Africa and Western Cape trade. Should the trade war lead to the weakening of global growth, this would pose significant challenges for South Africa's own growth prospects.

## **Social risks**

Some of the largest challenges facing South Africans include: inadequate housing, large-scale unemployment (especially among the youth), water and sanitation access, current energy crises, deteriorating public transport (trains especially) and safety. These are serious risks and may result in increased pressure on the limited resources available to government.

## **Technological risks**

The fourth industrial revolution is impacting on economic growth and investment for the future. Companies that are able to work with and harvest value from big data will be the winners in the new race for replicable products in a highly customised environment.

A significant technological risk to South Africa is the price of Internet access. This is of particular interest to foreign investors who have the perception that South Africa, and by association the Western Cape, has below average performance in terms of technology.

Despite great improvements in technology and broadband in South Africa and significant improvements in nearly all areas in innovation in recent years, the business destination still faces significant perception risk in this area.

## **Legal risks**

In terms of the rule of law, as noted by the Heritage Foundation in its Annual Index of Economic Freedom, "South Africa continues to benefit from strong institutions and a robust and independent legal framework, but pervasive corruption increasingly hampers the functioning of government, and enforcement of anticorruption statutes remain inadequate."

## **Environmental risks**

The greatest environmental risk at present is the scarcity of water, which is greatly affecting farmers across South Africa and the Western Cape in particular. The last rainy season was a good one and has brought much relief to the Province. Cape Town dams have reached a significant milestone in their battle against the drought, as recent downpours in the area carried the figures above the 80% mark. This is the first time in over two years that all dams servicing the drought-stricken Mother City have reached this combined landmark.

## 2.2.2 Internal Environmental Analysis

### SWOT Analysis

An analysis of Wesgro’s key strengths, weaknesses, opportunities and threats was conducted to assist the Agency in developing its priorities for the next five years.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Over 35 years’ proven track record and an established global brand in economic diplomacy</li> <li>Sector and market specialists in the investment, trade, film, leisure and business tourism teams</li> <li>Established and strong investment pipeline</li> <li>Strong capability in creating market access through effective trade missions</li> <li>Excellent track record in promoting outward investment into the rest of Africa</li> <li>Responsive research and thought leadership capability</li> <li>Strong relationships with Local, Provincial, National and Global Partners</li> <li>Highly responsive to stakeholder needs</li> <li>Primary bridge between business and government within the context of our mandate</li> <li>Collaborative approach to realising opportunity and reputation management</li> <li>Solid governance and financial controls</li> </ul>	<ul style="list-style-type: none"> <li>Contact management is weak</li> <li>The Agency is financially under-resourced to deliver optimally on its mandate</li> <li>Onerous compliance requirements and reporting</li> <li>Low salaries in relation to other Agencies and the private sector</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Establish a better destination and economic brand hierarchy for global marketing efforts</li> <li>Shifting global economic trends presenting new opportunities for innovation, investment, trade, tourism and film</li> <li>Sectors geared for growth in the future are strongest in the Western Cape</li> <li>Inter- and intra-Agency collaboration to drive the nation’s growth agenda</li> <li>Enhancement of thought leadership capability</li> <li>Strengthening relationships with stakeholders and the private sector</li> <li>Increase revenue generation sources</li> </ul>	<ul style="list-style-type: none"> <li>Lack of collaboration between role-players and duplication in effort</li> <li>Negative perceptions of SA that affect confidence in the destination</li> <li>The impact of climate change on the economy</li> <li>Increasing pressure on economic infrastructure</li> <li>Exchange rate fluctuations</li> <li>Safety and security issues (perceived and real)</li> <li>High level of youth unemployment</li> <li>Skills development not in line with changing industry needs</li> </ul>

### Wesgro’s Business Model

Wesgro’s high-level Business Model places strategic focus for the 2020/21 to 2024/25 financial years on the following value propositions:

- Economic diplomacy role-player, as part of a “whole of Province” approach to driving investment, trade, tourism and film.
- Integrated economic diplomacy value chain (image building and province branding, advocacy, facilitation, lead generation and matchmaking, information, access to international networks, aftercare, and capacity building and skills training of partners and suppliers) approach to investment, trade, tourism and film promotion.
- Demand-led approach to sectors and markets, underpinned by innovation and technology.
- Enhance the Western Cape brand in association with Wesgro’s global footprint and brand equity of 35 years’.
- Provide thought leadership on issues that may affect investment, trade, tourism and film.
- Provide thought leadership on issues that affect businesses, through communication of research.



## **The Unit Business Models**

The Delivery Units' place strategic focus on the following value propositions for the next five years:

- Investment: 35 Years' experience in providing effective and proactive investment facilitation into the Western Cape.
- Trade: provide an accelerated route to foreign markets for our clients to sell their goods and services.
- Tourism leisure: promote tourism by means of innovative campaigns such as DiscoverCTWC.
- Convention Bureau: promote the destination as the premier destination on the African continent to host meetings, incentives, conferences and trade exhibitions (business events).
- Film and media: promote the City of Cape Town and the Western Cape as a leading film and media sector hub.

Hopefield Wind Farm



Cape Winelands



### 3. Part C: Measuring our performance

#### 3.1 Institutional Performance Information

Wesgro’s Operating Environment was aligned to the Logic Model Framework to ensure that outputs translate into outcomes, which translate into impact, as follows:

Logic Model Framework – Definitions				
RESULTS CHAIN				
IF	THEN	IF	THEN	IF
<b>INPUTS</b> Annual	→	<b>ACTIVITIES</b> Annual	→	<b>OUTPUTS</b> Annual
			→	<b>OUTCOMES</b> 3-5 years
			→	<b>IMPACT</b> 5-10 years
INPUTS Annual	ACTIVITIES Annual	OUTPUTS Annual	OUTCOMES 3-5 years	IMPACT 5-10 years
Finance			Unqualified Audit report with no material findings	Fully functional, efficient and effective Agency
Assurance and Business Enablement			Unqualified Audit report with no material findings	
Marketing and Innovation			Number of people reached	Growing brand awareness
Investment			Rand value of committed investments into the Province  Number of jobs facilitated from committed investments into the Province	To contribute to the expansion of the economy and the facilitation of jobs within the Province
Export			Rand value of trade agreements signed  Number of jobs facilitated from trade agreements signed	% Economic growth  % Jobs (direct and indirect)
Tourism			Total estimated economic value of tourism destination marketing initiatives.	

### 3.1.1 Measuring impact

#### Impact statement

To contribute to the expansion of the economy and the facilitation of jobs within the Province.

In support of Vision Inspired Priority (VIP): Economy and Jobs, as captured in the Provincial Strategic Plan (PSP), the Agency seeks to contribute to the creation of an enabling environment aimed at stimulating economic growth and the facilitation of jobs within the Province. Working in collaboration with the Department of Economic Development and Tourism and the City of Cape Town, the Agency's identified outcomes translates into the following impact statements:

- Growth and expansion of the economy: enhancement of exports, the facilitation of investments, the promotion of the destination and the growth of the film sector.
- Jobs: contribute to sustainable job creation.
- Brand awareness: promote the Province and the City of Cape Town as the preferred business and tourism destination.

### 3.1.2 Measuring outcomes

As the official mandated entity to "promote and support the economic growth and development of the Province" with a specific focus on investment, trade, tourism and film, the Agency seeks to create an enabling environment aimed at stimulating economic growth and facilitating jobs. Although the operating environment is constrained, the Agency works diligently to ensure that it delivers on its legislative mandate. The Agency has refined its business models for efficiency improvement gains. All inputs, activities and outputs, which form the foundation of its business activities, lead to the following outcomes:

- Unqualified Audit report with no material findings.
- Rand value of committed investments into the Province.
- Number of jobs facilitated from committed investments into the Province.
- Rand value of trade agreements signed.
- Number of jobs facilitated from trade agreements signed.
- Total estimated economic value of tourism destination marketing initiatives.
- Number of people reached.

## Wesgro's Strategic Outcomes

The strategic outcomes of Wesgro are informed by the Wesgro Act (No. 6 of 1996, as amended), which sets out the mandate of Wesgro. It is also guided by the Vision Inspired Priority 2: "Economy and Jobs" and subsequently the Growth for Jobs Strategy.

Strategic Outcomes			
<b>Strategic Outcome</b>	To grow the Western Cape Economy through investment, trade, tourism and film promotion.		
<b>Outcome Statements</b>	<p>It is envisaged that the Agency will achieve the following deliverables for the period 2020/21 to 2024/25:</p> <ul style="list-style-type: none"> <li>To recruit and facilitate between R12.4bn committed investments into the Province, resulting in 5 698 jobs.</li> <li>To recruit and facilitate R20.9bn trade agreements, resulting in 3 278 jobs.</li> <li>To market Cape Town and the Western Cape and support tourism destination marketing initiatives with an estimated economic value of R3.5bn .</li> </ul> <p>Over the next five-years, the Agency will generate between R36.7bn in estimated economic impact, resulting in the facilitation of 8 976 jobs, as follows:</p>		
	Programme	Estimated economic impact (R)	Jobs
	Investment	12 413 290 437	5 698
	Export (including OFDI)	20 874 316 176	3 278
	Tourism	3 450 938 277	-
	Total	36 738 544 890	8 976
	*The 5-Year Achievement targets are cumulative and take into consideration the current context of the South African economy and the international trade climate.		
<b>Baseline</b>	<p>A total of R8,61 billion was committed from the 2015/16 to the 2018/19 financial years, resulting in 3 143 jobs. The Agency secured 173 trade agreements, with an export value of over R16 billion, resulting in 2 381 jobs. A total of over R1 billion in Outward Foreign Direct Investment was committed. The Agency supported 80 tourism marketing activities, with an estimated economic value of over R2 billion. The Agency signed a total of 19 film promotion declarations with a rand value over R5 billion, resulting in 7 984 FTE jobs.</p>		
<b>Justification</b>	<p>The facilitation of investment projects into the Western Cape is a core function of Wesgro and it is imperative that the Agency remains consistent and a leader in investment attraction and facilitation. The Agency also promotes and facilitates exports to grow the economy of the Western Cape and sustain job creation. In addition, Wesgro has a mandate to conduct tourism marketing and promotion for Cape Town and the Western Cape.</p> <p>Wesgro's performance is specifically measured against the lower band targets for investment, export, film, tourism and marketing. Upper band targets are stretch targets set to inspire heightened performance and are an indication of underperformance should they not be met.</p>		
<b>Links</b>	Wesgro plays a pivotal role in investment and trade promotion, and marketing Cape Town and the Western Cape as a tourism and film destination.		

Given recent developments in the global and domestic economy, the targets for investment, trade, tourism destination marketing, and film and media promotion have been set within a band. This will allow for flexibility due to the economic conditions in the coming years and in order to mitigate the impact thereof on the investment environment. The use of the bands was based on the economic expectations of international organisations, namely the International Monetary Fund (IMF), the World Bank, International Trade Centre (ITC), United Nations, and financial houses such as the Financial Times, and national and international bureaus of economic research.

### Investment promotion targets

In line with Vision Inspired Priority (VIP) 2 and also the Industrial Policy Action Plan (IPAP), Wesgro's investment promotion activities over the next five years will be in the following sectors:

- Agri-processing
- Oil and Gas
- Manufacturing
- Green economy (renewable energy, cleantech, water resilience)
- Hotel and real estate development (tourism)
- Technology
- Healthcare (pharmaceuticals and medical devices)
- Financial services

The following outcome indicators have been identified for investment promotion:

Outcomes	Outcome indicators	Baseline	Five-year targets
Value of committed investment	Rand value of committed investments into the Province	R8,61bn	R12,4bn
Jobs facilitated	Number of jobs facilitated from committed investments into the Province	3 143	5 698

### Export promotion targets

A sophisticated analysis of all trade opportunities across the world has been developed that informs effort in our key markets. Research has shown that matching the Western Cape's basket of manufactured and value added products with markets in the world where demand for these products is high, will yield a greater return on investment for our stakeholders and increase companies export orders. Wesgro identified the following markets in which to develop and strengthen relationships over the next five years:

- Africa: Angola, Botswana, Namibia, Mozambique, Zambia, Nigeria, Ghana, Senegal, Cameroon, Ghana Ivory Coast, Kenya, Tanzania, Ethiopia
- Asia: China, India, Malaysia, Japan, Singapore, Thailand, Vietnam, Indonesia, South Korea
- Australasia: Australia, New Zealand
- Middle East: UAE, Saudi Arabia, Qatar
- Americas: USA, Canada, Brazil, Chile
- Europe: United Kingdom, Germany, Belgium, Sweden, Austria, France, Russia, Poland, Czech Republic

The Unit undertakes between 40-45 international trade missions a year, which creates opportunities for Western Cape companies to market their products in international markets and meet buyers, distributors and importers. When an export deal is signed, the companies sign a declaration form which measures the potential for export to a particular market over a five-year period. Once the values in the declaration forms are tallied, the Unit is able to report on the rand value of exports facilitated, and the number of jobs maintained and created. This information is sourced from the companies themselves.

The following outcome indicators have been identified for export promotion:

Outcomes	Outcome indicators	Baseline	Five-year targets
Value of trade agreements	Rand value of trade agreements signed	R16,85bn	R20.9bn
Jobs facilitated	Number of jobs facilitated from trade agreements signed	2 381	3 278

### Tourism targets

To attract a greater number of visitors, a destination has to maintain its past levels of tourism marketing and constantly increase the quality and quantity of its tourism marketing offerings. In order to ensure that our tourism destination marketing efforts are most impactful, there needs to be focused domestic and international marketing campaigns. These are based on quality market research and a clearly defined competitive identity that distinguishes Cape Town and the Western Cape as a brand among so many other similar brands internationally.

The following outcome indicators have been identified for tourism:

Outcome	Outcome indicators	Baseline	Five-year targets
Total estimated economic value of tourism destination marketing initiatives	Total estimated economic impact of tourism marketing initiatives	R2,04bn	R3.5bn



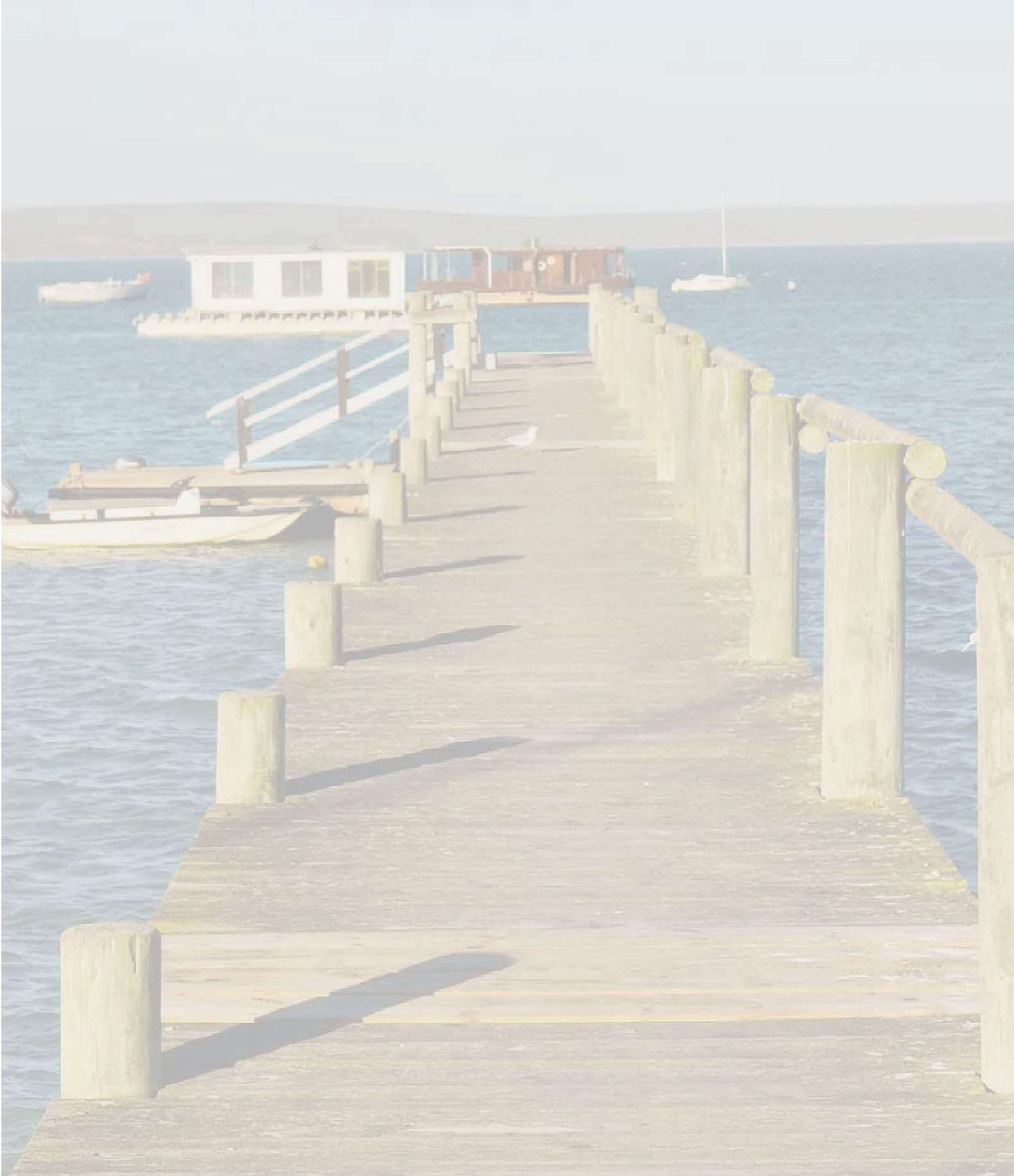
### 3.2 Wesgro's Institutional Workflow

Leadership	<p><b>BOARD, CEO, MANAGEMENT</b></p> <p>5-year Strategic Plan, Board Annual Plans, Annual Performance Plans            Vision, Mission, Brand Identity, Competitive Advantage, Value Propositions Successful outputs, to outcomes, to impact            Wesgro Business Model            Strategic Partnership and Stakeholder Management</p>									
Delivery Units	Investment, Trade and Film Promotion		Tourism Destination Marketing							
	Investment Team	Trade Team	Film & Media Team	Tourism Leisure Team	Convention Bureau Team					
	<p>Annual Performance            Plans Operational Plans</p> <p>Economic diplomacy value chain approach, as detailed in the Wesgro Business Model &amp; the Unit Business Models Delivery Unit Teams contribute to achieving the outputs, outcomes &amp; impact</p>									
Support Units	<p><b>Strategic Projects</b></p> <p>Together with the Delivery Unit Teams, co-contributor(s) to outputs, outcomes &amp; impact            Can be specific to Trade, Investment, Film or Tourism            Can contain elements cutting across Trade, Investment, Film &amp; Tourism            Can be located within a Delivery Unit            Can be a stand-alone project</p>									
	<p><b>OPERATING PLATFORM</b></p> <p>Wesgro Business Model            Fully functional, efficient and effective Agency</p> <table border="1" data-bbox="1209 136 1302 1050"> <tr> <td data-bbox="1209 1390 1302 1648">FINANCIAL MANAGEMENT &amp; SCM</td> <td data-bbox="1209 1134 1302 1390">IT &amp; ADMIN SERVICES</td> <td data-bbox="1209 877 1302 1134">HUMAN RESOURCES MANAGEMENT</td> <td data-bbox="1209 619 1302 877">MONITORING &amp; EVALUATION</td> <td data-bbox="1209 361 1302 619">RESEARCH</td> <td data-bbox="1209 136 1302 361">MARKETING &amp; COMMUNICATION</td> </tr> </table>					FINANCIAL MANAGEMENT & SCM	IT & ADMIN SERVICES	HUMAN RESOURCES MANAGEMENT	MONITORING & EVALUATION	RESEARCH
FINANCIAL MANAGEMENT & SCM	IT & ADMIN SERVICES	HUMAN RESOURCES MANAGEMENT	MONITORING & EVALUATION	RESEARCH	MARKETING & COMMUNICATION					

### 3.3 Key Risks

Project objective:		To promote and facilitate global exports of goods and services from qualified companies in the Western Cape	
Project objective:		To facilitate and support operations and expansion of Western Cape companies into the rest of Africa	
Project risk statement	Inherent risk		Project risk mitigation
	Impact	Likelihood	
Insufficient funding to fulfil Wesgro's mandate	4	3	<ul style="list-style-type: none"> <li>Ongoing lobbying of DTI and other funders</li> <li>Making use of partnerships with other entities for funding</li> <li>An event framework is in place detailing criteria to receive funding</li> <li>Sustainability and growth are key elements taken into consideration before funding is provided to an event</li> <li>Continued use of cost assessment to determine whether the expenditure incurred is used most effectively</li> <li>Developing different approaches for export delivery</li> </ul>
Insufficient staff retention and knowledge retention capacity within Wesgro	4	3	<ul style="list-style-type: none"> <li>Filling of existing vacancies within budget constraints</li> <li>Staff retention policy</li> <li>HR Benchmarking process for remuneration</li> <li>Performance management process includes defined career path</li> </ul>
Decline in the SA currency	3	2	<ul style="list-style-type: none"> <li>Partner with, and increase collaboration with other Agencies for subscriptions</li> <li>Travel card to contain travel expenses</li> </ul>
Insufficient air routes into Cape Town	4	2	<ul style="list-style-type: none"> <li>Air-access project committee in place to address new air routes</li> </ul>
Failure to effectively market the destination internationally and domestically	4	2	<ul style="list-style-type: none"> <li>Further lobbying to increase funding from stakeholders</li> <li>Collaboration with City of Cape Town and other DMOs</li> <li>Limiting or ending duplication</li> </ul>
Failure to service the entire Province	3	3	<ul style="list-style-type: none"> <li>District outreaches included in the operational plan</li> </ul>
Custodianship of data	3	3	<ul style="list-style-type: none"> <li>Creating value in response to client needs</li> </ul>
Need to maintain brand awareness	3	3	<ul style="list-style-type: none"> <li>Daily media engagement meetings</li> <li>Enhanced marketing approach</li> </ul>
Lack of resources to meet in mandate (Trade)	1	2	<ul style="list-style-type: none"> <li>Strategy formulation and planning interventions</li> <li>Contracting consultants to provide advice</li> </ul>
			Residual Risk Rating
			Impact
			Likelihood

West Coast Nature Reserve, near Langebaan, Western Cape



## 4. Part D: Technical performance indicator descriptions

### 4.1 Programme 1: Finance

Strategic outcome: Enhance good governance practices through compliance with all prescribed financial and non-financial regulations and guidelines.

Indicator number	1.1			
Indicator title	Unqualified audit report with no material findings			
Short definition	The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.			
Purpose	To ensure compliance with the relevant legislation and implement principles of good governance and financial prudence.			
Strategic link	VIP#: 5	Focus area(s) Good governance and transformation	Outputs(s) Positive financial viability rating (1.1.1) Percentage achievement of annual budgeted operational Expenditure (1.1.2)	Intervention(s)
Source of data	Auditor-General's Final Management Letter.			
Method of calculation	N/A			
Data limitations	None			
Type of indicator	Input:	Activities:	Output:	Outcome: x
	Service Delivery Indicator:		Direct Service Delivery:	
			Indirect Service Delivery:	x
	Demand Driven Indicator:		Yes, demand driven:	
		No, not demand driven:	x	
Calculation type	Cumulative Year- end:	Cumulative Year-to-date:	Non-cumulative: x	
Reporting cycle	Quarterly:	Bi-annually:	Annually: x	Biennially:
Desired performance	Higher than target:	On target: x	Lower than target:	
Indicator responsibility	Chief Financial Officer or relevant executive responsible for this programme			
Spatial transformation (where applicable)	N/A			
Disaggregation of beneficiaries (where applicable)	Target for women:		N/A	
	Target for youth:		N/A	
	Target for people with disabilities:		N/A	
Assumptions	N/A			
Means of verification	Auditor-General's Final Management Letter			

## Programme 2: Investment

Strategic outcome: Facilitate investment and jobs into the Western Cape.

<b>Indicator number</b>	2.1			
<b>Indicator title</b>	Rand value of committed investments into the Province.			
<b>Short definition</b>	The rand value of committed investment projects for the financial year. Committed investments are classified as those projects where the investor has already incurred expenditure towards the implementation of the investment project in the Western Cape			
<b>Purpose</b>	Rand value of committed projects is a good indicator of the impact of committed investment projects facilitated by Wesgro into the Western Cape, which contributes to economic growth.			
<b>Strategic link</b>	VIP#: 2	Focus area(s) Increase investment	Outputs(s) Number of investment projects committed (2.1.1)	Intervention(s) Attracting investment
<b>Source of data</b>	Signed investor declaration.			
<b>Method of calculation</b>	The rand value indicated in the investor declarations is calculated to determine the total.			
<b>Data limitations</b>	Non-disclosure of third-party information.			
<b>Type of indicator</b>	Input:	Activities:	Output:	Outcome: x
	Service Delivery Indicator:		Direct Service Delivery:	
			Indirect Service Delivery: x	
	Demand Driven Indicator:		Yes, demand driven:	
		No, not demand driven: x		
<b>Calculation type</b>	Cumulative Year- end: X	Cumulative Year-to-date:	Non-cumulative:	
<b>Reporting cycle</b>	Quarterly:	Bi-annually:	Annually: x	Biennially:
<b>Desired performance</b>	Higher than target:X	On target:	Lower than target:	
<b>Indicator responsibility</b>	Chief Trade & Investment Officer or relevant executive responsible for this programme			
<b>Spatial transformation (where applicable)</b>	N/A			
<b>Disaggregation of beneficiaries (where applicable)</b>	Target for women:		N/A	
	Target for youth:		N/A	
	Target for people with disabilities:		N/A	
<b>Assumptions</b>	N/A			
<b>Means of verification</b>	Signed investor declaration.			

## Programme 2: Investment

Strategic outcome: Facilitate investment and jobs into the Western Cape.

<b>Indicator number</b>	2.2			
<b>Indicator title</b>	Number of jobs facilitated from committed investments into the Province.			
<b>Short definition</b>	<p>Number of jobs created via the committed investment projects for the financial year. Committed investments are classified as those projects where the investor has already incurred expenditure towards the implementation of the investment project in the Western Cape.</p> <p>An investor provides a signed declaration for transactions for goods and services related to a specific buyer as a representation of the trade agreement.</p>			
<b>Purpose</b>	Employment is a good indicator of a committed investment on the economy of the Western Cape.			
<b>Strategic link</b>	VIP#: 2	Focus area(s) Increase investment	Outputs(s) Number of investment projects committed (2.1.1)	Intervention(s) Attracting investment
<b>Source of data</b>	Signed investor declaration.			
<b>Method of calculation</b>	The number of jobs indicated in the investor declarations is calculated to determine the total.			
<b>Data limitations</b>	Non-disclosure of third-party information.			
<b>Type of indicator</b>	Input:	Activities:	Output:	Outcome: x
	Service Delivery Indicator:		Direct Service Delivery:	
			Indirect Service Delivery: x	
	Demand Driven Indicator:		Yes, demand driven:	
			No, not demand driven: x	
<b>Calculation type</b>	Cumulative Year- end: X	Cumulative Year-to-date:	Non-cumulative:	
<b>Reporting cycle</b>	Quarterly:	Bi-annually:	Annually: x	Biennially:
<b>Desired performance</b>	Higher than target:X	On target:	Lower than target:	
<b>Indicator responsibility</b>	Chief Trade & Investment Officer or relevant executive responsible for this programme			
<b>Spatial transformation (where applicable)</b>	N/A			
<b>Disaggregation of beneficiaries (where applicable)</b>	Target for women:		N/A	
	Target for youth:		N/A	
	Target for people with disabilities:		N/A	
<b>Assumptions</b>	N/A			
<b>Means of verification</b>	Signed investor declaration.			

### Programme 3: Export

Strategic outcome: To promote and facilitate global exports of goods and services from qualified companies in the Western Cape.

Indicator number	3.1			
Indicator title	Rand value of trade agreements signed.			
Short definition	The value of trade agreements signed.  An exporter provides a signed export declaration for transactions for goods and services related to a specific buyer as a representation of the trade agreement.			
Purpose	To measure monetary inflows into the Province.			
Strategic link	VIP # 2	Focus Area(s): Growing the economy through export	Output(s): Number of trade agreements Signed (3.1.1)	Intervention(s): N/A
Source of data	Signed export declarations.			
Method of calculation	The rand value indicated in the trade agreements is calculated to determine the total.			
Data limitations	Non-disclosure of third-party information.			
Type of indicator	Input:	Activities:	Output:	Outcome: x
	Service Delivery Indicator:		Direct Service Delivery:	
			Indirect Service Delivery: x	
	Demand Driven Indicator:		Yes, demand driven:	
			No, not demand driven: x	
Calculation type	Cumulative Year- end X	Cumulative Year-to-date:	Non-cumulative:	
Reporting cycle	Quarterly:	Bi-annually:	Annually: x	Biennially:
Desired performance	Higher than target:X	On target:	Lower than target:	
Indicator responsibility	Chief Trade & Investment Officer or relevant executive responsible for this programme.			
Spatial transformation (where applicable)	N/A			
Disaggregation of beneficiaries (where applicable)	Target for women:		N/A	
	Target for youth:		N/A	
	Target for people with disabilities:		N/A	
Assumptions	N/A			
Means of verification	Signed export declaration.			

## Programme 3: Export

Strategic outcome: To promote and facilitate global exports of goods and services from qualified companies in the Western Cape.

<b>Indicator number</b>	3.2			
<b>Indicator title</b>	Number of jobs facilitated from trade agreements signed.			
<b>Short definition</b>	Number of jobs created in relation to the signed trade agreement for the financial year. An exporter provides a signed export declaration for transactions for goods and services related to a specific buyer as a representation of the trade agreement.			
<b>Purpose</b>	Employment is a good indicator of an increase in exports in the economy of the Western Cape.			
<b>Strategic link</b>	VIP # 2	Focus Area(s): Growing the economy through export	Output(s): Number of trade agreements signed (3.1.1).	Intervention(s): N/A
<b>Source of data</b>	Signed export declarations.			
<b>Method of calculation</b>	The number of jobs indicated in the trade agreements is calculated to determine the total.			
<b>Data limitations</b>	Non-disclosure of third-party information			
<b>Type of indicator</b>	Input:	Activities:	Output:	Outcome: x
	Service Delivery Indicator:		Direct Service Delivery:	
			Indirect Service Delivery: x	
	Demand Driven Indicator:		Yes, demand driven:	
			No, not demand driven: x	
<b>Calculation type</b>	Cumulative Year- end: X	Cumulative Year-to-date:	Non-cumulative:	
<b>Reporting cycle</b>	Quarterly:	Bi-annually:	Annually: x	Biennially:
<b>Desired performance</b>	Higher than target: X	On target:	Lower than target:	
<b>Indicator responsibility</b>	Chief Trade & Investment Officer or relevant executive responsible for this programme			
<b>Spatial transformation (where applicable)</b>	N/A			
<b>Disaggregation of beneficiaries (where applicable)</b>	Target for women:		N/A	
	Target for youth:		N/A	
	Target for people with disabilities:		N/A	
<b>Assumptions</b>	N/A			
<b>Means of verification</b>	Signed export declarations.			



## Programme 4: Tourism

Strategic outcome: Enhance the attractiveness, awareness and accessibility of the of region and drive conversion.

<b>Indicator number</b>	4.1			
<b>Indicator title</b>	Total estimated economic value of tourism destination marketing initiatives.			
<b>Short definition</b>	To measure the economic value of the tourism destination marketing initiatives			
<b>Purpose</b>	To drive geographic spread, improve seasonality, job creation and the stimulation of economic growth.			
<b>Strategic link</b>	VIP #2	Focus Area(s): Growing the economy through export growth	Output(s): Number of bids secured (4.1.3)	Intervention(s): N/A
<b>Source of data</b>	Written confirmation from the host organisation through either a copy of signed confirmation letter from host organisation or an email confirming the decision and first two pages of the bid book or presentation.			
<b>Method of calculation</b>	The total economic value will be calculated by the addition of the economic value of each initiative			
<b>Data limitations</b>	No control over data provided by third parties or the timing of the submission thereof.			
<b>Type of indicator</b>	Input:	Activities:	Output:	Outcome: x
	Service Delivery Indicator:		Direct Service Delivery:	
			Indirect Service Delivery: x	
	Demand Driven Indicator:		Yes, demand driven:	
			No, not demand driven: x	
<b>Calculation type</b>	Cumulative Year-end: X	Cumulative Year-to-date:	Non-cumulative:	
<b>Reporting cycle</b>	Quarterly:	Bi-annually:	Annually: x	Biennially:
<b>Desired performance</b>	Higher than target:X	On target:	Lower than target:	
<b>Indicator responsibility</b>	Chief Destination Marketing Officer or relevant executive responsible for this programme			
<b>Spatial transformation (where applicable)</b>	N/A			
<b>Disaggregation of beneficiaries (where applicable)</b>	Target for women:		N/A	
	Target for youth:		N/A	
	Target for people with disabilities:		N/A	
<b>Assumptions</b>	N/A			
<b>Means of verification</b>	Written confirmation from the host organisation through either a copy of signed confirmation letter from host organisation or an email confirming the decision and first two pages of the bid book or presentation.			

## Programme 5: Marketing and Innovation

Strategic outcome: Drive economic competitiveness of the destination through strategic campaigns.

<b>Indicator number</b>	5.1			
<b>Indicator title</b>	Number of people reached.			
<b>Short definition</b>	Campaigns that are conceptualised to support the mandate of the Agency. A Post Campaign Analysis (PCA) Report will be provided per campaign to determine the number of people reached through the implementation of the relevant campaign.			
<b>Purpose</b>	To promote the brand of the destination into key source markets, focused on driving the economic competitiveness of the destination.			
<b>Strategic link</b>	VIP #2	Focus Area(s): Growing the economy through export growth	Output(s): Number of strategic campaigns (5.1.1)	Intervention(s):
<b>Key Beneficiaries</b>	Companies and stakeholders			
<b>Source of data</b>	Campaign reports			
<b>Method of calculation</b>	The number of people reached provided in these reports for each campaign are added to calculate the number of people reached.			
<b>Type of indicator</b>	Input:	Activities:	Output:	Outcome: x
	Service Delivery Indicator:		Direct Service Delivery:	
			Indirect Service Delivery: x	
	Demand Driven Indicator:		Yes, demand driven:	
			No, not demand driven: x	
<b>Calculation type</b>	Cumulative Year- end: X	Cumulative Year-to-date:	Non-cumulative:	
<b>Reporting cycle</b>	Quarterly:	Bi-annually:	Annually: X	Biennially:
<b>Desired performance</b>	Higher than target: X			
<b>Indicator responsibility</b>	Chief Marketing and Innovation Officer or relevant executive responsible for this programme			
<b>Spatial transformation (where applicable)</b>	N/A			
<b>Disaggregation of beneficiaries (where applicable)</b>	Target for women:		N/A	
	Target for youth:		N/A	
	Target for people with disabilities:		N/A	
<b>Assumptions</b>	N/A			
<b>Means of verification</b>	Externally provided Post Campaign Analysis (PCA) Reports per strategic campaign.			

## Programme 6: Assurance and Business Enablement

Strategic outcome: Enhance good governance practices through compliance with prescribed financial and non-financial regulations and guidelines.

<b>Indicator number</b>	6.1			
<b>Indicator title</b>	Unqualified audit report with no material findings.			
<b>Short definition</b>	The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.			
<b>Purpose</b>	To ensure compliance with the relevant legislation and implement principles of good governance and financial prudence.			
<b>Strategic link</b>	VIP#: 5	Focus area(s) Good governance and transformation	Outputs(s) Number of M&E performance reports submitted. (6.1.1) Number of reports evidencing the maintenance of the Agency's ICT environment (6.2.1)	Intervention(s)
<b>Source of data</b>	Auditor-General's Final Management Letter.			
<b>Method of calculation</b>	N/A			
<b>Data limitations</b>	None			
<b>Type of indicator</b>	Input:	Activities:	Output:	Outcome: x
	Service Delivery Indicator:		Direct Service Delivery:	
			Indirect Service Delivery: x	
	Demand Driven Indicator:		Yes, demand driven:	
		No, not demand driven: x		
<b>Calculation type</b>	Cumulative Year- end:	Cumulative Year-to-date:	Non-cumulative: x	
<b>Reporting cycle</b>	Quarterly:	Bi-annually:	Annually: X	Biennially:
<b>Desired performance</b>	Higher than target:	On target: x	Lower than target:	
<b>Indicator responsibility</b>	Chief Assurance and Business Enablement Officer			
<b>Spatial transformation (where applicable)</b>	N/A			
<b>Disaggregation of beneficiaries (where applicable)</b>	Target for women:		N/A	
	Target for youth:		N/A	
	Target for people with disabilities:		N/A	
<b>Assumptions</b>	N/A			
<b>Means of verification</b>	Auditor-General's Final Management Letter			











# Strategic-Plan-2020 - second amendments (23-24 alignment) 27.11.23

Final Audit Report

2023-11-27

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By:	Huda Ely (huda@wesgro.co.za)
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## "Strategic-Plan-2020 - second amendments (23-24 alignment) 27.11.23" History

-  Document created by Huda Ely (huda@wesgro.co.za)  
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# Wesgro Strategic Plan 2020-25- second amendment (27.11.23c)

Final Audit Report

2023-11-27

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-  Document created by Charmell Smith (charmell@wesgro.co.za)  
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-  Signer rushka.brenner@westerncape.gov.za entered name at signing as Mireille  
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Signature Date: 2023-11-27 - 6:33:32 PM GMT - Time Source: server
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