



## **CDA Strategic Framework Session:**

**17<sup>th</sup> of May 2018**

<b>INSTITUTIONAL INFORMATION</b>	
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## **Realignment of Planning Framework & Projects 2018/19**

### **Introduction:**

The CDA's work program for 2018/19 that commences in July 2018 needs to be finalised by not later than mid-May 2018. In addition a new 5-year funding cycle is also commencing in July 2018 and it is therefore important to review the current operational framework to ensure that CDA projects for 2018/19 are aligned to the planning framework.

The latest engagements between the Cacadu Development Agency (CDA) and the Sarah Baartman District Municipality (SBDM) focused on the continuation of the next 5-year funding of the CDA by SBDM as well as an additional responsibility regarding revenue generation from projects, which is not included in the current framework. The subsequent council resolution from SBDM provides all the SBDM vacant land to CDA for the purpose of development and revenue generation.

The SBDM indicated that it is currently experiencing the effects of an ever increasing financial squeeze. Funding the CDA is becoming increasingly difficult with the Municipality's restrained budget. At the last council meeting SBDM agreed to fund the CDA but with an annual review that will probably be focusing on the CDA's revenue creation ability.

CDA is now in its second year of the operational phase after three years of planning. The CDA compiled a business plan at the start of the planning phase 5-years ago. This plan provided a framework for planning and operations for CDA. The objective was to complete planning, identify and develop a suit of projects and to commence with initial feasibility planning for the projects. The CDA has successfully embraced this mandate resulting in substantive funding been sourced for the region. Although the first 5-years funding cycle, which was in totality funded by the Sarah Baartman District Municipality (SBDM), focused on the establishment of the CDA, the new directive emphasises revenue generation as an outcome.

Three levels of the framework plan that needs to be amended:

A-Realignment of Mandate:

B- Realignment of Objectives:

C- Project Plan for 2018/19

## A) Realignment of CDA Mandate (strategy):

The revenue generation requirement necessitates the CDA to review the entire operational framework as reflected underneath to ensure alignment.

CDA's current business plan's vision and mission need to be aligned to the new challenges and focus. The changes needed are at these levels as well as at the levels of the project planning phase where income generation needs to be added to the project facilitation activity as the CDA is now also focusing on broader inclusive operational objectives that include the SBDM LED directorate as well as LM's LED units. The need is to plan holistically and to include LM's potentially viable opportunities and projects that could enhance the agency/district revenue generation effort. The current framework included the following mandate:

*"CDA will be responsible for the co-ordination of economic and infrastructure development at regional scale. CDA will **prioritise** and **facilitate** strategic catalytic development initiatives that ensure that **investment is attracted** to the Municipal Area and that job creation and economic opportunity is optimised."*

The above paragraph, reflects the current Mandate of CDA, and the key words (in Bold) motivated the operational modus operandi of the CDA for the past 5-years. Effective strategic planning to change the CDA's operational objective will articulate not only on the direction that the CDA will be going but also on the alignment of actions needed to make the change, and to ensure effective measurement tools to quantify the eventual success.

### **CDA Operational Institutional Framework: (\*In yellow areas where changes need to be effected)**



<u>Previous Mandate: (Priorities)</u>	<u>Proposed new Mandate: (Priorities)</u>
“CDA will be responsible for the co-ordination of economic and infrastructure development at regional scale. CDA will prioritise and facilitate strategic catalytic development initiatives that ensure that investment is attracted to the Municipal Area and that job creation and economic opportunity is optimised.”	“CDA will be responsible for the development of strategic catalytic macro projects, located within the SBDM district’s broad economic sectors, as well as in the district’s governmental land assets. CDA will prioritise and develop projects that will focus on revenue generation for the CDA & SBDM, optimising economic opportunities and beneficiation of the local municipalities and its communities.”

## **B) CDA – Realignment of Objectives:**

### **The Operational sector: (\*Blue previous year’s sectors/Red new proposed sectors)**

The operational sector is defined by the above layers of institutional structuring. The previous plan included the following objectives:

*“CDA will prioritise and facilitate strategic catalytic development initiatives that ensure that investment is attracted to the Municipal Area and that job creation and economic opportunity is optimised.*

- *Improving the economic and investment climate in the region;*
- *Developing regional economic nodes and regenerating small towns;*
- *Investment promotion and resource mobilization;*
- *Skills development;*
- *Co-ordinating work of different municipalities and government agencies at regional level;*
- *Agriculture and agro-processing;*
- *Developing catalytic infrastructure [ roads, electricity, water]*
- *CDA will place strong emphasis on inter-governmental and inter-sectoral integration, strong stakeholder management and communication.”*

#### **The proposed changes:**

The objectives are directly linked to the SBDM economic sectors. Changes to the sectors especially in term of importance will impact on CDA focus areas. The renewable energy sector has grown as a district economy and has effected changes in some LM’s in terms of

jobs and social beneficiation options, etc. CDA now also focus on the import/export opportunities of not only China but also some other countries e.g. the citrus, meat industry.

The current objectives focused primarily on narrowly specifics while the proposed new objectives provide a broader scope for project identification. Although the current objectives are still relevant they are underpinned in the broader objectives.

<b>Current Objectives:</b>	<b>New proposed objectives:</b>	<b>New Objectives</b>
CDA will place strong emphasis on inter-governmental and inter-sectoral integration, strong stakeholder management and communication.”	☐ To identify, plan and facilitate development of government and or private projects through resource mobilization, in the primary economic sectors of the SBDM to ensure economic growth, job creation and medium enterprise involvement for the next 5-year’s funding cycle.	<ol style="list-style-type: none"> <li>1. <b>Participate in new investment</b></li> <li>2. Diversified and transformed economy</li> <li>3. Promote and participate in the development of black industrialists in the region</li> <li>4. Enterprise development</li> <li>5. Human skill development</li> <li>6. Job and wealth creation</li> <li>7.</li> </ol>
Improving the economic and investment climate in the region;	To identify, plan and actively develop certain government and or private sector projects through resource mobilization, in the primary economic sectors of the SBDM, to create revenue streams for CDA & SBDM, for the next 5-year’s funding cycle.	
Developing regional economic nodes and regenerating small towns;	To identify, plan, facilitate and source investments for vacant government assets in the SBDM to ensure economic growth, job creation and medium enterprise involvement as well as to create revenue streams for CDA & SBDM, for the next 5-year’s funding cycle.	
Investment promotion and resource mobilization;	To identify and facilitate international trading opportunities between the SBDM economic sectors and foreign countries, to generate revenue for CDA & the SBDM, for the next 5-year’s funding cycle.	
Skills development;	To synchronize CDA development efforts with the SBDM economic directorate to ensure effective co-operation and focused project development in the SBDM, for the next 5-year’s funding cycle. Leveraging resources from stakeholders to advance CDA mandate	
Co-ordinating work of different municipalities and government agencies at regional level;		



The requirement for the CDA is to finalise the 2018/19 projects by mid May 2018 in order to be aligned to the requirements of the MFMA/Systems act. This requirement necessitates the board to resolve on the projects for the 2018/19 year.

Projects are the final and most important component of the operational planning framework. The projects selected to be included in the final list are those that a specific budget are allocated to and are linked to performance management. The CDA works on a broad list of projects and while some projects can be included in the project list for assessment others are still work in progress.

The nature of agency operations creates complexity in terms of PM as an agency operates in both the public as private sector spheres. The following has bearing on the complexity:

- The **funding aspect**: CDA cannot only rely on government projects as they are predominately infrastructure projects, non-profit of nature and not allowing for revenue generating opportunity. Private sector projects can either be as in partnerships (PPP) or as regulated by an agreement of some sort. PPP are time consuming and costly and private sector are generally not interested in this type of project because of the upfront cost factor. Legislation do not allow for minority share/ownership of an agency in any venture, which makes the agreement option the most acceptable, whereby a percentage commission or share of the income can be obtained in a business deal.

- The **nature** of economic development must make provision for quick response to potential new projects, while government projects are developed in line with government processes and is time consuming; the private sector operates in the current realm. Private developers do not work within the government framework of regulation and processes. Development opportunities can get lost if developers detect a so called "red tape" processes that will slow project development processes. The practical reality is that the Agency is often directly approach by developer with a request that needs immediate attention and cannot wait for a protracted official IDP process. Many projects are lost because of government's slow reaction time. Performance management do not take cognizance of this fact, as all projects needs to be first listed before resources can be allocated to the project.

The only way to combat the potential loss of a project that could create jobs or economic opportunities for a community is to manage the unlisted projects and not to include them on the official project list. This manner of operation ensures that

project managers can engage and action projects to the benefit of LM's, the district as well as to communities. Today's walk-in project is next year's listed project.

The CDA listed projects as further defined into two broad types of interventions:

- Project Facilitation:  
CDA intervention in government or private sector projects with specific relevance to the regulatory/ authorisation & community beneficiation aspects. (e.g. windfarms, road)
- Project Development:  
CDA develops either government or private sector projects with reference to:
  - identifies as potential opportunities,
  - establish feasibility, and then,
  - either self-develop up to management stage or manage a bidding process for private intervention to develop.  
(e.g. Fibre greening, Hydro)

1- The current focused economic sectors (from Objectives) in which CDA operates:

- Agriculture
- Tourism
- Aviation
- General business
- Industrial development
- Renewable Energy
- Infrastructure development
- Educational sector.

*New broad projects fall within the current sectors:*

- Infrastructure development: Land development (SBDM, LM's, Prov. & National government land & buildings)
- General business: Chinese business linkages.

**The following are projects listed in the categories as 1- Current Projects 2- Potential new projects:**

Current CDA project on Performance List:					
Project:	Muni:	Phase:	Project:	Municipality:	Phase:
Industrial Park	BCRM	- Fund Secured - Consult. Eng. Appointed - Final design	Municipal Green Power	Makana (BCRM) (Kouga)	- (another 12 - 14 months)

		-Constr. Oct. 2018 -			
Commercialize the Greening of Mohair and Wool	Beyers Naude/ BCRM/ Makana	Studies-complete in March 2018 – CC Kit completed	To sustain and grow a vibrant agricultural sector in (Agri Park)	All municipalities	Facilitation with EM and commercial agri. Entities
R335 road development project	SRVM	Phase 1 complete Phase 2 to be funded.	Tourism project Enon-Beyers N.	SRVM/ Beyers N.	Fund Application to Germans
Peace Monument project	SRVM	Construction phase	Maths and Science Education	BCRM/ Kouga	Kouga -
Grahamstown Airfield	Makana	Develop the FS Changes lease agreement	Maximise benefits from the electrical IPP's	Kouga/ Koukamma/ BCRM	2 x IPP forums (inland/coastal) (Feedback / 3 month)  3x new wind projects
Hydro Development	BCRM	Feasibility completed/ Funding available			

**Proposed new project list for CDA for 2017 18 financial year:**

\*Yellow – projects with significant opportunity for revenue generation

\*Orange - projects with medium opportunity for revenue generation

\*Pink - projects with modest opportunity for revenue generation

<b>Projects organically grown from previous year's list of projects</b>				
<b>PROJECT:</b>	<b>New sub projects</b>	<b>Phase:</b>	<b>Revenue generation</b>	<b>Incl. 18/19 CDA Budget</b>
Industrial Park	Construct factory/ storage space	Pre-feasibility	Significant	YES
Commercializing the Natural fibre	1-Manufacturing centre	Study completed	Modest	No-External funding

Greening project				
	2- Electronic Inf. Platform	Partially developed	None	No-External funding
	3- Appoint Field Officer (ISASAR)	Completed	None	No-External funding
	4- Bought equipment for Emerging Farmers	Completed	None	No-External
	5- IFAD Soft Loan Funding for EM	Negotiating	None	No-External
R335 road develop. project	NONE			No-External
Heritage project	NONE			No-External
Grahamstown Airfield	Develop sell residential	Negotiating	Medium	Yes
Hydro Project	Develop and manage project	Feasibility completed	Significant	No-External
Municipal Greening	Expand to other LM's	Complete Makana	Significant	No-External
Agri Park	Establish & manage	Feasibility	Medium	No-External
Tourism project Enon-Beyers N.	NONE			No-External
Maths and Science	NONE			No-External
Maximise benefits from the IPP's	New project development	Pre-feasibility	Medium	No-External
<b>New Project list:</b>				
<b>PROJECT:</b>	<b>New sub projects</b>	<b>Phase:</b>	<b>Revenue generation</b>	<b>Incl. 18/19 CDA Budget</b>
Chinese Project List	Manufactured natural fibre articles export to China	Feasibility	Medium	Yes
	Tourism: Educational/ Cultural Tours for China	Feasibility	Medium	Yes
	Tourism: Hunting Tours for China	Feasibility	Medium	Yes
	Cattle farming and beef export to China	Feasibility	Medium	Yes

	Aloe Export to Eastern Europe and China (& value add)	Feasibility	Medium	Yes
State Land/ Building development	SBDM Land/ Buildings	Pre-feasibility	Significant	Yes
	LM's land/ Buildings			
	Prov./ Nat. government land/ buildings			
Water source Development		Assisted in Kouga/ Koukamma	None	
Water purification/ compost manufacturing project		General Feasibility completed	None	

The new mandate and objectives provide CDA with the framework to propose the following project list for the performance system:

No:	Project Name:	Responsible Manager	Funding Institution:	Budget:
1	Industrial Park Development in Somerset East	C. Wilken	CDA	----
			ECDC	R54 000 000
2	Municipal Industrial Green energy developments	"	CDA	----
			Powerx/ Private IPP's	Est. R250 000000
3	To commercialize the Greening of Mohair and Wool	"	CDA	---
			ISASAR/ Private	Est. R30 000000
4	To facilitated the local communities interest in the Peace Monument project (Facilitation Project)	"	CDA	----
			DRDLR	R55 000 000
5	Development of a Tourism project for Khoi-San communities in SBDM	"	CDA	----
			Private	Est. R28 000 000
6	Facilitate the development of projects on SBDM and or other state land	"	CDA	R800 000
			Private	?
7	Development of a Tourism project in the SBDM region	"	CDA	----
			Private	R 2 500 000
8	Grahamstown Industrial park	"	CDA	----
			Private	Est. R12 000 000
9	To sustain and grow a vibrant	N. Lombard	CDA	----

	agricultural sector in SBDM by 2020		Agri-Parks	R45 000 000
10	To maximise the beneficiation to the communities from the IPP's	"	CDA & SBDM IPP's	---- ----
11	By facilitating and monitoring the implementation of core subjects/courses in critical scarce fields of Maths and Science in the SBDM region	"	CDA NMU / Cookhouse windfarm	---- R150 000
12	To establish entrepreneurial activity	"	CDA Community BCRM	---- R50 000
13	Hydro Development	"	CDA Private	R400 000 ---
14	Climate Change	"	CDA Private (Co-op's)	R400 000 R200 000
15	International Trading: Tourism	A. Yu		
16	International Trading: Trade	"		

### **New Projects Identified:-**

#### 1- Climate Change Project:

Climate change is now recognised as the major threat to SA (and its rural economy) and the impact will especially be relevant in the in the drier regions of SA, of which SBDM has a large area. The impact of CC in the Western Cape has made planners to realise that proactive actions are needed. The impact on towns are severe, and not only restricted to the agricultural sector. Water is but one aspect that could cause socio-economic and political stress to LM's. Towns demographics changes drastically when people move to areas of less stress, causing infrastructure burden on other municipalities.

Various regions/municipalities in SA have experienced the impact of CC in the last few years. Although the SBDM region has experienced some changes the full brunt of the outcomes of CC have not yet materialised. Research has indicated that CC will certainly impact on most economic sectors but especially agriculture. The CDA's economy is primarily driven by Agriculture and if effected will certainly led to various unforeseen outcomes. Job losses, unsatisfied communities etc. will lead to socio-economic and political problems. The current situation still offers the SBDM / CDA an opportunity to commence planning while the situation is till normal. The infrastructure of LM's especially water security becomes of paramount importance. Various new projects will focus on the broad Climate Change project. They are:

- Building Emerging Farmer resilience to CC (Natural Fibre Project)
- Water source development project
- Water purification project
- Greening of Local Municipalities Energy Networks

- Hydro Project

The CDA and SBDM Economic Directorate has decided to embark on a joint project to:

- Make LM's aware of the potential threat
- Identify potential future scenario's (Agricultural production/ water/heat/ demographic changes etc.)
- Identify threats through a study
- Institute Planning actions for SBDM & LM's: Adaptation measures, Implement mitigations & Implement resilience measure's

**CDA to budget R300 000, Directorate Economic & Infrastructure: R300 000 each.**

2- Chinses Projects:

The appointment of Dr. Yu offers various opportunities to the CDA and SBDM. The economic opportunities reside in export/ import, while investment in the local economies and the development of Tourism linkages could enhance the local economic sectors of the SBDM.

**CDA budget: R800 000**

3- Land/ Building Projects:

Various government levels have vacant land and buildings in the SBDM region:

- Local Municipalities
- District Municipality
- Provincial Government
- National Government

The focus of this project will be as follows:

- Identify and list the assets
- Develop parameters for intervention (TOR)
- Arrange for a Investors Conference where all the available assets (with TOR) will be presented to potential investors
- Negotiate and sign development agreements (Ensure revenue generation for CDA/SBDM)
- Oversee local beneficiation
- Oversight on agreement

**(CDA budget: R800 000)**

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