

WESGRO

cape town & western cape
tourism, trade & investment

DIGITAL TRANSFORMATION

INVESTMENT

COLLABORATION

TRADE

2024|25

INNOVATION

CAPE TOWN & WESTERN CAPE

ANNUAL PERFORMANCE PLAN

A LEADING REGIONAL ECONOMY

SUSTAINABILITY

TOURISM

INCLUSIVE GROWTH

FUTURE-FIT

TECHNOLOGY KNOWLEDGE





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Executive Authority Statement

The economy of the Western Cape has exhibited great resilience and adaptability in the current challenging national and international fiscal environment. Given the macro-economic context, characterised by constrained growth which is compromising job creation, the rapid and focused implementation of the Western Cape Government's strategic action plan, Growth for Jobs (G4J), by every provincial department and entity has never been more critical.

As the official tourism, trade and investment promotion agency of the Western Cape, Wesgro has a vital role to play in boosting the competitiveness of the province, to attract even more investment and tourists, as well as increasing exports to generate the kind of break-out economic growth we need to drive the creation of many more jobs across the province.

The valuable contribution of Wesgro in attracting investment into the province, facilitating the import and export of goods and services, and differentiating the Western Cape as a regional economy and destination of choice has been commendable.

This APP is aimed at enhancing the competitive business environment in the Western Cape, in line with the agency's mandate.

As the 2024/25 financial year is the final year of Wesgro's five-year strategic plan, now is the perfect opportunity for Wesgro to reflect on and amplify its successes.

Wesgro has my full support in its drive to spread economic prosperity to every region of the province, giving hope and opportunity to all businesses, residents and communities of the Western Cape.



Mireille Wenger
Western Cape Minister of Finance and
Economic Opportunities



Accounting Authority Statement

Despite a myriad of growing pressures and uncertainties, the global economy proved to be surprisingly resilient in 2023, underpinned by buoyant economic growth in emerging and developing Asia, easing global inflationary pressures, and better-than-expected economic performances by several economies. Yet global economic growth still slowed to an estimated 3.0% in 2023 well below the historical average of 3.8% recorded for the period 2000-2019.

Global growth prospects continue to be mired by uncertainty in early 2024, with the headwinds and economic turbulence seen in 2023 likely to continue, although the degree to which will differ geographically with certain regions set to benefit from growing geo-economic fragmentation. Rising geopolitical tensions in Europe, the Middle East, and the US and China, will present additional pressures. 2024 will also see close-on 50% of the world's population heading to the polls, with more than 60 countries set to vote this year, with a consideration being whether the outcome of these elections could potentially redefine economic policies and reshape international alliances.

Closer to home, notwithstanding progress made on several fronts, including regulatory changes in the energy and logistics sectors, economic growth in South Africa remains weak as the national economy grapples with collapsing infrastructure, high levels of unemployment, crime, and corruption. Rising socio-economic pressures and a general narrative of decline add a layer of complexity, which in this election year, is likely to place unprecedented pressure on the ANC, the ruling party over the past 30-years.

However, while acknowledging that significant challenges remain and short-term prospects are austere, we also recognise progress made on a number of fronts, including certain aspects of Operation Vulindlela – in particular the energy sector – as well as a strengthening of relations between National Government and the private sector, who through Business for South Africa (B4SA), is implementing key priority interventions in several key sectors including energy, transport and logistics, and crime and corruption, together with government counterparties. Successful collaboration between these two parties is critical if

the country is to change its narrative and implement far-reaching reforms needed to achieve inclusive, job-rich, sustainable green economic growth.

From a provincial perspective, the Western Cape's economic recovery continues, buoyed by robust output across several key sectors. The tourism sector continues to record remarkable growth, with Cape Town International Airport (CTIA) recording an all-time high of 317,000 in two-way passenger traffic at the international terminal in December 2023. This achievement reflects the ongoing efforts of the Cape Town Air Access partnership to enhance the Western Cape's global connectivity, with CTIA seeing a notable increase in flight frequencies throughout this summer season. Importantly, the associated direct foreign spend will aid economic growth and sustain jobs across the province.

The province also continues to attract significant interest in a number of sectors, the renewable energy and tech sectors in particular, with Cape Town and surrounds home to a number of global companies. And while the ongoing national energy crisis remains a significant constraint, the Western Cape Government, along with the City of Cape Town and other key stakeholders continue to make significant progress in terms of achieving energy security, enabled by recent policy shifts in the energy sector. The entrenching of a green economy also remains a key focus and priority, as do climate change considerations, with the enabling of compliance of local manufacturers and exporters to increasingly stringent international carbon restrictions and requirements a key objective.

As the Western Cape's official trade and investment promotion agency, Wesgro, in collaboration with partners is committed to driving inclusive and sustainable economic growth to create jobs, and to promote and facilitate Cape Town and the Western Cape to be a globally competitive regional economy. We as an Agency are committed to enabling economic competitiveness and ultimately, economic growth. And it is this focus and strategic emphasis on knowledge, innovation, technology, and sustainability that enables Wesgro to remain relevant and thrive in all aspects of doing business in an increasingly competitive, innovative, disruptive, and sustainability focused global business environment.

The Agency's achievements recorded since April 2023 are testimony to this, including amongst others the record-high ZAR7 billion of new investments facilitated by the Investment Promotion Team, the ZAR2.8 billion of export declarations reached by the Export Team, and the 29 conference bids secured for the period FY2023/24 – FY2025/26 with a projected direct impact of ZAR1 billion. The Agency has also proudly been awarded several global awards for its exceptional media work.

As we enter the final year of the Agency's five-year Strategic Plan, we remain aligned to the Western Cape Government's Growth for Jobs (G4J) strategy, the overarching objective of which is to build a R1 trillion provincial economy by 2035. Wesgro also recognises the importance of being able to thrive in an increasingly competitive, sustainable, and innovative world, and to do so, remains focused on promoting the province's value proposition, building the Western Cape's brand globally, and continually striving to boost competitiveness.

This Annual Performance Plan outlines the outputs that will be delivered for the financial year under review and presents a set of targets for the financial year, which is calculated against the achievements of previous years. The outcomes are aligned to the Agency's objectives and mandate, and to Government's priorities. The targets take into consideration the current context of the South African economy and the international economic climate.

To conclude, as the new Chairperson of the Wesgro Board, I am confident that the Board, together with Wesgro's Executive and Staff will continuously strive to achieve the Agency's mandate, as well as the objectives and targets set out in the province's Growth for Job's strategy.

The 2024/25 Annual Performance Plan (APP) is aligned to Wesgro's 5-year Strategic Plan for the period 2020/21 to 2024/25.



Dr. Shirley Zinn
Chairperson of the Wesgro Board



Accounting Officer Statement

Wesgro is operating in increasingly challenging times and continues to adapt and respond. Against a geopolitical setting of a world in conflict, 2024 is likely to be one of the most volatile years for geopolitical risk in decades. Geopolitical tensions continue to escalate, with ongoing conflicts in Eastern Europe and heightened regional tensions in the Middle East. These pose substantial risks to global energy prices and supply chains, thereby hampering economic growth and investment prospects. South Africa faces major challenges, including deterioration in government finances, and a significant increase in government debt. The general elections in 2024 have the potential to become a watershed moment in South African politics. The Western Cape remains a destination of choice for tourists, investors and buyers who enable the region's economic wellbeing and contribute to job growth. The Western Cape economy continues to display resilience, coupled with innovation, good governance, and a leading Growth for Jobs (G4J) strategy.

The Agency strives to deliver against increased provincial ambition. In the coming years, the ambition is to take economic growth in the province to a new level. The vision for the province is clear and is set out in the provincial Growth for Jobs (G4J) strategy.

We are proudly South African, and our mandate is clear and uncontested. We are obsessive about the competitiveness of the Western Cape economy. We form part of a bigger economic growth ecosystem and are the first point of contact for investors coming into the Western Cape, as well as for exporters wishing to take their goods and services to the world. Wesgro is publicly funded with a private sector orientation. It operates as the nexus between government and private sector; local and international; and responds to both present interest and future demand.

Innovation, knowledge, and sustainability are driving global competitiveness. The 2024/25 Annual Performance Plan is defined around a clear vision, a bold strategy, and strategic priorities to reflect these trends. A globally competitive regional economy through inclusive and sustainable economic growth in Cape Town and the Western Cape is our vision.

For the FY2024/25, our Strategy will be to:

- 1) Differentiate the Western Cape as a leading regional economy.
- 2) Capture the Western Cape's share of global investment (G4J Target: R200bn by 2035).

- 3) Grow Western Cape exports of goods and services, incl. Tourism (G4J Target: Triple exports by 2035).
- 4) Grow the leisure and business tourism pie to support export target (G4J Target: Double tourism by 2035).
- 5) Be a sustainable and innovative Wesgro (Future-fit Wesgro).

Differentiating the Western Cape as a leading regional economy. Wesgro is committed to enhancing brand recognition and equity for Investment, Trade, and Tourism. For the province to remain globally competitive, we will collaborate to ensure industry readiness for a carbon neutral world. This involves shifting international perceptions, embarking on region of origin export initiatives, leading the dialogue on sustainability, and building innovation into the brand of Cape Town and the Western Cape. A key focus will also be on identifying areas in the economy where catalytic delivery models can be leveraged in collaboration with the private sector to ensure a greater impact for the destination. Examples like Cape Town Air Access, Cruise Cape Town and Edu Invest have demonstrated the immense impact that strategic collaboration can have on the economic ecosystem. In addition, challenges like water resilience, logistics as well as increasing access to venture capital are areas being considered as they materially impact the growth of the economy.

Capturing the Western Cape's share of global investment. Wesgro will focus on specific and targeted measures to attract, facilitate, and support climate FDI. We will look to attract investment into energy resilience, including Liquefied Natural Gas (LNG), as well as the green transition, including renewables, green hydrogen, and water. Notwithstanding the importance of our traditional FDI source markets, we will look to unlock new markets such as China, ASEAN, and Middle East. We have a vested interest in ensuring that Western Cape businesses remain confident about the future of the province and are supported to increase investment. In addition, a green hydrogen Investment Promotion Plan will be developed that will inform the approach to capturing the Western Cape's share of global green hydrogen investment.

Growing Western Cape Exports of Goods and Services. 2024 will see us further leverage technology and build on the extensive brand work that we have initiated over the last few years through Made in the Cape and the Cape Trade Portal. Strong relationships have been built with our longstanding export markets. We will continue to nurture

these and, to grow even further, we will cast a wider net to include markets such as China, ASEAN, and Middle East. 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 through the Cape Trade Portal and built capacity to ensure a deliberate focus on the services sector. Our aim is to ensure that Western Cape goods and services are synonymous with the values of quality, sustainability, and trust.

Growing the leisure and business tourism pie. Tourism continues to be a crucial sector for Wesgro because of its labour intensity, its multiplier effect, its ability to generate opportunities for Small, Micro to Medium Enterprises and its ability to support increased exports and foreign direct investment. The province is a welcome host to medium-to large-sized business events. We have identified potential for a Cape of Great Events concept which we hope will take shape over the next few years. Leisure tourism continues to be a key job creation sector for the Western Cape. We will continue to play a facilitating and advisory role and convene tourism players across the private and public ecosystem to remove barriers, unlock opportunities and mitigate risk. Sustainability is a central theme for the year.

A future-fit Wesgro, one that builds upon a 40-year track record, is within reach. As the world changes so does our business model. An efficient, more innovative Wesgro that is client-led is taking shape. Our focus has been on ensuring that our work is underpinned by three pillars critical to the competitiveness of the province i.e. Sustainability, Innovation, and Knowledge. We remain dedicated to improving our governance practices, net impact reporting, being digitally enabled, and continuing to be stakeholder facing to ensure we are creating value. We are working to build a central economic knowledge hub for stakeholders, to enable knowledge dissemination in an efficient and effective way.

As an Agency, we look forward to a new premises, which will not only provide a better working environment but one which will be fit for purpose for the stakeholders and clients we engage with. This is indeed an exciting new chapter for the Wesgro journey.

As we embark on this ambitious vision, we acknowledge the invaluable support of our funders, particularly the Western Cape Government led by Premier Alan Winde, the Provincial Minister of Finance and Economic Opportunities, Mireille Wenger, City of Cape Town Mayor Geordin Hill-

Lewis, and Alderman James Vos. Their support, along with that of our stakeholders and partners, will be instrumental in achieving breakout, inclusive economic growth in the Western Cape.

Driving the Western Cape's Growth for Jobs strategy and achieving key objectives in the 2024/25 fiscal year remains unwavering. This would not be possible without the passionate and dedicated Wesgro staff who remain committed to positioning the province as a leading regional economy.



Wrenelle Stander
Chief Executive
Officer, Wesgro




Official Sign-Off

It is hereby certified that the Annual Performance Plan for 2024/25:

- Was developed by the management of Wesgro under the guidance of the Board of Directors and Minister Mireille Wenger, Western Cape MEC of Finance and Economic Opportunities;
- Accurately reflects the impacts, outcomes and outputs which Wesgro will endeavor to achieve during the 2024/25 financial year, subject to the resources being made available; and
- Accurately reflects the impacts, outcomes and outputs which Wesgro will endeavor to achieve during the 2024/25 financial year, subject to the resources being made available.

Sandiso Gcwabe
Chief Financial Officer



Signature:

Wrenelle Stander
Chief Executive Officer



Signature:

Approved by:



Dr. Shirley Zinn
Chairperson of the Wesgro Board

Signature:

Minister Mireille Wenger
Executive Authority



Signature:



PART A: OUR MANDATE



1 PART A: OUR MANDATE

1.1 Vision

Globally competitive regional economy through inclusive and sustainable economic growth in Cape Town & the Western Cape.

1.2 Mission

The mission of the Agency is:

- Differentiate the Western Cape as a leading regional economy.
- Capture the Western Cape's share of global investment (G4J Target: R200bn by 2035).
- Grow Western Cape exports of goods and services, including Tourism. (G4J Target: Triple exports by 2035).
- Grow the leisure and business tourism pie to support the export target (G4J Target: Double tourism by 2035)
- Be a sustainable and innovative Wesgro (Future-fit Wesgro).

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

Wesgro is governed by its enabling act, Western Cape Tourism, Trade and Investment Promotion Agency Act, 1996 (Act 3 of 1996) as amended in 2005 and 2013; and several other Acts. This section provides an overview of the Acts that significantly impact the work of the Agency.

Western Cape Tourism, Trade and Investment Promotion Agency Act, 1996 (Act 3 of 1996) as amended in 2005 and 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 section 14 of Act 6 of 2013, [updated 28 August 2013.]

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

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.

1.5 Policy mandates

1.5.1 National policy framework

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 Department of Trade and Industry (DTI) and serve as a roadmap for the wider industrial effort:

- Grow the economy.
- 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.
- Step up South Africa’s export effort.
- Create and reinforce policy certainty and programme alignment.
- Strengthen ongoing efforts to build a less concentrated, more competitive economic and manufacturing environment in which barriers to entry for new entrants are lowered.
- 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.
- Press ahead with technology-intensive, value- adding beneficiation projects which fully leverage SA’s comparative resource endowment advantage into a global competitive advantage.
- Optimise technology transfer and diffusion and, working closely with the Department of Science and Technology, further ramp up the effort to commercialise “home-grown” R&D in key sectors.
- 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.
- 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.

Medium Term Strategic Framework (MTSF)

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.

National Evaluation Policy Framework, 2011

The National Evaluation Policy Framework (NEPF) provides both the basis for a minimum system of evaluation across government and a common language for evaluation in the public service. Its purpose is to ensure good quality evaluations that give information about what is working and what is not and, in this way, help to improve the effectiveness and impact of government's work. To improve performance, the framework underlines the need to use credible and objective evaluation-derived evidence in planning, budgeting, organizational improvement and policy review and in programme and project management.

National Tourism Sector Recovery Plan (TSRP)

In response to the COVID-19 pandemic, the National Department of Tourism initiated the development of a Tourism Sector Recovery Plan (TSRP) to facilitate the recovery of the sector to preserve jobs and livelihoods, facilitate new job opportunities, match demand and supply, and strengthen transformation. The Plan is aligned with the Economic Reconstruction and Recovery Plan which identifies tourism as one of the priority areas of intervention, particularly related to infrastructure development; mass public employment; green economy interventions; the inclusion of women and youth; and skills development.

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

South African Economic Reconstruction and Recovery Plan (ERRP)

The South African Economic Reconstruction and Recovery Plan, launched in November 2020, is aimed at stimulating equitable and inclusive growth. The Plan has three phases:

- Engage and Preserve – which includes a comprehensive health response to save lives and curb the spread of the pandemic.
- Recovery and Reform – which includes interventions to restore the economy while controlling the health risks; and lastly.
- Reconstruct and Transform – which entails building a sustainable, resilient and inclusive economy.

In terms of the Plan, the following priority interventions are highlighted:

- Aggressive infrastructure investment;
- Employment orientated strategic localization, reindustrialization and export promotion;
- Energy security;
- Support for tourism recovery and growth;
- Gender equality and economic inclusion of women and youth;
- Green economy interventions;
- Mass public employment interventions;
- Strengthening food security; and
- Macro-economic intervention.

State of the Nation Address (SONA)

In the State of the Nation Address (SONA), held on 8 February 2024, the President highlighted the following five key areas of focus:

- Youth unemployment remains a challenge however interventions continue to be implemented.
- Ensuring there is trust in public institutions.
- Implementing the Just Energy Transition to fight climate change and create growth and jobs.
- Ensuring there is water security.

1.5.2 Provincial policy framework

Department of Economic Development and Tourism Five-Year Strategy 2020–2025

DEDAT's 2020–2025 five-year strategy remains well-aligned with the Provincial Strategic Plan and the Western Cape Recovery Plan. It consists of five focus areas, namely:

- Investment through promotion and catalytic infrastructure.
- Grow exports.
- Address skills gaps.
- Accelerate ease of doing business.
- Resource resilience.

These Departmental focus areas and their respective outcomes form the cornerstone of the DEDAT's five-year strategy.

SA Connect

The South African National Broadband Policy (adopted in Dec 2013) provides a framework for a robust telecommunications environment in the country. Aligned to the NDP, it asserts that the economic beneficiation for broadband infrastructure can only be implemented when the following conditions are met:

- Broadband must reach a critical mass of South Africans.
- Access to broadband must be affordable.
- Demand-side skills must be development so that broadband services can be used effectively.
- Supply-side skills must be developed so that the economic and innovative potential of broadband can be exploited.

Other salient policies that influence the ICT sector include:

- The National Integrated ICT Policy White Paper (2016)
- National e-Strategy (2017).
- Presidential Commission on the Fourth Industrial Commission — Recommendations Report (2020).
- National Digital and Future Skills Strategy (2020).
- ICT and Digital Economy Masterplan for South Africa (2021).

State of the Province Address (SOPA)

During the State of the Province Address (SOPA), delivered on 19 February 2024, the Premier outlined the Western Cape Government's focus areas for the next year as:

- Growing the economy to create jobs.
- Implementing the Growth for Jobs (G4J) Strategy as a roadmap to building a R1 trillion economy.

- Ending load-shedding.
- Focus on infrastructure – enabling public transport and creating a logistics hub.
- Ensuring good governance in the Province.

Tourism Blueprint 2030

The vision of the draft Tourism Blueprint 2030 is a body of work that has been co-created by a broad range of tourism stakeholders to provide a roadmap for the Western Cape's long term tourism vision, goals, objectives, policies and potential investment opportunities. The Blueprint has identified four main barriers to tourism such as those related to air access, visa regimes, safety and security as well as small business ability to respond to technological innovation. The draft Tourism Blueprint 2030 aims to:

- Renew focus on domestic markets.
- Improve the ease of doing business for tourism businesses.
- Raise the global profile of Destination Western Cape.
- Identify and develop tourism infrastructure.
- Drive geographic spread of tourism benefits throughout the province.
- Grow visitor numbers and yield.
- Prioritise tourism development growth within each district across the province.
- Improve customer experiences (quality and service excellence).
- Develop industry partnership programmes through action platforms Western Cape Broadband Strategic Framework (2012).

The framework sets out a holistic approach to address access (infrastructure), readiness and usage of government, citizens, and businesses to improve government service delivery, strengthen citizens' access to opportunities and information and increasing economic competitiveness.

City of Cape Town: Inclusive Economic Growth Strategy (IEGS)

The strategy is a short, medium and long-term plan for addressing the economic crisis facing Cape Town within the greater Western Cape context. The strategy prioritises how certain challenges such as inadequate economic growth, entrenched inequality and widespread unemployment can be addressed through improved collaboration between city government, private sector and other spheres of government.

Western Cape Climate Change Response Strategy

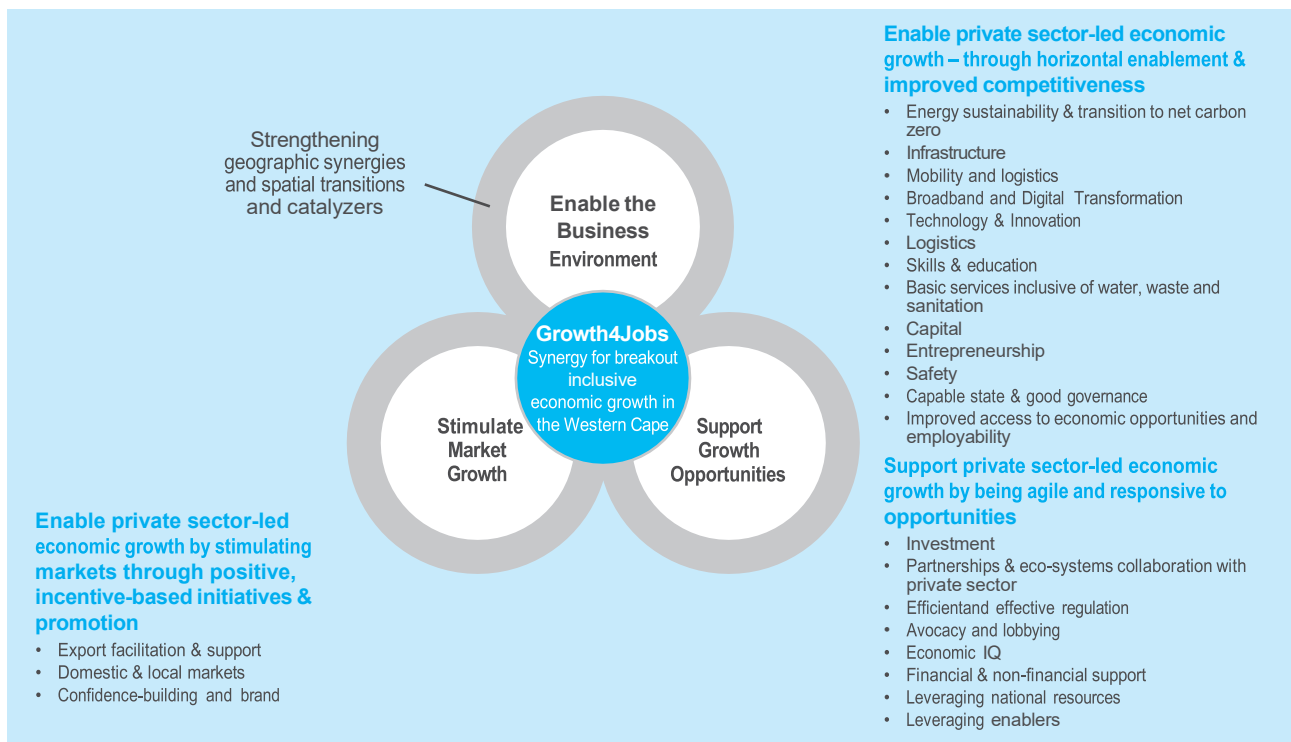
The newly revised Western Cape Climate Change Response Strategy: Vision 2050 (2022) is a strategy and pathway which aims to achieve a climate resilient province by 2040 and to be a net zero emitter by 2050, with significant in-roads made in the strategy implementation by 2030. Within this context, the Western Cape Agricultural Sector Climate Change Framework and Implementation Plan (SmartAgri)(2016) also has relevance.

Western Cape Growth for Jobs Strategy

By 2035, the Western Cape will be a R1 trillion inclusive economy, growing at between 4 and 6% per annum. This will be achieved through enabling a competitive business environment driven by private sector-led opportunities and market growth.








Wesgro will continue to focus and frame its strategy on the activities that will deliver meaningful outcomes for investment, exports and tourism in order to ensure economic competitiveness of the Western Cape and achieving breakout growth. Wesgro has submitted a strategic emphasis on knowledge, innovation and sustainability in its Annual Performance Plan for 2024/25. There will be a focused on replicating successful catalytic delivery models and private sector participation as aligned to G4J.

The Growth for Jobs Strategy is aligned to the Department of Economic Development and Tourism objectives and comprises the following:



The Growth for Jobs Strategy further identifies seven Priority Areas of Focus which will act as enablers to accelerate economic growth. Wesgro has been an early adopter of the strategy with activities already

underway during the financial year. As indicated in the figure below, Wesgro is implementing activities in all seven of the pillars of G4J.

Priority Focus Areas for Horizon 1 (up to 2026)						
 <p>Creating Growth Opportunities through Investment</p>	 <p>Stimulating Market Growth through Exports and Domestic Markets</p>	 <p>Energy Sustainability and Transition to Net Zero Carbon</p>	 <p>Water Security and Resilience</p>	 <p>Technology and Innovation</p>	 <p>Infrastructure & Connected Economy (including mobility & logistics, broadband & digital transformation)</p>	 <p>Improved Access to Economic Opportunities and Employability (skills & education, transport, housing etc)</p>
<ul style="list-style-type: none"> • Investment facilitation • Economic IQ • Energy Investment (energy security) • Manufacturing (green) • Education Infrastructure • Competitiveness dashboard • Green investment • Tech • InvestSA EOB • Investor confidence 	<ul style="list-style-type: none"> • Export facilitation in line with exports strategy • Tourism consideration • Differentiating the WC • Cape Trade Portal • Made in the Cape brand • Tourism dashboard • Trade advocacy WC global market access • Exporter advancement programme • Services Exports Hub • InvestSA EOB • Investor confidence 	<ul style="list-style-type: none"> • Economic IQ • Energy security investment • Manufacturing (green) • Industry awareness • Green Economy • Investor confidence 	<ul style="list-style-type: none"> • Water infrastructure and efficiency investment • Climate mitigation investment • Investor confidence 	<ul style="list-style-type: none"> • Ecosystem development and support • Advocating for competitive regulatory frameworks • WC Venture Capital Hub • WC as EdTech Capital • Central WC Knowledge Hub Platform • Creative Industries Hub • Services Exports • Investor confidence 	<ul style="list-style-type: none"> • Cape Town Air Access (including air cargo) • Cruise Cape Town • Green Economy • Africa's Tech Capital • Investor confidence • CT Cargo Container Access 	<ul style="list-style-type: none"> • Export Advancement Programme • EdTech Capital • Tertiary institution Collaborations (skills pipeline) • Investor confidence

1.5.3 International policy framework

Sustainable Development Goals (SDGs)

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while

tackling climate change and working to preserve our oceans and forests.

South Africa adopted the 2030 Agenda for Sustainable Development, aimed at prosperity for people and the planet. In this South Africa joins the global call for urgency to ending poverty and other deprivations with the blueprint of the SDGs. The core aims being to improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

	SDG sector	SDG Addressed	Types of investment
1.	Food and agriculture	SDG 2: Zero hunger	Investment in agriculture, research, rural development, etc.
2.	Health	SDG 3: Good health & wellbeing SDG 5: Gender equality	Investment in infrastructure, e.g. new hospitals, and R&D on vaccines and medicines
3.	Education	SDG 4: Quality educations SDG 5: Gender equality	Infrastructural investment, e.g. new schools
4.	Water, sanitation and hygiene	SDG 6: Clean water and sanitation SDG 5: Gender equality	Investment in provision of water and sanitation to households, agriculture and industry
5.	Energy	SDG 7: Affordable and clean energy SDG 5: Gender equality	Investment in renewable energy and in power generation, transmission and distribution of electricity
6.	Transport infrastructure	SDG 9: Industry, innovation and infrastructure & SDG 11 : Sustainable cities and communities	Investment in roads, airports, ports and rail
7.	Telecommunications	SDG 9: Industry, innovation and infrastructure	Investment in analog and digital connectivity (fixed lines, mobile and internet)
8.	Climate Change mitigation	SDG 13 Climate action SDG 5: Gender equality	Investment in sustainable infrastructure, research and deployment of climate-friendly technologies, etc.
9.	Climate change adaptation	SDG 13 Climate action SDG 5: Gender equality	Investment to cope with climate change impacts in agriculture, infrastructure, water management, coastal zones, etc.
10.	Ecosystems and biodiversity	SDG 14: Life under water SDG 15: Life on land	Investment in conservation and safeguarding ecosystems, marine resource management, sustainable forestry, etc.

Source: ESCAP, adapted from UNCTAD (2020)

PART B: OUR STRATEGIC FOCUS



2 PART B: OUR STRATEGIC FOCUS

2.1. Updated Situational Analysis

2.1.1 External Environmental Analysis

2.1.1.1 Economic Resilience and Environmental Sustainability

a) Global

The current global economic resilience project is underpinned by efforts to recover from the effects of COVID-19 pandemic and the ongoing conflict in the Ukraine. The initial response towards the pandemic was mainly characterised by governments' fiscal policy support, procurement, and rollout of vaccines to bring economic activity to resumption. Advanced economies with substantial fiscal support were ahead of emerging markets and developing economies in this pursuit. The former economies were still looking at rebuilding fiscal buffers, while some countries had begun normalizing monetary policy to tackle upward price pressures (IMF, 2020).

In February 2022 the Russia-Ukraine conflict erupted and setback the recovery. The impact of this was a significant slowdown in global growth in 2022 and rising inflation. Fuel and food prices increased rapidly, impacting the most vulnerable populations in low-income countries. Global growth projections were revised downward for 2022 and 2023. Multilateral efforts came into effect to prevent further economic fragmentation, maintain global liquidity, manage debt distress and tackle climate change. Further, in response to rising inflation, many countries applied monetary tightening measures. (IMF, 2022).

The beginning of 2023 showed progress in the reduction of inflation, with both headline and core inflation declining in many economies. According to the IMF, (2023), global headline inflation has more than halved from its peak of 11.6% in the second quarter of 2022 (at a quarterly annualized rate) to 5.3% in the second quarter of 2023. The decline in energy prices are the main drivers behind the decline, and to a lesser extent the decline in food prices. Core inflation declined more gradually, down from

a peak of 8.5% in the first quarter of 2022 (at a quarterly annualized rate) to 4.9% in the second quarter of 2023.

b) South Africa

Overview and impact of climate change

South Africa is vulnerable to the effects of climate change. Rainfall seasonality has changed, and rain intensity has increased, while decreasing crop yields and livestock losses are threatening food security and leading to food price increases. According to Greenpeace, a total of eighty-six weather-related disasters have been recorded since 1980 in South Africa. These have affected more than 22 million people, with an estimated economic cost of more than ZAR113 billion. In 2018, Cape Town almost became the first major city in the world to run out of water. All provinces experienced flooding in the first half of 2021 (Greenpeace, 2023). More recently, in April 2022, floods in KwaZulu-Natal resulted in over 400 fatalities, with more than 12,000 houses destroyed and more than 40,000 people displaced. (Greenpeace Africa¹, 2023). In addition, South Africa's dependence on coal as a primary source for energy makes the country one of the top 15 greenhouse gas (GHG) emitters in the world (USAID², 2022) and the leading emitter of greenhouse gases in Africa.

Adaptation and mitigation

South Africa is a signatory to the United Nations Framework Convention of Climate Change (UNFCCC) and Paris Agreement. The country updated its Nationally Determined Contribution (NDC) in 2021 and set ambitious adaptation goals, and mitigation targets were refined for 2025 and 2030. Critical sectors were identified for mitigation, including energy, waste, industrial processes and product use, agriculture, forestry, and other land use.

At the 2021 United Nations Climate Change Conference (COP26), the Just Energy Transition Partnership (JETP) was announced between the U.S. government, together with the United Kingdom, France, Germany, and the European Union and South Africa. The partnership aims

1 Greenpeace Africa, 2023. Climate Change in South Africa: 21 Stunning Facts About South Africa's Climate Breakdown
2 US Agency for International Development, 2022: South Africa Climate Change Country Profile.

to support South Africa's accelerated energy transition away from coal to chart a pathway for a low-carbon economy that achieves national climate goals. An amount of USD8.5 billion was committed by the five donors, over 3–5 years. This consists of financial instruments, including multilateral and bilateral grants, concessional loans, guarantees, private investments, and technical support to enable the just transition. In September 2022, the USAID Power Africa initiative received an additional USD45 million in financing to support the JETP.

South Africa has welcomed the landmark decision to adopt a Global Goal on Adaptation (GGA) at 2023 COP28 in Dubai. Further, COP28 has adopted a decision, co-facilitated by South Africa, to implement the new work programme on Just Transition Pathways. The decision underscores the importance of finance, technology development and transfer and capacity-building support to achieve just and equitable transitions, nationally and globally.

Institutional framework

The Department of Environmental Affairs (Department of Forestry, Fisheries and the Environment) serves as the country's climate change focal point and is responsible for developing and implementing the country's Climate Change Strategy, and ensuring the country is on track to meet its obligations outlined in its NDC and development plans. Climate change policy development and implementation in the country is an across-sector effort.

Policy framework and plans

South Africa's Cabinet has approved several key climate actions in recent years, with these developed to enable the country to act on its commitment to obligations in terms of the Paris Agreement under the UNFCCC. Among others, these include the following:

- Just Energy Transition Implementation Plan (JET IP) (2023-2027) sets out several interventions and investments which are needed in South Africa for the country to transition into a low carbon and climate resilient economy.
- Presidential Climate Commission (Sep 2020).
- South Africa's Low Emissions Development Strategy (Feb 2020).
- National Climate Change Adaptation Strategy (2019).
- Review of Integrated Resource Development Plan (2019).
- Carbon tax (Carbon Tax Act, 2019).
- National Climate Change Response-White Paper (2017).
- Green Transport Strategy for South Africa (2018 – 2050).
- Climate Change Bill, 2023.

- Just Transition Framework.
- Green Hydrogen Commercialization Strategy.
- National Environmental Management: Biodiversity Act, 2004.

Focus on the energy sector has been of high priority in carbon policy making given that the energy sector accounts for 80% of carbon emissions. Compounded by the effect of increased loadshedding over the past two years, policy has to respond adequately in ensuring energy security and the decarbonization of the sector with emerging technologies. Listed below are developments in policy that have taken place at national level to unlock market opportunities in renewable energy:

- Over the past decade the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP), which was established in 2011, has driven and continues to drive investment in this sector, with much of this investment focused on solar PV and wind. Other IPP sources of power under the REIPPPP program include concentrated solar power (CSP), biogas, biomass, landfill gas and small hydro.
- 2020 – Amendment to Electricity Regulations on New Generation Capacity – enables municipalities in good financial standing to procure or buy new generation capacity and develop their own power generation projects.
- 2021 – Licensing threshold for embedded generation increased from 1 MW to 100 MW.
- 2022 – Complete removal of licensing threshold for embedded generation announced.
- 2023 – South Africa's cabinet approved an updated Integrated Resource Plan (Integrated Resources Plan 2023). A draft update of SA's energy plan, a guide for government procurement of new generation capacity. The plan has not yet been published, the draft plan was published for comment in January 2024.

Transition from a single-buyer model to a more competitive domestic open market model:

- Eskom established a separate transmission subsidiary.
- On 23 September 2023 the Department of Public Enterprise (DPE) updated Parliament on the unbundling of Eskom. The update noted that the legal separation of the Eskom transmission business into a subsidiary was at an advanced stage and the operationalization of the subsidiary was expected to be around March 2024. Eskom would also need assistance from the National Energy Regulator of South Africa (NERSA), and from the Deeds Office for licenses and the right to access land (Parliamentary Monitoring Group, 2023).
- Far-reaching amendments will enable a competitive market for electricity generation and the establishment of an independent state-owned transmission company.

Select South Africa initiatives to support green investments:

- Green finance taxonomy.
- Over 32 green economy-related policies and strategies.
- Accelerated depreciation allowances for machinery for renewable electricity generation and biofuels production.
- Research & Development tax incentives including for green technologies (150% reduction).
- Energy efficiency savings tax allowance.
- Motor vehicle emission tax.
- Incandescent globe taxes.
- Incentive for biodiversity conservation.
- South Africa ranks as one of the top 15 nations in the world in terms of driving the green growth agenda (ahead of Australia, Singapore, and Finland) – this drive is on the back of a range of funding solutions, import and tax incentives available to green technology manufacturers and service companies, as well as those who use or procure such goods and services. (South African Climate Finance Landscape, 2020).

c) Overview and impact of climate change:

Western Cape

Institutional framework

The Western Cape Government's Environmental Affairs and Development Planning Department which encompasses the Environmental Sustainability directorate, strategically guides, co-ordinates and harmonises provincial responses to climate change, including to facilitate the conservation of biodiversity and to coordinate coastal resource management. CapeNature is the Public Entity and implementing agent with the mandate to protect the province's biodiversity and the ecosystem goods and services it provides to communities.

Policy framework and plans

The Western Cape Province has been developing its policy responses to climate change since 2008. These are the priority areas for resilience building and adapting to a new climate:

- The newly revised Western Cape Climate Change Response Strategy: Vision 2050 (2022) is a strategy and pathway which aims to achieve a climate resilient province by 2040 and to be a net zero emitter by 2050, with significant in-roads made in the strategy implementation by 2030. This strategy is accompanied by an Implementation Plan.
- The Western Cape is taking part in the 2050 Greenhouse Gas (GHG) Emissions Pathway Project and Race to Zero 2050 – Department of Health.
- Western Cape Climate Change Response Framework and Implementation Plan (2016) for the agricultural sector, better known as SmartAgri.
- Municipal Energy Resilience Initiative (subsumed

into the Western Cape Energy Resilience Programme): A collaboration between Western Cape Government, the City of Cape Town and the six candidate municipalities (Drakenstein, Mossel Bay, Overstrand, Saldanha Bay, Stellenbosch and Swartland). In the provision of development, support and capacity building to implement renewable energy projects in municipalities across the province, for municipalities, businesses and households to generate, procure and sell own power.

- Ecological Infrastructure Investment Framework (EIIF).
- Provincial Biodiversity Strategy and Action Plan (2016).
- 110% Green initiative by the Western Cape Government aimed at both the public and private sector, to (1) commit to enabling a Green Economy in the Western Cape and beyond, (2) collaborate on taking decisive action to drive the growth of a green economy and (3) ensure positive impact on society and the environment.
- The Western Cape Climate Change Response Strategy highlights that by investing in improved climate resilience, the Western Cape economy could be 33% better-off in 2040 than if the province does not adapt effectively to the impacts of climate change.

Renewable energy initiatives

The Western Cape government has also taken initiative in facilitating the rollout of renewable energy. These are also part of the provincial government's plans to mitigate the crisis of loadshedding.

The following measures were implemented:

- The City of Cape Town opened the first two rounds of procurement of power from independent power producers in February 2022, and January 2024 to procure up to 200 MW and 300 MW of renewable energy, respectively through tendering process.
- In June 2023, the city announced that 15 commercial electricity suppliers will start wheeling electricity through Cape Town's grid following city council approval. The operation processes began in September 2023.
- George Municipality is currently running a wheeling pilot programme and looking at new applications as well.
- On 23 October 2023, the Western Cape Government launched the electricity wheeling toolkit for municipalities. The toolkit will help municipalities in the Western Cape fast-track the implementation of third-party electricity wheeling. The goal is to mitigate loadshedding and make renewable energy available to consumers, at a reduced cost.
- A dedicated energy team to help municipalities to procure electricity; Stellenbosch Municipality – leading municipality to procure electricity from IPPs and intends to issue an RFP in 2022/23.

- Almost 90% of preferred bidders in Bid Window 5 are based in the Western Cape.
- As part of the Municipal Energy Resilience Initiative a bid was awarded for transaction advisory services for 3 years to Stellenbosch for the Municipal Independent Power Producer Programme. Additionally, a bid was awarded to Africa International Advisors for exploration of gas to power for the Western Cape. The City of Cape Town's Small-Scale Energy Generation (SSEG) program promotes the uptake of rooftop solar photovoltaic (PV) systems and small wind turbines in the commercial and residential sectors, allowing consumers to become producers and sell excess electricity generated back to the grid, and be paid cash³.

**e) Overview and impact of climate change:
City of Cape Town**

The severe drought experienced in recent years prompted Cape Town to implement water conservation measures that have changed the way the city manages its water resources. The 'Day Zero' crisis served as a wake-up call, leading to widespread behavioral changes and the adoption of innovative water-saving technologies. Cape Town now boasts an array of initiatives, such as rainwater harvesting, grey-water systems and efficient irrigation methods, promoting sustainable water use and reducing the strain on local water supplies.

The City of Cape Town and the broader Western Cape largely depends on water access from natural catchment areas. These catchment areas comprise dams solely fed from rainwater. Water reuse in the City of Cape Town as a source of water is below 10%. For the City of Cape Town, which accounts for 68% of water use in the province, 98% comes from dams. Effectively, the region is exposed to variations in climate change and the related effects thereof.

As of 2022, Cape Town was declared a Ramsar Wetland City under the Ramsar Convention. This is on the premise that the city is home to 11,000 hectares of wetlands which serve as a catchment area for underground water Aquifers. Wetlands overall provides essential services in terms of disaster management as a natural flood barrier, as well efficient climate mitigation and adaptation. However, more work is needed to protect natural bodies of water.

The Milnerton Lagoon has been the biggest investment by the City of Cape Town in ensuring that wastewater from the Postdam Wastewater Treatment Facility does not negatively impact the lagoon, beach, and estuary. In total the City will be investing ZAR 5.2 billion towards the water treatment facility.

While protecting bodies of water is of importance, climate disasters are doubling annually, with severe rains as experienced in June and November 2023. Thus, better infrastructure is required in climate mitigation and adaptation to ensure that the adverse effects of flooding does not impact livelihoods, the economy, and the natural environment. When looking at the effects of water security, 56% of climate events were attributed to flooding, accounting for USD 8.5 billion in economic damages in Africa. Therefore, honing on resilience is of importance.

Conversely, severe droughts are expected in the coming years with not only increased temperatures, but decreased rainfall with shortened El Nino and El Nina cycles. This puts into question better water conservation practices, and the need for us to think innovatively on water conservation and ensuring continued and expanded water access. In so doing, the city has permitted on site wastewater treatment, which is groundbreaking and allows large water consumers to grey water systems for the facilities and reduce strain on supply. As this precedence exists, it is thus important for the Western Cape to be active in identifying opportunities for investors to play a role in water security across the region's catchment areas, water treatment, water conservation, and water use and reuse.

Key initiatives and achievements towards water resilience in the city include:

- 900,000MI is collected by the local dams, which is co-managed by the city and the department of Public Works. This connects over 650,000 connected customers.
- In 2019 the province submitted its water strategy which plans to add an additional 347 MI per day through: Aquifers, water reuse, and desalination.

- The city has appointed an expert panel to oversee work on the roll out of desalination facilities in Strandfontein, Monwabisi, and the V&A Waterfront.
- Over the three financial years, 2023/24, 2024/25, 2025/26, the city has budgeted ZAR18.5 billion for water and sanitation. This budget was approved on 31 May 2023 at the City Council meeting in Cape Town.
- ZAR1.8 billion to be spent on the Wastewater Treatment Works over the financial year 2023/24, which has been earmarked for water resilience to increase water reuse.
- ZAR600 million towards the New Water Project over the financial year, 2023/24, focusing spending on Aquifers in the Cape Flats, Table Mountain, and Atlantis.
- Other projects include investment in sewage, loadshedding allocation, flood management, water supply and informal settlements.
- Beyond this, the city has launched its Climate Change Strategy, which emphasizes water security, drought readiness, and increasing water supply assurance by 2040.
- Cape Town leads in water resilience – over USD1 billion has been budgeted for alternative water supplies over the next 5 years. It is also the first city in the world to decrease water usage by over 50% in 3 years, as recognized by the International Water Association.

Policy framework for climate change

The City of Cape Town is committed to sustainability and climate resilience – having committed to carbon neutrality by 2050. It is a member of C40 Cities Network (committed

to the Deadline 2020 programme) and a member of “100 Resilient Cities”.

- Our Shared Energy Future: The 2050 Energy Strategy for the City of Cape Town has key priorities and programmes implemented in a three-phased approach to enable and drive change within the energy system over time:
 - Short Term (by 2026): Increase capabilities to mitigate up to four stages of loadshedding.
 - Medium Term (by 2031): Reforms implemented to maintain a financially sustainable electricity utility with enhanced operations and asset management practices.
 - Long term (by 2050): Transforming the energy system to be carbon neutral.
- The City’s first Climate Change Action Plan was adopted in 2017 and followed at least 20 years of programmatic work aimed at addressing the causes and impacts of climate change. The city adopted a Climate Change Strategy in May 2021, which acts as a framework to transform the way the city plans and operates, to deal with known and projected impacts, and to contribute to efforts to reduce climate change. Alongside the strategy, the City’s Climate Change Action Plan was launched in October 2021.
- The Environmental Strategy (2017) provides the city decision-makers with an effective policy and governance framework to pursue sustainable development.

2.1.1.2 Technology innovation and global economic competitiveness

a) South Africa’s Tech Ecosystem

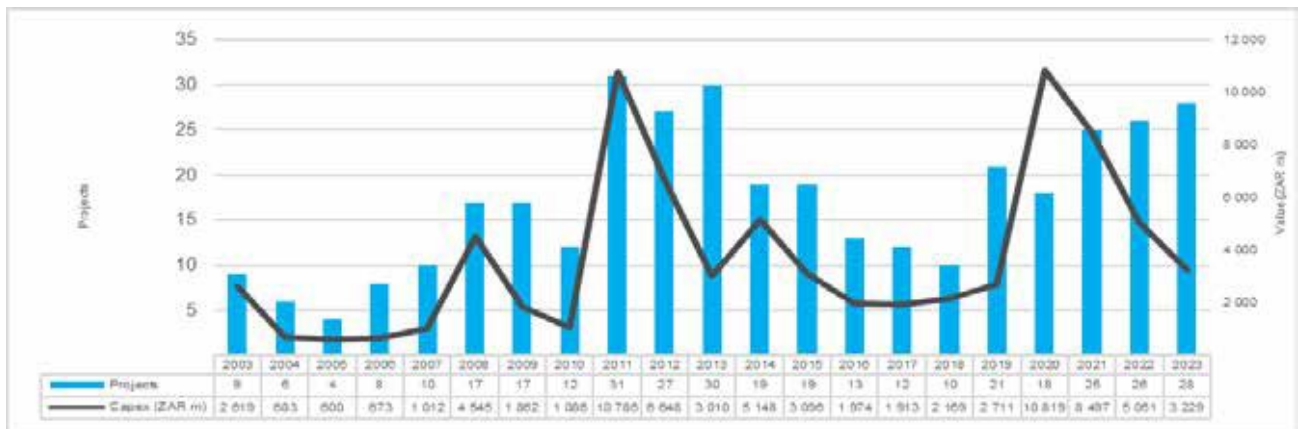
According to Startup Blink Ecosystem Report (2023), South Africa ranked 53rd on the Global Startup Ecosystem Index for the year 2023 with four cities in the top 1000 (Cape Town: 136th, Johannesburg: 156th, Pretoria: 759th

and Durban: 815th). In addition, South Africa ranked 3rd on the Regional Ranking in Southern Africa and being home to a number of economically successful cities like Cape Town and Johannesburg, is considered to be one of the most promising startup ecosystems on the continent.

The South African public sector is actively involved in supporting the growth of the country's startup ecosystem. Industry support is provided by organizations such as the Small Enterprise Development Agency (SEDA), the Department of Economic Development and Tourism (DEDAT), the Department of Science, Technology and Innovation (DSTI), and the National Youth Development Agency (NYDA). The public sector's role and contribution

towards tech advancement, along with investment opportunity has attracted a number of big tech investors such as Naspers, who have invested in a number of South African tech entrepreneurs. Silicon Cape, Endeavor South Africa, Plug & Play Tech Centre, and Digital Collective Africa are the prime enablers and advocates for driving technological innovation in South Africa.

Figure 1: Software & IT FDI into South Africa, January 2003 – November 2023



Source: FDI Intelligence, 2024

FDI into South Africa's software and IT sector peaked in 2020 with capital investment worth ZAR10.819m invested across 18 projects. COVID-19 accelerated digitisation as lockdown sanctions required digital solutions to keep the economy afloat, with digitisation being the next economic

potential for many citizens. Tech giants such as Amazon, International Business Machine (IBM), Otello Corporation (Opera Software), Oracle and other leading tech companies continue to invest and support South Africa's economic digital transformation.

Table 1: FDI inflows into South Africa into Software & IT sector by province, January 2003 – November 2023

Regions	Projects	Projects share (%)	Capex (ZAR m)	Capex share (%)	Jobs	Jobs share (%)
Gauteng	176	49%	39 474	51%	8 829	37%
Western Cape	106	29%	19 167	25%	9 598	40%
Not Specified	66	18%	18 161	23%	4 556	19%
KwaZulu-Natal	11	3%	917	1%	610	3%
Eastern Cape	2	1%	331	0%	321	1%
Free State	1	0%	80	0%	9	0%
Total	362	100%	78 131	100%	23 923	100%

Source: FDI Intelligence, 2024.

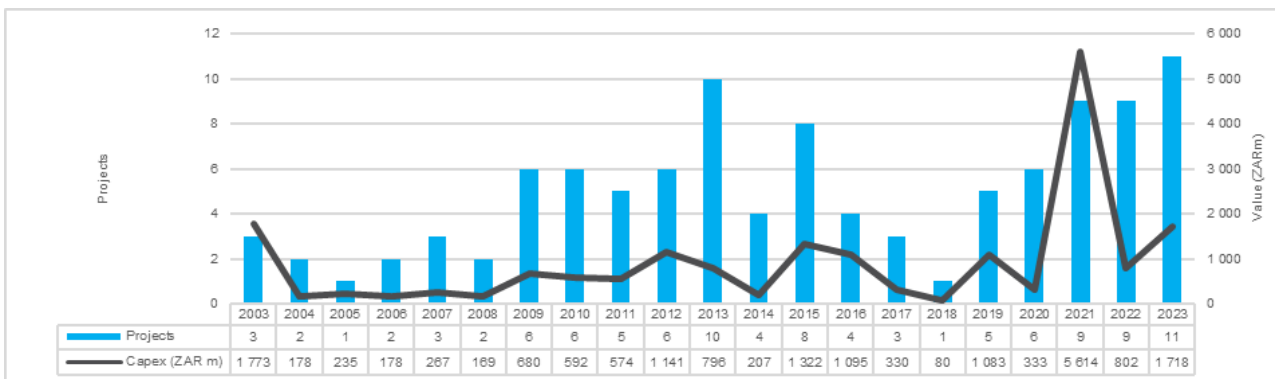
From a provincial perspective, Gauteng was the leading investment destination for inward FDI into South Africa’s software & IT sector when measured by number of projects invested with 176 projects, worth ZAR39.474m, recorded under the period reviewed. The Western Cape is the second foreign direct investment destination for software & IT as per South African FDI ranking in table 3 above, with a direct investment of ZAR19.167m, creating 9 598 jobs within the sector, creating more jobs than Gauteng’s software & IT sector over the period analysed.

invested in 106 projects in the Western Cape’s software and IT sector with a cumulative capital investment of ZAR19.167m. These investments resulted in the creation of 9 598 jobs. The 106 FDI projects injected in the Western Cape were spatially distributed across various locations in within the province, namely Cape Town (102 projects; capex value of ZAR18.164m), Stellenbosch (3 projects; capex value of ZAR923m) and Knysna (1 project; capex value of ZAR79.8m). Investment into the province’s software and IT sector peaked in 2021 with a capex value of ZAR5.614m invested in nine projects including investments from Amazon, Computer Science Corporation (CSC) and Amazon Web Services (AWS).

b) Western Cape’s Tech Ecosystem

Between January 2003 – November 2023, 101 companies

Figure 2: Software and IT FDI into Western Cape, January 2003-November 2023



Source: FDI Intelligence, 2024

Within the software & IT sector, the software publishing subsector recorded the most investment projects over the period reviewed, benefitting from 50 projects with a capital investment of ZAR6.253m. The custom computer programming services subsector recorded the second most investments with 23 projects, worth ZAR3.040m, while the internet publishing & broadcasting & web search

subsector placed third with 23 projects, worth ZAR2.632m. When measured in terms of capital invested, the other software & IT services subsector (support services within the sector) dominated with capital investment worth ZAR6.984m invested into 7 projects, including research and development enhancements within the subsector.

Table 2: Western Cape FDI in Software & IT sub sectors, January 2003 – November 2023

Software & IT sub-sector	Projects	Projects share (%)	Capex (ZAR m)	Capex share (%)	Jobs	Jobs share (%)
Software publishers, except video games	50	47%	6 253	33%	1 323	14%
Custom computer programming services	23	22%	3 040	16%	5 730	60%
Internet publishing & broadcasting & web search	23	22%	2 632	14%	351	4%
Other (Software & IT services)	7	7%	6 984	36%	2 167	23%
Computer systems design services	2	2%	169	1%	18	0%
Video games, applications and digital content	1	1%	89	0%	9	0%
Total	106	100%	19 167	100%	9 598	100%

Source: FDI Intelligence, 2024

The Western Cape Government and the Department of Economic and Development and Tourism launched ‘Dash-Tech’ which is facilitated by the Western Cape’s Digital Economy Unit. Dash-Tech aims to elevate the local tech economy and capitalise on the flourishing startup culture of tech innovation and global competitiveness. Cape Town ranked 7th in the Middle East and Africa Startup Ecosystem for 2023 and on a South African Startup ranking, Cape Town is the leading startup ecosystem for 2023, leading 67th in the global EdTech ranking. The Western Cape Government continues to drive and promote Cape Town to be ‘Africa’s Tech Capital’, diversifying the tech environment through five technology ecosystems that address global competitiveness. The ecosystems include (WCG 2020):

- ScreenTech: focuses on interface screens; initiatives supporting screen interfaces include I-CAN PLAY (gaming initiatives), I-CAN WORK, and I-CAN LEARN (platform for citizens to improve digital skills).
- SafetyTech: focuses on safety and security technologies.
- FinTech: focuses on financial technology.
- TownshipTech: creating a ‘Smart Cities’ concept coordinated to local township conditions and geared towards technology solutions for township communities. The Khayelitsha Bandwidth Barn initiatives support this ecosystem.
- 4IRTech: focuses on Artificial Intelligence, Machine Learning and Blockchain.

Wesgro, together with the Western Cape Government, the City of Cape Town, Cape Innovation & Technology Innovation (CiTi), now known as UVU, Silicone Cape, LaunchLab, and Startupbootcamp are the key tech eco-system enablers focused on the ‘Regional Global

Positioning’ initiative, which is aimed at positioning Cape Town and the Western Cape as the leading global digital hub. Collaboration with the Department of Science and Technology, academia and business are crucial in achieving this economic goal. On the 26th of October 2023, Wesgro and the Western Cape Education Minister, David Maynier, unveiled EduInvest, a pioneering initiative to attract investment and fuel innovation in the Western Cape’s education sector.

EduInvest’s intended mission is based on the improvement of education innovation, collaboration, and driving investments in the Western Cape’s education sector. The private-public collaboration aims to attract investment into education and establish the Western Cape as an innovation powerhouse towards jumpstarting high-quality education and increasing the retainment of students in the provincial education system.

2.1.2 Economic landscape of a sub-national TTIPA competing globally

2.1.2.1 Economic overview

a) Global

Economic recovery from the coronavirus pandemic (COVID – 19), the ongoing Russia-Ukraine conflict, and the cost-of-living crisis remains slow globally despite the economic resilience portrayed by most economies. According to the International Monetary Fund (IMF) (October 2023), global economic growth is expected to slow from 3.5% in 2022 to 3.0% and 2.9% in 2023 and 2024 respectively. The decline in real gross domestic product (GDP) growth

is expected to be modest for emerging markets and developing economies, from 4.1% in 2022 to 4.0% in the next two years. For the Sub-Saharan African region, growth is expected to decline to 3.3% in 2023 before bouncing back to the 2022 level of 4.0% in 2024. Like the rest of the world, South Africa has been faced with slow growth and persistently high inflation in recent times.

South Africa is an upper-middle-income country. With a real GDP of US\$360.47 billion, the country was the second largest economy in Sub-Saharan Africa in 2022. Furthermore, the country's real GDP per capita of US\$6018.53 in 2022 was the 5th highest in the region. GDP per capita growth has averaged -0.25% over the past decade, which is below Sub-Saharan Africa's average of 0.06%. Following an economic contraction of 6.0% in 2020 due to the economic impact of the COVID-19 shock, South Africa's economic output increased by 4.7% in 2021 and 1.9% in 2022. As the local economy continued to grapple with extensive loadshedding, real GDP growth was 0.4% in the first quarter of 2023 before increasing slightly to 0.6% in the next quarter. The country's growth is forecast to slow to 0.7% in 2023 (SARB, 2023). According to the IMF's estimates, South Africa's real output is expected to grow at 0.9% and 1.8% in 2023 and 2024 respectively⁴.

In terms of employment, an estimated 399 000 more people were employed in the third quarter of 2023 relative to the previous quarter, coupled with a decrease of 72 000 in the number of unemployed South Africans in the same period. This resulted in a 0.7 percentage point decline in the official unemployment rate to 31.9%.

A total of 16.7 million South Africans were employed in the third quarter of 2023, up from 16.3 million recorded in the second quarter. The industries that recorded biggest job gains in employment during the third quarter of 2023 (relative to the second quarter) were Finance (237 000), Community and social services (119 000), Agriculture (61 000) and Construction (53 000). Decreases in employment were recorded in Manufacturing (50 000), Mining (35 000), Transport (20 000) and Utilities (16 000) industries.⁵

Following a cumulative 475 basis point increase in the repo rate since November 2021, the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) opted to hold interest rates steady at their last three consecutive meetings in July, September and November 2023, with the rate currently at 8.25%, the highest level in 14-years.

Inflationary developments

While still higher than the pre-pandemic level, global inflation is declining gradually. Tighter monetary policy and lower international commodity prices are expected to push inflation downwards from 8.7% in 2022 to 6.9% and 5.8% in 2023 and 2024 respectively⁶.

South Africa's headline inflation averaged 6.9% in 2022, which is above the Central Bank's target range of 3% to 6%. Annual consumer price inflation increased from 4.8% in August 2023 to 5.4% in September 2023 and further to 5.9% in October, verging on the upper limit of the South African Reserve Bank's inflation target range. Consumer prices increased on average by 0.9% between September and October, the highest monthly rise in three months underpinned by production cost pressures from electricity load-shedding, rising fuel prices and elevated food prices. Following the three-month upswing, headline consumer inflation eased to 5.5% in November from 5.9% in October. Average annual consumer price inflation is estimated at 5.9% in 2023 and 5.1% in 2024. Annual producer price inflation for final manufactured goods stood at 4.6% in November 2023, representing a decrease of 1.2 percentage points compared to the previous month. The main contributor to the headline PPI monthly decrease was coke, petroleum, chemical, rubber and plastic products.

Gross Domestic Product (GDP)

The Organisation for Economic Co-operation and Development (OECD) has revised its global outlook for 2023, amid a stronger-than-expected start to the first half of 2023 (OECD Economic Outlook, September 2023). Global GDP grew at an annualised rate of 3.2% in the first half of 2023 compared to the second half of 2022 primarily

4 International Monetary Fund (IMF), World Economic Outlook October 2023

5 Source: StatsSA – Quarterly Labour Force Survey Quarter 3: 2023

6 Source: International Monetary Fund (IMF), World Economic Outlook, October 2023.

due to certain countries such as the United States and Japan outperforming market expectations and showing resilience to steep rises in monetary policy-induced interest rates used to combat high levels of inflation. In addition, lower global energy prices and a slight recovery in China's economic activity, together with markets such as Brazil, South Africa and India outperforming growth expectations led to an upward revision of global GDP growth prospects. Consequently, while the world economy is expected to grow, it will remain subdued at a projected 3.0% in 2023 and 2.7% in 2024 (Table 3). This is in line with estimates forecast by the International Monetary Fund in its World Economic Outlook report for October 2023.

Global Commodity Price Trends

Following the peak in energy prices seen in 2022 on the ongoing conflict in the Ukraine, commodity prices eased in 2023 but remained high when compared to historical levels. In August 2023, the global average crude oil price remained elevated, showing a 38% increase compared to the 2019 average, while European natural gas prices surged by 133%. While expanded natural gas storage capacity in European nations should mitigate extreme energy price fluctuations during the upcoming winter, prices may still escalate due to factors like increased demand stemming from cold weather or energy infrastructure issues.

Table 3: Real GDP Growth, year-on-year, percent

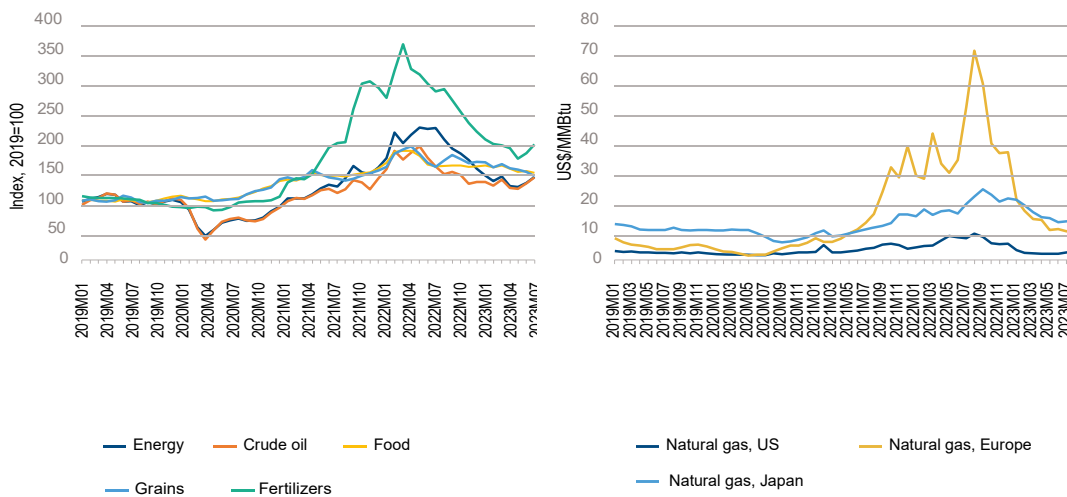
	2022	2023		2024	
		Interim EO projections	Difference from June EO	Interim EO projections	Difference from June EO
World	3.3	3.0	0.3	2.7	-0.2
G20¹	3.1	3.1	0.3	2.7	-0.2
Australia	3.7	1.8	0.0	1.3	-0.1
Canada	3.4	1.2	-0.2	1.4	0.0
Euro area	3.4	0.6	-0.3	1.1	-0.4
Germany	1.9	-0.2	-0.2	0.9	-0.4
France	2.5	1.0	0.2	1.2	-0.1
Italy	3.8	0.8	-0.4	0.8	-0.2
Spain²	5.5	2.3	0.2	1.9	0.0
Japan	1.0	1.8	0.5	1.0	-0.1
Korea	2.6	1.5	0.0	2.1	0.0
Mexico	3.9	3.3	0.7	2.5	0.4
Türkiye	5.5	4.3	0.7	2.6	-1.1
United Kingdom	4.1	0.3	0.0	0.8	-0.2
United States	2.1	2.2	0.6	1.3	0.3
Argentina	5.0	-2.0	-0.4	-1.2	-2.3
Brazil	3.0	3.2	1.5	1.7	0.5
China	3.0	5.1	-0.3	4.6	-0.5
India³	7.2	6.3	0.3	6.0	-1.0
Indonesia	5.3	4.9	0.2	5.2	0.1
Russia	-2.0	0.8	2.3	0.9	1.3
Saudi Arabia	8.8	1.9	-1.0	3.1	-0.5
South Africa	1.9	0.6	0.3	1.1	0.1

Source: Organisation for Economic Co-operation and Development (OECD); Economic Outlook, September 2023

Elevated commodity prices not only diminish real incomes but also threaten low-income countries in food security. Even though prices eased slightly, the global average cost of food products in August 2023 was 46% higher than in 2019, and fertilizer prices had surged by 93%.

This situation may compel farmers to make difficult choices, such as reducing fertilizer use or planting fewer crops, both of which would result in reduced yields and heighten the risk of food scarcity worldwide.

Figure 3: Global Primary Commodity Prices, (Jan 2019 – Aug 2023)



Source: World Trade Organization. *Global Trade Outlook and Statistics*, October 2023

The global near-term economic outlook continues to be marked by downside risks, including the ongoing uncertainty regarding the effectiveness and speed of monetary policy adjustments and the persistence of inflation. A pivotal question revolves around whether the measures taken to tighten monetary policy thus far will be adequate to guide inflation back towards its target in a smooth manner. In addition, another associated concern pertains to the possibility of renewed adverse supply shocks in global commodity markets. Food and energy prices carry significant weight in the consumer price indices of many countries and play a pivotal role in shaping households' inflation expectations.

On a positive note, the world economy and financial markets have, up to this point, demonstrated a notable degree of resilience in response to the widespread tightening of monetary policies. There is potential for global economic growth to persistently exceed expectations, while inflation returns to its targeted range in major economies without causing substantial disruptions in labour markets.

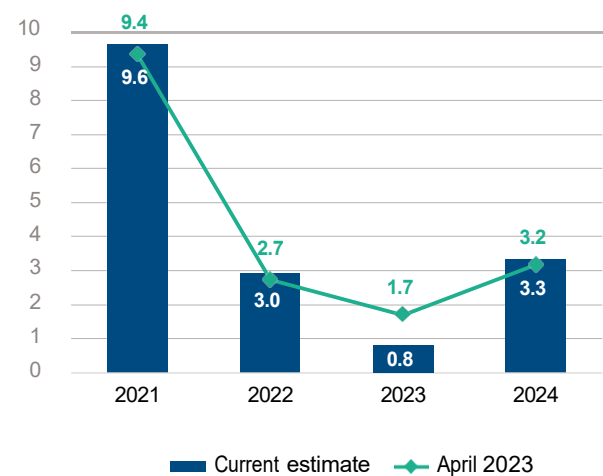
2.1.2.2 Trade

a) Global

In contrast to GDP, global trade accelerated at a slower rate than expected in the first half of 2023. Citing reasons such as the effects of a tighter monetary policy in 2022Q4; strained property markets in China and the impact of the Russia-Ukraine conflict; high inflation and interest rates; US dollar depreciation and geopolitical tensions, the World Trade Organization (WTO) revised its 2023 growth estimates of merchandise trade volume downward

from 1.7% in April 2023 to 0.8% in October 2023. Looking forward, trade is expected to rebound in 2023Q4 and 2023Q4, and return to a growth of 3.3% in 2024 (Figure 4). The positive forecasts are subject to certain risks, including the possibility of a more abrupt deceleration in China's economic rebound and a resurgence of inflation in advanced economies. In the latter case, central banks might need to maintain higher interest rates for an extended period. Conversely, if inflation subsides rapidly, it could lead to growth surpassing expectations and facilitate an early departure from contractionary monetary policies.

Figure 4: World Merchandise Trade Volume, 2021-2024 (Annual % Change)



Source: World Trade Organization. *Global Trade Outlook and Statistics*, October 2023

b) Western Cape

Annual developments

The province's exports totaled ZAR186.09bn in 2022, modestly higher than the ZAR164.98bn earned in 2021. In contrast, the value of imports surged by 40% to an accumulated cost of ZAR327.41bn in 2022, up from ZAR233.18bn incurred in 2021. As a result, the region's trade deficit remained firmly in deficit, widening significantly to a shortfall of ZAR141.32bn in 2022, from ZAR68.21bn recorded in 2021⁷.

However, when excluding petroleum activities, the value of the province's total exports eased modestly to ZAR172.85bn versus ZAR186.09bn when petroleum related exports were included. Imports in turn slowed markedly to a cost of ZAR158.50bn in 2022, compared to the ZAR327.41bn incurred when petroleum related imports were included. The net effect being a notable shift in the overall trade balance, from a deficit of ZAR141.32bn in 2022 (including petroleum products), to a surplus of ZAR14.35bn when petroleum activities were excluded.

In 2022, the Western Cape's exports experienced a year-on-year growth of 12.8% in value. This can be attributed in part to notable growth in coal by-products (briquettes, ovoids and similar solid fuels manufactured from coal) which contributed approximately 30% toward export growth in 2022, while the export of refined petroleum oils contributed around 23% in 2022. Upon closer analysis, the export value of coal by-products surged by 395% in 2022, which was largely driven by record high levels of global coal consumption, coupled by a surge in global coal prices. Moreover, South Africa's share of global coal supply has risen substantially in 2022, mainly due to the European ban on Russian coal due to the ongoing conflict in Ukraine. Consequently, the Netherlands ranked as the second largest export market for Western Cape coal exports in 2022, second only to Mauritius.

From a regional trading perspective, Africa reclaimed its position as the leading export (regional) destination for the province's exports, with local exports to the (African) continent worth an estimated ZAR59.90bn in 2022. This was equivalent to 32.19% of the province's total exports in 2022. Europe placed second at a value of ZAR56.35bn (30.28% of total exports), with Asia in third position at a value of ZAR40.69bn (21.86%). Interestingly, Asia was the province's fastest growing export region, expanding at an average annual rate of 13.07% over the past five

years (2018-2022), with the America's, including Canada, North and South America, following in a close second with an average annual growth rate of 12.35% over the same period.

Quarterly developments

More recently, from a quarterly perspective, the province's exports totaled ZAR59.17bn in 2023Q3, modestly higher than the ZAR52.43bn earned in 2023Q2. In contrast, imports eased from a cost of ZAR80.21bn incurred in 2023Q2 to ZAR73.81bn in 2023Q3. Despite improving, the region's trade balance remained firmly in deficit at a shortfall of ZAR14.64bn in 2023Q3, narrower than the ZAR27.28bn recorded in 2023Q2.

When excluding petroleum activities, the value of the province's total exports eased to ZAR52.26bn (from ZAR59.17bn when including petroleum related exports), while imports eased to a cost of ZAR41.89bn (from ZAR73.81bn when including petroleum related imports) in 2023Q3. The net effect being a notable shift in the overall trade balance, from a deficit of ZAR14.64bn in 2023Q3 (including petroleum products), to a surplus of ZAR10.37bn when petroleum activities were excluded.

All said, the province's exports grew by 12.85% in 2023Q3 compared to 2023Q2, mainly influenced by a notable growth in citrus exports, which grew by 119% from 2023Q2 to 2023Q3.

From a regional trading perspective, Africa surpassed Europe to become the leading export destination for the province's exports in Q3, with local exports to the African continent worth an estimated ZAR18.91bn in 2023Q3, up from ZAR15.54 recorded in 2023Q2. This was equivalent to 32% of the province's total exports in 2023Q3, Europe placed second at a value of ZAR16.32bn (28% of total exports), while Asia ranked in third position at a value of ZAR15.40bn (26%). The Western Cape's exports to Africa recorded the highest growth, increasing at a quarterly rate of 22% from 2023Q2 to 2023Q3.

Exchange rate

In the first quarter of 2023, the nominal effective exchange rate (NEER) of the South African Rand saw a 5.3% decline. This drop was primarily due to the negative effects of increased electricity loadshedding on the country's economic growth prospects and South Africa's inclusion on the Financial Action Task Force's (FATF) grey list.

7 Source: Quantec, 2023

In April 2023, the NEER continued to decrease, and by May, the rand reached its all-time weakest point against the US dollar, reaching R19.03. This decline was likely in response to allegations of South Africa supplying arms to Russia and a subsequent 50 basis point increase in the repurchase (repo) rate a few days later, although foreign exchange markets adapted swiftly to these developments. With less severe electricity load-shedding, the rand strengthened by 7.9% against the US dollar between May 31, 2023, and June 15, 2023.

Overall, the NEER decreased by 4.3% in the second quarter of 2023. Several factors burdened the South African rand's exchange rate, including the adverse impact of extensive electricity load-shedding on the nation's economic growth prospects, uncertainty stemming from potential capital outflows due to South Africa's stance on the Russia-Ukraine conflict, and expectations of interest rate hikes in advanced economies. The exchange rate of the rand exhibited substantial fluctuations in July and August 2023, primarily reflecting shifts in global risk sentiment toward emerging markets. While the rand performed strongly among emerging market currencies in July 2023, these gains were subsequently eroded in August.

As reported by the SARB, the NEER increased, on balance, by 2.5% in the third quarter of 2023 following increases in July and September and a decrease in August. During the third quarter, the exchange value of the rand appreciated due to improved investor sentiment following the outcome of a stronger-than-expected expansion of the domestic economy in the second quarter and the reduced severity of electricity load-shedding. However, concerns about global economic growth and the effects of prolonged elevated global interest rates partly countered the positive impact of these developments. The NEER decreased by 1.7% from the end of the third quarter of 2023 to 30 November amid higher domestic inflation and lower business confidence.⁸

While the depreciation of the South African rand presents certain risks to the country's economy, it also offers several advantages. South Africa has traditionally grappled with a current account deficit, making a rand depreciation a potential solution for narrowing the trade deficit. This situation could arise from the enhanced appeal of South African exports because of the lower cost of South African goods, as well as a deterrent effect on imports due to increased import expenses, thereby fostering economic growth and bolstering overall economic

stability. Moreover, the positive outcomes of a weaker rand include enhanced export competitiveness, a potential surge in tourism, greater appeal of South African assets to foreign investors, and an encouragement for domestic production. All these factors collectively contribute to stimulating economic growth and job creation.

Trade Agreements and preferential trade relationships

The pending expiration of AGOA will certainly remain front and center into 2024. With AGOA set to expire in 2025, the renewal debate kicked-off in earnest during the 2023 AGOA Forum in Johannesburg. By the end of 2023, tensions regarding South Africa's eligibility, which rose during the year, had abated somewhat, and South Africa was not among the four countries that lost their AGOA eligibility for 2024. However, a draft renewal bill was circulated shortly after the Forum by Senator Coons, which calls for an out-of-cycle review of South Africa as soon as AGOA is renewed. This leaves South Africa's future participation in the programme up in the air for the foreseeable future. Counting in South Africa's favour is the fact the draft bill entrenches the United States position that AGOA should be supportive of and aligned to the AfCFTA. Given South Africa's economic entrenchment on the African Continent, excluding South Africa from AGOA would undermine the objective of fostering regional integration, particularly in light of Senator Coons' bill introducing the inclusion of North African states into the rules of origin of AGOA in order to support the AfCFTA.

The Western Cape province contributes to- and benefits significantly from AGOA preferences. The Western Cape's exports to the United States grew at an average annual rate of 14.8 percent between 2002 and 2022. In 2022, primary and secondary agriculture accounted for 33 percent of the total value of the Western Cape's exports to the U.S. Five out of ten of South Africa's top exports to the U.S. under AGOA come from the Western Cape. In each case, the province was responsible for close-on 90 – 100 percent of those exports. Renewal and maintenance of eligibility is therefore very important for the Western Cape economy.

Despite the uncertainties related to AGOA, the AfCFTA is slowly progressing, bringing closer the possibilities of easier intra-Africa trade and investment. 2023 saw the introduction of the guided trade initiative among certain countries (excluding South Africa), which saw the first trading of goods under the AfCFTA. In the beginning of 2024, South Africa officially commenced trading of certain

goods under the AfCFTA. Progress has also been made on the finalisation of an investment protocol, which aims to create a clear and cohesive set of rules pertaining to intra-Africa investment, as well as a protocol on digital trade. Despite progress, there are still crucial rules of origin on textiles and automotives that need to be completed, as well as services trade negotiations outstanding. The success or failure of the AfCFTA in boosting intra-Africa trade and investment will depend on the extent to which the needs of business are addressed, which requires robust private sector participation in the creation and implementation of the agreement. With commencement of South Africa's trading under the AfCFTA, opportunities now arise for businesses test the system and to start exploring the development of potential new AfCFTA regional value chains. Foreign investors are showing increasing interest in the opportunities that the AfCFTA presents for investment on the Continent. For South Africa, the AfCFTA presents opportunities in that it builds upon the Southern African Development Community, extending trade preferences to East, West and North Africa. The AfCFTA also enhances the investment attractiveness of South Africa as a base from which to do business across the Continent.

2.1.2.3 Foreign Direct Investment

a) Global

Following a robust recovery in 2021, worldwide foreign direct investment (FDI) declined by 12% in 2022 to reach \$1.3 trillion, as illustrated in Figure 3, with the decrease primarily attributed to the convergence of global crises, including the conflict in Ukraine, elevated food and energy costs, and surging public debt levels.

The decline in FDI was predominantly observed in developed economies, who recorded a 37% decrease in FDI flows, from \$597 billion in 2021 to \$378 billion in 2022. This decline was mainly attributed to uncertainties in financial markets and the conclusion of stimulus packages. In Europe, FDI inflows were significantly impacted by a telecommunications Multi-National Organization withdrawing capital in Luxembourg, while fluctuations in FDI flows into key conduit economies also contributed to the overall reduction.

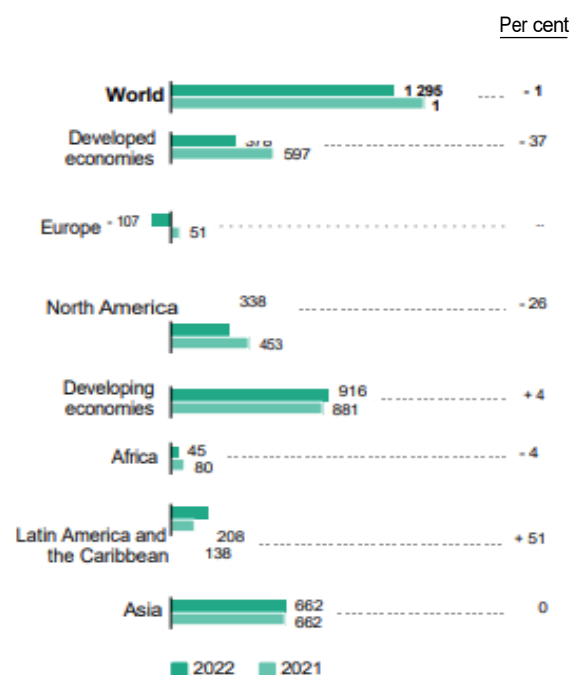
In 2022, North America experienced a 26% decrease in FDI flows, dropping from \$453 billion in 2021 to \$338 billion in 2022. This decline was marked by a 26% reduction in FDI flows to the United States, while Canada also witnessed a 20% decrease, resulting in a

total FDI flow of \$53 billion in 2022. These declines were primarily attributed to substantial reductions in cross-border mergers and acquisitions (M&A), which typically contribute significantly to inflows into North America.

In contrast to developed economies, FDI flows to developing nations increased by 4% to reach a total inflow of \$916bn in 2022. This increase was largely the result of robust growth in Latin America and the Carribean, reporting a 51% increase in FDI inflows to reach \$208bn in 2022, propelled by a prolonged period of robust demand for commodities and essential minerals. In South America, all major economies saw an uptick in FDI flows, with inflows into Brazil rising by two-thirds to reach \$86bn, while inflows into Columbia grew by 82% to \$17bn. Additionally, FDI inflows into Argentina and Peru doubled to \$15bn and \$12bn, respectively.

FDI inflows into Africa fell by 44% to \$45bn in 2022. This decline was mainly driven by an anomalous intrafirm transaction in 2021, where Digital Titan (United States) acquired 55% of TDE Investments for \$1.7bn. Excluding this deal, the change in FDI flows to Africa would have increased by 7%. Overall, the greenfield FDI into Africa nearly quadrupled to \$195bn in 2022, from \$52bn in 2021, while the number of projects increased by 39% to 766 projects.

Figure 5: Global FDI trends by sub-region (USDbn), 2021 – 2022



Source: UNCTAD: World Investment Report 2023

b) Western Cape

Over the period January 2014 to December 2023, 269 global companies invested in 296 foreign direct investments (FDI) projects into the Western Cape. These projects had an accumulated capex value of ZAR139.60bn, amounting to an average investment of ZAR470.94m per project and creating 17,822 jobs. Ireland was the leading source market for FDI projects into the Western Cape (when measured by the capex value of investments), investing in a total of 10 projects with a capex value of ZAR42.76bn over the period under review. The United States placed second with investments worth ZAR30.64bn invested across 68 projects, with the United Kingdom in third position with capex worth ZAR11.52bn invested across 63 projects⁹.

The top three FDI project-attracting sectors by projects were business services (62 projects), software and IT services (60 projects) and the communications sector (30 projects), which collectively accounted for 51.35% of total projects invested into the Western Cape over the period, January 2014 to December 2023. When measured by capex, the renewable energy sector dominated with

an accumulative capex investment value of ZAR50.33bn over the period reviewed, followed by communications at ZAR30.46bn, with the business services sector in third position with a value of ZAR21.76bn. The significant capital investments into the renewables energy sector highlights the growing importance of the green economy in the province¹⁰.

By company, Irish-based Solar Capital had the highest capex value of ZAR38.98bn, equivalent to 27.92% of total capex invested over the period reviewed. This was followed by Amazon Web Services (AWS) with a total capex value of ZAR5.97bn (equivalent to 4.28% of total capex), while Lotus Bakeries (Belgium) placed third with a total capex of ZAR5.33bn (3.82% of total capex)¹¹.

When ranked by the number of projects invested, Amazon Web Services (United States) was the leading company with the highest number of projects invested into the Western Cape (six projects) over the period under review. Spaces (Netherlands) and Hisense (China) followed in second and third position, investing four and three projects respectively into the Western Cape.

Table 4: Inward FDI into the Western Cape, Jan 2013 – Nov 2023

Year	Projects	CAPEX (ZARbn)	AVE CAPEX (ZARm)	Jobs Created	Companies
2023	37	45 934,1	1241,0	3 679	37
2022	43	14 379,7	334,4	2 527	41
2021	28	13 140,2	469,4	3 344	27
2020	20	3 239,8	162,6	905	20
2019	29	13 681,7	472,5	1 697	29
2018	21	12 522,0	596,7	933	18
2017	27	11 328,6	420,3	1 397	27
2016	25	9 219,3	368,2	774	25
2015	32	11 478,9	359,0	1 050	32
2014	34	4 678,7	138,1	1 516	34
TOTAL	296	139 603,2	470,9	17 822	269

Source: fDI Markets, 2023

9 Source: fDI Markets, 2024

10 Source: fDI Markets, 2024

11 Source: fDI Markets, 2024

2.1.2.4 Tourism

a) Western Cape's Tourism Performance

Tourism has played a crucial role in driving the growth of the economy in the Western Cape for the past two decades. However, the COVID-19 pandemic had a severe impact on the tourism industry in 2020 and 2021, resulting in a significant decline in international arrivals to the province. There has however been a notable recovery in recent

quarters. The data below highlights the importance of the tourism sector and its substantial economic contribution and shows how the industry recovered between January and September 2023.

Between January and September 2023, of all nine provinces, the Western Cape ranked:

3rd Highest

in average length
of stay:

13.6 nights

2nd Highest

in total foreign
direct spend:

R17.1 billion

3rd Highest

in total bed
nights:

13.0 million

3rd Highest

in tourist
arrivals:

911,745

Table 5: Provincial Tourism Performance, January – September 2023

Province	Tourist arrivals (millions)	Total foreign direct spend (billions/millions)	Bed-nights (millions)	Length of stay (nights)
Gauteng	2 642 883	R30.4	36 261 442	13.8
Western Cape	901 849	R17.1	13 080 653	13.6
Eastern Cape	211 938	R3.6	3 339 907	13.9
KwaZulu Natal	476 356	R4.4	5 765 428	11.4
Mpumalanga	1 342 606	R5.5	13 371 367	9.7
Limpopo	411 840	R4.4	3 301 738	7.4
North West	243 320	R1.6	2 830 785	10.7
Northern Cape	86 312	R621 million	933 306	11.9
Free State	686 152	R1.3	7 455 957	13.6

Source: SA Tourism, 2023

NB: Only Q1–Q3 data for 2023 are reported in the table. Annual data will be included when released.

Table 6: Western Cape Tourism Performance: International Market, 2018 – 2023

International Indicators	2018	2019	2020	2021	2022	2023 (Jan – Sep)
Total number of tourist arrivals	1.7 million	2.0 million	0.4 million	0.3 million	0.9 million	901, 849
% Share of South Africa's arrivals	16.5%	19.6%	15.8%	13.3%	16.0%	14.6%
Total foreign direct spend (excl capital expenditure)	R16.3 billion	R18.6 billion	R4.7 billion	R3.7 billion	R17.0 billion	R17.1 billion
Total number of bed nights spent by tourists	23.3 million	25.7 million	6.2 million	4.8 million	13.7 million	13.0 million
Length of stay	13.9 nights	13.4 nights	14.5 nights	16.5 nights	15.0 nights	13.6

Source: SA Tourism, 2023

NB: Q1– Q3 data for 2023 is reported in the table. Annual data will be included when released.

Over the period January to September 2023, domestic trips taken to the Western Cape reached a total of 2.7 million and domestic trips taken from the province reached

2.4 million. In addition, total domestic spending reached a total of R10.8 billion in the first nine months of 2023.

Table 7: Western Cape Tourism Performance: Domestic Market, 2018 – 2023

Domestic Indicators	2018	2019	2020	2021	2022	2023 (Jan-Sep)
Domestic trips taken from WC	1 069 750	3 497 635	2 237 510	831 478	3 205 947	2 490 767
Domestic trips taken to WC	1 288 000	4 431 140	2 642 302	885 583	3 449 580	2 770 615
Total domestic spend	R1.9 billion	R7.7 billion	R6.9 billion	R6.8 billion	R12.7 million	R10.8 billion
Length of stay in the WC	3.8 nights	3.8 nights	3.1 nights	4.1 nights	3.3 nights	-
Total bed nights spend	4 885 441	16 647 773	6 879 072	3 416 651	10 662 847	-
Total number of day trips	12 059 237	34 042 053	18 337 639	4 876 446	15 495 472	-
Main purpose of visit to WC	VFR-582 118	VFR-1 548 499	VFR-1 203 393	VFR-433 813	VFR-1 483 959	-
	Holiday-426 699	Holiday-1 280 137	Holiday-923 296	Holiday-384 002	Holiday-1 408 981	-
	Religious-42 359	MICE-112 026	MICE-44 157		Religious-75 951	-

Source: SA Tourism, 2023

NB: Q1–Q3 data for 2023 is reported in the table. Annual data will be included when released.

Based on the tourist numbers recorded between January and September 2023, it is evident that the Western Cape's international tourist market is recovering. The European region has reclaimed its position as the top source of tourist arrivals, with 6 out of the top 10 markets originating from the European continent. Amongst the traditional top

three source markets, the UK and USA recovered by over 70% during the period Jan – Sep 2023, and Germany recovered by over 60% in relation to the same period in 2019 (Jan – Sep). The African market has also made a remarkable comeback, with Lesotho and Zimbabwe fully recovered to pre-pandemic levels.

Table 8: Top 10 source markets to the Western Cape, 2019 – 2023

Ranking	Source Market	2019	2020	2021	2022	2023 (Jan-Jun)	Q1-Q2 y-o-y Change 2023/2022	Q1 – Q2 % Recovery over 2019
1	UK	194 900	79 017	36 800	167 107	100 700	55%	74%
2	USA	134 561	38 619	34 700	111 326	61 577	42%	64%
3	Germany	129 248	66 431	32 166	105 261	70 910	73%	72%
4	Namibia	74 734	28 566	48 454	87 756	43 877	29%	101%
5	Netherlands	51 480	19 011	13 934	46 747	29 697	63%	88%
6	France	62 404	24 154	13 409	41 541	30 865	91%	69%
7	Lesotho	32 077	12 378	11 133	31 556	21 734	77%	117%
8	Zimbabwe	39 166	7 963	7 283	27 892	37 073	242%	239%
9	Switzerland	24 869	10 373	8 289	23 343	13 264	46%	79%
10	Belgium	19 506	7 136	5 018	17 294	10 593	58%	78%

Source: SA Tourism, 2023

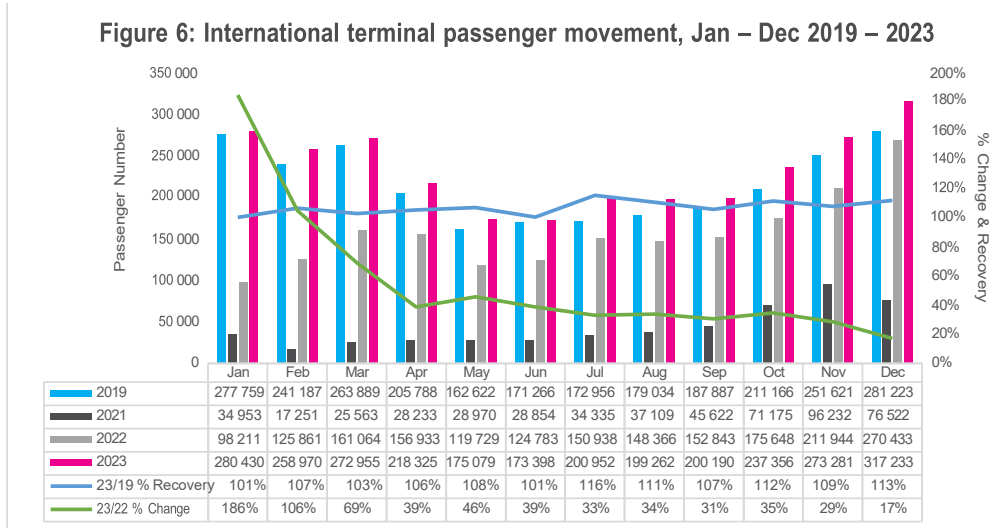
NB: Q1 and Q2 data for 2023 is reported in the table. Annual data will be included when released.

Cape Town International Airport (CTIA) Terminal Performance

The international terminal saw a 17% year-on-year growth in December, with over 317 000 two-way international passengers processed. This is the highest monthly total in history, beating the previous high of 290 000 passengers

processed in January 2020. For the full year 2023, the international terminal experienced a 48% growth compared to 2022, with 2.8 million two-way international passengers.

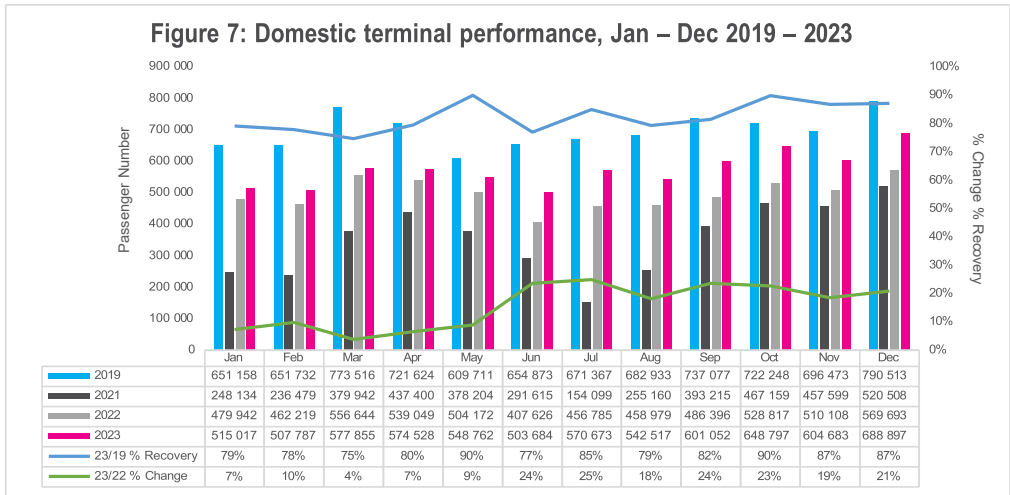
Figure 6: International terminal passenger movement, Jan – Dec 2019 – 2023



Source: AGSA, 2024

The domestic terminal recorded an impressive 21% year-on-year growth for December, with 688 000 passengers. The total domestic passenger growth for

2023 has remained steady at 16%, when compared to the same period in 2022, reaching just under 6.9 million passengers between January and December 2023.



Source: ACSA, 2024

Cape Town Cruise Terminal Performance

The cruise industry of Cape Town averaged 35 to 40 cruise visits between 2016 and 2019. However, between Oct 2022 and May 2023, the Cape Town cruise terminal received 70 ship visits and 41 turnaround calls. This was comprised of 17 world cruises (around the world); 27 international coastal cruises; and 26 domestic coastal cruises.

The cruise terminal has an estimated capacity of 300,000 passengers per annum, and between Oct 2022 and May 2023, 145,000 2-way passengers and 42 000 crew arrived through terminal. This was the first season to welcome three ships into port simultaneously, all doing turnaround visitors on the same day. In addition, the season had

this occurrence on five occasions. This is a significant milestone and demonstrates the operational efficiency of the terminal.

At the time of reporting, it is anticipated that for the next season (i.e., Oct 2023 to May 2024), that the terminal will receive 49 ship visits and 30 turnaround calls. It is estimated that 90 200 passengers and 38 000 crew will arrive for the season and be processed through the terminal. The cruises are comprised of 22 world cruises (around the world); 23 international coastal cruises; 4 domestic coastal cruises and 8 new ships.

2.1.2.1 External Risk Analysis

2.1.2.1.1 Political Risks

South Africa's economy is inextricably linked too and influenced by global economic developments. This has been increasingly evident in recent periods amidst rising global geopolitical tensions and fault lines, the formation of new global alliances, and revised calls for climate action commitments. In addition to the pressures inflicted by these exogenous factors, on both national and provincial economies, risks emanating from the country's political landscape pose further challenges not only to doing business but the country's ability to attract and boost investment as well as to grow tourism. As the Western Cape's official trade, tourism and investment promotion agency, these risks permeate and impact the investment, trade and tourism initiatives that Wesgro undertakes.

The general elections in 2024 are expected to exacerbate investor uncertainty. The South African Reserve Bank Governor expressed concerns of rising investor uncertainty based on the populist tone expressed by politicians ahead of the elections, which could undermine investing in the country. This is coupled with intensified political tension and is further compounded by labour disputes and budgetary constraints.

In addition, the ongoing electricity crisis and logistical bottlenecks at the nation's ports and railways significantly impede economic growth. The country's energy shortfall is one example of underdeveloped and unmaintained public infrastructure that has been neglected for decades

as corruption has proliferated. These adverse issues impact every business and household across the country and diminish the nation's economic ability to function at an optimal level which is critical if government is to meaningfully address pervasive unemployment and inequality.

Crime also remains a prominent threat to most spheres of society, and in many ways, this is a direct result of the gradual degradation of the country's physical and social infrastructure. While crime affects all types of business, the tourism sector is possibly the hardest hit, with the negative perception and sentiment associated with these statistics a significant deterrent in several foreign tourism source markets.

The grey listing of South Africa by the global financial watchdog Financial Action Task Force (FATF) in early 2023 provides further pressure. While it is hard to quantify the impact of this development, the reputational damage is significant, thus increasing the required levels of compliance and due diligence, in addition to the possible increased costs and administrative burdens that stand to further deter foreign investors. However, in November 2023, the National Treasury welcomed the FATF progress report, which indicated positive progress made by South Africa in addressing technical compliance deficiencies in its anti-money laundering system.

Recent announcements by some of the international sovereign credit rating agencies highlight the risks posed by the country's high government debt-to-GDP ratio. In late 2023 Standard & Poor affirmed South Africa's credit rating and outlook but warned of the possibility of lowering the country's outlook following the 2024 budget speech. Fitch Ratings affirmed South ratings at 'BB-' and maintained a stable outlook, emphasizing the significant increase in government debt-to-GDP could threaten the outlook.

From a global perspective, 2024 is set to be the biggest election year in history, with it estimated that roughly half of the world's population will hold regional, general, and presidential elections in 2024, the greatest number ever. Similarly, seven of out the ten most populous countries in the world are set to vote in 2024, including India, Bangladesh, Indonesia, Pakistan, the US, Mexico., while at least 18 African countries are set to go to the polls in 2024. The European Union's 27 member countries will

also be voting in June, determining who represents these countries in the European Parliament.

Notwithstanding the importance of the ballot box and the fact that democracy does not exist without elections, the reality is that not all of the forthcoming elections will be free and fair, bringing the very concept of democracy into question in a number of countries whose leadership are plagued by antidemocratic tendencies.

Given the economic and political importance of a number of countries going to the polls in 2024, could the outcomes and potential changes in leadership tip the geopolitical balance, and essentially redefine trading relations and interconnected global economy?

2.1.2.1.2 Macroeconomic Risks

Slow growth

The global economic outlook has remained uncertain since the pandemic and Russia's invasion of Ukraine, with ongoing developments in the MENA region posing additional and mounting pressure. Global growth forecasts continue to fall below the historical average, slowing from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024 (IMF, 2023). Apart from the Russia-Ukraine conflict and the long-term consequences of the pandemic, some of the factors that are hindering global economic growth include increasing geoeconomic fragmentation, the impact of monetary policy tightening and extreme weather events, as pointed out by the IMF (2023). According to the South African Reserve Bank (SARB), the economic outlook in the long-term remains uncertain, with declining property prices, weaker household consumption, climate change and geopolitical tensions considered as some of the forces that serve as threats to economic growth.

The South African economy contracted by 0.2% in the third quarter of 2023, with GDP being 0.7% lower than the level it was a year earlier. The economy is expected to grow at a rate of 0.8% in 2023, with a further 1.2% and 1.3% forecasted for 2024 and 2025 respectively (SARB, 2023). The slow growth in the short term is because of energy and logistics challenges. Electricity supply is expected to improve over the medium-term, hence the slightly higher growth forecasts for 2024 and 2025.

High inflation and rising interest rates

Inflation was higher than expected in most economies in 2022. While recent projections show a deceleration in

the rate of inflation, most economies are only expected to return to target after 2025. Headline inflation across the globe is expected to decline to 5.9% in 2023 from 9.2% in the previous year, with a further decline to 4.8% projected for 2024. However, there is the possibility of persistently high inflation expectations arising from the high inflation experienced in the recent past. This could potentially feed into current inflation rates because firms' and households' expectations regarding changes in prices in the future have an impact on inflation dynamics. The Bureau of Economic Research's inflation expectations survey shows inflation expectations pose a risk to core inflation and eventually headline inflation.

Both consumer and producer price inflation increased in September and October 2023, underpinned partly by load-shedding's impact on production cost and higher food and fuel prices. Annual consumer price inflation increased from 4.7% in July 2023 to 5.4% in September and 5.9% in October before decreasing to 5.5% in November. Likewise, producer price inflation of final manufactured goods increased from 2.7% in July 2023 to 5.1% in September and 5.8% in October before declining to 4.6% in November. Even though the SARB's forecast for headline inflation is 5.0% for 2023 and 4.5% for 2024, there are still some risks to the inflation outlook. With an increase of 8.7% in October 2023 and a forecast of 10.6% for the year, food price inflation remains volatile (SARB, 2023). Likewise, imported goods inflation poses a risk to the overall inflation outlook because of its sensitivity to currency depreciation, while electricity prices also present considerable inflationary risk.

Monetary policy tightening by central banks in response to inflationary pressures has resulted in a rise in interest rates globally in recent times. Interest rate risk can put pressure on national budgets and force countries to implement contractionary fiscal policies (spending cuts and tax increases) in response to increased debt-servicing costs. Businesses and individuals are also faced with credit risk arising from the diminishing ability to service their debt. In South Africa, the repurchase rate has remained at 8.25% (the highest level since 2009) since the last increase in May 2023. In general, the domestic short-term money market rates have been quite stable in recent months, albeit moderate increases recorded in response to exchange rates fluctuations and increases in the general price level.

Rand depreciation risks

Exchange rate movements have an impact on medium-term inflation dynamics. Both global and domestic factors such as the energy crisis, policy uncertainty and global market instability, have contributed to the volatility of the rand since the April 2023 Monetary Policy Review (SARB, 2023). The local currency depreciated by approximately 9.5% against the United States (US) dollar over the past year. While the rand is forecasted to appreciate slightly to R18.22 against the US dollar between 2023 and 2025 relative to the value of R18.45 during the September Monetary Policy Committee (MPC) meeting, the rand exchange rate remains inflationary throughout the forecast period (SARB, 2023).

After increasing by 2.5% during the third quarter of 2023, the nominal effective exchange rate (NEER) of the rand declined by 1.7% at the end November 2023 in the face of rising inflation and lower business confidence. The slowdown in global economic growth and the effects of prolonged monetary policy tightening by central banks played a part in countering the positive developments that lead to the appreciation of the exchange value of the rand in the third quarter of 2023.

High government debt and sovereign credit rating

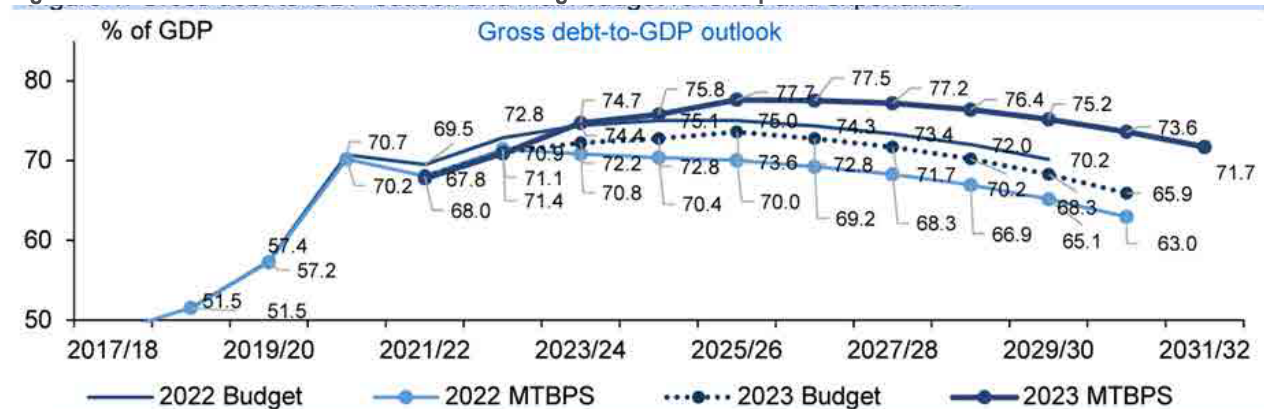
In the latest assessment conducted on November 17, 2023, Standard and Poor's affirmed South Africa's credit rating at BB-/B rating for foreign currency debt and a BB/B rating for local currency debt. This aligns with other sovereign credit rating agencies' assessments, including Fitch and Moody's. Notably, the agency kept its rating and outlook for South Africa on hold despite the country experiencing a worsening government debt burden and increasing debt servicing costs, both of which pose a potential risk to financial stability.

One of the significant challenges facing South Africa is the country's gross debt-to-GDP ratio, which hovers at 77.7% over the medium term, placing it among the highest in emerging markets. The Medium-Term Budget Policy Statement (MTBPS) for 2023 revealed a notable setback, with a substantial reduction in projected revenue collection amounting to -R56.8 billion. This shortfall led to an adjustment in the budget deficit from the initially projected -4% of GDP to -4.9% for the 2023/24 financial year.

Looking ahead, the trajectory of the projected budget deficits for the years 2024/25 through to 2026/27, as outlined in the 2023 MTBPS (-4.6%; -4.2%; and -3.6% of GDP, respectively), reveals an upward revision compared to earlier estimates provided in the February 2023 Budget (-3.8% and -3.2% of GDP in the first two years). This upward adjustment suggests fiscal slippage, highlighting the challenges in aligning fiscal performance with initial projections.

Furthermore, the long-term outlook forecasts that gross government debt will remain elevated at around 70% of GDP in 2031/32. This projection exceeds the recommended 60% debt-to-GDP ratio deemed as the maximum sustainable debt level for an emerging market economy. Such elevated levels of debt increase the risk of unsustainable government finances, posing a potential threat to the country's economic stability in the long run. Addressing these fiscal challenges becomes imperative for South Africa to ensure a sustainable and resilient economic future.

Figure 8: Gross debt-to-GDP outlook and main budget revenue and expenditure



Source: National Treasury, MTBPS November 2023

South Africa remains susceptible to a potential credit downgrade by Standard and Poor's (S&P) in 2024. The underperformance in revenue collection, coupled with increased government spending during 2023 has cast a shadow over South Africa's public finances. S&P's forecast for the fiscal deficit in 2023/24 suggests it could reach nearly 5% of GDP, surpassing the National Treasury's earlier estimation. The confluence of factors such as relatively lower global commodity prices, mounting spending pressures from elements like the public wage bill, ongoing support for financially weak State-Owned Enterprises, and the Social Relief of Distress grant contribute to the persistent debt accumulation expected until fiscal 2026.

Given this scenario, S&P anticipates a surge in the gross debt-to-GDP ratio, reaching a staggering 83%, while interest rate costs could escalate to as much as 20% of general government revenue. The continuity of this trajectory, coupled with substantial deviations from planned economic governance reforms, raises the prospect of an imminent credit downgrade. Such an outcome would not only exacerbate the existing economic

challenges but also hinder economic growth prospects for South Africa. Vigilance and decisive actions to address the underlying fiscal issues and implement reforms are crucial to avert the potential repercussions of a credit downgrade.

Risks in international trade

South Africa, with its robust trade profile, faces a complex web of potential risks that could impact its international trade landscape. These risks encompass a multifaceted array of factors, each having the potential to significantly alter the trajectory of the country's trade dynamics.

At the time of writing, the United States and South Africa had reached a preliminary agreement to renew the African Growth and Opportunities Act (AGOA) for 10 years, subject to the approval of Congress. The risk of non-renewal, although minimal, could influence South Africa's preferential access to the U.S. market, thereby reducing the competitiveness of South African exports. Simultaneously, the prospect of a global economic downturn poses challenges to the nation's export-oriented sectors. Policies stemming from climate change, including the Carbon Border Adjustment Mechanism

(CBAM), add an environmental dimension, potentially altering the competitiveness of South African goods. Geopolitical tensions, such as the Russia war in Ukraine, introduce an element of global uncertainty, while domestic infrastructure challenges further compound the risks, potentially impeding the smooth flow of goods and services across borders. Navigating these complexities requires a strategic and adaptive approach to safeguard South Africa's international trade resilience.

The United States has become an important market for South African goods exports in recent years, ranking as the second largest global market for South Africa's exports in 2022. This significance is underscored by the success of the African Growth and Opportunity Act (AGOA), where South Africa stands as the leading exporter among Sub-Saharan African countries, consistently contributing an average annual share of 31% of its exports to the U.S. under AGOA since its inception in 2000. However, the ongoing preferential access that South Africa enjoys in the United States market came under significant risk over the past year, where its perceived alliance with Russia raised uncertainties about the country's continued inclusion in this unilateral preference program offered by the U.S.

The risk of losing trade benefits through AGOA resulted in extensive lobbying between the South African Government and U.S Trade Officials and as a result, achieved a preliminary agreement to extend AGOA for 30 African countries for another 10 years. However, at this point, the agreement is still subject to approval by Congress. If South Africa loses trade benefits under AGOA, South African exports could cost more in the U.S., reducing competitiveness and decreasing demand for South African goods, thereby negatively impacting the trade balance. As a secondary effect, the loss of AGOA could also weaken the local currency against the US Dollar through a reduction in export revenue, balance of payments and investor confidence, which could further impact on economic growth.

Another imminent threat to South Africa's export dynamics arises from the implementation of the European Union's Cross-Border Adjustment Mechanism (EU CBAM). This mechanism imposes a charge on carbon emissions embedded in specific products imported into the EU from non-EU nations. This includes categories such as cement, iron and steel, aluminium, fertilizers, electricity, and

hydrogen. As the EU is a critical market for South African exports, accounting for 21% of the total export value in 2022, the introduction of CBAM introduces a notable risk to short-term export prospects. This vulnerability is underscored by the fact that ZAR44.65 billion worth of South African exports are designated for the EU and fall under the CBAM's purview. This exposure translates into an export risk of approximately 2.22% for South Africa's total exports, with potential implications for 0.97% (or ZAR8.35bn) of the country's Gross Domestic Product (GDP). (Wesgro, 2023) The impact is particularly pronounced for several pivotal sectors, including iron, steel, and aluminium.

The economic repercussions extend to the Western Cape, a region who exported goods to the value of ZAR186.07 billion in 2022. Among these exports, those falling under the Carbon Border Adjustment Mechanism (CBAM) policy amounted to ZAR1.69 billion for the same period. These products include cement and certain products thereof; iron and steel and certain products thereof; aluminium and certain products thereof; fertilizers; electricity, and hydrogen. Consequently, the overall exports from the Western Cape face a potential decrease of 0.91%, carrying an associated GDP loss of 0.26% if the specific conditions stipulated by the CBAM policy are not met. Notably, the primary concentration of this risk is evident in the iron and steel export sector, where 13.28% of such exports are susceptible to potential losses. The anticipated impact on GDP is estimated at -0.25% if the stringent conditions outlined in the CBAM policy are not diligently fulfilled. Additionally, the aluminium sector, while subject to CBAM risk, faces a comparatively lower level of susceptibility than the iron and steel sector, with a potential risk of 5.96%. The associated impact on the Western Cape's GDP is notably modest, registering at 0.01%. This nuanced assessment underscores the sector-specific variations in risk exposure within the Western Cape's economic landscape influenced by the CBAM policy (Wesgro, 2023).

In addition to the above, South Africa's international trade faces many challenges that could impede its economic growth and trade dynamics. The reality of rising global interest rates casts a shadow, as increased borrowing costs could elevate the financial burden on businesses engaged in international trade. Further, the threat of ongoing high inflation rates threatens to erode purchasing power and disrupt pricing mechanisms, thereby

influencing the competitiveness of South African goods and services in the global market. The country's ongoing logistical bottlenecks and infrastructure weaknesses pose further risks, and if left unaddressed, could hinder the smooth flow of goods and increase the cost of transportation, thereby adversely impacting the efficiency and competitiveness of South Africa's international trade operations. Navigating these multifaceted challenges demands a strategic approach that addresses not only global economic trends but also domestic infrastructure shortcomings to bolster the resilience of South Africa's international trade landscape.

Social risks

Societal issues have evolved for years, with the first industrial revolution triggering social risks across the globe. More recently, the World Economic Forum (2023) mapped a global risk landscape interconnection map, outlining the social ramifications caused by economic, environmental, technological, and geopolitical advances. According to the World Economic Forum (2023), the list of societal risks includes the following:

- Cost-of-living crisis.
- Employment crisis.
- Large-scale involuntary migration.
- Collapse or lack of public infrastructure.
- Infectious diseases.
- Severe mental health deterioration.
- Chronic health conditions.
- Erosion of social cohesion.
- Misinformation and dis-information (media manipulation and propaganda).

Global social macroeconomic risks such as asset bubble bursts, the collapse of a systematically important industry or supply chain, debt crisis, failure to stabilize price trajectories, propagation of illicit economic activities, and the prolonged economic downturn create instability within social governance (World Economic Forum, 2023). Supplementary short-term macroeconomic causations that affect the social environment include: geoeconomic confrontation, the ineffectiveness of multilateral institutions and international cooperation, interstate conflict, state collapse, terrorist attacks, and the use of weapons of mass destruction (World Economic Forum, 2023).

These short-term macroeconomic social risks can potentially collapse the economic environment if economic risk management is not effective, resulting in

catastrophic social disintegration. South Africa is faced with several macroeconomic social risks including the volatile exchange rate which is influenced by local and global factors; consumer price inflation; rising interest rates; load-shedding, and unemployment (PwC, 2023). Collectively these aggravate South Africa's societal risks which include state collapse, cost-of-living crisis, the collapse of services and public infrastructure, and employment and livelihood crisis (World Economic Forum, 2023).

Technological risks

The fourth industrial revolution has enabled society to seamlessly advance into the digital era. The IEEE Standards Association (IEEE SA) anticipated that 2023's technological trends would include those which relate to the increasing importance of data governance, automation using machines, advanced computing, and lastly, the metaverse. However, technological exposure simultaneously introduces widespread cybercrime and cyber insecurity (World Economic Forum, 2023). Critically, the macroeconomic technological landscape threatens humanity's privacy, security, and autonomy.

The World Economic Forum has outlined macroeconomic technological risks as follows:

- Foreboding outcomes of frontier technologies – as the digital world rapidly evolves, fear of unintended negative consequences of technological advances on individuals, businesses, ecosystems and/or economies looms.
- Breakdown of critical information infrastructure – Protecting critical physical and digital infrastructure is imperative to prevent deterioration, overload, and shutdown of the digital/physical structure, as cyberattacks continue to harbour digital information.
- Digital inequality and the lack of access to digital services – The inequality of digital access affects developing economies as developed areas continue to evolve digitally. The inequality stems from underinvestment, low digital skills, insufficient purchasing power, or government restrictions on technologies (i.e. banning Google/social media).
- Digital power concentration – This underpins the control of critical digital assets, capabilities, or knowledge amongst parties (state, business, or individuals) who can control access to digital technologies and demand discretionary pricing.
- Widespread cybercrime and cyber insecurity – cyber espionage that attempts to infiltrate privacy, data, and criminal attempts towards fraud and/or theft.

According to IBM Security's Cost of a Data Breach Report (2023), the average total cost of a breach reached its highest in 2023 at a cost of USD4.45m, representing a 2.3% increase from the 2022 cost of a breach of USD4.35m. Overall, the average cost has increased by 15.3% from the cost of USD3.86m incurred in 2020. Malicious insider attacks range as costly yet rare data-breaches, accounting for an average cost of USD4.90m (6% occurrence), while phishing and stolen/compromised credentials

are accountable for 16% and 15% of data-breaches, respectively for 2023. Phishing is the second-highest costly data-breach, followed by stolen/compromised credentials. Breaches with identification and containment times under 200 days cost organizations USD3.93m; those over 200 days cost USD4.95m – a difference of 23%. South Africa's cost of breach for 2023 is USD2.79m, decreasing by 18.2% from 2022 cost of breach which was valued at USD3.36m.

Table 9: Cost of breach by country/region in USD million, 2023

Region/Country	Cost of data breach by country/region	
	2022 (Value USD m)	2023 (Value USD m)
United States	9.44	9.48
Middle East	7.46	8.07
Canada	5.64	5.13
Germany	4.85	4.67
Japan	4.57	4.52
United Kingdom	5.05	4.21
France	4.34	4.08
Italy	3.74	3.86
Latin America	2.80	3.69
South Korea	3.57	3.48
ASEAN	2.87	3.05
South Africa	3.36	2.79
Australia	2.92	2.70
India	2.32	2.18
Scandinavia	2.08	1.91
Brazil	1.38	1.22

Source: IBM Security, 2023.

The ASEAN region is a cluster sample size of companies located in Singapore, Indonesia, the Philippines, Malaysia, Thailand, and Vietnam

Legal risks

A current example of an ongoing macroeconomic legal risk is the litigation case filed by the Institute of Economic Justice and #PayTheGrant against the Department of Social Development and South African Social Security Agency (SASSA) pertaining to the ongoing SRD (Social Relief of Distress) grant. This is in a bid to rectify injustices to poverty-stricken citizens who were unable to access the grant, as well as the unconstitutional backslide of the grants' value. The COVID-19 grant, valued at R350 per month, is considered to be an insufficient amount of money for a poverty-stricken South African citizen to purchase enough basic needs/essentials in accordance with section 27(c) of the Constitution (focusing on

social and economic rights). According to the legal case synopsis, governmental figures have suggested the SRD grant as a de facto permanent-basic monthly income-, during the 2023 SONA (State of the Nation Address) delivered on the 9th of February 2023. The applicant (Institute of Economic Justice) notes the wait towards the finalization of the legislative and budget processes of the SRD grant, which expires at the end of March 2024, and requires the involvement of the Minister of Finance. The dispute regarding public socio-economic responsibilities led to legal action in accordance with achieving social and economic justice for all South Africans living below the breadline.

Environmental risks

One of the most urgent environmental risks at present is water scarcity. Climate impacts on water security are particularly severe, with more frequent drought and water shortages experienced in parts of the country. The temperature extremes put additional strain on the health system, including increasing the disease burden, and affect aspects such as infrastructure, services, availability of medicines and medical supplies, and emergency services. A quarter of South Africa's population is exposed to unsafe drinking water. The deteriorating municipal water infrastructure is also a cause of water pollution and waste. Most municipal wastewater systems are not functional, which results in wastewater flowing into rivers. Investment in sustainable agriculture and water conservation technologies is crucial.

A second threat is that posed by the country's electricity crisis, with South Africa's inability to guarantee reasonable energy supply a risk to every facet of the South African economy. This threatens economic growth and raises vulnerability to crime and insecurity. The country requires investments to diversify its energy generation in favour of renewables in order to boost the economy. This will help the nation adhere to its international obligations under the United Nations Climate Conventions. The country and province's actions towards mitigating climate change and facilitating energy security are detailed in the environmental sustainability section above.

2.1.4 Internal Environmental Analysis

2.1.4.1 Overview of Wesgro's performance

Wesgro's strategic priorities is underpinned by sustainability, innovation and knowledge. Our focus is to:

- Differentiate the Western Cape as a leading regional economy;
- Capture the Western Cape's share of global investment into the tech and green economies;
- Grow Western Cape exports of goods and services;
- Grow the leisure and business tourism pie; and
- Be a sustainable and innovative Wesgro (Future-fit Wesgro);

Differentiate the Western Cape as a leading regional economy.

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 ensure energy security over the medium to longer term.

Steps have also been taken to address safety and security concerns. The investment environment is relatively conducive with a focus on cutting red tape and rolling out the red carpet for investors. Wesgro forms part of this broader leadership team in the province.

For its part, Wesgro has successfully taken the Western Cape's value proposition to the world and brought the world to the Western Cape, and in doing so is building the reputation of the Western Cape globally. Our Tourism, Trade and Investment teams hosted 68 delegations from 31 countries and visited 33 countries.

In addition, we have worked to build business confidence in the Western Cape by convening the public private ecosystem every two months on a range of key topics including Health Tech, Tech, Tourism, the Green Economy, and Future Industries. Consequently, we hosted 100 CEOs from across the province's economic ecosystem. Importantly Wesgro is slowly becoming part of global and local conversations on sustainability, regularly representing the Western Cape on international platforms, and attracting international coverage. The work of the Agency has achieved global recognition and has won multiple local and international awards during the period under review.

Capture the Western Cape's share of global investment into the tech and green economies.

Sustainability, Digitisation (Innovation), and Knowledge are themes driving the global competitiveness of the destination and have underpinned how we land the various

value propositions for investors, tourists, buyers, and filmmakers. Good progress was made during the year to drive a shift to renewable energy and unlock new market opportunities in utility-scale renewable energy, small scale embedded generation, battery and solar manufacturing, energy efficiency, e-mobility, and green hydrogen.

Of the 14 new projects facilitated by Wesgro during FY23, >50% came from foreign investors: Norway, Germany, and the United States, while 31% came from the expansion of existing businesses in the Western Cape. Many of the green economy investments were attracted together with GreenCape into renewable energy manufacturing, waste economy, sustainable agriculture, electric mobility. Pharmaceuticals comprised 17% of the investment facilitated.

Over the period under review, we built a digitisation competence across the Agency, and were actively part of the dialogue in the digitisation space both locally and globally.

Leverage 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); focused 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.

Finally, the Trade team has benefitted from the expertise of the newly established Advocacy and Advisory capability established to influence export competitiveness, market access, and increased climate related regulations. Together with the broader Provincial team, the team successfully developed and implemented a series of actions in anticipation of the expiration of

preferential access to the United States under AGOA in 2025. In addition, the team has unpacked the implications of increasing climate regulations in key export markets, such as the European Green Deal, and raised awareness of challenges.

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. By the end of March 2023, seven (7) of the province’s top ten (10) source markets were fully recovered and air passenger movements exceeded pre pandemic levels. Domestic trips recovered well and domestic spend had exceeded pre-pandemic figures in the province. Notwithstanding the pandemic, significant effort and funding were ploughed into ensuring that we remain top of the consideration list in key source markets. We have promoted Cape Town and the Western Cape on trade platforms locally and abroad, and we invested funds to showcase the unique visitor experiences through domestic and international tourism campaigns.

In addition, good progress was made in the business tourism space. Thirty (30) bids were secured in the year, with an economic impact of R423,8m. We are seeing the return of medium- to large-sized business events, and an encouraging resumption of in-person conferences.

Finally, over the period under review, we played a facilitating and advisory role and convened tourism players across the private and public sector tourism ecosystem to remove barriers, unlock opportunities and mitigate risk.

Be a sustainable and innovative Wesgro

The Agency has experienced rapid change. Our focus has been on ensuring that our work is underpinned by three pillars critical to the competitiveness of the province i.e., Sustainability, Digitisation (Innovation), and Knowledge.

We are working to build a central economic knowledge hub for stakeholders, to enable knowledge dissemination in an efficient and effective way. Good progress has been made with expansion and diversification of datasets to give us richer insights. Through building and implementing a Data Science capability, many manual processes within the Agency are being digitized saving the teams valuable time and ensuring more efficient ways of working. While we have made good progress there is still some way to go to ensure the digital transformation of the Agency.

With a clear need for Wesgro to respond to changing business environments and for us to assist in ensuring the Western Cape is ready we are building a Sustainability (Green) competence within the Agency. Accordingly, this strengthens the ability of Wesgro to align its work with the Western Cape's objectives of investing in climate resilience.

The period under review, we made progress with replicating our intellectual property in catalytic delivery models which aimed to create big change and impact.

- We have put in place the building blocks for two potential catalytic initiatives which we hope will take root over the next few financial years: Edu Invest and the Cape of Great Events.
- Importantly, exceptional progress was made by both Cape Town Air Access (CTAA) and Cruise Cape Town – both projects powered by Wesgro.
- In the case of Cape Town Air Access, the addition of four new routes over the period November 2022 to March 2023 delivered an estimated economic impact of R430m.
- In the case of Cruise Cape Town, the 70 ship calls over the recent cruise season, November 2022 – May 2023, resulted in an estimated economic impact of R1.2 billion.

In addition, Wesgro achieved a remarkable outcome in Wesgro's audit turnaround. The outcome has shifted from a qualified audit opinion in 2021/22 to an unqualified audit opinion in 2022/23. While material findings on Supply Chain Management were identified, this turnaround served as a catalyst for introspection and innovation. 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.

Wesgro's approach to the fiscal crunch

To deal effectively with the current fiscal crunch and to ensure that Wesgro continues to perform effectively and achieve its objectives the entity will be focusing on three core principles to ensure fiscal consolidation.

- Apply the 80/20 principle to ensure a focus on work that will enable ongoing competitiveness of the Western Cape economy.
- Slow down (not stop) the progression of spend on flagship projects in FY25, FY26 and FY27.
- In particular, focus on projects that if we stop now, we will lose out over longer term missed opportunities.

The first being to focus on the levers that will enable Western Cape competitiveness to achieve economic growth. Economic growth is essential to change the trajectory of the fiscal cliff. Current FDI Investment trends show investment in Energy, Innovation and Sustainability areas and focusing on driving investments into these areas could drive economic growth in both the short- and long-term. This sentiment echoed through private sector is calling on Wesgro to focus on energy and how to become energy resilient.

The second is the slow down the progression of the spend in FY25, FY26 and FY27 and the third is focusing on areas that if we stop now, we will lose out on progress and ultimately the economic growth focus.

2.1.4.2 Wesgro Strategy FY2024-25

Differentiate the Western Cape as a leading regional economy

Brand recognition and equity for Investment, Trade and Tourism. Industry Net Zero Readiness in Western Cape. Professional Advocacy & Advisory Support. Replicating catalytic delivery models to leverage private sector collaboration. Global thought leadership reach via multiple channels.

Capture the Western Cape's share of global investment (G4J Target: R200bn by 2035)

Investor Declarations focus on Energy resilience (including LNG), Green transition (including renewables, green hydrogen, and water), Increase in R&D spend. Increase in venture capital flows. Unlocking new markets such as China, ASEAN, and Middle East. Increased investment from existing WC businesses.

Grow Western Cape exports of goods and services, including Tourism (G4J Target: Triple exports by 2035)

Mature Export Support Services across the Province. Digital value proposition. Increase exports into strategic growth markets including, China, ASEAN, and Middle East. Link Cape Trade portal to e-commerce marketplace. Made in the Cape (Selected marketplace). Grow exporter and buyer base. New strategic partners. Trade in Services.

Grow the leisure and business tourism pie to support the export target (G4J Target: Double tourism by 2035)

Grow Cruise Cape Town. Grow Leisure Tourism arrivals. Grow Events. Regional spread and inclusivity. Sustainable Tourism Readiness. Innovation. Seasonality. Tourism Impact Reporting.

Be a sustainable and innovative Wesgro (Future-fit Wesgro)

Good governance. Digitally transformed. Innovation mindset. High performing culture. Net Impact focus. Client Centric. Economic knowledge hub. Funding sustainability.

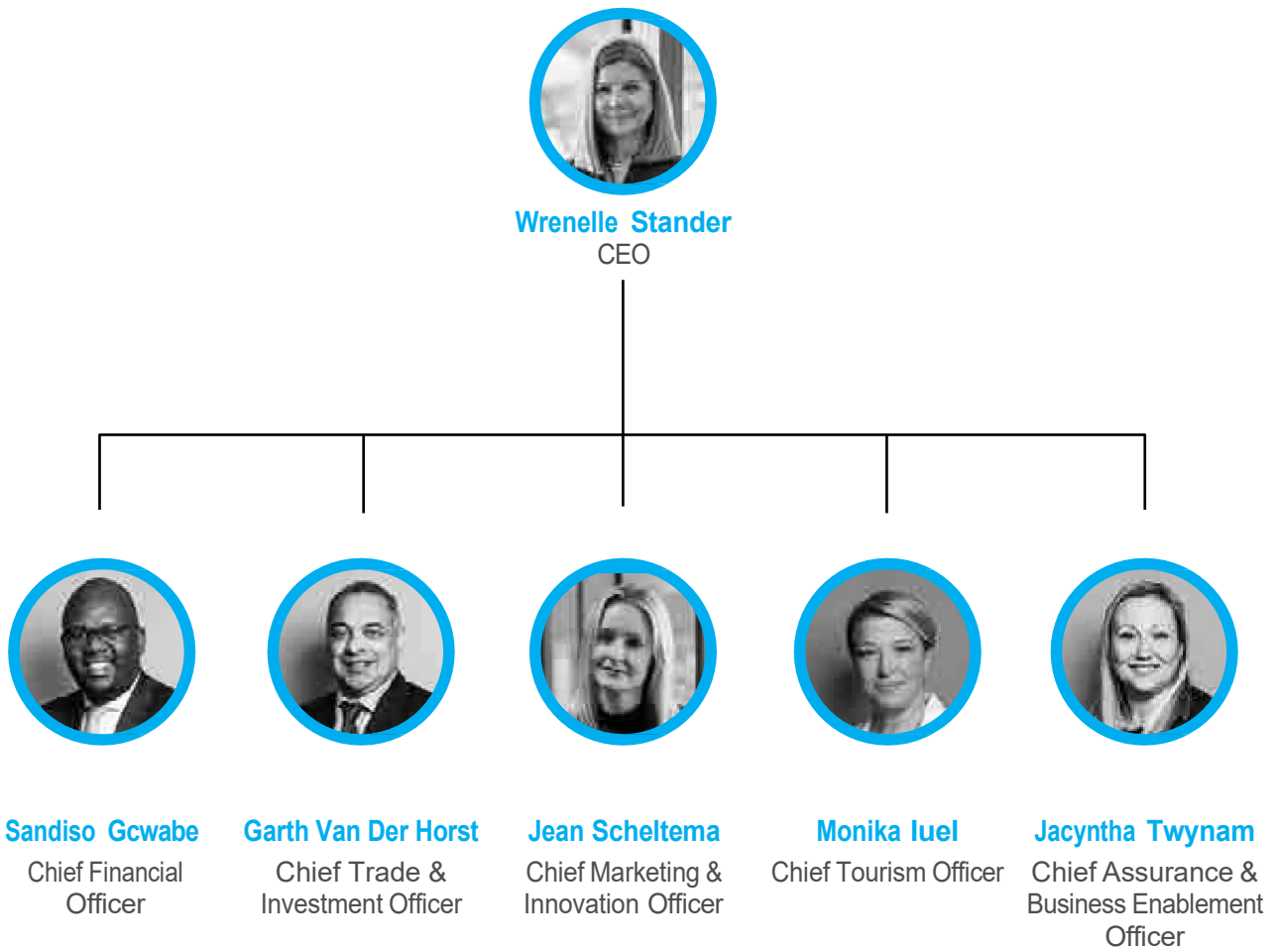


2.1.4.3 The Wesgro Board

Wesgro is a Schedule 3C public entity as stipulated in the PFMA and is managed by a Board of Directors appointed by the Executive Authority. The table below provides a list of the Board members:

Wesgro Board Members		
Name	Title	Date of Appointment
Dr. Shirley Zinn	Chairperson	02 August 2023
Ms. Natalie Jabangwe	Member of the Board	03 August 2023
Mr. Velani Mboweni	Member of the Board	03 August 2023
Ms. Sabine Lehmann	Member of the Board	16 August 2023
Executive Mayor Hendrik Du Rand	SALGA Representative to the Board	01 February 2022
Councilor Nicolaas Louw	SALGA Representative to the Board	01 February 2022
Mr. Lance Greyling	Ex-officio Member of the Board appointed by the shareholder Mayor, City of Cape Town	01 June 2017
Mr. Johannes van Rooyen	Member of the Board	01 November 2017
Mr. Sazi Ndwandwa	Member of the Board/ Chairperson of the Audit, IT and Risk Committee	23 November 2021
Mr. Geoffrey Jacobs	Member of the Board / Chairperson of the Human Resource and Remuneration Committee	17 March 2021
Mr. Simon Kaye	Ex-officio Member of the Board appointed by the shareholder, Minister	24 August 2022
Mr. Paul Cluver	Member of the Board	12 December 2022
Mr. Timothy Scholtz	Member of the Board	12 December 2022
Mr. David Bridgman	Member of the Board	15 December 2022
Ms. Wrenelle Stander	Chief Executive Officer/ Ex-officio member	15 October 2021

2.1.4.4 Wesgro's Organogram



2.2 Wesgro's Strategic Outcomes, Outputs as captured in the Logic Model Framework

Strategic Outcomes	
Strategic Outcome	To grow the Western Cape Economy through investment, trade, tourism and film promotion.
Outcome Statements	<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"> To recruit and facilitate R12,4bn committed investments into the Province, resulting in 5 698 jobs To recruit and facilitate R20.9bn trade agreements, resulting in 3278 jobs To market Cape Town and the Western Cape and support tourism destination marketing initiatives with an estimated economic value of R3.5bn.
Baseline	<p>During the 2022/23 financial year, the Agency attracted, facilitated direct investment, film and media deals, export agreements and tourism initiatives with an estimated economic impact of over R12,5bn and 7 475 direct jobs created.</p> <ul style="list-style-type: none"> A total of eight investment projects with an investment value of R4,13bn was committed, resulting in the creation of 1 507 direct jobs. A total of 83 export promotion business agreements were signed, with an estimated economic impact of R3,14bn, resulting in 906 direct jobs. Also, three OFDI projects were committed to the value of R805m. A total of 30 bids, with an estimated economic impact of R423,8m was generated for tourism
Links	Wesgro plays a pivotal role in investment and trade promotion, and marketing Cape Town and the Western Cape as a tourism and film destination.

Wesgro				
Inputs Annual	Activities Annual	Outputs Annual	Outcomes 3-5 Years	Impact 5-10 Years
Finance Resources Operational Plan	Activities Wesgro high-level Business Model Operational Plan	<ul style="list-style-type: none"> Positive financial viability rating Percentage achievement of annual budgeted operational expenditure 	<ul style="list-style-type: none"> Unqualified Audit report with no material findings (on an annual basis) 	<ul style="list-style-type: none"> Fully functional, efficient and effective Agency
Assurance and Business Enablement Resources Operational Plan		<ul style="list-style-type: none"> Number of M&E performance reports submitted Number of reports evidencing maintenance of the Agency's ICT environment 		
Marketing and Innovation Resources Operational Plan		<ul style="list-style-type: none"> Number of strategic campaigns 	<ul style="list-style-type: none"> Number of people reached (PFA 5&7 – G4J) 	<ul style="list-style-type: none"> Growing brand awareness
Investment Resources Operational Plan		<ul style="list-style-type: none"> Number of investment projects committed 	<ul style="list-style-type: none"> Rand value of committed investments into the Province (PFA1- G4J) Number of jobs facilitated from committed investments into the Province 	<ul style="list-style-type: none"> To contribute to the expansion of the economy and the facilitation of jobs within the Province: % Economic growth % Jobs (direct and indirect)
Export Resources Operational Plan		<ul style="list-style-type: none"> Number of trade declarations signed 	<ul style="list-style-type: none"> Rand value of trade declarations signed (PFA2- G4J) Number of jobs facilitated from trade declarations signed 	
Tourism Resources Operational Plan		<ul style="list-style-type: none"> Number of bids secured 	<ul style="list-style-type: none"> Total estimated economic value of tourism destination marketing initiatives (PFA2- G4J) 	

2.3 Overview of 2024/25 budget and MTEF estimates

Programme	Outcome				Estimated outcome	Medium-term estimate			
	R'000	Audited	Audited	Audited		Audited	2023/24	2024/25	2025/26
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Finance		12 999	16 865	18 758	18 978	20 220	18 947	19 466	20 118
Investment		18 111	23 497	26 134	31 567	33 238	25 679	26 383	27 266
Export		16 239	21 068	23 432	25 778	31 707	25 828	26 536	27 424
Tourism		21 110	27 388	30 461	31 056	30 955	30 025	30 848	31 880
Marketing and Innovation		20 330	26 375	29 335	29 809	55 351	46 461	47 735	49 333
Assurance and Business Enablement		6 925	8 984	9 992	11 309	26 772	12 533	12 878	13 310
Total payments and estimates		95 714	124 177	138 112	148 497	198 242	159 474	163 846	169 331

Overview budget and MTEF estimates per economic classifications:

Economic classification	Outcome				Estimated outcome	Medium-term estimate			
	R'000	Audited	Audited	Audited		Audited	2023/24	2024/25	2025/26
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Expenses									
Current expense		95 714	124 177	138 112	148 497	198 242	159 474	163 846	169 331
Compensation of employees		60 709	60 885	57 693	62 552	75 863	79 537	83 196	83 196
Salary & Wages		50 072	52 223	49 485	52 723	65 367	68 328	71 241	71 241
Social Contributions (employer contributions only)		8 637	8 662	8 208	9 829	10 496	11 209	11 955	11 955
Use of goods and services		35 005	63 292	80 419	85 945	122 379	79 937	80 650	86 135
Administrative expenses		4 236	4 029	4 065	3 439	1 736	3 582	3 463	3 463
Audit Fees		2 452	3 346	2 977	4 575	3 941	1 971	1 905	1 905
Marketing cost		9 561	25 924	38 014	36 184	31 760	28 053	27 455	27 455
Workshops & seminars		4 138	6 493	7 835	13 595	19 698	18 524	18 176	18 176
Other operating expenses		14 618	23 500	27 528	28 152	42 810	25 307	27 651	31 136
Capital Additions Expenditure		-	-	-	-	22 434	2 500	2 000	4 000
Total expenses		95 714	124 177	138 112	148 497	198 242	159 474	163 846	169 331

2.4 Relating expenditure trends to strategic goals

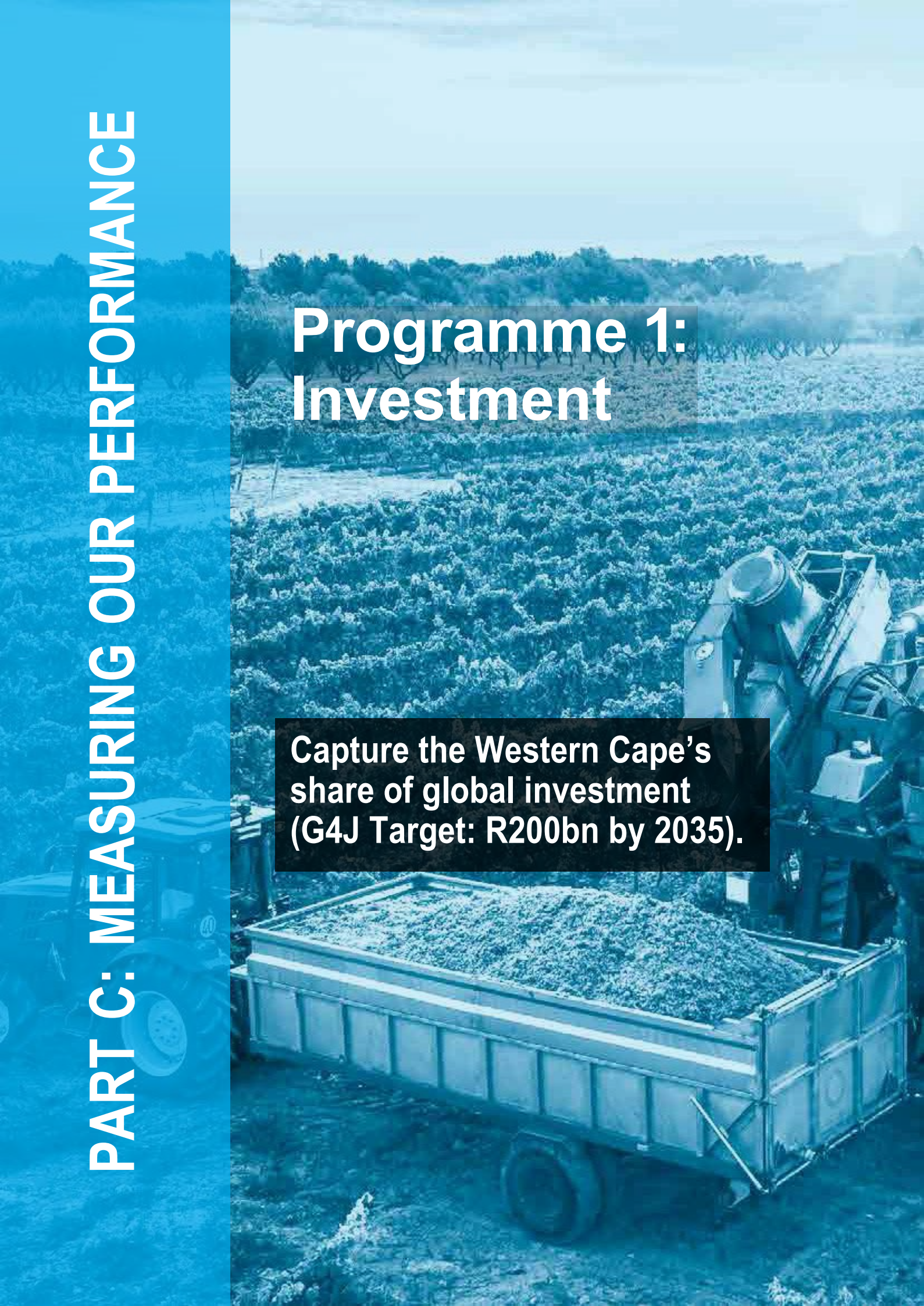
With the ever-decreasing fiscus, the leadership of the organisation embarked on strict fiscal discipline in consultation with Wesgro's stakeholders to ensure that funds are spent on the strategic priorities. This continuous

focus will ensure that Wesgro will deliver on its mandate and embark on new initiatives to bring about impactful change.

PART C: MEASURING OUR PERFORMANCE

Programme 1: Investment

**Capture the Western Cape's
share of global investment
(G4J Target: R200bn by 2035).**



3 PART C: MEASURING OUR PERFORMANCE

3.1 Programme 1: Investment

3.1.1 Purpose

Capture the Western Cape’s share of global investment. (G4J Target: R200bn by 2035).

3.1.2 Programme Outcomes

Investor Declarations focus on Energy resilience (including LNG). Green transition (including renewables, green hydrogen, and water). Increase in R&D focus. Increase in venture capital flows. Unlocking new markets such as China, ASEAN, and Middle East. Increased investment from existing WC businesses.

3.1.3 Programme Structure

This programme has no sub-programmes.

3.1.4 Investment Tactics for 2024/25

Investment Programme will focus on the following deliverables:

- Develop a robust deal flow through active market participation, network development and engagement. The development of a value proposition as an internationally competitive hub will take place throughout the year and leverage off the existing propositions such as Africa’s Tech Capital, Green

Economy hub and Access to Africa.

- Ensure investor orientated service delivery across the different stages of the investment lifecycle.
- Focus on Green value proposition (i.e., renewable energy, e-mobility, circular economy to ensure that Western Cape is competitive in the future.
- Focus on Tech value proposition to ensure the continued competitiveness for Cape Town to capture its share of global investment. Deepening competitiveness of economy in the Western Cape, unblocking systemic challenges in tech (particularly acceleration of complex skills development) and tech start-up.
- Develop a targeted tech and green investment pipeline.
- Focus on key strategic sectors which contribute to the Western Cape GDP including film/creative industries, health, agri-processing (food), manufacturing, blue economy, real-estate, energy and business services, green economy, tech economy.
- Innovative lead generation.
- Deliberate private sector relationship building.
- Increase responsiveness and agility to changing environments.
- Disaggregated Reporting: Total number of companies | Pipeline: ABC pipeline | Life cycle: Greenfields. Brownfields | Districts and Sectors.

3.1.5 Strategic outcomes

Strategic outcomes	
Strategic outcomes	Facilitate investment and jobs into the Western Cape.
Outcome statements	5-year outcome: To recruit and facilitate R12.4 billion in committed investments into the Province, resulting in 5 698 jobs. 2024/25 outcome: To recruit and facilitate R4bn committed investment into the Province, resulting in 2 000 jobs.
Baseline	A total of R4.13bn investments was committed, resulting in 1 507 jobs during the 2022/23 financial year.
Justification	The facilitation of investment projects into the Western Cape is a core function of Wesgro and it is imperative that the Agency remain consistent and a leader in investment generation.
Links	The objective is aligned to VIP 2: Economy and Jobs and the Western Cape Government as well as the Growth for Jobs (G4J) strategy – PFA1. The investment objective is also aligned to the National Development Plan and Vision 2030 in relation to economic growth and industry development.

3.1.6 Outcomes, Outputs, Performance Indicators and Targets 2024/25

No.	Outcome	Outputs	Output Indicators	Annual Targets						
				Audited /Actual Performance			Estimated Performance	MTEF Period		
				2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1.1	Rand value of committed investments into the Province	Investment projects committed	Number of investment projects committed	17	8	14	18	18	18	18
1.2	Number of jobs facilitated from committed investments into the Province									

3.1.7 Indicators, Annual and Quarterly Targets 2024/25 (Output indicators)

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1.1.1	Number of investment projects committed	18	4	4	5	5

3.1.8 Explanation of planned performance over the medium-term period

The Investment Programme undertakes a range of outputs to ensure that it meets its outcomes in terms of investment attraction and job creation. These include promoting the Western Cape internationally through undertaking outward missions, hosting inbound business delegations and having meetings with investors in the pipeline. The Programme maintains a robust pipeline of investment projects that are weighted in accordance with the probability of the investment commercialising within a certain timeframe.

The devaluation of the ZAR currency against major foreign currencies places additional pressure on limited funds available.

The targets have been kept consistent with prior years because geopolitical tensions in the Middle East and Russia-Ukraine conflict are posing substantial risks for the environment for investment. In addition, there are a number of challenges within the South African context including flailing infrastructure, political uncertainty, security, crime and corruption which is impacting on the investment climate.

Wesgro's investment promotion activities are focused on investment promotion and investment facilitation. In addition, the Investment team will coordinate three multi-dimensional projects, namely Health, Halal and Space economy.

Investment promotion

Wesgro's investment promotion work is focused on positioning the province as an attractive investment destination and through this generate leads that may materialise into investment projects being landed. Lead generation for the 2024/25 year will be achieved through a variety of activities, including:

- Online lead generation tool – Gazelle AI.
- Outward investment missions.
- Direct enquiries and referrals from intermediaries (WC Government, CoCT, Chambers of Commerce, law firms, banks, etc).
- Focus on logistics.
- Monitoring of real estate market trends.
- Desktop research and market intelligence reports.
- Direct engagements at local and international events.

- Hosting inward business delegations and events (both local and foreign) to engage directly with potential investors.
- Developing targeted marketing campaigns to promote the Western Cape economy.
- Developing an investment promotion plan for Green Hydrogen.
- Each sector desk will target specific sub-sectors in order to ensure that investment promotion activities are targeted and to try and ensure the highest chance of success. These targeted sub-sectors have been chosen using different criteria, including: 1. Size (e.g. GVA contribution) of sub-sector in South Africa and the Western Cape, including the trajectory of the contribution, 2. Value of investment in sector globally, as well as in South Africa and the Western Cape (over a period of time), 3. Recent growth in sector and future growth potential (including the underlying competitiveness of the Western Cape, or South Africa, and its potential to take advantage of this growth). There will be a strong focus on the Green economy across 4. sub-sectors: Renewable Energy, E-mobility, Green Hydrogen and Green manufacturing (e.g. lithium-ion batteries, solar panels), as well as Tech and Business Services (FinTech, EdTech, AI, Tech/Business Services Hubs, and Mobility/logistics Tech).
- Wesgro has identified a range of FDI markets for a specific sectoral priorities.
 - The target markets have been chosen using different criteria, including:
 - Historical investment in South Africa and the Western Cape (e.g. USA, UK).
 - Strength of country expertise in particular sectors (e.g. Switzerland – health sector).
 - Historical investment in particular sub-sectors being targeted (e.g. FinTech, Renewable energy).
 - Strategic importance and emerging investor demand (e.g. BRICS countries, including in the Middle East, as well as certain African countries like Kenya).
 - The target markets for FDI will be UK, Germany, Netherlands, Norway, Switzerland, Ireland, USA, China, UAE, Saudi Arabia, Indonesia, Malaysia, Japan, Kenya.

The Business Growth Services (BGS) team will focus on a provincial and national outreach campaign to promote expansion investments into the Western Cape, either through new domestic investment into the Western Cape from other regions or expansion of existing Western Cape businesses.

Investment facilitation

Investment facilitation work will focus on:

- Enhanced data and knowledge development in order to:
 - Provide investors with information that best assists them in landing an investment, e.g. overview of service providers to assist with legal matters, BBBEE, incentives, accounting, etc.
 - Assist companies to understand and take advantage of opportunities in the Green transition (including renewables, green hydrogen, and water).
 - Increased collaboration with the Export team, in order to assist businesses in meeting increased export demand through business expansion. In addition, the closer collaboration could also yield more referrals to the export team and therefore an expanding number of Exporters, OFDI and greater demand for Exporter training via the EAP.
 - Enhanced approach to issue resolution – including enhanced issue tracking and enhanced collaboration between the Investment Promotion team, One-Stop-Shop and Advocacy team, as well as government stakeholders (local, provincial and national).
 - Ensuring professional level of service to clients to ensure investments are more likely to land in the province.
 - Enhanced capacity to connect investors with investment opportunities in the province, particularly in relation to Energy resilience (including LNG).
 - Work on advocacy related to laws negatively impacting the ability of SA companies attracting more venture capital.

Investment retention

In cases where there are medium or large businesses under threat of closure, Wesgro will assist to try and

prevent these closures, particularly where Wesgro can have a strong impact, including but not limited to:

- Engagement with different levels of government (local, provincial and national) to resolve regulatory issues.
- Engagement with funders to assist with investment.

Multi-dimensional projects

The Investment team will coordinate three multi-dimensional projects, namely Health, Halal and Space economy. Across these three projects, the Investment team will coordinate with the export team and other teams in Wesgro to cover three broad workstreams, namely Investment Promotion, Export Promotion and a limited amount of Industry development. The industry development work will focus on research work on Halal and the Space economy in the Western Cape, as well as convening industry to understand and assist with binding constraints to its growth, as well as elevating the profile of these sectors in the Western Cape.

The investment team will also play a strong role in supporting the development of the Green Hydrogen sector in the Western Cape.

The team will develop a Green Hydrogen investment promotion plan, which will include support for those projects already in the pipeline and look to attract more projects and more leads for components in the green hydrogen production value chain. In addition, the investment team will collaborate with the Marketing and Innovation team on industry development work for Green Hydrogen.

3.1.9 Reconciling performance targets with budget and the MTEF Summary of payments and estimates: Programme 1: Investment

Summary of provincial payments and estimates by economic classification:

Economic classification R'000	Outcome				Estimated outcome	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22	Audited 2022/23		2023/24	2024/25	2025/26
Expenses								
Current expense	18 111	23 497	26 134	31 567	33 238	25 679	26 383	27 266
Compensation of employees	8 472	13 607	12 893	13 014	13 466	14 139	14 327	14 327
Salary & Wages	7 341	11 789	11 171	11 180	11 667	12 250	12 312	12 312
Social Contributions (employer contributions only)	1 132	1 818	1 722	1 834	1 799	1 889	2 015	2 015
Use of goods and services	9 639	9 890	13 241	18 533	19 772	11 540	12 056	12 939
Administrative expenses	278	271	314	476	109	125	129	129
Marketing cost	2 673	2 812	3 905	1 503	1 070	1 572	1 601	1 601
Workshops & seminars	3 210	3 014	4 113	5 723	5 455	2 345	2 403	2 403
Other operating expenses	3 478	3 793	4 909	10 831	7 059	7 498	7 923	8 121
Capital Additions Expenditure					6 079			
Total expenses	18 111	23 497	26 134	31 567	33 238	25 679	26 383	27 266

3.1.10 Programme resource considerations

The current economic climate and budget restrictions have placed tremendous pressure on the Programme to achieve its targets however, the Programme remains committed to achieving the targets set out in the plan. Several mitigation strategies have been put in place to ensure that it is able to deliver on its targets. Further to this, new initiatives have been implemented to ensure that the Programme contributes to the Agency's objective of creating a stimulating environment for increased economic growth and job creation.

The Agency is aligned to the strategies of National and Provincial Government and the City of Cape Town, to achieve increased economic growth and jobs.

3.1.11 Updated key risks and mitigation from the Strategic Plan

Provided under section 3.7.



Programme 2: Export

Grow Western Cape exports of goods and services, including Tourism (G4J Target: Triple exports by 2035).

3.2 Programme 2: Export

3.2.1 Purpose

Grow Western Cape exports of goods and services, including Tourism (G4J Target: Triple exports by 2035).

3.2.2 Programme Outcomes

Mature Export Support Services across the Province. Digital value proposition. Increase exports into strategic growth markets including, China, ASEAN, and Middle East. Link Cape Trade portal to e-commerce marketplace. Made in the Cape (Selected marketplace). Grow exporter and buyer base. New strategic partners. Trade in Services.

3.2.3 Programme Structure

This programme has no sub-programmes.

3.2.4 Export Tactics for 2024/25

The Export Programme will focus on the following deliverables:

- Accelerate and increase access to the Wesgro export offering via digital platforms: i.e., Cape Trade Portal. Intention to accelerate digital export promotion. More, higher value trade deals.
- Prioritise African market to ensure that the province is a gateway to the rest of the continent: Africa continues to be an important market for Western Cape companies wishing to take advantage of global opportunities. Specifically with the African Continental Free Trade Agreement coming to fruition, market access and continent-wide value chains will be unlocked, particularly presenting opportunities for South African companies. Wesgro's assistance to Western Cape companies seeking to invest into key markets could provide critical first-mover advantage, particularly over European and Asian counterparts. The AfCFTA also presents opportunities to international companies seeking to access the African market.
- Ensure exporters are aware of opportunities presented by international agreements and preferential market access (AfCFTA, AGOA, EU EPA, UK EPA, SADC). Maintain a watching brief. This year in particular brings new opportunities under the AfCFTA.

- Focus on key strategic products which contribute to the Western Cape export offering: Agriculture and agri-processing, manufacturing and value-added products including boat building, cosmetics, machinery.
- Focus on Green, Halal, and Organic offerings.
- Services export focus: New dedicated services support for this key Western Cape industry. Focus on technology, including health tech, agritech, fintech, spacetech, edtech, design and gaming, film, media and creative industries.
- Creative Industries exports focus supports the promotion of the City of Cape Town and Western Cape region as a creative industries location globally to enhance the export of these services.
- Ensure exporter orientated service delivery across the different stages of the exports lifecycle, including assisting firms to become export ready – Ensure that local exporters are able to have the best chance of success at competing internationally and grow their businesses through exports.
- Focus on trade support for larger companies in the Western Cape.
- Focus on key strategic markets which contribute to the Western Cape export offering:
 - Africa: DRC, Cameroon, Nigeria, Kenya, Ivory Coast, Ghana, Namibia, Francophone African markets.
 - Asia and Middle East: China, UAE, Saudi Arabia, Singapore, India, South East Asia.
 - Americas: USA, Canada, Brazil.
 - UK & EU: UK, France, Italy, Germany, Spain, Netherlands, Denmark, Turkey.
- Collate exporter challenges and develop systematic plan to solve them: Wesgro will monitor and assess exporter challenges throughout the year. Along with the relevant partners, Wesgro will develop a systematic plan to escalate the solving these challenges. Some of these challenges may be solved within a year and others will require more time depending on the levels of sophistication and degree of policy or legislative changes required, or bilateral engagement with trading partners.
- Expand lead generation opportunities supplementing traditional lead generation tactics with expanded partnerships and omnichannel approach and a focus on buyers.

3.2.5 Strategic outcomes

Strategic outcome	
Strategic outcome	To promote and facilitate global exports of goods and services from qualified companies in the Western Cape.
Outcome statements	5-year outcome: To recruit and facilitate R20.9 billion in trade declarations, resulting in 3278 jobs. 2024/25 outcome: To recruit and facilitate R5.2bn in trade declarations, resulting in 692 jobs.
Baseline	A total value of R3.14bn in trade declarations were signed, resulting in 906 direct jobs during the 2022/23 financial year.
Justification	By promoting and facilitating exports, the economy of the Western Cape will grow, and continuous job creation will be sustained. In addition, exposure to markets will increase demand for brands.
Links	The objective is aligned to VIP 2: Economy and Jobs and the Western Cape Government Growth for Jobs (G4J) strategy – PFA2. The objective is also aligned to the National Development Plan and Vision 2030 in relation to economic growth and industry development.

3.2.6 Outcomes, Outputs, Performance Indicators and Targets 2024/25

No.	Outcome	Outputs	Output Indicators	Annual Targets						
				Audited /Actual Performance			Estimated Performance 2023/24	MTEF Period		
				2020/21	2021/22	2022/23		2024/25	2025/26	2026/27
2.1	Rand value of trade declarations signed	Trade declarations signed	Number of trade declarations signed	66	61	83	60	60	60	60
2.2	Number of jobs facilitated from trade declarations signed									

3.2.7 Indicators, Annual and Quarterly Targets 2024/25 (Output indicators)

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
2.1.1	Number of trade declarations signed	60	15	15	15	15

3.2.8 Explanation of planned performance over the medium-term period

The Programme undertakes to ensure that it meets its targets of trade declarations signed and jobs created. The targets have been kept consistent with prior years because geopolitical tensions in the Middle East and Russia-Ukraine conflict are posing substantial risks for the environment for trade.

Geopolitical tensions continue to escalate, with ongoing conflicts in Europe and heightened regional tensions in the Middle East posing substantial risks to global energy prices and supply chains, thereby dampening economic growth and investment prospects.

The fragmentation of global trade remains a significant concern, disrupting established patterns and crucial trade corridors including the Red Seas and Suez Canal, and Panama Canal pose further threat and creating uncertainties for businesses worldwide.

Trade Missions

To increase exports from the Western Cape, Wesgro will continue to dedicate substantial attention to unlocking new markets, and expanding the Western Cape's presence in existing markets, through export and OFDI missions and other promotional activities. Activities may include Trade Exhibitions, Fairs and Festivals, Outward Selling Mission (OSM), Inward Buying Missions (IBM), Study Tours, B2B Missions and digital trade (including online platforms).

The team will have a dedicated focus to unlock export opportunities for the services sector, including creative industries. An independent study was commissioned in 2023 to identify the largest services export opportunities abroad, and services trade activities for the year were aligned accordingly. The Wesgro services team will continue to build on a trade in services strategy, and build and refine the support offering in the sector.

A focus on international buyers will remain, to stimulate inward buyer missions and help connect Western Cape exporters directly to international importers. A key mission will be Made in the Cape 2025, a locally hosted inward buyer mission, to help boost exports and to raise awareness of the Western Cape as a sought-after source market for quality goods and services.

The team will continue to focus on collaborating with the private sector, such as banks, logistic providers, online

platforms, etc., to be able to scale support in an effort to triple export by 2035.

To support Western Cape Exporters accessing international markets, Wesgro Export Team will work with DEDAT to develop a framework to launch a Western Cape Export Promotion Fund, to be launched in the 2024-2025, pending approval and budget.

Export Training and Mentoring

Wesgro will continue to expand its Export Advancement Programme (EAP), to help grow the export capacity of companies in the Western Cape through export training, including: (1) orientation to export, export marketing plan; (2) financial risk management; (3) export costings and logistics; (4) incoterms and (5) export mentoring. Additionally, the EAP team will introduce trade in services focused topics including: (1) Contracts; (2) Intellectual Property and (3) Legal/Contracts.

To expand efforts in reaching more businesses, especially in the districts, the EAP will collaborate with DEDAT to host Export Workshops in all five Western Cape districts. Additionally, the EAP team will also host a series of virtual Export Talks, which are bite-sized online workshops focusing on specific export topics i.e. HS codes, certification, trade agreements, etc.

To scale the support to Western Cape business, the EAP will build out the online resource center in the Cape Trade Portal, including online training, resources, etc. Additionally, the team will continue advocating the creation or growth of aggregator traders to support SMME's for large trade orders, particularly linked to increased trade promotion activities in the East.

Business Networking Events

Wesgro, together with private and public partners, will host and/or participate in a series of Business Networking Events & Workshop (in-person, virtual or hybrid) to build the Western Cape exporter ecosystem and provide Western Cape exporters and international buyers with the necessary information, intelligence, tools and networking opportunity to increase exports of goods and services from the Western Cape to the rest of the world.

Focus area will include, but not limited to: (1) Cape Trade Portal, (2) Wesgro export offering, (3) Western Cape

current trade profile, (4) Export incentives available in South Africa, (5) Support provided by export service providers i.e. freight forwarders and trade finance, (6) trade agreements (i.e. AfCFTA, SADC-EU, SACU-EFTA, SACUM-UK, AGOA), (7) sector focus (i.e. trade-in-services), (8) export opportunities in new and existing markets (i.e. BRICS) and (9) new developments (i.e. EU Green deal, Green Transformation, Sustainability) and (10) Film, Media and Creative Industries Opportunities and Challenges.

Additionally, the team will work closely with Wesgro's BGS team to support business expansion projects in order for the business to start and/or increase exporting their goods and services to global markets.

Cape Trade Portal

Wesgro launched the Cape Trade Portal in February 2022, a web-based platform that serves as an online marketplace and export resource centre. The portal serves to virtually connect Western Cape exporters and international buyers 24/7 and to support Western Cape exporters with export training, tools and intelligence. The Cape Trade Portal was supported by an online Made in the Cape marketing campaign (supported by Wesgro's marketing team), to help drive international buyers to the portal, and to raise awareness of the Western Cape as a trusted sought-after source market of quality goods and services.

The 2024-25 financial year will see the Cape Trade Portal see phase two of development, to continue to scale and streamline the export support offering to Western Cape exporters. Phase two of development can include, but not limited to: (1) Increased access to international markets via linkages with e-commerce sites and other market places; (2) Improved UX; (3) Improved search functionality; (4) Operating system for Wesgro Export Team i.e. manage trade missions via portal, link to CRM, Comms via the portal; (5) Improved resource centre including access to export tools and intelligence provided by the ecosystem (i.e. DEDAT, City of Cape Town, Department of Agriculture, Export Councils, etc).

To help facilitate exporters queries, the Western Cape Trade Barrier mechanism has been built and can be accessed via the Cape Trade Portal. To ensure successful execution, close collaboration with all national, provincial and city government departments are required, to ensure Western Cape exporters' challenges are resolved quickly and seamlessly. Wesgro, Western Cape Invest SA One-Stop-Shop, DEDAT, Department of Agriculture and City of Cape Town to establish a framework for cooperation and review resource allocation.

3.2.9 Reconciling performance targets with budget and the MTEF Summary of payments and estimates: Programme 2: Export

Summary of provincial payments and estimates by economic classification:

Economic classification R'000	Outcome				Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited	Audited		2023/24	2024/25	2025/26
Expenses								
Current expense	16 239	21 068	23 432	25 778	31 707	25 828	26 536	27 424
Compensation of employees	5 144	8 262	7 829	8 013	10 828	11 369	11 654	12 201
Salary & Wages	4 335	6 961	6 597	6 691	9 124	9 580	9 820	10 321
Social Contributions (employer contributions only)	810	1 300	1 232	1 322	1 704	1 789	1 834	1 880
Use of goods and services	11 094	12 806	15 603	17 765	20 879	14 459	14 882	15 223
Administrative expenses	154	541	133	354	143	157	162	194
Marketing cost	2 032	2 462	2 324	3 786	3 812	3 421	3 510	3 912
Workshops & seminars	3 165	3 882	4 636	5 013	4 772	4 289	4 250	4 987
Other operating expenses	5 743	5 921	8 510	8 612	10 752	6 592	6 960	6 130
Capital Additions Expenditure					1 400			
Total expenses	16 239	21 068	23 432	25 778	31 707	25 828	26 536	27 424

3.2.10 Programme resource considerations

The Agency is aligned to the strategies of National and Provincial Government and the City of Cape Town, in order to achieve increased economic growth and jobs. The Agency will contribute to the export driven growth approach. The Export Programme will ensure that it

delivers on its mandate and implements the initiatives aimed at an increase in exports.

3.2.11 Updated key risks and mitigation from the Strategic Plan

Provided under section 3 7





Programme 3: Tourism

Grow the leisure and business tourism pie to support the export target (G4J Target: Double tourism by 2035).

3.3 Programme 3: Tourism

3.3.1 Purpose

Grow the leisure and business tourism pie to support the export target (G4J Target: Double tourism by 2035).

3.3.2 Programme Outcomes

Grow Cruise Cape Town. Grow Leisure Tourism arrivals. Grow Events. Regional spread and inclusivity. Sustainable Tourism Readiness. Innovation. Seasonality. Tourism Impact Reporting.

3.3.3 Programme structure

Leisure Tourism

Leisure Tourism, in partnership with industry and other stakeholders, focuses on attracting leisure visitors to the province.

In order to continue to attract international and domestic tourists to Cape Town and the Western Cape, the destination must ensure that it evolves to respond to the changing needs of the visitor, which have shifted since the pandemic. Promotion activities need to attract domestic, regional and international tourists, focusing on geographic spread across the regions as well as addressing seasonality, to ensure that economic activity happens across the province and all year round. Data-led decision-making when selecting source markets is critical to ensure that investment is rewarded with maximum returns and partnering with industry to benefit from their audiences will deliver even further ROI.

Convention Bureau

The Convention Bureau's primary purpose is to position, market and sell the destination to host meetings, incentives, conferences and trade exhibitions.

Cruise Cape Town

The Cruise Cape Town project is aimed at growing the cruise economy in Cape Town and the Western Cape. The objectives of the project are to: retain cruise visits

to Cape Town Port, improve cruise excursion offerings, facilitate the reduction of constraints to the cruise economy, improve Cape Town and the Western Cape's competitiveness in the cruise industry, and support growth and job creation in the tourism and other industries associated with the cruise economy. Cruise Cape Town works with public and private sector partners.

3.3.4 Tourism Tactics for 2024/25

The Tourism Programme will focus on the following deliverables:

- Grow international travel market. Unlock potential new markets through travel trade activities (SA Tourism & trade partnering) in Brazil (requires airlift); Canada; India; Nordics; Ireland and Belgium.
- Focus on high-value international travellers. Traditional core markets (US, UK, Germany, Holland, France) through international marketing campaigns. Growth of cruise tourism industry to beyond pre-pandemic levels.
- Expand African market reach (SA Tourism & trade partnering). East Africa. West Africa (requires airlift).
- Retain domestic travel market: Increase domestic market within Western Cape citizenry (low season opportunity and regional spread). Attract South Africans from other provinces to travel to Cape Town and the Western Cape through local marketing campaigns.
- Focus on Western Cape Business Events growth. Ensure the Western Cape is recognised as a knowledge hub on the African Continent.
- Collaborate with the Wesgro Trade & Investment ecosystem to attract business events to the province. Collaborate with Western Cape Government to build a 10-year pipeline of bidding for major events.
- Play a facilitating role in growing the tourism economy into underprivileged areas of the province.
- Lobby Air Access team to recover and grow direct connectivity to South America; Ireland; West Africa.
- Promote the Western Cape as a global cruise destination.

3.3.5 Strategic outcomes

Strategic outcome	
Strategic Outcome	Enhance the attractiveness, awareness and accessibility of the of region and drive conversion.
Outcome statement	5-year outcome: To market Cape Town and the Western Cape and generate R3.4bn in estimated economic value of tourism destination marketing initiatives. 2024/25 outcome: To market Cape Town and the Western Cape and generate R689m in estimated economic value of tourism destination marketing initiatives.
Baseline	An estimated value of R423.8m was generated in estimated economic value of tourism destination marketing initiatives for the 2022/23 financial year.
Justification	Wesgro's strategic mandate is to conduct tourism marketing and promotion for Cape Town and the Western Cape.
Links	The objective is aligned to VIP 2: Economy and Jobs and the Western Cape Government Growth for Jobs (G4J) strategy- PFA2. The objective is also aligned to the National Development Plan and Vision 2030 in relation to economic growth and industry development.

3.3.6 Outcomes, Performance Indicators and Targets 2024/25

No.	Outcome	Outputs	Output Indicators	Annual Targets						
				Audited/Actual Performance			Estimated Performance 2023/24	MTEF Period		
				2020/21	2021/22	2022/23		2024/25	2025/26	2026/27
3.1	Total estimated economic value of tourism destination marketing initiatives	Bids secured	Number of bids secured	15	18	30	20	35	35	35

3.3.7 Indicators, Annual and Quarterly Targets 2024/25 (Output indicators)

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
3.1.1	Number of bids secured	35	5	10	15	5

3.3.8 Explanation of planned performance over the medium-term period

The programme supports the Agency's core functions through the promotion of the Western Cape internationally and domestically. Securing bids for business tourism is highly competitive and increasingly so as cities and regions across the world are promoting and incentivising aggressively to land the economic value from business tourism delegates. Continued effective and impactful, promotion of the attractiveness as well as enhancing awareness and accessibility of the Western Cape is critical to securing bids. As the typical bid cycle is three- to five years, the programme will have to ensure that it remains focused on ensuring that the Western Cape is considered a world class tourism destination. The programme aims to achieve its targets in this financial year.

To grow consideration in the international travel markets for Cape Town and the Western Cape, the most cost-effective route to market is via travel trade and partnering with private sector in the ecosystem. In-destination hostings (media and travel trade) deliver strong ROI, and partnerships with the globally recognized Jewel Events increase visibility of the destination. Leveraging in-market platforms such as trade shows and road shows further deepens the effort by engaging with travel trade across the globe. The Leisure Tourism Team will focus on initiatives in our 5 Core markets (UK, North America, Benelux, Germany and France), 3 identified Opportunity markets (Kenya, South America and Switzerland) and 3 identified strategic markets (West Africa, India and China). To retain and grow the domestic travel market, the team will focus on the low season opportunity and regional spread (within the Western Cape citizenry) and continue to attract South Africans from other provinces to travel to Cape Town and the Western Cape through promotion initiatives.

Enhancing the competitive image of Cape Town and the Western Cape in these selected markets is dependent on the promotion of key visitor experiences. The tourism value chain, and the players all along the traveller journey, underpin all of our efforts, from the international tour operator to the Local Tourism Office. To be fully successful, the team must ensure that all efforts are coordinated, assets shared, relationships leveraged, and stakeholders educated to deliver maximum share of voice. A key initiative in this regard is the development and ongoing promotion of playbooks by experience theme. The Leisure Tourism team provides toolkits for the tourism industry to use,

educates the industry on the variety of visitor experiences available, and partners with key initiatives (e.g. Great Wine Capitals) to position the destination globally.

Tourism's labour intensity and its ability to generate opportunities for SMMEs means that it is a key driver for inclusivity in our destination. The Tourism team therefore pursues initiatives that will improve access for youth and for underprivileged areas of our province, including incentivizing on trips and leisure events partnerships. Consideration needs to be given to the increasing global demand for sustainable travel and tourism, related to the environmental impact of long-haul travel through carbon emissions. Demonstrating the good that is done (to our destination's people and conservation efforts) is key. To address this growing global awareness, the Leisure Tourism Team will develop a tourism destination sustainability promotion initiative, to showcase the conservation efforts and social upliftment impact that tourism delivers. Understanding tourism stakeholder issues is an ongoing priority, and Wesgro tracks and collaborates with the stakeholder ecosystem (including JAMMS) on several tourism issues (e.g. tourism safety, water, load-shedding).

The business events industry plays a critical role in driving economic and social progress in a destination, thereby adding to support and growth of export targets. Meetings, incentive travel, conferences/congresses, and exhibitions, commonly referred to as MICE, business tourism or business events, are an important form of tourism for the Western Cape. MICE tourism presents opportunities not only for increased arrival of high-value tourists but also for their ability to link with trade and investment and build the identity of the Western Cape both locally and internationally. The focus of the Convention Bureau team is on a successful bid strategy and providing marketing support and awareness about the destination to its stakeholders. The promotion strategies within the business events team aim to position the destination as a hub for knowledge, leadership and innovation, thereby attracting business events aligned to the economic growth sectors of the province.

Events are seen as an economic catalyst for the province. Hosting and attracting significant events present a unique opportunity to rethink and reposition the province as an

event destination. Successful hosting of events is seen as a vehicle for growth and devoting resources to attract and support events in the Western Cape is the goal of the Cape of Great Events. The key initiative of the Cape of Great Events is delivery of an initiation phase, during which key players are convened in a joint effort, to position the destination collectively and strategically as the Cape of Great Events, and to leverage events to drive the visitor economy across the province.

within the cruise industry, and working closely with cruise line companies to increase the cruise ships and cruise lines visiting South African ports. Key initiatives in this regard are in-destination missions (fam trips and media hostings) as well as in-market business development activities (e.g. attendance at global cruise trade shows). The sustainability of the project is key, and therefore recruiting private sector funding for the project is necessary to deepen the efforts into the future.

Cruise Cape Town focuses on promoting the Western Cape as a cruise destination, representing the project

3.3.9 Reconciling performance targets with the budget and MTEF Summary of payments and estimates: Programme 3: Tourism

Summary of provincial payments and estimates by economic classification:

Economic classification	Outcome				Estimated outcome	Medium-term estimate			
	R'000	Audited	Audited	Audited		Audited	2023/24	2024/25	2025/26
	2019/20	2020/21	2021/22	2022/23					
Expenses									
Current expense	21 110	27 388	30 461	31 056	30 955	30 025	30 848	31 880	
Compensation of employees	6 110	9 813	9 299	9 376	9 199	9 659	9 734	10 012	
Salary & Wages	4 986	8 008	7 588	7 633	7 506	7 881	7 942	8 132	
Social Contributions (employer contributions only)	1 124	1 805	1 710	1 743	1 693	1 778	1 792	1 880	
Use of goods and services	15 000	17 575	21 163	21 680	21 756	20 366	21 114	21 868	
Administrative expenses	434	710	923	986	1 048	976	1 001	1 112	
Marketing cost	5 863	6 870	8 272	8 976	9 872	8 563	8 848	9 012	
Workshops & seminars	3 216	4 253	6 304	7 456	6 798	5 934	6 012	6 224	
Other operating expenses	5 487	5 742	5 664	4 262	4 038	4 893	5 253	5 520	
Total expenses	21 110	27 388	30 461	31 056	30 955	30 025	30 848	31 880	

3.3.10 Programme Resource Considerations

The planned performance and expenditure of this programme is aligned to the current trends of the tourism industry alongside the current and future policy framework for the industry.

3.3.11 Updated key risks and mitigation from the Strategic Plan

Provided under section 3.7.



Programme 4: Marketing and Innovation

**Differentiate the Western Cape as
a leading regional economy.**

3.4 Programme 4: Marketing and Innovation

3.4.1 Purpose

Differentiate the Western Cape as a leading regional economy.

3.4.2 Programme Outcomes

Brand recognition and equity for Investment, Trade and Tourism. Industry Net Zero Readiness in Western Cape. Professional Advocacy & Advisory Support. Replicating catalytic delivery models to leverage private sector collaboration. Global thought leadership reach via multiple channels.

3.4.3 Programme Structure

Marketing and Communication

The Marketing and Communications team conducts the marketing and communication for Wesgro across investment, export, and tourism areas. The team's objective is to build the brand of Cape Town and the Western Cape. In order to do this, Wesgro makes use of earned media communication and digital media to promote the competitiveness value proposition of the destination into key markets.

Research

The team provides local and global insights in terms of investment, trade, tourism and film developments and trends, and to provide evidence-based research to augment the Agency's strategic direction and promotional activities.

Advocacy and Advisory

The team provides support to ensure effective advocacy and advisory services through knowledge management. The Team supports the gathering, synthesis and diffusion of information both internally to align knowledge and information across the Agency and to inform internal strategy, and externally to support Wesgro's objectives of being a thought leader and advocate for a competitive Western Cape economy. This includes ensuring that Wesgro's voice is heard in public policy processes, whether at local, provincial or national levels as well being seen as a trusted advisor in the business community.

Catalytic Projects

To support and enhance Wesgro's mandate, the catalytic projects team works on externally funded, multi-

stakeholder projects that are aimed at significantly improving competitiveness of Cape Town and the Western Cape.

Cape Town Air Access (CTAA) project is a co-funded, public-private effort to secure more non-stop flights to Cape Town International Airport. Improved air connectivity is significant to tourists, exporters and investors.

Green hydrogen project is an ecosystem development project to position the Western Cape as a green hydrogen hub. Future Catalytic Projects can be developed throughout the year to address fundamental elements affecting competitiveness.

3.4.4 Marketing and Innovation Tactics for 2024/25

This programme will focus on:

- Shifting the dial on destination perception beyond local. A shift to international coverage and platforms. Infiltrating high impact areas for reputation management.
- Ensuring the Western Cape remains a world-class tourism destination, sought after source market globally and investment destination of choice. A move to affinity group marketing – from recovery to growth. Diversifying Made in the Cape – B2B entrenched yearly event in the WC calendar – industry awareness and adoption. Reinvigorated efforts across investor confidence – energy security – sustainability lens.
- Rigorous involvement in sustainability and digitization areas. Leading the dialogue on sustainability, convening on sustainability, directing the Western Cape story. Stepping up involvement in research, edtech, VC awareness and eco- system partnerships for positioning Africa's Tech Capital. Strategic media partnership development – pushing the conversation further – opinion.
- Ramped up innovation to ensure we remain a globally competitive, data-led TTIPA. A move to AI integration and central data repository – digital transformation and global destination displacement. Benchmarking against leading TTIPAs – assets – information overhaul – central knowledge hub for stakeholders. Leading the conversation on innovation, convening for smarter outcomes.
- Engaging strategic business leaders to drive Cape Confidence, ensure brand advocacy and generate leads. Stepping up CEO/business leveraging – ensuring

we circle back the effects of CEO roundtables, second layer business engagements, increased focus on lead gen activity through the programmes.

- Excellent recognition as a leading Marketing Agency. Competing globally for awards, particularly in the trade

and investment areas.

- Excellent recognition as a trusted, leading source and house of innovation and data amongst our key stakeholders.

3.4.5 Strategic objectives

Strategic outcome	
Strategic outcome	Drive the economic competitiveness of the destination through strategic campaigns.
Outcome statement	5-year outcome: To reach 20 million people through strategic campaigns focused on driving the economic competitiveness of the destination. 2024/25 outcome: To reach 10 million people through strategic campaigns focused on driving the economic competitiveness of the destination. Wesgro operates in the consideration space and reach is the number of targeted people reached.
Baseline	Baseline needs to be established.
Justification	By focusing on driving the economic competitiveness of the destination, we will attract more interest in the Cape and help improve economic growth and job creation.
Links	The objective is aligned to VIP 2: Economy and Jobs and the Western Cape Government Growth for Jobs (G4J) strategy – PFA: 1,2,3,4 & 5. The programme is aligned to the sector competitiveness, investment, and trade focus areas of the PISP.

3.4.6 Outcomes, Performance Indicators and Targets 2024/25

No.	Outcome	Outputs	Output Indicators	Annual Targets						
				Audited/Actual Performance			Estimated Performance 2023/24	MTEF Period		
				2020/21	2021/22	2022/23		2024/25	2025/26	2026/27
4.1	Number of people reached	Strategic campaigns	Number of strategic campaigns	New Indicator	New Indicator	New Indicator	4	4	4	4

3.4.7 Indicators, Annual and Quarterly Targets 2024/25 (Output indicators)

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
4.1.1	Number of strategic campaigns	4	-	-	1	3

3.4.8 Explanation of planned performance over the medium-term period

The Programme's objective is to build the brand of Cape Town and the Western Cape locally and globally and creates bespoke research, subsequent targeted awareness and conversion campaigns, industry toolkits and collateral across the mandates of Wesgro in both B2B (business to business) and B2C (business to consumer) efforts. The Programme aims to achieve its target in this financial year.

3.4.8.1 Marketing and Communication:

Building investor confidence (Events)

- The team will continue to coordinate the CEO Roundtables, bringing together multiple levels of government, sector experts, and business CEOs for meaningful dialogue sessions around critical economic topics.
- Promoting the Agency's capabilities and fit-for-purpose approach, the Team will co-ordinate and host the Wesgro Business Outlook, with a focus on water resilience – using the event to launch 'A Guide to Water Security'.

Building Brand Equity

- Pitching thought leadership pieces to key global media, partnering with relevant publications in-market as part of the promotional effort around strategic campaigns and issuing regular press releases to the domestic market to maintain our share of voice in tourism, trade, and investment.

Positioning the Destination (Campaigns)

All campaigns will serve to position the destination as a sought-after source market globally, an investment destination of choice, and a world-class tourism destination. This will include marketing strategic projects (Cape Town Air Access & Cruise Cape Town), as well as developing a marketing strategy and collateral for the latest initiative, Edu Invest.

- Tourism Campaign: A domestic campaign which showcases local stories which is called with "love from the locals".
- Investor Confidence Campaign: Building the value proposition of Cape Town and the Western Cape as a world-class green investment destination as well as Africa's leading green economic hub.
- InvestSA OSS Campaign: Seeking to create awareness and drive leads to the online booking system, a campaign refresh for the InvestSA OSS will be launched. Target audiences will include medium to large businesses based in Gauteng and KwaZulu Natal,

looking to expand into the Western Cape.

- Made in the Cape : A follow-on campaign under the 'From Our Home to Yours' tagline to build the sustainability narrative of exports in key export markets. The Advocacy and Advisory team will convene workshops and focus groups with local industry players to gain deeper insights on the challenges, workshop solutions, and get buy-in on the campaign.

Client-led digital interventions within the agency

- Wesgro Website: Reimagine the current website to align with the world's leading TTIPAs. The website also facilitates long-term SEO results and one needs to ensure that the social channels are driving back to the site.
- Centralised Data Repository Projects: Compile list of strategic data pipelines to pursue, implement high priority data pipelines, i.e. dashboarding and reporting, fact sheets. Investigate how data sharing arrangements can be efficiently established.
- Digital Transformation: Participate in digital transformation strategy headed up by Assurance and Business Enablement. Continually investigate where AI can be incorporated into day-to-day business operations as immersing technologies become available.

3.4.8.2 Knowledge Dissemination

Ensuring that the Agency remains a world-class, globally relevant, and digitally enabled TTIPA is one of the Central Economic Knowledge Hub's key tenets. This requires a keen focus on global trends and developments, and the ability to determine the impact and potential opportunity these hold for the province. It also requires the building of a knowledge team of the future capable of ensuring that outputs are aligned to an increasingly data-centric, innovative, and sustainable-focused global economy.

Guided by the Agency's overarching objective of enabling economic competitiveness, the team's research and knowledge outputs are focused on competitiveness, with the ultimate objective being to support the positioning of the destination. To achieve this, a strategic emphasis is placed on knowledge, innovation, technology, and sustainability, all of which enable Wesgro to remain relevant and thrive in all aspects of doing business in an increasingly competitive, innovative, disruptive, and sustainability-focused global business environment. Accordingly, the team will publish eight bespoke research papers on an annual basis that focus on unblocking

challenges and boosting the region's competitiveness and destination positioning. These will be closely aligned too – and periodically written in collaboration with – the Advisory team to provide data analysis and inputs required for the Advocacy team to inform both policy and industry.

Benchmarking the province's competitiveness relative to other regional destinations is also a key focus. The outcomes will be reflected via the use of dashboards, with the team set to publish two dashboards in the forthcoming financial year.

Providing market analysis and industry insights to stakeholders across the trade, investment and tourism sectors also remains a core focus. To achieve this, the team will publish 30 guides on an annual basis, the content of which will be aligned to the G4J strategy and Wesgro's key objectives.

In a world increasingly driven by evolving technology and big data sets, analytics-driven knowledge strategies are critical inputs. To remain relevant, this requires the ongoing diversification and augmentation of the Agency's datasets to inform its data-driven business decisions and insights. The effective management of these datasets, all while guided by good data governance principles and frameworks, will see an increase in the use of innovation and digital capabilities as well as knowledge management tools such as AI, unified ecosystems, and analytics-driven strategies. Reconfiguring the team to ensure a data-driven and relevant economic approach is key.

Being a client centric, central economic knowledge hub, both for internal and external stakeholders, is not only a key objective but a critical requirement, based on the principal that knowledge and intellectual capital can be the primary drivers of economic growth and development in a knowledge-based economy. And the success of this, in addition to the quality of the outputs, will be determined by the tools and platforms used to disseminate these outputs. The dissemination of the team's knowledge offerings will be through the website, social media feeds and the use of dashboards.

3.4.8.3 Knowledge Management, Sustainability and Advocacy

Advocacy and Advisory

This year the team will work towards operating as best in class in Advocacy and Advisory services. Advocacy and Advisory seeks to unlock barriers and leverage opportunities in support of a competitive Western Cape economy. This is done through issue identification (barriers, risks, opportunities), analysis, engagement and communication. Key focus areas include international trade, investment and tourism trends and shifts. Key objectives are to ensure informed policy feedback and to equip industry with information and networks. Due to the significance of the green transition and shift to net zero by 2050 driven by the climate crisis, global commitments and increased industry pressure, the development of a strong sustainability practice forms a significant part of the work of the Advocacy and Advisory team. A focus on water resilience will also be prioritised. The team also has a strong international trade advisory role.

Strengthening the advocacy capacity will include setting in motion a strategic process of issue identification and prioritisation. In addition, setting up systems for gathering data to assess FDI attractiveness and export and tourism competitiveness of the Western Cape on an ongoing basis. Insights will inform future advocacy work. This work will also build into the team's ongoing work on benchmarking against leading regions and leading Trade and Investment Promotion Agencies (TTIPAs). The team will continue to work with industry and government stakeholders on addressing barriers to trade and innovation, including challenges related to ports and logistics and standards, and access to capital for innovation.

A key focus for the year will be on the African Continental Free Trade Area (AfCFTA) and Sustainability readiness:

- Ensuring that Western Cape business is ready and equipped to leverage opportunities and ensuring the AfCFTA is optimised as a tool to attract investors seeking to invest in Africa to the Western Cape.
- Ensuring that the Western Cape is positioned to take advantage of sustainability trends and future-proofing the province against emerging risks from climate-change and climate-related geo-economics.

- Working with the Western Cape Department of Environmental Affairs, the City of Cape Town and GreenCape, investment opportunities will be neatly packaged to allow for private sector to participate in the water value chain.

This will include developing industry insights and papers and hosting workshops and engagements with industry to inform and engage.

Green economy and Green Hydrogen

Green Hydrogen has been earmarked as a special project to ensure Wesgro's alignment with G4J Priority Focus Area 3, contributing to energy resilience and transition to net zero. Activities will focus on strengthening the green hydrogen value chain through policy advocacy and tailored workshops with industry. A value chain approach supports the work of the energy resources team through increasing renewable energy connection to the grid.

Green hydrogen as a means of decarbonisation not only supports competitiveness of the domestic energy intensive industries, but also supports the decarbonisation goals of the province and the country. Working closely with energy intensive industries, a roadmap will be developed which will be supported by guides on decarbonisation and insights towards decarbonisation, as well as workshops on how industry can transition. An analysis of energy intensive industries will be undertaken as a first step.

A Green Hydrogen (GH2) Investment Promotion Plan will be developed that will inform the approach to capturing the Western Cape's share of global green hydrogen investment.

3.4.8.4 Strategic Projects and Catalytic Delivery Models

a) Cape Town Air Access

After the record-breaking passenger growth achieved in 2023, the focus of Cape Town Air Access will be on consolidation of current route offerings and maintaining the carrier partnerships through retention and expansion policies. This will be key to achieving Wesgro's strategic objective of growing leisure tourism arrivals, as well as boosting exports through air cargo. A short, medium, and long-term pipeline of new route targets will provide

direction to the team for the year. This will be implemented through a Steering Committee approved route support programme and the team will negotiate joint marketing agreements for critical routes with identified carriers. New route negotiation targets for the year include Ireland, West and North Africa, Australia, and Asia. These are all unserved destinations, and the team will initiate negotiations with applicable carriers throughout the year. The team will expand the private sector fund through signing on more partners and increasing the funding amount for route development initiatives. Dedicated meetings will be organised with targeted private sector companies, presenting the CTAA business case and garnering support for the project especially for attracting new routes and carriers.

Air cargo remains one of the key levers to drive economic development and job creation and CTAA will continue to create awareness through industry engagements and promote the air cargo agenda in the province. Dedicated outward missions to advance the Western Cape air cargo and route development agenda will be conducted and closer collaborations with the Wesgro Export Promotion, Leisure Tourism and Convention Bureau teams will be used to increase effectiveness. The aviation industry's commitment to fly with net zero carbon emissions by 2050 relies on a mix of sustainable aviation fuels (SAF), new technologies such as electric and hydrogen power, infrastructure and operational efficiencies, and offsets and carbon capture. For the year ahead CTAA will promote key messaging around these themes to the industry and public and will initiate a process to offset carbon emissions when travelling in registered local schemes or programmes.

b) Ports

Achieving Wesgro's strategic objective of growing the Western Cape's exports of goods will require well-run Ports, with the requisite infrastructure and skills, and with ongoing maintenance and future planning. To contribute to this objective, and as part of our focus on replicating catalytic models to leverage private sector collaboration, Wesgro will focus on synthesizing and sharing information on the Port of Cape Town's performance and plans through regular FAQs and informative fact-sheets. This knowledge hub on the Port enables private sector decision making

and is a key foundation for collaboration going forward, as it equips Wesgro's business-facing teams to meaningfully engage.

c) Venture Capital

Wesgro's strategic priority of ensuring that the Western Cape captures its global share of investment requires increasing Venture Capital and Private Equity flows. Increasing this access to capital enables the innovation ecosystem that drives growth and the future economy. To achieve this objective, Wesgro will strengthen Africa's Tech Capital brand, including a powerful Venture Capital and Private Equity value proposition. Furthermore, Wesgro will actively position the Western Cape as a Venture Capital Hub through direct engagement with the industry, enabling industry-led solutions, as well as identifying opportunities for investment. This cycle of engagement is critical for enabling joint action. It also enables the important advocacy and advisory work that is required to deliver policy and regulatory reform, removing barriers that hinder capital flows. Wesgro will, therefore, also be identifying the most impactful advocacy initiatives to pursue based on thorough research, stakeholder mapping and international best practice. Improving this access to capital also requires replicating catalytic delivery models to leverage private sector collaboration. Wesgro plans to play a convening role by providing a forum for joint government and industry discussions, and consequent solution-forming.

d) Edu Invest

An important example of Wesgro's strategic prioritisation of leveraging private sector collaboration is the Edu Invest initiative, supported by the Western Cape Education Department. Its objective is to unlock the future of education in the Western Cape through securing private sector investment into education, especially school infrastructure; to enable access-boosting innovation; and to encourage collaboration and partnership between the public and private sector. To help focus investment into education in the Western Cape, including significant CSI investment in South Africa, Wesgro aims to launch an education investment portal, to help better link investors to where the needs in the system lie. This digital platform will help improve both access and impact, as well as foster collaboration between the private and public sector. This Edu Invest project will place a strong emphasis on developing and converting an investment pipeline, in line with its strategic priorities, with a focus on new schools in low-fee and no-fee communities. This will be enabled through a strong value proposition developed through an investor-focused pitch-deck. Edu Invest will also contribute to the knowledge hub, by leveraging research already underway to develop a CEO Guide to Investing in the Education Sector. At its heart, will be the focus on collaboration and partnership. To achieve this, Edu Invest will secure joint marketing agreements with partners to help realise the strategic objectives of this critical project.

3.4.9 Reconciling performance targets with budget and the MTEF Summary of payments and estimates: Programme 4: Marketing and Innovation

Summary of provincial payments and estimates by economic classification:

Economic classification	Outcome				Estimated outcome	Medium-term estimate			
	R'000	Audited	Audited	Audited		Audited	2023/24	2024/25	2025/26
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Expenses									
Current expense	20 330	26 375	29 335	29 809	55 351	46 461	47 735	49 333	
Compensation of employees	7 865	12 630	11 968	12 034	20 061	21 064	21 097	21 455	
Salary & Wages	6 773	10 878	10 308	10 120	17 278	18 142	18 171	18 456	
Social Contributions (employer contributions only)	1 091	1 752	1 661	1 914	2 782	2 922	2 926	2 999	
Use of goods and services	12 465	13 745	17 367	21 533	35 290	25 397	26 638	27 878	
Administrative Expenses	125	20	91	101	3 289	2 765	3 002	3 101	
Marketing cost	1 299	1 305	10 947	7 868	16 995	9 889	9 776	9 423	
Workshops & seminars	852	674	2 429	6 552	7 001	6 779	7 433	7 831	
Other operating expenses	10 314	11 746	3 900	7 012	7 006	5 964	6 427	7 523	
Capital Additions Expenditure					999				
Total expenses	20 330	26 375	29 335	29 809	55 351	46 461	47 735	49 333	

3.4.10 Programme resource considerations

The Programme faces enormous strain particularly due to the depreciating exchange rate significantly increasing the cost of international databases. These databases are at the epicentre of investment intelligence and global sector intelligence. The Programme relies heavily on the sourcing of information for their research in supporting the Agency through subscriptions based outside South Africa, which is impacted on due to the fluctuations of the South African Rand to major currencies.

Aimed at promoting the business and destination brand, the Programme has embarked on a number of new initiatives to create brand awareness. Additional funding


has been allocated to ensure that it is able to achieve its mandate and implement its new strategy.

The Programme builds the brand of the destination through direct marketing efforts, by creating collateral for the various Programme and partners to use when they promote the destination. Collateral such as online brochures, banners and designed research collateral are disseminated at webinars, exhibitions, conferences and on missions.

3.4.11 Updated key risks and mitigation from the Strategic Plan

Provided under section 3.7.



An aerial photograph of a city skyline at dusk, featuring several modern high-rise buildings with illuminated windows. The image has a strong blue color cast. A semi-transparent dark blue rectangle is overlaid on the upper portion of the image, containing white text.

Programme 5: Assurance and Business Enablement

**Be a sustainable and innovative
Wesgro (Future-fit Wesgro).**

3.5 Programme 5: Assurance and Business Enablement

3.5.1 Purpose

Be a sustainable and innovative Wesgro (Future-fit Wesgro).

3.5.2 Programme Outcomes

Good governance. Digitally transformed. Innovation mindset. High performing culture. Net Impact focus. Client Centric. Economic knowledge hub. Funding sustainability.

3.5.3 Programme Structure

This programme has no sub-programmes.

3.5.4 Assurance and Business Enablement Tactics for 2024/25

The programme will focus on the following:

- Ensure the evolution of Wesgro is underpinned by Knowledge, Innovation, and Sustainability – the pillars of competitiveness of the Western Cape and breakout growth
- Digitise the Wesgro service offering through the development and implementation of an effective digitisation strategy.
- Digitise Wesgro business processes.
- Benchmark Wesgro's performance relative to global Trade and Investment Promotion Agencies

- Build sustainability measurements and monitoring across the Agency.
- Strong and efficient Office Management.
- Capable, Compliant and Effective Information Technology.
- Improving Wesgro's monitoring and evaluation framework. Focus on measuring impact and attracting "high-quality" investments through continuously assessing Wesgro's priorities to maximise effectiveness. Move Wesgro from data collection to meaningful impact evaluation. Utilise SDGs as a guide to inform decisions around measurement criteria for performance, key SDGs for Wesgro include economic growth and employment, building resilient infrastructure, supporting industrialisation and innovation, and ensuring access.
- Provides assurance in relation to Wesgro performance. Ensure that predetermined objectives are compliant and that the Agency complies with relevant laws.
- Ensures that all strategies, annual performance plans and reports, business plans, operational plans and standard operating procedures are compliant with the relevant provincial and national policy and legal frameworks; that all performance reporting deadlines are met.
- Effective Board and Executive Management meeting governance.

3.5.5 Strategic outcome

Strategic outcome	
Strategic outcome	Enhance good governance practices through compliance with prescribed financial and non-financial regulations and guidelines.
Outcome statement	5 year outcome: An unqualified Audit report with no material findings. 2024/25 outcome: An unqualified Audit report with no material findings.
Baseline	The Agency achieved a unqualified audit for the 2022/23 financial year.
Justification	The Programme identifies and implements interventions to enhance public confidence and ensure compliance.
Links	This objective is linked to the Public Finance Management Act (PFMA), National Treasury Regulations, Provincial Treasury Instructions, King IV Report in terms of good governance and integrated service delivery through partnerships and spatial alignment.

3.5.6 Outcomes, outputs, performance indicators and targets 2024/25

No.	Outcome	Outputs	Output Indicators	Annual Targets						
				Audited/Actual Performance			Estimated Performance 2023/24	MTEF Period		
				2020/21	2021/22	2022/23		2024/25	2025/26	2026/27
5.1	Unqualified Audit report with no material findings	M&E performance reports	Number of M&E performance reports submitted	8	8	8	8	8	8	8
5.2		Maintenance of the Agency's ICT environment	Number of reports evidencing the maintenance of the Agency's ICT environment	4	4	4	4	4	4	4

3.5.7 Indicators, annual and quarterly Targets 2024/25 (Output indicators)

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
5.1.1	Number of M&E performance reports submitted	8	2	2	2	2
5.1.2	Number of reports evidencing the maintenance of the Agency's ICT environment	4	1	1	1	1

3.5.8 Explanation of planned performance over the medium-term period

The programme supports the Agency's core functions through the provision of IT, monitoring and evaluation, and governance support. The monitoring and evaluation support team ensures that there is effective performance against legislative requirements. Good governance practices are implemented through the provision of support to the Wesgro Board and its sub-committees.

The Agency, is accountable to provide accurate, trustworthy and reliable reporting to its stakeholders. The Assurance and Verification process ensures that information is credible and that the performance of Wesgro is accurately measured. Evidence – based decision making ensures that the strategic priorities of the agency as set out in this Annual Performance Plan will be achieved. The 2024-2025 FY is the last of the 5-year cycle, it is essential to focus on the impact of the agency on Cape Town and the broader Western Cape. This focus area is encapsulated in the impact activities envisioned for this year.

The role of the team is to provide support on a transversal level across the agency with the focus to create an enabling environment for the front facing team members. Efficiency, effectiveness and innovation ensures that teams can operate at a optimal level. Creating a digital environment to ensure optimal performance when reporting on performance is a key focus for this financial year.

The relocation of the Wesgro offices is an apex moment for the agency. The prime location of the offices close to one of Cape Town's strategic economic assets, the Cape Town International Convention Centre, brings the agency closer to its clients. The 2023-2024 financial year was characterised by planning and preparation and this financial year will ensure that Wesgro teams will be fully functional in their new environment.

3.5.9 Reconciling performance targets with the budget and MTEF Summary of payments and estimates: Programme 5: Assurance and Business Enablement

Summary of provincial payments and estimates by economic classification:

Economic classification R'000	Outcome				Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited	Audited		2023/24	2024/25	2025/26
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Expenses								
Current expense	6 925	8 984	9 992	11 309	26 772	12 533	12 878	13 310
Compensation of employees	4 675	7 508	7 114	7 345	5 817	6 108	6 273	6 521
Salary & Wages	4 146	6 658	6 309	6 448	5 159	5 417	5 563	5 778
Social Contributions (employer contributions only)	529	850	805	897	658	691	710	743
Use of goods and services	2 250	1 477	2 878	3 964	20 955	6 425	6 605	6 789
Administrative Expenses	2 250	1 477	2 878	3 964	184	232	237	237
Other Operating Expenses					6 816	3 693	4 368	2 552
Capital Additions Expenditure					13 955	2 500	2 000	4 000
Total expenses	6 925	8 984	9 992	11 309	26 772	12 533	12 878	13 310

3.5.10 Programme resource considerations

The Programme undertakes to ensure that Wesgro can meet its required legislative deadlines as pertains to good governance and performance management.

3.5.11 Updated key risks and mitigation from the Strategic Plan

Provided under section 3.7.



An aerial, high-angle photograph of a city skyline, likely Vancouver, Canada. The image is monochromatic with a blue tint. In the foreground, a dense grid of buildings and streets is visible. In the middle ground, a large body of water (the harbor) is filled with various structures, including piers, cranes, and ships. In the background, a range of mountains is visible under a clear sky. The text 'Programme 6: Finance' is overlaid in white on the left side of the image.

Programme 6: Finance

**Be a sustainable and innovative
Wesgro (Future-fit Wesgro).**

3.6 Programme 6: Finance

3.6.1 Purpose

Be a sustainable and innovative Wesgro (Future-fit Wesgro).

3.6.2 Programme Outcomes

Good governance. Digitally transformed. Innovation mindset. High performing culture. Net Impact focus. Client Centric. Economic knowledge hub. Funding sustainability.

3.6.3 Programme Structure

This programme has no sub-programmes.

3.6.4 Finance Tactics for 2024/25

The programme will focus on:

- Diversifying and increasing access to funding from the private sector for specific interventions or projects.
- Funding in addition to the funds from Western Cape Provincial Government, the City of Cape Town, Department of Trade Industry and Competition (DTIC)

and the Department of Agriculture, and the Department of Education.

- Demonstrate value for funding due to increased fiscal pressure.
- Apply principles for fiscal consolidation that focus on the levers that will enable WC competitiveness to achieve growth, including:
 - The need growth to change the trajectory of the fiscal cliff.
 - Current FDI Investment trends show investment in Energy, Innovation and Sustainability areas.
 - Private sector is calling on Wesgro to focus on energy and energy resilience.
- Slow down the progression of the spend in FY25, FY26 and FY27.
- Focus on areas that if we stop now, we will lose out on progress.
- Ensuring good Governance within the agency and aim to achieve a clean audit outcome.
- The Digital enablement of the finance team to ensure efficiency.
- Create and maintain a high-performance culture within the finance team.

3.6.5 Strategic outcome

Strategic outcome	
Strategic outcome	Enhance good governance practices through compliance with prescribed financial and non-financial regulations and guidelines.
Outcome statement	5-Year outcome: An unqualified Audit report with no material findings. 2024/25 Outcome: An unqualified Audit report with no material findings.
Baseline	The Agency achieved an unqualified audit for the 2022/23 financial year.
Justification	The concept of value for money is an integral part of the strategic and operational activities. The Programme identifies and implements interventions to achieve value for money that will improve service delivery, eliminate wasteful allocation of resources, enhance public confidence and ensure compliance.
Links	This objective is linked to the Public Finance Management Act (PFMA), National Treasury Regulations, Provincial Treasury Instructions, King IV in terms of good governance and integrated service delivery through partnerships and spatial alignment.

3.6.6 Outcomes, outputs, performance indicators and targets 2024/25

No.	Outcome	Outputs	Output Indicators	Annual Targets						
				Audited /Actual Performance			Estimated Performance 2023/24	MTEF Period		
				2020/21	2021/22	2022/23		2024/25	2025/26	2026/27
6.1	Unqualified Audit report with no material findings	Financial, SCM, IT and HR outputs	Positive financial viability rating	4 (Good)	4 (Good)	4 (Good)	4 (Good)	4 (Good)	4 (Good)	4 (Good)
			Percentage achievement of annual budgeted operational expenditure	98%	87%	96%	98%	98%	98%	98%

3.6.7 Indicators, Annual and Quarterly Targets 2024/25 (Output indicators)

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
6.1.1	Positive financial viability rating	Good	-	-	-	Good
6.1.2	Percentage achievement of annual budgeted operational expenditure	98%	-	-	-	98%

3.6.8 Explanation of planned performance over the medium – term period

The Programme ensures that the required internal controls and mitigations are in place to ensure that Wesgro complies with its fiduciary obligations and achieves an Unqualified audit opinion.

Wesgro as a schedule 3C public entity is committed to create sustainable value for the Agency as well as key stakeholders in the public and private sector. The Finance team enables the optimal use and application of resources. This entails providing efficient, cost effective, transparent and responsive financial management to the Agency

and ensuring that the principles of good corporate governance are implemented. Effective financial management is aimed at upholding of the legislative requirements of the Agency. It also ensures that the necessary resources are provided to efficiently run core operations. This involves ensuring all dependencies, related risks and opportunities, and their respective financial implications, are identified, measured, tracked and informs decision-making. By so doing, the implementation of the Agency’s strategy in a sustainable and efficient manner is facilitated.

3.6.9 Reconciling performance targets with the budget and MTEF Summary of payments and estimates: Programme 6: Finance

Summary of provincial payments and estimates by economic classification:

Economic classification R'000	Outcome				Estimated outcome	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22	Audited 2022/23		2023/24	2024/25	2025/26
Expenses								
Current expense	12 999	16 865	18 758	18 978	20 220	18 947	19 466	20 118
Compensation of employees	5 645	9 065	8 590	8 613	8 755	9 193	9 208	9 518
Salary & Wages	4 937	7 928	7 513	7 575	7 657	8 040	8 053	8 303
Social Contributions (employer contributions only)	708	1 137	1 077	1 038	1 098	1 153	1 155	1 215
Use of goods and services	7 355	7 800	10 168	10 365	11 465	9 754	10 258	10 600
Audit Fees	1 409	2 918	2 280	3 075	3 467	2 942	2 973	3 221
Administrative expenses	753	1 275	2 270	2 066	2 235	2 793	3 092	3 044
Workshops & seminars		5						
Other operating expenses	5 193	3 602	5 618	5 224	5 763	4 019	4 193	4 335
Total expenses	12 999	16 865	18 758	18 978	20 220	18 947	19 466	20 118

3.6.10 Programme resource considerations

This Programme has been strengthened through the review of its human resource structuring to ensure that the programme is appropriately resourced to perform and achieve the outcome target of an unqualified audit opinion. The budget allocation is aligned to this requirement.

3.6.11 Updated key risks and mitigation from the Strategic Plan

Provided under section 3.7.

3.7 Updated key risks and mitigation from the Strategic Plan

Strategic Objectives	Key Risk	Mitigation measures
Be instrumental in ensuring that Cape Town and the Western Cape is an investment destination of choice for global and local investors.	<ul style="list-style-type: none"> • Capability to drive the implementation of a focused Tech and Green value proposition for the Western Cape. • The Green Cape is at risk of being unfunded which will impact Wesgro. • Ability to attract Green skills and capabilities within the region. • Ability for Wesgro and the Province to scale (Embedded generation, electrical vehicles, green hydro, batteries, circular economy, water) • Ability for the Province to scale up in the Tech space/industry 	Tech team has been established at Wesgro to drive the tech proposition. Commissioned research on international benchmark for Green investment value proposition to feed into green investment value proposition of the Western Cape.
	The sustainability of investment and funding within the Western Cape and South Africa, as a result of: Increased poverty and unemployment rates, increased youth unemployment; unstable energy supply (e.g. load-shedding); water risk (e.g. water- shedding); food security (e.g. SCM and logistic disruptions); safety risks (e.g. increased crime rates).	Working in close collaboration with the entire investment support system across national. Provincial and local government to ensure a competitive investment environment.
	The impact of climate change on the economy.	Understanding the risks that climate change pose to the Western Cape economy and ensuring that Wesgro's Investment strategy is aligned to support mitigation and adaptation.
	<ul style="list-style-type: none"> • Resource constraints • International presence • No international presence/ scouts in key foreign markets and industries. 	Strengthen relationships with key international networks including diplomatic corps, international buyers, international business Support organisations, tourism industry.
	Lack of collaboration between key stakeholders and uncoordinated focus on key strategic priorities to contribute significantly to the Western Cape.	Increased collaboration, sector knowledge on key strategic sectors.
	<ul style="list-style-type: none"> • The manufacturing capabilities of the emerging and future economies are not a focus in the province which impacts future investments within the region. • Resource constraints within Wesgro to enable value adding services 	Enhancing capabilities to promote and facilitate investment into manufacturing.
	Be instrumental in Ensuring that Cape Town and the Western Cape is a sought	<ul style="list-style-type: none"> • Key strategic products not prioritised • Diversification of exports products and services. • Western Cape exporter readiness for the implications of the Green transition. • Lack of consistent affordable energy and water constraints. Costly alternative sources of energy.
Limited market access inhibits the expansion of export industries (including markets with preferential access agreements) as well as an uncoordinated approach to tier 1, 2, and 3 markets inhibiting opportunities and growth..		Alignment with Western Cape export strategy implementation plan to systematically address market access challenges in collaboration with the export ecosystem.

Strategic Objectives	Key Risk	Mitigation measures
after source market globally for goods and services.	Challenges in cross border logistics and route to market (harbour, rail, road and air and land border crossings).	Strengthening of relationships with key strategic stakeholders across the logistics value chain to assist in unblocking challenges.
	Resource constraints for widely and regularly promoting trade of goods and services. Increasing cost of cost of promotion due to weakening Rand vs international currencies.	Collaborate with other stakeholders like DTIC, other provincial TTIPA's, DOA, to pool resources to make a bigger or wider impact.
	Weak animal health capacity and controls (nationally)	Focus on markets where our animal products are allowed. Advocate for national improvement to controls and a provincial solution.
Be instrumental in ensuring that Cape Town and the Western Cape is considered a world class tourism destination. Leverage the tourism ecosystem to support breakout growth.	Weakening ecosystem in the tourism industry due to the performance of other entities as well as the lack of funding.	Ensure to maintain Wesgro's private sector association partnerships.
	In the absence of strong national tourism brand effort, there is a gap to fill the tourism pipeline to the province. This will impact long term tourism growth strategy.	Maintain the tourism value chain to Business to Business (B2B) as a strategic imperative.
	Inability to unlock potential new travel markets due to identified limitations.	Data research to increase the understanding of the tourism value chain in the secondary and new resource markets.
	Instability across the public sector ecosystem (i.e. local and district municipalities) which results in a lack of funding.	Continuous collaborative efforts between LTOs, RTOs and DEDAT.
A competitive and differentiated Western Cape.	Ability to implement evolving technology in an agile manner at speed. (e.g. AI solutions, and digital strategies).	Competitiveness programme created and data science adopted to implement data analytics and evolving technologies.
	Negative perceptions of SA that affect confidence in the destination.	A dedicated marketing and communications team tracking destination perception and sentiment tools introduced.
	Inadequate collaboration of key stakeholders to inform a central knowledge hub for the destination.	Plan for economic dashboard developed. Regular engagements with local, provincial and national government bodies relevant to knowledge needs.
	Western Cape as a province benchmarked against global players that have significant investment and diverse data sets and market intelligence.	Rearranged the research team to strengthen focus on collaborative research, digital innovation and ability to benchmark against key competitors.
Ensure Wesgro is a leading sub-national TTIPA globally.	Financial loss and reputational damage due to personal Information, privacy breaches, and Cyber security attacks.	Enhanced IT security in line with the digital transformation. Increased cyber-crime training.
	Inadequate succession plan addressing components of diversity, inclusion and retention. Loss of key staff and talent. Lack of a high performance and collaborative culture.	Training and career coaching. Succession planning. Strategy to get the right people into the right role timeously. Competitive remuneration. Clear roles and responsibilities.
	Not obtaining a clean audit opinion.	Additional controls implemented and capacity recruited. Approved reviewed policies in affected areas

PART D: TECHNICAL PERFORMANCE INDICATOR DESCRIPTIONS



4 PART D: TECHNICAL PERFORMANCE INDICATOR DESCRIPTIONS

Programme 1: Investment

Indicator number	1.1.1
Indicator title	Number of investment projects committed.
Short definition	<p>Refers to the number of committed direct investment projects in productive assets by a foreign or local company, as opposed to investments in shares.</p> <p>A committed investment is defined as a project where the investor has already incurred expenditure towards the implementation of the investment project in the Western Cape. A committed investment can either be a new investment or an expansion of an existing business venture.</p> <p>The value of our committed direct investments and jobs is determined from the investment expenditure of the first five years of the business venture. In addition, both operational and capital investment expenditure are included in the valuation of the investment. These definitions are provided to the investor in the investor declaration, which is completed and signed by the investor.</p>
Purpose	For a host country or the firm which receives the investment, it can provide a source of new technologies, capital, processes, products, organisational technologies and management skills, and, as such, can provide a strong impetus to economic development.
Key Beneficiaries	Companies and stakeholders
Source of data	Signed investor declaration.
Data limitations	Non-disclosure of third-party information.
Assumptions	N/A
Means of verification	Signed investor declaration.
Method of calculation	The number of signed investor declarations is calculated to determine the number of investment projects committed.
Calculation type	Cumulative <input checked="" type="checkbox"/> Year-end <input type="checkbox"/> Year-to-date <input type="checkbox"/> Non-cumulative
Reporting cycle	<input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Bi-annually <input type="checkbox"/> Annually <input type="checkbox"/> Biennially
Desired performance	<input type="checkbox"/> Higher than target <input checked="" type="checkbox"/> On target <input type="checkbox"/> Lower (less is more) than target
Type of indicator	Is this a Service Delivery Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Demand Driven Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Standardised Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Spatial Location of indicator	Number of locations: <input type="checkbox"/> Single Location <input checked="" type="checkbox"/> Multiple Locations Extent: <input checked="" type="checkbox"/> Provincial <input type="checkbox"/> District <input type="checkbox"/> Local Municipality <input type="checkbox"/> Ward <input type="checkbox"/> Address Detail / Address / Coordinates: N/A For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Indicator responsibility	Chief Trade and Investment Officer or relevant executive responsible for this programme
Spatial Transformation	Spatial transformation priorities: Description of spatial impact: Western Cape
Disaggregation of beneficiaries -HumanRights Groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: <input checked="" type="checkbox"/> None of the above"

Provincial Strategic Implementation Plan (PSIP)	X G4J <input type="checkbox"/> Safety <input type="checkbox"/> Wellbeing <input type="checkbox"/> Innovation, Culture and Governance <input type="checkbox"/> "None of the above"
Implementation Data (Key deliverables measured)	Key deliverables outlined in AOP

Programme 2: Export

Indicator number	2.1.1
Indicator title	Number of trade declarations signed.
Short definition	<p>Refers to the number of trade declarations signed indicating confirmed export transactions. Export transactions are provided and confirmed by the exporter in the trade declaration signed, where export value for the products or services exported are provided as well as the jobs created as a result thereof. The exporter indicates the assistance provided by Wesgro in relation to the confirmed trade transactions.</p> <p>“exports” refer to products and services produced in the Western Cape, or in respect of which value is added in the Western Cape, which are moved across the South African border for the purpose of trade.</p> <p>“trade declaration” refers to a form indicating confirmed export transactions between an exporter and an importer or purchasing agent.</p> <p>“importer” refers to a foreign company purchasing goods or services from an exporter in another country.</p> <p>“purchasing agent” refers to a business who is responsible for procuring goods and services from merchants, retailers and companies.</p>
Purpose	For the business that receives revenue from sales (i.e. exports), it can provide a source of new technologies, capital, processes, products, organisational technologies and management skills, and as such can provide a strong impetus to economic development.
Key Beneficiaries	Companies and stakeholders
Source of data	Signed trade declarations
Data limitations	Non-disclosure of third-party information.
Assumptions	N/A
Means of verification	Signed trade declarations
Method of calculation	The number of trade declarations signed is added to provide for the total number of trade declarations signed.
Calculation type	Cumulative <input checked="" type="checkbox"/> Year-end <input type="checkbox"/> Year-to-date <input type="checkbox"/> Non-cumulative
Reporting cycle	<input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Bi-annually <input type="checkbox"/> Annually <input type="checkbox"/> Biennially
Desired performance	<input checked="" type="checkbox"/> Higher than target <input type="checkbox"/> On target <input type="checkbox"/> Lower (less is more) than target
Type of indicator	Is this a Service Delivery Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Demand Driven Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Standardised Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Spatial Location of indicator	<p>Number of locations: <input type="checkbox"/> Single Location <input checked="" type="checkbox"/> Multiple Locations Extent: <input checked="" type="checkbox"/> Provincial <input type="checkbox"/> District <input type="checkbox"/> Local Municipality <input type="checkbox"/> Ward <input type="checkbox"/> Address Detail / Address / Coordinates: N/A</p> <p>For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p>
Indicator responsibility	Chief Trade and Investment Officer or relevant executive responsible for this programme
Spatial Transformation	<p>Spatial transformation priorities:</p> <p>Description of spatial impact: Western Cape</p>
Disaggregation of beneficiaries -Human Rights Groups	<p>Target for women: Target for youth: Target for people with disabilities: Target for older persons: <input checked="" type="checkbox"/> None of the above”</p>
Provincial Strategic Implementation Plan (PSIP)	<input checked="" type="checkbox"/> G4J <input type="checkbox"/> Safety <input type="checkbox"/> Wellbeing <input type="checkbox"/> Innovation, Culture and Governance <input type="checkbox"/> “None of the above”
Implementation Data (Key deliverables measured)	Key deliverables outlined in AOP

Programme 3: Tourism

Indicator number	3.1.1
Indicator title	Number of bids secured.
Short definition	Number of bids secured by the Convention Bureau to host meetings, incentives, conferences or exhibitions in Cape Town and the Western Cape. Written confirmation is received from the host organisation, indicating the number of delegates as well as whether the bid is domestic or international. Wesgro receives the values for delegate spend from South African Tourism to calculate the economic value of each bid.
Purpose	To attract international and domestic attendees who contribute towards the economic activity of the destination.
Key Beneficiaries	Western Cape companies and stakeholders.
Source of data	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.
Data limitations	Dependency on partnerships. Non-disclosure of third-party information.
Assumptions	N/A
Means of verification	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.
Method of calculation	The signed confirmation letter or email confirmation per bid will be added to calculate the total number of conference bids secured.
Calculation type	Cumulative <input checked="" type="checkbox"/> Year-end <input type="checkbox"/> Year-to-date <input type="checkbox"/> Non-cumulative
Reporting cycle	<input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Bi-annually <input type="checkbox"/> Annually <input type="checkbox"/> Biennially
Desired performance	<input checked="" type="checkbox"/> Higher than target <input type="checkbox"/> On target <input type="checkbox"/> Lower (less is more) than target
Type of indicator	Is this a Service Delivery Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Demand Driven Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Standardised Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Spatial Location of indicator	Number of locations: <input type="checkbox"/> Single Location <input checked="" type="checkbox"/> Multiple Locations Extent: <input checked="" type="checkbox"/> Provincial <input type="checkbox"/> District <input type="checkbox"/> Local Municipality <input type="checkbox"/> Ward <input type="checkbox"/> Address Detail / Address / Coordinates: N/A For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Indicator responsibility	Chief Tourism Officer or relevant executive responsible for this programme.
Spatial Transformation	Spatial transformation priorities: Description of spatial impact: Western Cape
Disaggregation of beneficiaries -Human Rights Groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: <input checked="" type="checkbox"/> None of the above”
Provincial Strategic Implementation Plan (PSIP)	<input checked="" type="checkbox"/> G4J <input type="checkbox"/> Safety <input type="checkbox"/> Wellbeing <input type="checkbox"/> Innovation, Culture and Governance <input type="checkbox"/> “None of the above”
Implementation Data (Key deliverables measured)	Key deliverables outlined in AOP

Programme 4: Marketing and Innovation

Indicator number	4.1.1
Indicator title	Number of strategic campaigns.
Short definition	Campaigns that are conceptualised to support the mandate of the Agency as Wesgro operates in the consideration space. 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.
Purpose	To promote the brand of the destination into key source markets, focused on driving the economic competitiveness of the destination.
Key Beneficiaries	Companies and stakeholders.
Source of data	Post Campaign Analysis reports.
Data limitations	Dependency on third party data.
Assumptions	N/A
Means of verification	Externally provided Post Campaign Analysis (PCA) Reports per strategic campaign.
Method of calculation	The post campaign analysis reports will be added to calculate the number of strategic campaigns.
Calculation type	Cumulative <input checked="" type="checkbox"/> Year-end <input type="checkbox"/> Year-to-date <input type="checkbox"/> Non-cumulative
Reporting cycle	<input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Bi-annually <input type="checkbox"/> Annually <input type="checkbox"/> Biennially
Desired performance	<input type="checkbox"/> Higher than target <input checked="" type="checkbox"/> On target <input type="checkbox"/> Lower (less is more) than target
Type of indicator	Is this a Service Delivery Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Demand Driven Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Standardised Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Spatial Location of indicator	Number of locations: <input type="checkbox"/> Single Location <input checked="" type="checkbox"/> Multiple Locations Extent: <input checked="" type="checkbox"/> Provincial <input type="checkbox"/> District <input type="checkbox"/> Local Municipality <input type="checkbox"/> Ward <input type="checkbox"/> Address Detail / Address / Coordinates: N/A For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Indicator responsibility	Chief Marketing and Innovation Officer or relevant Executive responsible for this programme
Spatial Transformation	Spatial transformation priorities: Description of spatial impact: Western Cape
Disaggregation of beneficiaries Human Rights Groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: <input checked="" type="checkbox"/> "None of the above"
Provincial Strategic Implementation Plan (PSIP)	<input checked="" type="checkbox"/> G4J <input type="checkbox"/> Safety <input type="checkbox"/> Wellbeing <input type="checkbox"/> Innovation, Culture and Governance <input type="checkbox"/> "None of the above"
Implementation Data (Key deliverables measured)	Key deliverables outlined in AOP

Programme 5: Assurance and Business Enablement

Indicator number	5.1.1
Indicator title	Number of M&E performance reports submitted.
Short definition	The delivery of M&E performance reports quarterly to stakeholders.
Purpose	To make specific information available to internal and external stakeholders, including the public.
Key Beneficiaries	Stakeholders
Source of data	Acknowledgements of receipt/email of the submission of the performance report as per the prescribed deadlines.
Data limitations	N/A
Assumptions	N/A
Means of verification	Quarterly performance reports.
Method of calculation	The number of M&E reports submitted each quarter is added to determine the total number of reports submitted for the year.
Calculation type	Cumulative <input checked="" type="checkbox"/> Year-end <input type="checkbox"/> Year-to-date <input type="checkbox"/> Non-cumulative
Reporting cycle	<input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Bi-annually <input type="checkbox"/> Annually <input type="checkbox"/> Biennially
Desired performance	<input type="checkbox"/> Higher than target <input checked="" type="checkbox"/> On target <input type="checkbox"/> Lower (less is more) than target
Type of indicator	Is this a Service Delivery Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Demand Driven Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Standardised Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Spatial Location of indicator	Number of locations: <input type="checkbox"/> Single Location <input checked="" type="checkbox"/> Multiple Locations Extent: <input checked="" type="checkbox"/> Provincial <input type="checkbox"/> District <input type="checkbox"/> Local Municipality <input type="checkbox"/> Ward <input type="checkbox"/> Address Detail / Address / Coordinates: N/A For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Indicator responsibility	Chief Assurance & Business Enablement Officer or relevant Executive responsible for this programme.
Spatial Transformation	Spatial transformation priorities: Description of spatial impact: Western Cape
Disaggregation of beneficiaries - Human Rights Groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: <input checked="" type="checkbox"/> None of the above
Provincial Strategic Implementation Plan (PSIP)	<input type="checkbox"/> G4J <input type="checkbox"/> Safety <input type="checkbox"/> Wellbeing <input type="checkbox"/> Innovation, Culture and Governance <input checked="" type="checkbox"/> "None of the above"
Implementation Data (Key deliverables measured)	Key deliverables outlined in AOP

Indicator number	5.1.2
Indicator title	Number of reports evidencing the maintenance of the Agency's ICT environment.
Short definition	Tabled quarterly reports evidencing the maintenance of Wesgro's ICT environment.
Purpose	To ensure a high level of productivity and performance for Wesgro by ensuring that the ICT environment is stable.
Key Beneficiaries	Stakeholders
Source of data	Quarterly report tabled at the Audit, IT and Risk Committee providing an overview of the status of the Agency's ICT environment.
Data limitations	N/A
Assumptions	N/A
Means of verification	Approved quarterly report providing an overview of the status of the Agency's ICT environment.
Method of calculation	The number of ICT reports submitted each quarter is added to determine the total number of reports submitted for the year.
Calculation type	Cumulative <input checked="" type="checkbox"/> Year-end <input type="checkbox"/> Year-to-date <input type="checkbox"/> Non-cumulative
Reporting cycle	<input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Bi-annually <input type="checkbox"/> Annually <input type="checkbox"/> Biennially
Desired performance	<input type="checkbox"/> Higher than target <input checked="" type="checkbox"/> On target <input type="checkbox"/> Lower (less is more) than target
Type of indicator	Is this a Service Delivery Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Demand Driven Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Standardised Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Spatial Location of indicator	Number of locations: <input type="checkbox"/> Single Location <input checked="" type="checkbox"/> Multiple Locations Extent: <input checked="" type="checkbox"/> Provincial <input type="checkbox"/> District <input type="checkbox"/> Local Municipality <input type="checkbox"/> Ward <input type="checkbox"/> Address Detail / Address / Coordinates: N/A For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Indicator responsibility	Chief Assurance & Business Enablement Officer or relevant executive responsible for this programme
Spatial Transformation	Spatial transformation priorities: Description of spatial impact: Western Cape
Disaggregation of beneficiaries - Human Rights Groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: <input checked="" type="checkbox"/> "None of the above"
Provincial Strategic Implementation Plan (PSIP)	<input type="checkbox"/> G4J <input type="checkbox"/> Safety <input type="checkbox"/> Wellbeing <input type="checkbox"/> Innovation, Culture and Governance <input checked="" type="checkbox"/> "None of the above"
Implementation Data (Key deliverables measured)	Key deliverables outlined in AOP

Programme 6: Finance

Indicator number	6.1.1
Indicator title	Positive financial viability rating
Short definition	To determine the viability of the Agency's financial systems, and the efficacy of the internal controls. This is determined from the assessment results of the management report of the Auditor-General for the 2024/25 financial year.
Purpose	To ensure compliance with the relevant financial legislation.
Key Beneficiaries	Stakeholders
Source of data	Final Management report provided by the Auditor-General.
Data limitations	N/A
Assumptions	N/A
Means of verification	Final Management report provided by the Auditor-General.
Method of calculation	The financial viability rating is determined by a financial viability assessment conducted by the external auditors as provided in the final management report. The assessment focuses on the following key areas: expenditure management, revenue management, assets and liability management, and cash management.
Calculation type	Cumulative <input type="checkbox"/> Year-end <input type="checkbox"/> Year-to-date <input checked="" type="checkbox"/> Non-cumulative
Reporting cycle	<input type="checkbox"/> Quarterly <input type="checkbox"/> Bi-annually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Biennially
Desired performance	<input type="checkbox"/> Higher than target <input checked="" type="checkbox"/> On target <input type="checkbox"/> Lower (less is more) than target
Type of indicator	Is this a Service Delivery Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Demand Driven Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Standardised Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Spatial Location of indicator	Number of locations: <input checked="" type="checkbox"/> Single Location <input checked="" type="checkbox"/> Multiple Locations Extent: <input checked="" type="checkbox"/> Provincial <input type="checkbox"/> District <input type="checkbox"/> Local Municipality <input type="checkbox"/> Ward <input type="checkbox"/> Address Detail / Address / Coordinates: N/A For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Indicator responsibility	Chief Financial Officer or relevant executive responsible for this programme
Spatial Transformation	Spatial transformation priorities: Description of spatial impact: Western Cape
Disaggregation of beneficiaries -Human Rights Groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: <input checked="" type="checkbox"/> "None of the above"
Provincial Strategic Implementation Plan (PSIP)	<input type="checkbox"/> G4J <input type="checkbox"/> Safety <input type="checkbox"/> Wellbeing <input type="checkbox"/> Innovation, Culture and Governance <input checked="" type="checkbox"/> "None of the above"
Implementation Data (Key deliverables measured)	Key deliverables outlined in AOP.

Indicator number	6.1.2
Indicator title	Percentage achievement of annual budgeted operational expenditure.
Short definition	To demonstrate the percentage of budget spent by the Agency in relation to the approved budgeted, with the approved budget reflected in the Western Cape Estimates of Provincial Revenue and Expenditure (blue book).
Purpose	To enhance effective expenditure management.
Key Beneficiaries	Stakeholders.
Source of data	The total actual expenditure is determined from the annual financial statements. The approved budget is determined from the budget provided for Wesgro in Western Cape Estimates of Provincial Revenue and Expenditure (blue book).
Data limitations	N/A
Assumptions	N/A
Means of verification	The total actual expenditure is determined from the annual financial statements. The approved budget is determined from the budget provided for Wesgro in Western Cape Estimates of Provincial Revenue and Expenditure (blue book).
Method of calculation	Total actual expenditure divided by the total budget. The numerator is the total actual expenditure, the denominator is the approved budget provided for Wesgro in Western Cape Estimates of Provincial Revenue and Expenditure (blue book).
Calculation type	Cumulative <input type="checkbox"/> Year-end <input type="checkbox"/> Year-to-date <input checked="" type="checkbox"/> Non-cumulative
Reporting cycle	<input type="checkbox"/> Quarterly <input type="checkbox"/> Bi-annually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Biennially
Desired performance	<input type="checkbox"/> Higher than target <input checked="" type="checkbox"/> On target <input type="checkbox"/> Lower (less is more) than target
Type of indicator	Is this a Service Delivery Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Demand Driven Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	Is this a Standardised Indicator? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Spatial Location of indicator	Number of locations: <input checked="" type="checkbox"/> Single Location <input checked="" type="checkbox"/> Multiple Locations Extent: <input checked="" type="checkbox"/> Provincial <input type="checkbox"/> District <input type="checkbox"/> Local Municipality <input type="checkbox"/> Ward <input type="checkbox"/> Address Detail / Address / Coordinates: N/A For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Indicator responsibility	Chief Financial Officer or relevant executive responsible for this programme
Spatial Transformation	Spatial transformation priorities: Description of spatial impact: Western Cape
Disaggregation of beneficiaries -Human Rights Groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: <input checked="" type="checkbox"/> None of the above"
Provincial Strategic Implementation Plan (PSIP)	<input type="checkbox"/> G4J <input type="checkbox"/> Safety <input type="checkbox"/> Wellbeing <input type="checkbox"/> Innovation, Culture and Governance <input checked="" type="checkbox"/> None of the above"
Implementation Data (Key deliverables measured)	Key deliverables outlined in AOP.







**Western Cape
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CITY OF CAPE TOWN
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