

# Economic Development Strategy

2008



Hands of Prosperity



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## Preamble



*Chairperson of the Ethekwini Municipality's Economic Development and Planning Committee His worship Deputy Mayor Logie Naidoo*

After thirteen years of democracy, as a society we have made significant achievements in the delivery of basic services, addressing of poverty, protection of the environment, the stabilization of economic growth and redistribution of economic wealth. Despite this, the nature of the challenges that confront us are still daunting and to free society of the chains of poverty and the ills of inequity, will require sincere effort from government; citizens; business and all other formations of society. As a City we recognize that we are still only at the beginning of this historic transformation of the local economy, a transformation which will aim to realize the vision of the most caring and liveable city, the achievement of which will mean that the people shall share in the City's wealth.

This strategy marks a milestone for the City as for the first time, it sets a clear path for the development and achievement of outcomes that will address these challenges in a sustainable manner. The strategy embodies the goals and targets established by the United Nations through its Millennium Development Goals as well as NEPAD and traces these through to ASGISA and provincial priorities.

However, rather than merely repeating these, the strategy places them in the local context and then addresses the "how" through the manifestation of strategies that represent the tangible aspects of these very broad ideals.

The achievement of these ambitious goals require firm commitment and a bold approach by the City and its leadership. It requires the commitment and buy-in of broader society and the alignment of City resources to the achievement of the goals. As society picks itself up, it requires both hands to work together, as commitment and resources or as government and civil society. It is only through sincere effort, by rolling up our sleeves, that the challenges before us can be levelled.

The strategy seeks to address the challenges and inequities that have been handed down by history. It attempts to preserve the strengths and gains that have already been achieved while opening the door to the future through new opportunities to enable the city to climb to new heights. In early times commitments were made through a person's word and a handshake. In the context of this strategy the ideals spelt out represent the word, and the handshake is the commitment to act by all those involved.

Symbolically, this strategy is branded "The Hands of Prosperity"



# 1. The Context for Economic Development

Economic development can be defined as a set of activities undertaken to improve the economic well-being and quality of life for a society. It encompasses the will to create and/or retain jobs and supporting or growing incomes and the tax base. It is about improving the economic wealth base of countries, or regions for the well-being of their inhabitants.

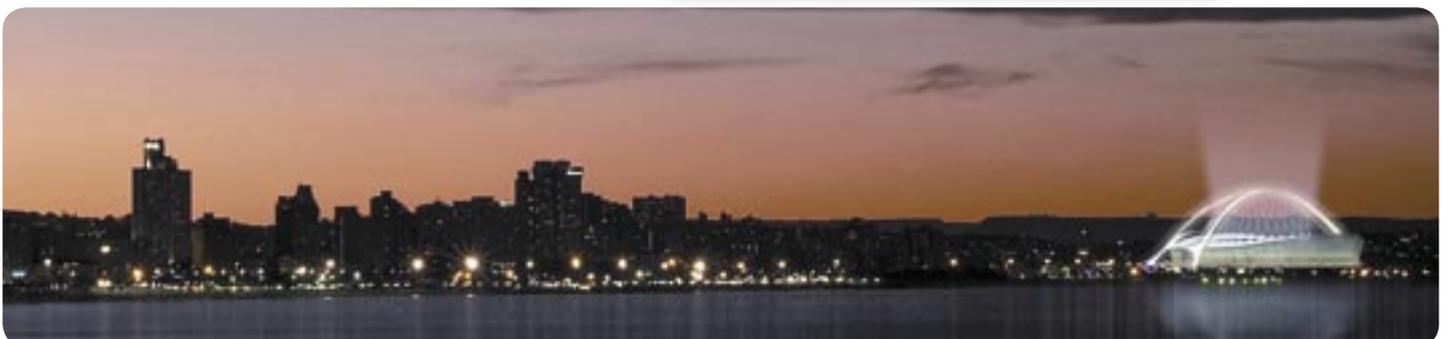
This Economic Development Strategy is aligned with global, African, regional (SADC), national (SA) and provincial imperatives for development.

**Global imperatives:** A global objective promulgated in September 2000, by all 189-member states of the United Nations, under the United Nations Millennium Declaration, highlighted the importance of a comprehensive approach and a co-ordinated strategy, tackling various problems simultaneously across geographical divides.

## The Millennium Development Goals

1. **Eradicate extreme poverty and hunger**
  - Reduce by half the proportion of people living on less than a dollar a day.
  - Reduce by half the proportion of people who suffer from hunger.
2. **Achieve universal primary education**
  - Ensure that all boys and girls complete a full course of primary schooling.
3. **Promote gender equality and empower women**
  - Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015.
4. **Reduce child mortality**
  - Reduce by two-thirds the mortality rate among children under five.
5. **Improve maternal health**
  - Reduce by three-quarters the maternal mortality ratio.
6. **Combat HIV/AIDS, malaria and other diseases**
  - Halt and begin to reverse the spread of HIV/AIDS.
  - Halt and begin to reverse the incidence of malaria and other major diseases.
7. **Ensure environmental sustainability**
  - Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources.
  - Reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation.
  - Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020.
8. **Develop a global partnership for development**
  - Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
  - Address the special needs of the least developed countries, landlocked countries and small island developing states.
  - Deal comprehensively with developing countries' debt.
  - In co-operation with developing countries, develop and implement strategies for decent and productive work for youth.
  - In co-operation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
  - In co-operation with the private sector, make available the benefits of new technologies, especially information and communications technologies.

Source: UN (2000)





The UN Declaration calls for halving the number of people who live on less than one dollar a day by the year 2015. To give effect to this main objective, the Declaration gave rise to a framework of 8 goals, 18 targets and 48 indicators to measure progress towards the main objective. The focus of the Declaration is on finding solutions to hunger, malnutrition and disease, promoting gender equality and the empowerment of women, guaranteeing a basic education for everyone, and supporting the Agenda 21 principles of sustainable development.

- Statistics and Statistical Development, and
- Meeting the MDGs with a special emphasis on Poverty Reduction and Growth

According to the ECA, for all 53 African countries to achieve the Millennium Development Goals (MDGs), each country needs to grow its economy on average by 7 percent (Economic Report on Africa, 2003).

**SADC imperatives:** In support, the Southern African Development Community's (SADC) plays an important role in attaining the MDGs for the continent as a whole. According to the SADC Charter, a key strategy in eradicating poverty is facilitating the empowerment of poor people by laying the political and legal basis for inclusive development, promoting public administrations that foster economic growth and equity; promoting inclusive decentralisation and community development; promoting gender equity; addressing social barriers and supporting poor people's social capital. Another strategy for eradicating poverty is reducing the risks of such events as conflicts, crimes, diseases and economic reforms and crises; reducing the vulnerability of the poor, and establishing their coping mechanisms. Within the SADC, the ECA (2002) suggest that South Africa is the only country with an economy that has been stable and large enough to compete with the international community.

**National imperatives:** In South Africa, the Accelerated Shared Growth Initiative for South Africa (ASGISA) was ratified by SA Cabinet in 2004, suggesting that a growth rate of approximately 5%p.a. between 2004 and 2014 was needed to allow SA to achieve its social objectives (halve unemployment and poverty by 2014). ASGISA further broke this down into a two phase target. In the first phase, between 2005 and 2009 it seeks an annual growth rate that averages 4.5% or higher. In the second phase, between 2010 and 2014, an average growth rate of at least 6% of GDP is identified. The ASGISA development path can be summarized as follows:

**African imperatives:** In Africa, the Economic Commission for Africa (ECA) was established by the UN's and focuses on:

- (1) Promoting Regional Integration in support of the African Union vision and priorities; and
- (2) Meeting Africa's special needs and emerging global challenges.

Within these two pillars, the Commission focuses on the following thematic areas:

- Regional Integration,
- Trade and Infrastructure,
- Sustainable Development and Gender,
- Promoting Good Governance and Popular Participation,
- ICT, Science and Technology for Development,

**ASGISA suggested that a growth rate of approx. 5% p.a. was needed to halve unemployment and poverty by 2014.**





- Vigorous and inclusive economy where production products and services are diverse
- More value is added to our products and services
- Costs of production and distribution are reduced
- Labour is readily absorbed into sustainable employment, and
- New businesses are encouraged to proliferate and expand

The SA Deputy President's task team identified the "binding constraints" on achieving these objectives as:

- The volatility and level of the currency
- The cost, efficiency and capacity of the national logistics system
- Shortage of suitably skilled labour amplified by the cost effects on labour of apartheid spatial patterns
- Barriers to entry, limits to competition and limited new investment opportunities
- Regulatory environment and the burden on small and medium businesses
- Deficiencies in state organisation, capacity and leadership

To counter these binding constraints, the task team provided a series of interventions (six categories):

- a) Macroeconomic issues
- b) Infrastructure programmes
- c) Sector investment strategies (or industrial strategies)
- d) Skills and education initiatives
- e) Second economy interventions
- f) Public administration issues

The roles of provincial and local governments in giving effect to these interventions are considered a central feature of ASGISA.

**Provincial imperatives:** KZN's Draft PGDS (2005) provides the appropriate platform for the province to align with national objectives for growth and development. The objectives and targets of the KZN PGDS include the national norms set by the government for growth in accordance with the Millennium Development Goals (MDGs). Provincial Priorities drive the PGDS programmes, and

are derived from the key developmental challenges related to economic and social needs of the province. These provincial priorities in KZN consist of:

- Strengthening governance and service delivery
- Sustainable economic development and job creation
- Integrating investments in community infrastructure
- Developing human capability
- Developing a comprehensive response to HIV/AIDS
- Fighting poverty and protecting vulnerable groups in society

In order to provide focus for the provincial priorities and ensure implementation, Provincial Priority Clusters (PPCs) have been established and adopted by Cabinet. The strategic framework of the PGDS comprises five PPCs translated into specific programmes of action and key strategies to address the priority issues. These clusters consist of the following:

- Governance and Administration
- Economic Development

**KZN's Draft PGDS (2005) provides the appropriate platform for the province to align with national objectives for growth and development.**





- Community Infrastructure
- Human Capacity Development
- Health and Social Support

The framework provides a platform for refocusing the energy of government to make significant progress on addressing provincial priorities, and will be implemented through the integration of growth and re-distributive elements, including integration with municipal Integrated Development Plans (IDPs) and Departmental Strategic Plans to drive programme implementation.

**The Municipality's vision is to be Africa's most caring and liveable city by 2020.**

Approximately 65 percent of the GDP of KwaZulu-Natal is attributed to the eThekweni Municipal Area (EMA), making it the economic powerhouse of the province and a most promising global competitor. The EMA is a key industrial centre with concentrations in specific manufacturing sectors including chemicals, motor vehicles and auto-components, metal conversion, textiles and footwear, wood furniture, pulp and paper, packaging, plastics, printing and publishing, food processing and beverages.

**Local imperatives:** The Municipality's vision is to be Africa's most caring and

liveable city by 2020. This vision is contained within the Municipality's Long Term Development Framework (LTDF, 2020) and confirms that the city strategy must be robust enough to adapt to national strategies for addressing certain priorities. These priorities are expressed in the MDGs and President's address. With particular reference to economic development, the objective is to eradicate poverty and hunger by halving the proportion of the population that lives on less than US\$1 per day between 1990 and 2015. To realize this vision the following challenges have been identified for the city to overcome:

- Low economic growth and high rate of unemployment
- Access to basic household and community services not optimal
- Relatively high levels of poverty
- Low levels of literacy and skills development
- Sick and dying population affected by HIV/AIDS
- Exposure to unacceptably high levels of crime and risk
- Many development practices still unsustainable
- Ineffectiveness and inefficiency of inward-looking local government still prevalent in the municipality

The City's 8 Point Plan of action builds on and embraces the key choices and sets out a clear path to deliver on the City Vision. The 8 point plan consists of:

- Plan 1. Sustaining our natural and built environment**
- Plan 2. Economic development and job creation**
- Plan 3. Quality living environments**
- Plan 4. Safe, healthy and secure environments**
- Plan 5. Empowering citizens**
- Plan 6. Celebrating our cultural diversity**
- Plan 7. Good governance**
- Plan 8. Financial viability and sustainability**

It is within the context of Plan 2, that an Economic Development Strategy (EDS) is conceived.



## 2. Introduction to the Economic Development Strategy (EDS)

This EDS exists within the broader context of the Long-term Development Framework 2020. The EDS is one of three growth management plans that together will provide long-term strategic direction for a sustainable future for the city:

### **Economic Development Strategy (EDS):**

The strategy provides a framework within which to develop partnerships with business and society to drive economic initiatives, and guidance to maintain high quality core infrastructure that serve key economic nodes in the EMA. The EDS seeks to improve the business environment within key economic nodes to encourage growth and further investment. It provides the framework for the identification and development of catalytic projects, which act to initiate development in key sectors and priority areas. The strategy encourages broad based black economic empowerment (BBBEE) through the municipality's procurement and tendering, as well as actively promoting small, medium and micro-enterprises (SMME's), and facilitating their linkages to the City's mainstream economy in a synergistic way that supports the overall growth of the local economy.

**Social Development Strategy:** This strategy will focus on the broadening of access and quality of basic services like water; housing; sanitation; electricity and access. In addition it will place emphasis on improving access and quality of community services such as health, safety and emergency services; recreation, arts and culture, heritage; libraries and other social services. And is strongly supported by a skills plan.

**Environmental Strategy:** This strategy provides a policy framework to guide physical development, including public works; zoning, neighbourhood design and land development. It also seeks to address the need to protect and strengthen local ecological features while placing emphasis on the reduction of the city's environmental impact in terms of its consumption of energy; fuel and promoting sustainable production and consumption.





### 3. State of the local economy

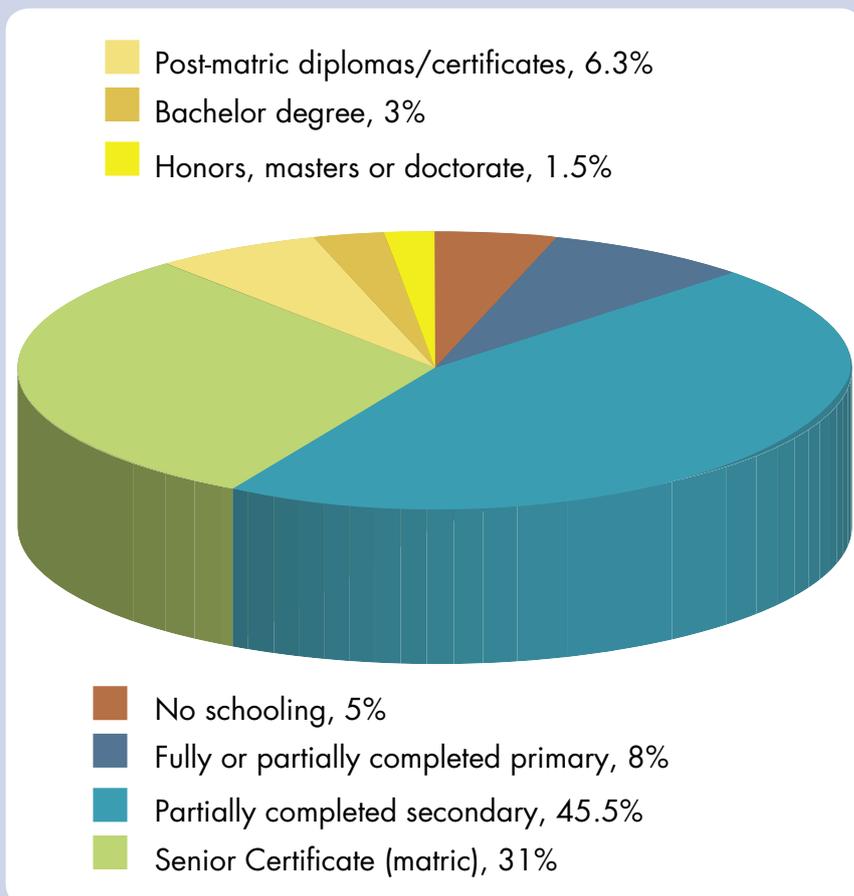
The municipal area stretches along the coast from Umkomaas in the south, to Tongaat in the north, and inland to Cato Ridge. It incorporates vast areas of rural hinterland in the northwest and southwest its area, including tribal areas such as KwaXimba and Umbumbulu. The eThekweni Municipality has an area of 2297 square kilometres, of which 36% is rural and 29% is peri-urban (SA Cities Network, 2006).

Approximately 8% of the SA labour force participants reside in the EMA.

**Demographics:** The 2005 estimates show that EMA has a population of 3.13 million people representing a 7% share of the total South African population. In the EMA the majority of the population is Black (68%) and also contains the highest Indian population in the country, which makes-up 20% of the EMA's total population. Approximately 8% of the SA labour force participants reside in the EMA.

**Education:** Education levels in EMA are far higher than provincial levels, and the city has 7% of South Africa's students. The salient features of education in the EMA are summarised in figure 1, which illustrates the population by the highest level of education obtained by individuals between the ages of 20 and 64 in 2005. It reveals that 5% of the working age<sup>1</sup> residents of eThekweni have no schooling, 8% had some level of primary school education and a further 46% had incomplete secondary education. Taken together, these statistics suggest that over 40% of the working age population of EMA had attained at least a secondary level of education.

**Figure 1:** Percentage distribution of highest education level of persons aged 20-64



**Economic output:** The EMA plays a major role in the South African economy. It is the economic hub of KwaZulu-Natal, contributing almost 75% of its total output in 2005. The GDP generated by eThekweni ranks as the third largest economic centre in terms of its contribution to national GDP, behind only Cape Town and Johannesburg. The EMA accounts for 10% of South Africa's economy output. The EMA economy has grown at an average annual rate of 3.65% over the period from 1995 to 2005. This compares favourably with the rest of KwaZulu-Natal, which grew at a rate of 2.3% over the period 1995 to 2004. The single largest contributor to GDP in the EMA is the manufacturing sector, which contributes approximately a quarter of total GDP. The importance of this sector to the EMA and the province cannot be understated as its total contribution to provincial GDP in 2004 was nearly 15%.

<sup>1</sup> The Working age population was approximated by restricting the sample to all those individuals that were between the ages of 20 and 64 in 2005.



After manufacturing the next largest sector is finance and business services, and 72% of the contribution to the provincial finance and business services sector's GDP is generated in the EMA. Transport and communication is also a significant contributor to the economy which is due primarily to the Port of Durban, which is Africa's busiest port and South Africa's major transportation hub. The transport and communication sector is the fastest growing sector in the EMA, recording an average annual growth of 6.45 % for the period 2001 to 2005. The other two large sectors showing strong growth of above 4.5% per annum for the same period were the finance and business services; wholesale and retail trade as well as catering and accommodation sector. The agricultural sector, whilst small in comparison to many other sectors has revealed strong GDP growth of 4.75% per annum for a 10 year period, and reached new highs of over 5% in 2004/5.

KwaZulu-Natal's regional tourism markets concluded that Durban captures around 33% of foreign consumer spending in the province. This suggests that the value of Durban's foreign tourism market in 2004 was in the region of R 2.3 billion.

**Transport sub-sectors:** At the centre of the transport industry in the eThekweni is the Port of Durban. The busiest port in Africa and South Africa's leading container port. The Port of Durban has seen a steady increase in container traffic in recent times. Durban is a vital link in one of the two largest freight corridors in South Africa, linking Gauteng with the rest

**The single largest contributor to GDP in the EMA is the manufacturing sector.**

**Manufacturing:** Manufacturing industries generated 24.4% of the EMA's GDP in 2005 and contributed 13.6% of South Africa's total manufacturing value added. The four largest manufacturing industries in the EMA in 2005 were petroleum and chemical products, food beverages and tobacco, transport equipment (including automotives), metals and related products. Together these four largest industries accounted for over 60% of total manufacturing GDP in 2005.

**Tourism:** Tourism is one of the most significant components of the metropolitan economy. In 2004, the eThekweni Municipality was visited by 1.1 million foreign tourists (equivalent to 78% of foreign tourists to KwaZulu-Natal or 16% of foreign tourists to South Africa). **The most popular attraction among foreign tourists to KwaZulu-Natal was the Durban Beachfront, which was visited by around 875,000 foreign tourists (64% of foreign tourists to KZN) (SA Tourism, 2005).** In 2004, the value of foreign tourism to KwaZulu-Natal was R 6.9 billion (SA Tourism, 2005). The KwaZulu-Natal Tourism Authority's (KZNTA, 2002) analysis of the value of





of the world. The Port of Durban is South Africa's only general cargo port in terms of standard containerised TEU's (twenty-foot equivalent units). Approximately 64% of total container traffic went through the Port of Durban in 2004 (1.68 million TEU's). The increase in container traffic has nearly doubled in recent years, mostly driven by increased imports of goods.

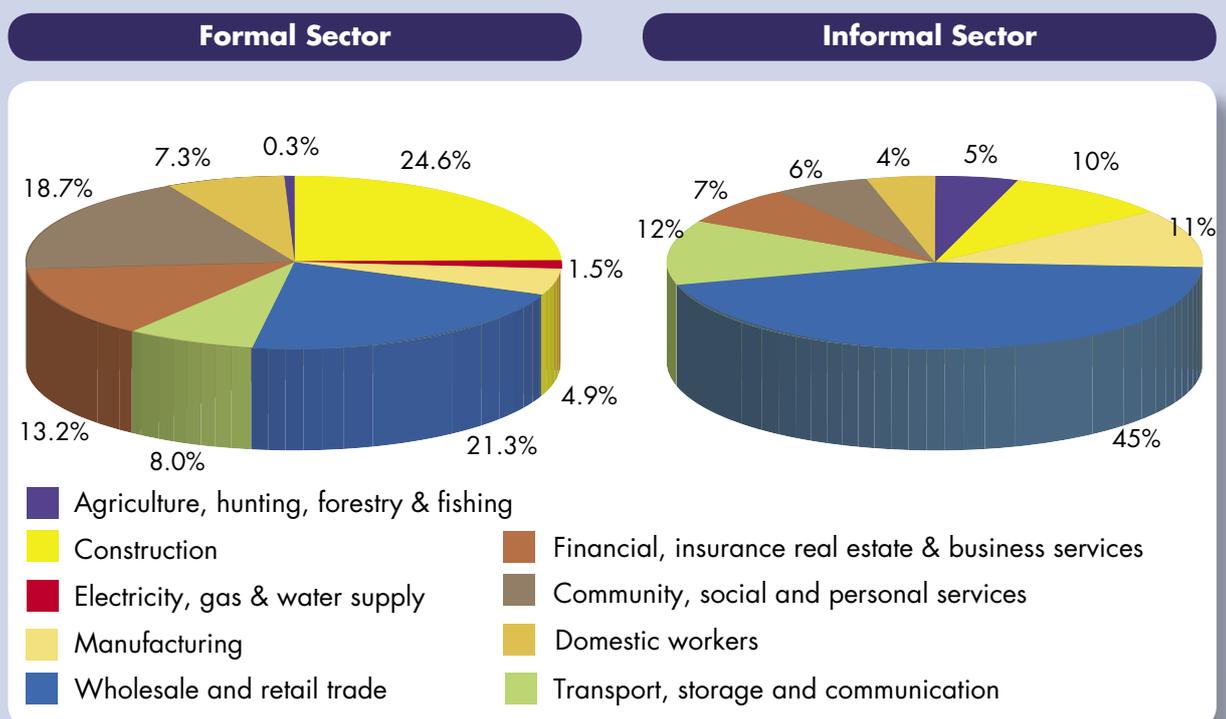
At the centre of the transport industry is the Port of Durban.

**Poverty:** According to the Global Insight Database Line **the number of people living in extreme poverty (people living on less than \$1 a day) in the EMA has increased from 132,297 in 2001 to 169,040 in 2006.** Poverty continues to affect Black Africans the most, a continuing legacy of apartheid and its systematic exclusion of this group from the mainstream economy. The National Spatial Development Framework indicates that eThekweni has the biggest poverty gap in KwaZulu-Natal, due predominantly to its large population (The Presidency Report, 2003). In eThekweni the

Gini coefficient (a measure of inequality, which varies between 0 and 1, where 0 is perfect equality and 1 is perfect inequality) has steadily increased. In 1996 it stood at 0.56, but by 2004 it had reached 0.60. The biggest increase in inequality was recorded amongst Black Africans where the Gini coefficient rose from 0.51 in 1996 to 0.61 in 2004 (Global Insight Database). Hence in addition to inequalities between previous racial groups, a growing trend of inequality within previous racial categories is noted.

**Service delivery:** In terms of service delivery, great strides have been made. Thousands of kilometres of water lines, roads and other services have been installed. **The municipality has identified that there are 140 000 urban and 65 000 rural households that do not have access to adequate services** such as quality housing, water, electricity and sanitation. Apart from delivering over 15 000 houses a year to persons unable to finance houses themselves, the Municipality

**Figure 2:**  
**The eThekweni formal and informal sectors**



Source: eThekweni Economic Review, 2005



has lowered the proportion of people with no access to sanitation to 1.1% and has launched a number of innovative projects to address this challenge. The vast majority of households in the EMA have nearby access to running water and most do not have to travel to acquire water. However, roughly 10% of households do have to travel to collect water. For the majority of these households the walk is less than 15 minutes, but for some 3.3% of households the nearest source of water is more than 15 minutes away. Landline telephones are not common household items in the EMA with only 30 % of households having access to such facilities. Whilst the vast majority of the inhabitants of the EMA are housed in conventional dwellings, 257 000 households are considered to be living in informal housing or shacks. These households are mostly located within the 540 recognised informal settlements within the EMA. The official municipal estimates are that these settlements are home to 155 000 families.

**Employment:** Employment is a major issue in the EMA, as evidenced by the fact that 34.4% of the working age population being unemployed according to the strict definition of unemployment. This is the highest rate for any metropolitan area in South Africa. The EMA nevertheless makes an important contribution to employment accounting for nearly half of total employment in KwaZulu-Natal (47.4%). The vast majority of employment in eThekweni, nearly 80%, lies in the formal sector of the economy. However, the informal sector contributes substantially (15%) to employment in eThekweni. This can be compared with an 18% contribution by the informal sector to employment in Johannesburg and 11% in Cape Town. Employment in domestic work alone accounts for 6% of total employment in the city. The sectoral composition of employment in the formal and informal sectors of the economy is quite distinct. Employment in the formal sector is fairly evenly distributed across four large sectors, namely manufacturing, wholesale and retail trade and finance and business services and community, social and personal services. By contrast,

nearly half (45%) of all employment in the informal sector is in wholesale and retail trade services, indicating low levels of production and innovation.

**Informal economy:** (see figure 2).

Deregulation in the 1990s led to a massive increase in the number of informal traders. It was estimated that there were between 19 000 and 20 000 (Durban Informal Economic Policy October 2000) street traders in 1996/7, of which over 60% were women. The Muthi trade alone created 14 000 jobs and in 1998 black householders spent over R500 million in informal sector outlets. As an indication of the scale of this market over 28 tons of cooked mielies were sold a day in peak season and over 10 000 tons a year (Skinner, 2005). Current estimates in the City's Draft Itinerant Traders Policy indicate that there are as many as 150 000 informal traders operating in the Metro (Development Praxis. Nd), and employment growth in the informal sector was somewhere between 11% and 19.5% between 1996 and 1999, as opposed to 1.4% in the formal sector (Skinner, 2005). Informal sector business and entrepreneurs in the EMA are active in industries ranging from metal work, child care, construction, shebeens, hairdressers, traditional crafts, muthi, clothing and spaza shops, and only 11.8% of those surveyed in a 2005 study of the informal sector operated on the street. Over 50% operated from their homes or buildings adjacent to their homes. Given that there were 5.3 jobs in the formal sector for every job in the informal sector in 2005, manufacturing, which generates a quarter of all formal sector jobs in the city, remains the single largest source of employment in the EMA.

**The vast majority of employment in eThekweni lies in the formal sector.**

**Spatial economy:** The spatial distribution of economic activity in the EMA is heavily skewed towards the Durban City Centre, the Durban South Basin (including Jacobs, Mobeni, Coedmore, Isipingo and

Prospecton), the Port of Durban and the Pinetown and New Germany areas. The

spatial economy is characterised by the following:

**Table 1: Characteristics of the Spatial Economy**

Sub-region	Major Economic Activity
Durban Central	Retail, Services, Offices, Conferences, Education, Tourism
Jacobs / Mobeni	Mature industrial (Chemicals, Plastics, Confectionery, Textiles, Footwear, Packaging, Engineering)
Port of Durban / Maydon Wharf	Tourism, Freight Logistics and Transport Manufacturing, Engineering, Recreation
Pinetown / New Germany	Mature industrial (Textiles, Earthmoving, Beverages, Footwear Components, Electronics, Medical Goods)
Chatsworth	Retail, Services
Isipingo / Prospecton	Automotive, Food, Plastics, Carpets, Chemicals, Beverages, Transport, Distribution
Coedmore	Stone Quarry and Cement
Queensburgh / Umhlatuzana	Small light to medium industrial - growth potential
Springfield Park	Light industrial, Retail
Waterfall Park	Fresh Produce, Retail, Services
Glen Anil / Avoca	Light Industrial (Building materials, White Goods Distr., Plastics, Furniture)
Amanzimtoti	Retail and Tourism
Reunion	Airport, Petroleum Refineries, Paper, Synthetic Fibres, Chemicals
Umhlanga Rocks	Retail, Services, Offices, Tourism
Westmead	Light Industrial
Tongaat / Maidstone	Medium Industrial (Textiles, Clothing, Sugar, Animal Feeds)
Greyville	Sport (Horse Racing, Golf), Tourism, Offices, Publishing
Victoria Embankment	Retail, Offices, Sport (Sailing, Boating), Tourism
Umdloti	Retail, Offices, Tourism

In addition, there are a number of catalytic spatial development initiatives that will undoubtedly impact on the future spatial

Sub-region	Major Economic Activity
Verulam/Canelands	Medium Industrial (Textiles, Clothing, Agric., Chemicals, Furniture)
Effingham / Avoca	Industrial/Agricultural (Bricks, Roof Tiles, Sugar Cane)
Kingsburgh	Tourism
Phoenix Industrial	Medium Industrial (Clothing, Wood Products, Beverages, Plastics)
KwaMashu	Small Commercial
Mt Edgecombe	Light industry (Engineering, Furniture, Manufacturing, Distribution and Warehousing), Offices, Golf Course
Hillcrest	Retail, Services, Offices
Umbogintwini	Chemical Industrial Park, Light Industrial Park
Bluff	Retail, Offices, Tourism
Westville / Pavilion	Retail, Services, Offices
La Lucia	Retail, Services, Offices
Harrison Flats	Heavy industry
Glenwood	Education, Research, Innovation & Experimentation
Cato Manor	Commercial, SMME, Light Industrial
Hammarisdale	Textiles, Clothing, Chicken
Berea Ridge	Health, Retail, Offices
Beachfront Point	Retail, Offices, Tourism
King's Park	Offices, Sport (Rugby, Golf, Swimming, Soccer), Tourism

economy of the EMA. The economic review for 2005/6 provides a detailed account of these initiatives ([www.durban.gov.za](http://www.durban.gov.za)).



## 4. Economic Challenges in the EMA

**decade to improve eThekweni’s ability to meaningfully impact on accelerating economic growth and improving the quality of life of the poor in Durban in the second decade?**

Durban’s sustainable economic development will depend on the ability of all stakeholders (public, private, civil society, and labour) to collaborate to improve Durban’s global competitiveness, accelerate economic growth and job creation and reduce poverty. Table 2 below outlines some of the economic and social conditions in local, provincial and national level.

While much has been achieved in the first decade of democracy, this has clearly not been enough. **We must ask ourselves, what can we learn from this first**

**Table 2: An Analysis of the Local, Provincial and National Economic and Social Conditions**

Indicators		SA	KZN	EMA	Analysis	Outlook for EMA
GVA Total	Average growth (2001-2006)	4.34%	4.30%	4.69%	Marginally higher rate than national and provincial	Positive
	2005-2006	4.89%	4.71%	5.04%	Marginally higher rate than national and provincial	Positive
Employment	Average growth (2001-2006)	3.00%	2.62%	3.35%	Marginally higher rate than national and provincial	Positive
	2005-2006	4.29%	3.67%	4.01%	Lagging behind national	Slow to moderate
Poverty (less than \$1 per day)	Average growth (2001-2006)	4.05%	3.72%	5.02%	Poverty growing higher in EMA	Negative
	2005-2006	4.67%	4.40%	5.12%	Poverty levels not reducing in all regions	Negative
Unemployment	Average growth (2001-2006)	2.25%	2.21%	1.61%	Unemployment slowing down faster in the EMA	Slow to moderate
	2005-2006	-2.39%	-2.43%	-2.74%	Reduction of unemployment accelerating since 2005	Positive
Economically active	Average growth (2001-2006)	2.49%	2.63%	2.52%	Marginal growth in economically active compared to national	Slow to moderate
	2005-2006	1.61%	1.75%	1.64%	KZN slowing down considerably	Positive
Number of illiterate	Average growth (2001-2006)	-1.39%	-1.10%	-2.10%	Considerable decline in illiterate	Positive
	2005-2006	-1.28%	-3.12%	-4.84%	EMA signs of accelerating pace of reducing illiterate levels	Positive
Population	Average growth (2001-2006)	1.21%	1.18%	1.14%	Population growth is slowing down	Positive
	2005-2006	1.02%	0.97%	0.93%	Improvements noticeable in all regions	Positive
Inequality (GINI co-efficient)	Average growth (2001-2006)	0.33%	0.52	0.12%	Overall signs of marginal growth in inequality; rising concerns in KZN	Moderate
	2005-2006	0.02%	0.18%	-0.35%	EMA signs of reduced inequality sharper than nationally, with improvements in KZN	Positive

Source: Global Insight 2007

The challenges at local, provincial and national level can be summarised as follows:

- Reducing the high levels of extreme poverty and inequality with a focus on meeting basic health (esp. reducing the negative impacts of HIV/Aids), improving education levels, housing, and social service needs efficiently and effectively through targeting government support to those most in need and improving their access to employment opportunities.
- Enhancing the effectiveness of the educational and training systems with a focus on strengthening linkages between industry supply and demand, and on improving the educational levels of the youth and adult literacy.
- Enhancing the global competitiveness of EMA business environment. This entails proactively building competitiveness and redirecting the EMA economy in potential growth sectors through reducing business costs and administrative barriers, accelerating investments in logistics and knowledge infrastructure (especially passenger and freight transport logistics, telecommunications, and energy), and sector-specific partnerships.
- Enhancing government capacity and public-private institutions to build partnerships (social capital) required for

**The EMA has a number of competitive advantages such as a favourable business location.**

collaborative planning and strategising between government, business, labour, and civil society in order to make a meaningful impact on addressing the first three constraints and strategic intervention areas.

Projections that over 60% of the EMA's future economic growth will be in service sectors has profound implications for the regions future in terms of the structural changes in education, technology, and infrastructure, which will be required to realise and support this growth. At the same time, the job creation challenge exists in the context of a dual economy (one economy that is a wealthy, regulated, first world and modern economy, and on the other hand, a poor, active role in supporting the "mainstreaming" of the informal economy and stimulating labour-intensive economic activity and new small business development.

Globally, the EMA has a number of competitive advantages such as a favourable business location and infrastructure, which needs to be continually strengthened. For international trade and manufacturing exporters and importers: its port is strategically located on the east-west shipping route, serving Gauteng and East Africa and linking to the world's fastest-growing Middle and Far East. For tourism and business services: its coastal location and regional attractions and reasonably skilled work force provide a natural attraction.

The central importance of competitive passenger and freight logistics systems and infrastructure to EMA's future cannot be under-estimated. EMA has become the de facto coastal "Gateway" to Southern Africa. It has the largest port in Africa in terms of value of cargo throughput and is South Africa's premier general cargo and container port. It is ideally located to access the international shipping routes between East and West, with excellent shipping linkages to the Americas, Europe, the Persian Gulf, South East Asia, the Pacific Rim and Australia/NZ. In addition it is the most sensible location for trans-shipment of cargoes between Eastern, Middle Eastern and Western economies.



Provided that improvements in drivers of EMA's global competitiveness related to logistics costs; work force skills; manufacturing competitiveness and innovation are effectively addressed, the EMA's economy has the potential to significantly benefit from enhanced integration with the global economy. Given these challenges there are a range of opportunities that could inform the EDS in order to promote accelerated growth; poverty reduction and BBBEE. These consist of:

- Providing a platform for inclusiveness of thought on future development of the municipality
- Ensuring that the necessary conditions are met to embrace the Knowledge Economy of the future
- Further growth in services (esp. tourism, business process outsourcing, and film) and goods (esp. agro-processing, automotives, and niche sectors) exports
- Growth in domestic fixed investment in infrastructure as well as foreign direct investment
- Facilitating local partnerships to unlock development
- Improving the efficiency and efficacy of transport and communications infrastructure
- Increasing regional integration of KZN and leading the province economically
- Ensuring that marketing of the city goes hand-in-hand with development, i.e. event-led development
- Provision of an enabling business environment which minimises the costs of doing business and maximises the ease of doing business through developing EMA's global logistics and communications systems
- Provision of an enabling community development environment in previously disadvantaged regions which improves business confidence and local investment,

i.e. neighbourhood redevelopment

- Conducting a review of eThekweni's regulations and administrative procedures to reduce barriers to investment through streamlined service delivery
- Sector development strategies, which build on competitive advantages and align with national and provincial initiatives to enhance the competitiveness of its export-oriented business service and manufacturing industries
- Streamlining the municipality's bureaucracy to enable the city to more effectively and efficiently fulfil its role as an agent of delivery

**The port is strategically located on the east-west shipping route.**

Unlike the IDP, the EDS requires significant external resources and partnerships for its successful implementation.



## 5. Economic Mandate

The White Paper on Local Government (1998) indicates that citizens and communities are concerned about quality of life issues such as access to services; economic opportunities; mobility; safety; absence of pollution and congestion; proximity to social and recreational facilities and so forth. Local government impacts on all these aspects and accordingly seeks to achieve the following key outcomes:

- Provision of household infrastructure and services
- Creation of liveable *integrated cities, towns and rural areas*
- Local economic development
- Community empowerment and redistribution

The White Paper (1998) also points out that each of these outcomes needs to be seen within the context of national development and the principles and values of social justice, gender and racial equity, nation-building and the protection and regeneration of the environment. Further to this, section 2, indicates that local government does not determine the sustainability of human settlements alone. Other spheres of government, either by independently conducting their own programmes in the same area as a municipality, or by regulating the operation of municipalities in line with their own sectoral objectives, also affect the overall shape of settlements and the livelihoods of people who live there. It is clear that national government is increasingly looking to local government as a logical point of coordination and a necessary vehicle for the implementation of policies and programmes. Provincial governments are also decentralising certain functions to local government. At the same time, local government is constitutionally obliged to participate in national and provincial

development programmes.

From the perspective of this EDS, the White Paper maintains that local government can play an important role in promoting job creation and boosting the local economy. The key starting point is investing in the basics by providing good quality cost-effective services and by making the local area a pleasant place to live and work. However, two other types of initiative are important:

- Reviewing existing policies and procedures to promote local economic development.
- Provision of special economic services

Based on the foregoing, four key lessons can be drawn that informs the EDS:

- Effective local government leadership in facilitating a sustainable economy requires effective alignment with national and provincial strategies to maximise resource leverage and impacts
- The EMA's strategy must be based on the accurate identification and ongoing development of actual and potential global competitive advantages to ensure that our economy can ride the constant waves of global economic change and re-structuring
- Durban's strategy must focus and address old challenges and weaknesses, preserve existing strengths, as well as create an environment for future opportunities, which can maximize accelerated and shared economic growth and job creation
- **The effective implementation of this strategy will depend on the ability of the Municipality's leadership to mold, structure, guide and monitor a wide range of partnerships with other spheres of government; the local and global business sector; trade unions; communities and other role-players**

**Local government can play an important role in promoting job creation.**

## 6. Strategic Economic Outcomes and Targets

In line with the MDGs which have been broadly accepted and incorporated into national planning and using the framework defined in the White Paper on Local Government, the EDS responds to the ASGISA targets and the main objective as set out in the MDGs:

### STRATEGIC GOAL:

To halve unemployment and poverty by 2014

Following from national intervention areas as defined in ASGISA, and considering the local context and sphere of influence, the EDS identifies the following strategic outcomes and targets to achieve this global, regional and national objective.

These local economic outcomes and targets are as outlined in Table 3.

The targets presented in Table 3 require firm commitment from the leadership of the municipality and business to drive growth and job creation through an ambitious plan that aims to pull ourselves up to an increased pace of economic growth. The Municipality cannot achieve this target by itself and needs to work together with Provincial and National spheres of government. National government in particular has far greater influence over the economy due to its mandate on macro-economic policy. This strategy must be used as a point of interaction with national and provincial government. To prioritize job creation the municipality also needs to improve the quality of its economic interventions by moving from interventions that are prestigious to ones that are broadbased, from interventions that are cyclical and require continued capital and operating budget to ones that create sustainable growth. In this regard, the Economic Strategy identifies 'Strategic Choices' which create a framework that is focused on achieving the 'Strategic Outcomes'. Section 7 describes each 'Strategic Choice' in greater detail.

The Municipality cannot achieve this target by itself and needs to work together with Provincial and National spheres of government.

**Table 3:**  
**Local Economic Outcomes and Targets**

STRATEGIC OUTCOME	STRATEGIC TARGET	STRATEGIC CHOICE	CURRENT PERFORMANCE
Economic growth	EMA GDP growth target set at 1% above SA GDP growth target up to 2014	Specialised sector and investment support	1% above national
Reduce inequality	Lowest GINI COEFFICIENT nationally by 2014	Spatial integration and efficiency of priority nodes and corridors	Unacceptably high
Reduced local unemployment	Halve unemployment by 2014 in the EMA	Strategic industry skills development	34.4% unemployed
Improved business confidence	Highest business confidence amongst SA cities by 2014	Strategic economic infrastructure	Not determined to date
Equitable access to opportunities	Highest proportion of BBBEE SMEs nationally by 2014	Specialised enterprise development and innovation support for emerging and informal businesses	21% of SMEs in EMA are BBBEE compliant (ranked 2 <sup>nd</sup> in KZN behind PMB)

## 7. Strategic Economic Choices

The EDS puts forward five strategic choices for implementation as follows:

**Strategic economic choice 1.**  
**Specialized sector and investment support:** In order to grow business the EMA must provide the necessary conditions for economic sector growth, ensuring that the identified sector is adequately equipped for investment and to make an impression on the global market.

**Strategic economic choice 2.**  
**Spatial integration and efficiency of priority nodes and corridors:** A reduction in inequality entails the pursuit of pro-poor local economic development initiatives at a city-wide and community level, ensuring that there is spatial integration of investment for local economic development.

**Strategic economic choice 3.**  
**Strategic industry skills development:** To reduce unemployment, focus should be on increasing the employability and productivity of individuals in key sectors will ensure that employment is market guided and informed.

**Strategic economic choice 4.**

**Strategic economic infrastructure development:** The improvement in business confidence will be ensured when localities are adequately resourced to benefit from economic growth.

**Strategic economic choice 5.**

**Specialised enterprise development and innovation support for emerging and informal businesses:** Broad-based black economic empowerment (BBBEE) will be achieved by providing a higher level of support to previously disadvantaged individuals, and businesses to engage with markets through product and service sustainability. In order to achieve this in a shorter period of time, the delivery of cutting-edge research and development services to stimulate local entrepreneurship and market access is a requirement.



## 8. Strategic Levers

The key objective of halving unemployment and poverty by 2014 is a mammoth task and without the appropriate levers to fast-track municipal procedures and regulations the EDS would not have a significant impact on the local economy. To this end, strategic operational levers are required as follows:

### Strategic Lever I. Reduce red tape

It is important to review the current manner in which local government is doing business with citizens and business. This includes reviewing service provision, the streamlining of regulatory procedures and developing a customer service culture. In meeting the key objective of the EDS, a key focus will be on reducing the turnaround time in responding to key challenges.

### Strategic Lever II. Special purpose vehicles

In many cases limited resources; expertise and municipal regulations will make it difficult for municipalities to get involved in specialised economic areas; however, it may be possible for municipalities to support or contribute to the activities of other agencies, such as national departments and nongovernmental organisations, in these areas, as well as to facilitate development through innovative SPVs that are especially equipped for responding to challenges within particular areas of the economy.

### Strategic Lever III. Incentivizing strategic investment

The quality of the enabling environment for investment is equally important to investors, as this affects a city's ability to attract investment, and benefit from it. Overarching any potential investment policies, attractive terms to investors should be considered as part of the city's industrial policy and should be available to all investors (foreign and domestic) on transparent terms. Incentives should follow the same logic and focus

on those activities that create the strongest potential for spillovers, including linkages between foreign-owned and domestic firms, education, training and R&D. In addition, in spatially defined areas that are strategic to the city, investment could be promoted through policy directives, where appropriate, for the broader good of society.

### Strategic Lever IV. Partnerships

The Municipality should seek to formulate and strengthen partnerships with spheres of government; business; education; parastatals; civil society; etc in order to supplement public resources and skills and achieve synergies to enable the successful implementation of the EDS. The successful implementation of the economic choices will hinge on both national and provincial support, but more importantly community and business involvement.

### Strategic Lever V. Event-led development

Marketing and investment support can be provided by local government in order to attract and secure potential investors. It is important that such services are integrated into all of the economic choices to provide enhanced exposure of municipal services, programmes and overall improvement of business confidence. Event-led development ensures that strategic events provide marketing and awareness of the municipality's initiatives and comparative advantages, but also ensure that marketing support is provided for businesses and communities as a spin-off. Additional spin-offs include job creation for local entrepreneurs and communities where the events are hosted, with the procurement policies of local government giving effect to these opportunities. This should be pursued with the vision of strengthening the local economic base.

**Community  
and business  
involvement  
are key.**



## 9. Assessment Framework for the Implementation of Strategic Economic Choices

A categorization of programmes and projects is critical in ensuring effective service delivery. Furthermore, it is recognized that local government needs to meet some basic requirements before tackling wider issues for development, and in view of this need, the formulation of economic strategies will be influenced by many issues including:

### The EDS must:

- address the old challenges
- preserve strengths
- create platform for new opportunities

- What are the urgent tasks and priorities?
  - Where are the priorities focused spatially?
  - What resources can be made available to support the strategy?
  - What options are relatively cost-effective activities to implement?
  - What options offer immediate benefits?
  - Do the community, business and industry have the capacity to implement the option?
- What are risks? Can the risks be minimized?

Furthermore, the EDS should provide a basic view of the economy's most likely future path and as such identify the necessary subsequent steps to get there. The development mode is defined to the year 2014 notwithstanding the need to meet the long-term development framework of the EMA extending to 2020, whereby optimal employment is a key deliverable. The EDS proposes an assessment framework for the implementation of strategic choices rather than priority intervals, such as short, medium and long-term interventions. Rather it is focussed on:

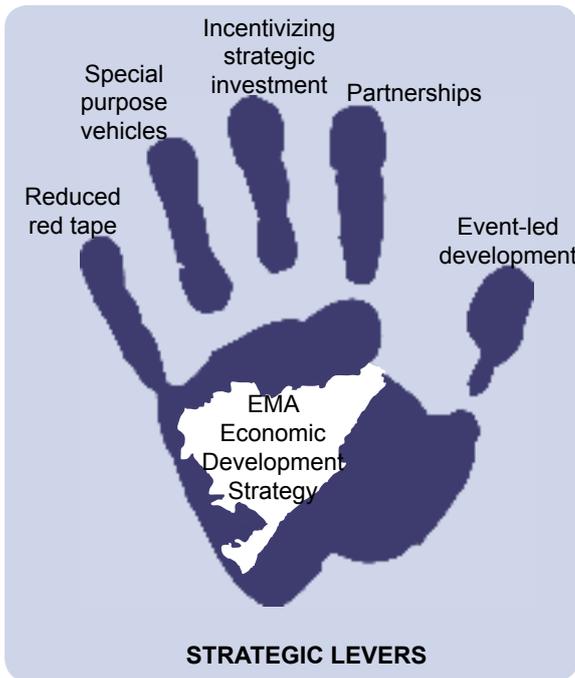
- Addressing the 'old challenges, threats and weaknesses of the economy'
- Preserving the existing strengths of the local economy
- Creating a platform for 'new opportunities' for the EMA

It is envisaged that a comprehensive economic development plan will provide the framework for the short, medium and long term actions for the implementation of economic strategies in the EMA.



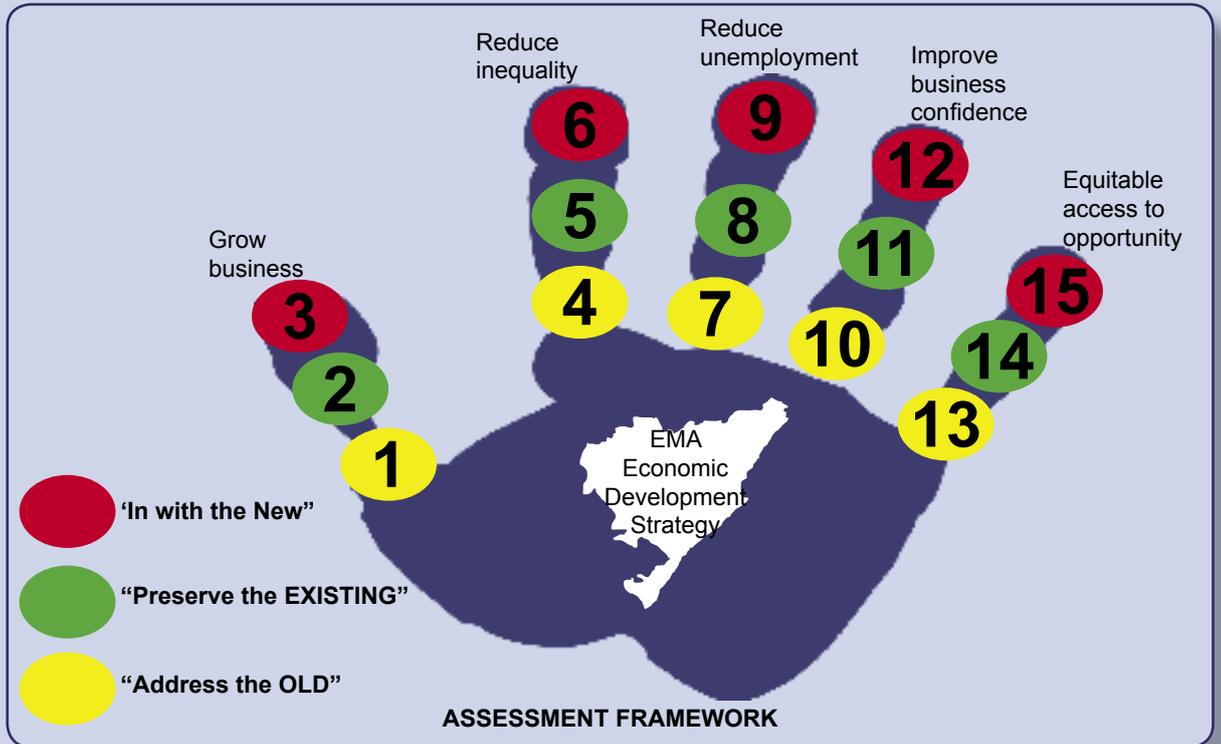
**10.  
The Hands  
of Prosperity –  
A symbol of the  
Economic  
Development  
Strategies**

*“the right hand  
cannot work efficiently  
without the left hand”*



Human hands have never lost their fascination throughout history. Many cultures since time immemorial, have understood the hand to symbolize the five key elements: water, wood, earth, fire and space. Physically the hands are the instruments with which we exercise our prerogative to determine our own fate. In this way we are offered a choice to align ourselves with nature’s laws. When taking a pledge or oath, the hand is often raised in the air. Agreements and promises are established through a handshake. We have likened the Municipality’s economic

strategy to that of our hands serving its people by working in harmony with our natural and social resources. As local government the hands signify our freedom to decide upon and implement the right choices. Accordingly the City’s approach to economic development is fundamentally a two-pronged approach: one hand that clears the path for development whilst the other steer the citizens of the municipality towards development. The hands of prosperity offers to address economic and social challenges in the city through a series of thrusts symbolizing each



component of the hand and in so doing, seek and set the stage towards a vision where we eventually earn the reputation of being Africa's most caring and liveable City.

The right hand (that is directed by the strategic economic choices) and guided by the left hand, (which provides the operational levers to realize our key objective of halving

unemployment and poverty by 2014), is symbolic of the municipal "hands of prosperity". In combination, the strategic levers, economic choices and the "assessment framework", gives rise to the formulation of "15 key economic strategies", hence giving meaning to the economic choices for the region. In this way, the (right) 'hand of economic choices' provides focus and actions.

The 15 economic development strategies that coincide with each 'ridge' on the 'hand of economic choices', and will assist us in delivering on the strategic outcomes for the eThekweni Municipality, are depicted on table 4 below:

As the hand is synonymous with 'labour-intensiveness', it also symbolizes the importance of manufacturing, which is not only the largest contributor of the EMA economy, but also a means to empower the weakened, the poor and the under-skilled. In essence, the "hands of prosperity" connotes a turnaround strategy for manufacturing in the EMA. The hand is further a symbol of service which is fundamental to and encapsulated within hospitality and tourism, which is a large contributor to GDP and among the most labour-intensive sectors of the economy. The hand can further be related to the creative industries and agriculture.





**Table 4:  
The Economic Development Strategies to Meet the 2014 Targets**

Strategic Outcomes	Strategic Targets	Strategic Choices	Economic Strategies
Economic growth	EMA GDP growth target 1% above SA GDP growth targets up to 2014	Specialised sector and investment support	<p><b>Strategy 1. Enhancing sector competitiveness</b> To facilitate the optimal strategic functioning of industry organizations to drive the local economy</p> <p><b>Strategy 2. Further development of emerging and niche sectors</b> To facilitate the removal of barriers-to-entry in high-value-add, higher order business services and niche sectors</p> <p><b>Strategy 3. Business retention and investment promotion</b> To improve the mechanisms of investment facilitation and business retention in key industrial and commercial nodes</p>
Reduced inequality	Lowest GINI Coefficient nationally by 2014	Spatial integration and efficiency of priority nodes and corridors	<p><b>Strategy 4. Innovatively package industrial sites for development</b> To facilitate the supply of land and buildings for priority sectors</p> <p><b>Strategy 5. Develop priority investment nodes and corridors</b> To conceptualize and package the economic significance of economic nodes at various levels from city-wide nodes to community level nodes, for investment and development</p> <p><b>Strategy 6. Regional strategy and development</b> To determine the nature and extent to which regional integration can add value to the EMA economy</p>
Reduced unemployment	Halve unemployment by 2014 in the EMA	Strategic industry skills development	<p><b>Strategy 7. Sector skills alignment</b> To facilitate the alignment between skills supply (by secondary and tertiary – FET) and industry demand in priority sectors</p> <p><b>Strategy 8. Enhance labour productivity, literacy and numeracy skills</b> To facilitate the improvement (value-adding) of labour practices and efficiency in priority sectors</p> <p><b>Strategy 9. Knowledge economy</b> To facilitate the establishment of higher learning and entrepreneurial culture centres in key nodes of the EMA</p>
Improved business confidence	Highest business confidence among SA cities by 2014	Strategic economic infrastructure	<p><b>Strategy 10. Implement key logistics and economic infrastructure</b> To develop an infrastructure for economic growth, plan to address capacity constraints and encourage further investment into the region</p> <p><b>Strategy 11. Bulk infrastructure to match economic growth</b> To innovatively package and deliver bulk services infrastructure in key nodes within the EMA</p> <p><b>Strategy 12. Direct the infrastructure required for economic growth</b> To conceptualize and package the economic integration of underinvested areas into the EMA</p>
Equitable access to opportunity	Highest proportion of BBBEE SMEs nationally by 2014	Specialised enterprise development and innovation support for emerging and informal businesses	<p><b>Strategy 13. Provide strategic enterprise development support to emerging and informal enterprises</b> To bridge the gap between first and second economy by facilitating the process of business evolution and global market integration for priority sectors</p> <p><b>Strategy 14. Centres of excellence</b> The provision of one-stop business, product and process enhancement centres in the EMA</p> <p><b>Strategy 15. C<sup>2</sup> = Cyber City</b> To provide an enabling environment for innovation and technological advancement in the city</p>
<b>Assessment framework for the implementation of strategic choices</b>			
Address the Old weaknesses and threats	Preserve the existing strengths	In with the new opportunities	

## 11. Conclusion

In order to drive the implementation of the EDS, it requires that careful attention be given to the development of suitable and dynamic vehicles and mechanisms that enable the realization of the strategic outcomes, and key objective to halve unemployment and poverty by 2014.

Implementation of the strategy should be based on the following four imperatives:

**Information and intelligence:**

Information and intelligence through research and information networks is the foundation for actions and implementation

**Policy and Strategy:** The development of strategic direction and resultant development of policy for the city is central in directing the city towards actions that realize its economic vision. Spatial and sectoral policy and strategy is of particular importance.

**Implementation:** The economic function will remain an intangible and unrealizable vision unless significant attention is given to the implementation function. Implementation should be geared around deliverable projects that are sectoral or spatial.

**Monitoring and Evaluation:** Economic development is a dynamic and ever changing role and one that requires constant review. The functions require constant and objective assessment against targets. Such targets needs be outcome based using key indicators. It also requires that projects and other interventions are assessed against the EDS ensuring the implementation of the strategy across the municipality. The monitoring and evaluation role is closely linked to the information and intelligence function and should form part of the implementation of the EDS.

The City's progress in impacting on the key economic development outcomes of economic growth, sectoral restructuring, job creation, empowerment, and poverty reduction will need to be monitored and communicated on an annual basis. This process could entail partnerships with Stats SA, Universities, and/or organized business. The Municipality should allocate resources to ensure broad public awareness of these trends, challenges, and successes in order to broadly inform decision-making of all role-players.





## 12. Key performance indicators – Economic Plan

**Table 5:  
Key Performance Indicators**

	What are we doing?	WHERE DO WE WANT TO BE
Outcome	Disaggregated KPI	TARGET
<b>Economic growth</b>	<ul style="list-style-type: none"> <li>√ Increase in number of functional industry organizations from baseline survey</li> <li>√ Establish Innovation Enterprise incubators</li> <li>√ Increase in number of creative industry businesses in the EMA</li> <li>√ Growth in number of services sector catering for local and regional business needs</li> <li>√ Growth in e-commerce services within the EMA</li> <li>√ Increased (Foreign and local) business investment facilitated directly through the municipal entity and DIPA</li> </ul>	<b>EMA GDP growth target set at 1% above SA GDP growth target up to 2014</b>
<b>Reduced inequality</b>	<ul style="list-style-type: none"> <li>√ Increased investment in production and service centres within low income areas</li> <li>√ Reduction in the number of high-impact home-based industries in residential areas</li> <li>√ Improvement in the number of community-driven enterprises in key localities</li> <li>√ Development of LED strategies for key nodal and under-invested areas</li> <li>√ Increase in number of regional infrastructure projects that have impact on local nodes – local economic development</li> </ul>	<b>Lowest GINI co-efficient nationally by 2014</b>

*Continued overleaf*

	What are we doing?	WHERE DO WE WANT TO BE
Outcome	Disaggregated KPI	TARGET
<b>Reduced unemployment</b>	<ul style="list-style-type: none"> <li>√ Improvement in the number of bridging programmes for priority skills development in key sectors</li> <li>√ Increase in the number of academic institutions that have adopted policy from status quo</li> <li>√ Improvement in the level of Academic institutions preparedness to engage on policy</li> <li>√ Improvement in labour productivity to industry standards in priority sectors</li> <li>√ Increased number of numeracy and literacy bridging programmes in the EMA</li> <li>√ Increase in number of literate individuals</li> <li>√ Packaging of LED projects within key nodes and under-invested localities</li> <li>√ Increase number of firms accessing the services of the satellite higher learning centres</li> </ul>	<b>Halve unemployment by 2014 in the EMA</b>
<b>Improved business confidence</b>	<ul style="list-style-type: none"> <li>√ Increased infrastructure capacity from baseline</li> <li>√ Decrease in percentage funded by EMA for infrastructure with marked improvement in donor funding for key projects</li> <li>√ Increased infrastructure capacity in key nodes</li> <li>√ Economic significance established for all identified nodes</li> <li>√ Increased infrastructure capacity from baseline</li> <li>√ Decrease in percentage funded by EMA for infrastructure with marked improvement in neighbour region funding for key projects</li> </ul>	<b>Highest business confidence amongst SA cities by 2014</b>
<b>Equitable access to opportunities</b>	<ul style="list-style-type: none"> <li>√ Growth in number of BBEE export and ancillary firms</li> <li>√ Growth in exports of participating firms</li> <li>√ Growth in number of formal enterprises / significant reduction of second economy</li> <li>√ Establishment of Centre for manufacturing excellence</li> <li>√ Improvement in the number of patents registered in the EMA</li> <li>√ Improvement in the retention of scarce skills in the EMA</li> <li>√ Improvement in the intellectual property rights portfolio of the EMA</li> </ul>	<b>Highest proportion of BBEE SMEs nationally by 2014</b>

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