



NORTH WEST DEVELOPMENT CORPORATION

CORPORATE PLAN

FOR

2023/2024

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ACCOUNTING AUTHORITY STATEMENT


It is the honour of the Board of the North West Development Corporation SOC Ltd (NWDC) to present this Corporate Plan for the 2023-2024 financial year and the medium-term period. As we face unprecedented challenges, the NWDC's vital mandate to plan, finance, coordinate, and promote economic development in the North West is more important than ever. The NWDC must remain fit, capable, and agile to help shape the province's socioeconomic prospects.

In 2022/23, the NWDC embarked on an ambitious process of developing a five-year Strategic Plan for 2023-2028. The Strategic Plan is aimed at revitalising the entity to ensure its viability and sustainability. Based on a thorough assessment of NWDC's past performance, both successes and challenges, the Strategic Plan for 2023-2028 informs the development of this 2023-2024 Corporate Plan, which reflects the priorities, focus areas, and targets towards the NWDC's vision to be the cornerstone of promoting trade, attracting investment, and ensuring sustainable inclusive economic growth and transformation in the North West province.

To achieve this vision, the NWDC is committed to optimising its property portfolio, attracting and facilitating investment and trade, supporting small, medium and micro enterprises (SMMEs) and co-operatives, advancing coordination in economic development, and contributing to socioeconomic transformation and job creation. The NWDC will focus on building a capable and world-class organisation, creating superior customer experiences, good corporate citizenship, a sustainable business model, and financially viable operations anchored on commercial principles and securing the going concern status of the Entity. This will be underpinned by high-value partnerships and stakeholder support.

We express our sincere gratitude to the NWDC's Shareholder for their unwavering support, and to the management team and all NWDC's employees for their commitment to building a high-performing organisation. Let us continue to work together to bring our vision to life and to build a brighter future for the North West and its people.

The NWDC Board endorses this Corporate Plan as the guiding document for the organisation's work and focus for the 2023/24 financial year and medium-term period. Let us move forward with confidence, purpose, and determination, knowing that the NWDC is well-positioned to drive sustainable economic growth and transform lives, where people live, in the North West.



Mr KK Konopi

Chairperson of the Board

CHIEF EXECUTIVE OFFICER STATEMENT

In 2022/23, the NWDC Board led a comprehensive process for the development of the five-year Strategic Plan for 2023-2028. The plan reflects the NWDC's desired impact of "sustainable and inclusive economic growth and transformation, which creates wealth and facilitates job creation where people in the province live." The NWDC is committed to achieving this impact by playing a catalytic role in the economic development of the North West.

The NWDC Corporate Plan for 2023-2024 is compliant with the requirements of the Public Finance Management Act and the Draft Guideline for Corporate Planning and Shareholder Compact (2002) and is packaged in line with the Department of Planning, Monitoring and Evaluation Revised Framework for Strategic Plans and Annual Performance Plans (2019).

The plan is centred on fulfilling NWDC's mission to promote economic growth and employment opportunities where people live in the province. This will be achieved by coordinating the planning and execution of economic development projects and infrastructure, attracting investment, and facilitating trade and expansion opportunities for businesses in the North West province. We also pledge to support the development, sustainability, and competitiveness of SMMEs and co-operatives, while ensuring the management of a viable and sustainable property portfolio. Additionally, we will harness resources through strategic partnerships for institutional sustainability and community benefits.

Over time, the NWDC is committed to evolving into a more commercial organisation, able to generate sufficient revenue from its operations and investing activities to ensure sustainability. The plan also focuses on strengthening internal controls and all business processes related to internal audit, enterprise risk management, information and communication technology (ICT) maturity levels, and human capital management and development.

In this regard, the Corporate Plan reflects several critical turnaround and business change interventions to address the strategic priority of sustaining the NWDC as a going concern. These interventions include a systematic review of the operating model, organisational structure, and programmes; the review and development of a strategically aligned funding model; ringfencing of budgets to the structure/funding model; reducing the excessive debtors' balance and debtors' days; building capacity in capital, revenue generation, and venture creation; and positioning NWDC as the fund manager and preferred project implementing agent for government expenditure on priority projects.

The NWDC expresses its gratitude to the NWDC Board and the DEDECT team for their steadfast support and wise counsel, as well as to the Honourable MEC for his support in ensuring that NWDC remains on an upward growth trajectory.

Under my leadership, the executive team affirms its commitment to lead NWDC to the best of our ability, as we strive to realise the outcomes, outputs, and targets reflected in the Corporate Plan.



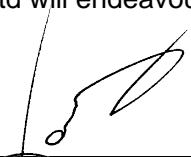
Mr K Mafokwane

Chief Executive Officer (Acting)

OFFICIAL SIGN-OFF

It is hereby certified that this annual Corporate Plan for 2023-2024:

- 1) Was developed by the management team of the North West Development Corporation SOC Ltd, under the guidance of the Board of Directors.
- 2) Takes into account all the relevant policies, legislation, and other mandates for which North West Development Corporation SOC Ltd is responsible.
- 3) Accurately reflects the outputs and targets which North West Development Corporation SOC Ltd will endeavour to achieve over the 2023/24 financial year.



Mr A. Tau

Executive Manager: Bojanala SEZ

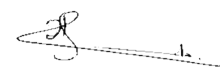
28 February 2023
Date



Mr L. Makunike

Manager: Trade and Investment Facilitation

28 February 2023



Ms N. Phamodi

Executive Manager: SMME Development and Management

28 February 2023
Date



Mr T. Mokotedi

Executive Manager: Property Development and Management


28 February 2023
Date



Mr K. Marokwane

Executive Manager: Corporate Services

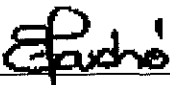
28 February 2023
Date



Ms H. Hoogkamer
Chief Risk Officer (Acting)

28 February 2023

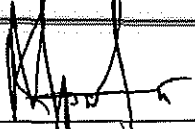
Date



Ms E. Fouche
Official Responsible for Planning

28 February 2023

Date



Mr K Mpofu
Chief Financial Officer (Acting)

28 February 2023

Date

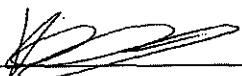


Mr K. Mafokwane
Chief Executive Officer (Acting)

28 February 2023

Date

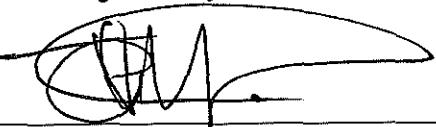
APPROVED BY:



Mr K.K. Konopi
Chairperson of the Board
Accounting Authority

28 February 2023

Date



Ms V. Tlhapi
MEC for Economic Development, Environment,
Conservation and Tourism
Executive Authority

Date

ABBREVIATIONS

AfCFTA	African Continental Free Trade Agreement
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statement
AI	Artificial Intelligence
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPRO	Companies and Intellectual Property Commission
BNDC	Bophuthatswana National Development Corporation
BPDM	Bojanala Platinum District Municipality
BRICS	Brazil, Russia, India, China, and South Africa
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CIPC	Companies and Intellectual Property Commission
CIS	Country Investment Strategy
COVID-19	Novel Coronavirus Disease 2019
DBSA	Development Bank of Southern Africa
DDI	Domestic Direct Investment
DEDECT	Department of Economic Development, Environment, Conservation and Tourism
DFI	Development Finance Institution
DKKDM	Dr Kenneth Kaunda District Municipality
DRSMDM	Dr Ruth Mompoti District Municipality
dtic	Department of Trade, Industry and Competition
EXCO	Executive Committee / Executive Council
FDI	Foreign Direct Investment
G20	Group of Twenty
GDP	Gross Domestic Product
GVA	Gross Value Add
ICT	Information and Communication Technology
IMF	International Monetary Fund
ISA	Infrastructure South Africa
King IV	King Code on Corporate Governance in South Africa (2016)

LQ	Local Quotient
MEC	Member of the Executive Council
MEC: EDECT	Member of Executive Council for Economic Development, Environment, Conservation and Tourism
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NMMDM	Ngaka Modiri Molema District Municipality
NOI	New Output / Outcome Indicator
NWDC	North West Development Corporation SOC Ltd
NWP	North West province
OPEX	Operating Expenditure
PDP	Provincial Development Plan
PGM	Platinum Group Metals
PFMA	Public Finance Management Act
PPE	Personal Protective Equipment
PPP	Public-Private Partnership
PWD(s)	Persons With Disability/ies
QLFS	Quarterly Labour Force Survey
SADC	Southern African Development Community
SARB	South African Reserve Bank
SCM	Supply Chain Management
SDG	Sustainable Development Goal
Seda	Small Enterprise Development Agency
SEZ	Special Economic Zone
SMME	Small, Medium, and Micro Enterprise
SOC	State-Owned Company
SONA	State of the Nation Address
SOPA	State of the Province Address
TVET	Technical and Vocational Education and Training

TABLE OF CONTENTS

ACCOUNTING AUTHORITY STATEMENT	3
CHIEF EXECUTIVE OFFICER STATEMENT	4
OFFICIAL SIGN-OFF	5
ABBREVIATIONS	7
INTRODUCTION AND CONTEXT TO THE CORPORATE PLAN	12
1. OVERVIEW OF THE NORTH WEST DEVELOPMENT CORPORATION	12
2. NORTH WEST DEVELOPMENT CORPORATION GOVERNANCE AND ADMINISTRATION FRAMEWORK.....	12
3. NORTH WEST DEVELOPMENT CORPORATION FIVE-YEAR STRATEGIC PLAN FOR 2023/24 – 2027/28	14
PART A: OUR MANDATE.....	16
1. UPDATES TO RELEVANT LEGISLATIVE AND POLICY MANDATES	16
1.1. Updated Legislative Mandates	16
1.2. Updated Policy Mandates.....	19
2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES	21
2.1. Institutionalising National Policies and Strategies	22
2.2. Institutionalising Provincial Policies and Strategies.....	26
2.3. North West Development Corporation Turnaround and Revenue Enhancement Strategies.....	29
2.4. The Bojanala Special Economic Zone.....	32
3. UPDATES TO RELEVANT COURT RULINGS	33
PART B: OUR STRATEGIC FOCUS	35
1. VISION, MISSION, AND VALUES	35
2. BUSINESS MODEL FOR ORGANISATIONAL TURNAROUND	36
PART C: SITUATIONAL ANALYSIS INFORMING THE CORPORATE PLAN	39
1. UPDATED EXTERNAL ENVIRONMENT ANALYSIS.....	39
1.1. Global Economic Context	39
1.2. Sub-Saharan Africa Economic Context	42
1.3. South African Socio-economic Context	43
1.4. North West Socio-economic Context.....	48
1.5. North West Development Corporation Updated PESTEL Analysis	62
2. UPDATED INTERNAL ENVIRONMENT ANALYSIS	68
2.1. Reflection on North West Development Corporation's Financial Performance.....	69
2.2. Reflection on North West Development Corporation's Non-Financial Performance.....	75

2.3. Reflection on North West Development Corporation's Organisational Capabilities and Capacity	84
2.4. Reflection on North West Development Corporation's Stakeholder Environment	85
2.5. Updated SWOT Analysis	87
PART D: MEASURING OUR PERFORMANCE	89
1. STRATEGIC PLAN OUTCOMES, TURNAROUND (MIDTERM), AND FIVE-YEAR TARGETS.....	91
2. INCORPORATING ORGANISATIONAL TURNAROUND IN THE CORPORATE PLAN PERFORMANCE INFORMATION	95
3. ORGANISATIONAL PERFORMANCE INFORMATION	96
3.1. Programme 1: Administration	97
3.1.1. <i>Programme 1: Purpose</i>	97
3.1.2. <i>Programme 1: Outcomes, Outputs, Output Indicators, and Annual Targets</i>	99
3.1.3. <i>Programme 1: Output Indicators, Annual and Quarterly Targets</i>	101
3.1.4. <i>Programme 1: Explanation of Planned Performance Over the Medium-Term Period</i>	102
3.1.5. <i>Programme Resource Considerations</i>	106
3.2. Programme 2: Property Development and Management.....	107
3.2.1. <i>Programme 2: Purpose</i>	107
3.2.2. <i>Programme 2: Outcomes, Outputs, Output Indicators, and Annual Targets</i>	108
3.2.3. <i>Programme 2: Output Indicators, Annual and Quarterly Targets</i>	110
3.2.4. <i>Programme 2: Explanation of Planned Performance Over the Medium-Term Period</i>	111
3.2.5. <i>Programme Resource Considerations</i>	113
3.3. Programme 3: Small, Medium, and Micro Enterprise Development and Management	114
3.3.1. <i>Programme 3: Purpose</i>	114
3.3.2. <i>Programme 3: Outcomes, Outputs, Output Indicators, and Annual Targets</i>	115
3.3.3. <i>Programme 3: Output Indicators, Annual and Quarterly Targets</i>	116
3.3.4. <i>Programme 3: Explanation of Planned Performance Over the Medium-Term Period</i>	117
3.3.5. <i>Programme 3: Programme Resource Considerations</i>	119
3.4. Programme 4: Trade and Investment Facilitation	120
3.4.1. <i>Programme 4: Purpose</i>	120
3.4.2. <i>Programme 4: Outcomes, Outputs, Output Indicators, and Annual Targets</i>	121
3.4.3. <i>Programme 4: Output Indicators, Annual and Quarterly Targets</i>	123
3.4.4. <i>Programme 4: Explanation of Planned Performance Over the Medium-Term Period</i>	124
3.4.5. <i>Programme 4: Resource Considerations</i>	127
3.5. Subsidiary: Bojanala Special Economic Zone	128
3.5.1. <i>Subsidiary Purpose</i>	128

3.5.2. Outcomes, Outputs, Output Indicators, and Annual Targets.....	129
3.5.3. Output Indicators, Annual and Quarterly Targets	131
3.5.4. Explanation of Planned Performance Over the Medium-Term Period	132
3.5.5. Programme Resource Considerations	133
4. FINANCIAL PLAN FOR 2023/24 AND THE MEDIUM-TERM EXPENDITURE FRAMEWORK.....	134
4.1. Projected Balance Sheet for 2023/24 – 2025/26.....	134
4.2. Projected Income Statement for 2023/24 – 2025/26.....	135
4.3. Cash Flow Projections for 2023/24 – 2025/26	136
4.4. Capital Expenditure Programmes 2023/24 – 2025/26	136
4.5. Dividend Policies	136
4.6. Borrowing Plan	136
5. UPDATED KEY RISKS AND MITIGATIONS FROM THE STRATEGIC PLAN	137
6. PUBLIC ENTITIES/SUBSIDIARIES	139
7. PUBLIC/PRIVATE PARTNERSHIPS	139
8. DISTRICT DEVELOPMENT MODEL.....	140
PART E: TECHNICAL INDICATOR DESCRIPTIONS.....	143
ANNEXURES TO THE CORPORATE PLAN	144
ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN	144
ANNEXURE B: RISK MANAGEMENT AND FRAUD PREVENTION PLAN	144
ANNEXURE C: EMPLOYMENT EQUITY STRATEGY	144
ANNEXURE D: MATERIALITY FRAMEWORK.....	144
ANNEXURE E: BOARD AND SUBCOMMITTEE CHARTERS	144
ANNEXURE F: BOARD AND EXECUTIVE COMMITTEE MEMBERS	145
ANNEXURE G: INVESTMENT PROJECT PIPELINE	149

INTRODUCTION AND CONTEXT TO THE CORPORATE PLAN

1. OVERVIEW OF THE NORTH WEST DEVELOPMENT CORPORATION

The NWDC was established in 1999 through the North West Development Corporation Limited Act (No. 6 of 1995). The stated rationale for establishment of the NWDC is to “*plan, finance, coordinate, promote, and carry out the economic development of the North West province and its people in the fields of industry, commerce, finance, mining and other business, resulting in wealth and job creation.*”

The essence of the mandate is to promote Black economic empowerment; promote trade and investment in the province; strategically position the province into a globally competitive rural region; and facilitate partnerships and collaboration within, across, and outside of the province so as to maximise delivery options. This shall be done while taking cognisance of national and provincial development plans and strategies, as well as to progressively increase own revenue generation and collection, and the asset base of the agency.

The NWDC has three wholly owned subsidiaries, whose boards account to the Group Board:

- 1) Bojanala Special Economic Zone SOC Limited – 100% owned by the NWDC. The due date to commence trading is 1 April 2023.
- 2) Kgama Wildlife SOC Limited – 100% owned by the NWDC. The company is dormant.
- 3) Signal Development SOC Limited – 100% owned by the NWDC. The Company is under provisional liquidation.

The NWDC has in place the following management agreement:

- 1) Mmabatho Convention Centre – Management agreement with the North West Department of Public Works.

2. NORTH WEST DEVELOPMENT CORPORATION GOVERNANCE AND ADMINISTRATION FRAMEWORK

In terms of the Companies Act, the NWDC is incorporated as a state-owned company SOC Ltd and is listed as a Schedule 3D Provincial Business Enterprise in terms of the Public Finance Management Act (PFMA), reporting to the Member of Executive Council for Economic Development, Environment, Conservation and Tourism (MEC: EDECT).

The NWDC operates under the supervision of an independent board of directors, whose non-executive members are appointed by the MEC: EDECT and strives at all times to comply with the principles contained in the King Code on Corporate Governance in South Africa (2016) (King IV).

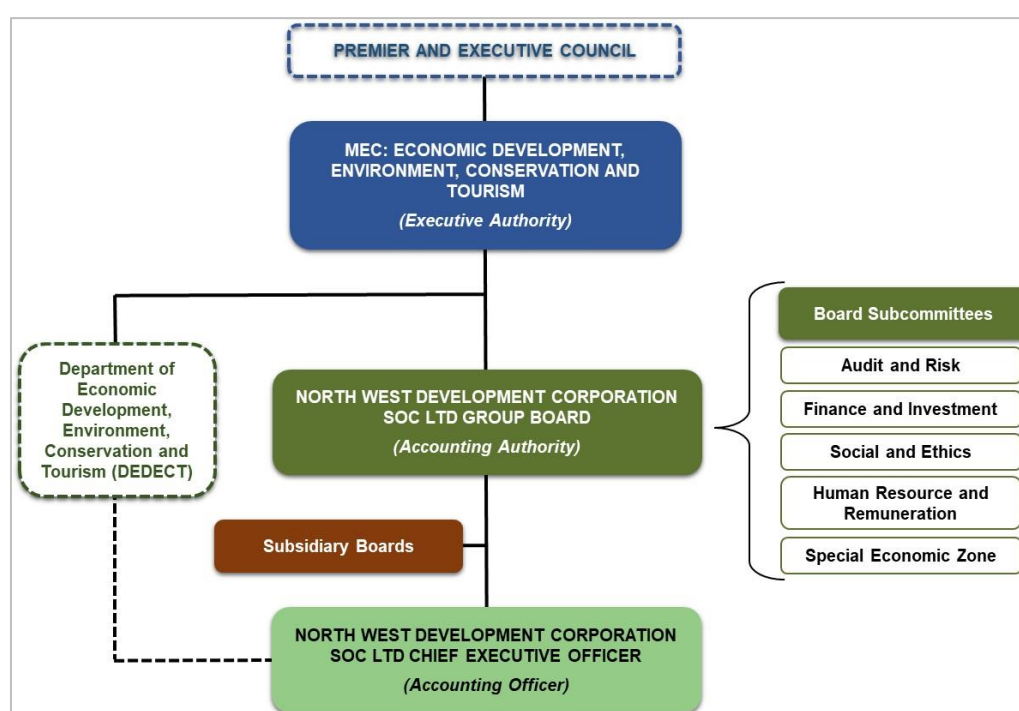
Section 9 of the Companies Act provides that, subject to the PFMA (which supersedes the Companies Act for Provincial Public Entities) and subject to an exemption granted by the Minister of Trade and Industry (who has not done so to date), any provision of the Companies Act that

applies to a public company applies also to a “*state-owned company*”, including those provisions defining the fiduciary and “due care” duties and responsibilities of “*directors*” of a company.

As Executive Authority, the MEC signs a Shareholder Compact with the NWDC Board which confirms the establishment mandate and strategic priorities of the NWDC. The DEDECT then acts on behalf of the MEC as delegated (viz. in South African law, reflecting a clear separation of ownership and control).

The NWDC Board has five committees, namely, Audit and Risk, Finance and Investment; Social and Ethics; Human Resources and Remuneration; and Special Economic Zone. These committees sit at prescribed intervals and when a need arises, and report to the Board.

Figure 1: Corporate Governance Structure of North West Development Corporation



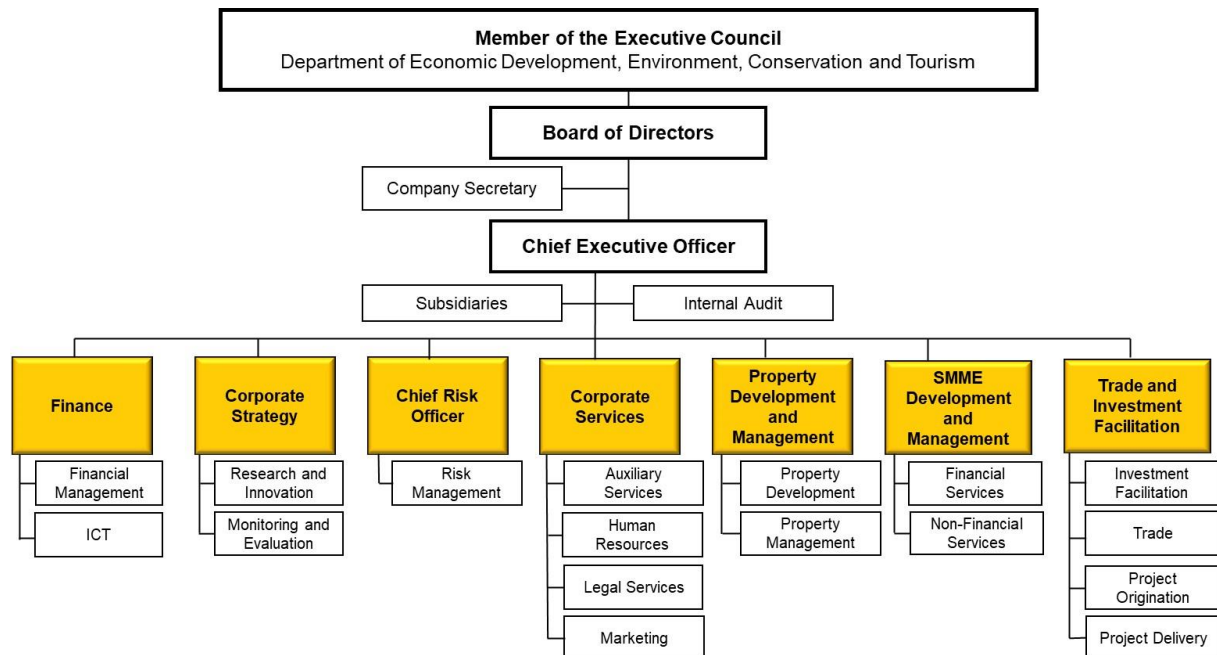
The NWDC Board is the Accounting Authority in terms of the Companies Act and the PFMA. The boards of the wholly owned subsidiaries account to the Group Board. In line with the Companies Amendment Act, 2011, and the King IV Code of Governance Practice, 2016, the NWDC requires a Governance Board comprised of sufficiently skilled and capable directors who are able to deliver on their mandate.

The current NWDC Board was appointed, and its three-year term commenced on 1 April 2021. The NWDC Board has been mandated to strategically position the NWDC to contribute to the equitable growth and transformation of the North West province, to be a competitor in the Southern African Development Community (SADC) region, Africa, and the globe, especially when it comes to investment attraction.

The NWDC Board provides leadership and oversees strategic direction, so as to enhance Shareholder value and ensure NWDC’s long-term sustainable development and growth. In fulfilling its responsibilities, the NWDC Board is supported by the Chief Executive Officer (CEO) and the

executive team, who are responsible for implementing the approved strategic and corporate plans, and policies. The current management/administrative structure is shown in the figure below.

Figure 2: Management/Administrative Structure of the North West Development Corporation



Notes:

- i) The management structure is currently under review and will be realigned to support the implementation of the new five-year strategic plan.
- ii) Details of the tenure, qualifications and areas of expertise of the board members and senior executives are provided in **Annexure F** of this Corporate Plan for 2023-2024.

3. NORTH WEST DEVELOPMENT CORPORATION FIVE-YEAR STRATEGIC PLAN FOR 2023/24 – 2027/28

In compliance with the PFMA and the Guideline for Corporate Planning and Shareholder Compact (2002), The NWDC Board has approved the various annual NWDC corporate plans, the current iteration being the Corporate Plan for 2022-2023. However, no longer-term strategic plan existed to elevate the NWDC planning beyond the annual and Medium Term Expenditure Framework (MTEF) horizon of the corporate plans and focus the organisation on longer-term sustainability and to play a leadership and catalytic role in transformation and development in the province.

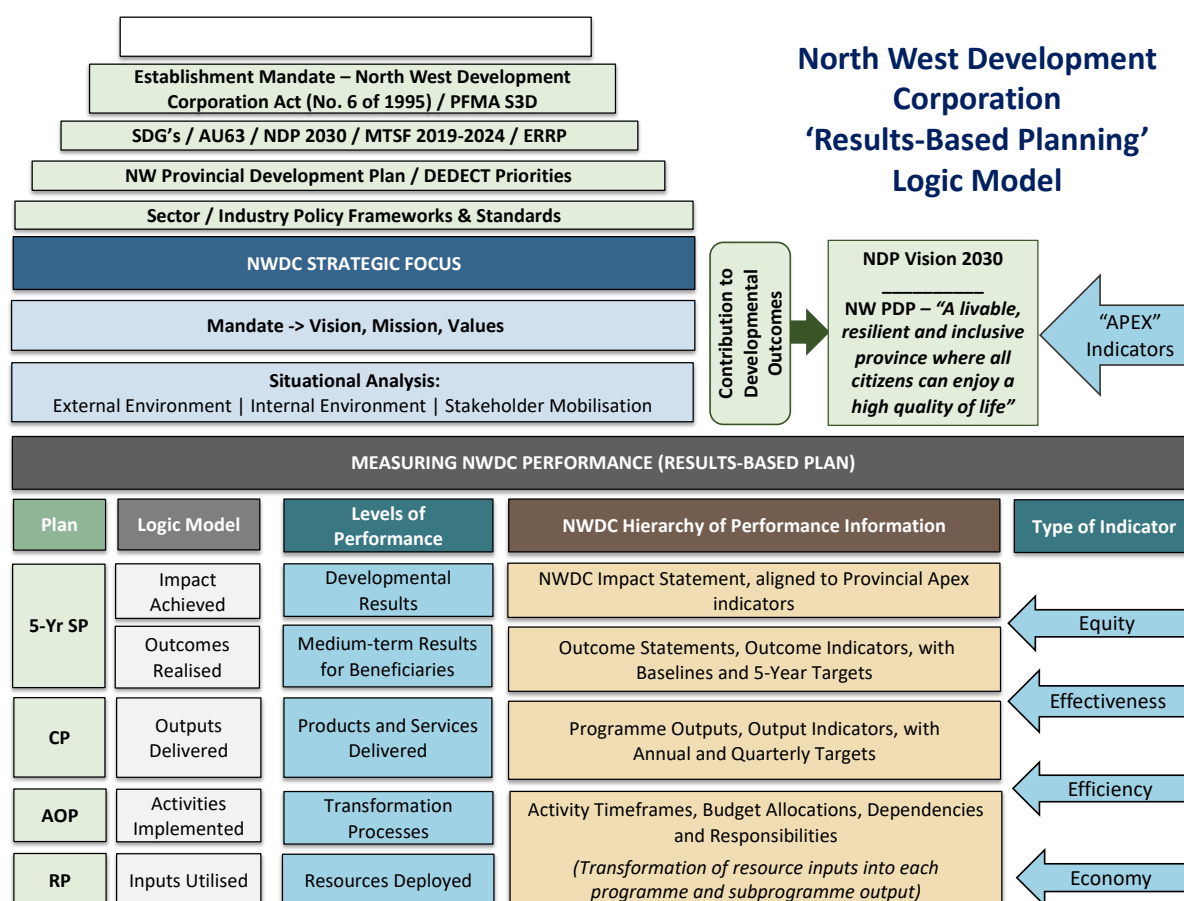
In this light, in November 2022 the NWDC embarked on a process to develop a five-year Strategic Plan (2023/24-2027/28), incorporating a business turnaround plan/strategy, and this aligned Corporate Plan for 2023-2024, in compliance with national and provincial planning frameworks.

Critically, the plans must incorporate aspects of the turnaround of the NWDC organisation and carry forward and enhance the early work of the 2021 Turnaround Strategy, and the Board-led engagement with the Shareholder on 6 September 2022, where the strategies, projects, and interventions necessary for the future success of the NWDC were presented.

While, as a Schedule 3D Provincial Business Enterprise, the NWDC is not compelled to comply with the Department of Planning, Monitoring and Evaluation Revised Framework for Strategic Plans and Annual Performance Plans (2020), it is argued that it is good practice and, since the Shareholder Department (DEDECT) and the sister 3C agencies develop their plans in terms of the revised framework, it will aid alignment if the NWDC adopts a similar approach.

Therefore, in facilitating the process towards the development of the five-year Strategic Plan (2023/24-2027/28), a results-based planning logic model was followed and informed the approach to the various discussions and to the packaging of the arising strategic information.

Figure 3: North West Development Corporation Results-based Planning Logic Model



The result of the above process is reflected in the NWDC five-year Strategic Plan (2023/24-2027/28). This annual Corporate Plan for 2023-2024 and the MTEF, as year one of the five-year Strategy, is compliant with the Draft Guideline for Corporate Planning and Shareholder Compact (2002) but is packaged in line with the Department of Planning, Monitoring and Evaluation Revised Framework for Strategic Plans and Annual Performance Plans (2019).

It, therefore, follows the similar structure to the strategic plan, but is focused on the 2023/24 financial year and MTEF period. In future years, the annual corporate plans will reflect updates to the information reflected in the strategic plan and progress towards the five-year results.

PART A: OUR MANDATE

As discussed in the strategic plan, the mandate of the North West Development Corporation SOC Ltd (NWDC) is derived from legislation (static mandates) and policy frameworks (dynamic mandates).

1. UPDATES TO RELEVANT LEGISLATIVE AND POLICY MANDATES

1.1. UPDATED LEGISLATIVE MANDATES

There are no updates to the legislative mandates reflected in the Strategic Plan for 2023-2028, as follows:

Table 1: North West Development Corporation Legislative Mandates

Constitutional Mandate	<p>The Constitution of the Republic of South Africa, Act (No. 108 of 1996) – specifically:</p> <ul style="list-style-type: none"> ▪ Section 22 – Every citizen has the right to choose their trade, occupation, or profession freely and the practice of trade, occupation or profession may be regulated by law. ▪ Section 217 – When an organ of state contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive, and cost effective. ▪ Chapter 3 pertains to Cooperative Government and assigns functions to the three spheres of government. Schedules 4 and 5 of Section 41(1) define the relationship and principles underlying co-operation between the various spheres of government. Economic development is an area of concurrent responsibility. ▪ In terms of Chapter 6, Section 125, the agency is mandated through the powers and responsibilities delegated by the Premier to the respective Member of the Executive Council. In the North West province, this responsibility resides within the Economic Development, Environment, Conservation and Tourism portfolio.
NWDC Establishment / Enabling Legislation	<ul style="list-style-type: none"> ▪ North West Development Corporation Act (No. 6 of 1995): <ul style="list-style-type: none"> - Section 2(c) describes the primary object of the corporation: to plan, finance, coordinate, promote, and carry out the economic development of the province and its people in the field of industry, commerce, finance, mining, and other business, resulting in wealth and job creation. - The NWDC is a juristic person with limited liability and perpetual succession. - The corporation is capable of suing and being sued; of purchasing or otherwise acquiring and holding and alienating movable and immovable property and acquiring real and other rights thereto or any interest therein; of entering into contracts and agreements; and, generally, of

	<p>doing and performing such other acts as bodies incorporated by law may do and perform, subject to provisions of the Act.</p> <ul style="list-style-type: none"> ▪ Public Finance Management Act (No. 1 of 1999, as amended) – the Entity is listed as a Schedule 3D Provincial Business Enterprise, accountable to the MEC and the Legislature. ▪ Companies Act (No. 71 of 2008), as amended – All prescripts and regulations arising from the PFMA are applicable to NWDC governance and operations. <ul style="list-style-type: none"> - The PFMA Schedule 3D listing confers on the NWDC a limited degree of autonomy, as well as the fiduciary and other responsibilities reflected in Section 9 of the Companies Act (No. 71 of 2008, as amended). - All prescripts and regulations arising from the PFMA are applicable to NWDC governance and operations. ▪ Special Economic Zones Act (No. 16 of 2014, as amended) – Provides for the designation, operations, and management of special economic zones (SEZs) in the Republic. It further provides for the establishment of the SEZ Advisory Board; the establishment of a SEZ Fund; the regulation of application, issuing, suspension, withdrawal, and transfer of SEZ operator permits; and the functions of SEZ operators.
Legislation governing the small, medium, and micro enterprise (SMME) and co-operatives sector development mandate	<ul style="list-style-type: none"> ▪ Small Business Development Act (No. 102 of 1996), as amended by National Small Business Amendment Act (No. 26 of 2003) ▪ Co-operatives Act (No. 14 of 2005), as amended by Co-operatives Amendment Act (No.6 of 2013) ▪ Co-operatives Bank Act (No. 40 of 2007)
Legislation governing the lending and financial intermediary mandate	<ul style="list-style-type: none"> ▪ National Credit Act (No. 34 of 2005), as amended by National Credit Amendment Act (No. 19 of 2014) ▪ Financial Intelligence Centre Act (No. 38 of 2001), as amended by Financial Intelligence Centre Amendment Act (No. 1 of 2017) ▪ Consumer Protection Act (No. 68 of 2008) ▪ Prescription Act (No. 68 of 1969), as amended by Prescription Amendment Act (No. 11 of 1984) ▪ South African Revenue Services Act (No. 34 of 1997), as amended by South African Revenue Service Amendment Act (No. 46 of 2002)
Legislation governing the property (and investment) management mandate	<ul style="list-style-type: none"> ▪ Property Practitioners Act (No. 21 of 2018) ▪ Government Immovable Asset Management Act (No. 19 of 2007) ▪ Occupational Health and Safety Act (No. 85 of 1993), as amended by Occupational Health and Safety Amendment Act (181 of 1993) ▪ Land Administration Act (No. 2 of 1995), as amended by the Land Administration Amendment Act (No. 52 of 1996)

	<ul style="list-style-type: none"> ▪ Communal Property Associations Act (No. 28 of 1996) ▪ Rental Housing Act (No. 50 of 1999), as amended by the Rental Housing Amendment Act (No. 35 of 2014) ▪ Extension of Security of Tenure Act (No. 62 of 1997), as amended by Extension of Security of Tenure Amendment Act (No. 2 of 2018) ▪ Prevention of Illegal Eviction and Unlawful Occupation of Land Act (No. 19 of 1998) ▪ Municipal Property Rates Act (No 6 of 2004) as amended by Local Government: Municipal Property Rates Amendment Act (No. 29 of 2014) ▪ Local Government Municipal Property Rates Act (No. 6 of 2004), as amended by Local Government Municipal Property Rates Amendment Act (No. 29 of 2014) ▪ Tourism Act (No. 72 of 1993) as amended by Tourism Amendment Act (No. 105 of 1996), Tourism Amendment Act (No. 8 of 2000) and Tourism Second Amendment Act (No. 70 of 2000) ▪ National Environmental Management Act (No. 107 of 1998), as amended
Legislation governing the construction/ infrastructure delivery mandate	<ul style="list-style-type: none"> ▪ National Building Regulations and Building Standards Act (No. 103 of 1977), as amended by National Building Regulations and Building Standards Amendment Act (No. 62 of 1989) ▪ Infrastructure Development Act (No. 23 of 2014) ▪ Spatial Planning and Land Use Management Act (No. 16 of 2013) ▪ National Environmental Management Act (No. 107 of 1998), as amended by National Environmental Management Amendment Act (No. 56 of 2002) ▪ Physical Planning Act (No. 125 of 1991), as amended by Physical Planning Amendment Act (No. 2 of 2020) ▪ Construction Industry Development Board Act (No. 38 of 2000,) as amended by Construction Industry Development Board Amendment Act (No. 12 of 2021) ▪ Land Survey Act (No. 8 of 1997)
Legislation and regulations pertaining to the NWDC governance environment and institutional arrangements	<ul style="list-style-type: none"> ▪ Intergovernmental Relations Framework Act (No. 13 of 2005) ▪ Income Tax Act (No. 58 of 1962), as amended by Income Tax Amendment Act (No. 90 of 1962) ▪ Basic Conditions of Employment Act (No. 75 of 1997), as amended by Basic Conditions of Employment Amendment Act (No.7 of 2018) ▪ Labour Relations Act (No. 66 of 1995), as amended by Labour Relations Amendment Act (No. 8 of 2018) ▪ Employment Equity Act (No. 55 of 1998), as amended by Employment Equity Amendment Act (No. 47 of 2013) ▪ Skills Development Act (No. 97 of 1998), as amended by Skills Development Amendment Act (No. 26 of 2011) ▪ Promotion of Access to Information Act (No. 2 of 2000), as amended by Promotion of Access to Information Amendment Act (No. 31 of 2019)

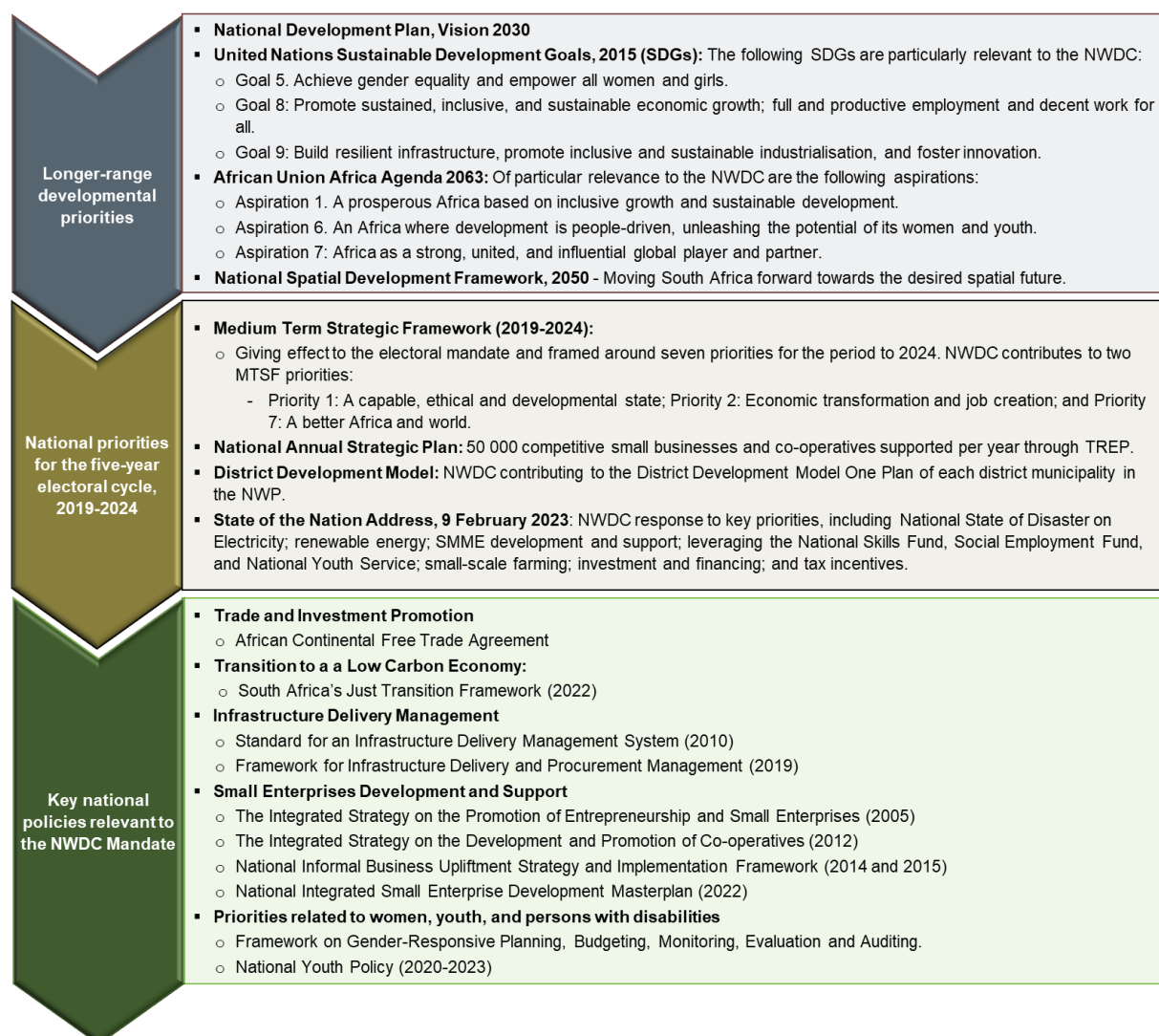
	<ul style="list-style-type: none"> ▪ Electronic Communications and Transactions Act (No. 25 of 2002), as amended by Electronic Communications Amendment Act (No. 1 of 2014) ▪ Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended by Broad-Based Black Economic Empowerment Amendment Act (No. 46 of 2013) ▪ Preferential Procurement Policy Framework Act (No. 5 of 2000), and Preferential Procurement Regulations, 2017 ▪ Protection of Personal Information Act, 2013 Act (No. 4 of 2013), as amended by Promotion of Access to Information Amendment Act (No. 31 of 2019) ▪ National Archives and Records Services of South Africa Act (No. 43 of 1996) ▪ Prevention and Combating of Corrupt Activities Act (No. 12 of 2004) ▪ Promotion of Administrative Justice Act (No. 3 of 2000), as amended by Promotion of Administrative Justice Amendment Act (No. 53 of 2002) ▪ Promotion of Equality and Prevention of Unfair Discrimination Act (No. 4 of 2000)
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While key areas of compliance are derived from the above acts, it is recognised that NWDC is subject to and must comply with all national and provincial legislation and regulations and all municipal bylaws applicable to its functions or the areas in which it operates. Ongoing legal compliance and monitoring shall consider all legislative prescripts contained in the Legislative Prescripts Framework.

1.2. UPDATED POLICY MANDATES

1.2.1. INTERNATIONAL AND NATIONAL POLICY CONTEXT

The policy mandates reflected in the Strategic Plan for 2023-2028 remain relevant:

Figure 4: North West Development Corporation International and National Policy Context


1.2.2. PROVINCIAL POLICY CONTEXT

Table 2: North West Development Corporation Policy Mandates

Northwest Vision 2030 – Provincial Development Plan, 2013 (PDP)	<p>The Provincial Development Plan, Vision 2030 is aligned to the National Development Plan (NDP) through the following provincial priority areas:</p> <ol style="list-style-type: none"> 1) Economy and employment 2) Economic infrastructure 3) An integrated and inclusive rural economy 4) Human settlement and spatial transformation 5) Improving education, training, and innovation 6) Building a capable and developmental state 7) Fighting corruption
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	8) Transforming society and uniting the province
DEDECT Strategic Plan (2020-2025) (NWDC linkages)	<p>In support of the DEDECT impact statement of “<i>an inclusive, thriving economy and sustainable environment</i>,” the NWDC is tasked to drive inclusive growth and transformation in the province in line with provincial priorities through:</p> <ol style="list-style-type: none"> 1) Industrial development interventions 2) Property development and management 3) Funding facilitation for SMMEs to create sustainable enterprises; and 4) Trade and investment promotion and attraction. <p>Specific NWDC deliverables are:</p> <ol style="list-style-type: none"> 1) Increased inclusive economic growth and transformation of the North West province 2) Increased competitiveness of the provincial economy; and 3) Increased enabling environment for business enterprises to thrive
Other key provincial policies and strategies	<ul style="list-style-type: none"> ▪ North West Entrepreneurial Development and Sustainable Resources Strategy ▪ North West Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises <p>DEDECT highlights the need for certain provincial policy frameworks and strategies to be developed, which are underway:</p> <ul style="list-style-type: none"> ▪ Provincial Industrial Development Strategy ▪ Provincial Economic Development Strategy ▪ Provincial Tourism Sector Strategy ▪ Provincial Export Strategy <p>The following strategies are being reviewed and updated:</p> <ul style="list-style-type: none"> ▪ Provincial Manufacturing Strategy ▪ Provincial Renewable Energy Strategy

Where the above sections reflect key legislation and the national and provincial policy stance, specific institutional policies and strategies directing the strategic trajectory of the NWDC, as it informs the five-year Strategic Plan for 2023-2028 and this annual Corporate Plan for 2023-2024, are introduced below.

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

South Africa is burdened with the triple challenge of poverty, inequality, and unemployment. The “*golden thread*” of the Strategic Plan 2023-2028 is NWDC’s role and contribution to the fight against this triple challenge. The NWDC Board has further emphasised that economic benefit must be derived for local communities, where people live, in line with the aspiration set out in the Provincial Development Plan, Vision 2030: “*a liveable, resilient, and inclusive province where all citizens can enjoy a high quality of life*”.

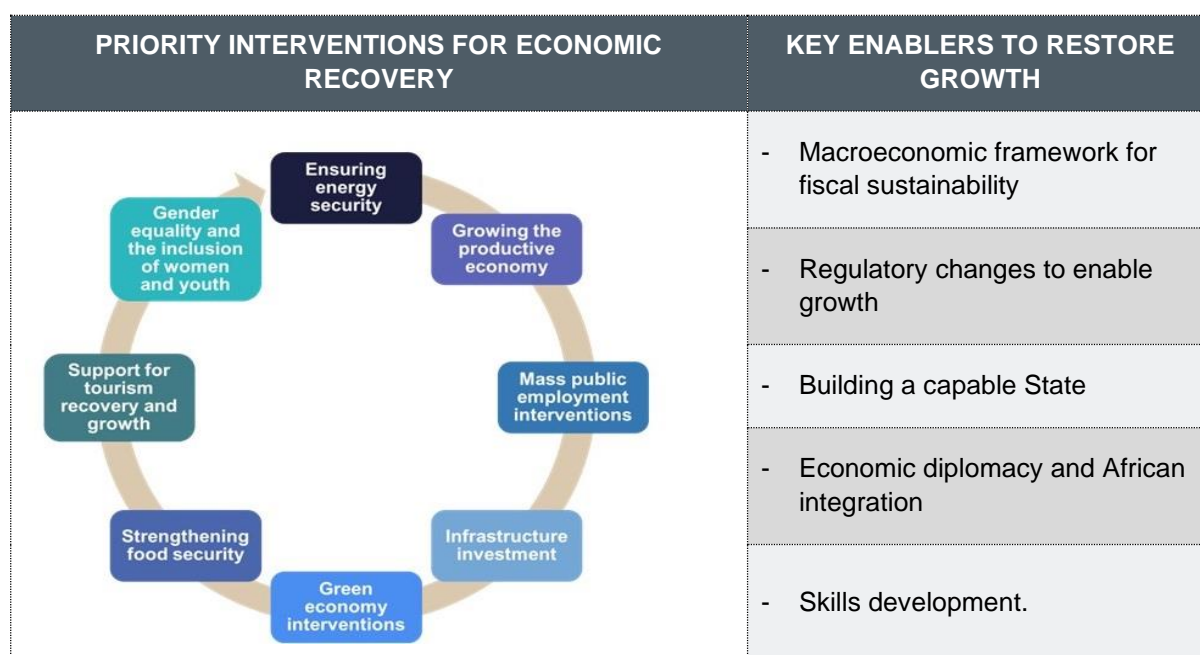
As this annual Corporate Plan for 2023-2024 is developed at the same time as the five-year Strategic Plan for 2023-2028, the same institutional policies and strategies underpinning NWDC planning priorities are reflected.

2.1. INSTITUTIONALISING NATIONAL POLICIES AND STRATEGIES

2.1.1. RESPONSE TO THE NATIONAL ECONOMIC AND RECONSTRUCTION PLAN, 2020

The South African Economic Reconstruction and Recovery Plan (2020) (ERRP) is directed at addressing the deepening economic crisis brought on post the Novel Coronavirus Disease 2019 (COVID-19) pandemic. It comprises eight priority interventions for economic recovery, underpinned by key enablers to restore economic growth.

Figure 5: Economic Reconstruction and Recovery Plan Priority Interventions and Enablers



Infrastructure Investment and development will serve as a key catalyst for largescale employment, industrialisation focusing on SMMEs, and improved state capacity and legislative and policy reforms. In addition to the network industries (transport, energy, water and sanitation, and ICT, there will be great emphasis on social infrastructure, such as schools, health, human settlements, and student accommodation.

In response, the North West province has developed a **Provincial Economy Recovery Plan**, with a strong focus on supporting SMMEs negatively impacted by the COVID-19 pandemic. To support the recovery plan, the NWDC has been tasked with administering the **SMME Relief Fund** of approximately R40 million¹.

¹ <https://www.gov.za/speeches/mec-kenetswe-mosenogi-pronounces-economic-recovery-plans-20-may-2022-0000>

Key opportunities for NWDC to contribute to the ERRP include:

Economic and Employment Stimulus:

- 1) Support the productive economy by ensuring that SMMEs benefit from the 30% of NWDC budgeted expenditure on core projects that is set aside for SMMEs.
- 2) Contribute to the MTSF 2019-2024 target of 40%, 30% and 7% procurement set asides for small enterprises owned by women, youth, and persons with disabilities, respectively.
- 3) Tap into the Expanded Public Works Programme and other job creation initiatives.
- 4) Work with DEDECT to accelerate economic reforms and unlock investment and growth through international, continental (African), and national partnerships, including collaborations with SADC and BRICS to leverage opportunities of the African Continental Free Trade Agreement (AfCFTA).
- 5) Contribute to improving the capability of the state by rolling out youth awareness, skills development, and entrepreneurship development initiatives.
- 6) Contribute to the District Development Model One Plans of the district municipalities to ensure job creation for local communities through investment in economic and social infrastructure.

Economic and Infrastructure Investment:

- 1) Operationalise the Bojanala SEZ to promote industrialisation, attract foreign direct investment (FDI) and domestic direct investment (DDI), develop critical infrastructure, promote a culture of entrepreneurship and innovation, and to create jobs.
- 2) Position the NWDC to access the National Infrastructure Fund. This entails working with relevant stakeholders to access the fund for rehabilitating the property portfolio and to implement the investment project pipeline, aimed at boosting economic development in the North West province.

Energy Security and the Green Economy:

- 1) Contributing to South Africa's just energy transition through implementation of provincial strategies, including the revised manufacturing strategy and revised renewable energy strategy.
- 2) Position and resource the NWDC, as the implementing agent for DEDECT, to drive design, development, and implementation of the centralised "energy office" to act as the "nerve centre" for the province, within the broader context of the Food-Energy-Water-Manufacturing nexus.
- 3) Decarbonisation and green hydrogen: The North West province is well-endowed with the key ingredient critical for the hydrogen economy, platinum group metals (PGMs), which are used in the electrolyzers and are needed to produce green hydrogen and as a fuel in hydrogen fuel-cell electric vehicles. North West province has more than 50% of the world's platinum reserves and is home to the largest platinum mining companies in the world:

- a) This is a significant opportunity for the province, requiring collaborative partnerships to develop the bankable business case and to form part of the R1.5 trillion investment in renewable energy, green hydrogen, and electric vehicles pronounced by the President in his State of the Nation Address (SONA) in February 2023.
- 4) The NWDC shall seek to attract investors to industrial parks to generate green energy.

2.1.2. SOUTH AFRICA'S EMERGING COUNTRY INVESTMENT STRATEGY

As South Africa seeks to be regarded as a key investment destination of choice on the continent, Cabinet approved the publication of the Country Investment Strategy (CIS) for public comment in March 2022. It is earmarked for finalisation in the near term and will provide the provinces and thus the NWDC, as DEDECT's trade and investment implementing agency, the opportunity to tap into and leverage the investment mechanisms of the strategy. It complements the development and review of economic development strategies currently underway in the North West province.

The strategy is aligned to the goals of the NDP, ERRP, Re-imagined Industrial Strategy and the National Infrastructure Plan, 2050. The strategy seeks to position the country as a key African investment destination of choice by leveraging quality foreign and domestic direct investments.

The CIS has identified the following as South Africa's big 5 investment frontiers:

Frontier 1: Green hydrogen – South Africa at the global forefront of green energy.

Frontier 2: Next generation digital industries and infrastructure.

Frontier 3: SEZ anchoring advanced manufacturing and logistics networks, targeting export.

Frontier 4: Industrial cannabis and other advanced agro processing.

Frontier 5: Hyper-scaling impact investment to social and green economy objectives.

Towards the attainment of the investment frontiers, enhanced investment coordination is pivotal across all spheres of government. The CIS notes coordination gaps in South Africa's investment efforts, and advocates for structured coordination of the various mandates and processes relevant to mobilising, promoting, designing, implementing, and enabling investment.

It provides investment mechanisms to attract small, medium, and micro enterprises into the economic growth drive. The strategy also taps into a number of multilateral, regional, and bilateral agreements, which South Africa has signed. The nine provinces and their eight respective metropolitan key economies are central in driving the strategy, which will be a living document that will constantly be adaptable to the changing economic environment.

The CIS reflects that the following sectors are considered good investment opportunities in the North West province due to their respective Location Quotient (LQ: having comparative advantage relative to aggregate economy) scores:

- 1) Mining and quarrying.
- 2) Community, social, and personal services.

- 3) In addition, due to the significant growth in the LQ score of the electricity, gas, and water sector, this is considered to be a sector of potential for the province.

Manufacturing and renewable energy have been identified as priority sectors in the province. The strategies are being revised and a combined research agenda is being established between the NWDC and DEDECT to profile the priority sector opportunities, thus creating an evidence-based opportunities pipeline of projects that may be further assessed in terms of feasibility and bankability. The bankable business plans will be promoted, and investment solicited through provincial and national government, and private sector channels. Funding and strategic partnerships are the critical enablers if the projects are to progress seamlessly from opportunity to bankability, to investment promotion, funding, and operationalisation.

2.1.3. PRONOUNCEMENTS OF THE STATE OF THE NATION ADDRESS, FEBRUARY 2023

The President, Mr Cyril Ramaphosa, emphasised in his SONA on 9 February 2023 that he is not presenting new plans nor outlining the full programme of government, but rather concentrating on key issues of concern to the nation, namely:

Loadshedding | Unemployment | Poverty | Rising cost of living | Crime and corruption

While the North West province's alignment and response to the SONA, and thus clarity on the NWDC's contribution and role in supporting the SONA actions, is through the State of the Province Address (SOPA), discussed in the next section, the following pronouncements are noteworthy in relation to the NWDC's development agency mandate:

Table 3: State of the Nation Address Actions of Relevance to North West Development Corporation

SONA FOCUS AREA	KEY ACTIONS OF RELEVANCE TO THE NWDC
Loadshedding	<ul style="list-style-type: none"> a) Enable and accelerate private investment in generation capacity. b) Unleash businesses and households to invest in rooftop solar. c) Bounce-back scheme to help small businesses invest in solar equipment. d) Allow private investors to generate electricity.
National state of disaster to respond to the electricity crisis	<ul style="list-style-type: none"> a) To support businesses in the food production, storage, and retail supply chain, including for the rollout of generators, solar panels, and uninterrupted power supply. b) To accelerate energy projects and limit regulatory requirements while maintaining rigorous environmental protections, procurement principles and technical standards (Auditor-General of South Africa (AGSA) continuous monitoring and oversight to guard against abuses of funds).
Climate change / Just energy transition	<ul style="list-style-type: none"> a) Investment of R1.5 trillion to renewable energy, green hydrogen, and electric vehicles. b) Prioritise workers and communities in vulnerable industries to ensure that no one is left behind.

SONA FOCUS AREA	KEY ACTIONS OF RELEVANCE TO THE NWDC
Economic structural reforms	<ul style="list-style-type: none"> a) Introduce a remote visa and special dispensation for high-growth start-ups. b) Create an enabling environment for hemp and cannabis. c) Gazette the Businesses Act to reduce regulatory impediments for SMMEs and co-operatives and make it easier for entrepreneurs to start businesses.
Infrastructure investment	<ul style="list-style-type: none"> a) Continue with construction of projects that are currently under construction, worth R323 billion. b) Project preparation in rural areas and under resources areas where there are technical and project management skills deficit (@R600 million).
Investment drive	<ul style="list-style-type: none"> a) Hold the fifth SA Investment Conference on 13 April 2023 and mobilise R2 trillion in a new investment by 2028.
Employment stimulus and supporting livelihoods	<ul style="list-style-type: none"> a) Provide 250 000 vouchers to small-scale farmers. b) Place 20 000 Technical and Vocational Education and Training (TVET) graduates in employment. c) National Skills Fund to provide R800 million to develop skills in the digital and technology sector through an innovative model that links payment for training to employment outcomes. d) Social Employment Fund recruiting 50 000 participants in its next phase to undertake work for common good. e) National Youth Service will create further 36 000 opportunities through not for profit and community benefit organisations. f) Expand the Employment Tax Incentive to encourage businesses to hire more young people in large numbers.
A better Africa and World	<ul style="list-style-type: none"> a) Expand trade and investment opportunities with global partners and to attract investment through participation in multilateral forums, such as G20, which South Africa will host in 2025.

Key for the NWDC is to identify – through research and sector intelligence – the opportunities to leverage the comparative advantages of the province, and to develop bankable business cases to tap into the resources that are available through the various strategies, funds and programmes of government, all of which would elevate the NWDC's contribution to the ERRP.

The NWDC needs to be forward looking by developing an economic development pipeline of projects that have undergone a proof of concept and have been taken through pre-feasibility to feasibility.

2.2. INSTITUTIONALISING PROVINCIAL POLICIES AND STRATEGIES

The NWDC is the implementing agency of the provincial investment, industrial, and economic development strategies, which are aligned with the PDP. This includes the Industrial Development

Strategy, Economic Development Strategy, Tourism Sector Strategy, and the Provincial Export Strategy, which are being developed by DEDECT.

2.2.1. REVIEW OF THE PROVINCIAL MANUFACTURING AND RENEWABLE ENERGY STRATEGIES

Led by DEDECT and supported by the NWDC and other provincial agencies, two strategies of particularly relevance to the implementing agency role of the NWDC are in the process of being revised for finalisation in year one of this Strategic Plan for 2023-2028:

- 1) Provincial Manufacturing Strategy.
- 2) Provincial Renewable Energy Strategy.

The review of the manufacturing strategy intends to respond to the following problem statement:

- 1) Deindustrialisation needs to be reversed if the sector is to make its expected and much needed contributions to the PDP and National Vision set out in the NDP.
- 2) Jobs are sorely needed by an expanding young labour force. As a source of jobs, manufacturing is further desirable because it offers a “productivity bonus.”
- 3) Changes in manufacturing are underway in the global patterns of manufacturing – a combination of deglobalisation (“slowbalisation”) and reshoring, which are offering new opportunities.
- 4) To counter a further deindustrialisation, which could be caused by the digitalisation and servicification of manufacturing that the Fourth Industrial Revolution is bringing about.
- 5) Growing acuteness of natural environmental concerns, climate change, and the gradual transition to a more circular economy.
- 6) Manufacturing is needed to diversify the North West economy, make it more resilient, and provide the jobs that mining cannot create anymore.

The review of the renewal energy strategy intends to respond to the following problem statement:

- 1) A renewal energy strategy is still required in the North West province; however, it will need a national policy that supports decentralised energy security initiatives.
- 2) The impacts of loadshedding and climate change have added more reasons for a renewable energy strategy.
- 3) The large-scale rollout of Independent Power Producers Procurement Programme creates the opportunity for the province to play an enabling role in the adoption of a renewal energy strategy.
- 4) Localised municipal-level power producer programmes have become imperative given the national electricity supply situation.

- 5) However, integration with other policies and strategies, e.g., Manufacturing and Exports and Overall Energy Strategy, is needed.
- 6) Continued energy poverty leads to the need for a localised energy strategy.

It is envisaged that the strategies will be finalised in the 2023/24 financial year. Implementation will require clear role delineation, particularly between the DEDECT and the NWDC. The department needs to lead in coordination and communication of the strategic interventions, while the NWDC must position itself as an effective implementing agent with capabilities to perform the following functions:

- 1) **To strengthen the locality marketing activities of NWDC:** Formerly done by Invest North West, which has been incorporated into the entity and requires funding.
- 2) **Intensify communication and marketing of progress** by building and communicating a database of successful case studies in collaboration with the Department and institutions of higher learning in the province.
- 3) **Focus on entrepreneurship development:** Establish NWDC as a driver of start-up enterprises in the North West, with a focus on diversifying manufacturing into green, sustainable solutions that leverage the comparative advantages of the province.
- 4) **Position the NWDC as the single stop point for investment promotion** and integrated strategy implementation.
- 5) **Optimise the property portfolio** by taking decisions on disinvestment, acquisitions, and reinvestments.
- 6) **The NWDC needs to build capabilities as an implementing agent** that enables manufacturing through facilitation of the services required for competitive manufacturing.

The DEDECT has a responsibility to ensure that all mandates of the NWDC are funded and that the NWDC is held accountable for implementation. This is vital to building trust between the private sector, NWDC, and DEDECT, and thus the economic development of the province.

2.2.2. STATE OF THE PROVINCE ADDRESS, FEBRUARY 2023

The Premier of North West Province, Mr Kaobitsa Bushy Maape quotes the words of President Cyril Ramaphosa in his State of the Province Address (SOPA) on 24 February 2023, “the people of South Africa want action: they want solutions and they government to work for them”.

Key SOPA pronouncements of direct relevance to NWDC planning include:

- 1) The panel of experts on Mega Projects have identified 185 projects and prioritised eight critical mega infrastructure projects based on their advanced stage of readiness and bankability. The Bojanala SEZ is one of the Mega Projects, with an investment pipeline amounting to R6.1 billion.
- 2) Preliminary estimates indicate that the Province has the potential to attract at least R50 billion worth of investment in the renewable energy space, in addition to existing private sector renewal energy investments in areas like Ditsobotla, Madibeng, etc.

- 3) Amounts of R10 million and R8 million are allocated for the Mamusa and Mahikeng Trade Markets respectively.
- 4) The Executive Council has resolved to formalise its expression of interest to participate in the solar panels manufacturing initiative coordinated by ISA and have mandated the NWDC to host this initiative as a potential Independent Power Producer (IPP).
 - a) Stilfontein in the Dr Kenneth Kaunda District has been identified as a potential location of the plant subject to feasibility study confirmation.

NWDC's response to the energy crisis:

Load shedding is the single biggest constraint on South Africa's economic growth and the NWP is not spared. NWDC is formulating a response plan, which among other things seek to:

- 1) Enable and accelerate private investment in generation capacity.
- 2) Unleash businesses and households to invest in rooftop solar.
- 3) Bounce-back scheme to help small businesses invest in solar equipment.
- 4) Allow private investors to generate electricity.

2.3. NORTH WEST DEVELOPMENT CORPORATION TURNAROUND AND REVENUE ENHANCEMENT STRATEGIES

2.3.1. NORTH WEST DEVELOPMENT TURNAROUND STRATEGY

After an extensive consultative process with NWDC stakeholders, in March 2022 the NWDC Board approved a Turnaround Strategy for the corporation. The intention of the Turnaround Strategy was to strengthen the existing business, while seeking additional revenue streams to build the sustainability of the corporation beyond the current reliance on property rentals as the main source of revenue.

The Turnaround Strategy is based on four pillars:

Clean governance | Cash generation | Provincial government support | Bojanala Special Economic Zone.

Numerous defined actions were for implementation in the 2022/23 financial year. However, it is important that the Corporate Plan for 2023-2024 picks up on these interventions as a baseline and extends them forward over the MTEF and in alignment with the phased approach to **organisational turnaround**, which underpins the five-year Strategic Plan for 2023-2028.

2.3.2. NORTH WEST DEVELOPMENT REVENUE ENHANCEMENT STRATEGY

The NWDC has been under financial distress for over five years and, although the entity is regarded as solvent, its overreliance on grants from government to cover operating costs brings

the long-term sustainability of the organisation into question. The NWDC's main source of income is rental revenue collections, which have not been sufficient to cover operating costs.

This is exacerbated by the fact that the current grant allocation is utilised for operating activities and is insufficient for the capital investment needed to renovate properties, and so to improve occupancy and rental income.

In September 2022, the NWDC Board embarked on a process of engagement with the Shareholder (DEDECT), to request additional funding essential for the delivery of set mandates, to apply for funding from National Treasury, and to address short-, medium-, and long-term strategies, projects, and interventions – all of which are integral to the turnaround and long-term success of the NWDC. The NWDC Revenue Enhancement Strategy is centred on two interventions to boost the entity's liquidity, namely:

1) **Application for funding from the Shareholder:**

- a) The capital structure of the NWDC allows significant room for improving its liquidity. At the end of Q3 2022/23, total assets were R1.96 billion and total liabilities R543.2 million. The debt to assets ratio was 28%, with a gearing of 38%. The net asset value of the entity was R1.42 billion, with a gross return on assets of 7% and an effective (net) return on assets of 4%, representing a payback period of 14.2 years or 25 years, respectively.
- b) For the NWDC to deliver on its mandate, financial support is needed to address the most pressing and important long outstanding debts (funding for operations) and to invest in projects (capital funding). From a fiscal efficiency perspective, capital funding should be prioritised as it will enable the entity to be more independent, reducing the need for operational incentives. The funding request is summarised below:

Nº	AREA OF FUNDING	AMOUNT REQUIRED
1	Creditors book	R80 million
2	DBSA loan (currently in negotiations)	R74 million
3	Short-term property renovations and improvement of appearance of properties	R200 million
4	SMME Bridging Fund	R100 million
5	Seed funding to unlock funding of R2 billion to support Black industrialists in the province	R200 million
6	Projects funding	R300 million
TOTAL		R954 million

2) Disposal of non-productive assets, including non-strategic and financially unsustainable properties:

- a) While property rental remains NWDC's main revenue generating stream, it is well understood that the management of a sound property portfolio requires constant whole asset lifecycle management – acquisition ⇒ operations and maintenance ⇒ disposal.
- b) The NWDC mandate implies a focus on strategically located commercial and industrial property and, as the economic environment shifts and evolves, non-strategic and non-productive assets may need to be disposed of.
- c) Such disposal will serve to raise capital for investment into new strategic assets, and to invest in refurbishment and upgrading of productive assets, with the aim to increase occupancy levels and rental collections.
- d) It would further serve to reduce municipal costs on properties that are unproductive.
- e) Disposal of non-productive equity investments, such as the Christiana All Seasons Resort should also be pursued while pursuing the development of strategic infrastructure, including the Mogwase Complex and the Motor-Town Complex.
- f) Gaining treasury approval for the NWDCs Capital Raising Programme, including the scope and impact of the identified disposals.

These, along with **aggressively increasing rental and debt collection** and the **adoption of more stringent employee-related cost management processes**, will help the NWDC make short-term progress towards improving the financial situation of the entity.

The five-year Strategic Plan for 2023-2028 picks up on the critical focus areas and the further work in the **Business Case for the Recapitalisation of the NWDC** and extends them forward, commencing with key actions in this Corporate Plan for 2023/2024.

2.4. THE BOJANALA SPECIAL ECONOMIC ZONE

In terms of the Special Economic Zones Act (Act 16 of 2014) (SEZ Act), the operating expenses of a SEZ should be funded by the province, while the capital expenses should be funded by the Department of Trade, Industry and Competition (the dtic). The SEZ Act further provides for a number of SEZ incentives, which are made available to ensure an SEZs growth, generation of revenue, creation of jobs, and attraction of local and international businesses. These SEZ incentives include:

- 1) Preferential 15% Corporate Tax Businesses (prescribed in Section 24(4) of the SEZ Act) that are located in a SEZ may be eligible for tax relief, including the reduced rate of corporate income taxation. In addition to satisfying the requirements of the SEZ Act, further criteria for some of the available tax incentives are stipulated in the Income Tax Act, 1962 (Act No. 58 of 1962).
- 2) Building Allowance Businesses and Operators (prescribed in Section 1 of the SEZ Act) operating within a SEZ may be eligible for tax relief, including the building allowance, subject to requirements contained in the Income Tax Act.
- 3) Employment Incentive Businesses and Operators operating within a SEZ may be eligible for tax relief, including the employment tax incentive subject to requirements contained in the Employment Tax Incentive Act, 2013 (Act No. 26 of 2013).
- 4) Customs Controlled Area Businesses and Operators located within a customs-controlled area of a SEZ will be eligible for tax relief as per the Value-Added Tax Act, 1991 (Act No. 89 of 1991), the Customs and Excise Act, 1964 (Act No. 91 of 1964), the Customs Duty Act 2014 (Act No. 30 of 2014), and the Customs Control Act, 2014 (Act No.31 of 2014).

The 12I Tax Incentive is designed to support Greenfield investments (i.e., new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (i.e., expansions or upgrades of existing industrial projects). The new incentive offers support for both capital investment and training.

As of December 2022, the Bojanala Special Economic Zone SOC Ltd has been registered and the Memorandum of Incorporation lodged with the Companies and Intellectual Property Commission (CIPC), reflecting a target date for operating from 1 April 2023. However, the application for designation of Bojanala SEZ has not yet been submitted to **the dtic** and, therefore, the Bojanala SEZ has not been gazetted. This is primarily due to the environmental impact assessment not being approved as yet and the lack of funding needed to develop the infrastructure.

The tables below show the infrastructure development funding required and the number of projects to be implemented in the next five-years in terms of the approved infrastructure masterplan:

	TOTAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INFRASTRUCTURE DEVELOPMENT (FUNDING COMMITMENT)						
Required funding for SEZ bulk	R2.2 billion	R450 million	R500 million	R460 million	R307 million	R450 million

	TOTAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
infrastructure secured						
NUMBER OF BULK INFRASTRUCTURE PROJECTS						
Priority SEZ bulk infrastructure projects	Bulk sewer	6	-	-	1	-
	Bulk roads	5	2	2	-	-
	Bulk electrical	7	1	3	8	0
	Bulk rail	0	0	0	0	1
Total No. of Projects	39	18	3	5	12	1

The NWDC Board has established a SEZ Committee to play an independent role in direction and oversight to management. In terms of its charter, the SEZ Committee shall:

- 1) Consider and recommend to the NWDC Board the strategic framework for the planning and development of the Bojanala SEZ, to ensure a successful designation application.
- 2) Monitor the performance of the NWDC in relation to the planning and development of the SEZ.
- 3) Review policies, strategies, and projects related to the planning, development, and operationalisation of the SEZ.
- 4) Review and approve policies for desired investments within the SEZ.
- 5) Review and approve investment projects locating within the SEZ.
- 6) Review and approve all strategic and operational programmes and activities related to the SEZ.
- 7) Monitor compliance with the requirements relating to the planning, development, and management of SEZs in the country.
- 8) Monitor quarterly reporting by management on the planning and development of the SEZ; and
- 9) Monitor the performance of the SEZ Unit, which is responsible for all strategic and operational activities related to the Bojanala SEZ.

3. UPDATES TO RELEVANT COURT RULINGS

Legacy debt of the BNDC to the DBSA was transferred, as successor in title, to the NWDC. The debt relates to infrastructure of the Bodirelo, Babelegi, and Garankuwa Industrial properties, which were transferred to the Moses Kotane Local Municipality and the Tshwane Metropolitan Municipality at the time of demarcation adjustments.

Although the infrastructure was transferred, the NWDC finds itself in a situation where it is liable to the DBSA for the debt on the infrastructure, while not receiving benefit from the infrastructure, and also being billed for the services supplied by the two municipalities for the infrastructure.

As of October 2022, the outstanding debt is R74 million as per the letter of demand and loan confirmation from the DBSA. While there have been numerous previous efforts and strategies to agree on an approach to settle or write off this debt, there has been no resolution to date.

The Provincial Treasury is in agreement that the NWDC should no longer be held responsible for the DBSA loans, as they consider the amounts already paid by the NWDC to have exceeded the original loan amounts, and they agree that the DBSA loan amount includes debt that should have been transferred to the above municipalities at the time the infrastructure was transferred.

However, the DBSA has sent a first letter of demand to the NWDC on 5 August 2022, and a second letter of demand on 26 August 2022, for settlement of the amount of R74.181 million. Provincial Treasury is taking discussions on this matter with National Treasury further, and a proposal document was sent to National Treasury on 30 August 2022.

While such negotiations are ongoing and until a solution is found, this debt remains a long-term financial commitment in the NWDC balance sheet. NWDC's repayment commitment is R615 000.00 per month on servicing the legacy obligation. While not being paid, it remains a significant liability for the entity.

PART B: OUR STRATEGIC FOCUS

1. VISION, MISSION, AND VALUES

Informed by the legislative, policy and strategy directives discussed in Part A, in support of the 2030 Vision of the North West province, *“Our Province, Our Heritage, Make it Work! Dirang Bokamoso,”* the Strategic Plan for 2023-2028 articulates the NWDC’s strategic focus – its vision, mission, and institutional values – as follows:

OUR VISION

To be the cornerstone of promoting trade, attracting investment, and ensuring sustainable inclusive economic growth and transformation in the North West province

OUR MISSION

To create wealth and facilitate job creation where people in the province live, by:

- Coordinating efforts in the planning and execution of economic development projects and infrastructure.
- Attracting investment and facilitating trade and expansion opportunities for enterprises in the North West province.
- Supporting the development, sustainability, and competitiveness of SMMEs and co-operatives.
- Developing and managing a viable and sustainable property portfolio.
- Leveraging and mobilising resources through strategic partnerships for institutional sustainability and the benefit of local communities.

The NWDC values define the organisational culture that is being developed and provide guidance on “how” the entity intends to deliver on its mission.

OUR VALUES	WHAT IT MEANS IN PRACTICE
Professionalism	<ul style="list-style-type: none"> ▪ We do what we say we will do, and are accountable and responsible for our actions, whether or not anyone is watching. ▪ We seek to always provide excellent service and value to clients, on time every time. ▪ We commit to the continual development of our capacity and capabilities.
Integrity	<ul style="list-style-type: none"> ▪ We resist any undue pressures on our decision-making and in the performance of our duties. ▪ We take prompt and effective action to deal with unprofessional or unethical behaviour. ▪ We conduct our decision-making processes in a fair and transparent manner – being considerate, open, honest, and well-informed.

OUR VALUES	WHAT IT MEANS IN PRACTICE
Respect	<ul style="list-style-type: none"> ▪ We treat people fairly and equally and will not discriminate against any individual or group. ▪ We treat colleagues, partners, stakeholders, clients and counterparts with dignity and respect, and we work without bias. ▪ We demonstrate respect for and understanding of different points of view.
Cooperation	<ul style="list-style-type: none"> ▪ We value teamwork and partnerships, and recognise strength comes from working together. ▪ We are committed to consultation, and the sharing of information and knowledge. ▪ We will cultivate a culture of appreciation, celebrate our achievements, and learn through our mistakes.
Innovation	<ul style="list-style-type: none"> ▪ We base decisions on robust and credible research, and embrace a culture of learning, adaptation, and creativity at all times. ▪ We seek continuous improvement and opportunities for doing things better. ▪ We listen to stakeholder needs and seek to create responsive approaches to what we do.

2. BUSINESS MODEL FOR ORGANISATIONAL TURNAROUND

In delivering on its mission as a public business enterprise, the “golden thread” of the NWDC’s Strategic Plan for 2023-2028 is the corporation’s role and contribution to the fight against poverty, inequality, and unemployment. As a top priority of government, it requires radical approaches to ensuring economic benefit for the sparsely populated and rural spatial landscape of the province.

To achieve this, the NWDC needs to operate as a sustainable enterprise, considering its dual commercial/developmental mandate as a PFMA Schedule 3D listed public business enterprise, which requires:

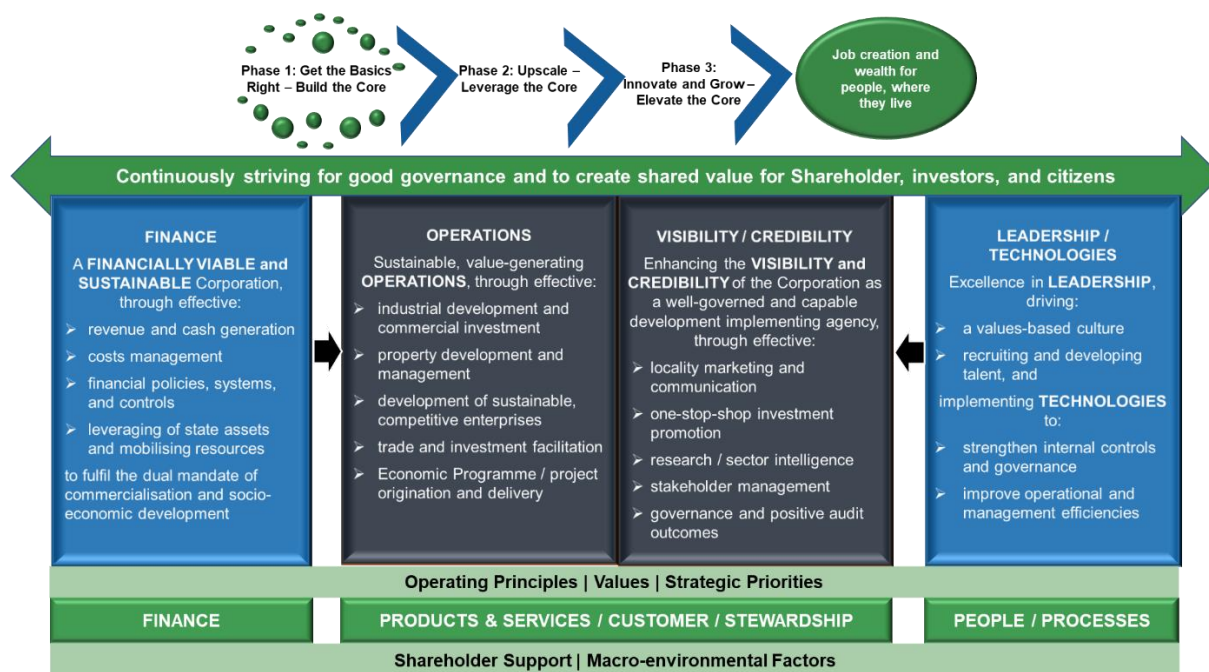
- 1) NWDC’s trading activities, such as property management, SEZ operations (and other subsidiaries), and direct lending to SMMEs to be sustainable through own revenue generation, off a foundation of adequate capitalisation to redress past challenges relating to the incorporation of non-profitable businesses into the organisation.
- 2) Non-trading activities, such as trade and investment, and economic development, to be funded by grants from the Shareholder, while seeking revenue from investments and project implementation management fees.
- 3) Strategic partnerships to be leveraged on a funds matching basis to increase the investment in assets and SMME development.

Supporting the organisational turnaround and revenue generating strategies discussed in Part A, the NWDC’s business model for organisational turnaround over the period of the five-year Strategic

Plan 2023-2028 is conceptualised in terms of three phases extending over the period of the strategic plan, and beyond:

- 1) **Phase 1 (2023/24-2024/25):** Getting the basics right – Building the core.
- 2) **Phase 2 (2024/25-2025/26):** Upscaling – Leveraging the core.
- 3) **Phase 3 (2027/28 and beyond):** Innovation and growth – Elevating the core.

Figure 6: North West Development Corporation Business Model for Phased Turnaround



The business model directs the interventions of the NWDC in the short-, medium-, and long-term towards building:

- 1) **A financially viable and sustainable corporation**, to ensure the NWDC delivers on its dual commercialisation/developmental mandate. It is built on a funding model that is suitable for a PFMA Schedule 3D listed business enterprise, comprising trading activities that generate revenue for the entity and funded activities that support the transformation and developmental mandate of the entity. The key outcome is an improvement in the going concern status of the NWDC Group.
- 2) **Sustainable, value-generating operations**, in delivering products and services for the benefit of the citizens of the province and in a manner that secures the going concern status of the entity. All mandates must be funded, either through own revenue generation or an annual MTEF allocation, to create value, with a clear distinction between commercial and developmental operations. Support of the Shareholder is required to delineate roles and for funding of prioritised areas related to the NWDC's development agency mandate.
- 3) **Enhanced visibility and credibility of the corporation**, as a trusted steward of capital and an implementing agent for economic development in the province. This entails implementing organisational reforms and turnaround actions, positioning the entity as a good corporate citizen based on sound environmental, social, and governance principles; investing in locality

marketing and communication; single-stop-point investment promotion; priority sector pipeline development; and stakeholder/partnerships management.

- 4) The critical enabler is **excellence in leadership and the adoption of new technologies**, for improved operational and management efficiencies. Leadership shall drive a values-based culture of high-performance and supported with the right skills and competencies, systems, processes, and technologies required for streamlined and efficient operations.

Importantly, the NWDC will closely monitor and align its focus and priorities to emerging environmental factors and will prioritise building relations with the Shareholder for funding of the mandate and turnaround plan, and for programme implementation support.

The NWDC has adopted eight key operating principles to underpin the business model and five-year strategic trajectory:

- 1) The entity will play a leadership and catalytic role in economic transformation and development, targeting improved livelihoods for people in areas where they live.
- 2) The entity and government shall agree on appropriate funding principles and models that comply with the PFMA and relevant legislation:
 - a) A revenue generation model for commercial (trading) activities.
 - b) A MTEF funded model for developmental (non-trading) activities.
- 3) Financial viability and sustainability of the NWDC shall underpin all programmes and activities aimed at delivering on its core mandate.
- 4) NWDC decisions and priorities will be informed by research and business intelligence and will actively monitor and evaluate the implementation and impact of projects and programmes.
- 5) NWDC performance shall be assessed on the basis of efficiency (outputs), effectiveness (outcomes), and equity (impact).
- 6) The NWDC will seek to complement the work of and collaborate with other entities in its product and service delivery.
- 7) The NWDC will ensure technologically enabled internal controls, accounting, and management systems, as a responsible steward of public money and to ensure sound monitoring and reporting on financial and operational performance.
- 8) The NWDC shall work towards developing a competent, capacitated, leaner structure, with more operational positions than support staff.

PART C: SITUATIONAL ANALYSIS INFORMING THE CORPORATE PLAN

As this Corporate Plan 2023/2024 is developed at the same time as the five-year Strategic Plan for 2023 -2028, the situational analysis is the same. In future annual corporate plans, updates to the situational analysis will be reflected.

1. UPDATED EXTERNAL ENVIRONMENT ANALYSIS

1.1. GLOBAL ECONOMIC CONTEXT

The response to COVID-19 forced a sudden and severe contraction of global economic activity during 2020, with the world's GDP shrinking by 3.3% in that year. The International Monetary Fund (IMF) reports that the world's 69 poorest countries need an extra \$436 billion over the next five years to address the aftermath of COVID-19, rebuild external buffers, and grow incomes².

The gradual lifting of restrictions resulted in a recovery of around 6% growth in 2021, but expansion had begun to slow again by the time Russia invaded Ukraine in February 2022. This conflict sparked an unexpected rise in the price of a number of key energy, metals, and agricultural commodities. **Inflation** spiked, and **growth** estimates for 2022 and beyond were revised significantly downwards. Central banks **tightened monetary policy** in an attempt to tame inflation and global sentiment declined precipitously, with Bloomberg Economics calling a global recession into 2023/24 a near certainty³. Global growth is expected to remain subdued for the remainder of the decade.

INFLATION

Following the conflict between Russia and Ukraine, key commodities exported by those countries, particularly energy and food, saw sharp price increases that have since rippled through global value chains. High energy costs have a significant knock-on effect on the rest of the economy, raising the price of everything else. The World Bank estimates that energy prices rose by 52% in 2022. The original estimate for the year was a rise of 5%.

Rising inflation quickly led to monetary policy tightening by central banks around the world, most influentially the US Federal Reserve and European Central Bank. Those same two central banks offered "unprecedented support" to markets during the pandemic and, as the IMF admits, "*Across advanced economies, (inflation) forecast errors are related to the size of COVID-19-related fiscal stimulus packages.*"⁴

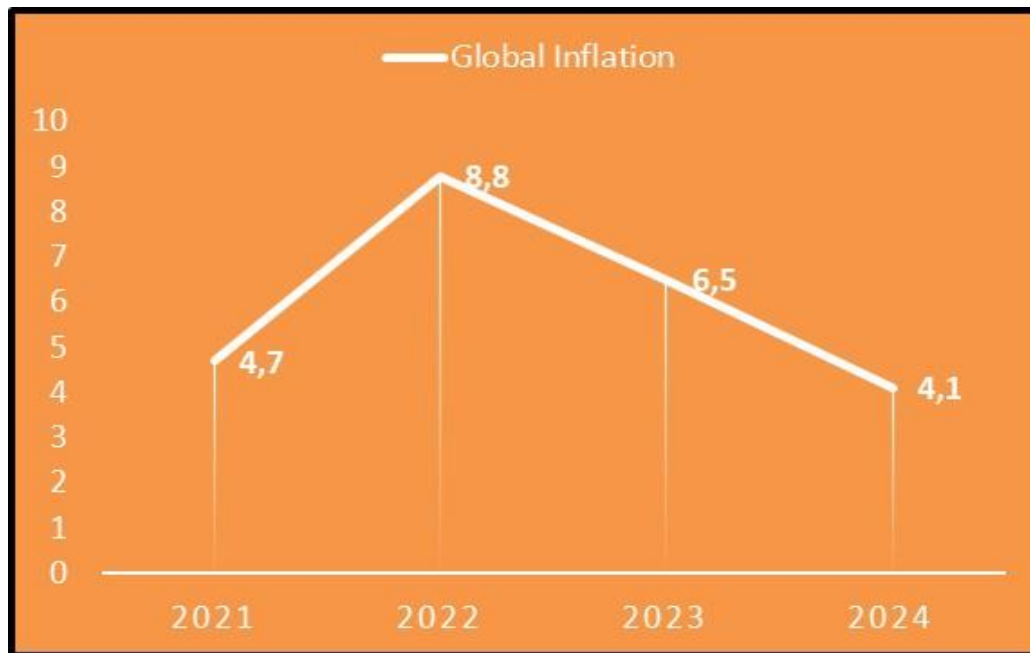
According to IMF estimates made in October 2022, global inflation rose to 8.8% in 2022, and will moderate to 6.5% in 2023 and 4.1% in 2024⁵.

² <https://www.moneyweb.co.za/news/economy/poorest-nations-need-436bn-to-tackle-covid-aftermath-imf-says/>

³ <https://www.moneyweb.co.za/news/economy/70-chance-of-recession-in-the-coming-year> (Accessed 4 December 2022)

⁴ IMF World Economic Outlook, October 2022 Update

⁵ IMF World Economic Outlook, October 2022 Update

Figure 7: International Monetary Fund Projected Inflation Rate 2021 to 2024

Source: International Monetary Fund World Economic Outlook, October 2022

The IMF notes that inflation could be more difficult to bring down than anticipated and create tighter global financial conditions.

“In short, the worst is yet to come, and for many people 2023 will feel like a recession.”

IMF World Economic Outlook,

Countering the Cost-of-Living Crisis, October 2022

GROWTH

All three of the world’s largest economies have shown signs of weakness. The cost of energy in Europe is likely to weigh heavily on output there, and despite a currency surging in value and strong employment numbers, the US spent the first half of 2022 in a technical recession.

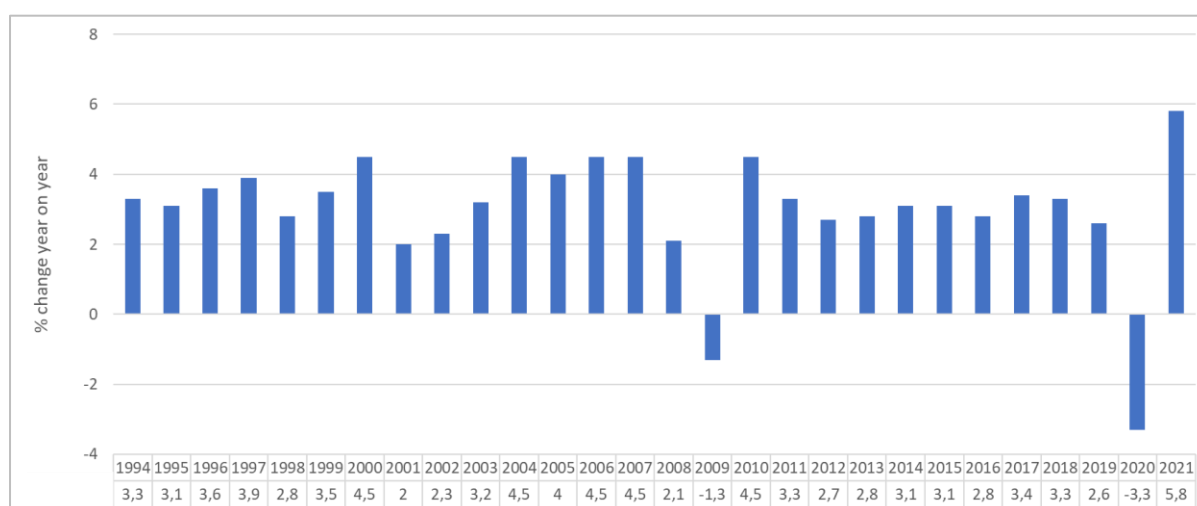
China has been a key engine of global economic growth for decades, but trouble in the country’s oversized property/construction sector along with the Zero COVID Policy and ongoing lockdowns had a substantial negative impact on the country’s 2022 GDP, estimated at just 3.2% for the year, compared to 8.1% in 2021⁶. As China is an important trading partner to many other nations and a key consumer of commodities, a slowdown there has a deleterious effect on growth in the global economy as a whole. Beijing abandoned its Zero COVID Policy after widespread public protest,

⁶ IMF World Economic Outlook, October 2022 Update

but optimism about growth in 2023 is muted. At the end of 2022, US manufacturing orders in China were down 40% according to the CNBC Supply Chain Heat Map.

Fears of a global recession persist, and the world economy could be facing a lengthy period of *stagflation*, where inflation and unemployment are high, and growth is low. Markets expect that inflation peaked in mid-2022, but the taper is likely to be slow and levels will remain elevated for some time to come, necessitating continued hikes in interest rates⁷. Global growth has trended downwards since the beginning of 2022 and is expected to remain subdued for the remainder of the decade when compared to the 2010s.

Figure 8: Global Gross Domestic Product Growth, 1994 to 2021



Source: World Bank - Global Economic Prospects, 2022

Key take-outs:

- 1) Growth is likely to remain subdued for some time, even if a full-blown global recession is avoided in 2023, inflation could remain higher than is ideal for longer than is anticipated.
- 2) The push for a homogenised, centrally controlled approach to future pandemic response and climate change may intensify.
- 3) As of the end of 2022, the European Union is attempting to finalise their “Carbon Border Adjustment Mechanism”, which will allow them to add a carbon tax to goods imported from outside of the region.
- 4) Global trade maps are likely to be redrawn as the United States and European economies re-evaluate outsourcing the manufacture of key products and technologies to ideologically divergent nations.
- 5) BRICS might begin to pose a more serious threat to the established economic order and United States hegemony, particularly if Saudi Arabia were to join the bloc. There is talk of the group introducing a commodities-backed reserve currency as an alternative to the dollar.

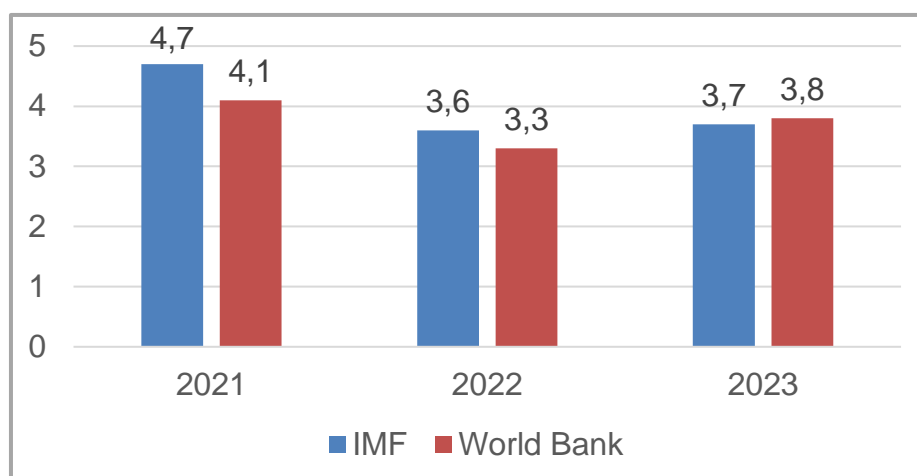
⁷ World Bank. 2022. *Global Economic Prospects, June 2022*. Washington, DC: World Bank. doi: 10.1596/978-1-4648-1843-1. License: Creative Commons Attribution CC BY 3.0 IGO.

1.2. SUB-SAHARAN AFRICA ECONOMIC CONTEXT

The Sub-Saharan Africa economy is expected to slow as it faces the global headwinds of tightening monetary policy, high inflation, and low growth. Adding to the region's woes is the rising risk of debt distress. Any recovery in the economic activity in the region has been set back by weak demand from all three of its key trading partners: China, the United States, and the Euro area. This affects Sub-Saharan nations directly through a slowing of foreign trade and investment, but also indirectly through falling commodity prices.

The region's growth is expected to drop to 3.3% in 2022, down from 4.1% in 2021, according to the World Bank October 2022 Africa's Pulse forecast. IMF expects growth of 4.7% in 2021, 3.6% in 2022 and 3.7% in 2023.

Figure 9: Sub-Saharan Africa Gross Domestic Product Growth Forecasts, 2021 to 2023



Both sets of figures are well below the region's longer-term average growth rate, a full percentage point below the 2000-2019 average. Tourism, services, and manufacturing were particularly hard hit by COVID-19 restrictions, and some countries offset their expenditure on pandemic relief programmes by not spending on infrastructure and development projects. Very **high inflation**, persistent **unemployment**, and growing **poverty and food insecurity** rank among the region's most pressing challenges moving forward. Slow growth in the region's key trading partners will have a negative effect on Sub-Saharan Africa's ability to generate and sustain exports.

Severe food insecurity in Sub-Saharan Africa has increased sharply, with around 140 million people classified as acutely food insecure in 2022 (20 million more than in 2021). In East Africa, 41 million people were estimated to be acutely food insecure in 2021. In 2022, that figure is thought

One in five people in Sub-Saharan Africa faces regular hunger.

More than 250 million are undernourished.

to have risen to 55 million people, slightly more than the entire population of Kenya.

Increasing prices of agricultural inputs like fertilizers, fuel, and seeds will make growing food in these countries more expensive and lessen productivity of local farmers, further exacerbating food shortages and raising the prices of staples for longer.

Persistence of pandemic induced long-term damage is a significant risk to the baseline growth forecast for the Sub-Saharan Africa region. Disproportionate losses to incomes, employment, and human capital accumulation could hinder poverty alleviation and lead to lasting increases in inequality across the region. The sharply rising cost of food basics will compromise any recovery in consumer spending.

The AfCFTA represents an opportunity for Sub-Saharan Africa nations to strengthen cooperation and find new economic synergies, thereby reducing reliance on more distant trading partners and strengthening the region's ability to determine its own future.

Key take-outs:

- 1) Slow growth in the region's main trading partners threatens export potential, and weak demand will exert downward pressure on commodity prices.
- 2) Inflation and, particularly, food inflation is challenging to contain in countries characterised by shallow capital markets and a large informal sector where interest-based monetary policy is a less effective tool.
- 3) Current costs of funding, expected to peak in 2024/2025, are making large levels of debt more difficult and expensive to service, and 18 Sub-Saharan Africa nations risk crossing debt service risk thresholds.
- 4) Close to 20 million people face starvation as the East African region experiences its worst drought in four decades and braces for its fifth consecutive failed rainy season.

1.3. SOUTH AFRICAN SOCIO-ECONOMIC CONTEXT

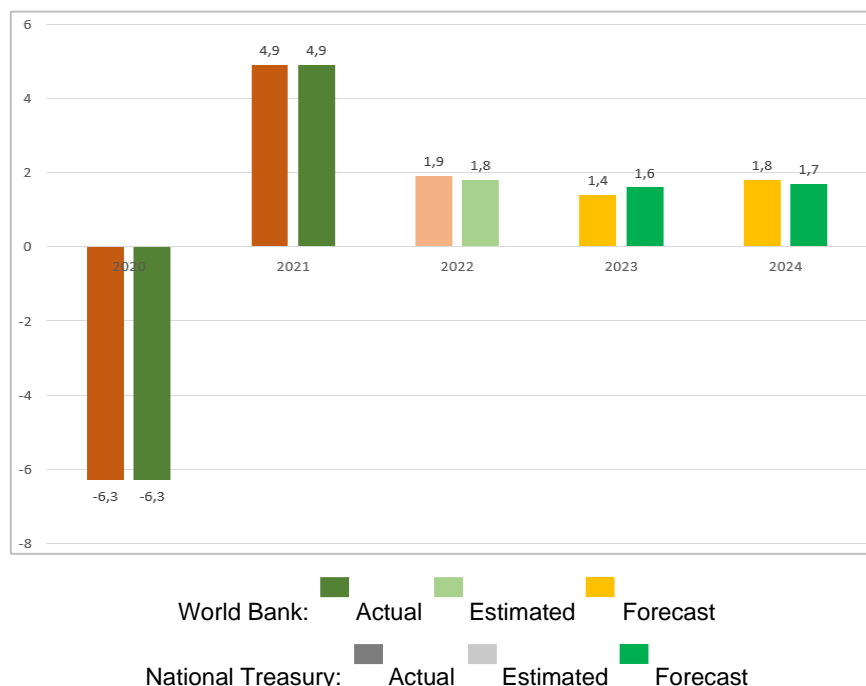
The local economy was not performing optimally for some time before COVID-19 lockdowns further devastated businesses, productivity, and jobs. As is the case in the rest of the world economy, **high inflation** and **low growth** are currently key challenges for South Africa, along with a perpetually **high unemployment** rate. This presents a particularly difficult challenge for government, as interventions designed to curtail inflation may well exacerbate unemployment, and policies designed to lower unemployment may stoke inflation higher.

Rising government debt and, by extension, debt service costs, will continue to erode public spending capacity, potentially leaving gaps in public services delivery and infrastructure development.

GROWTH

The World Bank estimates South African GDP growth for 2022 at 1.9%. The forecasts for 2023 and 2024 are 1.4% and 1.8% respectively. National Treasury estimated 1.8% growth in 2022, and forecast 1.6% growth in 2023, and 1.7% in 2024.

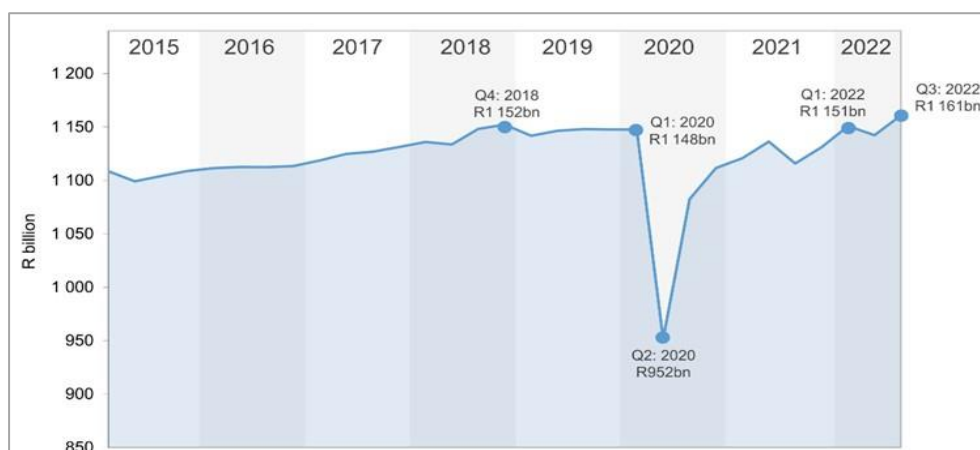
Figure 10: South African Gross Domestic Product Growth Forecasts



The Reserve Bank downgraded its GDP growth forecast for 2023 from 0.6 to 0.3%, citing loadshedding as the primary contributor to impeded output. The country's average annual GDP growth rate between 1994 and 2022 was 2.39%. Forecasts for the medium-term are well below that average and insufficient to meet any of the country's significant economic development and unemployment reduction goals.

Despite the negative global headwinds, South African real GDP reached pre-pandemic levels in 2022. After a contraction in the second quarter due in part to widespread flooding in KwaZulu-Natal, the economy rallied in the third quarter, expanding by 1.6% to R1.161 billion (in constant 2015 prices), which is above the previous all-time peak of R1.152 billion recorded in the fourth quarter of 2018.

Figure 11: Size of Gross Domestic Product, 2015 to 2022 Q3



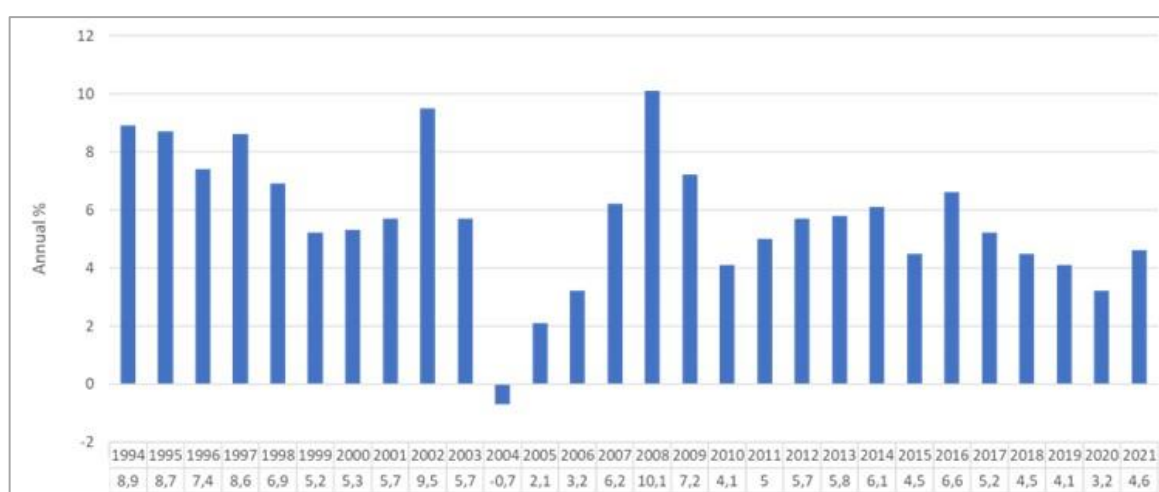
Source: Statistics South Africa

South Africa's bottom line was bolstered by higher-than-expected commodity prices during 2021 and 2022, but as those prices moderate in 2023, the fiscus will come under increasing pressure. High and persistent inflation will only exacerbate growth challenges.

INFLATION

In step with the rest of the world, inflation in South Africa spiked higher in 2022. July saw consumer price inflation rise to 7.8%, with petrol (+56.2%), food (+10.1%), and electricity (+8.1%) being key drivers. August saw a slight moderation as the Consumer Price Index declined to 7.6%, with petrol inflation slowing to 43.2%. Food prices were still rising, however, at a rate of 11.5%. Consumer food price inflation is estimated to have averaged around 9% in 2022, up from 6.5% in 2021⁸.

Figure 12: South African Inflation, Consumer Prices 1994 to 2021



Source: World Bank, IMF figures

The target range for inflation is 3% to 6%. The upper limit has been breached for some time, and indications are that it may take a while to bring back down. SARB has responded to the inflationary pressure by raising the policy rate by 325 basis points (3.25%) since November 2021, and there are indications that the hiking cycle may not yet be over. In 2022 there were three consecutive 0.75% rate hikes, the largest increases in two decades. As of November 2022, the repo rate stands at 7%, and the prime lending rate is 10.5%. Low consumer sentiment is likely to persist for some time, resulting in a lack of willingness by households to significantly increase spending.

UNEMPLOYMENT AND POVERTY

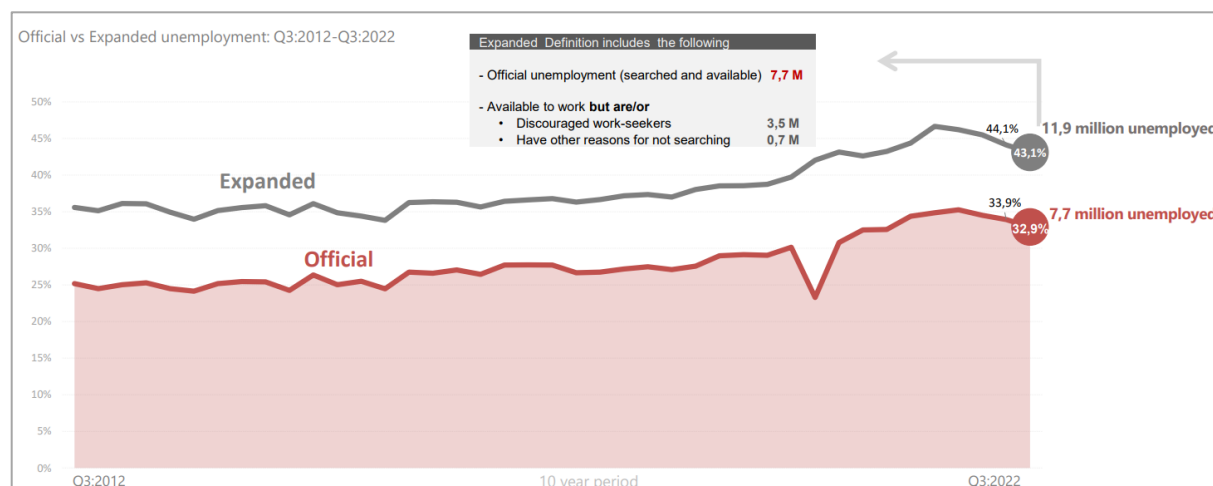
After the COVID-19 lockdowns in 2020, the number of private sector jobs in the country reached a sixteen-year low. More than three quarters of post-pandemic job losses have been in lower earning positions. Official data show divergences in employment recovery by age, education, gender, and race, with Black women in particular bearing the brunt of job losses.

As is illustrated in the figure below, South Africa's unemployment problem is not a new phenomenon or a consequence of COVID-19, but a systemic and steadily worsening feature of

⁸ <https://www.moneyweb.co.za/news/south-africa/sa-farming-6-things-that-need-urgent-attention-in-2023/> (Accessed 16 January 2023)

the country's economy. With around 7.7 million people of working age unable to find employment and a further 3.5 million who have given up trying, it is clear that economic growth and job creation are not keeping track with the country's population growth, and the political promise of decent work for all remains very much unfulfilled.

Figure 13: Expanded vs Official Unemployment Rate Over the Last Ten Years



Source: Statistics South Africa, Quarterly Labour Force Survey (QLFS), Q3:2022

The unemployment rate is likely to remain at these unsustainably elevated levels for some time as subdued rates of economic growth limit labour absorption capacity. The number of new entrants into the labour market is outpacing the number of jobs being created by a substantial margin⁹.

Consequently, poverty remains a serious issue for South Africa, with 27% of the country's population already living below the food poverty line according to data collected in 2019. As long as unemployment remains high, the poverty problem will continue to worsen. The current high levels of food inflation will cause many more of the country's poorest families to struggle to adequately nourish themselves and leave millions of young people with no legal means to sustain themselves.

As is the case with the global economy, South Africa faces low growth, very high inflation, and unusually inflated energy costs. None of these factors are positive for employment creation, and the sharply higher food prices will push the unemployed and impoverished in the country closer to the brink.

ELECTRICITY CRISIS

Inadequate electricity supply continues to drain productivity and reverse economic gains. Some estimates suggest that Stage 6 loadshedding costs the country upwards of R4 billion per day. The issue dominated the 2023 State of the Nation Address (SONA), where the President declared a national state of disaster to respond to the electricity crisis and its effects.

Practical measures are to be implemented to support businesses in the food production, storage, and retail supply chain, including a rollout of generators, solar panels, and uninterrupted power

⁹ IDC Research and Information Department for sefa EXCO Strategy Session, October 2022

supplies. Wherever possible, critical infrastructure such as hospitals and water treatment plants will be exempted from load shedding, and energy projects will be fast tracked, whilst rigorous environmental protections, procurement principles, and technical standards are maintained.

A Minister of Electricity in the Presidency is to be appointed and will assume full responsibility for overseeing all aspects of the electricity crisis response, including the work of the National Energy Crisis Committee.

Through the Just Energy Transition Investment Plan, R1.5 trillion is to be invested over the next five years in renewable energy, green hydrogen, and electric vehicles.

OTHER STRUCTURAL CONSTRAINTS

Other structural constraints in the domestic economy are expected to further slow any recovery, notably:

- 1) South Africa's rail network has become dysfunctional due to mismanagement, corruption, and neglect. The inability to move freight by rail means that the country's national arterial roads are becoming ever more congested with large trucks, which impacts on general road safety levels and results in costly damage to road surfaces.
- 2) Maritime transport carries more than 80% of global merchandise trade by volume, meaning that any inefficiencies at a country's seaports will have tangible repercussions. Research by the Freight Forwarders Association showed that port delays cost the South African economy between R100 million and R1 billion per day¹⁰.
- 3) "Construction mafias", or extortionists posing as 'business forums' are seriously impeding infrastructure and other construction projects in the country using violence and intimidation to demand 30% of project value under the guise of fighting for social justice or Black economic empowerment. This unchecked lawlessness has now spread into the country's all-important mining industry¹¹.

Without application of the rule of law, adequate electrical power, and an efficient means of moving freight in and out of the country, all other economic stimulus efforts will be in vain and, instead of much needed growth, the economy will see sustained contraction, particularly in energy dependant and crime affected sectors.

Key take-outs:

- 1) The global headwinds of slow growth, high inflation, and tightening monetary policy will constrain local growth opportunities and fiscal policy options.
- 2) Unsustainably high unemployment, particularly amongst the youth, threatens social stability and all but guarantees a rise in crime and violent unrest.

¹⁰ <https://dailyfriend.co.za/2022/10/26/eskom-and-transnet-millstones-around-the-neck-of-the-economy/> (Accessed 26 October 2022)

¹¹ <https://www.moneyweb.co.za/mineweb/extortion-mafia-hits-sas-almost-r1trn-mining-sector/> (Accessed 12 December 2022)

- 3) Untenable levels of poverty, inequality, and hunger will drive the country's dispossessed to reckless and destructive action. An increasingly significant portion of the country's population have absolutely nothing to lose.
- 4) Current economic policy is failing to create the mass of new employment needed to sustain the nation's population.
- 5) Mismanagement and corruption have weakened many state institutions, state-owned enterprises, and key national infrastructure to the point of collapse.
- 6) Energy supply and logistical constraints seriously depress economic growth and limit entrepreneurial opportunity and activity.
- 7) Organised crime syndicates pose a growing threat to safety and security in the country, disrupting legitimate business and increasingly challenging the state's ability to maintain law and order.

1.4. NORTH WEST SOCIO-ECONOMIC CONTEXT

The North West province is a landlocked region in the north of South Africa, covering approximately 104,882 square kilometres, or 8.6% of total national area. It is bordered by Botswana to the north and the Northern Cape province to the west. The capital of the province is Mmabatho. 4.1 million people call the province home, or just 6.9% of the country's total population. A high concentration of the province's people live and work in the Bojanala Platinum District Municipality due to mining operations.

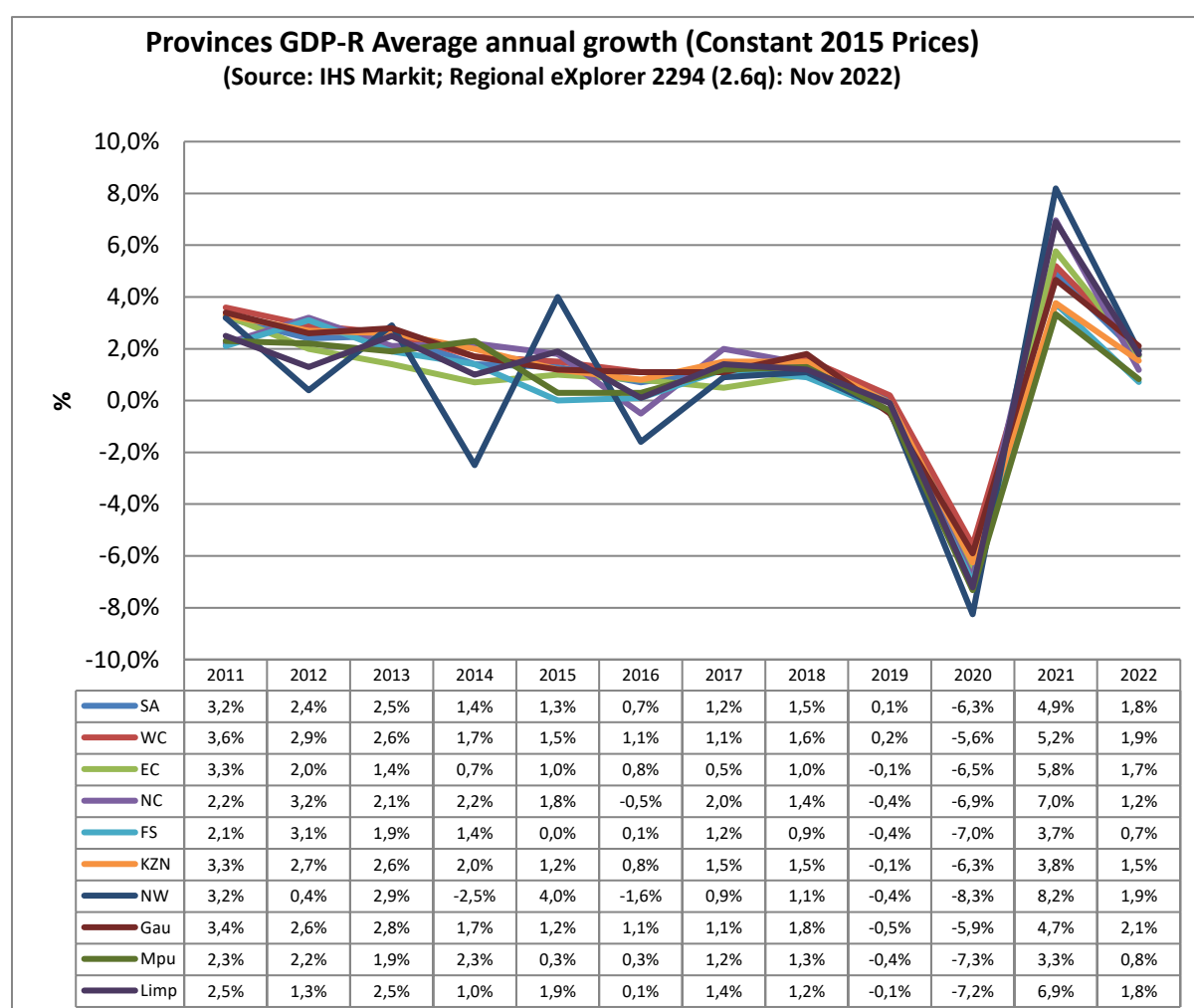
North West is known for its diverse landscape, which includes the Kalahari Desert, the Magaliesberg mountain range, and the Hartbeespoort Dam. The province is also home to a number of national parks, including the Madikwe Game Reserve and the Pilanesberg National Park, which are popular tourist destinations. The negative impact of COVID-19 and the resulting lockdowns are clearly visible when comparing the tourism statistics from 2019 and 2020.

Average household and per capita income in the province are below the national average, and the unemployment rate is higher than average. Although it has the largest land area, Dr Ruth Segomotsi Mompati is the poorest and least populated district municipality in the province with the highest levels of poverty. Bojanala Platinum District Municipality contributes 43.3% of the province's total Gross Value Add (GVA), underscoring the outsized role of mining in the province's economy. A number of platinum and chrome mines are located in the region.

Agriculture is also an important sector, with the province producing a variety of crops, most important being white maize and sunflowers. Fertile mixed-crop farming land is found in the regions around Brits & Rustenburg. Marico and Vryburg are home to some of the largest cattle herds in the world.

The North West economy is the second most concentrated provincial economy after the Eastern Cape and, due to the dominance of mining, the Bojanala district has the most concentrated economy in the province. The graph below illustrates that the North West's reliance on the mining sector means more erratic growth when compared to other provinces, because fortunes are so closely tied to commodity prices.

Figure 14: Average Annual Growth, South Africa and Provinces (Constant 2015 Prices)



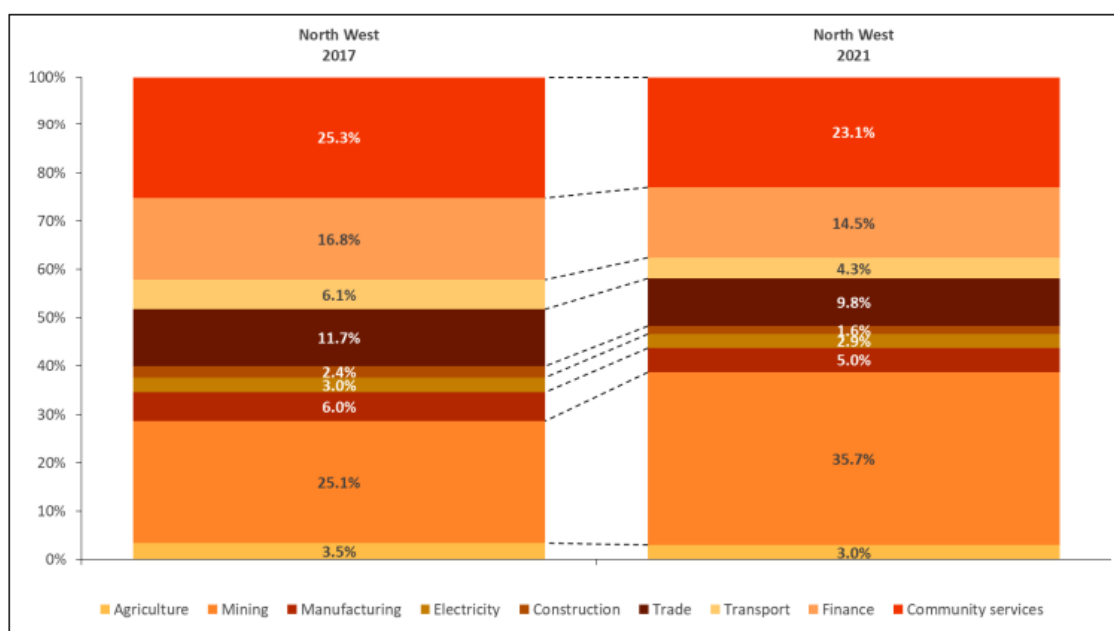
Source: IHS Markit, Regional Explorer 2294 (2.6q), November 2022

The provincial economy is structurally imbalanced. Mining means the primary sector is robust, although agricultural output could be improved. The government is the second largest employer in the province, which contributes significantly to the tertiary sector (a significant contribution from government services to GVA is not considered a positive and indicates a level of reliance on public investment and services¹²). The secondary sector, however, has not been growing and needs expansion.

¹² DEDECT NWP Export Strategic Report Economic Overview 2022-11-30

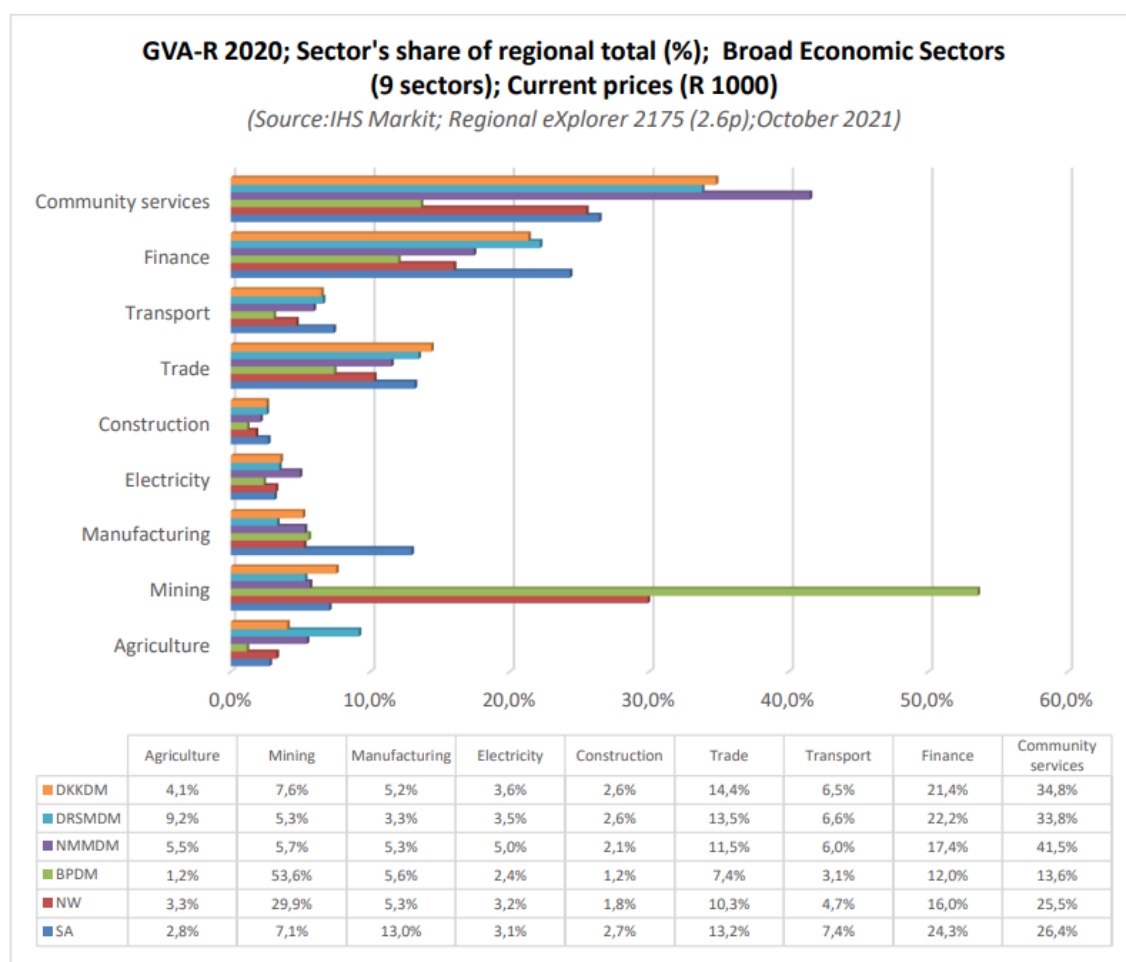
As is shown in the figure below, mining's share of provincial GVA grew over ten percentage points between 2017 and 2021. Manufacturing, electricity, and construction all lost ground, along with trade, finance, and everything else.

Figure 15: Gross Value Add Sectoral Composition in the North West Province, 2017 vs 2021



Source: IHS Markit Regional Explorer (Data Version 2294 – 5 October 2022)

Both the province and the country as a whole have seen a decline in the manufacturing, utilities, construction, wholesale and retail trade, and transport sectors, and an increase in the shares of agriculture, finance, and community services. Mining is where the North West province deviates from the rest of the country. Where other provinces experienced a decline in the sector, North West has seen a significant expansion.

Figure 16: Sector Share Contribution to the Economy of the North West Province

Mining constitutes 53.6% of BPDM's total output. The distant second biggest contributor is community services at 13.6%, followed by finance at 12%. These are the smallest contributions to GDP by finance and community services in any of the province's districts. Ngaka Modiri Molema District Municipality (NMMDM) has the largest community services contribution of 41.5% of total district output. The biggest finance sector by contribution is in Dr Ruth Mompati District Municipality (DRSMDM) at 22.2%. Agriculture's contribution to district GDP is highest in that district too, at 9.2%. Dr Kenneth Kaunda District Municipality (DKKDM) has the biggest trade sector, contributing 14.4% to the district's economy, which is higher than the national average of 13.2%.

LQ is a measure that compares the amount of a particular industry in a specific area to the amount of that industry in the whole country. It is used to find out if a certain area has a higher or lower concentration of a specific industry compared to the national average. A LQ greater than 1 means the area has a higher concentration of the industry, while a LQ less than 1 means the area has a lower concentration of the industry. The location quotient is one way of measuring this comparative advantage by considering production and employment.

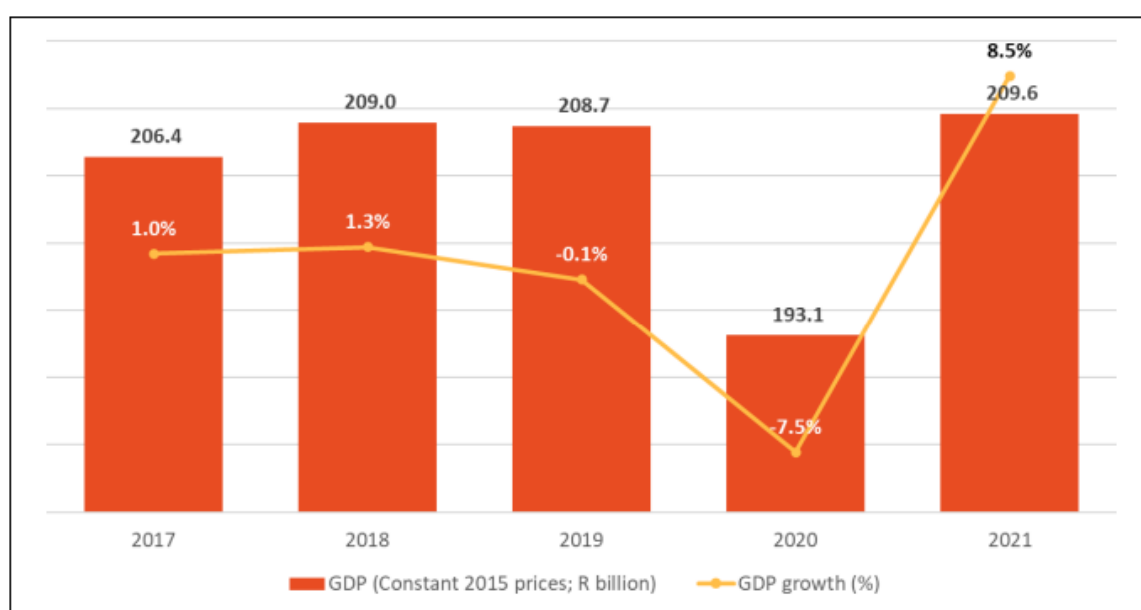
Table 4: Location Quotients by Broad Economic Sector in the North West Province District Municipalities (2020)

	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community Services
NW	1,18	4,23	0,41	1,03	0,67	0,78	0,64	0,66	0,96
BPDM	0,41	7,58	0,43	0,75	0,44	0,56	0,42	0,49	0,52
NMMDM	1,96	0,80	0,41	1,58	0,80	0,87	0,81	0,72	1,57
DRSMDM	3,29	0,75	0,26	1,11	0,96	1,02	0,90	0,91	1,28
DKKDM	1,46	1,07	0,40	1,13	0,96	1,09	0,88	0,88	1,32

Source: IHS Markit Regional Explorer 2175 (2.6p); October 2021

Manufacturing in the province is ubiquitously low, none of the areas in the North West province has a comparative advantage in the manufacturing sector, whereas mining is more concentrated than elsewhere in the country, as is agriculture. All areas except Bojanala Platinum District Municipality (BPDM) have a comparative advantage in the agriculture sector. Wholesale and retail trade feature prominently in the DRSMDM and DKKDM. In all other sectors, all the district municipalities, as well as the North West province, have a comparative disadvantage.

As mentioned previously, the economy of BPDM is dominated by mining, with very low concentrations of agriculture, manufacturing, construction, transport, finances, and community services. NMMDM has strong agriculture and electricity, with smaller concentrations of manufacturing and finance. DRSMDM has a large agricultural sector, and very little manufacturing. Whilst mining, construction, transport, and finance are all less concentrated than average; however, not by much. DKKDM has a more concentrated than average agricultural sector, and smaller transport and finance sectors.

Figure 17: North West's Gross Domestic Product Growth, 2017 to 2021

Source: IHS Markit Regional Explorer (Data Version 2294 – 5 October 2022)

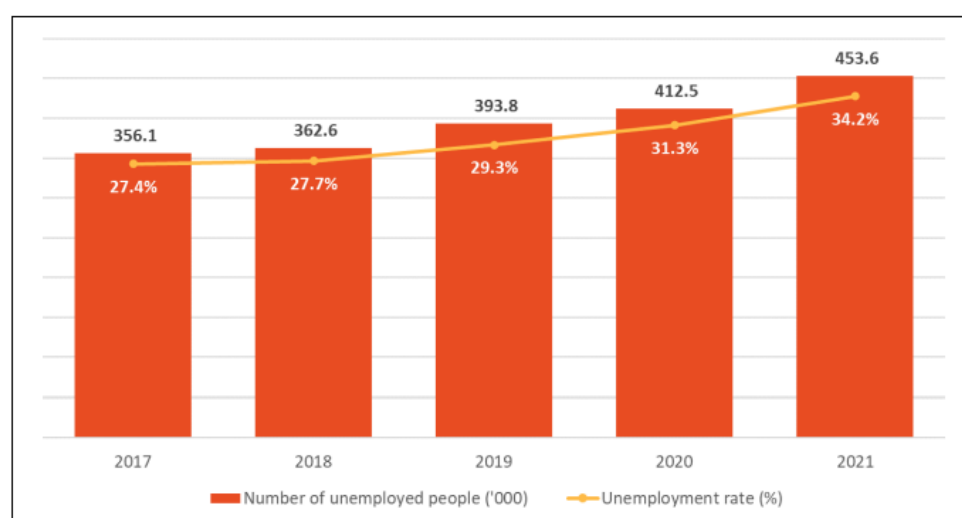
The figure above illustrates the significant downturn in GDP growth in 2020 at the height of the COVID-19 pandemic and its associated restrictions. The provincial economy was already

experiencing negative growth in 2019. This sharp downturn resulted from the province's sensitivity to exchange rate fluctuations, following global and local lockdowns and highlighting the province's high dependence on its natural and mineral resources. The average growth rate during this period was just 0.6%¹³.

EMPLOYMENT

The figure below shows that the unemployment rate in the North West province steadily worsened from 27.4% in 2017 to 34.2% in 2021. This reflects an increase in the number of unemployed people in the North West province, from 356 127 in 2017 to approximately 453 598 in 2021.

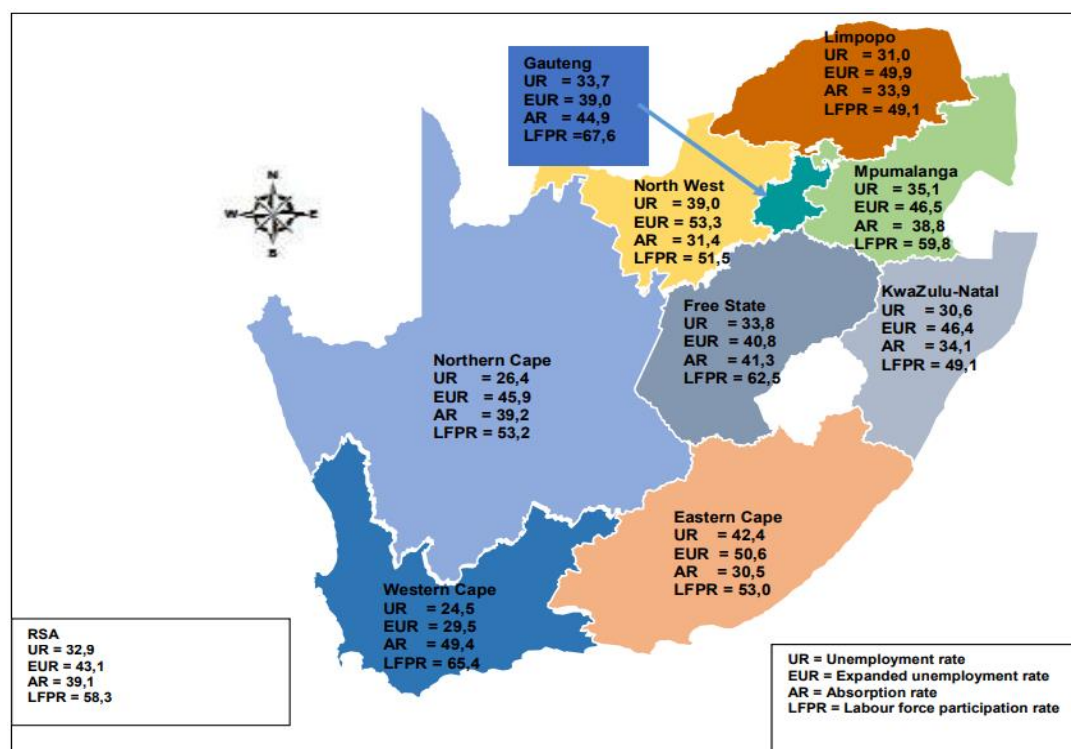
Figure 18: Unemployment (Official Definition) in the North West Province, 2017 to 2021



Source: IHS Markit Regional Explorer (Data Version 2294 – 5 October 2022)

As difficult an economic year as 2022 might have been, it did see a slight improvement in job numbers in the country at large. Six provinces recorded increased employment between the second and third quarters. Over the same period, North West province recorded a drop in employment of 7.1%. As of the third quarter of 2022, the unemployment rate in the North West was 39%, the second highest in the country after the Eastern Cape. The expanded definition takes that figure up to 53.3%, the highest in the country. The province has the third worst labour force participation rate in the country after KwaZulu-Natal and Limpopo.

¹³ DEDECT NWP Export Strategic Report Economic Overview 2022-11-30

Figure 19: Summary of the Labour Market Measures at a Glance, Q3 2022

Source: Statistics South Africa Quarterly Labour Force Survey, Quarter 3 2022

There has been an improvement in the Human Development Index, currently at 0.63 provincially, up from 0.52 in 2009. DKKDM is the province's highest scorer on the index with 0.66, while DRSDMD is lagging at 0.56. The 2020 Gini coefficient indicates that the level of equality in North West has decreased from 0.60 in 2009 to 0.63 in 2020.

Table 5: Development Indicators South Africa, North West Province, and District Municipalities (2021)

DEVELOPMENT	SOUTH AFRICA	NORTH WEST	BPDM	NMMDM	DRSDMD	DKKDM
Human Development Index	0,66	0,63	0,65	0,59	0,56	0,66
Gini coefficient	0,64	0,63	0,62	0,62	0,62	0,63
Poverty indicators						
People below the food poverty line (Statistics South Africa defined)	19 584 179	1 311 981	479 744	370 524	211 467	250 247
2020%	32,71%	31,99%	26,46%	38,59%	40,74%	31,07%
2021%	32,46%	31,66%	26,01%	38,42%	40,43%	30,82%
% Increase 2018 to 2019	4,09%	4,45%	5,05%	4,19%	3,75%	4,29%
% Increase 2019 to 2020	10,41%	10,76%	12,29%	9,52%	9,17%	11,05%
% Change 2020 to 2021	-0,25%	-0,33%	-0,45%	-0,16%	-0,30%	-0,26%

Of concern is the number of people in the province living below the Statistics South Africa defined food poverty line, currently measured at 31.9% of the province's population, or 1.3 million individuals. When looking at the percentage increases from 2018 to 2019 and 2019 to 2020, COVID-19's impact on poverty becomes clear. BPDM was hardest hit with a 12.29% increase between 2019 and 2020, with DKKDM experiencing a 11% rise.

However, 2021 to 2021 saw a slight decrease in poverty (0.33%), and the North West has shown improvement in most of the developmental indicators compared to the 2009 baseline. Most notable is the improvement in the Human Development Index currently at 0.63 up from 0.52 in 2009. Similar improvements are seen in both the number and percentage of people below the food poverty line.

South Africa and the subnational areas making up the economy of South Africa, including the North West and its district municipalities, still have a long way to go in terms of both economic output and income distribution to be on par with more developed economies. North West province underperforms relative to the national picture in both of these areas. However, with the right policies and strategies in place, the economy, wealth, and welfare of the North West province can be improved¹⁴.

TRADE AND INVESTMENT

Investment

The North West province received 1.4% of all FDI projects in South Africa between 2003 and August of 2018. That is 16 of 1 135 projects that represent 2.3% (R23.7 billion) of the total capital investment, and 3.8%, or 7 805, of the jobs created¹⁵.

Between January 2010 and August 2021, the province received a total of 8 FDI projects with a total value of around R4.3 billion that created 2 628 jobs. As is seen in the table below, the average amount invested per project was around R540 million, and the average number of jobs created was 328.

Figure 20: Foreign Direct Investment Projects in the North West Province, January 2010 to August 2021

No of FDI projects	8
Total jobs created	2,628
Average project size (jobs)	328
Total capital investment	ZAR 4,324.50 million
Average project size	ZAR 540.89 m

Source: NWDC Economic Data Report, Q3 2022/23

¹⁴ DEDECT NWP Export Strategic Report Economic Overview 2022-11-30

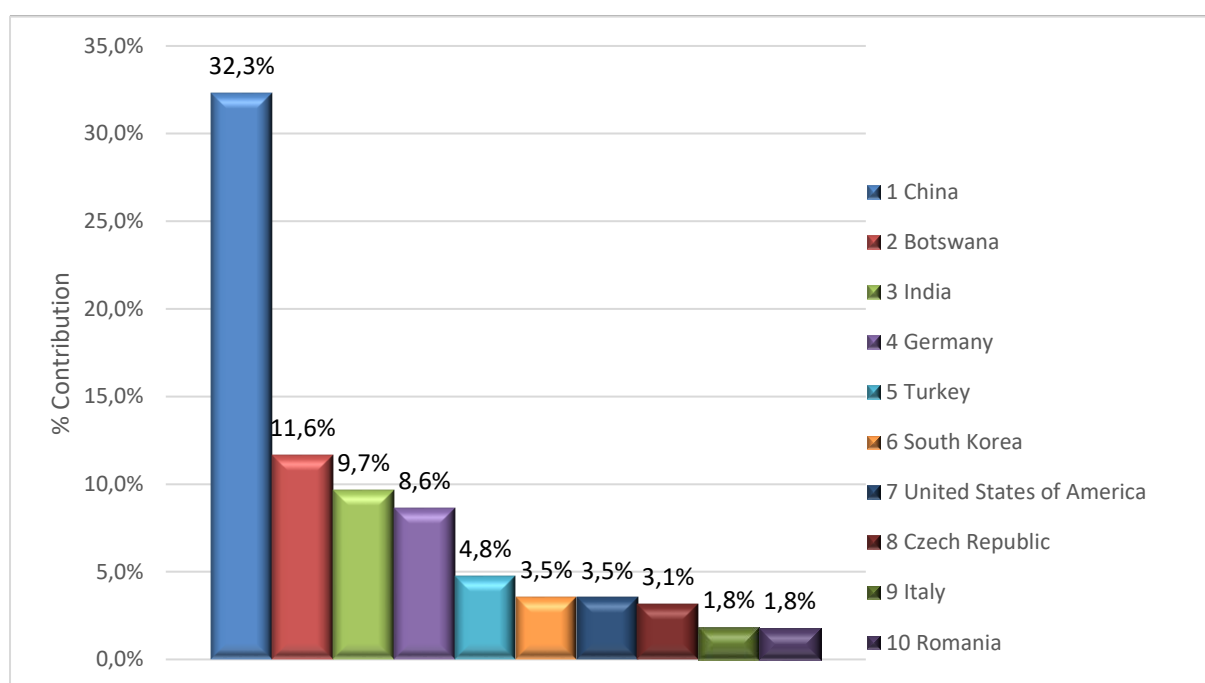
¹⁵ NWDC Economic Data Report, Q3 2022/23

International investors include Bridgestone (Tokyo, Japan), IGE Resources (International Gold Exploration) (Stockholm, Sweden), Anglo American Platinum (London, United Kingdom), Grand Capital (Moscow, Russia), and Monsanto (St Louis (MO), United States of America).

Trade

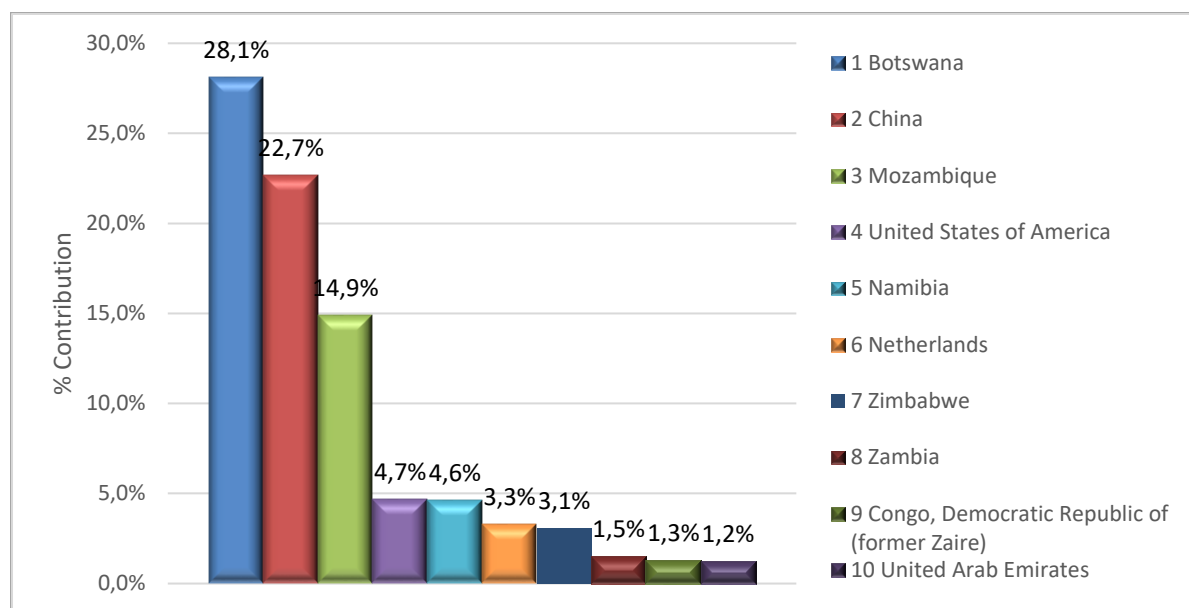
The province maintains a positive trade balance, exporting more than it imports. Most of the North West's imports come from China (32.3%), followed by Botswana (11.6%), India (9.7%), and Germany (8.6%).

Figure 21: North West Province Imports in 2020, Percentage Contribution by Country



Source: IHS Markit; Regional Explorer 2175 (2.6p); October 2021

Botswana is the province's leading trading partner when it comes to exports (28.1%), followed by China (22.7%), Mozambique (14.9%), and the United States of America (4.7%).

Figure 22: North West Province Exports in 2020, Percentage Contribution by Country

Source: IHS Markit; Regional Explorer 2175 (2.6p); October 2021

African Continental Free Trade Area

The purpose of the AfCFTA is to lower trade barriers and promote regional economic integration. Trading under the continent-wide agreement commenced on 1 January 2021. The AfCFTA is the world's largest trading area since the establishment of the World Trade Organisation, with 54 of the 55 African Union member states signed on. The AfCFTA covers an area with a combined GDP of \$2.5 trillion.

The United Nations Economic Commission for Africa estimates that AfCFTA could boost intra-African trade by 52.3% once import duties and tariff barriers are eliminated. Historically, extractive commodities have made up around 75% of the continent's exports to non-African countries. With a successful implementation of this new trade initiative, there is potential for Africa's manufacturing sector to double in size from \$500 billion in 2015 to \$1 trillion in 2025, creating 14 million stable jobs¹⁶.

The AfCFTA initiative has the potential to reduce the continent's reliance on external resources, and to encourage independent financing and development of the continent's commerce and industry. In January 2023, President Cyril Ramaphosa emphasised the need to restructure South Africa's Industrial Policy to take advantage of the African continent's free trade area. He stated that this adjustment is necessary as the government is actively seeking new methods to revitalise the economy¹⁷. North West province is ideally situated to be the country's gateway into the Sub-Saharan Africa market and to take advantage of the many opportunities that will arise should the agreement be practically implemented.

¹⁶ NWDC Economic Data Report, Q3 2022/23

¹⁷https://www.businesslive.co.za/bd/national/2023-01-10-ramaphosa-wants-to-retool-industrial-policy-with-africa-in-mind/?bid=29_11708_8401658 (Accessed 10 January 2023)

PROPERTY SECTOR

South Africa's office property sector remained under pressure through 2021, as most of the adverse drivers experienced during COVID-19 restrictions in 2020 remained prevalent, and investment into the industrial property market dwindled by 40%.

Industrial Property:

- 1) This sector has been the strongest property performer.
- 2) Performance in the industrial market is underpinned by the retail and manufacturing sectors, both of which experienced challenging trading conditions throughout 2021.
- 3) Despite the reduction in transactional value and gross lettable area reported for 2021, investment activity in the industrial sector in terms of the number of transactions was stable.
- 4) Several macro-economic indicators suggest that investment appetite is limited at present.
- 5) The weakening of Gauteng's sales rates per square metre speaks to the fact that demand is based on logistics and distribution centres rather than heavier manufacturing properties.

Retail Property:

- 1) The retail property sector suffered a setback under the initial lockdown restrictions but proved to be more resilient than expected in 2021, although the low base created ample room for growth.
- 2) Performance within the retail property sector is directly influenced by consumer spending habits that in turn affect retailers' ability to afford rentals.
- 3) In terms of fundamentals such as rental growth and vacancies, the general sentiment is that the retail sector is underperforming.
- 4) Through 2021 several landlords were still offering aggressive incentives to attract and retain tenants, which further impacted the net income achieved.
- 5) Consumer spending habits are changing, with convenience and ease of access being prioritised to the detriment larger retail centres, which are experiencing declines in rental levels and capital values as vacancies rise¹⁸.

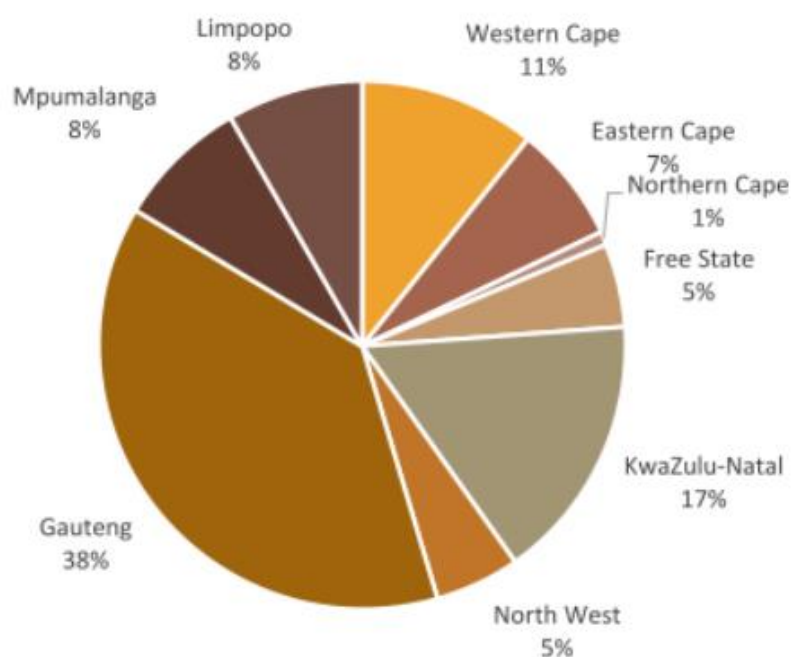
SMALL, MEDIUM, AND MICRO ENTERPRISES SECTOR

According to the Small Enterprise Development Agency SMME Quarterly Update, Q3 2021, there are just over 2.4 million SMMEs operating in South Africa. The North West province is the operational base for around 5% of those SMMEs, about 96 000 businesses¹⁹.

¹⁸ NWDC Strategic Planning, Economic Overview, Hantie Hoogkamer, 5 December 2022

¹⁹ Small Enterprise Development Agency SMME Quarterly Update, Q3 2021

Figure 23: Small, Medium, and Micro Enterprise Owners by Province



Source: seda SMME Quarterly Update, Q3 2021

There was a substantial increase in the number of SMMEs in Gauteng (17.1%) and North West (58.8%) compared to the previous year, while the Eastern cape and Limpopo registered a significant decline in small businesses. Growth in the North West may have been due to the boom in platinum group metals injecting additional cash flow into the region, creating opportunities for micro entrepreneurs.

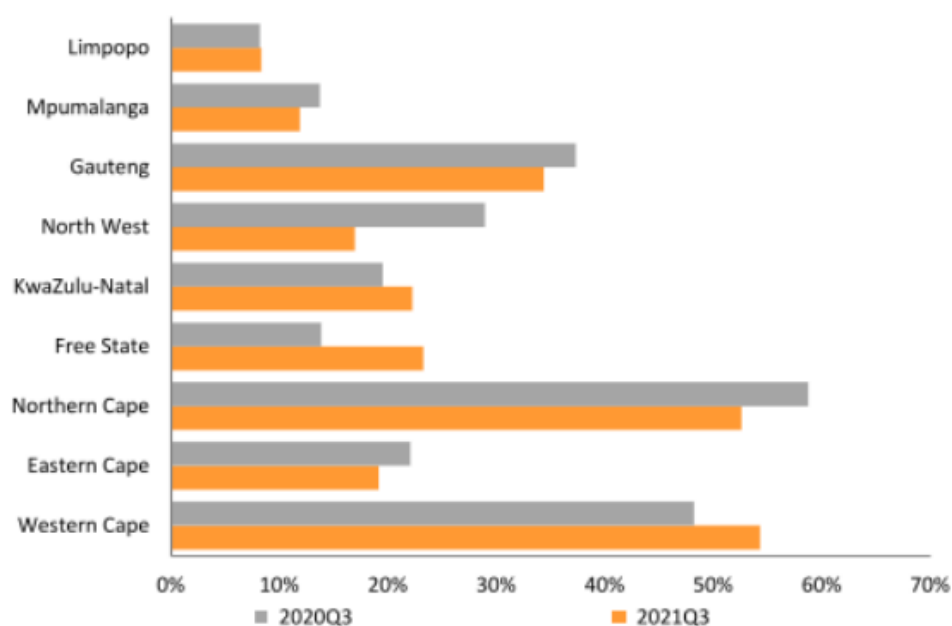
Nationally, approximately 37% of SMMEs are owned by youth (35 years and younger), but 90% of those are micro enterprises. Across the country, 54% of all SMMEs are owned by women, however, 87% of those businesses are micro-sized.²⁰ As of Q3 2021, 64% of SMMEs were own account workers, and the remaining 36% were employers.

Compared to pre-COVID levels, the number of jobs provided by SMMEs nationally is down by 1.9 million, mainly due to losses in the formal and agricultural sectors. The decline in SMME employment accounts for roughly 75% of all job losses in the country during the period²¹.

²⁰ FinMark Trust FinScope SMME Survey South Africa 2020

²¹ Small Enterprise Development Agency SMME Quarterly Update, Q3 2021

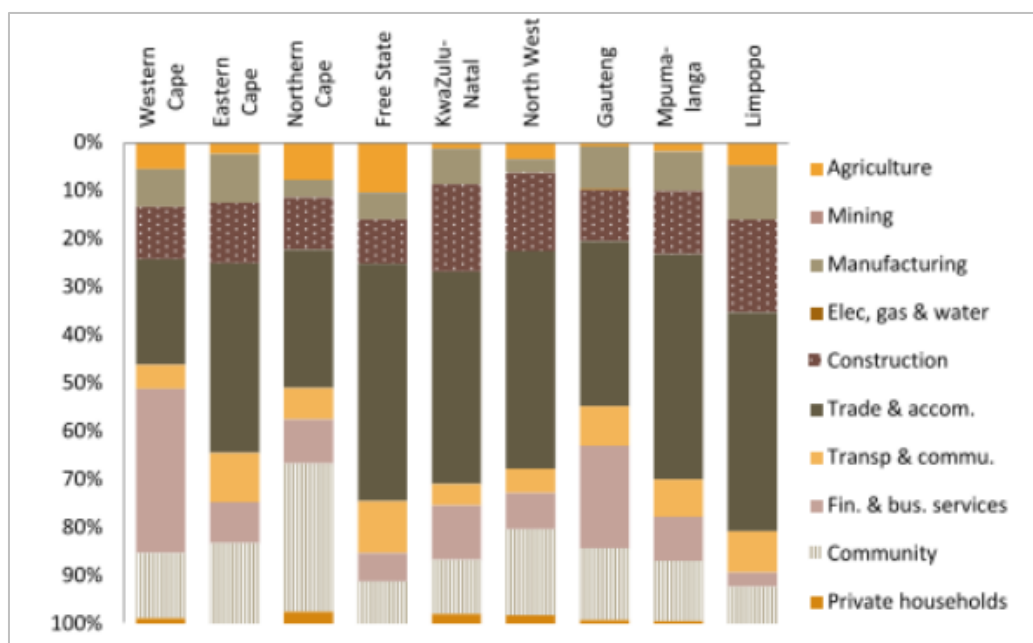
Figure 24: Number of Small, Medium, and Micro Enterprise Owners in the Formal Sector by Province



Source: seda SMME Quarterly Update, Q3 2021

North West has recently seen growth in the number of SMMEs operating in the construction sector. There are a large number of businesses in trade and accommodation. Finance and business services. Manufacturing and transport and communication are not large sectors for small business in the province, and agriculture has surprisingly few SMMEs.

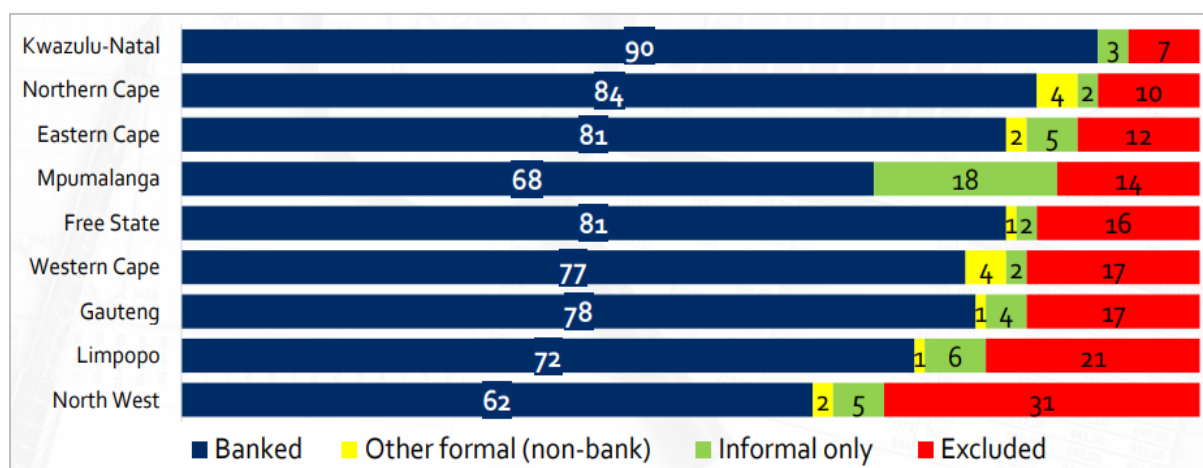
Figure 25: Number of Small, Medium, and Micro Enterprise by Industry and Province, Q1 2021



Source: seda SMME Quarterly Update, Q3 2021

The North West ranks dead last nationally in terms of the proportion of business owners who are formally financially serviced (64%). This means that 36%, or around 34 500 business owners in the province are financially excluded.

Figure 26: Financial Inclusion by Province



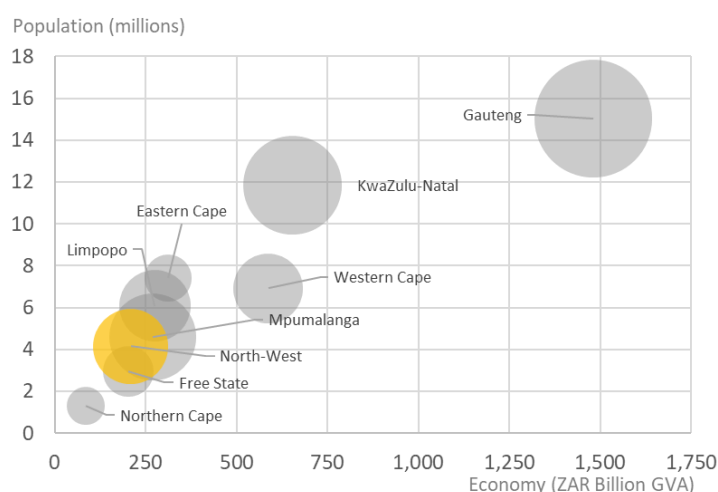
Source: FinMark Trust FinScope SMME Survey South Africa 2020

In addition to providing access points for those who are completely disconnected from the formal financial system, an opportunity exists to expand business banking among entrepreneurs, as 70% of banked business owners operate their enterprise from a personal account.

NORTH WEST PROVINCE – ENERGY CRISIS

The North West is ranked seventh in terms of both economic output and population size, but the province is the fourth largest electricity consumer in the country. Mining is largely responsible for the North West province's relatively intensive electricity use.

Figure 27: Electricity (Terawatt Hours) Compared to Economy and Population



Source: Trade Advisory, calculated from IHS Markit Regional eXplorer 2294(2.6q) for 2021

Mine smelters, for instance, use large amounts of electricity, but these **high intensity users** could potentially afford to generate their own power and remove their considerable demand from the grid. Larger companies tend to be able to afford to keep the lights on, mainly with backup generators. But there is an important group of businesses, mostly SMMEs, who are **electricity dependent**, meaning that they need electrical power to operate, but cannot afford a backup power solution to allow them to continue their activities through loadshedding periods, like manufacturers, food producers, restaurants, hairdressers, laundries, etc.

Then, there are those who have never had access to electricity, around 10% of the province's population. **Energy poverty** has not so much arisen due to the current electricity crisis, it is a longer-term structural issue.

Proposed next steps:

The electricity crisis is systemic and long term in nature, with the chairperson of Eskom stating that permanent loadshedding at Stage 2 to 3 level will be necessary for at least two years. Key mitigations and solutions are required at national and provincial scale but will take time to implement. Energy provision in South Africa has a particular constitutional, regulatory, and operational context within which provincial government is mainly limited to "facilitation", monitoring, and "enablement". In the longer-term, provincial government may also provide guidance to areas of economic development focus.

Key take-outs – NWDC role looking ahead:



In order to plan for provincial action, it is critical to understand possible mitigation costs and trade-offs. NWDC is to assist DEDECT by contributing insights to an economic impact study to quantify implications specific to North West province's economy. It will be important to obtain input into specific questions of interest from key stakeholders. The study is to be conducted by outside economic modelling specialists, as neither DEDECT nor NWDC are capacitated for this type of study, which will likely require three to six months to complete.

It is proposed that the NWDC (as agent for DEDECT) be mandated and sufficiently resourced to drive design, development, and implementation of the centralised "energy office" to act as a nerve centre for the province, within the broader context of the Food-Energy-Water-Manufacturing nexus.


1.5. NORTH WEST DEVELOPMENT CORPORATION UPDATED PESTEL ANALYSIS



The macro-environment, discussed above, informs this updated PESTEL analysis for the North West province, with relevance to the work and mandate of the NWDC:


Table 6: PESTEL – Trends, Threats, and Opportunities

ENVIRONMENTAL FACTOR	TREND	NWDC THREAT	NWDC OPPORTUNITY
 POLITICAL	Instability in the political landscape, particularly over the last three years.	Changing political priorities can impact on the achievement of strategic objectives and can impact negatively on investor confidence.	Increased political discussion could be useful in articulating and restoring the NWDC to its core mandate.
	Political interference has been commonplace in the South African public sector.	Political interference has adverse impacts on decision-making and the profitability of the NWDC.	Alignment between political and organisational priorities could present increased support and commitment.
 ECONOMIC	Declining economic growth and recession.	Rural industries and some urban commercial properties are no longer competitive.	Fill the gap in providing access to funds and programmes to assist affected industries. Partner with other departments (Department of Labour) to create holistic response programmes.
	Decreased energy security and stability (loadshedding).	Business disruption, increased vacancy rates, with declining revenue and profitability.	Renewable energy and off-grid solutions present a new market with multiple links in the value chain.
	Move from rural industrial to urban services industries.	Pressure on available finances to pay rent, repay loans and attract investment.	Selling off rural industrial property and investment in urban centres.
	The province's economy is too concentrated in the primary sector, particularly mining.	Imbalance in local economic development.	Diversify the North West province economy to benefit from new trends by promoting SMMEs in the gap areas, actively seek for opportunities to benefit

ENVIRONMENTAL FACTOR	TREND	NWDC THREAT	NWDC OPPORTUNITY
			from the BRICS Fund and seek for investment broader than the BRICS economies.
	Shifting requirements of mining and industrial operations within the province.	Inability for local suppliers, including SMMEs, to supply goods and services required by industry.	Refocus of developmental programmes and integration of SMME development through Supplier Development and Localisation programmes with preferential off-take agreements.
	Agriculture and agro processing present achievable opportunities for job growth	---	Increase agricultural activity and agro processing, contribute to rural development programmes, and utilise co-operatives to stimulate these economies.
	Manufacturing sector in the province is underdeveloped	Economy is too reliant on exporting extracted commodities.	Identify leakages in the current manufacturing value chains to attract investment as well as investigate global value chains as the new trend. Utilise localisation strategies and products identified for local procurement to link to local suppliers and SMMEs that can benefit from the infrastructure development programmes.
	Increasingly young population that is unemployed whilst skilled workers approaching retirement (or moving). No transfer of skills to the next generation.	The brain drain is causing a loss of skills in some key sectors. Increased pressure on the financial viability of some businesses.	Opportunity to drive entrepreneurship as well as mentoring programmes to transfer the skills and knowledge to new entrants to the market and young workers.

ENVIRONMENTAL FACTOR	TREND	NWDC THREAT	NWDC OPPORTUNITY
	High unemployment of skilled labour force from mining sector.	Social unrest and other negative factors impact on the province, as well as the areas in which the NWDC operates.	Potential skilled labour force for incoming investors. Possibility of database of skilled workers to take up positions in new businesses and flourishing industries (such as logistics and warehousing).
	Youth and women empowerment.	High illiteracy rates in these previously marginalised groups could be a challenge for rapid programme implementation.	Increasing the real incomes of women and youth. Funds made available for initiatives focusing on women and youth.
	Social trend of online shopping and interaction.	High illiteracy rates in these previously marginalised groups could be a challenge for rapid programme implementation.	Promotion and stimulation of business, in particular repurposing or focusing on new market opportunities.
	Internet connectivity is required in the hospitality sector.	Not having fast internet (or any) internet connection facilities turns away customers.	Establishing niche service providers from the SMME sector.
	Artificial intelligence (AI) can take over a range of functions within a job.	The use of AI could lead to total replacement of human workers in routine jobs.	There may be a rise in profits, particularly for some of NWDC tenants, securing the rental business. There is a need for skills development in new job arenas.

ENVIRONMENTAL FACTOR	TREND	NWDC THREAT	NWDC OPPORTUNITY
 TECHNOLOGICAL	Cyber Crime poses a serious threat to all computer and internet users, including businesses and organisations.	Huge impact on businesses and individuals through fraud, identity theft, and other online crimes.	New job markets in cybersecurity and ICT.
	The global market expansion through online commerce.	Competition and overpowering by monopoly capital. Businesses which have not adapted run the risk of becoming irrelevant and obsolete.	SMMEs and other producers can market internationally – attracting a wider scope of potential customers and investors.
 ENVIRONMENTAL	Increasing water scarcity.	Water is fundamental to business (and human rights). Water shortages threaten business survival.	Large-scale investment in water recycling, purification, and general infrastructure.
	Climate change and the low carbon/green economy.	Increased pressure on existing carbon intensive industries with potential knock-on effects to our clients.	Massive potential for investments into Bojanala SEZ, green technologies, and renewable energy.
	Legislative review in the province.	Extensive and added bureaucratic controls may impact negatively on efficiency.	Revised and energized strategic direction and return to the core business of NWDC.

ENVIRONMENTAL FACTOR	TREND	NWDC THREAT	NWDC OPPORTUNITY
 LEGAL/REG	Non-compliance.	Potential for irregular expenditure, adverse audit opinions, and impact on NWDC is a growing concern.	Refined mandate and streamlining of procurement practices to increase competitiveness.
	Strengthening of labour laws.	Unaffordable salary bills and strain on company fiscus.	Stability in the labour markets and increased voice for employees.
	Legislative review in the province.	Extensive and added bureaucratic controls may impact negatively on efficiency.	Revised and energised strategic direction and return to the core business of NWDC.

The external environment analysis provides context to the next section, which reflects on the NWDC's internal environment, which together then inform the five-year Strategic Plan for 2023-2028 and this annual Corporate Plan 2023/2024.

2. UPDATED INTERNAL ENVIRONMENT ANALYSIS

As the economic development agency for the North West province, the NWDC has the responsibility to play a leadership and catalytic role in transformation and economic development in the North West province.

The NWDC must implement projects in line with the provincial developmental agenda as directed by its Shareholder, the DEDECT, and needs to prioritise projects that stand to yield the biggest impact in terms of job creation and enterprise development. To be able to carry out its mandate the NWDC has organised itself into the following core business and corporate support functions:

CORE BUSINESS FUNCTIONS	CORPORATE SUPPORT FUNCTIONS
<ul style="list-style-type: none"> Property Development and Management Bojanala Special Economic Zone SMME Development and Management Trade and Investment Facilitation (including Economic Programme Management – Project Origination and Project Delivery) 	<ul style="list-style-type: none"> Administration and Governance Financial Management Corporate Strategy Corporate Services

Political and policy uncertainty have weighed heavily on the performance of the NWDC over the last decade. The NWDC has had eleven acting chief executive officers (CFOs) in five years, and there has been regular turnover in other senior management positions, creating organisational instability. The entity has not had a longer-term strategic plan in place to provide direction and focus beyond the annually reviewed and revised Corporate Plan 2023/2024. There has, however, been progress in strengthening the executive team with new appointments. Recruitment processes are underway to ensure the executive structure is fully capacitated by the end of the 2022/23 financial year.

In summary:

- 1) The NWDC has been under financial distress for more than five years.
- 2) The NWDC's main source of income is rental revenue, the collections from which have not been sufficient to cover operating costs. The entity has therefore been relying on financial assistance in the form of grants to cover for the operating costs.
- 3) The compromising financial position does not have room for expansion for the entity and there has not been capital expenditure for expansion purposes.
- 4) The weak liquidity position has resulted in continuous uncertainty for the going concern status of the Entity, requiring rapid and robust turnaround initiatives to be developed and implemented.
- 5) The concurrence of multi-disciplined teams within the NWDC are also required to develop a cooperative workplan and framework to achieve set milestones.

The NWDC Board expects to see a functional organisation that is efficient, effective, and self-sustainable. Capabilities are required to implement this five-year Strategic Plan for 2023-2028, incorporating actionable turnaround interventions that are tangible and measurable to transform the institution. The focus should be on direct investment and job creation through the implementation of high-impact economic development projects such as the smelter plant project, not just on leasing of land and revenue collection. Outputs which would stimulate economic growth should feature in the strategic and corporate plans, for example, township economic revitalisation initiatives and programmes²². Importantly, the NWDC Board has emphasised the need to ensure NWDC fulfils its mandate of wealth and job creation, for communities, where they live.

What follows is a reflection on the NWDC's internal environment, past performance and the critical issues informing planning.

2.1. REFLECTION ON NORTH WEST DEVELOPMENT CORPORATION'S FINANCIAL PERFORMANCE

The figure below shows the historical trend in audit opinions received annually from the AGSA. For the 2021/22 financial year, the NWDC received an adverse opinion on the consolidated financial statements and a qualified opinion on the separate financial statements. The qualified audit opinion on the separate financial statements reflects an improvement for the last two audited financial years.

A number of concerns have been raised by the AGSA, including the inability to obtain audit evidence for trade receivables and payables, investment property, infrastructure, among other. Concerns have also been raised regarding the preparation and disclosure of cashflows from operating, investing activities and financing activities. The financial statements also reflect increases in irregular expenditure, and fruitless and wasteful expenditure, with historical instances of the same not being investigated and addressed.

The biggest concern, however, is the material uncertainty relating to the Group's ability to continue as a going concern. The group made a deficit of R46.1 million and the entity a deficit of R28.7 million, with a net current liability of R158.4 million and R132.5 million for the group and entity, respectively. The subsidiary, Signal Developments was placed on provisional liquidation, with final liquidation processes underway.

Table 7: North West Development Corporation Auditor-General of South Africa Audit Opinions

Description	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Separate AFS	Unqualified	Unqualified	Qualified	Qualified	Qualified	Disclaimer
Consolidated					Disclaimer	Disclaimer
Description	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	
Separate AFS	Disclaimer	Disclaimer	Disclaimer	Qualified	Qualified	

²² Report and Record of Board/EXCO Strategic Review and Planning Working Session, held 5-6 December 2022

Description	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Consolidated	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Adverse	

The root causes of the NWDC's audit outcomes and the solutions to address the root causes are as follows:

ROOT CAUSES OF AUDIT RESULTS	CRITICAL ISSUES INFORMING PLANNING
<ul style="list-style-type: none"> ▪ Instability in key leadership positions ▪ Senior management positions are filled with acting positions ▪ Lack of experience and skilled staff in the finance unit ▪ Reliance on consultants for the preparation of the financial statements and accounting function ▪ Lack of implementation and institutionalisation of basic monthly financial functions ▪ Financial reporting is regarded as an annual compliance exercise. ▪ Inadequate records management ▪ Implementation of the post audit action plan not visible in some areas ▪ Lack of systems and processes in the Property unit that enable reliable reporting. ▪ Collections of long outstanding debtors and the settlement of creditors ▪ Lack of consequence management ▪ Internal audit unit not functioning properly. ▪ The NWDC is not self-sustainable, and it relies on the government grants 	<ul style="list-style-type: none"> ▪ Fill key positions within the finance functions. ▪ Clarify the roles of staff right down to the daily responsibilities ▪ Controls and processes should be implemented ▪ Address internal work silos ▪ Take stock of the policies and procedures in place, revise where needed and ensure that these are properly communicated to staff ▪ Risk areas to adequately mitigated ▪ Targeted post audit action plan ▪ To move towards being self-sustainable and profitable

The table below reflects the Compound Annual Growth Rate (CAGR) of the high-level financial position and financial performance, and changes in the human resources complement, of the NWDC over the period 2014/15 to 2021/22. The CAGR provides the year-on-year average growth or decline rate over the period, illustrating that total net assets have increased by an average 11% and total revenue by an average 17% between 2014/15 and 2021/22. Expenditure has, however, increased at a higher average rate of 35% and the average annual deficit by 56% over the period.

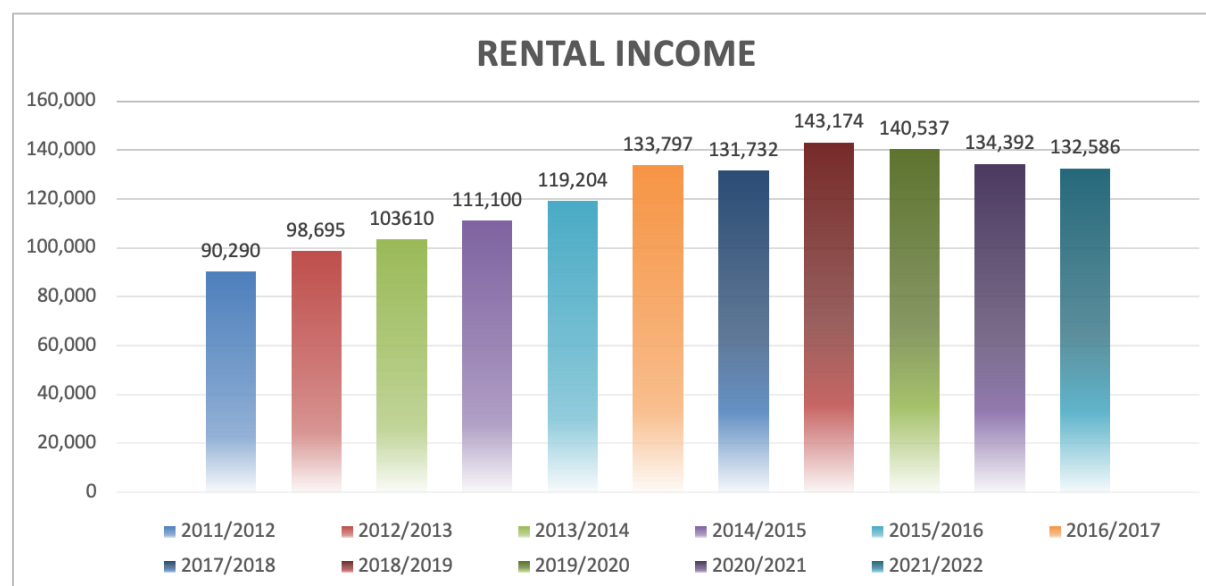
In terms of human resources, the NWDC has reduced its number of approved posts by an average of 3% per annum and the overall personnel costs as a percentage of revenue has declined by an average of 5% year-on-year over the period. While this demonstrates the entity's attempts to contain expenditure, the achievement of 27% personnel costs as a percentage of total revenue is within a good practice benchmark, and significantly better than similar entities in the country that

generally exceed 40% personnel costs to revenue. The flipside is that entity is faced with a lack of capacity in critical areas of the business and needs to bolster its human capital to grow the business.

Table 8: North West Development Corporation Financial Trends Over the Period 2014/15 to 2021/22

ALL FINANCIAL VALUES: R'000	CAGR	2021/2022	2020/2021	2019/2020	2016/2017	2015/2016	2014/2015
FINANCIAL POSITION							
Total net assets	11%	1 421 099	1 360 052	1 473 542	1 149 776	1 037 657	850 603
FINANCIAL PERFORMANCE							
Total revenue	17%	316 942	301 883	1 099 655	241 573	235 869	146 369
Revenue from exchange transactions	18%	249 825	235 171	969 083	189 544	169 177	111 100
Revenue from non-exchange transactions	14%	67 117	66 712	130 572	52 029	66 692	35 269
Total expenditure	35%	342 307	422 541	669 314	155 253	130 518	74 989
Employee related costs	11%	86 946	120 172	119 429	121 987	100 967	52 357
Annual Surplus / (Deficit)	56%	(25 365)	(121 449)	299 823	(54 181)	(33 155)	(2 721)
HUMAN RESOURCES							
Posts approved	-13%	195	203	203	251	251	388
Posts filled	-2%	161	158	158	163	202	181
Personnel costs as a % of total revenue	-5%	27%	39.8%	10.9%	50.5%	42.8%	35.8%
Grant as a % of total revenue	-3%	21%	22.1%	11.9%	21.5%	28.3%	24.1%

The next figure reflects the NWDC's performance in terms of rental income. It shows that rental income increased consistently over the period 2011/12 to 2018/19, where it peaked at R143.1 million. Rental income has since declined to R132.5 million in the 2021/22 financial year. It is, however, the NWDC's primary source of revenue, generated from the entity's investment property, which had a fair value of R1.6 billion in 2021/2022, amounting to a Gross Return on Investment Property of 8%. The low yield is attributed to low occupancy rates with a high percentage of the portfolio not being in a lettable state and therefore insufficient income is generated to support the operational expenditure needed to employ professional property practitioners; to maintain, renovate and improve the state of the property portfolio; and to invest in new cash generating assets.

Figure 28: Rental Income, 2011/2012 to 2021/22


The table below provides further detail regarding the rental income, collection rates and debtors days for the first seven months of the 2022/23 financial year. Although the monthly collection rates reflect an overall improving trend, of concern, is the high debtor's days, averaging around 800 days. As rent is charged in advance, theoretically, debtor's days should be zero, or at least under 30 days. The NWDC is, however, faced with several historical issues relating to non-payment, issues of fraud, properties being occupied by tenants that are not active traders, and tenants not wanting to pay due to the poor state of the infrastructure.

A key element of the NWDC's turnaround is to ramp up the debt collection strategy, to dispose of non-performing property assets, to take decisive action on bad debt write-offs, and to engage legal processes to ensure tenants in arrears either make arrangements to pay or vacate the properties.

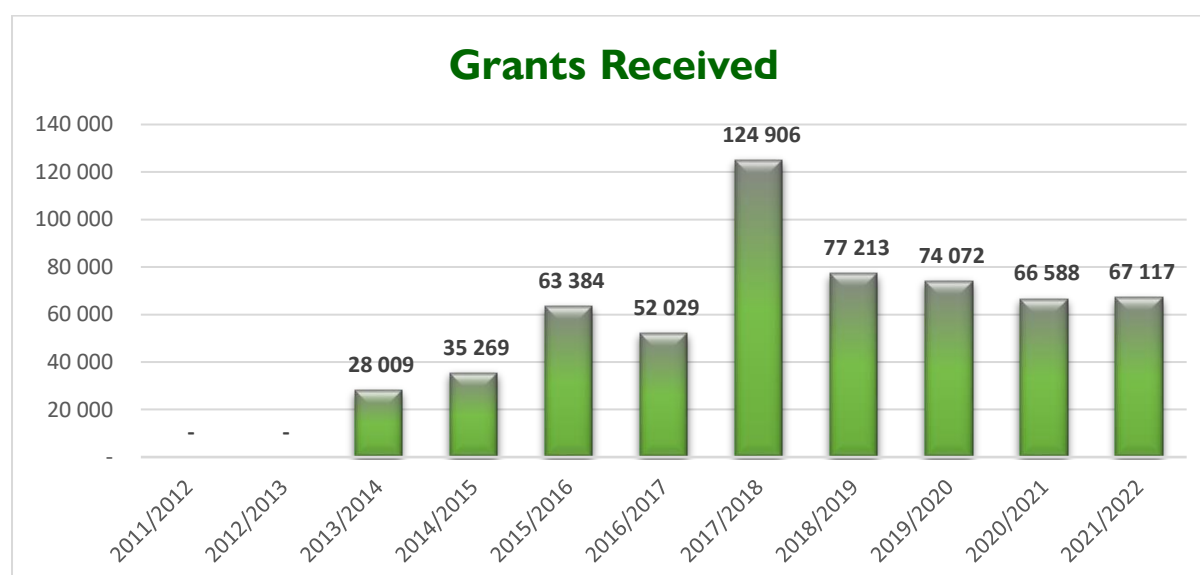
Table 9: Rental Collections and Debtors' Days, April 2022 to October 2022

DESCRIPTION R'000	APR-22	MAY-22	JUN-22	JUL-22	AUG-22	SEP-22	OCT-22
Opening balance	316 601	315 713	326 382	330 691	336 843	342 489	350 183
Total rental charges	11 899	15 062	12 963	12 152	11 439	14 203	14 429
Receipts	-7 840	-6 993	-10 691	-8 852	-8 556	-9 342	-12 302
Sundry income	-4 947	2 600	2 038	2 852	2 763	2 832	2 364
Closing debtors balance	315 713	326 382	330 691	336 843	342 489	350 183	354 675
Percentage collection rate	113%	40%	71%	59%	60%	55%	73%
Debtor's days	807	736	756	787	820	822	819

The following figure shows the grant allocations received from the Shareholder since the 2013/14 financial year. Prior to the amalgamation of Schedule 3C entities with NWDC in 2012, the Corporation did not receive a grant. The grant received as from the 2013/14 financial year was intended to cover the operational expenses of the incorporated MIDC and Invest NW. The rest of NWDC's operations are meant to be funded by self-generated revenue in line with the Corporation's Schedule 3D listing.

Of the R67 million grant received in the 2021/22 financial year, R31 million was ringfenced for the Bojanala SEZ. The remaining R36 million is earmarked for trade and investment initiatives, which is inadequate for the entity to deliver on the mandate. Non-trading functions should be funded by grants, and not self-generated revenue, which would be better utilised to enhance the asset base for increased revenue generation²³.

Figure 29: Grants Received from 2011/2012 to Date



SUMMARY OF NWDC GROUP FINANCIAL PERFORMANCE

1) Capital structure: Total assets, R1.96 billion; Total liabilities, R543.2 million; Total (net) equity, R1.42 billion.

- Gearing, 38%; Debt to assets, 28%.

2) Liquidity: Current assets, R68.54 million; Current liabilities, R198 million.

	R'000
Gross debtors	R424 140.00
Impairment provision	R385 710.00
Net debtors	R38 430.00

²³ CEO's Critical Reflections on the NWDC Delivery Environment

	R'000
Debt impairment as a percentage of gross debtors	91%
Net current liability position	R129 543.00
Cash and cash equivalents	R11 970.00
Trade creditors	R64 278.00
Cash as a percentage of trade creditors	19%

- 3) **Return on assets:** Investment property, R1.62 billion; R253.28 million; Rental revenue, R132.58 million.

	R'000
Average collection rate for the period April 2022 to September 2022	60%
Rental revenue, 2021/22 financial year	R132 586.00
Investment property	R1 620 030.00
Infrastructure	R253 283.00
Overall asset base	R1 873 313.00
Gross return on assets (invoiced)	7%
Gross return on assets: Investment property (invoiced)	8%
Average realised rentals (collected)	R79 551.60
Effective (net) return on assets	4%
Effective (net) return on assets: Investment property (collected)	5%

The financial performance of the NWDC is such that the AGSA raised uncertainty regarding the ability of the NWDC to continue operating as a going concern. The poor performance exposes the directors to the risk of non-compliance with the Companies Act in terms of Section 22 (Reckless trading) and Section 76 (Fiduciary duties).

Critical issues informing planning:

- 1) The entity is largely financed by equity, with total liabilities at 28% of total assets. The net asset value of the entity is R1.42 billion. The biggest liability is deferred tax, which is a result of the accounting principles applied rather than borrowing. While gross return on assets stands at 7%, translating to a payback period of 14 years, net return on assets is only 4%, increasing the payback period to 25 years. This is a reflection that there is a need to increase the value derived from the property portfolio.

- 2) The creditors' book needs urgent intervention. The combined inflows from rentals and grants are insufficient to keep up with operating costs. The amounts payable could be cleared by an injection of R80 million.
- 3) There is a need for capital investment from the Shareholder. Current grant allocations are for operating activities and are insufficient for capital investment. Capital is needed to renovate properties. A capital injection of R954 million, combined with property disposals, cost containment and revenue generation are critical enablers of organisational turnaround and progressing towards being a viable and sustainable Corporation.
- 4) The DBSA loan of R74 million is the entity's only long-term financial commitment, and engagements are underway to remove this loan from the balance sheet. That would mean that current liabilities would be the only financial commitments of the organisation. Given that current liabilities amount to around R80 million, and the entity's total assets are worth around R1.9 billion, a financial bailout from the Shareholder makes sense.
- 5) Rebuild the reputation and credibility of the NWDC as a trusted steward of capital through strengthened internal controls, governance, and financial management, as the basis for forging constructive relationships with strategic partners to seek out new ventures with the potential to increase the revenue-base of the of the NWDC.

2.2. REFLECTION ON NORTH WEST DEVELOPMENT CORPORATION'S NON-FINANCIAL PERFORMANCE

The NWDC's achievement against its annual performance targets is reflected in the figure below. It shows that the NWDC has underperformed since achieving 87% of its planned targets in the 2013/14 financial year. The underperformance is mainly due to the constrained financial position that has been the situation since the amalgamation of entities.

Figure 30: Overall Organisational Performance from 2012 to 2022


While the 2020/2021 financial year was severely disrupted by the COVID-19 pandemic restrictions, hence the steep decline in performance for that financial year, the overall organisational performance trend has not exceeded 50% since the 2016/17 financial year. Performance in terms of the key core business indicators between 2018-2022 is reflected below.

Table 10: Performance of North West Development Corporation Core Business Between 2019/20 to Q3 2022/23

KEY PERFORMANCE INDICATOR	2019/2020	2020/2021	2021/2022	Q3 2022/23
Value of current rental collected	R170 537 000	R134 392 000	R132 586 000	Not measured
Percentage of occupancy rate for lettable properties	70%	68%	Not measured	75.25%
Value of loans disbursed	1 290 000	637 389	Not measured	Not measured
Amount recovered from collections	2 696 000	336 000	972 000	Not measured
Number of SMMEs and co-operatives assisted	Not measured	Not measured	1 168	433

KEY PERFORMANCE INDICATOR	2019/2020	2020/2021	2021/2022	Q3 2022/23
with the registration process				
Number of SMMEs and co-operatives registered for training	Not measured	Not measured	Not measured	Not measured
Value of investment attracted into the SEZ	0	Not measured	R1.379 billion	R2.160 billion
Value of successful investment projects facilitated into the North West province	R30.452 million	0	R33.463 million	R14.512 million
Number of jobs to be created with facilitated investments	Not measured	Not measured	123	43
Number of projects implemented	6	0	Not measured	Not measured
Number of jobs created through projects implemented	96	0	Not measured	Not measured

*** Figures in green indicate achieved.**

Performance by the core business functions was considered as part of the strategic planning process, in terms of:

- 1) What is working well?
- 2) What is not working well?
- 3) Critical issues informing planning.

PROPERTIES DEVELOPMENT AND MANAGEMENT

The corporation's investment property portfolio, situated throughout the province, comprises of residential units, factories, light industrial parks, and shopping complexes. Due to the revised Local Government Demarcation Process, some of these properties fall outside the demarcations of the province in places such as Garankuwa, Babelegi (Gauteng province) and Mothibistad (Northern Cape). Many of the properties are over 30 years old and require conditional assessments to be conducted by the NWDC to informing decisions on maintenance, renovations, and disposals.

WHAT IS WORKING WELL? STRENGTHS AND SUCCESSES	WHAT IS NOT WORKING WELL? FAILURES AND WEAKNESSES
<ul style="list-style-type: none"> Vast property portfolio, which prospected potential have not been explored to capacity. 	<ul style="list-style-type: none"> Occupancy rate below target (74.35% at end Q3 2022/23 vs. target of 90%).

WHAT IS WORKING WELL? STRENGTHS AND SUCCESSES	WHAT IS NOT WORKING WELL? FAILURES AND WEAKNESSES
<ul style="list-style-type: none"> ▪ The ability to leverage strategic state stakeholders towards a collective participation in a broader developmental partnership (Properties and its strategic location which may be utilised for Renewable energy projects as well as Special Economic Zoning). ▪ Intellectual capacity and Property represented by the EXCO and senior management team. ▪ Offloading of GLR, which was a drain of cashflow but did not generate revenue. ▪ Good progress made on systems migration and implementation of the MRI property management system. ▪ Conditional assessment performed on property portfolio. 	<ul style="list-style-type: none"> ▪ Development of business cases for key property developments not completed as planned: Mmabatho Unit 11, Mogwase Complex and Tlhabane Small Industries. ▪ Lack of maintenance due to lack of strategic direction/ focus, and budget constraints. ▪ Internal resource deficiencies and grading inequality resulting in the lack of requisite technical skills. ▪ Outdated policies and procedures. ▪ The limitation towards a revitalised vision on the existing property portfolio due to stringent laws (red tape) limiting creativity and growth. ▪ Addressing the challenges encountered during the annual audit 2021/2022 where serious audit findings were raised by the AGSA: <ul style="list-style-type: none"> ○ E-Leasing (to ensure all tenants have valid lease agreements). ○ Cleansing of the MRI system with updated information – title deeds, square metering, vacant and/or filled properties. ○ Addressing the bottlenecks within the NWDC that lead to delays in prompt responses towards legal processes and lease agreements.

Critical issues informing planning:

- 1) Owing to the condition of the properties, the NWDC cannot attract new tenants and current tenants are boycotting their rental payments. Investment in renovations will assist with increased occupancy levels and increased rental collections, but as the entity does not have the financial capacity to perform the renovations, intervention by the Shareholder is needed (recapitalisation).
- 2) Fraud with regards to rental payments needs to be investigated, and tighter monitoring and control must be exerted over the property portfolio. Debt collection needs to be ramped up, and derelict or inactive tenants must be effectively dealt with.
- 3) Routine maintenance of properties occupied by key strategic tenants should be implemented, as this will improve revenue collection. In the interim, in cooperation with South African Revenue Services, the NWDC would like to be able to offer direct tax rebate or credit options to tenants who are willing to execute the required renovation and maintenance required on some of the properties owned by the corporation.

- 4) The weather and environmental conditions of the North West province and in particular Mahikeng should not be seen as a reason for poor housekeeping and untidiness. Maintaining gardens and outside areas is simple and inexpensive but has an outsized influence on the appearance of properties. Water efficiency is an important factor in landscaping decisions.
- 5) The NWDC has a database of blue-chip tenants it has dealt with over the years, some of whom have vacated the corporation's properties. An opportunity exists to win back some of those ideal tenants through better maintenance of properties and a more service orientated and personalised approach from NWDC staff. More effort must be made to keep top tenants happy.
- 6) When it comes to tenants who are not paying rental and/or utilities, Property Management needs to set up a visitation schedule and meet with clients to discuss their reasons for not paying and address their concerns. Workable payment arrangements must be made, and the NWDC must facilitate customer education around the importance of paying utility bills. The corporation is investigating the implementation of incentives like offering discounts for speedy settlement of arrears.
- 7) In relation to unprofitable properties, a profit and loss analysis is required on every property on the asset register in order to identify unprofitable properties and conduct an analysis of what interventions might be needed to restore them to profitably rentable properties:
 - a) Compare valuation rolls (municipal and internal) and present value vs replacement value.
 - b) Review of the rental tariffs for both commercial and residential properties.
 - c) Conducting maintenance on residential properties to allow market related rates to be charged.
 - d) Renovating and restoring vandalised properties to ensure high rate of occupancy, thereby avoiding further vandalism; and
 - e) Disposing of non-productive assets.

The NWDC is currently seeking investors and/or developers as partners in the redevelopment of three shopping centres: Mogwase Shopping Centre, Lehurutshe Shopping Complex, and Itsoseng Shopping Complex.

BOJANALA SEZ

The NWDC is planning and intends to develop the Bojanala SEZ in order to promote industrial development, attract FDI/DDI, develop critical infrastructure, promote a culture of entrepreneurship and innovation, and to create jobs. Focus has been on securing the SEZ license to operationalise the SEZ and thus to increase investments of over R10 billion in priority sectors over the next five-years. It is envisaged that the Bojanala region has the potential to create 10 000 jobs in this period. It is therefore imperative that the SEZ is operationalised in the 2023/24 financial year as planned:

- Over five-years the implementation of the Infrastructure Master Plan (roads, bulk water, bulk sewer, bulk electricity, and rail) will create 7 500 jobs, worth R2.2 billion. The development of various SEZ facilities has the potential to create an estimated 2 000 construction jobs.
- In the current investment pipeline, there are a total of 11 projects worth around R6.1 billion, which will create about 300 jobs. Additional high impact projects currently in the feasibility

stage include a solar energy plant, an energy storage plant, a PGMs innovation centre, and a dry port in Bojanala.

WHAT IS WORKING WELL? STRENGTHS AND SUCCESSES	WHAT IS NOT WORKING WELL? FAILURES AND WEAKNESSES
<ul style="list-style-type: none"> Bojanala SEZ land secured with Moses Kotane Local Municipality. Investor interest, though uneven across sectors: R6.1 billion worth of investments secured. Application for designation: completed, with only environmental impact assessment approval and confirmation of funding from provincial government outstanding. Support of national government: the dtic, District Development Model, and economic cluster. Building on Bodirelo Industrial Park – some key infrastructure is in place. 	<ul style="list-style-type: none"> Poor inter-governmental coordination and support. Under-funding of OPEX and CAPEX. Insufficient capacity and inability to attract the right talent. Delays in establishment of site offices for the SEZ. Sectoral policies and strategies – not clear. Investor interest – PGMs beneficiation.

Critical issues informing planning:

- 1) Investments:
 - a) Firstly, the current investment pipeline of R6.1 billion needs to be translated into operational investments. This will start the process of building the desired industrial capabilities in the region and province, while also creating the much-needed jobs.
 - b) Secondly, there is a need to attract more strategic investments into the SEZ in order to broaden and deepen the strategic industrial clusters and capabilities in the region and province.
- 2) Bulk infrastructure funding – secure funding from provincial government for bulk infrastructure, which is critical for supporting investors to locate in the SEZ and translating the investment pipeline into operational investments.
- 3) Investor attraction and aftercare – operationalise the investment project pipeline and grow the pipeline in identified priority growth sectors.
- 4) Create an enabling environment through investor friendly operations – security, SHEQ standards, customer care systems, stakeholder management.
- 5) Operationalisation of the SEZ company – appointment of Board of Directors, executive and management teams, and development of strategy, policies, and systems.

SMME DEVELOPMENT AND MANAGEMENT

A key mandate of the NWDC is to develop sustainable small enterprises and thus to contribute to the economic growth and transformation of the province and to generate revenue and returns for

the NWDC and its Shareholder. SMME Development and Management is currently provided in terms of:

- Bridging finance for SMMEs who have obtained contracts, tenders, or purchase orders from government departments, municipalities, other state entities or private sector companies. The main condition is that the recipient of funding must agree to sign a cession agreement with the NWDC.
- Non-financial support services such as business counselling, business support, and CIPC services.

Performance targets over the past three financial years in terms of loans disbursed, number of SMMEs supported, and jobs created have been underwhelming, due to inadequate funding and resources to improve the access to finance for SMMEs in the province, particularly, for commercially viable small enterprises that may compete in priority sector industries. The focus is primarily on providing non-financial support in terms of business registration and compliance, and contract/bridging finance to SMMEs that have secured contracts with government departments. The NWDC is unable to provide development finance term loans due to the lack of loan capital.

WHAT IS WORKING WELL? STRENGTHS AND SUCCESSES	WHAT IS NOT WORKING WELL? FAILURES AND WEAKNESSES
<ul style="list-style-type: none"> ▪ Bridging finance loans with cession as a condition to the loan. ▪ Cooperation of departments to sign the cession on orders/contracts. ▪ Strong stakeholder collaboration to partner on projects. ▪ Mobilisation of funding for SMME projects. 	<ul style="list-style-type: none"> ▪ Associating the NWDC with government. ▪ SMME Fund not growing.

Critical issues informing planning:

- 1) There are a number of SMME support projects funded and supported by the DSBD and their entities, for example, the Trades Market, TREP, and Automotive that require support and collaboration from the DEDECT. While NWDC has little say on the Small Enterprises Development Agency's (Seda) targets for TREP and other programmes, these programmes need to be embraced. Given the entity's limited resources, focus should be on mobilising funding and support, as well as partnership development and strengthened collaboration with the DEDECT.
- 2) A clear delineation of roles and responsibilities is needed. NWDC should be the implementing agent, DEDECT should provide funding, oversight, and policy support. This is particularly important considering the key policy directive for the remainder of the term related to the allocation of R30 million towards township and rural economy revitalisation.
- 3) Co-operatives operating bakeries should be taken under the aftercare programme through an SMME development approach. This should ensure the revitalisation of the bakery project includes access to market and appropriate business support and management of the operation.

- 4) The SMME development mandate is unfunded, requiring collaborative approaches to leverage resources from the public sector and crowding in private sector funding. A financial injection of at least R20 million to establish the North West Development Fund to support loan funding and partnering with other DFIs at a matching ratio of 1:1 would assist. This would effectively double the value of the Fund and its job creation potential.
- 5) To support the revised manufacturing and renewable energy projects, the problem of limited entrepreneurship development and support needs to be addressed, with the NWDC establishing itself as a driver of start-up enterprises in the North West, focused on diversifying manufacturing into green, sustainable solutions that leverage the comparative advantages of the province.
- 6) New policy directives on public sector procurement strategy and B-BBEE codes of good practice are not being leveraged to grow the productive economy. The NWDC needs to increase its focus on supplier development programmes by creating demand for the products and services of small enterprises.

While bridging/contract finance for small enterprises is lower risk, particularly, where cession agreements are in place with the contract providers such as government departments, the impact on job creation and priority sector participation by SMMEs is limited. The ECDC may, over time, dependent on the levels of loan book capitalisation, progress to providing risk capital and longer-term loans and equity investments for small enterprises.

TRADE AND INVESTMENT FACILITATION

The broad mandate of the entity is to stimulate economic development in the province by attracting foreign and local direct investments into the North West province, promoting exports, and facilitating market access for local businesses. Specific activities include:

- Appraising, managing, and packaging opportunities for investment.
- Soliciting seed capital funding from North West province in order to access larger national fund sources.
- Soliciting seed capital funding from North West province in order to access larger national funds and private sector funding sources.
- Facilitating outbound and inbound trade and investment missions.
- Linking companies to new local and external markets.
- Running joint trade and investment initiatives with district municipalities.
- Supporting the establishment of Black industrialists in the North West province.

Good progress has been made in terms of performance targets related to assisting companies with access to export markets, the number of trade and investment initiatives implemented with municipalities and supporting companies with export development. However, targets have not been achieved in terms of hosting an investment conference, implementing one-stop-shops with the dtic, facilitating job creation through investments, and achieving the target of R200 million investment facilitated into the North West province.

What is working well? Strengths and Successes.	What is not working well? Failures and Weaknesses.
<ul style="list-style-type: none"> Renewed multi stakeholder collaboration with mining industry through the mining roundtable collaboration. Identification and development of potentially new exporters. Diverse investment pipeline. Active participation in trade and investment initiatives of the DEDECT. Established relationships with business forums, industry associations, private companies DFIs and municipalities. 	<ul style="list-style-type: none"> Securing funding for new investments. Undertaking investment attraction missions (budgetary constraints). Undertaking export missions Support from DFIs with the capacity to fund the growth and expansion of investments.

Critical issues informing planning:

- 1) The organisation is uncertain about the practical mechanics of its relationships with other institutions and stakeholders, and uncertain of the trade and investment policy of the province to be implemented. Roles, responsibilities, policy and expected outcomes need to be clarified.
- 2) There is significant opportunity for investment in priority sectors such as hydrogen energy, renewable energy, co-generation, PGM beneficiation and other just transition opportunities. However, budgetary constraints inhibit the NWDC from undertaking international investor targeting missions:
 - a) Funding and collaborative partnerships are required to, firstly, conduct the pre-feasibility research and opportunity profiling, and, secondly, to develop the bankable business cases to solicit public and/or private sector investment.
- 3) Leveraging the present mining industry operating in the North West province to support localisation investment through better utilisation of the mining roundtable platform for identification of investment opportunities:
 - a) Royal Bafokeng Platinum awaits the input of the competition commission on getting other mines to collaborate in the establishment of the R150m personal protective equipment (PPE) plant in the North West province. This has potential for creating hundreds of jobs in the North West province.
- 4) Trade and investment capacity building and institutional development is required to take advantage of and support full development of emerging opportunities. The NWDC is, however, inadequately capacitated to execute the mandate fully.
- 5) The current investment pipeline is indicative of the current local market response to NWDC's call for new investments. Projects included in the pipeline have business plans and promoters actively seeking investment. The unit offers end-to-end investor support service for companies that are interested in locating to the North West province, promotion of international business cooperation and joint ventures, arrangement of visits for investors to meet with selected companies, industries and organisations, programme enabling and permitting companies to take part in industry specific presentations and exhibition stands at international trade shows.

The current pipeline has a combination of high impact high value projects and emerging Black industrialists seeking to gain economic foothold.

2.3. REFLECTION ON NORTH WEST DEVELOPMENT CORPORATION'S ORGANISATIONAL CAPABILITIES AND CAPACITY

The NWDC's performance can be attributed to the capacity of the staff within the organisation and the resources available to ensure that work is done in an efficient manner. The NWDC has had to survive for years without adequate human resources and necessary skillsets.

The NWDC has had eleven acting CFOs in five years, and there has been regular turnover in other senior management positions, which has understandably caused a great deal of organisational instability. The current staff bill constitutes 30% of NWDC's total revenue – whereas such operational costs should be covered by rental revenue.

The majority of staff are support staff, and the organisation suffers a lack of core business experts. The NWDC requires professional, multi-disciplined teams to meet the challenges of an expansive mandate.

There has, however, been progress in strengthening the executive team with new appointments, and the organisation should be fully capacitated by the end of the 2022/23 financial year, through the filling of 147 vacancies. These are in the skilled, professional qualified, senior management and top management categories²⁴.

A new organisational structure, aligned to this strategic plan, is in process of development and seeks to enable the NWDC to sustain and strengthen its existing capabilities and allow for the development of new strategic capabilities.

To ensure its staff are enabled to perform optimally, the NWDC requires a technology infrastructure that supports 'information optimising', and can enhance collaboration, create systemic integration, and unlock the full value of ICT investments. ICT infrastructure requires continuous review, development, and the implementation of more effective and efficient architecture. The key will be combining the right technologies with the right people, creating a remote workforce that cuts costs, increases productivity, and generates brand building customer experiences.

Critical issues informing planning:

- 1) Address the skills shortage and lack of capacity in core business units through organisational redesign and capacitation to implement the five-year Strategy. Focus must be given to the recruitment of qualified and competence employees.
- 2) Increase investment in the training and development of employees.
- 3) Organisational culture development and building of a high-performance organisation – enabled by a capacitated leadership structure, charged with taking decisions, building competent teams, and applying consequence management where required.

²⁴ CEO's Critical Reflections on the NWDC Delivery Environment

- 4) Implement ICT solutions to benefit NWDC customers and generate income from the solutions, for example, internet and phone services, and through the SMME entrepreneurship model.
- 5) Improve legal support to limit NWDC contracting risks.
- 6) Need for capital raising / venture creation capacity to leverage opportunities.

2.4. REFLECTION ON NORTH WEST DEVELOPMENT CORPORATION'S STAKEHOLDER ENVIRONMENT

The NWDC operates in a multi-stakeholder environment. The ability to not only effectively identify, but also to manage these collaborative relationships, carries huge implications for success or failure in fulfilling NWDC's strategic intent.

In this context, NWDC places its stakeholders at the apex of its strategic thinking and resultant planning, and stakeholder priorities are a critical consideration in the development of this Strategic Plan. The following table reflects key stakeholders and their respective needs, which are considered in this planning process.

Table 11: Stakeholder Needs Assessment

NAME OF STAKEHOLDER	SHORT DESCRIPTION OF PERCEIVED OR REAL STAKEHOLDER NEEDS
External Stakeholder Groups	
Provincial & National Government Departments	<ul style="list-style-type: none"> ▪ NWDC compliance to policy and legislative mandates and road maps; Feedback on execution of the above, where applicable. ▪ Identify opportunities to access other funding streams / grant options. ▪ Explore opportunities for co-funding / joint project packaging or syndication. ▪ Explore top-up funding opportunities. ▪ Collaborate – avoid silo mentality.
Local municipalities	<ul style="list-style-type: none"> ▪ Need to strengthen strategic relations in areas where NWDC is invested. ▪ Strengthen collaboration with local development agencies. ▪ Ensure alignment with Spatial Development Planning. ▪ Observe municipal standards and bylaws. ▪ Meaningful participation in relevant fora. ▪ Participate in broader planning structures and champion the NWDC mandate.
Broad public of the North West province	<ul style="list-style-type: none"> ▪ Awareness of and accessibility to the service offerings of the NWDC. ▪ Need to ensure mechanisms for continuous engagement.

NAME OF STAKEHOLDER	SHORT DESCRIPTION OF PERCEIVED OR REAL STAKEHOLDER NEEDS
Communities in which projects are located	<ul style="list-style-type: none"> Have lots of expectations (e.g., around employment) – need to ensure mechanisms for continuous engagement.
NWDC Clients: (<i>Tenants, SMMEs, co-operatives, investors, and requestors of information</i>)	<ul style="list-style-type: none"> Efficient and professional service from the NWDC. Strengthened collaboration with the private sector. Strengthened mechanisms for client feedback.
NWDC Suppliers and professional service providers	<ul style="list-style-type: none"> Professional and ethical business conduct: efficient supply chain processes – fair, transparent, and effective. Right to be paid within a reasonable time frame for services/goods rendered. Focus on regional supplier / contractor development. Strengthen enterprise development focus and support.
Other DFIs	<ul style="list-style-type: none"> Explore opportunities for co-funding/joint project packaging or syndication. Explore top-up funding opportunities.
Industry associations	<ul style="list-style-type: none"> Tap into their knowledge to strengthen NWDC's offering.
North West University: (<i>and similar niche institutions</i>)	<ul style="list-style-type: none"> Reciprocal relationship of cooperation on matters of mutual interest and mutual mandates, such as trade, innovation, enhancing content, and research.
Media	<ul style="list-style-type: none"> Right to be informed of key news events and matters of public interest pertaining to the NWDC's execution of its mandate
INTERNAL STAKEHOLDER GROUPS	
Shareholder	<ul style="list-style-type: none"> Practically deliver on developmental mandate. Demonstrate collaboration and support for objectives of sister agencies. Strengthen engagement with DEDECT working groups - engage in a way that supports them to deliver on initiatives (act as implementing agent – what objectives can NWDC assist with?) Ensure sound and defensible financial and performance reporting. Ensure sound corporate governance. Ensure solid return on investment.
NWDC Staff: (<i>Includes trade union representatives</i>)	<ul style="list-style-type: none"> Right to be informed and listened to pertaining to all topics relevant and pertinent to the effective execution of their duties. Need to feel respected and valued. Provide opportunities for growth and development. Ensure policies are consulted on – ensure buy-in and support.



NAME OF STAKEHOLDER	SHORT DESCRIPTION OF PERCEIVED OR REAL STAKEHOLDER NEEDS
	<ul style="list-style-type: none"> ▪ Nurture a culture of recognition, communication, and transparency. ▪ Involvement and consultation on all matters affecting labour. ▪ Implement and monitor the “living” of the corporate values
NWDC subsidiaries	<ul style="list-style-type: none"> ▪ Strengthen oversight and alignment, and relationships, for good of the group.



A comprehensive stakeholder management and partnering strategy, aligned to this five-year strategic plan, must be implemented, to aid the NWDC in dealing with the stakeholder expectations and requirements highlighted above.



2.5. UPDATED SWOT ANALYSIS

The above internal environment analysis informs the updated SWOT analysis, as follows:

Table 12: SWOT Analysis

<div>  INTERNAL STRENGTHS To leverage ... </div> <ul style="list-style-type: none"> ▪ Status as the official economic development implementing arm of Government in the North West province ▪ Broad mandate and a wide provincial footprint allowing for endless possibilities with countless benefits. ▪ Valuable asset base is a low hanging fruit that does not require much capital investment analysis to activate revenue-enhancing activities. ▪ Strong overall (gross) return on property assets, with a payback period of 14 years, providing room to boost returns off a solid asset base. ▪ Schedule 3D status provides for wide network and support from government. ▪ Comprehensive partnership networks. ▪ Functional property management system (MRI) has been established. ▪ Functional and active SMME call centre. ▪ Strong institutional memory and rapport among staff within the organisation 	<div>  INTERNAL WEAKNESSES To mitigate ... </div> <ul style="list-style-type: none"> ▪ Financial challenges including: <ul style="list-style-type: none"> ○ Poor collection methods and/or controls ○ Liquidity of the NWDC with inadequate cash-management controls ○ Irregular spending and non-compliance with legal provisions ○ Inadequate internal financial controls ▪ Lack of advocacy and promotion of the entity's value proposition ▪ Inadequate internal communication and business integration ▪ Inability to access funding due to liquidity and reputation constraints. ▪ Lack of core business capacity in critical areas of the business. ▪ Income generating properties not being maintained and upgraded to cater for the needs of modern businesses. ▪ Low confidence in the management of the entity, making it difficult to attract investors.
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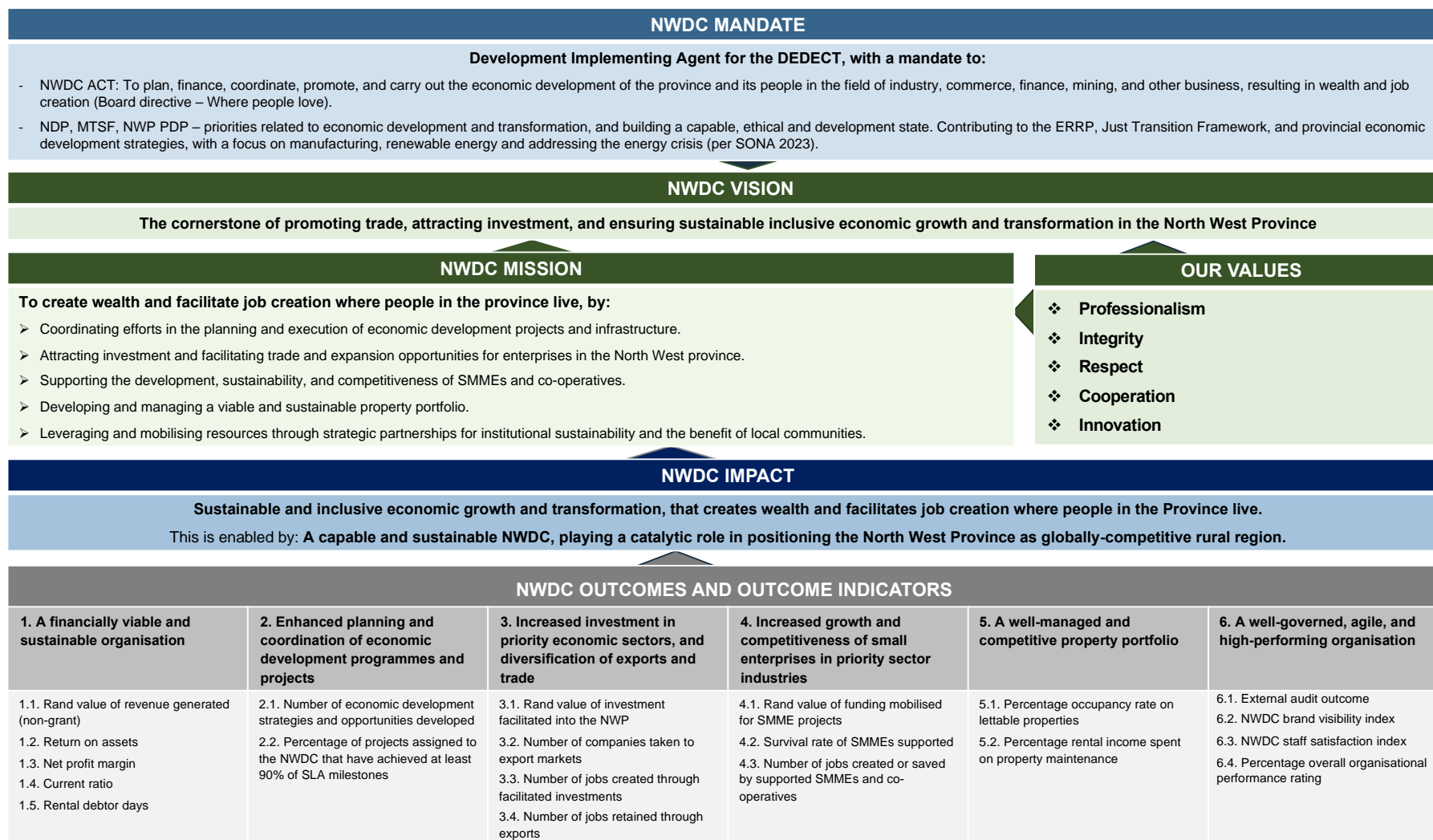
<ul style="list-style-type: none"> ▪ Policy framework is in place, as are existing benchmarks for the organisational structure. ▪ Well-rounded and capable NWDC Board and increasing capacity of the executive team. 	<ul style="list-style-type: none"> ▪ Lack of adaptation to the use of technology, digitalisation, and Fourth Industrial Revolution opportunities to streamline processes and improve efficiencies. ▪ Organisational culture not geared towards high performance. ▪ Lack of intent regarding the transition towards using green energy ▪ Lack of delineation between trading activities (self-generated income) and funded activities (need for grants)
<div data-bbox="209 696 288 786"></div> <div data-bbox="296 707 699 779"> EXTERNAL OPPORTUNITIES To take advantage of ... </div> <ul style="list-style-type: none"> ▪ The North West province has ample available resources including minerals, agriculture, climate and wildlife. ▪ Facilitating investments in manufacturing plants for raw material beneficiation. ▪ Lobbying for funding to support mineral-rich land owners with developing perspectives to access funding and licenses to mine. ▪ Inactive tenants converted to active traders or legal processes engaged to vacate premises. ▪ Influence budgeting processes with basket of bankable, implementation-ready projects. ▪ Leveraging on new technologies to improve operations. ▪ Leveraging key economic projects such as the Smelter Plant. ▪ Development of vacant land. ▪ Alignment between political and organisational priorities could secure increased support and commitment. ▪ Shifting mining operations present new market arenas for empowering supported SMMEs ▪ Coordinating SMME development with other DFIs and the DEDECT, and bankable business plan for DSBD support for SMMEs ▪ FDI/DDI opportunities in priority sectors with comparative advantage in the North West province. 	<div data-bbox="815 696 895 786"></div> <div data-bbox="903 707 1212 779"> EXTERNAL THREATS To overcome ... </div> <ul style="list-style-type: none"> ▪ Lack of understanding of the NWDC mandate and services on offer. ▪ Competition from National DFIs. ▪ Changing political priorities can impact on the achievement of outcomes and can impact negatively on investor confidence. ▪ Political interference has adverse impacts on decision-making and the profitability of the NDWC. ▪ Loss of market for SMMEs (from modernisation of the mines and shifting market needs) means reduced repayment of loans. ▪ Increased mortality of SMMEs resulting in property vacancies ▪ Lack of opportunities within the job market leading to a “brain drain” of skilled people to other provinces. ▪ Instability in electricity supply (loadshedding) is putting pressure on businesses leading to defaults on rent and loan repayments. ▪ Unaffordable salary bills limiting the NWDC’s ability to attract talented staff. ▪ Water-scarcity and poor quality threatens financial development and expansion of services within the province. ▪ Private property developers may develop better rental properties, potentially impacting on NWDC rental revenue.

<div data-bbox="207 264 290 353"></div> <div data-bbox="295 275 699 347"> EXTERNAL OPPORTUNITIES To take advantage of ... </div> <ul style="list-style-type: none"> ▪ Lobby for establishment of an Economic Development Fund to stimulate economic growth, activate small enterprises, increase Black ownership, and to invest where the market fails. ▪ Focus on youth development and women empowerment has opened up potential funding sources for SMME development. ▪ Drive for integrated rural development may allow for funding of initiatives in the rural economy. ▪ Large number of young, energetic, unemployed youth (and graduates) in the province to be trained and upskilled to work on upcoming projects 	<div data-bbox="817 264 900 353"></div> <div data-bbox="904 275 1212 347"> EXTERNAL THREATS To overcome ... </div> <ul style="list-style-type: none"> ▪ Poor municipal services impacting the viability of businesses operating in the province. ▪ Lack of role delineation and integration of programmes between the Department and NWDC ▪ Continued lack of an economic development fund to assist the province to compete with other provinces, and to leverage the unique competitive (comparative) advantages the province has to offer
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PART D: MEASURING OUR PERFORMANCE

A visual representation of the NWDC five-year strategic framework, as defined in the Strategic Plan for 2023-2028, is presented below:

Figure 31: The North West Development Corporation Strategic Framework, 2023/24 to 2027/28



As is reflected, towards the achievement of the impact, and adopting the Results-based Management Approach, the NWDC has defined six “outcomes” (results) for the period to 2028. Progress towards these outcomes will be assessed through the outcome level indicators, midterm (turnaround timeframe), and the five-year targets to be realised over the five-year planning period.

1. STRATEGIC PLAN OUTCOMES, TURNAROUND (MIDTERM), AND FIVE-YEAR TARGETS

Table 13: Strategic Plan Outcomes, Turnaround (Midterm), and Five-Year Targets

ALIGNMENT TO NATIONAL PRIORITIES	ALIGNMENT TO PROVINCIAL PRIORITIES	BSC PERSP.	NWDC OUTCOME (The result we aim to achieve)	OUTCOME INDICATOR (How we track progress towards the result)	BASELINE (Audited 2021/22)	MIDTERM TARGET (31 March 2025)	FIVE-YEAR TARGET (31 March 2028)	RESPONSIBLE TO CONSOLIDATE REPORTING
MTSF Priority 1 – A capable, ethical and developmental state	PDP Priority Area – Building a capable and developmental state; Fighting corruption. DEDECT Strategic Plan – Implementation of NWDC Turnaround Strategy	Finance	1. A financially viable and sustainable organisation	1.1. Rand value of revenue generated (non-grant)	R249.8 million	R350 million	R550 million	Chief Financial Officer
				1.2. Return on assets	17%	20%	25%	
				1.3. Net profit margin	0%	1%	5%	
				1.4. Current ratio	0.35 to 1	0.80 to 1	2 to 1	
				1.5. Rental debtor days	807 days	300 days	30 days	
MTSF Priority 2 – Economic transformation and job creation	PDP Priority Areas – Economy and employment; Economic infrastructure; Integrated and inclusive rural economy; Building a capable and developmental state. DEDECT Strategic Plan – Stronger system of support for industry	Customer	2. Enhanced planning and coordination of economic development programmes and projects	2.1. Number of economic development strategies and opportunities developed <i>(Economic development opportunities pipeline)</i>	New indicator	5	12	EM: Corporate Strategy
				2.2. Percentage of projects assigned to the NWDC that have achieved at least 90% of SLA milestones (deliverables)	New indicator	80%	100%	Manager: Trade and Investment Facilitation

ALIGNMENT TO NATIONAL PRIORITIES	ALIGNMENT TO PROVINCIAL PRIORITIES	BSC PERSP.	NWDC OUTCOME (The result we aim to achieve)	OUTCOME INDICATOR (How we track progress towards the result)	BASELINE (Audited 2021/22)	MIDTERM TARGET (31 March 2025)	FIVE-YEAR TARGET (31 March 2028)	RESPONSIBLE TO CONSOLIDATE REPORTING
	development; Rollout of industrial master plans; Packaging of investment value chains; Engaging the private sector.							
MTSF Priority 2 – Economic transformation and job creation	PDP Priority Areas – Economy and employment; Economic infrastructure; Integrated and inclusive rural economy. DEDECT Strategic Plan – Sustainable resource use, responsive infrastructure and diverse investments; Upscaled investment attraction; Operationalise the North West One-Stop-Shop.	Customer	3. Increased investment in priority economic sectors, and diversification of exports and trade	3.1. Rand value of investment facilitated into the North West province <i>(including Bojanala SEZ)</i>	2021/22: Total – R33.46m 2022/23 (Est.): Total – R6.3 billion (SEZ, R6.1 billion)	Total – R6.55 billion (SEZ – R6.0 billion)	Total – R16 billion (SEZ – R15 billion)	Manager: Trade and Investment Facilitation EM: Bojanala SEZ
				3.2. Number of companies taken to export markets	15	30	50	Manager: Trade and Investment Facilitation
				3.3. Number of jobs created through facilitated investments <i>(including Bojanala SEZ)</i>	NWDC: 123 SEZ: New indicator	Total – 1 300 (SEZ – 1 000)	Total – 2 720 (SEZ – 2 220)	Manager: Trade and Investment Facilitation EM: Bojanala SEZ
				3.4. Number of jobs retained through exports	New indicator	200	300	Manager: Trade and Investment Facilitation
MTSF Priority 2 – Economic transformation and job creation	PDP Priority Areas – Economy and employment; Economic infrastructure; Integrated and inclusive rural economy.	Customer	4. Increased growth and competitiveness of small enterprises in priority sector industries	4.1. Rand value of funding mobilised for SMME projects	New indicator	R16 million	R100 million	EM: SMME Development and Management
				4.2. Survival rate of SMMEs supported	New indicator	High: 70% Par: 60% Low: 50%	High: 80% Par: 70% Low: 60%	

North West Development Corporation: Corporate Plan for 2023-2024

ALIGNMENT TO NATIONAL PRIORITIES	ALIGNMENT TO PROVINCIAL PRIORITIES	BSC PERSP.	NWDC OUTCOME (The result we aim to achieve)	OUTCOME INDICATOR (How we track progress towards the result)	BASELINE (Audited 2021/22)	MIDTERM TARGET (31 March 2025)	FIVE-YEAR TARGET (31 March 2028)	RESPONSIBLE TO CONSOLIDATE REPORTING
	DEDECT Strategic Plan – Funding facilitation for SMMEs to create sustainable enterprises; Increased enabling environment for SMMEs.			4.4. Number of jobs created by supported SMMEs and co-operatives	New indicator	100	500	
MTSF Priority 2 – Economic transformation and job creation	PDP Priority Areas – Economy and employment; Economic infrastructure; Building a capable and developmental state. DEDECT Strategic Plan – Improve infrastructure management (lifecycle); Build resilient economic infrastructure to promote economic activity.	Customer	5. A well-managed and competitive property portfolio	5.1. Percentage occupancy rate on lettable properties	74%	85%	95%	EM: Property Development and Management
				5.2. Percentage of rental income spent on property maintenance	0%	10%	20%	
MTSF Priority 1 – A capable, ethical and developmental state	PDP Priority Area – Building a capable and developmental state; Fighting corruption. DEDECT Strategic Plan – Implementation of NWDC Turnaround Strategy; Enabled, simplified and responsive business processes.	Process and Learning and Growth	6. A well-governed, agile, and high-performing organisation	6.1. NWDC external audit outcome (consolidated)	Adverse	Unqualified, with material findings	Unqualified, with no material findings	Chief Executive Officer / Chief Financial Officer
				6.2. NWDC brand visibility index	New indicator	Establish baseline	Improvement on baseline	EM: Corporate Services
				6.3. NWDC staff satisfaction index	Establish baseline by end 2022/23	10% improvement on baseline	10% improvement previous staff satisfaction index	EM: Corporate Services

ALIGNMENT TO NATIONAL PRIORITIES	ALIGNMENT TO PROVINCIAL PRIORITIES	BSC PERSP.	NWDC OUTCOME (The result we aim to achieve)	OUTCOME INDICATOR (How we track progress towards the result)	BASELINE (Audited 2021/22)	MIDTERM TARGET (31 March 2025)	FIVE-YEAR TARGET (31 March 2028)	RESPONSIBLE TO CONSOLIDATE REPORTING
				6.4. Percentage overall organisational performance rating	39%	60%	>80%	Chief Executive officer

In turn, each outcome and the aligned key result areas are unpacked into outputs (products or services), with key performance indicators and annual targets, which are reflected in the rolling annual corporate plans over the period. Corporate Plan 2023/2024 is the first year of the Strategic Plan for 2023-2028, focused on **Phase 1 of the business model for organisational turnaround – getting the basics right and building the core.**

2. INCORPORATING ORGANISATIONAL TURNAROUND IN THE CORPORATE PLAN PERFORMANCE INFORMATION

Given the significant challenges and weaknesses outlined in the situational analysis, the performance information must be aligned with and consider the following critical turnaround and business change interventions to, first and foremost, address the strategic priority of sustaining the NWDC as a going concern:

- 1) A systematic review of the operating model, organisational structure and programmes is required to align with the priorities, outcomes and targets set by the five-year Strategic Plan for 2023-2028.
- 2) A thorough review and development of a strategically aligned funding model needs to be undertaken, one that clearly distinguishes between trading (revenue generating) activities that should be self-sustainable, funded activities that operate on a cost-recovery basis, and opportunities for broadening the revenue base of the NWDC.
- 3) Ringfencing of budgets to the structure/funding model should inform decisions on resourcing and prioritisation of activities that will drive the change that is needed for turnaround and ensuring that only funded and sustainable functions are resourced.
- 4) Reducing the excessive debtors balance and debtor's days needs to be a strong focus area – informing decisions and fast-tracking processes related to asset write-offs and disposals of non-productive and non-strategic assets, for revenue generation and to strengthen the NWDC's balance sheet.
- 5) Building capacity in capital, revenue generation and venture creation, to leverage opportunities. All business units should be oriented towards mobilising and leveraging funding from the public and private sector.
- 6) Development and implementation of property management controls – reviewing lease agreement, reviewing rental billings, addressing the electricity supply crisis, and stringent debt collection.
- 7) There is opportunity for the NWDC to position itself as the fund manager and preferred project implementing agent for government expenditure on priority projects – for revenue generation and expansion of the SMME development finance function.

The performance information reflected below includes outputs, targets and interventions related to organisational turnaround, and the key result areas of the strategic outcomes, while considering the resources available for implementation and achievement of the targets. Where resources are uncertain, outputs will reflect in the operational plans of the divisions.

It is understood that divisions need to incorporate standardised indicators in their operational plans, including indicators related to stakeholder and partnerships management; project and operational risk management; business case and proposal development for mobilising funding for projects; human capital and performance management; and the review and development of relevant policies, processes and systems to support the implementation of this Corporate Plan 2023/2024.

3. ORGANISATIONAL PERFORMANCE INFORMATION

NWDC is constituted by the following programmes, which inform the packaging of this Corporate Plan 2023/2024:

Table 14: North West Development Corporation Group and Subsidiaries Programmes

PROGRAMME N ^o .	PROGRAMME NAME	KEY FUNCTIONS
Programme 1	Administration	<ul style="list-style-type: none"> ▪ Office of the CEO: <ul style="list-style-type: none"> - Internal Audit - Oversight of Subsidiaries
		<ul style="list-style-type: none"> ▪ Office of the CFO: <ul style="list-style-type: none"> - Financial Management - Information and Communications Technology (ICT)
		<ul style="list-style-type: none"> ▪ Office of the CRO: <ul style="list-style-type: none"> - Risk Management
		<ul style="list-style-type: none"> ▪ Corporate Strategy: <ul style="list-style-type: none"> - Research and Innovation - Monitoring and Evaluation
		<ul style="list-style-type: none"> ▪ Corporate Services: <ul style="list-style-type: none"> - Human Resources Management - Legal Services - Marketing and Communication - Auxiliary Services
Programme 2	Property Development and Management	<ul style="list-style-type: none"> ▪ Property Development ▪ Property Management
Programme 3	SMME Development and Management	<ul style="list-style-type: none"> ▪ SMME Financial Services ▪ SMME Non-financial Business Support ▪ Conditional Grants (Financial Incentives) Administration
Programme 4	Trade and Investment Facilitation	<ul style="list-style-type: none"> ▪ Investment Facilitation ▪ Trade and Exports Promotion

PROGRAMME N ^o .	PROGRAMME NAME	KEY FUNCTIONS
		<ul style="list-style-type: none"> ▪ Economic Programme / Infrastructure Projects Management
Subsidiaries <i>(Operational, excluding dormant and liquidated companies)</i>	Bojanala Special Economic Zone (SEZ) SOC Ltd <i>(Independent Company, 100% owned by NWDC SOC Ltd)</i>	<ul style="list-style-type: none"> ▪ The Bojanala SEZ will be operation from 1 April 2023, with: <ul style="list-style-type: none"> - Formal appointment of Board reporting to the NWDC Group Board - Approved organisational structure. - Office establishment, and capacitation of the structure. - Establishment of policies, procedures, and operating standards.

The above NWDC Group programme and subsidiaries contribute to the attainment of the outcomes through their relevant outputs, output indicators, and annual and quarterly targets, as reflected in the sections below.

3.1. PROGRAMME 1: ADMINISTRATION

3.1.1. PROGRAMME 1: PURPOSE

In support of the NWDC mandate, vision and mission, the Programme aims to:

- **Provide administrative leadership to the NWDC in accordance with relevant legislations, regulations, and policies, and ensures appropriate support services to all programmes.**
- **Lead the phased turnaround of the NWDC through improvements in governance and internal controls, systems and processes, people, and stakeholder management.**

Towards the NWDC impact of: ***“Sustainable and inclusive economic growth and transformation, that creates wealth and facilitates job creation where people in the province live,”*** the Programme directly contributes to the following outcomes through its key result areas:

Outcome 1: A financially viable and sustainable organisation

To develop and implement a sustainable funding model for trading and funded mandates, thus:

- To ensure efficient and effective asset management.
- To ensure effective financial and liquidity management.
- To implement cost-containment and efficiency improvement measures.
- To ensure effective working capital management for sustainable operations.

- To improve revenue generation and income collection from trading divisions.
- To implement the bad-debts write-off policy for unrecoverable debts.
- To secure sustainable annuity and investment income, and investment management fee income.
- To engage with government to secure support and funding.

Outcome 2: Enhanced planning and coordination of economic development programmes and projects

- To develop and execute a NWDC and DEDECT combined research agenda for priority sector opportunities profiling.
- To conduct internal desktop and distribute intelligence items to support informed decision making on investments, economic project development and SMMEs support.

Outcome 6: A well-governed, agile, and high-performing organisation

- To ensure effective internal controls, good governance and compliance.
- To ensure efficient and effective operations by subsidiaries and investees.
- To improve management processes and systems to enhance performance.
- To ensure efficient and effective operations.
- To implement effective customer and stakeholder relations management.
- To continue community engagements and CSI initiatives with targeted stakeholders.
- To ensure effective human capital management and development.

The 2023/24 performance plan of the Programme is reflected in the log frame tables below. The outputs and performance targets have been set based the current situation and phased implementation of the organisational turnaround incorporated in the five-year strategic plan.

3.1.2. PROGRAMME 1: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Outcome 1: A financially viable and sustainable organisation	CP1.1. Revenue and costs managed	CP1.1.1. Cost-to-income ratio	0.6 to 1.0	1.39 to 1.0	1.08 to 1.0	NOI	0.9 to 1.0	0.8 to 1.0	0.75 to 1.0
	CP1.2. Suppliers paid within legislated timeframes	CP1.2.1. Average number of days to pay suppliers	NOI	NOI	NOI	NOI	30 days	30 days	30 days
	CP1.3. Preferential procurement spend managed	CP1.3.1. Percentage preferential procurement spend by gender, age and disability	NOI	NOI	NOI	NOI	Women: 40% Youth: 30% PWD: 7% Other: 23%	Women: 40% Youth: 30% PWD: 7% Other: 23%	Women: 40% Youth: 30% PWD: 7% Other: 23%
Outcome 2: Enhanced planning and coordination of economic development programmes and projects	CP2.1. Research agenda implemented	CP2.1.1. Number of studies conducted on NWDC and DEDECT combined research agenda	NOI	NOI	NOI	NOI	2	3	4
Outcome 6: A well-governed, agile, and high	CP6.1. Governance, risk, and assurance	CP6.1.1. Percentage of audit findings in the post audit action plan (PAAP) addressed	NOI	NOI	83%	75%	80%	90%	95%

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
performing organisation		CP6.1.2. Percentage NWDC risk maturity	75%	65%	74%	79%	82%	85%	87%
	CP6.2. Customer satisfaction	CP6.2.1. Net promoter score	NOI	NOI	NOI	NOI	60%	65%	70%
	CP6.3. Human capital capacity and capabilities	CP6.3.1. Percentage critical positions of the revised organisational structure filled	NOI	NOI	NOI	NOI	50%	75%	100%

3.1.3. PROGRAMME 1: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTPUT INDICATOR	ANNUAL TARGET 2023/24	QUARTERLY TARGETS			
		Q1 APR - JUN 2023	Q2 JUL - SEP 2023	Q3 OCT - DEC 2023	Q4 JAN - MAR 2024
CP1.1.1. Cost-to-income ratio	0.9 to 1.0	0.9 to 1.0	0.9 to 1.0	0.9 to 1.0	0.9 to 1.0
CP1.2.1. Average number of days to pay suppliers	30 days	30 days	30 days	30 days	30 days
CP1.3.1. Percentage preferential procurement spend by gender, age and disability	Women: 40% Youth: 30% PWD: 7% Other: 23%	Women: 40% Youth: 30% PWD: 7% Other: 23%	Women: 40% Youth: 30% PWD: 7% Other: 23%	Women: 40% Youth: 30% PWD: 7% Other: 23%	Women: 40% Youth: 30% PWD: 7% Other: 23%
CP3.1.1. Number of studies conducted on NWDC and DEDECT combined research agenda	2	No target	No target	No target	2
CP6.1.1. Percentage of audit findings in the post audit action plan (PAAP) addressed	80%	20%	40%	60%	80%
CP6.1.2. Percentage NWDC risk maturity	82%	No target	No target	No target	82%
CP6.2.1. Net promoter score	60%	No target	No target	No target	60%
CP6.3.1. Percentage critical positions of the revised organisational structure filled	50%	No target	No target	25%	50%

3.1.4. PROGRAMME 1: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

Programme 1 comprises the corporate support functions tasked with leading the turnaround of the NWDC. Corporate Plan 2023/2024 is the first year of the 2023-2028 Strategic Plan, focused on Phase 1 of the business model for organisational turnaround – getting the basics right and building the core.

The outputs of the Administration Programme for the 2023/24 financial year are focused on managing costs in relation to revenue; meeting the NWDC's financial obligations by paying suppliers within the legislated timeframe; supporting the MTSF's priorities on preferential procurement; research directed at priority sector opportunities profiling; strengthening the combined assurance environment; improving customer satisfaction; and revising and capacitating the organisational structure to deliver on the new five-year strategic plan.

Planned performance in relation to the outcomes of the Strategic Plan for 2023-2028 and Phase 1 of the Turnaround Plan is detailed below:

Outcome 1: A financially viable and sustainable organisation:

- 1) Implementation of the board-approved revenue generation strategy and framework, which is aimed at increasing the revenue that the entity generates through its mandated activities, thus reducing the reliance on a single source of revenue (rental income) and grant funding.
- 2) Development and implementation of a funding model that delineates between revenue-generating (trading, DFI) activities and funded (DA) activities, without cross-subsidisation. It is the Phase 1 Turnaround building block for making decisions on resourcing the areas of the business that present the best opportunity to strengthen the going concern position of the entity.
- 3) Continued implementation of cost containment measures, allocation of funding to preferential procurement, and supporting the business to generate revenue from new sources.
- 4) Specific projects include:
 - a) Data analytics on procurement spend and payables management.
 - b) Analysing the billing accuracy and validity.
 - c) Debt collection and recovery improvement – supported by an external service provider.
 - d) Completeness of lease agreements and related renewals.
 - e) Bad-debt write-offs for unrecoverable, prescribed, debts.

Outcome 2: Enhanced planning and coordination of economic development programmes and projects:

- 1) **Research and innovation:**

- a) To support informed decision making in line with key policies and strategies based on research and information from credible sources that are reliable and relevant.
- b) The focus of the NWDC/DEDECT combined research agenda is to conduct two (nine over the MTEF) studies up to the pre- feasibility stage of key economic development opportunities in the province. The output of the opportunity profiling is the proposal with the performance assessment criteria that can be used for the development of a feasibility study before developing a bankable business plan.
- c) At least 16 internal desktop studies will be conducted, and intelligence items distributed on an annual basis, including, the quarterly provincial economic data report, topical desktop studies and the dissemination of intelligence documents to support decision-making.

Outcome 6: A well-governed, agile, and high-performing organisation:

1) Operation unqualified audit:

- a) Continued attention will be given to improving the NWDC's audit outcome by monitoring the implementation of the post-audit action plan emanating from findings by the Auditor-General (AGSA) for the previous financial year. This will be done through monitoring at EXCO meetings, and submission of progress reports to the respective board committees on a quarterly basis.
- b) Enforce the utilisation of the electronic records management system, to safeguard the records, create a reliable audit trail, and for ease of retrieval.
- c) Strengthen policies, procedures and practises for improved compliance to the internal control environment, including regular assessment and verification of adequacy, efficiency and effectiveness reviews.
- d) Prioritise the valuation and verification of the investment properties asset register.
- e) Legislative compliance – Monitor and control compliance with the legislative prescripts register.
- f) Irregular expenditure – Reduce historical irregular expenditure, prevent occurrences on new irregular expenditure by ensuring compliance with Supply Chain Management (SCM) regulations and implementing consequence management.

2) Risk management: Risk management underpins the entity's governance arrangements. It is a fundamental component of the combined assurance framework that supports good governance by managing the requisite risk appetite level within the entity's capabilities. Implementation of the risk management framework aimed at improving the risk maturity of the entity will include interventions relating to:

- a) Promoting a risk management culture in the organisation.
- b) Identifying and assessing risks.
- c) Implementing an integrated risk management computerised system.

- d) Developing and monitoring the implementation of risk mitigation plans.
- 3) Generally, to continue improving the NWDC's risk management practice. Risk management underpins the entity's governance arrangements. It is a fundamental component of the combined assurance framework that supports good governance by managing the requisite risk appetite level within the entity's capabilities. Implementation of the risk management framework aimed at improving the risk maturity of the entity will include interventions relating to:
 - a) Promoting a risk management culture in the organisation.
 - b) Identifying and assessing risks.
 - c) Implementing an integrated risk management computerised system.
 - d) Developing and monitoring the implementation of risk mitigation plans.
 - e) Generally, to continue improving the NWDC's risk management practice.
- 3) **Fraud prevention:** To implement the following actions of the fraud prevention plan:
 - a) Review and update the anti-fraud and corruption strategy, fraud implementation plan and whistle blower's policy.
 - b) Identify and assess fraud risks and monitor the achievement of mitigation plans.
 - c) Conduct fraud awareness campaigns and training and disseminate information on awareness of and preventing fraud.
 - d) Develop the NWDC's Code of Ethics and Business Conduct manual, containing a set of values that management believes in and requires their staff to adhere to.
- 4) **ICT governance framework implementation:**
 - a) This includes the appointment of an ICT manager; approval of the ICT charter; ICT risk management, internal audit, business continuity, disaster recovery, and cyber security plans.
 - b) Continual development and improvement of the MRI system.
- 5) **Human resources management:**
 - a) Organisational design and development: Review the organisational structure in alignment with the new strategic plan, identify and capacitate the critical positions.
 - b) Performance management: Review the performance management framework through the adoption of a balanced scorecard methodology; ensure linkages are established to effectively cascade the performance information down the hierarchy; and implement consequence management for non-compliance with the timeframes of the annual performance management cycle.

6) Marketing and communication:

- a) Customer satisfaction: conduct survey in 4th quarter of the financial year, measuring reputation and overall customer experience, and provide recommendations for improvements/interventions to improve service delivery.
- b) Brand and awareness: campaigns, key events, community engagements in terms of stakeholder management plans to strengthen the association of NWDC's brand with mandate.
- c) Stakeholder engagement – stakeholder engagement remains one of the key pillars of the efforts underpinning communication efforts and is implemented through full use of social media channels and traditional methods.

PRIORITIES RELATED TO WOMEN, YOUTH AND PEOPLE WITH DISABILITIES:

- Biased procurement process towards promoting participation of companies owned by women, youth and persons with disabilities in line with the targets set by MTSF 2019-2024.
- Percentage procurement spend of provincial government ring-fenced through the NWDC to provide necessary market share to promote participation by SMMEs, specifically, women, youth, and persons with disabilities owned companies.

3.1.5. PROGRAMME RESOURCE CONSIDERATIONS

R' Thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-Term Estimates		
	2019/20	2020/21	2021/22	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26
Programme 1: Administration									
Office of the CEO	Included in Corporate Services		7 442 000	9 875 000	9 875 000	9 875 000	10 349 000	10 349 000	10 349 000
Financial Management	27 543 000	18 661 000	27 517 000	30 918 000	30 918 000	30 918 000	30 918 000	30 918 000	30 918 000
Corporate Services	47 390 000	39 369 000	39 612 000	43 505 000	43 505 000	43 572 000	43 572 000	43 572 000	43 572 000
TOTAL Payments and Estimates	74 933 000	58 030 000	74 571 000	84 298 000	84 298 000	84 839 000	84 839 000	84 839 000	84 839 000

3.2. PROGRAMME 2: PROPERTY DEVELOPMENT AND MANAGEMENT

3.2.1. PROGRAMME 2: PURPOSE

In support of the NWDC mandate, vision and mission, the Programme aims to:

- **Transform the NWDC's investment property portfolio into a well-managed, sustainable, and competitive asset-base, as a driver of socio-economic development in an environmentally sustainable manner. This will be achieved by rationalising, transforming, and investing for growth in the property portfolio.**

Towards the NWDC impact of: ***"Sustainable and inclusive economic growth and transformation, that creates wealth and facilitates job creation where people in the province live,"*** the Programme directly contributes to the following outcomes through its key result areas:

Outcome 1: A financially viable and sustainable organisation

- To rationalise, refurbish, and optimise the NWDC property asset base.
- To improve revenue generation and income collection from the property portfolio.
- To implement the bad debts write-off policy for unrecoverable debts.
- To implement cost-containment and efficiency improvement measures.
- To engage with government to secure support and funding.
- To facilitate private sector investment in the property portfolio.

Outcome 5: A well-managed and competitive property portfolio

Development and implementation of a property optimisation strategy, including:

- To improve the condition quality of the property portfolio, and the m² available to let.
- To build a pipeline of property developments and optimise lifecycle asset management.
- To implement alternative energy and efficiency improvement property solutions.
- To intensify maintenance in order to retain current and attract new tenants.
- To improve tenant satisfaction.
- To provide quality, affordable premises for SMMEs and co-operatives.

The 2023/24 performance plan of the Programme is reflected in the log frame tables below. The outputs and performance targets have been set based the current situation and phased implementation of the organisational turnaround incorporated in the five-year Strategic Plan for 2023-2028.

3.2.2. PROGRAMME 2: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Outcome 1: A financially viable and sustainable organisation	CP1.1. Return on property assets managed	CP1.1.1. Rand value of rental income collected	R140.53 million	R134.39 million	R132.58 million	R107.65 million	R115 million	R135 million	R145 million
		CP1.1.2. Number of non-productive properties disposed of	NOI	NOI	NOI	NOI	46	Target to be established by the conditional assessments conducted in the 2023/24 financial year	Target to be established by the conditional assessments conducted in the 2023/24 financial year
Outcome 5: A well-managed and competitive property portfolio	CP5.1. Occupancy managed	CP5.1.1. Percentage occupancy on available lettable property spaces	70%	68%	NOI	75%	75%	80%	85%
	CP5.2. property portfolio optimised	CP5.2.1. Percentage of property portfolio with comprehensive conditional assessments conducted	NOI	NOI	NOI	1 conditional assessment of the property portfolio performed	100%	Implementation of the business cases of the conditional assessments conducted	Implementation of the business cases of the conditional assessments conducted
	CP5.3. Recoveries managed	CP5.3.1. Number of property developments with smart meters installed	NOI	NOI	NOI	NOI	4	6	8

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	CP5.4. Alternative energy solutions implemented	CP5.4.1. Number of property developments with electromagnetic power generators installed	NOI	NOI	NOI	NOI	4	6	8

3.2.3. PROGRAMME 2: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTPUT INDICATOR	ANNUAL TARGET 2023/24	QUARTERLY TARGETS			
		Q1 APR - JUN 2023	Q2 JUL - SEP 2023	Q3 OCT - DEC 2023	Q4 JAN - MAR 2024
CP1.1.1. Rand value of rental income collected	R115 million	R28.75 million	R28.75 million	R28.75 million	R28.75 million
CP1.1.2. Number of non-productive properties disposed of	46	No target	No target	No target	46
CP5.1.1. Percentage occupancy on available lettable property spaces	75%	75%	75%	75%	75%
CP5.2.1. Percentage of property portfolio with comprehensive conditional assessments conducted	100%	25%	50%	75%	100%
CP5.3.1. Number of property developments with smart meters installed	4	1	1	1	1
CP5.4.1. Number of property developments with electromagnetic power generators installed	4	1	1	1	1

3.2.4. PROGRAMME 2: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

Programme 2 – Property Development and Management – is the key driver of the turnaround of the NWDC owing to property rental being the main revenue stream of the entity. Corporate Plan 2023/2024 is the first year of the Strategic Plan for 2023-2028, focused on Phase 1 of the business model for organisational turnaround – getting the basics right and building the core. There is therefore urgency in the need to address the critical issues identified in the situational analysis and begin to build a sound property portfolio based on good practice lifecycle asset management – acquisition ⇒ redevelopment/development ⇒ operations and maintenance ⇒ disposal.

The outputs of the Property Development and Management Programme for the 2023/24 financial year are focused on:

- Increasing rental income in a challenging environment still bearing the effects of the COVID-19 pandemic on business closures and unemployment, and loadshedding negatively affecting occupancy rates.
- Implementing the board-approved non-productive residential properties disposal plan.
- Increasing occupancy rates, in under-maintained properties and where tenants are being lost to regions, such as Rosslyn, which are exempt from loadshedding.
- Conducting conditional assets and developing business cases for property optimisation; and
- Implementing solutions to increase recoveries, reduce costs and counter the effects of loadshedding.

Planned performance in relation to the outcomes of the Strategic Plan for 2023-2028 and Phase 1 of the Turnaround Plan is detailed below:

Outcome 1: A financially viable and sustainable organisation:

- 1) Continue with debt collection efforts through the appointed service provider and motivate for the writing off of debts that are prescribed and unrecoverable.
- 2) Review the administration of the property portfolio, including lease agreements, the profit and loss of each property, and the rental rates (market-related).
- 3) A percentage of the rental income budget will be ringfenced to undertake routine maintenance of properties occupied by key strategic tenants – this will improve revenue collection.
- 4) Implement the board approved non-productive property assets disposal plan by ensuring the PFMA Section 54 processes are followed, and the quarterly milestones are achieved. By the end of the financial year the property transfers are planned to be underway, providing much needed funding for property rehabilitation in the next financial year.
- 5) Continue with the assessments of the property asset registers to improve their completeness and accuracy and to ensure the correct information is input into the MRI system. This will assist with correct billing and address the negative audit findings on the asset register.

- 6) Fraud with regards to rental payments will continue to be investigated, and tighter monitoring and control exerted over the property portfolio.

Outcome 5: A well-managed and competitive property portfolio

- 1) Solicit funding and support from DEDECT, through NWDC's Research and Innovation Unit, to develop a property optimisation strategy, which will guide NWDC's intent to adopt a lifecycle asset management approach to property portfolio management.
- 2) Conduct comprehensive conditional assessments on the full property portfolio. The conditional assessments will include business cases for decisions on how to optimise the portfolio through disposals; private sector investment in key strategic properties; and restorations of vandalised properties to improve occupancy rates.
- 3) Implement a proactive management strategy to improve the administration and payments of utility accounts. This could involve establishing clear communication channels with inter-governmental agencies such as Eskom to resolve any outstanding issues and prevent disconnections before they occur. By taking a proactive approach, the management team can free up valuable time and resources to focus on achieving the NWDC's strategic intent.
- 4) Implement a methodology and approach for managing utility accounts as a collective rather than focusing solely on individual tenants. This would mitigate the time spent on managing individual disconnections and could help mitigate the impact of defaulting tenants on the supply of basic services to a larger group of tenants.
- 5) Recovery rates will be improved through the installation of smart meters at four properties in the 2023/24 financial year. The intention, budget permitting, to increase the number of smart meter installations each year over the MTEF.
- 6) The installation of electromagnetic generators at four of the properties will provide both an economic benefit as the generators have little to no operational cost while providing 24/7 power supply to the buildings, thus eliminating the effects of loadshedding.

Key enablers:

- 1) A fully functional MRI system, with complete, accurate and valid data.
- 2) Request for capitalisation from the Shareholder and ISA to perform renovations and improve the commercial viability of the property portfolio, as well as for the capital that would be required to engage in public/private partnerships (PPPs) for identified property developments.
- 3) As the NWDC lacks the funding, in cooperation with South African Revenue Services, the NWDC would like to be able to offer direct tax rebate or credit options to tenants who are willing to execute the required renovation and maintenance required on some of the properties owned by the corporation.

3.2.5 PROGRAMME RESOURCE CONSIDERATIONS

R Thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-Term Estimates		
	2019/20	2020/21	2021/22	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26
Programme 2: Property Development and Management	90 403 000	109 870 000	121 422 000	110 688 000	110 688 000	110 688 000	116 002 000	121 571 000	121 571 000
TOTAL Payments and Estimates	90 403 000	109 870 000	121 422 000	110 688 000	110 688 000	110 688 000	116 002 000	121 571 000	121 571 000

3.3. PROGRAMME 3: SMALL, MEDIUM, AND MICRO ENTERPRISE DEVELOPMENT AND MANAGEMENT

3.3.1. PROGRAMME 3: PURPOSE

In support of the NWDC mandate, vision and mission, the Programme aims to:

- **Support the development of sustainable and competitive SMMEs, thus, to contribute to the economic growth and transformation of the province and to generate revenue and returns for the NWDC through the provision of financial and non-financial support services to small enterprises.**

Towards the NWDC impact of: ***“Sustainable and inclusive economic growth and transformation, which creates wealth and facilitates job creation where people in the province live”***, the Programme directly contributes to the following outcomes through its key result areas:

Outcome 4: Increased growth and competitiveness of small enterprises in priority sector industries

- To improve the efficiency of loan origination and investment management processes.
- To implement a targeted entrepreneurship development programme aimed at start-ups in priority sector industries.
- To provide developmental finance support to North West province enterprises on a matching basis with other DFIs.
- To provide non-financial business support for the investment management cycle, to improve survival and growth rates, and to secure NWDC's investment.
- To administer and leverage financial incentives / grants.
- To track, monitor and evaluate the impact of support provided to enterprises.

The 2023/24 performance plan of the Programme is reflected in the log frame tables below. The outputs and performance targets have been set based the current situation and phased implementation of the organisational turnaround incorporated in the five-year Strategic Plan for 2023-2028.

3.3.2. PROGRAMME 3: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Outcome 4: Increased growth and competitiveness of small enterprises in priority sector industries	CP4.1. SMMEs provided with financial support	CP4.1.1. Number of SMMEs provided with financial support	NOI	NOI	NOI	10	20	30	40
	CP4.2. SMMEs provided with non-financial support	CP4.2.1. Number of SMMEs provided with non-financial support	NOI	NOI	NOI	600	650	700	800
	CP4.3. Funding mobilised for SMME projects <i>(Secured for next year's projects)</i>	CP4.3.1. Rand value of funding mobilised for SMME projects	NOI	NOI	NOI	NOI	R8 million	R10 million	R20 million
	CP4.4. Mobilised funding spent on SMME projects <i>(Secured in the previous year)</i>	CP4.4.1. Rand value of mobilised funding spent on SMME projects	NOI	NOI	NOI	NOI	R22.4 million	R25 million	R30 million
	CP4.5. Jobs created by supported SMMEs and co-operatives	CP4.5.1. Number of jobs created by supported SMMEs and co-operatives	NOI	NOI	NOI	NOI	50	100	150

3.3.3. PROGRAMME 3: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTPUT INDICATOR	ANNUAL TARGET 2023/24	QUARTERLY TARGETS			
		Q1 APR - JUN 2023	Q2 JUL - SEP 2023	Q3 OCT - DEC 2023	Q4 JAN - MAR 2024
CP4.1.1. Number of SMMEs provided with financial support	20	3	5	6	6
CP4.2.1. Number of SMMEs provided with non-financial support	650	50	150	200	250
CP4.3.1. Rand value of funding mobilised for SMME projects	R8 million	-	-	-	R8m (for next year's projects)
CP4.4.1. Rand value of mobilised funding spent on SMME projects	R22.4 million	R2m	R5m	R5m	R10.4m
CP4.5.1. Number of jobs created by supported SMMEs and co-operatives	50	0	10	20	20

3.3.4. PROGRAMME 3: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

Programme 3 – SMME Development and Management – is tasked with implementing the wealth and job creation mandate of the NWDC in relation to the development of sustainable SMMEs. The function is largely unfunded and is limited to the provision of bridging finance for SMMEs that have secured contracts and non-financial support services such as business counselling, mentoring and registrations.

Mobilising funds for SMME projects from strategic partners have become a priority and a key focus area of Phase 1 of the business model for organisational turnaround – getting the basics right and building the core. In terms of the Turnaround Plan, the Programme needs to direct its efforts at capital raising and revenue generation. Over the longer-term, the development finance function needs to be self-sustainable – it, however, requires capitalisation of the loan book or, at minimum, ringfencing of funding for the lending service to allow it to grow and become a sustainable service.

The outputs of the SMME Development and Management Programme for the 2023/24 financial year are focused on:

- Increasing the number of SMMEs supported with bridging finance.
- Increasing the number of SMMEs provided with non-financial support in the form of CIPC registrations, annual returns and business counselling.
- Mobilising and securing funds from the DSBD, other development agencies and the private sector for implementation of SMME projects in the next year.
- Disbursing funds that were secured in the previous year for SMME projects.
- Increasing the number of jobs created by supported SMMEs.

Planned performance in relation to the outcomes of the Strategic Plan for 2023-2028 and Phase 1 of the Turnaround Plan is detailed below:

Outcome 4: Increased growth and competitiveness of small enterprises in priority sector industries:

- 1) To only fund SMMEs where cession agreements have been concluded with the contracting party. This will ensure the 100% collection rate on the bridging finance facility is maintained, thus allowing for growth of the revolving facility, if ringfenced.
- 2) The following SMME projects will be implemented through disbursement of the R22.4 million secured in the previous financial year:

a) Trades Market: R16 million

The service level agreement with DEDECT and the DSBD was concluded. The fund will be transferred to NWDC as per the milestones.

b) Enterprise Support Centres (ESC): R2 million

Maintenance of the ESC (including payment of wages, leases utilities and critical maintenance)

c) **Bakeries Support Programme: R3.3 million**

DEDECT and NWDC Bakeries Revitalisation Project.

d) **Online Market Platform: R1.1 million**

Key enablers:

- 1) Review policies, procedures and guidelines related to the SMME development and support operating and funding model:
 - a) Consider ring-fencing of the budget for direct lending and other mechanisms to build the sustainability of the programme in line with the PFMA Schedule 3D listing of the entity.
 - b) Explore innovation in supporting SMMEs through preferential buying mechanisms, securing off-take agreements through government procurement, and the establishment of a Risk Capital Fund for funding small and medium-sized enterprise project development costs and business finance through co-financing with other DFIs.
- 2) Train staff adequately and implement continuous capacity building measures, for example, affiliation to industry bodies, attending workshops, seminars and conferences addressing the sector.
- 3) Introduce an electronic system that is efficient in screening and vetting – online loan application system and an online business consultation system.
- 4) Implement an ICT system to track the survival rates and jobs created by supported SMMEs.
- 5) Investigate the opportunity for establishing an online fund matching portal to match SMMEs seeking funding with appropriate financial institutions.

Priorities relating to women, youth, and persons with disabilities.

Legislation dictates that these groups need to be prioritised. While a dedicated enterprise development fund is required to address these targeted groups, the NWDC will seek to ensure their inclusion in SMME support and development projects.

3.3.5. PROGRAMME 3: PROGRAMME RESOURCE CONSIDERATIONS

R THOUSAND	OUTCOME			MAIN APPROPRIATION	ADJUSTED APPROPRIATION	REVISED ESTIMATE	MEDIUM-TERM ESTIMATES		
	2019/20	2020/21	2021/22	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26
Programme 3: SMME Development and Management	6 940 000	7 187 000	4 733 000	4 455 000	4 455 000	4 455 000	4 455 000	4 455 000	4 455 000

3.4. PROGRAMME 4: TRADE AND INVESTMENT FACILITATION

3.4.1. PROGRAMME 4: PURPOSE

In support of the NWDC mandate, vision and mission, the Programme aims to:

- **Attract foreign and local direct investments into the North West province, promote exports and facilitate market access for local businesses.**
- **Originate and deliver funded economic and infrastructure development projects on behalf of government for revenue generation.**

Towards the NWDC impact of: ***“Sustainable and inclusive economic growth and transformation, which creates wealth and facilitates job creation where people in the province live”***, the Programme directly contributes to the following outcomes through its key result areas:

Outcome 2: Enhanced planning and coordination of economic development programmes and projects

- To prioritise sectors and industries that stand to better transform the structure of the economy – precision planning and facilitation of economic development projects in support of provincial strategies.
- To assist DEDECT to achieve greater economic coordination and implementation of sector development strategies.
- To ensure project identification and planning process efficiencies.
- To design and deliver project management services to government.

Outcome 3: Increased investment in priority economic sectors, and diversification of exports and trade

- To implement a coordinated Trade, Investment, and Innovation Strategy (aligned to provincial investment, export, manufacturing, and renewable energy strategies).
- To support North West enterprises to access export opportunities.
- To facilitate access to markets for North West enterprises.
- To analyse export opportunities and support North West enterprises to access the export opportunities.
- To facilitate access to markets for North West enterprises.

The 2023/24 performance plan of the Programme is reflected in the log frame tables below. The outputs and performance targets have been set based the current situation and phased implementation of the organisational turnaround incorporated in the five-year strategic plan.

3.4.2. PROGRAMME 4: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Outcome 2: Enhanced planning and coordination of economic development programmes and projects	CP2.2. Economic development coordination and project planning	CP2.2.1. Number of high-impact projects for NWDC to participate in assessed for pre-feasibility	NOI	NOI	NOI	NOI	1	2	3
Outcome 3: Increased investment in priority economic sectors, and diversification of exports and trade	CP3.1. Investment facilitation	CP3.1.1. Rand value of investment facilitated into the North West province	R30.4 million	NOI	R33.46million	R200 million	R250 million	R500 million	R800 million
		CP3.1.2. Number of electricity crisis response investments facilitated into the North West province	NOI	NOI	NOI	NOI	1	3	5
		CP3.1.3. Number of investment summits (mining) held to promote provincial opportunities	NOI	NOI	NOI	1	1	1	1
		CP3.1.4. Number of jobs created through facilitated investments	NOI	NOI	123	300	500	700	730
		CP3.2.1. Number of companies assisted	NOI	NOI	10	15	20	25	30

North West Development Corporation: Corporate Plan for 2023-2024

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	CP3.2. Trade and export promotion	with access to export markets							
		CP3.2.2. Number of trade and investment initiatives implemented with municipalities in each of the 4 districts	4	2	NOI	4	4	4	4
		CP3.2.3. Number of companies taken through export development	NOI	NOI	NOI	20	25	30	35

3.4.3. PROGRAMME 4: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTPUT INDICATOR	ANNUAL TARGET 2023/24	QUARTERLY TARGETS			
		Q1 APR - JUN 2023	Q2 JUL - SEP 2023	Q3 OCT - DEC 2023	Q4 JAN - MAR 2024
CP2.2.1. Number of high-impact projects for NWDC to participate in assessed for pre-feasibility	1	0	0	1	1
CP3.1.1. Rand value of investment facilitated into the North West province	R250 million	0 (Develop identified opportunities to bankability)	0 (Package opportunities for investment promotion)	R50 million	R200 million
CP3.1.2. Number of electricity crisis response investments facilitated into the North West province	1	0	0	1	1
CP3.1.3. Number of investment summits (mining) held to promote provincial opportunities	1	0	0	1	0
CP3.1.4. Number of jobs created through facilitated investments	500	0	0	100	400
CP3.2.1. Number of companies assisted with access to export markets	20	0	10	0	10
CP3.2.2. Number of trade and investment initiatives implemented with municipalities in each of the 4 districts	4	1	1	1	1
CP3.2.3. Number of companies taken through export development	25	0	0	25	0

3.4.4. PROGRAMME 4: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

Programme 4 – Trade and Investment – is tasked with implementing the NWDC's mandate of stimulating economic development in the province by attracting foreign and local direct investments into the North West province, promoting exports, and facilitating market access for local businesses. A further function is to originate and deliver economic and infrastructure development projects to stimulate the economy and contribute to job creation, while generating revenue for the NWDC.

Building a pipeline of bankable investment projects and soliciting funds for project development and implementation is an important result area of Phase 1 of the business model for organisational turnaround – getting the basics right and building the core.

In terms of the Turnaround Plan, the Programme needs to be adequately funded by the annual MTEF allocation while seeking opportunities to raise capital through participation in investment projects and generating revenue through the implementation of projects on behalf of 3rd parties.

The outputs of the Trade and Investment Programme for the 2023/24 financial year are focused on:

- Assessing the feasibility of at least one high impact, priority sector, project for the NWDC to participate through a risk capital or PPP arrangement.
- Responding to the energy crisis – hosting of the solar
- Developing identified economic development opportunities to bankability and packaging the bankable projects for investment promotion.
- Hosting of an investment summit (mining) to promote the provincial investment opportunities.
- Facilitating outbound and inbound trade and investment missions.
- Linking companies to new local and external markets.
- Running joint trade and investment initiatives with district municipalities.

Planned performance in relation to the outcomes of the Strategic Plan and Phase 1 of the Turnaround Plan is detailed below:

Outcome 2: Enhanced planning and coordination of economic development programmes and projects

- Participate in proof of concept through funding by the province of pre-feasibility to feasibility studies, for example, green hydrogen renewable energy projects, agribusiness, Flouspar mining and beneficiation, and Smart City development.
- Solicit seed funding from the province for the NWDC to participate in bankable, high impact, projects that target sectors prioritised by the province and feed into the Country's Investment Strategy, including but not limited to, renewable energy, manufacturing and mining.

- Solicit projects from government departments and agencies for the NWDC to implement for a management fee, thus providing the entity with an additional revenue source and the opportunity to build its project management capabilities.
- Response to National Energy Crisis: Load shedding is the single biggest constraint on South Africa's economic growth and the NWP is not spared. NWDC is formulating a response plan which among other things seek to:
 - a) Enable and accelerate private investment in generation capacity.
 - b) Unleash businesses and households to invest in rooftop solar.
 - c) Bounce-back scheme to help small businesses invest in solar equipment.
 - d) Allow private investors to generate electricity.

Outcome 3: Increased investment in priority economic sectors, and diversification of exports and trade

- a) Implementation of the investment project pipeline (*refer to Annexure F*) – Facilitate investor targeting and promote the pipeline to both local and international investors.
- b) Facilitate specific high impact projects including but not limited to PPP funding models. Provincial seed funding is key to unlocking these investments:
 - Bakubung proposed R3.2 billion smart city is a catalytic mega project adjacent to the Sun City Resort Corridor.
 - Taolelo Tawana Memorial Hospital has been licensed to develop a R1.4 billion 83 bed private hospital in the outskirts of Mahikeng.
 - Matsinyane Mining Projects seeks R250 million investment to fully execute the contract and become one of the local emerging players in this sector.
 - Royal Bafokeng Platinum PPE establishing a R150 million fully-fledged operation to manufacture PPE in the North West province.
 - Ulusoy Africa (Pty) Ltd needs R58 million additional funding to set up an abattoir.
 - Lengau Foods (Pty) Ltd seeks R45 million investment to produce maize meal, Market, sell and distribute maize products in different sectors in the FMCG industry.

Key enablers:

- Provincial seed funding is needed to unlock key opportunities in the province and attract external investor funding.
- Additional capacity in agribusiness, energy, mining and beneficiation to handle investment in those priority areas.
- The North West province to actively support new black industrialists in line with national imperatives.

- An operational budget of approximately R9 million is required to fully implement the trade and investment, and economic development programme mandate:
 - Inward buying and outward selling investment missions – R2 million.
 - Processing of opportunities to feasibility stage – R2.5 million.
 - Assisting companies to access export markets – R1 million.
 - Trade and investment initiatives with municipalities – R500 000.
 - Taking companies through export development – R120 000.
 - Hosting of the provincial investment conference – R2 million.
 - Establishing a One-Stop-Shop Investment Centre with the dtic – R600 000.

3.4.5. PROGRAMME 4: RESOURCE CONSIDERATIONS

R THOUSAND	OUTCOME			MAIN APPROPRIATION	ADJUSTED APPROPRIATION	REVISED ESTIMATE	MEDIUM-TERM ESTIMATES		
	2019/20	2020/21	2021/22	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26
Programme 4: Trade and Investment Facilitation	4 585 000	2 197 000	2 653 000	4 648 000	4 648 000	4 648 000	4 872 000	5 106 000	5 106 000
TOTAL Payments and Estimates	4 585 000	2 197 000	2 653 000	4 648 000	4 648 000	4 648 000	4 872 000	5 106 000	5 106 000

The Programme has a budget allocation of R4.87 billion for the 2023/24 financial year, which is approximately R4 million short of what is required to fully achieve the outputs of the Corporate Plan 2023/2024. Support from the Shareholder, as well as sourcing projects for revenue generation will be pursued to ensure the programme is able to achieve the outcomes of the five-year Strategic Plan for 2023-2028.

3.5. SUBSIDIARY: BOJANALA SPECIAL ECONOMIC ZONE

3.5.1. SUBSIDIARY PURPOSE

In support of the NWDC mandate, vision and mission, the Subsidiary aims to:

- **Transform the Bojanala Region into a globally competitive industrial hub characterised by increasing foreign and domestic direct investment, value-added exports, a culture of entrepreneurship and innovation, and sustainable jobs**

Towards the NWDC impact of: ***“Sustainable and inclusive economic growth and transformation, which creates wealth and facilitates job creation where people in the province live”***, the Bojanala SEZ directly contributes to the following outcomes through its key result areas:

Outcome 3: Increased investment in priority economic sectors, and diversification of exports and trade

- To secure the SEZ designation and license, and infrastructure funding.
- To implement the infrastructure master plan.
- To operationalise the investment project pipeline.
- To establish investor-friendly operations.
- Ongoing investment promotion and attraction.

Outcome 4: Increased growth and competitiveness of small enterprises in priority sectors

- To implement preferential procurement set asides for formal SMMEs.

The 2023/24 performance plan of the Programme is reflected in the log frame tables below. The outputs and performance targets have been set based the current situation and phased implementation of the organisational turnaround incorporated in the five-year strategic plan.

3.5.2. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, AND ANNUAL TARGETS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22		2023/24	2024/25	2025/26
Outcome 3: Increased investment in priority economic sectors, and diversification of exports and trade	CP3.1. Investments facilitated	CP3.1.1. Rand value of investment facilitated into the SEZ.		NOI	New indicator	R6.1 billion	R3 billion	R3 billion	R3 billion
	CP3.2. Investments operationalised	CP3.2.1. Rand value of investment pipeline translated into operational investments	NOI	NOI	NOI	New indicator	R500 million	R1, 5 million	R2 billion
	CP3.3. Infrastructure developed	CP3.3.1. Rand value of infrastructure-build programme implemented	NOI	NOI	NOI	New indicator	R450 million	R500 million	R460 million
	CP3.4. Jobs created	CP3.4.1. Number of jobs created through investments facilitated	NOI	NOI	NOI	New indicator	200 jobs	600 jobs	620 jobs
		CP3.4.2. Number of jobs created through the infrastructure-build programme	NOI	NOI	NOI	New indicator	1 800 jobs	1 800 jobs	1 800 jobs

North West Development Corporation: Corporate Plan for 2023-2024

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Outcome 4: Increased growth and competitiveness of small enterprises in priority sector industries	CP4.1. SMMEs supported	CP3.4.1. Percentage infrastructure procurement spend on SMMEs	NOI	NOI	NOI	New indicator	30%	30%	30%

3.5.3. OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

OUTPUT INDICATOR	ANNUAL TARGET 2023/24	QUARTERLY TARGETS			
		Q1 APR - JUN 2023	Q2 JUL - SEP 2023	Q3 OCT - DEC 2023	Q4 JAN - MAR 2024
CP3.1.1. Rand value of investment facilitated into the SEZ.	R3 billion	R250 million	R250 million	R1.250 billion	R1.250 billion
CP3.2.1. Rand value of investment pipeline translated into operational investments	R500 million	R0	R100 million	R100 million	R300 million
CP3.3.1. Rand value of infrastructure-build programme implemented	R450 million	R0	R100 million	R150 million	R200 million
CP3.4.1. Number of jobs created through investments facilitated	200 jobs	0	50 jobs	50 jobs	100 jobs
CP3.4.2. Number of jobs created through the infrastructure-build programme	1 800 jobs	0	500 jobs	600 jobs	700 jobs
CP3.4.1. Percentage infrastructure procurement spend on SMMEs	30%	30%	30%	30%	30%

3.5.4. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The Bojanala SEZ will operate as a subsidiary of the NWDC as from 1 April 2023. It is game changer for the province and for the turnaround of the NWDC, with the potential to make a meaningful impact on reversing the decades of deindustrialisation and non-mining economic decline in the province.

Planned performance in relation to the outcomes of the Group Strategic Plan and Phase 1 of the Turnaround Plan is detailed below:

Outcome 3: Increased investment in priority economic sectors, and diversification of exports and trade

- 1) **Infrastructure development:** Implement the SEZ Infrastructure Master Plan in order to build a world-class industrial facility and industrial ecosystem in the region, and to create a conducive environment for investments.
- 2) **Investments:** Increase the value of FDI and DDI in the SEZ to a minimum of R15 billion, and International Marketing Programme.
- 3) **Investments:** To date, a total value of R6, 1 billion in investment has been pledged into the SEZ. The next task is to ensure that these commitments are translated into actual operational investment projects within the SEZ.
- 4) **Jobs:** The SEZ Infrastructure Master Plan has identified a total of 39 infrastructure projects which will create at least 7 500 jobs. In addition, the pledged investments in the SEZ will create an additional direct 2 220 jobs once operational. The indirect jobs arising out of all these are expected to be around 30 000.
- 5) **Develop business cases for high impact projects:** PGMs Innovation Centre, Bojanala Inland Port, renewable energy plant and energy storage plant to strengthen industrial ecosystem of the region. These projects have been identified as part of a broader support system for the SEZ and are intended to boost the sustainability of the SEZ over the long term.

Outcome 4: Increased growth and competitiveness of small enterprises in priority sectors

- 30% of the procurement on the infrastructure build programme will be set aside for formal small and medium enterprises with CIDB grading of 7 and above.

Key enablers:

- Adequate funding for SEZ OPEX and CAPEX, supported with good governance practices.
- Attraction and retention of talent and technical know-how.
- Industrial policy supported by relevant tax, financial and non-financial incentives.

Priorities relating to women, youth, and persons with disabilities.

- Disaggregation of procurement spend in line with the MTSF 2019-2024 targets.

3.5.5. PROGRAMME RESOURCE CONSIDERATIONS

R THOUSAND	OUTCOME			MAIN APPROPRIATION	ADJUSTED APPROPRIATION	REVISED ESTIMATE	MEDIUM-TERM ESTIMATES		
	2019/20	2020/21	2021/22	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26
Subsidiary: Bojanala Special Economic Zone (SEZ)	4 335 000	2 576 000	31 500 000	41 400 000	41 400 000	41 400 000	49 900 000	49 900 000	49 900 000
TOTAL Payments and Estimates	4 335 000	2 576 000	31 500 000	41 400 000	41 400 000	41 400 000	49 900 000	49 900 000	49 900 000

4. FINANCIAL PLAN FOR 2023/24 AND THE MEDIUM-TERM EXPENDITURE FRAMEWORK

4.1. PROJECTED BALANCE SHEET FOR 2023/24 – 2025/26

The balance sheet of the NWDC and its subsidiaries provides a picture of the financial health of the organisation at a given time. The year-end balance sheet is a snapshot of the position of the organisation at the end of each financial year, estimated for the 2022/23 financial year and projected for the 2023/24 financial year and the MTEF.

Table 15: North West Development Corporation Forecast Balance Sheet for Financial Year's 2023/24 to 2025/26

Balance sheet	2022/23			2023/24	2024/25	2025/26
R000'	Budget	Adjusted budget	Revised estimate	Medium term estimates		
Assets						
Current Assets						
Receivables from exchange transactions	40,351.50	40,351.50	40,351.50	42,369.08	44,487.53	46,711.91
VAT receivable	1,407.00	1,407.00	1,407.00	1,477.35	1,551.22	1,628.78
Cash and cash equivalents	25,000.00	25,000.00	25,000.00	26,250.00	27,562.50	28,940.63
Non-Current Assets						
Investment property	1,701,031.50	1,701,031.50	1,701,031.50	1,400,000.00	1,470,000.00	1,543,500.00
Property, plant and equipment	261,932.10	261,932.10	261,932.10	130,966.05	137,514.35	144,390.07
Total Assets	2,029,722.10	2,029,722.10	2,029,722.10	1,601,062.48	1,681,115.60	1,765,171.38
Liabilities						
Current Liabilities						
Other financial liabilities	30,217.00	30,217.00	30,217.00	-	-	-
Payables from exchange transactions	170,364.00	170,364.00	170,364.00	178,882.20	187,826.31	197,217.63
VAT payable	3,000.00	3,000.00	3,000.00	3,150.00	3,307.50	3,472.88
Non-Current Liabilities						
Other financial liabilities	24,746.00	24,746.00	24,746.00	-	-	-
Employee benefit obligation	11,209.80	11,209.80	11,209.80	11,770.29	12,358.80	12,976.74
Deferred tax	65,648.68	65,648.68	65,648.68	54,030.83	56,732.37	59,568.99
Provisions	40,305.44	40,305.44	40,305.44	42,320.71	44,436.75	46,658.58
Government projects	33,000.00	33,000.00	33,000.00	30,000.00	15,000.00	-
Total Liabilities	378,490.92	378,490.92	378,490.92	320,154.03	319,661.74	319,894.82
Net Assets	1,651,231.18	1,651,231.18	1,651,231.18	1,280,908.44	1,361,453.86	1,445,276.56
Share capital	303,854.00	303,854.00	303,854.00	319,046.70	334,999.04	351,748.99
Reserves						
Revaluation reserve	377,083.35	377,083.35	377,083.35	197,968.76	207,867.20	218,260.56
Accumulated surplus	970,293.83	970,293.83	970,293.83	763,892.98	818,587.63	875,267.01
Total Equity and Reserves	1,651,231.18	1,651,231.18	1,651,231.18	1,280,908.44	1,361,453.86	1,445,276.56

Notes:

- 1) Current assets are projected to increase at CPI over the MTEF.
- 2) Investment property disposals, combined with fair value adjustments, is projected to reduce the asset value of properties by R300 million in the 2023/24 financial year, after which it is forecast to increase on an annual basis, pending further decisions on asset disposals.

- 3) Non-strategic infrastructure disposals, combined with depreciations and valuations, is projected to realise a reduction in the property, plant and equipment asset value by approximately 50%, to R 130.9 million, in the 2023/24 financial year.
- 4) The changes in projected liabilities are affected by the above realisation of property and infrastructure asset disposals.

4.2. PROJECTED INCOME STATEMENT FOR 2023/24 – 2025/26

The summary of estimated financial performance over the 2023/24 MTEF is shown in the table below.

Table 16: North West Development Corporation Forecast Financial Performance for Financial Year's 2023/24 to 2025/26

Forecast financial performance R000'	2022/23			2023/24	2024/25	2025/26
Revenue	Budget	Adjusted budget	Revised estimate	Medium term estimates		
Revenue from exchange transactions						
Rental of facilities and equipment	139,215.30	139,215.30	139,215.30	146,176.07	153,484.87	161,159.11
Interest received (trading)	23,280.60	23,280.60	23,280.60	24,444.63	25,666.86	26,950.20
Rental income	355.95	355.95	355.95	373.75	392.43	412.06
Sundry income	4,578.00	4,578.00	4,578.00	4,806.90	5,047.25	5,299.61
Interest received - investment	7,308.00	7,308.00	7,308.00	7,673.40	8,057.07	8,459.92
Fair value adjustments	81,001.50	81,001.50	81,001.50	85,051.58	70,000.00	73,500.00
Actuarial gains	709.80	709.80	709.80	745.29	782.55	821.68
Total revenue from exchange transactions	256,449.15	256,449.15	256,449.15	269,271.61	263,431.03	276,602.59
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	67,117.00	67,117.00	67,117.00	67,117.00	67,117.00	67,117.00
Total revenue	323,566.15	323,566.15	323,566.15	336,388.61	330,548.03	343,719.59
Expenditure						
Employee related costs	91,293.30	91,293.30	91,293.30	95,857.97	95,857.97	95,857.97
Depreciation and amortisation	24,370.50	24,370.50	24,370.50	25,589.03	26,868.48	28,211.90
Finance costs	15,281.70	15,281.70	15,281.70	8,022.89	5,054.42	5,307.14
Lease rentals on operating lease	1,357.65	1,357.65	1,357.65	1,425.53	1,496.81	1,571.65
Debt Impairment	50,392.65	50,392.65	50,392.65	26,456.14	13,889.47	14,583.95
Bad debts written off	5,225.85	5,225.85	5,225.85	2,743.57	1,440.37	1,512.39
General Expenses	127,193.85	127,193.85	127,193.85	133,553.54	140,231.22	147,242.78
Total expenditure	315,115.50	315,115.50	315,115.50	293,648.67	284,838.74	294,287.78
(Deficit) surplus before taxation	8,450.65	8,450.65	8,450.65	42,739.94	45,709.29	49,431.81
Taxation	- 165,916.32	- 165,916.32	- 165,916.32	- 11,617.84	2,701.54	2,836.62
Surplus for the year	174,366.97	174,366.97	174,366.97	54,357.78	43,007.75	46,595.19

Notes:

- 1) All revenue items from exchange transactions are projected to increase at CPI over the MTEF, it excludes the potential for increased revenue from new revenue sources as aimed for by the Strategic Plan.
- 2) No increase in the annual grant allocation is projected. This poses a significant challenge on the work of Trade and Investment, which is reliant on funding from the Shareholder to conduct pre-feasibility and feasibility studies on high-impact projects.
- 3) Employee costs are projected to increase in support of the operationalisation of the Bojanala SEZ.
- 4) Finance costs are projected to decline owing to the write-off of the DBSA loan.

- 5) Debt impairment and bad debts to be written off are projected to reduce significantly owing to the implementation of stringent collection measures.
- 6) Tax is projected to be deferred in the 2023/24 financial year, following which payment of tax is forecast.

4.3. CASH FLOW PROJECTIONS FOR 2023/24 – 2025/26

The summary of cashflow projections over the 2023/24 MTEF is shown in the table below.

Table 17: North West Development Corporation Cashflow Projections for Financial Year's 2023/24 to 2025/26

Projected cash flows	2021/22	2020/21	2022/23			2023/24	2024/25	2025/26
Receipts			Budget	Adjusted budget	Revised estimate	Medium term estimates		
Sale of goods and services	155,991.00	162,266.00	163,790.55	163,790.55	163,790.55	171,980.08	180,579.08	189,608.04
Grants	67,117.00	66,588.00	82,117.00	82,117.00	82,117.00	67,117.00	67,117.00	67,117.00
Interest income	6,960.00	8,840.00	7,308.00	7,308.00	7,308.00	7,673.40	8,057.07	8,459.92
Assets disposals			-	-	-	100,000.00	50,000.00	-
Payments								
Employee costs	84,483.00	84,013.00	88,707.15	88,707.15	88,707.15	93,142.51	93,142.51	97,799.63
Suppliers	104,528.00	107,424.00	109,754.40	109,754.40	109,754.40	115,242.12	121,004.23	127,054.44
Finance costs	14,554.00	6,772.00	15,281.70	15,281.70	15,281.70	9,627.47	10,108.84	10,614.29
Other payments	20,591.00	73,652.00	20,591.00	20,591.00	20,591.00	10,000.00	11,000.00	12,000.00
Purchase of property, plant and equipment	195.00	-	10,000.00	10,000.00	10,000.00	11,000.00	12,000.00	13,000.00
Net increase/(decrease) in cash and cash equivalents			8,881.30	8,881.30	8,881.30	7,758.38	8,497.57	4,716.60

4.4. CAPITAL EXPENDITURE PROGRAMMES 2023/24 – 2025/26

Not applicable for the MTEF period.

4.5. DIVIDEND POLICIES

Not applicable for the MTEF period.

4.6. BORROWING PLAN

Not applicable for the 2023/24 financial year.

5. UPDATED KEY RISKS AND MITIGATIONS FROM THE STRATEGIC PLAN

The key risks reflected in the Strategic Plan for 2023-2028 are aligned to the outcomes, and are updated as follows:

Table 18: Key Risks and Risk Mitigations

OUTCOME	KEY RISKS	RISK MITIGATIONS
1. A financially viable and sustainable organisation	<ul style="list-style-type: none"> Low collections and high impairments. Inadequate return on assets. 	<ul style="list-style-type: none"> Improve debt collection and impairment rates. Implement asset whole lifecycle management. Strengthen cashflow and procurement forecasting and planning. Revenue optimisation and cost minimisation strategy implemented. Engage with government and private sector to secure funding for loans, projects, and investments
2. Enhanced planning and coordination of economic development programmes and projects	<ul style="list-style-type: none"> Poor integration and coordination between stakeholders with similar mandates. Inadequate capacity / resources to deliver at required rate. Poor project and quality management processes. Delays in the approval of projects and programmes. 	<ul style="list-style-type: none"> Ensure relevance and accuracy of research and knowledge produced. Implement the North West Economic Development, Manufacturing, and Renewable Energy strategies, once approved. Lead initiatives to coordinate the economic cluster stakeholders to improve collaboration and integration of economic initiatives. Secure project partnerships (consultation and joint planning). Establish the capacity and capabilities to deliver quality infrastructure on time - skills, tools of trade and systems / processes.
3. Increased investment in priority economic sectors, and diversification of exports and trade	<ul style="list-style-type: none"> Lack of access to domestic and global markets. Investors prefer other provinces as investment destinations. 	<ul style="list-style-type: none"> Facilitate access to new markets for SMMEs nationally, regionally, and globally. Strengthen relationship with the dtic and InvestSA - to access incentive grants and support related to improving investment destination.

OUTCOME	KEY RISKS	RISK MITIGATIONS
	<ul style="list-style-type: none"> Lack of skills required by the high-potential economic sectors. 	<ul style="list-style-type: none"> Collaborate with relevant stakeholders at community, local and national level in terms of upskilling and training needs.
4. Increased growth and competitiveness of small enterprises in priority sector industries	<ul style="list-style-type: none"> Low labour absorption rates despite growing SMMEs. High default rates that are not in line with defined appetite levels. Lack of funds to support enterprise development. 	<ul style="list-style-type: none"> Prioritise business support to SMMEs that absorb more labour unit per rand value loaned. Implementation of an automated workflow and integration of back-end systems. Perform due diligence financial analysis on new loan applications, to mitigate against potential high default rates in the high-risk market that NWDC operates in. Strengthen the business support function to assist in business sustainability and job creation. Monitoring and improvement of the rate of first default.
5. A well-managed and competitive property portfolio	<ul style="list-style-type: none"> Ineffective maintenance planning and operating model. Lack of private sector partnerships / support. Invasions, land grabs and vandalism. 	<ul style="list-style-type: none"> Develop and implement a Property Modernisation Strategy. Market studies commissioned to support investment decisions, lease pricing, and ideal tenant mix. Financial viability assessments conducted to ensure required rates of return are achievable. Enhance infrastructure procurement processes and capabilities. Implement a preventative maintenance strategy and operating model.
6. A well-governed, agile, and high-performing organisation	<ul style="list-style-type: none"> Adverse audit outcome. Service delivery targets not achieved. Non-compliance, contravention, and inability to remedy gaps in business processes. Inadequate and/or inappropriate performance and monitoring management. 	<ul style="list-style-type: none"> Organisational structure review and change management. Digitisation/automation of key business processes. Monitor and improve on fraud and ethics enhancement activities. Identify and provide job specific learning and development solutions (linked with training and development programmes based on gaps identified). Ongoing training and awareness on key legislation applicable to NWDC.

OUTCOME	KEY RISKS	RISK MITIGATIONS
	<ul style="list-style-type: none"> Safety incident(s), due to non-compliance with Occupational Health and Safety Act and other legislation. 	<ul style="list-style-type: none"> Fully implement performance contracting and management system.

The detailed NWDC Risk Register is reviewed monthly by EXCO, and quarterly at Audit and Risk Committee meetings.

6. PUBLIC ENTITIES/SUBSIDIARIES

The North West Development Corporation has the following wholly owned subsidiaries, which fall under the oversight and control of the Group Board:

Table 19: North West Development Corporation Subsidiaries

NAME OF SUBSIDIARY	OUTCOMES
Bojanala SEZ SOC Ltd	<ul style="list-style-type: none"> SEZ license secured and maintained. SEZ Company operational. Investment pipeline translated into operational investments. FDI/DDI increased to at least R15 billion. SEZ infrastructure developed and maintained. At least 10 000 jobs created through infrastructure programme and investment projects.
Kgama Wildlife SOC Ltd	<ul style="list-style-type: none"> Dormant
Signal Development SOC Ltd	<ul style="list-style-type: none"> Provisional liquidation.

7. PUBLIC/PRIVATE PARTNERSHIPS

Not applicable to the NWDC at this stage.

8. DISTRICT DEVELOPMENT MODEL

The District Development Model is an operational model that embodies an approach by which the three spheres of government and state entities work in unison in an impact-oriented way, and where there is higher performance and accountability for coherent service delivery and development outcomes. The NWDC's projects planned for implementation within the North West province (NWP) districts over the MTEF is reflected in the table below.

Table 20: North West Development Corporation District Development Model

AREAS OF INTERVENTION	PROJECT DESCRIPTION	TIMEFRAME	BUDGET ALLOCATION	DISTRICT MUNICIPALITY	LOCAL MUNICIPALITY	LOCATION	PROJECT LEADER	SOCIAL PARTNERS
Integrated Economic Development Services	Establishment of Trade Markets	2021– 2024	R8 million	Ngaka Modiri Molema	Mahikeng	Mahikeng	Happy Mokone/ Nokuthula Phamodi	DSBD, Seda, municipalities, NWDC, NWP&TB
		2022-2023	R8 million	Bojanala	Rustenburg	N4/R565	Happy Mokone/Nokuthula Phamodi	DSBD, Seda, municipalities, NWDC
		2023-2024	R8 million	DRKK	Klerksdorp/Potchefstroom	N12/R30	Happy Mokone /Nokuthula Phamodi	DSBD, Seda, municipalities, NWDC
		2021-2024	R3 million	Provincial	Mahikeng	Online	Happy Mokone /Nokuthula Phamodi	NWDC, Seda, Mahikeng Digital Hub, DSBD, private sector, sector departments
	Development of an interactive online Marketing Platform	2021-2024	R11 million	For all the districts	Mahikeng	Mahikeng	Happy Mokone/Nokuthula Phamodi	DSBD, Seda, municipalities, NWDC
	Establishment and Support of Incubation Centres	2022-2024	R5 million	Dr Ruth Segomotsi Mompoti	Vryburg/Taung	Vryburg/Taung	Happy Mokone/ Nokuthula Phamodi	DSBD, Seda, municipalities, NWDC
		2021-2024	R4 million	Ngaka Modiri Molema	Ramotshere Moiloa	Zeerust	Happy Mokone/ Nokuthula Phamodi	DSBD, Seda, municipalities, NWDC,

AREAS OF INTERVENTION	PROJECT DESCRIPTION	TIMEFRAME	BUDGET ALLOCATION	DISTRICT MUNICIPALITY	LOCAL MUNICIPALITY	LOCATION	PROJECT LEADER	SOCIAL PARTNERS
								private sector, Sector Department
	Establishment and Support of Incubation Hubs	2021-2024	R4 million	Dr Ruth Segomotsi Mompoti	Lekwa Teemane	Bloemhof/Christiana	Happy Mokone/ Timothy Mkhondo	DSBD, Seda, municipalities, NWDC, private sector, Sector Department
		2022-2024	R4 million	DR Kenneth Kaunda	Klerksdorp/ Jouberton	Jouberton	Happy Mokone/ Timothy Mkhondo	DSBD, Seda, municipalities, NWDC, private sector, Sector Department
		2022-2024	R4 million	Bojanala	Moretele	Makapanstad (still to be provided)	Happy Mokone/ Timothy Mkhondo	DSBD, Seda, municipalities, NWDC, private sector, sector departments
		2022-2024	R2 million	Ngaka Modiri Molema Dr Ruth Segomotsi Mompoti Bojanala	Ratlou Kagisano Molopo Moses Kotane Moretele	Logaganeng Ganyesa village Mokgalwaneng Makapanstad	Motlagomang Tihale/Nokuthula Phamodi	DSBD, Seda, municipalities, NWDC, private sector, sector departments, traditional councils
	Development and Support of Enterprise Support Centres	2020-2024	R24 million	All Districts	Mahikeng Vryburg Klerksdorp Rustenburg	Mahikeng Vryburg Klerksdorp Rustenburg	Happy Mokone/Nokuthula	DSBD, Seda, municipalities, NWDC, private sector, sector departments
	Bakery Support Programme	2022-2024	R3.3 million	Ngaka Modiri Molema Bojanala	All municipalities	Mafikeng Madibeng	Happy Mokone/Nokuthula	DSBD, Seda, municipalities, NWDC, private sector, sector departments
Industrial and economic development	Bojanala Special Economic Zone (SEZ)	2021-2024	Infrastructure R2.2 billion over five years	Bojanala	Moses Kotane	Mogwase	Davis Sadike	National, Provincial and Local Government, private sector

North West Development Corporation: Corporate Plan for 2023-2024

AREAS OF INTERVENTION	PROJECT DESCRIPTION	TIMEFRAME	BUDGET ALLOCATION	DISTRICT MUNICIPALITY	LOCAL MUNICIPALITY	LOCATION	PROJECT LEADER	SOCIAL PARTNERS
	Bakubung Smart City	2023 -2030	Request has been submitted to ISA	Bojanala	Moses Kotane	Ledig	Jacob Ngakane	Department of Housing, National, Provincial and Local Government, ISA, private sector

PART E: TECHNICAL INDICATOR DESCRIPTIONS

The detailed Technical Indicator Descriptions are attached as an Addendum to this Corporate Plan 2023/2024.

ANNEXURES TO THE CORPORATE PLAN

ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

N/A. This Corporate Plan for 2023-2024 is the first year of the Strategic Plan (2023/24-2027/28).

ANNEXURE B: RISK MANAGEMENT AND FRAUD PREVENTION PLAN

It is hereby confirmed that the NWDC has a Risk Management Strategy and Fraud Prevention Plan in place, which are available.

ANNEXURE C: EMPLOYMENT EQUITY STRATEGY

It is hereby confirmed that the NWDC has an Employment Equity Strategy in place, which is available.

ANNEXURE D: MATERIALITY FRAMEWORK

In terms of Treasury Regulation 30.1.3. it is hereby confirmed that the NWDC has a Board-approved Materiality Framework in place, which is available.

ANNEXURE E: BOARD AND SUBCOMMITTEE CHARTERS

It is hereby affirmed that the NWDC has approved Board and subcommittee charters in place, which are available.

ANNEXURE F: BOARD AND EXECUTIVE COMMITTEE MEMBERS

Table 21: Members of the Board: Non-executive

Name	Role	Date Appointed
Mr KK Konopi	Chairperson	1 April 2021
Ms MK Sentle	Non-executive Director	1 April 2021
Mr ME Mojaki	Non-executive Director	1 April 2021
Ms MET Malaka	Non-executive Director	1 April 2021
Ms SM Maleka	Non-executive Director	1 April 2021
Ms Phadu-More	Non-executive Director	1 April 2021
Ms MJ Msiza	Non-executive Director	1 April 2021
Dr S Nokaneng	Non-executive Director	1 April 2021
Mr SW Ncongolo	Non-executive Director	1 April 2021

Table 22: Members of the Board: Non-executive

Name	Qualifications	Areas of Expertise
Mr KK Konopi	Certificate in Education, Matric	Training and Development; Labour Relations; Corporate Governance; Conflict Resolution; Negotiation Skills; Drafting of Proposals; Human Resource Management; Budgeting and Budget Control; Compilation and Presentation of Reports; Political Economy
Ms MK Sentle	MBA, Magister Educationist: Master's degree Management, Bed Honours Degree: Training and Development, Further Diploma: Management; Diploma: Business Management; University Diploma: Teaching, National Certificate: Information Technology, Business Rescue Practitioner (current), Software Specialist (to complete), Matric	Leadership and Management; Corporate Governance; Project Management; Leadership and Training Development; SMME Development Projects; Projects Management; Operations Management; Risk Management; Investment Management; Mergers & Acquisition; Human Resource Management; Policy Development; Financial Decision Making; Financial Reporting & Management; International Finance; Advanced Research; Stakeholder Relations; Community Development; ICT

Name	Qualifications	Areas of Expertise
		Project Management; Information Technology Management
Mr ME Mojaki	MBA, Preferential Procurement Programme, Bachelor of Science Degree, Diploma in Animal Health, Matric	Project Management; Operations Management; Economist
Ms MET Malaka	Master Business Administration, BA Degree: Social Science, Certificate on Public, Private Partnerships in Infrastructure, Matric	Public Sector Experience; Financial Management; Project Management; Strategic Leadership; Human Resource Management and Development; Stakeholder Management; Corporate Governance
Ms SM Maleka	Bachelor of Arts, National Diploma: Marketing and Management, International Executive Development Programme, Executive Risk Management Programme, Executive Legal Liability Training, Strategy Development Course, Matric	Strategy Formulation; Financial Planning and Management; Project Management; International Trade Facilitation; Investor and Stakeholder Management; Risk Management; SMME Support Management; Corporate Governance and Communications; Corporate Social Responsibility; Human Resource Management
Ms Phadu-More	Bachelor of Arts, Certificate in Advertising, Matric	Facilitation; Financial Management; Leadership and Management; International Relations; Project Management; Stakeholder Management; Community Development and SMME Development; Public Relations
Ms MJ Msiza	Master of Law, Bachelor of Law, Bachelor of Commerce, Matric	Corporate and Commercial Law; Leveraged and Acquisition Finance; Development Finance and Project Finance; Energy and Mining; Enterprise Development; Legal Research
Dr S Nokaneng	PhD in Economics, Master of Commerce in Economics, B Commerce Honours in Economics, BA Commerce (Ed), Management Development Programme, Matric	Board Leadership; Corporate Governance; Public Sector SOC and Private Sector Executive Management; Audit and Risk; Financial Sector; Academia and Economic Research; Knowledge Management; Feasibility Market and Economic Studies; Economic Research Analysis and Training; Central and Commercial Banking; Economic Intelligence; Trade and

Name	Qualifications	Areas of Expertise
		Investment; Credit and Investment Management; Housing and Property Funding; Property Development; Private Equity and Corporate Finance; Financial Markets; Capital Funding; Credit and Risk Management
Mr SW Ncongolo	B. Com Economics, National Diploma: Cost Management, Diploma: Public Finance, Matric	Public Finance; Local Government Finance; Economics; Community Development; Communication; Project Management

Table 23: Information of the Senior Executives of the North West Development Corporation

Name	Qualifications	Areas of Expertise
Mr K Mafokwane (Acting CEO)	Bachelor of Laws (LLB UG), Diploma in Labour Law, Certificate of Competence: Anti-Corruption Training for Practitioners, Certificate: Public Service SMS Pre-entry Programme, Matric	Strategic and Operational Leadership; Human Resources Management; Labour Law and Relations; Training and Development; Recruitment and Selection; Employee Wellness; Statistics; Trial Advocacy; Representation at CCMA; Consultative Bargaining and Negotiations; Management of Deceased Estates; Stakeholder Evidence-Based Policy Analysis; Auditing
Mr K Mpofu (Acting CFO)	B. Com Accounting, B. Com Honours, Chartered Accountant, South Africa - CA(SA), Matric	External auditing, Financial reporting, Financial Management
Mr K Modise (Internal Audit Executive)	B. Com Accounting, Matric	Auditing and Accounting; Financial Statements; Corporate Governance; Business Development; Risk Management; Strategic Management; Managerial Skills
Ms H Hoogkamer (Acting CRO)	MBA(GIBS) Majoring in Financial Management, Logistics and Statistics, BSc Home Economics Ed, Certificate Economic Indicators: Monitoring the South African Economy, Matric	Research; Strategic Planning and Management; Financial Management; Investment Facilitation; Manufacturing; Innovation; Renewable Energy
Mr T Mokotedi	BA Communication Sciences, BCom Economics and Risk Management,	Strategic and Public finance Management, Risk Management,

Name	Qualifications	Areas of Expertise
(Executive: Properties Development and Management)	BCom Honours Economics and Risk Management, MBA, Middle Management Programme, Management Advancement Programme (MAP), Advanced Project Management Course, Certificate: Public Service SMS Pre-entry Programme, Matric	Stakeholder Relations, Urban and Social Development Strategies, Financial Management.
Ms N Phamodi (Executive: SMME Development and Management)	National Diploma in HRM, B-Tech in HRM, Financial Management & Cost and Accounting, Post Graduate Diploma in Financial Management, Matric	Strategic Management; Development Finance; Human Resources; Corporate Governance
Mr A Tau (Executive: Bojanala SEZ)	MSc Investment Promotion and Economic Development, MBA, B. Com in Economics, Matric	Investment Promotion and Economic Development; Foreign Direct Investment; Business Strategy and Development; Strategic Planning and Management; Infrastructure Planning; Stakeholder Management; Resource Mobilisation; Communications; Development of Policies, Programmes and Plans

ANNEXURE G: INVESTMENT PROJECT PIPELINE

The NWDC's Investment Project Pipeline is reflected below.

Table 24: North West Development Corporation Investment Project Pipeline

Opportunity Name	Location	Description	Value
Taolelo Tawana Memorial Hospital	Mahikeng Local Municipality	<p>Taolelo Tawana Memorial Hospital has been licenced to develop an 83-bed private hospital in the outskirts of Mahikeng, along the N18 Road linking Vryburg and Mahikeng.</p> <p>The project expects to create between 600 and 800 jobs during construction phase. After completion 300 to 400 jobs are envisaged to be created.</p> <p>The facility is expected to have two theatres, a mortuary, and a chemist. The project honours the late traditional leader after whom it is named.</p>	R1.4 billion
Matsinyane Mining Projects	Bojanala district	<p>Matsinyane Mining Projects secured a contract at the newly inaugurated Pilanesberg Platinum Mines as a key subcontractor and now seeks investment to fully execute the contract and become one of the local emerging players in this sector.</p> <p>The project is seeking R250 million investment for scaling up and reach full execution.</p>	R250 million
PLTN	Ngaka Modiri Molema District Municipality	<p>PLTN seeks to set up a pharmaceutical manufacturing plant in Zeerust. PLTN currently purchases pharmaceutical packaging from highly controlled manufacturers and resells it to the Pharmaceutical manufacturers.</p> <p>The company was established to service the small pharmaceuticals companies that could not afford to purchase big minimum order quantities from big manufacturers and to provide a solution for the smaller customers in terms of price and smaller minimum order quantities.</p>	R76 million
NTGR Engineering	Bojanala district	<p>NTGR Engineering is a multifunctional engineering and infrastructure solutions company with 15 years of experience in Mining, Metallurgy, Civil Construction, Earthworks, surface & Subsurface drilling, Building works, and Steel Fabrication.</p> <p>With their head office in Rustenburg, they have vast experience working with the mining industry in Rustenburg and the surrounding areas.</p> <p>The market further extends to the provinces of Limpopo, Gauteng and Mpumalanga. In the past 15 years NTGR Engineering has been in the forefront of delivering innovative engineering solutions and mining services.</p>	R20 million
Moponosi Chrome (Pty) Ltd	Ramotshere Moiloa Local Municipality	<p>Moponosi Chrome, at its proposed Zeerust plant seeks a R58 million investment to produce 20 to 40 ton per hour chrome concentrate in various volumes of foundry sand, Chemical Grade Metallurgical grade and a super metallurgical grade chrome concentrate grades.</p> <p>Moponosi Chrome aims for turnkey service, from planning, exploration drilling, and logging of borehole cores to the compilation of resources evaluation studies, mine layout and design to mine and plant area rehabilitation including seeding, plant design and manufacture, commissioning, throughput management, maintenance, marketing, and sales of beneficiated products.</p>	R58 million
Bakubung Smart City	Moses Kotane Local Municipality	<p>Bakubung proposed R3.2 billion Smart City is a catalytic mega project adjacent to the Sun City Resort Corridor, opposite platinum mine, Pilanesberg Nature Reserve to build 5400 mixed housing units, public amenities, retail mall, private hospital, school, lodges, etc.</p>	R3.2 billion

North West Development Corporation: Corporate Plan for 2023-2024

Opportunity Name	Location	Description	Value
		Kubu Property Investment "The Developer" would be deploying advance building technology to some of the housing units, broadband connectivity, recycling of water, mixed energy suppliers. The approach is "Green Development"	
Ketlaphela Pharmaceuticals SOC Ltd	Madibeng Local Municipality	A state-owned pharmaceutical company, with investment and technical partners to locally manufacture and supply Active Pharmaceutical Ingredients (APIs), final formulated pharmaceutical products and Rapid Diagnostic Tests for HIV/AIDS, TB, and Malaria, and in future, diseases such as Diabetes, Cancer, and Mental Health to the public and private health sector.	R1.2 billion
LEEMA Computer Manufacturing Project	Moses Kotane Local Municipality	A group of the North West province youth under LEEMA are seeking technical partners and investing partners to establish ground breaking R55 million investment in computer manufacturing in the province. LEEMA industries is a high-tech manufacturing company, which manufactures computers, laptops, servers and LED lights. The aim is to localise the manufacturing of high-tech industries. The project will roll out in 3 phases creating over 280 skilled jobs. The product prototypes have passed the SITA tests and are in the final approval stage with ICASA.	R55 million
(PPE Manufacturing	Bojanala district	Royal Bafokeng Platinum PPE Following preliminary engagement jointly with Royal Bafokeng Platinum, DEDECT, IDC and NWDC to look at the feasibility of establishing a fully-fledged operation to manufacture PPE in the North West province through a R150 million investment. Market research has been contacted by Royal Bafokeng Platinum which confirms the opportunity	R150 million
Ulusoy Africa (Pty) Ltd	Madibeng Local Municipality	Ulusoy Africa (Pty) Ltd has identified an opportunity to lease a broiler grow out facility. The facility is on the Damsig farm located South of Hartbeespoort Dam and the R512. The facility has a proven track record of performance with respect to high Performance Efficiency Factors (PEF), low broiler mortality rates- and feed conversion ratios (FCR). The company needs additional funding to set up an abattoir.	R58 million
Modimong Nature Reserve	Moses Kotane Local Municipality	The North West Parks Board has developed a Business Plan for the Modimong Nature Reserve situated in the North West province. The Supporting Infrastructure identified and discussed in the Concept Development Report was aimed at including eco-friendly infrastructure and development approaches for the Modimong Nature Reserve. These eco-friendly approaches were used as a tool to establish competitive and unique selling points to be advertised and marketed to potential visitors. Activities provided by the Modimong Nature Reserve (these include booking and payments for guided hiking trails, guided bird watching trails, cultural tours, and game drives).	R60 million
Lengau Foods (Pty) Ltd	Matlosana Local Municipality	Lengau Foods (Pty) Ltd seeks investment to produce maize meal, Market, sell and distribute maize products in different sectors in the FMCG industry. Since the company is already doing business in some informal sectors in the North West province, the focus will be to grow the North West market whilst at the same time venturing into Gauteng, Free State, and the Northern Cape initially. There are a number of managers and owners who manage large whole sales in these provinces who use to be clients to the promoter during both the Sasko and Premier Foods days and are willing to support Lengau Foods (Pty) Ltd.	R40 million

North West Development Corporation: Corporate Plan for 2023-2024

Opportunity Name	Location	Description	Value
Elandsdraal Projects	Madibeng Local Municipality	Expansion investment is sought for farms Elandsdraal and Buffelshoek are situated in the Madibeng Local municipality within Bojanala Platinum district. They are located 2km south of Mooiooi in North West province, South Africa. The total sizes of the two farms equals to 159,444ha with the water rights for 173,98ha; wherein the land equivalent to 6.27ha in Elandsdraal and 28ha in Buffelshoek are under citrus production. The land under citrus production equals to 34.27ha when combined. The farms has a total of 10580 citrus trees. Citrus is currently produced on 24 ha on Buffelshoek – with approximately 10 580 trees. It is estimated that the area under citrus cultivation can be extended to 125 ha.	R16 million
Ditsogo Projects (Pty) Ltd	Moses Kotane Local Municipality	Growth and expansion investment in an established 100% Black-female owned local Tier-1 supplier.	R30 million
South Grown (Pty) Ltd	Madibeng Local Municipality	South Grown (Pty) Ltd is a medicinal cannabis company. Pilot phase completed, investment sought to upscale operation and develop export markets.	R52 million
Amantle Trading & projects (Pty) Ltd	Groot Marico	AMANTLE is seeking investment for growth and expansion at its operation situated 20km from Swaruggens town towards Zeerust town. The farm is measuring 1100ha and its main enterprise is dairy. There is 200ha that can be used for crop under irrigation. 300ha will be utilized for natural grazing. The core business of AMANTLE DAIRY will be processing and packaging of milk products like yoghurt, amasi, and feta cheese. There is an existing dairy parlour on the farm. The maximum capacity of the milking parlour and 22-point milking machine is 480 cows.	R15 million
Beake Engineering	Moses Kotane Local Municipality	BEAKE Engineering Solutions an emerging Black industrialist seeking additional investment to expand operations. It has an in-depth and direct plant operations and maintenance experience and is familiar with plant needs. With a fully functional Machining and Fabrication Facility, BEAKE can handle any Engineering turn-key projects on-time, within cost and at highest quality levels. The company provides Specialised Technical service to fault find and troubleshoot any Engineering task. BEAKE have the ability to complete any sized project from equipment installation, process modification for either Greenfields or Brownfields projects. We have a team of specialised, competent technical teams that are ready to assist the client at any time. Steel Fabrications (Chutes, Large and Small tanks, Bins, and Structures).	R25 million
Roof-Eco Modular Roofing Systems Africa	Mahikeng Local Municipality	Funding sought for technology transfer and localisation of a roofing system patented by Spanish firm, ROOFECO Systems S.L.	R50 million
Green-Buds Logistics (Pty) Ltd	Bojanala Platinum District Municipality	Funding sought through the Black Industrialist Programme of the dtic for Green-Buds FPM, which is a wholly Black-owned agribusiness company.	R30 million
SBM Projects	Rustenburg Local Municipality	Investment sought by SBM Projects to purchase an opencast mining operation worth R150-200 million in total value.	R150 million
Granite Beneficiation Project	Bojanala Platinum District	Investment sought (including from China) for a community owned 100% black company, wanting to put up a plant within the local community for granite beneficiation.	R120 million

North West Development Corporation: Corporate Plan for 2023-2024

Opportunity Name	Location	Description	Value
	Municipality, Barseba		
Ratans Agros	Ketgleng Rivier Local Municipality	Investment sought for this agribusiness company involved in value-add meat products (chicken, beef, lamb), vegetarian and dairy products.	R500 million
Smart City Development	Madibeng Local Municipality	Investment sought for Hartbeespoort Dam SMART CITY Development that will link Lanseria Smart City to Madibeng.	R1.5 billion

