



Western Cape
Government

GROWTH FOR JOBS STRATEGY

Executive Summary

WESTERN
CAPE

2035

FOREWORD

If you are reading this now, I would like you to close your eyes, and picture where you will be in 2035. What state will our country and province be in? What will be happening in our economy? Will we have enough jobs for future generations? Will there be hope? I am sure this exercise will cause you some anxiety, given the challenging times we face today.

Now imagine a 2035 where our economy is growing at between 4% and 6%. Where we are creating hundreds of thousands of new jobs, lifting people out of poverty. Where businesses, big, small, and informal, have the energy, water, infrastructure, skills and technology to grow and succeed. Where a child, no matter where they are born, has the pathway to a better life.

I am sure what you are now feeling is hope. The sort of contagious hope that cannot be contained.

This is the future we want for the Western Cape, and for South Africa. This is the better future we want to build.

During this time of difficulty for our country, with stagnant growth, devastating load-shedding, the real prospect of recession, and high levels of unemployment and despair, the question can be fairly asked: is it realistic for the Western Cape to be setting out so audaciously to achieve 4% to 6% of break-out economic growth?

The real question, I believe, is rather why South Africa is not already achieving this growth? We have everything we need to succeed as a country, if we just get the fundamentals of growth right. What is clear to me today is that we will never achieve it, if we are limited in our ambition, constrained by the wrong policies, and lack the courage to adapt, reform and make the right choices.

Change requires a vision, and it requires action towards it – so, yes, we can realise a better future for our country, and we must work toward it with determination.

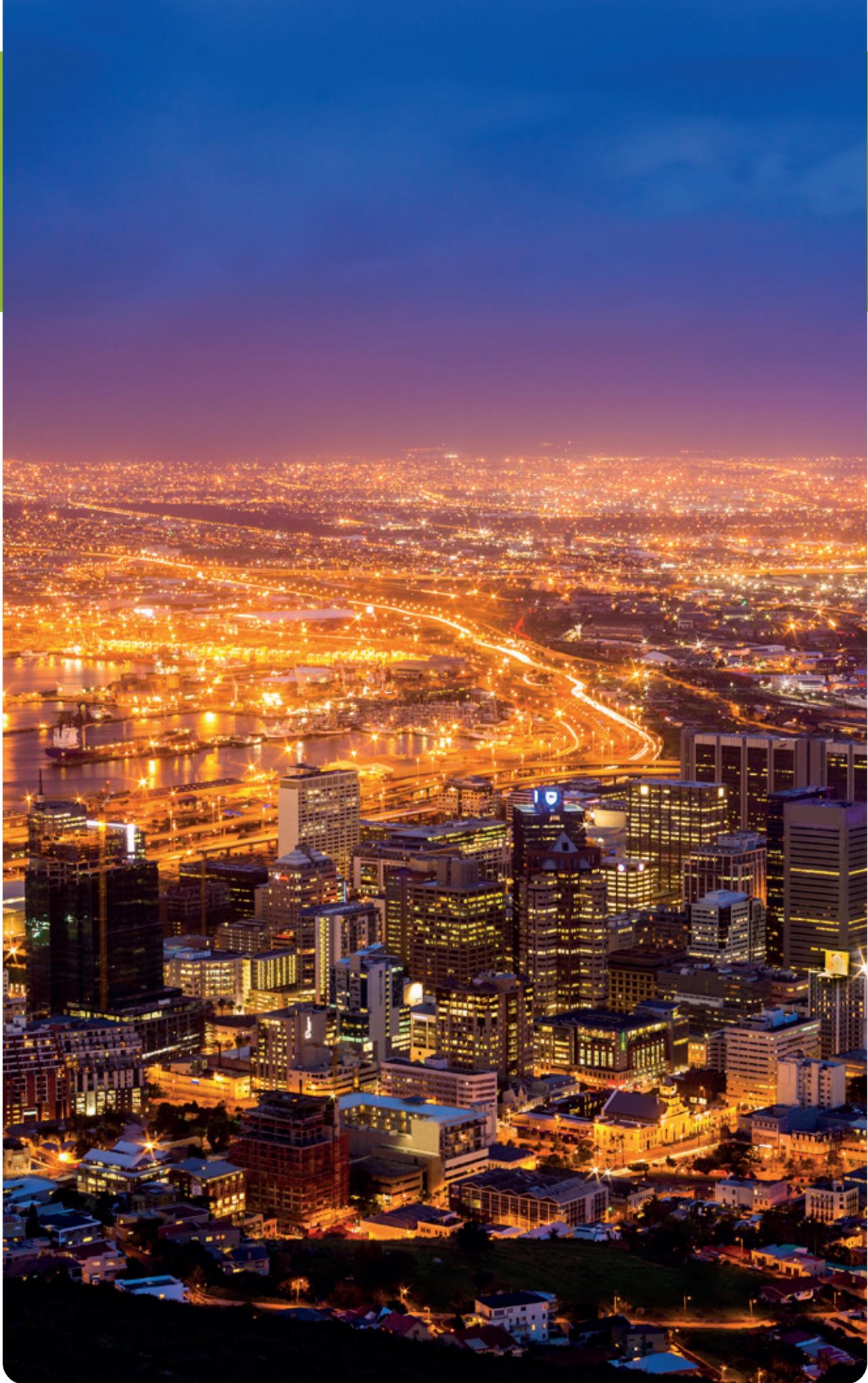
The Growth for Jobs Strategy is the Western Cape's bold step towards realising this better future. We know what the Western Cape, and South Africa is capable of, if we enable the private sector's success.

And so, this Strategy provides a courageous vision for our province, with clear targets for each key focus area that our economy needs to succeed. To be clear, this is not just a vision for our government. The targets are not ours alone. They are yours too: business, big and small, civil society, entrepreneurs, and every citizen in our province. This is what we can achieve if we work together and make the right choices, now, today.

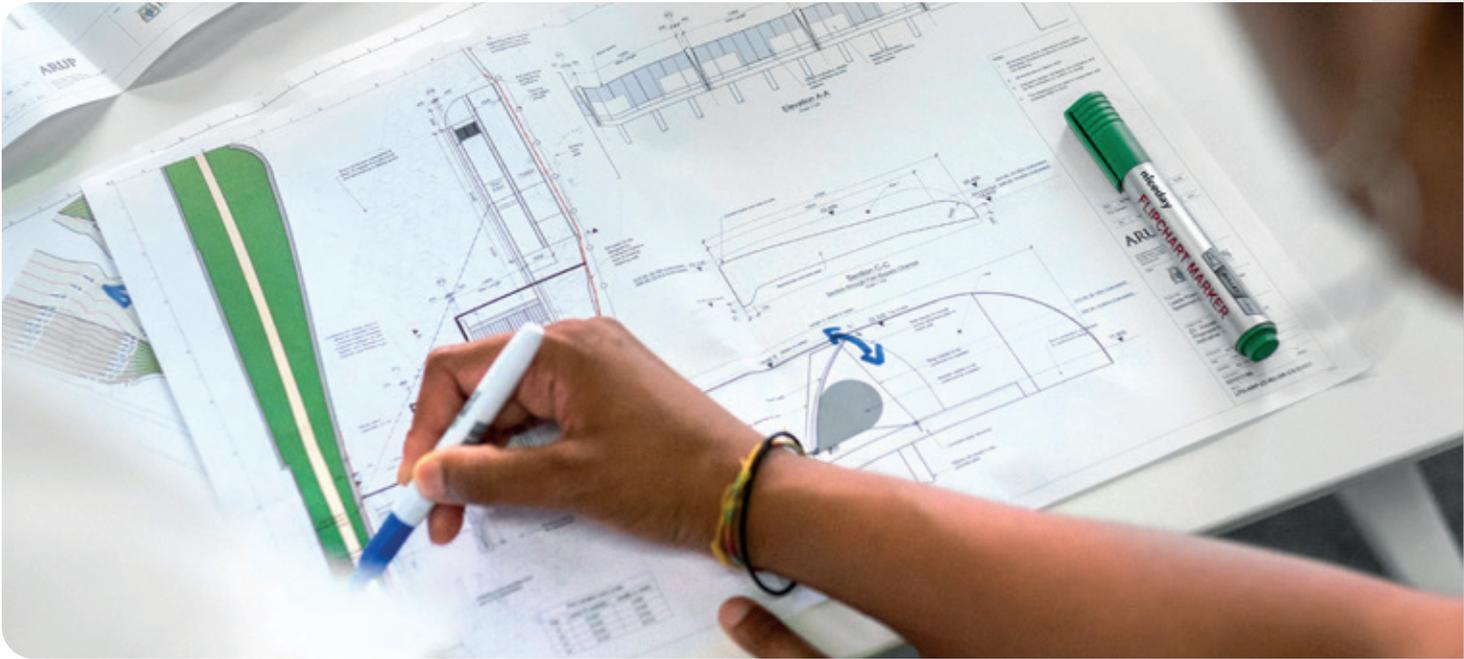
I am reminded of President Nelson Mandela's wise words, which continue to hold so much truth today: "It seems impossible, until it is done". Let's get it done, so that a prosperous 2035 is not an imagination, but a new, real era of hope, opportunity and freedom.

Sincerely,

Mireille Wenger
Minister of Finance and Economic Opportunities



CONTENTS



Introduction	5
Understanding our problem statement	6
Strategic intent and principles	8
Picture of success	10
Priority Focus Area 1: Driving growth through Investment	14
Priority Focus Area 2: Building exports and domestic markets	16
Priority Focus Area 3: Energy Resilience and transitioning towards net zero carbon	18
Priority Focus Area 4: Securing our water future	20
Priority Focus Area 5: Partnering for Technology and Innovation	22
Priority Focus Area 6: Connecting through infrastructure and digitalisation	22
Priority Focus Area 7: Improving learners, entrepreneurs and aspirant job seekers	24
Way forward	28

INTRODUCTION

Like the rest of South Africa, the Western Cape faces a range of deep, interconnected, socio-economic challenges that include unemployment, poverty and crime. While there is no panacea for these challenges, which have deep roots in the country's history and social structure, there is also no prospect of addressing any of them without faster economic growth. Economic growth is essential to generating rapid and sustained job creation, faster growth in living standards and increased resources available to society.

The Western Cape Government identified the need for a strategy to lift dramatically the provincial growth rate and, to the extent that growth continues to falter in South Africa, to decouple the province's growth trajectory from that of the rest of the country.

Therefore, this Growth for Jobs Strategy sets out a comprehensive, challenging and ambitious goal for the Western Cape to grow its economy by between **4 and 6%** by 2035.

It is also a strategy that clarifies that **how** we grow our economy is as important as the growth itself. In this way, the Growth for Jobs Strategy distinguishes itself from previous strategies, by providing a long-term perspective with clear targets, framed within defined principles. It is centred on systemic solutions that address key binding constraints and an enabling environment for the private sector that accelerates our economic growth.

The formulation of the Growth for Jobs Strategy has been data-driven, evidenced and has involved extensive consultation. It draws on a provincial Growth Diagnostic completed in 2022 and involved a team of officials and independent experts who engaged with stakeholders from the private and public sectors, and representatives from across civil society and academia.

The Growth for Jobs Strategy process drew from three surveys that were conducted and disseminated through private-sector channels, drawing in the views of over 540 stakeholders. Furthermore, during the strategy formulation process, the Western Cape Government consulted over 2000 people and industry representatives (and their constituents representing more than 30 000 individuals) over the course of **188** engagements.



At its heart, the Growth for Jobs Strategy is premised on a recognition that the private sector creates jobs, while the State needs to create an environment in which people and businesses are enabled to create and exploit opportunities as they arise. This kind of 'horizontal' enablement empowers citizens and fosters independence, freedom, and self-reliance.

To give effect to this approach, the Growth for Jobs Strategy has several important anchors:

- Clear **principles** set out in a strategic framework that have guided thinking and decisions.
- Crucial **priority focus areas** (PFAs) that shape decisions around the nature of the interventions needed to maximise impact.
- **Key levers, enablers and accelerators** that facilitate the achievement of these goals.

Finally, the Growth for Jobs Strategy is a whole-of-government, all-of-society strategy whose success requires the energy, commitment and allocation of resources from across government, the private sector and civil society.

The Growth for Jobs Strategy seeks to address the high unemployment rate by achieving significant economic growth.

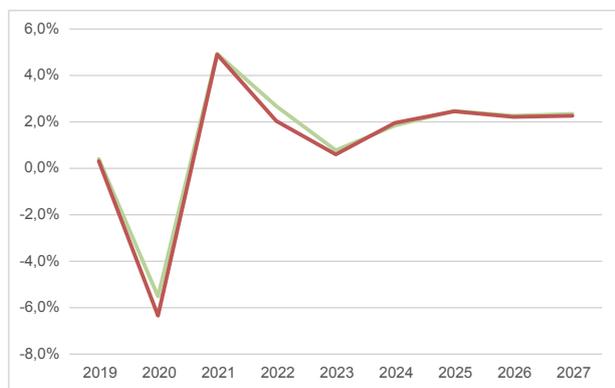
South Africa is not immune to global realities

As an open economy, global trends and events affect South Africa both directly and indirectly. The Covid-19 pandemic-induced recession in 2020 highlighted the global interdependence of economic and social structures. The same is true of the conflict in Ukraine, which impacted domestic food, energy, and feedstock prices leading to serious inflationary consequences. Central banks were slow to respond with interest rate hikes, eventually taking action aggressively. While the Russia-Ukraine war remains a downside risk, inflation is expected to return to target levels over the medium-term.

South Africa's economic performance

South Africa's economic growth is likely to slow to 0.8% in 2023 (Figure 1). As a result, gross domestic product (GDP) per capita may only recover to its pre-pandemic levels by the end of 2024.

Figure 1: South Africa and Western Cape GDP growth rate (2019–2026)



Source: IHS

Economic, financial, and fiscal conditions remain stressed. The growth recovery is tepid and below the pathway required to make meaningful inroads into the chronic challenges of poverty, inequality and unemployment facing South Africa. For the best part of two decades, unemployment has been stubbornly high, recently reaching a record-high rate of 35%, excluding discouraged job seekers. Periodic and intrusive power shortages weigh heavily on

the production capacity of all sectors in both the formal and informal economy.

The many reasons for South Africa's disappointing growth performance include poor policy choices, declining governance, especially increased corruption, and increasingly unsound macroeconomic fundamentals, especially the rate at which public debt has been rising.

To meaningfully reduce unemployment and poverty, it is generally recognised that South Africa needs an annual growth rate approaching 6%. This will require significant fixed capital investments (i.e., in long-term assets, such as factories, buildings, land and equipment) that generate employment. These investments would, in turn, add to aggregate demand in the economy and stimulate further fixed investments. However, this cannot be achieved as long as local and foreign savings are used to finance consumption spending.

Western Cape economy's shoots of opportunity

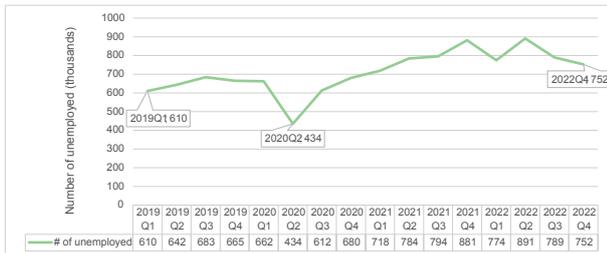
The performance of the Western Cape economy is shaped and constrained by the broader national context – e.g., national fiscal and monetary policy, international trade protocols and agreements, policing, sovereign risk levels, policy uncertainty, etc.

A 'snapshot' view of the provincial economy is given below:

- It is the third-largest provincial economy, accounting for approximately 14% of the national GDP, after KwaZulu-Natal (approximately 15%) and Gauteng (approximately 30%).
- The primary sector constitutes less than 5%, the secondary sector just over 20%, and the tertiary sector almost 75% of gross value added (GVA).
- Agriculture constitutes only 4% of the Western Cape's economy but is a large contributor to employment. The province's contribution to the country's GVA in agriculture is above 20%, and over 50% of the province's exports originate in the agricultural sector.

- More than 40% of exports are destined for the European Union and North America.
- The province is relatively urbanised.
- Both the level of human capital and the quality of life (as measured by employment, life expectancy, literacy, etc.) are somewhat higher than national averages.
- Although above 20%, the province's unemployment rate is significantly lower than the national average.
- Income and wealth inequality in the Western Cape remains a challenge, as in the rest of the country.
- Over the past decade growth rates in the Western Cape have been in line with the national economy, which entered a protracted economic downturn at the end of 2013. Between 2014 and 2021, South Africa's real GDP dipped to below its trend level, averaging 1% per year. The Western Cape's real economic growth averaged slightly higher, at 1.2% per year.

Figure 2: Western Cape unemployment (2020Q2-2022Q3)



Source: Stats SA

In the fourth quarter of 2022, the Western Cape had a working-age population of 4.93 million people and an overall unemployment rate of 22.5%. Of the 1.5 million citizens who were not economically active, 106 000 people were discouraged job seekers, while of the 3.35 million people in the narrow labour force, 2.60 million were employed and 752 000 unemployed.

What is holding back inclusive economic growth?

Long-term growth is the result of an economy accumulating new sources of productive capacity, e.g., human and physical capital, new technologies, entrepreneurial capabilities and increasing capabilities to deploy those productive capabilities in more efficient ways (e.g., through improved technologies and the

building of social institutions that promote growth, such as efficient contract enforcement and sound property rights).

The lack of growth in the South African economy is the consequence of the failure to accumulate productive capabilities and the erosion of some of the institutional underpinnings of efficient production. Thus, investment in fixed capital has been slow and, in some areas, – most notably energy – has failed to keep up with the rate of depreciation of existing assets, leading to a real decline in productive capacity with negative implications for the rest of the economy.

Productivity is a prerequisite

Productivity is a prerequisite for international competitiveness and economic growth and development. Multi-factor productivity (MFP) or total factor productivity (TFP) reflects the overall efficiency with which labour and capital inputs are used together in production. For an average country, the TFP accounts for 60% of the growth in output per worker. A key factor behind slow GDP growth is the 1.2% decline in the Western Cape's TFP between 2016 and 2020.

The Growth for Jobs Strategy is, therefore, committed to raising the overall productivity of the Western Cape economy, through horizontal enablement and supporting private-sector-led market stimulation and growth opportunities. The focus on sustainability offers opportunities to enhance productivity, as the circular economy will enable the region to derive greater use from each resource unit and require fewer resource inputs.

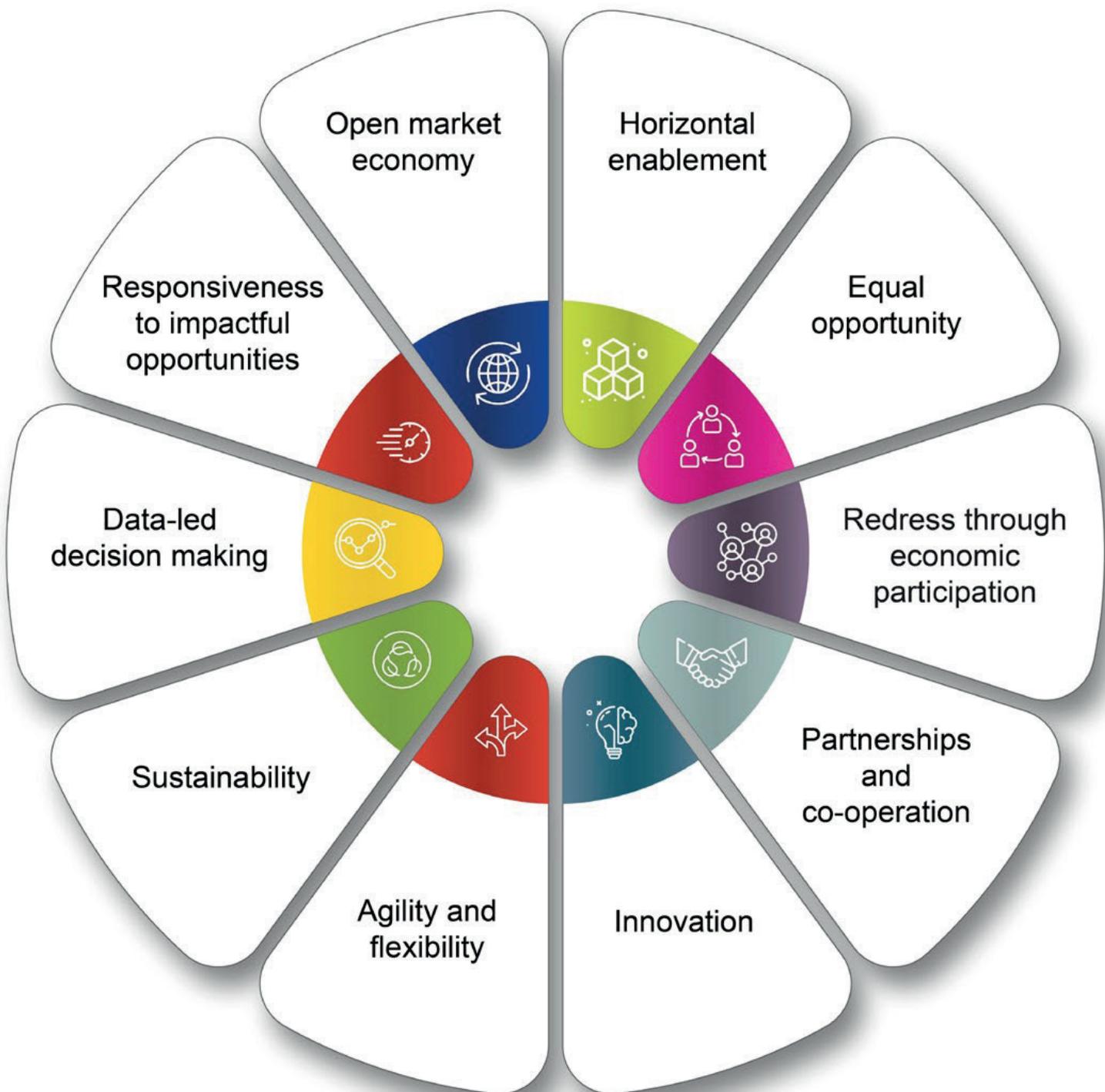
STRATEGIC INTENT AND PRINCIPLES

Guiding principles function as beacons that inform strategic and operational decisions because no strategy or strategic framework can provide a precise guide to every decision. The guiding principles underpin what should be included and excluded from the strategy and enable decision-makers to make choices informed by an understanding of broader goals and values.

The Growth for Jobs Strategy's primary set of principles govern the substantive content of the strategy and are reflected in ten statements (see Figure).

- 1. An open market economy.** An open market economy, rather than a developmental state, makes possible an open opportunity society for all. In embracing and supporting an open-market economy, positive interventions aimed at improving competitiveness and productivity will be deployed to enable businesses to grow and create jobs.
- 2. Horizontal enablement.** Government is an enabler of the economy, creating a conducive, enabling environment supportive of private-sector growth and providing support in the realisation of private-sector-led opportunities that ultimately generate jobs.
- 3. Equality of opportunity.** A state that facilitates economic opportunity for citizens and expands choice and the independence of its residents without limiting individual freedom.
- 4. Redress through active economic participation.** Redress is achieved by pulling more people into the economy, stimulating competition, improving skills and productivity, raising investment, reducing poverty, increasing employment and broadening the tax base. Private-sector involvement includes entrepreneurs; small, medium and micro enterprises (SMMEs); and the informal and township economies,
- 5. Partnerships and cooperation.** Strategic partnerships and cooperation with other spheres of government and the private sector to increase the speed and scale of change.
- 6. Innovation.** Embracing new ideas and pushing the boundaries of the Western Cape's constitutional mandate to enable private-sector-led economic growth and job creation in tourism, trade and industrial policy.
- 7. Agility and flexibility.** Government needs to be agile and responsive in pursuit of break-out growth. Support to identified opportunities and nascent industries needs to be time-bound with clear criteria for continued funding.
- 8. Sustainability.** Growth must be uncoupled from wasteful resource usage and fossil fuel dependency so that it can be sustainable over the long term and can meet present needs without further compromising the future. With our natural assets safeguarded, our economy and society will be shielded from the impacts of resource deterioration, climate change and other shocks, while our competitiveness and resilience will be enhanced.
- 9. Data-led decision-making.** Sound decision-making requires a data management and reporting capability that pulls together and utilises the excellent – if underutilised – data that the province already has. Establishing strong and agile economic and spatial data, analytical capabilities and intelligence is imperative.
- 10. Responsiveness to impactful opportunities.** Government should be responsive to all private-sector-led opportunities, while being selective about which support levers are deployed based on the extent of private-sector involvement and participation, and evidence of the potential of the opportunity.

The Growth for Jobs Strategic Framework supports economic growth for job creation that favours...



WESTERN CAPE'S PICTURE OF SUCCESS

VISION

A provincial economy that achieves break-out economic growth, resulting in sufficient employment and opportunity and an economy that is sustainable, resilient, diverse and thriving – generating confidence, hope and prosperity for all.

10

Increasing inclusion

driven by jobs-rich growth in the formal, informal and township sectors, benefitting all citizens, communities and enterprises – both urban and rural – and especially women and young people.

Competitive business environment

that ensures total factor productivity growth through competition, productivity enhancing spatial policies, and investment in infrastructure, connectivity and skills, with government officials who all apply an ease-of-doing-business approach.

Increased sustainability

as the Western Cape Government accelerates progress to a net zero carbon and resilient province, conserves the natural environment and mitigates the impact of climate change.

Resilience

through diversifying economic activity and strengthening the Western Cape Government's ability to anticipate, prepare for and respond to exogenous shocks, including climate change, migration, adverse political/geopolitical events and the Fourth Industrial Revolution.

A trillion-rand economy by 2035 growing at 4 - 6% per annum

Thriving people and places

whose social and economic potential is being realised through improved access to opportunities, and where solutions to challenges build on a diversity of cultures and talents.

Confidence and hope

with businesses and citizens that are positive about their economy and the Western Cape's future, and a high level of trust among the private sector, communities, residents and government, who work together to address challenges and realise opportunities.

Prosperity

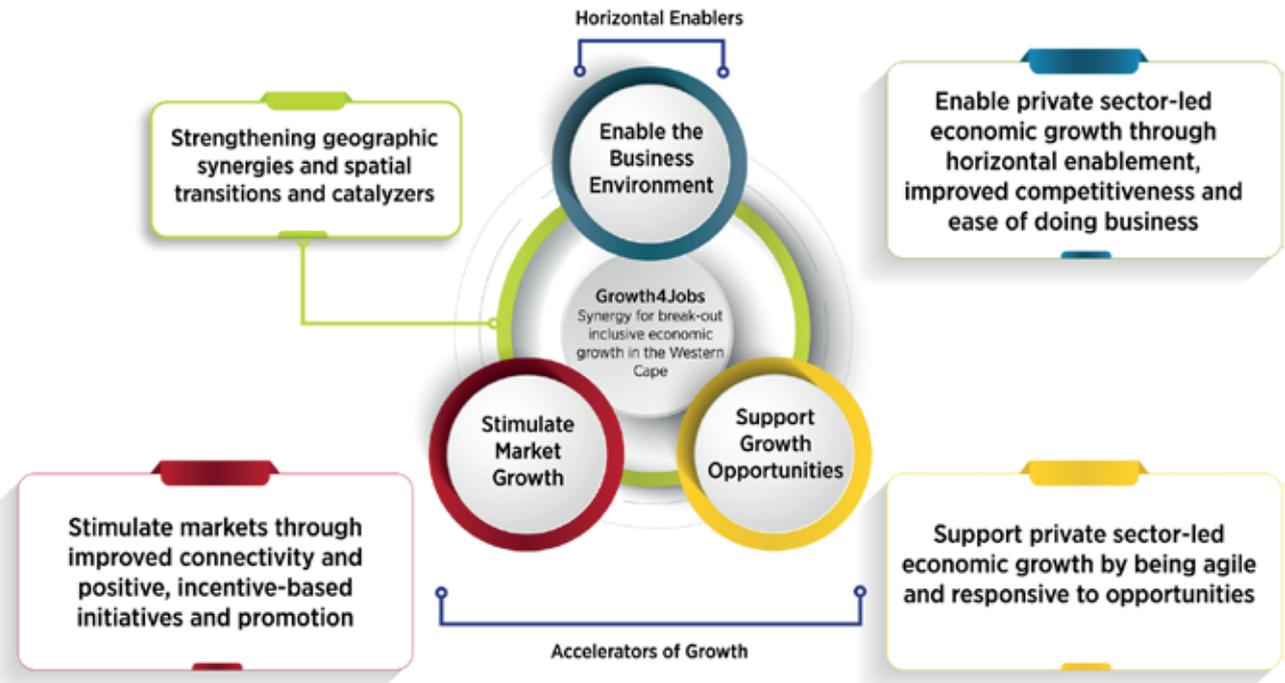
with everyone in the region having an improved quality of life, increased wealth and more opportunities.

GOAL

By 2035, the Western Cape will be a R1-trillion inclusive economy in real terms and growing at between 4% and 6% per annum. This will be achieved through enabling a competitive business environment in which growth is driven through businesses exploiting opportunities.

3 PILLARS, 7 PRIORITY FOCUS AREAS FOR ECONOMIC GROWTH

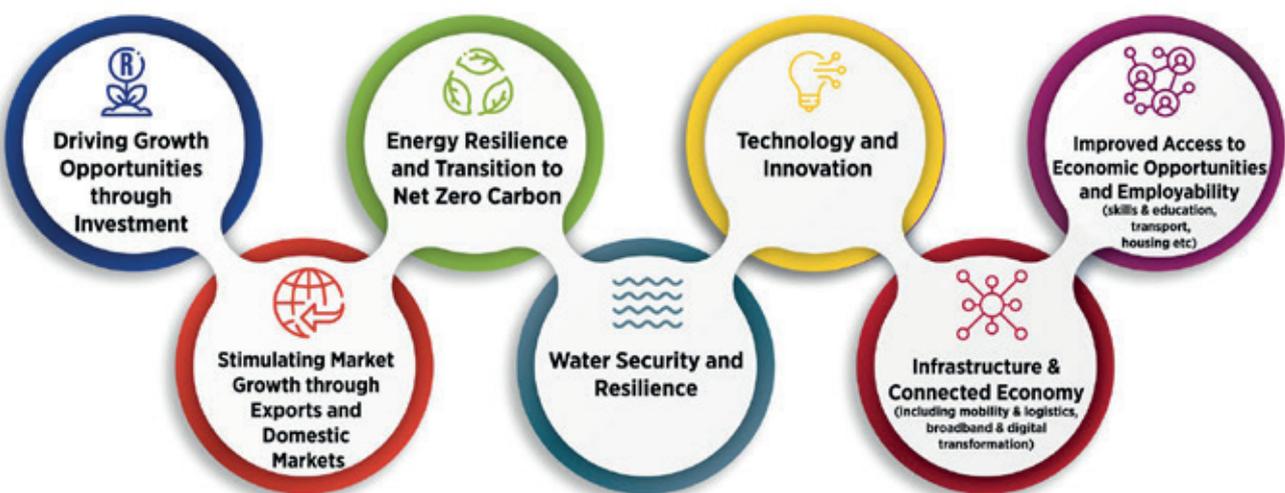
An economy is a complex set of interacting elements, and, for this reason, synergies between individual components require and reinforce an **enabling business environment** that **stimulates market growth** and **supports growth opportunities**.



PRIORITY FOCUS AREAS

A process of analysis and engagement led to seven Priority Focus Areas for the Strategy being identified for implementation over the short and medium term. The seven PFAs concentrate on the key constraints in network industries and on the essential elements needed to raise total factor productivity and competitiveness (Figure 5.2). Over time, these priority areas may change, as the Growth for Jobs Strategy will need to be agile in the face of changing circumstances and opportunities.

Priority Focus Areas for Horizon 1 (up to 2026)



STRENGTHENING SPATIAL SYNERGIES

The Growth for Jobs Strategy and its implementation plan lands spatially, and therefore the Strategy will play a key role in driving the implementation of the Provincial Spatial Development Framework. This will require spatial intelligence and an effective and efficient system of governance implementing a deliberate spatial approach that seeks to exploit the province's endowments and competitive advantages.

The Growth for Jobs Strategy's spatial goals are aligned with, and informed by, the goals of the Provincial Spatial Development Framework (PSDF) and are guided by two questions:

- Where should government efforts related to enabling the business environment, supporting growth opportunities, and stimulating (domestic) market growth be prioritised, to ensure maximum regional economic and socio-economic impact?
- What kind of spatial arrangement is most conducive to the objective of a jobs-rich provincial economy, rolling back poverty and improving citizens' wellbeing?

At a strategic level, the goals of the Western Cape Government's spatial plans are to consolidate

investment, both to improve the places where people are living and to capitalise on spatially and economically vibrant growth points; to cluster investment and government activities, including more affordable opportunities for people to live in these areas; and to connect places through better linkages between areas with an emphasis on public transport. The consolidate, capitalise, cluster and connect spatial logic identifies four focus areas for spatial transformation:

- Improving the places where people live.
- Creating more opportunities for people to live in better locations.
- Creating better linkages between places.
- Creating spatially and economically vibrant growth points.
- Innovation and other economic growth determinants have strong geographic/spatial dimensions, and investment decisions must be made with spatial differentiations in mind. The Western Cape Government's Growth Potential Study models growth potential across space by assessing key drivers (Figure 5.5).



Each place – be it a community, municipality or district – has different attributes, growth opportunities and dynamics. This means that because the Growth for Jobs approach is agile and responsive, its implementation will land differently in municipalities and townships, depending on the unique needs and prospects

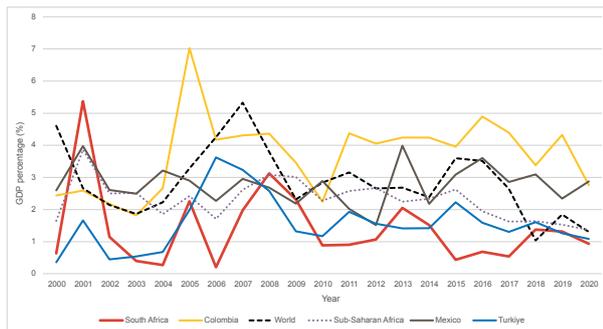
of the geographic area. The implication is that stakeholders will need to engage collectively with the Growth for Jobs strategy and translate its implications for the economic implementation plans of their geographic area. To this end, support and assistance will be provided by the Western Cape Government.

Investment expands production capacity and improves competitiveness and productivity, introducing innovations and new technology. The Growth for Jobs Strategy therefore regards investments by foreign, trans-provincial and local businesses to be a fundamental driver of success.

Top foreign direct investment performance

The Western Cape has consistently been rated as one of Africa's top investment destinations. Over the past two decades, the Western Cape has attracted 434 foreign direct investment (FDI) projects, of which over 90% were greenfield investments. They have injected an estimated R157-billion in capital and resulted in the creation of 31 371 jobs.

Figure 3: Foreign direct investment net inflows – South Africa compared peers

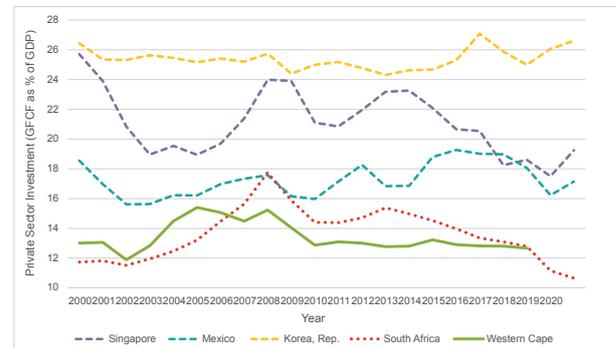


Source: World Bank

Reviving private-sector investment rates in Western Cape

The National Development Plan (NDP) targets 20% private sector investment, as measured by gross fixed capital formation (GFCF) to GDP ratio. The level of private sector investment in the Western Cape, was 13% in 2019. While the Western Cape's trend appears more stable than the overall South African average, it is markedly lower than benchmark economies.

Figure 4: Private-sector investment (GFCF as percentage of GDP)



Source: World Bank, SARB / Quantec (Western Cape)

Private-sector investment (GFCF as a percentage of GDP)

Gross fixed capital formation calculates between 2012 and 2021, total gross fixed capital formation was around R1.3-trillion (adjusted to 2021 prices) while total FDI was R122.3-billion. As Figure 4 shows, the private sector financed 12–15% of fixed investment in the Western Cape. These statistics underscore the important role played by local and domestic investors in achieving provincial growth objectives, although there is significant potential for FDI-oriented interventions to increase overall investment demand in the Western Cape.

Responsive provincial policy

The Western Cape Government must be responsive to evolving growth opportunities available to local, national and offshore investors. In this, the Western Cape Government needs to reinforce its investment attractiveness by addressing barriers and amplifying its strengths and value propositions. This will include leveraging a comprehensive approach that addresses the competitiveness of relevant factors of production, legal, regulatory, procedural, and institutional barriers affecting all phases of the investment lifecycle.

Goal Statement

Private-sector investment will be 20% of regional GDP (translating to R200-billion) by 2035.

Objective Statement

The Western Cape is the investment destination of choice for local and international investors in a range of growth opportunities, providing an enabled environment and strong networks of ecosystems.

2035 Picture of Success

- Domestic and foreign investment that helps diversify the economy, increases inclusion, and facilitates spatial transformation and social cohesion, including investment in labour-intensive industries and townships.
- A high degree of confidence among investors and businesses in the Western Cape and the Western Cape Government.
- Strong partnerships between government and businesses, with high degrees of trust among stakeholders.
- A strong and positive domestic and international brand that builds on existing and unique strengths and capitalises on new growth opportunities.
- An enabling ease-of-doing-business environment exists for South Africans and foreign investors where they can invest with certainty and assurance.
- Government assets and levers are used to provide competitive investment incentives and support.
- A robust and wide network of overseas and local advocates and ambassadors who know the Western Cape value proposition and help to attract investment.
- All necessary information is available and accessible to support sound investment decision-making.

- Environmental, social and governance (ESG) investors are attracted to the Western Cape and investors are assisted to improve their ESG portfolio.
- A cohesive investment support ecosystem in the Western Cape that attracts a pipeline of investment opportunities.

Actions towards 2035 success

1. Smart investment promotion, facilitation and support.

- Developing an overall Cape Brand inclusive of industry and place-based opportunities
- Undertaking aggressive programmes to market and promote growth opportunities
- Strengthening the overall investment facilitation ecosystem
- Developing platforms to link investors to opportunities.

2. Enabling and competitive environment

- Addressing visa challenges and identifying the top three investor constraints
- Developing nuanced packages of support and incentives (especially non-financial)
- Ensuring that the necessary infrastructure for investment is provided
- Radically increasing supply of affordable housing
- Increasing policy and regulatory certainty

3. Strong and supportive ecosystems of collaboration, intelligence sharing and trust

- Supporting growth opportunity ecosystems
- Strengthening the investment and opportunity economic intelligence

Exports of products, services and international tourism, which are enabled to access global markets, are key for break-out economic growth. Exports allow producers to diversify their customer base and increase sales, making economies of scale possible, which collectively help raise productivity. The domestic market nonetheless remains crucial. High domestic consumption offers prospects for additional growth, resilience, and job creation, particularly if local suppliers are able to out-compete importers.

Break-out exports from the Western Cape

Between 2000 and 2021, provincial exports grew by 146% in real terms, compared to 35% for South Africa's exports.

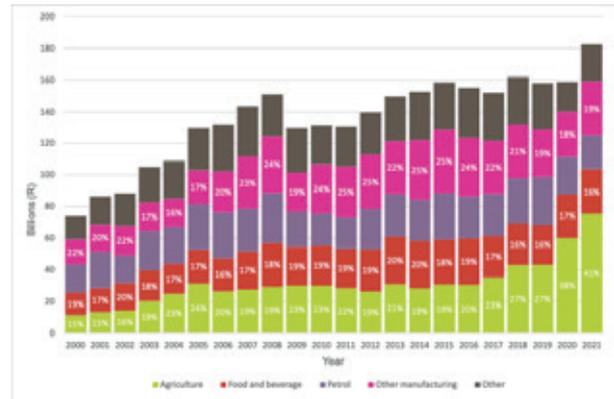
Figure 5: Benchmark export performance, constant 2015 US\$ (2012–2021)



Source: World Bank, Quantec

The Western Cape can capitalise on its brand as the leading location for domestic tourism, tech start-ups, asset management, retail headquarters, cultural and creative industries and, to a lesser extent, for banking and insurance. Enhancing the competitiveness of service-based exports may require different enablers, including strengthened skills capabilities and access to cost-effective high-speed broadband.

Figure 6: Export performance by sector

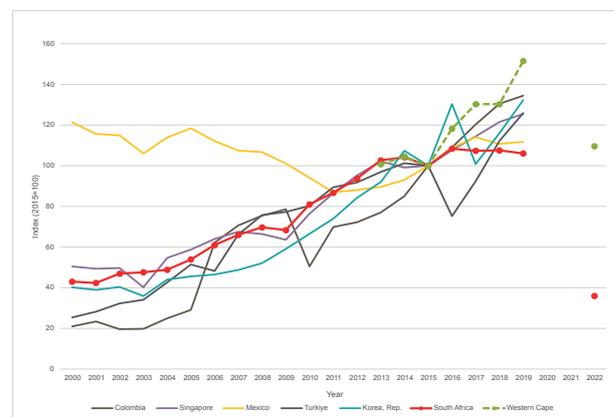


Source: Quantec

Outstanding tourism performance

The Western Cape has exhibited sustained tourism growth with overall international visitor arrivals to the Western Cape have tracked and exceeded comparable countries.

Figure 7: International visitor arrivals, benchmark economies (2000–2019)



Source: World Bank, SA Tourism

In 2019, two million international visitors came to the province, spending R18.6-billion. In addition, the thriving domestic tourism market adds to the region's resilience, smoothing seasonally induced fluctuations.

Given the relatively small size of the domestic market, the Western Cape's future economic growth and development rests largely on the province's ability to expand its existing exports and diversify its export base.



Goal Statement

The value of Western Cape exports of goods and services (inclusive of tourism) will triple by 2035.

Objective Statement

The Western Cape, with a strong domestic market capability, is a leading global export region in a diversified basket of goods and services and a sought-after tourism destination known for its quality, reliability and cost-effective goods and service offerings.

2035 Picture of Success

- Infrastructure and the enabling environment in the Western Cape are competitive, efficient, cost-effective and sustainable.
- Improved market access, lower trade barriers, and Western Cape interests are accommodated in national trade policies, agreements and incentives.
- Exporters have the necessary knowledge, capabilities, skills and support tools to export successfully.
- Vibrant and broad exporter ecosystems share intelligence and contacts and collectively address problems and opportunities.
- The Western Cape has an engaging brand, positive sentiment, a good reputation and strong sector brands and capabilities through which the province is seen as a desirable source of quality, reliable and cost-effective goods and services.
- Strong networks and support in targeted countries, including Africa, drive new exports and opportunities.
- Diversification of Western Cape exports and services allows for a wider range of specialisation and scaling of goods and services that input into a range of vertical sectors.

Actions towards 2035 success

1. Unlocking an enabling and competitive export environment

- Improving freight logistics
- Expanding Air Access
- Enhancing supportive compliance infrastructure and regulations

2. Strengthen and diversify the Western Cape export base

- Producing and using economic intelligence
- Enhancing and developing exporter ecosystems
- Developing and implementing export strategies and plans
- Strengthening export capabilities in identified industries
- Coordinating and leveraging the activities of other provincial departments

3. Drive market access

- Establishing and promoting a Western Cape brand
- Developing and implementing country marketing plans
- Creating an enabling and facilitating environment in target countries
- Identifying and pursuing export opportunities in Africa
- Strengthening intergovernmental coordination and advocacy
- Using technology for enhanced matchmaking
- Leveraging cross-selling opportunities

ENERGY RESILIENCE AND TRANSITIONING TOWARDS NET ZERO CARBON

Electricity is currently the number one binding constraint to economic growth and job creation, caused by the 6 GW shortfall in electricity production. Over and above this, South Africa is one of the world's most carbon-intensive economies, with dire implications for the climate, the environment and the economy.

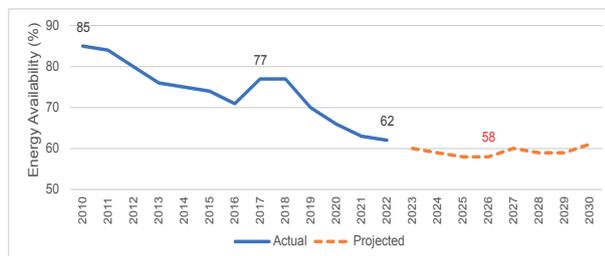
The key energy thrusts that the Growth for Jobs Strategy seeks to address are:

- ensuring the availability of affordable, reliable electricity supply
- creating an enabling environment for the transition from fossil fuels to renewable sources of energy
- leveraging the energy transition as a source of competitive advantage for the Western Cape's economy

National electricity crisis

The South African economy is 8–10% smaller as a direct consequence of load-shedding. Accessing alternative sources of reliable energy is an economic imperative, as Eskom's performance is unlikely to improve for the remainder of the decade. The Energy Availability Factor (EAF) will continue to decline primarily due to plant breakdowns and the decommissioning of Eskom coal plants by 2035.

Figure 8: Actual and projected energy availability trajectory (2010–2030)



Source: Eskom 2022

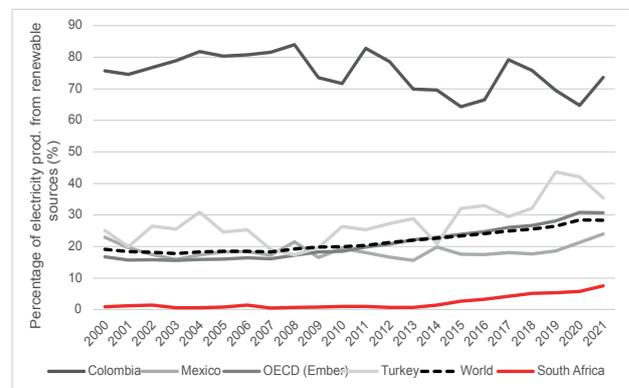
Western Cape has tremendous renewable-energy generation potential

South Africa has extremely good conditions for both wind and solar energy, with South Africa's Renewable Energy Independent Power

Producer (REIPP) already attracting over R200-billion in private-sector investment.

The Western Cape, with its sound infrastructural base and conducive climate, has been the largest provincial beneficiary of FDI in renewable energy projects. Despite rapid growth and the potential to create 1.2 million jobs, renewable energy still represents a small share of the total amount of energy produced in South Africa.

Figure 9: Share of electricity production from renewable sources



Source: Our World in data

Share of electricity production from renewable sources

The growing dominance of carbon border adjustment (CBA) mechanisms will increase the price of imports from carbon-intensive nations such as South Africa. The impacts of climate change demand a response and the Western Cape Government has committed to net zero greenhouse gas (GHG) emissions by the year 2050.

There is no simple solution to the energy crisis in South Africa. A total overhaul of the power sector, including increasing diversification and decentralisation of the energy supply is required.

Goal Statement

Reduce reliance of energy from Eskom of between 1800 – 5700 MW by 2035, estimated to attract between R21.6-billion and R68.4-billion in related investment.

Objective Statement

Energy is low carbon, reliable, competitive, accessible, enabled and supplied at scale, and meets the energy-efficient demands of the economy, using data, analytical tools and new models of delivery and contributing towards net zero carbon targets.

2035 Picture of Success

- The Western Cape has a clear energy plan that provides certainty and assurance to the private sector.
- The Western Cape has enabled the generation, procurement and trading of low-carbon energy by municipalities, the private sector and households.
- The Western Cape has a localised energy network, with supporting grid infrastructure.
- Abundant, reliable, low-carbon energy is available to meet the needs of the growing Western Cape economy.
- Businesses, citizens and government have adopted world-class energy-efficient production processes and operations and reduced the carbon intensity of their energy consumption.
- The province has a strong and well-informed energy ecosystem with international linkages to low carbon export products and services.
- The Western Cape has an export-ready green hydrogen hub in Saldanha Bay complimented by renewable energy value-chain manufacturing in Atlantis.

Actions towards 2035 success

1. Disaster mitigation and management (load-shedding impact reduction)

- Strengthening and co-ordinating the disaster mitigation and management system

2. Energy efficiency at scale (demand management)

- Conducting provincial energy efficiency surveys and developing energy efficiency programmes

3. Generation, procurement, and trading of low carbon energy

- Streamlining processes for SSEG and wheeling, potentially creating a virtual power station
- Testing of individual municipal IPP procurement projects and implementing renewable energy solutions in municipalities
- Making government land available for energy generation
- Considering the adoption of natural gas alternatives
- Providing alternative energy support for SMMEs
- Implementing a programme for Solar PV in schools and Western Cape Government buildings/facilities
- Stimulating the green energy market by developing a digital platform

4. Increased investment in the energy sector

- Developing a Western Cape Just Energy Transition (JET) Investment Plan
- Establishing a project preparation facility to take identified projects to bankability
- Planning and forming partnerships to enable green hydrogen production
- Planning for an enabling environment for electric vehicles
- Working with liquid fuel companies to encourage biofuel blending
- Encouraging local production of key renewable energy components

5. Increased investment in the energy sector

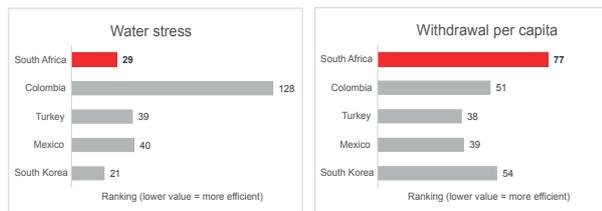
- Developing a Western Cape Integrated Resource Plan
- Developing strong partnerships and a strengthened ecosystem and resourcing economic intelligence capabilities

As populations and economies grow, the need for water increases. Indeed, given the importance of water to all production processes. Constraints in water provision translate directly into slower economic growth and reduced economic opportunities. The Western Cape's experience with severe drought illustrated the impact that poor water security has on citizens and the economy. The key challenges facing the province are the distribution, management, and availability of water, with climate change deepening these challenges.

Changing our relationship with water

Despite being among the top 30 most water-stressed countries in the world (ranked 29), South Africa consumes about 233 litres per person/day compared to the international benchmark of 180 litres per person/day.

Figure 10: Water-use stress and efficiency rankings (2019)



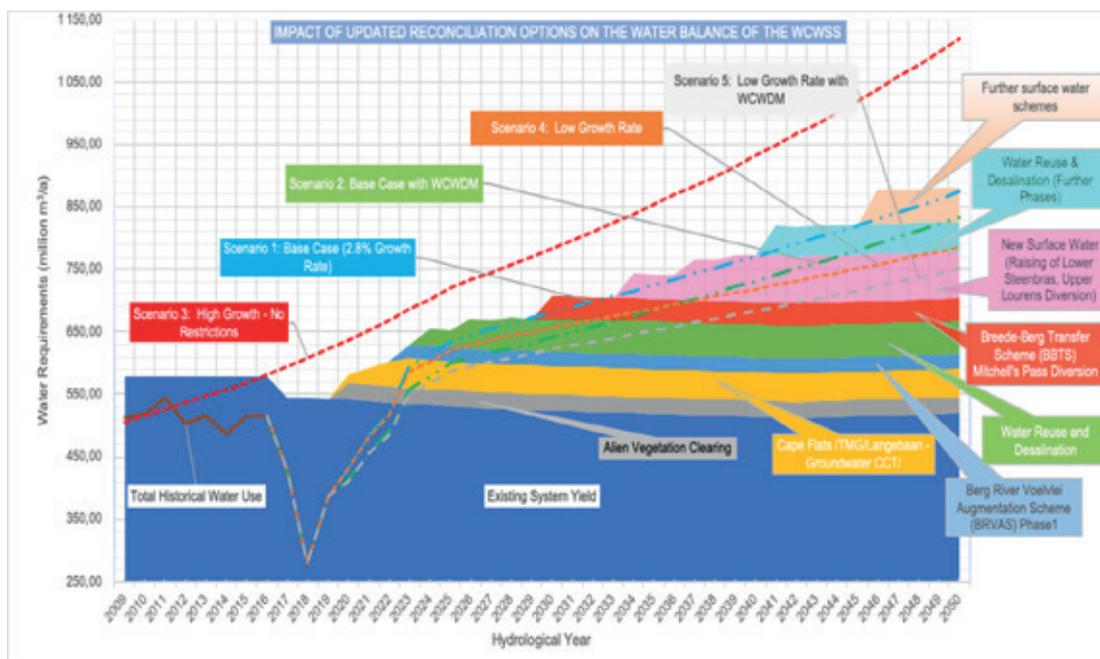
Source: AquaStat

Although the Western Cape has limited control over its global impacts, climate change can serve as a driver for proactive investment in climate adaptation. If the Western Cape were to become a national leader in water and climate resilience, by 2040, the province's economy would grow by up to 15%, with a commensurate 12.4% increase in jobs and the overall cost of living would decrease.

The Western Cape Water Supply System (WCWSS) consists of six dams, pump stations, pipelines, and tunnels. The WCWSS water demand modelling undertaken by the DWS indicates five demand growth scenarios and the committed supply interventions. (See scenarios below).

The provincial Economic Water Resilience Strategic Framework maps out the various steps to support business in reducing overall water consumption and use, through audits, targets and risks, water efficiency interventions, onsite re-use of water and alternative water supply. Guided by the strategic framework, the 2021 **Western Cape Water Resilience Plan**, which comprises a set of inter-disciplinary and comprehensive reports, provides the most recent situation analysis and guides all economic water resilience interventions.

Figure 11: Water balance scenarios of the WCWSS (DWS, 2022)



Goal Statement

Double the amount of water available for secondary and tertiary economic sectors (primarily from non-productive use) by 2035 and honour existing allocations to agriculture.

Objective Statement

The province will have optimised and increased water supply, integrated the management of water resources, and enhanced the adaptive capacity of business and citizens with respect to water usage to improve resilience, competitiveness, and quality of life for all its people, so that it has sufficient water supply to achieve its economic growth aspirations.

2035 Picture of Success

- Economic water security and resilience are secured and give businesses confidence.
- Western Cape industries are efficient and waterwise with reliable, de-risked local supply chains.
- Western Cape companies and sectors uphold best practice water efficiency benchmarks.
- Water assurances mean that the Western Cape can expand and diversify sectors, such as agriculture, agri-processing and light manufacturing industries.
- People have ready access to clean, potable water resulting in improved productivity and quality of life.
- Investment in ecological infrastructure enables water release for productive use.
- The Western Cape has a thriving water technology sector with demonstrable proof of success and the potential to export innovative water solutions to other countries.
- The Western Cape develops and implements best practice, sustainable, innovative municipal business models with respect to water and water management.
- Investment is provided to meet future water demand, as well as for water efficiency, conservation, and environmental infrastructure.

Actions towards 2035 success

1. Supply-side management

- Conducting a study of the water supply value chain
- Optimising water supply at source
- Reviewing and revising municipal water bylaws
- Monitoring groundwater quality

2. Infrastructure maintenance

- Expanding 'smart' water systems
- Developing a provincial energy efficiency programme
- Improving supply-chain management processes
- Prioritising the maintenance of the waterways and canals

3. Demand-side management

- Collecting accurate, real-time data and intelligence
- Developing, resourcing, and implementing a sustained provincial economic water resilience programme
- Targeting industrial areas
- Developing a behavioural change programme
- Identifying and addressing regulatory challenges
- Incorporating water sensitive design

4. Coordinated water infrastructure oversight and investment

- Undertaking appropriate and coordinated water governance planning
- Collaborating and coordinating with respect to water infrastructure investment
- Providing clear policies to businesses
- Funding regional water innovation hubs

5. Alternative water costing models for municipalities

- De-coupling water service charges from sanitation charges
- Innovating around a shift in the municipal revenue model
- Exploring risk-sharing and co-financing arrangements

PARTNERING FOR TECHNOLOGY AND INNOVATION

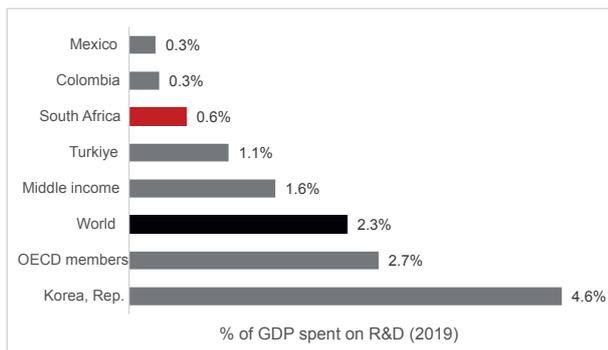
Changes in technology are the only source of permanent increases in productivity, while **R&D investment causes 50% of output growth and 75% of productivity growth.**

Technologically and innovatively driven firms drive economy-wide productivity gains through resource efficiency. Innovative firms use cooperation with higher education institutions to commercialise R&D and spur new economic activity. The strength and depth of these processes are crucial for a region's competitiveness.

South Africa needs expand innovation and Research and Development

The gulf between the country's R&D targets and its performance is stark and widening, with expenditure just 62% of the targeted 1.1% of GDP. If the target of 1.1% of GDP is met, this could translate into R54-billion growth by 2024. Furthermore, the private sector should ideally contribute over 50% of gross expenditure on R&D but only contributed 31% in 2019. At the same time, the Western Cape has growing tech and start-up enterprises that can be further expanded with a greater focus on enabling R&D.

Figure 12: Share of GDP spent on R&D (2019)



Source: World Bank Development Indicators

Higher education institutions are key actors in the regional innovation system. Knowledge can be transferred to local businesses, or start-ups can be created.

“...in 2019, the gross tertiary enrolment rate was 53.8% in China, 55.1% in Brazil, 42.8% in Mexico but just 23.9% in South Africa”.

Innovation can be understood as “the multi-stage process whereby organisations transform ideas into new/improved products, service or processes, in order to compete and differentiate themselves successfully in their marketplace”. Technology, inclusive of digital technology, is the creation, usage and knowledge of tools, techniques, crafts, systems or methods to solve a problem or serve a purpose or end. Innovation and technology are therefore not synonymous but are inter-related in that technology is often a driver and enabler of the proliferation and evolution of innovation.

Despite being home to world-class innovations, in 2020, the country had 25 patent applications per million population, compared to the average of 641 for upper middle-income countries. South Africa has the potential and talent for further ground-breaking R&D that can be commercialised, but this needs to be unlocked by additional and more synchronised investment.

Firms need to adopt technology and innovation

In 2020, 70% of South African firms in manufacturing and services used email for conducting business, while only 36% of firms had websites. The implication is that South African businesses are not fully utilising the productivity and competitiveness improvements offered by technology.

The Western Cape must embrace the opportunities as Africa's innovation and tech hub

The overall value of the digital economy ranges between 4.5% and 22.5% of global GDP, depending on which definitions and measures are used. According to the definition used by the World Bank, the size of the global digital economy is expected to be the **fastest-growing component of most economies.** In 2020, South Africa's 'internet economy' was valued at \$21.55-billion, or about 6.51% of GDP, and is expected to grow to more than \$125-billion, or 12.92% of GDP by 2050.

in Africa and, in 2020, a total of \$88-million was invested into tech start-ups in Cape Town.

Goal Statement

By 2035, research and development expenditure will increase by 300% in real terms, reaching R35-billion and venture capital deals will total R20-billion

Objective Statement

The Western Cape is the tech, start-up and venture capital and innovation and design capital of Africa, through robust business, government and community innovation (supported by academia), with strong technology ecosystems and centres of excellence in a range of industries and opportunities, with a supportive enabling environment, and where the adoption of appropriate technology and accessible innovation leads to an improvement in the Global Innovation Index and the productivity and competitiveness of the regional economy.

2035 Picture of Success

- A digitally transformed and enabled Western Cape that establishes and develops digital businesses (from start-ups to corporates).
- A strengthened technology and innovation ecosystem that significantly contributes to a strong virtuous cycle of growth.
- The right technology skills which are available in the right place at the right time, coupled with the appropriate digital and hybrid infrastructure, enable enterprises to invest and locate their technology and commercial businesses.
- The sustained emergence of a wide range of research-based innovation results in an extensive, diverse pipeline of commercialised opportunities that attracts a strong venture capital base.
- Government becomes a catalyst for innovations in the province, helping to drive uptake through its embrace of innovative private-sector solutions to service delivery.
- Networks of local innovation hubs, ecosystems and centres of excellence have international standing and reputations and attract foreign talent and financing.
- The private sector has an energised culture of R&D, innovation and technology adaptation, supported by an enabling environment.
- Citizens have positive feedback options to government through innovation/digital

mechanisms and creating a positive experience for the citizen.

Actions towards 2035 success

1. Strengthen ease of doing business and promote ecosystems of technology and innovation

- Addressing regulatory and legal reform
- Building and supporting networks in the technology and innovation ecosystems
- Establishing a sandbox for emerging technologies and innovation
- Investigating the establishment of a challenge fund
- Strengthening the catalytic role of universities and support for research chairs at universities
- Developing a single, comprehensive entrepreneurial/innovation portal

2. Establish the Western Cape as a venture capital hub for start-ups and scale-ups

- Improving ease of doing business, including exchange control and intellectual property
- Investigating incentives to attract and support start-ups and growth-orientated business
- Facilitating the growth of venture capital funds
- Strengthening the finance and funding ecosystem

3. Stimulate growth of and demand for innovation and technology start-ups and scale-ups

- Positioning and marketing the Western Cape as Africa's hub of venture capital, digital, tech, innovation and start-ups
- Promoting the uptake of technology and innovation within industries and verticals
- Enabling SMMEs to take up technology
- Driving the Western Cape Government to be more outward-facing in terms of innovation

4. Supporting human capital development

- Introducing practical postgraduate ICT and tech conversion programmes

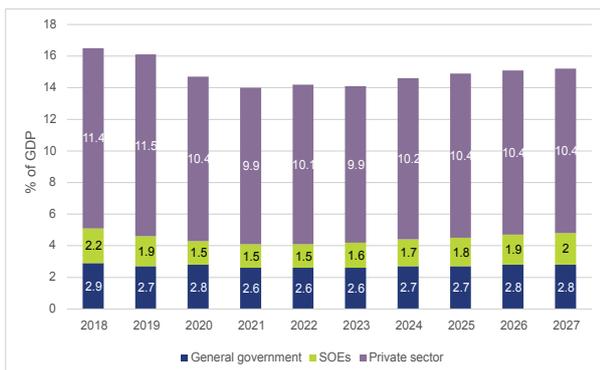
CONNECTING THROUGH INFRASTRUCTURE AND DIGITALISATION

Economic growth requires economic infrastructure, which supports productive activities and social infrastructure, which enables the functionality of communities. While all infrastructure is prioritised, particular attention is needed on infrastructure for connectivity, which includes both the movement of goods and people and digital connectivity.

Economic infrastructure has deteriorated nationally due to underinvestment

Economic infrastructure – under direct control of national departments and SOEs – represents the most immediate and binding constraint on provincial economic growth prospects.

Figure 13: Actual and budgeted national GFCF as % of GDP



Source: Quantec / SARB

Public-sector investment needs to enable growth

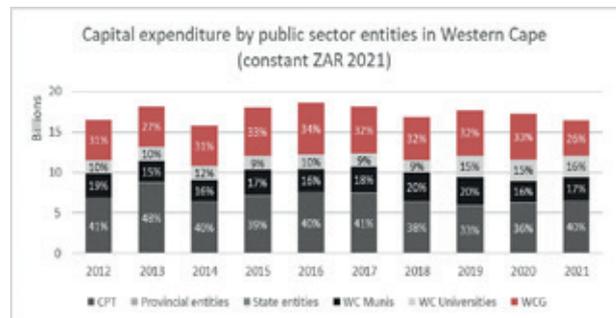
Public sector infrastructure investment sits at 4.1% of GDP (2022), - against a target of 10%. It is estimated that one-third of infrastructure expenditure is lost as a result of inefficiency due to governance-related challenges. State Owned Entities have struggled to allocate and deliver infrastructure efficiently and effectively, undermining the country's macroeconomic stability. Municipalities have also continuously underspent on conditional grants and increasingly, have not collected sufficient revenue to finance capital infrastructure. The impact of the expenditure decline and inefficiencies is reflected in the 2022 SAICE Report, where South Africa's public infrastructure received a 'D', signifying that

overall it is at risk of failure, although the grades vary across sectors.

Provincial infrastructure landscape

Western Cape Government is directly responsible for about one-third of the overall capital budget, with the City of Cape Town's capital budget contributing 40% towards the total spend. The remaining budget is split between the tertiary education sector and other municipalities.

Figure 14: Capital expenditure by public entities in Western Cape (constant 2021 rands)



Source: Quantec

Infrastructure needs to enable economic growth

The Growth for Jobs Strategy will shape the Western Cape Infrastructure Plan 2050 (WCIP 2050), which will complement the City of Cape Town's Infrastructure Delivery Plan as well as plans of other municipalities. The Plan will include an emphasis, amongst others, on connectivity and the network industries:

Ports: The importance of the port sector to the Western Cape economy cannot be overestimated. Over half (52%) of Western Cape exports (valued at R86-billion) were exported via the port of Cape Town. A high-growth scenario would result in another R6-billion in exports and about 20 000 more direct and indirect jobs at the port by 2026. Port expansion is required in Cape Town and Saldanha in response to local and international markets and as economic catalysts - but equally there are low-hanging fruit such as solving land-side transport bottlenecks to allow the



better flow of goods, and better planning and tracking.

Rail network: The Western Cape rail network consists of 4994 km of Transnet and 610 km of Passenger Rail Agency of South Africa (PRASA) railway lines. Vandalism of the rail system has resulted in half the trainsets being lost and approximately 400 000 passengers moving away from using rail services to passenger vehicles, resulting in high traffic volumes and increased fuel use and vehicle emissions. Rail infrastructure has suffered heavily from historical underinvestment, and the rehabilitation and upgrading of existing passenger and freight rail systems is a priority. An end-to-end view of logistics is the opportunity that needs to be grasped.

Airports: Demand-led expansion plans for Cape Town International Airport, which had been deferred in part because of Covid-19, need to be revived in line with the increase in cargo and passenger flows.

Digital connectivity: Provincially, access to mobile communication has increased dramatically whereas internet access has been

stagnant. . The foundational role of digital transformation means that the benefits of becoming a fully digitally enabled society and economy outweigh the costs.

Three factors that influence the delivery and condition of infrastructure are people and relationships, institutional robustness, and data and information. The Western Cape’s economy depends on effective and efficient transport networks and services for the movement of people and goods, and these three factors have to be addressed along with the necessary planning and financing.

Goal Statement

By 2035, the Western Cape economy will have the infrastructure required to support and enable a R1-trillion economy and public sector capital investment in the Western Cape will be 10% of regional GDP.

Objective Statement

To coordinate, prioritise, plan, and implement the timeous delivery of relevant and smart infrastructural solutions (physical, digital

and hybrid) to support break-out economic growth and a connected economy, providing flexible, resilient infrastructure that intelligently connects spaces, places, and people, transforms lives and delivers sustainable value to the economy of the Western Cape.

2035 Picture of Success

- Intelligent, resilient infrastructure solutions contribute to accelerated, break-out economic growth, connecting people, communities, and businesses to opportunities.
- ‘Futureproofed’ infrastructure and total cost of ownership considerations are part of the solution/design approach and ecological, social and governance (ESG) opportunities are utilised to maximise project benefits.
- Relevant infrastructure solutions (physical, digital and hybrid) are coordinated, prioritised, innovated and planned for timeous delivery to support the achievement of break-out economic growth and a connected economy.
- Officials are enabled to be innovative, supportive and responsive to economic opportunities.
- Ease of doing business is embodied in the approach of officials with respect to infrastructure investment for the private sector.
- A collaborative ecosystem of infrastructure stakeholders is established and strengthened that identifies infrastructure challenges and opportunities and works together to ensure that they are addressed timeously, efficiently and cost-effectively. This will be inclusive of collaboratively identifying and championing catalytic infrastructure solutions that will contribute to sustained economic growth and job creation.
- The transformative power of digital and hybrid infrastructure is harnessed to deliver greater value to inhabitants and the economy whilst simultaneously decreasing cost.
- Government spending on infrastructure is used as a stimulus to encourage spatial transformation and broader ecosystem investment, benefitting the economy and communities accordingly.
- The competitiveness of the economy and its associated sectors is improved through

targeted infrastructure investment and ease-of-doing-business response for development, identifying and delivering catalytic infrastructure that will contribute to the development of the economy.

- Current government assets (land, etc.) are identified and used as infrastructure catalysts for economic and/or social change.
- New freight corridors (intermodal logistics hubs) are developed that enable goods to move seamlessly and quickly to their destinations with minimal delays, in the process contributing to spatial transformation in the province. A portfolio of ports (sea, air and inland) is developed, serving the economy that have the necessary efficiency, focus and capacity to deliver goods to their destinations quickly and efficiently.
- Circular infrastructure is advanced, enabling circular economy activity (e.g., re-use, recycle or recover waste), and minimising the amount of material used across the infrastructure lifecycle or value chain.
- Infrastructure asset management is viewed as an important opportunity to improve the capacity of local and provincial government to systematically manage assets over entire lifecycles and within a broader asset portfolio.

Actions towards 2035 success

1. Coordinated planning and a strengthened ecosystem

- Developing a Western Cape infrastructure framework incorporating 50% economic growth of the economy by 2035
- Better aligning provincial multi-sectoral infrastructure planning
- Establishing a well-capacitated data management and infrastructure monitoring system and economic intelligence capability
- Strengthening the ecosystems between government and the private sector

2. Ease-of-doing government for accelerated delivery and management of infrastructure

- Overcoming PFMA and MFMA constraints

- Developing an AI and predictive analytics enabled technology platform for demand modelling
- Reviewing infrastructure-related legislation and regulations to provide evidence-based advocacy for legislative and regulatory change,
- Building the capacity and capability of municipal officials

3. Infrastructure as a catalyst for targeted economic growth opportunities

- Driving spatial transformation and economic accessibility and initiating one or two pilot project township initiatives and exploring the development of high street or hybrid models
- Addressing the lack of tenure and title deeds
- Identifying under-utilised Western Cape Government buildings and land that can be deployed as an accelerator
- Strengthening the regional pipeline of apprenticeships and semi-skilled labour
- Supporting and strengthening approaches to urban planning, design and development
- Driving spatial transformation through enabling and fast-tracking housing development for mixed use and mixed income

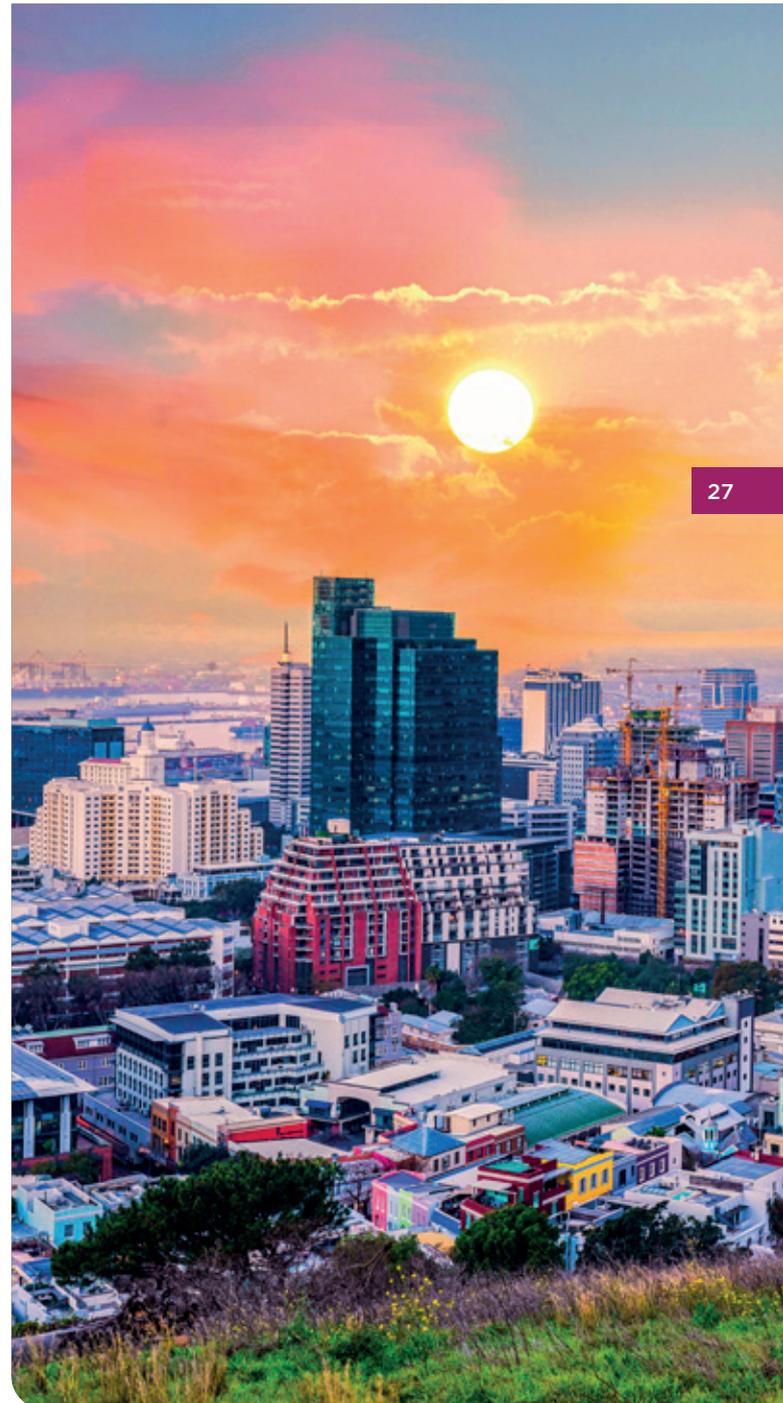
4. Harness the opportunities in digital and hybrid infrastructure

- Rolling out the next phase of the Western Cape Government's broadband programme
- Addressing ease-of-doing business with respect to access to way leaves
- Accelerating the rollout of Digital Access Centres
- Providing laptops to all Grade 8s in two rural towns as a pilot
- Driving business and citizen uptake through the digitisation of government services and procurement processes
- Making government data open and accessible to businesses and academia.

5. Harness the opportunities in digital and hybrid infrastructure

- Championing catalytic logistics initiatives

- Working collaboratively with Transnet and partners to address the current challenges at the Cape Town port/container terminal
- Establishing a task team to explore, among others, the introduction of a cashless payment system to be used in taxis and buses
- Seeking devolution of the PRASA Metrorail function
- Introducing new mobility solutions and/or positively impacting spatial patterns to reduce time spent commuting



IMPROVING PATHWAYS FOR LEARNERS, ENTREPRENEURS AND ASPIRANT JOB SEEKERS

Human capital development is at the core of growth strategies. Low-income households face time, distance and cost burdens that reduce access to economic opportunities. The Western Cape Government seeks to enable people to access opportunities through developing skills and productivity, nurturing local expertise and entrepreneurship, enabling micro- and small-sized enterprises to participate in industry value chains, and supporting self-employment.

In a country that has one of the highest levels of unemployment in the world, improving access to economic opportunities and employability is crucial. For the individual, employability depends on four elements:

- human capital assets (knowledge, skills, experience, attitudes)
- deployment (career management skills)
- presentation (job acquisition skills, CV, interview techniques, etc.)
- personal circumstances (who you are, who you know, where you live, responsibility, labour market, etc.).

To these, might be added the skills, know-how and resources needed to exploit opportunities for entrepreneurship, be it within a formal or informal business.

South Africa's labour market: a familiar and wicked problem

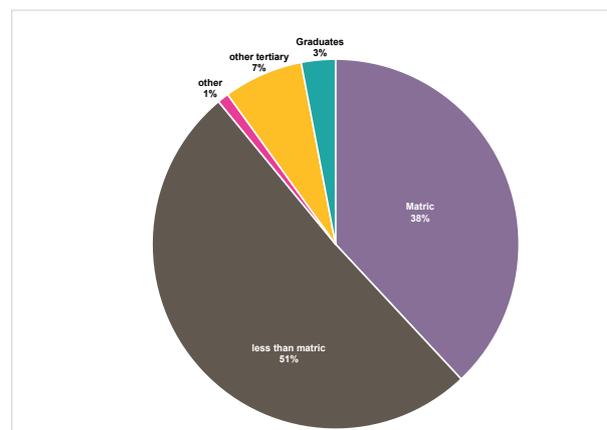
The structure of the Western Cape's labour market closely resembles that of South Africa. With a formal economy that is being held back by a critical shortage of skilled workers, and yet 2.6 million working-age residents are not in gainful employment.

Critical shortage of skilled workers stifling growth

The structure of the Western Cape's labour market resembles that of South Africa. With a formal economy that is being held back by a critical shortage of skilled workers, and yet 2.6 million working-age residents are not in gainful employment.

South Africa's economic growth is constrained in part by shortages of skilled labour. Whereas unemployment levels among citizens with advanced qualifications are broadly in line with benchmark economies, unemployment amongst unskilled and semi-skilled job seekers is exceptionally high.

Figure 15: Total unemployed, by education level (Q3 2022)



Source: QLFS

The figure above illustrates the misalignment between the supply of mostly low-level skills and the demand for high-level skills. Citizens with higher levels of education and relevant skills have a higher likelihood of being employed.

Enabling growth-oriented entrepreneurs

Compared to benchmark economies, South Africans appear to be exceptionally dependent on salaried positions and not particularly successful at self-employment, whether formal or informal.

Figure 16: Self-employment levels, South Africa compared to peers



Source: ILO estimate from World Bank

In South Africa, the informal sector's contribution to economic activity or employment is small compared to benchmark and even developed country economies, pointing to the need to address the binding constraints inhibiting the success of growth-oriented entrepreneurs and the improved sustainability of survivalist micro-businesses. Growth-oriented entrepreneurs are key to creating economic opportunities and employment. The binary distinction between formal and informal business inhibits the identification of high potential sectors and nodes.

Preparing learners for the workplace

The Western Cape spends 36% of its budget on education, but weak labour market outcomes suggest a need to align education/skills provided with the needs of employers, especially around jobs for the future.

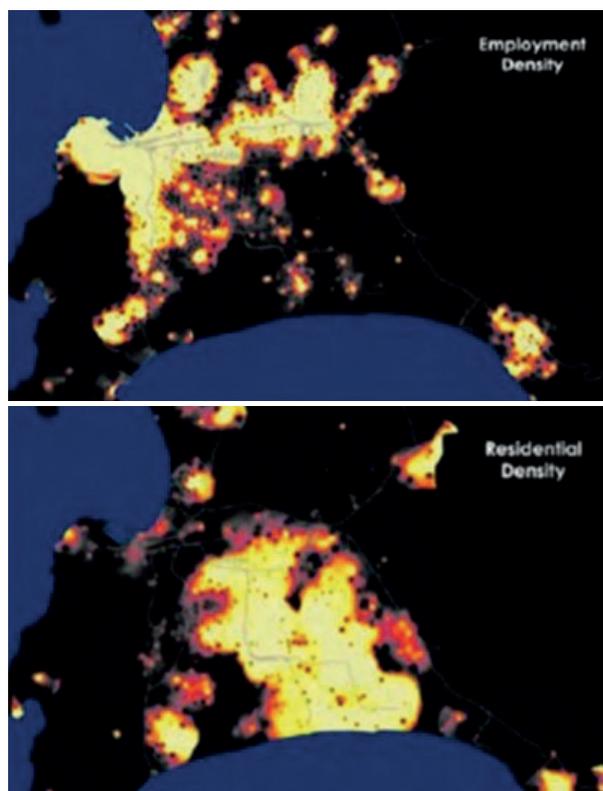
The WCED curriculum and learning needs to link education to employment more effectively. The knowledge, skills, and abilities that enable people to find or keep a job or advance in the workforce are known as workforce preparation skills. , while more accessible support is required to guide learners and job-seekers towards the skills that the economy requires.

Addressing binding spatial constraints impeding entrepreneurship

To thrive, township economic development depends firstly on the capabilities and resilience of township business and an enabling regulatory environment, and secondly on a spatial environment conducive for businesses to flourish and connect . In townships, the material welfare of local households is constrained by declining levels of inward private investment and insufficient levels of bottom-up business establishment and growth.

The spatial factors driving poor labour market outcomes

Figure 17: Cape Metro employment density compared to residential density



Source: City of Cape Town

As reflected in the City of Cape Town's residential area and employment density heat maps for Cape Town (Figure 17), the distances between where low-income households live and work are significant, imposing time and out-of-pocket costs that can amount to a large portion of poor households' income, while increasing exposure to crime. face time, distance and cost burdens that reduce access to economic opportunities. These burdens also lower growth because households are unable to accumulate land and human capital.

Goal Statement

All citizens who want to be economically active have improved access to economic opportunities and employability through at least one pathway, with pathways comprising improved employability assets (knowledge, skills, experience, and/or competencies), career management skills, workplace-ready capabilities and skills, economic opportunities more accessible to communities, and entrepreneurship.

Objective Statement

A thriving society where capable, economically active citizens are able to access economic opportunities and employment, including the skills of the future, and where barriers to accessing information, to developing competencies and skills, and to finding work have been reduced or removed.

2035 Picture of Success

- Youth and the unemployed can make informed choices about their careers and future and are enabled to pursue their career pathways.
- Citizens have easier access to economic opportunities and pathways nearer to the places that they live.
- A strong pipeline of suitably qualified people who are employment-ready, able to access available jobs and be absorbed rapidly and sustainably into employment.
- Western Cape school leavers/graduates have a reputation for technical expertise coupled with innovation/creativity/problem-solving and collaboration skills and are highly sought after by employers.
- Entrepreneurship is considered a viable choice as an economic opportunity and citizens starting up a business – whether formal or informal – have access to the necessary support and an enabling environment.
- Changing the view of township economies from latent informal business to potential value chain business or suppliers in specific sectors would open opportunities for township-based entrepreneurs to participate more favourably in industry value chains.

- Townships are vibrant and dynamic economic places contributing to and benefitting from break-out economic growth.

Actions towards 2035 success

1. Improved education-based and competency-based pathways

- Improving life orientation content on careers, work-readiness, and competencies
- Expanding after-school programmes to develop competencies
- Revising curriculum and modes of learning to maximise relevance to the workplace
- Accelerating the roll-out of focus schools
- In partnership with the private sector, roll out an online blended school for those who have not completed their schooling

2. Improved post-school and tertiary education pathways

- Investigating the feasibility and developing a strategy to expand the number of universities (private sector and public sector) and TVET colleges
- Together with the tertiary institutions, enhancing the through-put rates of enrolled tertiary students.

3. Improved work-place skills and productivity pathways

- Through the improved understanding of businesses' skills needs, developing initiatives to enhance experiential learning
- Exploring how the DEDAT's BPO work placement model can be replicated for growth opportunities
- Developing innovative models for recognising emerging trends of training
- Working with the private sector with respect to their hiring practices
- Strengthening dialogue between SMMEs and SETAs
- Forging closer relationships with the Presidential Employment Stimulus team and the private sector
- Championing and investing in programmes to deliver digital skills

4. Bringing economic pathways and opportunities closer to citizens and communities and vice versa

- Overcoming the digital divide by making devices, connectivity, and relevant learning content available and accessible to all learners
- Creating the enabling environment
- Developing a vibrant, functional housing market as well as a land assembly pipeline
- Work with municipalities to support homeowner-driven small scale development
- Collaborating with the PFA 6 with respect to improving public transport to reduce commuting times
- Developing an overall Western Cape township strategy as well as township action plans within targeted communities
- Considering whether programmes such as the Western Cape Government's Year Beyond Programme and the Expanded Public Works Programme can be used to assist skills transfer into township-based growth opportunities
- Improving urban management in townships to support investment
- Understanding the impact of compliance enforcement on local businesses
- Leveraging existing digital entrepreneurial platforms to provide support to entrepreneurs
- Supporting opportunities for microbusiness support for women, including ECD
- Identifying and addressing challenges and ease of doing business, including the concerns about crime and safety
- Developing campaigns to promote entrepreneurship and microbusiness.
- Conducting an international benchmarking of South Africa's labour legislation and regulations

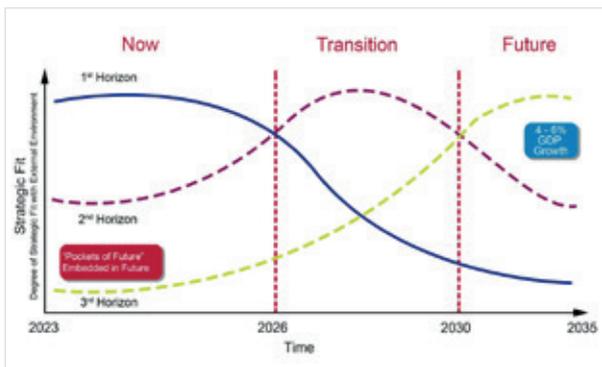


WAY FORWARD

Drawing from research and expert input, purposeful, choiceful, realistic and impactful choices were made in determining what and how the Western Cape Government will accomplish the overall targets set out by the Growth for Jobs Strategic Framework.

Seven Priority Focus Areas have been identified, each with clear and ambitious objective and goal statements, and with sets of themes and interventions that will be sequenced along 3-time horizons over the next 12 years:

Figure 13.1: Three horizons for the interventions



Doing what it takes to deliver

The Growth for Jobs Strategy has identified a suite of policy levers – or toolkits – to be deployed in pursuit of the interventions and

goals within the Priority Focus Areas and the overall Strategy.

Transversal management and governance of the Growth for Jobs approach

A risk for success is the extent to which all PFAs are fundamentally dependent on other enablers and levers. The Western Cape Government will utilise various models of transversal management, delivery and coordination, as appropriate, to make sure that the PFAs get the necessary support across provincial government in order to deliver.

Striving for the ultimate G4J goal

Collectively these seven Priority Focus Areas will have a direct GDP impact of R395-billion, and the economic modelling shows that this can generate 600 000 and over one million jobs.

Accomplishing the objectives and targets set out by these PFAs is an imperative and will synergistically and meaningfully contribute towards the Western Cape having an enabled, competitive and inclusive economy.



ENDNOTES AND REFERENCES

- i. Responses to the pandemic, such as lockdowns and other restrictions, led to the recession.
- ii. Examples of poor national policies include the delay in procuring renewables, extreme Covid restrictions, high salary increases for public servants and the minerals policy which has resulted in a decline in mining investment.
- iii. Stats SA. 2022. QLFS 2022 Q4.
- iv. Easterly, W. and Levine, R. 2002. It's not factor accumulation: stylized facts and growth models. Banco Central de Chile.
- v. The target refers to overall private sector investment into the Western Cape as the 20% private sector component of GFCF. The specific target for investments directly supported by the Western Cape Government is R100-billion by 2035.
- vi. Ramokgopa, K. S, 2023. "South Africa's Infrastructure Emergency: An Urgent and Collaborative Intervention".
- vii. CSIR. 2019. Long-term electricity sector expansion planning outcomes: A unique opportunity for a least cost energy transition in South Africa.
- viii. WCG. 2022. Economic Water resilience and Opportunities of Climate Resilience in the Western Cape quoted in the Western Cape Integrated Drought and Water Response Plan
- ix. Department of Economic Development and Tourism (DEDAT). 2019
- x. Basu, Fernald and Shapiro. 2001; Griliches .1995
- xi. World Bank, 2019. South Africa: Digital Economy Diagnostic: Value creation and capture: implications for developing countries, Digital Economy Report 2019
- xii. This section draws heavily from Ramokgopa, K. S, 2023. "South Africa's Infrastructure Emergency: An Urgent and Collaborative Intervention".
- xiii. Ramokgopa, K. S. 2023. "South Africa's Infrastructure Emergency: An Urgent and Collaborative Intervention".
- xiv. Ibid.
- xv. Sourced from Quantec 2023. Capital Expenditure by Public Sector. Original source: Statistics South Africa – P9101: Capital Expenditure by the Public Sector. The WCG's Overview of Provincial and Municipal Infrastructure Investment 2023 report states that total infrastructure spend for the WCG was R 8.5 billion in 2021/22 and R 10.1 billion for 2022/23. It is estimated to be R 11.5 billion in 2023/24. These figures differ from Stat SA's figure due to the economic classification and adjustments Stats SA uses. The City of Cape Town's Annual Financial Statements state that Capital Expenditure for 2020/21 was R 6.528 billion, when maintenance is added to this R 9.2 billion was spent in infrastructure. According to the City of Cape Town's 2022 Infrastructure report, the 10-year infrastructure pipeline amounts to R120 billion in Capital expenditure going into 2032. This means on average capital expenditure will be about R 12 billion per annum.
- xvi. World population review. 2020. Top 10 countries with highest unemployment.
- xvii. Hillage, J and Pollard, E. 1998. Employability: Developing a framework for policy analysis. Department for Education and Employment, London.
- xviii. 2021 estimate by Quantec EasyData 2023.
- xix. 2021 estimate by Quantec EasyData 2023.
- xx. Davies, R and Seventer, D. 2020. "Labour Market Polarization in South Africa: A Decomposition Analysis," Working Paper, WIDER Working Paper, 2020.
- xxi. Stats SA. 2022. QLFS 2022 Q3.
- xxii. KayLynn Hamilton, K. 2022. What Does It Mean to Have Workforce Preparation Skills?
- xxiii. SACN. 2020. Township economic development in the Gauteng province.







Western Cape
Government

FOR YOU