



Western Cape
Government

Department of the Premier

Western Cape
Government
**International
Relations Strategy**



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Foreword by Helen Zille, Premier of the Western Cape

I am pleased to present the Western Cape Government (WCG)'s International Relations (IR) Strategy. This strategy serves to position our province as an internationally recognised region for tourism, trade and investment by promoting our competitive advantages.

Even though IR is still largely the domain of nation-states, regional governments are playing an increasingly critical role. The WCG must keep pace with this trend and ensure that we form effective partnerships with key global actors.

This strategy focuses on building and strengthening ties with Africa, the BRIC countries and the rest of the world. It showcases the province's wealth of infrastructural and natural assets, as well as our excellent tertiary education, which mark the Western Cape as an investment centre of choice. This is also due to our sophisticated transport system, which provides ease of access to our markets via three major ports, three national highways and two international airports.

Our aim is to build our knowledge base - and to share our experience - through meaningful exchanges with emerging and developed regions the world over.

Of course, we face some challenges. For example, we expect to be impacted heavily by climate change. Drought and water shortages place significant strain on the Western Cape's natural assets and all our important agricultural exports. To protect future generations, this strategy places a crucial emphasis on environmental resilience and adaptation to climate change and increased sustainability.

The IR Strategy is a living document and is intended to evolve. We need to engage more with businesses, municipalities and consulates based in the Western Cape and keep abreast of trends in the international environment. Our aim is to ensure the Western Cape is an integral part of Africa.

In other words, partnerships and exchanges are vital to the success of the strategy, which is set to benefit the growth and development of our region at the southern tip of Africa.

We look forward to the active engagement with all our partners in this pursuit of our strategy over the next decade.

September 2013

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Table of Contents

Abbreviations	4
Executive Summary	7
1. Introduction	9
2. Policy and Legislative Context	13
3. Trends in the International Environment	19
3.1 Global Economic Changes	19
3.2 Role of Subnational governments	21
3.3 Sustainable Development	23
3.3.1 Climate Change	24
3.3.2 The Green Economy	24
4. The Western Cape Context	27
4.1 Socio-economic realities	27
4.2 Economic Context	27
5. The Western Cape's Opportunities	31
6. The Approach – Global Positioning of the Western Cape	41
6.1 The BRICS	41
6.2 Africa	45
7. The Strategic Framework	49
7.1 Vision	49
7.2 Strategic Goals and Objectives	49
8. Implementation Framework	59
9. Official Development Assistance	65
10. Conclusion	69
References	71

List of abbreviations

ACSA	Airports Company of South Africa	IBSA	India; Brazil; South Africa
ASEAN	Association of Southeast Asian Nations	ICT	Information Communication Technology
AU	African Union	ICLEI	International Council for Local Environmental Initiatives
BCM	Buffalo City Municipality	IDFIR	Interdepartmental Forum on International Relations
BRIC	Brazil; Russia; India; China	IDZ	Industrial Development Zone
BRICS	Brazil; Russia; India; China; South Africa	IGR	Inter-Governmental Relations
CHEC	Council for Higher Education Consortium	IMF	International Monetary Fund
COMESA	Common Market for Eastern and Southern Africa	IR	International Relations
CO ₂	Carbon dioxide	IT	Information Technology
CoCT	City of Cape Town	MDGs	Millennium Development Goals
DCAS	Department of Cultural Affairs and Sport	Mercosur	Common Market of the South
DEADP	Department of Environmental Affairs and Development Planning	MTBPS	Medium-Term Budget Policy Statement
DEDAT	Department of Economic Development and Tourism	M & E	Monitoring and Evaluation
DHS	Department of Human Settlements	N 11	Next Eleven
DIRCO	Department of International Relations and Cooperation	NAFTA	North American Free Trade Agreement
DoA	Department of Agriculture	NAASP	New Asia Strategic Partnership
DoH	Department of Health	NAM	Non-Aligned Movement
DotP	Department of the Premier	NDP	National Development Plan
DSD	Department of Social Development	NEPAD	New Partnership for Africa's Development
DTPW	Department of Transport and Public Works	Nrg4SD	Network of Regional Governments for Sustainable Development
EAC	East African Community	OAU	Organisation for African Unity
EDP	Economic Development Partnership	ODA	Official Development Assistance
EU	European Union	OECD	Organisation for Economic Cooperation and Development
FDI	Foreign Direct Investment	PERO	Provincial Economic Review and Outlook
FTA	Free Trade Area	PSF	Provincial Skills Forum
G8	Group of 8	PSP	Provincial Strategic Plan
G20	Group of 20	PSO	Provincial Strategic Objective
GDP	Gross Domestic Product	PV	Photovoltaic
GDPR	Gross Domestic Product per Region	REPI	Regional Economic Performance/Competitiveness Index
HEIs	Higher Education Institutions	RISDP	Regional Indicative Strategic Development Plan

SADC	Southern African Development Community
SPV	Special Purpose Vehicle
UAE	United Arab Emirates
UCLG	United Cities and Local Government Association
UK	United Kingdom
UN	United Nations
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
USA	United States of America
USD	United States Dollar
WACS	West Africa Cable System
WCED	Western Cape Education Department
WCG	Western Cape Government
WESGRO	Western Cape Investment, Trade and Promotion Agency
WC	Western Cape
WTO	World Trade Organisation
ZAR	South African Rand

Financial district in Cape Town – a booming site for construction and economic growth.
Courtesy: ©WESGRO



Executive Summary

This document aims to provide the overarching strategic direction for the Western Cape Government's (WCG) international relations. Key areas for intervention include promoting tourism, trade and investment, skills development through knowledge sharing with targeted countries and regions, and improving sustainable development through climate change mitigation and adaptation while promoting the green economy.

Although foreign policy is largely determined by nation-states, there is scope for regional polities to build strategic partnerships with one another, with a view to stimulating economic growth. In an increasingly interconnected world, global events and trends have local consequences – socially, economically and politically. This was brought home by the global financial crisis triggered in 2008. Increasingly, regions have to think creatively about how they position themselves to maximum advantage in a globally linked and competitive economy. Quebec, Sao Paulo and Bavaria are examples of regions that have well-developed international relations strategies focused on economic, social and governance aspects.

With emerging economies now playing a bigger role in trade in the global arena, the Western Cape would do well to align itself with growing regions in other parts of Africa and the BRIC countries (Brazil, Russia, India and China), while maintaining traditional relations with Europe and the Americas. In this strategy, a focus has been placed on the rest of Africa and the BRIC countries to ensure our international interactions are relevant and targeted while not ignoring the existing trade relations.

As the Western Cape Government (WCG) has some control over trade relations and providing the right conditions for investment to businesses, this strategy focuses heavily on those aspects. Knowledge sharing is also an overarching theme running through the strategy on social and economic priorities.

This strategy aims to provide the WCG with an overarching framework for key areas of intervention to strengthen its international relations. Implementation plans for departments will be unique to their mandate and priorities and would need to be developed with the strategic areas in mind.

Official Development Assistance (ODA), which is funding and technical assistance received from foreign donors, is important when drafting an IR strategy. Existing relations with foreign donors is important when seeking out new partners for collaboration and building on existing relationships to achieve the WCG's goals and objectives. Gaining skills and exploring global opportunities is also achievable through relations with foreign governments and agencies, including academic institutions and the private sector.

The key objective of this strategy is focused on increasing trade, tourism and investment, while promoting knowledge sharing through our social sectors to achieve our vision of globally positioning the Western Cape in the BRICS, Africa and the rest of the world.



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Mining Indaba at the Cape Town International Convention Centre (CTICC), welcoming the world to Africa. Courtesy: CTICC

1. Introduction

Globalisation has changed the dynamics of international relations. Since the late 1980s, global events and trends such as the fall of the Berlin Wall and the collapse of communism have had a great impact on the domestic environment. Furthermore, the global financial crisis, triggered in 2008, revealed that systemic risks in international finance, banking and currency markets may have serious local repercussions, which can affect many aspects of government planning.¹

Changes brought about by globalisation have not all been positive. Several disadvantages include the over-standardisation of products through global branding, for example the majority of the world's computers using Microsoft's Windows operating system inhibits product diversity, which may present barriers to entry to small, local producers.²

Jobs may also be lost because of the structural changes caused by globalisation, which may lead to structural unemployment and widen the gap between rich and poor in a country – as seen in South Africa. Increased trade also puts pressure on the environment and contributes to CO² emissions and global warming.³ The province therefore needs to understand and prepare for the downsides of globalisation.

Global trade patterns have also changed due to the emergence of new fast growing developing economies such as India, China and Brazil. The Next Eleven (N11) countries include Egypt, Indonesia, Turkey, South Korea and Vietnam, which also have high potential for becoming, along with the BRICS, the world's largest economies in the 21st century.⁵ This growth provides both opportunities and risks to South Africa and, in turn, for the Western Cape.

Despite foreign policy still largely being the domain of nation-states, the importance of subnational actors such as provinces/ regions and local government has grown. This growth has largely been the result of the interconnectedness created through globalisation. Global issues no longer recognise national boundaries as a result of economic and social changes in the global system.⁶

These changes have affected South Africa, particularly in the economic sphere. Provinces have had to adopt a new approach to provincial economic growth coupled with socio-economic imperatives. The Western Cape Government has recognised the need for a differentiated approach particularly when dealing with international partners as it relates to promoting the province's comparative advantages – economic, social and cultural.

¹National Planning Commission, National Development Plan at <http://www.info.gov.za/issues/national-development-plan/index.html> (accessed 10 January 2013).

²Economics Online, Globalisation at <http://www.economicsonline.co.uk> (accessed 22 March 2013).

³Ibid.

⁴Ibid.

⁵Next Eleven at http://en.wikipedia.org/wiki/Next_Eleven (accessed 29 February 2013).

⁶Armando, GYF. 2012. Multi-level governance and rescaling of the state: paradiplomacy converging towards the national foreign policy. At https://www.academia.edu/2181542/Multi-level_governance_and_rescaling_of_the_state_paradiplomacy_converging_towards_the_national_foreign_policy

Emphasis is placed on creating an enabling environment for economic growth at the regional level by using the Western Cape's comparative advantages.

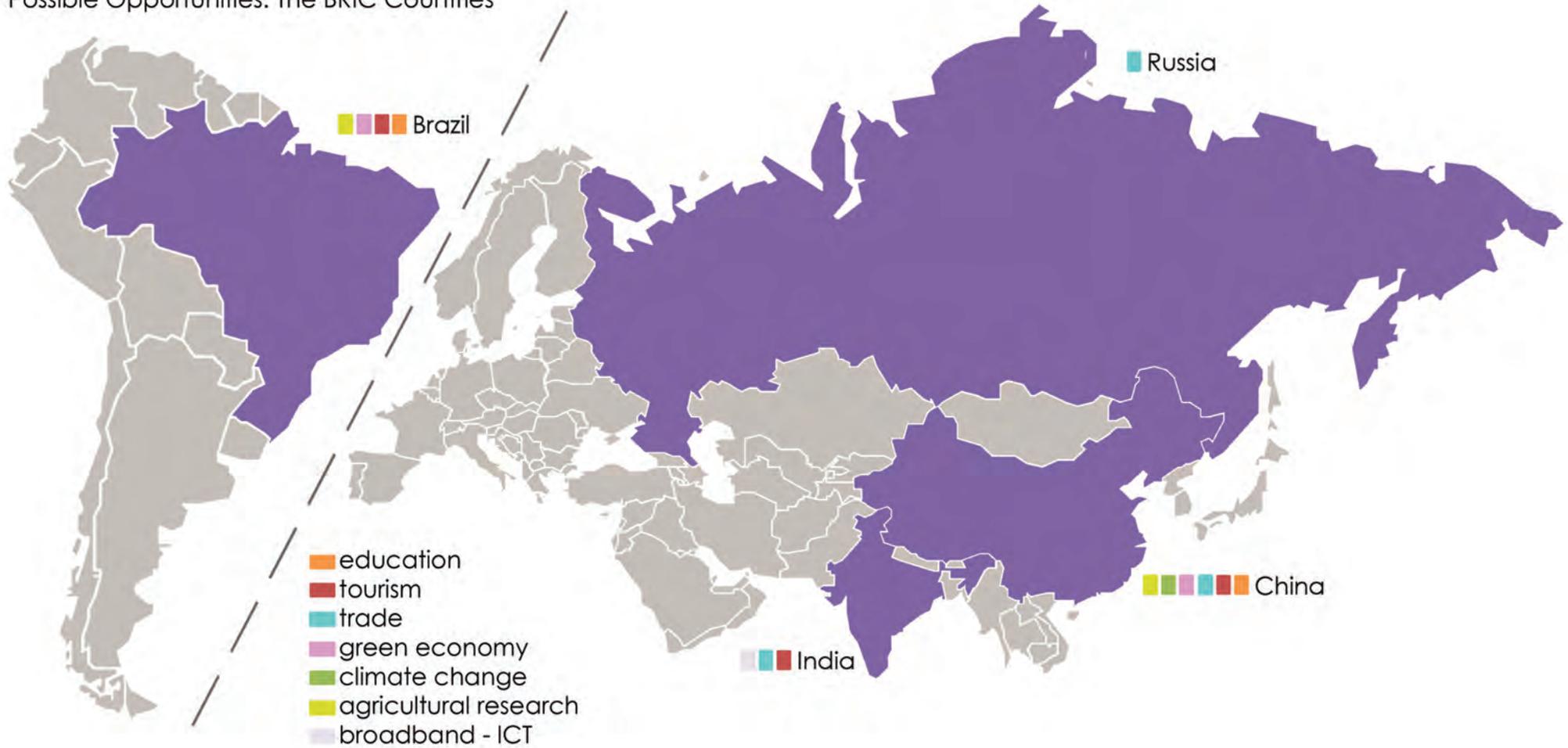
Until now no integrated international relations (IR) strategy has been developed in the Western Cape. The Western Cape Government's (WCG's) approach to international relations has reflected a silo approach. Provincial departments have international agreements or partnerships in isolation of one other. Many agreements are outdated and others dormant. Departments are thus unable to engage with a transversal strategic provincial approach and unable to adequately respond to global issues which affect the province.

An agreed strategic approach, articulated in an IR strategy, along with a clear and co-ordinated communication plan, will ensure optimal outcomes in international engagements and agreements. This strategy seeks to harness ownership of the development agenda for the WCG and its partners while aligning donor funding to provincial policies and priorities. The strategy also aims to harmonise donor and South African government financial and policy processes to ensure efficiency and effectiveness. The economic diplomacy approach advocated by the national Department of International Relations and Cooperation is central to this strategy.



*Agriculture is the Western Cape's dominant export industry.
Courtesy: ©WESGRO*

Possible Opportunities: The BRIC Countries



2. Policy and Legislative Context

The policy initiatives that guide the international relations strategy are highlighted below.

2.1 The Millennium Development Goals (MDGs)

South Africa was one of 189 countries that committed themselves to the Millennium Development Goals to reduce global poverty at the United Nations Millennium Summit. The IR strategy subscribes to the achievement of the MDGs, particularly through identifying key regions for global interaction on goals related to eradicating hunger and poverty, ensuring environmental sustainability and developing global partnerships for development.

2.2 New Partnership for Africa's Development (NEPAD)

NEPAD was adopted by African Heads of State and Government of the OAU in 2001 and was ratified by the African Union (AU) in 2002 to address Africa's developmental problems within a new paradigm of economic development. NEPAD is recognised worldwide, including by the United Nations, as Africa's development plan.⁷ The NEPAD process has come to be accepted by most African countries and also by Africa's development partners. The IR strategy subscribes to the policy prescripts of the NEPAD particularly as the strategy takes a predominant economic look at international relations in the province.

2.3 Constitution of the Republic of South Africa

The Constitution⁸ of South Africa is clear in its stipulation that international relations is a national competence. This view is strengthened by sections 84 and 231 of the Constitution, which mandate the President to receive and appoint, among others, diplomatic and consular representatives; as well as concluding international treaties and agreements.

However, and without detracting from the national government's competence, provinces have an important role to play in international relations, which is incidental to exercising a number of their constitutionally assigned powers.

⁷NEPAD, History of NEPAD at <http://www.nepad.org> (accessed 19 March 2013).

⁸The Constitution of the Republic of South Africa, Act 108 of 1996.

Although provincial governments have a limited constitutional role in international relations and national government determines foreign policy, all provinces and local governments have some international relations role to play. Provincial governments normally have international relations components to manage international agreements between themselves and other regional governments.

Over the years, the Western Cape Government has concluded more than twenty international agreements on various matters, including those to do with climate change, energy, health, education, etc. The WCG also participates in the Regional Leaders Forum, which occurs every two years. The Forum aims to exchange experiences between its seven members (Upper Austria, Shandong Province, Bavaria, Quebec, Sao Paulo, Western Cape and Georgia). The Regional Leaders Summit aims to promote cooperative multi-dimensional exchanges to improve overall competitiveness of each partner in their respective countries as well as in the global economy.⁹

2.3 South African Foreign Policy

The Department of International Relations and Cooperation (DIRCO) has articulated South Africa's foreign policy priorities in its five-year Strategic Plan. The Western Cape remains aligned to South Africa's foreign policy whilst articulating a unique regional approach to international relations, particularly with the aim of providing the right conditions for economic growth. DIRCO's priorities are detailed below.¹⁰

- To enhance the African agenda and promote sustainable development which focuses on a deepened contribution to regional and continental security and stability; a stronger contribution in peace missions and post conflict reconstruction and development; technical and development cooperation; as well as a strengthening of bilateral relations.
- To strengthen the political and economic Integration of the Southern African Development Community (SADC) through focusing on consolidation of the SADC Free Trade Area (FTA), the development of a proposal for establishing a Customs Union and a review of the Regional Indicative Strategic Development Plan (RISDP).
- To strengthen South-South relations by working with developing countries to create political, economic and social convergence to mitigate poverty, under-development and marginalisation. Key focus areas are engagements with the Non-Aligned Movement (NAM), Group of 77 and China; implementing and monitoring India/Brazil/South Africa (IBSA) agreements and Action Plans; revitalising the New Asia Strategic Partnership (NAASP); finding lasting solutions to regional and global conflict situations and increasing relations with BRIC countries to further the ideals of South-South cooperation.

⁹The Sixth Regional Leaders Summit, Final Declaration, 2012, Sao Paulo.

¹⁰Department of International Relations and Cooperation (DIRCO) Strategic Plan 2012-2017, Pretoria, South Africa, pp. 24-25.

- To strengthen relations with strategic formations of the north by garnering support from developed countries. The focus areas include pursuing developmental and investment-orientated approaches to engagements with the OECD, G8 and EU.

South Africa will continue to actively participate in international fora to enhance developmental objectives of the developing world through attainment of an equitable world order. Key focus areas are to participate in the global economic reform process; supporting the G20 and promoting developing country positions, with special emphasis on South Africa's Africa agenda.

South Africa aims to work with like-minded countries to forge a collective vision of transforming the global system of governance and support efforts towards concluding the Doha Development rounds, which aims to lower trade barriers to increase global trade and reform the multi-lateral system.

South Africa seeks to consolidate and strengthen bilateral political and economic relations with identified partners. The key focus regions in this regard are the Americas and Caribbean; Asia and Middle East; and Europe.

2.4 National Development Plan (NDP)

The national government, through its long-term vision articulated in the National Development Plan (NDP)¹¹, has emphasised key challenges facing South Africa and by extension all of the provinces. The National Planning Commission published the National Development Plan: Vision for 2030 in November 2011 as a step to creating a new path for South Africa.

The NDP emphasised the need to transform the nature and performance of the economy simultaneously to achieve sustained GDP growth, greater environmental resilience and increased inclusion to be reflected in lower rates of unemployment and inequality.

The NDP outlines that government policy should seek to improve South Africa's functional integration in the region, the continent and in developing countries, particularly with key states such as Brazil, India and China. The IR strategy encourages forging closer relationships between the WCG, BRICS and Africa.¹²

Despite free trade areas, customs unions and common markets in Africa, only about 10 per cent of African trade occurs within the continent. This reality presents an opportunity for South Africa and the Western Cape to benefit economically.

¹¹National Planning Commission, National Development Plan at <http://www.info.gov.za/issues/national-development-plan/index.html> (accessed 10 September 2012),

¹²Ibid.

Importantly, the NDP highlights the necessity of distinguishing between political ambitions, notions of solidarity and domestic realities when conducting international relations.

2.5 The Fourteen National Outcomes of Government

The national government has developed the fourteen national outcomes which follow an outcomes approach to achieve government priorities. The whole of government is required to align policy and resultant outcomes to these priorities.

The IR strategy seeks to align with all outcomes, particularly outcome 11, which intends to create a better South Africa, and contributing to a better and safer Africa in a better world. Outcome 11 calls for South Africa to assert itself internationally to advance the African agenda.¹³ The outputs for outcome 11 focus on an enhanced African agenda and sustainable development, enhanced regional integration, reformed global governance institutions and enhance trade and investment.

The IR strategy is wholly aligned to enhancing our trade and investment with our traditional economic partners while still seeking out new partners by attempting to increase value-adding exports to targeted economies, increased inward investment and increasing our market share through aggressive marketing.¹⁴

2.6 Provincial Strategic Objectives

The WCG has developed a Provincial Strategic Plan with eleven provincial strategic objectives (PSOs) in order to effectively pursue the vision of creating an open opportunity society for all. The provincial strategic objectives are closely aligned with the national outcomes, particularly in relation to concurrent functions such as health, education, etc., and also on matters related to international relations.

The Western Cape's vision of becoming the best-run regional government in the world is encapsulated in PSO 12. The IR strategy is housed within PSO 12 and one of the objectives is to benchmark the Western Cape against successful regional governments while simultaneously learning best practices on various topics.

One of the key features of the strategy is the focus on increasing trade and investment in the Western Cape, which fits with PSO 1, which aims to create opportunities for growth and jobs. Particular emphasis is placed on the role of the state to create and maintain an enabling environment for business

¹³Statement by Minister L. Sisulu on signing of Delivery Agreement on International, Trade and Security Cluster, 17 November 2010 at <https://www.info.gov.za> (accessed October 2012).

¹⁴Ibid.

and provide demand-led, private sector-driven support for growth sectors, industries and businesses.

PSO 7 relates to mainstreaming sustainability and optimising resource-use efficiency and features strongly in the strategy, particularly with regards to sustainable development and building the green economy. PSO 11, which aims to increase opportunities for growth and development in rural areas, is concerned with developing agriculture, particularly through providing market access for all farmers; supporting agricultural production; and conducting research and developing cutting-edge technology. These elements are encapsulated in the IR strategy. Promoting social inclusion and reducing poverty, PSO 8, is an overarching theme running through the strategy.

2.7 OneCape 2040

The Province's OneCape 2040 vision aims to create a highly skilled, innovation-driven, resource-efficient, connected, high opportunity and collaborative society. Some of these qualities do exist in the province but are not yet the dominant qualities.¹⁵ In order to achieve the vision, six transition paths were identified, which should ideally form the basis of interactions with international partners.

These transitions include becoming a highly skilled province as the basis for both economic competitiveness as well as social progress. The 'OneCape 2040' vision also refers to being innovation-driven to solve challenges and to ensure an economic future in a knowledge era. Resource-efficiency is crucial to mitigate environmental and regulatory risk and seize the opportunities of a post-carbon future. Ensuring a connection with the world and each other is vital. Being connected with the world and each other is particularly important in maintaining and forging strategic international relations.



*Western Cape official visit to the United Arab Emirates (UAE), 2010
Courtesy: International Relations Unit, Western Cape Department of the Premier*

¹⁵Economic Development Partnership (EDP), Towards 2040, Unlocking our Potential, The Western Cape agenda for joint action on economic development, August 2012.

*Regional Leaders Summit, São Paulo 2012 showcases the growing collaborative importance of sub-national entities.
Courtesy: Regional Leaders Summit Host 2012 – São Paulo, Brazil*

SIXTH REGIONAL LEADERS' SUMMIT SÃO PAULO 2012



3. Trends in the International Environment

Trends in the global system are significant forces in the international arena, which influence world affairs and are important in how nations conduct their foreign affairs. In order to have a responsive foreign policy, these changes need to be accounted for both at the national and subnational level. The major trends that have emerged and particularly those that are important for the strategy are highlighted below.

3.1 Global Economic Changes

The global financial and economic crisis has since 2008 seen developed economies contract. It is estimated that an additional 90 million people have been pushed into poverty due to a rise in unemployment.¹⁶ The economic side effects of the European sovereign debt crisis and slowing developed countries' growth have created obstacles to world economic growth. The resultant effect of the financial and economic crisis is increased volatility, insecurity and instability.

The impact of the financial and economic crisis is felt in the developing world due to a decrease in demand for their exports in developed countries. This is evident in the slowing down of Chinese economic growth by virtue of a decline in exports to European and US markets. Hence, developing countries' growth has been compromised, even though they had very little influence over the current conditions in the global economy. The uncertainty mainly stemmed from mismanagement in developed countries' economies, as well as long-term structural changes such as lower population growth and decreased demand for consumer goods.

Economically, we are witnessing higher rates of inequality, continued commodity price volatility and changing patterns of trade and donor relations.¹⁷ The global economy has become a difficult environment, with qualitative change and shifts in power relationships that demand new strategic approaches.

The re-alignment of economic power in the global economy is the single most important shift in the international system in coming decades. Emerging countries such as China, Brazil and India are industrialising rapidly and are set to reconfigure economic power in the international system. Traditionally, western nations such as the United States of America (USA), those in Europe and Japan have been the leading economic powers in the global economy. Their dominance in the global economy is dwindling.

¹⁶Gelsdorf, K. 2010. Global Challenges and their Impact on International Humanitarian Action. Occasional Policy Briefing Series no 1. Geneva: OCHA, pp. 4

¹⁷Ibid. pp.7

This outlook is illustrated by the following:

- Since 2006, Asia has replaced the USA as the engine of global growth. Developing Asia is projected to grow by 7.1 per cent in 2013 and 7.5 per cent in 2014.¹⁸ The strong regional growth is led by China and India, whose economies are presumed to grow by 9 and 8 per cent respectively over the same period.¹⁹
- Developed country exports have flattened; indicating stagnant economic growth. The World Trade Organisation (WTO)²⁰ highlights that the slow growth economies of 2011 were Japan with minus 0.5 per cent growth, USA with 1.7 per cent growth, and the EU with 1.5 per cent growth.
- Developed economies growth in import volumes for goods and services are marginally lower than the global average; whereas emerging regions growth in imports is roughly double the global average.²¹ The USA in 2011 managed a 3.7 per cent increase in imports.² EU imports only expanded 2 per cent in 2011.^[3]
- The latest figures leave little room for optimism as the USA has experienced no growth in imports since June 2012; with the EU and Japan experiencing negative growth in imports.²²
- The importance of the African market cannot be overstated. Sub-Saharan Africa is the second fastest growth region in the world, after Asia. Africa has become important in the global economy on two fronts, namely vast mineral wealth and untapped markets such as natural gas, renewable energy and information communication technology, amongst others.
- Compelling evidence by the McKinsey Institute illustrates that economic growth in Africa is not solely due to a resource boom; rather growth occurred in all sectors on the continent. Between 2001 and 2010, six African countries (Angola, Nigeria, Ethiopia, Chad, Mozambique, and Rwanda) were among the top 10 growth economies in the world.
- Between 2011 and 2015, seven African countries (Ethiopia, Mozambique, Tanzania, Congo, Ghana, Zambia, and Nigeria) will be in the top ten fastest growing economies. Some African countries has shown resilience and potential despite distress in the global economy.

¹⁸International Monetary Fund (IMF), World Economic Outlook Update, released 23 January 2013.

¹⁹International Monetary Fund (IMF), 2011. Asia and Pacific: Managing the Next Phase of Growth. Regional Economic Outlook, Washington, at <http://www.imf.org/external/pubs/ft/reo/2011/apd/eng/areo0411.pdf>. (accessed September 2012).

²⁰World Trade Organisation (WTO). 2012a. Trade growth to slow in 2012 after strong deceleration in 2011. Press Release 658. Retrieved from http://www.wto.org/english/news_e/pres12_e/pr658_e.htm (accessed September 2012).

²¹IMF 2012. World Economic Outlook Database. Retrieved from <http://www.imf.org/external/pubs/ft/weo/2012/02/weodata/download.aspx> on 20 March 2013. & WTO 2012a (WTO, 2012. Slow Global Growth to Hit Trade in 2012 and 2013. Retrieved from http://www.wto.org/english/news_e/pres12_e/pr676_e.htm).

^[3] Ibid.

²²WTO. 2012b. Slow global growth to hit trade in 2012 and 2013, WTO says. Press Release 676 at http://www.wto.org/english/news_e/pres12_e/pr676_e.htm (accessed September 2012).

- Despite starting from a very low economic base, it is likely in years to come that resource-fuelled growth in a number of African countries, will create opportunities and challenges for South Africa in terms of new markets and political influence.²⁴
- The international system has, to a large extent, become regionalised. Regional integration is best understood as the formation of trade blocs between countries that share a common geographic space.
- This international trend is found in the developed world, i.e. the European Union(EU), North American Free Trade Agreement (NAFTA) and Mercosur (Common Market of the South); and the developing world, i.e. the Association of Southeast Asian Nations (ASEAN) and Southern African Development Community (SADC), to mention a few.
- The emergence of trade blocs requires a change in perspective, moving from viewing individual countries towards looking at them in groupings that offer expanded markets and benefits through the establishment of Free Trade Agreements (FTAs). In Eastern and Southern Africa there are three such trade blocs, namely the SADC, Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC), which are currently negotiating a 'grand FTA' between them that will stretch from the 'Cape to Cairo'.

3.2 Role of Subnational Governments

Subnational governments engaging in international relations are not a new phenomenon. For example, the Quebec government started playing a role on the international stage as early as the nineteenth century.²⁵ Reasons for their and other regions involvement in international affairs are varied. But broadly speaking, subnational entities participate in the global arena to respond to developmental needs and economic growth.²⁶

With the reorganisation of economic power globally, regions have become more reliant on export growth. At times regions are involved internationally to solely assist companies with exports and attract foreign direct investments.²⁷

Experts agree that economic growth occurs at the regional (implementation) level, as this is where economic relationships are developed and connections between economic actors are built.²⁸ Subnational governments are thus required to be more hands-on than their national counterparts.

With economic globalisation, transnational corporations play a big role in economic growth in regions. Governments are often driven to motivate as to why these corporations should settle in their regions or remain there. Michael Porter of the Harvard Business School states that multinational companies

²⁴Department of International Relations and Cooperation, White Paper on South Africa's Foreign Policy, Building a Better World: The Diplomacy of Ubuntu, 13 May 2011.

²⁵Lachapelle G, & Paguin S eds, 2005. Mastering Globalization, New sub-states' governance and strategies in Routledge Series in Regional and Federal Studies, Great Britain. Antony Rowe Ltd.

²⁶Ibid.

²⁷Ibid

²⁸Business Day, Paton, C. Economic growth starts at regional level, 19 November 2012.

develop interaction with a region and a city.²⁹ He also claims:

Internationally successful industries and industry clusters frequently concentrate in a city or region, and the bases for advantage are often intensely local while the national government has a role in upgrading industry, the role of state and local government is potentially as great or greater.

Porter emphasises that government's role is to be a catalyst and challenger which aims to push companies to raise their aspirations and move to higher levels of competitive performance. This process may be inherently unpleasant and difficult.³⁰ Governments cannot create competitive industries, only companies can do that. Successful government policies are those that create an environment in which companies can gain competitive advantage rather than governments that are directly involved in the process.³¹ The IR strategy advocates for this role of government in the Western Cape as well.

The role of nation states has become decreasingly important with the emergence of regional blocs, particularly in responding to global changes. However, as the scale increases with regional blocs responding to issues, local differentiation diminishes.

Global interdependence has also increased with 'new' policy areas such as energy, the environment, education, issues of culture, etc., being inseparable from domestic and international arenas.³² Some of the policy areas are encapsulated in the Millennium Development Goals (MDGs). Increasingly, subnational governments are engaging in international relations, through formal or informal contact, to pursue socio-economic and political goals within their prescribed constitutional competencies.³³

In many instances local government is best suited to implement and 'localise' international standards.³⁴ International institutions view local government as a pivotal player that can implement international norms. In fact, international bodies have been more willing to work directly with local governments rather than solely interacting with national governments.³⁵

This practice is no different in South Africa, where agreements are able to be signed between regions. In the sphere of local government in South Africa, international relations is governed by the Municipal International Relations Policy Framework of 1999.³⁷

²⁹Porter, M. 1990. *The Competitive Advantage of Nations*, New York: Free Press.

³⁰Porter, M. *The Competitive Advantage of Nations* in *Harvard Business Review*, March/April 1990

³¹*Ibid*, pp. 87.

³²Lachapelle & Paguin, 2005. pp.77.

³³Cornago, N. 2000, *Exploring the Global Dimensions of Paradiplomacy Functional and Normative dynamics in the Global Spreading of Subnational Involvement in International Affairs*. Workshop on Constituent Units in International Affairs, Hanover: Germany.

³⁴An example of an International standard is ISO 14064-1:2006 specifies principles and requirements at the organization level for quantification and reporting of greenhouse gas (GHG) emissions and removals.

³⁵Garesché, 2007, p. 27.

³⁶Meeting notes from National Treasury's ODA Coordinators Forum – Pretoria, July 2012.

³⁷Department of Cooperative Governance, *Municipal International Relations Policy Framework of 1999*, at <https://www.cogta.gov.za> (accessed 12 November 2012)

Globally, local government is increasingly being decentralised, albeit not that readily in South Africa. There is a trend for national governments to assign more responsibility to the local sphere as they are closer to the people and able to resolve local needs.³⁸

The local sphere is developing enhanced transnational relations and many local governments now operate at the global level.³⁹ International organisations have specifically been established to share lessons amongst local authorities globally. These organisations include the United Cities and Local Government Association (UCLG), the International Union of Local Authorities and the International Council for Local Environmental Initiatives (ICLEI), amongst others.⁴⁰

Networks of regional governments have also emerged, such as The Climate Group, the Network of Regional Governments for Sustainable Development (nrg4SD) and groupings such as the Regional Leaders Summit, of which the Western Cape forms part. It is important for the WCG to participate actively in these subnational groupings as they provide learning networks, tourism, trade and investment potential opportunities, as well as enhanced reputation for the Western Cape through direct association. Networks of trust leading to personal and institutional commitment and support should be nurtured and valued.

3.3 Sustainable Development

Sustainable development has been defined in many ways, but the most frequently quoted definition is from Our Common Future, also known as the Brundtland Report⁴¹:

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- *the concept of **needs**, in particular the essential needs of the world's poor, to which overriding priority should be given; and*
- *the idea of **limitations** imposed by the state of technology and social organization on the environment's ability to meet present and future needs.”*

The interconnections between the environment, economy and social well-being are evident and most definitions of sustainable development require that the world is seen as a system that connects geography and history.

³⁸Nijman, J. nd. Cities in a Global Setting: The Growing Autonomy of Cities in the Global Legal Order, pp.4.

³⁹Ibid. pp.4.

⁴⁰Buffalo City Municipality, BCM Municipal International Relations Framework at http://www.buffalocity.gov.za/municipality/ir_framework.pdf (accessed August 2012).

⁴¹What is sustainable development - Environmental, economic and social well-being for today and tomorrow, at <http://www.iisd.org/sd/> (accessed 15 January 2013).

3.3.1 Climate Change

Internationally, it is clearly understood that the impact of climate change is real and can no longer be contested. The impact of climate change has already been experienced globally through extreme climatic events.

Ongoing global carbon emissions are projected to ensure a mean average global temperature increase of 2-3°C or higher by 2020. Lower levels of development imply greater reliance on climate sensitive sectors, particularly agriculture.⁴² Populations that have low per capita incomes are most vulnerable to the impact of climate change.⁴³ The negative impact of climate change is often felt in developing countries and poor communities where there are few resources to mitigate climatic changes. This shift in global temperatures is already altering the world's climate and thus poses a significant risk to South Africa's and the Western Cape's economy, ecosystems and population.

While climate change is an element threatening sustainable development, other opportunities arise, such as pursuing a green economy. The Green Economy builds on sustainable development initiatives and aims to identify cleaner sources of growth, including developing new green opportunities, jobs and technologies.⁴⁴

3.3.2 The Green Economy

A Green Economy is one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. Therefore, green growth is the pursuit of economic growth, while preventing environmental degradation, biodiversity loss and unsustainable natural resource use and without compromising the ability of future generations to meet their own needs.⁴⁶

"Greening the economy refers to the process of reconfiguring businesses and infrastructure to deliver better returns on natural, human and economic capital investments, while at the same time reducing greenhouse gas emissions, extracting and using less natural resources, creating less waste and reducing social disparities."

(Source: UNEP: Towards a Green Economy, 2011)

⁴²Ibid.

⁴³Ibid. pp. 6

⁴⁴Organisation for Economic Cooperation and Development (OECD), Towards Green Growth, 2011 at <http://www.oecd.org/greengrowth/48224539.pdf> (accessed 29 January 2013), pp. 9.

⁴⁵United Nations, Towards a Green Economy – Pathways to Sustainable Development and Poverty Eradication, 2011 at http://www.unep.org/AB94851B-5F85-45AD-8AEB-45024E49C5D7/FinalDownload/DownloadId-A207376F928FE34A81DBBED1153E38C1/AB94851B-5F85-45AD-8AEB-45024E49C5D7/greeneconomy/Portals/88/documents/ger/GER_synthesis_en.pdf (Accessed 20 January 2013).

⁴⁶Ibid.

Green development creates the opportunity to achieve direct economic gains through increased resource productivity and new sources of growth and jobs from innovation and the emergence of green markets and activities (UN 2011: 9).

Development is increasingly concerned with sustainability and incorporating the 'triple bottom line'. The triple bottom line refers in the first instance to the traditional measure of corporate profit - the 'bottom line'. Secondly, it refers to a company's people account, as a measure of how socially responsible an organisation has been/is. Thirdly, it refers to a company's planet account, as a measure of how environmentally responsible the company has been.⁴⁷ The triple bottom line is viewed as the logical next step in business practice, as the world moves to become more environmentally friendly. There is no longer a question of whether, but how this recognition of environmental exigencies should be engaged.

The list of global trends above is by no means an exhaustive list of all challenges facing our global environment and equally challenging issues such as food price hikes, poverty, and hunger should not be underplayed. However, the list above does attempt to provide a snapshot of the realities the world and South Africa face when formulating foreign and national policy.



*Growth of renewable energy sources - Wind Turbines near Paarl, Cape Winelands
Courtesy: WESGRO*

⁴⁷The Economist. 2009, Triple Bottom Line: It Consists of Three Ps; Profit, People and Planet, at <http://www.economist.com/node/14301663> (accessed 10 October 2012).



4. The Western Cape Context

4.1 Socio-economic realities

Like the rest of the country, the Western Cape faces numerous socio-economic challenges. These challenges include, amongst others: unemployment, less than optimal education outcomes and concomitant skill shortages, poor health amongst the poor, substance abuse and challenges with youth development.

The Provincial Economic Review and Outlook (PERO) 2012 highlights that generally, socio-economic conditions in the province are more favourable than in the rest of the country. Unemployment has increased in the Western Cape from 22.2 per cent in the first quarter of 2011 to 22.7 per cent for the same period in 2012. Youth unemployment (15 - 24 years) is even higher at 33.2 per cent for the first quarter of 2012.⁴⁸

Literacy and numeracy rates are still low when compared internationally. As shown by the Western Cape Department of Education (WCED) in 2012, the pass percentage for grade 3 numeracy was 51.5 per cent, while literacy was 38.9 per cent. The Grade 6 mathematics pass percentage was 26.4 per cent, while language was 36.9 per cent.⁴⁹

The Western Cape aims to address challenges which exist in socio-economic and environmental areas through its 'OneCape 2040' vision of creating a highly skilled, innovation-driven, resource-efficient, connected, high opportunity and collaborative society.

Through partnerships with the private sector and civil society, the ultimate prize for the province is to become a region that creates a high level of access to opportunity in all areas, by providing an enabling physical, regulatory and service-delivery environment geared to quality living and innovation.

4.2 Economic Context

Following the peak of the recession in 2008, the South African economy has recovered moderately despite Europe's fiscal difficulties. The Western Cape has consistently outperformed the national economy in GDP growth and average annual growth from 2003-2011.⁵⁰ The Western Cape economy averaged 4.2% growth in this period surpassing the national economy, which averaged 3.6%.⁵¹

⁴⁸Department of Provincial Treasury, Provincial Economic Review and Outlook, 2012, Labour market dynamics in the Western Cape, pp. 130. (The figure refers to the provincial narrow unemployment rate)

⁴⁹Western Cape Education Department, Hand-out provided to the Human Development Sector Committee (HDSC), Internal Exams Result, 23 January 2013.

⁵⁰Ibid. pp.38.

⁵¹Western Cape Provincial Treasury, 2012, Provincial Economic Review and Outlook, Cape Town, South Africa, pp. 14.

Western Cape economic growth was forecast to slow to 2.9 per cent in 2012, but is predicted to increase to 3.6 per cent in 2013.⁵² Thereafter, regional economic growth is expected to remain stable with overall growth expected to average 3.9 per cent between 2012 and 2017, while nationally GDP growth is forecast to average 3.6 per cent over the same period.⁵³

The Western Cape is more susceptible to the effects of the Eurozone slowdown than the rest of South Africa. This is mainly as a result of the Western Cape's greater reliance on the Eurozone as an export destination.

Between 2003 and 2011 the Western Cape attracted 139 Foreign Direct Investment (FDI) projects. In 2011, the Western Cape attracted 22 FDI projects, with a capex value of ZAR8.41bn.⁵⁴ This is however a decline of 2.24% in the capex value from 2010 to 2011.

The FDI performance up until 2010 is in line with global FDI trends, which rose moderately but to levels still below pre-crisis averages. The top source markets for FDI into the Western Cape, in terms of share in the number of projects (from 2003 to 2011) were the United Kingdom and the United States (18.6% each); France (16.3%); and Germany and Japan (7.0% each).

Importantly the largest percentage of FDI projects are sourced from developed economies. Developing countries who invested in the Western Cape (not all in the top 10)⁵⁵ in this period include China, Mauritius, India and Taiwan. In terms of the capital value of these projects, the majority share was from France, Germany, Japan and Ireland.⁵⁶

The best performing sectors in attracting FDI from abroad to the Western Cape from 2009 to 2011 (in order of best performance) were software and IT services (17.7% of projects), business services (12.5% of projects), communications (9.4% of projects) and financial services (8.3%). Sectors which attracted the highest levels of FDI in terms of capital value in this period were the communications, alternative/renewable energy and hotels and tourism.⁵⁷ Targeting strategic international partners and adding to our conventional trading partners is crucial if we are to sustain and improve our current growth rates.⁵⁸

⁵²Ibid.

⁵³Ibid.

⁵⁴WESGRO 2012. Western Cape Destination Fact Sheet, WESGRO Western Cape, pp. 7.

⁵⁵Some of the top 10 source markets for FDI to the WC include USA, France, UK, Ireland, Germany, Japan, Switzerland and Netherlands.

⁵⁶Ibid, pp.8.

⁵⁷Ibid, pp.9.

⁵⁸Western Cape Provincial Treasury, 2012, Provincial Economic Review and Outlook, Cape Town, South Africa, pp. 14.

The Western Cape's ports provide a long term advantage as 90 per cent of the world's trade is still carried by sea. Major shipping companies such as MAERSK have taken advantage of this opportunity by locating their business in the Port of Cape Town. Courtesy: ©WESGRO





5. The Western Cape's Opportunities

Governments around the world are more likely to focus on national strategies for economic growth despite the fact that implementation occurs at the regional (provincial) level.⁵⁹ Michael Enright, a former Harvard Business School professor now at the University of Hong Kong, says that economic growth should be focused at the “regional level, where economic relationships develop and connections between economic actors are built⁶⁰”.

According to the Provincial Economic Review and Outlook, 2012⁶¹, the commodity boom driven by high growth in developing economies like China, India, Brazil and Russia creates a developmental challenge for the Western Cape. The Western Cape's shift of exports to emerging economies has been less pronounced than that of the other provinces, since, unlike its counterparts in the mining provinces, it does not produce bulk commodity exports. This inhibits exports to countries like China. Unlike the rest of the country, the Western Cape has very few mineral resources, which have traditionally been the backbone of economic power nationally.

These challenges coupled with a lack of mineral resources in the province require a differentiated approach to economic development, i.e. developing local competitive advantages.⁶²

There is increasing recognition that sustainable economic growth in the province will depend on growth in export production. Regional growth requires the expansion of existing markets (principally, the EU) and exploring new export markets. Traditional markets such as the EU are however important in forging links with emerging markets such as South America, India, Africa and China.⁶³

Export of services such as tourism-related and business services like call centres are a source of growth. Cultural tourism and related industries in the entertainment industry, including film can have an economic impact on the Province. Sport also provides an opportunity to attract investment, particularly on our track record for mega event organisation such as the 2010 FIFA World Cup.

Tourism statistics revealed below indicate opportunities for the Western Cape to pursue particularly from the BRICS and Africa, while still maintaining our traditional European visitors.

⁵⁹Business Day, Paton, C. Economic growth starts at regional level, 19 November 2012.

⁶⁰Ibid.

⁶¹Ibid, pp. 44.

⁶²Towards 2040, Unlocking our potential –the Western Cape agenda for joint action on economic development, August 2012 (draft document), pp.3.

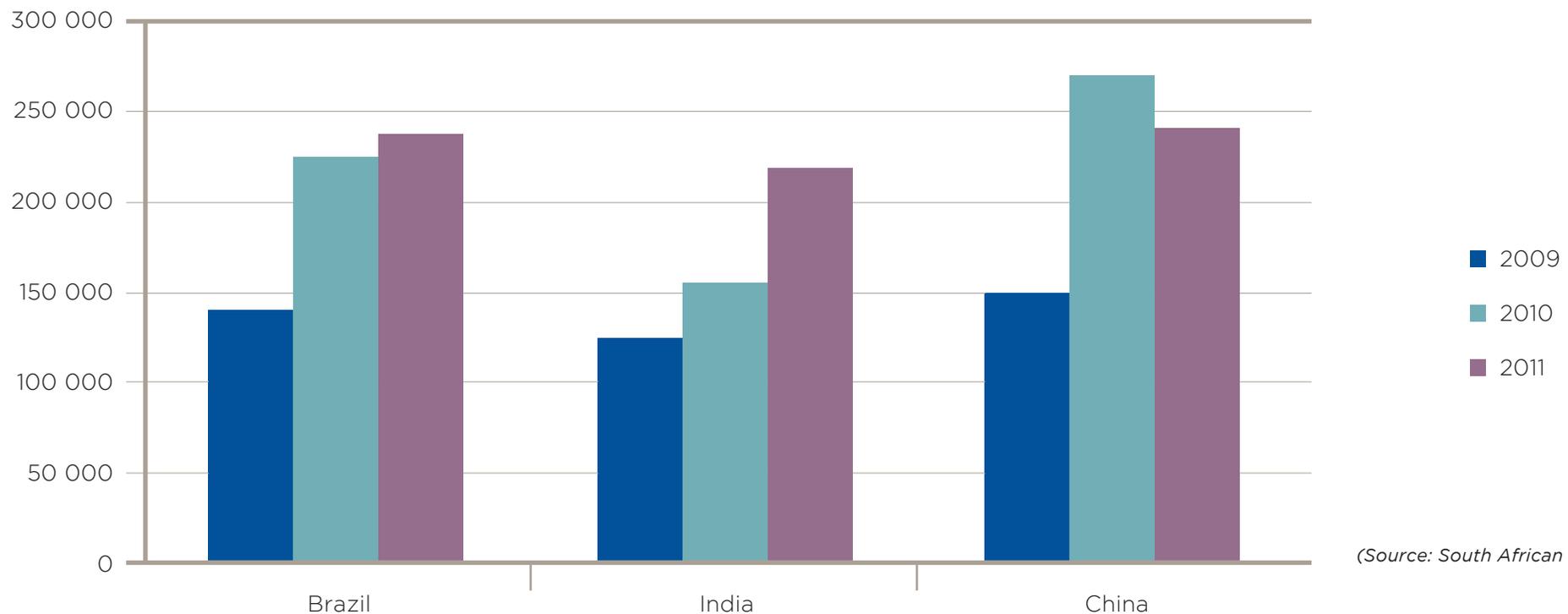
⁶³Western Cape Provincial Treasury, Medium-Term Budget Policy Statement 2013 – 2016, pp. 15.

5.1 Tourism

Gauteng and the Western Cape account for the greater part of tourism revenue to South Africa, at 38.8% and 25.7% respectively. However, the share of bed nights (total bed nights reflect the tourism volume and seasonality of tourism for a region) spent in Western Cape declined by 14.4% while that of Gauteng increased by 4.6% between 2010 and 2011.

Tourism figures measured in bed nights (see figure 1 below) for the Western Cape reflect a consistent increase from emerging economies like Brazil and India between 2009 and 2011 while tourism from China (including Hong Kong) reveals a marginal decrease between 2010 and 2011. Nonetheless, it should be noted that between 2009 and 2010 a robust increase of 121 270 bed nights from China was captured. The Western Cape would do well to capitalise on this growth through strategic projects targeted at the BRICS grouping to grow tourism figures.

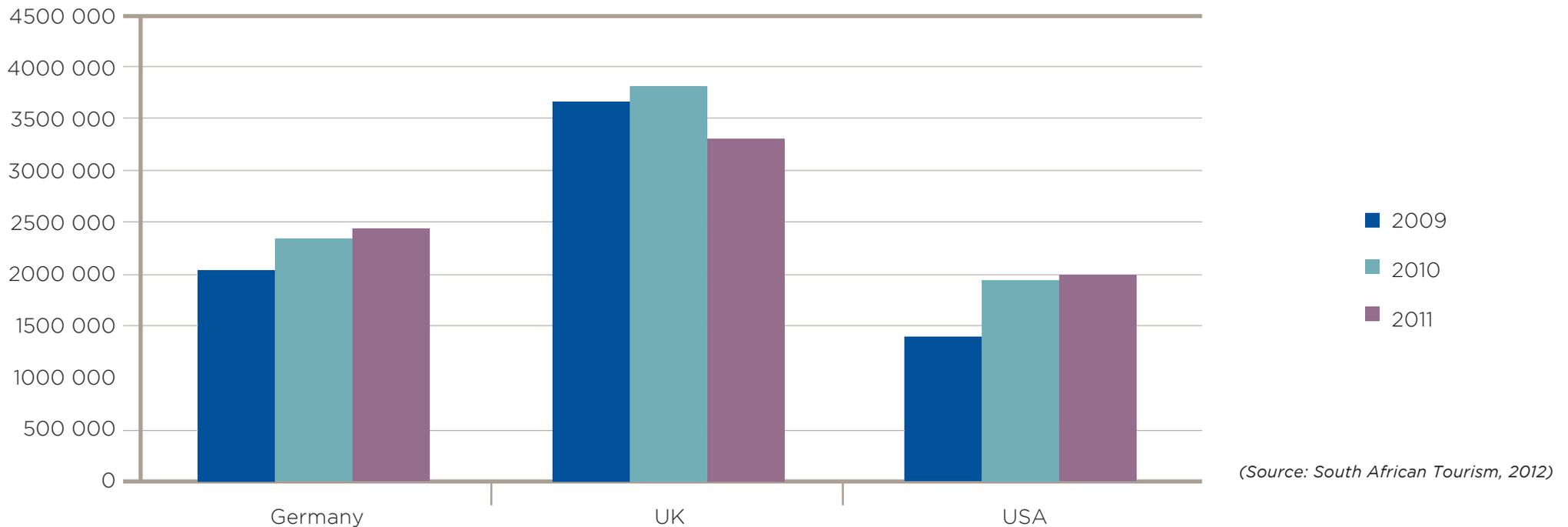
Figure 1: Tourist numbers from the BRIC countries to WC (SA excl. 2009 – 2011)



(Source: South African Tourism, 2012)

Tourism from developed countries accounted for a higher total of tourism to the Western Cape than tourism from developing countries (see figure 2 below). Tourism figures for countries such as the USA and Germany show a persistently increasing trend whereas tourism from the UK decreased between 2009 and 2010. Maintaining our traditional base of tourists is important while identifying new trends to grow tourism from non-traditional countries.

Figure 2: Tourist numbers from Germany, UK and USA to WC (2009 - 2011)



Tourism from African countries to the Western Cape accounted for considerably less than the countries which account for lower levels of tourism from the BRIC countries. 2010 depicts a sharp increase in bed nights particularly for Lesotho and Zimbabwe which could be linked to the 2010 World Cup which was hosted in South Africa that year. Namibia appears to contribute the most towards Western Cape tourism when compared to other African countries.

An increased effort to grow our tourist numbers is essential in creating crucial links with African countries which account for some of the fastest growing economies in the world.

5.2 Institutional Opportunities

- Creating the optimal environment for regional economic development entails amongst others, **reducing red tape**. The Western Cape has a dedicated business call centre to influence processing time of business registrations.
- The WCG facilitated the establishment of the **Economic Development Partnership (EDP)** in 2012 to lead, coordinate and drive economic development in the province to higher levels of inclusive economic growth.⁶⁴ This economic growth will be achieved by fostering an improved business and investment climate and coordinating a strategy for firms to do well in contested markets as well as by building a strong economic and business brand.⁶⁵
- Current work by the EDP intended on designing a Regional Economic Performance/Competitiveness Index (REPI) and regional investment strategy to stimulate and improve regional economic performance. These two pieces of work by the EDP will prove valuable in the implementation phase of the IR strategy, particularly as it relates to building business linkages into new markets which will stimulate economic growth in the Western Cape.
- The **Western Cape Investment and Trade Promotion Agency (WESGRO)** is influential in the supply and demand side of exports by promoting tourism, trade market access, investment, and reducing trade and market constraints. The agency also provides support and information to new entrants to export markets.

- In terms of **agricultural exports**, the province is currently developing a strategy to increase export market share in agro-processing, a key competitive advantage, as well as provide support to the agricultural export fraternity. The IR strategy focuses on providing access to information and facilitating exports into the fairly untapped markets in Africa . Agriculture is one of the biggest exports from the Western Cape and the pivotal role that agriculture plays particularly in the African and Asian context as a result of the global food shortage adds to its significance.
- Currently Cape Town is one of the highest carbon economies in the world. Working towards becoming the lowest carbon economy in Africa gives the province a marketing and investment advantage.⁶⁷ By enabling improved eco-system services we can create an expanded and diversified agriculture and food value chain.
- The expertise we have in the **Built Environment** can be utilised in African cities in light of the steady rate of urbanisation experienced by these urban centres and the expected growth in years to come.

The Western Cape's Green Economy Strategic Framework aims in the medium term to bring natural gas and oil to the Western Cape from West and East Africa.⁶⁸ The Green Economy strategy aims to position the province globally with a focus on trade, niche markets, exports and collaboration with a range of partners. While investment to support green growth will largely be driven by the private sector, this process will be public sector enabled. This should result in more investment and an improved balance of trade.⁶⁹

⁶⁴Ibid.

⁶⁵Ibid.

⁶⁶Western Cape Provincial Treasury, Medium-Term Budget Policy Statement (MTBPS) 2013 – 2016, pp. 19.

⁶⁷Green Economy presentation – J.Petrie, Elsenburg, October 2012.

⁶⁸Ibid.

⁶⁹Western Cape Government, Green is Smart, Western Cape Green Economy Strategic Framework (draft), March 2013.

Of all nine provinces, the Western Cape is arguably the best placed to develop a leading green economy. It has a nascent green manufacturing sector – it is currently home to the only solar PV manufacturers in the country. It has a high proportion of the country’s green/environmental expertise. The efficiency and effectiveness of the provincial and metropolitan governments are also an important attraction for investors.⁷⁰

Economic priorities such as broadband and infrastructure-led growth are greatly connected with the green economy and enable economic growth. Enright⁷¹ further highlights the following related to infrastructure and Information technology:

Appropriate infrastructure is a necessary condition for growth. Particularly today, development is all about connection: economies must have good connectivity internally. A lot of this is about transport systems, but it is also IT. Increasingly we see that regions that are connected are able to access global markets and global production systems, are regions that succeed.

(Source: Business day, Economic growth starts at the regional level)

5.3 Infrastructure

The Western Cape does not face economic infrastructure constraints to the same extent as most developing regions and that of South Africa itself.⁷² The Province has made the provision and maintenance of infrastructure a common thread linking all its strategic objectives.

The Draft Western Cape Infrastructure Framework has identified the following as the most prominent factors affecting the supply of infrastructure for the Western Cape.⁷³

- Climate change imperatives and the shift towards a green economic growth path will see the reallocation of infrastructure provision away from carbon intensive and polluting technologies toward more sustainable ones.
- The need to reduce dependence on coal, the availability of natural gas and the uptake of renewable energy options will shift the type of energy infrastructure implemented.
- The scarcity of surface water resources will eventually result in the need to desalinate sea water in the Western Cape over the time frame considered.
- There appears to be a noteworthy capital constraint for smaller scale (but critical) infrastructure, including the rehabilitation and replacement of existing assets. This will constrain the delivery of infrastructure and consequently economic development.

⁷⁰Western Cape Department of the Premier, The Western Cape as South Africa’s Green Economy Hub, Strategy Framework Discussion Document, November 2012.

⁷¹Business day, Economic growth starts at the regional level, 19 November 2012.

⁷²Western Cape Government Department of Transport and Public Works. 2012. Western Cape Infrastructure Framework: research and analysis report. Western Cape Government.

⁷³Ibid.

Communications, transport and the ease of access to utilities are of critical importance in strengthening international relations and opening up new markets.

5.3.1 Transport

The Western Cape is served with a number of different forms of transport infrastructure which facilitates development on various levels. These include road, railway, air and sea. Ease of access to markets from the Western Cape is strengthened through three major ports, three national highways and two airports.

In light of the number of transport infrastructure options, its challenges and economic opportunities, infrastructure for transportation remains the largest single investment in the Western Cape.

The ports in the Western Cape include Saldanha Bay, Mossel Bay and Cape Town. The existence of these ports places the Western Cape at an advantage because over 90 per cent of the world's trade is carried by sea and to date it is the most cost-effective way to move goods and raw materials around the world (International Maritime Organisation, 2012:3).⁷⁴

The port of Cape Town is a full-service general cargo port, well-equipped in its general container storage facilities. Its strategic position on the main sea route around Africa allows it to serve as a hub for cargoes between Europe, the Americas, Africa, Asia and Oceania.⁷⁵ The Western Cape is in the process of further developing the Cape Town Port Precinct in partnership with Transnet, WCG and the City of Cape Town.

Cape Town International Airport and George Airport are two airports operating in the Western Cape. With the aim of increasing capacity and access to national and international markets, significant amounts of capital (approximately R1 billion) are being spent on upgrading and expanding Cape Town International Airport.⁷⁶ It should be noted that ACSA is upgrading Sao Paulo's main international airport and that the majority of operational staff training the Brazilians come from Cape Town international Airport, which is frequently awarded the 'best airport in Africa'. However, more direct flights to Cape Town from long haul destinations are required in order to facilitate international tourism and business links.

To aid the ease of doing business and further unlock the Western Cape's economic potential in bulk export commodities, an intended shift is to occur to contestable freight haulage from road to rail by 10% by 2014. This is being done in partnership with Transnet, with a focus on linkages to the Saldanha Bay IDZ.

⁷⁴International maritime Organisation. 2012. IMO's contribution to sustainable maritime development. IMO United Nations.

⁷⁵Ibid.

⁷⁶WESGRO 2012, Why invest in the Western Cape at <http://wesgro.co.za/investor/why-invest> (accessed 30 October 2012).

5.4 Information Communication Technology (ICT)/Broadband

The Western Cape has an advanced level of IT infrastructure, thus enabling it to connect to national and international markets via submarine cables and satellite.⁷⁷ The strengths of the Western Cape's ICT sector lies in the development of expertise through education and skills, its communications network, the level of innovation, the presence of global players and importantly, the growth and development of its foreign client bases.⁷⁸ This advantage allows for increased access to new opportunities and markets, while making the business environment more competitive.

However, the Western Cape ICT industry experiences a number of challenges. ICT infrastructure constraints and the cost and speed of broadband currently stifle the growth of the technology industry.⁷⁹ Further constraints include the distance from major markets and the fact that at present there is a small local market.

The World Bank has calculated that the economy of a developing country grows by 1.38% for every 10% increase in broadband penetration.⁸⁰ Infrastructure development is a key catalyst and Government's role has to be to facilitate and drive the development of telecommunications infrastructure in the province.

With the arrival of the West Africa Cable System (WACS) sub-sea cable from Europe and West Africa into the Western Cape, and the existing sub-sea cable Sat-3 and others planned from Europe and South America, the Western Cape can be positioned as a technology hub in this globally competitive environment.

In terms of improving international relations and attracting FDI, ICT/ Broadband will allow for reduced international bandwidth costs to the Western Cape by using government as a demand aggregator and an anchor client to obtain dedicated international capacity.⁸¹ The Broadband telecommunication strategy aims to develop high speed internet access for government, business and communities, which is essential for attracting investment.

5.5 Skills and Building the Knowledge Economy

There are four excellent universities and numerous private tertiary institutions in the Western Cape which not only ensures a skilled workforce for the provincial economy, but that education is also a major export of the Western Cape economy. Increasingly students from the rest of Africa study at our universities, forming lasting networks and opportunities for our students and our economy.

⁷⁷WESGRO 2012 Why invest in the Western Cape at <http://wesgro.co.za/investor/why-invest>(accessed 30 October 2012)

⁷⁸Naidoo R, Neville, M and Dingley, R. 2009. ICT research to inform strategic policy and initiatives for the ICT sector in the Western Cape. Western Cape Government

⁷⁹Ibid.

⁸⁰ITU Academy. 2012. Broadband Landscape for Africa at <http://academy.itu.int/moodle/mod/forum/discuss.php?d=9170> (accessed 1 October 2012).

⁸¹Ibid.

Western Cape adults have completed an average of 9.62 years of education, about 0.3 years less than in Gauteng and 0.9 years more than the South African average.⁸²

However, the Western Cape is still challenged by an education system which is characterised by reasonably low numeracy and literacy rates by international standards, as well as relatively high dropout rates and a number of under-performing high schools in the province. These factors have been documented as strategic priority areas for the Western Cape Government, and there have been notable improvements in recent years.

Consistent with national trends, the labour market of the Western Cape is negatively affected by the structural nature of its unemployment. In a shift towards a knowledge economy, the skills intensity of the demand for labour does not match the surplus of semi-and unskilled labour. The Western Cape experienced an increase in unemployment between 2011 and 2012 at a more rapid pace than the national unemployment rate.

The relatively slower growth of the tradable goods sectors, which typically absorb semi-and unskilled labour, consequently adds to unemployment.⁸³ Therefore, the Western Cape Government launched the Provincial Skills Forum (PSF).

The PSF is aimed at ensuring that the skills produced in the province are aligned to the demands of the economy. Essentially it ensures that skills development is about acquiring skills that are related to employment, job creation and the business market in the context of social change in order for provincial strategies to be fully realised.



A group session during a meeting of the Premier's Council on Skills in 2012 aimed at aligning skills produced with the demands of the Western Cape economy. Courtesy: Western Cape Department of Economic Development and Tourism

⁸²Western Cape Provincial Treasury, Provincial Economic Review and Outlook, 2012, pp. 148.

⁸³Ibid.

*Building educational quality through access to technology is a priority for our young learners. Tertiary education is a major Western Cape export.
Courtesy: Ischool Africa*





6. The Approach – Global Positioning of the Western Cape

With the shift in the balance of powers in the international system, together with the closing capability gap between developed and emerging countries, opportunities exist for South Africa and similarly for the Western Cape.

Regional governments such as the Western Cape have influence over regional economic policy, while simultaneously having the responsibility not to contradict national policy imperatives. For the Western Cape, there should be an increased focus on increasing exports and developing a more efficient and competitive infrastructure in order to foster faster growth.

The focus should be on creating the right conditions for businesses to thrive in the province, while not being directly involved as illustrated by Michael Porter.⁸⁴ Key to regional growth is the expansion of existing markets and exploring new export markets, particularly emerging markets such as Brazil, Russia, India and China (South Africa) (BRICS) Africa in the first instance while not ignoring other fast growing economies such as the N11 countries.⁸⁵

While it is noted that provinces have very little influence over the demand side of exports, only national governments can conclude international agreements to lower barriers to trade and lobby for free trade areas etc. The supply side of exports is very different.

The WCG and municipalities, particularly the City of Cape Town has a role to play in penetrating new export markets through establishing networks and creating new opportunities for collaboration with international partners – both in the public and private sectors.

6.1 The BRICS

With the endorsement of South Africa's membership of the BRICS in December 2010, the group comprising Brazil, Russia, India, China (BRIC) was expanded to the 'BRICS', to include South Africa. South Africa joined the BRICS to pursue its national objectives as identified in the President's State of the Nation Address, to promote regional integration and related infrastructure related programmes, as well as partner with key players of the South on issues related to global governance.

⁸⁴Porter, M. The Competitive Advantage of Nations in Harvard Business Review, March/April 1990

⁸⁵WC MTBPS, 2013 – 2016.

The BRICS represents 43 per cent of the world's population, 18 per cent of global trade, attracts 53 per cent of foreign capital, accounts for 20 per cent of global GDP and generates 61 per cent of economic growth in the world economy and has an estimated USD 4.4 trillion foreign reserves base.⁸⁶ The grouping is not simply an economic grouping but has evolved into a fully-fledged diplomatic cooperation, engaging on political, economic, financial and various sectoral levels such as agriculture, science and technology and health as stipulated in the Delhi Declaration and Action Plan.⁸⁷

At the BRICS business forum in India in 2012, business leaders called for improvement of the quality of trade by focusing on value-added trade in the sectors of manufacturing, services and agriculture. Notably the Western Cape's exports in terms of the top 15 products were agricultural products. The Western Cape in particular has strengths in agri-processing and services, which provides niche opportunities in BRICS markets. The newly formed BRICS Business Forum cited further opportunities in energy, infrastructure and healthcare.

South Africa's New Growth Path, geared to achieving inclusive growth and creating jobs, entails amongst others a focus on skills development. Businesses are encouraged to promote youth training and empowerment through engagement with BRICS countries. The Western Cape can use opportunities in these areas to facilitate engagement with the BRICS whilst fulfilling our provincial priorities. The table below indicates that only Russia and China appear in the top 20 Western Cape export destinations. India, which imported 0.8 per cent, and Brazil 0.6 per cent, of the Western Cape exports, are absent.⁸⁸

Western Cape Government at the official opening of the 7th Yantai International wine festival, 2013



⁸⁶Department of International Relations and Cooperation, the Fifth BRICS Summit, November 2012.

⁸⁸WC PERO, 2012.

Table 2: Western Cape Exports by destination (%) in sequence of size in 2011

Destination	2001	2011
Netherlands	6.67	9.90
United Kingdom	14.98	9.06
Not allocated	10.60	5.72
Germany	3.89	5.72
United States	9.36	4.86
Angola	2.71	3.38
Republic of Korea	0.95	3.33
Mozambique	5.48	3.15
Belgium	2.71	2.76
Zambia	2.86	2.61
China	0.67	2.46
Hong Kong Special Administrative Region of China	1.55	2.40
Malaysia	0.37	2.39
Italy	3.11	2.11
Russian Federation	0.29	2.10
Japan	3.32	1.99
France	2.50	1.91
United Arab Emirates	0.82	1.82
Zimbabwe	1.83	1.75
Australia	1.73	1.68
Spain	2.84	1.63

(Source: WC PERO, 2012)

Table 3: South African exports by destination (%) in sequence of size in 2011

Destination	2001	2011
China	1.76	12.33
Not allocated	16.63	11.53
United States	8.95	8.62
Japan	5.02	8.00
Germany	7.31	6.24
United Kingdom	9.73	4.15
India	1.44	3.52
Netherlands	4.36	3.11
Switzerland	0.80	3.09
Republic of Korea	1.77	2.50
Mozambique	2.57	2.48
Zimbabwe	2.31	2.48
Zambia	2.03	2.34
Belgium	3.09	2.18
Italy	3.03	1.89
Taiwan Province of China	1.78	1.30
Australia	1.10	1.26
France	2.13	1.20
Brazil	0.40	1.11
Kenya	0.60	1.04
Angola	0.55	0.96

(Source: WC PERO, 2012)

In terms of exports, the BRIC economies were the destination of 5.9 per cent of Western Cape exports. Although this figure is relatively low, there is potential for significant expansion in the future. The European and United States markets have remained the dominant export destinations for the Western Cape which should continue to be pursued. From the table it is noted that export diversification is necessary for the Western Cape in order to contribute more to non-traditional, manufactured goods and to grow exports to the rest of Africa, the Middle East and Asia.⁸⁹

⁸⁹WC PERO, 2012.

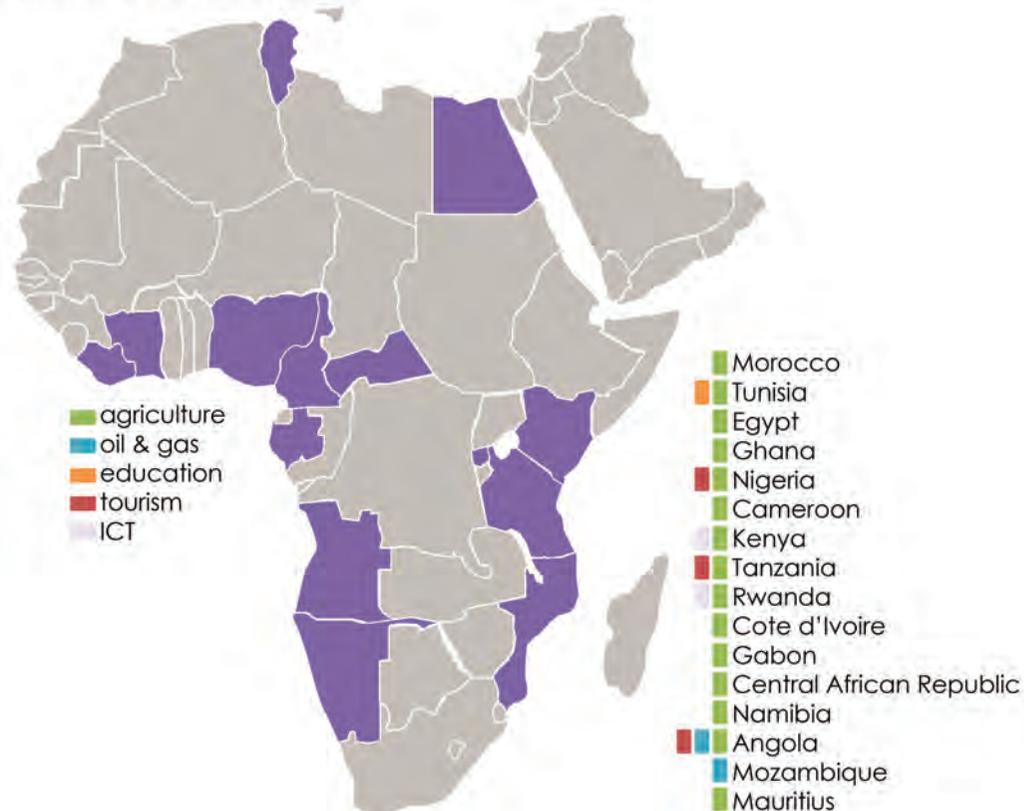
6.2 Africa

South Africa's trade with Africa amounts to 3.3 per cent export share compared with China's (16.2%) and Italy (4.9%) – see figure 3 below. The rest of Africa is a serious market for the Western Cape, and the potential for expansion needs be pursued.

Figure 3: Top 20 Global Markets Exporting to Africa, 2011

RANK	EXPORTERS	VALUE 2011 (ZARbn)	SHARE
1	China	524.4	16.2%
2	France	280.8	8.7%
3	United States of America	234.5	7.3%
4	Germany	205.1	6.3%
5	Italy	158.9	4.9%
6	Republic of Korea	130.3	4.0%
7	United Kingdom	127.1	3.9%
8	Netherlands	124.9	3.9%
9	Spain	116.3	3.6%
10	South Africa	106.2	3.3%
11	Belgium	98.2	3.0%
12	Japan	94.7	2.9%
13	Brazil	87.9	2.7%
14	Turkey	74.3	2.3%
15	Singapore	65.8	2.0%
16	Russian Federation	59.2	1.8%
17	Thailand	55.4	1.7%
18	Sweden	46.7	1.4%
19	Portugal	43.6	1.3%
20	Malaysia	42.5	1.3%
TOTAL EXPORTS		3 231.56	100.0%

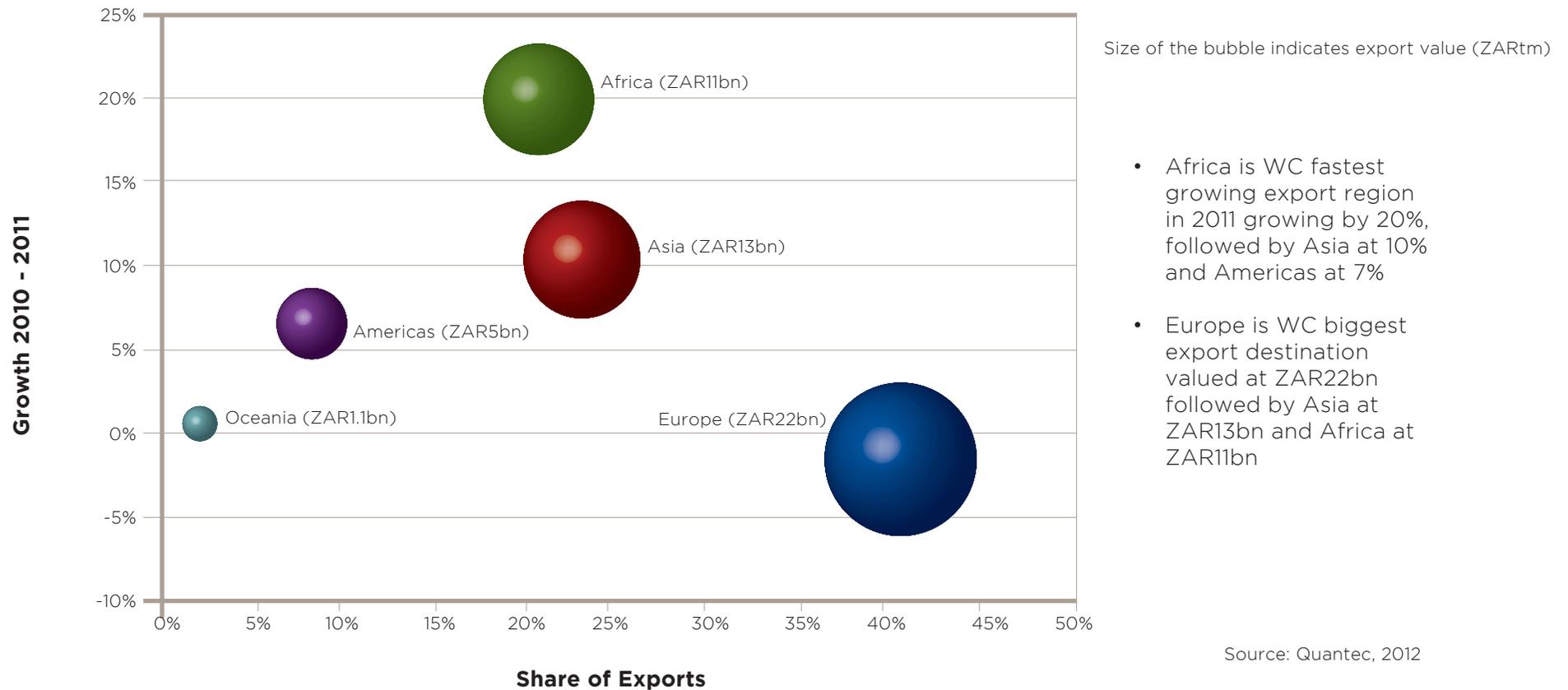
Possible Opportunities: Africa



⁹⁰WESGRO, Presentation made at Africa Group meeting, November 2012.

Figure 4 below shows that Africa was the Western Cape's fastest growing export region in 2011, growing by 20 per cent, followed by Asia at 10 per cent and the Americas at 7 per cent. Building on this advantage could be the starting point of a mutually beneficial relationship with the rest of Africa.⁹¹ Where the WCG can add value to African countries is through its BRICS association while keeping in mind that the province's mandate is focused mainly on tourism and trade relations.

Figure 4: Western Cape Regional Trade Flows



⁹¹Ibid.

The second most important regional export market is SADC countries, absorbing 14 per cent of Western Cape goods exports.⁹² Key destinations are Angola, Mozambique, Zambia and Zimbabwe which account for 78 per cent of the Western Cape's exports to SADC in 2011.⁹³

When observing the change in the composition of the Western Cape's export market shares between 2001 and 2011, non-traditional destinations such as the rest of Africa have gained market share at the cost of traditional destinations. It is therefore imperative that the Western Cape does not forego an opportunity to grow through our non-traditional partners.

Initiatives such as WESGRO's West Africa region focus can provide an ideal platform, amongst others, for further engagement and relationship building on the African continent.

To this end the WCG has acknowledged the need to formulate an Africa Strategy and is currently in the process of drafting a more detailed framework for engagement on the African continent. Potential areas for collaboration are discussed further in the strategy section of this document.



South African companies expanding into the rest of Africa – MTN in Rwanda
Courtesy: emiller@iafrica.com

⁹²WC PERO, 2012, pp. 81.

⁹³Ibid.

Globally position the Western Cape through collaboration with the key role players in Africa, BRICS and the World.



Goal 3:
*Improve
environmental
resilience*

Goal 2:
*Develop skills
and best
practices through
knowledge
sharing*

Goal 1:
*Facilitate trade,
tourism and
attract strategic
investment*

7. The Strategic Framework

In order to facilitate change, a common vision of how the WCG would like to engage in meaningful international relations is necessary. This framework attempts to achieve this vision by formulating an international relations vision, goals and objectives.

7.1 Vision

To promote economic development, social inclusion and increase sustainability, through global positioning of the Western Cape with the collaboration of key role players in the rest of Africa, BRICS and the rest of world.

7.2 Strategic Goals and Objectives

The International Relations Strategy centres around three strategic goals and is aligned to Provincial Strategic Objectives 1, 7, 8 and 11:

Strategic Goal 1

- Create an enabling environment to **facilitate trade, tourism** and **attract strategic investment** to the Western Cape in order to stimulate economic growth and jobs, thus reducing poverty.

Strategic Goal 2

- Develop **skills and best practices** through **knowledge sharing in all social sectors of the WCG** by cooperative, multi-dimensional exchanges with emerging and developed regions.

Strategic Goal 3

- Improve **environmental resilience and adaptation** to **climate change** and **increase sustainability** in the Western Cape for future generations through strategic international partnerships.

These three strategic goals will be achieved through strategic objectives, which are further detailed in the tables below

STRATEGIC GOAL 1 – FACILITATE TRADE, TOURISM AND ATTRACT STRATEGIC INVESTMENT				
Strategic Objective	How	Who	Targets/Opportunities	Countries/regions
Foster supportive business environment by reducing comparative costs and enhancing quality of service and production	<ul style="list-style-type: none"> Identify upcoming international events, opportunities for trade missions, trade shows, conferences, business promotions. Create opportunities to showcase and encourage international events, business tourism (conferencing) to attract more visitors. Promote WC through our existing platforms. Use opportunities presented at the BRICS summits. Use BRICS Business Forums to advance WCG’s agenda. Having regular engagements with the private sector on their needs, how to increase value-add of products, challenges experienced in trying to internationalise Analyse internally what government can do better, specifically in terms of what the WCG can offer companies? 	<ul style="list-style-type: none"> WCG Cabinet Wesgro EDP DoA Municipalities Get buy-in from Accelerate Cape Town 	<ul style="list-style-type: none"> Retailers based in WC e.g. Shoprite, Pick ‘n Pay, Spar Engage at Africa World Economic Forum Consulates based in Cape Town Consult with financial institutions, particularly those based in Cape Town. 	<ul style="list-style-type: none"> Rest of Africa (connecting with “African hubs of excellence” – new trade opportunities, skills transfers etc.) BRIC countries Traditional Western markets Next Eleven countries (N-11) Rest of the world
Reduce red-tape for businesses - encourage investment, expansion and employment creation	<ul style="list-style-type: none"> Supply timely business and economic information to potential investors. Generate investment leads and facilitate global investment attraction via WCG everyday interactions with stakeholders. Work with stakeholders to develop open international events and missions to create awareness of the WC. Support to exporters by WCG and its entities. Ensure problems picked up through the red-tape 	<ul style="list-style-type: none"> WCG Cabinet Wesgro EDP Municipalities Get buy-in from Accelerate Cape Town 	<ul style="list-style-type: none"> Companies, including emerging exporters in the WC. Consulates based in WC with links to their country’s investment arms of government Consult with financial institutions, including SA banks. 	<ul style="list-style-type: none"> Rest of Africa BRIC countries Traditional Western markets Rest of the world Next Eleven countries (N-11)

STRATEGIC GOAL 1 - FACILITATE TRADE, TOURISM AND ATTRACT STRATEGIC INVESTMENT

Strategic Objective	How	Who	Targets/Opportunities	Countries/regions
	<p>business call centre are logged, rectified timeously and prevented from occurring again.</p> <ul style="list-style-type: none"> • Support ambitions of Western Cape companies and entrepreneurs in their bid to internationalise. 			
<p>Encourage exchange and cooperation programmes in innovation and technology to promote scientific advancement, cutting-edge technology development, entrepreneurship and creativity, including through ICT</p>	<ul style="list-style-type: none"> • Promote the WC as a destination for tourism, work and study. • Promote the Western Cape as a technology development and innovation hub. • Host platforms for predetermined regions and technology and trade partners around specific themes, e.g. on coastal or green infrastructure, ICT in the form of trade fairs - in partnership with private sector, research institutions to minimise budget commitments. 	<ul style="list-style-type: none"> • WCG (DEDAT) • Cabinet • EDP • DoA • Municipalities 	<ul style="list-style-type: none"> • SA Tourism • Cape Town Tourism • British Council and others • CHEC • Higher Education Institutions (HEIs) • Research organisations • Networks of foreign students in universities, colleges etc. • Foreign business people based in WC • Expatriates based in the WC • Financial institutions • Research and innovation networks • Private sector • Use sub-national partnerships - city regions are partnering more than national govts. 	<ul style="list-style-type: none"> • Regional Leaders Summit countries • African countries such as Kenya, Rwanda for ICT etc. • Rest of the world

STRATEGIC GOAL 1 - FACILITATE TRADE, TOURISM AND ATTRACT STRATEGIC INVESTMENT

Strategic Objective	How	Who	Targets/Opportunities	Countries/regions
<p>Advocate the Western Cape as the green economy hub through the promotion of the province's competitive advantage in renewable energy capacity, a strong financial services sector, excellent tertiary education and a varied manufacturing sector.</p>	<ul style="list-style-type: none"> • Use WC advantage in the green economy sector as investors are expressing strong interest in the Western Cape. • Develop a coherent and sustainable offering for investors, backed up with efficient delivery in the green economy. 	<ul style="list-style-type: none"> • WCG (DotP/ DEDAT/ DEADP) • Cabinet • EDP • Municipalities 	<ul style="list-style-type: none"> • Use Regional Leaders Forum platform for engagement. • Green companies - part of 110% green initiatives • Join The Climate Group -WCG is a founding signatory but not a formal member • Rejoin the Network of Regional Governments for Sustainable Development (nrg4SD) - membership withdrawn in 2010 due to budget constraints. 	<ul style="list-style-type: none"> • Bavaria is a global leader and keen to co-operate with the Western Cape, as is Shandong, Sao Paulo and Upper Austria. • Quebec is pursuing a bold green economic vision - a programme to change over to electric vehicles. • Explore oil and gas links between WC and west and east coast of Africa
<p>Promote the excellence of our tertiary institutions in the rest of Africa in the BRIC countries and the rest of the world.</p>	<ul style="list-style-type: none"> • Promote WC through our existing platforms. Use opportunities presented at the BRICS summit in March 2013 in Durban. • Use the network of foreign students to our advantage - good for business and building trust. 	<ul style="list-style-type: none"> • WCG • Cabinet • Municipalities • Universities 	<ul style="list-style-type: none"> • Networks of foreign students in universities, colleges etc. • Expatriates based in the WC • Education councils/ student organisations • HEI's 	<ul style="list-style-type: none"> • Africa • BRICS • Rest of world

STRATEGIC GOAL 1 - FACILITATE TRADE, TOURISM AND ATTRACT STRATEGIC INVESTMENT

Strategic Objective	How	Who	Targets/Opportunities	Countries/regions
<p>Promote the strategic position of our transport infrastructure such as ports, highways and airports, as an important gateway into Africa for international partners.</p>	<ul style="list-style-type: none"> • Support the growth of the Economic Development Partnership (EDP) to assist with building partnerships and Wesgro for destination marketing for tourism and major events as well as investment and trade promotion. • Facilitating conversations between business and government to pursue our strategic objectives. 	<ul style="list-style-type: none"> • WCG • Cabinet • EDP • Municipalities • Wesgro 	<ul style="list-style-type: none"> • Get buy-in from Transnet • ACSA • Private sector • National agencies based in the WC. • Financial industry • International airlines 	<ul style="list-style-type: none"> • Africa • BRICS • Rest of world
<p>Leverage existing assets and capability of provincial government to attract Foreign Direct Investment (FDI), promote tourism, trade and growth.</p>	<ul style="list-style-type: none"> • Create an environment that will attract trade and investment, including FDI to the WC and investment from the WC into Africa. • Support the growth of the Economic Development Partnership (EDP). Support Wesgro to assist with destination marketing for tourism and major events as well as investment and trade promotion. • Use partnerships created by departments such as DoA through their various international exchanges. 	<ul style="list-style-type: none"> • WCG (DTPW, DEDAT, DotP) • Wesgro • Cabinet • EDP • DoA • Municipalities 	<ul style="list-style-type: none"> • Private sector • National and local government • Tourism Indabas/ exhibitions • Wesgro • Cape Town Tourism 	<ul style="list-style-type: none"> • BRICS • Africa • Rest of world

STRATEGIC GOAL 2 - DEVELOP SKILLS AND BEST PRACTICES THROUGH KNOWLEDGE SHARING

Strategic Objective	How	Who	Targets/Opportunities	Countries/regions
<p>Benchmark the Western Cape Province through collaboration with international agencies such as the OECD, World Bank etc. on key policy issues.</p>	<ul style="list-style-type: none"> • Build on existing networks created with international agencies to ensure we achieve the vision of the best-run regional government in the world. • Existing initiatives, such as the Agribenchmark initiative can be used as the international benchmark of various industries (in this case for grains, fruit, dairy, meat etc.) • Budget allowing – commission studies on benchmarking against aspirational countries in economic, social and governance sectors. 	<ul style="list-style-type: none"> • WCG • Cabinet • Wesgro • EDP • Municipalities 	<ul style="list-style-type: none"> • UN agencies (UNESCO etc.) • OECD • WorldBank • SADC • African Union 	<ul style="list-style-type: none"> • n/a
<p>Learn best practices on good governance by active consultation with like-minded regions and leaders in the field.</p>	<ul style="list-style-type: none"> • Participate in international forums on key sectors, in environment, economy, and governance. • Bolster international initiatives such as student/ educator, school exchanges on policy priority areas such as health, education etc. • Promote mutual engagements on key policy areas of the WCG. • Seek out collaborative partnerships with leaders in institutional governance, financial management, promoting integrated planning. 	<ul style="list-style-type: none"> • WCG (WCED, DSD, DoH, DHS, DCAS) • Cabinet • EDP • Wesgro • Municipalities 	<p>Private sector</p>	<ul style="list-style-type: none"> • United Kingdom – financial and good governance, civil service practices. • UAE – performance management • Canada – financial systems • Bavaria • Burgundy • Australia (Aus-HS) for international development programme for civil servants.

STRATEGIC GOAL 2 - DEVELOP SKILLS AND BEST PRACTICES THROUGH KNOWLEDGE SHARING

Strategic Objective	How	Who	Targets/Opportunities	Countries/regions
<p>Create and expand innovative cultural, health, sport, social education, safety, housing, technological and educational ties with targeted regions in the world.</p>	<ul style="list-style-type: none"> • Seek out collaborative partnerships with leaders in health, education etc., as well as develop cultural and sport ties. 	<ul style="list-style-type: none"> • WCG (DCAS, DoH, DHS, DSD, WCED) • Cabinet • Municipalities 	<ul style="list-style-type: none"> • Work with ODA agencies in WC • Cultural councils based in WC 	<ul style="list-style-type: none"> • Design industries in the UK and elsewhere • Scandinavian countries for education best practices. • Tunisia – education • Singapore and S. Korea – education
<p>Promote the brand of the Western Cape as a learning region by exposing its potential and strengths through international exchanges and participation.</p>	<ul style="list-style-type: none"> • Continue participation at key international events hosted in the WC and rest of SA. • Officials and MECs to leverage off existing engagements overseas and in hosting diplomatic missions to create awareness of the WCG brand. 	<ul style="list-style-type: none"> • WCG • Cabinet • Get buy-in from EDP • Wesgro • Municipalities 	<ul style="list-style-type: none"> • BRICS Summits • Tourism indabas and exhibitions/ 2014 World Design Capital • Africa Day celebrations • Overseas engagements • Diplomatic Corps brunches • Premier’s public addresses • Cape Town Tourism 	<ul style="list-style-type: none"> • Africa • BRIC countries • Rest of the world

STRATEGIC GOAL 3 - IMPROVE ENVIRONMENTAL RESILIENCE AND ADAPTATION TO CLIMATE CHANGE AND INCREASE SUSTAINABILITY

Strategic Objective	How	Who	Targets/Opportunities	Countries/regions
<p>Advocate for green economy interventions which mitigate and help adapt to climate change, decrease environmental stress, eliminate resource constraints and consumption which leads to a flourishing planet.</p>	<ul style="list-style-type: none"> • Research adaptation and mitigation of climate change • Examine disaster risk reduction. Secure and bolster partnerships and agreements with global leaders in climate change mitigation and adaptation to promote sustainable low-carbon resource use • Exchange of best environmental practice that promotes sustainable development • Share meaningful decentralised solutions-oriented, pioneering and exchange focused cooperation between sub-national governments sharing similar climatic, economic, trade, resource constraints and other challenges. • Investigate current globally recognised networks of cities and regional governments and seek to associate ourselves with initiatives which they offer to members and partners 	<ul style="list-style-type: none"> • WCG • Cabinet • Get buy-in from EDP • GreenCape • Wesgro • Municipalities 	<ul style="list-style-type: none"> • DMISA –Southern Africa • Participation in The Climate Group • Nrg4SD • ICLEI – Local governments for sustainability • Green Economy Coalition • Regional Leaders Summit membership 	<p>Mitigation</p> <ul style="list-style-type: none"> • China – renewable energy opportunities • Europe – technology • Regional Leaders Summit members – technology and skills development and exchange of best practices <p>Adaptation</p> <ul style="list-style-type: none"> • Policy development support – institutional arrangements. • Germany – renewables and technology transfer • Spain – coastline protection
<p>Promote green innovation and fast track the green</p>	<ul style="list-style-type: none"> • Use WC advantage in the green economy sector as investors are expressing interest in the Western Cape. 	<ul style="list-style-type: none"> • WCG • Cabinet • Wesgro 	<ul style="list-style-type: none"> • Participation in The Climate Group • Nrg4SD 	<ul style="list-style-type: none"> • Bavaria is a global leader and keen to co-operate

STRATEGIC GOAL 3 - IMPROVE ENVIRONMENTAL RESILIENCE AND ADAPTATION TO CLIMATE CHANGE AND INCREASE SUSTAINABILITY

Strategic Objective	How	Who	Targets/Opportunities	Countries/regions
<p>economy agenda through strategic international cooperation for increased tourism, trade and investment.</p>	<ul style="list-style-type: none"> • Develop a coherent and sustainable offering for investors, backed up with efficient delivery in the green economy and climate change initiatives. 	<ul style="list-style-type: none"> • Get buy-in from EDP • GreenCape • Municipalities 	<ul style="list-style-type: none"> • ICLEI - Local governments for sustainability (over a 100 member cities including Lagos and Sao Paulo) • Green Economy Coalition 	<p>with the Western Cape, as is Shandong, Sao Paulo and Upper Austria.</p> <ul style="list-style-type: none"> • Quebec is pursuing a bold green economic vision - a programme to change over to electric vehicles. • Upper Austria - Water and GE technology • Explore oil and gas links between WC and west and east Africa.

*Kirstenbosch Staff packing Cape flora for export to the Chelsea Flower Show in the United Kingdom.
Courtesy: Charles O' Leary*



8. Implementation Framework

These three strategies aim to give life to the Western Cape Government's international relations framework in order to foster a sustainable development path for the Province. They will also bolster the province's influence in South Africa and across the globe, and contribute to achieving our national and provincial policy objectives.

The implementation framework provides an overarching guideline for the WCG and municipalities. Departments and municipalities would be expected to develop their own implementation plans based on their own departmental/municipal priorities. These strategies can only be achieved if all departments and in certain instances municipalities are committed to increasing coordination and collaboration between and within departments. In the Western Cape context working closely with the City of Cape Town and other emerging and fast growing urban areas, for example George, will be vital.

Choosing targeted regions/countries requires in-depth research to understand the dynamics of those regions in more detail. It is proposed that a research framework be developed, with appropriate resources which may need to be pooled from various stakeholders, to ensure that regions, countries and sectors ultimately chosen are strategic and add value to the work of the WCG, municipalities and our partners. The IR strategy is aimed at being a long term strategy with envisioned implementation over the next five years (2013/14 – 2018/19).

The research framework may look at having a two-tier system of a few key priorities with a specific country and/or regional focus on the one tier that is the main focus of the strategy aligned with the three strategic goals and PSOs. For example the rest of Africa would be a priority. A few lower level priorities could be placed on the second tier, focused on maintaining and creating bilateral partnerships with countries.⁹⁴ This process of split tiers would assist in prioritising and focusing scarce resources, while still maintaining and expanding our bilateral relationships.

Under the coordination of the Department of the Premier's Interdepartmental Forum on International Relations (IDFIR) with departmental and ministries represented, in order to bring synergy to the strategy, entities and where appropriate, municipalities, should ideally work in concert in the sphere of international relations. The coordination and partnership through the strategy in various sectors could provide potential ODA opportunities to the province. This collaboration would also ensure that all role-players share the mission of guaranteeing the Western Cape its place as a leading actor on the world stage.

Whereas Wesgro is firmly in place as the WCG agency for the promotion of tourism, trade and investment, coordinating structures are needed to bring WCG departments, as well as municipal stakeholders together. These include:

⁹⁴Suggestion by DEDAT at the 12 February 2013 IR stakeholder workshop.

- Developing an institutional framework to facilitate (plan, prioritise, implement, monitor, and evaluate) the response of the WCG, with particular focus on the BRICS and the rest of Africa as centres of growth.
- Partnering with the private sector, financial institutions and civil society across the province, nationally, regionally and globally.
- Developing a coherent structure when undertaking international visits with a focus on mutually beneficial objectives, outputs, outcomes and measures of success.
- Adhering to protocol considerations with regard to incoming and outgoing delegations.
- Establishing interdepartmental committees to cluster priority geographic regions (BRICS, Africa, Asia and the rest of the world) for targeted and strategic relations.
- Ensure monitoring and evaluation of the strategy once an implementation plan has been developed by the IR unit in DotP.



*Western Cape farm workers harvesting grapes for wine exports.
Courtesy: Theewaterskloof Municipality*

An implementation plan is necessary to enable international relations to give credence to the Western Cape's strategic priorities. This plan requires an international relations champion in each sector department and ideally in municipalities where appropriate. The roles and responsibilities are detailed below.

Table 4: IR Roles and Responsibilities

Role	Department/Entity/Organisation
Ensure that the Western Cape Government's IR strategy is carried out in each sector department/municipality (use IGR structures for monitoring, implementation).	DotP's Interdepartmental Forum on International Relations (IR Forum), Local Government/municipalities, particularly the CoCT to align with their external relations policy.
Manage international relations interdepartmental issues, opportunities, policies and processes.	DotP
Improve interdepartmental coordination between key stakeholders and implementation of the province's branding strategy in order to reflect a common, defined WCG approach at all international engagements.	DEDT, DotP, Wesgro
Share key messages on priority international issues and challenges, where appropriate.	All
Identify emerging export and import opportunities for diversification.	Wesgro, DEDT, DoA
Support government participation in key international events (budget permitting) and forums to raise the profile of the WCG and proactively promote the key priorities of the Western Cape in international markets with Wesgro as the lead agency.	Wesgro
Institutional review of operational structures of sector departments to clarify roles and responsibilities, improve accountability, avoid duplication and improve efficiencies in international relations.	DotP and IR Forum
Facilitate business to speak to each other about upcoming opportunities, and promote tourism, exports, investment	Wesgro, WCG, EDP and private sector, SPVs, Accelerate Cape Town

These interdepartmental committees are necessary to ensure that officials from different sectors who engage with the same regions do so in a coordinated and coherent manner. These sub-committees would be coordinated by the Department of the Premier, but can be initiated by any department.

Clustering will make for a professional approach to priority geographic markets (e.g. India, China). These committees would aim to:

- Share market information and research, intelligence and expertise;
- Discuss opportunities and challenges experienced;
- Evaluate potential areas of collaboration;
- Develop common messaging in all relations with a particular region;
- Coordinate inward and outward visits to maximise monetary and strategic value;
- Address intercultural sensitivities.⁹⁵

8.1 Monitoring and Evaluation

The Strategy provides a guideline for Departments when dealing with international matters. This Strategy provides the framework from which Departments can develop their own implementation plans based on their departmental mandates and priorities. A broad implementation plan as well as monitoring and evaluation of the plan will need to be developed by the International Relations Unit in the Department of the Premier.

The strategy will need to be monitored bi-annually to ensure the three strategic goals of the plan are being achieved. Strategic goal One examines trade facilitation, tourism and attracting strategic investment. Strategic goal Two aims to develop skills and best practices through knowledge sharing. Strategic goal Three aims to improve environmental resilience and adaptation to climate change and increase sustainability. Indicators of success should measure and be monitored regularly over the initial implementation of the Strategy. Possible measures of success include:

- FDI into the Western Cape – measured quarterly and reported on by PSO 1 and Wesgro.
- Business Confidence Index – measured quarterly and reported on by PSO 1 and Wesgro.
- Measure gross domestic product per region (GDPR) to measure economic growth – measured quarterly and reported on by PSO 1 and Wesgro.
- Measure gross domestic expenditure which looks at exports and imports - measured quarterly and reported on by PSO 1 and Wesgro.
- Number of meetings, delegations hosted and/or attended with tangible outcomes linked to the PSOs of WCG.
- Securing and bolstering agreements and partnerships with global leaders in sustainable development including climate change.
- Number of partnerships and agreements secured with investors for green economy and climate change initiatives.

These measures of success would need to be reported on regularly to the custodian of the IR strategy in the Western Cape and include an evaluation of whether the WCG is achieving the three goals listed above.

⁹⁵Government of Alberta, 2010, Alberta's International Strategy, Global Advocacy for Alberta at http://www.international.alberta.ca/documents/International_strategy_web.pdf (accessed 24 August 2012).



*The Dutch "painted Cape Town orange" promoting our exports, cultural diversity and international 'gees' (spirit) during the 2010 FIFA World Cup.
Courtesy: Laurine Platzky*

Small-scale fishing and farming are globally under threat; the Western Cape is developing strategies to enable increased resilience and sustainability.
Courtesy: ©WESGRO



9. Official Development Assistance (ODA)

As a co-ordinated approach to international relations is important, so is a targeted strategy in relation to Official Development Assistance (ODA) – funds received from foreign governments and institutions.

Official Development Assistance provides opportunities for the WCG to achieve the three strategic goals outlined in the IR strategy. Existing partnerships can be leveraged to secure the WCG's interests in various fields. Knowing what ODA is available and what potentially could be available is important when advancing priorities.

Often donors have a multitude of contacts, which is important to them when securing investment, creating cultural and social ties and improving diplomatic relations in general.

The Western Cape receives donor funding each year from various countries and multilateral bodies such as the United Nations. Development assistance is governed by the National Treasury's Policy Framework and Procedural Guidelines for the Management of Official Development Assistance – 1st edition (2003).

In terms of the Paris Declaration,⁹⁶ five major principles need to be followed. These principles include ownership by the receiving department/agency, alignment with strategies and systems, harmonisation (coordination), managing for results (linking budgets to strategies) and mutual accountability for the outcomes.

In applying ODA principles, the following should be considered:⁹⁷

- Government ownership cemented in local and provincial sphere to attract, plan, and use ODA;
- ODA aligned to overall national and provincial strategic priorities;
- ODA must be utilised according to Plan;
- Government to conceptualise and design ODA;
- Institutional and financial sustainability of ODA intervention planned at design stage;
- Strategic choice of ODA modalities;
- Technical assistance well managed;
- Use of government procedures and systems;
- ODA financial reporting follow government formats;
- M & E to be done by government timeously.

⁹⁶Paris Declaration on Aid Effectiveness and Accra Agenda for Action at <http://www.oecd.org/development/aideffectiveness/34428351.pdf> (accessed 16 October 2012)

⁹⁷The Aid Effectiveness Framework for health in South Africa, Improvement of Provincial and National ODA Coordination and Management, Presented on 29 October by National Department of Health, Cape Town.

Through formal and informal networks such as the nrg4SD, significant direct and indirect ODA opportunities present themselves to members, which should be used to the province's advantage. These partnerships also pave the way for access to UN agencies, the European Commission and other donors. European Union member countries agreed to set aside 1 per cent of their combined GDP for ODA. Opportunities such as this can be leveraged by the WCG, as other provinces are doing.

Until recently no collective picture of ODA in the province was available. In an attempt to document what the province receives in relation to ODA, an ODA audit was undertaken. A complete report was produced in March 2013.

In the short term it is clear that any ODA received should be focused on the WCG Provincial Strategic Plan (PSP) in fulfilment of the eleven strategic objectives. In the longer term ODA needs to reinforce the National Development Plan and OneCape 2040.



Masibambane Hall in Harare, Khayelitsha, Cape Town built by the VPUU (Violence Prevention through Urban Upgrade) funded in partnership with the German Development Bank and the City of Cape Town. Courtesy: VPUU



Cape crafters displaying their wares for sale during the 2010 FIFA World Cup Fan Fest, Grand Parade, Cape Town.
Courtesy: Laurine Platzky

*Cyclists participating in the international Cape Argus Pick n Pay Cycle Tour around picturesque Chapman's Peak in Cape Town
Courtesy: Cape Town Cycle Tour Trust*



10. Conclusion

The work of government can no longer be done in isolation of other countries or regions with the onset of globalisation. Global economic patterns have changed dramatically with the emergence of fast growing developing economies such as India and China.

These drastic shifts in economic power present opportunities and risks to the Western Cape. International relations provide the platform for engagement with key stakeholders while pursuing our own provincial strategic objectives. The IR strategy aims to coordinate efforts on the global stage for the Western Cape, with a particular focus on tourism, trade and investment.

Our current competitive advantages are to be utilised to create partnerships to increase trade to and tourism from key regions such as the BRICS and the rest of Africa, while promoting the province as a premier destination to work, live and visit. The strategy focuses on the rest of Africa as a key partner, considering that seven of the fastest growing economies are based in Africa.

Leveraging off our existing partnerships with the rest of Africa, the BRICS and our traditional partners will elevate our position in relation to trade, tourism and investment. The strategy further notes that our traditional partners (mainly EU and USA), are a key source of FDI, export markets and ODA for the province and relations should be both maintained and strengthened.

The strategy recognises that the WCG cannot achieve these often interconnected and interdependent outcomes on its own, and that multiple strategic partnerships - in particular the strengthening of resources for Wesgro as the provincial agency for the promotion of tourism, trade and investment - are therefore imperative in order to achieve these outcomes.

Furthermore, the strength of the strategy will only be realised if the whole of government is involved and committed to achieving this transversal outcome.





*Western Cape artists take to the stage at the annual Klein Karoo National Arts Festival (KKNK) in Oudtshoorn .
Courtesy: ABSA, KKNK*

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