



Fezile Dabi
District Municipality

**FEZILE DABI
DISTRICT
MUNICIPALITY**

**ECONOMIC RECOVERY PLAN
(DRAFT)**

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FDDM ECONOMIC RECOVERY PLAN

1. Introduction and background

The Covid-19 pandemic has had an unprecedented impact on the economy of the Country and the world. It has caused insurmountable and devastating economic and social disruption all over the world. Businesses and people's lives have been disrupted resulting in a negative impact on the economy and well-being of the country. According to the World Health Organisation (WHO) and International Labour Organisation (ILO), tens of millions of people are at risk of falling into extreme poverty, while the number of undernourished people, currently estimated at nearly 690 million, could increase by up 132 million by the end of 2020.

On the 15th of March 2020, the President of the Republic, Cyril Ramaphosa declared the national state of a disaster which later was topped-up with an introduction of a national lockdown, which restricted movement of people, goods, and services. At this point, informal sector operators were directly impacted since they could not go out to make a living. On the other hand, the declaration of the state of national disaster meant that the South African government has a responsibility to provide resources, guidance, and directions on how other spheres should facilitate compliance on their level of government. In response to the pandemic, the South African government has already brought forward a series of measures to support those impacted by this global pandemic. Furthermore, the government has also provided households with social relief packages targeting the elderly, physically challenged, children, unemployed, and poor. The district municipality acknowledges the fact that the current disaster is a national disaster which requires a progressive, pragmatic, and cooperative approach not only by national government but by local government as well.

2. ECONOMIC IMPACT OF COVID-19

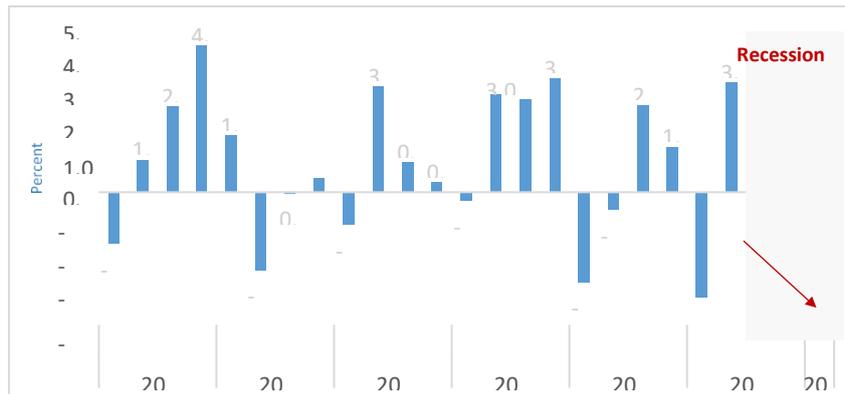
2.1 National picture

The outbreak of the Covid-19 pandemic in March 2020, found a vulnerable South African economy. In fact, at the time pandemic reached our shores, the South African economy had experienced two consecutive quarters of a recession. As a result, the Covid-19 pandemic deepened the economic crisis. Many people lost their jobs, many have gone without income for extended periods, and many are going hungry every day. Inequality is expected to widen and poverty to deepen. Given the extent of the devastation, the economic response required should match or even surpass the scale of the disruption caused.

The stagnation of the economy for a long period coupled with the Covid-19 crisis has also led to low levels of capacity utilization in the various sectors of the South African economy. This trend is projected to continue; painting a dire picture for gross fixed capital formation. A significant reduction in the gross fixed capital formation variable is a troubling development; given that this variable is critical in sustaining and growing the productive base of the economy.

The economy has also been experiencing a series of downgrades including for SOEs, thereby making the cost of accessing funds for funding critical programmes of government expensive. This is a definitive moment not only to address the weaknesses of the pre-COVID-19 economy, but also and more importantly to create an environment supportive to sustained and accelerated economic recovery.

South Africa's GDP performance (2014:Q1 – 2020:Q1)



Data Source: Statistics South Africa, 2020

The increase in the risk premium as a result of an increase in downgrades has also had an adverse impact on the public debt servicing costs. It is also important to indicate that the primary budget deficit has been increasing over time, and that the stock of debt has also been rising thereby leading to a constrained fiscal headspace. The COVID-19 crisis found the South African economy battling with the effects of structural problems. The crisis has led to significant adverse impact on capacity utilization for various sectors of the South African economy, this has also been accompanied by significant decreases in gross fixed capital formation in the first quarter of 2020 compared to the same period the year before.

The economy has also experienced significant employment reduction or redundancy effects across various sector of the economy. The current epidemiological scenarios and projected scenario impact on health, critical economic variables, the livelihood of the people and the low base from which to build the economy paint a picture that will require radically different measures to mitigate against the impact of the crisis.

2.2 Provincial Picture

The FS Provincial Government is actively working with the DSBD, SEFA, NEF, and IDC to ensure that there is continuous and greater participation of FS enterprises in the incentives announced since the beginning of the Covid-19 pandemic. The Province has also deployed a package of provincial economic recovery incentives to support economic recovery and revitalization. These incentives are aimed at supporting FS enterprises during this pandemic and beyond.

The FS Business Chambers have also been engaged and an Economic Recovery Task Team has been established to deal with the impact of the Covid-19 pandemic on FS Businesses and devise means of achieving economic recovery.

- Focus Sectors: manufacturing, retail, agro-processing, automotive, digital economy, transport and logistics.
- Small and Macro Business Support: the province is embarking on assisting the SMME's on different distribution channels in retail and wholesale industries, mainly on bulk buying and distribution

The Provincial Economic Recovery Plan is anchored on the stimulation of demand and supply and will focus on the following:

Demand side:

- Through the saving of existing jobs, businesses will be able to experience pre-COVID demand levels as ability will be maintained.
- The Province has embarked on a programme of Provincial and Local government procurement processes where we envisage and attempt to re-focused the transformation of the economy with the inclusivity of other stakeholders namely SARS, Dept. of Labour specifically the UIF, Financial Institutions etc. to stimulate demand.

Supply side:

- Focus on sectors which are the highest employers in our Province, being Manufacturing, Agriculture (Agro processing), Tourism, ICT and Transport and Logistics. This should determine where the most jobs could be saved.
- Businesses should ENABLE BUSINESS TO also capitalize on the currently poor exchange rate to optimize the value of exports.

Reduce cost of doing business:

- Monitor and mitigate excessive post-COVID price increases.
- Finalization of standardized incentive packages for all districts and sectors.

- Subsidization of broadband solutions for businesses. i.e, in R&D on ICT solutions to reduce business operational costs and for improved exposure/marketing.

Promote localization and industrialization:

- The economic recovery plan will be done through transformation of the value chain to stimulate economic activities.
- Departmental and municipal procurement should be limited to local businesses, except in the case of specialized items/services.
- Localized procurement of Covid-19 related consumables: masks, sanitizers, hand soap, ventilators, etc.
- Increased maintenance and operational funding to FDC for industrial parks.

Assist SMME’s to recover post the COVID-19 Lockdown period

- The actions that are supplemented by the national stimulus packages, are available to shorten the recovery process.
- Provide financial and non-financial incentives to SMMEs to save current jobs and stimulate the creation of new ones.

2.3 District picture, this must include sectoral impact of Covid 19

The economy of the Fezile Dabi District is mainly driven by the following key economic sectors, with manufacturing, agriculture, mining and tourism as key economic drivers of the district economy;

Community services – 25.5 %

Households – 19.2 %

Manufacturing – 12.3 %

Agriculture – 15.3 %

Trade – 9.9 %

Mining – 13.1 %

OPPORTUNITIES IN THE DISTRICT:

Tourism

- Maintenance and marketing of the tourist routes within the district and thus creating job opportunities whilst attracting tourists to the region
- Embark on more tourism awareness roadshows
- Revise institutional structure to support and guide tourism in the District
- Assist tourism establishments (B&Bs) with grading process
- Increase exposure and marketing of the Vredefort Dome World Heritage Site
- Revive/upgrade- Jim Fouche structure, Abrahamsrust, Mimosa resort etc
- **Villiers:** This node has job creation and tourism potential with its locality along the N3 to Durban and the Vaal River.
- Tourism development in rural areas (in strategic areas/nodes)

Agriculture

- Host agri-parks- opportunity to sell fresh produce
- **Frankfort:** Support and promotion of agricultural in this Node

Inter-provincial investments

- **Durban-Free State- Gauteng:** Development of a Logistics and Industrial Corridor across the N3 node.

Sports Development

- **Frankfort:** Development of a Sports Hub in this node

What are the short-term interventions?

The FDDM has developed short-term interventions:

- Better coordination of all stakeholders or role-players to create a conducive and supportive environment for the implementation of economic recovery initiatives.
- **Resource mobilisation:** lobbying different partners (public & private) offering Covid-19 relief measures/ funding, partners such as the National and Provincial departments, SALGA, SEDA, Department of Small Business Development etc.
- TREP Programme – ongoing support and facilitation of access to funding for SMMEs on national support programmes.
- Supporting and reviving the tourism sector since FDDM has a potential for growth in the tourism sector
- Capacitate SMMEs and informal business on the COVID 19 safe protocols and operations in collaboration with the internal department of Environmental Health and Emergency Services.

3. DISTRICT ECONOMIC RESPONSE PLAN

- Development of the FDDM LED & Tourism Impact Study that will provide an assessment of the socio-economic environment in terms of LED and Tourism and thereby provide strategies that will be used to mitigate the impact of Covid-19 on the economy of the District and also promote tourism within the region.

- The District Municipality is also in the process of reviewing the LED Strategy document that will provide a realistic and sustainable basis for growing the local economy and improving the quality of life of the community of the District.

- Tap into the NDPG to implement capital projects that will stimulate and accelerate investment in poor areas of the district and thereby increase and attract the investment of both the Public and Private sectors. The District has identified 6 pipeline projects;
 - 12km Pedestrian Walkway along R59 Road and the Vredefort Dome World Heritage Site (Ngwathe Local Municipality)
 - SMME Business Market Commercial Hub along the N3 (Mafube Local Municipality)
 - Koppies Commercial Greenhouse Vegetable Production Enterprise (Ngwathe Local Municipality)
 - Establishment of Regional landfill site (implementation of the integrated waste management system)
 - Construction of the Harry Gwala/ Zamdela Bridge with pedestrian crossing (Metsimaholo Local Municipality)
 - Water testing laboratory (Metsimaholo Local Municipality)

3.1 Cornerstones of the Fezile Dabi District Municipality recovery Plan

- Protection of low income workers, the unemployed and vulnerable groups
- Enhance the capacity of the economy to grow and assist small business enterprises
- Ensuring that local municipalities, particularly historically marginalised communities, are removed from the vicious cycle of under-development.
- Strengthening of the productive capacity of the economy
- Maintain the planned levels of investment in the public sector infrastructure
- Strengthen the capacity of the state to intervene in the economy and to deliver on social services
- Crafting employment intensive ways in which a turnaround can be achieved

To achieve this goals, the plan prioritises high impact employment interventions with the following specific areas of focus:

- ✓ Infrastructure roll out
- ✓ Localisation through industrialisation
- ✓ Food security
- ✓ Public employment programmes
- ✓ Macro-economic policy interventions

4. PILLARS OF THE DISTRICT ECONOMIC RECOVERY PLAN

The District has identified the following key pillars for the successful implementation of the Economic recovery Plan:

- Promotion of agriculture and agro-processing initiatives
- Support for tourism industry recovery and growth (creating new tourism packages)
- Supporting SMMEs and informal and emerging businesses (entrepreneurial support system)

- Attracting external investment (locally and nationally)
- Operationalizing the District Development Model (infrastructure investment)
- Training and skills development including basic business skills for SMMEs and informal traders.
- Support and capacitation of township and rural economies as a strategy to create township/rural economies that give consumers incentives in their own areas and also integrating township economies into the mainstream economic landscape.

5. ENABLERS TOWARDS DISTRICT ECONOMIC RECOVERY

To ensure the successful implementation of the Economic Recovery Plan, the District will employ the following key enablers:

- Resource mobilisation
- Building a capable state
- Regulatory changes, a supportive policy environment and enabling conditions for ease of doing business
- Social compacting
- Skills development
- Economic integration and further integration into the Provincial and national space