



**By 2030 eThekweni will be Africa's
most caring and liveable city**



Sector Programmes Department
Takalani Rathiyaya
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Overview

1. Mandate
2. Goals and objectives
3. Rationale underpinning cluster approach to sector development
4. Overview of current cluster initiatives
5. Conclusion



Mandate

1. Promote and facilitate economic growth and development, job creation, economic transformation and economic intelligence
2. Support different sectors of the local economy by actively intervening in the economy
3. Cluster approach is one of the tools adopted for –a coordinating mechanism for sector support, development, growth, innovation and competitiveness



Goals and objectives

1. Create a conducive environment for business to thrive ,business development & investment leading to increased opportunities for sustainable job creation and entrepreneurial culture
2. Collaborate with all relevant stakeholders
3. Provide institutional support for effective implementation of development programmes and improve service delivery(Clusters, SPVs, Incubators ,etc?)

Rationale underpinning cluster approach to sector development

Sectors receiving support

The Department provides support to important sectors of the local economy, with a particular emphasis on sectors:

- producing tradeable goods and services given their potential to increase municipal gross domestic product.
- that are large employers and whose demise may adversely affect overall economic activity and therefore employment.
- have value chains with reasonably large employment multipliers and the potential for inclusion of SMEs.

Cluster approach

The clusters are formalized collaborations between the Municipality and the private sector in the relevant sector which aim to achieve the objectives of economic growth, employment creation and transformation.

- the objectives and associated business plan for each cluster reflects the most appropriate mechanisms for achieving these aims given the structure, challenges and opportunities specific to each value chain.
- the cluster approach itself aims to more efficiently and effectively address challenges and opportunities through collective learning and collective action of many enterprises.
- the clusters have the potential to act as a bridge between the established sector and emerging enterprises in the informal sector.
- the cluster partnerships between the Municipality and the private sector have been structured to leverage leadership, expertise, and financial resources from the private sector.

Overview of current cluster initiatives (1)

Each cluster is a partnership between the Municipality and industry as a collective operating in a specific sector, with each sector typically characterized a common set of value chain challenges and opportunities. Specific examples are provided below:

Durban Automotive Cluster

Sector employs ~17,000. Support from 48 enterprises of which 9 are Black owned SMEs. All manufacturers encouraged to participate (small enterprises at low cost or are sponsored).

Programmes:

- Growth - focus is principally on localization by Tier 1s amongst lower tier suppliers and Black owned SMEs.
- Manufacturing excellence – strong focus on meeting global competitiveness standards and upgrading SMEs.
- Skills development – wide range of support from management through to youth employment.

Co-funding: x5.3



Durban Chemicals Cluster

Sector employs ~20,000. Support from 65 enterprises of which 28 are Black owned SMEs. All manufacturers encouraged to participate (small enterprises at low cost or are sponsored).

Programmes:

- Growth – Strong focus on promoting exports into other African countries and localization.
- Operational Excellence – Strong focus on safety, health, environment and compliance.
- Skills and transformation – Wide range of support with strong focus on youth employment and Black owned SME development.

Co-funding: x1.9



Overview of current cluster initiatives (2)

Each cluster is a partnership between the Municipality and industry as a collective operating in a specific sector, with each sector typically characterized a common set of value chain challenges and opportunities. Specific examples are provided below:

KZN Clothing & Textiles Cluster

Sector employs ~18,000. Support from 63 enterprises of which 40 are Black owned SMEs. All manufacturers encouraged to participate (small enterprises at low cost or are sponsored).

Programmes:

- Growth – Strong focus on fast fashion and quick response by retailers together with public sector procurement.
- Manufacturing excellence - fast fashion and quick response..
- Skills development – from management to shopfloor.
- Boost - SME manufacturing capability development

Co-funding: x4.3



eThekweni Furniture Cluster

Support from 15 enterprises of which 12 are Black owned SMEs. All manufacturers encouraged to participate (small enterprises at low cost or are sponsored).

Programmes:

- Growth – Design and innovation together with export support.
- Manufacturing excellence – Lean capacity building and factory assessments.
- Skills development – from management to shopfloor.
- Incubation - SME manufacturing capability development

Co-funding: Early stage cluster.



What are the outcomes of Clustering?

- **Higher levels of trust** lead to increased collaboration and knowledge sharing
- Increased trust leads to **the increased responsiveness** of firms
- Effective industry/government platform to **rapidly respond** to market opportunities/ or tackle market inefficiencies
- Contributes to a **better functioning environment** within which all firms within the sector can operate
- Ultimately contributes to **more competitive firms** that will be more sustainable and provide **better opportunities for growth and expansion**

What are the benefits of utilising the Cluster approach and “Clustering” in sector development?

Benefits of the cluster approach

What are the benefits of utilising the Cluster approach and “Clustering” in sector development and competitiveness?

- **Neutral platform:** Provides a pre-competitive platform to focus on enhancing growth
- **Focused framework:** Provides a focused framework to co-ordinate interventions towards targeted economic sectors
- **Analytical tool:** Provides an analytical tool to understand the linkages and connections between firms
- Incorporates the concept of value-chains
- Aids understanding of drivers of sector
- **Triple helix collaboration:** Provides for a partnership between government, the private sector and academia, through the concept of the “Triple-Helix”
- **Network development:** Builds trust between government and industry and between industry players
- In a highly networked role, with ubiquitous knowledge, tacit knowledge is important
- Allows shared learning to deal with transition

Conclusion

Clusters are probably the **most effective form of supporting SMEs' development** because they are physically close and present in SMEs' daily activities, due to their bottom-up organization.

- Clusters are a huge "army". This has been demonstrated by COVID-19 crisis, during which local activity and cooperation coordinated by the **Clusters achieved a surprising scale and effectiveness**, first in helping in the health crisis, and then in looking for ideas to how overcome the economic crisis and how to rebuild disrupted EMA value chains.
- Clusters can be a tool for implementing all the policies of the government, Green Economy, Digitalization, Circular Economy, and even a tool for implementing the Fund with the involvement of small and medium enterprises. Therefore, Clusters asks for more trust and more responsibility to implement industrial policies .
- Clusters should **become a partner of the government** to solve EtheKwini economic challenges as a partner with large corporations. Clusters should **be part of the new city economic strategy, as** a kind of "hub" for both large companies and SMEs. a partner, but also a useful tool for the municipality 's economic development
- Clusters must **be part of the recovery plans** .NT and representatives of represented departments must inform their DGs and Ministers about this meeting
- **Need of a strong support from the other spheres of government** to fund innovative public policies based on clusters