



The National Exporter Development Programme (NEDP)



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA



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FOREWORD BY THE MINISTER OF TRADE AND INDUSTRY

I am honoured to present this publication on the National Exporter Development Programme (NEDP), a sequel to various other projects pursued by the Department of Trade and Industry (the dti) in engaging the ever-changing global economic space.

South Africa has consistently looked at economic growth that supports a stronger domestic manufacturing sector, competitiveness, human development and broader participation. The focus has been on increasing the capacity of the economy as well as entrepreneurship and transformation of institutions and markets to ensure inclusivity and dynamism. To advance market access, industrialisation and broad economic objectives, South Africa has pursued participation at regional, bilateral and multilateral levels, promoting collaborative agreements with both existing trade partners and fast-growing emerging markets.

While constant evaluations of the progress made suggest successes in various areas, including changing the composition and structure of trade as well as headways under the Industrial Policy Action Plan (IPAP) programme to guide the efforts of localisation, some of our measures have been slower than anticipated. Key among the areas lagging behind has been the area of developing our exporter base, which continues to be very low. We may be aware that there is an acceptable critical mass of export orientation of about 9% to 15% for any sector or economy to gain competitiveness and benefits from trade processes. Currently, South Africa is well below this level because of many factors, including the export readiness of companies, key products, markets and promotional activities.

The renewed call from Cabinet in terms of addressing the capacity challenges in various sectors is a confirmation of the need for more creative strategies for South Africa to improve our trade position.

the dti is continuously examining its tools to double the efforts in many areas. The NEDP thus comes in as a flagship designed to enhance the export readiness of South African companies at different levels as we strengthen our institutional base to leverage the global economy to address South Africa's development priorities. The NEDP will surely turn the tide in terms of export culture, capacity building and encouraging the joint assessment and tackling of markets.

The programme has been going through an intense consultative process and I profoundly acknowledge with thanks the voluntary participation of various institutions, universities, consulting firms and individuals. I trust that as we move towards implementation we will continue to benefit from your valued expertise and support.

A handwritten signature in black ink, appearing to read 'Rob Davies'.

Dr Rob Davies, MP
Minister of Trade and Industry



MESSAGE OF SUPPORT BY THE DIRECTOR-GENERAL

In the Medium Term Strategic Framework (MTSF) for 2012-2016, as cited by the Honourable Minister of Trade and Industry, Dr Rob Davies, the department has taken it upon itself to revisit its tools in a number of areas, to advance industrialisation, market access and the broad economic development priorities of the country.

We are adamant that there is a need to maintain a vibrant manufacturing sector as well as prioritise the diversification of the structure of trade and investment modes. We have also revisited our exporter-importer relations in a bid to lobby the global growth for domestic economic development. It is clear that our challenge of remaining at the bottom end of the value chain is not going away and calls for more attention in addressing the capacity to industrialise and develop from within.

Increasing South Africa's exporter base is a vital component for spurring economic growth, improving participation within the economy and generating employment. Furthermore, the export readiness of companies remains a crucial component of our Industrial Policy Framework and remains central to achieving competitiveness and inclusive growth. Lessons learnt from the Eurozone crises are also a call for South Africa to imbibe a vibrant export culture into the economy to capture international business opportunities, retaining and expanding the country's market share.

While the NEDP is work in progress, the dti is confident that upon full implementation, significant strides will be made in terms of complementing our efforts towards industrialisation and productivity improvements based on the extensive capacity-building initiatives and special projects herein proposed.

Furthermore, the NEDP has been designed as the developmental tool in the country's National Export Strategy and will entail Annual Iterations to keep abreast of the changing needs and service offerings. The success of a programme of this scale requires the collaboration and commitment of various stakeholders at all levels of Government and within the private sector. We will be humbled by your continued support.

The programme is, indeed, a considerable milestone in the country's developmental agenda and I am confident that it will contribute in positioning South Africa as a reliable development and trade partner in Africa and the rest of the world.

I thank you.

A handwritten signature in black ink, appearing to read 'L. October', with a stylized flourish at the end.

Mr Lionel October
Director-General



EXECUTIVE SUMMARY BY THE DEPUTY DIRECTOR-GENERAL TISA

With the ever-changing global environment, Trade and Investment South Africa (TISA) has, along with Government as a whole, been re-examining its tools and service offerings. More emphasis has been placed on the implementation of programmes that enhance inclusive growth and job creation as well as diversification and the provision of strategic leadership in the area of export and investment promotion.

The NEDP has been designed as a catalyst in assisting industry as it recovers from the global economic crisis to spur economic growth, generate employment and broaden participation within the economy.

The NEDP, the first of its kind, is a flagship programme of TISA, designed to expand the exporter base in South Africa and grow exports within particular product lines. TISA, as the initiator and

driver of the NEDP, has consulted on the development of the programme with key stakeholders across all spheres of Government and within the private sector. These engagements culminated in a national consultative workshop held in May 2012 and the presentation of the NEDP.

I wish to highlight the five areas that will take supremacy as we move towards the implementation of the NEDP to encourage the establishment of new exporters, while we also take caution to retain and expand the existing industrial capacity. Trade and investment activities call for high levels of credibility and reliability for any country to retain its position in the global environment.

The NEDP prioritises the creation of a vibrant export culture within South Africa, the provision of trade information services and advice, supported by a national trade information network and an export helpdesk, as well as a website presence through an export portal with a reliable referral system. Furthermore, our trade lead programme will have a clearing house platform with a strong focus on the management of turnaround times to avoid lost opportunities.

The programme also has an extensive capacity-building and exposure component to assist exporters in testing their abilities on the continent and abroad. Our key intervention in this area will be the Global Exporter Passport Initiative, which is meant to enhance the export-readiness of companies as they graduate from entrepreneurs to global exporters.

Special projects, such as the export villages and commodity exchange structures, are also included to assist companies to overcome international market access barriers through the pooling of resources and joint assessment, while the tackling of markets have also been identified as a vital focus of the NEDP.

The NEDP introduces programmes to revitalise exporter development as a key component of trade processes in South Africa, and begins to align and co-ordinate stakeholders within the export community behind a common vision and the government-wide monitoring and evaluation system.



It is for this reason that parts of the programme can be implemented almost immediately, with beneficial results based on sustainable partnership programmes. I am confident that the NEDP will significantly complement and enhance various other programmes of the dti, like the Industrial Policy Action Plan, co-operatives and enterprise development initiatives.

I thank you.



Ms Pumla Ncapayi
Deputy Director-General
Trade and Investment South Africa



1. Overview

1.1. Background to the National Exporter Development Programme (NEDP)

The Government is working towards an adaptive economy characterised by growth, employment and equity, and freedom from poverty. Various economic or business development policies have been developed to achieve this. Export development and promotion policies are a subset of these and include initiatives that encourage exports.

For export promotion policies to succeed, it is important that enterprises are equipped to exploit global opportunities. This presupposes that there are sufficient entrepreneurs to develop to become exporters. It is critical, therefore, that a country has comprehensive and effective 'enterprise development' interventions.¹

1.2. Purpose of the NEDP

The purpose of the NEDP is to increase exports in general, but particularly of those products and services that add value and contribute to employment and the green economy. The target group is small, micro and medium enterprises (SMMEs), both generally and drawn from the ranks of the previously disadvantaged, while still taking into account the needs of larger potential and established exporters.

Figure 1.1:



The NEDP takes into account the South African policy environment, including the New Growth Path, National Development Plan – Vision 2030, National Industrial Development Framework, and South Africa's Trade Policy and Strategy Framework. It considers the global environment, the lacklustre performance of most of South Africa's traditional markets and the relatively strong growth in many emerging and so-called growth markets.

¹ This document is a result of an intensive desktop research and extensive consultations with various stakeholders across the length and breadth of South Africa.

1.3. the dti, **TISA** and leadership

the dti vision is of “A dynamic industrial, globally competitive South African economy, characterised by inclusive growth and development, decent employment and equity built on the full potential of all citizens”.

Trade and Investment South Africa's (TISA) strategic export-related objective is to develop new and existing South African exporters' capabilities to grow exports globally by providing appropriate information, financial support and practical assistance to sustain organic growth in traditional markets and penetrate new high-growth markets.

To be successful, the NEDP requires strong leadership from **the dti**, through TISA, demonstrated by:

- Setting realistic targets agreed by all partners;
- Creating an environment that steers towards stronger co-operation and partnership;
- Motivating all stakeholders;
- Establishing standards for all components of the NEDP;
- Ensuring that sufficient resources are available to implement the programme; and
- Developing a monitoring and evaluation programme with all partners.

1.4. **NEDP Vision and Mission**

The vision of the NEDP is to provide a well-resourced, efficient and effective exporter development programme that delivers appropriately skilled exporters and contributes to the number of active exporters and the real value of exports growing consistently over time.

The mission of the NEDP is to:

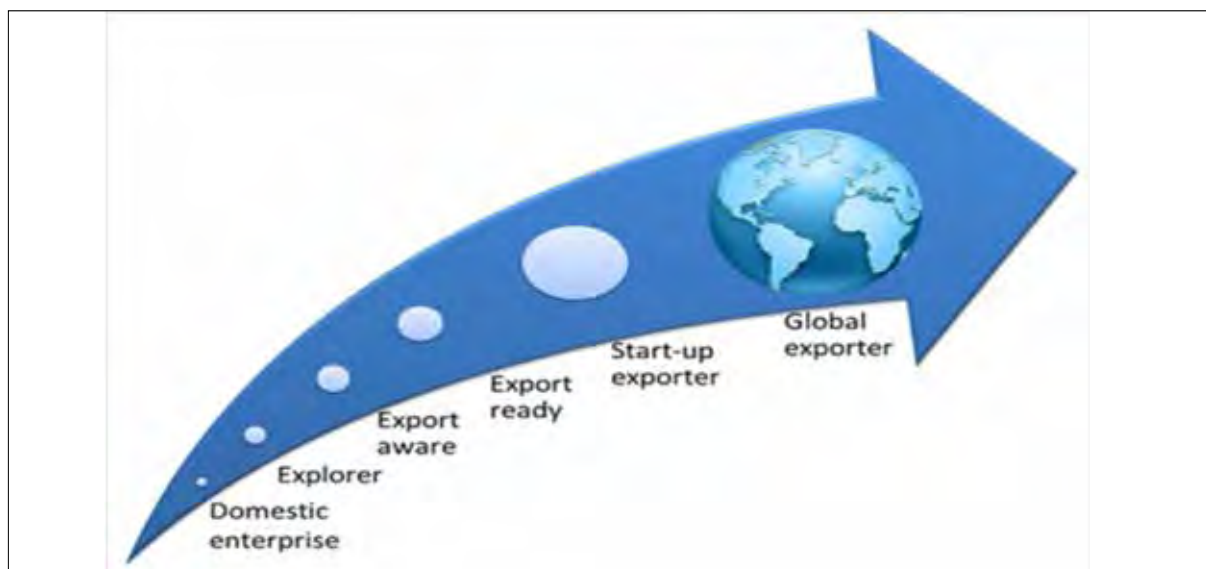
- Develop a pool of export-ready companies;
- Ensure that exports grow, and new markets and export products are developed;
- Ensure effective resources are available for exporter development;
- Provide leadership to the various stakeholders involved in exporting;
- Facilitate collaboration between the various stakeholders from both the private and public sectors; and
- Monitor and ensure continuous improvement.

1.5. **Foundation for Exporter Development**

The foundation for exporter development is a **national export strategy**, which should take into account border-in issues, border issues, border-out issues and development issues. The NEDP focuses on border-in issues. As well as requiring strong **leadership** from **the dti**, the NEDP needs to be founded on a **robust export culture**. A number of proposals are put forward to achieve this:

- A nationwide outreach programme embracing the country's political and business leaders, community leaders, universities and schools;
- Introduction of the President's export awards;
- Encouraging the further formation of exporters' clubs and roundtables; and
- The establishment of a National Export Council, supported by regional export councils.

Figure 1.2:



1.6. Exporter's Development Steps and NEDP Capacity Building

Central to the NEDP and the service offering it proposes is the principle that companies need different types of services and interventions at **different stages of their export development**. The NEDP identifies five phases of export development:

- **Phase 1:** The Explorer is the enterprise that is exploring options for developing the business, of which exporting might be a possibility;
- **Phase 2:** The export-aware enterprise has some idea of what exporting entails, is export-ready in some aspects, but lacks basic export skills;
- **Phase 3:** The export-ready company has the basics in place and needs to develop an export marketing plan;
- **Phase 4:** The start-up exporter is export-ready and has completed an export marketing plan, which now needs to be implemented to achieve initial orders; and
- **Phase 5:** The global exporter may have been exporting for a number of years and now needs to further penetrate markets, develop new markets or new products.

The NEDP envisages a comprehensive body of **support and capacity building** through a national **information** network, including an **integrated export website** and **export call centre**, different levels of **training** to meet specific needs, **mentoring** arrangements and assistance with **export promotion** activities.

A **Passport to Export** concept is proposed as a promotional and informative mechanism to guide and record a firm's progress in developing export skills and its international business. Fundamental to the NEDP is the establishment of **central databases** covering potential exporters, exporters, export service providers, export trainers, mentors and consultants.

The NEDP also caters for the concepts of **export villages and consortia**, both geographic and virtual.

This general approach to a comprehensive exporter development programme can progressively increase the total pool of exporters by:

- Retaining and further developing existing exporters;
- Supporting and strengthening emerging exporters; and
- Enabling non-exporters with potential to become emerging exporters.

1.7. Export Villages

The majority of small South African firms do not meet the requirements or have the means to successfully establish a presence in international markets. An export village or consortium is a voluntary alliance of firms or co-operatives with the objective of promoting the export of goods and services of its members through joint actions. Members of a consortium realise that co-operation must prevail over competition in order to access key markets and the latest technology. An export village or consortium can be seen as a formal medium- to long-term strategic co-operation between firms that acts as a service provider specialising in facilitating access to foreign markets. Services are provided exclusively to member firms. Members are typically relatively small since SMEs can derive the most benefits from participating in a consortium.

1.8. The NEDP Business Model

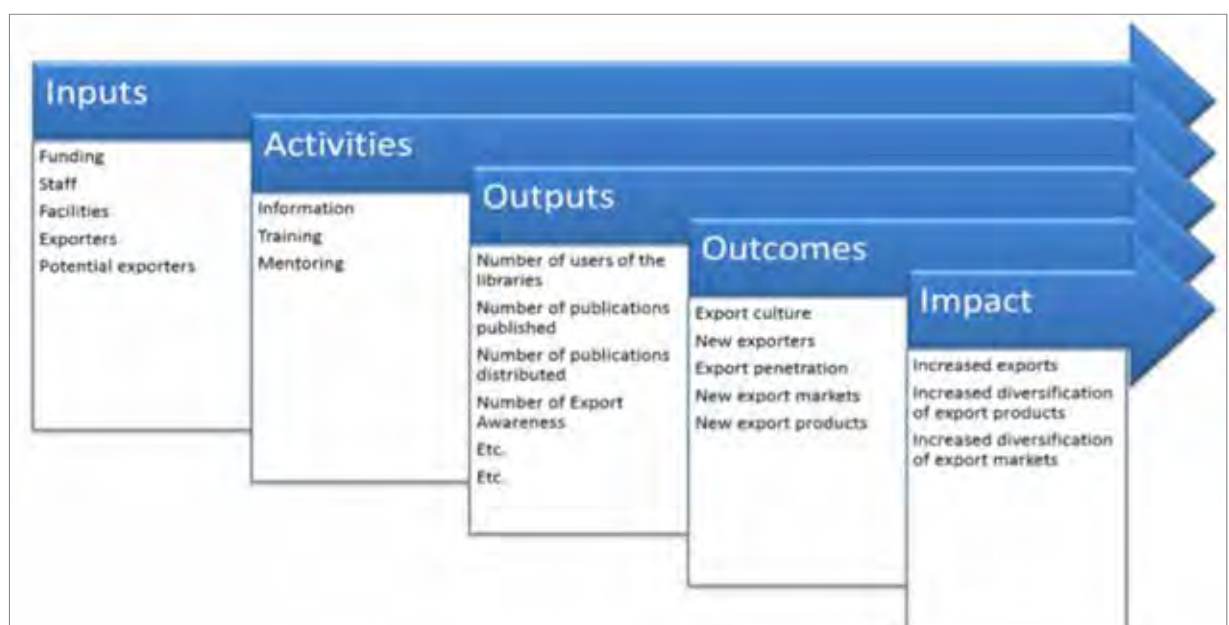
The NEDP proposed a franchise approach, whereby **the dti**, through TISA, takes the lead and via service-level agreements empowers other national, provincial and municipal agencies to implement specific components against agreed targets and objectives.

Throughout, the principle of the NEDP has been to use existing facilities, schemes and programmes, but to co-ordinate them in a manner that avoids duplication and wastage and allows the whole to be greater than the sum of its parts. While basic services (particularly information) would be provided to eligible enterprises free of charge, an underlying theme is that of user-pay, based on the understanding that businesses appreciate a service more if they are required to make some financial commitment, no matter how small.

1.9. Monitoring and Evaluation

The NEDP proposes a monitoring and evaluation framework to ensure that objectives are achieved, corrective actions are taken if and when necessary, and to ensure value for money and continuous improvement. Inputs, activities and outcomes would be spelt out in service-level agreements with the various national, provincial and municipal stakeholders. TISA would aggregate the outputs to derive a national output for the NEDP. The impact would be measured from actual trade data using accepted measures of market concentration and diversification.

Figure 1.3:



2. The Export Environment

Government is working towards an adaptive economy characterised by growth, employment and equity, and freedom from poverty. The economy will be built on the full potential of all persons. The aim of **the dti** is to lead and facilitate access to sustainable economic activity and employment for all South Africans through higher levels of public and private investment, and increased access for local products and services in international markets; and to create a fair, competitive and efficient marketplace for domestic and foreign business and consumers. In this way, **the dti** contributes to accelerated shared economic growth in South Africa.

In the wake of the current economic and financial crisis, countries around the globe are looking for ways in which to reignite economic growth. Traditionally, export-led growth has been perceived as one of the most promising pathways to do so.

2.1. Purpose of the NEDP

The NEDP¹ aims to increase exports, particularly of products and services that add value and contribute to employment and the green economy. The target customer group is SMMEs, both generally and drawn from the ranks of the previously disadvantaged.

The NEDP (and National Export Strategy² (NES)) provides a platform that ensures there is a favourable or conducive environment where exporter development can take place. It provides principles and guidelines that map a path to sustainable exporter development. It offers an integrated approach to developing and educating both exporters and potential exporters and organising the education and training systems to ensure quality learning that is responsive to the ever-changing influences of the external environment. The NEDP promotes the development of life-long and relevant learning.

The NEDP avoids a 'one-size-fits-all' approach and caters to exporters and potential exporters at different stages of development. It focuses on developing emerging exporters, particularly black- and women-owned businesses. It also targets potential exporters that produce environment-friendly products. While focusing on developing emerging and potential exporters, the NEDP will not neglect the development needs of existing exporters.

All programmes and interventions need to be demand-driven rather than supply-driven. The actual needs of the exporter rather than the perceived needs should be met. This includes both content and delivery of the various components. The NEDP is, therefore, both modular and programmatic. The customer can elect specific components or the entire value chain of products and services. The programme will not create any new regulations or institutions. It will use policies (set out below) and be delivered through partners (See Appendix 1).

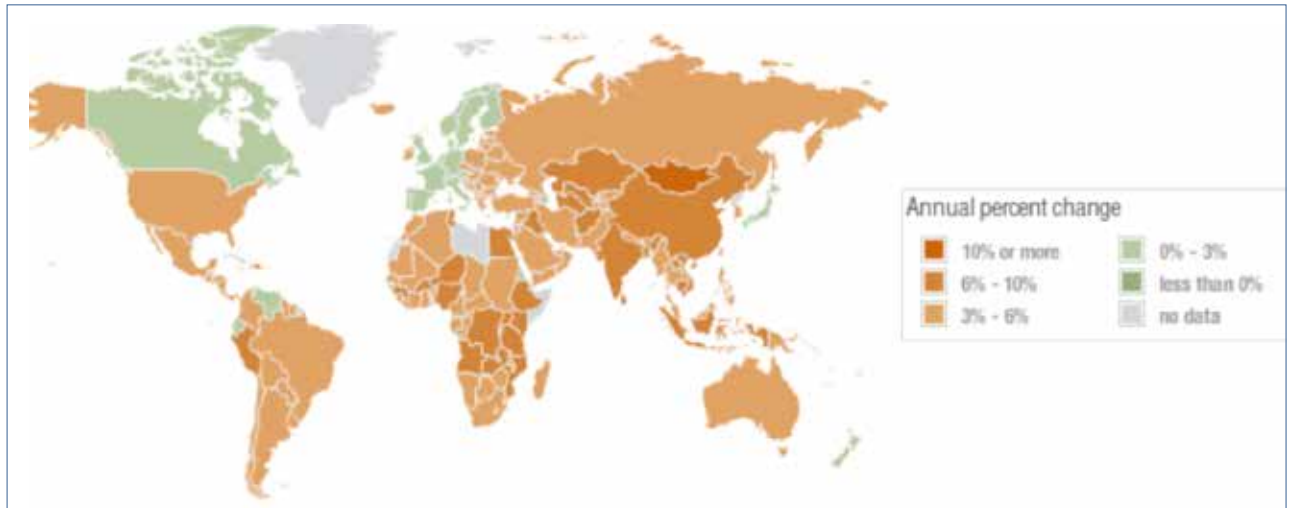
2.2. Global Environment

South Africa is a small open economy and, as such, subject to international trading conditions. Since the global recession in 2008, the world economy has been uncertain with forecasts of "U-", "V-", "L-", and "W-shaped" recovery curves. The South African recovery started in mid-2009, but growth here and globally has been lacklustre and subpar compared to previous recoveries.

1 The NEDP is a result of considerable research, including an evaluation of international best practice, academic research and extensive consultation across the length and breadth of South Africa. The research (Phase 1 and 2 NEDP report) can be requested directly from the dti.

2 The NEDP should forms part of the National Export Strategy (NES). The NES needs to be updated. This may result in a revision of the NEDP.

Figure 2.1: Global Growth



Source: IMF (2011) <http://www.imf.org/external/datamapper/index.php>

Of importance to South Africa is the relatively strong performance of so-called emerging markets, particularly the other members of the BRICS group and a number of African countries. These markets could, therefore, be the focus of export development and promotional efforts.

2.3. Policy Environment

Since the end of the Apartheid regime in 1994, South Africa's Government has made considerable efforts to tackle the high levels of inequality and poverty. Policymakers have long sought to overcome constraints in the economy through comprehensive frameworks such as the Growth, Employment and Redistribution (GEAR) strategy of 1996, the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) announced in 2006 and, more recently, the 2010/11–2012/13 Industrial Policy Action Plan (IPAP2) and the New Growth Path (NGP), launched in 2010, which builds on previous policy initiatives. The National Development Plan: Vision 2030 consolidates the earlier policies and offers a long-term vision.

The NEDP is consistent both with national macro policies and the mission and objectives of **the dti**. It is intended to support achievement of both the National Industrial Policy Framework and the South African Trade Policy and Strategy Framework.

2.3.1. National Development Plan – Vision 2030

The National Development Plan (NDP) proposes to create 11 million jobs by 2030. One of the five interventions is raising exports and competitiveness. The NDP points out that leadership is required to drive the implementation. As far as the NEDP is concerned, leadership is a critical ingredient.

The NDP points out that sustainable growth and development will require:

- Higher savings;
- Investment; and
- Export growth.

The NDP proposes to create 11 million jobs by 2030 by:

- Realising an environment for sustainable employment and inclusive economic growth;
- Promoting employment in labour-absorbing industries;
- Raising exports and competitiveness;
- Strengthening Government's capacity to give leadership to economic development; and
- Mobilising all sectors of society around a national vision.

Its proposals include:

- Diversifying South Africa's trade towards emerging economies;
- Revitalising logistics and transport links;
- Promoting manufacturing in areas of competitive advantage;
- Packaging regional tourism offerings; and
- Lowering the costs of living and doing business.

Figure 2.2: The Quandary of Growth and Job Creation



Source: National Planning Commission's National Development Plan: Vision 2030 (2011)

The key ingredients for success are:

- The active efforts of all South Africans;
- Growth, investment and employment;
- Rising standards of education and a healthy population;
- An effective and capable government;
- Collaboration between the private and public sectors; and
- Leadership from all sectors of society.

2.3.2. National Industrial Development Framework

In January 2007, Cabinet adopted the National Industrial Policy Framework (NIPF), which sets out Government's broad approach to industrialisation with the following core objectives:

- To facilitate diversification beyond South Africa's current reliance on traditional commodities and non-tradable services. This requires the promotion of increased value-addition characterised particularly by movement into non-traditional tradable goods and services that compete in export markets as well as against imports;
- The long-term intensification of South Africa's industrialisation process and movement towards a knowledge economy;
- The promotion of a more labour-absorbing industrialisation path with a particular emphasis on tradable labour-absorbing goods and services and economic linkages that catalyse employment creation;
- The promotion of a broader-based industrialisation path characterised by the increased participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy; and
- Contributing to industrial development on the African continent, with a strong emphasis on building its productive capacity.

Rather than a 'one-size-fits-all' approach to industrialisation, the NIPF focuses on identifying and addressing the cross-cutting and sector-specific constraints and opportunities prevailing in the industrial economy through 13 strategic programmes. These are:

- SP1: Sector Strategies;
- SP2: Industrial Financing;
- SP3: Trade Policy;
- SP4: Skills and Education for Industrialisation;
- SP5: Competition Policy and Regulation;
- SP6: Leveraging Public Expenditure;
- SP7: Industrial Upgrading;
- SP8: Innovation and Technology;
- SP9: Spatial and Industrial Infrastructure;
- SP10: Finance and Services to Small Enterprises;
- SP11: Leveraging Empowerment for Growth and Employment;
- SP12: Regional and African Industrial and Trade Framework; and
- SP13: Co-ordination, Capacity and Organisation.

2.3.3. South African Trade Policy and Strategy Framework (SATPSF)

The SATPSF builds on the NIPF and sets out the contribution trade policy should make to advancing industrial development, upgrading and diversification along a growth path that addresses structural constraints in the economy, including unemployment and poverty. The framework sets out the key principles and approaches to South Africa's strategy for global integration with respect to its engagements and negotiations at multilateral, regional and bilateral levels. It aims to provide greater clarity on the linkages between trade and tariff policy and industrial policy.

Internationally, open economies with an export base perform much better in terms of economic growth than do closed economies. Increasingly, production is becoming globally integrated and South Africa forms a vital part of international supply chains. Dismantling barriers to trade, particularly those faced by South African exporters, is a critical component of any economic strategy that promotes sustainable growth.

Trade policy remains an instrument of industrial policy in a context of narrowing options under multilateral and bilateral trade arrangements. Trade policy will be informed much more closely by sector strategies, at both the negotiating and administrative levels. A particular focus will be on reducing input costs for labour-intensive and value-adding manufacturing sectors. Export and foreign direct investment promotion will be more targeted.

2.4. Government's Programme of Action

Based on the mandate that Government received from the electorate, it has adopted 12 outcomes with a view to measurable performance and accountable delivery. Each outcome has a limited number of measurable high-impact priority outputs and sub-outputs with targets. In turn, each output is linked to a set of activities that will help achieve the targets and contribute to the outcome. All departments, agencies and spheres of Government that are involved in the direct delivery required to achieve an outcome are party to the agreement.

The relevant delivery outcome for the NEDP is the "Delivery Agreement Outcome 4: Decent employment through inclusive growth". This is discussed below.

2.4.1. Decent Employment through Inclusive Growth³

The outcomes approach is embedded in and a direct result of the electoral mandate. These were interpreted and developed into Performance Agreements that were signed between the President and Ministers. The Performance Agreements outline high-level outputs and metrics as well as key and contributing activities towards each outcome, which were expanded into detailed Delivery Agreements with key partners.

Outcome 4 includes the Delivery Agreement for decent employment through inclusive economic growth. The following outputs are identified:

- Output 1: Faster and sustainable inclusive growth;
- Output 2: More labour-absorbing growth;
- Output 3: Multi-pronged strategy to reduce youth unemployment;
- Output 4: Increased competitiveness, to raise net exports, grow trade as a share of world trade and improve its composition;
- Output 5: Improved cost structure in the economy;
- Output 6: Improved support to small business and co-operatives; and
- Output 7: Implementation of the expanded public works programme.

Output 4 addresses increased competitiveness, raised net exports, growth of trade as a share of world trade and the improvement of its composition. The growth and diversification of South African exports has been weak, with more than half of all exports derived from the mining value chain. To stabilise growth, it is important to diversify exports, including into higher value-added activities, and improve overall competitiveness.

2.4.2. Sub-output 1: Support for Exports and Import Competing Sectors

A suite of interventions has been identified in the IPAP II targeted at enhancing the competitiveness of import competing sectors, particularly those linked to the Build programme. The metal fabrication, capital equipment and transport equipment cluster of sectors has been identified as a key component to be

3 <http://www.info.gov.za/view/DownloadFileAction?id=135380>

leveraged to increase the competitiveness of the manufacturing sector, reduce the import leakage from the Build programme and develop export capabilities. Changes in procurement highlighted under output 2 will be crucial for the promotion of this cluster of sectors. Activities in this area include:

- The improvement of the competitive financing programme for suppliers into the public CAPEX programme;
- The pharmaceuticals sector will be stimulated, particularly the production of antiretrovirals to increase security of supply and reduce costs over the medium- to long-term;
- Finalisation of the Set-Top Box Manufacturing Strategy;
- Assessment of all the main export sectors, including constraints to the growth of high-tech sectors. Developmental trade policies will be pursued through the selective use of tariffs to support sectors that have the potential to create jobs and/or retain decent jobs, and potential significant import replacement;
- A review of complementary programmes put in place by companies in protected sectors for productivity improvements; and
- Implementation of workplace challenge programmes to improve productivity – the actual target indicated is that 120 companies will be assisted to improve their competitiveness.

2.4.3. Sub-output 2: increased Share of World Trade

Meeting the export growth target will require increased co-ordination in implementing the export strategy focusing on key high-growth economies that support the IPAP II priorities. Almost a quarter of exports go to Asia, yet the bulk of these are commodities. In this case, the value and volume of exports are at an optimal peak. The challenge would be to diversify the basket of exports to include products higher up in the value chain, notably manufactured goods and services. Investment in infrastructure and logistics to support increased inter- and intra-regional trade activity is crucial.

Activities to be undertaken in this area include:

- Improving the co-ordination of the South African communication and marketing strategy;
- Improving financing options by strengthening credit guarantee mechanisms to support exporters;
- Determination of a long-term strategy and the alignment of work to support targeted long-term trade relations;
- The design of a market diversification strategy, including the development of medium- to high-tech exports;
- Unpacking the medium- to high-tech sectors and the growth potential for these sectors;
- The market diversification strategy should be complemented by product diversification; and
- Co-ordination with the infrastructure cluster on the provision of infrastructure that facilitates exports.

These are then fed into **the dti's** vision.

The actual target is R91.6 billion of high value-added exports by 2014.

2.5. the dti's Vision

the dti's vision is of “A dynamic industrial, globally competitive South African economy, characterised by inclusive growth and development, decent employment and equity, built on the full potential of all citizens”.

2.6. TISA's Vision, Goals, Objectives

TISA's goals and objectives are derived from **the dti's** strategic objectives, which are to:

- Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation;
- Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives;
- Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth;
- Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner; and
- Promote a professional, competitive and customer-focused working environment that ensures effective and efficient service delivery.

TISA contributes to **the dti's** strategic objectives by⁴:

- Increasing the quality and quantum of foreign and domestic direct investment by undertaking effective investment recruitment campaigns, and providing an efficient facilitation and information service to retain and expand investment into South Africa and Africa;
- Developing new and existing South African exporters' capabilities to grow exports globally by providing appropriate information, financial support and practical assistance to sustain organic growth in traditional markets and penetrate new high-growth markets; and
- Effectively managing and administering the foreign office network.

Strategic Objective 2 (to build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives) encapsulates the following outcomes:

- Increased trade, underpinning industrial and broad-based economic development in South Africa;
- Reformed regional, continental and global economic governance to promote national and continental development;
- Improved trade, investment, infrastructure and industrial development in Africa; and
- Increased value-added exports to and strategic investment from targeted countries.

The Minister's priorities as per the performance agreement are to:

- Raise South Africa's net exports;
- Grow South Africa's trade as a share of world trade; and
- Improve the composition of South Africa's trade basket.

It is envisaged that, by 2014, South Africa, from a globally competitive base directed by best practice industrial policy and sector development strategies, will be able to maintain market share in traditional markets and substantially increase its share in prioritised, new high-growth markets. It will do so through aggressive marketing and a larger exporter community, which includes black exporters from marginalised and depressed areas in the country.

The following diagram represents a schematic overview of the Export Strategy⁵ value chain.

4 South Africa Yearbook 2010/11

5 The Draft Export Strategy was written in 2006 and covered the period 2006-2009.

Figure 2.3: The Export Strategy Value Chain



Source: *Export Strategy, 2006*

2.7. The Role of the NEDP

The NEDP has been designed to be consistent with the strategic themes of **the dti**, including African economic development, market access and the Second Economy. Additionally, the NEDP incorporates **the dti's** objective of enhanced organisational performance. In particular, this refers to the operations of TISA.

The NEDP provides a framework that attracts and develops new exporters; ensures that existing exporters increase their exports through growth in their existing markets, venturing to new markets and developing new products and services; and ensures that exporters continue to export profitably.

It provides guidelines on the essential ingredients of a successful exporter development programme and how Government (all relevant departments in the three spheres) and service providers (including the private sector, NGOs and CBOs) can work together efficiently and effectively.

2.7.1. Vision

A well-resourced, efficient and effective exporter development programme that delivers appropriately skilled exporters and contributes to the number of active exporters and the real value of exports growing consistently over time.

2.7.2. Mission

The mission of the NEDP is to:

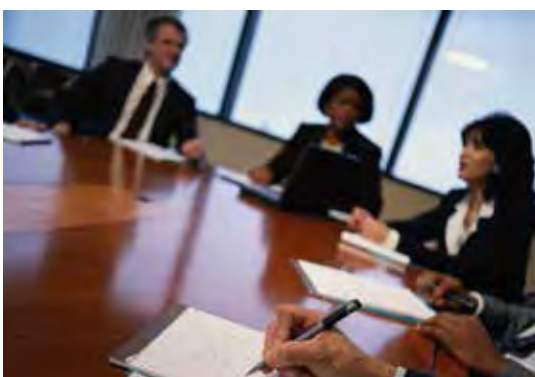
- Develop a pool of export-ready companies;
- Ensure that exports grow, and new markets and products are developed;
- Ensure that effective resources are available for exporter development;
- Provide leadership to the various stakeholders involved in exporting;
- Facilitate collaboration between the various stakeholders from both the private and public sectors; and
- Monitor and ensure continuous improvement.

2.8. Conclusion

The NEDP has been designed to make a contribution to South Africa's exports in an uncertain global environment. It is part of the NES and is an essential part of South Africa's strategic economic framework as espoused recently by the NGP and the National Development Plan – Vision 2030. It will also contribute to the goals set out in the National Industrial Development Framework and SATPSF.

The policy environment needs to be supported by an environment that supports export and exporter development. The following section proposes the foundation on which this could be achieved.





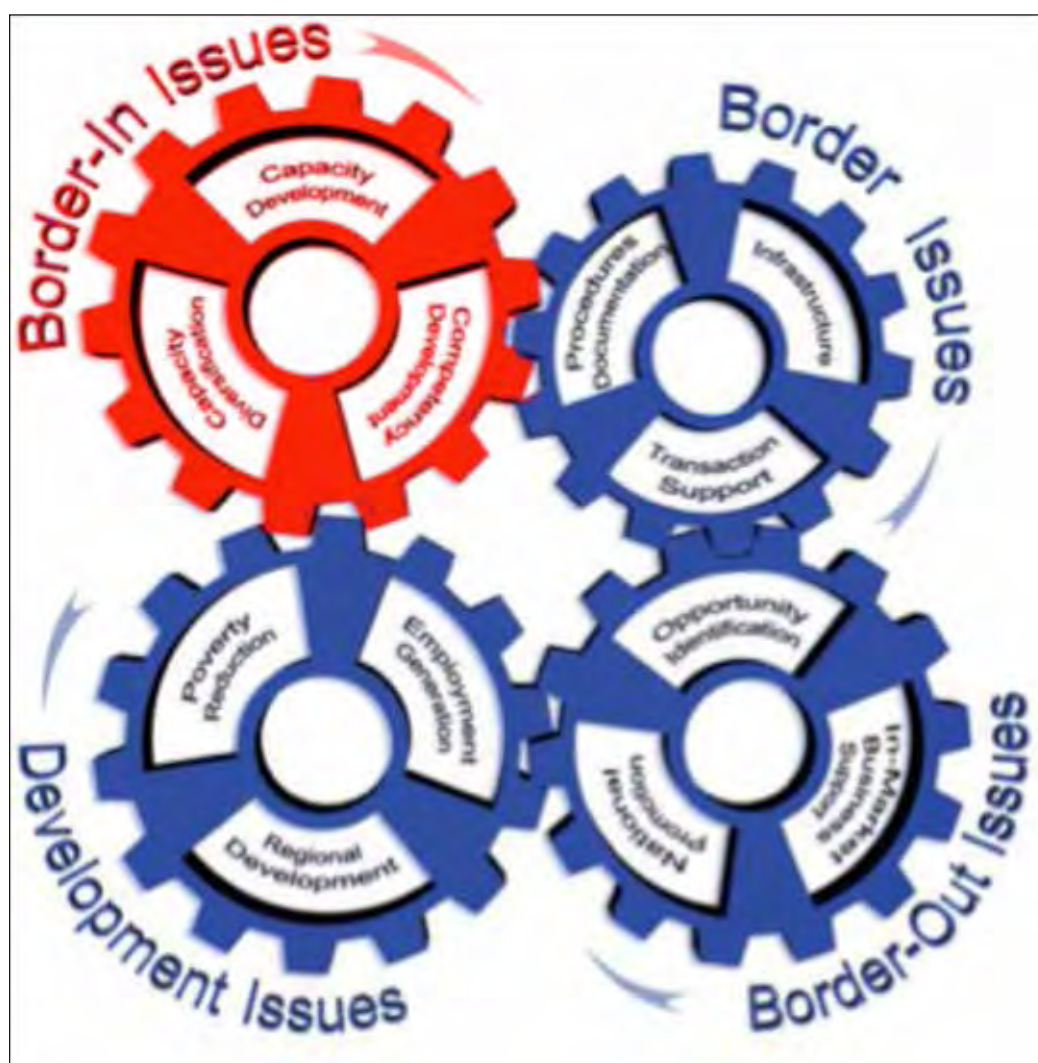
3. The Foundation for Exporter Development

The NEDP forms part of the NES, which will address all conditions necessary to ensure that exporters do export. The NEDP (and NES) provides a platform for a favourable or conducive environment for exporters and where exporter development can take place. There are, however, a number of *sine qua non* conditions besides exporter development that have to be met and are discussed below.

3.1. The NEDP as Part of a NES

An export strategy is a far more comprehensive approach to increasing a country's exports. Njoroge 2010 points out that a NES can facilitate constructive interaction between the Government, private sector, civil society and academia in mapping a country's economic and export development.

Figure 3.1: The ITC's Gears Approach to Developing a National Export Strategy



Source: The ITC 2005

The NES is concerned with competitiveness. The issues that affect the general competitiveness of countries can be classified in three categories: those beyond the countries border (demand side issues); those experienced at the border (facilitation issues); and those experienced behind the borders (supply side issues). The International Trade Centre (2004) has included development issues.

Research has shown that there is a tendency for export strategies to focus on access and market development (border-out) issues, rather than the upstream issues of capacity and competency development (border-in), and facilitation and transaction-related issues (border). There is also an absence of an effective public-private partnership to sustain and enrich the process.

While the NEDP recognises these aspects, it does not aim to draft an export strategy for South Africa. The focus of the NEDP is on border-in issues.

3.2. Leadership

Leadership is about organising various groups to achieve a common goal. Without leadership, service providers and development agencies lose focus. Under these conditions critical services are ignored, while other elements are supplied in abundance. Exporter development is then fragmented and ad hoc, and any results achieved are fortuitous. Leadership is, therefore, a critical component of the NEDP.

All spheres of Government have articulated the need to create employment opportunities and identified exports as a tool to achieve this. **the dti** is the focal department responsible for ensuring export (and exporter) development. Although the department is accountable for the growth (or stagnation) of South Africa's exports, it cannot and should not take responsibility for all outputs required to achieve the desired outcomes. Clearly, it does not have the resources or geographic reach to implement all the NEDP's projects and plans. This responsibility must be shared with both the private sector and other spheres of Government.

This having been said, **the dti** must take leadership to ensure that the entire NEDP and its component plans and processes are implemented. It must ensure that the resources are available for successful implementation. Furthermore, the department must monitor progress and take corrective actions if and when required to achieve the outputs and outcomes that have been established.

the dti should:

- Set realistic targets that are agreeable to all partners – targets should embrace specific numbers for each programme component and overall exporter numbers and export growth;
- Create an environment steering toward stronger co-operation and partnership;
- Motivate all stakeholders;
- Establish standards for training programmes, promotional events and other programme components;
- Ensure that there are sufficient resources available to implement the programme efficiently and effectively; and
- Develop a monitoring and evaluation programme with all partners.

With leadership, the support agencies (including those in the three spheres of Government, their respective implementing agencies, the private sector and NGOs) will provide the services required by existing and potential exporters. It does not, however, help to have a wonderful product or service offering if there is no demand for it. It is necessary to ensure that existing and potential exporters can use the services. An export culture is, therefore, an essential element in a NES.

3.3. Robust Export Culture

South Africa does not have a robust export culture. This is partly because of the country's history and distance from foreign markets. Many South African businesses remain nationally focused and have not made strategic decisions to globalise. They adopt a defensive strategy and derive the bulk of their revenue from domestic sales, concentrating their efforts on controlling distribution and protecting market share, often by exerting oligopolistic power.

It is important to recognise the forces of globalisation. Firms have to be globally competitive, even if they are to operate locally because of foreign imports into the country. Management training programmes in the various industrial incentives will contribute to the development and strengthening of an export culture in South Africa.

In an age where there is increasing globalisation, it is difficult to define "export culture". Today, many firms are "born global" and usually occur where an entrepreneurial culture exists. It would, therefore, seem that an export and entrepreneurial culture go hand-in-hand.

An export culture exists when firms decide to actively pursue foreign markets. Too often firms avoid exploiting foreign markets because of actual or perceived difficulties, and prefer to sell to the domestic market because it is easier and often more profitable.

A national export culture occurs when there are many firms that have developed an "export mentality". This takes root in an organisation when there is widespread knowledge of and support for export. The acquisition of exporting knowledge in the accumulation of organisational memory will not occur just by virtue of recruiting several experienced export employees.

Although the NEDP in itself will contribute to the development and strengthening of an export culture, a few specific interventions are recommended. These interventions will also contribute to exporter development. Although the export culture should be addressed more fully in the NES, elements relevant to the NEDP are highlighted below.

3.3.1. National outreach

TISA should launch a national outreach programme to improve South Africa's export culture. This will include the export awareness programmes, moral suasion, and school and university programmes. The National Export Council should also play an important role in this regard.

Moral suasion

Leaders can play an important role in influencing the nation's culture in the broader sense. South Africa's business and political leaders must be employed to help inculcate an export culture in the country. It is, therefore, important to keep all leaders informed about developments and to provide information to Parliament so that members can use their positions to encourage the development of a strong export culture. This refers to leaders in both the public and private sectors.

Therefore, in addition to **the dti**, a number of government departments have a direct or indirect role in a national export drive: the Departments of Agriculture, Forestry and Fishing; Arts and Culture; Economic Development; Finance; Higher Education and Training; International Relations and Co-operation; Mineral Resources; Science and Technology; Transport; and the National Planning Commission. These departments should be kept informed of export and exporter development, as a matter of course and

through a laid-down procedure. At the very least, they should be encouraged to express support for exporter development. Ideally, they should encourage partnerships and joint activities between themselves and **the dti** and/or other appropriate institutions.

Export councils have a direct role to play in encouraging their members to export more products to both existing and new markets.

Organised business has a constituency that relies on information from the respective bodies. These bodies are, therefore, in an ideal position to both influence and inform exporters and potential exporters and contribute to a strong export culture.

The National Budget speech is an ideal opportunity for the Minister of Finance to mention South Africa's export performance and the budget allocation for exporter development. **the dti** should actively contribute to the Minister's speech, which should include South Africa's various successes.

Export awareness workshop

Export awareness workshops have already been recommended as part of the NEDP. It is important to recognise the role they can play in creating and strengthening South Africa's export culture. There are many businesses that may wish to start exporting, but do not have an idea of where to begin. These workshops have been structured to be short and powerful and will be delivered regularly across the country (see below).

Although the workshops are aimed at potential exporters, they should be open to community leaders and students to inform them of the benefits of exporting, not only for the country, but also for firms and their employees.

School and University Programmes (Entrepreneurial/export)

There are a number of programmes aimed at increasing entrepreneurial activity, particularly for high school learners. These programmes could be expanded to include international aspects.

- It is proposed that **the dti** initiate a process to include an export component in entrepreneurial development programmes at schools and universities.
- It is proposed that a special award be presented to learners at schools and universities at the President's export awards (see paragraph 3.3.2).

Although these awards can be presented for many different types of activities, it is recommended that they focus on export-orientated essays. As with the President's export awards, there could be various provincial or regional awards.

TISA Exporters' Newsletter (with iPad apps etc.)

It is important for **the dti** to be in regular contact with existing and potential exporters. This can be successfully achieved through a departmental newsletter.

The newsletter would include information such as road shows, exporter training and the President's export awards. It could also cover relevant topics, including new regulations and updates of Incoterms and the Harmonised System.

South Africa's foreign missions, including the foreign trade representatives, often have valuable information to share with exporters and the newsletter would therefore be a valuable tool for them.

It is recommended that **the dti** establish a newsletter (six to 10 issues per annum). The information featured in the newsletter would automatically be included on the proposed integrated export website (see paragraph 4.4.4).

3.3.2. President's Export Awards (exporter, service provider, agency and schools)

There are a number of export awards in South Africa at regional level that attract a lot of support. Currently, the focus is simply to recognise the success of the applicants. It is proposed that annual national export awards be established. To ensure that the awards have credibility and prestige they should be presented by the President of South Africa.

From the NEDP's perspective, the export awards would be used both to develop an export culture and share best practice. In other words, the event would incorporate certain learning objectives. It is proposed that videos be recorded of the winners in various categories to document their journey to success in global markets and how they overcame various barriers. The videos would be distributed to development agencies and service providers involved in exporter development to share with existing and potential exporters.

Although there would be one winner (Exporter of the Year), various categories should be created to include obstacles and challenges faced by the different sectors and sizes of enterprise.

The awards could also be used to recognise service providers crucial to the success of exporter development in South Africa. Again, videos should be made so that other service providers can learn from them. These service providers could include development agencies, trainers, banks and freight forwarders.

To develop an export culture among learners, it is recommended that an award be given to university students and scholars for the best essay.

Although the awards in themselves should be motivation enough for firms to enter, a few countries offer monetary rewards. These, however, have to be used to further develop the firm's competitiveness and exports. It is recommended that **the dti** investigate this possibility.

It is proposed that annual national export awards be established and videos recorded of the winners in various categories showing what they did to become successful in global markets.

Furthermore, **the dti** should investigate the possibility of offering monetary rewards.

3.3.3. Exporters' round tables / Exporters' clubs

There are a number of exporter clubs in South Africa that provide an informal forum for the exchange of ideas, information and experiences related to the export efforts of individual companies as well as foreign market opportunities. These clubs attract decision-makers from all sectors of the industry, including shipping lines, freight forwarders, financial institutions and insurance companies. Most have a range of members, including small, medium and large enterprises. Service providers are crucial for the success of many of the clubs.

Most clubs hold monthly meetings where a speaker is invited to present on an export-related topic. Networking sessions take place before and after the presentation and offer invaluable informal learning. During these sessions, exporters are able to share trade leads that they received from their own international contacts but might be more relevant to other members of the club.

Clubs often play an advocacy role by networking with major industry players. By allowing members to voice their concerns, the clubs get input on a variety of topics related to the export industry.

It is recommended that **the dti** together with its provincial partners, encourage the establishment of exporter clubs or roundtables across South Africa.

3.4. National Export Council

It is proposed that a National Export Council be established. The role of the council would be to assist **the dti** with all matters relating to export, including the roll-out of the NEDP. It would also play an advocacy role, i.e. it would be the voice of the private sector in export development, market access and trade promotion.

It is further proposed that regional export councils be established. These would focus on issues pertaining to their area of purview and would enjoy representation on the National Export Council.

The sectoral export councils currently focus on developing exports from their respective sectors. They too would have representation on the National Export Council to look after the interests of their respective sectors.

the dti should establish a National Export Council to advise and assist with all export development and promotion issues.

3.5. Passport to Export

It is important to record the progress made by existing and potential exporters along the development path proposed. The “Passport to Export” is suggested as a promotional and informative mechanism to guide and record a firm’s progress in developing its export skills and international business. The passport would be in the form of a bound booklet (modelled on a modern passport) that sets out the stages of export development, including details of the progressive training programmes and activities supported by **the dti**.

Entries would record the training and business development activities undertaken and dovetail with the acceptance criteria of funded programmes (e.g. trade fairs and group missions). It is envisaged that the passport would maintain the company record and employees attending training programmes would receive a certificate of attendance.

It is recommended that the “Passport to Export” be established as a promotional and informative mechanism to guide and record a firm’s progress in developing its export skills and international business.

3.6. The NEDP and Export Culture

The NEDP and export culture have a symbiotic relationship. The NEDP will contribute to an export culture, while a strong export culture will make it easier for the NEDP to achieve its outputs and outcomes. The NES will address the development of an export culture in greater detail. Basic export strategies are discussed below.

3.7. Basic Export Development Strategies

The ultimate goal of the programme is to increase the volume and value of South African exports. This in turn will contribute to Government's socio-economic objectives of economic growth, employment creation, improvement of equity and poverty alleviation. However, while focusing on attracting new exporters, it is important that exporters continue to export and grow.

Figure 3.2: Export Strategies



Source: Gouws, 2005.

To achieve increased export volumes and values, three strategies are identified:

1. Retain current exports;
2. Expand or increase the exports of current exporters; and
3. New exporters should be developed.

Increased exports of existing exporters can be achieved by:

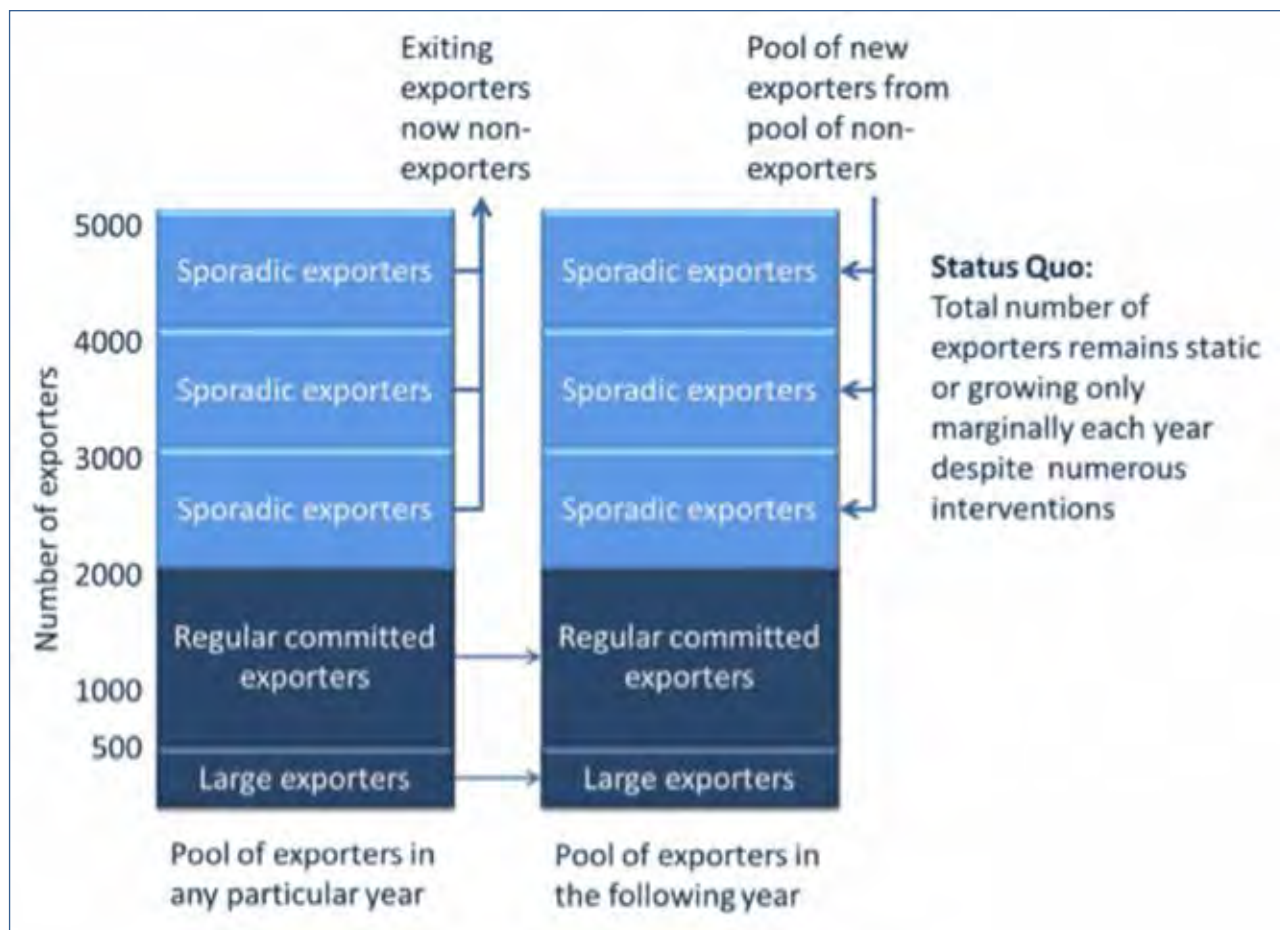
- Exporting more of the same product to the same foreign market;
- Exporting new products or services;
- Exporting to new foreign markets; and
- A combination of the above.

In South Africa there are too many occasional exporters. These exporters develop a foreign market only to abandon it when trading conditions become difficult or the domestic market proves to be too lucrative. Strategies need to be put in place to ensure that the occasional exporters become committed exporters.

Similarly, non-exporters with potential need to be identified, assisted and encouraged to export, preferably as committed but also as occasional exporters. Strategies need to be put in place to ensure that the new, occasional exporters become committed.

Once exporters have been developed (and they are either committed or occasional exporters), strategies need to ensure that they do not slip and abandon foreign markets.

Figure 3.3: Current State of Exporter Growth

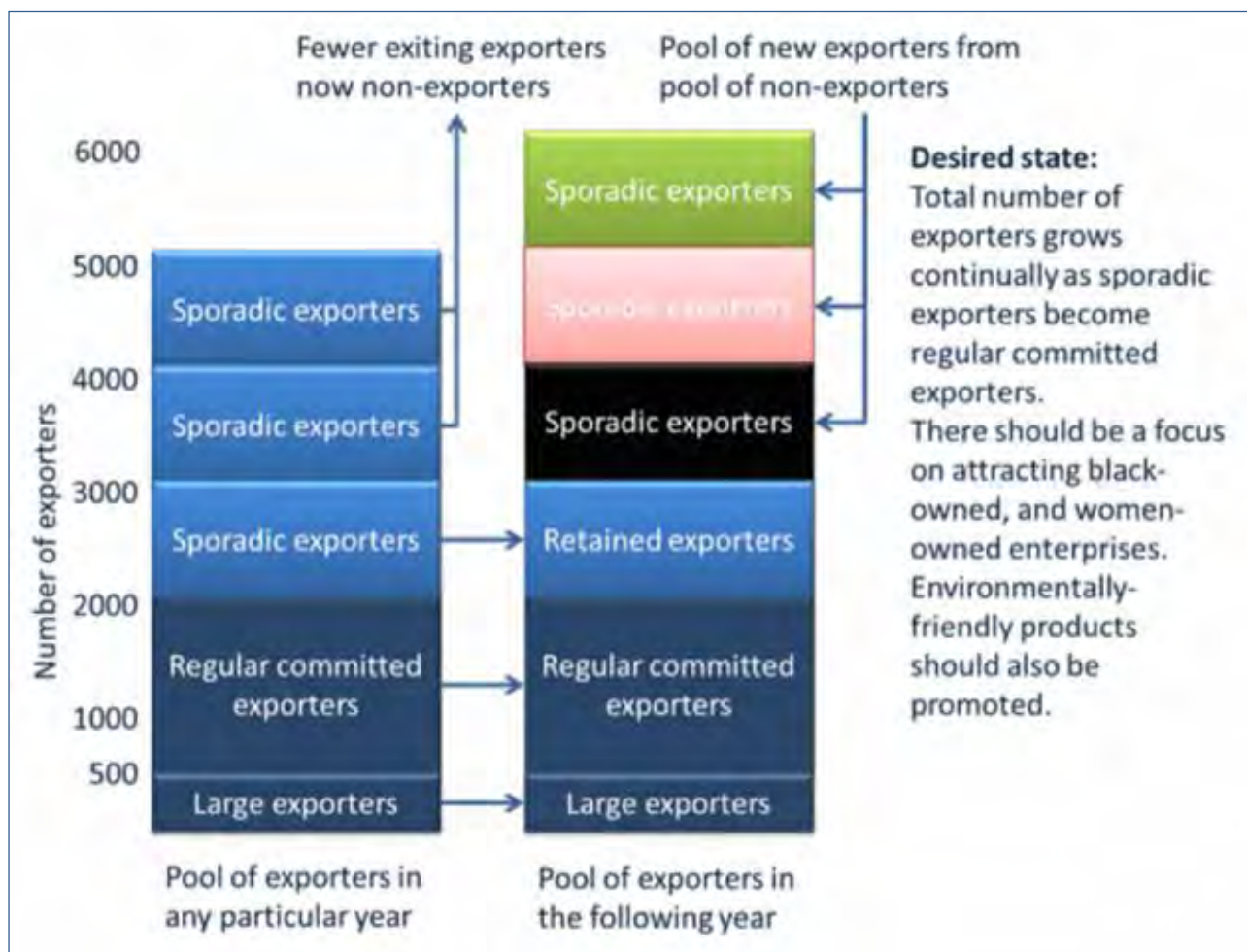


Source: Gouws, 2005.

Figure 3.3 shows how the number of exporters can grow, even if only a few of the occasional exporters are retained and converted to regular, committed exporters.

It also illustrates the importance of developing black- and women-owned businesses and targeting potential exporters that produce environment-friendly products.

Figure 3.4: Desired State of Exporter Growth



Source: Gouws, 2005.

It is recommended that:

- TISA develop a database of existing and potential exporters;
- Surveys be undertaken to determine why firms exit from export markets;
- Greater attention be given to recruiting new black- and women-owned businesses; and
- TISA should target potential exporters that produce environment-friendly products.

These basic export strategies focus on “who”. The various broad categories of exporters are identified. Appropriate interventions must be made to have an impact on the various exporters. This implies that the intervention must meet some unfulfilled need: in other words, services that the exporters need or want. Appropriate interventions are discussed below.

3.8. Appropriate Interventions

Applicable interventions are necessary if policy objectives are to be achieved. Too often interventions are based on what services or products are available rather than what is actually needed by recipients. Similarly, interventions based on what the target wants are flawed. This often occurs when a grant has previously been offered and recipients continue to demand it although changed conditions no longer warrant the grant.

3.8.1. Demand-driven Interventions

Demand-driven rather than supply-driven interventions are necessary.

To ensure that this principle is complied with, it is proposed that:

- Fees be charged for most of the interventions; and
- Regular surveys be undertaken to ensure services are effective, efficient and meet the needs of existing and potential exporters.

3.8.2. Use existing programmes

The NEDP should not reinvent the wheel. Where possible, it should use existing programmes and infrastructure. The NEDP will, therefore, be implemented with partners (such as the provinces and provincial agencies) that have the infrastructure and resources, and will use existing enabling legislation, including the Co-operatives Act (2005) and the South African Qualifications Authority Act (1995). Similarly, incentives such as EMIA will be used.

3.8.3. Regular Assessment

The programmes must yield results. In other words, the NEDP must ensure that: there is a pool of export-ready companies; exports grow; and both new markets and products are developed. As a result, the NEDP must be evaluated at least once per annum.

Individual components must be monitored on a continuous basis to ensure that they are operating as intended. Corrective action needs to be applied as soon as possible.

3.8.4. Comprehensive Service Offering

A chain is as strong as its weakest link. The service offering must address the entire development chain of existing and potential exporters. The export community is diverse and this lack of homogeneity makes this objective difficult. It is important to understand the policy space in which the NEDP is operating. The export space is discussed below and sheds some light on how the offering can be inclusive and comprehensive.

3.9. Export Space

International trade is important for both development and poverty alleviation. Establishing the appropriate trade and complementary policies is, therefore, an important element of the design of national development and poverty-reduction strategies. The NEDP aims to provide a comprehensive programme that develops capacity for both existing and potential exporters, and addresses their needs at different stages of development. Figure 8 illustrates the areas that need to be addressed.

3.9.1. Definition of Small Business

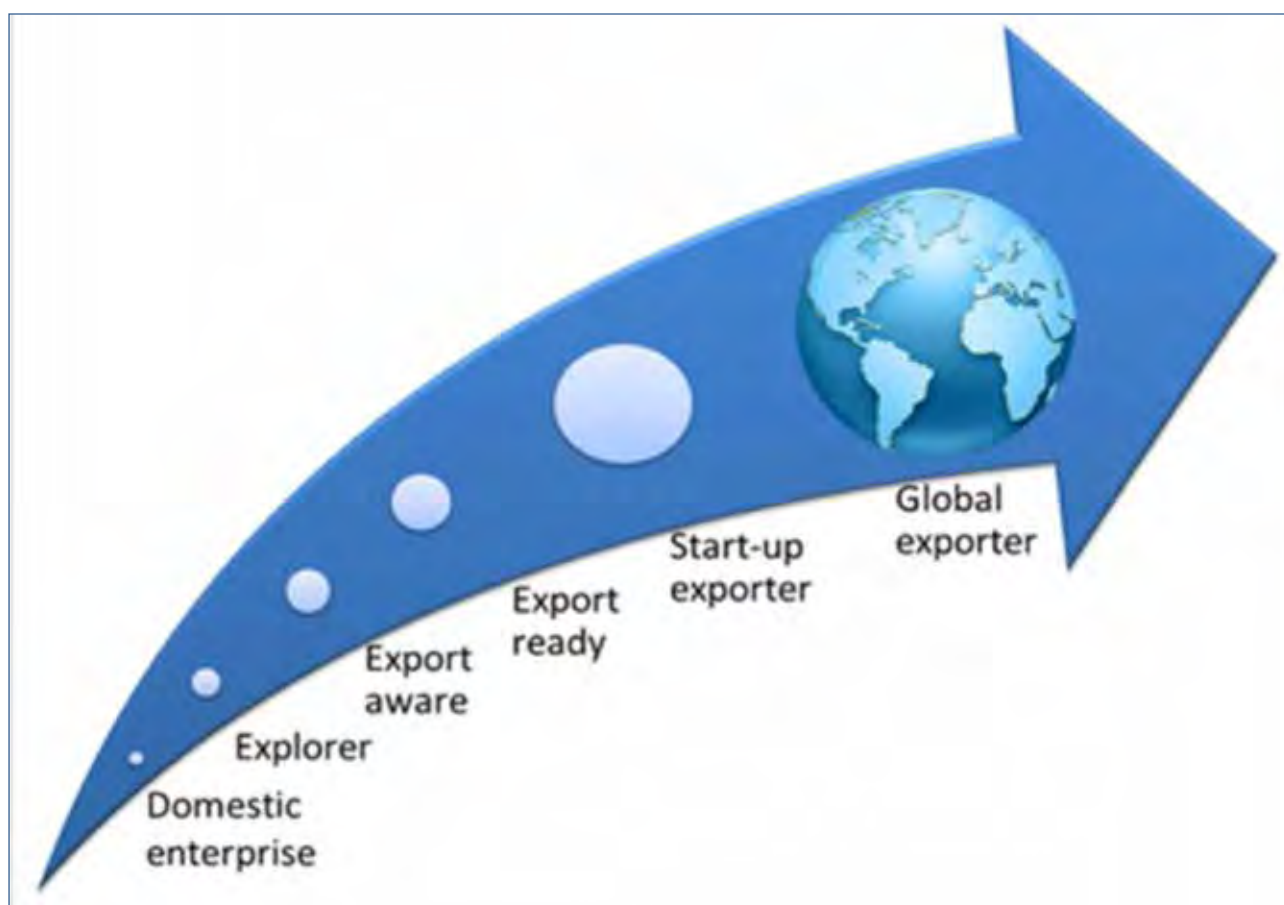
The definitions of small business, according to the industry, are based on the National Small Business Act No. 102 of 27 November 1996 and the National Small Business Amendment Bill published in the Government Gazette on 27 March 2003. These are given in Appendix 2. The Co-operatives Act (No. 14) of 2005 allows for the registration of primary, secondary and tertiary co-operatives. Primary co-operatives are formed by a minimum of five natural persons.

3.9.2. Exporters' Steps to Development

Since the mid-1970s several models on export development have been published in international business literature.

It is important that an exporter development process be adopted in South Africa so that appropriate, targeted interventions can be made by the various stakeholders. Although some researchers have criticised this approach as being too eclectic and mechanistic, it does provide a consistent framework.

Figure 3.5: The Export Development Process



Source: The authors

Figure 3.5 is a simplified schematic of the exporter development process. Interventions aimed at non-exporters will, for example, not be applicable to small exporters. The needs of the different emerging exporters need to be identified and catered for.

- Phase 1: The Explorer is the enterprise that is exploring options for developing the business, of which exporting might be a possibility. The company is probably not export-ready.
- Phase 2: The Export-Aware enterprise has some idea of what exporting entails, is export-ready in some aspects, but lacks the necessary knowledge and basic export skills.
- Phase 3: The Export-Ready company has the basics in place (product and production capacity, management skills, administrative capability, access to finance and marketing experience), and now needs to develop an export marketing plan.
- Phase 4: The Start-Up exporter is export-ready and has completed an export marketing plan, which now needs to be implemented. At this stage, the company has to apply the export skills acquired so far to the extent that initial orders are achieved.

- Phase 5: The Global exporter may have been exporting for a number of years and now needs to further penetrate markets. This may require more sophisticated market entry and distribution strategies. This phase includes the company that is opening up new markets, requiring a broadening of marketing strategies and possibly the development of joint ventures and/or wholly owned subsidiaries off-shore. Companies that are developing new products for existing export markets as well as for new export markets are also included in this group.

This general approach to a comprehensive exporter development programme allows:

- Existing exporters to be retained and further developed;
- Emerging exporters to be supported and strengthened; and
- Non-exporters with potential to become emerging exporters.

In this way, the total pool of exporters can be progressively increased.

Figure 3.6: Export Space in South Africa



Source: The authors

TISA should, therefore, ensure that all areas warranting interventions are suitably serviced.

The export space addresses export-specific issues. Exporters need to be competitive. Competitiveness is a broad and complex subject. The NEDP addresses exporter development and competitiveness issues are dealt with elsewhere. Nevertheless, a few issues are relevant and included in the section below.

3.10. Global Competitiveness

The notion that exports and trade in general are conducive to economic growth has been a long-standing feature of economics. Achieving export-led growth is essentially about finding ways to increase the ability to sell domestically produced goods and services on global markets. This ability to export has often been understood as “export competitiveness”. In this thinking, exports become the target and ultimate goal of economic policy.

Under IPAP2 (and other programmes) there are a number of incentive schemes available to South African manufacturers that attempt to promote competitiveness by increasing efficiency and innovation. These schemes should include an export component – in other words, preference should be given to firms that export a large percentage of their produce.

The NEDP will bring these to the attention of the participants of the various programmes to ensure that firms are competitive and have the knowledge and skills to export successfully.

3.11. Conclusion

A favourable or conducive environment under which exporters can establish, grow and prosper is essential if South Africa is to achieve its developmental objectives. South Africa needs to develop its export culture. The programmes that are offered need to be comprehensive and focused to address the actual needs of the existing and potential exporter. There are, therefore, a number of cross-cutting issues that need to be addressed to ensure that the programmes recommended under the NEDP are successful.





4. NEDP Framework

The goals of the NEDP are wide-reaching and ambitious. The programme needs to be efficient and effective in developing both new and experienced exporters if it is to achieve these goals. It needs to have a wide reach to ensure inclusivity and more black- and women-owned export operations and must be well-resourced and sustainable.

Given the geographic spread and extent of the work required to develop exporters through the various phases, as well as the promotion of exports in general, no one agency or organisation can be expected to undertake the task on its own. The work also cannot be left to develop organically as this would result in duplication of certain services as well as gaps in other areas. This approach would lead to inefficient allocation of resources as well as an ineffective service offering. It would also be unsustainable.

It is, therefore, proposed that the NEDP harness the strengths of the various role players, while at the same time ensuring a comprehensive service offering. This entails:

- TISA providing the leadership;
- Setting direction and broad goals;
- Developing a comprehensive framework;
- Ensuring implementation and taking corrective action;
- Ensuring sufficient resources (sustainable) are available;
- Motivating;
- Partners providing services in a co-ordinated manner;
- TISA and partners providing sufficient resources; and
- TISA developing and implementing a monitoring and evaluation system in terms of the Government-wide monitoring and evaluation (GWME) framework.

A franchising approach is recommended as it would ensure that the principles set out above and requirements for national coverage can be achieved.

This chapter also identifies other necessary, but not sufficient, conditions for the NEDP to achieve its goals and objectives. These include:

- A funding model, the importance of sustainability and resources required;
- The importance of knowing the export community and maintaining various databases;
- A supportive information system; and
- The service delivery options.

4.1. Franchise Approach

A franchise approach is recommended to ensure that the NEDP is effective, efficient and sustainable. This approach, through the adoption of certain rules and adherence to key principles, will ensure conformity and maintain quality standards throughout South Africa.

It offers franchisees the advantage of starting up based on a proven trademark, tooling and infrastructure. It is proposed that TISA operate as the franchisor and create a brand name or image around the NEDP. This will be linked to the “Passport to Export”¹ and “export villages”. TISA will develop high-quality learning material and

¹ “The Passport to Export” and “Export Villages” are components of the NEDP and are discussed in detail below. These will also form part of the branding of the NEDP.

associated tools and instruments, which it will make available to its partners (provinces or their development agencies). TISA will also be responsible for all necessary training of the officials and provide the partners with support. This implies that there will be standardisation, which will lead to economies of scale and cost savings. Nevertheless, the system is flexible enough for partners to adapt and customise without compromising the general approach.

A franchise approach implies:

- Partnership, including:
 - Public sector (provinces, local government, agencies);
 - SOEs;
 - Private sector (organised business, service providers);
- Joint targets (GWME); and
- Clear allocation of responsibilities (including providing resources).

Service-level agreements (SLA) will act as the franchise agreement.

It is recommended that a “franchise model” as outlined above, together with the principles set out elsewhere in this document, be used as the basis of a business model for the NEDP.

4.2. Funding Model

The NEDP will require substantial resources, including funding, to make an impact. With a national model and the assurance of quality products, a user-pay principle could be introduced to ensure that the programme is both sustainable and meets the needs of clients. Currently, the three spheres of Government, international agencies and the private sector invest considerable funds in exporter development. If these funds are channelled appropriately, the outcome would be greater. Developmental projects will receive a bigger share of these resources.

4.2.1. Role of the dti

the dti has a responsibility to ensure adequate resources are available for effective implementation of the programme. Currently, substantial resources are allocated to exporters taking part in foreign exhibitions and outward trade missions. Many of the participants have not been adequately prepared. These resources should, therefore, be allocated to exporter development in the short- and medium-term. This will ensure a pool of export-ready enterprises that will reap the benefits of the export promotion programmes in the medium- to long-term.

Development Costs

It is anticipated that substantial new course material would have to be developed, resulting in initial high fixed costs. Although there are costs in maintaining material, these will not be as high as the initial cost of developing the material.

Although the material will be used by all provinces and their agencies, it is recommended that the cost of developing it be borne by **the dti**. This is in line with the franchise approach described above.

the dti will be responsible for ensuring sufficient trainers are available. Again, the initial costs will be high, but will come down after the first or second year when sufficient trainers are available. Although the training of trainers could be outsourced to **seda** or other service providers, the costs of providing training should reflect on the TISA budget.

The National Skills Fund could be approached to fund the development costs and training of trainers.

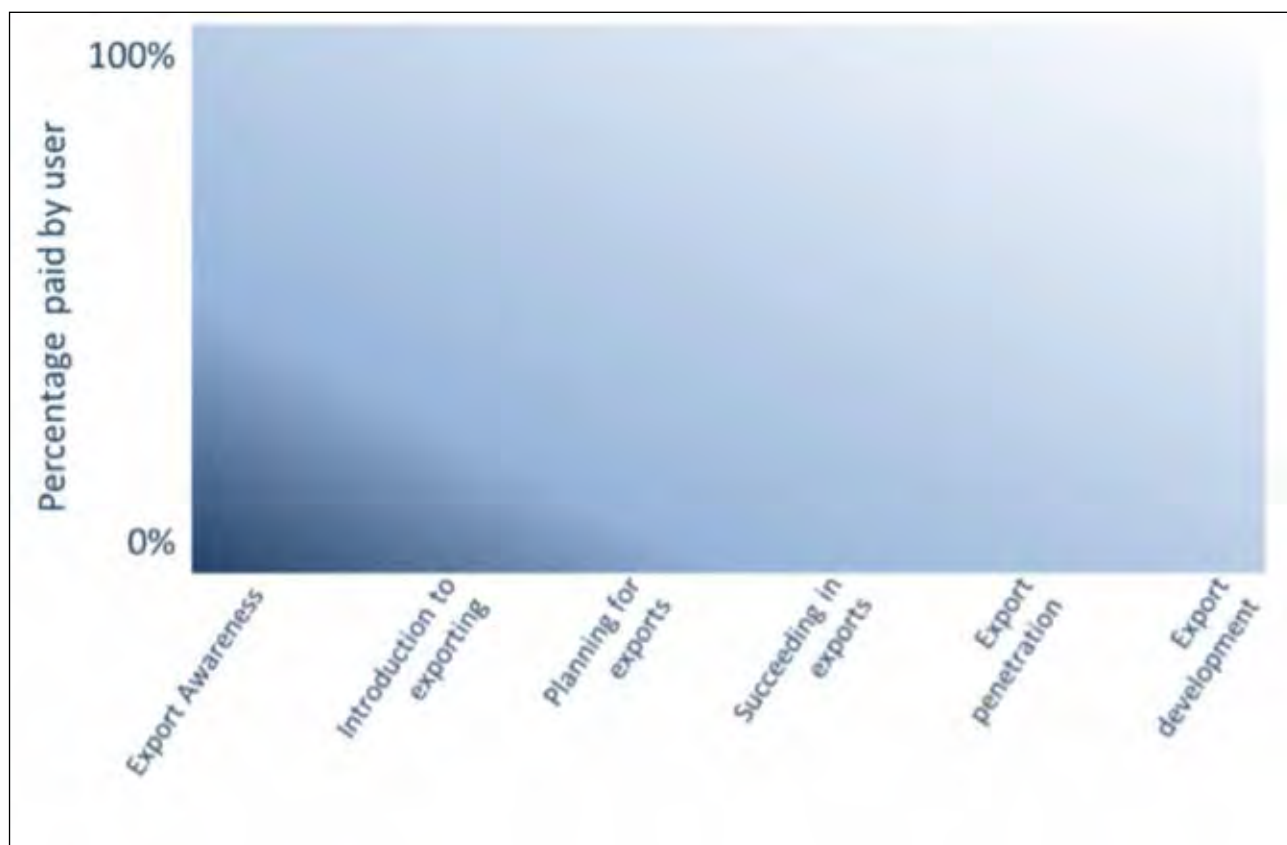
Setting User Fees

South Africans tend to have a culture of entitlement and are not charged for services provided by the Government or its agencies. Although certain services should be provided free of charge, others should be paid for. While there are exceptions, free services are not appreciated as much as when recipients have to pay for them. For example, many potential exporters register to attend various courses that are provided free of charge, but fail to attend. There is an “easy come, easy go” attitude. It is, therefore, important for all beneficiaries to pay for the service, even if it is a nominal fee.

Similarly, service providers are aware that they are not being paid by the beneficiaries but by the Government or one of its agencies. As a result, they may not put as much effort into the training as they would if the participants were paying and could complain to the organisers if the standard was not up to scratch.

To ensure the service is universally accessible, it is proposed that it be ranked according to developmental objectives. It is proposed that a greater subsidy be granted to developmental interventions. This can be seen in Figure 4.1

Figure 4.1: User-Pay Principles and Development Objectives



Source: Gouws, 2005

Cost-Sharing

Cost-sharing or matching means that a portion of the programme costs are not borne by the funding agency alone. Either the recipient or a partner would contribute. It includes all contributions, whether in cash or kind.

The current export council model makes use of this principle. Members' contributions are matched by **the dti**, providing certain conditions are met.

It is proposed that this principle be used in developing the material and roll-out of the programme.

Income Tax Deductions for Export Development

Under Section 11 of the Income Tax Act, 1962 (Act 58 of 1962), businesses are allowed to deduct certain expenditure from their income. Section 12 H of the Income Tax Act allows certain deductions in respect of ownership agreements.

4.2.2. Role of Partners

The partners, including the provinces and metros (or their agencies), would be responsible for the actual presentation of the various components of the NEDP. This would include acquiring and paying for the venue, equipment, refreshments, trainer and additional material. These responsibilities and costs would be clearly stated in service-level agreements. The partners would be entitled to recover certain costs from the participants. The model is described below.

Although the material would be the intellectual property of **the dti**, it should be treated as "open source". This would allow various service providers, including organised business, export councils, universities and other tertiary institutions, to present the material. It would be necessary for **the dti's** legal department to draft a licensing agreement that would stipulate how the various service providers and partners would be able to use the material.

4.3. Know the Export Community

Information is the key to making appropriate decisions. In a rapidly changing global environment, accurate, up-to-date information is even more important. Accurate data not only provides information on the status quo and historical position, but also gives a good idea of where an organisation is heading.

The more detailed the information, and the better the database structure, the better the intelligence acquired. Currently, the trade data available in South Africa is fairly aggregated and can be analysed at a macro level only.

4.3.1. Database of Exporters and Potential Exporters

It is important for TISA to be aware of who is exporting, what they are exporting and to whom; which companies have stopped exporting and why; and which sectors are exporting more and which less. TISA needs to know which countries and regions exporters are selling to.

It is, therefore, recommended that a national database of exporters is established as a matter of priority. Customs and Excise has a database of all exporters and export transactions, which should form the basis of the national exporter database. The Director-General of **the dti** should write to the Commissioner of Customs and Excise requesting access to this database.

It is important that the database includes not only producer-exporters, but also export agents and traders. New exporters often want to use the services of agents or traders in South Africa rather than handle all export transactions themselves. Maintaining the database is also critical. In this regard TISA's various partners, especially the provincial development agencies, can play an important role. Many of the agencies already have created databases and are actively updating them.

It is, therefore, recommended that:

- A national database of exporters is established; and
- A service-level agreement should be concluded with the provinces to provide input into the national exporters' database.

4.3.2. Database of Learners

The database of exporters essentially is a database of enterprises. Much of the capacity building that is being proposed relates to individuals on behalf of their companies. However, individuals move from company to company. It is, therefore, important to keep a record of learners and the skills they have acquired.

It is recommended that a database of learners be created and maintained.

4.3.3. Database of Manufacturers

Organised business, export councils, **the dti** and foreign missions often receive requests for names and addresses of suppliers of various products. Many exporters already have appointed agents and so are not able to respond to these requests. It is, therefore, necessary to identify non-exporters that are able to supply the relevant products. For this reason, TISA should develop a database of manufacturers in South Africa.

Again, the various provincial development agencies have embarked on a process of identifying manufacturers in their respective areas. StatsSA regularly undertakes surveys among various sectors. It is, therefore, recommended that TISA approach StatsSA in this regard.

It is recommended that TISA develop a database of manufacturers in South Africa together with StatsSA.

4.3.4. Database of service providers

There are a number of companies that contribute to the development of South African exporters in particular and South Africa's export success in general. It is therefore recommended that a database of the various service providers be created. The categories of service providers could include:

- Trainers
- Mentors
- Consultants
- Banks
- Freight forwarders
- Specialist agencies (IDC, PPECB, CGIC etc.)

It is recommended that a database of the various service providers be created.

4.3.5. Expansion of the databases

Any database is dynamic, with new hardware and software constantly increasing the uses of the current data. In addition, new information is also collected through various administrative processes. Together these developments could provide valuable management information that would contribute greatly to export development.

Surveys are undertaken from time to time. This information could provide valuable longitudinal data and provide valuable trends that would be useful deciding on policy or strategy.

Spatial information is also becoming more and more important. Technologies in this field are also improving rapidly. A spatial dimension should therefore be added to the databases discussed above.

To ensure that maximum value is obtained from the investment in databases, it is recommended that a task team be put together to investigate new applications and the various sources of information so that these sources of information and new applications can be linked to the national exporter database.

4.3.6. Resources

Database maintenance is vitally important. This not only implies regular updating of the content, but also of the hardware and software, which requires resources.

It is important that **the dti** provides sufficient resources to ensure the databases are correctly compiled and maintained.

4.4. Supporting Information Network

Companies at every phase of export development need information. However, the type of information required changes as the company's export status progresses. Our research internationally suggests that:

- Potential and new exporters require a wide range of basic international trade and economic information;
- Established and growing exporters require specific market and product information; and
- Potential global players require additional information on legal, corporate finance, tax and similar issues in foreign markets.

There is also a marked difference in the type of specific information required by different sectors.

International research shows that there is often a gap between what trade promotion agencies believe is required by companies and what the companies themselves think they require. Although not part of the scope of the project, we felt it important to do a simple survey of exporters to determine in broad terms what the situation is with South African companies. Unfortunately, there is no official database of exporters, but the University of South Africa (UNISA) made its database available for the project.

Most of the exporters listed on the database were experienced and had been operating and trading internationally for a number of years. Their views regarding information were:

- **Important information topics:** potential buyers; documentation requirements; competitors in foreign markets; competitive prices; product regulations; and distribution channels;
- **Unimportant information topics:** cultural information; South African export agents; foreign economic information; foreign banking and financial information;
- **Sources regularly used:** internet; freight forwarder; and bank;
- **Sources rarely or never used:** **the dti**; South African foreign trade representatives; local libraries; provincial agencies; and foreign embassies in South Africa; and
- **Sources volunteered:** projects; network of agents; trade shows/exhibitions; own people in the markets; and local agents.

4.4.1. User Needs Survey

Successful exporters agree that information plays a key role in international marketing and competitiveness. The ability to get the right information at the right time, and knowing how to use it, is a major factor influencing the success of international trade. Without reliable information, poor decisions are made, resulting in poor outcomes. TISA, together with the provincial development agencies, plays an important role in providing the information required by exporters. Determining what information is needed by exporters is difficult, and acquiring information is expensive and time-consuming. Incorrect information does not contribute to the success of exporters.

To ensure that scarce resources are optimally used, it is essential that the information acquired will contribute to the exporter's success. Exporters are in the best position to know what information they already have and what they need. The demand-driven approach has been recommended throughout this programme, and the provision of information is no exception. The needs and requirements of exporters must be taken into consideration when acquiring information.

It is recommended that TISA undertake a user needs survey. The survey will have to take into account that exporters are at different stages of development and will therefore require different information. A draft questionnaire soliciting information from exporters is attached in Appendix 3.

4.4.2. "How to..." Publications

TISA currently publishes *Trade Secrets*, which provides a great deal information about exporting as well as the resources that exporters can use. A few development agencies have published various "how to..." guides. Nevertheless, the information available to exporters is not as comprehensive or up-to-date as it could be.

It is recommended that TISA commission the writing of a number of these publications. A list of recommended titles is included in Appendix 4.

Recognising that there are certain public relations advantages to be gained by publishing these types of books and booklets, and that the provincial development agencies want this type of exposure, **the dti** should enter into joint publishing agreements with development agencies. A draft joint publishing agreement is attached in Appendix 5.

It is recommended that **the dti** enter into joint publishing agreements with development agencies.

Publishing in this context does not refer only to the printing of hard-copy books, but also to publishing on a website. In fact, because information dates quickly, export information books should be primarily published on the proposed integrated export website and hard copies run off as required. This will prove to be more cost-effective.

It is recommended that information books are primarily published on the proposed integrated export website and hard copies run off as required.

4.4.3. Trade Leads

Many exporters can trace their international marketing activities back to unsolicited enquiries from foreign firms. Trade leads are, therefore, important, particularly for new and emerging exporters. Many established exporters already have branch offices or appointed agents in the countries they wish to exploit. They, therefore, do not need trade leads.

With the internet and easy access to information, trade leads may not be as important as they were in the past. Nevertheless, they do play an important role in developing trade and assisting new and emerging exporters. There are many sources of trade leads currently available. These include:

- Foreign Economic Representatives (including tenders);
- Trade Points;
- From other South African exporters; and
- Private-sector companies

Exporters often do not know how to negotiate and close a deal. It is also recommended that TISA, together with its partners, put in place a system to follow up with exporters that received the leads. The follow-up programme will give an idea of how successful the trade leads programme is.

It is recommended that TISA, together with the provincial development agencies and other partners, actively pursue the acquisition and distribution of trade leads, particularly to exporters enrolled on the various exporter development programmes and that a follow-up programme be drafted.

4.4.4. Integrated Exporter Website

Information is available to South African exporters via the internet, however, there is no integrated website aimed specifically at this group. Our research shows that foreign exporter development/promotion agencies maintain attractive, easy-to-use and fully comprehensive websites for their exporters. These websites provide up-to-the-minute information.

The Phase 1 report provides details of each agency, but it is perhaps useful to highlight the type of information available on these websites: basic export steps; export-readiness checkers; details of assistance programmes, with clear guidelines on when a company would find these useful; market research reports; and statistical information. Equally important are the links to relevant institutions and, in the case of Enterprise Ireland, the agency's subscription to *The Economist* Intelligence Unit reports. The websites include trade leads and an "exporter's directory" where foreign buyers can source products.

Comparing what is available in South Africa, it was found that **the dti's** website is rather rudimentary and unappealing, while **seda's** website has little export information. The same can be said for the websites of the provincial agencies and other departments.

It is recommended that TISA harness the resources of various partners and set up a joint integrated exporter website.

4.4.5. Dedicated Exporter Call Centre

A dedicated exporter call centre would be a pre-requisite for any NEDP. The foreign agencies studied placed emphasis on their individual interaction with their client base, starting with the call centre. They recognise that the call centre is not merely a telephone answering service, but is the first opportunity the agency has to channel the enquirer in the right direction with minimal fuss and without wasting time. Call centres are, therefore, staffed by trained personnel who understand the basics of exporting, export and international trade terminology, who does what and where information can be found.

It is ironic, perhaps, that South Africa is trying to establish itself as a desirable location for international companies to establish their call centres and does not have such a facility for its own exporters.

It seems appropriate that a dedicated National Exporter Call Centre would be under the authority of TISA. It would be important to benchmark the service against best international practice, regarding response time in answering calls etc.

It is recommended that a dedicated National Exporter Call Centre be established and be staffed by trained personnel.

4.4.6. Webinars

The term webinar means a seminar, presentation, lecture or workshop that is transmitted over the web. Webinars will be offered from time to time.

It is recommended that webinars be presented as well as recorded and distributed to stakeholders.

4.4.7. Trade information network

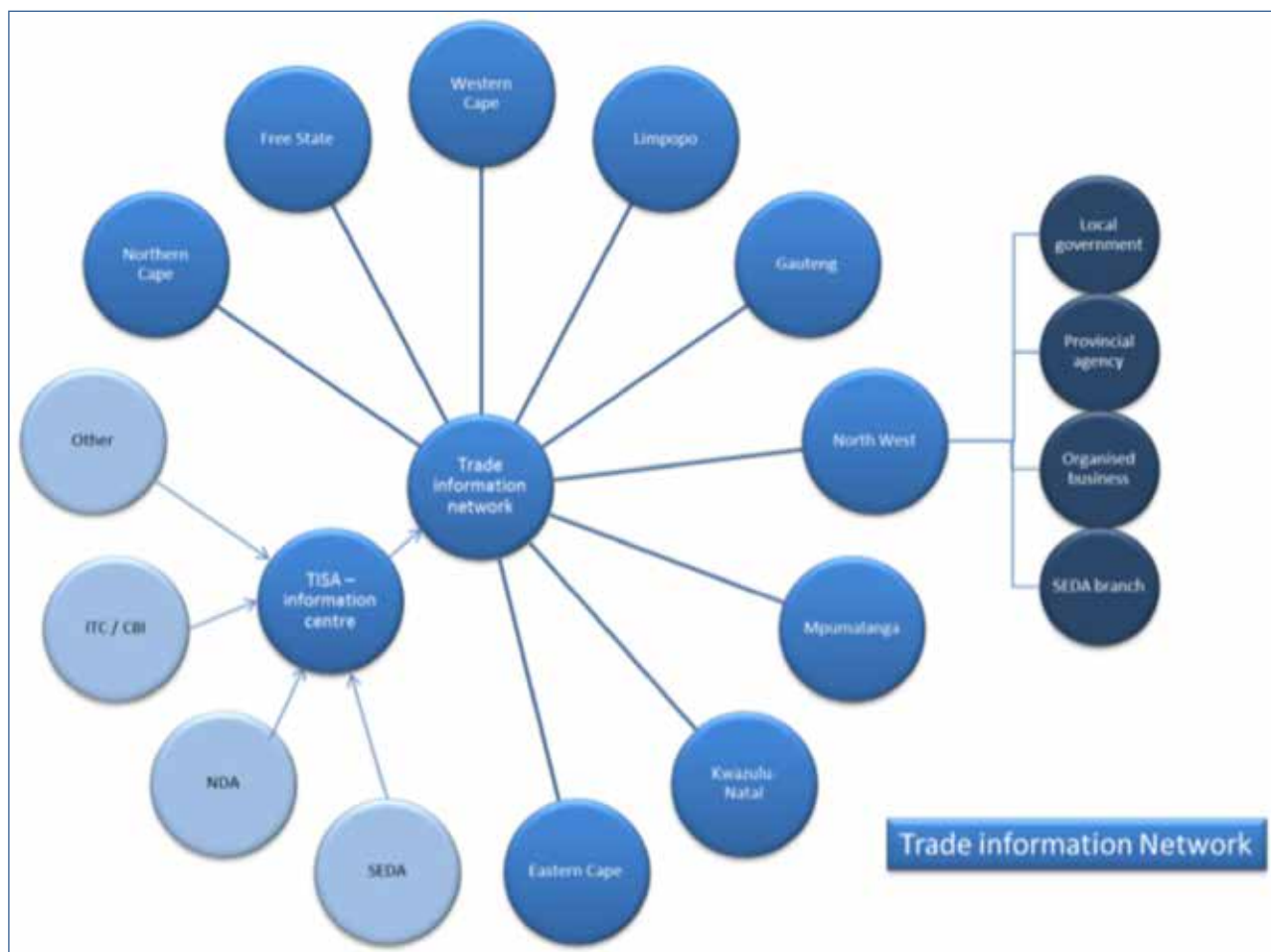
TISA currently subscribes to a number of directories and databases, which are expensive and have various copyright and other restrictions. Many of the provincial development agencies have library facilities or resource centres that are within easy reach of existing and potential exporters. Unfortunately, they do not have access to all the relevant publications and databases.

A comprehensive service offering can be established by working together to refer existing and potential exporters to relevant sources of information, training and other services.

There is a lot of export-related information “out there”. Government and the private sector have compiled relevant and useful information. An audit is needed to take stock of what is available. This, together with the needs survey, will provide a gap analysis and give an indication of what information needs to be acquired.

Furthermore, a training course for the librarians and receptionists at the development agencies should be developed. This should cover basic export issues, what information is available at the agency, in the region and at **the dti**. Exporters and potential exporters would then be referred to the appropriate organisation for further assistance.

Figure 4.2: Trade Information Network



Source: The authors

TISA would have to ensure that copies of relevant publications are available at libraries or resource centres.

It is recommended that:

1. A user needs survey is undertaken to ensure the provision of information is demand-driven; and
2. TISA undertakes an audit of information available as well as a gap analysis.
3. A national dedicated export call centre should be established to provide clients with answers to basic questions and, more importantly, to direct them to the right source of information.
4. A comprehensive information service offering be made available on a central website. For example, exporters should be able to access information from top-rate sources **the dti** subscribes to, taking due regard to issues of copyright, etc. The site should carry links to sources such as CBI and various ITC information tools and should include a blog. Parts of the site could be restricted to registered companies.
5. A training programme should be developed for librarians and receptionists at the development agencies.
6. South Africa's FERs should be required to prepare regular market and product surveys, which should be available on a central information website.
7. Additional TradePoints be established with suitably trained staff.
8. Trade leads, which are considered by exporters to be vital to market development, should be consolidated on the central exporters' website. Input should come from South Africa's FERs (and

should include tenders), TradePoints and other South African exporters.

9. The concept of export library corners should be explored to provide basic information (electronic and hard copy) as widely as possible. This would require a librarian with basic export knowledge.
10. All government employees who will have any one-on-one interaction with potential or active exporters should be trained to direct clients to the most appropriate sources for information. Recommendations regarding training are dealt with under Chapter 5.
11. A range of “How to...” books should be published in electronic and hard-copy format covering a range of topics. Suggested topics are given in Appendix 4. It is important that the publications have the same look and feel, and adhere to style and language guidelines.
12. Webinars be recorded and distributed to stakeholders.
13. Presentations, seminars and workshops should be used by South Africa's FERs on home leave to share new foreign market information and trends in their respective countries. This concept should be carried through to video conferencing to reach a wider audience. Seminars led by private sector experts in law, finance, taxation, and the like should be used to inform exporters. Note that these seminars are not training but information events. The exporters' clubs/round tables should be used to spread information.

4.5. Service Offering

International best practice and research shows that most exporter development programmes incorporate a range of assistance programmes/interventions covering:

- Information in several forms, usually available online, as proposed under paragraph 4.4;
- Export training, usually provided through accredited training organisations;
- One-on-one counselling, usually by the Trade Promotion Agency's advisers;
- Mentoring, coaching and/or consulting support, usually through external accredited professionals and volunteer business people;
- Support for advanced exporter development such as trade shows, trade missions, incoming buyer missions, product registration, joint venture development, offshore establishment, and other sector-specific activities; and
- Export personnel capacity building, through support for contracting or employing international trade graduates, usually in collaboration with tertiary educational institutions; this implies support for export education and career development.

Many of these offerings are available in South Africa, but some important ones, such as mentoring/coaching/consulting are not supported by a national programme and most of the others are not co-ordinated sufficiently. This leads to a diminished impact.

Furthermore, the services offered should be in line with the varying needs of exporters in different phases of development as outlined in paragraph 3.9.2.

4.5.1. Sectoral Approach or General?

The Industrial Policy Action Plan (IPAP 2) incorporates a sectoral approach and **the dti** already supports sectoral export councils. Our research into best practice internationally also suggests a sectoral approach to exporter development is advisable for at least two reasons:

- Different sectors usually require different forms of support; and
- Specific programmes are more likely to result in the cost-effective use of funds.

However, all the exporter development programmes we researched also incorporate general assistance for all sectors. South Africa follows this course at present.

It is recommended that a blend of general and sector-specific interventions be provided. The exporter developmental phases defined in paragraph 3.9.2 allow for general assistance to be provided in the early phases and sectoral assistance to be provided, where appropriate, in phases 5 and 6. This is explained further in following paragraphs.

4.5.2. Set Menu' or 'Buffet' Offering?

The NEDP needs to balance the need to allocate funding in a cost-effective way with the desire for exporters to access assistance programmes.

There are two possible approaches:

- The 'set menu' approach, which leads emerging/potential exporters through a development programme with each stage being prescribed. Allowance is made where relevant to product type and size of company; and
- The 'buffet' offering, which allows emerging/potential (as well as more experienced and mature) exporters to choose the services they believe they need.

The 'set menu' approach has the advantage that companies will not be able to engage in activities or use services for which they are not fully prepared. The disadvantage is that it could diminish the decision-making space and dampen initiative in some companies and lead to frustration and resentment in others.

The buffet approach allows the company to make its own decisions and encourages initiative. However, it could lead to companies overestimating their readiness for certain activities, such as trade fair participation, and result in a 'waste' of funding.

It is therefore recommended that a mixture of the buffet of services is offered to all companies, but eligibility to access services is linked to a company's ability to meet certain criteria.

Furthermore, trained export advisers in **seda**, TISA and other agencies should be able to guide companies to the services that best meet their needs at any particular stage.

4.6. Conclusion

This section builds on the principles discussed in the previous section. It discusses and makes recommendations on the institutional framework, including the franchise model. A funding model is necessary if the NEDP is to be sustainable and access the resources required. Equally important is knowledge of the export community, which implies the establishment and maintenance of various databases. All of the capacity-building initiatives rely on supportive information systems. This needs to be well-equipped and have national reach. Various service delivery options are discussed, pointing out the advantages and disadvantages, and recommendations made. Although these recommendations do not strictly speaking form part of the NEDP, they are necessary if the NEDP is to succeed and achieve its goals.

5. NEDP Framework – Capacity Building

- The NEDP focuses on capacity building, but includes a number of crucial components that either supplement training or contribute to the success of the capacity-building efforts. These components are included in this section:
- Supporting information network;
- Face-to-face (Counselling/training/instruction);
- Mentoring;
- Training;
- Advanced exporter development;
- Train-the-trainer/counsellor;
- Professional qualifications;
- Institutional arrangements; and
- Export villages.

5.1. Common Components in Exporter Training

5.1.1. Diagnostics

Computer-aided assessment; and
Warm-body assessment.

Computer-Aided Assessment

Diagnostic tools – often referred to as export-readiness assessments or checkers – are widely used internationally to determine whether an enterprise is at an appropriate stage of development to start exporting. In some of the best practice examples we researched, a brief export-readiness checking tool is incorporated into the trade promotion agency's website for the potential or aspirant exporter to complete as a self-assessment. In most cases, in addition to the basic checker, more advanced tools are used to determine the company's readiness to undertake intensive and costly foreign marketing activities (e.g. trade shows and trade missions).

In South Africa, the following tools have been identified:

- **the dti** has an online self-assessment export-readiness tool;
- Wesgro has an online export-readiness tool for registered clients;
- **seda** has a range of sophisticated diagnostic tools, but the export-readiness checker is rather basic;
- Some of the export councils have some type of assessment guide;
- The online ExportHelp service incorporates a fairly extensive export-readiness checker; and
- An export-readiness checker was included in the CD accompanying Gouws' *Export Issues for Entrepreneurs*.

There was some debate during the consultations with national and provincial TPAs as to whether a self-assessment tool is effective or if it is better for a diagnostic tool to be administered by a trained adviser. A self-assessment tool, available online, enables a company to determine fairly easily, and at no cost, how close it is to being ready to export. The disadvantage is that the company may delude itself as to its capabilities and capacities. However, a well-designed tool could limit this.

Warm-body assessment

When an assessment is required to determine what interventions should be used for a particular company, it is better that it is carried out by a trained adviser. In general, one-on-one assessments and counselling are regarded as more effective than self-assessment and is a major constituent of the foreign programmes researched.

seda has a range of diagnostic tools and these are applied in most instances by business advisers accredited for the purpose. The underlying computer-processed management system reinforces the strength of this approach.

At the time of undertaking this project, the export-readiness assessment tool used by **seda** was comparatively rudimentary, however, we understand that this is being looked at.

It is recommended that:

1. An online self-administered export fitness checker be developed and made available for all, with registration being the only requirement. As with the Gouws and ExportHelp checkers, it should incorporate a strong element of background explanations/guidance and provide an assessment report of the company, indicating the steps to be taken. Registration of users would allow for input into a central database.
2. In addition, particularly for companies in phases 3 to 5 (refer paragraph 2.8.2), a more sophisticated diagnostic tool should be introduced, possibly along the lines of the seda Critical Planning Exercise (CPE) tool. This tool would be applied by an accredited adviser/trainer/mentor.

5.1.2. Information

- Training aids (manuals, videos, etc.); and
- Toolkits and templates.

5.1.3. Training

- Classroom;
- Video conference;
- Webinar; and
- Post-training support.

Training and skills development is acknowledged in all best practice countries and in South Africa as an essential element in a NEDP.

Training exporters at any level has certain common components:

- Diagnostic tools help to determine the level of training required. Such tools may be computer-aided assessment and/or warm-body assessment;
- Information in the form of training aids (manuals, videos, etc.) and toolkits and templates provided on the central exporters website;
- Training methods may take various forms:
 - Classroom, which has the advantage of allowing participants to network and gain from the trainer's explanations;
 - Video conference and webinar, which can bring foreign experts virtually face-to-face with exporters, providing there is the necessary supporting communications infrastructure; and

- Post-training support, which should be provided to some extent by the trainer, but in the longer term would involve counselling, mentoring and/or consulting.
- Assessment:
 - Participants must be competent (SAQA-criteria) and post-training assessment is important; the proposed Passport to Export would be an important recording mechanism; and
 - Assessment of participants is important for monitoring and evaluation (M&E).
- Evaluation of the course, the lecturer/trainer, the venue, the training material and all other aspects is important for continuous improvement and to ensure that both content and methods remain up-to-date.

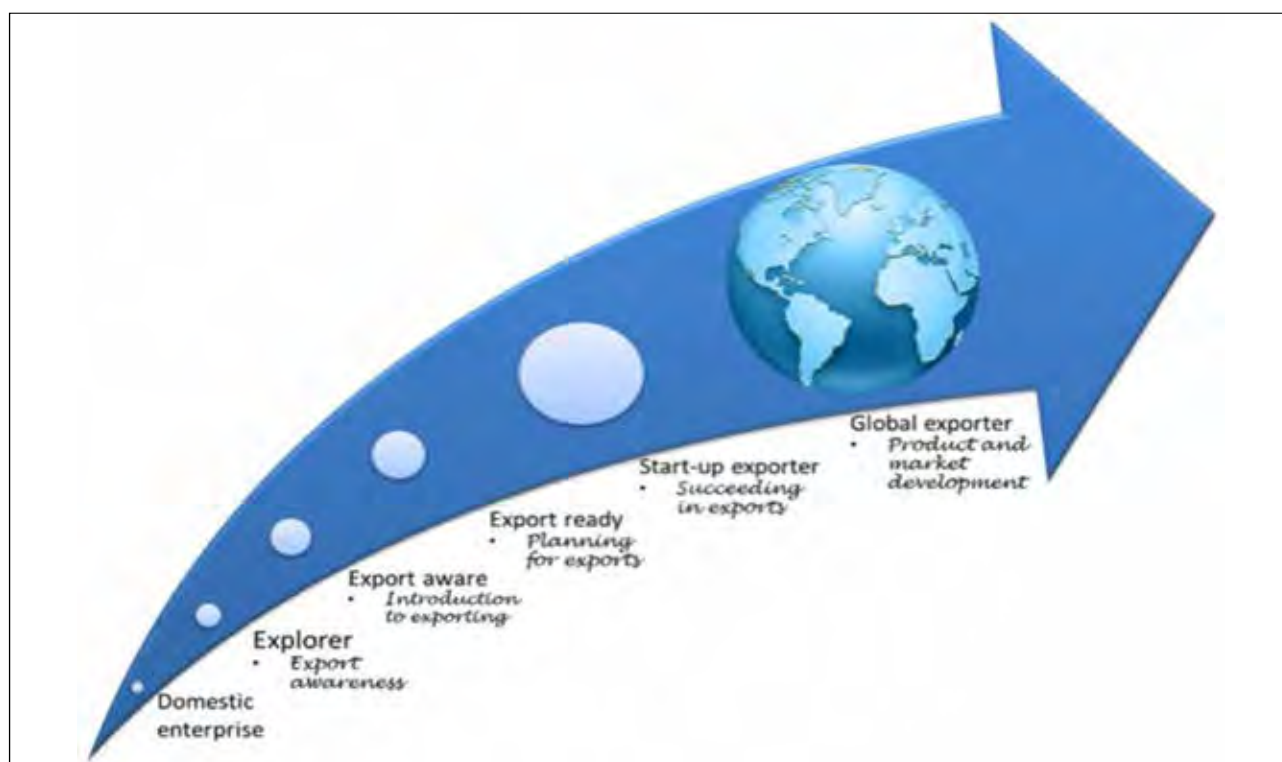
The respondents to the survey referred to earlier gave the following comments on export training:

- Important training topics: methods of payment; documentation; export market research; Incoterms; legal aspects of sales, agency and distributorship agreements;
- Unimportant training topics: international negotiations and culture; evaluating export readiness; export marketing planning; export marketing strategy; and trade fair participation;
- Preferred form of training: short one- or two-day courses; topic-specific seminars; and sector-specific workshops;
- Disliked forms of training: extended training programmes; and distance learning; and
- The reaction to online training was fairly neutral, with about 50% in favour.

The composition of the respondent sample accounts for many of the topic preferences, as mature exporters would not need training in marketing planning, export-readiness assessments and even trade fair participation. The importance of Incoterms is due to the recent changes.

The various export developmental phases described in paragraph 3.9.2 call for training programmes with different focal content.

Figure 5.1: The Export Development Path and NEDP Interventions



Source: The authors

5.1.4. Mentoring, Coaching, Consulting and Counselling

South African companies identified mentoring, coaching, consulting and counselling as an essential follow-up to training. Mentoring is an important component of all best practice countries. Export mentoring has been introduced by some **seda** branches.

Definitions

There is often confusion about the terms mentoring, coaching, consulting and counselling. Briefly:

- **Mentors** share their own experiences, acting as sounding boards for concepts and decision-making. Mentors are generally volunteers who do not expect, and often would not accept, payment for their service;
- **Coaches** provide motivation and accountability. They encourage the entrepreneur to go further and deeper. They usually work under contract and are paid for their work; and
- **Consultants** give information of a “you should” nature: they tell the entrepreneur what to do. They work under contract and are paid for their work.¹

A fourth form of support is **counselling**. While the term counselling is usually used to denote a degree of psychological therapy even in a business context, it is often used to describe the work of a trained executive handling enquiries from, for example, exporters. Counselling is defined as giving advice, an opinion or instruction in directing the judgment or conduct of another.²

Recommendations

1. Each national, provincial and municipal agency offering export assistance should have at least one export counsellor who is trained to a uniform standard of competency and able to give basic advice and refer the client to appropriate information sources, training opportunities, export councils and so forth. Recommendations concerning the development of the skills needed are covered under paragraph 5.8.
2. Mentorship:
 - The NEDP provides for companies to use mentors to assist them with their export activities, should the use of a mentor be appropriate for their needs and stage of development. The NEDP implementing agency must evaluate applicants for mentoring services before referring them to a suitable mentor and the criteria for this need to be laid down.³
 - Criteria should be drawn up to determine the suitability of business people to act as mentors.⁴
 - Criteria are also needed regarding mentor contracts, and the stipend to be paid, if any, and whether a contribution is expected from the applicant company. The contract could stipulate the aims of the mentoring period (what is to be achieved) and require the mentor and mentee to report on the outcome. The relationship between the mentor and mentee is such that further standard formalisation, such as the use of standard diagnostic tools, is not recommended.

1 Faris Alami, SmartStart Support Leader, Tech Town, Wayne State University Research and Technology Park:

<http://techtownwsu.org/mentor-or-coach-or-consultant-do-you-know-who-to-choose/>

2 http://internationalinstituteofcoaching.org/coaching_mentoring_counselling_therapies.php/

3 Appendix 6-1 shows the application form used by NZTE to evaluate applicants for a mentoring service. Note that NZTE requires a registration fee of NZ\$115, (including tax; about R700), although the mentors do not charge for their services.

4 Appendix 6-2 explains the NZTE mentoring process and gives the NZTE application form that aspiring mentors need to complete to be registered on the mentor database in New Zealand. Mentors are senior business people who volunteer to pass on their knowledge and experience to emerging entrepreneurs. Note that in Ireland, mentors are paid a stipend equivalent to about R1 855 a day by the exporter, who then is reimbursed fully by Enterprise Ireland. (Appendix 6-3 explains several services, including the mentorship programme, offered by Enterprise Ireland.)

3. Consultancy:

- In addition to financially supporting a mentorship element, it is recommended that the NEDP include assistance for companies to use a consulting firm, where appropriate.⁵
- It is recommended that criteria are drawn up to guide the assessment of a company's eligibility for consultancy services.⁶ Expected growth in exports and job creation would be important and it is, therefore, likely that exporters in a relatively advanced phase of development would benefit from this assistance.
- Consultancy services should provide for: high-level management development and structuring for international expansion; product development; production and productivity improvement to raise international competitiveness; and global marketing strategy.

5.2. Training for the Explorer – Export Awareness

Exporting has always had an allure about it. Many businesses consider entering global markets and students a career in exporting. Besides the allure, there are a number of misconceptions. There are news reports of both export successes and failures. Businesses, and students, that believe exporting may be for them need some basic information about what exporting entails, without getting into the technical aspects. In the NEDP, these businesses are termed 'explorers'.

Explorers need to become aware of what exporting entails, the benefits for companies and the difficulties to be overcome, as well as who does what and who can be approached for assistance. At the end of the programme, those explorers serious about exporting should be encouraged to apply for a Passport to Export. They would then proceed to the next level of training. Some participants might not wish to pursue exporting at this stage, but would like to develop their businesses and so the programme should include references to **seda** and assistance such as the Black Business Supplier Development Programme (BBSDP).

The purpose of the export awareness programme is simply to assist the potential exporter to answer the question: "Is exporting for me?"

Advanced candidates can request to be assessed for advanced programmes that are discussed below. In this regard, diagnostic tools can be used.

The candidate will be given the necessary documentation to apply for "Passport to Export" at the conclusion of this phase.

5.3. Training for the Export-Aware Firm – Introduction to Exporting

The company that is Export Aware needs to be introduced to basic export skills, to understand the terminology, the international trading environment, Incoterms principles, the fundamentals of foreign market research and the concept of cultural barriers. At the end of the programme, the company needs to have acquired basic skills and to be capable of applying a self-administered export fitness checker. This programme should also briefly include references to **seda** and the BBSDP.⁷

5 Appendix 6-4 also explains briefly how this is dealt with by Enterprise Ireland. In New Zealand, there are a couple of funding channels for consultancy services, one of which is a voucher system for small developing export companies.

6 In both Ireland and New Zealand, companies are strictly vetted and their needs assessed before assistance is provided.

7 A point to consider is that if a company applies the export fitness checker seriously and identifies a number of weaknesses, interventions that are not strictly related to exporting are likely to be necessary. These could include strengthening basic

The purpose of the “Introduction to Exporting” is to provide a comprehensive overview of the export process, what exporting entails, who can assist and the risks involved.

Publications available:

- The export environment;
- Basic concepts of export competitiveness;
- The export cycle (more comprehensive);
- Introduction to export marketing;
- Introduction to export administration and logistics;
- Introduction to export finance; and
- Basic costing and Incoterms®.

A summative assessment⁸ of each participant is to be carried out at the end of the programme.

Several short courses are currently offered by private-sector trainers. Some deal with fairly specialised issues of export logistics; there is little, if any, co-ordination or standardisation between them.

5.4. Training for the Export-Ready Firm – Planning for Export

The export-ready company requires a more in-depth training programme that is orientated towards his/her own business and culminates in a customised export marketing plan.

Purpose: To provide more information on exporting and developing an export strategy (including an export marketing plan).

Duration: Six days (contact sessions) over a two-month period.

Format: Distance learning with classroom teaching (including learning material, multimedia, online and call centre support).

Publications available:

- Issue-specific study notes; and
- Selected “How to...” publications.

Post-event and continuous counselling:

Continuous assessment during the two-month period is required. It is recommended that a short multiple choice assessment be used at the end of each contact session. Alternatively, a group presentation based on a case study can be used to assess whether key concepts are understood and can be applied.

The ultimate outcome is to develop an export strategy. A practical implementable export plan for each participant is, therefore, required before the participant can be assessed as competent at this level.

8

business management and accountancy skills, product quality management, even various HR issues. Training in these areas is not covered in this project, but is known to be provided through various organisations, Seda being a central one. the dti, Wesgro and seda offer a one-day programme (in the Western Cape this is called EDP1) that relates to this level of training. It, however, does not include a summative assessment.

The current **seda** Export Orientation Programme⁹ fits this purpose¹⁰. It extends over a number of weeks and enables participants to apply theory to their own businesses. It also allows for evaluation and feedback from the trainer during the programme and thus incorporates a strong element of formative assessment. Although extending over a period, the programme is presented in short one- or two-day modules and meets the preferences expressed by the survey respondents.

Export training programmes extending over several days and incorporating marketing issues are offered by private-sector organisations such as Chambers of Commerce. Here, too, there is no standardisation.

A weakness of all these programmes is that they are generic and rarely provide for differences between industrial sectors. However, generic training is necessary and the needs of specific sectors should be catered for under the next training level¹¹.

5.5. Training for Start-Up Exporters – Succeeding in Exporting

The Start-Up Exporter has acquired some export skills and developed an export marketing plan. The Succeeding in Exports programme would provide further specific training to support this company in the implementation of its plan. Such training might be sector or subject specific.

Purpose: To ensure implementation of the export plan.

Diagnostic assessment¹² should determine key interventions. These could include:

- **Training:** Practical training (market research; planning appropriate and effective promotional activities; trade map; advanced finance, e.g. forex risks; culture; communication skills; negotiation skills; and legal, e.g. basic contracts and agency agreements).

9 It is known as EDP2 in the Western Cape.

10 The Export Orientation Programme as originally designed did not include face-to-face training, but relied on a distance-learning approach supported by a Workbook and DVDs, and scheduled meetings between trainer and participants. In the Western Cape, the intervention of a face-to-face trainer was introduced and it seems that this resulted in a more effective programme. It is understood that, in several other provinces, trainers play a more active role than expected when the programme was designed. The programme offered through seda has been shortened and no longer results in participants compiling their own export marketing plan; this is a weakness. Furthermore, with the introduction of trainers to teach theory, the Workbook – which is not regularly updated – seems no longer necessary, except for the assignments it includes. Trainers provide their own programme notes, which they regularly update.

11 Sector-specific training is provided in South Africa in one instance through the Agri-Academy, which trains emerging farmer exporters at various levels.

12 DEMANDSME is a diagnostic tool that was developed by the International Trade Centre and allows the user to tailor their questions and questionnaires for assessing demand for intervention planning. To determine whether or not the respondents (most frequently enterprise managers) are willing to pay for external assistance in the form of training programmes, counselling and consulting services, trainers and consultants use various information-gathering techniques. Pencil and paper questionnaires, where respondents are asked to indicate whether they “need” external assistance, is a popular technique. DEMANDSME allows the user to adapt the questions to the specifics and jargon of the target. It facilitates the identification of weaknesses as identified by the respondents (or by the user) and determines the extent to which the respondent is prepared to pay for related support. Users can select topics from among more than 70 business and management areas, decide on the kind of intervention, and change the title of the topic and its definition in any language.

- **Consulting:**
 - Advanced promotion (trade fairs, website development, brochure, PR, how to deal with trade leads, and visiting the market);
 - Advanced pricing techniques;
 - Improving competitiveness;
 - Developing and implementing quality standards and control procedures;
 - Preparing sales literature (used with EMIA);
 - Packaging and labelling;
 - Conducting market potential studies and evaluating markets;
 - Improving administration for effective exporting;
 - Prompting and responding to sales inquiries;
 - Developing staff;
 - Product development; and
- Access to institutions such as Productivity SA, Council for Scientific and Industrial Research (CSIR), SABS, etc.
- **Format:** As required – usually one-day subject-specific workshops, presented by subject experts. There should be a focus on mentoring, particularly when small numbers do not warrant group training.

Publications available:

- Issue-specific guidelines/study notes. These should be available on the integrated export website. Internet support should be provided in the form of, *inter alia*, specific subject guidelines, market reports and links to technical support agencies.

Output: A successful export order processed.

5.6. The Global Exporter

To ensure that South Africa's exports continue to grow, the global exporter needs to:

- Consolidate its current markets (export penetration);
- Enter new markets (market development); and
- Develop new products (product development).

Where the company has reached the global exporter phase, participation in trade fairs and outgoing trade missions has a major role to play. New product and market development, and the establishment or takeover of foreign market subsidiaries, could all feature in the global exporter's business plans. Training is required for the company that is new to this phase to ensure that it how to prepare for a foreign trade show, and how to expand its promotional activities in its chosen markets. Training of this nature is provided on a sporadic basis, but does not appear to be linked to **the dti's** foreign trade fair participation schedule. For the global exporter, training in the basics of international taxation and company law and other specific advanced topics would be beneficial.

In addition, companies at this stage may well want to have additional export staff trained in a range of skills to support their business development objectives.

5.6.1. Support for Advanced Development

Assistance for companies that want to further penetrate existing markets or broaden their export market base through diversification falls into several categories:

- Trade fair participation;
- Joining outgoing selling missions;
- Specialised product-specific promotional programmes;
- Use of consultants and/or mentors; and
- Access to institutions such as Productivity SA, CSIR, SABS, etc.

Several of these categories have been covered in preceding paragraphs. Trade fair and outgoing selling missions are regarded as being almost essential for a company in developing foreign contacts, be it buyers, distributors or potential agents. Such activities also provide an excellent learning experience and help the exporter to understand his competitive position. It is for these reasons that they are supported in the export development programmes of all best practice countries¹³, as well as by South Africa, through **the dti**. Companies are selected for these activities when they have reached a certain degree of export maturity.¹⁴

In South Africa, there is evidence that some enterprises included in outgoing selling missions or on international trade shows are not ready or prepared for this type of activity. Undoubtedly, the overall results of **the dti** trade fair and foreign mission programmes are positive; however, at an individual company level, research could well show that it is the larger, more mature export companies that are responsible for these positive outcomes.

the dti has in recent years included one or two domestic trade fairs in its annual national pavilion programme. The suggestion has been made that these provide phase 2 or 3 exporters with an opportunity to gain experience in trade fair participation before going on to tackle international shows.

The choice of foreign trade fairs is clearly important. The best practice countries link their choice to their national export sector strategies. In South Africa, **the dti** links its choice of trade fairs as far as possible to the priority sectors identified by the department, taking into account its focus on developing trade links with Asian markets. This appears to be a reasonable approach, although it should be checked periodically against the needs of exporters, particularly those in the development phases.

South Africa also provides financial support to companies wishing to participate in trade shows not included on the national pavilion programme. Trade show support is provided through the export councils.

Trade missions are often seen as valuable export development tools, particularly when targeting new potential markets. Trade missions to established markets are regarded as less valuable because exporters are confident in approaching such markets individually.

13 *In the case of ACOA Canada, outgoing missions are sometimes regarded as 'educational' to expose business people to the possibilities in a particular country (usually one that ACOA and the Federal Government have earmarked as a priority trade development country).*

14 *It is likely that there will be some concern that we regard trade fairs and missions as being appropriate only for the more established companies, or at least those who have already acquired a degree of export skills. Enterprise Ireland and NZTE do not provide support for this type of activity at an entrepreneur's early stage of export development.*

In South Africa, **the dti** states that funding approval of outgoing selling missions is dictated by the industry sector represented, which must be in line with the department's priorities. This seems to be common practice in other countries. For a company to gain from outgoing selling missions, not only must the other mission members represent compatible products/services, but the mission must be visiting a market that the company has targeted in its export marketing plan. Other criteria, such as the export maturity of the company, are also important.

There is another type of outgoing mission that is driven by international trade politics, where a head of state or senior government minister leads a delegation that includes both government officials and private business people. This type of mission is undertaken by many countries, including South Africa, and undoubtedly has an important role to play, particularly in supporting major trade projects by larger companies.

Support for incoming buying missions is valuable as it encourages South African companies to showcase their operations to potential buyers. With the exception of exporters (particularly groups or networks) in the cultural field, this activity is most effective for larger companies. It is particularly suited for industry sectors through the export councils.

5.6.2. Training for export penetration

Purpose: To grow exports in the current market (increase market share).

Diagnostic assessment including benchmarking should determine key interventions, which could include:

- Improvement of export competitiveness;
- Product development and quality improvement and management;
- Promotion (better branding, use of exhibitions in target market); and
- Motivation of agents.

Format: The format of the intervention/training should be as required. The export councils should play a major role in identifying needs and suggesting effective interventions, with the focus on trade promotion.

Companies should be supported by mentoring; and specialised workshops could be developed if numbers warrant it.

Outcome: Increased exports in target sector.

5.6.3. Training for export market development

Purpose: To export to more markets.

Priority markets should be identified by TISA, South Africa's foreign trade representatives, provinces and the export councils. There should be some flexibility for companies' own target markets to be taken into account.

Key interventions could include:

- Improving export competitiveness;
 - Culture, communication, ethics and business practices; and
- Product standards and market requirements.

Format:

- Workshops on specific issues;
- General workshops on specific markets (all products) presented by FERs on furlough;
- Workshops/reports based on market research (for specific sector); and
- Video conferences.

Outcome: Increased exports to new target markets.

5.6.4. Training for export product development

Purpose: To export more products with higher value-added content.

Priority sectors and products should be identified by TISA, South Africa's foreign trade representatives, provinces and the export councils. There should be some flexibility for companies' own product development plans to be taken into account.

Key interventions could include:

- Improving export competitiveness;
- Fostering product innovation and development (this might include support for an appropriately qualified technical graduate to work on product development under contract); and
- Product standards and market requirements.

Format:

- Issue/product-specific workshops/briefing sessions covering, *inter alia*, consumer trends, industry trends and technological developments;
- Links to FabLab facilities, where appropriate; and
- Video conferences.

Outcome: Increased exports of products from priority sectors.

5.7. Recommendations

1. Develop a range of training programmes:

- A short 'Export Awareness' presentation should be developed for widespread use nationally, using a mixture of face-to-face and recorded video. The presentation would be standardised and outsourced to local organisations and institutions, where appropriate, to achieve a cost-effective and wide spread. The presenter needs to receive basic training, but would not require in-depth export knowledge. (See Appendix 7).
- A 1½-day 'Introduction to Exporting' programme should be developed based on the Wesgro/**seda** EDP1 programme. It should end with a brief summative assessment of competency. The presentation should be standardised and requires accredited trainers. (See Appendix 8).
- It is neither practical nor desirable to try to align all short-term training courses offered in the private sector. Alignment should, however, be a prerequisite where programmes are financially supported by Government funding (at whatever level).
- For the export-ready company, the **seda** Export Orientation Course in its full format should be used and renamed Planning for Exports, to avoid confusion. However, it should be updated and the input by trainers standardised at a high level. (See Appendix 9). The concept of assignments, based on theory but applied to the company's specific business, is excellent and provides for both formative and summative

assessment. The assignments currently used, as well as the content of the programme, must be revised. **seda** is at present involved in a development programme presented by CBI and ITC and this may well provide valuable input to this level of export training.

- For the Start-Up Exporter it has been suggested that certain subject- and sector-specific training be provided as required. This would address the criticism of some participants of the current Export Orientation Course that the programme is too generic. Where training is to be supported financially by the NEDP, even if it is short-term, consistent standards must be laid down. It is therefore recommended that generic guidelines for stand-alone programmes be developed, linked where possible to unit standards. This can be done for export logistics issues, and at least one private-sector training company provides this. However, it is difficult for other issues where unit standards have not yet been developed. In addition, and as a start, a number of short courses should be designed each to handle issues such as: exhibiting at international trade fairs; product market research, including the use of ITCs TradeMap and other ITC tools; product standards for specific sectors; distribution channels for selected sectors; And effective promotional strategies in foreign markets. Product-specific programmes should be designed by or in co-operation with the relevant export councils.

2. An essential part of any training programme is post-training support. It is recommended therefore that trainers be required to provide a certain amount of post-training counselling to participants on accredited programmes, which would relate to the content of the programme. This is not to be confused with mentoring, coaching and consulting, which have already been dealt with.

3. Training standards:

- The question of training standards has been referred to several times above. Exporting is a multi-disciplinary business activity and so various attempts to develop Export Unit Standards have not been fully successful. A major hurdle is that different areas of export activity 'belong' to different Sector Education and Training Authorities (SETAs). As mentioned, unit standards are in place for activities related to international transport and logistics; in the financial field, there are certain unit standards that could probably be applied in an export context, and the same applies to marketing.
- It is recommended that the question of Export Unit Standards as a whole be revisited; where suitable unit standards exist in terms of the Transport, Financial or Services SETAs, these should be identified and used. Where there are gaps, these too should be identified and standards developed. This would provide the export community with a solid framework for training export operatives in different work areas and at different levels and would enable companies to claim costs of training staff on accredited programmes. It is recommended that TISA/**seda**, in consultation with SAQA, take the lead in this.
- Standardisation of training material and handouts is essential and should be driven by TISA, with support from **seda** and other stakeholders.
- The question of training trainers is dealt with under paragraph 5.8.

4. Course delivery:

- Facilitators used should be SAQA accredited.
- Standardised training/presentation material allows for delivery of the Export Awareness, Introduction to Exporting and Export Orientation programmes through a number of national, provincial and local institutions, on condition that accredited trainers are used.
- These institutions, or partners, should handle recruitment, negotiate training dates, arrange the venue and equipment, organise refreshments and ensure that details of all participants are captured for the central database.
- Simple systems need to be developed and implemented to ensure the smooth delivery of training.

- Criteria must be laid down concerning companies eligible to attend phase 2 onwards training interventions to ensure that companies at an appropriate level of export development are recruited.
- Company data capture sheets should be drawn up to assist in building a reliable database. This also applies to companies attending the basic Export Awareness presentations.
- Standardised event check lists should be provided to ensure that the training environment meets a minimum requirement level. This relates to the size of the room, seating arrangements, standard presentation equipment, general facilities of the venue, accessibility, refreshments provided and so forth.
- Where required, the summative assessment exercise must be available (should be part of the design of the training programme) and collected after completion. The trainer should evaluate the assessment sheets and provide feedback to the event organisers for inclusion in the training report.
- At the end of every event, participants should complete a brief evaluation form so that feedback can be included in the training report and passed all the way up the chain to TISA/seda.
- The standardised courses should be made available online to ensure nationwide coverage. This requires professional input.

5. Trade fair participation:

- The NEDP should continue to support participation at international trade shows, both in the form of national pavilions and individual participation. The choice of trade fairs should be regularly assessed and exporters' needs taken into account.
- It is recommended that the criteria established to determine the eligibility of applicants for international trade fair assistance include the export maturity of the company. Participants should have undergone a standard 'How to prepare for international exhibitions' training programme (training for start-up exporters).

6. Outgoing selling missions:

- It is recommended that the destinations of group missions be carefully assessed and focused more on new rather than traditional markets.
- The focus on priority industry sectors is endorsed.
- As with international trade fairs, criteria established to determine the eligibility of companies to participate in funded outward-selling missions should include the export maturity of the company.

7. **Incoming buyer missions** should continue to form an element of the NEDP and encouraged through, but not limited to, the export councils.

5.8. Train-the-Trainer/Counsellor

In order to implement the NEDP, employees of the national, provincial and local agencies need to have an understanding of the basics of exporting and international trade. Where employees interact face-to-face with exporters in a counselling or training situation, the understanding needs to extend beyond the mere basics.

Various levels of skills are required, including:

- **Initial contact level** (e.g. Export Help Desk): Employees must be familiar with the terminology of international trade and know where to direct clients. The skills requirement will be the same for help desks at a national (**the dti**), provincial or local level. The same skills would be required in the suggested export library corners.
- **Counselling level:** Any agency offering export assistance, whether it be **seda** through its branches, provincial agencies such as Wesgro or other TPOs, will need to have a number of counsellors who are able to provide export information and advice and apply diagnostic tools.
- **Export Awareness presentation:** it has been recommended that this be based largely on a video

presentation and is designed to provide very basic information, so the presenter could come from the counselling level mentioned above. Little, if any, additional training would be needed.

- **Introduction to Exporting training programme** (currently EDP 1 in the Western Cape) and the **Planning for Export programme** (Export Orientation Course as it is currently called, or EDP 2) must be presented by accredited trainers. Trainers at this level can be in the public or private sector, but must be accredited to a common standard, preferably the Unit Standard.
- The short-term specialist training programmes (for example, exhibiting at international trade fairs; product market research, including the use of ITCs TradeMap and other ITC tools; product standards for specific sectors; distribution channels for selected sectors; and effective promotional strategies in foreign markets) must be presented by trained experts in the relevant fields. It is likely that these trainers will be found in the private sector, but they should nonetheless be accredited facilitators and assessors.

Skills available

Our initial desk research into available export training in South Africa showed that a number of organisations offer such training in the public sector, through **seda** and Wesgro, and in the private sector, through some Chambers of Commerce, the export councils and a number of companies.

A problem is that there is little standardisation and it is not clear to what extent the training provided is of a sufficiently high standard. This is particularly important where the training is funded by the public sector.

A further problem is that the majority of training skills lie in the private sector and so training programmes are presented where the greatest demand exists, that is, mainly in the larger centres. Exporters in more rural areas have to travel some distance – with the concomitant cost that this involves – to access export training.

It is also broadly acknowledged that there is a shortage of adequately skilled trainers and counsellors and little in the way of structured channels through which new trainers can be developed.

Possible solution

It would not work to insist that overnight uniform export training standards be laid down and trainers comply. Unless there was supporting legislation (and that route is not advised), the private sector training companies would simply ignore the requirement, unless they were seeking Government funding for the programmes.

This does not mean, however, that a longer view cannot be taken, working towards export training standards that are drawn up in consultation with private-sector trainers and other experts and accepted by all concerned. This would also assist in development of a pathway to train new trainers.

International institutions such as CBI and ITC offer assistance to develop training and counselling capacity in country TPOs and similar agencies. (The ITC Certified Trade Advisers Programme is shown in Appendix 10.)

It is therefore recommended that:

1. A basic skills outline be drawn up for 'front-line', early contact personnel to familiarise them with export and international trade terminology and be aware of who does what and where information can be found. This outline should be developed into a short course, which is backed up with easy-to-use reference notes, that can be offered nationwide. This should be done as a priority.
2. A skills/knowledge outline be drawn up for export counsellors and that this be developed into a training programme available nationwide.

3. To lay the foundation for standardisation of export training programmes, the Export Unit Standards must receive attention.
4. It is expected that full Export Unit Standards will not be achieved overnight. In the meantime, it is recommended that at least the content of the recommended training programmes be standardised, as well as the handouts. This recommendation includes the specific-issue short training programmes.
5. A register of accredited trainers should be compiled. Until formal Export Unit Standards are in place, accreditation will have to be according to criteria that should include NQF (National Qualifications Framework) accreditation as a facilitator and assessor. This would allow existing, experienced trainers to continue to be used and they could help to create a pool of new trainers.
6. An Export Trainer Development programme be established, whereby suitable candidates be guided through a combined study and practice curriculum, working alongside an experienced trainer, for a period of about 12 months. There are at least two distance-learning export diploma programmes available and parts of these could provide the study inputs into such a curriculum. A short internship with a freight-forwarding company could provide added practical exposure. Where an exporter is allocated a mentor/consultant under the NEDP, a student trainer could be placed to work alongside the expert to gain practical experience.

5.9. Professional Qualifications

A strong national export culture and exporter development programme requires a dynamic professional body that will increase the management skills of individuals involved in exporting and accredit export managers and export marketing managers.

In most trading countries of the world¹⁵, the need for export education – as opposed to export training – is recognised and regarded as important for building a professional export community with good career development prospects.

South African universities have been somewhat slow to take up the professional export qualification, possibly because of the years of sanctions when exporting held little attraction as a career path. As a result, it was left to the private sector, in the form of Safto (the South African Foreign Trade Organisation), to develop the first diploma level export management qualification in the 1980s. The programme is now offered under the aegis of the Graduate School of Marketing and has been joined by a programme presented by Itrisa (the International Trade Institute of South Africa). Both are distance-learning programmes and available nationwide as well as to students in other countries. Both are accredited by the South African Council on Higher Education (CHE).

The NQF provides a framework within which the South African qualifications system is constructed, representing a national effort at integrating education and training. It is the set of principles and guidelines by which records of learner achievement are registered to enable national recognition of acquired skills and knowledge, thereby ensuring an integrated system that encourages life-long learning.

15 *In many EU countries, in the United States, in Asian countries and in Australia and New Zealand, universities offer degree courses focused on international trade and business. In Canada, ACOA and at least one provincial government and, in Ireland, Enterprise Ireland offer funding for arrangements whereby graduates with a suitable international trade degree can be employed by companies to develop their exports according to a defined export marketing plan. The extent of the internship and the level of funding vary, but the assistance is significant. In addition to increasing the capacity of the exporting company, the scheme helps graduates find an export position and build up practical experience, thus assisting their career development.*

Below is an indicative list of possible unit standards that may contribute to various qualifications. These have been linked to the competencies required above.

Figure 5.2: Components of a professional export marketing executive



Source: The authors

Some South African universities now offer certain international trade-related courses as components of other qualifications.¹⁶ It would seem that in South Africa there is not yet a widespread awareness of international trade as a professional career possibility nor of the educational programmes that already exist. The development of a robust export culture (paragraph 3.3) would go some way to remedy this, particularly if extended to school level.

It is recommended that:

1. **the dti** drive the development of a professional body for exporters, incorporating graduates from the Graduate School of Marketing, Itrisa and universities with a relevant degree, as well as individuals with other appropriate professional qualifications. Ideally, this type of movement should be a private-sector initiative, but may require initial intervention from **the dti**.
2. **the dti** establish, with the CHE, a network among universities along the lines of the CIBER programme. A pilot project should be set up in, say, three universities over the next three years.

¹⁶ In the United States, there is a programme referred to as CIBER – Centres for International Business Education. It is based at some 30 universities, which are funded by the US Department of Education to organise short seminars and conferences, fund research projects, and provide local businesses with learning and networking opportunities.

5.10. Institutional Arrangements

Implementation of the NEDP, as stated, needs leadership, which should come from **the dti** through TISA. However, it would also be reliant on the collaboration of other agencies to achieve provincial spread, avoid duplication and ensure effective use of resources.

It is proposed that a number of service-level agreements be entered into (see paragraph 5.3) with provincial departments/agencies and possibly **seda**. The role of the **seda** Academy of Learning needs to be determined.

Co-operation is required between TISA, SAQA and the CHE to establish unit standards against which training programmes can be developed.

Co-operation is required between TISA and universities, training and educational institutions to build up a professional export community and encourage both market- and product-related research.

TISA should unite all stakeholders through an efficient information network, a central database and effective integrated export website.

5.11. Export Villages

Successful exporting is considerably more difficult than establishing a presence in domestic markets. The majority of small South African firms neither meet the requirements nor have the means to successfully establish a presence in international markets.

An export village or consortium is a voluntary alliance of firms or co-operatives. Their objective is to promote the exporting of goods and services of its members through joint actions. Members of a consortium realise that co-operation must prevail over competition in order to access key markets and the latest technology.

An export village or consortium can be seen as a formal medium- to long-term strategic co-operation between firms that act as service providers specialising in facilitating access to foreign markets. Services are provided exclusively to member firms. Since SMEs can derive the most benefits from participating in a consortium, members are typically relatively small.

Export Villages and Business Clusters

Export villages bring together enterprises that can co-operate to reach targets they would not have been able to reach on their own. It is similar to the cluster concept, where a business cluster is a geographic concentration of interconnected businesses, suppliers and associated institutions in a particular field. Clusters are considered to increase the productivity with which companies can compete, nationally and globally. A business cluster is located in a geographical location where enough resources and competences accrue to reach a critical threshold, giving it a sustainable competitive advantage. Michael Porter claims that clusters have the potential to affect competition in three ways:

1. Increasing the productivity of the companies in the cluster;
2. Driving innovation in the field; and
3. Stimulating new businesses in the field.

It would, therefore, seem appropriate that export villages be established in the same physical proximity. The export village could be groups of little factories built near each other to form a physical village.

Virtual Export Villages

Although export villages should be located in close geographic proximity, virtual export villages could also be established. With the technology and IT infrastructure available, firms can communicate more efficiently and effectively. Collaboration can lead to economies of scale and other benefits, particularly when it comes to exporting.

Successful local business clusters rely on traditional social capital; trust and social relationships are important catalysts for collaboration, knowledge-sharing and innovation. Distance makes this more difficult, but not impossible. In this regard, the export councils could play an important role.

Types of Co-operation

An export village or secondary co-operative differs from a merger in the sense that all firms involved preserve their original legal status and the management of each firm retains its independence. Firms are thus able to realise their strategic objectives by grouping into a separate legal entity, which does not imply a loss of identity for any member. UNIDO (2005) has identified several varieties of co-operation:

- Single-sector and multi-sector;
- Grouping competitors and those offering complementary goods and services;
- Regional co-operation – comprising members from a regions; and
- Co-operation targeting a specific region and those active on a global scale.

These can all be used in the South African context.

Services Provided Through Co-operation

The Co-operatives Act (No. 14) of 2005 does not limit the type of co-operatives, but does identify marketing and supply co-operatives. It is this that exporters will require. Co-operation allows SMMEs to benefit from a series of specialised services that lead to a reduction of the operational costs necessary to penetrate new markets, such as:

Basic services

- Administrative (facsimile, e-mail, etc.);
- Translations, interpretation and export consulting;
- Legal assistance;
- Creation of a common information system for the diffusion of relevant data (on business partners, market developments, etc.) among the members;
- Assistance in handling transport and customs clearance procedures; and
- Establishing links to local or national institutions.

Services related to the promotion of members' products

- Joint advertising (common catalogues, television spots, common website, etc.);
- Promotion, organisation and co-ordination of member firms' collective participation in exhibitions and industrial fairs, both in the domestic market and abroad;
- Participation of delegates of member firms in economic missions and study tours to foreign countries;
- Collective hosting of potential clients;
- Creation of a consortium trademark or brand and its support through promotional activities;
- Creation of collective communication, promotion, and marketing plans; and
- Public relations and lobbying activities.

Services going beyond mere promotional activities

- Information on technical developments in the members' sectors, e.g. by reviewing industry-related press or participation in technical fairs;
- Organisation of collective training activities and workshops;
- Market research (relating both to the geographic area and segment of the market to target) in order to identify where the economic activity of the consortium can best develop;
- Introduction of quality standards;
- Identification of distributors and clients;
- Establishment of a common distribution network;
- Research on improved processing techniques;
- Research and development of new and improved products in order to react to the changing preferences of clients;
- Selection of suppliers of raw materials and equipment to be used by the associate firms and the definition of common purchasing methods;
- Joint shipping;
- Assistance in obtaining certification of adherence to certain standards (e.g. ISO 9000);
- Response to a request by joint or complementary offers;
- Collective participation in tenders;
- Recovery of credit extended towards members' customers;
- Negotiation of preferential agreements with banks, travel agencies, etc; and
- Assurance of the member firms' professional ethics.

When collectively participating in a fair, costs can be reduced for the individual participants by creating a common brochure and hiring joint services for stall design. By pooling the members' resources, greater awareness and a more impressive image can be created among buyers than would be possible for any individual firm. Some consortia create a common trademark for their members in order to portray a collective image. This can result in significant cost savings for advertising, as it is less expensive to establish a single brand in a given market, than the brands of all members.

Technology, FabLabs and Export Villages

The FabLab (fabrication laboratory) concept was first introduced to South Africa in 2005 by the Department of Science and Technology (DST) under the auspices of the Advanced Manufacturing Technology Strategy – Implementation Unit (AMTS-IU) and managed by the CSIR.

A FabLab is a small-scale workshop offering (personal) digital fabrication. It is generally equipped with an array of flexible computer-controlled tools that cover several different length scales and various materials, with the aim to make “almost anything”. This includes technology-enabled products generally perceived as limited to mass production.

FabLabs were not designed to compete with mass production and its associated economies of scale in fabricating widely distributed products. Nevertheless, they have already shown the potential to empower individuals to create smart devices for themselves. These devices can be tailored to local or personal needs in ways that are not practical or economical using mass production.

The FabLab programme was started in the Lab at MIT, as a collaboration between the Grassroots Invention Group and the Centre for Bits and Atoms (CBA) at the Massachusetts Institute of Technology, broadly exploring how the content of information relates to its physical representation, and how a community can be powered by technology at the grassroots level (Gershenfeld 2005).

The FabLabs can also be used to enable grassroots inventions by providing a platform where export villages can access advanced tools that help people develop products for the export market. The strength of the FabLab initiative is that users get to complete the concept-design fabricate process to make physical products, i.e. a fully 'hands-on' experience. The environment created in the FabLab is that of peer-to-peer learning, which enables anyone with or without a technical background to learn and have a space to experiment and, as far as possible, make their imagination 'come to life'.

Creating an Export Village or Consortium

(Green et al. 2005) identifies eight steps involved in creating an export consortium or village:

1. Identifying a suitable promoter;
2. Identifying potential members;
3. Conducting a study of interest and contacting interested firms;
4. Designating representatives;
5. Organising meetings between potential members;
6. Setting objectives;
7. Undertaking a feasibility study and drafting a business plan;
8. Formal incorporation; and
9. Follow-up.

Funding the Creation of an Export Village

The establishment phase of an export village will entail certain expenses for travel, contacting potential members, legal advice and preliminary research to determine the focus of the export village's future activities. Since these costs occur before the consortium has been formally established, it must be determined who covers the expenses incurred. If a joint fund is not available until the formal establishment of an export village, the effort and resources invested in the promotion or design of the consortium may be insufficient.

Rural Development

(Ackermann & Russo 2010) point out that "value-adding groups are often found in socio-economically marginalised rural areas, whose natural geographical characteristics make mass producing agro-industrial products at a low cost either difficult or impossible. For the farmers and SMMEs (processing companies) operating in these areas, it is practically impossible to compete individually with cheap, standardised industrial products; co-operation around a differentiation strategy is essential in order to survive." Export villages provide an ideal institutional framework to exploit geographic indicators and develop rural communities.

The Co-operatives Act (No. 14) of 2005

Export villages can be established in terms of the Co-operatives Act (No. 14) of 2005. The Act makes provision to establish a "secondary co-operative", which means a co-operative formed by two or more primary co-operatives to provide sectoral services to its members and may include juristic persons. The Act enables such co-operative enterprises to register and acquire a legal status separate from their members.

The Act does not limit the type of co-operatives, but does identify marketing and supply co-operatives. It is this that exporters will require.

Unlike primary co-operatives, the constitution of a secondary or tertiary co-operative may provide that the members have more than one vote: provided that in the case of a secondary co-operative no member shall have more than 15% of the vote of all the members of the co-operative.

It is recommended that export villages or consortia be registered as secondary co-operatives in terms of the Co-operatives Act (No. 14) of 2005.

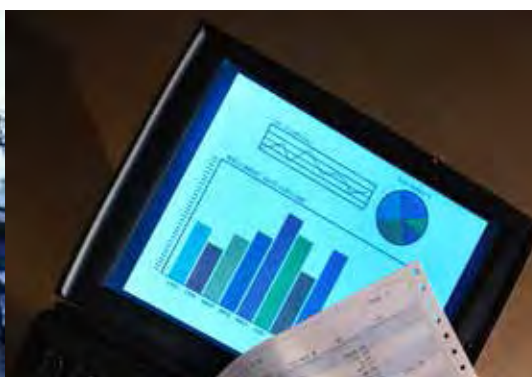
Special Economic Zones (SEZs)

The SEZs programme is one of the most critical instruments that can be used to advance Government's strategic objectives of industrialisation, regional development and job creation. SEZs are defined as "geographically designated areas of a country set aside for specifically targeted economic activities, which are then supported through special arrangements (which may include laws) and support systems to promote industrial development". The SEZ programme is a tool that is used by many South African local and regional economies to promote trade, economic growth and industrialisation.

There are many categories of SEZs, and often different countries and regions use different names or terminology to refer to the same thing. The categories include:

- A free port;
- Free trade zones;
- Industrial parks are facilities (buildings);
- Science and technology parks;
- Sector development zones;
- Spatial development corridors; and
- Industrial development zone.

It is recommended that export villages be included on the list of SEZs in the SEZ policy document. In the meantime, it is recommended that TISA pilot an export village in a specific region before attempting to roll out the concept more widely.





6. Monitoring and Evaluation (M&E)

Generally the purpose of M&E is the achievement of objectives, to take corrective action, ensure value for money and continuous improvement. However, specifically for the NEDP, M&E adds another dimension, viz. a framework for co-operation between the various stakeholders and specifically between **the dti** and TISA, the provinces and the respective development agencies. This is spelt out in the GWME framework.

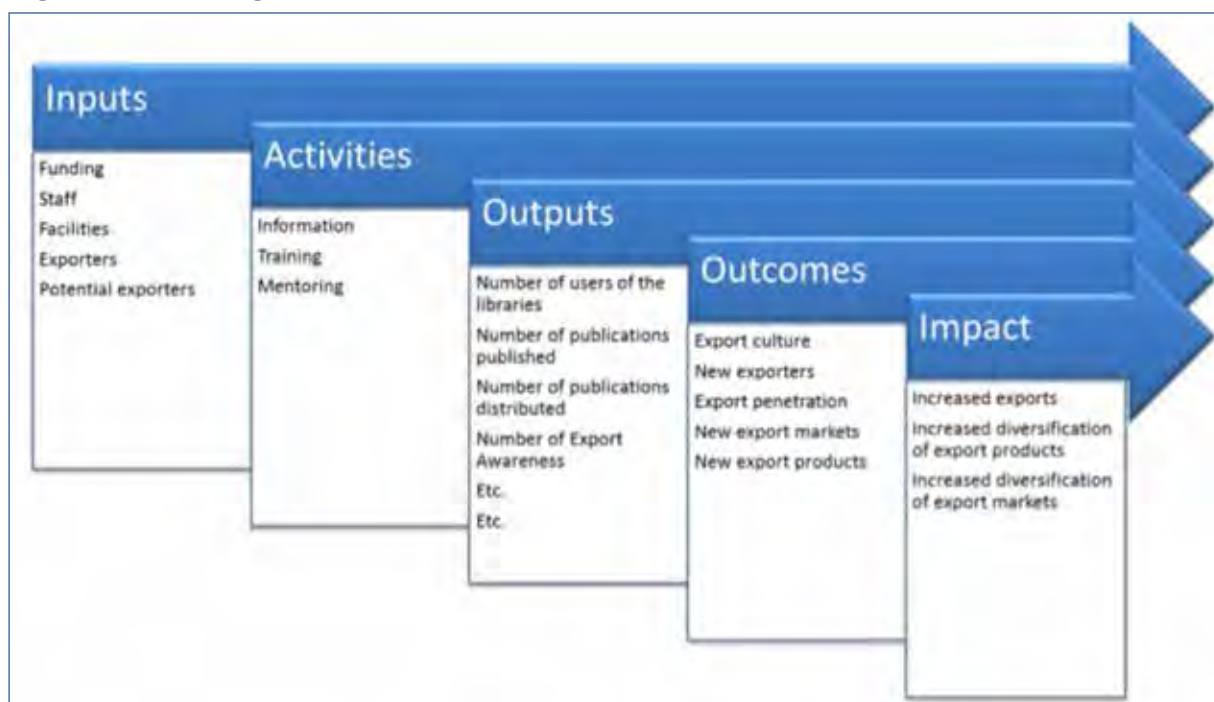
6.1. Government-wide M&E

M&E is extremely complex, multi-disciplinary and skill-intensive. The GWME is even more so, requiring detailed knowledge both across and within sectors, and interactions between planning, budgeting and implementation. The Government in South Africa is decentralised, with powers and functions being distributed across three spheres of Government. It is precisely this complicated inter-governmental structure, with diffused powers and functions, which requires strong M&E systems to promote co-ordination and prevent fragmentation.

6.2. Monitoring and Evaluation Framework

The NEDP requires that all stakeholders work together to achieve their common targets. This implies that inputs must be contributed by all stakeholders. These inputs will drive the NEDP's activities and result in outputs, outcomes and provide the desired impact. This is shown schematically in Figure 6.1.

Figure 6.1: Monitoring and evaluation framework



Source: Author's based on GWME

The actual inputs, activities and outcomes will be spelt out in the service-level agreements that need to be negotiated with each of the provinces. TISA will aggregate all the outputs to derive a national output for the NEDP.

Similarly, the outcomes will be determined at a provincial level and aggregated to give a national total for the NEDP. The measurement of the outcomes will depend on the exporters' database.

The impact will be measured from actual trade data. Export diversification is measured by the inverse of the Herfindahl-Hirschman Index (HHI), a commonly accepted measure of market concentration, calculated by squaring the market share and then summing the resulting numbers; in this case, the share of a specific export product in the total exports (n products) of a given country or group of countries. The methodology used is included in Appendix 11.

6.3. Service-Level Agreement (SLA)

The NEDP is extensive both in scope and geographic scale. It is not possible for **the dti** to implement the entire programme and, therefore, relies on all stakeholders working together to achieve common goals. This implies sharing of responsibilities and the provision of resources. A franchise model has been proposed with the responsibilities of all parties clearly stated. This implies that the SLA must be negotiated and signed. An SLA is part of a service contract where the level of service is formally defined. The SLA will also refer to the contracted delivery time of the service and performance.

It will be necessary for **the dti** to negotiate the actual contents of the SLA. A checklist of inputs and processes has been included in Appendix 12 that can be used during the negotiation process.

6.4. Continuous Improvement

It is necessary for the NEDP to display continuous improvement, which requires an ongoing effort to improve products, services and processes. It is necessary to receive feedback and reflect on the current processes. Once this has been done, the NEDP efficiency levels need to be improved through the identification, reduction and elimination of suboptimal processes. This will lead to incremental, continual steps of improvement rather than giant leaps.

It is always necessary to bear the existing and potential exporters in mind throughout the process.

6.4.1. Course Evaluation

Each intervention will be evaluated by the participants. Criteria need to be set and standards established.

A course evaluation is a paper or electronic questionnaire, which requires written or selected response answers to evaluate the instruction of a given course. These are a means to produce useful feedback, which the facilitator and partner can use to improve their quality of instruction. It is a process of gathering information about the impact of learning and of teaching practice on learning, analysing and interpreting this information, and acting on the results.

Evaluations are beneficial because instructors can review how others interpret their teaching methods, thereby improving their instruction. The information can also be used by the provinces and TISA to make improvements to the content, material, presentation methods, venue and other facilities.

Standard evaluation forms (for the same intervention) will be used by all partners and summaries sent to TISA.

6.4.2. Research

Continuous research is necessary to ensure that international best practices are identified and adopted.

The M&E system described above will need to be evaluated and changes recommended.

6.5. Conclusion

Through continuous M&E, as outlined above, the effectiveness of the NEDP in meeting targets can be assessed and programme components continuously adapted to meet change circumstances and exporters' needs. Disciplined M&E can give early warning signs of inadequate performance and/or results, allowing remedial action to be taken.

In this way, the NEDP can remain efficient and cost-effective in achieving the overall goal of growing South Africa's export community and trade.





7. Export Promotion

Export promotion takes place at two or possibly three levels:

1. At a country level, the national 'brand' can be developed and promoted internationally. NZTE and Matrade both have promotional programmes of this nature;
2. At an industry level, the country's capabilities in a specific sector can be promoted internationally. In South Africa, for example, this is being done in the wine and fresh fruit industries (Outspan oranges and Cape apples). It is an ideal activity for export councils; and
3. At an individual company level, where the exporter builds its brand internationally through all possible promotional tools available.

Promotional activities and media at all levels can include:

- Business linkages and networks;
- Directories, mostly in the form of electronic online directories or databases; ACOA and Matrade emphasise the services they offer in this area;
- Press, radio and television advertising: this can be expensive and not necessarily cost-effective in developed countries, but can have a role in markets on the African continent;
- Promotional events, such as 'SA Day' at diplomatic offices around the world that promote South African products and services, or in-store promotions that publicise and expose a range of South African products in a particular market. Apex-Brasil has been involved in the IndyCar Series in the United States, and during the Brazil Carnival the agency invites business leaders from various countries and sectors for meetings and trade-promotion visits;
- Individual company campaigns, including product branding, logo design, e-leaflets, websites, blogs, etc. NZTE runs a Better by Design programme that helps companies to use and integrate design across all aspects of their businesses, including production processes, branding and communications, leadership and company culture; and
- Trade fairs and trade missions also have a strong promotional element.

South Africa is active in some of these areas, but there is little co-ordination at the different levels of Government. In the private sector, the performance ranges from highly professional and effective to amateurish, particularly regarding websites.

Recommendations on a co-ordinated export promotion programme at national or sector level fall outside the remit of this project. Nevertheless, the following suggestions are relevant for the NEDP:

- An electronic directory of South African exporters should be made available on **the dti** website and websites of provincial and local bodies. This requires an up-to-date database of South African exporters to be maintained.
- **the dti** website is visually less appealing than the websites of the best practice countries we researched. Furthermore, if it is to be a tool for promoting South African exports to foreign buyers, there needs to be a 'Foreign Visitor' section. It is recommended that a separate, more appealing exporters' website be developed, with a link from **the dti** website. The information currently under the 'Trade, Export and Investment' banner should be moved to the new website.
- **the dti's** foreign offices, the export councils and any other relevant parties, should explore creative and cost-effective promotional events. In order for this to be effective, it is recommended that a 'brand South Africa' be developed; that is, a common message across all government promotional activities, including national pavilions.





8. Conclusion and Way Forward

8.1. Evidence-based

In preparing this NEDP international research, most aspects of export development were studied and international best practice countries identified and examined. Furthermore, extensive consultations were undertaken across the country and a survey was conducted among existing and potential exporters.

8.2. The NEDP in a Nutshell...

The NEDP will contribute to the Government's goal of an adaptive economy characterised by growth, employment and equity, and free from poverty. It, therefore, takes into account the South African policy environment (NGP, National Development Plan – Vision 2030, National Industrial Development Framework, South Africa's Trade Policy and Strategy Framework) as well as the global environment, the lacklustre performance of most of South Africa's traditional markets and the relatively strong growth in many emerging and so-called growth markets.

For export promotion policies to succeed, it is important that enterprises are equipped to exploit global opportunities. This presupposes that there are sufficient entrepreneurs to develop to become exporters. It is, therefore, critical that countries have comprehensive and effective “enterprise development” interventions.

The NEDP will increase exports, particularly those of products and services that add value, contribute to employment and the green economy from SMMEs, particularly those drawn from the ranks of the previously disadvantaged, while still considering the needs of larger potential and established exporters.

The NEDP identifies five phases of export development and proposes specific interventions for each of these:

Phase 1: The Explorer is the enterprise that is exploring options for developing the business, of which exporting might be a possibility;

Phase 2: The Export Aware enterprise has some idea of what exporting entails, is export-ready in some aspects, but lacks basic skills;

Phase 3: The Export Ready company has the basics in place and needs to develop an export marketing plan;

Phase 4: The Start-Up Exporter is export-ready and has completed an export marketing plan, which now needs to be implemented to achieve initial orders; and

Phase 5: The global exporter may have been exporting for a number of years and now needs to further penetrate markets, and develop new markets or products.

However, the NEDP points out that capacity building on its own will not solve the problem. Capacity building needs to be augmented with the provision of applicable information and the support of mentors and business advisers. The NEDP, therefore, envisages a comprehensive body of support and capacity building through a national information network, including an integrated export website and call centre, different levels of training to meet specific needs, mentoring arrangements and assistance with export promotion activities.

TISA and **the dti** do not have the resources or the spatial reach to provide the necessary assistance to all existing and potential exporters. To increase the reach, the NEDP proposes that existing infrastructure be used. The NEDP business model adopts a franchise approach, whereby **the dti**, through TISA, takes the lead and through service-level agreements empowers other national as well as provincial and municipal agencies to implement specific components against agreed targets and objectives. Throughout, the principle of the NEDP has been to use existing

facilities, schemes and programmes, but to co-ordinate them in a way that avoids duplication and wastage, and allows the whole to be greater than the sum of its parts.

Resources are always a problem. While basic services (particularly information) would be provided through the NEDP to eligible enterprises free of charge, an underlying theme is that of user-pay, based on the understanding that businesses appreciate a service more if they are required to make some financial commitment, no matter how small. This will ensure financial sustainability.

The NEDP proposes a M&E framework to ensure that objectives are achieved, corrective actions are taken if and when necessary, and to ensure value for money and continuous improvement.

Inputs, activities and outcomes would be clearly stated in service-level agreements with the various national, provincial and municipal stakeholders. TISA would aggregate the outputs to derive a national output for the NEDP.

The impact would be measured from actual trade data, using accepted measures of market concentration and diversification.

To be successful, the NEDP requires strong leadership from **the dti**, through TISA, demonstrated by:

- Setting realistic targets agreed by all partners;
- Creating an environment steering towards stronger co-operation and partnership;
- Continuously motivating all stakeholders;
- Establishing standards for all components of the NEDP;
- Ensuring that sufficient resources are available to implement the programme; and
- Developing a M&E programme with all partners.

The NEDP introduces new concepts to South Africa: A Passport to Export concept is proposed as a promotional and informative mechanism to guide and record a firm's progress in developing its export skills and international business. Fundamental to the NEDP is the establishment of central databases covering potential exporters, exporters, export service providers, export trainers, mentors and consultants.

The NEDP also caters for the concepts of export villages and consortia, both geographic and virtual.

8.3. Way Forward

The next step is to have a final round of consultation with stakeholders to ensure that important issues have not been overlooked.

Once this has been done, and if the decision is taken to implement this NEDP, institutional arrangements and relationships need to be settled and agreed on so that implementation can proceed.

The NEDP has been built largely on existing infrastructure and, therefore, sections of the programme can be implemented almost immediately, providing that relevant stakeholders play their part. Other parts of the programme – for example, the development of export villages – will take longer to be developed, probably over a five-year period.

The way forward will be through a step-by-step agreed implementation programme that sets out activities, responsibilities and precise time-frames.

8.3.1. NEDP awareness campaign

- As a step to creating a robust national export culture and to ensuring nationwide awareness of the NEDP, it is recommended that an awareness campaign be run, covering the following: Publications;
- Road shows;
- Public relations drive; and
- Advertising.

8.3.2. Reviews

Although a M&E programme has been recommended, it proposed that an independent review of the NEDP and its processes be undertaken a year after it has been launched.

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Njoroge, I., 2010. *Implementing a national export strategy*, London: Commonwealth Secretariat.

Appendix 1: Provincial Partners

PROVINCIAL GOVERNMENT

Eastern Cape Provincial Government
Private Bag X0047,
BISHO, 5605

Free State Provincial Government
PO Box 20538,
BLOEMFONTEIN, 9300

Gauteng Provincial Government
Private Bag X61,
MARSHALLTOWN, 2107

KwaZulu-Natal Provincial Government
PO Box 412,
PIETERMARITZBURG, 3200

Limpopo Provincial Government
Private Bag X9483,
POLOKWANE, 0700

Mpumalanga Provincial Government
Private Bag X11291,
NELSPRUIT, 1200

North West Provincial Government
Private Bag X65,
MMABATHO, 2735

Northern Cape Provincial Government
Private Bag X5016,
KIMBERLEY, 8300

Western Cape Provincial Government
Private Bag X9043,
CAPE TOWN, 8000

PROVINCIAL INVESTMENT PROMOTION AGENCIES (PIPAs)

ECDC (Eastern Cape Development Corporation)

Ocean Terrace Park, Moore Street, East London, 5213

Contact: Zodwa Kepeyi +27 (0)43 704 5713 or +27 (0)43 704 5700;

nkepeyi@ecdc.co.za; www.ecdc.co.za

FDC (Free State Development Corporation)

P O Box 989, Bloemfontien, 9300

Contact: MK Kgokotli +27 (0)14 000 890 or +27 (0)866 758 993 ;

cfo@fdc.co.za; www.fdc.co.za

GEDA (Gauteng Economic Development Agency)

56 Main Street, Johannesburg, 2107

Lally Moleya +27 (0)11 833 8750 or +27(0)11 833 8930;

Lally@geda.co.za; www.geda.co.za

Invest North West

1st Floor, Old Mutual Building, 171 Beyers Naude Drive, Rustenberg, 0299

Khanyile Sibinda +27 (0)14 594 2570 or +27 (0)86 649 5666;

khanyile@inw.org.za; www.inw.org.za

MEGA (was Mii)

33 Van Rensburg Street, Nelspruit

Andrew Bulter +27 (0)13 752 2440 or +27 (0)13 752 2468;

andrew@mega.gov.za; www.mega.gov.za

Northern Cape Department of Economic Affairs

13th Floor PO Building, Market Square, Kimberley, 8300

+27 (0)53 839 4000 or +27 (0)53 832 9464;

nmereetl@ncpg.gov.za; www.ncpg.gov.za

TIK (Trade and Investment KwaZulu-Natal)

Trade and Investment House, Kingsmead Park, Kingsmead Blvd, Durban

Francois Beatrix +27 (0)31 368 9600 or +27 (0)31 368 5888;

Francois@tikzn.co.za ; www.tikzn.co.za

TIL (Trade and Investment Limpopo)

130a Marshall Street, Polokwane, 0699

Emely Hunou +27 (0)15 295 5171 or +27 (0)15 295 5179 or +27 (0)83 268 1946;

emely@til.co.za; www.til.co.za

Wesgro

12th Floor NBS Waldorf, St Georges Mall, Cpt 8001

Seanne Kube +27 (0)21 487 8624 or + 27 (0)21 487 8700;

Seanne@wesgro.co.za; www.wesgro.co.za

Appendix 2: Definition of a Small Business in South Africa

Sector or subsectors in accordance with the Standard Industrial Classification	Size or class	Total full-time equivalent of paid employees Less than	Total annual turnover Less than	Total gross asset value (fixed property excluded) Less than
Agriculture	Medium	120	R 4.00 m	R 4.00 m
	Small	50	R 2.00 m	R 2.00 m
	Very small	10	R 0.40 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Mining and Quarrying	Medium	200	R30.00 m	R18.00 m
	Small	50	R 7.50 m	R 4.50 m
	Very small	20	R 3.00 m	R 1.80 m
	Micro	5	R 0.15 m	R 0.10 m
Manufacturing	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
Electricity, Gas and Water	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
Construction	Medium	200	R20.00 m	R 4.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	20	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Retail and Motor Trade and Repair Services	Medium	120	R30.00 m	R 5.00 m
	Small	50	R15.00 m	R 2.50 m
	Very small	10	R 3.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Wholesale Trade	Medium	120	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very small	10	R 5.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Commercial Agents and Allied Services	Medium	120	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very small	10	R 5.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m

Sector or subsectors in accordance with the Standard Industrial Classification	Size or class	Total full-time equivalent of paid employees Less than	Total annual turnover Less than	Total gross asset value (fixed property excluded) Less than
Catering	Medium	120	R10.00 m	R 2.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	10	R 1.00 m	R 0.20 m
	Micro	5	R 0.15 m	R 0.10 m
Transport	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Storage	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Communications	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Finance	Medium	120	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very small	10	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Business Services	Medium	120	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very small	10	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Community	Medium	120	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very small	10	R 1.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Social and Personal Services	Medium	120	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very small	10	R 1.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m

Appendix 3: Questions in Survey of Exporters

1. **Demographic information**
2. **What is your position in the organisation?**
3. **How long has the firm been operating?**
4. **What sector best describes your firm?**
5. **Number of permanent employees?**
6. **What is your turnover per annum?**
7. **Which of the following categories best describes your status as an exporter?**
 - No exports, but trying; Trial export orders completed; Steady exports = less than 10% of turnover; Steady exports = more than 10% but less than 25% of turnover; Steady exports = more than 25% of turnover; No longer exporting.
8. **Please rate your information needs. Grade each item from 1 to 5, with 1 being least important and 5 the most important:**
 - Foreign market import duties and taxes; South Africa's trade agreements with foreign countries; Value/quantity of imports of your product type into a foreign market; Economic information about foreign markets; Financial and banking information about foreign markets; Cultural information about foreign markets; Product prices in foreign markets; Competitors in foreign markets; Packaging and labelling regulations in foreign markets; Product regulations in foreign markets; Distribution channels in foreign markets; SA export agents to handle your product; Foreign market agents to handle your product; Market segmentation in foreign markets; Transport routes and costs to get your product into foreign markets; Documentation required in export transactions; Potential buyers.
9. **Is the information available in South Africa?**
 - Foreign market import duties and taxes; South Africa's trade agreements with foreign countries; Value/quantity of imports of your product type into a foreign market; Economic information about foreign markets; Financial and banking information about foreign markets; Cultural information about foreign markets; Product prices in foreign markets; Competitors in foreign markets; Packaging and labelling regulations in foreign markets; Product regulations in foreign markets; Distribution channels in foreign markets; SA export agents to handle your product; Foreign market agents to handle your product; Market segmentation in foreign markets; Transport routes and costs to get your product into foreign markets; Documentation required in export transactions; Potential buyers.
10. **Which source of information have you used in the past year?**
 - Local Chamber of Commerce or industry association; WOSA (Sector export council); the dti; South Africa's trade representatives abroad; Provincial agency, e.g. Wesgro, MEGA, TIKZN, etc.); Foreign country representatives in South Africa; Local libraries; Publications; Information specialist and consultants in South Africa; Information sources via Internet; Market research consultants; Your freight forwarder; Your banker; Other service provider.

- 11. What is the quality of the information you receive?**
- Local Chamber of Commerce or industry association; WOSA (Sector export council); **the dti**; South Africa's trade representatives abroad; Provincial agency, e.g. Wesgro, MEGA, TIKZN, etc.); Foreign country representatives in South Africa; Local libraries; Publications; Information specialist and consultants in South Africa; Information sources via Internet; Market research consultants; Your freight forwarder; Your banker; Other service provider.
- 12. Please indicate how important the following export training programmes are to you:**
- Evaluating your export readiness; Export marketing planning; How to select suitable foreign markets; Export market research; Marketing strategy for foreign markets; Methods of payment; Incoterms; Packing and transport; Documentation; Legal aspects of agency and distributorship agreements; Legal aspects of sales agreements; Legal aspects of Incoterms; E-marketing; Trade fair participation; International negotiation and culture.
- 13. Are any of these export programmes offered near you?**
- Evaluating your export readiness; Export marketing planning; How to select suitable foreign markets; Export market research; Marketing strategy for foreign markets; Methods of payment; Incoterms; Packing and transport; Documentation; Legal aspects of agency and distributorship agreements; Legal aspects of sales agreements; Legal aspects of Incoterms; E-marketing; Trade fair participation; International negotiation and culture.
- 14. Which of the following training methods do you prefer?**
- Short one- or two-day course; Extended course over four to five weeks with in-company assignments; Topic-specific seminars; Workshops/discussion groups with own-sector participants; Extended course based on distance learning; Online training programme with professional support.
- 15. Please rate the following assistance that is offered:**
- Outgoing missions to foreign markets; Incoming buyer visits; Trade fairs and exhibitions; Export brochure (electronic or hard copy) or DVD; Website design; National brand (i.e. Business South Africa).

Appendix 4: 'How to' Possible Titles

- How to know when you are export-ready;
- Basic publications:
 - The export environment;
 - The export cycle;
 - Introduction into export marketing;
 - Introduction into export administration and logistics;
 - Introduction into export finance; and
 - Basic cost and Incoterms®.
- How to use the Internet to help you export (information, research, promotion, selling);
- Using trade map®(a customised version of the ITC book);
- Market research – how to identify the right (?) export market;
- How to find customers;
- How to deal with different cultures in an export context (marketing aspects, negotiating);
- How to deal with intellectual property issues in an export context;
- How to appoint agents and distributors in export markets;
- How to deal with quality issues in an export context;
- How to deal with labelling and packaging in an export context;
- How to cost and price your product for export markets (including Incoterms®);
- How to protect your export payments (methods of payment, payment terms, credit insurance);
- How to get your products to your export market (transport, documentation, insurance);
- Introduction to export finance and payment;
- How to approach your bank (for working capital to expand exports);
- The Harmonised System – how to classify your product;
- South Africa's trade relations (where to find trade agreements and what to be on the lookout for);
- Trade secrets;
- Quality;
- E-commerce; and
- Arbitration and alternative dispute resolution: How to settle international business disputes.

Appendix 5: Application Form used by NZTE

This shows the application form used by NZTE to evaluate applicants for a mentoring service. Note that NZTE requires a registration fee of NZ\$115, (including tax; about R700), although the mentors do not charge for their services.

Appendix 5-2 explains the NZTE mentoring process and gives the NZTE application form that aspiring mentors need to complete to register on the mentor database in New Zealand. Mentors are senior business people who volunteer to pass on their knowledge and experience to emerging entrepreneurs. Note that in Ireland, mentors are paid a stipend equivalent to about R1 855 a day by the exporter, who is reimbursed fully by Enterprise Ireland. (Appendix 5-3 explains several services, including the mentorship programme, offered by Enterprise Ireland.)

Appendix 5-4 also explains briefly how this is dealt with by Enterprise Ireland. In New Zealand, there are a couple of funding channels for consultancy services, one of which is a voucher system for small developing export companies.

In both Ireland and New Zealand, companies are strictly vetted and their needs assessed before assistance is provided.

Appendix 6: Joint Publication Agreement

JOINT PUBLICATION AGREEMENT

[Name of partner]

(hereinafter referred to as '[Abbreviation of partner's name]' or 'co-publisher')

and herein represented by

[Name of partner's representative]

in his capacity as the [position of the partner's representative] of the [Abbreviation of partner's name], duly authorised thereto;
and

The Department of Trade and Industry

(hereinafter referred to as the dti)

and herein represented by

Lionel October

in his capacity as the Director-General duly authorised thereto

WHEREAS **the dti** has developed a generic version of '[Name of publication]' suited to the needs of exporting firms, particularly South African SMMEs; **the dti** has also prepared a process manual (Guidelines for Adaptation) setting out in detail the step-by-step approach for the customisation of the book to the specific needs of the region or sector.

AND WHEREAS the [Abbreviation of partner's name] has agreed to co-publish the reference books in this regard;

THEREFORE the parties agree that they shall jointly publish the customised versions of a series of reference books entitled [Name of publication], subject to the following conditions:

RIGHTS, DUTIES AND OBLIGATIONS

the dti shall :-

- Make available to the [Abbreviation of partner's name] the generic version and the process manual;
- Provide training that the [Abbreviation of partner's name] may consider necessary;
- Supervise and guide the [Abbreviation of partner's name] throughout the process;
- Have a final say on the size, colour, layout and contents of the publication in consultation with the [Abbreviation of partner's name]; and
- Ensure a quality check on both the content and form of the final product.

The [Abbreviation of partner's name] shall prepare the customised manuscript based on the generic version and in accordance with the process manual.

The copyright of the national versions will be held jointly by **the dti** and the [Abbreviation of partner's name].

THE CONTENTS

The [Abbreviation of partner's name] shall adhere to the process manual and the generic version of [Name of publication], originally developed by **the dti**. The customisation and finalised of the publication will be undertaken by the [Abbreviation of partner's name] under the technical guidance and supervision of **the dti**. The final manuscript of the customised version will be approved by **the dti**.

EDITING

The [Abbreviation of partner's name] shall be responsible for the main editing of the manuscript and **the dti** will only be responsible for minor editing thereof.

PRINTING

The [Abbreviation of partner's name] shall be responsible for the printing of the final manuscript with technical specifications prescribed per **the dti**'s norms.

DISTRIBUTION

The [Abbreviation of partner's name]:-

- Shall organise the distribution of the publication;
- Is hereby authorised to distribute only its national Trade Secrets version exclusively in South Africa;
- Must obtain written approval from ITC for the distribution of the publication to other countries; and
- Shall distribute 30 copies of the publication of every edition to **the dti** free of charge.

FRONT COVER

The colour and layout of the cover shall be in accordance with **the dti**'s joint publication's policy. In particular, the cover will have a layout prescribed by **the dti**.

Text on the front cover shall be decided in consultation with **the dti** and the [Abbreviation of partner's name] and shall include the agreed title of the book as the only title.

LOGOS

No other logos except that of **the dti** and the [Abbreviation of partner's name] shall be on the front cover; and

the dti shall arrange and decide how and where the logos appear.

INSIDE TITLE PAGE

Text on the inside title page shall be determined by **the dti** and must make reference to **the dti**'s programme under which the book is published.

Additional text to be placed inside introductory pages must be approved by **the dti**.

ACKNOWLEDGEMENTS

The following statement shall be included as an acknowledgement: “[Enter any acknowledgements if necessary - this could include the author etc]”.

BACK COVER

The back cover shall contain descriptions of **the dti** and that of [Abbreviation of partner's name].

COST SHARING

The [Abbreviation of partner's name]

- Shall be responsible for payment of cost arising out of customising the publication;
- Shall finance the researching, writing, designing, printing, publishing and distribution of the final product; and
- **the dti** shall finance the provision of the generic version, process manual and training.

PRICING

The [Abbreviation of partner's name] shall agree upon a pricing strategy, with the primary objective of making the book affordable while maintaining a high-quality presentation.

The proceeds shall be retained by the [Abbreviation of partner's name] to recover costs to research, write, design, print and distribute the first edition and to maintain and update the publication for future editions.

GENERAL

The headings of the clauses in this agreement serve only as reference and shall under no circumstances affect the interpretation of clauses.

This agreement constitutes the full agreement and any amendment or addition thereto shall be in writing and be signed by both parties

DOMICILIUM (DOMICILE OF SUMMONS AND EXECUTION)

The PARTIES hereby choose the following addresses as their *domicilium citandi et executandi* for all matters that may arise from this agreement including, but not limited to, the receipt of all notices and processes of court:

Appendix 7: Suggested Export Awareness Training Programme

Purpose: The purpose is to answer the questions “what does exporting entail?” and “is exporting for me?”

Contents: The programme should cover:

- The various growth alternatives available to enterprises;
- The importance of exporting for the firm and the benefits it can bring;
- The importance of exporting for the country;
- The basic export process, showing the vital role of service providers such as banks and freight forwarders;
- What export competitiveness means; and
- Map the way forward and introduce the Passport to Export for companies that wish to go further.

Duration: The programme should not take longer than two hours, with some additional time for registering

Training method:

- PowerPoint and/or video presentation by a facilitator, who should be SAQA accredited and be a trained export adviser;
- Case studies in video format:
 - “Why I got into exporting”; and
 - “What obstacles I overcame and how my company has benefited”.
- Post-event counselling should be available through the recommended dedicated export call centre, **seda** or the relevant TPO/agency;
- Information should be available in the form of publications:
 - A short directory giving “Who is who and where is what”. This should be compiled and tailored for the region where the programme is being presented. This would probably require a publication for each province; and
 - Enterprise development information from the local agency and/or **seda**.
- Course evaluation sheet to be completed by each participant; and
- No competency assessment is required at this level, but participants who believe they want to pursue export development for their businesses should be encouraged to apply for the Passport to Export.

Post-event administration: After the event, details must be obtained of all who have attended to be entered on a central database. Evaluation forms to be analysed and feedback provided to the facilitator.

Appendix 8: Suggestion for Introduction to Export Training Programme

Purpose: This programme is designed to take the export awareness presentation much further and provide a more comprehensive overview of the export process, what exporting entails, who can assist and the risks involved.

Contents: The programme should include:

- A brief summary of the export awareness presentation;
- Basic concepts of export readiness and export competitiveness;
- The export environment;
- The export cycle (more comprehensive);
- Introduction to export marketing;
- Introduction to export administration and logistics;
- Basic costing;
- Introduction to export finance and payments;
- Export strategy (using terms of delivery and payment terms in negotiations);
- Services available to assist exporters from TISA, EMIA, **seda** and provincial agencies; and
- Way forward: What are the next steps?

Duration: This programme should extend over 1½ days (09:00 to 16:00 and 09:00 to 12:30).

Training method:

- PowerPoint (including videos) presentation by accredited trainer;
- Each participant should complete a summative assessment at the end of the programme (a multiple choice questionnaire would be appropriate);
- Post-event counselling should be available by the trainer and also through the recommended dedicated export call centre, **seda** or the relevant TPO/agency;
- Information should be provided in the form of programme notes covering each topic of the programme;
- The proposed “How to...” Publications (see Appendix 4) should be available; and
- A course evaluation sheet must be completed by each participant.

Post-event administration: After the event, details of all who have attended are to be entered on a central database and participants' Passport to Export stamped. Evaluation forms are to be analysed and feedback provided to the facilitator.

Appendix 9: Suggestion for Planning for Export Training Programme

(Current **seda** Export Orientation Course)

Purpose: This programme is to give an export-ready company more information on exporting and developing an export strategy (including an export marketing plan).

Contents: The programme should include:

- Strategic planning, covering SWOT analysis, competitiveness assessment and a scan of the controllable and uncontrollable elements of international business;
- Practical export marketing:
 - Product development and adaption for export;
 - Costing and pricing;
 - Distribution;
 - Promotion;
 - Using Incoterms ® as marketing tool; and
 - Using export payment methods as a marketing tool.
- Export logistics:
 - Detailed Incoterms® and export costing;
 - Packing and transport; and
 - Export documentation.
- Planning for international negotiations; and
- Drafting an export plan.

Duration: Five or six days (contact sessions) spread over a two-month period.

Training method: This programme should consist of a mix of training methods:

- Classroom teaching, including group exercises based on mini case studies, by an accredited trainer;
- Distance learning, using study notes/workbook with assignments based on the participant's own business learning material and online and call centre support;
- Each participant will be continuously assessed during group exercises and completed assignments with a summative assessment of the participant's export marketing plan;
- Post-event support by the trainer and continuous counselling by export counsellors through **seda** and/or provincial agencies; and
- Course evaluation sheets must be completed by each participant, covering each contact session and the whole course.

Post-event administration: After the event, details of all who have attended are to be entered on a central database and participants' Passport to Export stamped. Evaluation forms are to be analysed and feedback provided to the facilitator.

Appendix 10: ITC Certified Trade Advisers Programme

The ITC's Certified Trade Advisers Programme (CTAP) is designed to improve the availability, quality and sustainability of national export advisory services. The goal of the programme is to create or mobilise an existing network of national advisers that can both:

- Engage directly with small businesses to accelerate their export readiness; or
- Serve as a virtual network of export consultants for local trade support institutions, NGOs and international donors.

Participants in the programme can become ITC Export Management Development (EMD) Certified Advisers and Trainers.

Information

The following tools are available on CD:

- Compass Software Tool – To design and plan competitive business strategies; and
- Snapshot Software Tool – To conduct business diagnostics in order to determine SMEs strengths and weaknesses in the areas of strategy, production, marketing, export transactions, and information and communication technologies.

Advisory Services

CTAP offers a comprehensive programme including export management training, powerful diagnostic tools and a strategy development framework that addresses key aspects of a company's export activities. Local consultants are trained in a highly effective business methodology, ITC's proprietary Business Management System, and coached to develop rapid enterprise needs assessments.

CTAP's approach is learning by doing. Participants follow a rigorous six-month programme combining in-class workshops with fieldwork, where trainees put their newly gained knowledge and skills into practice under the supervision of an international expert. CTAP training materials are used to transfer knowledge and develop skills on relevant topics such as export competitiveness, strategy design and planning, and business diagnostics.

Certification

Participants in the programme follow a step-certification process that can lead to professional recognition as an EMD Certified or Adviser or Trainer. This recognises their ability to provide value-added export advisory services to small businesses.

Upon successful completion of the programme, certification is provided and valid for a two-year period, after which advisers may re-apply for certification. They must provide evidence that they have continued a high level of involvement in supporting small business exporters and been active in maintaining and developing their professional skills and knowledge.

Training

Participants train using ITC's proprietary "Business Management System", which provides an integrated framework for strategy design and planning, and diagnosing business performance. CTAP's practical workshops cover competitiveness concepts, production activities and marketing strategies and solutions.

Programme Structure

The programme is run in two phases: CTAP I and CTAP II.

CTAP I

The goal of CTAP I is to train advisers on export competitiveness, strategy design, planning and business diagnostics.

Training is structured in four components adapted to the partner institution's requirements:

- **Component 1:** Managing for Competitiveness and Designing Strategies – Fundamentals of business export competitiveness and how to design and plan successful business strategies. (Workshop + Fieldwork);
- **Component 2:** Export Transactions – Practical skills on how to export using simulations and real cases. (Workshop);
- **Component 3:** Business Diagnostics – How to conduct effective and efficient diagnostics of enterprises business diagnostics (Workshop + Fieldwork); and
- **Component 4:** Consulting Skills – Practical skills on how to become effective advisers. This component is delivered with the workshops in Components 1, 2, and 3.

Participants undertake practical fieldwork as part of Components 1 and 3, where they apply their new skills by working with a business.

CTAP II

The goal of CTAP II is to provide a subset of CTAP I graduates with the skills to train new export advisers locally. At the end of CTAP II the partner institution is granted a franchise to replicate CTAP I.

Training Modules

- The Business Management System: Guide on Business Competitiveness [Complete publication + Abridged version];
- Handbook for Trainers and Consultants;
- Tasks of the Business Management System;
- Activities of the Business Management System; and
- Strategy Cycle.

Networks

ITC recognises and qualifies active participation in its programmes and offers alumni the opportunity to become part of a growing network of international export professionals. The agency places high value in this network and actively manages members to participate in private-sector development activities.

Appendix 11: Methodology to Calculate Export diversification

The Herfindahl–Hirschman Index (HHI) is a commonly accepted measure of market concentration. The HHI is calculated by squaring the market share of each product in the foreign market and then summing the resulting numbers. The HHI takes into account the relative size distribution of the products in a market. It approaches zero when a market is occupied by a large number of products of relatively equal size and reaches its maximum of 10,000 points when a market consists of one product.

It is given by

000=0=10001

Appendix 12: A checklist of inputs and processes to be included in the SLA

Obligations of the parties [These issues will be negotiated with each province]

- Training and operational support the dti will provide;
- Quality assurance mechanisms;
- Reporting and statistics;
- Professional training;
- Use of brands or brand advertisements;
- Subsidised or proprietary supplies and equipment;
- Support services;
- Access to professional advice;
- The territory and appropriate exclusivity;
- Duration of the franchise agreement and your renewal rights;
- Resources;
- Trade mark issues;
- Fees that are payable by exporters and potential exporters;
- Terminating the franchise and the consequences;
- Marketing policies;
- Settlement of disputes, etc.;
- Key deliverables for training providers;
- Recruitment of learners;
- Facilitation and assessment; and
- Administration of the training.

Appendix 13: Example of service-level agreement

The draft service-level agreement below can be used as a basis for negotiations with the provinces – this is also done with the aid of the service descriptions

Service-level agreement

entered into by and between the Department of Trade and Investment (the dti)

Herein represented by _____ in his/her capacity as

the _____ and duly been authorised to do so

And

Herein represented by _____ in his/her capacity

as the _____ and duly been authorised to do so

PREAMBLE

WHEREAS it is desirable to -

ESTABLISH an NEDP that...

RESTRUCTURE AND CONSOLIDATE exporter development programmes to respond better to the economic and development needs of the Republic and the challenges of globalisation;

ENSURE access to skills and services to promote exports;

PROVIDE optimal opportunities for learning, the creation of knowledge and the development of intermediate to high-level skills in keeping with international standards of academic and technical quality;

PROMOTE the values which underlie an open and democratic society based on human dignity, equality and freedom;

ADVANCE strategic priorities determined by national policy objectives at all levels of governance and management within the further education and training sector;

PURSUE excellence, and promote the full realisation of the potential of every student and member of staff, tolerance of ideas and appreciation of diversity;

RESPOND to the needs of the Republic, the labour market and the communities; and

COMPLEMENT the National Skills Development Strategy;

AND WHEREAS it is desirable,

BE IT THEREFORE AGREED by the undersigned stakeholders, as follows: -

1. **Definitions**

For the purpose of this agreement, unless the context indicates otherwise, the following definitions are set out for the terms indicated:

Agreement	Means this agreement and the annexures hereto
Annexure	Means any document annexed to this agreement and forms part thereto

2. Interpretation of this agreement

- 2.1. words and phrases defined in this Agreement shall bear the meaning assigned to them throughout this Agreement;
- 2.2. words signifying the singular shall include the plural and vice versa;
- 2.3. reference to a natural person shall be capable of being construed as a reference to a juristic person and vice versa;
- 2.4. words and phrases used in this agreement which are defined or used in any statute which applies to the subject matter, professional person, goods or services provided for in this agreement shall be construed in accordance with the applicable statute or regulations;
- 2.5. headings of clauses are for convenience only and shall not aid in the interpretation or modification of clauses In the Agreement; and
- 2.6. in the event of a conflict between the terms of the main Agreement and Annexures thereto the provisions of the main Agreement will supersede those of any Annexures.

3. Background

- 3.1. **the dti** is the focal point in South Africa for the promotion of exports in general and the development of exporters in particular;
- 3.2. TISA is the specific agency allocated with these functions within **the dti**;
- 3.3. The nine provinces have all adopted growth and development strategies in which exports are identified as a tool to grow and develop their economies;
- 3.4. Each province has created a special purpose vehicle to attract investment to its region and promote the exports of its companies;
- 3.5. TISA has developed a NEDP to develop retain exporters, grow existing exporters and develop new exporters;
- 3.6. TISA, together with its strategic partners, including the provinces and their respective development agencies, aims to;
 - Double the real value of exports during the next five years;
 - Retain at least 500 existing exporters each year for the next five years;
 - Develop 300 new exporters each year for the next five years; and
 - Develop nine Export Villages (secondary co-operatives that export)
- 3.7. gain beneficial spin-off effects such as increased consumer volume and improved reputation due to brand affiliation of TISA.

4. Duration

- 4.1. This agreement will remain in force for five years of the date of the signatures of the parties

5. **Scope of agreement**

- 5.1. [These issues will be negotiated with each province]
- 5.2. **Obligations of the parties** [These issues will be negotiated with each province]
- 5.3. Training and operational support the dti will provide;
- 5.4. Quality assurance mechanisms;
- 5.5. Reporting and statistics;
- 5.6. Professional training;
- 5.7. Use of brands or brand advertisements;
- 5.8. Subsidised or proprietary supplies and equipment;
- 5.9. Support services;
- 5.10. Access to professional advice;
- 5.11. The territory and appropriate exclusivity;
- 5.12. Duration of the franchise agreement and your renewal rights;
- 5.13. Resources;
- 5.14. Trademarks issues;
- 5.15. Fees that are payable by exporters and potential exporters;
- 5.16. Terminating the franchise and the consequences;
- 5.17. Marketing policies;
- 5.18. Settlement of disputes, etc.;
- 5.19. Key deliverables for training providers;
- 5.20. Recruitment of learners;
- 5.21. Facilitation and assessment; and
- 5.22. Administration of the training.

6. **Intellectual property rights**

[These issues will be negotiated with each province]

7. **Confidentiality**

[These issues will be negotiated with each province]

8. **Breach**

[These issues will be negotiated with each province]

9. **Disputes**

[These issues will be negotiated with each province]

10. **Indemnity**

[These issues will be negotiated with each province]

11. **General**

12. **Domicilium citandi et executandi**

Service descriptions for 2012 - 2013

Deliverable	Outcome / Description	Output	Service-level agreement responsibilities				Date Signed Off
			TISA	Province	SEDA	Other	
Export Awareness Workshop	A two- to three-hour programme designed to inform explorers (potential exporters) of the risks and rewards of exporting and what programmes are available to assist them.	2000 explorers attending the workshop and 300 progressing to the Introduction seminar	<p>Extensive national marketing campaign including press releases (Boiler-plate press release to be supplied to partner)</p> <p>To provide all presentation material including PowerPoint presentations</p> <p>Video of the President highlighting the importance of exports to South Africa</p> <p>Videos of successful SMME exporters</p> <p>Application form for Passport</p> <p>Develop a national exporter database</p> <p>Ensure there are sufficient facilitators in all provinces</p> <p>Provide template for "Who is who and where is what" publication</p>	<p>Provide TISA with an annual programme including dates and towns where the workshops will be presented</p> <p>Joint TISA partner press release distributed in partners territory prior to the event</p> <p>Recruit explorers</p> <p>Venue'</p> <p>Refreshments</p> <p>Publication (Who is who and where is what in exporting)</p> <p>Recruit candidates for Introduction seminar</p> <p>Provide facilitator</p> <p>Ensure that participants complete a course evaluation</p> <p>Post-event assistance</p> <p>Submit a workshop report to TISA according to the TISA-report template by no later than the 7th day of the following month</p> <p>Feed names into database</p> <p>Joint TISA partner press release distributed in partners territory prior to the event</p>	Recruit explorers		

Deliverable	Outcome / Description	Output	Service-level agreement responsibilities				Date Signed Off
			TISA	Province	SEDA	Other	
Introduction to exporting seminar	<p>A 1- 1,5 day seminar designed to inform export-aware firms of the export process and what programmes are available to assist them. The seminar will include:</p> <ul style="list-style-type: none"> Basic concepts of export readiness and competitiveness Export environment Export cycle Introduction to export marketing Introduction to export administration and logistics Basic costing and Incoterms Introduction to export finance and payments Available services to assist exporters Way forward 	300 export-aware companies attending (300 competent firms) with 200 progressing through to "Planning for Exports" course	<p>To provide all presentation material including PowerPoint presentations</p> <p>Generic course material (partner to customise)</p> <p>Videos of successful SMME exporters overcoming specific problems dealt with in seminar</p> <p>Application form for Passport Learner database (part of Passport)</p> <p>Provide and pay for facilitator</p>	<p>Provide TISA with an annual programme including dates and towns where the seminars will be presented</p> <p>Joint TISA partner press release distributed in partners territory prior to the event</p> <p>Recruit candidates for Introduction to Exports seminar</p> <p>Register candidates and collect fees</p> <p>Venue²</p> <p>Refreshments</p> <p>Customise and publish TISA material under a joint publishing agreement</p> <p>Ensure that participants complete a course evaluation</p> <p>Ensure an assessment is done</p> <p>Issues and stamps Passport of competent students</p> <p>Register on learner database</p> <p>Post-event assistance</p> <p>Submit a seminar report to TISA</p>	<p>SEDA-branch office to undertake a diagnostic for each candidate and provide a summary result to the Province and TISA</p>	<p>Facilitator to undertake assessment of both the theoretical and practical learning.</p>	

Deliverable	Outcome / Description	Output	Service-level agreement responsibilities				Date Signed Off
			TISA	Province	SEDA	Other	
Planning for exports course	A 2-month programme comprising 5 or 6 1-day training sessions. The programme will include: Strategic planning, covering SWOT analysis, competitiveness and scan of controllable and uncontrollable elements of international business Practical export marketing Export logistics Planning for international negotiations Drafting an export plan	200 export-ready companies attending (200 competent firms with sound export plans) with 200 progressing through to "succeeding in exports" programme 200 new members of export councils 100 new members of Exporters Forums (Export Clubs)	To provide all presentation material including Updating and extending SEDA's "Export Orientation Course" PowerPoint presentations Generic course material Videos of successful SMME exporters Provide and pay for facilitator Establish new export councils where necessary TISA to subsidise first year's membership of the export council and export forum (exporters' club)	Provide TISA with an annual programme including dates and towns where the course will be presented Recruit candidates for Planning for Exports course Register candidates and collect fees Venue Refreshments Ensure that participants complete session evaluations Ensure assessments are done at the end of each session Stamps Passport of competent students after each session Register on learner database Register company with appropriate export council Post-event assistance Submit a course report to TISA	SEDA Learning Academy to ensure that there are sufficient qualified facilitators available to each province	Facilitator to undertake continuous assessment of both the theoretical and practical learning Facilitator to ensure that the export plans are sound and should result in actual export orders Facilitator to provide feedback on course material and other suggestions for improvement Appropriate export council to provide exporter with information of their services and application forms. Appropriate exporter forums to provide exporter with information of their services and application forms.	

Deliverable	Outcome / Description	Output	Service-level agreement responsibilities				Date Signed Off
			TISA	Province	SEDA	Other	
Succeeding in exports programme	A range of interventions to suit individual needs: Subject-specific workshops Market specific workshops Diagnostic assessment Mentoring	200 start-up exporters participating (200 completing trial export orders)	Accredit mentors Provide funding for Website, brochure etc. Set aside funding for exhibitions and trade missions	Recruit start-up exporters Register candidates and collect fees Provide mentors Ensure export councils undertake trade mission Consolidate mentors plans for each exporter in the province Consolidate monthly reports from the mentor and submit to TISA		Export Council to plan and undertake trade missions Mentor to provide a mentorship plan for each start-up company in consultation with the company Mentor to provide a monthly report on the progress of each company and submit it to the Province.	
Successful use of exhibitions for exporters	1 – 1½-day workshop on How to effectively prepare for and participate in a foreign trade fair, covering: Planning: setting objectives, essential pre-fair research, choosing the right trade fair, marketing programme, Trade Fair Display: design, choosing display goods and graphics, promotional products and give-aways, brochures Trade Fair Secrets: do's and don'ts, on-site research After the Trade Fair: follow-up leads, evaluate success.	50 start-up companies certified competent with 25 companies using exhibitions successfully to complete export orders	To provide all presentation material including PowerPoint presentations Workshop material Videos of successful SMME exporters overcoming specific problems dealt with in workshop Learner database (part of Passport) Provide and pay for facilitator	Recruit candidates in liaison with TISA Register candidates and collect fees Venue Refreshments Ensure that participants complete workshop evaluation Ensure assessments are done at the end of the workshop Stamp Passport of competent students after workshop Register on learner database Post-event assistance Submit a workshop report to TISA		Facilitator to undertake assessment of both the theoretical and practical learning Facilitator to provide feedback on workshop content and need for any improvement.	

Deliverable	Outcome / Description	Output	Service-level agreement responsibilities				Date Signed Off
			TISA	Province	SEDA	Other	
Successful use of trade missions for exporters	1-day workshop on How to effectively prepare for and participate in a trade mission, including: Planning: setting objectives and checklist of information to obtain, pre-mission research, setting own appointments, preparing promotional material In the Market: culture and business etiquette, negotiation skills, do's and don'ts Post-Mission: follow-up on meetings, forward promised information, prices, samples, etc.	50 start-up companies certified competent with 25 companies using trade missions successfully to complete export orders	To provide all presentation material including PowerPoint presentations Workshop material Learner database (part of Passport) Provide and pay for facilitator	Recruit candidates in liaison with TISA Register candidates and collect fees Venue Refreshments Ensure that participants complete workshop evaluation Ensure assessments are done at the end of the workshop Stamp Passport of competent students after workshop Register on learner database Post-event assistance Submit a workshop report to TISA		Facilitator to undertake assessment of both the theoretical and practical learning Facilitator to provide feedback on workshop content and need for any improvement.	
Product development	Special consulting services to assist in product development.	25 companies have successfully developed and marketed new or modified products	Provide support funding Link to specialists	Identify companies through mentors Consolidate reports on progress for TISA	Facilitate international systems standards such as quality management (ISO 9001), environmental management (ISO 14001),	Mentors identify companies through diagnostics Specialist agencies (e.g. CSIR, SABS) to submit proposals and to provide regular reports on progress.	

Deliverable	Outcome / Description	Output	Service-level agreement responsibilities				Date Signed Off
			TISA	Province	SEDA	Other	
Market development	1-day market specific workshops Market reports from FERs Access to EIU reports.	25 companies successfully enter new markets	To provide all presentation material including PowerPoint presentations Workshop material Learner database (part of Passport) Provide and pay for facilitator Liaise with FERs on market reports Arrange access to EIU reports	Identify companies through mentors Register candidates and collect fees Venue Refreshments Ensure that participants complete workshop evaluation Ensure assessments are done at the end of the workshop Stamp Passport of competent students after workshop Register on learner database Post-event assistance Submit a workshop report to TISA Consolidate reports on progress for TISA		Mentors identify companies through diagnostics Facilitator to undertake assessment of both the theoretical and practical learning Facilitator to provide feedback on workshop content and need for any improvement.	
Continuing export education							
Export Awards	Annual national event to recognise export endeavours. Awards in different categories: Agriculture (including processing) Arts and crafts Light manufacturing Heavy industry Mining Best SMME Overall winner	At least 500 applicants	Establish judging criteria Establish type of awards Provide application form Marketing campaign including press releases Appoint selection committee Arrange event	Support regional marketing campaign Recruit candidates		Selection committee to meet as required Members to be familiar with and understand award criteria.	
Database							

Deliverable	Outcome / Description	Output	Service-level agreement responsibilities				Date Signed Off
			TISA	Province	SEDA	Other	
Export Village			<p>Legal framework</p> <p>Establish an "Export Village Association"</p> <p>Develop a Monitoring and Evaluation system</p>	<p>Identify pilot export village</p> <p>Appoint a Promoter</p> <p>Organising awareness campaigns on the benefits of export villages;</p> <p>Assisting in the identification of possible member firms;</p> <p>Providing a venue for interested firms to meet;</p> <p>Assisting potential members to define future activities;</p> <p>Providing legal advice.</p> <p>Providing office space, computer and Internet facilities as well as secretarial services;</p> <p>Offering training courses;</p> <p>Providing information (e.g. on possible target markets, credit facilities, etc.)</p> <p>Allowing the consortium to benefit from contacts in foreign markets and/or with public authorities;</p> <p>Providing a representative venue to receive foreign clients;</p> <p>Assisting newly established consortia in the development and implementation of certain activities.</p>		<p>The promoter's tasks include:</p> <p>Assisting firms to identify common objectives and possible partners;</p> <p>Making firms aware of the possibility of reaping benefits through cooperation and thus reducing the uncertainty related to the concept of consortia;</p> <p>Supporting the process of member selection;</p> <p>Guiding firms in the grouping process by organising meetings, providing information, supporting the drafting of documents such as the business plan, etc.;</p> <p>Giving advice on difficult choices arising in the process, such as the legal form to be adopted;</p> <ul style="list-style-type: none"> • Providing general secretarial support; 	

Deliverable	Outcome / Description	Output	Service-level agreement responsibilities				Date Signed Off
			TISA	Province	SEDA	Other	
Export Village						<ul style="list-style-type: none"> Establishing links with support institutions and relevant administrative entities and acting as an intermediary between policy makers and entrepreneurs; Introducing member firms to the realities of international business, i.e. explaining the important role of issues such as marketing, quality control and adherence to technical and environmental standards; Supporting the recruitment of personnel for the consortium; Resolving conflicts between members; Accompanying members in their first collective activities. 	

1 Venue requirements are: Central and within walking distance from public transport, Facilities must be conducive to learning, The venue need not include catering but learners must have reasonable access to facilities that provide a variety of food taking special dietary requirements into account

2 Venue requirements are: Accessible and suitable for exporters and potential exporters. Facilities must be conducive to learning. The venue need not include catering but learners must have reasonable access to facilities that provide a variety of food taking special dietary requirements into account. The venue should include water, coffee, tea and biscuits.

NOTES

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