

How InvestSA's one-stop shops boost investor confidence

By Leigh Andrews

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With warm lighting and a can-do attitude at the no-queue-in-sight, just-walk-up-and-chat reception desk, this is not your average 'government office' - this is the InvestSA one-stop shop (OSS). Here's how it's set to boost the ease of doing business locally and how your business can take advantage.

Salman Kajie, centre manager for the Western Cape InvestSA one-stop shop invited me for a quick tour and interview at the premises, a centre of calm in the bustle of St George's Mall.

In his 2015 State of the Nation Address, then-President Jacob Zuma announced the fact that he was going to launch what they called at that point in time, 'investment clearing houses'.

These were intended to assist multinational corporations and domestic companies with expediting regulatory approvals, influencing policy at national level, all the while assisting with the overall 'ease of doing business' indicator in the macro environment.

This is a manifestation of that. Of course, different permutations took place between 2015 and 2017, but fast-forward to May 2018 and I was standing in the provincial InvestSA One Stop Shop in the Western Cape, a division of the department of trade and industry. Before the Western Cape version, the DTI had established the national One Stop Shop in Pretoria at the DTI Campus and we were officially the next One Stop Shop that the DTI launched.



Salman Kajie, centre manager for the Western Cape InvestSA one-stop shop



One stop shop to make doing business easier

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While the One Stop Shop model was previously piloted in Gauteng, the Western Cape version is the first provincial one-stop shop in existence under the banner of InvestSA. Kajie explained that it provides investment promotion, facilitation and aftercare that's all geared towards improving the quantity and quality of both foreign and domestic direct investment by fast-tracking projects and reducing governmental red tape in order to retain and expand investment into South Africa and Africa.

“ Simply put, it's an investment recruitment, problem-solving and information service that actively markets, promotes and facilitates investment in key, high-yielding growth sectors of the South African economy. ”

That's quite a mouthful, here's how they do so...

Walking to the reception desk you have a clear view of the partners in the One Stop Shop: Invest SA is the primary shareholder; and the dti and DEDAT have appointed Wesgro as the management entity of the One Stop Shop, Western Cape. A further 12 governmental partners have assumed office in the provincial operation, with an inter-ministerial committee in place to expedite regulatory blockages at a ministerial level.



InvestSA OSS' strategic partners.

You can access national regulators like Home Affairs; Department of Labour; Department of Economic Development (DEDAT); the DTI; Sars; the National Regulator of Compulsory Specifications (NRCS); South African Bureau of Standards or (SABS); the Department of Environmental Affairs; Business Processes South Africa or Bpesa; and the Companies and Intellectual Property Commission or CIPC. On a provincial level it's the Red Tape Reduction Unit, under the auspices of the Western Cape government; as well as the Green Cape initiative; and Saldanha Bay Industrial Development Zone or (IDZ).

On a larger governmental level, The City of Cape Town also has a presence for investment facilitation services at a city level. The InvestSA one-stop shop also engages with other district municipalities who use this space. Kajie says George Municipality is particularly good at this, having been in at least thrice over the past two weeks to engage and bring clients through. So it's by no means just businesses based in the Cape Town CBD that benefit. More on that later!



Kajie then provided a tour of the Invest SA space. Starting with the foyer, Kajie says it wasn't meant to be but is strategic, in that Wesgro and its partners are now able to have larger delegations in the space. Typically this is cinema-style, as with the AfricArena event held a few weeks ago, and they've had delegations from all over the world.



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They come to hear about investment opportunities; to hear about trade opportunities and to hear about tourism opportunities.

State-of-the-art facilities

Kajie says probably the best example of an event held in the foyer was when they hosted the exchequer or minister of trade from the UK Liam Fox, in a roundtable with Cape Town's tech industry off the back of Brexit, to see how we can enhance bilateral trade investment for that sector.



Speaking of the meeting facilities, there are six boardrooms – one holds 25 people while the others comfortably seat 8 to 10. Kajie said as they're in the field of international business, these are electronically state-of-the-art. Many of their clients sit in international markets and these stakeholders, in turn, sit across the country.

To bridge that gap, they have an ultra-modern video conferencing and telecommunication infrastructure with speeds of up to 1,000mbps per second. Each room comes with built-in video conferencing for ease of holding Skype calls with multiple users across the world. When it comes to presentations, they've also gone wireless, with different permutations. So each meeting room has facilities that can connect clients and potential users globally.

Before you bustle through asking to book a conference room though, Kajie explains that they are mandated by stakeholders in foreign and direct domestic investment to deal with investments of R50m and above. That puts special focus on medium-to-large-sized businesses – particularly 'brownfield' companies looking to expand their production capacity, and 'greenfield' or new businesses – Kajie says Hisense's first investment into the Western Cape is an example of this latter target market.



But there's also appeal for multinational corporations based elsewhere to use the space as their 'business home away from home' when they do due diligence on our shores. They can use the space to hold back-to-back meetings with suppliers and potential buyers, use the hot desk/co-working area to do their admin, (thank goodness for good Wi-Fi and strong coffee) and stay at lodgings in walking distance.

Some of the partners like the Green Cape initiative, the Saldanha Bay IDZ, and the Red Tape Reduction Unit are only in on-demand, as and when needed. So they don't require a physical private office but are based in the hot desk space when clients need them.

That's quite an efficient service and it truly is a one-stop shop from that perspective.

Reducing red-tape to increase ease of doing business

For the next part of our walking tour, Kajie explained the services on offer – the fact that Home Affairs has a presence with its private sector processing arm VSS means from an advisory perspective, they can help multinationals coming to the market as well as those that already have an SA footprint here to navigate the whole immigration train.



The second service is the company intellectual property commission or CIPC, to assist new companies with company registrations from both the regulatory side and the facilitation side.

“ Kajie says it's truly end-to-end – from company registration by CIPC right through a company getting an incentive from the DTI, all the boxes are ticked. ”

It's not common that a company would come in and want to tick all of those boxes in one visit, though. The InvestSA OSS has been in operation for eight months now, and Kajie says typically speaking, there's a blockage at just one regulator but in some instances, they assist with two or three. No more than that.

OSS success by numbers

The InvestSA has certainly had success since its opening, with a track record for the fourth quarter of 2017 alone showing four regulatory issues facilitated to the OSS and three regulatory issues resolved in terms of investment facilitation.

Under the banner of investment promotion, Wesgro's Trade, Investment and Film Units hosted 13 inward mission strategic conferences and sector events specific to the One Stop Shop, such as the Safta judge's meeting; there were 20 corporate engagements; 9 inward missions with delegations from Asia, Europe and the USA; as well as 17 stakeholder engagements.



Ribbon cutting of the InvestSA OSS.

Kajie adds that the City of Cape Town is present for local investment facilitation. Using Atlantis as an example, they've assisted clients with accessing load curtailment agreements for electricity or energy usage, access to municipal land in the Atlantis area, and have been pretty phenomenal in that sense.

Then there's Sars, on hand to help with customs and tax; Wesgro for assistance on both the trade and investment side; the department of for assistance with the unemployment income fund, compensation fund, and advice on black economic empowerment or BEE for new companies.

It's clear that the customer really is at the centre of InvesSA OSS' operations, especially in terms of driving the ease of doing business at a company level. Kajie says, "...hopefully that will cascade upwards into the macroeconomic environment so that the World Bank views our ease of doing business indicators a lot more favourably than what it is now."

Kajie explains that when it comes to that process of investment promotion, South Africa is darn good at it. Cape Town is

currently ranked 21st in the world by the *Financial Times* for its investment promotion brand strategy.

For globally competitive sector propositions attract large-scale investment into the region, in the form of going overseas and saying 'come and invest in Cape Town, we're globally competitive so headquarter your investment here and target the rest of the continent through exports,' – we're winning.

But when it comes to an investor saying, 'I've heard your story and I want to invest,' which is the facilitation side – the regulation and registration in centres and licensing, naturally that's a slightly fragmented process.

It's that need to get facilitation up to the same global standard as a promotion that gave birth to the InvestSA OSS concept and operation. We were ranked 32nd globally on the World Bank Ease of Doing Business Ranking in 2008. But over time, by 2016 we had slipped down to 74th.

So while our promotion is world class, facilitation is stifled. The DTI's national and provincial one-stop shops are seen as the solution to this, by first removing red tape for domestic and international investors and second through investment facilitation that's coordinated by, and consolidated, in the One Stop Shop model, thereby enhancing the ease of doing business.

Kajie also answered specific questions about the InvestSA One-Stop Shop...

■ ***Explain the context of launching the InvestSA one-stop shop in both the national and provincial Western Cape format.***

Simply put, it's about providing companies with end-to-end facilitation services, so that the commercialisation of the investments is expedited or fast-tracked, and so that we can unlock value in that commercialisation that they may not be aware of.

For example, do companies know about the DTI incentives on offer to them? If they're commercialising business here, do they know about the provincial department incentives such as skills development incentives? Do they know that if they invest in Atlantis, strategically speaking they'll have access to load curtailment agreements and a reduction in infrastructure development fees?



Often, multinational corporations coming to SA for the first time don't know what value adds government has in place, so from an advisory perspective, we can play that role. From a time perspective, it's about expediting commercialisation of investment; and from a rand-value perspective, unlocking potential value that clients may not be aware of.

For InvestSA's stakeholders, it's about ensuring or enhancing the ease of doing business, not only in the Western Cape but in South Africa at large.

❖ **Excellent. How does this, in turn, assist in securing investment and business deals across the region?**

Moving beyond the vanilla stuff, businesses that are already invested here have to engage with any of these business regulators on a continuous basis.

“ Our target market of medium- to large-sized enterprises that experience blockages with the regulators that reside in this office, therefore, have access to senior management or senior officials within these offices, as opposed to going to stand in a long queue. That's the additional value-add. ”

So as opposed to just a company coming in and investing in SA for the first time or expanding their operations or production capacity, there's also the fact that existing businesses with a footprint here that face blockages with these regulators can come to us in order to see how we can assist them, at a senior management level. That expedites the process and makes the investment more likely.

It's about our ability to boost investor confidence. If you look at what investors want, we did a study in 2015 where we surveyed a large majority of multinational corporations on the key determinants for their investment in the Western Cape.

We found that 41% of those multinational corporations said they're investing here because of domestic market growth potential. The second-most quoted statistic was 17% listing its proximity to their market or customers, for raw input into the manufacturing process or their customers sit here, and then 10% responded on regulation or business climate – this aspect, in particular, can be influenced by a one-stop-shop.

So if we display an ability to fast-track the commercialisation of business, if we have the ability between the provincial one-stop shops and the national one-stop shop to show strategic alignment and the ability to influence policy to make business more conducive, then ultimately, we're going to boost investor confidence.

“ We're showing that while the Western Cape and South Africa's infrastructure may be world class; with access to opportunity on the continent, it's a conducive regulatory and business environment for a company with the appetite to invest here. ”

We aim to make that process as seamless as possible, and to make operations as seamless as possible during their stay in Cape Town.

❖ **Flipping the script then, how can businesses better boost the offerings of InvestSA?**

You can do your bit in a few ways. First, there's a **call to action** to those companies in the InvestSA one-stop shop's target market – medium- to large-sized enterprises that are either expanding operations here or placing new investments here – to use InvestSA's services, so they can display the impact they can potentially have at a firm level within the business, in unblocking regulation for them or advising them on what's available in the market that could add value to them.

Next, InvestSA's strategic partners, like embassies, consulates, business chambers and sector bodies or sector development organisations are invited to visit and **explore potential areas of collaboration** for the underlying members or constituencies as to how they can activate services for their members again.

Lastly, professional service organisations like law firms or auditing firms – particularly those with an international footprint –

should approach InvestSA when they **bring clients in to scope the market** in Cape Town or the Western Cape, especially those clients investing in the region through direct investment.

Find out how to **partner symbiotically**, in order to unleash the full potential of that investment for the Cape economy, in a way that will have benefit both the company investing as well as for economic impact and job creation in the region.

Visit InvestSA's Western Cape one-stop shop at 46 St George's Mall (Cape Sun Corner), visit their website at www.investsa.gov.za or contact Kajie on 021 023 0900 or <mailto:salman@wesgro.co.za> for more information.

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ABOUT LEIGH ANDREWS

Leigh Andrews AKA the #MilkshakeQueen, is former Editor-in-Chief: Marketing & Media at Bizcommunity.com with a passion for issues of diversity, inclusion and equality, and of course, gourmet food and drinks! She can be reached on Twitter at @Leigh_Andrews.

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