EXAMINING COORDINATION AMONG STAKEHOLDERS IN IMPLEMENTING THE OR TAMBO SPECIAL ECONOMIC ZONE

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ABSTRACT

South Africa has adopted the Special Economic Zone (SEZ) programme as a mechanism to attract Foreign Direct Investment and increase job creation. However, despite the country's implementation of SEZs over the past years, the country continues to experience socioeconomic challenges such as poverty, unemployment, and inequality. In this regard, this study examined coordination among stakeholders in implementing the OR Tambo SEZ, particularly given that the OR Tambo SEZ was designated as an Industrial Development Zone in 2002, and the zone received its operating permit in 2010. This delay in the issuance of the permit signals that there might be coordination challenges among key stakeholders responsible for implementing the zone. The research adopted a case study design to examine the extent of coordination among stakeholders that are responsible for the implementation of the OR Tambo SEZ. A qualitative research method was adopted to collect the data using interviews and document analysis. The study found that key stakeholders such as the Department of Trade and Industry, Gauteng Industrial Development Zone and the Municipality of Ekurhuleni are involved in the implementation process of the zone. However, there is a need to improve on the coordination mechanism by clearly indicating the role and responsibility of each stakeholder and the rules and procedures for coordination. In addition, there is a need to involve other vital stakeholders who can contribute towards the successful implementation of the OR Tambo SEZ.

Key words: Special Economic Zone; Stakeholders; and OR Tambo SEZ

DECLARATION

I, Kgothatso Anamelita Masinga hereby declare that this research report was undertaken by me and has never been published or submitted for any award or qualification in another institution before.

Signature:

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LIST OF ACRONYMS

ACSA	: Airports Company South Africa
CCA	: Custom Controlled Area
DTI	: Department of Trade and Industry
EPZ	: Export Processing Zone
FDI	: Foreign Direct Investment
FTZs	: Free Trade Zones
GDED	: Gauteng Department of Economic Development
GGDA	: Gauteng Growth and Development Agency
GIDZ	: Gauteng Industrial Development Zone
GIFA	: Gauteng Infrastructure Financing Agency
GVC	: Global Value Chain
IDZs	: Industrial Development Zones
ILO	: International Labour Organization
SADPMR	: South African Diamond and Precious Metals Regulator
SEZ	: Special Economic Zone

CHAPTER 1: INTRODUCTION

1.1 Introduction and Background

Prior to 1994, the government of South Africa was excluded from participating in the world economy, due to the sanctions that were imposed by the international community. The sanctions were a result of an outrage response to the apartheid regime. Trade and financial sanctions were imposed on the South African economy, which led to many investors withdrawing foreign direct investments from the country. Operating as a closed economy due to sanctions led to economic difficulties in South Africa, which pressured the apartheid government to hold the first democratic elections in 1994. A new government was elected, and it inherited an economy that had skewed policies and a limited range of industrial policies (Trade & Industrial Policy Strategies, 2016). The government was tasked with changing the injustice of the past and growing the economy with a new growth trajectory.

The new government adopted its first policy in 1994, known as the Reconstruction and Development Programme (RDP). The RDP only focused on redressing the injustices of the past, it did not emphasize industrial structures (Trade & Industrial Policy Strategies, 2016). In 1996, the government adopted the Growth, Employment and Redistribution Strategy (GEAR). The government was subsequently not satisfied with the growth rate that was achieved under GEAR. It was then that the Accelerated and Shared Growth Initiative for South Africa (ASGISA) was introduced in 2006, one of the arguments behind the introduction of which was that even though the growth rate increased by three percent annually between 1994 and 2004, this growth rate was not inclusive, as it did not reduce unemployment and poverty (Moyo & Mamobolo, 2014). The implementation of ASGISA was set to focus on infrastructure development programmes, skills development, and sector investment strategies (Moyo & Mamobolo, 2014).

It is important to note that in 1997, the government adopted the Industrial Development Zone[1] (IDZ) Policy, intending to stimulate economic growth through industrial infrastructure, promoting exports through enhancing the competitiveness of proudly South African products, and creating job opportunities (Chinguno, 2011).

According to Erasmus (2011) the Manufacturing Development Act of 2000 led to the establishment of South Africa's first IDZ. The Department of Trade and Industry (DTI) was responsible for overseeing the development of Industrial Zones in the country. The key focus of South Africa's IDZ was to attract Foreign Direct Investment (FDI), increase the competitiveness of value-added commodities' exports, promote regional development in underdeveloped regions, and create job opportunities (Kalumba, Olwoch ,Van Aardt ,Botai & deW Rautenbach, 2017). To implement the policy, the government positioned and licensed four Industrial Development Zones: Coega IDZ; the East London IDZ; Richards Bay IDZ; and the OR Tambo Special Economic Zone[2] (The Department of Trade and Industry, 2012a).

According to Tang (2008) Coega is the country's first IDZ. The DTI's Special Economic Zone (SEZ) performance Analysis Bulletin for 2015/16 financial year states that Coega managed to

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[1] Industrial Development Zone is a form of Special Economic Zone (SEZ) or purpose-built industrial estate that leverages domestic as well as foreign fixed investments in the value added and export-orientated manufacturing industries or services. It is important to note that SEZ is a broader term, and that there are different types of SEZs.

[2] In 2014, the government of South Africa adopted the SEZ Act No. 16 of 2014 and all IDZs implemented under the Manufacturing Act No. 187 of 1993 are now implemented under the SEZ Act No. 16 of 2014. For this reason, the OR Tambo IDZ is now being transformed into an SEZ. Thus, the study will use the term OR Tambo SEZ rather than IDZ henceforth.

attract 22 investors, with a value of more than R8.1 billion, from various sectors, such as chemical and steel, energy, food, agriculture, and the cement industry. Furthermore, about five investors made commitments to relocate onto the East London IDZ, with investments valued at R141 million (The Department of Trade and Industry, 2016a). The investments ranged from sectors such as renewable energy, logistics, and the automotive sector. All the operational zones in the country managed to attract an estimated investment value of more than R21.1 billion from 2005 to 2015 (The Department of Trade and Industry, 2016a).

The IDZ programme was expected to attract significant investments, however, many contributing factors have resulted in the intended results not being realised (Government Technical Advisory Centre, 2018). Investors located inside the zones were promised special treatment in the management of Value Added Tax and other tax obligations relating to imports and exports (Bernstein, Altbeker, & McKeown, 2012). Furthermore, the zones were expected to provide a Custom Controlled Area (CCA), which offers: a relief from customs duties on equipment; simple custom procedures; and an exemption from Value Added Tax on the goods that are used for exporting (Government Technical Advisory Centre, 2018) However, the report indicates that no Custom Controlled Areas (CCAs) were established within the Industrial Development Zones.

According to Bernstein et al. (2012), firms operating inside the zones did not receive any special treatment, they also had to apply for tax reliefs like any other firm located outside the zone. Additionally, the same labour regulations applied to firms that are located inside and outside the zone. This meant that the policy did not offer investors compelling reasons to relocate inside the zones. It is further stated in Chinguno (2011) that the zones were faced with challenges such as the lack of ability to attract investments, lack of proper institutional arrangements, and stakeholder coordination. The programme was measured against increases in investment and value-added exports (Government Technical Advisory Centre, 2018). These performance measures were said to have not attributed significantly towards the programme and did not measure the efficiency of the programme in increasing economic activity (Government Technical Advisory Centre, 2018).

The government, through its discussions with different stakeholders, joined the consensus that the country's IDZ policy has not achieved its mandate, since the investment levels were relatively low, the number of jobs created was below expectation, and businesses that were located within the zones moved somewhere outside the zone (Bernstein et al., 2012). The policy was also criticised for only applying to areas that are next to airports and sea ports, and overlooking inland areas that had the potential to contribute towards the country's industrial development (The Department of Trade and Industry, 2012b). The policy could not address the broader objectives of national policies such as the National Industrial Policy Framework, the New Growth Path, and the National Development Plan (The Department of Trade and Industry, 2012b). In 2012, the policy was reviewed to address its implementation challenges.

In 2014, the cabinet of South Africa adopted a new SEZ policy in order to attract FDI and create jobs (Kalumba et al., 2017). The SEZ policy was set to be different from the previous policy in the sense that it would focus on various types of SEZs, and it will also apply to inland areas that have the potential for industrial development. The SEZs were established to facilitate the creation of industrial hubs that have a national strategic advantage, and to develop infrastructure that supports targeted industrial activities, which amongst others includes attracting FDI (The Department of Trade and Industry, 2012b).

The new model of SEZ supports the following form of SEZs: Free Port, Free Trade Zone, Port of Entry and Sector Development Zone (The Department of Trade and Industry, 2014). The policy used the following strategies to attract investors: building allowance, employment incentives, Customs Controlled Areas, and 15 percent preferential corporate tax (Kalumba et al., 2017).

According to the 2014 SEZ Act, the aim of establishing SEZs includes the following: to facilitate the creation of industrial complexes that have a strategic national economic advantage for targeted investments and industries in the manufacturing sector and tradable industries; to develop infrastructure that is required for the development of targeted industrial activities; to attract domestic and foreign investments; to provide a location for targeted investments and enabling the beneficiation of natural and mineral resource; to take advantage of existing industrial and technological capacity to promote integration with local industries and increasing value-added production; and to promote regional development by creating decent work and economic and social benefits in regions where the zone will be located. This includes, among others, broadening the participation of Small Medium and Micro Enterprises and Cooperatives in the mainstream economy; and generating new innovative economic activities (The Department of Trade and Industry, 2014).

Currently, there are eleven (11) SEZs in the country, namely: Coega IDZ, East London IDZ, Richards Bay IDZ, Saldanha Bay IDZ, Dube Trade Port, OR Tambo SEZ, Maluti-a-Phofung SEZ, Atlantis SEZ, Nkomazi SEZ, Musina/Makhado SEZ and Tshwane Automotive SEZ. However, despite the new model of SEZs, the country's SEZ policy continues to experience challenges in achieving its mandate of attracting substantial investments and creating job opportunities.

The OR Tambo SEZ is said to consist of several industries, such as food processing, jewellery, diamond beneficiation, and fuel cells. The SEZ is focusing on high value-low mass goods. For this reason, given the challenges with which the policy is confronted, there is a need to examine the coordination among stakeholders in implementing the zone. This is essential, particularly given that the OR Tambo SEZ has the potential to revive the economy of Ekurhuleni and contribute towards the country's FDI and employment creation.

1.2 Geographical Area of study

The OR Tambo SEZ was designated as an IDZ in 2002. In 2009, the Gauteng Industrial Development Zone (GIDZ) was founded as a subsidiary of the Gauteng Growth and Development Agency (GGDA). The GIDZ was established to develop and operate the designated IDZ at the OR Tambo International Airport. In 2010, the zone received an operating permit. By the year 2015, Oliveira (2015) reported that a 237 million construction project for the long-awaited Jewellery Manufacturing Precinct (JMP) began with a ceremony to break ground.

In 2014, the introduction of the new SEZ Act no 16 of 2014 necessitated that existing IDZs transition to SEZs. As a result, the Mail and Guardian (2019) reported that the Gauteng IDZ re-gazetted three land parcels located in the eastern corridor of the Province for the development of its SEZ programme, according to the online report these included "the 7.5 hectares located inside the airport park precinct and identified in the initial phase of the IDZ development; 29 hectares located outside the airport park, but in proximity to the airport, and an additional 14 hectares located 30km away from the airport, adjacent to the Impala Platinum Refinery in Springs, Ekurhuleni." [3]

In April 2019, the OR Tambo SEZ launched a new agro-processing plant. The plant is as a result of a partnership between government and In2food. In2food is one of the first investors

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[3] This statement was sourced from an online Mail and Guardian article.Retrived from https://mg.co.za/article/2019-11-15-00-or-tambo-sez-puts-ekurhuleni-ahead/

to locate within the zone. In addition, the construction of the first element of JMP super block has already commenced, and it is likely to be completed by 2020 (Mail and Guardian, 2019).

The implementation of the SEZ involves different stakeholders across the different levels of government. According to the SEZ policy, the DTI [4]is responsible for the overall facilitation and coordination of the SEZ programme among others, it provides secretariat support to the SEZ advisory board and technical support to provinces, municipalities and other government departments (DTI, 2012). Operating entities are responsible for the day-to-day management of the zones. In the context of this study, the operating entity is in this case the Gauteng Industrial Development Zone (GIDZ), although the SEZ Act does not clearly indicate the role of the municipality where the zone is located. This municipality is more of the regulatory authority in terms of making the necessary approval for the implementation of bulk infrastructure and the OR Tambo SEZ is located within the Ekurhuleni metropolitan municipality. The SEZ programme in South Africa offers tax incentives to qualifying companies that are located in the approved SEZs, where the South African Revenue Service is responsible to administer the tax incentives. Given that the OR Tambo SEZ is set to have a Jewellery Manufacturing Precinct, the South African Diamond Precious Metal Regulator (SADPMR) is the anchor tenant of the Jewellery Manufacturing Precinct. In this regard, the private sector plays its role as tenants or investors who locate inside the zone. Therefore, given the role played by different stakeholders in implementing the zone, it is important to examine coordination among these key stakeholders, and access how the level of coordination among stakeholders affects implementation.

[4] In June 2019 the Department of Trade, Industry and Competition (DTIC) was established which incorporated the Department of Economic Development into the Department of Trade and Industry. For the purpose of this study the researcher is using the name Department of Trade and Industry to refer to the DTIC.

The province has over the past years been in the process of implementing the OR Tambo SEZ as a strategic tool to revive the manufacturing industry and attract FDI to create decent jobs in Gauteng. In addition, the Gauteng Provincial Government is planning to turn Gauteng into a multi-tier Special Economic Zone, with the Province set to have SEZs across its different corridors. The Ekurhuleni Metropolitan Municipality also has the Aerotropolis project, which encompasses the development of the OR Tambo SEZ. This project aims to develop Gauteng's Hub for advanced manufacturing, logistics, and transport industries. According to Chinguno (2011), the OR Tambo SEZ will boost the province's economic development and improve the international competitiveness of South Africa's manufacturing capacity. The OR Tambo SEZ is located in Kempton Park, in the proximity of OR Tambo International Airport. OR Tambo International Airport is one of the busiest airports in Southern Africa, and it is a vital hub for domestic and international air transport in South Africa. The successful implementation of the zone will have a positive impact on the overall economy of Gauteng, as it has the potential to create employment opportunities and reposition the economy to a new growth trajectory.

1.3 Problem statement

In 2002, the South African government-designated OR Tambo International Airport as an Industrial Development Zone. As stated in Chinguno (2011), the implementation of the zone was faced with challenges, such as delays in receiving its operating permit. The operating permit of the Zone had to be delayed, accommodating the expansions of the airport, due to the 2010 FIFA World Cup. The delay indicates that there may have been coordination challenges among the key stakeholders because the OR Tambo SEZ received its operating permit in 2010, which is eight years after it was designated as an IDZ in 2002. In addition, the zone launched its first investor to locate within the zone in 2019. For this reason, it is of paramount importance to examine the coordination of stakeholders in implementing the OR Tambo SEZ, particularly because the zone is now being transitioned from an IDZ to an SEZ.

According to international best practices, the success of SEZs requires inter-departmental cooperation and coordination (Bernstein et al., 2012). Furthermore, it is evident that poor relations among key inter-agencies responsible for implementing an SEZ harm the successful implementation of a zone. This is evident in Nigeria, where conflict between the port authority and the export processing zone authorities affects the integration of the Calabar Free Zone. This conflict between the two agencies has affected the zone's competitiveness (Farole & Kweka, 2011). Lack of coordination within the organisation always leaves a negative impact on the overall policy implementation process (Panday, 2007). Ahsan (2018) further indicates that when coordination becomes a problem, it is unlikely for policy to be executed by deadlines. Successful implementation is evident where there is coherence, stability, peer support, training and engagement (Payne, 2008). In addition, successful reforms mean that a small number of key actors are interacting to produce a significant impact.

The successful implementation of SEZs can be traced in countries such as China, where commitment among political leaders and government officials has led to the success of SEZs contributing towards the country's Gross Domestic Product, FDI and employment creation.

In this regard, the study aims to fill the knowledge gap on the coordination of stakeholders in implementing the OR Tambo SEZ. The study envisages that the knowledge collected herein will contribute towards the successful implementation of the OR Tambo SEZ. It is important for the zone to be well-coordinated, as it has the potential to revive the economy of Ekurhuleni and reduce the high unemployment rate in Gauteng. In addition, the zone has the potential to resuscitate the declining manufacturing industry in the country.

1.4 Purpose statement

Many countries have used SEZs as a tool to promote industrial development, attract FDI and create employment opportunities (Farole, 2011). South Africa is no stranger to the implementation of SEZs as a mechanism to increase FDI and increase job creation. However, despite the country's implementation of SEZs over the past decades, the country continues to experience certain socio-economic challenges, such as poverty, unemployment, and inequality. According to Statistic South Africa (2017), over half of the population were poor in 2015. This means that one in every two South Africans were living in poor conditions in 2015. In addition, the country has a high rate of unemployment, particularly youth unemployment.

The successful implementation of SEZs in South Africa has the potential to attract FDI, and create decent work for many unemployed South Africans. In this regard, the President of South Africa, during his 2019 State of the Nation address, indicated that the country ought to develop new SEZs in the clothing and textile industry as one of the mechanisms it may use to address the country's broader socio-economic challenges. This has also found support from the Premier of Gauteng, who indicated that there is a need to be more aggressive and push a vision of turning the whole province into a single, multi-tier Special Economic Zone.

In this regard, Gauteng Province has over the past years been in the process of implementing the OR Tambo SEZ as a strategic tool to revive the manufacturing industry and attract FDI to create decent jobs in Gauteng. The successful implementation of the zone will have a positive impact on the economy of Gauteng, as it will create employment opportunities and reposition the economy on the new growth trajectory. Chinguno (2011) further state that the OR Tambo SEZ will boost the Province's economic development, and improve the international competitiveness of South Africa's manufacturing capacity. The OR Tambo SEZ is located in Kempton Park, in the vicinity of OR Tambo International Airport. The OR Tambo International Airport is one of the busiest airports in Southern Africa, and it is a vital hub for domestic and international air transport in South Africa. Given that the OR Tambo SEZ is now transitioning from an IDZ to an SEZ, the rationale for this study is important as it will provide the knowledge gap on the coordination of the OR Tambo SEZ and this could assist the government in successfully implementing the OR Tambo SEZ and other SEZs in the country.

1.5 Objectives of the Study

This study aimed to examine the extent of coordination among stakeholders in implementing the OR Tambo SEZ

In order to thoroughly examine coordination among stakeholders, the study will address the following secondary objectives:

- Identify the key stakeholders involved in the implementation of the OR Tambo SEZ;
- Understand the roles and responsibilities of the key stakeholders in implementing the OR Tambo SEZ; and
- Assess the extent of coordination among key stakeholders responsible to implement the zone.

1.6 Research questions

1.6.1 The primary research question:

What is the degree of coordination among the key stakeholders responsible for the implementation of the OR Tambo SEZ?

1.6.2 The secondary research questions:

- Who are the key stakeholders in the implementation of the OR Tambo SEZ?

- What are the roles and responsibilities of the key stakeholders that are responsible for implementing the OR Tambo SEZ?
- What is the extent of coordination among the key stakeholders who are responsible for implementing the OR Tambo SEZ?

1.7 Research methodology and design

Case study research is used to examine the coordination of stakeholders in implementing the OR Tambo SEZ. In this regard, a qualitative research method is used to collect data. The researcher used semi-structured interviews and document analysis. Thus, purposive sampling was used to identify key participants to be interviewed. In addition, public government documents were accessed in order to understand the extent of coordination. The data from the interviews are presented with the data collected from public documents. Thematic analysis is then used to present and analyse data.

1.8 Limitations of the study

The study is mainly focusing on the coordination of stakeholders in implementing the first phase of the zone, which was set to start with the implementation of the Jewellery Manufacturing Precinct at the OR Tambo SEZ. The study focused on the implementation of the zone from when it was designated as an IDZ till the year 2019. This limited the scope of the study, in the sense that the study did not focus on other phases of the zone and what happened in terms of implementation of the zone past the year 2019. It is important to also note that the findings of the study do not represent the coordination of stakeholders in implementing other SEZs in South Africa.

1.9 Research Report Layout

Chapter 1 provides a brief background on how the SEZ programme was initiated in South Africa.

Chapter 2, provides a literature review on the concept of coordination. The Chapter starts by defining the term SEZ and the different types of SEZs. Secondly, it discusses the global benefits of implementing SEZ and the rationale behind setting up SEZs. The main focus of the study is to examine coordination among stakeholders in implementing the OR Tambo SEZ. The chapter further defines the concept of coordination, the different mechanisms used to achieve coordination, and how coordination affects implementation.

Chapter 3 indicate the methodology to be used in collecting data, the chapter commences by explaining the research design and the approach used to undertake the research. The chapter further indicates how the data will be collected and presented.

Chapter 4 shows the presentation of the data collected,

Chapter 5 provides an analysis and discussion of the data collected.

Chapter 6 presents the conclusion and recommendations of the study.

1.10 Conclusion

South Africa has over the years been in the process of implementing the SEZ programme as a strategic tool to revive the country's manufacturing industry and attract FDI to create decent jobs. However, the country continues to experience high unemployment rate and low economic growth. Therefore, this study aims to examine coordination among stakeholders in implementing the OR Tambo SEZ given that the SEZ received an operating permit in 2010, however the zone was designated as an IDZ in 2002.This signals that they might be coordination challenges in implementing the OR Tambo SEZ. Case study research is used to examine the coordination of stakeholders in implementing the OR Tambo SEZ and qualitative research method is used to collect data. In this regard, the study aims to fill the knowledge gap on the coordination of stakeholders in implementing the OR Tambo SEZ. The study envisages that the knowledge collected herein will contribute towards the successful implementation of the OR Tambo SEZ.

CHAPTER 2: LITERATURE AND THEORETICAL REVIEW

2.1 Introduction

The main aim of this study is to examine coordination among stakeholders in implementing the OR Tambo SEZs. Therefore, to understand coordination in the implementation of SEZs, this chapter provides an overview of the definition of the term SEZs, and the rationale for developing them. In addition, the chapter indicates the five theoretical approaches for developing SEZs and discusses the concept of coordination and how they are coordinated. Furthermore, the chapter highlights international case studies in the coordination of SEZs and discusses the impact of coordination on their implementation.

2.2 Rationale for developing SEZs

In order to understand the rationale for developing SEZs, it is important to understand the definition of the term Special Economic Zone. The "Special Economic Zone" is a broad term covering a range of zones such as the free trade zones, high tech zones, export processing zones, industrial parks, economic and technology development zones, science and innovation parks, enterprise zones, free port zones, and others (Zeng, 2015). According to Farole (2011), despite many variations in the name and form of SEZs, they can all be defined as designated areas of the country, where the laws and rules that govern that area are different to those that apply to the rest of the country. Furthermore, the rules governing these areas deal with investments conditions, international trade and customs, taxation, and the regulatory environment.

In the context of South Africa, SEZs are defined as special designated areas of the country that have been set aside for targeted economic activities (The Department of Trade and Industry, 2012b). These areas are supported by the government through special arrangements such as tax laws and support systems, which do not apply to areas outside the designated areas (The Department of Trade and Industry, 2012b). Qualifying firms that operate in SEZs within South Africa are provided with a reduction in corporate tax, building allowances and incentives (The Department of Trade and Industry, 2012b). The South African Special Economic Zone Act No. 16 of 2014 indicates that SEZs are an economic development tool used by governments to promote exports, attract targeted FDI, as well as domestic investment and technology.

The Act further states that the purpose of Special Economic Zones is to: a) create an industrial complex that targets industries in the manufacturing sector and trade industries; develop infrastructure support that is needed to support the development of targeted industries; attract domestic and foreign investments; provide a location for targeted investments; promote regional development, and create decent jobs and other economic benefits that come with the establishments of SEZs. There are various approaches used to explain the concept of SEZs, where the zones can either focus on multi-products, or they can be sector-specific (The Department of Trade and Industry, 2012b).

Existing literature indicates that Africa's SEZs are faced with challenges such as inefficient electricity supply; lack of access to sufficient water; as well as a high degree of bureaucracy and corruption (Farole, 2011). Other challenges include a lack of integrated investment policies to support the implementation of the zones and a lack of coordination among key institutions that are responsible to implement the zone (Farole, 2011).

Despite all these challenges, the development of SEZ remains an important tool to attract FDI and create employment opportunities for many developing economies. To understand the conditions that drive the successful implementation of SEZs, it is vital to draw on the rationale behind their establishment, as many economies adopt SEZs for different reasons. According to Aggarwal (2010), there are five theoretical approaches to the development of SEZs, include:

the neoclassical approach, the heterodox approach, the agglomeration economic approach, the global value chain approach, and the political economy approach.

2.2.1 Neoclassical approach

The **Neoclassical approach** views SEZs as parts of the country that offer open and free trade policies intending to promote trade (Aggarwal, 2010). This theory refers to situations, particularly where, if free trade is not feasible at the country level, then a country can get welfare gains from SEZs (Aggarwal, 2010). Farole (2011) further indicates that SEZs can increase the country's comparative advantage, while on the other side they can decrease it. This is because SEZs can promote the productivity of targeted industries, and promote unfair competition between firms that operate both inside and outside the zone (Aggarwal, 2010).

The neoclassical approach holds that markets work best when the state has a limited role to play (Page & Tarp, 2017). However, the State ought to act as the rule maker in order to maintain macroeconomic stability, and deliver secure property rights, laws, and public goods that are essential to facilitating markets, for them to function properly. There is the view that markets alone cannot reach the desired distribution of income and allocate resources efficiently amongst sectors (Page & Tarp, 2017). Hence, industrial policies are implemented as instruments to correct market failure, and government policies can be used to yield a better outcome from the market.

Stiglitz and Greenwald (2015) further add that the government plays a vital role in shaping the economy, not only through its industrial and tax policies but rather, through its dominance in writing the rules of the game and structuring the markets. The lesson that can be learned by many developing countries is to implement free trade, with less government intervention (Aggarwal, 2010).

2.2.2 The heterodox approach

While the neoclassical approach advocates for SEZs with minimal government intervention, **heterodox economics** advocate for SEZs that uses a mix of government and private sector intervention (Aggarwal, 2010). The heterodox approach is taken from the **endogenous growth literature and new institutional theory**, which can be traced back to the 1980s, and early 1990s (Farole, 2011). The heterodox approach views SEZs from a growth and industrial development perspective (Farole, 2011). According to this theory, SEZs have spill-over effects that go beyond their surroundings due to their impact on human capital formation, institutional reform, and technological transfer (Warr, 1989). **The endogenous theory** further states that SEZs can enhance the degree of open markets, due to innovation, FDI, trade, political factors, capital investment, and human capital (Pan & Ngo, 2016). This theory holds that long term growth depends on a country's human capital, therefore, the use of SEZs has the potential to propel growth in developing countries, since SEZs results in knowledge spill-overs that emerge a result of foreign investors located in the zone.

2.2.3. Agglomeration approach

Another rationale behind setting up SEZs is given by the **agglomeration approach**, which focuses on firm-level productivity gains that comes because of special concentration of economic activities (Newman & Page, 2017). The agglomeration approach view SEZs as government supported clusters that consist of local and foreign firms; these firms are set up with the goal of exploiting the benefits that arise from the global value chain (Aggarwal, 2010).

The concentration of economic infrastructure in one area results in an SEZ being able to exploit the scale of economic activities in the global market (Farole, 2011). There is strong evidence that supports the fact that productivity spill-over came as a result of agglomeration (Newman & Page, 2017). For instance, one study focusing on four lower-income countries (Cambodia, Ethiopia, Tunisia and Viet Nam) found that there are success benefits from agglomeration (Newman & Page, 2017). Furthermore, firms that operate within the agglomeration clusters can use the same suppliers of raw materials and shared infrastructure.

The literature further indicates that most foreign investors prefer locating their investments in areas where there is a comparative advantage that allows the firm to increase productivity and exports. Therefore, firms that operate in clusters benefit from increased productivity, due to the reduction in transport cost, access to labour, technology spill-overs, and increased competition. Porter's diamond model further indicates that firms that operate in industrial segments have the potential to achieve international success. Although the use of clustering may yield production benefits, the increase in competition may lead to barriers to entry for new role players in the market. The implementation of clusters requires strong coordination amongst different stakeholders from both the public and the private sector.

2.2.4 Global Value chain

The concept of Global Value Chains (GVC) can be described as a process whereby the production processes are broken into different stages that are undertaken by different countries around the world. GVC are strongly associated with trade and industrialisation, and can also be seen as a mechanism to reduce international trade costs (United Nations Industrial Development Organisation, 2018). In this regard, SEZs can be used as a tool to advance **global competitiveness** by lowering the cost of doing business and providing a healthy and competitive business environment (Sorokina, 2014). According to Eze and Nkwende (2012), globalisation promotes free trade between countries, without any barriers.

In today's global economy, competitiveness is so intense that countries introduce policies to create a favourable investment climate in terms of providing improved infrastructure and laws that match international best practices (Aggarwal, 2010). For this reason, by offering an enabling business environment, SEZs can facilitate the country's interaction with the global economy. Thus, GVCs play a critical role in advancing a country's participation in the global economy (United Nations Industrial Development Organisation, 2018). The production of GVC is coordinated across boarders in a manner that simplify importing of raw material (United Nations Industrial Development Organisation, 2018). According to Goletti (2004), value chains create business linkages by getting different stakeholders to work together. In addition, these linkages can be achieved when there is effective decision-making and governance within the value chain.

SEZs make the movement of goods across countries easier, by relaxing tariffs (Goletti, 2004). Low trade barriers and the low cost of international trade are likewise vital for a country's interaction with the global economy (United Nations Industrial Development Organisation, 2018).

Baldwin and Venables (2013) argue that while the concept of GVCs refers to global networks, most global chains are regional, rather than global. One example of regional value chains is identified in Asia, where China, India and Vietnam have been successful in participating in global value chains. These three countries have accumulated significant gains in the global manufacturing of value chains, and this has resulted in these countries achieving high growth rates. The dominance of Asian countries in the world economy has been referred to by Baldwin (2006) as Factory Asia, where these regional chains have dominated the world market by becoming the leading producers in key sectors of the world economy.

The participation of Asian countries in GVCs has led to growth opportunities in Asia. Baldwin (2006) states that geography and location are the most important element in enabling Factory Asia to succeed in the global markets. In addition, regional and national comparative advantage play a critical role when it comes to countries joining international networks.

To have effective value chains, the United Nations Industrial Development Organisation (2018) study indicate that factors such as transport infrastructure, logistical services, and trade facilitation are vital for the development of GVCs, and that the success of GVCs are accompanied by well-established manufacturing facilities, capital equipment, and a well-trained labour force. In addition, investment into skills development and research and development are key drivers towards having access to GVCs. The integration into the GVCs can lead to an improvement in industrial competitiveness, due to technology transfer and other learning that comes as result of participating in the global chains.

While GVC has led to a positive impact in many developing countries by opening markets, increasing economic growth, and creating jobs. Their impact on jobs has been under scrutiny, with many authors criticising them for the abuse of working conditions. Consequently, the International Labour Organisation (ILO) has, over the years, set a standard for labour practices across the globe to protect workers against unfair labour practices. In recent years, the ILO has taken measures to update its governance framework in order to consider the challenges that arise from the GVCs and the new ILO protocols introduced a coordinated governance model that encourages individual governments to work together in preventing and eliminating forced labour and making joint investigations and prosecutions for the abuse of labour (Posthuma & Rossi, 2017). Furthermore, through this new practice, the ILO is capable of fostering coordinated collaborations and dialogues between the public sector, private sector, civil society and trade unions in the GVC at both international and national levels (Posthuma & Rossi, 2017).

In the context of Africa, GVCs have been weakened by the fact that Africa is still in the early stages of development, and is losing the race for economic development, particularly the investment in human capital development (Ibrahim, 2013). As stated in Ibrahim (2013), the weakened development arises from political and social instabilities, as well as the increase in controlling regimes that weakens the ability of most African countries to integrate in the global economy.

2.2.5 Political Economy Approach

According to Buchanan & Tullock (1962), the **political economy approach** of SEZs is drawn from the public choice theory, which is based on the application of economic ideas, to the political structures and processes. According to this approach, the objectives of SEZs is to generate rent for a small handful of capitalists through facilitating the acquisition of land and offering tax incentives (Aggarwal, 2010). However, the government can use these rents instead to encourage such capitalists to invest in growth. Page & Tarp (2017) further indicate that while most issues with SEZs, such as location, planning, regulatory framework, customs, administration and management are technical in nature, and their application and coordination rely mostly on a solid political economy, for SEZs to be successful, there is a need for commitment from political leadership.

Farole and Moberg (2014) further indicate that the success of SEZs in East Asia comes about due to the commitment of political leaders. In countries such as China and Vietnam, senior government officials and party leadership were committed to driving the success of the SEZ through creating an enabling environment for the implementation of SEZs (Newman & Page, 2017). The decision to adopt a policy and how the policy is designed and implemented is endogenous, as it comes from the interplay among actors of political institutions, where the political economy models treat governments and the people within them as actors that have their own goals and information asymmetries (Farole & Moberg, 2014).

Buchanan & Tullock (1962) indicate that government actors are rational, and utility maximising. Thus, their pursuits are different to that of businesses and households. This is because politicians want to be re-elected, while government officials want status (Page & Tarp, 2017). As a result, policy makers and policy executives may pursue limited self-interest, rather than achieving the intended goal of a public policy and maximising social welfare and the public good (Page & Tarp, 2017). It is argued that the involvement of the government in the implementation of SEZs tend to promote various interest groups to lobby for rent-seeking (Aggarwal, 2010). Furthermore, Moberg (2015) indicates that there is a knowledge gap between policy makers and market actors. She further indicates that the distance between policy makers and decisions makers is the main cause of knowledge problems in policy making. Thus, the more centralised a system is, the more it is exposed to knowledge problems and rent-seeking.

Moberg (2015) argues that in a centralised system, policy makers, particularly in government, cannot study in detail the fluctuations in the economy and the progress of the country's local economy in a way that market actors do. Market actors are not only familiar with the details about the local economy, but also receive feedback about their performance in the form of profits, which then allows them to make updates and regular improvements (Page & Tarp, 2017). In centralised systems, SEZs tend to be badly designed and misplaced (Moberg, 2015). For instance, Nigeria's original free zone programme was designed to attract labour intensive manufacturing, however, it failed because firms inside the zone tend to be more capital intensive than those operating outside the zone (Farole & Akinci, 2011).

Moberg (2015) further indicates that in order to address the knowledge challenge, government actors need to move decisions-making to those who have the right knowledge. Furthermore, Moberg (2015) indicates that there are two ways to achieve decentralisation of decision-making. Firstly, it can be done through private decision-making or decentralisation of decision making. Countries such as Mauritius and China have used the decentralisation of decision-making model to make their SEZ model robust, for instance, in Mauritius, the government uses a single factory model, where firms can choose to locate anywhere on the island and still receive trade-related benefits offered by the zone programmes (Farole & Akinci, 2011). While in China, SEZs policies are being implemented at a local level, although the central government is responsible for promoting and appointing local officials (Moberg, 2015).

2.3 Adopted theories for setting up SEZs in the context of South Africa

Given the above-mentioned theories behind the rationale for setting up SEZs, the study adopted the global competitiveness approach, while referring to political economy theory. This is particularly the case because, in the context of South Africa, SEZs were developed to attract FDI in the country, promote the competitiveness of South Africa's exports, and promote the manufacturing industry by providing world-class infrastructure and lowering the cost of doing business. This is supported by the global competitiveness rationale, which indicated that SEZs are used as a tool to advance a country's global competitiveness by creating a favourable business environment that lowers the cost of doing business by providing improved infrastructure and laws that match international standards. The United Nations Conference on Trade and Development of 2013 report also stated that linking SEZs to investments in trade infrastructure such as ports, power projects, roads and the domestic industry as well as the labour market may lead to an active route towards advancing the competitiveness and improving the country's economic growth. In South Africa, several challenges hinder South Africa's export competitiveness. These challenges include poor rail transport infrastructure, high trade costs, due to inefficient port management system for cargos and governance, as well as institutional arrangements for setting tariffs and the increasing policy uncertainty (Draper et al., 2018).

Draper et al. (2018) further state that, while the country has commercial diplomacy institutions on paper, their functions seem to be invisible to South African investors. Further to that, there seems to be a duplication of duties among key stakeholders that are responsible for setting up tariffs and this increases barriers for South African firms to be able to compete in the global economy. For this reason, coordination is important in order to avoid duplications of programmes, contradictions in the implementation of programmes, displacement where one organisation makes a decision that creates a problem for another organisation and changing demands, where governments need to find an integrated approach address a problem (Peters, 2018). According to Peters (2018) there are numerous reasons for the persistence of the silos that exist in many governments and this may be due to: specialization, power, performance management, beliefs and ideologies, politics, and accountability. However, it is important to understand that coordination of public policies is aimed at resolving the conflicts that arise from overlapping programmes and policies and finding common priorities (Matei & Dogaru, 2012). The GVC approach indicates that value chains create business linkages by getting different stakeholders to work together, where these business linkages can work best when there is effective decision-making. Therefore, the networks that exist between social actors and government can serve as a mechanism for coordination, and networks can provide for coordination from the bottom up, where various social actors involved have information about what the different departments with whom they are working are doing, and can identify contradictions and gaps among them.

The South African SEZ model also draws on a political economy approach by offering rents to the few firms that qualify to locate within the zone. These rents come in the form of land, infrastructure, and tax incentives. The rent is championed by the political structures of the economy. In South Africa, the Minister of Trade and Industry is responsible for the approval of an area to operate as an SEZ (Department of Trade and Industry, 2014). Peters (2018) indicates that governments usually use hierarchical authority emanating from the centre of government, and perhaps hierarchies are used because the individuals that are occupying positions in central government are most likely to identify the needs of coordination. In addition, the individuals tend not to have commitments to any particular agency or department, and therefore they will not be constrained by loyalties or beliefs in particular ways of addressing policy problems. Peters (2018) further adds that central agencies are the most common mechanism utilizingwhich to attempt coordination, and these agencies are responsible for supervising or supporting line agencies.

Central agencies are the most common mechanism by means of which to attempt coordination (Peters, 2018). These agencies are responsible for supervising or supporting line agencies. An example of these agencies includes agencies such as the Department of Finance and budget offices. Therefore, although coordination may not be at the centre of these organisations, but remains one of their important tasks. This is because these organisations are responsible for making the rest of the government pursue their objectives through the budgets and their influence on legislation (Peters, 2018). However, Hanf (1978) argues that hierarchies are often ineffective in producing coordination, even when there are resources to do so.

Most of South Africa’s policies are taken from the structures of the governing party (Booysen & Erasmus, 2006). However, each province’s executive council is responsible for coordinating public policy, where national policies are implemented at the provincial level. Booysen (2006) further states that factors that affect the implementation of a public policy range from administration control, organisational resources, institutional arrangements, inter-governmental relations, pressure from politicians, the clarity in the objectives of the public policy, and communication among stakeholders. She further states that policy making is linked to an exercise of power, where the act of power determines who makes the decisions and the extent of independence in exercising that power.

According to Luke (1974), there are three forces of power in a political system. Firstly he states that power comes from whoever wins an argument, meaning those who have the people's vote have power over those who didn't win the vote. Secondly, power can come through manipulation, where Party A gets Party B to do something that they would not have done if they were not manipulated, and lastly, power can be carried by those who have the agenda, meaning those who came with the idea to develop the policy have power over those who are expected to implement the policy. These theories from Luke will allow us to better understand the coordination mechanism of key stakeholders involved in the implementation of the SEZ policy, particularly looking at the stakeholder's power in coordinating the implementation process of the OR Tambo SEZ. The theories for setting up SEZ indicate the importance of coordination in the implementation of SEZs. Therefore, it is important to understand the concept of coordination and the different mechanisms used to coordinate.

2.4 The concept of coordination

Coordination is referred to as an end-state, in which the policies and programmes of government are characterised by minimal redundancy, incoherence, and gaps (Peters, 1998). Furthermore, coordination is defined as those mechanisms and instruments that aim to enhance voluntary and forced alignment of the tasks and the efforts of organisations within the public sector (Boukaert et al., 2015). Therefore, the mechanisms and instruments are used to create better coherence and reduce redundancy, gaps, and contradiction within policies, implementation, and management (Boukaert et al, 2015).

Coordination has also been understood as creating a set of activities by various stakeholders and institutions in order to achieve consistent social results (Matei & Dogaru, 2012). Pandy (2007) states that coordination is a way to bring together different agencies to make their effort more compatible. Peters (2018) also states that coordination brings multiple stakeholders to work together to achieve a common goal, and can either be negative or positive. Positive coordination is achieved when organisations go beyond simply avoiding conflict, and instead find ways to cooperate on solutions benefitting the organisations involved, and their clients. Negative coordination, on the other hand, occurs when the decisions that are made in one organisation or programme take into consideration those decisions made in another organisation in order to avoid conflict (Peters, 2018). Cejudo & Michel (2015) state that there are two main characteristics of coordination, which are information and knowledge exchange; as well as rules and responsibilities for the actors that are conceived to coordinate.

In addition, information sharing is a necessary condition for the existence of coordination. In this regard, coordination by information sharing can be achieved through different types of formal and informal procedures. Thus, formal procedures are held with written documents, and are binding, whereas informal procedures are self-motivated and based on needs (Ahsan, 2018). Some scholars indicate that to overcome challenges under the formal procedure, there is a need to use informal procedures, together with formal procedures, in order to ensure better coordination.

Consequently, whenever there is limited sharing of information and knowledge in an organisation, the members are unable to develop integrated solutions to address problems (Wheately, 2006). Therefore, multifaceted problems can be resolved by bringing relevant parties together and getting them to agree on a common goal (Cejudo & Michel, 2015). In this regard, the goal can be pursued only by interacting through organisations whose structures and procedures are designed to function through information exchange (Cejudo & Michel, 2015).

Leite & Buanain (2013) argue that individuals and their interactions are an important element in analysing coordination in the implementation process, however, it is not only the interaction and behaviour of individuals that is the key foundation for coordination but rather, individuals actions and interactions are restricted by the organisational structure, where the individuals belong and the external environment they are linked. Furthermore, the individuals that are involved in policy implementation significantly influence the extent to which policies can achieve their goals and the necessary articulation for policy coordination (Leite & Buainain, 2013). It is indicated that the existence of clearly defined rules and procedures for members to coordinate is also a determinant of inter-organisational coordination. Therefore, a lack of coordination takes place when there is a lack of communication, a lack of rules, standard operating procedure and inadequate division of labour in terms of who is responsible to do what, when, and how (Panday, 2007).

Coordination is important in order to avoid duplication of programmes; contradictions in the implementation of programmes; displacement where one organisation makes a decision that creates a problem for another organisation; and changing demands, where governments need to find an integrated approach to address a problem (Peters.2018). Peters (2018) states that there are a range of reasons for the persistence of the silos that exist in many governments and this may be due to: specialisation, power, performance management, beliefs and ideologies, politics, and accountability. However, it is important to understand that the coordination of public policies is aimed at resolving conflicts that arise from overlapping programmes and finding a common priority (Matei & Dogaru,2012). Therefore, given the above definition of coordination, Peters (2018) indicates that there are three mechanisms to achieve coordination, where coordination can occur through hierarchy, networks and collaboration.

2.2.1. Hierarchy

Davies (1995) states that in government, the conceptualisation of coordination is a top-down hierarchy, dependent upon central agencies. Peters (1998) further indicates that within individual organisations, hierarchy is often replicated with the minister or the chief department providing direction. He further states that this method of coordination functions well analytically as long as the organisations involved are well-integrated from top-to-bottom, and they have a clear mandate about what they are responsible to do. Government usually uses hierarchical authority coming from the centre of governments when faced with coordination problems (Peters, 2018). Hierarchy may be used because individuals that are occupying positions in the centre of government are most likely to identify the needs of coordination (Peters, 2018). In addition, the individuals tend not to have commitments to any particular agency or department, and therefore will not be constrained by loyalties or beliefs in particular ways of addressing policy problems.

Central agencies are the most common mechanism to attempt coordination (Peters, 2018). These agencies are responsible to supervise or support line agencies. An example of these agencies include agencies, such as the department of finance and budget offices. Therefore, coordination may not be at the centre of these organisations, however, it is one of their important tasks. This is because these organisations are responsible for making the rest of the governments pursue their objectives through the budgets and their influence over legislation (Peters, 2018). However, Hanf (1978) argues that hierarchies are often ineffective in producing coordination even when there are resources to do so. Therefore, coordination may also come in the form of networks.

2.2.2 Networks

According to Peters (2018), the **networks** that exist between social actors and government can serve as mechanisms for coordination. Furthermore, networks can provide for coordination from the bottom up where various social actors involved have information about what the different departments with whom they work are doing and identify contradictions and gaps among them (Peter, 2018). Peter (2018) further state that this type of coordination depends mainly on the willingness of government organisations involved to regard the information being given to them by the networks partners and to work on improving policy coordination. However, network linkages that constitute major political advantages for individual organisations also create a major problem for improving cooperation among aggregate organisations (Peters, 1998). In addition, linkages to other organisations, whether public or private, may lead to conflict with collective rationality, where each organisation may be serving its network in a way that will hinder coordination at a larger scale (Peters, 1998).

However, networks can contribute to the positive coordination of public programmes, where the distribution of problems and common value creation are solved simultaneously (Scharpf, 1997). Peters (1998) states that this is because the interaction among the members of the networks and their sharing of information may create a trust that permits more effective problem solving, and this can be positive to possible conflicts among programmes than would otherwise be possible. Furthermore, the extent to which organisations are required to interact directly over implementation issues may be more effective in coordinating than those organisations that do not receive feedback from their network partners (Peters, 1998). Thus, many coordination problems may be addressed by bargaining among affected organisations at lower levels. Peters (1998) further uses Australia as an example, where they minimise the role of the central department in negotiating common delivery of the social service, given the political and problems that arise. Thus, the best plan seems to be to allow local organisations to have their plans subjected to central monitoring.

2.2.1.3 Collaborations

Collaboration refers to the interactions among organisations working together to solve a public problem (Smith, Carroll and Ashford, 1995). Eugen (1998) refers to collaboration as the process of creating a common understanding of the problem. Therefore, public policy can be carried out better if there is a collaboration among agencies (Lundin, 2007). Furthermore, an agency that cooperates with others can make use of additional resources, such as experts and information, and hopefully, activities can be better coordinated, and this can improve an agency's ability to put policy into practice (Lundin, 2007). Public sector performance is said to improve through partnerships and collaboration, where it is easy to see why inter-organisational collaboration is often assumed to improve implementation. However, there are a precondition for this assumption, where, firstly, the potential partners must have additional resources that can be used by the key agency. Secondly, the partners must be willing to share resources. Thirdly, some costs are always associated with collaboration (Lundin, 2007).

Coordination requires the formulation of rules or procedures for collaboration, which may differ depending on the desired coordination (Cejudo & Michel, 2015). If organisations do not share the same objectives but are bounded to collaborate at a particular level of activity, their level of coordination may be based on informal rules and procedures, which arise from people's efforts to coordinate (Cejudo & Michel, 2015:6). In addition, when an organisation shares the same objectives, in such instances there are formal rules and procedures applicable, which at times are renegotiated. Although the potential partner is willing to share information with the key agency, collaboration may be a complicated process (Lundin, 2007). According to Peters (2018), collaboration depends more on ideas and solving a policy problem through collaboration can be very difficult and time-consuming. However, if this process is successful, it can lead to greater coordination than most structured solutions that are applied to coordination issues.

2.5 Understanding coordination in the implementation of SEZs

SEZs are governed by four stakeholders, which are the regulator, owner, developer and the operator (Mangal, 2019). Farole (2013) states that the regulator is generally a government body with oversight authority, while the developer is in most cases a private entity that is charged with designing, planning and managing the development of infrastructure and facilities within the SEZ. In addition, the operator is an entity that manages the day-to-day running of the zone, where the operator is responsible for the provision of services to site investors, tenants, and resident labour. In South Africa, the minister of DTI is responsible for the development and implementation of the SEZ programme, and the regulation of SEZs. Furthermore, an advisory committee is established to advise the Minister on the development and implementation of the SEZ programme. The Department of Trade and Industry is also responsible for the overall facilitation and coordination of the SEZs. Operating entities are then responsible for the day-to-day management of the zone, which includes the development and implementation of long-term plans to ensure that industries that are targeted are developed and the development of required infrastructure at the zone, as well as the marketing of the zone locally, and internationally. Entities such as SARS are responsible for administering the tax incentives. In the case of the OR Tambo SEZ, GIDZ is an entity that is responsible for the day-to-day running of the zone. It is important to note that GIDZ is an entity of GGDA, which is an agency of the Gauteng Department of Economic Development. While the zone is managed by GIDZ, the municipality where the zone is implemented also play an important role in the zone's implementation. In this case, the zone is located in Ekurhuleni Metropolitan Municipality. This is an important partner in the implementation of the zone. Therefore, the coordination of these stakeholders plays a vital role in the successful implementation of the zone, and this study aims to examine coordination among stakeholders in implementing the OR Tambo SEZ.

2.6 International case studies about the coordination of Special Economic Zones

Most of China's SEZs are privately owned, however, the government of China uses the government led SEZ model to support SEZs in the early stages of development. This particular model is divided into two, viz. a vertical coordination model, and a centralised coordination model. In the vertical coordination model, the municipality where the zone is located is the one that is mainly responsible for the construction and management of the zone, whereas, in a centralised model, the management of the zone is responsible for the development, construction, and management of the zone (United Nations Development Programmes, 2015).

Furthermore, the Chinese government has a mixed model, which is also divided into two, viz. collaboration of government and enterprise model; and the separation of government and enterprise model. It is important to note that this model is applied to fully operational zones. In this regard, the collaboration of government and enterprise model entails that the government is responsible for decision-making through the zone's subsidiary firm, while the enterprise is responsible for construction and infrastructure development. However, the separation of government and enterprise entails that the management committee of the zone does not partner with the developer. Rather, the developer is independent in undertaking the administration and management of the zone (United Nations Development Programmes, 2015).

In **Cambodia,** the establishment and management of SEZs are done by private sector developers (Warr & Menon, 2015). Thus, the government believes that leaving the establishment and management of SEZs in the hands of private sector developers, will assist the government to avoid the large set-up cost incurred by many countries when establishing SEZs. Warr and Menon (2015) further state that an operator who wants to develop an SEZ in Cambodia must have at least 50 hectares of land, and they must develop roads, electricity access, and water supply to firms that will be located inside the zone.

Furthermore, Cambodia's SEZs have a one-stop-shop inside the zone, where all relevant key stakeholders are located to assist investors with applications relating to imports, exports, and other regulatory matters (Warr & Menon, 2015).

In **Ethiopia**, the development of SEZs is undertaken by the government, however, where necessary, the government form partnership with the private sector, such that the Ethiopian Industrial Development Cooperation is the one that is responsible for the administration and supervision of SEZs in the country, and the corporation is a state-owned company. The reason for this is to ensure that company can directly access credit from banks, as well as seek foreign financial aid (United Nations Development Programmes, 2015).

The Government of Ethiopia has an assertion on its industrial parks that ensures that there is linkages between the SEZs and local economies and that the zone's operators are responsible to link-local manufacturing firms with foreign firms inside the zone to create technological and knowledge spillovers, and also give firms access to international markets (United Nations Development Programmes, 2015). In addition, the Ethiopia Industrial Development Cooperation has also partnered with technical colleges, educational institutions and industry captains to facilitate the link between SEZ firms and local firms with the labour market (United Nations Development Programmes, 2015).

The Ethiopian government has also partnered with the World Bank and private investors from China, for the development of some of its SEZs, which include the Kilinto Industrial Zone and expansion of the Bole Lemi Industrial Zone. In this partnership, the World Bank is responsible for providing financial support for the construction of the zone and technical support to strengthen Ethiopia's SEZ programme and institutions and on the other hand, the Chinese partners are responsible for infrastructure financing, the attraction of FDI, training and technical support on the development and management of SEZs (United Nations Development Programmes, 2015).

In Indonesia, the decision to allocate an SEZ lies with the president, and this has led to one of Indonesia's most successful economic zones (Batam Island), which has attracted substantial investment and has also contributed significantly to the success of Indonesia's industrial strategy (Le Roux & Schoeman, 2016). The international best practice further supports the model used in Indonesia, by indicating that SEZ policy ought to be administered by heads of government, who can oversee the administration of laws and regulations that govern the implementation of SEZs, where the heads of government ought to ensure that there is efficiency in the delivery of regulatory services such as land use, economic activity, inter-departmental cooperation, and interaction of government with private operators and developers (Bernstein et al., 2012).

In the case of South Africa, the SEZs Act do not allow for the sole ownership of fully private owned SEZs, but instead, the country uses Public-Private Partnership (PPPs) arrangements (Le Roux & Schoeman, 2016). The Minister of Trade and Industry is responsible for the overall development and implementation of SEZs. The Minister is supported by an advisory board, which advices on the implementation of the policy, strategy, and other programmes dedicated towards the efficient development and regulation of SEZs (The Department of Trade and Industry, 2012b). While the study looked at international case studies on the implementation of SEZ, it is important to also examine local case studies. Coega was selected because it is one of the first SEZs implemented in South Africa.

2.7 Coordination of the Coega Special Economic Zone

Coega Special Economic Zone is South Africa's first economic zone, which was designated an Industrial Development Zone in 2001, as part of the implementation of the country's first Industrial development zone policy. In 2017, the zone was gazetted by the Minister of Trade and Industry as a Special Economic Zone in terms of the SEZ Act No. 16 of 2014, replacing its implementation under the Manufacturing Development Act No. 187 of 1993. The zone is located in the Eastern Cape, about 20 kilometres away from the city of Port Elizabeth (Chinguno, 2011). Coega covers 11 500 hectares of land and includes the deep water port of Ngqura. In 2008, the zone was extended to include the 216 hectares of the Nelson Mandela Bay Logistics Park in Uitenhage (Coega Development Corporation Integrated Report, 2016/17). Thus, the park is responsible for proving infrastructure and support services to manufacturing firms in the automotive sector.

Coega Special Economic Zone is developed and operated by the Coega Development Corporation. The Corporation is a state-owned enterprise that is jointly owned by the Eastern Cape provincial government and the national government. The Department of Trade and Industry is the main shareholder of the zone, and has executive authority (Coega Development Corporation Integrated report, 2016/17).

Coega Development Corporation was established in 1999, as the developer and operator of the Coega Special Economic Zone. The corporation has restructured its model over the past years from simply leasing land and attracting investments in its development zone, to provide a range of products and services to private and public sector clients. The corporation has a service department that acts as an implementing agent, which provides project management solutions for infrastructure projects. The corporation business management service has managed hospitals, schools and road-building projects since the 2010/11 financial year. Furthermore, the corporation has worked on mega infrastructure projects with clients from the national and provincial government, such as the Department of Health, Education, Roads, and Public Works and Rural development. In addition, the corporation has an integrated management consultancy solution that offers clients strategic services, such as strategy development, project management, and other strategic management services.

The Corporation has a human capital solution that provides human resource services to clients and investors that wish to locate in its Special Economic Zone. While Coega Special Economic Zone attracts investors from across the globe, the corporation offers travel-related services to clients, making it easier for investors who want to visit the zone. The corporation also has an accommodation and conference centre to host meetings and conferences when visiting the area.

It is important to note that despite all these services offered by the Coega Corporation, Coega has a 'one-stop shop' located inside the zone. The Coega Development Corporation manages these facilities as well as estate management services to investors located inside the zone, with a customs and control area that offers services to investors and tenants at the zone. In order to drive enterprise development in the country, Coega has a Small Medium Micro Enterprise unit that facilitates the development of small enterprises.

2.8 Impact of coordination in the implementation of SEZs

In the case of coordination in Nigeria's SEZ, Farole and Kweka (2011) indicate that poor relations among inter-agencies resulted in a crippled development in Nigeria's Special Economic Zone programme. For instance, the conflict between the ports authority and export processing zone authority undermined the integration of the Calabar Free Zone and its adjacent port, as a result, this affected the competitiveness of the zone. In addition, years after legislation was changed to allow companies that qualify for the free zone to sell to the local markets, the customs authorities opposed this and continued to block the market for local sales (Farole & Kweka, 2011). This signal that lack of coordination among stakeholders has an impact on the implementation of SEZs.

In countries such as Tanzania, the lack of an operational one-stop-shop for investment facilitation led to the country's EPZ Programme struggling to support the zones investors to obtain necessary customs and taxation documents from the revenue authorities (Farole & Kweka, 2011). It is further argued that if the one-stop-shop of Tanzania's SEZ was well coordinated, this incident could have been avoided.

In the case of South Africa, Chinguno (2011) indicates that the underperformance of South Africa's IDZs results from a lack of strategic support, due to ideological contestations among key stakeholders. Most of South Africa's policies are taken from the structures of the governing party (Booysen & Erasmus, 2006). However, each province's executive council is responsible to coordinate the public policy, thus, national policies are implemented at the provincial level.

Booysen (2006) further states that factors that affect the implementation of a public policy range from administration control, organisational resources, institutional arrangements, inter-governmental relations, pressure from politicians, clarity in the objectives of the public policy, and communication among stakeholders. She further states that policy-making is linked to an exercise of power, where the act of power determines who makes the decisions, and the extent of independence in exercising that power.

Good evidence of the successful implementation of SEZs can be drawn from East Asian countries, which indicate that well-functioning institutions can promote economic growth and reduce socio-economic challenges, by providing an enabling environment that is conducive for the development and implementation of the SEZ programmes (Kumssa & Mbeche, 2004). SEZs have played an active role in the economic development of certain countries, while in other parts of the world, they have been unsuccessful (Moberg, 2015). It is also indicated that the relative contribution of the SEZ programme is limited in certain African countries, such as Nigeria, Tanzania, and Kenya (Farole, 2011). For instance, Nigeria's Free Zone Programme failed to attract significant investments (Farole, 2011). Farole (2011) further states that the free zone in Tanzania produced limited exports; however, it is argued that the free zone in Tanzania is still in the early stage of development. One country that has benefitted from the use of SEZs is China, which introduced its model of SEZs in the late 1970s. In China, the first stage of development was a large comprehensive programme which was developed by the central government (Aggarwal, 2010). By the late 1980s, the government moved towards the development of economic and high tech zones at the state and provincial level (Aggarwal, 2010).

The government of China uses SEZs as tools to strengthen the country's economy by providing incentives such as special labour regulations to firms that are located within the zones (Kilolo, 2015, p. 26). It is important to note that China's SEZs are not only linked to export industries, but rather, they also cover other areas of the country, such as schools, hospitals, and infrastructure development (Kilolo, 2015). China's SEZs have contributed significantly towards the country's national GDP, employment, exports, and FDI (Zeng, 2015). In addition, China's SEZ model has contributed towards technological progress and innovation.

Other successful practices regarding the implementation of SEZs can be found in the Caribbean and Central America, where countries like Honduras have developed an EPZ policy that has produced positive results due to its incentives. The incentives allow companies that operate within the zone to enjoy 20 years of free operations, quality infrastructure, and exemption from municipal taxes (Kilolo, 2015). This model has managed to attract important investors, where, by 2007, about 67 EPZs were developed in Honduras, attracting 342 operational firms and generating about 83 thousand jobs (Lanza, 2009).

In Africa, the success of SEZs can be traced in Mauritius and partially Kenya, Madagascar, and Lesotho (Farole, 2011). Mauritius SEZs have successfully managed to attract Foreign Direct Investments (Kilolo, 2015). The SEZ model used in Mauritius is based on a single factory model (Farole, 2011). The EPZ model in Mauritius is one of Africa's most famous and successful examples of the free enterprise type of EPZ (Farole, 2011). In this zone, firms are granted status of an EPZ on individual basis, and they are free to locate anywhere on the island, including industrial parks that are not restricted to Mauritius EPZ enterprises (Farole, 2011:30). While the use of SEZs has been successful in the transformation of many economies in Asia, such as in China, where they contributed towards economic growth and development, their success in Africa has been largely insignificant relative to Asia. SEZs in Africa have low levels of employment, investment attraction and exports (Farole, 2011). It is argued that most SEZs in Africa are still under-developed, and that there is insufficient data allowing policy makers and researchers to conduct a comprehensive analysis of the performance of the zones in terms of investment, employment, and exports level when compared to other regions around the world (Farole, 2011).

Farole (2011) further adds that the underperformance of Africa's SEZs is due to several factors, which include, among others, lack of effective strategic planning and management, poor location, lack of national policy stability, and weak governance. However, one of the major contributing factors towards unsuccessful zones is the failure to create an investment climate inside the zones which proves to be better than what is offered outside the zones (Farole, 2011). Furthermore, it is difficult for policy makers to analyse the performance of SEZs in Africa, as there is no systematic data available to measure their performance (Farole, 2011).

Bernstein et al. (2012) state that successful SEZs offer a business environment that is better than what is available outside the zone. In addition, zones require global competitiveness to be able to be successful. International best practice further adds that SEZs are more successful when there are effective investment promotion agencies within the country, and the main goal is to attract investments (Bernstein et al., 2012).

Moberg (2015) states that SEZs have several costs, which tend to outweigh the benefits, particularly in developing countries. Firstly, SEZs do not come cheap, and are often paid for by the host country in terms of the infrastructure development. Secondly, the government is responsible for the determination of the location and the nature of production in the zone. If such a decision is not well-informed, this tends to have a negative impact on the country's taxpayers, as it will cost them more than they will benefit. SEZs may be used by corrupt policy makers and bureaucrats to extract bribes from the zone's investors, and give procurement contracts to their peers (Moberg, 2015). In order for zones to be successful, they need to enjoy linkages with the domestic market, where foreign investors buy factors of production from local firms (Farole & Akinci, 2011).

Zarenda (2012) indicates that in most cases, SEZs are designated to a given location based on a political consideration, rather than on an economic condition. This results in most SEZs, particularly in Africa, being unable to achieve their mandate. Nyakabawo (2014) further points out that South Africa ought to avoid common mistakes made by developing countries in locating SEZs, indicating that the location of an SEZ ought to be driven by economic activities, and not politics. It is further stated that the South African Government needs to consider international best practices that are set by the World Trade Organization when implementing SEZs (Nel & Rogerson, 2013).

Zarenda (2012) raised concerns that the current South African SEZ policy does not indicate support for intra-Africa trade. He further indicates that South Africa has less trade partnerships with neighbouring countries such as the Botswana, Lesotho, Namibia, and Swaziland, as well as the rest of the Southern Africa Development Community. The point raised by Zarenda (2012) is important, particularly because most of the country's policies on investments and trade focus on attracting African markets and marketing South African exports to the rest of the African continent. One would therefore expect to see such policies being incorporated into SEZ policy, and indicating the coordination of stakeholders across the different African markets.

2.9 Conceptual Framework

The main objective of this study is to examine coordination among stakeholders in implementing the OR Tambo SEZ. It has been over 18 years since the government of South Africa designated the OR Tambo SEZ as a Special Economic Zone. However, the zone managed to locate its first investor in 2019. This signals that there may be coordination problems among the key stakeholders who are responsible to implement the zone. A feasibility study was conducted on the OR Tambo SEZ focusing on the viability of its implementation. The feasibility study used a mixed-method data collection technique to collect data. The study concluded that the OR Tambo SEZ will probably not be successful, and the zone will not contribute positively towards Gauteng's economic development and job creation, particularly if it is implemented according to the Industrial Manufacturing Act 187 of 1993, and the guidelines of the IDZ programme (Kilolo, 2015).

According to the researcher's knowledge, no research has been undertaken to investigate the coordination of stakeholders in implementing the OR Tambo SEZ, since the development of the 2012 SEZ policy and the Special Economic Zone Act of 2014. Hence, the study aims to examine coordination among stakeholders in implementing the OR Tambo Special Economic Zone. Extant literature indicates a lack of coordination as one of the challenges facing SEZs in Africa. Thus, coordination is an important element in the implementation of policies. For this reason, given that the country is faced with a high unemployment rate, the successful implementation of the OR Tambo SEZ has the potential to create job opportunities.

For this reason, this study aimed to fill the knowledge gap and contribute to the successful implementation of the zone. The examined coordination of key stakeholders responsible for implementing the OR Tambo SEZ by looking at key attributes, such as key stakeholders involved in the implementation process of the zone, the role of stakeholders, and the extent of coordination among stakeholders. The study is guided by the literature on the concept of coordination, and theoretical approaches for setting up SEZs, the study also adopted the Global Value Chain and the political economy approach for setting up SEZ. These theories will assist the researcher to understand the underlying factors regarding how the OR Tambo SEZ is coordinated. An interpretative approach will be used to investigate the coordination among stakeholders in implementing the OR Tambo SEZ. The study will use qualitative research to collect, interpret, and analyse data. The researcher will use interviews and document analysis to collect data.

2.10 Conclusion

The broader literature indicates that there are five theoretical approaches for developing SEZs, however, this study adopted two approaches, which are Global Value Chain, and the political economy theory for developing SEZs. The theories for setting up SEZ show the importance of coordination in the implementation of SEZs. Therefore, this chapter highlights the concept of coordination and the different mechanisms in undertaking coordination. Thus, coordination can be achieved through hierarchies, networks, and collaboration. The literature on coordination further indicates that coordination is an important element in the implementation of policies. Thus, SEZs are governed by four stakeholders, which are the regulator, owner, developer, and operator. For this reason, the coordination of these stakeholders plays a vital role in the successful implementation of the zone. Hence, this study aims to examine coordination among stakeholders in implementing the OR Tambo SEZ, where coordination is an important element in the implementation of SEZs.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The main aim of this research was to examine coordination among stakeholders in implementing the OR Tambo SEZ. This chapter gives an overview of the research design and methodology adopted to achieve the study objectives. The chapter discusses different types of research designs and indicates, which design was used for this study. Furthermore, this chapter explains the type of qualitative research method used to collect data and how the data is analysed.

3.2 Research Design

A research design is a guiding tool used to determine the type of methodology a researcher ought to use in a study. It helps researchers decide on the type of instrument they need to use to collect data. There are various research designs in qualitative and quantitative research. For the purpose of this study, the researcher will discuss four qualitative research designs.

Ethnography is a form of research concerned with people's cultural behaviour. According to Gay, Mills and Airasian (2006), the cultural behaviors in ethnography include the attitudes, values and practices that are carried out by communities. When one collects data under ethnography, it is necessary to understand the cultural and social structures that affect the phenomenon under study. This type of research design is mostly used in studies where the researcher is studying certain aspects of a given community. According to Wagner, Kawulich and Garner (2012), this form of research is best conducted when the researcher works together with community members as key informants. In addition, most researchers use filed work to collect data through ethnography.

Action research is the type of research design undertaken when a researcher wants to change or improve a situation under study. This research can be done for instance when a teacher wants to improve the mathematics performance of his/her students. To collect data under action research, most researchers use observation. Thus, the researcher can plan what they want to improve, put action in place, then observe and reflect on what is happening to the subject under study.

Grounded theory is a type of research that generates theory from the data or expands on an existing theory using the data that is collected through the research (Wagner et al., 2012). Neuman (2014) further states that the theory is developed during the collection of data. In addition, the researcher may rely on the interview, document analysis, or observation to collect data.

Case study research investigates one or small parts of cases and it mainly focuses on the details and context of the case under study (Neuman, 2014,). In addition, the case can be based on an individual, group, institution, or situation, and the researcher ought to consider whether they want to study the entire case or only certain aspects of the case. Case studies are mostly used in qualitative studies and rely on interviews, observation, or document analysis to collect data. The analysis and findings of a case study are not based on generalisation, but rather, on the case at hand. Neuwman (2014) further state that case studies provide lessons, discovery, and problem-solving and assist in creating new theories.

Therefore, given the different types of research designs discussed above, this study employs a case study. This is because the study is based on examining coordination among stakeholders who are responsible to implement the OR Tambo SEZ. This means that the investigation of the study will be based on a single case, which is OR Tambo SEZ. While case study research may be based on the entire case or certain aspects thereof, this research project only focused on the coordination mechanism of the OR Tambo SEZ, and not on all aspects of the case. This means that the analysis and finding of the study cannot be generalised, as these are the findings of coordination in implementing the OR Tambo SEZ. However, the findings can be used to generate new theories and solve problems relating to the phenomenon under study.

3.3 Research Approach

This research used the qualitative research method to collect, analyse, and interpret data. The qualitative research method focuses on understanding the social context shaping human behaviour (Wagner et al., 2012). For this reason, this study used qualitative research methods to understand the coordination of stakeholders in implementing the OR Tambo SEZ. This research study is interested in understanding the experiences and views of stakeholders who are involved in the implementation process of the OR Tambo SEZ. The interpretative approach to qualitative research is used to understand the experience of the key stakeholders involved in the implementation process of the OR Tambo SEZ.

The fundamental goal of interpretative research is to develop a deeper understanding of human experiences and generate meaning from those experiences (Neuman, 2014). The interpretative approach pays attention to context and it focuses on understanding human behaviour rather, than testing theories (Neuman, 2014).

This approach allowed the researcher to capture people’s experiences and their own stories about the involvement of their institution in the implementation process, the function of the institution and the extent of coordination among stakeholders in implementing the zone. It is important to note that, while qualitative research method uses interviews, document analysis, observations and focus groups to collect data. For this study, the researcher used semi-structured interviews and document analysis to collect data. The interviews allowed the researcher to have a face-to-face discussion with key stakeholders. In addition, the interviews assisted the researcher to solicit the views of different stakeholders on the coordination of the OR Tambo SEZ. Document analysis is also used to better understand coordination among stakeholders and the key function that stakeholders are responsible for in implementing the OR Tambo SEZ. Bowen (2009) states that document analysis is a procedure that is used for reviewing or evaluating documents. In addition, he states that the documents can exist in the form of soft copy (computer-based and internet material) or hard copy (printed materials).

3.4 Research Instruments

3.4.1 Semi-Structured interview

The researcher conducted semi-structured interviews with key relevant stakeholders involved in the implementation process of the OR Tambo SEZ. The researcher developed the following themes from the interview responses: Theme 1: Roles and Responsibility; Theme 2: Coordination; Theme 3: Institutional Arrangements; Theme 4: Monitoring and Evaluation; Theme 5: Political Economy; Theme 6: Global Competitiveness; Theme 7: Key Challenges Affecting Implementation. A questionnaire was used as an instrument to guide the themes and keep the interview on the topic. Unlike a structured interview, where all questions to be asked are pre-determined, a semi-structured interview allows the researcher to explore and probe deeper to better corroborate the data that is emerging from the interviews.

3.4.2 Document Analysis

The study used document analysis in order to understand the regulations, legislation, and policies that govern the implementation of SEZs. Bowen (2009) states that document analysis is a procedure used for reviewing or evaluating documents. In addition, he states that the documents can be in the form of soft copy (computer-based and internet material) or hard copy (printed materials).

The researcher focused on public documents, particularly government policies, strategies, and reports. Public government documents such as the national and provincial budget speeches, state of the nation address, and state of the province address, annual reports, government policies and Municipal IDP were assessed in order to better understand the extent of coordination among stakeholders. The following documents were assessed by the researcher to answer the secondary research questions:

- Special Economic Zone Act,2014;
- Special Economic Zone Policy;
- Annual Performance Plans of GDED, GGDA and Ekurhuleni Department of Economic Development ;
- Ekurhuleni Integrated Development Plan (IDP);
- Gauteng State of the Province Address (SOPA) from 2015-2019;
- Gauteng Budget Speech from 2015-2019;
- National Budget Speech 2015-2019;
- State of the Nation Address 2015-2019;
- DTI SEZ incentives guide; and
- SEZ Performance Monitoring and Evaluation Framework.

3.4.3 Sampling and Sample size

Purposive sampling was used to select relevant stakeholders to be interviewed. In this regard, purposive sampling is a form of non-probability sampling where the researcher relies on their judgment when choosing members of the population to participate in the study. The study initially aimed to interview a sample of 19 stakeholders from both governmental and non-governmental institutions. However, due to the challenge of stakeholders' availability and the time constraints, the researcher only managed to interview 15 participants. The participants that were interviewed are from the following institutions:

1. Department of Trade and Industry (DTI) - Participants from DTI were selected because the DTI is responsible for the overall facilitation and coordination of the SEZ programme, where among others, it provides secretariat support to the SEZ advisory board and technical support to provinces, municipalities, and other government departments.

2. Gauteng Industrial Development Zone (GIDZ) - Participants from GIDZ were selected because the GIDZ is the operator of the O.R Tambo SEZ, and as the operator, they are responsible for the overall implementation of the zone;

3. Ekurhuleni Metropolitan Municipality - A participant from the Ekurhuleni Metropolitan Municipality is selected because the O.R Tambo SEZ is located in Ekurhuleni, and the municipality is the regulatory authority at a local level;

4. Jewellery Council of South Africa - the O.R Tambo SEZ is said to have a Jewellery Manufacturing Precinct, therefore, a participant from the Jewellery Council was selected, because the Council is responsible for promoting the jewellery industry and representing its members, such as consumers, retailers, wholesalers, manufacturers, importers, and exporters.

5. South African Diamond and Precious Metals Regulator (SADPMR) - a participant from the SADPMR is selected, because the SADPMR is responsible for administering the Diamonds

Act, 1986 (as amended) and the Precious Metals Act, 2005 (Act 37 of 2005). The Precious Metals Act, 2005 (Act 37 of 2005) commenced on 1 July 2007, and Regulations made under the Act took effect on 9 July 2007. These Regulations were amended on 4 April 2008.

6. Gauteng Provincial Treasury - a participant from the provincial treasury was selected because the provincial treasury is responsible for the allocation of provincial budgets and the participant as an official at the Gauteng Provincial Treasury. They know about the infrastructure finance in the Province and the funding allocation of provincial priorities.

7. Gauteng Infrastructure Financing Agency (GIFA) - a participant from GIFA was selected because GIFA is an agency of the Province responsible for alternative funding for Gauteng's strategic infrastructure projects.

8. Gauteng Office of the Premier - a participant from the Office of the Premier is selected because the Premier's Office is responsible for overseeing the implementation of projects across the Province.

9. Cosatu - a participant from Cosatu is selected because the union is responsible for protecting workers rights across the country;

10. National Planning Commission - a participant from the national planning commission is selected because the institution is responsible to promote the implementation of the National Development Plan, which is a long-term strategy of the country; and

11. South African Revenue Service (SARS) - Participants from SARS are selected, because SARS is responsible for administering tax incentives.

3.5 Data Presentation

The data is presented into two segments, first, the data from the interview is presented followed by the data from document analysis. The data from the interviews led the following themes: Theme 1: Stakeholders involved in the implementation of the OR Tambo SEZ; Theme 2: Role of key stakeholders involved in the implementation process of the zone; Theme 3: Funding support; Theme 4: Investment incentives and support; Theme 5: Systems and Mechanisms to oversee implementation; Theme 6: Political Support; Theme 7: Challenges affecting implementation. Data presentation is following the themes developed from data. The data from the interviews will be presented first followed by the data from the document analysis. This is to ensure that the data is representative of the environment and that there is triangulation. Quotations of key statements from the interviews are used to present the data, this is to give the reader an overview of the data collected.

3.6 Data Analysis

There are different types of data analysis in qualitative research, such as narrative analysis, phenomenological analysis, discourse analysis and thematic analysis. According to Wagner et al. (2012), the narrative analysis makes sense of narrative data, focusing on how participants present their stories in terms of how their stories are constructed, and how they view themselves. The phenomenological analysis focuses on describing meaning for a small group of individuals who have shared lived experiences. Thus, phenomenological analysis aims to give the interpretation of what participants share in common, as they experience the same phenomenon (Wagner et al., 2012). Discourse analysis is used to draw meaning from text by incorporating both human behaviour and cultural behaviour in the interpretation (Paltridge, 2008). Whereas thematic analysis is a general approach in qualitative analysis that identifies themes or patterns in the data, this approach is used in research where the researcher is trying to find out something about people's views, opinions, knowledge, experiences, or values. Therefore, in order to examine the extent of coordination among stakeholders in implementing the OR Tambo SEZ, the researcher used thematic analysis to present and analyse data. The researcher followed the following steps to thematic analysis:

- Step 1: Familiarise yourself with data;
- Step 2: Assign preliminary codes to your data in order to descried content;
- Step 3: Search for patterns or themes in your codes across the different interviews;
- Step 4: Review themes;
- Step 5: Define and name themes; and
- Step 6: Produce a report.

This is because it is necessary for the researcher to understand participants' views and knowledge about coordination among stakeholders in the implementation of the OR Tambo SEZ, and to answer the following secondary research questions:

- Who are the key stakeholders in the implementation of the OR Tambo SEZ?
- What are the roles and responsibilities of the key stakeholders that are responsible to implement the OR Tambo SEZ?
- What is the extent of coordination among the key stakeholders who are responsible to implement the OR Tambo SEZ?

The researcher used a face-to-face interview with relevant participants and document analysis to collect data. A thematic analysis approach provided the researcher with the basis to develop categories by grouping codes that relate to the same topic (Wagner et al., 2012). The data from the face-to-face interviews were transcribed and analysed; codes were generated from the data; the data was subsequently organised into themes, after which these were reviewed; and lastly, the themes were defined and named. The following themes emerged from the data: Theme 1: Key stakeholders involved in the implementation process; Theme 2: Roles and Responsibility; Theme 3: Funding; Theme 4: Investment incentives and support; Theme 5: Systems to oversee implementation; Theme 6: Challenges affecting the implementation process. Based on the themes that emerged from the data, the researcher was able to understand which research question would be answered by which theme. The following diagram gives an illustration of which theme answers which secondary research questions.

Primary Research Question: What is the degree of coordination among the key stakeholders responsible for the implementation of the OR Tambo SEZ?

Secondary research questions	**Themes**
Who are the key stakeholders in the implementation of the OR Tambo SEZ?	Theme 1: Key Stakeholders involved in the implementation process.
What are the roles and responsibilities of the key stakeholders that are responsible to implement the OR Tambo SEZ?	Theme 2: Roles and Responsibilities of key stakeholders involved in the implementation process.
What is the extent of coordination among the key stakeholders who are responsible to implement the OR Tambo SEZ?	Theme 3: Funding Theme 4: Investment Support and Investment incentives Theme 5: Systems to oversee the implementation process

	Theme 6: Challenges affecting implementation

3.7 Conclusion

This research aims to examine coordination among stakeholders in implementing the OR Tambo SEZ. Case study research is used to examine the extent of coordination among stakeholders in implementing the OR Tambo SEZ. The research adopted a qualitative research method to achieve the research objectives. Semi-structured interviews and document analysis were conducted to collect data. In addition, a thematic approach was adopted to present and analyse the data.

CHAPTER 4: DATA PRESENTATION

4.1 Introduction

This chapter gives an overview of the data collected from the face-to-face interviews as well as public government documents. The presentation of data is based on key themes derived from the participants' interviews. The chapter starts by presenting data from interviews followed by the data from document analysis.

4.2 Interviews

The purpose of this research is to examine the level of coordination among stakeholders in implementing the OR Tambo SEZ. Therefore, to answer the secondary research questions, the researcher undertook semi-structured face-to-face interviews with key participants. All participants are cited verbatim.

4.2.1 Theme 1: Key stakeholders involved in the implementation of the OR Tambo SEZ.

The DTI, GIDZ, and the City of Ekurhuleni are among the key stakeholders involved in the implementation process of the OR Tambo SEZ. In addition, institutions such as the Gauteng Provincial Treasury, GIFA, and the SADPMR also indicated that they are involved in the implementation process. This is what some of the participants had to say about their involvement in the implementation process of the zone:

"We are involved, we are directly involved am responsible for all the SEZs in South Africa. Including the OR Tambo. So we are intimately involved. I know everything that is happening

at that SEZ. I know the challenges, opportunities and what needs to be done. So we are intimately involved."

"Yes, I would say Ekurhuleni is very actively involved. I don't think if it wasn't for the city's involvement not so much progress would have been achieved so the city has played a role."

"We got involved around 2011/12 that is how GIFA got involved. We were requested by I think then it was Gauteng Department of Economic Development to assist with developing the feasibility study."

However, other vital stakeholders are not involved in the implementation process of the zone. According to the participant from the Jewellery Council of South Africa, they have not been formally approached in any way to be a stakeholder, however, they have administered a project called design@50, which Gauteng Growth and Development Agency (GGDA) was the custodian.

The participant from the Gauteng Office of the Premier stated the following:

"*To answer the question of whether the Premier's office is involved in the implementation process of the zone the answer is no. Clearly, we have not been involved in the implementation of the OR Tambo SEZ. However, due to our role as the delivery unit that looks at the premier's priority project within the office of the Premier. I do think that we could have played a role in the implementation of the OR Tambo SEZ. But to our defence, it was not a priority in the last term that responsibility still sits with the Department of Economic Development."*

According to the participant, the Office of the Premier is not involved in the implementation of the OR Tambo SEZ, and in their defence, they indicate that the responsibility to implement the zone lies with the Gauteng Department of Economic Development.

A participant from the National Planning Commission also indicated that they do not go into detail regarding Departmental projects such as SEZs. Thus, the DTI projects will be examined in terms of the Industrial Policy Action Plan (IPAP), so there is less zooming on the operational issues of different departments.

The participant from COSATU, which is a labour movement responsible to protect workers' rights, indicated that COSATU is not involved in the implementation of the OR Tambo SEZ. The participant further indicated that it is difficult to represent workers who work in SEZs.

SARS, which is an institution responsible to administer the tax incentives indicated the following with regards to their involvement in the implementation of the zone:

"We as SARS can only be involved after certain things have already happened and the main thing and the starting point is obtaining the permit. Just to highlight the process, they get a permit first and appoint an operator which is GIDZ and then what happens from that perspective to access the Vat and Customs incentive, the operator then has to get an area designated as a Custom Control Area (CCA) and that designation is done through an application to SARS."

The researcher asked if the OR Tambo has been approved as a CCA.

"We do not have any information on that, maybe you can confirm with them whether they have made the necessary application. To my knowledge, I have not seen any application, but you can confirm with the operator."

4.2.2 Theme 2: Key Role of Stakeholders Responsible for Implementation

This is what the participants from the DTI had to say with regards to the role of the DTI in the implementation process of the zone.

“The role of the DTI then becomes that of legislative oversight. We provide oversight on the development of the zone, monitoring and evaluation, and we also provide funding for infrastructure. We also do capacity building to the operators' officials in the Province.”

“DTI is the holder of the programme and we are the authority of the programme. We work as the authority in terms of the policy. So you would find that the role of the DTI is to facilitate, that we make sure the programme itself is understood, the application those who desire to apply for SEZ know what they have to apply for, what is required, and what are the regulations, governance and once they know we work with them.”

Furthermore, this is what the participants from GIDZ had to say with regards to the role of GIDZ:

“In terms of the role that GIDZ was given, is solely responsible for the implementation and all technical work that needs to be done in the zone and this pertains to all the studies, all the ground work, all the project management in a way to build and everything. Secondly, it is also responsible to bring investments. For investment facilitation, GIDZ is responsible for that and it played a big role in terms of implementation. It is the one that had to do all this, appoint contractors and everything.”

“In terms of the operator permit that was granted in 2010, the GIDZ has two main functions. (A).is to facilitate the attraction and securing of investors to locate at the zone (B). To facilitate the development of the necessary infrastructure for companies that will then come and want to set up manufacturing at the zone. Combine with that we have to oversee the management of the IDZ, the management of the Customs Control Area that will form part of the IDZ, or more recently if we look at the SEZ Act. Because we are linked to the airport the part of our precinct is still an IDZ, so from there, we have two key functions: one is investor attraction and facilitations, signing agreements, securing investors tenants that will come and locate at the

zone. The other is to oversee the development of infrastructure and ensure that we have the infrastructure in place so that does companies can come and set up their operations. We will still be responsible for managing the precinct."

In the case of the Ekurhuleni Municipality, the participant indicated that they are playing a role. This is what the participant from Ekurhuleni had to say with regards to the role that is played by the municipality:

"We are the local regulatory authority in terms of processing all the required approval. We are also a partner by making sure that we unlock the necessary infrastructure. We do have a technical team that deals with what we call Special Urban Development Zones (SUDs). The role of the unit is to ensure that all Special Development Zones and Urban Development Zones are well resourced in terms of ensuring that there is finance allocation for the bulk provision and also ensure that any application that comes from that area is not treated as a normal application. So, there is a process of ensuring that we reduce the cost of doing business by fast-tracking the processing of those developments. What this means is that we coordinate all the internal departments, and they are sitting in one room to assist the processing of whatever application will have come through."

The participant went further to indicate that

"We are responsible for the provision of bulk infrastructure that is the responsibility of the city."

"In most of the time, our assistance is on an ad hoc basis."

"The institutional arrangements at the moment it is blurry."

It is important to note that there are other stakeholders, who are playing a role in the implementation process. Thus, the participant from the Provincial Treasury indicated that

"We monitor the implementation of the projects and we provide resources. Resources are allocated to the Province via the Provincial Treasury and then, as the Provincial Treasury we then monitor the stakeholders of the Department and entities as they implement the project, and how they adhere to the regulatory principle. So our main function is an oversight."

The participant from the South African Diamond and Precious Metals Regulator **(**SADPMR) indicated that their role is more as an anchor tenant at the zone. According to the participant: *"First thing we were expected to agree just as they have identified us as anchor tenants meaning if we are there almost all the role players, especially the importers and exporters of raff diamonds can't operate far from us, because of the administrative process. So the administrative process practically requires them to be next to the exporting and importing agencies with the polishers of raff and polished diamond."*

The participant from GIFA also indicated that GIFA played a role in terms of *"Project development, feasibility study, procurement phase and implementation". "Develop a feasibility study in collaboration with GIDZ".*

4.2.3 Theme 3: Funding

Most of the participants indicated that there is coordination in funding the zone. For instance, one of the participants indicated that the municipality has funded some of the studies at the zone, while another indicated that the Province would make the resource available for top structures. In addition, another participant indicated that there assisted in financing the development of the feasibility study. One of the participants from DTI stated that *"The SEZ Fund is responsible for infrastructure development. I want to emphasise this one to you."* The participant went further to state, *"When you look from 2014 GIDZ was a beneficiary of the SEZ*

Fund, they were given money for infrastructure development that we are looking at electricity and earthworks they benefited from that one so they received funds from the SEZ fund."

Furthermore, in order to better understand the coordination of funding in implementing the zone, the researcher asked the participant if they worked with the provincial or local government. This was the response of the participant: "*In terms of the SEZ fund no, we are not working with them, although they are aware of how much is allocated, how much their zone wants. Remember again the zone belongs to the Province. We are funding Capital Expenditure (CAPEX) side of the zones and the province is funding Operational Expenditure (OPEX) in that way they know what we are doing because there is coordination, but not that they have a say in the mandate that we are having, no they do not have a say."*

The participant went further to indicate that *"I will talk on the SEZ fund. The zone needs a lot of money so all parties need to come to play when it comes to the funding of the zone. I do not think the national government can be able to carry that funding on its own. I think the provincial, Municipality and licensee must play their part in terms of the funding of the zone. The local government through the IDP must have a budget for the SEZ. The Province through their plan must have a budget for SEZ. As it is happening with the national government."*

This is what some of the participants had to say with regards to funding at the zone:

"*Yes from the Municipality, Ekurhuleni has funded some of our studies, they are one of our main stakeholders. And so they do involve us in a lot of things, with the actual implementation of the project if there are issues. You have to go to the municipality for certain things so they do assist. The same assistance will come from the province and national."*

"Like in this case for the past three years or so, we have been working on the bulk infrastructure. Let's put aside the budget for the top structure, and that money is going to be made available once the municipality is done with its particular function. Then the Province

will make the resources available for the construction of the top structure. That will not happen if there is no coordination, because the Municipality needs to be indicated when they need to be done with their function before the top structure is done."

"They had challenges of funding the feasibility study at the time and our organisation agreed to fund the feasibility study. The money does not come from the DTI, this money comes from the Gauteng Province. Gauteng Treasury helped to fund this work."

One of the participants stated that there is coordination because everyone knows the process.

Another participant stated the following: *"I think we need to be open to funding options because we rely on the DTI for Funds."* The participant went further to indicate that if we look at other countries, they have different funding models, where some have private partnerships whereby the private sector develops the zone as such we need to look at that as an option. Thus, because the SEZ fund is given out on a first-come, first-serve basis, this means that the funds can run out and that the operator will need to wait for the next financial year.

4.2.4 Theme 4: Investment Incentives and Investment Support

Investment Incentives

A participant from GIDZ indicated that the zone is not yet approved as a Custom Control Area and they are still in the process of making the necessary application. This is what the participant had to say: "*We have not been approved as a CCA we are in the process of applying for a CCA."*

The participant from SARS highlighted the process that the zone needs to undertake with regards to the Customs and Tax incentives. The participant stated the following: *"Just to highlight the process, they get the permit first and appoint an operator, which is the Gauteng*

IDZ and then what happens from that perspective to access the SARS incentives (Customs and VAT) the operator then has to get an area designated as a Custom Control Area; and that designation is done through an application to SARS, and is direct to our Customs and Exercise division, and the is a whole lot of forms and paper once that is done then SARS will agree for that area to be designated a Customs Controlled Area".

In addition, the participant indicated that *"There is a huge misconception that if I am in an SEZ I can access the incentives that is not true you need to be in a certain area in the SEZ to access the custom and vat incentives and that area is a CCA and you are a CCAE and it is then that you will access the incentives."*

The participant went further to state that there is no full understanding of how such matters work, how to access them, and how to disclose them to SARS.

One of the participants from GIDZ raised concerns, and this is what they had to say *"For me, the process is not entirely clear. There are loopholes, especially between DTI, SARS and Treasury, and I think those need to be ironed out in terms of who is offering what and how and are they offering it. Because it is not clear, to be honest with you."*

The Municipality of Ekurhuleni does not have an incentives package for investors located at the zone. The participants from Ekurhuleni stated: *"The City at the moment does not have an incentives package, so what they are currently doing is going through the development of an incentives policy."*

One of the participant from the DTI stated the following:

"As much as we are all involved in SEZ development, they are still seen as the DTI so the involvement of other stakeholders is minimal. For example, we want a situation where we will have municipal incentives. Big cities like Ekurhuleni ought to be able to provide incentives to companies located at its SEZ."

Investment Support

In terms of investment promotion, one of the participants from GIDZ stated: *"We go on oversee investment promotion is either we can go on our own as the GIDZ or we can partner with DTI; we can join their mission, or we can partner with GGDA missions or we can join GDED missions."*

The participant from GIDZ indicates that the zone waited for tenants to locate in the zone. So the DTI referred In2food to the zone, which is in agro-processing and not necessarily jewellery manufacturing. According to the participant, "*At the end of the day, you can say this is a jewellery manufacturing precinct, but investors will decide whether they come or not."* So basically, In2food showed interest, and they were the first to locate in the zone.

During the interviews, one of the participants raised the fact that it takes longer for most of the companies to get assistance and clearance before they can even start operating. Another participant further added that *"The timeline it takes when you have identified the investor and the time to lock the investment think the timelines are too long."*

This is what some of the participants had to say with regards to the OR Tambo SEZ one-stop-shop:

"Not yet, we are using the Gauteng One-stop shop. No SEZ has a one-stop-shop. We use the provincial one-stop shop."

"As is now the zone does not have a one-stop-shop, so we can't comment on that."

"I don't think there is, at the moment, however, investors in most instances still use invest SA as a one-stop shop that is to the best of my knowledge."

Skills Development

In terms of the OR Tambo SEZ, the operator has a partnership to promote skills at the Jewellery Manufacturing Precinct. Thus, the participant stated that they partnered with Design@50 to respond to the challenges in the jewellery industry, and created a favourable environment for investors. In this regard, the OR Tambo SEZ has a partnership with Design@50 to train jewellery students. The participant went on to state that they have tried to partner with Mining Qualification Authority. According to the participants, they had engagements with MQA, however, the course that was offered was not accredited and the MQA could not fund the course.

However, the SADPMR as the regulator had engagements with MQA. This is what one of the participants indicated in that regard:

"We have not engaged with the Gauteng Department of Education but we have engaged Mining Qualification Authority (MQA), we have made inputs in their curriculum in terms of the level that is required by the industry. So that they change their curriculum to meet the demand that is required in the industry."

4.2.5 Theme 5: Systems and Mechanisms to Oversee Implementation

One of the participants from the DTI indicates that: "*There is an SEZ board that oversees the implementation of the SEZ. There is a project manager who deals with the SEZ. There is also an SEZ advisory board that provides oversight, and there is an SEZ unit in the DTI that provides overall support to the SEZs. So, with these structures, I think there is enough support and oversight that is provided."*

The participant went further to indicate that *"We do have a monitoring and evaluation framework"*. According to the participant, the DTI has one template that is developed and this template is submitted to all stakeholders. Each SEZ is measured by its target. The template provides indicators that SEZs ought to examine. Thus, they send the template to provinces and provinces populate it according to their environment, given their annual performance plan.

One of the participants from GIDZ indicated that *"Yes there are monitoring systems in place, they are very effective and there are reporting. We report directly to the Gauteng Growth Development Agency (GGDA) and the GGDA reports to the Gauteng Department of Economic Development (GDED). So we are also involved in the reporting system between GGDA and GDED. So there are monthly meetings that are held with GDED, where we attended those meetings."*

The participant further stated that Gauteng Industrial Development Zone and GGDA are responsible to monitor the zone, and they are responsible to monitor and evaluate the implementation of plans and objectives. So there are targets that they give GDED and they report based on the targets. In this regard, the GDED is responsible to oversee the whole project, while the Department of Trade and Industry only oversees the project with regards to what they have funded.

However, the participant from the Gauteng Office of the Premier indicated that as far as they know, there are no monitoring systems from the Premier's Office to oversee the implementation of the zone. The participants went further to indicate that the office of the Premier is the one that is responsible to oversee monitoring and evaluation of the province. "*I think the responsibility to undertake M&E sit with us leading M&E because provincial M&E is done in the premier's office.*" The participant went further to indicate that *"I think we should* *have monitored the strategic plans of the Jewellery manufacturing, and to the extent of doing the evaluation."*

The participant from Ekurhuleni also indicated that there are no monitoring systems to overlook the implementation of the SEZ and they only have the monitoring concerning the Special Urban Development Areas (SUDS).

The participant from Treasury indicated that *"departments are responsible for implementing projects and treasury do oversight of monitoring and evaluation".* The participant from SAPMDR indicated that they do have monitoring systems in place. They have the executives supported by the board and on the side of GGDA they monitor the project plan, there is a team that they engage. This is what some of the participants indicated in terms of coordination in monitoring the implementation of the Zone:

"Yes, there is coordination between the different stakeholders."

"There is a collaboration among GGDA board and the regulator."

"Yes, there is collaboration. The stakeholders that are responsible to monitor the zone meet frequently."

"Yes, there is a collaboration among the stakeholders in monitoring, because they will need information from us and they can't monitor without us."

4.2.5 Theme 6: Political Support

Most of the participants indicated that the zone is supported by political leaders. In addition, others indicated that they do see the support in terms of budget commitment and speeches made by the politicians. Thus, the President, the Premier, the Mayor, and the MEC are said to be supporting the programme. This is what the participants had to say about the support of politicians:

"There is an intimate involvement am sure you are aware that they recently launched one project last month; the Premier was there, the MEC, and the Mayor was there. They are all involved."

"It is one of the exciting projects that I believe there was a lot of political push to have it. Sometimes national government doesn't agree with Province, and on this one, Trade and Industry were in support and National Treasury was in support. They are in support and recently the president was announcing it, so I think the whole heavy weight is behind the project."

"Yes, the project is supported by political heads, it is supported by the Mayor, the Premier and the President. By the MEC. I don't know what role I can say they are supporting, but I think they are supporting through that thing of putting it as an earmarked project."

"I think because the resources are made available it is support like your Exco is politicians, your Executive Committee. That is a political commitment. If they talk about it in the budget speech that is a political pronouncement. It is supported."

One participant argued that they do not see the political drive of the zone: *"Honestly, I don't see much of a political driver of this; think, let's start from the top: the person who is visible in terms of attracting investors in the country it can't be any other person than the President. He has gone all out, even established an advisory committee to attract investments. Some people are running around the globe, attracting potential investors, and at that level there is a champion. The President is championing this. When you go down to the provincial level that is where things start to disappear. Yes, there is invest SA, which is really at a provincial level; we got the provincial office, which is doing quite well. And coming to Ekurhuleni, it is really* *difficult who is the champion, who is going out and be the face of letting me say these OR TAMBO IDZ. Really, everything starts to disappear. They are not championing it."*

Theme 7: Challenges Affecting Implementation

Land

The issue of land was indicated to be one of the challenges that delayed the implementation of the zone. According to one of the participants, "*Land was a very big factor, and it contributed to some of the delays because from the time the permit was issued in 2010 to the time we launched, It was a long process to negotiate with Airports Company South Africa (ACSA), and the agreement with ACSA was only signed in 2015; and this is when we secured the rights for the land, which we then developed."*

Another participant reported: *"Part of the reason why the SEZ was delayed is because of the land issue."*

Change in Political Leadership

The change in political leadership was also indicated to have an impact on the implementation process of the zone. Consequently, some of the participants stated that the change in political leadership contributed to the delay in the implementation of the zone. When one political leader vacates office, the successor must then be briefed again and this contributes to the delay. In this regard, this is what these participants had to say:

"One of the delays is probably because the first MEC left and the new MEC came in, and we were in the process of applying to the SEZ fund, and whatever. We had to brief the new MEC, and probably they don't know anything, and for them to sign, you have to brief them and it delays."

"Remember we indicated that we are happy, but we needed to get authority from our minister (Mineral Resource) by then it was Minister Susan. The Minister approved our intention and it was the same year our Minister left, remember it was 2013. The Minister left and we received a new Minister, Ngoako Ramatlhodi, he had to be briefed; a few years later we got Minister Zwane, and he had to be briefed again."

Regulatory Issues

Some of the participants raised regulatory issues as one of the challenges that affect the speed of implementation. A participant from Ekurhuleni indicated that the main challenge is largely regulatory issues, i.e. the issuing of permits. The participant went further to indicate that there are many different role players that investors must deal with. For instance, in terms of environmental issues, the national and provincial government are those who have the competency, where, even if Ekurhuleni was to move with speed and approve what needs to be approved, this does not mean that the investor will start working, as they would still be waiting for an environmental permit to be issued, and Ekurhuleni does not have that authority.

Another participant indicated that they think the timelines are too long, thus when an investor is identified the timelines are too long to lock that investment.

4.2 Document Analysis

To examine coordination among stakeholders in implementing the OR Tambo SEZ, public government documents were assessed to collect data and answer the secondary research questions. The same themes that were used in interviews were also used for the document analysis, and this was for the triangulation of data, as well as to check whether the data arising from the interviews corroborates the data from document analysis.

4.2.1 Theme 1: Key Stakeholders

According to the GGDA Annual Report 2014/2015, GIDZ was formed to develop and operate the Industrial Development Zone (IDZ) at the OR Tambo International Airport. In addition, the 2015/16 Annual Report indicated that GIDZ concluded a cooperation agreement with GIFA to facilitate the implementation of the works envisaged from the bid appointment. The 2015/16 Annual Report further states that during Quarter 1, it was resolved that GIDZ would work closely with the Ekurhuleni Municipality to develop a feasibility report on the expansion phase. The Ekurhuleni Municipal IDP for 2015/16-2017/2018 further states that the Municipality ought to place emphasis on and accelerate the implementation of the OR Tambo SEZ for the roll-out of various projects, such as the Jewellery Manufacturing Programme. In addition, the 2018/19-2010/21 IDP indicate collaboration with the Gauteng IDZ to develop industrial and special economic zone clusters in the aerospace and the platinum group. The IDP further indicate the SEZ programme to be one of the key initiatives of interventions that will be rolled out during the term. The GGDA 2016/17 Annual Report indicates that design@50 train jewellery students. The SEZ policy (2012) indicates that the DTI is responsible for the overall facilitation and coordination of the Special Economic Zone programme, and the Minister of Trade and Industry will take the overall responsibility for the development and implementation of the policy.

4.2.2 Theme 2: Key Role of Stakeholders

According to the SEZ policy, the DTI is responsible for the overall facilitation and coordination of the SEZ programme among others, it provides secretariat support to the SEZ advisory board and technical support to provinces, municipalities, and other government departments. The operator, who in this case is the GIDZ, is responsible for the overall implementation of the zone. According to the 2014/15 GGDA Annual Report, GIDZ was formed to develop and operate the Industrial Development Zone at the OR Tambo International Airport, and the purpose of GIDZ was to manage the development of the IDZ at the OR Tambo Airport.

The 2015/16 GGDA annual report further reiterated this role and indicated that the key function of the zone is to increase jewellery sector skills, develop master plans, construction and spatial development, monitor construction, facilities and operation management, investment contract negotiation and close, investor retention, stakeholder liaison and management and programme monitoring and evaluation. The role of GIDZ is also stated in the GDED 2016/17 Annual Report, which states that the Gauteng IDZ is a special purpose vehicle to develop and operationalise the designated IDZ at the OR Tambo International Airport. In Chapter 6 of Act no. 16 of 2014, section 35 further states that the key function of the SEZ operator is to:

> *(a)* implement the strategic plan for that Special Economic Zone within the
>
> the framework of the Special Economic Zones strategy;
>
> *(b)* make improvements to that Special Economic Zone and its facilities
>
> according to the written agreement contemplated in section 34(1);
>
> *(c)* provide or facilitate the provision of infrastructure and other services required for
>
> that Special Economic Zone to achieve its strategic and operational goals;
>
> *(d)* provide adequate demarcation of the Special Economic Zone from any
>
> applicable customs territory for the protection of revenue together with
>
> suitable provision for the movement of conveyances, vessels and goods
>
> entering or leaving that Special Economic Zone; and

(e) provide adequate security for all facilities in the Special Economic Zone.[5]

4.2.3 Theme 3: Funding

According to the SEZ policy, an SEZ fund shall be established by the Minister of Trade and Industry in conjunction with the Minister of Finance. In addition, the Fund shall be used to support planning and development, as well as financing approved site, bulk infrastructure, provision for feasibility studies and general research. Furthermore, the SEZ operator can submit funding applications throughout the financial year and the DTI enters into funding agreements with the operators for every approved project. The 2014/15 GGDA Annual Report states that a funding understanding with the DTI for the bulk infrastructure development was reached. The 2015 provincial budget speech indicated Gauteng Infrastructure Financing Agency (GIFA) as one of the vehicles that is assisting the Province to tap into an alternative source of funding.

4.2.4 Theme 4: Investment Incentives and Support

According to the DTI's Special Economic Zones tax incentives guide, a package of tax incentives will be available to qualify companies that are located within the approved SEZ, and this will be subjected to certain criteria. The tax incentives for qualifying companies include Vat and Customs Relief if the company is located within a Customs Controlled Area (CCA); the employment incentive, building allowance and reduced corporate income tax rate. The SEZ incentives guide further indicates that qualified businesses that are located within a CCA will qualify for the VAT and customs relief. In addition, the SEZ incentives guide further indicates

[5] For more information on the functions of the operator please check Chapter 6 of the SEZ act no 16 of 2014.

that businesses that are located within any SEZ will qualify for employee incentives. Furthermore, businesses that are located within SEZs that are approved by the Minister of Finance after consultation with the minister of Trade and Industry will qualify for the building allowance and reduced corporate income tax rate. Thus, all such businesses can claim accelerated depreciation allowances on capital structure (buildings) and certain companies that are carrying qualifying activities within the approved SEZs will benefit from a reduced corporate tax rate of 15 percent, instead of 28 percent. The 2018 National Budget Speech indicates that the Minister of Finance, working closely with the Department of Trade and Industry, approved six SEZs that will make qualifying companies subject to a reduced tax rate, and enable them to claim employment tax incentives for workers of all ages.

4.2.5 Theme 5: Systems and mechanisms to oversee the implementation

The SEZ Performance Monitoring and Evaluation Framework states that the SEZ advisory board, through the Minister of Trade and Industry, is responsible for providing oversight on the development and implementation of the SEZ programme, and therefore must ensure that appropriate systems to collect, collate, verify and store performance information are in all places in all SEZs (Department of Trade and Industry, 2016b). The Framework further indicates that the Minister of Trade and Industry, MECs of provincial departments of economic development, and mayors are accountable to parliament, provincial legislatures, and municipal councils, and they need to provide these institutions with the full and regular reports concerning matters under their control. In addition, the SEZ Advisory Board will also oversee the systems to ensure that they are functioning optimally and complying with this framework and other related standards and guidelines. The responsibility of stakeholders is highlighted as follows: “The Director-General of the Department of Trade and Industry, heads of provincial departments of economic development and SEZ operators, as the accounting officers, will be responsible for establishing the systems to manage performance information; SEZ monitoring and evaluation units and other line managers in their respective SEZs are accountable for establishing and maintaining performance information processes and systems within their areas of responsibility. Their performance agreements must reflect these responsibilities. SEZ monitoring and evaluation units will also be responsible for developing norms and standards for performance evaluation. Various officials within the SEZs are responsible for capturing, collating and checking performance data related to their activities. The integrity of the institution's overall performance information depends on how conscientiously these officials fulfil these responsibilities. Their performance agreements and assessments should thus deal explicitly with the quality of this aspect of their work" (Department of Trade and Industry, 2016b).

4.2.6 Theme 6: Political Support

In 2018, the president of South Africa announced during his State of the Nation Address that Special Economic Zones remain an important instrument that they will use to attract strategic foreign and domestic direct investment and build targeted industrial capabilities and establish industrial hubs. In addition, during the president's second 2019 State of the Nation address, he further stated that they will be looking at establishing Special Economic Zones that are dedicated to producing a special type of products such as clothing and textiles.

At a provincial level, the premier of Gauteng, also in his 2019 State of the Province Address, also indicated that there is a need to be more aggressive, and push a vision of turning the whole province into a single multitier mega Special Economic Zone. He further stated that they will officially open the OR Tambo SEZ, and further to this, that other SEZs will follow in Tshwane, Sedibeng and Westrand as part of the re-industrialisation. The Premier of Gauteng further announced during his second State of the Nation Address in 2019 that over the next five years, they would introduce SEZs where feasible and necessary, in order to add to the Province's momentum of turning Gauteng City Region into a single, multitier and integrated Special Economic Zone. In addition, the 2015 Gauteng Provincial Government budget speech indicates that an amount of 28 million was made available towards the bulk infrastructure investment for the realisation of the Jewellery Manufacturing Precinct within the Industrial Development Zone. In addition, the 2019 Provincial Budget Speech indicated that the Department of Economic Development has earmarked funds, where 40 million Rands have been earmarked for the superblock structure at the OR Tambo IDZ.

4.2.7 Theme 7: Challenges Affecting Implementation

Land

According to the 2014/15 GGDA Annual Report, the lease agreement between Airport Company South Africa and GDED on the 6.5 ha that is to be developed into Phase 1 of the IDZ programme was concluded during the 2014/15 financial year. The 2017/18 GGDA Annual Report indicated that during February 2018, correspondence was received from the Department of Infrastructure Department approving the allocation of the provincial land that is located at the airport for the development of the OR Tambo SEZ.

4.3 Conclusion

This chapter presents the data collected from the interviews and document analysis. The following key themes were used to present the data: Key stakeholders involved in the implementation process; Role of stakeholders involved in the implementation process; Funding; Investment support and incentives; Systems and mechanisms to oversee implementation; Political support; and Challenges affecting implementation. The data presented indicate that key stakeholders such as the DTI, GIDZ and the municipality of Ekurhuleni are involved in the implementation process of the zone. However, there are other critical stakeholders, such as the Office of the Premier, who are not involved in the implementation process. Most of the participants indicate that there is coordination among the stakeholders.

CHAPTER 5: DATA ANALYSIS

5.1 Introduction

This research aims to examine coordination among stakeholders in implementing the OR Tambo SEZ. This chapter provides an analysis of the data collected from the literature review, face-to-face interviews, as well as public government documents. The analysis is based on key themes indicated in the data presentation chapter.

5.1.1 Theme 1: Key Stakeholders Involved in the Implementation Process

The Department of Trade and Industry, Gauteng Industrial Development Zone, and the City of Ekurhuleni are among the key stakeholders involved in the implementation process of the OR Tambo SEZ. The involvement of these stakeholders is critical, given that it will not be possible to implement the zone without their intervention. In addition, institutions such as the Gauteng Provincial Treasury, Gauteng Infrastructure Financing Agency, and the South African Diamond and Precious Metals Regulator (SADPMR) also indicated that they are involved in the implementation process. However, other vital stakeholders are not involved in the implementation process of the Zone. According to the participant from the Jewellery Council of South Africa, they have not been formally approached in any way to be a stakeholder, however, they have administered a project called Design@50, of which Gauteng Growth and Development Agency (GGDA) was the custodian. Given that the SEZ was set to have a Jewellery Manufacturing Precinct (JMP), it may have been assumed that industry councils such as the Jewellery Council of South Africa would be a key stakeholder in the implementation of the Zone, because the Council is a supporting body that represents the South African Jewellery

Industry, viz. jewellery wholesalers and watches importers, jewellery manufacturers, diamond customers, mining houses and other related industry bodies.[6]

Moberg (2015) argues that in a centralised system, policymakers, particularly in government, cannot study in detail the fluctuation in the economy and the progress of the country's local economy in the way market actors do. Page & Tarp (2017) further add those market actors are not only familiar with the details about the local economy, but they get feedback from their performance in the form of profits, which allows them to make updates and regular improvements. Therefore, given Moberg and Page & Tarp's argument, I argue here that the Jewellery Council could play a vital role in the implementation of the zone. Peters (2018) also indicates that the networks that exist between social actors and government can serve as a mechanism for coordination.

The office of the premier is not involved in the implementation of the OR Tambo SEZ, and the participant from the premier's office indicated that in their defence, the responsibility to implement the zone lies with the Gauteng Department of Economic Development. However, the broader literature indicates that the success of SEZs in East Asia is due to commitment on the part of political leaders (Farole & Moberg, 2014). In addition, senior government officials and party leadership were committed to driving the success of SEZs in countries such as China and Vietnam (Newman & Page, 2017:23). For this reason, the Office of the Premier could play a vital role in the implementation process, particularly given its leadership role in the province, and the fact that all Gauteng Provincial Government departments report to the Office of the Premier, which could contribute to better coordination in the implementation process.

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[6] Retried from https://www.jewellery.org.za/about-us/

A participant from the National Planning Commission also indicated that they do not go into detail about departmental projects such as SEZs. Thus, DTI projects were examined in terms of the Industrial Policy Action Plan (IPAP), so there is less zooming in on the operational issues of different departments. In order to ensure that the implementation of SEZs is well-coordinated, there is a need for coherent planning among the three spheres of government, where the National Planning Commission can play a vital role by ensuring that national plans such as the National Development Plan incorporate the implementation of SEZs.

Labour movements are also not part of the implementation process. The participant from COSATU, which is a labour movement that is responsible to protect workers' rights indicated that COSATU is not involved in the implementation of the OR Tambo SEZ. The participant further indicated that it is difficult to represent workers who work in SEZs. Given that SEZs are used by countries as a tool to advance global competitiveness, their impact on jobs has been under scrutiny with many authors criticizing them for the abuse of working conditions in some countries that are competing in the global economy. Therefore, it is important to have the labour movement involved in the implementation of SEZs in order to ensure that workers' rights are protected and that workers are not exploited. In addition, labour unions must form part of the SEZ board. It is worth noting that SEZs come with the assurance that qualifying investors will gain access to tax incentives once they are located in the zone. SARS, which is an institution that is responsible for administering tax incentives, indicated the following with regards to their involvement in the implementation of the Zone:

"We as SARS can only be involved after certain things have already happened, and the main thing and the starting point is obtaining the permit. Just to highlight the process, they get a permit first and appoint an operator, which is GIDZ, and then what happens from that perspective to access the Vat and Customs incentive, the operator then has to get an area

designated as a Custom Control Area (CCA), and that designation is done through an application to SARS."

The researcher asked if the OR Tambo has been approved as a CCA:

"We do not have any information on that, maybe you can confirm with them whether they have made the necessary application. For my knowledge, I have not seen any application, but you can confirm with the operator."

The researcher asked the participant from the operator and they indicated that they are currently not approved as a CCA, however, they are in the process of applying for a CCA. This indicates that SARS is not involved in the implementation in terms of the Vat and Customs incentives, as the zone is not yet approved as a CCA. In addition, in terms of the income tax incentives, the Minister of Finance did approve six SEZ to receive the income tax incentives and the OR Tambo SEZ was not one of those, which also implies that SARS is not involved in terms of the implementation of the income tax incentives at the OR Tambo SEZ. Notably, the zone received its permit in 2010, and to date, it is still not approved as a CCA. It may be concluded that key stakeholders that ought to be involved in the implementation process of the zone are involved. However, it is important to note that there are other stakeholders, who are not involved in the implementation process of the Zone, although their non-involvement does not stop the Zone from being implemented, their involvement can contribute to its successful implementation. As the literature on coordination states, central agencies are the most common mechanism utilizing which to attempt coordination (Peters, 2018). These agencies are responsible for supervising or supporting line agencies. An example of these agencies includes the Department of Finance and budget offices. Coordination may not be at the centre of these organisations, however, it remains one of their important tasks.

5.1.2 Theme 2: The role and responsibility of key stakeholders involved in the implementation process

To answer the second research question as to what is the role and responsibility of key stakeholders in the implementation of the OR Tambo SEZ, the data collected indicates that the DTI is responsible for the overall facilitation and coordination of the SEZ programme among others, it provides legislative oversight and technical support. The operator, GIDZ, is responsible for the overall implementation and management of the zone. Thus, they are responsible for investment attraction and facilitating the development of the necessary infrastructure. The municipality is the local regulatory authority is responsible for the processing of the required approvals and unlocking the necessary infrastructure. While the SEZ policy clearly stipulates the role of the DTI and the operator, the Act does not go into detail concerning the role of the municipality where the zone is located. The role played by GIDZ is more in line with what the SEZ act indicates. However, it is difficult to discern in detail the role of the municipality on the SEZ policy and the Act. Although the participant from Ekurhuleni Municipality indicated that they are involved in the implementation of the zone, the participant indicated that *"In most of the time our assistance is on an ad hoc basis".* This shows that although the municipality is playing a role, their role takes place on an ad hoc basis. The roles of municipalities need to be indicated on the SEZ policy and the SEZ Act as it is done with the DTI and the SEZ operator. Although others may argue that this may be difficult to do, given that the Municipality is an independent sphere of government, the Intergovernmental Relation Act can be used to ensure that there are clear roles among the three spheres of government with regards to the implementation of the SEZ as indicated in the SEZ Act.

In countries such as China, they have a vertical coordination model for managing SEZs where the municipality in which the zone is located is the one that is responsible for the construction and management of the Zone. Thus, if the OR Tambo SEZ were to adopt this model, this would mean that the Ekurhuleni Municipality will be the one managing the construction and management of the Zone. The model further states that the Industrial Management Department is the department responsible for managing the operations of firms that are located within the zone. There are a lot of lessons that can be learned from this model, given that the SEZs are located at a local level, and it is the municipality that has the local authority for the provision of bulk infrastructure.

The Gauteng Provincial Treasury plays oversight and GIFA provides more of a supporting role as they assisted the Zone in developing the feasibility study. However, GIFA as the Infrastructure Financing Agency of the Province needs to play a more active role in the infrastructure financing at the SEZ, as the zone cannot only rely on the DTI SEZ fund for the provision of bulk infrastructure. The SADPMR role is that of an anchor tenant. The regulator is responsible for regulating diamonds, gold, and platinum group metals. This is an important stakeholder for the Jewellery Manufacturing Precinct, given that the regulator is responsible for administering the Diamond Act and the Precious Metal Act. Therefore, having this stakeholder play a role as an anchor tenant is crucial for the zone, as it has the potential to attract the industry into the Zone. Consequently, all the key stakeholders that are involved in the implementation process seem to be playing a role.

5.1.3 Theme 3: Funding

Most of the participants indicated that there is a coordination of funding for the Zone. For instance, one of the participants indicated that the Municipality has funded some of the studies in the Zone, while another indicated that the Province would make resources available for top-tier structures. Another assisted in financing the development of the feasibility study. This shows that the stakeholders do work together, assisting to finance some of the zone's activities. One of the participants stated that there is coordination because everyone knows the process.

There are some concerns in terms of the funding mechanisms, particularly when it comes to how the local and provincial governments commit funds to the Zone. The legislation does indicate the SEZ fund, which is rolled out by the DTI, however from the other spheres of government, it is not clear if they have a fund that is similar to the SEZ Fund, committing funds every financial year towards the SEZ. One of the participants did state, *"I think we need to be open to funding option because we relying on the DTI for Funds."* The participant went further to indicate that on consideration of other countries, they have different funding models, where some have private partnerships whereby the private sector develops the Zone. As such it is necessary to consider such an option.

Thus, because the SEZ fund is administered on a first-come, first-serve basis, this means the funds can run out, and the operator will need to wait for the next financial year. This participant is raising a strong point. If you look at countries such as Cambodia, the establishment and management of SEZs is done by private sector developers, because the government believes that leaving the establishment and management of SEZs in the hands of private developers will assist it in avoiding large SEZ setup costs. In the case of Ethiopia, the development of SEZs is undertaken by the government, however, where necessary, partnerships may be formed with the private sector.

5.1.4 Theme 4: Investment Incentives and Support

There is a gap in the coordination of stakeholders in implementing tax incentives. This is because SEZs come with the assurance that qualifying investors that are located in approved areas of the zone will receive tax incentives. However, investors located at the OR Tambo SEZ do not have access to tax incentives, given that the zone is not yet approved by SARS to access these tax incentives, because the zone is not approved as a CCA, nor is it approved by the Minister of Finance to receive the income tax incentives. This is concerning, particularly given that the zone received its licence in 2010, over a decade ago at this stage, where reasons for such a delay are not easily discernible. One of the participants highlighted vat and tax incentives are a matter of education from the SEZ operator and investor's perspective in terms of what the incentives are, how they work, and how to access them, and disclose them to SARS. This shows that there are coordination challenges in the implementation of tax incentives.

Tax incentives are not the only incentives that can be used to attract investments to the zone. The municipality and the province can also have incentives packages to support it. Section 21 of Act no. 16 of 2014 states that there is nothing that prevents the Municipality, the Province and a public entity from designing their support measures and incentives.

However, in the context of the OR Tambo SEZ, the municipality of Ekurhuleni does not have an incentives package for investors that are located at the zone. The participant from Ekurhuleni stated: *"The city at the moment does not have an incentives package so what they are currently doing is going through the development of an incentives policy."*

Another participant stated the following:

"As much as we are all involved in SEZ development, they are still seen as the DTI's so the involvement of other stakeholders is minimal. For example, we want a situation where we will have municipal incentives. Big cities like Ekurhuleni should be able to provide incentives to companies located at its SEZ."

This shows that there is a gap in the implementation of investment incentives to attract investors to the zone. Therefore, SARS needs to conduct an educational tour at the zone to better inform the operator and investors as to how to apply for the tax incentives. In addition, the municipality and the Province need to package investment incentives to attract investors to the Zone.

In terms of investment promotion, some of the participants indicate that there is a partnership among stakeholders in attracting investors to the zone. For instance, one participant stated that *"We go on oversee investment promotion is either we can go on our own as the GIDZ or we can partner with DTI, we can join their mission or we can partner with GGDA missions or we can join GDED missions."*

In this regard, it is important to note that initially, when the SEZ was developed, there were talks about the development of a Jewellery Manufacturing Precinct. Therefore, bulk infrastructure was developed. However, one of the participants indicated that the Zone waited for tenants to first locate in the Zone. So the DTI referred In2food to the zone, which is in agro-processing, and not necessary jewellery manufacturing. According to the participant, "*At the end of the day, you can say this is a jewellery manufacturing precinct, but investors will decide whether they come or not."* So basically, In2food showed interest, and they were the first to locate in the Zone. The fact that DTI was the one to bring In2food to the zone shows a level of partnership among stakeholders.

The UNIDO (2018) study states that factors such as transport infrastructure, logistical services and trade facilitation are vital to advance the development of Global Value Chains (GVC). Thus, as stakeholders coordinate in attracting investors to the Zone, they should also take cognisance of those factors that will help the Zone to compete in global value chains. Therefore, investment support such as a one-stop-shop as well as investment incentives plays an important role in attracting investments to the Zone.

The OR Tambo SEZ does not have a one-stop-shop, but rather, they currently use the Gauteng InvestSA as a one-stop-shop, which is not located inside the zone. During the interviews, one of the participants raised the fact that it takes longer for most of the companies to obtain assistance and clearance before they can even commence with operating. Another participant further added that *"The timeline it takes when you have identified the investor and the time to lock the investment think the timelines are too long."*

If you look at the COEGA SEZ, the one-stop-shop is located inside the Zone. It was found that SEZs in Cambodia have a one-stop-shop inside the Zone, where all the relevant stakeholders are available to assist investors. In Tanzania, the lack of an operational one-stop-shop led to the country's EPZ programme struggling to support the Zone's investors. In this regard, looking at the OR Tambo SEZ, it is difficult to comment on the coordination of stakeholders at the Zone's one-stop-shop, as currently, the Zone uses the Gauteng InvestSA offices as such. However, the Zone must develop a one-stop-shop inside its confines, where investors can be able to receive all services in one location. Skills development is also important in advancing a country's global competitiveness. A study by the United Nations Industrial Development Organisation (2018) states that investments in skills development and research are key drivers towards access to the GVC. While the operator has partnered with Design@50 in skills development for the Jewellery Manufacturing Precinct, there are key stakeholders such as the Department of Education and Higher Learning Institutions who are not yet partners in the development of skills at the Zone. Therefore, the zone is located in a province that has a pool of higher learning institutions, and as literature states, research is one of the key drivers of advancing in the global value chains. For this reason, the zone needed to forge a partnership with educational institutions in order to advance its competitiveness in the global value chains. Furthermore, there is need for an integrated skills plan among the three spheres of government to support industries at the zone.

5.1.5 Theme 5: Systems and mechanisms to oversee the implementation

Most of the participants indicated that there is coordination among stakeholder in monitoring the implementation of the Zone. One of the participants from the DTI indicated that the DTI has one template that is developed and this template is submitted to all stakeholders. Each SEZ is measured by its target. The template provides indicators that SEZs ought to take into account. Thus, they send the template to provinces and provinces populate it according to their environment given their annual performance plan. A participant from GIDZ stated that GIDZ and GGDA are responsible to monitor the Zone, and are responsible for monitoring and evaluating the implementation of plans and objectives. Therefore, there are targets that they give Gauteng Department of Economic Development (GDED), and they report based on these targets. In this regard, GDED is responsible to oversee the whole project, while the DTI only oversee the project with regards to what they have funded. This shows that there is a level of coordination among stakeholders in monitoring the Zone. However, the participant from the Gauteng Office of the Premier indicated that as far as they know, there are no monitoring systems from the Premier’s office to oversee the implementation of the Zone. The stakeholder went further to indicate that the Office of the Premier is responsible to oversee Province. Therefore, given the role of played by the premier’s office in the Province, the office needed to play an active role in monitoring the implementation of the SEZ programme in the Province.

5.1.6. Theme 6: Political support

Extant literature indicates that the success of SEZs in East Asia is due to the high level of commitment by political leaders. In the context of South Africa, one can say there has been a level of interest by politicians to drive SEZs, particularly if one is looking at the State of the Nation Address and the State of the Province Address. In 2018, the president of South Africa announced during his State of the Nation Address stated that Special Economic Zones remains an important instrument that the government will use to attract strategic foreign and domestic direct investment and build targeted industrial capabilities and establish industrial hubs. In addition, during the President's second 2019 State of the Nation Address, he went on to add that they will be looking at establishing Special Economic Zones that are dedicated to producing a special type of products, such as clothing and textiles.

At a provincial level, the Premier of Gauteng, also in his 2019 State of the Province Address, indicated that there is a need to be more aggressive and push a vision of turning the whole province into a single, multi-tier mega Special Economic Zone. He further stated that they will officially open the OR Tambo SEZ, and further to that other SEZ will follow in Tshwane, Sedibeng, and Westrand, as part of their re-industrialisation. The Premier of Gauteng further announced during his second State of the Nation Address in 2019 that over the next five years, they will introduce SEZ where it is feasible and necessary, in order to add to the Province's momentum of turning Gauteng City Region into a single, multitier and integrated Special Economic Zone.

Most of the participants indicated that the Zone is supported by political leaders. In addition, others indicated that they do see support in terms of budget commitment and speeches made by politicians. Thus, the President, the Premier, the Mayor and MEC are said to be supporting the Programme. The statements made by these participants shows that there is some level of support from political leaders in supporting the SEZ programme. As we see on the State of the Nation and State of the Province address, in addition, the 2015 Gauteng Provincial Government budget speech indicates that an amount of 28 million was made available towards the bulk infrastructure investment for the realisation of the Jewellery Manufacturing Precinct within the Industrial Development Zone. In addition, the 2019 Provincial Budget Speech indicated that the Gauteng Department of Economic Development has earmarked certain funds, where 40 million rand has been earmarked for the superblock structure at the OR Tambo IDZ. This shows that there is support for Zone implementation. One of the participants indicated that they launched a project at the zone and that the Premier, the Mayor and the MEC were there. Having all these stakeholders present at important launches indicates that there is coordination among the stakeholders in supporting the implementation of the zone. However, Farole & Moberg (2014) indicate that the decision to adopt a policy and how the policy is designed and implemented is endogenous, as it comes from the interplay among actors of political institutions, where the political economy models treat governments and the people within them as actors that have their own goals and information asymmetries.

While we see political support in terms of the speeches and politicians attending launches, one participant argued that they do not see the political rationale for the Zone: *"Honestly I don't see much of a political driver of this thing; let's start from the top, the person who is visible in terms of attracting investors in the country it can't be any other person than the President. He has gone all-out even established an advisory committee to attract investments. Some people are running around the globe attracting potential investors and at that level there is a champion. The president is championing this. When you go down to the provincial level that is where things start to disappear. Yes, there is invest SA, which is really at a provincial level. We got the Provincial Office, which is doing quite well. And coming to Ekurhuleni, it is really difficult 'who is the champion', 'who is going out and be the face' of let me say these OR TAMBO IDZ. It everything starts to disappear. They are not championing it."*

This indicates that political support in attracting investors plays a vital role in promoting and marketing the Zone. For instance, one participant indicated that when investors come to the country, they want to have discussions with decision-makers. Thus, the international best practice also states that the SEZ policy ought to be administered by government executives, who can oversee the administration of laws and regulations that govern the implementation of SEZs and that heads of government ought to ensure that there is efficiency in the delivery of regulatory services such as land use, economic activity, inter-departmental cooperation, and interaction of government with private operators and developers (Bernstein et al., 2012).

5.1.7 Theme 7: Challenges affecting Implementation

The land is indicated as one of the key factors that contributed to the delay in the implementation of the zone. One of the participants indicated that the agreement on land was a long process and ACSA and GIDZ reached an agreement on land in 2015. Given that the zone received its permit to operate in 2010, it is concerning that it took a long period for two government entities to agree on the issue of land. This indicates that there is a need for coordination among stakeholders in the application of an area to be an SEZ. In this regard, information sharing is regarded as one of the conditions needed for coordination, and it is indicated that whenever there is limited information sharing and knowledge in an organisation, the members are unable to develop integrated solutions to address problems. Therefore, bringing relevant stakeholders together and getting them to agree on a common goal can solve the problem. The change in political leadership was also indicated to have an impact on the implementation process of the zone. Consequently, some of the participants stated that the change in political leadership contributed to the delay in the implementation of the zone. Thus, when one political leader vacates office, the successor must then be briefed again, which contributes to the delay. This shows that there must be a better handover or transfer from the political leaders in order to avoid additional delays in the implementation of the projects. Another challenge that has been highlighted to contribute to the delay is the regulatory framework that must be undertaken by investors. It was indicated that the timelines take a long time and that it takes time to secure an investor when one has identified an investment. Extant literature states that whenever there is a coordination problem, it is unlikely for the policy to be executed by deadlines (Ahsan, 2018). Therefore, the must be clear roles and responsibilities among stakeholders that are responsible to undertake implementation.

5.1.8 Conclusion

The data analysis chapter indicates that the key stakeholders such as the DTI, GIDZ and the Ekurhuleni Municipality are involved in the implementation of the zone. However other critical stakeholders, such as the Office of the Premier, indicated that they are not involved in the implementation process. In terms of the roles and responsibilities of key stakeholders involved in the implementation process, the role of the DTI and the operator, which is GIDZ, is indicated. However, the role of the Municipality where the Zone is located is not indicated, and it is decided on an ad hoc basis. Therefore, there is a need to develop a memorandum of understanding among all the stakeholders involved in the implementation of the Zone indicating the roles and responsibilities of each stakeholder and the timelines.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

Many developing countries have used SEZs as a tool to promote industrial development, attract foreign direct investment (FDI) and create employment opportunities (Farole, 2011). South Africa is no stranger to the implementation of SEZs as a mechanism to attract FDI and increase job creation. However, despite the country's implementation of SEZs over the past number of years, the country continues to experience systemic socio-economic challenges such as poverty, unemployment, and inequality. The successful implementation of SEZs in South Africa has the potential to attract FDI and create decent work for many unemployed South Africans. In this regard, this study examined the extent of coordination among stakeholders in implementing the OR Tambo SEZ, particularly given that the OR Tambo SEZ was designated as an IDZ in 2002, and the zone received its operating permit in 2010.

However, the zone only managed to secure its first investor in 2019. This was indicative of the implementation challenges encountered, which can be attributed to the delay in the approval of the lease agreement on the land designated for the implementation of the zone. This signals coordination challenges among the key stakeholders responsible for the implementation of the Zone. Therefore, to understand the conditions that drive the successful implementation of SEZs, the study adopted two theories, viz. global competitiveness approach, and political economy theory. In addition, the study discussed the concept of coordination and the impact of coordination on the implementation of SEZs.

To understand the factors that may have contributed to the implementation challenges of the OR Tambo SEZ, the study examined coordination among stakeholders in implementing the OR Tambo SEZ using a qualitative research method. Overall, one can conclude that there is an extent of coordination among key stakeholders who are responsible to implement the Zone.

However, there is a need to improve on the coordination mechanism by clearly indicating the rules and procedures for coordination. In addition, the roles and responsibilities of each stakeholder ought to be indicated. Thus, the study found that key stakeholders such as GIDZ, DTI and the Ekurhuleni Municipality are involved in the implementation of the Zone. While the Provincial Treasury indicated their involvement in the implementation of the Zone, their oversight ought to be improved, as the literature indicates that central agencies, such as the Department of Finance and Budget Office are the most common mechanism for coordination attempts. There are however other stakeholders, such as the Gauteng Office of the Premier, that indicated non-involvement in the implementation of the Zone. Their non-involvement does not halt the implementation process, however, they can play a vital role in providing strategic leadership particularly, given the Department's role in monitoring provincial priorities.

The study also assessed the roles and responsibilities of stakeholders involved in the implementation process of the Zone to find that the DTI is responsible for the overall facilitation and coordination of the SEZ programme. Amongst others, it provides legislative oversight and technical support. The operator, which is GIDZ, is responsible for the overall implementation and management of the Zone. Thus, they are responsible for investment attraction and facilitating the development of the necessary infrastructure.

The municipality, as the local regulatory authority, is responsible to process the required approval and unlock the necessary infrastructure. It is important to note that the role of the municipality is on an ad hoc basis and that therefore, their role in the SEZ is not legislated as would be the role of the operator and DTI. However, if you were to look at countries such as China, with a vertical coordination model for managing SEZs, the Municipality where the Zone is located is the one that is responsible for the construction and management of the Zone. Therefore, the municipalities need to have a clear role in the implementation process of SEZs as coordination requires the formulation of rules or procedures for collaboration.

To better understand the extent of coordination among the stakeholders, the study assessed the extent of coordination among stakeholders using the following themes: funding, investment incentives and support, as well as systems and mechanisms to oversee the implementation and political support. In terms of funding, all three spheres of government play a role in working with the GIDZ to fund the Zone. For instance, the DTI is allocating funds to the Zone through the SEZ fund, which work closely with GIDZ, while the Province is playing a role in financing the top infrastructure of the Zone. The Municipality is indicated to have also funded some of the studies at the Zone. This shows that there is collaboration in financing activities at the Zone. However, there is a concern with the financing model of provincial and local governments. Thus, their funding mechanism is not as committed or similar to that of the SEZ fund. Therefore, this two spheres of governments must develop an SEZ fund according to which they will commit funds each financial year towards the development of the Zone. For this reason, the funding of the zone ought not only to be reliant on the DTI, but the Municipality and the province must also play a role.

Investment support is important to attract investors to locate within the Zone. Therefore, in terms of the OR Tambo SEZ, the zone does not have a one-stop shop inside the zone, rather the zone uses InvestSA offices in Sandton as its one-stop-shop. In this regard, there is a need to develop a one-stop-shop inside the OR Tambo SEZ. Furthermore, the OR Tambo SEZ is not yet approved as a CCA and it is also not been approved to receive the income tax incentives. This shows that there is a coordination gap in the implementation of the tax incentives, particularly given that the zone receive its permit to operate in 2010. However, they are not approved as a CCA, nor to receive income tax incentives. Therefore, there is a need for SARS to better inform GIDZ about the tax incentives, and how these can assess the tax incentives for the zone. Another gap is on the investment incentives offered by the Province and the Municipality. The Municipality of Ekurhuleni does not have an incentives package for investors located in the zone. For this reason, the Municipality and the Province must develop incentives packages to support investors that want to locate within the zone.

There is also a gap in the marketing of the Zone, particularly given that it is only managed to locate its first investor in 2019. Thus In2food, which is in the agro-processing sector, was the first investor to locate in the Zone. One might ask why mineral beneficiating firms and Jewellery firms were not located in the Zone, given that the GGDA 2014/15 Annual Report indicated that bulk infrastructure of the Jewellery Manufacturing Precinct would be undertaken and the GGDA 2017/18 Annual Report further stated that GIDZ is developing a high mass known as the Jewellery Manufacturing Precinct, where the bulk construction for the greenfield development is already underway and will be completed in the next financial year. Therefore, the Zone needs to improve on its marketing tool in attracting investors to the Zone.

In addition, there is coordination among stakeholders in monitoring the zone. Thus, the DTI as the custodian of the SEZ policy has a monitoring framework in place to oversee implementation, and they work with the operator to collect information on the implementation of the Zone. Thus, information sharing is a necessary condition for coordination to exist. In this regard, coordination by information sharing can be achieved through different types of formal and informal procedures. Formal procedures are upheld with written documents and are binding, whereas informal procedures are self-motivated and based on need. While there appears to be a working relationship between the key stakeholders that are responsible to implement the zone, other attributes such as land are cited as one of the issues that led to the delay in the implementation of the Zone. There was a long process of negotiation between ACSA and GIDZ in availing land for the Zone. This indicates a gap in the coordination among government entities, as the Zone is a government programme. Therefore, it is concerning that GIDZ and ACSA took a long time negotiating available land for the Zone, particularly given that ACSA is a state-owned enterprise. One would have thought that both entities would share the same understanding in availing land to fast-track the implementation of the Zone. Therefore, there is a need for coordination among the three spheres of government in availing land for the development of SEZs. There is also a need for coherent planning among the three spheres of government in terms of skills development, particularly focusing on sectors that have been prioritised for SEZs.

There is also a need to re-examine the implementation of the relevant tax incentives, particularly given that qualifying investors can locate within the zone and not receive the tax incentives, because either the zone is not approved as a CCA, or it is not approved to receive the income tax incentives.

SARS and the DTI, therefore, need to re-examine the SEZ permit so that the approval of the SEZ permit include SARS approval for the tax incentives. This is so as to avoid SEZs that cannot offer qualifying investors that are located within the zone access to the tax incentives, because the zone is not approved as a CCA, or it is not approved to receive the income tax incentives. While the study was focusing on coordination, there is a need for further research in the funding model of SEZs in South Africa.

During the interviews, it was raised that the SEZ fund is on a first-come, first-serve basis, and it is possible that a zone may not gain access to the SEZ funds in a given financial year, and likewise, given the financial constraints of the country. It is important to conduct further research on a funding model for SEZs in the country, particularly on the use of private sector developers.

In addition, the OR Tambo SEZ located its first investor in the Zone in 2019, and this zone received its operating permit in 2010. It is vital to research the marketing of SEZs in the country, particularly to assess the incentives package for investors located in South Africa's SEZs concerning the regulatory framework.

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8. APPENDICES

8.1. Appendix A: Interview Questions

Generic interview questions to all stakeholders

Theme 1: Roles and Responsibilities

1. Is your institution involved in the implementation process of the first phase of the Zone? Yes/No
2. What role does your institution play in the implementation process of the Zone?
3. In your view, will you say that your organisation is actively involved in the implementation process of the Zone?
4. Who is responsible and accountable for administering the implementation of the Zone?

Theme 2: Coordination

1. Does your institution work with other stakeholders in undertaking its role in the implementation process of the Zone? Yes/No
2. If yes, which institution does it partner with?
3. Is there a committee or any other body or structure that oversees the implementation process of the Zone?
4. If so, are you part of that committee? Yes/No
5. Which other institutions are part of the committee?
6. In your view will you say there is coordination among the key stakeholders responsible for implementing the Zone? Yes/No

7. If yes, how is the infrastructure development coordinated among the different stakeholders?
8. Which institutions are responsible for the development of infrastructure at the Zone?
9. Which institutions are involved in funding the infrastructure development at the Zone?
10. Will you say there is a partnership among the different spheres of government in funding the Zone? Yes/No
11. Does the Zone offer incentives? Yes/No
12. How are the incentives of the Zone coordinated among different stakeholders?
13. Which stakeholders are responsible for the implementation of the incentives?
14. Will you say those stakeholders work together in implementing the incentives package? Yes/No
15. Does the Zone have a one-stop shop? Yes/No
16. Are you part of the one-stop shop? Yes/No
17. In your view will you say there is a partnership among stakeholders who are part of the one-stop-shop?
18. Will you say the implementation of the Zone is well coordinated? Yes/No

Theme 3: Institutional Arrangements

1. In your view will you say there are proper institutional arrangements for implementing the OR Tambo SEZ? Yes/No

2. Is there a unit or officials within your institution who are responsible to oversee the implementation process of the OR Tambo SEZ? Yes/No
3. If yes, is there a report that is done? Yes/No

Theme 4: Monitoring and Evaluation

1. Will you say there are monitoring systems in place to oversee the implementation of the Zone? Yes/No
2. If yes, which organisation is responsible for undertaking the M&E of the implementation process of the Zone?
3. In your view will you say there is a collaboration among different stakeholders in monitoring the implementation process of the Zone?
4. How many times do all the relevant key stakeholders involved in the implementation of the Zone meet? Annually, monthly, or never?
5. Who is responsible to oversee the implementation process of the Zone?

Theme 5: Political Economy

1. In your view, would you say the Zone is supported by politicians? Yes/No
2. What type of support is being given?
3. Which political leader among the three mentioned above would you say is actively involved in the implementation process?
4. Would you say there is coordination among the ministers (DTI, Treasury and Mineral affairs) that are responsible for implementing the Zone?
5. Which Ministers will you say are actively involved in the implementation process of the Zone?

Theme 6: Global Competitiveness

1. Would you say there is a partnership between the Municipality, Treasury and Eskom in putting together power supply, water supply and general infrastructure in the Zone?
2. In your view will you say the Zone's one-stop shop is effective in promoting the ease of doing business?
3. Does your institution promote the Zone globally when it goes on an investment drive?

Theme 7: Key Challenges Affecting Implementation

1. What would you say are the key challenges affecting the implementation of the Zone?

8.2 Appendix B: Participants who were interviewed

Institution	No. of officials	Profile
Department of Trade and Industry	3 officials	Senior officials
Gauteng Industrial Development Zone	2 officials	Executive ×1 Manager ×1
Ekurhuleni Municipality	1 official	Senior official
Jewellery Council of South Africa	1 Executive	Executive committee member
South African Diamond and Precious Metal Regulator	1 Executive	Executive
Gauteng Provincial Treasury	1 official	Deputy Director
Gauteng Infrastructure Financing Agency	1 official	Manager
Gauteng Office of the Premier	1 official	Senior official
Cosatu	1 official	Senior official
National Planning Commission	1 official	Senior official
South African Revenue Service	2 officials	Senior official ×1 Specialist×1

8.3: Appendix C: Consent form

PARTICIPANT CONSENT FORM

Research Project: Examining the coordination of stakeholders in implementing the OR Tambo SEZ

Consent to take part in the above-mentioned research project

I……………………………………………………………………………………………….

volunteer to participate in the above-mentioned research project.

1. I have read the participant information form and I understand my role in participating in this project.
2. I understand the purpose of this research project and why I have been selected as a key stakeholder to be interviewed.
3. I understand that my participation in this project is voluntarily and I will not immediately benefit from taking part in this project.
4. I understand that there are no known risk associated with me participating in this project and the risk that may arise will be normal everyday life risk.
5. I understand the processes that I must follow once I agree to participate in this research project.
6. I know that if I wish to withdraw my participation in this project I need to inform the researcher one week after the interview.

7. I understand that the information that I will be sharing with the researcher during the interview will be honest and truthful.
8. I understand that the information that will be shared during the interview will be used to inform this research project and my identity will not be revealed on the research document.
9. I understand that the name of my institution will be indicated on the research report.
10. I am aware that the researcher may ask permission to audio record the interview.
11. I understand that the findings of the interview will be incorporated on the research report.
12. I understand that if I have any questions or seek clarity about the research project I may contact any of the people listed below.

Researcher Name: Kgothatso Masinga

Email address: 1800242@wits.students.ac.za

Supervisor name: Kholiswa Malindini

Email address: kholiswa.malindini@wits.ac.za

Co-Supervisor name: Prof Pundy Pillay

Email address:pundy.pillay@wits.ac.za

Participant signature

……………………………………….

Date……………………………………

By signing this consent form I believe that the participant is agreeing to be interviewed.

Researcher signature

……………………………………………

Date……………………………………

8.4: Appendix D: Ethics Clearance

WITS SCHOOL OF GOVERNANCE
UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

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18 April 2019

Dear, Miss Kgothatso Anamelita Masinga

Title: Examining the Coordination of Stakeholders in Implementing the OR Tambo Special Economic Zone
Student Number: 1800242
Degree: Masters in Management in the field of Public Policy
Ethics Clearance Number: *WSG-2019-22*

Your ethics application has been received and considered by the Human Research Ethics Committee of the Wits School of Governance.

Your application was reviewed and your ethical clearance has been approved. You may continue with your data collection under the guidance of your supervisor.

Please do not hesitate to contact me if you have any queries.

Yours sincerely

Professor Pundy Pillay
Research Director

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8.5: Appendix E: Editing Certificate

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EDITING CERTIFICATE

LANGUAGE EDITING SERVICES

Date: 2021/8/23

This serves to confirm that the document entitled:

EXAMINING COORDINATION AMONG STAKEHOLDERS IN IMPLEMENTING THE OR TAMBO SPECIAL ECONOMIC ZONE

By

KGOTHATSO ANAMELITA MASINGA
STUDENT NO: 1800242

has been language edited on the author's behalf, with recommendations for improvement.

Genevieve Wood
PhD candidate
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