

**DRAFT SPEECH FOR
KZN MEC FOR FINANCE AND ECONOMIC DEVELOPMENT
DR ZWELI MKHIZE**

EVENT: LED CONFERENCE

THEME: "Collaborative LED Implementation for Sustainable Economic Development"

VENUE: ELANGENI HOTEL

DATE: 29 NOVEMBER 2007

Master of Ceremonies

MEC for Local Government, Honorable MEC Mr Mike Mabuyakhulu

Mayors and councilors present

European Union Ambassador,

HOD for Economic Development, Ms Carol Coetzee

HOD for Local Government, Ms Gabi Gumbi-Masilela

General Manager for Local Economic Development: Mr Ranveer Persad

Municipal managers and representatives from government departments

Representatives from chambers and the entire business community

Ladies and gentlemen

Good morning. It is a pleasure to be here to officially open the Local Economic Development Conference for 2007. I want to say how optimistic I am about the future of this province. This optimism has been sparked by the sizeable number of stakeholders who are present today. This is a clear indication that stakeholders involved in local economic development are increasingly taking the issue of economic development more seriously.

This year's conference presents a wonderful opportunity to look at the type of leadership we need to ensure the "Collaborative LED Implementation for Sustainable Economic Development" in 2008.

Leadership for sustainable economic development

As the international community argues about the type of leadership needed to deal with socio-economic challenges facing developing countries, I am always reminded of what an internationally acclaimed author Marianne Williamson said in one of her books:

"Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. It is our light, not our darkness, that most frightens us.

We ask ourselves, who am I to be brilliant, gorgeous, talented, and fabulous?

Actually, who are you not to be? Your playing small doesn't serve the world.

There's nothing enlightened about shrinking so that other people won't feel insecure around you. We are all meant to shine, as children do. And as we let our own light shine, we unconsciously give other people permission to do the same. As we are liberated from our own fear, our presence automatically liberates others."

What does this mean: It means that all of us here have the opportunity to shape the future of this province. Today's South Africa is characterized by the unique aspirations of the newly found rainbow nation. The rainbow nation demands a new model of leadership.

South Africa's transition to democracy has given its citizens the power to influence and direct the direction of this country. This signals the need for a new approach: an approach which requires today's leaders to define development priorities, plan for the attainment and collaborate in their implementation. Therefore, in the next few months if you ask anybody in KwaZulu Natal how they would like to make a difference in the provincial economy, we want to hear only four words: "collaboration", "good governance", "employment", and "growth".

The push for this unprecedented level of social and economic transformation is a struggle on its own. It is therefore proper and fitting that on an occasion like this we remind each other that the struggle is not over yet. It is also critical important to remember that there are those who made an exceptional contribution towards the liberation of this country - paving the way for a stable political and economic environment. We are grateful that their efforts weren't in vain but the greatest responsibility is ensuring that future generations reap the fruit of their selfless contribution.

KwaZulu Natal boasts the busiest port and largest deepwater port on the African continent and in the world over in terms of cargo volumes. In addition this province has:-

- a transport infrastructure which provides an easy link to Mozambique, East Africa, Asia and Europe
- Bioclimatic profile suitable for lucrative agricultural production
- Largest sand mining and mineral processing operation in the Southern hemisphere
- the world largest smelter
- vast prime industrial land along the coast and further inland
- good size of Business Outsourcing Processing market with the fastest growing call centers in Africa. In fact, figures on installed base show that South Africa boasts call centers more than two times of Ireland. Leading multinational corporations such as Barclays and Lufthansa have established centers in the country.

These features provide an excellent vehicle to develop a new cadre of entrepreneurs who will ensure that future generations benefit from the province's robust infrastructure and stable business environment created by this democratic government. I believe that this year's conference will assist in developing a strategy to guide the way forward.

There is no cap at all on the point where we should stop our struggle. As we begin this conference my message to you is very simple: struggles are led by great leaders. The primary responsibility of these leaders is to make a positive impact in their communities. What distinguishes these leaders from others is that they have a sense of urgency. Transparency and Quality economic governance approaches are infused into their operations. These are the two pillars of a healthy business environment.

Globalization and development

The new modes of economic production are increasingly dependent on knowledge and information technology. Knowledge and 'informationalism' has become central to globalisation, and to development. The sources of productivity and competitiveness are increasingly dependent on knowledge and information being applied to productivity. The increasing generation and accessing of knowledge has led to what is often referred to as the 'knowledge society' in globalised world.

I'd like to draw your attention to the report released by the World Bank in December last year on how globalization will shape the global economy over the next 25 years.

The report predicts that the global economy could expand from \$35 trillion in 2005 to \$72 trillion in 2030. While this outcome represents only a slight acceleration of global growth compared to the past 25 years, it is driven more than ever before by strong performance in developing countries.

Yes indeed, South Africa's economic performance is encouraging. It is worthy noting that:-

- South Africa's unadjusted real GDP at market prices for the first quarter of 2007 increased by 5.4% compared with the first quarter of 2006.
- The corresponding increase for the respective quarters of 2006 were 4.6%, 4.4%, 4.7% and 6.2%, yielding an annual growth rate of 5% in real GDP at market prices.
- Record expansion in construction activity helped South Africa's (GDP) grow by 4.7% in the first quarter of 2007, making it 34 consecutive quarters of economic growth since 1998, the longest upswing in the country's history.
- Stats SA reported on Tuesday this week that the country's economic growth has increased to 4.7 percent in the third quarter of this year, up from a revised figure of 4.4 percent in the second quarter.
- the annualised quarter-on-quarter growth in real gross domestic product (GDP) has increased to 4.7 percent in the third quarter of 2007, up from the revised figures of 4.4 percent in the second quarter and five percent in the first quarter.

The World Bank report further notes: Broad-based growth in developing countries sustained over the period would significantly affect global poverty. According to the report the number of people living on less than \$1 a day could be cut in half, from 1.1 billion now to 550 million in 2030. However, some regions, notably Africa, are at risk of being left behind. Moreover, income inequality could widen within many countries, compounding current concerns over inequality between countries.

It is for this reason that provincial government is employing every method to accelerate and sustain economic growth. That is the only way we can make substantial progress towards reducing poverty.

Gijima – to accelerate and sustain the local economic development

The Gijima KZN Local Economic Development Support Programme, embodying our partnership with the European Union, has made significant progress towards stimulating economic development. Since the last LED Conference, almost all of the grants funds available (i.e. R162 million) have been committed to 197 projects. The Local Competitiveness Fund is fully subscribed while there is R11 million that remains in the Business Enabling Fund. This will be absorbed in a final call for proposals next year – should the EU agree.

The programme has leveraged over R80 million in co-funding from the private and public sectors. The excellent partnership we have had with all our stakeholders, especially the commercial banks, district municipalities and the business sector has enabled the leveraging of co-funding.

With regard to the Local Competitiveness Fund Implementation more than 3000 sustainable jobs and 7000 temporary jobs will be created directly, excluding any multipliers.

The programme has enabled the development of a pipeline of LED projects through the use of the grant instruments. The emphasis in the Business Enabling Fund and Local Competitiveness Fund has enabled many different groups to engage in detailed planning for their projects. It is expected that many of these projects will be seeking implementation funding or finance in the open market place.

We are currently examining the future of Gijima KZN in terms of its continuation and sustainability after the European Unions funds have been exhausted. Proposals on the modalities regarding its future form and resources required are currently being prepared. It is expected that a revised programme will be ready for implementation in the 2009/2010 financial year.

Skills revolution to grow the economy and enhance service delivery

Underlying the growth that I have referred to earlier on will be our ability as the province to create skills necessary to manage sectors that will create growth. We need a strong partnership with tertiary institutions to ensure that skills are produced for the economy to grow and that service delivery at local level is improved.

Much has been said this year about skills shortage but all what I want to say today is that an educated populace provides a broader base from which to recruit employees. Local government is at the forefront of service delivery therefore you have to define for yourselves how you will contribute to the attainment of a skilled workforce.

The KwaZulu Natal Local Government Association Youth Project - a collaboration between the University of KwaZulu Natal and the local-government sphere is a classic example. This collaboration brings direct and indirect benefits to the university, students, local government and the community.

This project was designed to enable students to critically engage in focus areas in communities to allow local government to address problems of historical service backlogs. It provides students with an opportunity to develop expertise and technical knowledge on how to ensure the provision of basic services to the community.

Students are placed in disadvantaged communities of selected district and local municipalities and tasked to research and develop ideal strategies to respond to socio-economic challenges in the focal areas provision of quality healthcare, provision of sanitation, youth development, small business development and most importantly Black Economic Empowerment. I hope in 2008, more municipalities will embrace this project.

Conclusion

In year 2000, world political leaders of 191 nations at the United Nations agreed to a set of targets for the socio-economic development. They set out a set of indicators to focus their energy and efforts in order to eradicate poverty by 2015. The Millennium Development Goals are a universally recognized benchmark for development - and the performance of each country is measured against a set of eight targets agreed by the world's political leaders in the Millennium Declaration.

You would acknowledge that about a decade and half ago, it would be unimaginable that there would be peace and stability in this province. But because of political leadership a number of new milestones in the province's transformation were achieved.

Ladies and Gentlemen - time is ticking.

If ever there were a time for the leadership in KwaZulu Natal to stand up and chart the way forward, it is now. We need leaders who are able to galvanize unprecedented efforts to achieve MDG.

In 2005 the international community said at the current rate the right to education will not be established in Africa until 2130. The eradication of hunger and poverty will not be met until 2150.

For the next few years the world will be focusing on KwaZulu Natal following the hosting of the preliminary draw for the 2010 Fifa World Cup. KwaZulu Natal did not disappoint and the international media remarked: "The show had certainly lived up to its promise - Africa is the theatre and South Africa is the stage".

Going into the future we will be judged on what contribution we are making towards achieving MDG. Certainly, as leaders, we have no reason to allow a prolonged vulnerability of the poorest citizens to man-made misfortunes such as disease and poverty. I ask that you to come up with creative solutions for the attainment of some MDG:

- Eradication of extreme poverty and hunger
- Promotion of gender equality and empower women
- Combating disease
- Ensuring environmental sustainability
- Creating a Global Partnership for Development

Thank you