PROVINCE GEARED TO IMPROVE ECONOMY, INCREASE JOBS AND REDUCE POVERTY

The recent PGDP assessment confirms that the PGDP remains the overarching development strategy for the province. The province has made progress towards meeting the PGDP targets and Millenium Development Goals. The PGDP assessment motivates for more emphasis to be placed on rural development and agrarian transformation as government’s key strategy to address poverty and inequality.

Since 2004 a number of development indicators confirm that the province is making significant headway to address poverty and underdevelopment. The recent Markinor report has pointed to a positive economic outlook in the province. The provincial economy is growing at a rate of 5,3% up from 2% in 2002. More than 200 000 people have been lifted out of poverty since 2004. Unemployment has decreased from 29,6% in 2004 to 23,1% in 2007.

Underpinning this growth has been exceptional performance of the Eastern Cape 2 IDZs which are providing a world class logistics capability to capitalise on the province’s coastal advantage. In 2007 the ELIDZ attracted investment by seven (7) component manufacturers, increasing the number of investors from four (4) to eleven (11) in just less than a year. Investment in the ELIDZ increased to R755 million, a R450 million increase from the previous financial year.
As part of its Park Development Strategy, the ELIDZ commenced with the development of the first cluster in the zone, the Automotive Supplier Park. A total of 1180 direct manufacturing jobs have been created in addition to the 2000 direct construction jobs created. The East London IDZ is also investigating the feasibility of establishing a Technopark in collaboration with universities in the province.

The Coega Development Corporation has signed 16 investors with investments to-date totalling to R20 billion over the last two years. 21,200 jobs have been created from construction and investments.

Key to sustaining and increasing levels of growth, Provincial government has prioritised transport and logistics infrastructure. Transnet has invested heavily in the Port of Ngqura and Portnet has sponsored a R5 million feasibility study for the expansion of the East London harbour. Provincial government is committed to ensuring that the benefits of growth accrue throughout the province. Kei Rail is now operational and will provide a critical access linkage between ELIDZ and the rural economy. Government is also committing to R300 million for rural access roads and will be investing heavily in social and economic infrastructure in the Eastern part of the province over the next MTEF. Two of the Province’s Strategic Roads, the R72 and the Wild Coast Meander are ear-marked for upgrade to unlock the economic potential of the Province.

In all these infrastructure projects government will leverage on the Expanded Public Works Programme in order to accelerate the pace of creating jobs. Since 2004 161,943 EPWP employment opportunities have collectively been created by all public bodies in the province, which makes the Eastern Cape rank number 2 in the EPWP process in South Africa. The province is steadfast to reach the target of 50,000 jobs to be created by the end of this financial year.

Provincial government has prioritised skills development as a critical enabler for economic growth and poverty reduction. A JIPSA Council has been established to prioritise and coordinate skills development interventions in the province.
Already government universities and private industry are collaborating on a number of initiatives to address critical and scarce skills shortages in both the public and private sector.

Provincial government has prioritised rural development and is currently formulating a Rural Development Strategy in consultation with key stakeholders. This strategy will build on the Umzimvubu Development Zone initiative aimed at unlocking the dormant economic potential of the eastern region of the Province through the development of a modern agro-industrial economy linked to value chain processing, manufacturing and marketing. Key economic sectors that are prioritised include agriculture and agro-processing, water resource development, hydro-power and alternative energy, tourism development, forestry and timber processing. The revitalisation of Umthatha and key rural towns such as Alice, Port St Johns and Libode, among others, have been prioritised. Key partners such as IDC, the DBSA and national departments such as DWAF will partner with provincial government to translate this vision into reality.

Following the Lekgotla and in line with the government reprioritization for the remaining period of the financial year, the Economic Growth and Infrastructure Cluster departments will focus on the following:

**Department of Agriculture**

The focus of this department will be to fast-track initiatives aimed at combating food insecurity. In view of the fact that the Eastern Cape is 75% rural the agricultural economy presents a key opportunity to graduate people out of the poverty trap.

**Department of Economic Development and Environmental Affairs**

The focus of this department will be to further stimulate the manufacturing sector and grow the economic participation of the cooperatives.
Department of Roads and Transport

The focus of this department will be to ensure the maintenance of proclaimed provincial roads to stimulate the growth of the economy and implement the Impassable Roads project, particularly in the identified areas of the former-Transkei and Ciskei.

Department of Public Works

The focus of this department will be to finalise the provincial Asset Register.

Announcements:

1. Launch of war on poverty in Qaukeni on 23rd September 2008 at Lubala Village by Deputy President, Mrs Phumzile Mlambo-Ngcuka.
2. Heritage Day Celebrations to be held in Nquadu Great Place in Willowvale on the 24th September 2008.

Issued by: Eastern Cape Provincial Government

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