

ADDRESS BY THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, MR NORMAN MOKOENA, MPL, DURING THE ICT ROUND TABLE DISCUSSION AT.....

Tuesday, 24 July 2012

Programme Director;

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POLITICAL INTRODUCTION

- *By John Sikhosana*

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1. *ICT STRATEGY*

The Province has limited ICT infrastructure and this has affected the uptake and usage of ICT by government, SMMEs, individuals and communities. The ICT sector in Mpumalanga has seen slow growth over the years due to a number of factors which include a combination of the following:

- The lack of a more competitive telecommunications landscape that offers reduced, competitive pricing to consumers;
- The lack of ICT skills development in the province;
- The lack of access to infrastructure by all citizens of Mpumalanga;

- The lack of collaboration to enhance efficiencies and ensure cost effectiveness;
- The lack of sustainability of SMMEs;
- The lack of ICT innovation and research and development; and
- The lack of positioning the ICT sector as a global competitor.

The main purpose of the ICT Strategy is therefore to encourage strategic investment in ICT and to chart a roadmap to the future for the effective deployment of ICT in Mpumalanga Province to meet the following strategic objectives:

- To Increase the use of ICT as an enabler for socio-economic growth;
- To eliminate the digital divide in the province;
- To enhance service delivery;
- To improve the competitiveness of existing industries; and
- To improve the South African education system.

Ladies and gentlemen;

Our Province has identified five key imperatives through which various ICT projects will be implemented. The key imperatives will also assist the province to address national government priorities. The key imperatives emanating from our provincial ICT strategy will thus be on **infrastructure development; skills Development; public service efficiency; industry sector development; and SMME development.**

These imperatives are covered in detail in the strategy, together with recommended actions for the proposed ICT projects. A key initiative underpinning many of these projects is the deployment of a Broadband access initiative ("Installation of the Provincial Broadband"), without which the Province will be unable to fully realize the benefits of ICT.

With regards to the ICT Implementation Plan, it directs the implementation of the ICT strategy. Specific implementation activities are proposed which will serve as guidelines to initiate and facilitate the implementation process. It further presents the strategic implementation framework with a number of identified projects. These projects are categorised in terms of the key imperatives as identified in the ICT Strategy.

2. CO-OPERATIVES DEVELOPMENT STRATEGY

The Co-operatives Strategy aims to recognize and ensure a seamless transition to formal co-operatives which can serve as a basis for higher levels of economic activity at grassroots level. This strategy sets out the basis for supporting co-operatives of all types in Mpumalanga and in all sectors of the Provincial economy. It seeks to achieve the following objectives:

- To ensure effective implementation of all Key Performance Areas as listed in the Strategy
- To ensure the efficient and effective establishment of the institutional framework within Mpumalanga Province to support co-operatives right to the local level
- Ensure that proper co-operatives support programmes are in place to enable the development of co-operatives in Mpumalanga
- Ensure that the growth of the co-operatives movement in Mpumalanga is aligned to the sectors and types identified in the Co-operatives Act No. 14 of 2005
- Clarify the role of stakeholders, agencies, government departments, communities and co-operatives themselves in the development of co-operatives in Mpumalanga;
- Create a proper alignment between the co-operatives development programmes and all other provincial government support programmes
- Firm-up on policy instruments, such as procurement, which would encourage co-operatives growth in Mpumalanga

The strategy is meant to encourage the establishment of new co-operatives throughout the province as the government seeks to build a culture of social entrepreneurship among the communities. The strategy binds the entire Provincial Government to target on spending on co-operatives. Further, it encourages a socio-economic compact between government, the private sector and civil society to promote and actively support co-operatives. The Co-

operatives Strategy has been developed in close consultation with relevant stakeholders both at national and provincial level, and it has been designed within the provisions of both the Co-operatives Act No. 14 of 2005 and the Co-operatives Development Policy of 2004.

3. SMMEs DEVELOPMENT STRATEGY

The SMME Strategy gives direction to the province in terms of the promotion, development and support of SMMEs. The strategy lays out the approach for the development of small business in the province of Mpumalanga. An overall provincial small business development effort is recognized as an integral part of the province's overall economic development effort. In other words, it is expected that small business development efforts will permeate all economic development and related activities of the province. The strategy lays out the general rationale for small business development, opportunities for small business development within the province and generic and province-specific constraints facing small businesses. The strategy aims to achieve the following objectives:

- Stimulation of employment
- Regional development
- Innovation
- Wealth creation
- Economic growth

The strategy further spells out the province's proposed approach to small business development; the characteristics of good small business development programmes which will guide the province in developing and implementing its support programmes; and the types of programmes that will be implemented. The provincial small business strategy guides the provincial government in formulating and implementing a range of mechanisms to enable the emergence and growth of vibrant small businesses that help to drive the provincial economy forward.

4. INVESTMENT STRATEGY

The Investment Strategy aims to leverage on foreign direct investment (FDI) and augment government's overarching economic strategy. The Investment Strategy will assist in the acceleration of FDI to a level consistent with government's economic growth and development aspirations. This strategy also intends to leverage on Mpumalanga's potential and capacity for economic development resulting in improving the provincial balance sheet, contributing towards sustainable economic growth and creating better quality jobs for its people. The Investment Strategy has to accomplish and address the following:

- Conveying to the investor that the company and product truly fill an unmet need in the marketplace.
- Conveying the characteristics that set apart the product and company from the competition (competitive advantage).
- Providing a clear description of the target market, and any market segments that may exist within that market.
- Listing any current or potential direct and indirect competition by the Investment Promotion Agency (IPA).
- Providing a transparent and appropriate incentive and regulatory framework
- Providing clients and prospective clients with a clear understanding of the strategic interventions of government, including the programme priorities and service offerings within investment promotion.

The crafting of an investment targeting strategy stands at the apex of the investment attraction process and is therefore the core area in the functioning a successful investment promotion agency. The strategy is designed on the principles of targeting and focussed interventions based on sectors, industries, products and countries that can be targeted. The strategy includes incentives as well as aftercare interventions, which are key to attracting the desired type of investor. This will lead to increased FDI flows to the Province and will assist in speeding up economic growth and the creation of jobs, and indirectly

alleviating poverty. The strategy covers all the aspects necessary to make it work:

1. The need for such a strategy to be crafted, its vision, mission and objectives
2. National and provincial policies and legislation that have a direct impact on the Provincial investment targeting strategy. International investment trends at different levels are examined.
3. A thumbnail sketch of Mpumalanga Province, its challenges and strengths, and of key sectors and industries.
4. The examination of the various methods through which investment facilitation takes place that leads to the derivation of target investment markets for specific sectors and industries and products. In essence this is the core of this investment targeting strategy.
5. After-care, the important component of the investment attraction process.
6. Investment support that is available to our potential investor. It can broadly be divided into two categories; firstly, investment incentives provided by the national government through the Department of Trade and Industry (DTI) and by packages negotiated on a bi-lateral basis with the local municipalities. Secondly financial support that is available from the national institutions of the Industrial Development Cooperation (IDC) and the Development Bank of Southern Africa (DBSA)

This strategy is dynamic and will be influenced by all those variables in the international, national and provincial ambits.