

PIONEERING A WAR AGAINST JOBLESSNESS: THE MPUMALANGA ECONOMIC GROWTH AND DEVELOPMENT PATH UNPACKED

By Norman Mokoena

The year 2011 provides us an opportunity to continue to build South Africa to become the land of milk and honey – A country with endless job opportunities for sustainability. It is a year alive with endless opportunities.

It is a year of more action, as declared by the ruling African National Congress, to be the year of “consolidating peoples’ power for the national democratic society.” Indeed, “*together we can build better communities,*” for the benefit of present and future generations.

On 18 May this year, South Africans will go to the polls to elect their preferred councillors – their democratically elected public representatives, during the upcoming fourth democratic municipal elections. They will be electing these representatives, because they believe in their capability to represent their interest.

The second distinctive feature of 2011 is the buzz word - the “*New Economic Growth Path,*” whose value and meaning is translation of the ANC’s 2009 manifesto. It intends to “create conditions for an inclusive economy that will reduce unemployment, poverty and inequality and produce decent jobs and sustainable livelihoods”.

This was cemented by Premier David Mabuza during the State of the Province Address on 25 February 2011, when he said that “*the completion of the National Growth Path recently provided us with a window of opportunity to pursue our provincial policy imperatives.*”

The Premier announced that government had initiated the process of developing a Provincial Economic Growth and Development Path, adding that “*central to the proposed Mpumalanga Economic Growth and Development Path (MEGDP), is economic growth that focuses on Job creation and the reduction of poverty and inequalities.*”

The proposed *MEGDP* has been developed through a rigorous review of past economic and sector strategies, and is well informed by the current socio-economic outlook and future scenarios.

Whilst details of the strategic initiatives supporting this new growth path will be outlined in the next few weeks as we table individual departmental votes or policy speeches, it is tempting to share some of our ideas and issues we are grappled with.

The approach from our perspective is that we need to ensure that we increase competitiveness of existing sectors to create a conducive business environment, thus attract more businesses to operate in Mpumalanga. This, we will do, by offering business incentives (reduction in rates and taxes); industry diversification and strategic positioning of our main economic sectors in relation to trade and Investment.

The New *MEGDP* will focus primarily on five (5) sectors which are potential job drivers, namely, infrastructure, mining, agriculture, green economy, and tourism and cultural industries.

The contribution of infrastructure, to a more inclusive economy, will be by meeting the needs of new industries and historically excluded communities. We intend to focus on investing more in the massive expansion of transport, energy, water, communications capacity and housing development. This is further underpinned by a strong focus on the domestic industry to supply the components for the construction/building industry. Amongst others, our strategic infrastructure projects will be the following: (1) construction of a University and tertiary hospital for the province; (2) construction of an integrated Fresh Produce Market; (3) A Bio-mass plant; upgrading of the coal haulage road network; and (4) the construction of the Komatipoort Logistics and Industrial Park.

The agricultural value chain needs firstly, a focus on expanding farm-output and employment. The next step is a focus on increasing the agro-processing sector. Tourism, manufacturing, mining, community services, wholesale and retail trade are the other areas that have a high labour absorbency.

It is also important to ensure that there is beneficiation in the agro, mining and chemicals value chains (these are critical for our export markets) by progressively introducing a series of incentive packages and direct support mechanisms. This also entails recruiting technology and skills from outside our borders.

The New *MEGDP* further puts emphasis on new areas of nodal development, with emphasis on rural development, agriculture and forestry - especially building on the work done in the province on the comprehensive rural development programme.

More focus will be on build Infrastructure and linkages of small industrial activities in the rural nodes to the closest established economic clusters.

Tourism, the Creative Industry and Culture Sector have proven to deliver jobs and grow the second economy. Massive infrastructure facilitation in this regard will include the development of an International Convention Centre in the province; a Craft Creative Industry Hub and the establishment of the Mpumalanga Film Commission. These investments will continue to influence and propel our economy and create long term sustainable jobs.

Seizing the potential of New Economies

The proposed New *MEGDP* argues that technological innovation opens the opportunity for substantial employment creation, and we believe that Mpumalanga offers a wide range of opportunities with regard to the green economy. The anticipated jobs in the green economy will be in the area of manufacturing, and the rest in construction, operations and maintenance of new environmentally friendly infrastructure. The new industries that Mpumalanga will invest in, includes the “Green” and energy-saving industries, agro-processing, downstream minerals beneficiation, bio-fuels, forestry, timber, paper and pulp and furniture, cultural industries, tourism, and the ICT (Information Communication Technology).

Investing in social capital

The social economy is expected to create jobs in the province and this sector need to be encouraged to grow. The social economy includes countless not-for-profit institutions that provide goods and services, including co-operatives, non-governmental organisations (NGOs) and stokvels.

The New Growth Path for South Africa spell it out clear - that government will have to support the social economy initiatives, including assistance with marketing, book-keeping, training, and technological and financial services.

The Mpumalanga provincial government will further emphasise basic education with firm foundation on values, numeracy and literacy - building a critical mass of entrepreneurial skills required.

The next big steps

It is therefore going to be important for us as a provincial government to do this differently. Core of our business and implementation plans, is to mobilise funding and to align our institutions to deliver this massive infrastructure.

There is a general appreciation of the fact that government programmes for local economic development are often decided without communities themselves crafting their development agenda. In order to ensure that communities drive their economic agenda, it will be important to create active local economic development forums; capacitate LED units within municipalities; and build strong co-operatives to ensure massive participation in the economy.

A fiscal package for all economic infrastructures is being completed, and will include, the mobilisation of foreign direct investment; development finance loans and grants. Equally, we will improve our funding mechanisms for SMMEs (Small, Micro and Medium Enterprises) through the re-engineered Mpumalanga Economic Growth Agency.

To continue to monitor this, the Office of the Premier will be seized with establishing a machinery working along the same formula as the Monitoring and Evaluation Unit in the Presidency.

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