

ADDRESS BY THE PREMIER DR. Z.L. MKHIZE
EVENT: AFRICAN ECONOMIC EXPANSION SUMMIT
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Programme Director
MEC for Finance, Ina Cronje;
Hisbiscuss Coast Mayor, Cllr Ms N.C Mqebu;
eThekwini Municipality Speaker, Cllr Logie Naidoo
Honourary Consul of Poland Consulate, Mr Andrzej Kiepiela
Vice Consul of the Angolan Consulate, Mr Paulo Jorge
Danish Consul General, Mr Per Bjorvig
Director General of the Province, Mr Nhlanhla Ngidi
HOD of Finance Department, Mr Smiso Magagula
HOD of Economic Department and Tourism, Mr Desmond Golding
Media Present
Honoured Guests

Good morning.

First, let me take this opportunity to welcome all of you to the inaugural African Economic Expansion Summit. We wish to extend our gratitude to you for heeding our call as the government of KwaZulu-Natal to attend this important summit.

The Province of KwaZulu-Natal has adopted a 2030 Vision of being a prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the World

In order to drive this vision to reality the Province has adopted a Provincial Growth and Development Strategy which highlights the seven strategic goals of the province, as well as a Provincial Growth and Development Plan which details exactly what need to be done, what the targets are and who will be responsible and held accountable for the achievement of these targets.

The Summit takes place few weeks after this province successfully hosted the **Conference of African Ministers responsible for Civil Registration and Vital Statistics** on behalf of the people of Africa.

More than 42 African Ministers, researchers, academics and non-governmental organisations from across the continent converged at the ICC to share ideas on how to improve civil status information for efficient public administration and generation of vital statistics for National Development and MDGs Monitoring in Africa.

The hosting of this conference was a clear indication of the seriousness in which governments and leaders in Africa are attaching to the issue of civil registration

for public policy, good governance, human rights and more importantly for socio-economic development planning.

However it was noted during the conference that despite on-going efforts aimed at improving all systems of civil registration, the majority of our countries in Africa still lack adequate, viable and complete systems.

It is for these reasons that we committed ourselves as government to work with Governments in Africa to share resources and to facilitate exchange programmes with academic institutions and other strategic institutions in order to accelerate Africa's programme on the improvement of Civil Registration and Vital Statistics

Civil Registration and Vital Statistics are fundamental to anything we do as governments. We require accurate data for the execution of all government programmes of service delivery.

We all know that African governments have an important task of ensuring improvement of services to the people, provision of water, sanitation, roads, electrification, and other infrastructure which will be part of growing the African economy to enable the creation of jobs and eradicate poverty.

In Africa 200 million youth aged 15-24 years are not employed. In Sub-Saharan Africa, 3 in 5 of the total unemployed are youth (ILO 2006) and on average 72% of the youth population live with less than \$2 a day.

As a way to escape poverty, many youth look for better opportunities by migrating to urban from rural areas – others migrate to other countries which is unavoidable.

As the provincial government we understand that for governments to respond effectively to this migratory pattern, this has to be on the basis that we have sound plans that are based on accurate data that tells us exactly who is in Africa and where.

Importantly, this conference presented the provincial government with an opportunity to market KZN to the whole continent. We hosted a dinner for all 42 African ministers at Sibaya Casino wherein we emphasized our desire as the people of KwaZulu-Natal to forge people-to-people contact with the rest of the African continent.

It is important to remember at all times that KZN hosted the inaugural and founding conference for the formation of the African Union, hosting all the heads of states from the African Continent.

At the founding of the Organisation of African Unity, which was the precursor to the current African Union, African leaders such as Nyerere, Kaunda, Nkrumah and others with their rich fountain of wisdom, made the following commitment:

“The purpose of the Organisation of African Unity shall be to promote unity and solidarity of the African States and to intensify their co-operation and efforts to achieve a better life for the peoples of Africa.”

Since our founding fathers made that statement, we have asserted our collective spirit and have proclaimed to the world that we will march to a prosperous future as Africans.

Notwithstanding Africa’s challenges, there is good reason to be optimistic for the future well-being of our Continent as a new generation, and indeed a new breed of African leaders emerge.

The hosting of this African Economic Expansion Summit forms part of our efforts aimed at ensuring that as KZN we strengthen socio-economic relations between KwaZulu-Natal and the rest of the continent.

The global economic meltdown few years ago which saw some major European economies sink shows that South Africa has moved from being a bit player in the global economic sphere to being a player to reckon with.

Our membership in BRICS further enhances and announces our arrival in the major leagues of the global economic playing fields.

Honoured Guests, it is because of our steadfast resolve to work as part of the African collective that earned us an invitation to join the powerful club of BRIC countries (Brazil, Russia, India and China).

This, we believe, is in recognition of our strategic role on the African continent. A paradigm shift in the global economic environment is evident. Africa is touted as the next investment destination.

This should not come as a surprise as Africa is the third biggest market after China. Africa has more than one billion consumers of goods and services, and its richness in largely unexploited mineral and other natural resources makes it much more strategically important.

We believe that our invitation to join BRIC was also partly because of the strategic location we hold in the continent of Africa. As the undisputed gateway into the rest of Africa and other continents, we believe that we can use the province of KwaZulu-Natal not only for its own benefit, but for the benefit of other provinces as well as countries within the region.

With the two harbours, Richards Bay and Durban, within our province’s boundaries as well as the state-of-the-art Dube Trade Port which boasts an agri-zone, a cyber port, a cargo terminal as well as the King Shaka International Airport, we appreciate that we can create win-win partnerships for our sister countries in our region.

I am convinced that our sister provinces and neighbouring countries can also boast similar advantages but, it is what we do with these comparative and competitive advantages that matters most.

This brings us to the question of who should drive the exploitation of these comparative advantages. As government, we are quite convinced that our own entrepreneurs should lead in this regard. However this, in turn, triggers the question: “Do we have entrepreneurs that can and are ready to utilise these advantages?” This Summit must answer these questions.

While I profess no expertise on the subject of the prevalence of entrepreneurs, I can share with this Conference our sense that this is one area where there is big room for improvement. While we have made strides in fostering a culture of entrepreneurship as government, we are acutely aware that our interventions may not have yielded the number and quality of entrepreneurs that our current epoch warrants.

Sadly, South Africa’s entrepreneurial activity is improving but still lags behind other emerging markets. According to a study by FNB in 2010, South Africa’s entrepreneurship activity as measured by the TEA (Total Entrepreneurial Activity) or ‘early stage entrepreneurial activity’ Index stood at 7.8% in 2008, greater than in 2006 (5%) but still lower than India-Brazil (11.5% –12%), Colombia (24.5%), Mexico (13.1%) and even the United States (10.8%). TEA measures entrepreneurial activity by looking at the percentage of the active population, people between 25 and 64, who are entrepreneurs in any given country.

This is what we have to address – and address urgently – if we are to be competitive and grow the economy of our respective countries and the region at large.

If our assessment is correct, then it means that the prospects of local entrepreneurs leading the charge in so far as growing the economy of the region is concerned, then we need to do something drastic, and do it now. Again, the words of W.E.B Du Bois bear much relevance to the speed with which we need to move. “Now is the accepted time, not tomorrow, not some more convenient season. It is today that our best work can be done and not some future day or future year.”

Programme Director, at this juncture the question could rightly be posed as to what the role of government is in turning around the fortunes of our regional economy. The governments of our region, through various SADC structures, have already agreed to the regional economic integration which is earmarked for finalization by 2018. This on its own is major step forward for it is a practical expression of our leaders’ support of the region’s economic growth. Also, precisely because of our past, our governments have worked hard at creating stability in the region.

Importantly, we have set aside funds to stimulate the economy and create jobs. In the case of South Africa, for example, the establishment by His Excellency, President Jacob Zuma, of the R9 billion Job Creation Fund is well-documented. There have also been interventions directly aimed at propping Small, Micro and Medium Enterprises (SMMEs), all with a view to ensure mainstream economic participation by our people. Likewise our empowerment initiatives have made a huge difference in transforming our economy, but we are not out of the woods yet. In so far as creating entrepreneurs is concerned, we need to act and act decisively.

In this regard, we need to streamline the work of all stakeholders in order to avoid duplication and the abuse of the system. The idea about empowerment initiatives is that they assist entrepreneurs as they start out and, after a while, entrepreneurs are expected to graduate from these programmes to stand on their own. Unfortunately, we observe entrepreneurs who use this definitely time bound assistance as some form of life support. The reality is that at regional and global levels, the competition is stiff and all entrepreneurs are expected to fend for themselves.

In order to create conditions for entrepreneurs to thrive, it has become clear that the participation of academia, established business and funding agencies cannot be overemphasized.

At this Summit we want to extend an open invitation to all the stakeholders to partner with us as we build new entrepreneurs. In the same breath, all of us should honestly examine ourselves and our *modus operandi* and approach. In particular, we need to ask ourselves what we are doing to support SMMEs and how entrepreneurship responds to the challenges that our future holds. If we respond to these questions adequately, then we have no doubt that we will be able to realize the potential that our region promises.

Program Director, we are mindful of the fact that we face immediate challenges as a country and region, such as unacceptable high unemployment rates and poverty.

It is for this reason that through the Planning Commission we unveiled the new Provincial Growth and Development Plan which provide bold, imaginative and effective strategies to create the millions of new jobs this province needs.

It also lays out a dynamic vision for how we can collectively achieve a more developed, democratic, cohesive and equitable economy and society in the context of sustained growth.

The strategy sets out critical markers for employment creation and growth and identifies where viable changes in the structure and character of production can generate a more inclusive and greener economy.

Ladies and gentlemen, the economic script of the world has changed and there is no turning back. As the saying goes, we now have to make sure that we do not

only think locally, but we act globally. In our case, whatever we do as government must also take into cognisance that we are part of the SADC region.

However, the reality is that while discussions about the directions of countries and provinces happen at the higher level, all the resolutions and decisions that are taken in such fora must find practical expression at the local level. It is at the local level that the benefits of regional integration will be felt.

It is therefore our strong belief that in future we should look at how we can ensure that municipalities, which are part of the countries within the SADEC region, have their forums or be part of such discussions in order to specifically look at what role they can play in re-aligning the economic fortunes of our region. If we can have twinning arrangements with cities that are from foreign climes across the seas, what is stopping us from fostering closer working relationships between our municipalities in the region?

We recognize that economic development cannot co-exist with conflict. It is therefore imperative that we promote peace and stability in this province and the rest of the continent, together with an atmosphere that is conducive for investment. The adverse impact of crime to the overall stability of our country cannot be overstressed.

Negative perceptions about lack of adequate safety and security can have devastating effects on regional investment initiatives. As government, we reaffirm our commitment to the fight against crime in our quest to make our country a safe investment destination.

As I conclude my address, I wish to point out that the Infrastructure Revolution that we have launched will change the face of KZN Province for many more years to come. The overall government infrastructure expenditure exceeds R200 billion over the next seven years.

The KZN infrastructure development programme involves road construction and repair, air-freight, rail, provision of water and sanitation, improvement, revamping and installation of services where they were previously unavailable, electrification, and a major focus on the maritime industry.

For this to come to fruition we are encouraging partnership between the public and private sectors to maximize investments grow the economy together using infrastructure as a catalyst.

It is worth noting that at the 18th African Union Summit, African leaders endorsed the launch of the Programme for Infrastructure Development. This programme invites foreign governments, international organizations and private sector organizations to play an active role in Africa's infrastructural development.

We as provincial government want to use this opportunity to extend an invitation to all of you this morning to come and join hands with us as we start a new chapter in African history. The infrastructure revolution will surely speed up Africa's Economic Expansion.

I thank you