

How to make the Eastern Cape more investment friendly

THE economic recession that has caused considerable hardship in the Eastern Cape and focused attention once again on its over-reliance on the motor industry, has breathed new life into efforts by politicians to address the need to diversify the economy and the skewed development patterns – and for business and government to work together.

Volkswagen CEO David Powels provided an example of the kind of action required when he spoke at the “Economic Outlook” conference in East London last week, pointing to the need for the motor industry and provincial government to work together to attract additional component manufacturers to increase the local content of vehicles manufactured.

Just what can be achieved in this way is evident from the component manufacturers that were brought to the Nelson

Mandela Bay Logistics Park last year as a result of a combined effort by government, the Coega Development Corporation and the province.

Powels also pointed to the need to look beyond the five-year term of government and to plan for longer periods; to position the province so that it was able to take advantage of new developments and to consider how to make the Eastern Cape more attractive to capital than other provinces and locations worldwide.

Essentially, he was talking about planning and co-ordination, something distinctly problematic because of the need to ensure that national government, and the parastatals in

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particular, work with the province rather than pursuing their own agendas.

Mantra-like, when speeches are made about attracting investment to the Eastern Cape a long-list is recited – it has been the same for years.

The extent to which those intentions are translated into action, however, is debatable and perhaps what is required is to ask a series of simple questions:

□ What investment do we wish to attract that will have the desired impact on unemployment and poverty and address the skewed development pattern? This needs to be quantified in a very precise manner.

□ What does government need to provide to secure the investment for the Eastern

Cape and how do we access the required funding for this, given the parlous state of the provincial finances?

□ How does the provincial government ensure the parastatals and the other spheres of government are locked into this vision? This is of critical importance as far as the release of land is concerned, for example.

□ Do we need a special vehicle through which all investment is channelled, so as to avoid continuing with the existing situation where province, parastatals and local authorities largely act independently of one another? Should we re-establish the Centre for Investment and Marketing in the Eastern Cape (Cimec) to drive the co-operation of which Powels spoke last week?

□ What mechanisms do we put in place to monitor and evaluate the projects?

□ How do we avoid the “pet

project syndrome”?

□ How do we make use of existing infrastructure such as the Bhisho airport and the Berlin industrial area inherited from the apartheid past?

□ Lastly, how do we ensure projects do not become snarled in government bureaucracy?

It would be wrong to suggest that examples do not already exist. Dynamic Commodities in the Coega Industrial Development Zone (IDZ) has established backward linkages with agriculture through the Uitenhage, Despatch Development Initiative (UDDI) resulting in significant employment creation.

The company is also an example of what is achieved as a result of co-operation with a national financing institution, the Industrial Development Corporation and innovation that resulted in it receiving accolades at an international food fair.

All too often, however, enter-

prises that could have had a similar impact have failed and we need to look at both and examine – not as a multi-year academic project but with all due haste – why some succeeded and others did not so that the challenges around infrastructure and land and access to finance can be addressed.

What we need to avoid most of all is the “wringing of the hands” syndrome in which we point to the past not as a departure point but as an excuse and continue to limp along as was pointed out last week “doing the same things and hoping for a different result”.

The situation is anything but hopeless and the opportunities are immense.

What we need is to establish what we want to do, ascertain what we need to achieve it and what challenges will need to be overcome – and do it!

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