

CHAIRPERSON'S FOREWORD



Confronted by the reality of an economic downturn and its effect on the economy of South Africa and the Eastern Cape, the Eastern Cape Development Corporation emerges from the review period poised for a long-term growth phase as it delivers its mandate to develop the economic landscape of the province. This it will achieve by exercising its core competencies of development finance, the development and management of properties, and development services which involve the disciplines of investment and trade promotion, enterprise development, and spatial and rural project development.

The Corporation is not unfamiliar with turbulence, and is increasingly adept at holding its ground in uncertain political or adverse economic circumstances. The year 2008/09 has presented both, and once again the Corporation remains resolute and determined to continue its course to develop the province in line with the Provincial Growth and Development Plan's core goals of eradicating poverty, developing rural economies and improving food security, and diversifying manufacturing activity in the province.

The previous review period saw the rigorous restructuring and establishment of sound governance principles within the organisation to focus resources and co-ordinate efforts for the provision of a more synergistic developmental value-add to the various initiatives in the province. The 2008/09 year brought the continuation of the Corporation's turnaround as its base of strategic trajectory built purposefully on the foundation laid in 2007/08 by refining the internal processes within each of its three core units, namely Development Finance, Development Properties and Development Services. These refined efficiencies have resulted in an organisation that is well positioned for growth and expansion in the coming year and beyond.

The newly appointed Board is now in place and is working diligently to prepare the canvas for a new and fresh expression of ECDC. To begin with, it gives us great satisfaction to announce that once again the Corporation received a clean financial audit, which bears testimony to the integrity employed in the management of the organisation's resources. Due to the economic downturn and commercial lenders closing shop, ECDC provided a catalytic role of supporting businesses especially those that were vulnerable. Most of these were concentrated in the former homelands. The impact of that work cannot be totally quantified now, but it will be felt through jobs that were created and by families that were indirectly supported.

The R312 million disbursed to business initiatives during the year constituted a 112% outperformance on the budgeted target of R147 million. The Corporation's 630% growth in its contract finance portfolio not only supported critical short term poverty alleviation projects such as the Department of Education's school nutrition scheme and the Department of Health's food parcel distribution to those in abject poverty, but strategically enabled economic growth in line with the Provincial Growth and Development Plan's objectives to develop the province. These projects saw the ECDC facilitating the building of new roads, completion of government construction projects, development of infrastructure and the development of new enterprises.

Government's increased spending on infrastructure development saw the Workflow Construction Contractor's loan exceeding its targets by 253%. Development Properties embarked on a drive to redeem years of mismanagement of ECDC properties, which resulted in the tracking of debtors and the efficient collection of outstanding rentals owed to ECDC. The end result was the recovery of R18 million in old debt and an updated database of tenants who are servicing their lease agreements.

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Development Services demonstrated the heart and mind of the Corporation when they reached out to the pineapple industry in Port Alfred, Peddie, and Bathurst, and initiated a truly sustainable, innovative and developmental overhaul of the industry that has been suffering annual losses for nearly a decade. We anticipate the preservation of existing jobs, and the creation of new ones, which will alleviate the poverty that has been experienced in the Ndlambe area as a result of the sector's stagnation in recent years.

Achievements such as this, which the reader will no doubt learn of in this Report, inspire hope and courage as we venture out into the unknown waters of another year. The Board remains optimistic about the Corporation's future and we are committed to seeing the economic landscape of the province change for the better of all who call this magnificent province "home".

In closing, I wish to thank the Honorable Mcebisi Jonas, MEC for Economic Development, Mxolisi Matshamba, CEO of the Corporation, the ECDC Board, and indeed the executive managers and their team for their continued faith and support, and look forward to the feats, challenges and expansion that await the organisation as it sets out on a mission to further enhance its presence and developmental value-add in the province of the Eastern Cape.



Mr Bhekukuhle Sibiyi
Chairperson
Eastern Cape Development Corporation