



Speaking Notes for Minister of Small Business Development, Ms Stella Ndabeni-Abrahams, On the occasion of the Alfred Nzo District Ministerial Imbizo

30 April 2024 (Ntabankulu)

Programme Director;

Representatives of local and provincial government,

Director General of the Department of Small Business Development, Ms Thulisile Manzini;

CEOs of SEDA, Mr Nkosikhona Mbatha, and members of the Board present;

CEO of Sefa, Mr Mxolisi Matshamba, and members of the Board present;
DDG Qinisile Delwa and all senior managers;

Small business owners and all aspirant entrepreneurs;

All dignitaries present;

Ladies and gentlemen

We are gathered here today as part of government's imbizo and service delivery programme. We have created this platform to enable the public to participate in implementing government programmes. As the Small Business Development Ministry, we will provide feedback on our work in Alfred Nzo District and listen to your feedback on how we can improve our services.

I am inspired by the overwhelming support that today's Ministerial Imbizo has received from the people of Zululand district generally and Ulundi in particular. Imbizo is a platform for our stakeholders to assess the responsiveness of the department's programmes to their needs and to make suggestions to the department and its agencies on how we can improve the manner in which we implement our programmes.

As government, we view imbizo as a platform of unmediated communication between government and its citizens. It seeks to uphold the Constitutional tenet of a participatory democracy where people can voice their concerns, opinions and aspirations to their elected representatives. This is also an opportunity for you to give us feedback on where you think we can improve in programme delivery.

The value of an imbizo, as a form of participatory democracy and interactive governance, resides in its unique ability to promote a cross-pollution of ideas between citizens and their elected representatives and to ensure ongoing improvements in the content, quality and pace of service delivery. Izimbizo are designed to enable the public to be partners in the implementation of government programmes.

The views you will be expressing and the input you will be making today are valued and will be incorporated into our future planning sessions. We do this because, as government, we do not claim to possess the monopoly of wisdom. The effectiveness of our policies and programmes are strengthened by a diversity of opinions and suggestions.

Through the Ministerial imbizo, we enable the public to participate in influencing the formulation and implementation of government programmes. It is also an opportunity to give you feedback on the work we have undertaken in the OR Tambo District. We are of the firm view that we will do more, together.

Alfred Nzo District is one of the six districts in the Eastern Cape Province, located along the border with KwaZulu-Natal Province. It is the smallest district in the province, covering only 6% of the geographical area, but has a significant population of 878,635 people, with a growth rate of 0.9% between 2009 and 2019.

The district faces socio-economic challenges, including high poverty rates, with 71.5% of the population living in poverty. Unemployment is also high, at 39.73%, which is higher than the provincial average. In 2018, there were 107 000 people employed in the District which is 7.29% of the total employment in Eastern Cape Province.

The economic sectors that recorded the largest number of employment in 2018 were the community services sector with a total of 31 900 employed people or 29.8% of total employment in the district municipality. The trade sector with a total of 24 700 (23.0%) employs the second highest number of people relative to the rest of the sectors.

The transport sector is expected to grow fastest at an average of 3.65% annually from R 362 million in Alfred Nzo District Municipality to R 433 million in 2025. The community services sector is estimated to be the largest sector within the Alfred Nzo District Municipality in 2025, with a total share of 42.5% of the total GVA (as measured in current prices),

growing at an average annual rate of 1.8%. The sector that is estimated to grow the slowest is the mining sector with an average annual growth rate of 0.19%.

Alfred Nzo has been growing faster than South Africa as a whole over the past 10 years. Alfred Nzo grew at 2.03% average per year over the past decade, while the country grew at 0.91%. This is a good sign. The size of the Alfred Nzo economy – measured by gross value added is about R16.2 billion.

But this is not a sustainable economy. Your economy faces high risk in the context of fiscal constraints. 70% of the Alfred Nzo economy is government services, community services, and finance, also with a large trade sector. Your productive economy is tiny – well under 10% of Gross Value Added. So if we look at this in the context of the cost containment measures which can lead to government transfers cuts on social spending the region will be in trouble. The district needs to grow its productive economy. This is what we must, collectively through government, work on in the context of the DDM model.

This can be done. The region has so much potential. Alfred Nzo District is well-suited for agriculture, with a favourable climate and fertile soil, but there is little commercial farming. The Umzimvubu catchment provides strong irrigation potential. But relatively little use is made of precision farming and agri-tech, including quality seeds, fertilisers, pesticides and farming technology. The people of this district must take advantage of technology to build a strong and sustainable economy of the future.

There is so much opportunity for agro-processing in the production of fruits and vegetables. The region is a producer of fruits such as apples, pears, and peaches, as well as vegetables such as potatoes and onions. The fruits and vegetables could be processed into various products such as canned fruits and vegetables, juices, jams, and dried fruits, among others.

There are also livestock resources that could be processed into various products. Livestock products such as meat, milk, and eggs could be processed into value-added products such as sausages, cheese, yoghurt, and powdered milk, among others. These can be exported to the Gulf states and BRICS. In addition, the processing of hides and skins could provide a source of income for the leather industry that the region can develop its own value chain.

The region also has abundant forest resources that could be utilised for agro-processing for wood-based products such as furniture, paper, and pulp could be produced from the forest resources. There is also tourism linked to the Wild Coast. The point I am making is that the region has huge untapped potential.

So what do we need to do?

As a start, we need to package catalytic and high impact projects that can attract public sector and private sector investment into the region – and this needs a clear local economic development strategy which locates all these projects as the drivers of the economy of the region.

We already have the Umzimvubu Dam and Catchment but there are others such as the Wild Coast Waterfront Development, the Matatiele Airstrip, the Cannabis Hub, the Ntabankulu Agro-Processing Hub, the Macadamia Nuts project, the Sheep Farming and Wool Processing project, and the Mbizana Chicken Abattoir. We need to see how we can get these to project close so that investors and DFIS can come on board.

The district is part of the Eastern Seaboard Development (ESBD) strategy, which we need to leverage and use to promote your projects.

For your agro-processing projects, look at the Ncora Dairy Farm/Amadlelo/Danone partnership model as a best practice which could be replicated. This can be done with soft fruit, forestry and wool production, bringing in Hans Merensky and PG Bison in the forestry and timber sector, the SA Soft Fruit Association in the food sector, and BKB for wool production/washing and processing. There is also the obvious sunrise cannabis sector where we can support through our incubator at WSU.

Yes, despite the challenges that confront the district, we have made significant strides in supporting small businesses in the district. Our department, through its agencies, has implemented various programmes to support entrepreneurship, job creation, and economic growth.

The Micro, Small and Medium Enterprises are the cornerstone of local economic development and are recognised as the drivers of growth and jobs in most fast-growing economies. Hence the NDP also suggest that 9 million of the 11 million jobs we need by 2030, and 60%-80% of future economic value should come from MSMEs.

As the Small Business Development Ministry, our priorities for the term of government that is ending were framed around economic recovery especially following the devastating COVID-19 pandemic and economic transformation (faster and more inclusive growth). We paid particular attention on supporting enterprises from under-served communities, including black-owned, women-owned, youth-owned and PWD-owned MSMEs and co-ops, and with a spatial focus on townships and marginalised rural areas.

This policy approach is captured in the National Integrated Small Enterprise Development Strategic Framework (NISED). In terms of this strategy, priorities for the DSBD portfolio over the term revolved around (1) reducing red-tape and regulatory barriers faced by MSMEs and co-operatives; (2) addressing market concentration and barriers to entry for MSMEs and co-operatives, (3) addressing the R350 billion MSME credit gap, (4) providing entrepreneurship and business skills development support especially through incubation; and (5) building internal capacity and leveraging partnerships to achieve greater scale and impact.

The following are some of the key interventions of the department and its agencies:

- **The Township and Rural Entrepreneurship Programme (TREP)** which supports businesses including bakeries and confectionaries, butcheries, clothing and textile businesses, taxi and auto maintenance and repair, and trade.
- **The Informal and Micro Enterprise Development Programme (IMEDP)** supports informal businesses with start-up operational

equipment, with the aim of supporting those who are interested in formalizing and upscaling to fully-fledged formal enterprises.

- **Youth Challenge Fund (YCF)** a financial and non-financial support fund aimed at stimulating innovation amongst youth start-ups to enable them to acquire digital capability in order to participate fully in the digital Industrial Revolution - 4IR and beyond.
- **Incubator programme through Seda**, where we partner with local TVET Colleges to support start-ups.
- **Localisation and market access support** - Developed the localisation policy framework in 2020 where products manufactured, and services rendered by small businesses were introduced to private sector supply chains to access market opportunities.
- **Small Enterprise Manufacturing Support Programme (SEMSP)** aimed at building and supporting SMMEs participating in the manufacturing value chain as part of South Africa's localisation strategy.
- **Shared Economic Infrastructure Facility (SEIF)**- We have redesigned our Shared Economic Infrastructure Facility to focus more on Product Markets, which provide business infrastructure, including renewable energy supply, but also bring in market access, business support and access to finance for beneficiaries. We are currently developing and rolling out 9 product market projects.
- **Township Economy Revitalisation** The objective of project is the formulation of the National Township Revitalisation Policy to addresses the economic challenges and obstacles facing the development of township economies.

Our department has been working tirelessly to promote economic growth and development in our district, and I am proud to report on the progress we have made.

Through our District Development Model, we have designated portfolio officials as provincial and district champions, and appointed district coordinators to work closely with local stakeholders. Our district champions have been instrumental in facilitating various events and activities aimed at empowering our local communities.

Some of the notable events and activities include:

- Women Empowerment Sessions, where we equipped women with skills and knowledge to improve their businesses and trade.
- The Annual Alfred Nzo Spring Event, which showcased local artists, designers, and horse racers.
- IMPED Handover, where we handed over tools of trade to informal SMMEs to upgrade their economic status.
- NSEA Public Hearings, where we sought input from the public and stakeholders on new bills and policies.
- TREP Application Assistance, where we helped SMMEs apply for the TREP blended finance program.
- Alfred Nzo District Municipality MSME Summit, where departmental stakeholders presented on various topics.
- Disability Economic Empowerment Workshop, where we empowered SMMEs owned by people with disabilities.
- IMEPD Workshops, where we assisted informal traders to apply for IMEPD.

In addition to these events, we have also implemented various programs and initiatives, including:

- District COVID-19 Response Activities and Economic Recovery Plan, where we supported small businesses involved in charcoal manufacturing.
- Development and implementation of the DMM One Plan, where we supported the development of a market square and transport facility, as well as an agro-processing hub.
- Seda Interventions, where we provided entrepreneurship awareness sessions, training, mentorship, and coaching to SMMEs and cooperatives.
- Service Access Points, where we established an Information Officer based in Matatiele to assist entrepreneurs and SMMEs.
- Point of Sale Project, where we provided AddPay point-of-sale devices to approved SMMEs and merchants.
- Programme Analysis and Learning, where we trained entrepreneurs and SMMEs through W&RSETA.
- Sefa Interventions, where we approved and disbursed funds to SMMEs, and facilitated jobs through various financing initiatives.

In conclusion, our department has made significant strides in promoting economic development and empowerment in the Alfred Nzo District. We remain committed to working with our stakeholders to create a thriving economy that benefits all citizens. We will continue to work with you to create jobs, stimulate economic growth, and reduce poverty.

I thank you