



MINISTRY
SMALL BUSINESS DEVELOPMENT
REPUBLIC OF SOUTH AFRICA

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

26 April 2024 (Ulundi)

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

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.

Our government has made a commitment to set the country on a path of sustained economic growth and transformation that leaves no one behind.

Nine years since the establishment of this department, our collective effort to unlock the potential of SMMES, cooperatives, informal businesses mostly in rural areas and townships remains firmly on track.

We have decided to come here because we are painfully aware of the socio-economic challenges that confront the district. We are also aware of challenges that small businesses continue to face here. This is one of the districts where the burden of poverty and unemployment is felt more acutely. Working together with local government, traditional leaders, business and civil society, we are determined to address all these challenges.

Poverty and unemployment remain some of the key socio-economic challenges confronting Zululand District Municipality. In 2019 there were 722 000 people living below the upper bound poverty line of R1 227 per person per month. This is just above 83% of the population and 70 000 more people than in 2009, showing an 1,82% increase. Using the lower poverty line of R810 per person per month 69.6% of the population are living in poverty. This is the third highest nationally, following Alfred Nzo district municipality (71.5%) and uMkhanyakude district municipality at 70.3%. Zululand's poverty rate is higher than the provincial rate which is at 53.4%.

Only 159 930 people are considered economically active in the district. Only 33% of the working age population are engaged in actual employment or are actively seeking. Of those employed, 71% are in the formal sector and 19% are in the informal sector.

Despite disturbing numbers, much progress has been made to change the lives of ordinary citizens for the better, through, among other things, the provision of basic services and the eradication of extreme poverty through a number of interventions. We have made significant strides in transforming the economy, but much more needs to be done to address economic imbalances. Our focus in this engagement is to answer the question: What can we do together to ensure socio-economic growth in the district and the entire province?

In this district, the informal economy employed 28 781 people in 2019. The potential for economic growth in Zululand lies in the tourism and agriculture sectors. As a department, we stand ready to support the district to take advantage of its natural resources and endowments to take its economic growth potential to a higher trajectory.

DSBD portfolio policy priorities and programmes

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 suggests 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.

Some key legislative and policy interventions are currently underway. The National Small Enterprise Amendment Bill which is currently in Parliament as one of this term's priority legislation. Among other things, the Bill seeks to improve support to small businesses by creating a Small Enterprise Development Finance Agency (SE DFA) which will consolidate government support for small enterprises, offer financial and non-financial assistance, business advice, investment support, facilitation, and incubator services.

The Bill also proposes the establishment of the Office of the Small Enterprise Ombud Service which will serve as an impartial mediator in disputes, especially for small enterprises, without the need for costly litigation processes. The Small Enterprise Ombud Service will promote accessible and affordable justice for small enterprises.

We are also amending the outdated Businesses Act and have developed a Business Licensing Policy which has just been gazetted for public comment. The policy suggests ways to streamline and strengthen the business licensing system in the country, including tackling the issue of unfair competition by illegal foreign traders. We plan to take the Business Licensing Amendment Bill to Parliament early in the 7th Administration

On access to finance and addressing the MSME credit gap, we have recently developed the MSME and Co-operatives Funding Policy. The policy was gazetted for public comment, and we are now taking the final policy back to Cabinet for approval.

Within the context of the District Development Model, the department has embarked on a number of actions to strengthen the district and support the local economic development approach starting with the designation of DSBD portfolio officials as provincial and district champions; to the development and deployment of the SEDA District Eco-system Facilitation Model.

The Department has in addition to its district champions, appointed fourteen (14 out of 18) district coordinators (ASD level) who are located within selected districts. A lot of collaborative work between the DSBD portfolio and municipalities within the district has taken place in which the small business sector has been the main beneficiary.

Through the Informal Micro Enterprise Development Programme (IMEDP), the Department of Small Business Development has supported fourteen 331 beneficiaries in the Zululand District at a total cost of R4 200,000.00.

Zululand District is one of the Three Districts in KwaZulu-Natal without a Seda Branch. However, the district is being serviced by seda branches in nearby districts. Seda KwaZulu-Natal and Department of KZN Provincial Economic Development, Tourism and Environmental Affairs (edtea), the Cooperative Unit entered into an agreement to support Cooperatives within KwaZulu-Natal with business and technical mentorship. The Department transferred R10 million for the business and technical mentorship of 77 cooperatives operating in various sectors within the province of KwaZulu-Natal in spread over 3 financial years,

Between 2020 and 2023, Sefa has supported small businesses in KwaZulu-Natal to the tune of R917 852 272, making it the second largest after Gauteng province. Sefa disbursements in Zululand District for 2023/2024 totalled over R12 million, including credit guarantees, direct lending, micro-finance, ERRP and purchase order finance. As a result of sefa intervention, 2033 jobs were facilitated in the Zululand District for the 2023/2024 financial year. This translates to a 3% increase from the 2022/2023 financial year.

In conclusion, let me reiterate that SMME's and Cooperatives have a huge potential to drive economic growth and create employment. The Department of Small Business Development (DSBD) therefore carries a responsibility to ensure that small businesses and cooperatives are playing an integral role in achieving economic transformation in South Africa.

I thank you