



SPEAKING NOTES FOR MS STELLA NDABENI-ABRAHAMS (MP),

Western Cape Asset and Equipment Handover for the: Informal and Micro Enterprise Development Programme (IMEDP) Co-operatives Development Support Programme (CDSP), and Asset Assist Programme (AAP)

24 October 2024

Honourable Chairperson of the Small Business Development Portfolio Committee Ms
Masefako Clarah Dikgale and other members present

Deputy Minister Jane Sithole

Executive Mayor of the Central Karoo District Municipality Cllr Johanna Botha and other
councillors present

Programme Director Cllr Castro De Bruin

Officials from DSBD, Seda and Sefa, and other departments and organs of state

Traditional leaders, Faith-based Leaders, Business Representatives, Community Leaders,
Entrepreneurs

During the 6th Administration we made good progress as a department. We amended our
enabling legislation, the National Small Enterprise Act, which has recently been assented to by
the President. This allows us to establish our new one-stop agency – SEDFA, which integrates
Seda, sefa and the Co-operatives Banks Development Agency.

The amended legislation also enables us to establish a Small Enterprise Ombuds which we are in the process of doing. This will give you recourse as MSMEs and co-ops when you are unfairly treated or not paid on time.

We have just appointed our Director General, Ms Thulisile Manzini, which means we will have stable leadership at the administrative level to drive the important work we do.

We are now part of the Government of National Unity, which has made inclusive growth and job creation its number one priority. Collectively we must ensure that the inclusive part of growth gets continually prioritised and resourced.

One of the main reasons we remain in a low growth trap is because too many of our citizens are unable to participate in productive economic activities. So besides championing reforms to address energy supply constraints, logistics and crime - which is the focus of Operation Vulindlela - we must also focus our energies on reforms that unlock the potential of the MMME and Cooperative sector. Especially in townships and rural areas.

Programme Director, the Western Cape is the country's third largest economy after Gauteng and KZN. Its share of the national economy been on a slow but steady rise since 1994, with it increasing from around 13% to around 14% currently. The province is highly urbanised (at 95%) and has a higher population growth than the country as a whole (2.1% compared to 1.4% national average). The Western Cape is very much a services -led economy around finance, property and tourism, with a relatively small productive sector (22.6% compared to 27% for the country as a whole). Of the productive sectors, manufacturing is dominant, especially in the food and beverages sectors.

The province has sophisticated economic infrastructure with two ports and two SEZs (Atlantis built around the green economy, and Saldanha built around metals, green hydrogen, and the maritime economy).

The Central Karoo District is by far the smallest district in the Western Cape, with a GVA of just under R3 billion, and contributing just 0.07% to the national economy. The Central Karoo is the smallest of the 44-district municipal and 8 metro economies we have in SA. Almost 40% of the district economy is government and community services. The largest productive sector is agriculture which makes up 16% of the economy. Transport and logistics is also relatively large

at 10%, indicative of its position on the N1 corridor. The district has a tiny manufacturing sector at 2.5%.

The district has high levels of poverty and unemployment, and social problems including drug abuse. The district economy is growing very slowly – at 0.12% over the past 5 years. This is far too low to increase employment and absorb school leavers.

We need to do more to encourage entrepreneurship and ensure that small enterprises in Central Karoo have greater access to capital and productive assets.

Asset inequality and financial inequality in South Africa is extremely high. We will not be able to grow the economy nor create jobs unless we tackle this inequality.

We are pushing hard as DSBD to address financial inclusion, with cabinet recently approving our MSME and Co-operatives Funding Policy. The policy is aimed at addressing the R350 billion credit gap, and ensuring that black-owned, women-owned, and youth-owned MSMEs and co-ops get access to finance. Especially those coming from townships and rural areas. Among other things we will be establishing a Fund of Funds to draw in much more public sector and private sector finance for small enterprises.

We are also pushing hard on market access. As you know, South Africa has very high levels of market concentration, with high barriers to entry which preclude participation by new entrants. This has meant that levels of economic inequality remain high. We are working with the Competition Commission to address this uncompetitive behaviour of big business. We are also working with big business to open their supply chains to small enterprises.

We now have a Public Procurement Act which we need to leverage across all government departments and agencies in support of MSMEs and co-operatives.

And as we open these market opportunities, we need to actively build supplier capacity. Through Seda we provide quality improvement, product testing and certification, as well as productivity improvement for small enterprises.

The DSBD is determined to continue to increase its financial and non-financial support to MSMEs in the Western Cape, and especially in more impoverished and economically stagnant districts like the Central Karoo.

Between 2019 and 2024, SEFA disbursed R1,255 billion through financing products to 3016 MSMEs in the Western Cape.

In the past financial year, through Seda, we supported 3020 township and rural enterprises in the province with non-financial business support. Additionally, 418 MSMEs and cooperatives in priority sectors received tailored business development support, equipping them to scale their operations and meet market demands.

SEDA's interventions are crucial in ensuring that businesses are not just financially supported but also have the skills and resources necessary to compete in local, national, and international markets.

This is significant but this term we will do more. Especially if we work together. The integration of financial and non-financial support will now be more effective with the merger of Seda, sefa and the CBDA into SEDFA.

Today we are handing over business machinery, tools, and equipment to beneficiaries of three programmes namely,

- a) Asset Assist Programme (AAP)
- b) Co-operatives Development Support Programme (CDSP) and the
- c) Informal and Micro Enterprise Development Programme (IMEDP)

The **AAP** is a newly developed programme, and it is designed to provide MSMEs with essential business assets, financial guidance, and expert advisory services to the grant value of R250k. This initiative is vital for ensuring that small businesses have the tools they need to succeed and contribute to economic growth.

We have approved **R19.1 million to support 106 businesses** in the Western Cape and will be handing our equipment to a number of these beneficiaries.

The Co-operatives Development Support Programme (CDSP) offers blended financing to eligible cooperatives, combining grants and loans to support activities such as the purchase of

machinery, equipment, and infrastructure. This program is key to developing sustainable and competitive cooperative enterprises across South Africa.

The **CDSP** provides equipment and working capital to three categories of co-operatives. This includes up to a maximum of R1.5million for start-up co-operatives, conditional on them being registered, having a constitution, and a minimum of 5 members.

For more established co-ops operating more than 12 months or having a turnover of more than R250 000, we provide equipment and working capital up to R2.5 million.

For secondary co-ops, which are made up of a conglomeration of a few primary co-ops, we give equipment and working capital up to R5 million.

We have approved a total of **R5.68 million** in funding for cooperatives in the Western Cape. This funding has been channelled into various sectors, including meat processing, technology repair, and event management services.

For instance, ***Bathandathu Primary Co-operative*** and ***Ithembaletu Investments Primary Co-operative***—both involved in meat processing and packaging—received significant financial backing to scale their operations. This will not only improve the cooperatives' production capacity but will also create new employment opportunities within their communities.

The **IMEDP** provides training in business skills development as well as, providing the recipients with implements/tool of trade to enable them to be competitive and sustainable. This is done through a grant amount to a maximum of R15 000.00.

Through the Informal Micro Enterprise Development Programme, the Department of Small Business Development has between 2021 and Sep 2024, supported a total of 807 beneficiaries in the Western Cape to the total value of R 11.26 million.

Today, we are proud to be handing over support packages to an additional **92 beneficiaries** from this region, amounting to a total of R1.39 million. This represents more than just financial aid—it symbolizes the Department's commitment to uplifting informal traders and SMMEs, particularly in rural and township areas.

The support that we are delivering today, and that we have delivered in the Western Cape is not the end of our engagement and support for MSMEs in this Province. We are determined to increase our support for MSMEs in various sectors in this Province, and especially in underserved districts like Central Karoo. For us to achieve this we need to partner with all districts and municipalities to capacitate MSMEs and Co-operatives to be fully compliant and thus enabled to access all our support programmes.

To the beneficiaries of our three programmes which form part of this handover, please use the equipment and working capital to grow your business.

To all entrepreneurs out there, please familiarise yourselves with all our offerings across our portfolio. These can be seen on display.

The country needs you to create jobs and grow the economy.

I thank you.