



MINISTRY
SMALL BUSINESS DEVELOPMENT
REPUBLIC OF SOUTH AFRICA

REMARKS BY MINISTER FOR SMALL BUSINESS DEVELOPMENT, MS STELLA NDABENI-ABRAHAMS, ON THE OCCASION OF THE JOBS FAIR 2024 LED BY THE MINISTRY OF EMPLOYMENT AND LABOUR

17 May 2024 (uMlazi, eThekweni)

Minister of Employment and Labour, Mr Thulas Nxesi;

Premier of KwaZulu-Natal, Ms N Dube-Ncube

Deputy Minister of Employment and Labour, Ms Pinky Moloi;

Mayor of eThekweni Metro, Cllr M Kaunda

Distinguished guests;

Ladies and gentlemen;

It is, indeed, a absolute pleasure for me to be part of this important event. I feel particularly privileged to be standing in front of you to share my words of support to this noble initiative. I, therefore, wish to congratulate Minister Nxesi and his team at the Department of Employment and Labour for this innovative initiative and the sterling work that they continue to do.

Indeed, unemployment is a serious challenge to the stability of our society. It has a real potential to plunge the country into a crisis of

monumental proportions. Collectively, we shoulder a responsibility to respond practically to this challenge.

A quick look at the economic profile of the city shows that eThekweni is the economic powerhouse of KZN with a provincial GDP contribution of 59.88% or R468 billion. The metro is characterised by a diversified economy, from manufacturing, logistics, property and finance to tourism, leisure, sports as well as arts and culture.

Another unpalatable reality is that almost half of all unemployed people in eThekweni have not finished secondary schooling, while almost 9 out of 10 unemployed people have no tertiary education. This underlines the centrality of education as we seek to defeat the scourge of unemployment.

Education and skills development remain crucial and critical in our job creation efforts. While the economy is not doing well at the moment, we believe that entrepreneurs can find opportunities within the metro area to contribute to the economic growth of the city and to help alleviate the unemployment burden.

Society is looking up to us as leaders in government, private sector and civil society, to use every ounce of our energy to address the crisis of unemployment and to generate solutions, instead of lamenting powerlessly or merely analysing the problem. From where we are sitting as the Department of Small Business Development, entrepreneurship is the answer to our current economic difficulties and the unemployment crisis.

The NDP: Vision 2030 includes the aspiration of 90% of the 11 million jobs by 2030 being created by small to medium enterprises. Indeed, net new employment is not typically created on a significant scale in existing large-scale enterprises (big business). Instead, new job creation is typically the preserve of newly established small, micro and medium enterprises (SMMEs).

Indeed, entrepreneurship has become increasingly important as a solution to economic problems particularly related to rising youth unemployment. The development of entrepreneurial talent is important to sustain competitive advantages in an economic system driven by innovation. Therefore, encouragement and support of start-up new ventures is a major public policy concern because of its impact on economic growth, particularly job creation.

Evidence suggests that South Africa's entrepreneurial activity is improving but still lags behind compared with peer countries. The most widely used measure of entrepreneurship is the TEA (Total Entrepreneurial Activity) or 'early-stage entrepreneurial activity' Index which was only 10.8% in 2019 and has grown up to 17,5% in 2021/22 reporting of the Global Entrepreneurship Monitor (GEMS). Though South Africa total early-stage entrepreneurial activity (TEA) fluctuated substantially over time, it tended to increase through 2003 - 2019 period ending at 10.8 % in 2019 and in 2021 went up by 7% up to 17,5 %.

The department has acknowledged that entrepreneurship and self-employment offer the greatest opportunity to create jobs, particularly paying special attention to increasing the number of start-ups and

stimulating innovative businesses which could be an engine of job creation and growth in the future.

Prior to 1994, the majority of young people were in the streets fighting for freedom. During our democracy, they are in the streets again, but this time on an unemployment queue. Given the current state of youth unemployment in our country, the question is not whether we should encourage our young people to look in the direction of entrepreneurship, but rather, can we afford not to?

The unpalatable truth is that there is relatively little uptake in entrepreneurial activity amongst South Africa's young people. According to data from the National Youth Development Agency (NYDA) report, total entrepreneurial activity (TEA) (9%) amongst youth aged 25 to 34 years in South Africa is less than half of the African average. There is also a gender disparity in youth entrepreneurship, with young men more likely to be entrepreneurs than young women.

This indicator reflects general appetite for entrepreneurial activity amongst youth in South African. In order to maximise this potential, the government's jobs creation machinery must be coordinated with the development of entrepreneurship programmes that will equip young small-business owners to survive and thrive in a changing global economy.

As government, we have a duty to empower young people and to help restore their dignity, many of whom are grappling, on a daily

basis, with the reality and indignity of economic marginalization and inadequate access to education.

Similarly, we must challenge young people of today to seize the opportunities created by our democracy so that they can create a better life for themselves and their fellow compatriots.

It is in the interest of the department to focus on relaxing constraints to entrepreneurship and self-employment. This includes looking at factors that helps enhance start-ups to grow, enable access to markets and the creation of new products.

Experience across the globe has shown that SMMEs and Cooperatives can be the main drivers of economic growth, poverty reduction, and job creation. Entrepreneurship has become increasingly important as a solution to economic problems particularly relating to rising youth unemployment. Countries that have achieved remarkable resurgence in economic activity did so because of entrepreneurial initiatives.

Statistics from the World Economic Forum and International Monetary Fund point out that globally, SMMEs account for an average of 33% of GDP and 45% of the workforce in high-income countries. This is the reason why we are encouraging citizens, especially the youth, to create their own small enterprises and to be the creators of jobs and the new captains of industry, owners of new wealth with the economic power and social consciousness to transform our country to one capable of delivering a better life for all.

Indeed, if we want to turn around our economic fortunes, we need to redirect our collective energies towards building and growing a small business sector. Much of the agency for jobs and for faster and more inclusive growth will come from SMMEs.

In our country, the overall contribution of small businesses in our economy is on a resurgence. The contribution of SMMEs to total business turnover is growing. According to StatsSA, in 2013 MSMEs contributed 25% of total business turnover, with large enterprises contributing 75%.

By 2021, the contribution of SMMEs had increased to 33% with large enterprises declining to 67% of total business turnover. In some sectors like construction, the contribution of SMMEs increased from 39% in 2013, to 63% of business turnover in 2021. Manufacturing also saw SMMEs increase from 18% of total business turnover to 27% in 2021.

We are painfully aware that many of these entrepreneurs are still confronted with a myriad of challenges when it comes to accessing the necessary entrepreneurial support. These include amongst others, access to funding, business development support, information, market access and procurement opportunities etc. Our policy direction is focused on relaxing constraints to entrepreneurship and self-employment.

Through our various programmes and interventions, our special focus continues to be on supporting enterprises from under-served

communities, including black-owned, women-owned and youth-owned and SMMEs and cooperatives owned by people with disabilities, and with a spatial focus on townships and marginalised rural areas.

Considering the high levels of unemployment the city would need to investigate options that would support the growth of SMME's, encourage business development that is labour intensive and effectively support and manage informal trading.

The DSBD portfolio has a number of programmes that seek to support SMMEs and Cooperatives throughout the country through financial and non-financial support to ensure that they are sustainable and competitive. Through our programmes, we work with small businesses and cooperatives to improve the quality of their products, assist local suppliers to expand production capacity (existing and potential); assist suppliers to reduce input cost and to facilitate market access for products (locally and internationally).

We are focusing on providing effective support to small businesses and to ease the regulatory and compliance burden on their part and to expand access to economic opportunities for historically excluded and vulnerable groups. We are doing all these things as part of our commitment to unlock the potential of SMMEs and Co-operatives.

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.

We also expect our municipalities to do their best to attract and retain investment. This includes tackling red-tape, implementing by-laws, and ensuring that traders and small businesses have safe spaces in which to trade. It is municipalities who know the needs of local businesses and you need to constantly communicate and raise issues with us.

We are making all these interventions across the country because we are aware that entrepreneurship has become increasingly important as a solution to economic problems particularly related to unemployment. Supporting small businesses is important for the creation of jobs.

We must challenge young people to seize the opportunities created by our democracy in order to create a better life for themselves and their fellow compatriots. In line with the spirit of vukuzenzele, our young people must seize the opportunities brought by our freedom and democracy to empower themselves and their compatriots. As young people, we must utilise all institutions and opportunities that have been availed since 1994 to advance small businesses and co-operatives.

Together, let us build a nation of job creators and wealth creators as opposed to a nation of job seekers.

I thank you