



## **SPEAKING NOTES FOR MINISTER OF SMALL BUSINESS DEVELOPMENT, MS STELLA NDABENI-ABRAHAMS, ON THE OCCASION OF THE OKHAHLAMBA MINISTERIAL IMBIZO**

22 May 2024 (Bergville)

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 uThukela district generally and Okhahlamba 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 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 acutely 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.

uThukela district is amongst the top 10 districts nationally with the highest population living in poverty. In 2018, uThukela contributed 3.7 per cent (approximately R18.7 billion) to the provincial GDP. This proportion is markedly lower than the proportion that this district contributes to the provincial population (6.3%), which implies that this district is economically burdensome on the rest of the province. uThukela economy was largely driven by the tertiary sector with the community services (23%), finance (13%), transport (12%) and trade (14%) sectors.

Alfred Duma local municipality is the economic hub of uThukela district municipality and dominates the spatial economy of the district. Economic development is uneven across the district, with large disparities across local municipalities. Other municipalities have relatively small economies that are dependent on community services.

Many opportunities exist for development that can capitalize on the existence of the national highways through the district. The national routes

the N3 and the N11 runs through the municipal area and are major links between the national industrial hubs of Johannesburg.

Okhahlamba municipality has the uKhahlamba-Drakensberg World Heritage, one of the country's top tourist attractions and lies along the international border between South Africa and the Kingdom of Lesotho. Ladysmith town, in Alfred Duma local municipality, is a significant historical tourism destination and offers a number of museums and historical sites. Bergville and Winterton towns are located within the vicinity of the Drakensberg and derive some benefits from the tourism industry.

Informal trading is one of the key means of living in the district and makes an important contribution to the economic and social life of the majority of the residents. The informal economy has significant job and income generation potential because of the relative ease of entry and low requirements for education and skills.

Economic development is uneven across the district, with large disparities across local municipalities. Other municipalities have relatively small economies that are dependent on community services. The manufacturing sector is not developed to its full potential, mostly because raw materials in the district are transported to other centres outside the district for processing.

### **DSBD activities and opportunities in the uThukela district**

Indeed, economic opportunities abound in uThukela. The KZN Provincial Spatial Economic Development Strategy identifies Okhahlamba as one region with massive potential for growth in agriculture and agro-

processing (IDP, 2019/20). The primary sector can be further developed to exploit economic opportunities presented by its location along the major transport routes and abundant water from the Thukela River (Thukela-Vaal Scheme).

Investment opportunities available in the manufacturing sector include, clothing and textile, agro-processing, charcoal plant, traditional medicine, as well as transport and machinery equipment.

The department and its agencies have done significant work in this district. We have invested R10,8m towards a SEIF project in Okhahlamba which we are launching today. The project is a collaboration with the Municipality with a contribution of R4 million and COGTA.

About 200 entrepreneurs have been supported by SEDA in uThukela District. SEDA disbursements to SMMEs in uThukela District between 2019 and 2024 amounted to R57,8 million in, which amounts to 3,7% of the total KwaZulu-Natal disbursements. A total of 3873 SMMEs in the uThukela District were financed from 2019 up to 1st quarter of 2024. A total number of 938 jobs have been facilitated for uThukela District in the 2023/2024 Financial Year. This is a 6,3% increase when comparing to the 878 jobs facilitated during the 2022/2023 Financial Year.

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.

This policy approach of the department 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 terms priority legislation. Among other things, the Bill seeks to improve support to small businesses by creating a Small Enterprise Development Finance Agency (SEDFA) 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.

What will the portfolio do over the next five years to help the small business sector to realise its full potential? The ANC 2024 Manifesto hinges on six priorities:

**Priority 1.** Put South Africa to work: Our Jobs Plan

**Priority 2.** Build our industries to achieve an inclusive economy

**Priority 3.** Tackle the high cost of living

**Priority 4.** Invest in people.

**Priority 5.** Defend democracy and advance freedom

**Priority 6.** Build a better Africa and World

Among other things, the main focus of our portfolio is on Priority 2. In this regard, the ANC Manifesto enjoins the ANC government to do the following in the next five years:

- Increase support for small enterprises, entrepreneurs and cooperatives, especially in townships and villages, providing

additional one million work opportunities, with set-asides for women, youth and persons with disabilities.

- Ensure small businesses, cooperatives and enterprises owned by women, young people and persons with disability – especially in townships and villages – are included across all value chains through set-asides in the public and private sectors.
- Promote entrepreneurship, innovation and investment in emerging industries like renewable energy, sustainable tourism, e-commerce and agro-technology.
- Support at least 2000 black industrialists, especially women, persons with disability and young people”.
- Support small-scale fishing cooperatives by ensuring the development of small harbours, the allocation of a viable basket of species and the development of alternative livelihoods through eco-tourism and aquaculture.
- Improve economic and social infrastructure such as roads, bridges, dams and fibre networks to support SMMEs and industrialisation.
- Empower cooperative banks by removing regulatory barriers to entry, including the review of the National Credit Act and support the growth of cooperative banks. We will ensure affordable access by the cooperative banking sector to the national payment system, including ATMs and debit and credit cards.

- Ensure development finance institutions are well-capitalised to provide concessional lending to small enterprises and social enterprises and develop their capacity to support regional development.

The task that awaits us is both challenging and exciting.

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