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Identification, Prioritisation, Sequencing of Business Opportunities Including Profiling of SMMEs and Co-Operatives as Part of the Eastern Seaboard Regional Economic Development Planning Initiatives

FINAL REPORT

small business
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Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

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CHAPTER 1: INTRODUCTION

1.1. Introduction

Urban-Econ Development Economists was appointed by the Department of Small Business Development to conduct a study which provides **Identification, Prioritisation, and Sequencing of Business Opportunities Including Profiling of Small Medium and Micro Enterprises (SMMEs) and Co-Operatives (Co-ops) as Part of the Eastern Seaboard Regional Economic Development Planning Initiatives.**

1.2. Project Background

The Eastern Seaboard Regional Economic Development (ESRED) which is also called a New Smart Coastal African City (NSCAC), covers **four** district municipalities which are: **O R Tambo, Alfred Nzo, Ugu and Harry Gwala.** Amongst these municipalities, the economic sectors which have been identified as potential economic anchors and having potential for growth development and transformation of the local and regional economies are as follows:

- **Tourism**
- **Oceans economy** and **marine industry (**revamped port or harbour and Vessel and sea ferry production)
- **Fisheries** and **aquaculture**
- **Oil and gas**
- **Agriculture (**particularly hemp production)
- **Film** and creative sector,
- **Air, rail and road transport** (through the formation of a maritime highway)

First promulgated in the National Development Plan 2030 long term national planning document the Eastern Seaboard Regional Economic Development (ESRED) has been earmarked by the Presidency for significant investment and the enhancement of the interdependencies between the districts. The development of productive interdependencies is to be achieved through commercial and social networking between businesses and co-operative as well as national initiatives such as ESRED. Critically, the development of more integrated public and private partnerships and ventures is earmarked as an area of priority. ESRED is aligned with relevant legislation, policies, strategies, guidelines, and the NDP 2030 and its mandate to be a catalyst for economic transformation and expansion of the participation of SMMEs and cooperatives in the coastal value chain.

The contribution this study makes to the Eastern Seaboard Regional Economic Development initiatives as promoted by the DSBD is to design and identify opportunities and mechanisms with which SMMEs and co-ops can be connected with the resources they require to achieve the ambitious goal of the Eastern Seaboard Development as well as be made aware of investment opportunities within identified regions. This was achieved through the value chain assessment and compilation of a dynamic database which will be handed over to the DSBD for use beyond the lifecycle of this project. This tool for the profiling and assessment of the SMMEs and cooperatives will inform the implementation of interventions by the DSBD and critical information provision to boost access to regional markets and business opportunities.

1.3. Objectives of the Project

Based on the Terms of Reference (ToR) developed by DSBD, the broad objectives of the project are to:

- Conduct an analysis on the comparative and competitive advantages of the four (4) districts which are O R Tambo, Alfred Nzo, Ugu and Harry Gwala. The analysis is to be conducted in relation to the proposed or identified sectors/sub-sectors in each locality in alignment to the seventeen (17) local municipalities based in each district.
- Prepare competitive analysis for SMMEs and Co-ops participation in the identified economic sectors and the associated value chains within the four districts.
- Identify, prioritise, sequence business opportunities and profiles of SMMEs and Co-ops within the four districts to ensure that there is economic diversification and participation of small enterprises in the coastal economy value chain.
- Collate a comprehensive database of active SMMEs and Co-ops within the identified seventeen (17) local municipalities.
- Develop a public and private sector partnership framework to forge cross cutting economic relations for current developments including potential investments that would benefit the region with a focus on small enterprise development.

1.4.   Methodology

A nine-stage methodology was employed in the achievement of the project objectives. They are as follows:

1.4.1.   Step 1: Project Inception

Purpose: The purpose of Step 1 is to engage with the client to achieve a consensus on the goals and objectives of the project. The project team held an **inception meeting** with the client to finalise the objectives and expected deliverables for the project as well as to gain clarity on the parties to be involved in the development of the project.

Outcome: Following the inception meeting and in line with the discussions and agreements reached, an **Inception Report** containing a **Work Plan** was submitted serving as a base against which progress concerning each step of the assignment was monitored and evaluated. This step is crucial as it lays out the **agreed methodology**, **work plan** and **key stakeholders** to consult throughout the project.

Deliverable: Inception Report

1.4.2.   Step 2: Ongoing Stakeholder Consultation

Purpose: The purpose of Step 2 was to conduct consultations with selected stakeholders in each of the four Districts for inputs that are essential for the formulation of the plan. It is important to note that the stakeholder engagements were an **ongoing process** that informed the outcomes of the assignment. A combination of one-on-one interviews, **district ESRED information sessions** and **surveying was employed**. Interviews were conducted in person by trained researchers, over the telephone, internet (i.e., online survey), e-mail, or targeted group discussions. Interviews conducted in-person provided comprehensive and insightful information that enhanced the research. More detailed about the institutional stakeholder and method employed appear in Chapter 3.

Department of Small Business Development: Eastern Seaboard Regional Economic Development

The development of a dynamic database approach was informed by the follwoin points:

- Experience suggests that LMs, DMs and Departments do not always hold an up-to-date and comprehensive list/database of SMMEs and Co-ops within each of their jurisdictions
- Given the timeframes of this project, the acquisition process of collating databases from +30 entities and gaining authority to do so, was a challenge.
- Previous research conducted by Urban-Econ suggests that many SMMEs and Co-ops that have received support, either no longer operate or have transitioned into other entities with different members (note: limitations of a static database). Therefore a dynamic approach to database development wad proposed.
- Resources (e.g. technical and practical training with regards to the use of the interactive database) are directed towards empowering DMs and Departments (regionally based) to entice and support SMMEs and Co-ops to enter their details into a database that can be continuously updated and monitored by DSBD.
- The district ESRED information sessions were focused on equipping LMs, DMs, Development agencies and Departments to:
    o Introduce the concept of the Eastern Seaboard project and emphasise the importance of the database
    o Market the Eastern Seaboard Database collation process (distribution of marketing materials, i.e. posters, flyers, digital messaging)
    o Collect any existing databases that the professional team can manually enter into the database
    o Engage with SMME and Co-op committees/forums/representatives
    o Collect the latest economic planning documents/strategies etc.
    o To inform regional and local stakeholder of the ongoing opportunities
- The consolidated database in the end is not a static, simplified list of SMMEs and Co-ops in the region, but is rather a worthwhile tool in "connecting" these entities with the support and investment opportunities that will emerge as the Eastern Seaboard project is implemented. Furthermore, the DSBD has exclusive access to a dynamic database which will continuously evolve as SMMEs, and co-operatives enter their details. The interface dashboard design thus becomes the means to interpret and prioritise interventions to support the emerging private sector to benefit from the Eastern Seaboard project. PowerBI constitutes a potential working solution to challenges relating to enterprise monitoring and the identification of cross-cutting constraints and development needs. To this effect, it is proposed that Microsoft Forms linked to Microsoft PowerBI is used as the preferred platforms for collection, analysis and on-going monitoring.

1.4.3. Step 3: Policy Review

Purpose: The purpose of Step 3 was to review the relevant economic development policies and support programmes relating to social and economic development with a view of generating a broader regional understanding of the policy environment. Moreover, this step will further ensure proper policy alignment of the study with the National, Provincial, Districts and local policy directives and the assessment of the two provincial economies. The review allowed for a better understanding of the current policy and support framework, which will assist in shaping and informing both the discussion points with stakeholders as well as framing the key interventions in latter sections.

1.4.4. Step 4: Competitiveness Assessment & Economic Overviews

Purpose: The purpose of Step 4 was to ascertain the present social and economic development climate of the four Districts. This step is an important contribution in the economic planning process as it incorporates the preliminary research that forms the foundation for gathering data necessary for the study. The research consists of both primary and secondary research methods. The primary research entails structured stakeholder interviews that were used to collect information about the district economies and the business environment.

The competitiveness assessment looked at:

- Location quotients
- Leading/lagging assessments
- Industry Targeting

All of which define and assess competitiveness by sector and district.

1.4.5. **Step 5: Opportunity GAP Analysis**

Purpose: The purpose of this step is to conduct an opportunity analysis to understand the external and internal influences iof the business and socio-economic environment of the four Districts. The analysis enabled the team to identify the potential economic linkages and **value chain** gaps and opportunities available for development on the Eastern Seaboard, specific to the DSBD mandate.

Informing this analysis was the database compiled during the field trip and off the online system.
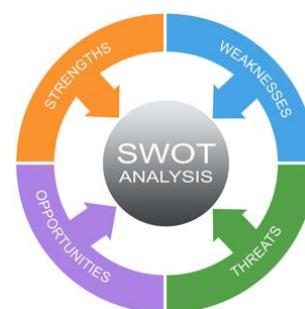
1.4.6. Step 6: Business Enterprise Prioritisation

The research sough to prioritise specific projects that are likely to result in economic growth for the respective district municipalities. The objective, among others was to isolate and identify as well as prioritise and sequence opportunities which are unique to the endowments of the area and are also likely to generate new employment creation.

It was thus necessary in this Step to undertake a multi-disciplinary assessment, in order to identify and shortlist specific projects/investments that will be taken forward for more detailed packaging.

1.4.7. Step 7: Enterprise Packaging

Based on the outcomes of the previous step, the team undertook the packaging of each of prioritised business enterprises for the purpose of taking forward for further research or for funding applications.

A total of six opportunities were identified within the Eastern Seaboard Region, each of which were priorities in relation to one another and each given a phased implementation focus plan of action.

1.4.8. Step 8: Implementation Partnership Framework Purpose:

- The purpose of Step 8 was to develop an implementation partnership framework with a clear action plan for the implementation of the various business enterprises over next 5-10-year period. This step focusses on the implementation of the interventions identified and the supporting structure needed to achieve the Eastern Seaboard goal. The plan needs to be implemented to achieve growth and sustainability of the local communities and the regional economy. The implementation framework and roadmap consist of namely:

- A detailed draft action plan for execution and implementation of programmes and projects identified for the economic development plan
- Key project implementation requirements: prioritisation and similar features of key projects will be analysed to develop a more comprehensive provincial agenda
- Risk analysis of proposed projects and their development opportunities; the specific risks and developmental aspects of these projects will be investigated in the deeper context of the district economy to create viable and implementable growth and development projects
- The determination of short, medium and long-term implementation tools as a guide for implementation requirements for the respective projects
- Determine the viability of all the identified opportunities
- Devise an Implementation Plan for the identified opportunities which must be linked to the anticipated DSBD Eastern Seaboard plan
- Identification of key support institutions that are essential for the implementation of the selected projects

CHAPTER 2: POLICY REVIEW

The objective of this chapter is to situate this strategic document within the broader policy environment. This is achieved through an assessment of the most relevant policy documentation with the primary objective of embedding the project being undertaken herein on behalf of the Department of Small Business Development, within national, provincial and municipal policy structures and directives. Aligning this research document with the broader policy and regulatory environment allows for the continuation of Eastern Seaboard RED mandates and efforts to promote integrated, sustainable, and economically focused policy directives.

2.1. Introduction

While the policy documentation under review in this chapter cover many areas of policy, the purpose of this review is to identify the most poignant policy which related directly to the contents of this strategy document. Additionally, in the assessment and review of the documents, common themes which appear across multiple documents are to be identified thus providing priority areas and policy focal points across multiple spheres of governance.

This policy review is to be considered a working document which is still in development. As such, further policy documentation and strategies may yet be included in the final report. These will be incorporated into the Chapter at a later stage once engagements have been held with the various District and Local Municipalities as well as Development agencies and industry organisations.

The review takes cognisance of the alignment between the national, provincial, district and local documentation. In so doing, each document review seeks to situate the content vertically within the hierarchical spheres of government. Furthermore, each review seeks to identify direct and indirect areas of congruence with both the objectives of the DSBD as well as those of the Eastern Seaboard Regional Economic Development planning initiatives.

The chapter review the following documents:

- National Development Plan 2030 (NDP), 2012
- The Reconstruction and Recovery Plan, 2021
- The National Spatial Development Framework (NSDF), 2022
- National Integrated Small Enterprise Development (NISED) Masterplan, 2022
- Small Business Development Portfolio: Game Changers. Priorities for the 2023/24 Planning Cycle
- Small Town Regeneration Strategy and Implementation Plan (STRSIP)
- A South African Smart Cities Framework, 2021
- Intergovernmental Relations Framework Act, No. 13 of 2005
- Eastern Cape Provincial MSME Strategy 2022-2025, 2022
- Eastern Cape Vision 2030 Provincial Development Plan, 2014
- District Development Model, 2019
- Draft Alfred Nzo DDM One Plan 2021
- Alfred Nzo District Local Economic Development Strategy, 2003
- OR Tambo DDM One Plan 2021
- Ugu One DDM Plan 2021
- Harry Gwala DDM One Plan 2021
- Umzimvubu LM SMME Support and Development Policy, 2022

- Nyandeni LM Development of SMME & Co-operatives Strategy
- Greater Kokstad LM SMME Enterprise Development Policy, 2020

2.2. Policy Review

2.2.1. National Development Plan 2030, 2012

As the current overarching National planning document, the NDP sets out the national vision which permeates down through the spheres of government to the provincial, district and local municipal levels.

This overarching policy document outlines the state's intensions to eliminate poverty and decrease inequality by 2030. Increasing employment is prioritised through faster economic growth. Other focus areas are improving the quality of education, increasing skills development and innovation while building state capabilities to better perform its developmental and transformative role. Fiscal discipline as well as macroeconomic stability are emphasised along with reductions to the cost of living. Other notable pillars are the reduction of barriers to investment and improving market competitiveness.

The NDP places emphasis on devising intergraded efforts in the development of a conducive economic rural environments as well as urban initiatives. Specifically, the affordance of greater opportunities to participate in the economic, social and political life is emphasised. Sectors earmarked for fast tracked economic development include agricultural sector (growth of production in traditional agriculture and aquaculture, development within agro-processing and fishing sub-sectors, as well as enabling additional tourism and entrepreneurial capabilities of the regions). Furthermore, assisting the communities through remittances and skills transfer is noted as a crucial drive.

The NDP also notes that the country needs to support its entrepreneurs and SMME participants by creating receptive markets for entry in particular. The reason given is that the contribution to employment growth tends to be higher among new businesses as they start-up and grow from a micro-enterprise into a more mature and resilient entity. It is noted that most small businesses operate in the retail space and struggle with access to credit. To that end, it is noted that a one-soze-fits-all approach must be avoided – a sentiment repeated throughout this review at a provincial, district and departmental level.

The Eastern Seaboard Regional Economic Development seeks increased integration between different spheres and parties within the public sector and leverage private sector investment for regional development. It hinges on co-operation and a cohesive effort across the four districts of Ugu, Harry Gwala, OR Tambo and Alfred Nzo, in their efforts to create enhance interdependencies and enhance growth potential. This study seeks to contribute to the profiling of suitable SMMEs and Co-operatives for inclusion in the cross-district development as well as to identify, prioritise and sequence business opportunities which can fall under the regional planning initiatives and contribution of the DSBD to the development.

2.2.2. The Reconstruction and Recovery Plan (2021)

In an effort to combat the effects of the global Covid-19 pandemic on South Africa, this national policy aims to rebuild the economy in a sustainable, resilient and inclusive manner. Eight areas of focus are delineated and prioritised:

2. Huge investment and roll out of Infrastructure through enabling the private sector while building institutional capacity and providing catalytic funding
3. Sustainable Energy Security through expanding energy generation capacity, improving Eskom's performance and a diverse energy mix
4. Presidential Employment Stimulus of public and social employment to create 800 000 jobs
5. Strategic Industrialisation and Export Promotion via renewed support for business
6. Tourism Recovery and Growth of domestic tourism and generating increased confidence in safety protocols
7. The Green Economy improving energy and water efficiencies, repurposing of power stations and diverting waste from landfills.
8. Food Security via the Comprehensive Land and Agrarian Strategy creating jobs and expanding production.
9. Gender Equality and Economic Inclusion promoting participation of black women, youth and persons with disabilities in ownership of land, assets as well as finance inclusion.

The key enablers to restore growth were outlined and include a macroeconomic framework to maintain fiscal sustainability; regulatory changes to enable growth and a capable state; economic diplomacy and African integration as well as skills development.

Of the eight areas delineated above, several are directly supported by the ESRED planning initiatives and this study. All eight of the areas are either directly or indirectly related to the work of the DSBD and well aligned to their mandated efforts. This included a central effort to spur a decreased in unemployment. Particularly, point 1 in its drive for investment on a number of levels. Point 3 addresses the need for employment stimulus which is embedded in the objectives of the eastern Seaboard Development. Point 4 is likely the most well aligned to the DSBD's mandate and the objectives of this project as it addresses business support towards industrialisation and export promotion. Points 5-8 are also linked to this study's research via inclusivity, transformation, the tourism industry, the green economy as well as improvement of the agricultural sector's contribution to productivity and employment increases.

2.2.3. The National Spatial Development Framework (NSDF), 2022

Mandated by the Spatial Planning and Land Use Management Act, 2013 (SPLUMA), the NSDF is derived from and aligned to the National Development Plan (NDP). While the NDP looks towards a development pathway and division between the present and 2030, the NSDF takes a long term and spatial planning perspective until 2050. The NSDF formulates national special directives as well a number of strategic regions which are earmarked for state and private targeted investment. The Spatial Framework is guided by the "theory of change" which plots descriptions of a desired manner in which outcomes are to be achieved.

Specific mention is placed on the "South-Eastern Node & Corridor Development" or "Coastal Transformation Corridor", which focuses on catalytic development including: "a new dam at Umzimvubu with irrigation systems and the N2 Wild Coast Highway which improves access into KwaZulu-Natal and national supply chains." This "coastal transformation Corridor" is spatially congruent with the Eastern Seaboard geographical regions. This forms one of the links in the chain of state policy as the NDP 2030, and the NSDF, 2022 have led to the efforts currently being undertaken by the DSBD as evidenced by this research.

This study, in its support of the ESRED seeks to delve further into the economic and socio-economic environment of SMMEs and Co-operatives in the four district municipalities. While the NSDF, 2022 takes the macroeconomic and spatial view of the regional development, this research seeks to describe, profile and engage with the enterprises on the microeconomic level. In so doing, the objective is to provide informed assessment and analysis in support of the larger economic climate and status quo.

2.2.4. Eastern Cape Provincial Spatial Development Framework (PSDF), 2017

The vision of this PSDS is of a province free from the clutches of poverty. At the core of this is a sustainable approach to special development built on tourism, agriculture, and industry. The framework is one which encourage integration with the provincial, national, continental and international economy. The framework also seeks to bridge and strengthen economic ties and interdependencies between the east coast areas of the province and the western, inland portions of the province.

Some of the critical principles of the framework are as follows:

Ecological and environmental sustainability, protection of natural resources, improving interdependencies and linkages between the rural and urban spaces, participatory planning and the integration of land uses as well as instigation of initially brownfield, and then green field developments.

The ESRED is based on the development of the Eastern portion of the province, and the framework makes mention of certain crucial characteristics which form the underlying economic and social climate in which the framework is to succeed in overcoming. In short, they are: Heavy dependence on social grants, severe need for urban expansion linked to social upliftment as well as the creation of several new metro regions in the local municipalities of Nyandeni at Libode, King Sabata Dalindyebo LM at Mthatha, and Ingquza Hill at Lusikisiki.

This research, in conducting extensive fieldwork in the aforementioned areas, has the potential to identify, prioritise and sequence business opportunities which can assist urban planners in achieving the mandated thrust towards creating urban metro areas. Metro area require highly developed supply chains in order to attract and expand business productivities and activity. Therefore, this research will carefully consider the potential for support it can provide.

2.2.5. KwaZulu-Natal Provincial Spatial Development Framework (2022-2027), 2022

The KZN PSDF presents the long-term Spatial Vision for the Province in alignment to that of the National Vision. Therefore, it builds on the KZN Provincial Growth and development Strategy from the spatial perspective. The purpose of the Framework is to provide spatial representation of the developmental policies. These include showing land uses as well as representations of the sectoral plans of provincial government departments as well as structures in which Municipal SDFs can be co-ordinated.

The framework provides comprehensive socio-economic and economic profiles of the province noting the endemic tourism and heritage resources which are world renown. Some socio-economic trends notes include the challenges of increasing population as well as high concertation areas of poverty including the Harry Gwala District. Furthermore, the lack of economic diffusion from the large urban centres which generate much of the revenue is noted (eThekwini, uMgungundlovu and King Cetshwayo).

Employment in the following sectors is said to be of high potential: agriculture, construction, catering and accommodation, government, and community service. Emergent economic sectors are given and include the following: Green economy build on natural resources, technology and the 4th Industrial revolution, rejuvenated tourism, the Blue Economy notably marine and maritime economies, and emerging enterprises.

The Provincial PSDF Vision is formulated as follows: "Equitable utilisation of physical and environmental resources toward greater spatial integration and sustainability in development." The envisaged provincial spatial development outcomes are fivefold:

1. Spatially integration and inclusivity
2. Sustainability
3. Resilience
4. Productivity and efficiency
5. Quality management

The four districts under the ESRED extend into rural areas and provide an opportunity, through the research, to improve the economic integration amongst small towns. Furthermore, the ESRED priority sectors are well aligned to that of the KwaZulu-Natal Provincial Spatial Development Framework and therefore can be a contributing to achieving the objectives of the Framework. Within the primary data collection process associated with this study, the sectors with high potential for employment are profiled thus further contributing to both the KZN SDF as well as the Eastern Seaboard Development.

2.2.6. National Integrated Small Enterprise Development (NISED) Masterplan, 2022

In line with the NDP Vision 2030, this masterplan will guide the Department of Small Business Development for 10 years after its issuing. The Master plan is envisioned as a part of a set of strategic

packages of actions and not a separate Department Master Plan. With the aim of measurable impact on each, there are four outcomes which guide the plan. They are:

1. To endeavour to keep SA SMMEs well informed and keep a high quality of monitoring, evaluation and learning ongoing throughout.
2. This outcome focuses on capacitating the SMME environment from a regulatory perspective for both growth as well as good governance.
3. Outcome 3 presents the service delivery desired outcomes that ought to be afforded to SMME in both financial and non-financial forms.
4. This outcome places particular emphasis on creating private sector partnership s for SMME growth.

These outcomes are very well aligned to the current research mandate and the ESRED planning initiatives. The very nature of this research document as well as the database developed will assist in the achievement of the objective set out in NISED.

Emphasis is played on moving away from a one-size-fits-all approach to interventions and instead focusing on tailor made and context cognisant actions. Certain enterprises are earmarked for particular focus which includes: "Township and rural enterprises, suppliers in key value chains, innovative start-ups, and those with the highest propensity to create jobs. Under-served communities, and especially black-owned, women-owned and youth-owned enterprises will receive particular focus".

The NISED Master Plan's outcomes underpin the research undertaken in this document. This is achieved by integrating the outcomes into the primary data collection process. The subsectors earmarked for particular focus mentioned above are also embedded in the data collection process and are targeted for inclusion in the database of SMMEs and co-operatives profiled. Furthermore the terms of reference instructing thus research and the critical growth areas for SMMEs and Co-operatives have significant overlap with the subsectors earmarked in the NISED Masterplan. By doing this, the DSBD will have exclusive access to a number of enterprises which can be the recipients of support and investment with increasing returns.

2.2.7. Small Business Development Portfolio: Game Changers. Priorities for the 2023/24 Planning Cycle

The DSBD is intending to include Game Changers within its 2023/24 financial year going forward. The DSBD intends to include Game Changers within its 2023/24 financial year going forward. These are intended to outline five key focus areas which have high potential impact. The first focuses on the creation of a more "enabling support ecosystem for high tech and energy start-ups". The second addresses the need for the redirection of Broad-Based Black Economic Empowerment and Enterprise and Supplier accelerator funding towards those operating in the township and rural economies. Thirdly, the incubator and accelerator programme is set to be extended for scale-up as per the tiered small business support model. The fourth pillar is referred to as recapitalised SMME financing package which notes four interventions to assist financing of small business. The last game-changer is a programme that deals with co-opting larger business to on-board new suppliers via the Supplier Development partnership Programme.

Five key messages are presented:

1. A focus on impact over compliance. This ought to increase the contribution of the SMMEs to GDP growth. The five game-changers are the tools with which to achieve the goal of 6% growth as set out in the NDP.
2. Increase leveraging of internal partnerships within the ecosystem. This is particularly in lieu of fiscal consolidation. Key partnerships include the three speres of government, non-profit entities as well as the private sector and development finance institutions.
3. Selective prioritisation. 8 sectors were prioritised. They are: Agri-processing; ICT and digital services; Cannabis; Construction; Tourism; Food processing; Clothing and textile; Automotive components; Green Economy.
4. Collaboration between DSBD entities was emphasised because there appeared not to be enough shared understanding of intended outcomes and impacts. There is need for role-clarity, more co-ordination between SEFA and SEDA and elimination of duplicated efforts.
5. The optimisation of resource use from within the Department as well as leverage external funding for the SBD portfolio due to there being a shortfall of resources to achieve objectives.

The compilation of a comprehensive database for the DSBD in support of the ESRED planning initiatives is a focused effort to contribute towards to key areas mentioned above. Particularly key messages 2, 3, and 4, are embedded in the strategic objectives of this document and are well aligned to the primary data collection tools developed.

2.2.8. Small Town Regeneration Strategy and Implementation Plan (STRSIP)

The STRSIP is a programme instigated by the Department of Co-operative Governance and Traditional Affairs (CoGTA) in line with the Integrated Urban Development Framework (IUDF) published in 2017.

The Eastern Seaboard Region is largely rural in nature and has numerous local and regional service towns. For this reason, as well as the lingering effects of apartheid special planning and the consequential disinvestment, small towns suffer from a number of challenges. They are identified to include rapid urbanisation as well as a lack of incentives to retain the economically active labour force. Additionally, infrastructure is noted as being overloaded and crumbling as a result of rapid urbanisation, a skills deficit is evident, and a lack of economic growth is not acting as a catalyst for regional growth which mean that municipal revenue bases are shrinking. The vision for the reconfiguration of the small town landscape ought to be one of "creating liveable, safe, resource-efficient cities and towns that are socially integrated, economically inclusive and globally competitive, where residents actively participate in the small-town life as contained in the IUDF."

A number of interventions are proposed. Selected and pertinent projects are listed below:

- Infrastructural projects
- Improving social amenities
- LED Projects
- Tailor-made interventions

Within the STRSIP, it is also noted that further attention needs to be paid to the following: considering and responding to unique opportunities that exist in specific towns while considering context specific interventions. This is well aligned to Small Business Development Portfolio: Game Changers as well as NISED Master Plan in particular as it speaks to avoiding an approach which does not may tailor made interventions which are pointedly context specific.

2.2.9. A South African Smart Cities Framework, 2021

The Smart Cities Framework was developed and published in 2020 by the Department Co-operative Governance and Traditional Affairs along with the Council for Scientific and Industrial Research (CSIR). The publication comes amidst major debates both locally and globally about what constitutes a smart city and whether these are needed or relevant in particular contexts. The purpose of the framework is to guide decision-making and provide all role players with a structured approach to identifying, planning and implementing smart city initiatives that are appropriate to the local context. The Smart Cities Framework is not prescriptive, but rather seeks to guide and inform decision-making to ensure smart city initiatives are appropriate to the context.

Given that ESRED is synonymous with the national and continental thrust towards New Smart Coastal Africa Cities (NSCAC), the research undertaken in this study takes careful cognisance of the SA Smart Cities Framework. Areas of alignment are similar and include, in general, to close the digital divide in regions of the country – this constitutes a central tenant which is inclusive development. This emphasises the integration of Information and Communications Technologies (ICT) in a context specific nature which caters for the need of those communities which is seeks to service.

2.2.10. Intergovernmental Relations Framework Act, No. 13 of 2005

Despite the Constitution establishing three distinctive spheres of government, the document requires that national, provincial, and local government all operative in a collective manner so as to redress poverty, underdevelopment, marginalisation of people and communities and other legacies of Apartheid.

This cooperation, however, depends on a stable and effective system of governance that regulates the relationships between the spheres and aids in the settlement of any issues that may arise between the national government, provincial governments, and local governments. Pursuant to this objective, section 41(2) of the Constitution places an onus on Parliament to establish an Act – Intergovernmental Relations Framework Act, No. 13 of 2005 – that:

- Establishes or provides for structures and institutions to promote and facilitate intergovernmental relations; and
- Provides for appropriate mechanisms and procedures to facilitate the settlement of intergovernmental disputes.

The Act achieves this through the establishment of various for a at each sphere of government which are designed in such a manner as to promote integrated development planning, identify, and prevent duplication of interventions, and facilitate spatial transformation. These integrated activities, in turn, are intended to find expression in municipalities Integrated Development Plans (IDPs).

2.2.11. Eastern Cape Provincial MSME Strategy 2022-2025, 2022

The term "MSME" is used delineating Micro, Small, and Medium Enterprises – and is inclusive of co-operatives. A distinction is made between formal and informal MSMEs and is defined by formal registration.

For this study we use these distinctions to differentiate between the two, while including two other means with which to define an MSME: the submission of tax returns with SARS and/or the management of finances form a dedicated businesses banking account. The number of informal MSMEs in the Eastern Cape (160 861) outstrips that of formal ones by a factor of three (51 041).

The Strategy begins with a discussion on the legislation and policy at the national and provincial levels as it pertains to MSMEs. The policy then follows with an examination of the *status quo* of the MSME operating environment in the Eastern Cape. It is noted that within the MSME environmental and the province in general there are 9 overarching issues:

- Weak growth prospects and low real investment.
- Fiscal austerity measures.
- Uncertainty with regard to COVID-19;
- Skills shortage.
- Deteriorating health system.
- Ever-escalating crime rate and social unrest;
- Corruption and fruitless expenditure.
- High poverty rate and persisting inequality; and
- Continued rise of unemployment.

SEDA adds that there was a decline of 11% in the number of MSMEs; 90% of employment lost was lost by MSMEs; 3. Permanent damage to MSME operating environment; and 4. Increased probability of sustained COVID-19 measures.

The institutional arrangement at play in the MSME ecosystem, particularly with regard to public institutions is outlined followed by a brief overview of the results of the surveying and stakeholder engagement conducted as part of the Strategy's development. Notably, the majority of MSMEs (85%) were not aware of government initiatives available to them. Interestingly, more than half of the respondents did want to push for formalisation.

Eastern Cape MSME Strategy for the period 2021-2025 envisions:

"A competitive, inclusive, and transformed (CIT) MSME ecosystem that has access to adequate financing, is well informed of government initiatives, is digitally active, has access to local, provincial, national, and international markets, is well networked and connected, and contributes to economic

This Strategy intends to assist the Eastern Cape MSME ecosystem accelerate its development in a sustainable, modern, and connected way.

2.2.12. Eastern Cape Vision 2030 Provincial Development Plan, 2014

The Eastern Cape Province adopted the Vision 2030 Provincial Development Plan (PDP) in 2014. The core principle informing the plan was formulating the provinces approach to achieving the goals set out by the National Development Plan, 2011. The developmental priorities for the Eastern Cape are the creation of a sustainable, people-centric and prosperous economy. The goals are outlined in this regard.

- Spurring economic growth which is inclusive and equitable
- Educating and empowering the people
- Promoting welfare through healthcare
- Vibrant and equitable development through special planning and land-use management and equal access to social infrastructure
- Capable, conscientious, and accountable institutions through multiagency partnerships and the development of capable institutions (provincial and local)

A supplementary goal outlined is the focus on rural development to address spatial development disparities that characterise the province. The Eastern Cape Provincial Economic Development Strategy seeks to promote inclusive economic development geared towards specific priority sectors with high potential for growth.

The following PEDS sectors should have a critical influence on the development of the ESRSDF vision, spatial principles, and the subsequent spatial proposals. A specific ESR area has been identified as the main hub for a particular sector.

- Agri-industry: OR Tambo and Alfred Nzo (Forestry and Timber)
- Oceans economy: Port St Johns
- Light Manufacturing: Mthatha
- Tourism: Wild Coast.

This research will, in profiling these areas via primary research, seek to provide support in these particular areas and sub-sectors.

2.2.13. District Development Model (DDM), 2019

President Ramaphosa launched the DDM in 2019 as the means with which to improve service delivery under a single, integrated development plan which focuses on managing resources at the district level. The DDM sets out a model which takes inputs from local communities and caters for their interests.

Furthermore, it aims at making sure that planning and expenditure is integrated between the spheres of government. The aim is to involve all stakeholders at the district, local, metro and community level to spur economic and development opportunities. It builds on the White Paper on Local Government (1998) and seeks to serve as a unique form of agreement that involves all key players in every local, district and metro space to unlock development and economic opportunities. Some of the goals of the DDM are as follows:

- Improvement of infrastructural planning across district and local municipal lines
- Provide for improved sharing of economic assets in support of capturing economies of scale.

The DDM is therefore the critical policy directive and central to the achievement of the ESRED objectives and mustering public and private sector business and institutions to conduct an integrated effort towards to development of the region.

One of the key points as pointed out in the ESRSDF (2021) is the following: "The DDM is premised on institutionalising a programmatic approach to intergovernmental relations (IGR)."

The key strategic objectives include the improvement of integrated planning (state), increase efficiency of local and district government capacity building as well as ensuring that resource use is geared toward achieved mandated objectives and implementation plans. It is thus the case that "the DDM is expected to be a practical IGR mechanism that will enable all spheres of government to work jointly with communities and stakeholders so they can plan, budget, and implement together. "

2.2.14.   Draft Alfred Nzo DDM One Plan, 2021

The draft One Plan for Alfred Nzo, 2021, derives itself, as all district One Plans do, from the theory of change mandated at the national level. In the District, the plan outlines a focus on enforcing accountability across the entire public sector especially when it comes to priority identification within the District.

The vision which is delineated within One Plan Alfred Nzo is as follows: "A District whose communities are self-sustaining and enjoy a good quality life, equitable access to basic services and socio-economic opportunities". There are six areas which the DDM identifies as critical to achieving their desired future, according to the Theory of Change. The focus areas are:

- People development and demographics;
- Economic positioning;
- Spatial restructuring and environmental sustainability;
- Infrastructure engineering;
- Integrated services provisioning; and
- Governance and management.

These focus areas position the district well as the ESRED Planning Initiative is to be built on an integrated and intergovernmental effort towards the achievement of a largescale development drive across four districts.

2.2.15.   Alfred Nzo District Local Economic Development Strategy, 2003

The vision for local economic development of ANDM as developed in this strategy is:
"To *develop a vibrant and sustainable local economy for the benefit of the local population through creating sustainable business growth, infrastructure development and creation of jobs"*.

This vision is articulated through several goals, which speak to the development of human capital, positioning the ANDM as one of the Eastern Cape's cultural, adventure and eco-tourism destinations, investment attraction and place marketing.

To achieve this, the strategy puts forth programmes for:
- Small business promotion, expansion and retention
- Business infrastructural development
- Agriculture revival
- Developing tourism potential

All of the above four programmes are well aligned with the objectives of the ESRED overall as well as the specific role that the DSBD has to play in promoting increased participation and expansion of the SMMEs and Co-operative in the regional economy. Particularly the first programme is well within the institutional responsibilities of the DSBD and this project seeks to provide oppotuntties for an increasingly integrated effort which on boards not only the small businesses, but also promoted the leveraging of DSBD and Alfred Nzo District Municipal resources.

While the revival of the agricultural sector in the district is not the primary focus of the DSBD, the role of the sector is emphasized and numerous small businesses operating in the region are crucial role-players whom are potentially qualifying enterprises and co-operatives for support for the DSBD.

2.2.16.   Draft OR Tambo DDM One Plan, 2021

OR Tambo District was selected as a pilot study for the DDM One Plan in 2019. The OR Tambo One Plan is also based on the DDM theory of change, which is supported by six transformation areas. It is supported by national development plans such as the NDP and NSDF and the municipal IDPs, SDF, provincial sector plans. The One Plan indicates that the district has great potential for development that needs to be harnessed. Therefore, the basis of the One Plan was to work from the challenges and opportunities that provide a strong baseline for the successful development of the area.

The One Plan envisions "*A coastal smart city, anchored by a thriving oceans and agricultural economy"*.

The vision expresses a reimagined OR Tambo characterised by all three spheres of government and community stakeholders engaging cohesively. It establishes a unique aspirational positioning for OR Tambo as a competitive and inclusive region. It represents the ultimate destination point and gives direction to how strategies, programmes, budgets and resources in both the government and the private sector need to be oriented which will play a critical role in the development of spatial proposals in the ESRSDF.

The three main elements of the O R Tambo One Plan are those of the economy, the people, and of institutional services. The economic element is the primary objective and delineates a focus on

employment creation and sectoral development. Growth is posited as the backbone of income generation which will enable the funding of socio-economic facilities and then institutional service. It is seen as step one with socio-economic and services (institutional) following.

The second element deals with socio-economic facilities and structures. At the heart of this element of the vision is education, housing, health, and other social services which shape economic activity. Thirdly, the access to basic services such as power, sanitation and waste removal as well as other infrastructure is earmarked as critical.

2.2.17. O.R. Tambo District Municipality 2018 LED Strategy Review

The vision expressed on the LED Strategy Review of the OR Tambo District is that of, "A prosperous, vibrant, innovative and people centred district." The objectives supporting the achievement of the vision speak to achieving the following three things: 1. Intensified promotion of economic diversification and spatial balance; 2. Exploration and expansion of agricultural value chain; and 3. Leveraged and targeted investment in rural and tourism nodes.

The pillars upholding the achievement of these objectives include enterprise support which positions itself well within the purview of the DSBD and this research. The projects under this pillar involvement using procurement as a driver of local economic development as well as researching mega projects and district catalytic projects. The research being undertaken by the DSBD in support of the ESRED is, by definition, a district catalytic project and therefore situates itself perfectly within this district LED strategy. Furthermore, support is proposed via business incubators for the capacitation of micro-enterprise capacitation. This too, is well aligned to the mandate of this research in that the data collection process includes micro-enterprises and sought to identify skills shortages and requirements for enterprise and co-operative development and growth.

Other sectors earmarked in the LED strategy review include: fresh produce, Agri-parks development support, forestry and timber support as well as tourism at large. More specifically within the tourism arena, the focus areas are upgrading Port St John tourism infrastructure and support structures.

2.2.18. Draft Ugu DDM One Plan, 2021

The Ugu District One Plan takes a short-term perspective and looks to overcome various challenges of an economic, socioeconomic and governance nature. As such, a number of objectives are set out and include providing an assessment of the demographics, developmental strategies, priorities as well as economic, special and infrastructural positioning.

Certain challenges are identified with the objective of overcoming them. The issues outlined were attracting investment, keeping skilled inhabitants, an aging population, lack of skills, lack of tertiary institutions and service delivery as well as community buy-in. Low levels of private sector participation was also noted.

The One Plan identified fifteen strategic thrusts aimed at unlocking the district's economic potential and to subsequently contribute to the transformation of the province's space economy. The most pertinent to this research are as follows:

Balancing economic growth from above with growth from below; tourism sector revitalisation; taking a pro-poor balanced approach to the informal and rural economy; support to agriculture and Agri-processing industries; Focus on manufacturing and re-industrialization of the economy; Implementing a practical and a tangible Radical Economic Transformation programme; Creative equity financing by Development Finance Institutions (DFIs); Knowledge Management; Tourism Growth-Destination Marketing.

2.2.19. Umzimvubu Local Municipality SMME Support and Development Policy, 2022

The Umzimvubu LM SMME Support and Development Policy was formulated on the basis of creating a resilient and diverse local economy and capitalising on the competitive advantageous of the local municipality while simultaneously building skills. The policy acknowledges the imperative role that local SMMEs fulfil and contribute towards the growth of the local economy in terms of sustainable job creation and poverty alleviation. The SMME Support and Development Policy aligns with economic development and growth from a national, provincial and district government level and also ties in with the specific needs of the local municipality.

The policy is aimed at businesses physically located in the Umzimvubu region that generate less than R25 million annually and employ less than 200 people. Furthermore, the policy intends to provide strategic support to SMMEs by serving as a guideline to promote, support and create an environment which is conducive for the growth and development of SMMEs in the local economy. The policy specifically aims to encourage a culture of entrepreneurship, improve access to business information, provide access to skills training and development, improve infrastructure and services and increase access to markets and business opportunities.

2.2.20. Nyandeni Local Municipality Development of SMME & Co-Op Strategy

The SMME & Co-operative strategy serves as a regulatory framework for SMMEs and Co-operatives within the Nyandeni LM. The strategy was formulated as part of the Nyandeni LM's mandate of promoting socio-economic development in the region as well as adhering to initiatives set out in order to achieve local economic development.

The strategy envisions "Nyandeni Municipality to grow and develop the employment and GDP contribution of the SMME sector and bridge the gap between the second and first economies in the process as well as facilitating the establishment of self-sustained cooperatives in a variety of economic sectors that will generate income, create employment and liberate people from poverty."

The vision is intended to be achieved by improving the capacity of entrepreneurs and improving their operating circumstances as well as providing them with the appropriate support services that is inclusive of having access to resources and reducing the actual and opportunity costs.

2.2.21. Greater Kokstad Local Municipality SMME Enterprise Development Policy, 2020

The SMME Enterprise Development Policy formulated by the Greater Kokstad LM acknowledges the various and unique roles undertaken by SMMEs. It understands that the SMME sector is dynamic and

diverse and that it is a major contributor towards employment, economic growth and alleviating poverty. The policy falls in alignment with national and provincial legislation that notes the SMME sector as a contributor to a healthy economic climate and a key stimulant in the development of the local economy.

The policy includes the fundamentals for the design, implementation and assessment of mechanisms and processes that offer support the development of a more competitive and sustainable SMME sector. It aims to facilitate the coordination between the public and private sectors as well community leaders and members. Thus, the policy creates a space in which these agents are able to contribute to SMME development in a mutually reinforcing and collaborative manner while offering opportunities for the mobilisation of resources that are set for SMMEs to stimulate the economic development in the region.

2.3. Conclusion

To conclude, this policy review has sought to, not only provide overviews of the most relevant documents and directives, but to also isolate the specific sections and references to the Eastern Seaboard Regional Economic Development. In so doing, it is made context specific and highlights the areas of alignment that this study can contribute to.

The ESRED Regional Spatial Development Framework (2021) gave this review direction. However, what this review sought to do was to add further value to the contents of the RSDF by including additional documents for review which do not appear in the RSDF.

CHAPTER 3: PRIMARY DATA COLLECTION TOOLS & METHODOLOGY

3.1. Introduction: Questionnaire Development Principles

This chapter seeks to elucidate the methods which were developed and implemented during the data collection process and continued collection of data via the online system.

Questionnaire design is crucial when doing primary research and as such, was carefully considered for this research. Table 3.1. below shows how the design process was influenced and based off of the project objectives. This was done in order to embed the objectives in the surveying of the SMMEs and Co-operatives so as to garner the most accurate data possible, given the time constraints.

The table shows two column which reflect the alignment of the objectives with the questionnaire design. The interpretation of the table is as follows: in order to "Compile [a] **comprehensive database" (left column),** the design of the questionnaire revolved around the "Profiling of individual **SMMEs** and **Co-ops".** This level of alignment across all objectives ensured that all relevant information was captured and continues to be captured (online) with regards to the mandated research and expected outcomes all contained in this document.

Table 3.1. Alignment of Project Objectives and Questionnaire Design

PROJECT OBJECTIVES	QUESTIONNAIRE DESIGN
Compile **comprehensive database**	Profiling of individual **SMMEs** and **Co-ops**
Assess **comparative** and **competitive advantages**	Enterprise **Constraints** and **Opportunities**
Identify, **prioritise**, **sequence business opportunities**	Identification of **interventions** in line with **industry needs**, **institutional capacity** and the information provided to us by **enterprises**
Private-Public sector partnership framework	

3.2. Data Collection Techniques

The following techniques were employed in the collection of data and continued flow of data onto the live database:

- Field work was undertaken across the entirety of the Eastern Seaboard. Fliers ere distributed (+750) to businesses too busy to give their information on the spot.
- Approx. 200 hard copy surveys were filled out in person by the stakeholders and the research team. This was done on site and in person. The field work too 10 days, and the team travelled more than 2000 km to reach all municipalities in the Eastern Seaboard (17).
- SMMEs and Co-operatives were encouraged to pass on the information and online link to other business directors and managers. This was done so as to permeate into the local business communities and ensure that data continued to be inputted once the team had moved on.
- A SIM card was activated for the purpose of further communication with the stakeholders. Approx. 40 SMMEs and Co-operatives have since contacted the number via WhatsApp. All of the stakeholders were enquiring about the database and were forwarded a link in order to profile their SMMEs and Co-operative virtually. This has been a successful process with approximate 20 SMMEs and Co-operatives already doing so.
- Virtual briefing session were held with various institutional partners. In the sessions, the project information was shared and each was forwarded copies of the data collection tools to disseminate to SMMEs and Co-operatives.
  The following institutional stakeholder were engaged:
  - NTINGA DEVELOPMENT AGENCY - OR TAMBO DM (Mthatha)
  - ALFRED NZO DISTRICT MUNICIAPLITY (Mount Ayliff)
  - SOUTH COAST TOURISM INVESTMENT ENTERPRISE (Port Shepstone)
  - HARRY GWALA DEVELOPMENT AGENCY (Ixopo)
  - MATATIELE LM LED, DR NDZ LM LED AND TOURISM UNITS (IN PERSON)
  - PORT ST JOHN DEVELOPMENT AGENCY & TOURISM OFFICES (PSJ)
  - COGTA NATIONAL UNIT, PROVINCIAL OFFICES AND DISTIRCT UNITS (VIRTUALLY)

Below, the purpose made poster/flyer developed for this project is given. As part of this project, the poster will be delivered to the DSBD for further use.

3.3. Primary Data Collection tools

The questionnaires are given below: firstly, the hard-copy questionnaire is presented as approved by the PSC, followed by the online questionnaire which identical in nature to the hard copy questionnaire.

Eastern Seaboard
Regional Economic Development (ESRED)
Planning Initiative: Profiling SMMEs and Co-operatives

This is a questionnaire developed on behalf of the Department of Small Business Development (DSBD) by Urban-Econ Development Economists (Pty) to assist in developing a comprehensive dynamic database of the SMMEs and Co-operatives.

By filling in this short survey you will appear on the DSBD database of SMMEs and Co-operatives. You will become a potential beneficiary of current and future opportunities linking you to the Eastern Seaboard Regional Economic Development

1. What is your operation called?				
2. Please enter your name and designation	NAME:			
	DESIGNATION:			
3. Please provide and active EMAIL and/or PHONE NUMBER	EMAIL:			
	PHONE NUMBER:			
4. Are you an SMME or a Co-operative?		SMME	CO-OPERATIVE	
5. Is your operation formalised? Example: Registered with CIPC/Submit with SARS/Company bank account		FORMAL	INFORMAL	

6. What sector does your operation predominantly operate in?			
Tourism		Film and creative sector	
Oceans economy and marine industry i.e. freight, port/harbour, vessel building/maintenance etc.		Transport and logics (air, rail or road)	
		Construction	
Community services		Financial services	
Fisheries/Aquaculture		Manufacturing	
Oil and gas (offshore or onshore)		Retail	
Agriculture		Other:	

Briefly describe you product/service offering:

7. Approximately how many staff/members does your operation have?			
8. Of your total staff/membership, how many are:	Women		
	Youth		
	Persons with disabilities		

9. In the next year, how do you expect the following to change?	MARK WITH AN X	DECREASE	STAY SAME	INCREASE
	9. INDUSTRY			
	10. EMPLOYMENT			
	11. YOUR BUSINESS			

10. In which district is your operation based?	ANDM	ORT DM	UGU DM	HG DM

11. In which district is your operation based?	ANDM	ORT DM	UGU DM	HG DM
12. In which LM is it based?				

13. Approximately how many years has your enterprise been operational?				
Less than 12 months	1-3 years	4-10 years	11-20 years	More and 20 years

14. Out of 5, how would rate your employees' business/technical skills?	

15. Please tell us what sets your organisation apart from others? [What are the advantages that your business has compared to your competitors and/or similar businesses elsewhere in your region?]

16. Which inputs are difficult to access for your enterprise? [Which products, goods or services are not available/difficult to acquire in your area and therefore increases your transactions costs and hurts the ease of doing business for your enterprise /co-operative?] If applicable, please provide a brief explanation below

17. In order of importance, what are up to 3 things which are stopping your business from growing. Examples: Lack of business demand, costs of fuel/electricity/internet, loadshedding, skills, tax or regulations issues, access to credit/government support etc…

1.

2.

3.

18. Has your operation received any support?	YES	NO (skip to 19)

19. Please identify the supporting institution and briefly describe the TYPE of the support received. Example Institutions: Department Small Business Development (SEDA/SEFA) OR Trade and Industry etc.
Examples of kinds of support: Funding, access to credit/loans or grants, business or practical training, inputs

INSTITUTION		TYPE	

20. How can the Department of Small Business Development improve your access to business support? How can the DSBD link you with the opportunities which they are offering?

21. What support (general or specific) does your operation require? Examples: Subsidies, tax incentives, reduce red-tape, business, or practical training, improve access funding/credit/grants

22. In what direction do you think your industry is going in the next 5 years? Partnerships or Collaboration with other SMMEs? And if so, with whom?

Eastern Seaboard Regional Economic Development Planning: Profiling SMMEs and Co-operatives

This is a questionnaire developed on behalf of the **Department of Small Business Development (DSBD)** by **Urban-Econ Development Economists (Pty)** to assist in developing a comprehensive dynamic database of the SMMEs and Co-operatives with potential for involvement in the Eastern Seaboard Regional Economic Development Initiatives.

Your co-operative or SMME has been identified as a potential beneficiary.

Why the survey?

The insight that **your business/co-operative** can offer about the **dynamics and challenges** faced by **your specific business/co-operative** are crucial in assisting us **to develop effective interventions.**

...

* Required

TELL US MORE ABOUT YOUR BUSINESS

Whether you are a micro, small or medium sized business or co-operative, we want to know more about your enterprise and how the DSBD can support your growth!

1. What is the **name** of your **Operation**? *

Enter your answer

3. Please indicate the **best way** for the **research team** to contact you. *

○ Email and Phone

○ Email

○ Phone

○ None, I do not want to be involved further than this survey

4. Please enter your **active email address** and **phone number** below *

Enter your answer

5. Please identify the **nature of your enterprise** below *

○ SMME

○ Co-operative

○ Other

6. Is your operation formalised?
Example: Registered with CIPC/Submit with SARS/Company bank account (either one of the three examples qualifies) *

○ Yes, we are a formal operation

○ No, we are an informal operation

The above two images are only the first six questions of the online survey and constitute and examples of how it appears. It can be accessed by scannignthe QR code on the poster as well as by clicking on the following link:

https://forms.office.com/r/TUkey1Z7BH

3.4. Data analysis tools: Description, functions, rationale, advantages of dynamic database development

Following on from the online data collection tool described and shown above, this section described the advantages and benefits of the use of PowerBI and MS forms programmes.

Advantages and Benefits of using MS Forms & Power BI:

- Forms can be accessed from any simple smart devise
- The link can be shared via social media, websites, local newspapers, email, WhatsApp, SMS, QR code or via a dedicated website address
- Entering information can be done using very little data, or even with a poor internet connection
- Users can return at any time to update their information and/or can be encouraged to update their business data periodically
- The design of the database questions, allows for multiple data points to be collected very quickly and appropriately standardised to DSBD needs (multiple choice style questions)
- It allows for permissions to be obtained to use data for any purpose related to Eastern Seaboard Initiative (note POPI Act)
- Other government departments are already adopting this software (ECPTA)
- PowerBI is available as part of any Microsoft Office Professional Subscription with multiple permissions and users that can be upskilled to monitor the information post-project closure
- DSBD can use the obtained information to keep registered users updated on the Eastern Seaboard project initiatives and later target specific sector/industry players when opportunities arise.
- The PowerBI and underlying database will be handed over to the DSBD. Introductory technical training by the professional team will capacitate DSBD personnel allowing them control and ongoing monitoring of the database and dashboard. In this manner, emergent trends, constraints and development needs can be identified, even beyond the lifespan of this project

CHAPTER 4: COMPETITIVENESS ASSESSMENT

A competitive advantage assessment examines past trends in the various economic sectors with a view of identifying sectors that have under-performed or over-performed relative to the national economy.

In this sense this assessment is used to determine the sectors in which an area has a competitive advantage, that is whether the respective area's sectors have generated greater returns or growth than that same sector at a national level. The following competitive advantage assessment includes the calculation of a number of variables used in assessing competitive advantage including:

1. Location quotients as a measure of concentration; and
2. Leading/Lagging analysis to identify the industry sectors that are leading or lagging in the economy
3. Industry targeting classification

4.1.   Location Quotients

A location quotient identifies the level of specialisation in any given geographic region. In simple terms it measures the concentration of certain economic sectors in the region relative to the national average. In essence the location quotient compares the relative contribution in terms the employment, of a particular sector in the local economy, with the contribution of that same sector at a national level.

Table 4.1 shows the range of possible location quotients that could arise as well as their interpretation. Location quotients, however, are not particularly complex; as they simply measure the output and/or employment concentration in the region. Economic sectors that dominate in the area will have higher location quotients and ones that are relatively scarce will have lower location quotients.

Table 4.1: Interpretation of Location Quotients

Location quotient	Category	Interpretation
Less than 0.75	Low	Local needs are not being met by this sector. The region is importing goods and services in this sector.
0.75 to 1.25	Medium	Most local needs are being met by this sector. The region will be both importing and exporting goods and services in this sector.
1.25 to 5.00	High	The sector is serving the needs beyond the sector, exporting goods and services in this sector
More than 5.00	Very High	This is indicative of a very high level of local dependence on the sector, typically in a "single industry" economy

The subsequent sections consider the location quotients of the ten Standard industry Classification (SIC) economic sectors for each of the district municipalities. This data is shown in ten-year intervals for 2011 and 2021.

4.1.1. Alfred Nzo District Municipality

Table 4.2 illustrates the location quotations for the Alfred Nzo District Municipality. Not surprisingly government services sector has the highest location quotient among the ten economic sectors in the Alfred Nzo District Municipality. While the location quotient for the government services sector is not classified as "very high", the value still suggests that the Alfred Nzo District economy is heavily dependent on the sector.

A concerning sign is the fact that the location quotient has increased from 1.71 in 2011 to 1.84 in 2021. This trend suggests that, although the Alfred Nzo District economy is diversified, the economy is still heavily reliant on the government services sector.

Table 4.2: Location Quotients for Alfred Nzo District Municipality

Industry Category	Location Quotient		Category
	2011	2021	
Agriculture, forestry, and fishing	0.62	0.62	Low
Mining	0.13	0.12	Low
Manufacturing	0.23	0.21	Low
Utilities	0.42	0.50	Low
Construction	1.06	1.11	Medium
Trade	1.14	0.98	Medium
Transport and communications	0.67	0.61	Low
Finance and Business services	0.52	0.50	Low
Community services	1.61	1.58	High
Government services	1.71	1.84	High

Source: Urban-Econ calculation based on Quantec (2023)

The increase in the location quotient for the government services sector has occurred because of a rise in the number of people employed by this sector at a district level. This indicates that employment in the Alfred Nzo government services sector has increased at a faster rate than other parts of South Africa. (Government services employment increased by 2.4% from 2011 to 2021 in the country compared with 15.6% in Alfred Nzo.)

Over dependence on a single sector can have a number of negative impacts on a small, regional economy such as Alfred Nzo District. Given such an overreliance on the government services sector for employment any changes in the macro-economic environment (e.g. lower equitable share allocations) can potentially devastate the area and lead to large scale job losses.

The second highest location quotient is the community services sector. This can be attributed to the limited number of private sector enterprises operating in the district, and the dominance of government institutions such as schools, hospitals, clinics etc. The third highest location quotient is the construction sector showing strong employment growth over the period.

In absolute terms, the two sectors with some of the strongest increases in employment from 1999 to 2009 were the government services sector (driven primarily through public sector driven support services) and the manufacturing sector. The manufacturing sectors figures can be linked to the strong performance of the expansion in value added activities in the district.

4.1.2. O.R. Tambo District Municipality

Table 4.3 shows the location quotients by sector for the O.R. Tambo District Municipality. Similar to Alfred Nzo District presented above, the Government Service and Community Services are classifies as having "high" location quotients. In terms of the Government Services sector the figure does imply a high level of dependence of government employment as economic sectoral concentration is skewed towards the sector. The 2021 location quotient is marginally higher (1.73) than the same measurement from 2011 (1.66), and although this does not constitute a large increase is dependence on the sector, it does indicate increasing relative employment in the sector.

The capital of the District, Mthatha is posited as a manufacturing hub, however the location quotient is not particularly indicative of this as is evident that the relative growth rate to that of the South African manufacturing sector is "low". This means that the District is having to import manufactured goods and services and the current sector is not servicing it people through growth in employment. Other sector with low "low" and similarly decreasing sector location quotients include "Transport and communications" as well as "finance and business services".

Table 4.3: Location Quotients for O.R. Tambo District Municipality

Industry Category	Location Quotient		Category
	2011	2021	
Agriculture, forestry, and fishing	0.58	0.59	Low
Mining	0.12	0.11	Low
Manufacturing	0.35	0.28	Low
Utilities	0.76	0.86	Medium
Construction	0.90	0.83	Medium
Trade	1.02	0.99	Medium
Transport and communications	0.69	0.63	Low
Finance and Business services	0.67	0.63	Low
Community services	1.79	1.69	High
Government services	1.66	1.73	High

Source: Urban-Econ calculation based on Quantec (2023)

Three sectors fall within the medium category as per their 2021 location quotients as shown in table 4.3. These are: Utilities; Construction; and Trade. These figures of indicative of sectors which are likely both importing and exporting these goods and services and are servicing the District of O. R. Tambo District sufficiently. Both the trade as well as the transport and communications sectors have however seen their location quotients decrease indicating they are likely to be reducing the export and import of goods and services in those sectors. They are however, including the "Utilities" sector, sectors which are still meeting the needs of the district.

4.1.3. Ugu District Municipality

The location quotient for Ugu District Municipality's 'Agriculture, forestry, and fishing is categorised as "high" with a coefficient of 1.87 – and increase over the previous 10 year period from 1.83 in 2011. This is indicative of a sector with strong and ever-strengthening employment growth relative to that of the nation sector. Furthermore it indicates that the output of the sector outstrips the internal demand in the District, and the sector is therefore exporting to other districts via the export of goods and services. This is a dominant sector in the Ugu District Economy compared to all other 9. This is illustrated in Table 4.4 where the

location quotients by sector are given for the Ugu District Municipality. It does however imply that the District is dependent on the sector as it employs a large swathe of the labour force.

Table 4.4: Location Quotients for Ugu District Municipality

Industry Category	Location Quotient		Category
	2011	2021	
Agriculture, forestry, and fishing	1.83	1.87	High
Mining	0.03	0.03	Low
Manufacturing	0.90	0.98	Medium
Utilities	0.95	0.88	Medium
Construction	0.94	0.92	Medium
Trade	1.08	1.03	Medium
Transport and communications	0.88	0.86	Medium
Finance and Business services	0.74	0.72	Low
Community services	1.00	1.02	Medium
Government services	1.14	1.12	Medium

Source: Urban-Econ calculation based on Quantec (2023)

Seven of the full 10 sectors are classified as having "medium" location quotients. This is interpreted as meaning that the Ugu District economy and these sever sectors shown in Table 4.4 above, are providing their goods and services sufficiently in their district. They are both importing and exporting goods and services to and from the South Coast area and hinterlands.

The sectors of Ugu District economy which have the highest concentration of employment, bar that of Agriculture, forestry and Fisheries, are that of government Services and trade. The Government service sector has a location quotient of 1.14 while the trade sector quotient amounts to 1.08. Notable is that both of these have seen slight increases since 2011 indicative of higher concentration around these sectors.

4.1.4. Harry Gwala District Municipality

Table 4.5 presents the location quotients by sector for the Harry Gwala District Municipality. Similar to Ugu District Municipality, the other District within the Eastern Seaboard Region as well as Kwa-Zulu Natal, the agriculture, forestry and fishing sector is categorised as having a high location quotient of 2.77, which an increase from 2.71 in 2011. This means that within the sector, businesses are exporting goods and services as well as servicing the needs of the district. It does also indicate that there is an increasing level of dependence on the agricultural sector over the last 10 years. This does expose the District economy to external shock which can have significant negative impacts on employment. The seasonal nature of employment in this sector adds an additional element of cyclical employment.

The community services sector is also categorised as having a high location quotient which likewise indicates a large reliance on the sector and high relative sectoral employment growth. As is the case in Alfred Nzo District this is likely an indication of relatively small private sector enterprise in the sector and high involvement and employment of government institutions such as schools, hospitals, clinics etc.

Table 4.5: Location Quotients for Harry Gwala District Municipality

Industry Category	Location Quotient		Category
	2011	2021	

Agriculture, forestry, and fishing	2.71	2.77	High
Mining	0.04	0.03	Low
Manufacturing	0.58	0.59	Low
Utilities	0.54	0.55	Low
Construction	1.01	1.05	Medium
Trade	1.02	0.90	Medium
Transport and communications	0.68	0.62	Low
Finance and Business services	0.57	0.54	Low
Community services	1.26	1.30	High
Government services	1.17	1.19	Medium

Source: Urban-Econ calculation based on Quantec (2023)

Several sectors have "low" location quotients below the threshold of 0.75. These are the manufacturing, utilities, transport and communications, and finance and business sectors. This is an indicator of low concentration in the District economy i.e. employment contributions in comparison to the national economy is larger compared to the contribution in Harry Gwala District. In these sectors, the District economy is importing goods and services as the provision of these good and services are outstripped by the needs/demands. While this is an indicator of underdeveloped sectors, in terms of their proportional contribution to employment, it does also imply that there may be cause for expansion in order to address the shortage of goods and services which are currently being imported into the Harry Gwala District.

The most notable change to sectoral location quotient is that of financial and businesses services which has seen a decrease from 0.57 in 2011 to 0.54 in 2021. This is an indicator of decreasing employment in the sector at a district level over the 10 year period – and the subsequent increase dependence on external Districts for the provision of good and services via imports.

4.2. Leading/Lagging Analysis

Another way to assess the competitiveness of different economies (or in this case the four District Municipalities within the Eastern Seaboard Region compared to the national measurement) is to examine their employment or economic growth relative to growth in the overall economy at either the national or district level. Sectors which are "leading" have a growth rate in excess of the rate of growth in the South African economy and those that are "lagging" are growing more slowly.

A comparison between the national indicator and the district indicator is combined with the location quotient calculated above to yield an overall assessment of an economy. The classification system is shown in Table 4.6.

There are twelve classifications (given in the far-right column of the above Table 4.6. these descriptor derive their meaning directly form the values of their location quotients in tandem with the leading/analysis.

There are four sections depending on the status of the leading/lagging analysis (on the left-hand side of the Table 4.6.). The top section with the classifications: "driving", "accelerating", and "rising" are indicative of strong competitive advantage with the three different descriptors adding the additional element of the location quotients in the middle column. These are for sectors which are "leading" at the national and district level. The influence of the location quotients is to define the concentration of

employment around that sector i.e. should the location quotient be "high (>1.25)", then the sector is considered "driving" etc.

Table 4.6: Carvalho Classification Criteria

National SRG[1]	District SRG	Location Quotient	Classification
Leading	**Leading**	High (> 1.25)	Driving
		Medium (0.75 to 1.25)	Accelerating
		Low (< 0.75)	Rising
Lagging	**Leading**	High (> 1.25)	Evolving
		Medium (0.75 to 1.25)	Transitional
		Low (< 0.75)	Moderate
Leading	**Lagging**	High (> 1.25)	Promising
		Medium (0.75 to 1.25)	Yielding
		Low (< 0.75)	Modest
Lagging	**Lagging**	High (> 1.25)	Challenging
		Medium (0.75 to 1.25)	Vulnerable
		Low (< 0.75)	Marginal

For sectors which are lagging at both the national and district levels, regardless of the location quotient, they are classified as "challenging", "voulnerable", or "marginal". The three classifications given are dependent, as will all other sections, on the value of the location quotient. This category tends to indicate that these sectors struggle to keep up with national levels of employment growth and have low employment contributions. It therefore often follows that these sectors do not have competitive advantage compared to their reference areas. In this case, it means that, that particular sector in that district is not competitive with the same sector at the national level when it comes to contribution to employment as well as growth over the period between 2011-2021.

The classification system is meant to provide a descriptive narrative to location quotients. For example, consider an industry which is dominant at the national level, that is, has a high location quotient.

- If the industry is lagging at the national level but leading at the district level it is considered as "evolving."
- If the industry is leading at both the national and the district level it is "driving."
- If the industry is leading at the national level but lagging at the district level, it is classified as "promising."

The subsequent section illustrates the leading and lagging analysis for each of the four district minimalities.

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[1] Sector Relative Growth

4.2.1. Alfred Nzo District Municipality

The values for the leading/lagging analysis of the Alfred Nzo District Municipality are shown in Table 4.7.

One sector is classified as "vulnerable", namely trade. While the trade sector is clearly an important sector in the Alfred Nzo District Municipality's economy its economic performance is classified as both lagging at the district and at the national level.

Three other sectors – mining, manufacturing, and transport, are classified as lagging at both a district and national level. Based on the location quotient these sectors are classified as "marginal". While these sectors are important locally (e.g. manufacturing), its employment levels fluctuate based on the prevailing economic climate.

The government and community services sectors are both classified as "driving". Based on this assessment the Alfred Nzo District Municipality has a high level of specialisation in these two sectors, which are growing at a faster rate than that of these sectors at a national level.

The utilities sector was classified as "moderate". While the sector is relatively small employer in the Alfred Nzo District Municipality's economy, it shed fewer jobs over the 2011 to 2021 period than the South African utilities sector.

Table 4.7: Competitive Sectoral Performance – Alfred Nzo District Municipality

Sector	National SRG	District SRG	Carvalho
Agriculture, forestry, and fishing	Leading	Leading	Rising
Mining	Lagging	Lagging	Marginal
Manufacturing	Lagging	Lagging	Marginal
Utilities	Lagging	Leading	Moderate
Construction	Leading	Leading	Accelerating
Trade	Lagging	Lagging	Vulnerable
Transport and communications	Lagging	Lagging	Marginal
Finance and Business services	Leading	Leading	Rising
Community services	Leading	Leading	Driving
Government services	Leading	Leading	Driving

The agriculture and finance and business services sectors were both classified as "rising". Based on this assessment the Alfred Nzo District Municipality as neither highly specialised nor under specialised in these two sectors. These sectors, however, have consistently unperformed national growth figures but sill exhibit positive growth.

4.2.2. O.R. Tambo District Municipality

The values for the leading/lagging analysis of the O. R Tambo District Municipality are given in Table 4.8.
In cardinal terms (Carvalho), the highest classified sector in the O. R. Tambo District economy is that of Government Services. It is a "leading" sector at both the national and district level meaning its relative

employment growth rate outstrips that of the national economic growth rate. In addition, the sector absorbs a high proportion of employment and thus has a high location quotient.

The only other sector which is leading at both the national and district level is that of agriculture, forestry and fishing. As seen in section 4.1.2 however, the location is classified as being "low" and thus, the Carvalho classification is "rising". This is because the proportional employment is low in the sector compared to the national share. The status as "rising" however does bode well as employment growth is leading, and the sector ahs the potential to further expand its employment base and transition into an "acceleration" sector should employment contribution relative to national proportional contribution improve.

The only other leading sectoral indicator in the O. R. Tambo District economy is in the Utilities sector. However the national equivalent is classed as lagging. The classification in this analysis as "transitional" reflects that the location quotient is medium, meaning it is a moderate employer in the district. The "transitional" nature of the classification is indicative of the fact that the district sector shed fewer job over the period between 2011 and 2021 than the national sector did.

Table 4.8: Competitive Sectoral Performance – O.R. Tambo District Municipality

Sector	National SRG	District SRG	Carvalho
Agriculture, forestry, and fishing	Leading	Leading	Rising
Mining	Lagging	Lagging	Marginal
Manufacturing	Lagging	Lagging	Marginal
Utilities	Lagging	Leading	Transitional
Construction	Leading	Lagging	Yielding
Trade	Lagging	Lagging	Vulnerable
Transport and communications	Lagging	Lagging	Marginal
Finance and Business services	Leading	Lagging	Modest
Community services	Leading	Lagging	Promising
Government services	Leading	Leading	Driving

Bothe the finance and business services as well as the community service sectors wer leading at the national level but lagging at the district level with the former classified as "promising" given the vastly larger proportional employment in the sector. The former is classed as "modest" as its location quotient is low – meaning employment contribution is small.

The only sector classed as "vulnerable" is that of trade. This is due to the fact that the sectoral employment contribution is medium according to the location quotient and yet, both at the national district level, the sector employment growth is lagging behind the overall national growth rate.

4.2.3. Ugu District Municipality

The values for the leading/lagging analysis of the Ugu District Municipality are shown in Table 4.9.Sectors with lading indicators at both the national and district level include both agriculture, forestry and fisheries as well as community services. The former however has a high location quotients due its to its high employment contribution relative to the national contribution and is therefore classified as a "driving" sector. This bodes well for the sector as, although there is a high level of

dependence on the sector employment, its employment growth still outstrips that of the national employment growth rate overall. In terms of the community services sector, classification indicates it is an "accelerating" sector leading at both the national and district level with medium employment contribution. Again this is likely due to the high contribution of public sector employment is schools, hospitals and clinic which reflects the low level of private sector enterprise in the district.

Table 4.9: Competitive Sectoral Performance – Ugu District Municipality

Sector	National SRG	District SRG	Carvalho
Agriculture, forestry, and fishing	Leading	Leading	Driving
Mining	Lagging	Lagging	Marginal
Manufacturing	Lagging	Leading	Transitional
Utilities	Lagging	Lagging	Vulnerable
Construction	Leading	Lagging	Yielding
Trade	Lagging	Lagging	Vulnerable
Transport and communications	Lagging	Lagging	Vulnerable
Finance and Business services	Leading	Lagging	Modest
Community services	Leading	Leading	Accelerating
Government services	Leading	Lagging	Yielding

A worrying sign is the fact that three sectors are considered "voulnerable" according to the Carvalho Classification system. Those are the trade, transport and communications, and utilities sectors. All three sectors have medium employment contributions, however are lagging behind the national rate of overall employment growth per sector. Furthermore, at the district level, the sectors' employment growth is also lagging behind overall employment growth.

4.2.4. Harry Gwala District Municipality

A total of four sectors are both leading at the national level as well as at the district level in Harry Gwala. Both the community services sector as well as agriculture, forestry and fisheries are classed as "driving" dure to their high location quotients. These are sectors with high employment contribtutions which also have employment growth rates that are higher than the overall employment growth rate in their respective reference areas being national and district. The values for the leading/lagging analysis of the Harry Gwala District Municipality are shown in Table 4.10.

The other two sectors with leading indicators at both levels are that of constriction and government services. Both have moderate employment constitutions to boot and therefore are classed according to the Carvalho classification matrix as "accelerating" sectors.

The aforementioned four sectors which are leading at both levels therefore have a competitive edge in the district and hold promise going forwards in terms of the ability of the district economy to absorb more employment as they continue to grow at a higher rate, in terms of employment, in comparison to the national rate of employment growth.

Table 4.10: Competitive Sectoral Performance – Harry Gwala District Municipality

Sector	National SRG	District SRG	Carvalho
Agriculture, forestry, and fishing	Leading	Leading	Driving

Mining	Lagging	Lagging	Marginal
Manufacturing	Lagging	Leading	Moderate
Utilities	Lagging	Leading	Moderate
Construction	Leading	Leading	Accelerating
Trade	Lagging	Lagging	Vulnerable
Transport and communications	Lagging	Lagging	Marginal
Finance and Business services	Leading	Lagging	Modest
Community services	Leading	Leading	Driving
Government services	Leading	Leading	Accelerating

The sector with the least competitive environment is that of trade which is classified as vulnerable. This is due to the moderate location quotient and more importantly, the fact that both at the national and district levels the sectors are lagging behind in terms of employment growth compared to the national rate of employment growth.

4.3. Industry Targeting

Similar to the Carvalho Classification, the Industry Targeting Classification seeks to, through the use of descriptive wording, suggest the kinds of prospects for growth that one might expect in the future from a given economic sector.

As is the case with the Carvalho Classification, the Industry Targeting Classification system is based on three indicators – the location quotient, overall growth at the district level, and the national sector relative growth (NSRG) from the leading/lagging analysis.

The targeting classification scheme makes at least two implicit assumptions that are open to question.

1. The categories implicitly assume that regional growth is a measure of success. If the industry group is leading growth regionally and not doing so provincially, for example, then it is assumed that the sector has limited prospects.

2. There is a bias towards large sectors; relatively small industry groups can be classified as an emerging strength, but most are dismissed as having a "weak base". This is partly as a result of the industry classifications used. One can have, for example, a small manufacturing sector which will be dismissed as having a weak base whereas some subsector such as food processing may be large in the province and be classified as a high priority retention target.

The classification scheme is shown in Table 4.11 The wording of the categories suggests the kinds of prospects for growth that one might expect in the future.

Table 4.11: Industry Targeting Classification System

Location Quotient	NSRG	DSRG	Classification
Medium to High (>0.75)	Positive	Leading	Current Strength
Low (<0.75)	Positive		Emerging strength
Medium to High (>0.75)	Negative		Prospect limited by external trends
Low (<0.75)	Negative		Prospects limited by external trends and weak base
Medium to High (>0.75)	Positive	Lagging	High priority retention target
Low (<0.75)	Positive		Prospects limited by weak bases and declining competitiveness
Medium to High (>0.75)	Negative		Prospects limited by external trends and declining competitiveness
Low (<0.75)	Negative		Prospects limited overall

4.3.1. Alfred Nzo District Municipality

Agriculture is an emergent strength in the District of Alfred Nzo. The sector is an important and leading sector in the District and is acknowledged that the sector is a high employment contributor and a leading sector in the district economy as well as the national one. Prospects are promising in ordinary commercial production and potential exists to develop and/or expand existing niche agricultural markets. One fo the priority sectors and a growing space within the value chain is that of agri-processing. Efforts are underway by various stakeholders to add further value to the predominantly primary production of agricultural good and services.

Table 4.12 shows the industry targeting classification system for the Alfred Nzo District Municipality.

Table 4.12: Industry Targeting Classification for Alfred Nzo District Municipality

	Location Quotient		NSRG[2]		District Growth	Industry classification
	Value	Class	Value	Class		
Agriculture	0.62	Low	10.3%	Leading	8.0%	**Emerging strength**
Mining	0.12	Low	-16.0%	Lagging	-5.0%	Prospects limited overall
Manufacturing	0.21	Low	-11.8%	Lagging	-4.5%	Prospects limited overall
Utilities	0.50	Low	-4.8%	Lagging	27.5%	Prospects limited by weak base and external trends

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[2] Values indicated in red are negative growth rates.

Construction	1.11	Medium	0.9%	Leading	11.6%	**Current Strength**
Trade	0.98	Medium	-4.1%	Lagging	-8.9%	Prospects limited by external trends and declining competitiveness
Transport	0.61	Low	-9.3%	Lagging	-3.3%	Prospects limited overall
Finance	0.50	Low	9.8%	Leading	3.0%	**Emerging strength**
Community	1.58	High	4.7%	Leading	4.6%	**Current Strength**
Government	1.84	High	2.4%	Leading	15.6%	**Current Strength**

Construction is classified as a "current strength" due to its good employment levels and well as its significant growth over the period between 2011 and 2021. Its regional relative growth rate is positive at 11.6% which bodes well going forwards and has exhibited positive real growth over the last several years. It is important to note that construction performance and job creation potential is strongly linked to economic performance with the need to retain this sector being linked to the economies past robust performance. Additionally, it is strongly linked to the Eastern Seaboard Development planning initiative as one of its mandates is to increase the contributions and participation of SMMEs during the initial planning and construction phases of the overall regional development.

The **Financial Services** sector has also been one of the better performing sectors over the last 10 years, and has seen 3% growth over the period between 2011 and 2021. This growth has been driven largely by increased commercial lending to the agricultural sector. The **community services** sector and **government services** sector are also current strength as evidenced by their high employment contributions as well as their status as leading sectors in the district and national economies. Particularly Government services has seen significant compound annual employ growth of 15.6% over the period of 2011-2021.

4.3.2. O.R. Tambo District Municipality

Within the O. R. Tambo District, as is the case in Alfred Nzo district the agricutlre, forestry and fisheries sector, is an "emerging strength" with trend analysis indicating that employment growth compounded over the 2011-2021 period at 4.7% annually. While this is a positive feature of the district employment environment, the location quotient is low – meaning that the measure of contribution to total employment is small. This dynamic is indicative of a relatively small sector which nonetheless growing over the specified time period and has further potential goin forwards to increase its employment contributions. Several catalytic projects focused on empowering this sector are ongoing including the Department of Agriculture's voucher programme which subsidies the outrchase of productive inputs as well as agro-processing hubs at several locations. Table 4.13 shows the industry targeting classification system for the O. R. Tambo District Municipality.

Observing the "district growth column in Table 4.13 reveals that, of the ten SIC sectors, only three have positive annual compound employment growth over the period 2011-2021 being: Agriculture, Utilities (15.8%), and Government Services (7%). In a sector such as the Utilities sector, which has medium employment contribution to the economy, employment has drasticall reduced over the same time

period. Analysis reveals that the secto shed 16.3% of its jobs annually. The industry classification reveals however, in part due to the low location quotient, that the sector's "porspects [are] limited by external trends".

Table 4.13: Industry Targeting Classification for O.R. Tambo District Municipality

	Location Quotient		NSRG		District Growth	Industry classification
	Value	Class	Value	Class		
Agriculture	0.59	Low	10.3%	Leading	4.7%	**Emerging strength**
Mining	0.11	Low	-16.0%	Lagging	-0.9%	Prospects limited overall
Manufacturing	0.28	Low	-11.8%	Lagging	-16.3%	Prospects limited overall
Utilities	0.86	Medium	-4.8%	Lagging	15.8%	Prospects limited by external trends
Construction	0.83	Medium	0.9%	Leading	-5.4%	High priority retention target
Trade	0.99	Medium	-4.1%	Lagging	-0.4%	Prospects limited by external trends and declining competitiveness
Transport	0.63	Low	-9.3%	Lagging	-6.1%	Prospects limited overall
Finance	0.63	Low	9.8%	Leading	-3.3%	Prospects limited by weak base and declining competitiveness
Community	1.69	High	4.7%	Leading	-3.6%	High priority retention target
Government	1.73	High	2.4%	Leading	7.0%	**Current Strength**

The government services sector, which contributed high proportions of employment to the district economy compared to the national economy, hence the high location quotient, is a leading sector in terms of employment growth and thus classified as a "current strength". Referring back to Section 4.1, there is however a level of dependence on employment within the sector which does render the economy voulnerable to external shocks which could reduce employment.

4.3.3. Ugu District Municipality

In the Ugu District economy, the industry classifications indicate that two sectors are current strengths, although compared to O.R tambo for example, the employment growth over the period of time 2011-2021 is significantly lower. The Agricultural Sector, having a high location quotient is also a leading sector in terms of employment growth. What is striking however, is that while the antional employment

growth over the 2011-2021 period, compounded annually is 10.3%, the equivalent growth is Ugu District is only a fraction of this at 0.9%.

There is a similar employment dynamic int eh community services sector. It is classified as a current strength and a competitive sector in the district. However, while it is a leading sector at the national level with an annual growth rate, compounded over the 2011-2021 period, of 4.7%, the same sector within Ugu District has only grown annually at a compound rate of 0.7%. This implies that, this high employment contributing sector is not growing tis employment at the near the rate of the national equivalent. Table 4.14 shows the industry targeting classification system for the Ugu District Municipality.

Table 4.14: Industry Targeting Classification for Ugu District Municipality

	Location Quotient		NSRG		District Growth	Industry classification
	Value	Class	Value	Class		
Agriculture	1.87	High	10.3%	Leading	0.9%	**Current Strength**
Mining	0.03	Low	-16.0%	Lagging	0.0%	Prospects limited overall
Manufacturing	0.98	Medium	-11.8%	Lagging	5.9%	Prospects limited by external trends
Utilities	0.88	Medium	-4.8%	Lagging	-8.9%	Prospects limited by external trends and declining competitiveness
Construction	0.92	Medium	0.9%	Leading	-3.3%	High priority retention target
Trade	1.03	Medium	-4.1%	Lagging	-5.5%	Prospects limited by external trends and declining competitiveness
Transport	0.86	Medium	-9.3%	Lagging	-3.8%	Prospects limited by external trends and declining competitiveness
Finance	0.72	Low	9.8%	Leading	-5.2%	Prospects limited by weak base and declining competitiveness
Community	1.02	Medium	4.7%	Leading	0.7%	**Current Strength**
Government	1.12	Medium	2.4%	Leading	-3.2%	High priority retention target

The following sectors are classified as has having their "prosepcts limited by external trends [and/or] a weak base and declining competitiveness":
- Financial and business Services
- Transport and communications

- Trade and Retail
- Utilities

How these differ is that the classification indicated declining competitiveness which is worrying at the district level. The Eastern Seaboard Regional Economic Development seek to both leverage the existing competitive advantages that are in the district economies as well as contribute to the building of enhanced competitive advantages. This makes it difficult to do either as in all four cases the compounded annual employment growth (2011-2021) are all negative with the sector shedding the highest relative proportion of jobs being the Utilities Sector (8.9%). This is also informed by the national equivalent rate of employment over the same period a compound rate of 4.8%.

4.3.4. Harry Gwala District Municipality

In Harry Gwala District, a total of four sectors are classified as being "current strengths" which is more than any of the other three districts. The agricultural sector, which has a high location quotient, has seen employment growth at the national level of an compounded 10.3% making it a leading sector by quite some margin. There has been positive employment growth in the District of Harry Gwala as well which is promising and indicative of a robust labour market in this sector. The district growth over the same 10 year period between 2011 and 2021, however, is just over half that of the national level at 5.2%. Table 4.15 shows the industry targeting classification system for the Harry Gwala District Municipality.

Table 4.15: Industry Targeting Classification for Harry Gwala District Municipality

	Location Quotient		NSRG		District Growth	Industry classification
	Value	Class	Value	Class		
Agriculture	2.77	High	10.3%	Leading	5.2%	**Current Strength**
Mining	0.03	Low	-16.0%	Lagging	-8.7%	Prospects limited overall
Manufacturing	0.59	Low	-11.8%	Lagging	3.1%	Prospects limited by weak base and external trends
Utilities	0.55	Low	-4.8%	Lagging	3.9%	Prospects limited by weak base and external trends
Construction	1.05	Medium	0.9%	Leading	6.5%	**Current Strength**
Trade	0.90	Medium	-4.1%	Lagging	-9.1%	Prospects limited by external trends and declining competitiveness
Transport	0.62	Low	-9.3%	Lagging	-5.8%	Prospects limited overall
Finance	0.54	Low	9.8%	Leading	-3.6%	Prospects limited by weak base and declining competitiveness

Community	1.30	High	4.7%	Leading	5.9%	**Current Strength**
Government	1.19	Medium	2.4%	Leading	4.3%	**Current Strength**

The construction sector is another of the "current strengths" of the district economy. The sector has seen annual employment growth of 6.5% (2011-2021) and is a leading sector at the national level. Both the community services and government services sectors are "current strengths" with respective annual growth rates of employment which both exceed that of the national sectors. Community services has increased its employment by 5.9% annually (2011-2021 compounded annually) while the equivalent for government services is a rate of employment growth of 4.3%.

It is worth noting that in very small sectors such as mining, as evidenced by the location quotient of 0.03, the employment figure which indicate large employment shedding at the district level of 8.7% annually (2011-2021), are not a true reflection of large losses to employment. The reason for this is that in a sector which employs few personally, a loss of a small absolute number of laboures, will have a increased effects on the rate of employment loss in that sector.

4.4. Synthesis

Within the four district economies, several sectors are dominant in terms of employment contribution, relative growth rate to national growth rate as well as the industry targeting exercise. As evidenced by the location quotients, leading and lagging analysis as well as industry targeting matrix, agriculture, forestry and fisheries plays a major role in the region as a whole. Within the two Eastern Cape Districts in the Eastern Seaboard Region, the sector is classified as an "emerging strength" while in the two districts in the Kwa-Zulu Natal Districts and their respective agricultural sectors are classified as "Current strengths". This speaks to the overall structure of the economies and the rural nature of much of the landmass. In this regard, the prioritisation of the agricultural sector and in particular the agro-processing value chain is justified and endorsed.

The other two dominant sectors in terms of employment are the community services and government services sectors. The analysis points to the community services sectors be dominated by the public sector due to backlog of socio-economic development infrastructure and high levels of employment in the social development environments (education, health, housing etc.). These services being provided, whether by public or private stakeholders are theorised to propagate long term economic and social gains which justified the current expenditure in construction and upgrading as wella smaintenace of these public projects. Given the skewed nature of the labour market in the region, upskilling the labour forces is also a measure which is encouraged as means to reduce the unemployment in both rural and urban economies.

The employment growth figure on the whole indicate that many sectors have shed jobs over the 2011-2021 period which is in part due to the macroeconomic environment as well as weak national growth. The objective of the ESRED planning initiatives are to assist in growing these district economies and to increase the interdependencies between them as a means to boost employment, transform the socio-economic environment and reduce the income inequality being experienced.

CHAPTER 5: PROFILING OF SMME AND CO-OPERATIVE DATABASE AND IDENTIFICATION, PRIORITISATION AND SEQUENCING OF BUSINESS OPPORTUNITIES

5.1. Introduction

This chapter has four parts which present the database and emergent information which was volunteered by SMMEs and Co-operatives. Field work undertaken for this study culminated in the surveying of 200+ SMMEs and Co-operatives form all local municipalities within the Eastern Seaboard Region. The survey period spans from the 15th of February 2023 – 5th March 2023. The data collected can be conceived as having two main elements which are a) SMME and Co-operative profiling, and b) Qualitative information identifying business constraints, sectoral and geographical shortages as well the appetite of enterprises for economic partnerships.

The first of the four elements of the Chapter sets out to interpret the database itself in tabular and graphical from. Section 5.2. presents among other things, the geographical profile, nature of the businesses/co-operatives, employment/membership as well as the enterprise sentiment and longevity record. It culminates by giving the primary growth constraints for all surveyed enterprises.

The Chapter's second, third and fourth elements are all closely linked and inform one another. Initially, Section 5.2. present the identification of the business opportunities which are derived from primary data contained in the database. The information provided by the surveys forms the basis for the identification process. However, implementation can apply to all similar enterprises i.e while the opportunities were developed from the desktop and primary research (database), the implementation of the intervention designed to benefit from the opportunity are not bound to those enterprises who provided information. Rather, any qualifying enterprise can benefit from the opportunity. Section 5.4. then sets out to prioritise the six opportunities identified and rank them according to a number of selection criteria. Section 5.5. is the culmination of Sections 5.3 and 5.4 and present the sequencing of the prioritised and identified business opportunities. This is delivered by means of a three phased approach to implementation and associated timeframes for each phase or sequence. [3]

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[3] The data analysed in this output constitutes the current data captured via the online system. However, due to the system being live, additional SMMEs and Co-operatives are constantly registering their interest and providing information. This means that the results are ever evolving and reflect the changes in data over time. This analysis represents the status of the database as of March 5th 2023.

5.2. Profiling of SMMEs and Co-Operatives – Database Characterisation

The following SMME and Co-operative profiling exercise sets out to define and characterise the data which was captured, and continues to be captured, via the live online questionnaire developed specifically for this project. The purpose of the questionnaire was to capture data on SMMEs and Co-operatives within the Eastern Seaboard Region which consists of four District Municipalities. They are:

- Alfred Nzo District Municipality (60 surveys)
- O. R. Tambo District Municipality (60 surveys)
- Harry Gwala District Municipality (37 surveys)
- Ugu District Municipality (37 surveys)

The majority of the data presented herein in graphic and tabular form is data that was captured from hard copy surveying which were administered face-to-face by the research team throughout the Eastern Seaboard Region. Interviews were held with co-operative members and representatives as well as business owners, managers, directors, and staff on-site with the resultant database having covered all four districts, and all 17 local municipalities to some extent.

Businesses in some Local Municipalities were more recipient to the research team's efforts to survey as is reflected in the data. Examples of this are the Local Municipalities of Matatiele (41), Dr Nkosazana Dlamini-Zuma (18), Umdoni (15), and Ingquza Hill (15) – the bracketed number shows the number of questionnaires completed in that Local Municipality. These local municipalities are well represented in the data proportionally speaking. The district spread is shown in Figure 1 below.

While equal representation of all 17 local municipalities is an ideal outcome, it is crucial to note that this database represents a sample of SMMEs and Co-operatives and that, as such, is data which forms the basis of extrapolation into the general and specific SMME and Co-operative environment. Th questionnaire has two general overarching themes which are: a) A profiling exercise; and b) Qualitative questions which are open ended and provide the analysis of information regarding the business constraints, public/private business and co-operative support received, etc.

This particular narrative document focuses on characterising the data and this focuses on the data which focuses on the SMME and Co-operative profiling undertaken.

5.2.1. Geographical Profile

Figure 1 below present the geographical spread of the data collected across the Eastern Seaboard Region up to the beginning of March 2023. The data captured is spread across the four districts are as follows:

Figure 1: Percentage of data survey in each District Municipality
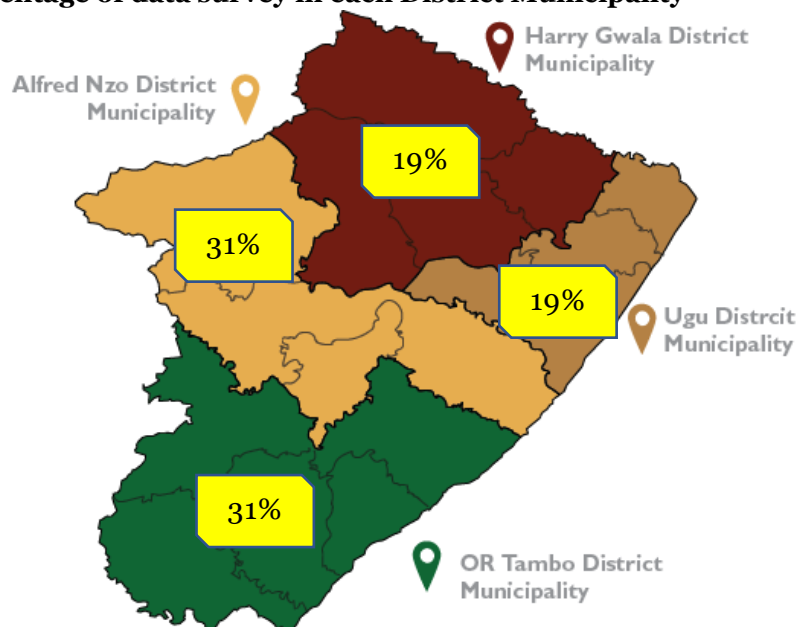
Urban-Econ Fieldwork, 2023

The main towns where fieldwork took place in the gathering of the majority of the data, by District Municipality were as follows:

O. R Tambo District Municipality

➢ Qunu, Mthatha, Libode, Port St John, Lusikisiki, Qumbu.

Alfred Nzo District Municipality

➢ Mount Frere, Mount Ayliff, Matatiele, Bizana.

Ugu District Municipality

➢ Port Edward, Port Shepstone, Mthwalume, Scottsburgh, Sipofu.

Harry Gwala District Municipality

➢ Umkimkulu, Ixopo, Underberg, Kokstad.

5.2.2. Nature Of Businesses Interviewed

The sample, thus far, is mostly representative of SMMEs (90%) with the remaining 10% being co-operatives. That being said, the co-operatives that were sampled, and continue to be sampled provide us with profiling data. These respondents represent a group who have formally entered into a collective action agreement and thus the number of observations in the dataset does not reflect the number of individuals who form part of those co-operatives, but rather the number of groups sampled. The employment and membership numbers employed later in this narrative report reflect this to a better degree.

Figure 2 shows the proportion of the sample which were SMMEs and Co-operatives. Figure 3 shows the nature of the operations which are in the database i.e. formal or informal. Formalised businesses were identified as such based on three conditions: 1. Registration with the CIPC; 2. Tax returns submitted with SARS; 3. Whether the business had a formal company/co-operative bank account. These conditions appear on both the hard-copy and online questionnaires. The steholders were queried as to whether they were fulfilling any other the three criteria of a formal business. Of the total sample, three-quarters (75%) filled these criteria and were classified as formal businesses with the remaining 25% remaining informal in nature.

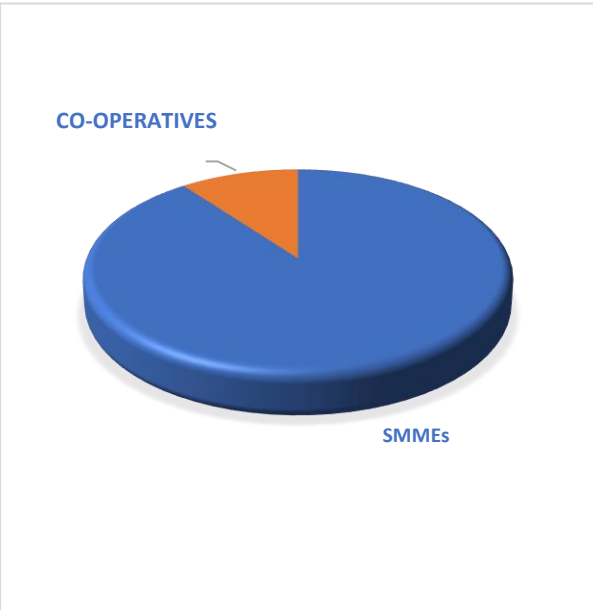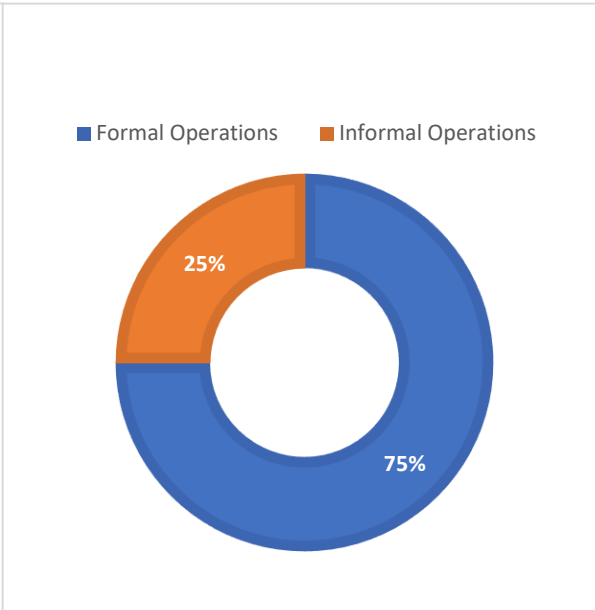**Figure 2: Co-operative and SMME data numbers**
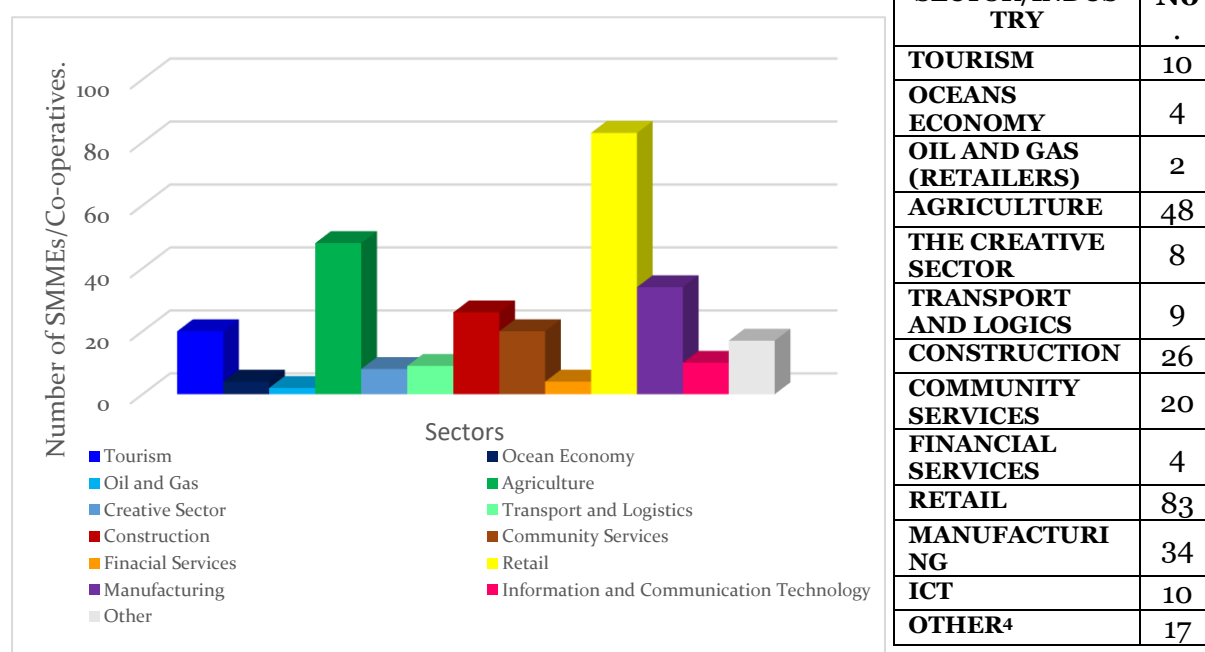
Figure 3: Formal and informal

Urban-Econ Fieldwork, 2023

Department of Small Business Development: Eastern Seaboard Regional Economic Development

5.2.3. Sectoral Profile

As can be observed, the sector which was most prevalent in the sample was that of retail and trade businesses. Within the towns mentioned in the above section, retailers are very prevalent operators and generally provided a supply base for their surrounding areas. Many of the town in which surveying was done act as service centres for the surrounding agricultural regions. As such, wholesalers were a common feature in additional to businesses providing business and farm support in the form of auto spares, agricultural equipment and maintenance and inputs such as fertilizer, livestock feed and medicine etc.

Figure 4: Database SMMEs and Co-operatives by Sector

| SECTOR/INDUSTRY	No.
TOURISM	10
OCEANS ECONOMY	4
OIL AND GAS (RETAILERS)	2
AGRICULTURE	48
THE CREATIVE SECTOR	8
TRANSPORT AND LOGICS	9
CONSTRUCTION	26
COMMUNITY SERVICES	20
FINANCIAL SERVICES	4
RETAIL	83
MANUFACTURING	34
ICT	10
OTHER4	17

Urban-Econ Fieldwork, 2023

Other prominent sectors were that of agriculture, manufacturing and construction. The sample of agriculture sector stakeholders were predominantly crop and livestock farmers. Furthermore, many of the co-operatives are of an agricultural nature and thus made up a sizable form of the sample. Within the manufacturing sector, stakeholders are operating in the engineering space (electrical, mechanical, civil) as well as those in light manufacturing (scrap metal and furniture manufacturers). The construction stakeholders often offer multiple services which included the retail, transport as well as installation and construction of buildings, fitments, plumbing, electrical etc.

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4 The "other" sector identifier was offered to stakeholders who did not fit the other categories offered. However, interpretation differed as it was often the case that stakeholders felt constrained by those sectors given and thus provided the researchers with a more detailed description of their product/service. The data cleaning process can amend some of these, however, in the interest of maintaining a high level of detail, these additional descriptors are left in the database. An example of this is one stakeholder inputted the answer "signage and vehicle detailing" – this descriptor is vital to understanding the business offering. It was inputted as "other" as the stakholders did not consider themselves as a part of the creative sector, even though there are design and artistic elements to the service. Instead, the business owner inputted "manufacturing" due to their service of printing textiles and ICT due to their high level of technological utilisation and provision of internet services.

5.2.4. Employment And Membership

The SMMEs and Co-operative have vastly varying levels of employment with operations employing between 1 - 42 people. The mean/average SMME/Co-operative employment/membership was 5.49 people. On average, the proportion of women employed was 52.22%, of total employment, meaning that, on average, just over half of the employment and membership of the SMMEs and Co-operatives interviewed were female – a promising figure in terms of reaching transformational targets. More insight into the employment/membership figure by looking at the spread of employment across the sample. By plotting the operations into bands, once can observe the relative size of the businesses in the sample. The employment spread appears below in Figure 5 below which shows that the sample was overwhelmingly of micro enterprises with between 1-5 employees (also reflecting the high number of retailers). There are currently 29 operations with between 6 – 10 staff/co-operative members, 19 with between 11 – 15 employees/members and 9 operations with more than 15 employees/members.

Figure 5: Employment/membership spread.
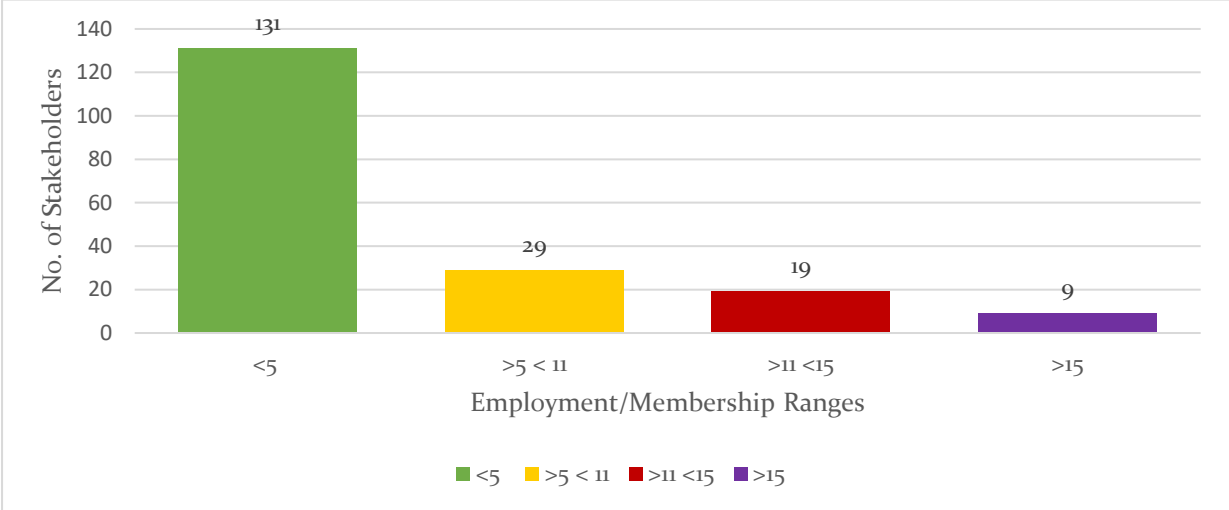
Urban-Econ Fieldwork, 2023

Closer observation of the stakeholders with high number of employees/members indicated that, while the vast majority of the micro-enterprises were SMMEs, a higher proportion of enterprises with more than 11 employees/members were co-operatives. This is to be expected given the nature of co-operatives as a larger group sharing resources and inputs. It must also be noted that the representation of Co-operatives in the database is relatively smaller than that of SMMEs.

5.2.5. Business Sentiment

Each stakeholder was asked to identify in which direction (growth, remaining the same, reduction in size) they expected their industry as a whole, their own business/co-operative and their employment/membership to move. The results are striking and exhibit a strong level of confidence going forward in all three categories. That being said, the relative size of the

increase was not specified and therefore, even if the operation was expected to grow only marginally, they would respond positively.

The results, shown in Table 1 below, reveal that 86% of the sample expected their business/co-operative to grow in the next 12 months while the figure was slightly lower for the 12 month expectation with regards to industry size at 81%. This is indicative of the SMMEs and Co-operative expecting their own business to grow more than the industry they operated in – amounting to a competitive advantage. Sentiment was positive with regards to employment in the next 12 months as 77% of the sample indicated they expected to expand employment/membership.

Table 1: 12-month expectation of SMMEs and Co-operatives within the database.

|	INCREASE	REMAIN THE SAME	DECREASE
INDUSTRY SIZE	81%	13%	6%
BUSINESS/CO-OPERATIVE SIZE	86%	9%	5%
EMPLOYMENT/MEMBERSHIP	77%	19%	5%

Urban-Econ Fieldwork, 2023

5.2.6. Business Longevity

The small business environment is a volatile space and business turnover is expected to be high. This is particularly the case in the present business climate considering that the Covid-19 pandemic caused an economic downturn and drastically impacted business longevity. Many businesses were forced to use virtual platforms and go into the online space to survive, however, many microbusinesses are entirely dependent on in-person sales and the provision of services to customers whom frequent their business premises. This is common among businesses with few members of staff as well as in the retail sector. Furthermore it is noted that businesses which were dependent on in-person, on premised sales, were often businesses which were numerous i.e. SMMEs which had a many competitors selling the same and similar products/services e.g. hair salons, spaza shops, take-aways, restaurants and fruiters. Further to that, the unrest that occurred in 2021 resulted in looting of small businesses which was devasting to many.

Figure 6 shows how long businesses have been in operation. As can be seen, the biggest proportion of businesses (32%) were well established and had been in business for between 4 – 10 years. A further 28% of the stakeholders had been in operation for a short period of time (1 – 3 years) while only 11% of the stakeholders in the database were still in the first phase of their operation and had only been operational for under 12 months. Notably, the same proportion of the SMMEs and Co-operatives surveyed have been in operation for more than 20 years. Some had been in operation for upwards of 50 years.

Figure 6: Business/co-operative longevity
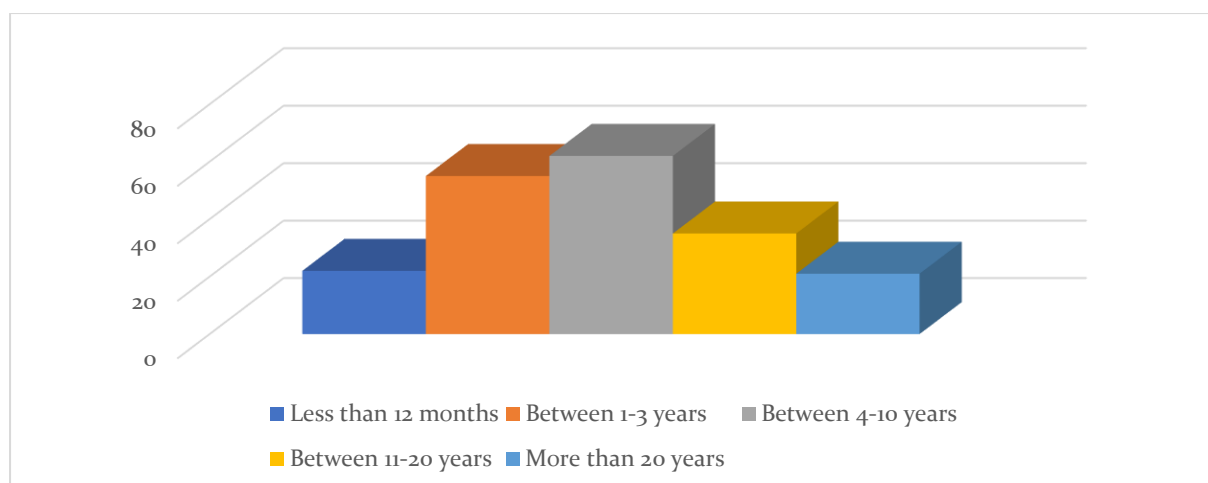
Urban-Econ Fieldwork, 2023

5.2.7. Business/Co-Operative Growth Constraints

Table 2 below shows the responses from stakeholders as to what the primary constraint was hindering their business/co-operative from growing. The responses were then coded into general categories in an attempt to standardise the responses without losing any of the underlying answers. The table below shows the top 10 most reoccurring business constraints. The answers are ranked from highest to lowest and the righthand column presents the number of times a stakeholder identified the constraint as the primary factor hindering business growth.

Table 2: Primary constraint to growth of SMMEs and Co-operatives

MOST PROMINENT BUSINESS CONSTRAINTS	FREQ.	%
LOADSHEDDING	49	25%
LACK OF ACCESS TO FUNDING AND GOVERNMENT SUPPORT	28	14%
COST OF INPUTS, EQUIPMENT AND TRANSPORT	19	10%
LACK OF BUSINESS DEMAND	16	8%
COST OF FUEL	15	7.7%
ACCESS TO WATER, IRRIGATION, AND INFRASTRUCTURE	15	7.7%
COST OF ELECTRICITY	6	3.1%
ACCESS TO CREDIT	6	3.1%
ACCESS TO PREMISES AND HIGH COST OF RENTAL	6	3.1%
LACK OF SKILLS	6	3.1%

Urban-Econ Fieldwork, 2023

The most common answer, by a factor of two, was that "loadshedding" was hindering business growth. This occurs across all sectors and appears to be an indiscriminate factor which is causing an immense and growing amount of distress for SMMEs in particular. The implications are reportedly multifaceted and impact businesses in many ways. Examples are that businesses who sell products which incorporate or constitute a perishable good are having to restock, in smaller quantity, on a much more frequent basis. This is due to refrigeration systems going off during extended periods without power. Many of the other business constraints are also born out of the loadshedding phenomenon as transport costs are vastly

increased due to increased travel. This has an effect on the maintenance needs of transport vehicle as well as increase fuel consumption. This is reflected in the third most frequently reported business constraint (10%) which is the lack of inputs, equipment and transport due to their increasing costs.

Access to government support and funding was also a highly reported constraint to business growth. The large majority of the SMMEs and Co-operative that were surveyed had not received any form of support whether from public or private institutions. A total of 13% however had received support from various institutions - all of which were public.

The lack of business demand was only reported as their main business constraint to growth by 8% which is surprising given the macroeconomic environment.

5.2.8. Conclusion

This narrative describing the database which has been compiled for this project sought to provide an overview of the characteristics of the data collected during surveying of SMMEs and Co-operatives.

Quantitative and qualitative analysis reveals that a high proportion of the data is of SMMEs whom are formalised businesses although 25% are as of yet informal in nature. The operations surveyed tended to have fewer than five members/employees, although on average, more than half of them are women. A total of 32% of the operations surveyed exhibited reliant businesses having been in operation for between 4-10 years.

The out-and-out biggest constraint reportedly stopping businesses from growing in the future was loadshedding – a factor which is causing high levels of subsequent business constraints. "Lack of access to funding and government support" and "Cost of Inputs, Equipment and Transport" were 2nd and 3rd in terms of frequency of answer.

5.3. Identification of Business Opportunities

This section presents six promising business opportunities which the DSBD can take forwards in the achievement of their mandate a the primary player in the small business development environment. The opportunities differ in terms of the role the DSBD is recommended to play. Some are practical in nature and related to the provision for specific types of support (i.e. training, inputs, finance etc..). Others are of an institutional nature in that, the opportunity identifies ways in which the DSBD can increase their implementation capacity as well as leverage internal and external resources to successfully bring the desired impact to fruition.

The six opportunities are presented according to a standardised template designed to purpose. The elements unpacked in detail are as follows:

- **Timeframe for Implementation**
  - Sets the expected timeframe for project implementation. The specific sequencing of activities is broken down in Section 5.5, however, this field give the broad indication of the time it is estimated to take in order to have the desired impact.

- **Business Opportunity Rationale**
  - This field established the environment in which the opportunity has been identified to take place. It provides reasoning as to the nature of the opportunity and initial indications of the intervention and associated actions.

- **Defining the Objectives**
  - This field defines the broader objectives of the opportunity and the potential impacts that can be achieved through the successful implementation of the intervention.

- **Key Performance Indicators**
  - These KPIs indicate what goals ought to be achieved by the responsibly parties. They are outlined as specific and achievable actions which can be measured.

- **Responsible Party**
  - This section given and indication of he rile players who will be responsible for the implementation and integrated effort in achieving the objectives and KPIs

IDENTIFIED BUSINESS OPPORTUNITY	AGRICULTURAL WHOLESALE VOUCHER RECIPIENT REGISTRATION
#1 **Timeframe for implementation:**	18 months – 10 years (see sequenced phases of implementation in the following section) The initial phase of the initiative can commence immediately. Thereafter the implementation can continue to take place depending on the success of the initiate businesses catered for.

Business Opportunity Rationale

Stakeholders operating in the agricultural wholesale marketplace voiced concerns over the PESI Voucher system for rural subsistence farmers. The existent programme is as follows: subsistence farmers apply for the voucher programme and, if deemed as a qualifying farmer, is granted access to a voucher which can be redeemed for inputs at a number of selected suppliers. This business opportunity is born out of the PESI voucher scheme – it does not however require any changes to the issuing of vouchers. Instead, opportunity is in assisting further small scale suppliers to register (usually done directly with the Department of Agriculture) and thus increase their business demand significantly. The intervention is necessary because of the following reasons:

- o Only large-scale agricultural co-operations (generally white owned) have been registered to receive the vouchers and redeem them with the DALRRD therefore cut out the small-scale retailer entirely even though they may be in closer proximity to the subsistence farmer.
- o Subsistence farmers are having to travel further to bigger towns in order to reach a wholesaler who is registered to receive the voucher they have been granted. While this provides them with critical agriculture inputs to farm with, it also means they are expending large sums of money on transport while forgoing productive time which would be productively invested in agricultural cultivation etc.
- o Small scale agricultural wholesalers are being hamstrung by the voucher programme in some cases as local farmers are traveling out of town to receive their inputs, inputs which they ordinarily purchased in town.

This is then compounded by reports that, in some cases, those who received their inputs via the voucher system, deem it more profitable to sell the inputs received informally. The sale of the inputs then undercuts the formal small-scale operation and as prices are set lower than what the formalised business can set. As a result further demand for their agricultural goods are lost as clients prefer to purchase the feed at a lower price on the informal market place. The sale of these goods is in contravention of the agreements set with sub-distance farmers and violates the trust that the state has put in them. It ought to be considered a fraudulent activity as they individuals have conned themselves into the programme to receive inputs which they do not need.

Defining the Objectives	Key Performance Indicators (KPIs)	Responsible Party
• Identify and prioritise specific entities spread across the geographical region to increase accessibility and reduce transport and transactions costs. • Facilitate the registration of several small-scale reputable agricultural wholesalers to be recipients of PESI (Presidential Employment Stimulus Initiative) Vouchers for subsistence farmers.	• Compilation of small-scale registered agricultural wholesalers (4) in each district who require and desire assistance with applications for PESI vouchers. • Provide technical assistance in the application progress to selected enterprises/co-operatives (retail).	• Department of Agriculture, Land Reform and Rural Development • Department of Small Business Development (to facilitate a collaborative effort with the Department of Agriculture in which the DSBD assists the retailers with registration to receive the vouchers. This will most likely require getting permission from the Dept. of Agriculture

• Improve interdepartmental cohesion to create an impactful intervention in the sector (Department of Agriculture, Land Reform and Rural Development) and improve the impact of the DALRRD's voucher intervention.
• Increase the participation of SMMEs in the subsector and thus spur employment growth and revenue creation in localised rural economies.
• Increase the employment within the sector, a sector which exists in every small town which service surrounding agricultural communities.
• Reduce transactions costs and spur revenue growth in the rural service town economies.
	• Assist in registering agricultural wholesalers in each of the four districts (minimum 1).
	• Return after 12 months to follow up on business growth and efficiency of intervention.
	• Improvement of intergovernmental relations and interdepartmental awareness and collaborations (Department of Agriculture, Land Reform and Rural Development).
		and vetting the retailers according to the standards to which the current voucher recipients are being held.)
		    ○ Provincial offices
		    ○ District Units
		• Department of Cooperative Governance and Traditional Affairs (CoGTA)
		• Small Scale agricultural wholesalers (rural towns not serviced by "selected suppliers").

IDENTIFIED BUSINESS OPPORTUNITY	FINANCING OF QUASI-SURVIVALIST ENTERPRISES: TARGETED NANOSCOPIC INTERVENTIONS
#2 **Timeframe for implementation:**	1 – 10 years. (see sequenced phases of implementation in following section) Will need administrative organisation as well as a project manager to delegate responsible parties in the design of the instruments as well as the initial assessments and follow-up engagements to assess feasibility.

Business Opportunity Rationale

This business opportunity for the DSBD is derived from the quantitative data as well as qualitative information emanating from enterprises which are quasi-survivalist in nature. The definition of quasi-survivalist enterprises is given below.

This business opportunity is formulated as an access enhancing drive by the DSBD to reach rural, township and start-up entrepreneurs and enterprise operators. A key point attached to this opportunity is that nanoscopic (very small) enterprises are often in a position where the support they desire and need in order to marginally expand, is very minor (R500 – R10 000). It may the case that granting them access to funding of R50 000 – R100 000 and more may put undue pressure on the individual or enterprise resulting in inefficiencies and poor decision-making in terms of financial, business management and organisation. It is also the case that, in some cases, funding is delivered to a stakeholder as a lump-sum which further burdens them with financial management decisions which they are not accustomed to making and which pressurise them into expanding too rapidly at the cost of sustainability and proper business planning. It is these difficulties which this initiative aims to overcome.

The business opportunity is premised on the identification of quasi-survivalist enterprises which nevertheless have potential to grow their labour force and productive capacity. In the interest of capturing increasing returns on their investment, the DSBD, can tailor-make "targeted nanoscopic interventions" meaning that selected stakeholders will be support with very small, periodical financial and input support.

For an informal business which consists of 1-2 persons which has no formal business premises, a starting point would be to establish the input needs of the business (i.e. an informal seamstress may require materials/thread/needles etc...) and enter into a programme where the entrepreneur received R1000 on a monthly basis for a 12 month period. The DSBD can then re-assess the feasibility on a case by case basis and, depending on the productivity and employment gains, either step-up support to a high sum, or discontinue the support programme to that enterprise. Mathematically speaking, R1000 per month for 12 months only equates to an investment of R12 000 plus the administration costs absorbed by the department for implementation. Compared to a once-off payment of R50 000, this appears to be both tentative and financially sustainable. The caveat is that the administrative burden on the DSBD will increase, however, if done effectively will constitute an innovation in the field of micro-financing.

The meaning of quasi-survivalist in this context is given below.

Defining the Objectives	Key Performance Indicators (KPIs)	Responsible Party

Access the quasi-survivalist enterprises in the SMME and Co-operative ecosystem for the provision of support. • To improve access to DSBD support to businesses in the informal sector as well as rural areas. • To improve the success rate of investment into SMME and co-operative growth and employment. • The designing of an financial instrument which caters for the context specific needs of an enterprise. • To lessen the risk of financial losses through the reduction of funding amounts and spreading them out over a defined period thus allowing for termination at any point as well as scalable investment once an enterprise has proven the skills and capacity to grow when supported.	• Identify and engage further with ten (10) enterprises which fit the criteria of being a quasi-survivalist business. Ensure, with the assistance of SEDA and SEFA that the enterprises are not already recipients of business support. This will improve the penetration of the initiative into new areas. • Design compact and succinct contracts which can be easily administered an accountable project team at the DSBD/SEDA/SEFA. • Do in-person assessments of business capital in order to benchmark all growth against that. This is in order to inform the periodical re-assessment of financial feasibility. Should an enterprise be creating increasing return on investment, they ought to have their support marginally increased.	• SEDA • SEFA • DSBD • All district LED units • Local level municipal units
DEFINITION OF QUASI-SURVIVALIST ENTERPRISE: The definition of a micro-enterprise is a business which employs between 1-10 persons. [5]These are conceptualised as being not a source of long-term income and employment – but rather as a stop gap to employment. This business opportunity is designed in order to provide support of enterprises which have a labour force of between 1-6 persons. Most commonly occurring as 1-2 person enterprises, these are businesses in some cases only generate enough revenue to provide for their basic needs leaving little to no dispensable income with which to invest back into expanding the business. These businesses are forced to continue to operate in this hostile business environment where, due to the lack of other income generating opportunities (jobs) as well as a limited supply of entrepreneurship experience and skills, there appears to be no other way of operating. The theory states that, hypothetically, should a quasi-survivalist enterprise owner be offered employment or an income generating opportunity elsewhere, that they would leave their current occupation as quasi-survivalist entrepreneur and take up the opportunity. It is due to the lack of such opportunities and the competition for those positions which due arise, that they remain operational at a nanoscopic scale.		

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[5] This is the definition as given in the Government Gazette, 15 March 2019 in the "Revised Schedule 1 of the National Definition of Small Enterprise in South Africa" (2019). The definition given provides an additional layer of description which fits within the size/class category of Micro-enterprise. It specifically speaks to enterprises who are qualitatively different and not necessarily quantitatively different to non-survivalist businesses. These enterprise are generally operated as a stop-gap for employment.

IDENTIFIED BUSINESS OPPORTUNITY		CREATION OF AN ENABLING ENVIRONMENT FOR SMME/CO-OPERATIVE APLLICATION PROCESS: BOOKKEEPING ASSISTANCE
#3	**Timeframe for implementation:**	3 months – 4 years (see sequenced phases of implementation in following section) This is an institutional opportunity to further enable applicants to apply for finding and support instrument already being offered. The time line is therefore brief and the initiative can be immediately implemented.

Business Opportunity Rationale

Several of the stakeholders who provided profiles of their enterprises indicated that they were well aware of the enterprise development and financing instruments that were being offered by institutions such as SEDA and other financing agencies. However, they indicated that there was a barrier associated with the application process and that it was prohibiting them from applying for the support they needed to grow. The barrier is to do with the high professional fees being charged by chartered accountants/bookkeepers for their professional services. One of the common themes in any application form (whether it be at SEDA, SEFA or any other private or public entity) is the provision of official financial statements. This is a crucial component of most financing institutions as it confirms or denies the sustainable financial standing of an enterprise allowing for the institution to decide on whether the investment is sound and sustainable. This barrier is both financial and administrative in nature.

In overcoming this barrier provides the DSBD with a business opportunity. This will require one of two things: a) An in-house accountant within each district office who can assist applying businesses by providing subsidised bookkeeping services. This can be achieved by setting a fee which is based on the cost of human capital (bookkeeper) and providing the service to the enterprises. b) The commissioning of a service provider to provision these services to those enterprises whom are likely to be qualifying enterprises but are being held back by the fee associated with the bookkeeping work.

Defining the Objectives	Key Performance Indicators (KPIs)	Responsible Party
• Improve the efficient of access to financing and support instruments to qualifying enterprises. • Expanding of the scope of businesses who are able to apply for business and co-operative support and in so doing access untapped entrepreneurial skills. • Facilitate the improved allocation of resources to worthy and qualifying enterprises. • Ensure quality assurance measures are soundly applied with in-house of through the monitoring of service provider deliverables.	• Implementation and organisation of human resources needed in order to implement the programme. • Provision at least five SMMEs/co-operatives per district with assistance in formulating enterprise financial statements in alignment with application requirements. This amounts to a total of 25 SMME/Co-operative official financial statements.	• SEDA (major stakeholder and responsible party as the central provider of support to SMMEs and Co-operatives) • SEFA • DSBD • DTIC • Local Municipal LED and SMME/co-operative practitioners who assist in identifying those whom require this type of assistance.

IDENTIFIED BUSINESS OPPORTUNITY		ADDRESSING KEY INPUT CHALLENGES VIA BUSINESS PARTNERSHIPS AND TRANSPORTATION NETWORKS
#4	**Timeframe for implementation:**	1-3- years. Initial phase requires identification of preferred area of shortage for targeted intervention. Secondarily, the specific sector/SMME/Co-operative and the supplier need to identified and linked.

Business Opportunity Rationale

This business opportunity focuses on the transport sector and its interactions with all other sectors of the Eastern Seaboard Economy. The database of SMMEs and Co-operative brough information to light which highlighted shortages in particular towns and Local Municipalities. The shortages are cross-cutting and are identified below as focus areas. This business opportunity proposes that the DSBD look at each identified shortage and facilitate a business linkage by linking a suitable transportation SMMEs to the sector/business when ther shortage exists. By linking the two parties, the shortage can be eliminated as a contract can be negotiated to get the good/service to the area of shortage. The benefits are dual as the sector/business will benefit as the shortage is reduced (this will impact on the price by lowering it which will in turn be passed on the consumer) improving the ease of doing business. Furthermore the transportation SMME identified to be a suitable partner, will benefit from increased market demand as facilitated by this business opportunity.

The identified shortages are identified below. For each the area of shortage is given first, followed by the location of the good which need transporting.

- Shortage of paper for the ICT sector in Port St Johns – supplied from East London
- Shortage if zinc sheets for manufacturing in Lusikisiki – supplied from Mthatha
- Shortage of cotton for textile manufacturing and the creative sector in Ixopo – supplied from Durban
- Shortage of affordable maise and white maise seed or wholesale retail and agriculture in Umzimkulu – supplied from Underberg
- Shortage of electrical fittings and equipment in Harding – supplied from Durban
- Shortage of timber for manufacturing in Mthwalume – supplied form Durban
- Shortage of confectionary inputs in Libode – supplied from East London
- Shortage of sand in Lusikisiki for retail and construction – supplied from Port Shepstone, Mthatha and Kokstad
- Shortage of primary producers of chicken feed for agriculture

Defining the Objectives	Key Performance Indicators (KPIs)	Responsible Party
- Improvement of business networks - Building of social capital and collaboration between SMMEs-Co-operatives - Strengthening of supplier relationships with clients	• Enable the linking of three of the identified areas of scarcity and businesses suffering from shortage with suppliers/transportation enterprises interested in taking on the contract.	- DSBD - Institutional partners such as Chambers of Commerce, Industry associations and co-operative groups. - Department of Transport (key stakeholder providing specialist information and support.)

	o By identifying which if the shortages is most urgent and productive, the DSBD can facilitate the improvement of both entities revenue stream. o Reduction of shortages of good/services within the Eastern Seaboard which benefits the supplier, retailer as well as the consumer whom is likely to see a drop in the price as the scarcity is reduced.	• Monitor all additional data on the live database to identify emergent shortages and or areas of scarcity. • Monitor all additional SMME profiles within the transport and communications sector in order to earmark them for connection with an area of scarcity and potential contracting to reduce said shortage.	

IDENTIFIED BUSINESS OPPORTUNITY	FORMATION OF EXPERT TEAM FOR IDENTIFICATION, IMPLEMENTATION AS WELL AS MONITORING AND EVALUATION
#5 **Timeframe for implementation:**	6 months – 10 years (see sequenced phases of implementation in following section) The formation of the team can commence immediately. That being said, the mandated responsibilities and logistics of their role in implementation of selected business opportunities need to be clearly outlined by the DSBD as well as other organs of the state heavily involved in ESRED.

Business Opportunity Rationale

In order to improve the ability to the DSBD to implement the interventions which are contained in this research, identified as a result of other research as well as when new business opportunities which may arise from new data, it is proposed that a team of researchers be formed to provide the measure of hand-on work required to effectively implement the initiatives, business opportunities etc… the implementation team ought to be mandated as the responsible party in co-ordinating and actioning the execution of the project initiatives and business opportunities outlined in the document. They are to be guided by the prioritisation and sequencing sections of this report so as to optimise their efforts. This team will be required to travel vast distances in order to administer interventions across the Eastern Seaboard on a periodical basis to do the following work:

- Continue to promote the ESRED research being undertaken by the DSBD. This amount to information sessions with groupings and stakeholders as well as dissemination of fliers, posters and information which compels SMMEs and Co-operative to provide their information to continue data capture and profiling.
- Further the identification process of specific businesses which are trustworthy and fit for support whether it be training, financing, inputs, networking etc…
- Screening of these businesses. The profiling exercise undertaken in the formation of the database does not collect information on ownership, revenue stream, cashflow and financial standing. This information needs to still be collected and ratified.
- To administer and facilitate the implementation of the opportunities. This means writing up the contractual agreements which the SMMEs and Co-operative will need to comply with.
- Return, in person, to the stakeholders earmarked to follow up on the impact of the intervention as well as the possible termination and/or increasing of the support depending on the outcome.

The team ought to be a mixture of researchers well versed in at least isiXhosa, isiZulu as well as English.

Defining the Objectives	Key Performance Indicators (KPIs)	Responsible Party
- Increase implementation capacity with regards to business opportunities identified. - Provide personalised and sustainable support to businesses. - Improve relations and reputation of the DSBD with regards to interventions connected to the	- Formalisation of the Implementation team consisting of a recommended four individuals. ○ Project Leader ○ Administration and assistant to the team leader ○ Team member with specific knowledge of SMMEs	- DSBD - SEDA - SEFA - Local Municipal LED Units, SMME and Co-operative co-ordinators - Industry representatives and groupings.

Eastern Seaboard Regional Economic Development. • Embed the DSBD as a leading Department implementing interventions and taking action towards to the achievement of the goals of the greater ESRD Planning Initiative. • Increase the interdependencies of Local and District Municipalities • Reduce the shortages fo specific targeted goods and services to spur sectoral and business growth as well as the participation of SMMEs and Co-operatives in ESRED projects.	o Team member with specific knowledge of Co-operatives • Successful implementation of a prioritise business opportunity. • Collection of data which comprehensively covers the financial status of the SMME/Co-operative. • Follow up monitoring and evaluation of the same stakeholder periodically.	

IDENTIFIED BUSINESS OPPORTUNITY	ICT INPUT SUPPORT AND PARALLEL TECHNICAL CAPACITATION
#6 **Timeframe for implementation:**	2-3 years Relative complexity of intervention and identification of specific support will not be difficult and intervention can be implemented immediately. Ideally the IMPLEMENTATION TEAM proposed in the previous section would take this on as one of their initial implementation projects.

Business Opportunity Rationale

This is a sector specific business opportunity which specifically focusses on the Information and Communication Technology sector. This sector is a crucial sector linking the populations of the Eastern Seaboard Region with technology and internet. They are one of the agents of change who are working on the ground and in so doing reducing the digital divide that many rural communities as well as urban centres still experience.

The independent businesses in this sector are generally characterise by these feature and product/services:
- Internet cafés offering access for a period of time or for the use of a limited amount of data
- Printing, scanning and emailing.
- Assist clientele with technical queries across a wide variety is devices, platforms and services.
- Lap-top, phone and computer repairs
- Poster and advertisement design and batch printing

They are however being hamstrung by several factors, some of which are exclusively specific to the industry, and others are generic business constraints experienced across the economy. The main constraints are as follows:
- Access to printing, scanning equipment.
- Access to paper and printing ink as well as other technical equipment
- Access to secure and affordable internet with enough speed to support the needs of the clients.
- Loadshedding and no access to enough finance to fund a generator.
- Network blackouts due to loadshedding
- Access to premises with enough space and without predatory landlords

This business opportunity is characterised by support for the sector in two ways:
1. It is the recommendation that inputs be provided for and that the support does not come in the form of funding. Identify the specific piece of equipment needed (most probably computers, lap top and printers, generators). Fund the purchase ensuring it is used for purpose.
2. Provide a single-day training on-site on the effective use of the piece of equipment so that's it is put to efficient use

Defining the Objectives	Key Performance Indicators (KPIs)	Responsible Party
.	• Identify and earmark ICT SMMEs in specific rural service towns for support	• DSBD • DTIC

• Provision the ICT SMMEs in the Eastern Seaboard Region with productivity boosting technology • Provide supporting technical crash courses for improved understanding of the productive technology and expanded use of said input. • Reduce the digital divide between the haves and the have-nots in rural and poverty-stricken areas, community sand town. • Facilitate improvements to the ease of doing business in the ICT sector. • Improve the access of customers to modern quality services and higher complexity digital education and use.	and identify which productive capital input is required in order to immediately improve their good/service offering. • Provide support for a total of 8 ICT SMMEs which are owners and run by South Africans. Preferably a business which is managed by youth and women. That amounts to two businesses in each of the four District Municipalities in the Eastern Seaboard Region. • Delivery of a total of 8 inputs to the earmarked SMMEs • Scheduled re-assessments of the businesses financial standings and productivity after a 12 month period to decide on increased support of termination should the intervention not suite that particular SMME. • Provide 1 day crash courses on the use of the specific piece of machinery or input i.e. optimal use of a printer/computer set up or laptop given the clients demands and product/service offering.	• ICT SMMEs within the Eastern Seaboard Region

5.4. Prioritisation of Business Opportunities

This section sets out to carefully consider several factors associated with each of the business opportunities in order to compare and contrast them. Furthermore, it acts as a framework within which prioritisation of the business opportunities takes place thus assisting the DSBD implement and sequence the initiatives and developments proposed in the business opportunities outlined above.

In order to achieve this a prioritisation matrix is developed with the view to derive an equitable measure of the following elements with regards to each of the business opportunities. The individual opportunities are then deemed to have a LOW, MEDIUM, or HIGH measure with regards to the specific prioritisation item. While this provided a literal interpretation of the measure, depending on the measure (given below), the descriptor of LOW means different things. For example, a "LOW" special footprint contributes negatively to the overall prioritisation of the business opportunity, however, "LOW" business complexity implies the opportunity and implementation thereof can be achieved with relative ease compared to those opportunities which are of "HIGH" business complexity. The colouring assist with providing visual cues as to the interpretation of that specific measure. The overall measure which take into consideration all of the below is given on the far right column and indicated the final ranking as er the prioritisation matrix.

SPATIAL FOOTPRINT: Potential impact on the Eastern Seaboard region

INCUMBENT CAPABILITIES: Skills endowment in terms of entrepreneurship

BUSINESS COMPLEXITY LIMITATIONS: The difficulties and dynamics of the opportunities and sector-specific requirements associated.

POTENTIAL SECTOR GROWTH: Potential for growth and positive return on investment for the DSBD

#	NAME OF BUSINESS OPPORTUNITY	Spatial Footprint	Incumbent Capabilities	Business Complexity limitations	Potential Sector Growth	Level of alignment to DSBD Mandate	Rank
1.	Agricultural Wholesale Voucher Recipient Registration	HIGH	MEDIUM	MEDIUM	MEDIUM	LOW	5
2.	Financing Of Quasi-Survivalist Enterprises: Targeted Nanoscopic Interventions	HIGH	LOW	LOW	LOW	HIGH	1
3.	Creation Of an Enabling Environment For SMME/Co-Operative Application Process: Bookkeeping assistance.	MEDIUM	MEDIUM	LOW	LOW	HIGH	3
4.	Addressing key input challenges Via Business Partnerships and Transportation Networks	HIGH	MEDIUM	MEDIUM	MEDIUM	HIGH	2
5.	Formation Of Implementation Team for Identification, Implementation as well As Monitoring And Evaluation	HIGH	MEDIUM	HIGH	HIGH	MEDIUM	4
6.	ICT Input Support and Parallel Technical Capacitation	HIGH	LOW	LOW	HIGH	MEDIUM	1

As per the prioritisation matric , implementation ought to be geared towards achieving the desired impact of high priority opportunities . The six business opportunities are prioritised in the following order.

1. Financing Of Quasi-Survivalist Enterprises: Targeted Nanoscopic Interventions

2. ICT Input Support And Parallel Technical Capacitation

3. Addressing key input challenges Via Business Partnerships and Transportation Networks

4. Creation Of An Enabling Environment For SMME/Co-Operative Application Process: Bookkeeping assistance.

5. Agricultural Wholesale Voucher Recipient Registration

6. Formation Of Implementation Team For Identification, Implementation As Well As Monitoring And Evaluation

5.5. Sequencing of Business Opportunities

This sequencing framework delineates specific actions which are classified according to a three phased system. Phase 1 activities are preparatory in nature in general and set up the actions of Phase 2 – which tend to be implementation based. Most of these require a team to interact with the responsible parties in person. Phase 3 actions are follow-up activities and include crucial elements to do with monitoring an devaluation as well as decision making as to where the intervention is achieving the desired effect and whether the support ought to be increased, remain unchanged or terminated.

Each phase is associated with a portion of the total timeframe and is given below the phase description.

PRIORITIES	DESCRIPTION	PHASE 1	PHASE 2	PHASE 3
Priority #1	ICT Input Support and Parallel Technical Capacitation	• Identify and screen ICT SMMEs making sure the spread of identified businesses are spread across the ESR. • Implementation Team to interact in person with business owners and management to establish specific needs re inputs. • Confirm the terms of the support and the requirements on both parties.	• Procure the requisite inputs established in Phase. • Appoint a technical profession to accompany the implementation team on delivery of the input. • Technical team members to prepare and administer a 1 day crash course to staff of the selected ICT enterprise as to the efficient and effective use of the input/machine.	• Periodically return to assess the impact of the support on productivity and employment • Benchmark against previous data in order to ascertain success/failure of the intervention. • Decipher, on a case by case basis, whether support should be a) terminated; b) unchanged; or c) increased.
	TIMEFRAME	12-18 months	18 months – 3 years	4 – 10 years
Priority #1	Financing Of Quasi-Survivalist Enterprises: Targeted Nanoscopic Interventions	• Define criteria as a tool to define quasi-survivalist enterprises. • Establish institutional partners (SEDA/ SEFA/LM LED and SMME/Co-op units) and method of finance. • Implementation team to make contact with stakeholder to identify nature of support required and establish periodical amount as well as puck-up point/pay-out system. • Develop evaluation and monitoring framework	• Delivery of first periodical support package (likely to be minor sum of between R500 – R5000) to all identified quasi-survivalist enterprises. • Expend human capital resources in clearly defining the agreement between stakeholder and DSBD and the process of periodical nanoscopic payments as well as deliver system of finances.	• Apply monitoring and evaluation framework on two fronts: 1. Payment system functioning and 2. Business performance as a direct result of the intervention. • Assess the level of success on a case by case basis and decipher whether support should be a) terminated; b) unchanged; or c) increased.
	TIMEFRAME	12-18 months	18 months – 3 years	4 – 10 years

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Priority #2	Addressing key input challenges Via Business Partnerships And Transportation Networks	• Classify which specific shortage, listed in the business opportunity above, which is to be targeted. • Identify and screen South African owned and managed transportation SMME from within the Eastern Seaboard. Ensure the location of the SMME is the best choice for the area subject to the shortage. This is to be established via the database or via interaction with the SMMEs. • Collect information on the financial and employment standing the selected and screened SMME on both sides of the intervention. • Enable the networking between the two parties while encouraging a contract which in sustainable and has the potential to initiate a period of business growth for both parties.	• Implementation Team to oversee the contractual agreement between he two parties. • Provide high level quality assurance to further secure the potential for growth because of the intervention. • Apply the learnings gains form the 1st shortage and extend the project to an additional area of shortage – consequently repeating the process with improvements.	• Implementation Team to do follow up engagements to establishment financial and employment standing of the SMME in order to compare and contrast. • Decipher, on a case by case basis, whether support should be a) terminated; b) unchanged; or c) increased. • Assess the scope for expansion of the intervention to other areas of shortage.
TIMEFRAME		**6 – 12 months**	**1 – 2 years**	**3-6 years**
Priority #3	Creation Of an Enabling Environment For SMME/Co-Operative Application Process	• Acquire the financial and organisation resources to begin recruitment of personal either internally or externally. There may, I some cases be a bookkeeper on hand in a district office of	• Deliver subsidised human resources to compose the official financial recording and or statements required for applications for support. • Ensure that those whom receive this specific	• Follow up engagement with the identified SMMEs/Co-operatives who received assistance of this specific nature ensuring that they followed through with application process.

		SEDA/SEFA/DSBD whom has capacity to take responsibility, this must be determined on a case-by-case basis. • Implementation Team to interact in person with business owners and management to establish which of the stakeholders engaged with require this specific assistance with bookkeeping and financial statements.	measure of assistance are highly likely to be qualifying enterprises and are thus highly likely to receive the support. This will ensure that assistance of this nature is only provided to enterprises whom have a good financial standing and are likely to growth their productivity and employment.	
	TIMEFRAME	3 months – 12 months	1 – 2 years	3-4 years
Priority #4	Formation Of Implementation Team For Identification, Implementation As Well As Monitoring And Evaluation	• Acquire the financial and organisation resources to begin recruitment of personal. • Set the responsibilities and KPIs for the team. • Put out call for application • Screen and appoint the team of four professionals	• Desktop preparations of data capture material and travel plans • Interact in person with earmarked businesses with regards to the nature of support and sign agreement. • Collect data on each enterprises financial standing and desired level of business development as a result of support given.	• Further desktop capture of all support and information capture. • Earmark further SMMEs/co-operatives for interactive profiling and financial assessment. • Return periodically to assess success of intervention on a case by case basis. • Assess the level of success and decipher on a case by case basis whether support should be a) terminated; b) unchanged; or c) increased.
	TIMEFRAME associated with each sequenced phase:	6-12 months	1-2 years	3-10 years
Priority #5	Agricultural Wholesale Voucher Recipient Registration	• Identify and screen South African Owned and managed agricultural wholesalers SMMEs	• Facilitate the application process with assistance from the implementation	• Periodically return to assess the impact of the support on productivity and employment

		making sure the spread of identified businesses are spread across the ESR and are in rural service towns. There ought to be only 1 in each town at maximum. • Establish relationship with the DALRRD. Particularly with the division/unit which can assist in registration of SMMEs to receive PESI vouchers. • Collect financial data against which to later compare with.	team, DALRRD and business management. • Register at minimum 1 SMME in each ESR District to receive and cash the vouchers issued to subsistence farmers.	• Benchmark against previous data in order to ascertain success/failure of the intervention. • Decipher, on a case by case basis, whether support should be a) terminated; b) unchanged; or c) increased.
	TIMEFRAME	18 months – 2 years	3 – 4 years	5-10 years

CHAPTER 6: PUBLIC-PRIVATE PARTNERSHIP FRAMEWORK

6.1. Introduction

This chapter is the culmination of all previous field work, data capture and analysis as well as the qualitative and quantitative desktop research. This includes the situating of this research, and the role of the DSBD within the broader objectives set according to the ESRED Planning Initiatives. The policy review and the competitiveness assessment performed at the district level (Chapters 2 and 4) form further basis for this Chapter and inform the process and framework developed herein.

The relationship and interaction between the public and private sectors is to be explored and structured in such a way so achieve the desired outcomes expressed via the business opportunities. As such the Public-Private Partnership Framework's aim is to provide a description and graphical depiction of the structure which underlies and informs the flow of information, investment and implementation.

As such, three overarching objectives underlie this public-private partnership framework:

1. A delineation of the role players and information flows between different tiers of stakeholder (National departments, district authorities, public sector groupings, and the primary stakeholders, the SMMEs and Co-operatives). This is to assist the implementation of the business opportunities. The framework allows project enablers, such as the DSBD, to identify the other responsible parties who can provide access to important private sector business networks and identify the specific SMMEs and Co-operatives who are selected or successfully qualify for assistance from the DSBD and other government departments.

2. The secondary, yet still crucial objective, is for information to continue to flow from the ground up i.e. from the SMMEs and Co-operatives to the DSBD. The database and its continued expansion is a critical part of this research. Practically speaking, this framwokr also delineates the role players whose professional networks need to be further leveraged in order to encourage SMMEs and Co-operatives to provide the DSBD with their profiles via the online live system. Thus, as much as the hierarchical nature of the framework was designed for information to frow downwards, it also allows information to flow straight to the DSBD from the SMMEs and Co-operatives in the form of their profiles which they can fill out online.

3. The framework sets out to incentivise investment flows into the Eastern Seaboard Regional Economy. This is to be achieved via the implementation of the business opportunities and the creation of an investment environment which incentivises expenditure and investment into the areas and sector which hold promise and desirable investment returns.

The business opportunities identified in the previous chapter require a high level of intergovernmental as well as private-public collaboration and integration. This encompasses several elements which includes the creation of an economic environment within the Eastern Seaboard which incentivises investment from international, continental and domestic business stakeholders. The creation of a developmental environment in which small business and co-operatives can flourish is one of the central tenets and jurisdictions of the Department of Small Business Development. As such, this research seeks to contribute to the body of research and policy recommendations which aim to enact change which both alters the

business environment in favour of small business while also incentivising investment form both outside the country as well as internally.

Given that this particular research has been commissioned in order to identify, prioritise and sequence business opportunities within the Eastern Seaboard Region which exist in the small business and co-operative arena, this partnership framework seeks to further the institutional organisation reach of the DSBD. Enhancing the relationship and improving the nature of the collaboration between the public and private sectors in the Eastern Seaboard is the objective associated with this chapter.

The Public-Private Partnership Framework seeks to provide the structures for interaction between government, the civil service and the private sector and investment community. The private sector in this context refers specifically to the SMMEs and Co-operative whom this research seeks to empower as well as the broader investment community.

This framework contains the following components:

- Elements of stakeholder mapping (identification) within the Eastern Seaboard Region.
- Positioning of role-players within a hierarchy of stakeholders (all of whom are identified below).
- Creation of a structure in which information flows all drive implementation focused projects on the achievement of the business opportunities.
- Responsible parties for the dissemination of information pertaining to how SMMEs and Co-operatives can volunteer their information via the database allowing the DSBD to provide them with information pertaining to existing and new opportunities.
- A brief on all stakeholders within the framework and their role and position within the system. What level of responsibility each stakeholder is to be allocated.

The objective is to action an integrated approach to the decimation of information in order to continue developing an understanding of the SMME and Co-operative landscape and its confluence with the ESRED initiative. Furthermore, the framework describes the stakeholders, both private and public, who are central if the business opportunities are to be taken advantage of benefiting both the DSBD and the SMMEs/Co-operatives/investors.

6.2. The Framework: Stakeholders, Roles and Responsibilities

Table 6.1. below as well as the accompanying Figure 6.1. below that, shows that there are four tiers of stakeholders within the framework. Descriptions are given in Table 6.1 and their positioning in the framework is given in Figure 6.1. They are:

- **PROJECT ENABLERS**
- **PUBLIC PARTNERS**
- **PRIVATE PARTNERS**
- **PRIMARY STAKEHOLDERS**

A number of specific stakeholders fall into all four tiers of the framework. Each tier has its role to play in the achievement of the project objectives and the implementation of the business opportunities/capture of further SMME/Co-operative profiles. A hypothetical example of the information flow and functioning of the framework is as follows:

- **The PROJECT ENABLER, the DSBD, instigates efforts to support an ocean economy SMMEs/Co-operatives located in Port St John.**

- **PUBLIC PARTNERS, such as the Local Municipal LED unit as well as the Development agency are brought in to assist by the PROJECT ENABLER. Information is shared as to the interventions nature and the LED unit commences implementation.**

- **PRIVATE PARTNERS known to the LED unit such as the PSJ Chamber of Business and Eastern Cape Maritime Business Chamber are brought in as the linking institutions to the industries and the private sector stakeholders. They have the requisite knowledge of the SMMEs/Co-operatives and sectoral dynamics and have contacts in the industry which can be investigated as possible qualifying enterprise.**

- **PRIMARY STAKEHOLDERS, being the SMMEs/Co-operative identified by the PROJECT ENABLER, PUBLIC AND PRIVATE PARTNERS, are thus approached and the implementation phase can commence.**

The above is a hypothetical scenario which shows how the public-private partnership framework can be applied. It is designed to be flexible and applicable regardless of the business opportunity which exists as all partners are moving parts and are different dependent on sector, geographical local, level of complexity and the nature of the support.

Table 6.1: Stakeholder identification and description of role

| PROJECT ENABLERS		
The following grouping of institutional stakeholders consist of the overarching Departments which are to instigate efforts toward the achievement of the end-goals for the projects which are twofold: 1. Implementation of the business opportunities identified. Ensuring that sound investment principles are upheld, and financial resources are equitably allocated towards opportunities which are likely to be successful and precipitate increasing returns to society and the fiscus. 2. Disseminate the data collection materials (online and hard-copy) i.e. surveys to the other public partners identified below along with instructions to disseminate the materials to the primary stakeholders being the SMMEs and Co-operatives. As national departments, these stakeholders are employed to leverage their authority to ensure that those stakholders which they control follow through with data collection and implementation of the opportunities.		
• **DSBD** [Implementation driver and co-ordination] • **DTIC** [Sister department to the DSBD and influential in the business and development environment. Implementation support]		• **PROVINCIAL UNITS**
• **COGTA** [co-ordination of intergovernmental communications and efforts. Critical role to play in dissemination of instructions and materials – implementation support for the DSBD] • **Department of Women, Youth, and Persons with Disabilities** [Co-ordination of all information and implementation-based activities dealing with transformational drives i.e. targeted support for Co-operatives and SMMEs owned and managed by persons living with disabilities, youths and women. Implementation support for DSBD]		• **DISTRICT UNITS**
PUBLIC PARTNERS		
• **District Municipalities (DM)**	• **Alfred Nzo DM** • **O R Tambo DM**	• **Harry Gwala DM** • **Ugu DM**
• **District Development Agencies (DA)**	• **Alfred Nzo DA** • **Ntinga**	• **Harry Gwala DA** • **South Coast tourism and Investment Enterprise**

At the district level, two main players are to contribute to he dissemination of surveying materials as well as benefit from the efforts as well as assistant with the efforts to implement and take advantage of the identified business opportunities.

- **DISTRICT** SMME Units, Co-ordination, and Enterprise Development Management.
- **DISTRICT** Co-operative co-ordination and Development Management
- **DISTRICT** Municipal and Development Agency Local Economic Development Units

Depending on the organisation structure and integration between the respective District Municipalities and Development agencies, the stakeholder with specialisation in either SMMEs or co-operatives ought to be tasked as the responsible party.

- **LOCAL Municipalities (17)** within the four Districts
- **LOCAL** SMME and Co-operative as well as Tourism Units
- **LOCAL** Municipal Ward Councillors

Each LM and their respective SMME and Co-operative units are to disseminate the materials and assist with implementation. The SMME/Co-op partners already known to the LM are starting points for dissemination. Snowballing can be employed form there

PRIVATE PARTNERS
(see Annexure 2 for a preliminary list of private partners as linkages to SMMEs and Co-operatives)

• **Youth Business Formations**	• **Business Chambers/Chambers of Commerce**
• **Women's business Groupings**	• **Industry Associations**
• **Co-operative Collectives**	• **Entrepreneurship Promotion Agencies**

All six groups identified above are to be the last link between the entire hierarchy of stakeholders in the public sector and the primary stakeholders being **the SMMEs and Co-operatives**. These institutions need access to the information which specifies what the two main drives are of this project being: Implementation and Surveying. These stakeholders are very important due to their ability to disseminate information to the rest of the public sector stakeholders as well as, and most importantly, with the primary stakeholder: the **SMMEs and Co-operatives.**

- **Investor Community (International, African, South African, Eastern Cape and local municipal)**
- **Non-Governmental and Non-Profit Organisations in support of any of the above group(s)**

The above two stakholders form a crucial part of the private stakeholder ecosystem. SMMEs and co-operatives alike, are rational enterprises whom seek to increase their revenue sustainably whole growing their productive capital. It is common for enterprises to seek external injections of capital. While the public sector plays a key role in providing these external injections of capital, the private sector investor is set to play a significant role as well.

The support itself, whether provided form the public or private secor, vary greatly form context to context and industry to industry. Some of the most common forms of external assistance that SMMEs and Co-operatives seeks are as follows:

- Funding constitutes support of a financial nature. The nature of this financial assistance however ever changing and exists in a plethora of forms. Most commonly as the following: Access to credit either public or private. This is likely to be access to a small business loan. Access to business grants are often paired with a small business loan when coming from the public sector.
  In the private sector investment area, there is a division between investors and NGO/NPO support. While they are not mutually exclusive, investors tend to be more profit orientated. Their means to invest are often to issuing of loan, the purchasing of equity, underwriting of debts or purchasing the enterprise itself.
  NGO and NPO are not necessarily driven to derive value entirely from financial returns. Rather these role-players often have more altruistic agendas and seek to deploy resources into social development as well as economic development for the societal benefits that are generated.
  It is therefore seen as crucial in harnessing the power of the investor and NGO/NPO communities that efforts recognise the different motives and cater for them. What this means is that, opportunities which promise to bring about significant financial gains and require high capital funding ought to be funnelled to the investor community. Opportunities which have the potential to make socio-economic impact and glean societal benefits may also be more suited to the support provided by certain NGO/NPOs.

- Access to training programmes (technical and business training) – this spans all sectors. Improving the human capital via training and education is one component which underlies enterprise growth. In the modern economy, making efficient use of technology and machinery as well as business resources and personal is a key area where impact can be made. Teaching production techniques also constitute a common intervention employed to support enterprises. This often accompanies input provision, particularly technology and machinery, as optimal use if that input requires new skills.
- Access to inputs/equipment – can come is a plethora of forms. By providing the input itself as opposed to provisioning the enterprise with the finances to acquire the good themselves enables the enterprise to forgo procurement process and deploy the inputs effectively and in a timely fashion. Furthermore, it allows the supporting institution to provide quality inputs and ensure that any allocated funding is not misused for good/services not directly linked to the intended input.

Figure 6.1 below shows the partnership framework in a visual format. The banner on the far lefthand side indicate the tiers of stakeholder. Each tier, the role players and responsibilities are given in the above table.

The arrows are indicators of information flows within a specific tier with all information and mandates to be passed from top to bottom from one tier to the next as well as vice versa from the primary stakeholder to the project enablers. While it remains of utmost importance that the framework described and visualised in the above sections facilitate the dissemination of information and assistance downwards to the various levels of government as well as the private sector, it is equally important that the information travels upwards from the primary stakeholders (SMMEs and Co-operatives) to the project enablers (DSBD). This flow of information in both directions is purposely embedded in the project and is actioned via the data capture system housed online. This is a cornerstone of the system and enables enterprises to directly contribute to the DSBD's understanding of growth constraints and opportunities and design interventions to facilitate the improvement of the business environment.

Figure 6.1. Visualised Public-Private Partnership Framework
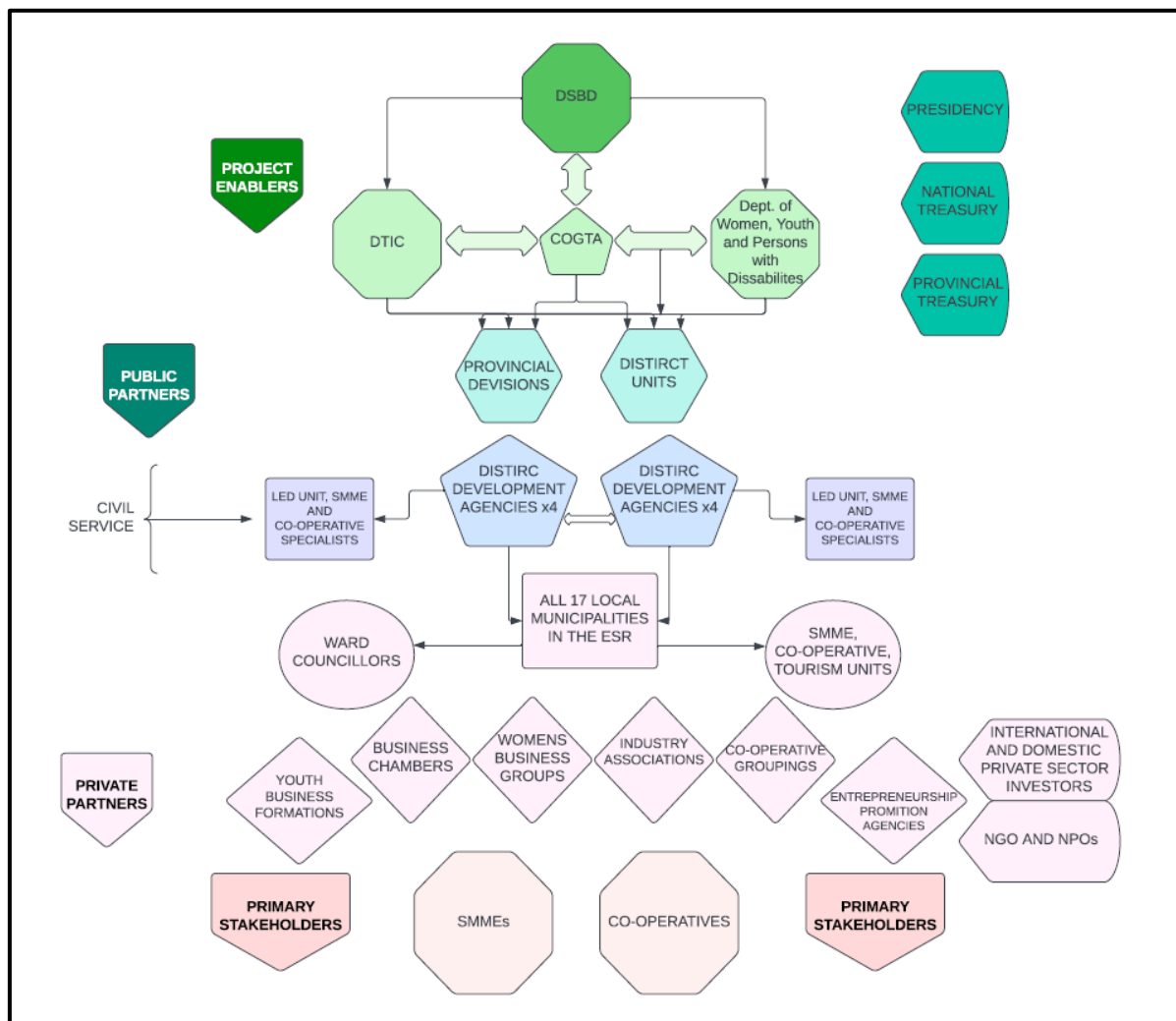
This is an opportunity to re-engage grassroots SMMEs and Co-operatives with regards to their needs as well as recommendations as to how the DSBD may improve the quality of the service provision they administer as well as improve their public relations with the primary stakeholders, being the SMMEs and co-operatives.

The graphic presents some measure of stakeholder mapping. However, for the purposes of the figure, not all individual entities are listed – for instance each of he 17 Local Municipalities are not listed one by one. Rather, generic descriptors are used in some instances.

In Annexure 2 further stakeholders mapping is done identifying some of the private sector role players who have been identified. These are the business chambers and industry groupings as well as women and youth business formations which will constitute the link between the primary stakholders (SMMEs and Co-operatives) and the public partners. The list constitutes a preliminary report on a number of stakeholders in the private sector who can potentially act as linkages to private SMMEs and Co-operatives within their organisations' networks and membership.

6.3.   Conclusion and Recommendations

This report sought give direction to the DSBD as to the state of the SMME and co-operative environment within the Eastern Seaboard Region. This was achieved through the district competitiveness assessment which identified industry targeting standards as well as information on the economic sectoral concentration, competitiveness compared to the South African National economy as well as indications of the changing competitiveness, by district and sector.

Guided by the overarching objectives of the ESRED Planning Initiatives which is to spur a new era of economic growth and socio-economic betterment for the populations fo the Eastern Seaboard Region, this research set out to compile a database of SMMEs and Co-operative form the region as a sample of enterprise stakeholders. With the data collected during the extensive field work undertaken by the research team as well as the live, online system which allow SMMEs and Co-operative to upload their enterprise profiles remotely, the objective of this research was to identify business opportunities, prioritise the most promising opportunities and sequence the opportunities as the DSBD move towards implementing interventions to transform the ESR economy.

The recommendations, embedded in both Chapter 5 and Chapter 6, are briefly given below:

- The implementation of the identified opportunities ought to be done according to the phased approach described and presented in Sections 5.3, 5,4, and 5,5.
- This ought to take a phased approach which is described below:
  Phase 1 activities are preparatory in nature in general and set up the actions of Phase 2 – which tend to be implementation based. Most of these require a team to interact with the responsible parties in person. Phase 3 actions are follow-up activities and include crucial elements to do with monitoring an devaluation as well as decision making as to where the intervention is achieving the desired effect and whether the support ought to be increased, remain unchanged or terminated.
- The business opportunities (Detailed description in Section 5,3.) are recommended to be implemented in the following order, as per the phased approach delineated in section 5,5. The prioritisation exercise indicated the following priorities:

  1. Financing Of Quasi-Survivalist Enterprises: Targeted Nanoscopic Interventions
  2. ICT Input Support And Parallel Technical Capacitation
  3. Addressing key input challenges Via Business Partnerships and Transportation Networks
  4. Creation Of An Enabling Environment For SMME/Co-Operative Application Process: Bookkeeping assistance.
  5. Agricultural Wholesale Voucher Recipient Registration
  6. Formation Of Implementation Team For Identification, Implementation As Well As Monitoring And Evaluation

- It is recommended that, although the "Formation Of Implementation Team For Identification, Implementation As Well As Monitoring And Evaluation" is the last priority, that this implementation focused team is crucial for the implementation of the other 5 opportunities as a purposefully formed entity made responsible for facilitating the process of getting the necessary resources and stakholders on boards in order to be a success.
- It is recommended that the public-private sector partnership framework be utilized to it's fullest extent i.e. that the framework is taken forwards and used to identify stakeholder for the

implementation of specific opportunities and that the DSBD continuously campaign for supporting institutions and public partners to proceed with surveying. The data capture system designed or this project thrives off of new data en mas. It is therefore critical that advertisements are posted by the DSBD and that, through the various other project enablers e.g. COGTA, information is disseminated to encourage more SMMEs to sign-up to the database and provide their profiling information.

- It is strongly recommended that the DSBD social media platforms be used to this effect. The media division of the DSBD needs to be onboarded and utilised in order to raise further awareness regarding the project and the database. This issuing of a call to provide information is a valuable tool to position the DSBD as a Department which is engaging with the stakeholder on the ground and receiving information from SMMEs and Co-operatives which they are using to better their provision of services. This is a powerful and positive display of meaningful engagements at the grassroots level.

ANNEXURE 1: SIC Descriptors

Sector as per SIC classification		Descriptor
Agriculture, forestry, and fishing	**PRIMARY SECTORS**	Cropping, tree cultivation, capture fisheries and aquaculture.
Mining		Mining, quarrying of ore, coal, gold and metals.
Manufacturing	**SECONDARY SECTORS**	Food, beverage, textiles, clothing and leather goods. Wood and paper; , petroleum products, chemicals, rubber and plastic etc.
Utilities		Electricity, gas, and water.
Construction		Site preparation. Building of complete constructions. Building installation. Building completion. Renting of construction equipment.
Trade	**TERTIARY SECTORS**	Wholesale and retail trade. Catering and accommodation services.
Transport and communications		Land transport, transport via pipe lines. Water transport. Air transport. Auxiliary transport. Postal and related courier activities. Telecommunication.
Finance and Business services		Finance and insurance. Professional business services, business activities.
Community services		Education (Private). Health and social work (Private). Other community, social and personal services.
Government services		National, provincial and local general government.

ANNEXURE 2: Preliminary List Of Private Partners As Linkages To SMME And Co-Operatives.

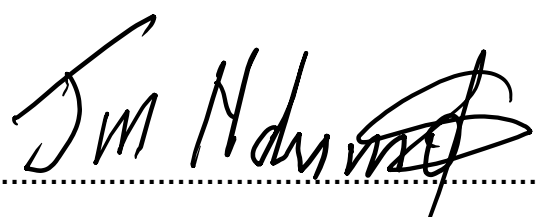| POTENTIAL PARTNER	CONTACT (PHONE, EMAIL and/or address)
Ingquza Hill Business Chamber	ingquzabc@gmail.com
Border Kei Chamber of Business	executive@bkcob.co.za communications@bkcob.co.za +27 (0)43 743 8438
Matatiele Youth Business Formation	083 466 5286
Matatiele Co-operative Group	Nomawethu 083 3980699
Matatiele Business Chamber	**info@matatielechamber.co.za** 84 Main Street, Matatiele, 4730 (039) 737 3342
Port St John Chamber of Business	Erf 5 Westgate Street, Port Saint John's
Kokstad Chamber of Commerce	084 6699609/0397275170 123 Main Street Kokstad, Postal Address, PO Box 44068, Kokstad, 4700
Ugu Association of Business	Rev Thanda Ncane - 0825009758
Port Shepstone Business Forum	Vijay Naidoo - 0837005427 ceoshbf@gmail.com
South Coast chamber of Commerce	Reshma (vice president) – 074 461 3719 reshma@enspired.co.za Lulamile Bhodla - 0839907728 Ivan Naidoo – 0817228954 Admin Number – 083 700 5427 12 Commercial Dr, Marburg, Port Shepstone, 4240
Eastern Cape Maritime Business Chamber	Mr U Sonti sontiu@maritimechamber.co.za
Umtata Chamber of Business	047 532-5613 Second Floor, Phoenix Building, Corner Leeds/Madeira Street, Umtata, 5100.
Eastern Cape Chamber of Business	ECDC Building, Umtata, South Africa 0728511307/047 531 4979
National Small Business Chamber (NSBC)	+27 10 880 4771 twane@nsbc.africa
South African Chamber of Commerce and Industry (SACCI)	Alan Mukoki (CEO) alanm@sacci.org.za 011 446 3800 info@sacci.org.za
O R Tambo Chamber of Business	Zwelitsha Douglas Vava +47 53 51 49 79
Eastern Cape Business & Professional Network	073 813 0557 amadei.wralthoffice@gmail.com
Women in Tourism Eastern Cape	Weziwe Busakwe Provincial Chairperson (Eastern Cape) 081 739 2862 (Weziwe) weziwebusakwe1@gmail.com
Businesswomen's Association of South Africa	Sibongile Mtshemla 18 Chamberlain Road Berea East London 043 721 3363/084 468 8310 el@bwasa.co.za

South Coast Business Forum	082 574 4126 consult@erah.co.za 5 Crawford Pl, Amanzimtoti, 4126
Harding Business Forum	073 557 4815 Willowdene Avenue, Turner Street, Harding.
Umzumbe Business Forum	0834829291 Mathulini Tribal Authority, 4220 Hibberdene
Umdoni Business Chamber	039 976 0846/ umdonibiz@telkomsa.net 58 Scott Street Scottburgh , Scottburgh, South Africa
Underberg Farmers Association	23 Sani Rd, Underberg, 3257 033 701 1007
Youth Agri-Pig	D200, Underberg, 3257 071 245 0900
Umzimkulu Chamber of Business and Industry	072 077 9134

RESEARCH REPORT APPROVED   **YES** | X | **NO** | |

NAME: **JEFFREY NDUMO**

DESIGNATION: **ACTING DEPUTY DIRECTOR GENERAL**
SECTOR AND MARKET DEVELOPMENT BRANCH

DATE: **29/03/2023**