

Remarks by MEC for DEDEAT, Mr. Mlungisi Mvoko, on the occasion of the Alfred Nzo District MSME summit held on the 7 and 8 December 2023 at Mvovo Lodge in Mt Aylif.

Greetings to you Programme Director

Joe Gqabi District Municipality Mayor Cllr Mhlembana

Mayors present

All councilors present

Management from DEDEAT and local government

Leaders of business organizations present here

All MSMEs present

Ladies and gentlemen

Good morning.

I am pleased to address you on this historic occasion of hosting MSME District Summits across the entire districts of the Eastern Cape Province as part of the bottom up approach to have a dialogue on building an integrated MSME ecosystem for the growth and development of the business sector in our Province.

It gives me a great joy therefore to see a fair representation of the business sector so they can contribute to their own growth and development.

At the time when our economy is struggling to grow and create jobs at the pace that we desire, it is through the role that the MSMEs play in the economy that we still have a functioning economy, at the very least.

The government of today consciously created policies whose objective are to allow black entrepreneurs to participate in the economy of this country, including the Broad-Based Black Economic Empowerment Act, as a deliberate move to support them with resources for their growth and development.

The Alfred Nzo District MSME summit is the third of the series of districts summits that will be held in the current financial year 2023/2024 in collaboration with the Department of Small Business Development (DSBD) and the respective district municipalities, and other strategic ecosystem providers in the Eastern Cape.

Ladies and gentlemen, the National Integrated Small Enterprise Development (NISED) master plan has been adopted by the DSBD. At the core of NISED Masterplan (Strategic Framework) is the coordination of government's efforts in partnership with private sector players in the development of small enterprises through building a supportive ecosystem for small enterprises to thrive and grow.

The NISED is supportive and intrinsic to several sectoral based masterplans developed in collaboration with business and labour. All these masterplans have the overall strategic objective to facilitate transformation, competitiveness, and employment creation through evidence led approach investigating each of the sector's value chains.

An important outcome of the masterplan is to identify economic opportunities in local development areas, regions and provinces. In addition, national government has introduced a new method to development planning to accelerate, align and integrate service delivery under a single development plan per district or metro, developed by

national, provincial and local government in conjunction with business, labour and community in each district.

The District Development Model (DDM) ensures that national priorities such as economic growth, employment, improvements to living conditions, crime prevention and corruption, infrastructure and industry development are attended to in the locality concerned. With the aim to enhance the location specific competitiveness and service delivery, planning and spending across the three spheres of government is integrated and aligned in the one- district, one-planning approach.

A key focus of the NISED is to align programme areas of work across different role-players in government and private sector to coordinate and drive MSME growth and performance. As a strategic framework, NISED helps to support sector plans for MSME growth and works in conjunction with all other government planning and programming units relevant to building an enabling environment for MSMEs and economic growth.

The objectives of EC Provincial MSME strategy 2022-2025 resonate well with NISED objectives and at the centre is to strengthen the coordination between all spheres of government the work towards support of the small businesses by creating an enabling environment. These objectives include;

- I. well-informed South Africa on MSMEs with continuous monitoring evaluation and learning,
- II. Policy, laws and regulations reformed to enable MSME growth and efficient governance,
- III. Effective targeted support & services delivered for MSME growth both financial and non-financial and,

IV. Coordinated government with strengthened private sector partnerships for MSME growth.

Ladies and gentlemen, at the intervention level there are four main strategic pillars that guide the implementation of the EC Provincial MSME strategy, and these includes research focus, law policy, service delivery and public-private partnerships.

The implementation of the district MSME summits is linked to the fourth pillar (Public and Private Partnerships). The District MSME Summit Initiative serves as the unifying thread to the provincial overlay of the DDM. It seeks to ensure that whilst the DDM is promoted through the district and local government levels, the provincial government plays a unifying and co-ordinating role.

It is expected that in your deliberations today, you will reflect on the existing strategies and programmes and assess the strength and gaps with the aim of strengthening the MSME ecosystem to benefit the local entrepreneurs in the district. Furthermore, your task is to review implementation of the sectoral plans and strive to ensure alignment to the DDM to enhance central planning and effective utilization of resources.

More importantly, you must engage on how we can collaborate across all spheres of government to make an impact where it matters most, that is, job creation and poverty eradication. This is possible if we can collectively identify areas of collaboration between public (government departments, SOE's) and private sector (business chambers/associations, industry leaders, business owners) as well as higher learning institutions for improving research work and promotion of entrepreneurship.

Ladies and gentlemen, the key to unlocking the District's true potential lies in empowering our MSMEs to thrive. We must support our entrepreneurs,

both established and aspiring, with an enabling ecosystem that encourages innovation and growth.

This means streamlining bureaucratic processes, providing access to affordable capital, and fostering a culture of entrepreneurship that rewards risk-taking and celebrates creativity.

It is through the involvement of everyone that is here today that we can instill that culture, and subsequently do away with systems that delay economic progress.

As government, we continue to work closely with industry and experts to identify barriers that hinder business growth through the Red Tape Reduction Programme.

President Cyril Ramaphosa has established a Red Tape Reduction team that will work in reducing excessively complex rules, regulations, procedures, and processes that inhibited economic growth and job creation in key areas of the economy, and work with relevant role players across government, the private sector and community-based organizations.

The two departments, the Department of Trade, Industry and Competition and the Department of Small Business Development are critical in the process as well as the participation of other key stakeholders. Role players across government, the private sector, and community-based organizations are critical in addressing the red tape issue.

In collaboration with COGTA and SALGA, we are embarking on a Red Tape Reduction awareness programme, amongst other things, to emphasise the importance of improving administrative systems.

Some of the inputs we have gathered from these interactions include localisation and transparency in public procurement. Departments are further supported to pursue sub-contracting, clustering of projects; use of cooperatives; and reducing barriers to entry for local suppliers such that we can reach the 60% target for EC based suppliers.

In terms of operational performance in support of small enterprises in 2022/23 financial year, ECDC alone provided financial assistance to a total of 49 MSME's to a tune of **R47.7 million** and Alfred Nzo account for **R13.5 million**. Through Job Stimulus Fund, a total of **R24 million** was utilized to save **1116** jobs. Of that total, Alfred Nzo accounted for **R1.3 million**, with **22** jobs saved.

Through Imvaba Cooperative Fund, **R16.7 Million** was disbursed during the period under review and 32 primary co-operatives benefited in the province. The Alfred Nzo account for 5 cooperatives out of the 32 that

This demonstrates that there is a significant presence of the support provided by government institution in the Alfred Nzo and the picture can look brighter if we were to incorporate the work done by SEDA, SEFA, NEF, ECRDA and other institutions.

It is against this background that the need to build a well- coordinated ecosystem approach that will ensure the following:

1. A joined-up systems approach to achieve collective impact, rather than a mandate-based, national/provincial/ departmental approach, maximising limited government resources.
2. The need to mobilize, coordinate and align all role-players, including at provincial and local level.

3. A responsive, adaptive, and enabling environment that encourages all partners and stakeholders to contribute and that promotes agency and voice of small business and,
4. An openness to doing things differently, requiring adaptive learning and knowledge-sharing processes and networks.

We are looking forward to a robust engagement amongst stakeholders that will result in adoption of a practical approach on solving issues that will be raised in the summit. We are also looking forward to an implementation plan that is practical with timelines so that when you convene again you will be getting progress report on the minimum programme you will adopt as a summit.

Together, we will transform our districts in the Province into thriving, equitable, and compassionate communities—beacons of hope for generations to come.

We are looking forward to the outcome of your deliberations and wish you good luck.

I thank you.