*Monday, 30 March 2026*]

No 55—2026] THIRD SESSION, SEVENTH PARLIAMENT

# PARLIAMENT

**OF THE**

# REPUBLIC OF SOUTH AFRICA

# ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

MONDAY, 30 MARCH 2026

# TABLE OF CONTENTS

## COMMITTEE REPORTS

### National Assembly



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# ANNOUNCEMENTS

## National Assembly and National Council of Provinces

### The Speaker and the Chairperson

### 1. Late submission of Annual Performance Plans for 2026

(a) A letter, dated 27 March 2026, has been received from the Minister of Trade, Industry and Competition, requesting an extension for the submission of the annual performance plans of the Department of Trade, Industry and Competition and its public entities.

(b) A letter, dated 30 March 2026, has been received from the Minister of Agriculture, requesting an extension for the submission of the Annual Performance Plan of the South African Veterinary Council.

## National Assembly

### The Speaker

## 1. Referral to Committees of papers tabled

(1) The following paper is referred to the **Portfolio Committee on Cooperative Governance and Traditional Affairs** for consideration and report:

(a) Annual Performance Plan of the Municipal Infrastructure Support Agent for 2026/27.

(2) The following paper is referred to the **Portfolio Committee on Correctional Services** for consideration and report:

(a) Annual Performance Plan of the Department of Correctional Services for 2026/27.

(3) The following papers are referred to the **Portfolio Committee on Forestry, Fisheries and Environment** for consideration and report:

(a) Annual Performance Plan of the South African National Biodiversity Institute (SANBI) for 2026/27.

(b) Annual Performance Plan of the South African Weather Service for 2026/27.

(c) Annual Performance Plan of the South African National Parks for 2026/27.

(d) Strategic Plan of the iSimangaliso Wetland Park Authority for 2025 – 2030 and Annual Performance Plan for 2026/27.

(e) Annual Performance Plan of the Marine Living Resources Fund for 2026/27.

(4) The following papers are referred to the **Portfolio Committee on Forestry, Fisheries and Environment**:

(a) Government Notice No. 7078, published in *Government Gazette* No. 54072, dated 2 February 2026: Extension of the Appointment of the Environmental Assessment Practitioners Association of South Africa as the Single Registration Authority in terms of section 24H(3), read with section 24H(6), of the National Environmental Management Act, 1998 (Act No. 107 of 1998), until a date to be determined by notice in the *Government Gazette*, in terms of the National Environmental Management Act, 1998.

(b) Government Notice No. 7085, published in *Government Gazette* No. 54077, dated 3 February 2026: National Norms and Standards for Transportation, Storage and Treatment of Health Care Risk Waste, in terms of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).

(c) Government Notice No. 7090, published in *Government Gazette* No. 54086, dated 6 February 2026: Recognition of a New Abalone Ranching Concession Area in Papendorp, Western Cape Province, for the Purpose of Conducting Abalone Ranching Activities; and an Invitation to Apply for a Right to Conduct Abalone Ranching in the Newly Recognised Abalone Ranching Concession Area in Papendorp, Western Cape Province, in terms of the Marine Living Resources Act, 1998 (Act No. 18 of 1998).

(d) Government Notice No. 7106, published in *Government Gazette* No. 54098, dated 6 February 2026: Consultation on the Intention to Set and Allocate the 2026 and 2027 Convention on International Trade in Endangered Species of Wild Fauna and Flora (Cites) Export Quotas for Elephant, Black Rhinoceros and Leopard Hunting Trophies, in terms of the National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004).

(e) Government Notice No. 7107, published in *Government Gazette* No. 54099, dated 6 February 2026: Pollution Prevention Plans and Mitigation Plans issued in terms of the National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2008) and the Climate Change Act, 2024 (Act No. 22 of 2024).

(5) The following paper is referred to the **Portfolio Committee on Home Affairs** for consideration and report:

(a) Annual Performance Plan of the Department of Home Affairs for 2026/27.

(6) The following paper is referred to the **Standing Committee on Finance** for consideration:

(a) Report on Contingent Liability Exposure of Government for the quarter ended on 31 December 2025.

# National Council of Provinces

## The Chairperson

## 1. Referral to Committees of papers tabled

(1) The following papers are referred to the **Select Committee on Economic Development and Trade** for consideration:

(a) Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the People’s Democratic Republic of Algeria on Economic Cooperation, tabled in terms of section 231(3) of the Constitution of the Republic, 1996.

(b) Explanatory Memorandum to the Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the People’s Democratic Republic of Algeria on Economic Cooperation.

(c) Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the Kingdom of Lesotho on Economic Cooperation, tabled in terms of section 231(3) of the Constitution of the Republic, 1996.

(d) Explanatory Memorandum to the Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the Kingdom of Lesotho on Economic Cooperation.

(e) Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the Republic of Mozambique on Economic Cooperation, tabled in terms of section 231(3) of the Constitution of the Republic, 1996.

(f) Explanatory Memorandum to the Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the Republic of Mozambique on Economic Cooperation, tabled in terms of section 231(3) of the Constitution of the Republic, 1996.

(2) The following papers are referred to the **Select Committee on Economic Development and Trade** for consideration and report:

(a) Revised Strategic Plan of the Companies and Intellectual Property Commission for 2025/26 – 2029/30.

(b) Revised Annual Performance Plan of the Companies and Intellectual Property Commission for 2025/26.

(c) Revised Annual Performance Plan of the Competition Commission for 2025/30.

(d) Revised Annual Performance Plan of the Takeover Regulation Panel for 2025/26.

(e) Revised Annual Performance Plan of the Industrial Development Corporation of South Africa for 2025/26.

(f) Revised Annual Performance Plan of the National Consumer Commission for 2025/26.

(g) Revised Annual Performance Plan of the National Credit Regulator for 2025/26 – 2027/28.

(h) Revised Annual Performance Plan of the South African Bureau of Standards for 2025/26.

(i) Revised Annual Performance Plan of the National Empowerment Fund for 2025/26.

(j) Revised Annual Performance Plan of the National Lotteries Commission for 2025/26.

(k) Revised Annual Performance Plan of the National Metrology Institute of South Africa for 2025/26 – 2027/28.

(l) Revised Annual Performance Plan of the National Regulator for Compulsory Specifications for 2025/26 – 2027/28.

# TABLINGS

## National Assembly and National Council of Provinces

### 1. The Speaker and the Chairperson

(a) Annual Performance Plan of the Municipal Demarcation Board for 2026/27.

### 2. The Minister of Agriculture

(a) Annual Performance Plan of the Department of Agriculture for 2026/27.

(b) Annual Performance Plan of the Agricultural Research Council for 2026/27.

(c) Annual Performance Plan of the National Agricultural Marketing Council for 2026/27.

### 3. The Minister of Basic Education

(a) Annual Performance Plan of the Department of Basic Education for 2026/27.

### 4. The Minister of Communications and Digital Technologies

(a) Annual Performance Plan of the South African Broadcasting Corporation for 2026/27.

(b) Annual Performance Plan of ZADNA (Domain Name Authority) for 2026/27.

### 5. The Minister of Cooperative Governance and Traditional Affairs

(a) Annual Performance Plan of the Department of Cooperative Governance for 2026/27.

(b) Annual Performance Plan of the Department of Traditional Affairs for 2026/27.

### 6. The Minister of Correctional Services

(a) Annual Performance Plan of the Judicial Inspectorate for Correctional Services for 2026/27.

### 7. The Minister of Defence and Military Veterans

(a) Annual Performance Plan of the Department of Military Veterans for 2026/27.

### 8. The Minister of Electricity and Energy

(a) Annual Performance Plan of the National Energy Regulator of South Africa for 2026/27 – 2028/29.

(b) Annual Performance Plan of the National Radioactive Waste Disposal Institute for 2026/27.

(c) Annual Performance Plan of the National Nuclear Regulator for 2026/27.

## 9. The Minister of Finance

(a) Financial Service Conduct Authority Prudential Standard [-] of 2026: Regulation 28 Quarterly Reporting Requirements for Pension Funds to be made in terms of sections 105 and 292(2)*(b)*, (3) and (4), read with section 108(1)*(j)* and (2)*(a)*, of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act), and regulation 28(8)*(a)* of the Regulations under the Pension Funds Act, 1956 (Act No. 24 of 1956).

(b) Annual Performance Plan of National Treasury for 2026/27.

(c) Annual Performance Plan of the Accounting Standards Board for 2026/27.

(d) Annual Performance Plan of the Financial Services Providers (FAIS Ombud) for 2026/27.

(e) Annual Performance Plan of the Independent Regulatory Board for Auditors for 2026/27.

(f) Annual Performance Plan of the Office of the Tax Ombud for 2026/27.

(g) Annual Performance Plan of the Pension Funds Adjudicator for 2026/27.

(h) Annual Performance Plan of the Financial Intelligence Centre for 2026/27.

(i) Annual Performance Plan of the Financial Sector Conduct Authority for 2026/27.

(j) Annual Performance Plan of the Government Pensions Administration Agency for 2026/27.

(k) Corporate Plan of the Development Bank of Southern Africa for 2026/27 – 2028/29.

(l) Annual Performance Plan of the Government Technical Advisory Centre for 2026/27.

(m) Annual Performance Plan of the Ombud Council for 2026/27.

## 10. The Minister of Health

(a) Annual Performance Plan of the Department of Health for 2026/27.

(b) Annual Performance Plan of the South African Health Products Regulatory Authority (SAHPRA) for 2026/27.

(c) Revised Strategic Plan of the Council for Medical Schemes for 2025 – 2030.

(d) Annual Performance Plan of the Council for Medical Schemes for 2026/27.

(e) Annual Performance Plan of the Office of Health Standards Compliance (OHSC) for 2026/27.

(f) Revised Strategic Plan of the National Health Laboratory Service (NHLS) for 2025 – 2030.

(g) Annual Performance Plan of the National Health Laboratory Service (NHLS) for 2026/27.

(h) Annual Performance Plan of the South African Medical Research Council (SAMRC) for 2026/27.

(i) Annual Performance Plan of the Mines and Works Compensation Fund for 2026/27.

## 11. The Minister of Human Settlements

(a) Annual Performance Plan of the National Home Builders Registration Council for 2026/27.

(b) Annual Performance Plan of the Community Schemes Ombud Services for 2026/27.

(b) Annual Performance Plan of the Housing Development Agency for 2026/27.

## 12. The Minister of Home Affairs

(a) Annual Performance Plan of the Border Management Authority for 2026/27.

## 13. The Minister of International Relations and Cooperation

(a) Annual Performance Plan of the Department of International Relations and Cooperation for 2026/27.

(b) Annual Performance Plan of the African Renaissance and International Cooperation Fund (ARF) for 2026/27.

## 14. The Minister of Mineral and Petroleum Resources

(a) Annual Performance Plan of the Department of Mineral and Petroleum Resources for 2026/27.

## 15. The Minister of Public Service and Administration

(a) Annual Performance Plan of the Department of Public Service and Administration for 2026/27.

(b) Annual Performance Plan of the National School of Government for 2026/27.

(c) Annual Performance Plan of the Centre for Public Service Innovation for 2026/27.

## 16. The Minister of Science, Technology and Innovation

(a) Annual Performance Plan of the Department of Science, Technology and Innovation for 2026/27.

(b) Annual Performance Plan of the Academy of Science of South Africa (ASSAF) for 2026/27.

(c) Annual Performance Plan (Shareholder's Compact) of the Council for Scientific and Industrial Research (CSIR) for 2026/27.

(d) Annual Performance of the Human Sciences Research Council (HSRC) for 2026/27.

(e) Annual Performance Plan of the National Advisory Council on Innovation for 2026/27.

(f) Annual Performance Plan of the Technology Innovation Agency (TIA) for 2026/27.

(g) Annual Performance Plan of the South African Council for Natural Scientific Professions for 2026/27.

(h) Annual Performance Plan of the South African National Space Agency (SANSA) for 2026/27.

(i) Annual Performance Plan of the National Research Foundation (NRF) for 2026/27.

## 17. The Minister of Social Development

(a) Annual Performance Plan of the Department of Social Development for 2026/27.

(b) Annual Performance Plan of the South African Social Security Agency for 2026/27.

(c) Annual Performance Plan of the National Development Agency for 2026/27.

(d) Strategic Plan of the National Development Agency for 2025 – 2030.

## 18. The Minister of Tourism

(a) Annual Performance Plan of the Department of Tourism for 2026/27.

(b) Annual Performance Plan of South African Tourism for 2026/27.

## 19. The Minister of Transport

(a) Annual Performance Plan of the Department of Transport for 2026/27.

(b) Annual Performance Plan of the Cross-Border Road Transport Agency (C-BRTA) for 2026/27.

(c) Annual Performance Plan of the South African National Roads Agency Limited for 2026/27.

(d) Annual Performance Plan of the Railway Safety Regulator for 2026/27.

(e) Annual Performance Plan of the South African Civil Aviation Authority for 2026/27.

(f) Annual Performance Plan of the Road Traffic Management Corporation for 2026/27.

(g) Annual Performance Plan of the Road Traffic Infringement Agency for 2026/27.

(h) Strategic Plan of the Road Traffic Infringement Agency for 2025 – 2030.

(i) Annual Performance Plan of the Road Accident Fund for 2026/27.

(j) Corporate Plan of the Passenger Rail Agency of South Africa for 2026/27 – 2028/29.

(k) Corporate Plan of Intersite Asset Investment SOC Ltd for 2026/27.

(l) Annual Performance Plan of the Transport Economic Regulator for 2026/27.

(m) Strategic Plan of the Transport Economic Regulator for 2025 – 2030.

**20. The Minister of Women, Youth and Persons with Disabilities**

(a) Annual Performance Plan of the Department of Women, Youth and Persons with Disabilities for 2026/27.

(b) Revised Strategic Plan of the National Youth Development Agency for 2025 – 2030.

(c) Annual Performance Plan of the National Youth Development Agency for 2026/27.

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# COMMITTEE REPORTS

## National Assembly

# 1. REPORT OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS ON THE ATTENDANCE OF THE INNOVATIVE BUILDING TECHNOLOGIES (IBT) SUMMIT FROM 03 AND 04 FEBRUARY 2026, IN NASREC EXPO CENTRE, GAUTENG PROVINCE, DATED 24 MARCH 2026

## Contents

**ABBREVIATIONS AND ACRONYMS**

| | |
|---|---|
| DHS | : Department of Human Settlements |
| IBT | : Innovative Building Technologies |
| IBTs | : Innovative Building Technologies (plural) |
| SONA | : State of the Nation Address |
| DG | : Director-General |
| CSIR | : Council for Scientific and Industrial Research |

| | |
|---|---|
| NHBRC | : National Home Builders Registration Council |
| DSTI | : Department of Science, Technology and Innovation |
| GBCSA | : Green Building Council South Africa |
| CPD | : Continuing Professional Development |
| DPSA | : Department of Public Service and Administration |
| CBOs / CBO | : Community-Based Organisation(s) |
| HAD | : Housing Development Agency |
| ABTs | : Alternative Building Technologies |
| PMU | : Project Management Unit |
| RDP | : Reconstruction and Development Programme |
| IHSP-SA | : Institute of Human Settlement Practitioner South Africa |
| CIDB | : Construction Industry Development Board |
| NEF | : National Empowerment Fund |
| NYDA | : National Youth Development Agency |
| SEFA | : Small Enterprise Finance Agency |
| MAP | : Ministerial Advisory Panel |
| MoURD | : Ministry of Housing and Urban-Rural Development (China) |
| MTEF | : Medium-Term Expenditure Framework |
| GDP | : Gross Domestic Product |
| HSDG | : Human Settlements Development Grant |
| USDG | : Urban Settlements Development Grant |
| ISUPG | : Informal Settlements Upgrading Partnership Grant |
| CCG | : Consolidated Capital Grant |
| EHF | : Emergency Housing Fund |
| BASA | : Banking Association South Africa |
| NHFC | : National Housing Finance Corporation |
| SPV / SPVs | : Special Purpose Vehicle(s) |
| IF | : Infrastructure Fund |
| AUHF | : African Union for Housing Finance |
| DBSA | : Development Bank of Southern Africa |
| DFI / DFIs | : Development Finance Institution(s) |
| PPP / PPPs | : Public-Private Partnership(s) |
| IFC | : International Finance Corporation |
| AfreximBank | : African Export-Import Bank |

SMMEs : Small, Medium and Micro Enterprises

## 1. BACKGROUND AND CONTEXT OF THE IBT SUMMIT

The Innovative Building Technologies (IBT) Summit was convened on 03-04 February 2026 as a Presidential Summit, held ahead of the 2026 State of the Nation Address (SONA). The Summit was organised and hosted by the Department of Human Settlements (DHS) under the leadership of the Department of Human Settlements, with strategic support from key public entities including Agrément South Africa, the National Home Builders Registration Council (NHBRC), and the Department of Science, Technology and Innovation (DSTI).

**The overarching theme of the Summit was:**

"*Mainstreaming Innovative Building Technologies to Deliver Affordable and Sustainable Human Settlements in South Africa.*"

The Summit brought together national, provincial and local government, regulators, financiers, researchers, innovators, manufacturers, community organisations, labour, and international partners to develop a shared national agenda for the large-scale adoption of IBTs. Its primary objective was to move IBTs from isolated pilot projects into mainstream human settlements delivery, aligned with the 2024 White Paper on Human Settlements and South Africa's constitutional obligation to progressively realise the right to adequate housing.

## 2. DELEGATES

The delegation comprised of:

- Mr. Seabi, M A – Chairperson of the Committee (ANC)
- Ms. Magagula, TE – ANC
- Mr. Poole, CJ – Democratic Alliance (DA)
- Ms. Abader, Z S – uMkhonto weSizwe Party (MK)
- Ms. K Pasiya-Mndende – Committee Secretary
- Dr. L Jalisa – Committee Researcher

DAY 1

## 3. SECTION A: PROCEDURAL ARRANGEMENTS PROGRAMME DIRECTOR: DR. ALEC MOEMI: DIRECTOR-GENERAL: DHS

### a) Purpose of The Innovative Building Technologies (IBT) Summit for The Delivery of Human Settlements Ms Tandi Mahambehlala Deputy Minister of Human Settlements

The Deputy Minister of Human Settlements, Ms Tandi Mahambehlala, provided an overview of the Innovative Building Technologies (IBT) Presidential Summit, highlighting that it brings together government, industry, financiers, researchers, innovators, and communities to shape a national agenda for accelerating the adoption of Innovative Building Technologies in South Africa. The Deputy-Minister purported that as a Presidential Summit and pre-State of the Nation Address (SONA) event, it will elevate IBTs as a national priority and reinforce the President's call for modernisation, efficiency and infrastructure-led growth. The Summit will build a shared national understanding of how IBTs can deliver better, faster, and climate-resilient human settlements, while creating jobs and stimulating industrialisation.

### b) Address By Minister Thembi Simelane

Minister Thembi Simelane opened the inaugural Presidential IBT Summit by emphasising its historic significance as the first of its kind in a democratic South Africa. She emphasised that the Summit is a call to action, aiming to transform how South Africa plans, finances, approves, and builds sustainable human settlements and not just a talk shop.

Minister Simelane highlighted the tension between past achievements and present realities:

- Over five million housing opportunities have been delivered since 1994, which she described as significant progress.
- Yet South Africa still faces:
  - A housing backlog of approximately 2.5 million households
  - Rapid urbanisation, with projections that 70% of the population will live in urban areas by 2050.

  - Increased pressure on land, infrastructure, and public finances
  - The escalating climate crisis, exemplified by recent floods in Limpopo and Mpumalanga.

The Minister questioned whether traditional building methods can meet future demands, and responded by indicating that, in fact, they cannot.

Minister Simelane outlined the strategic importance of IBTs, describing them as proven, certified alternatives to conventional brick-and-mortar systems. She noted that IBTs offer:

- Faster construction
- Higher-quality, predictable outputs
- Reduced waste
- Improved energy performance
- Potentially lower lifecycle costs

Examples of IBTs include modular and panelised systems, lightweight steel framing, alternative foundations, and off-site manufactured components.

The Minister affirmed that the IBTs are already backed by the national policy, specifically the 2024 White Paper on Human Settlements, which calls for:

- Investment in innovative building typologies
- Use of sustainable, resilient materials
- Strengthened partnerships across sectors
- Rapid responsiveness through alternative technologies

To operationalise this, the Department of Human Settlements will finalise Performance-Based National Norms and Standards for IBTs to:

- Enable IBTs in subsidised housing
- Provide regulatory certainty
- Protect consumers
- Ensure safety, durability, energy efficiency, and accessibility

This shifts the focus from regulating obstacles to regulating for innovation.

The Minister acknowledged ongoing questions regarding:

- Local manufacturing capacity

- Skills and employment impacts
- Financing and market acceptance

The Minister posited that the Summit is designed to confront these issues directly, ensuring that IBTs complement rather than displace the traditional construction sector while enhancing localisation, SMME development, and inclusion of youth, women, and emerging contractors.

A key Summit outcome is the Social Compact on Mainstreaming IBTs, bringing together:

- All spheres of government
- Regulators and public entities
- Developers and the private sector
- Financial institutions
- Academia and research bodies
- Civil society

The National IBT Social Compact outlines concrete pledges, implementation frameworks, and accountability mechanisms designed to transition Innovative Building Technologies (IBTs) from isolated pilot projects into full, countrywide implementation.

The Minister has established a transformative 10-year objective: that by 2036, IBTs are no longer a parallel or niche system, but a normal, trusted, and mainstream solution integrated into South Africa's human settlement delivery.

Mainstreaming IBTs will empower South Africa to:

- Build Faster: Accelerating delivery to address the housing backlog of over 2.5 million units.
- Build Better: Ensuring high-quality, durable, and safe structures through performance-based national norms and standards.
- Build Greener: Reducing carbon emissions and water use through energy-efficient and climate-resilient construction.
- Build at Scale: Moving beyond demonstrations into large-scale, sustainable human settlements.

In closing, Minister Simelane concluded that embracing IBTs is ultimately about people, dignity, and building safe, resilient, and inclusive communities. She affirmed that South Africa has the ingenuity; what is needed now is alignment, courage, and collective action, with this Summit marking the start of that transformative journey.

### c) Keynote Address by the President of the Republic of South Africa: H.E President Matamela Cyril Ramaphosa

President Cyril Ramaphosa emphasised that access to adequate housing is a constitutional and human right central to human dignity, belonging, and opportunity. While South Africa has delivered over 5 million housing opportunities since 1994, more than 2.5 million families remain on waiting lists. Growing demand, land constraints, rising construction costs, rapid urbanisation, climate change, and informal settlement expansion continue to place significant pressure on the state's ability to deliver.

The President stressed that traditional construction methods alone are no longer sufficient. To address housing shortages and climate vulnerabilities, the country must adopt IBTs that enable faster, more resilient, environmentally sustainable, and cost-efficient housing delivery. He noted that IBTs can help reduce carbon emissions, conserve water and energy, and improve durability and quality.

The President noted that South Africa already has strong regulatory foundations through Agrément South Africa and the National Home Builders Registration Council, which ensure that new technologies meet scientific, technical, and quality standards. The 2024 White Paper on Human Settlements further provides a policy framework for resilient and sustainable settlement development.

A key outcome of the Summit is the Social Compact on Innovative Building Technologies, a coordinated national commitment to mainstream IBTs across the housing sector. The compact aligns policy, regulation, finance, insurance, training, research, and implementation across government, industry, and civil society. It prioritises disaster recovery, climate-resilient settlements, emergency housing, energy-efficient innovations, and local manufacturing.

President Ramaphosa addressed concerns about job losses, emphasising that international evidence shows technology transforms work rather than eliminating it, creating new roles in manufacturing, technical training, and digital skills. He highlighted opportunities for youth and the need for targeted measures to increase women's participation in the built environment sector. He also accentuated the importance of designing inclusive human settlements that accommodate persons with disabilities.

The President concluded by calling for leadership, creativity, and strong partnerships to build faster, better, and more sustainably. He urged stakeholders to commit to implementation and accountability to ensure that South Africa becomes a resilient and inclusive society where all people have decent homes.

## 4. SECTION B: CHALLENGES FACING THE IMPLEMENTATION OF IBT's AND INTERVENING MECHANISMS IN SOUTH AFRICA

**Moderator: Dept of Science, Technology and Innovation - DG: Dr Mlungisi Cele**

*This session focused on the challenges associated with implementing Innovative Building Technologies (IBTs) and the mechanisms required to support their adoption in South Africa. The panel comprised Dr Van Reenen (CSIR), Ms Bouwer (NHBRC), Mr Somanje (Agrément South Africa), Dr Mosiea (DSTI), and Ms Moeng (GBCSA).*

The panellists highlighted several key barriers to the successful uptake of IBTs, including the impacts of climate change, limitations in technology and upscaling, insufficient norms and standards, lack of social acceptance, and weak institutional coordination. They further emphasised that sustainability conversations have evolved to include the concept of resilience, particularly social resilience, which should remain central to community-focused innovation.

A recurring theme across the panel discussion was the importance of education. Panellists noted that communities and end-users often lack the knowledge to effectively understand, design, and use innovative products. Therefore, a stronger and more targeted commitment to public education and awareness is required.

The panel also highlighted the fragmentation within the existing policy and regulatory framework. They called for improved collaboration during the planning phase and emphasised that policy must not only be developed but also effectively implemented, supported by comprehensive training and education initiatives. Skills shortages were identified as a major constraint limiting the adoption and effective use of IBTs. The panel concluded that a systematic approach, characterised by ambitious targets, digital integration, and strengthened capabilities, is essential for progress.

**Questions and Comments Raised**

- Built environment professionals should receive CPD points for attending Agrément courses.
- There is a need to clarify the overall intent of IBTs, particularly regarding financing and bankability.
- How can skills be transferred to communities before project implementation begins?
- The absence of DPSA representatives at the conference was noted as a gap.
- Certificate holders should establish a formal structure to engage with government officials.
- What protections are available for certificate holders?
- An open-source approach to IBTs is needed, as it could produce positive sector-wide benefits.
- Despite commitments to youth inclusion, young people remain underrepresented in key discussions.
- Young professionals are often required to have experience, yet opportunities to gain such experience is limited.
- Questions were raised about how emerging innovators can access funding to purchase machinery and begin manufacturing.

## 5. SECTION C: BARRIERS ASSOCIATED WITH IBTs AND APPLIED MEASURES AND INTERVENTIONS Moderator:

### HDA Deputy Chairperson: Ms Nellie Baai

*This session examined the barriers of implementing Innovative Building Technologies (IBTs) and the measures currently being applied to address these challenges. The panel consisted of*

*Mr Zikode (Abahlali Basemjondolo Movement), Mr Ziervogel (Community Organisation Resource Centre), Mr Mgwatyu (Development Action Group), Mr Hartley (NHBRC), and Mr Nkhahle (SALGA).*

The discussion opened with the acknowledgement that Community-Based Organisations (CBOs) are already playing a critical role in organising communities and advocating for improved living conditions. Panellists emphasised the importance of simplifying the language associated with IBTs to make it accessible to communities. They stressed that new technologies should not only improve construction outcomes but also create economic opportunities, particularly jobs.

Another key theme was the importance of addressing security of tenure, as insecure land rights continue to undermine community stability and the acceptance of new building technologies. Abahlali Basemjondolo shared insights from their document, “People’s Plan for the Right to Housing in the Age of Climate Change,” which calls for collaboration, participatory processes, and sustained investment in people as central to building climate-resilient communities.

The conversation further explored approaches to increasing public awareness and understanding of IBTs to improve uptake. Panellists noted that meaningful engagement with communities, supported by accessible information, is essential for fostering trust and accelerating adoption.

**Questions and Comments Raised**

- Concern expressed that no RDP houses have been built for Khoi communities in Eldorado Park.
- Recommendation made that the tender system for housing delivery should be reconsidered or removed, as it is perceived to contribute to corruption.
- How can lifecycle assessment be incorporated into the evaluation and rollout of IBTs?
- Will IBT material data be made available as open data to ensure transparency and innovation?
- How can the sector address the issue of untransformed companies, including those that rely on low-cost labour from undocumented migrants?

## 6. SECTION D: CUTTING EDGE RESEARCH ON SUSTAINABLE BUILDING

## TECHNOLOGIES: INSTITUTIONS OF HIGHER LEARNING:

### Moderator: IHSP-SA Board Deputy Chairperson: Dr Julieka Bayat

*This session focused on emerging research and innovations within the sustainable building technologies landscape. The panel consisted of leading researchers: Prof. Mahachi (University of Johannesburg), Prof. Mbanga (Nelson Mandela University), Prof. Wessels (Stellenbosch University), Prof. Windapo (University of Cape Town), Dr Ojo-Aromokudu (University of KwaZulu-Natal), and Prof. Combrinck (University of Pretoria).*

The panellists discussed sandbag building material as an innovative construction method requiring greater uptake and mainstreaming. They also highlighted the importance of distinguishing between Alternative Building Technologies (ABTs), which are established but non-conventional construction methods, and IBTs, which involve new materials and improved performance outcomes.

A recurring theme was that new technologies should contribute to job creation and actively engage young people in the construction sector. An example of technological advancement was provided by the University of Johannesburg, which has developed a 3D-printing system capable of printing a house in eight hours. The panel emphasised that innovation should be integrated with broader digitalisation efforts to modernise the sector.

Panellists also stressed the need to understand that housing delivery must be linked with sanitation solutions, reinforcing a holistic approach to human settlements. Furthermore, they proposed creating a georeferenced map of all IBTs and technologies that have been tested in South Africa, including their locations and performance outcomes, to support evidence-based decision-making.

The discussion also pointed to the growing global recognition of wood and timber as sustainable building materials. The panel noted that using one kilogram of wood in construction effectively removes one kilogram of carbon from the atmosphere, positioning timber as a promising low-carbon alternative for future housing development.

In addition to technological innovation, the panel emphasised the importance of community participation. They suggested establishing community-managed micro-factories to support local production and stimulate demand for innovative products. They noted that communities are not inherently resistant to innovation; rather, concerns arise around performance, reliability, and quality assurance.

The session concluded with a strong call for the Human Settlements sector to establish a national Project Management Unit (PMU) dedicated to conducting skills analyses, providing technical support, and addressing fragmentation across the sector. Panellists argued for a comprehensive review of the regulatory framework to ensure that customer needs are balanced with the need to promote innovation.

**Questions and Comments Raised**

- What is the linkage between academia and vocation.
- CBOs want to collaborate with universities.

## 7. SECTION: E: EMPOWERMENT INITIATIVES TO SUPPORT SMALL, YOUTH AND WOMEN EMPOWERED ENTERPRISES

### Moderator: Agrément SA- Board Chairperson: Dr Lindelani Matshidze

*This session examined empowerment initiatives aimed at supporting small enterprises, as well as youth- and women-owned businesses, within the built environment and IBT ecosystem. The panel included representatives from key institutions:*

- *Ms. Nyanga - Construction Industry Development Board (CIDB)*
- *Mr. Dayimani - National Empowerment Fund (NEF)*
- *Dr. Myende - National Youth Development Agency (NYDA)*
- *Ms. Tau-Sekati - Property Sector Charter Council*
- *Mr. Dirks - Small Enterprise Development Finance Agency (SEFA)*
- *Ms. Letwaba - DHS Ministerial Advisory Panel (MAP)*

The panellists highlighted several challenges hampering effective empowerment, starting with unreliable and incomplete data, particularly regarding women living with disabilities. This data gap results in inadequate policy responses and poorly targeted support. They emphasised that disability must be fully recognised as a critical policy contributor within empowerment frameworks.

Panellists described IBTs as a game-changer that requires new forms of thinking and innovation. They emphasised the need for adequate sanitation solutions, saying communities should not continue to rely on chemical toilets.

The broader discussion focused on a range of empowerment and transformation priorities, including:

- Enabling contractor participation and strengthening competitiveness to improve service delivery and promote job creation.
- Supporting emerging contractors to bid for and deliver complex construction projects.
- Implementing interventions that advance youth- and women-owned construction start-ups.
- Establishing intentional frameworks to address structural inequalities in the residential property market.
- Creating targeted empowerment opportunities to increase the participation of women across the sector.
- Expanding funding opportunities for suppliers and manufacturers involved in the implementation of IBTs.
- Advancing transformative initiatives to support enterprises owned by entrepreneurs with disabilities.

**Questions and Comments Raised**

- Why do departments claim they cannot find entrepreneurs with disabilities to work with, instead of meeting the Preferential Procurement Policy requirements?
- Government entities are not sufficiently visible within communities, limiting access to available support.
- Assistance does not reach communities directly or adequately.
- Public sector tenders are often awarded to large companies, with only labour-intensive components subcontracted to smaller businesses.
- How can small enterprises fairly compete with IBT manufacturers who have significantly greater financial resources?

## 8. SECTION F: LOCAL AND INTERNATIONAL INSIGHTS: LEVERAGING IBTs FOR DISASTER RELIEF AND ASSOCIATED BENEFITS.

**Facilitator: Ministerial Advisory Panel Member (MAP) - Dr Michael Sutcliffe**

*This session focused on global and local perspectives on how Innovative Building Technologies (IBTs) can be used to support disaster relief efforts and strengthen resilience in the human settlements sector. The panel included:*

- *Mr. Li Xiaolong - Ministry of Housing and Urban-Rural Development (MoURD), China*
- *Mr. Hinga - Ministry of Lands, Public Works, Housing and Urban Development, Kenya*
- *Mr. Botes - Oladi Building Systems*
- *Mr. Chetty - Modular Innovative Building Technologies*
- *Ms. Nong - FastBuilt Contractors Journey.*

The discussion centred on global experiences in applying IBTs across the housing and human settlements value chain to accelerate delivery, improve climate resilience, and enhance sustainability outcomes. Panellists shared examples of how different countries have adopted IBTs to respond rapidly to disasters, rebuild infrastructure, and reduce vulnerability in high-risk areas.

A key focus was the need to unlock the human settlements value chain to scale up IBT adoption. This requires coordinated policy alignment, the development of IBT-friendly markets, and targeted capacity-building initiatives across government and industry.

The panel also explored how South Africa can industrialise the housing value chain by expanding the use of IBTs. This shift would enable faster construction delivery, improved cost efficiency, strengthened quality assurance, and increased localisation of manufacturing capacity. Panellists emphasised that industrialisation through IBTs could stimulate economic activity, promote skills development, and ensure a more resilient housing sector.

**DAY 2**

## 9. SECTION G: SUPPORTING AND FUNDING IMPLEMENTATION OF IBTs: AN INTERNATIONAL PERSPECTIVE

**Facilitator: AUHF Board Chairperson- Mr Kehinde Ogundimu**

### a) Budget Alignment to Upscale Implementation of Innovative Building Technologies Across All Spheres of Government. Ms L Mbele

The presentation on Budget Alignment to Upscale Implementation of IBT, delivered at the Summit by DDG Mbele, provides an integrated overview of how South Africa's Medium-Term Expenditure Framework (MTEF) and the human settlements budget architecture can better support the expanded use of innovative building solutions. DDG Mbele outlined the purpose of the 2026 MTEF guidelines, which seek to reinforce a disciplined, transparent, and strategically aligned budget process. These guidelines are designed to respond to lessons drawn from the 2025 budget cycle, particularly the need for improved coordination, more inclusive consultation, and greater emphasis on spending efficiency. In doing so, they aim to secure a more credible, value-for-money-focused public budgeting system that strengthens service delivery and supports South Africa's broader developmental and fiscal sustainability goals.

DDG Mbele further indicated that the economic and fiscal context underpinning the MTEF is challenging but cautiously optimistic. Real GDP growth is projected to improve gradually from 1.4% in 2025 to 1.6% in 2026 and 1.8% by 2027, although persistent logistics constraints, political uncertainty, and high borrowing costs continue to weigh on confidence and investment. She noted that global risks, ranging from geopolitical tensions to shifts in financial conditions, pose additional threats to South Africa's recovery trajectory. The fiscal strategy, therefore, centres on four priorities: maintaining macroeconomic stability, prioritising infrastructure investment, strengthening state capability, and promoting reforms aimed at accelerating growth. Budget reforms are framed as essential to correcting inefficiencies associated with incremental budgeting and ensuring that limited public resources are directed toward high-impact programmes.

Within the human settlements sector, DDG Mbele grounded her discussion on the constitutional obligation placed on the state by Section 26 to progressively realise the right of access to adequate housing. This mandate is operationalised through a strategic goal to create sustainable and integrated human settlements that improve household quality of life. The sector's outcomes include expanding access to adequate housing opportunities, fostering a more equitable and integrated residential property market, strengthening institutional capacity to coordinate spatial investments, and ensuring secure tenure for beneficiaries. To achieve these aims, DDG Mbele said that the Department of Human Settlements administers six capital grants: the Human Settlements Development Grant (HSDG), the Urban Settlements Development Grant (USDG), the provincial and metropolitan components of the Informal Settlements Upgrading Partnership Grant (ISUPG), the Consolidated Capital Grant (CCG) for social housing, and the Emergency Housing Fund (EHF).

DDG Mbele highlighted that there is an explicit integration of IBT requirements into the Human Settlements Development Grant framework. The finalised conditions stipulate that a minimum of 2% of the HSDG must be allocated to IBT projects approved by Agrément South Africa, supported by detailed cost analyses and subject to consultation with local authorities and communities. She indicated that this provision signals a policy shift toward encouraging innovation in construction methods, faster delivery mechanisms, and improved resilience of housing structures.

In her conclusion, DDG Mbele highlighted the benefits of adopting innovative building technologies as part of the sector's evolution. She noted that IBT is described as offering climate-resilient solutions capable of withstanding extreme weather events, thereby reducing disaster-related losses and promoting long-term sustainability. IBT may also offer more cost-effective alternatives, depending on detailed cost comparisons with traditional construction. Moreover, IBT enables significantly faster project delivery, with small to medium-sized homes potentially being completed in just three to five months, depending on permitting, site preparation, and construction sequencing. This speed, combined with resilience and potential cost advantages, positions IBT as a key lever for accelerating the realisation of South Africa's housing mandate.

**b) Banking Association of South Africa (BASA)**

The Banking Association South Africa (BASA), representing all 33 domestic and international banks operating in the country, outlines its role in advocating for the industry on matters of legislation, regulation, and socio-economic issues affecting banking. Within the human settlements and affordable housing sector, BASA emphasises challenges such as institutional weaknesses, market gaps, and the need for improved financing mechanisms. Banks apply stringent requirements when assessing projects involving Innovative or Alternative Building Technologies (IBTs/ABTs), including municipal-approved building plans, NHBRC registration and enrolment, compliance with national building standards, service certificates, and occupancy certification. Additional expectations, such as site references, construction cost data, client acceptance surveys, and community social acceptability studies, reflect the sector's cautious approach to non-traditional building methods.

Despite their potential, IBTs and ABTs continue to face slow market uptake, largely due to low consumer demand and limited risk appetite from lenders. BASA highlights several concerns that constrain broader adoption, including uncertainties about product suitability for affordable housing, lengthy approval and compliance processes, and questions about quality, durability, and long-term performance. Cost considerations remain unresolved, as it is unclear whether IBTs offer meaningful affordability advantages when compared with conventional building methods. Additional barriers include the limited availability of approved products, ambiguities within regulatory frameworks, and a general need for deeper market understanding. Collectively, these concerns signal the need for more streamlined processes, stronger regulatory clarity, and greater industry confidence to support wider IBT adoption in South Africa's human settlements landscape.

**c) Funding Opportunities to Support Systems Owners to Facilitate Affordable Housing to Enable Effective Implementation of IBTs.**

Mr. Tsholofelo Ramotsehoa of the National Housing Finance Corporation (NHFC) opened his presentation by highlighting the pressing need to accelerate affordable housing delivery and the role that IBTs can play in addressing this challenge. He explained that although IBTs offer benefits such as speed, cost efficiency, energy performance, and reduced lifecycle costs, their adoption remains hindered by financial barriers rather than technological limitations. Developers often face high upfront capital requirements, perceived technology risk, execution concerns, and the challenge of limited balance sheets. These factors make lenders hesitant to finance IBT-based projects. To overcome these obstacles, Mr Ramotsehoa described several funding mechanisms, such as credit guarantees used in models like InfraCredit in Nigeria, material-linked financing tied to bulk procurement, blended finance through public-private partnerships, and green or climate financing, that can make IBT projects more bankable and reduce lender apprehension.

He then shifted the narrative toward solutions, explaining how targeted risk mitigants can unlock these funding opportunities and create a more enabling environment for IBTs. Bulk procurement can significantly reduce per-unit costs, while blended capital structures, with junior or concessional tranches absorbing first-loss risk, make senior lending safer and more attractive. Demonstrating the strong value proposition of IBTs, particularly their cost and time efficiencies, can strengthen investor confidence, and the use of Special Purpose Vehicles (SPVs) allows projects to be ring-fenced from developer balance sheets, thereby easing financing concerns.

In closing, Mr. Ramotsehoa reflected on the NHFC's evolution since its establishment in 1996 and its expanded mandate following the merger with RHLF and NURCHA in 2018. He emphasised the organisation's role as a financier, facilitator, and innovator committed to laying the groundwork for the future Human Settlements Development Bank, which will deepen support for affordable housing and help scale IBT adoption nationwide

**d) Funding and Investment Models to Boost the Functioning of the Residential Property Market in South Africa**

Dr Ngobeni's presentation focused on the pivotal role of South Africa's Infrastructure Fund (IF) in reshaping the country's infrastructure investment landscape. He explained that the Fund was created to address long-standing challenges such as limited fiscal capacity, slow project delivery, and inadequate private sector participation. Through blended finance, the IF uses modest public resources to attract substantially larger private investments, thereby improving project bankability and reducing pressure on the national budget.

Dr Ngobeni highlighted the collaborative framework supporting the Fund, which includes Infrastructure South Africa, the Development Bank of Southern Africa, and the National Treasury. Together, these institutions ensure strong governance, technical preparation, and funding oversight. He described the IF's value chain as a structured process that moves projects from identification and design through to implementation, monitoring, and evaluation, ensuring that only financially and technically sound projects progress.

In reflecting on the Fund's progress, Dr Ngobeni noted that the Budget Facility for Infrastructure has already approved R51.4 billion in capital costs, demonstrating meaningful traction toward the R100 billion provisionally allocated to the IF. Since its inception, the Fund has successfully packaged 26 blended-finance projects valued at R130.8 billion across critical sectors. These initiatives are expected to yield significant socio-economic outcomes, including over 35,000 housing units, more than 381,000 megalitres of water per year, and 9,500 beds for student accommodation. Dr Ngobeni emphasised that these achievements reflect the Fund's role as more than a financing mechanism; it is a transformative vehicle driving sustainable infrastructure development, unlocking private capital, and improving service delivery across the country. He concluded that the IF's growing pipeline and partnerships position it as a key contributor to South Africa's long-term development trajectory.

## 10. SECTION H: SUPPORTING AND FUNDING IMPLEMENTATION OF IBTs: AN INTERNATIONAL PERSPECTIVE:

**Facilitator: AUHF Board Chairperson- Mr Kehinde Ogundimu**

### a) Financial Instruments and Programmes to Support Residential Property Market and Project-linked Infrastructure, Including Green-Climate Resilience Funding.

Mr Habib Hann presented on the central role of Shelter Afrique's in addressing Africa's growing housing deficit, driven by rapid population growth, urbanisation and inadequate infrastructure investment. He outlined how the institution supports the continent through a comprehensive ecosystem of financial products, project financing, public-private partnerships and specialised funds aimed at accelerating affordable, sustainable and resilient housing. The presentation also emphasises the importance of strengthening regulatory frameworks, enhancing local institutional capacity and promoting innovative building technologies as essential foundations for attracting investment and increasing housing supply. Through the Vision, Institutions, Regulations, Actors and Local Initiative Support (V.I.R.A.L.) model and multi-country programmes, Shelter Afrique demonstrates how integrated reforms, financing and capacity-building efforts are necessary to transform markets and scale up affordable housing across Africa.

Mr Habib Hann further illustrated Shelter Afrique's growing focus on green and climate-resilient housing, detailing partnerships such as the IFC-supported Excellence in Design for Greater Efficiencies (EDGE) certification initiatives and recent investments in Nigeria and Namibia. He also highlights the Joint Project Preparation Facility launched with AfreximBank, designed to de-risk innovative building technology projects and mobilise over one billion US dollars for housing and related infrastructure. Looking to the future, Shelter Afrique positions itself as Africa's emerging Sustainable Building Finance Hub, committed to driving policy reform, enabling concessional climate finance and fostering resilient, low-carbon housing solutions. Through these initiatives, the organisation aims to catalyse large-scale investment, strengthen developer capacity and support governments and private actors in closing the continent's housing gap.

**b) Innovative Public-Private Partnership Programmes for IBT Implementation in Provinces, Municipalities, and Non-Profit Sector Organisations.**

The presentation by Ms Ryan outlined the Development Bank of Southern Africa's (DBSA) strategic role in accelerating the nationwide adoption of IBTs through public-private partnerships (PPPs). She framed IBTs as an essential response to South Africa's housing backlog, rising climate risks, and fiscal constraints, arguing that traditional construction methods cannot meet current or future demand. To address these pressures, IBTs are positioned as a faster, cost-effective, and climate-resilient alternative, aligning with global green finance trends.

Ms Ryan highlighted the investment barriers that constrain IBT uptake, such as limited international capital flows, weak project preparation, and perceived technology risk. DBSA presented itself as a catalytic institution capable of mobilising climate finance, structuring bankable PPP programmes, and providing technical and financial de-risking instruments, including guarantees, project-reparation facilities, concessional capital, and blended-finance structures. Examples of proven international PPP models are used to demonstrate that climate-aligned, modular, and city-level IBT programmes can scale successfully when supported by strong governance and diversified financing tools.

Lastly, Ms Ryan highlighted the regulatory, financial, and operational conditions necessary for effective PPP implementation. These include strict adherence to Treasury regulations, robust feasibility studies, reliable revenue mechanisms, and properly ring-fenced municipal cash flows. She further outlined an execution pathway built on coordinated project preparation, Development Finance Institutions (DFI), supported financial close, and the establishment of a national infrastructure platform guided by standardised PPP templates. Overall, her vision is to create a scalable, multi-province IBT delivery model that can attract institutional investors and support the long-term, sustainable development of human settlements across South Africa.

**c) Funding Opportunities and Applied Qualifying Criteria to Support IBT Suppliers and Manufacturers, Including De-Risking Instruments to Catalyse the Market**

Mr Kambarami opened his presentation by explaining the International Finance Corporation's unique role within the World Bank Group, emphasising its private-sector mandate and its responsibility to drive sustainable development in emerging markets. He framed the built environment as a major contributor to global emissions and noted that buildings account for a substantial share of energy-related greenhouse gases. At the same time, climate hazards are intensifying, bringing new risks to infrastructure and human settlements. For this reason, he highlighted IFC's strategic focus on both mitigation and adaptation, describing how the organisation derisks investments, pioneer's new climate-related markets, sets globally recognised standards, and mobilises capital to scale climate-smart solutions.

He then introduced IFC's suite of tools designed to transform the construction sector, beginning with EDGE, a green building certification system tailored to emerging markets. Mr Kambarami described EDGE as practical, affordable, and scalable, offering free software and requiring at least 20% savings in energy, water, and materials. He explained that EDGE was intentionally created to serve mass-market developments rather than only high-end projects, making it especially valuable for Industrialised Building Technologies, which aim to deliver efficient and replicable building solutions. Alongside EDGE, he highlighted the Building Resilience Index, which evaluates how well buildings can withstand climate hazards, and APEX, which supports cities in greenhouse-gas planning and low-carbon investment. Together, these tools form a holistic framework that addresses both emissions reduction and climate resilience in the built environment.

Mr Kambarami concluded by illustrating the global and African uptake of these tools, noting that EDGE has expanded to more than a hundred countries with thousands of certified projects amounting to billions in green investment and significant annual carbon savings. He emphasised that Africa, including countries such as South Africa, Egypt, Kenya, and Ghana, has shown strong momentum, with South Africa alone achieving millions of square metres of certified floor space. This growth, he argued, demonstrates increasing confidence in measurable, standardised sustainability practices and signals a broader shift toward greener, more resilient construction. He closed by reaffirming IFC's commitment to supporting market transformation through partnerships, investment, and accessible climate tools that enable developers and innovators, including those in the IBT sector, to contribute meaningfully to a more sustainable built environment.

## 11. IBT SUMMIT CLOSING REMARKS BY MINISTER SIMELANI

The inaugural IBT Summit concluded with a strong message of unity, clarity and renewed commitment from the Minister of Human Settlements. In her closing remarks, the Minister reflected on the depth and significance of the two-day engagements, which brought together government leaders, researchers, industry experts, financial institutions, civil society, and community stakeholders.

The Minister emphasised that the Summit succeeded in creating a robust, evidence-based platform for dialogue, enabling candid and solution-oriented conversations about the future of human settlements in South Africa. She highlighted that there was a shared understanding across all sectors. The country cannot meet its growing housing needs, nor fully address climate resilience and inclusivity, unless IBTs are embraced as a central pillar of human settlements development rather than a niche alternative.

A key theme emerging from the Summit was the need to streamline the regulatory environment. Inputs from research organisations, certifiers, regulators, and construction stakeholders reinforced the importance of improving approval processes, enhancing quality assurance, and strengthening intergovernmental coordination. These steps were seen as essential to moving IBTs from isolated pilot projects into mainstream implementation.

The Minister also noted the critical evidence presented by academic institutions, demonstrating that IBTs can respond to both cost pressures and environmental risks. This aligns with the national policy direction outlined in the 2024 White Paper on Human Settlements, positioning sustainability, energy efficiency, and climate resilience at the forefront of the sector’s transformation.

Community organisations contributed important reflections on public awareness and beneficiary inclusion. The Minister acknowledged that for IBTs to succeed in the long term, communities must be fully engaged and informed, with participatory planning central to project design and delivery.

Economic inclusion emerged as another vital focus area. The Minister emphasised a commitment to expanding opportunities for emerging contractors, youth, women, and persons with disabilities, ensuring that the IBT transition drives broader transformation across the sector. This approach is anchored in national policy directives that promote inclusivity and equitable participation.

Finance was highlighted as a critical enabler. Engagements with banks, development finance institutions, and international partners pointed to the need for innovative financing mechanisms that unlock private-sector investment, reduce risk, and support IBT supply chains. The Minister affirmed that the Summit provided clear direction on strengthening investment instruments suited to the unique needs of the IBT ecosystem.

The discussions and demonstrations at the Summit also reaffirmed the value of IBTs in disaster response and climate mitigation, with the Minister noting the importance of leveraging global best practices while building strong local capabilities.

A major milestone achieved was the adoption of the IBT Summit Social Compact. This agreement commits all stakeholders, government, industry, researchers, financiers, and communities, to collaborative action aimed at accelerating IBT integration nationwide. The Minister reiterated that, as highlighted by the President, this Compact represents a shared national resolve to move IBTs firmly into the mainstream of human settlements development.

## 12. PARLIAMENTARY OVERSIGHT AND LEGISLATIVE IMPLICATIONS

The IBT Summit raised several issues with direct oversight and legislative implications for Parliament, particularly for the Portfolio Committee on Human Settlements. The following matters warrant Committee attention and follow-up action.

**a) Compliance with the 2% HSDG IBT Allocation Requirement.** The finalised Human Settlements Development Grant (HSDG) conditions stipulate that a minimum of 2% of the grant must be allocated to IBT projects approved by Agrément South Africa. Parliament should exercise oversight to ensure that all provincial departments comply with this requirement, and that allocations are accompanied by detailed cost analyses and evidence of community consultation. The Committee may request quarterly progress reports from the Department of Human Settlements disaggregated by province.

**b) Absence of Performance-Based National Norms and Standards for IBTs.** The Summit confirmed that the Department of Human Settlements is still in the process of finalising Performance-Based National Norms and Standards for IBTs. This regulatory gap has direct implications for the Housing Act (Act 107 of 1997) and the National Home Builders Registration Council Act (Act 95 of 1998), which currently do not adequately provide for IBT-specific performance requirements. Parliament should request a timeline for the finalisation of these norms and standards, and consider whether legislative amendments are necessary to create an enabling regulatory framework for IBTs in subsidised housing delivery.

**c) Statutory Basis and Enforceability of the IBT Social Compact.** The IBT Summit Social Compact, adopted as a key milestone of the Summit, commits government, industry, financiers, researchers, and civil society to accelerate IBT integration. However, the Compact lacks a statutory basis, raising questions about enforceability and accountability. Parliament should seek clarity from the Department on the legal standing of the Compact, the accountability mechanisms built into it, and whether it will be underpinned by binding performance agreements or departmental targets reportable to Parliament.

**d) Skills Development and Employment Implications.** The Summit consistently highlighted skills shortages as a major constraint on IBT adoption. Concerns were also raised about the employment implications of transitioning from conventional to innovative construction methods. These issues intersect with the Skills Development Act (Act 97 of 1998) and the mandates of the Department of Higher Education and Training (DHET) and the Department of Science, Technology and Innovation (DSTI). Parliament should engage these departments to assess whether existing sector education and training authority (SETA) frameworks adequately cater for IBT-related trades and technical competencies, and to ensure that the transition to IBTs strengthens rather than undermines job creation obligations.

**e) Intergovernmental Coordination and the Absence of DPSA.** The noted absence of the Department of Public Service and Administration (DPSA) from the Summit points to a gap in intergovernmental coordination on IBT implementation. Effective mainstreaming of IBTs in government-delivered housing requires alignment across procurement frameworks, supply chain management regulations, and public service standards. Parliament should raise this gap with the Department of Human Settlements and explore whether the DPSA's procurement and supply chain management regulations need to be reviewed to accommodate IBT-specific requirements, in line with Chapter 3 of the Constitution and the Intergovernmental Relations Framework Act (Act 13 of 2005).

**f) Financing Barriers for SMMEs and IBT Manufacturers.** Delegates raised persistent concerns about the inability of small, medium, and micro enterprises (SMMEs) and emerging IBT manufacturers to access financing and compete effectively in a market dominated by large players. These concerns implicate the mandates of the Construction Industry Development Board (CIDB) and the Small Enterprise Finance Agency (SEFA), both of which are accountable to Parliament. The Committee should exercise oversight over these entities to assess whether their empowerment programmes are adequately reaching IBT-sector SMMEs, and whether targeted instruments such as blended finance, bulk procurement mechanisms, and de-risking facilities are being deployed effectively to catalyse inclusive market participation.

Report to be noted.

# 2. REPORT OF THE PORTFOLIO COMMITTEE ON SMALL BUSINESS DEVELOPMENT ON OVERSIGHT VISIT TO THE EASTERN CAPE PROVINCE FROM 2 – 6 FEBRUARY 2026, DATED 25 MARCH 2026.

Having conducted an oversight visit to the Eastern Cape Province from 2 to 6 February 2026, the Portfolio Committee on Small Business Development reports as follows:

## 1. INTRODUCTION

The Portfolio Committee on Small Business Development (the Committee) conducted a week-long oversight visit (2-6 February 2026) to the Eastern Cape Province. The objective of the visit was to assess the impact of government support programmes for small businesses and cooperatives spanning across different district municipalities including Alfred Nzo, OR Tambo, Amathole, Chris Hani and Buffalo City Metropolitan. The Department of Small Business Development (the Department) and Small Enterprise Development and Finance Agency (Sedfa) provide a wide range of financial and non-financial support to micro, small and medium-sized enterprises (MSMEs) as well as co-operatives. Key products and services include blended funding (loans/grants), business incubation, mentorship, technology support, and market access, targeting sectors like manufacturing, retail, tourism, agriculture, and construction. Most of these interventions are broadly focused on empowering specific demographics—women, youth, and entrepreneurs in township and rural areas—to foster financial inclusion and unlock new economic opportunities.

Oversight function is a fundamental constitutional duty where Parliament monitors and holds the executive branch accountable. On-site visits play a critical role in strengthening parliamentary accountability by allowing Committees to move beyond formal, paper-based reporting to gather firsthand information from stakeholders, including civil society organisations and affected communities. It is the role of Committees to periodically conduct such provincial inspections in order to assess the impact of support, evaluate the progress of service delivery, and identify challenges that occur during the implementation of programmes and projects. For this reason, this oversight report does more than just list the findings—but illustrates that this Committee directly explored the Department and Sedfa performance, identified shortcomings, assessed the impact of interventions on the ground—and recommendations are made based on these findings.

## 2. BACKGROUND

The Eastern Cape is one of South Africa's nine provinces and second largest by land area. It is situated in the coastal and inland side of the country—bordered by the KwaZulu Natal, Western Cape and Northern Cape provinces, as well as the independent kingdom of Lesotho. According to Census 2022, the Eastern Cape has a population of over 7.2 million people, making it the 4$^{th}$ most populous province in the country. The province continues to experience severe social and economic ills, characterised by high levels of poverty, unemployment (reaching 42.5% by Q4 2025), and food insecurity, which are particularly acute in rural areas and former homeland regions like the Transkei. Despite boasting two metros, key economic and manufacturing hubs, enormous tourism and agricultural potential, ports etc—the economic activity in the province is moderately lower than its potential. The region is experiencing a significant, long-term trend of outmigration, driven by high unemployment and a search for better economic opportunities in other provinces, notably the Western Cape (Cape Town), Gauteng and to a lesser extent KwaZulu Natal (Durban).

According to the strategic plan of Parliament (notably the 7$^{th}$ Parliament, 2024-2029), the institution aims to strengthen oversight in high-poverty areas by using the Multidimensional Poverty Index (MPI) to identify and address specific developmental gaps. Focused on the 7$^{th}$ Parliament's priorities, this approach seeks to ensure that interventions are evidence-based, data-driven, and target specific, measurable, achievable, relevant, and time-bound (SMART) goals to reduce inequality and enhance service delivery in rural and impoverished communities. Key components of the mandate of the Department regarding poverty are targeted support (focusing on township and rural economies) where poverty is concentrated, economic transformation (implementing initiatives that promote, develop, and sustain MSMEs and co-operatives), job creation (aiming to create 9 million of the 11 million needed jobs by 2030 through the MSME sector) and access to finance (developing funding policies to deepen access to finance, reducing economic concentration/monopolies, and addressing financial literacy in underserved areas) to name the few. There is no doubt that a significant amount of work is being done in these areas.

According to Statistics South Africa (STATSSA), the highest concentrations of poverty are in rural areas of the Eastern Cape, Limpopo, and KwaZulu-Natal (KZN), with KZN and North West sharing the highest headcount in 2023. These provinces have consistently shown high, persistent poverty due to weak economic bases. The regions are characterised by high unemployment, rural density, and limited economic opportunities. The Eastern Cape frequently ranks the highest in poverty, with few districts in Limpopo and KwaZulu-Natal also battling high rates of unemployment. One of the local municipalities identified and visited by the Committee with the highest poverty rate is Ntabankulu, under Alfred Nzo district municipality, with roughly over 85% of its residents living below the poverty line. Of concern to the Committee was the lowest number of projects supported by the Department and Sedfa in this district municipality where roughly over 50% of the population lives below the poverty line—implying a mismatch in resource allocation. The following projects were randomly shortlisted by the Committee for visitation and evaluation—

**Table 1: List of Beneficiary Projects**

| | Beneficiary and Project Name | Programme | Rand Value (R'000) |
|---|---|---|---|
| 1. | Mazasa Management Consulting CC | Asset Assist Programme | R234 000 |
| 2. | MBI Development Primary Co-operative Limited | Cooperatives Development Support Programme | R2.5 million |
| 3. | Imvomvo Country Lodge and Other Services 1996 (Pty) Ltd | Tourism Equity Fund | R18 million |
| 4. | Masizakhe Multipurpose Co-operative Limited | Cooperatives Development Support Programme | R1.2 million |
| 5. | Sanelisiwe Agricultural Primary Co-operative Limited | Cooperatives Development Support Programme | R990 000.00 |
| 6. | Mpondoland Cannabis Belt Association | N/A | N/A |
| 7. | Abasuki Tannery Primary Cooperative Limited | Cooperatives Development Support Programme | R1.5 million |
| 8. | Mampondo Harvest Farms (Pty) Ltd/Mampondo International Primary Co-operative Limited | Township and Rural Entrepreneurship Programme | R970 000.00 |
| 9. | Township Cannabis Incubator NPC. | Incubation Programme | R3 million |

| | | | |
|---|---|---|---|
| 10. | Altitudes Building and Civil Contractors (Pty) Ltd | Youth Challenge Fund | R1.5 million |
| 11. | Eyoluntu Project (Pty) Ltd | Direct lending | R2,7 million |
| | | Asset Assist Programme | R250 000 |
| 12 | The Furniture Technology Centre Trust | Incubation Programme | R4.4 million |
| 13. | DKM Healthcare (Pty) Ltd | Small Enterprise Manufacturing Support | R15 million |
| 14. | Qamawonga and Trading (Pty) Ltd | Township and Rural Entrepreneurship Programmes | R808 000 |
| 15. | Oyisa Amanyamadoda | Spaza Shop Support Programme | R10,500 |
| 16. | Indyebo Fund (Pty) Ltd | Wholesale Lending Programme | R30 million |
| | Hlathi Multipurpose (Pty) Ltd | Purchase Order Funding | R195 000 |
| | Love Décor Company (Pty) Ltd | Purchase Order Funding | R3 million |
| 17. | Aruzabiz (Pty) Ltd | Direct Lending | R2.3 million |
| 18. | Sinemibono Security Primary Co-operative Limited | Business Development Support | R49,400 |
| 19. | Blacknest (Pty) Ltd | Youth Challenge Fund | R340 000 |
| 20. | Thandos Bakery and Confectionery (Pty) Ltd | Business Development Support | R15,500 |
| 21. | Chemistry Incubator NPC (Chemin) | Incubation Programme | R3.4 million |
| 22. | The Small Enterprise Foundation NPC | Wholesale Lending | R150 million |
| | Mrs. Daniswa Noruka | Micro Loan | R113,500 |
| | Mrs. Cekiso | Micro Loan | R7,000 |
| 23. | Talisfin (Pty) Ltd | Wholesale Lending | R30 million |
| | Galawell (Pty) Ltd | Purchase Order Funding | R298,000 |
| 24. | OBG Petroleum (Pty) Ltd | Direct Lending | R15 million |
| 25. | Thanda Isizwe Investments (Pty) Ltd | Township and Rural Entrepreneurship Programme | R309,000 |

## 3. OBJECTIVES AND EXPECTED OUTCOMES OF THE OVERSIGHT VISIT

The Committee undertook this oversight visit in order to see for itself whether government support for small businesses is real, accessible, and making a difference in the lives of ordinary people. In particular, the Committee sought to:

- **Assess capacity and access.** Determine whether Sedfa offices are adequately staffed, resourced, and geographically accessible, especially to entrepreneurs in townships and rural areas who cannot afford to travel long distances or navigate complex systems.
- **Test red tape reduction in practice.** Hear directly from beneficiaries whether application, approval, and disbursement processes are truly simpler, faster, fair, and transparent, or whether red tape still locks out deserving entrepreneurs despite policy commitments to reduce it.
- **Examine programme reach and policy alignment:** Assess the uptake of Sedfa and DSBD programmes such as the Spaza Shop Support Fund and Youth Challenge Funds among others, and whether provincial implementation genuinely aligns with national policy objectives and targets approved by Parliament.
- **Identify delivery blockages:** Identify operational challenges, bottlenecks, and gaps that delay funding, weaken support, or undermine service delivery, and investigate accountability lines for non-delivery, where necessary.
- **Scrutinise post-investment support and sustainability:** Examine whether supported enterprises are still operational, growing, and complying with funding conditions. Assess the adequacy of post-investment monitoring and support, and how the Department and Sedfa intervene when businesses are in distress or at risk of failure.
- **Assess contribution to local economic development:** Determine whether provincial implementation contributes meaningfully to enterprise development, employment creation, and local economic growth, and how well Sedfa coordinates with provincial departments, municipalities, and local business structures.
- **Examine Cannabis sector support:** Assess support provided to cannabis-related projects by Sedfa, including barriers to entry, regulatory constraints, access to finance, and whether emerging farmers and small producers are genuinely benefiting from this programme.
- **Identify legislative gaps:** Identify cross-cutting policy, regulatory, or legislative constraints affecting all DSBD programmes that may require Parliamentary intervention to ensure that small business support reaches the people it is meant to serve.

## 4. COMPOSITION OF THE DELEGATION

The delegation composed of Members of the Portfolio Committee on Small Business Development, Department of Small Business Development and Sedfa officials, Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), Members of the Provincial Legislature, leadership from various respective municipalities as well as officials from the districts and local municipalities local economic development units.

### 4.1 Members of the Portfolio Committee on Small Business Development

| | |
|---|---|
| Ms MC Dikgale, MP | (ANC) Leader of the delegation |
| Ms NK Bilankulu, MP | (ANC) |
| Ms BL Sapo, MP | (ANC) |
| Ms M Mmolotsane | (ANC) |
| Mr HCC Kruger, MP | (DA) |
| Ms MC Mafagane, MP | (MK) |
| Inkosi BN Luthuli, MP | (IFP) |
| Ms B Mathulelwa, MP | (EFF) |

### 4.2 Parliamentary Officials

| | |
|---|---|
| Mr NK Kunene | Committee Secretary |
| Mr S Gumede | Committee Content Advisor |
| Mr M Dodo | Committee Assistant |
| Mr Ngcobo | Parliament Protection Services |

### 4.3 Department of Small Business Development Officials

| | |
|---|---|
| Ms Phuti Marutla | Parliamentary Liaison Officer (Office of the Minister) |
| Mr Mandla Sithole | Parliamentary Liaison Officer (Office of the Deputy Minister) |
| Ms Yanga Tantsi | Deputy Director-General: ICMED, DSBD |
| Mr Vuyisa Dayile | Deputy Director-General: Sector Policy, DSBD |
| Mr Mhlanganisi Masoga | Director: RLEDC, DSBD |

| | |
|---|---|
| Ms Nwabisa Dano | Director: Project Delivery, DSBD |
| Mr Vukile Nkabinde | Director: Cooperatives Business Support |
| Mr Langelihle Nxumalo | Acting Deputy Director: RLEDC, DSBD |
| Mr July Motsoeneng | Deputy Director: DSBD |
| Mr Noko Manyelo | Communication’s Manager, DSBD |
| Ms Ongeziwe Nongauza | Assistant Director: DSBD |
| Mr Tinyiko Baloyi | District Champion/Assistant Director, DSBD |
| Mr Nkosikhona Mbatha | Acting Chief Executive Officer: Sedfa |
| Ms Sizile Dube | Office Manager: Sedfa CEO |
| Mr Xolani Meva | Head of Regions: Sedfa |
| Mr Letlatsa Lehane | Head of Department: KCG, Sedfa |
| Mr Alex Qunta | Acting HOD: BDS, Sedfa. |
| Mr Nzuzo Ngema | Investment Officer: Sedfa |
| Mr Siphethuxolo Wulana | Investment Officer: Sedfa |
| Mr Desmond Nyakaza | Marketing & Stakeholder Relations: Sedfa EC |
| Ms Nomfundo Dlatu | Branch Manager: Sedfa |
| Mr Siphiwo Sixishe | Branch Manager: Sedfa OR Tambo |
| Mr Duma Maqubela | Branch Manager: Sedfa |
| Mr Zoliswa Makawulana | Business Advisor: Sedfa |
| Mr Bayanda Mpahlwa | Business Advisor: Sedfa Chris Hani- Joe Gqabi LM |
| Mr Richard Manzini | Chief Investment Officer: Sedfa. |
| Ms Mmaphefo Mabe | Senior Portfolio Manager: Sedfa |
| Mr Sinovuyo Geqeza | Marketing: Sedfa. |
| Ms Olivia Henwood | Project Head Microfinance: Sedfa. |
| Mr Curnick Twayi | Investment Officer: Sedfa. |
| Ms Mmaphefo Mabe | Senior Portfolio Manager: WL, Sedfa. |
| Mr Billy Bokako | Senior Manager: Incubation, Sedfa |
| Ms Siphikazi Hlazo | Information Officer: Sedfa. |
| Mr Srakele Gabula | DEDEAT |
| Mr Mbulelo Jolingana | Senior Manager: DEDEAT |
| Mr Xolile Titus | District Director: DEDEAT |

## 5. VISIT TO ALFRED NZO DISTRICT MUNICIPALITY

The Alfred Nzo District Municipality is one of six district municipalities in the Eastern Cape province. The district is further separated into four local municipalities: Matatiele, Umzimvubu, Mbizana (Winnie Madikizela-Mandela), and Ntabankulu. The Committee was restricted to visiting only three local municipalities—Matatiele, Ntabankulu, and Umzimvubu—due to the vast geographical size of the district. The region is characterised by high levels of poverty, high unemployment rate (approx. 77.58%) particularly youth joblessness, and high dependency on social welfare support. Key economic sectors include agriculture (citrus, maize, potatoes), tourism, and mining. Despite significant challenges, including high poverty, unemployment, and severe water infrastructure shortages, the district municipality holds immense growth potential, particularly in agriculture and agro-processing (read cannabis), tourism, and mining sectors.

Alfred Nzo is one of the few district municipalities with its own economic development agency—the Alfred Nzo Development Agency (ANDA). ANDA supports the district by acting as an implementation arm for local government, focuses on catalytic economic projects, including agriculture and manufacturing, to boost the district's economy. The Portfolio Committee launched its oversight tour of the Eastern Cape by paying a courtesy call to the Matatiele local municipality where it was greeted by the leadership of the municipality. The delegation started the day with a briefing, introductions, and a review of the day's schedule before undertaking inspections of a limited number of projects in the local municipalities of Matatiele, Ntabankulu, and Umzimvubu. On day one, five projects as summarised below, were chosen for consideration and assessment. They are beneficiaries of the various DSBD and Sedfa interventions.

### 5.1 Visit to Matatiele Local Municipality

Following an exchange of pleasantries, members of the Committee held a robust engagement with the leadership of the municipality, the Department and Sedfa officials. These discussions were prompted by the Acting Mayor's presentation with respect to the local economic state of affairs within the local municipality that she defined "as dire, primarily hindered by high poverty, unemployment, and slow economic growth". She lamented, among others, poor infrastructure, limited support for MSMEs and cooperatives particularly in the area of state procurement, under-developed agricultural and tourism sectors. She implored the Department for a better cooperation as the region requires increased investment, better business confidence, and scaled-up support from the national government especially in the area of economic infrastructure to unlock growth. Members of the Committee had the chance to question both the local municipality and the Department about the progress of spaza shop registration and whether any spaza shops in the local municipality had benefited from the Spaza Shop Support Fund. The Portfolio Committee on Small Business Development is pushing for accelerated, automated, and streamlined spaza shop licensing, as slow municipal processes (only 18,722 of 81,039 registered shops are fully licensed) are hindering access to the R500 million Spaza Shop Support Fund (SSSF). Furthermore, members voiced dissatisfaction with the fact that they had driven all the way for only one project and inquired as to why. They described the visit as having a very limited scope.

The Department and Sedfa reacted by stating that there are numerous projects under their support in Matatiele. The project database was shared with the Committee Secretariat. For example, during the previous financial year, the Committee was notified that 34 Asset Assist initiatives had been approved. In the same period, approximately R2.2 million was disbursed in Matatiele alone. Additionally, Matatiele spaza stores received a training intervention in collaboration with WRSETA. The database of those recipients was readily available, and the Department and the municipality collaborate closely in supporting some of these projects. The Department did concede, however, that the spaza shop's recipients were from the previous window (Spaza Shop Support Programme). The Department acknowledged that applications in the current window were not forthcoming. The primary issue with new applications is that spaza shop owners lack the necessary, valid municipal trading permits, which are mandatory to qualify for the support fund.

To date, the Department has only received 11 applications from Matatiele local municipality. It was also unclear if they would be approved or not because they had not been validated or authenticated. The Department stated that it was worried about the growing number of permit forgery cases it was dealing with, the low approval rates resulting from drawn-out or lengthy verifications, and the general lack of cooperation and responsiveness from some municipalities. The municipality agreed that approvals were somewhat low. Out of 300 spaza shops, only 40 are registered and licensed. A disturbing trend across all local municipalities is a noticeable increase in the forgery of municipal permits, operating licenses, and related documentation. Municipal leadership confirmed that Matatiele local municipality was not immune from this growing phenomenon. Hence, they called for a closer collaboration with the Department. In conclusion, there was an undertaking from the municipality, Department and Sedfa to increase cooperation on a number of areas to drive regional economic growth and scale up support to MSMEs and cooperatives specifically those owned by youth, women and people living with disabilities.

### 5.2 Mazasa Consulting Management CC

The first project to be visited by the Committee was Mazasa Management Consulting CC. The business is a 100% black-owned professional services venture headquartered in Matatiele. Mr Zolile Mosweu, a black entrepreneur working in management consulting and training, owns and manages the business. The business was founded in 2011 and has been in existence for more than 15 years. It offers capacity-building, social facilitation, training, and management consulting services with an emphasis on organisational growth and an increase in productivity. Mazasa Management Consulting secured R234,000 from the DSBD Asset Assist Programme to acquire 22 laptops. The funding, which supports machinery, equipment, and raw materials, helps MSMEs, cooperatives and individuals to overcome financial barriers to growth. This initiative aims to enhance service delivery and support the sustainability of small enterprises. The business also received support from the Eastern Cape Development Corporation (ECDC) to purchase desks.

Mr. Mosweu briefed members of the Committee on what drove him to establish this type of business, his journey since 2011, the highs and lows, challenges, scaling the business and managing employees to mention the few. The business has expertise working with public-sector projects, including MICTSETA, NSF, and Matatiele local municipality. Mr Mosweu confirmed receipt of the laptops acquired through the Asset Assist intervention. At the time of the Committee visit, operations had just relocated from Railway Road to his residence in Harry Gwala Street, also in Matatiele. The largest obstacle he was unable to overcome was his inability to find reasonably priced office space. He revealed some of the issues he encountered with the local municipality regarding access to land or business premises. The inability to access affordable business premises is a significant, often insurmountable, barrier for many small entrepreneurs. This hurdle is consistently cited alongside, and often causes, other major business failure. Mr Masweu's rental expenses prompted him to abandon the premises due to exorbitant rental costs.

The effect of this decision is that Mr. Mosweu's business is now situated in a difficult-to-access area that is not designated for educational purposes. Operating an educational facility in an area not zoned for that purpose constitutes a contravention of town planning schemes, which is illegal. From the Committee's own assessment, the lack of accessibility, likely stemming from the site not being zoned for high-traffic educational use, further hampers business functionality. Based on the context provided, it was clear that addressing the challenges presented by Mr. Mosweu would requires a dual-pronged approach involving structured engagement with the local municipality—as the custodian of the land—and leveraging Sedfa for business development support. The municipality holds the responsibility for land, making them a critical partner in resolving land-related obstacles. Members of the Committee concluded that the situation highlights a common need for local economic development initiatives to bridge the gap between municipal regulatory processes and the practical needs of small enterprises. The municipal leadership present during this leg of the visit agreed to return and have discussions with Mr. Mosweu to find lasting solution.

### 5.3 MBI Development Primary Co-operative Limited

The next project on the Committee's menu was a visit to MBI Development Primary Co-operative Limited at Mzalwaneni village in Ntabankulu. The cooperative specialises in the production, storage, and marketing of maize to boost food security and economic growth. Trading as AmaNtonta Agro-processing, the co-operative was registered in 2015 by five members, and soon thereafter started operations. Even though only five (5) members appear on the registration certificate, to ease bureaucracy, the cooperative is founded and owned by community members, all of whom were present during the Committee's visit. The project is a recipient of the Cooperative Development Sector Programme (CDSP) to the value of R2.5 million. The money was used to acquire farming implements such as tractors, ploughs (mould-board or disc), planters, harrows, sprayers, and irrigation systems to name the few. The provincial department of agriculture assisted constructing the agricultural shed, while DEDEAT assisted with the milling plant, which will shortly be commissioned in the same vicinity where the shed is located.

The ten years since the business started has been nothing but a journey worth celebrating, learning from, and building upon. The cooperative has grown from five hectare-farm to presently operating more than 700 hectares of land. Within Ntabankulu local municipality, it has identified all pockets of land lying fallow and put them into productive use. The operations have since expanded to Emaus (often referred to as Emawose or Emaus Mission) within the Umzimkhulu local municipality in the Harry Gwala District of KwaZulu-Natal where 350 hectares of land is now under plantation. The portfolio committee was equally pleased with what it found on the ground. Assets obtained through CDSP were being used effectively, and the cooperative was operating at full capacity and rapidly scaling operations to increase revenue. Based on the presentation, the cooperative's transition from a survival-oriented model to a profitable, high-growth phase requires a strategic shift to address increased capital needs. This growth stage is marked by rising demand and the need for significant capital investment to move beyond the initial survival stage.

The cooperative was thankful for the support it has received. However, it was not sufficient because a full-fledged maize processing facility requires at least three distinct, specialized, and often separate structures to manage the flow of materials efficiently and ensure quality control. The three necessary buildings or structures according to the cooperative are:

- Raw Material Storage (Grain Silo/Warehouse): The cooperative wants to use this building to store incoming, unprocessed maize, ensuring it is kept in a dry, ventilated, and pest-free.
- Processing Facility (Milling Plant): This is dedicated building where cleaning, degerming, and milling of the maize takes place, transforming it into products like maize meal..
- Finished Product Storage (Finished Goods Warehouse): A clean, dry, and secure facility for storing packaged products (e.g., mealie meal bags) before distribution, preventing contamination and spoilage.

The Committee also discovered that the cooperative was losing a lot of money due to rental expenses at Kokstad Milling, where 1000 tons of maize are kept at a cost of R1000 per day (R1 per ton every day). As part of this effort, the Committee was informed that the cooperative submitted an application for the Business Infrastructure Support Programme (BISP). The BISP aims to support small enterprises with infrastructure, including new or refurbished facilities, aimed at improving market access. The Department agreed to appraise the project and properly assess its requirements in order to inform the improvement plan, including prioritising the BISP application. Sedfa on the other hand, undertook to continue providing support to the cooperative, including with ISO certification. On behalf of the Committee, the Chairperson expressed gratitude—wished all cooperative members great success and sustainability in their business endeavours.

### 5.4 Imvomvo Country Lodge and Other Services 1996 (Pty) Ltd

Imvomvo Country Lodge is a three-star establishment, 100% owner-managed by Mr. Gugulethu Nogaya. The lodge offers comfortable lodging, conference and event space, and breathtaking views of the mountains and valleys. It is conveniently located in the Alfred Nzo district, between Mount Ayliff and Mount Frere, making it a perfect meeting place for both district residents and visitors. It is roughly over 3 kilometres from the N2 national road along the route to Ntabankulu, set against the backdrop of a rugged hilly slope. When the Committee visited business premises, the site was functional, with staff working efficiently, indicating that infrastructure is being used as intended. The lodge continues to provide lodging and conference facilities in addition to serving as a site for events like business meetings and community get-togethers. Mr. Nogaya guided the Committee members through the project's conception, briefly explained the history leading up to the project, major turning points, challenges, and future prospects.

The business is on an upward trajectory and experiencing consistent growth in revenue, market share and operational capacity. Mr Nogaya was confident that the business is positioned for scaling, with opportunities to expand to new markets or segments. Hence the Tourism Equity Fund (TEF) application to Sedfa—an application that has since been approved but not yet disbursed. The TEF is targeted at project developments, acquisitions, and expansions in sectors like accommodation, tour operations, and travel services, particularly those in rural areas and townships. In 2024, the National Empowerment Fund (NEF) approved R12-million for property improvement, solar energy installation, vehicles and working capital. The lodge was able to add 34 rooms, a big event hall that can hold 350 guests, a glass banqueting structure, and four smaller conference/event spaces thanks to this financial infusion. With the most recent TEF approval to the value of R18 million, the lodge will embark on capital investments and enhancements targeted at improving the lodge's infrastructure and facilities to boost its tourism appeal,

Committee members were quite impressed with the progress the business has made. Moreover, the Committee was convinced that the business was well-managed with a capable, passionate leader who has already demonstrated the ability to turn plans into results, making future success highly probable. Mr. Nogaya exhibited requisite business acumen such as intimate knowledge of the industry, skill, and experience to understand business operations, financial health, and strategic direction the business was pursuing. The Committee having previously been notified that the disbursement had not yet been completed—and given that the business was located in one of the poorest local municipalities in the country—it persuaded Sedfa to expedite a pending disbursement that had yet to be released. The Chairperson of behalf of the Committee congratulated Mr Nogaya and thanked him for his commitment to serving the people of Ntabankulu, Alfred Nzo and Eastern Cape. She expressed optimism that the business will grow even further given its strategic importance and relevance in the region.

### 5.5 Masizakhe Multipurpose Co-operative Limited

The next project for assessment on the Committee's itinerary was a visit to an enterprising cooperative, Masizakhe Multi-Purpose Primary Cooperative Limited, domiciliated at Singeni village in Mount Ayliff (eMaxesibeni) under the Umzimvubu local municipality. The cooperative is owned and managed by four females and one male. It operated informally before being formally registered in 2014. The entity is an agricultural cooperative involved in crop production. It has access to a 10-hectare farm where it produces vegetable crops on a scale for commercial purposes. Properly managed, a 10-ha farm can produce substantial yields, such as 30,000 to 50,000 cabbages every two to three months, alongside other crops like pumpkins, butternuts, beetroot, carrots, cauliflower, and broccoli. The cooperative distribution outlets include local wholesalers and retail stores, local community members, street vendors, restaurants, and schools. Based on the presentation made by cooperative members to the Committee, it was evident that they had been around long enough to comprehend the intricacies of the farm management and administration.

For example, they appeared to understand that selling fresh produce directly to consumers or retailers—rather than in bulk to middlemen—offers higher profit margins, often by allowing producers to bypass intermediaries and command better prices. They were certain that this was one of the tactics that had enabled the cooperative weather numerous turbulences. The cooperative is a recipient of the Eastern Cape Development Corporation (ECDC) and DSBD Cooperative Development Support Programme assistance to the value of R1.2 million. The programme helped the cooperative acquire a tractor, trailed disc, potato planter and Mahindra delivery vehicle. All equipment and machinery obtained with CDSP support was validated save for a tractor that stationed at Ntabankulu. The farming implements are helping the cooperative enhance production and boost its revenue base. Additionally, SANAMI, a vehicle created to expedite the establishment and development of agri-manufacturing ventures within the Alfred Nzo District Municipality, provided technical support and market linkage assistance to the cooperative. The interventions were evidently bearing fruits. The cooperative is stable, showing no indications of slowing down.

When asked what the immediate challenges were or risks facing the cooperative, the Chairperson of the cooperative told the Committee that they are all from the neighbouring municipality of Ntabankulu. The fact that members are from a neighbouring municipality can cause logistical, administrative, and logistical challenges in accessing local support, municipal services, or agricultural development programmes specifically earmarked for residents of eMaxesibeni. Furthermore, land tenure poses serious developmental risks to the cooperative. The tribal authority is leasing the 10-hectare farm to a cooperative. By implication, even with assistance, it would be difficult to implement any infrastructure improvements because the cooperative does not own the land. When queried about land tenure, the cooperative stated that it has obtained suitable farmland under traditional authority that falls under Ntabankulu, not far from they reside.

Other obstacles identified were lack of insurance to cover losses during cyclical, extreme weather (droughts, weak or damaged fencing, resulting in intrusion by stray animals, ack of a consistent, formal buyer for produce, no dedicated storage facility or packhouse, lack of a borehole, necessitating the use of pumps to fill water tanks. The Committee was informed that the ditrict provided support to the project, including with installation of fencing, signage, and so forth. Upon being informed of a new farm site that had been secured in Ntabankulu, officials from the district undertook to visit the site in order to conduct a comprehensive site evaluation. The district will subsequently contact other stakeholders to request more assistance on behalf of the cooperative. The Committee were pleased with the arrangement and wished cooperative success.

### 5.6 Sanelisiwe Agricultural Primary Co-operative Limited

The Sanelisiwe Agricultural Primary Co-operative Limited was formally established in 2019 in the Ndzongiseni village in Mount Ayliff (eMaxesibeni), by Nokuthula Fikeni and her family, including her children. The initiative was created to transform subsistence vegetable farming into a formal commercial enterprise after identifying a local market opportunity to supply fresh produce. The group consists of five people (1 male, 4 females, and one youth) who doube-up as employees of a cooperative. To support the cooperative increase production efficiency, improve product quality, and scaling operations, the cooperative received a grant funding support of R990 000 from the CDSP programme to acquire equipment (tractor) and delivery vehicle. The Committee confirmed that farming equipment had indeed been purchased. It was also pleased to find that the farm was operational. The cooperative is actively engaged in agricultural activities like planting, harvesting, and is generating income or other benefits from those activities.

The farm is supporting seventeen (17) jobs and has potential for further growth. The farm is able to provide food, support local economy, and potentially contributing to the Ndzongiseni area's food security and development. Based on what the Committee observed, the grant has indeed made a significant impact, effectively boosted business productivity and increasing output while fostering job creation and supporting the expansion of employment opportunities. This cooperative is part of the larger effort by the Department to utilise agricultural cooperatives as a means of enhancing economic development for smallholder farmers and reducing poverty in rural areas. Other supplementary support came from ECDC in the form of cash grant, Eastern Cape Department of Agriculture and Rural Development, SANAMI (incubator) with market linkages with buyers such as Hello Choice, Retailers such as Spar and Boxer for vegetables. Whereas Sedfa provided comprehensive capacity-building interventions, including industry-specific training and compliance support, to enhance the profitability and sustainability of the cooperative.

The Committee mingled with members of the cooperative, who discussed a variety of issues during their briefing, including impact of cyclical weather conditions, lack of investment in infrastructure such as shared facilities e.g. packhouses, and the high rate of crop theft in the area which was proving to be a major risk. For instance, a lack of cold storage for perishables, or improper drying for grains, leads to high spoilage rates. During the briefing, Sedfa representatives pledged to help the cooperative review a business plan, provide training on cooperative governance, and carry out a continuous evaluation of the project to find flaws and reduce risks. The Asset Assist Programme will give priority to other equipment to augment farm operations. All things considered, this was a very promising project, given that it continues to receive support from Sedfa and other state agencies. The Committee was generally pleased with the investment made in the project.

## 6. VISIT TO OR TAMBO DISTRICT MUNICIPALITY

The second day involved on an on-site assessment of the projects domiciliated at OR Tambo district municipality. The district municipality is situated in the eastern section of the province, featuring the Wild Coast, significant rivers, and high rainfalls. It is the birthplace of struggle heroes Oliver Tambo and Nelson Mandela. The region is mostly rural and underdeveloped, with a population estimated to be between 1.5 and 1.74 million. The district is constituted by five local municipalities of King Sabata Dalindyebo, Mhlontlo, Nyandeni, Port St Johns, and Ingquza Hill. The economy of the area is largely driven by community services and public sector employment, but it relies significantly on agriculture, forestry, and tourism as critical, high-potential, and developing sectors. Like other neighbouring district municipalities, OR Tambo has one of the highest percentages of poverty in the country, according to a few reports derived from STATSSA.

The percentage of people living below the poverty line ranged between 70% to 80% in 2023. The unemployment rate has historically been significantly higher than the national average, often exceeding 35-40%. Without a doubt the region is grappling with a severe socio-economic crisis defined by a “triple threat” of unemployment, deep-seated poverty, and extreme income inequality. Parliament, and with extension its committees, are actively tracking these socio-economic indicators—such as unemployment, poverty, and service delivery—in order to influence government resource allocation towards specific regions. For example, the district is facing functional and financial challenges that have necessitated ongoing scrutiny and interventions from national and provincial government, particularly regarding service delivery and financial management. As of March 2026, the district municipality is due to appear before the Standing Committee on Public Accounts to address audit findings and delayed infrastructure projects.

These dynamics—structural imbalances and institutional weaknesses, are acting as significant impediments to regional prosperity. Once more, due to immensity of the district, the focus of the Committee was on projects in Port St Johns, Nyandeni and King Sabata Dalindyebo. The projects that were visited and assessed are Mpondoland Cannabis Belt Association (this was a networking session concerning the evolution of cannabis sector), Abasuki Tannery Co-operative Limited, Mampondo International Primary Co-operative Limited, Township Cannabis Incubator NPC, Altitudes Building and Civil Contractors (Pty) Ltd as well as Eyoluntu Project (Pty) Ltd.

### 6.1 Mpondoland Cannabis Belt Association

The Committee converged at Port St Johns local municipality where it was received by the leadership of the local municipality and respective members of the Mpondoland Cannabis Belt Association (MCBA). The Committee had the honour of interacting with small-scale cannabis players in the region. It was noted in this session that the Department of Small Business Development and other departments are working on initiatives, including the National Cannabis Master Plan, to support small-scale farmers with training, funding, and access to the market. The Committee has previously engaged (via virtual platform) with small-scale cannabis players to discuss their inclusion in the legal, commercial cannabis and hemp industry. In that meeting, the Committee heard from industry stakeholders, notably Hemp4Life and the South African Health Product Regulatory Authority (SAHPRA), on the obstacles, potential, and licensing needs for smaller farmers. Among the primary challenges mentioned during this session, small-scale operators and industry advocates noted that the present, mostly restricted commercial market is controlled by large corporations. They underlined the importance of supporting micro, small, and medium-sized enterprises as well as cooperatives in farming, processing and manufacturing.

As a result, engaging with MCBA was essentially a continuation of that conversation to completely comprehend what the issues are. The Mpondoland Cannabis Belt Association is a community-based organisation in the Eastern Cape that represents traditional cannabis farmers, primarily in the Wild Coast region. The association aims to formalise the local, historically informal cannabis market, protect the interests of indigenous growers, and facilitate economic development through regulated cultivation. The MCBA strives to unite traditional growers, provide access to regulated cultivation areas, and develop cannabis cooperatives, notably in the Mpondoland region. Some of the objections mentioned by the group concern the introduction of commercial hemp operations into the region, particularly when such initiatives are undertaken without the involvement or consultation of local, established growers. When local farmers are viewed as passive beneficiaries rather than active contributors, they develop a sense of powerlessness, which leads to the long-term abandonment of projects or crops, especially in communal areas.

Furthermore, in early 2025, the MCBA publicly opposed the introduction of industrial hemp by outside companies (like Medigrow) without consultation, expressing concerns about potential cross-pollination affecting their indigenous landraces. The association actively advocates and supports small-scale farmers through a number of critical mechanisms. In conclusion, the Committee undertook to assist the sector, including advocating for the finalisation of the regulations (such as the Cannabis for Private Purposes Act) that will enable rural farmers to cultivate and trade legally. For instance, the proposed regulations allow adults to grow up to five cannabis plants per person at a private residence. The session was cut short with a view to further discuss and engage in the future. The Committee departed for its next project in Tombo village.

### 6.2 Abasuki Tennary Primary Co-operative Limited

Abasuki Tannery Primary Co-operative Limited is a community-based cooperative located in Mthalala Village, Port St. Johns in the Eastern Cape. A group of unemployed women founded the cooperative after seeing that people were spending a lot of money on uniforms and to close the sewing skills gap. Abasuki Tannery Primary Co-operative has five (5) members—its registration became effective in 2010. The cooperative enterprise has a long history of operating informally from the founder's backyard for 27 years, beginning in 1983 before becoming a legal entity. The cooperative focuses on tanning hide to manufacture leather. It also specialises in producing and manufacturing a wide range of clothing, including traditional attire, African ensembles, school, corporate, and church uniforms, and political apparel. It is a recipient of the CDSP programme to the value of R1.5 million. The CDSP windfall was utilised to purchase sewing, embroidery and knitting machines to enhance production capabilities. The cooperative is using these machines are used to transition from handmade, time-consuming processes to faster, high-quality, and more consistent output. The Committee verified the acquisition and existence of the machines.

The business is fully operational with positive spillover effects to Port St Johns local municipality. The enterprise estimated annual turnover is roughly over R1.2 million with more than 18 jobs maintained. The cooperative has, for example, provided sewing and leatherwork training to approximately 25 local women, enhancing skills and income opportunities in the area. From the Committee's own point of view, the project is no longer in a temporary, developmental phase but is now part of daily, routine operations. It was evident that the cooperative was at a phase where it needed a differentiated kind intervention— a shift from reactive support to proactive market intelligence, assisting businesses in determining which markets to enter and aligning their products with new consumer needs. For instance, key linkages and initiatives within the Mr Price Enterprise Development Programme are some of the initiatives that should be of interest to the cooperative to enable it to produce at a scale. The Committee felt it was imperative for a cooperative to secure reliable suppliers in order to maintain production flow.

The project has benefited significantly from a combination of financial and non-financial interventions by government departments and agencies, which are crucial for enhancing efficiency, sustainability, and economic impact. For instance, it received support from the OR Tambo district municipality, which has provided resources such as plumbing materials for their operations, whereas the ECDC, through its Imvaba Cooperative Fund, has also provided support to the cooperative. In 2015, the cooperative approached Seda OR Tambo for help with funding and marketing materials. Seda was successful in helping the cooperative create a business plan and later secured R350,000 in funding from the Department of Trade and Industry for the construction of their machinery and plant. With government actively moving to curtail what it terms "double-dipping"—defined as the practice of receiving multiple government benefits, grants, or tax exemptions for a single project, it is uncertain if this project would be able to continue to operate without state support. Nonetheless, the Committee was pleased with the project. As it moved on to the next project, following vibrant interactions with members of the Committee, the Chairperson wished the cooperative and its members the best of luck.

### 6.3 Mampondo International Primary Co-operative Limited

The next project for consideration by the Committee was in Buntingville area, Ngqeleni under Nyandeni local municipality. The project is operated by two entities, namely, Mampondo Harvest Farms (Pty) Ltd, a Sedfa client under the Township and Rural Entrepreneurship Programme (TREP), and Mampondo International Primary Co-operative Limited. In 2018, the family decided to form a cooperative, after having identified an opportunity to enter the poultry sector, and it was officially registered in 2019. The cooperative area of interest was poultry breeding—a subsector that presents a significant, high-growth opportunity for cooperatives, particularly for improving food security, generating consistent income, and creating employment in local communities. With the poultry industry accounting for roughly over 17.8% of agricultural output in South Africa, this sector is highly lucrative for cooperatives that can navigate key operational encounters.

To commence operations, the cooperative obtained backing from governmental entities such as ECDC's Imvaba Fund Support. The fund served to kickstart and grow cooperative operations by providing infrastructure, equipment, and capacity-building support to enhance economic viability and job creation. The farm began selling eggs to the general public in 2023. It had 5000 layer hens that could lay eggs at a rate of 93%. A 93% rate (also known as Hen-Day Egg Production) means that for every 100 hens in the house, 93 eggs are collected daily. This is regarded as a superb performance. The cooperative seemed to have been doing really well. It is unclear what led to its collapse given that Mr. Sineke, the cooperative managing director, has extensive experience and multiple certificates in poultry production, piggery production, and crop production and management. The cooperative had eight (8) employees when it ceased operation in February 2024.

In September 2025, Sedfa provided support to Mampondo Harvest Farms (Pty) Ltd for a poultry farming project to purchase stock and drill a borehole to the value of R970 000. Mr Sineke is the sole director of a company. With the money secured, chickens were acquired and chicken feed was purchased to begin the farming process. A borehole was drilled but had no pump installed. The inability to install the borehole pump could significantly impact on the sustainability of the 2750 layer hens due to a lack of running water. Without a pump, temporary water storage tanks (5000 litres) or alternative water sources may be necessary to sustain 2750 chickens, as they require consistent hydration for egg production. Mr Sineke told members of the Committee that since the drilling was completed without a pump, a separate contractor may be needed to supply and install a submersible pump, control box, and piping. That implies additional costs.

Other operational requirements Mr Sineke identified as required to run a smooth operation were 3000 capacity chicken cages, borehole and water infrastructure, chickens (day-old chicks - DOC), feeds (4,500 Bags - 25kg/bag), packaging materials, egg grading machine, tractor and implements as well as electricity (Power Supply). He acknowledged that he was late with his installment payments, which he blamed on a number of factors, including inadequate working capital and appropriate equipment. Given the length of the list and the fact that the account was already lagging behind (red flag), Sedfa believed that the best course of action would be for the team to return and perform appropriate business analysis, which would guide Sedfa intervention going forward. The project was clearly not in a satisfactory state. On the other hand, DEDEAT invited the company to apply for various funding and development programmes. However, a caveat is that DEDEAT funding has a limit of up to R600 thousand. The Committee wished Mr. Sineke success in his business journey as it left for its next project at King Sabata Dalindyebo local municipality.

### 6.4 Township Cannabis Incubator NPC

Later in the day, the Committee went to the Township Cannabis Incubator NPC (TCI). The Sedfa incubation programme provided help to the incubator shortly after it was founded in 2023. The strategic goal of the incubator is to provide business development support services to MSMEs and cooperatives with emphasis on medicinal cannabis-based products, cosmetics and biomaterials. The incubator was established to accelerate business growth, create jobs, and foster a green economy in rural and township areas. By stimulating the rural cannabis sector, the incubator hopes to empower locals economically and create jobs. It is one of more than 100 incubators that Sedfa has invested in nationwide as a catalyst for the development of skills, the generation of jobs, and, more importantly, strategic interventions to strengthen township and rural economies. The TCI is expanding its network following a ratification of a Memorandum of Understanding (MoU) with Walter Sisulu University (WSU) to utilise existing research infrastructure, aiming to translate research into commercial products and services. The incubator also collaborates with partners such as Training Force and the Cheeba Cannabis and Hemp Academy to give training and resources to local cannabis businesses. These collaborations will undoubtedly boost the incubator's profile.

As mentioned earlier, the Committee regards the cannabis and hemp industry a "sunrise sector"—a high-potential, emerging industry poised for significant growth. The Committee holds that this sector offers vast opportunities to transform the economy through both upstream and downstream activities, particularly by enabling small business participation in the full value chain. During the briefing, officials of the incubator reiterated that the cannabis sector, despite having high potential for economic growth and rural development, is currently heavily restricted by legislative and regulatory challenges. They particularly highlighted stringent licensing requirements, such as the need for water licenses, create high financial barriers to entry for emerging farmers. Furthermore, it was underscored in that meeting that lack of alignment between national and provincial initiatives (with many provinces wanting to be "the hub") hinders a unified, coherent strategy. In response, the Committee stated that it was in fact on the ground attempting to comprehend minute aspects and areas where it can opportunistically intervene to support the sector. The incubator was informed of the many interactions the Committee has had with stakeholders in Parliament, including the one that occurred earlier at Port St Johns local municipality. The Committee reaffirmed its stance that more engagements are needed to properly contextualize complex issues.

The Committee was reasonably impressed with the incubation facility. It is strategically placed as a vocational training institution particularly unemployed graduates with bioengineering, agricultural, chemical, biotech, marketing, ICT, and marketing-related qualifications, among other diverse skills necessary along the value chain. Although the facility is relatively young, it was obvious that the project is receiving a lot of work and dedication. Members of the Committees provided additional guidance on increasing local market access for incubated products and ensuring long-term sustainability. The incubator was further told that discussions, especially around the issues of policy, are ongoing-and the Committee did not rule out the possibility of a committee bill to unlock a complex web of hurdles that hamper its potential. The Committee acknowledged the incubator's role in accelerating startup growth, reducing failure rates, and stimulating regional economies. It encouraged the incubator to expand presence in rural areas and forge partnerships with like-minded stakeholders. The Committee expressed its support for the incubator and wished management success.

### 6.5 Altitudes Building and Civil Contractors (Pty) Ltd

Altitudes Building and Civil Contractors (Pty) Ltd, hereinafter referred to as Altitudes, is a construction company operating in the Eastern Cape region involved in building and civil work. It is one of the projects selected by the Committee for assessment. The company, owner-managed by Mr. Sonwabile Dyomfana, is a Sedfa client under the Youth Challenge Fund (YCF). The YCF is Sedfa initiative aimed at accelerating youth-owned start-ups through financial support, promoting digital skills, and fostering job creation. It targets South African citizens aged 18–35 with registered, innovative businesses, providing both funding and mentorship to drive economic growth. Sedfa provided R1.5 million in funding to the company for the King Sabata Dalindyebo (KSD) local municipality housing project. The KSD local municipality is actively implementing housing developments, including project contractor appointments and unit handovers, which are frequently supported by province and national departments. Altitudes is one of companies that was appointed to participate in the programme with a contract value of R14 million to build 60 units.

On arrival at the owner's premises in Willowvale, the Committee was greeted by Mr. Dyomfana who took members of the Committee through the entire experience and how he landed at Sedfa. He was grateful to Sedfa for coming to his rescue when he needed capital injection to execute the project. He did, however, also voiced his displeasure with KSD, particularly the unpaid invoice that had damaged his payment history with Sedfa. According to the contractor, he alleged to have been awarded a contract in May 2024 to build 60 residential units, but he later discovered that the project had been scaled back to 20 units. This revelation was made after purchasing materials and taking out loans for 60 units, yet only receiving partial payments totalling R386 248.00, leaving R165 512.02 outstanding. He criticised the municipality's lack of communication and, in particular, the financial strain this entire situation has placed on his business. As a result, he acknowledged KSD's unilateral contract amendments and late payments had resulted in overdue payments.

Given that there was no one from the local municipality to respond to Mr. Dyomfana assertions, the Chairperson directed the committee secretariat to schedule an urgent meeting with the leadership of the municipality the following day—an invitation that was not honoured—resulting in the Committee's only choice being to call the municipality to appear before it in Parliament. The Committee held a special virtual session with the leadership of the municipality to try and resolve the impasse between Altitudes and KSD on 10 February 2026. The meeting was attended by leadership of the municipality, namely, Councillor Nyaniso Nelani, Mr. Mandla Mbuyiseli and the Director Ms Zininzi Ndzelu responsible for Human Settlements. This meeting was also attended by the contractor Mr. Sonwabile Dyomfana who reiterated his earlier concerns with respect to non-payments and impacts it has had on his business.

They all briefed the Committee concerning the difficulties they are having working with the provincial Department of Human Settlements (DHS). A follow-up meeting was held physically in Parliament on 25 February 2025. Once again, the leadership of the municipality briefed the Committee about the nature of the agreement between KSD and DHS towards the execution of the Mahlungulu Housing Project and various other housing projects. The Committee was given a thorough overview of the history and current situation of the Mahlungulu 350 (260) housing project, which the municipality was carrying out on behalf of the Eastern Cape DHS, by Ms. Zininzi Ndzelu, Director: Human Settlements, KSD Local Municipality. Overall, the KSD acknowledged payment challenges in relation to the project.

For context, the Committee heard that three contractors, including Altitudes, were appointed on 13 May 2024, and were assigned 60 residential units. This came after the original contractor had dropped out of the panel. The KSD leadership confirmed the value of Altitudes contract worth R13 million. It was confirmed that the contractor had provided the necessary compliance documentation and was introduced to the neighbourhood. This comprehensive scope of work encompasses the entire lifecycle of a 60-unit residential development project, from initial concept to final handover. The old panel expired on 3 February 2025, while the project was still incomplete. In April 2025, a new panel of 16 contractors was appointed to continue the project. Altitudes was reappointed to the new panel and assigned units for the same project. However, during the implementation of these projects and prior to the issuance of the purchase order, the provincial DHS informed the KSD that it was reducing the scope of the project due to budget constraints, as well as the difficulty in implementing the Mahlungulu project due to terrain challenges, resulting in double handling of materials.

On 11 August 2025, King Sabata Dalindyebo Municipality appointed Altitudes Building Contractor to construct 20 housing units worth R3 401 269.65, with a contract ending on 31 March 2026. Altitudes agreed to the decreased scope of 20 units under the new contract and was issued a purchase order with the revised adjusted quantity. KSD underlined during the discussion that working with DHS was getting increasingly difficult. In order to address these issues, KSDM was working on being designated as an implementing agent to assume greater authority over housing development. The KSD pleaded with the Committee to invite the Department of Human Settlements because this was a broader issue, not exclusive to KSD. During this meeting, it was announced, much to the relief of Committee members, that the final invoice to Altitudes would be paid because a tranche was on its way from DHS. On behalf of the Committee, the Chairperson thanked the leadership of the municipality for accepting the Committee's invitation and pledged to ask DHS to explain how the housing project is being implemented in other regions.

### 6.6 Eyoluntu Project (Pty) Ltd

The Committee visited Kei Fresh Produce Market (KFPM) in Southernwood, Mthatha, to meet and network with Mr. Melingubo Ndabokutya about his project. The fresh produce market was relaunched in May 2024 through a collaborative effort involving O.R. Tambo district municipality, King Sabata Dalindyebo Municipality and Ntinga O.R. Tambo Development Agency SOC. On this occasion, Eyoluntu Project (Pty) Ltd, also known as Eyoluntu Project Market Agency, was introduced as a new market agency. The agency acts as a market agent for KFPM, connecting small-scale local producers in the Eastern Cape with official mainstream markets. It offers a variety of fresh produce market services such as washing, sorting, and packaging of products. The facility itself is well-equipped with display rooms, cold storage, and a meat market, trading floors, banana ripening rooms, and efficient distribution networks to handle high-volume agricultural products. It is type of facility that transforms the agricultural supply chain from a disjointed, high-waste system into a connected, efficient, and inclusive ecosystem.

Eyoluntu Project is Sedfa client under direct lending programme. It is a privately held initiative founded and 100 percent owned by Mr. Melingubo Ndabokutya. Mr. Ndabokutya himself is a seasoned agricultural professional with over 15 years of experience in the fresh produce market industry. Sedfa injected R2.7 million into the project while Eastern Cape Rural Development Agency (ECRDA) contributed R2.5 million in grant funding. SEDFA and ECRDA have an Implementation Agreement that governs their relationship. Consequently, the company received more than R5.2 million in equipment and business support, which included a new vehicle, a 4x4 bakkie, trading stock capital, and business overhead support. Furthermore, Sedfa provided various supplementary services such as business development support, branding and marketing, trade exhibition exposure, and R250 000 in Asset Assist assistance. The company is still on moratorium period. The initiative has a target of creating 35 direct jobs and improve market access for local, small-scale farmers in the Eastern Cape region.

The Committee was pleased with what they saw even though they arrived at the market late in the day, after all small-scale farmers and producers had left for the day. The hub provides a critical infrastructure that connects small-scale farmers, who often complain about market access with wholesalers, retailers and informal traders. Fresh fruits and vegetables were readily available. It was a well-organised, vibrant and functional atmosphere. The agency owner and Sedfa officials addressed the Committee on how the project was conceived, the roles of the Department and Sedfa, the mandate of the provincial government and its entities, and the agency's involvement in aiding local farmers. In many respects, the project does address many of the Committee's prior concerns regarding the need for enhanced coordination between state organs and local, provincial, and national partners to better help develop emerging farmers. The Committee commended the restoration of the infrastructure to prevent it from becoming a white elephant asset. As they took off on to the next project, members conveyed satisfaction with the progress made and wished Mr Ndabokutya and his team success.

### 6.7 The Furniture Technology Centre Trust

The Furniture Technology Centre NPC, colloquially known as Furntech, is arguably the country's leading furniture incubator and centre of excellence, offering prospective and existing furniture makers specialised workshops at a nominal fee, talent development, and business technology incubation (BTI). Furntech offers a holistic approach to entrepreneurship programmes (combine incubation and skills development), providing both the technical expertise to create a product or service and the business acumen to manage and grow a company. Headquartered in Western Cape, the outfit has branches in Mpumalanga, Eastern Cape, Gauteng and KwaZulu Natal. Furntech is one of the oldest incubators, with the Eastern Cape branch in Mthatha launched in April 2009 amid great fanfare by then Minister of Trade and Industry Hon Mandisi Mpahlwa. The target market for the incubator still remains the unemployed or retrenched individuals with interest in woodworking and furniture manufacturing, innovators with high-growth potential, individuals-start-ups-emerging and existing micro and small enterprises, individuals who are working in the furniture manufacturing and wood working industry who want to start their own business.

The Committee visited the incubator premises late in the afternoon and was greeted by the Chief Executive Officer Mr Michael Reddy. After a round of introductions, members of the Committee took the opportunity to view the facility—a workshop full of equipment, machinery, tools, on-site technology, as well as the building where the incubator is housed. In contrast to the Township Cannabis Incubator NPC, which owns the building, Furntech uses rented space. The Committee was briefed that the primary objective of the incubator is to service both new and established small business owners in the furniture and woodworking sectors to make it through the startup phase and progress into self-sustainable stage. So far, the incubator has created a lot of successful startups. The facility is open for use by former and current incubatees for a small fee to cover the basic expenses of maintaining the establishment. The fees are designed to cover operating costs—like electricity, water, internet, and maintenance—rather than generating profit. This guarantees that graduate start-ups, who may still be financially insecure, may afford to use high-quality infrastructure. The Committee recognised the good work done by the incubator.

Furntech receives funding through the Sedfa Technology Programme (STP). This funding is utilised to support multiple training and business incubation branches across the country, providing specialised equipment and mentoring to foster entrepreneurship. Sedfa gave a national incubator R4.4 million during the previous fiscal year, which is then divided equally among all branches (+- R630,000 each branch). Furntech's CEO informed members of the Committee of various operational issues, including abrupt reduction in grant funds that impacted operational capacity. Like other incubators, Furntech helps entrepreneurs overcome entrance barriers, accelerate growth, and achieve sustainability by using a range of market intervention tactics. Furniture items including living room couches, headboards, velvet tufted headboard, upholstered diamond button headboard for bed, chest of drawers, pedestals, and other items were on show at the incubator facility. The Committee learned that most of the items on display are designed primarily by the incubatees. Furniture is sold through retail channels. Due to time constraints, the Chairperson ended the session by expressing gratitude to Mr. Reddy and offered well wishes for the future success of the incubator—noting budget reduction concerns he raised during the short briefing.

### 6.8 DKM Healthcare (Pty) Ltd

DKM Healthcare (Pty) Ltd, which trades as the Mthatha Step Down Hospital, secured R15 million in funding from the Sedfa in December 2024 to support its establishment in Mthatha, Eastern Cape. A stepdown (or sub-acute) hospital provides intermediate care for patients who are stable enough to leave intensive care but require additional medical monitoring, rehabilitation, or nursing care before returning home. These facilities are designed to help people recover from surgeries, accidents, or diseases, and they frequently provide specialised therapy and lower-cost care than acute hospitals. Care is provided by a team comprising doctors, specialised nurses, physiotherapists, occupational therapists, social workers, and dietitians. The R15 million loan facility was utilised to procure medical equipment, office supplies, a vehicle, and to provide working capital for the hospital. The 48-bed sub-acute facility is owned by three black female entrepreneurs: Mses. Vatiswa Bam-Mugwanya, Emma Namusoke Mugwanya, and Lindelwa Ngumbela. The funding facilitated the creation of 62 jobs and sustained three (3), contributing to healthcare infrastructure in the province. This investment is crucial for expanding healthcare infrastructure by addressing the dire circumstances of healthcare facilities in the province.

Directors of the hospital presented an in-depth briefing to the Committee ranging from ideation to launch, commissioning of the hospital, facility management, strategic priorities, hiring of new staff, zoning-related bottlenecks, safety and security, patient-centred service standards and so forth. The Committee was reminded by the Chairperson, Mme. Vatiswa Bam-Mugwanya, of the consequences of the Covid-19 pandemic, which resulted in significant disruptions to services and infrastructure, including situations where planned medical facilities—like the hospital—were left vacant. That tragic experience gave birth to the notion of launching a hospital. The team acknowledged that obtaining a license to run a hospital from the Department of Health in line with the National Health Act (No 63 of 2003) was a fairly simple process. But complications surfaced later when the zoning problem was identified. She acknowledged that while the project may be going well overall, it has had repeated, disruptive issues—such as zoning regulations that designate an area as residential but not a hospital—leading to Sedfa delaying disbursement of funds.

Members of the Committee congratulated Mme. Vatiswa Bam-Mugwanya and her team for their vision and tenacity in launching such a massive undertaking. Members raised a few clarifying questions such as the project’s inception date, hospital target market, if Sedfa has already disbursed funds to the project, and any obstacles that could jeopardize the project's long-term viability. The Chairperson of the hospital was happy to report that most of the obstacles had been removed, the hospital opened its doors on 27 February 2025, and that the hospital was targeting not only those on medical aids but also the community.  She cited advantages of a step-down hospitals (also known as sub-acute facilities) which provides significant advantages over traditional acute care facilities, primarily by acting as a cost-effective, specialised bridge between intensive hospital treatment and returning home. She assured the Committee that the worst was over.

She confirmed that Sedfa has started the distribution process. She nonetheless, advised that, in terms of loans, ideally Sedfa should fund the business in its totality rather than committing itself to a ceiling. Her guidance suggested that rather than applying a strict cap (ceiling) to funding, Sedfa should fund the necessary capital, operational, and development needs of a business to ensure its sustainability and growth. For example, DKM Healthcare project required R25 million according to the business plan presented to Sedfa, but only R15 million was granted—leaving the project vulnerable in some areas. Nevertheless, the team expressed gratitude to Sedfa and the Department for the support they received. Similarly, the Committee thanked the hospital team for a warm reception, valued words of wisdom and wished the hospital growth and continued success in its mission to serve the community.

## 7. VISIT TO AMATHOLE DISTRICY MUNICIPALITY

After an intensive two-day visit to Alfred Nzo and OR Tambo, the Committee turned its attention to the projects in Amathole District Municipality. The district municipality is situated in the central part of the Eastern Cape. It encompasses significant portions of the former Ciskei and the southern parts of the former Transkei homelands. The local municipalities of Mbhashe, Mnquma, Great Kei, Amahlathi, Ngqushwa, and Raymond Mhlaba constitute the district. The regional socioeconomic status is identical to that of the province's other district municipalities. Its economy is heavily reliant on the community services sector and faces limited private sector presence. The community, social, and personal services sector is the biggest employer and a significant economic driver—followed by agriculture, tourism and mining—each of them makes a significant contribution to the region's gross geographic product. Amathole socioeconomic profile mirrors the province's high levels of poverty, unemployment, and broad economic vulnerability. With little more than 880,000 residents, the district accounts for up to 12% of the overall Eastern Cape population.

The Committee kickstarted its tour of the district with a courtesy visit to Mnquma local municipality. Upon arrival, it was greeted by the Head of the Directorate: Local Economic Development Mr. Mongi Dilika. The Committee was disappointed and expressed its displeasure that the leadership of the municipality did not even make one councillor available to welcome it. The Committee felt that the municipal leadership showed disregard for their visit. Mr Dilika apologised profusely on behalf of the local municipality and pledged to relay the message to the council. The Department, Sedfa and Parliament staff summarised the day's travel plan which outlined visits to four projects, namely, Qamawonga and Trading (Pty) Ltd, Makoti Spaza Shop, Oyisa Amanyamadoda Spaza Shop, Indyebo Fund (Pty) Ltd and its beneficiary client—Hlathi Multipurpose (Pty) Ltd all under Mnquma local municipality.

### 7.1 Qamawonga and Trading (Pty) Ltd

Qamawonga and Trading (Pty) Ltd is a wholly owned black company founded by an entrepreneur by Mr. Wonga Wayi in 2015. The company is into event management and rental space. It provides a wide range of equipment and infrastructure to support corporate, government, private, and social events such as weddings, parties, funerals, exhibitions, conferences, parties and so forth. Qamawonga is a Sedfa client under Township and Rural Enterpreneurship Programme (TREP). TREP provides funding that often includes a grant component and a loan component to assist with business growth, equipment, or working capital. To support Mr. Wayi's entrepreneurial endeavour, Sedfa approved a total funding amount of R808,000, consisting of a R708,000 loan and a grant portion to the value of R100,000. This funding structure is typical "blended finance" model, which combines repayable debt with non-repayable grants to reduce the financial burden on small businesses. Mr Wayi informed the Committee that the money was used to acquire a 15-meter by 30-meter (15x30m) aluhall tent, which covers an area of 450 square meters with an ability to accommodate between 600 to 1,000. His adventure with Sedfa was one to be grateful for.

The entrepreneur began his business before 2015, relying on third-party tent rentals to fulfill his client's needs. That business model attracted significant operational costs due to third-party markups, rendering his pricing uncompetitive. Someone referred him to Sedfa where he was invited submit a proposal and financial projections. Through Sedfa support, the entrepreneur was guided to move from a hiring model to asset ownership (buying his own equipment). The process involved submitting a formal business proposal and financial projections to access funding for acquiring the frame tent. Prior to acquiring a tent, the Mnquma local municipality hosted events such as municipal roadshows, the Mayoral Cup, several Heritage Day festivities, and an annual jazz festival, to name a few. The municipality would hire equipment from companies outside of the Eastern Cape. He thus identified an opportunity. However, due to a council decision to increase municipal offices, the local municipality soon ceased holding these events.

His business relies predominantly on tenders and sporadic events such as weddings, funerals, customary events and so on. The business employs 10 persons who are getting paid per event. Since he does not own a truck, he hires one every time he gets a contract, which costs him more than R30,000. His monthly instalment to Sedfa is R23,000 notwithstanding the fact that the business is seasonal—it peaks mostly during holidays. He acknowledged that the business was not performing well. As a result, his Sedfa account is in arrears. Nevertheless, he has already proposed to Sedfa to restructure his account—a request which he said was still pending. His main plea to the Committee was to be assisted with a truck in order to cut down on hiring expenses.

Members alternately asked clarifying questions, such as what the business plan's cash flow estimates were because this seasonality concern should have been taken into account when financial projections were finalised. There were further questions about the responsibility of the municipality in supporting local entrepreneurs particularly in the area of procurement opportunities, possibility for Sedfa to restructure the debt as Mr, Wayi requested, and the seeming lack of cooperation between the Department and Sedfa on the one hand, and the local municipality on the other, in monitoring Sedfa and Department-funded projects. Furthermore, members of the Committee observed or cautioned Mr. Waya that a business model based mainly on tenders and occasional events (weddings, funerals) had significant cash flow instability. To transition from unpredictable, high-stress revenue to sustainable growth, the company should concentrate on diversifying revenue streams.

In response, Mr Wayi agreed with the Committee as with regards the shortcomings of a tender based business model, particularly one that is seasonal. The local municipality representative stated that prior to the council's decision to cancel events, the municipality was working quite effectively with the company. It is the policy of the municipality to prioritise local MSMEs and cooperatives. He went on to state that the expansion of municipal offices was nearing completion. As a result, the council may decide to lift the embargo on non-essentials. DEDEAT officials encouraged Mr. Wayi to apply for financial support from the Department and the Eastern Cape Development Corporation, which offers programmes up to R3 million. While the Department guaranteed its support with transportation once the Asset Assist Programme window opens. In conclusion, Sedfa agreed to look into the matter of instalment so that if the revenue is high, his instalment would be modified, and if the business is dry, his instalment will be reduced. The Committee welcomed pledges from various entities. As the meeting come to an end, the Chairperson congratulated Mr. Wayi and wished him luck in his business journey.

### 7.2 Oyisa Amanyamadoda Spaza Shop

The next item on the Committee programme was a visit to Takazi B (also spelled Qakazana/Takazi B). The village is situated in deep rural Centane (Kentane) area under Mnquma local municipality. Ms. Zintle Willem owns and operates a tuck-shop, trading as Oyisa Amanyamadoda, that is a recipient of the Spaza Shop Support Programme. During the Covid-19 pandemic (beginning in April 2020), the South African government established a crucial intervention called the Spaza Shop Support Programme (SSSP) to give township and rural spaza stores and general dealers financial and technical support to stay afloat. The programme provided financial assistance, initially a R3,500 working capital grant and R3,500 in revolving credit, totalling R7,000 in support, through a partnership between Nedbank and then Small Enterprise Finance Agency. This amount was later adjusted to R10,500. Instead of receiving cash, recipients were connected to a supply chain network and provided with vouchers that can only be redeemed at authorised or certified wholesalers. Ms Willem was one of the beneficiaries, and her business was one of those randomly selected by the Committee for assessment during the Eastern Cape visit.

The Committee paid a visit to Ms. Willem's homestead to ascertain if it was still in operation, what the challenges were, any other resources or support beyond what has already been mentioned, and if she had heard about or applied for a recent Spaza Shop Support Fund (SSSF). After a gruelling 60-minute drive through a difficult terrain, it was a deeply comforting experience to discover that the store was still operational, even though there were obvious signs of distress. Members of the Committee had the honour of speaking with Ms. Willem, who took the time to quickly outline some of the difficulties the tuck shop is dealing with. First, she acknowledged receipt of the money (R10,500), for which she was extremely appreciative. The monies served as a buffer and cushion for her business during a turbulent moment, as many would describe it. With the money, she managed to replenish stock, avoided potential stockouts and ensured that her customer requirements for essential items were met. She gave a very motivational account of how, after being turned down by National Student Financial Aid Scheme (NSFAS), the profit from that windfall enabled her to send her daughter to college. The daughter is in her final year of study.

Like many other spaza outlets, her business faces severe growth constraints, including limited access to finance to replenish stock leading inefficient inventory management and excessive transportation costs driven by distance from stock locations (usually Butterworth), poor storage facility and lack of refrigeration. Ms. Willem's spaza shop aesthetic is characterised by a rustic or informal appearance. There is no proper exterior signage which is critical for branding, promoting, and attracting foot traffic. Based on how far the Committee had travelled, it was evident that the neighbourhood needed a well-functioning spaza store outlet. The Committee learned that a roundtrip trip to Butterworth costs R110 (R55 for a single trip), therefore the proximity eliminates the need for households to spend money and time in taxis to get to distant supermarkets. Oyisa Amanyamadoda Spaza Shop has the advantage of having a local municipality license, making it a clear candidate for SSSF. There was a widespread consensus that the shop needed immediate assistance. The Department had already indicated and committed that the shop was a prime candidate for the SSSF.

The goal of the fund is to help rural and township convenience stores with a much more focus on spaza shops. The Department and Sedfa also pledged to explore the Asset Assist Programme to assist Ms. Willem in acquiring assets such as refrigerators. She mentioned that the refrigerator had been destroyed a long time ago. Other interventions, such as TREP, would also be considered, possibly to purchase assets such as a delivery van, which she sorely needed. Sedfa committed to deploying practitioners to conduct in-depth, on-site evaluation to identify specific business requirements—such as technology, infrastructure, or skills—before tailoring support interventions as had already been recommended. The local municipality representative present in the briefing committed to ensuring that Ms. Willem details are included in the indigent register in order for her to benefit from the municipal programmes. Committee members were amazed by Ms. Willem's courage and fortitude—given that thousands of spaza shops were destroyed by the covid-19 outbreak. Her resilience and tenacity was quite inspiring. This visit ended on a high note. The Committee assured Ms. Willem that her business was going to improve as the visit came to a close.

### 7.3 Indyebo Fund (Pty) Ltd

Indyebo Fund (Pty) Ltd is a black-owned company with interest in the financial services sector. It is a licensed credit provider by National Credit Regulator (NCR) and financial service provider (FSP) by Financial Sector Conduct Authority (FSCA). Indyebo is a supply chain financing partner that specialises in funding purchase orders (POs) and invoice discounting to assist MSMEs and cooperatives with cash flow management, operational stability, and growth. The entity helps businesses, especially those with government or corporate contracts, to complete orders and release operating cash. While purchase order funding provides capital to pay suppliers directly upon receipt of a confirmed purchase order, allowing MSMEs to fulfill large orders without depleting their own cash reserves, invoice discounting allows businesses to receive immediate cash for outstanding invoices, freeing up cash trapped in receivables to improve immediate cash flow. This Committee has stated in the past that the only way to close the R350 billion MSME funding gap is through such creative solutions including credit guarantees.

Indyebo Fund is Sedfa client under wholesale lending programme. Through this programme, Sedfa provides facilities (debt/equity) to intermediaries, such as micro-lenders, non-profit companies and financial cooperatives, which then on-lend to MSMEs, enterprising cooperatives, whackers, spaza shops, informal businesses and street traders across South Africa. Through wholesale lending, Sedfa can lend to intermediaries up to R150-million, which is then on-lent to end-users in amounts up to R5-million. Under the initiative, the intermediary has a R30 million facility with Sedfa. It was selected for consideration to ascertain how it assists its clients, how its services line up with the mandate of the Department and Sedfa, what impact do its offerings have on sector growth, job creation and so on. One of the intermediary clients, Hlathi Multipurpose (Pty) Ltd, was also invited to join the intermediary to share their experience in working with the Indyebo Fund.

#### 7.3.1 Hlathi Multipurpose (Pty) Ltd

The Parliament delegation gathered at the homestead of Mr. Lukhanyo Tsipa, a black business operating a supply and delivery enterprise called Hlathi Multipurpose (Pty) Ltd. Hlathi is a client of Indyebo Fund. It obtained short term loan from the intermediary in the amount of R195 000 to execute a purchase order of running shoes for students that had been awarded by the Eastern Cape CET College. He completed the tender successfully, received payment, and paid back Indyebo

Fund. With his small profit, he purchased a tent and stage since he is interested in event management and hiring. He is renting out these items and earn income. The company is project-based—it operates as and when it wins government contracts. The company is now implementing a five-month plumbing contract for the provincial department of Public Works. Members asked the intermediary representative and the beneficiary various questions, including when the business (Indyebo) began, how much is owed to Sedfa, how much interest rate is typically charged by the intermediary, the extent of two-way referral between the intermediary and Sedfa, and the risk management approaches in cases where state organs fail to make timely payments.

Ms Lusanda Kali responded that the company raised seed capital from Sedfa in 2021. It specialises in providing operating capital and short-term loans (three to six months) and targeting unbanked or underbanked businesses. The company does not fund medium- to long-term transactions. The total cost of credit includes a one-time initiation fee of 8% of the principal and a recurring interest charge of 3.5% calculated monthly on the outstanding balance. She stated that the government outsources a significant portion of contracts to black-owned enterprises, which frequently lack equity and a credit profile to obtain finance in commercial banking settings. They therefore act as a bridge between the purchaser and supplier. The company reports to Sedfa on a monthly basis in accordance with the service level agreement. A portion of the facility included a grant component that was utilized to purchase lending, accounting, IT and software systems, as well as laptop computers. Currently, Indyebo employs three permanent staff.

Mr. Tsipa was questioned about the company's main business activity—which did not come out clearly from his presentation. He was invited to explain to the Department what his areas of interest were and the kind of support he needs to sustain a consistent business. The Committee counseled him that project-based businesses confront considerable problems due to the inherent risks of non-standardised work. Mr. Tsipa acknowledged the drawbacks of a tender-based business, which is typified by high volatility and requires flexible management to deal with gaps between tenders. He therefore pleaded with the Department and Sedfa to assist him in purchasing equipment such as mobile refrigerators, mobile restrooms, tables, chairs, flooring, and so on. Sedfa officials observed that Mr. Tsipa appeared to be interested in event hiring and management—while noting a list of items that he requested to be assisted with. The agency committed its support and agreed to look at this approach and build on it. The Committee was pleased with the outcome of this engagement. The Chairperson thanked Mr. Tsipa for inviting the Committee into his home and assured him of the Committee's ongoing support, as well as Ms. Kali for traveling all the way from Johannesburg to enlighten the Committee about the work done by Indyebo Fund (Pty) Ltd.

## 8. VISIT TO CHRIS HANI DISTRICT MUNICIPALITY

Chris Hani is one of six district municipalities in the Eastern Cape province. The Chris Hani District Municipality (CHDM) is a landlocked district in the province's northeastern heartland, with its seat in Komani (previously Queenstown), under Enoch Mgijima local municipality. Chris Hani is the province's second-largest district, accounting for over one-third of its geographical area. The district is divided into six local municipalities: Inxuba Yethemba, Enoch Mgijima, Intsika Yethu, Engcobo, Sakhisizwe, and Emalahleni. It was the final district the Committee went to. It shares borders with Joe Gqabi district to the north, Cacadu and Amathole districts to the south, OR Tambo district to the east, and a section of the Northern Cape to the west. The foremost towns that provide significant economic throughput to the region while serving as administrative hubs are Cradock, Middelburg, Khowa (formerly Elliot), Ngcobo/Engcobo, Cacadu (formerly Lady Frere) and Cofimvaba. Many are situated on or close to important inland highways, including the R61 that connects Cofimvaba and Ngcobo and the N10 that passes through Cradock and Middelburg.

Key economic sectors that contribute significantly to the district’s gross geographic output aregriculture (sheep farming and wool production), community services, and trade. Komani remains the vital economic hub that acts as a key point for several smaller towns. The district's population of about 870,000 accounts for approximately 11.9% of the total population in the province. Estimates show that a large portion of the population in the area lives below the poverty level. Structural poverty is widespread in the province, with regional poverty rates ranging from 20% to 60%, primarily affecting rural areas, large households, and youth. As the province has one of the highest unemployment rates in the country—more than 32% nationwide by early 2026—the district also experiences severe unemployment. The Department and Sedfa are actively supporting MSMEs and co-operatives within the district municipality. This support focuses on rural development, agricultural value chains, and capacity building for small enterprises. It remains to be seen whether or not such interventions will lead to the desired improvements.

## 8.1 Aruzabiz (Pty) Ltd

The next project on the Committee radar was Aruzabiz (Pty) Ltd. It is a recipient of multiple interventions from Sedfa, ranging from a directing lending of R2.3 million divided into a loan component of R1.6 million and a grant component of R655,000, business development support worth R55,000, and trade exhibitions worth more than R40,000. Ms. Zoleka Dikana is the owner and manager of Aruzabiz (Pty) Ltd, a thriving women-owned agricultural enterprise in Maya village, near Komani. Zoleka Dikana started the project as a 3-hectare vegetable garden and turned it into a 21-hectare commercial farm. A variety of vegetables, such as cabbages, spinach, sweet peppers, okra, tomatoes, sweet potatoes, potatoes, and butternuts, are produced on the farm. The farm currently provides premium vegetables to local hawkers and large retailers like Spar, Spargs, Boxer Superstores, Food Lover's Market, and the Buffalo City Market. The operation generates significant local employment, with 16 regular employees and 20 seasonal workers.

Ms. Dikana intends to extend her activities into value-added products, penetrate international markets, and eventually establish a 1,000-hectare cattle agricultural operation. Due to scheduling constraints, the Committee did not go to the farm and instead met Ms. Dikana in one of her premises in Komani. She welcomed the committee and then provided a comprehensive overview of the project's history, purpose, goals, and current status—ensuring that all members have a shared understanding of how and why the project was initiated. She began by providing background information on her professional profile, including the fact that she has a National Diploma in Farming Management. She started a business in 2014, and since 2017, she has been providing services to retail marketplaces. Owing to unlimited access to farmland, the business pivoted into produce brokering or intermediary purchasing from nearby farms, street vendors, and official marketplaces like Spar, Boxer, and the East London Fresh Produce Market. She said that by moving from direct production to sourcing and enabling scale without the financial cost of purchasing land, this action immediately addressed lack of access to land.

Ms. Dikana was particularly grateful to the government for the role it has played in stabilising and growing her business. Besides Sedfa, she mentioned assistance she got for the Eastern Cape Rural Development Agency through its rural finance programme, enabling the acquisition of new machinery and infrastructure. When asked what further help her company could require, she explicitly identified a packhouse as a major enabler in growing her business. She also mentioned the difficulties that come with the growing demand for her fresh produce. For example, she was having trouble getting working capital to buy fuel and other production implements.

Finally, one huge problem remained: not owning a farm but leasing it from other owners. Without security of tenure, farmers are reluctant to make long-term improvements to the land, such as soil improvements or infrastructure development, because they do not have a guarantee of reaping the benefits of that investment. However, the provincial Rural Development and Agrarian Reform Department was aware of her predicament. Finally, the Department and Sedfa agreed to assist Ms. Dikana in acquiring a packhouse through the Asset Assist Program. The Committee thanked Ms. Dikana for making time in her busy schedule and wished her well as it left for the next project.

### 8.2 Sinemibono Security Primary Co-operative Limited

Sinemibono Security Primary Co-operative Limited is a female-led enterprising cooperative in the security industry. It is a PSiRA (Private Security Industry Regulatory Authority) licensed cooperative and level 1 B-BBEE contributor based in Komani. The cooperative is owned, controlled and managed by the founding members with 10-16 years of expertise in the security field, earned through participation in a Department of Public Works and Infrastructure programme. The cooperative offers a range of security services, direct and through partnerships, including guarding (unarmed), VIP protection, close protection, special security, CCTV surveillance, banking security, and event security. The cooperative is a Sedfa beneficiary under the business development support. It received R42,900 for signage and promotional materials and R6,500 for a once-off financial cleanup, assisting in building brand presence and improving financial management. As part of its mandate, Sedfa provides tailored business support to cooperatives, including funding for marketing materials and financial cleanup to improve operational efficiency.

The cooperative's future seems grim due to a lack of market access, which limits its growth and expansion opportunities. Limited market access is a major impediment for cooperatives, resulting in high failure rates, constrained growth, and a diminished potential to earn revenue for members. As a result, all members of the cooperative were sitting at home—taking turns going to the office to keep things going. The recent partnership (subcontract) between the cooperative and Nkanga

Security, by the Department of Public Works, broke down due to mistrust and lack of transparency from the main contractor. These difficulties are indicative of a larger pattern of mismanagement in tender processes, where subcontractors frequently shoulder the burden of mismanagement by primary contractors. The cooperative had ceased operations and was non-functional at the time of the Committee visit. It is non-compliant with PSiRA and SARS. A non-compliant status makes it difficult for the cooperative to obtain finance, acquire contracts, or compete for tenders.

The cooperative members briefed the Committee on their operations since 2018, highlighting a partnership with Public Works for site management and support from Sedfa to purchase signposts and marketing material. Key issues highlighted included the high cost of compliance, adherence to the government-gazette minimum wage, and training requirements. The cooperative requested assistance with a variety of security equipment and accessories, such as batons, pepper sprays, pepper guns, handcuffs, cable ties, tactical and protective clothing, and so on. There was a popular opinion that cooperative members should be trained on various aspects of running a security business to ensure sustainability, compliance, and effective management. The training should address the need for members to transition from mere employees to active owner-managers.

The Committee voiced concern that the Department has historically been ineffective in assisting cooperatives. Given the list of vitally needed measures to guarantee the cooperative's sustainability and performance improvement, it seemed odd that the Department thought it appropriate to only give the signage board—instead of appraising the entire project holistically. Moreover, the Committee urged the local municipality to verify its assets in order to see if there are no municipal buildings available to house the cooperative. Access to appropriate and affordable business space remains a significant barrier that requires collective effort between the local municipalities, and to a greater degree, Public Works as a custodian of state properties. The Committee was of a common view that since this might not be an isolated incident, the Department of Public Works should also be contacted in writing to explain in detail the specifics of what transpired with this contract.

In response, the local municipality urged the cooperative to approach the LED offices in order to participate in some of the programmes offered by the local municipality. Although the Department offered to assist the business through the Asset Assist Programme, Sedfa believed that given the litany of challenges stifling the business, the best course of action would better be to send a branch manager and his team to properly diagnose the cooperative and produce a report that would ultimately guide the Department's, Sedfa's, and stakeholders' actions moving forward. Regional DEDEAT officials expressed their support for the cooperative both directly and through ECDC. The Chairperson welcomed pledges, particularly the strategy proposed by Sedfa, while emphasising the importance of immediate implementation. She closed by thanking members of the cooperative for taking the time to interact with the Committee.

### 8.3 Blacknest (Pty) Ltd

The next scheduled visit was to Blacknest (Pty) Ltd, a financial services project in Komani. Blacknest, trading as Blacknest Financial Service, is a 100% youth black-owned company established in 2021. The business is managed by two young entrepreneurs, namely, Messrs. Aviwe Faniswa and Tsephile Sehlabaka. Blacknest is a licensed insurance broker that provides insurance products in the following categories: property insurance, life insurance, casualty insurance, and other industry-related services. Through the Youth Challenge Fund, Sedfa provided funding to Blacknest (Pty) Ltd for business expansion, including the acquisition of cars, working capital, marketing materials, and staff uniforms. The total funding amount of R340,000 consists of a loan of R291,000 and a grant of R39,000. The account has an outstanding balance of R89,000—an indication of a business in distress—often defined by an inability to pay debts as they become due.

The directors of the company networked with the Committee and fielded questions about the company's operations, how it began, the problems it faced, and areas where the Department and Sedfa could potentially provide further assistance in order to guarantee project viability and success. Members alternately posed clarification-seeking inquiries about the product's underwriting, whether it was handled by third parties or if Blacknest assumed all risk, and the portion of premiums paid to field employees. Further questions included whether the company offers long or short-term product, the marketing channels it uses to promote itself and its goods, and whether there were any issues with timely claim payment because there have been cases in the past where customers have paid for insurance plans only to find out that the insurer is not registered. Lastly, one member wanted to know if the company had obtained funding from sources other than Sedfa—indirectly gauging the extent of "double-dipping".

In response, the Committee was told that Blacknest was operating as an intermediary on behalf of a licensed insurer, Safrinet. It was thus not carrying the full underwriting risk internally. Given that Safrinet only gave Blacknest 10% of the book, they acknowledged that the entire arrangement was in some ways exploitative. They must pay field workers, maintain offices, and make sure the business survives within this 10%. Regarding the payment of claims, the Committee received assurances that Safrinet does, in fact, pay on schedule and without any issues thus far. As previously mentioned, Blacknest focus offers both short-term and long-term products. The company's initial application for R5 million was driven by an ambitious plan to scale operations and recruit unemployed graduates, a move aimed at expanding its market reach. However, only R300,000 was approved. The staff is only paid a commission on each sale made.

For commercial marketing, the company uses mostly social media channels. It does not have a website, thus emphasis during the engagements that it was serious about digitizing so that future clients can apply, edit, and take responsibility of their profiles online. The reliance on social media without a dedicated website limits scalability. In 2021, the company had applied for Isiqalo Youth Fund for R1.5 million. After a lengthy delay, the application was responded to in 2025, indicating approval in the amount of R800,000. However, the clearance was for a double-cab bakkie, despite the directors' respectful plea for a 7-seater combi to allow the company to undertake marketing activities more easily. After much deliberation, the directors agreed on the double-cab which at the time of the Committee visit was yet to be delivered.

Other sponsors of the company include the National Youth Development Agency (NYDA), which contributed an R50,000 voucher that was used to acquire office equipment such as computers. The company revealed that it did not apply for the Asset Assist Programme because there were technical issues with the application. Some of the issues identified by users included the application link redirecting to prior years' applications rather than the newly created programme. Blacknest encountered similar hiccups. The meeting concluded with DEDEAT accepting responsibility for following up on the Isiqalo Youth Fund—a commitment they will keep because, in March 2026, Blacknest obtained three new vehicles from the Isiqalo Youth Fund through the Office of the Premier in collaboration with the Enoch Mgijima local municipality. Sedfa pledged to help the business with marketing material, client relationship systems, and digitisation.

### 8.4 Tyronmilas Business Enterprise (Pty) Ltd

Tyronmilas Business Enterprise (Pty) Ltd, trading as Queens Fitness Centre, is a 100% black-owned enterprise domiciled in Komani. It is a fully equipped fitness centre with a dedicated health and recreational facility geared for physical activity, including free weights, resistance machines, and cardio machines. The gym provides facilities for individuals and groups, including personal trainers and aerobics, as well as modest shops selling nutrition packs and exercise apparel. The business is wholly owned by Mr. Khaya Nkonyana, an accomplished fitness instructor and entrepreneur with over ten years of industry expertise. He is fulltime in the business. He began his path into entrepreneurship in 2013, with the official registration of the company, but the business began operations in 2016 with the setting up of the fitness club. A fitness centre is a proven, high-demand business model, off course with its own set of challenges.

Queens Fitness Centre is a Sedfa client under the Township and Rural Entrepreneurship Programme. Sedfa provided financial support to the company for business expansion purposes, including the acquisition of gym equipment and operating capital. The total funding amount of R852,000 consists of a R752,000 loan and a R100,000 grant portion. The Committee was happy to see a project with such a different concept and ownership. The Committee spoke with the owner to learn more about how he got started, what spurred him to start a business of that sort, his experience with Sedfa, and whether or not he was servicing his debt obligation. Further clarification was sought regarding the roles of other Departments such as Arts and Culture, as the venue appeared to be large enough to accommodate other sporting codes, membership growth—the backbone of the business, the status of the premises whether it was owned or rented, and what channels he was using to market the business given its location on the outskirts of town.

In response, Mr. Nkonyana told the Committee that his first experience with Sedfa was to apply for a grant; however, because of the amount of money required, he was advised to apply for blended finance, for which he was thankful. Perhaps one of the drawbacks of the Sedfa application experience is that applications take too long to process; even after approval, the distribution process takes its own time. The gym has 10 employees, including instructors, personal trainers, and two receptionists, who serve 186 clients, but the goal is to reach 500 by the end of the year. The building is rented on a five-year lease arrangement. He pointed out that at present, social media is being used to advertise the facility even though this is inadequate as business of that nature regularly require physical, tangible, and often durable formats like flyers, banners, posters, and brochures, designed for high visibility at storefronts, tradeshows, and malls.

He conceded that the business was struggling financially and needed help with a turnaround strategy, most importantly, working capital and marketing to boost foot traffic to the fitment centre. Other marketing initiatives include giving discounts to groups, clubs, associations, corporate partners, and specific demographic segments (such as seniors, students, or military members). A proposal to Arts and Culture to include additional sporting disciplines, but there has been no reaction. He concluded by exclusively singling out the launch of the fitment centre, as one single event that would most probably popularise the facility. The Department pledged its support to the project. Once the Asset Assist window opens, the project would be among the top priority in line for assistance. Sedfa also vowed to start working on the turnaround plan as soon as possible, including marketing material, signage and the digitisation.

### 8.5 Thandos Bakery and Confectionery (Pty) Ltd

The final project to be explored on day four was through a presentation and networking session with Mr. Luthando Dywili, a young and confident entrepreneur. Mr. Dywili is the founder and owner of Thandos Bakery and Confectionery (Pty) Ltd. The company is into bakery and confectionery business producing a mix of items including tarts, scones, muffins, biscuits, buns, bread, chocolates, and decorated cakes. While many young entrepreneurs utilise mentors, workshops, and courses to gain business management skills, Luthando learned the skill from his father and he perfected it. He is without a doubt a perfect example of what succession plan can achieve. The company is situated and operates in Ezibeleni Township, Komani. It is the recipient of a R15,500 Sedfa business development grant used to procure promotional material. The business is experiencing significant increase in sales volumes—a strong indication of growing market share. In addition to large orders (weddings, funerals, ceremonies, parties, ceremonies etc), the company has established a reliable clientele from Sasol, Shell, retail stores, and supermarkets.

When asked about the support required to maintain business momentum, key areas he listed were delivery transport, baking equipment, and a generator due to the township's intermittent electrical connection. According to him, the business was gradually outgrowing the township, and the need for bigger premises was inevitable. It was noted in the engagements that transitioning from a “survival” to a “scaling” model entails migrating from informal structures to a more formal business premises. The option of a container was discussed, as an option to cater for expansion and growth. However, professional bakery operations normally require three-phase power. While small-scale or home-based baking can run on single-phase electricity, commercial bakeries with high-volume output, huge ovens, and heavy-duty mixers require three-phase power for efficiency and stability. These challenges were recognised. The Committee requested that the Department, Sedfa, and stakeholders clarify how this project will be assisted.

Officials from DEDTEAT proposed three-way options to assist Thandos Bakery and Confectionery overcome some of the challenges. The first option was that the business would be assisted to apply for Eastern Cape Local and Regional Economic Development Fund, colloquially known as ELRED. The fund is an initiative of the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism to foster sustainable economic growth and job creation. Second, Mr. Dywili will be enrolled for the forthcoming pitching competition organised by the Youth Entrepreneurship Programme (YEP) in collaboration with ABSA and thirdly, the business would be taken through on how to apply for Isiqalo Youth Fund, another provincial initiative designed to support youth-owned and black-owned small enterprises with both financial and non-financial support. Sedfa confirmed that it was presently processing TREP application. All of these actions were to be ironed out in a proposed Zoom conference to ensure that support is consistent, not duplicated, and spaced out in accordance with the business growth needs. The Committee accepted the proposal and wished success in his business.

## 9. VISIT TO BUFFALO CITY METROPOLITANE MUNICIPALITY

### 9.1 Chemistry Incubator NPC

The Committee’s first stop off on day five was a visit to Chemistry Incubator NPC (Chemin) project. The incubator is situated in Fort Jackson Industrial Park, a 72-hectare industrial complex managed by Eastern Cape Development Corporation. The Centre Manager, Ms. Siphamandla Mngxekeza, welcomed the Committee on this leg of their visit and presented a high-level overview of the incubation centre. She introduced the incubator as a non-profit company with footprints in Gauteng, KwaZulu Natal and Eastern Cape. Its mission was outlined as being to help early-stage technology-based chemical enterprises, particularly those that manufacture detergents, cosmetics, hair care, and perfumes. She stated that Chemin is a participant in Sedfa's Technology Incubation Programme. As a result, all funds obtained through the enterprise development programme are dedicated entirely to the growth of MSMEs and cooperatives. The incubator also collaborates with various SETAs, particularly CHIETA, to assist incubatees in their quest to grow their products.

DEDEAT (via ECDC) and Sedfa provide Chemin with annual operating expenditure. Sedfa gave the incubator R3.4 million during the current financial year, but that money stayed at the national office while it received R2 million from the provincial government. The money assist Chemin Eastern Cape to pay rent, salaries for staff, and the general office upkeep. The incubatees are granted access to the facility for a one-time cost of R1000, which allows them to use the equipment and machines to refine their products, including in-house product testing before sending them to the South African Bureau of Standards (SABS) for final testing. In order to be eligible for onboarding, an entrepreneur must have a registered entity, such as a company cooperative, be willing to submit bank statements for data gathering and reporting purposes once they are operational and generate R1 million in revenue in order to graduate.

The Chairperson invited members to engage the short presentation as outlined by the Centre Manager. Among the questions posed were those on the present issues facing the incubator and incubatees, the number of people who on-site and how many of them are cooperatives, the number of people who completed the programme during the previous five years, and their current location. Members were keen to know the historical background of the incubator, the headquarters, the make-up of the board, and why no board members were present when they were made aware of the Committee’s visit. Some aspects of the presentation caused misunderstanding or discomfort among the Committee members. The fact that Sedfa allocation to the incubator was withheld or redirected by the head office was unsettling. It seemed that Chemistry Incubator NPC was adopting a distinct stance where funds may be withheld or redirected arbitrarily, in contrast for instance to the Furniture Technology incubator where Sedfa funds are allocated equitably to all branches. She indicated that some of the obstacles facing incubatees are related to market access.

Most of the products produced by incubatees meet the requirements of hospitals, prisons, schools, police stations, and so on. But these opportunities are not ringfenced for the MSMEs and cooperatives. She continued by stating that the incubator had helped more than 800 MSMEs and cooperatives during the previous five years. The majority of incubatees, if not all of them, lack the funds to purchase pricey machinery and equipment. Consequently, continuously rely on the incubator facility. Sedfa and DEDEAT support is only for operating expenses, not capital expenditures. However, through collaboration with partners, the incubator was making a difference. The incubator has a full-fledged board headquartered in Modderfontein, Gauteng. However, it is now operating without a Chief Executive Officer. She agreed that the ECDC's role in assisting the incubator needed to be considered and clarified. The Chairperson appreciated the responses as she led the Committee to the next assignment.

### 9.2 The Small Enterprise Foundation NPC

The Small Enterprise Foundation (SEF) is a pro-poor, non-profit microfinance organisation. Established in 1992, the SEF's mission is aligned with the government's goals to eliminate unemployment and poverty, with a strong concentration on rural areas. The organisation prioritises community development in underserved areas, such as rural and peri-urban areas, in order to provide economic opportunity where it is most needed. SEF uses a group-based lending mechanism similar to the Grameen Bank of Bangladesh. Potential members form groups of five and undergo rigorous testing before being officially acknowledged. Upon recognition, groups can request for loans that they collectively guarantee. The outfit has multiplied its footmarks from Limpopo to seven (7) provinces, including the Eastern Cape, Mpumalanga, and North West, servicing more than 180,000 clients. It is a phenomenal growth symbolic of an effective model.

SEF is a microfinance client of Sedfa under the wholesale lending initiative. The organisation provides loan facilities to individuals, survivalists and micro business ventures, often deemed "unbankable" by traditional financial institutions. It is a licensed credit provider under the National Credit Act (NCA) by the National Credit Regulator (NCR), and that enables to extend credit to individuals and businesses. Through wholesale lending programme, Sedfa provides facilities of up to R150 million to Micro-Finance Intermediaries (MFIs) to on-lend to micro and survivalist businesses, offering funding up to R50,000—or up to R100,000 in exceptional cases—

to support income growth, asset acquisition, and working capital needs. Two of the projects (informal traders) chosen by the Committee for examination in East London are clients of the intermediary. Hence it was invited to take part in the discussions with the Committee.

#### 9.2.1 Informal Trader (Mrs. D Noruka)

Mrs. Noruka is an informal trader who earned experience, fundamental skills, and training in a tough setting. She runs a township-based enterprise that sells broiler chicken, meat, and popular, low-cost grilled chicken feet and heads. She started her business over 20 years ago and is still going strong. She took advantage of a nearby tavern to start a business selling chicken feet, which swiftly expanded to include beef bones, tripe, and other treats. Mrs. Noruka had a moderately successful home business before joining SEF in 2015. However, SEF taught her an important lesson about saving. SEF teaches that saving does not require a large sum of money, but rather begins with little, consistent contributions and develops a disciplined, daily savings habit. As a result, she now owns two properties, including the house where the Committee visited, which was originally a two-roomed dwelling but has since been expanded to include two bathrooms. Another property in the village is called KwaNxamkwana, which she largely utilises for pig and chicken farming. Her firstborn enrolled at university using the saving skills she learned from SEF.

During her tenure with SEF, she received R103,500 in loans, with the most recent being R10,000 that was invested into the business. She left SEF in 2024. Members praised her wonderful attitude and recognised her for creating a friendly, inspiring environment. There were few issues regarding the wholesale lending model, which does not appear to promote formal training of informal traders, intermediaries' reluctance to formalise informal businesses and transformation of the micro finance industry to mention the few. Members agreed that informal traders should benefit from a combination of training, mentoring, and financial services without exception. In a succinct response, Sedfa stated that the micro finance intermediaries, particularly those that the agency has onboarded, were black owned. The Department pledged its support Mrs Noruka through deploying the Informal Micro Enterprises Development Programme (IMEDP). Officials from DEDEAT and Buffalo City Metropolitan Municipality (BCMM) took down the details of Mrs. Noruka's in order to help her formalise her business. This will enable her to benefit from other programmes offered by the organisations. The Committee directed the Secretariat to invite SEF to Parliament.

### 9.2.2 Informal Trader (Mrs. Cekiso)

Mrs. Cekiso joined the Committee right at the homestead of Mrs. Noruka. Her story illustrates how the microfinance sector has over the yeas served as a vital tool for empowering rural women by providing them with financial access that fosters independence, dignity, and active economic participation. This impact aligns with broader research indicating that microfinance in general has performed beyond expectations by helping rural women move from a state of dependency to self-sufficiency. She owns a business that sells frozen meat to the surrounding community. Hers is a high-impact social enterprise focused on purpose over profit—it is a small and informal venture that maintains a stable size while delivering huge impacts. The business provides for her family and contributes to the well-being of the community. She highlighted her extraordinary journey with SEF spanning over three decades from carrying money in bags, saving via post office, commercial banks to Shoprite. She spoke highly about SEF and conveyed her gratitude.

The story of Mrs. Cekiso reflects a common reality in South Africa, where grandmothers often act as the backbone of the family, caring for multiple generations at once. Her business is still functional but needs high-quality equipment to ensure food safety, such as, chest freezers, display chillers, fridge etc. The meeting decided that Mrs. Cekiso should be assisted using the same methods as the supportive interventions suggested to help Mrs. Noruka. Concerns about succession planning in businesses held by senior folks are other key issues that this Committee has raised during its prior oversight trips. The Chairperson concluded by thanking both activists for their steadfast dedication to resolving the provinces economic challenges through social enterprising.

## 9.3 Talisfin (Pty) Ltd

Talisfin (Pty) Ltd is a private company and credit provider headquartered in Joannesburg, Gauteng. It is a wholly-owned subsidiary of Tebfin (Pty) Ltd, a proud member of the Talis Holdings Group (Pty) Ltd. Mr. Tebogo Mogashoa, a businessman, innovator, and investor, created and leads the group. It is a registered credit provider with the National Credit Regulator (NCR), must comply with the National Credit Act (NCA) No. 34 of 2005. This means the interest rates, initiation fees, and service fees it charges are regulated and capped by the Act and its regulations. The company is a Sedfa client and partner in the wholesale lending initiative, with a facility of up to R30 million. Talisfin official present in this leg of the visit thanked the Committee for the invitation and provided a succinct historical background of the company. Members alternately asked clarifying questions about the intermediary area of focus, application procedure, turnaround time, when did it become Sedfa client, interest rate charges, target market, and so on.

He stated that Talisfin (Pty) Ltd specialises in bespoke invoice discounting and purchase order financing, notably for MSMEs and cooperatives. The company offers only short-term but not long-term funding or asset financing. It primarily focuses on working capital solutions to address immediate cash flow needs of the business. Talisfin charges an interest rate of 5% plus fees as prescribed in the act. Potential clients are invited to apply anytime through submission of statutory documents, purchaser details including the purchase order, and finance is provided within 72 hours of approval. During the current financial year alone, Talisfin has extended financial assistance to over 200 entities, indicating a high demand for hassle-free credit.

### 9.3.1 Galawell (Pty) Ltd

Galawell (Pty) Ltd is a 100% black-owned company specialises in the sourcing, supply, and delivery of government orders. The company was founded in 2018 by Mr. Siyabonga Gwarube to take advantage of procurement opportunities in the government sector. The director of the company has experience in the business after having been actively involved in the sourcing, supply, and installation of park-homes and other building material. He briefed the Committee that park-homes are typically constructed using durable, lightweight, and modular materials designed for mobility, quick assembly, and weather resistance. Hence when members quizzed him further regarding what his company's core business was, though not clear, he showed a legitimate interest in growing a business towards that direction. He agreed that instead of sourcing, supply and delivery, he would prefer that his company gets into the business of manufacturing prefab material.

The company was awarded a contract by the provincial Department of Transport to source, supply, deliver, and placing of park home structures within BCMM. These tenders often require contractors to source materials and furnish the units fully within a reasonable short period of time. Due to the short time frame for completing the tender, he approached Talisfin for financial assistance. The project received R297,500 in funding from Talisfin. The project was executed successfully. He paid back the intermediary the full amount he had borrowed, plus interest and fees. Mr. Gwarube informed the Committee that one of the obstacles in running a small business like Galawell is a lack of access to funding, which causes a company to miss out on profitable opportunities. Other disadvantages of managing a township entity include a lack of good offices and unreliable internet connectivity in townships. In parting short, considering that the business was project-based, Sedfa committed to sending the branch manager to further interact with Galawell to assist the company formalise, craft a business plan that would focus on the owner's area of interest. On behalf of the Committee, the Chairperson wished the director and his co-partner well as they guide the company through a complex, challenging, and transitionary period.

### 9.4 OBG Petroleum (Pty) Ltd

OBG Petroleum (Pty) Ltd is a private company owner-managed by Mr. Odwa Gonya. It is an R34 million new investment project on Mdantsane Access Road in East London. It is a multi-purpose filling station concept that includes a full-service centre meant to give a “one-stop” experience by merging refuelling infrastructure with commercial, retail, and, in some cases, logistics services. When the Committee arrived on-site, Mr. Gonya welcomed the members and quickly gave them an overview of the project's history and its difficulties. He expressed particular gratitude to Sedfa for their assistance in getting the initiative off the ground. Sedfa contributed R15 million to the project. More than fifty-two (52) jobs are anticipated to be created once the project is completed. The project implementation is being phased into manageable stages rather than implementing everything at once. For instance, phase one includes Steers and Debonairs, While Kentuck Fried Chicken establishment and various other outlets were expected during phase two.

In response to members' inquiries about the expected project commissioning date, sources of funds to cover the shortfall, the share of the R15 million that constitutes a grant, land ownership status, relationship with the Astron, and zoning, Mr. Gonya was glad to inform the Committee that he had met all of the requirements for constructing a petrol station, including receiving a site license (for the land) and a retail license (to sell fuel) from the Department of Mineral Resources and Energy. Other important requirements, including correct land zoning, environmental authorisation (EIA), a traffic effect analysis, and publishing notices in four newspapers, have all been completed successfully. The project was indeed moving forward with speed, with commission date scheduled sometime in June 2026. He confirmed that there was indeed a shortage of approximately R6 million, which he stated would be covered by the sale of his assets, such as a house, which he had put up for sale to raise capital. He acknowledged, however, that his property portfolio may still be insufficient to meet the total shortfall which as members were fully aware, run into millions.

Hence, he was glad that DEDEAT officials were present because there was a pending application for the Local and Regional Economic Development Fund that he had submitted sometime back. Sedfa acknowledged that R15 million belongs under a distinct product, retail finance, and was a pure loan—with a grace period of 9 months. When asked if he had applied for the Department's Business Infrastructure Support Programme (BISP), he responded that he had not. The access road was the point of contention between Mr. Gonya and the BCMM. Mr. Mr. Gonya stated that he had submitted an application to BCMM some time ago. However, he was told to bear the cost of building the access road. During this interaction, it became evident that there was a substantial level of dispute, prompting the Committee to reprimand municipal officials of their responsibility in assisting with a project of that nature with a significant potential for creating 50 or more jobs.

After a lengthy discussion, the leadership of the BCMM admitted that there had been a serious misunderstanding between city authorities and Mr Gonya. The BCMM agreed to look at the matter afresh and provide guidance. The Department accepted responsibility for ensuring that when the application window opens in June, Mr. Gonya is properly notified. Additionally, DEDEAT officials assumed responsibility for following up on the ELRED application. The Committee was pleased that an impasse between two was broken, creating a clear implementation timeline. The Committee Chairperson committed to ensuring that all decisions made are put into action.

### 9.5 Thanda Isizwe Investments (Pty) Ltd

Thanda Isizwe Investment (Pty) Ltd, trading as Gas Champs, is an East London-based company serving the Eastern Cape with LPG and industrial gases. Based in Amalinda, the company provide reliable energy solutions to residential, commercial, and public sector clients, including schools and government institutions. Other ancillary activities include encompassing gas supply, along with comprehensive household, commercial, and industrial installation and maintenance. Mr. Thandisizwe Taku, owns and operates the company. It is bootstrapped startup that started out of nothing. The company was registered in 2016 but started operating much later. It has interest in renewable energy sector. South Africa is seeing a major increase in interest and investment in the renewable energy sector, driven by the need to address chronic power shortages (load shedding) and a deliberate change toward a greener energy future. The market is rapidly expanding, with installed capacity expected to exceed 32 GW by 2030.

Mr. Twaku operates a small cubicle or storage in Amalinda Shopping Centre. The company sells gas cylinders and geysers to local communities. It also performs installations which help keep the business running throughout the year. Because the business is strong in the winter, the company sells cleaning supplies to offset the revenue dips that occur frequently during the dry season. The company operates through virtual channels, since customers must call or WhatsApp to place an order. Then they deliver. The business received an amount of R309 000, with R100,000 of that being a grant from the Township and Rural Entrepreneurship Programme. Since the application was primarily intended to support growth, the funds were utilised for stock purchases, salary payments, and regular business maintenance. The business has been doing well, he affirmed, with a key breakthrough coming in 2021 when it was hired by the East London Industrial Development Zone (ELIDZ) to conduct gas installations and maintenance.

When asked by Committee members what other interventions or assistance the company needed to scale, he stated that the business needed a decent shop where products could also be displayed. He added that gas geysers and stoves were in great demand due to rising electricity costs and persistent power outages—especially in townships. As a result, demand increased substantially, providing the organisation with potential for expansion. These appliances are becoming increasingly popular due to their long-term cost savings, lower carbon footprints, and dependable performance. When asked about acquiring a modernized container in order to cut costs, he pointed to one container not far from where the meeting had gathered that was abandoned due to safety concerns—selling gas cylinders in a container that is not a cage is generally not permissible for commercial, retail, or public-access settings. In closing, the Department pledged to inform and assist Mr. Twaku in applying for BISP once it opens in June. DEDEAT took Mr. Twaku's contact information so that he could be assisted in applying for some of the programmes within the Department, and BCMM give an undertaking to support the project through local economic development in accordance with his business requirements. The meeting was adjourned.

### 9.6 Love Décor Company (Pty) Ltd

The Committee's last engagement in the Eastern Cape was with a representative and manager of Love Decor Company (Pty) Ltd. The business is a private venture founded in 2015 by Ms, Malerato Motale as the sole shareholder and director of the company. Ms. Motale drives, directs and manages business operations. including managing conferences, roadshows, product launches, gala banquets, teambuilding, and year-end functions to name the few. In her short update, Ms. Motale told members that her company has nationwide footprints, but it predominantly does events in the Eastern Cape. The company also has done international events in countries such as Ethiopia, Equatorial Guinea and so on. She detailed that events involve complex government and corporate functions, conferences, and festivals across borders, requiring expertise in logistics, cultural nuances, and risk management. events abroad. Ms. Motale has extensive experience in project management—she excels at driving project success from initiation to completion.

Love Decor Company (Pty) Ltd is a client of Indyebo Fund (Pty) Ltd—an intermediary client under wholesale lending programme. The company contacted Indyebo after receiving a large contract from the government that required needed quick implementation. Event management contracts usually involve speedy delivery dates, with many planners working under short lead times of 4 to 8 weeks. Her initial point of contact was with traditional commercial banks, who gave her the runaround. At Indyebo, she got more than she expected. The encounter was professional and quick. She got her loan application of R3 million approved in no time which enabled her to fulfil the contract requirements. She was paid on time, and she then paid Indyebo what she owed. The Committee was glad to hear this feedback. Members alternately offered Ms. Motale words of encouragement and asked her a few questions, like what other tools and supplies the company still required, how many people does company employ, when was the loan settled, what the challenges were, and what category her company would fit under given the size of the events it does.

She responded that the business is operated from home and thus does not incur rental expenses for office or warehouse space. Some equipment, such as generators, refrigerators, and tents, are stored at home. Due to the nature of her business, she outsources some of the functions and hire lot of equipment depending on the client's requests. There is no permanent staff, other than the director. Employees are engaged on a temporary basis based on the needs and size of the project awarded.

By 2025, the loan had been totally settled. The company seeks assistance with 1000 tent seats, a stage, light stretch tents, furniture, lighting, and décor, primarily for corporate occasions and themed events. As in previous sessions, officials from the Department, DEDEAT, BCMM, and Sedfa promised to assist Ms. Motale and took her information so she could be guided on how to apply for various programme offered made by the respective organisations. Given that this was the last session of the oversight, the chairperson thanked everyone, especially those who had joined the committee since day one. She thanked Committee members and complimented the staff for a well-executed oversight. The meeting was then adjourned.

## 10. COMMITTEE OBSERVATIONS

10.1 For the most part, the Committee's oversight visit to the Eastern Cape province was largely successful. Based on the evaluation of the projects visited by the Committee, there is a lot of good work being done. Of course there were questionable, low-impact, or failed projects that require the Department and Sedfa to strengthen their processes, including stricter, fairer application vetting to minimise impartiality, more efficient support for applicants, and better oversight.

10.2 The Committee is pleased to have visited a few areas listed by Statistics South Africa as having high concentration of poverty and households living below the lower-bound poverty line (LBPL). Parliament is intensifying efforts to track poverty through oversight, research, and legislative action, with a special emphasis on using the Multidimensional Poverty Index (MPI) and national poverty lines to assess the efficacy of government policies. One of the strategic objectives of the Committee visit to the province was to ensure that government budget allocations are directly addressing the needs of the poor and that poverty reduction objects are realised.

10.3 The vast majority of the projects were in a functional state. Those that were not, plans were underway from the Department, Sedfa, DEDEAT and local government LEDs to resuscitate and provide them with support. The Committee once again noted that a lack of coordination between government departments, spheres of government (national, provincial, local), and entities leads to paralysis of service delivery, replication of effort, and waste of resources. In most cases, local municipalities were not aware of the projects funded by the Department and Sedfa in their respective jurisdictions. The Committee notes that this is a recurring challenge.

10.4 The Committee documented that other several critical projects already funded by the Department and Sedfa, were facing imminent risks of collapse or severe disruption due to chronic underfunding. The advice by the Chairperson of Mthatha Step Down Hospital, Mme. Vatiswa Bam-Mugwanya, that "Sedfa should fund the business in its totality rather than committing itself to a ceiling", resonated with the Committee recommendation following its oversight to Free State that "to guarantee project scalability and sustainability, the Department and/or Sedfa should support the complete business plan rather than just certain parts of it. Of course, funding a project in stages allow the Department/Sedfa to assess progress and results before committing further resources, mitigating the risk of investing in a failing project. However, funding the entire plan helps ensure that operational costs, maintenance, and future development are accounted for, preventing the project from collapsing after the initial funding period ends".

10.5 There are noticeable improvements in the wholesale lending programme specifically in the area of interest, fees and charges—max 5% per month for the first loan in a year and 3% for subsequent loans. The intermediaries and alternative lenders are increasingly offering competitive interest rates that might be comparable to, or even more flexible than, traditional commercial banks. This development is welcomed by the Committee.

10.6 It is the absence of a two-way referral arrangement between Sedfa and Microfinance Institutions/Retail Financial Intermediaries that still present a major concern for the Committee. For a micro or survivalist enterprise to be a client of an intermediary for more than a year is inappropriate, and for ten years is a grave injustice that goes against the Department's and Sedfa's original intent. This is a business segment that need grants and interest-free loans to grow. There is no doubt that organisations like SEF are doing an excellent job of elevating underprivileged areas. However, having one client take out loans over a ten-year period suggests that they are excessively reliant on the intermediary.

10.7 The Committee took note of many issues brought up regarding the Sedfa turnaround time in processing application. In certain situations, claims of simply not responding to applications were raised, with reports of little to no feedback on application status.

Additionally, there were reports of technological issues, which in one case resulted in a cooperative member driving all the way to Pretoria to seek assistance.

10.8 The phenomena of not knowing a site or project location poses significant logistical challenges for the Committee and the protection teams. Without a confirmed site, planning for transport becomes speculative, forcing Committees to add significant contingency reserves, The Department and Sedfa are undermining the Committee's long-standing advice by not mandating all applications to include a global positioning system.

10.9 The recurring theme throughout the oversight was lack of access to business premises and infrastructure. Many MSMEs and cooperatives are struggling to access suitable premises. Mr. Zolile Mosweu of Mazasa Management Consulting CC in Matatiele was forced to vacate suitably zoned premises to his house. The effect of that decision is that the business was being carried-out in an area not designated for educational purposes.

10.10 During a visit to the Chemin Incubator in East London, the Committee encountered a similar, although somewhat strange situation where ECDC provides funding, support, and infrastructure, while simultaneously collecting rent. The Committee noted that the utilisation of government-owned buildings remains unpopular with many incubators. As a result, incubators like Furntech face substantial overhead costs, which can hinder their efficiency. The Committee strongly believes that government properties should be made available at "arm's length" to incubators and MSMEs.

## 11. COMMITTEE RECOMMENDATIONS

Based on the summary of key findings and observations, the Committee makes the following recommendations: -

11.1 Similar to other provinces, the Committee examined numerous projects that necessitated additional needs analysis by both the Department and Sedfa. The Department and Sedfa must perform follow-up visits, assess company needs, identify gaps, and develop a plan to address them. A project management plan should be developed and reported to Parliament by the end of the first quarter of the 2026/27 fiscal year.

11.2 To ensure project scalability and sustainability, the Department and/or Sedfa should support the entire business strategy, not just specific aspects of it. Funding a project in stages allows the Department/Sedfa to evaluate progress and results before spending further money, reducing the chance of a failed project. Sedfa should evaluate the use of ceilings, caps, and structured limits in its funding methodology. The Committee will examine Sedfa's annual performance plan and quarterly reports to ascertain the extent to which this recommendation is being implemented.

11.3 Once again, it is still the recommendation of this Committee that spaza shops that survived the covid-19 pandemic and are still in existence, should be prioritised for assistance with municipal compliance and application for a Spaza Shop Support Fund. The Committee would periodically monitor the fund's disbursement as part of its oversight role to ensure it achieves its objective of supporting South African-owned businesses in townships and rural areas. Rural and smaller municipalities must be strengthened in a number of crucial areas with a view to expedite the application and compliance processes.

11.4 The incorporation of Department's projects into municipality's Local Economic Development (LED) plans necessitates a systematic, collaborative, and integrated approach that builds on existing government frameworks and fosters public-private collaborations. Local municipalities must be informed about all projects supported by the Department and Sedfa. Moreover, they must be integrated into municipal planning cycles, particularly Integrated Development Plans (IDPs). This will ensure that national priorities are aligned with local needs, avoiding fragmented and uncoordinated efforts. The existing District Development Model (DDM) can serve as a key platform for coordinating across all levels of government.

11.5 Enforcing Global Positioning System (GPS) coordinates for all applications could enhance municipal oversight and project tracking. The Department and Sedfa must make sure that this recommendation is acted upon without delay.

11.6 A formal and systematic two-way referral process should be established as a standard practice between the Sedfa and MFIs/RFIs. In essence, adopting this as a "norm" means moving away from ad-hoc collaborations to a structured, expected system of operation that benefits MSMEs and fosters inclusive economic growth.

11.7 Sedfa should give priority to using cooperative banking institutions that are licensed, regulated, and registered with the Financial Sector Conduct Authority, Prudential Authority, and Financial Intelligence Centre—all of which are agencies of the South African Reserve Bank—among its network of intermediaries. The combined oversight of these organisations suggests much improved governance and a risk-based approach to public fund management.

11.8 The Committee continues to have serious concerns about the lack of post-investment monitoring and support, as well as early detection of struggling projects, since these factors frequently result in business failure. The Committee is once again calling on the Department and Sedfa to build up their post-investment units so as to provide better and coordinated support, monitoring, and impact measurement.

Report to be considered