



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF
ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM**

NCOP VIRTUAL DEBATE: 01 SEPTEMBER 2020

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT (DSBD)

Honorable Minister;
Honourable Chairperson;
Honourable Members of the National Council of Provinces;
Invited participants;
Special guests;
Ladies & Gentlemen

It is a privilege once again for me to participate in this National Council of Provinces virtual debate of the Department of Small Business Development. The last time when we were here (28 July 2020), we spoke in support on the DSBD budget vote. Today we will use the opportunity to provide feedback on what our province is doing to mitigate against the impact of the COVID-19 on the livelihoods and the economy of Limpopo.

The combined effects of COVID-19 and the recession will be a double-edged sword for the South African economy. In the last quarter of 2019, the South African economy experienced a technical recession, as the economy slowed down to -2% in 2020: Q1 from -1.4% in 2019: Q4 following a decline of -0.8% in the preceding quarter.

The South African Reserve Bank (SARB) expects national GDP in 2020 to contract by -7.1%, compared to the earlier forecast of -0.2%. The economy will however recover and grow by 2.2% and 2.7% in 2021 and 2022 respectively.

Given that the Limpopo economy is part of the national economy, the negative effects from the national economy will have spillover effects to the Limpopo economy. Even prior to the COVID-19 pandemic, the Limpopo economy had been struggling from structural rigidities with a stagnant proportionate contribution to the national output at 7.2%.

The growth forecast for Limpopo, whilst not yet determined, can be expected to be negative following the decline of the South African economy.

Governments across the world have devised stimulus packages to support their industries and people in mitigating against the economic slowdown caused by the COVID-19 lockdown.

The national government has set aside relief funds for SMME, Cooperatives and Spaza Shop to mitigate against the impact of COVID-19 to the economy. Of the R2 billion that has been allocated by the Department of Small Business Development for SMME Relief Fund, 123 Limpopo SMME qualified and were approved for R35 million resulting in 1646 jobs been sustained.

For the Spaza shops, each Province was allocated a number of beneficiary spaza shop as per the provincial population of the spaza shop. A total number of 2 690 Spaza have been pre-approved to benefit from the Spaza Shop Relief Fund. As of 21 August 2020, 931 were approved for R3, 258 million disbursements for Limpopo Province. Limpopo has the third highest number of approvals after Kwazulu-Natal (2217) and Eastern Cape from (690). Limpopo still has R15, 61 million from its total national allocation. For tourism, the sector that is hardest hit by the pandemic in our province, a total of 514 applications were made of which 294 applications to the tune of 14,7 million.

The Limpopo Provincial government developed the Limpopo Socio-Economy Recovery Plan, which represents the sum total of the government and its cooperative partners' commitment to implement the economic and social relief measures to mitigate against the impact of the COVID-19 pandemic on the economy and the population.

The Recovery Plan gives effect to the economic stimulus, which is borne out of the fact that the national funding will not be sufficient to provide the desired relief to enterprises and the population. The provincial government will have to use its own resources and that from cooperating partners to mitigate against the impact of COVID-19 in the short-term and the resuscitation of the economy in the long-term.

The short-term measures will be implemented in 2020/21. The medium to long-term measures will be implemented in the outer years of the MTEF period and beyond in line with the Limpopo Industrialization Master Plan (2020-2030) and sectoral plans.

The Provincial government has set aside R3,5 billion to mitigate against the impact of COVID-19 on the economy and the population. The larger proportion of the provincial government funding is allocated to the social cluster, that is health, education and social development and R500 million has been set aside to support economic recovery in the short-term and the funding will be disbursed as follows:

Sector	Description	R'000
Agriculture	Production Inputs for Farmers	57 500 million
SMME and Cooperative Support	Limpopo SMME and Cooperative Support - NEF	10 000 million
Waste Management	Limpopo Waste Management Relief Package	7 800 million
Industrialization	Special Economic Zone - EIA	4 700 million
Enterprise Development	Limpopo SMME Loan Book relief package	10 000 million
Tourism	Limpopo Tourism Relief Package	10 000 million

Road Infrastructure	Committed Roads Projects	400 000 million
		R500 000 million

The totality of our short- and long-term measures are detailed in the Limpopo Economic Recovery Plan, which we will share with the house upon approval by the Provincial Executive Council.

We commit to work with our cooperative partners in all the sectors of the economy. We have already begun to engage them in the development and implementation of the Limpopo Socio-Economy Recovery Plan short and long-term measures.

We will continue to combine synergies and partnership with the Department of Small Business Development in order nurture and support the entrepreneur endeavours and enterprise programme with the view to transform the economy.

As I conclude, I would like to remind members of the NCOP that today is the beginning of Tourism Month, I would like to invite members to visit Limpopo, our scenic province awaits to welcome you.

Hi Khensile
 Ro Livhuwa
 Re a leboga