

**Ministerial briefing session
on Township Economy
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Virtual Platform: MS Teams
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Province**



Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM



TABLE OF CONTENTS

1. EC Province brief profile
2. Background and context
3. Informal economy interventions
4. Collaborations with Municipalities
5. Industrial Parks support programme
6. Manufacturing support programmes
7. Funding instruments
8. Conclusion

1. E.C PROVINCE BRIEF PROFILE

- The EC Province has 231 011 MSMME as per the SEDA Report in 2020.
- The bulk of these enterprises (70%) are informal as they do not have a license to operate issued by CIPC or permit issued by Municipality
- The formal MSME's are estimated to 20% (51 041)
- The highest number of MSME's are in Trade (39%), construction (19%) community services (16%), Agriculture and finance both (7%) Manufacturing (6%) and transport (5%).
- Those that have registered for VAT (20%) and,
- Those registered for income tax (30%).

2. BACKGROUND AND CONTEXT

In order to transform the township and rural economies it is imperative that the following is implemented:

Policy development (through a public participation process)

Enabling legislation (to guide the policymakers and the key stakeholders) and

A strategic framework (a guideline for interventions to be implemented with a monitoring and evaluation plan).

Coordination of stakeholders and resources plays an important role in order to make a meaningful impact on the lives of those who will be affected by the intended policy changes.

Collaborations across all the three spheres of government is critical, partnerships with private sector and community stakeholders are equally important.

BACKGROUND AND CONTEXT...CONT

The EC Provincial Government has identified the Township and Rural economies as one of the high impact projects to be implemented in the current financial year

1. **Development of the enabling legislation:** (to be finalized next financial year due to budget constraints).
2. **Development of a strategic framework:** (to be completed in the current financial year).
3. **Policy development:** (A green paper was developed as basis for stakeholder consultation to consolidate inputs for drafting a white paper that will be tabled to the legislature. Process for appointment of a service provider for drafting and gazetting are underway) It is anticipated that by end of March 2023 the first draft will be completed.

3. Informal economy interventions

Informal Business Support Programme (IBSP)

(it was once off intervention in line with the Provincial Economic Recovery and reconstruction strategy)

The programme was affected by the Moratorium on procurement as issued by National treasury and other red tape measures in government.

1000 micro and informal business to be supported (Manufacturing, Services, Textile and clothing, Automotive aftermarket interventions)

R40 million set aside to support micro and informal businesses with equipment, machinery and inputs .

Training and capacity building of 400 beneficiaries through partnership with SEDA and ECDC

Temporary employment of 20 unemployed graduates to mentor and coach IBSP beneficiaries across the 6 districts and 2 Metros

3.INFORMAL ECONOMY INTERVENTIONS ...CONT

Collaborations with DSBD

IMEDP (informal and micro enterprise development programme) –provision of equipment and machinery.

Joe Gqabi: Senqu 40 beneficiaries = R495k

Amathole: Mbashe 100 beneficiaries = R1.4m

Mbashe 101 supported to value of R1 388 991

Retail pilot project at IHLM

- Leverage on IHLM R11 .5 Million to support 32 ward based spaza shops owned by South Africans.
- IHLM provided support for stock, retail system activation training and capacity building. The department committed R3.2 Million for refurbishment of the retail outlets.
- Through infrastructure development 19 local contractors were utilized and 158 jobs were created.
- For infrastructure, the nature of jobs were in building, tiling, fitting ceilings, electrical wiring

3. informal economy interventions ...cont

Economic Stimulus Fund

(Mt Ayliff Informal trade infrastructure)

The project is on construction of informal trade infrastructure.

21 Formal Stalls, 96 Semi-Informal Trading Spaces & 30 Informal Hawker Stands

Vehicle Repairs Facility

Carwash Facility

Ablution Facility

Guard House

Of R 23,463 million approved – R 12,3 million (47%) spent to date

180 Informal Traders to benefit from completed infrastructure

6 MSMEs participated to date

35 jobs created to date

4. Partnership with Municipalities

RAFFI pack house project

Collaborations with CHDM

- *For CHCDC R20 Million has been approved by DSBD for fertilization blending plan and pack house for cold storage. The project is 95% complete.*

Ntozonke Market

Collaborations with KSD

A total of R11.7 Million has been approved by DSBD the renovation of the buildings in KSD. The Municipality must submit an implementation plan.

5. INDUSTRIAL PARKS SUPPORT PROGRAMMES

Through collaboration with the dtic the following industrial parks have been supported:

- **Butterworth IP:** (Master plan has been developed and it is undergoing commercialization stage. R694 300 has been invested for the current FY).
- **Fort Jackson IP:** (Master Plan to finalized and R850 000 has been secured for the current FY).
- **Komani IP:** (A fertilizer building plan approved for R10 Million, EMLM has approved R90 Million for roadworks connecting IP to town and Ezibeleni Township and further funding has been applied for to DBSA).
- **Somerset IP:** (All bulk infrastructure has been completed -100% and budget for fencing is in the process of been finalized as part of 3 KM to a tune of R5.6 Million has been approved and the remaining 7KM with budget cost of R12 Million is still in process).

6. Manufacturing support initiatives

Non -financial support

- *Manufacturing support Centre established (referrals to other development agencies for BDS and other enterprise support needs).*

Financial support

Leveraging on jobs fund to assist enterprises in manufacturing and other key priority sectors.

For the current financial year, a total of R18.7 Million has been disbursed to 61 companies saving 368 jobs.

7. FUNDING INSTRUMENTS

LRED fund: (empowerment fund for enterprises operating in the EC Province targeting start up firms, existing MSMME's, women, youth and businesses operating in small towns, townships and rural areas), R16 Million budgeted for 2022/2023 FY.

Imvaba Fund: (funding support for cooperative enterprises operating in all sectors, it's a grant fund capped at R600 000 per cooperative). R25 Million has been budgeted for 2022/2023 FY.

IBSP-grant fund: (recapitalization of the programme with R12 Million from internal reprioritization and approved roll over from treasury to support 500-600 micro and informal businesses that were approved in last FY).

Business Loans: (The ECDC administer the business loans and has a budget of R30 Million for the current FY and to date they have disbursed R21 Million to 36 MSME's in construction and service & delivery (short term loans).

8.CONCLUSION

- The lack of a legislation at national level on transformation of the township and rural economies has resulted in Provinces taking the initiative on this front.
- The potential risk is that can emerge is uncoordinated and disjointed pieces of legislations.
- The need for sharing information between and among provinces is very critical to ensure there is clarity on policy and strategies to support the enterprises operating in the townships and rural areas.
- The existing gaps on current legislations and policies necessitate a more collaborative engagement at national to address the pieces of legislations that are no more relevant e.g. Business act 17 of 1981.

THE END

**THANK
YOU**