

Remarks by Eastern Cape MEC for Economic Development, Environmental Affairs and Tourism, Hon. Lubabalo Oscar Mabuyane at the announcement of LRED Fund Beneficiaries held in Mthatha on March 26, 2019.

Executive Mayor of OR Tambo District Municipality

Head of Department for DEDEAT

General Manager for Economic Development

Leaders of Business present

SMMEs and Entrepreneurs present

Invited Guests

Ladies and gentlemen

One of the priorities of the fifth term of government has been our commitment to grow the economy and create jobs. In this regard the ANC led government has been seized with the task of ensuring inclusive growth and economic transformation by adopting a bottom-up approach which focused on the creation of industries in local communities.

This has not been an easy journey as achieving sustainable local and regional economic growth has continued to be a challenge in our Province. We attribute this on the main to the spatial economic disparities in our Province which concentrated economic development in the urban centres of our Province, that is Nelson Mandela Metro and Buffalo City Metro to the detriment of rural districts where 62 percent of our people reside. That is why many people from the rural

districts have packed their bags and followed on the footsteps of generations of migrants to look for jobs in other provinces.

We were therefore challenged to come up with solutions not only on how government can make economic growth a reality in their own localities, but also how we can make sure that the growth includes and benefits the poor within the most marginalised regions of our province. SMMEs were the vehicle through which we aimed to change this untenable situation.

However, our efforts to make headways were hampered on the main by the reluctance of commercial banks to land financial support to SMMEs. As a caring government, which is committed to economic transformation we had to intervene. Thus we established the Local and Regional Economic Development Fund in the Department of Economic Development, Environmental Affairs and Tourism to assist SMMEs in our local communities to realise their business ideas, and create jobs for our people.

We have done this by providing financial support to small, micro and medium enterprises that are starting-up and existing enterprises that are operating in the provincial priorities sectors as outlined in Provincial Economic Development Strategy which are: Agro-processing; Oceans Economy; Manufacturing; Renewable Energy; Auto Sector; creative and Tourism industries . Today, we are pleased to share with you that through the LRED Fund we have had more achievement than challenges. We say this because all the Districts of our Province have beneficiaries of the LRED Fund. Recently, through this un-discriminatory Fund we reached women owned enterprises such as Ivili Loboya that manufactures cashmere products for offshore

markets in the Amathole District and Raohang in Matatiele, a Cooperative which manufactures school uniforms and clothing items in the Alfred Nzo District. We also extended our support to youth owned enterprises such as Red Ribbon which manufactures toilet paper for commercial customers and Eastern Cape Braille, a cooperative with special needs that converts normal documents to braille documents for government departments in the Eastern Cape.

As you can see from this brief that I am sharing with you, the ANC led government does not compromise on inclusive funding to the designated groups that would ordinarily not access funding from the commercial banks.

We are here today to plant more seeds for the development of local economies in our province with an investment of **R21 million**. The beneficiaries have been drawn from all the Districts of our Province and are representative of designated groups. This has been a long drawn process and has been delayed at times by the challenges we experienced in the assessment and evaluation processes. Unfortunately, we had to undergo these rigorous processes as we are dealing with public funds here, that are governed by prescripts, so we must do due diligence. We will however continue to make the application process for LRED SMME friendly, without compromising on due diligence. In this regard the Department has appointed a service provider to assist applicants with business development packaging, working together with the regional staff to transfer skills and best practices.

That said, we want to emphasise to our SMMEs that LRED has a criteria and that criteria includes:

- Compliance with SARS, the Department of Labour and specific industry standards;
- Securing the security of tenure;
- Disclosing criminal activities;
- Providing proof of markets, they intend to sell to and lastly
- Applying for sectors that fall under the Provincial Economic Development Strategy

We are pleased to announce that 16 SMMEs have passed the test and will now be able to start up their operations or expand their production and in the process create jobs in our Province. We have a message for municipalities where these SMMEs are located. We have planted this seed in your communities, do the right thing and nurture it as it will contribute towards your job creation objectives. Do not kill these emerging businesses with hefty tariffs on water, and electricity.

Instead through your LED Programmes assist them to flourish by buying products from them. If their products are good enough for the rest of us, why are they not good enough for their local municipality. We will monitor the support of our Municipalities for these 18 SMMEs as their sustainability is partly dependent of the business they will get from their local municipalities. **Asilendelanga ukuva uba uMasipala wase Sarah Baartman uthenga izitena eMonti ekhona uShomashishini okhasaya eSarah Baartman esifake kuye inxaso mali yokuvelisa izitena.** We will be a thorn in the flesh of ANC led municipalities who renegade against the objectives of creating sustainable economic development and job creation in our local communities.

Let me now announce the beneficiaries of the **R21 million** investment for the 2018/19 financial year.

Beneficiary Name	Sector	Region	Amount
1.NewBreed Holdings	Auto/Manufacturing	Sarah Baartman / Nelson Mandela Metro	R1 504 157.00
2.Amazing E-Waste	Renewable Energy	Sarah Baartman / Nelson Mandela Metro	R 109 250.00 – Feasibility Study
3.Hloza Engineering	Auto/Manufacturing	Sarah Baartman / Nelson Mandela Metro	R2 942 106.00
4.Paradigm Solutions	Tourism	Chris Hani District	R 115 140.00 - Feasibility Study
5.Mabija Construction & Civil	Manufacturing	Chris Hani District	R2 161 371.00
6.Black Spot Media	Manufacturing	Chris Hani District	R 530 738.00
7.Iyanzi Pty Ltd	Manufacturing	Alfred Nzo District	R 215 538.00
8.MBI Development	Agro processing	Alfred Nzo District	R 481 726,84

Beneficiary Name	Sector	Region	Amount
9.Sobag Trading	Manufacturing	OR Tambo District	R 804 542.61
10.Amina Chem	Manufacturing	OR Tambo District	R1 348 851.00
11.Klaushe Manufacturers	Manufacturing	OR Tambo District	R1 490 236.39
12.Coffee Bay River Kayaking	Tourism	OR Tambo District	R 815 974.00
13.Bacalum Manufacturing	Manufacturing	Amathole District/BCMM	R2 885 857.43
14.Chemible nd	Manufacturing	Amathole District/BCMM	R1 215 028.42
15.AET Africa	Manufacturing	Amathole District/BCMM	R1 695 158.31
16.IKIM Solutions	Manufacturing	Amathole District/BCMM	R1 552 878.00
		TOTAL	R19 869 561.00

Beneficiary Name	Sector	Region	Amount
1.M&B Meubels	Manufacturing	Joe Gqabi	R 370 139.00
2.EC Braille Institute	Manufacturing	Amathole District/BCMM	R 761 300.00

Our message to all these beneficiaries is that we have chosen you among many other deserving applications. Use this opportunity wisely by investing your profits in the business. Do not be swayed by short term opulence, focus on growing your business so that it can sustain itself without the financial assistance of government. **Hambani niyosebenza kengoku nikhulise namathuba emisebenzi kwindawo eniqhuba kuzo ushishino.**

Thank you.