

ADDRESS BY KZN PREMIER SIHLE ZIKALALA DURING THE AWARDING OF FUNDING GRANTS FROM THE YOUTH BUSINESS DEVELOPMENT FUND, PIETERMARITZBURG CITY HALL, 03 OCTOBER 2019

Programme Director;

Members of the Executive Council Present;

The Mayor of uMsunduze Municipality Cllr Mzi Thebolla

Chairpersons of Boards and CEOs of Government Entities;

Leadership of Business Chambers and District Economic Development Agencies;

Leaders in Business, Labour, and Civil Society;

Leadership of the NYDA;

Our Social and Developmental Partners;

The Youth of KZN;

Members of the Media;

Distinguished Guests;

Ladies and Gentlemen;

Today we go down in annals of history as day great joy and fulfilment for our nation and the youth of KwaZulu-Natal. I say this will be indelible because the initiative of KwaZulu-Natal province government has not only brought hope for prosperity of youth entrepreneurship in KZN alone but has inspired other provinces to emulate what we have done as part of addressing youth marginalisation. The Eastern Cape Government has launched its youth fund, the Northern Cape Provincial Government has also followed the suit.

It is a fulfilment that what looks like a crazy idea is today beginning to fruition. After a lengthy, rigorous process of examining business proposals with the greatest potential for success, today we are ultimately announcing all the successful and deserving recipients of the funding from the KZN Youth Business Development Fund.

The total number applications that were received and processed was 2246. Of these, 448 were shortlisted for due diligence, and 55 were ultimately awarded grants totalling R71 401 486.14(seventy one million, four hundred and one thousand, four hundred and eighty six rand and 14 cents). This means that we have exceeded our limit by near one and a half million rand.

I wish to congratulate all of you who have succeeded in securing this crucial funding to support your enterprises. We only wish you success, and have no doubt that you will make all the people of KZN and our country proud of their investments in your entrepreneurial efforts.

I must however hasten, none of this amount will go to any of your accounts but instead will go direct to equipment and instruments that will enable you to run your enterprises better and productively.

We also wish to take this opportunity to encourage all applicants who were not successful this time around not to give up or to even think their efforts were meaningless. A defining characteristic of all successful entrepreneurs is their spirit of never giving up and consistent ability to learn from failure.

In this regards some of youth businesses that did not succeed, while showing a potential, will be placed in a business development programme wherein gaps and shortcomings identified will be addressed and hopeful they will benefit in future.

As we announced at the launch of this fund early this year, our funding was limited to R70 million and the need, as expected, proved to be overwhelming.

As government, we are encouraged to see the youth of KZN making strides to own their own business and we encourage those who did not make it and many more others to apply for the second phase of the funding which as we announced in the SOPA, has also been capitalised to R70 million by our government.

I wish to extend gratitude to the committee that spent many hours assessing the proposals, conducting due diligence, and ultimately selecting the recipients.

We must also commend the leadership of the KZN Growth Fund Trust who were chosen as the Fund Manager for their commitment in administering the fund.

We also wish, from the onset, to extend a hearty applause to ABSA for partnering with the provincial government to make the programme a success, sustainable, and impactful. As I mentioned during the State of the Province Address, through government's engagement with the private sector, ABSA pledged to allocate a R70 million loan dedicated to further

support youth-owned enterprises that may require more funds than what government has allocated from the seed funding.

We wish to encourage more partners in industry to work with our government and all deserving youth owned businesses to ensure that these enterprises succeed, are profitable, and sustainable. Established business, apart from contributing to the fund, have a role to play in contracting these SMMEs, procuring goods and services from them, and even in sharing skills through business incubation.

Small business development is a cornerstone of sustainable development, inclusive prosperity, and social cohesion. It is the answer to our country's high unemployment and underemployment rates.

Research is proving that in many developing countries, especially in the East and the developed nations of the West, it is SMMEs that are creating more jobs. The 2019 SME and Entrepreneurship Outlook report on OECD countries revealed that *"SMEs account for about 60% of employment and between 50% and 60% of value added and are the main drivers of productivity in many regions and cities."*

There's promising news about entrepreneurial activity in South Africa which for a very long time has received unfavourable outcomes from international reports. The 2017/18 Global Enterprise Monitor (GEM) report indicated that South Africa's entrepreneurial activity is at its highest since 2013 and also revealed that the total early-stage entrepreneurial activity (TEA) was at 11 % in 2017 which was 4.1 % higher compared to 2016.

I have no doubt that this came as a results of dedicated focus introduced through the policy of Radical Economic Transformation (RET). Today is yet another testimonial day that RET is not stealing from others or disruption of other business but is a dedicated support to small entrepreneurship.

As a country and a province, we look to our innovative entrepreneurs to contribute in reducing the crisis of unemployment which sits at 29%. We look to their innovative ideas to fuel economic growth and reduce inequality. As government, we remain committed to support enterprise development to reignite village and township economies. We will continue to fight against market concentration and to make the regulatory framework conducive to SMME development.

Ladies and Gentlemen, the young people of this country are clear in their vision 2020 of the National Youth Policy that they do not want handouts, but are seeking a hand-up. They see themselves as assets and dynamic agents for social change.

Our support for youth-owned enterprises fits very well with priority number our government which is “Economic transformation and job creation.”

In KZN, we will continue to implement our programme of radical economic transformation (RET) under Operation Vula, which among others, seeks to use government’s spend to procure goods and services from previously disadvantaged groups. We will not relent in procuring specific set-asides that are aimed at empowering blacks in general, and Africans, women, and youth in particular.

In terms of the new KZN MTSF, our target is 30% set asides for women, youth and SMMEs.

Our own PGDP targets governments local procurement spend 35% youth; 30% women, 5% people with disabilities, 10% Military Vets – 60% allocated to Africans.

Also, by 2024, we aim to have 50 % of government spend on entrepreneurship for women owned and led business.

Land to be acquired for agriculture in terms of the rural Land Reform Programme: target 40% to youth by 2024.

Working with Provincial Treasury, we have committed this administration to ensure that our clients, especially SMMEs and cooperatives, are paid on time, within the prescribed 30 days. If we were to fail to meet this requirement with some of these youth-owned enterprises, we would certainly be negligent and wasteful in our approach.

In the first phase, the fund will support a variety of economic sectors in all our district municipalities. The sectors include agriculture, manufacturing, mining, construction, transport & logistics, catering, tourism, hospitality, recycling, the creative arts, communications, and entertainment.

We are however concerned that there has been no applications focusing on ocean economy, and very few on technological development. We call on the youth to explore and be innovative so that their economic participation will diversify to all sectors.

We wish to see many more proposals that will take advantage of our unique location as a coastal province. From them, we wish to also get more young people in the oceans economy including arenas like boat or ship building and aquaculture.

We wish to thank EDTEA and the OTP for ensuring that once contracting and disbursement of funds has been completed, there will be ongoing post investment support and the implementation of the business support programme.

Ladies and Gentlemen, there must be a return on investment for every rand and cent that government invests. Each day, government is asked to do more with fewer resources. It is therefore our hope that the beneficiaries of this fund will realise the enormous responsibility they carry on their shoulders to succeed.

This is scarce money that belongs to the people of South Africa which must not go to waste. To do so, would be unpatriotic if not a betrayal of the hopes of the many impoverished masses of our land. To all the beneficiaries, the real work starts now.

Today is not the day to start endless and wasteful celebrations. This is a beginning of an important journey to make your dreams come to fruition. It will take a lot of sacrifice, hard work, and long hours of work before you reap your rewards.

If you succeed and excel in your endeavours, KZN and South Africa will prosper and defeat the triple challenges of poverty, unemployment, and inequality.

Today's announcement occurs in the birthday month of late ANC President, Oliver Reginald Tambo. In everything OR Tambo did, he excelled because he was driven by the passion of uniting our country and creating a society that is truly equal, non-racial, non-sexist, and prosperous.

He was also passionate about women and youth empowerment. Believing that the youth are the future, he once warned that, *"a country, a movement, a person that does not value its youth and children does not deserve its future."*

Addressing an audience at Georgetown University in 1987, Tambo said, *"We seek to create a united democratic and non-racial society. We have a vision of South Africa in which black and white shall live and work together as equals in conditions of peace and prosperity."*

Today, each one of you has been given a significant injection to help our country achieve peace, prosperity, non-racialism, and equality that Tambo and his generation yearned for.

I also wish that you always remember the sacrifices of generations of young people who paid the supreme sacrifice so that today we can have such opportunities. They laid their lives so that no one could limit your freedom and potential. In their honour, we only ask you to succeed and bring glory to your families, communities, and our province.

We ask you to succeed so that we may say that the blood of the youth of 1976 and those that died in the violent eighties and nineties was not spilled in vain.

We ask you to take your responsibility seriously and excel in honour of young people like Solomon Kalushi Mahlangu, Phila Portia Ndwandwe, and Andrew Sibusiso Zondo.

Before Solomon Mahlangu went to the gallows, he said: *“My blood will nourish the tree that will bear the fruits of freedom. Tell my people that I love them. They must continue the fight.”*

We are here because we deeply love you and care for your wellbeing and future. And indeed, the struggle for economic emancipation continues, and we dare not fail those who died for our liberation.

As government, we are confident that the youth of KZN is equal to the challenge and ready to pick up the freedom baton to ensure that we defeat poverty and inequality.

Once again, congratulations to the winners, and go out there and succeed.

Let Us Grow South Africa Together!

I thank you.