



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

MEDIA STATEMENT

MEC for Finance Mr. Rob Tooley launches the Enterprise Development Fund.

Noting the fiscal constraints, diminishing opportunities for small businesses, the recurring challenge of not being able to match government procurement needs with the capacity of SMMEs to deliver quality goods and services and the need to empower the Limpopo SMME's, the Limpopo Provincial Government (LPG) and Standard Bank of South Africa (SBSA) have entered into an cooperation agreement, as part of the extended provincial commercial banking contract, to provide a financial solution which will enhance the financial capacity of SMME's to participate in provincial government procurement contracts.

In terms of the agreement SBSA will make available an Enterprise Development Fund, to assist LPG suppliers/contractors with working capital and contract funding for LPG supply contracts.

These efforts will go a long way in growing the economy through sustainable businesses.

In my 2017/18 Provincial budget speech and post budget interviews, I alluded to this strategic financing intervention for small businesses in Limpopo Province which we were then still negotiating with our banker, Standard Bank South Africa, and committed to communicating the final product of the negotiations.

It is also important to refresh our minds on what the Premier of this Province, Hon Stan Mathabatha, communicated during the State of the Province address, as one of the strategic priority of his government which is to accelerate the growth of cooperatives and small businesses in the province.

The facility we are here to launch is aimed at the development and acceleration of entrepreneurship and the enhancement of competitiveness of small businesses in our Province.

The acknowledgement of the need to drive the development of sustainable small businesses that will propel economic growth has been in the centre of our transformation agenda both national and provincial.

One pillar which underpins the sustainability of our transformative agenda, is the availability of working capital financing. Both government and the financial sector has lacked the required creativity to plug the gap in working capital and contract financing to the extent of what we are launching today.

As we strive to redefine our growth path we are bound to consider making the economy inclusive, embracing black South Africans, young people and rural poor into the economy.

We need to diversify the high degree of economic concentration in urban provinces to reduce inequality dominant in rural provinces like ours.

There is a need to manage our fiscal policies responsibly and sustainably to inspire confidence among our people.

Most importantly, which is manifested in today's launch, is to enhance and pursue a social contract between ourselves and business.

These actions will ultimately build confidence in our economy and drive inclusive growth.

One of the focus areas identified by Minister Patel in addressing Parliament was to ensure a more effective state, improved government and deeper partnerships.

This instrument support's what Minister Patel identified as a focus area to drive economic growth. This instrument will enhance the effectiveness of the state by enhancing the capacity of suppliers to perform on their contractual obligations. Our partnership with Standard Bank is exemplary in how partnership with business can be exploited for the benefit of the economic vulnerable small businesses.

If anyone was doubtful of how best the market has been cultivated for a facility like the Enterprise Development Fund, we should closely look at how IDC in partnership with private sector has done.

It facilitated funding for black empowered companies approvals equivalent to R10.8 billion for the year.

Funding for the youth equivalent to R2.4 billion

Funding for women-empowered business equivalent to R3.2 billion.

This accounting of performance should be our template in the province and in this project.

We strongly believe that the market exists and is well cultivated for the instrument we launching today.

In my concluding remarks, I would want to explicitly outline what this facility is all about.

It is not a loan facility to or by the provincial government, it is a fund provided by Standard Bank, with a value equivalent to R300 million, over a period of three years, which will be referred to as the Enterprise Development Fund.

It is a working capital and contract financing instrument which will enable suppliers who meet the funding requirements to access funding once they are awarded contracts with the provincial government.

Suppliers who fulfil the requirements will also be provided with a mentor, known as a Business Development Support Provider, to ensure that their businesses become sustainable and the mentor's services will be paid for by Standard Bank.

Subsequent to this launch my department together with representatives from Standard Bank will be on the road promoting this initiative and providing knowledge on how suppliers can access the facility, in all five districts of the province.

Parallel to driving the rollout externally, we will be building internal capacity in the provincial government to support this initiative.

Ladies and gentlemen, it took a lot of negotiations to bring this product to reality and as the Provincial Government we are happy to launch the Enterprise Development Fund today. I would like to thank Standard Bank for agreeing to enter into this cooperation agreement with the provincial government and making the financing available. I trust that suppliers to the provincial government will benefit from this initiative.

It is an agreement which is worth celebrating.

I thank you.

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Issued by: Limpopo Provincial Treasury: 29 June 2017