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Remarks by KwaZulu-Natal MEC for Economic Development and Tourism, Michael Mabuyakhulu, during the gala dinner for the 2010 African Incubation conference

18 March 2010

Programme director

The Deputy Minister of Trade and Industry, the Honourable BM Ntuli
The Chief Executive Officer of Small Enterprise Development

Agency, Ms Hlonela Lupuwana

Delegates present

Dignitaries present

Ladies and gentlemen

All protocol observed

It gives us immense pleasure to be part of this auspicious occasion where we are meeting as delegates to the 2010 African Incubation conference to reflect on the deliberation that we had today and discuss ways of ensuring that, indeed, as African brothers and sisters, we continue to put supporting structures for small businesses to flourish.

Programme director, we would like to start by expressing our gratitude for being invited to be part of this gala dinner even though we were not able to take part in the deliberations today because of other engagements. We say this because the issue of the role that emerging businesses play in our economies is very close to our hearts as the KwaZulu-Natal Department of Economic Development and Tourism.

For as long as the modern system of trade and commerce has existed, emerging businesses have played a critical role to boost the economies of many countries. All big, successful and international businesses were, once in their lifetime, small businesses. It is precisely through hard work, support and nurturing that they were able to grow to internationally recognised and successful businesses. This is what we believe, in a nut shell; this conference has been all about.

In fact, programme director, it is a matter of common cause that research has revealed that small businesses are one of the potential areas of growth for any economy. It is because of this reason that we believe that this conference could not have come at a better time for our continent.

As all of us know, we meet against the backdrop of the biggest economic downturn, which has pushed many economies on the brink of collapse. It is a known fact that when the economy grinds to a halt it is small businesses who feel the pinch because they don't have the necessary financial muscle to withstand the rigours of the recession. While signs of economic recovery have begun to emerge globally, the reality is that we are not out of the woods yet.

According to a report released by the World Bank recently, sub-Saharan African economies were expected to grow at about 3.8 percent this year; however the recovery was expected to be slower than in other developing nations. This, Programme Director, shows that the road to economic recovery will not be a smooth one.

It is because of this reason that we believe that all of us must begin to look at ways of how can we support small businesses in order for them to prosper and indeed graduate to medium sized and to big multinationals. This is even more critical for our African continent

which, as all of us know, is endowed with an abundance of natural resources yet whose down-stream beneficiation is done elsewhere.

In a way, this conscious effort by African governments and other partners to incubate small businesses is a direct intervention in ensuring that our businesses engage with the rest of the world's businesses on an equal footing.

Programme director, we have been asked to give our message of support to this august occasion. Before we do this, we think it is proper that we should share with you what our government in this province is doing to support emerging businesses as part our incubation programme.

Five years ago, the Department of Trade and Industry and the Small Enterprise Development Agency (SEDA) national office approached our department to discuss and secure partnership for the introduction and establishment of the Small Enterprise Development Agency in the province of KwaZulu-Natal. In the early stages of establishing SEDA in KwaZulu-Natal, the Department of Economic Development and Tourism played a critical role in the roll-out plan and provided financial resources (in excess of R10 million) to supplement what had already been allocated by SEDA national office.

Our interest and focus has always been to ensure that small enterprises in KwaZulu-Natal receive adequate and appropriate business support services. As much as there is still room for improvement, the SEDA brand is well established in the province and small enterprises are benefiting from the services offered by this institution.

The theme of the 2010 African Incubation Conference: "Growing Africa Through Incubation", has a profound meaning and relevance to KwaZulu-Natal as we strive to improve the lot of small enterprises in the province. The KwaZulu-Natal Integrated Business Support programme, an initiative of our department, focuses on improving access by small enterprises to business support services.

One of the key pillars of the programme is the One Stop Shop centres which have been established in all the district municipal areas in the province. The Small Enterprise Development Agency is one of the key partners co-located with the department at the One Stop Shop centres.

This has not only improved access but has also enhanced the value proposition to the small, medium and micro enterprise (SMME) client through a basket of services from the department, SEDA and other service providers available at a single and central delivery point.

It is therefore befitting and logical to mention that the concept of business incubation stands in good stead in KwaZulu-Natal with such a network and infrastructure for service delivery. During the 2010/11 financial year, our department will partner and work closely with SEDA, KwaZulu-Natal Department of Public Works and other stakeholders to establish the construction business incubation centre in Pietermaritzburg.

In this regard, we have allocated an amount of R500 000 as a contribution towards the establishment costs for the centre. Furthermore, in the past two years, the department has invested an amount of R15 million to establish two Technology Demonstration-Cum-Training Centres, in Hammarsdale and Northdale in Pietermaritzburg. These centres will provide business management and technical skills necessary to run various successful businesses.

This shows in practical terms that our department is committed to support emerging businesses. The challenges facing the African continent and the indeed the economic terrain in which all of us are operating require a special cadre of business people who are not only committed to empowering themselves but who understand the role that business should play in extricating our continent from the morass of underdevelopment and economic stagnation.

However, for businesses to thrive we as government have a big role to play to ensure that the environment in which they are operating is conducive and that we support them. For a long time Africa has watched from the sidelines as her fate is being decided from the glittering tall towers of some of the world's bustling metropolises.

The irony, though, is that when things go pear-shaped because of the excesses of the few, as has been the case during the recent economic downturn, it is all us of us who have to bear the burden of the after effects of the recession. As we actively campaign for new businesses to emerge, we also need to preach the gospel of conducting business in a humane manner. The needs of developing continent demand that all those who engage in business must live by the highest ethical code and avoid the temptation of greed and gluttony that has destroyed many lives and economies.

At this point, programme director, we feel it is important to highlight the fact that incubation programmes, anywhere in the world, are not an end on their own but means to an end. In other words, incubation should be time-bound and not be elastic. Indeed it would be an anomaly to incubate a business for the rest of its life. At some point, a business that benefited from the incubation programme must be weaned off the programme so that other emerging entrepreneurs can also access the same assistance.

As governments and agencies that run these incubation programmes, we must be wary of the programmes' unintended consequences and act decisively, but within reason, when the time has come to review a business' incubation period. Failure to do this would create a business fraternity that cannot compete on an equal footing with other businesses elsewhere in the world.

Programme director, we wish to re-iterate that the Department of Economic Development and Tourism fully supports the incubation of emerging businesses. As the theme of this conference attests, we have no doubt that in time incubation will contribute in ensuring that the rebirth of the African continent and the emancipation of our continent from the shackles of depravation and economic servitude will be realised.

However, as we implement this programme we need to always be mindful of the pitfalls that we may encounter if we implement it incorrectly and what such pitfalls would mean for the economic growth and development of our continent. We need to work together, even across border lines to build strong and resilient African businesses. The incubation programme is one of the best tools at our disposal to achieve this objective.

Thank you

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