

# Address by Local Government and Housing MEC Maite Nkoana-Mashabane at the launch of the Limpopo LED Marginalised Community Fund (MCF)

**08 December 2005**

Programme Director;  
Colleagues and officials from the Province's Economic Cluster;  
Mr Motalane Monakedi, the Executive Mayor of the Capricorn District Municipality;  
Thabo Makunyane, the City of Polokwane Executive Mayor;  
Mayors and municipal managers here present;  
Mr Masenya Masenya – Limpopo Community Development Programme director;  
Our partners in economic development, the European Union, represented here by Mr Tim Wilkinson;  
Members and stakeholders of our various partners within the private sector;  
Our partners in the media;  
Distinguished guests;  
Ladies and Gentlemen:  
Good evening.  
Programme Director:

First of all I would like to say that I continue to be humbled and extremely honoured to be associated with this programme – the EU-LED programme to support economic development in our communities. I believe that the partnership that has been developed between the Provincial Government and the EU is an example which could help development of many of our communities throughout South Africa and deserves all collective support.

Programme Director

When we delivered our maiden Budget Vote in May this year, we said that one of the main strategies will throw our full support behind will be the Local Economic Development programme of our government. We made this commitment based on our understanding and belief that it is imperative that the ANC-led government strongly support the creation of "an entrepreneurial class and not just resign our people to a confined level of the economy". We argued then – as we do now – that an emphasis needs to be made that there is a clear difference between poverty alleviation programmes and local economic development processes. By this we mean: poverty alleviation programmes are targeted, (and often) temporary interventions aimed at making life a little more bearable for our poorest and most vulnerable citizens. They often have a defined shelf life.

On the other hand, LED programmes are sustainable programmes aimed at fostering an entrepreneurial class. Their lifespan is intended to be lasting and they are expected to be the foundations of sustainable economic activity within localities. Through our LED programmes, we aim to – as stated in our Budget Speech – elevate our aspiring businesspeople into the cut and thrust of the economy. Our people cannot afford to remain on the sidelines of our economy while others reap the rewards provided by our young freedom.

It is in that light that I am fully behind the Marginalised Community Fund that is being launched today.

According to our friends at the LED, the MCF is intended at assisting the transformation of marginalized areas of Limpopo by supporting economic activities which will benefit those poor communities. It is hoped our communities in far-flung villages; our budding businessmen and businesswomen in areas such as Sekhukhune – one of the poorest places in the country – will take advantage of this grant.

Programme Director

It is my view that through grants such as the one we are launching today, we would – in our own small way – be able to contribute to the national goal of closing the gap between the First and Second Economies. I am certain that many of the bright minds seated in this hall today are well aware of President Thabo Mbeki's assertion that our country, while it has moved in leaps and bounds since 1994 – still operates in the confines of a First and Second Economy. The First Economy is one that we are all aware of. It is the formal part of the economy which is able to compete with the best in the world. It is characterized by a highly complex banking and financing sector; it is highly technologised; highly globalised and, in most instances – highly sustainable and profitable. It is also owned by the well-established businesses, which are still mainly lilly-white.

Then there is the Second Economy. This section of our economy is where the majority of our people find themselves in. It is highly labour intensive; the businesses are not sustainable in the main and while it is profitable, it can be safely said that it is an economy for subsistence, rather than profits.

In the words of President Mbeki:

"The global economy is characterized by its division into two worlds ... one rich and developed, the other poor and undeveloped. Our country contains this global phenomenon within its boundaries."

It is within this reality that the South African economy has to develop and operate. If we do not take these realities into account; it is likely that we would not be in a position to make any real change in the lives of our people. If we do not make targeted interventions aimed at getting more of our people operating in the First Economy; then we would be committing the crime of imprisoning our people's economic aspirations in the Second Economy.

Surely, ladies and gentlemen, that cannot be allowed. I am told that a crime can occur through acts of omission or commission. This means that if we do nothing about the current two economy status quo – we would, in effect, be as guilty (if not more) than the apartheid system which marginalized our brightest entrepreneurs simply because of the colour of their skin. We cannot allow that. Our success as a country depends on how best we can include those who were previously excluded from the formal economy so that they too share in the benefits that have been brought about by democracy. As Mr Annan warns

Programme Director;

One of the key requirements for anyone wanting to access the funding has to be that their project benefits the community in which the institutions operate. I applaud the

decision to have this as a key requirement as it means that it is businesses which will receive support will be making a maximum impact in the lives of many people – not just an individual. While we are living in an individualistic capitalist society, it is my belief that our programmes need to have the most impact in communities, not just one person – if we are to deliver on the expectations of our most vulnerable communities. It must also be remembered that in our Province – the marginalized are mainly women and children.

So in a way, the launch of this MCF during the 16 Days of Activism campaign can be seen as the LED's own contribution to combating violence on women and children. Economically independent women and children are less likely to remain in abusive relationships. They are more likely to talk about abuse and they are more likely able to make a huge impact on the communities with the little funding they receive for their programmes.

Programme Director

Writing the preface of a recent DBSA publication, UNDP Resident Representative in South Africa, Mr Scholastica Kimaryo, quotes one of wise words from his boss, the UN Secretary General Mr Koffi Annan when he said:

"... the world must advance the causes of security, development and human rights together; otherwise, none will succeed. Humanity will not enjoy security without development; it will not enjoy development without security, and it will not enjoy either without the respect for human rights."

Our success as a country depends on how best we can include those who were previously excluded from the formal economy so that they too share in the benefits that have been brought about by democracy. As Mr Annan warns, humanity will not enjoy its freedom if development of our poor communities does not take place.

We appreciate the enormous support that the EU has given the Department's LED programme. Indeed, our partners – led by Mr Tim Wilkinson – show that they understand that if the developed do not help uplift the poor; humanity will not be able to enjoy development. We appreciate the fact that the EU, which is providing some R200 million for the LED programme, understands that for all South Africans to enjoy the fruits of freedom; all citizens will have to share in the wealth of the country, as declared in the Freedom Charter.

So far, we have launched the Local Competitiveness Fund; the Local Government Support Fund and now this important grant – the Marginalised Community Fund. The amount that each fund has been allowed to disburse is around R20 million and all almost all grants are targeting groups of companies or individuals.

Programme Director

I will not elaborate much on the technical side of the grant being offered today – that role I will leave to the experts at the LED.

The money available for this MCF is R22 million and we know that while the figure may seem insignificant to those who are into the big blue chip deals – to our budding entrepreneurs; accessing just a slice of this money could be a life-changing

opportunity. We call on all those in our municipalities, especially the residents of our rural communities, to organize themselves and take advantage of this chance.

The deadline for submission for the grant is third March 2006 – two days after the elections (where I know you will vote, and vote correctly). To our budding entrepreneurs we say – go and seek information on how you can access these funds, we now have advisors in all District Municipalities.

After all, Sesotho se re: kgomo ho tsoswa e itsosang!

Thank you.