



— FROM THE DESK OF —
THE PRESIDENT

• Monday, 20 July 2020 •

Dear Fellow South African,

The old saying that ‘necessity is the mother of invention’ comes to mind when I think about the resilience and ingenuity shown by South Africans during the past three months.

This ingenuity is being demonstrated by young entrepreneurs as our country is battling the spread of the coronavirus that has brought about fundamental changes to our way of life and doing business.

As a number of social partners, including government, business, trade unions, community based organisations, economists and political parties, are involved in crafting a new vision for a post-COVID-19 dispensation, a new breed of young entrepreneurs are seizing the opportunities that are opening up as we seek to deal with a new normal in our lives.

The coronavirus is a dark cloud that is hanging over the lives of South Africans and the economic fortunes of our country. South Africa is not alone. Many countries are experiencing harsh economic challenges. Like many countries, we have responded through an economic and social assistance package, worth R500 billion. But we also know that we need to evolve a clear vision and strategic plan that will help us chart our way beyond the impact of COVID-19.

This vision and strategic plan will of necessity have to be a durable and effective social compact among social partners.

As much as COVID-19 hangs over our country, there is a silver lining to this dark cloud. As much as we have to face enormous difficulties and challenges, such as rising unemployment and poverty, there are a number of opportunities that we need to look out for to undo the harsh consequences of coronavirus.

There are a number of South Africans who are searching for the silver lining.

I am very pleased at the combination of foresight, creativity and business acumen displayed by a number of young South Africans who are coming up with home-grown solutions to the contemporary challenges we face.

Some have started small business ventures because of personal circumstances, like losing their jobs. Others who were previously unemployed have seized the opportunity provided by the pandemic to create their own income.

The story of Cloudy Deliveries in Langa, Cape Town, is testimony to the power of a good idea. A group of youth run a bicycle delivery service ferrying goods from the shops to the homes of residents in the township. During the lockdown, they have focused their operations on doing shopping for the elderly who have been encouraged to remain at home. They earn an income and at the same time provide a much-needed service to the community.

Then there is 28-year-old Election Xitsakiso Baloyi from Mankweng in Limpopo, whose pizza-making hobby turned into a fully-fledged business after his family started posting pictures of his creations on social media. With the lockdown preventing people from eating out, he got an avalanche of queries from community members asking if he was selling his pizzas.

Now his business, Rabbit’s Pizza, started with his savings of just R1,000 and the baking pans in his kitchen, employs nine other young people and delivers not just in Mankweng but also in nearby Nwamitwa and Giyani. He says he plans to open new outlets in other rural communities in the near future, and to employ more young people in his area who are without work.

To meet the increasing demand for personal protective equipment, a number of small businesses have been established to manufacture masks, visors and face-shields to supply to businesses and communities.

Ponani Shikweni, 32, from Alexandra township in Gauteng has repurposed her linen manufacturing business to produce face masks. She now employs 35 people, most of whom are under 25. She produces more than 1,000 masks a day to order. Her business has already distributed over 20,000 cloth masks for free to residents of Alexandra.

To keep the nation's spirits up during the lockdown, our country's young artists and musicians have taken their talents online, resulting in new business opportunities. One such artist is 18-year-old Judy Jay, a DJ and rising star from Sekhukhune. Her watch parties during the lockdown have attracted the attention of major local and international radio stations, enabling her to promote and grow her brand.

The creative and enterprising spirit of these and many more young people that has been brought to the fore during the pandemic must be harnessed and supported.

Even in our darkest hour, we must look to these green shoots of renewal. They are the silver lining to the dark COVID-19 cloud

Our economic recovery cannot wait until the coronavirus pandemic is over. It needs to start now.

One of the defining developments during the lockdown was how businesses in the townships and rural areas came into their own as people were not able to travel around much. In more ways than one, small and medium enterprises in the townships and rural areas have been able to keep our people supplied with the daily necessities. This demonstrates the resilience of small and medium enterprises during a period of great distress in our country. The capacity and ability of these SMMEs shot to the fore.

We have seen in this pandemic how dependent urban areas are on informal food systems, and how important the informal sector is to livelihoods across the country. We have seen the grave inequalities in access to health care, to savings and even to information and connectivity.

To enable these businesses to thrive we must tackle the barriers to entrepreneurship.

The concentration of markets and capital in large firms limits the potential of small businesses. Then there is spatial inequality, which concentrates poverty in particular parts of our cities, towns and villages. Entrepreneurs in these areas find it difficult to raise the funds to launch and grow businesses and are often far away from the markets where they can sell their products.

It is not enough simply to urge individuals to take advantage of opportunities or to encourage an entrepreneurial spirit among our youth. We need instead to deliberately build township and rural economies.

As part of our effort to build a new economy out of this pandemic, we must create the conditions that will enable every individual to thrive in a society that supports, nurtures and helps them to succeed.

Small businesses present the greatest growth opportunity for our economy and are a major source of job creation. In such challenging times, when many have lost their jobs and the unemployed have found it even harder to eke out an existence, we must act with renewed urgency to support these businesses.

When it comes to the township and rural economy, this means providing access to finance for entrepreneurs and the self-employed. We have made great progress in extending support to 1,000 youth-owned businesses since the State of the Nation Address in February. We will reach this target by International Youth Day on 12 August, despite the delays caused by the lockdown.

It also means expanding access to affordable and high-speed broadband internet, and supporting new technologies – including successful aggregation platforms like SweepSouth or Kandua – which link small businesses to demand.

It means backing areas of opportunity such as in early childhood development, the food economy and the green economy.

During the lockdown, we have extended support to SMMEs in the form of loans, grants and debt restructuring. The COVID-19 UIF Relief Scheme has now disbursed R26 billion to more than 6 million workers across all types of business. The R200 billion loan guarantee scheme is being adjusted to make it easier for applicants to receive funding quickly.

Through the work of the Department of Small Business Development and its agencies, the Presidential Youth Employment Intervention and other initiatives, we are placing the township and rural economy at the centre of our reconstruction effort.

Whether it is a vendor selling their wares at a taxi rank, a small internet cafe providing vital services like connectivity and printing, or home industries and mobile wagons selling food, these businesses are a lifeline to both urban and rural communities. They are a means of livelihood for their owners and more often than not employ others from the same community.

Through the Township Entrepreneurship Fund we aim to support township businesses with skills development and access to markets and infrastructure. Although its launch has been delayed by the lockdown, we will put it front and centre as we now begin the arduous task of rebuilding our economy.

International experience has shown that a country that invests in and supports small businesses stimulates economic activity and increases opportunities for self-employment. This is our path to growth.

The many innovative businesses that have been started during this pandemic have showcased the potential of our people and our young people in particular.

It is our duty as government, business and society as a whole to lend our full support to them on their journey towards self-sufficiency and financial sustainability – both to protect the jobs we have and to replace those we have lost.

At the same time, this is a rallying cry to other young people out there to take the great leap of faith into self-employment. The best businesses come from good ideas that respond to a community need.

The experiences of these young people show the importance of not letting a good opportunity go to waste; more so when there is a need for what you have to offer.

I call on young people, especially in townships, to take advantage of the opportunities on offer to guide them along the path towards entrepreneurship.

The conditions may not be ideal. The circumstances may not be perfect. But now is as good a time as ever to start. And you can be assured of our full support.

With best wishes,



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