

Media release

31 July 2020

## **ADDITIONAL FUNDS MADE AVAILABLE TO SUPPORT COMPANIES IN DISTRESS**

*Province taking measures to steer the economy towards recovery*

The Eastern Cape (EC) Provincial Government has set aside an additional R75m to boost efforts to support distressed companies in the Province. This will augment the R17.4m that was initially allocated to the Job Stimulus Fund, one of the key Provincial relief instruments for distressed companies. Whilst the fund was initially set up to support the retention of jobs, the onset of the pandemic necessitated that additional funding be made available to mitigate the impact of COVID-19 on the economy. Furthermore, the Jobs Stimulus Fund policy has been reviewed to allow participation of distressed companies in all the provincial priority sectors.

Already, applications for distressed businesses have been approved to a value of R5.81m saving 581 jobs with a further 44 applications in the pipeline for consideration as from 1<sup>st</sup> of August 2020. The Jobs Stimulus Fund is administered by the Eastern Cape Development Corporation, an entity of the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT). Applications can also be channelled via the Manufacturers Support Centre portal, [www.mscec.co.za](http://www.mscec.co.za) to log the support request.

Meanwhile, the EC Premier, Lubabalo Oscar Mabuyane has also announced that DEDEAT has been allocated R114m to support industries and SMMEs in the efforts to save and create jobs.

Also, the Province continues to strengthen relations with various institutions and spheres of government including collaboration with the Department of Small Business Development (DSBD). To date 155 SMMEs have been approved for the Debt Relief Fund of the DSBD to a total value of R55.3m where 1951 jobs have been saved. The DSBD Spaza shops scheme is still operational and as of the 24 July 2020 the Province benefited as follows: A total of 560 South African owned spaza shops applications have been approved for the disbursement of just under R22.5m, saving 648 Jobs.

Acknowledging that the Tourism and Hospitality Sector is the hardest hit by the COVID19 pandemic, the Department welcomes the announcements made by the national Minister of Tourism yesterday. These include moving the curfew from 9pm to 10pm, easing the restrictions around leisure travel with permission granted for accommodation establishments to operate for leisure intra-provincially and allowing tour operators to conduct guided tours in open safari vehicles subject to adhering to regulations. The Department also welcomes the allocation of the Tourism Relief Fund (TRF) to 457 EC businesses in the sector.

In respect to COVID TERs, as at 28 July 2020, R1.9bn has been paid out in the province to 43 487 employers benefiting 4439 882 employees.

There is also an appreciation from government that economic disruptions present new opportunities to explore and harness. As such, work has been undertaken to link Eastern Cape manufacturers to both national transversal procurement processes and provincial procurement. There is also work underway regarding the expansion of possible capable suppliers in terms of the Provincial Local Economic Development Procurement Framework. Additionally, to maximise participation of EC based suppliers in PPE procurement, a transversal PPE tender was finalised in April 2020 and closed in June 2020. This tender is currently under evaluation by Provincial Treasury.

The Provincial government has spent R429.9m on 357 PPEs suppliers as of 10 June across South Africa. Of this amount, R169.2m has been spent on 237 Eastern Cape service providers. Naturally, the more the government spends locally the better.

The Province has also not lost sight of the importance of economic infrastructure development, a catalyst for unlocking economic growth and recovery. As a result, the EC is focusing on the Budget Facility for Infrastructure (BFI) with 8 applications submitted and the Sustainable Infrastructure Development Symposium (SIDS) with 9 projects that have a footprint in the province. In this regard, the province is happy to announce that 3 (EC) SIDS projects have been gazetted by the Minister of Infrastructure and Public Works on the 24 July 2020. These are Mzimvubu Water Project, SIP 19; Marine Tilapia Industry, SIP 23 and N2 Nodal development, SIP 24. Evaluation of the BFI projects is underway while the Desalination and Waste-Water Treatment Projects approved last year are currently in the early implementation phases.

The EC Department of Economic Development, Environmental Affairs and Tourism continues to strive towards a transformed, diversified and inclusive economy.

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