

## **Ecdc Spent R6 Million And Attracted R19, 8 Million Testing And Developing Smme Business Ideas And Concepts In 2015/16**

**November 21:** An Eastern Cape Development Corporation (ECDC) funded polyfibre project has been bolstered with a R22 million injection from the Department of Trade and Industry's Employment Creation Fund for the establishment of a factory in Port Alfred and three buy-back centres in Stutterheim, Grahamstown and Port Alfred.

Funded with an initial R2,2 million by ECDC, the ECDC-funded polyfibre project has received South African Bureau of Standards (SABS) certification for the material, which moves it closer to the commercialisation phase. The fibre, which is a combination of pineapple and plastic waste, is being used in the manufacture of window and door frames, furniture and a range of utility bags. ECDC first became involved in the project when the Eastern Cape Department of Economic Development and Environmental Affairs (DEDEAT) asked the corporation to fund the establishment of the buy-back centres located near solid waste disposal sites.

"This project will be a combination of the waste products of two programmes already in existence; the restructuring of the pineapple industry by exploring opportunities of its factory and farm waste which is co-funded by ECDC and waste BuyBack Centres established at three land fill sites, Stutterheim, Port Alfred and Grahamstown.

"The funding advanced to the project is one of the examples where ECDC uses its innovation facility to cultivate a pipeline of existing yet underdeveloped black industrialist talent by providing the necessary financial and non-financial support. In 2015/16 the innovation unit spent R6 million testing and piloting the ideas of small businesses. In turn, ECDC attracted R19,8 million of third-party funding for these projects," says ECDC chief executive Ndzondelelo Dlulane.

Dlulane says in the main, the innovation facility is patient capital (long-term development fund) which facilitates feasibility research, prototype development, development and testing, market surveys and regulatory compliance costs such as environmental impact assessments as well as costly water and mining licenses where necessary.

He says ECDC has also helped establish and expand a 200 hectare quarry aggregate mine in Indwe outside Queenstown in the Eastern Cape with funding of R736 000. The funds were used to develop a geo-tech survey and business plan and to prepare an additional 1,000 hectares for development and mining. In the past year, the company, Blue Crane Mining has secured a R30 million offtake agreement with a road construction company to build a new 14km road from Indwe to the Elitheni Coal Mine.

The mine supplies standard concrete stone products, crusher sand, specialised road stone and base course products and non-standard rock.

The development financier says it has also invested R1 million into Mthatha-based Incapace Trading which makes concrete products such as slabs and paving in the 2015/16 financial year.

The woman-owned company supplies a national hardware's eight stores in the OR Tambo district. The R1 million investment in funding enabled the company to buy excavators and tipper trucks to transport crushed stone to the Libode on-site plant. Old Mutual's Masisizane Fund co-funded the projects to the tune of R4 million.

In 2015/16, the Technology Innovation Agency (TIA) continued its support of technological innovation in the Eastern Cape, bolstering the overall innovation budget by R5 million to R11 million. ECDC reciprocated, rand-for-rand, by providing administration and other support to this innovation stream.

ECDC has also funded an angora rabbit pilot project in the Eastern Cape with R850 000. The project aims to export garments that are produced with the long, soft rabbit hair, which has significant medicinal properties, to the Northern Hemisphere.

Angora rabbit hair can be harvested, without any harm to the animals, every four months. Angora is one of the oldest types of domestic rabbit and originated in Turkey. Currently, the operation is located in Port Elizabeth and employs five people.

In addition, ECDC has invested R750 000 in extending and renovating the Whittlesea wine estate,

established in 2006. Three years later, the estate produced its first harvest with a selection of white and red wines from chardonnay, pinotage and merlot cultivars.

Incubated from the Genesis and Emma Plot Vineyards in the Western Cape, the 2009 vintages marked another milestone with the South African Wine Industry Information & Systems NPC, the wine regulatory body in South Africa, certifying the Eastern Cape as a new wine region.

"The intention of the innovation facility is to crowd in private sector capital to establish viable businesses. ECDC is pleased that the ideas, the brainchild of an exciting new group of home-grown entrepreneurs are provided with medium- to long-term support as ECDC assists with developing bankable business plans for concepts that hold potential, sourcing additional funding from ECDC's finance unit and/or other fellow funders. Some have resulted in risk-savvy arrangements like equity agreements, particularly when the returns will take some time to come to fruition," Dlulane adds.