

18/11/15 PC Small Business



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DSBD Programme Review

Review Findings and Recommendations

November 2015



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Overview and Approach

SMEs in South Africa – Formal vs informal

Data suggests the existence of some 2.175m privately owned businesses in SA*, 2.15m of which are SMEs. Of these, 1.5m are not VAT or CIT registered and can therefore be classified as informal.

CIT REGISTERED

NOT CIT REGISTERED

475 000

(excludes 25 000 large businesses)

VAT REGISTERED

NOT VAT
REGISTERED

175 000

FORMALISING

INFORMAL

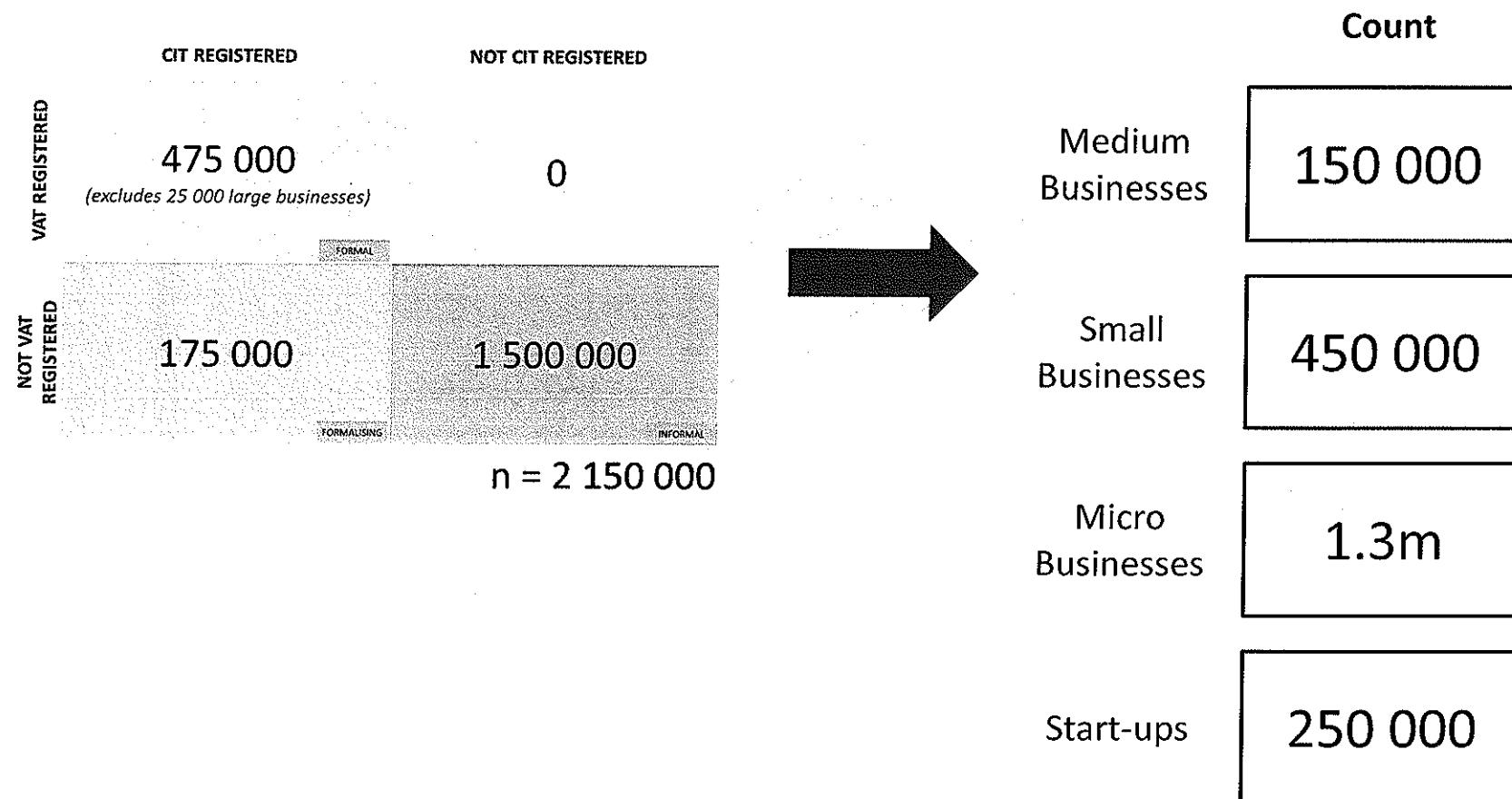
1 500 000

Sources: 2014 GEMS and Q2 2015 StatsSA Quarterly Labour Force Survey Data
 ** Numbers rounded for ease of use
 * Excludes listed corporates and foreign companies

$n = 2 150 000$

SMEs in South Africa – Micro, Small, Medium

Of the 2.15m SMEs, 150 000 are medium size businesses, 450 000 are small businesses and 1.3m are micro enterprises. In addition, some 250 000 new businesses are registered every year.



* Excludes listed corporates and foreign companies

** Numbers rounded for ease of use

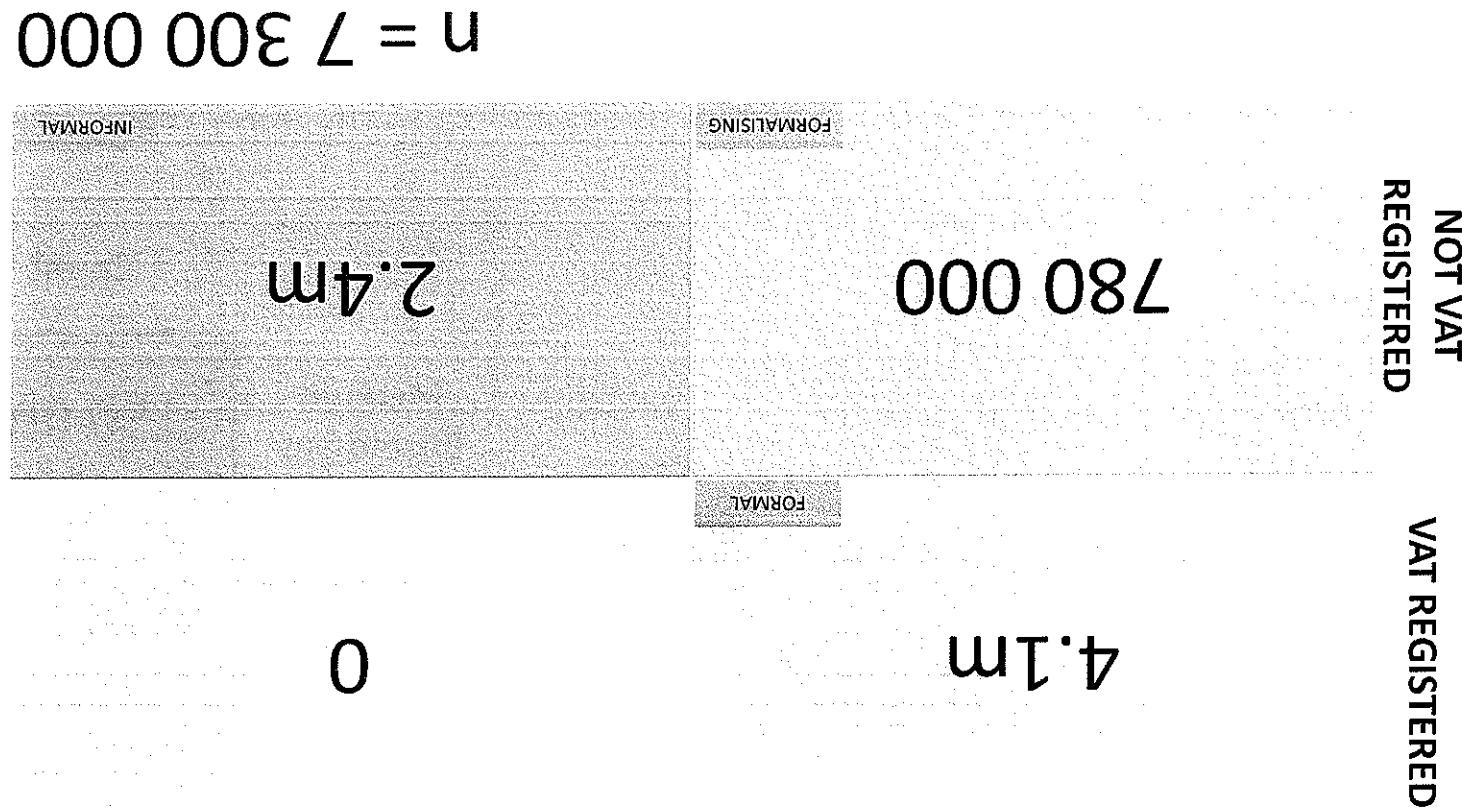
Sources: 2014 GEMS and Q2 2015 StatsSA Quarterly Labour Force Survey Data

In total, these businesses employ 7.3 million people. Formal and formalising businesses account for 4.9m, while informal SMEs make up the remaining 2.4m.

SMEs in South Africa – Formal vs Informal

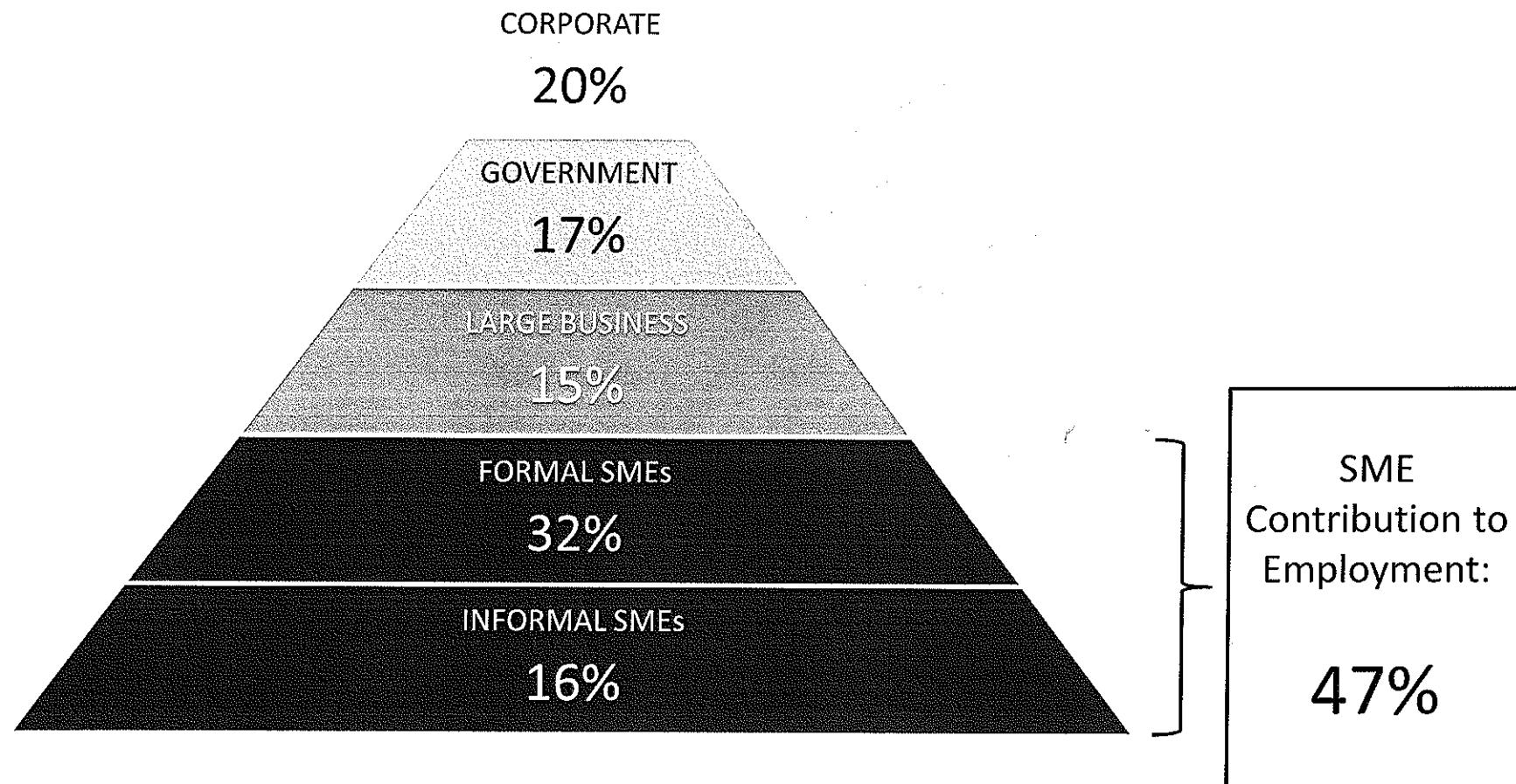
CIT REGISTERED NOT CIT REGISTERED

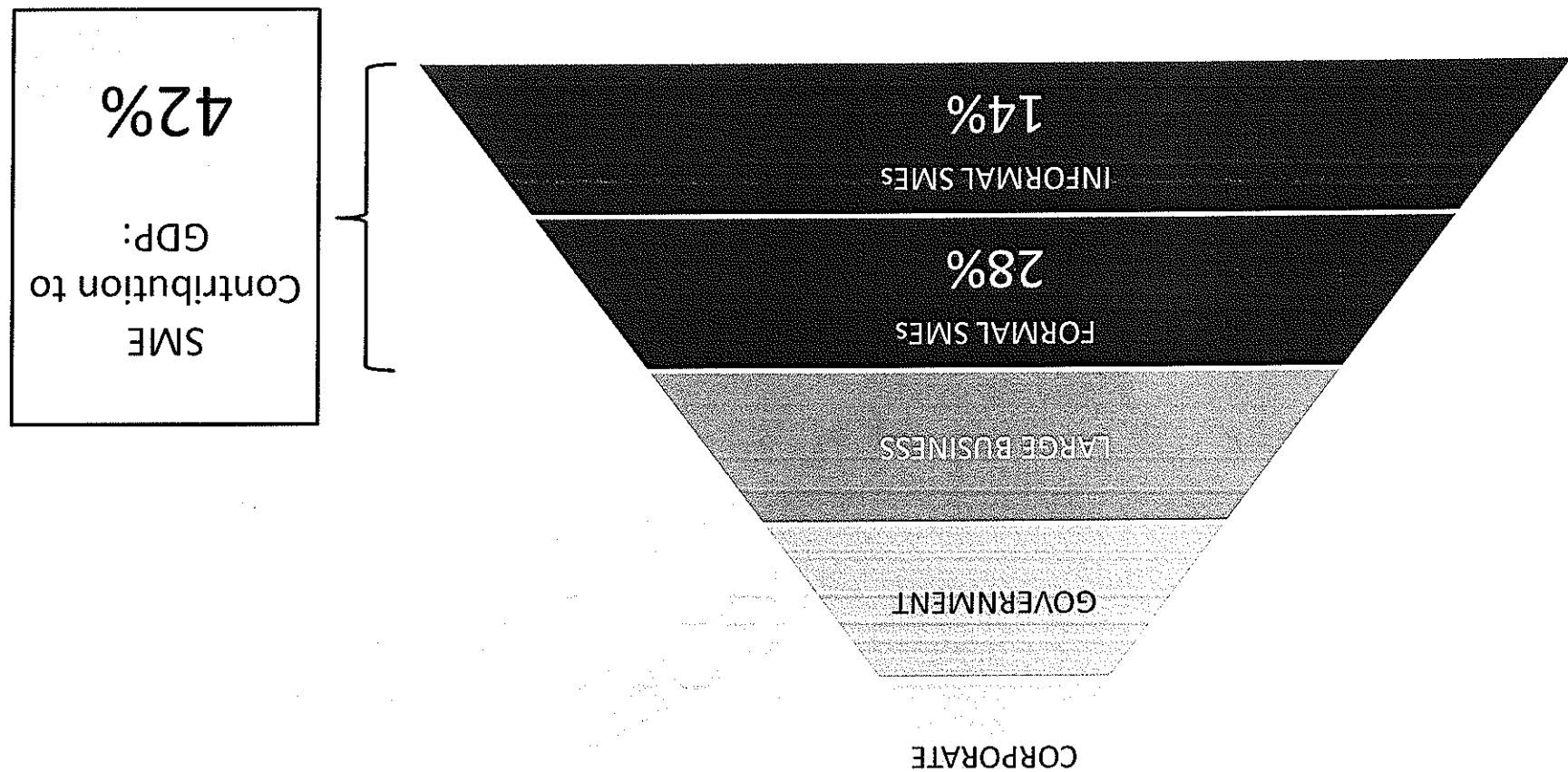
4.1m 0



SMEs in South Africa – Contribution to Employment

This means that SMEs account for ~47% of total paid employment in South Africa, with the informal sector accounting for 16%. This is below conventional estimates which typically put SME employment at 60%.



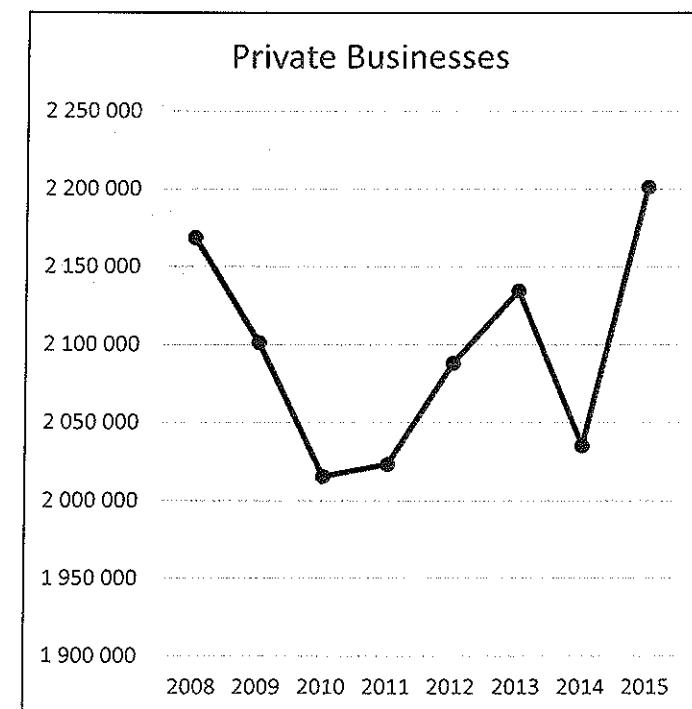
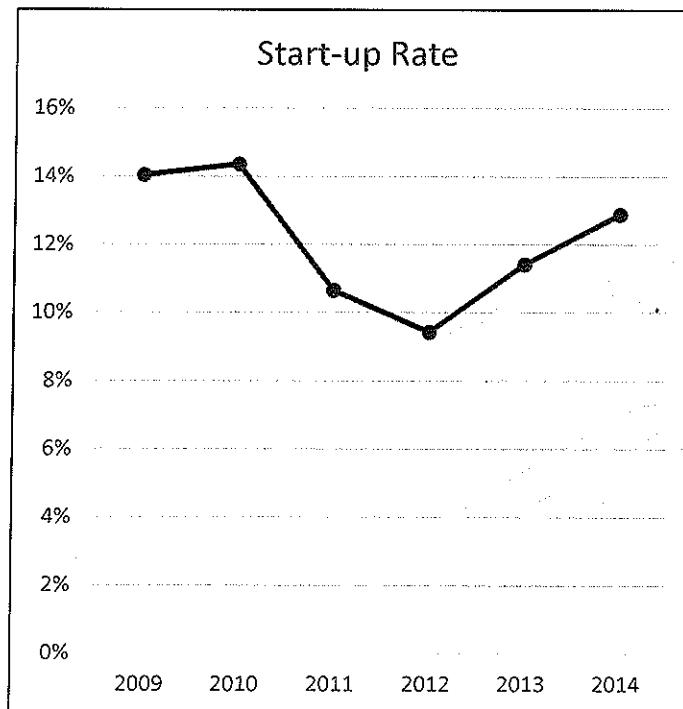


This group generates in the region of 42% of GDP, although estimates vary. 10%-15% of this contribution is from the informal sector and is therefore likely to be underreported in the national accounts.

SMEs in South Africa – Contribution to GDP

The Status of SMEs in South Africa – Dynamism

Two measures of entrepreneurial dynamism have shown positive signs in recent years; the start-up rate has almost recovered to 2009 levels and the net stock of private companies has increased over a similar period.



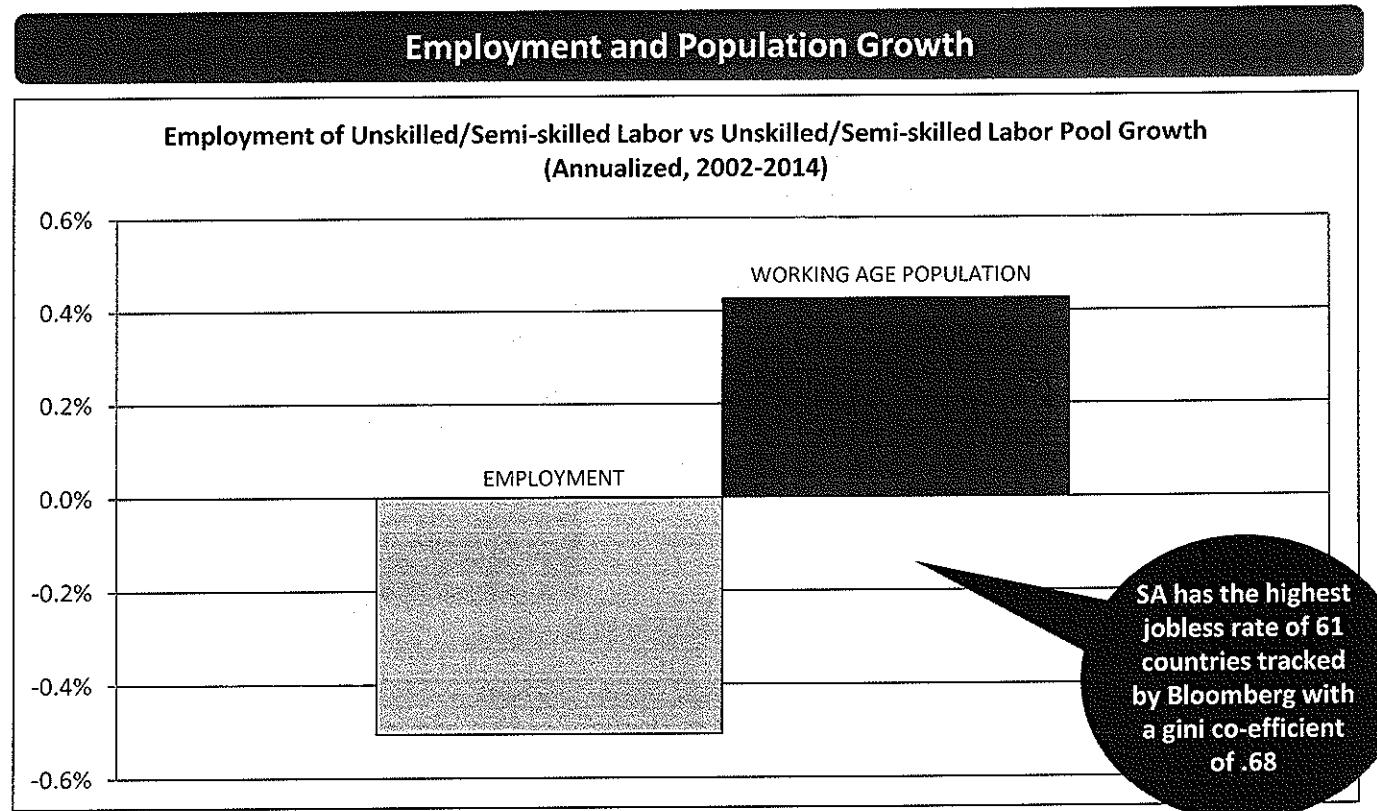
Country	Discontinuation of business (% of TEA)	New Business Entrepreneur ship rate	Established business entrepreneur ship rate	Early-stage new business entrepreneur ship rate	Nascent entrepreneur ship rate	Entrepreneurial activity (TEA) ownership rate	Entrepreneurial activity (TEA) ownership rate	Discontinuation of business (% of TEA)	2.7	3.9	South Africa
China	5.4	10.2	15.5	11.6	11.6	1.4	1.4	1.4	2.7	3.9	South Africa
India	4.1	2.5	6.6	3.7	3.7	1.2	1.2	1.2	2.7	3.9	South Africa
Brazil	3.7	13.8	17.2	17.2	17.2	4.1	4.1	4.1	2.7	3.9	South Africa
Russia	2.4	2.4	4.7	4.7	4.7	1.2	1.2	1.2	2.7	3.9	South Africa
Angola	9.5	12.4	21.5	21.5	21.5	15.1	15.1	15.1	2.7	3.9	South Africa
Botswana	23.1	11.1	32.8	32.8	32.8	5.0	5.0	5.0	2.7	3.9	South Africa
Cameroun	26.4	13.7	37.4	37.4	37.4	11.5	11.5	11.5	2.7	3.9	South Africa

However entrepreneurial participation rates remain low and South Africa's entrepreneurial environment underperforms the peer group.

Below Benchmarks

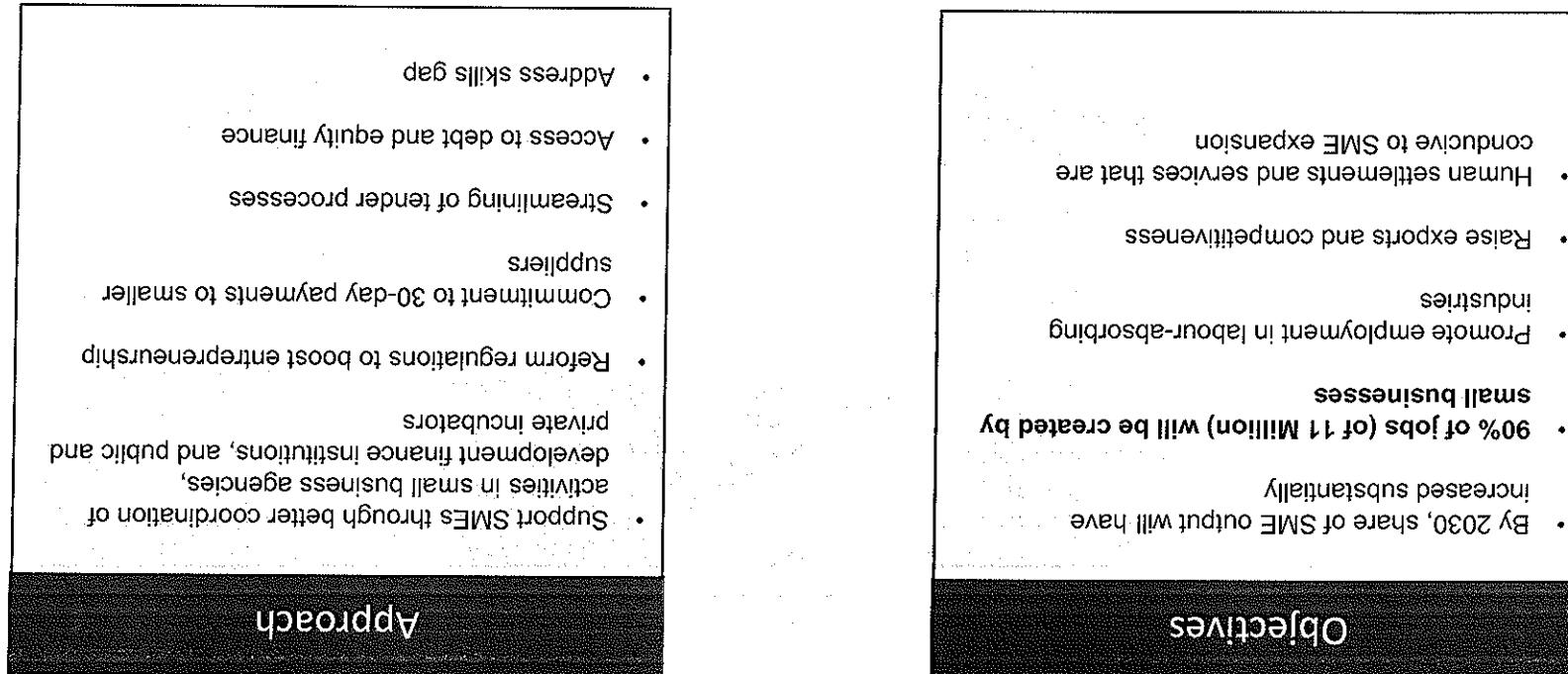
The Status of SMEs in South Africa

This contributes to the fact that employment growth has not kept pace with population growth and the scale of the structural mismatch between those of working age and those able to find work is increasing.



Over the past 12 years, the pool of available labour has grown by 0.4% p/a, while the rate of employment has decreased by 0.5% p/a.

Small businesses can act as important catalysts for generating growth and employment opportunities, contributing to poverty alleviation.



However the NDP has set ambitious targets for growth and employment creation through SME development and gives clear guidelines on the importance of an enabling environment for SMEs.

National Objectives



National Objectives

Similarly, SMMEs have been identified as a critical component of the broader policy objective of ‘radical economic transformation’.

In the inauguration speech, which began his second term in office, President Jacob Zuma called for implementation of “radical socio-economic transformation policies and programmes over the next five years”. “Economic transformation will take centre-stage during this new term of government as we put the economy on an inclusive growth path,” President Zuma said.

The President went further and mentioned a 9 point-plan that will focus the radical economic transformation, of which **‘Unlocking the potential of SMMEs, cooperatives, township and rural enterprises’** was point 7.

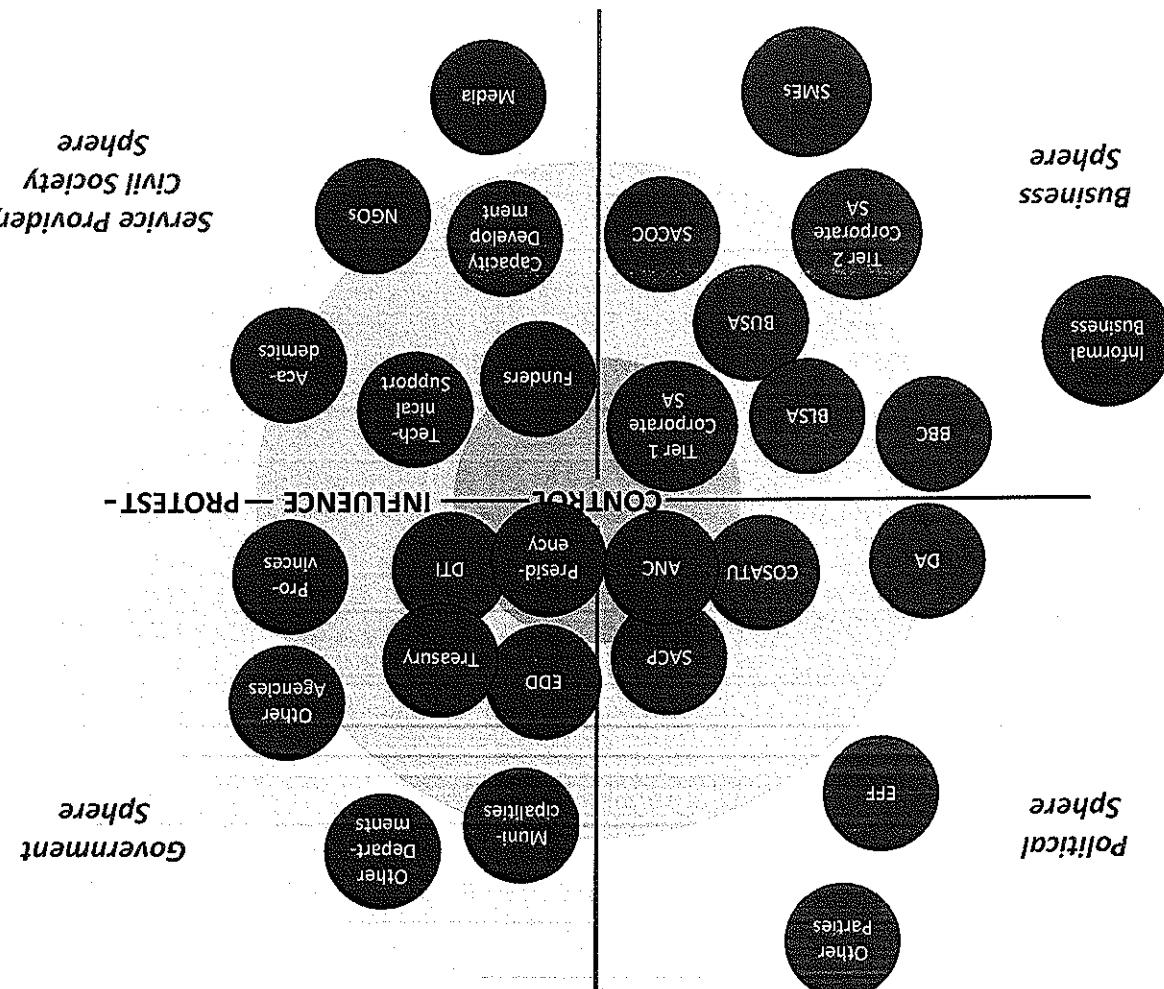
The 2015 National General Council discussion document on Economic Transformation notes that “South Africa requires a vibrant and dynamic mixed economy in which there is a synergistic and mutually re-enforcing relationship between the public and private sectors”. Importantly, it notes that “The priority now is to identify and remove obstacles to increased levels of private sector investment...”.

With Radical Economic Transformation in mind, where then are Small Businesses and Cooperatives located? How will “Unlocking the potential of SMMEs, cooperatives” be achieved. To this end, the 2015 National General Council document went on to say:

“We must continue to encourage the creation of new businesses, cooperatives and the expansion of small business, by reducing the costs of compliance with government regulations, making it easier for companies to ‘do business’ with government, making sure that government pays its invoices on time and strengthening the role of our development finance institutions.

Emphasis must be placed on easing regulatory burdens, support mechanisms which include; strengthening partnerships with stakeholders; access to finance, improving training and capacity building programmes, market access, and simplifying business registration processes. State procurement budgets will be leveraged to develop competitive local suppliers to ensure localisation.

- A plethora of departments and agencies at all levels have been focussed on some area of small business support.
- Their impact is hampered by overlapping mandates, an imbalance in execution, lack of skills and duplicate cost bases.
- The market response has therefore been fragmented, with limited impact on the problem at hand.
- Though significant private resources (~R25bn annually) are directed towards the sector, much of this spend suffers from coordination failures and wastage is highly prevalent.
- In practice, commercial lenders perceive small businesses as high risk and generally lack the risk appetite and pricing sophistication to lend effectively to the sector.



The absence of a co-ordinating platform that enables efficient execution has meant that the market response has been fragmented. It's a crowded space to navigate, let alone lead.

Stakeholders

The Status of SMEs in South Africa

DSBD's mandate puts it at the forefront of an integrated approach to the development of small businesses and cooperatives.

Mandate

The department will lead an integrated approach to the promotion and development of small businesses and cooperatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation

Vision

A radically transformed economy through effective development and increased participation of SMMEs and Co-operatives

Mission

To create a conducive environment for the development and growth of small businesses and cooperatives through the provision of enhanced financial and non-financial support services, competitiveness, market access, promotion of entrepreneurship, advancing location and leveraging on public and private sector procurement

DSB Mandate

This is supported by the strategic objectives

DSB Strategic Objectives

Facilitate the development and growth of small businesses and co-operatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement

Facilitate radical economic transformation through increased participation of small businesses and co-operatives in the mainstream economy

Advocate for a conducive regulatory environment for small businesses and co-operatives to enable access to finance, investment, trade and market access in an equitable and sustainable manner

The department will lead an integrated approach to the promotion and development of small businesses and cooperatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation

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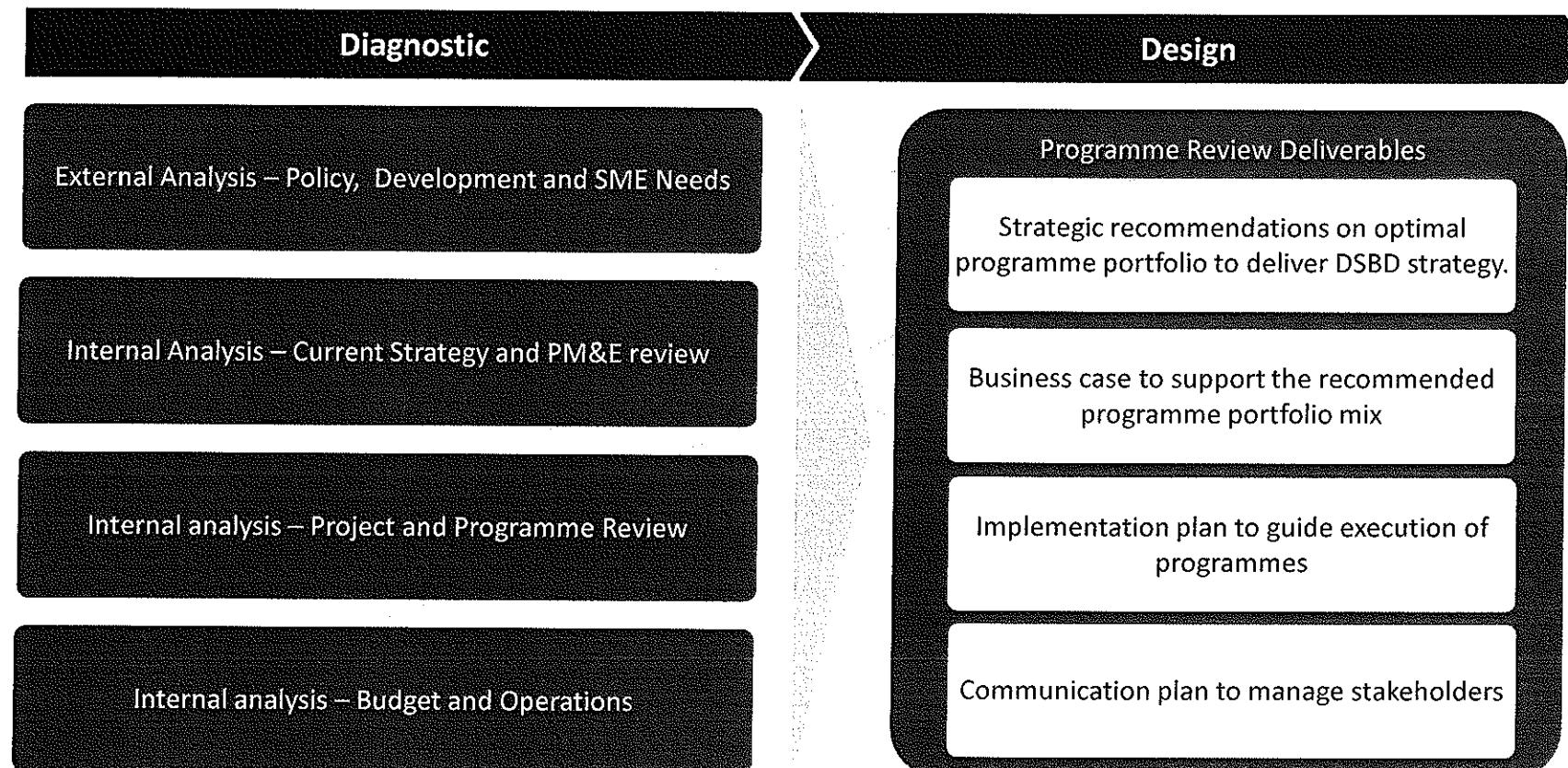
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Approach and Workplan

Within our proposed approach, the diagnostic stage review's DSBD's operating environment, internal structures and the programmes themselves. The design stage involves developing strategic recommendations on the optimal portfolio mix to deliver the department's strategy.



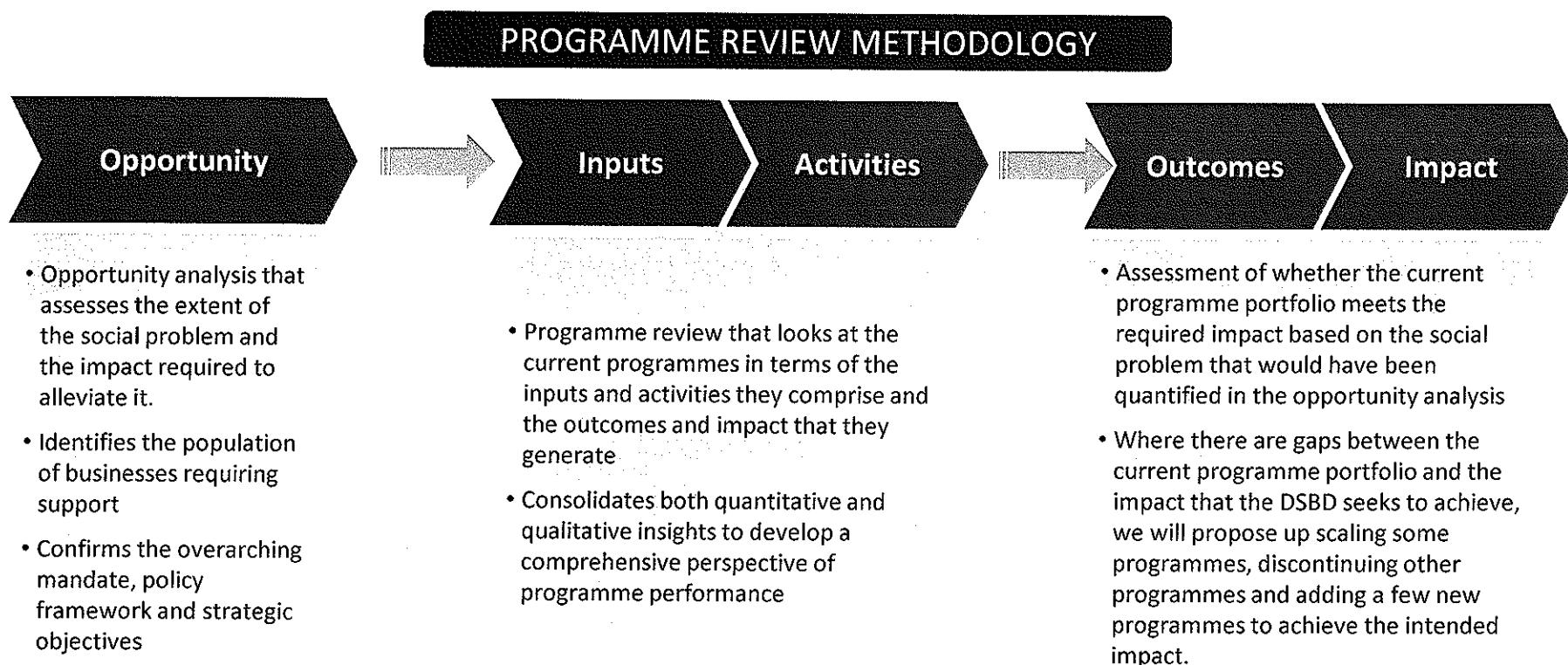
Scope & Deliverables

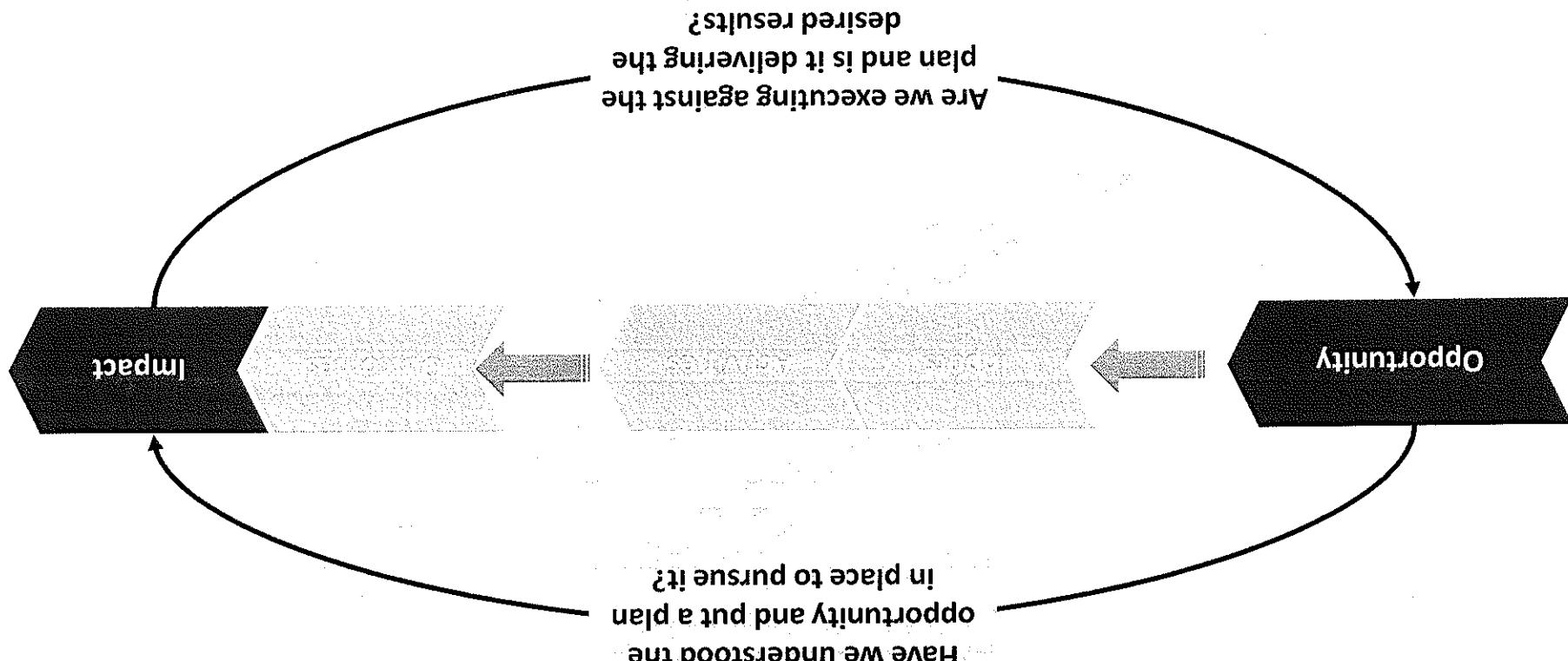
Scope	Deliverables
<ul style="list-style-type: none"> • An analysis and review of the current programmes • A detailed report on the review of the current programmes • A detailed analysis report that reflects the alignment and the strategic objectives to the revised departmental mandate, vision, mission and the strategic alignment of the department • Identification of appropriate actions for the strategic objectives • Alignment and up scaling of programmes to ensure they drive the revised programmes should assist the department to deliver on its mandate and revise the vision and mission of the department. The revised vision and mission of the department should drive the programmes to ensure they align with the revised programmes to align the department to its mandate • Identify key strategic partners/stakeholders and analyse their roles in assisting the department to deliver on its mandate to design an implementation plan that aligns the department can use to implement the recommendations 	<ul style="list-style-type: none"> • An implementation plan to align and up scale the revised programmes

The scope of work for the project entails the review of existing DSBD programmes. The work to be done by the SNG team will culminate in reports and recommendations on the upscaling and alignment of DSBD programmes, as well as an implementation plan to guide the execution of the work to be done by the SNG team will culminate in reports and recommendations on the upscaling and alignment of DSBD programmes, as well as an implementation plan to guide the execution of the recommendations.

Programme Review Methodology

Our programme review methodology begins with an opportunity analysis followed by a programme review of the current programmes and then an assessment of whether the current programme portfolio meets the required impact.





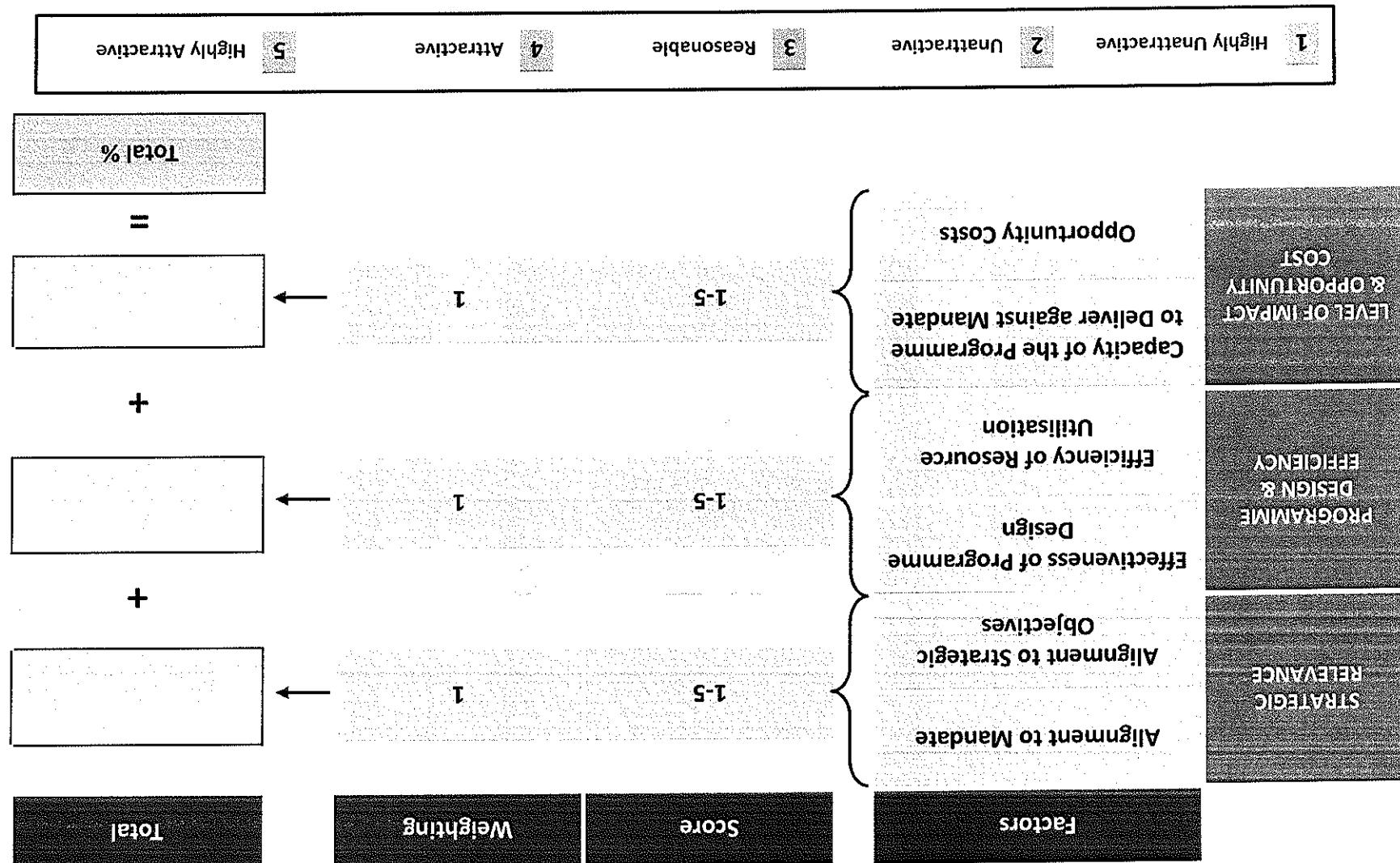
Most importantly we want to evaluate whether the planned programme activity aligns to the challenge set by the mandate and whether this programme execution is delivering the desired results.

Programme Review Methodology

Programme Evaluation Criteria

We have adopted three main criteria to evaluate DSBD's programmes; strategic relevance and alignment to mandate, programme design and efficiency and the level of impact and opportunity cost.

Strategic relevance and alignment to mandate	Programme design and efficiency	Level of impact and opportunity cost
<ul style="list-style-type: none">• Does the programme contribute towards the department's strategic objectives• Is it within the departmental mandate?• Are the links to the overarching objective mutually exclusive and collectively exhaustive?	<ul style="list-style-type: none">• Is the programme design optimal given its objectives?• Is the programme's use of resources efficient?	<ul style="list-style-type: none">• Is the programme equipped to deliver impact at the level required to meet its targets?• Is the programme equipped to deliver impact at the level required to make an impression on the department's mandate?• Are there other higher impact opportunities that are being forgone by pursuing this programme?



Based on this we have developed a simple scoring system which will use qualitative and quantitative inputs to compare programmes and ultimately assist in prioritising activity.

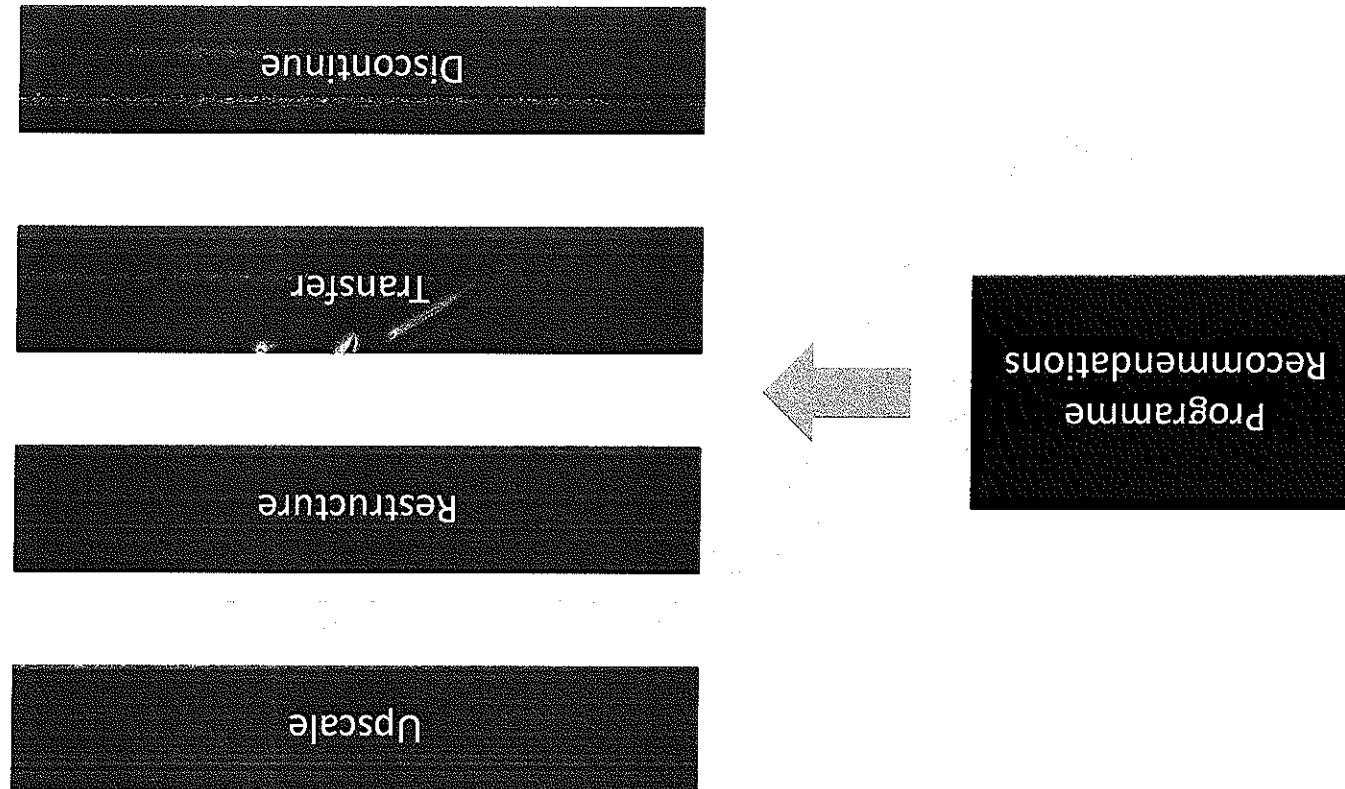
Programme Prioritisation Scorecard



Programme Scorecard

By assigning a weighted score to assess ease of implementation, perceived value and the cost of each initiative, it is possible to rank the opportunities.

PROGRAMME	STRATEGIC RELEVANCE			PROGRAMME DESIGN & EFFICIENCY			LEVEL OF IMPACT & OPPORTUNITY COST			TOTAL
	Alignment to Mandate	Alignment to Strategy	Total (/5)	Programme Design	Resource Utilisation	Total (/5)	Capacity to Deliver	Opportunity Costs	Total (/5)	
Programme 1	2	5	3.5	5	2	4	5	5	5	20
Programme 2	3	4	3.5	5	3	4	5	4	4.33	19.33
Programme 3	5	3	4	5	5	3	5	3	3.66	17.66
Programme 4	1	4	2.5	5	1	4	5	4	4.33	17.33
Programme 5	1	3	2	4	1	4	4	3	3.33	15.33
...	2	3	2.5	4	2	4	4	3	3	16
...	2	4	3	4	2	4	4	4	4	18
...	3	4	3.5	4	3	3	4	3	3.66	16.66
...	1	4	2.5	4	1	4	4	4	4	17
...	5	1	3	1	5	1	1	1	1	9
...	4	1	2.5	2	4	4	2	1	1.33	14.33
...	5	1	3	1	5	2	1	1	1	11
...	4	1	2.5	2	4	1	2	1	1.66	8.66
...	3	1	2	1	3	2	1	1	1	9
Programme n	3	1	2	1	3	2	1	1	1	9
			1			1				
							Weighting			

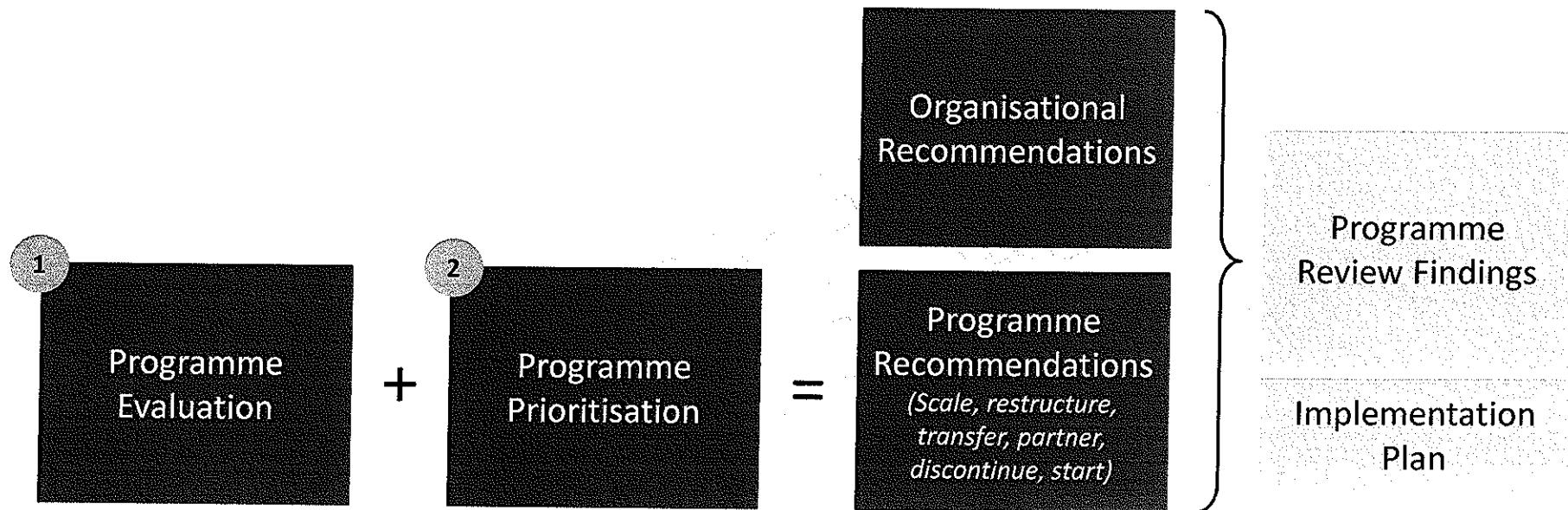


The outcome is one of four recommendations; to upscale, restructure, transfer, partner or discontinue.

Programme Prioritisation

Towards Recommendations

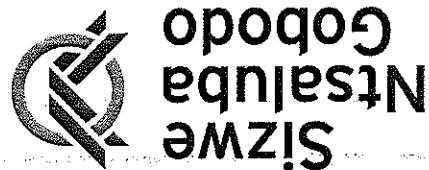
These dimensions of assessment allow us to develop a set of comprehensive recommendations for the department to implement.



Strategic Recommendations

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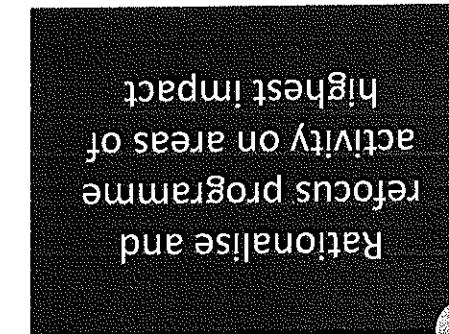


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Summary of Review Findings

Having completed the programme and organisation diagnostic, we have arrived at the following strategic recommendations:

- 1 Rationalise and refocus programme activity on areas of highest impact
- 2 Create a clear delineation of responsibility between DSBD and the agencies
- 3 Invest in a robust policy, research, monitoring and evaluation capability
- 4 Package DSBD, SEDA and SEFA offerings to present a single point of entry to SMEs
- 5 Strengthen points of interaction between other areas of government and with the private sector
- 6 Consolidate the mandate for cooperatives to improve focus
- 7 Bed down a structure and conduct proper change management

Organisational Recommendations	Description	Rationalise and refocus programme activity on areas of highest impact
The recommendations of this programme review will serve to rationalise and refocus programme activity on areas of highest impact and position DSB to deliver more effectively against its mandate.	<ul style="list-style-type: none"> - We have adopted three main criteria to evaluate DSB's programmes; strategic relevance and alignment to mandate, programme design and efficiency and the level of impact and opportunity cost. - The outcome is one of five recommendations; to upscale, restructure, transfer, partner or discontinue. - In summary, we recommend that the department pursue significant changes to its programme activity, including the discontinuation or transfer of 10 programmes and the restructuring of a further 12. - Acting in this way has the potential to free up ~25% of the operating budget for allocation to higher impact programmes and for the capitalisation of under resourced priority functions. 	

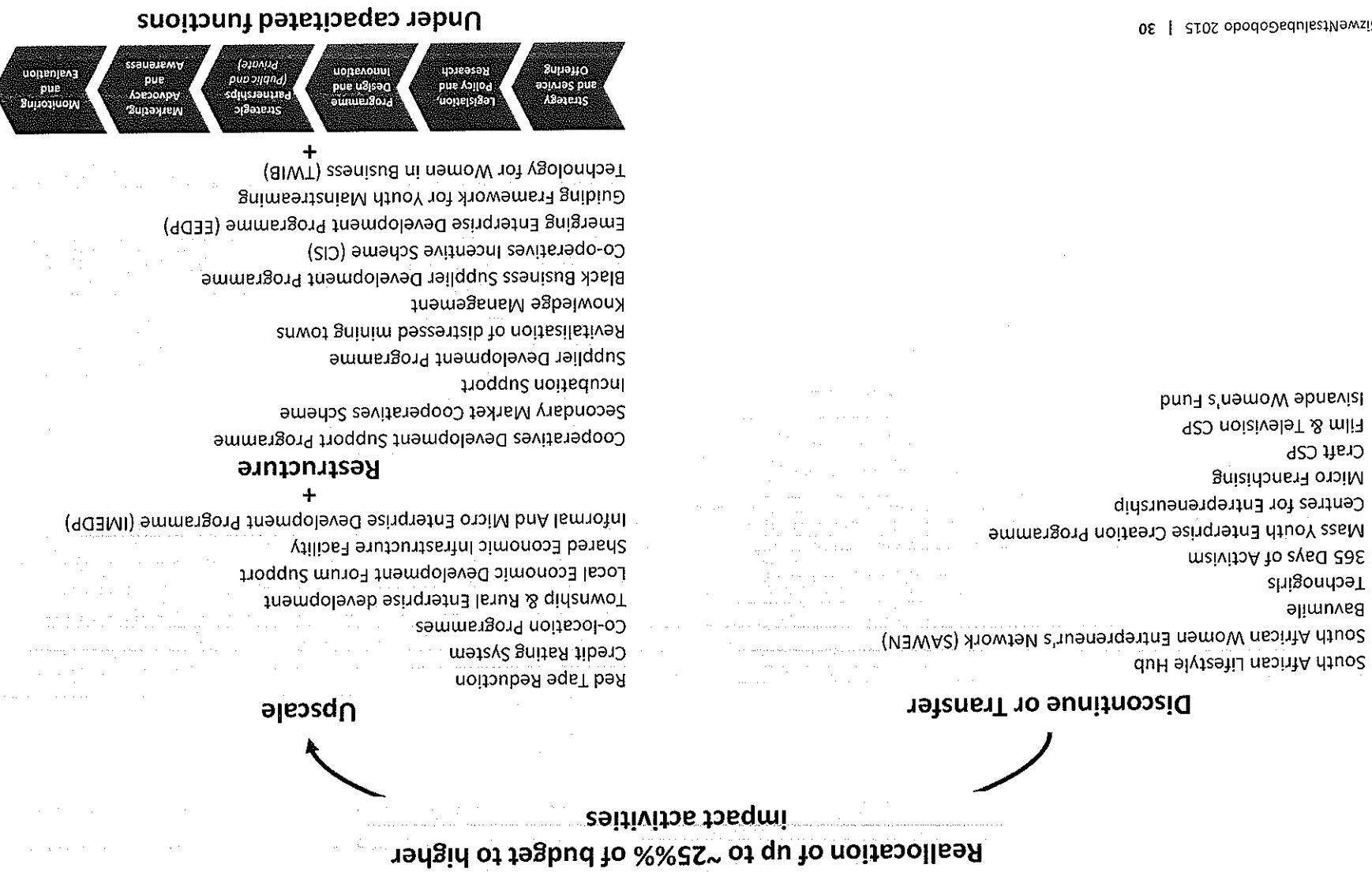
Summary of Diagnostic Findings

Summary of Diagnostic Findings

In summary, we recommend that the department pursue significant changes to its programme activity, including the discontinuation or transfer of 10 programmes and the restructuring of a further 12.

APP Programme	Chief Directorate	Programmes	Recommendation
Cooperatives	Primary Cooperatives development	Cooperatives Development Support Programme Secondary Market Cooperatives Scheme	Restructure Restructure
	Incubation Support & Supplier Development	Incubation Support Supplier Development Programme	Restructure*
Enterprise Development & Entrepreneurship	Enterprise Development & Supplier Development	Red Tape Reduction	Restructure
	Entrepreneurship & Franchising	Credit Rating System Craft CSP South African Lifestyle Hub Film & Television CSP Centres for Entrepreneurship Micro Franchising Isivande Women's Fund	Upscale Upscale Transfer Discontinue Transfer Transfer*
Gender, Youth and People with disabilities	Gender, Youth and People with disabilities	South African Women Entrepreneur's Network (SAWEN) Bavumile Technology for Women in Business (TWIB) Technogirls 365 Days of Activism Mass Youth Enterprise Creation Programme Guiding Framework for Youth Mainstreaming	Transfer Transfer* Transfer* Transfer* Transfer* Discontinue Discontinue Restructure*
	Local Economic Development	Co-location Programmes Township & Rural Enterprise development Local Economic Development Forum Support Revitalisation of distressed mining towns Knowledge Management	Upscale Upscale Upscale Restructure Restructure
Incentives, Grants & Loans	Incentives, Grants & Loans	Black Business Supplier Development Programme	Restructure*
	NIBUS/Incentives, Grants & Loans	Emerging Enterprise Development Programme (EEDP) Shared Economic Infrastructure Facility Informal And Micro Enterprise Development Programme (IMEDP)	Restructure* Upscale*
Primary Cooperatives Development/Incentives, Grants & Loans	Primary Cooperatives Development/Incentives, Grants & Loans	Co-operatives Incentive Scheme (CIS)	Upscale*
			Restructure*

* Denotes programme recommendation which includes adoption of some or all programme functions by SEFA or SEDA.

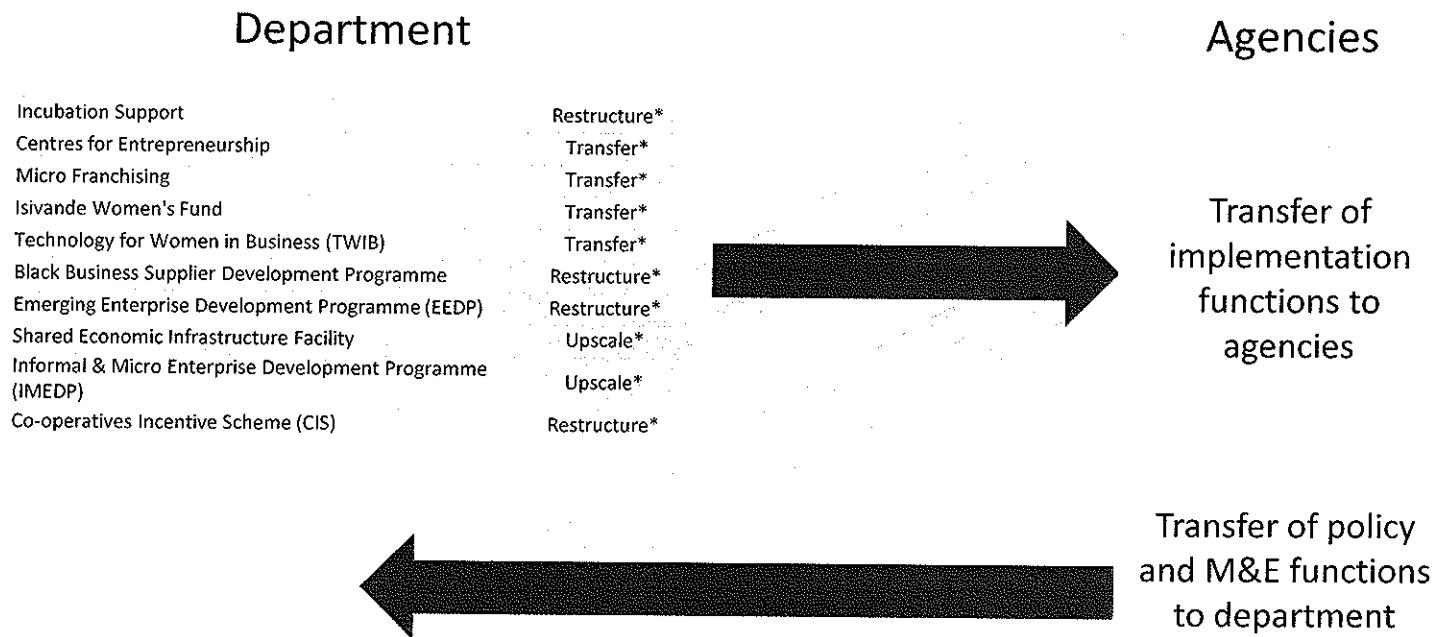


Acting in this way has the potential to free up ~25% of the operating budget for allocation to higher impact programmes and for the capacitation of under resourced priority functions.

Summary of Diagnostic Findings

Clear Roles – Department and Agency

Our recommendations include transferring certain implementation functions from DSBD to SEDA, but it is important that agency functions focussed on legislation, policy and monitoring and evaluation also be moved into the department. This may add as much as 20% to the department budget.



This will free DSBD up to focus on the role of a national department, while SEFA and SEDA will enjoy similar ability to focus on the implementation components of the mandate.

- While a sector-specific focus is desirable, DSB need to be pragmatic about the resources it has available and rather seek to work with the DTL, sector-focused departments and private sector players if sector-customised interventions are required.
- Many common SME needs exist that cut across sectors, however there are certain value-chain specific interventions that would improve the impact of support programmes. For example, working capital finance mechanisms in agriculture differ from those in most other sectors.
- While it is tempting to suggest that DSB should therefore seek to organise itself into sector-focused teams, two factors prohibit this; 1.) the level of resource available and 2.) the need to avoid duplication.
- Sectors represent an organisational challenge in that organising to serve them requires an additional layer of human resource and infrastructure that DSB just does not have capacity for. The risk of attempting to adopt a sector focus at the current funding level is that it will spread capacity even more thinly and further erode service delivery.
- 1.) Sectors represent an organisational challenge in that organising to serve them requires an additional layer of delivery.
- 2.) In this climate of scarce resources, it is important to leverage stakeholder capability effectively. In this regard, setting up sector-focused capabilities risks duplicating the sector desks of the DTL and creating further confusion amongst the public. In addition, sector focused departments also provide services in this regard and can be willing partners if utilised effectively.
- Our recommendation in this regard is that, given the current funding level, DSB should not organise into sector-focused units, but should rather set up a stakeholder management function with the capacity to engage in this way.

DSB Approach to Sectors

DSBD Approach to Mainstreaming

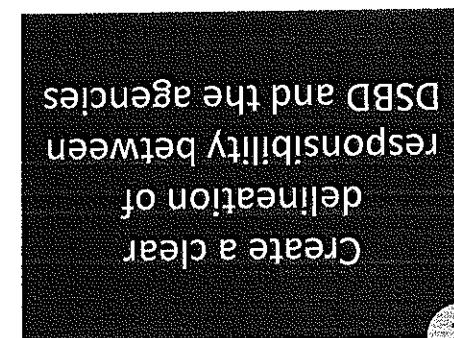
Mainstreaming activity is the most efficient way to ensure that priority groups; women, youth and people with disabilities, receive the maximum support as this prioritises leveraged impact over siloed activity.

- Social imperatives, translated into government policy clearly requires that developmental interventions for women, youth and people with disabilities should be prioritised.
- Typically, the response has been to create standalone capabilities focussed on these groups (eg the Gender Unit in DSBD).
- These units are typically under-resourced and set about creating standalone programmes to promote their target market, with inevitably limited impact.
- Rather than set up siloed functions that duplicate operational overhead and programme design, these groups should be mainstreamed into the activities of other programmes and units.
- By ensuring that all SME programmes within DSBD and the agencies have sub-targets for these groups, it is possible to ensure delivery against this portion of the mandate with very little additional effort.
- The resources currently focussed on these activities can therefore be focussed elsewhere on areas of higher impact.
- Crucially, we believe that this approach does not diminish the prominence of the priority groups, but rather amplifies the support that they are able to receive.
- Our recommendation is therefore that a single directorate be created to focus on mainstreaming for women, youth and people with disabilities and that other implementation-focussed programmes be transferred or discontinued.

To maximise efficiencies and focus activity it is critical to create a clear delineation of responsibility between DSB and the agencies.

Summary of Diagnostic Findings

- The role of a national department is primarily focussed on the macro components of the value chain, namely:
- Legislation
- Regulation
- Policy
- Strategy
- Programme Design and Innovation
- Monitoring and Evaluation
- Stakeholder Management
- Partners)
- This is especially so when the department has agency subsidaries tasked with implementation as is the case with DSB.
- It is our opinion that there remains too much focus on implementation in DSB and that, currently budget and human resources are heavily concentrated in implementation
- Current budget and human resources will likely need to be redistributed to reflect new capacity requirements.
- DSBD should consider organising itself along a small business development value chain.
- This approach is customer-centric, reduces complexity and allows simple yet powerful performance measures for each executive and each segment, creating individual accountability.
- Adopting a value-chain based product and services architecture enables DSBD to address sector inefficiencies, positioning the department as the custodian of overall sector performance.



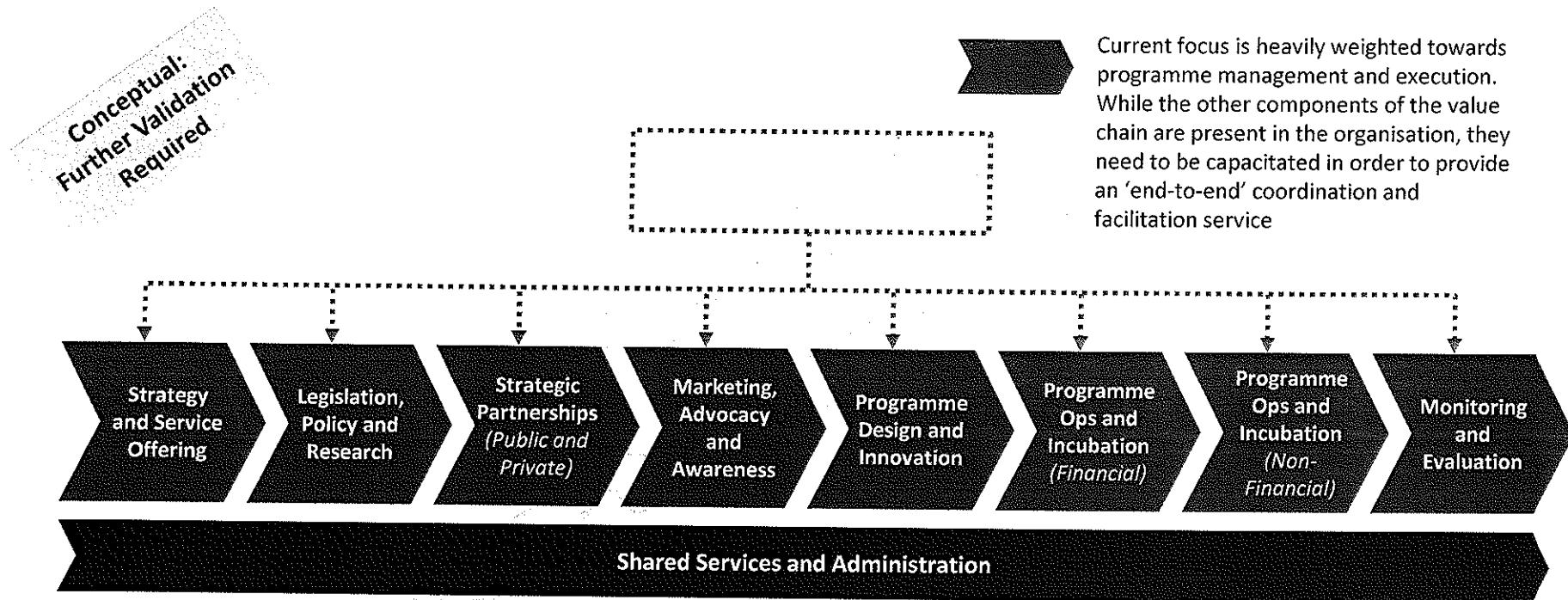
Organisational Recommendations

Description

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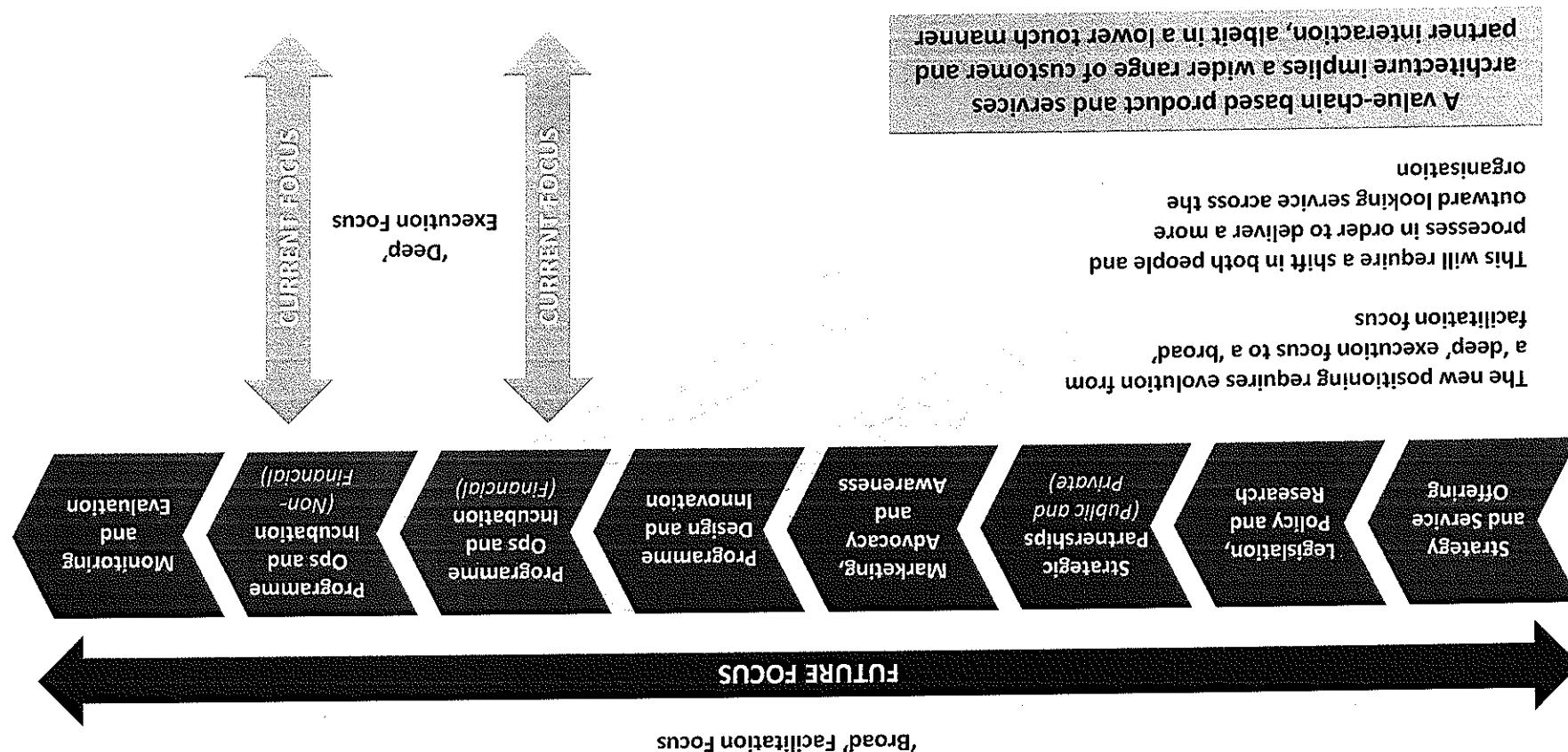
Conceptual DSBD Value Chain

DSBD should consider organising itself along a small business development value chain. This approach is customer-centric, reduces complexity and allows simple yet powerful performance measures for each executive and each segment, creating individual accountability.



In this model, executives act as a team to develop strategy and manage business performance for each business area; while operationally they individually take responsibility to deliver distinct steps in the value chain.

Currently budget and human resources are heavily concentrated in implementation functions. To achieve the new strategic positioning, available funding as well as human resources will likely need to be redistributed to reflect new capacity requirements.

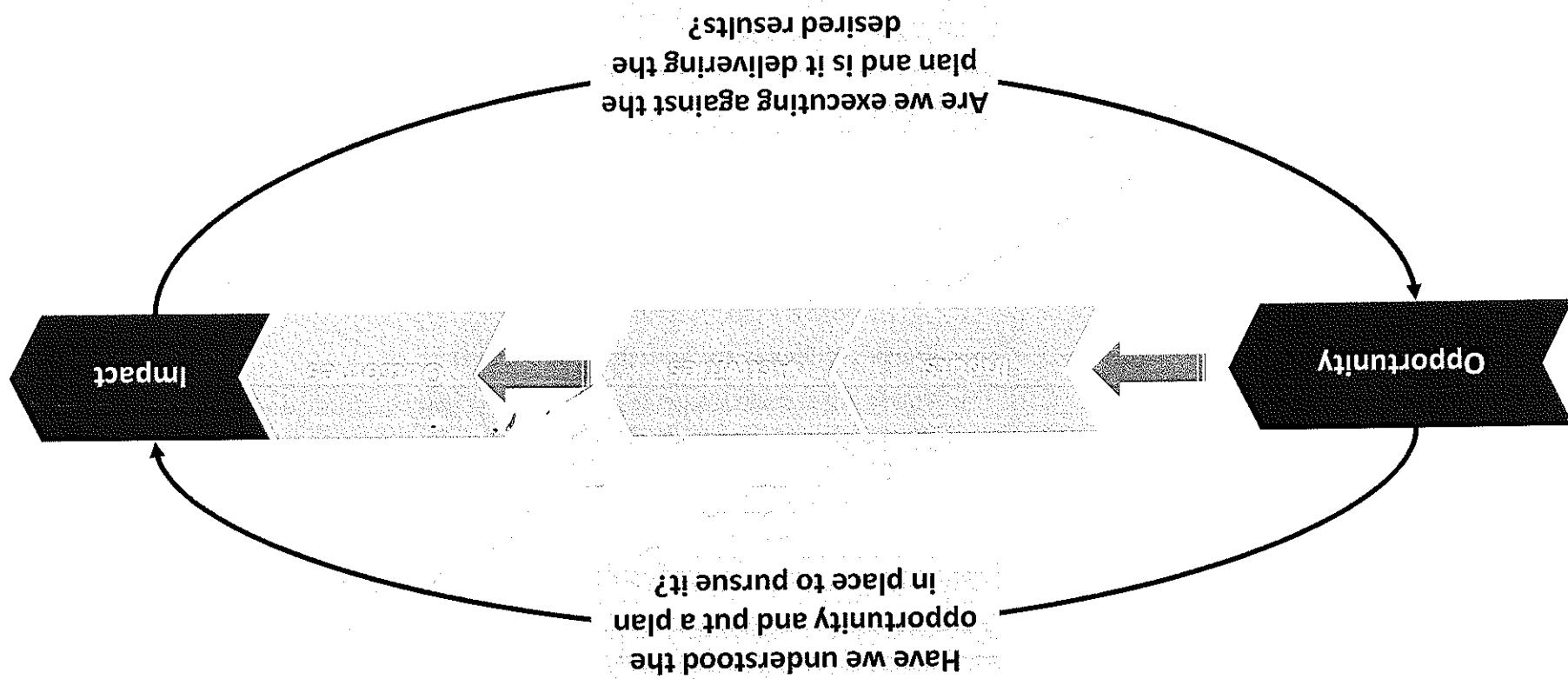


Conceptual DSB Value Chain

Summary of Diagnostic Findings

Fully capacitated policy, research, monitoring and evaluation capabilities are critical to creating a constructive feedback loop within the department. This allows for constant optimisation of activities based on empirical analysis in order to maximise impact.

Organisational Recommendations	Description
<p>3</p> <p>Invest in robust policy, research, monitoring and evaluation capabilities</p>	<ul style="list-style-type: none">- Two major M&E challenges faced by many departments:<ul style="list-style-type: none">- Measurement of inputs and outcomes rather than impact- Under-capacity and insufficient scope and mandate to drive continuous improvement- These challenges are both present in DSBD- The result is that impact of programme activity is poorly understood and no continuous improvement takes place. Suboptimal programmes continue to be funded and crowd out improvements or new ideas that may have greater impact.- To take steps to address this, the department needs to capacitate the function and create clear linkages to the strategy and policy processes.- To connect the mandate to the activities of the department, top-level macro-economic benchmarks for SME performance in the economy are required to demonstrate DSBD's overall impact. For instance, contribution to GDP, contribution to employment and sustainable livelihoods, SME dynamism could be employed as highly visible targets.- A concerted effort should also be made to adopt a recognised impact measurement technique (such as SROI) and then work to customise this to the department's needs. The support of a specialist may be required in this area.

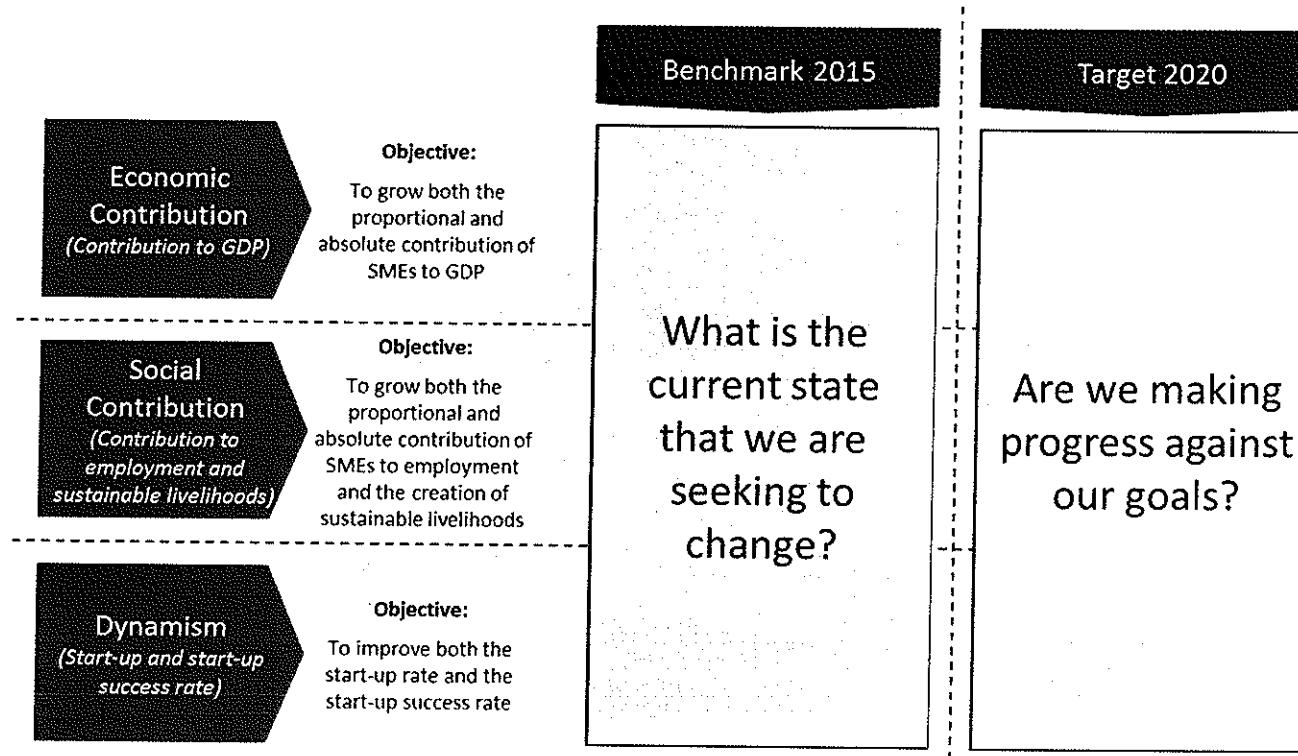


Most importantly, M&E must be capacitated to continuously assess the impact of programmes with DSBD and the agencies and recommend changes to approach and budget allocation accordingly.

Measuring and Communicating Impact

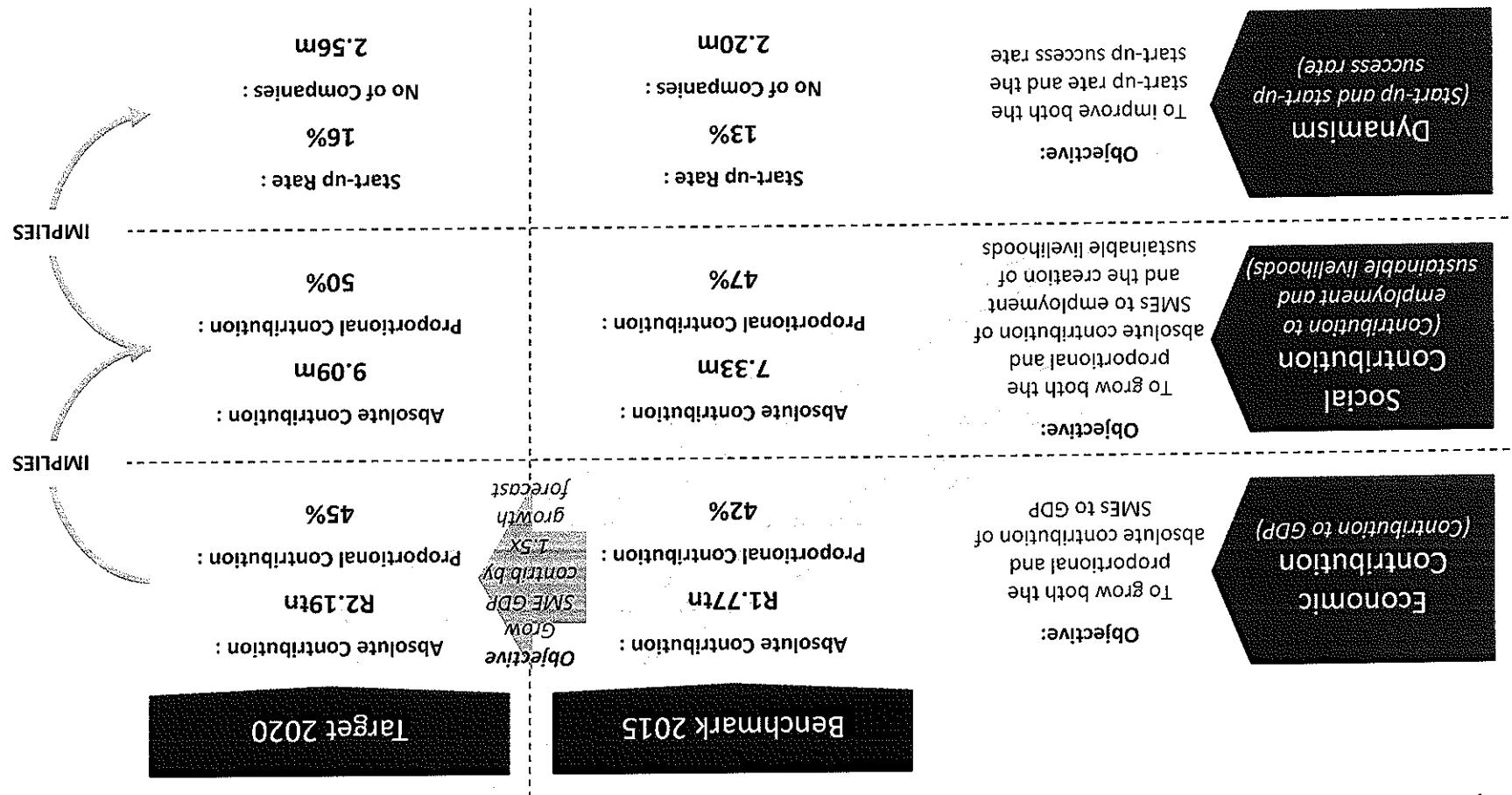
Measuring and Communicating Impact

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We would suggest setting clear targets across each of these dimensions and then seeking to build a broad consensus for the pursuit of these goals. Progress against these goals then become the publically visible means of demonstrating impact and building credibility.

Please Note: This analysis is meant to demonstrate a concept, not set definite targets. If this recommendation is adopted, then it will be necessary to rigorously baseline these data points.



For example, DSBD could aim to target growth in the GDP contribution from SMEs of 1.5x the GDP forecast to 2020. This top-level objective could then inform targets on the contribution of SMEs to employment and on SME dynamism.

Setting Targets

Setting Targets

By extension, this would imply that the employment objectives of the NDP could be met through the creation of some 1.8m sustainable businesses over the next 15 years. This will require a significant increase in the dynamism of SMMEs, with the start-up rate more than doubling from 13% to 27%.

	Benchmark 2015	Target 2020	Target 2030*
Economic Contribution <i>(Contribution to GDP)</i>	<p>Objective: To grow both the proportional and absolute contribution of SMEs to GDP</p> <p>Absolute Contribution : R1.77tn</p> <p>Proportional Contribution : 42%</p>	<p>Absolute Contribution : R2.19tn</p> <p>Proportional Contribution : 45%</p>	<p>Absolute Contribution : R4.22tn</p> <p>Proportional Contribution : 56%</p>
Social Contribution <i>(Contribution to employment and sustainable livelihoods)</i>	<p>Objective: To grow both the proportional and absolute contribution of SMEs to employment and the creation of sustainable livelihoods</p> <p>Absolute Contribution : 7.33m</p> <p>Proportional Contribution : 47%</p>	<p>Absolute Contribution : 9.09m</p> <p>Proportional Contribution : 50%</p>	<p>Absolute Contribution : 17.46m</p> <p>Proportional Contribution : 61%</p>
Dynamism <i>(Start-up and start-up success rate)</i>	<p>Objective: To improve both the start-up rate and the start-up success rate</p> <p>Start-up Rate : 13%</p> <p>No of Companies : 2.20m</p>	<p>Start-up Rate : 16%</p> <p>No of Companies : 2.56m</p>	<p>Start-up Rate : 27%</p> <p>No of Companies : 4.06m</p>

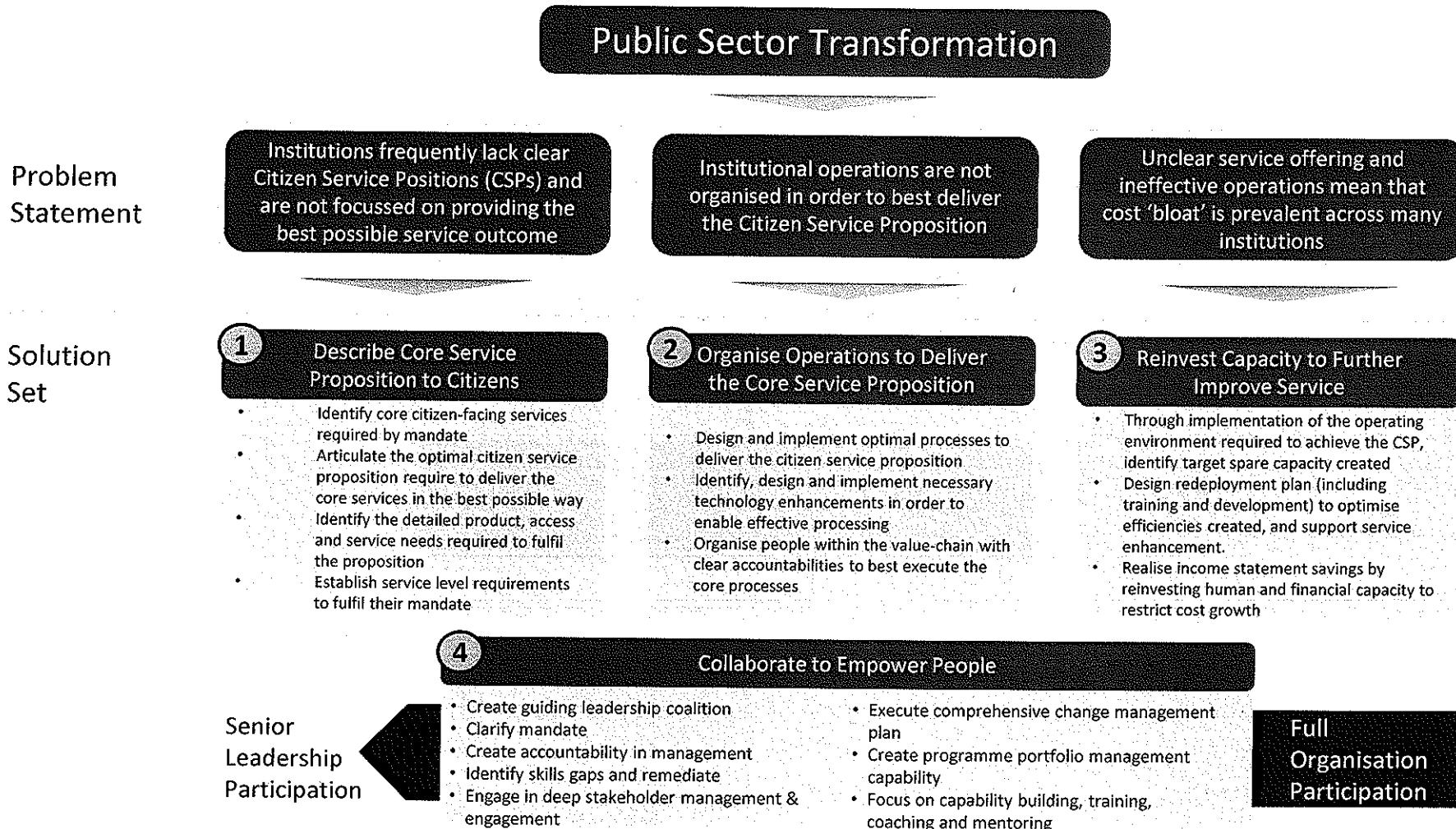
Please Note: This analysis is meant to demonstrate a concept, not set definite targets. If this recommendation is adopted, then it will be necessary to rigorously baseline these data points.

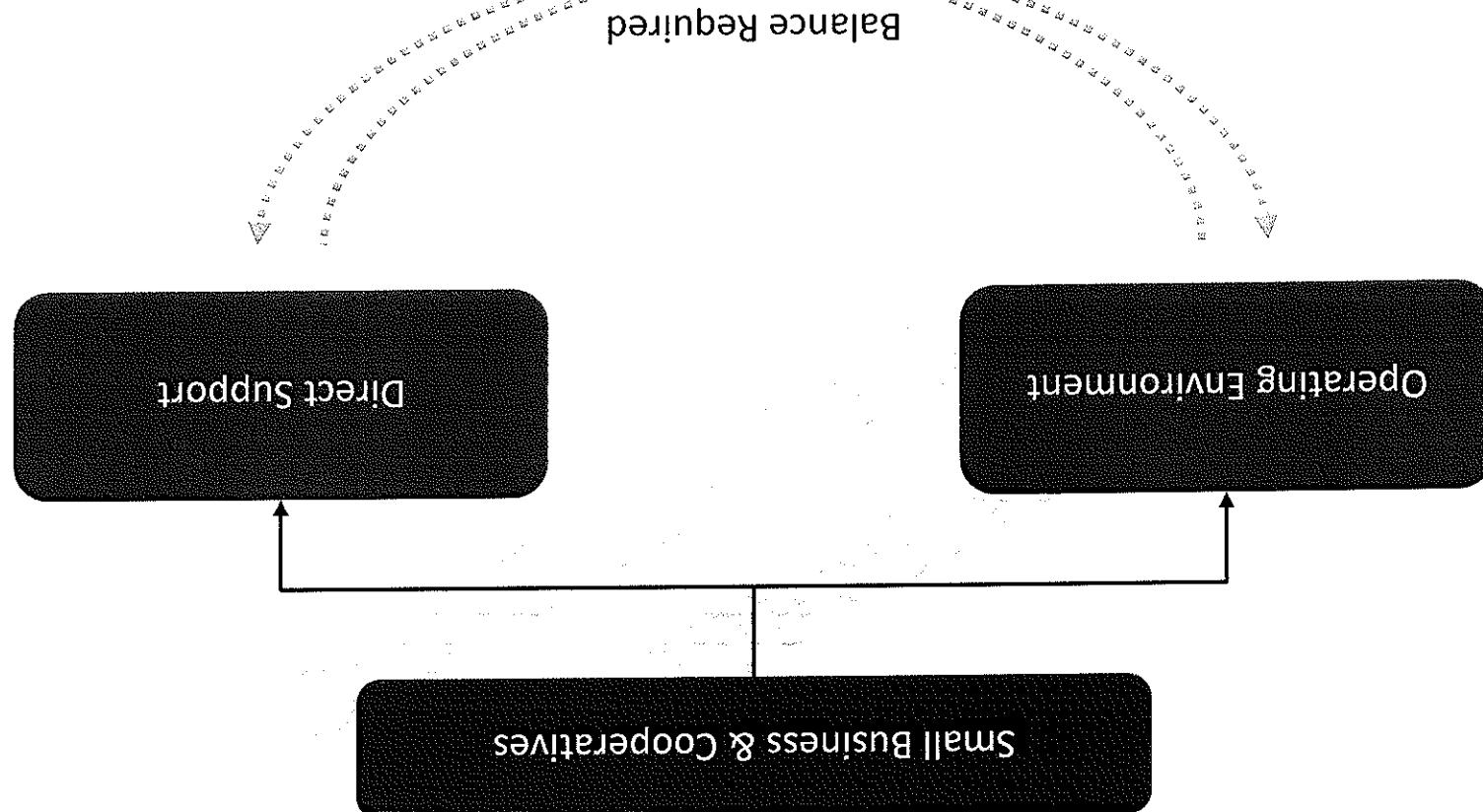
Organisational Recommendations	Description
<ul style="list-style-type: none"> - In the spirit of reducing red tape and improving access to government services, it is critical to present a simple, single point of entry to SMEs that provides access to the full range of DSB, SEDA and SEFA services. - While it is not necessary to initially spend the significant resources required to integrate SEDA and SEFA systems and processes, there is quite a lot that can be done to improve the visibility and accessibility of these programmes. - This could include: - Joint marketing and awareness campaigns - Deeper integration of SEFA requirements into initial SEDA branch needs assessment - Better visibility of department initiatives in SEDA branches - Accelerated co-location strategies that incorporate municipal and provincial efforts - Improved hand-offs between SEFA and SEDA, specifically from SEFA to SEDA. - Better integration of related agencies – e.g. CIPC, SABS etc - Shared approach to M&E 	<p>Packaging offerings along with SEDA and SEFA and presenting a single point of entry to SMEs is the first step in providing a genuine one-stop-shop experience for SMEs.</p> <p>Packaging offerings along with SEDA and SEFA and presenting a single point of entry to SMEs is the first step in providing a genuine one-stop-shop experience for SMEs.</p> <p>Packaging DSB, SEDA and SEFA offerings to present a single point of entry to SMEs</p> <p>of entry to SMEs</p> <p>4</p>

Summary of Diagnostic Findings

Public Sector Transformation

This means high quality citizen-facing service propositions, supported by aligned and effective operations, organised around clear accountability. The approach must be citizen-led in both proposition design and operational alignment.



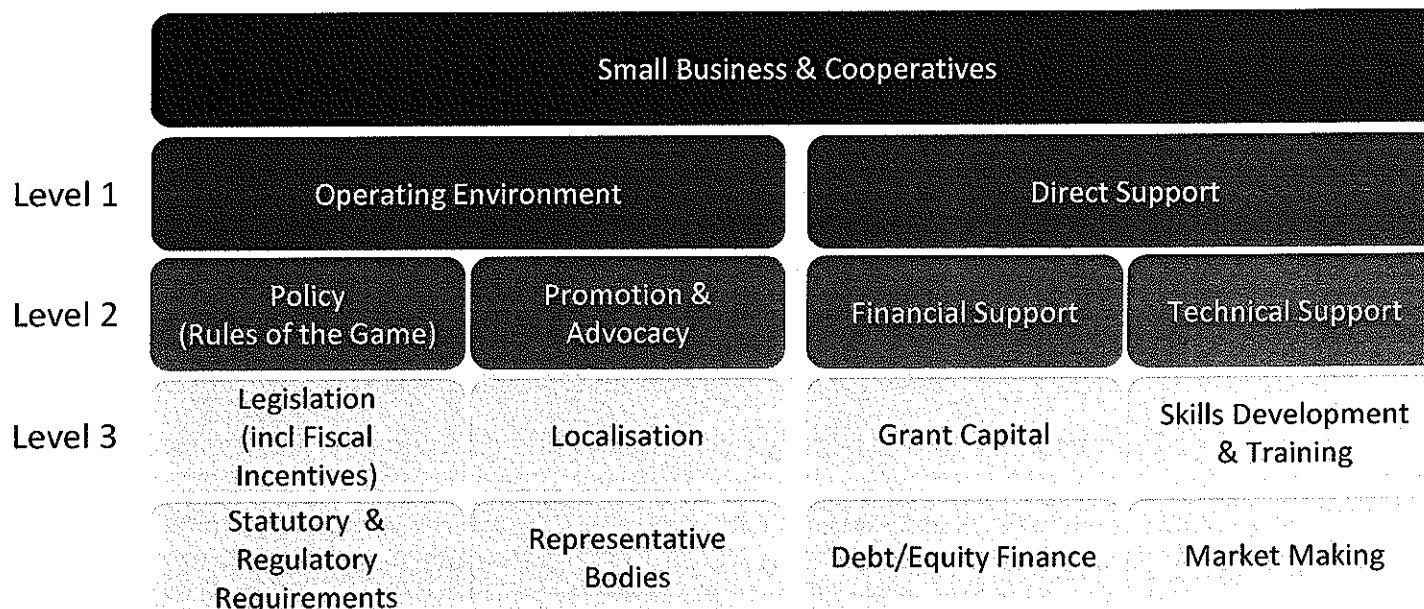


To be successful, small businesses and cooperatives require an efficient operating environment to conduct their affairs as well as the ready availability of direct support interventions should these be required.

Small Business Needs Analysis

Small Business Needs Analysis

In an efficient operating environment, the rules of the game, in the form of the legislation and policies that govern the activity of companies, are perhaps the most powerful levers available to support small business.



- These include localisation measures, administrative provisions and the fiscal incentives put in place to prioritise sector growth.
- **These functions are those required by the sector as a whole, including those entities not specifically in need of direct support in order to survive.**

- This entails financial support, both in terms of grant capital and debt or equity finance, as well as technical support, which includes skills development (training, education and mentorship), business development services and market making activities.
- Implementation of these functions should typically be provided by the agencies and market making activities.

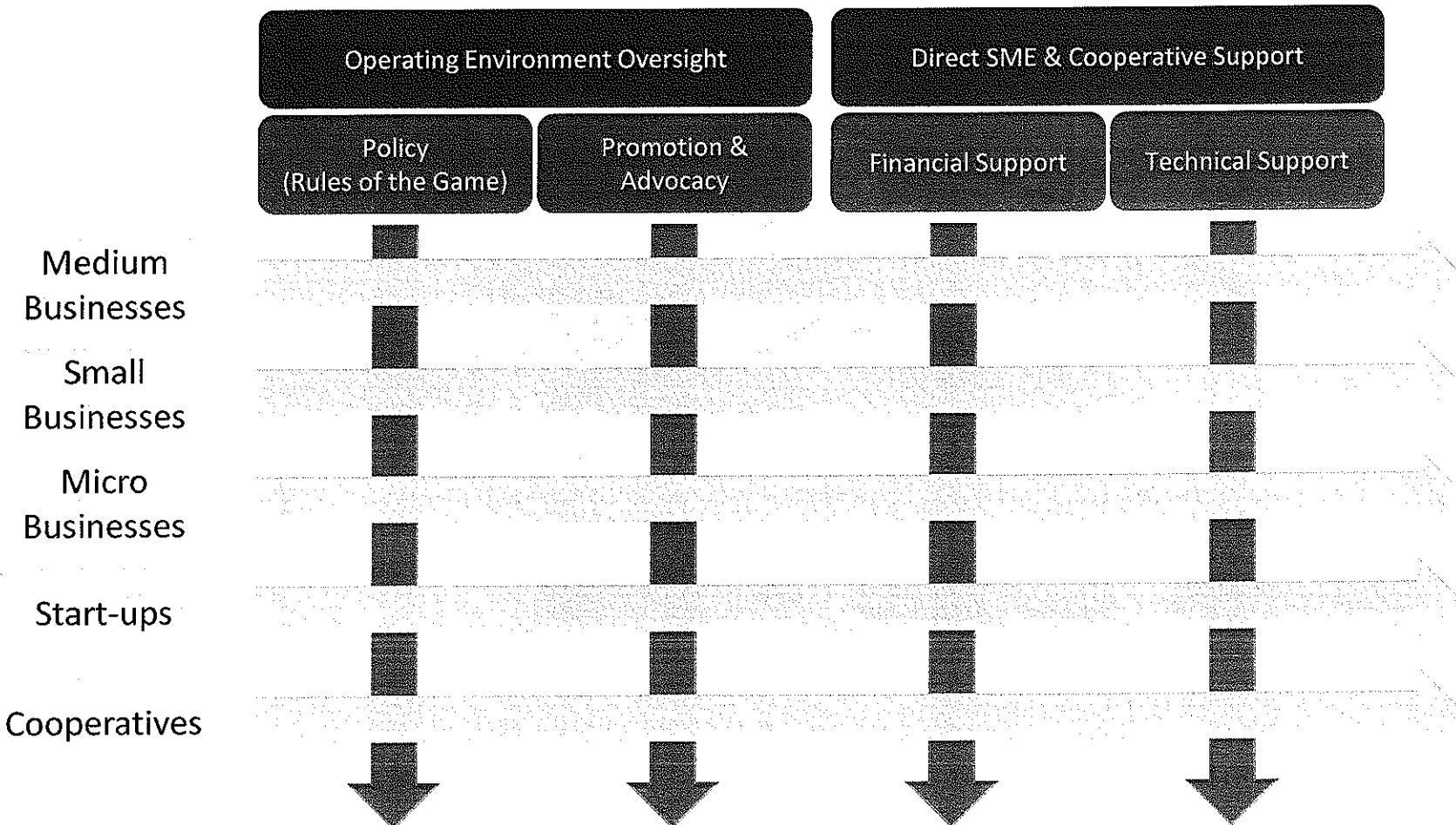


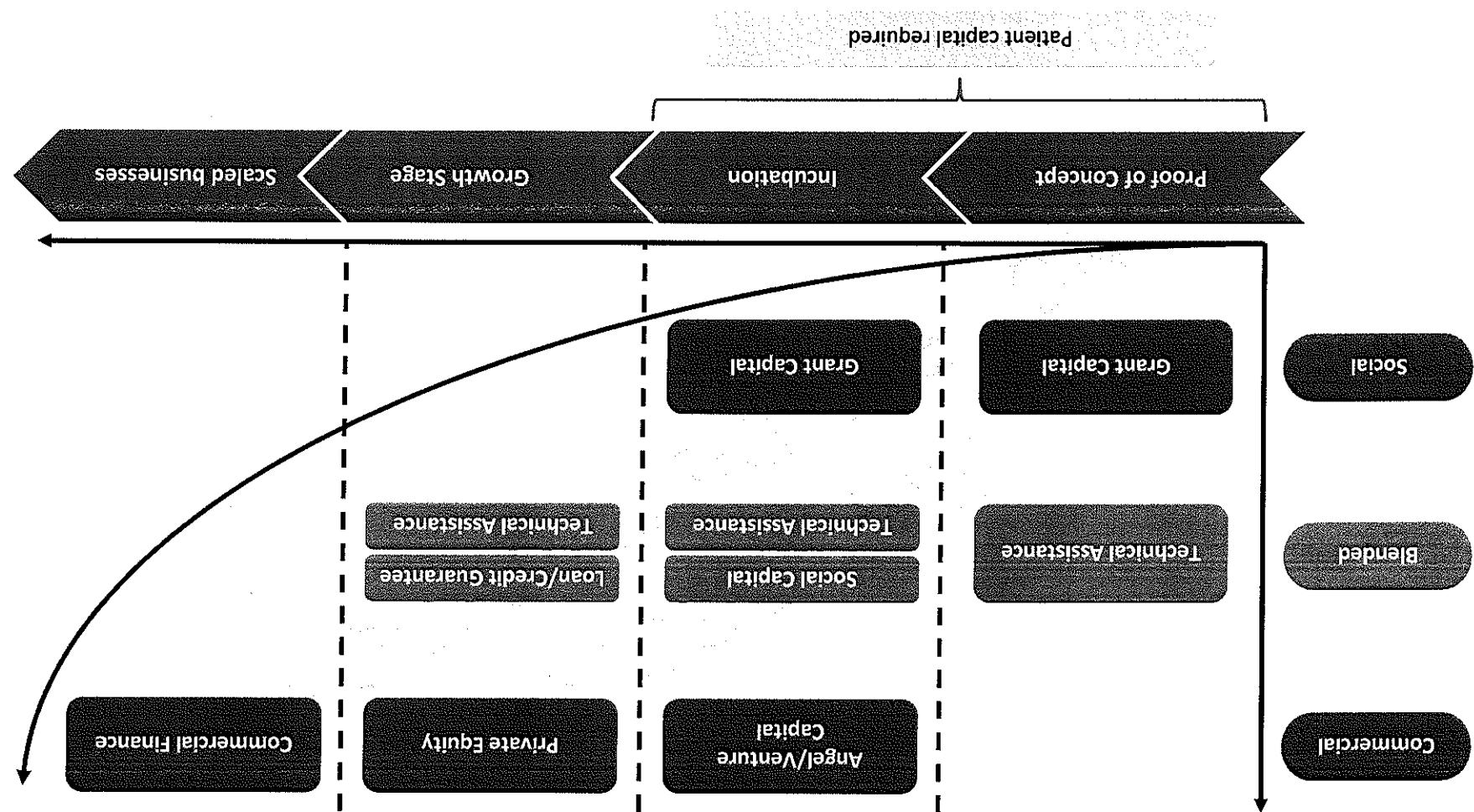
Direct support interventions focus on specific one-to-one mechanisms to stimulate the creation, sustainability and growth of small enterprise that may not have otherwise occurred.

Small Business Needs Analysis

Small Business Needs Analysis

Overlaying these needs against the various sub-segments within the department's mandate will in turn reveal common and unique needs across the groups.





Interventions should also recognise the varying business needs that occur at different points of the business lifecycle.

The Business Lifecycle

