



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

***Presentation to the Select
Committee on Petitions and
Executive Undertakings***

21 June 2017

PRESENTATION STRUCTURE

1. Purpose
2. Undertakings
3. 30-day payment delay
4. Expedite the implementation of nibus
5. Working with metros, municipalities, SALGA and the national house of traditional leaders to review by-laws that may be a hindrance to the advancement of township and rural economies
6. Development of incentives and programmes to support enterprises that are owned by people with disabilities



PURPOSE



The purpose of this presentation is to provide the Committee with a progress report on the undertakings made by the: Minister of Small Business Development (During the Policy Debate on Budget Vote 31: Small Business Development on 26 May 2015)

UNDERTAKINGS



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- The **30-day payment delay** for SMMEs and Co-operatives will be looked at by the Minister of Small Business Development in partnership with the Minister of Planning, Monitoring and Evaluation.
- The Department will expedite the implementation of the **National Informal Business Upliftment Strategy** which we call **NIBUS**, which seeks to create an enabling legal and regulatory environment and provide financial and non-financial support.
- Working with metros, municipalities, the South African Local Government Association (SALGA) and the National House of Traditional Leaders to **review by-laws that may be a hindrance to the advancement of township and rural economies.**
- Working closely with relevant organisations, the Department will develop incentives and programmes that are directed to **persons with disabilities.**

THE 30-DAY PAYMENT DELAY

- DSBD, DPME, National Treasury and DPSA established a committee that visited “the worst offenders” – National and Provincial Department
 - Identified challenges
 - Ineffective Information Technology systems,
 - Outdated Business processes
 - Unfunded mandates
 - Legal judgements that forces departments to prioritise settlements of these legal cases over service delivery
 - A comprehensive report is being developed
- SMME Payment Hotline operated by SEDDA and monitored by DPME
 - Since 2009 – Invoices to the value of R523m resolved
 - Between 1 April 2016 and February 2017 – 1199 calls reported, 1112 resolved leaving 87 pending.

EXPEDITE THE IMPLEMENTATION OF NIBUS

Non-Financial Support:

- For 2015/16 in partnership with the Wholesale and Retail SETA facilitated the training of 1035 informal businesses. Support is on going through the provision of tools of trade.
- 2016/17 the Department increased the number of informal business to be trained to 7000 – the ultimate verified number 8036.
- 2017/18 the Department will provide support to 1696 informal businesses.
- Shared Economic Infrastructure Facility (SEIF) – leveraging private and public funds to create enabling environment . SEIF Infrastructure will ensure provision of the following:
 - Warehousing/Storage facilities, Shelters/Stalls. Cold storage, Exhibition spaces, Child care facilities for traders, and business infrastructure

PROVINCIAL SPREAD OF NON-FINANCIAL SUPPORT TO INFORMAL BUSINESSES

	ITUP =1000	IMEDP = 7000
	Total	Total
Province		
1 Eastern cape	119	617
2 Free State	94	511
3 Gauteng	141	1444
4 Kwazulu-Natal	116	1188
5 Limpopo	119	664
6 Mpumalanga	104	861
7 Northern Cape	95	475
8 North-West	123	1279
9 Western Cape	124	997
TOTAL	1035	8036

*ITUP numbers includes 993 direct beneficiaries and 42 is for Informal Trader Organisations representatives who participated in capacity-building workshops.

3. EXPEDITE THE IMPLEMENTATION OF NIBUS

Financial Support:

The Department, through its entity the Small Enterprise Finance Agency (Sefa) has provided support to the informal businesses

3.1 During 2016/17 Sefa disbursed a total of R189 260 211 to enterprises in the Informal Sector

3.2 Sefa has also set aside R25m for micro loans targeting informal businesses.

3.3 The provincial spread of the support provided by Sefa is as follows



3. EXPEDITE THE IMPLEMENTATION OF NIBUS FINANCIAL SUPPORT – PROVINCIAL SPREAD SEFA

Province	Number of enterprises supported	Amount Approved
Western Cape	59	R 7 223 430
KwaZulu Natal	480	R 4 210 572
Gauteng	227	R 6 153 086
Limpopo	18 759	R 76 892 400
Northern Cape	62	R 2 314 495
Eastern Cape	7728	R 27 133 500
Free State	59	R 1 768 100
North West	5214	R 19 682 000
Mpumalanga	10264	R 39 672 100
Total		R189 260 211

4. WORKING WITH METROS, MUNICIPALITIES, SALGA AND THE NATIONAL HOUSE OF TRADITIONAL LEADERS

4.1 Red Tape Reduction programme

- Aim to address administrative, compliance and regulatory processes
 - 2012 Red Tape Reduction pilot project:
 - NW: Moses Kotane and Moretele
 - Limpopo: Ephraim Mogale and Elias Motsoaledi
 - Free State: Matjhabeng and Maluti-A-Phofung
 - Eastern Cape: Lukhanji and Buffalo City
 - Kwa-Zulu Natal: Umzimkhulu and Kokstad
 - Northern Cape: Sol Plaatje and Khara Hais

4.2 First phase of the assessment of the implementation of guidelines started in Greater Kokstad and Umzimkhulu in Kwa Zulu Natal, Matjhabeng and Maluti-A-Phofung

4.3 2017/18 Financial year – 8 municipalities to be identified with stakeholders to assess the implementation of the guidelines.

INCENTIVES AND PROGRAMMES TO SUPPORT ENTERPRISES OWNED BY PERSONS WITH DISABILITIES

- Sefa launched the Amavulandlela Scheme for Entrepreneurs with Disabilities in December 2016.
 - Benefits: Credit Facilities ranging from R50 000 to R5 million at a fixed rate of 7% per annum
 - Repayment terms for facilities are up to 60 months – the actual duration of the loan duration is subjected to the cash flows of the business.
- During 2016/17 Sefa disbursed R4,22m to 31 disabled entrepreneurs operating in the informal sector

Thank you!
Re a lebogai!



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