



KHUMO RASEROKA PRESENTS:

ORAL SUBMISSION OF THE NATIONAL SMALL
ENTERPRISE AMENDMENT BILL, B16-2023

<https://khumopancy.com>

Who We Are

At KhumoPancy Consulting, we craft custom software, manage IT services, analyze data, and design user experiences that fit your business needs. Plus, we offer top-notch cybersecurity and cloud services to keep you ahead in today's digital world.



Awards & Recognition

JAMII FEMMES

WIA: Jamii Femmes 2023

Selected for the Women In Africa – Jamii Femmes 2023 program highlighting our ongoing commitment to innovation and leadership.



WOMEN IN AFRICA
EMPOWERING ENTREPRENEURS, CONNECTING GLOBALLY.

FINALIST

AfricaTech Woman in Tech –

Highlights our efforts to break barriers and pave the way for female empowerment in the tech industry!



FINALIST

AfricaTech Start-Up of the Year

A reflection of our relentless pursuit of excellence and innovation!



Our Menu of Expertise

01

Software Craftsmanship & UX Consulting

We craft bespoke solutions and craft seamless user experiences, tailoring every note to resonate with your business needs.

02

Data Alchemists & Market Research

We conjure insights from the data ether and navigate the market winds, guiding your vessel through the competitive oceans.

03

Strategy Gurus & PoC Development

We chart the digital stars and forge Proof of Concepts, creating your navigational maps to the realms of success.

04

SaaS Enthusiasts & Cloud Migration

We harness the celestial clouds to elevate your business to new heights, ensuring your journey is smooth and your arrival triumphant!

Key Issues in the National Small Enterprise Amendment Bill

- **Merger of Entities:** Consolidation of three agencies into SEDFA
- **Need for Clarity:** Emphasize a clear operational strategy for SEDFA, especially in financial support and services.
- **New KPIs Requirement:** Suggest new KPIs for SEDFA post-merger to measure success.



Core Points and Recommendations

01

Access To Finance

02

Agency's Cooperation
with FSCA

03

Financial and Non-
Financial Support
Services

04

Government's Role in
Business Growth

05

Ombudsman's
Enforcement Powers

06

Monitoring and
Evaluation

07

Learning from Local
Success Stories

08

Closing Remarks

Access to Finance for SMEs



Loophole: The document underscores the importance of financial resources for small enterprises. However, the intricate details regarding how this financial access will be streamlined remain ambiguous.

- **Delays in securing funds have tangible consequences:**

- Impact business momentum and market opportunities, leading to missed niches and competitive disadvantages
- Stalled expansion plans and broader economic repercussions, extending beyond financial loss to missed opportunities and inhibited growth.

- **Recommendation:** in considering international best practices for government models that effectively support small business financing, one standout example is the Small Business Administration (SBA) in the United States.

- **Implement a Loan Guarantee Scheme** to encourage bank lending to SMEs by reducing perceived risks.
- **Establish a Microloan Program** for small, short-term loans, focusing on underserved communities to boost grassroots entrepreneurship.
- **Set Government Procurement Quotas** to ensure a percentage of contracts are awarded to small businesses, fostering SME growth.
- **Provide Support During Crises** with low-interest financial aids to SMEs during economic downturns or disasters.

- **Benefits:** Such an approach would create a supportive environment for SMEs, filling current gaps in funding and support infrastructure.

Loophole: The Bill's general mention of cooperation with the Financial Sector Conduct Authority lacks operational specifics.

The German KfW Development Bank Model:

- Collaborates with private banks to offer low-interest loans to SMEs.
- German government underwrites these loans, reducing risks for private banks.

Incorporating African Bank:

- African Bank's commitment to inclusive banking makes it an ideal partner.
- Shareholders include the South African Reserve Bank and major local banks, blending public and private interests.
- **Recommendation:** Establish a partnership between SEDFA and African Bank, mirroring the German model.
- Focus on creating SME-friendly loan products with government backing to reduce risk.
- Streamline loan application processes for quick, efficient funding.
- **Benefit:** Adopting this collaborative model will enhance the effectiveness of the National Small Enterprise Amendment Bill and support SME growth in South Africa.

Loophole: While the Bill recognizes the importance of these services, it lacks a detailed framework for implementation.

- **Transition Plan for SEDFA:** Develop a detailed plan for financial processes within SEDFA.
- Aim for expedited funding decisions within 30–45 days, inspired by the Silicon Valley model.
- Focus on making financial support responsive and efficient.

Incorporating Local Best Practices – The School of Scale Program:

- School of Scale program led by Vusi Thembekwayo. This program exemplifies how local initiatives can significantly contribute to the development of SMEs.
- SEDFA to integrate elements from the program: mentorship, community support, business guidance.
- Partner with private sector experts for additional expertise and resources.
- **Overall Strategy:** Combine international best practices (Silicon Valley) with successful local initiatives (School of Scale).
- Offer comprehensive support to SMEs, addressing both financial and non-financial needs.
- Aim to foster a robust and dynamic SME ecosystem in South Africa.

Loophole: Current procurement policies under PFMA favour larger, multinational companies.

- Policies often overlook small, innovative enterprises, especially in tech – software development.
- **Contradictory Stance on Innovation:** Government proclaims support for innovation, but practices suggest otherwise, they even recommend these international products on the bids.
- This reality not only undermines local innovation but also stifles our creative potential and entrepreneurial spirit forcing us into a cycle of reselling, rather than creating.
- Hinders local creativity and growth.
- **Labour Laws – A Double-Edged Sword:** Our labour laws, meant to protect, often become weapons against small businesses.
- **South Korean Model for Local Business Support:** South Korea's government actively supports local businesses, especially in tech, contributing to rapid economic growth.
- **Recommendations:** Reorient procurement policies to support and prioritize local businesses and innovation.
- Create government-backed investment funds to finance local startups, following South Korea's model.
- Promote and prioritize South African companies over international brands in government initiatives.
- A need for laws that recognize the reality of running a small business.
- **Overall Strategy:** Shift towards a more aggressive support strategy for local enterprises.
- Adopt strategies similar to South Korea to foster a nurturing ecosystem for homegrown businesses in South Africa.
- Take cues from China's policy of government agencies leading the consumption of domestically produced goods and services.

Ombudsman's Powers



Loophole: The Bill proposes the establishment of the Small Enterprise Ombud Service but does not sufficiently detail its enforcement powers or operational framework.

- **Consequences of Delayed Payments:** Delayed payments by government institutions cause financial strain on SMEs.
- Results in tax defaults, penalties from SARS, and a cycle of non-compliance and withheld payments, creating a vicious cycle that stifles growth and sustainability.
- **Recommendations:** The Ombud Service needs enforcement capabilities, not just mediation.
- Authority to mandate timely payments and impose penalties on entities causing delays.
- **Proposed Enhancements for the Ombud Service:** Strong legislative mandate for decisive actions against defaulters.
- Introduce strict penalties for late payments by government entities.
- Maintain transparent reporting of Ombud Service actions and resolutions.
- Streamline grievance processes for quick resolution.
- Conduct regular audits to ensure effectiveness and adherence to mandate.
- **Overall Goal:** Transform the Ombud Service into a functional body that actively supports and defends SME interests, especially regarding timely payments and unfair commercial contracts.
- We can ensure that the concerns and disputes of small businesses are addressed effectively and efficiently.

Monitoring and Evaluation



Loophole: The Bill's focus on annual reporting does not offer a comprehensive picture of the ongoing impact and effectiveness of the programs initiated by SEDFA.

- Singapore's SME Support Evaluation Model: Noted for thorough and effective monitoring and evaluation.
- It involves frequent feedback sessions with SMEs to gauge the impact of various support initiatives, often conducted on a quarterly basis.
- **Rationale to Emulate Singapore's Model:** Ensures dynamic and evolving support for small businesses.
- Frequent assessments lead to responsive and relevant programs.
- **Recommendations:** Implement frequent, structured evaluations, beyond annual reports
- Use data analytics for real-time tracking and informed decision-making.
- Establish regular forums for SME and stakeholder feedback.
- Adapt a proactive, data-driven approach for program refinement.
- This will ensure that the programs not only exist but actively contribute to the growth and sustainability of small businesses in South Africa.
- **Overall Objective:** Enhance SEDFA's support effectiveness, ensuring active contribution to SME growth and sustainability in South Africa.

Learning from Local Success Stories



- I would like to highlight the value of drawing on the expertise of successful local initiatives:
- A key figure in this realm is Ms. Given Wageng of Sentech SOC, who manages the Socio-Economic and Enterprise Development (SEED) program.
- Her approach and the outcomes achieved by the SEED program are excellent examples of effective small business support in action.
- **Recommendation for Engagement and Knowledge Sharing:**
- Engage with Proven Experts: It's essential for the architects of the SEDFA to engage with leaders like Ms. Wageng. Gleaning insights from her strategies and experiences could provide practical and actionable guidelines for effective support of small businesses.
- **Leverage Local Expertise:** Learning from those who have successfully implemented similar programs is crucial. Their expertise can help shape a more effective and impactful approach to supporting small businesses through the changes proposed in the Bill.

Closing Remarks

In concluding, I reflect on the significant roles of Vusi Thembekwayo and Ms. Given Wageng in my professional journey. Their belief and mentorship have been instrumental in the growth and success of KhumoPancy Consulting.

- Ms. Wageng's faith in our vision laid the groundwork for our company's progress, while Mr. Thembekwayo's mentorship has propelled us into new markets in the Philippines and West Africa.
- Our expansion exemplifies the potential of South African businesses to innovate and succeed internationally.
- **Such success stories, born from support and belief in small businesses, can be a common narrative across South Africa.**



"KhumoPancy Consulting: Your globe-trotting, problem-solving, quirky tech ally!"

CONTACT

<https://khumopancy.com>



khumo@khumopancy.com



+27 82 952 3091



Block C8 349 witch-Hazel Avenue
Eco-Park, Highveld, Ext 79, Centurion,
0157, South Africa



@khumopancy consulting

<https://khumopancy.com>

**THANK
YOU**

Together, with the right support and collaboration, we can and will elevate South African small businesses to new heights of success and global recognition.