



small business
development

Department
Small Business Development
REPUBLIC OF SOUTH AFRICA

2020/21 ANNUAL PERFORMANCE PLAN (REVISED)





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EXECUTIVE AUTHORITY STATEMENT

I hereby re-table the Department of Small Business Development (DSBD) 2020/21 Annual Performance Plan (APP) that has been revised in response to the coronavirus (COVID-19) pandemic. The revised planning document has taken into consideration the 2020 special adjustments budget. This document presents a real shift in the delivery model of the Department as the focus is on key thematic areas and ensuring that the Department prioritises interventions that will position small businesses and Co-operatives at the core driving economic recovery and developing an inclusive economy. The Department will also focus on delivering the business development services, as well as creating a conducive business environment for small businesses, Co-operatives and informal businesses during the challenging period of COVID-19 pandemic.

On 15 March 2020, President Cyril Ramaphosa declared a National State of Disaster in response to the COVID-19 pandemic and announced a range of measures to contain the coronavirus. Following the declaration of the National State of Disaster, the President announced a lockdown period for 21 days, starting from midnight of 26 March 2020, which was extended at the end of the 21 days. The lockdown brought to a halt most business and economic activities, with the exception of those approved as essential services providers.

When the President concluded his speech on 15 March 2020, he said, ***“It is true that we are facing a grave emergency. But if we act together, if we act now, and if we act decisively, we will overcome it.”*** Many of the small businesses, Co-operatives and informal businesses were faced with tremendous time during the lockdown period and the Department had to shift from doing business as usual and ensure that our SMMEs are assisted to stay afloat during and post the lockdown period. We had to heed the President’s call of working together, acting now and decisively. We worked together as a Small Business Portfolio, the Department and its two entities, small enterprise finance agency (**sefa**) and Small enterprise development agency (Seda), forming an Economic Recovery Task Team with its sole purpose to ensure that SMMEs receive the assistance they need with the urgency with which it should be provided.

This sixth administration is a period of implementation, which will catalyse South Africa on a faster trajectory to tackle the triple challenges of poverty, inequality and unemployment. We have come a long way since the proclamation of our Department in July 2014. The establishment of this Department signalled a commitment by the government to set the country on a path which will catalyse South Africa on a faster trajectory to defeating its triple challenges as highlighted in the National Development Plan (NDP) and the 25 Year Review Report.

In response to the COVID-19 pandemic and the special adjustment budget, the Department has developed and introduced several interventions to support SMMEs affected by the COVID-19 pandemic. The interventions include the Business Growth and Resilience Facility; SMME Relief Finance Scheme and **sefa**-Debt Restructuring Facility; Automotive Aftermarkets Support Scheme; Small Scale Bakeries and Confectioneries Business Support Scheme; Small Scale and Micro Clothing, Textile and Leather Business Support Scheme; Spaza Shop Support Programme, amongst others.

It is important to emphasise that these interventions are perfectly aligned to the Township and Rural Entrepreneurship Programme (TREP), which was approved by Cabinet on 4 March 2020. Therefore, the pandemic has assisted the Department to accelerate the implementation of this Cabinet approved intervention, which calls for dedicated support to enterprises that are based in the marginalised areas (township and rural areas), thereby ensuring that the majority of the people are included in the mainstream economy. The majority of these interventions are funded through the instrument that was established to support the implementation of TREP, which is the Township Entrepreneurship Fund.

The Business Growth and Resilience Facility: The Business Growth and Resilience Facility is targeted at SMMEs who locally manufacture or supply hygiene and medical products that are in demand in order to curb and manage the spread of the corona virus. These are products such as sanitisers, detergents and tissue paper. This facility will offer working capital, stock, bridging finance, order finance and equipment finance. The funding amount will be based on the funding needs of the actual business.

SMME Relief Finance Scheme: The SMME Relief Finance Scheme provides soft-loan funding for existing businesses in distress due to the COVID-19 pandemic, to ensure that they do not go under and are able to cover operational costs. This Scheme was established on 1 April 2020.

sefa-Debt Restructuring Facility: The sefa-Debt Restructuring Facility is geared towards sefa-funded SMMEs that are negatively affected by the pandemic. A payment moratorium / holiday is given to the qualifying SMMEs for a period of up to six months, in efforts to reduce the instalment burden of loan obligations on the affected SMMEs. These SMMEs are required to illustrate the direct linkage of their business distress to the pandemic.

Automotive Aftermarkets Support Scheme: The objective of the Scheme is to support motor body repairers (panel beaters) to operate accredited small/independent panel beaters (motor body repairers) centres and other mechanics to operate authorised services centres. The context of this scheme is that South Africa had a total of 12, 027, 860 cars registered in 2017 and about 30% of these cars were insured and/or still under warranty, whereas almost 70% were not insured and/or not under warranty. However, in 2017, there were just over 1800 accredited service providers in the market for motor body repairers and services and these excluded majority of mechanics and motor body repairers in the townships and villages.

Bakeries and Confectioneries Business Support Scheme: The Scheme is aimed at supporting small scale bakeries and confectioneries operating as micro or informal businesses with assistance to purchase business equipment and provision of working capital. It is a stepped-up access to market through off-take agreements, such as spazas on the DSBD Spaza Support Scheme; and access to bulk buying facility for raw materials through participating wholesalers.

Clothing, Textile and Leather Support Scheme: The Scheme is aimed at supporting small scale, micro and informal businesses in the clothing and textile industry to:

- seize opportunities in the sector availed by the COVID-19 pandemic such as production of personal protective equipment (PPE) in the COVID-19 response value chains and beyond;

- participate in the rebuilding and restructuring of the clothing and textile sector as necessitated by the emergence of the new world order; and
- improve the quality and competitiveness of small scale clothing and textile enterprises for both domestic supply and export market.

Spaza Shop support programme: The objectives of the Spaza Shop Support Programme is to formalise the informal businesses of micro-enterprises, facilitate the banking of the unbanked Spazas and also to build a reliable database for future government planning and support.

The qualifying criteria for the Facility and the Schemes is that the entities must be 100% South African owned, 70% of their employees must be South African, and the entities must be registered and be compliant with South African Revenue Services (SARS). In the instance that an SMME is not compliant, they will be assisted with the compliance process before their applications can be considered.

Over and above the interventions already mentioned, which are tailor made as a response to COVID-19, the Department will continue to implement the priorities of the sixth administration that are reflected in the 2019-2024 MTSF towards the achievement of the NDP's Five-Year Implementation Plan, and the Monitoring Framework for the NDP Five-Year Implementation Plan. In this regard, the Department will contribute to Priority 2: Economic Transformation and Job Creation and the related sub-outcomes and interventions, as follows:

PRIORITY 2: Economic Transformation and Job Creation:

- Upscale and expand support to small businesses;
- Creating more jobs;
- Inclusive economic growth;
- Re-industrialisation of the economy and emergence of globally competitive sectors;
- Increased access to and uptake of ICT;
- Competitive and accessible markets through reduced share of dominant firms in priority sectors; and
- Mainstreaming of Youth, Women, and Persons with Disabilities with minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities in the SMMEs and Co-operatives Sector.

We have worked tirelessly in pursuit of the vision of a transformed and inclusive economy driven by sustainable, innovative SMMEs and Co-operatives sector. Small businesses have been identified as crucial drivers of economic activity for they are the providers of goods and services. However, government also recognises that small businesses are faced with various challenges, including lack of business experience, inadequate infrastructure and limited access to finance, amongst others. As a result, the Department will deploy several interventions to support sustainable SMMEs and Cooperatives that will contribute meaningfully to the economy over the medium-term. Most of these interventions will prioritise young people, women and persons with disabilities, especially those that are from historically disadvantaged township and rural areas.

This is particularly important given the high rate of unemployment for young people in South Africa. Furthermore, most women continue to face economic exclusion, resulting in high levels of poverty, inequality and unemployment. This requires a concerted effort from government to overcome barriers to gender equality and women's empowerment in order to effect economic and social transformation. This also aligns with the National Development Plan's economic transformation agenda on broadening opportunities for all South Africans, but particularly for the historically disadvantaged.

The Department has developed the SMME Support Plan for the 2019 – 2024 period, which is in line with the sixth administration priorities. The Plan consists of several key deliverables or targets that will be implemented and coordinated as follows:

Women-owned businesses registered on International platform: The Department plans to register at least 50 000 women entrepreneurs on the international platform by 2025.

SMME Expansion or Scale-Up: This initiative coordinates efforts to support small and medium enterprises to scale-up or expand their businesses and survive beyond their first five years through access to working capital and markets for goods and services.

Township and Rural Entrepreneurship: A dedicated programme to transform and integrate opportunities in townships and rural areas into productive business ventures. The focus is to create platforms which provide the business support infrastructure and regulatory environment that enables entrepreneurs to thrive. The COVID-19 pandemic pushed us to accelerate the development of the sub-programmes to implement this intervention. All the COVID-19 informal business support programmes mentioned above are aimed at supporting informal businesses with compliance support, business skills development, business infrastructure and technical support.

Incubation and Digital Hubs: These are business and technology incubation centres that offer business and technology management skills. This business support and platforms are offered for a minimum of three years. The incubation can either be in-house or remote. Enterprises that have completed an incubation programme must have at least: (a) More than doubled annual turnover; (b) Product or services having more than one market; and (c) Business must be making a profit.

Co-operatives: The initiative is aimed at supporting co-operatives as enterprises that are income and profit-generating that contribute to economic growth and employment creation. The driving ethos is that co-operatives are enterprises or businesses and must be supported to become sustainable and competitive.

SMME Products: An initiative to coordinate and direct the buy local campaign to be impactful by targeting a minimum number of enterprises that should benefit from the initiative. The intention is to set a minimum number of enterprises that must benefit from the Buy Local drive.

Government is committed to give greater support to the SMMEs and Co-operatives sector. In enabling the SMMEs and Co-operatives, we are prioritising the improvement of the regulatory and legal environment. The marginalised areas (townships and rural areas) need more resources owing to their structure and geographic location. Small businesses ordinarily require access to information, economic infrastructure, access to markets and skills irrespective of where they are located. Government and the private sector have always found it easier and less costly to provide support to

enterprises based in urban areas resulting in an uneven growth of enterprises based in urban areas versus those that are based in marginalised areas. The state will have to lead in investing significant resources in these areas in an integrated fashion to stand a chance of crowding in private sector investment. The District Development Model (DDM) is designed to also bring together other social partners to support the development of the Districts and these platforms are critical in enabling the Department to deliver on its targets.

The government took the right decision of developing masterplans for certain key priority sectors and the masterplans are expected to bring together all sector stakeholders to ensure all-round buy-in and support for the sectors. The Department is entrusted with developing the Creative Industries Masterplan and National Small Enterprise Masterplan. These masterplans will display meaningful integration of small businesses so that they can also partake in accessing opportunities and dedicated support measures. The integration of small businesses must be realised at a value chain level and not just as providing services to the sector. This will enable the country to have competitive SMMEs that are involved in the mainstream economy and at the core of economic and sector participation.

Cabinet took a decision to either repurpose, consolidate or abolish some State Owned Enterprises (SOEs). The main objective of this exercise was to ensure that SOEs occupy their critical role of supporting government to implement economic development

and transformation imperatives. Affecting our Department was the decision to establish one entity to ensure integrated provision of business development support as articulated in the National Development Plan. The entities that were identified were Seda, **sefa** and National Empowerment Fund (NEF) for possible consolidation. The exercise of developing a business case has started initially with Seda and **sefa**, whilst discussions are ongoing with NEF also coming on board.

We are encouraging each and every entrepreneur to remain calm and practice responsible behaviour to contain the spread of the COVID-19 pandemic. I would like to thank South Africans from all walks of life, including the SMME and Co-operatives ecosystem, and entrepreneurs whom since my appointment have offered valuable suggestions and support as we start this journey. I endorse the revised Strategic Plan and the revised Annual Performance Plan and confirm that these are consistent with economic recovery interventions aimed at responding to the sixth administration priorities and COVID-19 pandemic.



MS. KHUMBUDZO NTSHAVHENI, MP

MINISTER OF SMALL BUSINESS DEVELOPMENT

ACCOUNTING OFFICER STATEMENT

The revised 2020/21 Annual Performance Plan encompasses the implementation of the sixth administration priorities and the economic recovery interventions in response to the COVID-19 pandemic. This Plan takes into consideration the negative economic outlook resulting from the COVID-19 outbreak and high levels of unemployment, especially youth unemployment, and the increase in the demand for public services.

The mandate of the Department of Small Business Development is to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and Co-operatives, and ensure an enabling legislative and policy environment to support their growth and sustainability. The realisation of this mandate will lead to a transformed and inclusive economy driven by sustainable and innovative small businesses.

The plan takes guidance from the 2019-24 MTSF priorities, economic recovery measures developed and introduced to respond to the COVID-19 pandemic, the 2020 Special Adjustments Budget, Human Rights implications of COVID-19 as suggested by the UN and adapted to the South African context, Gender Responsive Planning, Budgeting, Monitoring and Evaluation Framework, an overview of the Department's focus and key accomplishments during the previous planning period and the Department's strategic focus for the next planning period.

In the previous planning period, the work on reducing regulatory burdens and a conducive legislative and the policy environment for SMMEs and Co-operatives entailed continuing to assist municipalities to roll out the Red Tape Reduction Programme (RTRP). The Department undertook assessments on the effectiveness of the RTRP in the selected municipalities and red tape municipal action plans were concluded. A key new assignment which the Department undertook in the previous planning period was the revision of Schedule 1 of the National Small Business Act, which was gazetted on 15 March 2019. The Department will ensure that the amendments to the National Small Enterprise Act are finalised and implemented, which amongst other things is expected to facilitate the establishment of the Small Enterprise Ombud Service as a key focus during the sixth administration.

One of the strategic objectives assigned to the Department was to ensure an integrated approach to planning, monitoring and evaluation of the Co-operatives sector to inform policy decision making and to that end, the Department convened Co-operatives forums to ensure a shared and common vision and priorities across the Co-operatives sector. The Department supported municipalities to integrate Co-operatives development into their Integrated Development Plans (IDPs) as they have a major impact on the economic development of the broader community. As a National State function with no concurrent jurisdiction with any multi-level jurisdiction, the Department needed to establish Inter-Governmental Relations (IGR) Forums to promote policy coherence in the SMMEs and Co-operatives sector to drive enterprise development.

In response to the COVID-19 pandemic, the Department in partnership with its entities, developed responsive interventions that will continue to be implemented together with the 2019-24 MTSF priorities during the 2020/21 financial year. The interventions include the Business Growth and Resilience Facility; SMME Relief Finance Scheme and **sefa**-Debt Restructuring Facility; Automotive Aftermarkets Support Scheme; Small Scale Bakeries and Confectioneries Business Support Scheme; Small Scale and Micro Clothing, Textile and Leather Business Support Scheme; Spaza Shop Support Programme, amongst others. The SMME South Africa platform was created in partnership with Telkom SA, and will serve as a gateway for SMMEs to apply for both financial and non-financial support, access information about business opportunities and market access support during the pandemic, and beyond.

Furthermore, the Department has developed an SMME Support Plan, which clearly indicates how many small enterprises should be supported per District if the country is to achieve an inclusive economic growth that addresses spatial disparities. The SMME Support Plan will be implemented in partnership with various departments, provinces and municipalities. The plan also assists the Department to plan the distribution of resources and interventions in a way that redresses the imbalances of the past where there was always a bias towards urban areas leaving the township and rural areas behind.

ACCOUNTING OFFICER STATEMENT

More than 5 000 informal business were supported through the Informal Micro-Enterprise Development Programme (IMEDP) during the previous medium-term planning period. During the 2019-24 Medium Term planning period, the Department intends to support informal businesses through various interventions including township and rural enterprises.

The Department will continue to administer a set of incentive programs that are targeting a wide range of micro, small and medium enterprises in line with the approved DSBD Business Delivery Model. The Department will ensure that there is broader participation in the mainstream economy by small businesses and co-operatives owned by individuals from historically disadvantaged communities including, Women, Youth and Persons with Disabilities.

The Department will also continue to invest in improving its administration, systems, processes and capacities to provide an efficient and effective service. The values of equity and equality will continue to be entrenched to ensure that the dignity of our people is respected and restored at all times through our efforts.

I wish to extend my sincere appreciation to the Minister, Ms Khumbudzo Ntshavheni, and Deputy Minister, Ms Rosemary Capa, for their leadership and guidance to the Department, the Departmental entities and the broader SMMEs and Co-operatives sector and stakeholders for their ongoing engagement and support, especially during the testing time of COVID-19 pandemic. Lastly, I commit the Department staff to serve with the utmost respect, resolute and professional mannerism in providing public services to our society.



MR LINDOKUHLE MKHUMANE
ACTING DIRECTOR- GENERAL

OFFICIAL SIGN-OFF

It is hereby certified that this Revised Annual Performance Plan:

- Was developed by the management of the Department of Small Business Development, under the guidance of the Honourable Minister of Small Business Development, Ms. K. Ntshavheni;
- Takes into account all the relevant policies, legislation and other mandates for which the Department of Small Business is responsible;
- Accurately reflects the Impacts, Outcomes and Outputs which the Department of Small Business Development will endeavour to achieve over the 2020 – 21 period.

RECOMMENDED BY:



Ms. S.M. Oosterwyk
CHIEF FINANCIAL OFFICER



Ms. Z. Mavundla
OFFICIAL RESPONSIBLE FOR PLANNING



Mr. L. Mkhumane
ACCOUNTING OFFICER

APPROVED BY:



Ms. K. Ntshavheni, MP
MINISTER: SMALL BUSINESS DEVELOPMENT

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Acronyms and Abbreviations

ADG	Acting Director-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-based Black Economic Empowerment
CDA	Cooperatives Development Agency
CFO	Chief Financial Officer
CIS	Cooperatives Incentive Scheme
DFIs	Development Finance Institutions
DG	Director-General
DDG	Deputy Director-General
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
ESEID	Economic Sectors, Employment and Infrastructure Development
ENE	Estimate of National Expenditure
EXCO	Executive Committee
GTAC	Government Technical Advisory Centre
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IT	Information Technology
IGR	Inter-Governmental Relations
IMEDP	Informal Micro Enterprise Development Programme
LED	Local Economic Development
LM	Local Municipality
MOA/ U	Memorandum of Agreement/ Understanding

MP	Member of Parliament
MPSA	Minister of Public Service and Administration
MTSF	Medium Term Strategic Framework
NDP	National Development Plan, Vision 2030
NEF	National Empowerment Fund
NIBUS	National Informal Business Upliftment Strategy
NRF	National Research Foundation
NT	National Treasury
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
PPPs	Public Private Partnerships
PWD	People With Disability
RDP	Reconstruction Development Programme
RTRP	Red Tape Reduction Programme
SBD	Small Business Development
SDIP	Service Delivery Improvement Plan
Seda	Small Enterprise Development Agency
sefa	Small Enterprise Finance Agency
SEIF	Shared Economic Infrastructure Facility
SETA	Sector Education and Training Authority
SITA	State Information Technology Agency
SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SONA	State of the Nation Address
the dtic	Department of Trade Industry and Competition
WEO	World Economic Outlook



PART A: OUR MANDATE

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

The following is the legislative and policy mandates that the DSBD is directly responsible for implementing, managing or overseeing:

Legislation and Policy	Mandate and Primary Outputs
National Small Enterprise Act 1996, (No.102 of 1996), as amended.	To develop, support and promote small enterprises to ensure their growth and sustainability. Seda provides non-financial business development and support services for small enterprises, in partnership with other role-players in the small business development environment.
Section 3 (d) of the Industrial Development Corporation Act, No. 22 of 1940 (IDC Act).	To provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa. sefa supports the development of sustainable SMMEs through the provision of finance.
Co-operatives Development Act, 2005 (No. 14 of 2005), as amended	To provide for the formation and registration of Co-operatives; the establishment of a Co-operatives Advisory Board; the winding up of Co-operatives; the repeal of Act 91 of 1981; and matters connected therewith.
Co-operatives Policy (2004)	To create an enabling environment for Co-operative enterprises which reduces the disparities between urban and rural businesses and is conducive to entrepreneurship. Promote the development of economically sustainable Co-operatives that will significantly contribute to the country's economic growth.

Legislation and Policy	Mandate and Primary Outputs
	To increase the number and variety of economic enterprises operating in the formal economy. To increase the competitiveness of the Co-operative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets. To encourage persons and groups who subscribe to the values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises and to register Co-operatives in terms of this Act. To enable such Co-operative enterprises to register and acquire a legal status separate from their members. To promote greater participation by black persons, especially those in rural areas, women, and persons with disability and youth in the formation of and management of Co-operatives. To establish a legislative framework that will preserve the co-operative as a distinct legal entity. To facilitate the provision of support programmes that target co-operatives, specifically those that create employment or benefit disadvantaged groups.

Legislation and Policy	Mandate and Primary Outputs
Co-operative Amendment Act, No 6 of 2013.	To provide for the establishment, composition and functions of the Co-operatives Tribunal; to ensure compliance with the principles of intergovernmental relations; to provide for intergovernmental relations within the Co-operatives sector; and to provide for the substitution of the long title and the Preamble.

In addition to the aforementioned acts, the DSBD is further mandated by acts not administered by the DSBD, including amongst others:

Name of Act	Consideration
Public Finance Management Act, 1999 (No. 1 of 1999), as amended.	To regulate financial management in the national and provincial governments and to ensure that the government resources are managed efficiently, effectively, economically and ethically.
Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000), as amended.	To ensure that government's preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practice. The revised regulations were promulgated in 2017 and is also focusing on the implementation of 30% of the public procurement.
Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003), as amended.	Establishes a legislative framework for the promotion of black economic empowerment; and empowers the Minister to issue Codes of Good Practice and publish Transformation Charters, establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith.

Name of Act	Consideration
Companies Act, 2008 (No. 71 of 2008), as amended.	Regulates the incorporation, registration, organisation and management of companies, including the fiduciary and "due care" duties and responsibilities of "directors" of a company.
National Credit Act, 2005 (No. 34 of 2005), as amended.	Aims to facilitate access to credit for all, while introducing measures to prevent over-indebtedness or the extension of credit to the vulnerable.
Consumer Protection Act, 2008 (No. 68 of 2008), as amended	Aims to protect consumers against unfair business practices, giving them greater recourse against companies that supply them with goods and services.
Financial Advisory and Intermediary Services Act, 2002 (No.37 of 2002), as amended.	Regulates the activities of all financial service providers who give advice or provide intermediary services to clients as regards certain financial products. The Act requires that such providers be licensed, and that professional conduct be controlled through a code of conduct and specific enforcement measures.
Protection of Personal Information Act, 2013 (No. 4 of 2013), as amended.	Promotes the protection of personal information by public and private bodies.

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

The policy and strategy mandates informing the strategic posture and intent of the Small Business Development Portfolio are broadly summarised as follows:

Informing Policy/Strategy	Key Considerations
The National Development Plan, Vision 2030 (2012).	<p>The National Development Plan (NDP) envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. As such, the economy will be more inclusive, grow faster, eliminate poverty and reduce inequality.</p> <p>The department and its entities play a major and direct role in coordinating and influencing the implementation of Chapters 3 and 6 of the NDP; which respectively, deal with the economy and employment, and inclusive rural development and growth.</p>
The Medium Term Strategic Framework (2019 – 2024)	<p>The Medium Term Strategic Framework (MTSF) defined as the combination of an NDP Five Year Implementation Plan for the Priorities outlined in the Election Mandate and an Integrated Monitoring Framework.</p> <p>With regard to the set seven priorities identified in the MTSF, the DSBD has a primary/lead role in relation to Priority 2: Economic Transformation and Job Creation and their related sub-outcomes and interventions, as follows:</p> <p>PRIORITY 2: Economic Transformation and Job Creation:</p> <ul style="list-style-type: none"> • Upscale and expand support to small businesses; • Creating more jobs. • Inclusive economic growth. • Re-industrialisation of the economy and emergence of globally competitive sectors. • Increased access to and uptake of ICT. • Competitive and accessible markets through reduced share of dominant firms in priority sectors. • Mainstreaming of Youth, Women, and Persons with Disabilities with minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities in the SMMEs and Co-operatives Sector.

Informing Policy/Strategy	Key Considerations
The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005)	<p>Covers the entire continuum of needed support from pre-start up and start-up support measures to growing enterprises and enterprises in distress. It focuses on the following three strategic areas with aligned actions, as follows:</p> <ol style="list-style-type: none"> 1. Increase supply for financial and non-financial support services - Collaborative approaches to streamline resources from the public sector and crowding in private sector resources; 2. Creating demand for small enterprise products and services - New policy directives, public sector procurement strategy and B-BBEE codes of good practice as a lever for increased demand; and 3. Reduce small enterprise regulatory constraints - Enabling environment, establish a regulatory impact assessment framework and business environment monitoring mechanism.
The Integrated Strategy on the Development and Promotion of Co-operatives (2012)	<p>Seeks to support the ongoing profiling of the Co-operatives, communication outreach, improving access to Co-operatives support, information, research and strengthening advocacy on Co-operatives by delivering effective service and monitoring impact.</p> <p>The strategy further introduces key Co-operatives development and support programmes, under 4 strategic pillars, namely:</p> <ol style="list-style-type: none"> 1. To increase the supply of non -financial support services to Co-operatives; 2. To create demand for Co-operative enterprises products and services; 3. To improve sustainability of Co-operatives; 4. To increase the supply of financial support services to Co-operatives. <p>These strategic pillars will be underpinned by efforts aimed at improving the availability of quality business information and knowledge through expanded research, communication outreach, education and training, and monitoring.</p>

Informing Policy/Strategy	Key Considerations
The National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014 and 2015)	<p>Adopted by Cabinet in 2014, is aimed at supporting the enterprising poor in the informal business sector and facilitating their participation in the mainstream economy through various policy and programmatic interventions.</p> <p>Particular focus on the four Implementation Thrusts that may inform other areas of DSBD work and focus:</p> <ol style="list-style-type: none"> 1. Enhance the quality of enterprise development, promotion and capacity building products and services. 2. Strengthen the policy and regulatory environment to support an integrated and coordinated approach to informal business upliftment. 3. Build the skills, capacity, systems and processes to drive an integrated and coordinated approach to informal business upliftment. 4. Strengthened national, regional and international partnerships to support and promote the NIBUS development agenda.

South Africa is also guided and bound by its multi-lateral and international commitments to the UN, AU and other multi-lateral organisations.

Informing International Convention or Policy	Key Considerations
The UN Sustainable Development Goals (SDG) (2015).	<p>Adopted by the UN Assembly in 2015. Specifically, the following SDG's are relevant to the DSBD and SBD Portfolio:</p> <ul style="list-style-type: none"> • Goal 5. Achieve gender equality and empower all women and girls. • Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. • Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

Informing International Convention or Policy	Key Considerations
The AU Africa 2063 Agenda (AU 2063).	<ul style="list-style-type: none"> • Of particular relevance to the DSBD and the Portfolio are the following aspirations of the Agenda 2063: • Goal 1. A prosperous Africa based on inclusive growth and sustainable development. • Goal 6. An Africa where development is people-driven, unleashing the potential of its women and youth. • Goal 7: Africa as a strong, united and influential global player and partner.
The ILO Recommendation 193 (R193) (2002).	<p>Seeks to promote the fullest participation in the economy and the social development of all people, while recognising that globalisation has created new challenges and opportunities for Co-operatives in terms of their ability to facilitate a more equitable distribution of the benefits of globalisation.</p> <p>In this context, R193 recognises the importance of Co-operatives in terms of job creation, mobilising resources, generating investment and their contribution to the economy.</p>
The ILO Resolution 204 (R204) (2015).	<p>The critical focus is to facilitate the transition of the informal to formal economy and to offer guidance to member states on how to facilitate the transition.</p> <p>Specifically, R204 outlines three key objectives:</p> <ul style="list-style-type: none"> • Facilitate the transition to formality. • Promote the creation of enterprises and decent jobs. • Prevent the informalisation of formal jobs.

Informing International Convention or Policy	Key Considerations
African Continental Free Trade Area Agreement.	<p>It aims to achieve the following general objectives:</p> <ul style="list-style-type: none"> • Deepen economic integration in Africa in accordance with Agenda 2063; • Create a continental customs union; • Liberalise intra-African trade; • Resolve the challenges of overlapping memberships in regional economic communities (RECs); • Enhance competitiveness; • Contribute to the movement of capital and natural persons and facilitating investment; • Promote sustainable and inclusive socio-economic development, gender equality and structural transformation; and • Promote industrialisation.
Human Rights Implications of COVID-19 suggested by the UN and adapted to the South African Context.	<p>Right to adequate food, water and sanitation:</p> <p>Ensure availability, accessibility, acceptability and quality of essential food items and safe drinking water and sanitation, including access to soap, despite the pandemic, lockdowns and other constraints, including the following indicators:</p> <ul style="list-style-type: none"> • Number of businesses support during COVID-19 to pay salaries of the workers.

3. UPDATES TO RELEVANT COURT RULING

There are no court judgements which have a material and/or direct bearing on the mandate and/or core operations of the DSBD.



PART B: OUR STRATEGIC FOCUS

4. UPDATED SITUATIONAL ANALYSIS

Discussed below are the salient external and internal environmental shifts influencing the Department's performance and 2020/21 performance plan and targets.

4.1. External Environment Analysis

4.1.1. The Global Economic Environment

The latest World Economic Outlook (WEO) April 2020: The Great Lockdown Report, projected that due to the COVID-19 pandemic growth will be severely impacted across all the regions. Global growth is projected to contract by 3% in 2020. Assuming that the economic crisis will fade during the second half of 2020, global growth is projected to grow by 5.8% in 2021 as economic activities normalise, assisted by economic recovery measures. Currently, there is uncertainty around the global growth forecasts, however, the economic fallout depends on the response by the government interventions policies to the COVID-19 pandemic. Lockdown regulations governing the safety measures such as the school closure, centralised quarantine, travel restrictions and PPE provisions have proved to be effective in controlling the spread of the virus.

	Projections			Difference from January 2020 WEO update	
	2019	2020	2021	2020	2021
Overview of the World Economic Outlook projections (WEO, April 2020)					
World Output	2.9	-3.0	5.8	-6.3	2.4
Advanced Economies	1.7	-6.1	4.5	-7.7	2.9
United States	2.3	-5.9	4.7	-7.9	3.0
Euro Area (Germany, France, Italy and Spain)	1.2	-5.9	4.7	-7.9	3.0
Japan	0.7	-5.2	3.0	-5.9	2.7
United Kingdom	1.4	-6.5	4.0	-7.9	2.5
Canada	1.6	-6.2	4.2	-8.0	2.4
Emerging Market and Developing Economies	3.7	-1.0	6.6	-5.4	2.0
Emerging and Developing Asia	5.5	1.0	8.5	-4.8	2.6
Emerging and Developing Europe	2.1	-5.2	4.2	-7.8	1.7

	Projections			Difference from January 2020 WEO update	
	2019	2020	2021	2020	2021
Latin America and the Caribbean	0.1	-5.2	3.4	-6.8	1.1
Middle East and Central Asia	1.2	-2.8	4.0	-5.6	0.8
Sub-Saharan Africa	3.1	-1.6	4.1	-5.1	0.6
South Africa	0.2	-5.8	4.0	-6.6	0.3

Source: IMF, 2020 World Economic Outlook, IMF WEO Database

The emerging market and developing economies outlook growth is expected to decrease to negative 1% in 2020 and partial recovery is projected by 6.6% in 2021. The growth projection would increase if the pandemic and containment measures are maintained.

The WEO recommended that the emerging market and developing economies need to deal with the pandemic outbreak in two phases: a phase of containment and stabilisation, followed by the recovery phase. In both phases, public health and economic policies have crucial roles to play. Quarantines, lockdowns, and social distancing are all critical for slowing transmission, giving the health care system time to handle the surge in demand for its services and buying time for researchers to try to develop therapies and a vaccine. These measures can help avoid even more severe and protracted slump inactivity and set the stage for economic recovery. Many emerging market and development economies such as China, Indonesia and South Africa have started providing economic recovery intention support to impacted sectors and workers.

4.1.2. The South African Economic Environment

South Africa faces a confluence of economic difficulties that compound the impact of the public health emergency. As it is, the South African Economy has entered a second technical recession since the first quarter of 2018 with real gross domestic product (GDP) contracting by a further 1.4% in the fourth quarter of 2019. The slowdown in economic activity in quarter four of 2019 was broad-based, with output contracting in all sectors – primary, secondary and tertiary. Gross domestic product slowed down further from 0.8% in 2018 to only 0.2% in 2019. This was the lowest growth rate

since the economic contraction in 2009, following the global financial crisis. Estimates from the International Monetary Fund (IMF), the Reserve Bank and the Organisation for Economic Cooperation and Development suggest that economic growth in South Africa will contract by between 6% and 7% in 2020.

Real percentage growth	2019	2020	2021	2022
	Actual	Forecast		
Household consumption	1.0	1.1	1.3	1.6
Gross fixed-capital formation	-0.9	0.2	1.3	1.9
Exports	-2.5	2.3	2.6	2.8
Imports	-0.5	1.8	2.5	2.8
Real GDP growth	0.2	0.9	1.3	1.6
Consumer price index (CPI) inflation	4.1	4.5	4.6	4.6
Current account balance (% of GDP)	-3.4	-3.4	-3.5	-3.7

Source: National Treasury, Reserve Bank and Statistics South Africa

4.1.2.1. The Global Investor Perception

In December 2019, Fitch's took a decision to affirm South Africa's long term foreign and local currency debt ratings at 'BB+' and maintain the negative outlook. South Africa's foreign and local credit ratings by Fitch remain one notch below investment grade.

According to Fitch, South Africa's ratings are constrained by low growth potential, high and rising government debt, large contingent liabilities as well as the risk of rising social tensions due to extremely high inequality. Nonetheless, the ratings remain supported by strong macroeconomic institutions, a favourable government debt structure and deep local capital markets. The negative outlook reflects uncertainty about the ability of the government to stabilise public debt over the medium term.

Government remains committed to the stabilisation and improvement of its fiscal position. The agency acknowledges government's plans to stabilise its finances in order to achieve a balanced primary budget. Further, government will continue to work

hand-in-hand with unions to manage the growth of the public sector wage bill in order to reduce government's debt burden.

Continued collaboration between government, labour, business and civil society is essential in order to successfully implement all fiscal measures and growth-enhancing reforms.

4.1.2.2. South African Investment Conference

South Africa hosted the second South African Investment Conference from 5 to 7 November 2019. The second Investment Conference provided a platform to showcase growth and investment prospects in an economy with vast potential and enormous resources. Investors had the opportunity to hear from – and engage with – government representatives on its progress towards political and economic renewal, strengthening the credibility of public institutions and unlocking the latent potential and the innovative spirit of South Africa's economy.

South Africa is open for business and is the most diversified African economy, with a host of unique comparative advantages and unique features as an investment destination and trade partner. Low confidence and growth have weighed heavily on private investment activity. Commitments from the Investment Summit will continue to be implemented in partnerships with the private sector, labour and civil society.

4.1.2.3. The Performance of Sectors and Industries

The latest available data from Statistics South Africa (StatsSA) on the Gross Domestic Product (GDP) of Quarter 4 2019, indicates that the South Africa's GDP decreased by 1,4% in the fourth quarter of 2019.

The transport, storage and communication industry decreased by 7,2% and contributed negative 0,6 of a percentage point to GDP growth. Decreased economic activity was reported for land and air transport, as well as transport support services. The trade, catering and accommodation industry decreased by 3,8% and contributed negative 0,5 of a percentage point to GDP growth. Decreased economic activity was reported for wholesale and motor trade and accommodation. The manufacturing industry decreased by 1,8% and contributed negative 0,2 of a percentage point to GDP growth.

The divisions that made the largest contributions to the decrease were motor vehicles, parts and accessories and other transport equipment; and wood and wood products, paper, publishing and printing. The construction industry decreased by 5,9% and contributed negative 0,2 of a percentage point to GDP growth. Decreases were reported for residential and non-residential buildings and construction works. The agriculture, forestry and fishing industry decreased by 7,6% and contributed negative 0,2 of a percentage point to GDP growth. The decreased was mainly due to a fall in the production of field crops and horticultural products.

In contrast, finance, real estate and business services increased by 2,7% and contributed 0,6 of a percentage point to GDP growth. The mining and quarrying industry increased by 1,8% and contributed 0,1 of a percentage point to GDP growth. Increased production was reported for platinum group metals, iron ore and gold.

Sector contribution to GDP growth – Fourth Quarter 2019

The next figure illustrates the nominal contribution of each sector to the GDP in Q4: 2019, overall led by the Trade. In rand terms, nominal GDP for the fourth quarter was estimated at R1.31 trillion up by R91 billion in Q3 2019.

1. Trade was up by R24 billion to R192 billion,
2. Finance was up by R4 billion to R228 billion,
3. Electricity, gas and water was down by R9 billion to R36 billion, and
4. Agriculture was down by R17 billion to R12 billion.

Which are the largest (and smallest) industries in South African?



Source: StatsSA – Gross Domestic Product, March 2020

The finance and business services is the largest contributor with the contribution of 20%, followed by Government at 18%, trade (17%), manufacturing at 13%, transport at 10%, mining at 9%, personal services at 6%, electricity at 4% and the least contributor being Agriculture at 1%.

In summary, the sector trend analysis reflects:

1. Primary sector:

- **Agriculture:** Decreased production was reported for field crops and horticultural products.
- **Mining:** Increased production was reported for the platinum group metals, iron ore and gold.

2. Secondary sector

- **Manufacturing:** Weak production reported for the automotive and wood and paper industry were the main drags on growth.
- **Electricity, gas and water:** A fall in both electricity distributed and water consumption pulled overall growth down by 4,0%.
- **Construction:** Declining activities were reported for residential buildings, non-residential buildings and construction works.

3. Tertiary sector

- **Trade:** A fall in activity was reported for wholesale trade, motor trade and accommodation services.
- **Transport:** Decreased activity in land transport, air transport and transport support services contributed to the fall.
- **Finance:** Financial intermediation and auxiliary activities contributed positively to growth.
- **Personal services:** Increased spending on health and recreational activities.
- **Government:** The fall was partly attributed to a decline in employment numbers in higher education institutions, national and provincial government.

In addition to the above, 2019-24 MTSF ascribes plans to create a conducive environment that enables national priority sectors to support industrialisation and localisation, that will lead to increased exports, employment, and youth and women owned SMME participation. The Department is entrusted with developing the **Creative Industries Masterplan and National Small Enterprise Masterplan (NSEMp)**. To grow South Africa's economy and expand its productive sectors, masterplans will need to be developed to refocus the South African industrial strategy as a central pillar of the country's economic recovery and will be key to growing the economy.

4.1.2.4. SMMEs in South Africa

According to the Real Economy Bulletin publication of, January 2019, Small business encompasses a wide range of enterprises, from self-employed people eking out a precarious survival selling by the road side to high-level professionals providing well-paid services to big business. In those numbers a quarter of formal small business were own-account enterprises, with no employees. Over half had between one and nine employees, and a fifth had between 10 and 49 employees. In contrast, some 80% of informal enterprises had no employees, and virtually none had more than four¹.

²In 2010 the number of formal business reported in the labour market survey climbed from around 600 000 to 640 000 in 2017. The number of informal business grew from 1,3 million to 1,5 million in the same period. In the year up to the first quarter of 2019, the number of SMMEs grew by 4.4% against a backdrop where economy-wide employment contracted by 0.4%. As such, the SMME option has become a natural alternative for people struggling to find a job. However, a smaller cake is now divided by ever more enterprises, as the combined turnover of SMEs stagnated despite inflation being above 4%. Of all employed people, 5.3% also employed others in Q1 2019, while 10.2% worked for themselves. Combined at 15.4% (or 2.55 million), this comprises the proxy measure for the number of SMMEs in South Africa.

Employment provided by SMMEs

The National Development Plan envisages that by 2030, 90% of the 11 million jobs will be created through small to medium enterprises, supported by government. It is realised that government itself does not create jobs, but creates the enabling environment, and even this the government cannot achieve alone. It requires a collective effort from the private sector, civil sector and the public sector. Partnerships with all critical stakeholders remain a fundamental prerequisite.

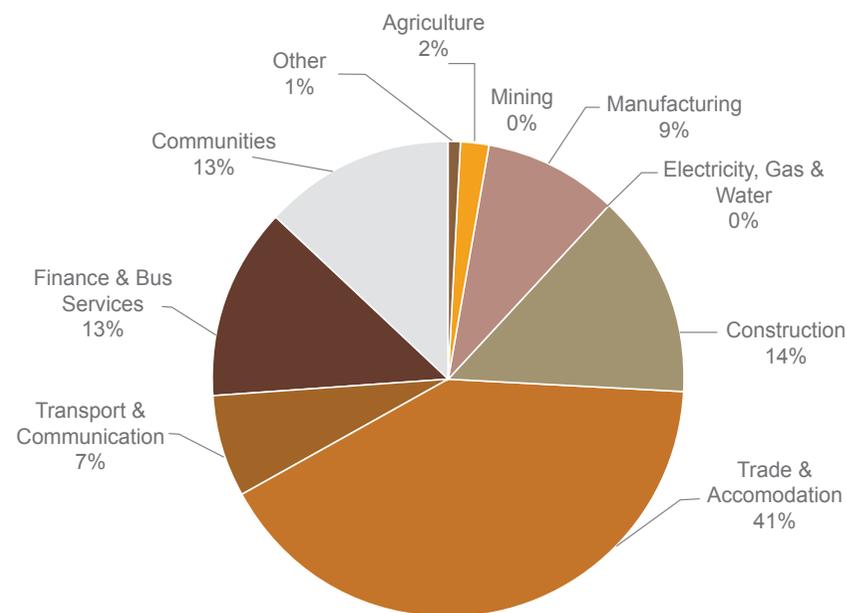
In the first quarter of 2019, the SMME sector provided employment to 10.8 million people in South Africa, which accounts for 66% of all jobs (16.5 million) in the country. Of these, only 2.55 million jobs were for the SMME owners themselves, while the balance of 8.3 million jobs (or 77%) were for their employees. The combined job creation of SMMEs (for others and the owners) was a staggering 2 million positions in

this period, an increase of 22%. These numbers indicate a huge swing in the labour market from large employers to smaller ones, implying that large enterprises culled jobs at a high rate.

Closer inspection shows that the number of SMME employees (non-owners) grew by 29% over the year up to Q1 2019. The majority of SMME employment (61%) is located in the formal sector. Of all jobs provided to others by SMME owners, an estimated 38% is filled by female workers. This proportion was stable in the previous four quarters.

SMMEs by industry

In the year up to Q1 2019, there was an increase in the number of SMMEs active in only six of the ten main economic sectors. The trade and accommodation sector gained the most (accounting for close to 90% of the growth, i.e. 107 400 enterprises), followed by transport and communication (22%). The number of SMMEs also increased significantly in the construction, manufacturing, and financial and business services sectors. In contrast, the number of SMMEs in the community services sector declined sharply, as well as in agriculture.



Source: Seda Q1 2019 SMME report (August 2019)

1 The Real Economy Bulletin Published: January 2019
 2 Seda Q1 2019 SMME report (August 2019)

4.1.2.5. 2016/17 Annual Review of Small Businesses and Co-operatives: South Africa Findings

The Department conducted an Annual Review of Small Businesses and Co-operatives in South Africa, and it aims to contribute towards the promotion and development of small, medium and micro enterprises (SMMEs) as well as co-operatives by building a better understanding of the complexities of the sector by reviewing and analysing available data as well as engaging SMMEs, Co-operatives, government departments and agencies and highlighting the challenges faced by SMMEs and Co-operatives in South Africa. The review places its emphasis on the development and improvement of the Small Enterprise Development ecosystem as a whole with the provision of the information that seeks to update the state of the sector.

The findings of the Annual Review allow for policy dialogue to stimulate even greater participation by all stakeholders in the design and implementation of future policy and programme interventions for the sector to create the optimal enabling ecosystem for the sector. The objective is to allow for evidence based research, policy and programme development.

The review determined that the challenges faced by SMMEs have been persistent over time, with lack of access to finances and premises, as well as burdensome regulations severely inhibiting SMME development. The review considered the SMME environment in a holistic manner, considering also the constraints and challenges faced by government entities mandated to support these enterprises. The finding is that these agencies remain disconnected, with poor systems and procedures and little leadership on a national scale. This reduces the positive impact of government programmes on SMMEs and results in inefficiencies in government programme development and implementation. The review recommends standardised systems and protocols to monitor government effectiveness and increase efficiency. Furthermore, it recommends the development of a standardised database to encourage collaboration and improve programme targeting. Finally, it recommends that assistance to SMMEs should be conceptualised as a part of a holistic business journey so as to improve the quality and relevance of assistance provided to SMMEs at each stage of the journey.

4.2. SWOT Analysis Informing the Strategic Plan

Considering the above macro environment, the DSBD identified the following key strengths/opportunities and weaknesses/threats. The Strategic Plan and Annual Performance Plan aim at leveraging the strengths and opportunities and ensuring an adequate response to mitigating the identified weaknesses and threats.

Strengths to be leveraged	Weaknesses to be mitigated
<ul style="list-style-type: none"> ▪ Sound government policies for the promotion of entrepreneurship and enterprise development, Co-operatives and informal businesses; ▪ Sound governance framework (DSBD, Seda and sefa); ▪ Unqualified audit outcomes, and entities clean audit outcomes; ▪ Dedicated human resource capacity to a very specific mandate; ▪ Solid retention strategy in place in Portfolio, low staff turnover; ▪ Increasing body of market intelligence to guide decision-making; ▪ Financial resources available for SMMEs and Co-operatives development across the spheres of government; ▪ 30 day payments commitment by government. 	<ul style="list-style-type: none"> ▪ Unavailability of baseline data of SMMEs and Co-operatives; ▪ Fragmentation of interventions for SMMEs and Co-operatives (lack of coordination); ▪ Inconsistent and varied implementation of policies; ▪ Lack of citizen-centric approach to addressing sector needs; ▪ Productivity deficiency; ▪ Shortage of the specialised skills, (Development Finance and Economic Modelling) ▪ Lack of integrated service delivery support (duplication of programmes across the DSBD, Seda and sefa); ▪ Legacy practices – yet to demonstrate the value proposition of a separate DSBD, Seda and sefa;

Opportunities to be leveraged	Threats to be mitigated
<ul style="list-style-type: none"> ▪ Strength in the mandate for SMME and Co-ops development - willingness across the sector (within government and the private sector) to respond to effective leadership and coordination; ▪ Support from the fiscus, political support, broad societal buy-in and international support; ▪ Strategic public and private partnerships; ▪ Innovative beneficiaries, willing and able to grasp opportunities given appropriate support; ▪ Sound financial and non-financial instruments established – to promote and optimise access; ▪ Availability of technology to strengthen the competitiveness of the sector – and to create access; ▪ Public sector procurement – large purse to be leveraged, particularly for township and rural enterprises, and directed towards targeted groups; ▪ Enterprise supplier development networks, channels and processes; ▪ Better utilisation of the B-BBEE requirement and codes of good practice; ▪ Mentorship, incubation and cadet programmes at provincial and local level. 	<ul style="list-style-type: none"> ▪ Differentiated sector definition of SMMEs and Co-operatives; ▪ Restrictive regulatory environment (constraints), including out-dated legislation dating back to the Apartheid-era; ▪ Segregation of the three spheres of government (non-unified approach); ▪ Heavy reliance by small businesses on government grant. ▪ Low level of early entrepreneurial activity; ▪ High failure rate of start-ups; ▪ Untransformed private sector lack of participating in the private sector by SMMEs and Co-operatives; ▪ Inappropriate logistical infrastructure to facilitate balanced spatial development; ▪ Proliferation of the foreigners Macro and Micro businesses. ▪ Depressed economic climate; ▪ Low literacy and technical skills – the digital divide.

4.2.1. Women, Youth and Persons with Disabilities

Section 3.1.1 of the **Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing** states that “*Women’s participation, representation, voice and agency at all levels of society has improved since the inception of democracy. However, the prevalence of patriarchal norms, compounded by women’s economic and social exclusion, means that women remain subordinate and under-represented in many spheres of social life, including those related to decision-making at a political and governance level, as well as within important social institutions such as faith-based organisations. The country’s legislative framework and justice system continues to disadvantage most women, particularly those from vulnerable sectors. Women and girls continue to suffer from harmful practices and discrimination in relation to inheritance rights*”.

The **White Paper on an Integrated National Disability Strategy (INDS)** vision is “A society for all, one in which PWDs are actively involved in the process of transformation”. Informed by the United Nations Standard Rules for the Equalisation of Opportunities for PWDs and the Disability Rights Charter developed by Disabled People South Africa in consultation with other representatives organisations of PWDs.

The **Youth Policy 2015 – 2020**, suggested measures include industrial policy interventions to improve labour absorption in the economy; work exposure measures to provide young people with opportunities to gain on-the-job experience; linking young jobseekers to employers; interventions to support entrepreneurship; facilitating access to opportunities, business training and markets for youth-owned companies and Co-operatives; and improved public employment schemes. Inequality of opportunity will be reduced through the implementation of redress measures such as BBBEE and land reform, as well as through the radical economic transformation agenda driven by the Government.

The NDP prioritises the significant role of women, youth and people with disabilities in our society. The 2019-24 MTSF suggested that if these three groups are strong, our whole society will be strong. These are cross-cutting focus areas that the Department will be mainstreamed across projects, programmes and interventions.

4.3. Internal Environment Analysis

In support of the its strategic posture and focus, the Department reflected on its institutional and governance arrangements, with the aim of ensuring that internal processes, systems and arrangements are further enhanced and that it continues to move from an internal focus (on compliance) to focus increasingly on outcomes and impact in the lives of its beneficiaries – informal businesses, SMMEs and Co-operatives.

4.3.1. Stakeholder Analysis Informing the Strategic Plan

The small business development portfolio places its stakeholders at the apex of its strategic thinking and resultant planning, and it is critical for the Department and its entities to effectively manage stakeholder relations and collaborative partnerships. These must address both stakeholders identified in terms of the DSBD, Seda and **sefa** mandates and others that may influence the achievement of the collective vision and mission; and must include an enhanced focus on sector research and intelligence. It must also include a focus on relations with aligned government functions, private sector partners and regional institutions and entities.

There is consensus that to achieve the desired state of a well-functioning and successful small business ecosystem, there is a need to leverage on what other government departments, agencies and the private sector at all levels are doing in the small business development space.

The following table reflects key stakeholder considerations and possible programme responses identified in the planning discussions:

External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Beneficiaries - SMMEs and Co-operatives (formal and informal)	<ul style="list-style-type: none"> ▪ Execute the DSBD, Seda and sefa mandate; ▪ Improved, efficient and effective services; ▪ Responsiveness and relevant programmes and services; ▪ Sound corporate governance. 	<ul style="list-style-type: none"> ▪ Delivery of the mandate; ▪ A simplified regulatory and policy regime; ▪ Effective and efficient programmes that respond to real needs; ▪ Resources and tools to link SMMEs and Co-operatives to markets – databases or systems; ▪ Ensure reliability and dependability of services; ▪ Enhance accessibility and availability of services.
National, Provincial and Local Departments	<ul style="list-style-type: none"> ▪ Execute the Department mandate; ▪ Influence how over R17 billion small enterprise development budget across government is coordinated and spent. 	<ul style="list-style-type: none"> ▪ Articulate and communicate a compelling small business agenda; ▪ Lead evidence based legislative and regulatory review; ▪ Transversal Agreements with sister departments; ▪ Meaningful participation in relevant fora; ▪ Intellectual leadership to the sector and more broadly - guidance i.t.o. trends and indicators in the sector.

External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Parliamentary and political oversight	<ul style="list-style-type: none"> Execute the DSBD, Seda and sefa and mandate; Participate in broader planning structures and champion small business and co-operatives agenda; Sound corporate governance; Return on Investment. 	<ul style="list-style-type: none"> Implement an approach to reporting of cluster-wide and sectoral performance and impact; Collaboration and support for objectives of sister institutions; Sound and defensible performance reporting; Participate in broader planning structures and champion the SMME and Co-ops agenda; Sound corporate governance.
Academia and research institutions	Collaboration and joint research programmes.	<ul style="list-style-type: none"> Proactively package and communicate opportunities for engagement and collaboration; Multi-year research agenda and programme.
Targeted Groups	Ensure delivery on committed targets.	<ul style="list-style-type: none"> Monitor and track sector-wide performance on committed targets and quotas.
Broader communities and general public	A responsive and visible DSBD, Seda and sefa role-players, supporting broader community upliftment.	<ul style="list-style-type: none"> Better communicate the successes and impact of DSBD, Seda and sefa programmes and involvement; Strengthen the petitions management processes and responsiveness to issues and commitments.

External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Contractors, Suppliers, etc.	<ul style="list-style-type: none"> Decisions to be made at agreed times; Adherence to terms of engagement; Payment for work done within 30 days of valid invoice. 	<ul style="list-style-type: none"> Systems to ensure efficient and effective performance and compliance to the scope of work; Clearly defined procurement policies; Efficient supply chain processes – fair, transparent and effective; Focus on regional suppliers or contractors development; Improve contract negotiation, management and reporting.
ILO and socio-development organisations	<p>Alignment to ILO R204 and the decent work agenda.</p> <p>Alignment to ILO R190 and the importance of Co-operatives</p>	<ul style="list-style-type: none"> Upscale and ensure implementation of the resolutions from the Annual Informal Economy Summit; Ensure implementation of the NIBUS; Promote the full participation of Co-operatives in the economy and social development of all people, with a strong focus on human solidarity and a more equitable distribution of the benefits of globalisation.

External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Partners and the private sector	Collaboration and opportunities for partnership.	<ul style="list-style-type: none"> Strengthen points of interaction with partners and with the private sector.

Internal Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Staff	<p>A suitable working environment, resources to deliver on roles.</p> <p>Opportunities for personal and professional development.</p>	<ul style="list-style-type: none"> Ensure a working environment which is conducive to achieve sectoral/organisational objectives; Provide opportunities for growth and development; Nurture a culture of recognition, communication and transparency; Implement and monitor the "living" of the Portfolio values; Investigate and realign the structures of DSBD, Seda and sefa in line with the portfolio/aligned organisational strategies.

The above list is not exhaustive, comprehensive stakeholder management and communications strategy must be developed and implemented, including stakeholder segmentation, so as to aid the DSBD, Seda and sefa in integrating and targeting its initiatives and dealings with its stakeholders at all levels.

The Department has developed a Business Delivery Model (BDM) to enhance the value of its services. The Model will require adjustment to the DSBD Budget Programme Structure and organisational design, to ensuring that Programme One continues to focus on the Department's administration while other programmes will be defined based on the BDM. Product and Market development for the SMMEs and Co-operatives sectors, as well as the Enterprise Development and Development Finance are the focal areas in the business model of the Department. In turn, the entities will ensure that they are appropriately aligned and orientated towards targeted programme implementation that is fully responsive to the BDM, MTSF and the policy stance and priorities of the sixth administration defined by the government. This must include greater synergy and coherence, and a stronger interface between the entities, which is also highlighted to the BDM as depicted in the figure below.

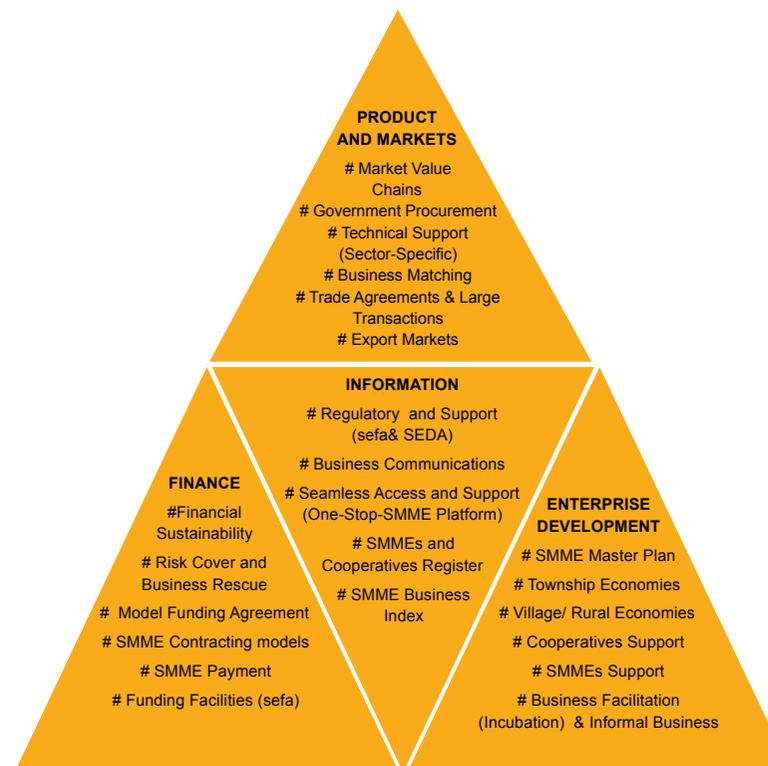


Figure: Business Delivery Model

Furthermore, the Department has also embarked on a process to improve various internal policies, processes and systems to ensure that an enabling context is in place. The following sections highlight the Department's key actions with regards to its business improvement programme, as well as policies, processes, and systems.

Reduction in fraud and corruption

The Department has an approved Fraud Prevention and Whistle Blowing Policy and Implementation Plan. The objective of this intervention is to ensure that the Department enhances the implementation of the holistic Fraud Prevention and Whistle Blowing Policy with the emphasis being on the application of pro-active measures to enhance operational efficiency. During the revision of the Whistle Blowing Policy, the Department considered fraud indicators which were highlighted by the Auditor-General of South Africa (AGSA) during the 2016/17 regulatory audit. The investigation was undertaken and necessary action was taken to deal with the findings of the investigations. During the MTEF period, the Department implemented an efficient and responsive fraud prevention plan to mitigate the occurrence of fraud and corruption.

Service Delivery Improvement Programme (SDIP)

Government has introduced a Service Delivery Improvement Programme to provide a mechanism for continuous, incremental improvement in service delivery that promotes efficiency and effectiveness. The Department has developed a three-year SDIP in order to continuously address the improvement of service delivery, in line with approved SDIP guidelines. It focusses on critical services within the Operational Plan of the Department that have been identified for special attention and improvement. The implementation of the approved SDIP incorporates revisions to operating procedures and processes that will enable the Department to be more responsive and efficient with clear lines of responsibility and accountability. The SDIP will be updated to align it with the revised Strategic Plan of the DSBD.

The Department has critical dependencies within the Operations Management Framework (OMF) that are still to be developed to support the implementation of the SDIP. The Service Delivery Model, Business Process Mapping of all services provided by the Department, Standard Operating Procedures (SOPs) and service standards have been prioritised and will be developed and implemented during the MTEF period.

Change Management

The aim of the Change Management Programme is to facilitate readiness and to support stakeholders during the operationalisation of the Department. Change Management is a by-product of the Turnaround Strategy and occurs in various areas in the Department. Thus, even though all employees inherently carry a responsibility in this regard, championing change (right from the top) is a key success factor. All identified Turnaround Strategy projects are change initiatives by nature. The main deliverables within the Change Management Strategy are as follows:

- The Department introduces and manages changes through different platforms and different means of communication. The Communication Strategy encapsulates Change Management as one of its key elements. Going forward, the Department will co-ordinate all Change Management interventions through various fora such as the Management Committee (Manco), Executive Management Committee (EXCO), Minister engagements, DSBD Blitz and other medium of communication. The Department will create a platform for Executive Management to engage, communicate and become transformation leaders, as well as an appropriate communication strategy.
- Ensures that each and every employee, regardless of his or her level, takes ownership of the change and that change be embedded in what they do on a daily basis. It provides the tools and techniques of what to do differently, when executing their duties in line with the new vision of the Department and what it means to be and practice customer centric. The Department will therefore prepare individuals to work according to the new processes, where new business processes are designed. This will further enable the successful adoption of the new systems when these actions are implemented.
- Change Management in the Department will be driven and owned / sponsored by not only the leadership (ADG and EXCO), but is a responsibility of all SMS members as well - this in line with the Core Management Competence (CMC) for Change Management.

Internal policies, processes and systems

Various internal policies, processes and system improvements have been identified to improve the Department's performance and better manage its functions. Having formalised processes and procedures will increase efficiencies by ensuring that the

Department is able to do more in less time. Having formal internal policies, processes and procedures in place will minimise the time spent overseeing the day-to-day running of the business. This will also improve the consistency of service delivery by the Department.

The following processes, systems and internal policies will be developed and implemented over the MTEF period:

Departmental APP Reporting Dashboard tool

The Department will implement an online APP reporting Dashboard Tool which is a comprehensive, integrated quality solution for organisational performance management. The tool will be used to automate performance information for virtual reporting, monitoring and evaluation of information. The tool will enable the Department to not only streamline its performance information, but also mainstream the management of performance information in line with legislative prescripts and related frameworks.

The solution provides integrated reporting from different source systems to effectively manage performance information. Once fully implemented throughout the Department, the solution will improve organisational effectiveness; create a central location to monitor the performance through reports and analysis of the data, perform various calculation, and drill down into detailed information to make well informed and insightful business decisions. It will also help to articulate strategy, set objectives, monitor performance and perform group analysis to support the Department's overall strategy.

Going forward, the tool will also include a functionality that will provide accurate, timely and fact-based risk management information to key stakeholders to facilitate decision-making and embed risk management in all operations, in accordance with the methodologies and best practices set by the Department.

Implementation of the eDisclosure Framework

In terms of the Public Sector Regulations (PSR) all Senior Management Service (SMS) employees, Middle Management Service (MMS) employees, certain Occupational Specific Dispensation (OSD) employees, and employees in Finance and Supply Chain are required to disclose their financial interest via the eDisclosure system.

To further strengthen governance within the Department, officials in the BBDSP and CIS incentive schemes were also included within the eDisclosure framework. Furthermore, all departmental employees are required by law, and in terms of the departmental policy, to obtain approval from the Accounting Officer prior to conducting other remunerative work outside of the public service on an annual basis. The Department further requires the disclosures of interests at all meetings.

The Framework seeks to strengthen the processes for financial disclosure and interests of all applicable officials within the Department to manage conflicts of interests. By ensuring accurate disclosures, the Department will be able to demonstrate the integrity of its procurement processes by managing potential conflict of interests and collusion. The Framework identifies the officials who are required to comply with disclosure requirements, the requirements of disclosing and the timeframes for disclosure. It also provides the disclosure processes that officials need to follow in disclosing their private interests. Clear guidelines are provided for officials to declare gifts and donations received from service providers. In addition, the Framework outlines the processes to be followed when an official performs remunerative work outside the public service.

The status of the institution regarding compliance with the BBBEE Act

The Department is currently undergoing the BBBEE verification process. This is the first time that the verification is being undertaken. It has been a very steep learning curve for the Department and the process has highlighted areas that need to be streamlined. The BBBEE grading that will be used as a baseline against which the Department will measure its improvement in the next five years.

Strategic Planning, Monitoring and Reporting Framework

The Department will develop and implement the Strategic Planning, Monitoring and Reporting Framework and Standard Operating Procedure (SOP). The Framework and SOP will outline the details of the Planning, Monitoring, Evaluation, Implementation and Reporting cycle at the Department, linking long-term planning with medium and short-term.

The framework will also be a tool of the Department to bring about and guide integrated Planning, Monitoring, Evaluation, Implementation and Reporting across programmes/Branches and its entities. It will set out a generic process for the medium

and short-term Planning, Monitoring, Evaluation, Budgeting, Implementation and Reporting process. Furthermore, it is aimed at coordinating the performance and financial information reporting requirement of the Public Finance Management Act (PFMA), National Treasury Regulations, Department of Planning, Monitoring and Evaluation (DPME), Public Service Regulations, and Auditor-General of South Africa (AGSA) and take the King IV report into account.

Implementation of the Communication Strategy

Through the implementation of the Departmental Communication Strategy, the Department aims to keep its internal and external stakeholders informed of programmes and projects executed by the Department. It also aims to correct any negative perceptions about the Department through editorial letters, advertorials, outdoor advertisement, public engagement programmes and media engagements. The Department will review its communication implementation plan to better support Public Participation Programmes, targeted media engagements and editorial pieces to improve the profile of the Department and ensure that the policy agenda is effectively communicated. The Communication Strategy itself will also be reviewed to ensure that the Department and its entities have a footprint in all service delivery areas for Department to realise its gains and for its entities, to report in a proactive manner.

Skills Development in the Department

The Department has a responsibility of developing a skilled workforce as mandated by the MTSF. The function will galvanise efforts towards capacity building of critical and scarce skills in the Department. There is a function within the Department that is expected to assist in responding to the directive of the MTSF, by creating the necessary capacity. The Department is expected to address skills development in a manner that accelerates the advancement of black people and designated groups, with particular emphasis on internships, as well as technical and management training. This will ensure central coordination of capacity building interventions, therefore ensuring the accelerated creation of technical skills that will support the delivery of the Department mandate.

The Department conducted an online survey to track the available skills within the department. The outcome of the in-depth verification of information and analysis indicates that the Department has critical and scarce skills. Current developmental initiatives are aligned to training request/requirements, however, more emphasis will be placed on technical training. During 2019-24 MTSF period, the Department will continue to conduct an in-depth analysis to address the shortage of skills and develop interventions to mitigate identified gaps.

The oversight of Public Entities

The Seda and **sefa**, reports to the Department. The Department is therefore responsible to provide leadership to these entities as it pertains to political, strategic, administrative, financial, ethical and legal aspects. The oversight role exercised by the Department over public entities entails reviewing and monitoring quarterly performance reports in line with the set strategy, evaluating board or council effectiveness and ensuring adherence to legislative prescripts. The Agencies serve as an extension of and assist the DSBD in delivering its mandate: the Seda and **sefa**, responsible for non-financial and financial support services, respectively. Cabinet took a decision to consolidate entities (Seda, **sefa** and NEF) to ensure delivery of integrated business development service to small businesses and this will be implemented during this current term of the sixth administration.

In order to achieve a collective vision and mission, it is necessary to define the respective roles and functions of the DSBD and its entities, and to delineate the role of the Department as overall custodian of small enterprises and that of the entities as implementing agents. This appreciation of roles and functions will in turn inform the realisation of the Impact Statement and Outcomes discussed later.

High Level View of the Roles and Functions of the Small Business Development (SBD) Portfolio:

Role of National Department (DSBD)	Role of DSBD Entities (Seda, sefa)	Role of National Department (DSBD)	Role of DSBD Entities (Seda, sefa)
<p>Provide DIRECTION and LEADERSHIP to the small business and co-operatives sector broadly and across all three spheres of government:</p> <ul style="list-style-type: none"> ▪ Articulate and communicate a compelling small business development agenda. ▪ Coordinate the enhanced integration of SMMEs and Co-operatives into the economy (mainstreaming). ▪ Lead evidence based legislative and regulatory review and refinement. ▪ Strengthen MINMEC and Technical MINMEC. ▪ Strengthen Inter Departmental Forum – towards an Integrated Planning Framework for joint indicators and targets. ▪ Establish policy mechanisms and frameworks for others to follow. ▪ Develop and enforce guidelines and sectoral indicators to promote coherence. ▪ Define an approach to influence District based development model. <p>OVERSIGHT and GOVERNANCE of entities:</p> <ul style="list-style-type: none"> ▪ Ensure oversight and good governance of boards and institutions. ▪ Strengthen integrated planning and streamlined reporting. 	<p>IMPLEMENT the DELEGATED MANDATE from DSBD:</p> <ul style="list-style-type: none"> ▪ Deliver on roles and functions as outlined in Shareholder Compact. ▪ Ensure alignment of strategy, budget and implementation programmes. ▪ Ensure sound governance and effectiveness of delegated functions. <p>Develop and roll out IMPLEMENTATION LEVEL POLICY and PROTOCOLS:</p> <ul style="list-style-type: none"> ▪ Develop implementation level policy and protocols. 	<p>RESEARCH, MONITORING and EVALUATION of the impact of investments made in small business development and its contribution to economic growth and job creation, so as to inform evidence based decision making:</p> <ul style="list-style-type: none"> ▪ Institutionalise implementation of the Small Business Act – conduct impact assessments of regulations on SB sector. ▪ Identify lucrative opportunities and design high level policy interventions. ▪ Provide intellectual leadership to the sector and more broadly - guidance in terms of trends and indicators in the sector. ▪ Package research to inform decisions on location and spread of services and service points. ▪ Monitor and evaluate the impact of government support in the whole sector. ▪ Identify, package and communicate best practices that might be further modelled – share learning. <p>DEVELOP and IMPLEMENT SECTOR WIDE DATABASES and M&E TOOLS:</p> <ul style="list-style-type: none"> ▪ Ensure instruments and mechanisms are structured to be responsive, agile and adaptable. 	<p>PROGRAMME LEVEL RESEARCH that informs TARGETED PROGRAMME DESIGN and PACKAGING, which supports a holistic sector view:</p> <ul style="list-style-type: none"> ▪ Programme specific research and intelligence. ▪ Targeted programme design and development. ▪ Implementation level programme design and packaging/development. <p>MONITORING and EVALUATION AT PROGRAMME IMPLEMENTATION LEVEL, to inform refinements to programmes:</p> <ul style="list-style-type: none"> ▪ Monitor and report on programme implementation. ▪ Assess the impact and ongoing relevance of programmes.

Role of National Department (DSBD)	Role of DSBD Entities (Seda, sefa)
<p>PLAN, COORDINATE and MOBILISE RESOURCES for the implementation and delivery of small business and Co-operatives development projects, programmes and services:</p> <ul style="list-style-type: none"> ▪ Propose policy at high level. ▪ Engage partners for the piloting of programmes. ▪ Coordinate implementation of programmes to support consistency. ▪ Ensure coordinated systems and mechanisms to promote linkages and upliftment of SMMEs and Co-operatives (resources and tools to link SMMEs to markets – databases or systems). ▪ Identify mechanisms to tap into resources available in the small business space (public and private sector). 	<p>IMPLEMENTATION of WELL CONCEPTUALISED AND TARGETED PROGRAMMES, aligned to overall sector policy stance and sectoral indicators:</p> <ul style="list-style-type: none"> ▪ Adhere to and comply with National policy and standards for programme implementation. ▪ Implement sectoral programmes and interventions. ▪ Ensure effective and efficient implementation of programmes and services. ▪ Streamline and simplify processes, and ensure increased access to services and online services.

Role of National Department (DSBD)	Role of DSBD Entities (Seda, sefa)
<p>Strengthen ACCOUNTABILITY, PARTNERSHIPS and COMMUNICATION with sector stakeholders, communities and key role-players in the sector, both nationally and internationally:</p> <ul style="list-style-type: none"> ▪ Enhance stakeholder consultation and engagement to inform the responsiveness and ensure the relevance of the agenda and programmes. ▪ Support and enable the Executive Authority, and ensure alignment and delivery against mandate, priorities and commitments. ▪ Secure Transversal Agreements with departments and other stakeholders - to influence, mobilise and monitor the application of available resources for SMME and co-operatives development. ▪ Lead and strengthen IGR mechanisms and fora – improve coordination with national departments, agencies, provinces and municipalities. 	<p>Ensure a COORDINATED REGIONAL/ PROVINCIAL PRESENCE TO SUPPORT IMPLEMENTATION:</p> <ul style="list-style-type: none"> ▪ Strengthen the governance arrangement between National agencies and the provincial offices – align a clear view on roles and integrated functions. ▪ Strengthen engagement with local sphere where implementation occurs. <p>PARTNERSHIPS and COMMUNICATION in support of delivery mandate.</p>

It is noted that this delineation of roles and functions will require adjustment to the DSBD Budget Programme structure and organisational design, to ensure that Programme One will be focused on DSBD administration. And other programmes will be defined based on the Business Delivery Model which include, Sector and Markets Development, Enterprise Development and Development Finance.

In turn, the entities must ensure that they are appropriately aligned and orientated towards targeted programme implementation that is fully responsive to the MTSF and the policy stance and priorities of the sixth administration defined by the government. This must include greater synergy and coherence, and a stronger interface between the entities.

Capacity of the Department to deliver on the mandate

During the 2019/20 Planning cycle, the organisational structure and capacity requirements of the Department was found to be inadequate to deliver on the mandate. In order to effectively deliver on the new prioritise of the sixth administration priorities, as alluded above, the Department has developed a Business Delivery Model to enhance the value of its services. The Business Delivery Model will require an organisational structure of the Department to be refined. The latter process is aimed at streamlining the process and strengthen support in the delivery of services and in particular closing gaps in critical areas such as Development Finance and Economic Modelling in parallel. Furthermore, focus will be also at re-skilling staff in other important roles like Monitoring and Evaluation, amongst others.

4.4. Performance Environment

The Department continues to demonstrate improvement in its financial and compliance audits which is evident in the Annual Report for the 2018/19 financial year. The Department managed to obtain an unqualified audit opinion, for the fourth consecutive year. The performance with regard to compliance with section 38(1)(f) of the PFMA of 1999, for the processing of payments within 30 days, has improved significantly. The Department managed to process 12 401 invoices to eligible creditors, amounting to R75 390 787.71 and 1 496 incentives payments amounting to R357 418 146.97 at an average of 10 days of receipt. None were paid after 30 days of receipt. In 2020/21 financial year, the Department will continue to strive for full compliance with regard to the processing of payments within 30 days.

While improvements were reported across the Department, challenges were still experienced with the compiling of various policies and pieces of legislation and the management of performance information.

Taking cognisance of these audit outcomes and progress made by the Department towards its five year strategic goals, the following strategic interventions, explained below, have been identified as the most significant areas requiring a response from the Department:

Departmental Information Communication Technology System Projects

The 2019-24 MTSF emphasises the importance of modernising business processes in the public sector to ensure effective and efficient service provisioning to our people. The Department Information Communication Technology (ICT) system projects are defined in the Department ICT plan that was developed and implemented during the 2018/19 financial year. However, the projects were discontinued and deferred to the new financial year for implementation. The ICT system projects were carried over into the new financial year, as the Department was not affected by the reorganisation of the State. The Department developed and is in the process of implementing the SMME Database which will be rolled in 2020/21.

The National Small Enterprise Act

The Department has experienced delays in the finalisation of key policies, most significantly, the amendment of the National Small Enterprise Act. The Department was supposed to finalise the legislative process during the 2018/19 financial year. However, the stakeholder engagements and the development of policy positions which will inform the amendment to the Act (such as Alternative Dispute Resolution and the Institutional arrangements) is underway. These additional areas will inform the amendments of the Bill. During the MTSF period, the department will undertake comprehensive amendments to the Act and implement and monitor the National Small Enterprise Act. Key areas that will be covered in the amendment bill will amongst others include the establishment of the Ombuds Office and Unfair business to business practices.

Bi-annual analysis of Government Wide Procurement Trend

Bi-annual analysis of Government Wide Procurement Trend was conducted for six months and two months respectively. The Trend Analysis for December 2018 to March 2019 was not conducted. This was due to the lack of data given that the service provider contracted to National Treasury ended in November 2018. The Department has developed outcome indicator mechanisms to assess the percentage of government Department and entities complying with the 30% procurement directive.

Framework of standards for professionalisation of business advisory services

The Department did not manage to develop a Draft framework of standards for professionalisation of business Advisory services. Stakeholders agreed that there is a need to generate a Discussion Paper to document the status quo, options, processes and role players and to justify need for Business Advisory Services, identify legislation relevant to the Business Advisory Services, Services Standards Framework for South Africa.

The following controls will be put in place to ensure that the Business Advisory Standard is finalised:

- A multi-stakeholder Working Group comprising Seda, SEED, DSBD, European Union and Services SETA is meeting on a monthly basis to monitor the project performance (Processes leading to the development of the Standard for Business Advisory Services).
- Currently DSBD, Seda and EU are in the process of developing a project plan or roadmap with clear timeframes and milestones to ensure that the project is completed within the 2019/20 financial year.

4.4.1. DSBD Performance Considerations

Summary of the Key Priorities Informing the revised 2020-25 Strategic Plan and revised 2020/21 Annual Performance Plan

4.4.1.1. Performance related matters

1. Develop and introduce the COVID-19 pandemic outbreak intervention measures dedicated towards assisting informal and micro businesses.
2. Finalise and implement the Township Entrepreneurship Fund.
3. Create an enabling environment for SMMEs and Co-operatives to operate:
 - Finalise amendments to the National Small Enterprise Act to deal mainly with the establishment of the SME Ombuds Office, regulations/licensing of businesses owned by foreign nationals and unfair business to business practices.
4. Finalise and implement the localisation programme on SMMEs and Co-operatives.
5. Promote sustainability and growth of SMMEs and Co-operatives by designing and implementing Business Viability Facility
6. Sustain SMMEs and Co-operatives by linking them to markets through e-commerce platform.

4.4.1.2. Administration related matters

1. Structure finalisation with Programme Changes (Sector and Market Development, Development Finance and Enterprise Development).
2. Business case for the new single Small Business Support Entity.

As part of the Department's contribution to the MTSF Priority 2: Economic Transformation and Job Creation the Department is expected to deliver on the following:

- **Grow small business contribution to GDP from 35% to 50% by 2024:** To achieve this target, the Department's plans are to upscale support to SMMEs and Co-operatives through the provision of blended finance instruments, the establishment of the Incubation centres and Digital Hubs just to mention but a few.
- **Percentage share on government spend increased for local firms:** the Department will monitor the implementation of government policy on the 30% public procurement programme for small businesses and Co-operatives and work towards developing a monitoring tool and trend analysis to track performance and compliance. Monitoring of the 30 days' payments is also on the radar and in the period under review, the Department together with Seda will revive the SMME payment hotline based on the outcomes from the trends analysis reports measures to ensure compliance and enforcement will be explored through the issuing of applicable Regulation/s under the National Small Enterprise Act, No. 102 of 1996, as amended.
- **Facilitate the increase in small businesses in historically concentrated economic sectors (township economies and rural development):** the Department will work with key departments such the Department of Trade, Industry and Competition (**the dtic**) and the Competition Commission to open

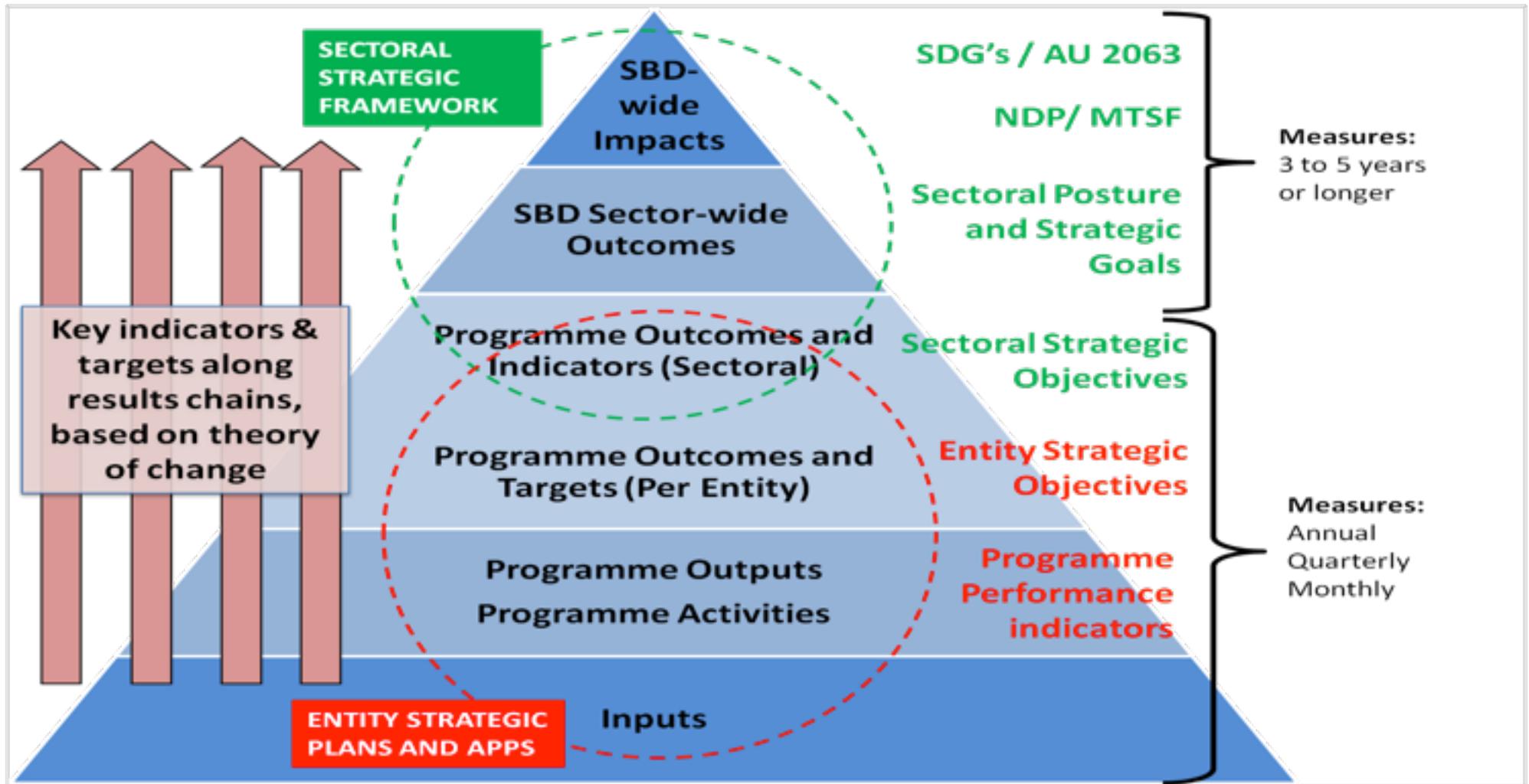
up entry for SMMEs and Co-operatives in historically concentrated economic sectors. Consultative engagements with Sector Specific Captains of Industries and Business Associations will be undertaken to assess the effect and impact of legislation inhibiting the growth and sustainability of SMMEs and Co-operatives key priority sectors such as agro-processing, gas and chemicals, tourism, automotive, steel, ICT and software as well as creative industries, etc.

- **Minimum 40% Target for Women, 30% for Youth and 7% for PWDs:** The Department will prioritise the significant role of Women, Youth and PWDs in the SMMEs and Co-operatives sector. The Department will increase participation of Youth, Women and PWDs in domestic and international market, by finalising the guidelines for mainstreaming of Youth, Women, and Persons with Disabilities and monitored the implementation with minimum 40% target for Women, 30% for Youth and 7% for PWDs.

4.5. Description of the Strategic Planning Process

Based on the Theory of Change logic model and the key performance information concepts underpinning government's approach to strategic planning in South Africa, the following model was conceptualised to guide the development of the portfolio level strategic framework, through which DSBD, Seda and **sefa** are able to find alignment to a common results chain.

Conceptual Model: Theory of Change Logic Model:



The focus of this Portfolio Strategic Framework is on the green highlighted areas, reflecting:

- 1) At the Apex, the level of impact, an alignment of the small business development portfolio to the long-range impacts of national and international policy frameworks, including, the recently adopted UN Sustainability Development Goals, the AU 2063 Agenda, the National Development Plan (2012) and aligned 2019-2024 MTSF.
- 2) The impact of the work of the small business development portfolio is reflected by a common Vision, Mission and Values for adoption by the three key portfolio role-players.
- 3) At the outcome/sectoral posture level, a set of outcome-oriented strategic goals for adoption by the portfolio role-players. The goals articulate what the portfolio intends to achieve over the period to 2030, with each role-player contributing based on its core mandate/ focus. As a joined-up portfolio, the aligned individual contributions, cumulatively, are aimed at the portfolio progressing towards its Vision and Mission.
- 4) The level below outcomes – outputs – are then the specific products and services (stated as strategic objectives) of the portfolio, supported by a set of sectoral indicators for adoption by all role-players. The combined contribution of the portfolio role-players to these indicators are aimed at achieving the strategic goals (outcomes).
- 5) The sections highlighted in red are the strategic plans and annual performance plans of the individual entities making up the portfolio, fully aligned to the portfolio strategic framework discussed above.

The process towards the revision of the Department of Small Business Development 2020-25 Strategic Plan and 2020/21 Annual Performance Plan:

- The Revised Framework for Strategic Plans and Annual Performance Plans provides a guideline to develop the Strategic Plan and Annual Performance Plan, setting out what the department intends to do in the upcoming financial year and during the MTEF period.
- The Department of Small Business Development tabled and published its 2020-25 Strategic Plan and 2020/21 Annual Performance Plan on 6 May 2020. On Friday, 22 May 2020, the Department of Planning, Monitoring and

Evaluation (DPME) issued Circular 2 of 2020 to guide the revision and re-tableting of the 2020-25 Strategic Plan and 2020/21 Annual Performance Plan to incorporate departmental plans to address the COVID-19 pandemic and the special Adjustment Budget.

- The Revised Framework for Strategic Plans and Annual Performance Plans (2019), Chapter 3, section 3.3.4, and Chapter 4, section 4.4.4, allows the Executive Authority to revise and re-table Strategic Plan and Annual Performance Plan if there are significant changes to the policy, changes in the services delivery environment or the planning methodology. The current COVID-19 pandemic has contributed significantly to the changes in the operating environment of the department and these changes have also affected the service delivery environment.
- The Executive Management of the Department of Small Business Development, under the guidance of the Acting Director-General, had a meeting on 18 May 2020, 29 June 2020 and 02 July 2020, to discuss, review and update the 2020-25 Strategic Plan and 2020/21 Annual Performance Plan. On 7 July 2020, the Acting Director-General briefed the Minister and Deputy Minister of Small Business Development on the amendments that were made in the Strategic Plan and APP. This briefing session provided an opportunity for the Executive Authority to make inputs into the planning documents and also approve the amendments made.

Following the first meeting of the Executive Management, branches under the guidance of Acting Deputy Directors-General held sessions of further revising the two planning documents. These meetings resulted in the identification of changes to outcomes, outputs, output indicators and targets. In light of the above mentioned, certain Outcomes, Outputs, Output indicators, annual and quarterly targets in the 2020-25 Strategic Plan and 2020/21 Annual Performance Plan were revised and are set out in this revised 2020-25 Strategic Plan and revised 2020/21 Annual Performance Plan.

4.6. 2019-24 MTSF Priorities

Alignment of Department's 2020-25 Strategic Plan and 2020/21 Annual Performance Plan with the NDP and 2019-24 MTSF

The DSBD has aligned its 2020-25 Strategic Plan outcomes towards the achievement of the NDP's Five-Year Implementation Plan, the Monitoring Framework for the NDP Five Year Implementation Plan that directly and indirectly affects it as follows:

4.6.1. Direct Links to the 2019-24 MTSF Priority

Departmental Impact Statement	Department Outcomes	MTSF 2019 - 2024 Targets Priority		DSBD Programme
		Linkages to the NDP Five-Year Implementation Plan	Linkages to the Monitoring Framework for the NDP Five Year Implementation Plan	
Sustainable SMMEs and Co-operatives contributing meaningfully to the economy.	1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	<ul style="list-style-type: none"> Localisation policy paper on SMMEs Development and adopted by 2021. 		Programme Three: Integrated Co-operatives Development
	2. Increased contribution of SMMEs and Co-operatives in Priority Sectors.	<ul style="list-style-type: none"> All Masterplans developed by end of 2021 (Creative Industries Masterplan and Small Enterprise Development Masterplan) Minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities. 		Programme Two: Sector Policy and Research Programme Three: Integrated Co-operatives Development
	3. Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.	<ul style="list-style-type: none"> 270 incubation centres/digital hubs in townships and rural areas established. 		Programme Two: Sector Policy and Research
	4. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	<ul style="list-style-type: none"> 100 000 youth business start-ups per annum. Minimum targets as defined for women, youth and persons with disabilities. 		Programme Four: Enterprise Development and Entrepreneurship
		<ul style="list-style-type: none"> At least 50% of national and provincial DFI financing to SMMEs and Co-operatives. 		Programme Two: Sector Policy and Research
		<ul style="list-style-type: none"> 200 000 competitive small business and Co-operatives supported by 2024. 		Programme Four: Enterprise Development and Entrepreneurship

4.6.2. Indirect links to the 2019-24 MTSF Priority

In addition to the national outcomes mentioned above, the Department indirectly contributes to the following Government priorities in the MTSF as indicated in the table below:

MTSF outcome	MTSF Interventions	DSBD Description
1. Sustainable Land Reform.	Land acquired for redistribution, restitution and tenure reform. Land reform projects provided with post settlement support.	<ul style="list-style-type: none"> The Department to support small scale farmers with business development support and with access to market by linking them with DSBD supported enterprises.
2. Agrarian Transformation Agrarian Transformation and Effective regulatory framework of agricultural produce and exports.	Livestock handling and auction facilities mapped and established. (Commodity organisations provide technical support, - NAMC to provide Marketing and Advisory services - ARC to provide Research and advisory services - Land Bank and other financial institutions to provide production loans and other financial services)	
	Agri-hubs and agro-processing facilities established.	
	Migrate cultivation of land to conservation agriculture methods.	
	Review the inhibit standards on SAGAP and Global GAP to enable small holder farmers' participation in the domestic and global GAP. Governance and operational Review of the National Fresh Produce Markets, and Agency role in market access for small farm holders' participation.	
3. Functional, Efficient and Integrated Government.	Improve coordination between national, provincial and local government for an integrated approach to service delivery.	<ul style="list-style-type: none"> The Department through its Coordination Structure will revolutionise the way the department together with its entities interact with local and provincial governments, the department will act towards improving the coherence, efficiency and effectiveness in the implementation of its programmes.
4. Investing for accelerated inclusive growth	Improve the ease of doing business.	<ul style="list-style-type: none"> The Department through regulatory reforms and interventions will improve Ease of Doing Business Ratings in the targeted local government authorities.

4.7. Alignment with the Human Rights Implications of COVID-19 suggested by the UN and adapted to the South African Context

Human rights issues	Indicators	Responsible Institution	DSBD Response
<p>Right to adequate food, water and sanitation</p> <p>Ensure availability, accessibility, acceptability and quality of essential food items and safe drinking water and sanitation, including access to soap, despite the pandemic, lockdowns and other constraints.</p>	<p>1. Number of businesses support during COVID-19 in order to pay salaries of the workers.</p>	<p>DSBD and other relevant departments.</p>	<p>The Department in partnership with its entities has developed and implemented schemes dedicated towards assisting informal and micro businesses.</p>



PART C: MEASURING OUR PERFORMANCE

5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

5.1. Programme 1: Administration

Purpose: To provide strategic leadership, management and support services to the Department.

5.2. Sub-programme and Sub-Purpose:

- **Ministry** – to provide for administrative and logistical support to the Minister and Deputy Minister, as well as support staff and make provision for their salaries;
- **Departmental Management (Office of the DG)** – to provide strategic leadership, management and support services to the Director General and the Department;
- **Corporate Services** – to provide enterprise-wide support services comprising of human resources, legal services, learning and development and transformation policy and coordination;
- **Financial Management** – To provide strategic leadership and advice on supply chain, financial and asset management related services to the department; and
- **Communications and Marketing** – to provide coherent, communications, marketing and stakeholder management support to the Department and its agencies.

5.3. Outcomes, Outputs, Output Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Improved Governance and Compliance.	1.1. Unqualified audit outcome for both financial and non-financial Report.	Unqualified audit outcome for both financial and non-financial data maintained.	Unqualified audit outcome for the 2015/16 financial year.	Annual target achieved: DSBD received an unqualified audit opinion by AGSA for the 2016/17 financial year, with only 1 correction to the prior year.	Target Achieved: Unqualified audit outcome for both financial and non-financial performance data for 2017/18.	Unqualified audit outcome for both financial and non-financial performance data for 2018/19.	Unqualified audit outcome for both financial and non-financial data for 2019/20.	Unqualified audit outcome for both financial and non-financial data for 2020/21.	Unqualified audit outcome for both financial and non-financial data for 2021/22.
	1.2. Payment register.	% of valid creditors paid in under 30 days.	98% of payments to eligible creditors processed within 30 days.	100% of valid creditors paid in under 30 average days.	Target Achieved: 100% payment to eligible creditors were processed within 30 days.	100% payments to eligible creditors processed within 30 days.	100% of valid creditors paid in under 30 days.	100% of valid creditors paid in under 20 days.	100% of valid creditors paid in under 20 days.
	1.3. Expenditure Report.	% variance on annual budget.	<5% variance on annual budget.	Annual Target Achieved: DSBD spent R1.4 billion of the projected R1.4 billion, resulting in a variance of R16.3 million (1.1%).	Target Achieved: 4.6 DSBD spent R1.420 billion of R1.488 billion with a variance of R69 million.	<5% variance on annual budget.	<5% variance on annual budget.	<5% variance on annual budget.	<5% variance on annual budget.

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	1.4. 90% filled posts.	Percentage vacancy rate in funded posts.	9.8% vacancy rate achieved.	Annual target not achieved: 11,9% Vacancy rate achieved.	Target Achieved: 7,7% vacancy rate in funded posts.	< 10% Vacancy rate in funded posts.	< 10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.
	1.5. 50% women in SMS employed.	Percentage of female SMS representation.	53.5% of women in SMS employed in the Department.	Annual Target Exceeded: 51,3% of female SMS.	Target Achieved: 53,8% of female SMS representation.	50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.
	1.6. 7% representation of PWDs.	Percentage representation of PWDs.	2.5% of people with disability employed in the Department.	Annual Target Exceeded: 2,8% PWD employed.	Target Achieved: 3,1% people with disabilities employed.	≥2% of PWD employed	≥7% representation of PWDs.	≥7% representation of PWDs.	≥7% representation of PWDs.
2. Improved integrated and streamlined business processes and systems.	2.1. Modernised SMME Database.	SMME Database – Primary Government Departments and Agency integrated data produced.	Revised DSBD ICT Plan approved by EXCO.	Annual Target partially achieve: DSBD managed to approve systems specifications and define roadmap.	2 ICT system projects defined in the DSBD ICT Plan Implemented.	Phase 1 - SMME Database Implemented • Informal Business Portal Designed and Implemented.	Phase 2: SMME Database - Primary Government Departments and Agency integrated data implemented.	SMME Database & Implemented.	Optimisation – New value add services implemented.

5.4. Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2020/21	Quarterly Targets			
		Q1	Q2	Q3	Q4
Unqualified audit outcome for both financial and non- financial data maintained.	Unqualified audit outcome for both financial and non-financial data for 2019/20.	N/A	N/A	Unqualified audit outcome for both financial and non-financial data for 2019/20.	N/A
% of valid creditors paid in under 30 days.	100% of valid creditors paid in under 30 days.	100% of valid creditors paid in under 30 days.	100% of valid creditors paid in under 30 days.	100% of valid creditors paid in under 30 days.	100% of valid creditors paid in under 30 days.
% variance on annual budget.	<5% variance on annual budget.	<5% variance on cash flow projections.	<5% variance on cash flow projections.	<5% variance on cash flow projections.	<5% variance on cash flow projections.
Percentage vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.
Percentage of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.
Percentage representation of PWDs.	≥7% representation of PWDs.	≥3% representation of PWDs.	≥4% representation of PWDs.	≥5% representation of PWDs.	≥7% representation of PWDs.
SMME Database – Primary Government Departments and Agency integrated data produced.	Phase 2: SMME Database - Primary Government Departments and Agency integrated data implemented.	Approved systems specification and roadmap defined for Phase 2.	Specification workshops conducted with departments and agencies. Specifications approved and ToR defined.	Functional Design and Specifications approved and ready for development.	Phase 2: SMME Database - Primary Government Departments and Agency integrated data implemented.

5.5. Explanation of planned performance over the medium term period

The Department over the medium-term period, through its support programme, will undertake various initiatives to strengthen governance and compliance. This will ensure that medium-term outcomes of having sustainable SMMEs and Co-operatives that contribute meaningfully to the economy resulting in the long-term impact being achieved. Targets like unqualified audit opinion, payment of creditors within 30 days, less than 5% expenditure report, 90% filled posts, a minimum of 50% women in SMS employed, development of an SMMEs and Co-operatives database, etc. are all expected to contribute in improving the performance of the Department as well as the impact of its interventions.

Ethics Policy and Strategy will be implemented to instil a culture of ethical conduct and assure the Accounting Officer that the operations of the Department are in line with ethical standards. This will ensure effective management of ethics-related functions such as disclosure of financial interests, conducting remunerative work outside the public service, disclosure of gifts and donations etc. and consequently, reduce the prevalence of fraud and corruption in the Department.

5.6. Programme Resource Considerations

Sub-programme (R'000)	Total MTEF	Projections		
		MTEF		
		2020/21	2021/22	2022/23
Ministry.	76 875	20 802	27 329	28 744
ODG.	55 980	17 152	18 878	19 950
Corporate Services.	184 919	57 899	62 029	64 991
Financial Management.	62 587	19 907	20 887	21 793
Communication and Marketing.	22 613	6 906	7 674	8 033
Total	402 974	122 666	136 797	143 511

5.7. Key Risks

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in section 38(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing their systems of risk management.

Outcome	Key Risk	Risk Mitigation
1. Improved Governance and Compliance.	1.1. Non-compliance with legislative prescripts.	1.1.1. Compile the Compliance universe register. 1.1.2. Implement, monitor, correct and report. 1.1.3. Procurement in line with existing SCM prescripts. E.g. Local content, sourcing three quotations for legal services and contract management.
	1.2. Inadequate organisational structure	1.2.1. Finalise the review of the organisational structure. 1.2.2. Placement of employees on the structure 1.2.3. Capacitate the HRD Unit. 1.2.4. Fill vacancies. 1.2.5. HRD Strategy. 1.2.6. Change Management Policy and Tracking Tool.
	1.3. Lack of business continuity management plan.	1.3.1. Develop the Business Continuity Management Framework.

5.8. Programme 2: Sector Policy and Research

Purpose: The Programme is responsible to create an enabling environment for the development and growth of sustainable small businesses and Co-operatives through commissioning research; the development and review of policy and legislation; the coordination and promotion of sound intergovernmental relationships; promoting the sector interests in the regional and global arena; and effective monitoring and evaluation of programmes to ensure the desired impact is achieved in contributing towards the creation of employment opportunities and economic growth.

5.9. Sub-Programmes and Sub-Purpose:

- **Research** - to provide research and knowledge management services to direct sector thought leadership and guide evidence based policy making and programme design;
- **Policy and Legislation** - to develop and review policies and legislation to create and promote sustainable growth opportunities for small businesses and Co-operatives and to advance coordination and cooperation amongst the different spheres of government;
- **International Relations and Trade Promotion** – to promote the sector’s interests in the global space through negotiations and lobbying at different regional and international forums and the development of strategies and position papers; and
- **Monitoring and Evaluation** - to provide monitoring and evaluation services to evaluate performance and identify factors that improve service delivery outcomes.

5.10. Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance			MTEF Period			
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	1.1. Localisation programme on SMMEs and Co-operatives finalised and approved.	Localisation programme on SMMEs and Co-operatives finalised and approved.	N/A	N/A	N/A	N/A	Localisation programme on SMMEs and Co-operatives developed and adopted by EXCO in Q3.	Localisation programme on SMMEs and Co-operatives implemented.	Localisation programme on SMMEs and Co-operatives implemented.
2. Reduced regulatory burdens for Small Enterprises.	2.1. National Small Enterprise Act amended.	Approved Submission for the Proposed National Small Enterprise Amendment Bill taken through Minister Cabinet processes.	Stakeholder consultations on the amendment of the National Small Enterprise Act of 1996 as amended. Submission of draft proposed amendments to EA.	Annual target not achieved: The Bill was not developed and submitted to Minister for approval.	Amendment of the National Small Enterprise Act through legislative process	Consolidated proposed amendment of the National Small Enterprise bill (content) document finalised.	Proposed National Small Enterprise Amendment Bill submitted and taken through Cabinet processes.	The amended National Small Enterprise Act implemented.	Implementation of the National Small Enterprise Act monitored.
3. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	3.1. SMMEs and Co-operatives Funding Policy approved.	SMMEs and Co-operatives Funding Policy produced.	N/A	N/A	N/A	N/A	SMMEs and Co-operatives Funding Policy approved.	SMMEs and Co-operatives Funding Policy Implementation Monitored.	SMMEs and Co-operatives Funding Policy Implementation Monitored.

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance				MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
4. Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.	4.1. Report on SMME Support Plan 2019 – 2024 implemented.	Number of reports on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	N/A	N/A	N/A	N/A	Three (3) reports on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	Four (4) reports on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	Four (4) reports on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.

5.11. Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2020/21	Quarterly Targets			
		Q1	Q2	Q3	Q4
Localisation programme on SMMEs and Co-operatives finalised and approved.	Localisation programme on SMMEs and Co-operatives developed and approved by EXCO in Q3.	Consultations with stakeholders.	Consultations with stakeholders and a first draft localisation programme produced.	Localisation programme on SMMEs and Co-operatives developed and approved by EXCO in Q3.	N/A
Approved submission for the Proposed National Small Enterprise Amendment Bill taken through Cabinet processes.	Proposed National Small Enterprise Amendment Bill submitted and taken through Cabinet processes.	Consolidate contents and consult on amendments into draft Bill.	Consolidate contents and consult on amendments into draft Bill.	Consolidate contents and consult on amendments into draft Bill.	Proposed National Small Enterprise Amendment Bill submitted and taken through Cabinet processes.
SMMEs and Co-operatives Funding Policy produced.	SMMEs and Co-operatives Funding Policy approved by EXCO.	Consultations with key stakeholders.	Development of the Draft SMMEs and Co-operatives Funding Policy.	Draft SMMEs and Co-operatives Funding Policy developed.	SMMEs and Co-operatives Funding Policy approved by EXCO.
Number of reports on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	Three (3) reports on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	Report on the implementation of SMME Support Plan 2019 – 2024.	N/A	One (1) report on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	One (1) report on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.

5.12. Explanation of planned performance over the medium term period

During the MTEF period, the programme will ensure the SMMEs and Co-operatives Funding Policy and Localisation programme on SMMEs and Co-operatives are developed and implemented to promote broader participation in the mainstream economy by small businesses prioritising enterprises owned by women, youth and PWDs that operate in underserved areas such as townships and villages.

The Department has the mandate to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small enterprises, and ensure an enabling legislative and policy environment to support their growth and sustainability. Critical to this mandate is to work on reducing regulatory burdens and creating a conducive policy and legislative environment for SMMEs and Co-operatives. During the 2020-21 financial year, the programme will ensure that proposed Amendment Bill is submitted and taken through Cabinet processes. The provision of relevant and appropriate information is important to enable the SMME development ecosystem to measure the performance of the sector based on specific indicators agreed upon by stakeholders.

The development of the Masterplan is in line with the Re-imagined Industrial Strategy, which focuses on national key sectors that will be vigorously supported to grow the economy and seek to create space for small enterprises to be provided with market access opportunities in all sector Masterplans of the national priority sectors identified in the Industrial Strategy. In line with District Development Model, the Department has developed an SMME Support Plan that will ensure even distribution of business development support across all District Municipalities.

5.13. Programme Resource Considerations

Sub-programme	Total MTEF	Projections		
		MTEF		
		2020/21	2021/22	2022/23
Research	54 563	13 217	19 413	21 933
Policy and Legislation	14 102	4 211	4 801	5 090
International Relations and Trade Promotion	-	-	-	-
Monitoring and Evaluation	11 749	2 516	4 448	4 785
Total	80 414	19 944	28 662	31 808

5.14. Key Risks

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in section 38(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing their systems of risk management.

Outcome	Key Risk	Risk Mitigation
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	1.1. Limited access by SMMEs and Co-operatives to opportunities and barriers to participate in priority sectors.	1.1.1. Upscale readiness programme in partnerships with industry stakeholders to assist SMMEs and Co-operatives to meet domestic, regional and international standards. 1.1.2. Establish fast-tracking processes for accessing finance for SMMEs and Co-operatives who have secured domestic, regional and/or global orders. 1.1.3. Upscale red-tape reduction interventions. 1.1.4. Strengthen collaboration with the Competition Commission and DTIC to tackle Anti-competitive behaviours and market barriers. 1.1.5. Strengthen collaboration with National Treasury on the procurement of goods and services from SMMEs and Co-operatives.
2. Reduced regulatory burdens of small enterprises.	2.1. Failure to implement policies and regulations aimed at reducing regulatory burdens for small enterprises.	2.1.1. Amendment of National Small Enterprise Act. 2.1.2. Implementation of ease of doing business programme. 2.1.3. Implementation of the Red Tape reduction strategy and guidelines.
3. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	3.1. Lack of access to Finance for SMMEs and Co-operatives.	3.1.1. Formulation of the SMMEs and Co-operatives funding policy. 3.1.2. Establish fast-tracking processes for accessing finance for SMMEs and Co-operatives who have secured domestic, regional and/or global orders.

5.15. Programme 3: Integrated Co-operatives Development

Purpose: The programme is responsible to create an enabling environment that facilitates the establishment, growth and development of Co-operatives through the development and review of legislation and policy, the design, piloting and monitoring of the impact of support services and instruments; the championing of functional partnerships and cooperation agreements; and the advocacy and thought leadership in advancing economic growth, job creation and social cohesion.

5.16. Sub-Programmes and Sub-Purpose:

- **Co-operatives Development** - to manage and facilitate the creation of new Co-operatives and the growth of existing Co-operatives through clustering and value chain approaches;
- **Co-operatives Programme Design and Support** – to review existing programmes and design new ones based on the review outcomes and change in the Co-operatives development landscape and economic conditions; and
- **Supplier Development and Market Access Support** - to manage strategic partnerships with the private sector, state-owned entities and public sector, with the aim of developing Co-operatives to become suppliers of goods and services; and facilitate readiness to access market opportunities.

5.17. Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	1.1. Increased designated products sourced from and produced by SMMEs and Co-operatives.	Number of designated products sourced from and produced by SMMEs and Co-operatives.	N/A	N/A	N/A	N/A	100 of designated products sourced from and produced by SMMEs and Co-operatives.	150 of designated products sourced from and produced by SMMEs and Co-operatives.	200 of designated products sourced from and produced by SMMEs and Co-operatives.
	1.2. Product markets for SMMEs and Co-operatives Implemented.	Number of the Product markets for SMMEs and Co-operatives implemented.	N/A	N/A	N/A	Four (4) Product markets roll-out plans for SMMEs and Co-operatives developed.	Two (2) Product markets for SMMEs and Co-operatives implemented.	Six (6) product Markets for SMMEs and Co-operatives implemented.	Seven (7) product markets for SMMEs and Co-operatives implemented.
	1.3. At least 10 000 women entrepreneurs registered on international platform by 2025.	Number of women owned businesses registered on international platform.	N/A	N/A	N/A	N/A	10 000 women owned businesses registered on international platform.	10 000 women owned businesses registered on international platform.	10 000 women owned businesses registered on international platform.

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
2. Increase Contribution of the Priority Sector to GDP.	2.1. Creative Industries Masterplan submitted to Cabinet.	Creative Industries Masterplan produced.	N/A	N/A	N/A	N/A	Creative Industries Masterplan finalised and submitted to Cabinet for consideration.	Creative Industries Masterplan implemented and monitored.	Creative Industries Masterplan implemented and monitored.
	2.2. Approved Small Enterprise Development Masterplan.	Small Enterprise Development Masterplan approved by EXCO for submission to ESEID Cluster.	N/A	N/A	N/A	Small Enterprise Development Masterplan developed.	Small Enterprise Development Masterplan approved by EXCO and submitted to ESEID Cluster.	Small Enterprise Development Masterplan implemented.	Small Enterprise Development Masterplan implemented.
	2.3. Increase in shared national turnover of SMMEs and Co-operatives participating in priority sectors.	Number of Quarterly Reports on the participation of SMMEs and Co-operatives in priority sectors.	N/A	N/A	N/A	N/A	Three (3) Quarterly Reports on the participation of SMMEs and Co-operatives in priority sectors.	Four (4) Quarterly Reports on the participation of SMMEs and Co-operatives in priority sectors.	Four (4) Quarterly Reports on the participation of SMMEs and Co-operatives in priority sectors.

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
3. Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.	3.1. National Small Enterprise Index Pilot Survey produced.	Number of Progress reports on the SMMEs Index Pilot survey produced.	N/A	N/A	N/A	Measurement Framework for the SMMEs Index developed.	Two (2) Progress Reports on the SMMEs Index Pilot Survey produced.	Three (3) Progress Reports on the SMMEs Index Survey produced.	Three (3) Progress Reports on the SMMEs Index Survey produced.

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
4. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	4.1. Co-operatives supported through non-financial and/or financial support programmes.	Co-operatives supported through non-financial and/or financial to the value of the R' million.	370 Co-operatives supported through CIS.	265 Co-operatives supported through CIS.	122 Co-operatives supported financially through the CIS.	Co-operatives supported financially through the CIS to the value of the R87.9 million.	Co-operatives supported through non-financial and/or financial to the value of R63 million.	Co-operatives supported through non-financial and/or financial to the value of R63 million.	Co-operatives supported through non-financial and/or financial to the value of R63 million.

5.18. Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2020/21	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of designated products sourced from and produced by SMMEs and Co-operatives.	100 of designated products sourced from and produced by SMMEs and Co-operatives.	Identification and analysis of products to be designated for sourcing from SMMEs and Co-operatives.	Conduct engagements with key stakeholders to determine the feasibility of designating products for sourcing from SMMEs and Co-operatives.	50 of designated products sourced from and produced by SMMEs and Co-operatives.	50 of designated products sourced from and produced by SMMEs and Co-operatives.
Number of product markets for SMMEs and Co-operatives implemented.	Two (2) Product markets for SMMEs and Co-operatives Implemented.	Initiate the process of appointing an implementing agent.	Appoint the implementing agent and kick start the work.	One (1) product markets implemented.	One (1) product markets implemented.
Number of women owned businesses registered on international platform.	10 000 women owned businesses registered on international platform.	Conceptualise and design the international initiative.	Develop the online platform and registration process to the international initiative.	5 000 women owned businesses registered on international platform.	5 000 women owned businesses registered on international platform.
Creative Industries Masterplan produced.	Creative Industries Masterplan finalised and submitted to Cabinet for consideration.	Draft Creative Industries Masterplan developed.	Creative Industries Masterplan submitted to Cabinet committees.	Revised and updated Creative Industries Masterplan in line with Cabinet committees inputs finalised.	Creative Industries Masterplan finalised and submitted to Cabinet for consideration.
Small Enterprise Development Masterplan approved by EXCO for submission to ESEID Cluster.	Small Enterprise Development Masterplan approved by EXCO and submitted to ESEID Cluster.	Consultations with key stakeholders on the draft Masterplan conducted.	Consultations with key stakeholders on the draft Masterplan conducted.	Draft Masterplan submitted for approval.	Small Enterprise Development Masterplan approved by EXCO and submitted to ESEID Cluster.
Number of Quarterly reports on the participation of SMMEs and Co-operatives in priority sectors.	Three (3) Quarterly report on the participation of SMMEs and Co-operatives in priority sectors.	Quarterly report on the participation of SMMEs and Co-operatives in priority sectors.	N/A	Quarterly report on the participation of SMMEs and Co-operatives in priority sectors.	Quarterly report on the participation of SMMEs and Co-operatives in priority sectors.

Output Indicator	Annual Target 2020/21	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of progress reports on the SMMEs Index Pilot survey produced.	Two (2) Progress reports on the SMME Index Pilot Survey produced.	Consultations with key stakeholders on SMMEs Index Measurement Framework.	Consultations with key stakeholders on SMMEs Index Measurement Framework.	Pilot Survey on the SMMEs Index Conducted. Progress Report on the SMMEs Index Pilot Survey Produced.	Progress Report on the SMMEs Index Pilot Survey Produced.
Co-operatives supported through non-financial and/or financial to the value of the R' million.	Co-operatives supported through non-financial and/or financial to the value of R63 million.	250 Co-operatives supported through financial and non-financial programme.	Co-operatives supported through non-financial and/or financial to the value of R13 million.	Co-operatives supported through non-financial and/or financial to the value of R25 million.	Co-operatives supported through non-financial and/or financial to the value of R25 million.

5.19. Explanation of planned performance over the medium term period

Access to markets is at the core of the establishment and growth of any enterprise, as no enterprise can survive without access to markets. The more existing small enterprises are provided with an opportunity to access markets, the more the revenue of these enterprises will increase, which will result in creation of more jobs, due to business growth and expansion. Over the MTEF period, the Department will intensify its commitment to deliver the required infrastructure that would provide marketplaces for small enterprises to trade their products. An overarching plan is to make a call to all District Municipalities to work with DSBD in establishing product markets in townships and villages. The product markets will provide affordable, safe and modernised spaces where small enterprises meet the buyers of their products. Enhanced products that comply with both domestic and international standards will provide an opportunity for small enterprises to access markets beyond their communities, including exposure to international markets. The increase in uptake of SMMEs and Co-operatives participation in existing and newly established SEZ will be pursued by the Department working in partnership with DTIC and with all the SEZ. The Department is also charged with a responsibility of developing Creative Industries Masterplan and Small Enterprise Development Masterplan that are part of the key economic sectors that have been prioritised for economic growth and job creation.

The Department plans to develop a measuring tool in the form of an Index to provide for an accurate information and data on the state of small businesses and Co-operatives in the country. This tool will assist in measuring the performance and advocating for the design of interventions that are impactful to the growth and sustainability of SMMEs and Co-operatives to enable their competitiveness as outlined in the NDP.

To ensure the development of an enabling policy, legal and regulatory environment for small enterprises, the two Masterplans to be developed by the Department will enable small enterprises to realise their full potential. The Masterplans will ensure the delivery of an integrated targeted and effected support interventions aimed at promoting entrepreneurship as well as providing financial and non-financial support for qualifying small enterprises, using the life cycle approach. The Masterplans will stipulate the measures that will be taken to execute the Graduation Model from informal businesses to competitive, sustainable and growing small enterprises that will contribute meaningfully to the GDP, job creation and inclusive growth. Assistance to municipalities with the ease of doing business programmes becomes an important component of the work as the government aims to create a conducive environment for the establishment of new enterprises and growth of the existing ones.

5.20. Programme Resource Considerations

Sub-programme:	Total MTEF	Projections		
		MTEF		
		2021/22	2021/22	2022/23
Co-operatives Development.	39 707	11 569	13 794	14 344
Co-operatives Programme Design and Support.	322 337	92 628	112 818	116 891
Supplier Development and Market Access Support.	57 893	15 803	20 450	21 640
Total	419 937	120 000	147 062	152 875

5.21. Key Risk

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in section 38(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing their systems of risk management.

Outcome	Key Risk	Risk Mitigation
1. Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township Economies.	1.1. Support to SMMEs and Co-operatives concentrated in urban areas.	1.1.1. Adopt a district approach focusing on SMMEs and Co-operatives situated in underserved areas, more especially Villages and Townships.

5.22. Programme 4: Enterprise Development and Entrepreneurship

Purpose: The purpose of the programme is to create an enabling environment for the development and growth of sustainable small businesses through the development and review of policy and legislation; design and piloting of support instruments; promotion of entrepreneurship; and facilitation of the development of small enterprises in township and rural areas.

5.23. Sub-Programmes and Sub-Purpose:

- **Enterprise and Supplier Development** - to manage and facilitate business development support to small enterprises;
- **SMME Programme Design and Support** – to review existing and design new programmes based on the review outcomes and change in the SMME development landscape and economic conditions;
- **SMME Competitiveness** - To work with municipalities through their Integrated Development Plans to develop, enhance and implement enterprise development programmes toward improved the revitalisation of township and rural economies; and
- **Entrepreneurship** – to provide leadership and oversight on the conceptualisation, design and implementation of the entrepreneurship development instruments and programmes.

5.24. Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/16	2017/18	2018/19		2019/20	2020/21	2021/22
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1.1. Competitive SMMEs and Co-operatives supported.	Report on the number of competitive SMMEs and Co-operatives supported.	N/A	N/A	N/A	N/A	Report on 15 000 competitive SMMEs and Co-operatives supported.	Report on 25 000 competitive SMMEs and Co-operatives supported.	Report on 30 000 competitive SMMEs and Co-operatives supported.
	1.2. Township and Rural enterprises supported through Township Entrepreneurship Fund.	Number of Township and Rural enterprises supported through Township Entrepreneurship Fund.	N/A	N/A	N/A	N/A	28 000 Township and Rural enterprises supported through Township Entrepreneurship Fund.	24 000 Township and Rural enterprises supported through Township Entrepreneurship Fund.	24 000 Township and Rural enterprises supported through Township Entrepreneurship Fund.
	1.3. SMMEs and Co-operatives in the Craft sector supported through customised sector programme.	Number of Crafters supported through the Craft Customised Sector Programme.	N/A	N/A	N/A	700 Crafters supported through the Craft Customised Sector programme.	700 Crafters supported through the Craft Customised Sector programme.	800 Crafters supported through the Craft Customised Sector programme.	900 Crafters supported through the Craft Customised Sector programme.
2. Reduced regulatory burdens for Small Enterprises	2.1. Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Number of districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	N/A	Annual Target Exceeded: 42 municipalities assisted in 12 work- shops to roll out small enterprises Red-Tape Reduction Programme.	Twelve (12) municipalities assisted to roll out small enterprises Red-Tape Reduction Programme.	Red-Tape Reduction Awareness Programme rolled out in 16 municipalities.	Two (2) Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Implementation EODB Programme for five districts.	Best Practices EODB for five districts.

5.25. Indicators, Annual and Quarterly Targets

Output Indicator	Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Report on the number of competitive SMMEs and Co-operatives supported.	Report on the 15 000 competitive SMMEs and Co-operatives supported.	Report on the 10 000 competitive SMMEs and Co-operatives supported.	Report on the 2 000 competitive SMMEs and Co-operatives supported.	Report on the 2 000 competitive SMMEs and Co-operatives supported.	Report on the 1 000 competitive SMMEs and Co-operatives supported.
Number of Township and Rural enterprises supported through Township Entrepreneurship Fund.	28 000 Township and Rural enterprises supported through Township Entrepreneurship Fund.	25000 Township and Rural enterprises supported through Township Entrepreneurship Fund.	1000 Township and Rural enterprises supported through Township Entrepreneurship Fund.	1000 Township and Rural enterprises supported through Township Entrepreneurship Fund.	1000 Township and Rural enterprises supported through Township Entrepreneurship Fund.
Number of Crafters supported through the Craft Customised Sector Programme.	700 Crafters supported through the Craft Customised Sector programme.	Approved Business Plans from Craft Hubs/Agencies.	200 crafters supported through the Craft Customised Sector Programme.	250 crafters supported through the Craft Customised Sector Programme.	250 crafters supported through the Craft Customised Sector Programme.
Number of districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Two (2) Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Recruitment and Selection of the municipalities.	EODB Challenges for SMMEs and Co-operatives identified in five Municipalities and Co-operatives.	EODB Challenges identified with small businesses in the region. Baseline Measures of EODB for SMMEs and Co-operatives in the two Municipalities.	Two (2) Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline

5.26. Explanation of planned performance over the medium term period

It is acknowledged that small enterprises are the engine and a critical part of the national economy with the government's National Development Plan (NDP) 2030 looking to small enterprises to be major sources of employment and driver of inclusive economic growth. Therefore, there needs to be a consented effort by government and its social partners to ensure the country produces more SMMEs and Co-operatives that are innovative, job drivers and competitive enough to contribute meaningfully to the economy. To achieve these goals, the programme aims at expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives. Deliberate interventions will be implemented to support start-ups particularly those that are owned by young people and women. There will also be an emphasis on expansion of financial and non-financial support as well as provision of infrastructure to enterprises and entrepreneurs that are based in township and rural areas. Support interventions will focus on enterprises owned by Women, Youth and Persons with Disabilities that operate in underserved areas such as townships and villages.

The Department provides direct and indirect support to small enterprises through the Seda, **sefa** and internal support programmes such as the Craft Customised Sector Programme (Craft CSP) and Township Entrepreneurship Fund (TEF). Accordingly, over the medium-term, the Department will focus on supporting 15 000 competitive SMMEs and Co-operatives and 28 000 Township and Rural enterprises to access financial and/or non-financial support.

The Township Entrepreneurship Fund is a new programme put in place with the aim of supporting enterprises that are based in marginalised areas - townships and villages - and has been in operation since 1 April 2020. This programme will be delivered through **sefa** and will provide financial support to entities based in these areas.

5.27. Programme Resource Considerations

Sub-programme	Total MTEF	Projections		
		MTEF		
		2020/21	2021/22	2022/23
Enterprise and Supplier Development	6 053 208	2 092 454	1 962 772	1 997 982
SMME Programme Design and Support	889 897	48 492	413 719	427 686
SMME Competitiveness	-	-	-	-
Entrepreneurship	17 184	3 227	7 118	6 839
Total	6 960 289	2 144 173	2 383 609	2 432 507

5.28. Key Risks

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in section 38(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing their systems of risk management.

Outcome	Key Risks	Risk Mitigation
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1.1. Duplication of efforts with other government programmes.	1.1.1. Strengthen partnerships with the relevant government Departments, Public Entities and Development Finance Institutions (DFIs).
	1.2. Lack of collaboration with role players in the SMME ecosystem for enterprise development programmes.	1.2.1. Engage with role players in the SMME ecosystem to identify possible collaboration areas and available support instruments.
	1.3. Failure to formulate programmes that address the needs of SMMEs and Co-operatives.	1.3.1. Monitor and evaluate the targeted support programmes to ensure that they are relevant and respond to the needs of the beneficiaries (SMMEs and Co-operatives).

5.29. Public Entities

Currently the Department has two entities (Seda and **sefa**) reporting to it but a Cabinet decision has been taken to consolidate them including the National Empowerment Fund. During the 2020/21 financial year the Department will work on finalising the process of consolidating the three to form one entity that will offer both financial and non-financial support to small enterprises increasing efficiencies for the benefit of SMMEs and Co-operatives.

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R'000.00)
Small Enterprise Development Agency (Seda)	To provide non-financial business development and support services for small enterprises, in partnership with other role players in the small business development environment.	<ul style="list-style-type: none"> • Improved service access for SMMEs. • Increased in turnover for SMMEs. • Increased number of people employed by the small enterprises. • Improved operational excellence. 	R859 140
Small Enterprise Finance Agency (sefa)	To support the development of sustainable SMMEs through the provision of finance.	<ul style="list-style-type: none"> • Ensure sefa is a high impact, high performance DFI that is responsive to government's macroeconomic policies and specifically the DSBBD MTSF plan. • Align sefa's organisational structure, culture and innovative delivery model to be responsive to its mandate and strategy. • Develop the sefa brand value- proposition for our target markets, improve distribution reach and establish winning collaborative models. • Improve sefa's sustainability, operational effectiveness, efficiencies and service delivery by streamlining business processes and deploying technology solutions. 	R246 908

5.30. Infrastructure Projects

Not Applicable

5.31. Public Private Partnerships

Not Applicable

Annexures to the Annual Performance Plan

Not Applicable

Annexure A: Amendments to the Strategic Plan

Not Applicable

Annexure B: Conditional Grants

Not Applicable

Annexure C: Consolidated Indicators

Not Applicable



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