

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**DUE TO PARLIAMENT: 21 MAY 2021**

**“1193. Mr M Hlengwa (IFP) to ask the Minister of Small Business Development:**

**Whether, with reference to the Digital Transformation Index 2020 report compiled by Dell Technologies that the COVID-19 pandemic has seen local organisations accelerate digital transformation in the Republic, and in order to take full advantage of the digital transformation that is underway, her department has a plan in place to supplement an enabling policy framework with swift infrastructure improvements to support small-, medium- and micro-enterprises; if not, why not; if so, what are the relevant details?” NW1384E**

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**REPLY:**

Government through the Department of Communications and Digital Technologies is in the process of developing the Digital Economy Master Plan, which will look into the entire digital ecosystem, including the digital core, infrastructure, technologies and services. Government is approaching digitisation in a holistic rather than on a piecemeal approach as suggested in this question. The Department of Small Business Development is part of the Team lead by DCDT on the Digital Economy Master Plan with a definitive focus on its impact on SMMEs and Co-operatives.

Furthermore, enhancing access requires affordable pricing mechanisms based on telecoms policies that reflect wide digital network and sound broad band strategies, specifically reaching remote areas such as townships, rural areas, and villages. Small enterprises based within the afore-mentioned areas may not necessarily have access to same digital environment. In this regard, the DSBD is in collaboration with the Department of Communications and Digital Technologies (DCDT) whose mandate is to ensure provision of inclusive communications services. The partnership with the Department of Communications and Digital Technology (DCDT) is positioning the SA Entrepreneurship Ecosystem for the digital change and transformation through the investment in needed infrastructure like broadband fibre connectivity to all support hubs (Incubators, Accelerators, Centres for Entrepreneurship Rapid Incubator [CFERIs], Township and Digital Hubs) and high end computing and Rapid Prototyping facilities (3D printers, scanners, CNC and Laser cutting equipment) as shared facilities in all our TVET and University based CFERIs and new Digital Hubs.

The Department is also finalising agreements and engaging various stakeholders in the technology sector for the provision of supporting technological services and offerings to innovate and transition SMMEs and Cooperatives into the Digital era.

On the ICT side, Seda supported 13 Tech base Incubators and Accelerators and established 22 youth based CFERIs in underserviced TVETs and Universities in the 2020/21 financial year to the drive that transformation and support to Tech Start-ups to help build local technology solutions to solve both Social and Industry challenges.

The 13 Tech Incubators have recorded the following performance results in 2020/21 FY:

* 303 Tech Start-ups and SMMEs were supported.
* R49 284 220.16 in revenue was generated by the start-ups and SMMEs in portfolio.
* 441 of the total ICT related jobs in 2019/20 FY were sustained.
* 676 new jobs were created.

As part of our vision for township and rural economies in the digital sector Seda has established four (4) township based hubs in Mabopane in Tshwane, Kraaifontein in the Western Cape, Mogwase in the North West, and Thembalethu in the George. The new hubs will focus on building start-ups in the Gaming, Animation, E-Sports, Coding and Data Science, 3-D Printing, Hard and Software development, robotics, and Electronics. The hubs have taken in their first start-up cohorts in the fourth quarter of the 2020/21 financial year.

These hubs will be supported by the 6 new Digital Hubs that are positioned to lead SA charge in the 4IR space. The new Digital Hubs will endeavour to create start-up and digital business that can compete in local, regional and international markets while remaining locally relevant. The hubs will render support to young Grassroots innovators and start-ups providing needed shared infrastructure, industry collaborations, Enterprise supplier linkage, access to funding at pre-seed, seed and series A and B funding, private sector investor linkage. Also, the hubs will build firm level teams, revenue or paths to revenue, high touch mentoring and coaching aimed at building strong leadership, disruptive, scalable and smart business models poised for Rapid growth in sectors like EdTech, Fintech, E-commerce, HealthTech, Water, Energy and Agri.

Seda is focusing its efforts and have also approved four (4) new University based CFERIs:

* University of Johannesburg, Soweto - will focus on building young tech start-ups in Artificial Intelligence and Blockchain
* Nelson Mandela Bay University - will focus on start-ups in new technologies in water, oceans economy and Electronic Vehicles and Battery technologies.
* University of Venda - focusing on new Hardware, software, IOT and AgriTech start-ups.
* Rhodes University – start-ups in the Creative Industry.

The new CFERIs will be fully established before the end of the current financial year (2021/22).

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**RESPONSE RECOMMENDED BY:**

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**MR LINDOKUHLE MKHUMANE**

**ACTING DIRECTOR GENERAL: DEPARTMENT OF SMALL BUSINESS DEVELOPMENT**

**DATE:**

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**RESPONSE RECOMMENDED BY:**

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**MS ROSEMARY CAPA, MP**

**DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT**

**DATE:**

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**RESPONSE APPROVED BY:**

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**MS KHUMBUDZO NTSHAVHENI, MP**

**MINISTER OF SMALL BUSINESS DEVELOPMENT**

**DATE**: