**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**1408. Mr D C Ross (DA) to ask the Minister of Small Business Development:**

Whether (a) her department and (b) all entities reporting to her are running development programmes for (i) small businesses and (ii) co-operatives; if not, why not; if so, in each case, (aa) what are the relevant details, (bb) what amount has been budgeted and (cc) how many jobs will be created through the specified development programmes in the 2016-17 financial year? NW1556E

1. Table A & B below depicts the following questions ; **(a), (i) , (ii), (aa) , (bb)**

**Table A : Existing DSBD Programs**

|  |  |  |
| --- | --- | --- |
| **Name of Program**  **(a)** | **Brief Description of the Program**  **(aa)** | **Target Group (i) and Budget (bb)** |
| Informal and Micro Enterprise Development Program ( IMEDP) | The Informal and Micro Enterprises Development Programme is a 100% grant offered up to R80k to informal and micro enterprises to assist them in improving their competitiveness and sustainability in order to become formal businesses and part of the mainstream economy with turnovers from **R1k to R200K** and Eligible entities can receive up to R 80k | (**i)Informal and Micro Enterprises**  **(bb) R 65m** |
| Shared Economic Infrastructure Facility (SEIF) | The programme is a 50:50 cost-sharing grant made available on a reimbursable basis, where **DSBD** makes a contribution of 50% towards the qualifying infrastructure project upon the completion of agreed milestones. The programme is capped at a maximum grant of R5 million (VAT inclusive) per qualifying applicant. | **(i)Informal and Micro Enterprises**  **(bb) R 30m** |
| Black Business Supplier Development Program (BBSDP) | The program aims to leverage the competitiveness of black owned enterprises through the provision of machinery, tools, equipment’s and business development services. The program provides a R1 million grants which is broken into a maximum of R800 000 for tools, machinery and equipment and R200 000 for business development and training interventions per eligible enterprise. | **(i)Small to Medium Size Enterprises, Established**  **(ii) Cooperatives**  **(bb) R 225m** |
| Cooperative Incentive Program | The program aims to promote the development and competitiveness of sustainable co-operatives that promotes equity and greater participation by black persons, women, persons with disabilities and youth. The scheme provides financial support in the form of grants to co-operatives. The maximum grant that can be offered to one co-operative entity under the CIS is R350, 000-00 (three hundred and fifty thousand rands). | **(ii)Primary Cooperatives both Start up and Existing**  **(bb) R 75m** |
| Secondary Marketing Cooperative Incentive Scheme (SMCIS) | The objective of the SMCIS is to assist secondary marketing co-operatives to provide specialised managerial services not available within the co-operative, such as quality control, logistical services, bulk-buying, marketing and other value-adding services to primary co-operatives and thereby unleashing their potential to achieve economies of scale, obtain fair market prices for goods and services. , comply with the relevant industry and market requirements and to increase profitability for members and thus contributing to the economic development and growth of the economy Eligible Secondary Cooperatives can receive up to R 10 million | **(ii)Secondary Cooperatives**  **(bb) Utilises the above of** **R 75m** |

**Table B : DSBD New programs in Progress**

|  |  |  |
| --- | --- | --- |
| **Name of Program** | **Brief Description of the Program** | **Eligible Amount** |
| Emerging Enterprise Development Program (EEDP) | The Emerging Enterprise Development Programme (EEDP) provides support to enterprises owned and managed by Women, Youth and/or People with Disabilities in order to increase their capacity to access economic opportunities and enhance their competitiveness. These enterprises are prioritised and supported to enable their meaningful participation and contribution to the economy through employment creation, poverty reduction and reduced inequality. Eligible entities can receive up to R 200k | **(i)Micro and Small Enterprise run and managed by the designated grouping of either Women, Youth and People with Disabilities**  **(bb) Once approved to utilise the BBSDP Budget** |
| Enterprise Incubation Program | A programme has been designed with distinct elements to best respond to the specifications placed by firms in opening markets for enterprises in their supply chains. The program is being finalised and will provide support of up to R5 million | **(ii)Cooperatives and (i)Small Businesses**  **(bb) R 46m** |
| The Gazelles Programme | The Gazelles programme is aimed at enhancing the development and growth of oriented enterprises and to select and provide a structured systematic blend of best practice support to 200 identified SMEs. Forty (40) of the 200 entities were identified as National Gazelles, being the primary focus cohort of high potential SMEs to benefit from integrated business accelerated programme. The programme is implemented by Seda and the selected technical partner. The National Gazelles programme implementation commenced in September 2015 after the official launch by the Minister of Small Business Development. | **(bb) R40 Million** |

**cc)** The the above programs are designed to collate actual Job Creation Information on applications received by the Department .Historical Information on Jobs supported through the exisitng programs is captured and is depicted in the Table C **below**

|  |  |  |  |
| --- | --- | --- | --- |
| **Program** | **Number of Jobs Supported** | | **Total** |
| **2014-15** | **2015-16** |
| Corporative Incentive Scheme ( CIS) | 1359 | 1542 | 2901 |
| Secondary Marketing Corporative Incentive Scheme ( SMCIS) |  | 330 | 330 |
| Black Business Supplier Development Program (BBSDP) | 10425 | 11217 | 21642 |

***Grand Estimated Total* 24873**

**The Entities**

**b)** The Small Enterprise Finance Agency (**sefa**) was established in 2012, with the primary mandate to facilitate access to finance and post investment support to Small Medium Micro Enterprises and Co-operatives. **sefa** primarily facilitates access to finance for SMMEs and Co-operatives that are unable to access finance via the formal financial channels such as the commercial banks and other financial institutions.

To facilitate access to finance, sefa administers the following loan programmes

* Direct Lending – via its 10 regional offices.
* Wholesale Lending – Partnership Loan programme whereby **sefa** partners with financial intermediary institutions, who on-lend to SMMEs and Co-operative Enterprises.

**(aa) Direct Lending:**

Direct lending channel provides funding to small businesses and co-operative enterprises operating in the formal sector of the economy. Funding is made available for start-ups, expansions, working capital requirements as well as business and asset acquisitions. Products offered are term loans, bridging loans, revolving credit, instalment sale agreement and non-financial support. SMEs can request loans ranging from R50 000 to R5 million.

**(aa) Wholesale Lending:**

The Wholesale Lending Programme partners with financial intermediaries to better service and reach a particular segment of the SMME market. To date, **sefa** has established and is managing Wholesale loan programmes with the following intermediaries:

* Microfinance Institutions and other partnerships for on-lending and business support to micro enterprises, mainly operating informally;
* Co-operative Financial Institutions (CFIs) to facilitate credit and savings mobilisation to enterprises in rural and peri-urban areas;
* Land Reform Empowerment Fund (LREF) to support small scale famers who are beneficiaries of governments’ land reform programme;
* Funds and Joint Venture, targeted to facilitate financing of business start-ups and growth in priority economic sectors such as mining, transport logistics, agriculture and to target groups such as women and the youth. Funds may invest in high risk instruments for a limited period of time depending on the development phase of the SME; and
* Credit Indemnity Scheme to indemnity financial institutions and suppliers who extend credit to SMMEs.

**(bb)** what amount has been budgeted and (cc) how many jobs will be created through the specified development programmes in the 2016-17 financial year?

**Table 1: Outline of budgeted amounts (approvals) and estimated number of jobs to be created and sustained in 2016/17 FY**.

|  |  |  |
| --- | --- | --- |
| **Programme** | **(bb) Budgeted amount for 2016/17 (Approvals)** | **(cc) Estimated number of jobs (new & sustained)** |
| **Direct Lending**: SME & Co-operative support | R229 million | 817 |
| **Informal and Micro Enterprises** | R97 million | 69 300 |
| **Wholesale Lending:** RFIs, Funds & JVs | R246 million | 1080 |
| Co-operative Enterprise Lending | R53 million | 760 |
| Credit Guarantee | R260 million | 1905 |
| **Total** | **R885 million** | **73 862** |

**SEDA**

**(b)** Seda by virtue of its mandate is provides enterprise development support to small enterprises and cooperatives.

**(aa)** Seda provides business related information, advice, consultancy, training, technical interventions and mentoring services in all areas of enterprise development. These services aim at providing solutions related to various business functions from production to human resources, finance, marketing and export development. Rural enterprise development and cooperatives are supported through the Cooperatives and Community Private Partnerships Programme (CPPP). Through Stp, Seda also provides technology transfer, business and technology incubation services, as well as incentives for management systems implementation (such as ISO9001 and OHSAS 18001), product testing and certification.

**(bb)** R481,495 million for Seda, and R139,187 million for the Seda Technology Programme.

**(cc)** Seda aims to provide long term support, through numerous interventions to 10,830 small enterprises and 135 primary and secondary cooperatives. Approximately 35% of these are expected to see an increase in number of people employed.

Seda Technology Programme aims to support 2,235 clients through incubation support, technology transfer incentives, conformity and product testing, and systems implementation. Approximately 1,650 new permanent jobs are expected to be created by the programme through its interventions.