

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**DUE TO PARLIAMENT: FRIDAY, 26 MAY 2023**

**“1775. Mr D F Mthenjane (EFF) to ask the Minister of Small Business Development:**

 **In light of the fact that it has been noted that there is a lack of collaboration between the Small Enterprise Finance Agency (Sefa) and the Small Enterprise Development Agency (Seda), as Seda business partners sometimes fail to inform its clients about Sefa’s financial support, what are the (a) reasons and (b) limitations that prevent the Seda business partner from informing small-, medium- and micro enterprises and co-operatives about Sefa?” NW2039E**

**REPLY:**

(a)&(b) The collaboration between the Seda and **sefa** has also improved to the benefit of SMMEs and Co-operatives. One of the initiatives that was undertaken is the development of a common funding template. The funding template provides guidelines to Seda officials when developing business plans that are aimed at raising funding through **sefa**. In addition to this initiative, there is a Steering Committee that has been established at the national level to guide provinces in respect of areas of collaboration. Seda officials in all provinces were also trained on **sefa**’s programmes as well as the automated loan origination system.

In the short term, there are concerted efforts to strengthen and streamline collaboration and communications between the DSBD entities (**sefa** and Seda) with regards to their products, services and especially progress feedback on applications. To this end, the entities identified the following key focus areas of engagement to ensure improved service delivery to our clients:

* The sharing of databases by the entities in order to improve service offerings and efficiencies.
* Pre-investment support to be provided by Seda after **sefa** has reviewed an application and indicates what Seda needs to assist the client with.
* The sharing of processes, which will be arranged with the Seda provincial network through virtual sessions.
* Amendment of the referral process to focus on process and supported related issues.
* Exposure of Seda Practitioners to **sefa** processes to gain a better understanding of the entities’ evaluation processes.
* The training of Seda Business Advisors on **sefa**’s due diligence.
* **sefa** will also train Seda’s Access Points Service Providers on **sefa**’s products and application processes, especially in those areas where **sefa** never receives applications.
* Proper functioning referral system between the two entities.
* **sefa** to link its pre-invest staff to the various Seda branches.
* Seda will also provide post-investment support. **sefa** will still provide post-investment monitoring, as required of them as a Development Finance Institution (DFI).

In some of the provinces, **sefa**’s Investment Analysts are already linked to Seda branches and **sefa**’s Regional Managers meet with the relevant Seda Branch Managers and Practitioners to discuss **sefa** referrals. These engagements are very important, and the entities are working on standardizing it in all Provinces.