

**NATIONAL ASSEMBLY/**

**QUESTION FOR WRITTEN REPLY**

**DUE IN PARLIAMENT: FRIDAY, 3 MARCH 2023**

**“300. Inkosi R N Cebekhulu (IFP) to ask the Minister of Small Business Development:**

**Whether, following reports that the Republic is currently in the midst of a cost of living crisis and small businesses are being greatly affected by load shedding, her department has any programmes in place to assist small business owners to grow their business through the cost of living crisis while consumers are forced to buy less; if not, why not; if so, what are the relevant details?” NW314E**

**REPLY: I have been advised by the department as follows:**

The Department of Small Business Development (DSBD) continues to support informal and small businesses, inclusive of co-operatives, through a range of existing programmes. The support rendered is financial and non-financial.

The DSBD, through the Small Enterprise Finance Agency (**sefa**), recently conducted a research study on the impact of loadshedding on its funded clients and the following are some of the findings identified:

* + Respondents suffered loss of revenue and production due to loadshedding.
  + 76% of respondents indicated that they do not have alternative power in place to mitigate the effect of loadshedding.
  + To cope with the impact of loadshedding, most respondents indicated that they utilised the loadshedding schedule to plan their business operations and have reduced their production.
  + Majority indicated that they require assistance with funding to acquire alternative energy source and assistance with restructuring of their loans in respect of their loan repayment obligation with us.

In response to the challenges faced by the small and informal businesses, the DSBD is considering the introduction of interventions to address the situation. The DSBD together with its agencies, the Small Enterprise Development Agency (Seda) and the **sefa** are looking at a multi-pronged approach for supporting SMMEs affected by loadshedding:

1. The Power Purchase Product (PPP) is an immediate relief for formal and informal enterprises (alternative power sources). It is an initiative of the Small Business Development Portfolio (DSBD, Seda and **sefa**) to support SMMEs with alternative energy generating equipment (generators and Photovoltaic installations - PV). The programme will be implemented via the existing programme structures as follows:
   * Informal and Micro business to be supported via DSBD’s Informal and Micro Enterprise Development Programme (IMEDP).
   * Small to Medium enterprises to be supported through **sefa**’s Township and Rural Entrepreneurship Programme (TREP).

The power purchase IMEDP will be a 100% grant programme, whilst the TREP power purchase will be a blended term loan facility of 50% of the installed price (50% grant and 50% term loan). The programme will utilise the services and capacity of existing suppliers of equipment and accredited installers.

2. Guarantee programme via the Bounce Back Scheme administered by Khula Credit Guarantee (KCG) on behalf of government. This is a medium to long term intervention that still require intense discussion relevant parties including the National treasury who are the custodian of the scheme.

• Ongoing discussions with National Treasury indicates their interest and consideration of opening up the bounce back scheme to all Development Finance Institutions.

The DSBD will provide support to formal and informal enterprises as immediate intervention and within the available financial resources whilst working on the medium and long terms sustainable solutions.

**STELLA NDABENI-ABRAHAMS**

**MINISTER: DEPARTMENT OF SMALL BUSINESS DEVELOPMENT**