

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**DUE IN PARLIAMENT: 7 OCTOBER 2022**

**3371. Mr M M Chabangu (EFF) to ask the Minister of Small Business Development:**

**Noting how 20% of small businesses fail in their first year and 30% in the second, which intervention measures has her department put in place to prevent this from happening?**

**NW4176E**

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

The mitigating measures that the Department of Small Business Development (DSBD) is implementing to prevent and minimise business failures are as follows:

1. Rolling out Business Development Support Services as part of the non-financial support component through the Small Enterprise Development Agency (Seda), Incubators and Digital hubs with a view to provide a broad range of enterprise development support to small businesses including Co-operatives.
2. Implementing various financial support incentives such as Township and Rural Entrepreneurship Programme (TREP), Informal and Micro Enterprises Development Programme (IMEDP), Business Viability Programme, Small Enterprise Manufacturing Support Programme (SEMSP) and Shared Economic Infrastructure Facility (SEIF) to support the growth and sustainability of small businesses.
3. On the reform side, the Department is implementing the localisation policy framework and finalising the SMMEs and Co-operatives Funding Policy, NISED Master Plan as well as Incubation and Business Development Services Policy. In addition to the above, the Department is a key participant in the Financial Sector Development Reform Programme and is leading the SMME Access to Finance Action Plan that is aimed at alleviating challenges confronting small businesses in the country. The primary objective is to ensure that small businesses flourish, and potential entrepreneurs are incentivised to consider entrepreneurship as a career option.
4. The DSBD has developed a new programme called the Co-operatives Development Support Programme (CDSP) with an objective to support co-operative enterprises financially and non-financially. DSBD, together with its agencies, the Small Enterprise Finance Agency (**sefa)** and Seda seek to assist co-operative enterprises to address the following identified and encountered market failures:

The Department of Small Business Development has developed a new programme called the Co-operatives Development Support Programme (CDSP) with an objective to support co-operative enterprises financially and non-financially.

DSBD, together with its agencies, **sefa** and Seda seek to assist co-operative enterprises to address the following identified and encountered market failures:

* + 1. Lack of participation in the formal economy by co-operatives,
    2. Lack of effective and professional managerial capacity within the co-operative entities capable of efficiently running and managing both the association and business component of the co-operative to minimize tension between the two and thus grow and develop the co-operative
    3. Low or non-participation by co-operative enterprises on all other incentive programmes
    4. Lack of access to finance
    5. Lack of working capital to allow effective market entry
    6. Lack of improved assets value
    7. Lack of targeted business development support.

As part of ensuring the growth, development, and sustainability of these co-operative enterprises, Seda was tasked with assisting the co-operatives with non-financial support inclusive of, but not limited to pre-formation, business development services, trainings and workshops etc., while DSBD through **sefa**, will be supporting the co-operatives financially and providing programme oversight.

DSBD has also concluded a Memorandum of Understating (MoU) with the German Co-operative and Raiffeisen Confederation (DGRV) with an objective to facilitate job creation through supporting and capacitating communities, officials, and groups for development of viable and sustainable co-operatives within their space.

**STELLA NDABENI-ABRAHAMS**

**MINISTER: SMALL BUSINESS DEVELOPMENT**