

National Integrated Small Enterprise Development (NISED) Strategic Framework

A Strategic Framework to boost the growth of Small Enterprise in South Africa

Who are Small Enterprises?

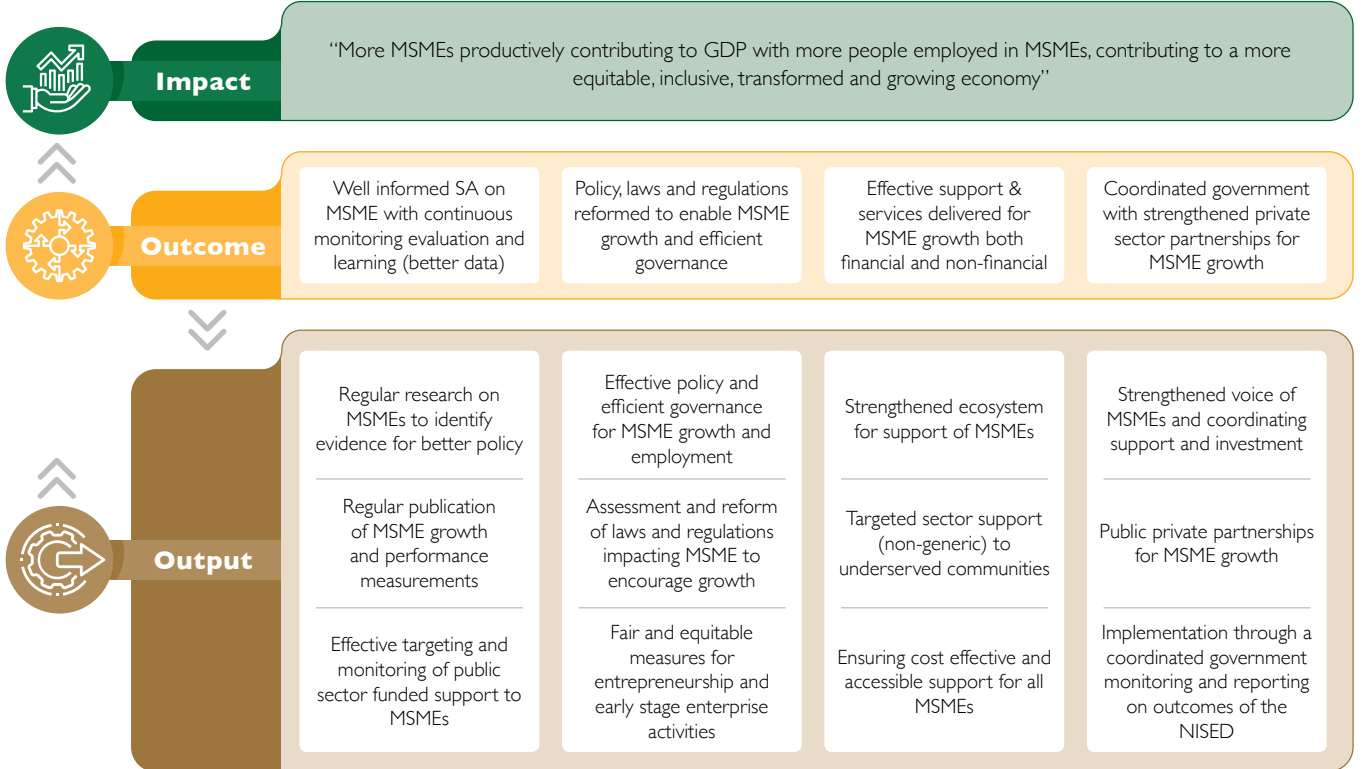
Small Enterprises (including cooperatives) that fall within the National Small Enterprise Act (NSEA) targeted thresholds include enterprises in all stages of evolution from a start-up, emerging, stable, or expanding as well as enterprises in distress.

Why the NISED?

“Despite considerable resources & policy intervention to support micro, small, & medium enterprises (MSMEs), support for MSMEs remains uncoordinated & fragmented with duplication of initiatives based on symptoms. Research & data to monitor MSME performance remains elusive at national level resulting in ill-informed design of programmes & support to match MSME needs & opportunities (financial & non-financial). This continues to result in low survival rates of MSMEs & stagnant growth”.

The NISED seeks to introduce better coordination in developing and designing improved interventions for MSMEs through specific actions & interventions.

NISED: An informed South Africa on MSMEs leads to better policy that enables effective support and services and builds stronger partnerships to improve growth in the country.



Projects and programmes to be aligned to the thematic areas of the NISED at output level. This will detail out the DSBDs coordinating role in aligning MSME support across government and private sector.

Key Impacts

- ✓ More small enterprises productively contributing to GDP
- ✓ Significant increase of formal employment by MSMEs
- ✓ Intensifying formalisation of MSMEs to support transformation
- ✓ Raising the productivity and competitiveness of MSMEs

Essence

NISED represents a national Small Business Support Strategy as prescribed by the National Small Enterprise Act 1996 (amended) to advance the development of a thriving MSME sector that contributes meaningfully to inclusive growth and job creation.

NISED represents the framework for all actors to commit measurable programmes, products, and services to accelerate small enterprise growth in the economy.

Thrust

The key thrust of NISED is principled on targeted support for the different lifecycle stages of MSMEs & is inclusive of all types of business ownership and population demographics.

Focus

NISED focuses on facilitating the growth and development of sustainable smaller enterprises.

The NISED works with:

- 01 The economic recovery programmes of South Africa.
- 02 Covers all overarching instruments for Small Enterprise Development in South Africa
- 03 Central to its core principles & values is a deliberate focus on the transformation agenda to address vulnerable targeted groups which include women, youth, persons with disabilities, and township and rural areas.

Pillar 1: Well Informed SA on MSMEs with Continuous Monitoring & Evaluation and Learning (better data)



Outcome 1: Regular research on MSMEs to identify evidence for better policy (with the application of a uniform definition for MSMEs)

- Regularly issue section 20 (2) of NSEA notices to the statistical & research community to identify (Micro) (Small) & (Medium) firms for statistics, research & incentive programmes.
- Nationally, conduct regular reviews of MSME owners through surveys that reflect Micro, Small & Medium sized enterprise business perceptions & trends.
- Longitudinal tracking.
- Aligning MSME journal publications for 3-year cycles.
- Lessons & learnings from local & international research (focus on formalising).
- Research colloquiums to present papers on policy themes outlined in the Masterplan.



Outcome 2: Regular publication of MSME growth & performance measures (through the regular publication of the Annual Review of Small Business – NSEA section 19)

- Entities designated by the Director General (DG), must in cooperation with the DG annually compile a review, called the Annual Review of Small Business, which must cover areas defined by the Minister or the DG, & areas including:
- Encapsulates work done on the NISED (see output 3 for what/how).
- Summaries on findings/recommendations to legislation affecting MSMEs.
- Trends & new developments in MSME support and development.
- Measurements of growth or decline of MSMEs (from statistical agencies).
- Deadline (June every year to be submitted to Minister for submission to parliament).



Outcome 3: Effective targeting & monitoring of public sector funded support to MSMEs (through efficient monitoring of public funded support)

- Regular reporting of MSME trends by designated entities to the department for the publication in the annual review as stipulated in Section 19 (4) of the NSEA. This is to account for public sector aggregated funding to the development & support of MSMEs.
- Minister to issue section 20 regulatory notices to "designated entities" receiving public sector funding for the purpose of supporting MSME (Including Incubator; mentorship, financing Programmes etc.)
- Central data collection system for reporting as prescribed by the DG on what will be reported.
- The DG will give notice to shifts & changes on outcomes achieved & what targets are set for MSME support & development.

Pillar 2: Reform Policy, Laws & Regulations to Enable MSME Growth & Efficient Governance



Outcome 4: Effective policy & efficient governance for MSME growth & employment (Policy development for an enabling environment)

- Prepare policy positions (based on evidence) to be published by the department on several topics to guide programme & intervention responses required.
- Increase efficiencies through streamlining administrative procedures, rules & regulations by applying e-Government practices to ease the burden of compliance costs & time for MSMEs to invest, grow & employ. Reduce red tape.
- Review administrative procedures for business/enterprise compliance.
- By Sector.
- By Municipal Authority.
- By Provincial Government Authorities.
- By National Government Authorities.
- Report on recommendations & implement changes with e-Governance focus (digitalisation & digitisation of service delivery for licences & official regulatory administration).



Outcome 5: Assessment & reform of laws & regulations impacting MSMEs to encourage growth. (Regulatory reviews)

- Regular publication by notice in the National Gazette the guidelines as stipulated in Section 18 (2) (a)-(e) of the NSEA for the purpose of outlining the procedural steps to be followed in reviewing laws & regulations affecting MSMEs.
- Effective use by all government of Section 18 (3) of the NSEA (consultation & impact assessment of laws & regulations to minimise administrative inefficiencies & unintended effects).
- Publication periodically in the National Gazette of laws & regulations to be reviewed that affect MSMEs to be consulted & assessed (prospective & retrospective) for reform to boost MSME participation, inclusion & growth. Special emphasis should be given to the current priority sectors captured in government economic masterplans & strategies.
- Assessment of the impact, effect & application of the laws & regulations
- Reports written to the competent authorities & departments on consultation & impact of laws & regulations contained in sub (a) with recommendations for reform.



Outcome 6: Fair & equitable measures for entrepreneurship & early-stage enterprise activities

- Policy actions to be tabled to extend social benefits & incentives to early-stage entrepreneurial activities.
- Alternative Dispute Resolution (ADR) mechanism to resolve late payment & contract disputes for MSMEs embedded in SA's legal framework.
- Publish policy mechanisms that can be recommended to incentivise informal enterprises to participate in the mainstream of the economy.
- Simplify compliance & improve business conditions for informal enterprises & informal employees.
- Provide greater access to social benefits for informal workers & enterprise owners.
- Provide greater access to skills development initiatives for both informal workers & enterprise owners to upskill them.
- Provide greater access to infrastructure & technology.

Pillar 3: Effective support & Services Delivered for MSME Growth (financial & non-financial)



Outcome 7: Strengthen ecosystems for support of MSMEs (building & showcasing supply to support MSMEs)

- In alignment with the DDM "one plan" develop, publish & regularly update a national spatial map of service providers offering support (financial & non-financial) to MSMEs including public & private actors, capturing the ecosystem of support providers. This should include:
 - A publication of a digitally centralised national directory capturing the location, contact information & services offered for providers of financial & non-financial services to MSMEs both public & private actors.
 - An easily accessible & user-friendly interface where MSMEs can find contact details that are up to date for the purpose of accessing support (financial & non-financial).
- In alignment with the DDM "one plan" & concurrently with the development & publication of a spatial map & registry of service providers the department is required to give effect to the IBDS to provide for:
 - Better quality assurance of service providers through regular monitoring of support delivered.
 - The standards of practitioners are enhanced.
 - Educational institutions (Higher education & TVET) have appropriate pedagogy & certification programmes.
 - Business development practitioners are upskilled on new approaches to enhance the delivery of support to MSMEs.



Outcome 8: Targeted sector support (non-generic) to underserved communities (targeting & meeting demand of MSMEs)

- Restructure the national support agencies providing both financial and non-financial support to provide better service and coordination of public support to MSMEs.
- In alignment with the DDM "one plan" using the ecosystem map (spatial & registry) identify gaps in the supply of effective & sustainable support offered by service providers. Special attention should be given to the advancement of entrepreneurial skills & the enhancement of non-generic products & services tailored to sectors.
- Align & ensure sector strategies (services & products) are fit for purpose & cost effective.
- Regularly conduct assessments with MSMEs on programmes offered in alignment with NISED.
- Identify gaps to crowd in other actors where required (partnerships are essential).
- Develop Game Changer activities that enhance the MSME support plan and promote innovative financial products that minimises direct lending by government actors and crowds in market entrants and financial intermediaries.
- In alignment with the current national priority sector masterplans, particular attention should be to ensuring that investment from the public sector is leveraged to stimulate MSME participation. This public investment should stimulate new investment by crowding in other actors as well as the private sector & open market opportunities for MSMEs.
- Special focus is to be given to the consultation & representation of MSMEs in the various sector masterplans implementation.
- Special attention is to be given to ensuring that all masterplans target supplier development of embedded services/products from MSMEs.
- Special attention is to be focused on retooling & skilling MSMEs for better competitiveness, innovation & 4IR.



Outcome 9: Ensuring cost effective & accessible support for all MSMEs (cost effective support for MSMEs)

- Determine & regularly update a published guideline schedule that standardises the fees/rates for business development support services funded/subsidised by all National, Provincial Departments & Local authorities to MSMEs. This should include (Training, mentorship, coaching, technical consulting, Incubation & digital services).
- A regularly published assessment that assists the periodic update of the rates & determination of services & products contained in the guideline schedule which reviews.
- Cost efficiency & effectiveness of public sector funded/subsidised support services rendered.
- Mechanisms applied for funding & subsidies which can include & not limited to incentives & user-based subsidies, vouchers, grants, matching finance, impact funding, blended finance etc.
- Monitoring frameworks which review implementation & adherence to the guideline schedule.
- Recommendations to update the guideline schedule & improve outreach.

Pillar 4: Coordinated Government with strengthened private sector partnerships for MSME growth



Outcome 10: Ensuring cost effective & accessible support for all MSMEs (cost effective support for MSMEs)

- To coordinate & strengthen the voice of small business in SA & to showcase MSMEs as a prominent segment of economic activity, every two years a national Presidential summit to be convened. This summit to be supported by:
 - Provincial conferences held every two years by the individual Premier offices on MSMEs in preparation for the national summit following the agenda as noted in the national summit.
 - The Department & the Presidency is to agree on budget allocations for the professional secretariat services to host the presidential summit.
- Summits are to:
 - To present a consolidated review of small business in SA as well as progress on matters prioritised from previous summit(s).
 - To present individual Provincial reviews in alignment with the DDM one plan model. Objectives for MSME provincial & district growth, investment targets & public private partnerships targeting MSME development & support (products & services) in their respective provinces.
 - To present outcomes of the sector-based masterplan agreements for MSME development, support (products & services) & investment
- For the national departments, implementing agencies & research partners to present findings & recommendations on MSME policy, programmes & developmental objectives.
- For small business chambers, associations, sector representative bodies (large, small & informal) & networks to engage, respond & advocate their members positions.
- For the business communities (Inclusive of large & international businesses) & government departments, agencies & other partners to:
 - Report on investments made to MSME development objectives.
 - Report on challenges & opportunities to MSME market development
 - Identify new investment & market development opportunities for MSME growth & Accords.
 - To make commitments & accords for implementable programmes & projects that support & promote MSME growth & sustainability.
- To set the agenda, policy & programme of action for MSME development & support to be reported back on at the next national summit.



Outcome 11: Partnership outreach for MSME growth

- In conjunction with the implementing agencies the department is to continuously identify new projects & investment opportunities for MSME development & support & to monitor, track & report on the investment & developmental commitments made in the national summit. This is to be publicly reported on in the annual review as prescribed by the NSEA under the guidance of the DG of the department. This is to:
 - Conclude new formal commitments to MSME investment & development.
 - Facilitate knowledge sharing of investments & project areas that support MSME growth as committed to in the national summit.
 - Track the quantum of investments/support & development programmes directed to MSMEs by sector, size & geographic location (including women, youth, black business & vulnerable groups).
- Assist in the reporting back to the following national summit.
- Assist in tracking the outcomes of the sector-based masterplans for MSMEs & identify sector based new investment & development objectives to improve the conditions for MSMEs in the different industrial sectors.
- Assist the provincial conferences in alignment to the national summit's resolutions/accords & investment areas.
- Assist in the development & pipeline of new support & investment programmes, particularly where gaps are identified.
- Report back at the national summit & the annual review on formalised commitments achieved with public sector partners, government partners multilateral partners, chambers, sector associations & other stakeholders to showcase MSME investment & development projects.



Outcome 12: Implementation through a coordinated government monitoring and reporting on the outcomes of the NISED

- Coordinated Intergovernmental Relations (IGR) reporting on the implementation of support to small enterprises through the implementation framework of the NISED.
- Establish the structures necessary within the current government management and coordination frameworks for monitoring, tracking, and reporting on the actions identified in the NISED Strategic Framework.
- Work closely and agree with Department of Planning Monitoring and Evaluation the establishment of a monitoring framework to measure the outcomes of the NISED Strategic Framework.