



Department of Small Business Development

ANNUAL PERFORMANCE PLAN 2021/22



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



EXECUTIVE AUTHORITY STATEMENT

The 2021/22 Annual Performance Plan of the Department for Small Business Development (DSBD) was developed with the objectives of achieving the targets set-out in the National Development Plan (NDP, the Medium Term Strategic Framework (MTSF), and the Economic Reconstruction and Recovery Plan of South Africa. The ability of the Department to advance the support to the SMME and cooperatives sector is directly linked to achievement of the APP targets.

Reports released by Statistics South Africa indicate that the SMME including the informal business sectors borne the largest brunt of the devastation visited upon business by the coronavirus (Covid-19) pandemic. Furthermore, the Covid-19 pandemic changed both the operating environment and business model making the task of supporting SMMEs and cooperatives more urgent and complex and thus requiring innovative approaches. Therefore, there will be a need for continuous evaluation for not only the attainment of the targets set in this APP, but the impact of its implementation and effecting the necessary reviews throughout the financial year.

In spite of the challenges posed by the Covid-19 pandemic, the 3rd and 4th quarter data of 2020 showed green shots of economic growth that were also enabled by the implementation of the government's Economic Reconstruction and Recovery Plan (ERRP). Thus, the 2021/22 APP is presented within an context of driving the implementation of the ERRP with a focused view on achieving inclusive growth. On 21 April 2020 when His Excellency, President Cyril Ramaphosa addressed the nation on further economic and social measures in response to the Covid-19 pandemic, the President committed us *"not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality"*, indicating that the economic strategy going forward is to restructure the economy and achieve inclusive growth. This requires that we build back better and with specific focus of making SMMEs and cooperatives not only the cornerstone of South Africa's economic development but achieving sustainable and competitive development of SMMEs and cooperatives.

Specific to the mandate for the Department of Small Business Development, the ERRP directed us to promote localisation through industrialisation; support sustainability and competitiveness of SMMEs and cooperatives; to strengthen the informal sector; and

to forge a compact for radical economic transformation that advances the economic position of women, youth and persons with disabilities; and make our townships, villages and rural areas vibrant centres of economic activity.

The ERRP has five objectives, which are linked to the country's vision, set out in the National Development Plan (NDP Vision 2030):

- To create jobs, primarily through aggressive infrastructure investment and mass employment programmes;
- To reindustrialise our economy, focusing on growing small businesses;
- To accelerate economic reforms to unlock investment and growth;
- To fight crime and corruption; and
- To improve the capability of the State.

The Department has been allocated R4 billion over the medium term to township and rural enterprises, including blended finance initiatives. This funding will support the implementation of the Township and Rural Entrepreneurship Programme (TREP) that was developed and commenced implementation in 2020/21 with a view of supporting the growth and participation of predominantly township and rural enterprises in the mainstream of the economy. The TREP programmes are Autobody Repairers and Mechanics; Spaza Shops and General Dealer Support Scheme; Bakeries and Confectioneries; Clothing, Textile and Leather Scheme; and Butcheries Support Programme; and Manufacturing. If well supported, businesses in these sub-sectors have a potential to make townships and rural areas hubs of economic development. In addition, the Department also opted for dedicated support geared towards growing the informal businesses that is premised on the formalisation of the sector and supporting their ability to access credit through commercial funding institutions including commercial banks. These informal businesses focused programmes are the Tshisanyama and Cooked Food Scheme; Personal Care Scheme; and Fruit and Vegetable Vendors Support.

Other initiatives that the Small Business Development Portfolio continues to implement towards the attainment of the goals of inclusive growth and the objectives of the Economic Reconstruction and Recovery Plan include:

- Supporting competitive SMMEs that contribute to inclusive economic growth and job creation: achieving this through schemes such as the Manufacturing Support Scheme; implementation of the SMMEs-focused Localisation Policy Framework including the Listing of product brands produced by SMMEs and Co-operatives with Wholesalers and Retailers; and creating markets for products of SMMEs and cooperatives;
- SheTradesZA programme, which is a platform that serves as a unique opportunity for women entrepreneurs in the SMME sector, enabling them to participate in the both local and global value chains and markets. The platform targets supporting women-owned businesses in the agro-processing, manufacturing, renewable energy, clothing and textile, cosmetics, creative industries, pharmaceuticals, retail and wholesale, exporters and importers, logistics and payment systems.
- The finalisation and implementation of the SMMEs and Co-operatives Funding Policy to improve access to finance and coordinate financial investment of both public and private sector. The Development Finance Institutions and the private sector continue to invest enormous financial resources to support the development of a vibrant and sustainable SMME. Despite these efforts, access to finance by SMMEs and cooperatives remains

a major challenge and the impact of the efforts is not concomitant to the invest. The situation is worsened by the absence of the SMME Funding Policy.

The work set out in this APP also builds from the efforts of the 2020/21 financial year and the interventions that were necessitated by the outbreak of the Covid-19 global pandemic . Amid the pandemic, the Department and its agencies, had to realign and reconfigure existing budgets and programmes to respond to the situation that confront the country and our economy. As stated by the President in the 2021 SONA, *“The year ahead must be a time for change, for progress and for rebirth. It must be a year in which we rise.”* Successful implementation of this APP will also rely on a well-functioning and efficient Small Business Development Portfolio.



Hon. Khumbudzo Ntshavheni, MP

Minister for Small Business Development

ACCOUNTING OFFICER STATEMENT

The 2021/22 Annual Performance Plan (APP) of the Department of Small Business Development (DSBD), although tabled under difficult period, provides the Department's clear objectives to implement the robust priorities of the sixth administration whilst supporting the Economic Reconstruction and Recovery Plan that was endorsed by social partners.

The mandate of the Department of Small Business Development is to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and Co-operatives, and ensure an enabling legislative and policy environment to support their growth and sustainability. The realisation of this mandate will lead to a transformed and inclusive economy driven by competitive and innovative small businesses. This APP takes guidance from the NDP Vision 2030, 2019-24 Medium Term Strategic Framework (MTSF), DSBD revised 2020-25 Strategic Plan, Economic Reconstruction and Recovery Plan, 2021 State of the Nation Address, 2021 Budget Speech, Human Rights implications of COVID-19 as suggested by the United Nations (UN) and adapted to the South African context, and the Gender Responsive Planning, Budgeting, Monitoring and Evaluation Framework. This Plan outlines the previous financial year's key accomplishments of the Department and the Department strategic focus for the 2021/22 financial year and medium-term period.

In support of the Executive Authority statement on policy priorities, it is important to reflect on key accomplishments made in the past financial year and take stock of the areas that need improvement and strategic focus for the 2021/22 financial year and medium-term period.

REDUCE REGULATORY BURDENS FOR SMALL ENTERPRISES

Critical to the Department's mandate is to work on reducing regulatory burdens and creating a conducive policy and legislative environment to support the growth and sustainability of SMMEs and Co-operatives. The Department has made great strides in creating a conducive environment; notably the proposed amendments of the National Small Enterprise Bill was published in Government Gazette for public comments. The amendments mainly attended to the establishment of the Small Enterprise Ombud Service. The draft Bill also included additional issues on regulating the unfair business-to-business practice.

During 2021/22 financial year, the Department aims to take the National Small Enterprise Amendment Bill through Parliamentary processes after Cabinet approval. The Department will also embark on the revision of the Schedule to the National Small Enterprise Act with an aim to ensure alignment and utilisation of the SMME definition. For the medium-term period, the National Small Enterprise Amendment Bill will be promulgated and implemented.

In addition, assistance to municipalities to roll out the Red-Tape Reduction Programme (RTRP) is an important component of the work of the Department as the Government aims to create a conducive environment for the establishment of new enterprises and growth of the existing ones. To ensure that the Department addresses issues of reducing red tape, three districts will be assisted with rolling out the Red-Tape Reduction Programme Pilot Administrative Simplification Programme for SMMEs and Co-operatives.

MASTERPLANS

The current administration emphasised the importance of policy implementation as a central feature over the medium-term period. In this regard to grow South Africa's economy and expand its productive sectors, Masterplans have been identified as a tool to refocusing the South African industrial strategy as a central pillar of the country's economic recovery and will be key to growing the economy. The development and implementation of sector Masterplans will continue to play a critical role in using a range of cross-cutting measures to re-invigorate key industries to grow our economy. The Department has developed both the Creative Industries Masterplan and National Integrated Small Enterprise Development Masterplan during the 2020/21 financial year. During 2021/22 financial year, the Department will submit the Masterplans to Cabinet for approval and subsequently, implementation will commence.

SMMEs-FOCUSED LOCALISATION POLICY FRAMEWORK AND IMPLEMENTATION PROGRAMME

During quarter three of the 2020/21 financial year, the SMMEs-focused Localisation Policy Framework and Implementation Programme was approved by the Cabinet. This approval gave way for various programmes to be launched, starting with the Manufacturing

Support Scheme, which focuses on funding SMMEs linked to the market to increase their capacity and improve their competitiveness. The SMME listing programme which was conceptualised to identify the readiness of products manufactured by SMMEs that could be listed on the shelves of retailers and wholesalers was also launched. During 2021/22 financial year, the Department, through the implementation of this Policy Framework, will ensure that during the medium-term period 800 products (in addition to the 200 that are targeted for the 2020/21 financial year) produced and services rendered by SMMEs and Co-operatives are linked to the market.

SHETRADESZA PROGRAMME

SheTradesZA is a platform that serves as a unique opportunity for women entrepreneurs in the SMME sector to participate in global value chains and markets. As at 31 December 2020, the Department managed to register 670 women-owned businesses on the international platform. The Department will ensure that 6 000 women-owned enterprises are registered and monitored in the SheTradesZA platform over the medium-term period.

SUPPORT FOR TOWNSHIP AND VILLAGE ECONOMIES

To resuscitate township economies, the Department has conceptualised and developed a specific programme focusing on township and rural enterprises called the Township and Rural Entrepreneurship Programme (TREP). TREP is a dedicated programme to provide support to the township and rural enterprises with an emphasis on enterprises owned and managed by the designated groups: Women, Youth and Persons with Disabilities, in order to increase their capacity to access economic opportunities and enhance their competitiveness. As at 31 December 2020, over 12 000 township and rural enterprises were supported financially and non-financially. During the 2021/22 financial year, the Department will support township and rural enterprises to the value of R694 million.

The Department is cognisant of the fact that its employees are the drivers of the success for SMMEs and Co-operatives programmes. To strengthen and optimise the working

environment and delivery capacity of the Department, development of employees will continue to be prioritised; vacant funded posts will be filled, thus reducing vacancy rate to be within the planned target.

On the technological front, achieving digital interface and integration is one of the key targets in the 2021/22 financial year that will allow efficiency in the Small Business Development Portfolio. The COVID-19 pandemic highlighted the need for technological advancement and digital integration.

With respect to the Department's entities, the DSBD will continue to take an active role in ensuring the highest standards of corporate governance and implementation by Seda and **sefa**, and also harness the collaboration of the SBD Portfolio.

If anything, the current conjuncture brings about opportunities to reset the South African economy, to decisively and collectively implement the interventions that will push South Africa away from the high and deeply entrenched levels of poverty, unemployment and inequality. This is a definitive moment to support competitive, accelerating and sustainable SMMEs and Co-operatives sectors.

I wish to thank the Minister Ms Khumbudzo Ntshavheni, and the Deputy Minister, Ms Zoleka Rosemary Capa for their leadership and guidance during these unprecedented times. Lastly, I commit the Department staff to serve with the utmost respect, resolute and professional manner in providing public services to our society.



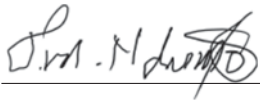
Mr Lindokuhle Mkhumane
Acting Director-General

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

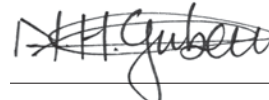
- Was developed by the management of the Department of Small Business Development, under the guidance of the Honourable Minister of Small Business Development, Ms K Ntshavheni;
- Takes into account all the relevant policies, legislation and other mandates for which the Department of Small Business is responsible;
- Accurately reflects the Impacts, Outcomes and Outputs which the Department of Small Business Development will endeavour to achieve over the 2021 – 22 period.

Recommended by:



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ADDG: Sector and Market Development



Ms. NH Mavundla

Official Responsible for Planning



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Chief Director: Corporate Management



Ms SM Oosterwyk

Chief Financial Officer

APPROVED BY:



Ms. K Ntshavheni, MP

Minister: Small Business Development

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ACRONYMS AND ABBREVIATIONS

ADDG	Acting Deputy Director-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AU	African Union
B-BBEE	Broad-based Black Economic Empowerment
BR	Business Rescue
BVP	Business Viability Programme
CDA	Co-operatives Development Agency
CDSP	Co-operatives Development Support Programme
CIS	Co-operatives Incentive Scheme
CoGTA	Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus
CSP	Craft Customised Sector Programme
DFIs	Development Finance Institutions
DG	Director-General
DFI	Development Finance Institution
DPME	Department of Planning, Monitoring and Evaluation
DSBD	Department of Small Business Development
ESIED	Economic Sectors, Investment, Employment and Infrastructure Development
EXCO	Executive Management Committee
GAP	Good Agricultural Practice
GBVF	Gender-Based Violence and Femicide

GDP	Gross Domestic Product
HRD	Human Resource Development
ICT	Information and Communication Technology
IGR	Inter-Governmental Relations
ILO	International Labour Organisation
ISP	Incubation Support Programme
INDS	Integrated National Disability Strategy
LED	Local Economic Development
M&E	Monitoring and Evaluation
MANCO	Management Committee
MINMEC	Ministers and Members of Executive Councils
MMS	Middle Management Service
MOA/U	Memorandum of Agreement/ Understanding
MTSF	Medium Term Strategic Framework
NDP	National Development Plan, Vision 2030
NIBUS	National Informal Business Upliftment Strategy
OHS	Occupational Health and Safety
OMF	Operations Management Framework
OSD	Occupation Specific Employees
PDP	Personal Development Plan
PFMA	Public Finance Management Act
PSR	Public Sector Regulations

PWD	Persons with Disability
REC	Regional Economic Communities
RIS	Re-imagined Industrial Strategy
RTRP	Red-Tape Reduction Programme
SB	Small Business
SBD	Small Business Development
SDG	Sustainable Development Goals
SDIP	Service Delivery Improvement Plan
SDM	Service Delivery Model
Seda	Small Enterprise Development Agency
sefa	Small Enterprise Finance Agency
SEMSP	Small Enterprise Manufacturing Support Programme

SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SONA	State of the Nation Address
SOP	Standard Operating Procedure
StatsSA	Statistics South Africa
the dtic	Department of Trade Industry and Competition
TID	Technical Indicator Description
TREP	Township and Rural Entrepreneurship Programme
UN	United Nations
UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
WEO	World Economic Outlook
YSSP	Youth Start-Up Support Programme



PART A: OUR MANDATE

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

The following is the legislative and policy mandates that the DSBD is directly responsible for implementing, managing or overseeing:

LEGISLATION AND POLICY	MANDATE AND PRIMARY OUTPUTS
Business Act, 1991 (Act No. 71 of 1991)	To repeal or amend certain laws regarding the licensing and carrying on of businesses, and shop hours; to make certain new provision regarding such licensing and carrying on of businesses; and to provide for matters connected therewith.
National Small Enterprise Act 1996, (No.102 of 1996), as amended.	To develop, support and promote small enterprises to ensure their growth and sustainability. Seda provides non-financial business development and support services for small enterprises, in partnership with other role-players in the small business development environment.
Section 3 (d) of the Industrial Development Corporation Act, No.22 of 1940 (IDC Act).	To provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa. sefa supports the development of sustainable SMMEs through the provision of finance.
Co-operatives Development Act, 2005 (No. 14 of 2005), as amended	To provide for the formation and registration of Co-operatives; the establishment of a Co-operatives Advisory Board; the winding up of Co-operatives; the repeal of Act 91 of 1981; and matters connected therewith.
Co-operatives Development Policy for South Africa (2004)	To create an enabling environment for Co-operative enterprises which reduces the disparities between urban and rural businesses and is conducive to entrepreneurship. Promote the development of economically sustainable Co-operatives that will significantly contribute to the country's economic growth. To increase the number and variety of economic enterprises operating in the formal economy. To increase the competitiveness of the Co-operative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets. To encourage persons and groups who subscribe to the values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises and to register Co-operatives in terms of this Act. To enable such Co-operative enterprises to register and acquire a legal status separate from their members. To promote greater participation by black persons, especially those in rural areas, women, and persons with disability and youth in the formation of and management of Co-operatives. To establish a legislative framework that will preserve the co-operative as a distinct legal entity. To facilitate the provision of support programmes that target Co-operatives, specifically those that create employment or benefit disadvantaged groups.
Co-operative Amendment Act, No 6 of 2013.	To provide for the establishment, composition and functions of the Co-operatives Tribunal; to ensure compliance with the principles of intergovernmental relations; to provide for intergovernmental relations within the Co-operatives sector; and to provide for the substitution of the long title and the Preamble.

In addition to the aforementioned acts, the DSBD is further mandated by acts not administered by the DSBD, including among others:

NAME OF ACT	CONSIDERATION
Public Finance Management Act, 1999 (No. 1 of 1999), as amended.	To regulate financial management in the national and provincial governments and to ensure that the Government resources are managed efficiently, effectively, economically and ethically.
Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000), as amended.	To ensure that Government's preferential procurement procedures are aligned with the aims of the Broad- Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practice. The revised regulations were promulgated in 2017 and is also focusing on the implementation of 30% of the public procurement.
Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003), as amended.	Establishes a legislative framework for the promotion of black economic empowerment; and empowers the Minister to issue Codes of Good Practice and publish Transformation Charters, establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith.
Companies Act, 2008 (No. 71 of 2008), as amended.	Regulates the incorporation, registration, organisation and management of companies, including the fiduciary and "due care" duties and responsibilities of "directors" of a company.
National Credit Act, 2005 (No. 34 of 2005), as amended.	Aims to facilitate access to credit for all, while introducing measures to prevent over-indebtedness or the extension of credit to the vulnerable.
Consumer Protection Act, 2008 (No. 68 of 2008), as amended	Aims to protect consumers against unfair business practices, giving them greater recourse against companies that supply them with goods and services.
Financial Advisory and Intermediary Services Act, 2002 (No.37 of 2002), as amended.	Regulates the activities of all financial service providers who give advice or provide intermediary services to clients as regards certain financial products. The Act requires that such providers be licensed, and that professional conduct be controlled through a code of conduct and specific enforcement measures.
Protection of Personal Information Act, 2013 (No. 4 of 2013), as amended.	Promotes the protection of personal information by public and private bodies.

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

The policy and strategy mandates informing the strategic posture and intent of the Small Business Development Portfolio are broadly summarised as follows:

INFORMING POLICY/STRATEGY	KEY CONSIDERATIONS
The National Development Plan, Vision 2030 (2012).	<p>The National Development Plan (NDP) envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. As such, the economy will be more inclusive, grow faster, eliminate poverty and reduce inequality.</p> <p>The Department and its entities play a major and direct role in coordinating and influencing the implementation of Chapters 3 and 6 of the NDP; which respectively, deal with the economy and employment, and inclusive rural development and growth.</p>
The Medium Term Strategic Framework (2019 – 2024)	<p>The Medium Term Strategic Framework (MTSF) defined as the combination of an NDP Five Year Implementation Plan for the Priorities outlined in the Election Mandate and an Integrated Monitoring Framework.</p> <p>With regard to the set seven priorities identified in the MTSF, the DSBD has a primary/lead role in relation to Priority 2: Economic Transformation and Job Creation and their related sub-outcomes and interventions, as follows:</p> <p>PRIORITY 2: Economic Transformation and Job Creation:</p> <ul style="list-style-type: none"> • Upscale and expand support to small businesses; • Creating more jobs; • Inclusive economic growth; • Re-industrialisation of the economy and emergence of globally competitive sectors; • Increased access to and uptake of Information and Communication Technology (ICT); • Competitive and accessible markets through reduced share of dominant firms in priority sectors; and • Mainstreaming of Youth, Women, and Persons with Disabilities with minimum 40% target for Women, 30% for Youth and 7% for Persons with disabilities in the SMMEs and Co-operatives Sector.
The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005)	<p>Covers the entire continuum of needed support from pre-start up and start-up support measures to growing enterprises and enterprises in distress. It focuses on the following three strategic areas with aligned actions, as follows:</p> <ol style="list-style-type: none"> 1. Increase supply for financial and non-financial support services - Collaborative approaches to streamline resources from the public sector and crowding in private sector resources; 2. Creating demand for small enterprise products and services - New policy directives, public sector procurement strategy and Broad-based Black Economic Empowerment (B-BBEE) codes of good practice as a lever for increased demand; and 3. Reduce small enterprise regulatory constraints - Enabling environment, establish a regulatory impact assessment framework and business environment monitoring mechanism.

INFORMING POLICY/STRATEGY	KEY CONSIDERATIONS
The Integrated Strategy on the Development and Promotion of Co-operatives (2012)	<p>Seeks to support the ongoing profiling of the Co-operatives, communication outreach, improving access to Co-operatives support, information, research and strengthening advocacy on Co-operatives by delivering effective service and monitoring impact.</p> <p>The strategy further introduces key Co-operatives development and support programmes, under four strategic pillars, namely:</p> <ol style="list-style-type: none"> 1. To increase the supply of non-financial support services to Co-operatives; 2. To create demand for Co-operative enterprises products and services; 3. To improve sustainability of Co-operatives; and 4. To increase the supply of financial support services to Co-operatives. <p>These strategic pillars will be underpinned by efforts aimed at improving the availability of quality business information and knowledge through expanded research, communication outreach, education and training, and monitoring.</p>
The National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014 and 2015)	<p>Adopted by Cabinet in 2014, is aimed at supporting the enterprising poor in the informal business sector and facilitating their participation in the mainstream economy through various policy and programmatic interventions.</p> <p>Particular focus on the four Implementation Thrusts that may inform other areas of DSBD work and focus:</p> <ol style="list-style-type: none"> 1. Enhance the quality of enterprise development, promotion and capacity building products and services; 2. Strengthen the policy and regulatory environment to support an integrated and coordinated approach to informal business upliftment; 3. Build the skills, capacity, systems and processes to drive an integrated and coordinated approach to informal business upliftment; and 4. Strengthened national, regional and international partnerships to support and promote the NIBUS development agenda.

South Africa is also guided and bound by its multi-lateral and international commitments to the UN, African Union (AU), and other multi-lateral organisations.

INFORMING INTERNATIONAL CONVENTION OR POLICY	KEY CONSIDERATIONS
The UN Sustainable Development Goals (SDG) (2015).	<p>Adopted by the UN Assembly in 2015. Specifically, the following SDGs are relevant to the DSBD and SBD Portfolio:</p> <ul style="list-style-type: none"> • Goal 5. Achieve gender equality and empower all women and girls; • Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and • Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
The AU Africa 2063 Agenda (AU 2063).	<p>Of particular relevance to the DSBD and the Portfolio are the following aspirations of the Agenda 2063:</p> <ul style="list-style-type: none"> • Goal 1. A prosperous Africa based on inclusive growth and sustainable development; • Goal 6. An Africa where development is people-driven, unleashing the potential of its women and youth; and • Goal 7: Africa as a strong, united and influential global player and partner.
The International Labour Organisation (ILO) Recommendation 193 (R193) (2002).	<p>Seeks to promote the fullest participation in the economy and the social development of all people, while recognising that globalisation has created new challenges and opportunities for Co-operatives in terms of their ability to facilitate a more equitable distribution of the benefits of globalisation.</p> <p>In this context, R193 recognises the importance of Co-operatives in terms of job creation, mobilising resources, generating investment and their contribution to the economy.</p>

INFORMING INTERNATIONAL CONVENTION OR POLICY	KEY CONSIDERATIONS
The ILO Resolution 204 (R204) (2015).	<p>The critical focus is to facilitate the transition of the informal to formal economy and to offer guidance to member states on how to facilitate the transition.</p> <p>Specifically, R204 outlines three key objectives:</p> <ul style="list-style-type: none"> • Facilitate the transition to formality; • Promote the creation of enterprises and decent jobs; and • Prevent the informalisation of formal jobs.
African Continental Free Trade Area Agreement.	<p>It aims to achieve the following general objectives:</p> <ul style="list-style-type: none"> • Deepen economic integration in Africa in accordance with Agenda 2063; • Create a continental customs union; • Liberalise intra-African trade; • Resolve the challenges of overlapping memberships in Regional Economic Communities (RECs); • Enhance competitiveness; • Contribute to the movement of capital and natural persons and facilitating investment; • Promote sustainable and inclusive socio-economic development, gender equality and structural transformation; and • Promote industrialisation.
Human Rights Implications of COVID-19 suggested by the UN and adapted to the South African Context.	<p>Right to adequate food, water and sanitation:</p> <ul style="list-style-type: none"> • Ensure availability, accessibility, acceptability and quality of essential food items and safe drinking water and sanitation, including access to soap, despite the pandemic, lockdowns and other constraints, including the following indicators: • Number of businesses support during COVID-19 to pay salaries of the workers; • Number of people accessing income relief from the Government during COVID-19; and • Number of households/people accessing food parcels.

3. UPDATES TO RELEVANT COURT RULING

There are no court judgements which have a material and/or direct bearing on the mandate and/or core operations of the DSBD.



PART B: OUR STRATEGIC FOCUS

4. UPDATED SITUATIONAL ANALYSIS

Discussed below are the salient external and internal environmental shifts influencing the Department's performance and 2021/22 performance plan and targets.

4.1 EXTERNAL ENVIRONMENT ANALYSIS

4.1.1 The Global Economic Environment

The World Economic Outlook (WEO) on their January 2021 update: Policy Support and Vaccines Expected to Lift Activity, revealed that the recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, however new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global growth is projected to grow at 5.5% during this year, 2021 and 5.2% in 2022. The growth will be due to the expectations of a vaccine-powered strengthening of activity later in the year and additional policy support.

The growth is a recovery following a severe collapse in 2020 that has acute adverse impacts on women, youth, persons with disabilities and the especially informally employed and those who work in contract-intensive sectors. The strength of the recovery is projected to vary significantly across countries depending on access to medical interventions and effectiveness of policy support.

	Estimate	Projections		Difference from October 2020 WEO update	
	2020	2021	2022	2021	2022
Overview of the World Economic Outlook projections (WEO, October 2020)					
World Output	-3.5	5.5	4.2	0.3	0.9
Advanced Economies	-4.9	4.3	3.1	0.4	0.2
United States	-3.4	5.1	2.5	2.0	-0.4
Euro Area (Germany, France, Italy and Spain)	-7.2	4.2	3.6	-1.0	0.5
Japan	-5.1	3.1	2.4	0.8	0.7
United Kingdom	-10	4.5	5.0	-1.4	1.8
Canada	-5.5	3.6	4.1	-1.6	0.7

	Estimate	Projections		Difference from October 2020 WEO update	
	2020	2021	2022	2021	2022
Overview of the World Economic Outlook projections (WEO, October 2020)					
Emerging Market and Developing Economies	-2.4	6.3	5.0	0.3	-0.1
Emerging and Developing Asia	-1.1	8.3	5.9	0.3	-0.4
Emerging and Developing Europe	-2.8	4.0	3.9	0.1	0.5
Latin America and the Caribbean	-7.4	4.1	2.9	0.5	0.2
Middle East and Central Asia	-3.2	3.0	4.2	0.0	0.2
Sub-Saharan Africa	-2.6	3.2	3.9	0.1	-0.1
South Africa	-7.5	2.8	1.4	-0.2	-0.1

Source: IMF, 2020 World Economic Outlook, IMF WEO Database

The emerging market and developing economies outlook growth is expected to increase to 6.3% in 2021, and decline to 5% in 2022. The pandemic is expected to reverse the progress made in poverty reduction in the past two decades in the emerging market and developing economies. All emerging market and developing economy regions are expected to grow this year, and South Africa in particular, is expected to grow by 2.8%.

4.1.2 The South African Economic Environment

On 15 October 2020, the President addressed the Joint Sitting of Parliament to launch South Africa's Economic Reconstruction and Recovery Plan. In his address, the President stated that, *"In contrast to the State of the Nation Address, where we address the broad programme of Government for the year, today I want to focus on the extraordinary measures we must take to restore our economy to inclusive growth following the devastation caused by COVID-19 to our people's lives and our country's economy."*

This is a Plan that the President asked all South Africans to utilise in building the new economy of South Africa. The Plan has five objectives, which are linked to the country's vision, set out in the NDP Vision 2030:

- To create jobs, primarily through aggressive infrastructure investment and mass employment programmes;

- To reindustrialise our economy, focusing on growing small businesses;
- To accelerate economic reforms to unlock investment and growth;
- To fight crime and corruption; and
- To improve the capability of the State.

The Department of Small Business Development has a critical role to play in realising the country's Economic Reconstruction and Recovery Plan, as the National Development Plan predicts that 90% of the 11 million new jobs to be created by 2030 will be generated by SMMEs.

President Cyril Ramaphosa, in his 2021 State of the Nation Address, presented overriding priorities of the 2021/22 financial year: *"First, we must defeat the coronavirus pandemic. Second, we must accelerate our economic recovery. Third, we must implement economic reforms to create sustainable jobs and drive inclusive growth. And finally, we must fight corruption and strengthen the State. Fundamental to our nation's recovery is an unrelenting and comprehensive response to overcome the coronavirus."*

Furthermore, the SONA highlighted the following in numbers:

Business support

- **More than R1.3 billion:** money provided to support mainly small and medium size businesses.
- **Over R70 billion:** value of the tax relief extended to businesses in distress.
- **Around R18.9 billion:** value of loans approved for 13 000 businesses through the Loan Guarantee Scheme.
- **13 000:** businesses that will receive loans approved through the Loan Guarantee Scheme.

Local products

- **20%** – the level of the planned reduction of South Africa's reliance on imports over the next five years.
- **42 products** – ranging from edible oils to furniture, fruit concentrates, personal protective equipment, steel products and green economy inputs that can be sourced locally.
- **More than R200 billion** – money that could potentially be returned to the country's annual output by sourcing products locally.

- **1 000** – locally produced products that must be procured from small, medium and micro enterprises.
- **R800 million** – funds invested to upgrade production through the Poultry Master Plan.
- **1 million** – additional chickens that South Africa produces every week through the Poultry Master Plan.
- **80%** – quantity of sugar that large users of sugar have committed to procure from local growers, as part of the Sugar Master Plan.
- **85 000** – workers employed in the sugar industry.
- **More than half a billion rand** – money invested by the clothing, textile, footwear and leather industry to expand local manufacturing facilities, including small, medium and micro enterprises.
- **Around 70%** – the level of normal annual production that the auto sector had recovered by the end of 2020.

Youth economic empowerment

- **1 000** – young entrepreneurs who benefited from grant funding and business support provided by the National Youth Development Agency and the Department of Small Business Development, by International Youth Day on 12 August 2020.
- **15 000** – start-ups to be supported by the National Youth Development Agency and the Department of Small Business Development by 2024.
- **1.2 million** – people on the National Pathway Management Network, which provides support and opportunities to young people across the country.

Women-owned businesses

- **40%** – quantity of public procurement that should go to women-owned businesses.

In response to the SONA, the Department will provide support to SMMEs and Co-operatives through its agencies, **sefa** and Seda, and utilise internal support programmes such as the Co-operatives Development Support Programme (CDSP), Craft Customised Sector Programme (CSP), TREP, the Business Viability Programme (BVP), the Small Enterprise Manufacturing Support Programme (SEMSP) and the Youth Start-Up Support Programme (YSSP).

The NDP Vision 2030 prioritises the significant role of women, youth and persons with disabilities in our society. If these three groups are strong, our whole society will be strong. The Department will mainstream the designated groups by ensuring that the women-owned enterprises participate in the SheTradesZA platform with minimum targets of 30%

being young women (youth) and a minimum target of 7% for persons with disabilities. Furthermore, 200 SMMEs and Co-operatives will be exposed to the international market opportunities with emphasis on designated groups.

On 24 February 2021, during the Medium-Term Budget Policy Statement, the Minister of Finance projected the economic outlook of South Africa as follows; *“Global economic growth is expected to rebound to 5.5% in 2021 before moderating slightly to 4.2% in 2022, spurred on by the expected rollout of COVID-19 vaccines and other additional policy initiatives.*

China is expected to grow at 8.1% in 2021, while India will achieve a growth rate of 11.5% in 2021. Sub-Saharan Africa is forecast to grow by 3.2%. In this context, the South African economy is expected to rebound by 3.3% this year, following a 7.2% contraction in 2020, and average 1.9% in the outer two years.”

4.1.2.1 The Performance of Sectors and Industries

The latest available data from Statistics South Africa (StatsSA) on the Gross Domestic Product (GDP) of quarter three 2020, indicates that South Africa's GDP increased at an annualised rate of 66.1%, largely as a result of the easing of COVID 19 lockdown restrictions. Without annualising, the quarter-on-quarter seasonally adjusted growth rate was 13.5% in quarter three.

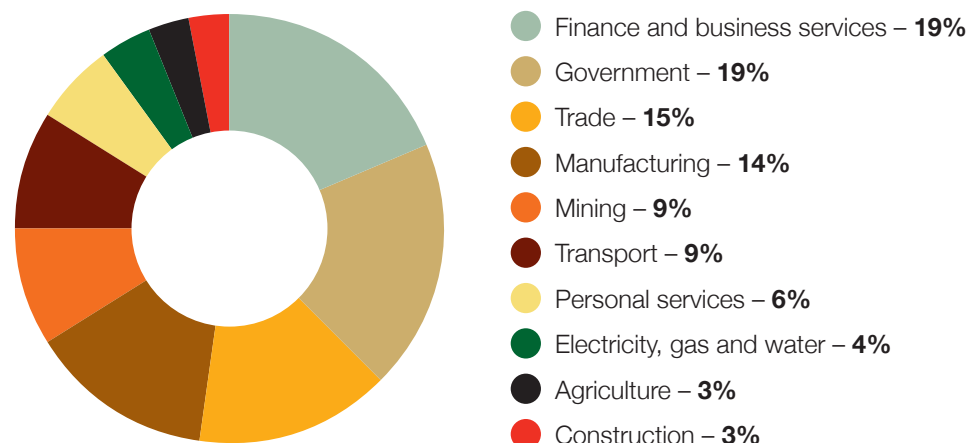
The manufacturing industry increased at a rate of 210.2% in the third quarter, contributing 16.2 percentage points to GDP growth. All 10 manufacturing divisions reported positive growth rates in the third quarter. The mining and quarrying industry increased at a rate of 288.3%, contributing 11.8 percentage points to GDP growth. In the third quarter the industry recovered largely on account of the easing of local and global lockdown restrictions. The trade, catering and accommodation industry increased at a rate of 137.0%. Increased economic activities were reported for wholesale trade, retail trade, motor trade, catering and accommodation. The transport, storage and communication industry increased at a rate of 79.3% as a result of increases in land transport, air transport, transport support services and communication services. Finance, real estate and business services increased at a rate of 16.5% in the third quarter. Increased economic activity was reported for financial intermediation, insurance and pension funding and other business services. The construction industry increased by 71.1% in the third quarter. Increased production was reported for residential buildings, non-residential buildings and construction works.

Sector contribution to GDP growth – Quarter Three 2020

The next figure illustrates the nominal contribution of each sector to the GDP in Q3: 2020, overall led by Manufacturing. In rand terms, nominal GDP was estimated at R1.27 trillion in Q3 of 2020, up by R196 billion from Q2 of 2020.

1. Manufacturing was up by R44 billion to R156 billion,
2. Trade was down by R41 billion to R127 billion,
3. Mining was up by R29 billion to R101 billion, and
4. Agriculture was down by R5 billion to R36 billion.

Which are the largest (and smallest) industries in South Africa?



Finance and Business Services and Government are the largest contributors with the contribution of 19% each, followed by Trade at 15%, Manufacturing (14%), Mining and Transport at 9% each, Personal Services at 6%, Electricity, Gas and Water at 4%, followed by Agriculture at 3%, and the smallest contributor being Construction at 3%.

In addition to the above, the current Administration emphasised the importance of policy implementation as a central feature over the medium-term period. In this regard Cabinet has adopted the Re-imagined Industrial Strategy (RIS). The RIS re-emphasises the role of the State in changing the growth trajectory of the South African economy. Present Cyril Ramaphosa addressed the Joint Sitting of Parliament on South Africa's Economic

Reconstruction and Recovery Plan to focus on the extraordinary measures to restore our economy to inclusive growth following the devastation caused by COVID-19 to our people's lives and the country's economy. The 2019-24 MTSF ascribes plans to create a conducive environment that enables national priority sectors to support industrialisation and localisation that will lead to increased exports, employment, and youth- and women-owned SMME participation.

To grow South Africa's economy and expand its productive sectors, Masterplans will need to be developed to refocusing the South African industrial strategy as a central pillar of the country's economic recovery and will be key to growing the economy. The development and implementation of sector Masterplans will continue to play a critical role in using a range of cross-cutting measures to re-invigorate key industries to grow our economy. The Department developed both the Creative Industries Masterplan and the National Integrated Small Enterprise Development Masterplan during the 2020/21 financial year. During the 2021/22 financial year, the Department will ensure that the final National Integrated Small Enterprise Development Masterplan is submitted to Cabinet for approval.

SMMEs in South Africa

In the year up to the first quarter of 2020, the number of SMMEs grew by 2.5% year on year, from 2.55 million in 2019 Q1 to 2.61 million in 2020 Q1. SMME employment declined by 4% to 10.4 million. Formal SMMEs shed many jobs, most during the first quarter of the year. Informal SMMEs also shed jobs during the first quarter.¹

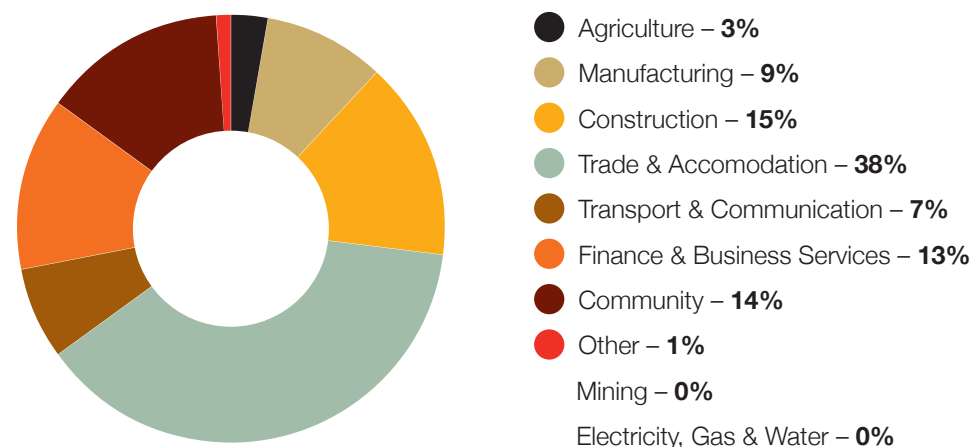
Employment provided by SMMEs

As outlined in the South African Economic Environment section, the NDP envisages that by 2030, 90% of the 11 million jobs will be created through small to medium enterprises, supported by Government. It is realised that Government itself does not create jobs, but creates the enabling environment, and even the Department cannot achieve this alone. It requires a collective effort from the private sector, civil sector and the public sector. Partnerships with all critical stakeholders remain a fundamental prerequisite.

Nearly half a million SMME employees lost their jobs in the year up to the first quarter of 2020, i.e. a 4% contraction. Most of them were absorbed by larger enterprise, reporting more than half a million new jobs, while some become self-employed (net 64 000). As such, by the first quarter of 2020 the SMME sector provided 63% of all jobs in SA (10.4 of 16.6 million), down from 66% (10.8 of 16.5 million) a year ago. These 10.4 million jobs were composed of 2.61 million SMME owners (either employers or own account workers) and 7.8 million SMME employees (i.e. 75% of the total), most employed in formal SMME establishments (57%). The bulk of the SMME job-shedding (i.e. more than 700 000) occurred in the formal sector. Of all jobs provided by SMME owners, an estimated 38% are filled by female workers. This proportion was stable in the previous four quarters.²

SMMEs by industry

By far the most SMMEs (38%) still operate in the Trade and Accommodation sector. This is followed by the Construction sector (15%) and Business and Community Services (14% each). Among these main industries, the Trade and Accommodation sector recorded a significant decline of nearly 61 000; whilst the Business Services sector increased by 42 000. Growth rates in the smaller sectors tend to be volatile, probably due to sampling noise.³



Source: Seda 2020 Q1 SMME report (November 2020)

¹ Seda 2020 Q1 SMME report (November 2020)

² Seda 2020 Q1 SMME report (November 2020)

³ Seda 2020 Q1 SMME report (November 2020)

4.1.3. Relevant Research and Evaluation Reports to SMMEs and Co-operatives

4.1.3.1 The study on the South African Small Enterprise eco-system

The Government of South Africa prioritises the promotion of SMMEs inclusive of formal, informal, rural, Co-operatives and township enterprises that operate within the 'small enterprise sector'. Particularly, government is committed to ensuring that the small enterprise sector actively contributes towards economic growth, which is fundamental in addressing poverty, inequality and unemployment.

There is a wealth of information pertaining to the challenges and needs of small enterprises in South Africa; however, the same cannot be said for collated information on other ecosystem actors and the services they offer to enterprises. Building on previous research, our review of current literature and publicly available information, the ecosystem mapping focuses on the supply-side of the South African small enterprise ecosystem, that is to say, we have mapped actors providing services to enterprises.

The rationale for the ecosystem mapping is to assist the DSBD in successfully carrying out its mandate to create a conducive and enabling environment that promotes, develops and supports the small enterprise sector as advocated by the NDP. In addition, the study endeavours to influence policy formulation, governance and implementation within the various institutional structures. It is intended that the ecosystem mapping will highlight the identified gaps and opportunities that can strategically position the DSBD at the forefront of leading and coordinating the small enterprise ecosystem.

4.1.3.2 Business Rescue, Turnaround and Retention for SMME and Co-operatives - Revised Report 2 of 2 Small Business Distress and Recovery Strategies

Report 1 has identified the relevant associated issues that drive and restrain the turnaround and Business Rescue industry with specific relevance to the SMME and the Co-operatives sector. It explains that business rescue may be regarded as an effective formal turnaround procedure despite its early "childhood" problems. Regardless of some restraining forces, it appears to save jobs and businesses similarly to that achieved by international regimes. Report 2 reported the findings as a status quo situation of the SMME economic sector. It applied the strategy consulting process by stating the situation

(from findings) and thereafter proposing some potential strategies for the application.

4.1.3.3 Comparative analysis of SMME legislation from eight countries to the National Small Business Act (No. 102) of 1996, as amended in 2003 and 2004

This report presents the results of a comparative analysis of South Africa's National Small Business Act (No. 102) of 1996 with small business legislation in eight other jurisdictions – Brazil, India, Kenya, Malaysia, Nigeria, Taiwan, the United Kingdom, and the United States. The purpose of the analysis was to gain an understanding of the legislative and regulatory measures that the countries under study have adopted to stimulate, support and grow their small business sector, with a view to ascertaining best practices and innovative approaches that South Africa could learn from. This knowledge would, in turn, enhance the amendment of the National Small Business Act currently underway.

In response to the relevant research and evaluation reports, the Department has programmes that provide financial and non-financial support, such as the CDSP, CSP, TREP, BVP, SEMSP and YSSP that will be utilised to specifically respond to the identified findings and recommendations. Furthermore, the Department will ensure that an enabling policy, legal and regulatory environment for small enterprises is realised to reduce regulatory burdens for small enterprises. The Department will submit the National Integrated Small Enterprise Development Masterplan to Cabinet to request approval to gazette for public comments and final approval by Cabinet.

4.2 INTERNAL ENVIRONMENT ANALYSIS

Considering the above macro environment, the DSBD identified the following key strengths/opportunities and weaknesses/threats. The Annual Performance Plan then aims at leveraging the strengths and opportunities and ensuring an adequate response to mitigating the identified weaknesses and threats.

In support of its strategic posture and focus, the Department reflected on its institutional and governance arrangements, with the aim of ensuring that internal processes, systems and arrangements are further enhanced and that it continues to move from an internal focus (on compliance) to focus increasingly on outcomes and impact in the lives of its beneficiaries – informal businesses, SMMEs and Co-operatives.

STRENGTHS TO BE LEVERAGED	WEAKNESSES TO BE MITIGATED
<ul style="list-style-type: none"> • Sound Government policies for the promotion of entrepreneurship and enterprise development, Co-operatives and informal businesses; • Sound governance framework (DSBD, Seda and sefa); • Unqualified audit outcome, and entities clean audit outcomes; • Dedicated human resource capacity to a very specific mandate; • Solid retention strategy in place in Portfolio, low staff turnover; • Increasing body of market intelligence to guide decision-making; • Financial resources available for SMMEs and Co-operatives development across the spheres of Government; • 30-day payments commitment by Government. 	<ul style="list-style-type: none"> • Unavailability of baseline data of SMMEs and Co-operatives; • Fragmentation of interventions for SMMEs and Co-operatives (lack of coordination); • Inconsistent and varied implementation of policies; • Lack of citizen-centric approach to addressing sector needs; • Productivity deficiency; • Shortage of the specialised skills, (Development Finance, Legislation Drafting and Economic Modelling) • Lack of integrated service delivery support (duplication of implementation of programmes across the DSBD, Seda and sefa); • Legacy practices – yet to demonstrate the value proposition of a separate DSBD, Seda and sefa;

OPPORTUNITIES TO BE LEVERAGED	THREATS TO BE MITIGATED
<ul style="list-style-type: none"> • Strength in the mandate for SMME and Co-operatives; development - willingness across the sector (within Government and the private sector) to respond to effective leadership and coordination; • Support from the fiscus, political support, broad societal buy-in and international support; • Strategic public and private partnerships; • Innovative beneficiaries, willing and able to grasp opportunities given appropriate support; • Sound financial and non-financial instruments established – to promote and optimise access; • Availability of technology to strengthen the competitiveness of the sector – and to create access; • Public sector procurement – large purse to be leveraged, particularly for township and rural enterprises, and directed towards targeted groups; • Enterprise supplier development networks, channels and processes; • Better utilisation of the B-BBEE requirement and codes of good practice; • Mentorship, incubation and cadet programmes at provincial and local level. 	<ul style="list-style-type: none"> • Differentiated sector definition of SMMEs and Co-operatives; • Restrictive regulatory environment (constraints), including outdated legislation dating back to the Apartheid-era; • Segregation of the three spheres of Government (non-unified approach); • Heavy reliance by small businesses on Government grant. • Low level of early entrepreneurial activity; • High failure rate of start-ups; • Untransformed private sector lack of participating in the private sector by SMMEs and Co-operatives; • Inappropriate logistical infrastructure to facilitate balanced spatial development; • Proliferation of foreigners' Macro- and Micro-businesses. • Depressed economic climate; • Low literacy and technical skills – the digital divide.

4.2.1. Women, Youth and Persons with Disabilities (PWDs)

Section 3.1.1 of the **Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing** states that, “*Women's participation, representation, voice and agency at all levels of society has improved since the inception of democracy. However, the prevalence of patriarchal norms, compounded by women's economic and social exclusion, means that women remain subordinate and under-represented in many spheres of social life, including those related to decision-making at a political and governance level, as well as within important social institutions such as faith-based organisations. The country's legislative framework and justice system continues to disadvantage most women, particularly those from vulnerable sectors. Women and girls continue to suffer from harmful practices and discrimination in relation to inheritance rights*”.

The **White Paper on an Integrated National Disability Strategy (INDS)** vision is, “A society for all, one in which PWDs are actively involved in the process of transformation”. Informed by the United Nations Standard Rules for the Equalisation of Opportunities for PWDs and the Disability Rights Charter developed by Disabled People South Africa in consultation with other representatives’ organisations of PWDs.

The **White Paper on the Rights of Persons with Disabilities** updates the 1997 INDS, integrates obligations in the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) and responds to the Continental Plan of Action for the African Decade of Persons with Disabilities. The White Paper was introduced, amongst other purposes, to provide a mainstreaming trajectory for realising the rights of persons with disabilities through the development of targeted interventions that remove barriers and apply the principles of universal design; and guide gender mainstreaming to ensure that women with disabilities enjoy equitable access to all women empowerment and gender equality legislation, policies and programmes.

The **National Strategic Plan on Gender Based Violence and Femicide (NSP GBVF)** sets out to provide a cohesive strategic framework to guide the national response to the hyper endemic GBVF crisis in which South Africa finds itself. The framework is purposed to provide a multi-sectoral, coherent strategic policy and programming framework to ensure a coordinated national response to the crisis of gender-based violence and femicide by the Government of South Africa and the country as a whole.

The **National Youth Policy 2015 – 2020**, suggested measures include industrial policy interventions to improve labour absorption in the economy; work exposure measures to provide young people with opportunities to gain on-the-job experience; linking young jobseekers to employers; interventions to support entrepreneurship; facilitating access to opportunities, business training and markets for youth-owned companies and Co-

operatives; and improved public employment schemes. Inequality of opportunity will be reduced through the implementation of redress measures such as BBBEE and land reform, as well as through the radical economic transformation agenda driven by the Government.

The NDP prioritises the significant role of women, youth and people with disabilities in our society. The 2019-24 MTSF suggested that if these three groups are strong, our whole society will be strong. These are cross-cutting focus areas that the Department will be mainstreaming across projects, programmes and interventions with a minimum target of 40% women, minimum target 30% youth, and a minimum target of 7% PWDs.

4.2.2. Stakeholder Analysis Informing the Annual Performance Plan

The small business development portfolio places its stakeholders at the apex of its strategic thinking and resultant planning, and it is critical for the Department and its entities to effectively manage stakeholder relations and collaborative partnerships. These must address both stakeholders identified in terms of the DSBD, Seda and **sefa** mandates and others that may influence the achievement of the collective vision and mission; and must include an enhanced focus on sector research and intelligence. It must also include a focus on relations with aligned Government functions, private sector partners and regional institutions and entities.

There is consensus that to achieve the desired state of a well-functioning and successful small business ecosystem, there is a need to leverage on what other Government departments, agencies and the private sector at all levels are doing in the small business development space.

The following table reflects key stakeholder considerations and possible programme responses identified in the strategic planning discussions:

EXTERNAL STAKEHOLDERS

Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Beneficiaries - SMMEs and Co-operatives (formal and informal)	<ul style="list-style-type: none"> • Execute the DSBD, Seda and sefa mandate; • Improved, efficient and effective services; • Responsiveness and relevant programmes and services; • Sound corporate governance. 	<ul style="list-style-type: none"> • Delivery of the mandate; • A simplified regulatory and policy regime; • Effective and efficient programmes that respond to real needs; • Resources and tools to link SMMEs and Co-operatives to markets – databases or systems; • Ensure reliability and dependability of services; • Enhance accessibility and availability of services.
National, Provincial and Local Departments	<ul style="list-style-type: none"> • Execute the Department mandate; • Influence how over R17 billion small enterprise development budget across Government is coordinated and spent. 	<ul style="list-style-type: none"> • Articulate and communicate a compelling small business agenda; • Lead evidence based legislative and regulatory review; • Transversal Agreements with sister departments; • Meaningful participation in relevant fora; • Intellectual leadership to the sector and more broadly - guidance in terms of trends and indicators in the sector.
Parliamentary and political oversight	<ul style="list-style-type: none"> • Execute the DSBD, Seda and sefa and mandate; • Participate in broader planning structures and champion small business and Co-operatives agenda; • Sound corporate governance; • Return on Investment. 	<ul style="list-style-type: none"> • Implement an approach to reporting of cluster-wide and sectoral performance and impact; • Collaboration and support for objectives of sister institutions; • Sound and defensible performance reporting; • Participate in broader planning structures and champion the SMME and Co-operatives agenda; • Sound corporate governance.
Academia and research institutions	<ul style="list-style-type: none"> • Collaboration and joint research programmes. 	<ul style="list-style-type: none"> • Proactively package and communicate opportunities for engagement and collaboration; • Multi-year research agenda and programme.
Targeted Groups	<ul style="list-style-type: none"> • Ensure delivery on committed targets. 	<ul style="list-style-type: none"> • Monitor and track sector-wide performance on committed targets and quotas.
Broader communities and general public	<ul style="list-style-type: none"> • A responsive and visible DSBD, Seda and sefa role-players, supporting broader community upliftment. 	<ul style="list-style-type: none"> • Better communicate the successes and impact of DSBD, Seda and sefa programmes and involvement; • Strengthen the petitions management processes and responsiveness to issues and commitments.
Contractors, Suppliers, etc.	<ul style="list-style-type: none"> • Decisions to be made at agreed times; • Adherence to terms of engagement; • Payment for work done within 30 days of valid invoice. 	<ul style="list-style-type: none"> • Systems to ensure efficient and effective performance and compliance to the scope of work; • Clearly defined procurement policies; • Efficient supply chain processes – fair, transparent and effective; • Focus on regional suppliers or contractors development; • Improve contract negotiation, management and reporting.
ILO and socio-development organisations	<ul style="list-style-type: none"> • Alignment to ILO R204 and the decent work agenda. • Alignment to ILO R190 and the importance of Co-operatives 	<ul style="list-style-type: none"> • Upscale and ensure implementation of the resolutions from the Annual Informal Economy Summit; • Ensure implementation of the NIBUS; • Promote the full participation of Co-operatives in the economy and social development of all people, with a strong focus on human solidarity and a more equitable distribution of the benefits of globalisation.
Partners and the private sector	<ul style="list-style-type: none"> • Collaboration and opportunities for partnership. 	<ul style="list-style-type: none"> • Strengthen points of interaction with partners and with the private sector.

INTERNAL STAKEHOLDERS		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Staff	<ul style="list-style-type: none"> • A suitable working environment, resources to deliver on roles. • Opportunities for personal and professional development. 	<ul style="list-style-type: none"> • Ensure a working environment which is conducive to achieving sectoral/organisational objectives; • Provide opportunities for growth and development; • Nurture a culture of recognition, communication and transparency; • Implement and monitor the “living” of the Portfolio values; • Investigate and realign the structures of DSBD, Seda and sefa in line with the portfolio/aligned organisational strategies.

The above list is not exhaustive, comprehensive stakeholder management and communications strategy must be developed and implemented, including stakeholder segmentation, so as to aid the DSBD, Seda and **sefa** in integrating and targeting its initiatives and dealings with its stakeholders at all levels.

The Department has developed a Business Delivery Model (BDM) to enhance the value of its services. The Model will require adjustment to the DSBD Budget Programme Structure and organisational design, to ensuring that Programme One continues to focus on the Department administration, while other programmes will be defined based on the BDM. Product and Market development for the SMMEs and Co-operatives Sectors, as well as the Development Finance and Enterprise Development are the focal areas in the business model of the Department. In turn, the entities will ensure that they are appropriately aligned and orientated towards targeted programme implementation that is fully responsive to the BDM, MTSF and the policy stance and priorities of the sixth administration defined by the Government. This must include greater synergy and coherence, and a stronger interface between the entities, which is also highlighted to the BDM as depicted in the figure below.

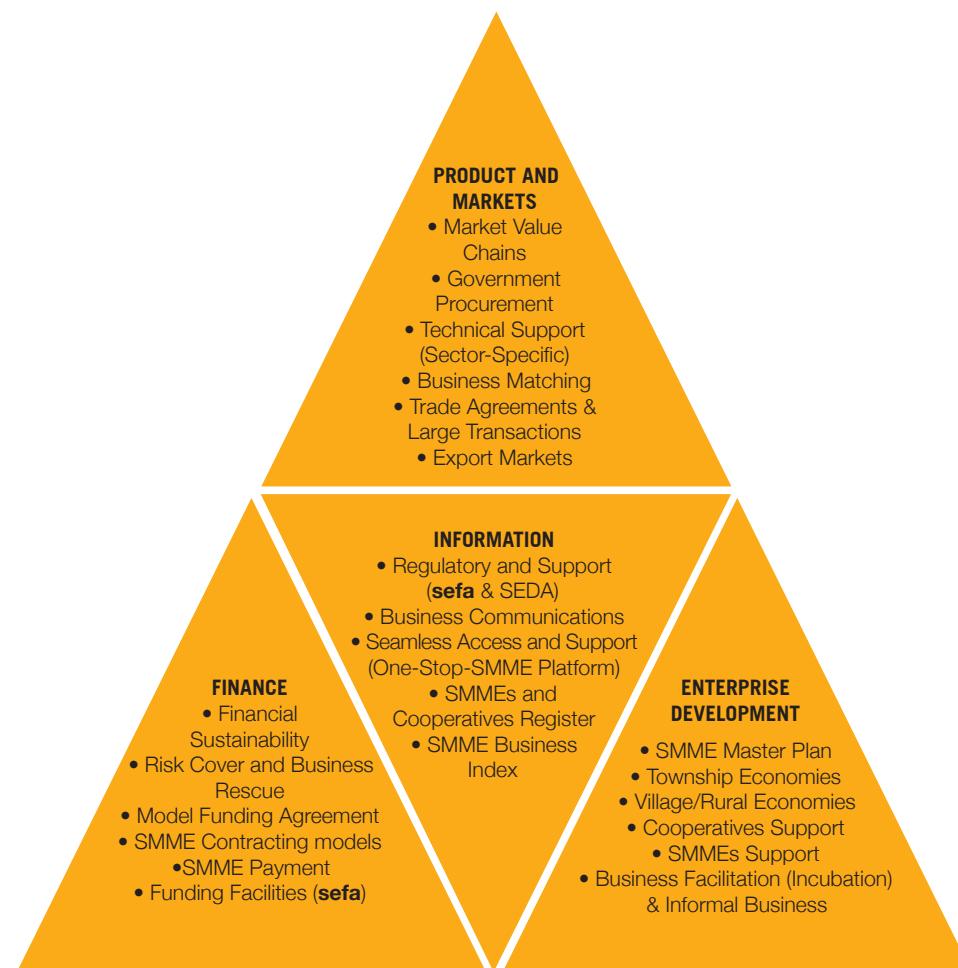


Figure: Business Delivery Model

Furthermore, the Department has also embarked on a process to improve various internal policies, processes and systems to ensure that an enabling context is in place. The following sections highlight the Department's key actions with regards to its business improvement programme, as well as policies, processes, and systems.

Reduction in fraud and corruption

The Department has an approved Fraud Prevention and Whistle Blowing Policy and Implementation Plan. The objective of this intervention is to ensure that the Department enhances the implementation of the holistic Fraud Prevention and Whistle Blowing Policy with the emphasis being on the application of proactive measures to enhance operational efficiency. During the revision of the Whistle Blowing Policy, the Department considered fraud indicators which were highlighted by the Auditor-General of South Africa (AGSA) during the 2016/17 regulatory audit. The investigation was undertaken and necessary action was taken to deal with the findings of the investigations. During the MTEF period, the Department will continue implementing an efficient and responsive fraud prevention plan to mitigate the occurrence of fraud and corruption.

Service Delivery Improvement Plan

Government has introduced a Service Delivery Improvement Plan (SDIP) to provide a mechanism for continuous, incremental improvement in service delivery that promotes efficiency and effectiveness. The Department, during the 2021/22 will finalise and implement the 2021-24 SDIP in order to continuously address the improvement of service delivery, in line with approved SDIP guidelines. The implementation of the approved SDIP incorporates revisions to operating procedures and processes that will enable the Department to be more responsive and efficient with clear lines of responsibility and accountability. The SDIP will be updated to align it with the new strategic plan of the DSBD.

The Department has critical dependencies within the Operations Management Framework (OMF) that are still to be developed to support the implementation of the SDIP. The Service Delivery Model, Business Process Mapping of all services provided by the Department, Standard Operating Procedures (SOPs) and service standards have been prioritised and will be developed and implemented during the MTEF period.

Change Management

The aim of the Change Management Programme is to facilitate readiness and to support stakeholders during the operationalisation of the Department. Change management is a by-product of the Turnaround Strategy and occurs in various areas in the Department.

Thus, even though all employees inherently carry a responsibility in this regard, championing change (right from the top) is a key success factor. All identified Turnaround Strategy projects are change initiatives by nature. The main deliverables within the Change Management Framework are as follows:

- The Department introduces and manages changes through different platforms and different means of communication. The Communication Strategy encapsulates change management as one of its key elements. Going forward, the Department will co-ordinate all change management interventions through various fora such as the Management Committee (MANCO), Executive Management Committee (EXCO), Ministry's engagements, DSBD Blitz and other medium of communication. Creating a platform for Executive Management to engage, communicate and become transformation leaders, as well as an appropriate communication strategy. In this regard, the Department will facilitate Service Excellence Orientation culture change workshops to enable the adoption of the culture in the working environment.
- Ensures that each and every employee, regardless of his or her level, takes ownership of the change and that change be embedded in what they do on a daily basis. It provides the tools and techniques of what to do differently, when executing their duties in line with the new vision of the Department and what it means to be and practise customer centric. The Department will therefore prepare individuals to work according to the new processes, where new business processes are designed. This will further enable the successful adoption of the new systems when these actions are implemented.
- Change Management in the Department will be driven and owned / sponsored by not only the leadership (DG and EXCO) but will be a responsibility of all members of Senior Management Service (SMS) as well.

Internal policies, processes and systems

Various internal policies, processes and system improvements have been identified to improve the Department's performance and better manage its functions. Having formalised processes and procedures will increase efficiencies by ensuring that the Department is able to do more in less time. Having formal internal policies, processes and procedures in place will minimise the time spent overseeing the day-to-day running of the business. This will also improve the consistency of service delivery by the Department. The following processes, systems and internal policies will be developed and implemented over the MTEF.

Departmental APP Reporting Dashboard tool

During the 2021/22 financial year, the Department will start implementing an online APP reporting Dashboard Tool, which is a comprehensive, integrated quality solution for organisational performance management. The tool will be used to automate performance information for virtual reporting, monitoring and evaluation of information. The tool will enable the Department to not only streamline its performance information, but also mainstream the management of performance information in line with legislative prescripts and related frameworks.

The solution provides integrated reporting from different source systems to effectively manage performance information. Once fully implemented throughout the Department, the solution will improve organisational effectiveness; create a central location to monitor the performance through reports and analysis of the data, perform various calculations, and drill down into detailed information to make well informed and insightful business decisions. It will also help to articulate strategy, set objectives, monitor performance and perform group analysis to support the Department's overall strategy.

Going forward, the tool will also include a functionality that will provide accurate, timely and fact-based risk management information to key stakeholders to facilitate decision-making and embed risk management in all operations, in accordance with the methodologies and best practices set by the Department.

Implementation of the eDisclosure Framework

In terms of the Public Sector Regulations (PSR), all Senior Management Service (SMS) employees, Middle Management Service (MMS) employees, certain Occupational Specific Dispensation (OSD) employees, and employees in Finance and Supply Chain are required to disclose their financial interest via the eDisclosure system. To further strengthen governance within the Department, officials in the incentive schemes were also included within the eDisclosure framework. Furthermore, all departmental employees are required by law, and in terms of the departmental policy, to obtain approval from the Accounting Officer prior to conducting other remunerative work outside of the public service on an annual basis. The Department further requires the disclosures of interests at all meetings.

The Framework seeks to strengthen the processes for financial disclosure and interests of all applicable officials within the Department to manage conflicts of interests. By ensuring accurate disclosures, the Department will be able to demonstrate the integrity of its procurement processes by managing potential conflict of interests and collusion. The Framework identifies the officials who are required to comply with disclosure requirements, the requirements of disclosing and the timeframes for disclosure. It also provides the disclosure processes that officials need to follow in disclosing their private interests. Clear guidelines are provided for officials to declare gifts and donations received from service providers. In addition, the Framework outlines the processes to be followed when an official performs remunerative work outside the public services.

The status of the institution regarding compliance with the B-BBEE Act

The Department underwent the B-BBEE verification process, which concluded in August 2020. This was the first time that the verification was undertaken. It was a steep learning curve for the Department and has highlighted areas that need to be streamlined. The B-BBEE grading will be used as a baseline against which the Department will measure its improvement during the medium-term period.

Strategic Planning, Monitoring and Reporting Framework

The Department will implement the Strategic Planning, Monitoring and Reporting Framework and Standard Operating Procedure (SOP). The framework and SOP outline the details of the Planning, Monitoring, Implementation and Reporting cycle at the Department, linking long-term planning with medium- and short-term.

The framework will also be a tool of the Department to bring about and guide integrated Planning, Monitoring, Implementation and Reporting across programmes/Branches and its entities. It will set out a generic process for the medium- and short-term Planning, Monitoring, Budgeting, Implementation and Reporting process. Furthermore, it is aimed at coordinating the performance and financial information reporting requirement of the Public Finance Management Act (PFMA), National Treasury Regulations, Department of Planning, Monitoring and Evaluation (DPME), Public Service Regulations, and AGSA and take the King IV report into account.

Implementation of the Communication Strategy

Through the implementation of the Departmental Communication Plan, the Department aims to keep its internal and external stakeholders informed of programmes and projects executed by the Department. The Plan aims to correct any negative perceptions and promote goodwill through editorial letters, advertorials, outdoor advertising, public engagement programmes and media engagements. The Department will develop a Communication Implementation Plan to better support Public Participation Programmes, targeted media engagements and editorial pieces to improve the profile of the Department and ensure that the policy agenda is effectively communicated. The Department will also continue to increase its footprint in service delivery areas through, amongst others, the District Development Model and for the Department to reach the targeted areas and to proactively bring services to areas that have been previously marginalised.

Skills Development in the Department

The MTSF has placed the expectation of developing a skilled workforce. The Department has a function that is expected to assist the Department to better respond to the expectation of the MTSF by creating the necessary capacity. Address skills development in a manner that accelerates the advancement of black people, women and designated groups with particular emphasis on internships, as well as technical and management training. The function will galvanise efforts toward capacity building of critical and scarce skills in the Department. This will ensure central coordination of capacity building interventions, therefore ensuring the accelerated creation of technical skills that will support the delivery of the Department mandate.

The Department launched an online survey to track the available skills within the Department. The in-depth verification of information and analysis outcomes indicate

that the Department has the most critical and scarce skill seem to be available within the organisation. Current developmental initiatives are aligned to training requests / requirements; however, more emphasis will be placed on technical training. During 2019-24 MTSF period, the Department will continue to conduct an in-depth analysis to address the shortage of skills and develop interventions to address identified gaps.

The oversight of Public Entities

The Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (**sefa**) reports to the Department. The Department is therefore responsible to provide leadership to these entities as it pertains to political, strategic, administrative, financial, ethical and legal aspects. The oversight role exercised by the Department over public entities entails providing written feedback based on the assessment of their Annual Performance Plans and Strategic / Corporate Plans, reviewing and monitoring quarterly performance reports in line with the set strategy, evaluating board or council effectiveness and ensuring adherence to legislative prescripts. The Agencies serve as an extension of and assist the DSBD in delivering its mandate: Seda and **sefa** are responsible for non-financial and financial support services, respectively.

Cabinet took a decision to consolidate entities to ensure delivery of integrated business development service to small businesses and this will be implemented during this current term of the sixth administration.

In order to achieve a collective vision and mission, it is necessary to define the respective roles and functions of the DSBD and its entities, and to delineate the role of the Department as overall custodian, of small enterprises and that of the entities as implementing agents. This appreciation of roles and functions will in turn inform the informed the realisation of the impact statements and outcomes discussed later.

High Level View of the Roles and Functions of the SBD Portfolio:

ROLE OF NATIONAL DEPARTMENT (DSBD)	ROLE OF DSBD ENTITIES (Seda, sefa)
<p>Provide DIRECTION and LEADERSHIP to the small business and Co-operatives sector broadly and across all three spheres of Government:</p> <ul style="list-style-type: none"> • Articulate and communicate a compelling small business development agenda. • Coordinate the enhanced integration of SMMEs and Co-operatives into the economy (mainstreaming). • Lead evidence based legislative and regulatory review and refinement. • Strengthen Ministers and Members of Executive Councils (MINMEC) and Technical MINMEC. • Strengthen Inter Departmental Forum – towards an Integrated Planning Framework for joint indicators and targets. • Establish policy mechanisms and frameworks for others to follow. • Develop and enforce guidelines and sectoral indicators to promote coherence. • Define an approach to influence district-based development model. <p>OVERSIGHT and GOVERNANCE of entities:</p> <ul style="list-style-type: none"> • Ensure oversight and good governance of boards and institutions. • Strengthen integrated planning and streamlined reporting. 	<p>IMPLEMENT the DELEGATED MANDATE from DSBD:</p> <ul style="list-style-type: none"> • Deliver on roles and functions as outlined in Shareholder Compact. • Ensure alignment of strategy, budget and implementation programmes. • Ensure sound governance and effectiveness of delegated functions. <p>Develop and roll out IMPLEMENTATION LEVEL POLICY and PROTOCOLS:</p> <ul style="list-style-type: none"> • Develop implementation level policy and protocols.
<ul style="list-style-type: none"> • RESEARCH, MONITORING and EVALUATION of the impact of investments made in small business development and its contribution to economic growth and job creation, so as to inform evidence-based decision making: • Institutionalise implementation of the Small Business Act – conduct impact assessments of regulations on Small Business sector. • Identify lucrative opportunities and design high level policy interventions. • Provide intellectual leadership to the sector and more broadly, guidance in terms of trends and indicators in the sector. • Package research to inform decisions on location and spread of services and service points. • Monitor and evaluate the impact of Government support in the whole sector. • Identify, package and communicate best practices that might be further modelled – share learning. <p>DEVELOP and IMPLEMENT SECTOR WIDE DATABASES and MONITORING AND EVALUATION (M&E) TOOLS:</p> <ul style="list-style-type: none"> • Ensure instruments and mechanisms are structured to be responsive, agile and adaptable. 	<p>PROGRAMME LEVEL RESEARCH that informs TARGETED PROGRAMME DESIGN and PACKAGING, which supports a holistic sector view:</p> <ul style="list-style-type: none"> • Programme specific research and intelligence. • Targeted programme design and development. • Implementation level programme design and packaging/development. <p>M&E AT PROGRAMME IMPLEMENTATION LEVEL, to inform refinements to programmes:</p> <ul style="list-style-type: none"> • Monitor and report on programme implementation. • Assess the impact and ongoing relevance of programmes.

ROLE OF NATIONAL DEPARTMENT (DSBD)	ROLE OF DSBD ENTITIES (Seda, sefa)
<p>PLAN, COORDINATE and MOBILISE RESOURCES for the implementation and delivery of small business and Co-operatives development projects, programmes and services:</p> <ul style="list-style-type: none"> • Propose policy at high level. • Engage partners for the piloting of programmes. • Coordinate implementation of programmes to support consistency. • Ensure coordinated systems and mechanisms to promote linkages and upliftment of SMMEs and Co-operatives (resources and tools to link SMMEs to markets – databases or systems). • Identify mechanisms to tap into resources available in the small business space (public and private sector). 	<p>IMPLEMENTATION of WELL CONCEPTUALISED AND TARGETED PROGRAMMES, aligned to overall sector policy stance and sectoral indicators:</p> <ul style="list-style-type: none"> • Adhere to and comply with National policy and standards for programme implementation. • Implement sectoral programmes and interventions. • Ensure effective and efficient implementation of programmes and services. • Streamline and simplify processes, and ensure increased access to services and online services.
<p>Strengthen ACCOUNTABILITY, PARTNERSHIPS and COMMUNICATION with sector stakeholders, communities and key role-players in the sector, both nationally and internationally:</p> <ul style="list-style-type: none"> • Enhance stakeholder consultation and engagement to inform the responsiveness and ensure the relevance of the agenda and programmes. • Support and enable the Executive Authority, and ensure alignment and delivery against mandate, priorities and commitments. • Secure Transversal Agreements with departments and other stakeholders - to influence, mobilise and monitor the application of available resources for SMME and Co-operatives development. • Lead and strengthen Inter-Governmental Relations (IGR) mechanisms and fora – improve coordination with National Departments, agencies, provinces and municipalities. 	<p>Ensure a COORDINATED REGIONAL/ PROVINCIAL PRESENCE TO SUPPORT IMPLEMENTATION:</p> <ul style="list-style-type: none"> • Strengthen the governance arrangement between National agencies and the provincial offices – align a clear view on roles and integrated functions. • Strengthen engagement with local sphere where implementation occurs. <p>PARTNERSHIPS and COMMUNICATION in support of delivery mandate.</p>

It is noted that this delineation of roles and functions will require adjustment to the DSBD Budget Programme structure and organisational design, to ensure that Programme One will be focused on DSBD administration. And other programmes will be defined based on the deliverable Model which include, Sector and Markets Development, Development Finance and Enterprise Development.

In turn, the entities must ensure that they are appropriately aligned and orientated towards targeted programme implementation that is fully responsive to the MTSF and the policy stance and priorities of the sixth administration defined by government. This must include greater synergy and coherence, and a stronger interface between the entities.

Capacity of the Department to deliver on the mandate

In order to contribute towards realising the Department planned medium-term outcomes and long-term impact statement, the Department requires in the main, both financial and human resources. During the 2019/20 Planning cycle, the organisational structure and capacity requirements of the Department was found to be inadequate to deliver on the mandate. In order to effectively deliver on the new priorities of the sixth administration, as alluded above, the Department has developed a Business Delivery Model to enhance the value of its services. The Delivery Model will require an organisational structure of the Department to be refined. The latter process is aimed at streamlining the process and strengthening

support in the delivery of services and in particular closing gaps in critical areas such as Development Finance and Economic Modelling in parallel. Furthermore, focus will be also at re-skilling staff in other important roles like M&E, amongst others.

Financial resources, the expenditure for the Department is expected to increase at an average annual rate of 1.2% from R2.5 billion in 2021/22 to R2.6 billion by 2022/23. The bulk of the Department's spending over the medium term is on transfers and subsidies which has an allocation of R6.9 billion over the MTEF. This is anchored on providing support to SMMEs through **sefa**: Township and Rural Entrepreneurship Programme which has an allocation of R2.9 billion over the MTEF, Seda allocation amounting to R2.6 billion as well as the internally administered incentives amounting to R1.4 billion. Equally so, the Department has had to contribute R605.5 million over the MTEF to the fiscus in the form of Compensation of employees (R99.8 million), Goods and services (R16.3 million) as well as Transfer and Subsidies (R489.4 million).

4.3. PERFORMANCE ENVIRONMENT

The Department is committed to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, SMMEs and Co-operatives to ensure an enabling legislative and policy environment to support growth and sustainability of this critical sector. The SMMEs and Co-operatives Sector remains our priority to ensure that we realise a transformed and inclusive economy that is driven by sustainable and innovative SMMEs and Co-operatives.

Despite the high vacancy rate of 11.9% in the Department, during quarter three of 2020/21 financial year reporting period in terms of staffing, the Department has 2.8% of persons with disabilities and 57.1% of women in SMS positions. The Department's performance with regard to compliance with section 38(1)(f) of the Public Finance Management Act (PFMA), 1999, for the processing of payments within 30 days, the Department recorded 100% payments to eligible creditors processed within 30 days.

The National Small Enterprise Act

The Department has made great strides in creating a conducive environment to support the growth of SMMEs and Co-operatives. On enabling legislative and policy environment, the Department has published the National Small Enterprise Amendment Bill in Government

Gazette for public comments. Notably, these refer to the establishment of the Small Enterprise Ombud Service that was drafted and incorporated into the National Small Enterprise Amendment Bill. The draft bill also included additional issues on regulating unfair business-to-business practice which resulted in the whole draft Bill sent back for further refinement and resubmission. The Department will ensure that the National Small Enterprise Amendment Bill is taken through Parliamentary process within 2021/22 financial year.

SMMEs-focused Localisation Policy Framework and Implementation Programme

During quarter three of the 2020/21 financial year, the SMMEs-focused Localisation Policy Framework and Implementation Programme was approved by the Cabinet. This approval gave way for various programmes to be launched, starting with the Manufacturing Support Scheme, which focuses on funding SMMEs linked to the market to increase their capacity and improve their competitiveness. The SMME listing programme which was conceptualised to identify the readiness of products manufactured by SMMEs that could be listed on the shelves of retailers and wholesalers was also launched. During the 2021/22 financial year, the Department, through the implementation of this Policy Framework, will ensure that during the medium-term period 800 products produced and services rendered by SMMEs and Co-operatives are linked to the market.

SheTradesZA Programme

SheTradesZA is a platform that serves as a unique opportunity for women entrepreneurs in the SMME sector to participate in global value chains and markets. As at 31 December 2020, the Department managed to register 670 women-owned businesses on the international platform. The Department will ensure that 6 000 women-owned enterprises are registered and monitored in the SheTradesZA platform over the medium-term period.

Local Economic Development

The Department in building partnerships and accelerating growth for SMMEs and Co-operatives, the Local Economic Development (LED) programme worked alongside the Minister, Deputy Minister and officials from various Municipalities to transition the LED mandate of the DSBD into the Cooperative Governance and Traditional Affairs (CoGTA)-led District Development Model of Government. The year under review was marked by a massive campaign that focused on the initiative to support SMMEs and Co-operatives

in District Municipalities in all Provinces. The work included working with Seda and **sefa** on Pitch for Funding initiatives to SMMEs and Co-operatives throughout the identified Districts. Included in the District activities were the convening of a District Municipality Forum to drive ongoing SMME development engagements.

4.3.1 DSBD Performance Considerations

Summary of the Key Priorities Informing the 2021/22 Annual Performance Plan

The NDP through its five-year implementation plan ascribes a critical role to small businesses, which includes increasing their contribution to GDP from 35% to 50% by the year 2024. The DSBD is expected to play a much more direct role in respect of **Priority 2: Economic Transformation and Job Creation** of which its expected outcomes are creation of more decent jobs and inclusive economic growth. SMMEs and Co-operatives are recognised as a critical sector that will contribute significantly in the transformation of the economy, inclusive economic growth and job creation. For the small businesses to be able to deliver on these imperatives, Government has a critical role to play in ensuring that they are properly supported and a conducive environment is created for them to strive and grow.

To effectively position small businesses to play a meaningful role in the economy, the Department will implement the following interventions during the 2021/22 financial year:

4.3.1.1 Performance related matters

- a) Continue implementing Township and Rural Entrepreneurship Programme (TREP): A dedicated programme to provide financial and/or non-financial support to the Township and Rural Enterprises with emphasis on enterprises owned and managed by the designated groups: Women, Youth and Persons with Disabilities, in order to increase their capacity to access economic opportunities and enhance their competitiveness. The COVID-19 pandemic outbreak intervention measures programmes dedicated towards assisting informal and micro businesses. The COVID-19 pandemic pushed the Department to accelerate the development of the sub-programmes to implement this intervention. These programmes are:
 - The Spaza Support Programme
 - The Automotive Aftermarket Support Programme

- Clothing, Leather and Textile Support Programme
- Bakeries and Confectioneries Support Programme
- Personal Care Programme
- Butcheries Support Programme
- Tshisanyama and Cooked Food Support Programme
- Fruit and Vegetable vendors Support Programme.

- b) Create an enabling environment for SMMEs and Co-operatives within which to operate:
 - Finalise amendments to the National Small Enterprise Act through the National Small Enterprise Amendment Bill, 2020 ("the Bill") that the Department gazetted in December 2020, which seeks to amend the National Small Enterprise Act, 1996 (Act No. 102 of 1996) ("the Act"), mainly to provide for the office of the Small Enterprise Ombud Service ("the Office") and to repeal the provision for the Minister responsible for small business development to establish an Advisory Body.
 - The Department has requested and successfully got the Business Act No. 71 of 1991 transferred from the Department of Trade Industry and Competition (**the dtic**) to DSBD. The Department aims to provide for a simple and enabling framework for procedures for application of licensing of business by setting national norms and standards; and also, to repeal the Businesses Act, 1991.
 - Implement the SMMEs and Co-operatives Funding Policy to ensure the improvement access to affordable finance for SMMEs and Co-operatives.
- c) Implement the Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives:
 - Products manufactured by small businesses and Co-operatives have been identified and are being promoted for listing with retailers and wholesalers. In its drive to promote the competitiveness of small businesses, Cabinet has approved the SMME-focused localisation policy framework, which aims at increasing and accelerating the participation of SMMEs in producing goods locally, in particular those manufacturing SMMEs that are based in townships and rural areas. Further, to use this framework to target specific products and services to be manufactured by SMMEs, and to advocate for the high tariff protection and public sector procurement set asides or reservations for such products. It is envisaged that the identified 1 000 products and services will be implemented over the next four years and thereafter more and more products should be identified and procured from small businesses.

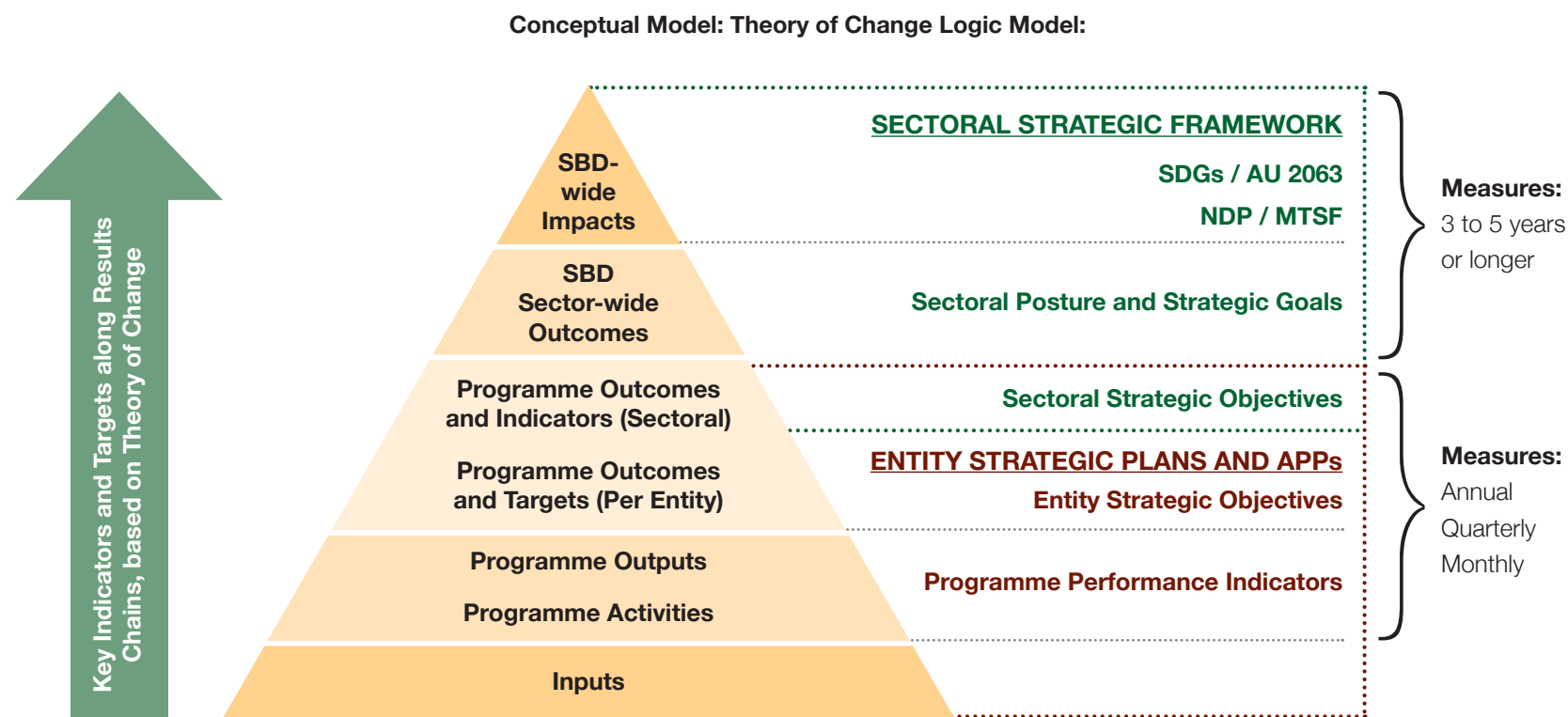
- d) Small Enterprise Manufacturing Programme:
- To promote and encourage localisation in targeted sectors, DSBD in collaboration with **the dtic**, introduced the Small Enterprise Manufacturing Programme. Financial support that is provided includes funding to purchase machinery and equipment for the various manufacturing sub-sectors that will be supported; Working capital for the various manufacturing sub-sectors that will be supported; and Funding for product accreditation, certification and testing. The programme provides finance support to entrepreneurs to the maximum value of R15 million per entity. The term of the funding is determined by the business cash flows up to a maximum of 84 months per small enterprise with a maximum moratorium of 6 months. Blended finance instrument is utilised where up to 50% of the funding required could be a grant and the balance could be a loan and the loan is repayable at prime lending rate.
- e) Establishment of an SMMEs and Co-operatives Database to ensure tracking of supported SMMEs and Co-operatives.
- f) Facilitate and ensure the increase in number of competitive small businesses and Co-operatives supported.
- g) Promote sustainability and growth of SMMEs and Co-operatives by designing and implementing Business Viability Facility.
- The primary purpose of the Business Viability Facility is to ensure that SMMEs and Co-operatives are commercially and financially viable and contribute meaningfully to economic transformation and job creation. Some of the interventions will include business turnaround interventions including business rescue for those businesses whose business models are stronger to survive in the new normal.
- h) Establish and report on the number and performance of incubation centres and digital hubs for the SMMEs development.
- i) Sustain SMMEs and Co-operatives by linking them to markets through e-commerce platform.
- j) Introduce measures and to support the SMMEs and Co-operatives prioritises women, youth and persons with disabilities ensure minimum 40% target for women, 30% for youth and 7% for persons with disabilities.

4.3.1.2 Administration related matters

- a) Structure finalisation with Programme Changes (Sector and Market Development, Development Finance and Enterprise Development).
- b) Business case for the new single Small Business Support Entity.
- As part of the Department's contribution to the MTSF priority 2: Economic Transformation and Job creation the Department is expected to deliver on the following:
- **Grow small business contribution to GDP from 35% to 50% by 2024.** To achieve this target, amongst others, the Department plans to initiate coordinated efforts to support small and medium enterprises to scale-up or expand their businesses and survive beyond their first five years through access to working capital and markets for goods and services. This programme is aligned to the Business Viability Programme through the provision of blended finance instruments.
 - **Facilitate the increase in small businesses in historically concentrated economic sectors (township economies and rural development);** the Department will work with key institutions such as **the dtic** and the Competition Commission to open up entry for SMMEs and Co-operatives in historically concentrated economic sectors. Consultative engagements with Sector Specific Captains of Industries and Business Associations will be undertaken to assess the effect and impact of legislation inhibiting the growth and sustainability of SMMEs and Co-operatives key priority sectors such as agro-processing, gas and chemicals, tourism, automotive, steel, ICT and software and well as creative industries, etc.
 - **Minimum 40% Target for women, 30% for Youth and 7% for PWDs:** The Department will prioritise the significant role of women, youth and PWDs in the SMMEs and Co-operatives Sector. The Department will increase participation of Youth, Women and PWDs in domestic and international market, by finalising the guidelines for mainstreaming of Youth, women, and Disabilities and monitored the implementation with minimum 40% target for Women, 30% for Youth and 7% for PWDs.
 - **Incubation and Digital Hubs:** These are business and technology incubation centres that offer business and technology management skills. This business support and platforms are offered for a minimum of three years. The incubation can either be in-house or remote. Enterprises that have completed an incubation programme must have at least: (a) More than doubled annual turnover; (b) Product or services having more than one market; and (c) Business must be making a profit.

4.4 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

Based on the Theory of Change logic model and the key performance information concepts underpinning Government's approach to strategic planning in South Africa, the following model was conceptualised to guide the development of the portfolio level strategic framework, through which DSBD, Seda and **sefa** are able to find alignment to a common results chain.



The focus of this Portfolio Strategic Framework is on the green highlighted areas, reflecting:

- 1) At the Apex, the level of impact, an alignment of the small business development portfolio to the long-range impacts of national and international policy frameworks, including, the recently adopted UN Sustainability Development Goals, the AU 2063 Agenda, the National Development Plan (2012) and aligned 2014-2019 MTSF.
- 2) The impact of the work of the small business development portfolio is reflected by a common Vision, Mission and Values for adoption by the three key portfolio role-players.
- 3) At the outcome/sectoral posture level, a set of outcome-oriented strategic goals for adoption by the portfolio role-players. The goals articulate what the portfolio intends to achieve over the period to 2030, with each role-player contributing based on its core mandate/focus. As a joined-up portfolio, the aligned individual contributions, cumulatively, are aimed at the portfolio progressing towards its Vision and Mission.
- 4) The level below outcomes – outputs – refers to the specific products and services (stated as strategic objectives) of the portfolio, supported by a set of sectoral indicators for adoption by all role-players. The combined contribution of the portfolio role-players to these indicators are aimed at achieving the strategic goals (outcomes).

- 5) The sections highlighted in red are the strategic plans and annual performance plans of the individual entities making up the portfolio, fully aligned to the portfolio strategic framework discussed above.

The process towards the development of the Department of Small Business Development 2021/22 Annual Performance Plan entailed:

1. EXCO hosting the pre-Portfolio Strategic Session to prepare for the Portfolio Strategic Planning session (26 August 2020).
2. The Department, together with **sefa** and Seda, held the Portfolio Strategic Planning Session (27 and 28 August 2020).
 - To revisit the 2020-25 Strategic Plan and prepare for the development of the 2021/22 Annual Performance Plan by envisioning the future of the SMMEs and Co-operative Sector in South Africa informed by the sixth administration priorities and COVID-19 risk-adjusted strategy for economic activity.
3. Post-Strategic Planning Session – Departmental Strategic Planning Session (29 September 2020).
 - To, amongst others, develop the 2021/22 Annual Performance Plan informed by 2021/22 Policy directives, derived from the Session of 27 - 28 August 2020, and the revised 2020-25 Strategic Plan which is in line with the sixth administration priorities and COVID-19 risk-adjusted strategy for economic activity.
4. Departmental Strategic Planning Session follow-up session (06 October 2020)
 - To conclude the Departmental Strategic Planning Session that was held on 29 September 2020.
5. EXCO presentation on the new DPME Framework for Strategic Planning and Annual Performance Plans and planning going forward in the Department.
6. Consultation workshops with Departmental Branches on the Framework for Strategic Planning and Annual Performance Plans (2 – 7 October 2019).
7. Branches post-Strategic Planning Session (12 to 18 October 2020) – to finalise draft 2021/22 APP and Technical Indicator Descriptions (TIDs).
8. The draft was presented to the Extended EXCO, made up of MANCO and EXCO members, on 19 October 2020.
9. Consolidation of inputs to the Draft 2021/22 Annual Performance Plan together with its TIDs.
10. The Draft was signed by DG and submitted to DPME for assessment on 31 October 2020.
11. The Departmental Strategic Planning and Reporting Framework and SOP was presented to MANCO for recommendation to EXCO on 07 December 2020 and subsequently approved by EXCO on 14 December 2020.
12. On 29 January 2021, the Department received feedback from the Department of Planning Monitoring and Evaluation and on 11 February 2021, the Department attended feedback session on the draft 2021/22 Annual Performance Plan.
13. The Department, together with **sefa** and Seda, held the final Portfolio Strategic Planning Session for the 2021/22 planning cycle on 09 February 2021.
14. From 15 to 18 February 2021, following the final Portfolio Strategic Planning Session, branches under the guidance of Acting Deputy Directors-General, held sessions to further fine tune the draft 2021/22 Annual Performance Plan together with its TIDs. In light of the above mentioned, certain outputs, output indicators, annual and quarterly targets in the 2021/22 Annual Performance Plan were adjusted and are set out in this 2021/22 Annual Performance Plan.
15. The Department, prior and after the final Portfolio Strategic Planning Session held meetings with its entities to discuss alignment of the three Planning documents (APPs for DSBD and Seda; and Corporate Plan for **sefa**) on 22 January 2021 and 23 February 2021 respectively.
16. The 2021/22 Annual Performance Plan was submitted to Minister for consideration and approval before tabling it in Parliament in March 2021.

4.5 2019-24 MTSF PRIORITIES

4.5.1 Alignment of Department's 2019-25 Strategic Plan/ 2020-21 Annual Performance Plan with the NDP and 2019-24 MTSF

The DSBD has aligned its 2020-25 Strategic Plan outcomes towards the achievement of the NDP's Five-Year Implementation Plan, the Monitoring Framework for the NDP Five-Year Implementation Plan that directly and indirectly affects it, as follows:

4.5.1.1 Direct Links to the 2019-24 MTSF Priority

DEPARTMENTAL IMPACT STATEMENT	DEPARTMENT OUTCOMES	2019-24 MTSF TARGETS PRIORITY		DSBD PROGRAMME
		Linkages to the NDP Five-Year Implementation Plan	Linkages to the Monitoring Framework for the NDP Five-Year Implementation Plan	
Sustainable SMMEs and Co-operatives contributing meaningfully to the economy.	1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	<ul style="list-style-type: none"> Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives developed and adopted by 31 March 2021. 		Programme Two: Sector and Market Development
	2. Increased contribution of SMMEs and Co-operatives in Priority Sectors.	<ul style="list-style-type: none"> All Masterplans developed by end of 2021 (Creative Industries Masterplan and Small Enterprise Development Masterplan). Minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities. 		Programme Two: Sector and Market Development Programme Four: Enterprise Development
	3. Scaled-Up and coordinated support for SMMEs Co-operatives, Village and Township Economies.	<ul style="list-style-type: none"> 100 incubation centres and digital hubs established by 2024. 		Programme Two: Sector and Market Development
	4. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	<ul style="list-style-type: none"> 15 000 youth start-ups by 2024. Minimum targets as defined for women, youth and persons with disabilities. At least 50% of national and provincial DFI financing dedicated to SMMEs and Co-operatives through establishment of the SMMEs and Co-operatives Funding Policy by 31 March 2021. 100 000 competitive small businesses and Co-operatives supported by 2024. 100 000 Township and Rural enterprises supported through Township and Rural Entrepreneurship Programme established and operational by 2024. 		Programme Three: Development Finance

4.5.1.2 Indirect links to the 2019-24 MTSF Priority

In addition to the national outcomes mentioned above, the Department indirectly contributes to the following Government priorities in the MTSF as indicated in the table below:

MTSF OUTCOME	MTSF INTERVENTIONS	DSBD DESCRIPTION
1. Sustainable Land Reform.	Land acquired for redistribution, restitution and tenure reform. Land reform projects provided with post settlement support.	The Department to support small scale farmers with business development support and with access to market by linking them with DSBD supported enterprises.
2. Agrarian Transformation and Effective regulatory framework of agricultural produce and exports.	Livestock handling and auction facilities mapped and established. (Commodity organisations provide technical support, • NAMC to provide Marketing and Advisory services • ARC to provide Research and advisory services • Land Bank and other financial institutions to provide production loans and other financial services).	
	Agri-hubs and agro-processing facilities established.	
	Migrate cultivation of land to conservation agriculture methods.	
	Review the inhibit standards on SAGAP (South African Good Agricultural Practice) and Global GAP to enable small holder farmers' participation in the domestic and global GAP (Good Agricultural Practice). Governance and operational Review of the National Fresh Produce Markets, and Agency role in market access for small farm holders' participation.	
3. Functional, Efficient and Integrated Government.	Improve coordination between national, provincial and local Government for an integrated approach to service delivery.	The Department, through its Coordination Structure, will revolutionise the way the Department together with its entities interact with local and provincial Governments, the Department will act towards improving the coherence, efficiency and effectiveness in the implementation of its programmes.
4. Investing for accelerated inclusive growth.	Improve the ease of doing business.	The Department, through regulatory reforms and interventions, will reduce Red-Tape Reduction Programme in the targeted local Government authorities.

4.6 ALIGNMENT WITH THE HUMAN RIGHTS IMPLICATIONS OF COVID-19 SUGGESTED BY THE UN AND ADAPTED TO THE SOUTH AFRICAN CONTEXT

HUMAN RIGHTS ISSUES	INDICATORS	RESPONSIBLE INSTITUTION	DSBD RESPONSE
Right to adequate food, water and sanitation Ensure availability, accessibility, acceptability and quality of essential food items and safe drinking water and sanitation, including access to soap, despite the pandemic, lockdowns and other constraints.	Number of businesses support during COVID-19 in order to pay salaries of the workers.	DSBD and other relevant departments.	The Department in partnership with its entities has developed and implemented schemes dedicated towards assisting informal and micro businesses.



PART C: MEASURING OUR PERFORMANCE

5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

5.1 PROGRAMME 1: ADMINISTRATION

Purpose: To provide strategic leadership, management and support services to the Department.

5.2 SUB-PROGRAMME AND SUB-PURPOSE:

- **Ministry** – to provide for administrative and logistical support to the Minister and Deputy Minister;
- **Departmental Management (Office of the DG)** – to provide strategic leadership, management and support services to the Director General and the Department;
- **Corporate Management** – to provide enterprise-wide support services comprising of human resources, legal services, learning and development and transformation policy and coordination; and
- **Financial Management** – To provide strategic leadership and advice on supply chain, financial and asset management related services to the Department.

5.3 OUTCOMES, OUTPUT INDICATORS AND TARGETS

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
1. Improved Governance and Compliance.	1.1. Unqualified audit outcome for the Department.	a) Unqualified audit outcome on non-financial performance information obtained.	Annual Target Achieved: DSBD received unqualified audit opinion by AGSA for the 2016/17 financial year, with only 1 correction to the prior year.	Target Achieved: Unqualified audit outcome for both financial and non-financial performance data for 2017/18.	Target Not Achieved: Unqualified audit outcome with material findings on performance information and compliance with legislation.	Unqualified audit outcome for the Department for 2019/20 Financial Year.	Unqualified audit outcome on non-financial performance information for 2020/21 financial year.	Unqualified audit outcome on non-financial performance information for 2021/22 financial year.	Unqualified audit outcome on non-financial performance information for 2022/23 financial year.
		b) Unqualified audit outcome on Annual Financial Statements obtained.					Unqualified audit outcome on Annual Financial Statements for 2020/21 financial year.	Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.	Unqualified audit outcome on Annual Financial Statements for 2022/23 financial year.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	1.2. Payment register.	% of valid creditors paid within 25 days.	100% of valid creditors paid in under 30 average days.	Target Achieved: 100% payment to eligible creditors were processed within 30 days.	Target Achieved: 100% payments to eligible creditors processed within 30 days. (11 467 invoices worth R65 347 730.48 paid on 13 average days).	100% of valid creditors paid in under 30 days.	100% of valid creditors paid within 25 days.	100% of valid creditors paid within 25 days.	100% of valid creditors paid within 25 days.
	1.3. Expenditure Report.	% variance on annual budget.	Annual Target Achieved: DSBD spent R1.4 billion of the projected R1.4 billion, resulting in a variance of R16.3 million (1.1%).	Target Achieved: 4.6% DSBD spent R1.420 billion of R1.488 billion with a variance of R69 million.	Target Achieved: 1.8% variance on annual budget. The Department spent R2.229 billion of R2.2269 billion with a variance of R39.8 million.	<5% variance on annual budget.	<5% variance on annual budget.	<5% variance on annual budget.	<5% variance on annual budget.
	1.4. <10% vacancy rate.	Percentage vacancy rate in funded permanent posts.	Annual Target Not Achieved: 11,9% Vacancy rate achieved.	Target Achieved: 7,7% vacancy rate in funded posts.	Target Not Achieved: 12.4% (26/209)	< 10% vacancy rate in funded posts.	<10% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.
	1.5. ≥50% women in SMS employed.	Percentage of female SMS Representation.	Annual Target Exceeded: 51,3% of female SMS.	Target Achieved: 53,8% of female SMS representation.	Target Achieved: 55.9% (19/34) female SMS	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	1.6. ≥3.2% representation of PWDs.	Percentage representation of PWDs.	Annual Target Exceeded: 2.8% PWD employed.	Target Achieved: 3.1% people with disabilities employed.	Target Achieved: 2.4% (5/208) people with disabilities.	≥2.8% representation of PWDs.	≥3.2% representation of PWDs.	≥4.2% representation of PWDs.	≥7% representation of PWDs.
	1.7. DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	Number of DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	25 facilitated interactions that deliver meaningful engagements with communities and the public.	Target Achieved: 39 facilitated interactions that delivered meaningful engagements with communities and the public were held.	Target Achieved: 47 Facilitated interactions that deliver meaningful engagements with communities and the public.	N/A	24 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	26 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	28 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.
2. Improved integrated and streamlined business processes and systems.	2.1. Phase 3: SMME Database implemented.	SMME Database – Key Trade Exchange Platform integrated and enhanced reporting implemented.	Annual Target Partially Achieved: DSBD managed to approve systems specifications and define roadmap.	2 ICT system projects defined in the DSBD ICT Plan Implemented.	Target Achieved: Phase 1 – Centralised Integrated. SMME/Co-operatives/ Entrepreneur/ Informal Business Database & Portal Designed and Implemented.	Phase 2: SMME Database - Primary Government Agencies integrated data implemented.	Phase 3: SMME Database – Key Trade Exchange Platform integrated and enhanced reporting implemented.	Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises implemented.	Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance implemented.

5.4 INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicator	Annual Target 2021/22	Quarterly Targets			
		Q1	Q2	Q3	Q4
a) Unqualified audit outcome on non-financial performance information obtained.	Unqualified audit outcome on non-financial performance information for 2020/21 financial year.	N/A	N/A	Unqualified audit outcome on non-financial performance information for 2020/21 financial year.	N/A
b) Unqualified audit outcome on Annual Financial Statements obtained.	Unqualified audit outcome on Annual Financial Statements for 2020/21 financial year.	N/A	N/A	Unqualified audit outcome on Annual Financial Statements for 2020/21 financial year.	N/A
% of valid creditors paid within 25 days.	100% of valid creditors paid within 25 days.	100% of valid creditors paid within 25 days.	100% of valid creditors paid within 25 days.	100% of valid creditors paid within 25 days.	100% of valid creditors paid within 25 days.
% variance on annual budget.	<5% variance on annual budget.	<5% variance on cashflow projections.	<5% variance on cashflow projections.	<5% variance on cashflow projections.	<5% variance on cashflow projections.
Percentage vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.
Percentage of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.
Percentage representation of PWDs.	≥ 3.2% representation of PWDs.	≥2.8% representation of PWDs.	≥2.8% representation of PWDs.	≥2.8% representation of PWDs.	≥3.2% representation of PWDs.
Number of DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	24 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	4 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	8 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	6 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	6 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.
SMME Database – Key Trade Exchange Platform integrated and enhanced reporting implemented.	Phase 3: SMME Database – Key Trade Exchange Platform integrated and enhanced reporting implemented.	Approved System specification and roadmap design for phase 3.	Key trade exchange platform interfaced with the SMME database.	Integrated SMME Database enhanced with dashboarding and reporting capabilities implemented.	Phase 3: SMME Database – Key Trade Exchange Platform integrated and enhanced reporting implemented.

5.5 EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The Department over the medium-term period, through its support programme, will undertake various initiatives to strengthen governance and compliance. This will ensure that medium-term outcomes of improving governance and compliance and improving integrated and streamlined business processes and systems is realised and subsequently achieve the long-term impact statement of the Department which is sustainable SMMEs and Co-operatives that will contribute meaningfully to the economy. Targets like unqualified audit opinion, payment of creditors within 25 days, less than 5% variance on annual budget, less than 10% vacancy rate in funded permanent posts, a greater than and equal to 50% women in SMS employed, 3.2% persons with disabilities employed with the intent of achieving 7% representation at the end of medium strategic framework term period, etc. are all expected to contribute in improving the performance of the Department governance and compliance as well as the impact of its interventions.

Ethics Management Policy and Ethics Management Strategy will be implemented to instil a culture of ethical conduct and assure the Accounting Officer that the operations of the Department are in line with ethical standards. This will ensure effective management of ethics-related functions such as disclosure of financial interests, conducting remunerative work outside the public service, disclosure of gifts and donations etc. and consequently, reduce the prevalence of fraud and corruption in the Department.

5.6 PROGRAMME RESOURCE CONSIDERATIONS

PROGRAMME ONE: ADMINISTRATION SUB-PROGRAMMES	2021/22	2022/23	2023/24	TOTAL MTEF
	R'000	R'000	R'000	R'000
1. Ministry	25 942	28 186	30 530	84 658
2. Departmental Management	32 317	32 877	30 000	95 194
3. Corporate Management	39 590	40 939	40 758	121 287
4. Financial Management	18 451	18 679	18 299	55 429
TOTAL	116 300	120 681	119 587	356 568

Programme One (Administration) has an allocation of R356.6 million over the medium-term with four sub-programmes: **Ministry** has R84.7 million, **Departmental Management (ODG)** has R95.2 million, **Corporate Management** has R121.3 million and **Financial Management** has R55 million. The sub-programmes in the Administration programme will create an enabling environment in order:

- To promote compliance and good governance. The Department has formulated and implemented sound good governance policies, procedures, and systems to ensure compliance with all the relevant public service prescripts. These policies include, but are not limited to, human resource management and development, security, and facilities management, as well as internal audit.
- To drive sound financial management and controls. For the 2019/20 financial year, the Department received an unqualified audit outcome. The financial control environment is being strengthened to ensure a balanced service delivery environment.

- To maintain a sound performance planning, reporting and monitoring system, the Department will implement the Strategic Planning, Monitoring and Reporting Framework and Standard Operating Procedure (SOP), which replaced the Performance Information Management Policy. The new Framework and SOP outline the details of the Planning, Monitoring, Implementation and Reporting cycle of the Department, linking long-term planning with medium and short-term planning. The Framework and SOP will also be used as a tool for the Department to bring about and guide integrated Planning, Monitoring Implementation and Reporting across Programmes/Branches and Departmental entities. Furthermore, these are aimed at coordinating the performance and financial information reporting requirement of the Public Finance Management Act (PFMA), National Treasury Regulations, Department of Planning, Monitoring & Evaluation (DPME), and Public Service Regulations.
- The Service Delivery Model (SDM) will be reviewed in the period under review and aligned with the new operating model. A reviewed functional and organisational structure, informed by the SDM will be implemented on approval, thus the Department has embarked on a Change Management initiative to ensure effective transitioning of all employees to the new structure and to galvanise the DSBD organisational culture. The Change Management Framework, together with its implementation plan, have been signed off and are in the process of being implemented.
- The Department has an approved Fraud Prevention and Whistle Blowing Policy and its Implementation Plan. The objective of this intervention is to ensure that the Department enhances the implementation of the holistic Fraud Prevention and Whistle Blowing Policy with the emphasis being on the application of proactive measures to enhance operational efficiency. During the revision of the Whistle Blowing Policy, the Department considered fraud indicators which were highlighted by the AGSA during the 2016/17 regulatory audit. The investigation was undertaken, and the necessary action was taken to deal with the findings of the investigations. The Department has a zero tolerance to fraud and corruption and the Department has established a facility to report fraudulent activities through National Anti-Corruption Hotline (0800 701 701). During the MTEF period, the Department will implement an efficient and responsive fraud prevention plan to mitigate the occurrence of fraud and corruption. Furthermore,

the Department will develop strategic register for 2021/22 financial year and the operational risks for 2020/21 financial year, including the development of the Business Continuity Plan.

- Strengthened human resource capability and a high performing organisation. By the end of December 2020, the Department had a vacancy rate of 11.9% (as recruitment was suspended to allow for the finalisation of the structure), exceeded the target of 50% representation for women in SMS (57.1%), and maintained the employment of Persons with Disabilities at above 2% (at 2.8%). Capacity development interventions are implemented as per the approved training plan of the Department. Staff members attended various development interventions aligned to their Personal Development Plans (PDPs) such as design thinking in practice programme and creating a theory of change. Individual performance agreements are aligned to APP deliverables and are closely monitored. A Counselling Service Provider has been appointed to provide a professional service to employees and their relatives. The contract of the Service Provider expires 30 June 2021 and therefore HR will embark on the appointment of a new service provider during 2021. The Employee Health and Wellness Unit in collaboration with the Occupational Health and Safety Committee (OHS) of the Department is involved with the implementation of the COVID-19 regulations to ensure the wellness of the employees.
- Through the implementation of the Departmental Communication Plan, the Department aims to keep its internal and external stakeholders informed of programmes and projects executed by the Department. The Plan aims to correct any negative perceptions and promote goodwill through editorial letters, advertorials, outdoor advertisement, public engagement programmes and media engagements. The Department will develop a Communication Implementation Plan to better support Public Participation Programmes, targeted media engagements and editorial pieces to improve the profile of the Department and ensure that the policy agenda is effectively communicated. The Department will also continue to increase its footprint in service delivery areas through, amongst others, the District Development Model and for the Department to reach the targeted areas and to proactively bring services to areas that have been previously marginalised.

5.7 UPDATED KEY RISKS

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in section 38(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing their systems of risk management.

Outcome	Key Risks	Risk Mitigation
1. Improved Governance and Compliance.	1. Inadequate compliance with statutory prescripts.	1. Popularise existing acts and related policies. 2. Train officials, improve checklists, include compliance in all performance agreements. 3. Implement corrective measures where non-compliance is detected.
	2. Increase in the mortality rate of SMMEs.	Procure an automated invoice tracking system.
	3. Material underspending leading to budget cuts by National Treasury.	Fully costed operational plans aligned to cash flow projections.
	4. Misalignment of the structure with the departmental strategy.	1. Redirect resources to training and reskilling of officials in line with the skills requirement for the new departmental strategy. 2. Finalise the review of the organisational structure. 3. Finalise Work Skills Plan. 4. Capacitate the Human Resource Development (HRD) Unit. 5. Fill vacancies. 6. HRD Strategy.
	5. Trading capability limitations and inability to access markets due to incomplete integration of all identified services.	1. Undertake sufficient scoping, specifications, and resources planning. 2. Effective Contract Management to be measured as follows: a. Monitoring and Evaluation of Deliverables/Milestones on a monthly/bi-monthly/quarterly basis. b. Implement punitive measures and consequence management for service providers.

5.8 PROGRAMME 2: SECTOR AND MARKET DEVELOPMENT

Purpose: To facilitate and increase access to markets for SMMEs through business information, product development support and value chain integration.

5.9 SUB-PROGRAMME AND SUB-PURPOSE

- **Sector and Market Development Management** – Provide leadership to the branch and support entry and growth of SMMEs in prioritised and designated sectors of the economy.
- **Business Information and Knowledge Management** – Provide evidence based (economic analysis, econometrics, research) business information to direct sector thought leadership.
- **Ease of Doing Business** – Reduce the administrative and regulatory burden of doing business for SMMEs.
- **Access to Market Support** – Provide domestic and international market support services to SMMEs.

5.10 OUTCOMES, OUTPUT INDICATORS AND TARGETS

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	1.1. Products produced and services rendered by SMMEs and Co-operatives linked to market.	Number of products produced and services rendered by SMMEs and Co-operatives linked to market.	N/A	N/A	N/A	200 products produced by SMMEs and Co-operatives linked to market.	250 products produced and services rendered by SMMEs and Co-operatives linked to market.	250 products produced and services rendered by SMMEs and Co-operatives linked to market.	300 products produced and services rendered by SMMEs and Co-operatives linked to market.
	1.2. Women-owned enterprises monitored to participate on SheTradesZA platform.	Number of women-owned enterprises monitored to participate on SheTradesZA platform.	N/A	N/A	N/A	2 000 women-owned businesses supported to register on international platform.	2 000 women-owned enterprises monitored to participate on SheTradesZA platform.	2 000 women-owned enterprises monitored to participate on SheTradesZA platform.	2 000 women-owned enterprises monitored to participate on SheTradesZA platform.
	1.3. SMMEs and Co-operatives exposed to international market opportunities.	Number of SMMEs and Co-operatives exposed to international market opportunities.	N/A	N/A	N/A	N/A	200 SMMEs and Co-operatives exposed to international market opportunities.	250 SMMEs and Co-operatives exposed to international market opportunities.	300 SMMEs and Co-operatives exposed to international market opportunities.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
2. Increase Contribution of the Priority Sector to GDP.	2.1. Increase in contribution to jobs by SMMEs and Co-operatives in economic sectors supported.	Annual Report on the participation of SMMEs and Co-operatives in economic sectors approved by EXCO.	N/A	N/A	N/A	Annual Report on the contribution to jobs by SMMEs and Co-operatives in priority sectors approved by EXCO.	Annual Report on the contribution to jobs by SMMEs and Co-operatives in economic sectors approved by EXCO.	Annual Report on the contribution to jobs by SMMEs and Co-operatives in economic sectors approved by EXCO.	Annual Report on the contribution to jobs by SMMEs and Co-operatives in economic sectors approved by EXCO.
3. Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.	3.1. Approved SMMEs Development Index Survey report.	SMMEs Development Index Survey report produced.	N/A	N/A	Target Achieved: Measurement Framework for the SMMEs index dimensions and indicators approved by EXCO.	Two (2) progress reports on the SMMEs Index Pilot Survey produced.	SMMEs Development Index Survey report approved by EXCO.	SMMEs Development Index Survey report approved by EXCO.	SMMEs Development Index Survey report approved by EXCO.
	3.2. Incubation Support Programme evaluation conducted.	Incubation Support Programme evaluation approved by EXCO.	N/A	N/A	Target Achieved: An approved Report on Six (6) digital hubs in townships and rural areas established. SBTI Botshabelo Digital Hub, Limpopo Digital Hub, 4th Industrial Revolution, KwaMashu Digital Hub, Alexandra Digital Hub and Mafikeng Digital Hub.	N/A	Incubation Support Programme (ISP) evaluation conducted and approved by EXCO.	Incubation Support Programme (ISP) improvement plan monitored.	Incubation Support Programme (ISP) improvement plan monitored.

5.11 INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicator	Annual Target 2021/22	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of products produced and services rendered by SMMEs and Co-operatives linked to market.	250 products produced and services rendered by SMMEs and Co-operatives linked to market.	75 products produced and services rendered by SMMEs and Co-operatives linked to market.	75 products produced and services rendered by SMMEs and Co-operatives linked to market.	50 products produced and services rendered by SMMEs and Co-operatives linked to market.	50 products produced and services rendered by SMMEs and Co-operatives linked to market.
Number of women-owned enterprises monitored to participate on SheTradesZA platform.	2 000 women-owned enterprises monitored to participate on SheTradesZA platform.	500 women-owned enterprises monitored to participate on SheTradesZA platform.	500 women-owned enterprises monitored to participate on SheTradesZA platform.	500 women-owned enterprises monitored to participate on SheTradesZA platform.	500 women-owned enterprises monitored to participate on SheTradesZA platform.
Number of SMMEs and Co-operatives exposed to international market opportunities.	200 SMMEs and Co-operatives exposed to international market opportunities.	50 SMMEs and Co-operatives exposed to international market opportunities.	50 SMMEs and Co-operatives exposed to international market opportunities.	50 SMMEs and Co-operatives exposed to international market opportunities.	50 SMMEs and Co-operatives exposed to international market opportunities.
Annual Report on the participation of SMMEs and Co-operatives in economic sectors approved by EXCO.	Annual Report on the contribution to jobs by SMMEs and Co-operatives in economic sectors approved by EXCO.	N/A	N/A	N/A	Annual Report on the contribution to jobs by SMMEs and Co-operatives in economic sectors approved by EXCO.
SMMEs Development Index Survey report produced.	SMMEs Development Index Survey report approved by EXCO.	Consolidated Measurement Framework for the SMMEs Development Index developed.	Consolidated Measurement Framework for the SMMEs Development Index approved by EXCO.	SMMEs Development Index Survey conducted.	SMMEs Development Index Survey report approved by EXCO.
Incubation Support Programme evaluation approved by EXCO.	Incubation Support Programme (ISP) evaluation conducted and approved by EXCO.	N/A	Inception Report on the evaluation of the Incubation Support Programme	Evaluation report developed.	Incubation Support Programme (ISP) evaluation conducted and approved by EXCO.

5.12 EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

Access to markets is at the core of the establishment and growth of any enterprise, as no enterprise can survive without access to markets. The more existing small enterprises are provided with an opportunity to access markets, the more the revenue of these enterprises will increase, which will result in creation of more jobs, due to business growth and expansion. The Department will intensify its effort working towards realising its medium-term outcome to increase participation of SMMEs and Co-operatives in domestic and international markets.

During quarter three of 2020/21 financial year, the SMMEs-focused Localisation Policy Framework and Implementation Programme was approved by the Cabinet. This approval gave way for various programmes to be launched, starting with the Manufacturing Support Scheme, which focuses on funding SMMEs linked to the market to increase their capacity and improve their competitiveness. The SMME listing programme which was conceptualised to identify the readiness of products manufactured by SMMEs that could be listed on the

shelves of retailers and wholesalers was also launched. During 2021/22 financial year, the Department, through the implementation of this Policy Framework, will ensure that during the medium-term period 800 products produced and services rendered by SMMEs and Co-operatives are linked to the market.

The NDP vision 2030 prioritises the significant role of women, youth and persons with disabilities in our society. If these three groups are strong, our whole society will be strong. The Department during the medium-term period will mainstream these three groups by ensuring that the 6 000 women-owned enterprises participate on the SheTradesZA platform with minimum targets of 30% are young women, and a minimum target of 7% persons with disabilities. Furthermore, 200 SMMEs and Co-operatives will be exposed to the international market opportunities with emphases on these three groups.

The Department plans to update its measuring tool in the form of an Index to provide for an accurate information and data on the state of small businesses and Co-operatives in the country. This tool will assist in measuring the performance and advocating for the design of interventions that are impactful to the growth and sustainability of SMMEs and Co-operatives to enable their competitiveness as outlined in the NDP.

Through Seda, the programme will increase the number of incubation centres/digital hubs to 100 in a medium-term period. These incubators will nurture new and existing small enterprises by providing them with financial and technical advice pertaining to the running of a business. The digital hubs will ensure that small enterprises access technology to improve their operational efficiencies and productivity. The programme intends to fund these initiatives within the current baseline allocation, reprioritisation of funds from non-priority programmes and where possible through additional funding. To ensure that the programme is effectively and efficiently supported, the Department during the 2021/22 financial year, will ensure that the Incubation Support Programme is evaluated and areas of improvement are identified and attended to.

5.13 PROGRAMME RESOURCE CONSIDERATIONS

PROGRAMME TWO: SECTOR AND MARKET DEVELOPMENT SUB-PROGRAMMES	2021/22	2022/23	2023/24	TOTAL MTEF
	R'000	R'000	R'000	R'000
1. Sector and Market Development Management	2 200	2 335	2 249	6 784
2. Business Intelligence & Knowledge Management	26 433	27 634	26 178	80 245
3. Ease of Doing Business	8 090	7 775	7 529	23 394
4. Access to market support	102 083	101 025	104 083	307 191
TOTAL	138 806	138 769	140 039	417 614

Programme Two (Sector and Market Development) has an allocation of R417.6 million over the medium-term with four sub-programmes: **Sector and Market Development Management** has R6.8 million, **Business Intelligence and Knowledge Management** has R80.2 million, **Ease of Doing Business** has R23.4 million and **Access to Market Support** has R307.2 million. The Programme is responsible to facilitate and increase access to markets for SMMEs through business information, product development support and value chain integration. This will be achieved through the four sub programmes which are responsible to:

- Provide leadership to the branch and support entry and growth of SMMEs in prioritised and designated sectors of the economy.
- The provision of evaluation services for the Department to inform policy and programme design, improvements and learning.

- Reduce the administrative and regulatory burden of document business for SMMEs.
- Provide domestic and international market support services to SMMEs.

The Department will develop and coordinate knowledge management that will enhance evidence-based policy and programme development for the Department to intervene in appropriate areas of need and develop tailor-made programmes that are based on empirical evidence. The Department is of the view that the policies, legislation and strategies for the development of Small Enterprises in South Africa need to be amended and updated in order to effectively respond to Government's objectives. The need for amendment also emanates from the changes and developments that have taken place in the economy and the prevailing Small Enterprise Ecosystem over the years. To complete the circle the Department will continuously monitor the performance of the sector and evaluate the impact in that both Government and the private sector has made directed by the strategies developed and interventions of the support ecosystem. The performance of the sector will be tracked through the developed SMMEs Development Index that will be used to track accurate information and data on the status of the sector in the country. This also provides an opportunity for the Department to track the performance of SMMEs through their continuum.

5.14 UPDATED KEY RISKS

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in section 38(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing their systems of risk management.

Outcome	Key Risks	Risk Mitigation
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	1. Limited access by SMMEs and Co-operatives to opportunities and barriers to participate in priority sectors.	1. Upscale readiness programme in partnerships with industry stakeholders to assist SMMEs and Co-operatives to meet domestic, regional and international standards. 2. Upscale red-tape reduction interventions. 3. Strengthen collaboration with the Competition Commission and the dtic to tackle Anti-competitive behaviours and market barriers. 4. Strengthen collaboration with National Treasury on the procurement of goods and services from SMMEs and Co-operatives.
	2. Low uptake by wholesalers and retailers of SMME products.	Marketing and product development support through Seda and sefa interventions.
	3. Contract scope creep.	1. Include contingency funds. 2. Strengthen Contract management and oversight.
	4. Low uptake of export development programmes.	1. Awareness raising. 2. Export development training. 3. Export market facilitation.
	5. Low uptake by designated groups and thereby limiting the efforts to achieve the desired level of mainstreaming of Women, Youth and Persons with Disabilities.	1. Continuous consultations with the Department of Women, Youth and Persons with Disabilities and organisations working with designated groups. 2. Creating awareness on the products and offerings of the Department and its entities to the designated groups. 3. Engagements with entrepreneurs from designated groups to understand the requirements and provide the necessary assistance.

5.15 PROGRAMME 3: DEVELOPMENT FINANCE

Purpose: To expand access to finance for SMMEs and Co-operatives through innovative service offerings.

5.16 SUB-PROGRAMME AND SUB-PURPOSE

- **Development Finance Management** – To provide leadership to the branch and support entry and growth of SMMEs in prioritised and designated sectors of the economy.
- **Business Viability** – To provide business assurance strategies for SMMEs.
- **Blended Finance** – To design blended financial support initiatives for SMMEs.
- **Model Funding collaboration** – To create enabling financial support structures for SMMEs.

5.17 OUTCOMES, OUTPUT INDICATORS AND TARGETS

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20		2021/22	2022/23	2023/24
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1.1. SMMEs and Co-operatives Funding Policy approved.	Cabinet memo on the SMMEs and Co-operatives Funding Policy submitted to Minister for Cabinet approval.	N/A	N/A	N/A	SMMEs and Co-operatives Funding Policy developed and approved by EXCO.	SMMEs and Co-operatives Funding Policy approved, implemented and reported on.	SMMEs and Co-operatives Funding Policy implemented and reported on.	SMMEs and Co-operatives Funding Policy implemented and reported on.
	1.2 Co-operatives supported financially.	Co-operatives supported to the value of the R' million.	265 Co-operatives supported through CIS.	122 Co-operatives supported financially through the CIS.	Target Not Achieved: Co-operatives supported to the value of the R85.7 million.	Co-operatives supported through non-financial and/or financial to the value of R50.7 million.	Co-operatives supported to the value of R88.6 million.	Co-operatives supported to the value of R91 million.	Co-operatives supported to the value of R91.5 million.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	1.3. Township and Rural Enterprises supported financially.	Township and Rural Enterprises supported to the value of the R' million.	N/A	N/A	N/A	28 000 Township and Rural Enterprises supported financially and/or non-financially.	Township and Rural Enterprises supported to the value of R694 million.	Township and Rural Enterprises supported to the value of R700 million.	Township and Rural Enterprises supported to the value of R705 million.
	1.4. SMMEs and Co-operatives in the Craft sector supported through Craft Customised Sector Programme.	Number of Crafters supported through the Craft Customised Sector Programme.	N/A	N/A	Target Achieved: 2 535 Crafters supported through the Craft Customised Sector Programme.	700 Crafters supported through the Craft Customised Sector programme.	800 Crafters supported through the Craft Customised Sector Programme.	900 Crafters supported through the Craft Customised Sector Programme.	1000 Crafters supported through the Craft Customised Sector Programme.
	1.5. Start-up youth businesses supported financially and non-financially.	Number of start-up youth businesses supported financially and non-financially.	N/A	N/A	N/A	N/A	5 000 start-up youth businesses supported financially and non-financially.	5 000 start-up youth businesses supported financially and non-financially.	5 000 start-up youth businesses supported financially and non-financially.
	1.6. Consolidated report on supported Competitive SMMEs and Co-operatives produced.	Consolidated report on the number of competitive SMMEs and Co-operatives supported approved by EXCO.	N/A	N/A	N/A	Consolidated report on the 2 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 25 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 25 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 35 000 competitive SMMEs and Co-operatives supported approved by EXCO.

5.18 INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicator	Annual Target 2021/22	Quarterly Targets			
		Q1	Q2	Q3	Q4
Cabinet memo on the SMMEs and Co-operatives Funding Policy submitted to Minister for Cabinet approval.	SMMEs and Co-operatives Funding Policy approved, implemented and reported on.	SMMEs and Co-operatives Funding Policy submitted to ESIEID Cluster.	Final SMMEs and Co-operatives Funding Policy submitted to Minister for Cabinet approval.	SMMEs and Co-operatives Funding Policy approved, implemented and reported on.	SMMEs and Co-operatives Funding Policy implemented and reported on.
Co-operatives supported to the value of the R' million.	Co-operatives supported to the value of R88.6 million.	Co-operatives supported to the value of R10 million.	Co-operatives supported to the value of R23.6 million.	Co-operatives supported to the value of R30 million.	Co-operatives supported to the value of R25 million.
Township and Rural Enterprises supported to the value of the R' million.	Township and Rural Enterprises supported to the value of R694 million.	Township and Rural Enterprises supported to the value of R277.6 million.	Township and Rural Enterprises supported to the value of R208.2 million.	Township and Rural Enterprises supported to the value of R138.8 million.	Township and Rural Enterprises supported to the value of R69.4 million.
Number of Crafters Supported through the Craft Customised Sector Programme.	800 Crafters supported through the Craft Customised Sector Programme.	Signing of MOAs with the hubs and agencies.	200 Crafters supported through the Craft Customised Sector Programme.	300 Crafters supported through the Craft Customised Sector Programme.	300 Crafters supported through the Craft Customised Sector Programme.
Number of start-up youth businesses supported financially and non-financially.	5 000 start-up youth businesses supported financially and non-financially.	Signing of MOA(s) with implementation partner(s).	1 000 start-up youth businesses supported financially and non-financially.	2 500 start-up youth businesses supported financially and non-financially.	1 500 start-up youth businesses supported financially and non-financially.
Consolidated report on the number of competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 25 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Report on the 3 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Report on the 7 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Report on the 7 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Report on the 8 000 competitive SMMEs and Co-operatives supported. Consolidated report on the 25 000 competitive SMMEs and Co-operatives supported approved by EXCO.

5.19 EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

During the MTEF period, the programme will ensure that the SMMEs and Co-operatives Funding Policy is approved and implemented to promote broader participation in the mainstream economy by small businesses prioritising on enterprises owned by women, youth and PWDs that operate in underserved areas such as townships and villages. The Department provides direct and indirect support to SMMEs and Co-operatives through its agencies being Seda, **sefa** and internal support programmes such as the Co-operatives Development Support Programme (CDSP), Craft Customised Sector Programme (CSP), Township and Rural Entrepreneurship Programme (TREP), the Business Viability Programme (BVP) the Small Enterprise Manufacturing Support Programme (SEMSP) and the Youth Start Up Support Programme (YSSP). Accordingly, over the medium-term the Department will ensure that effort is intensified to support 85 000 competitive SMMEs and Co-operatives to access financial and non-financial support.

The Township and Rural Entrepreneurship Programme was conceptualised in 2020 with the aim of supporting enterprises that are based in marginalised areas - townships and villages. During the 2021/22 financial year the Department will provide financial support to the Township and Rural based entrepreneurs with emphasis on enterprises owned and managed by the designated groups (Women, Youth and Persons with Disabilities) in order to increase their capacity to access economic opportunities and enhance their competitiveness to the value of R694 million. Deliberate interventions will be implemented to support start-ups particularly those that are owned by young people and women. There will also be an emphasis on expansion of financial and non-financial support as well as provision of infrastructure to enterprises and entrepreneurs that are based in townships and rural areas. Support interventions will focus on enterprises owned by women, youth and people with disabilities that operate in underserved areas such as townships and villages.

5.20 PROGRAMME RESOURCE CONSIDERATIONS

PROGRAMME THREE: DEVELOPMENT FINANCE SUB-PROGRAMMES	2021/22	2022/23	2023/24	TOTAL MTEF
	R'000	R'000	R'000	R'000
1. Development Finance Management	2 200	2 335	2 249	6 784
2. Business Viability	4 985	5 005	4 870	14 860
3. Blended Finance	1 358 235	1 361 223	1 363 732	4 083 190
4. Model Funding Collaboration	15 398	15 706	15 628	46 732
TOTAL	1 380 818	1 384 269	1 386 479	4 151 566

Programme Three (Development Finance) has an allocation of R4.151 billion over the medium-term with three sub-programmes. **Development Finance Management** has R6.8 million, **Business Viability** has R14.9 million, **Blended Finance** has R4.08 billion and **Model Funding Collaboration** has R46.7 million.

This programme is responsible for expanded access to financial and non-financial support and responsive programmes to new and existing SMMEs and Co-operatives. The DSBD'S business delivery model aims to streamline the processes and strengthen support in the delivery of services and in particular closing gaps in critical areas such as Development Finance focusing on aspects such as inter alia financial sustainability, risk cover and business rescue and turnaround strategies, model funding, agreements, SMME contracting models and SMME payment. This programme is housed within Programme 4: Enterprise Development.

The Department, through its DFI Programme, will continue to administer a set of incentive programs that are targeting a wide range of micro, small and medium enterprises in line with the approved DSBD Business Delivery Model. The incentives schemes are meant to stimulate and facilitate the development of sustainable, competitive enterprises through the efficient provision of effective and accessible incentive measures that support national priorities sectors. The programme will ensure that there is broader participation in the mainstream economy by SMMEs and Co-operatives owned by individuals from historically disadvantaged communities including the women, youth and persons with disabilities. During the current MTEF period the Department will upscale its implementation of the Blended Finance Model which was introduced during the latter part of 2019/20 financial year. This type of funding ensures that businesses are cushioned against high levels of gearing, especially during the early stages of their establishment by offering a combination of a loan and a grant:

- To resuscitate township economies, the Department embarked on a process of developing specific programmes focusing on township and rural enterprises. The township and rural areas-based enterprises is reprioritised from the Township Entrepreneurship Fund which is the fund that was designed to serve the same objectives as these newly developed interventions. The aim is to assist 28 000 township and rural area-based enterprises in the 2020/21 financial year and provide financial and non-financial support to the value of R2.1 billion over the MTEF. The key objective is to ensure that informal businesses accounted for in the formal economy.
- With the implementation of the Small Enterprise Manufacturing Programme, the Department aims to build a manufacturing sector for an improved industrial base (productive economy) through a focused import replacement programme; and to build the industrial base for both the domestic market and external market in particular, the African Union market). This programme is funded through the Township and Rural Entrepreneurship Fund and aims to promote localisation and industrialisation, to strengthen the informal sector.
- The Business Viability programme is aimed at supporting SMMEs and Co-operatives to overcome both financial and non-financial constraints that are negatively affecting their business activities. The primary purpose of the Programme is to ensure that SMMEs and Co-operatives are commercially and financially viable and contribute meaningfully to economic transformation and job creation. Some of the interventions will include business turnaround interventions including business rescue for those businesses whose business models are stronger to survive in the new normal. A total of 15 000 will be supported in the 2020/21 financial year and 70 000 competitive businesses will be supported over the MTEF.
- Co-operatives will be supported financially and non-financially in the form of blended finance and business development support services.
- The Department will implement support for 700 Crafters supported through the Craft Customised Sector Programme in 2020/21 and 2 400 over the MTEF. This initiative will be implemented in partnership with The Department of Sport, Arts and Culture.

5.21 UPDATED KEY RISKS

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in section 38(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing their systems of risk management.

Outcome	Key Risks	Risk Mitigation
3. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1. Lack of access to Finance for SMMEs.	1. Formulation of the SMME and Co-operatives Funding Policy. 2. Establish fast-tracking processes for accessing finance for SMMEs and Co-operatives who have secured domestic, regional and/or global orders.

5.22 PROGRAMME 4: ENTERPRISE DEVELOPMENT

Purpose: To oversee the promotion of an ecosystem that enhances entrepreneurship and the establishment, growth and sustainability of small businesses and Co-operatives as well as coordinating business development support interventions across various spheres of Government.

5.23 SUB-PROGRAMME AND SUB-PURPOSE

- **Enterprise Development Management** – To provide leadership to the branch, exercise oversight in the execution of programmes by the implementing agencies and coordinate the provision of an entrepreneurship development and support service infrastructure.
- **Enterprise and Supplier Development** – To drive the transformation of the economy through the formulation of policy instruments and advocacy work aimed at the inclusion of SMMEs in the mainstream economy.
- **SMME Competitiveness** – To work with Municipalities through their integrated Development Plans to develop, enhance and implement enterprise development programmes toward improved Local Economic Development (LED).

5.24 OUTCOMES, OUTPUT INDICATORS AND TARGETS

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1.1 National Integrated Small Enterprise Development Masterplan submitted to Cabinet.	Cabinet memo on the National Integrated Small Enterprise Development Masterplan submitted to Minister for Cabinet approval.	N/A	N/A	Target Not Achieved: Small Enterprise Development Masterplan Framework document developed and not approved by EXCO.	National Integrated Small Enterprise Development Masterplan approved by EXCO.	National Integrated Small Enterprise Development Masterplan submitted to Minister for Cabinet approval.	National Integrated Small Enterprise Development Masterplan implemented and reported on.	National Integrated Small Enterprise Development Masterplan implemented and reported on.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
2. Reduced regulatory burdens for Small Enterprises.	2.1. National Small Enterprise Amendment Bill submitted to Parliament.	Approved submission to Minister on the National Small Enterprise Amendment Bill.	Annual Target Not Achieved: The Bill was not developed and submitted to Minister for approval.	Amendment of the National Small Enterprise Act through legislative process.	Target Achieved: The Department Submitted Cabinet memorandum to the Minister on the consolidated proposed amendment of the National Small Enterprise bill (content) document.	Report on consolidated public comments received on the National Small Enterprise Amendment Bill approved by EXCO.	National Small Enterprise Amendment Bill taken through Parliamentary process.	Implementation of the National Small Enterprise Act.	Implementation of the National Small Enterprise Act.
	2.2. Schedule to the National Small Enterprise Act (NSEA) amended.	Approved submission to Minister on the Schedule to the National Small Enterprise Act amended.	N/A	N/A	N/A	N/A	Revised Schedule to the National Small Enterprise Act amended and submitted to Minister for approval to gazette.	Schedule to the National Small Enterprise Act implemented with key stakeholders.	Schedule to the National Small Enterprise Act implemented and monitored to ensure alignment and application by key stakeholders.
	2.3. Red-Tape Reduction Action Plan developed and implemented.	Number of districts assisted through the Red-Tape Reduction Action Plan.	Annual Target Exceeded: 42 municipalities assisted in 12 work-shops to roll out small enterprises Red-Tape Reduction Programme.	Twelve (12) municipalities assisted to roll out small enterprises Red-Tape Reduction Programme.	Target Achieved: Red-Tape Reduction Awareness Programme rolled out in 33 municipalities.	Two (2) Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Three (3) districts assisted through the Red-Tape Reduction Action Plan.	Best Practises stemming from the three (3) Districts Pilot Administrative Simplification Programme (PASP) Case Studies documented.	MOUs signed with COGTA and SALGA to jointly implement and monitor the roll-out of recommended administrative simplification procedures (Red-Tape Reduction).

5.25 INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicator	Annual Target 2021/22	Quarterly Targets			
		Q1	Q2	Q3	Q4
Cabinet memo on the National integrated Small Enterprise Development Masterplan submitted to Minister for Cabinet approval.	National Integrated Small Enterprise Development Masterplan submitted to Minister for Cabinet approval.	National Integrated Small Enterprise Development Masterplan submitted to ESIEID Cluster.	Submit the National Integrated Small Enterprise Development Masterplan to Cabinet to request approval to gazette for public comments.	Consider public comments on the National Integrated Small Enterprise Development Masterplan.	National Integrated Small Enterprise Development Masterplan submitted to Minister for Cabinet approval.
Approved submission to Minister on the National Small Enterprise Amendment Bill.	National Small Enterprise Amendment Bill taken through Parliamentary process.	Stakeholder engagements finalised.	National Small Enterprise Amendment Bill taken through Parliamentary process.	National Small Enterprise Amendment Bill taken through Parliamentary process.	National Small Enterprise Amendment Bill taken through Parliamentary process.
Approved submission to Minister on the Schedule to the National Small Enterprise Act amended.	Revised Schedule to the National Small Enterprise Act amended and submitted to Minister for approval to gazette.	Stakeholder consultations conducted.	Schedule to the National Small Enterprise Act revised.	Consultation with Presidency on Socio Economic Impact Assessment System (SEIAS) on revised Schedule to the National Small Enterprise Act.	Revised Schedule to the National Small Enterprise Act amended and submitted to Minister for approval to gazette.
Number of districts assisted through the Red-Tape Reduction Action Plan.	Three (3) districts assisted through the Red-Tape Reduction Action Plan.	RTR Assessment of the three (3) participating Municipalities.	Scoping of the Problem areas' Performance Cycles to develop TORs for procurement of appropriate interventions.	Development of the proposed interventions based on key problems identified through the municipal assessments.	Implementation and Monitoring of the performance outcomes of the interventions.

5.26 EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The Department has the mandate to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small enterprises, and ensure an enabling legislative and policy environment to support their growth and sustainability. Critical to this mandate is to work on reducing regulatory burdens and creating a conducive policy and legislative environment for SMMEs and Co-operatives. During the 2021/22 financial year, the programme will ensure that National Small Enterprise Amendment Bill is submitted to undergo Parliamentary processes. The Department will also embark on the revision of the Schedule to the National Small Enterprise Act with an aim at ensuring alignment and utilisation of the SMME definition, by ensuring that revision Schedule to the National Small Enterprise Act amended is submitted to the Minister for approval to be gazetted.

To ensure the development of an enabling policy, legal and regulatory environment for small enterprises, the Department will submit the National Integrated Small Enterprise Development Masterplan to Cabinet to request approval to gazette for public comment and final National Integrated Small Enterprise Development Masterplan is approved by Cabinet which will enable small enterprises to realise their full potential. The Masterplan will ensure the delivery of an integrated, targeted, and effected support interventions aimed at promoting entrepreneurship as well as providing financial and non-financial support to qualifying small enterprises and mainstreaming of gender, empowerment and development of youth and

persons with disabilities programmes, using the life cycle approach. The Masterplan will stipulate the measures that will be taken to execute the Graduation Model from informal businesses to competitive, sustainable and growing small enterprises that will contribute meaningfully to the GDP, job creation and inclusive growth.

Assistance to municipalities to roll out the Red-Tape Reduction Programme becomes an important component of the work as Government aims to creating a conducive environment for the establishment of new enterprises and growth of the existing ones. To ensure that the Department addresses issues of reducing red tape, three districts in a province will be assisted with rolling out the Red-Tape Reduction Programme Pilot Administrative Simplification Programme for SMMEs and Co-operatives.

5.27 PROGRAMME RESOURCE CONSIDERATIONS

PROGRAMME FOUR: ENTERPRISE DEVELOPMENT SUB-PROGRAMMES	2021/22	2022/23	2023/24	TOTAL MTEF
	R'000	R'000	R'000	R'000
1. Enterprise Development Management	2 200	2 200	2 200	6 600
2. Enterprise and Supplier Development	885 531	900 112	905 014	2 690 657
3. SMME Competitiveness	14 633	14 293	16 608	45 534
TOTAL	902 364	916 605	923 822	2 742 791

Programme Four (Enterprise Development) has an allocation of R2.742 billion over the medium-term with four sub-programmes: The **Enterprise Development Management** has R6.6 million, **Enterprise and Supplier Development** has R2.690 billion, and **SMME Competitiveness** has R45.5 million.

The purpose of the programme is to create an enabling environment for the development and growth of sustainable small businesses through the development and review of policy and legislation; design and piloting of support instruments; promotion of entrepreneurship; and facilitation of the development of small enterprises in township and rural areas.

The DSBD is of the view that the policies, legislation, and strategies for the development of Small Enterprises in South Africa need to be amended and updated to effectively respond to Government's objectives. The need for amendment also emanates from the changes and developments that have taken place in the economy and the prevailing Small Enterprise Ecosystem over the years.

The spending focus over the MTEF will be on the creation of an enabling environment for the development and growth of sustainable small businesses through the development and review of SMMEs, Co-operatives and entrepreneurship policies; design, piloting and monitoring of the impact of support services and instruments; the promotion of entrepreneurship and provision of economic infrastructure for micro enterprises; promoting informal business support; coordination of the enterprise development ecosystem and thought leadership in advancing economic growth and job creation.

The resources required to support the number of enterprises in marginalised areas are significant and cannot come from the Department and its entities alone. The marginalised areas (township and rural areas) need more resources due to the way they are structured and their geographic location. The small businesses ordinarily require access to information, economic infrastructure, access to markets and skills irrespective of where they are located. Government and the private sector have always found it easier and less costly to provide support to enterprises based in urban areas resulting in uneven growth of enterprises based in urban areas versus those that are based in marginalised areas. The State will have to lead in investing significant resources in these areas in an integrated fashion to stand a chance of crowding in private sector investment. The District Development Model is designed to bring together other social partners to support the development of the Districts and the Forums are critical in enabling the Department to deliver on its targets. The District Development Model aims to improve the coherence and impact of Government service delivery with focus on 44 Districts and 8 Metros around the country as development spaces that can be used as centres of service delivery and economic development, including job creation. Through the DDM, DSBD will ensure that the interests and inputs of SMMEs within each district are considered upfront resulting in more sustainable businesses that are growing the local economies and playing a critical role in the mainstream economy.

In alignment with the District Development Model, the Department has developed an SMME Support Plan which clearly indicates how many small enterprises should be supported per District if the country is to achieve an inclusive economic growth that addresses spatial disparities. This plan will be implemented in partnership with various departments, provinces and municipalities. The plan also assists the Department to plan the distribution of resources and interventions in a way that redresses the imbalances of the past where there was always a sense of bias towards urban areas, leaving the township and rural areas behind. The support will be in the form of business development support as well as economic infrastructure support which includes incubation/digital hubs as well as industrial parks.

The proposed amendments to the National Small Enterprise Bill to be submitted and taken through the Parliamentary processes. The Department will amend the National

Small Enterprise Act by submitting the National Small Enterprise Amendment Bill to Parliament. In the MTEF the focus will be on monitoring of the implementation of the National Small Enterprise Act. Stakeholder engagements and the development of policy positions which will inform the amendment to the Act (such as Alternative Dispute Resolution and the Institutional arrangements) is underway. These additional areas will inform the amendments of the Bill.

The Department is in the process of finalising the National Integrated Small Enterprise and Co-operatives Masterplan. In the 2021/22 financial year, the Masterplan will be submitted to Economic Sectors, Investment, Employment and Infrastructure Development (ESIEID) Cluster, to Cabinet to request approval to gazette for public comment subsequently submitted to Cabinet for approved. The MTEF years will focus on the monitoring of the implementation of the Masterplan. The Masterplan will ensure the delivery of integrated targeted and effective support interventions aimed at promoting entrepreneurship as well as providing financial and non-financial support for qualifying small enterprises, using the life cycle approach. The Masterplans will stipulate the measures that will be taken to execute the Graduation Model from informal businesses to competitive, sustainable, and growing small enterprises that will contribute meaningfully to the GDP, job creation and inclusive growth.

The Department is also collaborating with other entrepreneurship ecosystem role-players to further develop an enabling environment and improve the entrepreneurship and improve its Total Early-Stage Entrepreneurial Activity (TEA) rate. Some of these role-players include Global Entrepreneurship Network, Industrial Development Corporation, and other reputable and internationally recognised institutions.

To further enhance entrepreneurship development, the micro franchising concept presents affordable, local, tried and tested franchise opportunities to small businesses especially those based in townships and rural areas. Further, the Programme seeks to unearth not only South African micro enterprises, but also the Southern African business concepts with potential to be franchised and thus be replicated across the country. This approach bears better likelihood of success as the operational and market characteristics of these establishments would be more of a perfect fit.

5.28 UPDATED KEY RISKS

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in section 38(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing their systems of risk management.

Outcome	Key Risks	Risk Mitigation
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1. Duplication of efforts with other Government programmes.	1. Strengthen partnerships with the relevant Government Departments, Public Entities and Development Finance Institutions (DFIs). 2. Engage with role players in the SMME ecosystem to identify possible collaboration areas and available support instruments. 3. Monitor and evaluate the targeted support programmes to ensure that they are relevant and respond to the needs of the beneficiaries (SMMEs and Co-operatives).
	2. Support to SMMEs concentrated in urban areas.	Adopt a district approach focusing on SMMEs and Co-operatives situated in underserved areas more especially Villages and Townships.
	3. Failure to formulate programmes that address the needs of SMMEs and Co-operatives.	Constantly monitor and evaluate the targeted support programmes to ensure that they are relevant and respond to the needs of the beneficiaries (SMMEs and Co-operatives).
	4. Delay in the gazetting process.	Ensure the process is tabled.
	5. Stakeholder corporation and systematic delays.	Information dissemination and extensive consultations with stakeholder groups.

6. PUBLIC ENTITIES

Currently the Department has two entities (Seda and **sefa**) reporting to it, but a Cabinet decision has been taken to consolidate them including the National Empowerment Fund. During the 2020/21 financial year the Department will work on finalising the process of consolidating the three to form one entity that will offer both financial and non-financial support to small enterprises increasing efficiencies for the benefit of SMMEs and Co-operatives.

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R'000)
Small Enterprise Development Agency (Seda)	To provide non-financial business development and support services for small enterprises, in partnership with other role players in the small business development environment.	<ul style="list-style-type: none"> Improved service access for SMMEs. Increased in turnover for SMMEs. Increased number of people employed by the small enterprises. Improved operational excellence. 	R824 478
Small Enterprise Finance Agency (sefa)	To support the development of sustainable SMMEs through the provision of finance.	<ul style="list-style-type: none"> Ensure sefa is a high impact, high performance DFI that is responsive to Government's macroeconomic policies and specifically the DSBD MTSF plan. Align sefa's organisational structure, culture and innovative delivery model to be responsive to its mandate and strategy. Develop the sefa brand value proposition for our target markets, improve distribution reach and establish winning collaborative models. Improve sefa's sustainability, operational effectiveness, efficiencies and service delivery by streamlining business processes and deploying technology solutions. 	R246 908

7. INFRASTRUCTURE PROJECTS

Not Applicable

8. PUBLIC PRIVATE PARTNERSHIPS

Not Applicable

ANNEXURE A

AMENDMENT TO THE REVISED 2020 - 2025 STRATEGIC PLAN

REFLECTED IN THE REVISED 2020 – 2025 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2021/22 ANNUAL PERFORMANCE PLAN
Five-Year Targets	Revised Five-Year Targets
100% of Government departments and entities complying with the 30% procurement directive of which a minimum target of 40% women, 30% youth and 7% for persons with disabilities.	The target has been removed from Strategic Plan, however, the Department will engage National Treasury to introduce regulations that set aside certain products to be sourced from SMMEs and Co-operatives.
1000 of designated products sourced from and produced locally by SMMEs and Co-operatives.	The word “ designated ” has been removed from the Strategic Plan, as the function of designation is not within the Department’s control. <i>Products and services produced and rendered by SMMEs and Co-operatives listed and procured</i> has been added to the Strategic Plan as a target
Localisation programme on SMMEs and Co-operatives implemented and monitored	The five-year target has been revised in the Strategic Plan to read “SMMEs-focused Localisation Policy Framework and Implementation Programme approved and implementation monitored in the five-year period.” The SMMEs-focused Localisation Policy Framework and Implementation Programme was approved by Cabinet in 2020.
20 Product Markets of the SMMEs and Co-operatives Implemented.	The five-year target has been removed from Strategic Plan and will be implemented at an Operational Plan level.
1 500 SMMEs and Co-operatives exposed to international market opportunities through e-commerce platform.	The target has been reduced in the Strategic Plan from 1 500 SMMEs and Co-operatives exposed to international market opportunities through e-commerce platform to 1 000 SMMEs and Co-operatives exposed to international market opportunities through e-commerce platform. This reduction is due to slow opening of the international market.
50 000 women-owned businesses registered on International platform.	The target has been reduced in the Strategic Plan from 50 000 women-owned businesses registered on International platform to 10 000 women-owned businesses registered on international platform. This reduction is due to slow opening of the international market.
Small Enterprise Development Masterplan Implementation Monitored.	The five-year target has been revised in the Strategic Plan to read “National Integrated Small Enterprise Development Masterplan approved and implementation monitored in the five-year period.” Additional wording of “National” and “Integrated” Masterplan is reflection of a national strategy to coordinate Government’s efforts, in partnership with private sector actors, in building a supportive ecosystem for smaller enterprises to thrive.

REFLECTED IN THE REVISED 2020 – 2025 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2021/22 ANNUAL PERFORMANCE PLAN
Five-Year Targets	Revised Five-Year Targets
Four (4) Annual Impact Assessment Reports on the performance evaluation of existing incubation centres and digital hubs prioritising Townships and Rural areas.	The five-year target has been revised in the Strategic Plan to read “Incubation Support Programme (ISP) improvement plan monitored” for the five-year period. This due to the fact that the role of the Department is oversight and coordination of the incubation centres and digital hubs.
SMME Support Plan aligned with the District Development Model implemented.	The target has been removed from Strategic Plan. However, the milestones that were set as part of this target will be implemented as part of the Township and Rural Enterprises supported, and the SheTradesZA targets.
200 000 youth business start-ups supported.	The target has been reduced in the Strategic Plan from 200 000 youth business start-ups supported to 15 000 youth business start-ups supported by 2024. This is to align the target with the 2021 State of the Nation Address directive.
Action Plan on the Ease of Doing Business Ratings in the District Municipalities Monitored.	Target has been changed in the Strategic Plan to reflect “Action Plan on the Red-Tape Reduction in the District Municipalities Monitored”. National Treasury has terminated the partnership with the organisation that was rating South Africa on the Ease of Doing Business, hence the Department has resolved to go back to Red Tape Reduction programme, which aims to achieve similar outcomes.

ANNEXURE B

CONDITIONAL GRANTS

Not Applicable

ANNEXURE C

CONSOLIDATED INDICATORS

Not Applicable



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