

DEPARTMENT OF SMALL  
BUSINESS DEVELOPMENT

# ANNUAL PERFORMANCE PLAN 2022/2023



**small business  
development**

Department:  
Small Business Development  
REPUBLIC OF SOUTH AFRICA



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## 2022-23 ANNUAL PERFORMANCE PLAN



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# EXECUTIVE AUTHORITY STATEMENT



We are just coming out of what has turned out to be our deepest and most protracted recession. Our economy contracted by 6.4% in 2020. Further, as at June 2021 1.5 million jobs were shed. The South African government implemented a R500 billion package of economic relief aimed at mitigating the worst effects of the Coronavirus disease (COVID-19) pandemic. This included social relief grants, credit guarantees with banks, and a range of sector-specific relief. We implemented a Debt Relief Fund for SMMEs to provide relief on existing debts and repayments to assist SMMEs during the period of the COVID-19 pandemic. The Department of Small Business Development (DSBD) has set up a centralised registration system ([www.smmesa.gov.za](http://www.smmesa.gov.za)) where all those in need of financial aid could register and submit requests for support. We have also been instrumental in providing relief to SMMEs affected by the violence and unrest in the KwaZulu-Natal and Gauteng provinces.

We were very relieved to see the global economy bounce back in 2021, growing at 5.4%. The South African economy also recovered well, growing at 4.9% in 2021 following a decrease of 6.4% in 2020. This was significantly higher than the 2.8% forecast earlier.

As clearly outlined by the President in the 2022 State of the Nation Address, South Africa is accelerating the

implementation of the Economic Reconstruction and Recovery Plan to build back better, greener, and more digital and socially inclusive. The plan is underpinned by a number of economic reforms aimed at:

1. Diversifying the economy away from commodities exports as a core source of growth towards tradable goods and services;
2. Strengthening our export performance, especially of value-added manufactured exports;
3. Building efficiencies in our network infrastructure, specifically related to electricity, logistics, and transport, as well as digital infrastructure; and
4. Addressing our overly concentrated industrial structure in order to make our economy more competitive and with lower barriers to entry for SMMEs.

We have looked at other parts of the world and seen that SMMEs account for most firms, thus contributing highly to their country's output and employment. SMMEs drive innovation and competition in markets and form the backbone of most successful economies.

Small enterprise development features at the centre of SA's Economic Reconstruction and Recovery Plan and the compact for accelerated growth and job creation that is currently being assembled. This is consistent with the National Development Plan (NDP) which also sees SMMEs as the engine for inclusive growth and job creation. Our approach as the Department of Small Business Development to enterprise development is five-fold:

Firstly, we will create a more enabling environment for SMMEs to flourish. Here we are focused on reducing red-tape and the cost of regulatory compliance. The President announced, in his State of the Nation Address on the 10th February 2022, the creation of the Red-Tape Reduction Office in the Presidency to give this the required authority across the whole of government. We will work closely with the new office on the review of the Business Act, and red-tape reduction at municipal level, among other things. We are also setting up the Office of the Small Business Ombuds to assist with dispute resolution and unfair practice against SMMEs.

Secondly, we are supporting SMMEs with access to markets in recognition that markets are not competitive and overly concentrated. Here we will actively work with the private sector to see how we can co-create and shape market opportunities for SMMEs. We have developed and are implementing a Localisation Policy Framework including the listing of product brands produced by SMMEs and Co-operatives with Wholesalers and Retailers, among other industries, and creating markets for products of SMMEs and Co-operatives.

We have designed instruments which specifically target women entrepreneurs, such as the SheTradesZA Programme in partnership with the International Trade Centre. This is a platform that serves as a unique opportunity for women entrepreneurs in the SMME sector, enabling them to participate in both local and global value chains and markets.

Thirdly, we are supporting SMMEs with enterprise development which comprises both business development services and incubator support. Much of this is implemented through Seda. Here we are prioritising the establishment of incubation centres and digital hubs, working closely with the private sector, and the university and scientific institutions that are driving innovation.

Fourthly, we are supporting SMMEs with access to finance. Here we have a number of instruments to finance targeted beneficiaries. This includes a strong focus on supporting access to finance for enterprises in marginalised communities through our Township and Rural Enterprises Programme (TREP). Our Youth Challenge Fund is now up and running and being put to scale. We are also scaling up the kind of work done by the Khula Credit Guarantee Scheme, where they have been able to use public funds to leverage more than 6-fold funding from private financial institutions. To this end we have recently designed the Innovation Fund. Together, these instruments will begin addressing the huge credit gap in the SMME market, estimated to be close to R500 billion across formal and informal SMMEs.

The fifth leg of our support to SMMEs speaks to developing our own capabilities to do these things and importantly to be able to forge the right kinds of partnerships. One core piece of work we are busy with is the merger of Seda and **sefa**, together with the Co-operative Banks Development Agency, to establish our new Small Business Development entity. The whole must be greater than the sum of the parts, and the new entity will be geared to provide an integrated

package of financial and non-financial services to SMMEs, from informal micro-enterprises and co-operatives through to export competitive enterprises.

The other strategic piece of work we have been busy with as a department is the development of the Integrated Small Enterprise Development Masterplan. The Masterplan signifies a paradigm shift away from the direct delivery approach focused narrowly on the department and its entities towards partnerships with the private sector, with banks and non-bank financial intermediaries, with universities, with the not-for profit sector, with SMME and business associations, and with international development partners. We are currently formalising these partnerships through the game-changer programmes we are preparing with stakeholders. We are confident that these game-changers will become one of the most important weapons in the government's arsenal to create jobs and transform the economy.

The Ministry will also move ahead this year with the establishment of the National Small Business Advisory Council which will function as a sounding board to reflect on the work we are doing and the impact we are making.

We are confident, as the Ministry of Small Business Development, that we will spearhead job creation, transformation and economic growth in the country through our focused support to SMMEs and through the partnerships we will leverage. We will work closely with the Department of Trade Industry and Competition (**the dtic**) and other Departments to ensure that the industry Masterplans across all sectors increase the sector share of SMMEs, and especially those enterprises which are black-owned, women-owned, and youth-owned. Through this APP, the Department expresses its unwavering commitment to SMME development. We remain committed to a well-functioning and efficient Ministry of Small Business Development in building a better tomorrow for SMMEs and Co-operatives of South Africa.



**MS STELLA TEMBISA NDABENI-ABRAHAMS, MP**

MINISTER FOR SMALL BUSINESS DEVELOPMENT

DATE: 28 April 2022



# DEPUTY MINISTER STATEMENT



**Mr Sidumo Dlamini**  
Deputy Minister for Small Business Development

As a Department of Small Business Development, we carry a heavy responsibility in our shoulders to translate into reality the declaration made by our forebearers 67 years ago in Kliptown that *"all other industry and trade shall be controlled to assist the wellbeing of the people and that all people shall have equal rights to trade where they choose, to manufacture and to enter all trades, crafts and professions"*.

The conditions under which this declaration was made still prevail in our country. It was when all positions of economic strength and influence were held by members of the White group alone. Black businesses in general, and African businesses, in particular had to contend with innumerable colour bars and special restrictions, and because their capital was usually too small, their businesses were rarely very big or very profitable.

In many cases, in fact, the shop was in the hands of non-African bondholders or wholesalers, of whom the shopkeeper himself was little more than an employee. African businessmen were

not allowed to own fixed property. They were not allowed to trade in the centres of the cities, the main areas of commercial activity, but were relegated to the African townships and the outskirts. They were subjected to the pass laws and all the restrictions and insecurities imposed on all Africans. An African businessman was not allowed to open a branch elsewhere or to trade anywhere outside his place of residence. This economic exclusion was decisively underwritten by law.

The task facing our Department is to undo this abhorrent legacy and to build a future that reflected in the Freedom Charter. Therefore, on our shoulders lies the responsibility to promote collective forms of ownership, small and medium enterprises through credit access, access to capital equipment and technology, markets and skills. It also means that we must work closely with the Competition Commission to deal not just with market collusion, but also with market dominance by private monopoly capital. It is a dominance that is suffocating investment, job creation, Co-operatives and small business development. It means continuously positioning our department to be amongst those strategic departments through which transformative capacity and developmental role of the state can be asserted i.e the capacity of the state to intervene in the economy and change the industrial structure and lead the process of social transformation.

The task includes scaling up our support for small businesses and Co-operatives to ensure that their impact is felt across the economy. It also means deliberately investing more resources on the stimulation and protection of township and rural-based economic activities. In this regard, we will place more emphasis on the development of a cooperative movement to combine the financial, labour and other resources among the masses of the people, rebuild our communities and engage the people in their own development through sustainable economic activity. Part of this work will include aggressive implementation of the Co-operatives Development Strategy and this work will prioritise working with Traditional leaders as

part of empowering them to play a more developmental and transformatory role in their communities. The work will also include working with International Labour Organisation (ILO), all relevant stakeholders, non-governmental organisations (NGOs) and trade unions to engage on the process of taking forward the ILO resolution 204 which is about formalising the informal economy.

The reality facing our economy is that the impact of COVID-19 and the social unrests that took place in Kwazulu-Natal and Gauteng provinces compounded the economic crisis imposed by the legacy of colonialism and apartheid and more recently which was further compounded by the 2007/8 economic crisis. A combination of these conspired against our country's economy, it exposed and deepened its weaknesses and amplified the urgent need for our department to step up and scale up its interventions,

As a result, the Department and its agencies led an effort to implement reprioritisation of funds to meet the challenges of the SMMEs and Co-operatives that were affected by the July 2021 unrests. A total of budget of R300 million was secured through the budget reprioritisation exercise. The programme was closed for new applications on 30 September 2021 and the volume of applications that were received by the closing date far exceeded the available funds of R300 million.

As we move ahead in hope, the dedication and commitment to SMMEs and Co-operatives observed during 2021/22 financial year will be scaled up in 2022/23 financial year. The Annual Performance Plan (APP) of the DSBD sets out a detailed framework of the work the Department will undertake during the 2022/23 financial year to realise DSBD's vision of moving towards a transformed and inclusive economy driven by sustainable, innovative SMMEs and Co-operatives. The plan is flexible in meeting the challenges of the present time and is knitted from the overarching mandate of achieving the targets in the National Development Plan, the Revised Medium-Term Strategic Framework (MTSF), and the Economic Reconstruction and Recovery Plan (ERRP) of South Africa. These documents envisage a South Africa where SMMEs are part of immensely contributing to economic growth.

We are thus convinced that by creating an enabling environment for small businesses to develop and thrive, we can unlock the full potential of our economy and thus achieve inclusive economic growth and sustainable employment.

Small businesses are the backbones of any economy and the main driver of economic growth, poverty reduction and

job creation. Pursuant of the NDP's goals with respect to the development of SMMEs and Co-operatives, in the year ahead the Department will continue facilitating partnerships and trust-building processes across sector participants.

Whilst the COVID-19 pandemic has eroded some of the gains in terms of the Department interaction and accessibility to potential global markets for SMMEs and Co-operatives, the Department has development programmes that will revitalise this area of opportunity and facilitate access. To aid in creating a more inclusive economy and create more opportunities for entry into the industrial sector, the Department continues to implement the SMMEs-focused localisation framework.

An emphasis is also placed on the development and support of Co-operatives, which are sometimes overlooked when addressing the issue of small enterprises. The Small Business Development Portfolio (DSBD, Seda and **sefa**) will support 200 Co-operatives, financially and/or non-financially, during the 2022/23 financial year.

Many new challenges lie ahead as we seek to rebuild our lives and our economy, as the Ministry of Small Business Development through our work, we continue to spearhead job creation and economic growth through SMMEs and Co-operatives development in the country. Through this APP, the Department expresses its unwavering commitment to the work of SMMEs and Co-operatives development. We remain committed to a well-functioning and efficient Ministry of Small Business Development in building a better tomorrow for SMMEs and Co-operatives of South Africa.

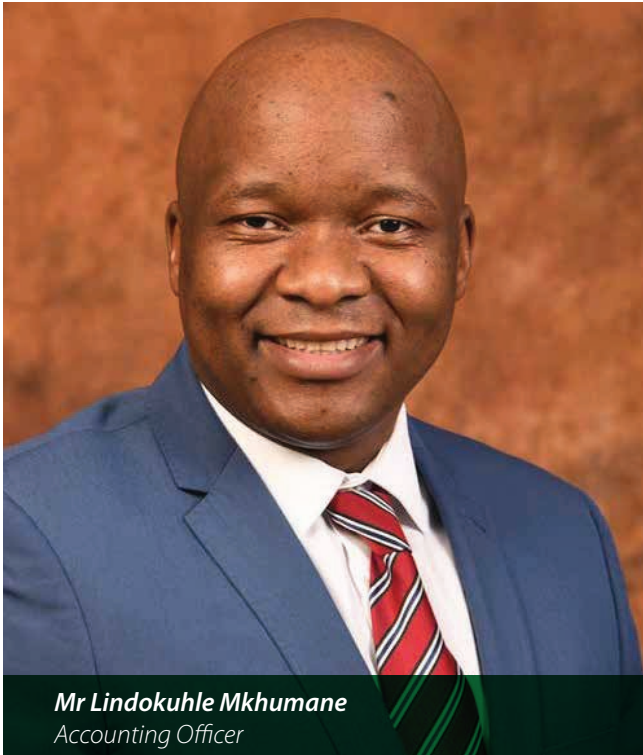


**MR SIDUMO DLAMINI, MP**

DEPUTY MINISTER FOR SMALL BUSINESS DEVELOPMENT

DATE: 28 April 2022

# ACCOUNTING OFFICER STATEMENT



**Mr Lindokuhle Mkhumane**  
Accounting Officer

The 2022/23 Annual Performance Plan (APP) of the Department of Small Business Development (DSBD) presents an aspirational vision to create an enabling environment for the growth and sustainability of Small, Medium and Micro Enterprises (SMMEs) and Co-operatives. There is no doubt that COVID-19 has changed the status quo resulting in widening gaps of inequality, increasing unemployment, and retracting economic growth. As a responsive government we adopted the Economic Reconstruction and Recovery Plan (ERRP) to ensure that South Africa's economy is rebuilt to achieve both recovery and inclusivity. In this light, the APP has been fashioned to align with response strategies for inclusive development that will benefit the country. This is reflected in our tailored programmes that are responsive to the needs of the rural, township, women, persons with disabilities and young people in our society.

## LOCALISATION

Together we can ensure that our economy grows and creates jobs by simply choosing to buy local. Buying local is more than shopping at a local business for a product manufactured in South Africa, it is about keeping jobs in our country, supporting our development, and building a strong, vibrant

country. Every purchase made has a knock-on effect, stimulating demand for local products and services.

Supporting competitive SMMEs that contribute to inclusive economic growth and job creation is at the forefront of government's agenda. Through the localisation and listing of SMMEs' products with retailers and wholesalers, 1 000 products manufactured by SMMEs and Co-operatives have been identified and are being promoted for listing with retailers and wholesalers. It is envisaged that by the end of the 2022/23 financial year at least 250 products from SMMEs and Co-operatives should receive shelf space in retailers and wholesalers across the country. This drive is supported by the SMMEs-focused localisation policy framework which aims at increasing and accelerating the participation of SMMEs and Co-operatives in producing goods locally, especially those manufacturing SMMEs and Co-operatives that are based in townships and rural areas. Our aim is to create hope and opportunity through giving small businesses and enterprises space to thrive.

## TOWNSHIP AND RURAL ENTREPRENEURSHIP PROGRAMME

South Africans, in particular women, persons with disabilities and young people, with an aptitude for business are encouraged to seize the opportunity and start their own businesses. Entrepreneurs are the lifeblood of any economy and small businesses are one of the best ways to drive growth, in particular inclusive growth. The gains from small businesses can help our country navigate the economic fallout caused by the COVID-19 pandemic. Entrepreneurship can create a cycle of economic activity within our communities that can have a ripple effect across the economy.

In advocacy of entrepreneurship and in support of the economic recovery strategy, the Department introduced the Township and Rural Entrepreneurship Programme (TREP). The programme is dedicated to transform and integrate opportunities in townships and rural areas into productive business ventures. The Small Business Development Portfolio (DSBD, Seda and **sefa**) aims to support 20 000 entrepreneurs that operate township and rural-based

businesses such as spaza shops; bakeries, and confectionaries; auto-body repairers and mechanics; hairdressers and personal care; clothing and textiles; tshisanyama and cooked food; and butcheries, etc.

### **YOUTH CHALLENGE FUND**

Through the youth entrepreneurs programme, the Department supports youth entrepreneurship, working together with sector departments and the private sector. The initiative entails supporting young entrepreneurs through:

- Access to business skills training;
- Access to funding;
- Product or service quality; and
- Market facilitation or market access.

The Youth Challenge Fund (YCF) was developed as a key intervention to stimulate innovative businesses in response to youth unemployment, described as a major national challenge that needs urgent and coordinated response. The goal is to support young entrepreneurs with opportunities for self-employment and enable a generation of job creators, with 10 000 targeted for the 2022/23 financial year.

### **SHETRADESZA PROGRAMME**

It is well documented that most women continue to face economic exclusion that results in high levels of poverty, inequality and unemployment. This required a concerted effort from the government to overcome barriers to gender equality and women's empowerment to effect economic and social transformation. As government, we have found that investing in women is one of the most effective development tools to uplift society. The Department is continuously seeking programmes that support the upliftment of women-owned businesses. The SheTradeZA Programme is designed for women-owned businesses and Co-operatives to benefit from a wide range of opportunities to expand their businesses and advance women's economic empowerment. The objective is to assist South African women entrepreneurs to be capacitated and upskilled through various technical and business skills development interventions. Export-ready women-owned businesses will thereafter increase their competitiveness and connect to national, regional and global markets through the SheTradesZA Hub. The Department and its entity Seda plan to support 2 500 Women-owned businesses to register on global platform in the 2022/23 financial year.

### **SMME BUSINESS INFRASTRUCTURE SUPPORT**

The programme is aimed at providing SMMEs, including Co-operatives, with affordable and safe areas to produce, market and sell their goods and services, and to create business hubs for the surrounding primary producers in the area in order to stimulate economic activity in the districts. The types of Business Infrastructure support include:

- Pop-Up Markets and Pop-up Stores
- Retail Space Sharing / Co-retailing
- Trade markets
- Open markets
- Manufacturing Shared Facilities
- Office Sharing / Co-Working spaces

### **CO-OPERATIVES**

The Department's Co-operatives Development Support Programme (CDSP) is intended to support Co-operative enterprises. The CDSP creates opportunities for Co-operatives to participate and provide meaningful contribution to the economic growth by creating jobs in rural and township economies. Through this Programme, the SBD Portfolio seeks to support Co-operatives as enterprises that are income and profit generating that contribute to economic growth, and employment creation, especially amid COVID-19. The driving ethos is that Co-operatives are enterprises and must be supported to become sustainable and competitive. This Programme aims to provide financial support to qualifying Co-operatives to acquire machinery, equipment, infrastructure, commercial vehicles, and business development support. This support is aimed at building the Co-operatives' operational viability, sustainability and competitiveness as well as their asset base. The initiative entails supporting Co-operatives through, but not limited to, Co-operative governance, basic business management skills training, product development, financial management training and funding.

### **INCUBATION AND DIGITAL HUBS**

The Department, through its entity - Small Enterprise Development Agency (Seda), sets to establish an additional 100 incubation centres / digital hubs by 2024. These incubation centres are viewed as a vehicle for promoting economic development, innovativeness, and the emergence of technology-based start-up companies. The centres will serve as a tool for revitalising regions with weakening economic activities and provide a conducive environment for the start-ups, SMMEs and Co-operatives to solve community



challenges. The Seda Technology Programme has mapped out a strategy with priority being given to Township and Rural areas through the utilisation of existing underutilised government infrastructure, Technical and Vocational Education and Training (TVET) colleges and under-served universities with township or community-based campuses.

## **POLICY**

Access to finance is one of the most urgent-felt needs for SMMEs and Co-operatives, especially during the economic recovery period. The cash flow challenges are preventing small enterprises from financing their operations and accessing new business contracts that require an upfront working capital. The limited resources at the disposal of the government implies that the aspirant SMMEs and Co-operatives, both new and existing, find it challenging to access financial support more especially start-up capital.

The Department envisages to progressively finalise the SMMEs and Co-operatives Funding Policy, which seeks to expand access to financial support by new and existing SMMEs and Co-operatives in the underserved areas such as townships and rural areas and promote broader participation of small businesses in the mainstream economy. The finalisation of the SMMEs and Co-operatives Funding is part of the responsive programmes to support new and existing SMMEs and Co-operatives.

## **MASTERPLANS**

The National Integrated Small Enterprise Development (NISED) Masterplan is structured as an outcome-based strategy to help coordinate the many actors invested in small enterprise support and development. At its core, the NISED Masterplan represents a national strategy to coordinate government's efforts in partnership with private sector actors by building a supportive ecosystem for SMMEs to thrive and grow. In efforts to witness more small enterprises productively contributing to Gross Domestic Product (GDP), significant increase of formal employment by SMMEs, intensifying formalisation and sustainability of SMMEs to support their transformation and raising the productivity and competitiveness, the Department will continue its work on the implementation of the NISED Masterplan.

While all the interventions listed above have assisted to lessen the economic impact of the COVID-19 pandemic on SMMEs and Co-operatives, and also set a new course for recovery and further development, a great task is ahead of us. We are

committed to managing with vigour and tenacity guided by the 2022/23 Annual Performance Plan of the Department of Small Business Development with the support of our entities Seda and **sefa**, SMMEs and Co-operatives in South Africa, Portfolio and Select Committees to whom we account, as well as Minister Stella Ndabeni-Abrahams and Deputy Minister Sidumo Dlamini, under whose leadership we work.



**MR LINDOKUHLE MKHUMANE**

DIRECTOR- GENERAL

DATE: 22 April 2022

# OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

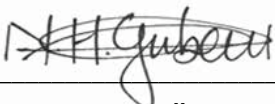
- Was developed by the management of the Department of Small Business Development, under the guidance of the Honourable Minister of Small Business Development, Ms. Stella Tembisa Ndabeni-Abrahams;
- Takes into account all the relevant policies, legislation and other mandates for which the Department of Small Business is responsible; and
- Accurately reflects the Impacts, Outcomes and Outputs which the Department of Small Business Development will endeavour to achieve over the 2022/23 financial year period.

## Recommended by:



**Ms. SM Oosterwyk**

Chief Financial Officer



**Ms. NH Mavundla**

Official Responsible for Planning



**Mr. L Mkhumane**

Accounting Officer

## Approved by:



**Ms. Stella Tembisa Ndabeni-Abrahams, MP**

Minister for Small Business Development

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# ACRONYMS AND ABBREVIATIONS

<b>ADDG</b>	Acting Deputy Director-General
<b>AGSA</b>	Auditor-General of South Africa
<b>APP</b>	Annual Performance Plan
<b>AU</b>	African Union
<b>B-BBEE</b>	Broad-based Black Economic Empowerment
<b>BDM</b>	Business Delivery Model
<b>CBDA</b>	Co-operatives Banks Development Agency
<b>CDA</b>	Co-operatives Development Agency
<b>CIS</b>	Co-operatives Incentive Scheme
<b>COVID-19</b>	Coronavirus disease
<b>DDM</b>	District Development Model
<b>DFIs</b>	Development Finance Institutions
<b>DG</b>	Director-General
<b>DPSA</b>	Department of Public Service and Administration
<b>DSBD</b>	Department of Small Business Development
<b>ERRP</b>	Economic Reconstruction and Recovery Plan
<b>EXCO</b>	Executive Committee
<b>GBVF</b>	Gender-Based Violence and Femicide
<b>GCIS</b>	Government Communication and Information System
<b>GDP</b>	Gross Domestic Product
<b>GRPBMEAF</b>	Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework
<b>ICT</b>	Information and Communications Technology
<b>IDC</b>	Independent Development Corporation
<b>ILO</b>	International Labour Organisation
<b>IMF</b>	International Monetary Fund
<b>INDS</b>	Integrated National Disability Strategy
<b>MANCO</b>	Management Committee
<b>MOA</b>	Memorandum of Agreement
<b>MTSF</b>	Medium Term Strategic Framework

<b>NDP</b>	National Development Plan, Vision 2030
<b>NEDLAC</b>	National Economic Development and Labour Council
<b>NGO</b>	Non-governmental Organisations
<b>NIBUS</b>	National Informal Business Upliftment Strategy
<b>NISED</b>	National Integrated Small Enterprise Development
<b>NYDA</b>	National Youth Development Agency
<b>OSD</b>	Occupational Specific Dispensation
<b>PFMA</b>	Public Finance Management Act
<b>PSR</b>	Public Sector Regulations
<b>PWDs</b>	Persons with Disabilities
<b>REC</b>	regional economic communities
<b>RIS</b>	Re-imagined Industrial Strategy
<b>SBD</b>	Small Business Development
<b>SDG</b>	Sustainable Development Goals
<b>SDIP</b>	Service Delivery Improvement Plan
<b>Seda</b>	Small Enterprise Development Agency
<b>sefa</b>	Small Enterprise Finance Agency
<b>SEIF</b>	Shared Economic Infrastructure Facility
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>SMS</b>	Senior Management Service
<b>SOPs</b>	Standard Operating Procedures
<b>StatsSA</b>	Statistics South Africa
<b>SONA</b>	State of the Nation Address
<b>the dtic</b>	Department of Trade Industry and Competition
<b>TREP</b>	Township and Rural Entrepreneurship Programme
<b>TVET</b>	Technical and Vocational Education and Training
<b>UN</b>	United Nations
<b>UNCRPD</b>	United Nations Convention on the Rights of Persons with Disabilities
<b>WEO</b>	World Economic Outlook
<b>WYPD</b>	Women, Youth and Persons with Disabilities



# **PART A**

## OUR MANDATE

# 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
Businesses 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.  <b>sefa</b> 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.

Legislation and Policy	Mandate and Primary Outputs
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 above-mentioned 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).	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.  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.



Informing Policy/Strategy	Key Considerations
The Revised Medium-Term Strategic Framework (2019 – 2024)	<p>The 2019-24 Medium-Term Strategic Framework (MTSF) was approved in 2019 as a five-year implementation plan for the Sixth Administration's priorities. The MTSF is a planned manifestation of the NDP Vision 2030 and the Election Mandate and provides a framework for the implementation of the Seven Apex Priorities.</p> <p>The implementation of the 2019-24 MTSF was however significantly disrupted by the COVID-19 pandemic in 2020, which took not only South Africa but the entire world by surprise and caused a devastating impact on the economy, health and social aspects of South Africans. This forced the South African government to reprioritise its plans and budgets to respond to the impact of the pandemic. As part of these measures, the Economic Reconstruction and Recovery Plan (ERRP) was launched by the President of the Republic, Mr Cyril Ramaphosa, on 15 October 2020. These major shifts necessitated the revision of the MTSF as implementation could not continue as business as usual while the circumstances within which the country needs to operate had changed drastically. The revised 2019-24 MTSF, which was approved in 2021, makes it possible to include relief and recovery programmes as part of government's plans that need to be implemented during the sixth administration.</p> <p>Regarding the Seven Apex Priorities that are maintained in the revised MTSF, the DSBD continues to have a primary/lead role in relation to Priority 2, which has been redefined as Economic Transformation and Job Creation, and its related sub-outcomes and interventions, as follows:</p> <p><b>PRIORITY 2: Economic Transformation and Job Creation:</b></p> <ul style="list-style-type: none"> <li>• Economy and jobs.</li> <li>• More decent jobs sustained and created.</li> <li>• Investing for accelerated inclusive growth.</li> <li>• Industrialisation, localisation and exports.</li> <li>• Innovation and research.</li> <li>• Competitive and accessible markets.</li> <li>• Improved quality and quantum of investments.</li> </ul>
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"> <li>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;</li> <li>2. Creating demand for small enterprise products and services - new policy directives, public sector procurement strategy and B-BBEE codes of good practice as a lever for increased demand; and</li> <li>3. Reduce small enterprise regulatory constraints - Enabling environment, establish a regulatory impact assessment framework and business environment monitoring mechanism.</li> </ol>
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 4 strategic pillars, namely:</p> <ol style="list-style-type: none"> <li>1. To increase the supply of non -financial support services to Co-operatives;</li> <li>2. To create demand for Co-operative enterprises products and services;</li> <li>3. To improve sustainability of Co-operatives;</li> <li>4. To increase the supply of financial support services to Co-operatives.</li> </ol> <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>

Informing Policy/Strategy	Key Considerations
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><b>Particular focus on the four Implementation Thrusts that may inform other areas of DSBD work and focus:</b></p> <ol style="list-style-type: none"> <li>1. Enhance the quality of enterprise development, promotion and capacity building products and services.</li> <li>2. Strengthen the policy and regulatory environment to support an integrated and coordinated approach to informal business upliftment.</li> <li>3. Build the skills, capacity, systems and processes to drive an integrated and coordinated approach to informal business upliftment.</li> <li>4. Strengthened national, regional and international partnerships to support and promote the NIBUS development agenda.</li> </ol>

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

Informing International Convention or Policy	Key Considerations
The United Nations Sustainable Development Goals (SDG) (2015).	<p>Adopted by the UN Assembly in 2015. Specifically, the following SDG's are relevant to the DSBD and Small Business Development (SBD) Portfolio:</p> <ul style="list-style-type: none"> <li>• Goal 5: Achieve gender equality and empower all women and girls.</li> <li>• Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</li> <li>• Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</li> </ul>
The African Union 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"> <li>• Goal 1: A prosperous Africa based on inclusive growth and sustainable development.</li> <li>• Goal 6: An Africa where development is people-driven, unleashing the potential of its women and youth.</li> <li>• Goal 7: Africa as a strong, united and influential global player and partner.</li> </ul>
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>
The International Labour Organisation 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"> <li>• Facilitate the transition to formality.</li> <li>• Promote the creation of enterprises and decent jobs.</li> <li>• Prevent the informalisation of formal jobs.</li> </ul>

Informing International Convention or Policy	Key Considerations
African Continental Free Trade Area Agreement.	<p>It aims to achieve the following general objectives:</p> <ul style="list-style-type: none"> <li>• Deepen economic integration in Africa in accordance with Agenda 2063.</li> <li>• Create a continental customs union.</li> <li>• Liberalise Intra-African trade.</li> <li>• Resolve the challenges of overlapping memberships in regional economic communities (RECs).</li> <li>• Enhance competitiveness.</li> <li>• Contribute to the movement of capital and natural persons and facilitating investment.</li> <li>• Promote sustainable and inclusive socio-economic development, gender equality and structural transformation; and</li> <li>• Promote industrialisation.</li> </ul>
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> <p>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:</p> <ul style="list-style-type: none"> <li>• Number of businesses support during COVID-19 to pay salaries of the workers.</li> <li>• Number of people accessing income relief from the government during COVID-19.</li> <li>• Number of households/people accessing food parcels.</li> </ul>

### 3. UPDATES TO RELEVANT COURT RULING

Name of matter	Date of judgement	Summary
AFRI Forum/Solidarity vs Minister of Small Business Development, The Presidency and the Department of Tourism.	25/09/2021	Supreme Court of Appeals Judgment against Minister of Small Business Development overturning High Court Judgments in both matters; declaring the Directives issued by Minister in April 2020, under the Disaster Management Act, 57 of 2002, using sector codes, BBB-EE codes and race as criteria and determining factors in the allocation and determination of the issuing of relief funding to SMMEs is declared invalid and unlawful, deviating from the purpose of the Disaster Management Act.



# **PART B**

OUR STRATEGIC FOCUS



# OUR STRATEGIC FOCUS

## 4. UPDATED SITUATION ANALYSIS

The 2022/23 Annual Performance Plan was developed in alignment with the DSBD's Revised 2020–2025 Strategic Plan. The Annual Performance Plan, which is reviewed and updated on an annual basis, considers changes in the economic and social performance environment that would impact on the execution of the mandate of the DSBD. In this regard, DSBD undertook the salient external and internal environmental shifts to assess such factors.

### 4.1 External Environment Analysis

#### 4.1.1. The Global Economic Environment

The International Monetary Fund (IMF), in its World Economic Outlook (WEO) Report of October 2021: Recovery During a Pandemic, projected global economic recovery will continue even when the pandemic resurges with vaccine access, and early policy support are the principal drivers of the recovery. However, the WEO January 2022 updated Report projected

that the global growth is expected to moderate from 5.9 percentage in 2021 to 4.4 percentage during the 2022 calendar year. This is half a percentage point lower for 2022 than in the WEO October 2021. The weaker position is due to the new Omicron COVID-19 variant spreads, as developed countries have re-imposed mobility restrictions to the developing and underdeveloped countries.

Global growth is expected to slow to 3.8 percentage during the year 2023 than it was previously forecasted. The forecast is conditional on adverse health outcomes declining to slow levels in most countries by the end of 2022, assuming vaccination rates improve world-wide and therapies become effective. As the pandemic is continuing its grip, the emphasis should be on an effective global health strategy. Worldwide access to vaccines, tests and treatment is essential to reduce the risk of further dangerous COVID-19 variants. These will also require monetary policy to continue on a tightening path to curb inflation pressure, while fiscal policy operating with more limited space than earlier in the pandemic.

		Year-over-Year				
Overview of the World Economic Outlook Projections (WEO, January 2022)						
		Estimate	Projections		Difference from October 2021 WEO Projections	
	2020	2021	2022	2023	2022	2023
World Output	-3.1	5.9	4.4	3.8	-0.5	0.2
Advanced Economies	-4.5	5.0	3.9	2.6	-0.6	0.4
United States	-3.4	5.6	4.0	2.6	-1.2	0.4
Euro Area	-6.4	5.2	3.9	2.5	-0.4	0.5
Germany	-4.6	2.7	3.8	2.5	-0.8	0.9
France	-8.0	6.7	3.5	1.8	-0.4	0.0
Italy	-8.9	6.2	3.8	2.2	-0.4	0.6
Spain	-10.8	4.9	5.8	3.8	-0.6	1.2
Japan	-4.5	1.6	3.3	1.8	0.1	0.4
United Kingdom	-9.4	7.2	4.7	2.3	-0.3	0.4
Canada	-5.2	4.7	4.1	2.8	-0.8	0.2
Emerging Market and Developing Economies	-2.0	6.5	4.8	4.7	-0.3	0.1
Emerging and Developing Asia	-0.9	7.2	5.9	5.8	-0.4	0.1
Emerging and Developing Europe	-1.8	6.5	3.5	2.9	-0.1	0.0
Latin America and the Caribbean	-6.9	6.8	2.4	2.6	-0.6	0.1
Middle East and Central Asia	-2.8	4.2	4.3	3.6	0.2	-0.2
Sub-Saharan Africa	-1.7	4.0	3.7	4.0	-0.1	-0.1
Nigeria	-1.8	3.0	2.7	2.7	0.0	0.1
South Africa	-6.4	4.6	1.9	1.4	-0.3	0.0

Source: IMF, World Economic Outlook Update, January 2022

Sub-Saharan Africa, the third strongest African economy by Growth Domestic Products (nominal) forecast, has been downgraded in light of a softer than expected second half in 2021 and weaker outlook for investment as business sentiment remains subdued.

#### 4.1.2. The South African Economic Environment

As one of the emerging and developing countries, economic recovery in South Africa is expected to lag those in advanced economies largely due to the slower rate of vaccinations. The July 2021 riots and lootings and the effects of the COVID-19 pandemic are expected to have a lasting effect on investor and business confidence and employment. The South African gross domestic product grew by 4.2% in the first quarter of 2021 and recovered further in the second quarter posting a 4.7% growth. These promising results reflect a better adjusting sectoral growth performances and recovering and robust terms of trade.

While more South Africans have re-entered the job market as economic activity resumed, the loss of jobs suggests persistent adjustment and sustained weakness in some sectors. According to the Statistics South Africa (StatsSA) Quarterly Employment Survey for Q2 2021, employment increased by 1000 jobs in the first quarter of 2021, which is an upwards revision from 6 000 lost jobs in the previous estimates but declined by 85 000 or 0.9% quarter-on-quarter in the second quarter of 2021. Household spending remains healthy, however, in line with better-than-expected salaries and wages, rising asset prices and low interest rates.

##### The 2022 SONA highlighted the following:

Government remains focused on the priorities were identified in the 2021 State of the Nation Address (SONA):

1. overcoming the COVID-19 pandemic,
2. a massive rollout of infrastructure,
3. a substantial increase in local production,
4. an employment stimulus to create jobs and support livelihoods, and
5. the rapid expansion of our energy generation capacity.

To achieve this, President Cyril Ramaphosa, in his 2022 SONA committed *“South Africa needs a new consensus. A consensus that is born out of a common understanding of our current challenging situation and a recognition of the need to address the challenges of unemployment, poverty and inequality.”*

This should be a new consensus which recognises that the state must create an environment in which the private sector can invest and unleash the dynamism of the economy.”

The key priorities of the 2022/23 financial year as highlighted in the President’s State of the Nation Address with regard to DSBD are as follows:

- The key task of government is to create the conditions that will enable the private sector – both big and small – to emerge, to grow, to access new markets, to create new products, and to hire more employees.
- Government will undertake far-reaching measures to unleash the potential of small businesses, micro businesses and informal businesses.
  - These are the businesses that create the most jobs and provide the most opportunities for poor people to earn a living.
- Government has started discussions with social partners as part of the social compact process to review labour market regulations for smaller businesses to enable them to hire more people, while continuing to protect workers’ rights.
- A new, redesigned loan guarantee scheme is being introduced to enable small businesses to bounce back from the pandemic and civic unrest.
  - This new bounce-back scheme incorporates the lessons from the previous loan guarantee scheme.
  - It will involve development finance institutions and non-bank SME providers in offering finance, expand the types of financing available and adjust eligibility criteria to encourage greater uptake.
- Government is reviewing the Business Act, alongside a broader review of legislation that affects SMMEs, to reduce the regulatory burden on informal businesses.
  - There are too many regulations in this country that are unduly complicated, costly and difficult to comply with. This prevents companies from growing and creating jobs.
- An important pillar of our Economic Reconstruction and Recovery Plan is to revitalise our manufacturing base and create globally competitive export industries.
- Following the resolutions of the African Union Summit, trading can now begin under the African Continental Free Trade Area agreement
  - South African companies are poised to play a key role in taking up the opportunities that this presents for preferential access to other African markets.
  - South African products have been exported to other African countries, securing them vital supplies and expanding jobs for young South Africans.

##### 4.1.2.1. South African Investment Conference

South Africa hosted the fourth South African Investment Conference on 24 March 2022 which served as a platform to position South Africa as a global relevant player and partner in trade and investment that can compete with the best in the world, showcasing South Africa’s capabilities and

strategic importance in the region, and profiled the country's economic recovery strategy and implementation after being battered by the COVID-19 pandemic. The fourth Investment Conference objective was to showcase the investment opportunities available in South Africa with the aim of growing the economy which has been badly shattered by the pandemic.

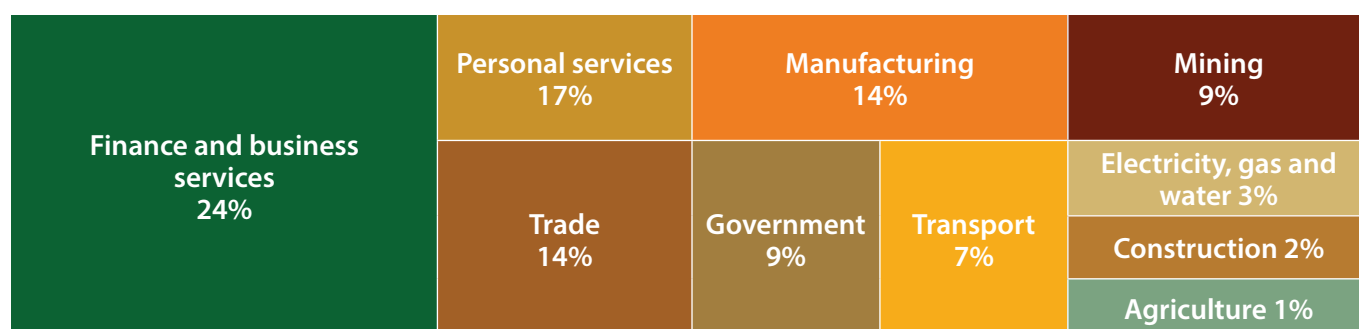
South Africa is open for business and is the most diversified African economy, with a host of unique comparative advantages and unique features as an investment destination and trade partner and promising emerging market, offering a unique combination of highly developed world economic infrastructure with a vibrant emerging market economy.

During the fourth Investment Conference, the focus was placed on positioning and implementing innovative technology to help drive growth as demonstrated by the country's commitment to realising the 4IR and the country's highly sophisticated ITC and electronic sector, energy sector, automotive sector, mineral beneficiation sector, healthcare and pharmaceutical sector, creative industries and fashion sector, infrastructure, property and logistics sector, food and beverages, development finance institutions sector. These are sectors that provide opportunities for SMMEs and Co-operatives to thrive. Commitments from the Investment Conference will continue to be implemented in partnerships with the public sector, private sector, labour and civil society.

#### 4.1.2.2. The Performance of Sectors and Industries

The latest available data from Statistics South Africa (StatsSA) on the GDP of quarter four 2021, indicates that South Africa's GDP increased by 1.2%. The results from this release cover the months from October, November and December 2021.

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



Source: StatsSA – Gross Domestic Product, 08 March 2022

Finance and business services is the largest contributor with the contribution of 24 percent, followed by personal services at 17 percent, trade by 14%, manufacturing at 14%, mining at 9%, government at 9%, transport at 7%, electricity, gas and water at 3%, construction at 2% and agriculture at 1%.

The personal services increased by 2.7% in the fourth quarter, increased economic activities were reported for community and other producers. The manufacturing increased by 2.8% as eight of the ten manufacturing divisions reported positive growth rates in the fourth quarter. The petroleum, chemical products, rubber and plastic products division made the largest contribution to the increase in the fourth quarter. The food and beverages division and textiles, clothing, leather and footwear division also made significant contributions to growth.

The trade, catering and accommodation industry increased by 2.9% in the fourth quarter, increased economic activities were reported for retail trade, motor trade, and catering and accommodation services. The agriculture, forestry and fishing industry increased by 12.2% to GDP growth, the increase was mainly due to increased production of animal products. The transport, storage and communication industry increased by 2.2% in fourth quarter, increased economic activity was reported for land transport and transport support services.

#### Sector contribution to GDP growth – Quarter Four 2021

The next figure illustrates the nominal contribution of each sector to the GDP in Q4 2021, overall led by Trade. In rand terms, nominal GDP was estimated at R1.6 trillion in Q4 of 2021, up by R32 billion from Q3 of 2021.

1. Trade was up by R10 billion to R201 billion,
2. Transport was up by R8 billion to R104 billion,
3. Electricity was down by R7 billion to R41 billion, and
4. Agriculture was down by R18 billion to R15 billion.

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. Honourable President Cyril Ramaphosa presented 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 South African Economic Reconstruction and Recovery Plan has three phases: Engage and Preserve - which includes a comprehensive health response to save lives and curb the spread of the pandemic; Recovery and Reform - which includes interventions to restore the economy while controlling the health risks; and lastly, Reconstruct and Transform - which entails building a sustainable, resilient and inclusive economy. In terms of the Plan, the following priority interventions will be made:

- Aggressive infrastructure investment;
- Employment orientated strategic localisation, reindustrialization and export promotion;
- Energy security;
- Support for tourism recovery and growth;
- Gender equality and economic inclusion of women and youth;
- Green economy interventions;
- Mass public employment interventions;
- Strengthening food security; and
- Macro-economic interventions.

One of the enablers of the Economic Recovery and Reconstruction Plan that is aligned to the Small Business Development Portfolio is the ability to support SMMEs, Co-operatives and Start-ups.

SMMEs, Co-operatives and start-ups have an important role to play in facilitating economic transformation and empowerment. Providing a supportive ecosystem to SMMEs, Co-operatives and start-ups is among the critical enablers for recovery and reconstruction which is being advocated for by the Department of Small Business Development together with its entities, being Seda and **sefa**. Accordingly, the following will be undertaken to support SMMEs, Co-operatives and start-ups:

- Reviewing and integrating government support for formal and informal SMMEs, start-ups and Co-operatives, including removing red-tape and reducing timeframes for relevant licenses and permits to improve the ease of doing business;

- Designing more appropriate financing products, such as microfinance, gap housing products and blended financing including for emerging farmers; and
- The support to SMMEs to participate in the localisation opportunities.

The revised 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 be implemented 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 master plans 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 2022/23 financial year, the Department will ensure that both Masterplans are implemented effectively.

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

##### 4.1.3.1. Igniting start-ups for economic growth and social changes

The study concluded and recommended that to move from start-up to scale requires the right support from the government and the private sector alike. The study further considered how entrepreneurship can and should be strengthened and explore new ways to accelerate entrepreneurial innovation.

##### 4.1.3.2. Women and Youth-owned SMMEs: the status, needs, challenges and opportunities in South Africa (Integrated Report)

The report has put forward recommendations to mitigate the challenges and needs identified of women and youth-owned SMMEs as follows:

- **Sharing of findings with other relevant departments**

Certain findings require intervention beyond the DSBD's scope. These relate to challenges regarding stereotypes, bias and perceptions about women and/or youth business owners and entrepreneurship as a lucrative career path. The onus is thus on the DSBD to share these findings with other departments to inform their programmes and interventions.

The Department of Basic Education can be engaged to:

- Ensure socialisation about equality between women and men are instilled at primary school level and promoted as the norm.
- Introduce entrepreneurship into the basic education curriculum from primary school level, and make sure it runs through to secondary school level. This will assist in normalising the idea of becoming an entrepreneur and pursuing business opportunities. This will require curriculum to include basic businesses management and financial management skills, enabling school leavers to actively seek out opportunities for business development or to fall back on these skills when employment opportunities are scarce. Department of Social Development and the Department of Women, Youth and Persons with Disabilities
- Promote equality between women and men as the norm through its interventions and emphasise the appropriateness and need of women and youth-owned businesses in job creation and social equality.
- **Greater support for those still at “Idea Stage”**

There is a need for targeted support for those still at the idea stage. Many prospective women and youth SMME owners are unable to or unsure how to access information to inform them of the demand or appropriateness of their business ideas. Many also lack the ability to identify an opportunity or may not know how to translate their ideas into a bankable business idea and or business plan. Many prospective women and youth SMME owners are under the impression that once a business has been registered, they are business owners, and then seek assistance from agencies such as Seda and **sefa**. However, having a business on paper is not the same as having a functioning, performing business. Targeted support is required to ensure that prospective business owners can formulate bankable business ideas to receive the required support to become successful.

- **Greater Emphasis on Basic Financial and Business Skills (especially for rural clients)**

Following from the previous recommendation, the need for emphasis on basic financial and business skills was identified among especially rural Seda clients. Many of these individuals lack basic business acumen and, in some cases, basic literacy. In this regard, a need for support to rural clients in the following forms are required:

- Opportunity identification and subsequent business planning.
- Rudimentary numeracy skills.

- Basic financial management.
- Basic business management.
- Assistance in understanding and adhering to legal requirements (especially for Co-operatives that need to adhere to stringent and complicated rules).
- After-care in the form of on-site, in-person monitoring to assess the progress of these businesses after the specific intervention, and the application of skills learned.
- **Help Clients to Understand What “The Market” Really Means:**

It was discovered that many clients have a misconception with what is meant by “the market”. Subsequently, many business advisors and programmes provide inappropriate support as the term “the market” and “accessing the market” are understood differently. This leads back to the fact that many women and youth SMME owners (in rural areas especially) lack rudimentary business skills and business acumen. Many business advisors and support programmes misinterpret the reported need for assistance to “access the market” as assistance required to export products. Anecdotal reports indicate that in some cases this resulted in individuals taken overseas or taken to attend export shows, while their businesses were not export-ready, and while many of them still did not understand what is meant by “the market”. The DSBD, through its agency, Seda, should help clients understand what the market means, and that in simple terms it refers to the people with or the place where there is a need or demand for the product or service. Based on this understanding, appropriate support should be given to the individual in question.

- **Retired Business Owners as Mentors**

Since many of Seda’s rural clients lack basic business skills and acumen, Seda should facilitate mentoring between retired business owners and emerging women and youth SMME owners. Although retired business owners may not be in tune with the latest technological advances, they still possess knowledge of basic business concepts, business management, financial management, marketing, business ideation and opportunity identification.

- **The Training Aimed at the ‘Alternative’ and ‘Softer’ Business Skills**

As previously mentioned, many challenges faced by women and youth business owners stem from deep-rooted stereotypes or cultural norms. Although these issues may take generations to phase out, individuals can be capacitated



to better handle specific situations. Training components for women and youth should include the following:

- Confidence building: How to portray oneself, how to find greater confidence in oneself and how to use criticism and opinions to fuel ambition.
- Communication skills: How to convey an idea clearly and confidently, how to sell a business idea, and how to be assertive.

- Empowerment to overcome gender and age discrimination/stereotypes: How to respond in discriminative situations, promotion of self-belief, and establishing self-worth.
- Mentoring: The pairing of an upcoming woman-owned business or youth-owned business with a respective successful business.

## 4.2 Internal Environment Analysis

Considering the above macro-environment, the DSBD together with its entities, utilised the political, economic, social, technological, environmental and legal (PESTEL) tool

to scrutinise key factors that resonate influence and impact on the performance.

Political Factors	Impact if factor not addressed	Portfolio response to the factor
<ul style="list-style-type: none"> <li>• Stability of political leadership.</li> <li>• Period of elections.</li> <li>• Corruption in government.</li> <li>• Bureaucracy.</li> <li>• Unforeseen political unrests.</li> <li>• Merger of the SBD entities.</li> <li>• Sound government policies/regulatory measures for the promotion of entrepreneurship and enterprise development, Co-operatives and informal businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Change of priorities mid-planning cycles affecting continuity or completion of interventions.</li> <li>• Diversion of services and resources from SMMEs and Co-operatives.</li> <li>• Inflexibility of rules and regulations undermines/ inhibits innovative solutions and ends up impacting negatively on service delivery.</li> <li>• Loss of jobs.</li> <li>• Slow (stunt) economic growth.</li> <li>• Negative impact on small businesses.</li> <li>• SMMEs inhibited from accessing programmes available to them.</li> <li>• Delivering on the interrupt business cycle.</li> <li>• Staff redundancy and moral.</li> <li>• Due to a lack of an enabling environment, small enterprises will not grow and contribute to GDP and employment growth.</li> <li>• Negative impact on local and international investment (investment boycott)</li> </ul>	<ul style="list-style-type: none"> <li>• Limited ability for the Portfolio to respond as this is directed by the President of the Republic and ruling party – the Portfolio should retain its planning cycle as far as possible unless there is a definitive change of political direction.</li> <li>• Implementing and enforcing anti-corruption policies and strategies.</li> <li>• Maintain flexible rules and regulations.</li> <li>• Relief fund for looted business.</li> <li>• Raise challenges with role players through District Development Model (DDM) initiative.</li> <li>• Implement the Red-Tape Reduction Programme.</li> <li>• Change management/buy-in, advocacy and awareness.</li> <li>• Strengthen coordination arrangements and programming to achieve the deadline of 1 April 2022 by generating draft corporate plan.</li> <li>• Investigating and addressing regulatory impediments in SA impacting on SMME growth and development.</li> <li>• Review existing policies in line with change policy direction.</li> </ul>
Economic factors	Impact if factor not addressed	Portfolio response to the factor
<ul style="list-style-type: none"> <li>• Unemployment rate.</li> <li>• Interest rate.</li> <li>• Lack of infrastructure for SMMEs and Co-operatives.</li> <li>• Insufficient financial support for SMMEs and Co-operatives.</li> <li>• Red-Tape.</li> <li>• Market concentration.</li> <li>• Decline in the buying power due to increase in unemployment rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Budget cuts to support service delivery and challenges to get additional resources required to fully discharge portfolio mandate.</li> <li>• Interest rates impact on the ability to borrow and servicing debt.</li> <li>• Negative impact on the productivity of SMMEs and Co-operatives.</li> <li>• Limited access to opportunities available in value chain sectors.</li> </ul>	<ul style="list-style-type: none"> <li>• Revise budgets and redirect funding to responsive and high impact SMMEs and Co-operatives support programmes.</li> <li>• Implement Blended Finance Facilities.</li> <li>• Refurbish or build Business Infrastructure for SMMEs and Co-operatives.</li> <li>• Finalise and implement the SMMEs and Co-operatives Funding Policy.</li> <li>• Hold engagements with stakeholders in enabling access to markets for SMMEs into value chain sectors that SMMEs have not been able to access in the past.</li> </ul>

<ul style="list-style-type: none"> <li>• SMMEs are concentrated in low labour absorbing sectors.</li> <li>• Strategic public and private partnerships and Enterprise Supplier Development.</li> <li>• Information asymmetry.</li> </ul>	<ul style="list-style-type: none"> <li>• Impede SMMEs growth.</li> <li>• Barriers into entry by SMMEs and Co-operatives in certain sectors.</li> <li>• The market size of the SMMEs shrink (the demand gets negatively affected).</li> <li>• SMMEs not diversifying in all sectors.</li> <li>• Bridge policy gap between private and public sector.</li> <li>• Incorrect decisions taken due to lack of relevant information.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement and monitor the SMMEs-focused Localisation Policy Framework and Implementation Programme.</li> <li>• Develop and implement an appropriate method for ensuring the collection of accurate data.</li> <li>• Improve data collection and usage through the three spheres of government.</li> </ul>
<b>Social factors</b>	<b>Impact if factor not addressed</b>	<b>Portfolio response to the factor</b>
<ul style="list-style-type: none"> <li>• Poverty, inequality, and unemployment [women, youth, and Persons with Disabilities (PWDs) affected heavily].</li> <li>• Crime.</li> <li>• Low level of education outcomes and culture of entrepreneurship in society, community and schools.</li> <li>• High failure rate of SMMEs and Co-operatives.</li> <li>• Poor Information and Communications Technology (ICT) Infrastructure.</li> <li>• Digital divide (geographically, class, literacy level, age and gender).</li> </ul>	<ul style="list-style-type: none"> <li>• Economical incapable society.</li> <li>• Compromised demand.</li> <li>• Unable to save.</li> <li>• Poor lifestyle.</li> <li>• Perpetuate socio-economic divides – lack of access to resources (rural vs urban, men vs women).</li> <li>• Decline of SMMEs in the township due to crime.</li> <li>• Low labour participation rates.</li> <li>• Limited skills personnel for business and technology.</li> <li>• Low acquisition of entrepreneurial and business skills.</li> <li>• Stagnation of employment creation and continued decline in employment.</li> <li>• Increased poverty.</li> <li>• Widened inequality.</li> <li>• Inappropriate regulation of new interventions.</li> <li>• Lack of knowledge and insight on the SMMEs and Co-operatives sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Targeted interventions for designated groups to breach the inequality and the divides.</li> <li>• Partners with the security cluster.</li> <li>• Partner with DBE and Higher Education to promote entrepreneurship in their curriculum.</li> <li>• Appropriate education and skills for business.</li> <li>• Incubation, digital hubs and Centres for Entrepreneurship and Rapid Incubation.</li> <li>• Strengthen financial and non-financial support.</li> <li>• Design demand driven support interventions that talks to our mainstreaming targets.</li> <li>• Targeted support linked to business development lifecycle.</li> </ul>
<b>Technological factors</b>	<b>Impact if factor not addressed</b>	<b>Portfolio response to the factor</b>
<ul style="list-style-type: none"> <li>• Digital divide and lack of ICT infrastructure (geographically, class, literacy level, age and gender).</li> <li>• Investment on Research and Development (Investment on technology innovation).</li> <li>• Investment on Research and Development (Investment on technology innovation).</li> </ul>	<ul style="list-style-type: none"> <li>• Negatively affects service delivery/ accessibility especially rural areas.</li> <li>• Lack in accessing e-commerce platform to market products.</li> <li>• Entrepreneurs will not be innovative.</li> <li>• Decline in technological innovation.</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage/support Research and Development activities.</li> <li>• Prioritise programmes that will allow ICT infrastructure.</li> <li>• Rollout of digital strategy.</li> <li>• DSBD portfolio services and offerings are digitalised, integrated and easy to access.</li> <li>• Development of e-commerce platform.</li> <li>• Increase investment in technology.</li> <li>• Adaptation of simpler technologies for use by SMMEs.</li> </ul>

Environmental factors	Impact if factor not addressed	Portfolio response to the factor
<ul style="list-style-type: none"> <li>Climate change/ natural disasters and pandemics.</li> <li>Hostile and negative perception towards SMMEs products and services.</li> <li>National Disasters.</li> </ul>	<ul style="list-style-type: none"> <li>Interruptions to the state functions that impact on service delivery.</li> <li>Business discontinuity.</li> <li>Limited market access by SMMEs.</li> <li>Business distress.</li> <li>Inadequate preparation for external factors.</li> </ul>	<ul style="list-style-type: none"> <li>Adopt and implement new and agile service delivery platforms.</li> <li>Information and training on preventative measures.</li> <li>Implement the to improve the quality of the SMMEs products.</li> <li>Strengthen the implementation of SMMEs-focused Localisation Policy Framework and Implementation Programme.</li> <li>Business insurance.</li> <li>Design-responsive business recovery interventions.</li> </ul>
Legal factors	Impact if factor not addressed	Portfolio response to the factor
<ul style="list-style-type: none"> <li>Formulate SMMEs and Co-operatives enabling legislation.</li> <li>Review of DSBD controlled legislation impeding growth of SMMEs and Co-operatives.</li> <li>Failure to honour cessions agreements by Departments and clients.</li> <li>Regulatory burdens including by laws.</li> <li>Access to Justice to SMME sector.</li> </ul>	<ul style="list-style-type: none"> <li>Limited access of SMMEs and Co-operatives to participate in procurement opportunities.</li> <li>Municipality implementing business licences in uncoordinated and unfair manner.</li> <li>Perpetuation of red tape.</li> <li>Reluctance to extend credit to SMMEs without collateral relying on cessions.</li> <li>Increase in impairments.</li> <li>Capital erosion.</li> <li>Restrict level of SMMEs participation in taking economic opportunities.</li> <li>Late payments.</li> <li>Business Closure.</li> <li>Unfair contract terms.</li> </ul>	<ul style="list-style-type: none"> <li>Develop, implement, and monitor compliance frameworks.</li> <li>Review and implement regulatory reforms.</li> <li>Engage government departments to institutionalise ethical business practices.</li> <li>Engage with National Treasury to issue practice notes to SMME sector directing all role players to provide cessions.</li> <li>Engage Municipalities on unresponsive by laws.</li> <li>Formation of Ombud service to deal with grievances emanating from the SMME sector.</li> </ul>

Again, the DSBD, together with its entities, identified 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"> <li>• Sound government policies for the promotion of entrepreneurship and enterprise development, Co-operatives and informal businesses.</li> <li>• Sound governance framework.</li> <li>• Unqualified audit outcome.</li> <li>• Dedicated human resource capacity to a very specific mandate.</li> <li>• Financial resources available for SMMEs and Co-operatives development across the spheres of government.</li> <li>• Adhering to the 30-day payment commitment by government.</li> </ul>	<ul style="list-style-type: none"> <li>• Unavailability of baseline data of SMMEs and Co-operatives.</li> <li>• Fragmentation of interventions for SMMEs and Co-operatives (lack of coordination).</li> <li>• Inconsistent and varied implementation of policies.</li> <li>• Lack of citizen-centric approach to addressing sector needs.</li> <li>• Ability to spend available financial resources due to internal capacity challenges.</li> <li>• Shortage of the specialised skills, (Development Finance and Economic modelling).</li> <li>• Lack of integrated service delivery support and coordination among the ecosystem role-players.</li> <li>• Inadequate Monitoring and Evaluation.</li> </ul>
Opportunities to be leveraged	Threats to be mitigated
<ul style="list-style-type: none"> <li>• 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.</li> <li>• Support from the fiscus, political support, broad societal buy-in and international support.</li> <li>• Strategic public and private partnerships.</li> <li>• Innovative beneficiaries, willing and able to grasp opportunities given appropriate support.</li> <li>• Sound financial and non-financial instruments established – to promote and optimise access.</li> <li>• Availability of technology to strengthen the competitiveness of the sector – and to create access.</li> <li>• Public sector procurement – large purse to be leveraged, particularly for township and rural enterprises, and directed towards targeted groups.</li> <li>• Enterprise supplier development networks, channels and processes.</li> <li>• Better utilisation of the B-BBEE requirement and codes of good practice.</li> <li>• Mentorship, incubation and cadet programmes at provincial and local level.</li> <li>• Implementation of the District Development Model (DDM).</li> </ul>	<ul style="list-style-type: none"> <li>• Differentiated sector definition of SMMEs and Co-operatives.</li> <li>• Restrictive regulatory environment (constraints), including out-dated legislation dating back to the Apartheid-era.</li> <li>• Segregation of the three spheres of government (non-unified approach).</li> <li>• Heavy reliance by small businesses on government grants.</li> <li>• Low level of early entrepreneurial activity.</li> <li>• High failure rate of start-ups.</li> <li>• Untransformed private sector leading to lack of participation in the private sector by SMMEs and Co-operatives.</li> <li>• Inappropriate logistical infrastructure to facilitate balanced spatial development.</li> <li>• Proliferation of the foreigner-owned Macro and Micro businesses.</li> <li>• Low literacy and technical skills – the digital divide.</li> <li>• Limited access to technology.</li> <li>• Pandemics and natural disaster phenomena.</li> </ul>

#### 4.2.1. Women, Youth, and PWDs

The revised 2019–2024 MTSF identifies the women, youth and persons with disabilities (WYPD) cross-cutting priorities in line with the seven priorities of the MTSF. The DSBD contributes mainly to the following WYPD priorities:

- A gender, youth and disability responsive public service.
- Transformed, representative and inclusive economy which prioritises WYPD.
- Transform ownership and management patterns by supporting women-owned and -led enterprises.
- A better Africa and world for all women, girls, youth and persons with disabilities.

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”*.

To contribute towards the transformed, representative and inclusive economy which prioritises Women, Youth and Persons with Disabilities, the Department continues to report, through the MTSF quarterly and bi-annual reporting, on the total number of beneficiaries of the Small Business Development Portfolio as well as on programmes targeted to empower designated groups, mainly women, youth and people with disabilities, disaggregated by age, sex, and disabilities. The Department also has been engaging with the Department of Women, Youth and Persons with Disabilities through reporting on the implementation of the Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework (GRPBMEAF) that was approved by Cabinet in March 2019.

The Department has targets to have 50% representation of women in SMS positions; targeted interventions to encourage and support women through mobilising women-owned businesses to participate in the SheTradesZA hub; and youth business start-ups to be supported financially

and/or non-financially through the DSBD entities (Seda and sefa), over the MTSF period.

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** 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 2020–2030** was developed while the entire world was finding ways to respond to the outbreak of the COVID-19 pandemic. At the centre of this National Youth Policy, which follows immediately after the National Youth Policy 2015–2020, is cross-sectoral policy aimed at effecting positive youth development outcomes for young people at all three spheres of government within South Africa. The policy proposes interventions that facilitate holistic positive development for young people as individuals and as members of families, communities, the South African society and the globe. This is done so by recognising that South Africa can be lifted out of its persistent triple challenges of poverty, unemployment and inequality by harnessing young people’s innovative ability, skills, energy, knowledge and expertise.



The NDP prioritises the significant role of women, youth and persons with disabilities in our society. These are cross-cutting focus areas that the Department will continue mainstreaming across projects, programmes and interventions with a minimum target of 40% women, 30% youth, and 7% PWDs.

#### 4.2.2. Stakeholder Analysis Informing the Annual Performance Plan

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 the interventions, programmes, support and plans of other government departments, agencies and the private sector at all levels 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?
<b>Beneficiaries - SMMEs and Co-operatives (formal and informal)</b>	<ul style="list-style-type: none"> <li>• Execute the DSBD mandate.</li> <li>• Improved, efficient and effective services.</li> <li>• Responsiveness and relevant programmes and services.</li> <li>• Sound corporate governance.</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of the mandate.</li> <li>• A simplified regulatory and policy regime.</li> <li>• Effective and efficient programmes that respond to real needs.</li> <li>• Resources and tools to link SMMEs and Co-operatives to markets – databases or systems.</li> <li>• Ensure reliability and dependability of services.</li> <li>• Enhance accessibility and availability of services.</li> </ul>
<b>National and Provincial Departments, Agencies, and Municipalities.</b>	<ul style="list-style-type: none"> <li>• Execute the Department mandate.</li> </ul>	<ul style="list-style-type: none"> <li>• Articulate and communicate a compelling small business agenda.</li> <li>• Lead evidence-based legislative and regulatory review.</li> <li>• Transversal Agreements with sister departments.</li> <li>• Strengthen intergovernmental relations.</li> <li>• Meaningful participation in relevant fora.</li> <li>• Intellectual leadership to the sector and more broadly - guidance in terms of trends and indicators in the sector.</li> </ul>
<b>Parliamentary and political oversight</b>	<ul style="list-style-type: none"> <li>• Execute the DSBD mandate.</li> <li>• Participate in broader planning structures and champion small business and co-operatives agenda.</li> <li>• Sound corporate governance.</li> <li>• Return-on-Investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an approach to reporting of cluster-wide and sectoral performance and impact.</li> <li>• Collaboration and support for objectives of sister institutions.</li> <li>• Sound and defensible performance reporting.</li> <li>• Participate in broader planning structures and champion the SMMEs and Co-operatives agenda.</li> <li>• Sound corporate governance.</li> </ul>

External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
<b>Academia and research institutions</b>	Collaboration and joint research programmes.	<ul style="list-style-type: none"> <li>Proactively package and communicate opportunities for engagement and collaboration.</li> <li>Multi-year research agenda and programme.</li> </ul>
<b>Targeted Groups</b>	Ensure delivery on committed targets.	<ul style="list-style-type: none"> <li>Monitor and track sector-wide performance on committed targets and quotas.</li> </ul>
<b>Broader communities and general public</b>	A responsive and visible DSBD role-players, supporting broader community upliftment.	<ul style="list-style-type: none"> <li>Better communicate the successes and impact of DSBD programmes and involvement.</li> <li>Strengthen the petitions management processes and responsiveness to issues and commitments.</li> </ul>
<b>Contractors, Suppliers, etc.</b>	<ul style="list-style-type: none"> <li>Decisions to be made at agreed times.</li> <li>Adherence to terms of engagement.</li> <li>Payment for work done within 30 days of receipt of valid invoice.</li> </ul>	<ul style="list-style-type: none"> <li>Systems to ensure efficient and effective performance and compliance to the scope of work.</li> <li>Clearly defined procurement policies.</li> <li>Efficient supply chain processes – fair, transparent and effective.</li> <li>Focus on development of regional suppliers or contractors.</li> <li>Improve contract negotiation, management and reporting.</li> </ul>
<b>ILO and socio-development organisations</b>	<p>Alignment to ILO R204 and the decent work agenda.</p> <p>Alignment to ILO R190 and the importance of Co-operatives.</p>	<ul style="list-style-type: none"> <li>Upscale and ensure implementation of the resolutions from the Annual Informal Economy Summit.</li> <li>Ensure implementation of the NIBUS.</li> <li>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.</li> </ul>
<b>Partners and the private sector</b>	Collaboration and opportunities for partnership.	<ul style="list-style-type: none"> <li>Strengthen points of interaction with partners and with the private sector.</li> </ul>
<b>The Auditor-General South Africa</b>	<p>Produce accountability documents with financial and performance objectives.</p> <p>Co-operation during the audit process.</p>	<ul style="list-style-type: none"> <li>Provide accountability documents that meet legal framework (inclusive of Annual Report, Annual Financial Statements, etc.).</li> <li>Follow processes, policies, rules and regulations diligently.</li> <li>Provide quality and timeliness reports, risk management and internal controls.</li> </ul>

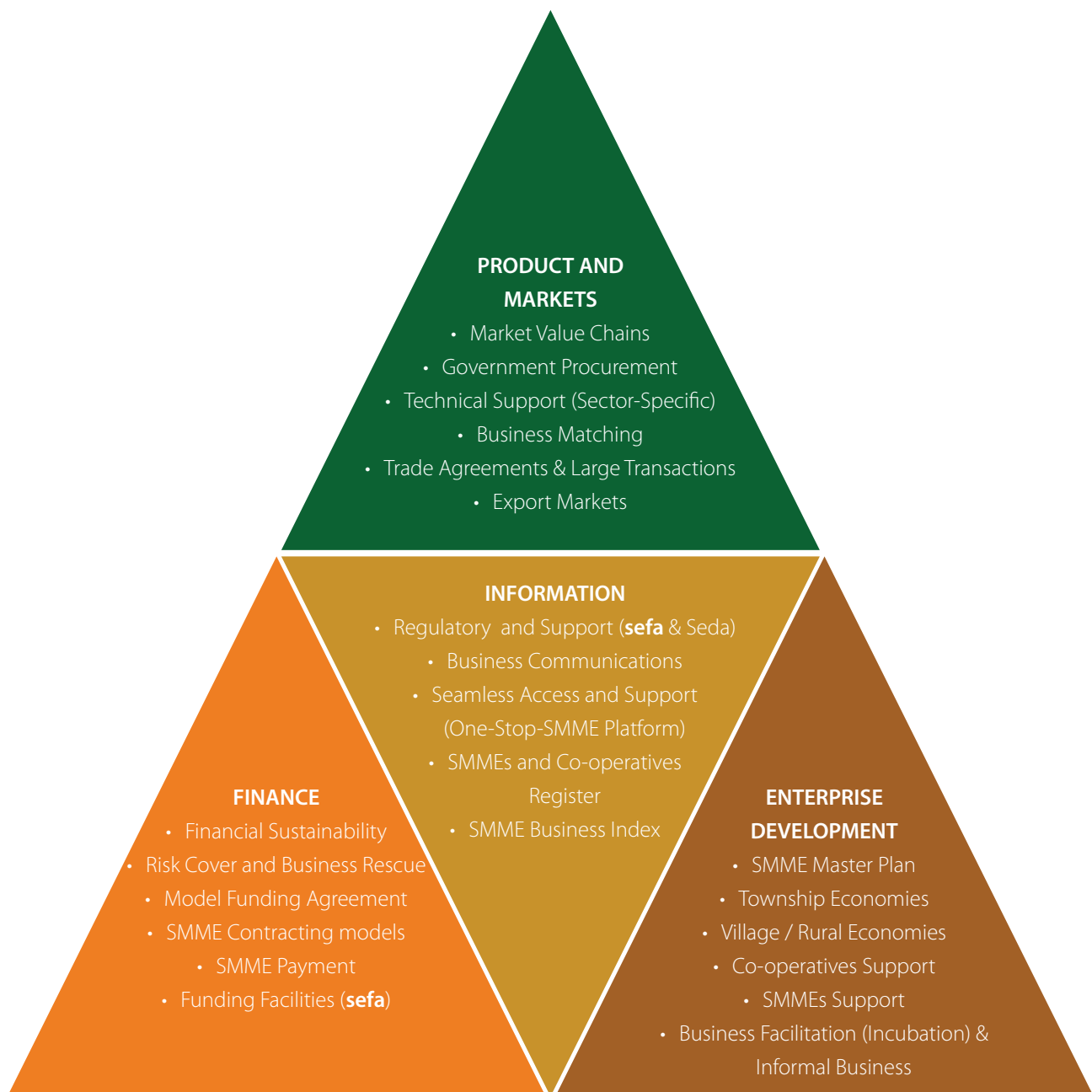
External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
<b>Labour Unions</b>	<p>Engaging with Labour in balancing between applying laws and enabling SMME development.</p> <p>Consistently apply labour laws and policies.</p> <p>Offer a better and fair working environment to all the employees.</p>	<ul style="list-style-type: none"> <li>Strengthen engagement with Labour unions in different platforms [National Economic Development and Labour Council (NEDLAC), etc.]</li> <li>Labour policies and laws are applied in the workplace.</li> <li>Provide a fair working environment free of unfair discrimination and reduced labour relations conflicts.</li> </ul>

Internal Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet/ exceed this expectation?
<b>Staff</b>	<p>A suitable working environment, resources to deliver on roles.</p> <p>Opportunities for personal and professional development.</p>	<ul style="list-style-type: none"> <li>Ensure a working environment which is conducive to achieve sectoral/organisational objectives.</li> <li>Provide opportunities for growth and development.</li> <li>Nurture a culture of recognition, communication and transparency.</li> <li>Implement and monitor the “living” of the Portfolio values.</li> <li>Investigate and realign the structures of DSBD in line with the portfolio/aligned organisational strategies.</li> </ul>
<b>Internal Audit</b>	<p>Produce accountability documents with financial and performance objectives.</p> <p>Co-operation during the audit process.</p> <p>Provide sound advice on audit matters.</p>	<ul style="list-style-type: none"> <li>Provide accountability documents that meet legal framework (inclusive of Annual Report, Annual Financial Statements, Quarterly Reports, etc.).</li> <li>Follow processes, policies, rules and regulations diligently.</li> <li>Provide quality and timeliness reports, and risk management and internal controls.</li> </ul>

The above list is not exhaustive, comprehensive stakeholder management and communications strategy must be developed and implemented, including stakeholder segmentation, to aid the Department 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 pro-active measures to enhance operational efficiency. 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 Programme (SDIP)

Government continues to implement the Service Delivery Improvement Programme to provide a mechanism for continuous, incremental improvement in service delivery that promotes efficiency and effectiveness. Chapter 3, Part 3:

Paragraph 38 states that an executive authority shall establish and maintain a service delivery improvement plan aligned to the strategic plan contemplated in Regulation 25 for his or her department. The Department of Public Service and Administration (DPSA) issued a Service Delivery Improvement Plans (SDIPs) Circular No 1 of 2020/21 detailing transitional arrangements for all national and provincial departments. During the 2021/22 financial year, the Department submitted the annual progress report on the implementation of the 2018 – 2021 SDIP, as per the transitional arrangements stated in the Circular. The Department finalised the 2022/23 – 2023/24 Services Delivery Improvement Plan during the 2021/22 financial year and commenced with implementation and reporting on the SDIP to continuously address the improvement of service delivery, in line with the service delivery improvement directive.

### **Change Management**

The Department has put in place Change Management Committees, which are made up of officials from varying levels, including lower levels and up to executive level. The two Committees – Change Management Steering Committee and Change Management Agents Committee are tasked with ensuring smooth transition and communication within the department in relation to matter of change.

The Department acknowledges and supports the need for change management initiatives within the department to be implemented since the department has undergone several changes that require to be properly and effectively communicated. The Department understands the importance of organisational readiness for change, creating a conducive environment where change will be acknowledged, codified and recorded to confirm that change has been effected. The Executive Committee has considered implementing successful change strategies and improving the way change is communicated, which can be done through constant department-wide communication on decisions taken at an executive level and developing a change management implementation plan that will assist the department to track progress of current and ongoing changes within the department. The implementation of this started in the 2021/22 financial year.

### **Internal policies, processes and systems**

The Department has identified various internal policies, processes and system improvements 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 services delivery by the Department. The following processes, systems and internal policies will be developed and implemented over the MTEF:

### **Implementation of the eDisclosure Framework**

In terms of the Public Sector Regulations (PSR) all Senior Management Service (SMS) employees, Middle Management Service (MMS), 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 or Executive Authority, depending on the remunerative level of the employee making the request, 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 departmental 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 and persons other than family members. 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 complied with section 13G (1) of the B-BBEE Act (53 of 2003) as amended by Act 46 of 2013, in that it submitted the audited 2020/21 Annual Report and Annual



Financial Statements to the B-BBEE Commission within 30 days after Annual Financial Statements were signed-off by Auditor-General of South Africa.

The Department underwent the B-BBEE verification process, which concluded in September 2021. This was the second time that the verification was undertaken and completing the process was as challenging as the first time. It continues to be a steep learning curve for the Department and apart from highlighting areas that need to be streamlined. The B-BBEE grading will continue being used as a baseline against which the Department will measure its improvement during the medium-term period.

### **Strategic Planning and Reporting Framework and Standard Operating Procedure**

The Department considers performance planning, monitoring and reporting as critical to the effective service delivery and implementation of the Department's mandate, and as such continues to implement the Strategic Planning and Reporting Framework and Standard Operating Procedures (SOPs). The framework and SOPs outline the processes of planning, monitoring, implementation and reporting at the Department, linking long-term planning with medium and short-term. These processes outline the requirements for the government and departmental planning, including the development, approval, implementation, monitoring and review of the department's planning and reporting documents.

The Framework and SOPs 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 Auditor-General of South Africa (AGSA) and take the King IV Report into account.

### **Implementation of the Communication and Marketing Plan**

The Department has formulated and is implementing an integrated Communication and Marketing Plan that is informed by the Communication and Marketing Strategy to promote external and internal communication. The strategy is primarily founded on the National Development Plan (NDP) and government-wide communications policies driven by Government Communication and Information System (GCIS).

The plan is aimed at communicating the DSBD programmes and projects and other strategic initiatives to internal and external stakeholders. The plan outlines the progressive use of modern digital communication channels in particular social media to communicate and market the programmes of the department as well as engage with stakeholders. Furthermore, the well designed, informative and updated website of the department is used to strengthen its brand positioning.

### **Skills Development in the Department**

The revised 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.

During the 2019-24 MTSF period, the Department will continue to conduct annual reviews and analysis to address and align the shortage or improvement of identified priority skills and develop and implement interventions to address identified gaps.

### **The oversight of Public Entities**

The Department has oversight responsibility over its entity. The Department is therefore responsible to provide leadership to the entity as it pertains to political, strategic, administrative, financial, ethical and legal aspects. The oversight role exercised by the Department over the public entity entails providing written feedback based on the assessment of its Annual Performance Plans and Strategic or Corporate Plans, reviewing and monitoring quarterly performance reports in line with the set strategy, and evaluating board or council effectiveness and ensuring adherence to legislative prescripts. The entity serves as an extension of and assists the DSBD in delivering its mandate.

### **Capacity of the Department to deliver on the mandate**

The organisational structure was reviewed and revised during 2020/21 financial year; due to limited funding and National

Treasury budget cuts on existing posts, the structure could not be consulted with the DPSA. After consultations, National Treasury in January 2022, approved reprioritisation of funds to enable the Department to develop a “fit for purpose” structure. The proposed structure provides for 378 posts at an estimated cost of R657 million over the medium term.

The proposed structure is focused around providing an enabling environment for SMMEs in respect of a policy environment, reducing red tape, access to markets, business information that will inform decision making, and financial and non-financial support. Due consideration was given to limited resources versus the intent to coordinate support to the informal sector, entrepreneurs, SMMEs and Co-operatives across the three tiers of Government spanning 28 Ministries, 9 provinces and 52 districts (including metros). The structure consists mainly of small teams to provide specialist advice within the technical environment and the ability to respond rapidly to the fast-changing economic environment (move from manual to digital business). The structure also provides for segregation of duties between the Department and its implementing agency(ies) with the Department focusing on creating the enabling environment through providing policy, programmes and systems that limit red tape. The Department will further focus on providing a single port of entry for SMMEs and coordinating efforts whether for business infrastructure or market access while the agency(ies) will focus on implementation of financial and non-financial support.

**Financial resources:** The Department has been allocated R7.818 billion over the 2022 MTEF period. The bulk of the Department’s spending over the medium term is on transfers and subsidies which has an allocation of R6.955 billion (89%) 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, Small Enterprise Development Agency (Seda) allocation amounting to R2.7 billion, the Blended Finance facility, which is implemented through **sefa**, is allocated R827.3 million, as well as the internally administered incentives amounting to R509 million. Equally so, the Department’s R848.3 million operational budgets will provide for: Compensation of employees (R657 million), Goods and services (R191.3 million). Capital Expenditure is allocated R14.8 million over the MTEF period.

## 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 with emphasis on enterprises owned and managed by women, youth and persons with disabilities.

### SMMEs-focused Localisation Policy Framework and Implementation Programme

The SMME-focused Localisation Policy Framework and Implementation Programme was developed to create an enabling environment for the development and growth of sustainable small businesses and Co-operatives. The intention is to link 1 000 SMMEs and Co-operatives produced products and services to market over the medium-term period. During the 2020/21, more than 200 SMMEs and Co-operatives produced products and services (238) were linked to market. For 2022/23 financial year 250 SMMEs and Co-operatives produced products and services are to be linked to the market.

### Designated Groups: Women, Youth and Persons with Disabilities

During the 2020/21 financial year, the Township and Rural Enterprises Programme, a dedicated programme to provide support to the township and rural enterprises with an emphasis on enterprises owned by the designated groups, supported 13 987 enterprises financially and non-financially and thus increasing the capacity of designated groups: women, youth and persons with disabilities. Although the 2020/21 target of supporting 28 000 township and rural enterprises was not met, the achievement shows the efforts put by the Department and its entities particularly because 2020/21 was a challenging financial year to implement.

The Departmental administrative targets were set to ensure representativity of women in SMS at 50% or above and increase employment of persons with disabilities to 2.8%. These were achieved, closing the reporting period with a female representation at SMS 57.1%; employment of persons with disabilities at 3.3%.

## Establishment of the Small Enterprise Ombuds Service

Business-to-business disputes and late and non-payment from business and government entities are a key challenge for small enterprises across the world, with real implications on their sustainability and growth. Small enterprises need an effective mechanism to resolve their disputes in an efficient and cost-effective manner. In most jurisdictions, the most prevalent way of resolving such disputes legally is through the courts, that is, through litigation. The litigation route for resolving disputes, however, places small enterprises at a significant disadvantage relative to their larger business counterparts, for several reasons:

- The financial cost of unresolved disputes is disproportionately borne by small enterprises.
- Even where the amount involved is large, going to court is still a prohibitive proposition for small enterprises. The process is cumbersome, time consuming and expensive.
- In either of the above situations, the cost to the small enterprise of an unresolved dispute may not be limited to the actual amount in dispute only but may extend to loss of the business relationship with the customer, which means loss of future revenue for the small enterprises.
- Compounding the above issues is the generally weaker economic power that small enterprises face when facing larger enterprises or government.
- The direct impact of the inability to access efficient and affordable justice, especially where matters arise in respect of late or non-payment and contractual disputes, is to undermine the financial sustainability of small enterprises. This directly impacts on overall survival and growth rates of small enterprises in South Africa, and negatively impact GDP growth, job creation and transformation.

The establishment of the Ombud Service is dependent on the finalisation of the legislation (National Small Enterprise Amendment Bill) which will enable its establishment.

### 4.3.1. DSBD Performance Considerations

#### Summary of the Key Priorities Informing the 2022/23 Annual Performance Plan

South Africa continues to be faced with slower and inconsistent economic growth that is not inclusive and higher unemployment rates prevalent mostly in the youth population. This overbearing phenomenon has now been further exacerbated by the undesirable socio-economic

impact of the COVID-19 pandemic and the July 2021 looting and riots experienced mainly in KwaZulu-Natal and Gauteng provinces but affected the overall business environment. SMMEs and Co-operatives are recognised as a critical sector that will contribute significantly to the transformation of the economy and job creation.

The National Development Plan, Vision 2030 (NDP) stipulates a plan to address the triple challenges of unemployment, inequality and poverty and through its five-year implementation plan (the Medium-Term Strategic Framework) ascribes a critical role to small businesses which includes increasing their contribution to Gross Domestic Product from 35% to 50% by year 2024 and reducing unemployment from the current high levels to 6% by 2030. The revised 2019-24 MTSF provides the framework for the implementation of seven key priorities of which the Department of Small Business Development (DSBD) is expected play a much more direct role in respect of *Priority 2: Economic Transformation and Job Creation* that will contribute to inclusive economic growth and job creation through industrialisation, infrastructure investment, transformative innovation and 4IR, supporting small business and Co-operatives. Special attention is also required for support interventions and initiatives that will broaden opportunity and employment for women, youth and persons with disabilities.

To effectively position small businesses to play a meaningful role in the economy, the department will implement the following interventions during the 2022/23 financial year:

#### 4.3.1.1. Performance related matters

- a) Accelerate the implementation of **Township and Rural Entrepreneurship Programme (TREP)**, which is 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). TREP is meant to stimulate and facilitate the development of sustainable and competitive enterprises through the efficient provision of effective and accessible incentive measures that support national priority sectors. The key objective is to ensure that informal businesses are accounted for in the formal economy. The TREP intervention supports all small enterprises operating in townships and rural areas that meet the qualifying criteria including but not limited to the following sectors:

- Clothing & Textile
- Bakeries & Confectionaries
- Tshisanyama and Cooked Food
- Retail (including restaurants, car washes, general dealers etc.)
- Automotive
- Personal Care
- Artisans

**b) Create an enabling environment for SMMEs and Co-operatives within which to operate:**

- The Department will amend the National Small Enterprise Act and introduce the Small Enterprise Ombuds Service Bill through Cabinet. Over the medium term 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 (establishment of a Small Enterprise Ombud Service, relooking the definition of SMME and the Institutional arrangements pertaining to the agency's reporting directly to the department) is underway. These additional areas will inform the amendments of the Bill.
- The department has requested and successfully got the Businesses Act No. 71 of 1991 transferred from **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.
- Finalise the SMMEs and Co-operatives Funding Policy to ensure the improvement access to affordable finance for SMMEs and Co-operatives.
- The re-introduction of the Small Business Advisory Council, MinMec and leveraging on partnerships with Provinces were identified as key instruments in achieving this priority.
- Red-Tape Reduction Programme: to be implemented in partnership with Provinces, ensuring that the growth of SMMEs and Co-operatives is not hindered by the red-tape measures that exist in the system.

**c) Implement the Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives:**

- Cabinet approved the SMMEs-focused Localisation Policy Framework and Implementation Programme,

which is part of the 2019 – 2024 Medium-Term Strategic Framework. As part of the implementation of the Localisation Policy Framework, 1 000 products that must be produced and procured from SMMEs have been identified. Through the SMMEs-focused Localisation Policy Framework, the DSBD and its agencies coordinate and direct the 'buy local' campaign together with large corporates and communities. To date, the Department has established working relationships with large retailers and wholesalers across the country to list and purchase the products manufactured by SMMEs. More than 200 products produced by SMMEs and Co-operatives have been linked to domestic markets through these relations and simultaneously, the Department is creating independent markets in townships and towns for SMMEs and Co-operatives to trade their products.

**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) Facilitate and ensure the increase in number of competitive small businesses and Co-operatives is supported.**

**f) The Youth Challenge Fund:** a youth start-up support programme intended to stimulate the establishment and growth of youth-owned businesses, promote digital skills, grow the economy and foster job creation. The Department plans to provide 10 000 start-up businesses with financial and/or non-financial support.

**g) Business Infrastructure:** where small businesses will interact with the market to showcase their product or service offering with the view to transaction. It includes the establishment of at least four product markets in 2021/22

and incrementally adding to this number in outer years to six (6) in 2022/23. The business infrastructure will be rolled out utilising the Shared Economic Infrastructure Facility (SEIF), which is a cost-sharing scheme that seeks to support the establishment of new or upgrading of existing economic infrastructure for use by the SMMEs, e.g., trading (product) markets and industrial sites.

- h) 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.
- i) Establish and report on the number and performance of incubation centres and digital hubs for the SMMEs development.
- j) Sustain SMMEs and Co-operatives by linking them to markets through e-commerce platform.
- Meaningful contribution by the Portfolio towards the conclusion of the Procurement Bill: this will assist in not only ensuring that the products and services of the SMMEs and Co-operatives are procured/ or listed in the shelves of big retailers but will also assist in ensuring that the intended end users have access to these products and services.
- k) 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) The finalisation of the organisational structure.
- b) **Business case for the new single Small Business Support Entity.**
  - The merger was initially set to be effective from 1 April 2022. This was after the Cabinet approved the merger of **sefa** and CBDA into Seda. However, on 6 April 2022, Cabinet approved a 20-month extension period for the merging of **sefa** and CBDA into Seda.

As part of the department's contribution to the revised MTSP 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 coordinate efforts to support small and medium enterprises to scale-up and expand their businesses and thrive 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 departments such as the Department of Trade Industry and Competition (**the dtic**) and the Competition Commission to open 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 & 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 by ensuring that business support interventions target the designated groups. The department will increase participation of Youth, Women and PWDs in domestic and international market by monitoring the implementation of minimum 40% target for Women, 30% for Youth and 7% for PWDs in the targeted interventions implemented by the Department.
- **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.

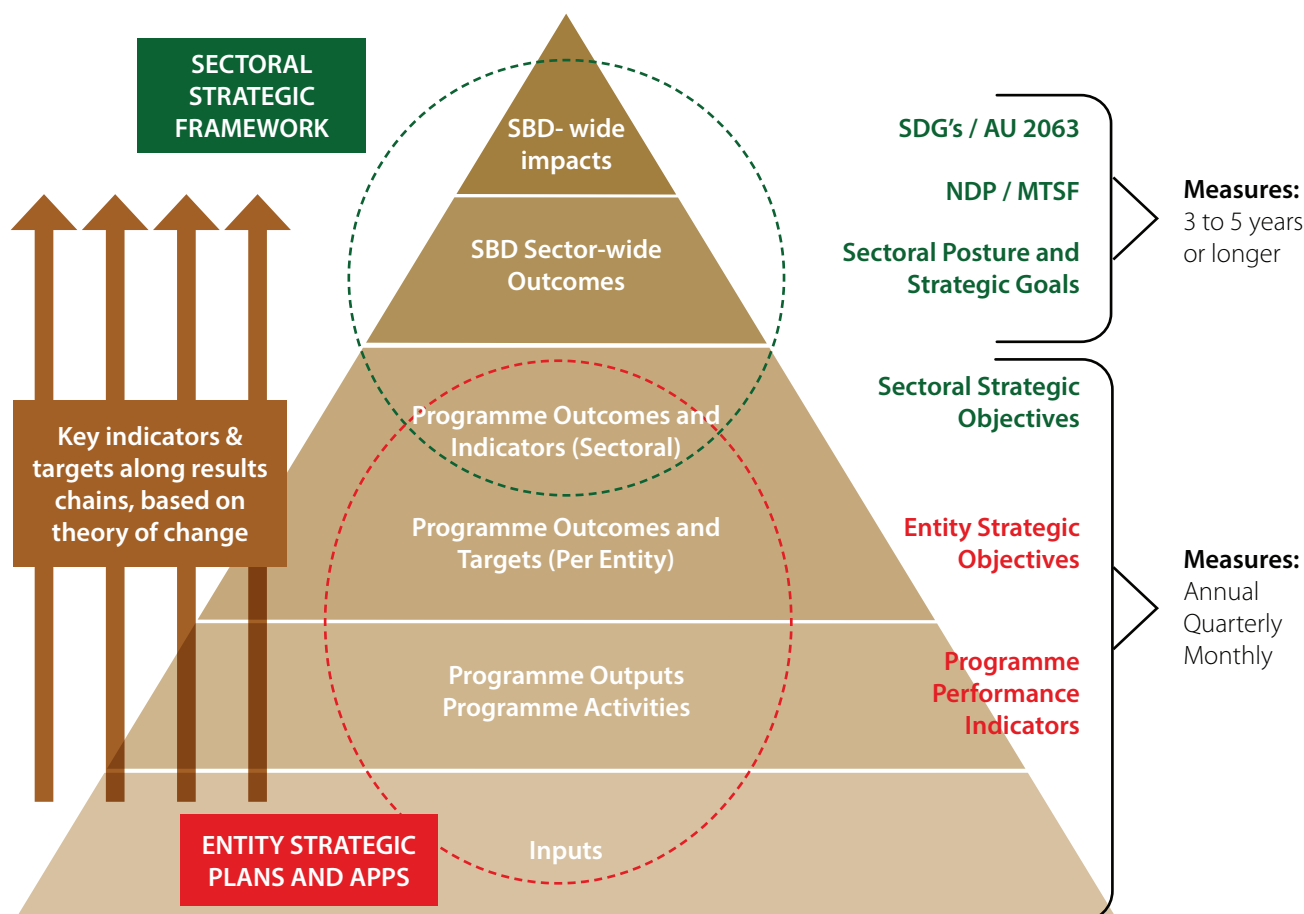


## 4.4 Description of the Strategic Planning Process

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** can find alignment to a common results chain.

### Conceptual Model: Theory of Change Logic Model:



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 to the revised 2019-24 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 outcomes for adoption by the portfolio role-players. The outcomes 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 – are then 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 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 2022/23 Annual Performance Plan entailed:

1. The Executive Committee hosting the pre-portfolio strategic session on 1 July 2021 to set the strategic direction in preparation of the commencement of the 2022/23 planning cycle.
2. The Department held the first Portfolio Strategic Planning Session on 9 – 10 September 2021.
  - To revisit the 2020 – 2025 Strategic Plan and prepare for the development of the 2022/23 Annual Performance Plan by reviewing the operating environment within which SMMEs and Co-operatives operate, envisioning the future of the SMMEs and Co-operative Sector in South Africa informed by the Sixth administration priorities and the Economic Reconstruction and Recovery Plan, the July 2021 unrests that had a negative impact in the business environment across the country, particularly in the Gauteng and the KwaZulu Natal provinces.
3. Immediately after the Portfolio Strategic Planning session, the Department held the Branches' strategic planning sessions in order to crystallise the draft 2022/23 performance information informed by the policy directive as articulated by the Department's Executive Authority during the Portfolio Strategic Planning session, discuss the risks associated with implementing the 2022/23 performance and the Technical Indicator Descriptions.
  - Since the implementation of some of the Department's targets is done in conjunction with the agencies', the Branches' strategic planning sessions were held with officials from the agencies.
4. The Departmental Strategic Planning session was held on 1 October 2021 to collectively, as a Department, discuss the draft 2022/23 APP performance information allowing for a vibrant and open discussion on the final draft performance information.
5. The draft APP was presented to DSBD Management Committee (MANCO) on 11 October 2021 and additional inputs were received and incorporated from the members.

6. The draft APP was also presented at the Extended Executive Committee (EXCO) meeting, constituted by MANCO and EXCO members, held on 18 October 2021.
7. Following the discussion that took place at the Extended EXCO meeting, the draft APP was further discussed with Branch Heads and process owners, and additional inputs were received and incorporated to the draft APP before being presented to the Minister for Small Business Development.
8. The Draft 2022/23 APP was submitted to the Minister of Small Business Development on 20 October 2021. The Department was subsequently provided with an opportunity to present the draft 2022/23 APP to the Minister on 26 October 2021. Following this session with the Minister, the Department was granted approval on 29 October 2021 to submit the draft 2022/23 APP to the DPME.
9. Following the submission of the draft 2022/23 APP and its TIDs to the DPME, the Department received feedback assessment report on 17 December 2021.
10. On 07 February 2022, the Department hosted its final Portfolio Strategic Planning session to consider the DPME feedback assessment report, which had already been workshopped with the Departmental Branches to solicit their inputs in preparation for the session, where further review of draft 2022/23 APP was undertaken.
11. The further revised draft 2022/23 APP was submitted to the Minister for Small Business Development on 08 February 2022.
12. The Department was given another opportunity to present to the Minister on 12 February 2022. During this session, the Minister gave her inputs on the draft 2022/23 APP, which were later considered by the Departmental EXCO on 15 February 2022.
13. The revised draft 2022/23 APP that considered the Minister's inputs was submitted to the Minister on 15 February 2022.

## 4.5 Alignment to the Economic Recovery Reconstruction Plan

SMMEs, Co-operatives and start-ups have an important role to play in facilitating economic transformation and empowerment. Providing a supportive ecosystem to SMMEs, Co-operatives and start-ups is among the critical

enablers for recovery and reconstruction. The following are indicators which contribute to the ERRP priorities aligned to Departmental outcomes and Indicators:

ERRP Priority	Departmental Outcomes	Departmental Indicators
Priority area 5: Macro-Economic Interventions and Enablers for Economic Growth.	<ul style="list-style-type: none"> <li>Increased participation of SMMEs and Co-operatives in domestic and international markets.</li> <li>Increased contribution of SMMEs and Co-operatives in Priority Sectors.</li> <li>Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.</li> <li>Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.</li> <li>Reduced regulatory burdens for Small Enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market.</li> <li>Establish and report on the number and performance of incubation centres and digital hubs (Seda)</li> <li>National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO. <i>(Monitor the implemented Masterplan to ensure the delivery of an integrated targeted and effected support interventions aimed at promoting entrepreneurship as well as providing financial and non-financial support for qualifying small enterprises)</i></li> <li>Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.</li> <li><i>Number of crafters supported through the Craft Customised Sector Programme (align the Craft CSP guidelines and implementation to the Creative Industries Masterplan).</i></li> </ul>
Priority area 6: Green economy	<ul style="list-style-type: none"> <li>Increased contribution of SMMEs and Co-operatives in Priority Sectors.</li> <li>Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.</li> <li>Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.</li> </ul>	Implementation of the approved plans.
Priority area 7: Agriculture and food security		To assist 20 000 informal traders over MTEF period.
Export Promotion and regional integration, support for township and village economies.	<ul style="list-style-type: none"> <li>Increased participation of SMMEs and Co-operatives in domestic and international markets.</li> </ul>	<ul style="list-style-type: none"> <li>Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market. (The intention is to link 1 000 SMMEs and Co-operatives produced products and services to market over the medium-term period).</li> <li>Number of women-owned businesses supported to register on international platform.</li> <li>Number of business infrastructure for SMMEs and Co-operatives refurbished or built.</li> </ul>
	<ul style="list-style-type: none"> <li>Increased contribution of SMMEs and Co-operatives in Priority Sectors.</li> </ul>	National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.

ERRP Priority	Departmental Outcomes	Departmental Indicators
Strengthen SMMEs and Co-operatives on the back of localisation and support for the badly affected labour-intensive industries.	<ul style="list-style-type: none"> <li>Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.</li> </ul>	<ul style="list-style-type: none"> <li>Number of monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.</li> </ul>
Export Promotion and regional integration, support for township and village economies.	<ul style="list-style-type: none"> <li>Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.</li> <li>Number of Co-operatives supported financially and/or non-financially.</li> <li>Number of Township and Rural enterprises supported financially and/or non-financially.</li> <li>Number of crafters supported through the Craft Customised Sector Programme.</li> <li>Number of start-up youth businesses supported financially and/or non-financially.</li> <li>Consolidated report on the number of competitive SMMEs and Co-operatives supported approved by EXCO.</li> </ul>
Gender equality and economic inclusion of women and youth.		

## 4.6 Revised 2019-2024 MTSP Priorities and National Annual Strategic Plan

### 4.6.1. Direct Links to the Revised 2019-24 MTSP Priority

With specific reference to the revised 2019–2024 MTSP, the DSBD is delegated a leading role to the following outcomes towards the achievement of the NDP's five-Year Implementation Plan, the Monitoring Framework for the NDP five-year Implementation Plan that directly affects it:

Departmental Impact Statement	Department Outcomes	Revised 2019-24 MTSP 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"> <li>Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives developed and adopted by 31 March 2021.</li> <li>Implement the SMMEs-Focused Localisation Policy and ensure 100% compliance by public sector in procuring 1000 designated local products and services from SMMEs by 31 March 2024.</li> </ul>		<b>Programme Two:</b> Sector and Market Development
	2. Increased contribution of SMMEs and Co-operatives in Priority Sectors.	<ul style="list-style-type: none"> <li>All Master Plans developed by end of 2021.</li> </ul>		<b>Programme Two:</b> Sector and Market Development <b>Programme Four:</b> Enterprise Development

Departmental Impact Statement	Department Outcomes	Revised 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	
	3. Scaled-Up and coordinated support for SMMEs Co-operatives, Village and Township Economies.	• 100 incubation centres and digital hubs established by 2024.		<b>Programme Four:</b> Enterprise 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"> <li>• 10 000 youth business start-ups supported per annum.</li> <li>• 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 March 2021/22.</li> </ul>		<b>Programme Three:</b> Development Finance
		• 100 000 competitive small businesses and Co-operatives supported by 2024		<b>Programme Two:</b> Sector and Market Development <b>Programme Three:</b> Development Finance

#### 4.6.2. Indirect links to the Revised 2019-24 MTSF Priority

In addition to the national outcomes mentioned above, the Department indirectly contributes to the following Government priorities in the revised 2019-24 MTSF as indicated in the table below:

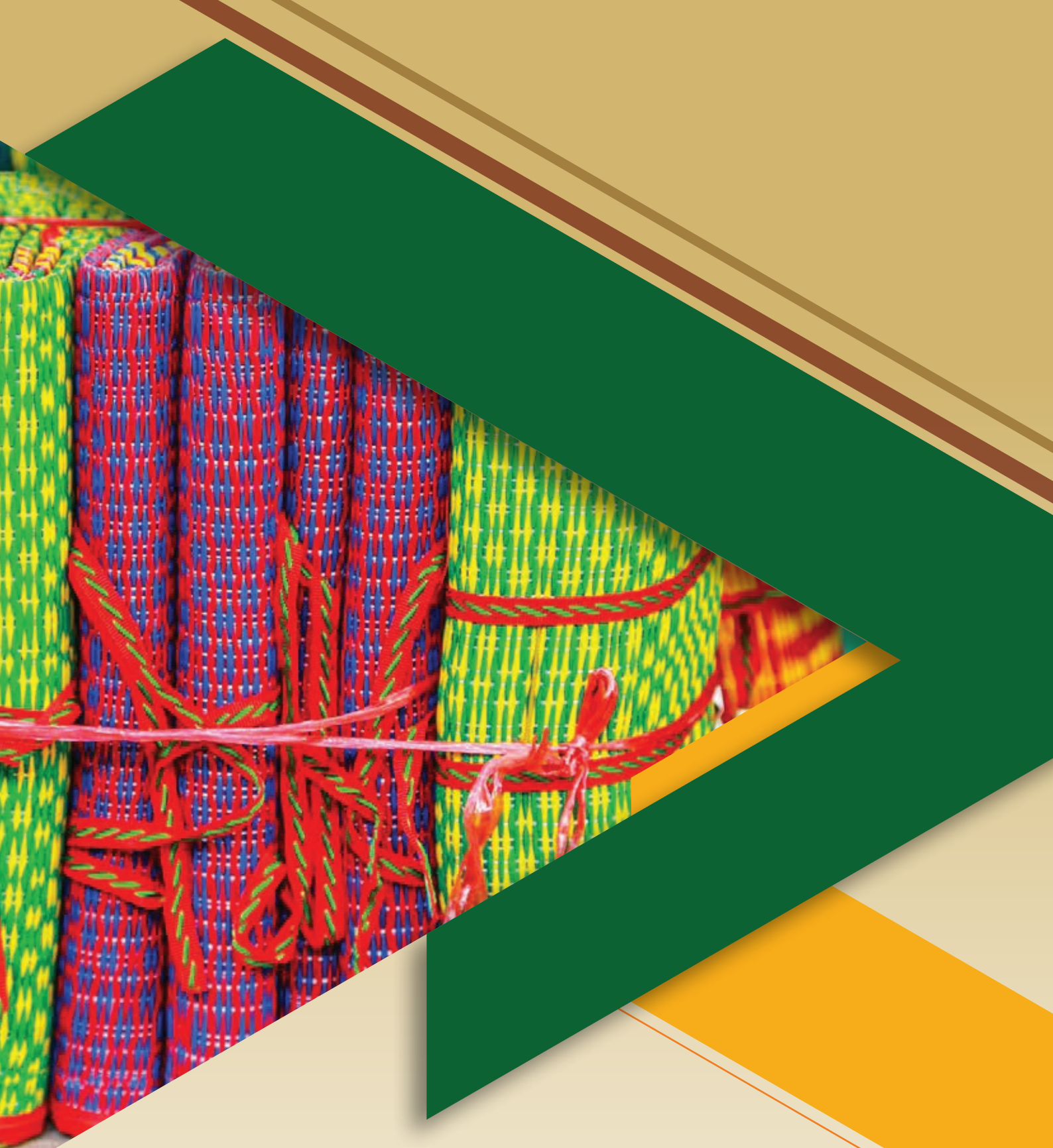
MTSF outcome	MTSF Targets	Lead and contributing departments	DSBD Programme
1. Integrated service delivery, settlement transformation and inclusive growth in urban and rural places.	Township Economic Profiles completed by March 2021; Strategy completed by March 2021 Strategy implemented by March 2022.	<b>Lead: NT</b> Contributing: DTIC, <b>DSBD</b> , provinces	<ul style="list-style-type: none"> <li>• <b>Programme Two:</b> Sector and Market Development</li> <li>• <b>Programme Three:</b> Development Finance.</li> </ul>
2. Effective regulatory framework of agricultural produce and exports.	<ul style="list-style-type: none"> <li>• 1 Agricultural Produce Act developed by 2024.</li> <li>• 4 reviews to the Agricultural produce management practices.</li> </ul>	<b>Lead: DALRRD</b> Contributing: DTIC, <b>DSBD</b> , NAMC PPECB and Commodities based boards	<ul style="list-style-type: none"> <li>• <b>Programme Four:</b> Enterprise Development</li> </ul>

#### 4.6.3. National Annual Strategic Plan

The National Annual Strategic Plan (NASP) is a short-term national planning instrument that translates the MTSF priorities into measurable indicators and targets as well as related budget allocations for a particular year. The NASP further provides guidance on improving alignment between national priorities and Annual Performance Plans. The Department is directly contributing to the following priority of the NASP as indicated in the table below:

Interventions	Indicators	Targets	DSBD Programme
<b>Priority 2: Economic transformation and job creation</b>			
Support and integrate SMMEs, township and rural enterprises in value chains and provide access to markets.	Number of competitive SMMEs and Co-operatives supported.	100 000 competitive SMMEs and Co-operatives supported by 2024.	<ul style="list-style-type: none"> <li>• <b>Programme Two:</b> Sector and Market Development</li> <li>• <b>Programme Three:</b> Development Finance</li> </ul>





# 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 Minister, Deputy Minister, Director-General and the Department.
- **Corporate Services** – To provide enterprise-wide support services comprising of human resources, legal services, learning and development and transformation policy and coordination, security management, facilities management and ICT.
- **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		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1. Improved Governance and Compliance.	1.1. Unqualified audit outcome for the Department.	a) Unqualified audit outcome on non-financial performance information obtained.	<b>Target Achieved:</b> Unqualified audit outcome for both financial and non-financial performance data for 2017/18.	<b>Target Not Achieved:</b> Unqualified audit outcome with material findings on performance information and compliance with legislation.	<b>Target Achieved:</b> Unqualified audit outcome for the Department for 2019/20 Financial Year obtained.	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.	Unqualified audit outcome on non-financial performance information for 2023/24 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.	Unqualified audit outcome on Annual Financial Statements for 2023/24 financial year.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	1.2. Payment register.	% of valid creditors paid within 30 days.	<b>Target Achieved:</b> 100% payment to eligible creditors were processed within 30 days.	<b>Target Achieved:</b> 100% payments to eligible creditors processed within 30 days. (11 467 invoices worth R65 347 730.48 paid on 13 average	<b>Target Achieved:</b> 100% of valid creditors paid in under 30 days.	100% of valid creditors paid within 25 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.
	1.3. ≥95% expenditure on annual budget.	% variance on annual budget.	<b>Target Achieved:</b> 4.6% DSBD spent R1.420 billion of 1.488 billion with a variance of R69 million.	<b>Target Achieved:</b> 1.8% variance on annual budget. The Department spent R2.229 billion of R2.2269 billion with a variance of R39.8 million.	<b>Target Achieved:</b> 1.3% Variance on annual budget.	<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.	<b>Target Achieved:</b> 7,7% vacancy rate in funded posts.	<b>Target Not Achieved:</b> 12.4% (26/209)	<b>Target achieved:</b> 9.7% 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.	<10% vacancy rate in funded permanent posts.
	1.5. ≥50% female in SMS employed.	Percentage of female SMS representation.	<b>Target Achieved:</b> 53,8% of female SMS representation.	<b>Target Achieved:</b> 55.9% (19/34) female SMS.	<b>Target Achieved:</b> 57.1% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.
	1.6. ≥4.2% representation of PWDs.	Percentage representation of PWDs.	<b>Target Achieved:</b> 3.1% people with disabilities employed.	<b>Target Achieved:</b> 2.4% (5/208) people with disabilities.	<b>Target achieved:</b> 3.3% representation of PWDs.	≥3.2% representation of PWDs.	≥4.2% representation of PWDs.	≥7% representation of PWDs.	≥7% representation of PWDs.
	1.7. DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Number DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	<b>Target Achieved:</b> 39 facilitated interactions that delivered meaningful engagements with communities and the public were held.	<b>Target Achieved:</b> 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.	70 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	75 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	80 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
2. Improved integrated and streamlined business processes and systems.	2.1. Phase 4 and Phase 5: SMME Database implemented.	SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises implemented.	<b>Target Not Achieved:</b> 2 ICT system projects defined in the DSBD ICT Plan Implemented.	<b>Target Achieved:</b> Phase 1 – Centralised Integrated. SMME/ Cooperatives/ Entrepreneur/ Informal Business Database & Portal Designed and Implemented.	<b>Target Achieved:</b> Phase 2: SMME Database – 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 6: SMME Database - Business Licensing and Centralised permit system developed.	N/A
		SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance 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 2022/23	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 2021/22 financial year.	N/A	Unqualified audit outcome on non-financial performance information for 2021/22 financial year.	N/A	N/A
b) Unqualified audit outcome on Annual Financial Statements obtained.	Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.	N/A	Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.	N/A	N/A
% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 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.

Output Indicator	Annual Target 2022/23	Quarterly Targets			
		Q1	Q2	Q3	Q4
Percentage vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	Recruitment Plan approved by EXCO.	<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.	≥4.2% representation of PWDs.	≥3.3% representation of PWDs.	≥3.4% representation of PWDs.	≥4% representation of PWDs.	≥4.2% representation of PWDs.
Number of DSBD and its Agencies' public engagement Programmes implemented within District Municipalities.	70 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.	20 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.	20 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.	15 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.	15 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.
SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises implemented.	Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises implemented.	Approved System specification and roadmap design for Phase 4.	Phase 4 systems development and testing commenced.	Phase 4 systems development and testing completed and rolled out.	Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises implemented.
SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance implemented.	Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance implemented.	Approved System specification and roadmap design for Phase 5.	Phase 5 systems development and testing commenced.	Phase 5 systems development and testing completed and rolled out.	Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance implemented.



## 5.5. Explanation of planned performance over the medium-term period

Over the medium term, the Administration programme will focus on improving governance and compliance, as well as improving integrated and streamlined business processes and system outcomes. Emphasis will also be placed on accountability, transformation, risk management, implementation of risk-based internal audit plans, effectively implementing recruitment plans that will enable the department to achieve its vacancy rate target through attracting, developing and retaining the skills needed to deliver on its crucial mandate.

The Administration programme will implement targets as follows: unqualified audit opinion on both financial and non-financial performance information, payment of creditors within 30 days, a less than or equal to 5% variance on annual

budget, less than 10% vacancy rate in funded permanent posts, a greater than or equal to 50% women in SMS employed, a greater than or equal to 4.2% representation of persons with disabilities. Over the past financial years, the department has been lauded as one of the government institutions that managed to pay valid creditors within 30 days, and has, for the first time, achieved an unqualified audit outcome without material findings for performance information in the 2020/21 financial year.

The programme will continue to provide integrated business solutions in the portfolio through the SMME Business Index to identify levels of readiness and capability of small enterprises, knowledge management, and information and communication technology.

## 5.6. Programme Resource Considerations

PROGRAMME ONE: SUB-PROGRAMME	2022/23	2023/24	2024/25	TOTAL MTEF
	R'000	R'000	R'000	R'000
Ministry	28 680	28 767	29 143	86 590
Departmental Management	31 688	34 023	39 306	105 017
Corporate Services	40 712	45 287	48 034	134 033
Financial Management	25 757	28 294	30 456	84 507
	<b>126 837</b>	<b>136 371</b>	<b>146 939</b>	<b>410 147</b>

**Programme One (Administration)** has an allocation of R410.1 million over the medium-term broken down into four sub-programmes: **Ministry** has R86.6 million (25.6%), **Departmental Management (ODG)** has R105 million (25.6%), **Corporate Services** has R134 million (32.7%), and **Financial Management** R84.5 million (20.6%).

To maintain a sound performance planning, reporting and monitoring system, the Department will continue to 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 of the Department, linking long-term planning with medium and short-term planning. The Framework and SOP will continue to be used as a tool for the Department to bring about and guide integrated Planning, Monitoring, Implementation

and Reporting across Programmes/Branches. Furthermore, the Framework and SOP are aimed at co-ordinating 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.

## 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 strategy
1. Improved Governance and Compliance.	Increase in the mortality rate of SMMEs	<ul style="list-style-type: none"> <li>Procure automated invoice tracking system.</li> </ul>
	Material underspending on Compensation of Employees (COE) that may lead to budget cuts by National Treasury.	<ul style="list-style-type: none"> <li>Requests submitted to Minister to fill critical posts outside of the moratorium</li> <li>Prioritisation of submission of the organisational structure to MPSA for concurrence.</li> <li>Implementation of the approved structure (placement and PERSAL amendments).</li> </ul>
	Inadequate specialised skill with ICT (Inability to provide ICT Services)	<ul style="list-style-type: none"> <li>Employ temporary or contract staff depending on availability of COE.</li> </ul>

## 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** – To 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** – To provide evidence-based (economic analysis, econometrics, research) business information to direct sector thought leadership.
- **Ease of Doing Business** – To reduce the administrative and regulatory burden of doing business for SMMEs.
- **Access to Market Support** – To 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		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
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 domestic market.	Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	N/A	N/A	<b>Target Achieved:</b> 238 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 domestic market.	300 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	300 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.
	1.2. Women-owned businesses supported to register on international platform.	Number of women-owned businesses supported to register on international platform.	N/A	N/A	<b>Target Not achieved:</b> 1 015 women-owned businesses supported to register on international platform.	2 000 women-owned enterprises monitored to participate on SheTradesZA platform.	2 500 women-owned businesses supported to register on international platform.	2 500 women-owned businesses supported to register on international platform.	2 500 women-owned businesses supported to register on international platform.
	1.3. SMMEs and Co-operatives linked to global market opportunities.	Number of SMMEs and Co-operatives linked to global market opportunities.	N/A	N/A	N/A	200 SMMEs and Co-operatives exposed to global market opportunities.	250 SMMEs and Co-operatives linked to global market opportunities.	250 SMMEs and Co-operatives linked to global market opportunities.	300 SMMEs and Co-operatives linked to global market opportunities.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	1.4 Business infrastructure for SMMEs and Co-operatives refurbished or built.	Number of business infrastructure for SMMEs and Co-operatives refurbished or built.	N/A	Four (4) Product markets roll out plans for SMMEs and Co-operatives approved by ADDG in four provinces: <ul style="list-style-type: none"> <li>North-West (Home industries and fashion)</li> <li>Mpumalanga (Steel)</li> <li>Limpopo (Agricultural)</li> <li>Eastern Cape (Clothing).</li> </ul>	N/A	N/A	Six (6) business infrastructure for SMMEs and Co-operatives refurbished or built.	Seven (7) business infrastructure for SMMEs and Co-operatives refurbished or built.	Seven (7) business infrastructure for SMMEs and Co-operatives refurbished or built.
2. Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.	2.1. Incubation Support Programme improvement plan monitored.	Number of monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.	N/A	<b>Target Achieved</b> 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 evaluation conducted and approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.
3. Reduced regulatory burdens for small enterprises.	3.1 Progress reports on the review of the Businesses Amendment Bill and proposed changes produced.	Number of progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	N/A	N/A	N/A	N/A	Two (2) progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Two (2) progress reports on the public consultations on the Businesses Amendment Bill and proposed changes approved by EXCO.	Two (2) progress reports on the processing by Parliament of the Businesses Amendment Bill approved by EXCO.

## 5.11. Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2022/23	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	250 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	75 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	75 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	50 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	50 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.
Number of women-owned businesses supported to register on international platform.	2 500 women-owned businesses supported to register on international platform.	500 women-owned businesses supported to register on international platform.	500 women-owned businesses supported to register on international platform.	500 women-owned businesses supported to register on international platform.	1 000 women-owned businesses supported to register on international platform.
Number of SMMEs and Co-operatives linked to global market opportunities.	250 SMMEs and Co-operatives linked to global market opportunities.	Concept document developed and approved by EXCO.	100 SMMEs and Co-operatives linked to global market opportunities.	100 SMMEs and Co-operatives linked to global market opportunities.	50 SMMEs and Co-operatives linked to global market opportunities.
Number of business infrastructure for SMMEs and Co-operatives refurbished or built.	Six (6) business infrastructure for SMMEs and Co-operatives refurbished or built.	Report with approved projects.	Two (2) business infrastructure SMMEs and Cooperatives refurbished or built.	Two (2) business infrastructure SMMEs and Co-operatives refurbished or built.	Two (2) business infrastructure SMMEs and Co-operatives refurbished or built.
Number of monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.	N/A	N/A	Monitoring Report on the Incubation Support Programme improvement plan approved by EXCO.	Monitoring Report on the Incubation Support Programme improvement plan approved by EXCO.
Number of progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Two (2) progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Stakeholder consultations conducted on the review of the Businesses Amendment Bill and proposed changes.	One (1) progress report on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Stakeholder consultations conducted on the review of the Businesses Amendment Bill and proposed changes.	One (1) progress report on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.

## 5.12. Explanation of planned performance over the medium-term period

The *business infrastructure for SMMEs and Co-operatives refurbished or built* output emanates from the 2021/22 Departmental Annual Operational Plan financial year. Due to the change in the Department's strategic focus, attachment of the budget and the nature of the output, it was deemed fit to incorporate it into the APP from 2022/23 financial year.

The DSBD requested and successfully got the Businesses Act No. 71 of 1991 transferred from **the dtic** to the DSBD in 2020/21 financial year. Through this legislation, 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. The 2021/22 financial year has been used to conduct research on how this aim can be realised, hence the inclusion of output indicator *number of progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO* into the 2022/23 APP.

The Programme is responsible for facilitating and increasing access to markets for SMMEs through business information, product development support and value chain integration. To realise an increase participation of SMMEs and Co-operatives in the domestic market, the Department aims to establish six (6) business infrastructure in the 2022/23 financial year at an estimated budget of R71.8 million in 2022/23 and R254.6 million over the MTEF. This will be done through refurbishing establishing infrastructure for purposes of SMMEs and Co-operatives to conduct business and showcase their products and services. The Business Infrastructure will be rolled out utilising the Shared Economic Infrastructure Facility (SEIF), which is a cost-sharing scheme that seeks to support the establishment of new or upgrading of existing economic infrastructure for use by the SMMEs and Cooperatives.

The SMME-focused Localisation Policy Framework and Implementation Programme was developed and adopted in November 2021 by Cabinet in order to create an enabling environment for the development and growth of sustainable small businesses and Co-operatives. The department plans to link 250 SMMEs and Co-operatives produced products and

services to domestic market during the 2022/23 financial year. Furthermore, 200 SMMEs and Co-operatives will be exposed to the international market opportunities with emphasis on the designated groups: women, youth and persons with disabilities. To increase participation of women in the economy, the Department, in conjunction with other key stakeholders, will support 2 500 women-owned enterprises in the international platform.

To contribute to the scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township Economies outcome, the department, through its entity, sets to establish an additional 100 incubation centres/digital hubs by 2024. 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.

### 5.13. Programme Resource Considerations

PROGRAMME TWO: SUB-PROGRAMMES	2022/23	2023/24	2024/25	TOTAL MTEF
	R'000	R'000	R'000	R'000
Sector and Market Development Management	2 189	2 177	2 190	6 556
Business Intelligence & Knowledge Management	21 073	23 478	24 830	69 381
Ease of Doing Business	5 318	7 091	8 312	20 721
Access to market support	102 854	105 198	111 319	319 371
	<b>131 434</b>	<b>137 944</b>	<b>146 651</b>	<b>416 029</b>

**Programme Two (Sector and Market Development)** has an allocation of R416 million over the medium-term with four sub-programmes: An allocation of R6.6 million (1.6%) is made to Sector and Market Development Management sub-programme; R69.4 million (16.7%) to Business Intelligence and Knowledge Management sub-programme, R20.7 million (5%) to Ease of Doing Business, and R319.4 million (76.8%) to Access to Market Support sub programme.

The Programme is responsible for facilitating and increasing access to markets for SMMEs through business information, product development support and value chain integration, which will be achieved through the implementation of its four sub-programmes outlined above.

### 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 strategy
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	Reduced market access opportunities	1. Negotiations with the private sector to support local products. 2. Submissions to the competition commission to investigate collusive behaviour preventing SMME's from accessing market opportunities.



## 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.
- **Model Funding collaboration:** To create enabling financial support structures for SMMEs.
- **Blended Finance:** To design blended financial support initiatives for SMMEs.
- **Business Viability:** To provide business assurance strategies for SMMEs.

## 5.17. Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			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. Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved.	Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.	N/A	N/A	<b>Target Achieved:</b>  SMMEs and Co-operatives Funding Policy developed and approved by EXCO.	SMMEs and Co-operatives Funding Policy approved, implemented and reported on.	Consolidated progress report on finalisation of the SMMEs and Co-operatives Funding Policy approved by EXCO.	SMMEs and Co-operatives Funding Policy implementation plan report approved by EXCO.	SMMEs and Co-operatives Funding Policy implementation plan report approved by EXCO.
	1.2 Co-operatives supported financially and/or non-financially.	Number of Co-operatives supported financially and/or non-financially.	<b>Target Achieved:</b>  122 Co-operatives supported financially through the CIS.	<b>Target Not Achieved:</b>  Co-operatives supported to the value of the R85.7 million.	<b>Target not Achieved:</b>  Co-operatives supported through nonfinancial and/or financial to the value of R50.7 million.	Co-operatives supported to the value of R88.6 million.	200 Co-operatives supported financially and/or non-financially.	250 Co-operatives supported financially and/or non-financially.	300 Co-operatives supported financially and/o non-financially.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	1.3. Township and Rural Enterprises supported financially and/or non-financially.	Number of Township and Rural enterprises supported financially and/or non-financially.	N/A	N/A	<b>Target not achieved:</b> 13 987 Township and Rural Enterprises supported financially and/or non-financially.	Township and Rural Enterprises supported to the value of R694 million.	20 000 Township and Rural enterprises supported financially and/or non-financially.	30 000 Township and Rural enterprises supported financially and/or non-financially.	40 000 Township and Rural enterprises supported financially and/or non-financially.
	1.4. SMMEs and Co-operatives in the craft sector supported through the Craft Customised Sector Programme.	Number of crafters supported through the Craft Customised Sector Programme.	N/A	<b>Target Achieved:</b> 2 535 Crafters supported through the Craft Customised Sector Programme.	<b>Target Achieved:</b> 726 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.	1000 crafters supported through the Craft Customised Sector Programme.
	1.5. Start-up youth businesses supported financially and/or non-financially.	Number of start-up youth businesses supported financially and/or non-financially.	N/A	N/A	N/A	5 000 start-up youth businesses supported financially and non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	10 000 start-up youth businesses supported financially and/or 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	<b>Target Achieved:</b> 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.	Consolidated report on the 35 000 supported Competitive SMMEs and Co-operatives approved by EXCO.

## 5.18. Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2022/23	Quarterly Targets			
		Q1	Q2	Q3	Q4
Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.	Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.	Progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.	Progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.	Progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.	Progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.  Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.
Number of Co-operatives supported financially and/or non-financially.	200 Co-operatives supported financially and/or non-financially.	50 Co-operatives supported financially and/or non-financially.	50 Co-operatives supported financially and/or non-financially.	50 Co-operatives supported financially and/or non-financially.	50 Co-operatives supported financially and/or non-financially.
Number of Township and Rural enterprises supported financially and/or non-financially.	20 000 Township and Rural enterprises supported financially and/or non-financially.	5 000 Township and Rural enterprises supported financially and/or non-financially.	5 000 Township and Rural enterprises supported financially and/or non-financially.	5 000 Township and Rural enterprises supported financially and/or non-financially.	5 000 Township and Rural enterprises supported financially and/or non-financially.
Number of Crafters supported through the Craft Customised Sector Programme.	900 Crafters supported through the Craft Customised Sector Programme.	N/A	Signing of MOAs with the hubs and agencies.	450 Crafters supported through the Craft Customised Sector Programme.	450 Crafters supported through the Craft Customised Sector Programme.
Number of start-up youth businesses supported financially and/or non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	2 500 start-up youth businesses supported financially and/or non-financially.	2 500 start-up youth businesses supported financially and/or non-financially.	2 500 start-up youth businesses supported financially and/or non-financially.	2 500 start-up youth businesses supported financially and/or 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 approved by EXCO.  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

Over the MTEF, the Department will implement the Township and Rural Enterprises Programme (TREP) incentives schemes that are meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas, targeting the designated groups – women, youth and persons with disabilities. In the 2022/23 financial year, TREP aims to assist 20 000 township and rural enterprises, financially and/or non-financially through the SBD Portfolio (DSBD, Seda and **sefa**).

The Small Business Development Portfolio (DSBD, Seda and **sefa**) will support 200 Co-operatives, financially and/or non-financially, in the 2022/23 financial year.

The Department envisages to progressively finalise the SMMEs and Co-operatives Funding Policy, which seeks to expand access to financial support by new and existing SMMEs and Co-operatives in the underserved areas such as townships and rural areas and promote broader participation of small businesses in the mainstream economy. The finalisation of the SMMEs and Co-operatives Funding Policy is part of the responsive programmes to support new and

existing SMMEs and Co-operatives.

Craft producers, designers and visual artists are found all over South Africa, in rural, peri-urban and urban areas, and their challenges vary in extent depending on where they are located. The Department will support over 2 900 crafters through the Craft Customised Sector Programme over the medium-term at a budgeted amount of R35.5 million over the MTEF and 900 crafters in 2022/23 financial year.

The department has introduced a blended finance model that entails de-risking enterprises traditionally not supported by commercial banks and existing development finance institutions. This is done through matching a loan facility to a grant, which is allocated R827.3 million over the medium term.

The key interventions, introduced by the Department, have an important role to play in facilitating economic transformation and empowerment, by providing a supportive ecosystem to SMMEs and Co-operatives and are critical enablers for the Economic Reconstruction and Recovery Plan and the Revised Medium-Term Strategic Framework.

## 5.20. Programme Resource Considerations

PROGRAMME THREE: DEVELOPMENT FINANCE SUB-PROGRAMMES	2022/23	2023/24	2024/25	TOTAL MTEF
	R'000	R'000	R'000	R'000
Development Finance Management	2 337	2 338	2 351	7 026
Model Funding Collaboration	4 251	4 261	6 675	15 187
Blended Finance	1 345 702	1 321 706	1 366 778	4 034 186
Business Viability	18 364	20 537	20 470	59 371
	<b>1 370 654</b>	<b>1 348 842</b>	<b>1 396 274</b>	<b>4 115 770</b>

**Programme Three (Development Finance)** has an allocation of R4.116 billion over the medium-term with four sub-programmes: R7 million (0.2%) is allocated to **Development Finance Management**, R15.2 million (0.4%) is allocated to **Model Funding Collaboration**, R4.034 billion (98%) to **Blended Finance Support**, and R59.4 million (1.4%) to **Business Viability**.

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.

## 5.21. Updated Key Risks

Outcome	Key Risks	Risk mitigation strategy
Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	Formulation of SMMEs and Co-operatives support policies and programs that are inconsistent with the needs of the intended beneficiaries (More especially start-ups).	Finalisation of the SMME and Co-operatives Funding Policy upon approval.
	Low uptake of available financial support.	Generation of a suitable pipeline of SMMEs and provision of pre-investment support to potential beneficiaries.
	Low uptake by SMMEs and Co-operatives.	Continuous monitoring of activities and monthly performance by Agencies and Hubs by the Department Secretariat.

## 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		
			2018/19	2019/20	2020/21		2022/23	2023/24	2024/25
1. Increase contribution of SMMEs and Co-operatives in priority sectors.	1.1. National Integrated Small Enterprise Development Masterplan implemented and reported on.	National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.	N/A	<b>Target Not Achieved:</b> Small Enterprise Development Masterplan Framework document developed and not approved by EXCO.	<b>Target Achieved:</b> 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 implementation report approved by EXCO.	National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.	National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.
2. Improved integrated and streamlined business processes and systems.	2.1. Municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Twelve (12) Municipalities assisted to roll out small enterprises Red-Tape Reduction Programme.	<b>Target Achieved:</b> 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.	20 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	30 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	40 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.



Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
3. Reduced regulatory burdens for Small Enterprises.	3.1. Assessment review of SMME regulatory impediments to reform.	Approved report on the assessment review of SMME regulatory impediments to reform.	N/A	N/A	N/A	N/A	Assessment review report of SMME regulatory impediments to reform approved by EXCO.	Assessment review report of SMME regulatory impediments to reform submitted to Cabinet for approval.	Assessment review report of SMME regulatory impediments to reform approved by Cabinet implemented.

### 5.25. Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2022/23	Quarterly Targets			
		Q1	Q2	Q3	Q4
National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.	National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.	N/A	N/A	National Integrated Small Enterprise Development Masterplan institutional arrangements for implementation approved by EXCO.	National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.
Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	20 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	5 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	5 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	5 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	5 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.
Approved report on the assessment review of SMME regulatory impediments to reform.	Assessment review report of SMME regulatory impediments to reform approved by EXCO.	Rapid review of regulatory impediments impacting small enterprises produced.	Consultation with key stakeholders on regulatory impediments impacting small enterprises report produced.	Consolidation of the desktop research and consultations on priority regulatory reforms impacting small enterprises produced.	Assessment review report of SMME regulatory impediments to reform approved by EXCO.

## 5.26. Explanation of planned performance over the medium-term period

The *assessment review of SMME regulatory impediments to reform* is a new output. This output has been introduced during 2022/23 financial year to further assist the DSBD to detect regulatory impediments impacting on SMMEs and Co-operatives' growth and sustainability. In promoting the growth and sustainability of SMMEs and Co-operatives, the DSBD aims to create an enabling legal framework and to streamline regulatory conditions. To this end, the Department wants to ensure that both existing and new laws/rules/regulations do not impose unnecessary administrative burdens for small enterprises. To achieve this, it is important for the Department to have insight into such regulatory constraints. Introducing this output in the middle of the implementation of the revised 2019-2024 MTSF provides the Department with an opportunity to conduct a fair comparison between laws/rules/regulations that have been existing for a period of time and those that are new, affording the Department the necessary information to make it possible for the review to be concluded within 2022/23 financial year.

The work on creating a conducive legislative and policy environment for SMMEs and Co-operatives over a medium-term period entailed ensuring an increased contribution of SMMEs and Co-operatives in Priority Sectors and Reduced

regulatory burdens for Small Enterprises. To comprehend the increased contribution of SMMEs and Co-operatives in Priority Sectors outcome, the Department will focus on monitoring of the implemented NISED Masterplan to ensure the delivery of an integrated, targeted and effected 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 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, and job creation and inclusive growth.

To amplify the efforts on reducing regulatory burdens on small enterprises, the Department aims to assist 20 municipalities to roll out the Red-Tape Reduction Awareness Programme.

The revised 2019-24 MTSF, ERRP priorities and NASP interventions ascribe plans to create a conducive environment that enables national priority sectors to support industrialisation and localisation, which will lead to increases in export, employment and Women, Youth and Persons with Disabilities-owned SMMEs participation.

## 5.27. Programme Resource Considerations

PROGRAMME FOUR: SUB-PROGRAMME	2022/23	2023/24	2024/25	TOTAL MTEF
	R'000	R'000	R'000	R'000
Enterprise Development Management	2 308	2 308	2 320	6 936
Enterprise and Supplier Development	900 466	909 797	952 829	2 763 092
SMME Competitiveness	31 410	34 665	40 327	106 402
	<b>934 184</b>	<b>946 770</b>	<b>995 476</b>	<b>2 876 430</b>

Programme Four (Enterprise Development) has an allocation of R2.876 billion with three sub-programmes of the Programme: R6.9 million (0.2%) for **Enterprise Development**

**Management**, R2.763 billion (96.1%) for **Enterprise and Supplier Development**, and R106.4 million (3.7%) for **SMME Competitiveness**.

## 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 strategy
Reduced regulatory burdens for small enterprises.	No buy-in from provincial and local government on Red-Tape reduction Awareness Programme.	To constantly emphasise the importance of Red-Tape Reduction at the quarterly inter-provincial task-team meetings on red-tape reduction and ease of doing business programmes.

## 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 Co-operative Banks Development Agency (CBDA).

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R000)
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"> <li>• Improve SMMEs and Co-operatives growth through the development of competitive products and services with access to local and international markets.</li> <li>• Improve competitiveness and innovation of SMMEs and Co-operatives through the facilitation of enterprise development ecosystem focusing on targeted sectors.</li> <li>• Promote entrepreneurship and provide targeted support to rural- and township-based SMMEs and Co-operatives to be competitive and create decent jobs.</li> <li>• Ensure the delivery of the Seda mandate through an agile, innovative, excellent and customer-centric organisation.</li> </ul>	<b>R854 367</b>
Small Enterprise Finance Agency ( <b>sefa</b> )	To support the development of sustainable SMMEs through the provision of finance.	<ul style="list-style-type: none"> <li>• Enhanced access to finance by SMMEs and Co-operatives.</li> <li>• Enhanced service delivery and stakeholder satisfaction.</li> <li>• A financially sustainable organisation.</li> <li>• Leveraged strategic assets and capital raising.</li> <li>• Sound governance and a high-performance organisation.</li> </ul>	<b>R258 658</b>

## 7. INFRASTRUCTURE PROJECTS

Not Applicable

## 8. PUBLIC PRIVATE PARTNERSHIPS

Not Applicable

## 9. DISTRICT DEVELOPMENT MODEL

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. In alignment with the District Development Model, the Department is in the process of reviewing its SMME Support Plan which will clearly indicate the number of small enterprises that 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.

## ANNEXURE A: AMENDMENTS TO THE REVISED 2020 - 2025 STRATEGIC PLAN

REFLECTED IN THE REVISE 2020 – 2025 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2022/23 ANNUAL PERFORMANCE PLAN
Five-Year Targets	Revised Five-Year Targets
Maintain the baseline target of valid creditors paid in under 20 days.	Department has revised the five-year target from creditors paid in under 20 days to 30 days to be aligned to government's commitment.
20 Product Markets of the SMMEs and Co-operatives Implemented.	Product Markets target is brought back to the 2020 – 2025 Strategic Plan and is reflected as "20 SMMEs and Co-operatives business infrastructure" due to the change on the Department's strategic focus.
<ul style="list-style-type: none"> <li>Maintain value added growth of the Creative Industries Sector at 4.11%.</li> <li>Maintain Creative Industries exports at 4.07%.</li> <li>Maintain Creative Industries employment at 4.08%.</li> <li>46% to 52% increase in shared national turnover of SMMEs and Co-operatives participating in priority sectors.</li> </ul>	The five-year targets have been removed from Strategic Plan and will be implemented at an Operational Plan level.
Five (5) Annual Reports on the performance of the Small Enterprise Index.	The target has been removed from the revised 2020-25 Strategic Plan and will be implemented in the Departmental Annual Operational Plan, this is due to fact that Department is in the process of finalising plans to develop comprehensive Digital Tools, and the target will go back to Strategic Plan once a clear Digital Tools is developed.
Implementation of the National Small Enterprise Act monitored. <ul style="list-style-type: none"> <li>The Small Enterprise Ombud Service established and implementation monitored.</li> </ul>	The target has been deferred for 2022/23 financial year. The Department plans to take the National Small Enterprise Amendment Bill through Parliamentary process during 2021/22 financial year. The conclusion of the Parliamentary process is deemed to be beyond the Department's control. The establishment of the Ombud Service is dependent on the finalisation of the legislation (National Small Enterprise Amendment Bill) which will enable its establishment.
Outcome Indicator 5.2: Approved Action Plan on the Ease of Doing Business Ratings in the District Municipalities.	The Outcome indicator has been moved from Outcome 5 to Outcome 7 (Improved, integrated and streamlined business processes and systems) as 7.2.
15 000 youth business start-ups supported by 2024	The target has been amended in the revised 2020-25 Strategic Plan from 15 000 youth business start-ups supported by 2024 to 10 000 youth business start-ups supported per annum. This is to align the target with the revised 2019-2024 MTSE.

## ANNEXURE B: CONDITIONAL GRANTS

Not Applicable

## ANNEXURE C: CONSOLIDATED INDICATORS

Not Applicable









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