

Department of Small Business Development

2024/25

ANNUAL PERFORMANCE PLAN



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA





EXECUTIVE AUTHORITY STATEMENT



Ms Stella Tembisa Ndabeni-Abrahams, MP
Minister for Small Business Development

On behalf of the Small Business Development (SBD) portfolio, I hereby present the Department of Small Business Development's Annual Performance Plan (APP) for the 2024/25 financial year.

This APP comes as the Department of Small Business Development (DSBD) celebrates a decade since its establishment. South Africa also celebrates 30 years of freedom and democracy. We have restored human rights and dignity and provided basic services to tens of millions of South Africans.

The global economy is volatile with continued high inflation that is suppressing global consumption demand and the demand for commodities. This will constrain South Africa's growth prospects for 2024/25.

Part of Government's strategy to accelerate inclusive growth is through the development of Micro, Small and Medium Enterprises (MSMEs) and Co-operatives. As the DSBD, we have recognised that to achieve this, we need to play a more deliberate leadership and co-ordinating role across the broader MSME support ecosystem. This is the essence of the National Integrated Small Enterprise Development (NISED) Strategic Framework, the country's third iteration small enterprise development strategy which we developed in 2022/23.

As part of NISED implementation, we are working on five broad fronts.

First, we are tackling the red tape that frustrates our MSMEs and Co-operatives. During 2023/24, we processed the National Small Enterprise Amendment Bill through Parliament, and this year will establish the Office of the Small Enterprise Ombuds. This will assist in tackling non-payment and unfair practices against MSMEs and Co-operatives. We also developed the Business Licencing Policy, and this year we will take the Business Licensing Amendment Bill to Parliament, which will replace the outdated Businesses Act, 1991 (Act No.71 of 1991). We will also prioritise red tape at municipal level, and for 2024/25 will support red tape reduction in 30 municipalities.

Second, we are working towards increasing the participation of MSME and Co-operatives in key markets and value chains. We have beefed up our research capacity and will be undertaking three value chain studies to look at how we increase MSME participation this year. We will link 250 products manufactured and services rendered by MSMEs and Co-operatives to the domestic market, and 200 products and services to international markets. We will ensure we leave no-one behind and will continue to work with corporates to link township and rural enterprises to supply chain opportunities.

Third, we will provide entrepreneurship and business development support. Key here will be to implement our recently developed National Entrepreneurship Strategy and strengthen the performance of our 110 incubators. We will also continue to roll out business infrastructure, re-aligning our Shared Economic Infrastructure Facility Programme with the Product Market Programme implemented by the Small Enterprise Development Agency (Seda).

Fourth, we will look at how we can provide better access to finance for start-ups and all segments of MSMEs and Co-operatives. We have recently developed the MSME and Co-operatives Funding Policy, and will address how we can move forward on establishing a Fund of Funds this year.

Fifth, we will continue the development of our own capacity and capability as a portfolio. We now have our new establishment structure in place and have made progress in filling key posts. We will also be seeing through the incorporation of the Small Enterprise Finance Agency (**sefa**) and the Co-operatives Banks Development Agency into Seda to create the Small Enterprise Development and Finance Agency. We will design new instruments and systems, including an integrated digital platform for MSMEs and Co-operatives.

We will undertake all of this in a financially constrained environment. The DSBD portfolio's budget for the Medium Term Expenditure Framework (MTEF) was reduced by just under R700 million.

As is evident in this APP, we have tried not to cut back much on direct delivery targets. We will have to work more efficiently to deliver more bang for our buck.

For 2024/25 we will as a portfolio:

- Support 50 000 competitive MSMEs and Co-operatives;
- Support 30 000 township and rural enterprises; and
- Support 10 000 youth-owned enterprises.

In all this work, we will ensure representation of designated groups (women, youth and persons with disabilities, referred to as (WYPWD), and focus on rural and township areas.

In taking forward this work:

Programme 1: Administration is allocated R169.6 million in 2024/25 and R531.3 million over the medium term.

Programme 2: Sector Policy and Research is allocated R60.9 million in 2024/25 and R198.3 million over the medium term.

Programme 3: Integrated Co-operatives and Micro Enterprise Development is allocated R202.4 million in 2024/25 and R627.5 billion over the medium term.

Programme 4: Enterprise Development, Innovation and Entrepreneurship, where most of the transfer to the entity is housed, is allocated R2.004 billion in 2024/25 and R6.286 billion over the medium term.

The year ahead will be very busy, and we must work as a collective force with other ecosystem role-players to make the impact we need. I know I can count on the necessary support from Deputy Minister, Dipuo Peters, the Acting Director-General Thulisile Manzini, the Board chairs and members, and all officials to implement the priorities on which we have agreed. We will not be deterred in our resolve to build a more equal and faster growing economy.



Ms Stella Tembisa Ndabeni-Abrahams, MP

Minister for Small Business Development

Date: 04 April 2024

DEPUTY MINISTER STATEMENT



Ms Dipuo Peters, MP

Deputy Minister for Small Business Development

Since the dawn of democracy, the ANC-led Government has been hard at work to tackle the triple challenges of poverty, inequality, and unemployment. The Government has never neglected other critical priorities of the State. The high levels of unemployment have been worsened by the Coronavirus disease (COVID-19 pandemic) and its impact on business; especially SMMEs and Co-operatives.

The DSBD's APP for the 2024/25 financial year is intended to help operationalise the implementation of programmes aimed at creating jobs and improving economic growth whilst steadily reducing poverty.

Amongst some of the pragmatic instruments within the arsenal of the SBD Portfolio, there is a Co-operatives Development Support Programme (CDSP) which is key to the empowerment and development of mostly rural-based and other enterprises registered as Co-operatives.

Through this Programme, the SBD Portfolio seeks to support 250 Co-operatives financially and/or non-financially. It is evident that the targeted number will not cover all Co-operatives that apply for support as the applications always exceed the available resources.

It remains our endeavour to propel SMMEs and Co-operatives to greater heights, but we are equally cognisant of the red tape that many of them endure to start their operations but also to sustain them. The cost of compliance has proven to be

highly expensive; especially for new players in the economy. It is evident that most entrepreneurs are very innovative but struggle to see their ideas come to fruition due to lack of support and knowledge of the available programmes that can offer business support. The Department is leading the merger of Seda, **sefa** and the Co-operatives Banks Development Agency (CBDA) and it is our firm belief that the merger will result in a single point of entry for SMME support. This will also lead to improved service delivery and reduce the red tape and many other factors at different spheres of government that result in red tape.

Furthermore, as we are nearing the end of term for the Sixth Administration of government, the Department is also reviewing and revising all targets from the last five years in line with our Revised 2019-24 Medium Term Strategic Framework (MTSF). The APP also seeks to guide the Department on areas of priority and budget management. In the previous financial year, the Department has been crisscrossing the country providing direct support to informal and micro enterprises through provision of equipment and machinery. This is done through a programme known as the Informal Micro Enterprises Development Programme (IMEDP) which offers 100% financial support to traders, both micro and informal.

Through the departmental flagship programme called TREP (Township and Rural Entrepreneurship Programme) we support township and rural enterprises in various sectors. This has proven to be a catalyst for improved support for enterprises that mainly operate in local communities. The targets as per the 2024/25 APP also aim to ensure that more and more SMMEs are supported financially and non-financially.

We remain optimistic that working together WYPWDs, we certainly can win this war against poverty, inequality and unemployment.

I thank you!

A handwritten signature in black ink, appearing to read 'Dipuo Peters'.

Ms Dipuo Peters, MP

Deputy Minister for Small Business Development

Date: 07 April 2024

ACCOUNTING OFFICER STATEMENT



Ms Thulisile Manzini

Accounting Officer

The 2024/25 APP presents a detailed framework of the work the Department will undertake during the next financial year commencing 1 April 2024 and ending 31 March 2025, to realise DSBD's vision of creating a conducive business environment for SMMEs and Co-operatives, as well as informal businesses. The plan is flexible in meeting the challenges of the current time and is knitted from the overarching mandate of achieving the National Development Plan, Vision 2030 (NDP) targets, the Revised MTSF, and the Economic Reconstruction and Recovery Plan (ERRP) of South Africa. These documents envisage a South Africa where SMMEs and Co-operatives are significantly contributing to economic growth. As the DSBD, we remain committed to ensure a well-functioning and effective Ministry of SBD which seeks to enhance the development and support for SMMEs and Co-operatives in the country and in pursuit of accelerated economic transformation.

As we reflect on the progress achieved since the establishment of the DSBD in 2014, wherein Government set the country on a catalytic path to defeat its triple challenges of poverty, inequality, and unemployment, we are proud to report that our job creation efforts have to some degree been very successful, and start-up enterprises have been able to access our support measures such as training and various financial and non-financial instruments through the Department but also our agencies, Seda and **sefa**.

Consistent with our mandate of creating an enabling environment to grow and enhance existing small businesses, our collective effort to unlock the potential of SMMEs and Co-operatives remains inflexibly on track. The DSBD's

2024/25 APP was developed with the objectives of achieving the targets set out in the NDP, the revised 2019-24 MTSF and the ERRP of South Africa. The ability of the Department to advance the support to the entire SMMEs and Co-operatives ecosystem is directly linked to achievement of the APP targets.

As the DSBD, during the 2024/25 financial year, we are strengthening the coordination of SMMEs and Co-operatives red tape reduction across Government, and we are working closely with the Presidency to boost red tape reduction capacity in all provinces. Undoubtedly, the appointment of Mr Siphon Nkosi by the President of the Republic of South Africa Mr Cyril Ramaphosa to lead a team in the Presidency to cut red tape across Government, is bearing fruits. We are also ensuring that in all our expected deliverables and targets include a bias towards WYPWDs.

The development of Co-operatives is also crucial to our nation's growth. We must empower our communities and create opportunities for self-sufficiency through Co-operatives. This will alleviate poverty and give our people a sense of pride and dignity.

In this context, the National Integrated Co-operative Strategy is being finalised to address challenges faced by Co-operatives.

We remain focused on realising the vision of creating 90% of the 11 million jobs through small businesses, as enshrined in the NDP. It is here, where Pillar 4 of the NISED Strategic Framework is calling for strategic partnerships for coordination within Government itself and the broader ecosystem. Furthermore, the National Small Enterprise Amendment Bill 2023 which seeks to amend the National Small Enterprise Act, 1996 (Act No. 102 of 1996) primarily to provide for the establishment of the Small Enterprise Development Finance Agency (SEDEFA) and the subsequent incorporation into SEDEFA of **sefa**, CBDA and Seda, will enable and provide for integrated government support (both financial and non-financial) to small enterprises, including Co-operatives. We anticipate that once the merger has been finalised, new targets aligned to the Department will serve to improve service delivery and customer experience in South Africa.

Looking forward to a productive 2024/25 financial year!

Ms Thulisile Manzini

Accounting Officer

Date: 05 April 2024

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 Development is responsible; and
- Accurately reflects the Impacts, Outcomes and Outputs which the Department of Small Business Development will endeavour to achieve over the 2024/25 financial year period.

Recommended by:



Ms MK Makhele

DDG: Sector Policy and Research



Ms SM Oosterwyk

Chief Financial Officer



Mr J Ndumo

ADDG: Integrated Co-operatives and Micro Enterprise Development



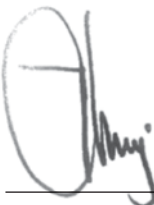
Ms NH Mavundla

Head Official Responsible for Planning



Ms Q Delwa

DDG: Enterprise Development, Innovation and Entrepreneurship



Ms Thulisile Manzini

Accounting Officer



Ms M Mbatha

Chief Director: Corporate Management Services



Ms Stella Tembisa Ndabeni-Abrahams, MP

Minister for Small Business Development

APPROVED BY:

TABLE OF CONTENTS

EXECUTIVE AUTHORITY STATEMENT	2
DEPUTY MINISTER STATEMENT	4
ACCOUNTING OFFICER STATEMENT	5
OFFICIAL SIGN-OFF	6
ACRONYMS AND ABBREVIATIONS	9
PART A: OUR MANDATE	11
<hr/>	
1. Updates to the relevant legislative and policy mandates	12
2. Updates to Departmental Policies and Strategies	14
3. Updates to Relevant Court Ruling	18
PART B: OUR STRATEGIC FOCUS	19
<hr/>	
4. Updated Situational Analysis	20
4.1. External Environment Analysis	20
4.1.1. The South African Economic Outlook	21
4.1.2. The State of the Nation Address (SONA) Commitments	22
4.1.3. The Performance of Sectors and Industries in South Africa	23
4.2. Internal Environment Analysis	29
4.2.1. Women, Youth and PWDs	32
4.2.2. Stakeholder Analysis Informing the SBD Portfolio Strategic Framework	33
4.2.3. Performance Environment	40
4.3. SMMEs and Co-operatives Challenges and Interventions	46
4.4. DSBD Performance Considerations	47
4.4.1. 2024/25 Financial Year Priorities	47
4.5. Description of the Strategic Planning Process	48
4.6. Alignment to the Economic Recovery Reconstruction Plan	50
4.7. Revised 2019-2024 MTSF Priorities and National Annual Strategic Plan	53
4.7.1. Direct Links to the Revised 2019-24 MTSF Priority	53
4.7.2. Indirect links to the Revised 2019-24 MTSF Priority	54
4.8. National Annual Strategic Plan	54
4.9. DSBD Game-Changer Programmes	54

PART C: MEASURING OUR PERFORMANCE

59

5. Institutional Programme Performance Information	60
5.1. Programme One: Administration	60
5.1.1. Purpose	60
5.1.2. Sub-Programme and Sub-Purpose	60
5.1.3. Outcomes, Output Indicators and Targets	60
5.1.4. Indicators, Annual and Quarterly Targets	63
5.1.5. Explanation of planned performance over the medium-term period	64
5.1.6. Programme Resource Considerations	64
5.2. Programme Two: Sector Policy and Research	65
5.2.1. Purpose	65
5.2.2. Sub-Programme and Sub-Purpose	65
5.2.3. Outcomes, Output Indicators and Targets	65
5.2.4. Indicators, Annual and Quarterly Targets	70
5.2.5. Explanation of planned performance over the medium-term period	72
5.2.6. Programme Resource Considerations	72
5.3. Programme Three: Integrated Co-operatives and Micro Enterprise Development	74
5.3.1. Purpose	74
5.3.2. Sub-Programme and Sub-Purpose	74
5.3.3. Outcomes, Output Indicators and Targets	74
5.3.4. Indicators, Annual and Quarterly Targets	77
5.3.5. Explanation of planned performance over the medium-term period	78
5.3.6. Programme Resource Considerations	79
5.4. Programme Four: Enterprise Development, Innovation and Entrepreneurship	81
5.4.1. Purpose	81
5.4.2. Sub-Programme and Sub-Purpose	81
5.4.3. Outcomes, Output Indicators and Targets	81
5.4.4. Indicators, Annual and Quarterly Targets	85
5.4.5. Explanation of planned performance over the medium-term period	86
5.4.6. Programme Resource Considerations	87
6. Updated Key Risks and Mitigation from the Revised Strategic Plan	89
7. Public Entities	91
8. Infrastructure Projects	92
9. Public Private Partnerships	92
PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDS)	93
ANNEXURE A: Amendments of the Revised 2020-25 Strategic Plan	94
ANNEXURE B: Conditional grants	94
ANNEXURE C: Consolidated Indicator	94
ANNEXURE D: District Development Model	94

ACRONYMS AND ABBREVIATIONS

ADDG	Acting Deputy Director-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AU	African Union
B-BBEE	Broad-based Black Economic Empowerment
BDM	Business Delivery Model
BPF	Budget Prioritisation Framework
BVP	Business Viability Programme
CBDA	Co-operatives Banks Development Agency
CSP	Craft Customised Sector Programme
CDA	Co-operatives Development Agency
CDSP	Co-operatives Development Support Programme
CIS	Co-operatives Incentive Scheme
CoGTA	Department of Cooperative Governance & Traditional Affairs
COVID-19	Coronavirus disease
CSIR	Council for Scientific and Industrial Research
DBE	Department of Basic Education
DDG	Deputy Director-General
DDM	District Development Model
DEDAT	Western Cape Department of Economic Development and Tourism
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism Eastern Cape
DEDTEA	Department of Economic Development, Tourism and Environmental Affairs KwaZulu-Natal
DESTEA	Free State Department of Small Business Development, Tourism and Environmental Affairs
DFIs	Development Finance Institutions
DG	Director-General

DHET	Department of Higher Education & Training
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
the dtic	Department of Trade, Industry and Competition
DWYPWD	Department of Women, Youth and Persons with Disabilities
EA	Executive Authority
ERRP	Economic Reconstruction and Recovery Plan
ESD	Enterprise and Supplier Development
EXCO	Executive Committee
GBVF	Gender-Based Violence and Femicide
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
GEYODI	Gender, Youth and Disability
GRPBMEAF	Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework
HDIs	Historically Disadvantaged Individuals
ICT	Information and Communications Technology
IGR	Intergovernmental Relations
ILO	International Labour Organisation
IMEDP	Informal Micro Enterprises Development Programme
IMF	International Monetary Fund
IRMSA	Institute of Risk Management South Africa
ISP	Incubation Support Programme
ISPSE	Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprise

ITC	International Trade Centre
KCG	Khula Credit Guarantee
MANCO	Management Committee
MMS	Middle Management Service
MOA	Memorandum of Agreement
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NAMC	National Agricultural Marketing Council
NASP	National Annual Strategic Plan
NDP	National Development Plan, Vision 2030
NECI	National Entrepreneurial Context Index
NEDLAC	National Economic Development and Labour Council
NIBUS	National Informal Business Upliftment Strategy
NISED	National Integrated Small Enterprise Development
NSDF	National Spatial Development Framework
NSP	National Strategic Plan
NT	National Treasury
NYDA	National Youth Development Agency
OCSLA	Office of the Chief State Law Adviser
OSD	Occupational Specific Dispensation
PERSAL	Personal and Salary System
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PFMA	Public Finance Management Act
PPECB	Perishable Products Export Control Board
PSA	Public Service Administration
PSR	Public Sector Regulations
PWDs	Persons with Disabilities

QLFS	Quarterly Labour Force Survey
RECs	Regional Economic Communities
RIS	Re-imagined Industrial Strategy
RTRP	Red-Tape Reduction Programme
RTRAP	Red-Tape Reduction Awareness Programme
SBD	Small Business Development
SDIP	Service Delivery Improvement Plan
SDG	Sustainable Development Goals
Seda	Small Enterprise Development Agency
SEDFA	Small Enterprise Development Finance Agency
sefa	Small Enterprise Finance Agency
SEIAS	Socio Economic Impact Assessment System
SEIF	Shared Economic Infrastructure Facility
SEMSP	Small Enterprise Manufacturing Support Programme
SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SOEs	State-Owned Enterprises
SONA	State of the Nation Address
SOPs	Standard Operating Procedures
Stats SA	Statistics South Africa
TIDs	Technical Indicator Descriptions
TREP	Township and Rural Entrepreneurship Programme
UN	United Nations
UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
WEO	World Economic Outlook
WYPWDs	Women, Youth and Persons with Disabilities
YCF	Youth Challenge Fund



PART A: OUR MANDATE

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

The following is the legislative and policy mandate 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 provisions regarding such licensing and carrying on of businesses; and to provide for matters connected therewith.
National Small Enterprise Act, 1996 (Act 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, 1940 (Act No. 22 of 1940) (IDC Act).	To provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa. sefa supports the development of sustainable SMMEs through the provision of finance.
Co-operatives Development Act, 2005 (Act 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. To 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-operatives 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, and WYPWDs 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, 2013 (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 (Act No. 1 of 1999), as amended.	To regulate financial management in national and provincial governments and to ensure that government resources are managed efficiently, effectively, economically and ethically.
Preferential Procurement Policy Framework Act, 2000 (Act 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 (Act 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 (Act 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 (Act 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 (Act 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 (Act No.37 of 2002), as amended.	Regulates the activities of all financial service providers who give advice or provide intermediary services to clients regarding 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 (Act No. 4 of 2013), as amended.	Promotes the protection of personal information by public and private bodies.

2. UPDATES TO DEPARTMENTAL POLICIES AND STRATEGIES

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

Informing Policy/Strategy	Key Considerations
The National Development Plan, Vision 2030 (2012).	<p>The NDP envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. As such, the economy will be more inclusive, grow faster, eliminate poverty and reduce inequality.</p> <p>The department and its entities play a major and direct role in coordinating and influencing the implementation of Chapters 3 and 6 of the NDP; which respectively, deal with the economy and employment, and inclusive rural development and growth.</p>
The Revised Medium Term Strategic Framework (2019 – 2024).	<p>The revised 2019-2024 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 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 had a devastating impact on the economic, 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 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 play 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>PRIORITY 2: Economic Transformation and Job Creation:</p> <ul style="list-style-type: none"> • Economy and jobs. • More decent jobs sustained and created. • Investing for accelerated inclusive growth. • Industrialisation, localisation and exports. • Innovation and research. • Competitive and accessible markets. • Improved quality and quantum of investments.

Informing Policy/Strategy	Key Considerations
Economic Reconstruction and Recovery Plan.	<p>The ERRP sets out a reconstruction and recovery plan for the South African economy that is aimed at stimulating equitable and inclusive growth. Government's conviction is that we have to massively mobilise all our resources and efforts in economic activities that will put the economy in a sustainable recovery trajectory. The South African ERRP has three phases:</p> <ul style="list-style-type: none"> • 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. • Reconstruct and Transform - which entails building a sustainable, resilient and inclusive economy. <p>In terms of the Plan, the following priority interventions will be made:</p> <ul style="list-style-type: none"> • Aggressive infrastructure investment. • Employment orientated strategic localisation, reindustrialisation 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. • Macro-economic interventions.
Re-imagined Industrial Strategy (RIS).	<p>The RIS is the centrepiece of government's vision coordinated by the Presidency and puts emphasis on concrete actions. It presents a multipronged approach to industrial development with emphasis on building partnerships with the private sector in order to unleash job-creating investment. The RIS envisages that the adoption of Masterplans will harness the commitment by all role-players, stakeholders and beneficiaries towards implementing the actions required to fulfil the vision. Industrial Policy is divided into two sub-programmes, namely:</p> <ul style="list-style-type: none"> • Industrial Competitiveness: develop policies, strategies and programmes to strengthen the ability of manufacturing and other value-added sectors to create decent jobs and increase value-addition and competitiveness in domestic and export markets, as set out in the RIS. • Customised Sector Programmes: develop and implement high-impact sector strategies focused on manufacturing and other value-added sectors to create decent jobs and increase value-addition and competitiveness in domestic and export markets, as set out in the RIS.

Informing Policy/Strategy	Key Considerations
The 2024 Budget Prioritisation Framework (BPF).	<p>The BPF facilitates and strengthens alignment between key national priorities and national budget process.</p> <p>The 2024/25 BPF Pillars that the Department contributes to are as follows:</p> <p>Pillar 1: Increase public and private employment</p> <ul style="list-style-type: none"> • Public employment programmes through the contribution of the Department in the Presidential Employment Stimulus. • Private employment support and incentives, supporting SMMEs to take up the employment tax incentives. <p>Pillar 2: Inclusive economic growth</p> <ul style="list-style-type: none"> • Supporting growth in SMMEs, township and rural enterprises. • Reducing red tape. • Supporting SMMEs and Co-operatives, townships and rural enterprises and informal economy. <p>Pillar 4: A capable State to deliver</p> <ul style="list-style-type: none"> • Supporting innovation, digitalisation and modernisation of the State.
National Integrated Small Enterprise Development Strategic Framework.	<p>The purpose of the NISED Strategic Framework is to strengthen and implement the vision of the White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa and to provide support to the SMMEs in South Africa.</p> <p>The NISED outcomes of the NISED Strategic Framework are:</p> <ul style="list-style-type: none"> • A well-informed South Africa on SMMEs with continuous monitoring evaluation and learning. • Policy, laws and regulations reformed to enable SMMEs growth and efficient governance. • Effective support and services delivered for SMMEs growth through both financial and non-financial avenues. • Coordinated Government with strengthened private sector partnerships for SMME growth.
The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005).	<p>Covers the entire continuum of needed support from pre-start up and start-up support measures to growing enterprises and enterprises in distress. It focuses on the following three strategic areas with aligned actions, as follows:</p> <ol style="list-style-type: none"> 1. Increase supply for financial and non-financial support services - Collaborative approaches to streamline resources from the public sector and crowding in private sector resources; 2. Create demand for small enterprise products and services - new policy directives, public sector procurement strategy and Broad-based Black Economic Empowerment (B-BBEE) codes of good practice as a lever for increased demand; and 3. Reduce small enterprise regulatory constraints - Enabling environment, establish a regulatory impact assessment framework and business environment monitoring mechanism.

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

South Africa is also guided and bound by its multi-lateral and international commitments to the United Nations (UN), the African Union (AU), and other multilateral 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 SDGs are relevant to the SBD Portfolio:</p> <ul style="list-style-type: none"> • Goal 5: Achieve gender equality and empower all women and girls. • Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. • Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
The African Union Agenda 2063 (Agenda 2063).	<p>Of particular relevance to the SBD Portfolio are the following aspirations of AU Agenda 2063:</p> <ul style="list-style-type: none"> • Goal 1. A prosperous Africa based on inclusive growth and sustainable development. • Goal 6. An Africa where development is people-driven, unleashing the potential of its women and youth. • Goal 7: Africa as a strong, united and influential global player and partner.

Informing International Convention or Policy	Key Considerations
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> <p>ILO Convention No. 190 (or C190) is the first international treaty to recognise the right of everyone to a world of work free from violence and harassment, including gender-based violence and harassment.</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"> • Facilitate the transition to formality. • Promote the creation of enterprises and decent jobs. • Prevent the informalisation of formal jobs.
African Continental Free Trade Area Agreement.	<p>It aims to achieve the following general objectives:</p> <ul style="list-style-type: none"> • Deepen economic integration in Africa in accordance with Agenda 2063. • Create a continental customs union. • Liberalise intra-African trade. • Resolve the challenges of overlapping memberships in Regional Economic Communities (RECs). • Enhance competitiveness. • Contribute to the movement of capital and natural persons and facilitating investment. • Promote sustainable and inclusive socio-economic development, gender equality and structural transformation. • Promote industrialisation.
Human Rights Implications of COVID-19 suggested by the UN and adapted to the South African Context.	<p>Right to adequate food, water and sanitation:</p> <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"> • Number of businesses support during COVID-19 to pay salaries of the workers. • Number of people accessing income relief from the Government during COVID-19. • Number of households/people accessing food parcels.

3. UPDATES TO RELEVANT COURT RULING

Not applicable to the DSBD.



PART B:
OUR STRATEGIC FOCUS

4. UPDATED SITUATIONAL ANALYSIS

The DSBD developed the 2024/25 APP in alignment with the revised 2020-25 Strategic Plan, Minister's Performance Agreement and Guidelines on Containment, which is in line with the Sixth Administration priorities, and the ERRP. The APP, which is reviewed and updated on an annual basis, considers changes in the economic and social performance environment that would impact 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

According to the January 2024 World Economic Outlook (WEO) update Report from the International Monetary Fund titled "Moderating Inflation and Steady Growth Open Path to Soft Landing", the global economy growth is projected at 3.1% in 2024 and 3.2% in 2025, on account of greater than expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The world inflation is expected to fall to 5.8% in 2024, and to 4.4% in 2025 with the 2025 forecast revised down, in the midst of unwinding supply-side issues and restrictive monetary policy.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Policymakers' near-term challenge is to successfully manage the final descent of inflation to target, calibrating monetary policy in response to underlying inflation dynamics and where wage and price pressures are clearly dissipating adjusting to a less restrictive stance. At the same time, in many cases, with inflation declining and economies better able to absorb effects of fiscal tightening, a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt, is needed.

Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change.

Overview of the World Economic Outlook Projection						
	Projections				Difference from October 2023 WEO Projections	
	2022	Estimate 2023	2024	2025	2023	2024
World Output	3.5	3.1	3.1	3.2	0.2	0.0
Advanced Economies	2.6	1.6	1.5	1.8	0.1	0.0
United States	1.9	2.5	2.1	1.7	0.6	-0.1
Euro Area	3.4	0.5	0.9	0.7	-0.3	-0.1
Germany	1.8	-0.3	0.5	1.6	-0.4	-0.4
France	2.5	0.8	1.0	1.7	-0.3	-0.1
Italy	3.7	0.7	0.7	1.1	0.0	0.1
Spain	5.8	2.4	1.5	2.1	-0.2	0.0
Japan	1.0	1.9	0.9	0.8	-0.1	0.2
United Kingdom	4.3	0.5	0.6	1.6	0.0	-0.4

Overview of the World Economic Outlook Projection						
	Projections				Difference from October 2023 WEO Projections	
	2022	Estimate 2023	2024	2025	2023	2024
Canada	3.8	1.1	1.4	2.3	-0.2	-0.1
Emerging Market and Developing Economies	4.2	4.1	4.1	4.2	0.1	0.1
Emerging and Developing Asia	4.5	5.4	5.2	4.8	0.4	-0.1
Emerging and Developing Europe	1.2	2.7	2.8	2.5	0.6	0.0
Latin America and the Caribbean	4.2	2.5	1.9	2.5	-0.4	0.1
Middle East and Central Asia	5.5	2.0	2.9	4.2	-0.5	0.3
Sub-Saharan Africa	4.0	3.3	3.8	4.1	-0.2	0.0
Nigeria	3.3	2.8	3.0	3.1	-0.1	0.0
South Africa	1.9	0.6	1.0	1.3	-0.8	-0.3

Source: IMF, World Economic Outlook Update, January 2024

On the advanced economies, the growth is projected to decline slightly from 1.6% in 2023 to 1.5% in 2024 before rising to 1.8% in 2025. This upward revision of 0.1% point for 2024 reflects stronger than expected US growth and partly offsets weaker than expected growth in the Euro area.

In the emerging market and developing economies, the growth is projected to remain at 4.1% in 2024 and to rise to 4.2% in 2025. The upward revision of 0.1% point for 2024 since October 2023 reflects upgrades for several regions. In Sub-Saharan Africa, the growth is projected to rise from estimated 3.3% in 2023 to 3.8% in 2024 and 4.1% in 2025, as the negative effects of earlier weather shocks subside and supply issues gradually improve. The downward revision for 2024 of 0.2% point from October 2023 mainly reflects a weaker project for South Africa on account of increasing logistical constraints, including those in the transportation sectors on economic activity.

4.1.1. The South African Economic Outlook

The South African Gross Domestic Product (GDP) decreased by 0.2% in the third quarter of the 2023. The 2023 economic outlook has worsened, fiscal revenues are weaker than expected, and the financing of the government borrowing requirement is under renewed pressure. Several key factors are contributing to ongoing uncertainty and volatility. The country continues to grapple with a high unemployment rate, slow economic growth, and persistent structural challenges, including inefficiently in key sectors such as energy and transportation. Moreover, persistent power cuts, as well as deteriorating rail and port infrastructure, have contributed to a weaker domestic outlook.

The State wage bill and the weak financial position of State-Owned Enterprises (SOEs) continue to pose a risk to the fiscus. Added to that are the risks posed by the global events and natural disasters. Overall, the macro-fiscal outlook is primarily affected by supply-side constraints. Data suggests that the long-run potential growth of the economy and debt dynamics are not positively affected by the fiscal impulse. Second-round effects of higher government deficits and borrowing are counteracting any stimulatory effects.

The 2024 MTEF technical guidelines, the fiscal strategy adopted aims to achieve fiscal sustainability by reducing the budget deficit and stabilising the debt-to-GDP ratio. On-budget allocations for infrastructure and other policy priorities

and maintaining a sustainable fiscal stance will support economic growth.

The 2023 wage agreement results in a shortfall of R37.5 billion in 2023/24 and the carry-through effects over the MTEF, which are to be funded within the existing baseline. Measures to be implemented include but are not limited to restricting recruitment of non-critical posts through Personal and Salary System (PERSAL) restriction, reprioritisation of spending, and rationalisation of public entities.

Growing debt against a stagnating economy limits government ability to raise debt. Tax instruments also inflict a higher economic loss in a depressed economy. Thus, the debt stabilisation strategy requires a reduction in expenditure over the medium term. The automatic accommodation of the wage bill agreement has created a shortfall that must be accommodated.

National Development Plan

The objective of Sixth Administration of democratic South Africa is to tackle the triple challenge of poverty, inequality and unemployment through higher rates of economic growth, the creation of more jobs and the provision of better services to the people of South Africa. The democratic South Africa adopted the NDP in 2012 to guide the quest for a better and prosperous South Africa. The NDP 2030 is the blueprint for tackling South Africa's challenges and serves as a long-term vision for the country. It aims to eliminate poverty and reduce inequality by 2030. This will be achieved by growing an inclusive economy, building capabilities, enhancing the capacity of the State and promoting leadership and partnership throughout society.

In order to expand the economy and increase employment, South Africa needs faster and more inclusive growth. Key elements of boosted economy and more employment include raising exports, improving skills development, lowering the costs of living for the poor, investing in a competitive infrastructure, reducing the regulatory burden on small businesses, facilitating private investment and optimising the performance of the labour market to reduce tension and ease access to young, unskilled work seekers. Through the SBD Portfolio will continue to provide **business development services**, i.e. to support and grow franchising associations and get involved in commercialising models of this nature. Franchising has been globally successful in reducing risk and failure rate. We would also need to offer

access to debt and equity finance. This is achieved through exploring the role of venture capital, building research capacity to address the paucity of data currently available on small businesses, and scaling up public communication on available opportunities.

Regulatory environment: Simplify the regulatory environment. The first step would be to appoint an expert panel to prepare a comprehensive regulatory review for small- and medium-sized companies to assess whether special conditions are required. This includes regulations in relation to business registration, tax, labour and local government. Regulatory Impact Assessments will be done on new regulations.

4.1.2. The State of the Nation Address (SONA) Commitments

The key priorities of the 2024/25 financial year as highlighted in the President's SONA, are directly and indirectly aligned with SBD Portfolio. President Cyril Ramaphosa, in his 2023 SONA, said,

"We have made significant progress on measures to grow the economy, create jobs and reduce poverty.

We will see through the work underway with our partners to end loadshedding and revive the performance of our ports and rail network.

We will continue to position our economy to grow and compete in a fast-changing world, to support small businesses, to give young people economic opportunities and to provide social protection to the vulnerable.

We will use the opportunities provided by the African Continental Free Trade Area to increase our trade and expand our industries.

We will continue to build an inclusive economy, focusing on the empowerment of black and women South Africans, advancing workers' rights, intensifying land reform and pursuing a just energy transition that leaves no-one behind".

In responding to the 2024 SONA, the Department, together with its entities, has a critical role to play in ensuring that SMMEs and Co-operatives are properly supported, and a conducive environment is created for them to strive and grow. The Department will provide support interventions and initiatives that will broaden opportunity and employment

for WYPWDs. Special attention will be given to continue implementing competitive SMMEs and Co-operatives, which are defined as those SMMEs and Co-operatives that are supported by the Department together with its entities financially and/or non-financially, with the ability to create or sustain jobs.

4.1.3. The Performance of Sectors and Industries in South Africa

The latest available data from StatsSA on the GDP of quarter three 2023, indicates that South Africa’s GDP decreased by 0.2%. The agriculture, forestry and fishing industry decreased by 9.6% in the third quarter. This was primarily due to decreased economic activities reported for field crops, animal products and horticulture products. The manufacturing industry decreased by 1.3% in the third quarter, contributing -0.1% point. Eight of the 10 manufacturing divisions reported negative growth rates in the third quarter. The food, beverages and tobacco division made the largest contribution to the decrease in the third quarter. The petroleum, chemical products, rubber and plastic products division and the basic iron and steel, non-ferrous metal products, metal products and machinery division also made significant contributions to the contraction in this industry.

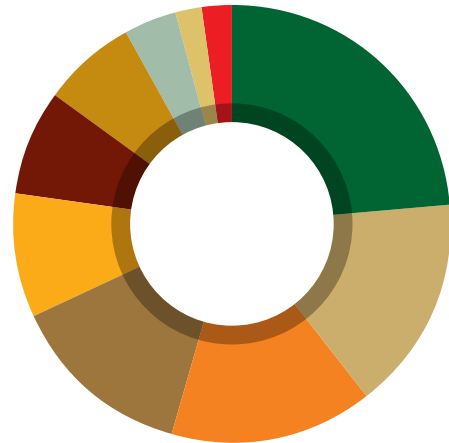
The construction industry decreased by 2.8% in the third quarter, contributing -0.1% point. Decreases were reported for residential buildings, non-residential buildings and construction works. The mining and quarrying industry decreased by 1.1% in the third quarter. Decreased economic activities were reported for platinum group metals, gold, other metallic minerals and manganese ore. The trade, catering and accommodation industry decreased by 0.2% in the third quarter. Decreased economic activities were reported for wholesale trade, motor trade and food and beverages.

Sector contribution to GDP growth – Quarter Three 2023

The following figure illustrates the nominal contribution of each sector to the GDP in Q3: 2023, with the largest industry being Finance. In Rand terms, nominal GDP was estimated at R1.767 trillion in Q3 of 2023, up by R26 billion from Q2 of 2023.

- Finance was up by R21 billion to R376 billion.
- Manufacturing was up by R16 billion to R235 billion.
- Construction was down by R3 billion to R38 billion.
- Agriculture was down by R38 billion to R38 billion.

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



- Finance – **24%**
- Personal Services – **16%**
- Manufacturing – **15%**
- Trade – **14%**
- Government – **9%**
- Transport – **8%**
- Mining – **7%**
- Electricity, Gas and Water – **4%**
- Agriculture – **2%**
- Construction – **2%**

Source: StatsSA – Gross Domestic Product, 3rd Quarter, December 2023

The Finance and Business Services and Personal Services sectors are the largest contributors, with contributions of 24% and 16% respectively. They are followed by Manufacturing and Trade at 15% and 14% respectively. Government contributed 9%, Transport 8%, Mining 7%, and Electricity, Gas and Water 4%. The Agriculture and Construction are the two lowest contributors, with 2% each.

In addition to the above, to grow South Africa’s economy and expand its productive sectors, Masterplans have been developed to refocus the South African industrial strategy as a central pillar of the country’s economic recovery. The development and implementation of sector Masterplans will continue to play a critical role in using a range of cross-cutting measures to re-invigorate key industries to grow our economy. The Department finalised and published the development of the NISED Strategic Framework during the 2022/23 financial year and will ensure that the framework is implemented and reported on during the 2024/25 financial year. The NISED Strategic Framework is intended to be the overarching strategy that directs the activity of the Department and the sector as a whole. It represents a national strategy to

coordinate Government's efforts in partnership with private sector actors by building a supportive ecosystem for smaller enterprises to thrive and grow.

Relevant Research and Evaluation Reports to SMMEs and Co-operatives

a) Impact Assessment of the Incubation Support Programme (ISP) From Inception (2008) to 2021/22 and Determining how the Beneficial Impacts can be strengthened.

The DSBD commissioned this study to evaluate whether the ISP resulted in enduring impacts and lasting advantages for the small enterprises that enrolled in the ISP's Centres for Entrepreneurship, Sector-Specific Incubators, and Digital Hubs. Secondly, it assessed the extent to which the ISP effectively achieves its intended objectives of enhancing socio-economic conditions, specifically in terms of job creation and SBD.

b) Longitudinal Study on SMMEs and Co-operatives in South Africa: Wave Two (2022)

The DSBD conducted a longitudinal study on small businesses and Co-operatives in South Africa. The purpose of the study was to:

- Assess the impact of government support programmes aimed at the cohort of SMMEs and Co-operatives;
- Uncover inhibitors and opportunities for growth for the development of SMMEs and Co-operatives;
- Assess the performance of SMMEs and Co-operatives within the South African economy, and
- To get a longitudinal profile of SMMEs and Co-operatives in the South African economy.

Overall, the study found that the small business landscape in South Africa is stabilising to a new, post-COVID normal. SMMEs and Co-operatives report lower impacts from the pandemic and related externalities, with the sector settling into more consistent and stable operational patterns. This is particularly evident when looking at the severity of impact for different challenges that SMMEs and Co-operatives face. The second wave of the research indicated that participants reported less severe effects from the challenges faced, with fewer enterprises reporting extreme impacts on their businesses.

c) Global Entrepreneurship Monitor: 2022/23 Global Report: Adapting to a "New Normal"

According to the Global Entrepreneurship Monitor, South Africa, 2022/23, titled "Entrepreneurial resilience during economic

turbulence". Entrepreneurship as a life and economic choice is not for everyone. Conceptualising new business ideas and successfully bringing them to market is extremely challenging. Failure rates for new businesses in South Africa are very high, although there are varied estimates for this. For entrepreneurs to meaningfully contribute to economic growth and societal development, they need a flexible and enabling environment where the entrepreneurial ecosystem favours business start-up, growth, and sustainability. Entrepreneurial ecosystems are complex and emerge from the interaction between start-ups, established firms, investors, incubators, policymakers, intermediaries, and other actors and factors in a specific geographical region.

The very poorly performing South African economy, for over decades now, together with the prevailing sociopolitical context dynamics, form a critical backdrop to entrepreneurship propensity and the likelihood of productive entrepreneurial outcomes. The National Entrepreneurial Context Index (NECI) for 2022 shows that South Africa ranked 40th out of 51 economies in 2022, with a score of 4,10. Clearly, the entrepreneurial ecosystem factors require serious attention.

Entrepreneurial resilience is a complex phenomenon and important for successful new enterprise development. Entrepreneurial resilience is the ability of entrepreneurs, and their businesses to persevere and possibly even thrive in the face of extremely challenging and uncertain conditions, by increasing their ability to adjust and adapt. It includes adaptive capabilities, attitudes, business model realignment, and network relationships, amongst other things, to respond to adversity.

In South Africa, entrepreneurial ecosystems development stakeholders have a critical role, given the South African context today. There is no definitive research on how well they currently support entrepreneurial success. Networks and collaboration, adaptability to the prevailing context, customer focus, strategic partnerships, and financial and risk management may be some of the key drivers for productive entrepreneurship in turbulent economic times.

d) Specific Remedies, Options and Reforms for Priority Regulatory Impediment affecting SMME Growth and Development in South Africa: Action Plan Report 2023

This purpose of this report is to present the departmental action plans to address selected regulatory impediments that are negatively impacting SMMEs in South Africa in various ways. These action plans have been informed by

a review of existing reports as well as inputs received from, and consultations with selected stakeholders that took place between April-June 2023. The recommendations are classified in terms of the short term (6-12 months), the medium term (12-24 months) and the long term (24-36 months).

The report identified a broad scope of regulatory impediments. In addition, a wide range of potential actions has been identified which the Department could take to address some of these constraints. However, the Department will need to prioritise the actions it pursues, given its limited capacity as well as the various challenges that exist in influencing other departments to address issues that fall under their mandates.

SMMEs Outlook in South Africa in Numbers

According to the latest Seda SMME Quarterly Update of the second quarter of 2023, the number of formal SMMEs increased by a remarkable 20%. Most importantly many businesses in the formal sector also provide jobs to others. The results further show that jobs provided to others by the SMMEs sectors rose by 2.4 million year to year (to 9.2 million in total). This is outstanding as jobs provided by large enterprises declined by 1.8 million over the same period.

Indicator	2022Q2		2023Q1		2023Q2		Quarterly change		Yearly change	
	Number	Distribution	Number	Distribution	Number	Distribution	Number	%	Number	%
Employer	853 917	5.4%	988 939	6.0%	968 834	5.8%	-20 105	-2.0%	114 917	13.5%
Own account worker	1 681 321	10.7%	1 717 677	10.5%	1 720 584	10.4%	2 907	0.2%	39 263	2.3%
SMME owners	2 535 238	16.1%	2 706 617	16.5%	2 689 418	16.2%	-17 198	-0.6%	154 180	6.1%
Working for someone	13 158 476	83.4%	13 587 138	82.8%	13 778 519	83.2%	191 382	1.4%	620 043	4.7%
Helping in household business	90 628	0.6%	117 609	0.7%	100 175	0.6%	-17 434	-14.8%	9 547	10.5%
Total employed	15 784 343	100.0%	16 411 363	100.0%	16 568 113	100.0%	156 750	1.0%	783 771	5.0%

Source: QLFS of Stats SA

In the year 2021 Q3 to 2022 Q3, KwaZulu-Natal was the only province to see a decline in the number of SMMEs. Over the same period, there was an overall increase of employment in the province, suggesting that workers found work with larger enterprises.

There was a massive 61.0% increase in the number of SMMEs operating in the Northern Cape, and Limpopo saw a 42.0% increase in the number of SMMEs in the province. There was also a significant general recovery in total employment in these two provinces: 17.6% in the Northern Cape and 16.7% in Limpopo. The absolute number of formal SMMEs nearly doubled in Limpopo, and Mpumalanga saw an 86.0% increase in formally registered small businesses.

Employment Provided by SMMEs

The NDP envisages that by 2030, 90% of the 11 million jobs will be created through small to medium enterprises, supported by Government. It is realised that Government itself does not create jobs, but creates the enabling environment, and even the Department cannot achieve this alone. It requires a collective effort and partnerships with all critical stakeholders from the private sector, civil sector and the public sector.

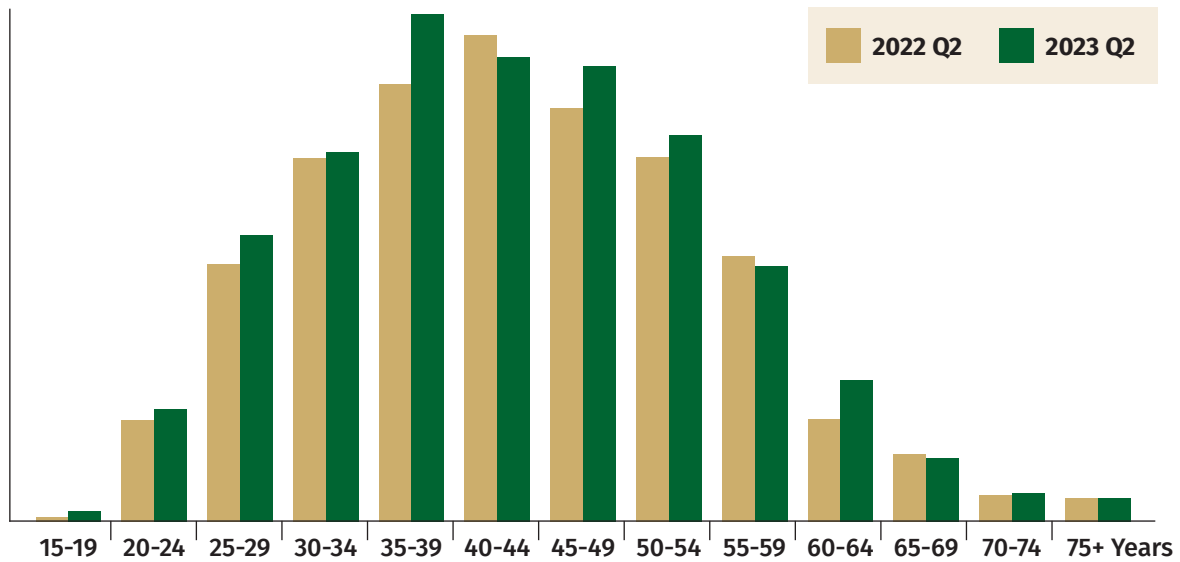
	2022Q2		2023Q1		2023Q2		Quarterly change		Yearly change	
	Number	Distribution	Number	Distribution	Number	Distribution	Number	%	Number	%
Formal sector	5 078 664	54.5%	6 907 821	58.4%	6 876 214	58.0%	-31 607	-0.5%	1 797 550	35.4%
Informal sector	1 353 259	14.5%	1 489 355	12.6%	1 404 658	11.8%	-84 697	-5.7%	51 399	3.8%
Agriculture	338 555	3.6%	679 942	5.8%	879 199	7.4%	199 257	29.3%	540 644	159.7%
Private households	5 101	0.1%	38 834	0.3%	7 269	0.1%	-31 565	-81.3%	2 168	42.5%
Provided to others	6 775 579	72.8%	9 115 952	77.1%	9 167 340	77.3%	51 388	0.6%	2 391 761	35.3%
% Female*		38.4%		38.3%		37.3%		-1% pts		-1.1% pts
Employer	853 917	9.2%	988 939	8.4%	968 834	8.2%	-20 105	-2.0%	114 917	13.5%
Own account worker	1 681 321	18.1%	1 717 677	14.5%	1 720 584	14.5%	2 907	0.2%	39 263	2.3%
Total	9 310 817	100.0%	11 822 568	100.0%	11 856 758	100.0%	34 190	0.3%	2 545 941	27.3%

As illustrated in the above table, at the same time, 1.77 million fewer jobs were counted at large enterprises. Of all jobs created by SMMEs, 58% are provided in the formal sector (up from 54.5% a year before), while only 14.5% were own account workers (down from 18.1% before). The proportion in the agriculture sector increased from 3.6% to 7.4%. Considering those working for private enterprises (the majority of which are SMMEs), women comprised 37% in the second quarter of 2023. This is virtually unchanged from the 38% recorded a year before.

SMME Owners by Age

Unemployment remains high, at around 35%, with youth unemployment exceeding 50%. The Department, together with its entities, has prioritised youth support in its programmes and interventions. The departmental programmes that prioritise youth include the following: the CDSP, the Craft Customised Sector Programme (CSP), the TREP, the Business Viability Programme (BVP), the Small Enterprise Manufacturing Support Programme (SEMSP) and the Youth Challenge Fund (YCF).

As any changes in demographic trends take time to impact the structure of the economy, the age distribution of SMME owners did not change significantly either. The majority of owners (nearly 60%) are still in the age group of 30 to 50, with a small shift in the median (of 5 years younger) from 40-44 to 35-39.



SMMEs by Formal and Informal Sector

The share of SMMEs operating in the formal sector has been stable at 30% in the last year, recovering from an all-time low of 26% at the start of 2022. The proportion operating in agriculture was 2.3% in the second quarter of 2023, which is not much different from the 2.2% a year before. Most (71%) SMME owners in the formal sector employ other people, while only 19% in the informal sector do so. Of all SMME owners, 36% employ other people and 64% are own account workers.

Type	Formal sector	Informal sector	Agriculture	Private households	Total	Distribution
An employer	577 181	343 059	41 325	7 269	968 834	36.0%
Own account worker	239 909	1 447 931	21 190	11 554	1 720 584	64.0%
Total	817 090	1 790 990	62 515	18 823	2 689 418	100.0%
% per sector	30.4%	66.6%	2.3%	0.7%	100%	

Source: QLFS of Stats SA

SMMEs by Province and Formal/Informal Sector

In the year up to the second quarter of 2023, there was a remarkable increase in the proportion of formal sector SMMEs in five of the nine provinces. Declines in the formal share were registered only in Mpumalanga, the Free State and Northern Cape. The share in the Western Cape was practically unchanged, as both the count of formal and informal SMMEs increased by around 30% over this period. In the Western and Northern Cape, nearly half of SMMEs operate in the formal sector, giving these provinces a remarkably different profile than any other province in South Africa. In Limpopo and Mpumalanga, about eight out of 10 SMMEs operate in the informal sector.

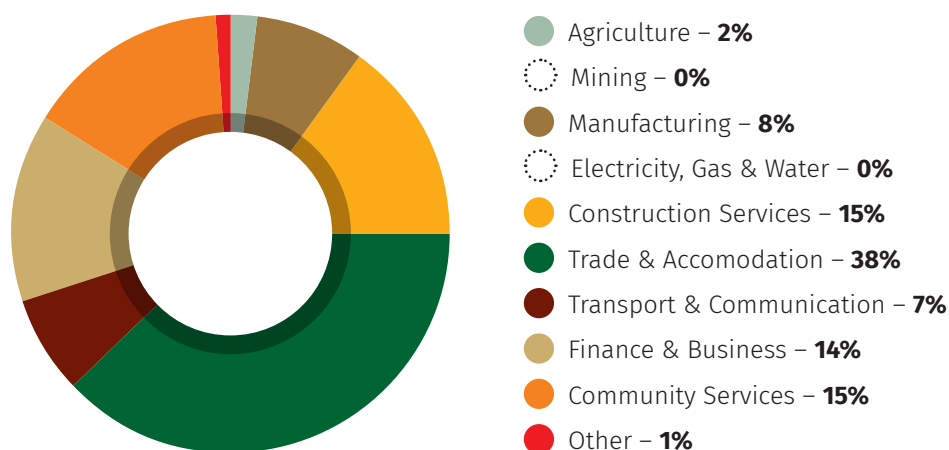
Province	2022Q2			2023Q2			Yearly change (%)		
	Formal	Informal	Agric+	Formal	Informal	Agric+	Formal	Informal	Agric+
Western Cape	49.5%	47.8%	2.7%	49.2%	48.3%	2.5%	29.1%	31.2%	20.5%
Eastern Cape	14.0%	84.1%	1.9%	22.7%	73.5%	3.8%	77.5%	-3.8%	125.6%
Northern Cape	57.5%	25.7%	16.8%	54.2%	27.0%	18.8%	-5.7%	5.1%	12.0%
Free State	25.1%	66.6%	8.3%	18.9%	73.5%	7.6%	-30.0%	2.9%	-15.1%
KwaZulu-Natal	22.9%	75.0%	2.1%	29.6%	68.8%	1.6%	36.0%	-3.6%	-19.8%
North West	18.7%	76.2%	5.1%	21.6%	75.2%	3.2%	-1.7%	-15.9%	-45.8%
Gauteng	31.2%	67.1%	1.7%	36.3%	62.5%	1.1%	17.8%	-5.8%	-35.9%
Mpumalanga	18.3%	79.0%	2.8%	15.0%	78.7%	6.3%	-2.6%	17.8%	168.1%
Limpopo	11.7%	83.1%	5.3%	13.2%	81.3%	5.5%	22.8%	6.5%	14.7%
Total	26.9%	70.1%	3.0%	30.4%	66.6%	3.0%	20.0%	0.7%	6.3%

Agric+ refers to agriculture and private households

Source: QLFS of Stats SA

SMMEs by Industry

In line with the long-term trend, there was an increase in SMMEs operating in the tertiary sector of the economy, especially in community services and business services sectors (by around 65 000 and 35 000 respectively) over the last year. The increase of 44 000 enterprises in construction is most likely due to investment in solar and wind electricity plants, as the economy grapples with the gradual demise of Eskom. Of note is the higher number of SMMEs counted in the mining sector, where huge capital investment is required; normally a market entry obstacle for small entrepreneurs. It could be that illegal and informal miners are included in the survey sample on a greater scale.



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 have an impact on the performance.

Political factors	Impact if factor not addressed	Portfolio response to the factor
<ul style="list-style-type: none"> Stability of political leadership. Period of elections. Corruption in Government. Bureaucracy. Unforeseen political unrests. Merger of the SBD entities. Sound government policies/regulatory measures for economic development and growth, the promotion of entrepreneurship and enterprise development, Co-operatives and informal businesses. 	<ul style="list-style-type: none"> Change of priorities mid-planning cycles affecting continuity or completion of interventions. Diversion of services and resources from SMMEs and Co-operatives. Inflexibility of rules and regulations undermines/ inhibits innovative solutions and ends up negatively impacting on service delivery. Loss of jobs. Slow (stunted) economic growth. Negative impact on small businesses. SMMEs prohibited from accessing programmes available to them. Delivering on the interrupt business cycle. Staff redundancy and low morale. Due to a lack of an enabling environment, small enterprises will not grow and contribute to GDP and employment growth. Negative impact on local and international investment (investment boycott). 	<ul style="list-style-type: none"> Limited ability for the portfolio to respond as changes are directed by the President of the Republic and the ruling party – the portfolio should retain its planning cycle as far as possible unless there is a definitive change of political direction. Implementing and enforcing anti-corruption policies and strategies. Maintain flexible rules and regulations. Relief fund for looted business. Raise challenges with role-players through the District Development Model (DDM) initiative. Implement the Red-Tape Reduction Programme (RTRP). Change management/buy-in, advocacy and awareness. Investigating and addressing regulatory impediments in South Africa impacting SMME growth and development. Review existing policies in line with change policy direction.
Economic factors	Impact if factor not addressed	Portfolio response to the factor
<ul style="list-style-type: none"> Unemployment rate. Interest rate. Lack of infrastructure for SMMEs and Co-operatives. Insufficient financial support for SMMEs and Co-operatives. Red tape. Market concentration. Decline in buying power due to increase in unemployment rates. SMMEs are concentrated in low labour-absorbing sectors. Strategic public and private partnerships and Enterprise Supplier Development. Information asymmetry. 	<ul style="list-style-type: none"> Budget cuts to support service delivery and challenges to get additional resources required to fully discharge portfolio mandate. Interest rates impact the ability to borrow and service debt. Negative impact on the productivity of SMMEs and Co-operatives. Limited access to opportunities available in value chain sectors. Impede SMMEs growth. Barriers into entry by SMMEs and Co-operatives in certain sectors. The market size of the SMMEs shrinks (the demand gets negatively affected). SMMEs not diversifying in all sectors. Bridge policy gap between private and public sector. Incorrect decisions taken due to lack of relevant information. 	<ul style="list-style-type: none"> Revise budgets and redirect funding to responsive and high impact SMMEs and Co-operatives support programmes. Implement Blended Finance Facilities. Refurbish or build Business Infrastructure for SMMEs and Co-operatives. Finalise and implement the SMMEs and Co-operatives Funding Policy. Engage with stakeholders in enabling access to markets for SMMEs into value chain sectors that SMMEs have not been able to access in the past. Implement and monitor the SMMEs-focused Localisation Policy Framework and Implementation Programme. Develop and implement an appropriate method for ensuring the collection of accurate data. Improve data collection and usage through the three spheres of government.

Social factors	Impact if factor not addressed	Portfolio response to the factors
<ul style="list-style-type: none"> • Poverty, inequality, and unemployment [WYPWDs affected heavily]. • Crime. • Low level of education outcomes and culture of entrepreneurship in society, community and schools. • High failure rate of SMMEs and Co-operatives. • Poor Information and Communications Technology (ICT) Infrastructure. • Digital divide (geographically, class, literacy level, age and gender). 	<ul style="list-style-type: none"> • Economically incapable society. • Compromised demand. • Unable to save. • Poor lifestyle. • Perpetuate socio-economic divides – lack of access to resources (rural vs. urban, men vs. women). • Decline of SMMEs in the township due to crime. • Low labour participation rates. • Limited skills personnel for business and technology. • Low acquisition of entrepreneurial and business skills. • Stagnation of employment creation and continued decline in employment. • Increased poverty. • Widened inequality. • Inappropriate regulation of new interventions. • Lack of knowledge and insight on the SMMEs and Co-operatives sector. 	<ul style="list-style-type: none"> • Targeted interventions for designated groups to breach the inequality and the divides. • Partners with the security cluster. • Partner with the Department of Basic Education (DBE) the Department of Higher Education & Training (DHET) to promote entrepreneurship in their curriculum. • Appropriate education and skills for business. • Incubation, digital hubs and Centres for Entrepreneurship and Rapid Incubation. • Strengthen financial and non-financial support. • Design demand-driven support interventions that talks to our mainstreaming targets. • Targeted support linked to business development life cycle.
Technology factors	Impact if factors not addressed	Portfolio response to the factor
<ul style="list-style-type: none"> • Digital divide and lack of ICT infrastructure (geographically, class, literacy level, age and gender). • Investment in Research and Development (investment in technology innovation). 	<ul style="list-style-type: none"> • Negatively affects service delivery/ accessibility especially rural areas. • Lack in accessing e-commerce platform to market products. • Entrepreneurs will not be innovative. • Decline in technological innovation. 	<ul style="list-style-type: none"> • Encourage/support Research and Development activities. • Prioritise programmes that will allow ICT infrastructure. • Roll-out of digital strategy. • DSBD portfolio services and offerings are digitalised, integrated and easy to access. • Development of e-commerce platform. • Increase investment in technology. • Adaptation of simpler technologies for use by SMMEs.
Environmental factors	Impact if factors not addressed	Portfolio response to the factor
<ul style="list-style-type: none"> • Climate change/ natural disasters and pandemics. • Hostile and negative perception towards SMMEs products and services. • National disasters. 	<ul style="list-style-type: none"> • Interruptions to the State functions that impact service delivery. • Business discontinuity. • Limited market access by SMMEs. • Business distress. • Inadequate preparation for external factors. 	<ul style="list-style-type: none"> • Adopt and implement new and agile service delivery platforms. • Information and training on preventative measures. • Implement the to improve the quality of the SMMEs products. • Strengthen the implementation of SMMEs-focused Localisation Policy Framework and Implementation Programme. • Business insurance. • Design-responsive business recovery interventions.

Legal factors	Impact if factor not addressed	Portfolio response to the factors
<ul style="list-style-type: none"> • Formulate SMMEs and Co-operatives-enabling legislation. • Review of DSBD controlled legislation impeding growth of SMMEs and Co-operatives. • Failure to honour cessions agreements by departments and clients. • Regulatory burdens including by laws. • Access to justice to SMME sector. 	<ul style="list-style-type: none"> • Limited access of SMMEs and Co-operatives to participate in procurement opportunities. • Municipality implementing business licences in uncoordinated and unfair manner. • Perpetuation of red tape. • Reluctance to extend credit to SMMEs without collateral relying on cessions. • Increase in impairments. • Capital erosion. • Restrict level of SMMEs participation in taking economic opportunities. • Late payments. • Business closure. • Unfair contract terms. 	<ul style="list-style-type: none"> • Develop, implement, and monitor compliance frameworks. • Review and implement regulatory reforms. • Engage government departments to institutionalise ethical business practices. • Engage with National Treasury (NT) to issue practice notes to SMME sector directing all role-players to provide cessions. • Engage municipalities on unresponsive bylaws. • Formation of Ombud service to deal with grievances emanating from the SMME sector.

Again, the DSBD, together with its entities, identified key strengths/opportunities and weaknesses/threats. The APP 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 departmental and governance arrangements, with the aim of ensuring that internal processes, systems and arrangements are further enhanced and that it continues to move from an internal focus (on compliance) to focus increasingly on outcomes and impact in the lives of its beneficiaries – informal businesses, SMMEs and Co-operatives.

Strengths to be leveraged	Weaknesses to be mitigated
<ul style="list-style-type: none"> • Sound government policies for the promotion of entrepreneurship and enterprise development, Co-operatives and informal businesses. • Sound governance framework. • Unqualified audit outcome. • Dedicated human resource capacity to a very specific mandate. • Financial resources available for SMMEs and Co-operatives development across the spheres of government. • Adhering to the 30-day payment commitment by Government. • Approved policy position on small enterprise support as outlined in the NISED Strategic Framework. • Rebut partnerships with stakeholders in the SBD ecosystem. 	<ul style="list-style-type: none"> • Lack of systems for SMME data management. • Unavailability of baseline data of SMMEs and Co-operatives. • Fragmentation of interventions for SMMEs and Co-operatives (lack of coordination). • Inconsistent and varied implementation of policies. • Lack of citizen-centric approach to addressing sector needs. • Ability to spend available financial resources due to internal capacity challenges. • Lack of internal capacity. • Lack of Standard Operating Procedures (SOPs) for policy and programme development. • Shortage of the specialised skills, (Development Finance, social Development, Economics and Finance). • Lack of integrated service delivery support and coordination among the ecosystem role players. • Inadequate Monitoring and Evaluation.

Opportunities to be leveraged	Threats to be mitigated
<ul style="list-style-type: none"> • The proposed energy relief packages to alleviate the devastating impact of loadshedding on informal businesses, SMMEs and Co-operatives. • Strength in the mandate for SMMEs and Co-operatives; development – willingness across the sector (within Government and the private sector) to respond to effective leadership and coordination. • Support from the fiscus, political support, broad societal buy-in and international support. • Strategic public and private partnerships. • Innovative beneficiaries, willing and able to grasp opportunities given appropriate support. • Sound financial and non-financial instruments established to promote and optimise access. • Availability of technology to strengthen the competitiveness of the sector – and to create access. • Enterprise supplier development networks, channels and processes. • Better utilisation of the B-BBEE requirement and codes of good practice. 	<ul style="list-style-type: none"> • The unprecedented loadshedding that is impacting the informal businesses, SMMEs and Co-operatives sector. • Differentiated sector definition of SMMEs and Co-operatives. • Restrictive regulatory environment (constraints), including outdated legislation dating back to the Apartheid era. • Segregation of the three spheres of government (non-unified approach). • Heavy reliance by small businesses on government grants. • Low level of early entrepreneurial activity. • Lack of adequate Legislation to (1) regulate the SMME development space and (2) protect it from abuse of dominance. • Lack of coordination of interventions by governance and State institutions toward SMME development. • High failure rate of start-ups. • Untransformed private sector leading to lack of participation in the private sector by SMMEs and Co-operatives. • Inappropriate logistical infrastructure to facilitate balanced spatial development. • Proliferation of the foreigner-owned Macro and Micro businesses. • Low literacy and technical skills – the digital divide. • Limited access to technology. • Pandemics and natural disaster phenomena.

4.2.1 Women, Youth and PWDs

The revised MTSF identifies the 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 PWDs.

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

To contribute towards the transformed, representative and inclusive economy which prioritises WYPWDs, the Department continues to report, through the MTSF mid-term, bi-annual and quarterly reporting, on the total number of SMMEs and Co-operatives supported, financially and non-financially, by the SBD Portfolio, as well as on programmes targeted to empower designated groups, mainly WYPWDs. The Department also has been engaging with the Department of Women, Youth and Persons with Disabilities (DWYPD) 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 White Paper on the Rights of PWDs updates the 1997 INDS integrates obligations in the UN Convention on the Rights of Persons with Disabilities (UNCPRD) and responds to the Continental Plan of Action for the African Decade of PWDs. The White Paper was introduced, amongst other purposes, to provide a mainstreaming trajectory for realising the rights of PWDs 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 (NSP) on Gender-Based Violence and Femicide (GBVF) sets out to provide a cohesive strategic framework to guide the national response to the hyper-endemic GBVF crisis in which South Africa finds itself. The framework is purposed to provide a multi-sectoral, coherent strategic policy and programming framework to ensure a coordinated national response to the crisis of GBVF 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. It does 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 WYPWDs 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. The Department leverages on partnerships with organisations mandated to support designated groups.

The DSBD has developed the Gender, Youth and Disability (GEYODI) Strategy to mainstream the participation of WYPWDs in the mainstream economy. The main objective of this strategy is to provide entry points for increased inclusion of WYPWDs into all SMME development and financing initiatives to benefit equitably from these initiatives. Under the Presidential Women Economic Assembly (WECONA) initiative, the DSBD has facilitated capacity building and training of about 3 000 women owned enterprises to enable them to access public procurement and private sector value chain opportunities.

DSBD has amended its Supply Chain Policy in line with the NT Regulations 2022 whereby entrepreneurs owned by women, including the young and those with disabilities are allocated more points during procurement. These will also form part of intervention against GBVF, sexual harassment and other related issues that perpetrated exclusion and discrimination.

4.2.2 Stakeholder Analysis Informing the SBD Portfolio Strategic Framework

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 SBD space.

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

External Stakeholders		
Key stakeholder group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Beneficiaries - SMMEs and Co-operatives (formal and informal)	<ul style="list-style-type: none"> • Execute the DSBD mandate. • Improved, efficient and effective services. • Responsiveness and relevant programmes and services. • Sound corporate governance. 	<ul style="list-style-type: none"> • Delivery of the mandate. • A simplified regulatory and policy regime. • Effective and efficient programmes that respond to real needs. • Resources and tools to link SMMEs and Co-operatives to markets – databases or systems. • Ensure reliability and dependability of services. • Enhance accessibility and availability of services.
National, provincial departments, agencies, and municipalities	<ul style="list-style-type: none"> • Execute the Department mandate. 	<ul style="list-style-type: none"> • Articulate and communicate a compelling small business agenda. • Lead evidence-based legislative and regulatory review. • Transversal agreements with sister departments. • Strengthen intergovernmental relations. • Meaningful participation in relevant fora. • Intellectual leadership to the sector and more broadly - guidance in terms of trends and indicators in the sector.
Parliamentary and political oversight	<ul style="list-style-type: none"> • Execute the DSBD mandate. • Participate in broader planning structures and champion small business and Co-operatives agenda. • Sound corporate governance. • Return-on-investment. 	<ul style="list-style-type: none"> • Implement an approach to reporting of cluster-wide and sectoral performance and impact. • Collaboration and support for objectives of sister institutions. • Sound and defensible performance reporting. • Participate in broader planning structures and champion the SMMEs and Co-operatives agenda. • Sound corporate governance.

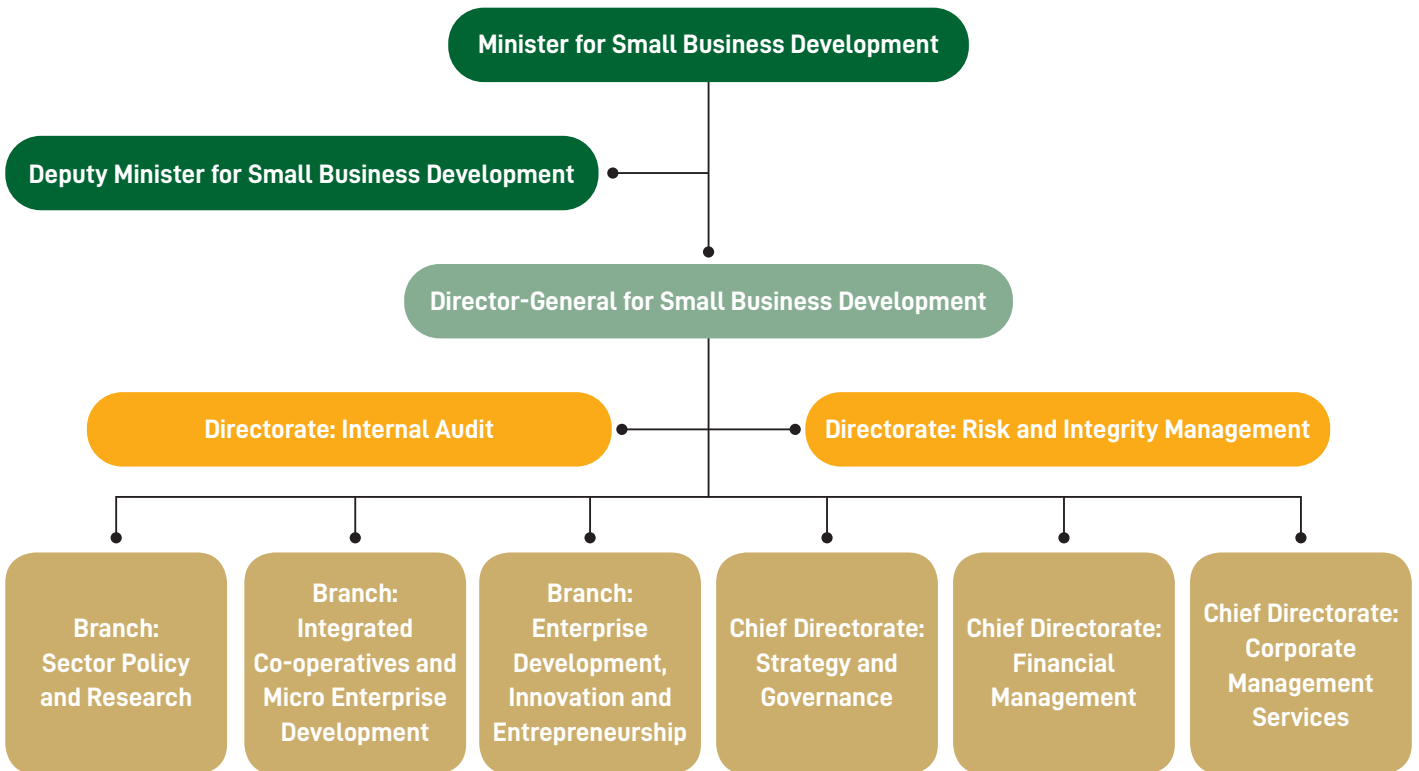
External Stakeholders		
Key stakeholder group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Academia and research institutions	<ul style="list-style-type: none"> • Collaboration and joint research programmes. 	<ul style="list-style-type: none"> • Establish knowledge management and data sharing partnerships / communities of practice. • Establish partnerships for innovation and development in the areas of product, market, finance, data management and research for SMME development. • Multi-stakeholder research agenda and programme.
Targeted groups	<ul style="list-style-type: none"> • Ensure delivery on committed targets. 	<ul style="list-style-type: none"> • Monitor and track sector-wide performance on committed targets and quotas.
Broader communities and general public	<ul style="list-style-type: none"> • A responsive and visible DSBD role player, supporting broader community upliftment. 	<ul style="list-style-type: none"> • Better communication of the successes and impact of DSBD programmes and involvement. • Strengthen the petitions management processes and responsiveness to issues and commitments.
Contractors, suppliers, etc.	<ul style="list-style-type: none"> • Decisions to be made at agreed times. • Adherence to terms of engagement. • Payment for work done within 30 days of valid invoice. 	<ul style="list-style-type: none"> • Systems to ensure efficient and effective performance and compliance to the scope of work. • Clearly defined procurement policies. • Efficient supply chain processes – fair, transparent and effective. • Focus on regional suppliers or contractor development. • Improve contract negotiation, management and reporting.
ILO and socio-development organisations	<ul style="list-style-type: none"> • Alignment to ILO R204 and the decent work agenda. • Alignment to ILO R190 and the importance of Co-operatives. 	<ul style="list-style-type: none"> • Upscale and ensure implementation of the resolutions from the Annual Informal Economy Summit. • Ensure implementation of the NIBUS. • Promote the full participation of Co-operatives in the economy and social development of all people, with a strong focus on human solidarity and a more equitable distribution of the benefits of globalisation.
Partners and the private sector	<ul style="list-style-type: none"> • Collaboration and opportunities for partnership. 	<ul style="list-style-type: none"> • Strengthen points of interaction with partners and with the private sector.

External Stakeholders		
Key stakeholder group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
The Auditor-General of South Africa (AGSA)	<ul style="list-style-type: none"> • Produce accountability documents with financial and performance objectives. • Co-operation during the audit process. 	<ul style="list-style-type: none"> • Provide accountability documents that meet legal framework (inclusive of Annual Report, Annual Financial Statements, etc.). • Follow processes, policies, rules and regulations diligently. • Provide quality and timeliness reports, risk management and internal controls.
Labour Unions	<ul style="list-style-type: none"> • Engaging with Labour Unions in balancing between applying laws and enabling SMME development. • Consistently apply labour laws and policies. • Offer a better and fair working environment to all the employees. 	<ul style="list-style-type: none"> • Strengthen engagement with Labour Unions in different platforms i.e. the National Economic Development and Labour Council (NEDLAC), etc. • Labour policies and laws are applied in the workplace. • Provide a fair working environment free of unfair discrimination and reduced labour relations conflicts.

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

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 recently approved its Organisational Structure to enhance the value of its services. Sector Policy and Research for the SMMEs and Co-operatives Sectors, as well as the Integrated Co-operatives and Micro Enterprise Development and Enterprise Development, Innovation and Entrepreneurship are the focal areas in the Organisational Structure 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, revised MTSF targets 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 (figure below).



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

Reduction in Fraud and Corruption

The Department has an approved Fraud Prevention and Whistle Blowing Policy and Implementation Plan. The objective of this intervention is to ensure that the Department enhances the implementation of the holistic Fraud Prevention and Whistle Blowing Policy with the emphasis being on the application of proactive measures to enhance operational efficiency. During the 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 SDIP 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 an SDIP aligned to the strategic plan contemplated in Regulation 25 for his or her department.

In accordance with the Public Service Regulations, Chapter 1, Part III C, all departments are required to develop an SDIP and to publish an annual statement of public service commitment which will set out the Department's service standards that citizens and customers can expect, and which will serve to explain how the Department will meet each of the standards. The Department submitted the approved 2023-2025 SDIP to the Department of Public Service and Administration (DPSA) on 5 February 2023. The Department's 2023-2025 SDIP focuses on the improvement of the quality of and access to financial service, which is one of the critical services offered by the SBD Portfolio, in order to impact the triple challenges – poverty, social equality and unemployment – faced by South Africa. The TREP, with its potential to unleash the potential of South African township and rural economies, was identified as a programme as one of the services provided to citizens that needed to be improved to increase access to financial support by small businesses in townships and rural economies. The implementation of service improvement for TREP has already commenced.

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 membership includes representatives of labour unions operating within DSBD. 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 matters of change.

The Department acknowledges and supports the need for change management initiatives within the Department to be implemented since it 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 manner in which 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 its current and ongoing changes.

Following the approval of the organisational structure and as part of engaging in a change management process, the

Department's structure was presented in various committees including the Change Management Agents Committee, Change Management Steering Committee, the Management and Executive Committee and the Department Bargaining Council. Subsequently the Minister approved the structure on 7 September 2022.

Internal Policies, Processes and Systems

The Department has identified various internal policies, processes and system enhancements to improve the Department's performance and better manage its functions. Having formalised processes and procedures will increase efficiencies by ensuring that the Department is able to do more in less time. Having formal internal policies, processes and procedures in place will minimise the time spent overseeing the day-to-day running of the business. This will also improve the consistency of service delivery by the Department. The following processes, systems and internal policies will be developed and implemented over the 2023 MTEF period:

• Implementation of the eDisclosure Framework

In terms of the Public Sector Regulations (PSR) all Senior Management Service (SMS) employees, Middle Management Service (MMS) employees, certain Occupational Specific Dispensation (OSD) employees, and employees in Finance and Supply Chain are required to disclose their financial interest via the eDisclosure system. To further strengthen governance within the Department, officials in the incentive schemes were also included within the eDisclosure framework. Furthermore, all departmental employees are required by law, and in terms of the departmental policy, to obtain approval from the Accounting Officer 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 interest. 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 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.

- **Strategic Planning, Monitoring and Reporting Framework**

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, Monitoring and Reporting Framework and 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 planning. 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), NT Regulations, Department of Planning, Monitoring and Evaluation (DPME), PSR, and 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 communications. The strategy is primarily founded on the NDP and government-wide communications policies driven by the 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 stated the expectation of developing a skilled workforce. The Department has a function that is

expected to assist it 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 facilitating the accelerated creation of technical skills that will support the delivery of the Department mandate.

During the 2024/25 financial year, the Department will continue to conduct annual reviews and analyses to address and align the shortage or improvement of identified priority skills and develop and implement interventions to address identified gaps. During the 2022/23 financial year, the Department approved the Strategy for Recruitment of PWDs. During the 2024/25 financial year, the Department will continue to implement the Strategy for Recruitment of PWDs.

- **Health, Safety and Environmental Issues**

The Departmental Office Space Need Analysis Space details a crucial step in interior design, as it helps determine the optimal layout, size, and functionality of Department's space. The current analysis document highlights current conditions, outlines and prioritises anticipated needs, identifies operational recommendations, considerations and site and building improvements including initial cost estimates and phasing options, with promotion access and reasonable accommodation for PWDs specifically and aligned with Health, Safety and Environmental issues.

In addition, prior to employment, employees with disabilities are consulted to ensure provision of reasonable accommodation. Continuous engagement with existing employees with disabilities is conducted to determine whether additional support is required e.g. upgrade of existing devices. When planning training programmes, PWDs are included in all training interventions implemented by the Department.

- **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 APPs and Strategic or Corporate Plans,

reviewing and monitoring quarterly performance reports in line with the set strategy, evaluating board or council effectiveness and ensuring adherence to legislative prescripts. The entity serves as an extension of and assists the DSBD in delivering its mandate.

Capacity of the Department to Deliver on the Mandate

Human Resources: On 15 August 2022, the Minister of Public Service Administration (PSA) concurred with the proposed organisational structure and the Minister for SBD approved the structure on 7 September 2022 and subsequently lifted the moratorium on filling of vacancies, also within September 2022. The Department embarked on the Placement Process, at the same time implementing the recruitment plan in order to capacitate the Department.

Information and Communications Technology (ICT) capacity:

The Department has endeavoured to develop technology-based systems across its portfolio to enable small enterprises the best opportunities for growth and sustainability. To this end, although the SBD Portfolio does not have the human capacity by itself, it had enlisted the capabilities of the Council for Scientific and Industrial Research (CSIR) through a multi-party Government Department Agreement, signed in 2020 to assist in the further enhancement and development of technology-based platforms to deliver a one-stop shop solution to the benefit of small enterprises.

The platform is envisaged to use cross governmental systems integration by means of collaborative dataset consumption to avoid duplication of information and limit the potential of double dipping. The capabilities of the technology will introduce predictive analytics combined with big data analysis, artificial intelligence and scenario-based planning to ensure that a complete portfolio of small enterprises is maintained. In return the expansion of the smmesa.gov.za platform to incorporate a Business Index, Small Enterprise Credit Rating System and National Business Licensing and Permit components, will ensure that small enterprises are equipped with all relevant information, access to finance and marketplace with direct engagement with the Public and Private sector partners. During the 2024/25 financial year, the department planned to review its Portfolio Digital Strategy.

Cost Containment Measures: On 31 August 2023, the Government introduced Cost Containment Measures to assist national departments, public entities and provinces to close fiscal gap. This resulted in deteriorating revenue collection and funding conditions since the tabling of the 2023 Budget. The tax revenue under collection has worsened, already

resulting in a lower projection of the revenue estimate for the 2023/24 financial year. Funding performance through the debt market has also been poorer than anticipated over the past few months. Resulting unprecedented challenges for the 2023/24 financial year, hoping that conditions will improve over the medium term, once the underlying factors like loadshedding and logistical constraints are addressed. The Cost Containment Measures will assist Government to restore the public finances to a sustainable path, both for the 2023/24 financial year as well as for the coming 2024/25 MTEF.

4.2.3. 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.

The revised MTSF puts emphasis on the role that small businesses and Co-operatives play: job creation, economic reconstruction and recovery and the fight of the triple challenges faced by South Africa. The SMMEs represent the majority of all businesses in developing countries as major contributors to the GDP and drivers of new job creation. To date, the Department made significant progress towards achieving its revised 2020-25 Strategic Plan targets in order to realise its medium-term outcomes and long-term Impact Statement. The Department's Impact Statement is to ensure that the SMMEs and Co-operatives are sustainable and contributing meaningfully to the economy. In order to realise its Impact Statement, the Department has seven outcomes to be achieved over the medium-term period. These are:

Outcome One: Improved Governance and Compliance

In the effort for improved governance and compliance outcome, the Administration Programme is to ensure that the 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 Department received its maiden **Unqualified Audit Opinion with no findings** popularly referred to as clean

audit opinion, meaning that both the submitted Annual Financial Statements and performance information were free from material misstatements. The Department's Audit Opinion is an improvement from the 2020/21 auditing period where the Department received a clean Audit Opinion on performance information only while the Annual Financial Statements were unqualified with findings. The Department has achieved its five-year target to ensure that an Unqualified Audit Opinion for both financial and nonfinancial performance data is obtained.

Additionally, the five-year target for the Administration Programme was to ensure that creditors are paid within 30 days and less than or equal to a 5% variance on the annual budget is maintained. During the 2022/23 financial year, the Department has paid 100% of valid creditors within 30 days and registered 0.75% variance on the annual budget respectively.

Outcome Two: Improved, Integrated and Streamlined Business Processes and Systems

In an effort to ensure that Department together with its entities (Seda and **sefa**) business process and ecosystem partners systems are improved, integrated and streamlined. The Department continued to provide integrated business solutions in the portfolio and ecosystem partners by putting in place functions that will enable Phase 4: SMME Business Index to identify levels of readiness and capability of small enterprises to be rolled out. The system is a "one-stop shop" repository of information, resources, services, opportunities, and network connections that is essential for helping entrepreneurs and innovators on their journey, from informal traders to high-growth businesses. The system will become a public gateway to provide a single online portal for citizens to access a broad range of SMME support services, as well as innovation support for those requiring these more specialised services.

Furthermore, the Department has supported 25 municipalities to roll out the Red-Tape Reduction Awareness Programme (RTRAP). The Programme is primarily aimed at raising awareness, capacity-building and commissioning research that:

- a) Helps identify sources of red tape that affect small business and Co-operatives enterprises at both a national and local level.
- b) Monitors and evaluates impact that the Department's awareness raising, and capacity building have on municipalities in terms of addressing red tape reduction on the implicated procedures and policies;

and c) Investigates sector and sub-sectors wherein the influence of red tape is unpacked, to develop strategies and interventions that circumvent the negative effects of red tape.

Outcome Three: Increased Participation of SMMEs and Co-operatives in Domestic and International Markets

The Department continued to implement SMMEs-focused Localisation Policy Framework that was adopted by Cabinet during the course of the 2020/21 financial year. To date, more than 800 products produced by SMMEs and Co-operatives have been linked/introduced to domestic markets through working relationships with large retailers and wholesalers across the country against a five-year target of 1 000 products. For the public sector market, DSBD compiled a list of 250 products and services that NT should consider for set asides after the approval of the Public Procurement Bill.

To drive localisation, the Department designed a focused SEMSP aimed at building and supporting SMMEs participating in the manufacturing value chain. The purpose of the SEMSP is to build a manufacturing sector for an improved industrial base through a focused import replacement programme and build the industrial base for both the domestic market and external market. The programme aims to contribute to South Africa's localisation strategy.

As at 31 March 2023, approvals concluded amounted to R832.6 million to 85 SMMEs, facilitating 5 056 jobs. This is since the SEMSP started approving transactions on 18 September 2020. Over the same period, R548.0 million was disbursed to 74 SMMEs.

In order to ensure that the outcome is realised during the medium-term period, the Department also set itself the annual target of supporting 2 500 women-owned businesses and ecosystem stakeholders encouraged registration and/or participation on the international platform. To date, about 3 424 women-owned businesses were supported to register on the international platform. The Department is continuing to intensify its effort working towards realising its outcome to increase participation of WYPWDs, SMMEs and Co-operatives in the domestic and international markets.

Outcome Four: Scaled-Up and Coordinated support for SMMEs, Co-operatives, Village and Township Economies

The revised 2019-24 MTSF has set the SBD Portfolio a target to establish 100 incubators by 2024. To date, 110 Incubation Centres and Digital Hubs have been established. The 110 are

operational centres, already in the implementation phase. The Incubation and Digital Hubs are aimed at nurturing new and existing small enterprises by providing them with financial and technical advice pertaining to the running of a business. The breakdown of these 110 that are in various stages of implementation is 73 Technology Business Incubators; 31 Centres for Entrepreneurship and Rapid Incubation; and six Township and Digital Hubs that focus on various designated sectors within which small business start-ups are functioning. The goal of increasing incubation centres and digital hubs to 100 by 2024 has already been achieved, and the new focus will be on improving governance, independent sustainability and returns on investments in these incubators.

Outcome Five: Reduced Regulatory Burdens for Small Enterprises

The DSBD requested and successfully got the Businesses Act, 1991, transferred from **the dtic** to the DSBD in the 2020/21 financial year. Through this legislation, the Department aims to provide for the issuing of trade licenses and permits by municipalities to both formal and informal businesses who want to operate in their geographic jurisdiction. It also provides a very broad policy and legislative framework without sufficient guidelines or a framework to ensure policy coherence and similarity across all the municipalities. This has also resulted in uneven implementation across the country, with effective implementation in highly resourced municipalities and metros, while most poor municipalities have ineffective systems and procedures thus contributing to increased red tape.

The Act was originally intended to regulate the licensing of certain categories of businesses, and the schedule of regulated sectors has not been updated since 1991, creating a vacuum and confusion as to which sectors are regulated or not. To address this challenge, the Businesses Act, 1991 has to be repealed and a fit-for purpose legislation enacted. The Department has for this initial process of consultations focused on the primary users of this legislation namely, municipalities who are the sphere of government that must implement business licensing by-laws. The Businesses Amendment Bill has been approved by the Executive Committee (EXCO) and Minister during the 2022/23 financial year.

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 on small enterprises.

To achieve this, it is important for the Department to have insight into such regulatory constraints. During the 2022/23 financial year, the Department has conducted a **“Rapid Review of ALL legislation that impacts SMMEs and Co-operatives” for “regulatory guillotining”**, that is, at the level of national, provincial and local government. Special attention is being focused on the current post-COVID-19 context and environment, also capturing the ERRP and other priority interventions of Government. In addressing the above laws that are an impediment to SMMEs, the challenge would be to:

1. Develop a more specific and intentional agenda for regulatory SME reform through engagement with representatives from small enterprises and public officials.
2. Clarify the approach to be followed in addressing both existing regulatory burdens and preventing additional ones from arising through new laws/regulations/bylaws.
3. Work with other government departments/agencies that are already trying to impact the regulatory environment positively in order to improve the business enabling environment in South Africa.
4. Work closely with the RedTape Champion and his team in the Presidency to further contribute to the commitment that was made in the SONA by His Excellency President Cyril Ramaphosa.

Outcome Six: Increase Contribution of SMMEs and Co-operatives in Priority Sectors

Following public comments, the DSBD solicited inputs and recommendations on the final draft NISED Strategic Framework from social partners at the NEDLAC Forum. The NEDLAC recommendations were largely in agreement with the NISED Strategic Framework; however, the principal recommendation was for the amendment of the initial NISED Masterplan given the naming convention of **the dtic** sector-focused Masterplan process.

This process followed specific governance protocol process. The DSBD obtained a Socio Economic Impact Assessment System (SEIAS) Certificate of Compliance on the NISED Strategic Framework on 11 October 2022. The DSBD submitted the final draft NISED Strategic Framework to Cabinet and subsequently the Framework was assented to on 02 November 2022. The NISED Strategic Framework was published in the Gazette by the Minister for SBD on 17 February 2023. During the 2022/23 financial year, the Department set a target to

ensure that the NISED Strategic Framework implementation report was approved by EXCO. Provincial dialogue on the NISED Strategic Framework and Provincial SMME Summits were held. The NISED Strategic Framework is a strategy that advocates for coordination between Government and the private sector key actors in order for small enterprises to reach their potential and grow. Government policies and strategies must be properly implemented and be revised to ensure that they are in line with the current state of small enterprises. The Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprise (ISPESE) was the National Small Enterprise Support Strategy for the period 2012 to 2022 and was reviewed following a National Evaluation of ISPESE in 2016/2017.

The findings and recommendation of the National Evaluation of ISPESE informed the development of the NISED Strategic Framework that was approved and confirmed by Minister as the National Small Enterprise Support Strategy, in government gazette number 48063 of 17 February 2023. The Strategic Framework depicts coordination among governments in collaboration with private sector role-players in the small business ecosystem. The NISED Strategic Framework suggests that there be engagements through National and Provincial Summits which are recommended to take place every second year. On 7 March 2023, the DSBD invited Provincial Economic Development Departments as one of the key role-players supporting small enterprise development, to engage on the implementation of the NISED Strategic Framework, annual plans with specific focus on the Provincial Summits. This session outlined the background to the NISED Strategic Framework and the National Presidential SMME and Co-operatives Summit that was held in on 14-15 November 2022, and the anticipated Provincial Summits.

Amongst the stakeholders who were present, in addition to the SBD Portfolio (DSBD, **sefa** and Seda), were the Northern Cape, KwaZulu-Natal, Department of Economic Development, Environmental Affairs and Tourism (DEDEAT Eastern Cape), Department of Economic Development, Tourism and Environmental Affairs (DEDTEA KwaZulu- Natal), Department of Economic Development and Tourism (DEDAT Mpumalanga), DSBD, Tourism and Environmental Affairs (DESTEA Free State).

The overall feedback from the provinces was positive, as they expressed their support for the programme on summits.

Outcome Seven: Expanded Access to Financial and Non-financial Support and Implemented Responsive Programmes to New and Existing SMMEs and Co-operatives

The Department undertook a comprehensive consultative policymaking process to obtain inputs from a broad stakeholder base which represents all role-players within the SMME sector. The consultation sessions were held over a four-day period in April 2022. Over 200 individuals, representing over 80 organisations comprising government departments, regulators, financiers, business trade associations, SMMEs and Co-operatives associations among others, attended the sessions.

In general, the stakeholders were supportive of the development of the SMMEs and Co-operatives Funding Policy by DSBD and appreciated the Department's efforts in creating an inclusive process where they can provide input into the policy before its finalisation. At the same time, throughout the different consultation sessions, stakeholders raised the following issues:

Concerns over lack of implementation on the part of Government. Stakeholders indicated that Government has, over the years, introduced policies, regulations, strategies, and implementation plans to address some of the issues identified in the SMMEs and Co-operatives ecosystem but many of these are yet to be implemented. The stakeholders therefore recommended that this Policy be drafted in a manner that will enable the government to easily translate the policy proposals into implementable activities and that such activities be translated into an implementation action plan with defined timelines. The stakeholders further recommended that governance structures, with the DSBD at the centre, should be established to ensure this Policy's implementation and that appropriate monitoring and evaluation tools be developed to monitor progress and impact.

Furthermore, the Department, through EU and SA Youth Dialogues and the National SMMEs and Co-operatives Summit, presented a draft SMMEs and Co-operatives Funding Policy on 10 November and 14 November 2022 with the public and private sector role-players audience (DFIs, SMMEs, Co-operatives and Microfinance Institutions) respectively. The Draft SMMEs and Co-operatives Funding Policy was approved by Cabinet for public comment in March 2023. It is anticipated that the Funding Policy will be published in the Government Gazette before the end of April 2023.

The Township and Rural Enterprise Programme: TREP is a dedicated programme to provide financial and/or nonfinancial support to the township and rural enterprises with emphasis on enterprises owned and managed by the designated groups (WYPWDs). The Programme is

implemented through **sefa** and Seda, who provide financial and non-financial support, respectively. 18 759 township and rural enterprises were supported financially and/or nonfinancially, bringing the total to 68 802 township and rural enterprises supported to date.

Youth Support: The SBD Portfolio provided financial and/or non-financial to 8 988 start-up youth businesses, against the revised 2019-24 MTSF target of 10 000 start-up youth businesses supported per annum. The Department is facilitating the increase in number of competitive small businesses and Co-operatives supported. Competitive SMMEs and Co-operatives are defined as SMMEs and Co-operatives supported financially and/or non-financially with the ability to create or sustain jobs. The Department reported that a total of 28 484 competitive SMMEs and Co-operatives were supported through the Seda and **sefa** non-financial and financial instruments, in the mid-term period under review. To date, the Department has supported a total of 132 572 competitive small businesses and Co-operatives.

Revised 2019-24 MTSF Targets Progress as at Quarter Two of the 2023/24 Financial Year

Departmental Impact Statement	Department Outcomes	Revised 2019-24 MTSF Targets Priority		Progress to Date (as at 31 January 2024)
		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.	Increased participation of SMMEs and Co-operatives in domestic and international markets.	Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives developed and adopted by 31 March 2021.		<p>Achieved – SMMEs-focused Localisation Policy Framework and Implementation Programme for SMMEs developed and approved by EXCO and Cabinet in the 2021/22 financial year.</p> <p>Overachieved – 1 042 products produced and services rendered by SMMEs and Co-operatives linked to market.</p> <p>The purpose of the SEMSP is to build a manufacturing sector for an improved industrial base through a focused import replacement programme and build the industrial base for both the domestic market and external market. The programme aims to contribute to South Africa’s localisation strategy. As at 31 December 2023, SEMSP approvals concluded amounted to R914.4 million to 98 SMMEs, facilitating 5 486 jobs. This is since the SEMSP started approving transactions on 18 September 2020. Over the same period, R633.3 million was disbursed to 88 SMMEs.</p>
		Implement the SMMEs-Focused Localisation Policy and ensure 100% compliance by public sector in procuring 1 000 designated local products and services from SMMEs by 31 March 2024.		

Departmental Impact Statement	Department Outcomes	Revised 2019-24 MTSF Targets Priority		Progress to Date (as at 31 January 2024)
		Linkages to the NDP Five-Year Implementation Plan	Linkages to the Monitoring Framework for the NDP Five-Year Implementation Plan	
	Scaled-Up and coordinated support for SMMEs Co-operatives, Village and Township Economies.	100 Incubation Centres and Digital Hubs established by 2024.		<p>Overachieved – 110 Incubation Centres and Digital Hubs have been established, already exceeding the revised MTSF target. All Incubation Centres are operational.</p> <p>110 that are in various stages of implementation is:</p> <ul style="list-style-type: none"> • 73 Technology Business Incubators • 31 Centres for Entrepreneurship and Rapid Incubation; and • 6 Township and Digital Hubs that focus on various designated sectors within which small business start-ups are functioning.
	Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	10 000 youth business start-ups supported per annum.		<p>Overachieved – Number of start-up youth businesses supported financially and non-financially.</p> <p>2021/22 financial year: 13 369 2022/23 financial year: 8 993 2023/24 financial year: 10 945 (as at 2023/24 financial year, Quarter 3) Total: 33 307</p>
		At least 50% of national and provincial Development Finance Institutions (DFIs) financing dedicated to SMMEs and Co-operatives through establishment of the SMMEs and Co-operatives Funding Policy by March 2021/22.		<p>In Progress – The Draft SMMEs and Co-operatives Funding Policy together with its implementation plan was approved by Cabinet for public comments on 28 April 2023. The Department is working towards the finalisation of the Funding Policy by 31 March 2024.</p>
		100 000 competitive small businesses and Co-operatives supported by 2024.		<p>Overachieved – 162 974 competitive small businesses and Co-operatives supported, through the DSBD, Seda and sefa non-financial and financial instruments.</p>

The Department has developed corrective measures to ensure that the SMMEs and Co-operatives Funding Policy is approved by Cabinet before the end of the 2023/24 financial year. During the 2024/25 financial year, the Department will ensure that the Policy is implemented and reported on.

4.3. SMMEs and Co-operatives Challenges and Interventions

Globally, the SMMEs and Co-operatives are viewed as key drivers of growth and job creation, and it became clear to the democratic Government of South Africa that big business and the formal economy are not able to create sufficient employment. While the importance of large industrial, mining and other enterprises for the growth of the economy cannot be denied, there is ample evidence that the labour absorptive capacity of the small business sector is high, the average capital cost per job created is usually lower than in big business and their role in technical and other innovation is vital.

The SMMEs play a major role in most economies, particularly in developing countries such as South Africa. The SMMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. According to the World Bank, SMMEs represent about 90% of businesses and more than 50% of employment worldwide. Formal SMMEs contribute up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal businesses are included. According to the World Bank's estimates, 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes SMME development a high priority for many governments around the world. The South African Government is not unique as it has also made it its priority to develop SMMEs and Co-operatives as it will be outlined further down in this document.

In emerging markets, most formal jobs are generated by SMMEs, which create approximately seven out of 10 jobs. However, access to finance is a key constraint to SMME growth, it is the second most cited obstacle facing SMMEs to grow their businesses in emerging markets and developing countries¹. Access to finance is one of the key obstacles that the South African Government identified and put measures in place towards addressing. These measures include the establishment of a Department that focuses solely on the development of small businesses in South Africa; as well as the development of the inaugural SMMEs and Co-operatives Funding Policy. The established of the Department of SBD in 2014, placed small businesses and Co-operatives at the centre of economic growth and job creation, with particular bias towards the previously disadvantaged people and designated groups.

Outside of formalised SMMEs, the informal economy is also a significant contributor to job and income generation, especially in developing economies, with many people seeking employment in situations where formal employment opportunities are scarce. The informal economy provides relief to millions of households as an alternative source of employment and livelihood and can no longer be considered as a temporary phenomenon.

The potential of SMMEs and Co-operatives in South Africa continues to gain prominence and there has been a growing awareness of the significant role that SMMEs and Co-operatives can play in economic growth and transformation in South Africa; and those small businesses can play an important role as key drivers of economic growth and job creation.

The NDP, a national plan that is the brainchild of our Government, ascribes a critical role to SMMEs (including Co-operatives) in contributing to the growth of the South African economy and towards eliminating inequality and reducing poverty. It views SMMEs and Co-operatives as economic empowerment vehicles for the historically disadvantaged but recognises that the small business sector has previously been neglected.

In recognising that SMMEs and Co-operatives represent an important intervention for sustainable economic growth, job creation and innovation so as to unlock the immense potential in South Africa and address poverty and inequality, the NDP sets specific goals for the small business sector broadly (Government, civil society and private sector) specifically:

- To enhance economic growth through SMMEs and Co-operatives as assessed through an increased contribution by the sector to the GDP.
- To create 90% of South Africa's 11 million needed jobs by 2030 through the SMME sector, and so contribute to reducing the unemployment rate to 6%.
- To reduce the cost of regulatory compliance and promote ease of doing business for SMMEs and ensure policy coherence through partnerships among SMMEs and among key societal players, businesses and Government.

However, it is recognised that in South Africa, the majority of SMMEs and Co-operatives are concentrated at the lower end

¹ <https://www.worldbank.org/en/topic/sme/finance>

of the enterprise development spectrum and face a number of challenges, including:

- Lack of access to finance and poor profitability, which account for the main reasons for business discontinuance.
- Inadequate collateral on the part of the entrepreneur, a lack of credit history, the inability to produce an acceptable business plan according to financial institutions, poor market research and the absence of a viable business idea.
- Lack of access to vibrant markets, which become one of the fundamental requirements to accessing funding and mentorship at early stages. Notably, small businesses located in rural areas are at a disadvantage compared to their urban counterparts.
- Restrictive labour laws, which are identified as a significant regulatory obstacle to entrepreneurship and low skills business growth, particularly when it comes to hiring and firing staff.
- Inadequate access to ICT and communication infrastructure, utilities and transport, land or space at affordable prices, which is instrumental to supporting new businesses.
- Inadequate support for building Research and Development capacity among SMMEs, which could help in transforming ideas into sustainable businesses.
- Lower levels of entrepreneurship and low skills level in enterprise, financial and business management by SMMEs and Co-operatives.

The aforementioned challenges have created a framework for the Department to act in the sector by developing plans to address some of the emerging issues plaguing SMMEs and implementing programmes to provide much-needed assistance.

4.4. DSBD Performance Considerations

Summary of Key Priorities Informing the 2024/25 Annual Performance Plan

The 2024/25 financial year is the last year of implementation of the 2020/21 to 2024/25 planning cycle. The 2024 General Election will introduce the Seventh Administration of Government for the 2024-29 period. The new planning cycle (2025/26 to 2029/30) starts a year after the elections as it is informed by the decisions of the new administration. This 2024/25 APP will also be used as the transition plan from Sixth Administration to the Seventh Administration.

Although the 2019-24 MTSF period ends on 31 March 2024, the DSBD will continue to plan for the relevant revised 20219-

24 MTSF indicators that will not be achieved in 2023/24 financial year. The 2019-24 MTSF ascribes a critical role to small businesses (including Co-operatives), which includes increasing their contribution to GDP from 35% to 50% by the year 2024. The DSBD is expected to play a much more direct role in respect of **Priority 2: Economic Transformation and Job Creation** of which its expected outcomes are creation of more decent jobs and inclusive economic growth. The SMMEs and Co-operatives are recognised as a critical sector that will contribute significantly to the transformation of the economy, inclusive economic growth and job creation. For the small businesses to be able to deliver on these imperatives, Government has a critical role to play in ensuring that they are properly supported, and a conducive environment is created for them to thrive and grow. Special attention is also required for support interventions and initiatives that will broaden opportunity and employment for WYPWDs.

To effectively position small businesses to play a meaningful role in the economy, the Department will implement the following interventions which are aimed at promoting the sustainability and growth of SMMEs and Co-operatives over the medium term:

4.4.1. 2024/25 Financial Year Priorities:

1. NISED Strategic Framework, Co-operatives Strategy and Informal Economy:
 - **NISED Strategic Framework:** SBD to own its leadership role in the ecosystem by pushing policy that are in the interest of SMMEs and Co-operatives, which state that the Department must play coordinating, advocacy, and leadership roles.
 - **Co-operative Strategy:** The Department's CDSP is intended to support Co-operative enterprises. Through this Programme, the SBD Portfolio will seek to support 250 Cooperative financially (40) and non-financially (210).
 - **National Informal Business Strategy:** Seeks to uplift informal businesses within the informal economy and render support to local chambers, local business associations, municipalities and Local Economic Development offices to deliver and facilitate access to upliftment programmes.
2. Policy and legislation to create an enabling environment for SMMEs and Co-operatives within which to operate:
 - Implement the **SMMEs and Co-operatives Funding Policy** to ensure improvement in access to finance for SMMEs and Co-operatives.

- **RTRP:** 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.
 - Monitor and report on the finalisation to the **National Small Enterprise Act** and the **Businesses Act**.
 - In supporting innovation, digitalisation and modernisation of the State, the SBD Portfolio will review its **Digital Strategy** to ensure continuous innovation within the small enterprise ecosystem.
 - Report on the number and performance of **Incubation Centres and Digital Hubs** for SMME development.
 - **The YCF:** 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 interventions facilitating financial and/or non-financial support to start-up youth businesses.
3. Township and Rural Revitalisation Policy Framework
- **TREP:** An initiative by the SBD Portfolio in collaboration with CoGTA, **the dtic**, NT, provincial economic development departments and selected municipalities.
 - **SEMSP:** To promote and encourage localisation in targeted sectors, the Department, through **sefa**, in collaboration with **the dtic**, introduced the SEMSP.
4. Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives:
- Building manufacturing and capacity.
 - Imports substitution.
 - Products manufactured by the SMMEs.
 - During the 2024/25 financial year, in response to the trajectory to ensure that 1 000 products/services are procured from SMMEs and Co-operatives by 31 March 2024, a further 250 Products manufactured, and services rendered by SMMEs and Co-operatives linked to domestic market.
 - **Business Infrastructure:** An environment where small businesses will interact with the market to showcase their product or service offering with the view to transact.
- During the 2024/25 financial year, the Department plans to establish five business infrastructures.
5. Create the One-stop Shop and Digital Support Toward SMMEs and Co-operatives
- Create a business case for the new single Small Business Support Entity. Implementation of the merger of Co-operatives Banks Development Agency (CBDA), Seda and **sefa**.
 - South African SME partnership on a joint SME Fund between Government and the private sector.
6. Facilitate an increase in the number of **competitive small businesses** with focus on township and rural economies (Report on the support provided to SMMEs with a breakdown on the type of support provided per sector, demographic profile, size, Historically Disadvantaged Individuals known as HDIs, etc.).
- In response to the high level of rolling blackouts necessitated for the DSBD and its agencies to develop a programme which will be aligned to the product markets to be built. The sources of power will include Solar, Gas and other sources of power to enable SMMEs to operate optimally.
7. The Portfolio SMMEs and Co-operatives interventions will prioritise WYPWDs to ensure a minimum 40% target for women, 30% for youth and 7% for PWDs.

4.5. Description of the Strategic Planning Process

In the context of the hierarchy of performance information utilised to construct this document a “Theory of Change” diagram and where the “Impact Statement” describes the longer-term impact. The hierarchy described “how this impact will be achieved” in the period to the 2024/25 financial year, by defining outcomes and thereafter, outputs metrics for each outcome. Below is the DSBD Theory of Change that provides a thorough strategic logic of the Department to achieving an identified changes or Impact:

DSBD Vision Statement:		DSBD Mission Statement:		DSBD Values:		DSBD Impact Statement:	
A transformed and inclusive economy driven by sustainable, innovative SMMEs and Co-operatives.		The coordination, integration and mobilisation of efforts and resources towards the creation of an enabling environment for the growth and sustainability of SMMEs and Co-operatives.		<ul style="list-style-type: none"> Innovation Integrity Professionalism Customer Centric 		Sustainable SMMEs and Co-operatives contributing meaningfully to the economy.	
DSBD Seven Outcomes:							
1. Improved Governance and Compliance.	2. Improved integrated and streamlined business processes and systems.	3. Increased participation of SMMEs and Co-operatives in domestic and international markets.	4. Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.	5. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	6. Reduced regulatory burdens for small enterprises.	7. Increased contribution of SMMEs and Co-operatives in priority sectors.	8. Enhanced evidence based business information and sector wide monitoring and evaluation.
DSBD Outputs:							
Programme One: Administration <ol style="list-style-type: none"> 1. Unqualified audit outcome for the Department. 2. Payment register. 3. ≥95% expenditure on annual budget. 4. 5% reduction in vacancy rate towards filling the approved organisational structure. 5. ≥50% female in SMS employed. 6. ≥4% Representation of PWDs. 7. DSBD and its agencies' public engagement programmes implemented within district municipalities. 		Programme Two: Sector Policy and Research <ol style="list-style-type: none"> 1. Bi-annual Progress Report on the Regulatory Reform Implementation Plan. 2. Municipalities trained to roll out the Red-Tape Reduction Awareness Programme. 3. Red-Tape Reduction Framework for Small Enterprise. 4. Approved DSBD IGR framework. 5. Evaluation Report. 6. Research Report. 7. Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives. 8. Partnership framework. 9. Value chain assessment of the cannabis industry in the primary sector. 10. Value chain assessment of the wholesale and retail industry in the tertiary sector. 11. Value chain assessment of the construction industry in the secondary sector. 		Programme Three: Integrated Co-operatives and Micro Enterprise Development <ol style="list-style-type: none"> 1. Products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market. 2. SMMEs and Co-operatives exposed to global market opportunities. 3. Business Infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built. 4. Co-operatives supported non-financially. 5. Co-operatives supported financial. 6. Informal and Micro Enterprises supported through the Informal and Micro Enterprise Development Programme (IMEDP). 		Programme Four: Enterprise Development, Innovation and Entrepreneurship <ol style="list-style-type: none"> 1. SMMEs and Co-operatives Funding Policy implemented and reported on. 2. Township and Rural Enterprises Supported through financially and/or non-financially. 3. SMMEs and Co-operatives in the craft sector supported through the Craft Customised Sector Programme. 4. Startup youth businesses supported financially and/or non-financially. 5. Consolidated Report on supported Competitive SMMEs and Co-operatives produced. 6. Sector focused and Hybrid Incubation and Digital Hub Supports Strategy Implemented and reported on. 7. National Entrepreneurship Strategy Implemented and reported on. 8. Monitoring Report on the Performance of the Incubation and Digital Hub supported produced. 9. Township Economy Revitalisation Policy Implementation Plan reported on. 	

The process towards the development of the DSBD 2024/25 APP entailed:

1. EXCO hosting the pre-portfolio strategic session on 25 April 2023 to set the strategic direction in preparation of the commencement of the 2024/25 planning cycle.
2. Then, the Department, together with Seda, CBDA and **sefa**, held the first Portfolio Strategic Planning Session on 1 – 2 June 2023.
 - To review the SBD Portfolio performance since the inception of the Sixth Administration, focusing on the progress made toward the achievement of the revised 2019-24 MTSF priorities, the ERRP interventions, and the Minister's Performance Agreement targets, amongst others.
 - Identify performance gaps and propose corrective strategies to achieve set targets by the end of the 2024/25 financial year, which is the final year of implementing the SBD (DSBD, Seda and **sefa**) Portfolio revised 2020-25 Strategic Plans.
 - Initiate the preparation of the development of the SBD Portfolio 2024/25 APP informed by evidence gleaned from the inception of the Sixth Administration, which will also be used as a transition plan to the Seventh Administration.
 - Provide an update on the merger but focusing on the service delivery model of the new entity, which should assist in clarifying the services that will be offered as from 1 April 2024 (2024/25 financial year).
3. Immediately after the Portfolio Strategic Planning Session, the Department held the Branches' Strategic Planning Sessions. This was done in order to crystallise the draft 2024/25 performance information informed by the policy directive as articulated by the Department's political principles during the planning session, discuss the risks associated with implementing the 2024/25 performance and the technical indicator descriptions.
4. The departmental strategic planning session was held on 6 July 2023 to present, discuss and assess the Draft DSBD, 2024/25 APP targets before being submitted to NT as part of the MTEF process mid-July 2023, informed by the Policy directives/priorities, derived from the Portfolio Strategic Planning Session of 1 – 2 June 2023. To strengthen the alignment between the revised 2019-24 MTSF priorities and APP targets, by ensuring that the chosen outputs are budgeted for and focus on the realisation of outcomes and impact as reflected in the revised DSBD 2020-25 Strategic Plan.
5. The draft APP was presented to DSBD Management Committee (MANCO) on 11 September 2023 and additional inputs were received and incorporated from the members.
6. The draft APP was also presented at the Special EXCO meeting, held on 27 September 2023. Following the discussion that took place at the Special EXCO meeting, the draft APP additional inputs were received and incorporated to the draft APP before being submitted to the Minister of SBD.
7. The draft 2024/25 APP was submitted to the Minister of SBD for further inputs and approval to submit to the DPME. The Department was subsequently provided with an opportunity to present the draft 2024/25 APP to the Minister in October 2023. Following this session with the Minister, the Department was granted approval to submit the draft 2023/25 APP to the DPME.
8. Following the submission of the draft 2024/25 APP and its Technical Indicator Descriptions (TIDs) to the DPME, the Department received the feedback assessment report on 14 December 2023.
9. On 06 February 2024, 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, MANCO and EXCO to solicit their inputs in preparation for the session, where further review of draft 2024/25 APP was undertaken.
10. The further revised draft 2024/25 APP was submitted to the Minister of SBD on 11 February 2024 for approval to submit to the DPME for the second assessment of the APP, confirming alignment with the 2023 SONA commitments.
11. On 14 February 2024, the Department hosted a Strategic Planning Session with the Minister and Deputy Minister to finalise the draft 2024/25 APP together with its TIDs.
12. In addition to submitting to the Minister and Deputy Minister in the Strategic Planning Session, the draft 2024/25 APP was submitted to the departmental Internal Audit and AGSA for review purposes before tabling in Parliament.

4.6 Alignment to the Economic Recovery Reconstruction Plan

The 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"> Increased participation of SMMEs and Co-operatives in domestic and international markets. Increased contribution of SMMEs and Co-operatives in priority sectors. Scaled-up support for SMMEs, Co-operatives, Village and Township Economies. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives. Reduced regulatory burdens for Small Enterprises. 	<ul style="list-style-type: none"> Evaluation Report produced by 31st of March 2025 Number of products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market. Four (4) Monitoring Reports on the Performance of the Incubation and Digital Hub supported approved. Number of municipalities trained on the Red-Tape Reduction Awareness Programme Red-Tape Reduction Framework for Small Enterprise developed and approved by Accounting Officer. Bi-annual Progress on the Regulatory Reform Implementation Plan approved. Number of crafters supported through the Craft Customised Sector Programme (align the Craft CSP guidelines and implementation to the Creative Industries Masterplan).
Priority area 6: Green economy. Priority area 7: Agriculture and food security.	<ul style="list-style-type: none"> Increased contribution of SMMEs and Co-operatives in priority sectors. Scaled-up support for SMMEs, Co-operatives, Village and Township Economies. 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"> Implementation of the approved Masterplans. Number of informal business supported through IMEDP.
Export promotion and regional integration, support for township and village economies.	<p>Increased participation of SMMEs and Co-operatives in domestic and international markets</p> <p>Increased contribution of SMMEs and Co-operatives in priority sectors.</p>	<ul style="list-style-type: none"> Number of SMMEs and Co-operatives exposed to global market opportunities. Number of business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built. Number of Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer. Partnership framework approved by Accounting Officer. Value chain assessment of the cannabis industry in the primary sector approved by Accounting Officer.

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.	Scaled-up support for SMMEs, Co-operatives, Village and Township Economies.	<ul style="list-style-type: none"> • Evaluation Report produced by 31st of March 2025.
Export promotion and regional integration, support for township and village economies.	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"> • Number of Co-operatives supported non-financially. • Number of Co-operatives supported financially.
Gender equality and economic inclusion of women and youth.		<ul style="list-style-type: none"> • Number of informal businesses supported through IMEDP. • SMMEs and Co-operatives Funding Policy Implementation Reports approved. • Number of Township and Rural Enterprises supported financially and/or non-financially. • Number of crafters supported through the Craft Customised Sector Programme. • Number of start-up youth businesses supported financially and/ or non-financially. • Consolidated Report on the number of competitive SMMEs and Co-operatives supported approved.

4.7 Revised 2019-2024 MTSF Priorities and National Annual Strategic Plan

4.7.1 Direct Links to the Revised 2019-24 MTSF Priority

With specific reference to the revised MTSF, 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 MTSF Targets Priority		DSBD Programme
		Linkages to the NDP Five-Year Implementation Plan	Linkages to the Monitoring Framework for the NDP Five Year Implementation Plan	
Sustainable SMMEs and Co-operatives contributing meaningfully to the economy.	Increased participation of SMMEs and Co-operatives in domestic and international markets.	Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives developed and adopted by 31 March 2021.		Programme Three: Integrated Co-operatives and Micro Enterprise Development.
		Implement the SMMEs-Focused Localisation Policy and ensure 100% compliance by public sector in procuring 1 000 designated local products and services from SMMEs by 31 March 2024.		
	Increased contribution of SMMEs and Co-operatives in priority sectors.	All Masterplans developed by end of 2021.		Programme Four: Enterprise Development, Innovation and Entrepreneurship.
	Scaled-Up and coordinated support for SMMEs Co-operatives, Village and Township Economies.	100 Incubation Centres and Digital Hubs established by 2024.		Programme Three: Integrated Co-operatives and Micro Enterprise Development. Programme Four: Enterprise Development, Innovation and Entrepreneurship.
	Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	10 000 youth business start-ups supported per annum.		Programme Four: Enterprise Development, Innovation and Entrepreneurship.
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.				
100 000 competitive small businesses and Co-operatives supported by 2024.			Programme Three: Integrated Co-operatives and Micro Enterprise Development. Programme Four: Enterprise Development, Innovation and Entrepreneurship.	

4.7.2 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 MTSF as indicated in the table below:

MTSF Outcome	Revised 2019-24 MTSF Targets	Lead and Contributing Departments	DSBD Programme
1. Integrated service delivery, settlement transformation and inclusive growth in urban and rural places.	<ul style="list-style-type: none"> Township Economic Profiles completed by March 2021. Strategy completed by March 2021. Strategy implemented by March 2022. 	Lead: NT. Contributing: the dtic , DSBD, provinces.	Programme Two: Sector Policy and Research. Programme Three: Integrated Co-operatives and Micro Enterprise Development. Programme Four: Enterprise Development, Innovation and Entrepreneurship.
2. Effective regulatory framework of agricultural produce and exports.	<ul style="list-style-type: none"> 1 Agricultural Produce Act developed by 2024. 4 reviews to the agricultural produce management practices. 	Lead: DALRRD. Contributing: the dtic , DSBD, National Agricultural Marketing Council (NAMC), Perishable Products Export Control Board (PPECB) and commodities-based boards.	

4.8 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 APPs. The Department is directly contributing to the following priority of the NASP as indicated in the table below:

Interventions	Indicators	Targets	DSBD Programme
Priority 2: Economic transformation and job creation			
Support and integrate SMMEs, township and rural enterprises in value chains and provide access to markets.	Number of competitive SMMEs and Co-operatives supported.	50 000 enterprises supported per year.	Programme Three: Integrated Co-operatives and Micro Enterprise Development Programme Four: Enterprise Development, Innovation and Entrepreneurship

4.9 DSBD Game-Changer Programmes

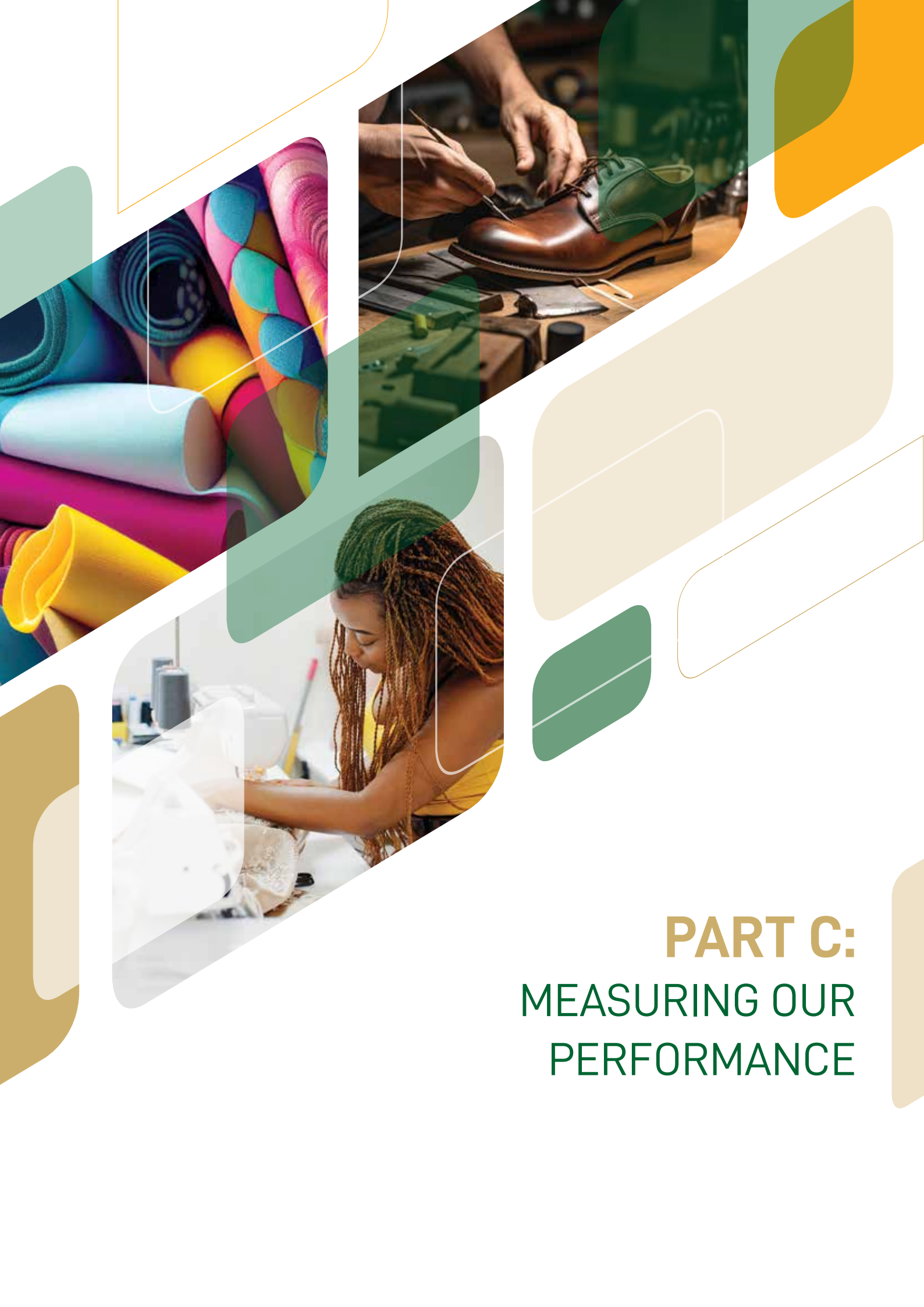
During the 2023/24 financial year, the Department will move from the premise that SMMEs and Co-operatives support needs to be reconfigured by leveraging resources from the entire ecosystem as outlined in the Departmental NISED Strategic Framework. The Department has introduced five burning platforms / Game-Changer Programmes to effectively position small businesses to play a meaningful role in the economy and recalibrate the small enterprise ecosystem, contribute in the reduction of unemployment, increased per capita income, add back to the fiscus and address the revenue crisis in the local government.

Game-Changer	Descriptions	DSBD Consideration	DSBD Programme
Game-Changer 1	New Economy Start-up: The intervention is aimed at creating a more enabling support ecosystem for high tech and energy start-ups.	<p>The development of the National Entrepreneurship Strategy is currently underway. The strategy is expected to create synergy among the different policy and strategy initiatives in the country as well as identify and address gaps in various policies further providing guidance in creating an enabling environment for the development of entrepreneurship and start-ups. At the heart of the strategy is the creation of more enabling support needed to network and synergise the fragmented activities performed by development partners and other actors.</p> <p>Currently South Africa is losing its best innovators and tech start-ups to other global tech hub competitors. This game-changer will target high-growth tech start-ups and is aimed at retaining innovation and tech capabilities in the country. The Department is participating in the team that is led by the Presidency in engaging other stakeholders including NT and the Department of Science and Innovation to create an enabling environment for these kinds of start-ups.</p> <p>Any new start-up business needs several support services at its different phases to cope with dynamic environmental and operational challenges. The Department will embed broader efforts around inclusive innovation support, assessing, adjusting, and developing necessary instruments and tools.</p>	Programme Four: Enterprise Development, Innovation and Entrepreneurship
Game-Changer 2	Township and Rural Economic Development: The aim of this burning platform is to redirect B-BBEE resources and Enterprise and Supplier Development (ESD) accelerator funding towards SMMEs located in South African townships and rural areas.	<p>The DSBD intends to engage the private sector to raise awareness regarding its support of the development and growth of township and rural enterprises. These engagements would be informed by the working relationship between the DSBD and the dtic in strengthening the B-BBEE policy and its Codes of Good Practice.</p> <p>It is envisaged that the concept of the ESD fund would be revisited so that private sector ESD funds could be used to leverage government incentive schemes such as the TREP and other schemes aimed at enhancing the capacity of township and rural enterprises.</p>	Programme Three: Integrated Co-operatives and Micro Enterprise Development Programme Four: Enterprise Development, Innovation and Entrepreneurship

Game-Changer	Descriptions	DSBD Consideration	DSBD Programme
Game-Changer 3	<p>Refuelled Incubator / Accelerator Programme: This programme will primarily extend the existing network of incubators for start-ups and accelerators for scale-ups in terms of the tiered small business support model.</p>	<p>The Incubation and Digital Hub Support Programme is committed to building an ecosystem of enhanced sector-focused support service centres to produce high-performance entrepreneurs. This will be done by offering support through existing Incubation Centres and Digital Hubs towards growth by upscaling and exposing beneficiary businesses to refuelled support offerings that allow varied programmes drawn from existing incubation support programmes, packaged together towards the attainment of their full potential through collaborations.</p> <p>Likeminded stakeholders in the incubation space using differentiated incubation models and approaches are to partner – private to public/ public to public and review, harmonise and subsequently package an Integrated Support Package for offer to small businesses. This is done through the integration of models to benefit the end user through enhanced services and products, allowing beneficiaries to experience an integrated approach in the delivery of small business support enabling enhanced learning, varied streams and options, and access to post incubation support. Furthermore, in pursuit of offering performance-orientated entrepreneurs and their businesses access to mainstream economic opportunities, the differentiated service will provide a range of utility spaces, professional services and business resources coupled with opportunities to pitch for support to potential partner investors that add value and set businesses in the right direction for growth. Access and implementation of hybrid incubation support services that offer a combined improved service and a portfolio of financial and non-financial support will be prioritised as an added value to increase access and inclusivity.</p>	<p>Programme Four: Enterprise Development, Innovation and Entrepreneurship</p>

Game-Changer	Descriptions	DSBD Consideration	DSBD Programme
Game-Changer 4	A Recapitalised SMME Funding Package: Four interventions are proposed as part of the Recapitalised SMME Funding Package: A Recapitalised Khula Credit guarantee (KCG); a Micro Finance Intermediary Franchise Programme; a significantly up-scaled Direct Lending Programme; and Tailored Blended Finance.	<p>The DSBD will implement the SMMEs and Co-operatives Funding Policy to accelerate the achievement of the objectives of Game-Changer 4: This Game-Changer is going to be achieved by introducing targeted funding instruments linked to business development lifecycle including Micro Finance Intermediary Programme (MFIP). DSBD will also focus on implementing the recommendations of the World Bank diagnostic review pertaining to KCG to address identified shortcomings with a view to make the guarantee more responsive, raise more capital and remove access to finance barriers in the form of collateral requirements, and in the process, make SMMEs lending more attractive by mitigating the credit risk through KCG.</p> <p>The Department will continue to lobby National Treasury to recapitalise KCG given that so far Government has not invested in, and the past performance of KCG has shown that it is possible to leverage funding for SMMEs through a well-crafted credit guarantee scheme.</p>	Programme Four: Enterprise Development, Innovation and Entrepreneurship

Game-Changer	Descriptions	DSBD Consideration	DSBD Programme
Game-Changer 5	<p>Supplier Development Partnership Programme: The programme is aimed at leveraging the commitment of corporates and large firms to on-boarding and supporting new suppliers.</p>	<p>The Department currently implements the SMME-Focused Localisation Policy Framework that was developed to create an enabling environment for the development and growth of sustainable SMMEs and Co-operatives. The intention of this framework is to build the manufacturing capacity of SMMEs and Co-operatives, so that these enterprises can contribute to the creation of new employment opportunities. In addition, the framework aims at reducing the country's dependence on imported products. Lastly, it provides a mechanism to establish a route-to-market by linking SMME products to private sector value chains as well as public sector procurement opportunities.</p> <p>The Department intends to scale up the supplier development initiative through raising awareness of the Localisation Policy by engaging the dtic on their B-BBEE policy and its Codes of Good Practice. The intention of this engagement is to work on the revision of this policy so that DSBD can have oversight of the ESD element and monitor the private sector's compliance with its obligations. This will ensure that big businesses contribute to the development of SMMEs by integrating SMMEs in their supply and value chains and in particular targeting township and rural enterprises.</p> <p>In further upscaling the implementation of ESD, DSBD hosted two solutions workshops with the private sector to establish a Community of Practice on ESD. To date, few private sector organisations have expressed interest to add value in developing SMMEs and integrate them in their value chains. It is envisaged that this structure would serve as a platform that would strengthen working relations between government and the private sector on ESD and deepen the impact of ESD programmes on small businesses and Co-operatives.</p>	<p>Programme Three: Integrated Co-operatives and Micro Enterprise Development</p>



PART C:
MEASURING OUR
PERFORMANCE

5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

5.1 Programme One: Administration

5.1.1 Purpose:

Provide strategic leadership, management and support services to the Department.

5.1.2 Sub-Programme and Sub-Purpose:

- **Ministry** - Manage the office and render a support service to the Executive Authority (EA) and Deputy Minister.
- **Departmental Management** - Manage the provision of Strategic and Governance related services.
- **Corporate Management Services** - Oversee the provision of Corporate Management services.
- **Financial Management** – Manage and facilitate the provision of financial management services.

5.1.3 Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved governance and compliance.	1.1. Unqualified Audit Outcome for the Department.	a) Unqualified Audit Outcome on non-financial performance information obtained.	Target Achieved: Unqualified audit outcome for the Department for 2019/20 Financial Year obtained.	Target Achieved: Unqualified audit outcome on non-financial performance information for 2020/21 financial year.	Target achieved: 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.	Unqualified Audit Outcome on non-financial performance information for 2024/25 financial year.	Unqualified Audit Outcome on non-financial performance information for 2025/26 financial year.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		b) Unqualified Audit Outcome on Annual Financial Statements obtained.		Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2020/21 financial year.	Target achieved: 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.	Unqualified Audit Outcome on Annual Financial Statements for 2024/25 financial year.	Unqualified Audit Outcome on Annual Financial Statements for 2025/26 financial year.
	1.2. Payment register.	% of valid creditors paid within 30 days.	Target Achieved: 100% of valid creditors paid in under 30 days.	Target Not Achieved: 99.8% of valid creditors were paid within 25 days.	Target Achieved: 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.
	1.3. ≥95% expenditure on annual budget.	% variance on Annual budget.	Target Achieved: 1.3% variance on annual budget.	Target Achieved: 0.9% variance on annual budget.	Target Achieved: 0.75% 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. 5% reduction in vacancy rate towards filling the approved organisational structure.	% reduction in vacancy rate towards filling the approved organisational structure.	Target Achieved: 9.7% vacancy rate in funded posts.	Target Not Achieved: 16.2% vacancy rate in funded permanent posts.	Target not achieved: 10% vacancy rate in funded permanent posts.	5% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	1.5 ≥50% female in SMS employed.	% female SMS representation.	Target Achieved: 57.1% of female SMS representation.	Target Not Achieved: 47.1% of female SMS representation.	Target achieved: 51.5% 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% Representation of PWDs.	% representation of PWDs.	Target achieved: 3.3% Representation of PWDs.	Target Achieved: 3.8% Representation of PWDs.	Target not achieved: 3.3% representation of PWDs.	≥3% Representation of PWDs.	≥4% representation of PWDs.	≥4.5% representation of PWDs.	≥5% 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.	N/A	Target Achieved: 82 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	Target Achieved: 135 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	90 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	110 DSBD and its Agencies' public engagement programmes implemented within district municipalities.	120 DSBD and its Agencies' public engagement programmes implemented within district municipalities.	130 DSBD and its Agencies' public engagement programmes implemented within district municipalities.

5.1.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2024/25	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 2023/24 financial year.	N/A	Unqualified Audit Outcome on non-financial performance information for 2023/24 financial year.	N/A	N/A
b) Unqualified Audit Outcome on Annual Financial Statements obtained.	Unqualified Audit Outcome on Annual Financial Statements for 2023/24 financial year.	N/A	Unqualified Audit Outcome on Annual Financial Statements for 2023/24 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.
% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.	N/A	N/A	N/A	5% reduction in vacancy rate towards filling the approved organisational structure.
% 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.
% representation of PWDs.	≥4% representation of PWDs.	N/A	N/A	N/A	≥4% representation of PWDs.
Number of DSBD and its Agencies' Public Engagement Programmes implemented within district municipalities	110 DSBD and its Agencies' Public Engagement Programmes Implemented within district municipalities.	30 DSBD and its Agencies' Public Engagement Programmes Implemented within district municipalities.	30 DSBD and its Agencies' Public Engagement Programmes Implemented within district municipalities.	30 DSBD and its Agencies' Public Engagement Programmes Implemented within district municipalities.	20 DSBD and its Agencies' Public Engagement Programmes Implemented within district municipalities.

5.1.5 Explanation of Planned Performance over the Medium-Term Period

In concluding the implementation of the 2020/21 to 2024/25 planning cycle, the Administration Programme will continue to provide support services to the different programmes of the Department with special focus on improving governance and compliance, as well as improving integrated and streamlined business processes and system outcomes. These will be done through maintaining the Unqualified Audit Outcome on both non-financial performance information and Annual Financial Statements of clean audit, ensure that 100% of valid creditors are paid within 30 days outputs. During the 2022/23 financial year, the Department's structure was approved by the EA in September 2022. The Department will ensure that 5% is reduced in the vacancy rate towards filling the approved organisational structure ≥5% are represented by PWDs and 30% youth representatives, which will be reflected in the Departmental Operational Plan.

During the 2024/25 financial year, Department together with its entities, will continue to share information about the opportunities that exist for SMMEs and Co-operatives. The SBD portfolio will ensure that 110 public engagements are implemented within a district municipality, which aims to provide financial and non-financial support to SMMEs and Co-operatives in an effort to increase the uptake of programmes offered by the SBD Portfolio.

5.1.6 Programme Resource Considerations

PROGRAMME ONE: SUB-PROGRAMME	2024/25	2025/56	2026/27	TOTAL MTEF
	R'000	R'000	R'000	R'000
Ministry	30 829	30 588	32 035	93 452
Departmental Management	28 032	27 208	28 508	83 748
Corporate Services	82 995	89 803	93 803	266 601
Financial Management	27 715	29 181	30 573	87 469
TOTAL	169 571 09	176 780	184 919	531 270

Programme 1 (Administration): Programme 1 is allocated R169.6 million in 2024/25 and R531.3 million over the medium-term. The Programme is responsible for providing strategic leadership, management and support services to the Department. This will be achieved through the following four sub programmes namely Ministry (R93.5 million), Departmental Management (R83.7 million), Corporate Management Services (R266.6 million) and Financial Management (R87.5 million).

5.2 Programme Two: Sector Policy and Research

5.2.1 Purpose:

Oversee transversal support within the ecosystem to provide a conducive environment for SMMEs.

5.2.2 Sub-Programme and Sub-Purpose:

- **Business Intelligence and Sector Wide Monitoring and Evaluation** - Manage provision of evidence-based business information and sector-wide Monitoring and Evaluation.
- **Intergovernmental Relations and Business Efficiency** - Manage and facilitate intergovernmental relations to reduce administrative and regulatory burdens for SMMEs.
- **Sector Specific Support** - Manage initiatives to increase the development, participation and sustainability of small-scale manufacturers in key industries.

5.2.3 Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1. Reduced regulatory burdens for Small Enterprises.	1.1 Bi-annual Progress Report on the Regulatory Reform Implementation Plan.	Bi-annual Progress Report on the Regulatory Reform Implementation Plan.	N/A	N/A	Target achieved: Assessment review report of SMME regulatory impediments to reform was approved by EXCO.	A Regulatory Reform Implementation Plan submitted to Minister for approval.	Bi-annual Progress Reports on the Regulatory Reform Implementation Plan submitted to Accounting Officer.	Bi-annual Progress Reports on the Regulatory Reform Implementation Plan submitted to Accounting Officer.	Bi-annual Progress Reports on the Regulatory Reform Implementation Plan submitted to Accounting Officer.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
2. Improved integrated and streamlined business processes and systems.	2.1 Municipalities trained to roll out the Red-Tape Reduction Awareness Programme.	Number of municipalities trained on the Red-Tape Reduction Awareness Programme.	Target Achieved: Three (3) Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives –Baseline.	Target achieved: Three (3) districts assisted through the Red-Tape Reduction Action Plan.	Target Achieved: 25 municipalities were assisted to roll out the Red-Tape Reduction Awareness Programme.	30 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	30 municipalities trained on the Red-Tape Reduction Awareness Programme.	40 municipalities trained on the Red-Tape Reduction Awareness Programme.	50 municipalities trained on the Red-Tape Reduction Awareness Programme.
	2.2 Red-Tape Reduction Framework for Small Enterprise.	Red-Tape Reduction Framework for Small Enterprise approved by Accounting Officer.	N/A	N/A	N/A	N/A	Red-Tape Reduction Framework for Small Enterprise approved by Accounting Officer.	Red-Tape Reduction Framework Implemented.	Red-Tape Reduction Framework Implemented.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	2.3 Approved DSBD Inter-Governmental Relations (IGR) framework.	DSBD IGR Framework approved by Accounting Authority.	N/A	N/A	N/A	N/A	DSBD IGR framework approved by Accounting Authority.	DSBD IGR framework Implemented.	DSBD IGR framework Implemented.
3. Enhanced evidence-based business information and sector wide monitoring and evaluation.	3.1 Evaluation Report.	Evaluation Report produced by 31st of March 2025.	N/A	Target Not Achieved: Incubation Support Programme (ISP) evaluation not conducted and approved by EXCO.	Target not achieved: Monitoring Report on the Incubation Support Programme improvement plan not approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	Evaluation Report produced by 31 March 2025.	Evaluation Report produced by 31 March 2026.	Evaluation Report produced by 31 March 2027.
	3.2 Research Report.	Number of Research Reports produced.	N/A	N/A	N/A	N/A	One (1) Research Report produced.	One (1) Research Report produced.	One (1) Research Report produced.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
4. Increased contribution of SMMEs and Co-operatives in priority sectors.	4.1 Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives.	Number of Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.	N/A	N/A	N/A	N/A	Five (5) Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.	Five (5) Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.	Five (5) Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.
	4.2 Partnership framework.	Partnership framework approved by Accounting Officer.	N/A	N/A	N/A	N/A	Partnership framework approved by Accounting Officer.	N/A	N/A
	4.3 Value chain assessment of the cannabis industry in the primary sector.	Value chain assessment of the cannabis industry in the primary sector approved by Accounting Officer.	N/A	N/A	N/A	N/A	Value chain assessment of the cannabis industry in the primary sector approved by Accounting Officer.	Value chain assessment for priority industries in the primary sector approved by Accounting Officer.	Value chain assessment for priority industries in the primary sector approved by Accounting Officer.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	4.4 Value chain assessment of the construction industry in the secondary sector.	Value chain assessment of the construction industry in the secondary sector approved by Accounting Officer.	N/A	N/A	N/A	N/A	Value chain assessment of the construction industry in the secondary sector approved by Accounting Officer.	Value chain assessment for the priority industries in the secondary sector approved by Accounting Officer.	Value chain assessment for the priority industries in the secondary sector approved by Accounting Officer.
	4.5 Value chain assessment of the wholesale and retail industry in the tertiary sector.	Value chain assessment of the wholesale and retail industry in the tertiary sector approved by Accounting Officer.	N/A	N/A	N/A	N/A	Value chain assessment of the wholesale and retail industry in the tertiary sector approved by Accounting Officer.	Value chain assessment for priority industries in the tertiary sector approved by Accounting Officer.	Value chain assessment for priority industries in the tertiary sector approved by Accounting Officer.

5.2.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2024/25	Quarterly Targets			
		Q1	Q2	Q3	Q4
Bi-annual Progress reports on the Regulatory Reform Implementation Plan submitted to Accounting Officer.	Bi-annual Progress Reports on the Regulatory Reform Implementation Plan.	N/A	Bi-annual Progress Reports on the Regulatory Reform Implementation Plan.	N/A	Bi-annual Progress Reports on the Regulatory Reform Implementation Plan.
Number of municipalities trained on the Red-Tape Reduction Awareness Programme.	30 municipalities trained on the Red-Tape Reduction Awareness Programme.	5 municipalities trained on the Red-Tape Reduction Awareness Programme.	5 municipalities trained on the Red-Tape Reduction Awareness Programme.	10 municipalities trained on the Red-Tape Reduction Awareness Programme.	10 municipalities trained on the Red-Tape Reduction Awareness Programme.
Red-Tape Reduction Framework for Small Enterprise submitted by Accounting Officer.	Red-Tape Reduction Framework for Small Enterprise approved by Accounting Officer.	Red-Tape Reduction Framework for Small Enterprise drafted.	Stakeholder consultations conducted with key stakeholders on Red-Tape Reduction Framework.	Revised Red-Tape Reduction Framework for Small Enterprise based on inputs received from stakeholder consultations.	Red-Tape Reduction Framework for Small Enterprises submitted to Accounting Officer.
DSBD IGR Framework approved by Accounting Authority.	DSBD IGR framework approved by Accounting Authority.	Consultations on draft DSBD IGR Framework conducted.	Report on inputs and feedback from stakeholders' consultation incorporated into a draft DSBD IGR Framework.	DSBD IGR framework approved by Accounting Authority.	N/A
Evaluation Report produced by 31 March 2025.	Evaluation Report produced by 31 March 2025.	N/A	Inception Report.	1st draft Evaluation Report.	Evaluation Report produced by 31 March 2025.
Number of Research Reports produced.	One (1) Research Report produced.	Inception Report.	Draft Research Report	Report of consultations on Draft Research Report.	One (1) Research Report produced.

Output Indicator	Annual Target 2024/25	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.	Five (5) partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.	N/A	1 partnership agreement, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.	2 partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.	2 partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer.
Partnership Framework approved by Accounting Officer.	Partnership Framework approved.	DSBD Partnership Frameworks approved by Accounting Officer.	N/A	N/A	N/A
Value chain assessment of the cannabis industry in the primary sector approved by Accounting Officer.	Value chain assessment of the cannabis industry in the primary sector approved by Accounting Officer.	Value chain assessment concept note of the cannabis industry in the primary sector developed.	Draft report on value chain assessment of the cannabis industry in the primary sector developed.	Consultation report on the draft value chain assessment report of the cannabis industry in the secondary sector produced.	Value chain assessment of the cannabis industry in the primary sector approved by the Accounting Officer.
Value chain assessment of the construction industry in the secondary sector approved by Accounting Officer.	Value chain assessment of the construction industry in the secondary sector approved by Accounting Officer.	Value chain assessment concept note of the construction industry in the secondary sector developed.	Draft report on value chain assessment of the construction industry in the secondary sector developed.	Consultation report on the draft value chain assessment report of the construction industry in the secondary sector produced.	Value chain assessment of the construction industry in the secondary sector approved by Accounting Officer.
Value chain assessment of the wholesale and retail industry in the tertiary sector approved by Accounting Officer.	Value chain assessment of the wholesale and retail industry in the tertiary sector approved by Accounting Officer.	Value chain assessment concept note of the wholesale and retail industry in the tertiary sector developed.	Draft report on value chain assessment in the wholesale and retail sector developed.	Consultation report on the draft value chain assessment report of the wholesale and retail industry in the tertiary sector produced.	Value chain assessment of the wholesale and retail industry in the tertiary sector approved by Accounting Officer.

5.2.5 Explanation of Planned Performance over the Medium-term Period

The Department's focus on reducing regulations remains a significant focal area, along with ongoing efforts to educate municipalities on how to eliminate municipal red tape. For the ensuing implementation years, the focus will be on training municipalities to improve and simplify processes using the Red Tape Reduction Guidelines, which were formally introduced under DPLG (now Co-operative Governance and Traditional Affairs - CoGTA) and **the dtic**, DSBD's successor in title. The continuous implementation of these measures is a direct response to Cabinet statements that the Department is responsible for making recommendations on how to improve the regulatory environment for small businesses in municipalities. Additionally, the Department will periodically provide an update on the Regulatory Reform Implementation Plan.

Following the approval of the organisational structure in fiscal years 2022/23, Sector Policy and Research assumed new responsibilities, including IGR. The focus of IGR will be on developing a relevant framework to promote and ensure a consistent approach to good service delivery in collaboration with other important stakeholders. The Department will in the period under review commission an evaluation study. Generally recognised assessments, by definition, are time-bound and periodic exercises that strive to give credible and usable evidence to answer specific issues and influence decision-making. The assessments will evaluate an intervention's relevance, efficiency, effectiveness, impact, and sustainability based on a variety of parameters:

- Intervention with a broader intended contribution to the attainment of the MTSF goals.
- Performance of the intervention.
- Intervention's maturity.
- Budget availability.

The Department is responsible for conducting research and knowledge management services for guiding the development and review of policies, strategies and programmes intended for the benefit of both SMMEs, Co-Operatives and the informal sector operating in various sectors of the economy. DSBD is responsible for conducting research and providing knowledge management services to guide the development and updating of policies, initiatives, and programmes aimed at benefiting SMMEs, Co-operatives, and the informal sector working in various sectors of the economy. As a way of illustrate the research functions is to set up a Research Agenda for the SBD ecosystem coupled with the development and maintenance of knowledge repositories. In the period under review, a research study is to be undertaken focusing on challenges, business opportunities and support required by SMMEs and Co-operatives in the national priority sectors focusing on the short, medium, and long terms. The growth and sustainability of SMMEs and Co-operatives necessitate a specific focus on resource mobilisation to capitalise on sector-related opportunities. To achieve this, the department intends to enter into collaboration agreements with the public and/or private sectors to assist SMMEs and Co-operatives. This will take place in conjunction with a review of the existing guidelines on partnerships, towards the Department of a sectoral partnership framework.

5.2.6 Programme Resource Considerations

PROGRAMME TWO: SUB-PROGRAMME	2024/25	2025/56	2026/27	TOTAL MTEF
	R'000	R'000	R'000	R'000
Business Intelligence & Sector-Wide M&E	17 271	18 019	18 717	54 007
Intergovernmental Relations and Business Efficiency	16 849	16 287	16 874	50 010
Sector Specific Support	26 737	33 135	34 421	94 293
TOTAL	60 857	67 441	70 012	198 310

Programme 2 (Sector Policy and Research): Programme 2 is allocated R60.9 million in 2024/25 and R198.3 million over the medium-term. To oversee transversal support within the ecosystem to provide a conducive environment for SMMEs. This will be achieved through the following four sub-programmes:

The Business Intelligence and Sector Wide Monitoring and Evaluation sub-programme is allocated R17.3 million in 2024/25 and R54.0 million (27.2%) over the medium-term to manage the provision of evidence-based business information and Sector-wide Monitoring and Evaluation. During the 2022/23 Financial year, the sub programme produced three reports on the Informal economy, Usage of evaluation studies, and prioritization of the business opportunities as part of the Eastern seaboard regional economic development. The department conducted an impact evaluation of the ISP programme. With a budgeted amount of R1.2 million in 2024/25 and R3.7 million over medium term, the Branch will set a research agenda every year and pick two research areas from the pool of research proposals to research in the following year.

Establishment of the Small Enterprise Ombuds Service – A total of R3.6 million is reprioritised in 2024/25 and R11.4 million over the medium-term. Small enterprises need an effective mechanism to resolve their disputes in an efficient and cost-effective manner. The litigation route for resolving disputes, however, places small enterprises at a significant disadvantage relative to their larger business counterparts. 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 very real implications on their sustainability and growth. In most jurisdictions the most prevalent way of resolving such disputes legally through litigation which in an expensive process.

Intergovernmental Relations and Business Efficiency sub-programme is allocated R16.8 million in 2024/25 and R50 million (25.2%) over the MTEF to manage and facilitate intergovernmental relations to reduce administrative and regulatory burdens for SMMEs.

During the 2022/23 financial year 25 Municipalities were assisted to roll-out the Red-Tape Reduction Awareness Programme. The focus over the MTEF will be to continue assisting Municipalities to roll out the Red Tape Awareness Programme, as well as the Red-Tape Reduction Framework for Small Enterprise being developed, approved, and implemented. A total of 90 Municipalities will be assisted over the medium term.

The sub-programme will also produce two reports annually on Inter-Governmental relations (IGR) Strategy implementation which will provide progress on the coordination and alignment in the implementation of the DSBD legislation and programmes across the three spheres of government.

Sector Specific Support sub-programme is allocated R26.7 million in 2024/25 and R94.3 million (47.5%) over the MTEF to manage initiatives to increase the development, participation and sustainability of small-scale manufacturers in key industries.

Cannabis Small Enterprise Support Programme - A total of R6.7 million in 2024/25 and R26.6 million is allocated for this Programme. The Department piloted the Cannabis Sector Support Plan with its instrument Cannabis Small Enterprise Support Programme in collaboration with the Scientific and Industrial Research (CSIR) in 2022/23 and a total of 6 enterprises benefited from the pilot phase. With the resources allocated over the MTEF period the Department will continue this work by assisting the enterprises to produce Product prototypes, Prototypes analysis for stability, microbial challenge tests, cannabinoid analysis and nutritional analysis, formulation of reiterations if necessary and re-evaluate prototypes, as well as packaging testing and manufacturing of market ready samples at a GMP accredited facility. A total of 20 enterprises will be assisted in 2024/25 and 60 enterprises over MTEF. The CSESP is also contributing to the Presidential Operation Phakisa Lab on Hemp and Cannabis by supporting and promoting a profitable participation of small enterprises in the cannabis industry value chains in the advancement of Pillar 6 of Cannabis Industrialization Masterplan.

5.3 Programme Three: Integrated Co-operatives and Micro Enterprise Development

5.3.1 Purpose:

Drive economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support.

5.3.2 Sub-Programme and Sub-Purpose:

- **Integrated Co-operatives and Micro Enterprise Development** - Provide leadership to the branch and coordinate provision of business infrastructure services to small businesses, co-operatives and the informal sector.
- **Economic Transformation Initiatives** - Manage economic transformation through Informal Business, Co-operatives and Micro Enterprise Development and Support.
- **Value Chain and Market Access Support** - Manage the provision of market access support that grows value market chains.

5.3.3 Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	1.1. Products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	Number of products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	Target Achieved: 238 products produced by SMMEs and Co-operatives linked to market.	Target Achieved: 288 products produced and services rendered by SMMEs and Co-operatives linked to market.	Target Achieved: 281 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.	250 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	250 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	250 products Manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	1.2. SMMEs and Co-operatives exposed to global market opportunities..	Number of SMMEs and Co-operatives exposed to global market opportunities.	N/A	Target Achieved: 242 SMMEs and Co-operatives exposed to international market opportunities.	Target not Achieved: 68 SMMEs and Co-operatives linked to global market opportunities.	200 SMMEs and Co-operatives exposed to global market opportunities.	200 SMMEs and Co-operatives exposed to global market opportunities.	200 SMMEs and Co-operatives exposed to global market opportunities.	200 SMMEs and Co-operatives exposed to global market opportunities.
2. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	2.1 Business Infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built.	Number of business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built.	N/A	N/A	Target not achieved: Two (2) business infrastructure for SMMEs and Co-operatives refurbished or built.	Seven (7) approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Five (5) business infrastructures (i.e products markets) for SMMEs and Co-operatives refurbished or built.	Five (5) business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built.	Five (5) business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	2.2. Co-operatives supported non-financially.	Number of Co-operatives supported non-financially.	Target not Achieved: Co-operatives supported through non-financial and/or financial to the value of R31.1 million.	Target not achieved: Co-operatives supported to the value of R13.03 million.	Target Achieved: 321 Co-operatives supported financially and/or non-financially.	250 Co-operatives supported financially and/or non-financially.	210 Co-operatives supported non-financially.	250 Co-operatives supported non-financially.	300 Co-operatives supported non-financially.
	2.3 Co-operatives supported financial	Number of Co-operatives supported financially.	N/A	N/A	N/A	N/A	40 Co-operatives supported financially.	50 Co-operatives supported financially.	50 Co-operatives supported financially.
	2.4. Informal and Micro Enterprises supported through the Informal and Micro Enterprise Development Programme (IMEDP).	Number of informal business supported through IMEDP.	N/A	N/A	N/A	1 333 informal business supported through IMEDP.	2 000 informal business supported through IMEDP.	2 000 informal business supported through IMEDP.	2 000 informal business supported through IMEDP.

5.3.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2024/25	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	250 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	75 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	75 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	50 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	50 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.
Number of SMMEs and Co-operatives exposed to global market opportunities.	200 SMMEs and Co-operatives exposed to global market opportunities.	20 SMMEs and Co-operatives exposed to global market opportunities.	80 SMMEs and Co-operatives exposed to global market opportunities.	50 SMMEs and Co-operatives exposed to global market opportunities.	50 SMMEs and Co-operatives exposed to global market opportunities.
Number of Business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built.	Five (5) Business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built.	Report with approved projects.	Progress Report on the implementation of the projects.	Two (2) business infrastructures (i.e. products markets) SMMEs and Co-operatives refurbished or built.	Three (3) business infrastructures (i.e. product markets) SMMEs and Co-operatives refurbished or built.
Number of Co-operatives supported non-financially.	210 Co-operatives supported non-financially.	50 Co-operatives supported non-financially.	55 Co-operatives supported non-financially.	55 Co-operatives supported non-financially.	50 Co-operatives supported non-financially.
Number of Co-operatives supported financially.	40 Co-operatives supported financially.	10 Co-operatives supported financially.	10 Co-operatives supported financially.	10 Co-operatives supported financially.	10 Co-operatives supported financially.
Number of informal business supported through IMEDP.	2 000 informal Business supported through IMEDP.	500 informal business supported through IMEDP.	500 informal business supported through IMEDP.	500 informal business supported through IMEDP.	500 informal business supported through IMEDP.

5.3.5 Explanation of Planned Performance over the Medium-term Period

During quarter three of the 2020/21 financial year, the SMMEs-focused Localisation Policy Framework and Implementation Programme was approved by the Cabinet. This approval gave way for various programmes to be launched, starting with the SEMSP, which focuses on funding SMMEs linked to the market to increase their capacity and improve their competitiveness. The products listing which was conceptualised to identify the readiness of products manufactured by SMMEs that could be listed on the shelves of retailers and wholesalers was also launched. During the 2024/25 financial year, the Department, through the implementation of this Policy Framework, will continue to ensure that 250 products are manufactured, and services rendered by SMMEs, and Co-operatives are linked to the domestic market.

The NDP prioritises the significant role of WYPWDs in our society. Addressing gender equality between men and women and dismantling patriarchal systems remains a key challenge in ensuring women's inclusion in the short, medium and long term. Empowering WYPWDs cuts across all four departmental programmes. During the 2024/25 financial year the Department will mainstreaming programmes on empowerment and development of WYPWDs with minimum targets: a minimum 40% target for women, 30% for youth and 7% for PWDs. Through the Integrated Co-operatives and Micro Enterprise Development programme, the following targets will be mainstreamed:

- 250 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.
- 200 SMMEs and Co-operatives exposed to global market opportunities.
- 210 Co-operatives supported non-financially through various interventions like governance training, access to local and global markets amongst others as articulated above.
- 40 Co-operatives supported financially through the Co-operatives Development Support Programme implemented through Seda.
- 2 000 informal businesses supported through IMEDP.

This mainstreaming will increase economic participation, ownership, access to resources, and opportunities for WYPWDs over the medium term.

A survey conducted in October 2022 on the impact of loadshedding on **sefa**-funded clients indicated that:

- a) Respondents suffered loss of revenue and production due to loadshedding.
- b) Most respondents were operating in manufacturing, retail trade, hotels and restaurants, construction, transport, community services, financial services, agriculture, mining and quarrying.
- c) Those respondents that do not have alternative power in place to mitigate the effect of loadshedding, sits at 76%.
- d) The majority indicated that they require assistance with funding to acquire alternative energy source and assistance with restructuring of their loans in respect of their loan repayment obligation with us.

The **sefa** survey findings show the massive need among SMMEs for urgent relief.

The DSBD is currently rolling out SMME infrastructure and is planning to develop the Five Business infrastructure (i.e. products markets) for SMMEs and Co-operatives to be refurbished or built. This infrastructure will be ineffective and will not be fit for purpose without supplementary/mini-grid energy supply.

5.3.6 Programme Resource Considerations

PROGRAMME THREE: SUB-PROGRAMME	2024/25	2025/56	2026/27	TOTAL MTEF
	R'000	R'000	R'000	R'000
Integrated Co-operatives and Micro Enterprise Development	78 744	81 642	85 652	246 038
Economic Transformation Initiatives	63 780	64 797	66 793	195 370
Value Chain and Market Access Support	59 833	61 905	64 336	186 074
TOTAL	202 357	208 344	216 781	627 482

Programme 3 (Integrated Co-operatives and Micro Enterprise Development): The Programme is allocated of R202.4 million in 2024/25 and R627.5 billion over the medium-term. The Integrated Co-operatives and Micro Enterprise Development programme is responsible for driving economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support. This will be achieved through the following four sub programmes:

Integrated Co-operatives and Micro Enterprise Development sub-Programme is allocated R78.7 million in 2024/25 and R246.0 million (39.2%) over the medium term to Provide leadership to the branch and coordinate provision of business infrastructure services to small businesses, co-operatives and the informal sector.

The Shared Economic Infrastructure Facility (SEIF) has been developed to support the Municipalities, National Government, Provincial Government, Private Sector, Secondary Cooperatives and SMMEs through a co - funding for the establishment of shared infrastructure facilities. These facilities will either be a refurbishment of delapidated building or construction of a new structure/building or a containerised structure model that will benefit SMME's, informal sector, Co-operatives. These shared facilities can be used for production purposes and access to market by displaying their products/services or their produce to the market. The facility is a cost sharing initiative with national government, provincial government, municipalities, private sector, SOE's, agencies of government and secondary cooperatives up to R15 million. To date the facility has supported the establishment of at least 11 product markets, with 3 completed and 8 in different stages of construction. The Department is planning to support 5 projects in 2024/25 and 15 over the MTEF with the allocated budget of R198million.

Economic Transformation Initiatives sub-programme is allocated R63.8 million in 2024/25 and R195.4 million (31.1%) over the MTEF to Manage economic transformation through Informal Business, Co-operatives and Micro Enterprise Development and Support.

Informal Micro Enterprise Development Programme (IMEDP) - A total of R37.3 million in 2024/25 and R111 million over the medium-term. The Informal and Micro Enterprises Development Programme was espoused from the National Informal Business Upliftment Strategy (NIBUS) that was developed in 2012 and 2013 to address the development void at the lower base of the Small, Medium and Micro Enterprise (SMME) Development strategy. IMEDP intends to develop and strengthen the capacity of credible Informal and or Micro Enterprises to be sustainable through the provision of access to information and business infrastructure for eligible applicants. The programme was able to support 1735 Informal and Micro Enterprises in 2022/23 and with the allocated budget the program aims to support 6 000 informal businesses over MTEF.

Co-operatives Business Support is responsible for the Co-operatives Development Support Programme (CDSP) is targeted at Co-operatives that cannot be funded by available support instruments due to factors related to, but not limited to risk, amount, viability, inadequate management and technical expertise, etc. The Co-operatives Development Support Programme is aimed at reducing the cost of borrowing and also improving the affordability and disposable income of the Co-operatives involved. Existing Co-operatives that are in distress will also be catered for under this programme.

Due to capacity constraints within DSBD, the Department has delegated the rolling out of the above-mentioned initiative to Seda for implementation. This is informed by the fact that these business support interventions are aligned to the mandate of the agency. The funds for the implementation of the Co-operatives Development Support Programme was reprioritised from **sefa**-Blended Finance to Seda. The programme has been allocated R73.1 million to support 250 Co-operatives in 2023/24 financial year, and R215.4 million to support 800 Co-operatives over the MTEF period. The budget for this programme is seating in Programme 4 (Enterprise Development, Innovation and Entrepreneurship) under the Entrepreneurship and Enterprise Development sub-programme.

Value Chain and Market Access Support sub-programme is allocated R59.8 million in 2024/25 and R186.1 million (29.7%) over the MTEF to Manage the provision of market access support that grows value market chains.

The **Small Businesses Expoters Development Scheme (SBEDS)**: The sub programme facilitates and supports outbound missions and exports for the benefit of SMMEs and Co-operatives to enable SMMEs and Co-operatives to compete in global markets, the DSBD's Small Enterprise Development Agency (Seda) plans to connect SMMEs to foreign market opportunities through trade exhibitions, webinars, seminars, and business-to-business meetings. During the 2022/23 financial year, 70 SMMEs and Co-operatives were exposed to international market opportunities. With a budgeted amount of R60 million over the MTEF, the Department plans to expose 600 SMMEs and Co-operatives to global market opportunities. Africa remains the focus of these international trade events to promote the Africa Continental Free Trade Agreement, in addition Asia, Europe, South and North America, and the BRICS countries will also feature as possible markets.

The **SMME-focused Localisation Policy Framework and the Implementation Programme** were developed to create an enabling environment for the development and growth of sustainable small businesses and Co-operatives. During the 2022/23 Financial year, 281 products and services produced by SMMEs and Co-operatives were linked to market and a further 250 is planned for 2023/24 .The intention is to link 750 products produced and services rendered by SMMEs and Co-operatives to market over the medium-term period.

Proudly SA Collaboration - Proudly South African works with the public and private sectors to promote increased levels of local procurement through supply chain structures, and with consumers to change habits of everyday store and online purchases. The importance of partnering with Proudly SA is the ability to reach out to the South African public in educating the public to be aware of locally produced products as well as buy these products when they make their shopping. This partnership will ensure that more SMMEs are known by the public. With the allocated budget of R2 million in 2024/25 and R6 million over MTEF, the programme aims to support 100 enterprises in 2024/25 and 300 enterprises over MTEF.

5.4 Programme Four: Enterprise Development, Innovation and Entrepreneurship

5.4.1 Purpose:

Oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs.

5.4.2 Sub-Programme and Sub-Purpose:

- **Enterprise Development, Innovation and Entrepreneurship** - Provide leadership to the branch and manage provision of innovative solutions that support transversal applications management and digital business support.
- **Entrepreneurship and Enterprise Development** - Manage the formulation of policy instruments and advocacy work aimed at the inclusion of SMMEs in the mainstream economy.
- **Funding Support and Coordination** - Oversee expansion of access to finance for SMMEs, Co-operatives and the Informal Sector through an integrated approach.

5.4.3 Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1.1. SMMEs and Co-operatives Funding Policy implemented and reported on.	SMMEs and Co-operatives Funding Policy Implementation Reports approved.	Target Achieved: SMMEs and Co-operatives Funding Policy developed and approved by EXCO.	Target not achieved: SMMEs and Co-operatives Funding Policy Not approved, implemented and reported on.	Target achieved: Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy was approved by EXCO.	Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy approved by EXCO.	SMMEs and Co-operatives Funding Policy Implementation Reports approved.	SMMEs and Co-operatives Funding Policy Implementation Reports approved.	SMMEs and Co-operatives Funding Policy Implementation Reports approved.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	1.2. Township and Rural Enterprises Supported through financially and/or non-financially. .	Number of Township and Rural Enterprises supported financially and/or non-financially.	Target not achieved: 13 987 Township and Rural Enterprises supported financially and/or non-financially.	Target not achieved: Township and Rural Enterprises supported to the value of R545 533 667.77.	Target Not Achieved: 18 759 Township and Rural enterprises supported financially and/or non-financially	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.	50 000 Township and Rural Enterprises supported financially and/or non-financially.
	1.3. 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.	Target Achieved: 726 Crafters supported through the Craft Customised Sector Programme.	Target achieved: 953 Crafters supported through the Craft Customised Sector Programme.	Target Not Achieved: 659 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.	1000 crafters supported through the Craft Customised Sector Programme.	1000 crafters supported through the Craft Customised Sector Programme.
	1.4. Start-up youth businesses supported financially and/ or non-financially.	Number of start-up youth businesses supported financially and/ or non-financially.	N/A	Target achieved: 13 369 start-up youth businesses supported financially and non-financially.	Target Not Achieved: 8 988 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.	10 000 start-up youth businesses supported financially and/ or non-financially.	10 000 start-up youth businesses supported financially and/ or non-financially.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	1.5. Consolidated Report on supported Competitive SMMEs and Co-operatives produced.	Consolidated Report on the number of competitive SMMEs and Co-operatives supported approved.	Target Achieved: Consolidated report on the 2 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 70 384 competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 28 484 competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 40 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated Report on the 50 000 competitive SMMEs and Co-operatives supported approved.	Consolidated Report on the 70 000 competitive SMMEs and Co-operatives supported approved.	Consolidated Report on the 80 000 competitive SMMEs and Co-operatives supported approved.
2. Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.	2.1 Sector focused and Hybrid Incubation and Digital Hub Supports Strategy Implemented and reported on.	Number of Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Reports approved.	N/A	N/A	N/A	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy approved by EXCO.	One (1) Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Reports approved.	One (1) Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Reports approved.	One (1) Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Reports approved.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	2.2 National Entrepreneurship Strategy Implemented and reported on.	Bi-annual Progress Report on the implementation of the National Entrepreneurship Strategy approved.	N/A	N/A	N/A	National Entrepreneurship Strategy approved by EXCO.	Bi-annual Progress Report on the implementation of the National Entrepreneurship Strategy approved.	Bi-annual Progress Report on the implementation of the National Entrepreneurship Strategy approved.	Bi-annual Progress Report on the implementation of the National Entrepreneurship Strategy approved.
	2.3 Monitoring Report on the Performance of the Incubation and Digital Hub supported produced.	Number of Monitoring Report on the Performance of the Incubation and Digital Hub supported approved.	N/A		N/A	N/A	Four (4) Monitoring Reports on the Performance of the Incubation and Digital Hub supported approved.	Four (4) Monitoring Reports on the Performance of the Incubation and Digital Hub supported approved.	Four (4) Monitoring Reports on the Performance of the Incubation and Digital Hub supported approved.
	2.4 Township Economy Revitalisation Policy Implementation Plan reported on.	Bi-annual Progress Reports on the implementation of the Township Economy Revitalisation Policy approved.	N/A	N/A	N/A	Township Economy Revitalisation Policy implementation plan approved by EXCO.	Bi-Annual Progress Reports on the implementation of the Township Economy Revitalisation Policy approved.	Township Economy Revitalisation Policy Implementation Plan reported on.	Township Economy Revitalisation Policy Implementation Plan reported on.

5.4.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2024/25	Quarterly Targets			
		Q1	Q2	Q3	Q4
SMMEs and Co-operatives Funding Policy implementation Reports approved.	SMMEs and Co-operatives Funding Policy Implementation Reports approved.	N/A	SMMEs and Co-operatives Funding Policy Implementation Report approved.	N/A	SMMEs and Co-operatives Funding Policy Implementation Report approved.
Number of Township and Rural Enterprises supported financially and/or non-financially.	30 000 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.	10 000 Township and Rural Enterprises supported financially and/or non-financially.	10 000 Township and Rural Enterprises supported financially and/or non-financially.
Number of crafters supported through the Craft Customised Sector Programme.	1000 crafters supported through the Craft Customised Sector Programme.	N/A	Signing of MoAs with Hubs and Agencies.	500 crafters supported through the Craft Customised Sector Programme.	500 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.	1 000 start-up youth businesses supported financially and/ or non-financially.	2 500 start-up youth businesses supported financially and/ or non-financially.	3 000 start-up youth businesses supported financially and/ or non-financially.	3 500 start-up youth businesses supported financially and/ or non-financially.
Consolidated Report on the number of competitive SMMEs and Co-operatives supported approved.	Consolidated Report on the 50 000 competitive SMMEs and Co-operatives supported approved.	Progress Update Report on the 10 000 competitive SMMEs and Co-operatives supported developed approved.	Progress Update Report on the 10 000 competitive SMMEs and Co-operatives supported developed approved.	Progress Update Report on the 15 000 competitive SMMEs and Co-operatives supported developed approved.	Consolidated Report on the 50 000 competitive SMMEs and Co-operatives supported approved.
Number of Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Reports approved.	One (1) Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Reports approved.	Progress Report on the implementation of the Sector-focused and Hybrid Incubation and Digital Hub Support Strategy developed.	Progress Report on the implementation of the Sector-focused and Hybrid Incubation and Digital Hub Support Strategy developed.	Progress Report on the implementation of the Sector-focused and Hybrid Incubation and Digital Hub Support Strategy developed.	One (1) Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Report approved.

Output Indicator	Annual Target 2024/25	Quarterly Targets			
		Q1	Q2	Q3	Q4
Bi-annual Progress National Entrepreneurship Strategy Implementation Reports approved.	Bi-annual Progress Reports on the implementation of the National Entrepreneurship Strategy approved.	N/A	Bi-annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	N/A	Bi-annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.
Number of Monitoring Reports on the Performance of the Incubation and Digital Hub supported approved.	Four (4) Monitoring Reports on the Performance of the Incubation and Digital Hub supported approved.	Monitoring Report on the Performance of the Incubation and Digital Hub supported approved.	Monitoring Report on the Performance of the Incubation and Digital Hub supported approved.	Monitoring Report on the Performance of the Incubation and Digital Hub supported approved.	Monitoring Report on the Performance of the Incubation and Digital Hub supported approved.
Bi-annual Progress Reports on the Implementation of the Township Economy Revitalisation Policy approved.	Bi-annual Progress Reports on the Implementation of the Township Economy Revitalisation Policy approved.	N/A	Bi-annual Progress Report on the Implementation of the Township Economy Revitalisation Policy approved.	N/A	Bi-annual Progress Report on the Implementation of the Township Economy Revitalisation Policy approved.

5.4.5 Explanation of Planned Performance over the Medium-Term Period

The revised 2019-24 MTSF targets were to ensure that at least 50% of national and provincial DFI financing is dedicated to SMMEs and Co-operatives through the establishment of the SMMEs and Co-operatives Funding Policy by March in the 2021/22 financial year. As of the 2023/24 financial year, quarter two, the Department has managed to finalise the SMMEs and Co-operatives Funding Policy together with its Implementation Plan and is due for approval by Cabinet during the course of 2023/24 quarter three. Implementation of the SMMEs and Co-operatives Funding Policy will accelerate the achievement of the objectives of Game-Changer Four, which is going to be realised by introducing targeted funding instruments linked to the business development lifecycle, including the Micro Finance Intermediary Programme.

Also, the revised 2019-24 MTSF target that the Department was entrusted to deliver is to ensure that 100 000 competitive SMMEs and Co-operatives are supported by 2024 and 10 000 youth business start-ups supported per annum. As at the 2023/24 financial year quarter two, 32 573 competitive SMMEs and Co-operatives supported, through the DSBD's, Seda's and **sefa**'s non-financial and financial instruments. A total of 22 362 start-up youth businesses was supported financially and non-financially. During the 2024/25 financial year the Department will continue to provide both financial and non-financial support to competitive SMMEs and Co-operatives, with crafters supported through the Craft Customised Sector Programme and start-up youth business instruments prioritising those that are owned by WYPWDs.

Additionally, the revised 2019-24 MTSF has set the SBD Portfolio a target to establish 100 incubators by 2024. To date, 110 Incubation Centres and Digital Hubs have been established. The 110 are operational centres, already in the implementation phase. The Incubation and Digital Hubs are aimed at nurturing new and existing small enterprises by providing them with financial and technical advice pertaining to the running of a business. During the 2024/25 financial year, the Department will report on the number of SMMEs who participated in the SMME Incubation Programme and Digital Hub Programme including the respective failure and success rates of those SMMEs that have been supported.

Lastly, the Department, through the Enterprise Development, Innovation and Entrepreneurship Programme, will develop national legislation to support the township economy. Following the model developed in the Gauteng Province, this will be realised firstly by developing a detailed concept document and implementation plan on the Township Economy Revitalisation Programme with access to finance from private sector partnerships. In support of the Minister's Game-Changers Programmes, during the 2024/25 financial year, the Department will report on the implementation of the sector-focused and Hybrid Incubation and Digital Hub Support Strategy and National Entrepreneurship Strategy.

5.4.6 Programme Resource Considerations

PROGRAMME FOUR: SUB-PROGRAMME	2024/25	2025/56	2026/27	TOTAL MTEF
	R'000	R'000	R'000	R'000
Enterprise Development, Innovation and Entrepreneurship	3 872	4 062	4 119	12 053
Entrepreneurship and Enterprise Development	1 329 996	1 368 226	1 410 727	4 108 949
Funding Support and Coordination	669 892	719 434	775 298	2 164 624
TOTAL	2 003 760	2 091 722	2 190 144	6 285 626

Programme 4 (Enterprise Development, Innovation and Entrepreneurship): Programme 4 is allocated the most budget with an allocation of R2.004 billion in 2024/25 and R6.286 billion over the medium-term. The Programme's main responsibility is to oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs. This will be achieved through the following sub programmes:

Enterprise Development, Innovation and Entrepreneurship sub-programme is allocated R3.9 million in 2024/25 and R12.1 million (0.2%) over the MTEF to Provide leadership to the branch and manage provision of innovative solutions that support transversal applications management and digital business support.

Entrepreneurship and Enterprise Development sub-programme is allocated R1.330 billion in 2024/25 and R4.109 billion (65.4%) over the MTEF to manage the formulation of policy instruments and advocacy work aimed at the inclusion of SMMEs in the mainstream economy. Of this allocation, R1.316 billion in 2024/25 and R4.064 billion over the MTEF will be transferred to the Small Enterprise Development Agency (Seda).

Over MTEF the Department will focus on the monitoring of 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, using the life cycle approach. The Masterplans will stipulate the measures that will be taken to execute the Graduation Model from informal businesses to competitive, sustainable and growing small enterprises that will contribute meaningfully to the GDP, job creation and inclusive growth.

The Department will finalise the amendment of the **National Small Enterprise Act** and get the Small Enterprise Ombuds Service Bill approved by 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.

Funding Support & Coordination sub-programme is allocated R670 million in 2024/25 and R2.165 billion (34.4%) over the medium-term to oversee expansion of access to finance for SMMEs, Co-operatives and the Informal Sector through an integrated approach. This sub-programme will enable the Department through **sefa** to continue to administer a set of incentive programmes that are targeting a wide range of SMMEs and Cooperatives in line with the approved DSBD business delivery model.

The Township and Rural Enterprises Programme (TREP) incentives schemes are 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 aim is to assist Township and Rural Enterprises with 40 000 interventions at a budget of R344.2 million for the 2024/25 financial year and 150 000 over the MTEF at a budget of R1.146 billion. The key objective is to ensure that informal businesses are accounted for in the formal economy. TREP supports include support to businesses operating in the following areas but not limited to:

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

Small Enterprise Manufacturing Support Programme aims to build a manufacturing sector for an improved industrial base (productive economy) through a focused import replacement programme; and to build the industrial base for both the domestic market and external market (in particular, the African Union market). This Programme is funded through the Blended Finance Programme and has been allocated R266.8 million in 2024/25 and R837.1 over the MTEF and aims to promote localisation, strengthen industrialisation, and address issues around import substitution.

Craft Customised Sector Programme: 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. What is common across the board is that every individual and business rely on sales for their income; and every single individual and business has seen their income drop significantly due to the difficult economic challenges. The Department will support over crafters through the Craft Customised Sector Programme with 3 000 interventions over the medium term at a budgeted amount of R38.3 million over the MTEF and 1000 crafters at a cost of R12.2 million in 2023/24.

Youth Start up Fund – The programme is reallocated a total of R31.4 million in 2024/25 and R98.5 million over the MTEF, reallocated from the discontinued Seda Gazelles programme and programme and funding will be implemented through **sefa**. Youth Start-up is an APP target and the President through his State of the nation's address in 2021 announced the support of youth businesses. The Youth Challenge Fund will be redesigned with the intent of increasing maximum participation towards supporting enterprises with 10 000 interventions in 2024/25 and 30 000 enterprises over the MTEF.

6. UPDATED KEY RISKS AND MITIGATION FROM THE REVISED STRATEGIC PLAN

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 departments to improve and sustain their performance by enhancing their systems of risk management.

Outcomes	Key Risks	Risk Mitigations
Improved Governance and Compliance.	Payment of suppliers in excess of 30 days contributing to the mortality rate of SMMEs & Co-operatives.	<ol style="list-style-type: none"> Continually educate suppliers and service owners about the importance of submitting invoices to the centrally allocated Unit; Submit a request to ICT to source a solution for the tracking of invoices. Procure an automated invoice tracking system.
	Late financial reporting resulting in non-compliance to legislative requirements and tarnishing the Department's reputation.	<ol style="list-style-type: none"> Reporting timelines embedded in performance agreements (Finance Unit) and monitored monthly. Send reminders to the stakeholders to provide inputs on quarters 1,2 and 3 and annually.
	Inability by the DSBD to meet its 2024/25 financial obligations (budget constraints).	Programme managers to reduce the annual targets and align the targets with the 2024/2025 FY allocated Budget.
Enhanced evidence-based business information and sector-wide monitoring and evaluation.	Poor quality of programme / strategies plans that are developed without a clear theory of change.	<ol style="list-style-type: none"> Involvement of programme managers in the implementation of the evaluation to promote ownership and usage on evaluation outputs. Institutionalisation of an Evaluation Steering Committee (ESC). This group provides technical support, advice, and expertise.
	Failure to coordinate responsive support to SMMEs through internal programmes and partners interventions.	<ol style="list-style-type: none"> Requesting the direct support to portfolio stakeholders on specific agreements. Present the partnership strategy, TOR and framework to portfolio stakeholders. Request the portfolio stakeholder to nominate representatives to the steer committee.
	Inability to develop evidence based and high impact SMMEs development programmes for the construction, cannabis and wholesaler and retailer sector.	<ol style="list-style-type: none"> Establish relationship with the academia and organisations such as TIPS. Recruitment/outsource the economic modelling capacity. Collaborate with SEDA in monitoring the processes of development of cannabis prototypes.

Outcomes	Key Risks	Risk Mitigations
	Inability to provide evidence-based research for programme development.	<ol style="list-style-type: none"> 1. Development of the information management framework/ policy. 2. Develop a knowledge management system. 3. Conduct a data needs analysis and identify the data sources. 4. Capacitate the research Unit.
Increased contribution of SMMEs and Co-operatives in priority sectors.	SMMEs products not aligned with the requirements of domestic and global markets.	<ol style="list-style-type: none"> 1. Continuous negotiations with the private and public sector to support local products. 2. Continuous engagements with high commission and departmental counterparts in other countries. Participate in Multilateral and Bilateral discussions through DIRCO IDM's.
Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	Delay in the completion of the infrastructure projects.	<ol style="list-style-type: none"> 1. Include a clause in the guidelines to request the strategic partners to invest prior to the start of the project. 2. Penalty clause to be included in the guidelines on non-compliance with requirements for support. 3. Conduct extensive consultation with the communities.
	Delays in presenting the SMMEs and Co-operatives Funding Policy to Cabinet.	Continuous requests for stakeholders to process inputs on the final funding policy.
Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	Inability to meet the woman, youth and persons with disability target.	<ol style="list-style-type: none"> 1. Programme managers must include the WYPD targets at a planning phase. 2. Development of the dedicated programmes with dedicated budget. 3. Ensure that the programme managers provide disaggregated data at reporting. 4. Internal Audit Unit to integrate the targeted group (GEYODI) as part of audit. 5. Establish an adequately resourced Unit with human resources capacity that would be able to advocate for the economic empowerment of the WYPD.

7. 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 CBDA.

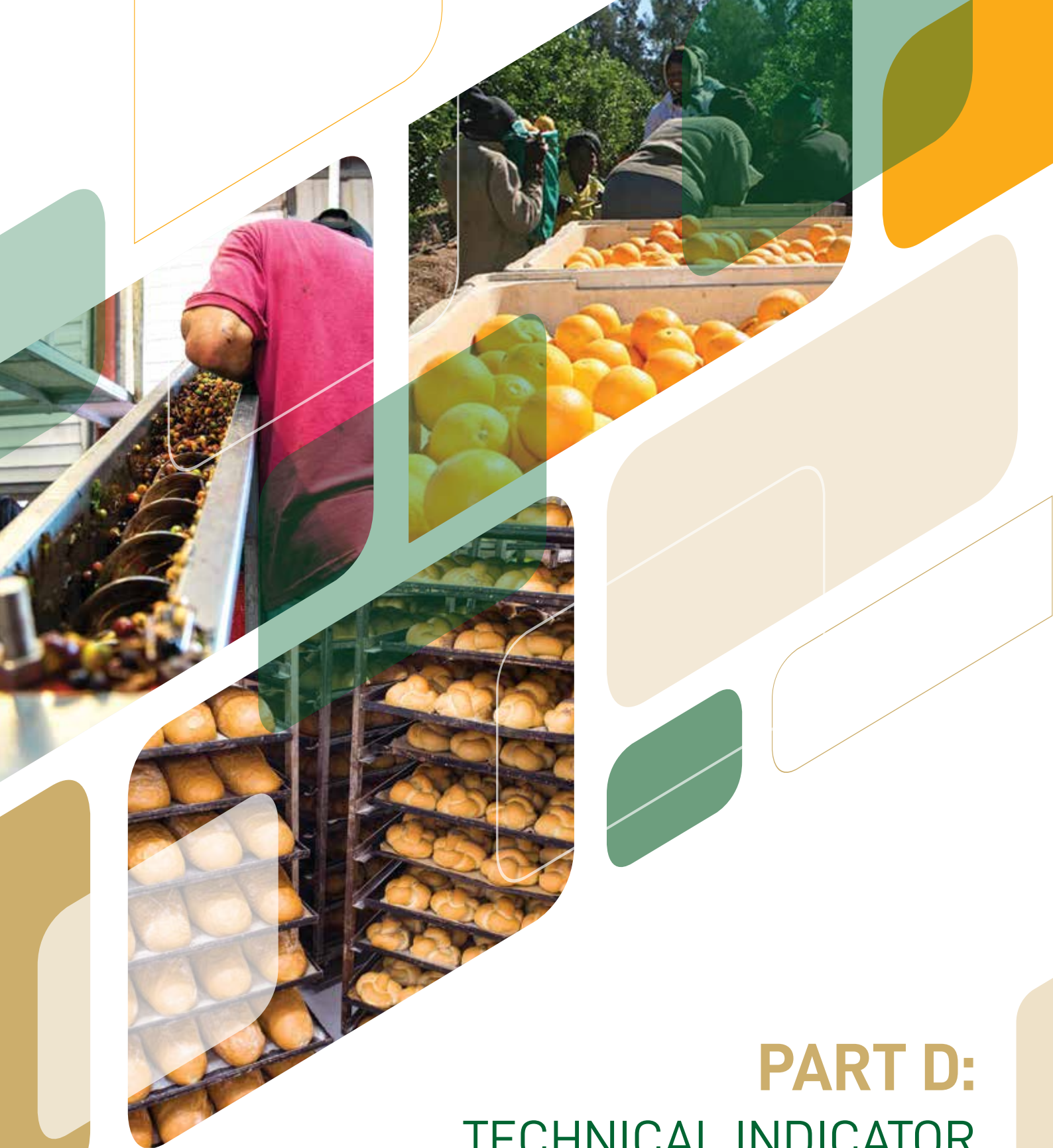
Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R000)
Seda.	To provide non-financial business development and support services for small enterprises, in partnership with other role-players in the small business development environment.	<ul style="list-style-type: none"> • Increased growth and sustainability of township and rural-based SMMEs and Co-operatives. • Increased localisation and market penetration by SMMEs and Co-operatives. • Integrated and coordinated ecosystem support for SMMEs and Co-operatives. • Increased growth and sustainability of SMMEs and Co-operatives. • An agile, innovative, excellent and customer-centric organisation. 	1 316 074
sefa.	To support the development of sustainable SMMEs through the provision of finance.	<ul style="list-style-type: none"> • Enhanced access to finance by SMMEs and Co-operatives. • Enhanced service delivery and stakeholder satisfaction. • A financially sustainable organisation. • Leveraged strategic assets and capital raising. • Sound governance and a high-performance organisation. 	642 390

8. INFRASTRUCTURE PROJECTS

No.	Project Name	Programme	Description	Outputs	Start Date	Completion	Total Estimated	Current Year Expenditure
1.	Product Markets.	Shared Economic Infrastructure Facility.	The Shared Economic Infrastructure Facility initiative is implemented in collaboration with selected and qualifying municipalities through refurbishing or building establishing infrastructure for the purpose of SMMEs and Co-operatives to conduct business and showcase their products and services.	Business infrastructure for SMMEs and Co-operatives refurbished or built.	2019/20 financial year.	N/A	198 million	63 289

9. PUBLIC PRIVATE PARTNERSHIPS

Not Applicable



PART D:
TECHNICAL INDICATOR
DESCRIPTIONS (TID_s)

ANNEXURE A: AMENDMENTS OF THE REVISED 2020-25 STRATEGIC PLAN

Reflected in the Revised 2020 – 2025 Strategic Plan	Reflect as Amended in the 2024/25 APP
Departmental Outcomes	Revised Departmental Outcomes
Not in the Revised 2020-25 Strategic Plan.	The Department added a new outcome that read “Enhanced evidence-based business information and sector wide monitoring and evaluation” this necessitates from Departmental approved organisational structure, which reflect programme Two as Sector Policy and Research programme that require the Department to enhanced evidence-based business information and sector wide monitoring and evaluation.

New Outcome, Outcome Indicator, Baseline and Target

Outcome	Outcome Indicator	Baseline	Targets
Enhanced evidence-based business information and sector wide monitoring and evaluation.	Number of Evaluation Reports.	N/A	3 Evaluation Reports published.
	Number of Research Reports published.	Research Reports published.	3 Research Reports published.

ANNEXURE B: CONDITIONAL GRANTS

Not Applicable

ANNEXURE C: CONSOLIDATED INDICATOR

Not Applicable

ANNEXURE D: DISTRICT DEVELOPMENT MODEL

The DDM aims to improve the coherence and impact of government service delivery, focusing on 44 districts and eight 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 DDM, the Department has reviewed and updated its TREP, which is a dedicated programme to transform and integrate opportunities in townships and rural areas into productive business ventures. The focus is to create platforms that provide business support infrastructure and conducive regulatory environment that enable township and rural-based enterprises to thrive. The TREP will be implemented in partnership with Seda, **sefa** and DSBD support. Other than the TREP, Department together with its entities also implement other programmes and interventions throughout the country in different districts, municipalities and metros. These include the CDSP, CSP, TREP, BVP, SEMSP and the YCF, etc.

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