



REVISED ANNUAL PERFORMANCE PLAN 2023/24

Department of Small Business Development



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 Revised Annual Performance Plan for the 2023/24 financial year.

The global economy remains highly constrained with the Coronavirus (COVID-19) after-effects, the general slowing of Chinese growth over the past few years, and the Russia-Ukraine conflict. The International Monetary Fund (IMF) suggests that up to one third of countries across the world may fall into recession this year. These headwinds, together with challenges of load shedding, will constrain South Africa's growth for 2023/24.

It is evident looking at comparative countries around the world that Small, Medium and Micro Enterprises (SMMEs) are increasingly becoming the engines of inclusive economic growth and job creation. This is aligned with the National Development Plan, Vision 2030 (NDP) which suggests that most new jobs and economic value will come from SMMEs and Co-operatives. But to unlock the potential of SMMEs, we need to address issues of market concentration and barriers to entry; access to finance; entrepreneurship and technical skills; and business development support, especially through incubation.

This is very much aligned to the country's Economic Reconstruction and Recovery Plan (ERRP) which suggests that we need to scale up value chain localisation and increase market access for SMMEs and Co-operatives, especially those from townships

and under-served rural communities. The ERRP also places emphasis on cutting red tape and regulatory barriers for SMMEs and Co-operatives and pushes for more appropriate financial instruments to address the SMME credit gap, estimated by the International Finance Corporation to be over R350 billion.

Government should lead on these initiatives but must adopt an ecosystem approach in which it can leverage capacity and resources from all role-players behind its agenda. This is largely the approach of the country's 3rd iteration SMME strategy for the country, the National Integrated Small Enterprise Development (NISED) Strategic Framework.

Last year the Department conducted road-shows across the country, culminating in the National SMME and Co-operatives Summit. We believe there is strong consensus among stakeholders on our approach to SMME and Co-operatives development, and the game-changer partnerships we are stitching together. These include for new economy start-ups; for a recapitalised financing package for SMMEs and Co-operatives; for a refuelled incubator programme; for a Youth Entrepreneurship Initiative; for an Enterprise Supplier Development Scale-Up, and for a greatly expanded Township and Rural Entrepreneurship Programme.

This year's Department of Small Business Development (DSBD) Annual Performance Plan (APP) takes forward work across these game-changers.

Programme 1: Administration, is allocated R138 433 000 to continue putting systems and capacity in place.

Programme 2: Sector and Market Development, is allocated R163 781 000, to drive our work around value chain localisation.

Programme 3: Development Finance, is allocated R1 349 636 000; much of which gets transferred to the Small Enterprise Finance Agency (sefa) for their various SMME and Co-operatives financial products.

Programme 4: Enterprise Development, is allocated R922 929 000, much of which will be transferred to the Small Enterprise Development Agency (Seda) for their enterprise development and incubation support work.

Key programmes we will implement across the DSBD portfolio include:

- The SMME-focused localisation programme, inclusive of the Small Enterprise Manufacturing Programme, aimed at diversifying and strengthening the country's industrial base through a focused import replacement programme.

- The Township and Rural Entrepreneurship Programme (TREP) which is aimed at supporting SMMEs in townships and rural areas, and linking market opportunities in townships and rural areas to local productive business ventures.
- The Young Entrepreneurs Support, inclusive of the Youth Start-Up Support Programme, aimed at enabling youth entrepreneurship and youth start-ups.
- Co-operatives Development Support aimed at supporting Co-operative enterprises financially and non-financially in partnership with other key strategic stakeholders.
- Shared Economic Infrastructure Facility (SEIF), where we fund light industrial hubs, SMME container clusters, informal trader markets, and other small business infrastructure.
- The Informal and Micro Enterprises Development Programme (IMEDP), aimed at improving informal enterprise competitiveness and sustainability, and
- The Khula Credit Guarantee Scheme aimed at de-risking bank finance to SMMEs.

We are busy building our capacity and capabilities as the DSBD portfolio to drive these programmes and partnerships. Our new structure has been approved, effective from 1 April 2023. We are on track in the establishment of a one-stop shop agency for small businesses and Co-operatives and will in 2023/24 finalise the incorporation of **sefa** and the Co-operative Banks Development Agency (CBDA) into Seda as approved by Cabinet. This will enable a more integrated package of financial and business development support for SMMEs. We are also working on digitalised systems to enable ease of application for

SMME and Co-operatives products and services. We are also increasing our footprint as a portfolio at local level, so that we can better integrate our plans and resources with the District Development Model (DDM) One Plans. We will also move the Business Amendment Bill through Parliament this year to make it easier for entrepreneurs to start businesses.

The year ahead will be very busy, and we need to work as a collective force to address the myriad of challenges facing our SMMEs and Co-operatives. The impact of loadshedding on SMMEs and Co-operatives is significant, and we are urgently developing energy relief measures which can assist. In all this work before us, I will be counting on the unwavering support from Deputy Minister, Ms Dipuo Peters, to help me steer the ship, and the Acting Director-General of the Department, Ms Thulisile Manzini and the DSBD officials, to implement the priorities on which we have agreed. We will remain steadfast in our mission to improve the livelihoods of our people and the competitiveness of our SMMEs and Co-operatives as we march to the finish line of the Sixth Administration.

I thank you,



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

DEPUTY MINISTER STATEMENT



Ms Dipuo Peters

Deputy Minister for Small Business Development

The DSBD remains optimistic that regardless of the inadequacy of resources at their disposal, they will continue to positively change people's lives and make South Africa a better country. As we do this, we are cognizant of the unfavourable economic circumstances and the challenges faced by small business and Co-operatives. This will require us to be agile and do more with the resources at our disposal.

According to the National Small Enterprise Act (No. 102) of 1996, the DSBD has been mandated to develop, support, and promote entrepreneurship to ensure growth and sustainability of small enterprises. This will both defeat poverty and build a more competitive economy.

The Department has set out key deliverables and developed the revised 2023/24 APP in alignment with the revised 2020–25 Strategic Plan, which is in line with the Sixth Administration priorities, and the ERRP. The revised APP considers changes in the economic and social performance environment that impacts on the execution of the mandate of the Department.

Linked to the global commodities downturn, South Africa has been in a low growth period for more than a decade. Unemployment is high, at around 35%, and youth unemployment exceeds 50%. Spending pressures are mounting to close the financing gap in the social wage, infrastructure, and higher education. South Africa is restoring the health of its public finances during a global slowdown marked by high levels of economic risk and fiscal distress, particularly for developing countries. Since the 2022 Budget Review, global and domestic risks to the economic

outlook have escalated, including slower global growth, higher

levels of inflation, accelerated interest rate increases and intensified power supply interruptions. Urgent action is required to mitigate risks and accelerate growth-enhancing reforms, especially to boost electricity supply.

Against this uncertain and challenging outlook, the Department, together with its agencies **sefa** and Seda, will continue to intensify efforts to create a conducive environment and accelerate support to SMMEs and Co-operatives. Key here will be to utilise internal support programmes such as the Co-operatives Development Support Programme (CDSP), Craft Customised Sector Programme (CSP), Township and Rural Entrepreneurship Programme (TREP), the Business Viability Programme (BVP) the Small Enterprise Manufacturing Support Programme (SEMSP) and the Youth Challenge Fund (YCF).

Furthermore, the Department is working on an energy relief package for SMMEs to alleviate the devastating impact of loadshedding on small businesses and Co-operatives. SMMEs and Co-operatives are particularly hit hard by the power outages as many SMMEs cannot afford alternative power sources.

There is a need to create greater awareness on government programmes among the youth (15 to 24 years age group) and in provinces outside of Gauteng, the Western Cape, and KwaZulu-Natal. This will be a focal point this year, working with provinces and local government.

Given the importance of entrepreneurship in economic growth, as the DSBD and the Government in general, we must execute policy with more urgency and effectiveness.

In conclusion, I would like to take this opportunity to thank every single official in the Department and our respective agencies, for continuously demonstrating determination and exuding positive energy. To Minister Stella Ndabeni-Abrahams and Director-General Lindokuhle Mkhumane, I am grateful to be part of your leadership and have seen you marshal everyone towards a common goal, which is to serve our people. This is an unmistakable, great gesture of true leadership.

I am confident that we shall deliver on the revised 2023/24 Annual Performance Plan.

I thank you,

Ms Dipuo Peters

Deputy Minister for Small Business Development

ACCOUNTING OFFICER STATEMENT



Ms Thulisile Manzini
Accounting Officer

Our view of business planning is in the context of sustaining an enduring organisation that excels at fulfilling its mandate. Key aspects to achieving success include maintaining the ability to meet the needs of SMMEs and Co-operatives in terms of demand for service. The revised 2023/24 APP of the DSBD addresses two broad categories: Service Delivery and Continual Improvement. The revised APP is once again re-tabled under a difficult period for small businesses. While we encourage citizens to be industrious and become entrepreneurs, we acknowledge that recent times have seen difficult scenarios challenging the growth and sustainability of many small businesses. The reality of loadshedding is an additional obstacle for small businesses in South Africa. The SMMEs and Co-operatives are among the most affected by continued power outages as many cannot afford alternative power sources. Experts predict that loadshedding is going to be part of the South African socio-economic reality for far longer than anyone could have anticipated.

In response to the above socio-economic outlook, the Department, together with its agencies sefa and Seda, will continue to intensify efforts to create a conducive environment and accelerate support to SMMEs and Co-operatives and utilise internal support programmes. The Department is also in the process of merging sefa, Seda and the CBDA into one entity. This merger comes on the back of government entities' reviews and recommendations to rationalise the number of entities. Central to these reviews and proposals is the establishment of a new small business development agency. The proposed agency is envisaged as the primary delivery arm of the DSBD and will be responsible for ensuring that the SMME ecosystem is able to offer business advice, business development support, finance, and incubation services.

This forms part of the many efforts to continuously ensure that small businesses thrive under unfavourable circumstances.

Despite considerable resources and policy intervention to support small businesses and Co-operatives, they remain uncoordinated and fragmented with duplication of initiatives. Research and data to monitor small business performance remains elusive at national level resulting in ill-informed design of programmes and support to match small business needs and opportunities both financially and non-financially. This continues to result in low survival rates of small businesses and stagnant growth. Through an extensive consultation process the Department has developed the NISED Strategic Framework to boost the growth of small enterprises in South Africa. The NISED seeks to introduce better coordination in developing and designing improved interventions for small businesses through specific actions and interventions. Through coordinated efforts to implement the NISED Strategic Framework, the Department hopes for a more informed South Africa on small businesses leading to better policy that enables effective support and services and builds stronger partnerships to improve growth in the country.

The Department has started the process of reviewing the Businesses Act (No. 71) of 1991, as amended in 1993, and intends to introduce an amendment Bill to Parliament by the end of the 2023/24 financial year. The Businesses Act provides for the issuing of trade licenses and permits by Municipalities to both formal and informal businesses who want to operate in their geographic jurisdiction. The Businesses Act 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 has to be repealed and a fit-for-purpose legislation enacted.

The Department has also finalised the SMMEs and Co-operatives Funding Policy which will accelerate addressing the credit gap through expanded access to finance and early-stage investment.

The persistently high youth unemployment rate has long been one of the pressing socio-economic problems in South Africa. Therefore, the importance of successful youth-owned enterprises, especially in South Africa's context of high unemployment rates, cannot be underestimated. While the problem of youth unemployment is amplified by the ramifications of the COVID-19 pandemic, its foundation is predicated in a structurally weak economy and a

mismatch between human capital development and the needs of the economy. Many unemployed youths have simply disconnected from the mainstream economy, which is a major threat to active participation and social cohesion. In a quest to cultivate an enterprising culture amongst the youth, the Department has designed support measures in support of youth-owned businesses. The YCF is seen as an approach to assist in ensuring the economic participation of young people. The 2023/24 financial year is geared up to support 10 000 youth-owned businesses.

As the globalisation rises, SMMEs and Co-operatives have a very important role of opening the local products/services to the international markets, as well as competing with multinational competitors in the local markets, in efforts to increase participation of SMMEs and Co-operatives in domestic and international markets. The Department will facilitate the linking of at least 200 SMMEs and Co-operatives to domestic and international market opportunities.

The Department will continue to implement the SMMEs-focused Localisation Policy Framework and Implementation Programme (Localisation Policy) and ensure that a further 250 SMMEs and Co-operatives produced products and services for the domestic market in response to the trajectory to ensure that 1 000 products/services are procured from SMMEs and Co-operatives by 31 March 2024. The programme is aimed at leveraging the commitment of corporates and large firms to on-boarding and supporting new suppliers, through implementation of the Localisation Policy.

The Department continues to implement the TREP meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas. In the 2023/24 financial year, through TREP, the Department aims to assist 20 000 township and rural enterprises, financially and/or non-financially.

The SBD Portfolio, which is made up of DSBD and its entities – Seda and sefa, is providing support to SMMEs and Co-operatives both financially and non-financially. This is done through the delivery of support in the establishment and implementation of incubation support that is currently sitting at a projected figure of 122 centres. This a portfolio made out of 110 fully established and operational centres (implementation phase) and 12 that are in establishment phase. The breakdown of the 110 that are in the implementation phase 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 incubators and digital hubs will nurture new and existing small enterprises by providing them with financial and technical advice pertaining to the running of a business. The Department will ensure that incubation centres and digital hubs are operating efficiently and productively.

The informal sector plays a very important role in growing and supporting the country's economy. DSBD is committed to providing

the sector with support to improve their competitiveness and sustainability through its IMEDP. The Programme specifically targets entrepreneurs in the informal economy. This sector has been identified as critical in addressing the key developmental goals of the Government, namely sustainable livelihoods (poverty), job creation (unemployment) and equality (inequality). The Department intends to support 1 333 informal businesses in 2023/24 financial year.

The Department has established a roadmap based on five (5) Game-Changer Programmes aimed at recalibrating the small enterprise ecosystem:

- New Economy Start-up: The intervention is aimed at creating a more enabling support ecosystem for high tech and energy start-ups.
- Township and Rural Economic Development: The aim of this Burning Platform is to redirect Broad-based Black Economic Empowerment (B-BBEE) resources and Enterprise and Supplier Development (ESD) accelerator funding towards SMMEs located in South African townships and rural areas.
- 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.
- A Recapitalised SMME Funding Package: Four interventions are proposed as part of this package: A Recapitalised Khula Credit Guarantee (KCG); a Micro Finance Intermediary Franchise Programme; a significantly up-scaled Direct Lending Programme; and Tailored Blended Finance.
- Supplier Development Partnership Programme: The programme is aimed at leveraging the commitment of corporates and large firms to on-boarding and supporting new suppliers.

To conclude, I take this opportunity to thank the Minister of the Department of Small Business Development, Ms Stella Ndabeni-Abrahams, the Deputy Minister, Ms Dipuo Peters for their leadership in reimagining and reshaping the Department to better serve the small business fraternity. The financial year 2023/24 is set to be another challenging year for us. We look forward to working on the set initiatives and plans to deliver the best services to small businesses. Working together, I trust that we will emerge from the current challenges stronger than ever, more competitive than ever, and more determined than ever to drive South Africa's SMMEs and Co-operatives' growth for the financial year ahead.



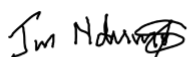
Ms Thulisile Manzini
Accounting Officer
Department for Small Business Development

OFFICIAL SIGN-OFF

It is hereby certified that this Revised 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 2023/24 financial year period.

Recommended by:



Mr J Ndumo

ADDG: Sector and Market Development



Ms NH Mavundla

Head Official Responsible for Planning



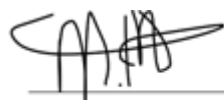
Mr M Mohoto

ADDG: Development Finance & Enterprise Development



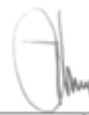
Ms MK Makhele

DDG: Sector Policy and Research



Ms M Mbatha

Chief Director: Corporate Services



Ms Thulisile Manzini

Accounting Officer



Mr S Mathobo

Acting Chief Financial Officer

APPROVED BY:

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



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ACRONYMS AND ABBREVIATIONS

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AU	African Union
B2B	Business2Business
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
CDSP	Co-operatives Development Support Programme
COGTA	Department of Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus disease
CSIR	Council for Scientific and Industrial Research
CSP	Customised Sector Programme
DDM	District Development Model
DPME	Department of Planning, Monitoring and Evaluation
DSAC	Department of Sports, Arts and Culture
DSBD	Department of Small Business Development
the dtic	Department of Trade Industry and Competition
EDSE	Eco-systems Development for Small Enterprises
ERRP	Economic Reconstruction and Recovery Plan
ESD	Enterprise and Supplier Development
EXCO	Executive Committee
4IR	Fourth Industrial Revolution
GBVF	Gender-Based Violence and Femicide
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
GRPBMEAF	Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework
ICT	Information and Communications Technology
ILO	International Labour Organisation
IMEDP	Informal Micro Enterprises Development Programme
IMF	International Monetary Fund
INDS	Integrated National Disability Strategy
ITC	International Trade Centre
KCG	Khula Credit Guarantee
LED	Local Economic Development
MFIP	Micro Finance Intermediary Programme

MMS	Middle Management Service
MOA	Memorandum of Agreement
MPSA	Minister of Public Service Administration
MTSF	Medium Term Strategic Framework
NASP	National Annual Strategic Plan
NDP	National Development Plan, Vision 2030
NEDLAC	National Economic Development and Labour Council
NIBUS	National Informal Business Upliftment Strategy
NISED	National Integrated Small Enterprise Development
NSP	National Strategic Plan
OSD	Occupational Specific Dispensation
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PFMA	Public Finance Management Act
PV	Photovoltaic
RECs	Regional Economic Communities
RIS	Re-imagined Industrial Strategy
RTRP	Red-Tape Reduction Programme
SBD	Small Business Development
SBEDS	Small Business Exporter Development Scheme
SDGs	Sustainable Development Goals
SDIP	Service Delivery Improvement Plan
Seda	Small Enterprise Development Agency
sefa	Small Enterprise Finance Agency
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
SOP	Standard Operating Procedure
StatsSA	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
WYPWD	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-operative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets. To encourage persons and groups who subscribe to the values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises and to register Co-operatives in terms of this Act. To enable such Co-operative enterprises to register and acquire a legal status separate from their members. To promote greater participation by black persons, especially those in rural areas, women, and Persons with Disabilities (PWDs) and youth in the formation of and management of Co-operatives. To establish a legislative framework that will preserve the Co-operative as a distinct legal entity. To facilitate the provision of support programmes that target Co-operatives, specifically those that create employment or benefit disadvantaged groups.
Co-operative Amendment Act, 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 are 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 Small Business Development 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 2019–2024 Medium Term Strategic Framework (MTSF) was approved in 2019 as a five-year implementation plan for the Sixth Administration’s priorities. The MTSF is a planned manifestation of the NDP 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 economy, health and social aspects of South Africans. This forced the South African Government to reprioritise its plans and budgets to respond to the impact of the pandemic. As part of these measures, the 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>This document 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. • Recover 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. The Industrial Strategy 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
<p>The 2023 Budget Prioritisation Framework (BPF)</p>	<p>The BPF facilitates and strengthens alignment between key national priorities and national budget process.</p> <p>The 2023/24 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. • Promoting industrialisation and localisation: accelerating implementation of the industrial policy Masterplans, especially in labour-intensive sectors, and leveraging public procurement. • Improving the ease of doing business: reducing red tape, including lowering entry barriers and improving competitiveness. • Increasing infrastructure investment – implementation and prioritisation of the National Infrastructure Plan 2050 and leveraging private finance. The reconstruction and rehabilitation of infrastructure affected by the flood disaster should be prioritised. <p>Pillar 4: A capable State to deliver</p> <ul style="list-style-type: none"> • Supporting innovation, digitalisation and modernisation of the State.
<p>The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005)</p>	<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:</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 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 (4) strategic pillars, namely:</p> <ol style="list-style-type: none"> 1. To increase the supply of non-financial support services to Co-operatives' 2. To create demand for Co-operative enterprises products and services' 3. To improve sustainability of Co-operatives; and 4. To increase the supply of financial support services to Co-operatives. <p>These strategic pillars will be underpinned by efforts aimed at improving the availability of quality business information and knowledge through expanded research, communication outreach, education and training, and monitoring.</p>
The National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014)	<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. Strengthened national, regional and international partnerships to support and promote the NIBUS development agenda.

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

Informing International Convention or Policy	Key Considerations
The United Nations Sustainable Development Goals (SDG) (2015).	<p>Adopted by the UN Assembly in 2015. Specifically, the following 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.

Informing International Convention or Policy	Key Considerations
The African Union Agenda 2063 (Agenda 2063).	<p>Of particular relevance to the SBD Portfolio are the following aspirations of 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.
The International Labour Organisation (ILO) Recommendation 193 (R193) (2002).	<p>Seeks to promote the fullest participation in the economy and the social development of all people, while recognising that globalisation has created new challenges and opportunities for Co-operatives in terms of their ability to facilitate a more equitable distribution of the benefits of globalisation.</p> <p>In this context, R193 recognises the importance of Co-operatives in terms of job creation, mobilising resources, generating investment and their contribution to the economy.</p>
The International Labour Organisation Resolution 204 (R204) (2015).	<p>The critical focus is to facilitate the transition of the informal to formal economy and to offer guidance to member states on how to facilitate the transition.</p> <p>Specifically, R204 outlines three key objectives:</p> <ul style="list-style-type: none"> • 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 supported 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 reviewed and revised the 2023/24 APP in alignment with the revised 2020–25 Strategic Plan, Guidelines on Cost Containment and Assessment Report from DPME on the alignment of the Minister’s Performance Agreement with the tabled 2023/24 APP, which is in line with the Sixth Administration priorities, and the ERRP. The APP 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 According to the July 2023 World Economic Outlook (WEO) update Report from the International Monetary Fund titled “Near-Term Resilience, Persistent Challenges”, the global economy growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in 2023 and 2024. The world inflation is expected to fall from 8.8% in 2022, to 6.6% in 2023 and 4.3% in 2024. The economic decline is due to rise in the central bank policy rates that is meant to fight inflation.

The global inflation is expected to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. The priority remains to achieving sustained disinflation while ensuring financial stability, therefore, central should remain focusing on restoring price stability and strengthening financial supervision and risk monitoring.

	Year over Year					
			Projections		Difference from April 2023 WEO Projections	
	2021	2022	2023	2024	2023	2024
World Output	6.3	3.5	3.0	3.0	0.2	0.0
Advanced Economies	5.4	2.7	1.5	1.4	0.2	0.0
United States	5.9	2.1	1.8	1.0	0.2	-0.1
Euro Area	5.3	3.5	0.9	1.5	0.1	0.1
Germany	2.6	1.8	-0.3	1.3	-0.2	0.2
France	6.4	2.5	0.8	1.3	0.1	0.0
Italy	7.0	3.7	1.1	0.9	0.4	0.1
Spain	5.5	5.5	2.5	2.0	1.0	0.0
Japan	2.2	1.0	1.4	1.0	0.1	0.0
United Kingdom	7.6	4.1	0.4	1.0	0.7	0.0
Canada	5.0	3.4	1,7	1,4	0,2	-0.1
Emerging Market and Developing Economies	6.8	4.0	4.0	4.1	0.1	-0.1
Emerging and Developing Asia	7.5	4.5	5.3	5.0	0.0	-0.1
Emerging and Developing Europe	7.3	0.8	1.8	2.2	0.6	-0.3
Latin America and the Caribbean	7.0	3.9	1.9	2.2	0.3	0.0
Middle East and Central Asia	4.4	5.4	2.5	3.2	-0.4	-0.3
Sub-Saharan Africa	4.7	3.9	3.5	4.1	-0.1	-0.1
Nigeria	3.6	3.3	3.2	3.0	0.0	0.0
South Africa	4.7	1.9	0.3	1.7	0.2	-0.1

Source: IMF, World Economic Outlook Update, July 2023

In Sub-Saharan Africa, the growth is projected to decline to 3.5% in 2023 before picking up to 4.1% in 2024. In South Africa, growth is projected to decline to 0.3% in 2023 with the decline reflecting power shortages.

4.1.1 The South African Economic Outlook

increased by 0.6% in the second quarter of the 2023. However, 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, deteriorating rail and port infrastructure, have contributed to a weaker domestic outlook.

Urgent action is required to mitigate risks and accelerate growth-enhancing reforms, especially to boost electricity supply. According to the Medium Term Budget Policy statement 2022, the medium term fiscal strategy was prioritised to stabilise the public finances to weather the global storm:

- Achieving fiscal sustainability by narrowing the budget deficit and stabilising debt.
- Increasing spending on policy priorities such as security and infrastructure, thereby promoting economic growth.
- Reducing fiscal and economic risks, including through targeted support to key public entities and building fiscal buffers for future shocks.
- Over the next three years, spending increases will support economic growth and the delivery of health, education and local government free basic services.
- Over the medium term, 59.2% of consolidated non-interest spending goes to the social wage – combined public spending on health, education, housing, social protection, transport, employment and local amenities.
- Infrastructure spending is also expected to increase over the 2023 MTEF period.
- Proposed conditional in-year allocations to Denel, SANRAL and Transnet will reduce contingent liabilities and enable these entities to continue supporting economic growth and national security.
- Government is considering various policy approaches to safeguard fiscal sustainability.

National Electricity Supply Constraints

The IMF, in its latest report, has projected South Africa's economy to grow by 1.2% in 2023 and 1.3% in 2024, referring to power shortage constraints as one of the causes. The implementation of blackouts in South Africa is taking its toll on various sectors of the economy. The unprecedented loadshedding is not impacting food security and mobile networks, but the business sector at large. Government is taking action to both address the immediate crisis, and to make loadshedding a thing of the past. Government is mobilising all the resources at its disposal and do whatever it takes to achieve energy security in the country. The Presidency of Republic of South Africa has released an action plan titled “Confronting the Energy Crisis – Action to End Loadshedding and Achieve Energy Security”, which highlights the five interventions to end the loadshedding in the country. Government is implementing a comprehensive set of actions to end loadshedding. The actions outline five interventions to address the electricity shortfall:

1. Fix Eskom and improve the availability of existing electricity supply.
2. Enable and accelerate private investment in electricity generation capacity.
3. Accelerate procurement of new capacity from renewables, gas and battery storage.
4. Unleash businesses and households to invest in rooftop solar.
5. Fundamentally transform the electricity sector to achieve long-term energy security.

In support of the five interventions, the SBD Portfolio, through sefa, conducted a research study on the impact of loadshedding on its funded clients, and the following were key findings:

- Most respondents were operating in manufacturing, retail trade, hotels and restaurants, construction, transport, community services, financial services, agriculture, mining and quarrying.
- The majority of these businesses were in operation for one to five years.
- Respondents suffered loss of revenue and production due to loadshedding.
- As many as 76% of respondents indicated that they do not have alternative power in place to mitigate the effect of loadshedding.
- To cope with the impact of loadshedding, most respondents indicated that they utilised the loadshedding schedule to plan their business operations and have reduced their production.
- 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 to us.

The SMMEs and Co-operatives are particularly hit hard by the power outages as many of them cannot afford alternative power sources. In response to the devastating impact of loadshedding, the SBD Portfolio has worked on an energy relief package for SMMEs and Co-operatives to alleviate the devastating impact of loadshedding on small businesses and Co-operatives that includes the following:

- Supporting SMMEs affected with loan and grant finance to acquire alternative energy technologies such as Photovoltaic (PV) solar systems, generators, etc.
- Working with the National Treasury to access the Bounce-Back Scheme to provide financing via the banks for SMMEs and Co-operatives to acquire alternative renewable technology or energy.
- Working with the broader government to explore how new technology could be implemented to mitigate the impact of loadshedding.
- The relief package will be based on the composition of SMMEs and Co-operatives structure i.e. sector-specific and size class distribution, formal and informal/micro-enterprises.

Furthermore, in response to the above bleak and urgent socio-economic outlook, the Department, together with its agencies *sefa* and *Seda*, will continue to intensify the effort to create a conducive environment to accelerate support to SMMEs and Co-operatives, and utilise internal support programmes such as the CDSP, Craft CSP, TREP, the BVP, the SEMSP and the YCF.

The NDP Vision 2030 prioritises the significant role of women, youth and Persons with Disabilities (PWDs) in our society. If these three groups are strong, our whole society will be strong. The Department will mainstream the designated groups by ensuring that the women-owned enterprises participate in the *SheTradesZA* platform with minimum targets of 30% being young women (youth) and a minimum target of 7% for PWDs. Furthermore, 200 SMMEs and Co-operatives will be exposed to global market opportunities with emphasis on designated groups.

The State of the Nation Address (SONA) commitments

President Cyril Ramaphosa, in his 2023 SONA, said, *“We are not presenting new plans, nor are we outlining here the full programme of Government; rather we are concentrating on those issues that concern South Africans the most:*

- *Loadshedding.*
- *Unemployment.*
- *Poverty and the rising cost of living.*
- *Crime and corruption.”*

The key priorities of the 2023/24 financial year as highlighted in the President’s SONA with regard to Small Business Development Portfolio are as follows:

Loadshedding

To overcome these challenges, Government’s most immediate priority is to restore energy security. One of the proposals is for National Treasury to work on adjustments to the Bounce-Back Scheme to help small businesses invest in solar equipment, and to allow banks and development finance institutions to borrow directly from the scheme to facilitate the leasing of solar panels to their customers. These efforts will lessen the impact of the crisis on farmers, small businesses, Co-operatives, our water infrastructure and our transport network.

Unemployment

Our economy needs to grow much faster if we are to meaningfully reduce unemployment. Growth and the creation of jobs in our economy will be driven by small- and medium-sized enterprises, co-operatives and informal businesses.

Last year, Government launched the Bounce-Back Scheme administered by banks and other financial institutions, and guaranteed by Government, for companies that need finance to recover from the effects of the pandemic. The DSBD will work with National Treasury on how the Scheme can be strengthened to assist small and medium enterprises, Co-operatives and businesses in the informal sector.

To address the challenge of youth unemployment, the Employment Tax Incentive has been expanded to encourage businesses to hire young people in large numbers.

Ease of Doing Business

The red-tape reduction team in The Presidency under Mr Siphonkosi has been working with various departments to make it easier to do business. It has taken a collaborative approach, working with departments and agencies in areas such as the mining rights system, tourism transport operator licenses, visas and work permits, early childhood development and the informal sector.

The Department has started the process of reviewing the Businesses Act and intends to introduce an amendment Bill to Parliament by the end of the 2023/24 financial year. The Businesses Act provides for the issuing of trade licenses and permits by Municipalities to both formal and informal businesses who want to operate in their geographic jurisdiction. The Businesses Act 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 and which are not. To address this challenge, the Businesses Act has to be repealed and a fit-for-purpose legislation enacted.

Through sefa, we plan to provide R1.4 billion in financing to over 90 000 entrepreneurs. Government, in partnership with the SA SME Fund is working to establish a R10 billion fund to support the growth of small, micro and medium enterprises (SMMEs). Government is looking at the possibility of providing R2.5 billion for the fund and for the balance of R7.5 billion to be raised from the private sector.

Women empowerment

One of the great successes of our efforts to fight gender-based violence is the extent to which social partners have rallied around the National Strategic Plan (NSP). A key aspect of the NSP is the economic empowerment of women. Since announcing its determination to direct at least 40% of public procurement to women-owned businesses, Government has sought to establish an enabling environment to support women entrepreneurs.

Government has trained more than 3 400 women-owned enterprises to prepare them to take up procurement opportunities. Through the Women's Economic Assembly, Government has seen industry associations and companies committing to industry-wide gender transformation targets.

Capable and effective State

Government's greatest weaknesses are said to be in State-Owned enterprises (SOEs) and local government. Many SOEs are struggling with significant debt, under-investment in infrastructure, the effects of State capture, and a shortage of skills.

The President has instructed The Presidency and National Treasury to work together to rationalise government departments, entities and programmes over the next three years. National Treasury estimates that Government could achieve a potential saving of

R27 billion in the medium term if the overlapping mandates are dealt with, where ineffective programmes are closed, and where entities are consolidated if appropriate.

4.1.2 The Performance of Sectors and Industries in South Africa

The latest available data from Statistics South Africa (StatsSA) on the GDP of quarter three 2022, indicates that South Africa's GDP increased by 1.6%.

The agriculture, forestry and fishing industry increased by 19.2% in the third quarter, contributing 0.5% to GDP growth. Increased economic activities were reported for field crops and horticulture products.

Finance, real estate and business services increased by 1.9% in the third quarter, contributing 0.5% to GDP growth. Increased economic activity was reported for financial intermediation, insurance and pension funding, auxiliary activities, real estate activities and other business services.

The transport, storage and communication industry increased by 3.7%, contributing 0.3% to the GDP. Increased economic activities were reported for land transport, transport support services and communication services.

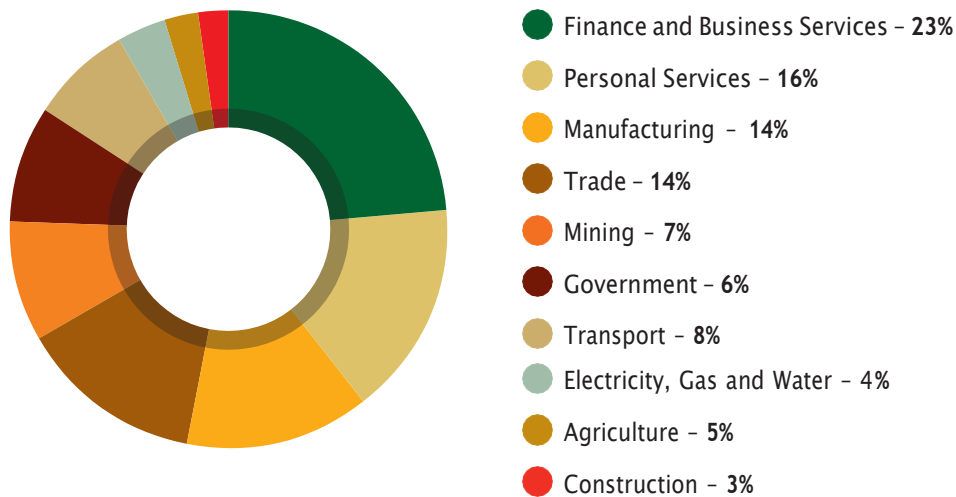
The manufacturing industry increased by 1.5% in the third quarter, contributing 0.2% to GDP growth. Seven of the 10 manufacturing divisions reported positive growth rates in the third quarter. The motor vehicles, parts and accessories and other transport equipment division made the largest contribution to the increase in the third quarter. The food and beverages division and the basic iron and steel, non-ferrous metal products, metal products and machinery division also made significant contributions to growth.

Sector contribution to GDP growth - Quarter Two 2023

The following figure illustrates the nominal contribution of each sector to the GDP in Q2: 2023, with the largest industry being Agriculture. In Rand terms, nominal GDP was estimated at R1.749 trillion in Q2 of 2023, up by R87 billion from Q1 of 2023.

1. Agriculture was up by R40 billion to R79 billion.
2. Manufacturing was up by R16 billion to R219 billion
3. Transport, storage and communication was up by R12 billion to R124 billion
4. Electricity, gas and water was up by R12 billion to R58 billion

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



Source: StatsSA - Gross Domestic Product, 2nd Quarter, September 2023

The Finance and Business Services and Personal Services sectors are the largest contributors, with contributions of 23% and 16% respectively. They are followed by Manufacturing and Trade at 14% each. Government contributed 9%, Transport 8% Mining contributed 7%, Agriculture 5%. The Electricity, Gas and Water and Construction are the two lowest contributors, with 4% and 3% respectively.

In addition to the above, the Sixth Administration emphasised the importance of policy implementation as a central feature over the medium term period. In this regard, Cabinet has adopted the RIS. The RIS reinforces the salient role of the State in changing the growth trajectory of the South African economy. His Excellency, President Cyril Ramaphosa presented a Joint Sitting of Parliament on South Africa's Economic Reconstruction and Recovery Plan to focus on the extraordinary measures to restore our economy to inclusive growth following the devastation caused by COVID-19 to our people's lives and the country's economy. The revised MTSF ascribes plans to create a conducive environment that enables national priority sectors to support industrialisation and localisation that will lead to increased exports, employment, and participation by youth- and women-owned SMMEs and Co-operatives.

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 and will be key to growing the economy. The development and implementation of sector Masterplans will continue to play a critical role in using a range of cross-cutting measures to re-invigorate key industries to grow our economy. The Department finalised the development of the NISED Strategic Framework during the 2022/23 financial year and will ensure that the NISED Strategic Framework is implemented and reported on during the 2023/24 financial year.

SMMEs Outlook in South Africa in numbers

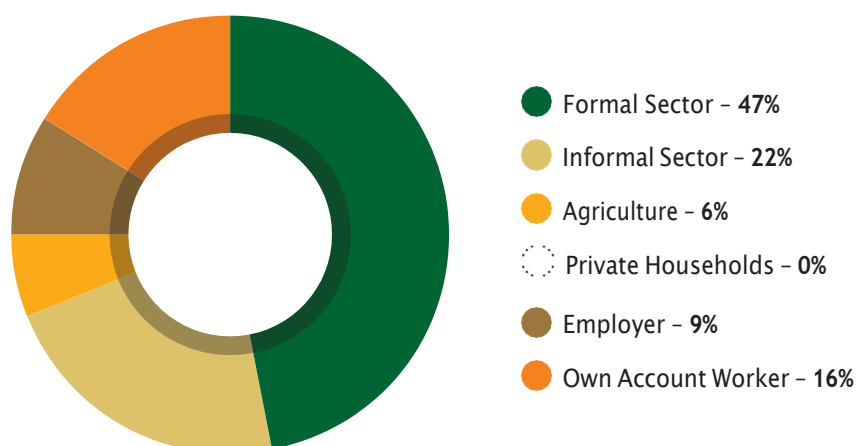
According to the latest Seda SMME Quarterly Update of the Third Quarter of 2022, the number of SMMEs rose by significant 148 000 (+5.9%) in the third quarter of 2022. This brought the level of SMMEs back to its pre-COVID level. However, the total level of employment in the economy remains below its pre-COVID level. This improvement was in conjunction with a smaller bounce in GDP over the same period.

Indicator	2021 Q3		2022 Q2		2022 Q3		Quarterly change		Yearly change	
	Number	Distribution	Number	Distribution	Number	Distribution	Number	%	Number	%
Employer	866 747	6.0%	853 917	5.4%	958 429	6.0%	104 512	12.2%	91 682	10.6%
Own account worker	1 537 817	10.6%	1 681 321	10.7%	1 725 174	10.8%	43 853	2.6%	187 357	12.2%
SMME owners	2 404 564	16.6%	2 535 238	16.1%	2 683 603	16.8%	148 365	5.9%	279 039	11.6%
Working for someone	11 986 519	82.8%	13 158 476	83.4%	13 157 761	82.5%	-715	0.0%	1 171 242	9.8%
Helping in household business	87 889	0.6%	90 628	0.6%	109 259	0.7%	18 631	20.6%	21 370	24.3%
Total employed	14 478 972	100.0%	15 784 343	100.0%	15 950 623	100.0%	166 280	1.1%	1 471 651	10.2%

Employment provided by SMMEs

The NDP envisages that by 2030, 90% of the 11 million jobs will be created through small to medium enterprises. 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.

Of the 661 000 people who lost their jobs in the third quarter of 2021, nearly 568 000 were employed in the SMME sector. Perhaps the social unrest in July 2021 affected SMME employment much more severely compared to large enterprises. There was an increase number of jobs created by the informal sector and decline in the number of jobs created by the formal sector. The impact of jobs cuts in the third quarter was so severe, it dragged down SMME job provision even on a yearly basis, negating all of the post-lockdown recovery.



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: Co-operatives Development Support Programme (CDSP), Craft Customised Sector Programme (CSP), Township and Rural

Entrepreneurship Programme (TREP), the Business Viability Programme (BVP), the Small Enterprise Manufacturing Support Programme (SEMSP) and the Youth Challenge Fund (YCF).

As the economy contracted and jobs were lost due to the COVID-19 lockdowns and social unrest in July 2021, people of different ages opted for different survival strategies. The very young and old people opted to exit the labour force, even as entrepreneurs. In contrast, those in the middle years of their lives (35 to 55), who normally have more responsibilities, chose to become informal entrepreneurs. The trend is evident in the number of SMME owners, age 35 to 55, that increased by 7.2%, while those outside this group fell by 5.8%.

Years	2020 Q3		2021 Q2		2021 Q3		Quarterly change		Yearly change	
	Number	Distribution	Number	Distribution	Number	Distribution	Number	%	Number	%
15-19	5 045	0.2%	4 943	0.2%	2 464	0.1%	-2 479	-50.2%	-2 581	-51.2%
20-24	63 336	2.7%	92 228	3.75%	52 975	2.2%	-39 253	-42.6%	-10 361	-16.4%
25-29	200 433	8.5%	193 365	7.8%	197 038	8.2%	3 674	1.9%	-3 395	-1.7%
30-34	332 306	14.1%	306 896	12.4%	322 722	13.4%	15 826	5.2%	-9 584	-2.9%
35-39	339 547	14.4%	363 601	14.7%	374 754	15.6%	11 153	3.1%	35 206	10.4%
40-44	349 661	14.8%	357 947	14.5%	371 748	15.5%	13 801	3.9%	22 087	6.3%
45-49	343 005	14.5%	372 684	15.1%	374 192	15.6%	1 509	0.4%	31 188	9.1%
50-54	286 598	12.1%	314 036	12.7%	293 722	12.2%	-20 314	-6.5%	7 124	2.5%
55-59	212 446	9.0%	237 835	9.6%	211 161	8.8%	-26 674	11.2%	-1 285	-0.6%
60-64	129 120	5.5%	134 913	5.5%	103 972	4.3%	-30 940	22.9%	-25 148	-19.5%
65-69	71 877	3.0%	54 091	2.2%	66 206	2.8%	12 114	22.4%	-5 671	-7.9%
70-74	23 108	1.0%	26 744	1.1%	21 412	0.9%	-5 332	19.9%	-1 696	-7.3%
75+	7 031	0.3%	12 454	0.5%	12 198	0.5%	-255	2.1%	5 167	73.5%
Total	2 363 513	100.0%	2 471 735	100.0%	2 404 564	100.0%	-67 171	-2.7%	41 051	1.7%

SMMEs by Industry

Among the main economic industries, the trade sector was the most adversely affected by riots and looting in July 2021. Nearly 50 000 small businesses operating within this sector closed down during the third quarter. Another 41 000 ceased operations in the community were business services and manufacturing. The number of SMMEs providing business services is also up significantly compared to a year before. This might be due to easy market entry, lower investment cost and fewer skills requirements.

Industry	2020 Q3		2021 Q2		2021 Q3		Quarterly change		Yearly change	
	Number	Distribution	Number	Distribution	Number	Distribution	Number	%	Number	%
Agriculture	104 189	4.4%	66 879	2.7%	63 888	2.7%	-2 992	-4.5%	-40 302	-38.7%
Mining	2 188	0.1%	5 109	0.2%	0	0.0%	-5 109	-100.0%	-2 188	-100.0%
Manufacturing	198 740	8.4%	175 974	7.1%	198 274	8.2%	22 299	12.7%	466	-0.2%
Electricity, gas & water	6 406	0.3%	4 204	0.2%	2 353	0.1%	-1 851	-44.0%	-4 054	-63.3%
Construction	339 120	14.3%	347 113	14.0%	315 909	13.1%	-31 204	-9.0%	-23 211	-6.8%
Trade & communication	922 250	39.0%	967 122	39.1%	917 240	38.1%	-49 881	-5.2%	-5 010	-0.5%
Transport & communication	151 815	6.4%	193 960	7.8%	177 332	7.4%	-16 628	-8.6%	25 517	16.8%
Finance & business services	308 932	13.1%	327 326	13.2%	385 111	16.0%	57 785	17.7%	76 179	24.7%
Community services	304 234	12.9%	364 345	14.7%	323 426	13.5%	-40 919	-11.2%	19 192	6.3%
Other	25 639	1.1%	19 704	0.8%	21 032	0.9%	1 329	6.7%	-4 607	-18.0%
Total	2 363 513	100.0%	2 471 735	100.0%	2 404 564	100.0%	-67 171	-2.7%	41 051	1.7%

SMMEs by formal and informal Sector

The latest report of the SMME Quarter Three of 2021 indicated that the share of SMMEs operating in the informal sector stood at 68%, and the share operating in the formal sector was at 28%. These ratios have changed very little since 2010. Most SMME owners in the formal sector also employ other people, while the majority in the informal sector (79%) are own account workers. The Department has the IMEDP that is designed to empower and develop informal traders to become skilled and adequately equipped to manage their businesses.

Type	Formal sector	Informal sector	Agriculture	Private households	Total	Distribution
An employer	465 575	348 595	47 462	5 115	866 747	36.0%
Own account worker	212 211	1 293 264	16 425	15 918	1 537 818	64.0%
Total	677 786	1 641 859	63 888	21 032	2 404 565	100.0%
% per sector	28.2%	68.3%	2.7%	0.9%	100%	

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

Fostering Entrepreneurial Eco-system Vitality 2021/2022 Report (July 2022)

The Report assumes a positive outlook on Government and private sector intentions to turn the economy around, as well as the closer alignment of the national entrepreneurship development agenda for a more inclusive economy.

Strengthen the entrepreneurial framework conditions and support systems for entrepreneurial impact

All of these conditions need strengthening, with some requiring a medium- to longer-term view (key policy changes, physical and related infrastructure development, and fostering a deeper culture of entrepreneurship); while others should be addressed and vitalised on a shorter time horizon (Government programmes co-ordination, entrepreneurship education, and financial and market access).

The Government increasingly acknowledges the importance of entrepreneurship and small business development in achieving sustainable, inclusive economic growth. However, executing its policy, and financial and other support roles timeously and effectively to bring about change remains a challenge.

It is clear that there is a need to create greater awareness about Government programmes among the youth (15 to 24 years age group) and in provinces outside of Gauteng, the Western Cape, and KwaZulu-Natal. Government-led entrepreneurial support is well funded, and it would be in the public interest to know the impact of the support initiatives. The DSBD and its agencies are well-positioned to coordinate the public sector's financial and other entrepreneurship support and should report annually on all Government spending and resources, nationally, provincially, and at local government levels, and on what has been achieved.

The private and academic sectors also have a significant role in supporting and developing SMMEs and Co-operatives. The entrepreneurial eco-systems exist in a particular region, district or extended metropolitan area at the sub-national level. These eco-systems emerge from the interaction between new enterprises, established business firms, incubators, investors, policy makers and other actors in a defined geographical location. Strengthening entrepreneurial eco-systems or start-up hubs at the sub-national level, in addition to the broader entrepreneurial framework conditions, is also driven by specific factors: Talent (the availability and retention of highly skilled and competent people); Knowledge exchanges (between the academic sector and entrepreneurs, between established businesses and new entrepreneurs, and among entrepreneurs themselves); Networking (a vibrant community of eco-system actors helping each other and providing mentorship and support, and organising events, workshops and lobbies); Support services (availability and cost of commercial and professional services for entrepreneurs); and Leadership (the quality of entrepreneurial leadership and role models in shaping the dynamics and success of the eco-system, and also the involvement of the academic sector, chambers of commerce, journalists, and market analysts in assessing and promoting the specific entrepreneurial eco-system).

The entrepreneurial framework conditions, with localised actors and institutions, together create the conditions for entrepreneurial activity and success. However, the overriding condition remains that the South African economy needs to be revitalised and grow way beyond its current levels of performance.

Entrepreneurship heterogeneity, data, and the ease of doing business in South Africa

Globally, start-ups and established small businesses constitute a very heterogeneous population, with differences influenced by the economy's size, market structures, institutions and regulations, and the prevailing business environments. SMMEs also differ in their capacity to attract, develop, and retain talent; their levels of innovation; access to relevant technology; and productivity levels. Entrepreneurship activity is diverse, especially in developing countries with a robust 'secondary or informal' economy. The informal economy is integral to the overall economy but comprises enterprises that are not formally registered, tax compliant, or protected. On the other end of the spectrum, there are high-growth entrepreneurial enterprises that are innovation-driven, fast-growing, creating jobs, and are well-positioned to attract capital. The latter are mostly located in the major metropolitan areas. A key challenge is the need for more accurate and variable data (and definitions) on the entrepreneurial landscape, specifically for micro and small enterprises.

Achieving greater definition and clarity should be a collaborative endeavour between the Government, the academic sector, and entrepreneurs themselves. A better-informed perspective on entrepreneurship, across its nuances, will facilitate appropriate policy and regulations, minimum compliance requirements, possible labour market relaxations, impact-driven support programmes and initiatives, various incentives, access to finance, and ultimately the much-deliberated ease of doing business in South Africa.

Entrepreneurship education, knowledge and networks at school level

The limitations and challenges of the education system are well known and documented. The alignment to the world of modern work in the context of the Fourth Industrial Revolution (4IR) and the digital economy is particularly important. The 4IR brings together extreme innovation and changing world views, driving new economic systems and social structures. The digital transformation of markets provides significant growth opportunities for the economy as greater connectivity between participants in different eco-systems potentially drives a more inclusive and prosperous society.

The education system needs to deliver the types of capabilities required for this rapidly evolving world of work. School-level education is the foundation for this alignment. Embracing a national culture of entrepreneurship may partly be cultivated at the school level. During his closing speech at the second South Africa Investment Conference in 2019, President Ramaphosa supported the basic education curriculum, including entrepreneurial skills. The Department of Basic Education in 2021 proposed three new subjects: Kiswahili, Entrepreneurship, and Robotics and Coding. Robotics and Coding will now form part of the 2023 curriculum for lower grades and gradually be introduced to higher grades. Entrepreneurship as a subject will seemingly not feature for now.

Higher levels of educational attainment are typically associated with higher levels of entrepreneurial activity, but this is not conclusive. Education is important but not the only variable in entrepreneurship success. However, it does play a role in establishing foundation skills such as reading, writing, and computation. It is also critically important for cognition and critical thinking skills, self-sufficiency, personal initiative, and analytical skills. Entrepreneurship education, and the development of entrepreneurial knowledge, should be featured at the school stage (the earlier, the better). Preferably as part of the core curriculum, and alternatively as a prominent extra-curricular subject. Either way, educators are to be equipped to prepare the youth for the possibility of entrepreneurship as a career and life choice. Entrepreneurship education post-school (colleges and universities) is already somewhat embedded. Entrepreneurship should be a core course at all business schools and a cross-cutting core course across all faculties at the undergraduate level. The same approach is proposed in colleges for technical vocations and artisan trades.

Accelerate financing innovation and improve access to markets

In February 2022, the Government announced its Bounce-Back Loan Guarantee Scheme to support SMMEs, specifically businesses in distress, owing to the COVID-19 pandemic. The small business loan guarantees will be facilitated through participating banks and development finance institutions, allowing access for qualifying non-bank small and medium loan providers. Key innovations may be the type of financing provided due to the expansion of service providers and that the eligibility criteria, including the requirement for collateral, have been loosened. Banks were criticised under the previous Loan Guarantee Scheme for not supporting it fully, disbursing only R18.4 billion of a potential R200 billion. The banks' defence was that they were following instructions from the South African Reserve Bank (SARB), which instructed them not to lend irresponsibly. Under this scheme, 94% of losses were guaranteed

by the Government, and banks had to assume 6% of the initial losses. It is hoped that the banks will have more of an appetite to lend this time around as the National Treasury will assume 20.5% of the initial losses in the new scheme. Government support is critical for new enterprise financing, directly but preferably in partnership with the private sector. Specifically, a growth-orientated SMME sector will directly contribute to economic growth, and private sector funding alone is likely to remain more risk-averse in early-stage entrepreneurship.

Government loan guarantees, although not implemented with great success to date, are viable, have been successful elsewhere, and should be continued, but implemented and managed differently. Digital financial services have created convenience and greater accessibility and improved the ease of doing business and applying for finance. Other examples of innovation include the establishment of digital marketplaces to connect financial service providers to clients, contactless payments for SMMEs in partnership with third parties, and flexible client denominated pay-as-you-earn business loans. The qualifying criteria for business loans appear not to have changed.

The financial services sector at large needs to think more creatively about collateral, credit ratings and risk. For example, including criteria like how long small businesses have traded for and feedback from their customers, suppliers, and creditors. In addition, banks are particularly well placed to advise entrepreneurs on funding options over the life cycle of their enterprises. Advice and funding need to be packaged together. The non-bank small business lending sector is underdeveloped in South Africa. In partnership with banks and private lenders, it has the potential to broaden the market through more creative (rather than stock standard) financial products to both start-up and growth businesses. Specific incentives need to be introduced for the early stage funding of high growth start-ups, for example, for venture capital and similar financial instruments, using the criteria of high growth potential and creating jobs.

The Section 12J of the Income Tax Act 1962 (Act No. 58 of 1962) incentive was deemed misused and not achieving its objectives. A reformulation, or an alternative incentive package, remains important to attract private investment at scale for new venture creation and range. Open, efficient market systems and healthy competition are good for economic inclusion, innovation in products and services, and realistic and fair pricing. Attributable markets are the cornerstone for enterprise creation, growth, and sustainability.

Market dominance in key sectors remains a structural impediment to market openness. Research conducted and regulations imposed by the Competition Commission have made

great strides in dealing with the economy's persistent structural constraints and skewed ownership profile. However, there is still much to be done. In the interim, established businesses and the Government need to open their supply chains and procurement to emerging firms and SMMEs to allow them to access markets that are otherwise difficult to enter. There are many good examples of this already happening, but there are plenty more opportunities for ramping this up, and to do this may require a mindset shift in supply chain management. For example, this could be done on a voluntary target basis, similar to what the Government has committed to; for example, local content procurement and allocation of contract participation by SMMEs but has not yet managed to fully operationalise.

Open innovation presents another avenue to involve new and growing enterprises in market participation. Increasingly, corporations understand that they do not own all of the knowledge in the market and that they can leverage the wider eco-system for knowledge and expertise to stimulate internal innovation or for market intelligence and access. Open innovation strategies require clear goals and networks that can identify appropriate start-up contributors or partners. These are complex arrangements but have been proven mutually beneficial and successful and have exciting potential in South Africa and Africa at large.

Women-Owned Businesses

Access to finance and markets for women-owned businesses remains a challenge globally. Citigroup Inc. estimates that gender parity among entrepreneurs would boost the global economy by at least 2% and create millions of jobs globally. Specifically, the report estimates that closing the gender gap in business creation would add \$1.6 trillion – \$2.3 trillion to the global GDP, which is an increase of about 2 to 3%; and it can potentially create 288 million to 433 million jobs worldwide. Furthermore, promoting the growth of women-owned businesses can play an important role in the pandemic recovery, especially in emerging economies where women entrepreneurs were disproportionately affected by the COVID-19 crisis. The benefits from having more enterprises created by women would also spill out into local communities.

The lack of access to financing is one of the biggest obstacles women entrepreneurs face. In 2019, just 2.8% of global venture capital funding went to women led businesses. Yet, for every \$1 of investment raised, women-owned start-ups generated 78 cents in revenue, compared with 31 cents from men-owned firms, according to a 2018 Boston Consulting Group analysis. The Global Entrepreneurship Monitor (GEM) 2021 Global Report shows that women entrepreneurs tend to be concentrated in

low-margin sectors like retail and hospitality rather than high growth industries such as technology and business services. Over half of women in developing countries see entrepreneurship as a path to a better future, which is double the rate in high-income countries according to the recently published GEM Global Women's Report. Yet women in developing countries lag behind men in their ability to transform their aspirations into resilient, growing businesses. These disparities underscore why unlocking the growth potential of women entrepreneurs is so critical to women's economic empowerment and for boosting inclusive growth. There are four opportunities, very applicable to the South African context, to ensure that women are not overlooked in policies and programmes supporting entrepreneurship and economic development:

1. Focus on supporting high-growth women entrepreneurs with the potential to innovate, create jobs, and deliver solutions to their markets.
2. Address policy constraints alongside support programmes for women entrepreneurs.
3. Encourage Black women business owners to participate in male-dominated sectors; and
4. Encourage more women investors, and women in financing generally, in accelerators and incubators as they are more likely to invest in women entrepreneurs.

Although there are many challenges and obstacles within the broader South African entrepreneurial eco-system, the greater interconnectedness between institutions, role players, and initiatives will go a long way to create the conditions for entrepreneurship success. This will not happen overnight, and the GEM research strives to continue to contribute towards the growing body of knowledge and discourse on entrepreneurship and inclusive economic development in South Africa.

In response to the Fostering Entrepreneurial Eco-system Vitality report, the Department, together with its entities, has developed relevant programmes, interventions and partnerships with key stakeholders to ensure that a positive outlook on government and private sectors turn the economy around as well as the closer alignment of the national entrepreneurial development agenda for an inclusive economy.

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 DDM) initiative. • Implement the Red-Tape Reduction Programme. • Change management/buy-in, advocacy and awareness. • Investigating and addressing regulatory impediments in SA 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. • Hold engagements with stakeholders in enabling access to markets for SMMEs into value chain sectors that SMMEs have not been able to access in the past. • 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 [women, youth, and PWDs 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"> • Economical 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 DBE and Higher Education 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 lifecycle.
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 on Research and Development (Investment on technology innovation). • Investment on Research and Development (Investment on 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. • Rollout 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 on 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 to issue practice notes to SMME sector directing all role players to provide cessions. • Engage Municipalities on unresponsive by laws. • 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 Annual Performance Plan then aims at leveraging the strengths and opportunities and ensuring an adequate response to mitigating the identified weaknesses and threats.

In support of its strategic posture and focus, the Department reflected on its 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. 	<ul style="list-style-type: none"> • Unavailability of baseline data of SMMEs and Co-operatives. • Fragmentation of interventions for SMMEs and Co-operatives (lack of coordination). • Inconsistent and varied implementation of policies. • Lack of citizen-centric approach to addressing sector needs. • Ability to spend available financial resources due to internal capacity challenges. • Shortage of the specialised skills, (Development Finance and Economic modelling). • 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. • Mentorship, incubation and cadet programmes at provincial and local level. • Implementation of the District Development Model (DDM). 	<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 (nonunified approach). • Heavy reliance by small businesses on government grants. • Low level of early entrepreneurial activity. • 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 women, youth and persons with disabilities (WYPD) cross-cutting priorities in line with the seven priorities of the MTSF. The DSBD contributes mainly to the following WYPD priorities:

- A gender, youth and disability responsive public service.
- Transformed, representative and inclusive economy which prioritises WYPD.
- Transform ownership and management patterns by supporting women-owned and -led enterprises.
- A better Africa and world for all women, girls, youth and 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 women, youth and PWDs, 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 Small Business Development Portfolio, as well as on programmes targeted to empower designated groups, mainly women, youth and PWDs. 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 Department has targets to ensure that designated groups are supported. During the period between July 2019 to quarter three of the 2022/23 financial year, the Department reported a total of 3 755 women-owned enterprises supported to participate on the SheTradesZA platform – a programme implemented in collaboration with Seda and the International Trade Centre (ITC).

The Department, Seda and sefa provided financial and non-financial to 20 356 youth start-ups during the revised MTSF Mid-Term period. The White Paper on an Integrated National Disability Strategy (INDS) vision is “A society for all, one in which PWDs are actively involved in the process of transformation”. Informed by the UN Standard Rules for the Equalisation of Opportunities for PWDs and the Disability Rights Charter developed by Disabled People South Africa in consultation with other representatives’ organisations of PWDs.

The White Paper on the Rights of 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 NSP on 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 women, youth and PWDs 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.

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 eco-system, there is a need to leverage on the interventions, programmes, support and plans of other government departments, agencies and the private sector at all levels in the small business development space.

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

External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
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.
Academia and research institutions	Collaboration and joint research programmes.	<ul style="list-style-type: none"> • Proactively package and communicate opportunities for engagement and collaboration. • Multi-year research agenda and programme.

External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Targeted Groups	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	A responsive and visible DSBD role-players, supporting broader community upliftment.	<ul style="list-style-type: none"> Better communicate 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	Collaboration and opportunities for partnership.	<ul style="list-style-type: none"> Strengthen points of interaction with partners and with the private sector.
The Auditor-General 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	Engaging with Labour 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. • Co-operation 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 developed a Business Delivery Model (BDM) to enhance the value of its services. Product and Market development for the SMMEs and Co-operatives Sectors, as well as the Development Finance and Enterprise Development are the focal areas in the business model of the Department. In turn, the entities will ensure that they are appropriately aligned and orientated towards targeted programme implementation that is fully responsive to the BDM, MTSF and the policy stance and priorities of the Sixth Administration defined by the Government. This must include greater synergy and coherence, and a stronger interface between the entities, which is also highlighted to the BDM as depicted in the **following figure**.



Figure: Business Delivery Model

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

Reduction in fraud and corruption

The Department has an approved Fraud Prevention and Whistle Blowing Policy and Implementation Plan. The objective of this intervention is to ensure that the Department enhances the implementation of the holistic Fraud Prevention and Whistle Blowing Policy with the emphasis being on the application of pro-active measures to enhance operational efficiency. During the MTEF period, the Department will continue implementing an efficient and responsive fraud prevention plan to mitigate the occurrence of fraud and corruption.

Service Delivery Improvement Programme (SDIP)

Government continues to implement the 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 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 Standard Operating Procedures (SOPs). The framework and SOPs outline the processes of planning, monitoring, implementation and reporting at the Department, linking long-term planning with medium- and short-term 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), National Treasury Regulations, Department of Planning, Monitoring and Evaluation (DPME), Public Service Regulations, and Auditor-General of South Africa (AGSA) and take the King IV report into account.

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

The Department has formulated and is implementing an integrated Communication and Marketing Plan that is informed by the Communication and Marketing Strategy to promote external and internal communication. The strategy is primarily founded on the 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 placed 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 2019–24 MTSF period, the Department will continue to conduct annual reviews and analysis to address and align the shortage or improvement of identified priority skills and develop and implement interventions to address identified gaps.

- **Oversight of Public Entities**

The Department has oversight responsibility over two entities. 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

On 15 August 2022, the Minister of Public Service Administration (MPSA) concurred with the proposed organisational structure and the Minister for Small Business Development 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.

Financial resources: the Department has been allocated R8.075 billion over the 2023 MTEF period. The bulk of the Department's spending over the medium term is on transfers and subsidies which has an allocation of R6.937 billion (85.9%) over the MTEF. This is anchored on providing support to SMMEs through the **sefa**: Township and Rural Entrepreneurship Programme which has an allocation of R2.842 billion over the MTEF, **sefa**: Blended Finance (R1.118 billion) Small Enterprise Development Agency (Seda) allocation amounting to R2.697 billion as well as the internally administered incentives amounting to R280 million. Equally so, the Department's R1.139 billion operational budget will provide for: Compensation of employees (R739.5

million), Goods and services (R383.6 million) as well as Capital expenditure (R15.5 million).

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 Small Business Development 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. These projects are being funded through existing partnership of the EU by means of Eco-systems Development for Small Enterprises (EDSE) Programme and further supported by the World Bank.

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. According to the 2021/22

GEM report, a collaboration between the Stellenbosch Business School and Seda, in 2013, only 8.2% of South African early-stage entrepreneurs reported that they anticipate creating no new jobs. However, this figure significantly increased to 41.6% in 2021. There are still challenges within the small business performance environment characterised by excessive concentration of ownership, control in key sectors and restricted participation of the average South African in the economy. The GEM Report also revealed that (a) excessive regulation and a difficult tax system and (b) lack of effective programmes from the State that could assist entrepreneurs navigate challenges pose as constraints on entrepreneurship. Through the various developmental financial and non-financial support instruments provided to small businesses and improving the services provided by the SBD Portfolio, the Department and its entities support the economic and social changes and share the vision of South Africa by supporting the *“Just Transition Framework”* for social change equitable transition.

To raise awareness of products, interventions and programmes for SMMEs and Co-operatives offered by the SBD Portfolio, the Department and its agencies engaged on countrywide road shows under the theme of *“unlocking opportunities for SMMEs and Co-operatives for economic growth and job creation”* in various District Municipalities across the country, thereby supporting the government-wide DDM. The purpose of the road shows was to showcase the work of the SBD Portfolio and other strategic government departments, such as Provincial Departments of Economic Development, involved in the development of SMMEs and Co-operatives, to monitor the support and impact on SMMEs and Co-operatives through the interventions by the Government, to share challenges and listen to success stories of entrepreneurs in various districts across the country, to improve government support, and to better coordinate support for SMMEs and Co-operatives through partnerships with the private sector and various Departments and agencies. The Department and its entities worked together with District Municipalities in implementing the DDM, leveraging on the model’s ability to encourage feedback and constant response to the needs of small businesses. This provides more information on the demand for and feedback on the services and products offered by the SBD portfolio. The DDM facilitates close engagements with beneficiaries, feedback on the quality and quantity of services rendered and products offered by the Department and its entities.

The Department’s monthly call centre report, which provides the monthly performance statistics that relate to the volume of calls attended to and service level on overall performance, indicates that there are more open calls related to customer enquiries,

application for finance and also enquiries related to starting a business. Of the 1 150 average calls answered, 90% relates to general and finance enquiries. This reveals the need to provide more information on how to access funding on various support programmes for SMMEs and Co-operatives.

The above are some of the factors that influenced the development of the 2023/24 APP that reflects on the Department's commitment to its mandate *"to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, SMMEs and Co-operatives, and to ensure an enabling legislative and policy environment to support their growth and sustainability"*.

National Integrated Small Enterprise Development Strategic Framework

The **NISED Strategic Framework**: The final copy of the NISED Strategic Framework was published in the Gazette of 17 February 2023 under the theme *"Through partnerships we can support and develop small enterprises to advance economic recovery, growth and job creation. Together we can build sustainable and competitive small enterprises for inclusive economic growth and sustainable livelihoods"*.

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.

The DSBD presents the NISED Strategic Framework to facilitate continuous consultation in developing programmes and policy for the growth and development of SMMEs for the next 10 years (2022–2032). Through the implementation of the SMMEs Strategic Framework, the Department seeks to introduce better coordination in developing and designing improved interventions for SMMEs through specific actions and interventions, in partnership with eco-system partners supporting this enterprise segment.

The DSBD Officials have been strongly urged and encouraged to engage the NISED Strategic Framework as they work through their 2023/24 financial year operational plans in their respective units. The Department will also be assessing these operational plans against the Framework before approval. The DSBD remains committed towards attaining the outcomes of the NISED Strategic Framework which are:

- 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.
- Coordinated government with strengthened private sector partnerships for SMMEs growth.

The Creative Industries Masterplan

The DSBD was instrumental in the development of the Creative Industries Masterplan that is now led by the Department of Sports, Arts and Culture (DSAC). The Creative Industries Masterplan focuses on visual arts; crafts and design; audio-visual and interactive media; design and creative services; performance and celebration, including music, publishing and printed media. Cabinet approved the Creative Industries Masterplan in August 2022, for implementation.

Contributions to other Masterplans

The Department participates in the National Steering Committee on Masterplans, coordinated by the Presidency and the Department of Trade, Industry and Competition (**the dtic**) in partnership with Business and Labour. Through this participation, the Department has engaged with other Masterplans and emphasised the need to mainstream and report on the sectoral contribution to SMME development support through the DPME Masterplan tracking dashboard. The Department will continue to ensure that priority sectors Masterplans are monitored to ensure the incorporation of SMMEs and Co-operatives agenda.

The Department is implementing an approved organisational structure that has a Chief Directorate: Sector Specific Support. The Chief Directorate aims to manage initiatives that will increase the development, participation and sustainability of small-scale manufacturers in key industries. This will be achieved by ensuring better sectoral interventions in the Masterplans for the benefit of SMMEs and Co-operatives.

SMMEs-focused Localisation Policy Framework and Implementation Programme

Through the **SMMEs-focused Localisation Policy Framework**, the DSBD and its agencies coordinate and direct the 'buy local' campaign together with large corporates and communities. To date, the Department has established working relationships with large retailers and wholesalers across the country to list and purchase the products manufactured by SMMEs. Since inception, more than 725 products produced by SMMEs and Co-operatives have been linked/listed/introduced to domestic markets through these relations and simultaneously, the Department is creating

independent markets in townships and towns for SMMEs and Co-operatives to trade their products.

South African women entrepreneurs

The Department also implemented the **SheTradesZA** programme, which is an online platform to support South African women entrepreneurs to increase their international competitiveness and connect to national, regional and global markets. The programme was first implemented during the 2020/21 financial year. To date, over 3 755 women-owned businesses have registered or participated on SheTradesZA platform. This is part of our responsibility to facilitate the creation of a network for women-owned enterprises. The platform targets supporting businesses in the agro-processing, manufacturing, renewable energy, clothing and textile, cosmetics, creative industries, pharmaceuticals, retail and wholesale, exporters and importers, and logistics and payment systems. Seda is introducing further capacity building interventions to ensure that the businesses that are registered on the platform have capacity to trade at an international level through a Small Business Exporter Development Scheme (SBEDS).

The SBEDS is a Programme designed to fund emerging exporters to participate in trade shows, exhibitions (virtual and physical) and Business2Business (B2B) engagements outside of South Africa. The purpose of the SBEDS is to compensate the costs in respect of the activities aimed for the development of South African small business exporters with the objective to develop new export markets, broadening the export base for local products and services and stimulate job creation whilst increasing the participation of Black-owned enterprises in exports. SBEDS provides support in terms of export readiness, export development, and export promotion as part of initiatives to promote industrialisation, development, and competitiveness.

Red-Tape Reduction Programme

In an effort to reduce regulatory burdens for small enterprises, the DSBD's **Red-Tape Reduction Programme (RTRP)** has been carefully thought through, given the strategic focus to address red-tape challenges in an accelerated and scaled-up manner. At a local level the focus is on Municipalities, as they are at the coalface of servicing communities and small businesses in particular and administer the laws of the land at Local Government level with often-poor administrative systems, skills deficits, resource constraints, high levels of corruption, as well as inadequate performance management systems and consequence management.

This work has been elevated with the establishment of the Red-Tape Reduction Office in The Presidency, the role of which is to champion and coordinate efforts of red-tape reduction across Government and is thus complimentary to the work of the DSBD's RTRP. The target for the 2021/22 financial year, which was achieved, was to assist three District Municipalities with a Red-Tape Reduction Action Plan. The Red-Tape Reduction Action Plans are developed together with the District Municipalities and implemented by the individual district municipality with the assistance of the Department as part of reducing the regulatory burden for small businesses and Co-operatives. During the current financial year, 2022/23, 20 Municipalities have been assisted with the roll-out of RTRP.

SMMEs and Co-operatives Funding Policy

The **SMMEs and Cooperatives Funding Policy** seeks to provide a holistic, coordinated and pragmatic framework for strengthening the provision of development finance towards the SMME and Co-operative sector with a view to improve access to finance for SMMEs and Co-operatives. The Policy was presented and supported by the ESIEID DGs Cluster on 12 December 2022. It is anticipated that the Funding Policy will be presented to Cabinet in the current quarter (Q4 2022/23) to seek approval for the purposes of publishing it in the Government Gazette to solicit further comments from members of the public and ensure buy-in from ecosystem partners.

Township and Rural Entrepreneurship Programme

In response to the urgent need to roll out appropriate support to SMMEs in townships and rural areas, the DSBD introduced the **TREP**. This is a dedicated programme to provide financial and/ or non-financial support to the township and rural enterprises with emphasis on enterprises owned and managed by the designated groups (Women, Youth and PWDs).

Youth Start-up Businesses

The support for the **Youth Start-up Businesses** is one of the critical programmes that seeks to close the gap that the youth experience in accessing support for their new enterprises. One of the challenges hindering young people in South Africa is high youth unemployment, coupled with growing poverty and inequality. As outlined in the revised MTSF, young people also have limited access to resources that can help them find a way out of poverty and enable them to become agents of change. Limited access to land, finance for business ventures, and support and mentoring remain obstacles to the potential demographic

dividend presented by a large young population of working age. Other contributing factors include low levels of education and skills, lack of information, location and the cost of work seeking, lack of income and work experience, and limited social capital.

The SBD Portfolio supports youth start-up enterprises with financial and non-financial support to enhance their sustainability. To date, the programme has supported 20 356 youth enterprises. To facilitate the increase in number of competitive small businesses with a focus on township and rural economies, 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. To date, the Department has provided financial and/or non-financial support to a total of 136 184 competitive small businesses and Co-operatives, through a partnership with its entities, Seda and sefa.

4.3 DSBD Performance Considerations

Summary of Key Priorities Informing the revised 2023/24 Annual Performance Plan

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

- The Department will further work towards the implementation the following five Game-Changer Programmes:
- Game-Changer 1: New Economy Start-up: The intervention is aimed at creating a more enabling support eco-system for high tech and energy start-ups
- Game-Changer 2: Township and Rural Economic Development: The aim of this Burning Platform is to redirect B-BBEE resources and ESD accelerator funding towards SMMEs located in South African townships and rural areas.

- Game-Changer 3: 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
- Game-Changer 4: A Recapitalised SMME Funding Package: Four interventions are proposed as part of the Recapitalised SMME Funding Package: A Recapitalised KCG; a Micro Finance Intermediary Franchise Programme; a significantly up-scaled Direct Lending Programme; and Tailored Blended Finance.
- Game-Changer 5: Supplier Development Partnership Programme: The programme is aimed at leveraging the commitment of corporates and large firms to on-boarding and supporting new suppliers.

4.3.1 Performance-related matters

- Accelerate the implementation of the TREP implemented by the SBD Portfolio in collaboration with the Department of Cooperative Governance and Traditional Affairs (COGTA), the dtic, National Treasury, Provincial Economic Development Departments (and entities), and selected Municipalities. The TREP is meant to stimulate and facilitate the development of sustainable and competitive enterprises through the efficient provision of effective and accessible incentive measures that support national priority sectors. The key objective is to ensure that informal businesses are accounted for in the formal economy. The TREP intervention supports all small enterprises, in all sectors, operating in townships and rural areas that meet the qualifying criteria.
- Create an enabling environment for SMMEs and Co-operatives within which to operate:
 - Implement the SMMEs and Co-operatives Funding Policy to ensure the improvement access to affordable finance for SMMEs and Co-operatives.
 - The re-introduction of the Small Business Advisory Council, MinMec and leveraging on partnerships with Provinces were identified as key instruments in achieving this priority.
 - 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.
 - The Department has started the process of reviewing the Businesses Act and intends to introduce an amendment Bill to Parliament by the end of the 2023/24 financial year. The Businesses Act provides for the issuing of trade licenses and permits by Municipalities to both formal and informal businesses who want to operate in their geographic jurisdiction.

- c) Continue Implementing the **Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives**:
- During the 2023/24 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 SMMEs and Co-operatives produced products and services for the domestic market.
 - **Small Enterprise Manufacturing Programme:** To promote and encourage localisation in targeted sectors, the Department, through **sefa**, in collaboration with the **dtic**, introduced the Small Enterprise Manufacturing Programme. Financial support that is provided includes funding to purchase machinery and equipment for the various manufacturing sub-sectors that will be supported; Working capital for the various manufacturing sub-sectors that will be supported; and Funding for product accreditation, certification and testing. The programme provides finance support to entrepreneurs to the maximum value of R15 million per entity. The term of the funding is determined by the business cash flows up to a maximum of 84 months per small enterprise with a maximum moratorium of six months. A Blended Finance instrument is utilised where up to 50% of the funding required could be a grant and the balance could be a loan and the loan is repayable at prime lending rate.
- d) Facilitate and ensure the increase in number of competitive small businesses and Co-operatives is supported, with the focus on township and rural economies.
- e) **Business Infrastructure:** Business infrastructure where small businesses will interact with the market to showcase their product or service offering with the view to transact. During the 2023/24 financial year, the Department plans to establish seven (7) business infrastructures. Business infrastructure will be rolled out utilising the SEIF, which is a cost-sharing scheme that seeks to support the establishment of new or upgrading of existing economic infrastructure for use by the SMMEs and Co-operatives.
- f) Report on the number and performance of **incubation centres and digital hubs** for the SMMEs development.
- g) Develop and introduce an **energy relief package for SMMEs and Co-operatives** to alleviate the devastating impact of loadshedding on small businesses and Co-operatives in the Country. The relief package will be based on the composition of SMMEs and Co-operatives structure i.e./sector-specific and size class distribution, formal and informal/micro-enterprises.

- h) The Portfolio SMMEs and Co-operatives interventions will prioritise women, youth and PWDs to ensure a minimum 40% target for women, 30% for youth and 7% for PWDs.

4.3.2 Administration-related matters

- a) Implement the approved organisational structure.

Following successful consultation with the Minister for Public Service and Administration, the Department's structure was approved by the Executive Authority in September 2022. The approved structure provides for four Programmes, namely:

- Programme 1: Administration responsible to provide strategic leadership, management and support services to the Department;
- Programme 2: Sector and Policy and Research responsible to oversee transversal support within the ecosystem to provide a conducive environment for SMMEs;
- Programme 3: Integrated Co-operatives and Micro Enterprise Development responsible to drive economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support; and
- Programme 4: Enterprise Development, Innovation and Entrepreneurship responsible to oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs.

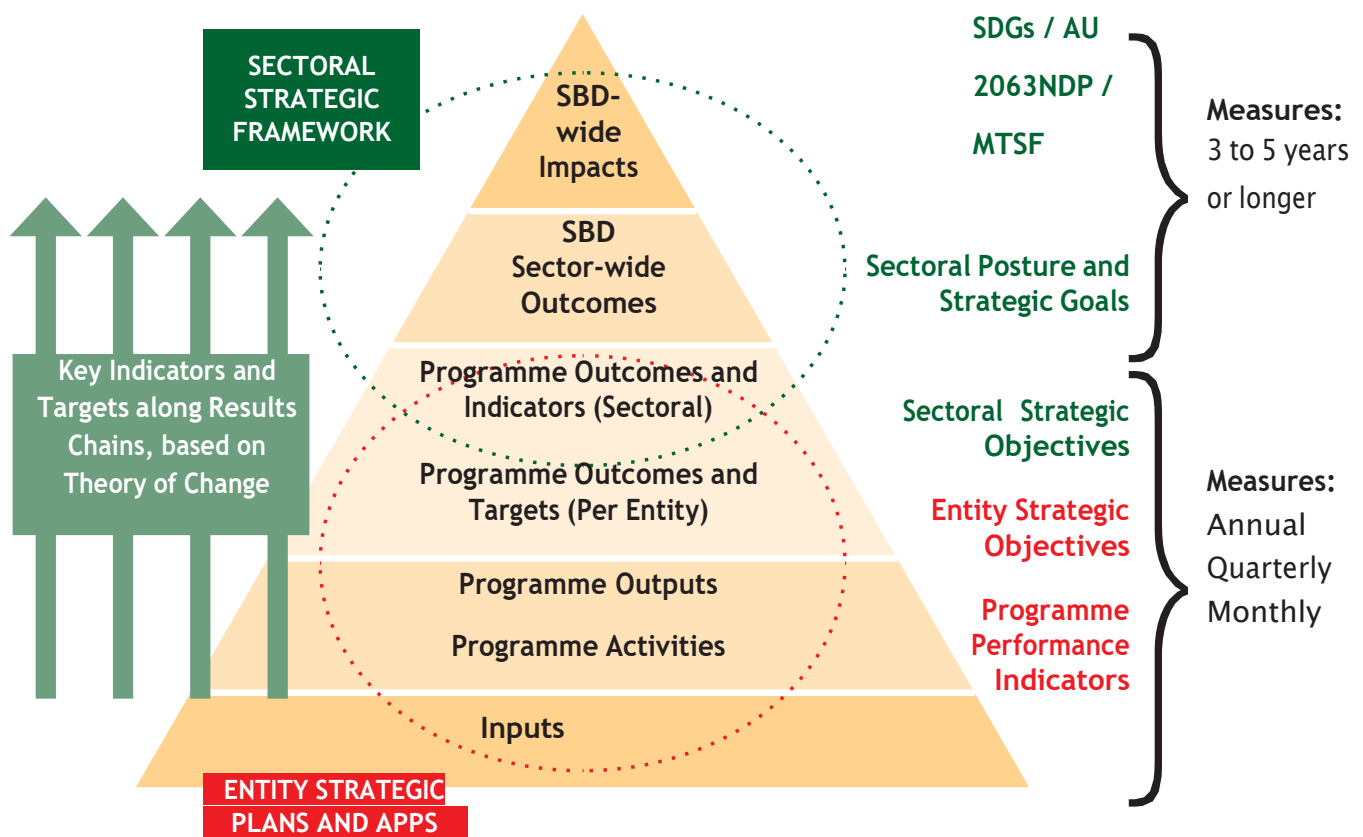
b) Business case for the new single Small Business Support Entity

- Cabinet approved the 20 months' extension period for the merging of the two entities, the **sefa** and CBDA, into Seda. The merger was initially set to be effective from 1 April 2022. This was after Cabinet approved the merger to ensure Government provides a single entity that will support its work in supporting SMMEs and Co-operatives.
- The approved extension will enable the DSBD to finalise the legislative review to provide a proper legislated and policy environment that allows the formation of the single entity – Seda. A single and well-resourced entity will provide a more streamlined support to SMMEs and Co-operatives.

4.4 Description of the Strategic Planning Process

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

Conceptual Model: Theory of Change Logic Model:

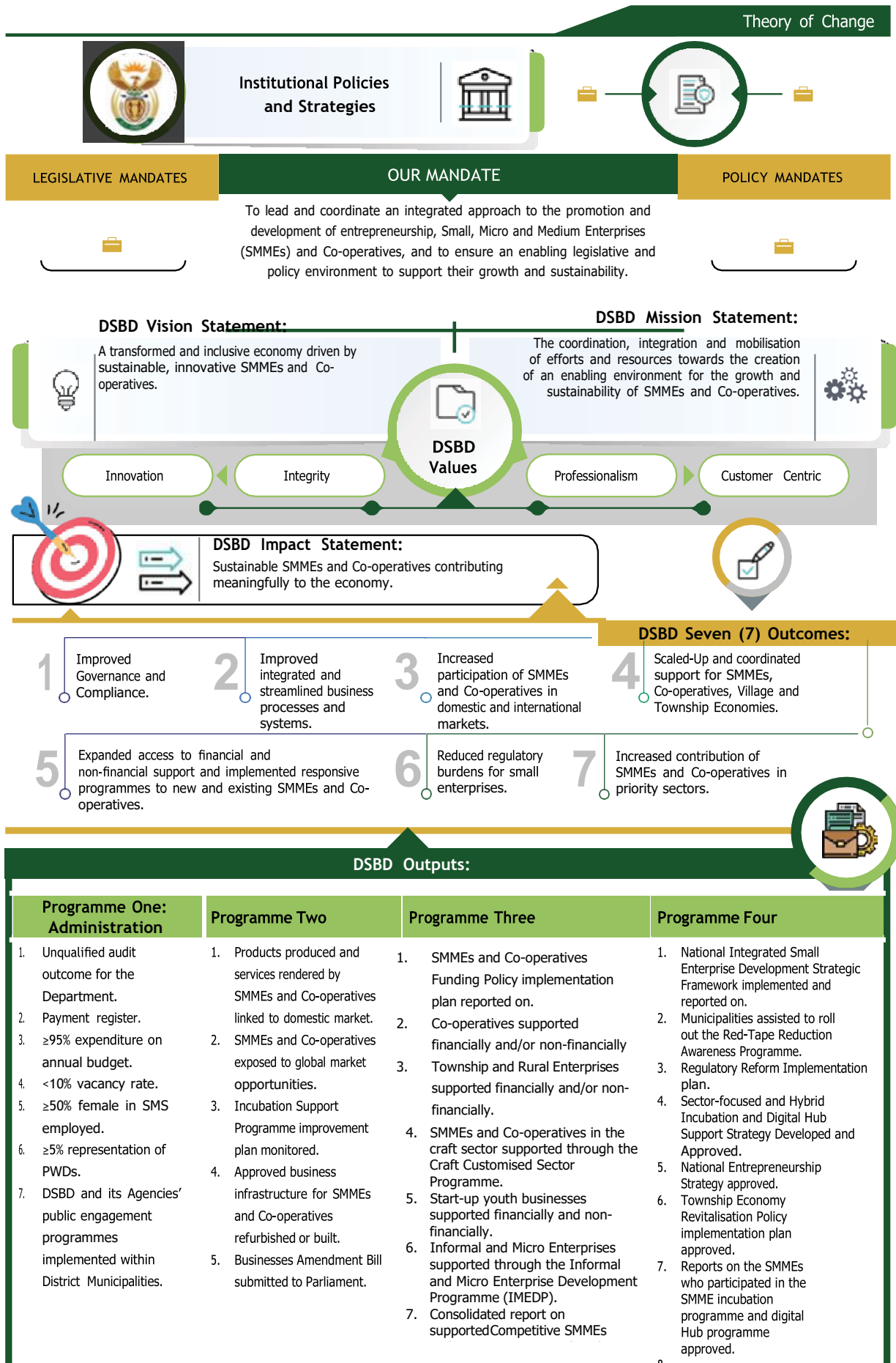


The focus of this Portfolio Strategic Framework is on the green highlighted areas, reflecting:

1. At the Apex, the level of impact, an alignment of the SBD Portfolio to the long-range impacts of national and international policy frameworks, including, the adopted UN Sustainability Development Goals, the AU 2063 Agenda, the NDP (2012) and aligned to the revised 2019–24 MTSF and ERRP.
2. The impact of the work of the small business development portfolio is reflected by a common Vision, Mission and Values for adoption by the three key portfolio role-players.
3. At the outcome/sectoral posture level, a set of outcomes for adoption by the Portfolio role-players. The outcomes articulate what the Portfolio intends to achieve over the period to 2030, with each role-player contributing based on its core mandate/ focus. As a joined-up Portfolio, the aligned individual contributions, cumulatively, are aimed at the Portfolio progressing towards its Vision and Mission.
4. The level below outcomes – outputs – are then the specific products and services (stated as strategic outcomes) of the Portfolio, supported by a set of sectoral indicators for adoption by all role-players. The combined contribution of the Portfolio role-players to these indicators are aimed at achieving the strategic outcomes.
5. The sections highlighted in red are the strategic plans and annual performance plans of the individual entities making up the Portfolio, fully aligned to the Portfolio strategic framework discussed above.

In the context of the hierarchy of performance information utilised to construct this document a “Theory of Change” diagram and where the “Impact Statement” describe the longer-term impact. The next level in the hierarchy described “how this impact will be achieved” in the period to 2023/24 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 identified changes or Impact:



The process towards the revision of the DSBD 2023/24 Annual Performance Plan entailed:

1. The Revised Framework for Strategic Plans and Annual Performance Plans provides a guideline to develop the Strategic Plan and Annual Performance Plan, setting out what the department intends to do in the upcoming financial year and during the MTEF period.
2. The Department of Small Business Development tabled and published its 2023/24 Annual Performance Plan on 14 April 2023. On Friday, 22 September 2023, the Department of Planning, Monitoring and Evaluation (DPME) submitted Feedback on the Assessment of tabled 2023/24 Annual Performance Plan of the DSBD for alignment of the Minister's Performance Agreement. The DPME assessment report on the alignment of tabled 2023/24 APP with the Minister's Performance Agreement recommended that:
 - The Department ensures that all Minister's Performance Agreement indicators and targets are reflected in the 2023/24 APP,
 - The Department ensures that all the indicators and targets relating to the Minister's Performance Agreement are defined in the Technical Indicator Descriptions, and
 - The Department revise and re-table the 2023/24 APP by October 2023, to ensure that all the indicators and targets in the Minister's Performance Agreement are in the 2023/24 APP. In the interim, the department must start implementing the indicators and targets in the Minister's Performance Agreement. Progress on these targets will be monitored through the eQPRS.
3. Furthermore, the Guidelines on cost containment measures announced by the National Treasury for the 2023/24 financial year, institutions are advised to consider the impact of the measures on their APP for the 2023/2024 financial year. To this end, Accounting Officers and Accounting Authorities may need to initiate a process to amend their APPs in accordance with the Revised Framework for Strategic Plans and Annual Performance Plans issued by the DPME.
4. The revised 2023/24 APP indicators and targets was presented at the special Executive Committee (EXCO) meeting, held on 26 September 2023. Following the discussion that took place at the Special EXCO meeting, additional inputs into the revised 2023/24 APP indicators and targets were received and incorporated to the revised 2023/24 APP before being submitted to the Minister for Small Business Development for consideration and approval to re-tabling in Parliament on or before 31 October 2023.

5. The revised 2023/24 APP indicators and targets are aligned to the Guidelines on cost containment measures announced by the National Treasury for the 2023/24 financial year and the DPME assessment report on the alignment of tabled 2023/24 APP with Minister's Performance Agreement.

4.5 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
<p>Priority area 5: Macro-Economic Interventions and Enablers for Economic Growth.</p>	<p>Increased participation of SMMEs and Co-operatives in domestic and international markets.</p>	<p>Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market.</p>
	<p>Increased contribution of SMMEs and Co-operatives in Priority Sectors.</p>	<p>Establish and report on the number and performance of incubation centres and digital hubs (Seda)</p>
	<p>Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.</p>	<p>Number of the National Integrated Small Enterprise Development Strategic Framework implementation report approved by EXCO. <i>(Monitor the implemented Strategic Framework to ensure the delivery of an integrated targeted and effected support interventions aimed at promoting entrepreneurship as well as providing financial and non-financial support for qualifying small enterprises)</i></p>
	<p>Expanded access to financial and nonfinancial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.</p>	<p>Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.</p>
	<p>Reduced regulatory burdens for Small Enterprises.</p>	<p>Number of crafters supported through the Craft Customised Sector Programme <i>(align the Craft CSP guidelines and implementation to the Creative Industries Masterplan).</i></p>
<p>Priority area 6: Green economy</p> <p>Priority area 7: Agriculture and food security</p>	<p>Increased contribution of SMMEs and Co-operatives in Priority Sectors.</p> <p>Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.</p> <p>Expanded access to financial and nonfinancial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.</p>	<p>Number of the National Integrated Small Enterprise Development Strategic Framework implementation report approved by EXCO.</p> <p>Number of informal businesses supported through IMEDP.</p>

ERRP Priority	Departmental Outcomes	Departmental Indicators
Export Promotion and regional integration, support for township and village economies.	Increased participation of SMMEs and Co-operatives in domestic and international markets.	Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market. (The intention is to link 1 000 SMMEs and Co-operatives produced products and services to market over the medium-term period). Number of approved business infrastructure for SMMEs and Co-operatives refurbished or built.
	Increased contribution of SMMEs and Co-operatives in Priority Sectors.	National Integrated Small Enterprise Development Strategic Framework implementation report approved by EXCO.
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.	Number of monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.
Export Promotion and regional integration, support for township and village economies.	Expanded access to financial and nonfinancial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.
Gender equality and economic inclusion of women and youth.		Number of Co-operatives supported financially and/or non-financially. 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 by EXCO.

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

4.6.1 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.	1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	<ul style="list-style-type: none"> Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives developed and adopted by 31 March 2021. 		Programme Two: Sector and Market Development	
		<ul style="list-style-type: none"> Implement the SME 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. 			
	2. Increased contribution of SMMEs and Co-operatives in Priority Sectors.	<ul style="list-style-type: none"> All Masterplans developed by end of 2021. 		Programme Two: Sector and Market Development Programme Four: Enterprise Development	
	3. Scaled-Up and coordinated support for SMMEs Co-operatives, Village and Township Economies.	<ul style="list-style-type: none"> 100 incubation centres and digital hubs established by 2024. 		Programme Four: Enterprise Development	
	4. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	<ul style="list-style-type: none"> 10 000 youth business start-ups supported per annum. 	<ul style="list-style-type: none"> 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. 		Programme Three: Development Finance
		<ul style="list-style-type: none"> 100 000 competitive small businesses and Co-operatives supported by 2024. 			Programme Two: Sector and Market Development Programme Three: Development Finance

4.6.2 Indirect links to the Revised 2019-24 MTSF Priority

In addition to the national outcomes mentioned above, the Department indirectly contributes to the following Government priorities in the revised 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	<ul style="list-style-type: none"> • Programme Two: Sector and Market Development • Programme Three: Development Finance. • Programme Four: Enterprise Development
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, NAMC PPECB and Commodities-based boards	

4.7 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 Two: Sector and Market Development Programme Three: Development Finance

4.8 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 eco-system, contribute in the reduction of unemployment, increased per capita income, add back to the fiscus and address the revenue crisis in the local government.

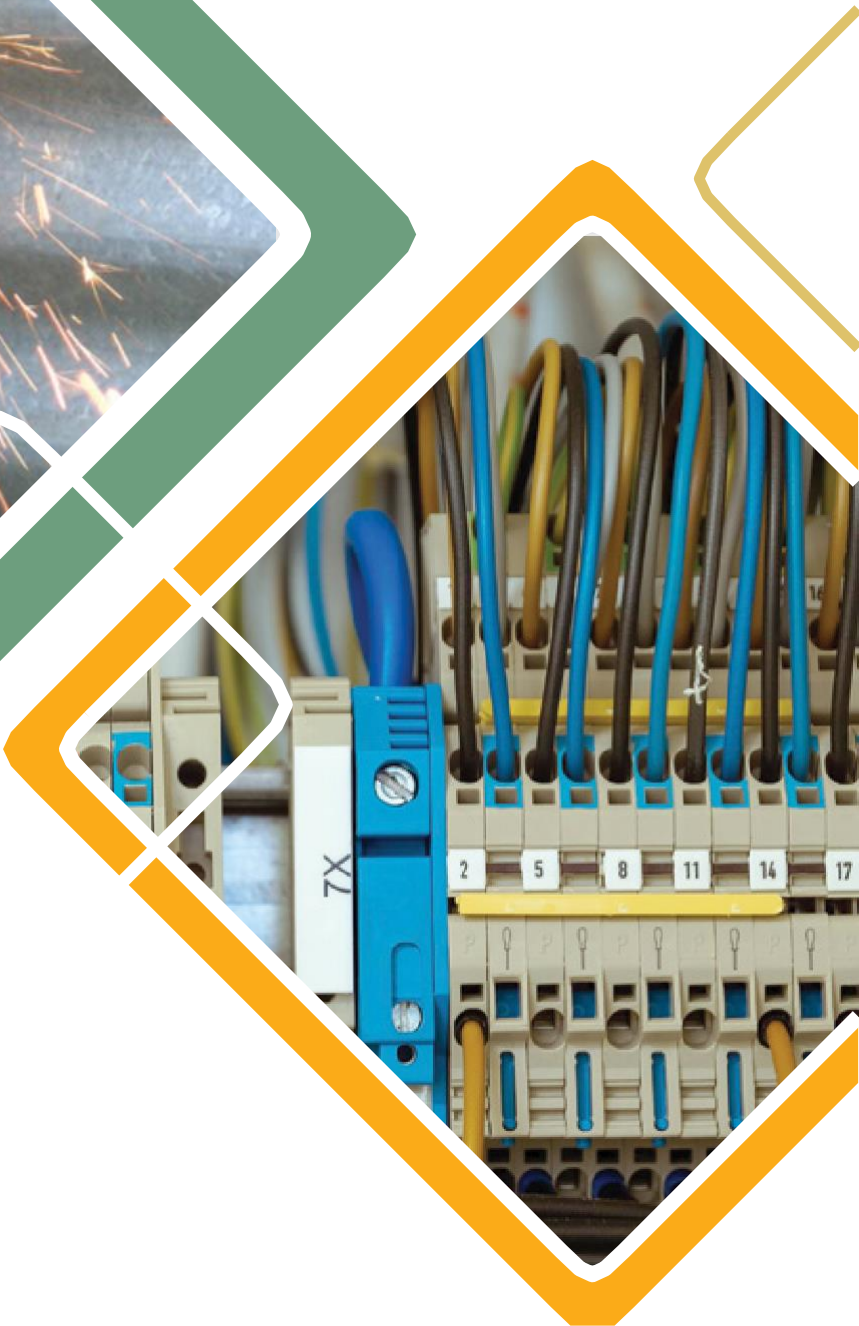
Game-Changer	Descriptions	DSBD Consideration	DSBD Programme
Game-Changer 1	<p>New Economy Start-up: The intervention is aimed at creating a more enabling support ecosystem for high tech and energy start-ups.</p>	<p>The development of the National Entrepreneurship Strategy is currently underway. The strategy 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 to create more enabling support need to network and synergise the fragmented activities performed by development partners and other actors.</p> <p>Currently SA is losing our 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 SA. The Department is participating in the team that is led by the Presidency in engaging other stakeholders including National Treasury and 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>	<p>Programme Four: Enterprise Development</p>
Game-Changer 2	<p>Township and Rural Economic Development: The aim of this Burning Platform is to redirect B-BBEE resources and ESD accelerator funding towards SMMEs located in South African townships and rural areas.</p>	<p>The DSBD intends to engage the private sector to raise awareness regarding the support of private sector towards 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>	<p>Programme Two: Sector and Market Development</p> <p>Programme Three: Development Finance</p>

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 eco-system 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>Like-minded 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</p>
Game-Changer 4	<p>A Recapitalised SMME Funding Package: Four interventions are proposed as part of the Recapitalised SMME Funding Package: A Recapitalised KCG; a Micro Finance Intermediary Franchise Programme; a significantly up-scaled Direct Lending Programme; and Tailored Blended Finance.</p>	<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 KCG 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>	<p>Programme Three: Development Finance</p>

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 Two: Sector and Market Development</p>



PART C: MEASURING OUR PERFORMANCE



5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

5.1 Programme 1: Administration

5.1.1 Purpose:

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

5.1.2 Sub-Programme and Sub-Purpose:

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

5.1.3 Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1. Improved Governance and Compliance.	1.1. Unqualified audit outcome for the Department.	a) Unqualified audit outcome on non-financial performance information obtained.	Target Not Achieved: Unqualified audit outcome with material findings on performance information and compliance with legislation.	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.	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.

Outcome	Output	Output Indicator	Annual Targets							
			Audited/Actual Performance			Estimated Performance	MTEF Period			
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
		b) Unqualified audit outcome on Annual Financial Statements obtained.			Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2020/21 financial year.	Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.	Unqualified audit outcome on Annual Financial Statements for 2022/23 financial year.	Unqualified audit outcome on Annual Financial Statements for 2023/24 financial year.	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% payments to eligible creditors processed within 30 days. (11 467 invoices worth R65 347 730.48 paid on 13 average.	Target Achieved: 100% of valid creditors paid in under 30 days.	Target Not Achieved: 99.8% of valid creditors were paid within 25 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	1.3. ≥95% expenditure on annual budget.	% Variance on Annual budget.	Target Achieved: 1.8% variance on annual budget. The Department spent R2.229 billion of R2.2269 billion with a variance of R39.8 million.	Target Achieved: 1.3% Variance on annual budget.	Target Achieved: 0.9% 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 Not Achieved: 12.4% (26/209)	Target Achieved: 9.7% vacancy rate in funded posts.	Target Not Achieved: 16.2% vacancy rate in funded permanent posts.	<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.
	1.5 ≥50% female in SMS employed.	Percentage of female SMS representation.	Target Achieved: 55.9% (19/34) female SMS.	Target Achieved: 57.1% of female SMS representation.	Target Not Achieved: 47.1% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.
	1.6 ≥3% representation of PWDs.	Percentage representation of PWDs.	Target Achieved: 2.4% (5/208) people with disabilities.	Target achieved: 3.3% representation of PWDs.	Target Achieved: 3.8% representation of PWDs.	≥4.2% representation of PWDs.	≥3% representation of PWDs.	≥5% representation of PWDs.	≥7% representation of PWDs.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	1.7. DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Number of DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Target Achieved: 47 Facilitated interactions that deliver meaningful engagements with communities and the public.	N/A	Target Achieved: 82 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	70 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	90 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	95 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	100 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.

5.1.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2023/24	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 2022/23 financial year.	N/A	Unqualified audit outcome on non-financial performance information for 2022/23 financial year.	N/A	N/A
b) Unqualified audit outcome on Annual Financial Statements obtained.	Unqualified audit outcome on Annual Financial Statements for 2022/23 financial year.	N/A	Unqualified audit outcome on Annual Financial Statements for 2022/23 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.	<10% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	N/A	5% reduction in vacancy rate towards filling the approved organisational structure.
Percentage of female SMS representation.	≥50% of female SMS representation.	≥50% of female SMS representation.	≥50% of female SMS representation.	≥50% of female SMS representation.	≥50% of female SMS representation.
Percentage representation of PWDs.	≥3% representation of PWDs.	≥4.4% representation of PWDs.	≥4.6% representation of PWDs.	N/A	≥3% representation of PWDs.
Number of DSBD and its Agencies' public engagement Programmes implemented within District Municipalities.	90 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	25 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.	25 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.	20 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.	20 DSBD and its Agencies' Public engagement Programmes implemented within District Municipalities.

5.1.5 Explanation of planned performance over the medium-term period

In concluding the implementation of the Sixth Administration priorities, the Administration programme will 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. Emphasis will be placed on supporting programmes to reduce vacancy rates to ensure a sufficient number of staff members to provide effective and efficient services to the public. The 2023/24 financial year will mark the final year of implementing the Sixth Administration, the accountability, transformation, risk management, implementation of risk-based internal audit plans, effectively implementing recruitment plans that will enable the Department to go beyond complying with regulations and meeting targets, will improve the Department team's culture, satisfaction and overall performance.

5.1.6 Programme Resource Considerations

PROGRAMME ONE: SUB-PROGRAMME	2023/24	2024/25	2025/26	TOTAL MTEF
	R'000	R'000	R'000	R'000
Ministry	29 226	29 561	30 875	89 662
Departmental Management	34 636	39 962	41 731	116 329
Corporate Services	46 439	49 212	51 403	147 054
Financial Management	28 132	30 238	31 580	89 950
TOTAL	138 433	148 973	155 589	442 995

Programme One (Administration) has an allocation of R443 million over the medium term broken down into four sub-programmes: Ministry has R89.7 million (20.2%), Departmental Management (ODG) has R116.3 million (26.2%), Corporate Services has R90 million (20.3%), and Financial Management R147.1 million (33.2%).

To maintain a sound performance planning, reporting and monitoring system, the Department will continue to implement the Strategic Planning, Monitoring and Reporting Framework and Standard Operating Procedure (SOP). The Framework and SOP outline the details of the Planning, Monitoring, Implementation and Reporting cycle of the Department, linking long-term planning with medium- and short-term planning. The Framework and SOP will continue to be used as a tool for the Department to bring about and guide integrated Planning, Monitoring, Implementation and Reporting across Programmes/Branches. Furthermore, the Framework and SOP are aimed at coordinating the performance and financial information reporting requirement of the PFMA, National Treasury Regulations, DPME, and Public Service Regulations.

5.2 Programme 2: Sector and Market Development

5.2.1 Purpose:

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

5.2.2 Sub-Programme and Sub-Purpose:

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

5.2.3 Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	1.1. Products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	N/A	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.	250 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 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.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	1.2. SMMEs and Co-operatives exposed to global market opportunities.	Number of SMMEs and Co-operatives exposed to global market opportunities.	N/A	N/A	Target Achieved: 242 SMMEs and Co-operatives exposed to international market opportunities.	250 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. Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.	2.1. Incubation Support Programme Improvement Plan monitored.	Number of Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	Target Achieved: An approved Report on Six (6) digital hubs in townships and rural areas established. SBTI Botshabelo Digital Hub, Limpopo Digital Hub, 4th Industrial Revolution, KwaMashu Digital Hub, Alexandra Digital Hub and Mafikeng Digital Hub.	N/A	Target Not Achieved: Incubation Support Programme (ISP) evaluation not conducted and approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
3. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	3.1 Approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Number of approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Target Achieved: Four (4) Product markets roll-out plans for SMMEs and Co-operatives approved by DDG in four provinces: <ul style="list-style-type: none"> • North-West (Home industries and fashion) • Mpumalanga (Steel) • Limpopo (Agricultural) • Eastern Cape (Clothing). 	N/A	N/A	Six (6) business infrastructure for SMMEs and Co-operatives refurbished or built.	Seven (7) approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Seven (7) approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Seven (7) approved business infrastructure for SMMEs and Co-operatives refurbished or built.
4.Reduced regulatory burdens for small enterprises.	4.1 Businesses Amendment Bill submitted to Parliament.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	N/A	N/A	N/A	Two (2) progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	Businesses Amendment Bill taken through Parliamentary process.	Implementation of the amended Businesses Act.

5.2.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2023/24	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	250 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	75 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	75 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	50 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	50 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.
Number of SMMEs and Co-operatives exposed to global market opportunities.	200 SMMEs and Co-operatives exposed to global market opportunities.	Implementation Plan and approved by EXCO.	100 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 monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	N/A	Monitoring Report on the Incubation Support Programme Improvement Plan approved by EXCO.	N/A	Monitoring Report on the Incubation Support Programme Improvement Plan approved by EXCO.
Number of approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Seven (7) approved business Infrastructure for SMMEs and Co-operatives refurbished or built.	Report with approved projects presented to EXCO.	Progress report on the implementation of the approved projects presented to EXCO.	Three (3) approved business infrastructure SMMEs and Co-operatives refurbished or built.	Four (4) approved business infrastructure SMMEs and Co-operatives refurbished or built.
Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	Public consultations on the Businesses Amendment Bill and proposed changes incorporated.	One (1) progress report on the public consultations on the Businesses Amendment Bill and proposed changes submitted to the Minister for consideration.	Public consultations conducted on the Businesses Amendment Bill.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.

5.2.5 Explanation of planned performance over the medium-term period

During the 2023/24 financial year, 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 Localisation Policy so that DSBD can have oversight of the ESD component 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.

In mitigating the various challenges faced by our society, especially women, youth and PWDs, the Department plans to link 200 SMMEs and Co-operatives to global market opportunities, with an emphasis on the designated groups. Through these outputs, the medium-term goal (outcome) will be realised, which is to increase the participation of SMMEs and Co-operatives in domestic and international markets.

To contribute to the Outcome: Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township Economies, the Department, through Seda, has a target to establish incubation centres and digital hubs. The SBD Portfolio is providing support both financially and non-financially. This is done through the delivery of support in establishment and implementation of incubation support that is currently sitting at a projected figure of 122 centres. This a portfolio made out of 110 fully established and operational centres (implementation phase) and 12 that are in establishment phase. The breakdown of the 110 that are in the implementation phase is: 73 Technology Business Incubators; 31 Centres for Entrepreneurship and Rid Incubation; and 6 Township and Digital Hubs that focus on various designated sectors within which small business start-ups are functioning. The incubators and digital hubs will nurture new and existing small enterprises by providing them with financial and technical advice pertaining to the running of a business.

Incubation Support Programme impact evaluation was conducted, and improvement plan approved by EXCO and during the 2023/24 financial year, the Department will be monitoring the Incubation Support Programme Improvement Plan. To realise increased participation of SMMEs and Co-operatives in the domestic market, the Department aims to ensure that seven (7) approved business infrastructures for SMMEs and Co-operatives are refurbished or built in the 2023/24 financial year at an estimated budget of R77.8 million in 2023/24 financial year and R243.3 million over the MTEF. This target will be 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.

Consulting the public on the Businesses Amendment Bill and proposed changes contribute to the overall Department mandate and medium-term goal of reducing regulatory burdens for small enterprises. Through this legislation, the Department aims to provide a simple and enabling framework for procedures for the application of licensing of business by setting national norms and standards; and also, to repeal the Businesses Act, 1991. For the 2023/24 financial year, the Department plans to conduct public consultations to amend the Businesses Amendment Bill and the proposed inputs and amendments will be submitted to Minister for introduction to Parliament.

5.2.6 Programme Resource Considerations

PROGRAMME TWO: SUB-PROGRAMMES	2023/24	2024/25	2025/26	TOTAL MTEF
	R'000	R'000	R'000	R'000
Sector and Market Development Management	5 719	5 868	6 111	17 698
Business Intelligence & Knowledge Management	23 754	25 094	26 211	75 059
Ease of Doing Business	6 192	7 423	7 799	21 414
Access to market support	128 116	138 942	144 136	411 194
TOTAL	163 781	177 327	184 257	525 365

Programme Two (Sector and Market Development) has an allocation of R525.4 million over the medium-term with four sub-programmes: An allocation of R17.7 million (3.4%) is made to Sector and Market Development Management sub-programme; R75.1 million (14.3%) to Business Intelligence and Knowledge Management sub-programme, R24.4 million (4.1%) to Ease of Doing Business, and R406.9 million (77.8%) to Access to Market Support sub-programme.

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

5.3 Programme 3: Development Finance

5.3.1 Purpose:

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

5.3.2 Sub-Programme and Sub-Purpose:

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

5.3.3 Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
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 implementation plan reported on.	Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy approved by EXCO.	N/A	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.	Consolidated progress report on finalisation of the SMMEs and Co-operatives Funding Policy 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 report approved by EXCO.	SMMEs and Co-operatives Funding Policy implementation report approved by EXCO.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	1.2 Co-operatives supported financially and/or non-financially.	Number of Co-operatives supported financially and/or non-financially.	Target Not Achieved: Co-operatives supported to the value of the R85.7 million.	Target not Achieved: Co-operatives supported through non-financial and/or financial to the value of R50.7 million.	Target not achieved: Co-operatives supported to the value of R13.03 million.	200 Co-operatives supported financially and/or non-financially.	250 Co-operatives supported financially and/or non-financially.	300 Co-operatives supported financially and/or non-financially.	350 Co-operatives supported financially and/or non-financially.
	1.3. Township and Rural Enterprises supported financially and/or non-financially.	Number of Township and Rural Enterprises supported financially and/or non-financially.	N/A	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.	20 000 Township and Rural Enterprises supported financially and/or non-financially.	20 000 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.
	1.4. SMMEs and Co-operatives in the craft sector supported through the Craft Customised Sector Support Programme.	Number of Crafters supported through the Craft Customised Sector Support Programme.	Target Achieved: 2 535 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.	900 crafters supported through the Craft Customised Sector Programme.	1000 crafters supported through the Craft Customised Sector Support Programme.	1000 crafters supported through the Craft Customised Sector Support Programme.	1000 crafters supported through the Craft Customised Sector Support Programme.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	1.5. Start-up youth businesses supported financially and/or non-financially.	Number of start-up youth businesses supported financially and/or non-financially.	N/A	N/A	Target achieved: 13 369 start-up youth businesses supported financially and non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.
	1.6. Informal and Micro Enterprises supported through the Informal and Micro Enterprise Development Programme (IMEDP).	Number of informal businesses supported through IMEDP.	Target Achieved: 3 524 Informal Business supported through the IMEDP.	N/A	N/A	N/A	1 333 informal businesses supported through IMEDP.	1 333 informal businesses supported through IMEDP.	1 333 informal businesses supported through IMEDP.
	1.7. Consolidated report on supported Competitive SMMEs and Co-operatives produced.	Consolidated report on the number of Competitive SMMEs and Co-operatives supported approved by EXCO.	N/A	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.	Consolidated report on the 25 000 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 60 000 Competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 70 000 Competitive SMMEs and Co-operatives supported approved by EXCO.

5.3.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2023/24	Quarterly Targets			
		Q1	Q2	Q3	Q4
Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy approved by EXCO.	Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy approved by EXCO.	Progress report on the Implementation plan of SMMEs and Co-operatives Funding Policy approved by EXCO.	Progress report on the Implementation plan of SMMEs and Co-operatives Funding Policy approved by EXCO.	Progress report on the Implementation plan of SMMEs and Co-operatives Funding Policy approved by EXCO.	Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy approved by EXCO.
Number of Co-operatives supported financially and/or non-financially.	250 Co-operatives supported financially and/or non-financially.	50 Co-operatives supported financially and/or non-financially.	50 Co-operatives supported financially and/or non-financially.	50 Co-operatives supported financially and/or non-financially.	100 Co-operatives supported financially and/or non-financially.
Number of Township and Rural Enterprises supported financially and/or non-financially.	20 000 Township and Rural Enterprises supported financially and/or non-financially.	5 000 Township and Rural Enterprises supported financially and/or non-financially.	10 000 Township and Rural Enterprises supported financially and/or non-financially.	2 500 Township and Rural Enterprises supported financially and/or non-financially.	2 500 Township and Rural Enterprises supported financially and/or non-financially.
Number of Crafters supported through the Craft Customised Sector Support Programme.	1000 Crafters supported through the Craft Customised Sector Support Programme.	N/A	Signing of MOAs with the hubs and agencies.	500 Crafters supported through the Craft Customised Sector Support Programme.	500 Crafters supported through the Craft Customised Sector Support Programme.
Number of start-up youth businesses supported financially and/or non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	2 500 start-up youth businesses supported financially and/or non-financially.	2 500 start-up youth businesses supported financially and/or non-financially.	2 500 start-up youth businesses supported financially and/or non-financially.	2 500 start-up youth businesses supported financially and/or non-financially.
Number of informal businesses supported through IMEDP	1 333 informal businesses supported through IMEDP	333 informal businesses supported through IMEDP.	333 informal businesses supported through IMEDP.	333 informal businesses supported through IMEDP.	334 informal businesses supported through IMEDP.
Consolidated report on the number of Competitive SMMEs and Co-operatives Supported approved by EXCO.	Consolidated report on the 40 000 Competitive SMMEs and Co-operatives supported approved by EXCO.	Progress update Report on the 5 000 Competitive SMMEs and Co-operatives supported developed.	Progress update Report on the 15 000 Competitive SMMEs and Co-operatives supported developed.	Progress update Report on the 5 000 Competitive SMMEs and Co-operatives supported developed.	Progress update Report on the 15 000 Competitive SMMEs and Co-operatives supported developed. Consolidated report on the 40 000 Competitive SMMEs and Co-operatives supported approved by EXCO.

5.3.5 Explanation of planned performance over the medium-term period

The Department in concluding the implementation of the Sixth Administration priorities, the revised 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 2021/22 financial year, 100 000 competitive small businesses and Co-operatives supported by 2024 and 10 000 youth business start-ups supported per annum. As of the 2022/23 financial year, the Department has managed to finalise the SMMEs and Co-operatives Funding Policy, and during the 2023/24 financial year, the Department will ensure that SMMEs and Co-operatives Funding Policy implementation plan reported on output is achieved and strengthen development finance towards SMMEs and Co-operatives development. Through 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 achieved by introducing targeted funding instruments linked to business development lifecycle, including Micro Finance Intermediary Programme.

In an effort to facilitate an increase in the number of competitive small businesses, with a focus on township and rural economies, the SBD Portfolio has supported 104 088 competitive small businesses and Co-operatives and 13 369 start-up youth businesses. Going forward, a further 40 000 competitive SMMEs and Co-operatives and 10 000 start-up youth businesses will be supported through financially and/or non-financially intervention offered by the Department and its entities.

Over the MTEF, the Department will implement the TREP that is meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas, targeting the designated groups. In the 2023/24 financial year, TREP aims to assist 20 000 township and rural enterprises, financially and/or non-financially through the SBD Portfolio. The Department intends to engage the private sector to raise awareness regarding the support, from the private sector, towards the development and growth of township and rural enterprises. These engagements will be informed by the working relationship between DSBD and the dtic in strengthening the B-BBEE policy and its Codes of Good Practice, aimed at redirecting B-BBEE resources and ESD accelerator funding towards SMMEs and Co-operatives located in townships and rural areas. The SBD Portfolio will further support 250 Co-operatives, financially and/or non-financially, in the 2023/24 financial year.

The IMEDP, which was implemented at an operational plan level, will be implemented in the 2023 MTEF period as another intervention to uplift small businesses that are not catered for in our communities. The IMEDP provides qualifying informal and micro businesses with basic equipment and tools. The Department intends to support 1 333 businesses in 2023/24 financial year and over 3 999 informal and micro enterprises during the MTEF period.

Craft producers, designers and visual artists are found all over South Africa, in rural, peri-urban and urban areas, and their challenges vary in extent depending on where they are located. The Department will support over 3 000 crafters through the CSP over the medium-term at a budgeted amount of R36.7 million over the MTEF and 1 000 crafters in the 2023/24 financial year.

5.3.6 Programme Resource Considerations

PROGRAMME THREE: DEVELOPMENT FINANCE SUB-PROGRAMMES	2023/24	2024/25	2025/26	TOTAL MTEF
	R'000	R'000	R'000	R'000
Development Finance Management	2 384	2 392	2 498	7 274
Model Funding Collaboration	4 320	6 775	7 076	18 171
Blended Finance	1 322 208	1 361 825	1 421 125	4 105 158
Business Viability	20 724	20 627	21 546	62 897
TOTAL	1 349 636	1 391 619	1 452 245	4 193 500

Programme Three (Development Finance) has an allocation of R4.194 billion over the medium-term with four sub-programmes: R7.3 million (0.2%) is allocated to Development Finance Management, R18.2 million (0.4%) is allocated to Model Funding Collaboration, R4.105 billion (97.9%) to Blended Finance Support, and R62.9 million (1.5%) to Business Viability.

5.4 Programme 4: Enterprise Development

5.4.1 Purpose:

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

5.4.2 Sub-Programme and Sub-Purpose:

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

5.4.3 Outcomes, Output Indicators and Targets

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1. Increased contribution of SMMEs and Co-operatives in priority sectors.	1.1. National Integrated Small Enterprise Development Strategic Framework implemented and reported on.	Number of the National Integrated Small Enterprise Development Strategic Framework implementation reports approved by EXCO.	Target Not Achieved: Small Enterprise Development Masterplan Framework document developed and not approved by EXCO.	Target Achieved: National Integrated Small Enterprise Development Masterplan approved by EXCO.	Target achieved: National Integrated Small Enterprise Development Masterplan submitted to Minister for Cabinet approval.	National Integrated Small Enterprise Development Masterplan Implementation report approved by EXCO.	Four (4) National Integrated Small Enterprise Development Strategic Framework implementation reports approved by EXCO.	Four (4) National Integrated Small Enterprise Development Strategic Framework implementation reports approved by EXCO.	Four (4) National Integrated Small Enterprise Development Strategic Framework implementation reports approved by EXCO.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
2. Improved integrated and streamlined business processes and systems.	2.1. Municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Target Achieved: Red-Tape Reduction Awareness Programme rolled out in 33 municipalities.	Target Achieved: Two (2) 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.	20 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	30 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	40 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	50 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.
3. Reduced regulatory burdens for Small Enterprises.	3.1. A Regulatory Reform Implementation Plan.	A Regulatory Reform Implementation Plan submitted to Minister for approval.	N/A	N/A	N/A	Assessment review report of SMME regulatory impediments to reform approved by EXCO.	A Regulatory Reform Implementation Plan submitted to Minister for approval.	Bi-Annual Progress Reports on the Regulatory Reform Implementation Plan approved by EXCO.	Bi-Annual Progress Reports on the Regulatory Reform Implementation Plan approved by EXCO.
4. Scaled-Up And coordinated support for SMMEs, Co-operatives, Village and Township Economies.	4.1 Sector-focused and Hybrid Incubation and Digital Hub Support Strategy developed and approved.	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy developed and approved by EXCO.	N/A	N/A	N/A	N/A	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy approved by EXCO.	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implemented and reported on.	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implemented and reported on.
	4.2 National Entrepreneurship Strategy approved.	National Entrepreneurship Strategy approved by EXCO.	N/A	N/A	N/A	N/A	National Entrepreneurship Strategy approved by EXCO.	National Entrepreneurship Strategy implementation report approved by EXCO.	National Entrepreneurship Strategy implementation report approved by EXCO.

Outcome	Output	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	4.3 Township Economy Revitalisation Policy implementation plan approved.	Township Economy Revitalisation Policy implementation plan approved by EXCO.	N/A	N/A	N/A	N/A	Township Economy Revitalisation Policy implementation plan approved by EXCO.	Township Economy Revitalisation Policy implementation plan reported on.	Township Economy Revitalisation Policy implementation plan reported on.
	4.4 Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved.	Number of Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	N/A	N/A	N/A	N/A	Two (2) Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	Two (2) Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	Two (2) Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.

5.4.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target 2023/24	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of the National Integrated Small Enterprise Development Strategic Framework implementation reports approved by EXCO.	Four (4) National Integrated Small Enterprise Development Strategic Framework implementation reports approved by EXCO.	National Integrated Small Enterprise Development Strategic Framework implementation report approved by EXCO.	National Integrated Small Enterprise Development Strategic Framework implementation report approved by EXCO.	National Integrated Small Enterprise Development Strategic Framework implementation report approved by EXCO.	National Integrated Small Enterprise Development Strategic Framework implementation report approved by EXCO.
Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	30 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	5 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	5 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	10 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	10 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.
A Regulatory Reform Implementation Plan submitted to Minister for approval.	A Regulatory Reform Implementation Plan submitted to Minister for approval.	Stakeholder consultations conducted with key stakeholders on regulatory impediments to SMME growth.	Stakeholder consultations conducted with key stakeholders on regulatory impediments to SMME growth.	Report on inputs and feedback from key stakeholders incorporated into a prioritised Regulatory Reform Implementation Plan.	A Regulatory Reform Implementation Plan submitted to Minister for approval.
Sector-focused and Hybrid Incubation and Digital Hub Support Strategy developed and approved by EXCO.	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy approved by EXCO.	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy document review.	Stakeholder consultations conducted with key stakeholders on Sector-focused and Hybrid Incubation and Digital Hub Support Strategy.	Revised Sector-focused and Hybrid Incubation and Digital Hub Support Strategy based on inputs received from stakeholder consultations.	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy approved by EXCO.
National Entrepreneurship Strategy approved by EXCO.	National Entrepreneurship Strategy approved by EXCO.	Draft National Entrepreneurship Strategy Developed and presented to EXCO.	Stakeholder consultations on the Draft National Entrepreneurship Strategy conducted.	Revised Draft National Entrepreneurship Strategy based on inputs received from stakeholder consultations.	National Entrepreneurship Strategy approved by EXCO.
Township Economy Revitalisation Policy implementation plan approved by EXCO.	Township Economy Revitalisation Policy implementation plan approved by EXCO.	N/A	N/A	Concept document on the Township Economy Revitalisation approved by EXCO.	Township Economy Revitalisation Policy implementation plan approved by EXCO.

Output Indicator	Annual Target 2023/24	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	Two (2) Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	N/A	N/A	Report on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	Report on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.

5.4.5 Explanation of planned performance over the medium-term period

In the revised 2019–24 MTSF, one of the impacts is to reduce unemployment to between 20% to 24%, economic growth of between 2% to 3% and increase the level of investment to 23% of GDP. One intervention to realise the impact is to create a conducive environment that enables national priority sectors to support industrialisation and localisation, leading to increased exports, employment and youth, women and PWDs-owned SMMEs and Co-operatives participation. The NISED Strategic Framework was developed and approved in the 2022/23 financial year, in the 2023/24 financial year the Department will report on the implementation of the NISED Strategic Framework to warrant 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 Strategic Framework 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.

Furthermore, in promoting the growth and sustainability of SMMEs and Co-operatives, the DSBD aims to create an enabling legal framework and 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 2023/24 financial year, the Department will report on regulatory Impediments to SMME growth that will need to be addressed and seek Cabinet approval thereafter.

To amplify the efforts on reducing regulatory burdens on small enterprises, the Department aims to assist 30 municipalities to roll out the Red-Tape Reduction Awareness Programme. The revised MTSF, ERRP priorities and NASP interventions ascribe plans to create a conducive environment that enables national priority sectors to support industrialisation and localisation, which will lead to increases in export, employment and Women, Youth and PWDs-owned SMMEs participation. Additionally, the RTRP will assist with improving the business-enabling environment by improving overall ranking within the top 50 countries by 2024 and achieving a top 50 ranking on indicators such as starting a business, trading across borders, and registering property.

The National Entrepreneurship Strategy and Sector-focused and Hybrid Incubation and Digital Hub Support Strategy outputs emanate from the 2021/22 financial year Departmental Annual Operational Plan. Due to the change in the Department's strategic focus, Minister's policy directives/Game-Changer Programmes and the nature of the outputs, it was deemed fit to incorporate it into the APP from the 2023/24 financial year. The Department has introduced five burning platforms/Game-Changer Programmes that will recalibrate the small enterprise eco-system. Through Enterprise Development, Game-Changer One: New Economy Start-up: The intervention is aimed at creating a more enabling support ecosystem for high-tech and energy start-ups and Game-Changer Three: 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 will be implemented.

5.4.6 Programme Resource Considerations

PROGRAMME FOUR: SUB-PROGRAMME	2023/24	2024/25	2025/26	TOTAL MTEF
	R'000	R'000	R'000	R'000
Enterprise Development Management	2 354	2 361	2 466	7 181
Enterprise and Supplier Development	885 164	928 869	973 156	2 787 189
SMME Competitiveness	35 411	41 115	42 932	119 458
Business Viability	20 724	20 627	21 546	62 897
TOTAL	922 929	972 345	1 018 554	2 913 828

Programme Four (Enterprise Development) has an allocation of R2.914 billion with three sub-programmes of the Programme: R7.2 million (0.3%) for Enterprise Development Management, R2.787 billion (95.7%) for Enterprise and Supplier Development, and R119.5 million (4.1%) for SMME Competitiveness.

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.

Outcome	Key Risks	Risk Mitigation strategy
Improved Governance and Compliance.	Payment of suppliers in excess of 30 days contributing to the mortality rate of SMME's and Co-operatives.	<ul style="list-style-type: none"> Continually educate suppliers and Service Owners about the importance of submitting invoices to the centrally allocated Unit. ICT to assist with the procure automated invoice tracking system.
	Late financial reporting resulting non-compliance to legislative requirements and tarnishing the Department's reputation.	<ul style="list-style-type: none"> Reporting timelines embedded in performance agreements. Reporting timelines to be monitored monthly.
Increased participation of SMMEs and Co-operatives in domestic and international markets.	Reduced market access opportunities.	<ul style="list-style-type: none"> Continuous negotiations with the private and public sector to support local products. Engagement with the competition commission to influence them to investigate collusive behavior preventing SMMEs from accessing market opportunities. Engagement with the DTIC to strengthen the implementation of the BBBEE ESD element to be impactful in growing small
Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	Inability to Implement of SMMEs and Co-operatives policies and programs that support the intended beneficiaries e.g., start-ups.	<ul style="list-style-type: none"> Implementation and monitoring of the SMMEs and Cooperation Funding Policy Implement evidence-based programme design informed by the needs of the SMMEs such as TREP, Youth challenge funds, CSDP
	National crisis on the provision of electricity. Lack of funding to implement concept paper	<ul style="list-style-type: none"> Development and implementation of the Loadshedding Relief Fund for Informal and Micro Enterprises. DSBD to support the informal enterprises using the IMEDP approach for the provision of power supply tools and equipment e.g., generators. Improved collaboration with provinces to provide complementary support with provinces focusing on access to alternative power (SMMEs and Cooperatives).
	Slow uptake by SMME on Craft Customised Sector Programme (Craft CSP).	<ul style="list-style-type: none"> Continuous monitoring of activities and monthly performance by implementing Agencies and Hubs. Continuous engagements with the provinces to ensure there is a maximum participation of Agencies and Hubs in the craft customised sector programme.
Reduced regulatory burdens for small enterprises.	Limited Provincial inputs on regulatory reform.	<ul style="list-style-type: none"> Meetings with Inter-Provincial Task Team (IPTT) on Red-Tape Reduction and Ease of Doing Business (EODB).

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)
Small Enterprise Development Agency (Seda)	To provide non-financial business development and support services for small enterprises, in partnership with other role-players in the small business development environment.	<ul style="list-style-type: none"> • 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. 	R859 832
Small Enterprise Finance Agency (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. 	R1 277 050

8. INFRASTRUCTURE PROJECTS

Project Name	Programme	Description	Outputs	Start date	Completion date	Total estimated (R'000)	Current year expenditure (R'000)
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 FY	N/A ¹	262 806 ²	16 767 ³

9. PUBLIC PRIVATE PARTNERSHIPS

Not Applicable

10. DISTRICT DEVELOPMENT MODEL

The District Development Model aims to improve the coherence and impact of government service delivery, focusing on 44 Districts and 8 Metros around the country as development spaces that can be used as centres of service delivery and economic development, including job creation. In alignment with the 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 the DSBD support. Other than the TREP, Department together with its entities also implement other programmes and intervention throughout the country in different Districts municipalities and Metros, those include, the Co-operatives Development Support Programme (CDSP), Craft Customised Sector Programme (CSP), Township and Rural Entrepreneurship Programme (TREP), the Business Viability Programme (BVP) the Small Enterprise Manufacturing Support Programme (SEMSP) and the Youth Challenge Fund (YCF), etc.

¹ The project does not have an end date.

² Total budget allocation for the 2023 MTEF period

³ Total expenditure for financial year 2022/23 Q1 and Q2

ANNEXURE B: AMENDMENTS TO THE REVISED 2020 - 2025 STRATEGIC PLAN

REFLECTED IN THE REVISE 2020 - 2025 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2023/24 ANNUAL PERFORMANCE PLAN
Five-Year Targets	Revised Five-Year Targets
10 000 women-owned businesses registered on international platform.	The target has been removed from the Annual Performance Plan as it will be implemented and reported on by Seda.
SMMEs and Co-operatives database business processes designed and implemented (Phase 6: SMME Database – Business Licensing and Centralised permit system developed for 2023/24 Financial Year).	The target has been removed from the Revised Annual Performance Plan due to non-availability of funds.

Department of Small Business Development

PHYSICAL ADDRESS

the dti Campus
77 Meintjies Street
Sunnyside
Pretoria, 0097 

POSTAL ADDRESS

Private bag X672
Pretoria, 0001

CONTACT NUMBERS

Customer Call Centre: 0861 843 384 (Select Option 2)
Email: info@dsbd.gov.za

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