

Township And Rural Entrepreneurship Programme



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

seda 
SMALL ENTERPRISE DEVELOPMENT AGENCY
an agency of the dsbd

sefa
Small Enterprise Finance Agency

The Township and Rural Entrepreneurship Programme (TREP) is a programme dedicated to transform and integrate opportunities in townships and rural areas into productive business ventures.

The focus is to create platforms which provide the business support infrastructure and regulatory environment that enables entrepreneurs to thrive.



Target Beneficiaries

Township and rural-based enterprises owned by entrepreneurs who are based in the townships or rural areas.



Initiative Goal

To overcome the legacy of economic exclusion by creating a conducive environment for entrepreneurial activity and provide dedicated business support to enterprises in rural and township areas including access to funding.



Channels

One stop shop business support service; business incubation (remote); business skills training; product development support; credit guarantee; pitch-for-funding; and access to funding including working capital.



How To Participate

Township or rural based entrepreneurs can apply for support including funding through the common application template from the Small Enterprise Development Agency (Seda), the Small Enterprise Finance Agency (**sefa**), National Empowerment Fund (NEF) and the National Youth Development Agency (NYDA). Owners of the business must be South African nationals.



Implementing Agencies

Department of Small Business Development (DSBD), Seda and **sefa**.



Medium Term Strategic Framework Intervention

Facilitate the increase in the number of competitive small businesses with a focus on township economies and rural development.

The following support programmes are available for qualifying entrepreneurs:



SMALL-SCALE BAKERIES AND CONFECTIONARIES



AUTOBODY REPAIRERS AND MECHANICS

(as well as small and independent auto-spares shops and informal automotive entrepreneurs)



BUTCHERIES



CLOTHING, LEATHER AND TEXTILES



PERSONAL CARE



SPAZA-SHOP



TSHISANYAMA AND COOKED FOOD



How to apply

- Register on <https://smmesa.gov.za/> and complete the information required. Once complete, you will receive an email with your unique smmesa.gov.za reference number.
- Application form is available on <https://www.eservices.gov.za>
- Create a user profile (account) with the email address used to register on smmesa.gov.za, the email address and smmesa.gov.za reference number is linked to the eservices platform.
- Once registered and logged in, you are able to apply for the programmes available on the application window.
- On the option <<apply for finance>>, choose common application template.
- Upload the required statutory documents: CIPC documentation, and proof of address as applicable.
- All statutory documents must be submitted before an application is considered.
- In case of application to purchase equipment/s and/or CAPEX, the applicants must submit quotations/pro-forma invoices for the equipment/CAPEX required.
- Applications can also be submitted to trep@sefa.org.za should there be difficulties with the portal.



SMALL SCALE BAKERIES AND CONFECTIONERIES SUPPORT PROGRAMME

The scheme is aimed at supporting small scale bakeries and confectioneries operating as micro or informal businesses that are located in townships or villages.

Objectives

- Scale up opportunities through assistance with the purchase of business equipment, any CAPEX items required by the business and provision of working capital;
- Stepped-up access to market through off-take agreements, e.g. with spazas on the DSBD Spaza Shop Support Scheme; and
- Access to bulk buying facility for raw materials through participating wholesalers.

Financial support

- Maximum of R350 000 towards working capital, cost of equipment, or any other CAPEX; and
- The financial package will be offered in the form of a blended finance with 50% of the total approved amount being a grant (i.e. maximum grant amount of R50 000).

Loan repayment terms

- 36 months repayment period;
- Fixed interest rate of 5% ; and
- 6 months moratorium (on capital and interest).

Business development support

- Compliance with minimum bread and confectionery nutritional requirements and the related testing;
- Compliance with environmental health and food safety regulations;
- Shop floor management training and conformity testing;
- Business and financial management training and mentorship through participants in the business services support scheme.

Conditions for Participating in the Scheme

- The applicant must be willing to comply or receive assistance to comply with the minimum bread and confectionery nutritional requirements; and
- The business operating premise must hold or willing to be assisted to acquire an environmental health and food safety certificate.

Who can apply

- Owner-managed micro, informal (home-based) and co-operative bakeries and confectioneries;
- Bakeries and confectioneries with turnover of less than R1 500 000 can apply for both financial and business development support; and
- Small-scale bakeries and confectioneries with turnover of more than R1 500 000 only qualify for business development support.

In the event of difficulties with applications for business licenses with local municipality or registration with SARS and UIF, please email your request for assistance to assistance@dsbd.org.za or trep@sefa.org.za



Qualification criteria

- Informal/ micro or cooperative business including homebased;
- Registered as a legal entity (CIPC, and SARS);
- Valid CIPC registration document;
- 100% South African ownership;
- 70% South African employees or a valid work permit;
- Valid South African identity document ;
- Businesses with a turnover not exceeding R1 500 000 per annum;
- Have a valid business bank account (including newly opened); and
- Willing to participate in the bulk buying scheme and must be owner-managed operating in a township or village.



AUTOMOTIVE AFTERMARKETS SUPPORT PROGRAMME

This scheme is targeted at support and development of the small/ independent automotive aftermarket enterprises including informal businesses that are located in townships and villages.

Objectives

- Supporting qualified motor body repairers (panel beaters) to operate accredited small /independent panel beaters (motor body repairs) centers;
- Supporting qualified motor mechanics to operate authorised service centers;
- Supporting the small/ independent auto-spares shops to serve as distributors of automotive aftermarket spare parts centers; and
- Supporting in the formalisation of informal fitment centers into formal fitment centers.

The financial package

- Maximum of R500 000 per applicant.
- The maximum loan amount of R500 000, shall be structured as a blended funding comprised of loan portion and a grant portion. The grant portion shall not exceed 20% of the loan, to a maximum grant value of R100 000. The applicants shall be motor body repairers, mechanics, and auto spares shops and auto fitment centers.
- The R500 000 will be provided by the commercial banks with a guarantee from Khula Credit Guarantee.

Business development support

- Diagnostic assessment of the business, (this will inform the interventions to be completed) including the following;
 - Trade test certification for the uncertified a N3 college qualification is mandatory;
 - Assistance through facilitating the accreditation of the small/ micro automotive businesses with the relevant industry standards and bodies; and
 - Automotive workshop service management training and support.
- Business management support and mentorship through unemployed graduate scheme, or Seda business advisors and/ or services business professionals;
- Municipal business licensing support at the cost of the applicant;
- Seda offices available to assist entrepreneurs to register with CIPC, SARS and UIF at the cost of the applicant;
- Facilitate access to market in both the private and public sectors, for vehicles be serviced at participating service/ motor body repair/ fitment centers.

Conditions for participating in the scheme

- The applicant must be willing participate in the revolving credit facility between commercial banks with a guarantee from **sefa**;
- The business operating premise (including the home premise) must hold or be willing to be assisted to acquire an Occupational Health and Safety Act compliance certificate; and
- The business must be willing to participate in the certification and accreditation programme from the relevant industry accreditation body with the assistance of Seda.

Who can apply

- Businesses including informal / micro business or cooperative in the automotive aftermarket industry including:
 - All auto mechanics such as motor mechanics, heavy equipment mechanics, tractor and forklift mechanics, and diesel fitters;
 - Panel beaters;
 - Tyre and glass (glaziers) fitment; and
 - Auto spares.
- The company must be 100% South African owned;
- The company must be registered as a legal entity and be tax compliant (CIPC and SARS); as well as be willing register all its employees with UIF;
- Employees must be a minimum of 70% South Africans, and in the case of non-South African employees – they must hold valid work permits;
- The business must have a valid business bank account or willing to open a business account; and
- Operating in a township or village.





BUTCHERIES SUPPORT PROGRAMME

The scheme is aimed at supporting formal micro and small businesses operating as butcheries.

Objectives

- Grow businesses operating in this sector to formalize and seize opportunities presented by trading under formal arrangements;
- Seize new opportunities such as the use of delivery channels to capture new customers, especially under the consideration of harder lock down levels;
- Provision of business focused support packages (financial and non-financial) to strengthen operations during the COVID-19 lockdown and as part of the interventions for Township and Rural Entrepreneurship Programmes;
- Package common basket of goods to quantify stock merchandise in response to specific market demands during and beyond COVID-19 to enable alignment of financial and non-financial support;
- Improve on standards and quality assurance through the provision of business development support from Seda in partnership with DSBD and **sefa**;
- Resuscitate and ensure business continuity under the challenges presented by COVID-19 and as part of economic recovery support;
- Identify possible linkages between suppliers, vendors and their categories of customers to lock-in the whole value chain within SMMEs and create synergies starting from small scale producers, followed by logistical support, operations support and trade interfaces by these players; and

- Facilitate relationships and collaborative support interventions that enhance service delivery and increase sector performance.

The scheme facility

- Inventory of R5 000 is determined as follows (butcheries list of preferred items):
 - Beef hind quarters @ R2500;
 - Chicken 20 kg legs @ R 42.50 = R 850;
 - Pork 33 kg @ R49.90 / Kg = R1 647; and
 - Total R4997 therefore R 5000 (rounded off).

What does the Scheme cover

- Equipment/ refurbishment of existing equipment;
- Stock e.g. red and/or white meat for resale to residents, small businesses, and casual customers;
- Access to a partial loan and partial grant financing solution;
- Training on compliance and technical skills improvement e.g. food handling and safety standards, quality and standards assurance;
- Business and operations management; and
- Facilitated market access e.g. open air food retailers buying from butcheries and fruit and vegetable vendors, deliveries services.

The financial package

- Maximum of R 350 000 towards working capital, cost of equipment, or any other CAPEX;
- The financial package will be offered in the form of a blended finance with 50% of the total approved amount being a grant (i.e. maximum grant amount of R50 000);
- Equipment/ refurbishment of equipment;
- Grant portion is not repayable, but it is not accessible as a stand-alone facility. Applicants qualify for a grant simultaneously with the loan.

Loan repayment terms

- 36 months repayment period;
- Fixed interest rate of 5%; and
- 6 months moratorium (on capital and interest).

Business development support

- Compliance (food handling, awareness and compliance to food and health regulations, business permits, CIPC, SARS, UIF); and
- Operations and business management training to ensure quality management systems.

Who can apply

- Entities operating in the targeted groups above as a Butchery outlet;
- Entities registered as or willing to register with CIPC including cooperatives;
- The business must be 100% South African owned;
- The business must have been trading as a butchery for a minimum period of 6 months prior to the Covid-19 lockdown;
- South African citizens working in the company should be no less than 70% of the staff complement and must have a valid work permit;
- The butchery must have a turnover of less than or equal to R1 500 000.00 per annum;
- The enterprise or its owner must possess or apply for a business license with the local municipality;
- The enterprise must be registered or must apply for registration with SARS and UIF;
- The enterprise must have a valid business bank account or willing to open and operate a business account; and
- The scheme is not intended for the enterprises in catering services unless they provide catering on a daily basis through a contract (copy of the contract must be provided).

In the event of problems with applications for business licenses with local municipality or registration with SARS and UIF, please email your request for assistance to assistance@dsbd.org.za or trep@sefa.org.za





CLOTHING AND TEXTILE SUPPORT PROGRAMME

The scheme is aimed at supporting small scale, micro and informal businesses in the clothing and textile industry to:

- Seize opportunities in the sector as a response to the COVID-19 pandemic such as production of personal protective equipment (PPE) in the COVID-19 response value chains and beyond;
- Participate in the rebuilding and restructuring of the clothing and textile sector;
- Improve the quality and competitiveness of small scale clothing and textile enterprises for both domestic supply and export market;
- The scheme supports entrepreneurs in the following sub-sectors in the clothing and textile industry:
 - Seamstresses
 - Sewers
 - Garment makers
 - Patternmakers,
 - Designers
 - Pattern calculators
 - Pattern cutters
 - Art Designers
 - Knitters
 - Machinists
 - Tannery
 - Fabric manufacturers

- Shoe makers
- Handbag makers.

Note: Other sub-sectors within the clothing and textile industry that are not included above may also apply.

What does the scheme cover

- Cost of production inputs, e.g. material, equipment, machinery, tools, and accessories (sewing thread, pins and needles, sewing rulers, cutters and scissors, cutting mats, sewing feet, fabric glue, fabric markers, fabric tape measurement, dress maker doll);
- Access to credit;
- Assistance with compliance and technical skills improvement, e.g. labelling, industry standards and quality etc;
- Business and financial management training, including productivity management; and
- Facilitated market access.

Immediate market opportunities

- The production of personal protective equipment through the DSBD database, which covers: cloth and surgical masks, medical aprons, surgical gloves, medical cover-alls (overalls, shoes, hood), biohazard bags, medical protective gloves, sanitary towels, hats etc.;
- Production of uniform for military, police, correctional services staff, parks, other corporate clothing, bed linen to hospitals, and quarantine centres; and
- Production of winter clothing and other apparels to augment big clothing and textile firms.



The financial package

- Maximum of R350 000 towards working capital, cost of equipment, or any other CAPEX (paid directly to supplier) [where applicable], and
- The financial package will be offered in the form of a blended finance with 50% of the total approved amount as a grant (i.e. maximum grant amount of R50 000).

Loan repayment terms

- 36 months repayment period;
- Interest rate at fixed rate of 5%; and
- Months moratorium (on capital and interest).

Business development support

- Compliance with Minimum National Department of Health Guidelines;
- Compliance with applicable standards for products; and
- Business and financial management training and mentorship through participants in the Business Services support scheme.

Who can apply

- An entity registered with CIPC including Co-operatives;
- The business must be 100% owned by South African nationals;
- Employees must be 70% South Africans, and in the case of non-South African employees, a valid work permits as determined by the Department of Home Affairs;
- The enterprise must be operating in a township or village;
- The enterprise must have a turnover of below R1 500 000 per annum;
- The enterprise or its owner must possess or willing apply for a business license after the funding has been provided, with the local municipality;
- The enterprise must be registered or must apply for registration with SARS and UIF; and
- The enterprise must have a valid business bank account or willing to open and operate a business account.

NB: In the event of difficulties with applications for business licenses with local municipality or registration with SARS and UIF, please email your request for assistance to assistance@dsbd.org.za or trep@sefa.org.za



PERSONAL CARE SUPPORT PROGRAMME

Objectives

- Improve the quality and competitiveness of the micro and informal personal care services businesses;
- Re-position the businesses within the sector's ecosystem for consolidated participation in the personal care industry supply value chain;
- Promote and serve as a route to market for the hair and skin products; and
- Facilitate improved access to formal credit through the formalisation of informal and micro businesses.

The Scheme supports informal and micro-businesses in the following sub-sectors

- Hairdressers and hair salons;
- Beauty therapists, make-up artists and beauty salons;
- Nail technicians and salons; and
- Massage therapists and massage parlours/ spas including mobile spas.

The financial support

- A blended funding model of 50 % portion loan and 50% grant is used to fund a maximum of R 50,000 per enterprise;
- It covers working capital and cost of equipment; and
- The loan repayment period of 36 months will be applied at interest rate of 5%.

Business development support

- Facilitate compliance with the minimum National Department of Health Guidelines for personal care services;
- Business and financial management training and mentorship, including inventory tracking and management training and support through unemployed graduate scheme or other initiatives;
- Customer service management training;
- Facilitate compliance with Occupational Health and Safety Standards and COVID-19 operating protocols;
- Facilitate municipal business licensing, where applicable; and
- Access to product manufacturer networks and product training with discounted packages.

The business can be

- Home-based: self-employed artisans who have set up a hair services, beauty treatments and body massage in their homes and operate from one of the rooms in their homes;
- Salon based: business that operate in a place/ shop where one can get hair services, beauty treatments or body massage;
- Mobile: a salon which does not operate from a fixed space but offers mobile services for clients; and
- Sole proprietors/businesses that rent a chair in in another salon.

The applicant must:

- Register on smmesa.gov.za
- Be an entity registered with CIPC and SARS, even newly registered entities will be considered;
- Be registered with UIF, if the entity has employees and at least 70% of the employees must be South African;
- Be 100%-owned by a South African;
- Have a turnover of below R1 000 000 per annum;
- Have a valid business bank account or willing to open and operate a business account;
- Be willing to participate in the DSBD/ Seda facilitated business development process; and
- Be located in the township or village or rural/ small towns.

Support will be given to

- Businesses that are black-owned and managed;
- At least 60% of the support will be for female-owned and managed businesses;
- At least 40% of the support will be for youth-owned and managed businesses;
- At least 6% of the support will be for businesses owned and managed by people with disability;
- A black-owned and managed company is so considered, if percentage of black ownership is at least 51% and company management composition is at least 51% black;
- A women-owned and managed company is also considered, if percentage of women ownership is at least 51% and company management composition is at least 51% women;
- A youth-owned and managed company, if percentage of youth ownership is at least 51% and company management composition is at least 51% youth; and
- A persons with disability-owned and managed company is so considered, if percentage of persons with disability ownership is at least 51% and company management composition is at least 51% persons with disability.





SPAZA SHOP SUPPORT PROGRAMME

Objectives

- Formalise the informal businesses to micro enterprises;
- Facilitate the banking of business owners without bank accounts;
- Build reliable database for future Government planning and support;
- Support opportunities for self-employment and job-creation at economic entry level whilst improving the circulation of money within townships and rural areas;
- Realise potential for spaza shops to serve as a market for locally manufactured goods;
- Strengthen spaza shops as locals convenient centres for access to basic goods;
- Facilitate support programmes to make spaza shops profitable and successful; and
- Create opportunities for spaza shops to be intermediaries to the formal economy.

Business development support

- Networking or purchasing power (bulk buying);
- Coordinate and support bulk buying on a pre-approved basket of goods and distribution;
- Business knowledge;
- Provide basic book keeping and customer service training;
- Facilitate for access to basic business tools;
- Health and hygiene support;
- Support them to meet the Health and Occupational

Health and Safety Standards;

- Legal compliance;
- Facilitate for the licensing of owner-operated Spaza shops in accordance with the law CIPC, SARS and UIF registration; and
- Business banking account.

Qualification criteria

- The spaza must be owner-managed and operated;
- Owner must have a valid SA identification document;
- The company must be registered on the smmesa.gov.za (all applications received manually to be uploaded with the help of LED Unit);
- Spaza shops must hold license to trade;
- Registered or willing to register as a legal entity (CIPC, SARS, UIF, etc.);
- Undertaking to comply with the Consumer and Customer Protection and National Disaster Management;
- Regulations and Directions;
- Willing to submit monthly management;
- 70% Employees South African;
- Minimum trading period (6-Months);
- Have a valid business bank account (including newly opened);
- Willing to participate in the bulk buying scheme; and
- Operating in a township or rural area.

How to apply

- Application form is available on <https://smmesa.gov.za/>;
- On the option <<apply for finance>>, choose common application template;
- Upload the required statutory documents: CIPC documentation, SARS, identity documents, municipal permit, and bank statements;
- All statutory documents must be submitted before an application is considered; and
- Applications must be submitted to trep@sefa.org.za. Alternatively applications may be submit using Nedbank, and Standard Bank branches, as well as Seda Offices.





TSHISANYAMA AND COOKED FOOD SUPPORT PROGRAMME

The scheme supports informal and micro restaurants for in the cooked/prepared food industry.

Objectives

- Support tshisanyamas and informal and micro restaurants to re-enter the market and graduate bulk to profitable enterprises;
- Assist the informal and micro restaurants to adapt to new business models and remain profitable and competitive;
- Enhance the participation and growth of the enterprises in the whole prepared food sector; and
- Position the informal and micro restaurants to the market of butcheries, fruit and vegetable vendors, and other small-scale producers or suppliers.

Who is covered under the Scheme

- Containerized and mobile cooked food outlets;
- Mobile cooked/ prepared food concession stands;
- Mobile snack stands and cooked food cart (kota, sandwich etc);
- Open-air cooked food vendors including operating at taxi ranks, train stations, pavement-restaurants;

- Micro restaurants in townships, villages and rural towns;
- Small-scale tshisanyamas (turnover of not more than R1 500 000 per annum); and
- Home-operated informal and micro restaurants.

Note: Other types of open-air restaurants within the sub-sector that are not included above may also apply for cooked meals (plates, kotas and magwinya).

Financial support

- Maximum of R350 000 towards working capital, cost of equipment, or any other CAPEX (paid directly to supplier) [where applicable]; and
- The financial package will be offered in the form of a blended finance with 50% of the total approved amount being a Grant (i.e. maximum grant amount of R50 000).

Loan repayment terms

- 36 months repayment period;
- Interest rate at fixed rate of 5%; and
- 6 months moratorium (on capital and interest).

Business development support

- Business and financial management training and mentorship through the unemployed graduate scheme;
- Industry specific technical training, e.g.: menu and pricing;
- Food Handling training and facilitate Certificate of Acceptability (COA);
- Facilitate training and compliance with Environmental Health and Food Safety;
- Standards, quality and standards assurance;
- Facilitate professional culinary and food service management training;
- Value-chain linkage; and
- Facilitate e-Commerce and other business model

transitions including youth owned delivery services or micro-delivery businesses (trained through TETA).

Value-Chain Linkages

- Support participants in the scheme purchase fresh produce and meat stock directly from participants in the Butcheries and Fruit and Vegetables Vendors Support Schemes;
- Beneficiaries qualify to purchase their ingredients from participating Spaza;
- Support wholesalers; and
- Assist informal and micro restaurants to participate in government catering contracts.



The applicant must be

- An entity operating in the cooked/prepared food sub-sector;
- The entity must be registered or must apply for registration with CIPC, SARS and UIF, even newly registered entities will be considered;
- The business must be 100% owned by South African nationals;
- Employees in the business must constitute 70% of South African citizens;
- The enterprise or its owner must possess or apply for a business license with the local municipality;
- The enterprise must have a valid business bank account or willing to open and operate a business account;
- The entity must have a turnover of below R1 500 000 per annum;
- The participants must be willing to participate in the

DSBD/ Seda facilitated business development process; and

- The applicant must register on smmesa.gov.za.

Applicants not registered with CIPC and SARS may do so through biz-portal or can be assisted at the nearest Seda offices (cost of application to business owner). You can call your local Seda office or email assistance@dsbd.org.za

The Scheme will support

- Businesses that are black-owned and managed;
- At least 60% of the support will be for female-owned and managed businesses;
- At least 40% of the support will be for youth-owned and managed businesses; and
- At least 6% of the support will be for businesses owned and managed by people with disability.





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