

# National Integrated Small Enterprise Development (NISED) Masterplan

NISED – Who is it for?

“A plan for all Small Enterprises from South Africa”

## Who are Small Enterprises?

Small enterprises that fall within the NSEA targeted thresholds include enterprises in all stages of evolution from a start-up, emerging, stable, or expanding as well as enterprises in distress.

## Why a Masterplan?

“Despite considerable resources & policy intervention to support micro, small, & medium enterprises (SMMEs), support for SMMEs remains uncoordinated & fragmented with duplication of initiatives based on symptoms. Research & data to monitor SMME performance remains elusive at national level resulting in ill-informed design of programmes & support to match SMME needs & opportunities (financial & non-financial). This continues to result in low survival rates of SMMEs & stagnant growth”.

The NISED thus seeks to address the above key problems of integration along with the coordination challenges, by coordinating in developing and designing better interventions for SMMEs through specific actions & interventions.



## NISED

-because an informed South Africa on SMMEs leads to better policy that enables effective support and services and builds stronger partnerships to improve growth in the country.



IMPACT

“More SMMEs productively contributing to GDP with more people employed in SMMEs, contributing to a more equitable, inclusive, transformed and growing economy”



OUTCOME

Well informed SA on SMME with continuous monitoring evaluation and learning (better data)

Regular research on SMMEs to identify evidence for better policy

Regular publication of SMME growth and performance measurements

Effective targeting and monitoring of public sector funded support to SMMEs

Policy, laws and regulations reformed to enable SMME growth and efficient governance

Effective policy and efficient governance for SMME growth and employment

Assessment and reform of laws and regulations impacting SMME to encourage growth

Fair and equitable measures for entrepreneurship and early stage enterprise activities

Effective support & services delivered for SMME growth both financial and non-financial

Strengthened ecosystem for support of SMMEs

Targeted sector support (non-generic) to underserved communities

Ensuring cost effective and accessible support for all SMMEs

Coordinated government with strengthened private sector partnerships for SMME growth

Strengthened voice of SMMEs and coordinating support and investment

Public private partnerships for SMME growth

Implementation through a coordinated government monitoring and reporting on outcomes of the NISED



OUTPUT

Projects and programmes to be aligned to thematic areas of the Masterplan at output level. This will detail out the DSBDs coordinating role in aligning SMME support across government and private sector + envisioned “Game Changer” programmes implemented in partnership with willing partners.

## Key Impacts:

- More small enterprises productively contributing to GDP
- Significant increase of formal employment by SMMEs
- Intensifying formalisation of SMMEs to support transformation
- Raising the productivity and competitiveness of SMMEs

## ESSENCE



- NISED represents a national support strategy as prescribed by the National Small Enterprise Act 1996 (amended) to advance the development of a thriving SMME sector that contributes meaningfully to inclusive growth and job creation.
- It represents the framework for all actors to commit measurable programmes, products, and services to accelerate small enterprise growth in the economy.

## FOCUS



- Its focus is on facilitating the growth and development of sustainable smaller enterprises.

## THRUST



- The key thrust is principled on targeted support for the different lifecycle stages of SMMEs & is inclusive of all types of business ownership and population demographics.

## The NISED works with:

1. The economic recovery programmes in South Africa.
2. Covers all overarching instruments for Small Enterprise Development in South Africa
3. Central to its core principles & values is a deliberate focus on the transformation agenda to address vulnerable targeted groups which include women, youth, persons with disabilities, and township and rural areas.



# NISED MASTERPLAN

## Guiding Support Towards Competitive, Growing, and Profitable Small Enterprises in South Africa

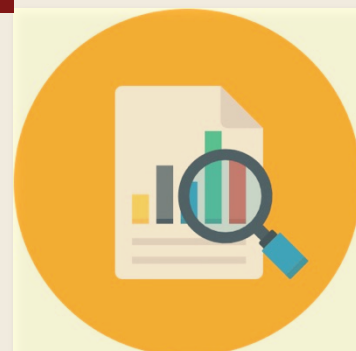
### Pillar 1: Well Informed SA on SMMEs with Continuous Monitoring & Evaluation and Learning (better data)

#### OUTPUT 1

##### Pillar Focus

Regular research on SMMEs to identify evidence for better policy (with the application of a uniform definition for SMMEs).

- Regularly issue section 20 (2) of NSEA notices to the statistical & research community to identify (Micro) (Small) & (Medium) firms for statistics, research & incentive programmes.
- Nationally, conduct regular reviews of SMME owners through surveys that reflect Micro, Small & Medium sized enterprise business perceptions & trends.
  - Longitudinal tracking.
  - Aligning SMME journal publications for 3-year cycles.
  - Lessons & learnings from local & international research (focus on formalising).
- Research colloquiums to present papers on policy themes outlined in the Masterplan.

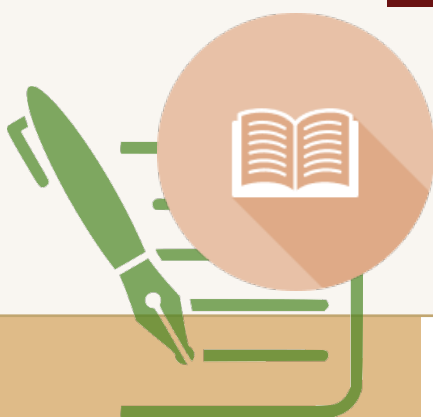


Regular publication of SMME growth & performance measures (through the regular publication of the Annual Review of Small Business – NSEA section 19)

##### Pillar Focus

#### OUTPUT 2

- Entities designated by the DG, must in cooperation with the DG annually compile a review, called the Annual Review of Small Business, which must cover areas defined by the Minister or the DG, & areas including.
  - Encapsulates work done on the Masterplan (see output 3 for what/how).
  - Summaries on findings/recommendations to legislation affecting SMMEs.
  - Trends & new developments to SMMEs.
  - Growth & decline of SMMEs (from statistical agencies).
  - Deadline (June every year to be submitted to Minister for submission to parliament).



##### Pillar Focus

Effective targeting & monitoring of public sector funded support to SMMEs (through efficient monitoring of public funded support)

#### OUTPUT 3

- Regular reporting of SMME trends by designated entities to the department for the publication in the annual review as stipulated in Section 19 (4) of the NSEA. This is to account for public sector aggregated funding to the development & support of SMMEs.
- Minister to issue section 20 regulatory notices to “designated entities” receiving public sector funding for the purpose of supporting SMME (Including Incubator, mentorship, financing Programmes etc.)
- Central data collection system for reporting as prescribed by the DG on what will be reported.
- The DG will give notice to shifts & changes on outcomes achieved & what targets are set for SMME support & development.



*“Projects and programmes to be aligned to thematic areas of the Masterplan at output level. This will detail out the DSBDs coordinating role in aligning SMME support across government and private sector + envisioned “Game Changer” programmes implemented in partnership with willing partners.*



**small business development**

Department:  
Small Business Development  
REPUBLIC OF SOUTH AFRICA

## Pillar 2: Reform Policy, Laws & Regulations to Enable SMME Growth & Efficient Governance.

### OUTPUT 4

- Prepare policy positions (based on evidence) to be published by the department on several topics to guide programme & intervention responses required (See list in the Masterplan 4.1.)
- Increase efficiencies through streamlining administrative procedures, rules & regulations by applying e-Government practices to ease the burden of compliance costs & time for SMMEs to invest, grow & employ. Reduce red tape.
  - Review administrative procedures for business/enterprise compliance.
  - By Sector.
  - By Municipal Authority.
  - By Provincial Government Authorities.
  - By National Government Authorities.
- Report on recommendations & implement changes with e-Governance focus (digitalisation & digitisation of service delivery for licences & official regulatory administration).

#### Pillar Focus

Effective policy & efficient governance for SMME growth & employment (Policy development for an enabling environment)



### OUTPUT 5

- Regular publication by notice in the National Gazette the guidelines as stipulated in Section 18 (2) (a)-(e) of the NSEA for the purpose of outlining the procedural steps to be followed in reviewing laws & regulations affecting SMMEs.
- Effective use by all government of Section 18 (3) of the NSEA (consultation & impact assessment of laws & regulations to minimise administrative inefficiencies & unintended effects).
  - Publication periodically in the National Gazette of laws & regulations to be reviewed that affect SMMEs to be consulted & assessed (prospective & retrospective) for reform to boost SMME participation, inclusion & growth. Special emphasis should be given to the current priority sectors captured in government economic masterplans & strategies. (See 5.2 in the Masterplan for lists of laws).
  - Assessment of the impact, effect & application of the laws & regulations
  - Reports written to the competent authorities & departments on consultation & impact of laws & regulations contained in sub (a) with recommendations for reform.

#### Pillar Focus

Assessment & reform of laws & regulations impacting SMMEs to encourage growth. (Regulatory reviews)



### OUTPUT 6

- Policy actions to be tabled to extend social benefits & incentives to early-stage entrepreneurial activities.
- Alternative Dispute Resolution (ADR) mechanism to resolve late payment & contract disputes for SMMEs imbedded in SA's legal framework.
- Publish policy mechanisms that can be recommended to incentivise informal enterprises to participate in the mainstream of the economy. Simplify compliance & improve business conditions for informal enterprises & informal employees.
  - Provide greater access to social benefits for informal workers & enterprise owners.
  - Provide greater access to skills development initiatives for both informal workers & enterprise owners to upskill them.
  - Provide greater access to infrastructure & technology.

#### Pillar Focus

Fair & equitable measures for entrepreneurship & early-stage enterprise activities.



## Pillar 3: Effective support & Services Delivered for SMME Growth (financial & non-financial)

### Pillar Focus

Strengthen ecosystems for support of SMMEs (building & showcasing supply to support SMMEs)

### OUTPUT 7

- In alignment with the DDM "one plan" develop, publish & regularly update a national spatial map of service providers offering support (financial & non-financial) to SMMEs including public & private actors, capturing the ecosystem of support providers. This should include:
  - A publication of a digitally centralised national directory capturing the location, contact information & services offered for providers of financial & non-financial services to SMMEs both public & private actors.
  - An easily accessible & user-friendly interface where SMMEs can find contact details that are up to date for the purpose of accessing support (financial & non-financial).
- In alignment with the DDM "one plan" & concurrently with the development & publication of a spatial map & registry of service providers the department is required to give effect to the IBDS to provide for:
  - Better quality assurance of service providers through regular monitoring of support delivered.
  - The standards of practitioners are enhanced.
  - Educational institutions (Higher education & TVET) have appropriate pedagogy & certification programmes.
  - Business development practitioners are upskilled on new approaches to enhance the delivery of support to SMMEs.



Targeted sector support (non-generic) to underserved communities (targeting & meeting demand of SMMEs)

### Pillar Focus

### OUTPUT 8

- Restructure the national support agencies providing both financial and non-financial support to provide better service and coordination of public support to SMMEs.
- In alignment with the DDM "one plan" using the ecosystem map (spatial & registry) the department is to identify gaps in the supply of effective & sustainable support offered by service providers. Special attention should be given to the advancement of entrepreneurial skills & the enhancement of non-generic products & services tailored to sectors.
  - Align & ensure sector strategies (services & products) are fit for purpose & cost effective.
  - Regularly conduct assessments with SMMEs on programmes offered in alignment with masterplan.
  - Identify gaps to crowd in other actors where required.
- Develop Game Changer activities that enhance the SMME support plan and promote innovative financial products that minimises direct lending by government actors and crowds in market entrants and financial intermediaries.
- In alignment with the current national priority sector masterplans, particular attention should be to ensuring that investment from the public sector is leveraged to stimulate SMME participation. This public investment should stimulate new investment by crowding in other actors as well as the private sector & open market opportunities for SMMEs (See 8.2 for details)
  - Special focus is to be given to the consultation & representation of SMMEs in the various sector masterplans implementation.
  - Special attention is to be given to ensuring that all masterplans target supplier development of embedded services/products from SMMEs.
  - Special attention is to be focused on retooling & skilling SMMEs for better competitiveness, innovation & 4IR.



### Pillar Focus

Ensuring cost effective & accessible support for all SMMEs (cost effective support for SMMEs)

### OUTPUT 9

- Determine & regularly update a published guideline schedule that standardises the fees/rates for business development support services funded/subsidised by all National, Provincial Departments & Local authorities to SMMEs. This should include (Training, mentorship, coaching, technical consulting, Incubation & digital services).
- A regularly published assessment that assists the periodic update of the rates & determination of services & products contained in the guideline schedule which reviews.
  - Cost efficiency & effectiveness of public sector funded/subsidised support services rendered.
  - Mechanisms applied for funding & subsidies which can include & not limited to incentives & user-based subsidies, vouchers, grants, matching finance, impact funding, blended finance etc.
  - Monitoring frameworks which review implementation & adherence to the guideline schedule.
  - Recommendations to update the guideline schedule & improve outreach.





## Pillar 4: Coordinated Government with strengthened private sector partnerships for SMME growth .



### Pillar Focus

Strengthened voice of SMMEs and coordinating support and investment.

### OUTPUT 10

- To coordinate & strengthen the voice of small business in SA & to showcase SMMEs as a prominent segment of economic activity, every two years a national Presidential summit to be convened. This summit to be supported by:
  - Provincial conferences held every two years by the individual Premier offices on SMMEs in preparation for the national summit following the agenda as noted in the national summit.
  - The Department & the Presidency is to agree on budget allocations to NEDLAC for the professional secretariat services to host the presidential summit.
  - Summits are to:
    - To present a consolidated review of small business in SA as well as progress on matters prioritised from previous summit(s).
    - To present individual Provincial reviews in alignment with the DDM one plan model. Objectives for SMME provincial & district growth, investment targets & public private partnerships targeting SMME development & support (products & services) in their respective provinces.
    - To present outcomes of the sector-based masterplan agreements for SMME development, support (products & services) & investment
    - For the national departments, implementing agencies & research partners to present findings & recommendations on SMME policy, programmes & developmental objectives.
    - For small business chambers, associations, sector representative bodies (large, small & informal) & networks to engage, respond & advocate their members positions.
    - For the business communities (Inclusive of large & international businesses) & government departments, agencies & other partners to:
      - ⇒ Report on investments made to SMME development objectives.
      - ⇒ Report on challenges & opportunities to SMME market development
      - ⇒ Identify new investment & market development opportunities for SMME growth & Accords.
      - ⇒ To make commitments & accords for implementable programmes & projects that support & promote SMME growth & sustainability.
- To set the agenda, policy & programme of action for SMME development & support to be reported back on at the next national summit.

### Partnership outreach for SMME growth

### Pillar Focus

### OUTPUT 11

- The department in conjunction with the implementing agencies is to continuously identify new projects & investment opportunities for SMME development & support & to monitor, track & report on the investment & developmental commitments made in the national summit. This is to be publicly reported on in the annual review as prescribed by the NSEA under the guidance of the DG of the department. This is to:
  - Conclude new formal commitments to SMME investment & development.
  - Facilitate knowledge sharing of investments & project areas that support SMME growth as committed to in the national summit.
  - Track the quantum of investments/support & development programmes directed to SMMEs by sector, size & geographic location (including women, youth, black business & vulnerable groups).
  - Assist in the reporting back to the following national summit.
  - Assist in tracking the outcomes of the sector-based masterplans for SMMEs & identify sector based new investment & development objectives to improve the conditions for SMMEs in the different industrial sectors. This is to be done in conjunction with the sector business representatives & the departments concerned.
  - Assist the provincial conferences in alignment to the national summit's resolutions/accords & investment areas.
  - Assist in the development & pipeline of new support & investment programmes, particularly where gaps are identified.
  - Report back at the national summit & the annual review on formalised commitments. achieved with public sector partners, government partners multilateral partners, chambers, sector associations & other stakeholders to showcase SMME investment & development projects.



### Pillar Focus

Implementation through a coordinated government monitoring and reporting on the outcomes of the NISED.

### OUTPUT 12

- Coordinated IGR reporting on the implementation of support to small enterprises through the implementation framework of the masterplan.
- Establish the structures necessary within the current government management and coordination frameworks for monitoring, tracking, and reporting on the actions identified in the NISED masterplan.
- Work closely and agree with Department of Planning Monitoring and Evaluation the establishment of a monitoring framework to measure the outcomes of the NISED masterplan.