



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT BUDGET VOTE 36 2024

"It is a great honour and a privilege for me to be delivering my maiden speech on this day and month, which is the Mandela Month.

The first democratic President, His Excellency, President Nelson Mandela, captured our mission correctly, when addressing the National Conference on Small Business, when he observed : I quote

"In order to develop the SMME sector in South Africa, we need to take into account, inherited obstacles, particularly barriers to markets, lack of access to business finance and supportive institutions"

The Seventh Administration is bestowed with the urgency to deliver services to all South Africans. In the context of the Government of National Unity (GNU), we are all expected to work together for the betterment of the lives of our citizens. South Africa still face the triple challenges of poverty, inequality and high levels of unemployment especially amongst the young people of this country.

The call by President Ramaphosa to speed up service delivery across all sectors of the economy, society and a concerted effort to advance redress of the imbalances of all forms, is a clarion call of the entire leadership of the Seventh Administration to leave no one behind as we provide services to our people.

Honourable Chairperson, I will build on the platform that the Minister has established, and talk specifically to issues of red-tape, co-operatives development, informal traders and micro-enterprise support, as well as support for women, youth, and persons with disabilities.

On the matter of ease of doing business, we know that the red-tape that frustrates SMMEs is found in the local sphere of government. During the 2023/24 financial year, the department assisted 55 municipalities with red tape awareness training, against an annual target of 30 municipalities. For the 2024/25 financial year the department aims to conduct awareness training in 30 local municipalities.

Last year the department concluded the Regulatory Impediments Implementation Report, which sets out the activities and timelines to address regulatory constraints across various spheres of government. The department is now engaging with the championing departments to address these pieces of legislation to see how reforms can be activated.

The department will enhance its monitoring role, and during the 2024/25 financial year will focus on developing sector indicators for red tape reduction and the ease of doing business.

These will be monitored through the Inter-Governmental Relations and Inter-Provincial Ease of Doing Business Forums.

The department will also this year move to establish the Office of the Small Business Ombuds. This will be enabled through the National Small Enterprise Amendment Bill, which is currently with the President for assent. This will begin to address the issue of non-payment and late payment of SMMEs by government and the private sector, which causes tens of thousands of small businesses to shut shop each year.

The department will also this year finalise the Business Licensing Amendment Bill, which will streamline business licensing procedures and costs.

Honourable Chairperson, allow me to speak to the matter of Cooperatives development.

This is an area we are improving as demonstrated in the Small Enterprise Amendment Bill where we are bringing the Cooperatives Banks Development Agency (CBDA) as part of the single entity we are creating as a department.





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This year we will target 250 co-operatives, with 40 being supported financially and 210 supported with non-financial support. The budget allocation for 2024/25 is R62 million.

We must put more emphasis on sustainability, on co-operatives being supported with market access, and co-operatives getting an integrated package of both financial and non-financial business support.

Honourable Members, in respect of the informal economy and micro-enterprise that are a buffer to the impoverished and unemployment in communities, we have adopted a holistic approach by providing support to the small business men and women. We do this by supporting the informal micro enterprises, including cutting red-tape, providing infrastructure within which informal enterprises can operate, allowing traders to ply their business in the CBD and at busy transport hubs where there is much foot traffic. They also need micro finance, such as that provided through Sefa's wholesale lending to micro-finance intermediaries.

The informal business support is provided through various instruments that include the Spaza Shop Support which was extended

to 1525 Spaza Shops to the value of R14.5 million in grant facilities as well as the Informal Micro Enterprise Development Programme (IMEDP) which is a 100% grant offered to informal and microenterprises from the minimum grant amount of R500 up to the maximum of R15 000.

During 2023/24 we allocated R20 million for IMEDP and we are able to support 2 045 informal businesses. Based on the success of the programme, we have increased the allocation, and for 2024/25, have provided a budget of R37.314 million.

Allow me to talk to our interventions targeting youth, women and people living with disabilities. Enabling youth entrepreneurship remains a priority for the country, and we have seen the Youth Challenge Fund going through its teething problems but now being ready for scaling.

For this reason, during 2023/24, R67.9 million was disbursed by Sefa to youth-owned businesses via the Youth Challenge Fund against an allocation of R79 million.

The Small Business Development Portfolio provided financial and/or non-financial support to 18 843 start-up youth businesses during the period under review, against

the revised 2019-24 MTSF target of 10 000 start-ups youth businesses supported per annum.

The broader target for 2024/25 for Sefa disbursements is R649 million to youth-owned businesses.

Our efforts to build youth entrepreneurship must integrated into the design of the Fund of Funds that the minister spoke about so that youth startups and early-stage innovators get the support they require.

Through Sefa, R811million was disbursed to 78 194 women-owned businesses, and R26.8 million to SMMEs owned by People with Disabilities. In spite of the budget cuts to the Department, these Sefa disbursements are set to increase to R866 million to women-owned businesses and R64 million to businesses owned by persons with disabilities. This is encouraging, but like with youth, we need the entire ecosystem to be more enabling for women and enterprises owned by people with disabilities.

I thank you".

DEPUTY MINISTER

Jane Sithole

