

**STATEMENT BY THE DEPARTMENT OF SMALL BUSINESS DEVELOPMENT (DSBD), THE  
SMALL ENTERPRISE DEVELOPMENT AND FINANCE AGENCY (SEDFA).**

**Update on the Spaza Shop Support Fund**

**29 May 2026**

For immediate release

Pretoria – Government continues to make progress in the implementation of the R500 million Spaza Shop Support Fund, with measurable advances in application processing, verification, and funding support to qualifying spaza shop owners across South Africa. The Spaza Shop Support Fund is a joint initiative led by the Department of Small Business Development (DSBD) and the Department of Trade, Industry and Competition (the dtic), and implemented through the Small Enterprise Development and Finance Agency (SEDFA) and the National Empowerment Fund (NEF).

Following President Cyril Ramaphosa's announcement in November 2024, which emphasised the need to strengthen regulation, improve compliance, and formalise the spaza shop sector in response to concerns around food safety, illicit trade, and public health, through the Ministerial Multi-Disciplinary Committee on Food-Borne Illnesses and Illicit Trade government coordinated the reporting of national registration of spaza shops.

The registration process closed on 28 February 2025, with municipalities reporting approximately 82,000 spaza shops registered nationally. Subsequent verification confirmed 44,696 registered businesses, of which approximately 15,000 have obtained approved trading permits or licences. It is important to distinguish that registration does not equate to licensing. Spaza shop owners are therefore required to secure trading permits or licences through their respective municipalities to achieve full compliance and access funding opportunities.

This gap continues to highlight systemic challenges within the licensing environment, including municipal backlogs driven by manual processes, shortages of Environmental Health Practitioners required for inspections and Certificates of Acceptability, complex zoning requirements, high compliance costs, and verification challenges such as ownership discrepancies and non-operational businesses. To address these constraints,



the We are working closely with municipalities to promote conditional licensing, expand the use of digital and electronic licensing systems, strengthen intergovernmental coordination.,

### **Progress Update**

Since implementation, the Fund has continued to gain traction, reflecting the scale of demand for the Fund.

To date, 4,522 complete applications have been received nationally, of which 4,240 have been assessed. The assessment process continues to highlight a key structural constraint within the sector, with only 58% of applicants linked to valid business licences or temporary permits issued by municipalities. As a result, a significant number of applications remain unable to progress until licensing, and compliance requirements have been addressed.

As part of ensuring the integrity of the programme, site visits and verification processes have identified 354 applications that could not proceed due to non-compliance, including non-existent businesses, ownership discrepancies, and inconsistencies between applicants and operators.

To date, 2,369 businesses have been approved for support through the Fund. For applications that have completed the verification and compliance process and meet all programme requirements, approval rates remain at 100%, demonstrating government's commitment to supporting qualifying South African-owned spaza shops.

SEDDFA has approved 1,316 applications valued at R79.6 million, while the National Empowerment Fund has approved 1,053 enterprises valued at R99.9 million. Collectively, the two implementing agencies have approved support to the value of approximately R179.6 million across all nine provinces.

The approved support includes stock purchases, point-of-sale devices, infrastructure upgrades, inventory support, business improvements, and non-financial business development support designed to improve sustainability and competitiveness within the township and rural retail sector.

The Fund has also contributed meaningfully towards government's transformation objectives, with 43% of approved enterprises being women-owned businesses, 18% youth-



owned businesses, and 2% businesses owned by persons with disabilities. This demonstrates the Fund's contribution towards broadening economic participation and supporting greater inclusion within township and rural economies.

Beyond financial support, the Fund is designed to drive long-term sustainability. SEDFA and the NEF continue to provide targeted business development support, including training and compliance assistance. This covers areas such as business and financial management, point-of-sale systems training, digital literacy, credit management, regulatory compliance, and business formalisation support.

In addition, the implementing agencies will once again embark on a nationwide outreach and awareness programme from June 2026 to encourage more qualifying spaza shop owners to apply and to assist enterprises requiring compliance support.

The Spaza Shop Support Fund forms part of government's broader commitment to strengthening township economies, supporting informal businesses, creating employment opportunities, and expanding economic participation within local communities. Through targeted support for women, young entrepreneurs and other designated groups, the Fund contributes to building a more inclusive and representative economy while advancing the objectives of economic transformation and localisation.

It is important to note that the Fund supports South African-owned spaza shops, with strict verification measures in place to prevent fronting and abuse. Only applicants who meet ownership, compliance and operational requirements, and who possess valid trading permits or licences, are approved. The due diligence processes applied to the programme are specifically designed to identify and mitigate risks such as fronting.

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