



REMARKS BY MINISTER OF SMALL BUSINESS DEVELOPMENT, MS LINDIWE ZULU, ON THE OCCASION OF THE HEADS OF MISSION CONFERENCE

22 OCTOBER 2018 (PRETORIA)

Programme Director,
Heads of Missions,
Distinguished guests
Ladies and gentlemen

The vision of the Department of Small Business Development and its agencies is to create a vibrant culture of entrepreneurship and enterprise growth, where small businesses and co-operatives act as drivers of job creation and inclusive economic growth.

Our collective mandate is to ensure the radical transformation of our economy through the promotion and development of sustainable and competitive entrepreneurs, small businesses and co-operatives that contribute to job creation and economic growth.

The context within which DSBD was conceptualized and established was largely informed by the fragmented nature and misalignment of support to the SMMEs and Cooperatives sector, economic transformation, lack of

specialized and focused support with limited resources, the high failure rate of SMMEs and Cooperatives, and poor sector performance relative to peers in other developing countries.

SMME development is globally recognised as critical to addressing the challenges of job creation, poverty alleviation and inequality. Similarly in South Africa the role of SMMEs is vital to drive economic growth, employment creation, poverty alleviation and inequality.

It is estimated that in South Africa, the SMMEs constitute 91% of formalised businesses, provide employment to about 60% of the labour force and total economic output accounts for roughly 34% of GDP (the Banking Association of South Africa 2018).

In the first quarter of 2018 the SMME sector provided employment to nearly 8.9 million people in SA. Of these, only 2.44 million jobs were for the SMME owners themselves, while the balance of 6.4 million jobs (or 73%) were for SMME employees (SMME Quarterly update, Q1 of 2018 Seda)

In 2015/16, the DSBD and its agencies undertook a programmes review exercise, aimed at reviewing the migrated functions and identifying opportunities for enhanced integration, efficiencies and economies of scale in the operations of the Portfolio.

The department, Small Enterprise Development Agency (SEDA) and the Small Enterprise Finance Agency (SEFA) have embarked on a process towards the development of an overarching and integrated Strategic Framework for the Portfolio. The basis of the Small Business

Development Portfolio Architecture (SBD portfolio architecture) is the National Development Plan, which expects that 90% of jobs would have to be created by small and expanding firms by 2030.

In pursuit of the objective of the NDP, the National Portfolio programme architecture was formulated along the lines of a coherent integrated support services that includes financial and non-financial support services. This might imply a rationalisation and integration of Sefa and Seda's access points at local level. These will be good access points for entrepreneurs and would be entrepreneurs at a local level.

The objective of the support architecture is to create awareness on the importance of entrepreneurship, to increase the enterprise start-up rate in the economy, support existing start-ups to reduce enterprise failure rate and increase the overall competitiveness of small enterprises in the economy. This structure is based on the understanding of social partnerships with the private sector.

In 2016, we established the International Cooperation and Trade Promotion Directorate whose key ask is to form relations and create linkages with foreign counterparts to promote trade and investment for SMMEs and Cooperatives in the global space

Our department's international relations strategy is derived from the country's approach foreign relations policy. Our focus is to promote the interests of SMME's and Co-operatives in the global space by influencing negotiations and lobbying in International Forums, Bilateral and Multi-lateral agreements, trade and investment in collaboration with multiple stakeholders.

We develop policies, trade positions and mandates that will promote investments and the growth of SMMEs and Co-operatives through Regional and International agreements/structures. i.e. BRICS, SADC, EU, IORA, etc. We promote the interests of SMMEs and Cooperatives in Regional and International agreements and improve relations between lobby groups, export councils, i.e. OECD, SADC, AU/ COMESA.

We seek to co-ordinate and manage Regional and International cooperation interventions focusing on SMME and Cooperatives development. i.e. EU, USAID, UNDP. We want to pay focused attention on the development of exports and promotion of SMME's and co-operatives globally and in the process work on international benchmarking and exchange of best practices.

We will rely on our Heads of Missions to facilitate access to information regarding opportunities in foreign countries for our SMMEs and Cooperatives. Please assist our small businesses with access to international markets (opportunities). Our SMMEs will benefit from international exchange programmes, conferences, exhibitions, research, training programmes and seminars on SMMEs and Co-operatives.

We are confident that you will, on a regular basis, provide us with information on investment opportunities in foreign countries. We hope you will be able to help develop new foreign relations (bilateral and multilateral) and strengthen the already existing ones for the promotion and development of SMEs and Cooperatives.

We hope you will be the ears and eyes of small businesses and cooperatives, help promote market access and provide the necessary market intelligence.

I urge our Heads of Missions to share with us all the crucial information that will benefit South African SMMEs and co-operatives internationally.

I thank you