



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

MEDIA RELEASE

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DEPARTMENT OF SMALL BUSINESS DEVELOPMENT ANNOUNCES SECOND WAVE OF SUPPORT FOR ENTERPRISES BASED IN TOWNSHIPS AND VILLAGES

The Minister for Small Business Development, Ms Khumbudzo Ntshavheni announces the second-wave of support for informal, micro and small enterprises including cooperatives based in townships and villages, in addition to the Spaza Support Scheme. The dedicated support programmes for township and village-based enterprises are in line with the Department's Township and Rural Entrepreneurship Programme (TREP) that was approved by Cabinet in February 2020. "With the re-opening of the economy, the township and village economies require special focus if government is to achieve the aspirations of the new economy post-Covid-19 which were clearly articulated by President Cyril Ramaphosa", Min Ntshavheni said.

The following schemes are available for qualifying entrepreneurs to apply:

- (a) Small-scale bakeries and confectioneries support scheme
- (b) Informal and small-scale clothing and textile support scheme
- (c) Automotive Aftermarkets Support

A. Small Scale Bakeries and Confectionaries Business Support Scheme

The Scheme is aimed at supporting small scale bakeries and confectioneries operating as micro or informal businesses with assistance to purchase business equipment and provision of working capital. It is a stepped-up access to market through off-take agreements, e.g. with spazas on the DSBBD Spaza Support Scheme; and access to bulk buying facility for raw materials through participating wholesalers.

The financial package (loan) through SEFA is structured to cover cost of equipment (paid directly to equipment supplier) and working capital.

The scheme also includes tailor-made business development support through SEDA and the FoodBevSETA that covers compliance with Minimum Bread and Confectionery Nutritional Requirements (approved dough mix) and the related testing; compliance with Environmental Health and Food Safety Regulations; Shop floor management training and conformity testing; and Business and financial management training and mentorship.

The Minister Ntshavheni is committed to the programme of the Department of ensuring that our spaza shops become critical markets for products made by other small businesses as part of a programme to make sure that money circulates longer in the townships and villages and thus transforming the shape and form of these economies. The bakeries and confectioneries will not be the first in supply spaza shops but join the list of others already



enlisted with participating wholesalers to have their products sold at participating spaza shops.

B. Small Scale and Micro Clothing, Textile and Leather Business Support Scheme for enterprises located in townships and villages

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

- a) seize opportunities in the sector availed by the Covid-19 pandemic such as production of personal protective equipment (PPE) in the COVID-19 response value chains and beyond;
- b) participate in the rebuilding and restructuring of the clothing and textile sector as necessitated by the emergence of the new world order; and
- c) improve the quality and competitiveness of small scale clothing and textile enterprises for both domestic supply and export market

Minister Ntshavheni is of the view that the economic climate will witness either a consolidation of big clothing retailers and manufacturers into fewer players or demise of the same post COVID-19. Any of these unfortunate consequences will invariably create an opportunity for small players including Co-operatives that at times will be formed by former workers of these giants to participate as owners of their businesses in the sector. The Scheme supports entrepreneurs in the following sub-sectors in the clothing, textile and leather industry:

<ul style="list-style-type: none">• Seamstresses• Sewers• Garment makers (dressmakers and tailors)• Patternmakers• Designers• Pattern calculators• Pattern cutters	<ul style="list-style-type: none">• Art Designers• Knitters• Machinists• Tannery• Fabric manufacturers• Shoe makers• Handbag makers
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Note: Sub-sectors within the clothing and textile industry that are not included in the aforementioned list may also apply.

The scheme covers the cost of production inputs; access to credit; assistance with compliance and technical skills improvement, e.g. labelling, industry standards and quality; and business and financial management training, including productivity management.

C. Automotive Aftermarkets Support Scheme

The context of this scheme is that South Africa had a total of 12, 027, 860 cars registered in 2017 and about 30% of these cars were insured and/ or still under warranty, whereas almost 70% were not insured and/ or not under warranty. However, in 2017, there were just over 1800 accredited service providers in the market for motor body repairers and services and these excluded majority of mechanics and motor body repairers in the townships and villages.



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Minister Ntshavheni has noted that the prevailing economic conditions in South Africa will increase demand for cheaper motor services and motor body repairs, and thus creating a demand for reliable vehicle service at an affordable rate. Already, there is an increase in the re-use of heavy-duty and light equipment and vehicles. Therefore, this scheme by the Department of Small Business Development offers targeted support and development of the small/ independent automotive aftermarket enterprises including informal businesses that are located in townships and villages and covers:

- (a) supporting qualified motor body repairers (panel beaters) to operate accredited small /independent panel beaters (motor body repairers) centres;
- (b) supporting qualified motor mechanics to operate authorized service centres;
- (c) supporting the small/ independent auto-spares shops to serve as distributors of automotive aftermarket spare parts centres; and
- (d) supporting the informal fitment centres into micro but formal fitment centres.

The scheme targets to support businesses including informal and micro business that operated for:

- i. All auto mechanics such as motor mechanics, heavy equipment mechanics, tractor and forklift mechanics, and diesel fitters;
- ii. panel beaters and spray painters;
- iii. tyre and glass (glaziers) fitment; and
- iv. auto spares

The support covers working capital, facilitating the accreditation of the small/ micro and participation in a SEFA-backed revolving credit facility, through participating banks, between participating motor mechanics/ motor body repairers with participating auto spares shops and fitment centres

Additional business development support through SEDA includes:

- a) Facilitate trade test certification (for those not certified but must hold N3 college qualification), where it is required
- b) Assistance to enroll with insurance industry and/ or car service centres through facilitating accreditation with relevant industry standards and bodies
- c) Automotive workshop service management training and support
- d) Discount package with non-original spare parts manufacturers;
- e) Business management support and mentorship through Unemployed Graduate Scheme, or SEDA Business Advisors and/ or services business professionals

D. Who can apply

- a) An entity registered with CIPC as a legal entity including cooperatives;
- b) The business must 100% be owned by South African nationals;
- c) Employees must be 70% South Africans, and in the case of non-South African employees – they must hold valid work permits as determined by the Department of Home Affairs;
- d) The business must be operating in a township or village;



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- e) The business must be registered or must apply for registration with SARS and UIF; and
- f) The business must have a valid business bank account or willing to open a business account

SEDA offices will be available to assist entrepreneurs to register with CIPC and SARS at the cost of the applicant and also assist with municipal business licensing, in the event municipalities are not responsive.

Application forms for these 3 schemes will be available online on <https://smmesa.gov.za/> from Wednesday, 27 May 2020 and more details are available on all the websites of the Department of Small Business Development.

The Department of Small Business Development also wishes to announce that Standard Bank has also partnered with SEFA on the Spaza Support Scheme, which adds to our already existing partnership with NEDBANK. In addition, Spaza shop owners wanting more direct access may make an appointment to visit their nearest SEDA branch for assistance with applying for the Scheme. The contact details of the SEDA branch nearest to you may be found on the SEDA website (www.seda.org.za).

“We are resolved not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality...to restructure the economy and achieve inclusive growth. We will forge a compact for radical economic transformation that advances the economic position of women, youth and persons with disabilities, and that makes our cities, towns, villages and rural areas vibrant centres of economic activity.”

HE President Cyril Ramaphosa, 21 April 2020 – Address to the nation

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Issued by the Department of Small Business Development

Additional information may be obtained from any of our official websites:

www.dsb.gov.za

www.sefa.org.za

www.seda.org.za

www.mybindu.org.za

<https://smmesa.gov.za>

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