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Sustainable Local Economic Development

Small Enterprise and entrepreneurship Development

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Context

General Characteristics of SMME and Coops in SA including:

Mandate previously embedded within trade and Industry
(1994-2009) , economic development post 2009

Resultant :

fragmented approach and misalignment in relation to ANC
resolutions and government decisions on economic transformation

Lack of specialised and focused support with limited resources

Low survivalist and high failure rate

Poor performance relative to peers as well as other developing countries

Context

Sectoral cohesion for advancing the objectives of SMMEs and coops

Engagements with common stakeholder interests ; i.e. BBC , Nafcoc, COOPS movement, other business structures,

Decision to establish a designated department to advance smme and coops development for job creation (focusing on youth women and people with disabilities)

Primary Policy instruments

The National Development Plan provides the framework for achieving radical economic transformation

It sets a vision for the economy that is inclusive, equitable and fast growing.

To achieve that end, it points to the need to grow employment, support productivity and efficiency gains and move toward greater equality.

To reach these aims it proposes

- more affordable and efficient infrastructure provision linked to higher levels of public investment;
- substantial improvements in basic and post-secondary education;
- responsive and efficient regulations; and
- appropriate sector strategies.

Continued...

The key operational plans for implementing the National Development Plan and MTSF include :

the New Growth Path and the Industrial Policy Action Plan (IPAP).

The challenge is to ensure that these strategic plans are translated into action plans with well-defined annual iterations

Through IPAP , plans will focus on productive sectors including mining , agriculture and manufacturing

Continued

Medium Term Strategic Framework: a government strategic plan for 2014-2019 electoral term

Reflection of the commitments entailed in the manifesto including commitment to implement the NDP

Sets out identified targets and provides for coherence amongst national , provincial and local government

Overarching theme : radical socio-economic transformation and service delivery

Continued

Outcome 4 Decent Employment through inclusive economic growth

Sub outcome 2: Elimination of unnecessary regulatory burdens and lower price increases for key inputs

- Measures to reduce red tape around authorisation for investment in metros (dti and SBD)
- Enhance township economies by DFIs (supported by EDD)
- Enhanced support for township economies through improved transport and commuter costs (SBD supported by COGTA, PICC, DOT DHS)

Continued...

Coaching and incubation programmes in support of SMMEs and COOPS (supported by EDD, DAFF and the dti)

Programmes to ensure increased access to employment and entrepreneurship for black women and youth (advancing support for emerging and smaller enterprise)

Develop appropriate sanctions with regard to non compliance in relation to the 30 Day payment period

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Continued

Primary legislation

Small business
Development Act
1980
National Small
Business Act 1996,
amended 2004
Companies Act, 2010
Cooperatives Act ,
2013
Industrial
Development
Corporation Act 1940

Supplementary legislation & other policy measures

BBBEE Act
National Empowerment Act,
Preferential Procurement Policy
Framework Act
Youth Enterprise strategy
Women and Gender empowerment
strategy
Cooperatives strategy
Innovation and technology Strategy

Mandate

The department will lead an integrated approach to the promotion and development of small businesses and cooperatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation (that will lead to increased employment, poverty reduction and reduced inequality)

Vision

A radically transformed economy through effective development and increased participation of SMMEs and cooperatives in the mainstream economy.

Mission

To create a conducive environment for the development and growth of small businesses and cooperatives through the provision of enhanced financial and non-financial support services, competitiveness, market access, promotion of entrepreneurship, advancing localisation and leveraging on public and private procurement.

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Values

The following DSBD values are derived from the Batho-Pele principles:

Customer focused

Integrity

Honesty

Efficiency

Accessibility

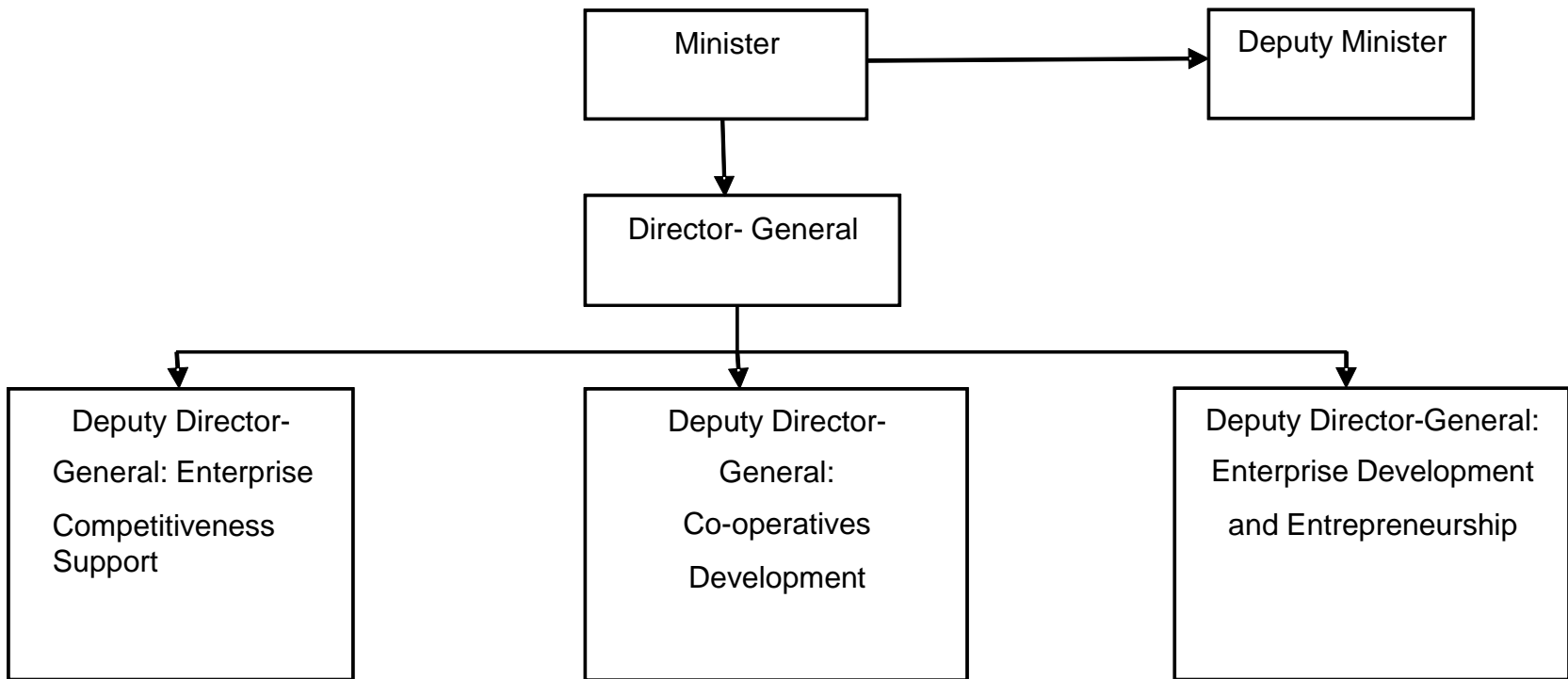
Commitment

Human Dignity

Strategic Objectives

1. To facilitate the development and growth of small businesses and co-operatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement
2. To facilitate radical economic transformation through increased participation of small businesses and cooperatives in the mainstream economy
3. To advocate for a conducive regulatory environment for small businesses and co-operatives to enable access to finance, investment, trade and market access in an equitable and sustainable manner
4. Facilitate partnerships with all spheres of government as well as the private sector to ensure mutual cooperation that will benefit small businesses and co-operatives

Organisational Structure



Programme 1: Co-operatives Development

Purpose: To create an enabling environment that will facilitate the establishment, growth and development of co-operatives through the development and review of policy and legislation and provision of enhanced financial and non-financial support services utilising improved institutional arrangements.

Sub-Programmes:

Primary Cooperatives Development: To manage and support individual primary co-operatives with start-up support which will enable co-operatives members to run the co-operative on co-operatives principles (CDA, CIS and Secondary Marketing Cooperatives)

Incubation Support Programme and Supplier Development: To manage and provide support to private sector partnerships with Government to support incubators in order to develop SMMEs and Cooperatives and nurture them into sustainable enterprises that can provide employment and contribute to economic growth.

Market Access Support: To forge partnerships with other spheres of government for the sustainable development of SMMEs and Co-operatives through ensuring access to markets.

Programme 2: Enterprise Development & Entrepreneurship

Purpose: To create an enabling environment for the development and growth of sustainable small businesses so that they contribute to the creation of employment and economic growth.

Sub-Programmes:

Enterprise Development: facilitate the establishment of new and productive enterprises as well as the sustainability and growth of existing enterprises

Entrepreneurship and Franchising: To identify potential entrepreneurs and provide them with the necessary business skills as well as identifying SMMEs and Co-operatives that have the potential to franchise

Gender, Youth and People with disabilities: To increase the establishment of and sustainability of existing women-owned SMMEs and Co-operatives, to increase the number and sustainability of SMMEs and Co-operatives run by people with disabilities and the mainstreaming of youth enterprises

National Informal Business Upliftment Strategy: To create a conducive business environment for informal businesses and to provide adequate skills and infrastructure to support informal businesses.

Programme 3: Enterprise Competitiveness Support

Purpose: To provide support in the implementation of enterprise development interventions by providing reliable information, establishing partnership and financial support to SMMEs and Cooperatives enterprises so that they contribute significantly to job creation and economic growth

Sub-Programmes:

Incentives and grants: To provide incentive programmes that promote broader participation in the mainstream economy by small businesses and co-operatives (BBSDP, WBDS and YBBSDP)

LED and Intergovernmental relations: To promote spatially balanced economic development and productivity improvements by developing policies, strategies and programmes that focus on small businesses and co-operatives in underdeveloped regions (Decentralisation, co-location and LED Strategies)

Special projects: To initiate, develop and implement enterprise development interventions that are high impact in prioritised areas

Research, Planning, Monitoring and Evaluation: The objective of the sub-programme is to gather reliable information for policy formulation on SMME and Co-operatives support and to further provide for an analysis of quantifiable information on SMMEs and Co-operatives in South Africa

Communications and Marketing facilitates greater awareness of the department's role and increase the uptake of its products and services

Strategic Objective 1:

To facilitate the development and growth of small businesses and co-operatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement

Outcome	Output	Performance Indicator/ Measure	Targets for 2015 - 2018	2014/2015	2015/16	2016/2017	2017/18
Increased contribution to GDP, sustainable livelihoods and creation of job opportunities	Implementation of public and private sector procurement programme	Increased number of SMMEs and Co-operatives accessing public and private sector procurement opportunities	7000 SMMEs and Co-ops preferred to access public and private sector procurement opportunities drawn from an economic profiling exercise to be carried out	National Treasury to issue Practice Notes Use BBBEEE Codes to mobilise for inclusion of SMMEs and Cooperatives in private sector procurement	1 000	1 500	2 000
			Linking of 93 co-operatives to market value chains (manufacturing, agro-processing, energy, construction clothing and textile)	5	3	37	38
	Implementation of Sector Catalytic Projects	An increase in the establishment of Co-operatives and Incubators	Establishment of 50 Incubators starting from the 2014/15	6	9	10	12

Strategic Objective 1:**To facilitate the development and growth of small businesses and co-operatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement**

Outcome	Output	Performance Indicator/ Measure	Targets for 2015 - 2018	2014/2015	2015/16	2016/2017	2017/18
Increased contribution to GDP, sustainable livelihoods and creation of job opportunities	Implementation of Sector Catalytic Projects	An increase in the establishment of Co-operatives and Incubators	Establishment of 50 Cooperatives in Renewable Energy, Manufacturing, Services, Mining, Agro-processing, Clothing, footwear, textile and leather, and Biofuels.	0	10	12	13

Strategic Objective 1:**To facilitate the development and growth of small businesses and co-operatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement**

Outcome	Output	Performance Indicator/ Measure	Targets for 2015 - 2018	2014/15	2015/16	2016/2017	2017/18
Increased contribution to GDP, sustainable livelihoods and creation of job opportunities	Informal Traders Upliftment Project implemented	An increase in the provision of adequate skills and infrastructure support to informal businesses	3300 informal business owners selected from each province for training prioritising Presidential Nodes	300	600	700	800
	Co-operatives Development Agency established	A fully operational Agency with dedicated and skilled co-operatives managers	3234 primary co-operatives receiving funding, training and access to market	270	371	685	822
			45 Secondary Co-operatives funded	3	6	9	12

Strategic Objective 1:

To facilitate the development and growth of small businesses and co-operatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement

Outcome	Output	Performance Indicator/ Measure	Annual Targets for 2014 - 2018	2014/15	2015/16	2016/2017	2017/18
Increased contribution to GDP, sustainable livelihoods and creation of job opportunities	Decentralisation of business support services	Capacity building and co-location for SEDA Branches	72 SEDA Branches trained	5	10	15	20
			140 co-location points	10	25	30	35
	Youth Black Business supplier Development Programme implemented	Funding of Youth Enterprises	750 Youth Enterprises funded	40	50	100	150

Strategic Objective 2**To facilitate radical economic transformation through increased participation of small businesses and cooperatives in the mainstream economy**

Outcome	Output	Performance Indicator/ Measure	Targets for 2014 - 2018	2014/15	2015/16	2016/2017	2017/18
Increased participation of SMMEs and Co-operatives in the mainstream of the economy	Centers for Entrepreneurship established	Signing of MoAs with hosting academic institutions	Centers opened in 20 hosting academic institutions	2	3	4	5
	Enterprise Cadet Scheme	An increase number of new enterprises established	600 new enterprises established	2	60	118	200
	Mass Youth Enterprise Creation Programme	Increased creation of Youth owned enterprises	3000 Youth enterprises launched over a 5-year period	0	300	700	800

Strategic Objective 3:

To advocate for a conducive regulatory environment for small businesses and co-operatives to enable access to finance, investment, trade and market access in an equitable and sustainable manner

Outcome	Output	Performance Indicator/ Measure	Target for 2014 – 2018	2014/15	2015/16	2016/2017	2017/18
Simplified regulatory environment to promote competitiveness and market access	Amendment of the National Small Business Act, 1996 (No.102 of 1996)	Commence the amendment of the Act during the 2014/15 financial year	The Act aligned to the mandate of the department to remove constrains for SMMEs and Co-operatives development	Consideration of administrative and legislative processes	Tabling and Implementation of the Act	Implementation and monitoring of compliance	Implementation and monitoring of compliance
	Roll-out of Red tape reduction guidelines championed	Government-wide implementation of red tape reduction programme	Red tape reduction guidelines institutionalised at all state institutions	Conduct sector specific scoping exercise on regulatory constraints	Obtain Cabinet approval for adoption of guidelines as national and provincial policy	Conduct sector specific scoping exercise on regulatory constraints	Conduct sector specific scoping exercise on regulatory constraints
	Advocate implementation of set-asides programme	Government-wide implementation of set-asides programme		Issuing of the practice note by National Treasury	Monitoring of effective implementation of set-asides programme	Monitoring of effective implementation of set-asides programme	Monitor and assess implementation of set-asides programme

Strategic Objective 3:

To advocate for a conducive regulatory environment for small businesses and co-operatives to enable access to finance, investment, trade and market access in an equitable and sustainable manner

Outcome	Output	Performance Indicator/ Measure	Target for 2014 – 2018	2014/15	2015/16	2016/2017	2017/18
Simplified regulatory environment to promote competitiveness and market access	Developmental Cooperatives Model finalised	Developmental Cooperatives Model implemented	Model adopted countrywide and sustainable cooperatives that contribute to economic growth and job creation established	Draft model developed	Model approved, aligned with provinces (capacity building) and implemented	Implementation	Monitoring and Evaluation

Strategic Objective 4:**Facilitate partnerships with all spheres of government as well as the private sector to ensure mutual cooperation that will benefit small businesses and co-operatives**

Outcome	Output	Performance Indicator/ Measure	Targets for 2014 – 2018	2014/15	2015/16	2016/2017	2017/18
Increased participation of role players to support SMMEs and Co-operatives development	National Enterprise Development Fund established	Forging sustainable partnerships with the private sector to benefit SMMEs and Co-operatives	400 start-ups and growth oriented SMMEs and Co-operatives that access the Fund	Designing criteria for disbursing the funding and lobby the private sector to contribute to the fund	100	100	100
	Shared Economic Infrastructure Facility implemented	Accelerated Partnership Agreements with Provincial and Local Government	278 Municipalities partnering with the dsbd	Guidelines finalised	5	5	7

Strategic Objective 4**Facilitate partnerships with all spheres of government as well as the private sector to ensure mutual cooperation that will benefit small businesses and co-operatives**

Outcome	Output	Performance Indicator/ Measure	Targets for 2014 – 2018	2014/15	2015/16	2016/2017	2017/18
Increased participation of role players to support SMMEs and Co-operatives development	Micro Franchising Incentive designed and approved	Accelerated identification and packaging of SMMEs and Co-operatives	25 SMMEs and Co-operatives packaged as micro franchisors	5	5	5	5

Short-term Priorities

Public sector procurement (set-asides programme)

Finalise incentives and access to finance

Business rescue strategy

Township and rural enterprise development strategy (framework)

Gazelles

Skills, training and capacity building (LED, business development support, technology transfer, innovation and entrepreneurship)

Private sector procurement opportunities (supplier development programme, revitalisation of mining towns)

Long-term Priorities

National survey (periodic and reliable statistics)

Design training programmes to address skills gaps including sector specific interventions

Develop key domestic and international markets

Decentralise business development services to include economic profiling and market access

Develop and review the regulatory environment

Envisaged Impact

Incentive programmes aimed at creating new businesses, which will increase the potential for new jobs

Public and private sector procurement geared towards improving market access (including growth and development) for black small enterprises and co-operatives (e.g. fixing of potholes)

Increased culture of entrepreneurship aimed at increasing the number of new innovate and sustainable business ventures that will contribute to job creation

Creating a simplified policy and regulatory environment for SMMEs and Co-operatives development to eradicate poverty, inequality and unemployment

Envisaged Impact cont...

The provision of technical and business development services to the targeted groups (youth, women and people with disabilities) will result in upgraded skills, improved quality of products, access to local and international markets, enhanced and sustainable enterprises, increased employment.

Enhanced support to informal businesses, rural and township enterprises will increase their competitiveness, resulting in sustainable enterprises and retention of existing jobs.

Detail of Transfer Payments

Transfer Payments	2015/ 2016	2016/ 2017	2017/ 2018
SEDA	478 183	481 495	583 197
SAWEN	16 726	19 125	20 081
Isivande	8 751	9 222	9 689
SEDA Technology Programme	132 181	139 987	146 146
Cooperatives	75 000	75 000	78 750
Black Business Supplier Development	225 000	225 000	236 250
TOTAL	935 841	949 029	1 074 113

Reference and source

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Thank you