

# DSBD Policies and Programmes Geared towards Supporting and Developing Township and Rural Economies



small business development

Department:  
Small Business Development  
REPUBLIC OF SOUTH AFRICA



# DEPARTMENT OF SMALL BUSINESS DEVELOPMENT



**Minister**  
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## Mandate

To lead and coordinate an integrated approach to the promotion and development of entrepreneurship, Small, Micro and Medium Enterprises (SMMEs) and Co-operatives, and to ensure an enabling legislative and policy environment to support their growth and sustainability.

## Mission

The coordination, integration and mobilisation of efforts and resources towards the creation of an enabling environment for the growth and sustainability of small businesses and co-operatives.

## Vision

A transformed and inclusive economy driven by sustainable, innovative SMMEs and Co-operatives.

# Presentation Outline

<b>TOPIC</b>	<b>TITLE</b>
1.	Introduction
2.	Department of Small Business Development (DSBD) Policy Instruments
3.	MSMEs and Co-operatives Funding Policy
4.	Rural and Township Economy Development and Revitalisation Policy
5.	National Informal Business Upliftment Strategy
6.	MSME-focused Localisation Policy Framework
7.	International Relations Strategy and Policy Framework
8.	DSBD Programmes
9.	Regional Office Contacts

- This Presentation focuses on the DSBD policies and programmes targeting the township and rural economies.
- The policies focus on pillars aimed at the provision of support interventions for the township and rural economy.
- Some of the key policies includes, the township and rural economy development and revitalisation policy, the Micro Small and Medium Enterprises (MSME) funding policy, national informal business upliftment strategy, the MSME focused localisation policy framework and the international relations strategy and policy framework.

- Micro Small and Medium Enterprises (MSMEs) and Cooperatives Funding Policy
- Township and Rural Economy Development and Revitalisation Policy
- National Informal Business Upliftment Strategy
- MSME-focused Localisation Policy Framework
- International Relations Strategy and Policy Framework

# Micro Small and Medium Enterprises (MSMEs) and Cooperatives Funding Policy

- The MSMEs and Co-operatives Funding Policy seeks to deepen access to finance, reduce the level of concentration or monopolies in certain sectors of the economy, transform the ownership patterns of the economy to make it more inclusive, heighten awareness about the financial literacy challenges preventing MSMEs and co-operatives from accessing finance in both formal and informal sectors by promoting financial education focusing on small enterprises operating in unserved and underserved areas such as townships and rural areas.
- The MSMEs and Co-operatives Funding Policy further proposes that the role players must implement targeted subsidised lending programmes to achieve greater financial inclusion, especially for youth, women, persons living with disabilities, township, and rural communities.
- To deepen access to finance in unserved and underserved market segments including townships and rural areas, the Funding Policy advocates for the establishment, capacitation and capitalisation of a new network of retail intermediaries (microfinance institutions) to service this segment.
- The Funding Policy further recommends enhanced financial literacy and business management skills among MSME owners to improve their creditworthiness and their ability to access finance.

# Township and Rural Economy Development and Revitalisation Policy

- The department, in collaboration with relevant national departments and provincial departments responsible for economic development, has developed a draft Township and Rural Economy Development and Revitalisation (TREDAR) Policy.
- Notwithstanding the high growth potential of townships and rural areas and despite various government support interventions to develop, revitalise and grow township and rural economies, townships and rural areas remain underdeveloped, spatially disconnected and alienated from mainstream economic activity and economic opportunities, broadening the inequality divide and deepening the persistence of concentrated poverty, unemployment and lack of economic transformation.
  - a) Township and rural based enterprises continue to experience historical challenges such as insufficient and inadequate infrastructure and inconsistent to no service delivery.
  - b) Small enterprises operating in townships and rural areas remain largely financially excluded.
  - c) The combination of skills shortage and market access limitations as well as the gap between skills possessed by residents and market needs hinders economic development.
  - d) High levels of unemployment giving rise to crime syndicates that lead to the collapse of economic development initiatives.
  - e) These challenges prohibit investment opportunities and growth, perpetuating a cycle of poverty and unemployment.

# TREDAR Policy Vision and Objective

- **To create thriving, diversified and inclusive townships and rural economies, integrated with the mainstream economy, with sustainable small enterprises, including co-operatives, where small enterprises, cooperatives and residents have equal access to opportunities for entrepreneurship, employment, growth and sustainable livelihoods.**
- 1) Foster the development of **sustainable township and rural entrepreneurs and small enterprises, including co-operatives**, through needs-based skills development, incubation and BDS support as well as market access and linkages opportunities, thereby generating sustainable development, growth and income sources, creating meaningful employment opportunities to local residents and build resilient livelihoods through sustainable entrepreneurial ventures – **bridging the social and spatial disconnect** .
- 2) Support the development of **vibrant and thriving townships and rural economies** able to attract new investments, fully integrated with the mainstream economy. This include provisioning basic services, appropriate infrastructure, access to internet connectivity, etc. and reducing crime.
- 3) Guide and provide leadership towards a **well-coordinated and collective ecosystem approach** to small enterprise development in townships and rural areas across all spheres of government a) to avoid duplication, ensure complementarity and the provision of comprehensive support, maximising limited resources for maximum impact and b) needs-based business development and mentoring support.
- 4) **Increase access to economic and market opportunities** for small enterprises to enable participation in the economy, through access to job opportunities, entrepreneurship and business startups.
- 5) **Enable access to and create appropriate funding instruments** to enhance the accessibility, efficiency and effectiveness of funding for entrepreneurs and small enterprises operating in townships and rural areas.
- 6) **Reducing regulatory burdens and improve business processes** through digitisation and ensuring effective communication, real time feedback on applications, and support to facilitate compliance by small enterprises to regulatory requirements in townships and rural areas

# Key challenges

## ➤ Three most critical challenges:

- a) Illegal foreigners and trading in fake and illicit goods creating unequitable market opportunities
- b) Non-compliance with regulatory requirements and no enforcement of these regulatory requirements
- c) Fragmented and uncoordinated government support interventions.

## ➤ Other Challenges includes:

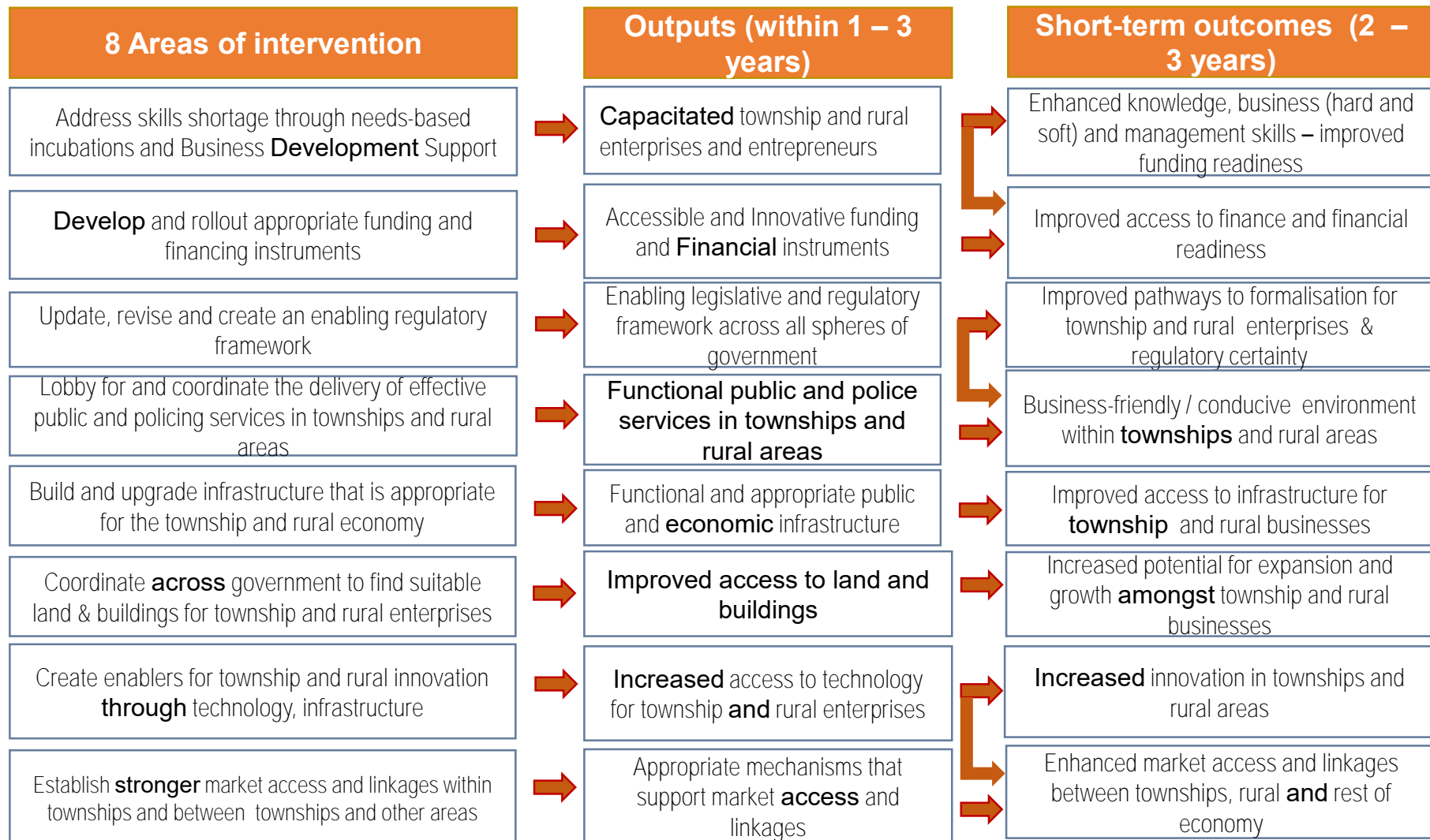
- a) Crime, extortion and lawlessness; role clarity and lack of collaboration amongst different role-players; b) Lack of access to research information and data to support business development as well as information of the different government incentives and programmes; c) Non-compliance to legislative obligations, regulatory and policy requirements; d) Regulatory barriers; e) High propensity of informality in townships and rural areas; f) Barriers to access finance – financial exclusion; g) Skills shortage, Incubation and Business Development Support (BDS); h) Spatial disconnect and lack of access to market opportunities; i) lack of access to digital connectivity and digitisation; j) Inadequate infrastructure; k) Access to land; l) Access to facilities, buildings and commercial property; m) Spatial planning limitations; n) Shopping centres in townships and rural areas; and n) Necessity entrepreneurs and job seekers

## ➤ Critical success factors for the successful implementation of the policy, that are paramount to create an investment friendly environment and ensure the effectiveness of the policy, and its implementation programmes are:

- a) Improve service delivery i.e. water, sanitation, electricity, appropriate road infrastructure, communication networks and the provisioning of basic government services, i.e. health care and education.
- b) Law enforcement, i.e. compliance with health and safety requirements and crime.
- c) A “whole of government” and private sector approach
- d) Implementation and execution readiness across the three spheres of government and partnerships with the private sector.

# Eight areas of intervention, outputs and short-term outcomes

18 identified challenges grouped into 8 key areas for intervention:

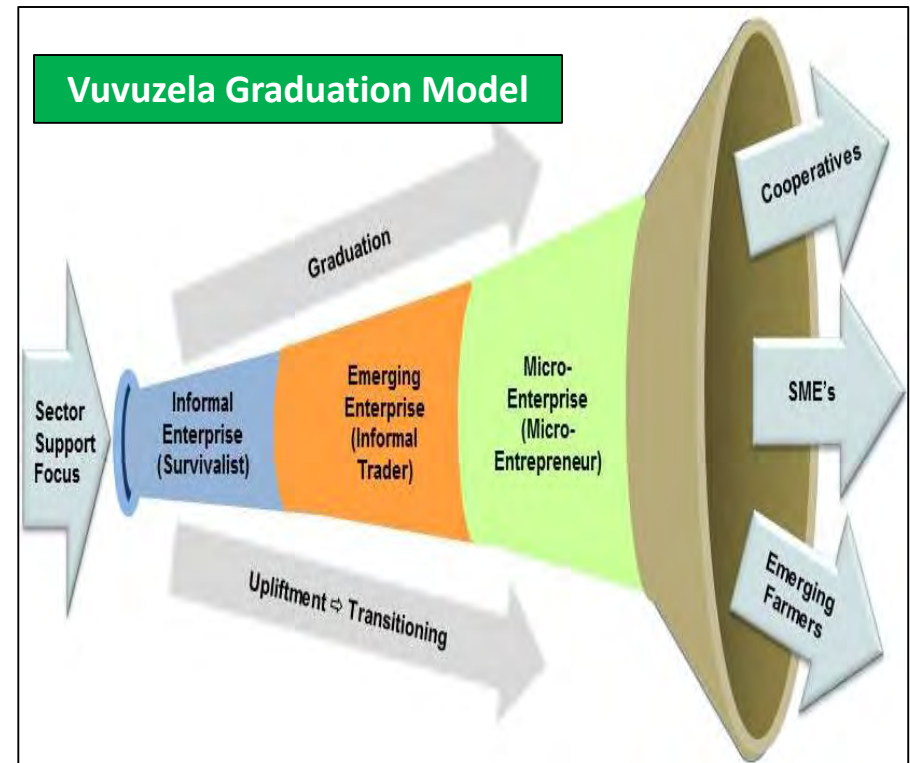


# National Informal Business Upliftment Strategy - NIBUS

- The National Informal Business Upliftment Strategy - **NIBUS** is the guiding strategy that was approved and adopted by Cabinet in 2014.
- **Why the National Informal Business Upliftment Strategy:** NIBUS was developed in response to the identified policy and programmatic gap to successful enterprise development in the informal business sector in South Africa.
- **Purpose of NIBUS:** To facilitate the creation of an enabling environment that will enhance enterprise development support and coordinate intergovernmental and stakeholder relations to broaden participation of South Africa's informal business sector.
- **The Vision of NIBUS:** "To enable a policy, regulatory and programming environment; promoting and supporting a developmental continuum for the graduation of informal business into the mainstream of South Africa's formal economy"
- The cornerstone of NIBUS is that the upliftment of informal and micro businesses should not just focus on the formalisation of this sector, but rather the gradual and developmental support that will result in informal businesses realising the benefits of transitioning and formalising thereby also accessing increased financial and non-financial incentives.

## DEVELOPMENTAL APPROACH TO INFORMAL AND MICRO BUSINESSES

- The **Vuvuzela Graduation Model** describes the development continuum of NIBUS, reflecting the intent to uplift informal enterprises and to facilitate their progressive graduation towards formality on the basis of the readiness of the individual business to move towards formalisation.
- By promoting and supporting the upliftment of informal businesses, the consequence will be the transitioning of informal businesses to higher levels of the graduating model.
- The intention is not, and cannot be, to eradicate informal businesses. Certain informal businesses may prefer to remain where they are and should be supported to be sustainable and formal at their own pace.
- The overall objective of NIBUS is “to ensure a coordinated and integrated implementation approach to the upliftment, development and growth of the informal sector which consequently will realise the constant transitioning of informal businesses and their conversion into formal MSME’s.



## DEVELOPMENTAL APPROACH TO INFORMAL AND MICRO BUSINESSES

### SARS Tax Guide for Small Businesses

Types of Business	Description	Tax responsibilities
<b>Sole Trader/Owner</b>	Operates on small scale and run by self-employed individuals. Includes the informal businesses. No requirements to register with company and Intellectual Property Commission.	Register for personal income tax (PIT) and annually declare your business income on the Income Tax Return for Individuals (IRT12). Where you need to pay SARS, you must do so before the payment deadline reflected on your Notice of Assessment (ITA34).
<b>Partnership</b>	Two or more people with common interest who joins to run a business. No requirements to register to CIPC. Each partner will be taxed separately according to their share in the business.	Register for personal income tax (PIT) and annually declare your business income on the Income Tax Return for Individuals (IRT12). Where you need to pay SARS, you must do so before the payment deadline reflected on your Notice of Assessment (ITA34).
<b>Private/Public Companies/ Close Corporation</b>	Formal business that is required to register with CIPC and obtain a company registration number. The company is separate from the owner and the owner is required to submit their personal income Tax.	<ul style="list-style-type: none"> <li>▪ Automatic registration for Corporate Income Tax (CIT) when registering with CIPC and declare CIT manually on ITR14.</li> <li>▪ Register for VAT -if you qualify</li> <li>▪ Register for PAYE-If you qualify and Special Small Business taxes.</li> <li>▪ Payment of Taxes</li> </ul>
<b>Co-operative</b>	A Co-operative is formed when a group of people, with common interest, joins to achieve a certain economic, social or cultural group, such as stokvel, community agricultural venture, etc. A co-operative is required to register with CIPC. Co-operative are taxed companies.	See private and public companies or Close Corporations.

# About the MSME-Focused Localisation Policy Framework

**Through this Policy framework, the Department aimed to achieve the following goals:**

- Build the manufacturing capacity of small enterprises,
- Provide a coordinated Import Replacement Plan,
- Establish a route-to-market framework for small enterprises manufactured products,
- Provide support and preparation of small enterprises towards export market penetration,
- Service localisation to allow for the development of skills,
- Support small enterprises to adopt Innovation and digitization, and
- Establish a funding framework.

## 3 Pillars of the Strategy



Support MSMEs in their efforts to expand their footprint in the international markets including Africa and globally, Seda Export Development, Various Schemes, SBEDS, EMIA, SSAS and Other Collaborations with DSAC & the dtic



MSME agenda must be included on state visits or DSBD led outward missions. Ministerial engagement during state visits/missions should include MSME elements .



Strengthen the Role South African diplomatic missions in Africa and abroad. Identifying and facilitating opportunities of markets and skills development programmes for MSMEs. Trade opportunity that can benefit MSMEs i.e. B2B, trade fairs, seminars on MSMEs promotion and development.

# DSBD PROGRAMMES

## ACCESSING IMEDP

- The Informal and Micro Enterprise Development Programme (IMEDP), an instrument of National Informal Business Upliftment Strategy (NIBUS) which aims to uplift informal traders and SMMEs.
- The IMEDP provides qualifying entrepreneurs with basic business management training followed by a 100% grant for the acquisition of basic equipment and tools.
- The basic qualifying criteria for this programme is that the entrepreneur must have been trading for at least three months, must be a South African and black-owned informal and micro enterprise, must produce a certified South African Identity Document for both the owner and employees.
- The applicants must further provide proof of banking (personal or business account), should they be using a Stokvel proof thereof is also required. The applicants must have also undergone mandatory business development training which takes place at Seda's 53 branches

### IMEDP CONSOLIDATED STATUS REPORT 2021 -2024

Province	No. of Approved Informal business	Approved Amount	% Per Province
Eastern Cape	1440	R 20 666 831,00	21,20%
Free State	763	R 10 681 824,57	10,96%
Gauteng	393	R 5 582 253,00	5,73%
KwaZulu-Natal	712	R 9 882 559,90	10,14%
Limpopo	665	R 9 485 510,00	9,45%
Mpumalanga	403	R 5 623 503,00	5,77%
Northern Cape	1098	R 15 650 073,20	16,05%
North West	651	R 8 942 259,00	9,17%
Western Cape	807	R 11 259 508,02	11,55%
<b>Total</b>	<b>6932</b>	<b>R 97 774 321,70</b>	<b>100%</b>

# ACCESSING – ASSET ASSIST

- The Asset Assist Programme is designed to assist MSMEs with machinery, equipment, working capital and acquisition of raw material to the maximum value of R250 000.
- The company must be 100% owned by South African citizens (owners must provide valid SA ID document); MSME's which constitute of Private Companies and in possession of valid CIPC documentation. Sole Proprietors will also qualify for assistance.
- For businesses that have existed for more than a year, furnish 1-year financial statements and 6 months bank statements OR if the business has been trading for less than a year, furnish bank statements for the period of business trading OR if the business is a Start Up, furnish a stamped bank confirmation letter.
- Employing no less than **90%** South African citizens; Tax compliant with a valid tax clearance certificate, and
  - Valid South African business operating address.
  - CIPC Registration documents (Except Sole Proprietor).
  - Valid Tax Clearance Certificate or SARS pin (good standing).
  - FICA documents for the applicants and members/directors (e.g., Municipal accounts, letter from traditional authority).
  - Relevant Industry Certification - where applicable.

Province	Number of Clients Per Province	Amount Approved Per Province	Value of P.O.s Paid per Province
KwaZulu Natal	257	R 55 492 800	R 23 382 874
Mpumalanga	147	R 28 253 441	R 16 470 159
Limpopo	141	R 31 525 578	R 25 549 961
Northern Cape	114	R 23 899 339	R 9 863 338
Free State	123	R 26 111 391	R 8 879 062
Western Cape	124	R 21 945 263	R 19 742 421
North West	137	R 29 316 253	R 19 999 857
Gauteng	95	R 20 316 253	R 12 021 831
Eastern Cape	208	R 45 781 480	R 31 781 185
<b>Total</b>	<b>1 346</b>	<b>R 282 950 195</b>	<b>R 167 690 690</b>

# ACCESSING — CDSP

- The programme is aimed at supporting Cooperatives to grow and sustain their businesses by improving the quality of their products, production efficiencies and scaling up their operations. Funding is up to R 1,5m and R2,5m for Category A and Category B Primary Cooperatives; as well as up to R5m for Secondary/Cluster Cooperatives.

## REQUIREMENTS

Cooperative's Business Plan / Funding Proposal;

- Proof of registration with SARS (i.e. Tax clearance certificate if applicable);
- FICA documents for the cooperative and members/directors
- CIPC Registration Documents (e.g. CR-10 and Constitution);
- Lease Agreement or Permission to Occupy (P.T.O) or Title Deed;
- Copy of the latest Bank Statement;
- One (1) year financial statements or Management Account (for existing Cooperatives) / Projected Financial Statement (for new Cooperatives). Members contributions into the account for New Cooperatives;
- Three (3) months Bank Statements (for existing Cooperatives) or Proof of bank account for new Cooperatives;
- Relevant Industry Certification - where applicable.

Province	Number of Clients per Province	Amount Approved per province	Value of paid P.O.s per Province
KwaZulu Natal	22	R 16 769 466	R 13 518 542
Mpumalanga	24	R 12 781 473	R 12 512 853
Limpopo	15	R 16 260 117	R 16 055 951
Northern Cape	6	R 5 674 542	R 4 460 486
Free State	12	R 9 565 708	R 9 299 998
Western Cape	10	R 8 771 151	R 7 908 935
North West	20	R 22 619 828	R 18 707 725
Gauteng	4	R 4 269 675	R 2 411 010
Eastern Cape	2	R 2 436 452	-
<b>Totals</b>	<b>115</b>	<b>R 98 761 104</b>	<b>R 84 864 505</b>

# ACCESSING – TREP 2020-2024

- The Township and Rural Entrepreneurship Programme (“TREP”) was approved in July 2020
- To provide financial assistance to businesses operating in townships and rural/village areas to:
  - enable them to participate in the rebuilding and restructuring of the township and rural economy.
  - Increase their competitiveness and sustainability.
- TREP is offered in the form of blended finance with up to 50% grant (but the grant is limited to a maximum of R100k) of the total approved amount

- Approvals – R694m (*to Q2 2024*)
- Disbursements – R597m (*to Q1 2024*)
- Impact – R592m (Black Owned)
- Women Owned - R296m
- Youth Owned - R246m
- Disabled - R6m
- Jobs Created and Maintained – 7 021

# ACCESSING – TREP 2020-2024

## Overall Performance

Province	Approvals	Disbursements	SMME's	Jobs Creatd	Jobs Maint	Jobs Total	Black Owned	Women Owned	Youth	Disabled	Township	Rural
	R1,521,310	R1,259,670	2	0	7	7	R1,259,670				R909,670	
Eastern Cape	R84,060,928	R50,982,415	179	234	585	819	R50,632,758	R22,361,651	R17,844,048	R715,623	R17,315,220	R31,537,351
Free State	R56,684,425	R45,806,138	170	99	439	538	R45,806,138	R22,416,057	R20,125,520		R15,210,549	R35,061,867
Gauteng	R116,278,025	R119,370,199	360	313	1122	1,435	R117,221,685	R62,540,402	R60,027,925	R700,000	R74,416,683	R4,392,418
Kwazulu Natal	R64,454,846	R51,880,159	184	109	673	782	R51,880,159	R24,102,111	R21,582,652	R2,902,510	R38,482,097	R15,724,365
Limpopo	R132,697,697	R115,980,968	411	147	681	828	R115,303,278	R56,253,642	R50,276,992	R490,987	R5,623,911	R86,368,941
Mpumalanga	R54,917,222	R48,560,486	174	184	485	669	R48,092,109	R27,220,742	R20,055,061	R585,649	R18,959,898	R43,717,812
Northern	R44,366,281	R42,199,914	300	41	475	516	R41,500,294	R24,161,883	R11,012,441	R152,755	R23,480,033	R25,469,687
Northwest	R61,133,093	R50,585,133	201	78	648	726	R50,585,133	R26,430,635	R18,762,001	R511,966	R4,255,362	R30,547,312
Western Cape	R78,166,999	R70,829,553	274	36	665	701	R69,689,434	R31,078,066	R26,518,747	R349,996	R56,155,988	R5,362,636
<b>Total</b>	<b>R694,280,826</b>	<b>R597,454,635</b>	<b>2,255</b>	<b>1241</b>	<b>5780</b>	<b>7,021</b>	<b>R591,970,658</b>	<b>R296,565,189</b>	<b>R246,205,386</b>	<b>R6,409,485</b>	<b>R254,809,412</b>	<b>R278,182,389</b>

## ACCESSING THE SPAZA SHOP PROGRAMME 2020-2024 (R100 million Fund)

**Overview:** The spaza-shop support programme is targeted at township and rural entrepreneurs who own spaza shops, general dealers or grocery stores.

**The financial package:** Max. of R10 500 – Grant /R4 500 – revolving loan.

### Who can apply?

- The spaza shop/store must be owner-managed and – operated
- The owner must have a valid South African identification document
- Spaza shop owners must hold a licence to trade or a municipal permit – if they do not have one, they must obtain one before they can access support
- Only permits/licences issued by a municipality, not a counsellor, will be accepted.
- Qualifying spaza shop/general dealer owners must register with the Companies and Intellectual Property Commission (CIPC), the South African Revenue Service (Sars) and the Unemployment Insurance Fund (UIF), in cases where they are not already registered with these organisations.

Province	Jobs Created	Jobs Maintained	No. of Spaza Shops	Total Paid Out
Eastern Cape	720	721	1354	R 7 518 000.00
Free State	770	221	913	R 7 353 500.00
Gauteng	1408	440	1662	R 13 023 500.00
KwaZulu Natal	3394	2513	5567	R 32 725 000.00
Limpopo	1519	1224	2699	R 15 813 000.00
Mpumalanga	287	175	435	R 2 649 800.00
Northern Cape	155	73	231	R 1 669 500.00
Northwest	162	113	255	R 1 571 500.00
Western Cape	166	82	248	R 1 627 500.00
<b>Grand Total</b>	<b>8581</b>	<b>5562</b>	<b>13364</b>	<b>R 83 951 300.00</b>

# THE 2025 SPAZA SHOP SUPPORT FUND

- The launch of the Spaza Shop Support Fund on the 8<sup>th</sup> April 2025 by Minister Stella Ndabeni and Minister Parks Tau marks the 2<sup>nd</sup> iteration of a dedicated fund and forms part of the interventions announced by President Ramaphosa on 15 November 2024 to combat the foodborne illnesses crisis.
- The Spaza Shop sector in South Africa faces many challenges that threaten its sustainability and growth. The key challenges include:
  - Limited access to capital
  - High operating costs
  - Lack of bulk purchasing options, which have the benefit of optimising revenue and reducing costs.
  - Significant food safety concerns, which can undermine consumer trust and create conflict in townships and rural areas where most of the spaza shops operate in.
- The fund seeks to enhance food safety, improve competitiveness, and strengthen locally-owned spaza shops by addressing challenges like poor hygiene, competition from retail chains, and limited access to capital.
- The R500 million fund will be used for business refurbishments, wholesale aggregation, and non-financial support such as skills training, regulatory compliance, and capacity building.

## Stock (grant)

For the initial purchase of stock via delivery channel partners

**R40 000** | Maximum

## Assets and Infrastructure (blended grant and loan)

For the upgrading of building infrastructure, systems, refrigeration, shelving, security

**R50 000** | Maximum

## Non-financial Support/ Business Management Training

Training programmes will include Point of Sale devices, business skills, digital literacy, credit health, food safety, business compliance.

**R10 000** | Maximum

# The 2025 Spaza Shop Support Fund - Qualifying Criteria

Criteria	Description
South African Ownership	The owner of the Spaza Shop must be a South African citizen or naturalised as a South African citizen prior to 1994.
Location	The owner of the Spaza Shop must be a South African citizen or naturalised as a South African citizen prior to 1994.
Municipal Registration	The Spaza Shop must be registered with the local municipality in accordance with the relevant by-laws and business licensing requirements.
CIPC Registration	Registration with the Companies and Intellectual Property Commission (CIPC) will be optional based on the enterprise's funding requirement. For enterprises receiving funding above R80 000 registration with CIPC will be required within a period of 6 (six) months.
SARS Registration	SARS Registration: The business must have a valid registration with the South African Revenue Service (SARS) or alternatively be allowed a six-month transitional period. This includes: Income Tax Registration: The business must be registered for income tax, ensuring that all earnings are reported and taxed appropriately. VAT Registration: If the business's turnover exceeds the threshold set by SARS, it must also be registered for Value Added Tax (VAT), ensuring compliance with tax regulations.

# General Dealer Support Programme

- The **General Dealer Support Programme** is designed to assist small, local retail businesses, especially those in rural or underserved communities, in strengthening their operations and increasing their competitiveness. The programme typically offers targeted support to general dealers, which can include corner stores, mini-markets, and other small-scale retailers, by providing resources and guidance to improve their business operations, sustainability, and growth potential.
- The purpose of the programme is to resuscitate general dealers that were/ are operating in townships and rural areas. This will be done by refurbishing existing derelict buildings, partitioning, and branding them into modern general dealers as well as providing stock. The owners will also be provided with training and mentorship, thus ensuring that their businesses become profitable and sustainable.

# Township & Rural Entrepreneurship Programme

The Township and Rural Entrepreneurship Programme (TREP): An initiative by the SBD Portfolio in collaboration with CoGTA, the dtic, NT, provincial economic development departments and selected municipalities.

- TREP supports informal, micro, and small enterprises and co-operatives in the rural and township economies.
- This programme provides blended finance and business development support to enterprises participating in various economic sectors, to promote these business's inclusion in the mainstream economy.
- The programme supports entrepreneurs in the following sectors: Clothing & Textile, Bakeries and Confectionaries, Tshisanyama and Cooked Food, Retail (including restaurants, car washes, general dealers, etc.), Automotive, Personal Care and Artisans.

- From July 2020 to 30 September 2024, **Small Enterprise Development and Finance Agency (SEDFA)** has approved loans to the value of R1.35 billion and disbursed R1.78 billion (R466 million to 19 580 youth-owned businesses) to 219 226 eligible MSMEs. These businesses in turn helped create and sustain 229 344 jobs.

# Small Enterprise Manufacturing Support

- The Small Enterprise Manufacturing Support Programme was introduced to:
  - Promote and encourage localisation in targeted sectors.
  - Provide small manufacturers with financial support to buy tools of trade and enhance their competitiveness.
  - Increase the relative contribution of manufacturing to GDP;
  - Grow manufacturing employment targets;
  - Change the structure of manufacturing to high tech manufacturing;
  - Increase labour productivity' and
  - Drive import replacement through locally manufactured goods increase exports in manufactured goods.
- The support is in the form of blended finance, which is a combination of a loan and a grant.

- From July 2020 to 30 September 2024, **SEDFA** approved loans to the value of R964 million and disbursed R671 million (R111 million to 18 youth-owned businesses) to 110 MSMEs. These businesses in turn helped create and sustain 4704 jobs.



- The Youth Challenge Fund (YCF) aims to stimulate innovative businesses in response to youth unemployment, seen as a major national challenge that needs an urgent and coordinated response.
  - YCF was designed to mitigate the negative impact of the COVID-19 crisis and the reduction of the creation of businesses, challenging their survival, and limiting their growth.
  - YCF targeted intervention addresses:
    - the significant funding gap in the market for start-up youth-owned enterprises as existing instruments available cannot adequately address their needs, resulting in a very high youth start-up failure rate.
    - Support youth start-ups to promote technology and innovation in youth start-ups enabling these businesses to acquire digital skills.
    - Supporting youth enterprises with any needed adjustments to their business model, improving the viability and competitiveness of registered youth enterprises, and helping them scale up.
- Since the YCF inception in 2021 to Q2 FY 24/25, **sedfa** has approved loans to the value of R274m million and disbursed R189 million to 61 eligible youth entrepreneurs. These businesses in turn helped create and sustain 1211 jobs.



# Asset Assist Support Programme

- The **Asset Assist Support Programme** is designed to help micro, small and medium enterprises (MSMEs) acquire critical assets or equipment necessary for business operations and growth.
- This programme focuses on providing financial assistance or facilitated access to essential tools, machinery, and other fixed assets that MSMEs may struggle to afford independently. It is tailor-made support interventions that are needs based for MSMEs by providing them with a grant to purchase equipment, machinery, and associated working capital to a maximum of R250,000.
- The Asset Assist Support Programme aims to empower MSMEs by equipping them with the tools and infrastructure necessary to enhance productivity, reduce operational costs, and improve service delivery, thereby strengthening their overall sustainability and impact on the local economy.

# Informal Micro Enterprise Development Programme

- The Informal and Micro Enterprise Development Programme (IMEDP) offers a 100% grant to informal enterprises operating in townships and rural areas. The focus is mainly on designated groups i.e. Women, Youth and Persons with Disabilities. Qualifying entrepreneurs are equipped with basic business management training, followed by a grant for acquisition of equipment and tools

# Cooperative Development Support Programme

- The **Cooperative Development Support Programme (CDSP)** is a SEDFA implemented programme with an objective to support co-operative enterprises with business related assets including working capital and business development support (BDS) necessary to achieve production efficiencies, scale-up, access to markets, and improved product quality to improve the sustainability of the co-operative enterprises.
- Cooperatives are supported through the Cooperative Development Support Programme with machinery, equipment, tools, raw materials, stock, commercial vehicles, Information and Communication Technology (ICT) linked to co-operative development activities and Infrastructure set up (e.g. Irrigation system, Eskom electricity connection etc.)

# Business Development Services

- **Business Development Services** encompasses a range of support services designed to help micro, small and medium enterprises (MSMEs) grow, become more competitive, and access new market opportunities. These services include areas such as:
  - **Business planning and strategy:** Assistance in developing business plans, growth strategies, and setting operational objectives.
  - **Financial management and access to finance:** Training in budgeting, cash flow management, and connecting businesses to funding sources.
  - **Marketing and market access:** Support in identifying new markets, branding, sales strategies, and linking MSMEs with potential buyers or supply chains.
  - **Training and skills development:** Providing technical and managerial training to improve MSME operations.
  - **Compliance and regulatory guidance:** Helping businesses understand and meet regulatory requirements, such as tax and legal compliance.

# Funds of Funds

- The DSBD has embarked on the process of developing the Fund of Funds to give effect to the recommendations contained in the MSMEs and Co-operatives Funding Policy.
- The Fund seeks to address market failure caused by the credit market inefficiencies that led to the increasing financing gap in the MSME sector.
- The Fund will be rolled out in collaboration with public and private sector role players for the benefit of MSMEs and Co-operatives.
- The Fund is aimed at mobilising funding and crowding-in investment for small business development with a view to address credit rationing affecting MSMEs and Co-operatives.

# Funds of Funds

- The Fund will provide a risk-based capital based on potential development impact to MSMEs and Co-operatives prioritising start-ups and not excluding businesses in other phases of business development lifecycle.
- The Fund intends to promote financial inclusion by directing concessional funding to targeted groups (Women, Youth and Persons with disabilities) and businesses operating in townships and rural areas

# Amavulandlela Funding Scheme

- The Amavulandlela Funding Scheme offers South African persons with disabilities an opportunity to enter the mainstream economy by accessing credit facilities ranging from R50 000 to a maximum of R15-million to build qualifying entrepreneurial enterprises. The fund was established solely for entrepreneurs with disabilities in response to high levels of poverty and unemployment among this community, and to assist them in accessing fundamental social and economic rights.
- Small and medium-sized enterprises, including close corporations and companies, and co-operatives with at least 50+ 1% ownership by entrepreneurs with verified disabilities are eligible to apply for Amavulandlela funding.
- The entrepreneur must be operationally involved in the daily running of the business.
- Existing businesses seeking to expand is the preferred funding candidates, but start-ups with merit may also be supported.
- Funding should preferably be used for the fulfilment of orders or contracts. • Financing applications must have economic merit (financially sustainable and technically feasible).

# Inyamazane Funding Scheme

- The Inyamazane Funding Scheme offers South African military veterans an opportunity to enter the mainstream economy by accessing credit facilities ranging from R50 000 to a maximum of R15-million to build qualifying entrepreneurial enterprises. The fund was established to address high levels of poverty and unemployment among the veteran community, and to assist them in accessing fundamental social and economic rights
- Small and medium-sized enterprises, including close corporations and companies, and co-operatives with at least 50+ 1% ownership by entrepreneurs with verified military veteran status are eligible to apply for Inyamazane funding.
- Only applicable to small and medium-sized businesses.
- Existing businesses seeking to expand is the preferred funding candidates, but start-ups with merit may also be supported.
- Financing applications must have economic merit (financially sustainable and technically feasible).

# Challenges: Applications for Funding

The quality of applications received significantly affects our ability to efficiently disburse funding and support to deserving enterprises. Several recurring challenges have been observed:

## 1. Incomplete and Poorly Packaged Applications

- Missing or outdated business registration documents (CIPC, SARS).
- Absence of valid tax clearance certificates.
- Omission of financial statements or cash flow projections.
- No clearly defined funding need or use-of-funds breakdown.

## 2. Weak Business Plans and Lack of Strategic Clarity

A substantial proportion of applicants submit generic or template-based business plans that do not:

- Clearly articulate the business model.
- Demonstrate market understanding or competitive positioning.
- Provide evidence-based growth projections.
- Align with the funding instrument applied for.

## 3. Limited Financial Understanding

Applicants often struggle to present accurate or realistic financial information. This includes:

- Unreliable or fabricated financial projections.
- No distinction between personal and business finances.
- Inability to explain profit margins, breakeven points, or cost structures.
- Lack of understanding of loan repayment obligations.

Other challenges include non-compliance with the funding criteria and poor articulation of business impact

# Key Activities International Markets

**International related Programmes that Township and Rural MSMEs may benefit from include:**

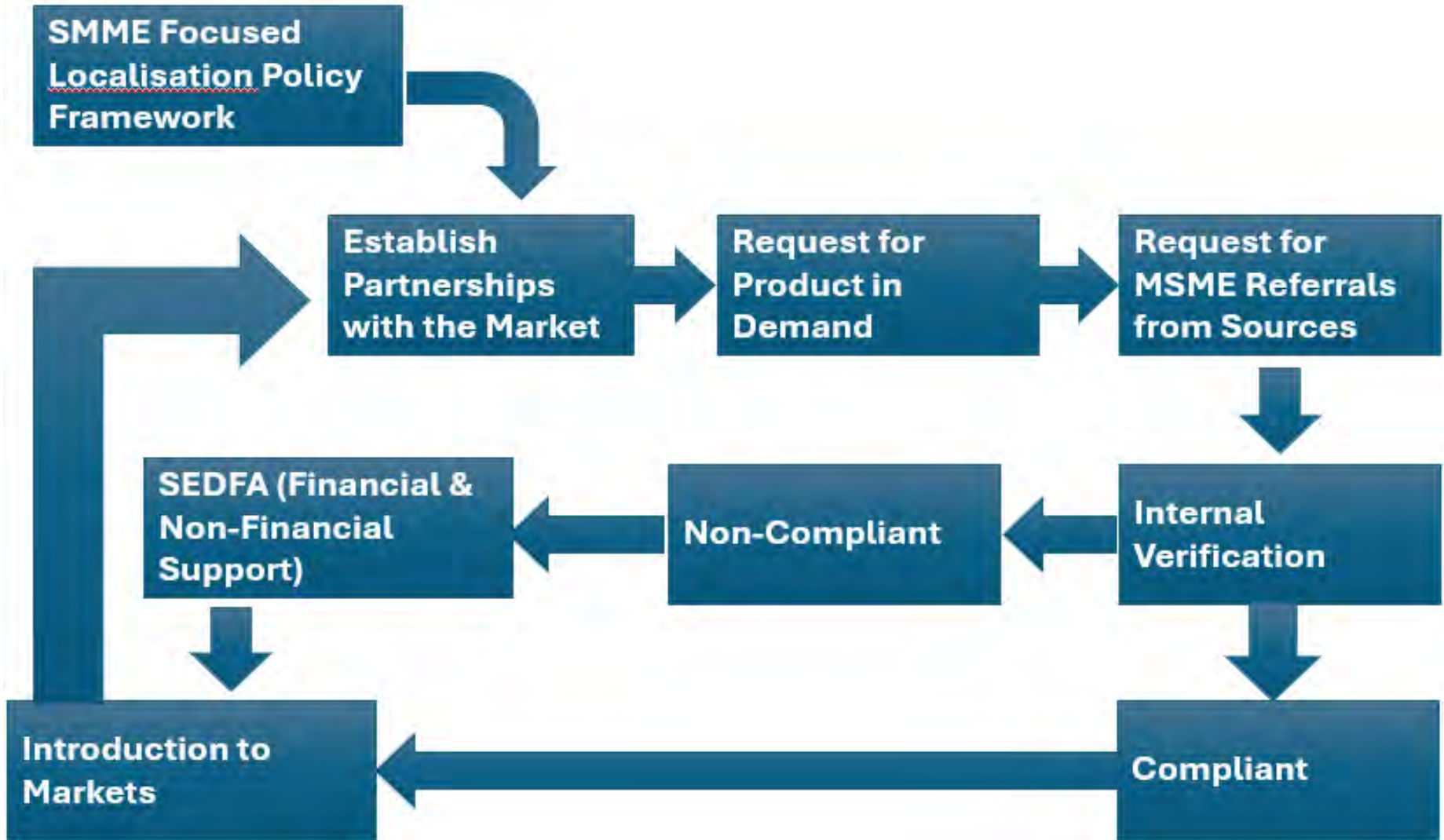
- 1. International Cooperating Partners:** One such partnership facilitates women-owned enterprises' competitiveness in global markets. Through the SheTradesZA Hub activities, implemented by Sedfa in partnership with the International Trade Centre (ITC), the DSBD fosters women's participation in international trade.
- 2. Multilateral and Bilateral agreements and engagements:** This encompasses participation in bilateral, high-level, and multilateral engagements/events, as well as the facilitation of Memorandums of Understanding (MoUs).
- 3. Small Business Exporter Development Scheme, SBEDS Guidelines:** Aims to expose MSMEs to international market opportunities through expos and missions. The Guidelines aim to cover costs for activities supporting the development of South African Small Business exporters, including expanding into new markets, fostering job creation, and boosting participation of black-owned enterprises in exports. Particularly prioritises the African Continent with the aim of bringing the AfCFTA agreement to life.
- 4. Exporters Development Programme** housed with Sedfa: This programme aims to develop export-ready small enterprises that are globally competitive and capable of expanding markets both locally and internationally.

In the 2024/25 financial year the target was to support 200 SMMEs and Co-operatives exposed to global market opportunities. 244 SMMEs and Co-operatives were exposed to global market opportunities, 44 over and above the 200 planned, through the AfCFTA -South Africa opportunities. 101 were woman owned businesses were assisted.

# Market Linkage Programme

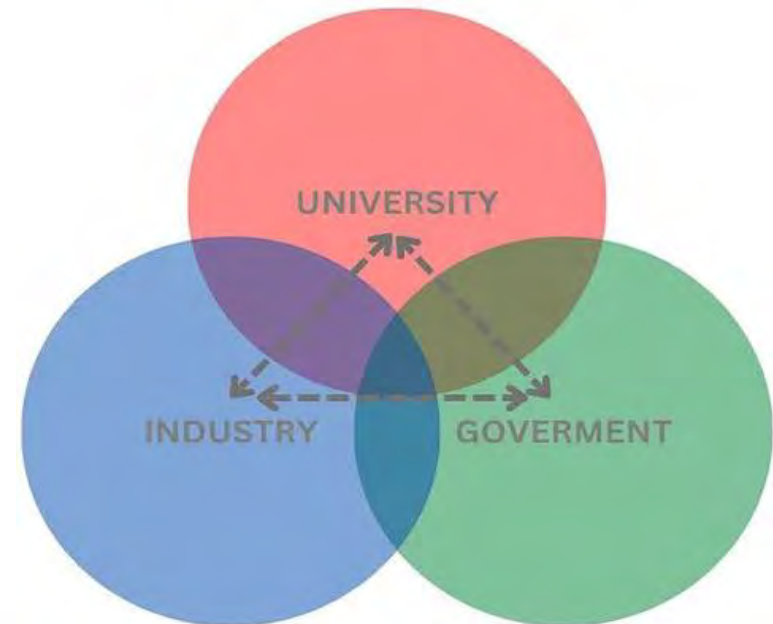
- DSBD has also created a route to market as part of implementing the localisation policy framework by establishing partnerships with the private sector to onboard MSMEs as suppliers.
- DSBD has an annual target of linking MSME products to domestic markets. Even though the linking of these products takes time, DSBD compliments this activity by conducting market expansion workshops.
- The market expansion workshops are co-ordinated with a range of players such as private sector players, local municipalities and entrepreneurs.
- DSBD makes every effort to target both township and rural enterprises to attend these sessions so that private sector players could present market opportunities to entrepreneurs, the requirements and support available.

# DOMESTIC MARKETS PROCESS FLOW



# ESTABLISHMENT OF INDUSTRIAL CLUSTERS

- **Cluster initiative** can be described as a collaboration between different interest groups in a particular sector or niche to remove the impediments, identify new market opportunities, improving skills coming into the system, attracting investment and collectively co-operate to grow the targeted sector or niche.
- **Cluster initiatives** are a collaborative framework “Triple-Helix Approach”, where entities come together in a specific geographic area or sector to enhance competitiveness and innovation.



# Gauteng Automotive Cluster

- DSBD and the AIDC had recently welcomed a feasibility study commissioned by the International Labour Organisation (ILO) which looked at how MSMEs and in particular those based in townships and rural areas could be linked to private sector value chains.
- This feasibility study reveals a sector with substantial assets but untapped potential, particularly for small and medium enterprises (SMEs). While the region benefits from a relatively skilled labour force, proximity to logistics corridors, and institutional support (e.g. AIDC, Tshwane Automotive Special Economic Zone [TASEZ]), it remains hamstrung by fragmentation, inconsistent support mechanisms, and siloed interventions.
- Stakeholder engagements, including workshops, surveys, and interviews with OEMs, Tier 1,2 and 3 suppliers, and other MSMEs, identified several common challenges:
  - 1. Fragmented Support Ecosystem**
  - 2. Infrastructure Bottlenecks**
  - 3. Skills Gaps**
  - 4. Funding and Market Access Barriers for SMEs**
  - 5. Policy and Administrative Complexity**
  - 6. Employment at automotive suppliers has flatlined**

# BUSINESS INFRASTRUCTURE SUPPORT PROGRAMME

- DSBD has revamped its business infrastructure support programme focusing on informal, micro, small and medium enterprises as well as co-operatives, particularly township and rural enterprises.
- The programme is an instrument responding to the ecosystem identified Infrastructural needs through **product markets, container model structures, industrial hub, renovation of an existing dilapidated buildings owned by government, erecting of a new building using steel fabrication etc.** for potential, informal and operational entrepreneurs.
- The programme also incorporates the provision of tools, equipment, machinery and energy solutions.

## Strategic Role

- The infrastructure programme is positioned as a **value chain enabler**—providing MSMEs and co-operatives with not just premises, but also the necessary **equipment and energy solutions** to reduce operational bottlenecks.
- This approach aligns with national strategies like Growth and Inclusion Strategy (GAIN) and MTDP 2024–29), ensuring that MSME hubs and facilities contribute to:
  - **Local economic development** (particularly in township and rural areas)
  - **Job creation and industrial growth**
  - **Support for agro-processing, manufacturing, and trading sectors**

## Forward-looking Focus

- Expanding **business infrastructure hubs** nationwide, with a focus on underserved areas.
- Leveraging partnerships (government and private sector) to build sustainable infrastructure and provide integrated support services.
- Positioning infrastructure as a **foundation for market access, productivity, and competitiveness** for MSMEs.

## Achievements to Date

- **Projects Supported:** 17 total
- **Completed & Launched:** 10 projects

**Total Investment Value:** R104,137,132

- These projects span across multiple provinces and cover both **renovations** of existing infrastructure and **construction of new facilities**.

## **Examples of completed Projects (rural and township informal traders and manufacturers)**

### **Eastern Cape:**

- Refurbishment of KwaNtozonke Market
- Renovation of Chris Hani Pack House

### **KwaZulu-Natal:**

- Intloko Meat Sellers Facility at KwaMashu Train Station
- Bergville Light Industrial Hub (Phases 1–3)

### **Free State:**

- Mangaung SMME Hub

### **Gauteng:**

- Renovation and expansion of Spartan Industrial Manufacturing Supplier Park
- Kgosi Maubane Irrigation

### **Mpumalanga:**

- Avocado Oil Processing Facility

# EXAMPLES OF BUSINESS INFRASTRUCTURE SUPPORT PROGRAMME



Photographs **after** renovations

# EXAMPLES OF BUSINESS INFRASTRUCTURE SUPPORT PROGRAMME



Photographs **before** renovations

# Regional Office Contacts

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Eastern Cape	East London	Chesswood Office Park, 8 - 10 Winkley Street, 2nd Floor, Berea, East London - 5241		
	Port Elizabeth	329 Cape Road, Newton Park, Port Elizabeth, 6000		
	Mthatha	Sisson Street Fort Gale, Ground Floor, ECDC House, Mthatha		
Free State	Bloemfontein	Office 4 & 5, Preller Square, Graaf Reinet Street, Dan Pienaar, Bloemfontein, 9301		
Gauteng North	Riversands	Incubation Drive, Riverside View Ext 15, Diepsloot, Midrand		

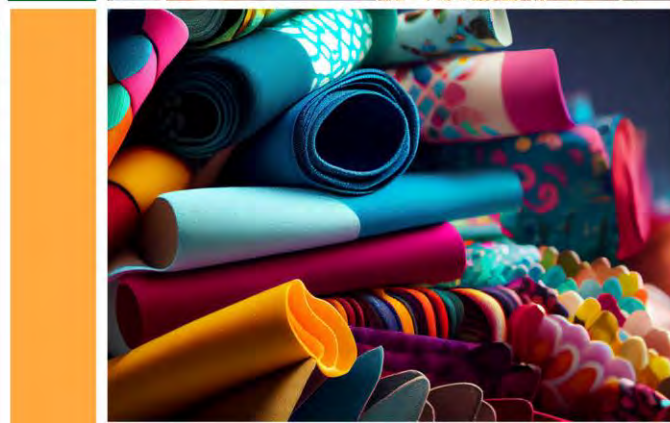
# Regional Office Contacts

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Gauteng South	Parktown	17 Empire Road, Hillside, House, <b>Parktown</b>		
KZN	Durban	21st Floor, Office 2102, Durban Embassy Building, Anton Lembede Street, <b>Durban, 4001</b>		
Limpopo	Polokwane	Suite 4, No 43 Biccard Street, Biccard Park, <b>Polokwane, 0699</b>		
Mpumalanga	Nelspruit	Corner Streak & Ferreira Street, 3rd Floor, Office 301, MAXSA Building, <b>Nelspruit, 1200</b>		
North West	Rustenburg	32B Heystek Street, Sunetco Building, <b>Rustenburg, 0299</b>		

# Regional Office Contacts

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Northern Cape	Kimberley	72 Long Street, Business Partners Building,  <b>Kimberly, 8301</b>		
Western Cape	Cape Town	9th Floor, Clicks Building, 2 Long Street,  <b>Cape Town, 8001</b>		

# Thank you





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