



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3567

Mr T M Langa (IFP) to ask the Minister of Trade, Industry and Competition:

- (1) Whether his department has had any engagements with Municipalities to effectively reduce red tape and administrative delays in issuing permits for spaza shop owners; if not, what is the position in this regard; if so, what are the relevant details;
- (2) what (a) total number of spaza shop owners have successfully applied for and received support from the Spaza Shop Support Fund since its launch and (b) are the relevant details of the demographic breakdown in terms of (i) each province, (ii) gender and (iii) age group? NW4060E

REPLY:

I have been advised by the National Empowerment Fund (NEF) as follows.

- (1) The NEF engaged the municipalities to discuss the challenges with permits for spaza shops and the municipalities have indicated they will engage within their structures and with COGTA to explore solutions.

As part of this process, the NEF conducted workshops with municipalities on the Spaza Shop Support Fund.

Furthermore, the NEF has continuously held meetings with municipalities to:

- Determine the registration status of businesses in their jurisdiction.
- Verify their database of issued business licences and trading permits against the applications received.
- Identify limitations and bottlenecks that municipalities were experiencing in processing these licences.
- Explore possible areas of collaboration to streamline and simplify procedures, including the verification process.

In addition to these initiatives, the NEF, in collaboration with the Department of Trade, Industry and Competition (**the dtic**), the Department of Small Business Development (DSBD), and the Small Enterprise Development Finance Agency (SEDFA), has rolled out a national outreach programme targeting rural and township municipalities. To date, this programme has covered all nine provinces.

The engagement with municipalities is ongoing and forms a key component of the Spaza Shop Support Programme's implementation. Mayors, Members of Mayoral Committees (MMCs), and municipal officials are all participating in these sessions alongside the NEF team.

The main objectives of the outreach programme include:

- Creating awareness of the Spaza Shop Support Fund.
- Training spaza shop owners on the application portal and process.
- Addressing bottlenecks in the application process — particularly the issuance of licences and permits — by having all stakeholders in the same venue.
- Providing a platform for the NEF to share market intelligence with municipalities about the on-the-ground challenges spaza shops face in obtaining licences and permits. This information assists municipalities in identifying and removing bottlenecks that create unnecessary red tape and administrative delays.

While the registration and issuing of spaza shop licences or permits falls under the Department of Cooperative Governance and Traditional Affairs, the NEF has engaged municipalities to facilitate and streamline this process.

The role of local government in implementation of the Spaza Shop Support Fund include the following:

- Municipalities are responsible for processing and issuing business licences and trading permits, which are prerequisites for accessing the fund.
- Beyond license registration, municipalities enforce health, safety, and other regulatory standards by conducting periodic inspections.
- Municipalities are required to verify and confirm the business licences and trading permits of Spaza Shop Fund applicants.
- Provinces, through their municipalities, were asked to submit their licensing/permit databases to enable the NEF to verify this information during the application assessment process.

Furthermore, the NEF assists spaza shop owners to become compliant — for example, by helping them to obtain Certificates of Acceptability (COA). This financial support removes barriers to compliance and enables spaza businesses to operate in a compliant and sustainable manner.

It should also be noted that the qualifying requirements have been simplified to cut red tape. The specific information required from applicants comprises a list of all approved licence or permit holders, with details such as:

- Name and surname
- ID number
- Company name
- Company registration number
- Licence or permit number

This collaborative approach — involving the NEF, **the dtic**, DSBD, SEDFA, and municipalities — is a key driver in reducing red tape and administrative delays. It aims to make the programme more accessible, foster greater participation by micro businesses in the retail value chain, and empower spaza shop owners to grow their businesses in a compliant and sustainable way. Importantly, this collaboration directly supports the government's objective of addressing health and safety issues — particularly food poisoning — by helping businesses meet

required standards and thereby protecting consumers while strengthening the role of spaza shops in local economic development. Furthermore, the simplification of the application process assists in reducing red tape and makes it easier for spaza shop owners to access the programme and benefit from its support. and

- (2) The table below summarises the key statistics that respond to the questions raised in the parliamentary question above:

Province / District	Applications received	Black Owned	Female Owned	Youth Owned	Disabled Owned
Eastern Cape	61	56	31	23	1
Free State	96	95	54	20	2
Gauteng	175	173	65	66	7
Kwa-Zulu Natal	404	391	207	55	8
Limpopo	67	64	23	32	1
Mpumalanga	53	51	22	25	2
North West	28	28	12	16	1
Northern Cape	68	66	49	15	1
Western Cape	42	39	25	13	0
Total	994	963	488	265	23

- a) The NEF has commenced with the due diligence process, which involves physical verification of the qualifying applications. This process includes:
- Verifying the existence of the applicant and confirming, based on their South Africa ID documents, that the applicant is a South African citizen.
 - Verifying the physical site of the spaza shop to ensure it operates from the location specified in the application.
 - Ensuring that the applicant is not acting as a front on behalf of individuals who do not meet the programme criteria — in particular, non-South Africa nationals.

The applications that have progressed to due diligence have already met the initial documentary compliance requirements, including submission of licences and trading permits.

Of the total 6,830 spaza shop owners who initiated online applications, 994 have submitted all the required documents, and 963 have qualified and are currently

undergoing physical verification. The latter (963) are applications owned by black South Africans, as supported by the documentation provided.

This process is expected to be finalised by the end of June, and funding should be processed soon thereafter.

- b) The relevant details of the demographic break down in terms of:
 - i) For each province, please see the details in the **table above**.
 - ii) A total of 49% qualifying applications, are owned by women.
 - iii) A total of 27% qualifying applications, are owned by youth.
 - iv) In addition, 23 applications received are owned by people living with disabilities.

The balance of about 5,836 applications from the total of 6,830 cannot be processed due to incomplete information submitted, including mostly the retail and/or trading permits. These applications have not been declined but will be provided non-financial support which will include assisting them to submit the correct documentation, including applying for the licenses and/or trade permits. NEF is continuously engaging the relevant municipalities in this regard.

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