



DRAKENSTEIN

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SMME Support Plan

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Signed by the City Manager

Signature Date

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1 DEFINITIONS

For the purposes of this plan, unless otherwise stated, the following definitions shall apply:

Businesses Act	Means the Businesses Act, No. 71 of 1991 including any regulations issued thereunder.
Entrepreneurship	Means any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business. Similarly, an entrepreneur is someone who engages in entrepreneurship activities.
Gross Domestic Product (GDP)	Means the total value of all final goods and services produced within the geographic boundaries of a country in a particular period (usually one year).
Incubation	Means a unique and flexible combination of business development processes, infrastructure, and people designed to nurture new and small businesses by assisting them through the early stages of their development when they are most vulnerable.
Informal	Means legal informal economy activities.
Formal	Means legal formal economy activities.
Innovation	Means the application in practice of creative new ideas, which may include the introduction of inventions into the marketplace.
Municipality	Means the Municipality of Drakenstein established in terms of Section 12 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), Provincial Notice 488 dated 22 September 2000.
SMMES	Means small, medium and micro-enterprises and is defined according to the scheme determined in the National Small Business Act, 1996 (Act 102 of 1996). This focuses on the size of the business in terms of the following criteria: the number of employees, assets, turnover and the sector/industry where the business operates.



2 EXECUTIVE SUMMARY

2.1 Introduction

Small, Medium and Micro-sized Enterprises (SMMEs) play an important role in the development of the Drakenstein economy as a whole, contributing significantly to sustainable and inclusive growth. SMMEs, who have enormous potential in job creation, are considered as a backbone of Drakenstein's economy, as they provide income to local citizens and to unemployed households.

SMME'S are highly heterogeneous cutting across industries and the formal-informal sector divide. In Drakenstein, SMMEs operate in various sectors, such as trade and accommodation, retail, catering and construction.

Furthermore, a strong and well-developed SMME sector can contribute significantly to economic growth through the creation of a modern entrepreneurial culture, export markets and innovation. As such, Drakenstein Municipality has recognised the importance of local sustainable municipal interventions and support to ensure an enabling environment for small businesses to grow and thrive to contribute towards the inclusive economic growth of the area.

The purpose of this SMME Support Plan is as follows:

- To create an enabling environment to foster small business success;
- To develop a regulatory and business environment that empowers small businesses to aspire to be the best they can be;
- To create an informed understanding about the SMME sector, challenges and opportunities; and
- To promote a business environment that encourages entrepreneurship and SMME development.

This plan will form the basis for the design, development and implementation of projects, programmes and initiatives to support small businesses to ensure a more globally competitive and sustainable SMME sector.

2.2 Background rationale

The problems and challenges that SMMEs face are multi-faceted and wide-ranging. Below are some of the key challenges that the sector within the Drakenstein Municipal area faces on a daily basis:

- Inadequate access to business information;
- Insufficient infrastructure to operate businesses;
- The role of the municipality not clearly specified;
- Low skill levels still exists within the SMMEs;
- An increase in the cost of doing business due to the regulatory burden on enterprises;

- Limited access to markets through procurement opportunities, local and international markets; and
- Lack of and inadequate access to both financial and non-financial resources.

It is therefore required that the municipality provide interventions to support and enhance SMME development in order to combat the above challenges.

In 2019 Drakenstein Municipality adopted the Integrated Economic Growth Strategy (IEGS), which is a bold strategy to facilitate inclusive economic growth over the next 14 years. The IEGS has identified SMME Development as a key strategic enabler to achieve sustainable inclusive economic growth. For this reason, the municipality has identified the need to develop a succinct SMME Support Plan that will give effect to the key recommendations outlined in the IEGS.

This SMME Support Plan outlines the key interventions to establish mechanisms to ease some of the constraints which prevent SMME development and will focus on the implementation of business support initiatives, projects and programmes that are aligned to the Key Performance Area (KPA5 - Planning and Economic Development) which aims *"to plan and facilitate sustainable and inclusive economic growth and development"* (2018/2024 Integrated Development Plan (IDP) - 2019 Review).

Section three of this plan outlines the SMME policy context and demonstrates that this plan aligns to both provincial and national policy priorities. Section four focuses on a comprehensive outline of the IEGS's key recommendations. Section five provides a comprehensive summary of the ongoing constraints SMMEs face in Drakenstein in particular. Section six outlines the strategic interventions towards SMME development. Section seven lays out implementation of the support plan while section eight highlights institutional arrangements. Section nine capsulate the strategic partnership to facilitate the successful implementation of this support plan while section ten provides the monitoring and evaluation mechanisms the municipality must implement to give effect to the key recommendations of this plan.

3 CONTEXT FOR SMME SUPPORT

3.1 Strategic alignment

3.1.1 National Development Plan (NDP)

According to the National Planning Commission, job creation is South Africa's most important challenge and the private sector growth is reliant on the development and support of an entrepreneurial corps that can identify and seize business opportunities. As such, this support plan aligns with the priorities outlined in the NDP regarding support for entrepreneurs as potential job-creators, the need to create an enabling environment for entrepreneurs, and recognises the role of entrepreneurs and SMME development in transforming ownership in the economy.



3.1.2 Integrated Development Plan (IDP)

This SMME Support Plan aligns with Drakenstein Municipality's IDP's Strategic Focus Areas as follows:

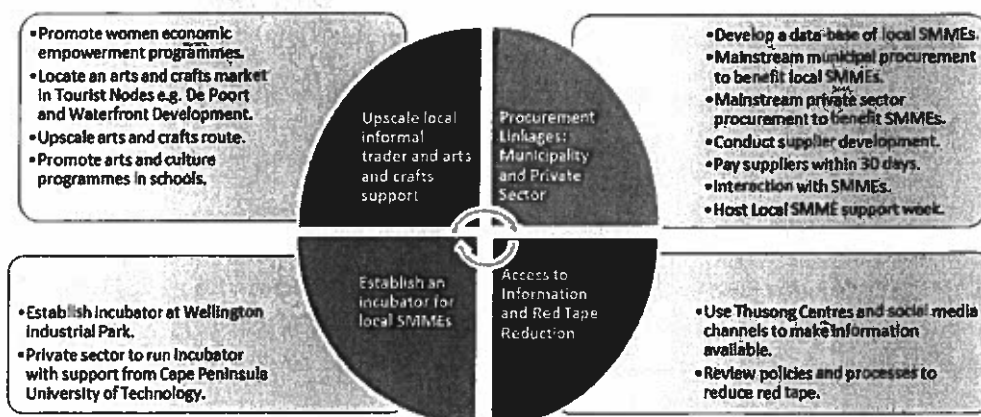
- **Economic Development and Poverty Alleviation:**
 - Maximising value chain linkages between small businesses and large firms will contribute to economic inclusivity;
 - Having a well-run municipality for the provision of services to support their operations; easily accessible information; and clear business processes and systems.
- **Growth and Investment Promotion:**
 - The creation of an enabling environment which attracts investment to generate economic growth and job creation;
 - Maximising available levers to provide opportunities for business creation and growth.

3.1.3 Integrated Economic Growth Strategy (IEGS)

The IEGS is a strategic sector plan of the IDP outlining key focus areas to stimulate economic growth and development. The strategic objectives of the IEGS also relate to the growth of businesses and the creation of an enabling environment for thriving entrepreneurs.

The IEGS speaks to international best practice mechanisms to support SMMEs, highlighting the importance of creating an efficient regulatory environment, reducing red tape, importance of a favourable business environment and support for entrepreneurs. The IEGS further provides targeted medium to long-term interventions to address small business development which will need to be implemented through a stakeholder and partnership-driven approach.

Figure 1: Drakenstein Municipality Small Business Development Approach



The main interventions include, but are not limited to:

- **Short to medium term:**
 - Design a comprehensive SMME development programme;
 - Mainstream procurement to benefit SMME's;
 - A SMME support week should be run annually to link large and small businesses; and
 - Municipality facilitating access to information on SMME support.
- **Medium to long term:**
 - Once the municipal regulatory review is undertaken, process improvements will need to be implemented;
 - An SMME incubator at Wellington Industrial Park within the agri-innovation hub;
 - Location of small business suppliers in the industrial parks;
 - Ensuring that developers use SMME's for the construction of industrial parks;
 - Establish a business one stop shop for practitioners and mentors to provide businesses advice; and
 - Support to informal traders and the arts and crafts sector should be up-scaled.

3.2 Regulatory context

This support plan is aligned and informed by the following national laws and regulations:

- Constitution of the Republic of South Africa, 1996;
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- Broad-Based Black Economic Empowerment Regulations, 2016 (Gazette no. 40053);
- Amended Codes of Good Practice, 2013 (Gazette no. 36938);
- National Small Enterprise Act, 1996 (Act No.102 of 1996);
- The Companies Act, 2008 (Act No. 71 of 2008);
- Businesses Act, 1991 (Act No. 71 of 1991);
- Deeds Registries Act, 1937 (Act No. 47 of 1937);
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003); and
- Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998).

4 SMME SECTOR OVERVIEW

4.1 Profile of SMMEs in South Africa

South Africa is one of the countries that focuses strongly on the promotion of SMME sector development for economic growth and development and similarly SMMEs in South Africa provide a great deal of opportunities to the unemployed.

According to the latest SMMEs survey (2019-Q1) published by Small Enterprise Development Agency (SEDA) the number of enterprises and employment continues to grow. The SMME sector also absorbs labour being shed in the large enterprises and/or the new entrants to the labour market that are not successful in finding employment elsewhere. Formal SMME enterprises witnessed strong growth in employment (33%, or an estimated 1.7 million people) over the year to 2019-Q1. This may, partly at least, reflect pressures in the large enterprise sector, experiencing job losses.

The survey further highlighted that there is a lower share of young SMMEs and less qualified or educated owners which hint towards qualitative improvements in the sector: higher survival rates, older aged and more experienced owners, being on balance, better qualified and in the managerial, professional and technical occupations. To be true, survival remains a key characteristic of the SMME sector. The encouraging part is that these adverse characteristics have softened over the past decade. SMME support should remain focused on sustaining this trend through the required training, financial and other support.

The broader South African economy is in a serious predicament to the extent that any SMME support will be overshadowed by the adverse business conditions. Under these circumstances, it is imperative to ensure that SMME business strategies are aligned accordingly.

Table 1: SMME key indicators 2019Q1

KEY INDICATORS	2018Q1	2018Q4	2019Q1	q-o-q change	y-o-y change
Number of SMMEs	2 443 163	2 557 762	2 550 540	0.3%	-4.4%
Number of formal SMMEs	658 719	745 061	736 198	-1.2%	11.8%
Number of informal SMMEs	1 714 233	1 744 013	1 754 443	0.6%	2.3%
Number jobs provided	8 886 015	10 597 371	10 839 819	2.3%	22.0%
% operating in trade & accommodation	39.3%	41.1%	41.3%	0.2% pts	2% pts
% operating in community services	15.1%	12.7%	12.7%	0% pts	-2.4% pts
% operating in construction	13.6%	14.9%	13.9%	-1% pts	0.2% pts
% operating in fin. & business services	13.3%	13.0%	13.3%	0.3% pts	0% pts
% black owned formal SMMEs	74.9%	74.7%	74.5%	-0.1% pts	-0.3% pts
% contribution of SMEs* to turnover of all enterprises [†]	39.5%	37.1%	38.2%	1% pts	-1.3% pts

*excluding micro enterprises

[†]excluding agriculture, financial intermediation, insurance and government institutions

[†]The contribution of SMEs to GDP is contested. An estimate could be possible from existing National Accounts data. However, further research, in cooperation and with assistance from Statistics South Africa, is needed.

Source: SEDA, 2019

4.2 SMMEs by province and industry

The beginning of 2019 saw 35% of SMMEs operating in Gauteng, followed by 15% in KwaZulu-Natal, close to 12% in Limpopo and 11% in the Western Cape. Overall, all provinces, except the Eastern Cape, and Limpopo, experienced an increase in SMMEs, with the Western Cape experiencing a 7% year-on-year increase.



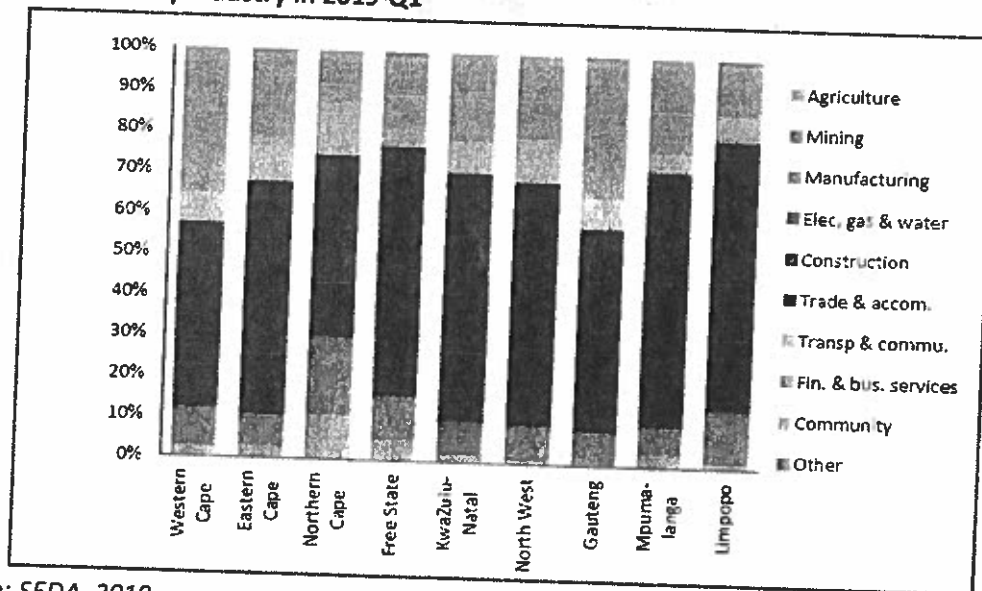
Table 2: SMME owners by province

Occupation	2018Q1		2018Q4		2019Q1		Quarterly change		Yearly change	
	Number	Distrib.	Number	Distrib.	Number	Distrib.	Number	%	Number	%
Western Cape	269 256	11.0%	279 741	10.9%	288 194	11.3%	8 453	3.0%	18 938	7.0%
Eastern Cape	212 292	8.7%	189 813	7.4%	179 908	7.1%	-9 905	-5.2%	32 384	15.3%
Northern Cape	23 904	1.0%	23 811	0.9%	25 577	1.0%	1 766	7.4%	1 673	7.0%
Free State	114 584	4.7%	101 087	4.0%	121 740	4.8%	20 652	20.4%	7 156	6.2%
KwaZulu Natal	333 461	13.6%	385 713	15.1%	390 115	15.3%	4 402	1.1%	56 654	17.0%
North West	125 535	5.1%	126 912	5.0%	126 725	5.0%	-187	-0.1%	1 190	0.9%
Gauteng	847 329	34.7%	917 023	35.9%	903 220	35.4%	-13 803	-1.5%	55 891	6.6%
Mpumalanga	201 922	8.3%	228 161	8.9%	219 083	8.6%	-9 078	-4.0%	17 161	8.5%
Limpopo	314 880	12.9%	305 500	11.9%	295 978	11.6%	-9 522	-3.1%	18 907	6.0%
Total	2 443 163	100.0%	2 557 762	100.0%	2 550 540	100.0%	-7 222	-0.3%	107 377	4.4%

Source: SEDA, 2019

The SMME industry distribution of most provinces remained relatively stable over the year to 2019-Q1; the trade and accommodation sector (internal trade) is the largest in all provinces. This sector accounted for 41% of SMMEs in the country; however, is smaller in the Western Cape, Northern Cape and Gauteng (35%, 31% and 37% respectively). These three provinces have unique characteristics; the Northern Cape economy is concentrated in agriculture and Gauteng and the Western Cape in financial and business services.

Figure 2: SMMEs by industry in 2019-Q1



Source: SEDA, 2019

[Handwritten signatures]

Table 3: SMMEs by province and industry 2019-Q1

	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo	Total
Agriculture	8 043	5 297	2 808	6 413	7 876	1 364	2 928	6 795	3 904	45 429
Mining	0	0	0	0	0	0	0	0	0	0
Manufacturing	27 301	13 817	4 835	12 716	32 088	10 607	73 625	15 053	38 261	228 303
Elec. gas & water	0	0	0	0	1 041	0	0	0	0	1 041
Construction	29 334	26 655	3 341	18 947	63 212	16 726	109 092	34 290	51 880	353 477
Trade & accom.	100 045	75 526	8 007	55 487	172 292	58 576	338 403	101 756	143 294	1 053 365
Transp & commu.	20 687	20 271	3 308	5 652	30 461	13 488	67 597	10 925	18 726	191 114
Fin. & bus. services	48 069	16 604	1 097	9 384	38 930	11 710	183 155	21 460	9 287	339 697
Community	54 715	19 821	2 181	11 823	42 587	14 253	122 373	28 805	27 067	323 825
Other	0	1 917	0	1 319	1 628	0	6 046	0	3 559	14 470
Total	288 194	179 908	25 577	121 740	390 115	126 725	903 220	219 083	295 978	2 550 540

Source: SEDA, 2019

4.3 Drakenstein SMME Environment

Drakenstein Municipality is the leading contributor to overall Gross Domestic Product (GDP) in the Cape Winelands District (CWD). As of 2017, CWD's economy was valued at R65.3 billion, in current prices, which is a contribution of 11.5 per cent to the GDP of the Western Cape Province. Drakenstein accounted for 32.7 per cent of total CWD GDP in 2017 (MERO, 2019).

The economy of the Drakenstein area was valued at R21.3 billion in 2017 (in current prices) and employed 109 871 people. It is estimated that the economy grew marginally to R22.1 billion in 2018 and absorbed 1 435 more persons. The estimated growth rate of GDP in 2018 was 0.7 per cent, which is slightly below the average growth rate of 0.9 per cent in the CWD (MERO, 2019).

SMME's are present in all towns of Drakenstein with most operating within Paarl and Wellington. The Municipality has also embarked on creating an enabling environment to regulate the informal economy through demarcating trading spaces, issuing trading permits and implementation of the Informal Trading Management Policy and By-law. Furthermore, the Municipality seeks to address the issue around availability of trading space through earmarking new trading spaces. Illegal trading is monitored by both the Economic Growth Division and Law Enforcement.

5 SMME SECTOR CONSTRAINTS

5.1 Access to information

Most SMMEs have difficulty accessing relevant information which will contribute toward business development and growth. Access to information for SMMEs is important in that it provides entrepreneurs with a competitive edge in running their businesses. Business information (financial and non-financial) develops effective business ventures. Key information needed by SMMEs include the following, amongst others (Ledwaba and Makgahlela, 2017):

- Networking for business linkages and opportunities;
- New technology and innovation;

- Public incentives bodies;
- Market opportunities, such as procurement opportunities;
- Market changes for goods and services (e.g. prices, demand & supply); and
- General business information (e.g. registration, procedures, taxation and tariffs).

It is important that SMME access adequate information to enhance productivity and to facilitate market access. The lack of business information affects growth and SMMEs' ability to provide jobs and income opportunities in both urban and remote rural areas. The Municipality needs to be a point of access to relevant information on resources that SMMEs need to grow their businesses.

5.2 Access to financial resources

Access to finance remains a challenge which impacts SMMEs in Drakenstein. The demand for financial assistance is high in the survivalists, micro and very small enterprises, due to a number of factors such as risk profile linked to them in terms of funding and lack of credit worthiness.

There is poor accessibility of information on various sources of SMME funding and its specific criteria. The Municipality needs to play an informative role linking activities or programmes of the different SMMEs, through research and funding opportunity identification.

5.3 Skills development

The Drakenstein municipal area employs the majority of working persons in the Cape Winelands District which is linked to the labour-intensive nature of the service industries. Between 2008 and 2011, low- and semi-skilled workers experienced significant job losses, with the largest proportion of the job losses experienced by low-skilled workers (MERO, 2019). Within the same period, skilled workers experienced improvements in employment, although only marginally.

Most of the low-skilled workforce who have been absorbed in the municipal area are working in the agriculture, forestry and fishing sector. This is followed by the community, social and personal services sector. The spread of semi-skilled personnel is proportional across other sectors. The demand for skilled people is highest in finance, insurance, real estate and in business services, and general government sectors.

Even though there are numerous institutions providing training and advisory services to SMMEs, there is still a skills gap in the SMME sector as a whole. This is mainly a result of limited availability of relevant training opportunities related to business development activities. The Municipality needs to create and facilitate access to training opportunities in Drakenstein.

5.4 Access to markets and competitiveness

Access to markets is always raised as a challenge for enterprises and mostly the response has been to assist entrepreneurs to participate in exhibitions. However, that does not increase the access

as the main source of the problem is not addressed. The main question is whether or not entrepreneurs have the ability to market their products and see the benefits? Without such knowledge, businesses will not view marketing as an important input to be covered within the business plan. It is therefore critical to ensure that enterprises are able to market themselves and increase their competitiveness.

SMMEs play an important role in promoting innovation and increasing competitiveness in our economy and increased access to markets will not only boost economic growth, but also empower SMMEs and other business ventures.

There is a need to improve the competitiveness of SMMEs in Drakenstein to allow for increased access to markets. This requires entrepreneurs to have adequate technical skills to allow productivity and quality standards of goods and services to improve. As a result, the SMMEs products' export readiness will be improved.

6 STRATEGIC INTERVENTIONS TOWARD SMME DEVELOPMENT

6.1 Regulatory Modernisation

In order to limit regulatory red tape and create an enabling environment for businesses to thrive, the municipality will:

- a) Establish communication and facilitation mechanisms between the municipal departments to ensure that red-tape can be unraveled following the identification of a blockage; and
- b) Conduct regular business and entrepreneurial environment assessments to understand the sentiment and operational needs of SMMEs and entrepreneurs within Drakenstein.

6.2 Small Business Support Service

The municipality is committed to ensure that relevant information and support requested by SMMEs and entrepreneurs are available by providing information and guidance on:

- a) Municipal procedures, business assistance programmes and regulatory compliance;
- b) Appropriate municipal officials and resources;
- c) Suitable external sources of funding;
- d) Support organisations and programmes;
- e) Economic trends and market opportunities; and
- f) Industry-specific information for targeted sectors.

The municipality will facilitate industry and sector forums to coordinate business support for SMMEs and entrepreneurs with the intention of leveraging industry specific business support.



6.3 SMME Support through Procurement

Recognising that procurement is one of the major levers for business development, the municipality will:

- a) Implement and support Enterprise and Supplier Development programmes targeted at improving the competitiveness of SMMEs and offering access to new markets through the supplier database;
- b) Form partnerships with support organisations to develop suppliers to meet entry and contractual obligations for municipal procurement opportunities;
- c) Investigate options to encourage businesses that secure large contracts to form joint ventures with small businesses in order to support value chain linkages and ensure business growth; and
- d) Utilise the SCM Policy and the Preferential Procurement Policy to support SMMEs.

6.4 Promoting SMME Incubation and Innovation

In order to promote and support growth and sustainable SMME's the municipality is committed to:

- a) Periodically identify opportunities to use facilities or land not required for municipal service provision, for business incubation;
- b) Similarly, upon approach from business incubation or support organisations, the municipality will investigate the use of vacant municipal facilities for temporary use as incubation hubs or business development centres; and
- c) Advertising underused facilities or land for business incubation, through the municipal Asset Transfer Regulations (MATR) disposal programme.

6.5 SMME Support through Area Economic Development

With consideration for promotion of economic inclusion, informal and formal business development and growth the municipality will:

- a) Identify area based enterprise development programmes focused on informal, micro enterprises and local tourism development; and
- b) Facilitate workforce development opportunities for residents through existing work opportunity programmes such as the Expanded Public Works Programme

6.6 Funding Opportunities

The municipality facilitates linkages to available funding opportunities, and will:

- a) Identify and inform SMME's of funding opportunities;
- b) Compile a funding booklet for SMMES; and
- c) Link SMME's to relevant funding opportunities.



6.7 Skills Development

The SMME Support Plan develops a local agenda for skills development which include:

- a) Engaging with the private sector and institutional partners to design a comprehensive skills programme based on the needs of the SMMEs;
- b) Identifying and informing SMMEs of skills development opportunities; and
- c) Develop and maintain partnerships for skills development initiatives, projects and sources of skills funding.

6.8 Accessing Markets

The SMME Support Plan facilitates linkages to domestic and international markets through:

- a) Coordinating and facilitating the export readiness programme;
- b) Identifying export opportunities through the relevant institutions such as Wesgro; and
- c) Facilitating training for SMMEs on Small Exporters Programme.

7. IMPLEMENTATION PLAN

7.1 2020 – 2023 Implementation Plan

During 2020 – 2023 the Economic Growth and Tourism Division will focus on the following key deliverables in respect of the SMME Support Plan.

Table 4: 2020 – 2023 Implementation Plan

Strategic Pillar	Key Deliverable	Project	Responsible Unit/Department	Time-frame
1. Regulatory Environment	a) Regulatory Environment	Compile ease of doing business with SMMEs	Economic Growth and Tourism	March 2021
2. Small Business Development	a) Small business programme and linkages	Facilitate forums to coordinate business support for SMMEs and entrepreneurs.	Economic Growth and Tourism	Ongoing.
		To organise a small SMME fair such as a SMME Business Expo.	Economic Growth and Tourism	April 2022
3. Promote opportunities for increased inclusivity in the economy	a) Supplier Development	Launch supplier development programme in partnership with private and/or public sector.	Economic Growth and Tourism / private and/or public sector.	June 2021

		Host a local supplier open day.	Economic Growth and Tourism	September 2020
	b) Ensure that the Drakenstein Municipality supply chain policies, procedures and practices facilitate procurement to SMMEs and BBEE.	Review municipal procurement processes to increase SMME participation.	Economic Growth and Tourism and Supply Chain Management	October 2020
	c) Compile a comprehensive SMME database for Drakenstein.	Development of a comprehensive SMME database for Drakenstein.	Economic Growth and Tourism	September 2020
4. Skills Development	a) Facilitate Skills Development training opportunities for SMMEs.	Coordinate capacity building training for SMMEs in partnership with private and/or public sector.	Economic Growth and Tourism / private and/or public sector.	February 2021
		Current LED staff to undergo extensive SMME development related training.	Economic Growth and Tourism	March 2021
5. Facilitate access to relevant information and promote knowledge	a) Facilitate linkages to funding opportunities.	Identify and inform SMME's of funding opportunities.	Economic Growth and Tourism	Ongoing.
	b) Facilitate linkages to domestic and international market opportunities.	Identify and inform SMME's of access to market opportunities.	Economic Growth and Tourism / Wesgro	Ongoing.
		Coordinate and facilitate an export readiness programme.		
c) Use the municipal website as a form of information sharing.	Update content on website on a regular basis to inform SMMEs of relevant information.	Economic Growth and Tourism / Communications	Ongoing.	

8. INSTITUTIONAL ARRANGEMENTS

The municipality will not be able to give effect to this plan without the appropriate institutional arrangements in place. Below is an outline of the recommended institutional arrangements to ensure the successful implementation this plan

8.1 Role of Drakenstein Municipality

The Economic Growth and Tourism Division's primary responsibilities are strategic co-ordination, facilitating skills development, stakeholder relationship management, investment promotion, informal trading, tourism regulation and small business development.

The section is responsible for the implementation of this SMME Support Plan and to provide technical assistance to the strategic partners in respect of business development, standard setting, regulatory enforcement and the gathering of statistical data.

8.2 Role of Government

All spheres of Government have a critical role to play with regard to SMME development. While there are varying powers and mandates prescribed to these bodies, all have the capacity to contribute to, promote and constrain the development of SMMEs.

In line with the principles of co-operative government, national and local government must support and strengthen municipalities' capacity to manage their own affairs. This concerns SMME development as well as other social and economic development plans and programmes. Thus, Drakenstein Municipality will liaise with national, provincial and district municipalities to determine the correct support measures it can provide in relation to SMME development in the province.

8.3 Role of Private Sector and Business Membership Organisations

The SMME sector in Drakenstein is represented through a range of business membership organisations, which reflect the diversity of the sector. Business membership organisations provide important services to their members and, in some cases, provide SMME development services. In addition, they present local governments with an opportunity to discuss concerns directly with the business community.

Local, district and local government authorities should liaise with business membership organisations on a regular basis. SMMEs are encouraged to join local associations and, wherever possible, these associations should ensure the voice of even the smallest member-business is heard within their structures. Where possible, support services should be provided to help business membership organisations become better organised and equipped to provide sustainable membership and development services to SMMEs.

8.4 Role of Development Agencies

It is recognised that there are a number of SMME development initiatives in Drakenstein that benefit from the support of development agencies. These agencies are encouraged to work with key local, district and local actors – public, private and community-based – in their efforts to promote the sustained development of a more competitive SMME sector. Support from agencies such as these should focus on the testing of new methods and instruments for SMME development. Support for the building and strengthening of local business membership organisations is also required.



9. STRATEGIC PARTNERSHIPS

The process entails creating strategic alliance of all stakeholders involved in SMME programmes within the province. The strategic plans of all institutions have to be integrated with the intention of aligning the support of certain projects to be implemented. The identification of projects and the implementation of support to service delivery institutions has to be informed by these integrated strategic plans.

The process entails provision of support to service delivery institutions involved in SMME programmes. It implies augmenting and providing more support to service delivery to individual institutions involved in the implementation of SMME programmes.

9.1 Small Enterprise Development Agency (SEDA)

SEDA is an agency of the Department of Small Business Development which was established in December 2004, through the National Small Business Amendment Act, Act 29 of 2004.

The establishment of SEDA aimed towards having a single agency developing, supporting and promoting small enterprises throughout the country. This focuses on ensuring their growth and sustainability in co-ordination and partnership with various role players, including global partners, who make international best practices available to local entrepreneurs. It envisaged that the agency will incorporate all existing small enterprise support programmes as different product offerings under one organisation.

SEDA is mandated to:

- Implement national government's small business strategy;
- Design and implement a standard and common national delivery network for small enterprise development; and
- Integrate government-funded small enterprise support agencies across all tiers of government.

9.2 Small Enterprise Finance Agency (SEFA)

The Small Enterprise Finance Agency (SEFA) provides financial products and services to qualifying SMMEs and Co-operatives, as defined in the National Small Business Act of 1996 and amended in 2004, through a hybrid of wholesale and direct lending channels within the following sectors:

- Services (including retail & wholesale trades and tourism);
- Manufacturing (including agro-processing);
- Agriculture (specifically land reform beneficiaries and contract-farming activities);
- Construction (small construction contractors);
- Mining (specifically small scale miners); and
- Green industries (renewable energy, waste and recycling management).




Their mission is to provide access to finance to SMMEs throughout South Africa by:

- Delivering wholesale and direct lending;
- Providing credit guarantees to SMMEs;
- Supporting the institutional strengthening of Financial Intermediaries so that they can be effective in assisting SMMEs;
- Creating strategic partnerships with a range of institutions for sustainable SMMEs development and support;
- Monitoring the effectiveness and impact of financing, credit guarantee and capacity development activities; and
- Developing (through partnerships) innovative finance products, tools and channels to catalyse increased market participation in the provision of affordable finance.

9.3 Department of Economic Development and Tourism (DEDAT)

DEDAT, through its Integrated Economic Development Services team (IEDS) works to promote and support an enabling business environment for the creation of growth and employment opportunities. The units in this programme aim to increase economic growth through the stimulation and development of entrepreneurship and entrepreneurial activity, improve business confidence and the region's competitiveness, and reducing red tape in order to do cheaper, faster and easier business in the Western Cape.

9.4 Wesgro

Wesgro is the official tourism, trade and investment promotion agency for Cape Town and the Western Cape. Wesgro helps uncover investment opportunities by assisting investors and businesses looking to branch out into the province.

In terms of accessing markets, the Wesgro Trade Unit constantly looks for ways to develop trade and export capacity in Cape Town and the Western Cape through practical training and relationship building.

Their trade-facilitation programme is designed to provide opportunities for Western Cape-based exporters to meet potential customers, conclude business deals and also to grow their businesses by expanding their markets. This helps to develop the provincial economy and create more employment opportunities (Wesgro, 2020).

A strategic, well-researched export plan, combined with dedication and focused determination, will help any business to alleviate those barriers and successfully achieve their export aspirations.

9.5 National Youth Development Agency (NYDA)

The NYDA was established in 2009, following a merger between the Umsobomvu Youth Fund (UYF) and the National Youth Commission (NYC). The Agency derives its mandate from the

legislative frameworks, including the National Youth Development Agency Act, 2008 (Act 54 of 2008) (NYDA Act), the National Youth Policy (NYP) (2009 – 2014) and the draft Integrated Youth Development Strategy (IYDS).

The activities of the NYDA could be summarised as follows:

- Lobbying and advocating for integration and mainstreaming of youth development in all spheres of Government, the Private Sector and Civil Society;
- Initiating, implementing, facilitating and coordinating Youth Development Programmes; and
- Monitoring and evaluating youth development intervention across the board and mobilising youth for active participation in civil society engagements.

9.6 Industrial Development Corporation (IDC)

The IDC's role is to enhance the industrial capability of South Africa, and the rest of the continent, thereby boosting economic growth and industrial development. This is done by funding entrepreneurs starting new enterprises or supporting companies that want to extend existing operations (IDC, 2020).

9.7 Technology Innovation Agency (TIA)

TIA is a national public entity that serves as the key institutional intervention to bridge the innovation chasm between research and development from higher education institutions, science councils, public entities, and private sector, and commercialisation (TIA, 2020).

TIA's focus is on technology development; from proof of concept to pre-commercialisation. To achieve this, TIA established the following funds: the Seed Fund, the Technology Development Fund and the Commercialisation Support Fund.

9.8 National Empowerment Fund (NEF)

The NEF provides funds to black entrepreneurs and groups with the aim of facilitating access to finance in support of Broad-Based BEE in terms of government legislation. The investment activities of the NEF are guided by an investment policy that seeks to ensure that investments create real economic empowerment for black people without deviating from sound economic principles (NEF, 2020).

9.9 Productivity SA

Productivity SA is established in terms of section 31 (1) of the Employment services Act, No. 4 of 2014 as a juristic person with a mandate to promote employment growth and productivity thereby

contributing to South Africa's socio economic development and competitiveness. Productivity SA is managed in accordance with the Public Finance Management Act (PFMA) No. 29 of 1999.

10 MONITORING AND EVALUATION

Monitoring and evaluation of this policy will be undertaken by the Economic Growth division in conjunction with the SDBIP and submitted to the relevant portfolio committee for monitoring.

The following evaluation targets are set:

- Number of small businesses assisted
- Number of skills programmes facilitated
- Number of Information sharing sessions conducted
- Number of market access opportunities facilitated
- Number of funding opportunities facilitated

11 CONCLUSION

The implementation of this SMME Support Plan requires collaboration with strategic role players in the private and public sector. The first phase of the implementation will focus on developing sustainable partnerships with the relevant role players operating in this space. The municipality will take the lead to establish an inclusive SMME Forum to ensure that growth in this sector is equitable, transparent and inclusive.

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