

# The Ecosystem Development for Small Enterprise Programme



## Supporting and Strengthening the Small Enterprise Ecosystem

The EDSE Programme is an innovative, five year programme designed to effect meaningful change across South Africa's SMME ecosystem. The financing agreement between the South African government and the European Union was finalised and signed in July 2017. Total financing is Euro 52 million (R745 million), split between Euro 38 million (R545 million) for budget support and Euro 14 million (R200 million) for technical assistance.

### Our Key Objectives

The EDSE Programme will facilitate a more cohesive ecosystem of government and institutional support to create an supportive, enabling environment within which South Africa's SMMEs can operate.

#### We work to improve:

- the competitiveness of SMMEs and their ability to meet procurement requirements of large multinational/local corporations and state-owned enterprises
- access to finance for SMMEs who have limited, or no, access to finance
- the regulatory and administrative environment for SMMEs.

### EDSE's Technical Assistance

A team of over 30 leading SMME technical experts work across our four workstreams, each interfacing with a different implementing partner. Our partners are the Department of Small Business Development (DSBD), the Small Enterprise Development Agency (seda), the Small Enterprise Finance Agency (sefa) and the Department of Agriculture, Land Reform and Rural Development (DALRRD).

### EDSE's Budget Support

The R745 million allocated to budget assistance will be allocated across 15 projects addressing critical constraints affecting the optimum functioning of SMMEs. The biggest allocation is a 50% contribution to a R1 billion "Fund of Funds", to be housed and managed by sefa, which will address critical gaps in enterprise supplier development and financing mechanisms that target specific sectors and/or enterprises.

sefa will benefit from R450 million in budget support; seda will benefit from R15.6 million in budget support; DALRRD will benefit from R49.4 million in budget support while DSBD will benefit from R44.3 million in budget support.

### A Selection of our Main Projects

- Assistance to initiatives guided by the DSBD include the development of an SMME National Database, the development of a small business information portal, the roll-out of the National Red Tape Municipal Support Programme and SMME surveys;
- Improving the DSBD's research capability and management, particularly of its monitoring, evaluation and learning capabilities;
- Improving the township economy ecosystem through pilot projects in three townships and by exploring innovative approaches to strengthening local economies;
- Supporting inclusive SMME development within the Green Economy;
- Building the capacity of sefa (and its partners) to enhance direct and wholesale lending to SMMEs, and of sefa's alternative credit information mechanisms;
- Strengthening wholesale lending initiatives between sefa and other financial institutions to allow for increasing access to finance for SMMEs, notably of those with a potential to supply corporate and government value chains;
- Improved policies and analysis to promote the modernisation of co-operatives; and
- Agri-business value chain analysis and related business development services for agri-SMMEs, with a strong focus on the improvement of the sanitary and phyto-sanitary regime.



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EDSE Programme



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