

Refocusing the EDSE Programme

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small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



Funded by the
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Background & Context



Where are we in the roll-out of the programme?



- Beyond half-way in the implementation phase - 20 months remaining
- Strong working relationships in place between the TA Team and Implementing Partners
- Built a multi-disciplinary team that works in synergy across components with a log-frame of 3 Strategic Outcomes; 15 Induced Outputs; 60 Direct Outputs and 20 budget support interventions
- Budget Support roll-out delayed. Funding, concepts and approvals complete and delivery will ramp-up rapidly in the next quarter
- EDSE Stakeholder Review and intense reflection on outcomes has informed the refocusing of the programme

Key highlights from the EDSE Programme to-date



ESD FUND

Intermediaries contracted for deal flow

DIGITAL HUBS

First 2 township hubs operational

INNOV. FUND

Fund finalised, intermediaries in negotiation

MASTERPLAN

Draft completed & consultations underway

OMBUD

Business case & legislative prepared

NSEA AMENDMENT

Bill gazetted for public comment for Ombud

PPE CLUSTER

PPE pilot begun with DSBD, Seda

YOUTH FUND

Challenge Fund to launch with DSBD, NYDA

DISTRICT MODEL

Seda DDM initiated across all Districts

SUPPORT FOR AGRI-SMMEs






SABS/CSIR partnerships in place to support improved certification; LITS database / LIMS ready to proceed

PROCUREMENT

Public procurement manual to support improved PPP

Ecosystem engagement snapshot



	Indicator	To date
	Partnerships	75
	Organisations engaged	426
	Policies supported	12
	Investment unlocked	R230m
	Stakeholders engaged	6,532

PLUS
R230 million
in private sector
investment unlocked

Why is a refocusing necessary?



- Dramatic changes to the global and South African economy due to C-19
- Reprioritisation of the APP and 5 year Strategic Plan by DSBD
- New Masterplan draft completed
- Recent EDSE Stakeholder Review reflect positives but identified areas for strengthening
- New Budget Support and TA following additional Covid-19 support by EU
- Programme leaves a legacy of catalytic impact and learnings

Internal Stakeholder Review (Oct/ Nov 2020)

Recommendations



- **Programme design** - needs to ensure a more cohesive, inclusive and integrated programme rather than individual parts
- **Needs to be more strategic** - less emphasis on implementing process level activities and more on the change elements and results
- **Increased Policy dialogue and improved quality** - needs to take bold steps to elevate the policy dialogue working with the Implementing Partners
- **Implementation of budget support projects** - be implemented without any delay and TA fully aligned to the budget support
- **Increase focus on results** – focus on the achievement of the expected results and how the outputs and deliverables are influencing change

Way forward: 3 priorities



01

Urgent TA support to assist Implementing Partners to drive the implementation of the Budget Support

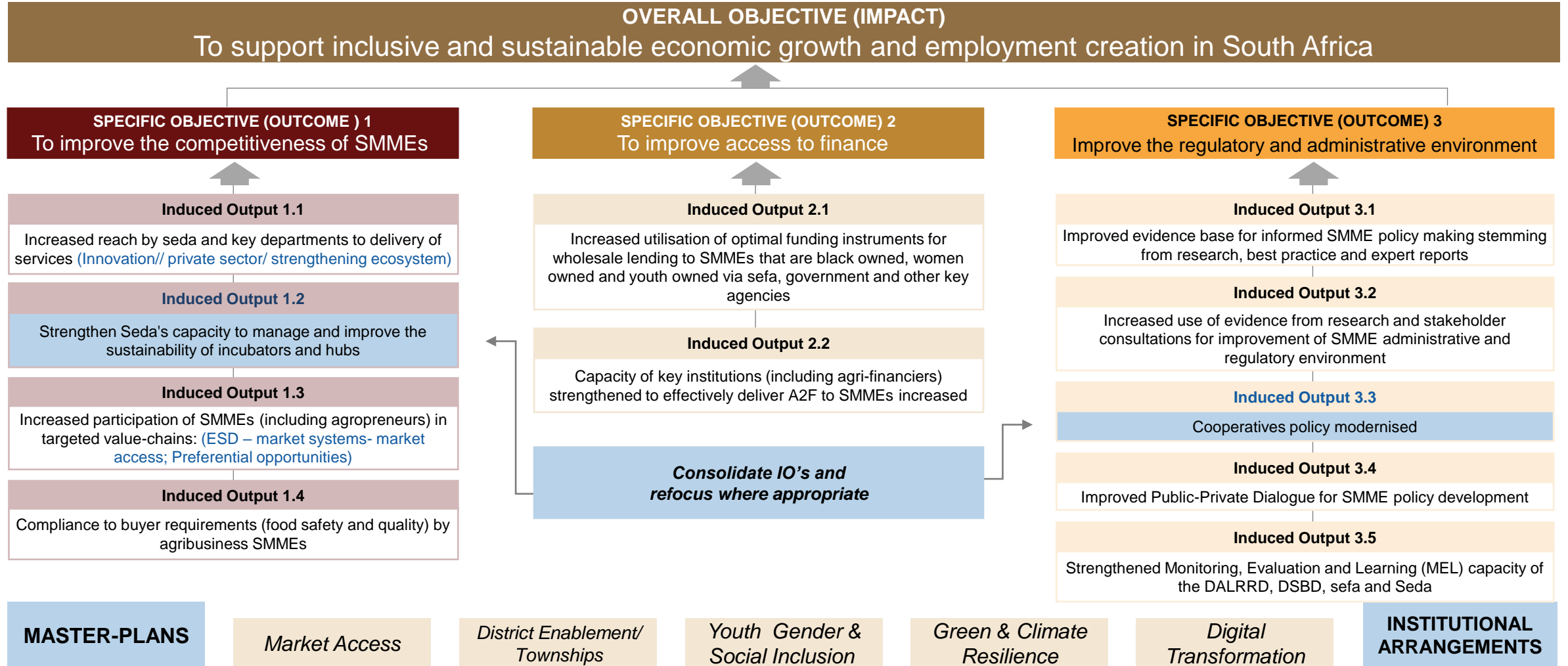
02

Narrow the aperture of the programme. Focus on fewer activities and ensure that legacy interventions are prioritised

03

Raise the level of intervention from task driven- to outcome driven with a focus on policy reform

EDSE Theory of change/ Structure: Cross-cutters and Cornerstones



Weaving the cross-cutters through the Programme...





KRA 1: To improve the competitiveness of SMMEs and their ability to meet procurement requirement of large multi-nationals/corporations and state-owned enterprises

KRA 1: Competitiveness and Market Access – Framing the Vision



Building pro-SMME service delivery capabilities, prioritising rural and township economies.



Facilitate government & private sector partnerships for scaling innovations and best practices.
Facilitate SMME competitiveness and active inclusion in supply and value chains.

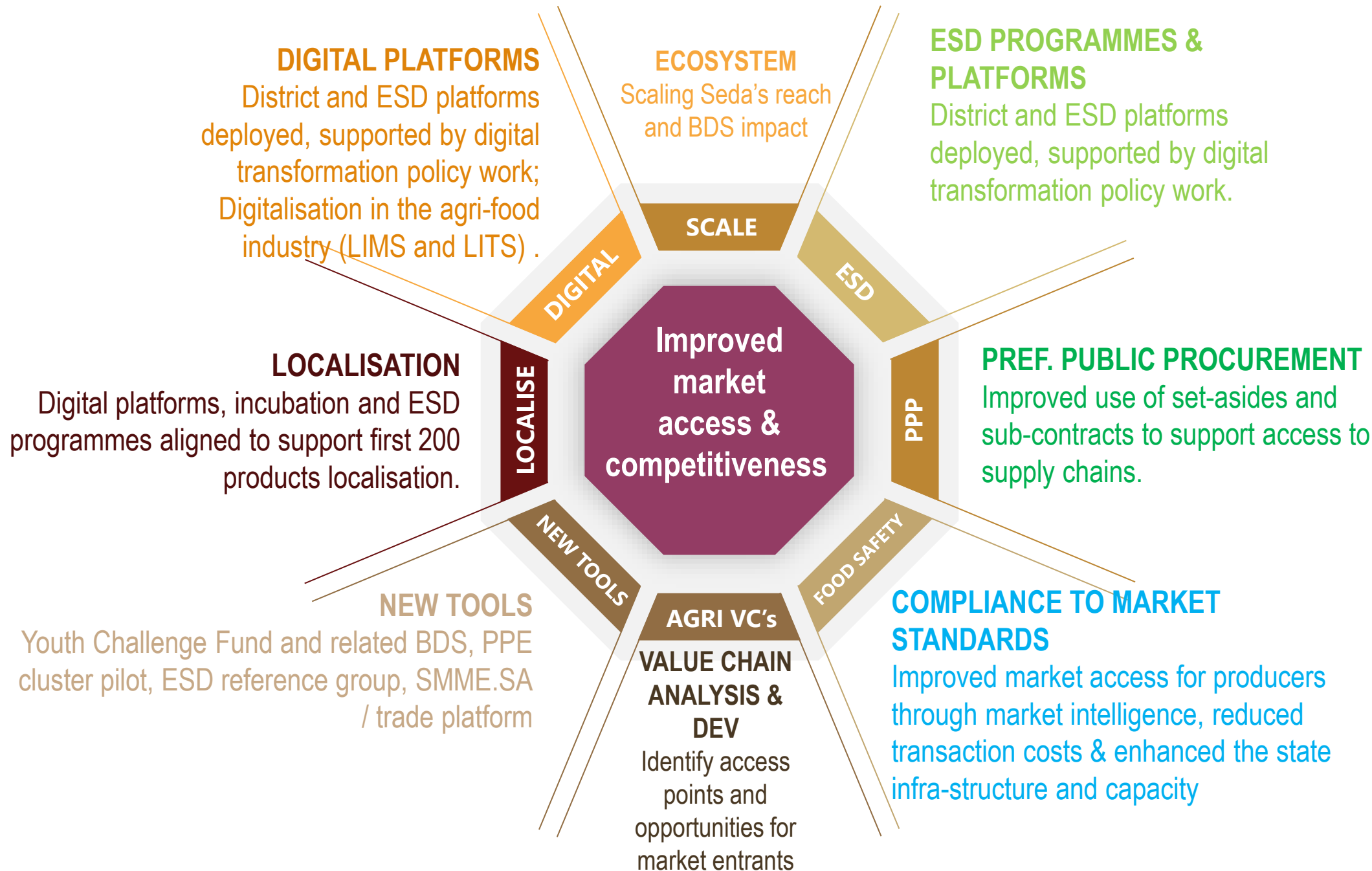


Build and develop digital capability of government to support SMMEs, in partnership with the private sector, via innovative digital platforms, to increase access to information, digital literacy, trade opportunities, finance and markets.

2022

By 2022, these three pillars will lead to:

- improved national & district ecosystem co-ordination of SMME support delivery
- exponential growth in district-focused SMME support delivery quality and reach
- significant improvement in SMME 3-year survival rates
- improved synergy in Government SMME support
- improved SMME supply chain access through private sector partnerships
- digital transformation to support e-delivery and information management

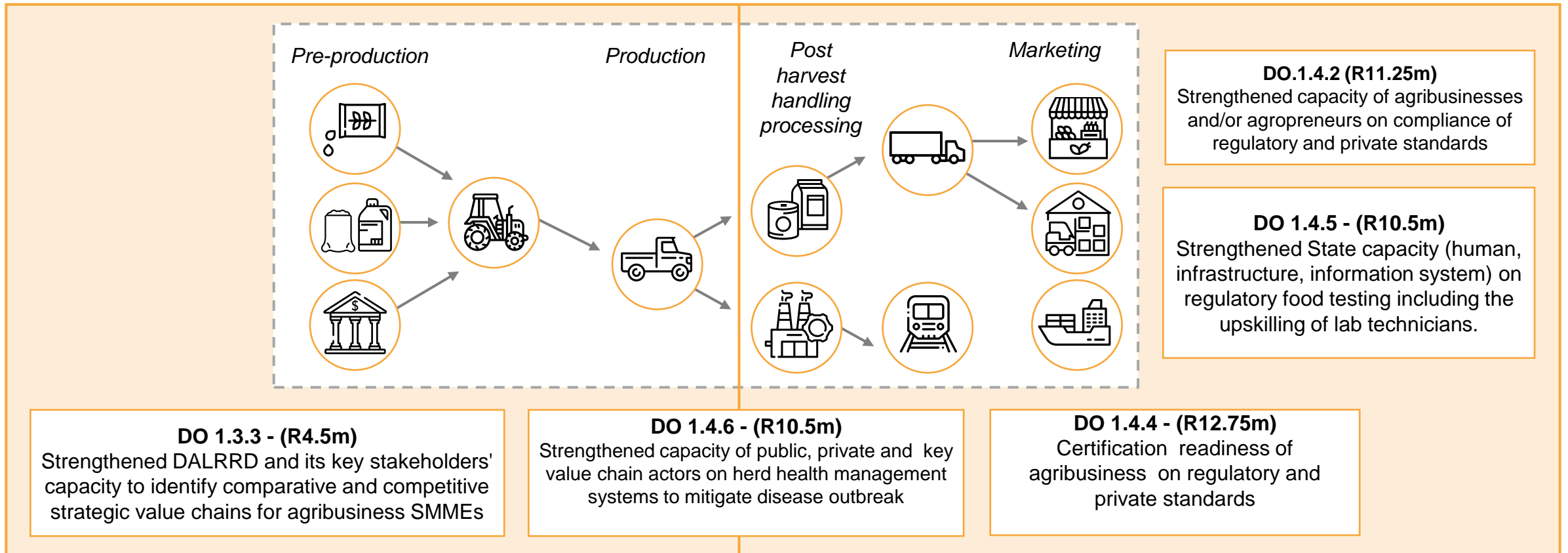


Snapshot - DALRRD Budget Support – R49.5 million



SPECIFIC OBJECTIVE (OUTCOME) 1
To improve the competitiveness of SMMEs

Strengthened capacity of government, SOEs, Corporate, IDZ, SEZ to procure from SMMEs, inclusive of women and youth owned







KRA 2: Improved Access to Finance for SMMEs with limited or no access to finance




KRA 2: Improved Access to Finance – Framing the Vision



 A significant improvement in financial inclusion using innovative financial mechanisms supported by a conducive regulatory framework and financial policy environment.

 sefa becomes the key enabler of funding to SMMEs through innovative financial services and products and collaborative partnerships with private financing intermediaries

 The operational capacity of sefa wholesale lending is strengthened and improved to manage funds

2022

By 2022, these three pillars will lead to:

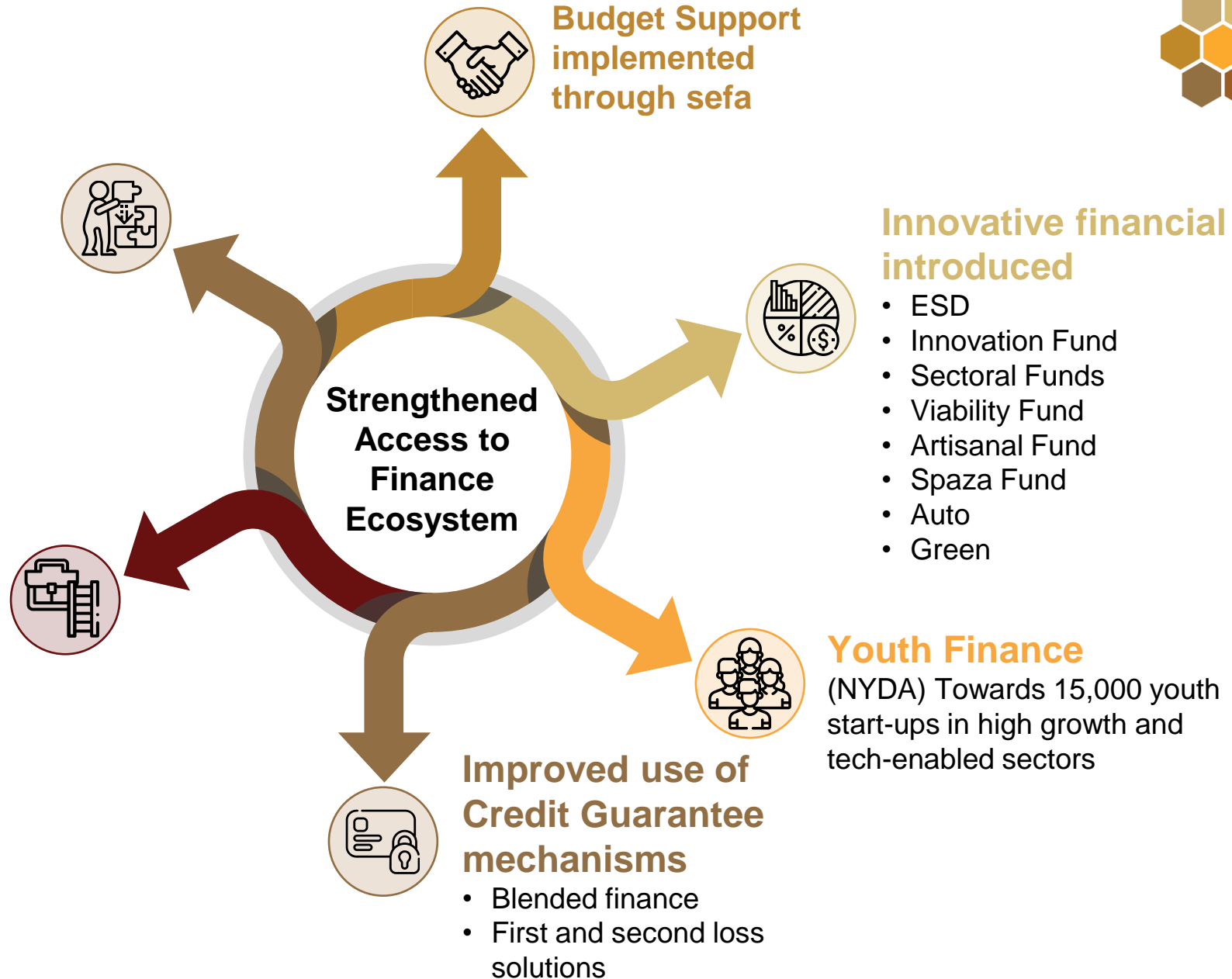
- sefa as the leading provider of affordable/low-cost funding to SMMEs
- Broadly consulted and recognised Access to Funding Framework concluded
- sefa recognised as a credible partner by the financial sector
- Innovative approaches to credit guarantees sees considerable funding being leveraged
- Innovative financial approaches and partnerships are adopted particularly towards the micro-finance sector

Access to Funding Policy Completed

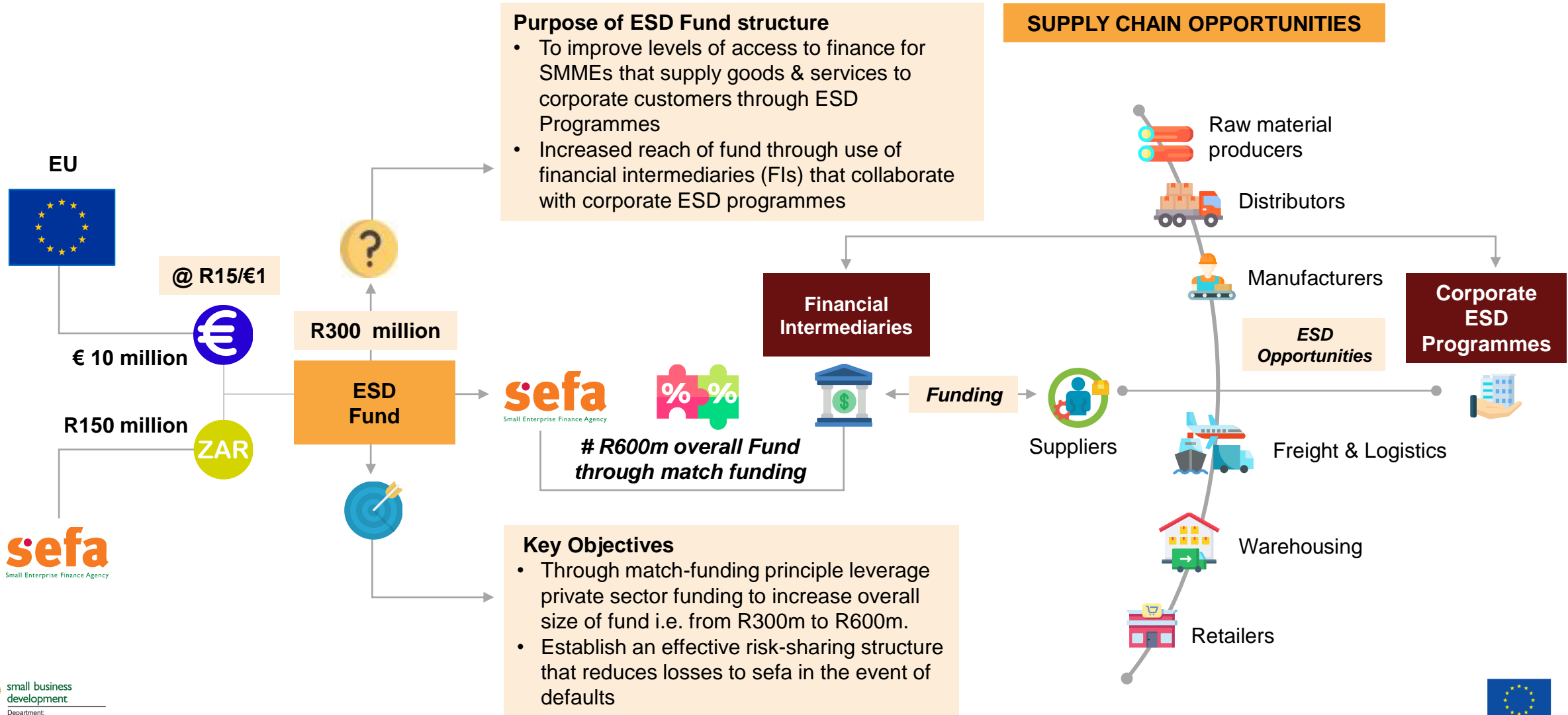
Funding ecosystem that provides flexible and customized solutions

Microfinance sector and Fintech enabled

- Legislative framework to support the sector
- Fintech solutions within the sector
- Apex Organisation strengthened



Snapshot - the ESD Fund (€10m)






SO3: An improved Regulatory and Administrative environment for SMMEs




KRA 3: Improved Policy And Regulatory Environment – Framing the Vision



Increased use of evidence for improved regulatory environment and policy development



Improved PPD for policy development



Strengthened MEL capacity of implementing partners

2022

By 2022, these three pillars will lead to:

- more evidence-based, consultative and inclusive policy-making processes
- enhanced dialogue between the Government and SMMEs
- more capable government, lower administrative costs and regulatory hurdles
- improved and updated Small Enterprise Act and underpinned by a well-consulted and widely endorsed SMME Masterplan
- more predictability and effectiveness in SMME policy-making and SMME support delivery

Improved Evidence Base for Policy-making

- SMME Index
- OECD SME Policy Index
- Policy briefs for SMME resilience (for green, smart and inclusive growth)

Masterplan Completed

- Draft Masterplan completed
- Consultations completed, Masterplan adjusted and finalised
- Implementation action plan completed with a MEL system
- Implementation commenced

IMPROVED POLICY, LEGISLATION & REGULATIONS

Strengthened Mel Capacity

- Develop, design and operationalization MEL System; Capacity Building and Institutional Strengthening

Improved Policies, regulation and legislation

- Business licencing policy
- Funding Policy
- Ombudsman mechanism
- Youth Entrepreneurship framework

Red-tape reduction and Administrative Simplification

Provincial Administrative Simplification Programme (PASP) at LG level implemented



Cross-cutters:

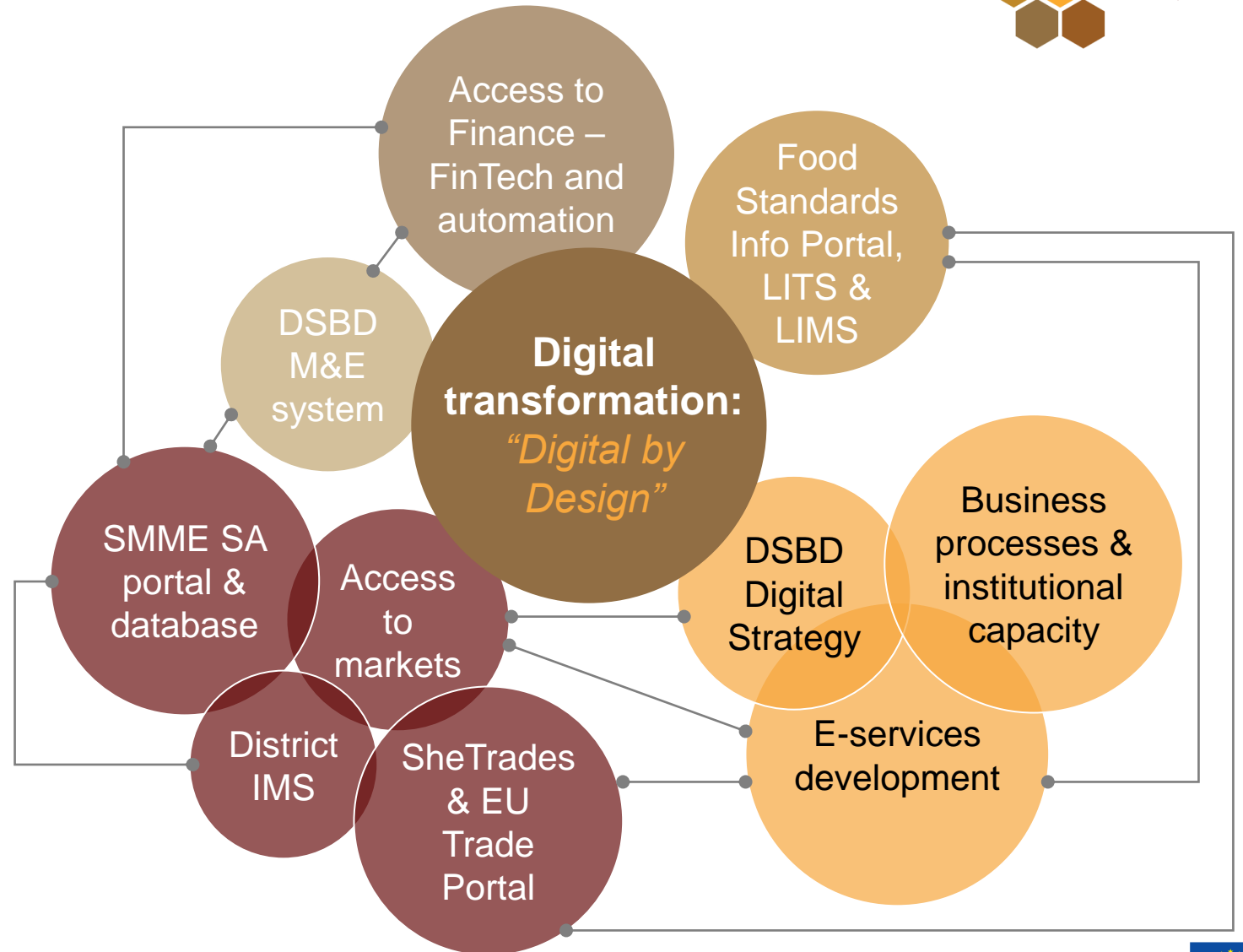
- Digital Transformation
- GESI and Youth
- Green Economy and sustainability



Digital Transformation

Digitalisation unlocks new opportunities, synergies and connections.

If implemented via design thinking and holistically, coupled with the right institutional skills, it enables, connects, empowers.



GESI and Youth



Gender Sensitive M & E
GESI indicators are included in all policy and programs and measured using a gender sensitive approach

Increased Gender and Youth awareness
DSBD and partners are aware of how to include women and youth owned businesses

Gender Mainstreaming across all programmes

A gender lens is applied to all policy and programmes

15,000 Youth Entrepreneurs supported through NYDA

Youth Challenge Fund supported by EDSE to also ensure young women are provided opportunities



She-trades

Enablement of the She-Trades Platform in partnership with ITC

40% public procurement by Women

Policy and regulatory barriers are removed to make this target achievable

Youth Policy Framework Finalised

Mapping underway by the WB supported by DSBD

Provide platforms for successful gender and youth pilots to be showcased and taken to scale

The Green Economy Imperative & the Sustainability of SMME's



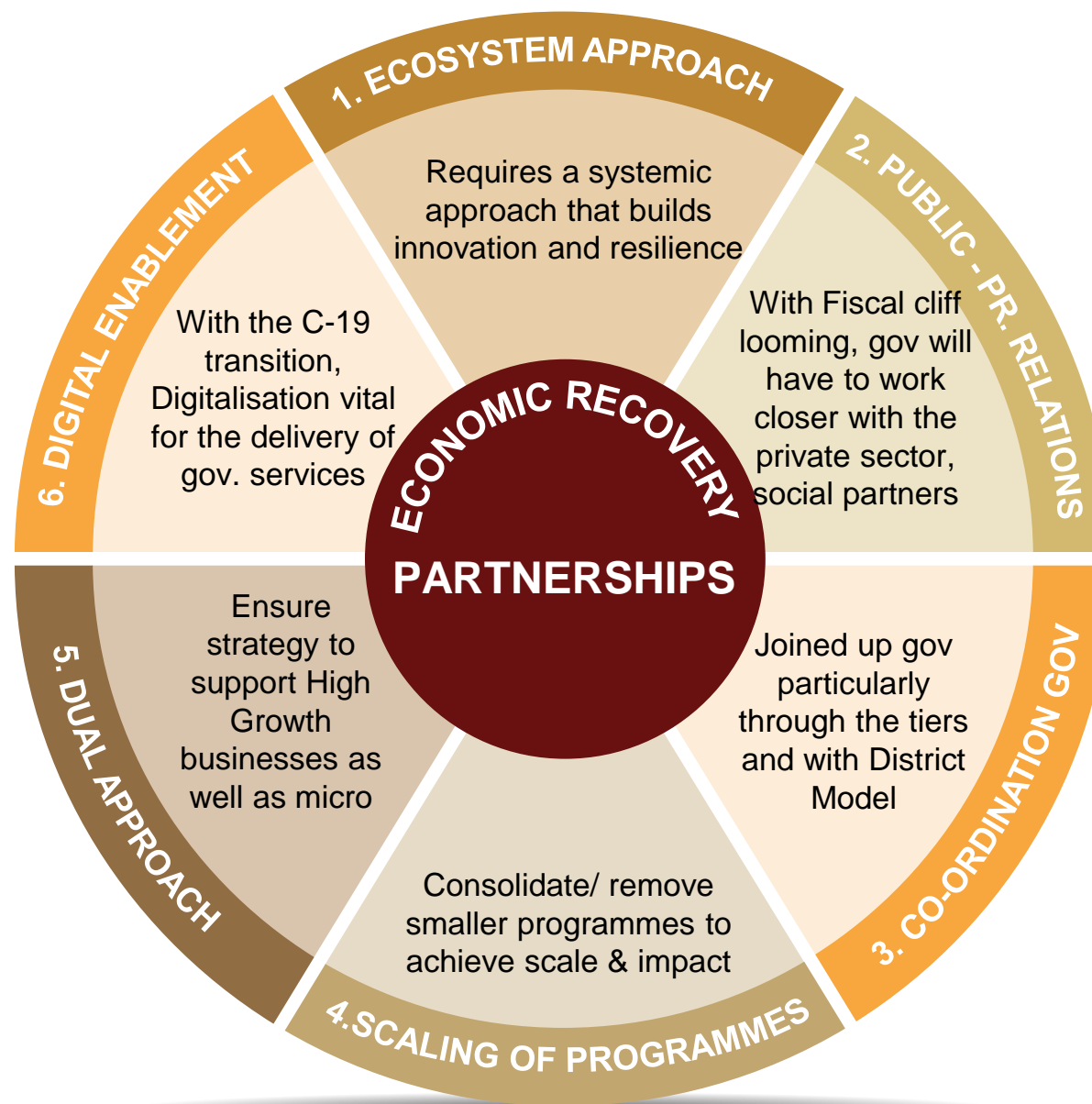
- 01 Green Opportunities in REIPPP / Power** Ensuring opportunities for SMMEs in Green VC development and localisation
- 02 Micro-opportunities in waste; green** Ensuring SMMEs are strengthened in key micro-economic sectors
- 03 Eco-innovation** Encouraging the uptake of new technologies amongst SMMEs and supporting their business development with inputs from academia
- 04 Building resilience** Enhancing competitiveness and networking amongst SMMEs to foster resilience in a tough economic environment
- 05 Access to finance** Opening doors to blended finance opportunities and de-risking of investments to stimulate green growth

Refocusing: From then to now – what are we going to do differently?



- Intense focus on launching all Budget Support interventions
- Ensure efforts are intensified around the Implementing Partner's critical priorities and legacy projects
- Strengthen partnerships & trust: across government; Between government and organised business; inc. key social partners, International Co-operating Partners
- Establish cross-cutting work streams (A2F issues; digital transformation, Green Economy etc.)
- Elevate the status of the Policy Dialogues focusing on the critical questions confronting the sector

**To conclude:
6 critical success
factors for the EDSE
Programme &
Implementing
Partners**



THANK YOU

Supporting and strengthening the
Small Business Eco-system



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