

NCOP Presentation on COVID-19 SMME Interventions and Support in the EC Province

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Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM



The EC Province has adopted an integrated set of interventions for Small Business Support. Through these interventions the impact of COVID19 is mitigated.

Support National Relief Funding for Small Business

Ensuring effective rollout of national relief funding in the Province. Including DSBD SMME Relief Scheme, Spaza Support, NDT Tourism Relief and Tour-Guide Relief.

Provincial relief to distressed companies

Systematic process of logging and processing distressed company applications, and processing for further support by the EC Jobs Stimulus Fund.

Loan Funding for Small Business

Provision of support to SMMEs through various loan instruments under the Eastern Cape Development Corporation DFI Function

Grant Funding for Entrepreneurs

Implementation of the Local and Regional Development Fund and Isiqalo Youth Funds as grant financing for Eastern Cape Entrepreneurs.

SMME Support and Development (Non-financial)

Business Development Support including Business Packaging Support, SMME Virtual Mentorship Programme and SMME Product and Process Certification.

Informal Sector Support

Spaza Shop Pilot; Funding equipment and inputs for informal businesses in the small manufacturing, textile and clothing, automotive aftermarket and service sectors.

Local Procurement

Implementation of the Local and Economic Development Framework in Support of Eastern Cape SMMEs

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Training Provincial and Local Government Officials to Support the National DSBD Call Centre, and guide local SMMEs to access relief funds.

Support EC SMMEs to access DSBD Debt Relief Scheme

Support EC South African owned Spaza Shops to access the DSBD Spaza Shops Scheme.

Support to EC Tourism Products to access NDT Tourism Relief Scheme (ECPTA compliance assistance)

Support EC Tour Guides to access NDT Tour Guide Relief Scheme.

Ensure Municipalities issue permits to assist small businesses to operated during lock down and access national relief funds.

Progress.

A total of EC **54 officials have been trained** on Covid 19 relief schemes of the DSBD (Growth resilience facility, debt relief fund and spaza shops schemes.

155 EC SMMEs approved to a total of R55 Million. The total number of jobs saved is 1951.

578 spaza applications approved, 702 jobs saved, 252 Males, 326 Females and 154 Youth benefitted. Amount disbursed to July is **R2 023 00030**.

A total of 732 EC tourism businesses applied for the NTRF with **457 EC businesses approved**.

130 tour guides (732 jobs have been saved which include 252 Males, 326 Females and 154 Youth) from the enterprises that benefitted.

18470 Permits Issued since 27th of March 2020

PROVINCIAL RELIEF TO DISTRESSED COMPANIES

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Support to Manufacturers in Distress (Reduce de-industrialisation trend and retention of jobs)

- Self-help portal - Manufacturing support centre (MSC) and logging of distress tickets;
- 24hr help desk;
- Targets manufacturing and agro-processing companies
- Website: <http://www.mscec.co.za/>

A COVID 19 distressed companies portal which focuses on business across all sectors beyond manufacturing is currently under procurement.

Eastern Cape Jobs Stimulus Fund

- Provides financial and non-financial support;
- Linked to Provincial Job stimulus fund;
- For SMMEs with R 20mil turnover per annum: R 10 000 funding per job saved;
- For SMMEs below R 20mil Turnover per annum: 3-month working capital incentive is provided;
- Original Allocation: R17.4 Million. **R75 Million additional fund injected to as a COVID19 response.**

Progress.

- 142 Companies logged to date, with a total jobs impact of 4917.
- Sectors: Auto -8; Non Auto 42; Agro Processing – 13; Tourism – 79.

- 7 distress businesses approved to a value of R7.69Million (working capital inclusive) saving 703 jobs
- 49x applications in the pipeline for consideration. (Potential Jobs Impact = 2044)

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Progress.

Eastern Cape Development Corporation offers financing at competitive rates while taking into account the historical lack of access of small to medium enterprises to finance.

Short Term Loans: Short-term finance geared towards facilitating efficient cash flow management of clients' businesses

24 SMME's received finance in the first quarter (7 youth owned and 8 women owned) totaling R5.37 Million and 88 jobs were facilitated.

GRANT FUNDING SUPPORT FOR EC ENTERPRISES

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Local and Regional Economic Development (LRED) Fund.

Grant funding of qualifying enterprises operating in the Eastern Cape with a focus on long-term sustainability. .

Start-up enterprises: 100% grant funding not exceeding R3 000 000

Existing enterprises: 70-90% grant funding depending on the size of turnover.

Emergency funding: *For affected enterprises during a pandemic, DEDEAT shall provide funding to enterprises who operate in essential industries.*

Franchise funding: Aims to transform this sector where previously disadvantaged are limited to enter due to unavailability of own contribution.

Isiqalo Youth Fund

Provides young people with an opportunity to create or expand their own enterprises in the EC; Financial and non-financial support in partnership with National Youth Development Agency.

Imvaba Fund

Promote the viability of the cooperative enterprise in the province. It will serve as a revolving fund for the support of Primary Cooperatives involved in Manufacturing and Services Sectors.

Progress.

- Eight (8) enterprises were approved to the value of R11.4 million

- Eight (8) enterprises have been approved to date to the value of R10,1 million.

- R20 Million allocated for 20/21 FY
- 7 Cooperatives have been supported since March 2020 and R3 .4 million approved.

SMME SUPPORT AND DEVELOPMENT

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Quality System and Product and Process Certification Support for SMMEs: Supports SMMEs to overcome the barriers to market entry by assisting with the development of quality management systems (e.g. ISO 9001) and SABS certification.

COVID 19 SMME Virtual Ecosystem of Support: The COVID pandemic has shown that many SMMEs are not compliant with all prescripts, and hence do not qualify for many forms of funding. This programme is a virtual ecosystem of support to SMMEs to ensure holistic and integrated business development, compliance, access to funding and post-funding support going forward.

SMME Incubation: Provincial Business Incubation Strategy 2019-2024 aims to roll out of business incubators with a focus in rural communities

Progress.

R1.5 million allocated through COVID19 adjustment allocation.

R7.2 million committed, while R7.9 additional funds allocated through COVID19 adjustment allocation.

R20 Million allocated to support a chemical down streaming incubator to support **enterprises involved in manufacturing detergents, sanitizers, and other chemical products.**
To June, 14 enterprises incubated, creating 17 jobs and turnover of R3.05mil.

INFORMAL SECTOR SUPPORT

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Provincial relief to distressed companies

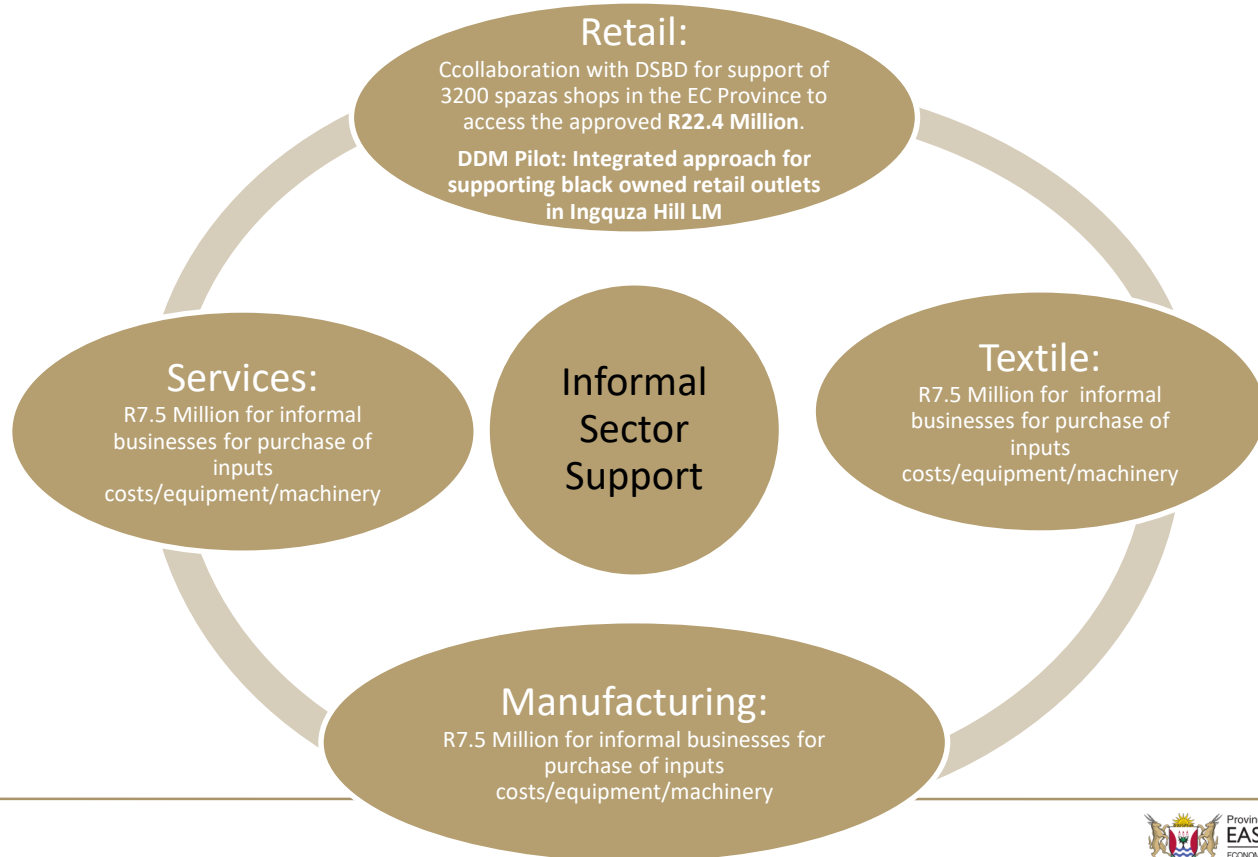
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ENSURING LOCAL PARTICIPATION IN PROCUREMENT SPEND

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Local Economic Development Procurement Framework

- Target of 50% provincial spend to benefit EC based service providers and manufacturers;
- Achievement: FY17_18 – 52%, FY18_19 – 67.31% and FY19_20 – 58.31%.
- Provincial procurement targeted for EC based companies – specification revisions.

Off-take agreement implementation initiative

A programme to support new- or existing companies wanting to expand to provide products that would otherwise be sourced from outside the province.

Progress.

As of April and May 2020 the provincial departments spent R1 158 854 771.53 on goods and service and **R 670 286 704.95 (57.84 %) was spent on EC based suppliers.** In respect to PPE, as at 19 August 2020, orders amounting to **R877 467 056.89 (72.99%)** have been placed with **562 Eastern Cape Based suppliers.** An EC PPE Transversal tender specification has been implemented. However delayed due to Covid cases with committee members.

Piloting of “2” commodities planned for this financial year;

The End



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