

Interventions to Mitigate the Impact of the COVID-19 Pandemic

Progress made on Interventions to Mitigate the Economic Impact of the COVID-19 Pandemic in the Free State Province

Free State Province

MEC: Mr M Mohale

13 October 2020



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economic, small business development,
tourism and environmental affairs
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EXECUTIVE SUMMARY

- The **Province** is actively working with the DSBD, SEFA, NEF, and IDC to ensure that there is continuous and greater participation of FS enterprises in the incentives announced since the beginning of the Covid-19 pandemic.
- The **Province** has also deployed a package of provincial economic recovery incentives to support economic recovery and revitalization
- These incentives are aimed at supporting FS enterprises during this pandemic and beyond;
- The FS Business Chambers have also been engaged and an Economic Recovery Task Team has been established to deal with the impact of the Covid-19 pandemic on FS Businesses and devise means of achieving economic recovery
- Focus Sectors: manufacturing, retail, agro-processing, automotive. digital economy, transport and logistics
- Small and Macro Business Support: the province is embarking on assisting the SMME's on different distribution channels in retail and wholesale industries, mainly on bulk buying and distribution



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ECONOMIC RECOVERY PLAN

- **Stimulation of demand and supply:**
 - **Demand side:**
 - Through the saving of existing jobs, businesses will be able to experience pre-COVID demand levels as ability will be maintained.
 - The Province has embarked on a programme of Provincial and Local government procurement processes where we envisage and attempt to re-focussed the transformation of the economy with the inclusivity of other stakeholders namely SARS , Dept. of Labour specifically the UIF, , Financial Institutions etc. to stimulate demand .
 - **Supply side:**
 - Focus on sectors which are the highest employers in our province being Manufacturing ,Agriculture (Agro processing), Tourism, ICT and Transport and Logistics. This should determine where the most jobs could be saved.
 - Businesses should ENABLE BUSINESS TO also capitalize on the currently poor exchange rate to optimize the value of exports.



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ECONOMIC RECOVERY PLAN

- **Reduce cost of doing business:**
 - Monitor and mitigate excessive post-COVID price increases.
 - Finalization of standardized incentive packages for all districts and sectors.
 - Subsidization of broadband solutions for businesses. I.e, in
 - R&D on ICT solutions to reduce business operational costs and for improved exposure/marketing.
- **Promote localization and industrialization:**
 - **The economic recovery plan will be done through transformation of the value chain to stimulate economic activities**
 - Departmental and municipal procurement should be limited to local businesses, except in the case of specialized items/services.
 - Localized procurement of Covid-19 related consumables: masks, sanitizers, hand soap, ventilators, etc.
 - Increased maintenance and operational funding to FDC for industrial parks.
- **Assist SMME's to recover post the COVID-19 Lockdown period**
 - The actions that are supplemented by the national stimulus packages, are available to shorten the recovery process.
 - Provide **financial and non-financial incentives** to SMMEs to save current jobs and stimulate the creation of new ones.



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NATIONAL INCENTIVE SCHEMES TO SUPPORT ECONOMIC RECOVERY (Progress)

- **Tourism Relief fund (R200m)**
 - Applications are still being processed; applications closed on 31st May 2020
 - Applicants from FS: **285**,
 - Approved: 138 approved and disbursed
- **NYDA**
 - Applied: 257
 - Approved: 98
- **DSBD/SEFA**
 - Spazashop Support Programme
 - Applications 72; **Approved applications: 13**
 - Debt Relief Fund: 42 Approved Applications (total R11 324 225)
 - Payment Holiday support: 9



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FS ECONOMIC RECOVERY INCENTIVES

INCENTIVE SCHEME	DESCRIPTION (via online portal)
<p>COVID-19 Risk-Sharing Incentive Scheme (R25m)</p>	<ul style="list-style-type: none"> To support of up to 40% of co-funding requirements to operational enterprises which require to expand their operations. Access to funding from the Developmental Finance Institutions and commercial banks is one of the major challenges facing the Small and Medium Enterprises. In response to this challenge, the Department will, in partnership with the Provincial Developmental Finance Institutions (DFIs), establish Risk Sharing Facility with the objective of de-risking some of the viable business proposals.
<p>Micro and Small Businesses Support Packages:</p> <ul style="list-style-type: none"> Enterprise Support Incentive Scheme (R28m) Spaza Shops Support Incentive (R5m) Informal Business Support (R3m) Waste Pickers Support (R900k) 	<ul style="list-style-type: none"> To provide enterprises grants to support operations, to support their business operations. Budget will also be used for support Business Growth, industrialisation in for specific sectors on the economy. To assist with material, bulk-buying for spaza shops and general dealers including identifying black-owned wholesalers (this will include setting –up new ones where necessary) to assist the Spaza shop owners in bulk buying. DESTEA will issue a voucher to the value of R10 000 only which will be redeemable at the approved wholesalers. To support informal trader/hawkers with resuscitating their businesses by providing grants (maximum R 3000).
<p>FDC Bridging Finance (R10m)</p>	<p>To support job retention in the industrial parks through provision of rental holidays and support with seed funding for operational costs</p>

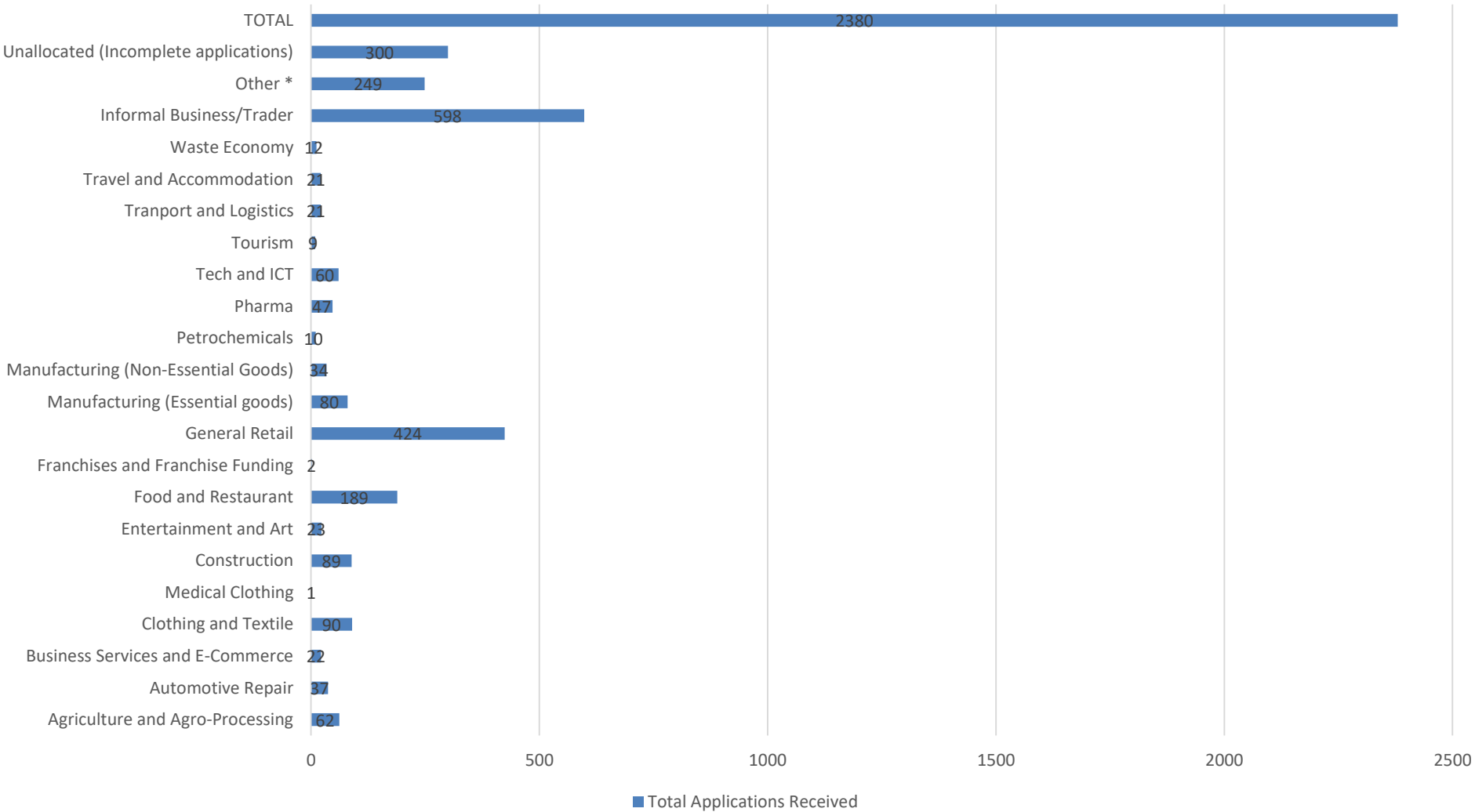


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FREE STATE ECONOMIC RECOVERY INCENTIVES

Applications Per Sector as at 31 August 2020

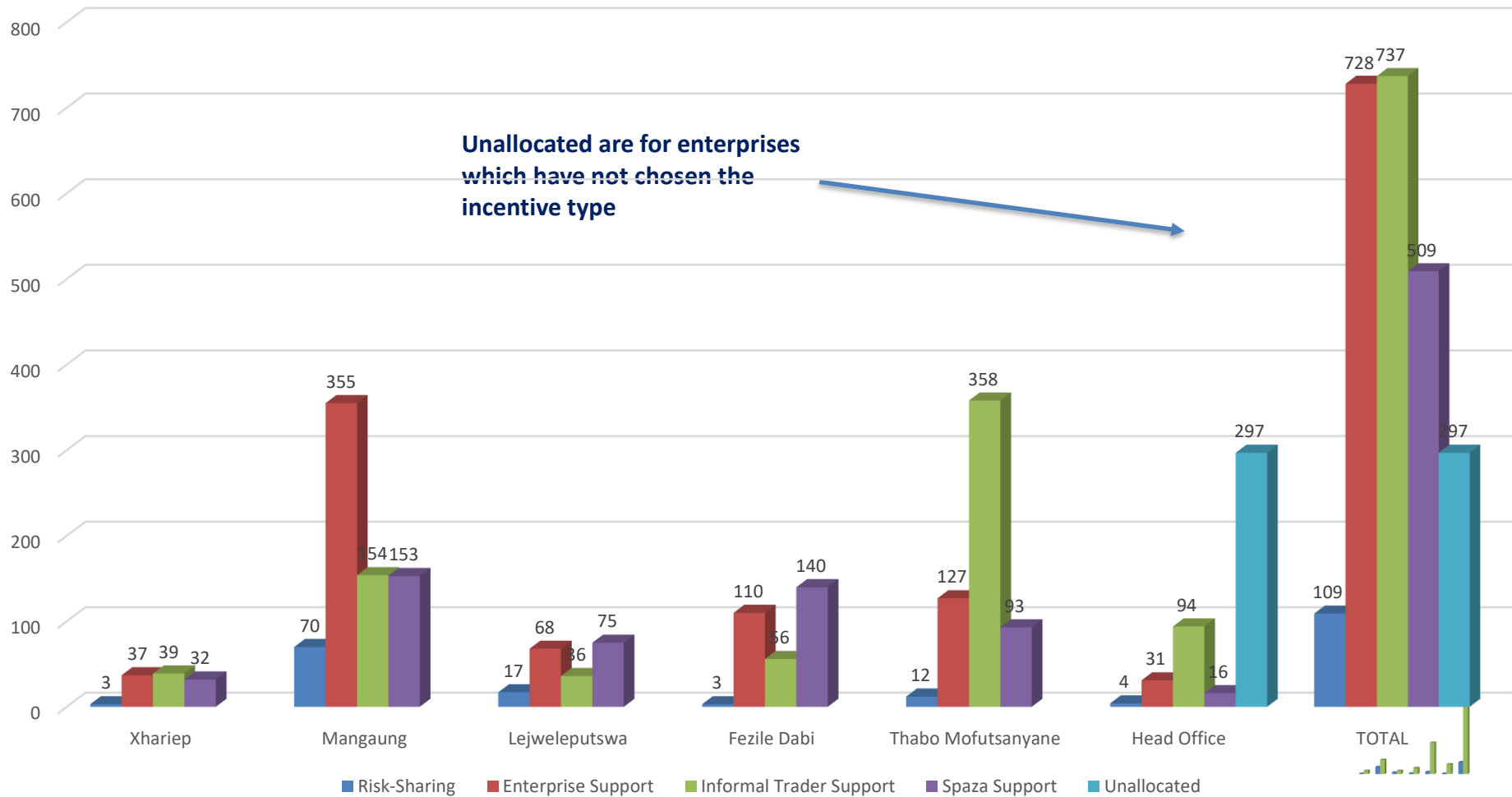


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FREE STATE ECONOMIC RECOVERY INCENTIVES

Applications per Incentive: Districts as at 31 August 2020



RISK SHARING INCENTIVE SCHEME

Status	NUMBER OF ENTERPRISES APPROVED	RAND VALUE
Approved - Paid	7	R 7 358 263.00
Approved – In the process of being paid	8	R11 314 508.80
Total	15	R 18 672 771.80
Allocated Budget		R25 000 000.00
Available Budget		R 5 327 228.20



ENTERPRISE INCENTIVE SCHEME

Status	NUMBER OF ENTERPRISES APPROVED	RAND VALUE
1	16	R 2 640 000.00
2	28	R 3 518 000.00
3	10	R 1 176 488.00
Total	54	R 7 334 488.00
Allocated Budget		R28 000 000.00
Available Budget		R20 665 512.00



SPAZA SHOPS AND GENERAL DEALERS INCENTIVES APPROVALS

Status	NUMBER OF ENTERPRISES APPROVED	RAND VALUE
1	30	R 243 000.00
2	91	R 686 100.00
3	234	R 2 074 000.00
4	15	R 143 000.00
5	25	R 224 500.00
Total	395	R3 370 600.00
Allocated Budget		R5 000 000.00
Available Budget		R1 629 400.00



INFORMAL ENTERPRISES SUPPORT APPROVALS

Status	NUMBER OF ENTERPRISES APPROVED	RAND VALUE
1	194	R 526 550.00
2	17	R 51 000.00
3	39	R 117 000. 00
Total	250	R 694 550.00
Allocated Budget		R3 000 000.00
Available Budget		R2 305 400.00

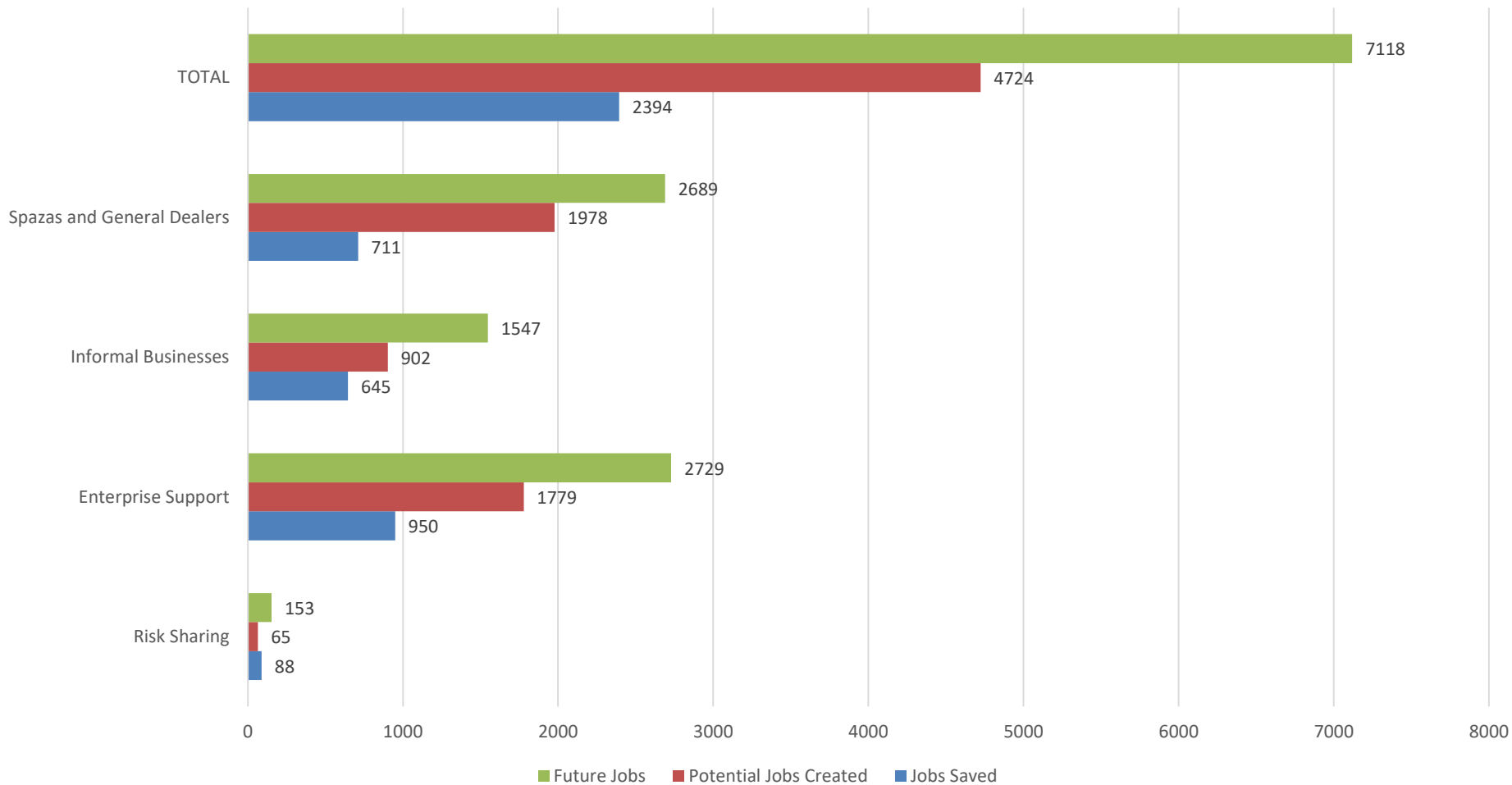


Projects in the Injunctions

PROJECTS	TARGET NUMBER	RAND VALUE
Retail Support Programme (Pick n Pay)	5	R 10, 000,000
Wholesale / Distribution Programme	6	R 3,100 000
BiBi Cash & Carry Programme	10(5 in current FY)	R 2, 500 000
Total	16	R 15 600 000

PROGRESS ON ECONOMIC RECOVERY INCENTIVES

Projected Job's Saved and Created



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Thank you



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