

PRESENTATION

National Informal Business Upliftment Strategy (NIBUS)

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**Department of Small Business
Development**



Department of Small Business Development Mandate

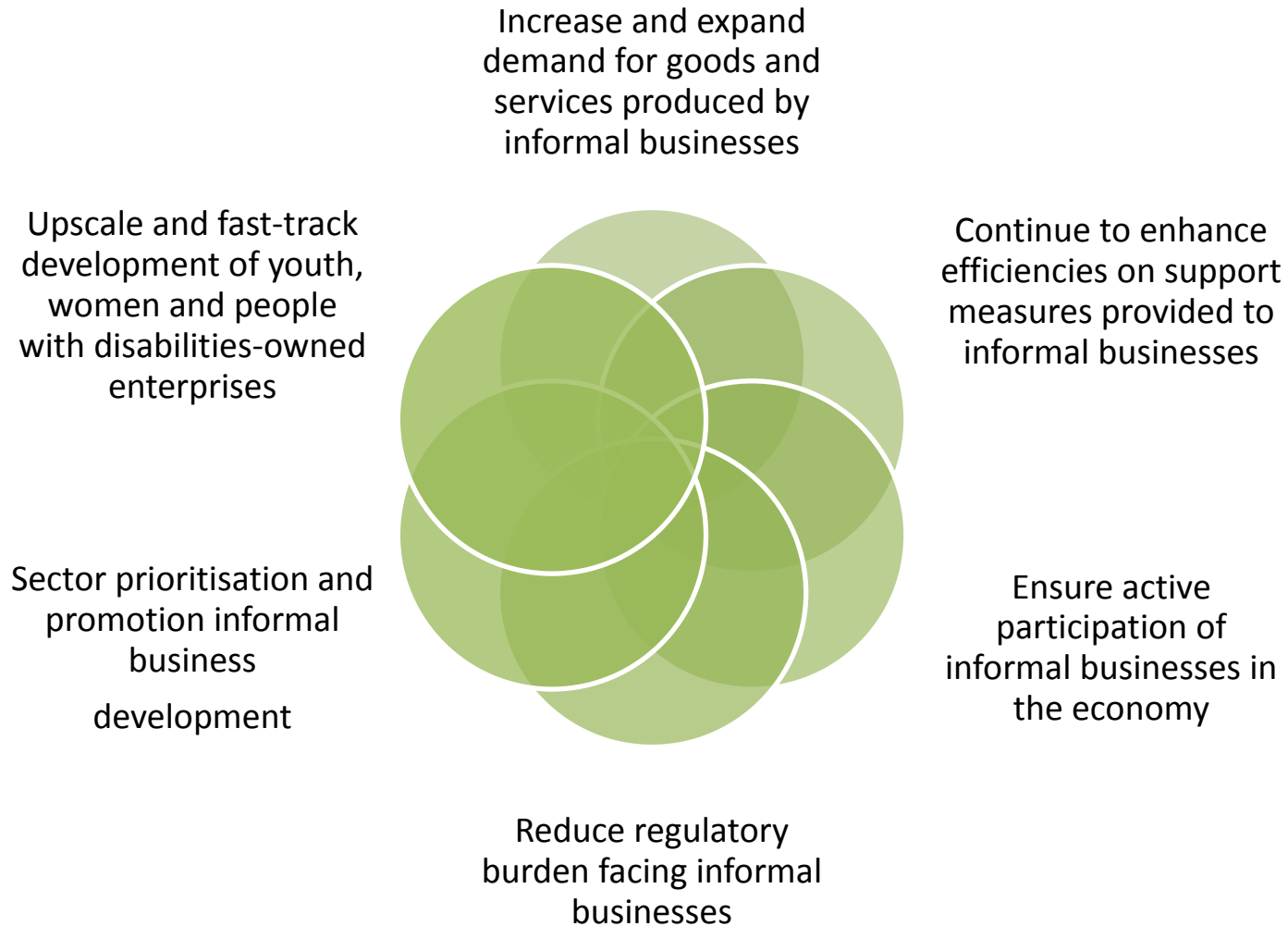
The department focuses on the development and growth of small businesses and cooperatives to contribute to economic growth and job creation with an emphasis on women, people with disabilities and youth mostly in marginalised areas.

Legislative environment

Primary legislation

- National Development plan
- Medium Term Strategic Framework strategic priorities:
 - **Outcome 4: Decent employment through inclusive economic growth**
 - *Sub-outcome 8 - Economic opportunities for historically excluded and vulnerable groups are expanded and the growth and development in small business and cooperatives is improved markedly*

Strategic approach to informal businesses



The Informal Economy in South Africa

Data from Stats SA QLFS indicates that **2.3 million people** were located in the Informal Sector in the second quarter of 2013.

This represents a number of enterprises and total employment in the informal sector.

Stats SA estimates valued the Informal sector at around **5.9% of South Africa's GDP in 2013.**

NDP employment projections: approx 18 % of employment

Employment creation in the informal sector

- Many researchers and analysts see the informal sector as
- Mostly made up of spaza shops and street traders
 - Mostly own-account workers (1 person enterprises)
 - Perhaps with unpaid family members helping out
 - With few skills and without entrepreneurial ambitions
 - And not much potential unless/until they graduate to the formal sector

This picture is not necessarily correct

Priority Sectors Targeted by NIBUS

- ✓ **Trade/Retail** - spazas, street vendors, sheebens, general dealers, waste collectors, etc. – **78% of Informal Business activities**
- ✓ **Manufacturing** - clothing and textiles, arts & crafts, chemicals, furniture, etc. – **development of Black Industrialists – IPAP**
- ✓ **Services** – beauty & hair saloons, car wash, bush mechanics (*mathula tsatsing*), panel beaters/spray painters, transport, entertainment, financial services, e.g. stokvels, ICT providers, etc. – **Mostly Township Businesses**
- ✓ **Agriculture** – Primary and agro-processing – **Rural Development**
- ✓ **Construction and maintenance, etc** –plumbers, painters, tilers, builders, etc. – **SIPS, RPL (Artisans)**

Basic tenets of Programmatic Interventions

- ✓ **Enabling Legal & Regulatory Environment:**
 - Business Licensing (National Municipal based registration database – Pre CIPC, sector registrations)
 - Red Tape Reduction - National, Provincial and local level
 - Alignment of by-laws to be responsive to the developmental agenda of info. Bus's
 - Foreign Traders (Upliftment of locals, partnerships and regulations)
 - Illicit goods - counterfeits, illegal, etc.
 - Social Protection (Decent Work Agenda)
 - Intellectual Property – indigenous products and services
- ✓ **Enterprise Development (Financial and non-Financial):**
 - Infrastructure (shelter, storage, trolleys, ablution facilities, business parks, etc.)
 - Access to Finance
 - Access to Markets (product & quality development, local procurement)
 - Training and Development (with mentorship), incubation & Technology, etc.
- ✓ **Inter Governmental Relations (horizontal & vertical): National, Provincial, Local including agencies**
 - coordination system - policy development, resources, programme development and implementation)
- ✓ **Stakeholder/Partnership Development (Private sector, Business Associations, civil society, FORUMS, international agencies, SETAs, academic institutions, etc.) – delivery strategies, PPP, etc**
- ✓ **Information (Knowledge) Management:**
 - Research, communication, product development, database management system, One-stop-shops, capacity development, etc.

Informal Business Upliftment Instruments

The informal Business support consists of the following two instruments:

1. Shared Economic Infrastructure Facility (SEIF)

- Covers the funding of a common Infrastructure that is either new, upgrading or maintenance and shared by a certain number of businesses. 50/50 contribution with municipality, (partners)

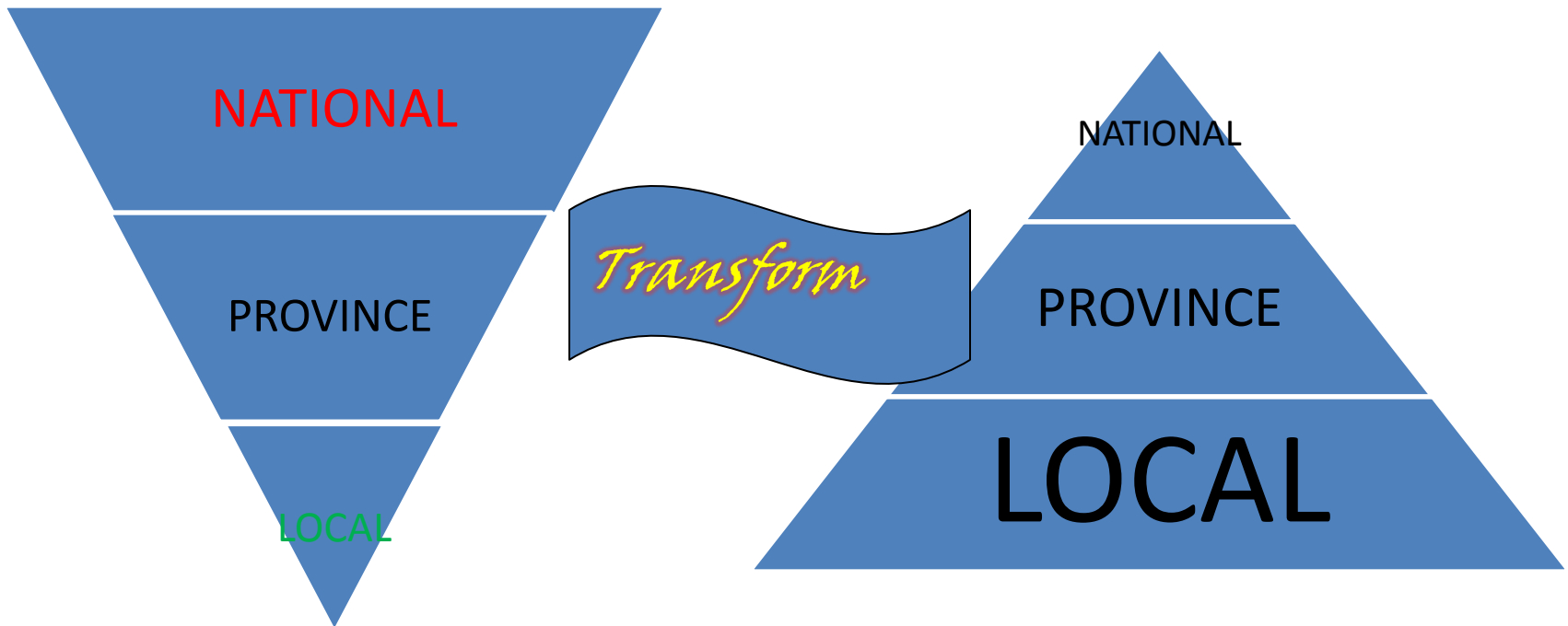
2. Informal and Micro Enterprise Development Programme (IMED)

- It will be targeted to informal businesses prioritizing:
 - Women, Youth and People with disabilities owning businesses based in townships, rural areas and depressed areas in towns and cities. **Skills and infrastructure support (tools, equipment, etc)**

2.1 Informal Trader Upliftment Project (Pilot)

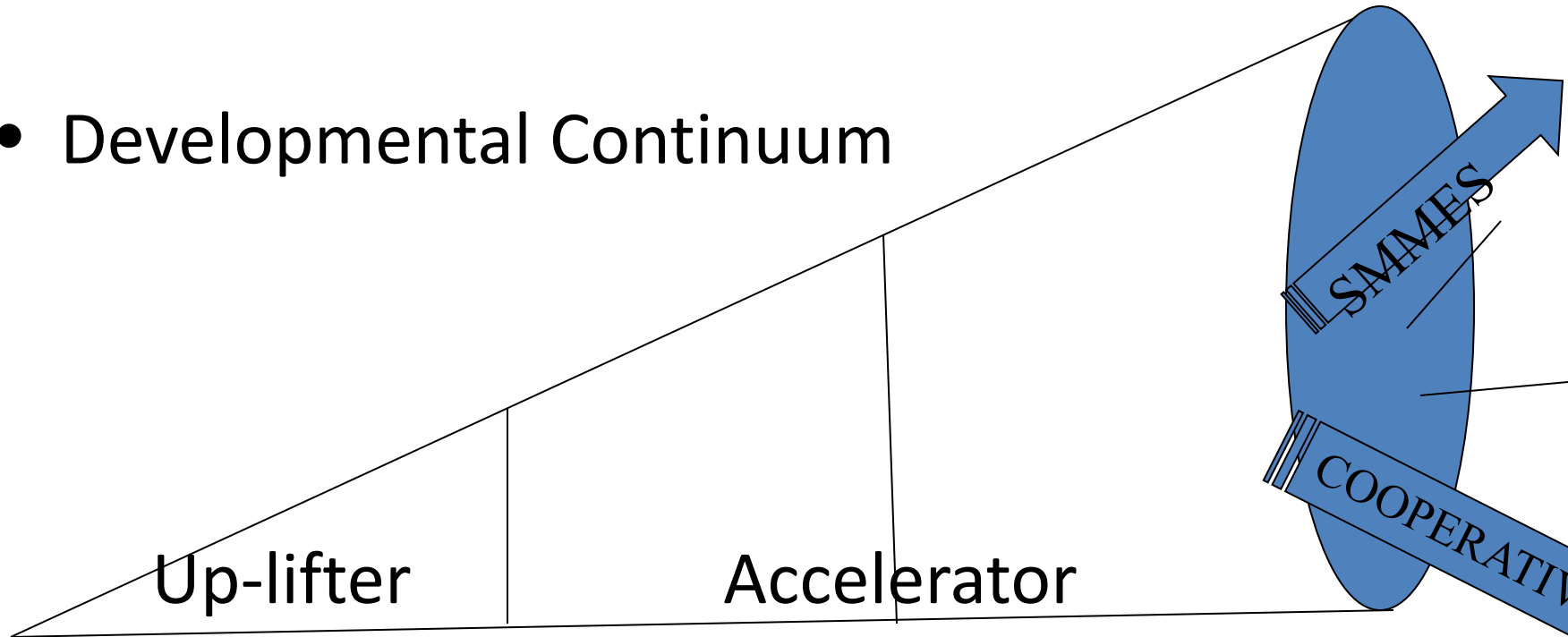
- A partnership programme with the W&R SETA that offers skills and infrastructure support for entrepreneurs who are Street traders, home based (spazas) retailers and those trading in markets

Resource allocation (Decentralization)



Vuvuzela Graduation Model

- Developmental Continuum



- *Survivalist* ↔ *Micro* ↔ *Small & Medium*
Enter/Coop

THANK YOU

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