



**MINISTRY
SMALL BUSINESS DEVELOPMENT
REPUBLIC OF SOUTH AFRICA**

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Media Statement
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**STATEMENT BY MINISTER NTSHAVHENI ON THE DEPARTMENT'S READINESS TO
SUPPORT SMMEs IN RESPONSE TO THE COVID-19 PANDEMIC**

After the President declared a state of national disaster in response to the COVID-19 pandemic, the Department of Small Business Development has been inundated with enquiries from SMMEs about the measures to mitigate severity of the impact on their businesses. As a department, we are part of the government's response to address the impending impact on the economy, in general but specifically we had to ready ourselves, together with our agencies, to effectively respond to the needs of SMMEs in affected sectors. Government understands that SMMEs will be affected on two levels as businesses when the economy slows down and as suppliers of products and services during this period. To mitigate the impact during the expected economic slowdown, the department is finalizing the SMME Support Intervention comprising of Debt Relief Fund and Business Growth/ Resilience Facility. We have requested the MECs responsible for Economic Development in all provinces to support the department to ensure the widest reach of SMME support.

The Debt Relief Fund is aimed at providing relief on existing debts and repayments, to assist SMMEs during the period of the COVID-19 State of Disaster. For SMMEs to be eligible for assistance under the Debt Relief Fund, the applicant must demonstrate direct link of the impact or potential impact of COVID-19 on the business operations. This facility will also assist entities to acquire raw material, pay labour and other operational costs. All these interventions will be structured to match the patterns of the SMMEs cash flows, as well as the extent of the impact suffered.

To strengthen monitoring and avoid abuse, SMMEs requiring assistance will be required to enrol on the SMME South Africa platform (www.smmesa.gov.za) which will go live on Tuesday, 24 March 2020. The department's insistence on the use of the SMMESA database is based on the need to track, monitor and strengthen the impact of business development support to SMMEs by both government and the private sector, during this period and beyond.

In future, the database will also be used to apply for both financial and non-financial support, access information about business opportunities and market access support.

As the nation grapples with the impact of the COVID-19 pandemic, the department will be guided by the National Command Council in determining the sectors that are deemed severely impacted in order to qualify for the Debt Relief Fund.

The Business Growth/ Resilience Facility is specifically created to enable continued participation of SMMEs in supply value-chains, in particular those who manufacture (locally) or supply various products that are in demand, emanating from the current shortages due to COVID-19 pandemic, in line with the National Treasury Instruction Note No. 8 of 2019/2020. This facility will offer working capital, stock, bridging finance, order finance and equipment finance and the amount required will be based on the funding needs of the business. In this regard, the department is inviting or requesting information from SMMEs who manufacture or supply products as listed in the aforementioned National Treasury Instruction Note and those in logistics to enrol on the www.smmesa.gov.za and apply for support from Tuesday, 24 March 2020. In due course, we shall issue a request for information on other categories of products and services.

The declaration of the national disaster came at a time when the Department was undertaking the Pitch-for-Funding initiative, which was introduced in effort to improve access to funding and business development support for SMMEs and entrepreneurs; more especially those in rural areas and townships. These sessions were scheduled to take place across the country, and had already taken place in Limpopo, Northern Cape and underway in KwaZulu-Natal. In a few days, we will announce on how the department plans to take the Pitch-For-Funding initiative forward whilst observing the Regulations of the national state of disaster.

It must be emphasised that the department's and its agencies' normal programmes to assist SMMEs remain in place and can be accessed through www.sefa.org.za, www.seda.org.za, www.mybindu.org.za, and www.dsb.gov.za.

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Issued by the Ministry of Small Business Development

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