

DEPARTMENT OF ECONOMIC DEVELOPMENT,  
ENVIRONMENT AND TOURISM



**LIMPOPO PROVINCE**

**LIMPOPO SMME STRATEGY**

**FEBRUARY 2006**

# LIMPOPO SMME STRATEGY

## FOREWORD

The Limpopo Province is laden with resources that if exploited can make a major shift on the status quo of socio-economic state within which our people live. Unemployment and poverty cannot be left to continue to plague our country. Small businesses have over the years contributed to economic wealth of the country whilst big businesses have succumbed to the economic challenges brought by the environment and have been shedding jobs.

The development of the strategy comes at a time when our democratic government is faced with the challenges of responding to the needs of the people and improving the socio-economic lives of our people. Through this strategy, small businesses will receive a lifeline, a support structure and a committed government resource base to take them to a higher level and then contribute to the reduction of poverty and unemployment.

The Department commits itself to provide the required and expected leadership in combating poverty through small business development and will be doing this in line with the following guiding principles:

- The Provincial Government regards small business sector as the key to create employment and reduce poverty levels in the Province.
- The Provincial Government will dedicate an appropriate share of its resources in support of the SMMEs. Funding will be allocated on the basis of economic outputs i.e. employment creation not inputs.
- The Government will promote and participate in programmes targeted to support women, youth and people with disabilities in all sectors of the economy.

- Broader consultation will continue to ensure that issues that stand on the way of development are dealt with.
- The Department will also play a crucial role in holding government and private sector institutions to account for their roles in supporting small business through advocacy.

### Advocacy

- The Department will support and encourage private / public partnership with organizations / institutions that advocate the advancement of SMME development.
- Encourage the corporate business to disclose their programmes of SMME development.
- Encourage corporate business to outsource non-core functions to SMMEs.
- Encourage corporate business to get into joint venture with SMMEs.
- Urge the Banks to disclose their SMME loan books.
- The Directorate in collaboration with the Supply Chain Management and the implementing Departments shall monitor and evaluate tenders where SMME involvement is recommended.
- The Department will facilitate access to training, markets, information and other support services necessary to develop SMMEs.
- The Department will co-ordinate SMME programmes in Provincial Departments, Municipalities and District Municipalities.
- International Trade Missions will be arranged in order to expose SMMEs to opportunities and promote international trade.
- Regulations will be kept to an adequate minimum in order to not stifle business entry and activities but will be sufficient to encourage high quality products.
- The Provincial Government is committed to full involvement of the organised small business sector in both policy and strategy formulation. Government should support organized business structures, use the structures to channel support to small business, to monitor progress made.
- Business organization should in turn organize them properly, develop standards of services throughout all the sectors, develop monitoring and peer review mechanisms, develop punitive and corrective measures which would incentivise growing and successful entrepreneurs.

- The Department will be the forerunner in advocating for set-asides for SMMEs in both Government and the Private Sector.
- Classification of SMMEs in terms of their capacity, growth levels and size will assist in providing contracts through set-asides in terms of their capacity to deliver.
- The MEC shall establish a Small Business Advisory Council to monitor small business programmes and its impact and advice the MEC on such matters.

Signed by;

MEC Collins Chabane  
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## List of Acronyms

SMMEs	-	Small Medium and Micro Enterprises
SMEs	-	Small and Medium Enterprises
GDP	--	Gross Domestic Product
LGDS	-	Limpopo Growth and Development Strategy
LIMDEV	-	Limpopo Economic Development Enterprises
LIMAC	-	Limpopo Manufacturing Advice Centre
NAMAC	-	National Manufacturing Advice Centre
LIBSA	-	Limpopo Business Support Agency
LBSCs	-	Local Business Service Centres
DBSA	-	Development Bank of Southern Africa
SALGA	-	South African Local Government Association
TIL	-	Trade and Investment Limpopo
SADC	-	Southern African Development Community
SDI	-	Spatial Development Initiatives
NEPAD	-	New Partnership for African Development
RDP	-	Reconstruction and Development Programme.
DTI	-	Department of Trade and Industry.
NGOs	-	Non-Governmental Organizations.
CSIR	-	Centre for Scientific and Industrial Research.
RFIs	-	Retail Financial Intermediaries.
IDPs	-	Integrated Development Programmes.

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## EXECUTIVE SUMMARY

Limpopo Department of Economic Development, Environment and Tourism has reviewed the SMME Strategy in line with the Provincial Growth and Development Strategy, the National Integrated Small Business Development Strategy's mandate of reducing poverty, creating employment opportunities, improving the quality of life for **all**. The strategy takes cognisance of the fact that SMMEs are stimulants of economic growth as they create employment opportunities and reduce poverty levels among the communities locally and internationally. The province initiated the review in order to create a balance between the alarming unemployment rate and the growing provincial economy.

The research process identified major challenges faced by SMMEs in the province and solutions to overcome them. This then is the basis for the strategies as contained in this document which will provide direction on the way forward towards development of small business in Limpopo.

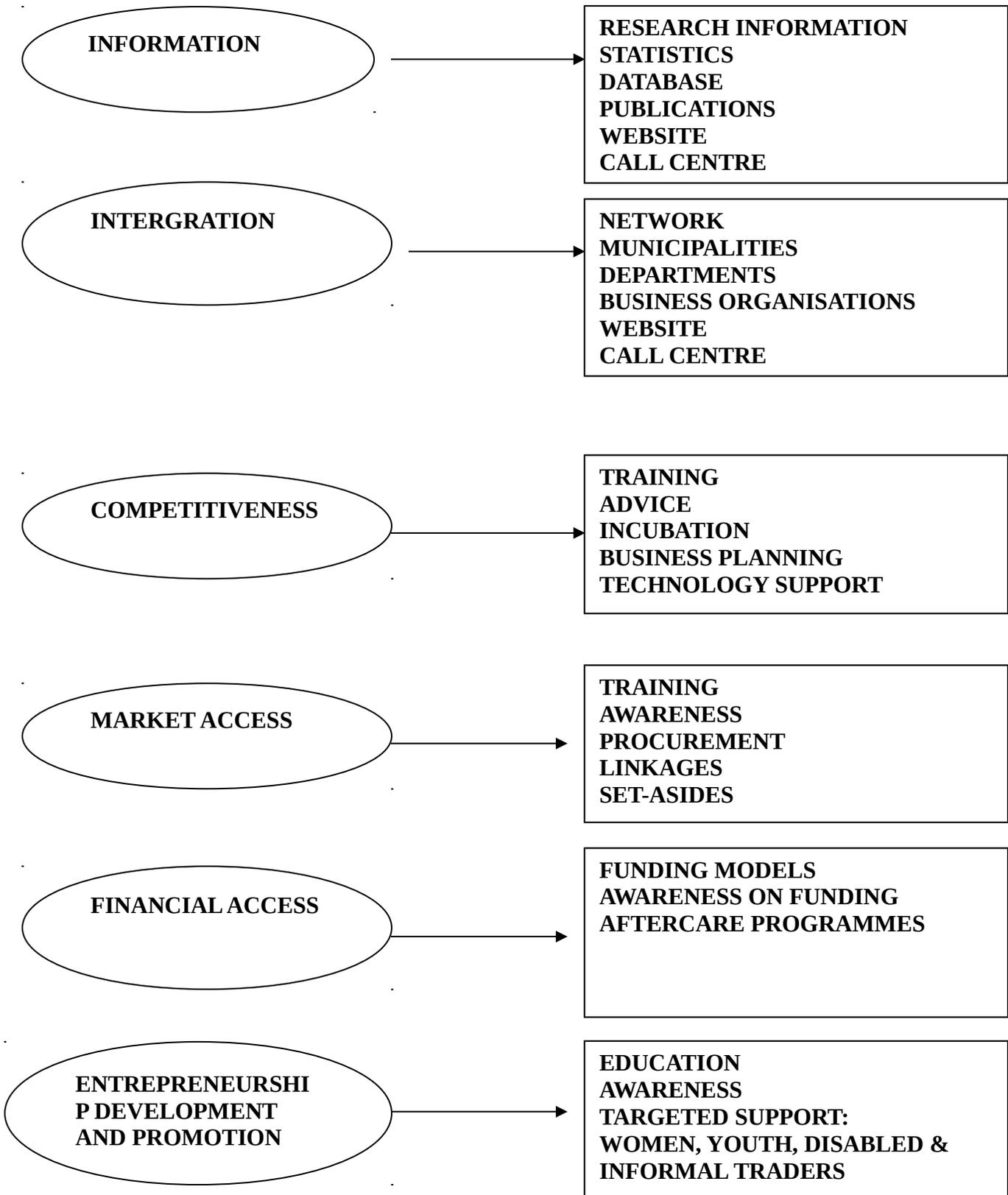
The strategy comprises of two sections. Section A gives an overview of the Limpopo SMME strategy, the status of SMMEs and development support. It also identifies the gaps that inhibit the success of SMMEs, literature review, background information on major SMME service delivery, institutions / organizations and agencies in the province and the findings / challenges emanating from the study .

Section B focuses more on providing solutions to the identified findings or challenges from the study.

The strategy has identified ways to overcome the challenges as identified in the previous strategies. This is the framework which seeks to improve the impact of small business on the socio-economic issues we face in the country.

- The strategy identifies the need to have business development information. These set of strategies are critical to assist development planning and monitoring and review of the impact of small business development support services.
- The need to integrate business development support strategies in order to streamline activities, maximize impact and resources allocated to small business development.
- To overcome the challenges of unemployment, there is a need to improve the competitiveness of small business which will then ensure sustainability and increase profitability of small businesses. This will include tailor made capacity building programmes.
- There is also a need to increase access to local and international markets as well as business linkages within small business.
- The issue of lack of or inadequate funding resources is also dealt with as the research has proven that the available funding programmes do not respond to the needs of the different categories of SMMEs. Small business promotion is the last strategy to be dealt with which also emphasizes the role of the formal education system in assisting to educate and create awareness on small business development.
- Institutional framework will seek to define the role of the different government institutions in small business development.
- The strategy will be reviewed after three years in order to gauge the impact it will have on society and specifically the business community.

## SMME STRATEGY SUMMARY



# **1. INTRODUCTION**

## **1.1. PURPOSE**

The purpose of the Limpopo SMME Strategy is to create a framework in the business environment to reach the following:

- To increase the contribution of small business towards the economic growth of the Province.
- Make more impact on job creation and reduction of poverty levels in the Province.
- Ensure that the Province's growing economy proportionally contribute to the GDP.
- Ensure that there is effective and efficient co-ordination and integration of SMME programmes in the Province.

## **1.2. VISION**

To increase the contribution of small businesses to the growth of the Provincial economy.

## **1.3. MISSION**

- Creating more employment opportunities than people coming on to the labour market.
- Involving the SMMEs in the formulation and implementation of small business policies and strategies.
- Developing an appropriate support and strategic focus in the environment for SMME's to prosper.
- Strengthening the links and co-operation between the small and big business sectors, government and the SMME service providers in the Province.

## **1.4. OBJECTIVES**

- To improve the quality of life for all in the Province by creating employment opportunities and reduce unemployment rate.

- To increase the capacity of SMMEs and production levels
- Identify and close the gaps in the delivery of services to entrepreneurs

## **1.5. DEFINITION OF SMME**

The National Small Business Act and its amendment of 2004, the Integrated National Strategy on Small Business Development and the White Paper on Small Business all have given definitions of SMMEs which is best reached through defining the different sectors of the economy. For the purposes of this strategy the following are the short definitions of SMME.

- Survivalist – These have no paid employees, owner / worker type of businesses. The income generated is below the poverty line, informal in status.
- Micro – These have fewer than 5 employees, are registered as businesses, some are registered for VAT and TAX.
- Very small – Have 20 or less employees on average
- Small – Have fewer than 50, are registered for various purposes and formal in status.
- Medium – Have less than 200 employees. Fully registered.
- Larger enterprises – More than 200 employees and more in the mining, manufacturing and construction sectors.

## **1.6. STRATEGIES**

- Provision of appropriate business development information
- Coordination and integration of business development support
- Increasing competitiveness of businesses
- Increase access to local and international markets
- Increase access to financial resources
- Entrepreneurship development and promotion

## **2. OVERVIEW OF SMME DEVELOPMENT**

### **2.1.ECONOMIC PROFILE OF LIMPOPO PROVINCE**

#### **Background**

The Limpopo Provincial Government is faced with a mammoth task of reducing poverty levels, create employment opportunities and improve the quality of life for all. In order to address these challenges, the small businesses have a role to play. Both the National and Provincial Governments regard the SMMEs as instrumental to create employment opportunities and reduce the poverty levels.

#### **2.1.1. The Provincial Development Objectives**

Limpopo Province has adopted five development objectives for itself whose performance indicators correspond to those of the Millennium Development Goals in the Growth and Development Strategy. These objectives are the outcome of various international, national and provincial programmes. These objectives are:

- The need to improve the quality of life of the population of Limpopo.
- Growing the economy of the province
- Attaining regional integration
- Enhance innovation and competitiveness, and
- Improve the institutional efficiency and effectiveness of government<sup>1</sup>.

#### **2.1.2. Limpopo Province's Economic Growth and its Impact on Development**

There is a growing concern that the Province is not able to match the job creation and the growing economy. In his State of the Province Address of 2004, the Premier of Limpopo raised concern that the economy of Limpopo has been growing at a rate double to that of the national average, while joblessness and abject poverty persist. The objectives set for the growth and development strategy

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<sup>1</sup> Limpopo Growth and Development Strategy - January 2005 (page 19) outlines the Provincial Development Objectives.

for Limpopo should address this paradox. These objectives are aimed towards facilitating economic growth and capital investment that will address the low absorption rate of the labour force into the economy as a matter of priority<sup>2</sup>.

The 1999 economic development strategy of the province highlights the fact that on the supply side of the economy, the province enjoys a competitive advantage in Mining, Agriculture, Tourism and Manufacturing along the value-chains of the first three sectors. On the demand side, the province is faced with key developmental challenges of unemployment, high dependency ratios, poverty, and skewed distribution of resources, equity and illiteracy. The economy of Limpopo constituted 6.5% of the total economy of the country in 2002, compared to 5.7% in 1995. For the period 1996 to 2002 the economy of the province has been growing at an annual average rate of 4%, which is higher than that of all the other provinces (Limpopo Growth and Development Strategy January 2005: 12). Table 1 below reflects the provincial contribution to the National Gross Domestic Product (GDP) in 2002.

**Table 1 Provincial contribution to the National GDP: 2002**

<b>Province</b>	<b>Contribution in %</b>
Western Cape	14.2%
Eastern Cape	7.9%
Northern Cape	2.0%
Free State	5.7%
Kwa Zulu Natal	16.4%
North West	6.6%
Gauteng	33.8%
Mpumalanga	6.9%
Limpopo	6.5%

*Source: Source: Limpopo Growth and Development Strategy – January 2005*

There are different sectors of the economy in the province which jointly contribute towards the growing economy. Table 2 below reflects these different sectors:

**Table 2 Sectoral contribution to the Provincial GDP: 2002**

<b>Sector</b>	<b>Contribution in %</b>
Agriculture, Forestry and Fishing	3%

<sup>2</sup> Limpopo Growth and Development Strategy - January 2005 (page 19) reflects the government's aim of closing the gap between the province's growing economy and high unemployment rate.

Mining and Quarrying	24%
Manufacturing	4%
Electricity and water	3%
Construction	2%
Wholesale and Retail Trade	13%
Transport and communications	9%
Finance, Real Estate and Business Services	17%
Community, Social and Others	5%
General Government	20%

**Source: Source: Limpopo Growth and Development Strategy – January 2005**

Despite the growing economy of Limpopo Province, statistics reflect that unemployment and job creation are still very high. Table 3 below reflects the level of employment by district in 2003:

**Table 3 Level of employment by district: 2003**

Item	Year	Capricorn	Bohlabela	Mopani	Sekhukhune	Vhembe	Waterberg	Province
Economically active population (number)	1998	219167	144410	214298	124303	271454	187933	1161565
	2003	277590	183759	270004	157591	343649	235505	146 8098
Employment number	1998	118380	45673	129871	27459	123271	135804	580457
	2003	128818	57863	150274	34075	134466	169595	675092
Unemployment (expanded)	1998	46	55.7	39.6	68.1	49.3	30.1	46.6
	2003	50.7	56.9	41.8	69.4	53.1	31.2	49.3

Source: Limpopo Growth and Development Strategy – January 2005<sup>3</sup>

The total number of people living in poverty still supports the argument that the Province's growing economy has a very low absorption rate of the labour force into the economy. Table 4 below reflects the number of people living in poverty in the province between 1998 and 2003.

**Table 4 Number of people in poverty: 1998 and 2003**

District	1998	%	2003	%
Capricorn	588 345	60.9	680 216	65.3
Bohlabela	490 526	66.5	448 503	56.5
Mopani	554 706	61.4	537 757	55.5
Sekhukhune	534 206	70.4	545 362	67.2
Vhembe	720 434	60.9	786 842	62.0

<sup>3</sup> The table is derived from Limpopo Growth and Development Strategy - January 2005.

Waterberg	380 348	55.4	373 800	50.8
Province	3 268 566	62.4	3 372 479	60.0

Source: Global Insight Southern Africa

There is a need to increase employment statistics, reduce poverty and improve quality of life for all in the province. To achieve this, the economy needs to move on a growth path of increased investment, enhanced productivity and expanding employment opportunities. Whilst large enterprises should contribute towards envisaged growth path with relatively limited support, the transformation of small-enterprise sector requires and justifies concerted policies of wider scope as well as the deliberate creation of an enabling environment. Such initiatives need effective inputs from all segments of the economy and close co-operation between government and the private sector. The ultimate goal is to have SMMEs as equal partners in all economic sectors and maximize the sector's contribution to Reconstruction and Development Programme (RDP).

In line with implementation of the national SMME policy, support structures were established at provincial and local levels. Among others there is provincial SMME Unit, Limpopo Business Support Agency (LIBSA), Limpopo Economic Development Enterprise (LIMDEV), and a partnership agreement for supporting Limpopo Manufacturing Advice Centre (LIMAC), Local Business Service Centres (LBSCs), Service providers such as non-governmental organizations, education institutions, and community based organizations.

## **2.2. PROGRESS MADE ON GOVERNMENT SUPPORT**

The Department of Economic Development, Environment and Tourism has put in place institutions to provide programmes directly to SMMEs catering for both financial and non-financial resources requirements.

### **2.2.1. Limpopo Business Support Agency (LIBSA)**

LIBSA is a Section 21 company and was established in 1999 by the Department of Economic Development, Environment and Tourism to ensure viability of small, medium and micro enterprises.

LIBSA's mandate from the Department of Economic Development, Environment and Tourism is to provide non-financial support services to the SMMEs in Limpopo Province.

LIBSA's vision is to "lead non-financial SMME Support nurturing and promoting clientele into the South African mainstream economy".

### **Strategic Objectives**

The objectives of the agency are:

- Consolidating and accelerating non-financial support services for SMMEs.
- Establishing and consolidating strategic alliance and sign agreements with relevant institutions for support of SMMEs.
- Providing incubation structure and facilities in association with the relevant institutions for SMME development, e.g. Local Government, Centre for Scientific and Industrial Research (CSIR), and Council of Geo-science.
- Effective programme marketing.
- Establishing co-operatives and facilitate their growth potential; and
- Adherence to corporate governance.

LIBSA's core functions are crucial to reduce poverty and create employment opportunities in Limpopo Province. There are several areas that need to be looked into in order to assist the agency to achieve its goals. Such issues are listed or reflected among the areas of intervention to develop the SMME strategy in the Province.

#### **2.2.2. Limpopo Manufacturing Advisory Centre (LIMAC)**

Limpopo Manufacturing Advisory Centre's mandate is to: "improve the competitiveness and growth of South Africa's small and medium sized manufacturing firms". Its clients are small and medium-sized Manufacturing Enterprises within the region.

The organisation assists its clients to have ready access to high quality business and technical support services to improve their productivity and enhance their competitiveness. The organisation addresses the following SMME needs:

- Help in diagnosing the SMME problems.
- Increase their productivity and competitiveness.
- Improve access to technologies.
- Access to better business management practices.
- Access to markets and better marketing techniques.
- Better human skills development of their workforce.
- Improve access to finance.
- Increase awareness of available assistance resources.

The impact of programmes implemented by LIMAC is often measured in terms of the number of jobs created.

### **2.2.3. Limpopo Economic Development Enterprise (LIMDEV)**

The mandate of LIMDEV as contained in the Northern Province Development Corporation Act of 1995 and reflected in its mission as to "establish and advance a sustainable SMME sector through the provision and facilitation of business and investment opportunities". The organization has developed a plan which details the activities and strategies to deliver on that mandate. These strategies are underpinned by solid programmes that are focused on delivery and are:

- **Financing:** SMMEs and Rural Housing Finance.
- **Projects:** Property and Housing Development as well as Tourism and Hospitality.
- **Property Management.**
- **Utilities:** Great North Transport and Lebalelo Water Users Association.

With regard to SMME programmes, the Department of Economic Development, Environment and Tourism does not have a clear mandate to LIMDEV. The Act is too general and has spread the mandate too wide understandably as its development was for the purpose of merging the former three Bantustans corporations which were merged with all their programmes and projects which were incorporated into the Act. This mandate does not serve the sole purpose of SMME Development it then becomes a smaller part of the LIMDEV's strategy and implementation plan. SMMEs require a certain level of effort which **cannot** be combined with other activities which may make the SMME programme less attractive field given the enormous work it requires.

#### **2.2.4. Limpopo Tourism and Parks Board**

Limpopo Tourism and Parks Board's mandate is derived from Limpopo Tourism and Parks Board Act. The institution is responsible for:

- Execution of generic marketing of the Province
- The management of the Provincial Nature Reserves, and
- The registration of tourism amenities in the Province.

#### **2.2.5. Trade Investment Limpopo**

Trade Investment Limpopo was established under the Northern Development Corporation's Act to promote and market the Province as well as attracting investment into the Province. Their vision is to make Limpopo a major destination for trade and investment, thereby creating a better life for all. TIL's objectives are to create business opportunities through marketing, market and promote Limpopo investment opportunities internationally, increase secondary production activities, participate in international exhibitions and trade shows.

## **2.2.6. Municipalities**

The Municipal SMME programmes are often encapsulated in their Integrated Development Programmes (IDPs). Most municipalities focus on Local Economic Development Programmes.

The municipalities are aware of their mandate to develop and implement SMME programmes, but the common problem amongst most municipalities is capacity and access to funding.

## **2.3. BEST PRACTISES FROM INTERNATIONAL, NATIONAL AND PROVINCIAL MODELS**

### **2.3.1. NATIONAL MODELS AND STRATEGIES**

The National Department of Trade and Industry has developed the Integrated Small Business Development Strategy of South Africa which has the following strategies:

#### **2.3.1.1. Promoting entrepreneurship**

- National entrepreneurship promotion campaign
- Creating an inter-ministerial response to the development of entrepreneurs
- Expanding franchise opportunities
- Better access to information and advice
- Strengthening business associations

#### **2.3.1.2. Unlocking potential through better business environment**

Small business sensitive regulations

Improving labour relations in small business

Access to markets

Increasing the effectiveness of incentives

#### **2.3.1.3. Promoting more competitive small businesses**

- Infrastructure facilities
- Technology transfer and incubation

- Access to finance
- Access to appropriate skills
- Increasing research capacities and improving the dissemination of results

## **2.4. Relevant International Context**

### **2.4.1. Japan**

Japan serves as model of a first world country where SMME programmes are implemented successfully. The SME (Small and Medium Enterprises) policy in Japan is geared towards "developing and growing a wide range of independent SMEs for greater economic vitality". The government policy system is aimed at:

- Supporting self-help efforts for business innovation and start-ups i.e. support for ambitious enterprises.
- Strengthening of management base (enhancement of management resources).
- Facilitating apt responses by enterprise for abrupt environmental change (providing necessary safety net).
- Finance and taxation (common measures).

### **Lesson Drawn from Japan's SME Policy**

The implementation system of Japan's SMMEs addresses the needs of Small and Medium Enterprise:

#### **Japan has an Effective SME Implementation System**

- **Administration:** Sound administration service for SMEs is offered by an independent Organisation.

- **Supporting Organisations:** There are effective organisations supporting the implementation of SME programmes.
- **Business Support System:** There is support for business ventures.
- **Managing Support:** There is sound management support of SMEs.
- **Sound Financial Support and Investment:** Sound financial support and investment in place for SMEs.

### **The Activities of the Administration Body Addresses all Small and Medium Enterprises' Problems**

- There are effective support centres and support networks for SMEs.
- There is an effective reinforcement of existing business activities through efficient SME training programmes.
- SMEs are offered support to cope with the changing business environment.

#### **2.4.2. Kenya**

Mureithi (2002) argued that the survey conducted in Kenya in 1995 (Daniels 1995) Medium and Small Businesses (MSEs) play a crucial role in the economy. The survey estimated that small business accounted for 12 - 14% of the GDP. They also created up to 250 000 new jobs annually but due to the vagaries of the economy and internal weakness, the rate of collapse among them was high. Daniels (1995) as cited in Mureithi (2002) indicates that 150 000 jobs were lost due to closures of small businesses, leaving a net of 100 000 jobs annually. The small businesses contributed significantly in poverty alleviation for households that would otherwise be desperately poor.

Mureithi (2002) noted the following challenges among the small business in Kenya:

- The incomes among various SMMEs varied widely. Those in urban areas had more income than rural based businesses. Gender disparity was significant as is the level of education - women led businesses had less income than those led by men.
- Lack of capital;

- Access to markets hampers expansion of SMMEs.

Mureithi (2002) argues that another survey (YWCA, 2001) in April 2001 cited information as a major constraint to growth. It is information regarding markets and the difficulty in gathering it. It further more includes cost of access, awareness and required skills. Whilst the issue of rural communications have been addressed through telecentres, access to technology and information are crucial to effective operation of SMMEs.

## **2.5. CHALLENGES IDENTIFIED**

- 2.5.1.** There is currently no comprehensive data on enterprises and no system in place. There is a need to have appropriate research programmes and information management systems.
- 2.5.2.** Inadequate access to business information and advice for the outlying areas of the province. Communication channels and documentation not taking cognizance of the language barrier in the Province.
- 2.5.3.** There is little effort to engage private businesses to support SMMEs, and the effort made is not publicly known. Information about national opportunities not properly provided to entrepreneurs.
- 2.5.4.** There is poor co-ordination and lack of integration of SMME Programmes which are done by the different institutions and Government which leads to duplication of services and resource allocation.
- 2.5.5.** Several Government Departments are engaged in SMME activities and programmes. Their efforts do not make major impact when evaluating the SMME programmes at a higher or provincial level. It is difficult to assess the impact of SMME programmes on poverty reduction and creation of employment opportunities in the Province.
- 2.5.6.** The role of Municipalities not clearly specified.
- 2.5.7.** Business organizations not playing a role in business development programmes implemented by government.
- 2.5.8.** Inefficient Monitoring and Evaluation of the Programmes.

- 2.5.9.** Low skills level still exists within the business community. Personnel from government and its institutions not having capacity to understand the dynamics of the business environment.
- 2.5.10.** Businesses are not taken from the entry level through stages to reach a higher growth levels through capacity building programmes and procurement by government.
- 2.5.11.** The levels of services, commitment in Government and its institutions needs to be improved.
- 2.5.12.** Enterprises are still not exposed to the benefits of using appropriate technology to improve their business.
- 2.5.13.** The cost of doing business is still higher in the country and the Province due to the regulatory burden on enterprises.
- 2.5.14.** Limited access to markets through procurement opportunities, local and international markets. There is not a concerted effort to give contracts to SMMEs specifically those that receive support from Government institutions.
- 2.5.15.** Lack of both financial and non-financial resources on the part of emerging firms is an inhibiting factor for them to have access to bigger contracts.
- 2.5.16.** The inability of SMMEs to sell their products and services is a serious obstacle to the starting of businesses and growth beyond mere subsistence. The emergent SMMEs should therefore be assisted to reach the market.
- 2.5.17.** There is inadequate access to funding for the different categories of enterprises.
- 2.5.18.** Conflict of interest on government employees having business interest on the business opportunities within government.

### **3. PRINCIPLES OF THE STRATEGY**

- 3.1.** Consultation with stakeholders.
- 3.2.** Partnerships with relevant institutions.
- 3.3.** Value for money for clients.
- 3.4.** Business development services will be needs driven.

## **SECTION B**

### **4. DEVELOPMENTAL STRATEGIES**

## **4.1. PROVISION OF APPROPRIATE BUSINESS DEVELOPMENT INFORMATION**

For purposes of proper planning, implementation, reporting, monitoring and review of the impact of the development programmes of Government, there is a definite need for up-to-date information on business activities, trends and progress made. Currently in Limpopo, there is no comprehensive programme for information management, dissemination and reporting.

The availability of SMME data-base will assist emerging business owners in numerous ways; for example, information on various sources of funding, capacity building and training programmes, procedures on how to start a business, markets, marketing, overall access to SMMEs (Nationally and Internationally), etc.

Accessibility of SMME information by funding organisations, local and international organisations, and individuals within and outside the province etc. is crucial. The areas of intervention for needs such as entrepreneurship development, funding, etc can be easily addressed if SMME data-base is established and regularly updated by experienced and professional employees.

There is a need to have evaluation mechanisms to look at support programmes' impact on businesses. Business organization must have a role in inputting to development programmes and updating of the growth levels of businesses.

### **4.1.1. RESEARCH AND DEVELOPMENT PROGRAMMES ON ENTERPRISES**

To enable proper planning for businesses development support it is critical that there is appropriate research on the impact of small business in the economy of the province. Research starts by identifying the information needs, then research programmes available and then commissioning research.

- Designing a framework reflecting what the research and development programme should cover on SMME issues;
- Designing a plan indicating the type of information;

#### **4.1.2. INFORMATION MANAGEMENT AND DISSEMINATION**

Once Research is done, there is a need to develop a plan on the establishment and implementation of a sound business information and management system. Develop appropriate communication strategies to communicate information to assist planning and increase awareness. A comprehensive reporting mechanism will ensure that there is proper monitoring of the impact of small businesses on the economy of the Province.

- Establish an efficient and comprehensive Limpopo SMME data-base.
- Data capturing and recording of SMME information should cover all sectors;
- Design the implementation plan and the monitoring and evaluation mechanisms of the programme;
- Creating networks for information dissemination throughout the Province to cover rural areas.
- Use communication channels which include: Website, Brochures, Newsletters, and Publications.
- Conduct Provincial Small business reviews and publications.

#### **4.1.3. PERFORMANCE INDICATORS**

- (a) Research and development programmes
- (b) Information and database management system
- (c) Integrated network of service delivery institutions
- (d) Communication through: website, newsletters, brochures, publications, call center etc.

## **4.2. COORDINATION AND INTEGRATION OF BUSINESS DEVELOPMENT SUPPORT**

There are several organisations / institutions involved in Small business programmes or activities within Limpopo Province. Their goals, objectives and activities are all geared towards improving and increasing the constitution of Small businesses in the Provincial economy. All these Government Departments, parastatals or institutions have common clients or beneficiaries. The activities and programmes of these institutions reflect that they are never engaged or interact with communities on SMME programmes. Integrating small business development strategies will ensure streamlining of activities, maximise impact of resources allocated to small business development and eliminate duplication of services and resources allocation.

Municipalities have a very big role to play in the development of enterprises as they are a point of contact with entrepreneurs. The strategy provides a framework which shall guide the development of programmes to support small businesses which the Municipalities should consider when developing their plans. There is a need to have business development chambers at Municipal levels to assist in planning, input into development processes and lead the economic development areas in Municipalities. The Department must participate in the development, implementation and monitoring of IDP programmes. This will ensure that there is alignment with the local economic development programmes and IDP plans with the SMME Strategy.

Performance indicators:

- (a) LED and IDP Support programme
- (b) Integrated Business Development Support Networks
- (c) Intergovernmental forums on SMME Development

#### **4.2.1. COORDINATION AND INTEGRATION OF SUPPORT PROGRAMMES**

There is an ever increasing need to co-ordinate and integrate SMME Programmes in the Province. A framework for integrated enterprise development support must be developed which will ensure:

- That implementation of all SMME activities cuts across all sectors and is need driven;
- Alignment of all SMME programmes and activities with different economic sectors.

- A balanced focus on all SMME sectors relevant to enhance economic growth.
- Spare utilisation of scarce financial resources.
- Streamlining all SMME programmes to achieve provincial economic goals.
- Ensure support to service delivery to organisations with SMME programmes.
- Prioritising and integration of related SMME activities.
- That the effective and efficient monitoring and evaluation mechanisms of the province's SMME programmes are in place.
- Maximisation of the impact of all the resources available for SMME development.

Integration of service delivery Institutions will also ensure that there is synergy in strategic movement, close the gaps realised when integration is done and it will benefit entrepreneurs and accelerate service delivery. Such integration will happen as follows:

#### **4.2.1.1. Strategic Integration**

The process entails creating strategic alliance of all stakeholders involved in SMME programmes in the province. The strategic plans of all these institutions have to be integrated with the intention of streamlining and planning for the support of certain projects to be implemented. The identification of projects / programmes and the implementation of support to service delivery institutions has to be informed by these integrated strategic plans.

The process entails provision of support to service delivery institutions involved in SMME programmes. It implies augmenting and providing more support to service delivery to individual institutions involved in the implementing SMME programmes.

#### **4.2.1.2. Physical Integration**

The Department has three institutions that provide services to entrepreneurs and all are currently located within distance of each other. This causes an inconvenience for entrepreneurs such that they have to travel between the institutions to get assistance. The strategy seeks to have a one-stop service centre for small business through out the whole network of service providers. As far as possible, other institutions will be invited to physically integrate and operate within reasonable distance of each other or under one roof.

#### **4.2.1.3. Electronic Integration**

With the increase in technology usage by businesses and communities, there is a need to integrate programmes electronically. This will ensure that there is easy access to programmes through websites and computer systems that will incorporate services that are beneficial to enterprises. The implementing agencies of the Department have their own websites that must be integrated and are accessible through one system or website.

The integration however may not reach the uneducated people in our rural communities which bring the need for a integrated telephone service in addition to the computerized version. A call center will go a long way towards assisting SMMEs to be able to pick up a phone and get advice and information without incurring travel costs.

#### **Performance Indicators**

- (a) Integrated service delivery

#### **4.2.2. ALIGNMENT TO SECTORAL SUPPORT STRATEGIES**

#### **4.2.2.1. AGRICULTURE**

Agriculture development is the responsibility of the Department of Agriculture and their mission is to increase economic growth and reducing poverty by empowering people to manage natural resources in a sustainable manner to allow for sector job creation and wealth generation.

A study conducted by Development Bank of Southern Africa (DBSA) in 1991 concluded that only agriculture recorded a comparative advantage as an economic sector within the province (Agriculture Profile - Limpopo Department of Agriculture).

#### **AVAILABLE AGRICULTURE SUPPORT PROGRAMMES**

- Sustainable resources management which includes engineering services and land care.
- Farmer support and development which includes farmer settlement, District services, extension advisory services, food security and rural development, crop production and animal production.
- Veterinary services
- Technical research services
- Agricultural economic development planning and agri-business
- Structured agricultural training, which include the restructuring of the Agricultural Rural Development Corporation.

#### **GAPS IDENTIFIED**

- Funding resources not sufficient.
- Low capacity levels on business management in agriculture
- Inadequate technical and managerial capacity among the beneficiaries of Land care projects is a common feature in sustainable resources management for local agricultural planning and ascertaining the value of agriculture.
- Understanding of Agri-BEE is not adequate among all the value chain and commodity farmers.

- The Department of Agriculture plays a role of **providing** technical support and requires that the business development side be dealt with by the Department of **Economic Development, Environment and Tourism**.

## **INTERVENTION STRATEGIES**

- Identify capacity building requirements and accelerate training and capacity building programmes
- Increase agro-processing programmes
- Develop sector specific incubation programmes and collaborate with existing programmes
- Increase capacity to export
- Provide support to facilitate marketing of agricultural products and establish their markets both locally and internationally;

## **Performance Indicators**

An agriculture sector business support programme

### **4.2.2.2. MANUFACTURING**

Manufacturing SMMEs contribute greatly in creating sustainable jobs and new employment opportunities for disadvantaged groups. Since the SMMEs are open to international competition, there is a need for them to cope with free market pressures in the economy. Their needs should be identified in order to come up with relevant solutions.

#### **AVAILABLE MANUFACTURING SUPPORT PROGRAMMES**

LIMAC is currently responsible for programmes aimed at increasing the competitiveness of enterprises in manufacturing. The programmes available are as follows:

- The export orientation and market access
- Marketing strategies and market access facilitation
- Training on environmental resource management
- Training on technology acquisition and appropriate technology usage

- Business linkages
- New opportunities identification
- Network linkages
- Quality and productivity improvement programmes

#### **GAPS IDENTIFIED**

- Too much concentration on a few businesses that leads to saturation of such markets.
- Quality and productivity levels are still considerably low.
- Funding resources not sufficient.
- Low capacity levels

#### **INTERVENTION STRATEGIES**

- Develop a programme to identify and promote new market opportunities specifically those identified in the PGDS.
- Accelerate the implementation of quality and productivity improvement programmes.
- Increase funding resources
- Accelerate training and capacity building programmes
- Bring in new entries into manufacturing
- Increase beneficiation and processing of raw materials
- Increase the network of and capacity of service providers
- Develop sector specific incubation programmes and collaborate with existing programmes
- Increase capacity to export

#### **Performance Indicators**

A manufacturing sector business support programme

#### **4.2.2.3. TOURISM**

Tourism is one of the sectors that have potential for SMME growth. It is therefore necessary to explore and identify various options that can create employment opportunities particularly for the SMMEs.

A Provincial Tourism Growth Strategy has already been developed and adopted as part of the provincial Growth and Development Strategy in September 2004. An implementation strategy was formulated.

In that process the clusters identified include:

- Family and Recreation Cluster,
- Special Interest Cluster, Golf and Game Cluster,
- Mega-conservation Cluster,
- Safari and Game Industrial Cluster and
- "MICE" and Infrastructure Cluster.

#### **AVAILABLE TOURISM SUPPORT PROGRAMMES**

LTPB is currently responsible for programmes aimed at promoting tourism in Limpopo. The programmes available are as follows:

- Execution of generic marketing of the Province
- The management of the Provincial Nature Reserves, and
- The registration of tourism amenities in the Province.

#### **Some of the current programmes include:**

The Commercialisation of the Provincial Government owned Nature Reserves. This process has seen an interest coming from small businesses and big business from within and outside the Province.

The institution does not provide business development support but tourism sector support. A relationship has already been formed with LIBSA to assist small businesses with business plans and to LIMDEV to assist with access to funding.

## **GAPS IDENTIFIED**

- Funding resources not sufficient.
- Low business management and capacity levels.
- Few funding programmes to support BEE deals in the tourism sector.

## **INTERVENTION STRATEGIES**

- Identify the SMME needs linked to the implementation of the provincial Tourism Growth Strategy and develop programmes to address those.
- Facilitate access to training for aspiring SMMEs operating in different sectors in Tourism.
- Provide support to the implementation of marketing support programmes of Tourism SMMEs.

## **Performance Indicators**

A tourism business sector support programme

### **4.2.2.4. MINING**

The mining industry is one of the four main economic sectors that can enhance economic growth in Limpopo Province. It should however be noted that mining industry is the competence of the National Department of Minerals and Energy. The industry lies beyond the competence of Local Municipalities or Provincial Departments. The critical question coming to the fore is how municipalities, in particular SMME programmes, should benefit from the mining activities.

Although Provincial Governments or Local Municipalities do not have control over the industry, the SMME programmes can benefit directly or indirectly (financially or otherwise) from the mining activities. The industry has policies or social responsibilities that guide its operation to benefit local communities. Such policies focus on issues such as Environment, Black Economic Empowerment, Job creation, Training, Skill development etc. These policies support and promote development initiatives amongst the local communities. This brings in an element of beneficiation from the mining activities. These policies furthermore promote and support SMME programmes broadly.

## **AVAILABLE MINING SECTOR PROGRAMMES**

- Procurement in favour of SMMEs
- Infrastructure development
- Training and education on business management

## **GAPS IDENTIFIED**

- No monitoring and reporting mechanism to assess progress made in the mining industry

## **INTERVENTION STRATEGIES**

- Monitoring of procurement activities in Mining
- Identify SMME opportunities in mining industry
- Create awareness on mining opportunities in such areas

## **Performance Indicators**

- A Mining sector enterprise support programme
- A report on the procurement opportunities afforded to SMMEs

### **4.2.2.5. TRANSPORT**

The Department of Transport is responsible for programmes for development of the Transport sector. The sector is widely neglected in as far as business support is concerned and most such businesses are operated as unregistered sole proprietorship with the individual owner dealing directly with the funding institutions. Approvals for funding are normally not based on business plans, but on the possibility of recovering the funds. This relates to the taxi industry that has not even been paying taxes, the small trucking businesses wherein a person will be expected to have a contract which will show the amount to be brought by the truck. Only the medium and large

transport companies operate within business principles and this shows that there are two extremes, the big registered and small unregistered.

The Department uses a computerised procurement ROSTER system that records and monitors the awarding of contracts within the Department.

## **AVAILABLE TRANSPORT BUSINESS SUPPORT PROGRAMMES**

The programmes available from the Department of transport are as follows:

### **Public Transport**

- Improvement of non-motorised transport system in rural areas includes to development of bicycle shops and donkey carts
- Empowerment of the taxi industry includes the training of the taxi associations and drivers.
- Capacity building of the small bus operators and facilitating BEE process and training courses are done in this regard.
- Development of a transport hub in Polokwane which has focused on the infrastructure development.
- Transformation of the transport sector through the implementation of the **NLTT** Act which involves the unbundling of **Great North Transport** creating more empowerment opportunities for small businesses.

### **Road Infrastructure**

- Upgrading of Provincial roads
- Implementation of the Expanded Public Works Programme

### **Traffic management**

## **GAPS IDENTIFIED**

- SMME Development goes as far as procurement of infrastructure development and development of specific transport businesses, and there is no indication of the support specifically on business development.
- There are a lot of financial resources that go through this Department for infrastructure however there is a need for a programme to develop these contractors further to grow as entrepreneurs.
- There are sector specific business opportunities that are not exploited by local entrepreneurs like the freight businesses.

## **INTERVENTION STRATEGIES**

- Assist in creating awareness on business opportunities in the transport industry.
- Provide business management training and capacity building programmes in transport.
- Develop and provide support to contractors to grow beyond dependency on procurement.

## **Performance Indicators**

- A transport sector business support programme

### **4.2.2.6. CONSTRUCTION**

The construction industry has grown so fast with the increase in the demand for properties and the property prices growing as well. It has also seen the introduction of a new breed of contractors who are from the previously disadvantaged **groups** and are getting their business through procurement. The **NHRBC** plays a monitoring role **regarding** technical standards but there is a vacuum in as far as business support is concerned. The inputs in this sector are monopolised and as such contractors have to deal with the few suppliers available. This leaves this sector vulnerable to unscrupulous suppliers who **charge** exorbitant prices and leave the contractors with close to nothing when they finish their tender.

### **AVAILABLE CONSTRUCTION BUSINESS SUPPORT PROGRAMMES**

The Department of Public Works and the Department of Roads and Transport **are** responsible for infrastructure development which benefits entrepreneurs in construction through procurement. The programmes available are as follows:

- Expanded Public Works Programme
- Property development for Government

### **GAPS IDENTIFIED**

- Quality of work done by the small contractors is very low and productivity levels are lower.
- Funding resources **are** not sufficient. This exposes contractors to the highly **prized** hardware / inputs **and** retailers who are prepared to give them credit at mostly double the normal rates.
- Due to lack of funding, contractors then cede their contracts to the **suppliers. This process** then leaves them with no credit record as the money is transferred directly to suppliers.
- Low capacity levels on the technical side as well as business management side. This exposes contractors to joint ventures designed to access bigger contracts which however leave the small contractor with no control over the project and there is also no skills transfer.
- Input costs are very high and this reduces the profitability for the entrepreneurs.

### **INTERVENTION STRATEGIES**

- Accelerate the implementation of quality and productivity improvement programmes.
- Increase appropriate funding resources
- Accelerate training and capacity building programmes
- Provide aftercare support programmes and financial management programmes

### **Performance Indicators**

(a) A construction sector business support programme

#### **4.2.2.7. INFORMATION COMMUNICATION TECHNOLOGY**

## **AVAILABLE ICT SUPPORT PROGRAMMES**

The National Department of Science and Technology is responsible for programmes aimed at increasing awareness, access to information and development of programmes on Information Communication Technology. Other programmes are done by Departments like the DTI, Public Enterprises and Government institutions.

- Training on technology acquisition and appropriate technology usage
- Business linkages
- New opportunities identification
- Network linkages

## **GAPS IDENTIFIED**

- Information on the benefits of technology and business opportunities very limited and inadequate.
- Funding resources not sufficient.
- Low capacity levels to take up such opportunities.

## **INTERVENTION STRATEGIES**

- Develop a programme to identify and promote new market opportunities.
- Increase funding resources
- Accelerate training and capacity building programmes
- Develop sector specific incubation programmes and collaborate with existing programmes

## **Performance Indicators**

(a) An Information Communication Technology sector business support programme

## **4.3. INCREASING COMPETITIVENESS OF BUSINESSES**

There is a need for capacity building and improvement of the competitiveness of small enterprises in the province. Entrepreneurs need to have adequate technical skills in various sectors. With enough technical expertise, productivity and quality standards of goods and services will be increased. The demand for such goods will increase and hence improving the SMMEs products' export readiness.

The challenge with regard to competitiveness of businesses in Limpopo is that the skills level of the population is very low. The following Labour Skills Index of 2001 shows that only 24% of the population is skilled or highly skilled. This indicates the kind of workforce available to can start businesses is very low and the task becomes even bigger.

#### Labour Skill Index

	Unskilled	Semi-skilled	Skilled	Highly-skilled	Total
	Ration out of 100 within District				
<b>Sekhukhune</b>	26.81	52.71	18.07	2.41	100
<b>Bohlabela</b>	25.02	54.58	17.35	3.04	100
<b>Mopani</b>	25.59	52.43	18.4	3.58	100
<b>Vhembe</b>	21.07	54.81	20.14	3.98	100
<b>Capricorn</b>	18.40	53.60	23.35	4.66	100
<b>Waterberg</b>	20.39	54.08	21.75	3.77	100
<b>Average</b>	22.88	53.7	19.84	3.57	100

Small businesses are faced with fact that there are far less skilled people to be employed and this then puts the burden of skill transfer to the owners of the businesses. Following are some of the factors that affect competitiveness of enterprises.

- Cost of doing business is very high and affects the growth of businesses, e.g. cost of tendering includes the document fees, consultancy and traveling.
- Training outside business premises seems to be ineffective; there is a need to have practical training to have more impact.
- There is a real burden on businesses through regulations, business is over regulated.
- There is a need to have specific training on certain skills and knowledge areas like, marketing, legal, technology which requires the use of specialist as general training does not really equip entrepreneurs.
- There is a need to synergize training, to work with wider range of structures and institutions including organized business, government institutions, government

- departments and private sector companies in identifying, screening and monitoring of candidates for training so that there must not be a limitation on the people that qualify for training and this will eliminate duplication of programmes.
- There is a need to concentrate on training in specific growth sectors and to seek partnerships with other institutions in the other sectors.

Increasing the competitiveness of enterprises will contribute to reducing unemployment and increase the sustainability of enterprises.

#### 4.3.1. OUTCOME BASED TRAINING PROGRAMMES

There are currently a number of training programmes conducted by the Public Sector, Private Sector and Non-Governmental Organizations. Such training ends up amounting to certificate collection by the delegates due to the fact that they are not geared towards either job readiness or business readiness. Most entrepreneurs attend training which in the end they do not use in growing their businesses and there is usually no follow up on the impact of the training conducted.

Entrepreneurs also go through a lot of training programmes without ever starting any businesses and then end up hopping between training programmes. There is a need to have a comprehensive, tailor made training programme addressing specific training needs for start-up and existing businesses with a follow-up or aftercare programme that will monitor the changes in the lives of the entrepreneurs by looking at the number jobs created, sustained and new businesses opened.

- Designing training programmes in order to improve business technical expertise. The training programme should be designed to cover all sectors of the economy. The training programme should have measurable targets and time frames.
- Identification of various organisations / institutions with the relevant expertise to supplement specific capacity building needs;
- Training should be measured in terms of impact and not inputs or number of training programmes. Such training should result in the number of new businesses opened; number of jobs created through the establishment of new businesses, no of jobs sustained due to the increased competitiveness and improvement levels in terms of specific business management aspects.

Performance Indicators:

- (a) A comprehensive training programme
- (b) Report on the skills levels of entrepreneurs

#### 4.3.2. IMPROVE QUALITY AND PRODUCTIVITY

Small **businesses** that access bigger contracts end up not able to meet the required levels of productivity and quality required and this has brought new challenges wherein the contracts are then given to bigger companies with no real benefits to the small businesses. With all the international trade agreements that small businesses are exposed, it then becomes more critical that the market demands must be met in terms **of** quality levels and productivity. There is a definite need to improve the quality of products and services provided by enterprises in the Province and to increase productivity levels which then assists enterprises to access markets local and international.

Most sectors do not have service standards, and those that have, are not properly monitored to ensure compliance, e.g. construction and hospitality. Consumers are on the receiving side of bad products and services and without standards, nothing more can be done. Business organizations can be instrumental in developing certain quality standards, monitoring and review mechanisms, incentives for compliance and corrective measures for non-compliance.

Capacity building programmes on quality and productivity will be very instrumental in ensuring that such standards are met, and that would be the role of government.

##### **Performance indicators**

- (a) A sector specific quality and productivity improvement programme.
- (b) Sector quality standards
- (b) Sector specific reports

#### 4.3.3. ENCOURAGE THE USE OF TECHNOLOGY

Technology used appropriately will have positive impact on enterprises. However, technology is not widely used by small enterprises due to amongst others, lack of knowledge about appropriate technologies, lack of awareness about the benefits and the lack of financial resources to acquire such technologies. The developed economies have managed to use technologies to shorten the time required to produce goods and services as well as increased the quality of the products and services.

To be able to match the technological advancement, entrepreneurs need to be capacitated firstly on understanding the need for technology and the usage thereof.

- Evaluation of the impact of application of technology in the implementation of SMME programmes.
- Increase awareness on the benefits and use of technology in the business processes.
- Promote and support grassroots technologies
- Facilitate capacity building programmes.
- Develop funding programmes for technology acquisition

### **Performance indicators**

- (a) Number of new technologies
- (b) Training programmes on technology
- (c) Surveys on the use of technology
- (d) Funding programmes for technology acquisition

## **4.4. INCREASE ACCESS TO LOCAL AND INTERNATIONAL MARKETS**

The economic activities of Limpopo Province are integral to Southern African Development Community (SADC) and New Partnership for African Development (NEPAD) initiatives. Limpopo Province is geographically well-positioned to initiate and interact with most SADC countries. Limpopo Province is located in the north-most part of the Republic of South Africa. The Limpopo

Provincial government has already implemented programmes to generate economic growth. The Provincial Spatial Development Initiatives (SDIs) aim at unlocking the potential of four developed corridors by attracting investments to various projects. Polokwane Gateway International Airport is in a better position to facilitate movement of goods and services to and from SADC region and Africa. Taking advantage of all these factors should assist developing and initiating trade for SMME programmes in the Province.

The expansion of trade into the region will not only boost economic growth in the province, but also empower SMMEs and other business ventures in SADC countries. The government procurement policy is intended to afford the local communities opportunities to access resources that will enable them to participate and contribute significantly to economic growth of the Province and SADC region.

The supply chain management makes provision for the SMMEs to render variety of expertise in economic growth, be it in Agriculture, Manufacturing, Tourism, Mining, Construction, etc. In order to ensure that the SMMEs' involvement in the procurement process yields positive results, local communities need to be well informed about the process. Through proper co-ordination, the Department should ensure effective monitoring of the impact of the procurement process and how the process benefits the Black Economic Empowerment (BEE) initiatives. Taking into account the levels of literacy and inability to access information by majority of rural communities in Limpopo Province, the government is compelled to monitor procurement related issues such as ensuring that the targeted groups are benefiting from the process and ensure establishment of sustainable SMMEs whilst facilitating information dissemination mechanism on procurement policy.

SMMEs need to be driven towards them taking ownership of marketing their products and services. Distribution part of the value chain in business must be widely encouraged, opportunities identified and support provided. Regular exhibitions are still required locally, however, there must be an effort to monitor the participation of SMMEs in national exhibitions, and such SMMEs must be able to attend without assistance from government after some time.

Communication on marketing is not enough, there a strong need to emphasize the importance of marketing and that export should be looked at differently starting with the immediate market, next town, next District, next Province, and **neighbouring** countries before thinking far away countries. Market research is important as well as sharing information on the research results on market trends. There is a need to emphasize the importance of payment for goods and service on time. Some interventions are necessary to deal with private sector companies not meeting their procurement contractual obligations.

Business organizations can play a role in monitoring the quality and standards of their products and services through peer review. This will require the development of standards of services in each sector and developing mechanisms for monitoring. Government should then support peer review by making affiliation to organizations that have the agreed standards a prerequisite for government support. Quality goods produced in the Province will contribute to successful exportation of products and increased productivity levels will ensure that export demands are met.

#### **4.4.1. INCREASE ACCESS TO MARKETS**

Access to markets is always raised as a challenge for enterprises and mostly the response has been to assist entrepreneurs to participate in exhibitions. However, that does not increase the access as the main source of the problem is not addressed. The main question is whether or not entrepreneurs have the ability to market their products and see the benefits. Without such knowledge, businesses will not view marketing as an important input to be covered within the business plan. It is therefore critical to ensure that enterprises are able to market themselves.

On markets in general there is a need to:

- Develop marketing capacity building programmes.
- Facilitate business linkages with big businesses and within the small business to be able to access contracts.
- Identify the existing and potential SMME needs per sector in the province, in particular along the development corridors.
- Develop and improve marketing skills and competencies of emerging entrepreneurs.
- Ensure that SMME products are marketed locally and internationally.

- Ensure that the SMMEs enjoy benefits from BEE opportunities.

The Province has not yet fully taken advantages of the export market even though there have been agreements signed with international countries. This can also be attributed to the lack of capacity, knowledge and resources to ensure that the enterprises are ready to export. It is also important that the demand in export is truly identified on specific products so that such export readiness programmes are directed to the relevant sector companies.

The Limpopo Province has not yet fully taken advantage of the export market even though there have been international agreements signed with other countries. This can also be attributed to the lack of capacity, knowledge and resources to ensure that the enterprises are ready to export. This then brings the need to have a capacity building and awareness programme to support entrepreneurs to exploit the international markets.

On international markets there is a need to:

- Coordinate and facilitate the export readiness programme.
- Identify and link opportunities in export through the relevant institutions.
- Identify and establish networks with international SMME models from which to emulate and practice certain experience.
- Link the SMME programmes with the entire province's trade mission and the LGDS initiatives.
- Facilitate training for SMMEs on Small Exporters Programme;
- Establish monitoring and evaluation mechanisms to assess progress made in trade initiatives.
- Identify relevant SMMEs that can take advantage of identified export opportunities;
- Identify factors inhibiting market expansion into SADC region and develop strategy to overcome that.

#### **4.4.2. INCREASING ACCESS TO PROCUREMENT OPPORTUNITIES**

Government has developed the Provincial Preferential Procurement Act which seeks to ensure that previously disadvantaged groups are empowered through procurement of goods and services. It is then the responsibility of this Department to monitor the progress and assists the enterprises to move out of procurement into other business activities after they have been empowered. The following programmes will contribute towards increasing access to procurement opportunities.

- Develop a procurement monitoring programme to promote the empowerment of small enterprises and specially targeted categories of enterprises.
- Familiarise the SMMEs with BEE issues and opportunities.
- Provide assistance to SMMEs to benefit from the BEE opportunities.
- Development of a procurement support programme to move SMMEs into the inputs side of business from supply within their field in procurement

### **Performance Indicators**

- (a) Provincial report on procurement
- (b) A report on international trade impact to SMMEs
- (c) A report on movement in the markets and new opportunities
- (d) A training programme on marketing and export readiness

## **4.5. INCREASE ACCESS TO FINANCIAL RESOURCES**

Access to finance is a common challenge impacting on SMME programmes in Limpopo Province. Various sources of funding to implement SMME programmes have been identified in the province. These funds are available to different categories of SMMEs.

Whilst funding is available, the major problem experienced is that it does not meet the demands of different SMME categories. The demand for financial assistance is high in the survivalists, micro and very small enterprises categories than others. This is attributable to a number of factors such as risk profile linked to them in terms of funding, lack of credit worthiness in those categories, low literacy levels or lack of entrepreneurial expertise, lack of information on SMMEs etc. This is further aggravated by poor access to information on various sources of SMME funding and the criteria to access them. Inconsistency and the uncoordinated nature of SMME programmes particularly the survivalists, micro and very small enterprises makes it increasingly difficult to formalize and encourage them to register.

The new entries need training and orientation on basic business principles while the middle categories need more after care services after going through incubation process. On the other hand the bigger categories need more technical support than financial support.

Some specific sectors like construction have their own challenges in funding. Whilst they do get contracts, they normally do not have the money to buy inputs to start the work. The funding programmes available do not meet their needs. This then leaves them vulnerable to exploitation by the suppliers who charge them double the normal rates for their inputs. They also are required to cede their contracts to the suppliers who have first option to any money accruing to the contractor. With this situation, they are not able to build their credit records and are **still** not able to access funding **for their subsequent or future** contracts.

Another dimension on access to funding is that when entrepreneurs are not able to access funding, they end up forming consortiums to be able to pool in resources and then find a joint venture partner. Since their own resources are limited, they end up being at the mercy of the joint venture partner who ends up deciding on what they are entitled to. This is simply because they are not able to raise funds for bigger contracts even if they have been awarded such a contract.

#### **Some guiding principles on funding programmes:**

- Government institutions must be developmental in nature and not **capitalistic**; interest rate, requirements and turnaround time must make easy access to funding for enterprises.

- There is a definite need for government to include the survivalist sectors in funding programmes.
- Business organizations can be used as a tool to assist in promoting the culture of debt servicing through their peer review and monitoring mechanisms.
- Each business case must be treated on merits not on standard requirements, this requires the use of qualified economist to look at capacity to repay and put in the requirements case by case.

#### 4.5.1. DEVELOP APPROPRIATE FUNDING PROGRAMME FOR THE DIFFERENT CATEGORIES OF SMMES.

The scale of financial needs for different SMME categories differs. The funding programme will identify the different financial needs of the different categories of SMMEs, then identify the available financial resources and bridge the gaps thereof.

- Identify different financial needs for different SMME categories.
- Identify available funding programmes.
- Develop programmes to bridge the gaps in funding.

#### CATEGORIES OF SMALL BUSINESSES, FUNDING REQUIRED AND CURRENT AVAILABLE PROGRAMMES

CATEGORY	DEFINITION	FUNDING	AVAILABLE FUNDING SOURCES	REQUIREMENTS
Survivalist	<p>No paid employees; income generated is below the poverty line; informal in status i.e. unregistered and non-tax paying.</p> <p>These businesses are owner managed and therefore <b>cannot</b> move from their places for longer periods. Operate in informal places, legally or illegally.</p> <p>Characterised by very little business</p>	Up to R10 000	APEX Fund RFIs Small Enterprise Foundation	None None Group lending

	management knowledge and skills. Literacy levels are very low.			
Micro	<p>Fewer than 5 employees; are registered, turnover is below the Value Added Tax registration limit; usually not registered for tax and accounting purposes.</p> <p>These are new entries into business, with no business track record and no security. Mostly <b>do not</b> have own contribution.</p> <p>Literacy levels are relatively low though they may have technical skills and experience in the field. Requires assistance on business management.</p>	Between R10 000 and R200 000	Commercial Banks	10 % minimum contribution, surety for 80%, Khula Credit guarantees
Small	<p>Fewer than 10 employees; registered for various purposes and therefore formal in status. They operate in formal business premises normally, also owner managed or owner controlled.</p> <p>These may have own contribution but not enough security normally.</p>	Up to R200 000 – R500 000 and R1 million	LIMDEV Commercial Banks Khula Business Partners IDC	10 % own contribution, surety for most of the 80% or Khula Credit Guarantee
Medium	<p>Fewer than 50 employees, or up to 200 employees in the mining, manufacturing and construction sectors.</p> <p>Normally have own contribution, but not enough security. The risk involved is bigger and therefore lenders tend to want</p>	Up to R5 million	LIMDEV KHULA IDC NEF Commercial Banks Business	10 % own contribution, surety for most of the 80% or Khula Credit Guarantee, equity shareholding

	equity at this stage.		Partners	
Large	More than 100 employees or 200 employees in the mining, manufacturing and construction sectors.  These companies are able to raise funds on their own, stock exchange or private shareholding. Equity is required if a full loan is raised,	More than R5 million	LIMDEV IDC NEF Commercial Banks Business Partners	Surety or equity

#### 4.5.2. IMPROVE CAPACITY TO SERVICE BUSINESS LOANS

Programmes linking the SMME funding and repayment should be developed prior to acquisition of funds by the SMMEs. Such a programme will guide the repayment process and ensure that the businesses remain sustainable whilst serving the debts. The absence of such a programme and poor financial management often result in SMMEs experiencing a perpetual financial burden. An aftercare service is critical to support the SMMEs through their initial stages of the business and ensuring that they maintain good business management fundamentals. This should not take away the responsibility to pay but will increase the understanding of financial management, commitment to paying their debts and the relationships with financial institutions.

An aftercare programme is to be developed to handhold the client from when loan is received and through the process of establishment;

- To improve performance of SMMEs so that they can contribute greatly in the creation of employment opportunities and job creation;
- To ensure sustainability of the existing and potential SMMEs programmes identified in different sectors.
- Develop aftercare support programme.

#### 4.5.3. INCREASE ACCESS TO A WIDER RANGE OF FUNDING PROGRAMMES

Through research, more donor and funding institutions for different SMMEs programmes need to be identified. Such information should then be linked to the activities or programmes of the different SMMEs categories through the Department.

Some of the SMMEs already have access to minimum information on different sources of funding but are faced with the problem of being guided on how to access those funds. The agencies through their direct interaction with SMMEs provide such guidance and clarify the criteria to qualify for financial assistance from the Department and other funding institutions.

**Table 5 DEFINITIONS AND CHARACTERISTICS OF VARIOUS SMME FUNDING SOURCES CURRENTLY AVAILABLE IN LIMPOPO**

<b>FUNDING SOURCE</b>	<b>DEFINITION</b>	<b>LIMITATION(S)</b>	<b>INTERVENTION</b>
Apex	An initiative by the DTI newly established as South African Micro Apex Fund catering for financial needs of up to R10 000. Operates through existing institutions like Village Bank or Financial Services Cooperatives and NGOs.	Low literacy levels of expected beneficiaries The unavailability of suitable organizations to take up the disbursement function.	Raise awareness Facilitate establishment or accreditation of institutions
Small Enterprise Foundation	A Micro financing institution based in Tzaneen catering for survivalist with amounts up to R10 000 on group lending/	Group lending, not catering for individuals	Raise awareness
RFIs	A programme by Khula which supports institutions who are accredited as Retail Financial Intermediaries catering for Survivalist and Micro businesses.	Not enough RFI s available in the Province and are only covering 30%. Not a lot of institutions qualify for accreditation.	Raise awareness Establishment of pilot project from own funding source
Land Bank's Step Up Loan	Land Banks loan scheme for SMMEs based on the	None	Raise awareness

	individual's ability to repay first loan in order to qualify for more		
Micro Agricultural Finance Schemes of South Africa (MAFISA)	National Government's initiative to provide micro and retail agricultural finance services – with emphasis on supporting rural emerging farmers and communities. The schemes provides access to credit and other financial packages such as savings, insurance and payment facilities	Low literacy levels of expected beneficiaries The unavailability of suitable organizations to take up the disbursement function.	Raise awareness
Village Bank (Financial Services Cooperatives)	Community based Banks to assist SMMEs in deep rural areas (mostly)	Assistance offered to members of the affiliated groups	Encourage establishment of Village banks
Industrial Development Corporation	Government's initiative to fund emerging and emerged businesses	The sectors are limited and not many successes on applications	Raise awareness Engage the institution to work with business development support institution to increase access and success rate.
LIMDEV	One of the Limpopo Government's initiatives to fund SMMEs catering for Micro and Small Businesses mainly.	Does not address the needs of the majority of people (SMME needs). Funding for LIMDEV's Economic Growth Plan is not adequate. Micro-lending is not cost-	Influence the amendment of the Transvaal Development Corporation Act to meet the SMME needs

		effective as such LIMDEV is not servicing this market	
National Empowerment Fund	An institution of the DTI supporting big companies with a focus on Black Economic Empowerment.	Access to credit	Raise awareness Establish a working relationship
KHULA	One of the DTIs initiatives to fund SMMEs through wholesale and now retail funding. Wholesale funding done through accredited RFIs.	Access to credit	Raise awareness Establish a working relationship
Commercial Banks	One of the funding sources for SMMEs in the corporate world	Access to credit	Raise awareness Establish a working relationship

**Performance Indicators:**

- (a) An enterprise funding model.
- (b) Information dissemination programme and monitoring of funding activities
- (c) An aftercare programme

**4.6. ENTREPRENEURSHIP DEVELOPMENT AND PROMOTION**

SMME programmes are considered appropriate tools to reduce poverty and improve quality of life for all. Certain categories of our society have been marginalised historically and in order to bridge the gap, government development programmes which include targeted assistance and entrepreneurial skill development should be directed to these groups - Youth, Women and Disabled Individuals. These groups need to be given preference when accessing resources (financial or non-financial) for implementing SMMEs programmes.

Information is important in development and government has to ensure that the programmes that are developed are cascaded down to the people on the ground. Communities have to know what

opportunities are available in the market, what support mechanisms are available within government and its institutions and where to get services and support.

#### **4.6.1. AWARENESS AND EDUCATION CAMPAIGN**

To assist in unlocking the opportunities for SMME development, it is critical that people are made aware of **these** and the support structure available to take them through. This will also motivate and encourage the aspiring **business** people to learn also from success in business arena. The increase and the growth of the economy require continuous efforts of bringing new entries into the business arena.

- Entrepreneurship awareness campaigns to be conducted continuously.
- Awareness campaigns on available business support services.
- Increase awareness through the formal education system.
- Skills and knowledge transfer to educators on entrepreneurship.

#### **4.6.2. TARGETED PROGRAMMES**

Government pronounces support of categories in the society through legislations like the Preferential Procurement Acts, Black Economic Empowerment Act, and Employment Equity Act. This is meant to bridge the gap in the development in our societies. In small business development these categories were not involved in businesses such that there needs to be a major shift in thinking and trust that such categories are capable of being entrepreneurs.

Programmes should be developed per category to address the unique needs of the different categories being:

- Women
- Youth
- Disabled and in addition
- Survivalist

##### **4.6.2.1. Women**

Women are the pillars of our society, always making efforts to address issues of poverty at home. Due to the historical background, women have been disadvantaged at work, home and businesses and as such there are few women in the formal business sector. This then requires that programmes are put in place to develop women in business and to unlocking opportunities targeted to women. Government has put the legal framework to empower women through procurement and black economic empowerment opportunities. To effectively support and empower women, the following programmes are critical;

- Identify and deal with the factors inhibiting effective participation of women in the economy.
- Unlocking procurement opportunities from government, private and public institutions, monitoring and publishing of successes.

- Design a support programme to address the needs of women in SMME development e.g. training programmes, access to business information and funding sources etc. Such programmes should cater for the diversity of women in the different sectors.
- Business linkages within small enterprises and with big businesses.
- Improve or provide ongoing support in accessing appropriate technologies for the target groups;
- Promote a **culture of entrepreneurship** especially amongst the women of Limpopo Province
- Put in place evaluation and monitoring mechanisms for each group so that progress and impact on SMMEs could be established at the end of each financial year.

#### 4.6.2.2. Youth

The youth of this country are faced with a different kind of environment with its own challenges. Being young means that one has no working history, no credit history, no experience, no assets and has few examples to learn from. This then makes it difficult for the young person to start businesses. There are currently a lot of programmes geared towards support to young entrepreneurs which **require** more awareness and support to enable the youth to access the programmes.

Youth entrepreneurs require programmes that will be able to address their needs looking at the circumstances within which youth entrepreneurs operate. Procurement opportunities must be made available through procurement and business linkages.

- Identify and deal with the factors inhibiting effective participation of youth in SMME programmes.
- Unlocking procurement opportunities from government, private and public institutions, monitoring and publishing of successes.
- Design a support programme to address the needs of the youth in SMME development e.g. training programmes, access to business information and funding sources etc. Such programmes should cater for the diversity of youth.
- Business linkages within small enterprises and with big businesses.
- Promote **a culture of entrepreneurship** especially amongst youth and unemployed people of Limpopo Province
- Put in place evaluation and monitoring mechanisms for each group so that progress and impact on SMMEs could be established at the end of each financial year.

#### 4.6.2.3. Disabled

Disabled people have been subjected to dependency on government grants without the recognition that there are abilities possessed that with the right support they can be self sustaining and grow as entrepreneurs. There is a need for a better understanding of people with disabilities, their needs, their abilities and the sectors **in which** they can be meaningfully **involved in order to make a** major impact on their lives. Fortunately technology affords new opportunities for disabled people to exploit.

- Identify and deal with the factors inhibiting effective participation of disabled individuals in economy.
- Unlocking procurement opportunities from government, private and public institutions, monitoring and publishing of successes.
- Design a support programme to address the needs of the disabled in SMME development e.g. training programmes, access to business information and funding sources etc. Such programmes should cater for the diversity of interests of people with disabilities.
- Business linkages within small enterprises and with big businesses.
- Promote a culture of entrepreneurship especially amongst the disabled individuals / people of Limpopo Province
- Improve or provide ongoing support in accessing appropriate technologies for the target groups;
- Put in place evaluation and monitoring mechanisms for each group so that progress and impact on SMMEs could be established at the end of each financial year.

### **Performance Indicators**

- (a) Entrepreneurship awareness programme developed and implemented.
- (b) Educator's skills development programme developed and implemented.
- (c) Support Programmes for youth, women, disabled.
- (d) Report on the impact of support programmes for youth, women and disabled.

#### **4.6.2.4. SUPPORT TO SURVIVALIST ENTERPRISES**

This sector of the economy has not received the required attention of Government in a comprehensive and targeted way. This leaves the sector without direction and support. It is important to note that a bigger number of our people survive by doing small and mostly informal businesses. Strategies for intervention:

Development of a comprehensive support programme for informal traders and micro business which will cover the following:

- Infrastructure development for the informal traders in partnership with Municipalities and private sector companies.

- Funding programme in partnership with private sector companies, other government departments, government institutions and private institutions.
- Capacity building programme specifically for the micro and informal traders.
- Identify opportunities for growth and provide support to move to the next level.

### **Performance indicators**

- Infrastructure programmes
- Funding programmes
- Capacity building programmes
- Report on impact of support programmes

## **5. STRATEGY IMPLEMENTATION PERFORMANCE INDICATORS**

### **5.1. Provision of business development information**

- Research and development programmes
- Information management system
- Database system
- Communication through: website, newsletters, brochures, publications, call center etc.

### **5.2. Integration of business development support**

- LED and IDP Support programmes
- **Intergovernmental** forums on SMME Development
- Business development networks.
- Integrated service delivery

### **5.2.1. Alignment to sectoral strategies**

- A mining sector development programme
- A tourism sector development programme
- An agriculture sector development programme
- A manufacturing sector development programme
- A construction sector development programme
- A transport sector development programme
- An ICT sector development programme

## **5.3. Improve competitiveness**

### **5.3.1. Outcome based training programmes**

- A comprehensive training programme
- Report on the skills levels of entrepreneurs

### **5.3.2. Increase the quality and productivity**

- A sector specific quality and productivity improvement programme.
- Sector quality standards
- Sector specific reports

### **5.3.3. Increase in the use of technology**

- Number of new technologies
- Training programmes on technology
- Surveys on the use of technology
- Funding programmes for technology acquisition

## **5.4. Increase access to markets**

- Provincial report on procurement
- A training programme on marketing and export readiness
- A report on international trade impact to SMMEs
- A report on movement in the markets and new opportunities

## **5.5. Access to finance**

- A comprehensive enterprise funding model.
- Information dissemination programme and monitoring of funding activities
- An aftercare programme

## **5.6. Entrepreneurship development and promotion**

### **5.6.1 Education and awareness**

- Educators skills development programme
- Entrepreneurship awareness programmes

### **5.6.2. Targeted programmes**

- Support Programmes for youth, women, disabled.
- Report on the impact of support programmes for youth, women and disabled.

### **5.6.2. Support to survivalist sector**

- Infrastructure programmes
- Funding programmes
- Capacity building programmes
- Reports on impact of support programmes

## **6. INSTITUTIONAL FRAMEWORK**

### **6.1. AVAILABLE INSTITUTIONAL NETWORK**

#### **Limpopo Business Support Agency (LIBSA)**

This institution was established to provide non-financial support services to enterprises. A network of business service centers has been created covering all six Districts of the Province and moving towards reaching the Local Municipalities.

1. Polokwane
2. Bohlabela
3. Jane Furse
4. Giyani
5. Vhembe
6. Blouberg
7. Lephalale
8. Lepelle Nkumpi
9. Phalaborwa
10. Matla Ke Batho

**MANDATE:** LIBSA requires a legislative mandate to be the main service provider of non-financial support.

### **Limpopo Economic Development Enterprise (LIMDEV)**

LIMDEV was established in terms of the Northern Province Development Corporation Act 1995 to provide financial development support. The institution has offices in the following areas:

1. Lebowakgomo
2. Mkhuhlu
3. Polokwane
4. Giyani
5. Thohoyandou
6. Ritavi

**MANDATE:** LIMDEV requires a fresh mandate to provide financial support to specific categories of enterprises as per funding model.

### **Limpopo Manufacturing Advice Centre (LIMAC)**

LIMAC was established by the erstwhile NAMAC Trust **through** an agreement with the Department to provide technical support services to businesses in manufacturing. The institution has offices in the following areas:

1. Polokwane
2. Tzaneen
3. Thohoyandou

**MANDATE:** LIMAC has a mandate from National Government which would best be incorporated into LIBSA's mandate to provide specific enterprise support programmes for manufacturing sectors.

## **7. IMPLEMENTATION**

The implementation plan for this strategy is attached as an annexure to the strategy and will be reviewed regularly. The success of the implementation is dependent on direct mandates to institutions in the province and agreements with the institutions that play a role in small business development in Limpopo.

Some parts of the strategy will be implemented without legislation, and some requires legislation to develop. The following are the legislations required:

### **7.1. Amendment of the Northern Province Development Corporation Act**

### **7.2. Development of the Provincial Small Business Development Act**

### **7.3. Establishment of the MEC Small Business Advisory Council**

## **8. MONITORING AND REVIEW**

The implementation of SMME strategy is intended to reduce poverty, create employment opportunities, reduce dependency, improve quality of life for all etc. All these objectives are benchmarks against which the success of the Co-ordinating Committee's activities will be evaluated.

The monitoring and evaluation process of the implementation of SMME programmes will assist in identifying gaps that necessitate adoption of corrective measures. Such corrective measures should be fed into each stakeholder strategic plans for the next financial year.

It should be noted that strategy implementation process is not static. The environment around which the SMME programmes are implemented often changes in **response** to social, economic, political, and cultural changes taking place. The strategy review process should then take due

cognisance of all environmental factors that may impact negatively on the successful implementation of SMME activities. It is recommended that the review process should focus on the planning, implementation, monitoring and evaluation of the proposed and prioritised SMME activities from all stakeholders.

### **8.1. Time Frame**

It should be noted that no strategy is static and that environmental changes around which SMME strategies are implemented, are uncontrollable. Due to these factors, it is recommended that the SMME strategy for the Department of Economic Development, Environment and Tourism be reviewed after three years.

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## **ANNEXURE A**

Questionnaires used to identify critical issues affecting successful implementation of **SMME Strategy** in the Province:

### **1. GOVERNMENT DEPARTMENTS**

- 1.1. Does the Department have SMME strategy / policy in place?
- 1.2. What national instruments does the Department use to implement its policy on SMME programmes?
- 1.3. In what ways does the Department contribute in the implementation of the SMME policies?
- 1.4. What are the major Department's setbacks in the implementation of the SMME strategies?
- 1.5. What corrective measures should be put in place in order to implement SMME strategy successfully?

- 1.6. What is your **organisation's** comment on the current Limpopo SMME Strategy? (List them and elaborate where necessary).

## **2. THE DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM**

- 2.1. What are the major setbacks of the current SMME strategy?
- 2.2. Is there a formal interaction between the Department and parastatals in the implementation of SMME strategy?
- 2.3. Are there policies in place to guide such interactions if they exist?
- 2.4. If yes, is there a formal structure / Directorate established to maintain the relationship?
- 2.5. If yes, is there a clearly defined programme of action with milestones in place?
- 2.6. What major setbacks does the Department experience in the interaction with the parastatals in the implementation of the SMME strategy?
- 2.7. What corrective measures should be put in place in order to implement SMME strategy successfully?
- 2.8. Is there any interaction with other Government Departments in the implementation of SMME strategy?
- 2.10. **If yes, is there a formal structure established to maintain such interaction?**
- 2.11. Is there co-ordination and integration of SMMEs in the Province?
- 2.12. If **yes**, who facilitates co-ordination and integration programmes?
- 2.13. In what areas does the Department share common understanding and programme of action with other government Departments in the implementation of SMME strategy?
- 2.14. What major setbacks does the Department experience in the interaction with the Government Departments in the implementation of the SMME strategy?
- 2.15. What corrective measures should be put in place in order to implement SMME strategy successfully?
- 2.16. Is there a formal interaction between the Department and municipalities in the implementation of SMME strategy?
- 2.17. Are there policies in place to guide such interactions if they exist?
- 2.18. In what areas can the Department benefit the local municipalities in the implementation of the SMME strategy?

2.19. How effective are those intervention measures in improving the implementation of SMME strategy?

2.20. What major setbacks does the Department experience in the interaction with the municipalities in the implementation of the SMME strategy?

2.21. What corrective measures should be put in place in order to implement SMME strategy successfully?

### 3. PARASTATALS

LIBSA, LIMDEV, LIMAC and OTHERS:

3.1. What are the organizations objectives on SMME programmes?

3.2. Does your organization have well-developed organizational structures in place to implement SMME strategy?

3.3. Is there any interaction with Local Municipalities or Districts within the province on SMME programmes?

3.4. If yes, what mechanisms / programmes are in place within the organization to interact with municipalities on the implementation of SMMEs?

3.5. How does the organization assist local municipalities to implement SMME strategy?

3.6. Is there any monitoring and evaluation of the implementation of the SMME programmes in place?

3.7. If yes, what was the success rate in the previous financial year? (Good, Very good, Excellent)

3.8. What measures should be adopted to bring about improvement in the implementation of SMMEs strategy?

3.9. Does your organization interact with other institutions or receive assistance from other institutions on how to improve the implementation of SMME strategy?

3.10. If yes, in what areas does such an interaction occur?

3.11. If yes, what was the success rate in the previous financial year? (Good, Very good, Excellent).

3.12. If no, is there a room for future interaction with other institutions on the implementation of SMME strategy?

- 3.13. If no, what are the potential areas of interaction with other institutions on the implementation of SMME strategy?
- 3.14. Does your organization envisage creation of a common structure with other institutions to implement the SMME strategy?
- 3.15. What problem areas will need attention to ensure effective operation of such a structure?
- 3.16. What is your **organisation's** comment on the current Limpopo SMME Strategy? (List them and elaborate where necessary).

#### **4. MUNICIPALITIES AND SALGA**

- 4.1. Does the municipality have SMME policy in place?
- 4.2. If yes, is there a formal programme to implement the SMME strategy?
- 4.3. What Government Departments are offering assistance in the implementation of the programme?
- 4.4. In what areas is such assistance offered?
- 4.5. How effective is such assistance? Elaborate
- 4.6. What Parastatals and other Development Funding institutions are offering assistance in the implementation of the programme?
- 4.7. In what areas is such assistance offered?
- 4.8. How effective is such assistance?
- 4.9. Is there any inter-municipal co-ordination on SMME programmes?
- 4.10. If yes, in what areas?
- 4.11. What problems are experienced in that regard?
- 4.12. What Are the major problems experienced by your municipality to implement SMMEs?
- 4.13. What are the probable solutions to each of the problems identified?
- 4.12. What corrective measures should be adopted to address these problems?.
- 4.13. What is your organisations comment on the current Limpopo SMME Strategy? (List them and elaborate where necessary).

#### **5. BUSINESS ORGANISATIONS**

- 5.1. What are the major challenges facing the SMMEs?
- 5.2. Is Government making any contribution to SMME development in your area?
- 5.3. Is there a need for government to offer assistance to the SMME programmes?
- 5.4. If yes, in what areas?
- 5.5. How should such assistance be offered?
- 5.6. What are your organisation's expectations from government to ensure successful implementation of SMME programmes?
- 5.7. What are your organisations comments on the current Limpopo SMME Strategy? (List them and elaborate where necessary).