

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**“2073. Mr D F Mthenjane (EFF) to ask the Minister of Small Business Development:**

**What (a) total number of small businesses have closed as a result of the Covid-19-induced lockdown between March and August 2020 and (b) role has her department played in assisting small businesses during the specified period?”**

**NW2632E**

**REPLY:**

1. The coverage of the businesses closed due to Covid-19 induced lockdown may differ given the different regulations based on the Risk Adjusted Strategy levels and with reference to several surveys conducted in the country during this period. According to the survey conducted by the Department in partnership with the World Bank, from a survey of 2 226 firms contacted 47% firms reported to be closed during the second half of May 2020 (Lockdown Level 4).

Statistics South Africa conducted a rapid response survey (experimental study) in April 2020 (for reference period 30 March to 13 April 2020). The study provided an early indication of business impact resulting from Covid-19. Responses were received from 707 businesses across 10 industry sectors. Key results were as follows: The majority of responding businesses (85.4%) reported turnover below the normal range; 46.4% indicated temporary closure or paused trading activity; 50.4% expected their workforce size to stay the same in the two weeks after the survey, while 36.8% reported that their workforce size is expected to decrease; 28.3% indicated that their workforce has decreased working hours and 19.6% reported laying off of staff in the short term; and 19.1% indicated that prices of materials, goods or services purchased increased more than normal.

In terms of access to financial resources: 23.8% indicated a decrease while 52.6% indicated access to financial resources remained the same; 38.2% of businesses applying for financial assistance reported that they would use government relief schemes; 30.6% indicated they can survive less than a month without any turnover, while 54% can survive between 1 and 3 months. These are some of the findings regarding businesses affected by Covid-19 and the effects of the lockdown. The DSDB will be undertaking a second wave of the Covid-19 Business Pulse survey in partnership with the World Bank in the next few months to check the effects of the lockdown especially as the country moves to low levels and the economy begins to open up.

(b) Following the Covid-19 induced lockdown, the DSBD together with its agencies (the Small Enterprise Development Agency [Seda] and the Small Enterprise Finance Agency [**sefa]**) developed interventions to ensure that small enterprises survive Covid-19 challenges in the economy and preserve jobs during this period. The following are the interventions implemented:

To ensure that SMMEs do not close down completely the DSBD initiated the SMME Debt Relief Finance Scheme. This scheme supported SMMEs through with working capital [payroll assistance, rental assistance and utilities] to ensure that jobs are retained in the economy. This scheme has run its course and is now closed.

In order to facilitate economic recovery amongst SMMEs, the DSBD conceptulised a range of sector specific schemes. Of these schemes, the following has been launched:

* + - * Spaza Shops and General Dealer Support Programme;
* Autobody Repairers and Mechanics Support Scheme;
* Bakeries and Confectioneries Business Support Scheme; and
* Clothing, Textile and Leather Business Support Scheme;

Furthermore, the DSBD has recently launched the following schemes:

* Tshisanyama and cooked food support programme;
* Personal care support programme;
* Fruits and Vegetable Hawkers;
* Butcheries Support Programme;
* Small Enterprise Manufacturing Programme; and
* Business Viability Programme.

**sefa** has also instituted a range of support measures to assist the SMMEs that they are funding. Amongst these measures, are the following interventions:

* Work with clients around repaying existing loans, without restructuring the loans, but allowed leniency on repayments;
* No penalties or additional interest was charged on late repayments;
* Not aggressively pursuing arrears;
* **sefa** is providing struggling clients with additional moratorium to enable them to recover from the market shock before they resume repaying their loans, especially those who started operating from lockdown level 3 and 2.
* **sefa**’s key funding Partners (Intermediaries) have provided interest and capital moratoriums to end users during the lockdown period;