

MINISTRY

SMALL BUSINESS DEVELOPMENT

REPUBLIC OF SOUTH AFRICA

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Media Statement

For Immediate Release

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STATEMENT BY MINISTER NTSHAVHENI ON GOVERNMENT MEASURES FOR SMMEs IN RESPONSE TO THE COVID-19 PANDEMIC

The President on the 23rd of March 2020 announced that there will be a nation-wide lockdown for 21 Days with effect from the 26th of March 2020, at midnight. The lockdown is enacted in accordance with the Disaster Management Act. As a result, all shops and businesses will be closed, with the exception of pharmacies, laboratories, banks, essential financial and payment services, supermarkets, petrol stations and healthcare providers.

The impact of COVID-19 on SMMEs has been prevalent long before the announcement of the State of National Disaster by the President, and will worsen owing to the lockdown which was announced in effort to curb the spread of the virus. SMMEs and the Informal Sector will be affected on a multifront, and the government continues to announce multiple interventions to alleviate the economic impact of COVID-19 against SMMEs and the Informal Sector.

Minister Ntshavheni would like to extend a word of appreciation to all donors who have committed to assist SMMEs during this period, with a special note of gratitude to the Rupert and Oppenheimer families for their commitment of R1 billion each. The monies are intended provide relief to SMMEs and their employees that are affected by the COVID-19 pandemic.

he Department of Small Business Development has introduced three intervention measures to support SMMEs affected by the COVID-19 pandemic. These are the Business Growth and Resilience Facility, SMME Relief Finance Scheme and Sefa-Debt Restructuring Facility.

The Business Growth and Resilience Facility is targeted at SMMEs who locally manufacture or supply hygiene and medical products that are in demand in order to curb and manage the spread of the COVID-19 virus. These are products such as sanitizers, detergents and tissue paper. This facility will offer working capital, stock, bridging finance, order finance and

equipment finance. The funding amount will be based on the funding needs of the actual business.

The SMME Relief Finance Facility will provide soft-loan funding for existing businesses in distress due to the COVID-19 pandemic. The relief will be for a period of 6 months, from 01 April 2020. In an instance where SMMEs will require assistance for longer than 6 months, the term may be extended dependent on their needs. Separate and tailor-made Facilities are being finalized for the Informal Sector, Spaza Shops and the Self-Employed. These will be announced on Friday, 27 March 2020.

Key to the qualifying criteria for the Business Growth and Resilience Facility and the SMME Relief Finance Scheme is that the entities must be 100% South African owned, 70% of their employees must be South African, and the entities must be registered and be compliant with SARS. In the instance that an SMME is not compliant, they will be assisted with the compliance process before their applications can be considered.

The Sefa-Debt Restructuring Facility is geared towards sefa-funded SMMEs that are negatively affected by the pandemic. A payment moratorium/ holiday will be given to the qualifying SMMEs for a period of a maximum of 6 months, in efforts to reduce the installment burden of loan obligations on the affected SMMEs. These SMMEs will be required to illustrate the direct linkage of their business distress to the pandemic.

The SMME South Africa platform (www.smmesa.gov.za) was created in partnership with Telkom SA, and will serve as a gateway for SMMEs to apply for both financial and non-financial support, access information about business opportunities and market access support during the pandemic, and beyond.

The Department would like to caution members of the public against the consumption and circulation of false information not originating from the Department's official communication channels.

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Issued by the Ministry of Small Business Development