



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

MEDIA RELEASE

FOR IMMEDIATE RELEASE

Friday, 22 May 2020

THE DEPARTMENT OF SMALL BUSINESS DEVELOPMENT ANNOUNCES THE CLOSURE OF WINDOW – 1 OF THE SMME DEBT RELIEF FINANCING SCHEME

On 02 April 2020, the Department of Small Business Development opened for applications, the SMME Debt Relief Financing Scheme. This Scheme was initially allocated an amount of R200 million and later increased to R500 million, when the department changed its approach to the Business Growth and Resilience Facility.

The aim of the Scheme was to assist SMMEs with working capital during the period when economic activity was negatively affected due to the Covid-19 national disaster. The elements of working capital covered through the Scheme were:

- a) Payroll assistance - assists employers whose employees do not qualify for UIF Relief, on condition that those employers register their employees with UIF.
- b) Rental assistance (facility or equipment) – assists businesses to pay their rental obligations for either working tools and facilities/ business premises. In case, facilities rentals – there is potential for landlords to double dip from banks rescheduling of mortgage repayments whilst collecting rent from their tenants; and
- c) Utilities– to assist with municipal bills.

Since the opening of Scheme, sefa received 35 865 applications of which 14 451 were fully completed whereas 21 414 were incomplete and they were referred to SEDA to assist the applications. Of the 14 451 complete applications, sefa has approved 1 497 applications worth R513 million.

According to the sefa assessment, the balance of the 12 954 complete applications require an estimated budget of R4.4 billion but a bulk of the applications require assistance with payment of salaries to the total value of R3.6 billion. In this regard, the DSBD has entered into agreement with the UIF to ensure that SMMEs that previously did not qualify due to non-compliance can be covered by the UIF provided they agree to an acknowledgement of debt as well as payment terms with the UIF. Furthermore, this Agreement ensures that SMMEs that had already applied for payroll assistance through the SMME Debt Relief Finance Scheme do not need to re-apply with the UIF but their applications will be forwarded directly to the UIF.



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In addition, the assessment has also indicated that applications for a total value of R800 million are from business that if supported to get back to work, they will be able to meet their own financial obligations. The DSBD will commence direct engagements with these SMMEs to ensure dedicated support for these enterprises to go back to business as President Ramaphosa has announced the gradual re-opening of the economy and the movement to Level 3. The DSBD will continue to engage with National Treasury on this funding gap that is still required to fund those who have already applied.

The DSBD will shortly communicate the Schemes to support small businesses that are going back to business and an assessment will commence with the ones that have already applied for relief, except on the scheme targeted for informal and micro-businesses.

It is with these arrangements in place that the Department of Small Business Development wishes to announce the closure of Window -1 of the SMME Debt Relief Financing Scheme with effect from Saturday, 23 May 2020. The DSBD will publish the names of the SMMEs funded during Window-1 on all its websites as from Friday, 29 May 2020 and the demographic spread include Rand values per demographic spread.

Our commitment is that small businesses are the cornerstone of the economy of South Africa and their success is tied to the economic revival of our economy.

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Issued by the Department of Small Business Development

Additional information may be obtained from any of our official websites:

www.dsbd.gov.za

www.sefa.org.za

www.seda.org.za

www.mybindu.org.za

<https://smmesa.gov.za>

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