



DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

ANNUAL PERFORMANCE PLAN 2025/26



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA





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2025/26

ANNUAL PERFORMANCE PLAN

Department of Small Business Development



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EXECUTIVE AUTHORITY STATEMENT



Ms Stella Tembisa Ndabeni, MP
Minister of Small Business Development

I hereby table the Department of Small Business Development (DSBD) 2025-30 Strategic Plan and its first-year implementation plan, the 2025/26 Annual Performance Plan. The Government of National Unity (GNU) has made inclusive growth and job creation its apex priority. During the Seventh Administration, the Department, together with its newly established Entity, the Small Enterprise Development and Finance Agency (SEDFA), will be contributing directly and indirectly to **Strategic Priority 1: Drive inclusive growth and job creation and Strategic Priority 3: Build a capable, ethical and developmental state.** International experience shows that it is Micro, Small, and Medium Enterprises (MSMEs) that are both the drivers of growth and job creation. The National Development Plan (NDP) recognises this, suggesting that 9 million of the 11 million jobs needed by 2030 and between 60% and 80% of future economic value should come from MSMEs.

To give effect to this coordination and alignment, the DSBD, under the leadership of Minister Stella Ndabeni, developed the country's third iteration of the MSME Strategy in 2022. The National Integrated Small Enterprise Development Strategic Framework (NISED) was endorsed by all stakeholders at the November 2022 National MSME and Co-operatives Summit. The NISED frames the following five policy priorities for the

Department of Small Business Development for this, the Seventh Administration.

Priority 1: Cut red tape and improve the ease of doing business for MSMEs

Regulatory hurdles and administrative burdens continue to impede the growth of MSMEs. Red tape and compliance challenges, especially in rural and township areas, make it difficult for businesses to scale. The regulatory environment needs to be streamlined, and the Red Tape Reduction Program expanded to include practical solutions. Reduced red tape and streamlined support for small enterprises, entrepreneurs and co-operatives, especially in townships and villages, is a strategic intervention. The Department ensure that 28 laws and/or regulations that pose administrative burdens to MSMEs are recommended for reform to reduce interventions; 100 municipalities will be supported with the adoption of the E-registration system; and 14 Red Tape Reduction indicators are adopted by national and provincial departments and municipalities.

Furthermore, in the MTDP period, the Department is pursuing several major regulatory reforms, including:



Business Licensing Bill: To provide for a business licensing framework; to provide for principles for business licensing; to provide for the coordination of concurrent competencies relating to business licensing; to promote greater consistency and uniformity in the application of procedures and decision-making by authorities responsible for business licensing; to provide for the appointment of authorised officers and enforcement of business licensing.

The Department is moving forward with the development of the Business Licensing Bill. It is envisaged that this document will be presented to Cabinet in 2025 with the aim of obtaining approval for the Bill by the third quarter of the 2025/26 Financial Year and the Bill being submitted to Parliament by the fourth quarter of the 2025/26 Financial Year.

Priority 2: Enable market access for MSMEs

The market access for MSMEs, both domestically and internationally, is a recurring concern. Despite the existence of several government policies aimed at promoting market access, effective implementation remains a challenge. MSMEs are not yet fully integrated into value chains, limiting their economic contribution. Strengthening the support ecosystem through better coordination between DSBD and stakeholders will help MSMEs gain access to the markets and resources they need to thrive. Over the MTDP period, the Department, together with its entity, will support 5 000 small enterprises, products and services linked to the domestic market and exports and 52 infrastructure rollouts to lower the cost of doing business for rural and township Small Enterprises.

DSBD will be working very closely with the National Treasury in the development of regulations on the implementation of the new Public Procurement Act. This Act, signed by the State President, seeks to overhaul the procurement system and provide preferential opportunities to certain types of businesses and people. DSBD intends to promote the use of set-asides as a powerful tool for giving MSMEs access to public procurement. A number of countries across the globe are increasingly using this tool to enable MSMEs to supply goods and services to the state. This initiative will make a significant contribution in transforming the economy, empowering township and rural enterprises, including businesses owned by women, disabled persons and youth to supply their goods and services to the state. This would

result in these businesses growing, becoming profitable and sustainable, and creating jobs. The Department will develop compliance instruments for the Public Procurement Act by State Organs and indicators and monitor them in line with National Treasury regulations.

Priority 3: Provide access to finance for MSMEs

To contribute to an increased re-industrialisation, localisation and beneficiation MTDP outcome, the Department will develop and monitor the implementation of the National Policy Framework on Incentives for Small Enterprises. The framework will optimise the available instruments to maximise impact, including greater employment outcomes. Existing incentives and support for small enterprises, youth and women's empowerment need streamlining, with a view to harmonise and pool resources to enhance scale and efficacy. Successful public employment programmes to support youth development and improve access to sustainable livelihoods need to be scaled up. Working with the private sector and labour to protect existing jobs and investment in the vulnerable sectors, the DSBD, together with its entity SEDFA and MSME ecosystem partners, will create 273 500 and sustain 1 606 500 jobs and 1 million Small Enterprises, supported financially and non-financially over the MTDP period.

To further improve access to financial and non-financial support for Small Enterprises, Rural, and Township Economies, during the MTDP period, the department will take the following policies and strategy to Cabinet for approval:

- National Township and Rural Economy Development and Revitalisation Policy aims to create and support thriving small enterprises operating in the townships and rural areas, fully integrated into the mainstream economy and creating job opportunities while contributing meaningfully towards the gross domestic product of the country.
- Start-Up Policy provides definitions and guides the departmental initiatives to foster and support the growth of new and emerging businesses, often referred to as start-ups. The policy is designed to create an enabling environment for innovation, entrepreneurship and the scaling of new business ventures, particularly in their early stages.



- Business Development Services Policy Framework is a set of guidelines and strategies designed to support the growth of Micro, Small and Medium Enterprises, startups, and entrepreneurs. The aim is to create an ecosystem that provides resources, mentorship, funding and networking opportunities to help new businesses thrive, especially in their early stages.
- National Entrepreneurship Strategy will aim to respond to the following challenges faced by the entrepreneurs:
 - » Fragmented ecosystem and initiatives.
 - » High failure rate of start-ups.
 - » Regulatory and administrative burdens.
 - » Limited market opportunities and participation.
 - » Low culture of entrepreneurship.

The strategy therefore provides a well-structured and coordinated approach to harness the potential for entrepreneurship in South Africa. It also cultivates an entrepreneurial ecosystem that drives economic growth, innovation, and job creation, ensuring that entrepreneurs have the opportunity, resources, and support to build successful businesses.

Priority 4: Equip entrepreneurs and MSMEs with the necessary business acumen and skills

Over the MTDP period, equip the Department and its entity, the MSMEs, with the necessary business acumen and skills to ensure more startups succeed. The Department through its entity SEDFA, will support 50 000 start-up MSMEs financially and non-financially. 5 000 MSMEs to be supported through the Incubation Programme and Aggregator Model over the MTDP, with an annual target of 1 000 MSMEs supported and 10% of informal MSMEs provided with formalisation support, which translates to supporting 30 000 informal businesses to formalise annually.

Priority 5: Build the capacity and capabilities of DSBD to lead the small enterprise support ecosystem

The Department is engaging with Parliament to nominate the most suitable candidate to be appointed as the Small Enterprise Ombuds. This appointment will be a significant step in empowering MSMEs to ensure that they are afforded an equitable dispute resolution mechanism and trade in a fair environment.

The Department will finalise and continue with the appointment of the Small Enterprise Advisory Body. The primary mandate of the Advisory Body is to represent and promote the interests of small enterprises, including co-operatives, as contemplated in the National Small Enterprise Act, 1996, as amended, and the Co-operatives Act, 2005, as amended. To fulfil this role, the Advisory body will advise the Minister of Small Business Development on key policy, legislative, and strategic matters affecting the growth and development of small enterprises, which include Co-operatives.

The United Nations has declared 2025 as the International Year of Cooperatives. Promotion of this type of enterprise (Co-operative) is crucial towards advancing an inclusive economy. We look forward to provincial events that will lead to the National Celebration during the International Day of Co-operatives.

South Africa, through the Department in partnership with the United Nations Agency, the International Trade Centre (ITC), will be hosting the first-ever Global Ministerial Conference on MSMEs on 22-24 July 2025.

As the Minister for Small Business Development, it is my responsibility to ensure that policy priorities are set out and subsequently are aligned with the department's mandate and the GNU priorities. This strategic plan provides a clear sense of direction for the institution, ensuring everyone is working towards common goals and objectives. Furthermore, as stated in this document, our vision is a transformed and inclusive economy led by sustainable and competitive MSMEs contributing to broad-based economic growth.



I would like to thank South Africans from all walks of life, including the MSMEs ecosystem role-players and entrepreneurs who have offered valuable suggestions and support as we start the seventh administration journey. I endorse this 2025-30 Strategic Plan and 2025/26 Annual Performance Plan as a blueprint to achieve our goals through a collaborative and developmental governance approach.

Ms Stella Tembisa Ndabeni, MP

Minister for Small Business Development

Date: 03 April 2025

DEPUTY MINISTER STATEMENT

The Seventh Administration is bestowed with the urgency to deliver services to all South Africans. In the context of the Government of National Unity (GNU), we are all expected to work together for the betterment of the lives of our citizens. South Africa still faces the triple challenges of poverty, inequality and high levels of unemployment, especially amongst the young people of our country.

The department's strategic plan for the years 2025 to 2030 and its 2025/26 Annual Performance Plan outline its outcomes, outputs, priorities, and the actions required to achieve them. The strategic direction of the Department is derived from the seventh administration's priorities and the government's plans. Furthermore, the strategy of the Department is guided by the functions articulated for an NISED, which indicates an MSME sector response to the NDP. Before developing this Strategic Plan and its APP, focus turned to conducting a detailed situational analysis to ensure that the Strategic Plan and its APP are both informed by and responsive to the external, internal and performance environments.

During the current administration, the department will continue to scale up support for MSMEs to ensure that their impact is felt across the economy. The DSBD is tasked with supporting Co-operatives and MSMEs across various sectors, aiming explicitly to tackle poverty and inequality



Ms Jane Sithole, MP
Deputy Minister of Small Business Development

through enhanced entrepreneurship and economic participation. Since its establishment in 2014, the DSBD has been responsible for implementing the Integrated Strategy on the Development and Promotion of Co-operatives (ISDPC), designed to foster Co-operative growth, inclusivity, and sustainability. The ISDPC involved collaboration among multiple stakeholders to execute various short-, medium- and long-term actions at consolidating support programmes for co-operatives. Guided by four strategic pillars, the ISDPC comprehensively addresses the diverse needs of cooperative development.

Through the current MDTP period, the Department has conducted the Implementation Evaluation of the ISDPC for the period from 2012 to 2022, with its main objective being to assess the effectiveness of the ISDPC in achieving its intended outcomes over the ten-year period. It aimed to determine the degree to which anticipated results were realised, identify key strengths and weaknesses in the strategy's implementation, and develop practical recommendations for improvement. By closely examining critical areas such as market access, financial management, and governance, the evaluation provides evidence-based recommendations aimed at enhancing the sustainability of cooperatives and maximising their impact on socio-economic development in South Africa. The department, together with entity SEDFA, will implement



both strategic and operational recommendations as outlined in the Implementation Evaluation study.

The NDP prioritises the significant role of Women, Youth and Persons with Disabilities (WYPWDs) in our society. Addressing gender equality between men and women and dismantling patriarchal systems remains a key challenge in ensuring women's inclusion in the short-, medium- and long-term. Empowering WYPWDs cuts across all four departmental programmes. During the 2025-30 Implementation period the Department will mainstream programmes on the empowerment and development of WYPWDs with minimum targets: a minimum 50% target for women, 30% for youth and 5% for PWDs. Through the Integrated Co-operatives and Micro Enterprise Development programme, the following targets will be mainstreamed:

- 1 250 products manufactured and services rendered by MSMEs linked to the domestic market.
- 1 000 MSMEs exposed to global market opportunities.
- Through SEDFA, a total of 1 000 Co-operatives will be supported non-financially through various interventions like governance training, access to local and international markets.
- 250 Co-operatives supported financially through the Co-operatives Development Support Programme.
- 2 000 informal businesses supported through IMEDP.

In the next five years, in response to the 30-year review, the Department will develop and publish the National Policy Framework on Incentives for Small Enterprises, inclusive of the Co-operatives. The Policy Framework intends to provide guidelines around grants and blended finance to Small Enterprise, to optimise the available instruments to maximise impact including greater employment outcomes. The view is to harmonise and pool resources to enhance scale and efficacy and scale up successful public employment programmes to support youth development and improve access to sustainable livelihoods.

The 2024-29 MTDP Strategic Priority 3 aims to build a capable, ethical and developmental state, which is essential for achieving Strategic Priorities 1 and 2. To achieve inclusive growth and job creation, a capable government is necessary, as it plays both direct and indirect roles within the economy. To contribute indirectly to Priority 3, the Department will review its Digital Transformation Strategy for the Small Business Development Portfolio. The strategy's overall aim will be to create universal access through quality infrastructure, devices,

services, and content which will be available to all citizens to enable growth, employment, and wealth creation within MSME ecosystems. It is also intended to avoid silos and duplication of digital efforts, improving efficiencies and representations. Its intended purpose is to ensure that 1 million MSMEs are using the National MSMEs digital platform by 2030.

The Department, through its Asset Assist Support Programme, will support township and rural MSMEs, including Co-operatives, to the value of R630.561 million over an MTEF period. The programme is targeted at South African MSMEs and Co-operatives that are registered with CIPC and are compliant with tax requirements and other relevant legislation. Asset Assist places priority on small businesses in rural, township and peri-urban areas and the majority participation of women, youth and persons with disabilities. It is a platform for MSMEs to assist with machinery, equipment, working capital and acquisition of raw material to the maximum value of R250 000 with an emphasis on enterprises owned and managed by the designated groups (women, youth, and persons with disabilities).

The Department received its second unqualified audit opinion with no material findings on Annual Financial Statements and its third unqualified audit opinion with no material findings on performance information. The implementation of the audit action plan that is monitored on a quarterly basis enabled the team to curtail repeat findings. The Department continues to work diligently towards maintaining its audit outcome, including improving on the non-material findings.

I support the endorsement of this 2025-30 Strategic Plan and 2025/26 Annual Performance Plan as a blueprint to achieve our goals through a collaborative and developmental governance approach. We remain committed to a well-functioning Department of Small Business Development in building a better tomorrow for MSMEs and Co-operatives of South Africa.

Thank you!

Ms Jane Sithole, MP

Deputy Minister for Small Business Development

Date: 03 April 2025

ACCOUNTING OFFICER STATEMENT

The DSBD 2025-30 Strategic Plan and 2025/26 Annual Performance Plan cover the implementation of the Seventh Administration 202-29 Medium-Term Development Plan (MTDP). The 2025-30 Strategic Plan and its 2025/26 APP are the result of an extensive consultation process with various internal and external stakeholders across the MSMEs ecosystem and aligned with the recommendations of the 30-year review, 10-year NDP review and revised 2019-24 MTSF Close-up reports, as well as the 2014-29 MTDP developmental priorities and NDP goals relating to MSMEs.

The mandate of the Department of Small Business Development is to lead, coordinate, integrate and mobilise resources in the ecosystem to create an enabling environment for the growth, development and sustainability of MSMEs. The realisation of this mandate will lead to a transformed and inclusive economy led by sustainable and competitive MSMEs contributing to broad-based economic growth. This Plan takes guidance from the 2024-29 MTDP developmental priorities, an overview of the Department's focus and key accomplishments during the previous planning period and the Department's strategic focus for the next planning period.

The government's assessment of economic performance at the start of the term of the current administration attributed the poor economic performance during the previous administration to, amongst others, the unfortunate fact that



Ms Thulisile Manzini
Accounting Officer

despite impressive legislative reforms since the dawn of the democracy, the economic structures had not changed. Markets remained concentrated, and the vast majority of SA citizens were still excluded from the formal economy. The 2019-2024 Medium Term Strategic Framework identifies "reducing concentration and monopolies and expanding the small business sector" as one of the key outcomes towards achieving economic transformation and job creation. Support towards MSMEs has been highlighted as one of the preconditions for accelerating economic transformation and job creation, and this is also listed as one of the medium-term initiatives geared towards addressing the triple challenges of unemployment, inequality and poverty as envisioned in the NDP.

The Department made significant progress towards achieving its five-year targets in relation to the outcome indicators to realise its medium-term outcomes and long-term Impact Statement and contribute towards the revised 2019-24 MTSF targets. The Department's Impact Statement during the sixth administration was to ensure that the MSMEs and Co-operatives are sustainable and contributing meaningfully to the economy. To realise its Impact Statement, the Department had seven outcomes to be achieved over the medium-term period.

During the sixth administration, the target of providing financial and non-financial support to 100 000 competitive



small businesses was surpassed by a great margin. This is a step in the right direction, although research has cited the need to upscale financial and non-financial support to small businesses to ensure their sustainability. The development and adoption of the Localisation Policy Framework and Implementation Programme on MSMEs well before the target date is commended. Although others contend that localisation may have adverse impact on competitiveness and foreign direct investment, and may hinder global integration, it is an important strategy to help promote industrialisation and promote job creation by reducing imports and increasing domestic production. Government has identified localisation as a key driver of economic recovery and job creation, particularly for MSMEs. The MSME-focused localisation policy framework, if implemented effectively, is expected to facilitate greater participation of small businesses in the local economy.

The Department has concluded the sixth administration by achieving its five-year target, which stated that it needed to ensure that it obtains Unqualified Audit Opinions for both financial and nonfinancial performance data. Additionally, the five-year target for the Administration Programme was to ensure that creditors are paid within 30 days and less than or equal to a 5% variance on the annual budget is maintained. During the period, the Department continued to pay 100% of valid creditors within 30 days and registered a 0.75% variance on the annual budget.

The Department's strategic focus for this planning period is that the department will identify and implement 28 administrative and regulatory reforms/reviews to reduce interventions, ensure that 100 municipalities are assisted with the adoption of the e-registration systems and 14 Red Tape Reduction indicators are adopted by national departments.

Over the MTDP period, the Department will support 5 000 small enterprises to access the domestic and international markets and 52 infrastructure rollouts to lower the cost of doing business for rural and township Small Enterprises. The Department together with its entity, the MSMEs, will be bolstered with the necessary business acumen and skills to ensure more startups succeed. The Department will support 50 000 start-up MSMEs financially and non-financially and 5 000 MSMEs will be supported through the Incubation Programme and Aggregator Model. 10% of informal MSMEs to be provided with formalisation support, which is translated to supporting 30 000 informal businesses to formalise annually.

The Department is moving forward with the development of the Business Licensing Policy and Bill. It is envisaged that both these documents will be presented to Cabinet in 2025 with the aim of obtaining approval for the Policy by the second quarter of the 2025/26 Financial Year and the Bill being submitted to Parliament by the third quarter of the 2025/26 Financial Year.

To contribute to an increased re-industrialisation, localisation, and beneficiation MTDP outcome, the Department will develop and monitor the implementation of the National Policy Framework on Incentives for Small Enterprises. The framework will optimise the available instruments to maximise impact, including greater employment outcomes.

The Department will also continue to invest in improving its administration, systems, processes and capacities to provide an efficient and effective service. The values of equity and equality will continue to be entrenched to ensure that the dignity of our people is respected and restored where necessary through our efforts.

I would like to extend my sincere appreciation to Minister Stella Ndabeni and Deputy Minister Jane Sithole for their astounding leadership. My appreciation also goes to the Executive and entire staff of the Department for their hard work, dedication and sacrifices in pursuing the objectives of the Department. Key to driving our mandate is the agency of the Department, SEDFA. I wish to extend my gratitude to Mr. Nkosikhona Mbatha, the acting CEO of SEDFA and his team for their contribution to the Small Business Development Portfolio. I also wish to acknowledge the support and contributions of all our stakeholders in the ecosystem. Let us continue to be a nation that works for all and remain ignited and committed to shaping our promising small enterprises and connecting them to resources they need to accelerate the growth of their respective businesses.

Ms Thulisile Manzini

Accounting Officer

Date: 3 April 2025



OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the Department of Small Business Development under the guidance of the Honourable Minister of Small Business Development, Ms Stella Tembisa Ndabeni;
- Takes into account all relevant policies, legislation and other mandates for which the Department of Small Business Development is responsible; and
- Accurately reflects the impact, outcomes and Outputs which the Department of Small Business Development will endeavour to achieve over the 2025/26-year period.

Recommended by:

Dr M Ramodumo

ADDG: Sector Policy and Research

Ms SM Oosterwyk

Chief Financial Officer

Mr V Nkabinde

ADDG: Integrated Co-operatives and Micro Enterprise Development

Ms NH Mavundla

Chief Director: Strategy and Governance

Ms Q Delwa

DDG: Enterprise Development, Innovation and Entrepreneurship

Ms Thulisile Manzini

Accounting Officer

Ms M Mbatha

Chief Director: Corporate Management Services

APPROVED BY:

Ms Stella Tembisa Ndabeni, MP

Minister for Small Business Development



LIST OF ABBREVIATIONS/ACRONYMS

ADG	Acting Director-General
ADDG	Acting Deputy Director-General
AfCFTA	African Continental Free Trade Area
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ASD	Assistant Director
AU	African Union
B-BBEE	Broad-based Black Economic Empowerment
BDM	Business Delivery Model
CBDA	Co-operatives Banks Development Agency
CDA	Co-operatives Development Agency
CDSP	Co-operatives Development Support Programme
CEO	Chief Executive Officer
CIPC	Companies and Intellectual Property Commission
CIS	Co-operatives Incentive Scheme
CSF	Civil Society Forum
COBIT	Control Objectives for Information and Related Technologies
COGTA	Department of Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus disease
DDG	Deputy Director-General
DDM	District Development Model
DFIs	Development Finance Institutions
DG	Director-General
DOJ&CD	Department of Justice and Constitutional Development
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DIRCO	Department of International Relations and Cooperation
DSBD	Department of Small Business Development
the dtic	Department of Trade Industry and Competition



EA	Executive Authority
ESC	Evaluation Steering Committee
EXCO	Executive Committee
GBVF	Gender-Based Violence and Femicide
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GEYODI	Gender, Youth and Disability Strategy
GNU	Government of National Unity
HoD	Head of Department
IMEDP	Informal and Micro Enterprise Development Programme
iREREP	Integrated Resource Efficiency and Renewable Programme
IGR	Inter-Governmental Relation
KCG	Khula Credit guarantee
ICT	Information and Communications Technology
IMF	International Monetary Fund
ILO	International Labour Organisation
IRMSA	Institute of Risk Management South Africa
ISDPC	Integrated Strategy on the Development and Promotion of Co-operatives
ITC	International Trade Centre
LAN	Local Area Network
MANCO	Management Committee
MOA	Memorandum of Agreement
MSMEs	Micro, Small, and Medium Enterprises
MTEF	Medium Term Expenditure Framework
MTBPS	Medium Term Budget Policy Statement
MTDP	Medium Term Development Plan
MTSF	Medium Term Strategic Framework
NDP	National Development Plan, Vision 2030
NEDLAC	National Economic Development and Labour Council
NIBUS	National Informal Business Upliftment Strategy



NSDF	National Spatial Development Framework
NYDA	National Youth Development Agency
OCSLA	Office of the Chief State Law Adviser
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PFILMS	Personnel, Finance, Infrastructure, Management, and Systems
PSC	partnership steering committee
PWDs	Persons with Disabilities
QLFS	Quarterly Labour Force Survey
SADC	Southern African Development Community
SAPS	South African Police Service
SARS	South Africa Revenue Services
SBD	Small Business Development
SBEDS	Small Business Exporter Development Scheme
SDIP	Service Delivery Improvement Plan
SEDFA	Small Enterprise Development and Finance Agency
Seda	Small Enterprise Development Agency
sefa	Small Enterprise Finance Agency
SEMSP	Small Enterprise Manufacturing Support Programme
SEIF	Shared Economic Infrastructure Facility
SMS	Senior Management Service
SOE	State-Owned Enterprises
SONA	State of National Address
SOP	Standard Operating Procedures
SWOT	Strengths, Weaknesses, Opportunities and Threats
TOR	Terms of Reference
TREP	Township and Rural Entrepreneurship Programme
UN	United Nations
UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
WEO	World Economic Outlook
WYPWDs	Women, Youth and Persons with Disabilities



PART A

OUR MANDATE



PART A: OUR MANDATE

Part A: Our mandate

1. Updates to the relevant legislative and policy mandates

The following are the legislative and policy mandates that the DSBD is directly responsible for implementing, managing or overseeing:

Legislation and policy	Mandate and Primary Outputs
National Small Enterprise Amendment Act, 2024 (Act No. 21 of 2024), as amended.	<ul style="list-style-type: none">• To provide for the report of the Advisory Body.• To provide for the establishment of the Small Enterprise Development and Finance Agency (SEDFA).• To provide for the functions of the Agency; to ensure the provision of financial and non-financial support services to small enterprises.• To promote the development of sustainable and responsible co-operative banking.• To provide for the establishment of the Office of the Small Enterprise Ombud Service.• To enable an equitable trading environment for small enterprises through the provision of affordable and effective access to justice.• To empower the Minister to declare certain practices in relation to small enterprises to be prohibited as unfair trading practices.• To provide for the transitional arrangements necessitated by the establishment of the Agency; to effect consequential or necessary amendments to the Co-operative Banks Act, 2007.• To the Co-operatives Act, 2005; and to provide for matters connected therewith.
Businesses Act, 1991 (Act No. 71 of 1991)	<ul style="list-style-type: none">• To repeal or amend certain laws regarding the licensing and carrying on of businesses and shop hours.• To make certain new provisions regarding such licensing and carrying on of businesses.• To provide for matters connected therewith.
Section 3(d) the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940) (IDC Act).	<ul style="list-style-type: none">• To provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa.• Small Enterprise Development Finance Agency (SEDFA) supports the development of sustainable MSMEs through the provision of finance.
Co-operatives Development Act, 2005 (Act No. 14 of 2005), as amended.	<ul style="list-style-type: none">• To provide for the formation and registration of Co-operatives; the establishment of a Co-operatives Advisory Board, the winding up of Co-operatives, the repeal of Act 91 of 1981, and matters connected therewith.
Co-operatives Development Policy for South Africa (2004)	<ul style="list-style-type: none">• To create an enabling environment for Co-operative enterprises which reduces the disparities between urban and rural businesses and is conducive to entrepreneurship.• To promote the development of economically sustainable Co-operatives that will significantly contribute to the country's economic growth.• To increase the number and variety of economic enterprises operating in the formal economy.• To increase the competitiveness of the Co-operatives sector so that it is better able to take advantage of opportunities emerging in national, African and international markets.• To encourage persons and groups who subscribe to the values of self-reliance and self-help and who choose to work together in democratically controlled enterprises and to register Co-operatives in terms of this Act.• To enable such Co-operative enterprises to register and acquire a legal status separate from their members.• To promote greater participation by black persons, especially those in rural areas, and WYPWDs in the formation of and management of Co-operatives.• To establish a legislative framework that will preserve the co-operative as a distinct legal entity.• To facilitate the provision of support programmes that target co-operatives, specifically those that create employment or benefit disadvantaged groups.



Legislation and policy	Mandate and Primary Outputs
Co-operative Amendment Act, 2013 (Act No. 6 of 2013).	<ul style="list-style-type: none"> • To provide for the establishment, composition and functions of the Co-operatives Tribunal. • To ensure compliance with the principles of intergovernmental relations. • To provide for intergovernmental relations within the Co-operatives sector. • To provide for the substitution of the long title and the Preamble.

In addition to the above-mentioned Acts, the below are legislative and policy mandates for cross-cutting priorities such as women, youth and people with disabilities that the DSBD will implement:

Name of Policy	Consideration
Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing.	<ul style="list-style-type: none"> • To achieve Constitutional vision of a non-sexist society and gender equality. • To ensure women's empowerment at centre of public policy, planning and budgeting and adequate resource allocation. • To improve country performance on gender equality and women's emancipation. • To promote inclusive growth and development and achieve country development goals.
White Paper on an Integrated National Disability Strategy.	<p>Vision is "A society for all, one in which PWDs are actively involved in the process of transformation".</p> <p>Informed by the United Nations Standard Rules for the Equalisation of Opportunities for PWDs and the Disability Rights Charter developed by Disabled People South Africa in consultation with other representatives' organisations of PWDs.</p>
White Paper on the Rights of Persons with Disabilities	<p>Updates the 1997 INDS, integrates obligations in the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) and responds to the Continental Plan of Action for the African Decade of Persons with Disabilities. The White Paper was introduced, amongst other purposes, to provide a mainstreaming trajectory for realising the rights of persons with disabilities through the development of targeted interventions that remove barriers and apply the principles of universal design and guide gender mainstreaming to ensure that women with disabilities enjoy equitable access to all women empowerment and gender equality legislation, policies and programmes.</p>
The National Strategic Plan on Gender-Based Violence and Femicide	<p>Sets out to provide a cohesive strategic framework to guide the national response to the hyperendemic GBVF crisis in South Africa. The framework is purposed to provide a multi-sectoral, coherent strategic policy and programming framework to ensure a coordinated national response to the crisis of gender-based violence and femicide by the government of South Africa and the country as a whole.</p>
National Youth Policy 2020–2030	<p>The National Youth Policy 2020–2030 was developed while the entire world was finding ways to respond to the outbreak of the COVID-19 pandemic. At the centre of this National Youth Policy, which follows on immediately after the National Youth Policy 2015–2020, is cross-sectoral policy aimed at effecting positive youth development outcomes for young people at all three spheres of government within South Africa. The policy proposes interventions that facilitate holistic positive development for young people as individuals and as members of families, communities, the South African society and the globe. This it does so by recognising that South Africa can be lifted out of its persistent triple challenges of poverty, unemployment and inequality by harnessing young people's innovative ability, skills, energy, knowledge and expertise.</p>



2. Updates to institutional policies and strategies

The policy and strategy mandates informing the strategic posture and intent of the Small Business Development Portfolio are broadly summarised as follows:

Informing Policy/ Strategy	Key Considerations
The National Development Plan, Vision 2030 (2012).	<p>The NDP envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. As such, the economy will be more inclusive, grow faster, eliminate poverty and reduce inequality.</p> <p>The department and its entity play a major and direct role in coordinating and influencing the implementation of Chapters 3 and 6 of the NDP, which respectively deal with the economy and employment and inclusive rural development and growth.</p>
The 2024-2029 Medium Term Development Plan	<p>The Medium-Term Strategic Framework (MTSF) is renamed to the Medium-Term Development Plan (MTDP). The MTDP is the implementation plan of the National Development Plan (NDP) and aligns with international naming conventions. The MTDP will continue to align with the goals and objectives of the NDP and Programme of Priorities of the Government of National Unity. The 2024-2029 MTDP strategic priorities:</p> <ul style="list-style-type: none"> • Strategic Priority 1: Inclusive growth and job creation. • Strategic Priority 3: A capable, ethical and developmental state. <p>The DSBD is to play a primary/lead role in relation to Strategic Priority 1, which is inclusive growth and job creation and its related outcomes and strategic interventions, as follows:</p> <p>Strategic Priority 1: Inclusive economic growth and job creation:</p> <ol style="list-style-type: none"> 1. Increased employment opportunities (reduced unemployment): <ul style="list-style-type: none"> • Harmonise incentives, mainstream and report on government support for small enterprises and cooperatives to maximise developmental impact and improve livelihoods. 2. Increased re-industrialisation, localisation and beneficiation: <ul style="list-style-type: none"> • Drive growth in labour-intensive sectors such as services, agriculture, manufacturing, and tourism, including through the finalisation and implementation of master plans. 3. Enabling an environment for investment and improved competitiveness through structural reforms: <ul style="list-style-type: none"> • Mainstream red tape reduction across every department and public entity to reduce the undue regulatory burdens that hold back businesses from creating jobs. • Cut red tape and streamline support to enable small enterprises, entrepreneurs and cooperatives, especially in townships and villages, to thrive. • Continue the structural economic reforms underway through Operation Vulindlela and initiate a second wave of reforms, including to strengthen local government, address spatial inequality, and digital transformation. 4. Increased infrastructure investment, access, efficiency and cost: <ul style="list-style-type: none"> • Invest in infrastructure development in key sectors of energy, communications, water and transport infrastructure, and focus on underserved areas. 5. Improved science, technology and innovation for growth: <ul style="list-style-type: none"> • Invest in digital identity and payments, expand access to affordable broadband, and increase training for young people in digital skills.



Informing Policy/ Strategy	Key Considerations
The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005).	<p>Covers the entire continuum of needed support, from pre-startup and startup support measures to growing enterprises and enterprises in distress. It focuses on the following three strategic areas with aligned actions, as follows:</p> <ol style="list-style-type: none"> 1. Increase supply for financial and non-financial support services – Collaborative approaches to streamline resources from the public sector and crowding in private sector resources; 2. Create demand for small enterprise products and services – new policy directives, public sector procurement strategy and Broad-based Black Economic Empowerment (B-BBEE) codes of good practice as a lever for increased demand; and 3. Reduce small enterprise regulatory constraints –through an enabling environment, establishing a regulatory impact assessment framework and creating a business environment monitoring mechanism.
National Integrated Small Enterprise Development Strategic Framework.	<p>The purpose of the NISED Strategic Framework is to strengthen and implement the vision of the White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa and to provide support to the MSMEs in South Africa.</p> <p>The NISED outcomes of the NISED Strategic Framework are:</p> <ul style="list-style-type: none"> • A well-informed South Africa on MSMEs with continuous monitoring, evaluation and learning. • Policy, laws and regulations reformed to enable MSME growth and efficient governance. • Effective support and services delivered for MSME growth through both financial and non-financial avenues. • Coordinated Government with strengthened private sector partnerships for MSME growth.
The Integrated Strategy on the Development and Promotion of Co-operatives (2012).	<p>Seeks to support the ongoing profiling of the Co-operatives, communication outreach, improving access to Co-operatives support, information, research and strengthening advocacy on Co-operatives by delivering effective service and monitoring impact.</p> <p>The strategy further introduces key Co-operatives development and support programmes under four strategic pillars, namely:</p> <ol style="list-style-type: none"> 1. To increase the supply of non-financial support services to Co-operatives. 2. To create demand for Co-operative enterprises products and services. 3. To improve sustainability of Co-operatives. 4. To increase the supply of financial support services to Co-operatives. <p>These strategic pillars will be underpinned by efforts aimed at improving the availability of quality business information and knowledge through expanded research, communication outreach, education and training, and monitoring.</p>
The National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014).	<p>Adopted by Cabinet in 2014, NIBUS is aimed at supporting the informal business sector and facilitating their participation in the mainstream economy through various policy and programmatic interventions.</p> <p>Particular focus on the four Implementation Thrusts that may inform other areas of DSBD work:</p> <ol style="list-style-type: none"> 1. Enhance the quality of enterprise development, promotion and capacity building products and services. 2. Strengthen the policy and regulatory environment to support an integrated and coordinated approach to informal business upliftment. 3. Build the skills, capacity, systems and processes to drive an integrated and coordinated approach to informal business upliftment. 4. Strengthen national, regional and international partnerships to support and promote the NIBUS development agenda.



Informing Policy/ Strategy	Key Considerations
MSMEs Focused Localisation Policy Framework and Implementation Programme	<p>In 2021, Cabinet took a decision to adopt an approach of industrialisation through localisation to rebuild the production economy, create jobs and transform the ownership patterns of the South African economy to become inclusive. The MSMEs Focused Localisation Policy Framework and Implementation Programme objectives are:</p> <ul style="list-style-type: none"> • To provide a framework for increasing and accelerating participation of MSMEs in the localisation programme for rural and township-based manufacturing enterprises. • To target specific products/services and support production or manufacturing by MSMEs, and advocate for the high tariff protection and public sector procurement set asides or reservations for such products. • To use the localisation programme to prepare MSME-manufactured products for the export market and improve the balance of trade for South Africa. • To stimulate domestic demand for South African manufactured goods (MSME-produced), in particular through public sector procurement. • To foster changes in the structure of the manufacturing sector towards more high-tech manufacturing. • To provide a framework for coordinating public and private sector support for MSME participation in the localisation programme.
National Spatial Development Framework (NSDF) 2050 (2022)	<p>Under the theme “Moving South Africa forward towards the desired Spatial Future”, the NSDF 2050 sets out an action plan to bring about radical spatial transformation at scale and manage and mitigate national risks (current and emerging). It proposes a set of five National Spatial Action Areas, which require urgent, focused, and integrated national spatial infrastructure investment and spending and concerted and sustained intergovernmental collaboration, including the alignment of plans, budgets, and departmental plans in and between the spheres of government.</p>
The District Development Model (DDM) (2019)	<p>The DDM seeks to build a coherent government, which is characterised by the ability to undertake and communicate a common vision for the development of the country, collectively generated and broken down into and according to the needs and opportunities of district and metropolitan geographical areas (intergovernmental relations impact zones). It seeks to identify commonly agreed spatial and development priorities within these impact areas, supported by well-researched, credible, and technically sound long-term planning, capital investment, project preparation and financing, and implementation. The DDM “One Plan” is an intergovernmental plan for the purpose of coordinating intergovernmental catalytic programmes and projects in relation to each of the districts and metropolitan spaces.</p>
2022-2032 STI Decadal Plan	<p>The Decadal Plan is premised on advancing a whole-of- government (and ultimately a whole-of-society) approach to innovation in South Africa. The intention is to optimise synergies among STI-intensive government departments and the rest of government through joint programming and co-funding for STI priorities and hence ensure policy certainty to maximise the contributions of business, civil society and academia to STI initiatives and investments.</p> <p>The DSBD, through the implementation of its MSME-Focused Localisation Policy Framework and Implementation Programme, the Small Enterprise Manufacturing Support Programme (SEMSP) will be implemented, including the creation of a manufacturing sector for hydrogen products and components. The purpose of the Small Enterprise Manufacturing Support Programme is:</p> <ul style="list-style-type: none"> • To build a manufacturing sector for an improved industrial base (productive economy) through a focused import replacement programme; and • Build the industrial base for both the domestic market and external market (in particular, the African Union market). <p>Additionally, through the Value Chain Assessment of Primary, Secondary and Tertiary Industries, which main aim is to assess bottlenecks within each industry for possible barriers to entry, growth and sustainability of small enterprises. The during the current administration, three industries were considered other priorities will be based on the performance of the economy and associated opportunities. The DSBD is expected to contribute to the goal of a just and inclusive net-zero carbon economic growth for societal well-being by 2050.</p>



Informing Policy/ Strategy	Key Considerations
Just Transition Framework (JTF) for South Africa (July 2022)	The Presidential Climate Commission published the JTF in July 2022. The JTF aims to bring coordination and coherence to just transition planning in the country. It sets out a shared vision for the just transition, principles to guide the transition, and policies and governance arrangements to give effect to the transition. There is, however, no 'one size fits all' approach to the just transition, and all social partners will need to design their own policies and programmes in line with their specific conditions, responsibilities, and realms of influence, based on the vision, principles, and interventions articulated in the framework.
The 2024 Budget Prioritisation Framework (BPF)	<p>The BPF facilitates and strengthens alignment between key national priorities and the national budget process. The 2024/25 BPF Pillars that the Department contributes to are as follows:</p> <p>Pillar 1: Increase public and private employment</p> <p>Public employment programmes through the contribution of the Department in the Presidential Employment Stimulus.</p> <p>Private employment support and incentives, supporting MSMEs to take up the employment tax incentives.</p> <p>Pillar 2: Inclusive economic growth</p> <p>Supporting growth in MSMEs, township and rural enterprises.</p> <p>Reducing red tape.</p> <p>Supporting MSMEs, townships and rural enterprises and the informal economy.</p> <p>Pillar 4: A capable State to deliver</p> <p>Supporting innovation, digitalisation and modernisation of the State.</p>
DPSA Corporate governance of ICT policy framework and directive	The purpose of this Determination and Directive is to provide clear guidance to departments for the development and implementation of ICT service continuity plans in support of the Department's Business Continuity objectives.

South Africa is also guided and bound by its multilateral and international commitments to the United Nations (UN), the African Union (AU), and other multilateral organisations.

Informing International Convention or Policy	Key Considerations
The United Nations Sustainable Development Goals (SDG) (2015).	<p>The 2030 Agenda for Sustainable Development, adopted by all United Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. Specifically, the following SDGs are relevant to the SBD Portfolio:</p> <ul style="list-style-type: none"> • Goal 5: Achieve gender equality and empower all women and girls. • Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. • Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
The African Union Agenda 2063 (Agenda 2063).	<p>Of particular relevance to the SBD Portfolio are the following aspirations of AU Agenda 2063:</p> <ul style="list-style-type: none"> • Goal 1: A prosperous Africa based on inclusive growth and sustainable development. • Goal 6: An Africa where development is people-driven, unleashing the potential of its women and youth. • Goal 7: Africa as a strong, united and influential global player and partner.
The United Nations Convention of Persons with Disabilities	The aim is to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities and to promote respect for their inherent dignity.



Informing International Convention or Policy	Key Considerations
The International Labour Organisation (ILO) Recommendation 193 (R193) (2002).	<p>Seeks to promote the fullest participation in the economy and the social development of all people, while recognising that globalisation has created new challenges and opportunities for Co-operatives in terms of their ability to facilitate a more equitable distribution of the benefits of globalisation.</p> <p>In this context, R193 recognises the importance of Co-operatives in terms of job creation, mobilising resources, generating investment and their contribution to the economy.</p> <p>ILO Convention No. 190 (or C190) is the first international treaty to recognise the right of everyone to a world of work free from violence and harassment, including gender-based violence and harassment.</p>
The International Labour Organisation Resolution 204 (R204) (2015).	<p>The critical focus is to facilitate the transition from the informal to formal economy and to offer guidance to member states on how to facilitate the transition.</p> <p>Specifically, R204 outlines three key objectives:</p> <ul style="list-style-type: none">• Facilitate the transition to formality.• Promote the creation of enterprises and decent jobs.• Prevent the informalisation of formal jobs.
African Continental Free Trade Area Agreement.	<p>It aims to achieve the following general objectives:</p> <ul style="list-style-type: none">• Deepen economic integration in Africa in accordance with Agenda 2063.• Create a continental customs union.• Liberalise intra-African trade.• Resolve the challenges of overlapping memberships in Regional Economic Communities (RECs).• Enhance competitiveness.• Contribute to the movement of capital and natural persons and facilitate investment.• Promote sustainable and inclusive socio-economic development, gender equality and structural transformation.• Promote industrialisation.

3. Updates to relevant court rulings

There have not been any court judgements against the department. Further, the entity reporting to the department has not advised of any judgements against them that may impact on the operations of the department.



PART B

OUR STRATEGIC FOCUS



PART B: OUR STRATEGIC FOCUS

Part B: Our Strategic Focus

1. Updated Situational Analysis

The strategic direction of the Department is derived from the seventh administration's priorities and the government's plans. Furthermore, the strategy of the Department is guided by the functions articulated for a National Integrated Small Enterprise Development (NISED), which indicates an MSME sector response to the NDP. Before developing this Annual Performance Plan, the focus turned to conducting a detailed situational Analysis, to ensure that the Plan is both informed by and responsive to the external, internal and performance environments.

1.1. External Environment Analysis

1.1.1. Global Economic Outlook

Global growth is projected at 3.3 per cent both during 2025 and 2026, according to the January 2025 Work Economic Outlook (WEO) update report from the International Monetary Fund titled "Global Growth: Divergent and Uncertain". The projection is primarily on account of an upward revision in the United States offsetting downward revision in other major economies. While global headline inflation is expected to decline to 4.2 per cent in 2025 and to 3.5 percent in 2026, converging back to the target earlier in advanced economies than in emerging markets and developing economies.

Policy Priorities: Against the backdrop of raised uncertainty, policies need to rein in short-term risks and rebuild buffers while pushing ahead efforts to lift medium-term growth prospects.

Monetary policy: This should ensure that price stability is restored while supporting activity and employment. In economies in which inflationary pressures are proving persistent and the risk of upside surprises are on the rise, a restrictive stance will need to be maintained until evidence is clearer that the underlying inflation is sustainably returning to target. In economies in which activity is cooling fast and inflation is on track to durably go back to target, a less restrictive stance is justified.

Fiscal policy: This should consolidate to put public debt on a sustainable path and restore the space needed for more agile responses. The consolidation path needs to be carefully calibrated to the conditions a particular economy is facing. It should be sizable yet gradual to avoid hurting economic activity, clearly communicated to avoid disruptions in debt markets, and credible to achieve long-lasting results. Adopting a growth-friendly approach and mitigating the adverse impacts on poor individuals could help preserve the economy's potential and maintain public support.

Beyond the near term, decisive policy action is needed to enhance economic dynamism, boost the supply side, and counter the rising risks to the already-dim medium-term growth prospects. Targeted reforms in labour markets, competition, health care, education, and digitalisation can revive productivity growth and attract capital. Active communication to build consensus and continuous engagement with key stakeholders could help policymakers design and effectively implement measures that consider the distributional impact of reform.

Overview of the World Economic Outlook Projection						
			Projections		Difference from October 2024 WEO Projections	
	2023	Estimate 2024	2025	2026	2025	2026
World Output	3.3	3.2	3.3	3.3	0.1	0.0
Advanced Economies	1.7	1.7	1.9	1.8	0.1	0.0
United States	2.9	2.8	2.7	2.1	0.5	0.1



Overview of the World Economic Outlook Projection						
			Projections		Difference from October 2024 WEO Projections	
	2023	Estimate 2024	2025	2026	2025	2026
Euro Area	0.4	0.8	1.0	1.4	-0.2	-0.1
Germany	-0.3	-0.2	0.3	1.1	-0.5	-0.3
France	1.1	1.1	0.8	1.1	-0.3	-0.2
Italy	0.7	0.6	0.7	0.9	-0.1	0.2
Spain	2.7	3.1	2.3	1.8	0.2	0.0
Japan	1.5	-0.2	1.1	0.8	0.0	0.0
United Kingdom	0.3	0.9	1.6	1.5	0.1	0.0
Canada	1.5	1.3	2.0	2.0	-0.4	0.0
Emerging Market and Developing Economies	4.4	4.2	4.2	4.3	0.1	0.1
Emerging and Developing Asia	5.7	5.2	5.1	5.1	0.1	0.2
Emerging and Developing Europe	3.3	3.2	2.2	2.4	0.0	-0.1
Latin America and the Caribbean	2.4	2.4	2.5	2.7	0.0	0.0
Middle East and Central Asia	2.0	2.4	3.6	3.9	-0.3	-0.3
Sub-Saharan Africa	3.6	3.8	4.2	4.2	0.0	-0.2
Nigeria	2.9	3.1	3.2	3.0	0.0	-0.2
South Africa	0.7	0.8	1.5	1.6	0.0	0.1

Source: IMF, World Economic Outlook Update, January 2025

In the advanced economies, the growth is projected at 1.9% in 2025, to slightly down to 1.8% in 2026. In the emerging market, and developing economies, the growth is projected at 4.2% in 2025 and 4.3% in 2026. In Sub-Saharan Africa, the growth is projected to rise from an estimated 3.8% in 2024 to 4.2% in 2025 and remain at 4.2% in 2026. In South Africa's growth is projected to increase from 1.5% in 2025 and 1.6% in 2026.

1.1.2. Growth Outlook for Southern Africa

Despite the impact of multiple shocks, some African countries and regions still show impressive resilience. In 2025, Africa is expected to account for 12 of the world's top 20 fastest-growing economies. With policies aimed at improving the productivity and competitiveness of domestic productive sectors of agriculture and manufacturing and with strategic investment to speed up structural transformation, growth in most of Africa's regions and country groupings is expected to increase in 2025.

Southern Africa is poised for a strong growth recovery, with real GDP projected to increase from an estimated at 1.8 per cent in 2024 to 3.0 per cent in 2025 and 3.1 per cent in 2026. This pickup marks the first time since 2021 that the region's growth has exceeded 2 per cent and heavily reflects robust performance in Eswatini, Zambia, and Zimbabwe, where growth is expected to be 5 per cent or more. Other countries also contribute. except for South Africa, Namibia, and Lesotho, growth is expected to be in a range from 3 to 4 per cent in 2025. In Zambia, favourable weather after the El Niño-induced drought is expected to aid strong recovery in agriculture and energy capacity, and strong investment in exploration and commissioning of new mines for copper, cobalt, and nickel contribute to the country's GDP rising at an estimated 1.2 per cent in 2024 and 6.2 per cent in 2025¹.

¹ Africa's Macroeconomic Performance and Outlook, January 2025



1.1.3. South African Economic Outlook

South Africa's National Treasury projected that South Africa's economy will grow at an average of 1.6%, a moderate improvement on the 1.4% average expected at the time of the 2023 Medium Term Budget Policy Statement (MTBPS). The outlook is supported by an expected recovery in household spending as inflation declines and an increase in energy-related fixed investments².

South Africa has experienced over a decade of weak economic growth. Gross Domestic Product (GDP) growth has averaged only 0.8% annually since 2012, entrenching high levels of unemployment and poverty. To turn the tide and raise economic growth sustainably, the government is prioritising energy and logistics reforms, along with measures to arrest the decline in state capacity. Successful efforts to improve the fiscal position, complete structural reforms and bolster the capacity of the state will, in combination, reduce borrowing costs, raise confidence, increase investment and employment and accelerate economic growth.

1.1.3.1. South Africa's economy grows in the third quarter of 2024

South Africa's GDP decreased by 0.3% in the third quarter of 2024, following an increase of 0.3% growth in the second quarter of 2024³.

- The **agriculture, forestry and fishing industry** decreased by 28,8%, which contributed to negative 0,7 of a percentage point to the negative GDP growth. This was primarily due to decreased economic activities reported for field crops.
- The **transport, storage and communication industry** decreased by 1,6%, contributing negative 0,1 of a percentage point. Decreased economic activities were reported for land transport and transport support services.
- The **trade, catering and accommodation industry** decreased by 0,4%. Decreased economic activities were reported for wholesale trade, motor trade and food and beverages.
- The **finance, real estate and business services industry** increased by 1,3%, contributing 0,3 of a percentage point. Increased economic activities were reported for financial intermediation, insurance and pension funding, auxiliary activities, real estate activities and other business services.
- The **personal services industry** increased by 0,5%, contributing 0,1 of a percentage point. Increased economic activities were reported for health and education.
- The **manufacturing industry** increased by 0,5%, contributing 0,1 of a percentage point. Three of the ten manufacturing divisions reported positive growth rates. The largest positive contribution was reported for the basic iron and steel, non-ferrous metal products, metal products and machinery division.
- The **mining and quarrying industry** increased by 1,2%, contributing 0,1 of a percentage point. Increased economic activities were reported for manganese and chromium ore.

The following figure illustrates the nominal contribution of each sector to the GDP in Q3: 2024, with the largest industry being Finance. In Rand terms, nominal GDP was estimated at R1.840 trillion in Q3 of 2024, down by R7 billion from Q2 of 2024.

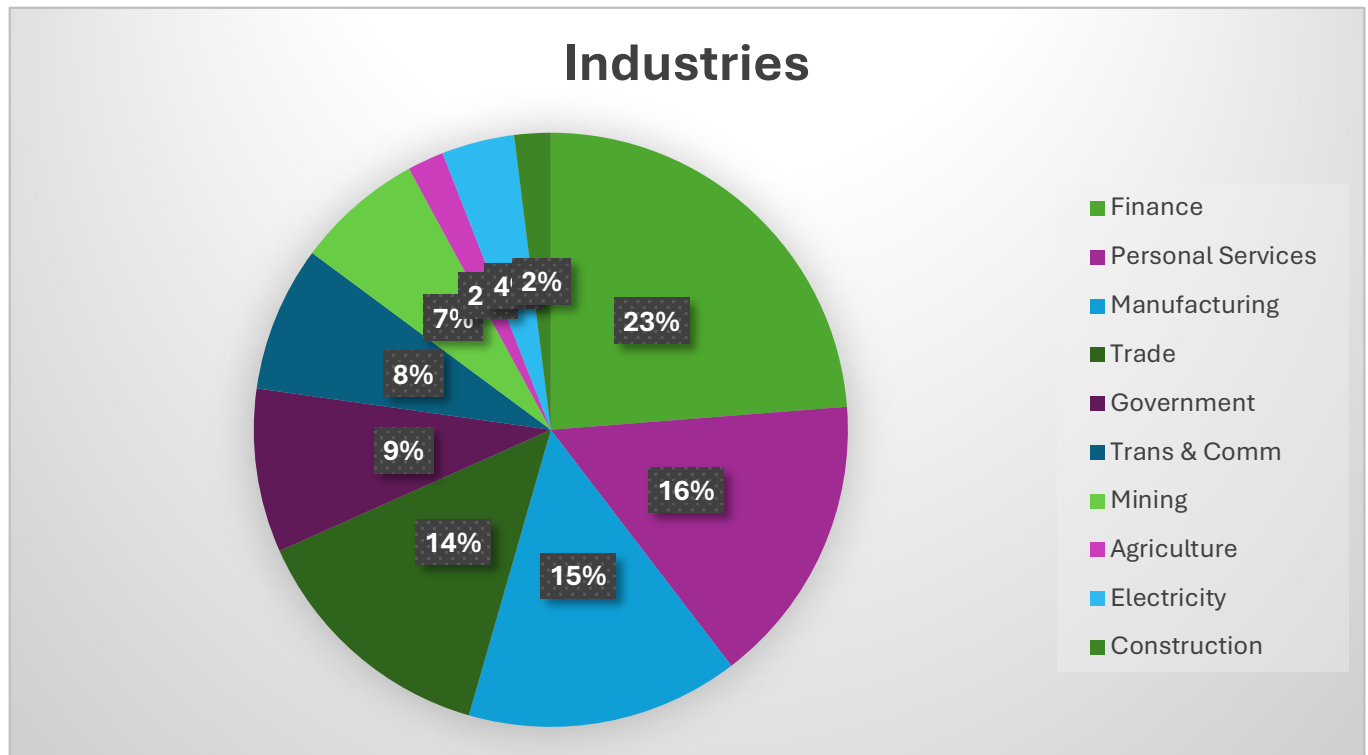
- Finance was up by R17 billion to R398 billion
- Trade was up by R7 billion to R228 billion
- Construction was down by R4 billion to R39 billion
- Agriculture was down by R52 billion to R34 billion

² 2024 Budget review, National Treasury, 2024

³ Gross Domestic Product (GDP), 3rd Quarter 2024



Which are the largest (and smallest) industries in South Africa?



Finance, real estate and business services are the largest industries in the economy. Percentage contribution of industries to total value added (Q3: 2024) Total: R1,659 trillion

In addition to the above, to grow South Africa's economy and expand its productive sectors, Masterplans have been developed to refocus the South African industrial strategy as a central pillar of the country's economic recovery. The implementation of sector Masterplans will continue to play a critical role in using a range of crosscutting measures to reinvigorate key industries to grow our economy. The Department finalised and published the development of the NISED Strategic Framework during the Sixth Administration and will ensure that the framework is implemented and reported on during the Seventh Administration. The NISED frames the following five policy priorities for the Department of Small Business Development for this, the 7th Administration.

- Priority 1: Cut red tape and improve the ease of doing business for MSMEs.
- Priority 2: Enable market access for MSMEs.
- Priority 3: Provide access to finance for MSMEs.
- Priority 4: Equip entrepreneurs and MSMEs with the necessary business acumen and skills.
- Priority 5: Build the capacity and capabilities of DSBD to lead the small enterprise support ecosystem.

The NISED Strategic Framework is intended to be the overarching strategy that directs the activity of the Department and the sector as a whole. It represents a national strategy to coordinate Government's efforts in partnership with private sector actors by building a supportive ecosystem for smaller enterprises to thrive and grow.

1.1.4. Relevant Research and Evaluation Reports to MSMEs

1.1.4.1. 30-Year Review of South Africa's Democracy (1994 – 2024)

The 30-Year Review has generated several recommendations, among which 24 have been identified as strategic thrusts recommended for high-priority attention when planning the immediate term towards 2030 and for the next 10 to 30 years. Recommendations cover a mix of legislative and policy processes and institutional reforms, scaling up of successful programmes, as well as potential new areas/programmes, including **harmonising incentives and support for small enterprises and youth and women empowerment.**⁴

⁴ 30-year review of South Africa's Democracy (1994 – 2024), April 2024



This review policy for incentives and government support for small enterprises, youth development, women empowerment and empowerment of persons with disabilities, with a view to harmonise and pool resources to enhance scale and efficacy. Scale up successful public employment programmes to support youth development and improve access to sustainable livelihoods. The Department in response to the recommendation, has set a deliverable to develop the National Policy Framework on Incentives for Small Enterprises, over a period of five years, the Department will also monitor and report against the Policy Framework over a period of five years.

1.1.4.2. The National Development Plan 10-year review

The 10-year review of the NDP (2012 – 2022) assesses the progress made with the key NDP targets of eliminating poverty and reducing inequality and unemployment.⁵

NDP Target	Baseline: 2012	Target: 2030	2018: Actual	2021: Actual	2022: Actual
GDP growth (average)	3.3% (2011)	5.4%	0.8%	0.9%	1.1%
Reduce income inequality (Gini income measure)	0.69 (2009)	0.60	0.69	0.69	
Eliminate poverty below Lower-Bound Poverty Line (LBPL)	36.4% (2011)		21.7%		
Investment (gross fixed capital formation) as a percentage of GDP	19.3% (2010)	30%	18.2%	13.1%	14.1%
Public sector (state and state-owned entities) investment as a percentage of GDP	6.8%	10%	5.7%	4.1%	
Labour force participation rate	55.4%	56.6%	59.3	58.6%	59.4%
Reduce unemployment (%)	25.4%	6%	27.7%	33.9%	32.9%
Employment (million)	13.65 million	24 million	16.2 million	15.6 million	16.1 million
Employment ratio (employment/working age population)	41.3%	61%	43.3%	38.7%	39.9%

According to the 10-year review of the NDP for South Africa to achieve the overarching goals of the NDP of eradicating poverty and reducing inequality and unemployment by 2030, it needed to grow its economy by 5.4% per annum over 20 years and create about 11 million new jobs. These goals were based on the all-inclusive approach of achieving positive investor sentiment, better located and maintained infrastructure, improved educational outcomes, a healthier population, a sound social safety net, much of which would be enabled by a capable state and good governance approaches.

To achieve the target of 5.4% average annual GDP growth, the NDP sets a target of 30% investment as a percentage of GDP by 2030, a 6% employment ratio, 56.6% labour force participation, etc. The review proposed an economic roadmap that needs to be a shared effort by government, the private sector and relevant social partners. This would include a shared understanding of the most pressing economic priorities and agreement on the measures to increase levels of policy certainty and confidence in the capacity to implement. One of the key elements of the economic roadmap that the department will play a crucial role including taking decisive action to significantly reduce red tape and increase affordable financing for small businesses. Small businesses and micro-enterprises must be allowed a special dispensation to reduce their compliance burdens and incentivise them to create employment. The National Planning Commission reiterates that the NDP anticipated most new jobs in South Africa being generated by small businesses.

⁵ 10-year review of the National Development Plan (2012 – 2022),



The NDP places the responsibility of creating 90% of new jobs in South Africa on the MSME sector. The small business sector, which had an estimated 2.2 million small businesses in 2019, was most severely affected by the Covid-19 pandemic lockdown, about 1.6 million of these were informal and 625 000 were formal sector enterprises. The impact of the lockdown saw informal enterprises decrease by 25% between the first and second quarters of 2020, or from 1.6 million to 1.2 million enterprises. The impact for formal enterprises was delayed, with registered small enterprises increasing by 2% (15 000) in the first two quarters of 2020, before declining by 11 per cent.

Before the Covid-19 lockdown period, MSMEs' contribution to overall employment showed significant improvement, increasing from 54.3% in the first quarter of 2018 to 66.5% in the first quarter of 2019. However, the lockdown measures reversed the gains, resulting in a decline in MSME jobs as a percentage of overall employment to 63.5% in the first quarter of 2020.

The Covid-19 response also resulted in black ownership of a formal small business share of formal sector enterprises declining by more than 25% in the third quarter of 2020 and by an additional 2% in the fourth quarter of 2020. The number of African-owned enterprises in the formal sector declined from 257 000 in the second quarter of 2020, to 232 000 in the fourth quarter of 2020, 10% below pre-pandemic levels.

1.1.4.3. Longitudinal Study on MSMEs and Co-operatives within South Africa

Over a three-year period (2021 – 2023), the DSBD undertook a longitudinal study with a cohort of small businesses and Co-operatives in South Africa. The study was prompted by an awareness and concern for the impact of the coronavirus (COVID-19) pandemic and other macro- and micro-factors affecting small businesses and co-operatives and preventing the attainment of South Africa's National Development Plan (NDP) goals for 2030.⁶ :

- Assess the impact of government support programmes aimed at the cohort of MSMEs and Co-operatives;
- Uncover inhibitors and opportunities for growth for the development of MSMEs and Co-operatives;
- Assess the performance of MSMEs and Co-operatives within the South African economy; and
- To get a longitudinal profile of MSMEs and Co-operatives in the South African economy.

Overall, the study found that over the three-year period of this study, financing remained a constant challenge for MSMEs and Co-operatives, with 64% of respondents reporting struggling with access to finance in 2022 and 58.1% reporting it as challenging in 2023. Positively, this was significantly lower than the 2021 survey where 90% of respondents reported struggling with the same. However, the situation will worsen if the following challenges are not addressed:

- The current socio-economic conditions are severely impacting MSMEs and Co-operatives in terms of the high costs of doing business, with many businesses struggling to survive.
- Access to government support remains limited, with lack of awareness being a primary constraint.
- There appears to be a lack of clarity as to the criteria, as well as what would give some businesses a better chance of securing government support than others.
- Small businesses feel that the government does not sufficiently understand their needs and experiences.
- Small businesses lack networks and mentors to assist with developing their businesses and learning.
- Businesses operated by women, youth and people with disabilities are often very driven and resilient but also often face more challenges than other MSMEs.
- Many small businesses in South Africa are survivalist in nature, which means that business owners often don't see them as opportunities for long-term income generation and investment. Yet, at the same time, there is a growing desire to increase market scope and expand their customer base.
- A lack of diversification and digitisation remain constraints to the long-term success of small businesses and co-operatives in the country.
- The informal sector requires pre-formalisation support to improve business survival rates.

⁶ Longitudinal Study on MSMEs and Co-operatives in South Africa: Year 3, 2023



The sample distribution was calculated based on the distribution of MSMEs across provinces in South Africa. Because some provinces have a lower percentage of MSMEs and Co-operatives in the country, those provinces had fewer MSMEs and Co-operatives included in the study, and attrition from Year 1 to Year 3 of the study also contributed to the low response rate in those provinces.

	Micro			Small			Medium			Co-operatives			Total achieved		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Eastern Cape	40	58	42	8	7	10	5	5	4	4	5	4	65	75	56
Free State	34	16	16	4	0	2	2	2	2	4	3	4	44	21	20
Gauteng	233	87	76	37	17	8	21	3	3	36	10	6	327	117	87
KZN	65	212	219	6	60	33	14	15	6	9	30	31	94	317	255
Limpopo	32	20	18	3	1	1	7	2	2	5	0	0	47	23	21
Mpumalanga	30	7	11	5	3	3	3	2	1	2	1	1	40	13	14
North-West	21	37	39	2	6	6	1	1	1	2	5	5	26	49	46
Northern Cape	6	32	30	2	4	3	1	1	2	1	2	2	10	39	35
Western Cape	84	92	68	13	7	9	6	2	2	8	6	5	111	107	80
Total	545	561	519	80	105	75	60	33	23	67	62	58	700	761	

1.1.5. Leverage Technology in Small Business Development Portfolio

1.1.5.1. Stakeholder Needs and Expectations – internal stakeholders

The Department has conducted internal and external stakeholders' consultation. The findings from the stakeholder consultation process were conducted to inform the development of the ICT five-year Digitalisation interventions. The goal was to gather insights, needs, and expectations from key stakeholders, ensuring the interventions align with organisational outcomes and address the needs of all users.

ICT Objectives:

- Identify stakeholder expectations and requirements for ICT services.
- Gather insights on current challenges and opportunities.
- Ensure stakeholder engagement in the development of the ICT strategy.

Methodology

- **Survey:** Distributed to senior managers and middle managers.
- **Focus Groups:** Meetings held with twenty directorates in the department.

Participants

- Internal stakeholders: Senior managers and middle managers, as well as staff from the 20 directorates consulted with.

Key Findings

Current State of ICT

- **Strengths:**
 - » The department has reliable collaboration and communication platforms that allow seamless collaboration regardless of location.
 - » The department's transversal systems are stable and reliable.



- **Weaknesses:**

- » Lack of ecosystem-wide integrated information systems focusing on delivery of core services of the department. This is a major concern raised by all business units consulted.
- » Lack of client-facing ICT systems, leading to poor client experience with DSBD and SEDFA services and negative perceptions about service delivery due to lack of technology-enhanced feedback mechanisms.
- » The department's processes are manual and, as a result, lead to duplication of effort, are prone to human error, lead to longer lag times, and contribute to poor record keeping.

Recommendations

Prioritise Business Process Reengineering:

- Reengineer business processes to leverage technology for automation and elimination of inefficiencies.

Digitalise across the SBD Portfolio:

- Digitalise across the DSBD Portfolio to foster collaboration, process optimisation, data analytics, omnichannel engagement, quicker and better decision-making (faster response times), and information centralisation.

Engage Stakeholders Continuously:

- Establish a stakeholder advisory group for ongoing input as the ICT strategy evolves.

In addition, the Department will review the Digital Strategy for the Small Business Development Portfolio. The initial proposal on the development of the digital strategy by DSBD, together with its entity, highlighted the effects of the COVID-19 pandemic on small enterprises, requiring business development support services to be delivered considering both digitisation and digitalisation. Ensuring relevance and timely information includes appropriate advisory support and interventions of lockdown regulations for social distancing and health risks.

The above-mentioned has been taken into consideration during the strategy formulation process. Additionally, in alignment with the requirements of the economic recovery of the country ensure that the strategy considers the whole SBD Portfolio and, therefore, broadening the scope, the development of the SBD digital transformation strategy has been prioritised, as has system coordination within DSBD and its entity SEDFA. It has also been formulated in consideration to the leveraging of digital resources to create differential value for both stakeholders and clients alike as well as elevating organisational performance.

The DSBD is currently leading the reviewing of the SBD digital strategy for the small business development (SBD) portfolio, which includes the DSBD and SEDFA. The advancement of the digital strategy is one of the contributions by the portfolio within the government-wide digital space and is intended to enhance the small enterprise ecosystem.

The overall aim of a government approach within the digital environment is to create universal access through quality infrastructure, devices, services, and content which will be available to all citizens to enable growth, employment, and wealth creation. It is also intended to avoid silos and duplication of digital efforts, improving efficiency and representations.

An integrated approach also encourages public and private sector collaborations or partnerships, considering data as a national asset and the ability to accelerate innovations which will improve standards and service delivery. It is envisaged that the whole-of-government approach will enhance sharing of data standards and infrastructure, improve visibility of data relevance and value-advancing planning, execution, and assessment whilst also safeguarding privacy and security of information.

The review will require benchmarking with best practices in the industry, especially with institutions that have digitalised to improve services like the Companies and Intellectual Property Commission (CIPC), South Africa Revenue Services (SARS), Home Affairs, Department of Justice and Constitutional Development (DOJ & CD)/South African Police Service (SAPS)/National Prosecuting Authority (NPA).



1.1.6. MSMEs Outlook in South Africa in Numbers

In line with the latest Seda MSME Quarterly Update of the second quarter of 2023 it was highlighted that the number of formal MSMEs has increased by 6.1%. Most importantly, many businesses in the formal sector also provide jobs to others. The results further show that jobs provided to others by the MSME sectors rose by 2.4 million years to year (to 9.2 million in total). This is outstanding, as jobs provided by large enterprises declined by 1.8 million over the same period.

Indicator	2022Q2	2023Q2	Year-on-year Change	Percentage of Total MSMEs	Notes
Number of small enterprises in South Africa					
Number of SMMEs	2,535,238	2,689,418	154,180	100%	6.1% year-on-year growth.
Number of Formal SMMEs	680,830	817,090	136,260	30.4%	<1/3 of SMMEs are formally registered. 20% increase year-on-year.
Number of Informal SMMEs	1,777,887	1,790,990	13,103	66.6%	2/3 of SMMEs are informal. 0.7% increase year-on-year.
Employment provided by small enterprises					
Number of jobs provided	9,310,817	11,856,758	2,545,941	-	27.3% year-on-year growth
Number of jobs provided per SMME (Formal and Informal)	3.7	4.4	0.7	-	Owing to increase in formal SMMEs - manufacturing and tourism.
SMME formal sector employment (number)	5,078,664	6,876,214	1,797,550	58.0%	35.4% year-on-year increase
SMME informal sector employment (number)	1,353,259	1,404,658	51,399	11.8%	3.7% year-on-year increase.
Balance of SMME employment (agriculture, private households, employers, own-account worker)	2,878,894.0	3,575,886.0	696,992	30.2%	24.2% year-on-year increase.
Total employment in South Africa	15,784,343	16,568,113	783,770	-	4.9% year-on-year increase.
Jobs provided by SMMEs as a percentage of total employed	59.0%	71.6%	12.6%	-	Increasing proportion of total employed provided by SMMEs.
Number employed per formal sector SMME	7.5	8.4	1.0	-	Formal SMMEs employ 4x more people than all other types of SMMEs combined. It is estimated that informal sector SMMEs are owner-run (1 job created)
Number employed per informal sector, agriculture, private households, employers, own-account worker	2.4	2.8	0.4	-	
Age and turnover of small enterprises					
Percentage of enterprises 0-1 years old	9.4%	9.2%	-0.2%	-	As of 2023Q2, a total of 533,433 businesses were 0-2 years old. Almost 1/4 of SMMEs are 6-10 years old, and >33% have been in existence for >10 years.
Percentage of enterprises 1-2 years old	11.6%	10.6%	-1.0%	-	
Percentage turnover of SMEs to turnover of all enterprises	37.9%	36.0%	-1.9%	-	>1/3 of turnover of all enterprises is from SMMEs (contested).



Indicator	2022Q2	2023Q2	Year-on-year Change	Percentage of Total MSMEs	Notes
Age and turnover of small enterprises					
% black-owned formal SMMEs	75.5%	74.6%	-0.9%		3/4 of SMMEs are black owned.
Dominant industries small enterprises are operating in					
% operating in trade and accommodation	39.5%	36.0%	-3.5%	-	Non-tradeable service industry, relatively low sustainable employment.
% operating in community services	13.5%	15.7%	2.2%	-	Non-tradeable service industry, relatively low sustainable employment.
% operating in construction	14.4%	13.8%	-0.6%	-	Productive sector, however, most jobs are project-based. Support needed for higher CIBD.
% operating finance and business services	13.8%	14.7%	0.9%	-	Relatively low employment.
% operating in productive sectors: manufacturing, transport & communication, utilities, mining and agriculture	17.7%	16.1%	-1.6%	-	High employment potential, however, with a low proportion of SMMEs operating in these sectors.

As shown in the table, each small enterprise (formal + informal) provides approximately 4 jobs on average. Using the average of 4 jobs per small enterprise, the small enterprises ecosystem coordinated by SBD Portfolio would need to facilitate the establishment of 165,000 new small enterprises per annum. Depending on the industry in which the small enterprises are established, the number can vary significantly. Tradeable service industries such as tourism and ICT, and goods-producing industries such as manufacturing, create significantly more jobs than non-tradeable service industries in which most informal enterprises operate.

The data shows a decline in employment provided by all types of MSMEs, while there has been an overall increase (2.4%) in total employment in South Africa over the four-year period. The trends provide credence to the latest GEM reports that have found that South Africa continues to lag other developing nations in terms of growing the small enterprises sector.

Small enterprises continue to operate primarily in low value-add, low sustainable trade and service-related sectors, with almost 15% of small enterprises reliant on the government for business. A clear understanding of the opportunities for small enterprises in key sectors such as manufacturing, ICT, tourism and hospitality, as well as other priority sectors aligned with the DDM one-plans/sector masterplans, is a key driver of SBD's strategy and approach to positive change in the small enterprises' landscape, from dominance in service sectors towards job-creating, productive sectors.

1.1.7. Biannual and Close-Out Report of the 2019-24 MTSF (Priority 2: Economy and Job Creation)

The DPME has developed a Biannual and Closed-Out Report on the revised 2019-24 MTSF for Priority 2 (Economic Transformation and Job Creation). The close-out report focuses mainly on the following themes that help to outline progress towards MTSF performance: economic growth unemployment; industrialisation and localisation; expanded small business sector; tourism; transformation and empowerment; infrastructure investment; efficient and reliable transport; energy security; and ICT and digital economy.⁷

⁷ Biannual and Close Out report of 2019-24 MTSF, 2024



1.1.7.1. Summary of commitments made in the MTSF 2019-2024

Priority 2 interventions, outputs and outcomes seek to achieve economic growth of 2-3% per annum; unemployment reduction to 20-24 per cent with 2 million new jobs created especially for youth; and investment to reach 23 per cent of Gross Domestic Product (GDP) by 2024 with 8 per cent and 15 per cent of GDP contribution by the public and private sectors respectively. There are also cross-cutting focus areas such as increased participation, ownership and access to resources and opportunities by women, youth and persons with disabilities. This can only be attained through coordinated efforts, both across relevant parts of government, and with the business sector, in implementing initiatives that are focused on reigniting the economy and job opportunities, such as infrastructure development, industrialisation and manufacturing, and supporting MSMEs. A brief summary of the Priority 2 outcomes is listed below:

- i More decent jobs sustained and created:** The NDP Vision 2030 set a target of reducing unemployment to 6% by 2030, resulting in a working labour force of 24 million. The MTSF set a target of reducing unemployment to between 20% and 24% by 2024, with at least 2 million new jobs created.
- ii Investing for accelerated inclusive growth:** NDP sought to achieve an average growth of 5.4% until 2030, which would mean economic growth would more than double between 2011 and 2030. The MTSF targets 2–3% growth by 2024.
- iii Industrialisation, localisation and exports:** A key pillar of SA's recovery and medium-term economic development is the focus on industrialisation and localisation to enable growth and development. This is due to the multiplier effects of key industries and their ability to create jobs, develop skills and support the development of new technologies.
- iv Innovation and research:** South Africa remains one of the most expensive countries in Africa in relation to broadband costs. According to the 2014 and 2019 Global Competitiveness Reports, South Africa was ranked 66th for ICT readiness and adoption in 2014 but had dropped to 89th position by 2019. A number of interventions were to be rolled out to improve ICT competitiveness, research and innovation.
- v Competitive and accessible markets:** The South African economy has high levels of concentration, which create barriers to economic expansion, inclusion, participation, and productivity. This is a problem in particular for smaller firms which struggle to find new demand in a stagnant economy and face barriers imposed by incumbents, as well as to value chains that lack all the requisite elements for optimal efficiency.
- vi Improved quality and quantum of investments:** The NDP sets an infrastructure investment target of 30% of GDP by 2030, with public-sector investment reaching 10% of GDP. This investment catalyses economic activity for the country and ensures basic services for the economy to function. However, this includes public-sector investment in both new and existing infrastructure.

1.1.7.2. Performance against 2019-2024 MTSF strategic goals

The sixth administration made significant progress in implementing interventions aimed at promoting growth and job creation. However, targets related to the Medium-Term Strategic Framework (MTSF) strategic goals remain unmet. GDP growth at the end of 2023 was 0.6%, falling well below the desired target range (2% – 3%). To achieve the ambitious NDP 2030 target of 5.4%, substantial efforts are needed. Despite an initial baseline of 27.6% (Q1, 2019), the unemployment rate worsened to 32.9% by Q1 2024. The NDP's goal of 6% seems distant, requiring urgent attention. While the baseline employment figure was 16.3 million, the actual employment in Q1 2024 stood at 16.7 million. The target range (18.3 – 19.3 million) remains unmet, emphasising the need for job creation. Investments as a percentage of GDP were 14.8% in 2023, falling short of the 23% MTSF target and far from the NDP's ambitious 30% goal.



1.1.7.3. MTSF targets against NDP targets

Measure	Baselines	Target 2024	Actual (2023)	Target NDP: 2030
GDP Growth	0.8% (2018)	2% - 3%	0.6%	5.4%
Unemployment Rate	27.6% (Q1, 2019)	20% - 24%	32.9% (Q1 2024)	6%
Employment	16.3 million	18.3 – 19.3 million	16.7 million (Q1 2024)	23.8 million
Investment (% GDP)	18%	23%	14.8%	30%

1.1.7.4 Expanded Small Business Sector

Government's assessment of economic performance at the start of the term of the current administration attributed the poor economic performance during the previous administration to, amongst others, the unfortunate fact that despite impressive legislative reforms since the dawn of the democracy, the economic structures had not really changed. Markets remained concentrated and the vast majority of SA citizens were still excluded from the formal economy. Hence, the revised 2019-2024 MTSF identifies "reducing concentration and monopolies and expanding the small business sector" as one of the key outcomes towards achieving economic transformation and job creation. Support towards small businesses and Co-operatives has been highlighted as one of the preconditions for accelerating economic transformation and job creation, and this is also listed as one of the medium-term initiatives geared towards addressing the triple challenges of unemployment, inequality and poverty as envisioned in the NDP.

1.1.7.5. Revised MTSF performance

As summarised in the tables below, only 43% of the MTSF targets geared towards expanding the small business sector were achieved over the medium term, while 57% of the targets were not met.

1.1.7.6. MTSF targets achieved

Outcome: Reduced concentration and monopolies and expanded small business sector	
MTSF target	Summary of progress
100 000 competitive small businesses and cooperatives supported by 2024.	A total of 164 049 competitive small businesses and co-operatives were supported by 31 March 2024.
100 incubation centres and digital hubs established by 2024.	A total of 110 centres were established.
Localisation policy framework and implementation programme on SMMEs and Co-operatives development and adopted by March 2021/22.	Localisation Policy Framework and Implementation Programme on SMMEs and Cooperatives was developed and adopted by Cabinet in November 2020.
Initiate one new market inquiry and implementation of recommendations of one concluded market inquiry per annum.	During the current administration, six market inquiries were initiated or completed: <ul style="list-style-type: none"> • Implementation of Data Market inquiry • Fresh Produce Market Inquiry (FPMI) • Media and Digital Platforms Market • Online Intermediation Platforms • Healthcare market • Food and grocery retail

The target of providing financial and non-financial support to 100 000 competitive small businesses was surpassed by a great margin. This is a step in the right direction, although research has cited the need to upscale financial and non-financial support to small businesses to ensure their sustainability. The development and adoption of the Localisation Policy Framework and Implementation Programme on MSMEs and Cooperatives well before the target date is commended. Although others contend that localisation may have an adverse impact on competitiveness and foreign direct investment and may hinder global integration, it is an important strategy to help promote industrialisation and promote job creation by reducing imports and increasing domestic



production. Government has identified localisation as a key driver of economic recovery and job creation, particularly for MSMEs. The MSME-focused localisation policy framework, if implemented effectively, is expected to facilitate greater participation of small businesses in the local economy.

Although the majority of MTSF targets geared towards expanding the small business sector were not met over the MTSF period, a number of initiatives/programmes were implemented over the past five years in order to support the small business sector.

1.1.7.7. MTSF targets not achieved

Outcome: Reduced concentration and monopolies and expanded small business sector	
MTSF target	Summary of progress
At least 50% of national and provincial DFI financing dedicated to SMMEs and Co-operatives through establishment of the SMMEs and Cooperatives Funding Policy by March 2021/22.	The draft SMMEs and Co-operatives Funding Policy was approved by Cabinet for public comments in March 2023. The final SMMEs and Co-operatives Funding Policy was approved by the DSBD EXCO in March 2024. However, the final policy is yet to be approved by Cabinet.
Implement the SMME Focused localisation policy and ensure 100% compliance by the public sector in procuring 1000 designated local products and services from SMMEs by 31 March 2024.	From 2024/22 to date, the Department linked 1,092 products that are produced by SMMEs and co-operatives to retailers and wholesalers – averaging 273 against the target of 250 per annum. However, not all products introduced to market get successfully listed by retailers and wholesalers.
10 000 youth business start-ups supported per annum.	The target was only met in 2021/2022 and 2023/2024, while in 2019/2020, 2020/2021 and 2022/2023, less than 10 000 youth start-ups were supported. For the entire MTSF period 2019-2024, a total of 41 651 youth business start-ups have been supported both financially and non-financially.

Delays in finalising the MSMEs and Co-operatives Funding Policy are concerning, as access to funding is always cited as one of the key factors leading to closures of small businesses, thus inhibiting the growth of the small business sector. The finalisation of this policy is crucial as it will contribute to improved financial support for small businesses.

The programme of linking products produced by MSMEs and Co-operatives to retailers and wholesalers is critical in addressing the access to the market challenges faced by most MSMEs. Whilst this programme is showing some progress, the implementation of the MSME-focused localisation policy has encountered certain challenges that need to be addressed. These include the capacity of small businesses to meet local content requirements as well as the capacity to meet increasing demand once products are listed by major retailers and wholesalers. Finalisation of the Public Procurement Bill also needs to be expedited, as the lack of overarching public procurement legislation is cited as one of the factors that has contributed to sub-optimal support for the small business sector. The Public Procurement Bill will be a step in the right direction to ensure 100% compliance by the public sector in procuring 1 000 designated local products and services from MSMEs.

The non-achievement of targeted support for youth business start-ups is also concerning as the youth continue to bear the brunt of the current high unemployment rate in the country. Studies have shown that the South African labour market is currently not able to absorb the majority of new entrants into the market, most of whom are youth, with the labour absorption rate at around only 40%. Encouraging entrepreneurship through increased support for youth start-ups is thus crucial to ensure an increase in the number of successful youth-owned small businesses and to reduce the high unemployment rate.



1.1.7.8. Binding constraints and challenges

- **Access to Funding:** Small businesses encounter difficulties in securing funding. Strict approval criteria set by commercial banks and development finance institutions (DFIs) make it challenging for MSMEs to access capital for growth and operations.
- **Market Access:** MSMEs struggle to compete in a highly concentrated South African economy. Larger businesses dominate the market, leaving smaller enterprises with limited access to customers and distribution channels. Despite efforts, this situation has not significantly improved over the past three decades.
- **Business Skills Gap:** Many small business owners lack essential entrepreneurial skills. Financial record-keeping, strategic planning, and effective management remain areas of weakness. Addressing this skills gap is crucial for sustainable business success.
- **Regulatory Burden:** Compliance with various regulations—such as tax laws, labour laws, and environmental requirements—presents challenges for MSMEs. Limited expertise and resources often lead to non-compliance, resulting in fines and legal issues.
- **Bureaucratic Obstacles:** Red tape and bureaucratic processes hinder MSME operations. Cumbersome administrative procedures can be particularly burdensome for small businesses striving for efficiency.
- **Infrastructural Challenges:** Load shedding and other infrastructural issues increase operational costs for MSMEs. Reliable infrastructure is essential for smooth business operations.
- **Production Capacity:** Black-owned MSMEs, in particular, face challenges as suppliers of goods they do not produce themselves. Enhancing industrial capabilities and addressing production gaps are critical for their growth and sustainability.

1.1.8. Conclusion and Recommendations for 2024-2029:

1.1.8.1. Expanded Small Business Sector

- Business Incubators are a key driver of economic transformation and innovation and need to be scaled up. DSBD should consider a legal mechanism to include incubation support as part of enterprise development to foster the participation of large firms in the incubation programmes of the government.
- Regulatory reforms to alleviate regulatory burdens on MSMEs and the informal sector.
- Institutionalisation of Red Tape Reduction programmes across the three spheres of government to facilitate ease of doing business for MSMEs.
- Accelerate labour law reforms aimed at supporting MSMEs in SA – e.g., exemption of small businesses from Bargaining Council agreements through the finalisation of Amendments to labour laws; consider exempting MSMEs from SARS's 12-month tax clearance requirement and UIF requirements.
- Streamlining and simplifying the application process for MSME funding to make it more accessible and reduce bureaucratic hurdles.
- Expand support for MSMEs and Co-operatives, especially township and village enterprises owned by women, youth and persons with disabilities.

1.1.9. Department previous Performance based on the Annual Reports

The Department made significant progress towards achieving its five-year targets in relation to the outcome indicators in order to realise its medium-term outcomes and long-term Impact Statement and contribute towards the revised 2019-24 MTSF targets. The Department's Impact Statement is to ensure that the MSMEs and Co-operatives are sustainable and contributing meaningfully to the economy. In order to realise its Impact Statement, the Department has seven outcomes to be achieved over the medium-term period. These are:

Outcome One: Improved Governance and Compliance

In the effort for improved governance and compliance outcome, the Administration Programme during the year under review was set to ensure that the accountability, transformation, risk management, and implementation of risk-based internal audit plans are undertaken/attended to, and ensure effective implementation of recruitment plans that will enable the Department to achieve its vacancy rate target through attracting, developing and retaining the skills needed to deliver on its crucial mandate.



The Department received its second unqualified audit opinion with no material findings on Annual Financial Statements and its third unqualified audit opinion with no material findings on performance information. The implementation of the audit action plan that is monitored on a quarterly basis enabled the team to curtail repeat findings. The Department continues to work diligently towards maintaining its audit outcome, including improving on the non-material findings. The Department has achieved its five-year target, which stated that it needed to ensure that it obtains Unqualified Audit Opinions for both financial and nonfinancial performance data. Additionally, the five-year target for the Administration Programme was to ensure that creditors are paid within 30 days and less than or equal to a 5% variance on the annual budget is maintained. During the year under review, the Department continued to pay 100% of valid creditors within 30 days and registered a 0.75% variance on the annual budget.

Outcome Two: Improved, integrated and streamlined business processes and systems

In an effort to ensure that the Department, together with its entities (Seda and **sefa**), business processes and ecosystem partner systems are improved, integrated and streamlined, the Department continued to support municipalities in the roll out the Red-Tape Reduction Awareness Programme. Through this Programme, the Department supported 55 municipalities to roll out the Red-Tape Reduction Awareness Programme. The Programme is primarily aimed at raising awareness, capacity building and commissioning research that: a) Helps identify sources of red tape that affect small businesses and Co-operatives at both national and local levels. b) Monitors and evaluates the impact that the Department's awareness raising and capacity building have on municipalities in terms of addressing red tape reduction on the implicated procedures and policies; and c) Investigates sectors and sub-sectors wherein the influence of red tape is unpacked in order to develop strategies and interventions that circumvent the negative effects of red tape.

Outcome Three: Increased participation of MSMEs and Co-operatives in domestic and international markets

The Department continued to implement MSME-focused Localisation Policy Framework that was adopted by Cabinet in the 2020/21 financial year. To date, a total of 1 092 products produced by MSMEs and Co-operatives have been linked or introduced to domestic markets through working relationships with large retailers and wholesalers across the country. This achievement is against a five-year target of 1 000 products.

To drive localisation, the Department designed a focused Small Enterprise Manufacturing Support Programme aimed at building and supporting MSMEs participating in the manufacturing value chain. The purpose of the SEMSP is to build a manufacturing sector for an improved industrial base through a focused import replacement programme and build the industrial base for both the domestic market and external market. The Programme aims to contribute to South Africa's localisation strategy. As at 31 March 2024, since its inception in 2020, SEMSP disbursements amounted to R642.7 million, which was disbursed to 104 MSMEs, assisting in facilitating 4 488 jobs.

In order to ensure that the outcome is realised during the medium-term period, the Department also set itself an annual target of supporting 200 MSMEs and Co-operatives exposed to global market opportunities. At the end of the financial year under review, 627 MSMEs and Co-operatives were exposed to global market opportunities. The Department is continuing to intensify its efforts, working towards realising its outcome to increase participation of women, youth and persons with disabilities, MSMEs and Co-operatives in the domestic and international markets.

The Department successfully concluded the formalisation of the collaboration with Proudly South African through the signing of a Memorandum of Agreement (MoA) in February 2024. The signing of the MoA paved a way for the co-hosting of the Buy Local Summit and EXPO in Sandton on 25 – 26 March 2024. The MoA also committed to the inclusion of no less than 100 small enterprises per annum in the localisation and buy local campaigns at National and Provincial levels.

The theme of the Summit and EXPO was "Localisation: An inclusive approach for all sectors of society to contribute to economic growth and job creation." Eight DSBD-supported MSMEs and two DSBD-supported Co-operatives participated at the EXPO by showcasing their products. Further to this, the ten MSMEs and Co-operatives will be supported to become members of Proudly South African so that they can access various other benefits by being members. Panel discussions and workshops were also useful platforms to provide crucial information to small enterprises.



Outcome Four: Scaled-up and coordinated support for MSMEs, Co-operatives, Village and Township Economies

The revised 2019-24 MTSF has set the SBD Portfolio a target to establish 100 incubators by 2024. At the end of the 2023/24 financial year, through Seda, 110 incubation centres have been established across 15 economic sectors in nine provinces. During the reporting period, these incubation centres created 1 176 jobs, supporting over 3 803 MSMEs.

An impact evaluation of the Incubation Support Programme was conducted during the year under review and an improvement plan was approved by the DSBD EXCO. During the 2023/24 financial year, the Department also monitored the Incubation Support Programme Improvement Plan and produced two monitoring reports on the Incubation Support Programme improvement plan, which were also approved by the DSBD EXCO.

Outcome Five: Reduced regulatory burdens for small enterprises

Consulting the public on the Businesses Amendment Bill and proposed changes contributed to the overall departmental mandate and medium-term goal of reducing regulatory burdens for small enterprises. Through this legislation, the Department aims to provide a simple and enabling framework for procedures for the application of licensing of business by setting national norms and standards and also to repeal the Businesses Act of 1991. For the 2023/24 financial year, the Department planned to conduct public consultations to amend the Businesses Amendment Bill and the proposed inputs and amendments and submit them to Minister for introduction to Parliament. However, the Businesses Amendment Bill was not submitted to the Minister for introduction to Parliament. This is due to the Department receiving conditional certification from OCSLA, indicating that the Department can proceed to submit the Bill to Cabinet only after attending to and redrafting a number of clauses.

Outcome Six: Increase contribution of MSMEs and Co-operatives in priority sectors

Following the National Review of the Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprise Development, the NISED was developed, approved and proclaimed at the National Small Enterprise Support Strategy as per the National Small Enterprise Amendment Act, Act 102 of 1996.

A monitoring and implementation framework, as well as an action plan for the implementation and rollout of NISED, was developed and approved. Stakeholder consultations with all provinces, except the Western Cape (which was consulted during the Provincial Coordinating Forum) were concluded. Consultations were also held with the Department of Cooperative Governance and Traditional Affairs (COGTA). Recommendations and inputs from stakeholder consultations were consolidated in a report covering each of the four NISED pillars (Outcomes). The recommendations were discussed with Branch heads to obtain their support.

A report covering provincial support interventions per output under each of the NISED pillars was also prepared. The report will assist and guide the development of agreed sector indicators.

Given the importance of partnership in the attainment of NISED objectives, as well as stakeholder support on the implementation of recommendations to strengthen the implementation and rollout of NISED, as well as the hosting of the second Small Enterprise Summit, it was agreed to host a stakeholder workshop during the 2024/25 financial year. This workshop is planned to a) Validate the updated partnership framework. b) Solicit support for the recommendations and interventions to strengthen the rollout and implementation of NISED. c) To finalise a draft concept document for the hosting of the second Small Enterprise Summit.

Outcome Seven: Expanded access to financial and non-financial support and implemented responsive programmes to new and existing MSMEs and Co-operatives

During the year under review, the Department was assigned a responsibility to ensure that at least 50% of funding instruments of national and provincial Development Finance Institutions (DFIs) are dedicated to MSMEs and Co-operatives through the establishment of the MSMEs and Co-operatives Funding Policy.



The DSBD, in line with its mandate, is in the process of finalising the first South African MSMEs and Co-operatives Funding Policy and its implementation plan. The Policy is aimed at creating an enabling environment to support the formation, expansion and maintenance of existing small businesses. The MSMEs and Co-operatives Funding Policy is further aimed at:

- Deepening access to finance.
- Increasing the number of small enterprises that are established.
- Reducing the level of concentration or monopolies in certain sectors of the economy, transforming the ownership patterns of the economy.
- Addressing the financial literacy challenges amongst small businesses and Co-operatives in both formal and informal sectors by promoting financial education.
- Focusing on unserved and underserved areas such as townships and rural areas.
- Advocating for a reduced red-tape environment for small enterprises.

The implementation of the MSMEs and Co-operatives Funding Policy is expected to eliminate issues related to lack of coordination on MSMEs and Co-operatives funding support programmes, double dipping, and ecosystem fragmentation. The draft MSMEs and Co-operatives Funding Policy was subjected to stakeholder consultations in April 2022. The draft MSMEs and Co-operatives Funding Policy was approved by the Cabinet for public comments in March 2023. The MSMEs and Co-operatives Funding Policy was gazetted for public comments in April 2023. In May 2023, all comments received were analysed and incorporated into the final MSMEs and Co-operatives Funding Policy.

As part of the MSMEs and Co-operatives Funding Policy development process, an implementation plan was generated to guide its operationalisation by outlining practical steps on how to implement the Policy, identifying the role players to be involved in various initiatives, managing the anticipated risks and mitigating factors, and communicating the intended outcomes of the Policy.

The **Township and Rural Entrepreneurship Programme**: This is a dedicated programme to provide financial and/or nonfinancial support to the township and rural enterprises with emphasis on enterprises owned and managed by the designated groups (Women, Youth and persons with disabilities). The Department implements TREP through **sefa** and Seda, who provide financial and non-financial support, respectively.

During the period under review, 20 509 township and rural enterprises were supported financially and/or non-financially, bringing the total to 89 311 township and rural enterprises supported up to the end of the 2023/24 financial year, since the inception of TREP in 2020.

With regards to youth support, the SBD Portfolio provided financial and/or non-financial support to 18 843 start-up youth businesses during the period under review, against the revised 2019-24 MTSF target of 10 000 start-ups youth businesses supported per annum.

The Department is facilitating the increase in the number of competitive small businesses and Co-operatives supported. Competitive MSMEs and Co-operatives are defined as MSMEs and Co-operatives supported financially and/or non-financially with the ability to create or sustain jobs. During the period under review, the Department supported a total of 50 077 competitive MSMEs and Co-operatives through the Seda and **sefa's** non-financial and financial instruments. As at the end of the 2023/24 financial year, since the Programme's inception, the Department supported a total of 182 649 competitive small businesses and Co-operatives.

The DSBD has developed detailed responses under the (Part C: Measuring Our Performance) section to the above Conclusion and Recommendations for 2024-2029, which will be implemented for the current implementation period (2024-29).



1.1.10. PESTEL Tool

Considering the above macro-environment, the DSBD, together with its entity (SEDFA), utilised the Strengths, Weaknesses, Opportunities and Threats (SWOT) tool analysed in terms of Personnel, Finance, Infrastructure, Management, and Systems (PFILMS) and Political, Economic, Social, Technological, Environmental and Legal (PESTEL) tool to scrutinise key factors that resonate influence and have an impact on the SBD Portfolio performance.

Analysed in terms of PESTEL, covering the **O** and **T** of the SWOT tool, which is looking at external environment issues.

PESTEL			
Category	Opportunities	Threats	Response
Political	<ul style="list-style-type: none"> Policy stability and reviews. Increased infrastructure support. Political will for legislation. 	<ul style="list-style-type: none"> Policy instability from coalition governments. Conflicting political positions. 	<ul style="list-style-type: none"> Continuous lobbying and engagement. Strengthen legislation to support market disruption and BBBEE compliance.
Environmental	<ul style="list-style-type: none"> Favourable climate for solar energy. Regulatory framework for environmental protection. Infrastructure projects considering climate change. 	<ul style="list-style-type: none"> Natural disasters and pollution. Difficulty monitoring compliance in infrastructure projects. 	<ul style="list-style-type: none"> Strengthen law enforcement. Explore green mining and solar integration opportunities.
Social	<ul style="list-style-type: none"> Young population with demographic dividend. Public-private partnerships. Informal sector opportunities. 	<ul style="list-style-type: none"> High unemployment and poverty. High crime and spatial disparities. Xenophobia and resource competition. 	<ul style="list-style-type: none"> Entrepreneurship education in schools. Strengthen partnerships with law enforcement and MSME formations.
Technological	<ul style="list-style-type: none"> Growing internet connectivity. Advancing AI and digitalisation. Leveraging 4IR for MSMEs. 	<ul style="list-style-type: none"> Fragmented systems. Inadequate rural internet coverage. High data costs. Cybersecurity concerns. 	<ul style="list-style-type: none"> Partner with Telecommunications Dept. for rural internet. Enhance digital transformation for MSMEs.
Economic	<ul style="list-style-type: none"> Public-private partnerships. Regional and international trade agreements (e.g., AfCFTA, BRICS). State procurement opportunities for MSMEs. 	<ul style="list-style-type: none"> Low tax base due to unemployment. Barriers to market entry. Energy crisis and high interest rates affecting MSMEs. 	<ul style="list-style-type: none"> Leverage international trade agreements. Encourage government spending on local products and services.
Legal	<ul style="list-style-type: none"> Small Business Act framework for merger. Independent judiciary. Strengthening IP protection for MSMEs. 	<ul style="list-style-type: none"> Complex regulatory environment. Delays in court judgements. Weak enforcement of legislation. 	<ul style="list-style-type: none"> Develop MSME-focused policy frameworks. Streamline regulations and strengthen legislative protections for MSMEs.

1.1.11. The Opening of Parliament Address, 2024

The GNU has resolved to dedicate the next five years to actions that will advance three strategic priorities:

- Firstly, to drive inclusive growth and job creation.
- Secondly, to reduce poverty and tackle the high cost of living.
- Thirdly, to build a capable, ethical and developmental state.



The Seventh Administration has decided to place inclusive economic growth at the centre of the work of the Government of National Unity and at the top of the national agenda.

In responding to the 2024 Opening of Parliamentary Address, the Department, together with its entity, has a critical role to play, especially in line with Priority 1: to drive inclusive growth and job creation to ensure that MSMEs are properly supported, and a conducive environment is created for them to strive and grow. The Department will provide support interventions and initiatives that will broaden opportunity and employment for WYPWDs. Special attention will be given to continue implementing competitive MSMEs, which are defined as those MSMEs that are supported by the Department together with its entities financially and/or non-financially, with the ability to create or sustain jobs.

1.1.12. The 2025 State of the Nation Address (SONA)

The key priorities of the 2025/26 financial year, as highlighted in the President's SONA, are directly and indirectly aligned with the SBD Portfolio. President Cyril Ramaphosa, in his 2025 SONA, said,

"In the last week, we have adopted the Medium-Term Development Plan, which sets out a clear and ambitious programme for the next five years.

The actions contained in the Medium-Term Development Plan will advance our three strategic priorities:

Firstly, to drive inclusive growth and job creation.

Secondly, to reduce poverty and tackle the high cost of living.

Thirdly, to build a capable, ethical and developmental state.

Our most urgent task is to grow our economy so that we can create jobs, reduce poverty and improve the lives of all South Africans.

To undertake this task, we need a government that works for the people.

We need a state that is capable and competent, underpinned by a professional public service."

In responding to the 2025 SONA, the Department, together with its entity (SEDFA), has a critical role to play in ensuring that MSMEs are properly supported, and a conducive environment is created for them to strive and grow, especially with driving inclusive growth and job creation. The Department will provide support interventions and initiatives that will broaden opportunity and employment for WYPWDs. Special attention will be given to support one million Small Enterprises over the 2024-29 administration period.

1.2. Internal Environmental Analysis

1.2.1. PFILMS Tool

Analysed in terms of PFILMS, covering the **S** and **W** of the SWOT tool, which is looking at internal environment issues.

PFILMS			
Category	Strengths	Weaknesses	Response
Personnel	<ul style="list-style-type: none">Experienced, skilled staff in key areas.Strong governance systems.DSBD structure in place.Sefa partnerships augment capacity.	<ul style="list-style-type: none">Limited sector-specific experience.High turnover due to short-term contracts and an ageing workforce.Delays in filling positions. Underutilization and coordination issues.	<ul style="list-style-type: none">Finalise merger for stability.Actively recruit younger skilled staff.Develop retention and upskilling policies.



PFILMS			
Category	Strengths	Weaknesses	Response
Finance	<ul style="list-style-type: none"> Good financial management (unqualified audits). Budget to implement programs. SEDFA's partnership framework to leverage finance. 	<ul style="list-style-type: none"> Inadequate financial resources to meet the mandate. Over-reliance on state funding. Fragmented budget allocation. 	<ul style="list-style-type: none"> Introduce blended finance models. Strengthen post-investment support and risk management. Partner to leverage funding.
Infrastructure	<ul style="list-style-type: none"> Seda national footprint. ICT infrastructure supports remote working. Existing programs (e.g., SEIF and Clusters). 	<ul style="list-style-type: none"> Limited infrastructure for CBDA and SEDFA. Inadequate office space and ICT tools. Underutilisation of resources. 	<ul style="list-style-type: none"> Expand CBDA's footprint. Establish a knowledge portal. Procure office space and ICT infrastructure.
Leadership	<ul style="list-style-type: none"> Strong stable political leadership. Combined board for Seda, sefa, and CBDA. Approved corporate and strategic plans. 	<ul style="list-style-type: none"> Delays in appointing key management. Instability due to acting officers. Lack of continuity with leadership changes. 	<ul style="list-style-type: none"> Expedite senior management appointments. Finalise the merger for leadership stability. Improve leadership development.
Management	<ul style="list-style-type: none"> Experienced and capable management. Established governance structures. Intra-departmental communication systems. 	<ul style="list-style-type: none"> High management turnover. Prolonged acting appointments. Inconsistent management practices. 	<ul style="list-style-type: none"> Develop retention strategy for skilled management. Align resource allocation to operational needs.
Systems	<ul style="list-style-type: none"> Functional operational systems (e.g., PowerBI). SOPs in place. Access to IDC Library and research subscriptions. 	<ul style="list-style-type: none"> Manual systems (Excel-based). Disintegrated data systems. Lack of centralized knowledge management. 	<ul style="list-style-type: none"> Integrate systems across the portfolio. Implement cloud-based M&E systems. Standardize and digitize processes.

The DSBD, its entity, also analysed performance using the Gap – Reduction conversations Framework, which is a fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance.

G – R Framework				
Strategic Consideration	What Should be Happening	What is Currently Happening	Why is There a Gap	What are we Going to do to Close the Gap
High-Impact Programme Coordination & Partnerships	<ul style="list-style-type: none"> Coordination of high-impact programmes with DDM and stakeholders. Active partnerships with academia and policy organisations. 	<ul style="list-style-type: none"> Lack of coordination between DSBD agencies and stakeholders. Limited pursuit of partnerships. 	<ul style="list-style-type: none"> Fragmentation of roles and resources. No active research or policy collaborations. 	<ul style="list-style-type: none"> DSBD to take leadership in coordinating high-impact programmes. Align resources and targets. Consolidate and manage partnerships.



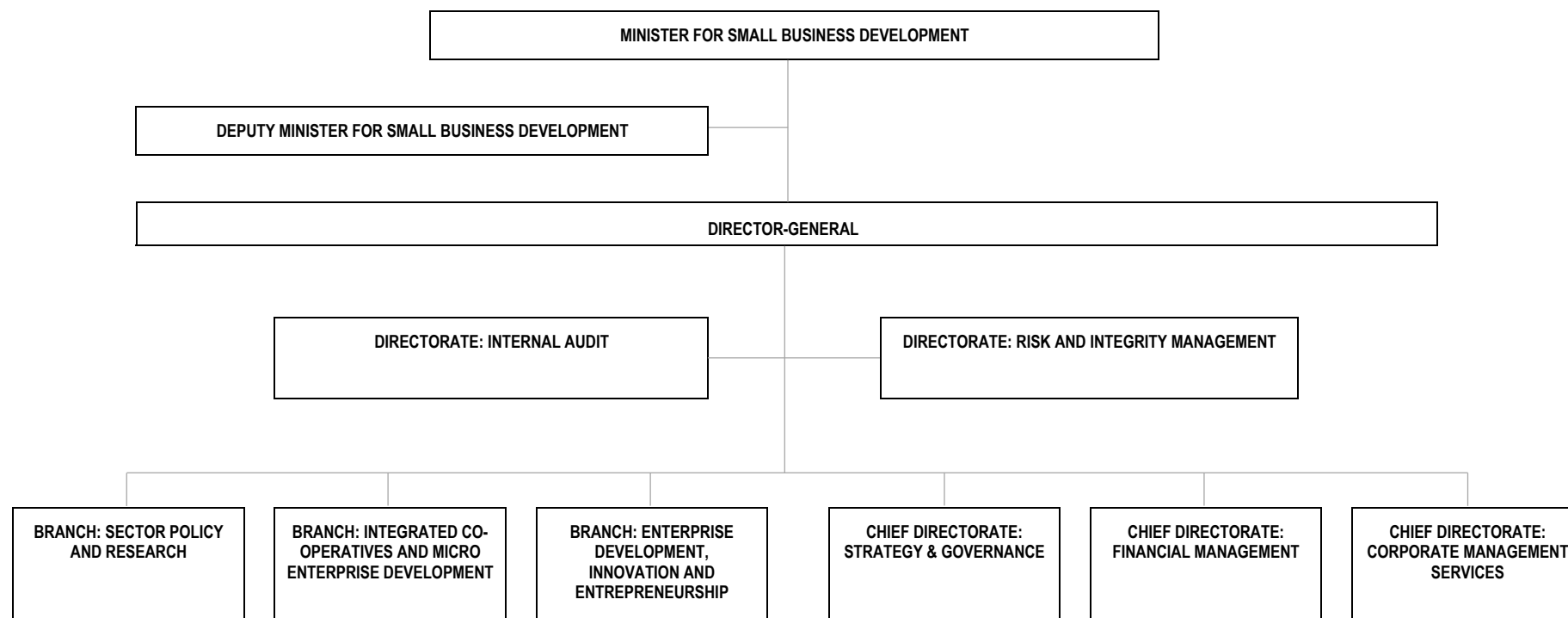
G – R Framework				
Strategic Consideration	What Should be Happening	What is Currently Happening	Why is There a Gap	What are we Going to do to Close the Gap
Enforcement of 30% Set-Asides	<ul style="list-style-type: none"> MSMEs accessing 30% set-aside procurement opportunities from corporates. 	<ul style="list-style-type: none"> Corporates implementing as a tick-box exercise for BEE compliance. 	<ul style="list-style-type: none"> Lack of real commitment from corporates. 	<ul style="list-style-type: none"> Introduce an MSME Ombudsman to enforce compliance. Strengthen enforcement of BBBEE codes and penalties for non-compliance.
Knowledge Management, Integrated Reporting, and Data Access	<ul style="list-style-type: none"> Centralised systems and data repository. Effective knowledge management. Fast reporting and decision-making. 	<ul style="list-style-type: none"> Disparate systems. Inefficient decision-making due to capacity shortages. Fragmented reporting processes. 	<ul style="list-style-type: none"> Lack of capacity and integrated systems. Slow recruitment processes. Lack of effort to align reporting. 	<ul style="list-style-type: none"> Establish a centralised knowledge management system. Set up an integrated data repository. Standardise reporting processes.
Access to Expert Advice & Visibility and Communication	<ul style="list-style-type: none"> Panel of experts available for ad-hoc research. Effective internal and external communication. 	<ul style="list-style-type: none"> Delays in procuring technical expertise. Poor utilisation of research findings. Duplication of efforts. 	<ul style="list-style-type: none"> Lack of internal capacity for rapid decision-making. Lack of awareness among staff. 	<ul style="list-style-type: none"> Appoint a panel of experts for ad-hoc research. Improve internal and external communication channels.
Culture Change	<ul style="list-style-type: none"> Platforms for feedback and innovation. Culture of innovation and consistent communication. 	<ul style="list-style-type: none"> Organisation culture resistant to change. Lack of consistent internal communication and feedback mechanisms. 	<ul style="list-style-type: none"> Lack of engagement and leadership buy-in. 	<ul style="list-style-type: none"> Foster culture change through continuous engagement. Create feedback platforms. Encourage leadership buy-in.
Vacancy Rate & Increasing Capabilities (Skills & Competencies)	<ul style="list-style-type: none"> Critical posts filled promptly. Focused input on identifying key skills. 	<ul style="list-style-type: none"> Delays in approval and recruitment processes. Lack of specialist skills. 	<ul style="list-style-type: none"> Prolonged approval time. Technical and specialist skills not prioritised early. 	<ul style="list-style-type: none"> Expedite recruitment processes by reducing delegation. Implement a 3–5-year plan to address capacity building.
Digitisation of Services & Digital Platforms/ Technology	<ul style="list-style-type: none"> Digitisation of all departmental systems and services. 	<ul style="list-style-type: none"> Manual systems. Inefficient digital tools. Web platforms lack end-to-end processing capabilities. 	<ul style="list-style-type: none"> Insufficient ICT infrastructure. High costs of procuring and maintaining digital platforms. 	<ul style="list-style-type: none"> Develop a 3–5-year digitisation plan. Source funding for digitisation. Explore free or low-cost solutions.
Facilitation & Coordination of the Ecosystem & Credit Rationing	<ul style="list-style-type: none"> Coordination of financial instruments. Increased supply of development credit. 	<ul style="list-style-type: none"> Poor coordination. Limited suppliers of development credit. Stringent credit assessment models. 	<ul style="list-style-type: none"> Lack of collaboration. Policy misalignment. Risk aversion from financial institutions. 	<ul style="list-style-type: none"> Establish stakeholder forums to coordinate funding. Revise National Credit Act. Develop mechanisms to de-risk MSMEs.



G – R Framework				
Strategic Consideration	What Should be Happening	What is Currently Happening	Why is There a Gap	What are we Going to do to Close the Gap
Market Access and Local Market Linkages	<ul style="list-style-type: none"> Develop instruments for local and regional market linkages. 	<ul style="list-style-type: none"> National policy levers exist but are not executed effectively. 	<ul style="list-style-type: none"> Mismatch between funding and skills development. Market concentration. Insufficient enforcement. 	<ul style="list-style-type: none"> Integrate MSMEs into value chains. Strengthen BBBEE codes implementation by the private sector. Collaborate with Competition Commission.
Credit Guarantees and MSME Support Bank	<ul style="list-style-type: none"> Accessible credit guarantees and sector-specific support. 	<ul style="list-style-type: none"> Insufficient support from commercial banks for MSMEs. High-risk aversion. 	<ul style="list-style-type: none"> Lack of guarantees and tailored financial products for MSMEs. 	<ul style="list-style-type: none"> Partner with the Reserve Bank to introduce credit guarantees. Establish MSME-focused banking services.
Funding Instruments for Disruptive Innovation	<ul style="list-style-type: none"> Sector-specific funding instruments (e.g., green economy, ICT, agriculture). 	<ul style="list-style-type: none"> Lack of funding prioritisation in high-potential sectors. 	<ul style="list-style-type: none"> No alignment in government funding initiatives across sectors. 	<ul style="list-style-type: none"> Develop alignment of government funding across key sectors. Foster innovation funding pools.
Collaboration Between Spheres of Government	<ul style="list-style-type: none"> Integrated approach with all spheres of government and ecosystem partners. 	<ul style="list-style-type: none"> Lack of meaningful contributions and coordination among partners. 	<ul style="list-style-type: none"> Duplication of programmes. Insufficient role clarification. 	<ul style="list-style-type: none"> Foster clear role definitions and integrated planning between spheres of government. Establish forums for collaboration.
Targeted Support for Women, Youth, and Persons with Disabilities	<ul style="list-style-type: none"> Specific financial and non-financial support programmes for these groups. 	<ul style="list-style-type: none"> Currently limited support. 	<ul style="list-style-type: none"> Insufficient targeted programmes. 	<ul style="list-style-type: none"> Develop targeted interventions for women, youth, and persons with disabilities.

1.2.2. Organisational Structure

Capacity to deliver on its mandate, including information about its human resources, information and communications technology (ICT), financial resources and other factors. The Department during the Sixth Administration has approved its Organisational Structure to enhance the value of its products and services. Sector Policy and Research for the MSMEs Sectors, as well as the Integrated Co-operatives and Micro Enterprise Development and Enterprise Development, Innovation and Entrepreneurship, are the focal areas in the Organisational Structure of the Department. In turn, the entity will ensure that they are appropriately aligned and orientated towards targeted programme implementation that is fully responsive to Seventh Administration targets and the policy stance and priorities of the Seventh Administration defined by the Government. This must include greater synergy and coherence and a stronger interface between the entities (figure below).



1.2.3. Information and Communications Technology Digitalisation Interventions

The Department has identified digitalisation interventions that will enable the achievement of Strategic Priority 3 of the MTDP, which is *Building a Capable, Ethical and Developmental State*, specifically the digitalisation of Public Services over the 5-year period aligned to the 2025-30 Strategic Plan. The Departmental Digitalisation Interventions outline four strategic focus areas and the outcomes they will deliver and how we will measure success. The next step is to develop an operational plan, describing the projects and initiatives that will move the Department towards the desired goals. The Department needs to implement technology that is responsive, promotes collaboration, and supports decision-making while maintaining information security. The Department's ICT services must support the fulfilment of the core mandate and realisation of the strategic objectives of the department.



1.2.4. Small Business Development Current ICT Infrastructure

1.2.4.1. Systems and Processes

The DSBD's systems and processes are, in the main, manual and disjointed. There is a lack of digitalisation and integration of systems and processes. A lot of time is wasted on manual repetitive tasks. Furthermore, interdepartmental collaboration and collaboration with the department's agencies and ecosystem partners are not enhanced by this lack of systems and processes integration. These shortcomings can be overcome by digitalisation. **Below are information systems that are currently in production in the department.**

System Name	Purpose
MS O365 E3	Microsoft Soft productivity suite
Persal	Payroll system
BAS	Payment systems
LOGIS	Purchase orders and Inventory management
SigniFlow	Electronic signing of documents

1.2.4.2 ICT Infrastructure

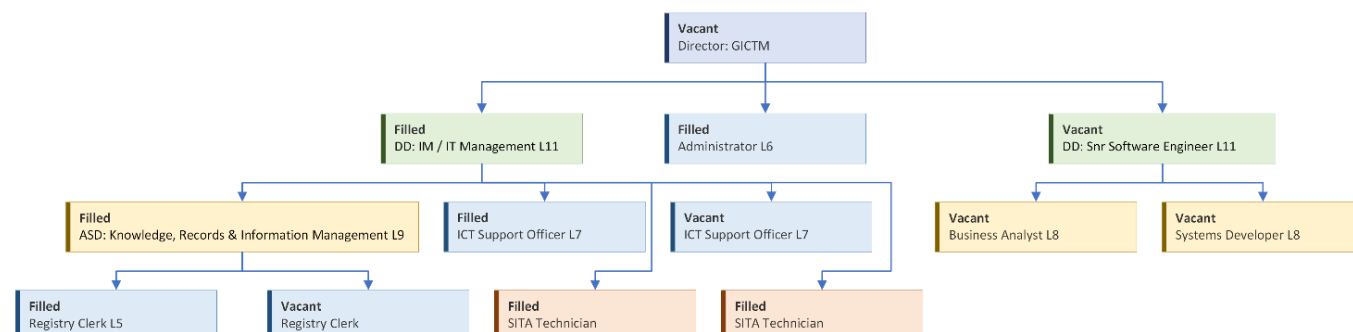
The Department does not have its own Local Area Network (LAN) infrastructure. LAN services are provided by the Department of Trade, Industry, and Competition (**the dtic**). The **dtic** also provides the department with telephone services. These services are rendered to the department on a best-effort basis by **the dtic**. This is an undesirable situation from a service management and Information and Communications Technology (ICT) security point of view. The department needs to consider building and managing its own LAN infrastructure.

1.2.4.3. Business Continuity and Disaster Recovery

The DSBD does not have a comprehensive disaster recovery and business continuity solution. The Department currently performs basic Windows backups on external hard drives. There is no restore site from where services can be restored from the backups when the needs arise. This places the Department at a risk of data loss, operational disruptions, and reputational damage. The Department should consider acquiring a comprehensive disaster recovery solution that must inform an ICT disaster recovery plan.

1.2.4.4. Human Resources

The Departmental Government Information Technology Management directorate has a high vacancy rate. Among the vacant positions are those of Director for the directorate, which has been vacant for almost two years, and that of a senior software engineer, which has never been filled since it was approved. Both these vacant positions are critical if the Department is to successfully pursue both digitalisation and expert-driven ICT directorate. The DSBD needs to consider urgently filling these critical posts.





1.2.4.5. ICT Budget

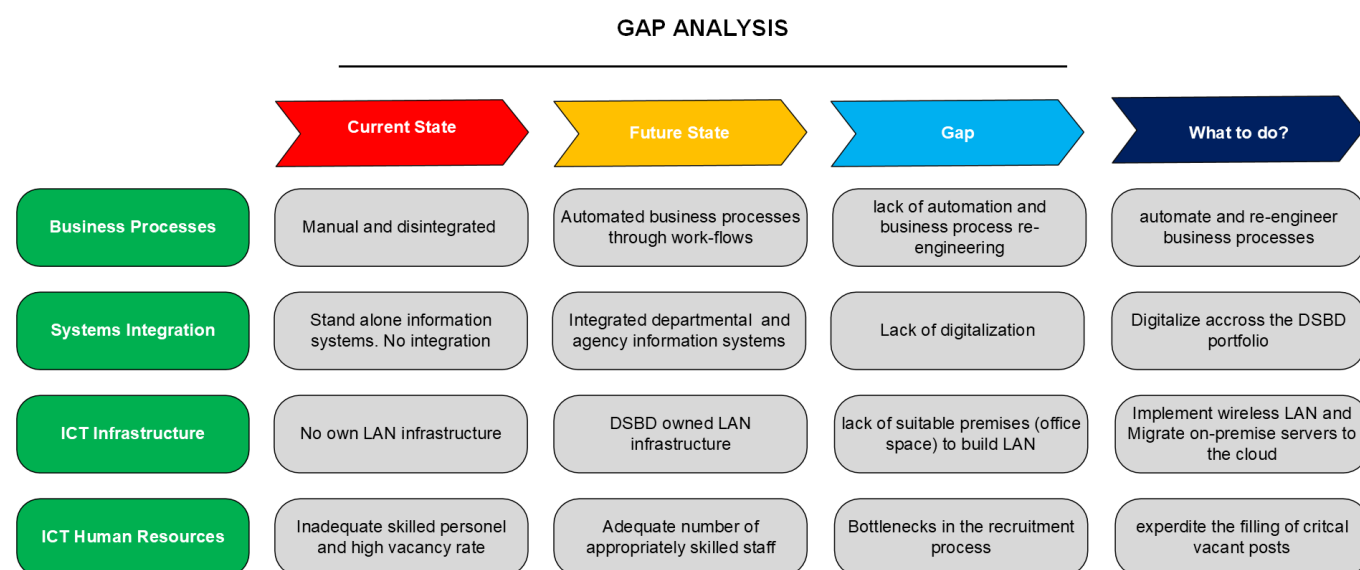
The following table represents rounded figures of the ICT directorate's budget and notable expenditure items during the 2025/26 financial year.

Current payments	13 245
Compensation of employees	5 805
Salaries and wages	4 934
Social contributions	871
Goods and services of which	7 440
Administrative fees	3
Advertising	12
Assets less than the capitalisation threshold	0
Audit cost: External	0
Bursaries: Employees	0
Catering: Departmental activities	18
Communication (G&S)	121
Computer services	6 852
Consultants and professional services: Business and advisory services	0
Consumable supplies	0
Consumable: Stationery, printing and office supplies	4
Operating leases	0
Property payments	0
Transport provided: Departmental activity	0
Travel and subsistence	50
Training and development	0
Operating payments	380
Venues and facilities	0
Rental and hiring	0
Transfers & subsidies to:	0
Departmental agencies and accounts	
Public corporations and private enterprises	0
Households	
Payments for capital assets	2 039
Machinery and equipment	2 039
Total	15 284

The ICT directorate is not allocated a budget to invest in new technologies and/or innovative solutions. Without a budget for innovation, the ICT is not able to address emerging challenges or improve services through the use of available technology solutions.



1.2.5. ICT Gap Analysis



1.2.6. Progress made towards the Implementation of Digitalisation Objectives

The Department continues to modernise its systems and processes, utilising Information and Communication Technology (ICT) as an enabler. During the previous financial years, the Department, together with its entities, improved its operational efficiency, optimising the MSMEs and Co-operatives repository, driving innovation and accelerating the delivery of services. Phase 4: The MSME Business Index to identify levels of readiness and capability of small enterprises was implemented. The system, which is a “one-stop shop” repository of information, resources, services, opportunities, and network connections that are essential for helping entrepreneurs and innovators on their journey, from informal traders to high-growth businesses, was implemented. The Department is currently reviewing its Digital Strategy to continue modernising its systems and processes to support Strategic Priority 3.

1.2.7. DSBD ICT Governance and Policies

The Control Objectives for Information and Related Technologies (COBIT) Framework will be used to align ICT operations with business objectives while ensuring proper risk management, benefit realisation, and compliance. COBIT helps ensure that all ICT processes are effectively managed, risks are mitigated, and the expected benefits are realised throughout the ICT lifecycle. The second version of the DPSA Corporate Governance of Information Communication Technology Policy Framework will guide the development and implementation of the department’s governance system using COBIT over the five-year period.

- ICT Steering committee exists. It ensures that major ICT investments align with the department’s strategic direction and oversees all ICT governance matters.
- ICT Security policy exists. ICT Governance and Acceptable use of ICT policies are undergoing consultation and approval by EXCO.
- ICT Project Management and ICT Service Management policies will be developed during the strategic term.

1.2.8. The ICT-related business risk, including security and cybersecurity

In line with the Quarter 3 ICT Governance Report, the department is currently complying with the management cybersecurity protocols and there is a continuation on mitigating and auditing on a regular basis.



1.2.9. Digitalisation interventions

Strategic Priority	Measure
Business Process Reengineering	<ul style="list-style-type: none"> • Cycle time reduction: shorter time taken to complete a process, • Throughput: the number of transactions or tasks completed within a specific period, • Compliance and risk management: the extent to which automated processes adhere to regulatory and policy requirements, and • Operational consistency: consistency in output.
Digitalisation	<ul style="list-style-type: none"> • Decision accuracy, • Decision speed, • Decision adoption (buy-in), • Achievement of strategic goals, • Error reduction: fewer human errors, • Client satisfaction, • Improved client satisfaction, and • Improved query response time.

The Department's Digitalisation intervention is outcomes-focused and includes measures that will allow us to review progress against each strategic priority. Progress will be reviewed each year and on an as-needed basis to measure success and consider new developments in Government and Departmental priorities, policy, and technology innovations.

1.2.9.1. Alignment to departmental strategy

The department's strategic plan for the years 2025 to 2030 outlines its outcomes, priorities, and the actions required to achieve them. To show how this ICT digitalisation intervention is aligned to meet those needs, the following table maps the department's strategic plan outcomes against the ICT Digitalisation Intervention Strategy.

Business Outcome	Digitalisation Interventions	Description of the Digitisation Inventions	Responsible (lead) Branch	Supporting Branch	Target 2029/30
Improved integrated and streamlined business processes and systems for MSMEs.	Revision of the Digital Transformation Strategy	The Department is reviewing its Digital Strategy in line with Digital Masterplan, which overall aim is to create universal access through quality infrastructure, devices, services, and content which will be available to all citizens to enable growth, employment, and wealth creation within MSME ecosystems. It is also intended to avoid silos and duplication of digital efforts, improving efficiencies and representations.	Enterprise Development, Innovation and Entrepreneurship	<ul style="list-style-type: none"> • Administration • Sector Policy and Research • Integrated Co-operatives and Micro Enterprise Development • SEDFA 	SBD Portfolio-wide Integrated Application Management Systems rolled out. 1 million MSMEs using MSME digital platform.

1.3 Alignment to the Budget Prioritisation Framework

The Budget Prioritisation Framework is developed on an annual basis to identify the policy and planning priorities for the forthcoming year and utilised to guide resource allocations in line with short-, medium- and long term priorities and results. (to be completed once the MTDP is finalised).



1.4. Broad-Based Black Economic Empowerment Act 53 of 2003, as amended

The DSBD complies with the Broad-Based Black Economic Empowerment Act 53 of 2003, as amended and as determined by **the dtic**. It fulfils the reporting requirements as outlined in Section 13 G (1) of the B-BBEE Act.

1.5. Status of the DSBD in responding to interventions relating to women, youth, and people with disabilities

During the Sixth Administration, the DSBD developed the Gender, Youth and Disability (GEYODI) Strategy to mainstream the participation of WYPWDs in the mainstream economy. The main objective of this strategy is to provide entry points for increased inclusion of WYPWDs into all MSME development and financing initiatives to benefit equitably from these initiatives. During the current administration, the DSBD has set a target to further mainstream targeted groups in SBD plans and programme interventions for women, youth, and persons with disabilities by designing targeted financial and non-financial programmes and interventions.

1.6. The District Development Model

In 2019, the Sixth Administration adopted a new approach to fast-track service delivery and development across South Africa called the District Development Model (DDM). The DDM is an integrated planning model for cooperative governance which drives an integrated, district-based, service delivery approach and is aimed at fast-tracking service delivery and ensuring that municipalities are adequately supported and resourced to carry out their mandate.

The DDM aims to integrate service delivery to be more practical, achievable, implementable, measurable, and clearly aligned to the key priorities of the government, with a strong focus on Local Economic Development. District geographic spaces point of achieving the country's developmental outcomes and integration;

- People
 - Economy
 - Space
- } Poverty, unemployment and inequality

DDM TRANSFORMATIONAL AREAS

DDM is positioned **in relation to** NDP, MTDP and NSDF to enhance the overall system to **synergise national, provincial, and local priorities in respect to** districts and metros. **DISTRICT ONE PLAN:** comprises six transformation areas and does not deal with the **non-strategic aspects** that each of the existing plans may cover. These six areas are:

- **District Profiling** – Understanding the competitive and comparative advantages.
- **Economic Positioning** – Taking advantage of inherent potential to grow district and metro economies. Implementation of catalytic projects to support economic recovery and growth. Small-town regeneration.
- **Governance and Financial Management** – Municipal institutional stabilisation and red tape reduction to attract and retain investment.
- **Spatial restructuring** – Reimagining district and metro spaces to promote inclusive growth and development
- **Integrated Service Provisioning and Infrastructure**
- **Reengineering** – Investment in infrastructure to provide dependable services to households and businesses.



1.6.1. DSBD DDM Approach

The DSBD has aligned its DDM approach to the DDM Framework that was approved by Cabinet and is driven by COGTA. The DSBD has aligned its approach to the following key identified roles for Sector Departments:

- Allocate dedicated senior officials to participate in the One Plan development process
- Participate in the intergovernmental coordination and planning structures and sessions at national, provincial, and district/metro level to provide sectoral perspectives on the status as well as commitments and key projects

Ensure that the implementation commitments in each district and metro space are incorporated and inform the strategic plans and Annual Performance Plans in line with the Government Planning cycle.

POLITICAL PRINCIPAL AND SECTOR DEPARTMENT'S DDM ROLE & FUNCTION	DSBD IMPLEMENTATION
<ul style="list-style-type: none"> • Provide political oversight and support to improve cooperation and collaboration across the 3 spheres of governance to implement DDM. • Allocate dedicated senior officials to participate in the One Plan development process for each district and metro and contribute towards the shaping of it as cohesive national government response. 	<p>The President appointed the Minister of Small Business Development as the Champion for Alfred Nzo District and the former Deputy Minister as the political champion for Xhariep District. Given Departmental national mandate on MSME development, the principals have been active in all districts in the development and servicing of MSMEs across the country. DSBD has appointed senior officials as district champions for all districts. DSBD has furthermore appointed provincial champions who would ensure coordination of the DSBD district champions within a province.</p> <p>The Department has, in addition to its provincial and district champions, appointed 14 district coordinators (ASD level) who are located within the selected districts, thus extending the reach of the Department into communities.</p> <p>The DSBD agency, Small Enterprise Development and Finance Agency (SEDFA) (formerly Seda & sefa), has also appointed senior managers as district champions. SEDFA is implementing a new model called the District Eco-System Facilitation model for enterprise development</p>
<p>Participate in the intergovernmental coordination and planning structures and sessions at the national, provincial, and district/metro levels to provide sectoral perspectives on the status as well as commitments and key projects that will contribute to the achievement of the desired future and outcomes agreed upon in each district/metro.</p>	<p>DSBD district champions and coordinators actively participate in the DDM structures. Unfortunately, after the initial meetings to review and re-develop district One Plans, very few meetings have been facilitated by districts themselves.</p> <p>The DDM structures are mostly activated when there is a Presidential or Ministerial Imbizos.</p> <p>DSBD has co-ordinated Provincial DDM engagements although focused on the provincial and local economic development.</p> <p>DSBD is participating in the National, Provincial and Local Economic Development Forums, but not all Provinces and districts have active LED forums.</p>



POLITICAL PRINCIPAL AND SECTOR DEPARTMENT'S DDM ROLE & FUNCTION	DSBD IMPLEMENTATION
Ensure that the implementation commitments in each district and metro space are incorporated and inform the strategic plans and Annual Performance Plans in line with the Government Planning cycle.	<p>The DSBD Portfolio is slowly but steadily increasing its services to poorly serviced provinces and districts.</p> <p>Gauteng still commands the lion's share of financing from the portfolio, especially its three Metros. In other provinces, some districts have secured a higher share of funding; for example, in the Eastern Cape, OR Tambo District has received a higher share of DSBD financing than both the Nelson Mandela Bay and the Buffalo City Metros.</p> <p>The service delivery model of the DSBD Portfolio does not lend itself to the setting of pre-determined targets for each district and/or local municipality, given that access to the DSBD Portfolio is enabled through an application process.</p> <p>The MSME Support Plan was an attempt to set predetermined targets per district, but these targets could not be met given that the ability and interest of MSMEs to submit applications is not within our control.</p> <p>Given that there is an expectation for each sector department to provide commitments per district, DSBD would need to come up with a workable approach in this regard.</p> <p>The DSBD has coordinated 6 Ministerial Imbizos and also participated in 3 Presidential Imbizos as part of the implementation of the DDM.</p>

1.7 Stakeholder Analysis Informing the SBD Portfolio Strategic Framework

There is consensus that to achieve the desired state of a well-functioning and successful small business ecosystem, there is a need to leverage on the interventions, programmes, support and plans of other government departments, agencies and the private sector at all levels in the small business development space.

The following table reflects key stakeholder considerations aligned to the Departmental Inter-Government Relation Strategy and possible programme responses identified in the strategic planning discussions:

External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet/exceed this expectation?
Beneficiaries – MSMEs and Co-operatives (formal and informal)	<ul style="list-style-type: none"> • Execute the DSBD mandate. • Improved, efficient and effective services. • Responsiveness and relevant programmes and services. • Sound corporate governance. 	<ul style="list-style-type: none"> • Delivery of the mandate. • A simplified regulatory and policy regime. • Effective and efficient programmes that respond to real needs. • Resources and tools to link SMEMs to markets – databases or systems. • Ensure reliability and dependability of services. • Enhance accessibility and availability of services.
National, Provincial Departments, Agencies, and Municipalities	<ul style="list-style-type: none"> • Execute the Department mandate. 	<ul style="list-style-type: none"> • Articulate and communicate a compelling small business agenda. • Lead evidence-based legislative and regulatory review. • Transversal Agreements with sister departments. • Strengthen intergovernmental relations. • Meaningful participation in relevant fora. • Intellectual leadership for the sector and, more broadly, guidance in terms of trends and indicators in the sector.



External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet/exceed this expectation?
Parliamentary and political oversight	<ul style="list-style-type: none"> • Execute the DSBD mandate. • Participate in broader planning structures and champion the small business and Co-operatives agenda. • Sound corporate governance. • Return on Investment. 	<ul style="list-style-type: none"> • Implement an approach to reporting of cluster-wide and sectoral performance and impact. • Collaboration and support for objectives of sister institutions. • Sound and defensible performance reporting. • Participate in broader planning structures and champion the MSMEs agenda. • Sound corporate governance.
Academia and research institutions	Collaboration and joint research programmes.	<ul style="list-style-type: none"> • Proactively package and communicate opportunities for engagement and collaboration. • Multi-year research agenda and programme.
Targeted Groups	Ensure delivery on committed targets.	<ul style="list-style-type: none"> • Monitor and track sector-wide performance on committed targets and quotas.
Broader communities and general public	A responsive and visible DSBD role player, supporting broader community upliftment.	<ul style="list-style-type: none"> • Better communicate the successes and impact of DSBD programmes and involvement. • Strengthen the petitions management processes and responsiveness to issues and commitments.
Contractors, Suppliers, etc.	<ul style="list-style-type: none"> • Decisions to be made at agreed times. • Adherence to terms of engagement. • Payment for work done within 30 days of a valid invoice. 	<ul style="list-style-type: none"> • Systems to ensure efficient and effective performance and compliance to the scope of work. • Clearly defined procurement policies. • Efficient supply chain processes – fair, transparent and effective. • Focus on regional suppliers or contractor development. • Improve contract negotiation, management and reporting.
ILO and socio-development organisations	<p>Alignment to ILO R204 and the decent work agenda.</p> <p>Alignment to ILO R190 and the importance of Co-operatives.</p>	<ul style="list-style-type: none"> • Upscale and ensure implementation of the resolutions from the Annual Informal Economy Summit. • Ensure implementation of the NIBUS. • Promote the full participation of Co-operatives in the economy and social development of all people, with a strong focus on human solidarity and a more equitable distribution of the benefits of globalisation.
Partners and the private sector	Collaboration and opportunities for partnership.	<ul style="list-style-type: none"> • Strengthen points of interaction with partners and with the private sector.
The Auditor-General South Africa (AGSA)	<p>Produce accountability documents with financial and performance objectives.</p> <p>Co-operation during the audit process.</p>	<ul style="list-style-type: none"> • Provide accountability documents that meet the legal framework (inclusive of Annual Report, Annual Financial Statements, etc.). • Follow processes, policies, rules and regulations diligently. • Provide quality and timeliness reports, risk management and internal controls.
Labour Unions	<p>Engaging with Labour in balancing between applying laws and enabling MSME development.</p> <p>Consistently apply labour laws and policies.</p> <p>Offer a better and fair working environment to all the employees.</p>	<ul style="list-style-type: none"> • Strengthen engagement with Labour unions in different platforms, i.e., the National Economic Development and Labour Council (NEDLAC), etc. • Labour policies and laws are applied in the workplace. • Provide a fair working environment free of unfair discrimination and reduced labour relations conflicts.



Internal Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet / exceed this expectation?
Staff	A suitable working environment and resources to deliver on roles. Opportunities for personal and professional development.	<ul style="list-style-type: none"> • Ensure a working environment which is conducive to achieving sectoral/organisational objectives. • Provide opportunities for growth and development. • Nurture a culture of recognition, communication and transparency. • Implement and monitor the “living” of the Portfolio values. Investigate and realign the structures of DSBD in line with the portfolio/aligned organisational strategies.
Internal Audit	Produce accountability documents with financial and performance objectives. Co-operation during the audit process. Provide sound advice on audit matters.	<ul style="list-style-type: none"> • Provide accountability documents that meet legal framework (inclusive of Annual Report, Annual Financial Statements, Quarterly Reports, etc.). • Follow processes, policies, rules and regulations diligently. Provide quality and timeliness reports, and risk management and internal controls.

1.8 2024-29 MTDP Seventh Administration Priorities and Targets

South Africa's economy faces challenges at the global level, which include growing geopolitical tensions and protectionism in key export markets; demand for SA products, mainly for unrefined mineral exports; and SA being a relatively open economy, with few barriers to illegal and illicit imports. At the domestic level, South Africa is facing challenges like the real economy sector being vulnerable to load shedding; rising electricity prices; inefficient freight and logistics services and high costs; rising costs of doing business in SA due to the deterioration in local government services and security services; manufacturing production which is relatively carbon-intensive and likely to constrain SA exports in the future; and stubbornly high levels of concentration which contribute to a generally hostile business environment for MSMEs.

However, there are also significant opportunities which can be utilised by the department, including a large, digitally savvy youthful population which currently produces relatively limited digital content for the export market. This segment of the population is well-placed for remote digital work and MSME development given SA's relatively low levels of self-employment and the informal sector.

During the Seventh Administration, the Department, together with its Entity SEDFA, will be contributing directly and indirectly to Strategic Priorities including **Strategic Priority 1: Drive inclusive growth and job creation** and **Strategic Priority 3: Build a capable, ethical and developmental state**.

Alignment of Department's 2025-30 Strategic Plan and 2025/26 Annual Performance Plan with the 2024-29 MTDP

Strategic Priority 1: Drive inclusive growth and job creation

Desired impact: Lift economic growth to above 3.0% and reduce unemployment to below 28.0% by the end-term.

Direct Contribution to the 2024-29 MTDP:

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
Increased employment and work opportunities	Number of jobs created or sustained	New indicator	3.8 million jobs	Support unemployed people to secure work opportunities and productive livelihoods.	Number of jobs created and sustained through the small enterprise development ecosystem	91 270 jobs created and sustained in small and medium enterprises.	136 750 jobs created and 803 250 jobs sustained in small and medium enterprises.	273 500 jobs created and 1 606 500 jobs sustained in small and medium enterprises.	Department of Small Business Development	Small Enterprise Development and Finance Agency (SEDFA)
Accelerated growth of strategic industrial and labour-intensive sectors.	Value of investment attracted	R700 billion in investment	R3 trillion in investment	Strengthen industrial policy incentives to ensure that these are results-based and efficiently targeted.	National Policy Framework on Incentives for Small Enterprises developed and implemented.	New indicator	National Policy Framework on Incentives for Small Enterprises developed.	National Policy Framework on Incentives for Small Enterprises implemented.	Department of Small Business Development	Department of Tourism Department of Trade, Industry and Competition Department of Agriculture Provinces

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
				Expand financial and non-financial support for small businesses, focusing on township and rural economies.	Number of small enterprises supported financially and non-financially.	182 649 competitive small businesses and co-operatives supported.	500 000 small enterprises supported financially and non-financially (cumulative).	1 million small enterprises supported financially and non-financially (cumulative).	Department of Small Business Development	Department of Tourism / Department of Trade, Industry and Competition Department of Agriculture / Department of Forestry, Fisheries and the Environment Department of Science, Technology and Innovation / Provinces.
					Number of start-ups supported financially and non-financially.	41 205 start-ups supported financially and non-financially.	25 000 start-ups supported financially and non-financially. (cumulative)	50 000 start-ups supported financially and non-financially. (cumulative)	Department of Small Business Development	
					Percentage of informal MSMEs provided with formalisation support	1 804 434 informal enterprises as per the Seda SMMEs 2024 Report.	5% of informal MSMEs provided with formalisation support (cumulative)	10% of informal MSMEs provided with formalisation support (cumulative)	Department of Small Business Development	Small Enterprise Development and Finance Agency (SEDFA)



Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
Enabling environment for investment and improved competitiveness through structural reforms	% GDP growth	Projected GDP growth of 1.1% in 2024	GDP growth of 3% or more by 2029	Mainstream red tape reduction across every department and public entity to reduce the excessive regulatory burden on business.	Number of administrative and regulatory reviews per department	One piece of legislation reviewed	Identify and implement 14 administrative and regulatory reviews to reduce red tape.	Identify and implement 14 administrative and regulatory reviews to reduce red tape.	Department of Small Business Development	All departments
					Develop the invoice tracking system	New indicator	Finalise the development of the invoice tracking system	Improved compliance with the 30-day payment requirement	National Treasury / Department of Small Business Development	All departments
					Revised instruction note on the payment of invoices within 30 days or the agreed period.	2021/22 Instruction Note 3	Finalise and issue the revised instruction note on payment of invoices within 30 days or the agreed period.	Improved compliance with the 30day payment requirement	National Treasury / Department of Small Business Development	All departments / The Presidency
					Number of e-registration systems rolled out in municipalities.	New indicator	E-registration systems rolled out in 50 municipalities (cumulative)	E-registration systems rolled out in 100 municipalities (cumulative)	Department of Small Business Development	Department of Cooperative Governance and Traditional Affairs

Indirect contribution to the 2024-29 MTDP:

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
Increased employment and work opportunities	Number of public employment opportunities created by government	1 855 693 work opportunities created	6 481 801 work opportunities created	Create high-quality work opportunities through public employment programmes	Number of work opportunities created through the Social Employment Fund	50 000 work opportunities created	100 000 work opportunities created	250 000 work opportunities created	Department of Trade, Industry and Competition	The Presidency Department of Small Business Development
					Number of jobs created through the digital economy programme (GBS)	52 390 jobs created in the GBS sector	50 000 jobs created in the GBS sector	150 000 jobs created in the GBS sector	Department of Trade, Industry and Competition / Department of Communications and Digital Technologies	National Treasury / The Presidency / Department of Small Business Development
Accelerated growth of strategic industrial and labour-intensive sectors	Value of investment attracted	R700 billion in investment	R3 trillion in investment	Secure additional investment through sectoral interventions, competition interventions and industrial financial support.	Investment secured through sector master plans	New indicator	R13 billion investment secured through sector master plans	R30 billion investment secured through sector master plans	Department of Trade, Industry and Competition	All cluster department
					Investment secured through competition and transformation interventions	R8 billion	R20 billion investment leveraged from competition and transformation interventions	R40 billion investment leveraged from competition and transformation interventions	Department of Trade, Industry and Competition	National Treasury / Department of Small Business Development
					Investment secured through industrial financial support	R160 billion investment secured through industrial funding support	R70 billion investment secured through industrial funding support	R125 billion investment secured through industrial funding support	Department of Trade, Industry and Competition	National Treasury / Department of Small Business Development

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
				Drive growth in labour-intensive sectors	Increased export of Global Business Services	R7.3 billion in exports of Global Business Services	Value of Global Business Services exports increased to R12 billion	Value of Global Business Services exports increased to R20 billion	Department of Trade, Industry and Competition	National Treasury Department of Small Business Development
					% of global market for processed critical minerals captured	Regional Critical Minerals (RCM) Strategy Framework developed to increase value addition and support transition to low carbon economy	2% of global market for processed critical minerals captured	5% of global market for processed critical minerals captured	Department of Trade, Industry and Competition	National Treasury Department of Mineral and Petroleum Resources Department of Small Business Development.
					Producers supported through Blended Finance Scheme	186 producers supported through blended finance	250 producers supported through blended finance	500 producers supported through blended finance	Department of Agriculture	Department of Small Business Development Provinces
					Number of bilateral agreements concluded to expand access to export markets for agricultural products	Chinese market opened to fruit, dairy, wine and red meat	Draft bilateral agreements with Middle East (including Saudi Arabia) for fruit, vegetables and red meat	Five bilateral agreements concluded with target countries	Department of Agriculture	Department of Trade, Industry and Competition Department of Small Business Development Provinces
					Increase in the value of domestic tourism spend	R123 billion	R 131.4 billion	R 139.4 billion	Department of Tourism	Department of Small Business Development

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
					Increase in the number of domestic tourism trips	37.9 million domestic trips	41.8 million domestic trips	45.1 million domestic trips	Department of Tourism	Department of Small Business Development
					Digital Economy Master Plan (DEM)	Implementation plan programmes and projects DEM	Implementation Plan Progressively facilitate implementation of DEM targets of contribution to GDP, jobs and transformation.	Facilitate the achievement of at least 80% of DEM targets of contribution to GDP, jobs and transformation.	Department of Communications and Digital Technologies	All Departments
				Improve the performance of industrial parks	New model developed to improve the performance of industrial parks	New indicator	Review institutional arrangements for the establishment of industrial parks to resolve ownership, governance and funding issues.	New model for industrial parks implemented	Department of Trade, Industry and Competition	Department of Planning, Monitoring and Evaluation / Department of Small Business Development
					Number of industrial parks supported	15 existing industrial parks supported	22 industrial parks approved for infrastructure support.	45 industrial parks approved for infrastructure support (5 per province).	Department of Trade, Industry and Competition	Provinces Municipalities / Department of Small Business Development



Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
				Mainstream red tape reduction across every department and public entity to reduce the excessive regulatory burden on business.	Number of One Stop Shops launched and operational	Three One Stop Shops (Gauteng, KwaZulu-Natal and Western Cape)	4 One Stop Shops established (Eastern Cape, Limpopo, Northern Cape and Mpumalanga)	6 One Stop Shops established (Eastern Cape, Limpopo, Northern Cape and Mpumalanga, Northwest and Free State)	Department of Trade, Industry and Competition	Department of Small Business Development
				Promote energy efficiency and reduce demand on the grid	Integrated Resource Efficiency and Renewable Programme (iREREP)	Rollout and Implementation of iREREP projects	56 energy savings projects implemented with 347 MW saved 3.5 million kL water saved 55 thousand tons waste reduced.	140 energy savings projects implemented with 868 MW saved 8.8 million kL water saved 139 thousand tons waste reduced.	Department of Electricity and Energy	All departments
Increased trade and investment	AfCFTA implemented and exports to the rest of the continent increased	R546.7 billion in SA exports to the rest of Africa.	Increase intra-Africa exports to R1.1 trillion	Prioritise the implementation of the African Continental Free Trade Area to increase our exports to the rest of the continent	Number of countries that have started trading under the AfCFTA (excluding SADC Countries)	8 countries (including SA) trading under the AfCFTA	25 countries trading under the AfCFTA	30 countries trading under the AfCFTA	Department of Trade, Industry and Competition	Applicable departments

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
A dynamic science, technology and innovation ecosystem for growth	Expenditure on R&D as % of GDP	0.61% of GDP	1.5% of GDP	Grow and transform SA's science, technology and innovation capabilities, human resources and research infrastructure.	Increase in the quantum of investment by the private sector into research, development & Innovation	New indicator	Government investment is matched at a 1:1 level between government and the private sector	Government investment is matched at a 2:1 level between government and the private sector	Department of Science Technology and Innovation	All departments that contribute to STI activities
Economic transformation and equitable inclusion of women, youth and persons with disabilities (WYPD) for a just society	Funding leveraged for transformation through competition settlements			Utilise competition settlements to enhance transformation	Value of transformation and competition commitments towards MSMEs, women-owned enterprises, youth-owned enterprises and enterprises owned by people with disability	New indicator	R1 billion direct funding support from competition and transformation settlements for MSMEs, women, youth and people with disabilities	R2 billion direct funding support from competition and transformation settlements for MSMEs, women, youth and people with disabilities	Department of Trade, Industry and Competition	National Treasury / Department of Small Business Development
				Economic empowerment of women, youth and persons with disabilities	Number and percentage of active registered enterprises owned by WYPD	Women (228 008/29%) Youth (226 533/29%) PWD (5437/1%)	Women (35%) Youth (30%) PWD (3%)	Women (50%) Youth (30%) PWD (5%)	Department of Women, Youth and Persons with Disabilities	National Treasury / Department of Small Business Development

Strategic Priority 2: Reduce poverty and tackle the high cost of living

Desired impact: A more equal society where no person lives in poverty; a cohesive and united nation

Not Applicable

Strategic Priority 3: Build a capable, ethical and developmental state

Desired impact: A capable, ethical and developmental state enabling the delivery of services to all citizens, fostering trust; and ensuring a safe and secure environment.

Indirect contribution to the 2024-29 MTDP

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
Improved governance and performance of public entities	Percentage of Metros, Municipalities and Public Entities that are financially stable	26% of National Entities financial health indicators unfavourable and material unfavourable – AGSA 2022/23 51% of Provincial Entities financial health indicators unfavourable and material unfavourable – AGSA 2022/23	90% of public entities financially stable	Undertake a comprehensive review of public entities to enable rationalisation, streamlining and implementation of shared services models.	New models for public entities	New indicator	Task Team to review all public entities considering the following: Close down, Corporatisation through partnerships, Amalgamation, Transfer into Department	Implementation of new business models for affected public entities	Department of Planning, Monitoring & Evaluation National Treasury	All departments with public entities Offices of the Premier Provincial Treasuries

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
An ethical, capable and professional public service	Number of systemic corruption networks dismantled in priority sectors (e.g., Health, education, infrastructure), with documented improvements in transparency, cost-efficiency, and service delivery sustainability	Baseline dependent on further research	Target dependent on baseline study	Professionalisation the Public Sector including Public Entities	Implementation of the National Framework towards the Professionalisation of the Public Sector by all state institutions	New indicator	80% Implementation of the National Framework towards the Professionalisation of the Public Sector by all state institutions	Full implementation of the National Framework towards the Professionalisation of the Public Sector by all state institutions	Department of Public Service and Administration Public Service Commission	Whole of the Public Sector
					% appointments of accounting authorities (DG/HOD's, MM's, and CEO's), key positions in the Public Sector and SOE Boards meet legislated qualifications, experience, and integrity standard	New indicator	70% appointments of accounting authorities (DG/HOD's, MM's, and CEO's), positions in the Public Sector and SOE Boards meet legislated qualifications, experience, and integrity standard	100% appointments of accounting authorities (DG/HOD's, MM's and CEO's), positions in the Public Sector and SOE Boards meet legislated qualifications, experience, and integrity standard	Department of Public Service and Administration Offices of Premiers Department of Cooperative Governance Entities Shareholder Departments	All public service departments, SOE Boards
					% change in completion of disciplinary cases Implement a Values-based Leadership Approach for the Public Sector.	New indicator	% improvement in completion of disciplinary cases Implement a Values-based Leadership Approach for the Public Sector.	% improvement in completion of disciplinary cases Implement a Values-based Leadership Approach for the Public Sector.	Department of Public Service and Administration	Whole of Public Sector

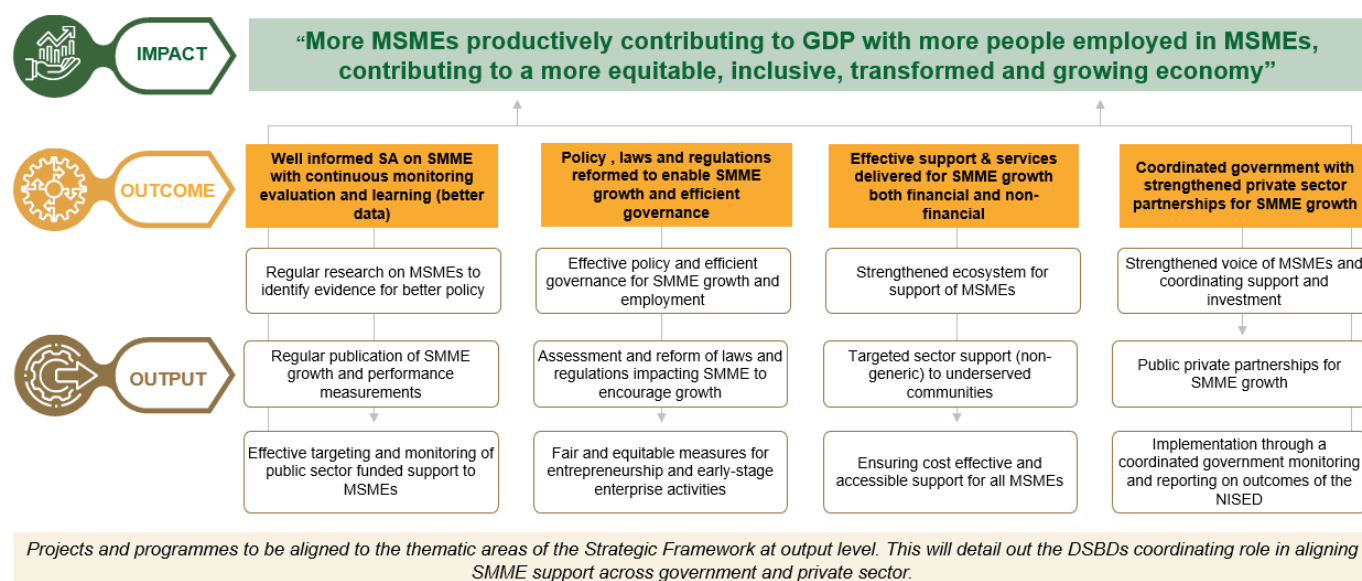


Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
				Implement the recommendations of the Personnel Expenditure Review in order to manage the growth of the Wage Bill within the entire Public Sector	Compensation of Employees as a % of total government spending (entire Public Sector)	Personnel Expenditure Review (PER) Report tabled at Cabinet in 2023	Compensation below 32% of consolidated expenditure Implementation plan for the recommendations of the Personnel Expenditure Review.	Compensation at 30% or less of consolidated expenditure Recommendations of the Personnel Expenditure Review implemented	National Treasury Department of Public Service and Administration	All departments
				Improve efficiency, ease of doing business and productivity of the public sector	% of Departments achieving at least 80% in the Productivity Measurement	New Indicator	30% of selected departments (service delivery and economic development) achieving at least 80% in the Productivity Measurement.	50% of selected departments (service delivery and economic development) achieving at least 80% in the Productivity Measurement.	Department of Public Service and Administration	Service delivery and economic development departments

Outcomes	Outcome Indicators	Outcome Baselines	Outcome Targets 2029/30	Strategic Intervention	Intervention Indicators	Intervention Baselines	Mid-Term	End-Term Targets	Lead Department(s)	Supporting Institutions
				Conduct Institutional Reviews and Skills Audit to ensure that state institutions are execution-driven in line with mandates and public value	% of Departments and Public Entities who reviewed their Mandates, Budget allocations and Service Delivery Model and adjusted the model, structures and funding, if necessary, in line with the MTDP	New indicator	80% of Departments and Public Entities who reviewed their Mandates, Budget allocations and Service Delivery Model and adjusted the model, structures and funding, if necessary, in line with the MTDP.	100% of Departments and Public Entities who reviewed their Mandates, Budget allocations and Service Delivery Model and adjusted the model, structures and funding, if necessary, in line with the MTDP.	Department of Public Service and Administration	All departments
					% reduction in skills gaps in National, Provincial, Local government and SOEs	New indicator	20% reduction in skills gaps in National, Provincial, Local government and SOEs	30% reduction in skills gaps in National, Provincial, Local government and SOEs	Department of Public Service and Administration Department of Cooperative Governance/Department of Planning, Monitoring and Evaluation	
Main-streaming of gender, empowerment of youth and persons with disabilities	South Africa's score and ranking on the WEF Global Gender Gap Index	Score (2024): 0.785 Ranking: 18	Score: 0.8 Ranking: 10	All spheres of government and all organs of state to adopt and implement WYPD-responsive planning and budgeting, including integration of the NSP on GBVF	Percentage of Public Institutions implementing WYPD-responsive planning and budgeting, including integration of the NSP on GBVF	58% of national departments tabled 2024/25 APPs that are WYPD responsive 33% of provincial departments tabled APPs that are above 50% responsiveness	% Plans that are partially WYPD responsive: 70% national dept plans 50% provincial dept plans	% Plans that are partially WYPD responsive: 100% national 75% provincial 50% local government	Department of Women, Youth and Persons with Disabilities Department of Planning, Monitoring and Evaluation	All national departments, 3a and 3c public entities



1.9. NISED strategic framework



A key focus of the NISED Strategic Framework is to align programme areas of work across different role-players in government and the private sector to coordinate and drive MSME growth and performance. In partnership with business, labour, and civil society, the NISED Strategic Framework presents a coordination tool and repository of the action steps to be taken by numerous actors within government and the whole of society. The NISED frames the following five policy priorities for the Department of Small Business Development for this, the 7th Administration.

- Priority 1: Cut red tape and improve the ease of doing business for MSMEs.
- Priority 2: Enable market access for MSMEs.
- Priority 3: Provide access to finance for MSMEs.
- Priority 4: Equip entrepreneurs and MSMEs with the necessary business acumen and skills.
- Priority 5: Build the capacity and capabilities of DSBDS to lead the small enterprise support ecosystem.

1.10. DSBDS Game-Changer Programmes

The Department during the current administration will continue to move from the premise that MSMEs and Co-operatives support needs to be reconfigured by leveraging resources from the entire ecosystem as outlined in the Departmental NISED Strategic Framework. The Department has introduced five burning platforms/game-changer programmes to effectively position small businesses to play a meaningful role in the economy and recalibrate the small enterprise ecosystem, contribute to the reduction of unemployment, increase per capita income, add back to the fiscus and address the revenue crisis in the local government.



Game Changer	Descriptions	DSBD Consideration	DSBD Programme
Game-Changer 1	<p>New Economy Startup:</p> <p>The intervention is aimed at creating a more enabling support ecosystem for high- tech and energy start-ups.</p>	<p>The National Entrepreneurship Strategy was developed during the sixth administration and is currently being implemented. The strategy is expected to create synergy among the different policy and strategy initiatives in the country as well as identify and address gaps in various policies, further providing guidance in creating an enabling environment for the development of entrepreneurship and start-ups. At the heart of the strategy is the creation of more enabling support needed to network and synergise the fragmented activities performed by development partners and other actors.</p> <p>Currently South Africa is losing its best innovators and tech start-ups to other global tech hub competitors. This game-changer will target high growth tech start-ups and is aimed at retaining innovation and tech capabilities in the country. The Department is participating in the team that is led by the Presidency in engaging other stakeholders including NT and the Department of Science and Innovation to create an enabling environment for these kinds of start-ups.</p> <p>Any new start-up business needs several support services at its different phases to cope with dynamic environmental and operational challenges. The Department will embed broader efforts around inclusive innovation support, assessing, adjusting, and developing necessary instruments and tools.</p>	<p>Programme Four:</p> <p>Enterprise Development, Innovation and Entrepreneurship</p>
Game-Changer 2	<p>Township and Rural Economic Development:</p> <p>The aim of this burning platform is to redirect B-BBEE resources and Enterprise and Supplier Development (ESD) accelerator funding towards MSMEs located in South African townships and rural areas.</p>	<p>The DSBD intends to engage the private sector to raise awareness regarding its support of the development and growth of township and rural enterprises. These engagements would be informed by the working relationship between the DSBD and the dtic in strengthening the B-BBEE policy and its Codes of Good Practice.</p> <p>It is envisaged that the concept of the ESD fund would be revisited so that private sector ESD funds could be used to leverage government incentive schemes such as the TREP and other schemes aimed at enhancing the capacity of township and rural enterprises.</p>	<p>Programme Three: Integrated Cooperatives and Micro Enterprises Development</p> <p>Programme Four:</p> <p>Enterprise Development, Innovation and Entrepreneurship</p>



Game Changer	Descriptions	DSBD Consideration	DSBD Programme
Game-Changer 3	<p>Refuelled Incubator / Accelerator Programme:</p> <p>This programme will primarily extend the existing network of incubators for startups and accelerators for scale-ups in terms of the tiered small business support model.</p>	<p>The Incubation and Digital Hub Support Programme is committed to building an ecosystem of enhanced sector-focused support service centres to produce high-performance entrepreneurs. This will be done by offering support through existing Incubation Centres and Digital Hubs towards growth by</p> <p>upscaling and exposing beneficiary businesses to refuelled support offerings that allow varied programmes drawn from existing incubation support programmes, packaged together towards the attainment of their full potential through collaborations.</p> <p>Like-minded stakeholders in the incubation space</p> <p>using differentiated incubation models and approaches are to partner – private to public/public to public and review, harmonise and subsequently package an Integrated Support Package for offer to small businesses. This is done through the integration of models to benefit the end user through enhanced services and products, allowing beneficiaries to experience an integrated approach in the delivery of small business support enabling enhanced learning, varied streams and options, and access to post-incubation support.</p> <p>Furthermore, in pursuit of offering performance-orientated entrepreneurs and their businesses access to mainstream economic opportunities, the differentiated service will provide a range of utility spaces, professional services and business resources coupled with opportunities to pitch for support to potential partner investors that add value and set businesses in the right direction for growth. Access and implementation of hybrid incubation support services that offer a combined improved service and a portfolio of financial and non-financial support will be prioritised as an added value to increase access and inclusivity.</p>	<p>Programme Four:</p> <p>Enterprise Development, Innovation and Entrepreneurship</p>



Game Changer	Descriptions	DSBD Consideration	DSBD Programme
Game-Changer 4	A Recapitalised MSME Funding Package: Four interventions are proposed as part of the Recapitalised MSME Funding Package: A Recapitalised Khula Credit guarantee (KCG); a Micro Finance Intermediary Franchise Programme: a significantly upscaled Direct Lending Programme and Tailored Blended Finance.	The DSBD will implement the MSMEs and Co-operatives Funding Policy to accelerate the achievement of the objectives of Game-Changer 4: This Game-Changer is going to be achieved by introducing targeted funding instruments linked to the business development lifecycle, including the Micro Finance Intermediary Programme (MFIP). DSBD will also focus on implementing the recommendations of the World Bank diagnostic review pertaining to KCG to address identified shortcomings with a view to make the guarantee more responsive, raise more capital and remove access to finance barriers in the form of collateral requirements, and in the process, make MSME lending more attractive by mitigating the credit risk through KCG. The Department will continue to lobby National Treasury to recapitalise KCG given that so far Government has not invested in, and the past performance of KCG has shown that it is possible to leverage funding for MSMEs through a well-crafted credit guarantee scheme.	Programme Four: Enterprise Development, Innovation and Entrepreneurship

The process towards the development of the DSBD 2025-30 Strategic Plan and 2025/26 APP entailed:

1. The 2025-30 Strategic Plan and its 2025/26 APP are the result of an extensive consultation process that started on 2 August 2024 with a pre-portfolio strategic planning session in which the basis for the departmental strategic direction was set in preparation for the 2025/26 planning cycle. The pre-portfolio Strategic Planning Session was convened with the expectation for the ADG and DG's Direct Reports to set the Strategic Agenda and identify the Planning Methodology for the 2025/26 Planning Cycle.
2. The Department, together with the then Seda, sefa and CBDA, then held a Portfolio Strategic Planning Session from 20 – 22 August 2024 where a number of strategic conversations and inputs were considered.
 - a. The strategic conversations entailed, amongst others, a keynote address by the Minister of the Department of Small Business Development (DSBD), providing political direction for the development of the Department's 2025-2030 Strategic Plan and the 2025/26 Annual Performance Plan. The address was focused on the priorities of the Seventh Administration, aligned with the broader National Development Plan objectives.
 - b. The primary focus of the address was on the role of MSMEs in achieving the country's economic objectives, particularly in terms of job creation and inclusive growth. The Minister emphasised that 9.9 million of the 11 million jobs needed by 2030, as outlined in the NDP, must come from MSMEs. To achieve this, the country would need approximately 2.5 million new competitive MSMEs by 2030. The current support ecosystem, Minister noted, is underperforming and would need to be significantly strengthened to meet this target.
 - c. The Minister outlined the importance of developing a clear "Theory of Change" that would guide both the Department and the broader MSME ecosystem. She stressed the need for realistic, measurable targets over the next five years and called for better coordination between various stakeholders, including government Departments, financial institutions,



and the private sector. The Minister also posed a critical question: why, despite the NDP's clear focus on MSMEs, had there not been greater prioritisation and resource allocation for MSME development? The draft 2025-30 Strategic Plan and its 2025/26 APP have reflected on the Minister political address.

- d. Other strategic conversations, including Black Business Council around expectation of the MSME Sector, Stats SA on the Data-Driven Insights, Science, Technology and Innovation Priorities (2022-32 Decadal Plan), Department of Trade, Industry and Competition on the policy context surrounding the development of various industry masterplans, with particular focus on MSMEs and job creation, National Employment Fund, presentation focused on the catalytic role of DFIs within the South African Economy, etc.
 - e. The SBD Portfolio presented on the detailed overview of the financial and non-financial performance of the SBD Portfolio from the 2029/20 to 2023/24 implementation period (2019-24 MTSF), which takes the session to breakaway commissions. The breakaway commissions were facilitated using a variety of situational and planning tools aimed at assessing the current state, identifying gaps, and setting priorities for the 2025-30 implementation period.
3. Shortly after the portfolio strategic planning session, the Department held the Departmental Strategic Planning Session on 9 September 2024. The Department's session was geared towards the development of the draft 2025-30 Strategic Plan and draft 2025/26 APP. The Departmental session was followed by the Branches' and Chief Directorates (within Programme One) strategic planning sessions in order to cascade adopted departmental outcomes to the Branches' outputs in line with the policy directive as articulated by the Department's political principles during the portfolio strategic planning session, discuss the risks associated with implementing the 2025-30 Strategic Plan and 2025/26 APP performance and the technical indicator descriptions.
 4. The draft 2025-30 Strategic Plan and its implementation plan, the draft 2025/26 APP, were presented to the DSBD Management Committee (MANCO) on 14 October 2024 and additional inputs were received and incorporated from the members.
 5. The draft 2025-30 Strategic Plan and draft 2025/26 APP were also presented at the Departmental Extended Executive Committee (EXCO) meeting, held on 24 October 2024. Following the discussion that took place at the Extended EXCO meeting, additional inputs into the drafts were received and incorporated to the draft documents before being submitted to the Minister for Small Business Development for further inputs, consideration and approval for the Department to submit to DPME by 31 October 2024.
 6. On 31 October 2024, the Department was granted approval to submit the draft 2025-30 Strategic Plan and its 2025/26 APP to the DPME.
 7. Following the submission of the draft 2025-30 Strategic Plan and draft 2025/26 APP to the DPME, the Department received the feedback assessment report on 31 January 2025.
 8. On 11 February 2025, the Department hosted its final Portfolio Strategic Planning session to consider the DPME feedback assessment report, which had already been workshopped with the departmental branches and MANCO to solicit their inputs in preparation for the session, where further review of the draft 2025-30 Strategic Plan and draft 2025/26 APP was undertaken.
 9. The further revised draft 2025-30 Strategic Plan and Draft 2025/26 APP were submitted to the Minister on 14 February 2025 for approval to submit to the DPME for the second assessment of the APP, confirming alignment with the 2024-29 MTDP and 2025 SONA commitments.
 10. On 27 February 2025, the Ministry hosted a Strategic Planning Session with the Department to finalise the draft 2025-30 Strategic Plan and draft 2025/26 APP.
 11. Following discussions that were held between EXCO members and Ministry on 17 and 25 March 2025, further updated drafts of the 2025-30 Strategic Plan and the draft 2025/26 APP were submitted to the Ministry on 25 March 2025 for further review and approval to submit the documents to Auditor General South Africa (AGSA) for a proactive review.



12. The draft 2025-30 Strategic Plan and draft 2025/26 APP were further submitted to the departmental Internal Audit on 26 February 2025 and AGSA on 26 March 2025 for review purposes before tabling in Parliament.

1.11. DSBD Performance Considerations

2025/26 Financial Year Priorities:

1. NISED Strategic Framework, Co-operatives Strategy and Informal Economy:

- **NISED Strategic Framework:** SBD to own its leadership role in the ecosystem by pushing policies that are in the interest of MSMEs, which state that the Department must play a coordinating, advocacy, and leadership role.
- **Co-operative Strategy:** The Department's Co-operatives Development Support Programme (CDSP) is intended to support Co-operative enterprises. Through this Programme, the SBD Portfolio will seek to support 50 Co-operatives financially.
- **National Informal Business Strategy:** seeks to uplift informal businesses within the informal economy and render support to local chambers, local business associations, municipalities and Local Economic Development offices to deliver and to facilitate access to upliftment programmes for the 2025/26 financial year, 2 000 informal businesses will be supported through the informal Micro Enterprise Development Programme.

2. Policy and legislation to create an enabling environment for MSMEs within which to operate:

- Implement the **MSMEs and Co-operatives Funding Policy** to ensure improvement in access to finance for MSMEs, focusing on the fund of funds.
- **Red Tape Reduction Programme:** to be implemented in partnership with other departments and Provinces, ensuring that the growth of MSMEs is not hindered by the red-tape measures that exist in the system.

a) Five (5) laws and/or regulations that pose administrative burdens to MSMEs are recommended for reform.

b) 20 municipalities assisted with the rollout of E-registration system.

c) Four (4) Red Tape Reduction Indicators Implemented.

d) Work with National Treasury to improve compliance with the 30day payment requirements, focusing on MSMEs.

Business Licencing Bill taken to Cabinet for approval and passed by Parliament during the 2025/26 Financial year.

- In supporting innovation, digitalisation and modernisation of the State, the SBD Portfolio will review its **SBD Portfolio Digital Transformation Strategy**.
- To facilitate increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies Outcome the following pieces of policy will be developed and approved by Cabinet:
 - a) National Policy Framework on Incentives for Small Enterprises.
 - b) Township and Rural Economy Revitalisation Policy.
 - c) Startup Policy.
 - d) National Entrepreneurship Strategy and Implementation Plan.
 - e) Incubation and Business Development Services Policy Framework.



3. Township and Rural Revitalisation Policy Framework

- **Township and Rural Entrepreneurship Programme** (TREP) by the SBD Portfolio in collaboration with COGTA, the **dtic**, National Treasury, Provincial Economic Development Departments and selected municipalities. During the 2025/26 financial year, Township and rural MSMEs will be supported financially and/or non-financially to the value of R369 272.
- **Small Enterprise Manufacturing Programme:** To promote and encourage localisation in targeted sectors, the Department, through SEDFA, in collaboration with the dtic, introduced the Small Enterprise Manufacturing Programme.
- **Asset Assist Support Programme** - The programme is allocated a total of R219.3 million in 2025/26 and R663.7 million over the MTEF. Asset assist seeks to support small businesses with equipment, machinery and stock. The programme is targeted at South African MSMEs that are registered with CIPC and are compliant with tax requirements and other relevant legislation. Asset Assist places priority on small businesses in rural, township and peri-urban areas with majority participation of women, youth, and persons with disabilities.

4. Localisation Policy Framework and Implementation Programme on MSMEs

- Building manufacturing and capacity.
 - Imports substitution.
 - Products manufactured by the MSMEs.
 - During the 2025/26 financial year, in response to the trajectory to ensure that 1 250 products/services are rendered by MSMEs linked to the domestic market by 31 March 2029, 250 MSME products manufactured and services for the domestic market.
 - **Business Infrastructure:** Business infrastructure where small businesses will interact with the market to showcase their product or service offering with a view to transact. During the 2025/26 financial year, the Department plans to establish ten (10) business infrastructures (Including products Markets and MSME Hubs) for MSMEs refurbished or built.
5. The Portfolio MSMEs interventions will prioritise women, youth and PWDs to ensure a minimum 35% target for women, 30% for youth and 3% for PWDs, especially in the Township and Rural areas.



PART C

MEASURING OUR PERFORMANCE



PART C: MEASURING OUR PERFORMANCE

Part C: Measuring our performance

1. Institutional programme performance information

1.1. Programme One: Administration

Purpose: Provide strategic leadership, management and support services to the Department.

1.1.1. Sub-Programme and Purpose:

- Ministry - Manage the office and render a support service to the Executive Authority (EA) and Deputy Minister.
- Departmental Management - Manage the provision of Strategic and Governance related services.
- Corporate Management Services - Oversee the provision of Corporate Management services.
- Financial Management – Manage and facilitate the provision of financial management services.

1.1.2. Outcomes, outputs, performance indicators and targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/ Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1. Improved Governance and Compliance.	Unqualified Audit Outcome for the Department.	a) Unqualified Audit Outcome on non-financial performance information obtained.	Target Achieved: Unqualified audit outcome on non-financial performance information for 2020/21 financial year.	Target achieved: Unqualified audit outcome on non-financial performance information for 2021/22 financial year.	Target achieved: Unqualified audit outcome on non-financial performance information for 2022/23 financial year.	Unqualified Audit Outcome on non-financial performance information for 2023/24 financial year.	Unqualified Audit Outcome on non-financial performance information for 2024/25 financial year.	Unqualified Audit Outcome on non-financial performance information for 2025/26 financial year.	Unqualified Audit Outcome on non-financial performance information for 2026/27 financial year.
		b) Unqualified Audit Outcome on Annual Financial Statements obtained.	Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2020/21 financial year.	Target achieved: Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.	Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2022/23 financial year.	Unqualified Audit Outcome on Annual Financial Statements for 2023/24 financial year.	Unqualified Audit Outcome on Annual Financial Statements for 2024/25 financial year.	Unqualified Audit Outcome on Annual Financial Statements for 2025/26 financial year.	Unqualified Audit Outcome on Annual Financial Statements for 2026/27 financial year.
	Payment register.	% of valid creditors paid within 30 days.	Target Not Achieved: 99.8% of valid creditors were paid within 25 days.	Target Achieved: 100% of valid creditors paid within 30 days.	Target Achieved: 100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.
	≥95% expenditure on annual budget.	% variance on Annual budget.	Target Achieved: 0.9% variance on annual budget.	Target Achieved: 0.75% variance on annual budget.	Target Achieved: 1.8% variance on annual budget.	≤5% variance on annual budget.	≤5% variance on annual budget.	≤5% variance on annual budget.	≤5% variance on annual budget.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	5% reduction in vacancy rate towards filling the approved organisational structure.	% reduction in vacancy rate towards filling the approved organisational structure.	Target Not Achieved: 16.2% vacancy rate in funded permanent posts.	Target not achieved: 10% vacancy rate in funded permanent posts.	Target Achieved: 11.8% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.
	≥50% female in SMS employed.	% female SMS representation.	Target Not Achieved: 47.1% of female SMS representation.	Target achieved: 51.5% of female SMS representation.	Target Achieved: 53.7% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.
	≥4% Representation of PWDs.	% Representation of PWDs.	Target Achieved: 3.8% Representation of PWDs.	Target not achieved: 3.3% representation of PWDs.	Target Achieved: 3.7% representation of PWDs.	≥4% representation of PWDs.	≥4% Representation of PWDs.	≥4.5% Representation of PWDs.	≥5% Representation of PWDs.
2. Improved and well-co-ordinated ecosystem support for small enterprises.	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy (to stakeholder relations).	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy approved.	Target Achieved: 82 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	Target Achieved: 135 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Target Achieved: 110 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	110 DSBD and its Agencies' public engagement programmes implemented within district municipalities.	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy approved.	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy Implemented.	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy Implemented.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Client Satisfaction Survey Report	% SBD client satisfaction response received on the survey.	N/A	N/A	N/A	N/A	50% SBD client satisfaction response received on the survey.	70% SBD client satisfaction response received on the survey.	80% SBD client satisfaction response received on the survey.
	Media Briefings	Number of Department Media Briefings.	N/A	N/A	N/A	N/A	Four (4) Department Media Briefings.	Four (4) Department Media Briefings.	Four (4) Department Media Briefings.
	Articles published	Number of articles issued to profile the work of the department.	N/A	N/A	N/A	N/A	Four (4) articles issued to profile the work of the department	Four (4) articles issued to profile the work of the department	Four (4) articles issued to profile the work of the department
	Community engagements	Number of community and stakeholder engagements implemented.	N/A	N/A	N/A	N/A	Four (4) community and stakeholder engagements implemented.	Four (4) community and stakeholder engagements implemented.	Four (4) community and stakeholder engagements implemented.
	Meetings with Civil Society Forum (CSF) organisations	Number of CSF engagements with the Minister supported.	N/A	N/A	N/A	N/A	Four (4) CSF engagements with the Minister supported.	Four (4) CSF engagements with the Minister supported.	Four (4) CSF engagements with the Minister supported.
	Targeted Campaigns conducted.	Number of targeted campaigns conducted.	N/A	N/A	N/A	N/A	One (1) Targeted Campaign conducted	One (1) Targeted Campaign conducted	One (1) Targeted Campaign conducted

1.1.3 Output indicators: annual and quarterly targets

Output Indicators	2025/26 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
a) Unqualified Audit Outcome on non-financial performance information obtained.	Unqualified Audit Outcome on non-financial performance information for 2024/25 financial year.	N/A	Unqualified Audit Outcome on non-financial performance information for 2024/25 financial year.	N/A	N/A
b) Unqualified Audit Outcome on Annual Financial Statements obtained.	Unqualified Audit Outcome on Annual Financial Statements for 2024/25 financial year.	N/A	Unqualified Audit Outcome on Annual Financial Statements for 2024/25 financial year.	N/A	N/A
% of valid creditors paid within 30 days	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.	100% of valid creditors paid within 30 days.
% variance on Annual budget.	≤5% variance on annual budget.	≤5% variance on cashflow projections.	≤5% variance on cashflow projections.	≤5% variance on cashflow projections.	≤5% variance on cashflow projections.
% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.	N/A	N/A	N/A	5% reduction in vacancy rate towards filling the approved organisational structure.
% female SMS representation.	≥ 50% of female SMS representation.	≥50% of female SMS representation.	≥50% of female SMS representation.	≥50% of female SMS representation.	≥50% of female SMS representation.
% representation of PWDs.	≥4% Representation of PWDs.	N/A	N/A	N/A	≥4% Representation of PWDs.
SBD Portfolio Integrated Engagement, Awareness and Communication Strategy approved.	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy approved.	Consultation with the SBD Portfolio.	SBD Portfolio communication strategy concept note.	Draft SBD communication strategy developed.	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy approved.
% SBD client satisfaction response received on the survey.	50% SBD client satisfaction response received on the survey.	N/A	N/A	N/A	50% SBD client satisfaction response received on the survey.

Output Indicators	2025/26 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of Department Media Briefings.	Four (4) Department Media Briefings.	One (1) Department Media Briefing.	One (1) Department Media Briefing.	One (1) Department Media Briefing.	One (1) Department Media Briefing.
Number of articles issued to profile the work of the department.	Four (4) articles issued to profile the work of the department.	One (1) article issued to profile the work of the department.	One (1) article issued to profile the work of the department.	One (1) article issued to profile the work of the department.	One (1) article issued to profile the work of the department.
Number of community and stakeholder engagements implemented.	Four (4) community and stakeholder engagements implemented.	One (1) community and stakeholder engagement implemented.	One (1) community and stakeholder engagement implemented.	One (1) community and stakeholder engagement implemented.	One (1) community and stakeholder engagement implemented.
Number of CSF engagements with the Minister supported.	Four (4) CSF engagements with the Minister supported.	One (1) CSF engagement with the Minister supported.	One (1) CSF engagement with the Minister supported.	One (1) CSF engagement with the Minister supported.	One (1) CSF engagement with the Minister supported.
Number of targeted campaigns conducted.	One (1) Targeted Campaign conducted.	N/A	N/A	One (1) Targeted Campaign conducted.	N/A

1.1.4 Explanation of Planned Performance over the Medium-Term Period

During the implementation of the 2025/26 to 2029/30 planning cycle, the Administration Programme will continue to provide support services to the line functions of the Department with a special focus on improving governance and compliance, as well as improving and well-coordinating ecosystem support for small enterprise outcomes. These will be done through maintaining the Unqualified Audit Outcome on both non-financial performance information and Annual Financial Statements, 100% of valid creditors are paid within 30 days of output. The Department will also safeguard 5% reduction in the vacancy rate towards filling the approved organisational structure, ≥4% are represented by PWDs and 30% youth representatives.

During the 2025/26 financial year, Department together with its entities, will drive the finalisation of the SBD Portfolio Integrated Engagement, Awareness and Communication Strategy. The Strategy will offer practical and effective communication channels, tools and activities that are supposed to enhance visibility and effectiveness of the SBD Portfolio, its intention is to improve internal and external communication. Furthermore, the department will conduct client satisfaction over the 2025/26 financial year, focusing on ensuring that 80% are satisfied with SBD Portfolio products and services. The Client Satisfaction is defined as a measurement that determines how happy/satisfied clients are with an SBD Portfolio's products, services and capabilities, which can assist the SBD Portfolio to determine how best to improve its products and services. The Outputs of Programme One are aligned to the 2024-29 MTDP Strategic Priority 3: Build a capable, ethical and developmental state.

1.1.5. Programme Resource Considerations

PROGRAMME ONE: SUB-PROGRAMME	2025/56	2026/27	2027/28	TOTAL MTEF
	R'000	R'000	R'000	R'000
Ministry	28 661	29 129	30 683	88 473
Departmental Management	27 147	28 388	29 671	85 206
Corporate Services	114 170	119 232	124 166	357 569
Financial Management	29 919	32 038	33 452	95 410
TOTAL	199 897	208 788	217 972	626 658

Programme 1 (Administration): Programme 1 is allocated R199.9 million in 2025/26 and R626.7 million over the medium term. The Programme is responsible for providing strategic leadership, management and support services to the Department. This will be achieved through the following four sub-programmes, namely Ministry (R88.5 million), Departmental Management (R85.2 million), Corporate Management Services (R357.6 million) and Financial Management (R95.4 million).



1.2. Programme Two: Sector Policy and Research

Purpose: Oversee transversal support within the ecosystem to provide a conducive environment for MSMEs.

1.2.1. Sub-Programme and Purpose:

- **Business Intelligence and Sector Wide Monitoring and Evaluation** - Manage provision of evidence-based business information and sector-wide Monitoring and Evaluation.
- **Intergovernmental Relations and Business Efficiency** - Manage and facilitate intergovernmental relations to reduce administrative and regulatory burdens for MSMEs.
- **Sector Specific Support** - Manage initiatives to increase the development, participation and sustainability of small-scale manufacturers in key industries.

1.2.2. Outcomes, outputs, performance indicators and targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1. Reduced regulatory and administrative burden for MSMEs.	Laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	Number of laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	N/A	Target achieved: Assessment review report of SMME regulatory impediments to reform was approved by EXCO.	Target achieved: A Regulatory Reform Implementation Plan was submitted to Minister for approval.	Bi-annual Progress Reports on the Regulatory Reform Implementation Plan submitted to Accounting Officer.	Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform.
	E-registration system adoption in municipalities supported.	Number of municipalities supported with the adoption of E-registration system.	N/A	N/A	N/A	N/A	20 municipalities supported with the adoption of E-registration system.	20 municipalities supported with the adoption of E-registration system.	20 municipalities supported with the adoption of E-registration system.
	Red Tape Reduction Indicators Implemented.	Number of Red Tape Reduction Indicators Implemented.	N/A	N/A	N/A	N/A	Four (4) Red Tape Reduction Indicators Implemented.	Four (4) Red Tape Reduction Indicators Implemented.	Four (4) Red Tape Reduction Indicators Implemented.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Business Licencing Bill approved	Business Licencing Bill approved by Cabinet and passed by Parliament.	N/A	Two (2) progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	N/A	Business Licencing Bill approved by Cabinet and passed by Parliament.	Report provided on the implementation of the Business licencing Act	Report provided on the implementation of the Business licencing Act
2. Enhanced evidence-based business information and sector-wide monitoring and evaluation.	Evaluation Report(s).	Number of Evaluation Reports produced by 31 March 2026.	Target Not Achieved: Incubation Support Programme (ISP) evaluation not conducted and approved by EXCO.	Target not achieved: Monitoring Report on the Incubation Support Programme improvement plan not approved by EXCO.	Target not achieved: One (1) Monitoring Report on the Incubation Support Programme Improvement Plan was approved by EXCO.	Evaluation Report produced by 31 March 2025.	Two (2) Evaluation Reports produced by 31 March 2026.	Two (2) Evaluation Reports produced by 31 March 2027.	Two (2) Evaluation Reports produced by 31 March 2028.
	Research Report(s).	Number of Research Reports Produced by 31 March 2026.	N/A	N/A	N/A	One (1) Research Report produced.	Two (2) Research Reports Produced by 31 March 2026.	Two (2) Research Reports Produced by 31 March 2027.	Two (2) Research Reports Produced by 31 March 2028.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
3. Increased contribution of MSMEs in priority sectors.	Report on number of cannabis enterprises supported in the primary sector.	Reports on numbers of the cannabis enterprises supported in the primary sector approved by Accounting Officer.	N/A	N/A	N/A	Value chain assessment of the cannabis industry in the primary sector approved by Accounting Officer.	Report on twenty (20) of the cannabis enterprises supported in the primary sector approved by Accounting Officer.	Report on twenty (20) of the cannabis enterprises supported in the primary sector approved by Accounting Officer.	Report on twenty (20) of the cannabis enterprises supported in the primary sector approved by Accounting Officer.
	Value chain Assessment report for the priority industries in the secondary sector.	Value chain Assessment report for the priority industry in the secondary sector approved by Accounting Officer.	N/A	N/A	N/A	Value chain assessment of the construction industry in the secondary sector approved by Accounting Officer.	Value chain assessment report for the priority industry in the secondary sector approved by Accounting Officer.	Value chain Assessment report for the priority industry in the secondary sector approved by Accounting Officer.	Value chain Assessment report for priority industry in the secondary sector approved by Accounting Officer.
	Value chain Assessment report for the priority industries in the tertiary sector.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	N/A	N/A	N/A	Value chain assessment of the wholesale and retail industry in the tertiary sector approved by Accounting Officer.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24		2025/26	2026/27	2027/28
4. Improved and well-coordinated ecosystem support for small enterprises.	Partnership agreements, with public and/or private sector, secured to support MSMEs.	Number of Partnership agreements, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	N/A	N/A	N/A	Five (5) Partnership agreements, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	Five (5) Partnership agreement, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	Five (5) Partnership agreement, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	Five (5) Partnership agreement, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.
	Compliance report on the 30 days payment requirement for MSMEs..	Annual monitoring report on the compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.	N/A	N/A	N/A	N/A	Annual monitoring report on the compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.	Annual monitoring report on the compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.	Annual monitoring report on the compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.

1.2.3. Output indicators: annual and quarterly targets

Output Indicators	2025/26 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	One (1) law and/or regulation that pose administrative burden to MSMEs recommended for reform.	Two (2) laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	One (1) law and/or regulation that pose administrative burden to MSMEs recommended for reform.	One (1) law and/or regulation that pose administrative burdens to MSMEs recommended for reform.
Number of municipalities supported with the adoption of E-registration system.	20 municipalities supported with the adoption of E-registration system.	Five (5) municipalities supported with the adoption of E-registration system.	Five (5) municipalities supported with the adoption of the E-registration system.	Five (5) municipalities supported with the adoption of E-registration system.	Five (5) municipalities supported with the adoption of E-registration system.
Number of Red Tape Reduction Indicators Implemented.	Four (4) Red Tape Reduction Indicators Implemented.	N/A	N/A	Two (2) Red Tape Reduction Indicators Implemented.	Two (2) Red Tape Reduction Indicators Implemented.
Business Licencing Bill approved by Cabinet and passed by Parliament.	Business Licencing Bill approved by Cabinet and passed by Parliament.	Progress report on finalisation of the Businesses Amendment Bill. Progress report on public consultation with stakeholders.	Progress report on finalisation of the Businesses Amendment Bill. Progress report on finalised draft Bill (Incorporate inputs from stakeholders).	Progress report on finalisation of the Businesses Amendment Bill. Bill introduced to Cabinet for approval.	Business Licencing Bill approved by Cabinet and passed by Parliament.
Number of Evaluation Reports produced by 31 March 2026.	Two (2) Evaluation Reports produced by 31 March 2026	N/A	Inception Reports.	1st draft Evaluation Reports.	Two (2) Evaluation Reports produced by 31 March 2026.
Number of Research Reports produced by 31 March 2026.	Two (2) Research Reports produced by 31 March 2026.	Consultation report and approval by relevant branches on research to be carried out.	N/A	Inception Reports.	Two (2) Research Reports Produced by 31 March 2026.
Report on number of the cannabis enterprises supported in the primary sector approved by Accounting Officer.	Report on twenty (20) of the cannabis enterprises supported in the primary sector approved by Accounting Officer.	Support needs mapping and stakeholder consultation report for enterprises in cannabis priority industries in the primary sector drafted and approved.	Report on Needs matching and facilitation of compliance for access to support for cannabis priority industries in the primary sector developed.	Report on Facilitated access of support for small businesses in cannabis priority industries in the primary sector produced.	Report on twenty (20) of the cannabis enterprises supported in the primary sector approved by Accounting Officer.

Output Indicators	2025/26 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Value chain assessment report for the priority industry in the secondary sector approved by Accounting Officer.	Value chain assessment report for the priority industry in the secondary sector approved by Accounting Officer.	Value chain assessment concept note of the priority industries in the secondary sector developed.	Draft report on value chain assessment of the priority industry in the secondary sector developed.	Consultation report on the draft value chain assessment report of the priority industry in the secondary sector produced.	Value chain assessment report for the priority industry in the secondary sector approved by Accounting Officer.
Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	Value chain assessment concept note for the priority industries in the tertiary sector developed.	Draft report on value chain assessment in the priority industries in the tertiary sector developed.	Consultation report on the draft value chain assessment report for the priority industries in the tertiary sector produced.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.
Number of Partnership agreements, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	Five (5) Partnership agreements, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	N/A	One (1) partnership agreement with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	Two (2) partnership agreements with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	Two (2) partnership agreements with public and/or private sector, secured to support MSMEs approved by Accounting Officer.
Annual monitoring report on the compliance with the 30-day payment requirement for MSMEs approved by Accounting Officer.	Annual monitoring report on the compliance with the 30-day payment requirement for MSMEs approved by Accounting Officer.	N/A	N/A	N/A	Annual monitoring report on the compliance with the 30-day payment requirement for MSMEs approved by Accounting Officer.

1.2.4. Explanation of Planned Performance over the Medium-term Period

The Department's focus on reducing regulations remains a significant focal area, along with ongoing efforts to review regulatory and administrative measures on how to eliminate municipal red tape. The ongoing implementation of these measures directly addresses Cabinet statements regarding the Department's responsibility to make recommendations for improving the regulatory environment for small businesses. Furthermore, the Department will periodically provide updates on the Regulatory Reform Implementation Plan, which outlines Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform aimed at reducing burden across various departments.

Following the approval of the organisational structure during 2020-24 MTSF period, Sector Policy and Research assumed new responsibilities, including IGR. The focus of IGR will be on implementing a relevant framework to promote and ensure a consistent approach to good service delivery in collaboration with other important stakeholders, specifically focusing on improving compliance with the 30-day payment requirement with National Treasury. The Department will, in the period under review, commission two evaluation studies and two research reports. Generally recognised assessments, by definition, are time-bound and periodic exercises that strive to give credible and usable evidence to answer specific issues and influence decision-making.

The Department is responsible for conducting research and providing knowledge management services to guide the development and updating of policies, initiatives, and programmes aimed at benefiting MSMEs and the informal sector working in various sectors of the economy. As a way of illustrating the research functions, it is to set up a Research Agenda for the SBD ecosystem coupled with the development and maintenance of knowledge repositories. The growth and sustainability of MSMEs necessitate a specific focus on resource mobilisation to capitalise on sector-related opportunities. To achieve this, the department intends to enter into collaboration agreements with the public and/or private sectors to assist MSMEs. This will take place in conjunction with a review of the existing guidelines on partnerships, towards the Department of a sectoral partnership framework.

The department is set to take the amendment of the Business Licensing Bill during the 2025/26 financial year to Cabinet for approval and for it to be passed by Parliament. The Business Licensing Bill aims to provide for a simple and enabling framework for the licensing of businesses by setting national norms and standards, as well as systems and procedures. The Business Licensing Bill also provides for effective intergovernmental relations and coordination to enhance the implementation of smart and effective licensing arrangements across National, Provincial and Local Government Departments and Agencies. The planned outputs contribute to the 2024-29 MTDP Priority 1: Inclusive growth and job creation and, in particular, the outcome on enabling an environment for investment and improved competitiveness through structural reforms.



1.2.5. Programme Resource Considerations

PROGRAMME TWO: SUB-PROGRAMME	2025/56	2026/27	2027/28	TOTAL MTEF
	R'000	R'000	R'000	R'000
Business Intelligence & Sector-Wide M&E	34 183	36 086	36 620	106 889
Intergovernmental Relations and Business Efficiency	19 676	20 576	21 506	61 758
Sector Specific Support	28 087	29 684	30 897	88 669
TOTAL	81 946	86 347	89 023	257 316

Programme 2 (Sector Policy and Research): Programme 2 is allocated R81.9 million in 2025/26 and R257.3 million over the medium term. To oversee transversal support within the ecosystem to provide a conducive environment for MSMEs. This will be achieved through the following three sub programmes:

The Business Intelligence and Sector Wide Monitoring and Evaluation sub-programme is allocated R34.2 million in 2025/26 and R106.9 million over the medium term to manage the provision of evidence-based business information and Sector-wide Monitoring and Evaluation.

- **Evaluation Reports** - The Department will be producing 2 evaluation reports annually over the MTEF period. During the 2023/24 financial year, the Department monitored the Incubation Support Programme Improvement Plan and produced one monitoring report.
- **Research Reports** - The Department will produce two research reports annually over the MTEF period on various topics that are aimed at addressing matters pertaining to enterprise development sector in order to generate new knowledge.

Intergovernmental Relations and Business Efficiency sub-programme is allocated R19.7 million in 2025/26 and R61.8 million over the medium term to manage and facilitate intergovernmental relations to reduce administrative and regulatory burdens for MSMEs.

- **Red-Tape Reduction Awareness Programme** - The programme aims to train municipalities on how to identify red tape, reduce delays and unnecessary huddles around the procedures that hinder small businesses and co-operatives development. The Department will train the municipalities by hosting an awareness workshop on the 14 key indicators of red tape that talks to the measures of how Municipalities can improve service delivery that supports small business. A total of 30 municipalities were assisted in the 2023/24 financial year. Over the MTEF period, the Department will periodically provide updates on the Regulatory Reform Implementation Plan, which outlines 15 laws and/or regulations that pose administrative burden to MSMEs recommended for reform aimed at reducing burden across various departments.
- **Inter-Governmental Relation (IGR) Framework** - The DSBD IGR Programme is aimed at coordinating the Department's horizontal and vertical relations with all spheres of government. The initial approach to IGR was reviewed and broadened to focus on an overarching IGR framework, which includes the following:
 - » The establishment of various IGR organisations that would improve alignment and cooperation across the three spheres of government on issues related to business development.
 - » Provide for collaboration on issues related to the Ease of Doing Business to ensure coherence.
 - » Provide for the development of Sector Indicators in conjunction with the nine provincial institutions

The focus over the MTEF will be the IGR framework to be implemented.

Sector Specific Support sub-programme is allocated R28.1 million in 2025/26 and R88.7 million over the MTEF to manage initiatives to increase the development, participation and sustainability of small-scale manufacturers in key industries.

- **Partnerships** – Through this initiative, the Department will emphasise the importance of developing a support mechanism framework to grow the Private Public Partnership pipeline for the MSMEs. Over the MTEF period, the Department plans to conclude 15 partnership agreements with public and/or private sector to support MSMEs.
- **Value chain assessment of the cannabis industry in the primary sector** – The value chain assessment considers the number of possible opportunities available through cannabis production and processing together with related tertiary economic activities. Great potential is evident from the research in progress and from various other sources, ranging from opportunities in medicinal products, cosmetics, building products, animal feed, apparel, as well as the potential for other new discoveries that makes cannabis highly versatile. Cannabis has the potential to bring solutions to several social and economic challenges existing in the current era.

The intention is to conduct a value chain assessment of cannabis in relation to the potential borne by the various strains in relation to its various uses, products, and the economic value. The negative aspects that require management is the potential in the market, strengths, weaknesses, opportunities, and threats to create awareness for the benefit of MSMEs. Three assessment reports will be produced over MTEF.

- **Value chain assessment of the priority industries in the secondary sector** – The value chain assessment considers a full range of activities within an industry which are required to bring a product or service from conception, through the different phases of production and delivery to consumers, and final disposal after usage.

The Sector Specific Support Chief Directorate (i.e., Secondary Sector Directorate) will conduct a value chain assessment of the construction industry in relation to inputs, outputs and market barriers and opportunities for the benefit of MSMEs. Three assessment reports will be produced over MTEF.

- **Value chain assessment of the priority industries in the tertiary sector** - The Tertiary Sector Unit will assess opportunities in the value chains of priority areas, with potential high economic growth and employment to advance the Re-imagined Industrial Strategy in the Seventh Administration. The value chain assessment will consider a full range of activities within the prioritised sectors, identify existing and emerging challenges and opportunities for the participation of micro, small and medium enterprises. Three assessment reports will be produced over the MTEF.



1.3. Programme Three: Integrated Co-operatives and Micro Enterprise Development

Purpose: Drive economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support.

1.3.1. Sub-Programme and Purpose:

- **Integrated Co-operatives and Micro Enterprise Development** - Provide leadership to the branch and coordinate provision of business infrastructure services to small businesses, co-operatives and the informal sector.
- **Economic Transformation Initiatives** - Manage economic transformation through Informal Business, Co-operatives and Micro Enterprise Development and Support.
- **Value Chain and Market Access Support** - Manage the provision of market access support that grows value market chains.

1.3.2. Outcomes, outputs, performance indicators and targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1. Increased participation of MSMEs in domestic and international markets.	Products manufactured and services rendered by MSMEs linked to domestic market.	Number of products manufactured and services rendered by MSMEs linked to domestic market.	Target Achieved: 288 products produced and services rendered by SMMEs and Co-operatives linked to market.	Target Achieved: 281 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Target Achieved: 285 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	250 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.	250 products manufactured and services rendered by MSMEs linked to domestic market.	250 products manufactured and services rendered by MSMEs linked to domestic market.	250 products manufactured and services rendered by MSMEs linked to domestic market.
	Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations approved.	Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations developed and approved by Accounting Officer.	N/A	N/A	N/A	N/A	Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations developed and approved by Accounting Officer.	One compliance monitoring report based on the indicators produced.	One compliance monitoring report based on the indicators produced.
	MSMEs exposed to global market opportunities.	Number of MSMEs exposed to global market opportunities.	Target Achieved: 242 SMMEs and Co-operatives exposed to international market opportunities.	Target not Achieved: 68 SMMEs and Co-operatives linked to global market opportunities.	Target Achieved: 317 SMMEs and Co-operatives exposed to global market opportunities.	200 MSMEs exposed to global market opportunities.	200 MSMEs exposed to global market opportunities.	200 MSMEs exposed to global market opportunities.	200 MSMEs exposed to global market opportunities.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Market intelligence reports on international markets.	Number of market intelligence reports on international markets produced.	N/A	N/A	N/A	N/A	Four (4) market intelligence reports on international markets produced.	Four (4) market intelligence reports on international markets produced.	Four (4) market intelligence reports on international markets produced.
2. Improved and well-coordinated ecosystem support for small enterprises.	Business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Number of business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	N/A	Target not achieved: Two (2) business infrastructure for SMMEs and Co-operatives refurbished or built.	Target not achieved: Five (5) approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Five (5) business infrastructures (Including products markets) for SMMEs and Co-operatives refurbished or built.	Ten (10) business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Ten (10) business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Ten (10) business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.
3. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.	Informal and Micro Enterprises supported through the Informal and Micro Enterprise Development Programme (IMEDP).	Number of informal businesses supported through IMEDP.	N/A	N/A	Target Achieved: 2 045 of informal business supported through IMEDP.	2 000 informal business supported through IMEDP.	2 000 informal businesses supported through IMEDP.	2 000 informal businesses supported through IMEDP.	2 000 informal businesses supported through IMEDP.

1.3.3. Output indicators: annual and quarterly targets

Output Indicators	2025/26 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of products Manufactured and services rendered by MSMEs linked to domestic market.	250 products manufactured and services rendered by MSMEs linked to domestic market.	75 products manufactured and services rendered by MSMEs linked to domestic market.	75 products manufactured and services rendered by MSMEs linked to domestic market.	50 products manufactured and services rendered by MSMEs linked to domestic market.	50 products manufactured and services rendered by MSMEs linked to domestic market.
Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations developed and approved by Accounting Officer.	Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations developed and approved by Accounting Officer.	Stakeholder Consultations conducted.	A draft instrument and monitoring tool developed.	Stakeholder engagements conducted on the Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations.	Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations developed and approved by Accounting Officer.
Number of MSMEs exposed to global market opportunities.	200 MSMEs exposed to global market opportunities.	20 MSMEs exposed to global market opportunities.	80 MSMEs exposed to global market opportunities.	50 MSMEs exposed to global market opportunities.	50 MSMEs exposed to global market opportunities.
Number of market intelligence reports on international markets produced.	Four (4) market intelligence reports on international markets produced.	One (1) market intelligence report on international markets produced.	One (1) market intelligence report on international markets produced.	One (1) market intelligence report on international markets produced.	One (1) market intelligence report on international markets produced.
Number of business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Ten (10) business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Progress report on the implementation of the approved projects presented to EXCO.	Progress report on the implementation of the approved projects presented to EXCO.	Five (5) business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Five (5) business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.
Number of informal businesses supported through IMEDP.	2 000 informal businesses supported through IMEDP.	500 informal business supported through IMEDP.	500 informal business supported through IMEDP.	500 informal business supported through IMEDP.	500 informal business supported through IMEDP.

1.3.4. Explanation of Planned Performance over the Medium-term Period

During quarter three of the 2020/21 financial year, the MSMEs-focused Localisation Policy Framework and Implementation Programme was approved by the Cabinet. This approval gave way for various programmes to be launched, starting with the Small Enterprise Manufacturing Support Programme (SEMSP), which focuses on funding MSMEs linked to the market to increase their capacity and improve their competitiveness. The products listing, which was conceptualised to identify the readiness of products manufactured by MSMEs that could be listed on the shelves of retailers and wholesalers, was also launched. During the 2025/26 financial year, the Department, through the implementation of this Policy Framework, will continue to ensure that 250 products are manufactured, and services rendered by MSMEs, and Co-operatives are linked to the domestic market, such as major retailers, wholesalers and other big companies. For this financial year, DSBD will also explore the linking of MSME products to spaza shops, general dealers and other regional supermarkets found in townships, villages and small towns. For the 200 MSMEs exposed to global markets, DSBD will pursue countries within the African continent through the African Continental Free Trade Area (AfCFTA), the European markets through SA's strategic partnership with the European Union and Asian and American markets.

Further, to deepen industrialisation through localisation, DSBD designed the National Cluster Support Programme as a tool to enhance the competitiveness of small enterprises. Cluster initiatives can be described as a collaboration between different interest groups in a particular sector or niche to remove the impediments, identify new market opportunities, improve skills coming into the system, attract investment and collectively cooperate to grow the targeted sector or niche. Clusters typically include a diverse group of interested stakeholders that could include public and private sector actors, encompassing core firms, suppliers and specialised service providers to the industry, public sector agencies and academia. Sometimes referred to as the "Triple-Helix" approach, clustering brings together government, the private sector and academia in a powerful growth alliance. The cluster initiative has been linked to the Shared Economic Infrastructure Facility and revamped into a new programme called the Business Infrastructure and Cluster Support Programme. It is envisaged that the cluster component will support three (3) cluster projects per annum starting from the 2025/26 FY.

Given South Africa's G20 Presidency, DSBD will be hosting two major events this year, the StartUp20 Summit and the Global SME Ministerial Conference. The StartUp20 event is coordinated in collaboration with the Department of Science, Technology and Innovation.

The Global SME Ministerial event is coordinated in collaboration with the International Trade Centre, an agency of the World Trade Organisation. This event will take place in Durban from the 22 to 24 July 2025. It is envisaged that approximately 300 delegates, including 60 Ministers will participate in the event to focus on green transition, access to finance and digital connectivity. Alongside the event, an exhibition of approximately 30 MSMEs will take place, representing sectors such as green tech, agri-business, and others.

The NDP prioritises the significant role of WYPWDs in our society. Addressing gender equality between men and women and dismantling patriarchal systems remains a key challenge in ensuring women's inclusion in the short-, medium- and long term. Empowering WYPWDs cuts across all four departmental programmes. During the 2025/26 financial year, the Department will mainstream programmes on empowerment and development of WYPWDs with minimum targets: a minimum 35% target for women, 30% for youth and 3% for PWDs over the medium-term period. Through the Integrated Co-operatives and Micro Enterprise Development programme, the following targets will be mainstreamed:

- 250 products manufactured and services rendered by MSMEs linked to the domestic market.
- 200 MSMEs exposed to global market opportunities.
- 2 000 informal businesses supported through IMEDP.
- Ten (10) business infrastructures (including products, markets and MSME Hubs) for MSMEs refurbished or built.

Lastly, during the current administration, the department will step up its role in compliance and accountability, especially in implementing the new Public Procurement Act, which holds potential for benefiting black-owned, women-owned, and youth-owned MSMEs. The Public Procurement Act, 2024 (Act No. 28 of 2024) was approved by the President and published as an Act in the Government Gazette on 23 July 2024. The Act is intending to regulate public procurement, prescribe a framework within which preferential procurement must be implemented and also provide for matters connected therewith. The planned outputs for programme three contribute to 2024-29 MTDP Priority 1: Inclusive growth and job creation and in particular, outcomes on enabling environments for investment and improved competitiveness through structural reforms.

1.3.5. Programme Resource Considerations

PROGRAMME THREE: SUB-PROGRAMME	2025/56	2026/27	2027/28	TOTAL MTEF
	R'000	R'000	R'000	R'000
Integrated Co-operatives and Micro Enterprise Development	321 731	328 179	342 469	992 379
Economic Transformation Initiatives	119 033	122 884	128 437	370 354
Value Chain and Market Access Support	48 392	49 692	51 884	149 967
TOTAL	489 156	500 755	522 790	1 512 701

Programme 3 (Integrated Co-operatives and Micro Enterprise Development): The Programme is allocated R489.2 million in 2025/26 and R1.513 billion over the medium term. The Integrated Co-operatives and Micro Enterprise Development programme is responsible for driving economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support. This will be achieved through the following four subprogrammes:

Integrated Co-operatives and Micro Enterprise Development sub-programme is allocated R321.7 million in 2025/26 and R992.4 million over the medium term to provide leadership to the branch and coordinate provision of business infrastructure services to small businesses, co-operatives and the informal sector.

- **The Shared Economic Infrastructure Facility (SEIF)** programme is allocated a total of R310.8 million in 2025/26 and R958.7 million over the medium term. SEIF has been developed to support the Municipalities, National Government, Provincial Government, Private Sector, Secondary Cooperatives and MSMEs through a co-funding approach for the establishment of shared infrastructure facilities. These facilities will either be a refurbishment of dilapidated buildings or construction of a new structure/ building or a containerised structure model that will benefit MSMEs, the informal sector and Co-operatives. These shared facilities can be used for production purposes and access the market by displaying their products/services or their produce to the market. The facility is a cost-sharing initiative with national government, provincial government, municipalities, the private sector, SOEs, agencies of government and secondary cooperatives to an amount not exceeding R15 million per project. By the end of the 2023/24 financial year, the facility had supported the establishment and refurbishment of at least 11 product markets, with six completed and five in different stages of construction.

Economic Transformation Initiatives sub-programme is allocated R119 million in 2025/26 and R370.4 million over the MTEF to manage economic transformation through Informal Business, Co-operatives and Micro Enterprise Development and Support.

- **Informal Micro Enterprise Development Programme (IMEDP)** - A total of R36.7 million in 2025/26 and R112.4 million over the medium term to support 6000 informal traders. The Informal and Micro Enterprises Development Programme was espoused from the National Informal Business Upliftment Strategy (NIBUS) that was developed in 2012 and 2013 to address the development void at the lower base of the MSME Development strategy. IMEDP intends to develop and strengthen the capacity of credible Informal and microenterprises to be sustainable through the provision of access to information and business infrastructure for eligible applicants. Through the IMEDP, DSBD supported 2 045 informal businesses against a target of 1 333 in the 2023/24 financial year. The overachievement on the set target was due to the review and refinement of the Standard Operating Procedures (SOP) and Guidelines that detail specific elements for the successful roll-out and delivery of the programme, as well as the provision of additional financial resources during the year through reprioritisation. Over the MTEF period, a total of 6 000 informal traders will be supported through this programme.
- **Co-operatives Development Support Programme (CDSP)** is targeted at Co-operatives that cannot be funded by available support instruments due to factors related to, but not limited to risk, amount, viability, inadequate management and technical expertise, etc. The Co-operatives Development Support Programme is aimed at reducing the cost of borrowing and improving the affordability and disposable income of the Co-operatives involved. Existing Co-operatives that are in distress will also be catered for under this programme.

Due to capacity constraints within the responsible Branch in DSBD, the rolling out of the programme has been delegated to SEDFA, whilst the Department is responsible for providing oversight.

During the 2023/24 financial year, DSBD received approval to move the programme from the Small Enterprise Finance Agency (sefa) to **Seda** and this allocation was added to an existing transfer payment line item (Seda operations) which is under Programme 4: Enterprise Development, Innovation and Entrepreneurship. This was because all other transfers to Seda are in Programme 4. This arrangement has, however, brought challenges when it comes to providing oversight and approvals of the monthly transfers to Seda.

In view of the above challenge, the Department has taken a decision to move the programme internally, from the Seda line item in Programme 4 to Programme 3 (Integrated Co-Operatives & Micro Enterprise Development) under the sub-programme responsible for the Co-operatives development (Integrated Co-operatives & Micro Enterprise Development sub-programme). The estimated budget allocated to this programme over the MTEF is R192.1 million to support 600 Co-Operatives.



Value Chain and Market Access Support sub-programme is allocated R48.4 million in 2025/26 and R150 million over the MTEF to Manage the provision of market access support that grows value market chains.

- **The Small Businesses Exporters Development Scheme (SBEDS)** - The Department implemented the Small Business Exporter Development Scheme (SBEDS) Guidelines that it had introduced in March 2023 for the implementation of exposing MSMEs and Co-operatives to global market opportunities, bringing the Internal Relation (IR) Strategy to life. The purpose of the SBEDS is to compensate for the costs in respect of the activities aimed at the development of South African Small Business exporters with the objective to develop new export markets, broaden the export base for local products and services and stimulate job creation whilst increasing the participation of black owned enterprises in exports. In the 2023/24 financial year, the programme exposed 317 MSMEs and Co-operatives to global market opportunities, exceeding the set target of 200 MSMEs, largely due to the Global Entrepreneurship Congress Africa Plus that was hosted by the Department in March 2024. Through these initiatives, the overall objectives of the IR Strategy were met. Over the MTEF period, 600 MSMEs will be exposed to global market opportunities.
- **The MSME-focused Localisation Policy Framework** - The Department has made great strides in implementing the MSME-Focused Localisation Policy Framework in South Africa, as was approved by Cabinet during the 2020/21 financial year. Through this Framework, the Department aims to replace imports and build the manufacturing capacity of MSMEs.

To drive localisation, the Department designed a focused Small Enterprise Manufacturing Support Programme (SEMSP) that is aimed at building and supporting MSMEs participation in the manufacturing value chain. Since the SEMSP started approving transactions on 18 September 2020, R642.7 million was disbursed to 104 MSMEs, facilitating 4 488 jobs. The implementation of the MSME-Focused Localisation Policy Framework also saw a total of 285 products produced and services rendered by MSMEs being introduced to market in the period under review. Over the MTEF period, the Department plans to link 750 products to domestic markets.

- - Proudly South African works with the public and private sectors to promote increased levels of local procurement through supply chain structures and with consumers to change habits of everyday store and online purchases. The importance of partnering with Proudly SA is the ability to reach out to the South African public in educating the public to be aware of locally produced products as well as buy these products when they make their shopping. This partnership will ensure that more MSMEs are known by the public. With the allocated budget of R6 million over MTEF, the programme aims to support 300 enterprises.



1.4. Programme Four: Enterprise Development, Innovation and Entrepreneurship

Purpose: Oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth, and sustainability of MSMEs.

1.4.1. Sub-Programme and Purpose:

- **Enterprise Development, Innovation and Entrepreneurship** - Provide leadership to the branch and manage provision of innovative solutions that support transversal applications management and digital business support.
- **Entrepreneurship and Enterprise Development** - Manage the formulation of policy instruments and advocacy work aimed at the inclusion of MSMEs in the mainstream economy.
- **Funding Support and Coordination** - Oversee expansion of access to finance for MSMEs and the Informal Sector through an integrated approach.

1.4.2. Outcomes, outputs, performance indicators and targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1.Improved integrated and stream-lined business processes and systems for MSMEs.	Revised SBD Portfolio Digital Transformation Strategy.	SBD Portfolio Digital Transformation Strategy reviewed and approved by Accounting Officer.	Target achieved: Phase 3: SMME Database – Key Trade Exchange Platform integrated and enhanced reporting implemented.	Target not achieved: Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises was not implemented.	Target Not Achieved: Phase 6: SMME Database – Business Licensing and Centralised Permit System was not developed and approved by EXCO.	N/A	SBD Portfolio Digital Transformation Strategy reviewed and approved by Accounting Officer.	SBD Portfolio Digital Transformation Strategy implemented and reported on.	SBD Portfolio Digital Transformation Strategy implemented and reported on.
2. Improved and well-co-ordinated ecosystem support for small enterprises.	National Policy Framework on Incentives for Small Enterprises approved.	National Policy Framework on Incentives for Small Enterprises developed and approved by Accounting Officer.	N/A	N/A	N/A	N/A	National Policy Framework on Incentives for Small Enterprises approved by the Accounting Officer.	National Policy Framework on Incentives for Small Enterprises Implemented and reported on.	National Policy Framework on Incentives for Small Enterprises Implemented and reported on.
	Fund of Funds Implementation Plan.	Fund of Funds Implementation Plan developed and approved.	Target not achieved: SMMEs and Co-operatives Funding Policy Not approved, implemented and reported on.	Target achieved: Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy was approved by EXCO.	Target Achieved: Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy was approved by EXCO.	SMMEs and Co-operatives Funding Policy Implementation Reports approved.	Fund of Funds Implementation Plan developed and approved.	Fund of Funds Implemented and reported on.	Fund of Funds Implemented and reported on.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Township and Rural Economy Revitalisation Policy Implementation Plan report.	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.	N/A	N/A	Target Achieved: Township Economy Revitalisation Policy Implementation plan approved by EXCO.	Bi-Annual Progress Reports on the Implementation of the Township Economy Revitalisation Policy approved.	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.
	StartUp Policy	StartUp Policy approved by Accounting Officer.	N/A	N/A	N/A	N/A	StartUp Policy approved by Accounting Officer.	Bi-Annual Progress Reports on the Implementation of the StartUp Policy approved.	Bi-Annual Progress Reports on the Implementation of the StartUp Policy approved.
3. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.	National Entrepreneurship Strategy and Implementation Bi-annual Progress Report.	National Entrepreneurship Strategy and Implementation Plan approved by Cabinet.	N/A	N/A	National Entrepreneurship Strategy approved by EXCO.	Bi-annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	National Entrepreneurship Strategy and Implementation Plan approved by Cabinet.	N/A	N/A
	National Entrepreneurship Strategy Annual Progress Report.	Annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.					Annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	Bi-annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	Bi-annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Incubation and Business Development Services Policy.	Incubation and Business Development Services Policy approved by Cabinet.	N/A	N/A	N/A	N/A	Incubation and Business Development Services Policy approved by Cabinet.	Bi-annual Progress Report on the Implementation of the Incubation and Business Development Services Policy Framework approved.	Bi-annual Progress Report on the Implementation of the Incubation and Business Development Services Policy Framework approved.
	Programmes, reviewed and redesigned for Financial and non-financial supports over the MTDP Period (Performance based monitoring of programmes).	Number of Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	N/A	N/A	N/A	N/A	Four (4) Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	Four (4) Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	Four (4) Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.
	Township and rural MSMEs assisted with Asset Assist Support Programme.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R million.	N/A	N/A	N/A	N/A	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R 208. 363 million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R 206. 454 million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R 215. 744 million.

1.4.3. Output indicators: annual and quarterly targets

Output Indicators	2025/26 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
SBD Portfolio Digital Transformation Strategy reviewed and approved by Accounting Officer.	SBD Portfolio Digital Transformation Strategy reviewed and approved by Accounting Officer.	Project plan on SBD Portfolio Digital Transformation Strategy developed.	Stakeholder Consultations on the SBD Portfolio Digital Transformation Strategy conducted.	Draft SBD Portfolio Digital Transformation Strategy developed.	SBD Portfolio Digital Transformation Strategy reviewed and approved by Accounting Officer.
National Policy Framework on Incentives for Small Enterprises developed and approved by Accounting Officer.	National Policy Framework on Incentives for Small Enterprises approved by the Accounting Officer.	Stakeholder mapping developed.	Draft National Policy Framework on Incentives for Small Enterprises developed.	Stakeholder consultations on the draft National Policy Framework on Incentives for Small Enterprises conducted.	National Policy Framework on Incentives for Small Enterprises approved by the Accounting Officer.
Fund of Funds Implementation Plan developed and approved.	Fund of Funds Implementation Plan developed and approved.	Consultations with key stakeholders were conducted.	Consultations with key stakeholders were conducted.	Draft Fund of Funds Implementation Plan developed.	Fund of Funds Implementation Plan approved.
Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.	N/A	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.	N/A	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.
StartUp Policy approved by Accounting Officer.	StartUp Policy approved by Accounting Officer.	StartUp issue paper approved	Consultations on StartUp issue paper	Consultations on StartUp issue paper	StartUp Policy approved by Accounting Officer.
National Entrepreneurship Strategy and Implementation approved by Cabinet.	National Entrepreneurship Strategy and Implementation Plan approved by Cabinet.	Consultation report with key stakeholders.	Consultation report with key stakeholders approved by approved/recommended by the cluster.	National Entrepreneurship Strategy and Implementation approved by Cabinet.	N/A
Annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	Annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	N/A	N/A	N/A	Annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.
Incubation and Business Development Services Policy approved by Cabinet.	Incubation and Business Development Services Policy approved by Cabinet.	Incubation and Business Development Services Policy stakeholder consultation conducted.	Incubation and Business Development Services Policy stakeholder consultation conducted.	Incubation and Business Development Services Policy stakeholder consultation conducted.	Incubation and Business Development Services Policy approved by Cabinet.

Output Indicators	2025/26 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes), resulting in a Revised Programme Guideline approved.	Four (4) Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	Progress Report on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	Progress Report on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	Progress Report on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	Progress Report on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.
Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R 208. 363 million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R 52 090.75 million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R 52 090.75 million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R 52 090.75 million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R 52 090.75 million.

1.4.4. Explanation of Planned Performance over the Medium-Term Period

The Department, through programme four over the medium-term period, will contribute to government Priority 1: Inclusive economic growth and job creation. It also supports the realisation of the NDP's goals of transforming the economy to make it more inclusive and the creation of 90% of the 11 million jobs targeted in the 2030 NDP. To achieve these goals, the Department aims to increase the number of competitive small enterprises by intensifying support to small enterprises to navigate the start-up phase through to the growth phase and ensure that growth-ready enterprises are able to scale up. To further improve on access to financial and non-financial support for Small Enterprises, Rural, and Township Economies Outcome following piece of policy will be developed, and its implementation reported on:

- **National Township Economic Revitalisation Policy**, which is to strengthen inter-governmental relationships and mobilise broad public, private and civil society partnerships in support of integrated and sustainable township economic development.
- **StartUp Policy**, which is a set of guidelines, regulations, and initiatives developed by the department to foster and support the growth of new and emerging businesses, often referred to as startups. The policy is designed to create an enabling environment for innovation, entrepreneurship and the scaling of new business ventures, particularly in their early stages.
- **Business Development Services Policy** is a set of guidelines and strategies designed to support the growth of Micro, Small and Medium Enterprises, startups, and entrepreneurs. The aim is to create an ecosystem that provides resources, mentorship, funding and networking opportunities to help new businesses thrive, especially in their early stages.

The Department has introduced five burning platforms/Game-Changer Programmes that will recalibrate the small enterprise ecosystem. Through Programme four, Game-Changer One: New Economy Start-up: The intervention is aimed at creating a more enabling support ecosystem for high-tech and energy start-ups and Game-Changer Three: Refuelled Incubator / Accelerator Programme: This programme will primarily extend the existing network of incubators for start-ups and accelerators for scale-ups in terms of the tiered small business support model that will be implemented. During the medium-term period, the department produce sector-focused and hybrid incubation implementation reports and digital hub support strategy and Bi-annual Progress Report on the implementation of the National Entrepreneurship Strategy.

1.4.5. Programme Resource Considerations

PROGRAMME FOUR: SUB-PROGRAMME	2025/56	2026/27	2027/28	TOTAL MTEF
	R'000	R'000	R'000	R'000
Enterprise Development, Innovation and Entrepreneurship	9 424	9 868	10 314	29 605
Entrepreneurship and Enterprise Development	1 201 475	1 254 613	1 312 540	3 768 628
Funding Support and Coordination	936 224	989 639	1 035 253	2 961 116
TOTAL	2 147 123	2 254 120	2 358 106	6 759 349

Programme 4 (Enterprise Development, Innovation and Entrepreneurship): Programme 4 is allocated the most budget, with an allocation of R2.147 billion in 2025/26 and R6.759 billion over the medium term. The Programme's main responsibility is to oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth, and sustainability of MSMEs. This will be achieved through the following sub programmes:

Enterprise Development, Innovation and Entrepreneurship sub-programme is allocated R9.4 million in 2025/26 and R29.6 million over the MTEF to provide leadership to the branch and manage provision of innovative solutions that support transversal applications management and digital business support.

Entrepreneurship and Enterprise Development sub-programme is allocated R1.201 billion in 2025/26 and R3.769 billion over the MTEF to manage the formulation of policy instruments and advocacy work aimed at the inclusion of MSMEs in the mainstream economy. Of this allocation, R1.175 billion in 2025/26 and R3.683 billion will be transferred to the SEDFA over the MTEF period.

- **Establishment of the Small Enterprise Ombuds Service** – is allocated seed funding of R3 million in 2025/26 and R10.2 million over the MTEF. Small enterprises need an effective mechanism to resolve their disputes in an efficient and cost-effective manner. The litigation route for resolving disputes, however, places small enterprises at a significant disadvantage relative to their larger business counterparts. Business-to-business disputes and late and non-payment from business and government entities are a key challenge for small enterprises across the world, with very real implications on their sustainability and growth. In most jurisdictions, the most prevalent way of resolving such disputes legally is through litigation, which is an expensive process. President Cyril Ramaphosa assented to the National Small Enterprise Amendment Bill, which enables the Department to commence with the work of establishing this entity. With the allocated seed funding, the Department will focus on setting up the core structures and the recruitment of critical personnel who will ensure that this entity is up and running as soon as possible.

Funding Support & Coordination sub-programme is allocated R936.2 million in 2025/26 and R2.961 billion over the medium term to oversee expansion of access to finance for MSMEs, Co-operatives and the Informal Sector through an integrated approach. This sub-programme will enable the Department, through sefa, to continue to administer a set of incentive programmes that target a wide range of MSMEs and Cooperatives in line with the approved DSBD business delivery model.

- The **Township and Rural Enterprises Programme (TREP)**: This is allocated R369.3 million in 2025/26 and R1.205 billion over the medium term. The Department implemented the Township and Rural Entrepreneurship Programme (TREP) that is meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas. The programme is targeted towards designated groups – women, youth and PWDs.

Furthermore, the Department continues to facilitate the increase in the number of competitive small businesses with a focus on township and rural economies. The competitive MSMEs and Co-operatives are those that are supported financially and/or non-financially with the ability to create or sustain jobs. A total of 50 077 competitive MSMEs and Co-operatives was supported by 31 March 2024.

- **Small Enterprise Manufacturing Support Programme**: This aims to build a manufacturing sector for an improved industrial base (productive economy) through a focused import replacement programme and to build the industrial base for both the domestic market and external market (in particular, the African Union market). This Programme is funded through the Blended Finance Programme and has been allocated R270.4 million in 2025/26 and R848.7 million over the MTEF and aims to promote localisation, strengthen industrialisation, and address issues around import substitution.
- **Craft Customised Sector Programme**: Craft producers, designers and visual artists are found all over South Africa, in rural, peri-urban, and urban areas, and their challenges vary in extent depending on where they are located. What is common across the board is that every individual and business rely on sales for their income, and every single individual and business has seen their income drop significantly due to the difficult economic challenges. The Department will support 3 000 crafters through the Craft Customised Sector Programme with a budgeted amount of R38.9 million over the MTEF.
- **Youth Start-up Fund**: The programme is allocated a total of R31.8 million in 2025/26 and R99.8 million over the MTEF. Youth Start-up is an APP target and the President through his State of the nation's address in 2021, announced the support of youth businesses. The Youth Challenge Fund will be redesigned with the intent of increasing maximum participation towards supporting enterprises with 60 000 interventions over the MTEF period.
- **Asset assist**: The programme is allocated a total of R219.3 million in 2025/26 and R663.7 million over the MTEF. Asset Assist seeks to support small businesses with equipment, machinery and stock. The programme is targeted at South African MSMEs that are registered with CIPC and are compliant with tax requirements and other relevant legislation. Asset Assist places priority on small businesses in rural, township and peri-urban areas and with majority participation of women, youth and persons with disabilities.

The small businesses must demonstrate potential and/or capacity to produce, manufacture and supply goods and services to the public and private sectors on a sustainable basis. Support includes business-related equipment and will also offer working capital (raw material) of up to 15% of the total equipment.



2. KEY RISKS AND MITIGATION FROM THE ANNUAL PERFORMANCE PLAN

The Department fully understands its statutory obligations in respect of risk management. To that end, the Department will continue to enhance the risk management culture as contemplated in Section 38(1)(a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Department is guided by the Public Sector Risk Management Framework, 2008, which aims to support departments to improve and sustain their performance by enhancing their systems of risk management.

Outcomes	Key risks	Risk mitigations
Improved Governance and Compliance.	Payment of suppliers in excess of 30 days contributes to the mortality rate of MSMEs & Co-operatives.	Continually educate suppliers and Service Owners about the importance of submitting invoices to the centrally allocated Unit.
	Late financial reporting resulting in non-compliance with legislative requirements and tarnishing the Department's reputation.	Reporting timelines embedded in performance agreements (Finance Unit and stakeholders) and monitored monthly. Send a reminder to the stakeholders to provide inputs on quarters 1,2 & 3 and annually.
	Cybersecurity threats	1. Upgrade to the latest supported operating systems, ensuring application compatibility, and uninstall unused applications (dependent on the appointment of a Server Administrator). 2. Regularly reviewing and closing unused ports to prevent potential entry points for attackers (dependent on the appointment of a Server Administrator). 3. Develop a vulnerability remediation strategy, prioritising the mitigation of critical vulnerabilities on high-value assets. 4. Continuous cybersecurity awareness sessions and also to change their passwords to unique credentials not used on social media platforms (dependent on the availability of a GITO). 5. Implementation of the Disaster recovery plan (DRP).
Reduced regulatory and administrative burdens for MSMEs.	Non-implementation of the regulatory reform Plan and Red Tape Reduction Framework by stakeholders.	1. Conduct thorough research on Regulatory and Administrative reforms.
	Failure to finalise the Business Licensing Bill.	Conduct thorough research. 2. Engage stakeholders to solicit inputs and the necessary support. 3. Conduct extensive consultation workshops on Business licensing Bill.



Outcomes	Key risks	Risk mitigations
	Non-implementation of the Regulatory Reform Plan and Red Tape Reduction Framework by stakeholders.	<ol style="list-style-type: none"> 1. Conduct thorough research on Regulatory and Administrative reforms. 2. Engage stakeholders to solicit inputs, feedback and the necessary support. 3. Conduct extensive consultation workshops on Red tape Reduction initiatives. 4. DSBD to collaborate with relevant departments through implementing the regulatory impediment implementation plan.
Improved integrated and streamlined business processes and systems for MSMEs.	Inability to fully support and monitoring of the Incubation and Digital Hub programme	<ol style="list-style-type: none"> 1. Follow up with National Treasury to provide feedback on the proposal submitted. 2. Conduct a monthly meeting with Seda to address issues of MOU, and disbursement of funds.
Enhanced evidence-based business information and sector-wide monitoring and evaluation.	Poor quality of programme/strategy plans that are developed without a clear theory of change.	<ol style="list-style-type: none"> 1. Involvement of programme managers in the implementation of the evaluation to promote ownership and usage on evaluation outputs <p>Institutionalisation of an Evaluation Steering Committee (ESC). This group provides technical support, advice and expertise.</p>
	Inability to provide evidence-based research for programme development.	<ol style="list-style-type: none"> 1. Establish a committee that will facilitate the implementation of the knowledge and data management in DSBD. 2. Develop the knowledge management policy and strategy 3. Develop the data management policy. 4. Capacitate the research Unit.
Increased participation of MSMEs in domestic and international markets.	MSMEs products not aligned with the requirements of domestic and global markets.	<ol style="list-style-type: none"> 1. Continuous negotiations with the private and public sectors to support local products. 2. Continuous engagements with high commission and departmental counterparts in other countries. Participate in multilateral and bilateral discussions through DIRCO IDMs.
Increased contribution of MSMEs in priority sectors.	Inability to develop evidence-based and high-impact MSMEs development programmes for cannabis.	<ol style="list-style-type: none"> 1. Develop a concept note for consultations. 2. To test the appetite of the stakeholders in organising the cannabis sector through consultations. 3. Build relations with stakeholders to keep abreast with changes.



Outcomes	Key risks	Risk mitigations
Improved and well-coordinated ecosystem support for small enterprises.	Failure to coordinate responsive support to MSMEs through internal programmes and partners interventions.	<ol style="list-style-type: none"> 1. Requesting the direct support from portfolio stakeholders on specific agreements. 2. Present the partnership strategy, TOR, and framework to portfolio stakeholders. 3. Request the portfolio stakeholder to nominate representatives to the steering committee. 4. Timeous submission of the agreements to the partnership steering committee (PSC).
	Delay in the completion of the infrastructure projects.	<ol style="list-style-type: none"> 1. Include a clause in the guidelines to request the strategic partners to invest prior to the start of the project. 2. Penalty clause to be included in the guidelines on non-compliance with requirements for support. 3. Conduct extensive consultation with the communities.
Increased access to financial and non-financial support for new and existing Small Enterprises, Rural, and Township Economies.	Inability to meet the woman, youth and persons with disabilities target.	<ol style="list-style-type: none"> 1. Programme managers must include the WYPD targets at a planning phase. 2. Development of the dedicated programmes with a dedicated budget. 3. Ensure that the programme managers provide disaggregated data at reporting. 4. Internal audit Unit to integrate the targeted group (GEYODI) as part of audit. 5. Conduct a review and work study investigation for the realignment of the functions within the Departmental organisational structure.
	Inability to utilise the allocated budget for assets assistance programmes	<ol style="list-style-type: none"> 1. Streamline procurement and payment processes to expedite disbursement. 2. Implement automated tracking for purchase orders to improve efficiency.



3. Public Entities

Name of Public entity	Mandate	Outcomes
Small Enterprise Development Finance Agency (SEDFA),	<ul style="list-style-type: none">• To function as the apex development finance agency for the facilitation and implementation of efficient, effective, financial, and non-financial support to small enterprises across their lifecycle.• To support, coordinate and manage the small enterprise development ecosystem across South Africa.• To facilitate collaboration among the public, private and non-governmental organisations to build a vibrant small enterprise sector.	<ol style="list-style-type: none">1. Increased growth and sustainability of MSMEs and Co-operatives.2. Enhanced access to finance by MSMEs and Co-operatives.3. Increased access to co-operative financial services by communities to ensure economic transformation.4. Increased localisation and market penetration by MSMEs and Co-operatives.5. Integrated and coordinated ecosystem support for MSMEs and Co-operatives.6. An agile, innovative, excellent and customer-centric organisation.

4. Infrastructure projects

No.	Project name	Programme	Description	Outputs	Start date	Completion date	Total estimated cost	Current expenditure
1.	Business Infrastructure, product Markets and Cluster Programmes	Shared Economic Infrastructure Facility	The Shared Economic Infrastructure Facility initiative is implemented in collaboration with selected and qualifying municipalities through refurbishing infrastructure for the purpose of MSMEs and Cooperatives to conduct business and showcase their products and services.	<ul style="list-style-type: none"> • Business Infrastructures (including products markets, MSME Hubs) for MSMEs refurbished or built. • Clustering of MSMEs within or outside the refurbished facilities. 	2025/30 financial year	2029/30 financial year	RR958.7 million over the medium-term	R310.8 million in 2025/26

5. Public-Private Partnerships (PPPs)

Not applicable to DSBD.



PART D

TECHNICAL INDICATOR DESCRIPTIONS (TIDs)



PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

Annexure B: Conditions grants

Not applicable

Annexure C: Consolidated Indicators

Not Applicable

Annexure D: District Development Model

DSBD DDM Approach

The DSBD has aligned its DDM approach to the DDM Framework that was approved by Cabinet and is driven by COGTA. The DSBD has aligned its approach to the following key identified roles for Sector Departments:

- Allocate dedicated senior officials to participate in the One Plan development process
- Participate in the intergovernmental coordination and planning structures and sessions at national, provincial, and district/metro level to provide sectoral perspectives on the status as well as commitments and key projects

Ensure that the implementation commitments in each district and metro spaces are incorporated and inform the strategic plans and Annual Performance Plans in line with the Government Planning cycle.

POLITICAL PRINCIPAL AND SECTOR DEPARTMENT'S DDM ROLE & FUNCTION	DSBD IMPLEMENTATION
<ul style="list-style-type: none">• Provide political oversight and support to improve cooperation and collaboration across the 3 spheres of governance to implement DDM.• Allocate dedicated senior officials to participate in the One Plan development process for each district and metro and contribute towards the shaping of it as a cohesive national government response.	<p>The President appointed the Minister of Small Business Development as the Champion for Alfred Nzo District and the former Deputy Minister as the political champion for Xhariep District. Given Departmental national mandate on MSME development, the principals have been active in all districts in the development and servicing of MSMEs across the country.</p> <p>DSBD has appointed senior officials as district champions for all districts. DSBD has, furthermore, appointed provincial champions who would ensure coordination of the DSBD district champions within a province.</p> <p>The Department has, in addition to its provincial and district champions, appointed 14 district coordinators (ASD level) who are located within the selected districts, thus extending the reach of the Department into communities.</p> <p>DSBD agencies SEDFA (Seda & sefa) have also appointed senior managers as district champions. SEDFA (Seda) is implementing a new model called the District Eco-System Facilitation model for enterprise development</p>



POLITICAL PRINCIPAL AND SECTOR DEPARTMENT'S DDM ROLE & FUNCTION	DSBD IMPLEMENTATION
<p>Participate in the intergovernmental coordination and planning structures and sessions at national, provincial, and district/metro levels to provide sectoral perspectives on the status as well as commitments and key projects that will contribute to the achievement of the desired future and outcomes agreed upon in each district/metro.</p>	<p>DSBD district Champions and coordinators actively participate in the DDM structures. Unfortunately, after the initial meetings to review and re-develop district One Plans, very few meetings have been facilitated by districts themselves.</p> <p>The DDM structures are mostly activated when there is a Presidential or Ministerial Imbizos.</p> <p>DSBD has coordinated provincial DDM engagements, although focused on the provincial and local economic development.</p> <p>DSBD is participating in the National, Provincial and Local Economic Development Forums, but not all Provinces and districts have active LED forums.</p>
<p>Ensure that the implementation commitments in each district and metro space are incorporated and inform the strategic plans and Annual Performance Plans in line with the Government Planning cycle.</p>	<p>The DSBD Portfolio is slowly but steadily increasing its services to poorly serviced provinces and districts.</p> <p>Gauteng still commands the lion's share of financing from the portfolio, especially its three metros. In other provinces, some districts have secured a higher share of funding; for example, in the Eastern Cape, OR Tambo District has received a higher share of DSBD financing than both the Nelson Mandela Bay and the Buffalo City Metros.</p> <p>The service delivery model of the DSBD Portfolio does not lend itself to the setting of pre-determined targets for each district and/or or local municipality given that access to DSBD Portfolio is enabled through an application process.</p> <p>The MSME Support Plan was an attempt to set predetermined targets per district, but these targets could not be met given that the ability and interest of MSMEs to submit applications is not within our control.</p> <p>Given that there is an expectation for each sector department to provide commitments per district, DSBD would need to come up with a workable approach in this regard.</p> <p>The DSBD has coordinated six Ministerial Imbizos and also participated in three Presidential Imbizos as part of the implementation of the DDM.</p>

NOTES

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**Published by the Department of
Small Business Development**

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RP139/2025
ISBN: 978-1-77997-783-0