

NATIONAL PRESIDENTIAL MSME & COOPERATIVES SUMMIT

21-22 NOVEMBER 2024
GALLAGHER CONVENTION CENTRE



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MSME & COOPERATIVES
SUMMIT

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NATIONAL PRESIDENTIAL MSME & COOPERATIVES SUMMIT



small business
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Department
Small Business Development
REPUBLIC OF SOUTH AFRICA



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"IGNITING THE SPIRIT OF ENTREPRENEURSHIP"

Executive Summary

The National Presidential MSME & Cooperatives Summit 2024 provided a vital platform to address South Africa's economic challenges by uniting stakeholders from public, private, and global sectors. It aimed to promote innovation, inclusivity, and sustainable growth for MSMEs and cooperatives.

This report offers an overview of the Summit, summarising its objectives, discussions, and outcomes. It serves as a resource for stakeholders, policymakers, and practitioners, highlighting collaboration opportunities to build a resilient MSME ecosystem.

Day one set the stage for strategic discussions, with Minister Stella Ndabeni-Abrahams emphasising policy-driven support for MSMEs. Panel discussions addressed ecosystem coordination, innovation in startups, and leveraging enterprise and supplier development (ESD).

Day two focused on practical strategies to empower underserved communities, revitalise township and rural economies, and strengthen incubator/accelerator programmes. Stakeholders shared case studies and explored pathways to foster sustainable MSME growth.

The Summit established a foundation for coordinated action, advancing a robust MSME ecosystem prioritising innovation, inclusivity, and economic resilience. It fostered meaningful collaborations, catalysing progress towards South Africa's development goals.



1. Introduction and Background

The inaugural National Presidential MSME and Cooperatives Summit was held in 2022, alongside the first Presidential Awards. Under the National Integrated Small Enterprises Development Strategic Framework (NISED), it was established that national summits would occur biennially, with provincial conferences taking place in alternate years. The 2024 National Presidential MSME and Cooperatives Summit was the second national summit since the approval of the NISED framework and its proclamation as the National Enterprise Support Strategy in February 2023.

The inaugural summit provided a comprehensive review of the small enterprise sector in South Africa, including an assessment of progress made on priorities identified during the previous summit. It also included provincial reviews aligned with the District Development Model (DDM) and its "One Plan" framework. These reviews outlined objectives for MSME growth at provincial and district levels, investment targets, and initiatives for public-private partnerships aimed at developing and supporting MSMEs across the country.

The inaugural summit featured outcomes from sector-specific masterplans related to MSME development, support (products and services), and investment. It offered a platform for national departments, implementing agencies, and research partners to present their findings and recommendations on MSME policies, programmes, and developmental objectives, with particular attention given to the promotion of women and youth enterprise growth.

Additionally, small enterprise chambers, associations, sector representative bodies (covering small, medium, and informal enterprises), and networks were given the opportunity to engage, provide feedback, and advocate for their members' interests within the wider ecosystem.

The inaugural summit set the agenda, policies, and programmes of action for MSME and co-operative development and support. These initiatives were intended to be reviewed and reported upon at the next National Presidential MSME and Cooperatives Summit, ensuring accountability and sustained collaboration among all stakeholders in the ecosystem.

National Presidential MSME and Co-operatives Summit 2024: Purpose and Background

The MSME and Cooperatives Summit 2024 offers a platform for reviewing progress, renewing commitments, and setting a transformative pathway for MSMEs. Since its inception in 2022, the summit has been held every two years, supported by provincial conferences in alternate years, aligning with the National Integrated Small Enterprise Development Strategic Framework (NISED).

The outcomes from the 2022 inaugural national summit included:

- Red tape reduction. Research findings have noted that regulatory constraints and unintended consequences of regulatory measures is among one of the pronounced impediments of small enterprise growth in South Africa.
- Creating an enabling environment that is conducive to the growth of technology-based enterprises and start-ups as well as the green economy.
- Leveraging on the existing enterprise and supplier development (ESD) programme to ensure that private sector funding is channeled to small enterprises.
- Refueling the incubator/accelerator programme in order to develop requisite technical capability and capacity of small enterprises.

- The scale-up of the small enterprise funding. Existing small enterprise funding needs to be scaled-up with the intention of achieving higher penetration and higher impact through high growth enterprises, which includes available equity finance, the Khula Credit Guarantee (KCG) scheme amongst others.
- Strengthen coordination of partners and other role players in the ecosystem and an agreed overarching monitoring and evaluation framework.



2. The Objectives of the National Presidential MSME and Co-operatives Summit 2024

Identify new investment opportunities and market development initiatives to drive the growth of MSMEs and cooperatives



Establish commitments and agreements for implementable programmes and projects to support and promote the growth and sustainability of MSMEs and cooperatives.



Enhance coordination efforts within the ecosystem.



Report on investments made towards the development objectives of MSMEs and cooperatives.



Report on the challenges and opportunities related to MSME and cooperatives market development.



The Summit in Numbers

483



**Total
attendance
at Summit**

187

**DAY 1
Attendance**

237

**DAY 2
Attendance**

26



**No. of
Panel
experts**

3. Welcome and Setting the Tone

Thabo Mdluli

The summit proceedings commenced with Programme Director Thabo Mdluli welcoming attendees. In his opening remarks, Mdluli emphasised the summit's role as a platform for raising critical ideas and making valuable contributions toward supporting micro, small, and medium-sized enterprises (MSMEs) and cooperatives. Mdluli outlined the structure of the event, which included talks from practitioners, testimonials from business owners, and input from policymakers, representatives of large companies, financial institutions, and international stakeholders. Each of these perspectives contributes to advancing the MSME sector, which, as Mdluli noted, comprises over 90% of businesses globally.

This report captures the key outcomes and insights from the summit, organised to reflect the event's multifaceted structure. Subsequent sections detail the contributions of various stakeholders, including messages of supports, a key note discussion and panel discussions centred on practical experiences and lessons from the MSME ecosystem. The report also includes policy and strategic recommendations derived from the summit's deliberations, aimed at enhancing the support and sustainability of MSMEs and cooperatives. The concluding section synthesizes these findings and charts a path forward, offering actionable strategies to empower MSMEs as critical drivers of economic growth and resilience.



4. Economic Challenges and a Path Forward for South Africa

MEC Lebogang Maile

The insights highlighted critical issues affecting South Africa's economic trajectory, emphasising the need for urgent reforms and strategic interventions. He addressed the challenges of economic stagnation, fiscal constraints, and regulatory barriers, underscoring their impact on inclusive growth and the potential for transformative development. The following concerns were expressed in his speech:

Economic Stagnation and Policy Constraints

The inability to achieve sustained economic growth in South Africa was attributed to intersecting policy issues. He emphasised that, despite various initiatives, policy decisions had often hindered rather than supported inclusive growth, limiting opportunities for transformative economic development.



Allocation of Resources and Business Opportunities

Over the past three decades, significant financial resources were directed to entities that were not well-positioned to foster economic growth. This approach was seen as detrimental, and he argued for a drastic shift toward funding enterprises led by capable and committed entrepreneurs who could positively impact the economy.

Strategic Position within SADC

As the strategic centre of SADC, South Africa has the potential to attract investors and tourists by leveraging its position within the region. However, realising this potential would require effective leadership, enhanced stability, and proactive engagement with neighbouring countries to create a conducive environment for growth.

Government of National Unity and Economic Reform

The Government of National Unity (GNU) has made strides in addressing economic issues; however, questions remain about the speed and effectiveness of these reforms, especially in light of the country's pre-existing economic difficulties, which were exacerbated by the COVID-19 pandemic. Signs of positive progress, such as a drop in inflation and an increase in employment numbers, were noted, but further, more rapid advancement are deemed necessary.

Fiscal Strain and Budgetary Constraints

The national budget has come under considerable strain, leading to spending cuts across various sectors. For instance, the Gauteng Province had to reduce spending by R15 billion, in part due to the significant costs associated with the e-tolls project, which amounted to R20 billion for Phase 1 alone. Similarly, State-Owned Enterprises (SOEs) have received approximately R500 billion in bailouts over recent years, a level of support described as unsustainable. The core point he made was the need for more prudent fiscal management and sustainable financial strategies to address these challenges effectively.

Funding Challenges for SMMEs and Cooperatives

The national government requires an estimated R400 billion to adequately fund small, medium, and micro-enterprises (SMMEs) and cooperatives across the country. However, securing such funding remains a major challenge, leading to concerns about the potential for SMMEs and cooperatives to drive meaningful economic impact. He stressed that cooperatives should be supported to foster a culture of saving and collaborative economic engagement.

Regulatory Impediments and the Need for Targeted Reforms

The MEC highlighted the need to address regulatory challenges that affect different sectors. By identifying and systematically addressing sector-specific regulatory impediments, the government can enable a more conducive environment for entrepreneurship. There was also a call for cultivating a deliberate culture of entrepreneurship, where resources are allocated to individuals committed to building sustainable businesses rather than seeking immediate financial gain.

Post-1994 Economic Transformation Gaps

One of the major shortcomings since 1994 has been the limited transformation of the economy. South Africa has not succeeded in altering ownership patterns or restructuring the economy in a way that reflects a more inclusive and diversified model. The tendency of successful local businesses to consolidate or sell to larger corporations has perpetuated a monopolistic structure, preventing the emergence of a more competitive economic environment.

5. Overview of the Small Enterprise Landscape in South Africa: Key Challenges and Issues that Need to be Addressed by the Ecosystem

Director General Thulisile Manzini

Director General (DG) Thulisile Manzini expressed support for the National Presidential MSME and Cooperative Summit, emphasising its significance in advancing the micro, small, and medium enterprise (MSME) landscape in South Africa. DG Manzini outlined key priorities and findings, providing insights into both the challenges and strategic actions needed to foster MSME growth and sustainability. The key points from DG Manzini's Address were as follows:



Regulatory Constraints and Private Sector Funding

DG Manzini highlighted that regulatory constraints and the unintended effects of certain regulatory measures hinder small enterprise growth in South Africa. To counteract these barriers, she emphasised the need to leverage enterprise and supplier development programmes, ensuring private sector funding reaches MSMEs and accelerates their growth through incubator and accelerator programmes.

Findings from DSBD's Three-Year Study

The Department of Small Business Development (DSBD), in collaboration with the EU Ecosystems Development for Small Enterprises Programme (EDSE) programme, conducted a comprehensive three-year study across South Africa's nine provinces. This study assessed the impact of government support programmes on MSMEs and cooperatives, uncovering key barriers and opportunities for sectoral growth. Findings indicate high expectations for MSMEs in driving South Africa's transformation, but many businesses remain survivalist, lacking longevity and diversity.

Decline in GDP Contribution and Financial Challenges

The contribution of MSMEs to the national GDP declined by 20% from 2020 to 2021, with further economic strain evident as 64% of MSMEs reported severe challenges accessing finance in 2023. Additionally, the study found that in 2022, 16% of MSMEs applied for government assistance, yet only 4% succeeded. This data suggests an urgent need to scale up access to financial support for MSMEs.

Informal Sector Dynamics and Targeted Interventions

The proportion of MSMEs operating in the informal sector fluctuated from 68% in 2021 to 71% in 2022 and then dropped to 61% in 2023.

DG Manzini noted the importance of targeted interventions, such as business registration support and subsidies for women, youth, and entrepreneurs with disabilities, to enhance MSME growth in underserved communities.

Rising Socioeconomic Pressures

MSMEs face significant socioeconomic challenges, including rising utility costs, crime, and limited marketing capabilities. For example, crime against small businesses surged from 19.6% in 2021 to 48.5% in 2023, often due to rising unemployment rates. Moreover, 51.5% of respondents reported utility costs as a critical burden in 2023, up from 31.7% in 2022.

Encouraging Coordination and Partnerships

DG Manzini stressed the importance of unified partnerships across government, the private sector, and civil society, all aligned toward a common goal for MSME development. The DSBD has the mandate to define and drive this goal, fostering a collaborative environment to streamline support for MSMEs.

The study found that:

- There have been high hopes that entrepreneurship and small business development will play a critical role in South Africa's transformation, particularly in wealth creation and equitable distribution of resources and access to capital.
- However, this will never be fully realised if most MSMEs continue in survival mode.
- High utility costs, rising prices of petrol and food, increased levels of crime, frequent power and water cuts, and high unemployment (impacting the spending power in MSME markets) are just a few of the critical problems that SMMes are experiencing

6. Messages of Support

A. European Union

Sandra Kramer, Ambassador to South Africa

****Due to the delayed start of the summit, the EU ambassador to South Africa, Sandra Kramer, unfortunately, had to leave to honour another commitment. A representative from her office Ms Mariam Homayoun delivered her message of support.**

Message of support from EU Ambassador

First of all, I wish to start by congratulating Minister

Ndabeni Abrahams and her team at the Department of Small Business Development on the third edition of this Presidential Summit. Part of our job is to take the temperature to the different players that interact with our businesses, so that we can understand the environment in which we operate.

There are a few elements that the majority of us notice:

The new government of national unity has brought greater confidence across all sectors of society. The priorities identified strike the right note, with a focus on the just energy transition, green industrialisation and job creation.

The level of confidence extends beyond South Africa. The Presidency of the G20 as of December this year fills South Africa with pride. International capital markets look at the country with a renewed sense of opportunity.

When it comes to the relations between South Africa and the European Union, the same spirit prevails.

We are preparing for a bilateral Summit in the first half of 2025 that will propel our partnership to greater heights.

But the key to avail of this new climate and make the best of it is delivery. Relentless and speedy delivery in implementation of those priorities.

For this kind of delivery, the role of small and medium sized enterprises is crucial. The success of any economic plan to boost national growth starts and ends with the capacity of SMEs to deliver. Not for nothing, in South Africa, SMEs account for 98% of businesses and employ between 50 to 60% of the workforce.

These are companies with a thriving relation with Europe, as they engage with the over 1,000 European companies present in South Africa, which altogether generate an estimated 350,000 direct jobs.



The relationship between the EU and South Africa is mutually beneficial in many other ways.

The EU is the number 1 trade and investment partner of South Africa. The European Union as Team Europe is:

- a) The biggest trade partner,
- b) The largest investment partner; and
- c) The largest provider of grants and concessional finance in South Africa.

This blooming picture is facilitated by our Economic Partnership Agreement. But it is not only the volume of trade and investments that define our partnership.

South Africa is a very good example of the health of our trade and investment relationship. It is characterised by sustainability and diversification.

The EU imports a wide range of value-added products from South Africa, from machinery to cars, to prepared foodstuff, making up over 70% of total imports from South Africa to the EU.

This model of sustainability, which transfers technology, invests in skills and job creation, and improves governance, is crucial for lasting growth.

And South African small and medium sized enterprises benefit from these local added value.

I want to highlight two examples through which the European Union is supporting Small and Medium sized companies.

Firstly, under our Ecosystem Development for Small Enterprise programme, with the Department of Small Business Development, the EU supported and improved South Africa's ecosystem for SME competitiveness and access to market, access to finance, as well as an improved regulatory environment.

A total of 658 agribusinesses have benefited from this programme, and 75 partnerships have also been established between public and private entities.

Secondly, under the ENRICH in Africa project, to which the European Union contributes EUR 3.5 million, we provide mentoring and coaching to start-ups and scale ups, building on the successes of previous innovation initiatives between Europe and Africa.

Our work must not only continue, but must scale-up to avail of the opportunities that lay ahead. You will have in the European Union a reliable partner in this journey.

I wish you a successful Summit. Thank you.

B. Black Business Council

Kganki Matabane, Chief Executive Officer

Mr Matabane emphasised that the DSBD is one of the most critical departments in South Africa. According to the National Development Plan (NDP) 2030, the DSBD has the responsibility of creating 90% of the projected 11 million jobs. This underscores the department's central role in achieving South Africa's economic goals, which require strategic support for small business growth.



Unemployment as a National Crisis

Mr Matabane proposed the formation of a crisis committee dedicated to addressing South Africa's unemployment issue, similar to existing crisis committees for water and logistics. This committee would focus on the gravity of joblessness in the country and report regularly on its progress, aiming to mitigate the risk that high unemployment poses to social stability.

With an expanded unemployment rate of 42%, nearly half of South Africans are currently without work. Mr Matabane highlighted this as a pressing crisis that demands urgent government intervention and actions beyond sentiment alone. He underscored that while positive sentiment is valuable, it must be matched by concrete measures to create sustainable employment.

According to Mr Matabane, creating jobs requires more than slogans—it requires concrete action and funding. He proposed that the government should commit to funding and supporting 200,000 small businesses. Even with a 50% success rate, this initiative would generate substantial economic benefits, including job creation, tax revenue, and reduced dependency on social assistance.

Decreasing Social Grant Dependency Through Job Creation

By bolstering support for small businesses, there is a potential to reduce the nation's reliance on social grants as more citizens find employment. Mr Matabane argued that funds allocated to social grants could be redirected to small business development, creating a multiplier effect. This approach would increase tax revenue, reduce social grant expenses, and lead to a more economically resilient society.

Investing Social Grant Funds into Business Support

Mr Matabane suggested that a portion of the funds currently allocated to social grants be invested in small business support. This would create a sustainable cycle, as successful businesses would contribute to the economy through taxes, reducing the need for social grants over time and fostering long-term economic growth.

Call for Regular Feedback and Accountability in Tackling Unemployment

Matabane proposed that the proposed unemployment crisis committee should meet regularly, provide updates, and address employment issues decisively. This would create an accountable structure to monitor progress and ensure that efforts to combat unemployment are sustained and impactful.

C. ABSA

Preshan Rambride, Executive SME

Recognition of SMEs as Drivers of Job Creation and Economic Growth

Mr Rambride opened by recognising the pivotal role that small and medium enterprises (SMEs) play in South Africa's economy, particularly in job creation and sustainable economic growth. He emphasised ABSA's awareness of the challenges that hinder SME development and reaffirmed ABSA's commitment to overcoming these barriers to empower SMEs as key contributors to a vibrant and inclusive economic landscape.



ABSA's Commitment to Creating a Supportive Environment for SMEs

Mr Rambride emphasised ABSA's mission to foster an environment that enables the growth of SMEs, positioning them as essential components of a robust economic ecosystem. ABSA aims to not only provide financial and non-financial support but also actively engage in forums that drive meaningful changes, such as the 2024 National Presidential MSME and Cooperative Summit.

Focus on Financial Inclusion and Empowerment for Women and Youth Entrepreneurs

Mr Rambride highlighted ABSA's commitment to financial inclusion, especially for women and youth entrepreneurs. He underscored ABSA's dedication to providing tailored financial solutions, mentorship, and market access to empower entrepreneurs to overcome barriers and succeed. These efforts align with ABSA's broader mission of "empowering Africa's tomorrow together, one story at a time."

Enterprise Development Programme and Market Access Initiatives

Mr Rambride discussed the success of ABSA's Enterprise Development Programme, which has helped SMEs connect to markets, suppliers, and resources through strategic partnerships. By fostering networking opportunities and improving market access, ABSA aims to create tangible economic benefits for both SMEs and society as a whole.

Importance of Collaboration and Dialogue for Sustainable SME Growth

Mr Rambride stressed the significance of collective efforts to support SMEs, calling on all stakeholders to recognise the value that SMEs bring to the economy. He highlighted the summit as a vital platform for fostering dialogue and collaboration, with the hope it would yield actionable solutions to enhance the success of small businesses. Mr Rambride emphasised the moral imperative of supporting SMEs, beyond just economic necessity, and urged stakeholders to listen to the needs and voices of SMEs.

D. 22 On Sloane

Kizito Okechukwu, Executive Head

Continental Landscape of Startups and SMEs in Africa

In Africa, approximately 90% of businesses are categorized as small, micro, and medium-sized enterprises (SMMEs), contributing about 50% to the continent's GDP. However, 70% of these businesses remain informal, underscoring the need for formalization efforts to integrate these enterprises into the mainstream economy.

Funding Challenges and Ecosystem Barriers

The startup landscape in Africa faces significant funding challenges, particularly in the pre-seed stages, where there has been limited investment. Many stakeholders hesitate to fund startups at these early stages, preferring to invest only after these businesses have achieved certain milestones.

High Rate of Startup Failures

Despite raising substantial funding, several startups struggle to survive due to insufficient support. For instance, in the previous year, 15 African startups that collectively raised over \$200 million in funding eventually shut down.

Venture Capital Trends

Venture Capitalists (VCs) are selective, investing in a limited number of startups. However, many VCs are retreating from the African market due to lower-than-expected returns, contributing to a decline in overall funding for startups—from \$6.5 billion two years ago to \$4.1 billion last year, representing a 30% decrease.

Need for Support Infrastructure

Successful startups require more than funding; they need comprehensive support ecosystems, including hubs acting as Centers of Excellence. These hubs could provide access to markets, skills development, capacity-building programs, and enabling infrastructure, which would strengthen startups' survival rates.

South African Startup and SME Landscape

South Africa is home to approximately 2.5 million SMEs, which face challenges similar to those in other parts of Africa, such as limited access to early-stage capital and funding. Despite the achievements since the country's democratic transition, South Africa aims to create and support 1 million new SMEs by 2030, as outlined in the National Development Plan (NDP). The goal is to ensure that SMEs contribute 60-80% of the GDP and 90% of employment.

Challenges and Current Funding Landscape

Funding and Capacity Building Programs: While initiatives led by organisations like SEFA (Small Enterprise Finance Agency) and SEDA (Small Enterprise Development Agency) have made some progress, significant unspent funds remain, specifically in the Enterprise and Supplier Development (ESD) sector. These funds could be better allocated to support informal businesses, especially through the establishment of micro-lenders that cater to informal enterprises in townships.



The recommendation is to channel these unspent ESD funds towards expanding micro-lending opportunities in townships. This strategy would empower informal businesses, allowing them to access necessary resources for growth, which in turn would drive job creation and contribute more significantly to the economy. Establishing micro-lenders across townships would provide localised lending options for informal businesses, strengthening their capacity to contribute effectively within their communities. Scaling up capacity-building programmes is essential for equipping SMEs with the skills, mentorship, and infrastructure they need to thrive. This holistic approach would support the achievement of NDP objectives and ensure that informal businesses gain the necessary tools to operate safely, efficiently, and sustainably. A concerted effort is required to formalize Africa's large informal business sector. Formalization would enable these enterprises to access broader economic opportunities and contribute more significantly to national and continental GDP.

Enhanced VC and Ecosystem Support

The creation of a stronger pipeline of investable businesses, particularly in pre-seed stages, is essential. Encouraging VCs to take a more active role in the development of startups through mentorship and early-stage funding could enhance the resilience and sustainability of African startups.

Strategic Partnerships and Hubs

Establishing hubs as Centers of Excellence will ensure that startups receive the necessary access to funding, market entry opportunities, and capacity-building resources. These hubs should prioritise skills development and infrastructure that directly support startup growth.

"SMEs must be cherished...

The basis of the economy is the local, domestic economy... Our society cannot function without people in the informal sector... Informal actors, they must be valued and not treated as a necessary evil..."

Tidjane Thiam, former CEO of Credit Suisse, Current Presidential Candidate Ivory Coast

7. Address by the Minister of Small Business Development, Ms Stella-Ndabeni Abrahams (MP)

I wish to take this opportunity to welcome you all to the second National MSME and Co-operatives Summit following its inauguration in November 2022. Thank you for honouring and committing to being part of this important event and contributing to resolving our country's growth, unemployment and inequality challenges.



The national summit intentionally coincides with Global Entrepreneurship Week (GEW), a global initiative celebrate in over 200 countries to inspire and empower entrepreneurs worldwide. This is the week where we celebrate entrepreneurs for the incredible contribution they are making to economic growth, job creation, innovation and technological development. The theme for Global Entrepreneurship Week 2024 centres on 'Inclusive Growth and Innovation', highlighting the importance of building an entrepreneurial culture that is accessible to everyone, regardless of gender, race, geography, or socioeconomic background.

Tomorrow evening at the Presidential MSME and Co-operatives Awards, we will honour and celebrate our entrepreneurs. Many of the finalists are here with us at this Summit. I especially wanted entrepreneurs, MSMEs and co-operatives at this Summit. It is critical that we develop policy and design interventions and partnerships with those who we serve centre of mind.

Programme Director,

The need to facilitate a National MSME and Co-operatives Summit is rooted in the National Integrated Small Enterprise Development Strategic Framework or NISED as we call it, which was adopted by Cabinet in November 2022. This is the country's third iteration small enterprise development strategy. Our evaluation of the previous two national strategies showed that as Government we were too inward looking. We didn't place enough emphasis on mobilizing and leveraging all role-players behind entrepreneurship and small enterprise development. The NISED corrects this by taking an ecosystem approach, enabling various public and private actors to collaborate in a focused, targeted, and coordinated manner.

The NISED clearly states that that we are required, as DSBD, to host a National Summit every two years. The purpose is twofold.

First, to report back to stakeholders on how we have fared in implementing the commitments we made at the last Summit held in November 2022.

Secondly, to share our agenda and programmes with stakeholders, announce strategic partnerships, and mobilize key role-players in the eco-system behind a common agenda. I will start with the report back.

Since we held the inaugural Summit in November 2022, we have achieved much. We committed then that we would amend our enabling legislation, the National Small Enterprise Act, which we have achieved. The amended Act aligns the definitions of MSMEs in line with international best practice. The amended Act also enables the establishment of the Office of the Small Enterprise Ombuds. The process of shortlisting the Ombuds is currently with Parliament.

The amended National Small Enterprise Act also enables the delivery of the second major commitment we made in 2022 – to establish a one-stop-shop small enterprise agency. As you know the Small Enterprise Development and Finance Agency (SEDFA) came into being on the 01 October 2024. We have the Chairperson Nonzuzo Makanda and various Board members here with us over the next two days, and we will hear much more about what they are doing to reposition and capacitate this very strategic organization.

To address the R350 billion MSME credit gap, we committed at the last Summit in 2022 to develop the MSME and Cooperatives Funding Policy. This policy is finalized and has recently been approved by Cabinet. Among other things, the policy will enable the establishment of an alternative credit information system, a movable asset registry to address the problem of insufficient fixed collateral, as well as a Fund of Funds. We are busy putting the flesh to the Fund of Funds, together with the DTIC and National Treasury. Importantly, the Fund of Funds will birth more capital for startups and early stage MSMEs and will serve to derisk additional funding for under-served groups from banks and non-bank financial institutions. At the next Summit in two years' time, we will report back on the impact of this Fund of Funds.

On non-financial business support, we hit our target of 110 incubators, which we have done in partnerships with the private sector, universities and TVET Colleges. But we know there is much more work to be done to make these more impactful, and also to look more at less costly digital incubation and acceleration platforms.

On market access, we committed then to establishing and sustaining the Enterprise Supplier Development (ESD) Community of Practice. This we have done - the last meeting held a few months ago I am told was attended by 45 ESD practitioners and stakeholders. This is a key mechanism for integrating MSMEs into corporate and state-owned company supply chains, especially township and rural-based MSMEs. I know we have the ESD Summit next week where we will deep dive into successes and challenges, and what must be done to make ESD more impactful and less of a tick-box exercise.

Looking forward, we are planning interventions and partnerships in a very volatile and constrained global context. This will require us to better optimize local markets and those that will be opened through the ACFTA.

Despite economic reforms, especially on energy supply front, starting to yield results, and overall investor confidence starting to improve, economic growth prospects remain subdued over the medium term. Levels of inequality and unemployment remain high.



The Government of National Unity has made inclusive growth its apex priority, and MSMEs are now firmly on the policy agenda. This is in keeping with other middle income and G20 countries, which are increasingly seeing small enterprises as the engines of growth, jobs and inequality reduction.

Global estimates cited from the World Bank suggest that micro, small and medium enterprises (MSMEs) contribute 40% towards gross domestic product (GDP) in emerging countries and more than 50% towards employment in the whole world. South Africa is pretty much aligned, with MSMEs accounting for 64 % of all jobs, but only 34% of GDP.

The National Development Plan suggests that if we want to achieve our 2030 jobs targets, 90% should come from MSMEs. This means we must more than double the number of MSMEs and co-operatives, to achieve a stretch target of 5.8 million enterprises.

To do this we will need to be way more urgent and aggressive on reducing red-tape. We have identified 26 pieces of legislation that require to be reviewed and amended.

We need to close policy gaps, especially around start-ups, as well as for township and rural -based enterprises. We are currently kickstarting the Startup Policy. Global benchmark studies of other countries show that while we have steadily improved over the past 20 or so years, we are still behind other comparative countries like India, Brazil, Indonesia, Malaysia and many others when it comes to start-up skills, access to technology, and access to risk or startup capital.

We have made some progress on the Township and Rural Economy Development and Revitalization Policy. The current issue of food safety and food handling enterprises in townships has underscored the need for better policy and better financial and non-financial support for township and rural enterprises. Together with DTIC, we have created a R500million facility to support spaza shops and convenience retailers and are looking at partnerships to create new distribution networks for bulk -buying of affordable safe food.

The current food safety issues also bring attention to the issues of licensing and bylaw enforcement at local government level. We do not want to create red-tape, but must protect vulnerable citizens, especially children from risks of unsafe and contaminated food. The counterfeit industry also destroys local productive capacity. We have formed a Township Economy Task Force, as a stakeholder platform that works alongside NATJOINTS. As DSBD we are busy with the Business Licensing Policy and amendments to the Business Act, which we were given by Presidential Proclamation from DTIC in 2020.

Programme Director, it is essential, as we host this national summit, that we reflect on its significance and the purpose of the Department of Small Business Development (DSBD) in coordinating the various stakeholders from the private sector, academia, entrepreneurship support organisations, small enterprises, startups, and emerging businesses representing the agenda of transformation, inclusivity and redress.

I am happy to see that the department has been consulting stakeholders on the interventions required for each of the four pillars. I'm sure these will be further endorsed at this Summit. These projects are part of our annual performance and operational plan and are reported quarterly. These, amongst others, include the identification of agreed sector indicators that will be applied across all spheres of government to ensure that we adopt a common agenda for joint action. We have also developed a partnership framework to inform and strengthen our partnership approach to ensure they are meaningful and impactful.

Programme Director, we have spoken about creating a digital platform to enable better eco-system co-ordination and access to the products and services we provide as government and our DFIs. We have made insufficient progress here, and this is something that must be in place by the next Summit in 2026. This will enable better accountability across the eco-system

The other area where we need to pick up pace is the establishment of the Advisory Body. The constitution has been published for comment and we will soon be calling for nominations.

The years ahead promise to be extremely busy, especially 2025 now that we are formally hosting the G20. We will be facilitating the Startup20 which was started in India in 2023, but also integrating broader small enterprise issues, especially from the continent as a whole. Brazil led the way, putting the interests of the poor and marginalised at the centre of policy debates and discussions. We are up for taking up the baton. I especially like the inclusion of the AI working group. As a continent and nation we must unlock the opportunities that come with AI, rather than fall victim in a growing global digital divide.

Programme Director, as I conclude, let me again thank stakeholders for attending and request that you are robust and constructive in your engagements. The theme of this year's summit is "Powering Growth through Partnerships: Joint action towards MSMEs and Co-operatives Development."

Let's work together to power a transformed and faster growing economy, with MSMEs at the centre. Let's be bold and urgent. And let's dive deep and be practical, rather than high-level. We need to emerge from this Summit with a clear sense of what can be done in various sectors and industries to accelerate growth, transformation and MSME participation. What are the quick wins and impactful interventions that we must prioritize? And most importantly, what must each of us do to make this happen?

I thank you.



8. Panel Discussions

A. PANEL 1: Ecosystem Coordination, Alignment, and Mobilisation of Key Partnerships



Panel facilitator: Prof Andrew Boraine, Independent partnering practitioner

Panel members:

1. Ms. Nomvula Makgotla Chief Director, DSBD
2. Ms. Susan Matshamaite Mangole, Acting DDG: Incentives, Transformation and Competition, DTIC
3. Mr. Bhavanesh Parbhoo, Partnership programmes, IDC
4. Mr. Kgalaletso K Tlhoale, ABSA Executive: Enterprise Development Relationships Banking-picture needs to be added to graphic

Strengthening Relationships Between National, Provincial, and Local Government to Provide Unified Services for Small Enterprises

- Emphasised the need to establish a fully interconnected ecosystem that goes beyond internal discussions, ensuring effective coordination across all levels of government to support small enterprises.
- Underscored the role of Imbizos as critical platforms for direct engagement with communities, despite the costs associated with their implementation, as they facilitate meaningful exchanges between stakeholders and the public.
- Reaffirmed a commitment to inclusivity through policies and processes designed to empower SMEs, cooperatives, and informal businesses, ensuring equitable access to government support across the sector.

Role of Partnerships in Strengthening Support for Small Businesses

- Advocated for policies that take into account the tangible impacts on small businesses and their surrounding communities, ensuring that partnerships support sustainable growth.
- Highlighted the COVID-19 pandemic as an example where effective partnerships—between communities, the banking sector, financial institutions, and government—played a pivotal role in supporting small enterprises.
- Emphasised the importance of big businesses integrating small enterprises into their supply chains by opening their order books, thus creating new market access opportunities for small businesses.

Enhancing Partnerships and Ecosystem Development

- Described ABSA's approach to partnerships within sector-specific ecosystems, with a focus on the mining sector, where partnerships between service providers, local communities, and social and labour plans create a supportive environment.
- Highlighted ABSA's collaboration with TVET colleges to offer web-based training and technical skills development for clients, especially within sectors like agriculture, thereby building local capacity.
- Stressed that successful Enterprise and Supplier Development (ESD) initiatives require active contributions from a range of stakeholders, with opportunities for larger businesses to expand their supply chains by engaging with smaller enterprises.

Contribution of the Social Employment Fund

- Identified scale, demand, and cash flow as the three essential components of a sustainable business model, asserting that when these elements are combined, they form a foundation for long-term success.
- Outlined IDC's approach to partnerships, which includes collaborations with Community-Based Organizations (CBOs) and government entities to create a comprehensive support network for social employment initiatives.
- Emphasised the importance of leveraging existing projects with established capacity rather than duplicating efforts, ensuring efficient use of resources to address pressing community needs.

Key Takeaways and Closing Remarks

- Professor Andrew Boraine concluded the session, underscoring the necessity of translating a shared agenda into coordinated action to realise positive outcomes for small enterprises.

B. PANEL 2: Partnerships for New Economy Startups - Case Studies from Supporting Innovation and New Economy Start-Ups



Panel facilitator: Prof. Eldrid Jordaan, Chief Executive Officer, Suppple PLC

Panel members:

1. Mr, Sanjay Soni, Jozi Angels, StartUp Act movement – was at the summit but had to leave before the panel discussion was held, due to the late start of the summit
2. Ms. Bulelwa Nkosi, African Union Start-Up
3. Ms. Qinisile Delwa, Deputy Director-General, Department of Small Business Development
4. Mr. Melvyn Lubega, Go1

The panel highlighted the pivotal role of government and private sector collaborations in addressing local challenges while driving scalable solutions. Discussions also underscored the importance of nurturing startups that combine commercial viability with social impact, creating a foundation for long-term growth and development.

From the journey of Africa's first unicorn to the African Union's initiatives promoting economic development through startups, the dialogue provided a rich tapestry of perspectives on supporting entrepreneurship. Key issues explored included the need for startup-friendly policies like the Startup Act, the challenges faced by young entrepreneurs, and the role of innovative educational programs in cultivating entrepreneurial talent.

Africa's First Unicorn

Melvyn Lubega shared insights into the journey of his company, Africa's first unicorn, valued at \$1 billion. The company has achieved success by aggregating a range of prestigious online courses, including those from Harvard, Coursera, and edX, into a single subscription available in 66 countries. Lubega emphasised that strategic partnerships, starting from university classmates evolving into business partners, have been integral to their business model.

According to Lubega, their best investments have come from relationships where initial clients transitioned into investors and eventually became long-term partners.

Ideal Startups for Government Partnerships

Qinisile Delwa highlighted the importance of startups addressing fundamental local challenges, whether on a national or local scale, and stressed the need for startups to embed an element of social investment within their business model.

Delwa clarified that while startups need not be solely focused on social benefits, having a social investment aspect ensures that they address critical challenges faced by communities.

AU's Role in Fostering Sustainable Development through Startups

Bulelwa Nkosi elaborated on the African Union's initiatives to promote sustainable economic development through collaboration between the private sector and member states. The AU's Department for Economic Development, Trade, Tourism, Industry, and Minerals has been focused on supporting micro, small, and medium enterprises (MSMEs) since adopting a continent-wide strategy in 2019.



Additionally, Nkosi mentioned the African Digital Policy, aimed at enhancing the startup ecosystem, although fewer than 10 member states currently have a Startup Act. She suggested that a widespread adoption of the Startup Act could be instrumental in supporting and scaling startups across Africa.

Challenges Young Entrepreneurs Face: Insights from the Young African Entrepreneurs Institute (Rusina)

Representatives from the Young African Entrepreneurs Institute provided a comprehensive overview of the obstacles that young entrepreneurs encounter. The Institute, an ecosystem-driven entity dedicated to nurturing an entrepreneurial culture, conducts youth innovation challenges and provincial entrepreneurship tours to address challenges, particularly for SMEs. Key issues identified included difficulties in securing funding, limited financial inclusion, and regulatory challenges, such as compliance with the South African Revenue Service (SARS). To support youth entrepreneurship, the Institute also offers skills training to foster sustainable business practices and entrepreneurial thinking among young people.

Supporting Startups through Policy and Finance

Melvyn Lubega pointed out that there is a collective responsibility to support startups, regardless of their success or failure.

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Supporting Startups through Policy and Finance

Melvyn Lubega pointed out that there is a collective responsibility to support startups, regardless of their success or failure. He noted that South Africa is comparatively underfunded in SME support and that improved financial backing is essential. Lubega also highlighted the need for a robust policy framework, advocating for the implementation of a Startup Act to facilitate human capital flow and regulatory support for startups.

Qinisile Delwa acknowledged the strides made in creating a supportive regulatory environment and emphasised the development of a startup regulatory framework in collaboration with South African stakeholders and the AU. The Department has also launched the Fund of Funds initiative to provide sector-specific startup support and is exploring a National Entrepreneurship Strategy designed to promote an entrepreneurial mindset and incentivize startup creation.

AU's Position on Protecting Startups from Big Tech

Nkosi addressed the AU's stance on shielding startups from the influence of large tech companies. She noted that while the AU provides model laws for member states, these are non-binding. According to Lubega, their best investments have come from relationships where initial clients transitioned into investors and eventually became long-term partners.

Creating Commercially Viable African Innovations

The discussion also explored the importance of fostering innovations that are both commercially viable and uniquely African. One example presented was a partnership with WITS University to create the Student Entrepreneurship Education and Development (SEED) program. This activity-based, co-curricular programme focuses on students' personal and entrepreneurial development, rather than academic achievements alone.

Closing Remarks

Professor Jordaan concluded the discussion by reflecting on the success of Govchat, Africa's largest civic technology platform, which reached over 15 million South Africans during the COVID-19 pandemic. He emphasised the importance of government support, noting that Govchat's partnership with the South African government enabled it to withstand challenges posed by major technology firms, such as Meta and Facebook, who attempted to shut down the platform. Jordaan left the panel with a powerful message for entrepreneurs, encouraging them to remain focused and driven in the face of adversity.

C. PANEL 3: Leveraging on the Enterprise and Supplier Development (ESD) for Small Enterprise Development and Growth



Panel facilitator: Ms. Zandile Njamela, Accenture

Panel members:

1. Ms. Ray-Ann Sedres, Sanlam
2. Ms. Jabulile Ratsibe, Sasol
3. Ms. Edna Montse, African Bank
4. Mr. Mxolisi Mavumengwana, Unisa Enterprise
5. Ms. Rachel Malatji, B-BBEE commission

Opening the discussion, Zandile posed the critical question: "How can we accelerate these programmes to enable us to achieve our goals?" This led to the acknowledgment of the targets set for MSME development in South Africa. Currently, the country aims to have 90% of jobs generated from MSMEs, though present figures hover between 50-60%. A significant goal was highlighted: the injection of one million small businesses into the economy within the next five years, emphasising the crucial role of ESD programmes in achieving this target.

Addressing the panel, Zandile asked, "What are the challenges that hinder the development of growth and small enterprises?" This prompted a critical examination of current challenges that revealed several key issues facing MSME development.

The panel highlighted that while numerous development programmes exist, there's often a disconnect between implementation and actual results. Ms. Edna Montse from African Bank particularly noted that beneficiaries frequently report that development initiatives don't yield their intended outcomes, suggesting a need for more targeted and effective approaches.

Turning to Sanlam Group, Zandile inquired, "What are the challenges have you been experiencing, because your programme is quite matured as well?" Ray-ann Sendres shared their innovative approach, managing a supply chain of 20,000 suppliers and annual procurement exceeding R20 billion. She emphasised that they have a responsibility to ensure that a portion of their procurement spend is spent on MSMEs.

Their two-pronged strategy, focusing on both internal supply chain development and client ESD programmes, demonstrates a comprehensive approach to market access solutions. Sanlam has developed a comprehensive approach to support small businesses, which they call a "solution for a solution to SMMEs". Their strategy focuses on three key areas: providing funding through their financial expertise, creating business opportunities within their supply chain network, and delivering business development support.

While they consider the development component to be the most straightforward, they ensure it remains integrated with their funding and market access initiatives to provide small businesses with complete support for their growth. While most organisations focus solely on their own supply chain for ESD initiatives, Sanlam has expanded their vision to include their clients' ESD programmes. Ray-ann mentioned a specific collaboration with South African National Parks (SANParks) as an example of how they're helping clients expand their own ESD programmes, demonstrating a multiplier effect in their impact on MSME development.

The Sanlam SANParks MSME programme expanded to the Garden Route and Addo Elephant Park following its effective pilot project launched in the Kruger National Park in 2023. This programme consisted of the pilot funding support of R10 million at Kruger National Park in 2023 that has been increased to R20 million and the goal remains to create access to market and provide finance and business development support to SMMEs from communities surrounding South Africa's major national parks.

Zandile then directed attention to platforms and market access, asking Sasol about their initiatives. Jabulile Ratsibe showcased innovative funding solutions, including zero-interest purchase order funding and their One-Linkage platform. Significantly, the platform itself is owned by a black woman, showcasing Sasol's practical commitment to supporting diverse businesses. This platform serves as a comprehensive marketplace, creating visibility for supply chain opportunities and development programs, effectively bridging the gap between MSMEs and market access. Their other approach emphasizes technical capability enhancement through partnerships with large enterprises, particularly focusing on women in engineering and mining sectors. This model demonstrates how corporate entities can provide both financial and developmental support to emerging businesses.

UNISA Enterprise's approach to MSME development revealed unique insights from the academic sector's perspective. Mr. Mavumengwana shared that they currently support approximately 250 MSMEs across various commodities and procurement opportunities, ranging from ICT to facility management. As South Africa's largest university with a presence across multiple provinces, UNISA Enterprise has positioned itself to provide significant market access opportunities to MSMEs. However, Mr. Mavumengwana highlighted that their biggest challenge remains access to funding for their MSMEs, noting that while procurement opportunities through Purchase Orders (POs) are available, MSMEs often struggle to service these POs due to funding constraints.

A pivotal moment in the discussion came when Zandile challenged the panel with the question: "We've got multiple avenues and ways to support and provide access to funding, we've got banks with strategies on market access, we've got the Commissioner holding us accountable, why are we not getting it right? Why are we not seeing the impact in terms of the MSME targets?"

One of the key findings from the Commission's study, as presented by Ms. Malatji, was the significant misalignment between MSMEs and funding institutions. She pointed out that funding institutions typically dictate terms to MSMEs regarding ESD initiatives without conducting proper gap analysis. Most crucially, she emphasised the lack of sustainable value chain analysis, an approach that should consider both immediate needs and long-term sustainability of beneficiary entities. Additionally, it was indicated that entities tend to run short term ESD initiatives.

This power imbalance means that beneficiary entities often find themselves at the mercy of funding institutions once they enter negotiations. The need to establish centralised ESD funds to support MSMEs was also emphasised.

The panel addressed the critical issue of funding accessibility, with several speakers noting the often exhaustive and complex processes required by funding institutions. The discussion highlighted the need for innovative funding mechanisms that balance growth opportunities with realistic repayment expectations. A particular emphasis was placed on the importance of sustainable value chain analysis in funding decisions.

Zandile then raised a thought-provoking question about the complexity of requirements: "By adding ESG and sustainability to the equation, are we not giving a more complex problem? Because we still need to get this part right." This led to African Bank's perspective, which brought a historical context to the discussion, relating their origin story from 1964 as an example of black entrepreneurship. This narrative reinforced the importance of transformation beyond mere compliance, integrating ESG (Environmental, Social, and Governance) considerations into MSME development strategies. Rather than viewing ESG as an additional burden on MSMEs, Montse positioned it as an opportunity for creating more resilient and future-proof businesses. This forms part of their "audacious 25-year strategy", demonstrating a long-term commitment to sustainable development.

Looking toward the future, the panel emphasised the importance of moving beyond quick wins and basic initiatives. There was consensus on the need for measuring impact and survival rates of supported MSMEs, alongside the integration of sustainability considerations into development programs. The proposed transformation fund was discussed as a potential solution, though with careful consideration needed for governance structures and sector-specific approaches.

The session concluded with a call for more coordinated efforts between public and private sectors, emphasising the need for innovative support mechanisms that create sustainable business opportunities. The panel agreed that while challenges remain significant, the path forward requires a more integrated, comprehensive approach to MSME development that combines funding, market access, and capability building in meaningful ways. Through the ESD CoP, the department could do more than the sharing of knowledge and networking and allocate necessary resources to form strong partnerships with the private sector to achieve tangible results in the ESD ecosystem. This could contribute towards developing sustainable MSMEs to achieve the set target of one million small businesses in the next 5 years.



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Rachel Malatji:

An interconnected ecosystem is essential for ESD success. To address challenges, ESD strategies must be revitalized to better integrate Environmental, Social, and Governance (ESG) considerations into the development process.

Ray-Ann Sedres:

Government should assess the existing ESD strategies and introspect on how best to expand these efforts through current partnerships. SANParks' revolving loan initiative has shown potential as a model for supporting SMEs in the long term.

Mxolisi Mavumengwana:

UNISA's initiative to train 50 SMEs in the green economy, paired with a hackathon and pitching competition, illustrates a multi-stakeholder approach that can help create new opportunities for SMEs in emerging sectors.

D. PANEL 4: Township and Rural Economy Development and Revitalisation



Panel facilitator: Dr Thami Mazwai, former journalist, anti-apartheid activist and author of the book “The Journey of the Soweto Entrepreneurs since 1905”.

Panel members:

1. Ms. Ercilia Mata Ubbise, Southern Africa Regional Chapter Head, Network of Development Entrepreneurs (ANDE)
 2. Mr Mziwabantu Dayimani, Acting CEO, NEF
 3. Ms. Juliet Miyabo, Township Economy Development Community of South Africa (TEDCOSA)
- Ms Vusi Vokwana, NAFCOC

The panel, facilitated by Dr Thami Mazwai, featured esteemed speakers including Juliet Miyabo, Vusi Vokwana, Ercilia Mata Ubbise, and Mzi Dayimani, with input from the National Informal Traders of South Africa. The discussion delved into the challenges and opportunities within South Africa's township and rural economies, addressing structural, social, and policy-related barriers to entrepreneurship.

Legacy of Apartheid and Systemic Inequities

The discussion revisited how historical injustices continue to shape township economies:

- *Historical Indoctrination:* Dr Mazwai reflected on how apartheid-era policies conditioned black South Africans to view themselves as employees rather than entrepreneurs, limiting generational wealth-building opportunities.
- *Modern Parallels:* Vusi Vokwana emphasised the paternalistic attitudes that persist, infantilizing township entrepreneurs by assuming they lack sophistication. She called for equitable access to resources and opportunities, aligned with urban and global standards.

Entrepreneurial Independence vs. Dependency

A recurring topic was the need to balance government support with entrepreneurial independence:

- *Dependency Syndrome:* Juliet Miyabo highlighted how over-reliance on government has hindered entrepreneurial competitiveness, with some viewing government as a partner rather than a facilitator.

- *Self-Reliance and Aggressiveness:* Panellists agreed on the importance of entrepreneurs taking responsibility for their growth, seizing opportunities, and becoming more aggressive in compliance and innovation.

Inclusive and Tailored Policies

The discussion highlighted the need for policies that reflect the distinct dynamics of townships and rural areas:

Localised Strategies: Ercília Mata Ubisse called for a participatory approach to policy and programme design, with township and rural entrepreneurs actively contributing to decisions affecting their environments.

Differentiated Support: Juliet Miyabo pointed out that rural entrepreneurs face unique challenges, requiring frameworks distinct from those designed for township businesses.

Economic Potential of Township Markets

The economic value of the township economy emerged as a focal point:

- *R100 Billion Market:* Mzi Daymani highlighted the immense economic activity within townships, emphasising the importance of funding models that generate a multiplier effect, benefiting small businesses around funded enterprises.

Infrastructure Gaps: NITASA addressed the lack of basic infrastructure, such as shelters and sanitary facilities, which stifles informal traders' ability to grow their businesses sustainably.

Youth Empowerment and Innovation

Youth unemployment and the role of young entrepreneurs were highlighted as critical areas for intervention:

- *Workshops and Training:* Dr Mazwai discussed initiatives with African Bank to equip young people with entrepreneurial skills, particularly targeting the psycho-social barriers such as entitlement and dependency.
- *Avoiding "Copycat" Businesses:* Panellists encouraged youth to innovate rather than replicate existing ideas, identifying unique opportunities in their environments.

Corporate and Government Accountability

The need for greater accountability from both the private and public sectors was a recurring theme:

- *Corporate Responsibility:* Vusi Vokwana criticised large corporations for their unequal treatment of township businesses, urging them to prioritise inclusivity and fair practices in their supply chains.
- *Simplifying Bureaucracy:* NITASA called for less bureaucratic red tape in accessing funding and resources, especially for informal and youth entrepreneurs.

Collaboration and Ecosystem Development

The panel spoke about the importance of fostering partnerships and creating interconnected business ecosystems:

- *Collaboration Among Entrepreneurs:* Speakers urged township entrepreneurs to support and collaborate with each other to create a culture of shared growth.

- *Partnerships with Private Sector:* Juliet Miyabo and Ercilia Mata Ubisse stressed the role of partnerships between government, private entities, and global organisations in driving sustainable entrepreneurship.

Emerging Questions and Recommendations

The session also raised critical questions for further reflection:

- How can township businesses with turnovers of R500,000 accelerate growth and sustainability?

What interventions are required to address the psycho-social barriers, such as dependency and entitlement, which constrain entrepreneurship?

Recommendations from Panellists:

- **Market Access:** Mzi Daymani suggested creating warehousing opportunities and better market linkages for township businesses.
- **Inclusive Conversations:** Ercilia Mata Ubisse advocated for involving entrepreneurs in the design of programs and policies to ensure relevance and impact.
- **Targeted Support:** Juliet Miyabo emphasised the need for accessible information in local languages and global opportunities through partnerships like BRICS.
- **Accountability Mechanisms:** Vusi Vokwana called for stricter monitoring of corporate and government to ensure mutually beneficial outcomes for township entrepreneurs.
- The discussion highlighted the urgent need for integrated, inclusive, and contextually relevant strategies to unlock the potential of South Africa's township and rural economies. By addressing structural inequities, fostering independence, and building collaborative ecosystems, stakeholders can drive transformative change for communities historically excluded from economic prosperity.

Dr Thami Mazwai delivered the following closing remarks:

Community-Led Evaluation

Communities, particularly local business associations, should take the lead in evaluating existing programs. They are best positioned to assess what initiatives have been implemented, what has been effective, and what has not worked.

Inclusivity in BEE

Townships, informal settlements, and villages have been excluded from the benefits of Black Economic Empowerment (BEE). It is vital for these communities to provide suggestions on how they envision being integrated into BEE, aligning with the government's existing efforts to foster inclusion.

Accountability and Monitoring

Strengthening the linkages between the BEE Commission and private companies is essential. These relationships must include robust accountability measures to address corruption and ensure transparency through effective monitoring systems.

Understanding Community Entrepreneurship

A clear understanding of community entrepreneurship is necessary. The government must prioritize listening to communities to ensure that their needs and perspectives are reflected in policy and program development.

E. PANEL 5: Partnership for Re-Fuelled Incubator/ Accelerator Programmes



Panel facilitator: Colin Leshou, SEDFA

Panel members:

1. Mr. Jerome Eckles, Black Umbrellas
2. Ms. Abongile Mashele, Google
3. Mr. Lukonga Lindunda, Co-Founder, Bongo Hive, Zambia
(online)

Panel Discussion Summary: Key Themes and Insights

The panel discussion, facilitated by Colin Leshou, explored the critical role of incubators and accelerators in fostering innovation and supporting small enterprises. The discussion illuminated key themes and actionable insights for driving South Africa's entrepreneurial ecosystem forward.

Role of Incubators and Accelerators in Economic Transformation

- Colin Leshou emphasised the importance of incubators and accelerators in aligning with national goals such as the NDP 2030, which targets creating 11 million jobs, 90% of which are expected to stem from small businesses.

Broad Impact: Incubators are not just support systems but pivotal to reducing unemployment and fostering entrepreneurship, especially in townships and rural areas.

- **Digital Transformation:** Abongile Mashele stressed the need for integrating digital tools and emerging technologies to enhance incubator and accelerator programs, ensuring that entrepreneurs can leverage tech to access markets and scale their businesses.

Challenges in Scaling Technology and Digital Tools

The panel acknowledged significant barriers to adopting digital solutions:

- **Access to Internet and Data:** Abongile Mashele pointed out that digital tools will remain inaccessible without widespread and affordable internet access. Advocacy is needed to remove systemic blockages and reduce data costs.

- **Cybersecurity:** With increasing reliance on digital platforms, cybersecurity has become critical. Google has partnered with South African universities to train students to help SMEs improve their cyber resilience.

Market Presence: Abongile Mashele highlighted Google's efforts to provide tools like cloud credits and training through initiatives like Hustle Academy but noted their limited reach in engaging directly with small businesses.



International Best Practices and Multi-Stage Support Models

Lukonga Lindunda shared insights from Zambia, highlighting a multi-stage support model tailored to businesses at various growth stages:

- **Early Stage (Discover):** Focusing on ideation and feasibility.
- **Growth Stage (Launch):** Accelerating market entry and customer acquisition.

Investor Readiness (Live): Preparing businesses for funding and scaling.

Such approaches offer valuable lessons for South Africa, where fragmented ecosystems often fail to address the diverse needs of entrepreneurs at different stages of their journey.

Challenges in Private Sector Collaboration

Jerome Eckles criticised the private sector's limited engagement in meaningful entrepreneurial support:

- **Transactional Relationships:** Many corporates treat incubation as a "tick-box exercise" to earn BBBEE points rather than a genuine commitment to nurturing sustainable businesses.
- **Dependency Culture:** Short-term grants and supplier development programs often foster dependence instead of building resilience.

To address these issues, the panel recommended incentivising long-term partnerships and fostering an ethos of shared value creation.

Tailoring Support to Contextual Needs

Understanding the unique challenges faced by different types of entrepreneurs emerged as a key focus:

- **Rural vs. Urban Contexts:** Jerome Eckles and Lukonga Lindunda highlighted the importance of designing programs that reflect the realities of rural entrepreneurs, whose needs differ

- **Leveraging Expertise:** Lukonga Lindunda advocated partnerships with subject matter experts, such as legal and financial professionals, to provide technical support tailored to startups' needs.
- **Standardization and Accreditation:** Jerome Eckles called for accreditation of incubation and business development programmes to ensure consistency and quality across service providers.
- **Closing Gaps in Access:** Abongile Mashele emphasised the need to equip startups with tools to bridge the gap between ideation and market access, particularly in the tech space.

Actionable Insights and Recommendations

For Incubators and Accelerators

- Implement multi-stage models to address varying entrepreneurs' needs.
- Partner with universities and subject matter experts to deliver targeted support.
- Emphasize mentorship and non-financial support to complement funding initiatives.

For Government and Policy Makers

- Prioritize reducing internet costs and improving access to digital infrastructure.
 - Incentivize private sector collaboration through tax benefits or regulatory adjustments.
- Design rural- and township-specific policies to address unique challenges in these areas.

For Private Sector Stakeholders

- Move beyond transactional relationships and adopt long-term approaches to enterprise development.
- Shift from grant-based support to capacity-building initiatives that foster resilience and growth.

The discussion underscored the transformative potential of incubators and accelerators in catalysing South Africa's entrepreneurial ecosystem. By addressing systemic challenges, fostering genuine collaboration, and tailoring support to contextual needs, stakeholders can create a thriving environment where small enterprises drive economic growth and innovation.

Summit Declaration

PLEDGE / DECLARATION

We, as active participants of the transformation agenda and ecosystem enablers, appreciating the progress made in the implementation of NISED, confirm our commitment and support to the Department of Small Business Development, towards the implementation of the agreed game changers deliberated upon at the summit as the common agenda for joint action towards achieving the target to support the establishment of 1 million small enterprises and cooperatives by 2030. The game changers are:

1. Start-up Policy/Legislative Framework
2. Township and Rural Economic Development and Revitalisation Policy
3. Refuelled Incubator/Accelerator Programme
4. Building on the MSME and Cooperative Funding Policy, establish a Fund of Funds
5. Supplier Development Partnership Programme



PLEDGE/DECLARATION

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- 1) Start-up Policy/Legislative Framework
- 2) Township and Rural Economic Development and Revitalisation Policy
- 3) Refueled Incubator/Accelerator Programme
- 4) Building on the MSME and Co-operative Funding Policy, establish a Fund of Funds
- 5) Supplier Development Partnership Programme

Name

Mr. Lebogo Maphere
Ms Thulile Manzini
SHAKES MAKHONZA
NOMFEZEKO NTIKA
SANDRA ESEMANG (MS)

Representation

Monyem Holdings
DSBD
UMDOKO INTERNET
DSBD
NACSA/INCASA

Signature







Signed: 22 November 2024

Place: Gallagher Convention Centre, Midrand 21-22 November 2024

Name

Tshepo Seakgoe
 Allen Bogamane
 Thuli Msimanga
 'KORATSE Nomsa Moxia
 Rejoice Maudu

Representation

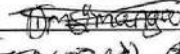
DELMAS CHAMBER OF
 COMMERCE AND INDUSTRY

Telkom future makers
 Informal - trader

SASAGUMBI BUSINESS SOLUTION (TODUZA)
 Department of Small Business

Signature







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Place: Gallagher Convention Centre, Midrand 21-22 November 2024

Name

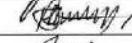
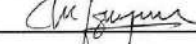
IDANI KUDZINSETHA
 ZACHARIA MASELA
 JABU Ndumande
 Rachel Malatji
 Mariam HEMAYOUN

Representation

LGSETA
 NCASA
 NCASA
 B-BBEE Commission
 EU

Signature




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Name

Boniswa Bimbelezi
 GCM KAWAS
 Linda Maseko
 Mario Selobene
 Martin Rafferty

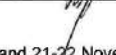
Representation

Carrot Catch
 SEDFA
 Mabasa But for Bv
 MONYAMITHO Services
 SEDFA

Signature







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Place: Gallagher Convention Centre, Midrand 21-22 November 2024

Name

Melvyn Lubega
 Thutiso Mandini
 EREMA RITA JOSE
 'PROTONA KUYA
 PABALLO Vilakazi

Representation

Investor: Baobab Group
 DSBd
 ANDE
 SACOBTC
 Lavo Bank

Signature







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Khutjo Langa
 Zuleh Mngaba
 Kgomo Tse Noko
 Lorraine NomSA
 Nonhlanhla Mdaung
 ILHAM PETERSEN
 Brenden Visser

Property Point
 TEDCOZA
 TEDCOZA
 Tedcora
 TEDCOZA
 HSR
 PBB-TV & RADIO Prod.

Peyo
 Noko
 Mthembu
 B

Mavis Nompotsheni
 Mbali Michize
 James Babalo

Tedcoza / TEDCOZA
 TEDCOZA
 Informal Traders

W.D.
 J.
 J.

Sophie Chaworo
 Thokozile Mngadi
 Neliswe Mntungwa
 ANDA SONDARA
 Njabeni Sikhumbulo
 NOMSINOCHE MAMABANI
 CATLIN RABAGANE
 MARY Sibambo
 Eulia Ntoso
 Motome Phiso
 LETTA MKADIMENGA

Momentum
 AgriKoo
 KOTA 2 NICE
 EC DEDCAT
 Western cape Aug 02 house
 TEDCOZA
 TEDCOZA
 Ted Coza
 TEDCOZA & CCISA
 Tshwane Barokisi Forum
 ISHWANE BAROKISI FORUM

Fl.
 T.G.
 M.
 A.
 S.
 S.
 S.
 S.
 S.
 S.

Ishmael Nmba
 B. Bulela Claassen
 Enon Nkomo
 E.T. Mawale
 Sora Shungu
 Andiswa Isenwa
 Ntombikayise Gwama
 Jerry Ramaboe
 Samkelisiwe Chunda
 Lebogang Phiso
 'Mimi' Keturumole
 Muller
 Keflue Ntoko
 Delilah Tsele

SEDA
 Seffer
 MESA
 RD
 Dept Tourism
 TEDCOZA
 Phuthisa Group Social Services
 TEDCOZA
 Sibani metaraming (TEDCOZA)
 Regen 4
 Tshwane Region
 NITASIA
 Ntsoa
 Tshwane barokisi

Sh.
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MINGUS M212
Mamiki Nishineia
SHERRY HOWARD

TEOCOZA
TEOCOZA
TEOCOZA

Sherry
D.L.
Sherry

Signed: 22 November 2024

Place: Gallagher Convention Centre, Midrand 21-22 November 2024



NATIONAL PRESIDENTIAL MSME & COOPERATIVES SUMMIT

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