

ANNUAL PERFORMANCE PLAN

2026/27



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA





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ANNUAL PERFORMANCE PLAN

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EXECUTIVE AUTHORITY STATEMENT

Ms Stella Tembisa Ndabeni, MP

Minister of the Department of Small Business Development



I hereby table the 2026/27 Annual Performance Plan (APP) of the Department of Small Business Development (DSBD), which constitutes the second-year implementation of the Department's 2025–2030 Strategic Plan.

During the 2026/27 financial year, the Department, together with its entity, the Small Enterprise Development and Finance Agency (SEDFA), will continue implementing the 2024–2029 Medium-Term Development Plan (MTDP). The Small Business Development (SBD) Portfolio contributes directly to Strategic Priority 1: Drive Inclusive Growth and Job Creation, and Strategic Priority 3: Build a Capable, Ethical and Developmental State.

The DSBD's mandate, to provide business development support and facilitate access to finance and markets for Micro, Small and Medium Enterprises (MSMEs), plays a catalytic role in advancing economic transformation and sustainable job creation. As envisaged in the National Development Plan 2030, the MSME sector is expected to contribute 9 million of the 11 million jobs targeted by 2030. As our contribution we will as the DSBD portfolio provide financial and non-financial support to 1 million MSMEs over the 7th term of government.

We will also galvanise the MSME support ecosystem to scale their support and better target growth sectors, as well as underserved constituencies like youth, women, and enterprises from townships and marginalised rural areas.

We will do this through cutting red-tape focusing on measurable reforms that lower compliance costs

and improve the ease of doing business. We will ensure that the new Business Licensing Bill makes it easier, not more difficult, to start and operate a small business in South Africa, as affirmed by the President during the 2026 SONA. We will implement our Red Tape Reduction Framework and continue to support municipalities adopt the E-Registration System with 20 municipalities to be supported during the 2026/27 financial year.

We will intensify our support for MSME-focused Localisation, and better representation of MSMEs in local and regional value chains. We will strengthen our trade and market intelligence capabilities, and retool our Small Business Exporter Development Programme, especially to serve regional and African markets. Also prioritised for this year, is to support implementation of the Public Procurement Act to ensure state markets better serve MSMEs and co-operatives.

We will work with the rest of government and its agencies, as well as the private sector to leverage cost-sharing partnerships to improve access to enabling business infrastructure.

We will scale-up access to finance for MSMEs across the ecosystem. Much has been achieved through the SEDFA merger process over the course of the past year, and it is now clear that SEDFA represents a fresh start for small business development. We will be looking to SEDFA to now start scaling its support and impact, through partnerships with development finance institutions (DFIs), the private sector, and multilateral organisations. We will also be looking to better integrate the financial offerings across the eco-system with improved market and investment

readiness support, as well as with post-investment support for business sustainability. Markets in the year ahead look volatile, and we need to strengthen the resilience of the MSMEs we support.

There are two key interventions we will undertake this year to strengthen our leadership and co-ordination role in the eco-system. First, is the MSME One-Plan, which will strengthen eco-system partnerships and accountability around measurable commitments. Second, is the digital platform which offer a fully interoperable, AI-enabled one-stop ecosystem integrating finance, business registration, compliance, mentorship, market access, and data intelligence. The platform will serve as a centralised digital gateway through which enterprises can access information, apply for support programmes, track application progress, and receive coordinated assistance across relevant government institutions. We are confident that this platform will reduce administrative burdens, eliminate duplication of processes, and improve turnaround times for MSME support services.

As Minister for Small Business Development, I remain committed to ensuring that our policy priorities are aligned to the MTDP priorities of this 7th Administration. This 2026/27 Annual Performance Plan is a bold and practical roadmap to deepen economic participation, unlock opportunities in townships and rural communities, and foster innovation through a coordinated and developmental governance approach.

Together, we will translate policy into measurable impact and ensure that small enterprises remain at the centre of South Africa's growth and job creation ambitions.



Ms Stella Tembisa Ndabeni, MP
Minister for Small Business Development

Date: 14 May 2026

DEPUTY MINISTER STATEMENT

Ms Jane Sithole

Deputy Minister of the Department of Small Business Development



I am honoured to express my support for the tabling of the Department of Small Business Development's (DSBD) 2026/27 Annual Performance Plan (APP). This Plan reflects the delegated responsibilities entrusted to me by the Minister and outlines my role as Deputy Minister in advancing the Department's mandate and strategic objectives.

For the 2026/27 financial year, key priorities include:

1. Implementation of the Integrated Co-operatives Development Strategy

The department will lead and coordinate an integrated approach to promoting and developing co-operatives, ensuring an enabling legislative and policy environment that supports their growth and sustainability, fully aligned with the Department's mandate.

During 2026/27, 50 co-operatives will receive funding through the Co-operatives Development Support Programme (CDSP). This programme specifically targets co-operatives that are unable to access other funding instruments due to factors such as risk, viability, or limited management and technical capacity. It aims to reduce borrowing costs, improve affordability, and strengthen the financial sustainability of participating co-operatives, including those in distress.

2. Red Tape Reduction for MSMEs

Regulatory hurdles and administrative burdens continue to constrain the growth and sustainability of micro, small, and medium enterprises (MSMEs), particularly in rural and township economies. Excessive compliance requirements, fragmented licensing systems, and delayed payments undermine enterprise development and job creation. To address these challenges, the Department will intensify the implementation of the Red Tape Reduction Programme, focusing on practical, measurable reforms.

During the 2026/27 financial year, we will roll out the Red-Tape Reduction Framework in an incremental and phased manner. We will support 20 municipalities adopt the e-registration system, and we will target five (5) laws and/or regulations for reform.

We will strengthen national and provincial co-ordination mechanisms by mid-2026 and launch a national awareness and change management campaign to embed red tape reduction across all spheres of government.

Through these measures, the Department aims to create a more enabling regulatory environment that supports MSME growth, improves enterprise sustainability, and drives job creation.

3. Programme to Support Entrepreneurs with Disabilities

The Department will develop and implement a dedicated programme to support entrepreneurs with disabilities, underpinned by appropriate legislation, regulations, and policies.

The Department will expand access to affordable finance for small enterprises through an integrated funding approach that mobilises both public and private capital. This approach will prioritise township, rural, women-, youth-, and disability-owned enterprises, consistent with the Department's mandate to transform the economy by expanding participation of historically disadvantaged groups. Over the medium term, we aim to reduce structural financing barriers, partner with the private sector, and enable small enterprises to grow, create jobs, and participate meaningfully in local and national value chains, with particular focus on entrepreneurs with disabilities.

4. The Development of the StartUp Policy

During the 2026/27 financial year, the StartUp Policy will be submitted to Cabinet for approval. This policy aims to foster a vibrant, innovation-driven entrepreneurship ecosystem that supports new and early-stage enterprises.

Key focus areas include:

- **Ecosystem Alignment:** The policy will establish the institutional framework and regulatory environment necessary to support startups from ideation to growth, ensuring effective coordination among government, incubators, accelerators, academia, and the private sector.
- **Support for Innovation and Technology:** It will promote research and development, digital transformation, and technology adoption among startups, enhancing competitiveness and resilience.
- **Empowerment of Women, Youth, and Persons with Disabilities (WYPDs):** Targeted incubation programmes, mentorship, and early-stage financing will reduce entry barriers for WYPDs in innovative sectors.

Outcome Contribution: By nurturing high-potential startups and streamlining support structures, the policy will contribute to a dynamic and well-coordinated entrepreneurial ecosystem, driving inclusive economic growth and job creation.

5. Incubation Support

South Africa has a large and growing incubator ecosystem, with numerous incubators supported by government, universities, and the private sector. Through SEDFA and the DSBD, a national network of incubators has been established across sectors and regions, spanning technology, agriculture, manufacturing, creative industries, and more.

In the 2026/27 financial year alone, 2 000 MSMEs will receive support through these programmes.

This initiative strengthens the entrepreneurial ecosystem by providing startups and early-stage enterprises with mentorship, resources, and market linkages, thereby enhancing their capacity to grow, create jobs, and participate meaningfully in local and national value chains.

Through these initiatives, the Department remains committed to advancing inclusive economic growth, strengthening enterprise development, and transforming the economy by expanding opportunities for historically disadvantaged groups. I fully support the 2026/27 Annual Performance Plan as a strategic roadmap to empower small businesses, foster innovation, and create sustainable jobs across South Africa.



Ms Jane Sithole, MP

Deputy Minister for Small Business Development

Date: 13 May 2026

ACCOUNTING OFFICER STATEMENT

Ms Thulisile Manzini

Director-General

Department of Small Business Development



The Department of Small Business Development (DSBD) is entrusted with leading, coordinating and integrating the mobilisation of resources across the MSME and Co-operatives ecosystem, while creating an enabling environment for the growth, development and sustainability of Micro, Small and Medium Enterprises (MSMEs) and Co-operatives. This mandate places the Department at the forefront of advancing a transformed and inclusive economy, driven by sustainable, competitive and innovative enterprises that contribute to broad-based economic growth, employment creation and reduced inequality.

The 2026/27 Annual Performance Plan (APP) represents the second year of implementation of the 2025–2030 Strategic Plan and marks an important milestone in the Department’s institutional evolution. Since its establishment, the Department has focused on building foundational governance systems, operational frameworks and policy instruments necessary to anchor the MSME and Co-operatives support ecosystem. As the Department enters this new phase, it is transitioning from institutional establishment towards consolidation, cohesion and measurable impact.

This “coming of age” phase requires a clearly defined institutional identity, stronger internal alignment across programmes and entities, and a unified, authoritative leadership role within the MSME and Co-operatives ecosystem. The Department will therefore intensify efforts to improve policy coherence, strengthen intergovernmental coordination, enhance accountability mechanisms, and ensure that enterprise development interventions are integrated, responsive and results-oriented.

In developing the 2026/27 APP, the Department undertook consultations with MSMEs, Co-operatives and ecosystem partners to ensure that the Plan addresses key structural constraints facing enterprises. The APP reflects a deliberate shift towards integrated, innovation-driven and client-centred support mechanisms, supported by strengthened monitoring and evaluation systems to track performance and outcomes.

This Plan signals the Department’s commitment to deepening impact, improving service delivery efficiency and positioning MSMEs and Co-operatives at the centre of national economic transformation. Through decisive leadership and collaborative partnerships, the Department will continue to build a coherent, coordinated and inclusive enterprise development ecosystem capable of unlocking the full potential of small businesses across the Republic.

The 2026/27 APP takes into consideration an extensive consultation process with various internal and external stakeholders across the MSMEs ecosystem and is aligned with the recommendations of the National Planning Commission (NPC) on the Red Tape Reduction and Ease of Doing Business Legislation, Standing Committee recommendations on Access to Market: connecting MSMEs and Large Firms/Government and aligned with the Growth and Inclusion Strategy (GAIN).

According to the 2025 Medium Term Budget Policy Statement (12 November 2025), South Africa’s economy is projected to gradually recover over the medium term, with real GDP growth improving from 0.5% in 2024 to 2.0% by 2028. Household consumption is expected to recover moderately, from

1.0% in 2024 to 2.2% in 2028, while gross fixed-capital formation turns positive at 2.6% in 2026, indicating renewed investment activity. Inflation remains stable within the target range of 3.2%–3.7%, providing a conducive environment for business operations, while the current account deficit is expected to widen to -2.0% of GDP, reflecting higher imports alongside economic recovery.

For MSMEs, these trends present both opportunities and challenges. Weak near-term household consumption and subdued GDP growth may constrain local demand, particularly for township and rural businesses. At the same time, the recovery in investment and regional growth offers opportunities for MSMEs to participate in infrastructure projects, value chains, and export markets. Stable inflation improves operating conditions, while widening external deficits highlight the importance of localisation, import substitution, and building competitive, export-ready enterprises.

In this context, DSBD's interventions remain central to supporting inclusive economic growth and employment creation. Targeted programmes that enhance MSME competitiveness, market access, digital readiness, and participation in industrial value chains are critical to mitigating the constraints of low domestic growth and ensuring that small businesses contribute meaningfully to job creation and economic transformation.

Reflecting on the previous financial year and performance as at Quarter Three of the 2025/26 financial year, the Department has made significant progress in implementing its 2025–2030 Strategic Plan, which is aligned to the 2024–2029 Medium-Term Development Plan (MTDP). The Department's impact statement, *sustainable and competitive MSMEs contributing to inclusive economic growth and job creation*, continues to guide programme implementation and resource allocation. This impact is supported, among others, by the following key outcomes:

1. Improved Governance and Compliance outcome

The Department continues to obtain Unqualified Audit Opinions on both financial statements and non-financial performance information (Clean Audit outcomes) for the period under review. This achievement reflects the Department's robust internal control environment, effective risk management practices, and disciplined fiscal management.

In addition, the Department has consistently ensured the timely processing and payment of suppliers within the prescribed 30-day period, in full compliance with the Public Finance Management Act (PFMA) and applicable Treasury Regulations.

The Department also remains committed to advancing transformation and inclusivity, maintaining 50% representation of women in Senior Management Service (SMS) positions and 5.7% representation of Persons with Disabilities.

The Department will continue to invest in strengthening its administration, systems, processes and institutional capacity to ensure the delivery of efficient, effective and responsive services to MSMEs and co-operatives. In doing so, we remain guided by the values of equity and equality, ensuring that the dignity of our people is respected, protected and restored through meaningful economic participation and opportunity creation.

2. Reduced regulatory and administrative burdens for MSMEs Outcome

To reduce the regulatory and administrative burden faced by MSMEs, the Department implemented targeted interventions aimed at creating a more efficient, inclusive, and responsive regulatory environment.

During the year under review:

- **Four (4) laws and/or regulations** were submitted to the relevant authorities for reform to ease administrative constraints on MSMEs.
- **Five (5) key laws or regulations** that impose excessive administrative or compliance burdens on MSMEs were identified and recommended for reform.
- **Twenty-eight (28) municipalities** were supported in adopting E-Registration systems to streamline business registration processes.
- **Two (2) Red Tape Reduction Indicators** were implemented to strengthen monitoring and accountability in regulatory reform efforts.

These measures collectively advance the Department's commitment to improving the ease of doing business and fostering a more enabling environment for MSMEs.

3. Increased participation of MSMEs in domestic and international markets Outcome

The Department will implement targeted interventions to expand MSME access to domestic and international markets, strengthen competitiveness, and enhance participation in value chains. These initiatives collectively aim to drive job creation, export growth, and economic transformation. The Department will facilitate 200 MSMEs' participation in global trade missions, exhibitions, and digital export platforms to promote export readiness and integration into global value chains. These initiatives will build capacity to meet international standards, increase foreign revenue, and strengthen South Africa's trade balance and competitiveness. As at Quarter Three of the 2025/26 financial year, 196 MSMEs were exposed to global market opportunities.

The Department will support 150 MSMEs to access domestic market opportunities through procurement platforms, trade fairs, supplier development programmes, and partnerships with large corporate and government entities. This will improve MSME visibility, strengthen linkages with established industries, and promote local production, import substitution, and inclusive growth. 215 products were manufactured and services rendered by MSMEs linked to the domestic market.

The department has stepped 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 intended to regulate public procurement, prescribe a framework within which preferential procurement must be implemented, and also provide for matters connected therewith. As at Quarter Three of the 2025/26 financial year, the department conducted stakeholder engagements on the Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations in an effort to develop compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations.

4. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies Outcome

The **Informal and Micro Enterprise Development Programme (IMEDP)** empowers entrepreneurs in underserved communities by providing financial grants, business tools, and enterprise development support. Targeting women, youth, and persons with disabilities, IMEDP enhances productivity, competitiveness, and sustainability while facilitating formalisation and integration into the broader economy. Key barriers such as limited collateral, inadequate business management skills, and restricted access to formal financial systems are addressed, contributing to inclusive growth, job creation, and economic participation. In the 2026/27 financial year, IMEDP is projected to support 3,000 informal businesses.

This programme will foster a coordinated, inclusive, and sustainable informal enterprise ecosystem, supporting economic participation, livelihoods, and resilience for vulnerable groups. And 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.

To enhance Financial and Non-Financial Support for Small Enterprises in Rural and Township Economies. To strengthen financial inclusion and enterprise capabilities, the Department is implementing a suite of coordinated interventions targeting small enterprises, particularly those owned by women, youth, and persons with disabilities. These initiatives address structural financing barriers, improve institutional support, and build entrepreneurial capacity, contributing to an inclusive, competitive, and resilient small enterprise sector that drives local economic growth and job creation, amongst others.

- **Fund of Funds:** Consolidates and coordinates public and private funding instruments, leveraging blended finance and guarantees to expand affordable financing access for MSMEs in rural and township areas.
- **Movable Assets Collateral Registry:** Enables small enterprises to use movable assets—such as equipment, vehicles, and inventory—as loan collateral, increasing participation in formal credit markets.

- **NES:** Aligns entrepreneurship development initiatives with national priorities, strengthening access to mentorship, training, and enterprise development networks to support inclusive and sustainable livelihoods.
- **Incubation and BDS Policy:** Establishes and accredits incubators and business development service providers, offering standardised, accessible, and tailored support to enhance enterprise sustainability and competitiveness.
- **Programme Review and Redesign:** Ensures financial and non-financial support mechanisms remain responsive to evolving enterprise needs and market dynamics, improving efficiency, accessibility, and inclusivity.
- **Asset Assist Programme:** Provides direct financial for productive assets, enabling MSMEs to enhance operational capacity, productivity, and competitiveness. Township and rural MSMEs will benefit to the value of **R215 million**, with a focus on women, youth, and persons with disabilities.

5. Improved integrated and streamlined business processes and systems for MSMEs outcome

In supporting improved integrated and streamlined business processes and systems for MSMEs outcome, during the 2026/27 financial year, the Department will develop and implement the Incubation Innovation Programme aimed at strengthening the sustainability, competitiveness and growth of Micro, Small and Medium Enterprises (MSMEs), including start-up enterprises. The Programme will support MSMEs that are formally enrolled in approved incubation facilities and receive structured, programme-based business development support interventions. The Incubation Innovation Programme will provide integrated and tailored support services, including business development mentorship, technical and product development support, market access facilitation, access to finance readiness, digital capability enhancement, and operational capacity building. The Programme will prioritise innovation-driven enterprises, township and rural enterprises, as well as enterprises owned by women, youth and persons with disabilities.

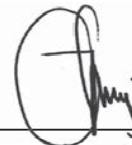
The 2026/27 Annual Performance Plan represents the Department's firm commitment to positioning the small business and Co-operatives sector as a central pillar of inclusive economic growth and sustainable

job creation. The planned interventions reflect a deliberate shift towards integrated, innovation-driven and client-centred support mechanisms aimed at enhancing the sustainability, competitiveness and resilience of MSMEs and Co-operatives across the country. Through the implementation of key initiatives such as the Incubation Innovation Programme and the deployment of the One Online Stop Shop, the Department will deepen its developmental impact, improve ecosystem coordination, and reduce barriers that constrain enterprise growth. Particular emphasis will be placed on supporting women, youth and persons with disabilities, as well as enterprises operating in townships and rural areas, in line with government's transformation and inclusive growth agenda.

The Department remains steadfast in strengthening governance, enhancing accountability, and improving monitoring and evaluation systems to ensure measurable outcomes and optimal utilisation of public resources. Accordingly, the 2026/27 APP is positioned not merely as a compliance instrument, but as a strategic implementation blueprint that translates policy commitments into tangible socio-economic impact. I wish to extend my sincere appreciation to the Executive Authority, Minister Stella Ndabeni, and Deputy Minister Jane Sithole, for their visionary leadership and steadfast guidance. My gratitude also goes to the Departmental Executive Committee, and the entire staff complement for their dedication, professionalism and commitment in advancing the Department's mandate.

Key to driving our mandate is our entity, the Small Enterprise Development and Finance Agency (SEDFA). I wish to express my appreciation to Mr Nkosikhona Mbatha, Acting Chief Executive Officer of SEDFA, and his team for their continued contribution to strengthening the Small Business Development Portfolio. I further acknowledge and appreciate the invaluable support and collaboration of our stakeholders across government, the private sector and civil society. Together, we must continue to build a nation that works for all, one that ignites entrepreneurship, nurtures small enterprises and connects them to the resources required to accelerate growth and unlock inclusive prosperity.

I thank you.



Ms Thulisile Manzini
Accounting Officer

Date: 13 May 2026

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 2026/27-year period.

Recommended by:



Mr V Dayile

DDG: Sector Policy and Research



Ms SM Oosterwyk

Chief Financial Officer



Ms Y Tants

DDG: 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



Ms Stella Tembisa Ndabeni, MP

Minister for Small Business Development

Approved by:

ACRONYMS AND ABBREVIATIONS

Abbreviation	Description
AAP	Asset Assist Programme
ADG	Acting Director-General
ADDG	Acting Deputy Director-General
AfCFTA	African Continental Free Trade Area
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AI	Artificial Intelligence
APP	Annual Performance Plan
ASD	Assistant Director
AU	African Union
BAS	Basic Accounting System
B-BBEE	Broad-Based Black Economic Empowerment
BDM	Business Delivery Model
BPF	Budget Prioritisation Framework
CBDA	Co-operatives Banks Development Agency
CCSP	Craft Customised Sector Programme
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
COBIT	Control Objectives for Information and Related Technologies
COGTA	Department of Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CSF	Civil Society Forum
DALRRD	Department of Agriculture, Land Reform and Rural Development
DBSA	Development Bank of Southern Africa
DDG	Deputy Director-General
DDM	District Development Model
DEF	District Ecosystem Facilitation Model
DEM	Digital Economy Master Plan
DFIs	Development Finance Institutions
DG	Director-General
DIRCO	Department of International Relations and Cooperation
DoT	Department of Transport
DOJ&CD	Department of Justice and Constitutional Development
DFFE	Department of Forestry, Fisheries and the Environment
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DPWI	Department of Public Works and Infrastructure

ACRONYMS AND ABBREVIATIONS (CONT.)

Abbreviation	Description
DSBD	Department of Small Business Development
EA	Executive Authority
EMDE	Emerging Market and Development Economies
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
ESD	Enterprise and Supplier Development
ESIED Cluster	Economic Sectors, Employment and Infrastructure Development Cluster
ESC	Evaluation Steering Committee
EXPO	Exposition
GAIN	Growth and Inclusion Strategy
GBS	Government Business Services
GBVF	Gender-Based Violence and Femicide
GEYODI	Gender, Youth and Disability
GITO	Government Information Technology Officer
GNU	Government of National Unity
GP – GDED	Gauteng Department of Economic Development
IDC	Industrial Development Corporation
ICT	Information and Communication Technology
IGR	Intergovernmental Relations
ILO	International Labour Organisation
IMEDP	Informal and Micro Enterprise Development Programme
IR	Internal Relations
iREREP	Integrated Resource Efficiency and Renewable Energy Programme
ITAC	International Trade Administration Commission
JTF	Just Transition Framework
KZN – EDTEA	KwaZulu-Natal Economic Development, Tourism and Environmental Affairs
LAN	Local Area Network
LED	Local Economic Development
LOGIS	Logistics Information System
LP – LEDET	Limpopo Economic Development, Environment and Tourism
LU3	Combined Rate of Unemployment and Potential Labour Force
MoA	Memorandum of Agreement
MTDP	Medium Term Development Plan
MTSF	Medium Term Strategic Framework
MSMEs	Micro, Small and Medium Enterprises
NPC	National Planning Commission
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NEF	National Empowerment Fund
NES	National Entrepreneurship Strategy
NISED	National Integrated Small Enterprise Development

ACRONYMS AND ABBREVIATIONS (CONT.)

Abbreviation	Description
NSDF	National Spatial Development Framework
NT	National Treasury
OCSLA	Office of the Chief State Law Adviser
PER	Personnel Expenditure Review
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act
PPP	Public-Private Partnerships
PSC	Partnership Steering Committee
QLFS	Quarterly Labour Force Survey
R&D	Research and Development
RCM	Regional Critical Minerals
REC	Regional Economic Communities
SADFA	South African Farmers Development Association
SARS	South African Revenue Service
SANACO	South African National Apex Co-operative
SBD	Small Business Development
SBEDS	Small Business Exporters Development Scheme
SDG	Sustainable Development Goals
SDI	Sustainable Development Index
Seda	Small Enterprise Development Agency
SEDFA	Small Enterprise Development and Finance Agency
Sefa	Small Enterprise Finance Agency
SEMP	Small Enterprise Manufacturing Programme
SEOS	Small Enterprise Ombud Service
SESE	Survey of Employers and the Self-Employed
SETA	Sector Education and Training Authorities
SEZ	Special Economic Zone
SITA	State Information Technology Agency
SMS	Senior Management Service
SONA	State of the National Address
SOPs	Standard Operating Procedures
Stats SA	Statistics South Africa
STI	Science, Technology and Innovation
SWOT	Strengths, Weaknesses, Opportunities and Threats
TREP	Township and Rural Entrepreneurship Programme
TVET	Technical and Vocational Education and Training
UN	United Nations
WC – WCDEDT	Western Cape Department of Economic Development and Tourism
WEO	World Economic Outlook
WYPWD	Women, Youth and Persons with Disabilities
YES	Youth Employment Service

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 Act, 102 of 1996, as amended.	<ul style="list-style-type: none"> • To provide for the establishment of the Advisory Body and the Small Enterprise Development and Finance Agency (SEDFFA); • To provide for the functioning 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; and • 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.
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; and • To provide for matters connected therewith.
Section 3(d) of the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940) (IDC Act).	<ul style="list-style-type: none"> • Section 3(d) of this Act reads <i>“to foster the development of small and medium enterprises and co-operatives.”</i> • 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; • To provide for Co-operative principles and for compliance with Co-operative principles; • To provide for the categories, application for registration and registration of Co-operatives; • To provide for the constitution and functions of Co-operatives; • To provide for the registered offices of Co-operatives, as well as the record-keeping by Co-operatives; • To provide for membership and general meetings of members, and governance of Co-operatives; • To provide for the capital structures and the financial reporting and the independent audit or review of Co-operatives; • To provide for the board of directors; • To provide for the management of co-operatives through their board of directors; • To provide for capital structures of co-operatives; • To provide for the amalgamation, division, conversion and transfers of co-operatives to any other form of juristic person;

Legislation and policy	Mandate and Primary Outputs
	<ul style="list-style-type: none"> • To provide for the winding-up and deregistration of co-operatives; • To provide for judicial management of co-operatives; • To provide for the administration of the Act; • To establish the Co-operative Advisory Council; • To provide for the membership and functions of the Council; • To establish the Co-operatives Development Agency; • To provide for governance of the Agency; • To provide for the legal status, functions and powers of the Agency; • To establish the board of the Agency; • To provide for the governance of the Agency; • To provide for the funding and financial management of the Agency; • To establish the Co-operative Tribunal; • To provide for the functions and composition of the Tribunal; • To provide for special provisions relating to certain kinds of Co-operatives; • To provide for co-operation between governmental agencies in (sic) for the promotion and support of Co-operatives; and • To provide for matters connected therewith.
<p>Co-operatives Development Policy for South Africa (2004)</p>	<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; and • To facilitate the provision of support programmes that target co-operatives, specifically those that create employment or benefit disadvantaged groups.

In addition to the above-mentioned Acts, the DSBD is further mandated by Acts not administered by the DSBD, including, among others:

Na me of Act	Consideration
Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended.	To regulate financial management in national and provincial governments and to ensure that government resources are managed efficiently, effectively, economically and ethically.
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), as amended.	To ensure that government’s preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practice. The revised regulations were promulgated in 2017 and is also focusing on the implementation of 30% of the public procurement.
Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003), as amended.	Establishes a legislative framework for the promotion of black economic empowerment; and empowers the Minister to issue Codes of Good Practice and publish Transformation Charters, establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith.
Companies Act, 2008 (Act No. 71 of 2008), as amended.	Regulates the incorporation, registration, organisation and management of companies, including the fiduciary and “due care” duties and responsibilities of “directors” of a company.
National Credit Act, 2005 (Act No. 34 of 2005), as amended.	Aims to facilitate access to credit for all, while introducing measures to prevent over-indebtedness or the extension of credit to the vulnerable.
Consumer Protection Act, 2008 (Act No. 68 of 2008), as amended.	Aims to protect consumers against unfair business practices, giving them greater recourse against companies that supply them with goods and services.
Financial Advisory and Intermediary Services Act, 2002 (Act No.37 of 2002), as amended.	Regulates the activities of all financial service providers who give advice or provide intermediary services to clients regarding certain financial products. The Act requires that such providers be licensed, and that professional conduct be controlled through a code of conduct and specific enforcement measures.
Protection of Personal Information Act, 2013 (Act No. 4 of 2013), as amended.	Promotes the protection of personal information by public and private bodies.

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).	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. 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.

Informing Policy/Strategy	Key Considerations
<p>The 2024-2029 Medium Term Development Plan</p>	<p>The Medium Term Strategic Framework (MTSF) is renamed to the Medium Term Development Plan (MTDP). MTDP is the implementation plan of the National Development Plan (NDP), and to align to international naming conventions. The MTDP will continue to align to 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 2: Reduce poverty and tackle the high cost of living. • Strategic Priority 3: A capable, ethical, and developmental state. <p>The DSBD to play a primary/lead role in relation to Strategic Priority one, 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> <ul style="list-style-type: none"> • Increased employment opportunities (Reduced unemployment); • Harmonise incentives, mainstream and report on government support for small enterprises and cooperatives to maximise developmental impact and improve livelihoods; • Increased Re-industrialisation, localisation and beneficiation; • Drive growth in labour-intensive sectors such as services, agriculture, manufacturing, and tourism, including through the finalisation and implementation of master plans; • Enabling environment for investment and improved competitiveness through structural reforms; • 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 for 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; • Increased infrastructure investment, access, efficiency and cost: • Invest in infrastructure development in key sectors of energy, communications, water and transport infrastructure, and focus on underserved areas; • Improved Science, technology and innovation for growth; • 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
<p>The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005).</p>	<p>Covers the entire continuum of needed support from pre-start up and start-up 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 - Enabling environment, establish a regulatory impact assessment framework and business environment monitoring mechanism.
<p>National Integrated Small Enterprise Development Strategic Framework.</p>	<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 MSMEs growth and efficient governance; • Effective support and services delivered for MSMEs growth through both financial and non-financial avenues; • Coordinated Government with strengthened private sector partnerships for MSME growth.
<p>The Integrated Strategy on the Development and Promotion of Co-operatives (2012).</p>	<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>

Informing Policy/Strategy	Key Considerations
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.
MSME 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, in particular 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 SMME-manufactured products for the export market and improve the balance of trade for South Africa; • To stimulate domestic demand for South African-manufactured goods (SMME-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 SMME participation in the localisation programme.
National Industrial Policy Framework (NIPF)	<p>Provides overarching direction for industrialisation, emphasising inclusive growth and MSME participation.</p>
Industrial Policy Action Plan (IPAP)	<p>Identifies priority sectors and targeted support for MSME participation in manufacturing and services.</p>
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>

Informing Policy/Strategy	Key Considerations
MSMEs and Co-operatives Funding Policy	The MSMEs and Co-operatives Funding Policy provides a framework for facilitating equitable, sustainable, and coordinated financial support to Micro, Small and Medium Enterprises (MSMEs) and Co-operatives. Its purpose is to improve access to finance, align funding mechanisms with developmental objectives, and promote inclusive economic participation.
Township and Rural Economy Revitalisation Policy	The Township and Rural Economy Revitalisation Policy is a government framework designed to stimulate inclusive economic growth and development in South Africa's townships and rural areas. It seeks to address historical spatial inequalities, unlock local economic potential, and integrate these often-marginalised economies into the mainstream economic value chain.
National Entrepreneurship Strategy	The National Entrepreneurship Strategy (NES) is a government-led policy framework designed to promote, coordinate, and support entrepreneurship as a key driver of economic growth, innovation, and job creation, particularly among youth, women, and marginalised communities.
The District Development Model (DDM) (2019)	The DDM seeks to build a coherent government, which is characterised by the ability to undertake and communicate a common vision for development of the country, collectively generated and broken down into and according to 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.
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 implementation of its MSME-Focused Localisation Policy Framework and Implementation Programme, the Small Enterprise Manufacturing Support Programme (SEMSP) will be implemented inclusion of creating of a manufacturing sector for hydrogen product 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>Additional, through the Value Chain Assessment of Primary, Secondary and Tertiary Industries, which main aim is to assess bottlenecks within each industry for possible barrier 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
<p>Just Transition Framework (JTF) for South Africa (July 2022)</p>	<p>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.</p>
<p>The 2024 Budget Prioritisation Framework (BPF).</p>	<p>The BPF facilitates and strengthens alignment between key national priorities and national budget process.</p> <p>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 and Co-operatives, townships and rural enterprises and informal economy.</p> <p>Pillar 4: A capable State to deliver</p> <p>Supporting innovation, digitalisation and modernisation of the State.</p>

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

Informing International Convention or Policy	Key Considerations
<p>The United Nations Sustainable Development Goals (SDG) (2015).</p>	<p>The 2030 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; and • Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
<p>The African Union Agenda 2063 (Agenda 2063).</p>	<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; and • Goal 7: Africa as a strong, united and influential global player and partner.

Informing International Convention or Policy	Key Considerations
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.
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 of 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; and • 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 facilitating investment; • Promote sustainable and inclusive socio-economic development, gender equality and structural transformation; and • Promote industrialisation.

3. Updates to relevant court rulings

No court judgments have been issued against the Department. In addition, the entity reporting to the Department has confirmed that no judgments have been made against it that could affect the Department's operations.

PART

B

OUR STRATEGIC FOCUS

1. Updated Situational Analysis

The strategic orientation of the Department is anchored in the priorities of the Seventh Administration and the overarching plans of government. Furthermore, the Department's strategy is informed by its mandate and functions as articulated in the National Integrated Small Enterprise Development Framework, which outlines the contribution of the MSME sector to the implementation of the National Development Plan 2030.

In formulating the 2026/27 Annual Performance Plan, the Department undertook a comprehensive situational analysis to ensure that the Plan is evidence-based and responsive to the external, internal, and performance environments within which the Department operates.

1.1. SWOT Analysis

In response to the prevailing macro-environment, the Department of Small Business Development (DSBD), in collaboration with its entity, the Small Enterprise Development and Finance Agency (SEDA), conducted a comprehensive Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis to identify and understand the key factors shaping the performance of the Small Business Development Portfolio.

This strategic assessment serves as a foundational input to the preparation of the 2026/27 Annual Performance Plan, supporting the Department's vision of empowering entrepreneurs, strengthening enterprise resilience, and unlocking the full potential of South Africa's small business ecosystem.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Skilled and well-trained personnel supported by a stable Government (GNU). • Strong teamwork and collaboration among colleagues despite challenges. • Capacity to deliver, supported by reskilling and sound policies. • Passion and commitment to supporting MSMEs. • Digital transformation as an enabler for MSMEs through the development of a digital ecosystem. • Unique focus on small businesses compared to other institutions. • Development of sustainable infrastructure for MSMEs. • Strategic knowledge-sharing and collaboration within teams. • Clear policies and regulations guiding operations. • Potential to innovate and collaborate in new ways. • Well-aligned skills, supported by strong attitudes, commitment, and adaptability. • Strong emphasis on Business Development Support and ecosystem engagement. • Effective leadership, compliance, and reporting standards. • A diverse pool of skills working collectively toward strategic goals. • Dedicated budget allocation, even if limited. 	<ul style="list-style-type: none"> • Limited resources, budget constraints, and external interference. • Perceptions of favouritism in leadership leading to inconsistent decisions. • Fragmented ecosystems, weak innovation culture, and poor community engagement. • Lack of coordination, silo mentality, and unclear mandates. • Insufficient digital skills and a limited mindset for driving digital transformation. • Poor leadership, unclear roles, and weak delegation/reporting structures. • Misalignment between infrastructure development and grant distribution. • Small teams with limited capacity and insufficient support. • Limited resources, budget constraints, and external interference. • Perceptions of favouritism in leadership leading to inconsistent decisions. • Fragmented ecosystems, weak innovation culture, and poor community engagement. • Lack of coordination, silo mentality, and unclear mandates. • Insufficient digital skills and a limited mindset for driving digital transformation. • Poor leadership, unclear roles, and weak delegation/reporting structures.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Promotion of access to justice through alternative dispute resolution (ADR) mechanisms for small enterprises. • Strengthened operational approaches to foster an enabling environment for MSMEs. • Opportunities to introduce innovative solutions through research, creativity, and design thinking (including PDIA). • Strong legislative backing and a growing mandate. • Committed leadership from the Minister and Deputy Minister. • ICT capacity and continuous enhancement. • Qualified staff, diverse expertise, and structured organisational establishment. • Financial and research expertise, including industry analysis and sector-specific innovations (e.g., informal and micro-enterprises). 	<ul style="list-style-type: none"> • Misalignment between infrastructure development and grant distribution. • Small teams with limited capacity and insufficient support. • Weak communication and collaboration across branches. • Inability to position the Department effectively as an ecosystem leader. • Fragmentation and unnecessary delays in workflows. • Delay in establishing the ADR platform for small enterprises. • Overlapping or unclear roles across business units. • Gatekeeping and abuse of authority are undermining organisational culture. • Lack of digital systems, data, and knowledge management capacity. • Duplication of business processes and reliance on manual systems. • Insufficient human, technical, and physical capacity. • Weak understanding of the DSBD mandate across officials and partner entity (i.e., SEDFA). • HR limitations in staff retention and incentives. • Budgetary constraints that restrict implementation, outsourcing, and staffing. • High costs of localisation and factory development (machinery/equipment).
Opportunities	Threats
<ul style="list-style-type: none"> • Supportive legislation, policies, and strategies for growth and cooperation. • A young and energetic workforce with potential, if well-led. • Collaboration opportunities with ecosystem partners. • Adoption of emerging trends and innovative products in the MSME space. • Opportunities to enhance departmental impact and growth. • Strong client demand for services. • Development of long-term infrastructure to support MSMEs. • Potential to integrate platforms, enable funding access, and create digital marketplaces. • Improved understanding and visibility of departmental functions. • Better utilisation of existing resources. 	<ul style="list-style-type: none"> • Governance-related, silo mentality, and weak organisational culture. • Leadership disengagement and misplaced priorities. • Risk of losing ownership of key MSME space to larger players. • Competition from big business and other entities in the MSME ecosystem. • Perception of irrelevance due to duplication of efforts by multiple players. • Fragmentation and internal silos undermining delivery. • Employee perception that limited capacity and funding hinder progress. • Risk of departmental shutdown due to perceived irrelevance in the economic cluster. • Limited outreach to MSMEs, creating reputational risks.

Opportunities	Threats
<ul style="list-style-type: none"> • Acceleration of digitisation and coordination. • Leveraging partnerships with institutions like SARS and other agencies. • Recognition of MSMEs as the engine of the economy. • Growing support from public and private partners in MSME development. • Clear mandate to intervene and address sector challenges. • Strengthening intergovernmental collaboration. • Partnerships with experienced departments and agencies. • Continuous improvement through digitisation, change management, and monitoring. • Strategic benchmarking with grant-making/development organisations. • Strong staff commitment to delivering on the department's mandate. • Increased opportunities for MSMEs through departmental growth. • Prospects for human resource expansion with proper budget allocation. • Expanded private-sector collaboration and outreach via media platforms. • Potential for advanced AI-driven platforms through partnerships (e.g., SARS). 	<ul style="list-style-type: none"> • High staff turnover is causing instability and knowledge loss. • Misalignment between departmental goals and agency implementation. • Risk of focusing on outputs (“counting beans”) instead of outcomes/impact. • Delays in establishing the Ombud’s office, limiting dispute resolution capacity. • Budget cuts threaten programme delivery and MSME support. • Risk of irrelevance if support is not aligned with MSME needs. • Misalignment of regulations affecting departmental operations. • Public sector institutions failing to procure from MSMEs, limiting market access.

SWOT Matrix – Executive Summary:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Skilled, committed personnel with diverse expertise. • Strong passion for MSME support and business development. • Supportive legislation, policies, and structured governance. • Digital transformation and ICT capacity as key enablers. • Unique focus on small business development. • Dedicated leadership and ministerial support. • Research, innovation, and alternative dispute resolution capabilities. 	<ul style="list-style-type: none"> • Limited budget and resources. • Leadership inconsistencies, favouritism, and poor coordination. • Fragmentation, silo mentality, and duplication of processes. • Lack of digital systems, data, and knowledge management. • Small teams with insufficient capacity. • Unclear roles, mandates, and weak accountability structures. • HR challenges in retention, incentives, and staff development.
Opportunities	Threats
<ul style="list-style-type: none"> • Supportive legislative and policy environment. • Young, motivated workforce with growth potential. • Strong demand for MSME services. • Digital transformation, including AI-driven platforms. 	<ul style="list-style-type: none"> • Political interference and silo culture. • Competition from big business and other MSME players. • Risk of irrelevance if mandates overlap or delivery falls short.

Opportunities	Threats
<ul style="list-style-type: none"> • Collaboration with partners (public, private, and agencies like SARS). Recognition of MSMEs as the engine of the economy. • Expansion through media visibility and stakeholder buy-in. 	<ul style="list-style-type: none"> • High staff turnover and loss of institutional knowledge. • Budget cuts and financial constraints. • Misalignment between departmental goals and agency actions. • Delays in establishing critical support structures (e.g., Ombud’s office). • Weak public sector procurement from MSMEs limiting market access.

Building on the insights drawn from the SWOT analysis, it is clear that strong leadership and unwavering stakeholder commitment remain the driving forces behind advancing inclusive economic growth through MSMEs and Co-operatives. While commendable progress has been made, the journey toward excellence continues guided by the shared vision of a thriving, innovative, and sustainable small business ecosystem.

The findings reaffirm the need for bold, ethical, and visionary leadership, one that inspires accountability, professionalism, and collaboration across all levels. Overcoming organisational silos and outdated systems is essential to unlock efficiency and agility, while embracing technology, innovation, and digital transformation will empower modernisation and enhance service delivery.

To truly empower MSMEs and Co-operatives, support must be seamless, accessible, and impactful, removing red tape, integrating mentorship with funding, and fostering robust partnerships across both the public and private sectors. Service delivery should reflect a culture of care: client-centric, transparent, and rooted in respect and responsiveness.

Strategically, the focus must be on scaling enterprises, expanding market access, embedding sustainability, and cultivating an integrated, resilient ecosystem. Though challenges such as operational inefficiencies and skills gaps persist, they present opportunities for reinvention and growth.

By embracing digital innovation, streamlining processes, strengthening internal capacity, and reinforcing leadership accountability, the DSBD can confidently reposition itself as a catalyst for transformation — an ecosystem coordinator and market broker that champions inclusive prosperity. Through partnership, innovation, and purpose-driven leadership, the vision of a dynamic and sustainable MSME and Co-operative sector can truly be realised.

1.2. External Environment Analysis

1.2.1. Global Economic Outlook

World economic growth is projected to remain stable at **3.3 percent in 2026** and **3.2 percent in 2027**, reflecting a moderately supportive but uncertain global environment. Growth in advanced economies is expected to remain subdued, while emerging market and developing economies, including Sub-Saharan Africa, are projected to outperform the global average. South Africa’s growth outlook, although revised slightly upward, remains modest at **1.4 percent in 2026** and **1.5 percent in 2027**, significantly below regional and global averages. This underscores continued domestic structural constraints and limited demand conditions, which pose ongoing challenges for MSME growth, employment creation, and enterprise sustainability. In this context, targeted MSME support, regulatory reform, and productivity-enhancing interventions remain critical to advancing inclusive economic growth.

Overview of the World Economic Outlook Projection						
				Estimate	Projections	Difference from October 2025 WEO Projections
	2024	2025	2026	2027	2026	2027
World Output	3.3	3.3	3.3	3.2	0.2	0.0
Advanced Economies	1.8	1.7	1.8	1.7	0.2	0.0
United States	2.8	2.1	2.4	2.0	0.3	-0.1
Euro Area	0.9	1.4	1.3	1.4	0.2	0.0
• Germany	-0.5	0.2	1.1	1.5	0.2	0.0
• France	1.1	0.8	1.0	1.2	0.1	0.0
• Italy	0.7	0.5	0.7	0.7	-0.1	0.1
• Spain	3.5	2.9	2.3	1.9	0.3	0.2
Japan	-0.2	1.1	0.7	0.6	0.1	0.0
United Kingdom	1.1	1.4	1.3	1.5	0.0	0.0
Canada	2.0	1.6	1.6	1.9	0.1	0.0
Emerging Market and Developing Economies	4.3	4.4	4.2	4.1	0.2	-0.1
Emerging and Developing Asia	5.3	5.4	5.0	4.8	0.3	0.0
Emerging and Developing Europe	3.5	2.0	2.3	2.4	0.1	0.0
Latin America and the Caribbean	2.4	2.4	2.2	2.7	-0.1	0.1
Middle East and Central Asia	2.7	3.7	3.9	4.0	0.1	0.2
Sub-Saharan Africa	4.1	4.4	4.6	4.6	0.2	0.1
Nigeria	4.1	4.2	4.4	4.1	0.2	0.1
South Africa	0.5	1.3	1.4	1.5	0.2	0.0

Source: World Economic Outlook Update, January 2026

1.2.1.1. Macroeconomic Trends

Global Context

- World output is projected to remain stable at 3.3 percent in 2026 and 3.2 percent in 2027, with a slight upward revision for 2026 (+0.2) compared to the October 2025 WEO.
- This confirms a moderate but resilient global growth environment, rather than a strong acceleration or downturn.

Advanced Economies

- Growth in advanced economies remains subdued at around 1.7–1.8 percent, reflecting structural constraints and tighter financial conditions.
- The United States shows relatively stronger momentum in 2026 (2.4 percent), but growth moderates in 2027 (2.0 percent), supporting the view of gradual disinflation and cautious monetary easing.

- The Euro Area shows modest recovery, with stronger growth in Germany from a low base, but overall performance remains weak, limiting external demand growth.

Emerging Markets and Developing Economies

- Emerging Market and Development Economies (EMDEs) continue to outperform advanced economies, with growth projected at 4.2 percent in 2026 and 4.1 percent in 2027.
- Emerging and Developing Asia remains the main global growth driver, though growth is expected to gradually soften.
- Sub-Saharan Africa shows improving growth, rising to 4.6 percent in both 2026 and 2027, indicating improving regional demand conditions.

South Africa-Specific Outlook

- South Africa's growth remains significantly below both global and Sub-Saharan African averages, projected at 1.4 percent in 2026 and 1.5 percent in 2027.
- The upward revision of +0.2 percentage points for 2026 reflects some improvement, but growth remains insufficient to absorb unemployment or significantly expand MSME activity.

1.2.1.2. Policy Implications and Forward Planning

For policymakers and planning entities, the evolving global landscape highlights the importance of:

1. **Strengthening resilience through diversification** of trade and investment partnerships to mitigate exposure to global protectionism and supply chain disruptions.
2. **Maintaining fiscal prudence** while ensuring that growth-supportive spending, especially on infrastructure, innovation, and skills, remains prioritised.
3. **Enhancing macroeconomic flexibility** by calibrating monetary and fiscal responses to domestic conditions, particularly in economies exposed to external shocks.
4. **Leveraging structural reforms** that promote productivity, competitiveness, and private sector investment, especially within the MSME and digital sectors.
5. **Scenario-based** planning and **contingency preparedness** for potential adverse shocks such as tariff escalations, commodity price spikes, or geopolitical disruptions.

1.2.1.3. Implications for South Africa and DSBD

The projected global growth of 3.3 percent in 2026 and 3.2 percent in 2027 provides a moderately supportive external environment for South Africa; however, domestic growth is expected to remain subdued at 1.4 percent in 2026 and 1.5 percent in 2027, well below global and Sub-Saharan African averages. This growth differential underscores persistent structural constraints, weak domestic demand, and limited employment creation, which directly affect MSME sustainability and expansion.

For DSBD, the modest growth outlook implies continued pressure on MSMEs, particularly in township and rural economies, where enterprises face constrained access to finance, infrastructure challenges, and vulnerability to cost increases and external shocks. While improved regional growth in Sub-Saharan Africa presents potential market opportunities, many MSMEs lack the scale, capabilities, and market access required to fully benefit from regional integration.

In this context, DSBD's role becomes increasingly critical in stabilising and strengthening MSMEs through targeted financial and non-financial support, regulatory burden reduction, and measures that improve business survival and productivity. Prioritising place-based interventions, improving ease of doing business, and supporting digitalisation and market access will be essential to mitigate the impact of low growth conditions and to enhance the contribution of MSMEs to inclusive economic growth and job creation.

1.2.2. South African Economic Outlook

According to the 2025 Medium Term Budget Policy Statement (12 November 2025), South Africa's economy is projected to gradually recover over the medium term, with real GDP growth improving from 0.5 percent in 2024 to 2.0 percent by 2028. Household consumption is expected to recover moderately, from 1.0 percent in 2024 to 2.2 percent in 2028, while gross fixed-capital formation turns positive at 2.6 percent in 2026, indicating renewed investment activity. Inflation remains stable within the target range of 3.2 percent –3.7 percent, providing a conducive environment for business operations, while the current account deficit is expected to widen to -2.0 percent of GDP, reflecting higher imports alongside economic recovery.

Calendar Year	2024	2025	2026	2027	2028
Percentage Change	Actual	Estimate	Forecast		
Household consumption	1.0	2.6	1.6	2.0	2.2
Gross fixed-capital formation	-3.9	-1.0	2.6	3.2	3.9
Real GDP growth	0.5	1.2	1.5	1.8	2.0
GDP at current prices (R Billion)	7 352.4	7 660.4	8 074.8	8 509.5	8 964.0
CPI inflation	4.4	3.3	3.7	3.3	3.2
Current account balance (% of GDP)	-0.7	-1.0	-1.8	-2.0	-2.0

Source: 2025 Medium Term Budget Policy Statement

Economic Outlook and Implications for DSBD

For MSMEs, these trends present both opportunities and challenges. Weak near-term household consumption and subdued GDP growth may constrain local demand, particularly for township and rural businesses. At the same time, the recovery in investment and regional growth offers opportunities for MSMEs to participate in infrastructure projects, value chains, and export markets. Stable inflation improves operating conditions, while widening external deficits highlight the importance of localisation, import substitution, and building competitive, export-ready enterprises.

In this context, DSBD's interventions remain central to supporting inclusive economic growth and employment creation. Targeted programmes that enhance MSME competitiveness, market access, digital readiness, and participation in industrial value chains are critical to mitigating the constraints of low domestic growth and ensuring that small businesses contribute meaningfully to job creation and economic transformation.

Strategic Implications for DSBD

For DSBD, the evolving fiscal and economic landscape underscores the need to:

- **Strengthen implementation of structural reforms** that expand MSME participation in strategic sectors, particularly energy, logistics, and digital infrastructure.
- **Leverage public-private partnerships** to enhance access to finance, markets, and business infrastructure for township and rural enterprises.
- **Align programme delivery** (e.g., the Informal Micro Enterprise Development Programme and the Co-operative Development Support Programme) with the government's infrastructure and industrial policy priorities to maximise economic inclusion.

- **Improve monitoring, governance, and inter-governmental coordination** to ensure programme efficiency and accountability within a tightening fiscal environment.

Forward Outlook for 2026/27 Planning

Looking ahead, the DSBD's future plans should focus on deepening enterprise development within the context of fiscal restraint and structural reform. This includes:

- Enhancing non-financial and financial support instruments to promote business sustainability and growth.
- Accelerating local economic development partnerships that connect MSMEs to public and private procurement opportunities.
- Promoting digital transformation, innovation, and skills development to improve competitiveness across the MSME sector.

By aligning with the broader fiscal framework and national reform agenda, DSBD can play a pivotal role in stimulating inclusive, job-rich growth and supporting South Africa's transition toward a more resilient, diversified, and sustainable economy.

1.2.3. South Africa's Economy Performance in the third quarter of 2025

South Africa's GDP grew by 0.5 percent in the third quarter of 2025, following 0.9 percent growth in Q2, reflecting a moderate and uneven economic recovery across sectors.

Sectoral Performance:

- **Trade, Catering and Accommodation (+1.0%):** Contributed 0.1 percentage point to GDP growth. Growth was driven by wholesale trade, retail, motor trade, accommodation, and food & beverages. **DSBD Implication:** These sectors

are heavily populated by MSMEs, particularly in townships and rural areas. The moderate growth indicates potential opportunities for small enterprise participation in retail, hospitality, and catering markets, but sustained support is needed for business continuity, skills development, and market access.

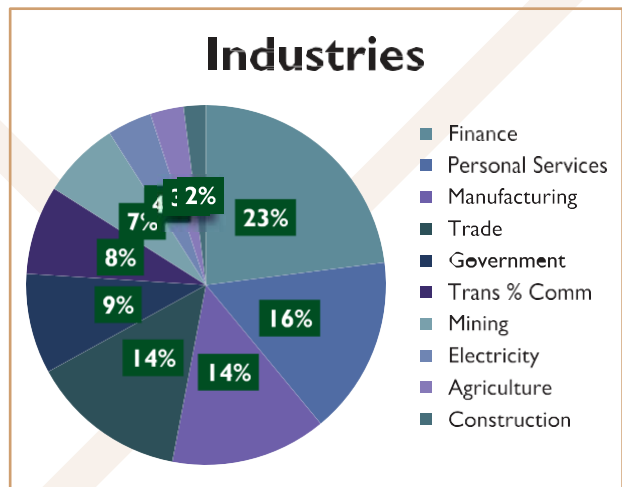
- **Mining and Quarrying (+2.3%):** Contributed 0.1 pp, led by PGMs, manganese ore, and coal. **DSBD Implication:** While dominated by large firms, there are upstream and downstream MSME opportunities (e.g., transport, logistics, maintenance, and local supplier participation). DSBD can target supplier development programmes and enterprise linkages to integrate MSMEs into mining value chains.
- **Finance, Real Estate and Business Services (+0.3%):** Contributed 0.1 pp, with growth in real estate and other business services. **DSBD Implication:** The modest growth highlights opportunities for SME business services, including property management, consulting, and support services. DSBD can support capacity building, digitalisation, and formalisation in these sectors.
- **General Government Services (+0.7%):** Contributed 0.1 pp, reflecting employment growth in government and extra-budgetary institutions. **DSBD Implication:** Increased government spending can provide procurement and contract opportunities for MSMEs, reinforcing the importance of public-sector supplier development initiatives.
- **Personal Services (+0.3%) and Transport, Storage, and Communication (+0.5%):** Indicate modest expansion, mainly in community services, air transport, transport support, and communication. **DSBD Implication:** These sectors offer opportunities for logistics, small-scale transport, and ICT-related enterprises. DSBD can leverage digital adoption and skills development programmes to help MSMEs participate in these growing markets.
- **Manufacturing (+0.3%):** Four of ten divisions grew, led by food & beverages and furniture. **DSBD Implication:** Positive growth in manufacturing provides MSME participation opportunities, particularly in agro-processing, furniture, and value-added products. DSBD can support access to finance, technology, and market linkages to enhance competitiveness.

- **Agriculture, Forestry, and Fishing (+1.1%):** Driven by field crops, horticulture, and animal products. **DSBD Implication:** High potential for agri-processing and rural MSMEs. DSBD support in cooperative development, access to markets, and digital solutions can strengthen rural enterprise participation.
- **Electricity, Gas, and Water (-2.5%):** Declined due to reduced electricity production and consumption, subtracting 0.1 pp from growth. **DSBD Implication:** Energy challenges affect MSME operations, particularly manufacturing and services. DSBD interventions should include energy resilience measures, business continuity support, and advocacy for infrastructure reliability.

The biggest movers in Q3: 2025, in nominal terms:

- Finance was up by R25 billion to R411 billion
- Mining was up by R25 billion to R128 billion
- Construction was down by R5 billion to R37 billion
- Agriculture was down by R28 billion to R56 billion

The finance, real estate, and business services industry remains the largest contributor to GDP.



Implications for Small Business Development

The current economic environment underscores the need to strengthen the contribution of small enterprises to inclusive growth. The DSBD continues to play a pivotal role in advancing inclusive industrialisation, particularly through targeted financial and non-financial support programmes, capacity building, and regulatory reforms that improve the ease of doing business for MSMEs and Co-operatives.

To accelerate sectoral diversification and job creation, government is implementing sector Masterplans that form part of South Africa's broader reindustrialisation strategy. These Masterplans are designed to revitalise key industries, enhance competitiveness, and expand domestic production and exports, creating opportunities for MSMEs and cooperatives to integrate into formal value chains.

The National Integrated Small Enterprise Development (NISED) Strategic Framework serves as the overarching national strategy guiding coordinated efforts across government, the private sector, and social partners. During the Seventh Administration (2024–2029), DSBD will focus on implementing, monitoring, and reporting on the NISED Framework to ensure a cohesive ecosystem that enables small enterprises to start, grow, and scale sustainably. The Framework also seeks to ensure that the policy, financial, and institutional landscape remains conducive for MSMEs and cooperatives to thrive and contribute meaningfully to economic transformation and employment creation.

1.2.4. Relevant Research and Evaluation Reports to MSMEs

Evidence-based policy and programme development remains a fundamental principle guiding the South African Government's approach to achieving its developmental objectives. This principle ensures that policy formulation and programme design are informed by accurate, credible, and timely information, thereby enabling decision-makers to implement interventions that yield effective and sustainable outcomes.

Since its establishment in 2014, the DSBD has been mandated to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, MSMEs and Co-operatives.

The Department is further tasked with ensuring the existence of an enabling legislative and policy environment that supports the growth, competitiveness, and sustainability of these enterprises.

To fulfil this mandate, the Department recognises the centrality of research and data-driven insights in informing its policies, strategies, and interventions. Since the 2018/19 financial year, the Small Business Development (SBD) portfolio has commissioned and conducted a range of research studies aimed at deepening understanding of the MSMEs and Co-operative landscape. The outputs of these studies have directly contributed to refining programme design, enhancing policy coherence, and improving implementation effectiveness across the portfolio.

Building on this foundation, the Department will continue to strengthen institutional mechanisms for integrating research findings into strategic and operational planning processes. Future efforts will focus on enhancing the use of empirical evidence to inform policy reviews, guide programme development, and assess impact. Emphasis will also be placed on expanding partnerships with research institutions, improving data quality, and developing monitoring frameworks that enable continuous learning and adaptive policy implementation.

The table below summarises an overview of the research studies conducted to date, highlighting their purpose, key findings, and recommendations, which collectively serve to inform the Department's future policy and programme planning and are detailed in Annexure E.

Looking ahead to the 2026/27 financial year and beyond, the Department will leverage these research insights to refine and align its strategic priorities, ensuring that all interventions are responsive to the evolving needs of MSMEs and Co-operatives. This includes the development of targeted support mechanisms, improved coordination across the small business ecosystem, and evidence-based evaluation of programme outcomes. Through this approach, DSBD aims to enhance policy impact, promote sustainable enterprise development, and contribute meaningfully to inclusive economic growth and job creation.

Financial Year	Title of Study	Objectives
2019/2020	Analysis and Assessment of barriers to entry for Small, Micro and Medium Enterprises to economic opportunities and drafting of a policy framework.	To analyse and assess barriers to entry for Small, Micro and Medium Enterprises (SMMEs) and Co-operatives to economic opportunities and the study also intended to lead to the drafting of a policy framework to eliminate identified barriers
2019/2020	<i>Research on the Delays and Non-payment by Government on Small, Micro and Medium Enterprises</i>	To research the extent of delayed and/or non-payment of services, by Government to SMME's and the implications thereof on the economy, government relations with the Service Provider and service delivery; The findings of the research will assist the Department of Small Business Development (DSBD) to develop a policy framework that addresses the resultant effects of delayed and/or non-payments by Government on livelihoods of SMME's
2019/2020	<i>Identification of opportunities for SMMEs and co-operatives in strategic value chains within SEZs</i>	To improve the integration of SMMEs and co-operatives into global value chains, using SEZs as the vehicle for these entities to access global value chains.
2019/2020	<i>Women and Youth owned SMMEs: the status, needs, challenges, and opportunities in South Africa</i>	To uncover the current status, trends and performance of small businesses owned by women and youth, covering the period from 2015 to 2018; To identify unique and specific challenges and needs of small businesses owned by women and youth; To analyse the opportunities available for small businesses owned by women and youth; and to provide recommendations to inform policy imperatives and programme development for small businesses owned by women and youth.
2020/2021	Measuring the Pulse of Firms in South Africa	The COV-BPS survey measures the impact of shocks on firms' sales and employment, their operations, and their expectations.
2020/2021	<i>Small Business Development (SBD) Portfolio Draft Digital Strategy</i>	Assess the current digital environment within the SBD Portfolio, inclusive of current and planned digital tools and mechanisms (mapping exercise); Develop the SBD portfolio digital strategy, that incorporates improvement of both ICT and business environment, which will ultimately improve policy development and review, business development services and financial support for the portfolio's clients; Develop an implementation plan for the digital strategy incorporating deliverables and responsibilities within the short, medium, and long-term periods.
2020/2021	<i>Exploratory Study on the Implementation of the SMME Localisation Framework</i>	To enhance the implementation of the approved SMME Localisation Framework; To identify opportunities for SMMEs associated with the implementation of the Framework; To propose initiatives on how to optimise the implementation of the SMME Localization Framework.

Financial Year	Title of Study	Objectives
2020/2021	<i>Impact of COVID-19 on Micro and Informal Businesses</i>	Analyse the impact of the Covid-19 pandemic and the related lockdown measures on micro and informal businesses; Include the views of entrepreneurs in the informal sector, whose perspectives are not captured in studies with SMMEs that are listed in databases, particularly if business owners are contacted via E-mail, phone or online survey; Describe the impact on women and youth, as well as the extent to which they were disproportional affected; Examine the extent to which existing support programmes have reached micro and informal businesses; Determine which types of assistance entrepreneurs believe are necessary to recover from the Covid-19 pandemic, the associated lockdown and to grow their businesses in the long run; Identify which assistance is required to ensure that the sector can contribute to the achievement of the United Nations Sustainable Development Goals.
2020/2021	<i>Measuring the Pulse of Firms in South Africa (Wave 2)</i>	The COV-BPS survey measures the impact of shocks on firms' sales and employment, their operations, and their expectations.
2020/2021	<i>The SA SMME COVID-19 Impact Report</i>	To gauge the impact of lockdown on the vital SMME sector.
2021/22	<i>Impact on looting and unrest in KZN</i>	To determine the impact of jobs losses, value of stock lost, and equipment amongst others in KZN and Gauteng; To determine the damage (infrastructure and premises) incurred by informal sector enterprises in KZN and Gauteng; To develop credible and relevant support packages for informal sector entities.
2021/2022	<i>Business Pulse Survey 3rd Wave.</i>	The COV-BPS survey measures the impact of shocks on firms' sales and employment, their operations and their expectations.
2021/2022	<i>SMME's Development Index</i>	The overall purpose SMME Development Index (SDI) is to monitor key performance indicators associated with the development, growth and health of SMMEs in South Africa. It is to provide credible information on the status and challenges facing SMMEs by presenting disaggregated data to measure SMME performance with the expectation of developing a tool that publishes pertinent SMMEs data accessible to all interested parties (both public and private). In the short term, the SDI provides leading indicator measurements through a periodical survey published at regular intervals to help guide interventions for improving the existing SMME ecosystem.

Financial Year	Title of Study	Objectives
2021/2022	<i>Longitudinal Study year 1</i>	<p>A comparative analysis of the developments, trends, and performance of SMMEs and Co-operatives in relation to that of the South African economy. This should include a particular focus on:</p> <p>The impact of COVID-19 on SMMEs and co-operatives;</p> <p>The contribution of SMMEs and co-operatives to employment;</p> <p>The informal sector.</p> <p>An analysis of the impact of government support to SMMEs and co-operatives in relation to the National Development Plan's (NDP) goals of reducing inequality, unemployment, and elimination poverty. This evaluation should include an investigation into the impact of government support in response to the COVID-19 pandemic;</p> <p>Create a longitudinal profile of South African SMMEs and co-operatives through the collection of consistent data, including variables such as turnover, imports/exports employment creation, and formalization, among others;</p> <p>Understand the inhibitors and opportunities to growth for South African SMMEs, and the presentation of proposed solutions to the challenges faced. This investigation should consider the role played by COVID-19 and proposed solutions should include both the recovery and post-recovery period.</p>
2022/23	Longitudinal Study on SMME and Co-operatives in South Africa (Wave two)	<p>To assess the impact of government support programmes aimed at the cohort of SMMEs and co-operatives;</p> <p>Uncover inhibitors and opportunities for growth for the development of SMMEs and co-operatives;</p> <p>Assess the performance of SMMEs and co-operatives within the South African economy;</p> <p>To get a longitudinal profile of SMMEs and co-operatives in the South African economy.</p>
2022/23	<i>Informal economy Identified policies, strategies, and programmes within selected National, Provincial and Local spheres of government (Phase I)</i>	<p>Undertake research on the informal economy (IE) regarding identified policies, strategies, and programmes within selected National, Provincial and Local spheres of Government.</p> <p>The National sphere includes a selection of seven (7) Departments; DALRRD, DFFE, DPWI, DoT, DSBD, Stats SA and NT.</p> <p>The Provincial sphere includes a selection of four (4) Provincial Departments of Economic Development;</p>

Financial Year	Title of Study	Objectives
		<p>KZN - EDTEA, GP - GDED, LP - LEDET and WC - WCDEDT.</p> <p>The local sphere includes three (3) metropolitans; City of Johannesburg (CoJ) City of Cape Town (CoCT) Buffalo City Municipality (BCM) as well as Local Municipalities which are Msunduzi Local Municipality (MsLM) based in KwaZulu Natal (KZN) Province, Emthanjani Local Municipality (ELM) based in the Northern Cape (NC) Province and Makhuduthamaga Local Municipality (MaLM) based in the Limpopo Province.</p>
2022/23	<i>Usage of Evaluation Studies</i>	To undertake research on the usage of evaluations studies within the SBD portfolio comprising of the Department of Small Business Development (DSBD) and its agencies the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (Sefa). The main goal is to promote the use of evaluations to inform planning, contribute to decision making, promote accountability and ultimately institutionalise monitoring and evaluation practices.
2022/23	<i>Identification, Prioritisation, Sequencing of Business Opportunities Including Profiling of SMMEs and Co-Operatives as Part of the Eastern Seaboard Regional Economic Development Planning Initiatives</i>	<p>Conduct an analysis on the comparative and competitive advantages of the four (4) districts which are O R Tambo, Alfred Nzo, Ugu and Harry Gwala. The analysis is to be conducted in relation to the proposed or identified sectors/sub-sectors in each locality in alignment to the seventeen (17) local municipalities based in each district.</p> <p>Prepare competitive analysis for SMMEs and Co-ops participation in the identified economic sectors and the associated value chains within the four districts.</p> <p>Identify, prioritise, sequence business opportunities and profiles of SMMEs and Co-ops within the four districts to ensure that there are economic diversification and participation of small enterprises in the coastal economy value chain.</p> <p>Collate a comprehensive database of active SMMEs and Co-ops within the identified seventeen (17) local municipalities.</p> <p>Develop a public and private sector partnership framework to forge cross cutting economic relations for current developments including potential investments that would benefit the region with a focus on small enterprise development.</p>
2018/19	<i>Review of the National Gazelles Programme Pilot</i>	To determine the feasibility of its continuation and inform the future roll out of the programme on a full-scale.

Financial Year	Title of Study	Objectives
		<p>To identify key learnings and provide insights from the pilot of Gazelles programme particularly with regard to the programme conceptualisation, design, development, and pilot implementation;</p> <p>To provide evidence-based recommendations that will inform decision making to Seda management where necessary regarding the programme refinement and/or repackaging for full-scale implementation (e.g., Client's participation criteria, programme components, programme funding model, programme delivery model) and partnership approaches); and determine the feasibility of continuation or discontinuation.</p>
2018/19	<i>Study to evaluate Seda's Branch Resource Allocation</i>	<p>Identification of opportunities to optimally utilise branch resources;</p> <p>Development implementation roadmap for the recommendations of the previous work-study conducted;</p> <p>Advice Business Advisor to SMME ratio for programme or service delivery;</p> <p>Operationalise the District Ecosystem Facilitation (DEF) Model.</p>
2023/24	<i>Challenges, Business opportunities, and support required by MSMEs in the national priority sectors focusing on the short, medium, and long terms.</i>	<p>To assess and interrogate challenges faced by MSMEs in the national priority sectors;</p> <p>To strategically assess and prioritize opportunities for MSMEs (i.e., spatial, sector, demographics, etc.)</p> <p>To evaluate the support (financial and non-financial) provided for MSMEs and propose interventions.</p>

1.2.5. Understanding Labour Market Outcomes

Labour Market Developments and Implications for DSBD Planning

South Africa's official unemployment rate declined to 31.9 percent in Q3 2025, from 33.2 percent in Q2 2025. This improvement was driven by a net increase of 248 000 employed persons, alongside a decline of 360 000 unemployed persons. Total employment reached 17.1 million, while unemployment declined to 8.0 million.

However, the reduction in unemployment was partly offset by a 0.4 percent contraction in the labour force, as more people exited active job search. Discouraged jobseekers increased to 3.5 million, and the potential labour force expanded to 4.5 million, pushing the total population outside the labour force to 16.9 million. This indicates that while headline unemployment improved, labour market participation remains weak.

Broader measures of labour underutilisation remain elevated. The LU3 rate (unemployment plus potential labour force) stood at 42.4 percent, while the composite underutilisation rate (LU4) reached 44.9 percent, highlighting persistent exclusion from productive economic activity, particularly among youth and low-skilled workers.

Sectoral Employment Trends and DSBD Relevance

Employment gains were concentrated in:

- Construction (+130 000)
- **Community and social services (+116 000)**
- **Trade (+108 000)**

Employment losses were recorded in:

- **Manufacturing (-62 000)**
- **Finance (-54 000)**
- **Utilities (-30 000)**

Implications for DSBD:

- Growth in construction and trade presents opportunities for small contractors, informal traders, cooperatives, and township enterprises, aligning directly with DSBD's enterprise development mandate.
- Declining employment in manufacturing and utilities highlights structural constraints such as energy supply, competitiveness, and access to finance, requiring targeted MSME support to protect and grow jobs.
- Employment growth in community services reinforces the role of public-sector demand and procurement as a lever for MSME job creation.

Informality and Provincial Dynamics

In Q3 2025, employment was distributed across:

- **Formal sector:** 12.0 million
- **Informal sector:** 4.0 million
- **Household sector:** 1.1 million

While definitional changes limit comparability, the size of the informal sector confirms its critical role in absorbing labour, particularly where formal job creation remains constrained.

Provincial employment gains were strongest in:

- **Western Cape (+70 000)**
- **KwaZulu-Natal (+54 000)**
- **Gauteng (+51 000)**
- **North West (+42 000)**
- **Limpopo (+40 000)**

The **Eastern Cape (-53 000)** recorded employment losses, underscoring spatial inequalities.

Implications for DSBD:

- Continued emphasis on informal and township enterprise support is essential for labour absorption.
- Provincial disparities necessitate spatially targeted interventions, aligned with district and provincial economic profiles.
- Support for rural and lagging provinces remains critical to inclusive growth.

Overall Implications for DSBD:

- Unemployment remains structurally high, despite short-term improvements, reinforcing the central role of MSMEs in employment creation.

- High labour underutilisation indicates the need for enterprise-led solutions that absorb discouraged and marginalised jobseekers.
- Construction, trade, and services offer immediate employment potential for small businesses.
- The scale of informal employment confirms the importance of DSBD programmes that support business sustainability, formalisation (where appropriate), and productivity.
- Spatial disparities require differentiated, place-based MSME support aligned to local economic opportunities.

1.2.6. MSMEs Outlook in South Africa in Numbers**Number of MSMEs****Employment and MSMEs Trends**

Employment growth in South Africa remained subdued during the first half of 2025, reflecting ongoing challenges in labour market recovery. Total employment reached 17.1 million, a marginal 0.9 percent increase year-on-year, with no quarter-on-quarter change from the first to the second quarter. This indicates persistent weakness in formal job creation despite moderate economic activity.

MSME ownership declined slightly during the period; however, earlier gains sustained an 8.1 percent year-on-year increase. The steady share of MSME owners near record levels suggests that self-employment remains a key driver of labour absorption, mitigating the impact of slow formal sector hiring.

Overall, 17.5 percent of employed individuals, approximately 3 million people, either worked for themselves or employed others, serving as a proxy for the number of MSMEs in the economy. Although marginally below the record high of late 2024, this reflects the continued resilience and structural importance of MSMEs in supporting employment and inclusive growth.

Indicator	Number of MSMEs (million)													
	2024Q2			2025Q1			2025Q2			Quarterly change			Yearly change	
	Number	Distrib.		Number	Distrib.		Number	Distrib.		Number	%	Number	%	
Employer	930 507	5.5%		1 022 860	6.0%		992 759	5.8%		-30 101	-2.9%	62 252	6.7%	
Own account worker	1 835 259	10.9%		1 996 303	11.7%		1 998 178	11.7%		1 875	0.1%	162 919	8.9%	
MSME owners	2 765 766	16.4%		3 019 164	17.7%		2 990 937	17.5%		-28 226	-0.9%	225 171	8.1%	
Working for someone	14 038 186	83.0%		13 920 992	81.6%		13 963 096	81.9%		42 104	0.3%	-75 090	-0.5%	
Helping in household business	103 175	0.6%		116 415	0.7%		102 715	0.6%		-13 700	-11.8%	-460	-0.4%	
Total employed	16 907 127	100.0%		17 056 570	100.0%		17 056 748	100.0%		178	0.0%	149 621	0.9%	

Source: SEDFA MSME Quarterly Update 2nd Quarter 2025

Analysis of Employment Status and MSME Ownership Trends

The table above shows changes in employment status between 2024 Q2, 2025 Q1 and 2025 Q2, with a specific focus on employers, own-account workers, and MSME owners, which fall directly within DSBD’s mandate.

MSME Owners

- MSME owners increased year-on-year by 225 171 (8.1%), rising from 2.77 million in Q2 2024 to 2.99 million in Q2 2025.
- However, there was a quarter-on-quarter decline of 28 226 (-0.9%) between Q1 and Q2 of 2025.
- MSME owners now account for 17.5 percent of total employment, up from 16.4 percent a year earlier.

Implication for DSBD: The strong annual growth confirms the critical role of MSMEs in employment absorption, particularly in a weak labour market. The quarterly decline, however, signals fragility and sustainability risks, underscoring the need for DSBD interventions focused on business survival, productivity, and market access, rather than start-ups alone.

Employers

- The number of employers declined quarter-on-quarter by 30 101 (-2.9%), but increased year-on-year by 62 252 (6.7%).
- Employers represent only 5.8 percent of total employment, indicating limited scale-up of enterprises into job-creating firms.

Implication for DSBD: This trend highlights a persistent challenge of enterprise stagnation. DSBD must prioritise business growth, scale-up support, and access to finance to enable MSMEs to transition from survivalist operations into employers that create jobs.

Own-Account Workers

- Own-account workers increased marginally quarter-on-quarter (0.1%) and strongly year-on-year by 162 919 (8.9%).
- They account for 11.7 percent of total employment, reflecting continued reliance on self-employment.

Implication for DSBD: The growth in own-account work suggests that many individuals are entering self-employment due to limited formal job opportunities. DSBD programmes must therefore focus on improving enterprise quality, incomes, and sustainability, particularly in township and informal economies.

Working for Someone Else:

- Employment in wage and salary work declined year-on-year by 75 090 (-0.5%), despite a small quarterly increase.
- This indicates continued weakness in formal job creation.

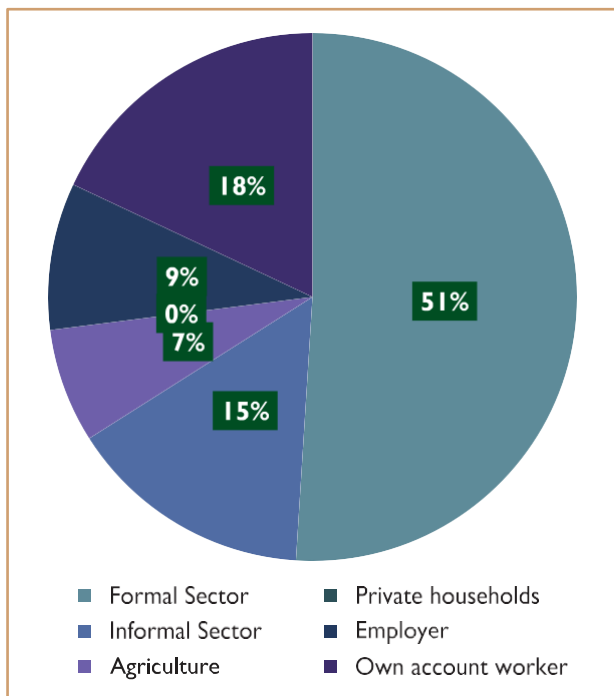
Implication for DSBD: With formal employment under pressure, MSMEs remain a key buffer against unemployment, reinforcing DSBD’s central role in economic recovery and inclusive growth.

Helping in Household Businesses:

- This category declined both quarter-on-quarter and year-on-year, indicating reduced reliance on unpaid household labour.

Implication for DSBD: This may reflect pressures on micro-business viability, highlighting the need for targeted micro-enterprise support and income-stabilisation measures.

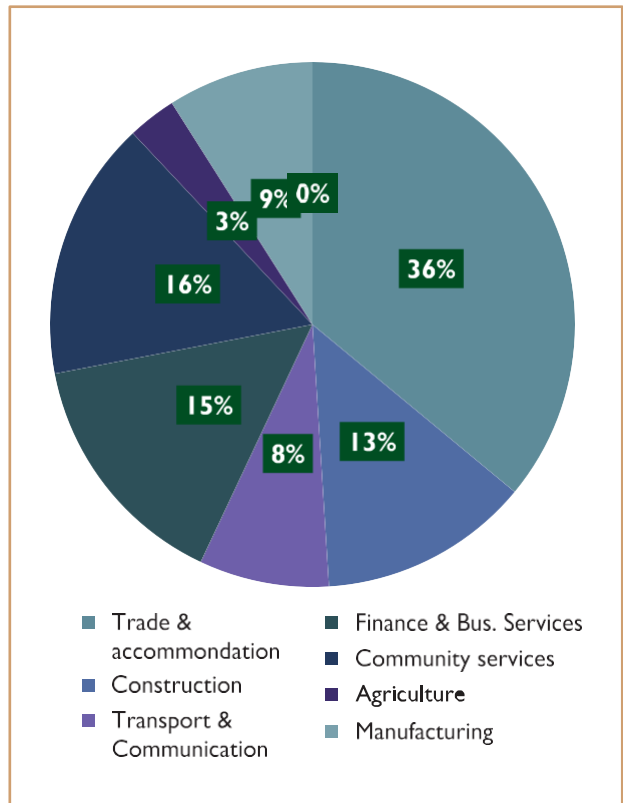
Employment provided by MSMEs in 2025 Q2



Source: SEDFA MSME Quarterly Update 2nd Quarter 2025

MSMEs by industry

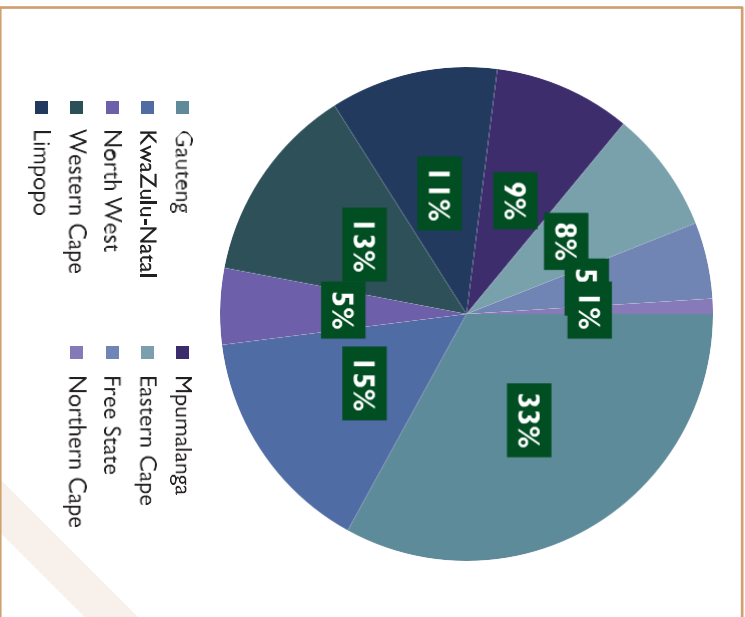
The community services sector led MSME growth, adding nearly 80,000 businesses and increasing its share to 16.4 percent (from 14.9% in 2024Q2). Manufacturing followed with an increase of almost 40,000 MSMEs, raising its share to 8.5 percent. Overall growth was broad-based, with only trade, mining, and utilities recording declines. Mining and utilities show large percentage changes due to their small base, while the trade sector, the largest contributor, experienced a modest 1.1 percent decline, representing 11,778 MSMEs.



Source: SEDFA MSME Quarterly Update 2nd Quarter 2025

MSMEs by province

In Q2 2025, 255,000 MSMEs were established nationally. Gauteng led with 73,000 new businesses, followed by the Eastern Cape (60,000) and Western Cape (55,000). KwaZulu-Natal saw a sharp decline of 68,000, reducing its share to 15 percent from 18.7 percent last year, reflecting trade volatility and infrastructure constraints. The Northern Cape remained the smallest contributor with 34,111 MSMEs, slightly down from last year.



MSMEs by industry and province

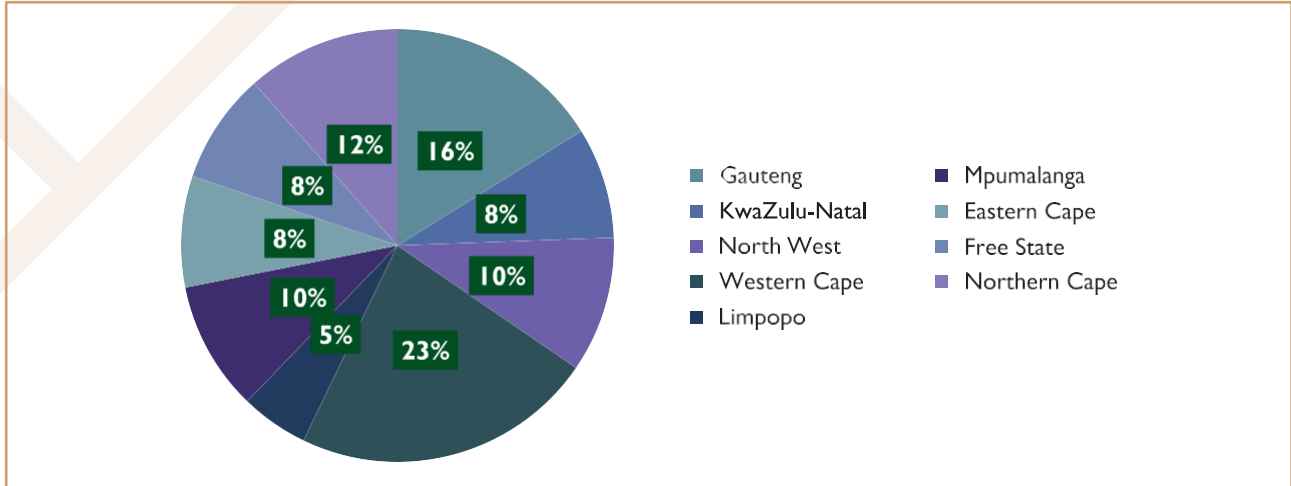
Provinces with a high share of MSMEs in trade and accommodation generally have larger informal sectors, particularly spaza shops, reflecting lower entry barriers. The Eastern Cape exemplifies this trend, while the Western Cape, where over half of MSMEs is formal, and Gauteng have smaller trade sectors. The Western Cape's MSMEs are more concentrated in finance, transport, communication, and agriculture. Northwest leads in construction, hosting the largest provincial share of construction MSMEs.

	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo	Total
Agriculture	26 165	2 412	3 414	5 879	6 135	7 601	6 807	9 139	12 350	79 902
Mining	0	0	0	0	0	0	3 759	0	0	3 759
Manufacturing	28 063	22 741	4 096	10 413	36 943	7 020	69 477	28 712	46 921	254 386
Elec, gas & water	0	0	0	0	540	0	1 450	731	0	2 721
Construction	49 878	22 065	2 351	17 610	57 656	30 083	123 237	36 142	50 420	389 441
Trade & accom.	93 031	112 663	14 902	54 700	166 497	55 413	345 926	91 152	136 924	1 071 208
Transp & commu.	47 739	20 262	0	11 127	28 112	10 057	90 790	14 432	28 296	250 813
Fin. & bus. services	76 574	25 557	1 783	15 231	68 990	18 711	176 259	31 250	22 606	436 961
Community	80 459	24 660	7 565	20 772	83 931	16 756	165 811	45 509	45 621	491 084
Private households	2 485	1 242	0	0	1 242	1 339	3 258	751	345	10 662
Total	404 394	231 603	34 111	135 732	450 046	146 980	986 773	257 818	343 481	2 990 937

Source: SEDFA MSME Quarterly Update 2nd Quarter 2025

MSMEs by province and formal/informal sector

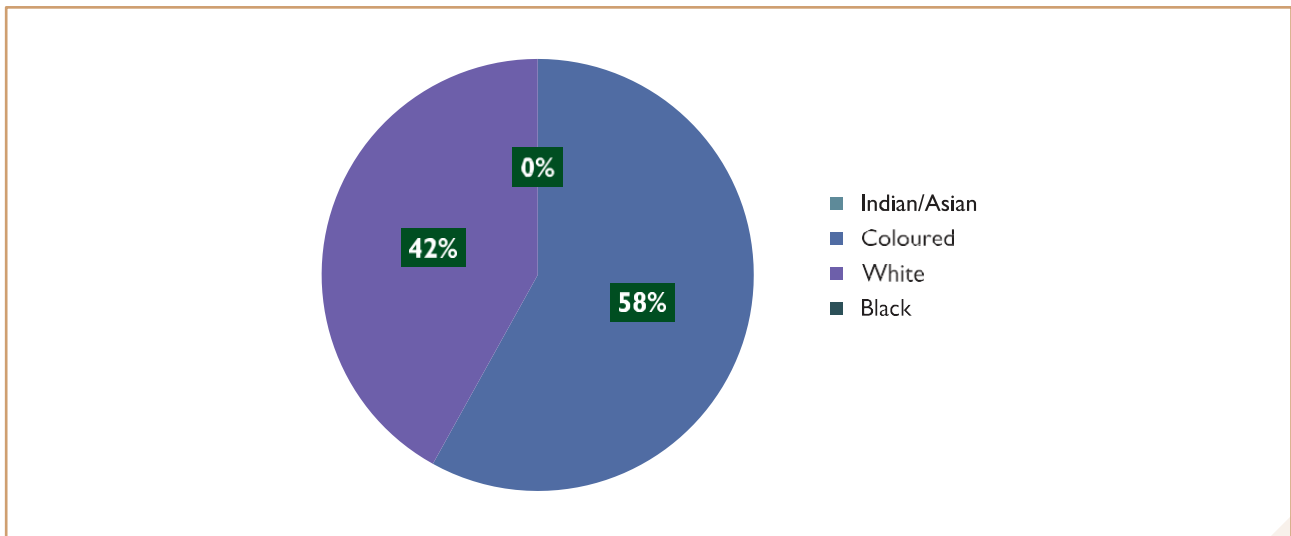
The Western Cape leads in formal MSME activity, with a majority operating formally, nearly 10 percentage points above Gauteng (31%). Nationally, only 27.9 percent of businesses are formal, while Limpopo (84.5%), Free State (76.7%), and KwaZulu-Natal (75%) have substantially larger informal sectors.



Source: SEDFA MSME Quarterly Update 2nd Quarter 2025

MSMEs by population group

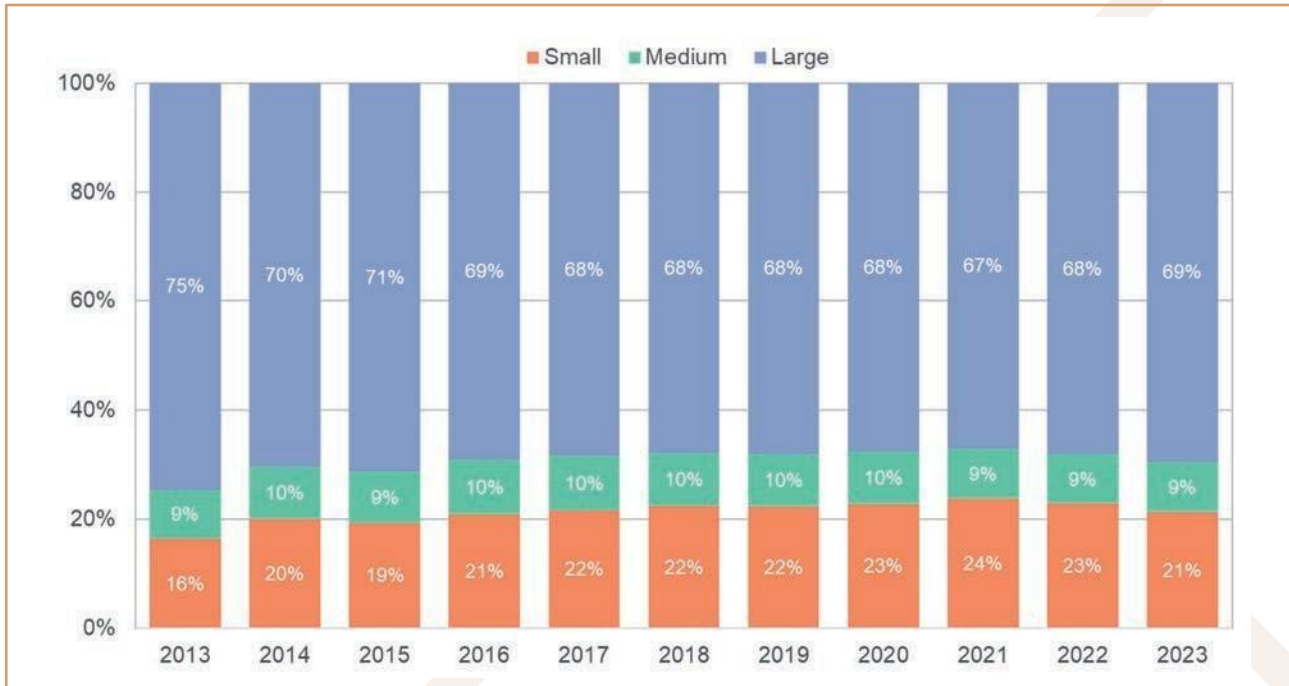
In the second quarter, over half of newly established MSMEs were owned by Black entrepreneurs, representing a 7.9 percent increase compared to Q2 2024. MSMEs owned by Indian/Asian entrepreneurs also grew by 6.9 percent; however, given that this group accounts for only 4.1 percent of all MSMEs, this increase corresponds to approximately 7,900 businesses. White-owned MSMEs experienced a 13.3 percent rise, while Coloured-owned MSMEs were the only group to record a decline during the period.



Source: QLFS of Stats SA

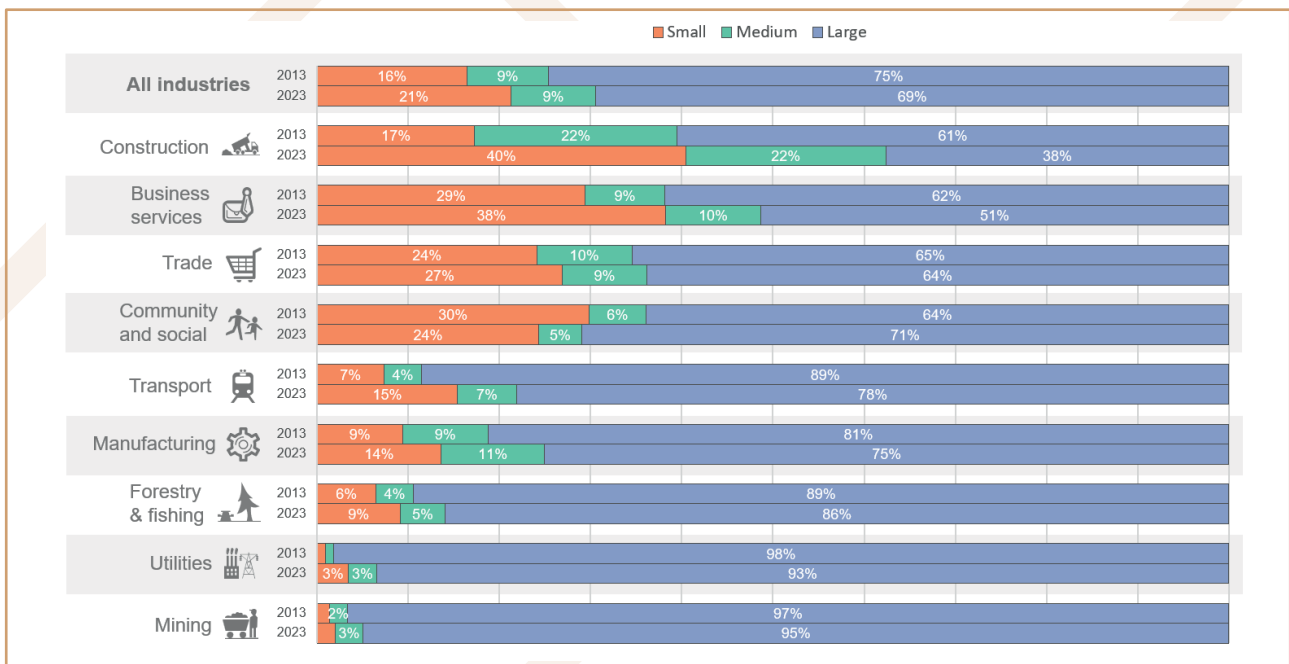
Small businesses contribution to total turnover declined in 2022 and 2023

Turnover by business size in the formal business sector, 2013 to 2023



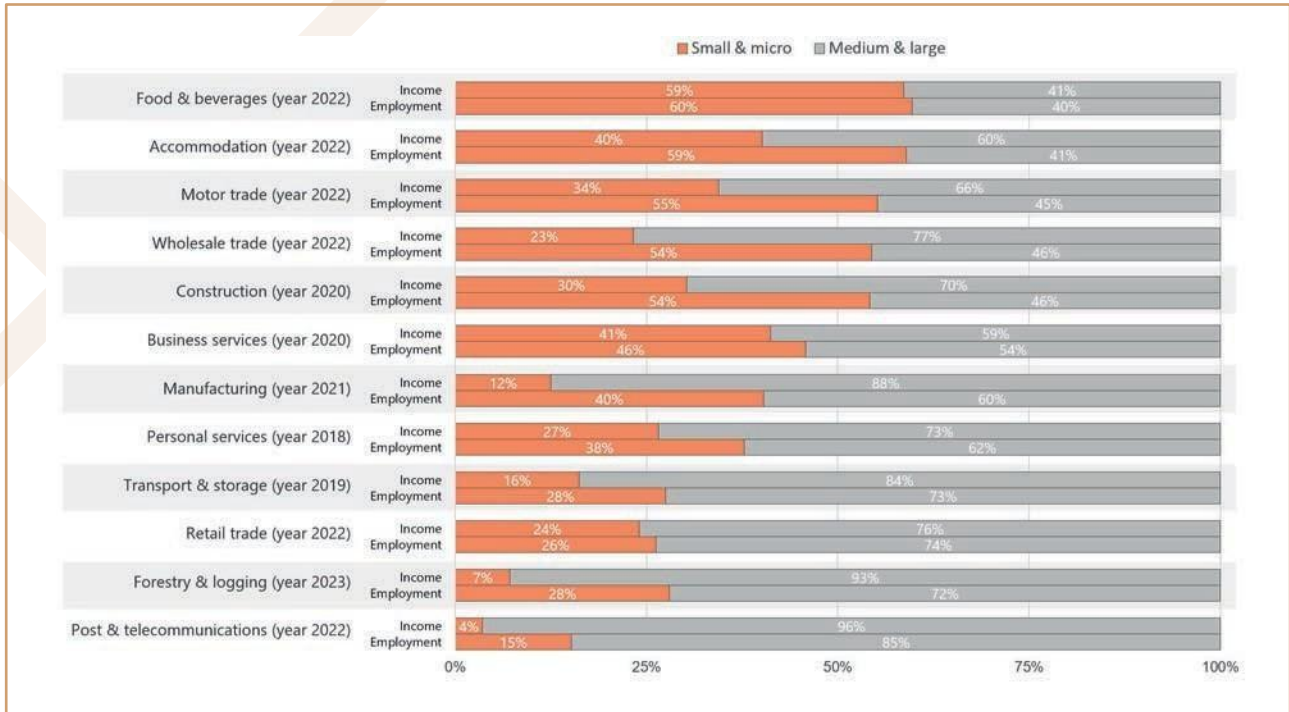
Source: Annual financial statistics (AFS), 2023 (P0021)

In 2023, small businesses contributed 40 percent of total turnover in the construction industry. Turnover by business size in the formal business sector, 2013 to 2023.



Source: Annual financial statistics (AFS), 2023 (P0021)

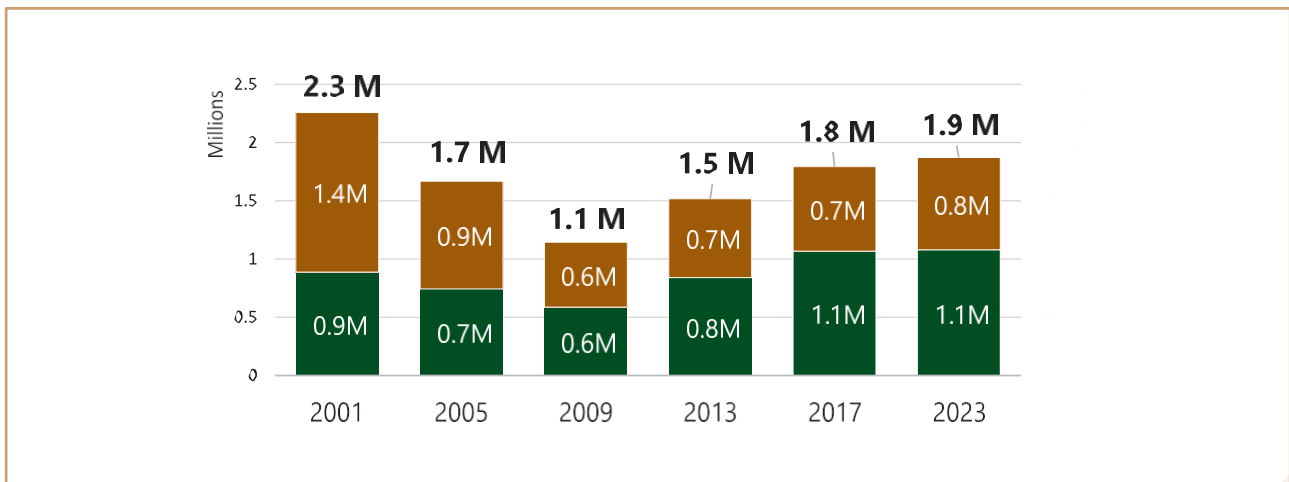
Employment: Where are small businesses making an impact? Percentage contribution of small and micro businesses to total income and total employment in selected industries (ordered by employment share)



Source: Annual financial statistics (AFS), 2023 (P0021)

More than 50 percent of employment came from the small and micro sectors in these industries.

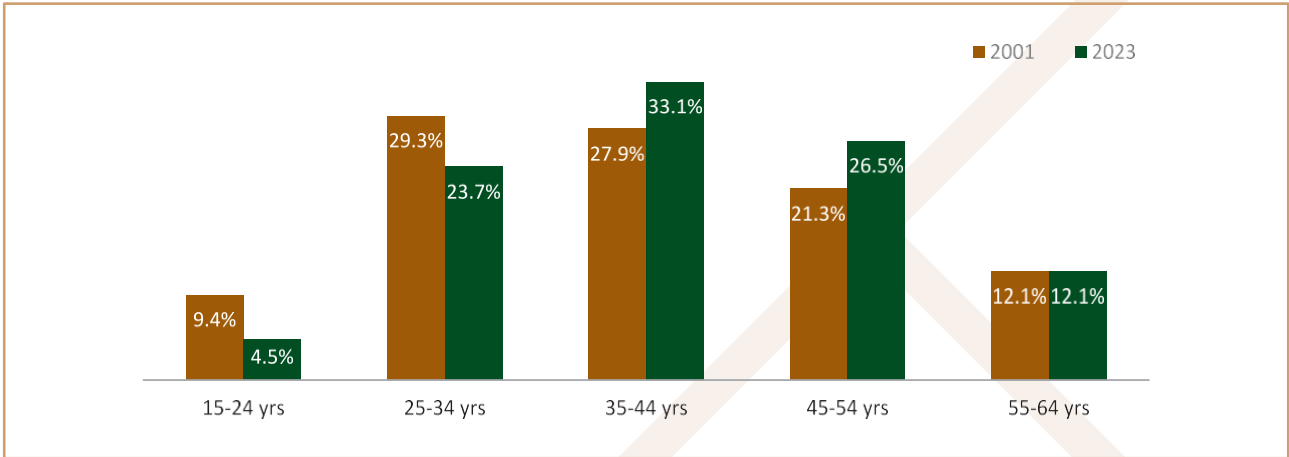
The informal economy has shown resilience, with 1,9 million South Africans running non-VAT registered businesses in 2023, up from 1,5 million a decade earlier.



Source: Survey of Employers and the Self-Employed (SESE) 2023

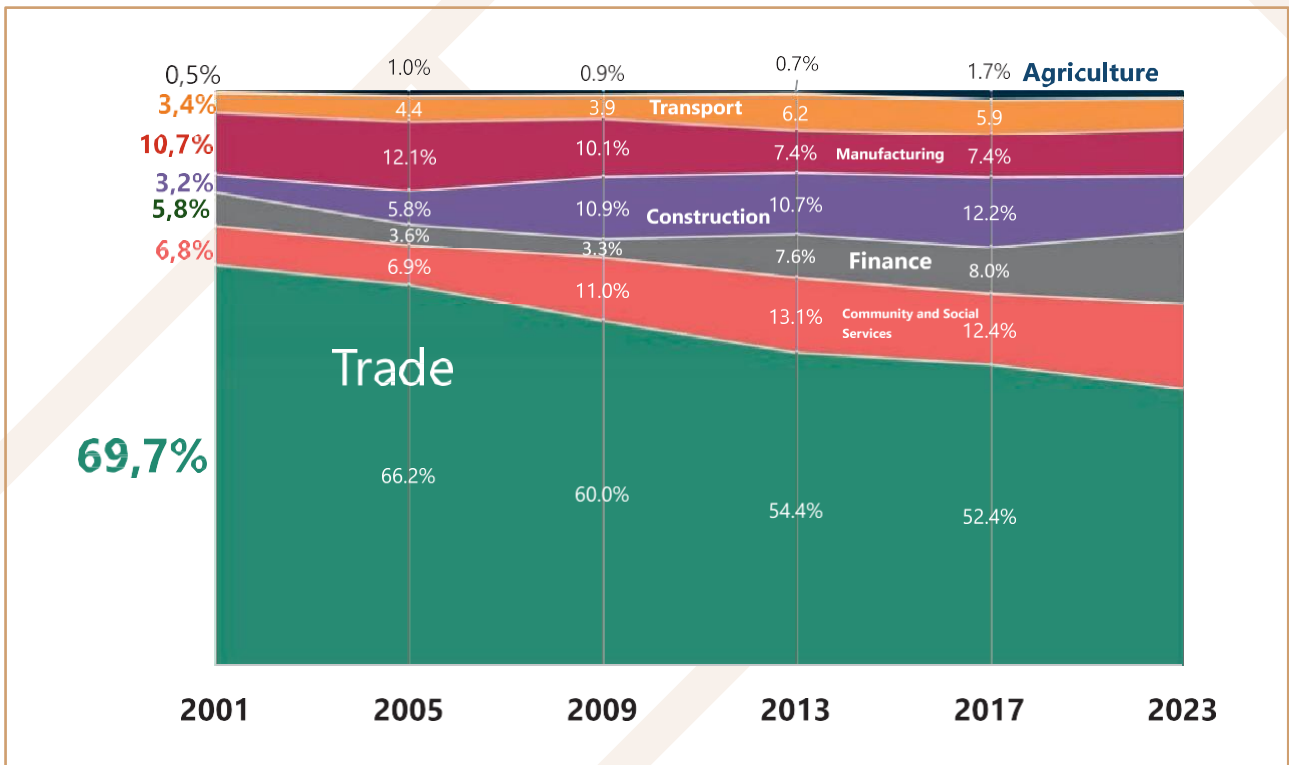
Individuals running at least one non-VAT registered business, 2001–2023, by sex

Compared with 2001, in 2023, a higher proportion of people aged 35-44 years and 45- 54 years were running informal businesses.



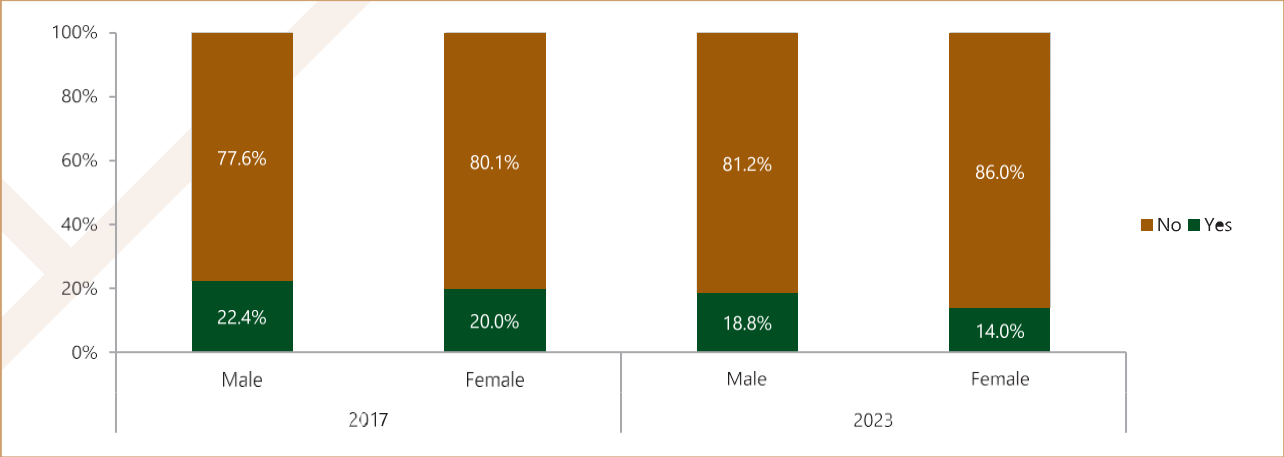
Source: Survey of Employers and the Self-Employed (SESE) 2023

Most informal businesses were in the Trade industry, although it declined between 2001 (69,7%) and 2023 (48,2%).



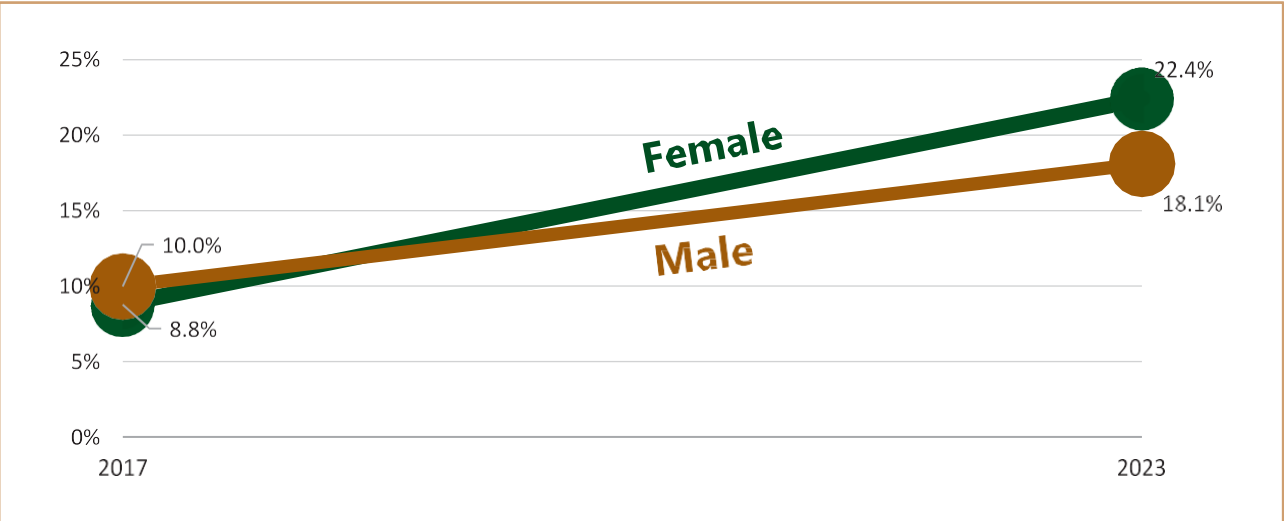
Source: Survey of Employers and the Self-Employed (SESE) 2023

There was a decline in the percentage of business owners (informal) who borrowed money to start a business for both sexes between 2017 and 2023; however, males have higher borrowing rates than females.



Source: Survey of Employers and the Self-Employed (SESE) 2023

Male informal business owners had more financial literacy in 2017 compared to their female counterparts. However, in 2023, female informal business owners were more likely to be exposed to financial literacy. Percentage distribution of informal business owners exposed to financial literacy by sex, 2017 and 2023.



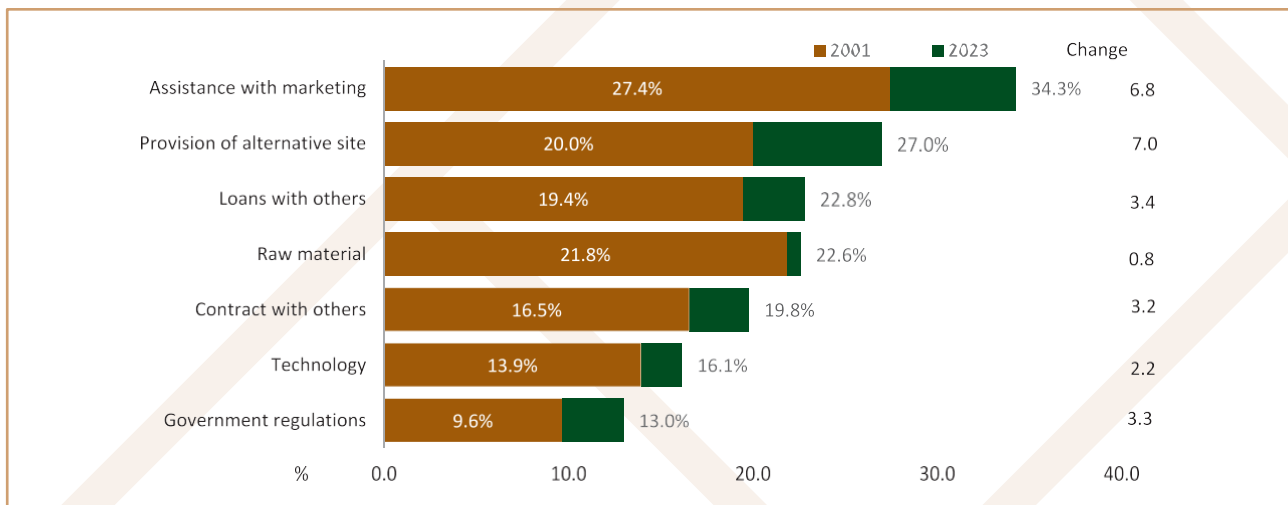
Source: Survey of Employers and the Self-Employed (SESE) 2023

Close to 9 out of 10 informal businesses did not have licences/permits to operate in 2023



Source: Survey of Employers and the Self-Employed (SESE) 2023

In 2023, most people (34,3%) needed assistance with marketing - this was 6,8 percentage points higher than in 2001. This was followed by Provision for alternative site at 27,0 percent and it had the highest increase of 7,0 percentage points.



Source: Survey of Employers and the Self-Employed (SESE) 2023

1.2.7. Policy Insight: Informal Sector and MSMEs

The South African MSME sector continues to exhibit a strong informal economy, with nearly 72 percent of businesses operating informally nationally. While the Western Cape shows high formalisation, provinces such as Limpopo, Free State, and KwaZulu-Natal remain predominantly informal, highlighting regional disparities in access to formal business support, finance, and regulatory frameworks. The sector demonstrates demographic shifts, with significant growth among Black and Indian/Asian entrepreneurs, and emerging financial literacy gains among female business owners, signalling potential for more inclusive economic participation.

Despite growth, informal businesses face persistent challenges in market access, site provision, and start-up finance, particularly for women and smaller enterprises. The dominance of the Trade sector has declined, indicating gradual diversification within informal economic activity. The sector’s resilience underscores its critical role in employment, income generation, and poverty alleviation, yet systemic barriers continue to limit scaling and formalisation.

Policy Implications

- 1. Targeted Formalisation Support:** Policies should incentivise formal registration, especially in provinces with high informal activity, through simplified compliance processes, tax incentives, and tailored advisory services.

2. **Access to Finance and Financial Literacy:** Expanded microfinance and credit schemes, coupled with financial literacy programmes, can strengthen start-up sustainability, particularly for female and new entrepreneurs.
3. **Market Access and Infrastructure Support:** Interventions to enhance marketing capabilities, e-commerce platforms, and alternative site provision can help informal businesses grow and transition to the formal sector.
4. **Inclusive Growth Strategies:** Support frameworks should consider demographic-specific needs, promoting entrepreneurship among historically underrepresented groups while addressing gender disparities.
5. **Sector Diversification Encouragement:** Policies could promote movement beyond Trade, incentivising innovation and participation in sectors such as services, manufacturing, and technology to reduce over-reliance on traditional informal activities.

Strengthening formalisation, financial inclusion, and targeted support for underserved entrepreneurs will enhance MSME resilience, inclusivity, and contribution to South Africa's economic growth.

1.2.8. Department's previous Performance based on the Annual Reports

The 2024/25 financial year served as a pivotal transition from the Sixth to the Seventh Administration, marking the conclusion of the Department's Revised 2020–2025 Strategic Plan and the launch of a new era of delivery under the Medium-Term Development Plan (MTDP) 2024–2029. This plan is firmly aligned with the National Development Plan (NDP) and the priorities of the Government of National Unity (GNU), ensuring that the Department's work directly supports the nation's overarching developmental agenda.

The Department is directed to drive both ongoing and emerging mandates that are strategically interconnected and require focused implementation and comprehensive performance reporting. In this context, the Department has made measurable progress towards achieving the MTDP 2024–2029 targets and outcome indicators.

The Department's Impact Statement sets a clear directive: ensure that Micro, Small and Medium Enterprises (MSMEs) and Co-operatives are sustainable, competitive, and contribute meaningfully to South Africa's economic transformation and growth. To fulfil this mandate, the Department

will deliver on seven strategic outcomes over the medium term, each designed to advance inclusive and resilient economic participation across all sectors.

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 percent variance on the annual budget is maintained. During the year under review, the Department continued to pay 100 percent of valid creditors within 30 days and registered a 0.75 percent 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 of 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 Cooperatives 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 the 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 percent 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 Cooperatives 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.

1.2.9. Leverage Technology in Small Business Development Portfolio

1.2.9.1. Stakeholder Needs and Expectations – internal stakeholders

The Department has conducted internal and external stakeholder consultations. The findings from the stakeholder consultation process were used 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.

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.

1.2.10. The 2026 State of the Nation Address (SONA)**Key DSBD-Relevant Implementation Measures from 2026 SONA****1. Support for Micro, Small and Medium Enterprises**

- **Funding and Guarantees:**
 - “This year, we will provide more than R2.5 billion in funding to over 180,000 small and medium enterprises and extend a further R1 billion in guarantees.”
 - Focus on women- and youth-led businesses to foster empowerment.
- **Business Licensing and Regulatory Reform:**
 - Finalisation of the Business Licensing Bill to reduce bureaucratic hurdles and make it easier to start and run small businesses.
 - Amendments to the National Credit Act regulations to facilitate easier access to affordable credit.
- **Inclusive Growth and Transformation:**
 - Ongoing review and refinement of the Broad-Based Black Economic Empowerment (B-BBEE) framework to support transformation and inclusive growth.

2. Youth Employment and Skills Development

- **Youth Employment Service (YES):**
 - Expansion of YES with regulatory changes to make it easier for businesses to participate and create jobs for young people.
 - Over 200,000 young people placed in year-long work experience opportunities previously.
- **Public Employment Programmes:**
 - Expansion of EPWP, Community Works Programme, and Presidential Employment Stimulus to provide income support, skills development, and pathways

to longer-term work, particularly for youth and women.

- **Employment Equity Targets:**

- Implementation of a 7 percent employment equity target for persons with disabilities in the public service.
- 7 percent preferential procurement target across government and public entities.

3. Sectoral Opportunities for MSMEs

- **Agriculture:**

- Deployment of 10,000 new extension officers to support farmers, improving agricultural productivity and creating employment opportunities for young people.
- Provision of R7.8 billion in blended finance funding to black producers via the Land Bank and commercial banks.

- **Green Economy:**

- Incentives for manufacturing of green products, including a 150 percent tax deduction for investment in new energy vehicles, and support for local battery production.
- International Just Energy Transition Investment Plan (~R250 billion) will finance manufacturing, infrastructure, and skills in green industries, which opens opportunities for MSMEs.

4. Access to Markets and Trade

- **Global and African Markets:**

- Strengthened trade missions and economic diplomacy to expand exports.
- Support for MSMEs to enter regional and global value chains, particularly under AfCFTA (African Continental Free Trade Area).
- Protection and support of local industries to create jobs and strengthen manufacturing base, indirectly benefiting MSMEs in supply chains.

5. Infrastructure and Enabling Environment

- **Public Infrastructure Investment:**
 - o R1 trillion committed over three years to energy, water, transport, and digital infrastructure, which improves market access and operational environment for MSMEs.
 - o Emphasis on digital infrastructure (55 data centres and MyMzansi digital services), providing opportunities for digital SMEs and service providers.
- **Support for Cities and Local Development:**
 - o Incentives and interventions to reform water, sanitation, and electricity services, ensuring MSMEs in municipalities have reliable utilities.
 - o Focus on rebuilding municipalities for efficient service delivery, creating a more SME-friendly local environment.

6. Finance, Innovation, and Skills for Entrepreneurs

- **Blended Finance and Investment:**
 - o Support through Land Bank, commercial banks, and IDC funding for start-ups and growth-phase SMEs.
 - o Emphasis on innovative funding models, public-private partnerships, and infrastructure bond funding, which could include MSME participation in local projects.
- **Skills Development and Training:**
 - o Expansion of technical, vocational, and workplace-based training (TVET and dual training model) to equip young people for entrepreneurship and employment in MSMEs.
 - o Reform of Sector Education and Training Authorities (SETAs) to align skills development with market needs, benefiting MSMEs seeking skilled workers.

1.2.10.1. Key Observations:

Decision-Making and Leadership

- Decision-making must be timely, strategic, and data informed.
- Improved and intentional decision-making is needed through smart delegation.

- Leadership must demonstrate professionalism and ethical conduct.
- Shift from avoiding risk to managing it strategically for better outcomes.
- Courage exists within leadership to initiate change.
- All employees, regardless of level, are leaders (responsibility should not be limited by position).
- Pause to question the “what” and “why” behind every decision before taking action.

Organisational Culture and Governance

- A culture shift is necessary, with expert intervention to foster change and job satisfaction.
- Embed good governance principles (e.g., Batho Pele) into operational plans like the APP.
- Eliminate silos and promote integration, especially between core and support functions.
- Address unethical behaviour, abuse of power, lack of professionalism, and poor email etiquette.
- Promote accountability, especially from middle management.
- Eliminate the shifting of responsibility and unrealistic expectations placed on juniors.

Coordination and Integration

- There is a lack of coordination across projects and workstations.
- Need to integrate and coordinate programmes across the MSME ecosystem.
- Regular meetings, reporting, and accountability should be enforced.
- Improve coordination, particularly with SEDFA and awareness of co-operative banks.
- Collaborate with external stakeholders (e.g., SARS, Stats SA, LED Offices).
- Embrace and integrate emerging technologies (AI, Internet of Thing - IoT, Blockchain, Robotics).
- Automate and digitise processes to reduce turn-around times and improve efficiency.
- Upgrade internal systems (Human Resources, Financial, IT).
- Use technology to generate business plans and cash flows in-house.
- Collaborate with SARS to enhance digital communication with MSMEs.

- Modernise grant-making and operational systems across the department.

Service Delivery and Customer Centricity

- Services must be visible, accessible, and relevant.
- Treat every stakeholder with care and respect, as if they were your own mother.
- Improve communication by providing timely feedback and updates to applicants.
- Simplify application processes and reduce bureaucracy.
- Create a centralised service offering with consistent standards and turnaround times.
- Improve awareness by taking services directly to communities.

MSME and Co-operative Support

- Create an enabling environment for MSMEs to thrive without excessive red tape.
- Do not neglect co-operatives; include them in policy and panel discussions.
- Integrate mentorship with financial support for sustainability.
- Partner with the private sector (PPP models) to support MSME development.
- Collaborate with LED Offices to prioritise support at the local level.
- Encourage regular forums and support networks for entrepreneurs.

Capacity, Skills & Training

- Leverage existing internal capacity: human, financial, and technical.
- Provide skills training internally (not just to external beneficiaries).
- Ensure re-skilling aligns with digital transformation efforts.
- Provide training through workshops, academic partnerships, and in-house learning.

Partnerships & Collaboration

- Strengthen partnerships both internally and externally.
- Engage more meaningfully with private sector, cultural institutions, and other departments (e.g., IDC, DBSA, the dtic, SETAs).

- Actively seek collaboration opportunities and approach them with openness.
- Work with Stats SA on the development of a national register for small enterprises.

Strategy & Planning

- Align actions with a clear and shared vision across the portfolio.
- Reflect on progress against previous strategic plans (e.g., Minister's August 2024 Vision).
- Develop a clear Cannabis Strategy to guide relevant interventions.
- Ensure strategic implementation of the Minister's 10 key drivers.
- Adopt a cradle-to-grave process approach for programme delivery.
- Benchmark processes and outcomes for continuous improvement.

Communication & Public Relations

- Increase public awareness through marketing, advertising, and outreach.
- Improve internal and external communication channels.
- Ensure feedback mechanisms are operational and effective.
- Promote transparency and accountability in public interactions.

1.2.10.2. *Inspiration for Change and Strategic Focus Areas (Inspiration to do things differently going forward)*

A. Strategic Shift for Future Impact

1. Scaling and Sustainability

- o Embed scaling mechanisms into the MSME funding model.
- o Focus on creating sustainable enterprises through improved market access and post-funding support.

2. Market Access Enablement

- o Link funding to market opportunities to improve MSME survival rates.
- o Institutionalise market access forums and exploit opportunities from entities such as ITAC, SARS, and DTIC.

3. Simplified and Digitised Processes

- o Simplify the funding application process and reduce compliance burdens.
- o Digitise internal and external workflows (e.g., e-signatures, automated systems) for maximum efficiency.
- o Develop a centralised, integrated digital platform linked with SARS, Home Affairs, DFIs, etc.

4. Policy, Legal & Structural Reforms

- o Streamline internal approval processes and reduce decision-making red tape.
- o Advocate for MSME-supportive legislation (e.g., Co-operative Banks Act reforms).
- o Reposition DSBD as a central market broker and ecosystem coordinator.

5. Innovation and Technology

- o Invest in technology, research, and development through partnerships (e.g., DSTI programmes).
- o Leverage digital transformation to drive productivity and service delivery.
- o Utilise automation for funding coordination, client data management, and post-disbursement support.

6. Collaboration & Ecosystem Integration

- o Strengthen partnerships with institutions like IDC, NEF, SARS, Home Affairs, and ITAC.
- o Enhance cross-departmental and intergovernmental coordination to reduce duplication and improve coherence.
- o Create strategic value chain linkages and leverage sector-specific expertise.

7. Support Structures for MSMEs

- o Establish one-stop shops with pre-populated onboarding forms using integrated databases.
- o Provide targeted support for cooperatives and make them funding ready.
- o Offer mentorship as part of blended finance to improve MSME sustainability.

8. Cultural and Organisational Agility

- o Foster a culture of accountability, responsiveness, and innovation.

- o Encourage delegation to reduce turnaround times and improve ownership.
- o Promote a culture of “can-do” through effective communication and stakeholder engagement.

B. Identified Hindrances to Progress

1. Operational and Process Challenges

- o Absence of clear SOPs and implementation roadmaps.
- o Lack of process champions and insufficient internal capacity to drive delivery.
- o Bureaucratic inefficiencies and overly complex compliance requirements.

2. Knowledge and Skills Gaps

- o Limited understanding of enterprise development as an ongoing process.
- o Underutilisation of research and development opportunities.
- o Lack of awareness among MSMEs regarding support programmes and trade instruments.

3. Structural and Policy Barriers

- o Misalignment between strategic direction and implementation frameworks.
- o Structural challenges within DSBD (e.g., siloed units, insufficient coordination).
- o Need to reposition the Department’s role in shaping and implementing MSME Policy.

1.2.10.3. Strategic Recommendations

1. System and Process Enhancements

- o Implement a centralised, automated platform for MSME funding and support.
- o Standardise application processes and documents for easier access.
- o Introduce flexible, sector-responsive criteria for funding.

2. Capacity Building and Awareness

- o Launch induction programmes to help MSMEs manage their businesses effectively.
- o Increase awareness of available R&D and trade support initiatives.

- o Utilise universities and research centres for knowledge-sharing and evidence-based policy development.

3. Coordination and Ecosystem Valorisation

- o Reimagine DSBD’s agenda with a focus on ecosystem-wide digitisation and automation.
- o Capitalise on the current national momentum to push through policy reforms.
- o Strengthen DSBD’s role as the primary coordinator of the MSME ecosystem—both locally and internationally.

4. Targeted Support and Incentivization

- o Customise incentives and streamline sign-off processes (e.g., ≤ R1 million signed by 3 officials within 2 weeks).
- o Align SEDFA and DSBD programmes for maximum impact.
- o Ensure co-operative and sector-specific funding mechanisms are in place and aligned with strategic goals.

1.2.10.4. Recommendations:

1. **Urgent Need for Digitisation / Digitalisation and System Overhaul:** Government processes remain outdated and overly complex. There’s a pressing need to digitise applications, automate systems, and integrate tools like robotics and blockchain to improve turnaround time and efficiency.
2. **Streamlining Access to Funding:** The funding application process is overly bureaucratic and slow. It needs simplification, with post-disbursement support and real-time feedback to MSMEs on application status to build trust and accountability.
3. **Internal Capacity Building and Culture Shift:** Skills training must include internal staff, not just beneficiaries. Poor email etiquette, disempowering of frontline staff, lack of participation by managers, and a non-conducive culture undermine delivery.
4. **Reduce Red Tape and Compliance Burden:** Excessive rules, documentation overload, and complex procedures are suffocating MSMEs. A more agile, responsive, and user-friendly approach is needed to create an enabling environment for MSMEs to thrive.

5. **Inefficient Decision-Making and Poor Communication:** Delays in decisions, lack of transparency, and poor communication with stakeholders result in inefficiencies. MSMEs deserve clear answers, timely feedback, and supportive engagement.

6. **Lack of Integration and Coordination:** Fragmentation across departments and programmes, disjointed support functions, and working in silos hinder service delivery.

There is a need for coordinated partnerships (e.g., SARS, ITAC) and internal alignment.

7. **Need for Clear Leadership and Accountability:** There is a lack of process champions and an overemphasis on formality without empowering those responsible for delivery. Accountability without authority and resistance to change must be addressed.

8. **Inclusivity, Respect, and Client-Centricity:** Treat all stakeholders, employees, MSMEs, and cooperatives with the same care and respect. Shift towards a bottom-up, client-centric approach: “treat clients as if you’re helping your mother.”

9. **Strategic Focus and Market Enablement:** DSBD must reposition itself as a finance mobiliser and market broker. This includes developing strategies for key sectors like cannabis, reducing market access barriers, and sourcing scarce skills.

10. **Harnessing Technology and Data for Impact:** A DSBD dashboard integrated with SEDFA, real-time data collection, and evidence-based policy development are essential. Embrace innovation as an enabling tool for implementation and long-term sustainability.

1.2.11. Spatial Impact and Spatial Development Framework (SDF) Linkages

The economic, labour market, and MSME trends outlined above have significant spatial implications for enterprise development in South Africa. Economic activity and employment growth remain uneven across provinces, districts, and municipalities, reflecting persistent spatial inequalities rooted in historical patterns of development. Provinces such as Gauteng, Western Cape, and KwaZulu-Natal continue to account for a large share of economic output and employment opportunities. In contrast, several rural provinces and districts experience

lower levels of investment, enterprise activity, and infrastructure development.

These disparities influence the distribution, growth, and sustainability of MSMEs. Township and rural economies, in particular, face structural constraints such as limited access to markets, finance, business infrastructure, and reliable energy supply. At the same time, these areas present significant opportunities for enterprise development, especially in sectors such as retail trade, agriculture and agro-processing, services, tourism, and small-scale manufacturing.

In response, the programmes of the DSBD are designed to promote spatially inclusive economic development by supporting MSMEs and Co-operatives across provinces, districts, townships, and rural areas. Through targeted interventions such as enterprise development programmes, business infrastructure initiatives, supplier development, and support for informal and township enterprises, the Department seeks to strengthen local economic ecosystems and expand MSME participation in domestic value chains.

These interventions are aligned with municipal and provincial SDF and broader government priorities aimed at addressing spatial inequality, strengthening local economic development, and promoting balanced regional growth. By integrating spatial considerations into programme design and implementation, the Department aims to ensure that MSME support contributes to inclusive economic participation, job creation, and sustainable development across all regions of the country.

1.3. Internal Environmental Analysis

1.3.1. Small Business Development Current ICT Infrastructure

1.3.1.1. Systems and Processes

The DSBD 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.

The Department is committed to streamlining its business processes and enhancing its internal systems. To achieve this, business process mapping will be undertaken to eliminate outdated administrative procedures, ensuring workflows are efficient and up to date. Internal systems will be modernised and digitised to improve service delivery, reducing reliance on manual processes that are currently basic and inefficient.

1.3.1.2. 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 (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 (ICT) security point of view. The department needs to consider building and managing its own LAN infrastructure.

1.3.1.3. Business Continuity and Disaster Recovery

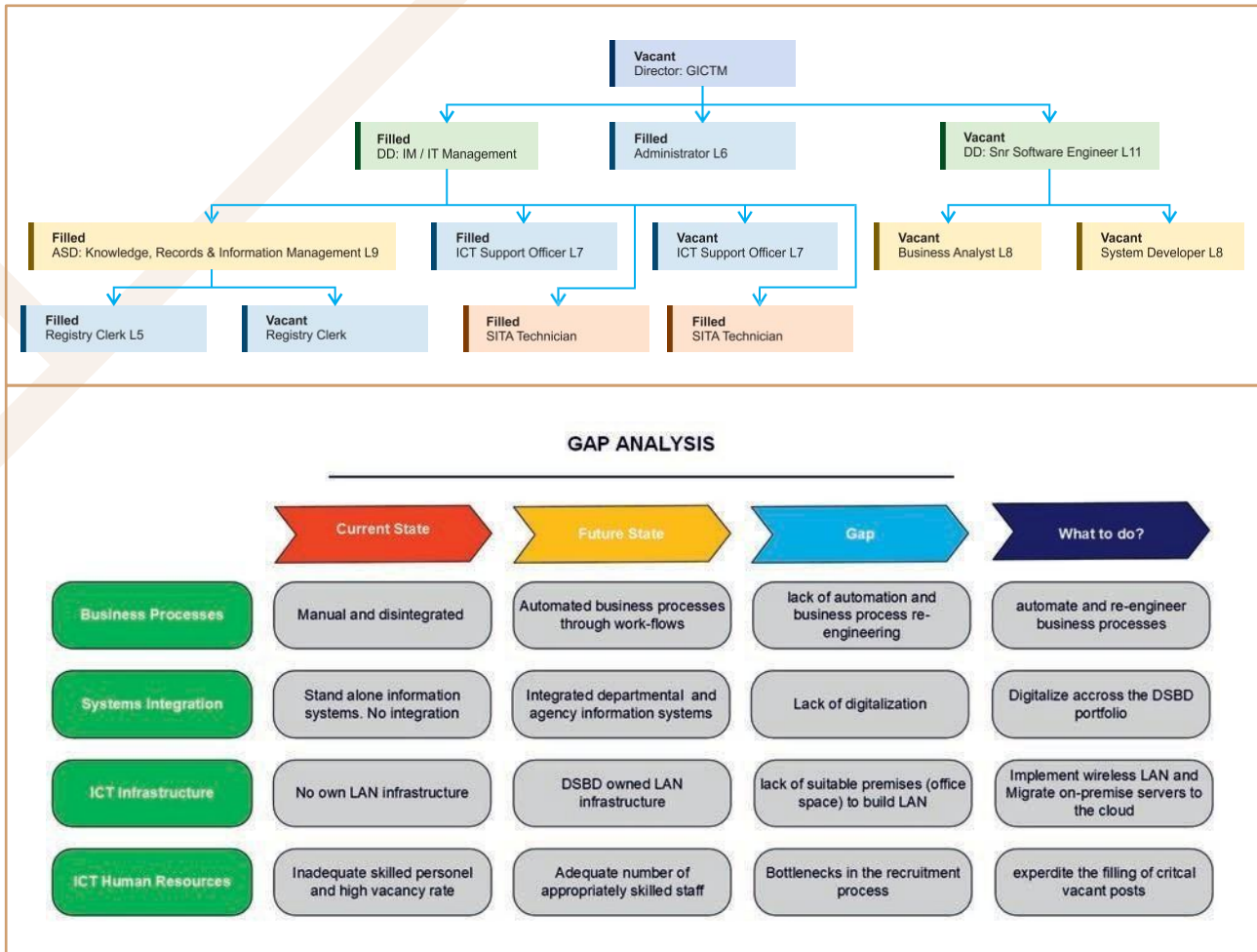
The DSBD does not have a comprehensive disaster recovery and business continuity solution. The Department currently performs basic Windows backups on external hard drives. There is no restore site from where services can be restored from the backups when the needs arise. This places the Department at 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.

1.3.1.4. 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.

1.3.1.5. ICT Budget

The Department has undertaken a comprehensive review of its ICT budget and funding pressures, which revealed that current ICT expenditure is predominantly absorbed by core operational costs. These costs include compensation of employees,



SITA-provided transversal systems and services (including BAS, PERSAL, LOGIS, service desk support and technical services), rental of printers and copying services, as well as off-site records storage. As a result, there is no dedicated budget allocation for ICT innovation, digital transformation initiatives, or technology refresh, with the exception of approximately R1.5 million to R2 million per annum earmarked for the replacement of end-user laptops.

The ICT budget has remained largely stagnant despite a growing staff establishment, which has significantly increased demand for ICT infrastructure, systems access, user support, and cybersecurity controls. This misalignment has resulted in substantial funding gaps, particularly in critical areas such as digital transformation enablement, cloud optimisation, cybersecurity tools, infrastructure modernisation, and the strengthening of ICT governance and risk management capabilities. For the current financial year, the ICT Directorate has been allocated an operational budget of R10.7 million, with a total allocation of approximately R33 million over the MTEF. This funding is primarily intended to support the procurement of laptops, software and

licensing costs, as well as the servicing of existing ICT-related contracts. While this allocation enables the Department to sustain minimum operational ICT functionality, it does not provide for investment in new or emerging technologies, innovative digital solutions, or advanced cybersecurity capabilities.

Consequently, the limited scope of the ICT budget constrains the Directorate’s ability to proactively respond to evolving technological demands, address emerging ICT and cybersecurity risks, and leverage digital solutions to improve internal efficiency and service delivery outcomes. Without targeted investment in ICT modernisation and innovation, the Department’s capacity to fully support its strategic objectives and digital transformation agenda remains significantly limited.

1.3.1.6. ICT Gap Analysis

The Department has conducted a comprehensive analysis of its ICT portfolio against national public sector benchmarks and recognised best practices. This assessment evaluated the Department’s ICT capability across key domains, including ICT governance and oversight, infrastructure and

end-user computing, information security and cybersecurity, digitalisation of business processes, utilisation of Microsoft 365 (M365) tools, ICT staffing and skills capacity, and overall ICT budget adequacy.

The benchmarking exercise compared the Department's current ICT environment with typical maturity patterns observed across South African government departments, enabling the identification of areas of alignment as well as critical gaps requiring intervention. This analysis highlighted that, while foundational ICT governance structures and core systems are in place, constraints remain in relation to advanced digital capabilities, cybersecurity maturity, technology refresh, and innovation enablement, largely due to funding and structural limitations.

In addition, the assessment considered emerging and evolving technologies relevant to the public sector, identifying opportunities for the future adoption of cloud-based services, workflow and business process automation, artificial intelligence (AI)-enabled tools, digital records and document management solutions, and integrated Enterprise Resource Planning (ERP) platforms. These technologies were assessed in the context of their potential to improve operational efficiency, enhance compliance, strengthen data management, and support improved service delivery to MSMEs.

Overall, the benchmarking exercise enabled the Department to establish a clear understanding of its current ICT capability levels, objectively compare these with sector norms, and identify practical, future-focused technology opportunities to inform the Department's ICT Operational Plan, digital transformation roadmap, and prioritisation of investments over the medium term.

1.3.1.7. Progress made towards the Implementation of Digitalisation Objectives

The Department continues to modernise its systems and processes, utilising 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 SMME 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, together with

its entity, SEDFA, is currently finalising the Digital Transformation Strategy for the Small Business Development Portfolio. The strategy establishes a unified digital transformation roadmap for the SBD Portfolio. The primary objective is to fundamentally improve how South Africa's entrepreneurs and MSMEs access the full spectrum of support needed to start, sustain, and scale their businesses, thereby driving inclusive economic growth, innovation, and job creation.

1.3.1.8. DSBD ICT Governance and Policies

The Department has conducted a thorough analysis of ICT governance and policies through its established oversight structures, including the EXCO, the ICT Steering Committee, and the Audit and Risk Committee. These governance bodies are supported by a robust ICT Governance System aligned to COBIT 2019, ensuring that ICT operations, risk management, and strategic alignment are consistently monitored and improved.

In addition, the Department maintains a comprehensive and structured suite of ICT policies, which provide clear guidance and standardised procedures across the organisation. This policy suite includes:

Information Security Policy – safeguarding data and information assets against unauthorised access, breaches, and other cyber threats;

- **POPIA Compliance Framework** – ensuring adherence to the Protection of Personal Information Act, protecting the personal data of citizens and stakeholders;
- **ICT Acceptable Use Policy** – defining responsible and secure use of departmental ICT resources by employees;
- **ICT Governance Policy** – providing a framework for oversight, accountability, and decision-making in ICT-related initiatives;
- **ICT Project Management Methodology** – standardising the planning, execution, and monitoring of ICT projects to ensure efficiency, risk mitigation, and alignment with strategic objectives; and
- **IT Service Management Policy** – guiding the delivery, support, and continuous improvement of IT services to meet departmental operational needs.

Collectively, these governance structures and policies enable the Department to ensure coordinated oversight, consistent compliance, and

effective implementation of ICT initiatives, fostering a secure, accountable, and strategically aligned ICT environment that supports both operational excellence and service delivery objectives.

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

The Department maintains both operational and strategic ICT risk registers, which are regularly monitored through established governance structures, including the ICT Steering Committee, the EXCO, and the Audit and Risk Committee. These risk registers provide a consolidated view of ICT-related risks and mitigation actions, with the Government Information Technology Officer (GITO) accountable for coordinating and implementing approved risk mitigation measures.

ICT risks were identified using the COBIT 2019 framework and are formally embedded within the Department’s approved ICT Governance System, ensuring consistency with recognised best practices for ICT risk management, control, and oversight. Progress on risk mitigation is systematically reported to the relevant governance structures to support informed decision-making and continuous improvement.

The Department conducts monthly cybersecurity posture reporting for the Microsoft 365 (M365) environment, focusing on security configuration, threat detection, and compliance monitoring within systems under its direct control. However, the Department has limited control over network security, as the Department of Trade, Industry and Competition (DTIC) is responsible for managing all network infrastructure and associated network-level security controls. This dependency presents a structural constraint in the Department’s ability to independently implement certain cybersecurity measures.

At present, the Department does not have additional specialised cybersecurity tools beyond the existing environment, and penetration testing and vulnerability assessments have not been conducted since the 2023/24 financial year. Notwithstanding this limitation, the Department has planned to conduct comprehensive penetration and vulnerability testing during the 2026/27 financial year as part of efforts to strengthen its cybersecurity posture and address identified ICT risk management gaps.

1.3.1.10. 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.

1.3.1.11. 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 department’s strategic plan outcomes against the ICT Digitalisation Intervention Strategy.

Business Outcome	Digitalisation Interventions	Description of the Digitisation Interventions	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 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.

1.3.2. 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.

1.3.3. 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.

1.3.4. 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 SMME 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.

The Department has fully integrated its vision, mission, and values into its programmes and strategies, ensuring that the priorities of (WYPD) are mainstreamed. This approach advances the rights and opportunities of WYPD entrepreneurs through

targeted support, equitable access to funding and business development services, capacity building, and mentorship. All initiatives are aligned with the Department's mandate and statutory responsibilities, and progress is tracked through APP indicators to ensure accountability and measurable impact.

During the 2026/27 financial year, the Department, together with its entity SEDFA, will expand access to finance through integrated MSME funding instruments. This initiative aims to increase the availability of affordable finance for small enterprises by leveraging both public and private capital, with a particular focus on township, rural, women, youth, and disability-owned enterprises, in line with DSBD's mandate to transform the economy by expanding participation of historically disadvantaged groups.

Key interventions include scaling the Women Entrepreneurship Fund, the Youth Challenge Fund, and TREP; operationalising the Movable Assets Collateral Registry to enable MSMEs to use equipment and inventory as collateral; and accelerating programmes such as Asset Assist to enhance productive capacity. In addition, SEDFA will relaunch the Amavulandlela Fund (targeting the disability sector) and the Inyamazane Fund (for military veterans).

Over the medium term, these measures are expected to reduce structural financing barriers, attract private investment, and enable small enterprises to grow, create jobs, and participate meaningfully in local and national value chains. Accountability and Leadership: WYPD priorities are explicitly reflected in Deputy Director-General Performance Agreements, ensuring senior management accountability for mainstreaming and delivering on these priorities across all departmental programmes.

1.3.5. Gender-Based Violence and Femicide (GBVF)

Internally, the Department will implement awareness programmes, employee wellness initiatives, policy enforcement mechanisms, and capacity-building interventions to foster a safe, inclusive, and supportive working environment, particularly for women, youth, and persons with disabilities.

Externally, through its enterprise development and support programmes, the Department will prioritise economic empowerment initiatives that contribute to the prevention of GBVF by expanding access to finance, markets, infrastructure, and skills development for women, youth, and persons with disabilities. These measures recognise

economic empowerment as a critical lever in reducing vulnerability and advancing social and economic justice. Further provides clear targets and budget allocations to ensure accountability, monitoring, and measurable progress in addressing GBVF, in alignment with national priorities and the Department's mandate to promote inclusive economic participation.

1.3.6. Skills Development in the Department

The Department has established a dedicated function aimed at strengthening its capacity to respond effectively to the expectations of the MTDP. This function is designed to address skills development in a manner that accelerates the advancement of black people, women, and other designated groups, with particular emphasis on internships, as well as technical and management training programmes.

The function will galvanise and coordinate efforts to build critical and scarce skills within the Department, ensuring a centralised and strategic approach to capacity development. This coordinated intervention will accelerate the development of technical competencies required to support the effective delivery of the Department's mandate.

1.3.7. 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:

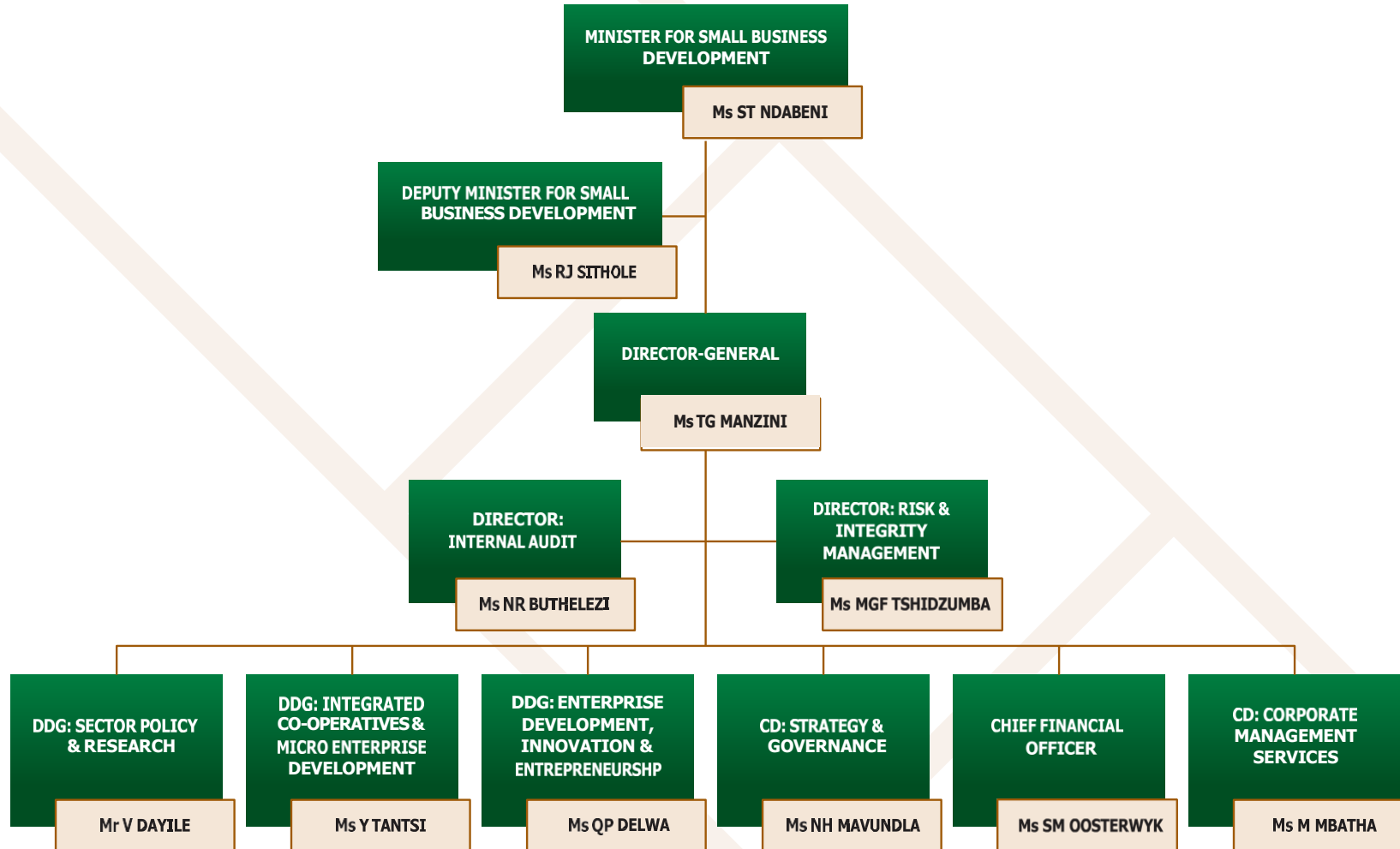
External Stakeholders		
Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet/exceed this expectation?
Beneficiaries - SMMEs and Co-operatives (formal and informal)	<ul style="list-style-type: none"> • Execute the DSBD mandate. • Improved, efficient and 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 SMMEs and Co-operatives 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 to the sector and more broadly - guidance in terms of trends and indicators in the sector.
Parliamentary and political oversight	<ul style="list-style-type: none"> • Execute the DSBD mandate. • Participate in broader planning structures and champion 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 SMMEs and Co-operatives agenda. • Sound corporate governance.
Academia and research institutions	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • A responsive and visible DSBD role players, 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 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.

Key Stakeholder Group	What does the stakeholder expect from us?	What focus is required from us to meet/exceed this expectation?
ILO and socio-development organisations	<ul style="list-style-type: none"> Alignment to ILO R204 and the decent work agenda. Alignment to ILO R190 and the importance of Co-operatives. 	<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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> Produce accountability documents with financial and performance objectives. Co-operation during the audit process. 	<ul style="list-style-type: none"> Provide accountability documents that meet 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	<ul style="list-style-type: none"> Engaging with Labour in balancing between applying laws and enabling SMME development. Consistently apply labour laws and policies. Offer a better and fair working environment to all the employees. 	<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.
Staff	<ul style="list-style-type: none"> A suitable working environment, 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	<ul style="list-style-type: none"> 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.

1.3.8. Organisational Structure

Capacity to deliver on its mandate, including information about its human resources, 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 and Co-operatives 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).



1.3.9. Spatial Impact and Spatial Development Framework (SDF) Linkages

The Department's internal systems, programmes, and institutional capabilities play a critical role in enabling spatially inclusive enterprise development across South Africa. Through the implementation of targeted MSME and Co-operative development interventions, the Department aims to address structural spatial inequalities by strengthening economic participation in townships, rural areas, and historically disadvantaged communities.

The Department's digital transformation initiatives, enterprise development programmes, and funding instruments are designed to improve access to services and opportunities for entrepreneurs across provinces and districts. By strengthening ICT systems, improving data management, and enhancing collaboration with entities and ecosystem partners, the Department seeks to expand the reach and efficiency of support programmes, particularly in areas where access to business development services and financial support has historically been limited.

Furthermore, the Department's stakeholder coordination mechanisms with national, provincial, and municipal institutions support alignment with local economic development priorities and municipal SDFs. This approach ensures that enterprise development initiatives contribute to balanced regional development, improved local economic activity, and increased participation of MSMEs in regional and national value chains.

Through these internal reforms and partnerships, the Department aims to strengthen the institutional foundations required to support inclusive economic growth and sustainable enterprise development across all regions of the country.

1.3.10. 2024–2029 MTDP: Seventh Administration Priorities and Targets

South Africa stands at a pivotal moment in its economic journey. While the nation faces formidable global and domestic challenges, from shifting geopolitical dynamics and protectionist trade barriers to the pressures of energy constraints and high business costs, these very challenges present opportunities for innovation, resilience, and renewal. The realities of load shedding, inefficiencies in logistics, and the rising costs of doing business have tested the strength of our real economy. Yet they also remind us of the urgent need to reimagine

growth through sustainable energy solutions, smarter infrastructure, and more inclusive economic participation. By tackling structural barriers and reducing market concentration, South Africa can unleash the full potential of its entrepreneurs and MSMEs.

Amid these trials lies one of South Africa's greatest assets, a vibrant, youthful, and digitally adept generation. This generation holds the key to unlocking new frontiers in digital innovation, remote work, and global content creation. By empowering them through entrepreneurship, technology, and opportunity, we can transform today's challenges into tomorrow's engines of growth.

During the Seventh Administration, the Department, in partnership with its entity, SEDFA, is resolutely committed to driving **inclusive growth and job creation (Strategic Priority 1)** and **building a capable, ethical, and developmental state (Strategic Priority 3)**. Together, these priorities will shape a future defined not by limitation, but by possibility, a South Africa that grows, innovates, and thrives for generations to come.



14. Alignment of the 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 percent and reduce unemployment to below 28.0 percent by the end-term.

DSBD Direct Contribution to the 2024-29 MTDP Deliverables:

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 (Implemented via SEDFA: reflected in the SEDFA APP)	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
				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 (Implemented via SEDFA: reflected in the SEDFA APP) The Standardised Indicators with the Provincial	Department of Tourism / Department of Trade, Industry and Competition Department of Agriculture / Department of Forestry, Fisheries and the

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
									Department of Economic Development will take effect during the 2026/27 financial year.	Environment Department of Science, Technology and Innovation / Provinces.
					Number of Starting up and Start-ups supported financially and non-financially.	41 205 Starting up and Start-ups supported financially and non-financially.	25 000 Starting up and Start-ups supported financially and non-financially. (cumulative)	50 000 Starting up and Start-ups supported financially and non-financially. (cumulative)	Department of Small Business Development (Implemented via SEDFA: reflected in the SEDFA APP)	
					Percentage of informal MSMEs provided with formalisation support	1 804 434 informal enterprises as per 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)
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

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
					Revised instruction notes 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 30 day 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 MTD:

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		

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
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
				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

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
					% 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
					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

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
					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	DPSA, Department of Cooperative Governance/ DPME	

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
Mainstreaming 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

1.5. Theory of Change: Empowering Sustainable, Competitive MSMEs for Inclusive Growth and Job Creation

The Department operates within a complex and interdependent environment, where responsibilities and functions are shared across the three spheres of government, the private sector, and social partners. Recognising the need for alignment and coherence, the Department adopts a collaborative planning approach that fosters integration, avoids duplication, and strengthens coordinated delivery towards shared strategic outcomes.

Guided by the Theory of Change and Results Model, the Department ensures that the planning process connects long-term developmental outcomes with short-term outputs and measurable indicators. This approach enables a clear understanding of the pathway to impact, supports evidence-based decision-making, and identifies critical success factors required to achieve sustainable change.

The DG’s ESIED Cluster underscores a key systemic challenge: the persistently high levels of

market concentration that contribute to a business environment often unfavourable to MSMEs. The SBD Portfolio further highlights that the majority of MSMEs remain concentrated at the lower end of the enterprise development spectrum and face significant barriers, including limited access to finance and markets, restrictive labour regulations, inadequate infrastructure and ICT access, insufficient research and development support, and low levels of entrepreneurial and management skills.

Through the implementation of this Theory of Change, the Department seeks to create an enabling ecosystem for MSME growth and competitiveness — one that promotes innovation, fosters inclusivity, and contributes meaningfully to South Africa’s broader objectives of economic transformation, sustainable development, and job creation.

Assumptions

These are the beliefs, preconditions, or enabling circumstances that must hold true for MSMEs to contribute effectively to inclusive economic growth and job creation.

Category	Key Assumptions	Explanation
Policy and Regulatory Environment	Government policies remain supportive of MSME development.	Stable, enabling policies (e.g., tax incentives, simplified regulations) are necessary for MSMEs to thrive.
	Regulatory reforms are effectively implemented.	Policy improvements must be enforced at local level to impact MSMEs.
Economic Environment	Macroeconomic stability is maintained.	Stable inflation, exchange rates, and interest rates allow MSMEs to plan and invest.
	Sufficient market demand exists for MSME products and services.	Without demand, growth and employment creation are limited.
Institutional and Financial Support	Financial institutions remain willing to lend to MSMEs.	Access to finance is a key enabler for growth and sustainability.
	Business development support services remain accessible and effective.	Quality training and mentorship are available and relevant.
Infrastructure and Technology	Reliable infrastructure (energy, transport, ICT) supports enterprise activity.	MSMEs rely on these for efficient operations and competitiveness.
Human Capital	MSME owners and employees have or can acquire needed skills.	Skills gaps are addressed through education and training interventions.
	Entrepreneurs apply acquired knowledge and skills to improve their businesses.	Capacity building must translate into behavioural and operational changes.

Category	Key Assumptions	Explanation
Partnerships and Collaboration	Public-private partnerships function effectively.	Coordination between government, private sector, and development partners enhances impact.
Social and Environmental Conditions	Communities support entrepreneurship and inclusive participation.	Cultural acceptance of entrepreneurship and inclusion (especially for women and youth) is maintained.
Governance and Accountability	Corruption and bureaucratic inefficiencies are minimised.	Transparent systems encourage investment and business confidence.

External Factors

These are contextual conditions or risks outside the direct control of the programme or organisation that may influence whether the desired impact can be realised.

Category	External Factors	Potential Influence on Impact
Macroeconomic Conditions	Economic downturns or recessions	Reduce consumer demand, investment, and MSME survival rates.
	Inflation or interest rate hikes	Increase the cost of borrowing and input costs, limiting MSME growth.
Political and Governance Factors	Political instability or policy uncertainty	Undermines investor confidence and disrupts business operations.
	Changes in government priorities	Shifts in policy focus could reduce support for MSME programmes.
Environmental Factors	Climate change, natural disasters, or resource scarcity	Affect supply chains, agricultural MSMEs, and production costs.
Technological Trends	Rapid technological change	It may outpace MSME adaptation capacity if not supported by innovation policies.
Social Dynamics	Inequality, unemployment, or social unrest	It can reduce market stability and consumer purchasing power.
Global Economic Conditions	Trade restrictions, global price fluctuations	Affect export-oriented MSMEs and import costs.
Public Health Risks	Pandemics or epidemics	Disrupt business operations, supply chains, and labour availability.
Competition and Market Structure	Market domination by large firms	Limits MSME access to markets and fair competition.
Infrastructure	Energy shortages, poor transport networks	Increase operational costs and reduce competitiveness.

Planning, Implementation, Monitoring, Reporting and Evaluation

OUTPUTS

1. Unqualified Audit Outcome for the Department.
2. Payment register.
3. 10% vacancy rate of funded posts in the approved organisational structure.
4. ≥50% female in SM employed.
5. ≥4.5% Representation of PWDs.
6. Realigned fit-for-purpose organisational structure that supports the Department's new strategic goals and enhances client experience.
7. Digital initiatives Implemented.
8. laws and/or regulations that pose administrative burdens to MSMEs recommended for reform.
9. E-registration system adoption in municipalities supported.
10. Red Tape Reduction Indicators Monitored.
11. Report provided on the implementation of the Business licencing Act.
12. Compliance reports on the 30 days payment requirement for MSMEs
13. Evaluation Report.
14. Research agenda.
15. Report on number of cannabis enterprises supported in the primary sector.
16. Value chain assessment of the construction industry in the secondary sector.
17. Value chain Assessment for the priority industries in the tertiary sector.
18. SBD client satisfaction response received on the survey.
19. Partnership agreement, with public and/or private sector, secured to support MSMEs.
20. DSBD Strategic Partnerships Monitoring Reports
21. One National Plan MSMEs Ecosystem approved.
22. One Online Stop Shop deployed.
23. Monitoring reports on Implementation of sector outputs contribution to the MTDP.
24. MSMEs exposed to domestic market opportunities.
25. MSMEs exposed to global market opportunities.
26. Market intelligence reports on international markets.
27. Business Infrastructures, including Hubs, Product Market for MSMEs and Co-operatives refurbished or built.
28. MSMEs and Co-operatives Supported through Business infrastructure Support Programme with equipment, tools, machinery and energy solution.
29. Informal and Micro Enterprises supported through the Informal and Micro Enterprise Development Programme (IMEDP).
30. Monitoring and/or Oversight of funded Co-operatives
31. Projects supported through the Incubation Innovation Programme
32. National Policy Framework on Incentives for Small Enterprises.
33. Approved Startup Policy.
34. Enterprise Supplier Development (ESD) Policy for Small Enterprises approved.
35. Fund of Funds Implementation Plan Report.
36. Movable Assets Collateral Registry approved.
37. National Entrepreneurship Strategy Annual Progress Report.
38. Incubation and Business Development Services Policy implementation report.
39. Programmes reviewed and redesigned for Financial and non-financial supports over the MTDP Period.
40. Established and functional Small Enterprise Ombuds Scheme (SEOS) Office.
41. Township and rural MSMEs assisted with Asset Assist Programme

Human Resources
Financial Resources
Partnerships

- OUTCOMES**
1. Improved Governance and Compliance.
 2. Reduced regulatory and administrative burdens for MSMEs.
 3. Improved integrated and streamlined business processes and systems for MSMEs.
 4. Enhanced evidence-based business information and sector-wide monitoring and evaluation.
 5. Increased participation of MSMEs in domestic and international markets.
 6. Increased contribution of MSMEs in priority sectors.
 7. Improved and well-coordinated ecosystem support for small enterprises.
 8. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.

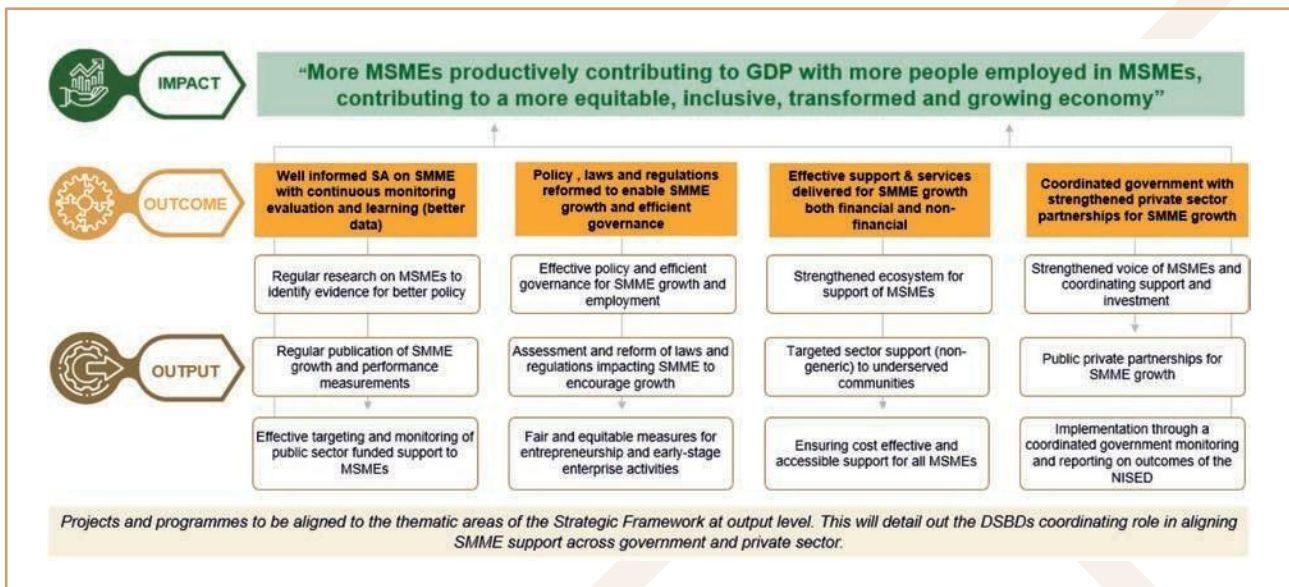
IMPACT

Sustainable, competitive MSMEs contributing to inclusive economic growth and job creation

RESULTS

THEORY OF CHANGE

1.5.1. 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, in order 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 and co-operatives.
- **Priority 2:** Enable market access for MSMEs and co-operatives.
- **Priority 3:** Provide access to finance for MSME and co-operatives.
- **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 eco-system.

1.5.2. Development of the DSBD Draft 2026/27 Annual Performance Plan (APP)

The preparation of the DSBD Draft 2026/27 APP involved a comprehensive and strategic planning process:

1. The 2026/27 planning cycle began with the review and alignment of the Small Business Development (SBD) Portfolio 2025-30 Strategic Plans and the development of the SBD 2025/26 Annual Performance Plans. This process ensured coherence with the Medium-Term Development Plan (MTDP) 2024-2029 priorities.
2. The planning cycle commenced with the Department hosting the Pre-Portfolio Strategic Planning Sessions through the MANCO meeting on 2 June 2025 and EXCO on 23 June 2025. The purpose of these sessions was to provide input and holistic support for the Planning Methodology and the proposed programme for the first Portfolio Strategic Planning session, which took place from 21–22 August 2025.
3. The first Portfolio Strategic Planning session aimed at bringing together the DSBD, its entity SEDFA, and provincial Departments of Economic Development to:
 - 1.1. Review and guide the development of the SBD Portfolio 2026/27 APP, using the Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis to drive significant improvements in critical performance measures. This included assessing past performance, the current MSME ecosystem, and applying the Theory of Change to strengthen the APP.
 - 1.2. Envision the future of South African MSMEs and Co-operatives, guided by the priorities of the Seventh Administration and aligned with the National Integrated Small Enterprise

Development (NISED) Strategic Framework and the Minister's five policy priorities.

- 1.3. Build upon current practices and lessons learned to enhance the Portfolio's ability to identify and leverage opportunities within the SBD environment and across other spheres of government.
 - 1.4. Strengthening existing capacities and improving organisational performance across the Portfolio.
 - 1.5. Conduct the session strategically, with PowerPoint presentations and papers shared in advance, ensuring interventions were primarily verbal and based on prior review of documentation.
4. Following the Portfolio Strategic Planning session, Branch and Chief Directorate strategic planning sessions were conducted within Programme One to cascade departmental outcomes to Branch-level outputs. These sessions also addressed potential risks in implementing the 2026/27 APP and finalised technical indicator descriptions.
 5. The draft 2026/27 APP was shared to the Department Executive and Management Committee on 14 October 2025. Additional input from Executive and Management were incorporated before submission to the Minister for Small Business Development for further review, consideration, and approval.
 6. On 31 October 2025, the Department received approval to submit the 2026/27 Annual Performance Plan (APP) to the Department of Planning, Monitoring and Evaluation (DPME), thereby concluding the internal planning cycle.
 7. On 30 January 2026, the Department received feedback from the DPME following its assessment of the draft 2026/27 APP. Subsequently, Branches and Chief Directorates within Programme One convened a consolidation meeting to address the matters raised in the assessment report. The draft 2026/27 APP was accordingly revised to strengthen alignment, measurability, and overall quality.
 8. On 26–27 February 2026, the Department convened the final Small Business Development (SBD) Portfolio Strategic Planning Session. The objectives of this session included:
 - a. Enabling timely approval and Parliamentary tabling of the SBD 2026/27 APPs by presenting the draft Plan for Ministerial concurrence, ensuring that planned interventions are posi-

tioned to deliver measurable improvements in MSME development and support.

- b. Strengthening policy coherence and implementation impact by aligning the DSBD and SEDFA 2026/27 APPs with each other, the 2024–2029 Medium-Term Development Plan (MTDP) priorities, the Minister's Performance Agreement, the Deputy Minister's Delegations, and the SBD Portfolio Policy Directives adopted at the First Portfolio Strategic Planning Session (21–22 August 2025), including insights from the rapid 10-Year Review of DSBD performance.
 - c. Maximising value for money and developmental impact by ensuring that all selected outputs are fully costed, adequately funded, and directly linked to the outcomes and longer-term impacts set out in the 2025–2030 Strategic Plans of both the Department and SEDFA.
 - d. Improving performance credibility and delivery readiness by considering the DPME Assessment Report on the draft DSBD 2026/27 APP and incorporating targeted inputs to strengthen the quality, coherence, and implementability of both the DSBD and SEDFA 2026/27 APPs.
9. The draft 2026/27 Annual Performance Plan was further submitted to the departmental internal Audit on 02 March 2026 and AGSA on 02 March 2026 for review purposes before tabling in Parliament.

1.6. DSBD Performance Considerations

2026/27 Financial Year Priorities

1. **NISED Strategic Framework, Co-operatives Strategy, and Informal Economy**
 - **NISED Strategic Framework:** Strengthen DSBD's leadership within the MSME ecosystem by advancing policies aligned with MSME priorities. The Department will continue to coordinate, advocate, and drive initiatives that promote sustainable, inclusive growth.
 - **Co-operatives Strategy:** Through the Co-operatives Development Support Programme (CDSP), DSBD will support Co-operatives financial and non-financial. In 2026/27, the Department aims to provide financial assistance to 50 co-operatives.

- **National Informal Business Strategy:** Support informal enterprises via local chambers, business associations, municipalities, and LED offices. Under the Informal Micro Enterprise Development Programme (IM-EDP), 3,000 informal businesses will receive support in 2026/27.

2. Policy and Legislative Framework to Enable MSME Growth

- **MSMEs and Co-operatives Funding Policy:** Improve MSME access to finance through the Fund of Funds and Movable Assets Collateral mechanisms, with key deliverables including:
 1. Implementation of the Fund of Funds Plan
 2. Operationalisation of the Movable Assets Collateral Registry
- **Red Tape Reduction Programme:** In partnership with national departments and provinces, remove regulatory and administrative barriers to MSME growth. Key activities include:
 - o Reform of five (5) laws/regulations imposing administrative burdens
 - o Support to 20 municipalities on E-Registration System rollout
 - o Implementation of four (4) Red Tape Reduction indicators
 - o Collaboration with National Treasury to enforce 30-day payment compliance for MSMEs
 - o Monitoring the Business Licensing Bill implementation
- **Digitalisation and Innovation:** Implement the DSBD Digital Transformation Strategy to strengthen digital systems, enhance innovation, and improve service efficiency.
- **Support for Small Enterprises, Rural, and Township Economies:** Ensure effective delivery, monitoring, and reporting of MSME development programmes, including:
 - o Bi-annual progress reports on the National Entrepreneurship Strategy and Incubation/Business Development Services Framework
 - o Reviews and redesign of financial and non-financial programmes
 - o Regular monitoring of DSBD policies, strategies, key programmes, and partnerships

- o Monitoring compliance with the 30-day payment requirement for MSMEs
- o Reporting on sector outputs aligned to the MTDP

- **Policy Development and Cabinet Submissions:** Prioritised policy instruments for development and submission include:

- o National Policy Framework on Incentives for Small Enterprises
- o Start-Up Policy
- o Enterprise and Supplier Development (ESD) Policy

- **Asset Assist Programme:** Provide financial assistance for productive assets to improve MSME capacity, productivity, and competitiveness. In 2026/27, support totalling R215 million will target township and rural MSMEs, prioritising women, youth, and PWDs. Eligible MSMEs must be CIPC-registered and tax-compliant.

3. Localisation Policy Framework and Implementation Programme

Strengthen local manufacturing, promote import substitution, and expand markets for MSME goods. In 2026/27, 350 MSMEs and co-operatives will be connected to markets:

- 150 MSMEs exposed to domestic market opportunities
- 200 MSMEs exposed to international market opportunities

4. Business Infrastructure Support

Enhance MSME market access through the development and improvement of business infrastructure. In 2026/27, 50 MSMEs and co-operatives will benefit from the Business Infrastructure Support Programme, including construction/refurbishment of product markets, MSME hubs, and provision of equipment, tools, machinery, technology, and energy support.

5. Prioritisation of Target Groups

All MSME interventions will ensure inclusion and equitable participation:

- Women: 35%
- Youth: 30%
- Persons with disabilities (PWDs): 3%

Special emphasis will be placed on enterprises located in the township and rural areas.

PART

3

**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 Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
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 2021/22 financial year.	Target achieved: Unqualified audit outcome on non-financial performance information for 2022/23 financial year.	Target achieved: Unqualified Audit Outcome on non-financial performance information for 2023/24 financial year.	Target achieved: 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.	Unqualified Audit Outcome on non-financial performance information for 2027/28 financial year.
		b) Unqualified Audit Outcome on Annual Financial Statements obtained.	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.	Target achieved: Unqualified Audit Outcome on Annual Financial Statements for 2023/24 financial year.	Target achieved: 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.	Unqualified Audit Outcome on Annual Financial Statements for 2027/28 financial year.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Payment register.	% of valid creditors paid within 30 days.	Target achieved: 100% of valid creditors paid within 30 days.	Target achieved: 100% of valid creditors paid within 30 days.	Target achieved: 100% of valid creditors were 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.
	10% vacancy rate of funded posts in the approved organisational structure.	% vacancy rate of funded posts in the approved organisational structure.	Target not achieved: 10% vacancy rate in funded permanent posts.	Target achieved: 11.8% reduction in vacancy rate towards filling the approved organisational structure.	Target achieved: 6.6% reduction in vacancy rate towards filling the approved organisational structure.	5% reduction in vacancy rate towards filling the approved organisational structure.	10% vacancy rate of funded posts in the approved organisational structure.	10% vacancy rate of funded posts in the approved organisational structure.	10% vacancy rate of funded posts in the approved organisational structure.
	≥ 50% female in SMS employed.	% female SMS representation.	Target achieved: 51.5% of female SMS representation.	Target achieved: 53.7% of female SMS representation.	Target achieved: 54.3% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.	≥ 50% of female SMS representation.
	≥4.5% Representation of PWDs.	% Representation of PWDs.	Target not achieved: 3.3% representation of PWDs.	Target achieved: 3.7% representation of PWDs.	Target achieved: 4% representation of PWDs.	≥4% Representation of PWDs.	≥4.5% Representation of PWDs.	≥5% Representation of PWDs.	≥6% Representation of PWDs.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Realigned fit-for-purpose organisational structure that supports the Department's new strategic goals and enhances client experience.	Approved organisational structure.	N/A	N/A	N/A	N/A	Organisational structure reviewed and approved.	N/A	N/A
3. Improved integrated and streamlined business processes and systems for MSMEs.	Digital initiatives Implemented.	Number of Digital initiatives 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.	Optimisation and Performance Intelligence implemented and reported on.	SBD Portfolio Digital Transformation Strategy reviewed and approved by Accounting Officer.	Three (3) Digital initiatives implemented.	Percentage of Core Systems Integrated.	Optimisation and Performance Intelligence implemented and reported on.

1.1.3. Output indicators: annual and quarterly targets

Output Indicators	2026/27 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 2025/26 financial year.	N/A	Unqualified Audit Outcome on non-financial Performance information for 2025/26 financial year.	N/A	N/A
b) Unqualified Audit Outcome on Annual Financial Statements obtained.	Unqualified Audit Outcome on Annual Financial Statements for 2025/26 financial year.	N/A	Unqualified Audit Outcome on Annual Financial Statements for 2025/26 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.
% vacancy rate of funded posts in the approved organisational structure.	10% vacancy rate of funded posts in the approved organisational structure.	N/A	N/A	N/A	10% vacancy rate of funded posts in 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.	≥ 4.5% Representation of PWDs.	N/A	N/A	N/A	≥ 4.5% Representation of PWDs.
Approved organisational structure.	Organisational structure reviewed and approved.	Concept note and project plan approved by 30 June 2026.	Prioritised business processes aligned to the service delivery model mapped and approved by 30 September 2026.	The business case submitted to Minister for consideration by 31 December 2026.	Organisational structure reviewed and approved.
Number of Digital initiatives Implemented	Three (3) Digital initiatives implemented.	Project Implementation Plan Approved	One (1) Digital initiative implemented	One (1) Digital initiative implemented	One (1) Digital initiative implemented

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

Achieving **improved governance and compliance outcome** within the Department requires a strong foundation of financial discipline, ethical leadership, operational efficiency, and inclusivity. Each of the following outputs directly contributes to strengthening institutional governance, accountability, and service delivery excellence.

An unqualified audit opinion reflects sound financial management, compliance with legislation, and adherence to the principles of transparency and accountability. By maintaining clean audit results, the Department demonstrates robust internal controls, effective risk management, and disciplined expenditure. This builds confidence among oversight institutions, stakeholders, and the public, reinforcing a culture of integrity and responsible stewardship of public funds, all of which are central pillars of improved governance and compliance. Timely payment of suppliers within the prescribed 30-day period ensures compliance with the Public Finance Management Act (PFMA) and Treasury Regulations. It promotes ethical financial practices and strengthens relationships with service providers, especially small and emerging businesses that depend on predictable cash flow. This practice also reflects the Department's commitment to operational efficiency, accountability, and reliability, essential characteristics of a well-governed and compliant institution.

The Department aims to reduce the vacancy rate, promote organisational stability, and ensure that critical positions are filled with qualified personnel. A fully capacitated Department can execute its functions more effectively, uphold ethical standards, and ensure accountability at all levels. Addressing staffing gaps also mitigates compliance risks related to overburdened staff, weak internal controls, and delayed decision-making, ultimately leading to stronger governance and institutional performance. Achieving gender parity in senior management reflects the Department's commitment to inclusive governance, fairness, and equity in leadership. Diverse leadership teams contribute to balanced decision-making, improved ethical oversight, and enhanced organisational culture. This aligns with national transformation objectives and compliance with the Employment Equity Act, strengthening governance structures and institutional integrity. Ensuring that at least 4.5 percent of the workforce comprises persons with disabilities demonstrates compliance with employment equity and human

rights legislation. It also fosters an inclusive, empathetic, and socially responsive workplace culture. Representation of PWDs enhances the Department's governance maturity by embedding inclusivity, fairness, and equality into institutional practices, contributing to a more ethical and accountable public service.

A fit-for-purpose organisational structure ensures that the Department's functions, roles, and reporting lines are optimally aligned with its strategic direction. Realignment enhances accountability, eliminates duplication, and streamlines decision-making processes. By improving client experience and service delivery, the Department reinforces public trust and compliance with good governance principles. This structural alignment ensures that governance mechanisms are efficient, transparent, and responsive to citizens' needs.

Collectively, these outputs strengthen the Department's governance architecture by:

- Promoting financial integrity and compliance with regulatory frameworks.
- Enhancing institutional capacity and accountability through effective staffing and structure.
- Upholding equity, inclusivity, and ethical leadership; and
- Building public confidence through transparent, efficient, and lawful operations.

Through these measures, the Department not only ensures compliance but also exemplifies a culture of good governance, performance excellence, and responsible public administration.

Contribution to Outcome: Improved integrated and streamlined business processes and systems for MSMEs

The Department will finalise the SBD Portfolio Digital Transformation Strategy for implementation in the 2026/27 financial year. This initiative marks a critical step towards establishing a seamless, technology-enabled MSME support ecosystem that promotes efficiency, inclusivity, and sustainable growth for small enterprises across South Africa.

The strategy will modernise and harmonise business processes across the SBD Portfolio, including the Department and SEDFA. By digitising key functions, such as funding applications, business registration, compliance facilitation, and performance tracking, the initiative will reduce administrative delays,

eliminate duplication, and enable real-time data sharing, resulting in a more coordinated, responsive, and evidence-driven MSME support system.

Digital platforms will be designed to enhance accessibility and inclusivity for women, youth, and persons with disabilities. User-friendly, multilingual, and accessible interfaces, along with e-learning, virtual mentorship, and advisory tools, will extend non-financial support to entrepreneurs in remote and underserved areas.

Key Expected Outcomes:

- Standardised digital systems for coordinated programme delivery and data-driven decision-making.
- Reduced turnaround times through automation and integrated business processes.

- Improved accessibility for women, youth, and persons with disabilities via inclusive digital design.
- Enhanced accountability and transparency through robust monitoring, evaluation, and reporting.

For the 2026/27 financial year, the Department has committed to implementing three priority Digital Initiatives as part of its Digital Transformation Roadmap. These initiatives are designed to modernise internal systems, enhance service delivery efficiency, and improve accessibility of support services for MSMEs and cooperatives. The implementation of these digital initiatives will strengthen operational effectiveness, enable data-driven decision-making, and ensure a seamless, integrated, and user-friendly experience for entrepreneurs across the Small Business Development Portfolio.

1.1.5. Programme Resource Considerations

PROGRAMME ONE: SUB-PROGRAMME	2026/27	2027/28	2028/29	TOTAL MTEF
	R'000	R'000	R'000	R'000
Ministry	37 422	39 246	41 317	117 985
Departmental Management	28 779	30 218	31 524	90 521
Corporate Management Services	117 195	122 122	127 910	367 227
Financial Management	33 695	34 752	34 351	102 798
Total	217 091	226 338	235 102	678 531

Programme 1 (Administration): Programme 1 is allocated R217.1 million in 2026/27 and R678.5 million over the MTEF. 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 R37.4 million in 2026/27 and R118 million over the MTEF, Departmental Management R28.8 million in 2026/27 and R90.5 million over the MTEF, Corporate Management Services R117.2 million in 2026/27 and R367.2 million over the MTEF and Financial Management R33.7 million in 2026/27 and R102.8 million over the MTEF.

The programme will continue to provide support services to the line functions of the Department with 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 percent of valid creditors are paid within 30 days. The Department will also safeguard 5 percent is reduced in the vacancy rate towards filling the approved organisational structure, ≥5 percent are represented by PWDs and 30 percent youth representatives. Furthermore, the Department, together with its entity, will drive the finalisation of the SBD Portfolio Integrated Engagement, Awareness and Communication Strategy.

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 Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
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 produced and approved by the Accounting Officer.	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.	Target achieved: Bi-annual Progress Reports on the Regulatory Reform Implementation Plan were approved by 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 produced and approved by the Accounting Officer.	Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform produced and approved by the Accounting Officer.	Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform produced and approved by the Accounting Officer.
	E-registration system adoption in municipalities supported.	Number of municipalities supported with the adoption of E-registration system.	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.	20 municipalities supported with the adoption of E-registration system.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Red Tape Reduction Indicators Monitored.	Number of Red Tape Reduction Indicators Monitored (Phase 1: Focusing on Government).	N/A	N/A	N/A	Four (4) Red Tape Reduction Indicators Implemented.	Four (4) Red Tape Reduction Indicators Monitored (Phase 1: Focusing on Government).	Four (4) Red Tape Reduction Indicators Monitored (Phase 2: Focusing on Regulatory Bodies).	Four (4) Red Tape Reduction Indicators Monitored (Phase 3: Focusing on Private Sector).
	Report on the approval processes of the Business licensing Bill by the Cabinet and passed by Parliament.	Number of reports on the progress of the approval processes of the Business Licensing Bill, including Cabinet and passed by Parliament.	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 Licensing Bill approved by Cabinet and passed by Parliament.	Four (4) reports on the progress of the approval processes of the Business Licensing Bill, including Cabinet and passed by Parliament.	Report provided on the implementation of the Business licensing Act.	Report provided on the implementation of the Business licensing Act.
	Compliance reports on the 30 days payment requirement for MSMEs.	Number of monitoring reports on compliance with the 30 days payment requirement for MSMEs approved by the Accounting Officer.	N/A	N/A	N/A	Annual monitoring report on the compliance with the 30 days payment requirement for MSMEs approved by the Accounting Officer.	Two monitoring reports on compliance with the 30 days payment requirement for MSMEs approved by the Accounting Officer.	Two monitoring reports on compliance with the 30 days payment requirement for MSMEs approved by the Accounting Officer.	Two monitoring reports on compliance with the 30 days payment requirement for MSMEs approved by the Accounting Officer.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
2. Enhanced evidence based business information and sector wide monitoring and evaluation.	Evaluation Report.	Evaluation Report produced by 31 March 2027.	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.	Target achieved: Evaluation Report was produced by 31 March 2025.	Two (2) Evaluation Reports produced by 31 March 2026.	Evaluation Report produced by 31 March 2027.	Evaluation Report produced by 31 March 2028.	Evaluation Report produced by 31 March 2029.
	Research agenda.	Research report produced by 31 March 2027.	N/A	N/A	Target achieved: One (1) Research Report produced.	Two (2) Research Reports Produced by 31 March 2026.	Research report produced by 31 March 2027.	Research report produced by 31 March 2028.	Research report produced by 31 March 2029.
3. Increased contribution of MSMEs in priority sectors.	Approved report on twenty (20) of the 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	Target achieved: Value chain assessment of the cannabis industry in the primary sector was 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.	Report on twenty (20) of the cannabis enterprises supported in the primary sector approved by Accounting Officer.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Value chain Assessment for the priority industries in the secondary sector.	Value chain Assessment for the priority industry in the secondary sector approved by Accounting Officer.	N/A	N/A	Target achieved: Value chain assessment of the construction industry in the secondary sector was 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 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 for the priority industries in the tertiary sector.	Value chain Assessment for the priority industries in the tertiary sector approved by Accounting Officer.	N/A	N/A	Target achieved: Value chain assessment of the wholesale and retail industry in the tertiary sector was approved by Accounting Officer.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	Value chain Assessment for the priority industries in the tertiary sector approved by Accounting Officer.	Value chain Assessment for the priority industries in the tertiary sector approved by Accounting Officer.	Value chain Assessment for the priority industries in the tertiary sector approved by Accounting Officer.
4. Improved and well-coordinated ecosystem support for small enterprises.	SBD client satisfaction response received on the survey.	% SBD client satisfaction response received on the survey.	N/A	N/A	N/A	50% SBD clients' satisfaction response received on the survey.	70% SBD client' satisfaction response received on the survey.	80% SBD clients' satisfaction response received on the survey.	90% SBD clients' satisfaction response received on the survey.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	DSBD Strategic Partnerships Monitoring Reports.	Number of Monitoring reports of DSBD strategic partnerships.	N/A	N/A	Target not achieved: One (1) Partnership agreement, with public and/or private sector, secured to support MSMEs and Co-operatives was approved by Accounting Officer.	Five (5) Partnership agreement, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	Four (4) Monitoring reports of DSBD strategic partnerships.	Four (4) Monitoring reports of DSBD strategic partnerships.	Four (4) Monitoring reports of DSBD strategic partnerships.
	One National Plan MSMEs Ecosystem approved.	One National Plan MSMEs Ecosystem submitted to Cabinet for approval.	N/A	N/A	N/A	N/A	One National Plan MSMEs Ecosystem submitted to Cabinet for approval.	One National Plan MSMEs Ecosystem implemented and reported on.	One National Plan MSMEs Ecosystem implemented and reported on.
	One Online Stop Shop deployed.	One Online Stop Shop Developed and deployed.	N/A	N/A	N/A	N/A	One Online Stop Shop Developed and deployed.	One Online Stop Shop monitored for enhancement.	One Online Stop Shop monitored for enhancement.
	Monitoring reports on Implementation of sector outputs contribution to the MTDP	Number of Monitoring reports on Implementation of sector outputs contribution to the MTDP.	N/A	N/A	N/A	N/A	Three (3) monitoring reports on Implementation of sector outputs contribution to the MTDP produced.	Three (3) monitoring reports on Implementation of sector outputs contribution to the MTDP produced.	Three (3) monitoring reports on Implementation of sector outputs contribution to the MTDP produced.

1.2.3. Output indicators: annual and quarterly targets

Output Indicators	2026/27 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of laws and/or regulations that pose administrative burden to MSMEs recommended for reform produced and approved by the Accounting Officer.	Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform produced and approved by the Accounting Officer.	One (1) law and/or regulation that pose administrative burden to MSMEs recommended for reform.	Two (2) laws and/or regulations that pose an 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 burden 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 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 Monitored (Phase 1: Focusing on Government).	Four (4) Red Tape Reduction Indicators Monitored (Phase 1: Focusing on Government).	N/A	N/A	Two (2) Red Tape Reduction Indicators Monitored (Phase 1: Focusing on Government).	Two (2) Red Tape Reduction Indicators Monitored (Phase 1: Focusing on Government).
Number of reports on the progress of the approval processes of the Business Licensing Bill, including Cabinet and passed by Parliament.	Four (4) reports on the progress of the approval processes of the Business Licensing Bill, including Cabinet and passed by Parliament.	Report on the progress of the approval processes of the Business Licensing Bill, including Cabinet and passed by Parliament.	Report on the progress of the approval processes of the Business Licensing Bill, including Cabinet and passed by Parliament.	Report on the progress of the approval processes of the Business Licensing Bill, including Cabinet and passed by Parliament.	Report on the progress of the approval processes of the Business Licensing Bill, including Cabinet and passed by Parliament.
Number of monitoring reports on compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.	Two monitoring reports on compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.	N/A	Monitoring report on Compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.	N/A	Monitoring report on Compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.
Evaluation Report produced by 31 March 2027.	Evaluation Report produced by 31 March 2027.	N/A	Inception Report.	1st draft Evaluation Report.	Evaluation Report produced by 31 March 2027.
Research report produced by 31 March 2027.	Research report produced by 31 March 2027.	Consultation on the research agenda	Adoption of the agenda developed	1st report on the One research report produced.	Research report produced by 31 March 2027.
Reports on numbers 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	2026/27 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Value chain Assessment for the priority industry in the secondary sector approved by Accounting Officer.	Value chain Assessment 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 value chain assessment of the priority industry in the secondary sector developed.	Consultation report on the draft value chain assessment of the priority industry in the secondary sector produced.	Value chain assessment for the priority industry in the secondary sector approved by Accounting Officer.
Value chain Assessment for the priority industries in the tertiary sector approved by Accounting Officer.	Value chain Assessment 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 value chain assessment in the priority industries in the tertiary sector developed.	Consultation report on the draft value chain assessment for the priority industries in the tertiary sector produced.	Value chain Assessment for the priority industries in the tertiary sector approved by Accounting Officer.
% SBD client satisfaction response received on the survey.	70% SBD client satisfaction response received on the survey.	N/A	N/A	N/A	70% SBD client satisfaction response received on the survey.
Number of Monitoring reports of DSBD strategic partnerships.	Four (4) Monitoring reports of DSBD strategic partnerships	Monitoring report of DSBD strategic partnerships.	Monitoring report of DSBD strategic partnerships.	Monitoring report of DSBD strategic partnerships.	Monitoring report of DSBD strategic partnerships.
One National Plan MSMEs Ecosystem submitted to Cabinet for approval.	One National Plan MSMEs Ecosystem submitted to Cabinet for approval.	Create awareness with key stakeholders on the One National Plan for the MSMEs Ecosystem.	First Draft of the One National Plan Ecosystem developed.	Consultation with key stakeholders, One National Plan MSMEs Ecosystem.	One National Plan MSMEs Ecosystem submitted to Cabinet for approval.
One Online Stop Shop deployed.	One Online Stop Shop Developed and deployed.	Business Case approved.	Progress Report on the development of One Online Stop Shop.	Progress Report on the development of One Online Stop Shop.	One Online Stop Shop deployed.
Number of Monitoring reports on Implementation of sector outputs contribution to the MTDP.	Three (3) monitoring reports on Implementation of sector outputs contribution to the MTDP produced.	N/A	Report on implementation of sector outputs contribution to the MTDP produced.	Report on implementation of sector outputs contribution to the MTDP produced.	Report on implementation of sector outputs contribution to the MTDP produced.

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

To reduce regulatory and administrative burden for MSMEs. During the MTEF period, the following planned interventions will create a more efficient, inclusive, and responsive regulatory environment. MSMEs, especially those owned by women, youth, and PWDs, will face fewer administrative hurdles, enabling faster business setup, reduced compliance costs, and improved access to opportunities. This directly supports economic empowerment, entrepreneurship, and equitable participation in the formal economy.

- Five (5) laws and/or regulations submitted to the relevant authority for reform to reduce administrative burden on MSMEs. Identifying and recommending reform of five key laws or regulations that create excessive administrative or compliance burdens for MSMEs. These reforms could include streamlining licensing requirements, reduce duplicative reporting, or simplify compliance procedures. Reduces time and costs for MSMEs to comply with regulatory requirements, lowers entry barriers, particularly benefiting women, youth, and PWD entrepreneurs who often have limited resources, and encourages formalisation of businesses, improving access to finance, markets, and government support programmes.
- 20 municipalities supported with the adoption of E-registration systems. Supporting 20 municipalities to implement digital registration and licensing platforms, E-registration allows MSMEs to register and renew licenses online, reducing the need for physical visits to municipal offices.
- Four (4) Red Tape Reduction Indicators Implemented. Developing and applying four key Red Tape Reduction Indicators to monitor the impact of reforms on MSMEs, and the indicators could include time to register a business, cost of compliance, number of licenses/permits, and frequency of inspections.
- Four (4) reports provided on the Implementation of the Business Licensing Act: Producing four analytical reports on the implementation of the Business Licensing Act at municipal and provincial levels, and these reports may evaluate compliance rates, identify challenges for MSMEs, and recommend policy adjustments.

The deployment of the One Online Stop Shop aims to reduce administrative burdens, eliminate duplication of processes, and improve turnaround times for service delivery. It will also strengthen

intergovernmental coordination by enabling data sharing, referral systems, and streamlined communication between departments and agencies supporting enterprise development.

Overall Impact for 2026/27 financial year:

- MSMEs, especially those owned by women, youth, and PWDs, will face fewer administrative hurdles.
- Faster registration and reduced compliance costs will improve business start-up rates and sustainability.
- Formalisation and regulatory predictability will expand access to economic opportunities, financing, and government support programmes.
- The interventions collectively create a more efficient, inclusive, and responsive regulatory environment that empowers historically marginalised entrepreneurs.

To increase the contribution of MSMEs in priority sectors, the Department, during the 2026/27 financial year, will **report on the number of cannabis enterprises supported in the primary sector approved by the Accounting Officer**. Tracking and reporting the number of supported cannabis enterprises allows for evidence-based monitoring of MSME growth in the primary sector, particularly in a high-potential agricultural niche. By identifying the number, geographic distribution, and type of support provided, this report enables targeted interventions to enhance production efficiency, compliance, and market access. This strengthens MSMEs' contribution to agricultural output and job creation, expanding the sector's overall economic footprint. The report can highlight inclusion of underrepresented groups among supported enterprises, ensuring that women, youth, and PWDs receive equitable support and resources. Facilitates tailored capacity-building programmes (training, mentorship, and finance access) that address specific barriers faced by these groups, thus promoting inclusive economic participation.

Value Chain Assessment for the priority industry in the secondary sector, approved by Accounting Officer. Conducting a value chain assessment provides a detailed understanding of production, processing, and market linkages in priority secondary industries. The report identifies bottlenecks, inefficiencies, and opportunities for MSME participation in manufacturing, processing, or industrial operations. Recommendations can inform policy, investment, and support programmes that strengthen MSMEs' role in the secondary sector,

increasing productivity and contribution to GDP. The assessment can pinpoint entry points for women, youth, and PWDs in manufacturing and processing activities where participation is low. Supports the design of interventions such as skills development, funding, and mentorship to ensure equitable access to opportunities within secondary sector value chains.

Value Chain Assessment for the priority industries in the tertiary sector, approved by Accounting Officer. This report maps service-related industries (e.g., tourism, logistics, ICT, retail) to understand MSMEs' current involvement and potential for growth. It identifies gaps in market linkages, service delivery, and competitiveness, providing actionable recommendations to strengthen MSME participation. Enhancing MSMEs in the tertiary sector increases their contribution to employment, innovation, and economic diversification. The report can track inclusivity metrics and highlight opportunities for underrepresented groups to access high-value tertiary sector activities. Enables targeted interventions, such as training in digital skills, business management, and service quality improvement, tailored to women, youth, and PWDs. Encourages equitable participation in emerging sectors such as the digital economy, thereby expanding social and economic inclusion.

Together, these outputs ensure that interventions in the primary, secondary, and tertiary sectors are data-driven, inclusive, and strategically targeted, directly contributing to:

- Increased MSME participation and competitiveness in priority sectors.
- Enhanced economic empowerment of women, youth, and PWDs.
- Job creation, value addition, and inclusive growth are aligned with national development priorities for 2026/27.

Overall Contribution to the improved and well-coordinated ecosystem support for small enterprises. Together, the Number of Partnership Agreements with Public and/or Private Sector Secured to Support MSMEs and the Annual Monitoring Report on Compliance with the 30 Days Payment Requirement for MSMEs outputs ensure that MSMEs operate within a well-coordinated ecosystem where financial support, market access, mentorship, and timely payments are actively facilitated and monitored.

For women, youth, and PWDs, this ecosystem reduces structural barriers, fosters inclusion, and promotes equitable growth, directly contributing

to a more vibrant, resilient, and accessible small enterprise sector.

During the period under review, the Department will achieve a 70% client satisfaction rate based on responses received through the SBD Client Satisfaction Survey. The survey measures the level of satisfaction of beneficiaries and stakeholders regarding the accessibility, quality, responsiveness and effectiveness of services provided by the Department.

The 70% satisfaction outcome will reflect the Department's ongoing efforts to improve service delivery standards, streamline support processes, and enhance stakeholder engagement mechanisms. The findings will be utilised to identify service gaps, inform continuous improvement initiatives, and strengthen accountability in programme implementation.

The Department will further refine its client feedback mechanisms to improve response rates, enhance data reliability, and ensure that corrective measures are systematically implemented to improve client experience and service outcomes in the 2026/27 financial year.

Number of Partnership Agreements with Public and/or Private Sector Secured to Support MSMEs

- **Contribution to Outcome:** Securing partnerships with both public and private sector entities enhance the support ecosystem for MSMEs by providing access to critical resources, such as finance, training, market linkages, mentorship, and technology. These partnerships help create a coordinated network of actors working collaboratively to address MSME challenges.
- **Impact on Women, Youth, and PWDs:** Targeted partnerships can include programmes specifically designed to empower women, youth, and PWD-owned enterprises, ensuring equitable access to opportunities. For example, agreements with banks or funding agencies may offer preferential loan terms or grants for these groups, while collaborations with industry bodies can facilitate mentorship and skills development tailored to their needs.
- **Expected Result for 2026/27:** Increased number of MSMEs owned by underrepresented groups benefiting from coordinated support services, leading to stronger business performance, growth, and sustainability.

Annual Monitoring Report on Compliance with the 30-Day Payment Requirement for MSMEs

- **Contribution to Outcome:** Timely payments to MSMEs are critical for cash flow stability, especially for smaller businesses that may not have large financial buffers. Monitoring compliance with the 30-day payment requirement ensures accountability among larger organisations and government entities, promoting a more supportive business environment.
- **Impact on Women, Youth, and PWDs:** These groups often operate smaller enterprises that are particularly vulnerable to delayed payments. Ensuring compliance helps protect their financial viability, enabling them to plan, invest, and grow their businesses with confidence.
- **Expected Result for 2026/27:** Strengthened trust and collaboration between MSMEs and larger market players, improved liquidity for small enterprises, and enhanced ability of women, youth, and PWD-owned MSMEs to scale operations and participate fully in the economy.

One National Plan MSMEs Ecosystem submitted to the Cabinet for approval

The Department is mandated to coordinate and integrate the MSME ecosystem to drive sustainable economic growth and job creation across all sectors of the economy. In line with the National Development Plan (NDP), of the 11 million jobs targeted, 9 million are expected to be generated by MSMEs. Achieving this requires a comprehensive plan with clear priorities, measurable targets, and a robust coordination mechanism that brings together government, private sector, and other stakeholders. Currently, planning within government and the private sector is largely siloed, with no shared accountability for NDP job creation targets. This fragmentation limits the country's ability to measure progress and deploy resources effectively. Furthermore, the township economy and informal sector remain underutilised despite their significant potential to contribute to employment.

The DSBD aims to address these challenges by implementing a unified MSME plan, establishing a functional coordination mechanism, and integrating the township and informal sectors into economic development initiatives. Through these interventions, the Department will ensure measurable contributions toward job creation, strengthened cross-sector collaboration, and optimised use of resources to achieve the country's economic and employment objectives.

1.2.5. Programme Resource Considerations

PROGRAMME TWO: SUB-PROGRAMME	2026/27	2027/28	2028/29	TOTAL MTEF
	R'000	R'000	R'000	R'000
Business Intelligence & Sector-Wide M&E	35 065	35 706	37 478	108 249
Intergovernmental Relations and Business Efficiency	22 002	23 044	23 596	68 642
Sector Specific Support	26 552	27 800	29 045	83 397
TOTAL	83 619	86 550	90 119	260 288

Programme 2 (Sector Policy and Research): Programme 2 is allocated R83.6 million in 2026/27 and R260.3 million over the MTEF. The programme is responsible for overseeing 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 R35 million in 2026/27 and R108.2 million over the MTEF to manage provision of evidence-based business information and sector-wide Monitoring and Evaluation.
 - **Evaluation Reports** - The Department will be producing two evaluation reports annually over the MTEF period.

- **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 to generate new knowledge.

ii. **Intergovernmental Relations and Business Efficiency sub-programme** is allocated R22 million in 2026/27 and R68.6 million over the MTEF 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 businesses.

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 an 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.

iii. **Sector Specific Support sub-programme** is allocated R26.5 million in 2026/27 and R83.4 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 po-

tential 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 Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
1. Increased participation of MSMEs in domestic and international markets.	MSMEs exposed to domestic market opportunities.	Number of MSMEs exposed to domestic market opportunities.	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.	Target achieved: 302 products manufactured and services rendered by SMMEs and Co-operatives were linked to domestic market.	250 products manufactured and services rendered by MSMEs linked to domestic market.	150 MSMEs exposed to domestic market opportunities.	200 MSMEs exposed to domestic market opportunities.	250 MSMEs exposed to market opportunities.
	MSMEs exposed to global market opportunities.	Number of MSMEs exposed to global market opportunities.	Target not achieved: 68 SMMEs and Cooperatives linked to global market opportunities.	Target achieved: 317 SMMEs and Co-operatives exposed to global market opportunities.	Target achieved: 244 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 Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Market intelligence reports on international markets.	Number of market intelligence reports on international markets produced.	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.	Four (4) market intelligence reports on international markets produced.
2. Improved and well-coordinated ecosystem support for small enterprises.	Business Infrastructures, including Hubs, Product Market for MSMEs and Co-operatives refurbished or built.	Number of business infrastructures, including Hubs, Product Market for MSMEs and Co-operatives refurbished or built.	Target not achieved: Two (2) business infrastructure for MSMEs and Co-operatives refurbished or built.	Target not achieved: Five (5) approved business infrastructure for MSMEs and Co-operatives refurbished or built.	Target not achieved: One (1) business infrastructure (i.e., products markets) MSMEs 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 Hubs, Product Market for MSMEs and Co-operatives refurbished or built.	Ten (10) business Infrastructures, including Hubs, Product Market for MSMEs and Co-operatives refurbished or built.	Ten (10) business Infrastructures, including Hubs, Product Market for MSMEs and Co-operatives refurbished or built.
	MSMEs and Co-operatives Supported through Business infrastructure Support Programme with equipment, tools, machinery, and energy solution.	Number of MSMEs and Co-operatives Supported through Business infrastructure Support Programme with equipment, tools, machinery, and energy solution.	N/A	N/A	N/A	N/A	50 MSMEs and Co-operatives Supported through Business Infrastructure Support Programme with equipment, tools, machinery, and energy solution.	50 MSMEs and Co-operatives Supported through Business infrastructure Support Programme with equipment, tools, machinery, and energy solution.	50 MSMEs and Co-operatives Supported through Business infrastructure Support Programme, with Equipment with equipment, tools, machinery, and energy solution.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
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	Target achieved: 2 045 of informal business supported through IMEDP.	Target achieved: 2 920 informal business were supported through IMEDP.	3 000 informal businesses supported through IMEDP.	3 000 informal businesses supported through IMEDP.	3 000 informal businesses supported through IMEDP.	3 000 informal businesses supported through IMEDP.
	Monitoring and/or Oversight of funded Co-operatives	Number of Co-operatives funded through Co-operatives Development Support Programme (CDSP).	N/A	N/A	N/A	N/A	50 Co-operatives funded through CDSP.	60 Co-operatives funded through CDSP.	70 Co-operatives funded through CDSP.

1.3.3. Output indicators: annual and quarterly targets

Output Indicators	2026/27 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of MSMEs exposed to domestic market opportunities.	150 MSMEs exposed to domestic market opportunities.	45 MSMEs exposed to domestic market opportunities.	45 MSMEs exposed to domestic market opportunities.	30 MSMEs exposed to domestic market opportunities.	30 MSMEs exposed to domestic market opportunities.
Number of MSMEs exposed to global market opportunities.	200 MSMEs exposed to global market opportunities.	SBEDS Concept, Guidelines and Implementation Plan approved.	80 MSMEs exposed to global market opportunities.	60 MSMEs exposed to global market opportunities.	60 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 Hubs, Product Market for MSMEs and Co-operatives refurbished or built.	Ten (10) business Infrastructures, including Hubs, Product Market for MSMEs and Co-operatives refurbished or built.	Progress report on the implementation of the approved projects.	Progress report on the implementation of the approved projects.	Five (5) business Infrastructures, including Hubs, Product Market for MSMEs and Co-operatives refurbished or built.	(5) business Infrastructures, including Hubs, Product Market for MSMEs and Co-operatives refurbished or built.
Number of MSMEs and Co-operatives Supported through Business infrastructure Support Programme with equipment, tools, machinery, and energy solution.	50 MSMEs and Co-operatives Supported through Business Infrastructure Support Programme with equipment, tools, machinery, and energy solution.	Post Disbursement Visits on 2025/26 funded. Close out report on all funded MSMEs & Cooperatives for 25/26FY	Call out for new applications. Adjustment and processing of applications	25 MSMEs and Co-operatives Supported through Business Infrastructure Support Programme, with equipment, tools, machinery, and energy solution.	25 MSMEs and Co-operatives Supported through Business Infrastructure Support Programme, with equipment, tools, machinery, and energy solution.
Number of informal Businesses supported through IMEDP.	3 000 informal businesses Supported through IMEDP.	IMEDP review concept, Guidelines and Implementation Plan approved.	500 informal businesses supported through IMEDP.	1000 informal businesses supported through IMEDP.	1500 informal businesses supported through IMEDP.
Number of Co-operatives funded through Co-operatives Development Support Programme (CDSP).	50 Co-operatives funded through CDSP.	N/A	N/A	25 Co-operatives funded through CDSP	25 Co-operatives funded through CDSP

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

The Department will implement targeted interventions to expand MSME access to domestic and international markets, strengthen competitiveness, and enhance participation in value chains. These initiatives collectively aim to drive job creation, export growth, and economic transformation. The Department will facilitate 200 MSMEs' participation in global trade missions, exhibitions, and digital export platforms to promote export readiness and integration into global value chains. These initiatives will build capacity to meet international standards, increase foreign revenue, and strengthen South Africa's trade balance and competitiveness.

- **Domestic Market Access:**

The Department will support 150 MSMEs to access domestic market opportunities through procurement platforms, trade fairs, supplier development programmes, and partnerships with large corporate and government entities. This will improve MSME visibility, strengthen linkages with established industries, and promote local production, import substitution, and inclusive growth.

- **International Market Access:**

The Department will facilitate 200 MSMEs' participation in global trade missions, exhibitions, and digital export platforms to promote export readiness and integration into global value chains. These initiatives will build capacity to meet international standards, increase foreign revenue, and strengthen South Africa's trade balance and competitiveness.

- **Market Intelligence Reports:**

Four international market intelligence reports will be developed to provide data-driven insights on consumer trends, pricing dynamics, trade regulations, and competitive landscapes. This will

enable MSMEs to make informed decisions, identify viable export markets, and tailor products to global demand.

Collectively, these initiatives will expand MSME market penetration, enhance competitiveness, and strengthen their contribution to inclusive economic growth and job creation. 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.

The Informal and Micro Enterprise Development Programme (IMEDP) empowers entrepreneurs in underserved communities by providing financial grants, business tools, and enterprise development support. Targeting women, youth, and persons with disabilities, IMEDP enhances productivity, competitiveness, and sustainability while facilitating formalisation and integration into the broader economy. Key barriers such as limited collateral, inadequate business management skills, and restricted access to formal financial systems are addressed, contributing to inclusive growth, job creation, and economic participation. In the 2026/27 financial year, IMEDP is projected to support 3,000 informal businesses.

Collectively, these programmes foster a coordinated, inclusive, and sustainable informal enterprise ecosystem, supporting economic participation, livelihoods, and resilience for vulnerable groups. And 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	2026/27	2027/28	2028/29	TOTAL MTEF
	R'000	R'000	R'000	R'000
Integrated Co-operatives and Micro Enterprise Development	326 592	339 814	351 822	1 018 228
Economic Transformation Initiatives	139 892	127 080	131 161	398 133
Value Chain and Market Access Support	65 736	53 146	55 066	173 948
TOTAL	532 220	520 040	538 049	1 590 309

Programme 3 (Integrated Co-operatives and Micro Enterprise Development): The Programme is allocated R532 million in 2026/27 and R1.590 billion over the MTEF. 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.

i. **Integrated Co-operatives and Micro Enterprise Development sub-programme** is allocated R326.6 million in 2026/27 and R1.018 billion over the MTEF to provide leadership to the branch and coordinate provision of business infrastructure services to small businesses, co-operatives and the informal sector.

- **The Business Infrastructure Support** is allocated R314 million in 2026/27 and R979 million over the MTEF. The Business Infrastructure Support Programme (BIS) 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. This initiative is aimed at enhancing the growth and sustainability of MSMEs through the provision of critical infrastructure, equipment, technology, and energy solutions, particularly in underserved areas. The programme is structured into three core components namely the Built or Refurbished Infrastructure, Provision of Equipment and Machinery and Energy Support.

ii. **Economic Transformation Initiatives sub-programme** is allocated R140 million in 2026/27 and R398.1 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 R53.5 million in 2026/27 and R130 million over the medium term to support 7000 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.

- **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. The estimated budget allocated R63.5 in 2026/27 and R197.3 million over the MTEF to support 600 Co-Operatives.

iii. **Value Chain and Market Access Support sub-programme** is allocated R65.7 million in 2026/27 and R173.9 million over the MTEF to manage the provision of market access support that grows value market chain.

- **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. 600 MSMEs will be exposed to global market opportunities at an allocated R34 million in 2026/27 and R75 million over the MTEF.
- **The SMME-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 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 4488 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 SA Collaboration** - 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. Allocated R2 million in 2026/27 and R6 million over the 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 Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
1.Improved integrated and streamlined business processes and systems for MSMEs.	Projects supported through the Incubation Innovation Programme.	Number of projects supported through the Incubation Innovation Programme.	N/A	N/A	N/A	N/A	Five (5) projects supported through the Incubation Innovation Programme.	Five (5) projects supported through the Incubation Innovation Programme.	Five (5) projects supported through the Incubation Innovation Programme.
2. Improved and well-coordinated ecosystem support for small enterprises.	National Policy Framework on Incentives for Small Enterprises.	National Policy Framework on Incentives for Small Enterprises submitted to Cabinet for approval.	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 submitted to Cabinet for approval.	Bi-annual Progress Report on the Implementation of the National Policy Framework on Incentives for Small Enterprises approved.	Bi-annual Progress Report on the Implementation of the National Policy Framework on Incentives for Small Enterprises approved.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
3. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.	Approved Startup Policy	Startup Policy submitted to Cabinet for approval.	N/A	N/A	N/A	StartUp Policy approved by Accounting Officer.	Startup Policy submitted to Cabinet for approval.	Bi-Annual Progress Reports on the Implementation of the Startup Policy approved.	Bi-Annual Progress Reports on the Implementation of the Startup Policy approved.
	Enterprise Supplier Development (ESD) Policy for Small Enterprises.	ESD Policy Approved by Accounting Officer.	N/A	N/A	N/A	N/A	ESD Policy Approved by Accounting Officer.	ESD Policy Approved by Cabinet.	Bi-Annual Progress Reports on the Implementation of the ESD Policy approved.
	Fund of Funds Implementation Plan Report.	Number of bi-annual progress reports on the implementation of the Fund of Funds developed and approved by the Accounting Officer.	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.	Target achieved: SMMEs and Co-operatives Funding Policy Implementation reports approved.	Fund of Funds Implementation Plan developed and approved.	Two (2) bi-annual progress reports on the implementation of the Fund of Funds developed and approved by the Accounting Officer.	Two (2) bi-annual progress reports on the implementation of the Fund of Funds developed and approved by the Accounting Officer.	Two (2) bi-annual progress reports on the implementation of the Fund of Funds developed and approved by the Accounting Officer.
	Movable Assets Collateral Registry approved.	Movable Assets Collateral Registry approved.				N/A	Movable Assets Collateral Registry approved.	Movable Assets Collateral Registry Its implementation reported on.	Movable Assets Collateral Registry Its implementation reported on.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	National Entrepreneurship Strategy Annual Progress Report.	Number of Bi-annual Progress Reports on the Implementation of the National Entrepreneurship Strategy approved by the Accounting Officer.	N/A	National Entrepreneurship Strategy approved by EXCO.	Bi-annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	Annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	Two (2) Bi-annual Progress Reports on the Implementation of the National Entrepreneurship Strategy approved by the Accounting Officer.	Two (2) Annual Progress Reports on the Implementation of the National Entrepreneurship Strategy approved by the Accounting Officer.	Two (2) Annual Progress Reports on the Implementation of the National Entrepreneurship Strategy approved by the Accounting Officer.
	Programmes reviewed and redesigned for Financial and non-financial supports over the MTDP Period.	Number of bi-annual progress reports on the review of departmental financial and non-financial programmes developed and approved by the Accounting Officer.	N/A	N/A	N/A	N/A	Two (2) bi-annual progress reports on the review of departmental financial and non-financial programmes developed and approved by the Accounting Officer.	Two (2) bi-annual progress reports on the review of departmental financial and non-financial programmes developed and approved by the Accounting Officer.	Programmes reviewed and redesigned for Financial and non-financial supports over the MTDP Period
	Established and functional Small Enterprise Ombuds Scheme (SEOS) Office.	Number of progress reports on the establishment of a fully functional and operational SEOS Office.	N/A	N/A	N/A	N/A	Four (4) Progress reports on the establishment of a fully functional and operational SEOS Office.	Four (4) Progress reports on complaints received from small enterprises, detailing actions taken and resolutions achieved.	Four (4) Progress reports on complaints received from small enterprises, detailing actions taken and resolutions achieved.

Outcome	Outputs	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Township and rural MSMEs supported through the Asset Assist Programme.	Number of township and rural MSMEs supported through the Asset Assist Programme.	N/A	N/A	N/A	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R208.363 million.	868 township and rural MSMEs supported through the Asset Assist Programme.	955 township and rural MSMEs supported through the Asset Assist Programme.	1050 township and rural MSMEs supported through the Asset Assist Programme.

1.4.3. Output indicators: annual and quarterly targets

Output Indicators	2026/27 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Number of projects supported through the Incubation Innovation Programme.	Five (5) projects supported through the Incubation Innovation Programme.	Consultation with key stakeholders.	Incubation Innovation Programme approved by EXCO.	Three (3) projects supported through the Incubation Innovation Programme.	Two (2) projects supported through the Incubation Innovation Programme
National Policy Framework on Incentives for Small Enterprises submitted to Cabinet for approval.	National Policy Framework on Incentives for Small Enterprises submitted to Cabinet for approval.	Consultation with key stakeholders on the draft National Policy Framework on Incentives for Small Enterprises.	Consultation with key stakeholders on the draft National Policy Framework on Incentives for Small Enterprises.	National Policy Framework on Incentives for Small Enterprise, approved by the Accounting Officer.	National Policy Framework on Incentives for Small Enterprises submitted to Cabinet for approval.
Startup Policy submitted to Cabinet for approval.	Startup Policy submitted to Cabinet for approval.	Consultation with key stakeholders on the Startup Policy.	Consultation with key stakeholders on the Startup Policy.	Consultation with key stakeholders on the Startup Policy.	Startup Policy submitted to Cabinet for approval.
ESD Policy Approved by Accounting Officer.	ESD Policy Approved by Accounting Officer.	ESD Policy Concept paper approved.	Consultation with key stakeholders on the concept paper.	Policy Intervention to enable consultation on the implementation plan approved.	ESD Policy Approved by Accounting Officer.
Number of bi-annual progress reports on the implementation of the Fund of Funds developed and approved by the Accounting Officer.	Two (2) bi-annual progress reports on the implementation of the Fund of Funds developed and approved by the Accounting Officer.	N/A	Bi-annual progress report on the implementation of the Fund of Funds developed and approved by the Accounting Officer.	N/A	Bi-annual progress report on the implementation of the Fund of Funds developed and approved by the Accounting Officer.

Output Indicators	2026/27 Annual Targets	Quarterly Targets			
		Q1	Q2	Q3	Q4
Movable Assets Collateral Registry approved.	Movable Assets Collateral Registry approved by the Accounting Officer.	Consultations with key stakeholders conducted.	Consultations with key stakeholder conducted.	Draft Movable Assets Collateral Registry developed.	Movable Assets Collateral Registry approved by the Accounting Officer.
Number of Bi-annual Progress Reports on the Implementation of the National Entrepreneurship Strategy approved by the Accounting Officer.	Two (2) Bi-annual Progress Reports on the Implementation of the National Entrepreneurship Strategy approved by the Accounting Officer.	N/A	Bi-annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved by the Accounting Officer.	N/A	Bi-annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved by the Accounting Officer.
Number of bi-annual progress reports on the review of departmental financial and non-financial programmes developed and approved by the Accounting Officer.	Two (2) bi-annual progress reports on the review of departmental financial and non-financial programmes developed and approved by the Accounting Officer	N/A	Bi-annual progress report on the review of departmental financial and non-financial programmes developed and approved by the Accounting Officer	N/A	Bi-annual progress report on the review of departmental financial and non-financial programmes developed and approved by the Accounting Officer
Number of progress reports on the establishment of a fully functional and operational SEOS Office.	Four (4) Progress reports on the establishment of a fully functional and operational SEOS Office.	Progress Report on the establishment of a fully functional and Operational SEOS Office.	Progress Report on the establishment of a fully functional and Operational SEOS Office.	Progress Report on the establishment of a fully functional and Operational SEOS Office.	Progress Report on the establishment of a fully functional and Operational SEOS Office.
Number of township and rural MSMEs supported through the Asset Assist Programme.	868 township and rural MSMEs supported through the Asset Assist Programme	<ul style="list-style-type: none"> • Generate close out report for 2025/26. • Post-investment support and monitoring. • Conduct provincial roadshows in preparation for the new call for applications. • Issue a new call for applications. 	<ul style="list-style-type: none"> • Screening and processing applications. • Conduct adjudication on funding applications received. • Procure and deliver equipment. • 217 township and rural MSMEs supported through the Asset Assist Programme. 	<ul style="list-style-type: none"> • Procure and deliver equipment. • 434 township and rural MSMEs supported through the Asset Assist Programme. 	<ul style="list-style-type: none"> • Procure and deliver equipment • 217 township and rural MSMEs supported through the Asset Assist Programme.

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

In supporting improved integrated and streamlined business processes and systems for MSMEs outcome, during the 2026/27 financial year, the Department will develop and implement the Incubation Innovation Programme aimed at strengthening the sustainability, competitiveness and growth of Micro, Small and Medium Enterprises (MSMEs), including start-up enterprises. The Programme will support MSMEs that are formally enrolled in approved incubation facilities and receive structured, programme-based business development support interventions. The Incubation Innovation Programme will provide integrated and tailored support services, including business development mentorship, technical and product development support, market access facilitation, access to finance readiness, digital capability enhancement, and operational capacity building. The Programme will prioritise innovation-driven enterprises, township and rural enterprises, as well as enterprises owned by women, youth and persons with disabilities.

During the 2026/27 financial year, the Department will strengthen and coordinate ecosystem support for small enterprises through the development and implementation of key policies.

National Policy Framework on Incentives for Small Enterprises

The Department will advance the approval of the National Policy Framework on Incentives for Small Enterprises, which will provide a coherent, transparent, and integrated approach to the design, coordination, and implementation of financial and non-financial incentive programmes across government and its agencies.

- **Enhanced coordination:** The framework will harmonise fragmented incentive schemes, eliminate duplication, and ensure that support reaches small enterprises efficiently through a centralised and transparent mechanism.
- **Increased accessibility:** Clear eligibility criteria and streamlined application processes will make government support instruments more accessible to women, youth, and persons with disabilities (WYPDs).
- **Equity and inclusivity:** By embedding inclusive growth principles, the policy will target a proportion of incentive allocations to enterprises owned or led by WYPDs, promoting broad-based participation in the economy.

- **Outcome contribution:** The framework will strengthen the small enterprise support ecosystem, aligning incentives with national priorities to create a more enabling environment for inclusive enterprise growth and sustainability.

Startup Policy

The development and implementation of a Startup Policy will foster a vibrant, innovation-driven entrepreneurship ecosystem supporting new and early-stage enterprises.

- **Ecosystem alignment:** The policy will establish the institutional framework and regulatory environment necessary to support startups from ideation to growth, ensuring effective coordination among government, incubators, accelerators, academia, and the private sector.
- **Support for innovation and technology:** It will promote research and development, digital transformation, and technology adoption among startups, enhancing competitiveness and resilience.
- **Empowerment of WYPDs:** Targeted incubation programmes, mentorship, and early-stage financing will reduce entry barriers for women, youth, and persons with disabilities in innovative sectors.
- **Outcome contribution:** By nurturing high-potential startups and streamlining support structures, the policy will contribute to a dynamic and well-coordinated entrepreneurial ecosystem, driving inclusive economic growth and job creation.

ESD Policy

The ESD Policy will strengthen linkages between small enterprises and larger corporations, public institutions, and supply chains, enhancing market access and promoting sustainable enterprise growth.

- **Integrated support:** The policy will institutionalise collaboration between government, state-owned entities, and private sector partners to provide technical, financial, and market access support to small enterprises.
- **Inclusive participation:** Procurement and supplier development programmes will intentionally include women-, youth-, and disability-owned enterprises, facilitating their integration into formal supply chains.

- **Capacity building and sustainability:** The policy will promote business readiness, compliance with quality standards, and productivity improvements, ensuring long-term competitiveness of small enterprises.
- **Outcome contribution:** By linking small enterprises to procurement opportunities and embedding inclusive development practices, the policy will enhance coordination and inclusivity within the small business support ecosystem, generating shared economic benefits.

Enhancing Financial and Non-Financial Support for Small Enterprises in Rural and Township Economies. To strengthen financial inclusion and enterprise capabilities, the Department is implementing a suite of coordinated interventions targeting small enterprises, particularly those owned by women, youth, and persons with disabilities. These initiatives address structural financing barriers, improve institutional support, and build entrepreneurial capacity, contributing to an inclusive, competitive, and resilient small enterprise sector that drives local economic growth and job creation.

- **Fund of Funds:** Consolidates and coordinates public and private funding instruments, leveraging blended finance and guarantees to expand

affordable financing access for MSMEs in rural and township areas.

- **Movable Assets Collateral Registry:** Enables small enterprises to use movable assets, such as equipment, vehicles, and inventory, as loan collateral, increasing participation in formal credit markets.
- **NES:** Aligns entrepreneurship development initiatives with national priorities, strengthening access to mentorship, training, and enterprise development networks to support inclusive and sustainable livelihoods.
- **Programme Review and Redesign:** Ensures financial and non-financial support mechanisms remain responsive to evolving enterprise needs and market dynamics, improving efficiency, accessibility, and inclusivity.
- **Asset Assist Programme:** Provides 868 MSMEs with direct financial support for productive assets, enabling MSMEs to enhance operational capacity, productivity, and competitiveness. Township and rural MSMEs will benefit from the value, with a focus on women, youth, and persons with disabilities.

1.4.5. Programme Resource Considerations

PROGRAMME FOUR: SUB-PROGRAMME	2026/27	2027/28	2028/29	TOTAL MTEF
	R'000	R'000	R'000	R'000
Enterprise Development, Innovation and Entrepreneurship	20 425	13 531	14 156	48 112
Entrepreneurship and Enterprise Development	1 198 645	1 286 358	1 321 721	3 806 724
Funding Support and Coordination	984 485	1 025 451	1 057 278	3 067 214
TOTAL	2 203 555	2 325 340	2 393 155	6 922 050

Programme 4 (Enterprise Development, Innovation and Entrepreneurship): Programme 4 is allocated the most budget with an allocation of R2.203 billion in 2026/27 and R6.922 billion over the MTEF. 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 R20.4 million in 2026/27 and R48 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 R1.199 billion in 2026/27 and R3.807 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, R1.186 billion in 2026/27 and R3.808 billion will be transferred to the SEDFA over the MTEF period.

- **Establishment of the Small Enterprise Ombuds Service** – is allocated seed funding of R10 million in 2026/27 and R18.2 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.

iii. **Funding Support & Coordination sub-programme** is allocated R984 million in 2026/27 and R3.067 billion over the MTEF 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 SEDFA, to continue to administer a set of incentive programmes that target a wide range of MSMEs and Co-operatives in line with the approved DSBD business delivery model

- **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 allocation, and it is implemented by SEDFA. The programme has been allocated R282.8 million in 2026/27 and R887.2 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 allocated R12.9 million in 2026/27 and R40 million over the MTEF.

- **Youth Start-up Fund:** The programme is allocated a total of R33.3 million in 2026/27 and R104.2 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. This Programme is funded through the Blended Finance allocation, and it is implemented by SEDFA.
- **Asset assist:** The programme is allocated R215 million in 2026/27 and R675 million over the MTEF. Asset Assist an internally administered programme which 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 sector on a sustainable basis. Support includes business-related equipment and will also offer working capital (raw material) of up to 15 percent 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	Unintended consequences	Assumptions	Risk Mitigations
1. Improved Governance and Compliance.	Payment of suppliers in excess of 30 days contributing the mortality rate of SMME's & Cooperatives. Late financial reporting resulting non-compliance to legislative requirements and tarnishing the Department's reputation.	<ul style="list-style-type: none"> Suppliers closing down business Suppliers retrenching employees to remain sustainable 	<ul style="list-style-type: none"> Accurate Invoices will be submitted on time 	<ul style="list-style-type: none"> Provide quarterly education to suppliers and Service Owners on the critical importance of submitting invoices through the centrally designated Unit Reconciliation of invoice@dsbd.gov.za to invoice register Web based invoice tracking tool is critical
		<ul style="list-style-type: none"> Non-compliance to legislative requirements Tarnishing the Department's reputation 	Accurate and complete financial information will be provided	<ul style="list-style-type: none"> Reporting timelines embedded in performance agreements (Finance Unit and stakeholders) and monitored monthly. Send reminder to the stakeholders to provide inputs on a quarter 1,2 & 3 and annually
2. Improved integrated and streamlined business processes and systems for MSMEs.	Cyber Attacks	<ul style="list-style-type: none"> Financial Losses Operational Disruption Data Theft and Privacy Breaches Reputational Damage Legal and Regulatory Consequences Increased Cybersecurity Costs 	Firewalls, antivirus software, intrusion detection systems are active and updated	<ul style="list-style-type: none"> Conduct penetration tests and vulnerability assessments Implement and test disaster recovery mechanisms with automated backups.
3. Improved and well-coordinated ecosystem support for small enterprises.	Inability to promote DSBD services during campaigns.	<ul style="list-style-type: none"> Limited visibility of the Department Compromised service delivery Reputational Damage 	<ul style="list-style-type: none"> Adequate budget is available 	<ul style="list-style-type: none"> Attend quarterly Branch unit meetings to promote Communication services. Engage Facilities unit on how to accommodate the call centres agent to DSBD offices (SEDFA call Centre) Share call Centre agents contact details on the DSBD website and social media pages .

Outcomes	Key Risks	Unintended consequences	Assumptions	Risk Mitigations
	Failure to coordinate responsive support to MSME through internal programmes and partners interventions.	Inability to secure partnership	Branches cooperate and communicate effectively.	<ul style="list-style-type: none"> Seek quarterly direct support from portfolio stakeholders to secure agreement on specific commitments Ensure quarterly submission of agreements to the Partnership Steering Committee (PSC) for review and recommendations.)
	Delay in the completion of the infrastructure projects.	<ul style="list-style-type: none"> MSMEs not receiving the support Programme not achieving the annual targets 	<ul style="list-style-type: none"> Project funding is available Resources are available i.e., staff, contractors, and materials 	<ul style="list-style-type: none"> Conduct quarterly extensive consultation with the stakeholders on Business infrastructure support programme(BISP) Ensure the disbursement of funds for all approved projects within 30 days of approval Monitor the implementation of the project plan through monthly progress reviews
4. Reduced regulatory and administrative burden for MSMEs.	Non implementation of the regulatory reform Plan and Red Tape Reduction Framework by stakeholders.	<ul style="list-style-type: none"> Negative impact on MSMEs ability to contribute towards national priorities (job creation and economic growth). Noncompliance with licensing and permitting requirements by MSMEs (remain informal) 	<ul style="list-style-type: none"> Clear regulatory framework Political and leadership support 	<ul style="list-style-type: none"> Conduct thorough research on Regulatory and Administrative reforms and produce a report that identifies key reform areas. Engage stakeholders to solicit input, feedback, and the necessary support(Quarter one and Quarter two). Conduct quarterly extensive consultation workshops on Red tape Reduction initiatives.
		<ul style="list-style-type: none"> MSMEs will face challenges in the regulatory space 		<ul style="list-style-type: none"> DSBD to collaborate with relevant Department through implementing the regulatory impediment implementation plan
	Inability to implement the Business Licensing Act.	Inability to contribute towards national priorities (job creation and economic growth), Unfair competition and business instability, and non-compliance with licensing requirements by industry players.	Sufficient resources are available	<ul style="list-style-type: none"> Engage stakeholders to solicit input and the necessary support. Conduct extensive consultation workshops on the Business Licensing Act.

Outcomes	Key Risks	Unintended consequences	Assumptions	Risk Mitigations
5. Enhanced evidence-based business information and sector wide monitoring and evaluation.	Poor quality of programme / strategies plans that are developed without a clear theory of change	Implementation of key programmes that do not have the required impact on the lives of the South Africans and MSMEs sector as a whole	Clearly defined goals and outcomes Data and evidence are available	<ul style="list-style-type: none"> • Involvement of programme managers on a quarterly basis in the implementation of the evaluation to promote ownership and usage on evaluation outputs • Institutionalisation of an Evaluation Steering Committee (ESC). This group provides technical support, advice, and expertise
	Inability to provide evidence-based research for programme development	Department policy and programme design may not be evidence-based	<ul style="list-style-type: none"> • Reliable data resources are available • Access to relevant literature and expertise • Budget is available 	<ul style="list-style-type: none"> • Develop the knowledge and data management strategy by the end of Q4 • By the end of Quarter two, strengthen the Research Unit's capacity by training staff in advanced research methodologies and data analysis, while contracting service providers to deliver specialised studies • Identify gaps and create a targeted training plan. • Provide refresh or advanced training where needed
6. Increased contribution of MSMEs in priority sectors.	Inability to develop evidence-based and high-impact MSMEs development programmes for cannabis	<ul style="list-style-type: none"> • Fragmented and uncoordinated stakeholders' interventions • inability to stimulate the performance of MSMEs along economic value chains to attain transformation in the cannabis sectors 	<ul style="list-style-type: none"> • Reliable research and data on cannabis exist • The regulatory environment is clear 	<ul style="list-style-type: none"> • Quarterly engagements with stakeholders in consultations to assess their willingness to support organising the cannabis sector(test the appetite) • Strengthen relationships with stakeholders through at least one structured collaboration session per quarter to stay informed about changes and developments(collaboration and awareness)
7. Increased participation of MSMEs in domestic and international markets.	Limited market capacity (Demand-led) to absorb market-ready MSMEs.	<ul style="list-style-type: none"> • Limited MSME sales (and orders) opportunities; reduced programme credibility, and unrealised policy objectives. 	<ul style="list-style-type: none"> • Market demand exists • MSMEs have the capacity, skill, and quality standards to meet the market requirements 	<ul style="list-style-type: none"> • Strengthen collaboration with the private sector; co-design promotional campaigns and temporary markets (Market days, pop-up markets, etc.)(quarterly engagements)
	MSMEs' products not aligned with the requirements of domestic and global markets.	<ul style="list-style-type: none"> • Reduced number of MSMEs listing products on the domestic retail shelves • Reduced number of MSMEs exporting and securing deals 	<ul style="list-style-type: none"> • Market standards and requirements are clear • MSMEs have the necessary technical capacity 	<ul style="list-style-type: none"> • Continuous negotiations with the private and public sectors to support local products(Quarterly engagements). • Continuous engagements with high commissions and departmental and Agency counterparts in other countries. Participate in Multilateral and Bilateral discussions through DIRCO IDM's. (Quarterly engagements)

Outcomes	Key Risks	Unintended consequences	Assumptions	Risk Mitigations
8. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.	Inability to fully support and monitoring of the Incubation and Digital Hub programme.	<ul style="list-style-type: none"> Quality of programmes compromised Incubation and digital hubs closing down Reduction in employment creation Non-achievement of the APP target 	Adequate budget and resources are available	<ul style="list-style-type: none"> Engage private sector stakeholders through at least structured funding dialogues to secure financial support for the Incubation and Digital Hub Programme Conduct monthly meetings with SEDFA to address issues of the MOU and disbursement of funds
9. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.	Delay in establishment of the Small Enterprise Ombuds Office	Inability to comply with section 17D of the National Small Enterprise Amendment of 1994 (NSEA)	<ul style="list-style-type: none"> Adequate funding There is a clear mandate and objective 	<ul style="list-style-type: none"> Follow up letter to the Minister of DPISA to provide feedback on the business case(Quarter 1) Draft letter to the National Treasury to request approval of the budget allocation and concurrence with minister of DPISA on the approval of the ombudsman office as government component. Quarterly engagement with interdepartmental assessment committee. Quarterly Reports to Branch, Manco, Exco, and MinExco. meetings. Development of the ombudsman structure (Consultation)
Cross-cutting risk	Inability to meet the women, youth, and persons with disability target	<ul style="list-style-type: none"> Reputational damage Non-compliance with national obligations on targeted group Litigations against the Department (Internal and external looking) 	<ul style="list-style-type: none"> Adequate outreach and recruitment There is sufficient pool of qualified women, youth, and persons with disabilities 	<ol style="list-style-type: none"> Programme managers must include the WYPD targets at a planning Phase Development of the dedicated programmes with a dedicated budget Ensure that the programme managers provide disaggregated data for reporting Conduct a review and work study investigation for the realignment of the functions within the Departmental organisational structure

3. PUBLIC ENTITIES

Name of Public Entity	Mandate	Outcomes	SE DFA Indicators	Budget
Small Enterprise Development Finance Agency (SE DFA),	<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 nongovernmental organisations to build a vibrant small enterprise sector. 	<ul style="list-style-type: none"> Increased growth and sustainability of MSMEs and Co-operatives. Enhanced access to finance by MSMEs and Cooperatives. Increased access to co-operative financial services by communities to ensure economic transformation. Increased localisation and market penetration by MSMEs and Co-operatives. Integrated and coordinated ecosystem support for MSMEs and Co-operatives. An agile, innovative, excellent and customer-centric organisation. 	<ul style="list-style-type: none"> Number of informal small enterprises provided with formalisation support per year. Number of small enterprises supported with business development services per year. Number of small enterprises supported through the incubation programme per year. Number of small enterprises graduating from the incubation programme per year. Number of small enterprises supported to access local and export markets per year. Number of jobs facilitated by small enterprises supported with business development per year. Number of jobs facilitated (created and sustained) by small enterprises supported financially per year. Value of disbursements to small enterprises per year. Value of credit guarantees taken up by small enterprise borrowers per year. Number of small enterprises funded by portfolio financial institutions at the back of the credit guarantee per year. 	<p>2026/27: R1.899 billion 2027/28: R2.013 billion 2028/29: R2.069 billion</p> <p>Total: R5.980 billion over the MTEF</p>

4. INFRASTRUCTURE PROJECTS

infrastructure projects that are responsive to the needs of WYPD. These projects are designed to enhance inclusive access to business infrastructure, support services, and economic opportunities in line with the Department's transformation mandate.

No.	Project name	Programme	Description	Outputs	Start date	Estimated Completion date	Total estimated cost	Current year expenditure
1.	Imiso CPT NC	SEIF	Artist hub/workshop		March 2025	Q3 2026-27	R15 000 000.00	R7.7m disbursed in 2025
2.	Container structures: Kokosi Market stalls NW	SEIF	Kokosi market Stalls		March 2022	Not yet determined	DSBD has invested R14 890. 000.00	Disbursed in 2024
3.	Cultivate: Avosso MP	SEIF	Avocado oil facility in		Sept 2022	Not yet determined	DSBD has invested R17 600 000.00	Disbursed in 2024 (R1m works outstanding)
4.	Letselebe: Sol Plaatje NC Containers Markets	SEIF	Craven taxi rank market Stalls and mini kasi shopping hubs (Richie and Platfontein		Oct 2022	Not yet determined	DSBD has invested R14 980 000,00	Only 2/3 site completed
5.	SE Holdings Pty Ltd	SEIF	Construction of bean facility		March 2025	June 2026	R 15 000 000.00	R 7 500 000.00 towards deposit of the plant R 3 450 033.75 Towards commencing of construction works Bal: 4 049 966.25
6.	SAFDA	SEIF	Construction of farmers production support units		March 2025	Q1 2026/27	R 15 million	March 2025
7.	Crystal Lagoon	SEIF	Construction of Manguzi Market Stalls		Sept 2022	Unknown	R 10 million	Feb 2024 Balance: R 5 million to construct the remainder of 12 market stalls
8.	Chris Hani	SEIF	Factory renovations for housing fertilizer blending plant		Sept 2022	Unknown	R 15 million	July 2023

5. PUBLIC-PRIVATE PARTNERSHIPS (PPPS)

No PPPs are planned for the MTEF period. Based on market testing conducted in FY2025/26, there are no viable PPP opportunities identified for the MTEF period. This indicates that the Department will continue to deliver its programmes through existing funding mechanisms, while monitoring the market for potential PPP opportunities in future planning cycles.



PART

D

**TECHNICAL INDICATOR
DESCRIPTION (TIDS)**

The attached document is provided for your reference.

ANNEXURE A: AMENDMENTS TO THE 2025-30 STRATEGIC PLAN

REFLECTED IN THE REVISED 2025-30 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE DRAFT 2026/27 ANNUAL PERFORMANCE PLAN
Five-Year Target	Revised Five-Year Targets
20 Partnerships to leverage financial and non-financial support funding secured from both public and private to support MSMEs.	<p>The Department has revised the five-year target from <i>“20 partnerships to leverage financial and non-financial support funding secured from both public and private sectors to support MSMEs”</i> to <i>“Monitoring reports of DSBD strategic partnerships.”</i></p> <p>This revision reflects the Department’s strategic shift towards enhancing the impact of existing partnerships rather than establishing new ones, with a focus on strengthening monitoring, coordination, and reporting on the performance and outcomes of current strategic partners.</p>
1 250 products produced and services rendered by MSMEs linked to domestic market.	<p>The target in the 2025–2030 Strategic Plan has been amended from <i>“1 250 products produced and services rendered by MSMEs linked to the domestic market”</i> to <i>“1 000 MSMEs exposed to domestic market opportunities.”</i></p> <p>The revision reflects the Department’s adoption of a new approach to market access support, moving beyond the earlier Market Linkage Programme (MLP), which primarily focused on introducing MSME products to domestic platforms. The revised approach adopts a more integrated model that enhances MSME readiness for both domestic and international market participation, ensuring that enterprises are not only linked to markets but are also capacitated to sustain and expand those linkages.</p>
Compliance instruments to the Public Procurement Act by State Organs and indicators developed and monitored in line with National Treasury Regulations (4 compliance monitoring reports based on the indicators produced).	The five-year target has been removed from the Strategic Plan and will be implemented at the Operational Plan level until the National Treasury finalises the relevant regulations.
15 market intelligence reports on international markets produced.	The target in the 2025–2030 Strategic Plan has been amended from <i>“15 market intelligence reports on international markets produced”</i> to <i>“20 market intelligence reports on international markets produced.”</i> The reports will be developed and finalised progressively throughout the Strategic Plan period, with completion anticipated by the end of the 2029/30 financial year.
52 Business infrastructure for small enterprises built or refurbished (cluster programme, product markets, MSME Hubs and all relevant programmes).	<p>The five-year target has been revised from <i>“52 business infrastructure for small enterprises built or refurbished (cluster programme, product markets, MSME Hubs and all relevant programmes)”</i> and has been split into two distinct targets:</p> <ul style="list-style-type: none"> • 52 business infrastructures (including product markets and MSME Hubs) refurbished or built; and • 200 MSMEs and co-operatives supported through the Business Infrastructure Support Programme with equipment, tools, machinery, technology, and energy support. <p>This revision has been necessitated by the recently approved Business Infrastructure Support Programme, which will come into effect during the 2025/26 financial year.</p>

ANNEXURE B: CONDITIONS GRANTS

Not applicable to DSBD.

ANNEXURE C: CONSOLIDATED INDICATORS

Not applicable to DSBD.

ANNEXURE D: DISTRICT DEVELOPMENT MODEL

DDM Coordination in the DSBD

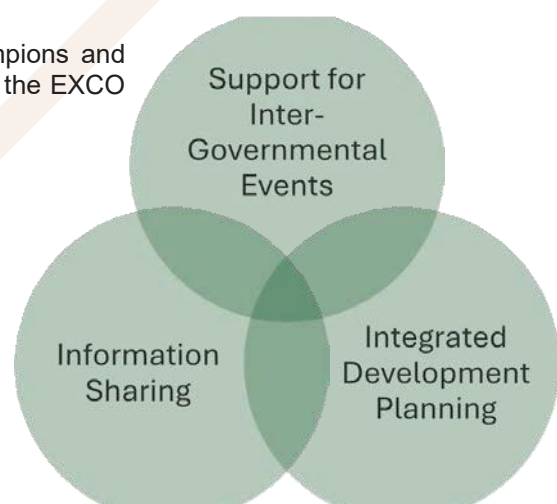
- a) The IGR function is primarily responsible for coordinating and advancing the DSBD legislative mandate across the national, provincial, and local spheres of government. This function also includes support for the implementation of the District Development Model DDM initiatives. The DSBD has adopted a strategic position to ensure that all programme implementation is fully aligned with the DDM in the execution of its mandate.
- b) While both the IGR and the Regional and Local Economic Development Coordination (RLEDC) units play critical roles within the LED sphere, the responsibility for coordinating DDM-related activities has been reassigned to the RLEDC unit.
- c) The IGR function will continue to oversee the broader coordination and advancement of the DSBD's legislative mandate across all spheres of government, including strategic support for DDM-related initiatives.
- d) The RLEDC unit is responsible for advancing the competitiveness of small businesses, co-operatives, and the informal sector through the provision of integrated support at the local government level.
- e) This approach strengthens alignment within the Small Business Development Portfolio and enhances targeted support for WYPD entrepreneurs.

Role of RLEDC in coordinating the DDM

The RLEDC shall assume the lead role in the coordination of DDM activities within the Department, with the following key responsibilities:

- a) Analyse aggregated portfolio performance data per district and provide recommendations on potential departmental commitments and contributions to catalytic projects within various districts.
- b) Coordinate and ensure the active participation of DSBD DDM Champions in DDM initiatives across all districts and metropolitan areas.
- c) Facilitate and oversee the participation of the RLEDC unit in DDM initiatives at the district level.
- d) Consolidate progress reports submitted by DDM Champions and present these to the MANCO on a monthly basis and to the EXCO on a quarterly basis for review and recommendations.

Collaboration between RLEDC and IGR



Appointment of DDM Champions

The DG of the DSBD appoints Provincial and District Champions to represent the Department and contribute to intergovernmental collaborative planning, budgeting, and implementation of economic development initiatives, particularly those related to small business development, at provincial, district, and metropolitan levels.

In alignment with this approach, the Chief Executive Officer (CEO) of SEDFA also appoints Provincial and District Champions with corresponding responsibilities, to complement and strengthen the Department's efforts in advancing DDM-related initiatives.

The Director-General serves as the National Champion for the DSBD portfolio. Provincial Champions are appointed at the level of Chief Director and above, while District Champions are appointed at the level of Deputy Director up to Director.

All appointed DDM Champions shall receive a formal letter of appointment signed by the Director-General, specifying the province or district to which they are assigned, as well as the effective date of appointment.

Roles and Responsibilities

Role of DSBD Provincial Champions

Provincial Champions are responsible for leading and coordinating the Department's DDM interventions at the provincial level. Their key responsibilities include:

- **Coordinating, monitoring, and reporting** on DSBD interventions and commitments made towards catalytic projects within the province.
- **Participating** in the Provincial DDM Technical Committee meetings to represent the Department's interests and priorities.
- **Leading and coordinating** reporting on Portfolio Committee Oversight engagements conducted within the province.
- **Providing support** to Political Champions in their allocated districts, including during Presidential Imbizos and other key intergovernmental engagements.
- **Submitting monthly reports** on support and interventions provided in the province. Where no support or interventions occurred during the reporting period, no report shall be required.

Role of DSBD District Champions

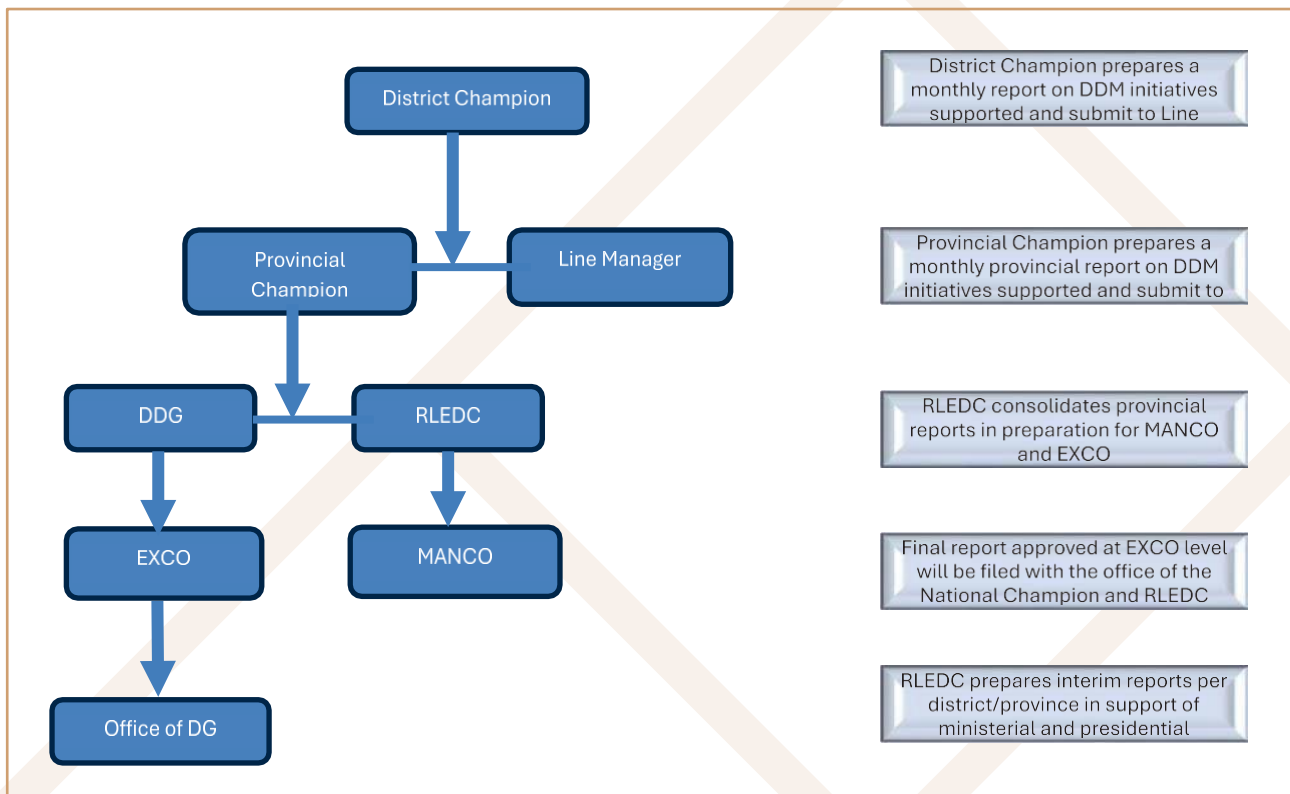
District Champions are responsible for facilitating and coordinating DDM-related activities and engagements at the district level. Their key responsibilities include:

- **Participating monthly** in District DDM Technical Committee meetings and providing feedback to the Provincial Champion and the RLEDC unit for follow-up actions and further interventions.
- **Maintaining regular engagement** with district-level stakeholders, including DDM Hubs, Incubators, SEDFA, and other relevant partners, to monitor progress on commitments, catalytic projects, and both financial and non-financial support provided to small businesses.
- **Providing technical support** to district-based portfolio programmes such as IMEDP Handovers, Stakeholder Engagement Forums, and Ministerial Imbizos.
- **Submitting monthly reports** on support and interventions undertaken in the district. Where no support or interventions occurred, no report shall be required.

Monitoring and Reporting

- a) **District Champions** shall prepare district progress reports and submit them to the Provincial Champion for approval on a monthly basis.
- b) **Provincial Champions** shall consolidate district reports into a comprehensive provincial report and ensure submission to the relevant DDG and the RLEDC unit on a monthly basis.
- c) **RLEDC** shall consolidate all provincial reports and present a comprehensive summary to MANCO on a monthly basis and to EXCO on a quarterly basis for consideration and recommendations.
- d) **Ministerial Imbizos** shall serve as an additional monitoring and evaluation mechanism, providing a public consultative platform led by the Ministry to assess the impact of DDM interventions.

Reporting for DDM engagements



ANNEXURE E: PREVIOUS RESEARCH STUDIES

The attached document is provided for your reference.

ANNEXURE F: STANDARDISED OUTPUTS AND OUTPUT INDICATORS: 2026/27

During 2025/26, the DSBD and provincial Departments of Economic Development concluded the development of core sector results and indicators to measure progress towards the country's national development agenda in the NDP 2030 and the 2024-29 MTDP. The sector adopted the following outputs and output indicators:

Sector: Enterprise Development

Programme / Sub-Programme / Output / Output Indicators	Estimated Annual Targets		
	2026-27	2027-28	2028-29
Quarterly Outputs			
Programme: Integrated Economic Development Services			
MSMEs Supported financially and non-financially			
Number of MSMEs supported financially			
Number of MSMEs supported non-financially			
North West and Western Cape are exempted to report on the indicator.			

The indicators at an output level of the results chain have been approved by all nine provincial Accounting Officers and are to be incorporated into the 2026/27 Annual Performance Plans of provincial institutions. The standardised indicators also form the basis for the quarterly and annual performance reporting processes. In addition, DSBD, as the national Department responsible for concurrent function (enterprise development), will assess the Strategic Plans and Annual Performance Plans of provincial departments with concurrent function. Of key importance is that the Department will periodically collect performance information and measure accountability of provincial institutions in their ongoing support for this sector, which will culminate in three quarterly performance reports as part of the APP deliverables.



small business development

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