small business development
Department: Small Business Development
REPUBLIC OF SOUTH AFRICA

Keynote Address by the Minister Stella Tembisa Ndabeni
Catalyst Now South Africa
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Programme Director,
Catalyst Now South Africa Executive,
Deputy Minister, Hon. Mapaseka Steve Letsike,
Representatives of Government,
Development partners,
The International Labour Organization,
Social entrepreneurs, co-operatives, MSMEs, civil society organisations and
Distinguished guests,

Good afternoon.

Allow me to begin by expressing my appreciation to Catalyst Now South Africa and all the partners who have brought us together for this important policy symposium. The theme of this gathering, which calls on us to move from fragmentation towards systems transformation, is both timely and necessary. It challenges us not only to recognise the structural weaknesses in our economy, but also to ask what kind of systems, institutions and partnerships are required to build a more inclusive and participatory economy.

From the perspective of the Department of Small Business Development, our position is clear: there can be no inclusive South African economy without thriving small businesses, co-operatives and community-based enterprises. These enterprises cannot remain on the margins of our economic policy. They must be positioned at the centre of production, ownership, innovation, employment and economic participation.

Programme Director,

Our work is grounded in the Constitution. Section 22 of the Constitution provides that every citizen has the right to choose their trade, occupation or profession freely. That right is significant because it speaks directly to economic participation. It recognises the freedom of South Africans to pursue livelihoods, professions, trades and entrepreneurial activity. But rights must be supported by real opportunity. The freedom to choose a profession means very little to a qualified young person who cannot access capital, a woman entrepreneur who has a viable product but no production facilities, or a rural co-operative which has productive capacity but no access to customers.

This is where government has a responsibility to act. We must build an environment that gives practical meaning to the constitutional promise of economic participation. That means lowering unnecessary barriers, expanding access to finance, opening markets, strengthening productive capacity and ensuring that opportunity is not determined by where a person lives, their gender, their age or their historical circumstances.

Our work is equally anchored in the National Development Plan 2030. The NDP recognises small and growing businesses as central to the creation of employment and to South Africa's broader development trajectory. It envisages that 9 million of the 11 million jobs that must be created should come from MSMEs. This tells us something fundamental about the economy we need to build. We can no longer just rely on a small number of large employers to absorb unemployment. We need many more employers, many more sustainable enterprises and many more South Africans who are able to turn skills, ideas and opportunities into productive businesses.

Programme Director,

This is precisely why the Social and Solidarity Economy is so important. It brings together economic activity that creates both commercial and social value. Across South Africa, co-operatives, social enterprises, community-based enterprises and small businesses are already providing healthcare, producing food, recycling waste, supporting communities, developing digital solutions, providing care services and creating jobs where traditional markets have often failed to do so. Our responsibility is to ensure that these enterprises do not remain permanently small, informal, under-capitalised and disconnected from mainstream markets.

The Department of Small Business Development is therefore not approaching this agenda theoretically. We are implementing practical interventions that seek to build a more connected and functional entrepreneurial ecosystem. One of the lessons we have learnt over time is that fragmented support produces fragmented outcomes. An entrepreneur may receive training from one institution, seek finance from another, pursue market access somewhere else and still be expected to navigate multiple regulatory processes across different spheres of government. That is not an ecosystem.

Our task is to connect those interventions. The Department is advancing the National MSME One-Plan to strengthen coordination across government, development institutions, corporates, universities, SETAs, financial institutions and other ecosystem partners. The objective is to create an environment where an entrepreneur can move seamlessly from ideation to commercialization to growth to scaling. Where the entrepreneur receives comprehensive across the eco-system, be it incubation and training, access to finance, access to productive assets, and support to enter markets.

Programme Director,

We are also deliberately strengthening township and rural economies because inclusive growth cannot be confined to our established commercial centres. Our objective is to ensure that townships and rural communities are not simply places where income is spent, but increasingly become places where goods are produced, businesses are owned and jobs are created.

The Asset Assist Programme is one of the practical interventions through which we support the development of productive capacity. We have seen repeatedly that entrepreneurs often do not need another workshop. They know their businesses, they understand their customers and they have the skills required to operate. What stands between them and growth is often a machine, a vehicle, a refrigerator, or a medical device. Productive assets enable entrepreneurs to increase output, improve quality, reduce costs, create jobs and enter larger more lucrative markets. That is why we continue to place access to assets and equipment at the centre of our support interventions.

We are also strengthening support for informal and micro enterprises. Our message to informal entrepreneurs is not that their contribution is insignificant because they operate outside formal structures. Their role in sustaining livelihoods in our rural and township communities is immense. Our responsibility is to create pathways that enable them to improve productivity and sustainability. This includes support to formalize, where appropriate. And to meet health and safety standards, such as in the highly regulated food industry.

The same applies to co-operatives. We must stop treating co-operatives primarily as mechanisms to dispense welfare. Our Cooperatives Development Support Programme is therefore aimed at assisting co-ops become more sustainable. To function as businesses, with proper governance, management, financial discipline, and, above all, customers.

Programme Director,

Market access therefore remains one of the most important pillars of our work. An entrepreneur does not survive because they attended training. They survive because somebody buys what they produce. Government procurement, corporate supply chains, access to retail shelves, digital platforms and export markets open opportunities for small businesses. This is not easy work. South Africa has a highly concentrated economy, where the large players have vertically integrated supply chains both to optimize revenue and control the quality and price of upstream goods and services. Large corporates are now also moving into townships and rural areas, with technology and new delivery platforms that threaten to cannibalize markets that have been the preserve of informal and micro businesses. We must ensure that the social grant monies that go into our townships and rural communities circulate and sustain as many livelihoods as possible.

We are equally focused on expanding access to finance. Through SEDFA and other interventions, we are strengthening the range of financial instruments available to small enterprises, including targeted support for women, youth, township and rural businesses.

Many entrepreneurs, particularly those operating in informal, township and rural markets, are unable to access conventional bank finance because they lack a sufficient revenue track record, formal financial statements, credit history or collateral. As a result, they tend to rely on personal savings, family support or informal sources of capital, which are inadequate for business expansion, equipment acquisition, working capital, compliance costs, market access and participation in higher-value economic opportunities.

As a result, they remain concentrated and trapped in the survivalist and lower value sectors of the economy.

Commercial lenders frequently regard women-owned enterprises as higher-risk borrowers because they are often unable to provide immovable property or fixed assets as security. This disproportionately affects women entrepreneurs whose assets may not be registered in their names or whose businesses are asset-light.

This is why as the DSBD we are looking at creative ways to accelerate the development of collateral -light lending. Key here is our MSMEs and Co-operatives Funding Policy which among other things pushes for a movable assets collateral registry, which would allow MSMEs to use productive assets such as equipment, machinery, inventory and other movable property as security for finance.

Together with SEDFA, we have a range of credit guarantees, blended finance, and tailored finance products that respond to the realities of entrepreneurs across different segments, be they informal, micro, start-ups or scale-ups. We are also becoming more sector focused, and also now have instruments specifically for women and youth entrepreneurs.

This includes Imbali for Her and the Youth Entrepreneurship Fund which are designed not only to provide capital, but to help entrepreneurs become more sustainable and market ready. Different businesses need different forms of capital and other support, and our financial architecture must become sophisticated enough to respond to those different needs.

At the same time, we recognise that entrepreneurs cannot succeed if the State itself becomes an obstacle. Reducing red tape and improving the ease of doing business remain important priorities. Section 22 of the Constitution recognises both the freedom to choose a trade or profession and the legitimate regulation of how those activities are practised. Our task is therefore to pursue smart regulation: regulation that protects consumers, workers and standards without suffocating enterprise.

Programme Director,

Digital transformation is also central to this work. We are rolling out more integrated digital systems so that entrepreneurs can access finance, business development support and other services more efficiently. Entrepreneurs should not have to understand the institutional architecture of government before they can receive support. The system must increasingly organise itself around the needs of the entrepreneur, rather than forcing entrepreneurs to organise themselves around the system.

Collectively, we must make the small enterprise support eco-system work for the Social and Solidarity Economy. Social enterprises must have access to finance, and we need to derisk accordingly. Co-operatives must participate in procurement, both in public sector and private sector supply chains. Rural enterprises must access digital platforms and markets. Community enterprises must be given real opportunities to grow and become sustainable employers.

Government cannot do this alone. The private sector cannot do it alone. Civil society cannot do it alone. Development partners cannot do it alone. Systems transformation requires partnerships. But partnerships must mean more than signing memoranda of understanding. It must result in enterprises financed, productive assets acquired, contracts awarded, new markets accessed, products sold and jobs created. That is the standard against which partnerships must be measured.

As this symposium moves into its co-design sessions, including discussions on policy and systems change, inclusive markets, skills and innovation, and local community-based ecosystems, we have an opportunity to move from analysis to commitment.

The programme will ultimately consider the SASSE 2026 Johannesburg Declaration and the launch of the SSE National Advisory Committee. My call is that this process must help us identify not only the economy we want, but who must do what, by when, with what resources and how progress will be measured.

We must give due consideration to how we hold each other to account.

Ladies and gentlemen, the Constitution gives us the foundation. The National Development Plan 2030 gives us the directive to ensure small and growing businesses play a decisive role in creating employment and broadening participation. The work of the Department of Small Business Development is about building the practical bridge between those aspirations and the lived reality of our people.

That bridge is built through finance, markets, productive assets, skills, technology, lowering barriers to entry and functioning entrepreneurial ecosystems.

We want you to be part of building this bridge.

We must build an economy in which a young person with an idea can become an entrepreneur, a skilled professional can become an employer, a co-operative can become a sustainable producer for African markets, a township enterprise can become a global supplier and a rural entrepreneur can become a high growth startup.

Programme Director,

That is the inclusive future we must build. It is an economy that creates opportunity, broadens ownership, restores dignity and gives South Africans a meaningful opportunity to participate, produce, own and prosper.

I thank you.