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**ADDRESS BY MINISTER OF SMALL BUSINESS DEVELOPMENT,  
MS STELLA NDABENI-ABRAHAMS, ON THE OCCASION OF THE  
AFRICA'S GOT GAME INCUBATION AND DIGITAL HUB**

17 July 2024 (Mitchell's Plein, Western Cape)

Programme Director;

Mr Arthur Wade Anderson, Group Chairperson Africa's Got Game;

Ms Ntokozo Majola, CEO SEDA

Ms Martine Solomon, CEO Africa's Got Game;

All dignitaries present;

Distinguished guests;

Ladies and gentlemen;

It gives me pleasure and honour to be part of this auspicious occasion. Today's launch of Africa's Got Game Incubation and Digital Hub is yet another testament of our resolve to transform small businesses into real game-changers and catalysts for economic growth and job creation.

It is heartening to note that this hub is already fully equipped and ready to deliver services and programmes to township-based enterprises and cooperatives of Mitchells Plain.



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It provides youth entrepreneurs with skills development training that prepares them for future business and work opportunities. It offers technical development services to qualifying entrepreneurs and small businesses.

The establishment of this hub is testament to the goodwill and commitment of the public and private partners to strengthen the entrepreneurship ecosystems. It is also an example of an enduring partnerships that the DSBD portfolio continues to forge with relevant stakeholders in pursuit of a growing and sustainable small business sector.

The hub will provide shared facilities to incubate emerging SMMEs at Africa's Got Game Incubation and Digital Hub and to facilitate access to procurement and networking opportunities. We expect that many new jobs will be created in the ICT sector. The hub will, no doubt, enhance economic inclusion and participation for those emerging from the Digital Incubation program. This hub will further take forward our localization agenda by prioritising locally-produced products and helping to promote these to domestic and export markets.

As South Africans committed to transformation and economic inclusion, it must concern us that small businesses have an exceedingly high failure rate, and the majority of casualties are black, youth and women-owned businesses. This hub is an intervention that will help enhance



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sustainability of enterprises and to mitigate the risk of failure in the early stages of start-ups. It prioritises the development of vibrant township economies and localizations in surrounding communities.

Statistics tell us that small businesses have only 37% chance of surviving the four years and only a 9% chance of surviving ten years. 70% to 80% of small businesses fail in their first year, and only about half of those who survive remain in business for the next five years. This can be as a result of a variety of factors.

However, we also know that incubation is one of the interventions that will help reverse this trend through insightful research and analysis. We are encouraged by the fact that small enterprises incubated tend to survive the first two years of trading.

The primary goal of the business incubation programme is to provide early and secondary stage business support, and to cushion business ideas as they develop into stand-alone and fully-fledged businesses. We appreciate that for a start-up or the early first stage innovator, it would be difficult to approach a commercial bank or any funding agency to receive funding immediately. In this context, business incubation becomes an ideal approach to provide a bridge to address that gap.

One of the critical components for any successful incubation programme is partnership, as witnessed in the collaboration that is about to make Africa's Got Game Incubation and Digital Hub a resounding success. We



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need more partnerships across various sectors to grow the reach and accessibility of incubation.

The government and the private understand the importance and potential of incubation in the economic recovery plan and in accelerating economic transformation. For this reason, Seda's incubation programme is designed to bolster the participation of small enterprises in the value chains of sectors where there is a general under-representation of black people, women, youth and persons with disabilities.

Not only does incubation provide the necessary business infrastructure and strategic guidance, but also an environment of learning and sharing in which information, experiences and ideas are freely exchanged. This builds the skills and knowledge base of entrepreneurs, preparing them well for business in the open market with a view to increasing the business profitability and growth.

Seda incubation programme provides existing and aspiring entrepreneurs with a variety of essential services such as physical co-working space, shared infrastructure (co-creation spaces) and shared services, and advanced services such as networking opportunities, access to specialised knowledge (technology experts), market analysis, market linkages, training in the use of new technologies and access to seed funding. The programme focuses on taking on the sustainability and



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growth acceleration of start-ups and scale-ups beyond the first few years, empowering small businesses with better chances of survival.

Through our ecosystem facilitation model, we have been taking steps to coordinate the incubation and acceleration sector in South Africa. We have established incubation standards to enhance quality control across private and public incubation. Seda has amassed significant knowledge over the years regarding modelling, governance and management of the incubation and acceleration programmes.

The incubation programme provides opportunities for strengthened private and public partnerships in meaningful enterprise supplier development. Most importantly, incubation offers an opportunity to develop innovations into bankable enterprises even new industries.

However, there are some challenges, such as the cost of development and implementation of incubation and accelerator programmes. This challenge makes partnership much more critical in mitigating this challenge. For instance, our annual budget for the incubation programme in 2022 was about R281 million, but in 2023, we only had about R160 million. So, our funding has been decreasing. However, our targets have been increasing with our growing network of incubators, currently sitting at 110 operational and 11 under establishment.



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Another critical factor we, as Seda and the incubation sector as a whole, need to work on is attracting investment into enterprises in or exiting our programmes. If we can build attractive enterprises to investors, that would ensure sustained growth and significant economic impact with skills and networks investors generally come with.

Seda has done relatively well in exposing our enterprises to local and international trade shows such as GITEX in Dubai, enabling them to showcase their products and solutions to the markets and potential investors. We have facilitated the participation of some of our incubatees or start-ups in local and global pitching programmes.

There is still significant work to be done to enable our ecosystem to find and support innovative enterprises that are not only solving local challenges but also providing solutions to global challenges. In that process, building billion-dollar enterprises, this is what should inspire all role players in the enterprise development ecosystem.

There is considerable progress made by the business incubator movement in South Africa. Alongside successes, however, there are a number of challenges that must be addressed to ensure the future progress of business incubation as a vital support platform for the SMME economy in South Africa.



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Ladies and gentlemen, the South African government initiated the business incubation programme in order to promote economic development and growth within specific communities or regions. Incubation programmes are particularly important in developing nations to accelerate growth and transformation of economic sectors.

The main goal of incubators must be to establish and grow enterprises that will come out of an incubation programme, within a defined period of time, financially viable and freestanding. The key outcomes we should expect after investing in the programme, are graduated enterprises, new jobs, wealth creation, commercialization of new technologies and technology transfer.

Business incubation is one of our approaches of creating an enabling environment for small businesses to grow and an innovative way to allow business ideas to thrive during their initial stages.

Business incubators are part of a range of policy interventions that can be applied to support SMMEs. They are powerful instruments for supporting the healthy development of SMEs, but they are no substitute for necessary wider changes to the business environment, that as government we need to undertake.

Incubation remains central to our strategy of developing small businesses because it facilitates skills and knowledge transfer from the incubator to



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the new entrepreneur, assists in raising necessary business finance, introduces entrepreneurs to relevant business networks, all of which substantially increase their chances of survival and build capacity and networks.

Government is convinced that by placing small businesses at the centre stage of our economy, we will be able to unlock economic opportunities and thus achieve inclusive economic growth and sustainable employment, particularly for women, youth and people with disabilities. We are of the firm view that supporting the development of micro, small and medium-sized enterprises offers an important vehicle for sustainable social and economic inclusion as well as national cohesion.

The incubation programme seeks to give concrete and practical meaning to what we mean when we talk about reducing the cost of doing business for small businesses. This is what we mean by creating an enabling environment for small businesses to develop and grow. This is what we mean when we say we will ease the burden on the shoulders of small businesses.

We are confident that Africa's Got Game Incubation and Digital Hub will play a central and crucial role in the national development agenda and in advancing our collective mandate.





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I wish Africa's Got Game Incubation and Digital Hub and all stakeholders well in the arduous tasks that lie ahead.

I thank you