



**small business  
development**

Department:  
Small Business Development  
REPUBLIC OF SOUTH AFRICA

## **SONA Debate 2025: MSME's as the Key to Micro Economic Development and a catalyst to de-concentrate the economy".**

**Minister Stella Tembisa Ndabeni**

Honourable Chairperson

Last week His Excellency President Ramaphosa stressed in his State of the Nation Address that our most urgent task is to grow the economy above 3 percent so that we can build a dynamic and thriving economy that creates opportunities for the historically marginalised and generates new jobs.

The national democratic society that we envision must be founded on a dynamic and inclusive economy that reflects the country's natural endowments and the innovation of its people. It must harness cutting-edge technology, labour-absorbing industrial development, a thriving small business and cooperative sector, and efficient production and management systems to promote national prosperity. This requires unlocking the full potential of all citizens, dismantling racial and gender-based barriers to ownership, and ensuring equitable access to economic opportunities.

Mr President I would like to say upfront that the issues of economic transformation in a comprehensive sense should be at the heart of the National Dialogue which government will convene soon. There is no way we can achieve the national consensus with an economy that excludes the majority. The social contract that we want to craft should contribute towards reconstructing our economy to achieve more growth, jobs and inclusions. This is more urgent for communities in the township and rural areas, especially youth and women.

Our G20 theme of fostering solidarity, equality, and sustainable development is in line with our goals of achieving inclusive and sustainable development. It also reflects our deepest values to promote international cooperation, interdependence, and collaboration, something we need desperately in the times we live in.

We have cultivated these values domestically in how we govern, how we forge consensus with varied stakeholders, and how we work together to meet difficult socio-economic challenges. With our leadership of the G20, the future looks most promising – honourable members.

I would like to remind all of us of the Freedom Charter, which envisioned a country of brothers and sisters, black and white living in a world where they all thrive economically and live in peace.



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Honourable Speaker, the President outlined five main ways to get to our 3% growth challenges we have set for the nation at the SONA.

There are several ways to get significantly more people economically active. Through the industrial policy being finalised by DTIC we will enhance our efforts to support employment intensive industrialisation, public employment initiatives, especially those with pathways to upskilling and sustainable livelihoods.

We are placing MSMEs at the **centre - drawing valuable lessons** from the experiences of other developing countries across the world.

We welcome the announcement that over the next three years, this administration will spend R940 billion on infrastructure projects. We eagerly await the finalisation of the regulations under the Public Procurement Act that will drive transformation, foster the emergence of new players in the economy, and enable participation of small enterprises.

To ensure increased access to **funding** President has announced the innovation fund and transformation fund worth R20 billion per year over the next five years.

These funds will act as a **catalyst to attract** other funds and disburse more funding and support to MSMEs. In the 6<sup>th</sup> Administration we disbursed over R4,1 billion on Business Development Support, and R9,4 billion on financial support. The National Empowerment Fund has disbursed over R10 billion rand.

To support innovation, we have disbursed over R 1billion rand through DSI. We are convinced that working with DTIC through the transformation fund we will double these efforts in the coming financial year.

Our partnership with the JSE is reaping results with 15 high potential Seda supported MSMEs increasing revenue by an average of 22% with an additional R122.8 million in revenue for supported enterprises and additional 255 jobs.

As a department we have a range of instruments to provide wholesale finance, direct loans, blended finance, working capital and grants to various categories of MSMEs and co-operatives.

Some of these we offer in partnership with financial institutions like banks, where our credit guarantee and supplier guarantee products are working well, leveraging **R6.25** in financing for every rand we guarantee. Our efforts in digitalising systems at SEDFA will accelerate turnaround times and improve accountability to applicants – our Township and Rural Enterprise Programme (TREP) applications will now be processed within 7 days and the purchase order financing in 4 days.



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Through small enterprise eco-system, we have agreed on a stretch target of creating 1 million new MSMEs by 2030 and this will give us 3.7 million jobs, at current averages.

We are currently undertaking industry engagements across various sectors to better understand trade and market demand pathways.

Accordingly, we have engaged the automotive, wine and fishing industries – while in the coming weeks we will be extending these engagements to the agricultural sector, build industry, energy, petroleum and oil industry, sport and arts industries among others. We have accordingly looked at skills gaps within MSMEs and to this end we will be engaging Deans of Commerce across the country to ensure that their curriculum respond effectively.

This will give us a clearer indication of the sectors and industries where there is most potential for MSME growth and **job opportunities**. It will also shape our department's exporter support programme.

Honourable Members Our people in the rural and townships have been complaining about being excluded in their economy – in this regard our portfolio provided business development support to over 252 942 MSMEs and cooperatives, and 104 595 of these were township and rural enterprises. These have yielded results for building strong and sustainable MSMEs – to mention a few Lathitha Wines has now access to the markets in Georgia, Atlanta and Zimbabwe. Batlhako Temo which was support through our CDSP programme is now exporting to EU, Taiwan, China, Botswana and Dubai

In this 7<sup>th</sup> Administration we are committed to significantly increase these numbers.

We are currently developing a Township and Rural Economic Development and Revitalization Policy, to change our townships and rural areas into vibrant local economies.

We are engaging traditional leadership and organised business associations. We are exploring ways in which to make people in Township and Village economies true **owners** and drivers of this R 300 billion economy.

For us, land redistribution is a fundamental pillar of this transformation. Sustainable land reform must be supported by policies that equip small-scale and emerging farmers with the resources and skills needed for success.

Economic transformation also requires a competitive and efficient market, free from the monopolistic constraints of colonial capitalism. For these goals to be achieved the state must play a strategic role, including through directing resources towards boosting the township and rural economies. It is in line with this argument that we support the signed Land Expropriation Act and the Transformation fund.



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Honourable chair, we will ensure that we defend the gains of our freedom and democracy that works for the majority of South Africa and therefore deliver on the aspirations of the freedom charter as detailed in our strategy and tactics.

I thank you.