

ANC Parliamentary Caucus
National Assembly
Small Business Business Development

Budget Vote 36:

27 June 2025

Introduction

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The Department of Small Business Development was established in 2014 by the South African government as a dedicated national department to lead the development and promotion of Micro, Small and Medium Enterprises (MSMEs) and cooperatives. Its creation was a strategic policy decision aimed at transforming the structure of the South African economy, which has long been dominated by a few large corporations, while many small enterprises remained under-supported and under-resourced. Recognising the pivotal role that small businesses play in job creation, poverty alleviation, and inclusive economic growth, the government tasked the Department of Small Business Development with crafting policies and programmes to address the historical marginalisation of small enterprises and ensure their sustainability and competitiveness in the local and global economy.

In 2014, when the Department of Small Business Development was established, South Africa had approximately 2 million MSMEs operating in our economy and right now we have around 3 million MSMEs. The difference in the number of MSMEs from the inception of the department and now shows the progress that has happened under the department and the importance of the department.

This annual Budget Vote Report presents a comprehensive overview of the Department of Small Business Development's financial allocation, planned expenditure, and strategic priorities for the coming fiscal year. It serves as a crucial accountability document, informing Parliament, stakeholders, and the public about how allocated funds are used to support MSMEs across South Africa. The main programmes of this budget vote are administration, sector policy and research, integrated cooperatives and micro enterprise development and enterprise development, innovation and entrepreneurship. The total amount for these programmes is 2.7 billion.

In our view we are content with the budget but are also of the view that the current budget allocated to the department is not sufficient to fully meet the developmental needs of the MSMEs and cooperative sector. This is due to the limited financial resources constrain and its ability to implement large-scale, high-impact programmes. Given these constraints, there is a pressing need for qualitative and impactful spending ensuring that every rand is used efficiently, with targeted interventions that yield measurable outcomes.

This includes prioritising scalable support for high-potential enterprises, strengthening ecosystem partnerships, improving monitoring and evaluation systems, and aligning expenditure with transformative goals such as rural and township enterprise development, youth entrepreneurship, and digital inclusion. Strategic, results-driven investment is essential to unlock the full potential of MSMEs as engines of economic growth, especially in a context of 32.9% unemployment, and a Gini coefficient of around 0.63.

The ANC considers MSMEs to be a central component of South Africa's approach to inclusive economic development. The ANC recognises the crucial role that MSMEs play in generating employment, and advancing economic transformation. Aligned with our vision of a developmental state, the ANC supports strengthening and growing the MSMEs sector as a vital tool for expanding economic participation and addressing the structural inequalities caused by colonialism apartheid.

The National Development Plan (NDP) 2030 strongly emphasizes the critical role of MSMEs in driving South Africa's long-term socio-economic transformation. It positions MSMEs not merely as supplementary actors in the economy, but as central pillars of national development. The NDP envisions an inclusive and dynamic economy where the benefits of growth are widely shared, and it identifies the MSMEs sector as a primary vehicle for achieving this vision.

According to the NDP, MSMEs are expected to create approximately 90% of all new jobs by the year 2030, reflecting their importance in addressing South Africa's persistently high levels of unemployment. This projection underscores the strategic importance of MSMEs in absorbing labour, particularly among youth, women, and unskilled or semi-skilled workers, who are often excluded from formal employment

opportunities. The flexibility and adaptability of small businesses make them well-suited to operate in diverse sectors and geographic regions, including underdeveloped rural areas and townships.

Based on this report the ANC supports the budget vote.