

ANC Parliamentary Caucus

National Assembly

Small Business Development

Budget vote 36:

27 June 2025

**The importance of business development ecosystems and the role of
monitoring and evaluation**

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In today's fast-changing global economy, entrepreneurship and business development are increasingly recognised as key drivers of economic growth, job creation, and innovation. However, the success of businesses especially Micro, Small and Medium Enterprises (MSMEs) depends greatly on the environment in which they operate. This environment, often referred to as the business development ecosystem, includes all the structures, institutions, networks, and policies that support businesses. The business development ecosystem is important in both South Africa and Africa at large in order for MSMEs to fully prosper.

MSMEs play a critical role in the Africa's employment and economic development. According to data there are roundabout 100 million MSMEs functioning in Africa, employing over 300 million people.

Therefore over 300 million people in Africa and their families depend on business development ecosystems to be effective. For us as the ANC for these ecosystems to be effective they need to be carefully monitored and evaluated to ensure that they meet the needs of entrepreneurs and contributes meaningfully to national development goals.

In South Africa's pursuit of inclusive economic growth and job creation, the coordination of key development agencies is critical. The Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA), the National Youth Development Agency (NYDA), and local municipalities each have mandates aimed at supporting MSMEs, youth empowerment, and local economic development. Strengthening their inter-agency and intergovernmental coordination presents an

opportunity to build a more coherent, efficient and effective development ecosystem. By leveraging each institution's strengths, the country can create a more enabling environment for youth, entrepreneurs, and small businesses unlocking the true potential of local economies and advancing the national development agenda.

As the freedom Charter celebrates 70 years this year the ANC remains dedicated on its pillars that states that the People Shall Share in the Country's Wealth. We are of the view that this budget vote might not be the panacea to us sharing in the country's wealth but in the same breath the budget vote is a key step in us going in the direction of sharing in the country's wealth.

The Department of Small Business Development (DSBD) plays a crucial role in nurturing and supporting MSMEs. However, the complexity and challenges faced by MSMEs today require collaborative efforts beyond government alone. Building strategic partnerships with the private sector and academia is essential for the department to create a robust, innovative, and inclusive small business ecosystem.

According to FinScope, in South Africa MSMEs contribute more than R5 trillion to the economy and employ 80% of the workforce. This shows that that the prosperity, sustainability and growth of this sector is imperative for South Africa and we are of the view that the collaborations between the government, the private sector and academia can contribute to the sector positively.

Private companies often have industry insights, access to markets, and operational expertise that can help small businesses scale and innovate. Meanwhile, universities contribute through cutting-edge research, technology development, and capacity-building initiatives.

This government is determined to make sure that MSMEs succeed. The SONA indicates that to drive economic growth, as government we are prioritising skills development aligned with the industries of the future and that we are also enhancing our support for MSMEs, as well as the informal sector, which provides employment and income for millions across the nation. Some of the efforts for the support of MSMEs involves simplifying access to funding for small businesses, increasing the availability of venture capital for high-potential start-ups, and shaping a regulatory framework that supports the operations of informal businesses.

The various programmes highlighted by the budget vote coincide with the SONA's commitment in our view. Programme 4 which includes Enterprise Development, Innovation and Entrepreneurship. Programme 4 is a core programme of the Department, it serves as a crucial instrument to drive transformation in the small business sector.

This programme plays a central role in building an inclusive, dynamic, and competitive economy by supporting the development of a diversified entrepreneurial ecosystem that empowers historically disadvantaged individuals, enhances innovation, and stimulates sustainable enterprise growth. The report on this budget also makes key emphasis on the programmes. This programme has an allocation of R2 billion.

Based on the observations of the report on this budget the Committee supports the Department and agency's strategic and performance plans, noting that their programmes are well-designed to address key challenges faced by MSMEs and cooperatives such as limited funding, skills gaps, and regulatory hurdles with tailored solutions that better serve the small business sector. The Committee welcomes the acknowledgement that small enterprises have diverse needs and that a one-size-fits-all approach is ineffective. It is confident that the DSBD's programmes and policies provide a strong framework to guide implementation and strengthen the MSME and co-operative sectors. The National Integrated Small Enterprise Development Plan emphasizes the need for clear, measurable indicators to reduce red tape and improve business conditions, aligning with global trends of using data-driven approaches to track and assess regulatory burdens.

Based on the recommendations of the report on this budget the Committee prioritizes the urgent filling of vacant posts and urges the Department to speed up recruitment to address underspending linked to unfilled positions and operational costs. It will closely monitor quarterly reports to track improvements in expenditure and resource management. To prevent budget virements and rollovers, the Department is encouraged to assess its spending patterns thoroughly. Additionally, the Committee continues to oversee efforts to improve MSME and cooperative access to finance and calls for the swift finalization of the MSME and Cooperatives Funding Policy to address funding gaps and improve coordination.

On behalf of the ANC we support this budget vote.

