DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

NO. 6935 **14 November 2025**

NATIONAL SMALL ENTERPRISE ACT, 1996 (NO. 102 OF 1996) AS AMENDED

DRAFT

INCUBATION BUSINESS DEVELOPMENT SERVICE (IBDS) POLICY

1. I, Ms S Ndabeni, Minister of Small Business Development, hereby publish the draft IBDS policy to solicit public comments on the policy following publication of NISED which was published under the National Small Enterprise Act, 1996 (Act No. 102 of 1996) as amended. NISED proposed the development of the IBDS policy that will provide for standardization, quality assurance, improve competitiveness and improve collaboration and coordination of the BDS service offering

2. Furthermore, members of the public are notified that comments should be submitted to Ms. Lebohang Malakoane at LMalakoane@dsbd.gov.za or Mr. Fhatuwani Tshikovhi at FTshikovhi@dsbd.gov.za or submitted by hand to the SMME Policy & Oversight Directorate, Department of Small Business Development, 77 Meintjies Street, Sunnyside, Pretoria, within 20 (twenty) days of publication of this notice

3. Enquiries can be directed to Mr Fhatuwani Tshikovhi on FTshikovhi@dsbd.gov.za

……..

Ms S Ndabeni-(MP)

MINISTER OF SMALL BUSINESS DEVELOPMENT

DATE: 05 October 2025

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

INCUBATION AND BUSINESS DEVELOPMENT SERVICES POLICY FRAMEWORK

DRAFT 4: 29 NOVEMBER 2024

EDSE Ecosystem Development for Small Enterprise

Funded by the European Union

Policy Framework developed by Vortex Strategic Alignment (July 2024 to November 2024)

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VERSION AND AMENDMENT SCHEDULE

Version	Version Date	Description of Amendments
Draft 1.1 and 1.2	18 August 2024 and 26 August 2024	Updating and refinements to Department of Small Business Development: Incubation and Business Development Services Policy, Draft V9 (July 2023), with enhancements arising from a review and consolidation of various interlinked documents and strategies, notably: ▪ Draft Incubation and Business Development Services Policy (EDSE, February 2020) ▪ Business Case for the Incubation Partnership Game Changer (DSBD, May 2023) ▪ Draft Sector Focussed Hybrid Incubation and Digital Hub Support Strategy (DSBD, July 2024) ▪ Seda Technology Programme Strategy, 2023/24 (Seda, October 2023) ▪ Seda Incubation Support Programme Improvement Plan (Seda, February 2024) ▪ Seda Technology Programme Sectoral Focus, Concept Note (Seda, July 2024)
Draft 2	3 September 2024	Updating and refinements to Draft 1.2 of the Department of Small Business Development: Incubation and Business Development Services Policy Framework, with enhancements arising from inputs received from DSBD and Seda project team.
Draft 3	21 September 2024	Updating and refinements to Draft 2 of the of the Department of Small Business Development: Incubation and Business Development Services Policy Framework, with enhancements arising from the stakeholder policy dialogue held on 17 September 2024, incorporating inputs raised during the session and additional stakeholder feedback.
Draft 4	29 November 2024	Updating and refinements to Draft 3 of the of the Department of Small Business Development: Incubation and Business Development Services Policy Framework, with enhancements arising from further inputs from DSBD and Seda project team.

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ACRONYMS

4IR	Fourth Industrial Revolution
B-BBEE	Broad-Based Black Economic Empowerment
BDS	Business Development Services
DEL	Department of Employment and Labour
DFFE	Department of Forestry, Fisheries and the Environment
DFI	Development Finance Institution
DHET	Department of Higher Education and Training
DPE	Department of Public Enterprises
DSBD	Department of Small Business Development
DSTI	Department of Science, Technology and Innovation
DTI	Department of Trade and Industry
DTIC	Department of Trade, Industry and Competition
ESD	Enterprise Supplier Development
GDP	Gross Domestic Product
HACCP	Hazzard Analysis and Critical Control Points
IBDS	Incubation and Business Development Services
ICT	Information and Communication Technology
IDC	Industrial Development Corporation of South Africa Limited
ISO	International Standards Organisation
ISPESE	Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprises, 2004
IT	Information Technology
MSME	Micro, Small, and Medium-Sized Enterprises
NDP	National Development Plan Vision 2030, 2012
NDT	National Department of Tourism
NEF	National Empowerment Fund
NGO	Non-governmental Organisation
NISED	National Integrated Small Enterprise Development
NSEA	National Small Enterprises Act (No. 102 of 1996)
NSEAA	National Small Enterprise Amendment Act (No. 21 of 2024)
NYDA	National Youth Development Agency
PSET	Post-School Education and Training
QCTO	Quality Council for Trades and Occupations
SABS	South African Bureau of Standards
SAQA	South Africa Qualifications Authority
SARS	South African Revenue Services

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Seda	Small Enterprise Development Agency
SEDFA	Small Enterprise Development Finance Agency
SETA	Sector Education and Training Authority
SMME	Small, Micro, and Medium-Sized Enterprise
WEF	World Economic Forum

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DEFINITIONS

For the purposes of this policy, the terms indicated below have the following meaning:

Term	Definition
Accelerator	A business programme that supports companies to scale through business development services and typically provides access to finance, investor readiness, and introductions. Start-ups typically enter accelerators for a fixed period and as part of an industry-specific cohort of companies.
Accreditation	The formal recognition that an institution, programme, or individual meets established standards of quality and competence in providing services. In the incubation and business development services ecosystem, accreditation ensures consistent service delivery and professional standards.
Business development services	A range of services designed to improve small enterprise performance, access to markets, and competitive edge. These services include training, consultancy, marketing assistance, information, technology development, and business linkage promotion.
Business development services ecosystem	The interconnected and evolving network of all stakeholders involved in the delivery and consumption of business development services aimed at supporting small enterprises. It includes private and public entities, non-governmental organisations, and academic institutions that collaborate to provide comprehensive support.
Business development services practitioner	Juristic persons, entities, or individuals whose primary activity is the delivery of business development services. These practitioners offer services, such as mentorship, consulting, incubation, and virtual support. Different types of business development services practitioners include business advisors, management consultants, mentors, and leadership coaches.
Certification	A formal process by which an individual or organisation is verified to have met certain pre-established standards or qualifications. Certification often involves passing a test, completing a course, or demonstrating competence in a particular skill or area. In the incubation and business development services ecosystem, certification ensures that practitioners possess the necessary skills and knowledge to deliver specific business development services.
Digital hub	A technology-driven centre that supports small enterprises by providing access to digital tools, infrastructure, and resources. Digital hubs play a crucial role in enabling small enterprises to leverage modern technologies and foster innovation and digital transformation. The digital hub provides technology access and infrastructure, offers training in digital skills, facilitates innovation, enables small enterprises to participate in the digital economy, and provides a bridge to market access opportunities. The service is often provided on a drop-in or needs basis.

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Term	Definition
	Digital hubs serve a wide range of users, including individuals, startups, small enterprises, and even freelancers, who are looking to develop digital skills, adopt technology, or pivot to a more technology-driven business mode.
Enterprise supplier development	A programme designed to assist and develop small enterprises by integrating them into corporate supply chains. Enterprise supplier development initiatives focus on providing small enterprises with business linkages and market access opportunities.
Entrepreneurship development	A strategic and systematic approach to promoting and supporting the growth of entrepreneurs and small enterprises in the country. It encompasses a range of initiatives, policies, and programmes designed to create a favourable environment for entrepreneurship by addressing systemic barriers, providing access to resources, and enhancing the skills and capabilities of entrepreneurs.
Fourth industrial revolution	The transformation of industries and societies driven by advances in digital technologies, such as artificial intelligence, machine learning, robotics, and the Internet of Things. These technologies are reshaping industries and economies worldwide.
Green economy	An economic model focused on reducing environmental risks and ecological scarcities. The green economy seeks to drive economic growth while promoting sustainability and reducing carbon emissions.
Incubatee	A small enterprise or entrepreneur that is receiving business development services or related support within an incubator.
Incubation support programme	A formalised programme aimed at supporting early-stage small enterprises by providing infrastructure, business development services, mentoring, and access to finance to help them grow into sustainable businesses.
Incubator	Physical or virtual facilities providing short- to medium-term business development services, including capacity building and infrastructure, to early-stage enterprises to nurture them into independent, viable businesses.
Mentor	Industry experts or business development services providers who offer ongoing business counselling to small enterprises, guiding them through multiple stages of business development with a long-term focus.
Public-private partnership	A cooperative arrangement between public and private sectors aimed at financing, designing, and implementing public services or infrastructure projects. These partnerships combine resources and expertise to achieve common goals.
Sector-specific incubation	Incubation facility or programme tailored to the specific needs of a small enterprise in a particular sector or industry, offering specialised support, mentoring, and infrastructure to early-stage small enterprises in that sector. The sector-focused incubators serve to align incubation activities with sector trends, regulatory requirements, and value chains to offer specialised guidance that accelerates the growth and competitiveness of small enterprises in the respective high-growth industry. Typically, incubators operate on a structured programme basis, where startups participate in incubation for a set period (e.g., six months to two

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Term	Definition	
	years) to develop, refine, and validate their business models before graduating.	
Small enterprise	As defined by the National Small Enterprise Amendment Act 21 of 2024, a small enterprise is a distinct business entity (together with its branches or subsidiaries) that operates in any economic sector or subsector as outlined in the 2019 schedule. Small enterprises are classified as micro, small, or medium based on the criteria established in the 2019 schedule.	
Small enterprise development ecosystem	The interconnected network of stakeholders, resources, and processes that support the growth and sustainability of small enterprises. This ecosystem spans the entire business lifecycle, from inception and start-up to growth, maturity, and possible exit.	
Results framework definitions	Performance information	Planning, budgeting, implementation, monitoring, reporting, and evaluation elements which are key to effective management. It indicates how well results are achieved against intended objectives.
	Theory of Change	A tool that describes the process of planned change from assumptions guiding its design, planned outputs and outcomes, to long-term impacts. It outlines the path to achieving desired results reflected in strategic and operational plans.
	Monitoring	Continuous collection, analysis, and reporting of data to provide feedback on implementation progress. It tracks actual performance against planned targets.
	Evaluation	Systematic collection and analysis of evidence on policies, programmes, and projects to assess their relevance, performance, value for money, impact, and sustainability. It helps assess if the right things are being done effectively.
	Vision	A forward-looking statement that outlines the desired future state of a system or ecosystem, providing a guiding beacon for decision-making and goal setting.
	Strategic objective	A long-term aspiration that guides actions toward achieving the vision, measurable through quantitative or qualitative outcomes.
	Operating principle	Rules and commitments that guide action and decision-making in various areas, ensuring consistency and alignment with strategic objectives.
	Results-based framework	A planning tool that links impact, outcomes, outputs, activities, and inputs into a results chain. It is used to monitor and evaluate progress toward achieving desired results.
	Impact	Long-term change or effect resulting from specific outcomes, such as reducing poverty or creating jobs.
	Outcome	Medium-term results for beneficiaries arising from specific outputs. They represent the changes or benefits the system or process aims to achieve.

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Term	Definition	
	Key result area/output	Products, goods, or services delivered which serve as the building blocks toward achieving the desired outcomes.
	Intervention	A deliberate process or action aimed at influencing or improving a situation or system.
	Activity	An action or process that uses inputs to produce outputs and, ultimately, desired outcomes.
	Input	Resources, e.g., finance, personnel, or equipment, used to produce outputs and achieve outcomes.
	Indicator	A measure used to track progress or achievement, either qualitative or quantitative. It specifies what is being measured and how it relates to the intended results.
Policy-related definitions[1]	White paper	A comprehensive government policy document that outlines the final policy position on a specific matter. A white paper typically follows a green paper and does not carry the force of law unless regulated through additional legislation.
	Policy	A specific statement of intent outlining the principles, goals, and actions that guide decision-making in a particular area. Policies provide the foundation for organisational operations and inform legislation, regulations, and governance structures.
	Legislation	The body of laws enacted by a governing authority to provide the legal framework for policy implementation. Legislation establishes obligations, rights, and responsibilities to ensure that policies are legally enforceable.
	Policy framework	A comprehensive structure that includes the steps, procedures, principles, and values needed to implement an organisation's policy. A policy framework provides both broad and detailed guidelines to ensure coherence, consistency, and alignment with strategic goals.
	Regulation	Specific rules or directives issued by a competent authority to enforce legislation and provide detailed operational standards. Regulations ensure that the objectives of legislation are met and are often enforceable through penalties for non-compliance.
	Strategy	A detailed plan outlining the actions, resources, and steps necessary to achieve the objectives of a policy. Strategies are typically timebound and focus on operationalising the policy within a specified timeframe.
	Plan	A detailed outline of the steps, timelines, and resources required to execute a strategy or achieve specific objectives. Plans translate strategies into actionable tasks with clear guidance for implementation.

[1] *The Presidency of the Republic of South Africa. National Policy Development Framework, 2020.*

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TABLE OF CONTENTS

VERSION AND AMENDMENT SCHEDULE 3
ACRONYMS 4
DEFINITIONS 6
1. INTRODUCTION AND BACKGROUND 13
1.1. Policy Issue Identification 13
1.2. Background 14
1.3. Legislative and Policy Context 15
1.4. Strengthening the Support Ecosystem for Small Enterprises 16
1.5. Importance of Incubation and Business Development Services 17
1.5.1. Evaluation of the Existing Incubation Support Programme 19
1.5.2. Incubation and Business Development Services within the Broader Entrepreneurship Development Ecosystem 21
1.6. Alignment to the National Integrated Small Enterprise Development Strategic Framework 21
1.7. Building on Prior Policy Discussions and Developments 22
2. PROBLEM STATEMENT 24
2.1. Underlying Policy Statement 24
2.2. Problem Statements for Policy Components 24
2.2.1. Fragmentation and Lack of Coordination in the Incubation and Business Development Services Ecosystem 24
2.2.2. Inconsistent Quality of Services Due to a Lack of Standards and Professionalisation of Incubation and Business Development Services Providers 24
2.2.3. Inadequate Access to Funding for Small Enterprises and Incubators 25
2.2.4. Barriers to Market Access and Value Chain Integration 25
2.2.5. Geographic, Economic, and Financial Barriers to Accessing Incubation and Business Development Services 25
2.2.6. Poor Integration Between Incubation, Business Development Services, and Enterprise Supplier Development Services 25
2.2.7. Gaps in Sector-Specific Expertise in Incubation 25
2.2.8. Lack of Targeted Business Development Services for Lifecycle-Appropriate Enterprises 26
2.2.9. Lack of Post-Incubation and Long-Term Support for Graduates 26
2.2.10. Weak Implementation and Coordination of Government's Incubation and Business Development Services Mandate 26
2.2.11. Lack of Innovation in the Incubation and Business Development Services Ecosystem 26

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2.2.12. Low Uptake of Innovation Solutions and New Technologies ... 26
2.2.13. Limiting High Regulatory Compliance Costs for Small Enterprises ... 27
3. POLICY VISION AND OBJECTIVES ... 27
3.1. Policy Purpose and Scope ... 27
3.2. Policy Vision ... 27
3.3. Policy Objectives ... 27
3.4. Policy Guiding Principles ... 28
3.5. Policy Theory of Change ... 29
4. POLICY IMPLEMENTATION ... 34
4.1. Policy Focus Areas Responding to Problem Statements ... 34
4.1.1. Increased Participation Rate of Small Enterprises in Incubation and Business Development Services ... 35
4.1.2. Targeted, Lifecycle-Appropriate and Sector-Specific Incubation and Business Development Services ... 36
4.1.3. Standardisation and Improved Quality of Incubation and Business Development Services Provision ... 39
4.1.4. Strengthen Coordination Across Government and the Private Sector ... 40
4.2. Target Beneficiaries and Stakeholders ... 42
4.2.1. Beneficiaries ... 42
4.2.2. Stakeholders and Partnerships ... 42
4.3. Resource Considerations ... 44
4.4. Roles and Responsibilities ... 44
4.5. Policy Communication ... 45
5. POLICY GOVERNANCE ... 46
5.1. Policy Performance Reporting and Accountability ... 46
5.1. Policy Risk Assessment and Mitigation Strategy ... 47
6. POLICY MONITORING, EVALUATION, AND REVIEW ... 49
6.1. Programme Performance Measurement Indicators ... 50
6.2. Policy Monitoring and Reporting Process ... 52
6.3. Policy Evaluation ... 53
6.4. Policy Review ... 53
7. CONCLUSION ... 54

REFERENCES ... 55

ANNEXURES ... 57

ANNEXURE A: INSTITUTIONAL FRAMEWORK FOR INCUBATION AND BUSINESS DEVELOPMENT SERVICES DELIVERY ... 57
ANNEXURE B: STAKEHOLDER ROLES AND RESPONSIBILITIES ... 58
ANNEXURE B: POLICY IMPLEMENTATION FRAMEWORK ... 65

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ANNEXURE C: PROPOSED SUPPORTING STRATEGIES TO DRIVE INCUBATION AND BUSINESS DEVELOPMENT SERVICES POLICY IMPLEMENTATION..... 85

LIST OF FIGURES

Figure 1: What are incubators ⇨ description and role 18
Figure 2: NISED Strategic Framework 21
Figure 3: IBDS Theory of Change 30
Figure 4: IBDS Partnership Model 43

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1. INTRODUCTION AND BACKGROUND

The Incubation and Business Development Services (IBDS) Policy Framework seeks to address South Africa's national challenges of poverty, unemployment, and inequality by positioning micro, small, and medium-sized enterprises and co-operatives, co-operative financial institutions, and co-operative banks (hereinafter referred to as small enterprises in terms of the definition contained in the National Small Enterprise Amendment Act 21 of 2024) as key drivers of job creation, economic transformation, and inclusive growth, as outlined in the National Development Plan Vision 2030 (NDP).

These enterprises are crucial drivers of economic growth and job creation; however, they face significant challenges, including limited business acumen, restricted access to finance, and constrained market opportunities. These challenges contribute to high failure rates, particularly during the early stages of business development. The policy emphasises the need to address fragmentation and coordination gaps in the IBDS ecosystem, enhance market access, and adopt innovation and technology to expand access to services, especially in underserved regions.

The IBDS ecosystem is a complex network involving various stakeholders, such as incubators, financial institutions, government agencies, corporations, universities, service providers, and communities. Each plays a crucial role in creating an environment where small enterprises can thrive, leading to greater innovation, economic development, and job creation.

A more strategic approach to IBDS coordination on the ground is crucial, with a focus on strengthening partnerships across the ecosystem to enhance entrepreneurship development. The IBDS Policy Framework prioritises improving access to finance as a critical enabler for small enterprise growth and sustainability. This comprehensive support system integrates business incubation as a core component of business development services (BDS), specifically targeting early-stage entrepreneurs and improving their readiness to access essential business support and financial resources necessary for sustainable development and growth.

Innovation and the Fourth Industrial Revolution (4IR) are recognised as key drivers of long-term economic growth. The incorporation of digital hubs and technology business incubators positions small enterprises to compete in a rapidly evolving global market shaped by the 4IR. The South African incubation model integrates various streams, including technology business incubators and digital hubs. This approach is critical for preparing small enterprises to leverage digital technologies, foster innovation, and achieve competitive advantage.

1.1. POLICY ISSUE IDENTIFICATION

The IBDS Policy Framework seeks to tackle the critical barriers faced by small enterprises in accessing sustainable support systems. It identifies the need for a coordinated approach to IBDS, which are currently fragmented and lack sufficient alignment with the needs of small enterprises, particularly in underserved areas.

The policy shifts focus from merely coordinating ecosystem players to creating measurable outcomes, specifically increasing the growth and market access of small enterprises, critical for reducing poverty, unemployment, and inequality. The current fragmentation within the ecosystem results in duplicative efforts, while gaps in professionalisation, standards, and accreditation for IBDS providers undermine the quality of services delivered.

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The Competition Commission and local procurement regulations must ensure fair market practices, particularly addressing large retailers' control of market access and the exclusion of small suppliers. Additionally, the professionalisation of IBDS providers is essential, with a national accreditation framework ensuring consistent quality and service delivery.

1.2. BACKGROUND

Globally, small enterprises are recognised as pivotal engines of economic growth, innovation, and job creation. According to the International Labour Organization[2], these enterprises account for over 70% of global employment, underscoring their vital role in job creation. The World Bank[3] highlights the importance of small enterprises in poverty alleviation, particularly in developing countries, where they often constitute the majority of the private sector. In emerging economies, small enterprises contribute approximately 40% of gross domestic product while, in developed countries, this figure can reach up to 60%[4].

The early stages of a business, particularly the first three to five years, are the most vulnerable. Evidence suggests that small enterprises receiving high-quality guidance and specialised support are more likely to survive. For instance, a World Bank study found that 80% to 90% of incubated small enterprises continued to operate after two to three years, compared to only 50% to 69% of non-incubated enterprises.

In South Africa, despite ongoing efforts to stimulate economic growth and reduce poverty, the country continues to grapple with high unemployment rates, particularly among youth, and one of the highest levels of income inequality globally. With over half the population living in poverty, the development of small enterprises is critical for enhancing economic participation, fostering innovation, and creating jobs. However, the economic landscape for small enterprises is fraught with challenges. Structural inequalities, high unemployment rates, and limited access to finance create formidable barriers to their success and sustainability. The World Economic Forum (WEF)[5] has highlighted that South Africa’s high Gini coefficient, a measure of income inequality, exacerbates the difficulties faced by small enterprises, as limited disposable income among the majority population restricts market opportunities.

The NDP sets ambitious goals for job creation, with 90% of new jobs expected to come from small enterprises. However, the current underperformance of this sector indicates that these targets may be difficult to achieve without substantial policy shifts and increased support for small enterprises. The Organisation for Economic Co-operation and Development (OECD)[6] notes that South Africa's small enterprise sector struggles with low survival rates, with only about half of new enterprises surviving beyond five years. This trend reflects global challenges, where small enterprise survival often hinges on the availability of supportive policies and development services.

As of quarter three in 2023, South Africa had approximately 2.5 million small enterprises, down from 2.7 million in 2022, with only 54.5% surviving beyond five years and around 30% lasting

[2] *International Labour Organization. "World Employment and Social Outlook." 2019. Accessed from ILO.org, 2024*

[3] *World Bank. "The Role of MSMEs in Economic Development." 2020. Accessed from WorldBank.org, 2024*

[4] *Organisation for Economic Cooperation and Development, 2018 Ministerial Conference on Small and Micro Enterprises – Key Issue Paper, OECD Publishing, Paris, 2018*

[5] *World Economic Forum. "Global Risks Report 2023." Accessed from WEF.org, 2024*

[6] *Organisation for Economic Cooperation and Development. "SME and Entrepreneurship Policy in South Africa." 2021. Accessed from OECD.org, 2024*

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beyond 10 years[7]. Despite significant investments over the past two decades, the sustainability and survival rate of small enterprises in South Africa remains unacceptably low, revealing critical gaps in the effectiveness of current strategies. The high mortality rates among startups, despite the availability of various support services, underscores the need for a more structured relationship between national policies, private and public sector strategies, and the design and implementation of support programmes.

1.3. LEGISLATIVE AND POLICY CONTEXT

In South Africa, the importance of a coordinated national framework for small enterprise development was first articulated in the 1995 White Paper on a National Strategy for the Development and Promotion of Small Business. The white paper emphasised the need for a systematic national approach to create an enabling environment for small enterprises, ensuring that policies and programmes at national, regional, and local levels were harmonised.

Building on this foundation, the National Small Enterprises Act (No. 102 of 1996) (NSEA) emerged, identifying key factors essential for small enterprise growth, such as access to finance, capacity building, and a supportive regulatory framework. This act further led to the establishment of government institutions focused on addressing the needs of the small enterprise sector.

In 2004, the Department of Trade and Industry (DTI), then responsible for small enterprise development, introduced the Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprises (ISPESE), a 10-year plan. An amendment to the National Small Business Act that same year resulted in the formation of the Small Enterprise Development Agency (Seda), which assumed responsibility for providing non-financial support to small enterprises.

Under NSEA, the Department of Small Business Development (DSBD), led by the Minister for Small Business Development, is mandated to promote and support small enterprises across South Africa. The DSBD is tasked with creating an enabling business, policy, and regulatory environment that fosters the development and growth of small enterprises. Central to this mission is the DSBD's leadership in executing a comprehensive strategy to nurture entrepreneurship, strengthen small enterprise growth, and ensure a conducive legislative and policy environment.

A 2018 evaluation of the ISPESE revealed implementation challenges, leading to strategic recommendations now embedded in the National Integrated Small Enterprise Development (NISED) Strategic Framework, approved by the Cabinet in 2023. The NISED Strategic Framework, which is further detailed in Section 1.6, provides the roadmap for building a coherent small enterprise ecosystem in South Africa, delivering equitable, accessible, and quality services to small enterprises. It provides a pragmatic roadmap for all actors involved in small enterprise development, outlining clear directions, measurable outcomes, and targeted intervention programmes, and emphasises the need for an integrated approach that combines financial and non-financial support.

The establishment of the Small Enterprise Development Finance Agency (SEDFA) under the National Small Enterprise Amendment Act (No. 21 of 2024) (NSEAA), as the implementation agent of the DSBD, marks a significant step toward integrating these services, with a particular focus on supporting small enterprises in underserved areas like townships and rural regions. SEDFA's mandate includes supporting small enterprises across all sectors, from pre-startup to growth stages, with a focus on stimulating township and rural economies, empowering marginalised

[7] *Seda, SMME Quarterly Update Third Quarter 2019, March 2020, and SMME Quarterly Update Third Quarter 2023, March 2024*

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communities, and promoting entrepreneurship, innovation, and competitiveness within priority sector value chains. SEDFA's integrated approach, combining its roles as both a development agency and a development finance institution (DFI), is designed to mitigate lending risks, enhance financial sustainability, and facilitate increased access to finance over time.

The IBDS Policy Framework is mutually supportive of various government policies related to financial inclusion and small enterprise support, including but not limited to: An Inclusive Financial Sector for All (2023), the Co-operatives Development Policy (2012), and the South African SMMEs and Co-operatives Funding Policy (2024).

1.4. STRENGTHENING THE SUPPORT ECOSYSTEM FOR SMALL ENTERPRISES

For South Africa to meet the ambitious goals set out in the NDP, it is essential to strengthen the support ecosystem for small enterprises. This includes expanding access to finance, improving the quality and reach of support services, enhancing access to markets, and fostering a culture of innovation and entrepreneurship. Lessons from countries like Germany, India, and South Korea demonstrate the importance of a coordinated approach involving both public and private sectors, as well as non-governmental organisations (NGOs).

Co-operatives play a vital role in advancing inclusive growth, particularly in rural regions. Their community-driven structure empowers local residents to break down structural barriers, take control of their economic future, and participate in broader financial ecosystems through co-operative banking institutions.

Enterprise supplier development (ESD) is a key driver of market access, capacity building, and sustainability for small businesses in South Africa. Its focus on onboarding and scaling suppliers through training and revenue-generating contracts significantly reduces the high failure rate of small enterprises. However, ESD practices are typically siloed within individual corporations, limiting the external sharing of best practices, tools, and techniques. While the proprietary nature of some ESD investments may support trade competitiveness, greater knowledge sharing is essential to advance ESD outcomes. A more structured and systematic approach to skills development and best practice sharing could significantly impact small enterprise growth. Consistent impact measurements beyond Broad-Based Black Economic Empowerment (B-BBEE) scorecard compliance would better reflect the private sector’s contribution to improving market access for small enterprises.

Although the policy responsibility for ESD lies with the Department of Trade, Industry and Competition and the B-BBEE Commission, the DSBD, alongside its agency, SEDFA, holds a mandate to facilitate market access and finance for small businesses. Through partnerships with the private sector, there is significant potential to collaboratively build a strong pipeline of sustainable Black-owned businesses through the inclusion of ESD-focused partnerships as an integral part of IBDS.

While the challenges facing South Africa’s small enterprises are significant, their potential to drive economic transformation is immense. With the right policies, strategic partnerships, and a focus on building a supportive ecosystem, South Africa can unlock the full potential of its small enterprise sector and achieve sustainable, inclusive growth.

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1.5. IMPORTANCE OF INCUBATION AND BUSINESS DEVELOPMENT SERVICES

International studies consistently demonstrate the importance of small enterprise BDS, mentorship and business incubation which significantly enhance the survival and success rates of small enterprises, making them a valuable component of the small enterprise development ecosystem. Research by the International Finance Corporation[8] shows that small enterprises that receive BDS are more likely to survive and grow, as these services provide the necessary skills, market access, and networks that small businesses need to thrive.

The South African incubation model, as championed by the Seda previously, illustrates the importance of a comprehensive and integrated approach to incubation. The incubation model incorporates various streams, including digital hubs, technology business incubators, and centres for entrepreneurship and rapid incubators, which are crucial for preparing small enterprises to compete in a global market shaped by the 4IR.

Business incubators, digital hubs and business accelerators are distinct but complementary streams:

1) **Business incubators** provide structured programmes that support startups through the early stages of business development, with sector-focused incubators offering industry-specific guidance. They provide ongoing monitoring, support, and management, serving as a key organisational vehicle for delivering BDS.

2) **Digital hubs** are centres for building digital capabilities and fostering technology adoption, often with flexible engagement.

3) **Business accelerators** are designed for startups that are ready to scale, offering short-term, intensive support to prepare them for rapid growth and investment opportunities.

Together, the streams create a more comprehensive support system for small enterprises, addressing digital readiness, entrepreneurial development, and broader business growth.

BDS encompasses a wide range of services aimed at improving business performance, expanding market access, and boosting competitiveness. These services address both strategic and operational aspects of business support. Strategic services focus on medium- to long-term challenges, while operational services support day-to-day business functions.

BDS providers offer a wide array of services, each with distinct definitions that clarify their roles and functions. These distinctions are vital for policymakers, as they underscore the ecosystem's diversity. Digitalisation has enabled business development professionals to support entrepreneurs online, creating new opportunities to reach underserved communities in rural areas and small towns. BDS delivery frequently occurs through business-to-business relationships, such as supplier-buyer partnerships, subcontracting, franchising, and licensing.

[8] *International Finance Corporation. "MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.", 2017. Accessed from IFC.org, 2024*

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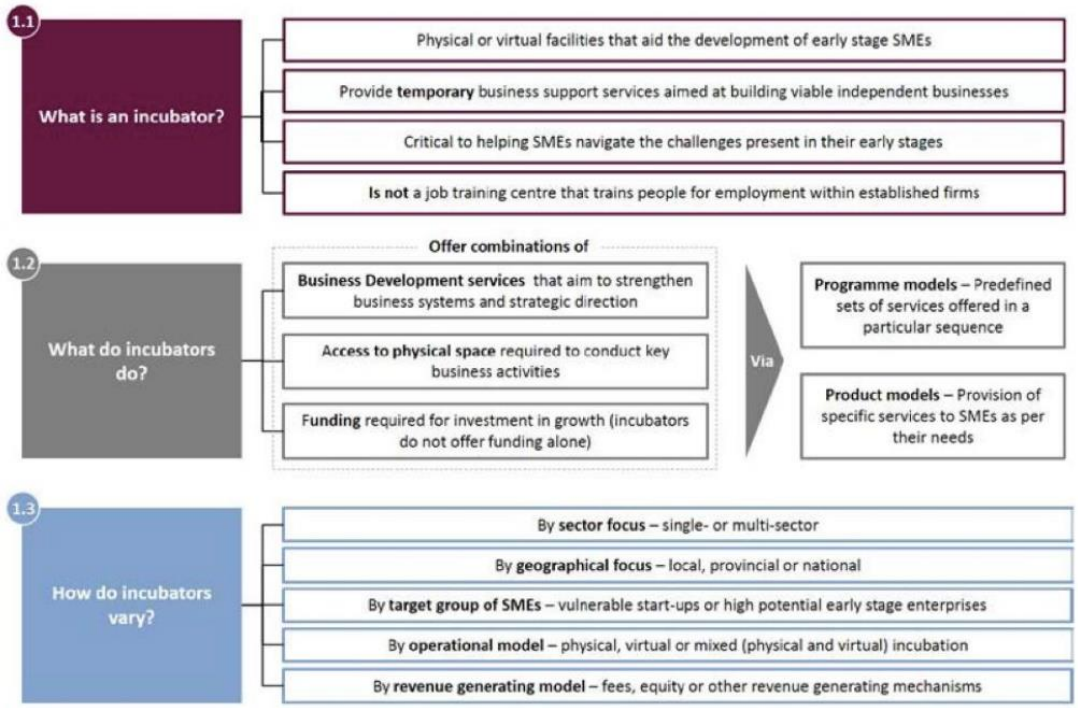
Figure 1: What are incubators ⇨ description and role



Source: South Africa Business Incubator Establishment Handbook, DTI 2019

Incubation services are typically delivered in two formats:

1) **Programme delivery**: Small enterprises receive a structured set of services delivered sequentially.

2) **Product delivery**: Small enterprises access individual services on demand, with payment based on usage.

Incubation programmes are offered by national, provincial, and local government departments and entities and cover various economic sectors. Beyond government-supported incubators, numerous private sector and NGOs operate incubators offering similar, though often more costly, support. Various incubation models are adopted, including:

1) **Virtual incubation model**: An online programme offering business development support with minimal physical contact. This model is particularly beneficial for small enterprises in remote areas or those unable to participate in physical incubation programmes.

2) **Physical incubation model**: A traditional model providing physical infrastructure, networking opportunities, and hands-on business development support.

3) **Hybrid incubation model**: A flexible model combining in-house and virtual support, extending services to a broader entrepreneurial community.

South Africa's efforts to develop its incubation ecosystem, though still in the early stages, are critical for addressing the country's socioeconomic challenges. The European Union's success

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with incubation programmes[9] can serve as a model for South Africa, where the integration of digital hubs and business accelerators could significantly enhance the capacity of small enterprises to compete in the global market.

A digital hub is focused on enterprises that are inclined to the use of technology-based protocols and delivery systems. The digital hubs are designed to accelerate the development of innovative technologies until they are commercial-ready products and services. These are part of the efforts to create a conducive environment for the swift adoption of various technologies within the 4IR context[10].

A business accelerator is a programme designed to provide growing enterprises with mentorship, investment opportunities, and other forms of support to help them become stable, self-sufficient businesses. Unlike incubators, which cater to businesses in the earliest stages, accelerators focus on startups that have progressed beyond the initial phase but require additional guidance and peer support to scale and strengthen. Accelerator programmes typically last between two to six months, after which companies are expected to be capable of operating independently with a strong market presence.

Integrating digital hubs with business accelerators can provide a holistic approach to small enterprise development, addressing both digital readiness and accelerated growth. This dual support system not only enhances enterprise capacity but also fosters long-term resilience, competitiveness, and innovation, positioning small enterprises for sustainable success in an increasingly digital economy.

IBDS are critical for nurturing resilient and competitive small enterprises, particularly in underserved sectors and communities. Recognising that IBDS delivery models continuously evolve to adapt to changing market needs, technological advancements, and sector-specific demands, this policy is designed to provide a flexible framework that supports innovation and scalability in IBDS delivery. It ensures that emerging models and best practices can be integrated to maximise impact and responsiveness.

1.5.1. Evaluation of the Existing Incubation Support Programme

In 2023, the DSBD commissioned an impact evaluation to determine whether the Incubation Support Programme is delivering sustainable benefits for the small enterprises participating in its various centres[11], with a focus on whether the programme is achieving its primary objectives of enhancing socioeconomic conditions through job creation and small business development.

Key insights from the evaluation include:

1) There is a perception that Seda has historically focused on establishing a large number of incubation centres, possibly at the expense of ensuring the long-term sustainability of existing centres.

[9] European Union. "Business Incubation in Europe: Entrepreneurship Support in Europe's Regions." 2020. Accessed from EU Publications, 2024

[10] Fourth Industrial Revolution (4IR). "Digital Hubs and Their Role in Technological Innovation.", 2022. Accessed from 4IRHub.org, 2024

[11] Department of Small Business Development. "Impact of the Incubation Support Programme From Inception (2008) To 2021/22 and determining how the beneficial impacts can be strengthened". DSBD, 2023

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2) Recent governance changes have led to lengthier adjudication processes, resulting in delays in programme execution.

3) Feedback from incubators indicates a need for a more flexible, context-specific approach to measuring programme impact.

4) Although Incubation Support Programme incubators have been effective in preparing small enterprises with validated business ideas, the issue of high dropout rates during the incubation process requires further investigation.

The evaluation put forward several key recommendations to strengthen the Incubation Support Programme:

1) Strategic selection and programme design:

    a) Prioritise incubation centres with a strong track record and reduce reliance on public sector funding.

    b) Develop incentives for centres that achieve key milestones, such as enterprise growth and job creation.

    c) Transition the DSBD from a funding role to a strategic partner, ensuring interventions are tailored and outcome focused.

2) Monitoring, evaluation, and data management:

    a) Establish a robust system to track progress and impact, particularly focusing on postgraduation outcomes.

    b) Centralise data in a secure, accessible digital repository to improve transparency and decision-making.

3) Capacity building and stakeholder engagement:

    a) Address capacity constraints to enhance programme execution.

    b) Involve incubators and beneficiaries in programme design and strategy development to ensure greater relevance and foster a culture of continuous learning.

4) Funding and strategic partnerships:

    a) Increase access to funding and leverage tools, such as B-BBEE, to attract private sector support.

    b) Regularly assess the success of partnerships in achieving programme goals, such as increased market access and financial sustainability.

5) Ecosystem coordination and collaboration:

    a) Strengthen collaboration within the broader enterprise development ecosystem.

    b) Facilitate knowledge sharing through conferences, workshops, and studies on incubator best practices and outcomes.

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The recommendations aim to enhance the effectiveness and resilience of the Incubation Support Programme, ensuring that it continues to deliver meaningful support to small enterprises and contributes to broader socioeconomic development goals.

1.5.2. Incubation and Business Development Services within the Broader Entrepreneurship Development Ecosystem

The DSBD is committed to implementing a comprehensive policy framework that strengthens the reach and quality of IBDS across South Africa. This policy seeks to ensure equitable access to support for small enterprises, encouraging all stakeholders involved in the delivery of BDS to align with the DSBD's objectives and policy pillars.

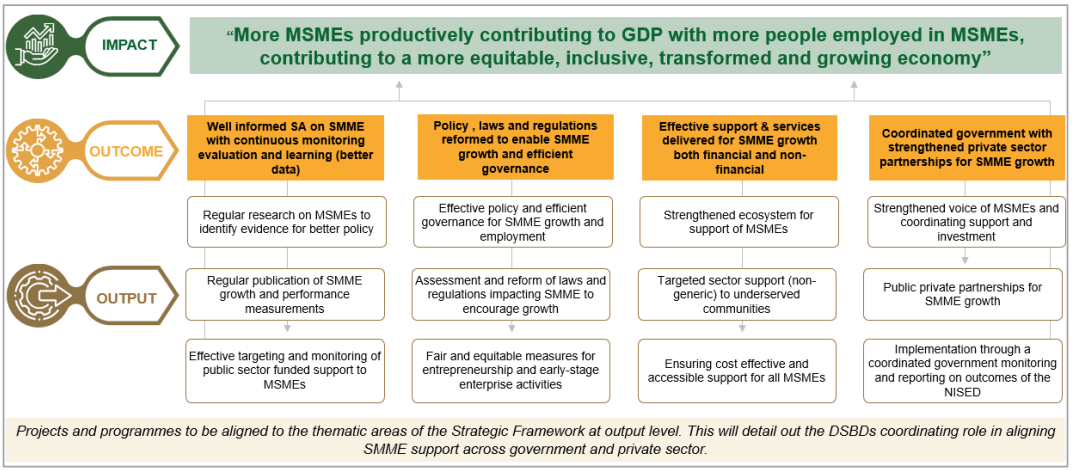
By addressing the unique challenges faced by small enterprises and providing targeted support through incubation and acceleration programmes, the DSBD aims to build a vibrant entrepreneurial ecosystem. This approach is essential for driving economic growth, job creation, and broad-based business ownership, ensuring that South Africa's small enterprises are well-positioned to thrive in a competitive global market.

1.6. ALIGNMENT TO THE NATIONAL INTEGRATED SMALL ENTERPRISE DEVELOPMENT STRATEGIC FRAMEWORK

The NISED Strategic Framework represents the next 10-year strategic approach to promoting entrepreneurship, growth, and support for small enterprises in alignment with the NDP targets. It builds on prior policy discussions and developments, ensuring a coordinated and integrated approach to small enterprise development.

The overarching objective of all the programmes of action contained in the NISED Strategic Framework is to contribute to the impact of significantly raising the contribution of economic output and labour absorption in real value of small enterprises. The impact envisaged by NISED will be realised through four outcomes and 12 outputs, reflected in the strategy map below.

Figure 2: NISED Strategic Framework



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A key focus of the NISED Strategic Framework is to align programme areas of work across different role-players in government and the private sector in order to coordinate and drive small enterprise growth and performance. In partnership with business, labour, and civil society, the NISED Strategic Framework presents a coordination tool and repository of the action steps to be taken by numerous actors within government and the whole of society.

While there are linkages to programme areas and outputs of the four NISED outcomes, the IBDS Policy Framework is located and is a specific deliverable under **Outcome 3: Effective support and services delivered for MSME growth, both financial and non-financial**. Although IBDS is more focused on non-financial support, a key emphasis is ensuring small enterprises are investment-ready and able to access financial support and ensuring ongoing support and acceleration post-investment.

In this regard, the IBDS Policy Framework is specifically orientated to contribute to the NISED outputs:

1) **Strengthened ecosystem of support for small enterprises** through the District Ecosystem Facilitation Model to implement a game changer to build the ecosystem of support in collaboration with a broad range of public and private sector partners.

2) **Targeted sector support (non-generic) to underserved communities** by ensuring programmes are aligned with the District Development Model, to ensure tailored support is provided at a district level, with a focus on supporting entrepreneurship development in the value chains of priority sector industries.

3) **Ensuring cost effective and accessible support for all small enterprises** ensuring programmes are accessible through an extensive branch and service access points network, supported incubation centres, and from ecosystem partners to extend the reach and impact of support.

NISED introduces the concept of “transformative game changers” as scalable solutions designed to tackle the sector's most pressing and complex challenges. These game changers are to be implemented through strategic partnerships that leverage the expertise of diverse stakeholders, both within and outside of government.

In this regard, the successful implementation of the IBDS Policy itself is recognised as a game-changing initiative.

1.7. BUILDING ON PRIOR POLICY DISCUSSIONS AND DEVELOPMENTS

In addition to the legislative and policy reforms introduced above, over the years, key engagements and policy discussions have taken place to improve the coordination of the IBDS ecosystem in South Africa and to enhance the quality of services offered, which together serve as a baseline and influence the development of this IBDS Policy Framework:

1) **2011**: The report "Rethinking Small Business Support in South Africa," commissioned by the DTI, critically reviewed government support for small businesses. It highlighted the fragmentation and lack of coordination in support services and the substandard quality of business advisors. The report called for urgent improvements, including institutionalising and measuring collaboration between support institutions and programmes.

2) **2015**: The DTI released the "South Africa Business Incubator Establishment Handbook," offering guidelines for establishing business incubators tailored to the needs of small

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enterprises in specific areas. The handbook was designed for provincial or municipal representatives but also served as a resource for private firms, government entities, NGOs, and academic institutions interested in incubation.

3) **2016**: In March, the DSBD and Seda hosted the South African Business Incubation Conference, which led to the early drafting of the IBDS Policy Framework.

4) **2017**: A working group formed during a symposium organised by the Global Partnership for Action on Sustainable Development and the Green Economy was tasked with developing business advisory services standards under the South African Bureau of Standards (SABS). Later that year, the International Conference on Business Advising brought together government, business advising professionals, and other stakeholders to discuss the state of business advising in South Africa, addressing issues highlighted in the 2011 DTI report.

5) **2018**: The DSBD, Seda, and Services SETA announced the establishment of the National Entrepreneurship and Co-operative Development Institute. This joint initiative aimed to close critical supply-side gaps and scale impact for entrepreneurs and small enterprises. Additionally, the Director-General of DSBD convened a meeting of professional bodies towards the development of a discussion paper on the roles of post-school education and training (PSET) and other stakeholders in professionalising business advisory services.

6) **2019**: A working group comprising Services SETA, business advising professional bodies, accredited training providers, business advisors, and a qualification development consultant developed a small business consultant occupational qualification.

7) **2020**: SABS developed the SATS 2234:2020, outlining standards for business incubators and accelerators. These standards distinguish between incubators and accelerators, providing guidelines for service provision to meet stakeholder requirements.

8) **2022**: The International Standards Organisation (ISO) ratified ISO 20700:2017, which offers guidelines for management consulting and support services, including BDS. These standards set principles for ensuring competence, ethical conduct, and agreed-upon deliverables in service provision.

Building from this platform and to address certain findings and recommendations from the Assessment of the Impact of the Incubation Support Programme from Inception (2008 to 2021/2022), in 2023, the DSBD developed and consulted on a draft IBDS Policy and draft Sector Focussed Hybrid Incubation and Digital Hub Support Strategy. Further, DSBD developed a business case for the Incubation Partnership Game Changer (2023), and Seda has a board-approved Technology Programme Sectoral Focus Strategy (2023).

Together, these documents have been developed to address Pillar 3 of the NISED Strategic Framework; however, each document has a variation of an implementation roadmap and its own implementation considerations, which risks fragmentation and duplication.

To ensure alignment and compliance with the processes outlined in the Cabinet-approved National Policy Development Framework (2020), this updated IBDS Policy Framework was developed and consulted through a policy dialogue with key external stakeholders to allow for additional inputs, refinements, and validation and co-ownership.

Legislation and public policy must play a pivotal role in ensuring the delivery of high-quality support and services that position entrepreneurship as a viable alternative to traditional employment, thus fostering small enterprise growth.

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2. PROBLEM STATEMENT

2.1. UNDERLYING POLICY STATEMENT

The IBDS Policy Framework is designed to address the systemic barriers that prevent small enterprises from realising their full potential as drivers of job creation, economic transformation, and inclusive growth in South Africa. Small enterprises are pivotal to addressing the country's challenges of poverty, unemployment, and inequality, as outlined in the NDP.

However, despite existing support mechanisms, small enterprises continue to face significant obstacles, particularly in accessing finance, markets, and BDS. Fragmentation, lack of coordination, and inconsistent service delivery further weaken the support ecosystem, particularly in rural and underserved areas. Additionally, the rising costs of accessing services, coupled with insufficient professionalisation and inadequate regulation, hinder the ability of small enterprises to scale and contribute meaningfully to South Africa's economic development.

2.2. PROBLEM STATEMENTS FOR POLICY COMPONENTS

The following problem statements detail the core issues that the IBDS Policy Framework must address to empower small enterprises to drive inclusive economic growth.

2.2.1. Fragmentation and Lack of Coordination in the Incubation and Business Development Services Ecosystem

The IBDS ecosystem in South Africa is fragmented with weak coordination between stakeholders, such as government entities, private sector players, NGOs, and financial institutions. This lack of coordination leads to inefficient resource allocation and poor service delivery, particularly in townships, rural areas, and the informal economy. Marginalised groups, such as women, youth, and persons with disabilities, are disproportionately affected by these coordination gaps, limiting their access to critical support.

2.2.2. Inconsistent Quality of Services Due to a Lack of Standards and Professionalisation of Incubation and Business Development Services Providers

The IBDS ecosystem lacks a national accreditation framework, leading to inconsistent service quality across providers. Without structured accreditation and professionalisation of IBDS providers, small enterprises receive varied levels of support, often falling short of what is needed for long-term growth. Targeted training, accreditation, and professional development are necessary to standardise the quality and effectiveness of business support across the country.

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2.2.3. Inadequate Access to Funding for Small Enterprises and Incubators

Both small enterprises and incubators face significant barriers to accessing sustainable funding mechanisms, particularly in rural areas, townships, and for marginalised groups like women, youth, and persons with disabilities. Incubators struggle with long-term sustainability due to inconsistent funding models, limiting their ability to provide critical support. Without innovative blended finance models and tailored funding tools, small enterprises and incubators are unable to grow and scale effectively.

2.2.4. Barriers to Market Access and Value Chain Integration

Small enterprises face significant barriers to accessing markets, including limited entry into value chains dominated by larger firms. Despite the existence of local procurement regulations, weak enforcement and insufficient incentives for both public and private sector entities to integrate small enterprises into their supply chains hinder market access. Strengthened procurement incentives and more robust regulatory frameworks are essential to improving small enterprise market participation.

2.2.5. Geographic, Economic, and Financial Barriers to Accessing Incubation and Business Development Services

Small enterprises in townships, rural areas, and the informal economy face significant challenges in accessing both IBDS due to limited infrastructure, outreach, and service hubs. The high cost of accessing these services further excludes marginalised groups, such as women, youth, and persons with disabilities. Without subsidies, incentives, and alternative funding models, small enterprises remain excluded from critical support services.

2.2.6. Poor Integration Between Incubation, Business Development Services, and Enterprise Supplier Development Services

The lack of integration between IBDS and ESD services results in fragmented service delivery. Small enterprises, particularly in underserved areas, struggle to receive continuous, stage-appropriate support across their business lifecycle. A more integrated service structure is needed to ensure coordinated support that covers all stages of enterprise development.

2.2.7. Gaps in Sector-Specific Expertise in Incubation

Incubation services often lack the sector-specific expertise needed to provide targeted support to early-stage enterprises. Incubators typically adopt a generalist approach, which fails to meet the specialised needs of key sectors like technology, green industries, and agriculture. Addressing these expertise gaps is crucial to ensuring that incubators can offer tailored, relevant support to small enterprises in priority sectors.

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2.2.8. Lack of Targeted Business Development Services for Lifecycle-Appropriate Enterprises

BDS face challenges in delivering targeted support to growth-stage enterprises. While early-stage support is often available, businesses at the scaling-up stage require more sophisticated services, such as market access, export readiness, and advanced financial management. The lack of tailored BDS for different growth stages limits the potential for these businesses to scale and compete in broader markets.

2.2.9. Lack of Post-Incubation and Long-Term Support for Graduates

Small enterprises often face a lack of post-incubation support, leaving them vulnerable once they graduate from incubation programmes. Without continued mentorship, financing, and market access, many businesses struggle to scale and sustain growth. A comprehensive post-incubation strategy is necessary to provide long-term support for enterprises as they move beyond the incubation phase.

2.2.10. Weak Implementation and Coordination of Government's Incubation and Business Development Services Mandate

The government's ability to implement its IBDS mandate is hindered by weak coordination across departments and limited capacity at the municipal level. Slow, bureaucratic processes for establishing public-private partnerships further delays the delivery of essential support to small enterprises. Improving the government's coordination capacity and streamlining of public-private partnership processes is essential to achieving effective IBDS implementation.

2.2.11. Lack of Innovation in the Incubation and Business Development Services Ecosystem

The lack of innovation limits the ability of IBDS providers to provide dynamic, responsive, and forward-thinking services to meet the evolving needs of small enterprises, particularly those operating in high-growth sectors like technology, agriculture, and green industries. The adoption of modern technologies, data-driven approaches, or sector-specific innovations are essential to provide small enterprises with access to advanced tools, methodologies, and practices that could drive their competitiveness and growth.

2.2.12. Low Uptake of Innovation Solutions and New Technologies

The low uptake of innovative solutions and new technologies by small enterprises (often due to barriers, such as limited access to technology, inadequate digital skills, financial constraints, or a lack of awareness), limits their ability to enhance their operations, products, or services. The adoption of new technologies and innovative solutions are essential to capitalise on opportunities for efficiency gains, market expansion, and improved competitiveness.

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2.2.13. Limiting High Regulatory Compliance Costs for Small Enterprises

Stringent compliance processes and high regulatory compliance costs restrict growth, innovation and limit access to markets for small enterprises in highly-regulated industries. While these regulations are designed to ensure safety and quality, they impose disproportionately high costs on small businesses, even those not directly involved in manufacturing. The development of proportional sector-specific regulatory frameworks, simplified compliance procedures, shared compliance networks, and shared access to compliance resources aims to reduce the compliance cost of small enterprises.

3. POLICY VISION AND OBJECTIVES

3.1. POLICY PURPOSE AND SCOPE

The IBDS Policy Framework supports NISED Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial. The purpose is to address fragmentation, improve coordination, enhance service quality, leverage technology, and ensure equitable access to resources across all regions, especially in underserved areas. This policy serves as a comprehensive solution to the challenges that small enterprises face, focusing on creating a cohesive, inclusive, and sustainable small enterprise ecosystem.

The policy is responsive to and enabled by the following applicable legislation:

1) The Constitution of the Republic of South Africa, 1996.

2) The NSEAA, which amended certain provisions of the NSEA.

3) The Co-operatives Act (No. 14 of 2005) as amended, and the Co-operative Banks Act (No. 40 of 2007) as amended.

4) The Intergovernmental Relations Framework Act (No.13 of 2005), as amended, including regulations framing the institutionalisation of the District Development Model.

The IBDS Policy Framework applies to all stakeholders involved in IBDS to small enterprises in South Africa, including state and private actors, community organisations, voluntary associations, business chambers, and professional bodies.

3.2. POLICY VISION

To create an inclusive, resilient IBDS ecosystem that empowers small enterprises to drive growth, job creation, and innovation, thereby playing a meaningful role in addressing poverty, unemployment, and inequality.

3.3. POLICY OBJECTIVES

To achieve this vision, the IBDS Policy Framework will pursue the following key objectives:

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1) Strengthen the role of the state and its agencies in enabling and overseeing the delivery of incubation and BDS to improve accountability, enforce service quality, and ensure compliance across the ecosystem.

2) Promote and drive effective collaboration among sector stakeholders to reduce fragmentation across IBDS and to create a streamlined, integrated support system for small enterprises, improve access to sustainable funding and markets, and connect small enterprises to local and global value chains, enhancing their competitiveness and growth potential in priority sectors.

3) Strive to provide lifecycle-appropriate and sector-focused IBDS that is accessible to all small enterprises, with a focus on equitable access for underserved groups in urban, rural, and township areas, including women, youth, and persons with disabilities.

4) Foster the adoption of innovative solutions in service delivery and by entrepreneurs (including green technologies), ensuring small enterprises contribute to long-term sustainable economic growth, particularly in priority sectors.

5) Professionalise the IBDS sector by implementing a national accreditation and certification framework to ensure the provision of consistent, high-quality support for small enterprises, and promoting continuous professional development for IBDS practitioners to develop a skilled and reputable IBDS workforce that meets the evolving needs of the sector.

3.4. POLICY GUIDING PRINCIPLES

The guiding principles of the IBDS Policy Framework align with the vision and objectives, ensuring effective and equitable implementation:

1) **Standards and accountability:** The IBDS ecosystem must operate under clear, enforceable standards and guidelines to ensure high-quality service delivery and accountability across all stakeholders, protecting the interests of small enterprises.

2) **Professionalisation and capacity building:** A commitment to raising the quality of IBDS providers through accreditation, formal qualifications, and continuous professional development. This ensures that providers are competent and well-equipped to meet the needs of small enterprises.

3) **Inclusive access through technology and localisation:** Equity in access to IBDS will be achieved by leveraging digital platforms and innovative technologies and decentralised service touchpoints, ensuring that all small enterprises, particularly those in underserved areas, can access critical support.

4) **Collaborative partnerships:** Effective support for small enterprises depends on fostering strong multistakeholder partnerships, involving the public sector, private sector, NGOs, donors, and social enterprises. Collaboration will enhance access to funding, market access and resource mobilisation.

5) **Sustainability and lifecycle support:** The policy will promote long-term sustainability by ensuring that small enterprises receive continuous support throughout their lifecycle (from pre-startup to post-investment growth), enabling them to achieve resilience and success.

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6) **Innovation and adaptability:** The ecosystem must foster innovation and continuously adapt to changing market needs. Incubation centres, BDS providers, and other institutions will be encouraged to adopt modern technologies and practices to remain relevant and effective.

7) **Integration and coordination:** A coordinated and integrated approach to service delivery will reduce duplication, enhance resource allocation, and ensure that small enterprises receive cohesive support across incubation, BDS, and ESD services.

8) **Sector-specific and tailored approaches:** The policy will ensure that support is tailored to the specific needs of different sectors, recognising that each sector requires customised interventions and expertise to foster growth.

9) **Inclusive governance and responsiveness:** Governance structures must be inclusive, agile, and responsive to the needs of small enterprises, especially those from underserved communities. The policy will focus on reducing barriers and simplifying processes to ensure ease of access for all.

3.5. POLICY THEORY OF CHANGE

Towards the policy vision and aligned with the NDP goals and the NISED Strategic Framework, the IBDS Policy Framework's desired impact is an environment where small enterprises have access to high-quality and tailored support services that enable their growth and long-term sustainability, contributing to inclusive economic growth, social equity, and sustainable development across South Africa.

The Theory of Change for the IBDS Policy Framework outlines the interconnected steps that link the policy's inputs, activities, outputs, outcomes, and the ultimate impact. It reflects a dynamic system that adapts based on feedback, continuous learning, refinement, and responsiveness to external conditions.

The Theory of Change Framework includes:

1) **Inputs**: Foundational resources and systems.

2) **Activities**: Actions to operationalise the policy.

3) **Outputs**: Tangible deliverables of those actions.

4) **Outcomes**: Intermediate and final results achieved over time.

5) **Impact**: Long-term developmental transformation.

Feedback loops are integrated throughout the Theory of Change, ensuring that:

1) Monitoring and evaluation informs adjustments to activities and outputs.

2) Lessons from intermediate outcomes are used to refine priorities and strategies.

3) Stakeholder engagement provides continuous insights to improve governance, coordination, and delivery.

Visually, the IBDS Policy Framework Theory of Change is reflected as follows:

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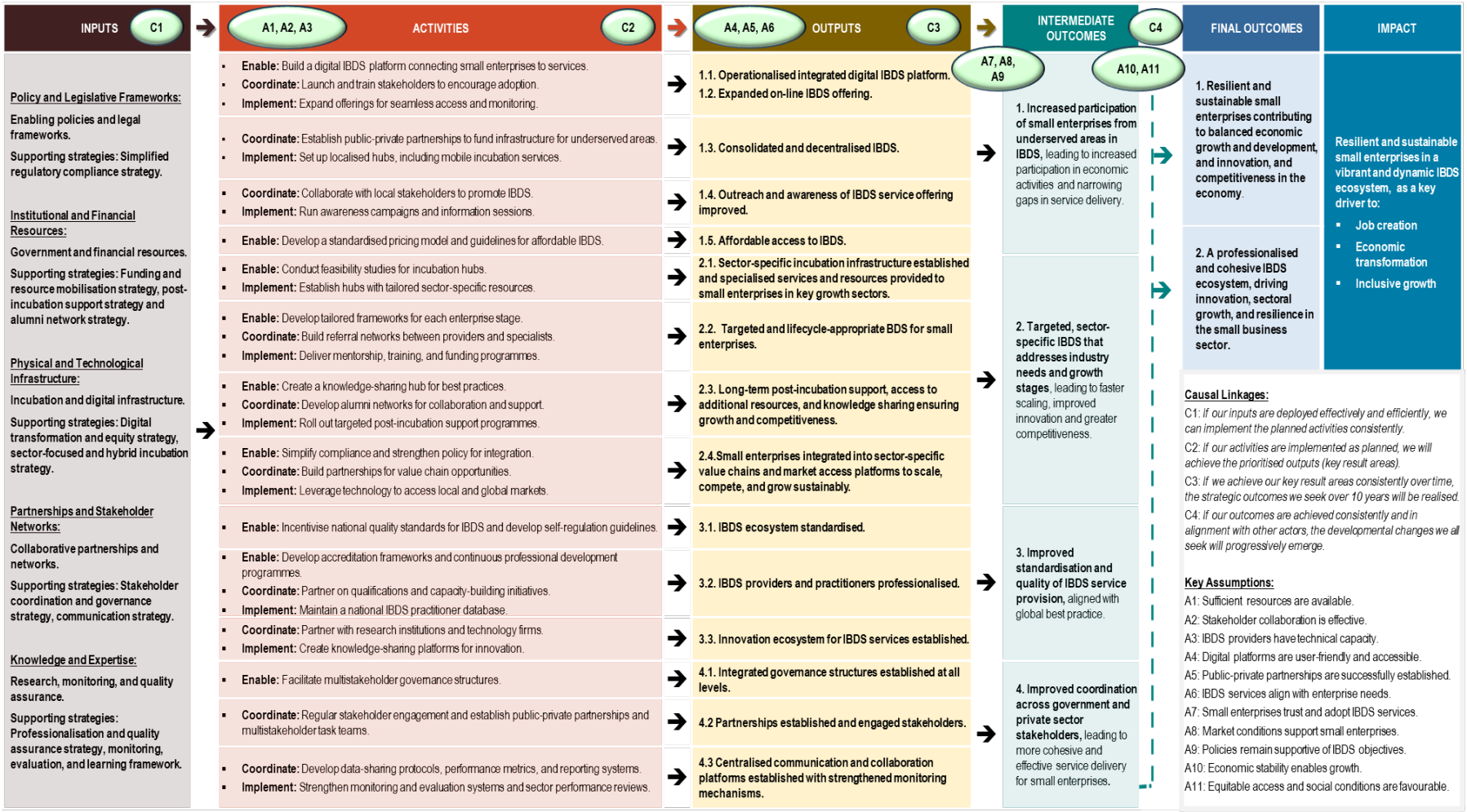
Figure 3: IBDS Theory of Change



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The Theory of Change outlines the step-by-step progression from inputs to impact, supported by explicit causal linkages, feedback loops, and assumptions underpinning each transition. This ensures transparency and adaptability, enabling effective implementation and monitoring.

1) **From inputs to activities**:

   a) **Key inputs:**

      i) Enabling policies and frameworks.

      ii) Institutional and financial resources.

      iii) Physical and technological infrastructure.

      iv) Collaborative partnerships and networks.

      v) Knowledge and expertise.

   b) **Feedback loops**:

      i) Regular resource reviews ensure gaps in funding, infrastructure, and capacity are identified and resolved.

      ii) Stakeholder engagement evaluates the effectiveness of collaborations.

   c) **Causal linkage**:

      If inputs are effectively mobilised, they will enable planned activities to proceed efficiently.

   d) **Key assumptions**:

      i) **(A1)** Adequate funding and resources are available.

      ii) **(A2)** Stakeholders actively participate and collaborate.

      iii) **(A3)** Targeted IBDS providers have the technical capacity to adopt accreditation frameworks and digital systems.

2) **From activities to outputs**:

   a) **Key activities:**

      i) **Enable:** Develop key tools and frameworks, such as the digital IBDS platform, standardised pricing models, and feasibility studies for sector-specific hubs.

      ii) **Coordinate:** Facilitate public-private partnerships, multistakeholder governance structures, and referral networks among service providers.

      iii) **Implement:** Deliver lifecycle-appropriate and sector-specific IBDS, including mobile incubation hubs, post-incubation programmes, and targeted outreach campaigns.

   b) **Feedback loops**:

      i) Monitor implementation challenges to adjust activities in real time.

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ii) Collect feedback on stakeholder participation to ensure alignment and commitment.

c) **Causal linkage**:

If activities are implemented consistently, they will deliver the intended outputs.

d) **Key assumptions**:

i) **(A4)** Digital IBDS platforms and services are user-friendly and accessible.

ii) **(A5)** Public-private partnerships and stakeholder engagement mechanisms are effectively established.

iii) **(A6)** IBDS are aligned to the needs of small enterprises within high-growth sectors, particularly underserved groups.

3) **From outputs to intermediate outcomes**:

a) **Key outputs:**

i) Operationalised and expanded digital IBDS platforms for seamless access.

ii) Affordable and decentralised IBDS offerings through localised hubs and mobile services.

iii) Professionalisation of IBDS providers via national accreditation frameworks and continuous professional development programmes.

iv) Integrated governance structures and strengthened partnerships across stakeholders.

v) Sector-specific incubation infrastructure tailored to high-potential industries, e.g., green technology and health technology.

vi) Targeted and lifecycle-appropriate BDS for small enterprises to align with different needs at different stages.

vii) Leveraged innovative solutions and new technologies to drive modernisation across the ecosystem and within small enterprises.

viii) Small enterprises integrated into sector-specific value chains and market access platforms

ix) Standardised IBDS systems aligned with global best practices.

x) Targeted awareness campaigns and outreach increasing service visibility in underserved areas.

xi) Post-incubation support programmes fostering enterprise growth and competitiveness.

b) **Feedback loops:**

i) Assess adoption rates of digital platforms and IBDS.

ii) Conduct stakeholder surveys to evaluate output quality and refine service delivery.

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c) **Causal linkage:**

If outputs are achieved, they create the conditions for intermediate outcomes to emerge.

d) **Key assumptions:**

i) **(A7)** Small enterprises trust and actively use IBDS.

ii) **(A8)** Market demand for small enterprise products supports their sustainability.

iii) **(A9)** Policies and regulations remain supportive of IBDS ecosystem goals.

4) **From intermediate outcomes to final outcomes**:

a) **Intermediate outcomes:**

i) Increased participation of small enterprises from underserved areas, enhancing equity and access.

ii) Improved sector-specific IBDS alignment, fostering scalability, innovation, and competitiveness.

iii) Enhanced standardisation and quality in IBDS service delivery.

iv) Greater coordination between government, private, and community stakeholders.

b) **Feedback loops:**

i) Use monitoring and evaluation data to assess enterprise performance and refine services.

ii) Incorporate stakeholder input to address service gaps and improve alignment.

c) **Causal linkage:**

If intermediate outcomes are consistently achieved, they will lead to final outcomes.

d) **Key assumptions:**

i) **(A10)** Enterprises effectively scale with improved services and tailored support.

ii) **(A11)** Stakeholders remain engaged and committed to supporting intermediate outcomes.

5) **From final outcomes to impact**:

a) **Final outcomes:**

i) A resilient and sustainable small enterprise sector, driving economic growth, innovation, and competitiveness.

ii) A professionalised and cohesive IBDS ecosystem, fostering sectoral growth and resilience.

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b) **Feedback loops:**

i) Long-term evaluations assess whether final outcomes contribute meaningfully to impact.

ii) Cross-sector collaboration ensures alignment with broader development goals.

c) **Causal linkage:**

If final outcomes are achieved, they contribute to the policy's long-term developmental impact.

d) **Key assumptions:**

i) **(A12)** Broader economic and political stability supports long-term small enterprise growth.

ii) **(A13)** Social and environmental conditions, such as equitable access and digital readiness, remain favourable.

The Theory of Change provides a clear roadmap for implementing the IBDS Policy, showing how inputs, activities, and outputs contribute to long-term outcomes and impact. By integrating assumptions, causal linkages, and feedback loops, the Theory of Change ensures accountability, adaptability, and alignment with the policy's vision.

This framework supports implementation, monitoring and evaluation, driving sustainable small enterprise growth and economic transformation.

4. POLICY IMPLEMENTATION

In response to the defined problem statements within the context of the Theory of Change and towards achieving the policy vision and desired impact, the IBDS Policy becomes a transformative solution that not only tackles the sector's most pressing challenges but also positions small enterprises as key drivers of inclusive economic growth.

Central to this implementation framework are the two final outcomes to increase sustainability and growth and competitiveness of small enterprises, and to develop a professional and cohesive IBDS ecosystem, capable of supporting and transforming the small business sector. Rooted in a commitment to inclusivity and equity, the implementation framework is designed to achieve four intermediate outcomes to address the diverse challenges faced by small enterprises across geographic, economic, and sectoral dimensions.

4.1. POLICY FOCUS AREAS RESPONDING TO PROBLEM STATEMENTS

This section outlines the focus areas to translate the policy's objectives into impactful, measurable outcomes that strengthen South Africa's small enterprise sector.

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4.1.1. Increased Participation Rate of Small Enterprises in Incubation and Business Development Services

Problems to be addressed:

Small enterprises in townships, rural areas, and the informal economy face significant challenges in accessing both incubation and BDS due to limited infrastructure, outreach, and service hubs. The high cost of accessing these services further excludes marginalised groups, such as women, youth, and persons with disabilities. This results in a widening gap between urban and rural businesses in terms of access to mentorship, networking, training, and critical support services that are necessary for growth and sustainability. A holistic system is required to drive increased participation by small enterprises in IBDS, particularly from underserved areas. Increased participation of small enterprises and access to essential resources and support boosts their contribution to economic activities and narrows service delivery gaps.

Focus and approach:

1) **Development and operationalisation of an integrated digital platform:**

   The lack of integration between incubation, BDS, and ESD services results in fragmented service delivery. Small enterprises, particularly in underserved areas, struggle to receive continuous, lifecycle-appropriate support across their business lifecycle. A more integrated service structure is needed to ensure coordinated support that covers all stages of enterprise development. The development of an integrated digital platform is designed to revolutionise the coordination between stakeholders and the delivery of small enterprise support services across South Africa. A primary objective is to centralise and streamline access to a comprehensive range of resources and support services, such as incubation, business development, financing, and market access, into a single, cohesive system.

   Centralising coordination efforts will enhance the efficiency of the entire ecosystem, reduce duplication of services, and optimise resource allocation, ensuring that small enterprises receive the most effective support possible. In addition, the platform will enable information sharing and tools to integrate monitoring of performance and centralised reporting and will play a critical role in the professionalisation of both IBDS providers and small enterprises. By offering continuous development opportunities, raising service standards, and empowering enterprise growth, the platform ensures that all participants in the ecosystem are equipped to thrive.

2) **Digital transformation and expansion of IBDS**:

   Leveraging digital platforms revolutionises the way IBDS are delivered, bridging economic and geographic divides. By providing an expanded virtual service offering and access to mentorship, training, and business support, small enterprises in underserved areas can overcome logistical challenges and benefit from high-quality services.

   Powered by advanced technologies, the platform will offer personalised, real-time support and insights, yet it will also be complemented by traditional support methods to ensure that even rural and underserved areas have equal access to these services. The platform's inherently scalable design will extend services to the most remote and underserved areas, bridging geographic and socioeconomic divides and making essential support services accessible to all small enterprises. Furthermore, virtual platforms empower small enterprises to connect with larger markets and networks, boosting their growth potential.

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The integrated digital platform for small enterprise support will be an enabling force in South Africa's entrepreneurial landscape. It is expected to drive systemic improvements by making support services more accessible, efficient, and impactful.

3) **Consolidation and decentralisation of IBDS**:

By establishing regional hubs and deploying mobile incubation units, the geographic barriers that restrict access to IBDS for small enterprises in underserved areas are minimised, particularly for the entrepreneurs who are not yet comfortable with using technology to access services. These initiatives bring essential services closer to rural and remote areas, eliminating the need for small enterprises to incur high travel costs and providing equitable access to incubation, training, and mentorship. The localised presence ensures a strong ecosystem of support, enabling small enterprises to participate fully in economic activities.

4) **Affordable access to services:**

The introduction of a standardised pricing model for IBDS service offering, subsidies, and cost-sharing mechanisms lowers the financial burden on small enterprises, making IBDS accessible to those who previously found the costs prohibitive. These financial support mechanisms are particularly impactful for marginalised communities, ensuring that underserved small enterprises can engage with incubation and development services, scale their operations, and increase their competitiveness. By addressing affordability, this focus area directly contributes to the inclusion of economically disadvantaged enterprises.

5) **Outreach and awareness:**

Many small enterprises in underserved areas are unaware of the IBDS available to them, which perpetuates gaps in service delivery. Targeted awareness campaigns inform small enterprises about available resources and how to access them, addressing the information gap. These campaigns leverage local partnerships, community networks, and digital channels to ensure that small enterprises in even the most remote areas are reached. By improving awareness, this focus area ensures higher participation rates and maximises the impact of IBDS initiatives.

Through these key focus areas, small enterprises in underserved areas are empowered to overcome the barriers that previously excluded them from accessing IBDS. Decentralised services ensure physical proximity and affordability initiatives remove financial constraints, digital platforms extend reach to previously inaccessible regions, and targeted awareness campaigns ensure that small enterprises know where and how to access support.

Together, these interventions create a holistic system that increases the participation of small enterprises in economic activities and addresses service delivery gaps. By fostering an inclusive IBDS ecosystem, these efforts contribute to job creation, enhanced competitiveness, and sustainable economic growth.

4.1.2. Targeted, Lifecycle-Appropriate and Sector-Specific Incubation and Business Development Services

Problems to be addressed:

The focus areas outlined for targeted, lifecycle-appropriate, and sector-specific IBDS provide a comprehensive approach to addressing the challenges faced by small enterprises:

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1) Inadequate access to funding for small enterprises and incubators.

2) Gaps in sector-specific expertise in incubation

3) Lack of targeted bds for small enterprises during the different lifecycle stages.

4) Barriers to market access and value chain integration.

5) Lack of post-incubation and long-term support for graduates.

6) Low uptake of innovation solutions and new technologies.

7) Limiting high regulatory compliance costs for small enterprises.

These interventions ensure that IBDS programmes are designed to meet the specific needs of different industries and stages in the lifecycle of entrepreneurial development, enabling small enterprises to scale more rapidly, innovate, and compete effectively.

Focus and approach:

1) **Access to funding and financial readiness:**

   The creation of modernised funding mechanisms and financial readiness programmes address the critical issue of inadequate access to capital for small enterprises and incubators. By building capacity in financial management and readiness, small enterprises are better prepared to secure funding for their operations. This ensures long-term sustainability for both small enterprises and the incubators supporting them, directly contributing to their ability to scale and innovate.

2) **Sector-specific IBDS programmes:**

   Incubation services in specialised industries often lack the sector-specific expertise needed to provide targeted support to early-stage enterprises. Incubators that lack this deep, sectoral expertise may struggle to provide businesses with the industry-specific support they need, leading to suboptimal outcomes.

   Developing sectoral frameworks tailored to high-growth industries (aligned to the priority sectors identified in the Decadal Plan[12] and Master Plan[13]) ensures that small enterprises receive support that is aligned with the unique demands of their respective sectors. These targeted interventions equip small enterprises with industry-specific skills, resources, and networks to overcome sector-specific challenges, positioning them for continuous learning, faster growth, and greater competitiveness.

3) **Targeted lifecycle-appropriate BDS:**

   BDS face challenges in delivering targeted and lifecycle-appropriate support to small enterprises. While early-stage support is often available, businesses at the scaling-up stage require more sophisticated services, such as market access, export readiness, and advanced financial management. The lack of targeted BDS for different lifecycle stages limits the potential for these businesses to scale and compete in broader markets.

   Providing tailored BDS for enterprises at different stages of growth ensures that small enterprises receive lifecycle-appropriate support that matches their unique needs. This

[12] *Department of Science and Innovation. "STI Decadal Plan 2022-2032", May 2024*

[13] *Department of Trade, Industry and Competition. "Master Plans"*

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lifecycle approach addresses the specific challenges of scaling enterprises, such as market entry, operational efficiency, and financial sustainability. It ensures that IBDS programmes are relevant and impactful across all stages of entrepreneurial growth.

4) **Market access and value chain integration:**

For small enterprises and startups, barriers to accessing market opportunities and integrating into value chains present significant challenges. Despite the existence of local procurement regulations, weak enforcement and insufficient incentives for both public and private sector entities to integrate small enterprises into their supply chains hinders market access.

Small enterprises often face difficulties in reaching broader markets, including both domestic and international markets, limiting their ability to generate sufficient revenue, build brand recognition, access supply networks, or scale operations. Barriers to integration often stem from a lack of market information, limited networks, lack of technical skills, inadequate infrastructure, and the inability to meet certification standards.

By strengthening small enterprises' ability to access markets and integrate into local and global value chains, this focus area facilitates connections with larger enterprises, distributors, and global buyers, ensuring that small enterprises can participate meaningfully in value chains, driving revenue growth, and fostering collaboration within industries, positioning them as key contributors to broader economic systems.

In addition, the Competition Commission is a key stakeholder and plays a pivotal role in strengthening enforcement, advocating for fair competition, and creating an enabling environment for small enterprises to access markets and integrate into supply chains

5) **Post-incubation and long-term support:**

Small enterprises often face a lack of post-incubation support or are sometimes reluctant to participate in post-incubation activities where it does exist. This leaves them vulnerable once they graduate from incubation programmes. Without continued mentorship, financing, and market access, many businesses struggle to scale and sustain growth. A comprehensive post-incubation strategy is necessary to provide long-term support for enterprises as they move beyond the incubation phase.

The establishment of online and cost-effective post-incubation programmes ensures continuity in support for small enterprises after they graduate from incubation and the ease of access, leading to higher participation rates. This focus area addresses the lack of long-term support, providing mentorship, funding access, and market linkages that are crucial for sustained growth and competitiveness. It reduces the dropout rate of small enterprises post-incubation and ensures their sustained contribution to economic transformation.

6) **Innovation and technology adoption:**

The lack of innovation in the IBDS ecosystem limits the ability of IBDS providers to provide dynamic, responsive, and forward-thinking services to meet the evolving needs of small enterprises, particularly those operating in high-growth sectors.

Promoting the uptake of innovative solutions and new technologies enhances the capacity of small enterprises to remain competitive in rapidly evolving markets. By integrating innovation into IBDS delivery and providing access to digital and innovation hubs, small enterprises are encouraged to adopt cutting-edge and new technologies, improving

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operational efficiency and fostering the development of new products and services that meet market demands.

7) **Regulatory simplification:**

Stringent compliance processes and high regulatory compliance costs presents challenges in navigating complex regulatory environments, restrict growth and innovation, and limits access to markets for small enterprises in highly-regulated industries. While these regulations are designed to ensure safety and quality, they impose disproportionately high costs on small businesses, even those not directly involved in manufacturing.

Advocating for simplified and small enterprise-friendly regulatory frameworks to reduce compliance burdens and regulatory costs alleviate this burden, enabling small enterprises to operate more efficiently and focus on growth. Simplified regulations and user-friendly processes ensure that more small enterprises can formalise their businesses and access critical IBDS, fostering a vibrant and compliant small enterprise sector.

4.1.3. Standardisation and Improved Quality of Incubation and Business Development Services Provision

Problems to be addressed:

The identified focus areas directly address the systemic challenges of inconsistent quality and lack of innovation in the IBDS ecosystem, laying the foundation for an ecosystem that delivers high-quality, globally-aligned services to small enterprises. Together, these focus areas ensure the standardisation, professionalisation, and continuous improvement of IBDS, fostering a system that is efficient, innovative, and impactful.

Focus and approach:

1) **Development and enforcement of national IBDS standards:**

The establishment of clear service delivery guidelines, benchmarks, and quality frameworks provides unified standards for all IBDS providers. This ensures consistency in service delivery, eliminating disparities in quality and impact across regions and sectors. By setting minimum operational and service standards, IBDS providers are held accountable, fostering trust among small enterprises and stakeholders. The standards also act as a blueprint for new entrants, reducing inefficiencies and aligning efforts across the ecosystem.

2) **Professionalisation of IBDS providers:**

The implementation of accreditation, certification, and capacity-building programmes ensures that IBDS providers possess the necessary skills, expertise, and credibility to deliver impactful services. This professionalisation process not only raises the bar for service quality but also establishes IBDS provision as a recognised and respected profession. Certified providers are better equipped to address the diverse needs of small enterprises, resulting in tailored and high-impact interventions. Additionally, professionalisation enhances the reputation of the ecosystem, attracting more small enterprises to participate and benefit from its services.

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3) **Innovation-driven and best practice aligned service models and tools:**

Fostering innovation in IBDS design and delivery enables providers to stay ahead of emerging trends and meet the dynamic needs of small enterprises. By leveraging the digital platforms, innovative business models, and sector-specific tools, IBDS become more accessible, efficient, and relevant. This focus on innovation ensures that the ecosystem remains competitive and adaptive, offering cutting-edge solutions that enable small enterprises to thrive in modern markets. For instance, digital tools can streamline operations, while sector-specific models ensure that incubators and BDS providers address unique industry challenges effectively.

Benchmarking IBDS service delivery against global best practices positions the ecosystem to compete on an international scale. By aligning standards, methods, and approaches with those of leading global systems, IBDS providers can ensure relevance and competitiveness in an increasingly interconnected world. Global alignment also enhances the credibility of the ecosystem, attracting international partnerships, funding, and market opportunities for small enterprises.

4) **Knowledge sharing and continuous improvement:**

Creating systems for sharing best practices, lessons learned, and success stories fosters a culture of collaboration and continuous improvement within the IBDS ecosystem. Providers can learn from successful models and avoid repeating common mistakes, ensuring that service delivery evolves and improves over time. By facilitating regular knowledge exchanges, the ecosystem becomes more cohesive and adaptive, ensuring that small enterprises benefit from the collective expertise of the IBDS network.

By addressing the gaps in standardisation, professionalisation, and innovation, these focus areas collectively ensure that the IBDS ecosystem delivers consistent, high-quality services aligned with global benchmarks. The result is a system that is trusted by small enterprises, fosters innovation, and continuously evolves to meet changing market demands.

Through the integration of these focus areas, the IBDS ecosystem evolves into a dynamic, high-quality network that effectively supports small enterprises as drivers of inclusive economic growth and innovation.

4.1.4. Strengthen Coordination Across Government and the Private Sector

Problems to be addressed:

The government's ability to implement its IBDS mandate is hindered by weak coordination across departments and limited capacity at municipal level. Slow, bureaucratic processes for establishing public-private partnerships further delay the delivery of essential support to small enterprises. Improving the government's coordination capacity and streamlining public-private partnership processes is essential to achieving effective IBDS implementation.

The focus areas outlined address the systemic issues of fragmentation and weak coordination within the IBDS ecosystem by building robust frameworks, enhancing communication, fostering partnerships, and strengthening accountability. These measures ensure more cohesive and effective collaboration between government and private sector stakeholders, resulting in improved service delivery for small enterprises.

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CONTINUES ON PAGE 130 OF BOOK 2

Printed by and obtainable from the Government Printer, Bosman Street, Private Bag X85, Pretoria, 0001
Contact Centre Tel: 012-748 6200. eMail: info.egazette@gpw.gov.za
Publications: Tel: (012) 748 6053, 748 6061, 748 6065

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Government Gazette
Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA

Vol. 725 14 November / November 2025 No. 53662

PART 2 OF 3

N.B. The Government Printing Works will not be held responsible for the quality of "Hard Copies" or "Electronic Files" submitted for publication purposes

ISSN 1682-5845

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Focus and approach:

1) **Integrated governance structures:**

Fragmentation in the IBDS ecosystem stems from unclear roles and responsibilities among stakeholders. By establishing integrated governance structures, this focus area creates a unified framework that defines the roles, responsibilities, and coordination mechanisms for all stakeholders. These structures eliminate overlaps, reduce inefficiencies, and ensure that both public and private sector entities work collaboratively toward shared goals. This foundational framework also fosters trust and alignment, creating a solid basis for coordinated action.

2) **Centralised communication and collaboration platforms:**

One of the key barriers to effective coordination is the lack of streamlined communication systems. The integrated digital platform provides a common space for stakeholders to share information, track progress, and collaborate efficiently. It reduces duplication of efforts, enhances transparency, and enables real-time decision-making.

By facilitating seamless communication across different levels of government and private sector entities through the established mechanisms, this focus area ensures that IBDS are delivered in a timely and consistent manner.

3) **Stakeholder engagement and partnerships:**

The participation of diverse stakeholders is critical to addressing complex challenges in the IBDS ecosystem. By fostering public-private partnerships and creating multistakeholder task forces, this focus area ensures the pooling of resources, expertise, and networks. This collaborative approach aligns public sector policy priorities with private sector innovations, ensuring that the needs of small enterprises are met effectively. Partnerships also promote knowledge sharing and co-creation of solutions tailored to specific sectors and regions.

4) **Monitoring and accountability mechanisms:**

Weak implementation and coordination often result from a lack of oversight and accountability. This focus area strengthens monitoring and accountability mechanisms to track stakeholder performance and ensure compliance with the IBDS mandate. By setting clear performance indicators, regular evaluations, and transparent reporting, stakeholders are held accountable for their roles. This focus area fosters a culture of responsibility and continuous improvement, ensuring that coordination efforts translate into tangible outcomes for small enterprises**.**

Regional and local coordination mechanisms are vital to bridging the gap between national small business policies and localised implementation. By leveraging existing provincial and local structures and business chambers, along with fostering collaboration through public-private partnerships and community-based organisations, the small business ecosystem can create tailored, effective solutions that meet the diverse needs of small enterprises. Strengthening these mechanisms ensures more inclusive, efficient, and impactful small business development.

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4.2. TARGET BENEFICIARIES AND STAKEHOLDERS

Target markets and stakeholders will be identified to support national and provincial economic policies and priorities outlined in the NDP, District Development Model one-plans, and sector masterplans.

4.2.1. Beneficiaries

The primary beneficiaries of the IBDS Policy Framework are small enterprises at various stages of development, particularly early-stage entrepreneurs, startups, and small enterprises with growth ambitions. With a strong emphasis on inclusivity and capacity building to drive sustainable growth and meaningful economic participation, the framework is designed with specific considerations for:

1) **Small enterprises:** Focus on micro enterprises, particularly those in townships, rural areas, and those owned by women, youth, persons with disabilities, and military veterans.

2) **Growth-oriented small businesses:** Tailored support for small enterprises in priority sectors, including value chain assessments to facilitate meaningful industry participation.

3) **Co-operative banking sector:** Strengthen capacity and improve operational efficiency through innovation and technology to enhance financial inclusion.

4.2.2. Stakeholders and Partnerships

The IBDS Policy Framework emphasises the critical role of diverse stakeholders:

1) **The state and its agencies:** Including those responsible for small business development, trade, industry, and education.

2) **Provincial and municipal development agencies:** Provincial and local partners in facilitating the implementation of national strategies at local and regional levels.

3) **IBDS and skills development providers:** Implement national policies and strategies and provide IBDS, advice, and support to beneficiaries.

4) **Private sector partners:** Corporates, financial institutions, and industry bodies involved in IBDS and ESD.

5) **Academic and research institutions:** Universities and research organisations contributing to innovation and professionalisation.

6) **Skills development institutions (e.g., SETA**, **SAQA**, **QCTO)** and professional bodies involved in skills development, education, certification, continuous development, quality assurance, and training regulation in South Africa.

7) **Community organisations and NGOs:** Local bodies supporting entrepreneurial development, particularly in underserved areas.

Effective stakeholder management focuses on building strong relationships and aligning expectations. Not all stakeholders are suitable partners and partnerships may vary in

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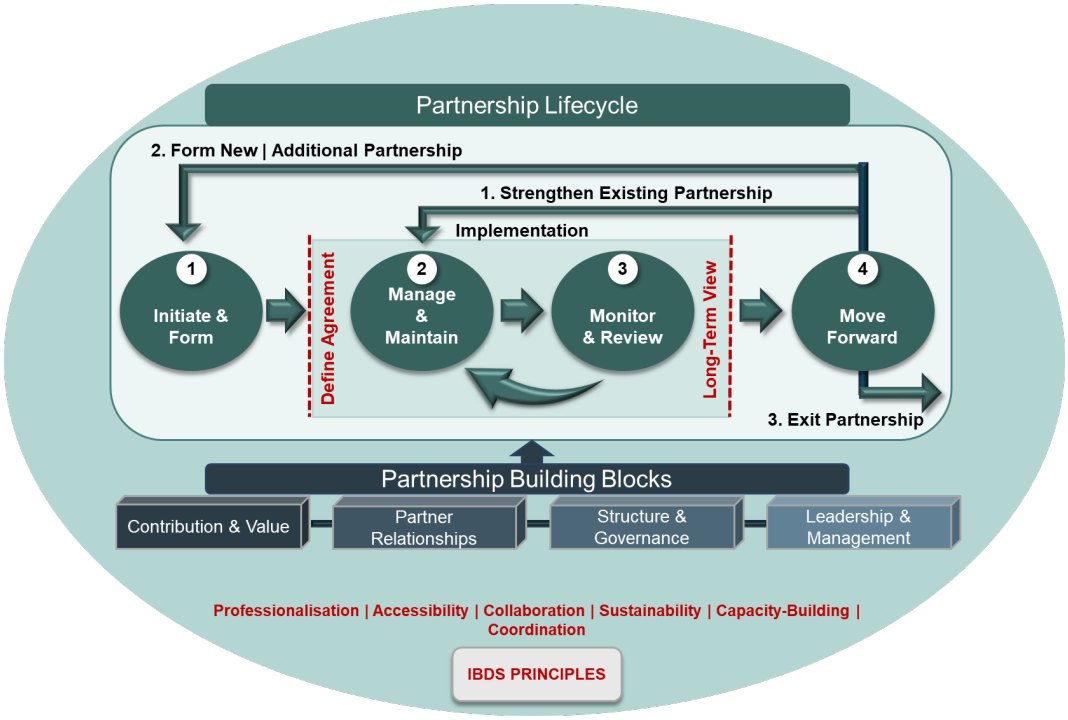
effectiveness. Successful partnerships require shared goals, value creation, and compatibility between partners, with a focus on collaborative advantages.

In the context of IBDS, partnerships can range from high-level strategic alliances to localised initiatives, but the core processes of building and maintaining them are universally applicable. Despite challenges, resilient and committed partnerships can drive notable change.

Figure 4: IBDS Partnership Model



Source: Adapted from Partnership Model adopted in the achievement of the Sustainable Development Goals[14]

The IBDS Partnership Model provides a structured approach to managing partnerships with a clear lifecycle:

1) **Initiate and form:** Identify and engage stakeholders, develop a shared vision, and formalise commitments through agreements or memoranda of understanding.

2) **Manage and maintain:** Develop action plans aligned with long-term goals, build strong relationships, and address potential obstacles.

3) **Monitor and review:** Regularly assess partnership performance, measure value creation, and adapt as needed.

4) **Moving forward:** Based on review outcomes, decide to exit, strengthen, scale, or reimagine the partnership.

Key elements for the success of a partnership include ensuring that the partnership creates value greater than the sum of individual efforts, building strong relationships based on equity and

[14] *United Nations and Partnership Initiative. "The SDG Partnership Guidebook". United Nations, 2020*

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transparency, establishing flexible yet accountable governance structures, and employing effective leadership and management strategies.

The IBDS Policy Framework, through the IBDS Partnership Model, outlines a comprehensive approach to forming, managing, and sustaining cross-sectoral partnerships, ensuring they drive meaningful and transformative change in the IBDS ecosystem.

4.3. RESOURCE CONSIDERATIONS

To implement the IBDS Policy Framework, consideration should be given the following resources:

1) **Human resources**:

   a) For IBDS providers and practitioners, invest in the upskilling and accreditation of IBDS providers, ensuring they meet the standards required to deliver effective support. This includes continuous professional development opportunities to keep practitioners updated on the latest industry trends and methodologies.

   b) For small enterprises and enterprise owners, allocate resources to develop and deliver training programmes aimed at the professionalisation of small enterprise owners. This will include workshops, mentoring, and access to online resources that cover essential business management skills and industry-specific knowledge.

2) **Financial resources**: Secure sustainable funding from government, private sector, and international donors. Develop funding models that ensure long-term viability.

3) **Technological resources**: Invest in information technology (IT) infrastructure and advanced technologies to support the centralised digital platform and digital service delivery, ensuring broad accessibility and effective data management.

4) **Physical resources:** Ensure that incubation centres, BDS offices, and other physical infrastructure are adequately equipped to deliver high-quality services.

4.4. ROLES AND RESPONSIBILITIES

The IBDS ecosystem relies on a diverse set of stakeholders, each playing a critical role in fostering a thriving small enterprise environment.

1) **The government** sets the strategic direction by formulating policies, providing funding, and ensuring alignment with national development goals.

2) **Government agencies, such as DSBD and SEDFA**, serve key roles in the implementation of the IBDS Policy. DSBD is positioned to oversee and enable the delivery of IBDS to improve accountability, enforce service quality, and ensure compliance across the ecosystem; and SEDFA is strategically positioned to lead and strengthen cross-sectoral partnerships and coordination efforts across national, provincial, and local levels, leveraging resources and sharing risks to maximise the impact within the IBDS ecosystem.

3) **Provincial and local government development agencies** localise these initiatives by aligning them with regional priorities, supporting local development and facilitating infrastructure development.

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4) The **private sector** contributes through partnerships, supply chain integration, and mentoring, leveraging its resources and networks to enable market access for small enterprises.

5) **Educational institutions and research organisations** enhance the ecosystem by providing training, capacity building, and sector-specific expertise, while **industry associations** and **chambers of commerce** advocate for small-enterprise-friendly policies and facilitate networking opportunities.

6) Additionally, **financial institutions and development finance entities** support small enterprises with funding mechanisms tailored to their growth needs, and **regulatory bodies** ensure compliance and standardisation within the ecosystem.

Together, these stakeholders create a cohesive and supportive framework that equips small enterprises with the resources, knowledge, and networks needed to scale, innovate, and contribute to economic transformation.

The delineation of roles and responsibilities for implementing the IBDS Policy Framework is discussed in more detail in Annexure B.

4.5. POLICY COMMUNICATION

Communication plays a crucial role in the implementation of the IBDS Policy Framework. Its functions include:

1) **Stakeholder engagement:**

   a) **Building relationships**: Establish and nurture relationships with key stakeholders, including government agencies, private sector partners, service providers, and small enterprises.

   b) **Information sharing**: Disseminate relevant information about the policy framework and its objectives and available services to ensure stakeholders are well-informed and aligned.

   c) **Feedback collection**: Implement channels for stakeholders to provide feedback, raise concerns, and suggest improvements, ensuring that the policy framework remains responsive and effective.

2) **Awareness and outreach:**

   a) **Marketing campaigns**: Develop and execute marketing strategies to increase awareness of the policy framework and its benefits, targeting both potential beneficiaries and service providers.

   b) **Educational initiatives**: Conduct workshops, webinars, and seminars to educate small enterprises and service providers about the policy framework, its components, and how to access the available support.

   c) **Public relations**: Manage public relations efforts to highlight successes, share success stories, and build a positive image of the policy framework.

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3) **Internal communication:**

   a) **Coordination and alignment**: Ensure effective communication among SEDFA, DSBD, provincial hubs, service providers, and other stakeholders to align efforts and prevent duplication.

   b) **Information flow**: Facilitate the smooth flow of information between various levels of the organisation and between different stakeholders, ensuring that everyone is up-to-date and working towards common goals.

   c) **Training and support**: Provide ongoing communication support for training initiatives, ensuring that staff and service providers have the information and resources needed to implement the policy effectively.

4) **Monitoring and reporting:**

   a) **Progress updates**: Communicate progress and outcomes to stakeholders through regular reports and updates, ensuring transparency and accountability.

   b) **Impact measurement**: Share insights and data on the impact of the policy framework, using communication tools to highlight achievements and areas for improvement.

   c) **Crisis management**: Develop strategies for managing communication during challenges or crises, ensuring that stakeholders are informed and reassured about the steps being taken to address issues.

5. POLICY GOVERNANCE

Nomfezeko to provide governance requirements for the policy once finalised.

5.1. POLICY PERFORMANCE REPORTING AND ACCOUNTABILITY

The implementation of the IBDS Policy Framework is guided by the distinct roles of the DSBD and SEDFA:

1) DSBD provides strategic oversight, ensuring alignment with national priorities, such as the NDP and medium-term development plans. The department is responsible for resource mobilisation, partnership building, and overseeing the overall implementation of the framework. It regularly reports on progress, resource allocation, and the impact of the IBDS initiatives on economic inclusion and job creation.

2) SEDFA, as the primary implementing agent, manages the delivery of incubation, BDS, personal initiative training, and ESD services across all regions. The agency ensures coordinated and integrated service delivery through a centralised digital platform, enhancing accessibility and effectiveness. SEDFA is also responsible for capacity building, improving service quality through targeted training and infrastructure upgrades. It reports regularly to DSBD on implementation progress, performance, and impact, providing data-driven insights to inform policy adjustments and ensure continued alignment with national goals.

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5.1. POLICY RISK ASSESSMENT AND MITIGATION STRATEGY

Risks to the realisation of the IBDS Policy framework are identified as follows:

Outcome	Associated Risk	Mitigation Strategies
Outcome 1: Increased participation of small enterprises from underserved areas in IBDS, leading to increased participation in economic activities and narrowing gaps in service delivery	Limited adoption of digital platforms	▪ Provide training programmes on digital tools and platforms ▪ Partner with telecommunication providers to subsidise internet access for small enterprises ▪ Implement comprehensive training and awareness campaigns ▪ Ensure blended service delivery with traditional methods ▪ Develop partnerships to improve digital infrastructure in underserved areas
	High cost of expanding physical and mobile infrastructure	▪ Leverage partnerships with local governments, NGOs, and the private sector for cost-sharing ▪ Prioritise high-need areas for phased infrastructure deployment
	Struggles in effectively reaching and serving small enterprises in rural and underserved areas	▪ Establish outreach centres and local service centres ▪ Implement targeted outreach programmes ▪ Partner with local community organisations and NGOs
	Limited awareness among small enterprises	▪ Implement localised outreach through community networks and local business chambers ▪ Use a combination of traditional and digital media channels to expand reach
	Inefficiencies in service coordination	▪ Develop a centralised coordination framework and monitoring system ▪ Regularly engage stakeholders to align objectives and streamline processes
Outcome 2: Targeted, sector-specific IBDS that addresses industry needs and growth stages, leading to faster scaling, improved innovation, and	Limited sector-specific expertise	▪ Partner with academic institutions and industry leaders to provide sector-specific training ▪ Develop sectoral frameworks with input from experts to guide service delivery
	Insufficient access to funding and financial support	▪ Secure diverse funding sources, including government, private sector, and international donors ▪ Promote sustainable financing models

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Outcome	Associated Risk	Mitigation Strategies
greater competitiveness		▪ Ensure efficient and transparent resource allocation ▪ Implement financial literacy programmes
	Barriers to market access and value chain integration	▪ Offer technical assistance to meet certification and quality standards and subsidised certification programmes ▪ Organise supply chain networking events to connect small enterprises with larger enterprises
	Resistance to innovation and technology adoption	▪ Provide financial incentives for technology adoption ▪ Establish digital hubs and innovation centres to offer hands-on training and exposure
Outcome 3: Improved standardisation and quality of IBDS service provision, aligned with global best practice	Inconsistent adherence to national standards	▪ Develop an accreditation system with gradual implementation to allow for adaptation ▪ Provide capacity-building programmes to help providers meet compliance requirements
	Gaps in knowledge sharing and best practices	▪ Create a centralised knowledge-sharing platform for IBDS providers ▪ Host regular conferences and workshops for sharing best practices and innovations
	Lack of the necessary skills, knowledge, and standards among IBDS providers and small enterprises	▪ Implement a national professionalisation framework for IBDS providers ▪ Develop tailored professionalisation programmes for small enterprises ▪ Establish ongoing evaluation and feedback mechanisms
	Resistance and/or delays in professionalisation	▪ Provide clear pathways and incentives for IBDS providers to become accredited ▪ Develop partnerships with educational institutions to create accessible certification programmes
Outcome 4: Improved coordination across government and private sector stakeholders, leading to more cohesive and effective service delivery for small enterprises	Fragmentation and role overlaps	▪ Establish integrated governance structures with clearly defined roles for each stakeholder ▪ Regularly review and update governance frameworks to ensure alignment with IBDS goals
	Limited buy-in from the private sector	▪ Simplify processes for establishing public-private partnerships and offer tax incentives for private sector participation ▪ Actively involve private sector stakeholders in policy discussions to align goals

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Outcome	Associated Risk	Mitigation Strategies
	Failure to establish effective public-private partnerships limiting the impact on ESD and market access	▪ Develop structured partnership models ▪ Introduce incentives for private sector participation ▪ Regularly monitor and review the effectiveness of public-private partnerships
	Weak monitoring and accountability mechanisms	▪ Develop performance-based key performance indicators and integrate them into stakeholder agreements ▪ Use digital tools to track progress and ensure transparency in reporting

The following are general mitigation strategies across all the intermediate outcomes:

1) **Build capacity:** Regularly train stakeholders (including government officials, IBDS providers, and small enterprises) to enhance their capabilities and understanding of the ecosystem.

2) **Mobilise resources:** Leverage partnerships with donors, international organisations, and the private sector to secure funding and technical expertise.

3) **Utilise technology:** Invest in digital platforms for efficient service delivery, monitoring, and coordination.

4) **Stakeholder engagement:** Foster regular engagement through forums, task forces, and public-private working groups to maintain alignment and resolve challenges proactively.

5) **Utilise pilot programmes:** Test new initiatives on a small scale before full implementation to identify risks and refine strategies.

6. POLICY MONITORING, EVALUATION, AND REVIEW

Policy monitoring, evaluation, and continuous improvement are important to track progress, assess impact, and adapt the policy framework to ensure it remains relevant and effective. Key considerations are to enable:

1) **Real-time monitoring**: Utilising the centralised digital platform to monitor service delivery and outcomes in real time, allowing for quick adjustments as needed.

2) **Impact metrics**: Define and track key performance indicators, such as reach, service quality, business success rates, and regional inclusivity.

3) **Adaptive policymaking**: Regularly review data and feedback to refine the policy framework, ensuring that it continues to meet the evolving needs of small enterprises across South Africa.

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6.1. PROGRAMME PERFORMANCE MEASUREMENT INDICATORS

The success of the IBDS Policy depends on the ability to measure its progress and effectiveness across a diverse range of activities, interventions, and outcomes.

The following table provides a set of indicative key performance indicators, designed as a guideline for measuring the performance and impact of the IBDS Policy implementation.

The key performance indicators are structured to address multiple dimensions of the IBDS ecosystem, including access to services, quality of delivery, sectoral alignment, innovation, market access, and stakeholder coordination. By monitoring these type of indicators, stakeholders can gain actionable insights to inform decision making, enhance accountability, and identify opportunities for continuous improvement.

Focus Areas	Key Performance Indicator
Coordination and integration	▪ **Stakeholder engagement levels**: Monitor the number and quality of partnerships and collaborations established among stakeholders, including public and private sectors ▪ **Coordination efficiency**: Assess the effectiveness of coordination efforts by tracking instances of duplication and alignment across services and regions ▪ **Number of alumni engaged in mentorship or investment:** The number of former incubation participants who return to provide mentorship or invest in newer enterprises ▪ **Number of partnerships established with industry:** The total number of partnerships formed with corporations, industry associations, or research institutions to provide additional resources to incubated businesses
Technology and digital platform performance	▪ **Platform utilisation rates**: Measure the number of users and frequency of use of the centralised digital platform for accessing support services ▪ **Technical performance metrics**: Track the performance of digital tools, including uptime, response times, and user satisfaction with the technology
Access and outreach	▪ **Number of small enterprises served**: Track the total number of small enterprises that access financial and non-financial support services through the centralised digital platform and provincial hubs ▪ **Geographical reach**: Measure the percentage of rural and underserved areas covered by support services, ensuring equitable access across regions
Service utilisation and quality	▪ **Service usage rates:** Monitor the number of services accessed per enterprise, including IBDS, personal initiative training, and ESD, to gauge engagement and utilisation ▪ **Client satisfaction scores:** Collect feedback from beneficiaries on the quality of services received, using surveys and rating systems to assess satisfaction levels

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Focus Areas	Key Performance Indicator
Sector-specific incubation hubs	▪ **Participant retention rate:** The percentage of enrolled enterprises that remain active throughout the incubation period ▪ **Number of enterprises enrolled:** The total number of startups and small enterprises enrolled in the sector-specific incubation programme over a specific period ▪ **Percentage of participants from underserved areas:** The proportion of enterprises enrolled that come from rural or marginalised areas
Pre-investment and post-investment support	▪ **Pre-investment readiness**: Measure the percentage of enterprises that achieve investment readiness as a result of IBDS support ▪ **Post-investment success rates**: Track the survival rate (12 months, 24 month, and 36 months) and growth metrics of enterprises that have received post-investment support, including revenue growth and job creation ▪ **Percentage of enterprises scaling operations:** The proportion of enterprises that expand their operations, increase production, or enter new markets during or after incubation ▪ **Percentage of businesses transitioning to growth-stage:** The proportion of enterprises that successfully transition from early-stage to growth-stage, as measured by revenue, team size, or market expansion
Market access and value chain linkages	▪ **Percentage of enterprises expanding into new markets:** The proportion of businesses that enter new domestic or international markets during or after the incubation programme ▪ **Number of value chain linkages facilitated:** The total number of connections made between incubated enterprises and new buyers, distributors, or supply chain partners ▪ **Enterprise participation in trade shows or exhibitions:** The number of enterprises that attend or exhibit at trade fairs or international market platforms facilitated by the programme
Knowledge sharing and continual development	▪ **Number of knowledge-sharing platforms established:** The total number of digital or physical platforms (e.g., intranets, learning management systems, and resource hubs) created for knowledge dissemination ▪ **Utilisation rate of knowledge platforms:** The percentage of incubated businesses and service providers actively using knowledge-sharing platforms (e.g., number of logins, downloads, or content views)
Access to finance and investment	▪ **Number of enterprises receiving external funding:** Number of businesses that secure external financing (e.g., grants, loans, venture capital) during or after incubation ▪ **Total value of investment raised:** The total amount of capital raised by incubated enterprises from investors, lenders, or grants during or after incubation ▪ **Percentage of enterprises accessing growth capital:** The proportion of incubated enterprises that secure growth-stage capital after completing the programme

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Focus Areas	Key Performance Indicator
	▪ **Number of linkages with financial institutions:** The number of formal partnerships established between the incubation programme and banks, venture capital firms, and microfinance institutions to support enterprise financing
Professionalisation of IBDS providers	▪ **Number of IBDS providers accredited:** Measure the number of IBDS providers accredited for compliance with the national accreditation framework and standards ▪ **Percentage of qualified and certified IBDS practitioners:** Proportion of IBDS practitioners qualified and professionally certified due to continuous professional development
Compliance with national quality standards	▪ **Adherence to national standards:** Measure the percentage of providers fully aligned with national standards ▪ **Compliance with sector-specific requirements:** Measure the percentage of programmes that integrate sector-specific requirements as the dominant part of the service offering
Capacity building and training	▪ **Completion rate:** The percentage of registered participants who complete the full training programme ▪ **Improvement in skills and knowledge**: Assess the effectiveness of training programmes by measuring the improvement in skills and knowledge among participants
Innovation and commercialisation	▪ **Number of innovations commercialised**: Count the number of new products or services developed and brought to market through incubation support ▪ **Partnerships with research institutions**: Monitor the number of collaborations established between incubation centres and research institutions or universities ▪ **Product or service innovation rate**: Percentage of enterprises that launch new products or services or significantly improve existing ones as a result of incubation support

The indicative set of indicators provide the foundation to inform the development of integrated sector-wide indicators, as part of the policy monitoring and reporting process below.

6.2. POLICY MONITORING AND REPORTING PROCESS

The DSBD is tasked with overseeing, monitoring, and evaluating the implementation of the IBDS Policy Framework. In collaboration with SEDFA, the DSBD will execute an integrated Monitoring, Evaluation, Research, and Learning Strategy. This strategy is designed to foster a culture of continuous improvement within both DSBD and SEDFA, ensuring that all activities are driven by data and evidence-based management.

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Key components of this strategy will include:

1) **Regular needs assessments:** Conduct systematic assessments of the business development support requirements of small enterprises. These assessments will inform the design, methodologies, and delivery of BDS programmes, ensuring they are tailored to the evolving needs of these enterprises.

2) **Standardised monitoring and evaluation system:** Implement a standardised IBDS monitoring and evaluation system with appropriate tools to measure and evaluate the impact of IBDS on beneficiaries. This system will ensure consistent and accurate tracking of outcomes.

3) **Data and knowledge sharing mechanisms:** Establish robust mechanisms for collecting, classifying, curating, and disseminating relevant local and international data, research, and knowledge. This will be done in collaboration with reputable and representative IBDS stakeholders.

4) **Alignment with reporting requirements:** Ensure that monitoring and evaluation processes align with DSBD's data reporting requirements concerning IBDS, integrating monitoring and evaluation seamlessly into all DSBD and SEDFA programmes. This alignment will support a learning-oriented approach and facilitate consistent performance enhancement.

5) **Market assessments and intelligence:** Conduct annual assessments of the IBDS market to evaluate the performance and impact of BDS on small enterprises. These assessments will provide critical insights into the effectiveness of IBDS provision and identify areas for improvement.

6) **Development of e-learning and knowledge platforms:** Undertake the development of an e-learning platform and an online knowledge database to promote best practices, shared learning, and formal educational programmes, thus enhancing the overall capacity of IBDS providers.

Through this structured approach, the DSBD, with the support of SEDFA, will ensure that the IBDS Policy Framework is implemented effectively, contributing to the sustainable growth and development of small enterprises.

6.3. POLICY EVALUATION

DSBD will plan for and conduct an implementation evaluation of the IBDS Policy Framework in the fifth year of implementation to inform review of the IBDS Policy Framework.

6.4. POLICY REVIEW

The IBDS Policy Framework will be reviewed in the fifth year of implementation. However, non-material amendments to implementation considerations and templates may happen regularly based on discovery of best implementation practices.

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7. CONCLUSION

This enhanced policy framework positions the DSBD, acting through its implementation agent SEDFA, as the central coordinating body for a national entrepreneurship development ecosystem. By leveraging technology, particularly generative artificial intelligence, and focusing on inclusive access through a common digital entry point, SEDFA can effectively support small enterprises across South Africa, ensuring equitable growth and economic development, especially in rural and underserved communities.

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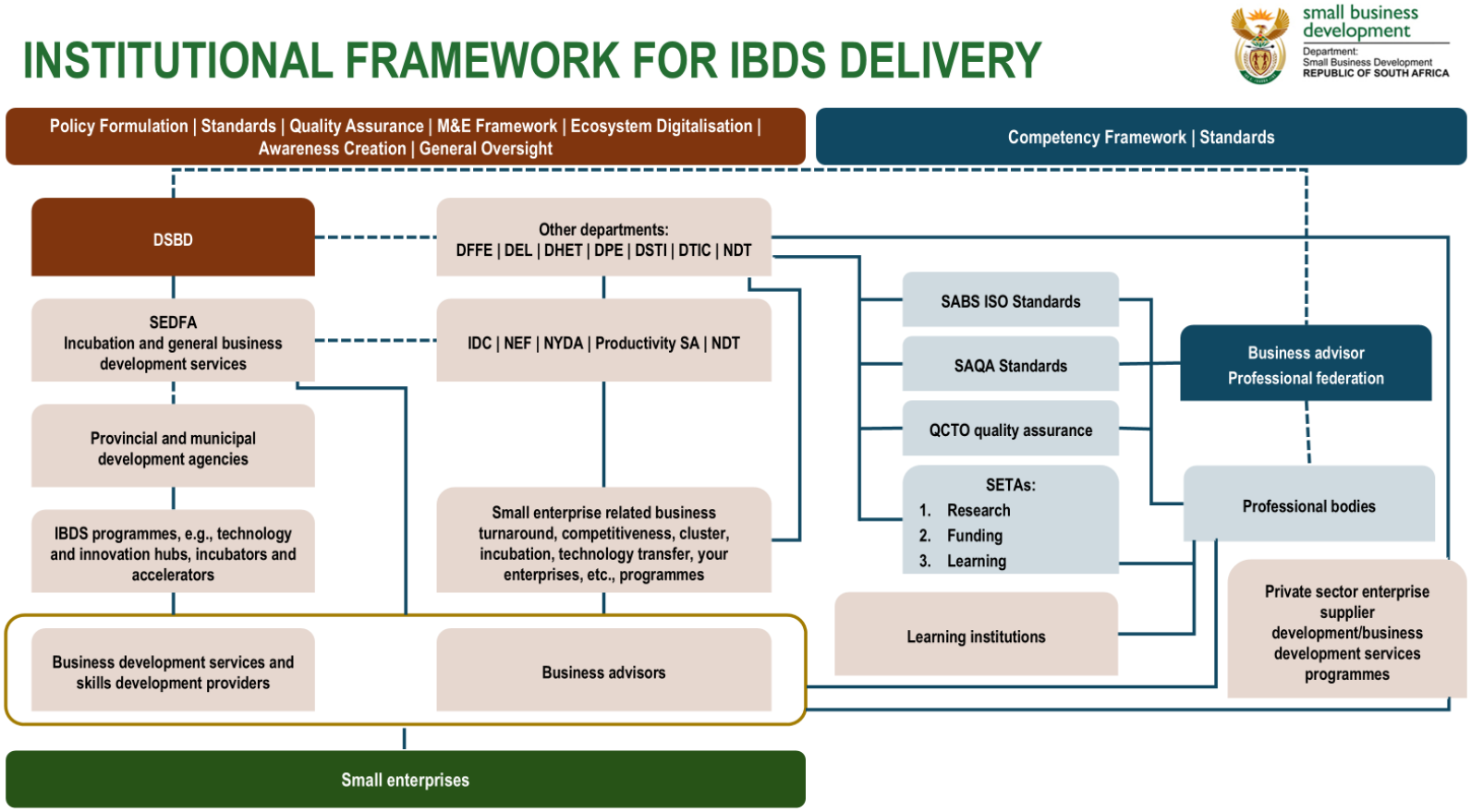
ANNEXURES

ANNEXURE A: INSTITUTIONAL FRAMEWORK FOR INCUBATION AND BUSINESS DEVELOPMENT SERVICES DELIVERY



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ANNEXURE B: STAKEHOLDER ROLES AND RESPONSIBILITIES

Role Player	Role	Responsibility
Government	Sets the strategic direction	▪ Policy approval, providing funding, and ensuring alignment with national development goals
DSBD	Strategic oversight and policy formulation	▪ Provide overarching guidance and direction, ensuring that the IBDS Policy Framework aligns with national priorities for small enterprise development, economic inclusion, and job creation as outlined in NDP and five-year medium-term development plans ▪ Foster an enabling environment for the growth and sustainability of small enterprises, including tax incentives, regulatory frameworks, and business-friendly legislation
	Resource mobilisation and partnership building	▪ Secure and allocate resources, including financial, human, and technological assets ▪ Build partnerships with the private sector, government agencies, and international organisations to create a cohesive support ecosystem for small enterprises
	Monitoring, evaluation, and coordination	▪ Oversee the implementation of the IBDS Policy Framework, ensuring compliance to standards, effective coordination among stakeholders, tracking progress, and making data-driven adjustments to optimise the impact of the policy on small enterprise growth and sustainability
SEDFA	Centralised service delivery and coordination	▪ Act as the primary policy implementing agent, managing the delivery of IBDS and ESD services ▪ Ensure coordinated and integrated support across all regions, leveraging technology to provide a common entry point experience for small enterprises.
	Financial support	▪ Provide financial support through grants, subsidies, and low-interest loans to support incubation and business development
	Capacity building and support	▪ Enhance the capabilities of service providers and stakeholders by training personnel, upgrading infrastructure, and implementing technology solutions to improve service quality and effectiveness
	Implementation and impact measurement	▪ Oversee the execution of the IBDS Policy Framework, monitoring performance and assessing the impact of services

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Role Player	Role	Responsibility
		▪ Use data-driven insights to refine strategies, ensure alignment with national priorities, and drive continuous improvement in supporting small enterprise growth
Provincial government and agencies	Align IBDS programmes with regional economic priorities	▪ Enhance the capabilities of service providers and stakeholders by training personnel, upgrading infrastructure, and implementing technology solutions to improve service quality and effectiveness
	Resource mobilisation and partnership building	▪ Secure and allocate resources, including financial, human, and technological assets ▪ Build partnerships within growth sectors to create a cohesive support ecosystem for small enterprises
	Capacity building and Support	▪ Enhance the capabilities of service providers and stakeholders within the province by training personnel, upgrading infrastructure, and implementing technology solutions to improve service quality and effectiveness
Local government and agencies	Implement local economic development initiatives	▪ Identify local economic opportunities and create local economic development strategies tailored to their local context, focusing on sectors or industries with growth potential in the community ▪ Streamline the process for obtaining business licenses, permits, and zoning approvals, reducing administrative burdens on small enterprise ▪ Offer clear guidance and support to help small enterprises understand and comply with health, safety, and environmental regulations, providing them with necessary assistance to meet standards ▪ Drive infrastructure development ▪ Establish one-stop-shop service points to support small enterprises ▪ Host local events
	Facilitate access to infrastructure and financial resources	▪ Collaborate with banks, microfinance institutions, and development finance entities to create loan schemes or grants accessible to small enterprises ▪ Allocate municipal funds to provide small grants or microloans for small enterprises, particularly those in high-priority sectors or underserved communities ▪ Invest in or provide space and resources for local incubation centres, digital hubs, or innovation labs that offer funding, training, and mentorship to small enterprises

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Role Player	Role	Responsibility
		▪ Develop and maintain dedicated business parks, industrial zones, and commercial areas that offer affordable facilities and space for small enterprises
	Support underserved small enterprises through coordination and integration	▪ Act as intermediaries, aligning local needs with national policies and priorities ▪ Facilitate communication between small enterprises, SEDFA, and other stakeholders to ensure cohesive and effective support services ▪ Work with higher levels of government to advocate for small business-friendly policies and adjustments in regulations that may impact local businesses
	Provide direct access to IBDS at the community level.	▪ Serve as regional centres for delivering IBDS, ensuring that small enterprises in diverse geographical areas have access to tailored, relevant support and resources ▪ Focus on building local capacity by providing training, resources, and networking opportunities ▪ Strengthen regional ecosystems by connecting small enterprises with mentors, trainers, partners, and funding opportunities
	Promote local market access and networking opportunities	▪ Organise local markets, trade shows, and exhibitions that allow small enterprises to showcase their products and services to local customers, larger businesses, and investors ▪ Establish policies, incentives, and support programmes that encourage value chain integration ▪ Host or support business networking events where small enterprises can connect with each other and larger corporations, fostering collaborations and partnerships ▪ Facilitate connections between small enterprises and larger corporations or value chains by partnering with industry associations and regional development agencies
Private sector	Supplier development programmes, value chain integration, and market access	▪ Support small enterprises in becoming reliable suppliers through technical assistance, training, and capacity-building initiatives ▪ Facilitate market access for small enterprises through procurement, supply chain integration, and partnership opportunities
	Mentorship and knowledge sharing	▪ Offer insights, advice, and resources to small enterprises often in the form of corporate-sponsored mentorship programmes

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Role Player	Role	Responsibility
	Corporate social investment and funding	▪ Provide financial support for small enterprises that need resources to upgrade their operations, ensuring they can meet the production volume and quality standards of the corporation
Non-governmental partners	Collaborative development and support	▪ Contribute expertise, resources, and networks to enhance the effectiveness of IBDS, supporting the growth and scalability of small enterprises through joint initiatives and investments
	Market access and supply chain integration	▪ Facilitate market access for small enterprises by integrating them into corporate supply chains and providing opportunities for growth through ESD programmes
	Innovation and best practice sharing	▪ Drive innovation by sharing best practices, tools, and techniques, and by collaborating on research and development efforts to commercialise new products and services
IBDS service providers	Delivery of technical, specialised, sector-specific, and lifecycle-appropriate support	▪ Deliver targeted lifecycle-appropriate BDS, addressing the specific needs of small enterprises and helping them achieve pre-investment readiness and post-investment growth
	Capacity building and infrastructure development	▪ Enhance their own capabilities through investments in infrastructure, technology, and staff training, ensuring high-quality service delivery and effective support for small enterprises ▪ Support small enterprises to achieve necessary certifications (e.g., ISO, Hazzard Analysis and Critical Control Points (HACCP)) that are often required to integrate into specific industry value chains ▪ Conduct readiness assessments to identify gaps in small enterprise operations and provide tailored support to help them meet industry standards
	Access to resources, networks and investors	▪ Provide office space, shared services (e.g., administrative support), and other resources to reduce overhead costs ▪ Facilitate connections with investors, potential partners, and industry experts to help businesses grow and secure funding
	Mentorship and coaching	▪ Connect small enterprises with experienced mentors who provide guidance and share industry insights

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Role Player	Role	Responsibility
	Technology access, innovation, and technology support	▪ Provide affordable access to digital tools, software, and infrastructure (e.g., cloud services, high-speed internet) needed by small enterprises ▪ Support small enterprises in implementing technology solutions, such as business automation, customer relationship management systems, and digital payments
	Digital skills training, cybersecurity, and data protection	▪ Offer training programmes in areas like digital marketing, data analytics, and e-commerce to improve small enterprises' digital capabilities ▪ Provide resources and training to help small enterprises protect sensitive data and establish robust cybersecurity practices
	Monitoring and evaluation	▪ Implement robust monitoring and evaluation systems to track service impact, measure outcomes, and continuously improve IBDS offerings based on feedback and performance data
Educational institutions and research organisations	Training and capacity building	▪ Develop and deliver training programmes for entrepreneurs, IBDS providers, and small enterprise employees ▪ Create modules on sector-specific expertise, financial management, market access, and innovation
	Research and development	▪ Conduct studies to identify trends, challenges, and opportunities within key sectors ▪ Provide actionable insights to guide IBDS Policy design and service delivery
	Innovation hubs and collaboration	▪ Partner with small enterprises to test and implement new technologies, products, and processes ▪ Facilitate collaboration between IBDS providers and industry stakeholders to drive innovation
	Support accreditation and certification	▪ Work with regulatory bodies to develop standardised curricula and certification programmes for IBDS providers
Industry associations and chambers of commerce	Policy advocacy	▪ Lobby for small enterprise-friendly policies, including regulatory simplifications and financial incentives ▪ Advocate for the enforcement of local procurement policies to promote small enterprise integration
	Networking and collaboration	▪ Organise trade expositions/exhibitions, networking events, and business-to-business matchmaking sessions ▪ Facilitate partnerships between small enterprises, large corporations, and government entities

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Role Player	Role	Responsibility
	Sectoral representation	▪ Represent the interests of small enterprises within specific sectors, ensuring their unique challenges are addressed in policy discussions
	Capacity building	▪ Provide mentorship and advisory services through industry leaders and experts. ▪ Host workshops on market trends, compliance, and innovation
Financial institutions and development finance entities	Funding mechanisms	▪ Offer grants, loans, and equity financing tailored to different stages of enterprise growth ▪ Develop blended finance models to de-risk investments in high-growth but underserved sectors
	Financial readiness support	▪ Provide financial literacy and investment readiness training to small enterprises ▪ Guide small enterprises in creating bankable proposals and accessing funding opportunities
	Incentive programmes	▪ Collaborate with government to design financial incentives for small enterprises, such as tax breaks or subsidies
	Market linkages	▪ Facilitate small enterprise access to financial networks, including venture capitalists, angel investors, and crowdfunding platforms
Professional associations and regulatory bodies	Accreditation, certification and professional development	▪ Provide certification for IBDS providers and small enterprises to ensure consistent quality and professionalism ▪ Offer continuous learning opportunities, certifications, and qualifications for IBDS providers to improve their service quality
	Regulatory compliance and ethical standards	▪ Guide small enterprises on industry-specific regulations and ensure compliance through monitoring and support ▪ Develop codes of conduct and ethical guidelines to promote professionalism in the IBDS ecosystem
Alumni networks and communities of practice	Mentorship and peer support	▪ Connect alumni who have navigated similar challenges to provide guidance and mentorship to newer small enterprises
	Networking opportunities, knowledge sharing and continuous learning	▪ Create opportunities for ongoing networking with industry experts, funders, and other small enterprises ▪ Organise workshops, webinars, and collaborative projects to keep small enterprises updated on industry trends and evolving market dynamics

Role Player	Role	Responsibility
		▪ Enable small enterprises to exchange insights, best practices, and experiences through alumni meetings and online forums
NGOs and non-profit organisations	Community-based support and awareness	▪ Implement programmes that support marginalised and rural entrepreneurs, focusing on reducing barriers to entry ▪ Promote social enterprises and small enterprises that address environmental or community needs through sustainable practices ▪ Offer grants, seed funding, and resource support to small enterprises in need, particularly in underserved areas ▪ Work with local communities to raise awareness of available business resources and advocate for the needs of underserved small enterprises

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ANNEXURE B: POLICY IMPLEMENTATION FRAMEWORK

Whilst the Policy Implementation Framework provides the overarching structure and guidance for achieving the policy's goals, not all problem areas identified can be addresses directly within the Policy Implementation Framework. Instead, this framework should be supported by a number of strategies and more granular implementation plans as subcomponents of the broader framework.

The Policy Implementation Framework addresses the high-level, cross-cutting interventions required to enable and coordinate the sector and to guide and drive policy implementation that are critical to the success of the entire ecosystem.

Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
Outcome 1: Increased participation of small enterprises from underserved areas in IBDS, leading to increased participation in economic activities and narrowing gaps in service delivery	**1.1. Operationalised integrated digital IBDS platform** ▪ Seamless access ▪ Strengthened coordination, monitoring and reporting capability ▪ Expanded digital IBDS offering	**Enable and standardise**	1.1.1. A fully operational integrated digital IBDS platform connecting small enterprises with IBDS providers and ESD services	Small enterprises, especially in underserved areas, IBDS providers	DSBD	SEDFA Private sector technology partners	High	One year to two years for platform development and rollout	Funding for platform development, IT infrastructure, technical expertise	**Risks:** ▪ Technical challenges and adoption rate **Mitigation:** ▪ Robust platform development and testing ▪ Digital literacy programmes
		Coordinate	1.1.3. Launch digital platform to stakeholders with training plan to simulate adoption and usage	Small enterprises accessing IBDS IBDS providers	DSBD SEDFA	Training providers	Medium	One year	Financial analysis, policy frameworks, legal expertise	**Risks:** ▪ Slow rollout of training plan ▪ Technological proficiency of users ▪ Low adoption and usage rate **Mitigation:** ▪ Strengthened promotional campaigns ▪ Incentivise platform adoption by IBDS service providers ▪ Collaborate with stakeholders to

Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										support the implementation of training plans
	1.2 Expanded on-line IBDS offering	Implement	1.2.1. Develop and roll out an expanded digital IBDS service offering	Small enterprises, especially in underserved areas	IBDS providers	Universities, sector role players	High	One year to three years	Digital tools, partnerships with technology providers, internet access infrastructure	**Risks:** ▪ Slow rollout of expanded digital IBDS service offering **Mitigation:** ▪ Launch recognition schemes/ incentivisation initiatives to accelerate availability on digital service offering
	1.3. **Consolidated and decentralised IBDS,** especially in underserved communities	Coordinate	1.3.1. Establish collaborative partnerships (public-private partnerships) to secure funding for infrastructure development and improve digital and physical access	Small enterprises in remote or underserved areas	IBDS providers SEDFA	Local government, telecommunications companies, digital service providers, funding providers	High	One year to three years	Digital tools, partnerships with academic institutions, technology providers, internet access infrastructure	**Risks:** ▪ Lack of funding for infrastructure development ▪ Internet connectivity in rural areas ▪ Low uptake due to low digital literacy ▪ Cost of infrastructure development for localised incubation and pop-up services **Mitigation:** ▪ Consolidate existing infrastructure

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										▪ Partnerships with telecommunications to improve internet ▪ Digital literacy training ▪ Partnerships with financial providers
		Implement	1.3.2. Establish localised IBDS access points, including mobile pop-up incubation hubs, focused on high-potential industries (i.e., green technology and health technology, local manufacturing) in target communities	Small enterprises in high-growth sectors (e.g., green technology and health technology)	IBDS providers	Private sector partners, industry associations, sector-specific experts, local government, logistics	High	Phased – two years to four years (site development, sector-specific resourcing)	Funding for hub infrastructure, specialised equipment and resources, sector-specific expertise, mobile units, technology, local government support	**Risks:** ▪ Lack of financial sustainability for hubs ▪ Inadequate specialisation based on sector needs ▪ High logistical costs ▪ Challenges with standardised quality in mobile units **Mitigation:** ▪ Develop tailored financial models for sustainability ▪ Regular, sector feasibility studies ▪ Pilot studies ▪ Partnerships to reduce costs of mobile and pop-up access points
	1.4. **Outreach and awareness** of IBDS service offering improved	Coordinate	1.4.1. Collaborate with regional and local stakeholders to promote available IBDS	Small enterprises in remote or underserved areas	IBDS providers SEDFA	Local NGOs, community-based organisations, municipalities	High	One year	Coordination budget, partnerships	**Risks:** ▪ Insufficient engagement from local organisations **Mitigation:**

Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
	in underserved areas									▪ Incentives to participate ▪ Formal partnership agreements with clear roles
		Implement	1.4.2 Launch targeted awareness campaigns and host information sessions in underserved areas to create awareness of available services, information distributed through print and/or digital content	Underserved communities, informal sector	IBDS providers SEDFA	Local media, community leaders, community-based organisations, NGOs	High	One year to five years	Use local leaders and community organisations to promote services and leverage media channels and social media to increase reach	**Risks:** ▪ Lower reach ▪ Limited engagements **Mitigation:** ▪ Pilot studies ▪ Partnerships to share costs of awareness campaigns ▪ Outreach initiatives
	1.5 Affordable access to IBDS	**Enable and standardise**	1.5.1. Develop standardised pricing model for IBDS and guidelines for implementation	Small enterprises in remote or underserved areas, startups and early-stage businesses facing financial constraints	DSBD	SEDFA, development finance institutions, provinces, municipalities, private sector, NGOs, and community organisations	High	Zero to two years	Financial resources, human resources, technology, communication and marketing	**Risks:** ▪ Resistance to adopt pricing models ▪ Sustainability of providers ▪ Low uptake by small enterprises **Mitigation:** ▪ Co-develop pricing modes ▪ Cost-sharing mechanisms to offset costs for underserved small enterprises ▪ Tiered pricing models with

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										different service levels
Outcome 2: Targeted, sector-specific IBDS that addresses industry needs and growth stages, leading to faster scaling, improved innovation, and greater competitiveness	**2.1. Sector specific incubation infrastructure established and specialised services and resources provided to small enterprises** in key growth sectors	**Enable and standardise**	2.1.1. Conduct feasibility studies for identified growth sectors for possible consolidation and enhancing of existing incubators, and growth for new incubators	Potential high-growth sectors (e.g., technology and agriculture)	DSBD SEDFA	Industry associations, research institutions, universities	Medium	Six months to 12 months	Research funding, sectoral data, expertise	**Risks:** ▪ Inaccurate sector information ▪ Pace of change **Mitigation:** ▪ Engage industry experts and update studies regularly
		Implement	2.1.2. Consolidate and enhance existing incubators to improve service quality, resource utilisation, and ecosystem impact	Potential high-growth sectors (e.g., technology and agriculture)	Incubation, digital hubs, and accelerators	Sector-specific financial institutions and investors, sector experts, government agencies, development finance institutions, financial consultants, community-based organisations, and co-operatives	High	Three years to five years	Infrastructure investment, specialised equipment, partnership agreements Financial expertise, partnership funding, operational budgets	**Risks:** ▪ Resistance to change ▪ Loss of regional focus ▪ Disruption of services during consolidation ▪ Redistribution of resources may not match needs **Mitigation:** ▪ Communicate the benefits of consolidation ▪ Clear frameworks ▪ Phase in consolidation ▪ Comprehensive resource mapping and resource allocation

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
		Implement	2.1.3 Establish sector-specific hubs with financial sustainability models with sector-specific resources, equipment, and facilities	Incubation hub managers, sectoral small and medium enterprises	Incubation, digital hubs and accelerators	Sector-specific financial institutions and investors, sector experts, government agencies, development finance institutions, financial consultants, community-based organisations, and co-operatives	High	Two years to five years	Infrastructure investment, specialised equipment, partnership agreements Financial expertise, partnership funding, operational budgets	**Risks:** ▪ High costs ▪ Offering not aligned with market demands ▪ Unsustainable financial models ▪ Limited interest from large corporations in partnering with small enterprises **Mitigation:** ▪ Consultations with industry experts to identify key resources and alignment with key resources ▪ Sectoral assessments to adapt support based on market needs ▪ Regular funding gap analyses to ensure the development of tailored financial instruments ▪ Blended finance approach to provide both equity and debt solutions ▪ Hubs to develop diverse revenue streams and build public-private partnerships to

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										reduce operational costs ▪ Incentives (e.g., tax breaks) ▪ Innovation and local market knowledge partnerships
	2.2. Targeted and lifecycle-appropriate BDS for small enterprises	**Enable and standardise**	2.2.1. Establish lifecycle-appropriate frameworks for startups, growth-stage, and scaling enterprises; and business development roadmaps for each growth stage	Small enterprises across various growth stages (startup, scale-up, mature)	SEDFA	Business advisors, sector-specific consultants, BDS providers	High	Six months	Consultants and sector experts, digital tools for roadmap creation, training resources, diagnostic tools, business advisors	**Risks:** ▪ Generic roadmaps may not fit the unique needs of enterprises at different stages **Mitigation:** ▪ Develop sector-specific and stage-specific roadmaps to ensure relevance and provide flexibility in roadmaps to adapt to evolving business needs
		Coordinate	2.2.2. Coordinate with and develop referral networks between BDS providers and sector specialists to align support services and ensure seamless transition between lifecycle stages.	Small enterprises in various sectors	BDS providers Sector specialists	SEDFA DSBD	High	Ongoing	Event management resources, digital networking platforms	**Risks:** ▪ Limited participation **Mitigation:** ▪ Promote value of networks ▪ Integrate networking opportunities into all major training and incubation programmes

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Outcome	Outputs	Key Activities	Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
		Implement 2.2.3. Develop and implement lifecycle-appropriate support programmes that include mentorship, funding, capacity building, operational training, networking and collaboration for each stage and measure programme impact	Small enterprises at startup, scale-up, and mature stages	BDS providers Sector specialists	SEDFA, industry associations, sector-specific networks, chambers of commerce	High	One year to two years	Business advisors, BDS platform, financial literacy programmes, curriculum developers, digital platforms, mentor recruitment programmes, matching platform or system, incentives for mentors, trainers, curriculum development, online and in-person training resources, event management resources, digital networking platforms	**Risks:** ▪ Limited effectiveness for different growth stages due to lack of alignment with needs ▪ Low engagement levels ▪ Lack of qualified mentors for certain sectors or growth stages ▪ Relevance of capacity-building programmes **Mitigation:** ▪ Use pilot programmes to test tailored services before scaling ▪ Develop a comprehensive mentor recruitment strategy, targeting retired executives, industry professionals, and successful entrepreneurs, with incentive programmes for mentors ▪ Needs assessments, stay up to date with industry shifts

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										▪ Partnerships with trusted local organisations ▪ Tailor programmes to specific financial needs of different sectors ▪ Promote value of networks ▪ Integrate networking opportunities into all major training and incubation programmes
Outcome 2: Targeted, sector-specific IBDS that addresses industry needs and growth stages, leading to faster scaling, improved innovation, and greater competitiveness	**2.3. Long-term post-incubation support, access to additional resources, and knowledge sharing ensuring growth and competitiveness**	**Enable and standardise**	2.3.1. Create an intelligence hub to facilitate knowledge sharing and best practice exchange	Small enterprises that have exited incubation programmes, particularly in sector-specific areas (e.g., agriculture, technology, and manufacturing)	DSBD	SEDFA, universities, research institutions, sector-specific innovation hubs	High	One year to two years (initial setup of alumni networks and communities)	Digital platforms for networking, funding for alumni events and programmes, partnerships with sector-specific industry leaders Partnerships with academic institutions, online learning platforms, funding for innovation challenges or grants	**Risks:** ▪ Low adoption rate ▪ Data information gaps ▪ Poor infrastructure or technical limitations ▪ Cyberattacks or data breaches **Mitigation:** ▪ Targeted awareness campaigns ▪ Partner to source high-quality data, mobile-friendly and low-bandwidth version of the hub ▪ Implement robust cybersecurity measures

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
		Coordinate	2.3.2. Establish post-incubation support programmes through sector-specific alumni networks and communities of practice; and strengthen networking and collaboration opportunities	Small enterprises across various sectors looking to expand their networks and collaborate with peers or larger businesses	Post-incubation support providers	SEDFA Alumni networks, event organisers, other sector role players, industry associations, business chambers, innovation hubs, sector-specific networks	Medium	Ongoing	Event management resources, online networking platforms, partnerships with industry bodies	**Risks:** ▪ Low engagement from alumni due to lack of incentives ▪ Difficulty in maintaining active communities. ▪ Limited cross-sector collaboration **Mitigation:** ▪ Incentives - networking opportunities, funding access, and exclusive resources to encourage participation ▪ Dedicated community managers to foster engagement and coordinate activities
		Implement	2.3.3. Develop, implement and measure post-incubation support programmes that include access to funding, provision of targeted post-incubation BDS and advisory services, and leveraged technology for continuous improvement and innovation	Growth-stage small enterprises needing capital to expand operations Small enterprises looking to innovate and remain competitive in their sectors Small enterprises	Accelerators, digital hubs, and post-incubation BDS providers	SEDFA Development finance institutions, private equity firms, venture capital firms, large corporations, industry associations, procurement agencies. Technology partners (e.g., software providers), digital incubators, local technology hubs	High	One year to three years	Partnerships with financial institutions, growth-stage funding models, de-risking mechanisms (e.g., guarantees, blended finance) Sector-specific BDS tools, financial resources for advisory services,	**Risks:** ▪ Lack of appropriate funding products for post-incubation enterprises ▪ Failure to access funding ▪ Relevance of growth stage and advisory services ▪ Low participation rates ▪ Lack of engagement

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Outcome	Outputs	Key Activities	Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
			adopting digital tools for business operations and growth					partnerships with private BDS firms Partnerships with academic institutions, online learning platforms Funding for innovation challenges or grants Technology infrastructure, software licenses, training programmes for digital tools adoption	▪ Outdated programmes ▪ Low digital literacy ▪ Cost barriers **Mitigation:** ▪ Needs analysis ▪ Subsidies for BDS services to increase accessibility ▪ Engage private sector financial institutions to develop tailored funding products, such as blended finance models ▪ Financial literacy training ▪ Incentives ▪ Partner with sector-specific experts to ensure learning content stays up to date with industry trends ▪ Digital literacy training ▪ Partner with technology providers to offer discounted or subsidised tools for small enterprises

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
	2.4. Small enterprises integrated into sector-specific value chains and market access platforms to scale, compete and grow sustainably	**Enable and standardise**	2.4.1. Strengthen regulatory and policy support and simplify compliance regulations	Small enterprises	DTIC	SARS DSBD Local municipalities, regulatory bodies, industry associations, chambers of commerce, private sector	High	Zero to three years	Legal expertise, partnerships with regulatory bodies, policy advocacy teams	**Risks:** ▪ Slow policy reforms ▪ Complex and fragmented regulatory environment **Mitigation:** ▪ Harmonising regulations across different government agencies to streamline processes for small enterprises
		Coordinate	2.4.2. Partner with larger enterprises and supply chain entities to identify value chain opportunities, and with industry associations and chambers of commerce to facilitate value chain linkages	Small enterprises affected by regulatory and policy barriers to market access	Provincial Government and local municipalities	Corporates, industry associations, chambers of commerce, IBDS providers, accelerators	High	One year to two years	Venues or virtual platforms for networking events, workshops, and roundtables between small and medium enterprises and larger enterprises, local economic development, project management capability, BDS experts, representatives from industry associations	**Risks:** ▪ Limited buy-in from large corporates ▪ Insufficient readiness of small enterprises **Mitigation:** ▪ Engage stakeholders early in the process ▪ Incentives ▪ Harmonising regulations across different government agencies to streamline processes for small enterprises

Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
		Coordinate	2.4.3. Facilitate access to finance and resources, and foster partnerships with large corporations and industry associations to facilitate integration into sector-specific value chains	Small enterprises at different growth stages and sector Small tiers 1 to 3 enterprises seeking access and partnership in targeted value chains	Sector-specific IBDS providers (including accelerators and digital hubs)	Private sector partners, industry associations, local government, logistics	High	One year to two years	Partnership frameworks, incentives for large corporations	**Risks:** ▪ Limited willingness from large companies **Mitigation:** ▪ Incentivise partnerships through tax breaks, procurement preferences, and access to innovation-driven solutions
		Implement	2.4.4. Leverage the adoption of new technology and innovation and facilitate access to domestic and international markets	Small enterprises looking to adopt digital solutions and/or use digital platforms to expand their market reach into local and global markets	Sector-specific IBDS providers (including accelerators and digital hubs), provincial government, and municipalities	Large corporations, technology partners, market access platforms, export promotion agencies, trade associations, international trade bodies	High	One year to three years	Digital platforms for market access, partnerships with e-commerce platforms, access to innovation grants Export readiness programmes, market access facilitation, partnerships with local and international buyers	**Risks:** ▪ Limited capacity to meet export requirements ▪ Barriers to access international markets ▪ Low digital literacy levels ▪ High costs of accessing advanced technologies **Mitigation:** ▪ Export readiness training ▪ Work closely with trade bodies and export promotion agencies to provide market intelligence and support

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										▪ Digital literacy training ▪ Partner with technology providers to offer discounted services ▪ Partner with universities and industry leaders to continuously update resources and best practice guidelines
Outcome 3: Improved standardisation and quality of IBDS service provision, aligned with global best practice	**3.1. IBDS ecosystem standardised**	**Enable and standardise**	3.1.1. Incentivise compliance with national quality standards for IBDS and develop self-regulation guidelines	Small enterprises accessing IBDS IBDS providers	DSBD	SEDFA IBDS providers, industry associations	Medium	One year to two years	Development of guidelines, accreditation tools, partnerships with quality assurance bodies	**Risks:** ▪ Non-compliance ▪ Slow adoption of self-regulation **Mitigation:** ▪ Self-regulation and periodic audits to ensure compliance ▪ Training and support ▪ Recognition and certification ▪ Provide small enterprises with list of registered service providers
	3.2. Professionalised IBDS providers and practitioners	**Enable and standardise**	3.2.1. Facilitate the development and implementation of the national accreditation and continuous professional development frameworks	BDS providers and practitioners	DSBD SEDFA	Educational institutions, sector-specific experts	High	One year to two years	Certification framework development, legal support, partnerships with accreditation bodies	**Risks:** ▪ Resistance to certification requirements **Mitigation:** ▪ Provide incentives (e.g., recognition,

Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										market access) for certified providers ▪ Awareness campaigns on the importance of accreditation and build incentives into the accreditation system (e.g., access to government contracts)
		Coordinate	3.2.3. Partner with stakeholders to develop and implement recognised qualifications, continuous professional development programmes, and capacity-building programmes	BDS providers and practitioners	DSBD SEDFA	Professional associations, academic institutions, training bodies	High	One year	Curriculum development, trainers, digital and in-person learning platforms	**Risks:** ▪ Slow rollout of qualifications and capacity development programmes ▪ Limited interest in professional qualifications **Mitigation:** ▪ Market the qualifications as critical for career growth and access to higher-tier contracts or jobs ▪ Recognition of prior learning and continuous professional development incentives to encourage participation

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
		Implement	3.2.4. Establish a database of accredited IBDS practitioners	Small enterprises, accredited IBDS practitioners	SEDFA	DSBD QCTO, industry associations, chambers of commerce, technology providers, educational institutions	High	Zero to three years	Funding for database development and maintenance, IT specialists, accreditation teams, communications, and marketing	**Risks:** ▪ Incomplete and inaccurate data ▪ Low registration uptake by practitioners ▪ Limited access **Mitigation:** ▪ Nationwide outreach campaign to register all IBDS practitioners ▪ Incentivisation ▪ User-friendly and accessible database
	3.3. Innovation ecosystem for IBDS established	**Coordinate**	3.3.1. Facilitate partnerships between IBDS providers, research institutions, and technology companies to develop innovative service delivery models	Small enterprises	IBDS providers	Research institutions, technology companies	High	One year to three years	Funding for pilot projects and research collaborations, human resources, advanced tools for data analytics, artificial intelligence driven insights, and real-time reporting	**Risks:** ▪ Lack of buy-in ▪ Mismatched objectives between partners ▪ Lack of technical expertise to innovate ▪ Intellectual property and data ownership **Mitigation:** ▪ Articulate mutual benefit ▪ Establish clear framework for collaboration ▪ Training and capacity-building programmes

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										▪ Conclude intellectual property agreements
		Implement	3.3.2. Knowledge sharing mechanisms established	IBDS providers, small enterprises	SEDFA	Ecosystem stakeholders	high	One year to two years	Funding for knowledge sharing platform, human resources, communications, and marketing	**Risks:** ▪ Low stakeholder engagement ▪ Inconsistent or poor-quality contributions ▪ Limited access to digital knowledge sharing platforms ▪ Limited connectivity ▪ Limited skills ▪ Fragmentation of knowledge resources **Mitigation:** ▪ Conduct awareness campaigns to highlight benefits ▪ Guidelines and quality standards for content submission ▪ Mobile-friendly, low-bandwidth platform ▪ Map existing knowledge sharing platforms and integrate and align ▪ Centralised repository

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
Outcome 4: Improved coordination across government and private sector stakeholders, leading to more cohesive and effective service delivery for small enterprises	**4.1 Integrated governance structures established at all levels**	**Enable and standardise**	4.1.1. Facilitate multistakeholder governance structures at all levels, to oversee ecosystem development and resolve conflicts	IBDS providers, small enterprises, government bodies, and private sector stakeholders	DSBD	SEDFA	High	One year to three years	Digital infrastructure, partnerships with technology providers, funding for platform development and maintenance	**Risks:** ▪ Bureaucratic delays ▪ Lack of coordination ▪ Limited engagement **Mitigation:** ▪ Set up equitable governance structures within partnerships ▪ Set up streamlined processes for decision-making and conflict resolution ▪ Develop a clear governance framework
	4,2 Partnerships established and engaged stakeholders	**Coordinate**	4.2.1. Regular stakeholder engagements and establish partnerships (public-private partnerships) and multistakeholder task teams	IBDS ecosystem	SEDFA Provincial Government Local Government	IBDS stakeholders	High	Ongoing	Financial resources, secretariat services, venues	**Risks:** ▪ Fragmentation of stakeholder efforts ▪ Power imbalances or conflicting interests ▪ Capacity challenges to manage **Mitigation:** ▪ Unified framework for stakeholder collaboration with clear roles, responsibilities, and objectives ▪ Develop formal agreements

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Outcome	Outputs	Key Activities		Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
										between stakeholders ▪ Centralised platforms to coordinate ▪ Build trust through transparent communication
	4.3 Centralised communication and collaboration platforms established with strengthened monitoring mechanisms	**Coordinate**	4.3.1. Coordinate data sharing protocols, performance metrics, and reporting requirements to support unified monitoring and evaluation	IBDS providers, government agencies, financial institutions	SEDFA	ICT specialists, financial institutions, IBDS providers	High	Ongoing	Data-sharing agreements, digital tools for data integration, training for data management	**Risks:** ▪ Data privacy and security concerns ▪ Inconsistent reporting or data collection **Mitigation:** ▪ Ensure compliance with data protection regulations and invest in secure data systems ▪ Provide training on monitoring and evaluation processes
		Implement	4.3.2 Strengthened monitoring and evaluation of sector performance and impact assessments and adjust policies as needed to improve effectiveness	IBDS providers, government agencies, sector stakeholders	DSBD	Monitoring and evaluation experts, industry bodies, IBDS providers	High	Ongoing	Robust monitoring and evaluation framework for the IBDS sector Monitoring and evaluation tools, training for monitoring and evaluation staff, data collection systems	**Risks:** ▪ Lack of stakeholder cooperation ▪ Limited analytical capacity ▪ Resource constraints **Mitigation:** ▪ Align goals and highlight the benefits of

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Outcome	Outputs	Key Activities	Target Group	Lead Role Player	Support Role Players	Priority	Timeline	Resources Required	Risk and Mitigation
									monitoring and evaluation ▪ Recruit skilled personnel ▪ Training ▪ Secure multi-year funding for monitoring and evaluation activities ▪ Establish policy review cycles

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ANNEXURE C: PROPOSED SUPPORTING STRATEGIES TO DRIVE INCUBATION AND BUSINESS DEVELOPMENT SERVICES POLICY IMPLEMENTATION

To effectively drive the implementation of the IBDS Policy intentions, several supporting strategies and implementation plans must be developed or refined to align to the IBDS Policy. These documents will operationalise the policy, translating high-level goals into actionable steps and ensuring alignment across stakeholders and sectors.

The following list of supporting strategies provide a guideline for implementation and should not be treated as an all-inclusive list.

SECTOR-FOCUSED AND HYBRID INCUBATION AND DIGITAL HUB SUPPORT STRATEGY

Purpose:

To create a conducive environment for the incubation community to provide comprehensive, high-quality support for startups and early-stage businesses, ensuring they build sustainable business models and are prepared for growth.

Key components:

1) Leverage support for high-impact incubation centres.
2) Infrastructure modernisation and development.
3) Strengthened collaboration for quality support.
4) Strengthened sector-specific incubation models.
5) Increased access to incubation support.
6) Commercialisation of innovative solutions.

FUNDING AND RESOURCE MOBILISATION STRATEGY

Purpose:

Ensure sustainable financing and resource availability to implement the policy.

Key components:

1) Blended financing models combining government funding, private sector contributions, and donor and/or grant funding.
2) Incentives for private sector participation, e.g., tax benefits, corporate social responsibility alignment).
3) Mechanisms for financial sustainability, such as cost-sharing and tiered pricing models.

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DIGITAL TRANSFORMATION AND EQUITY STRATEGY

Purpose:

Enable the integration of digital tools to improve accessibility and efficiency while addressing digital inequities.

Key components:

1) Digital infrastructure rollout, particularly in underserved areas.
2) Affordable or subsidised internet access programmes for small enterprises.
3) Development and maintenance of the integrated IBDS digital platform.
4) Digital literacy and skills training programmes.

SECTOR-SPECIFIC DEVELOPMENT STRATEGIES

Purpose:

Tailor IBDS to the needs of prioritised and high-growth sectors.

Key components:

1) Detailed strategies for high-growth sectors, e.g., agriculture, technology, green economy, and manufacturing.
2) Sector-specific incubation programmes, partnerships, and funding opportunities.
3) Roadmaps for value chain integration and market access within each sector.
4) Engage with industry associations and chambers of commerce to design sector-specific programmes.
5) Develop key performance indicators and metrics to track sectoral progress.
6) Pilot sector-focused initiatives in collaboration with private sector stakeholders.

POST-INCUBATION SUPPORT AND ALUMNI NETWORK STRATEGY

Purpose:

Ensure long-term support for small enterprises beyond the incubation phase.

Key components:

1) Establish alumni networks and communities of practice for peer support and mentorship.
2) Provide ongoing access to funding, training, and advanced market linkages.
3) Design frameworks for monitoring post-incubation small enterprise performance and impact.
4) Create a centralised database to track and connect alumni.
5) Organise networking events and workshops for graduated enterprises.

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6) Develop post-incubation mentorship programmes with corporate and industry experts.

STAKEHOLDER COORDINATION AND GOVERNANCE STRATEGY

Purpose:

Ensure alignment and collaboration among key players in the IBDS ecosystem.

Key components:

1) Formalise roles and responsibilities of government agencies, private sector players, and NGOs.
2) Establish mechanisms for conflict resolution and decision making.
3) Develop clear reporting and accountability structures.
4) Create a multistakeholder governance body to oversee implementation.
5) Define communication protocols and feedback loops for regular engagement.
6) Conduct periodic reviews to address inefficiencies and improve collaboration.

PROFESSIONALISATION AND QUALITY ASSURANCE STRATEGY

Purpose:

Build capacity and ensure consistent service quality within the IBDS ecosystem.

Key components:

1) Accreditation and certification frameworks for IBDS providers.
2) Continuous professional development programmes for practitioners.
3) National quality standards for IBDS aligned with global best practices.

MONITORING, EVALUATION, AND LEARNING FRAMEWORK

Purpose:

Track progress, evaluate outcomes, and enable adaptive implementation.

Key components:

1) Real-time data collection and reporting systems.
2) Outcome-based performance indicators for policy goals and implementation activities.
3) Mechanisms for feedback and continuous learning.

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COMMUNICATION AND AWARENESS STRATEGY

Purpose:

Promote awareness of IBDS and encourage small enterprise participation.

Key components:

1) Targeted outreach campaigns for underserved areas and priority sectors.
2) Multichannel communication plans, e.g., radio, social media, and community workshops.
3) Branding and messaging to highlight the value of IBDS support.

SIMPLIFIED REGULATORY COMPLIANCE STRATEGY

Purpose:

Reduce barriers for small enterprises by streamlining regulatory requirements.

Key components:

1) Shared compliance hubs or virtual resources for small enterprises to access regulatory guidance.
2) Cost-sharing models for certifications and licensing processes.
3) Advocacy for regulatory reforms to benefit small enterprises.

INCLUSIVE GROWTH AND EQUITY STRATEGY

Purpose:

Ensure marginalised groups benefit from IBDS.

Key components:

1) Programmes targeting women, youth, and persons with disabilities.
2) Outreach and training initiatives for rural and township entrepreneurs.
3) Incentives for inclusive procurement and participation in value chains.

The above supporting strategies and implementation plans will serve to operationalise the IBDS Policy by providing actionable, detailed roadmaps for achieving the policy objectives. By addressing funding, coordination, sectoral focus, and equity, they ensure a comprehensive approach that drives systemic change and enhances the IBDS ecosystem's effectiveness and inclusivity.

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