Future-Proofing South Africa's SME Ecosystem

Insights from the 2025 Scenario Planning Workshop

Henley Business School, Johannesburg – 5 May 2025

Executive Summary

On 5 May 2025, Fetola hosted a high-impact scenario planning session at Henley Business School, spearheading a unique convention of stakeholders from government, business, academia, civil society, and the SME support ecosystem. Against a backdrop of persistent economic uncertainty and global volatility, the interactive Fetola event provided a platform for bold, future-oriented dialogue focused on building long-term systemic resilience.

The first in a series of planned events, the session leveraged a structured scenario planning framework to stimulate reflection and encourage cross-sector collaboration. Through four plausible future scenarios - each shaped by the interplay between government capacity and economic factors - participants highlighted current constraints and co-developed responses aligned to long-term SME sustainability.

What made this engagement special was the diversity and depth of participation: over 40 individuals from DTIC (Department of Trade, Investment and Commerce), provincial government, DFIs, banks, enterprise support organisations, academia, and the entrepreneurial community contributed insights grounded in lived experience, institutional strategy, and practical action. The collaborative design of the event enabled a rare alignment between strategic vision and ecosystem coordination.

This report synthesises the insights gathered - mapping sectoral opportunities, outlining scenario narratives, documenting breakout reflections, and offering strategic considerations aimed at transforming the current fragmentation into an integrated, inclusive and future-fit SME ecosystem.

Key Insights

01 **A growth-first approach** is vital to maximise the long-term impact of investment and build a thriving SME ecosystem.

02 **Strategic alignment across 40+ stakeholders -** from public, private, and development sectors - demonstrated readiness for ecosystem-level reform.

03 **Blended finance mechanisms**, decentralised transformation funds, and entrepreneurial talent pipelines were identified as critical levers for building future-fit SMEs.

04 The need for **shared impact metrics** and integrated data systems emerged as key to improving alignment and tracking progress.

05 Evidence suggests that **long-term SME success is achievable** when sustained support is provided. For instance, SMEs participating in integrated programmes - offering access to markets, mentorship, and catalytic funding - have shown consistently high growth and survival rates. Fetola-supported SMEs, for example, have recorded an average annual growth rate of 30.2% and an 87.3% long-term survival rate - well above national averages.

Strategic Takeaway:

Unlocking long-term systemic change will require more than policy reform - it demands the institutionalisation of scenario thinking across policy, capital flows, and enterprise support, and a coordinated shift toward a future-ready, ecosystem-led SME development strategy anchored in resilience, foresight, and inclusion.

Context and Objectives

Small and medium enterprises are widely recognised as the engine of inclusive growth, job creation, and innovation in South Africa. Yet their potential remains under-realised due to persistent structural challenges: very weak national growth (only 0,6% in 2024), weak institutional coordination, limited access to capital, policy fragmentation, and exposure to global shocks.

Fetola's scenario planning workshop sought innovative ways to address these challenges through structured foresight and collective intelligence. Unlike conventional consultations, this collaborative approach catalysed cross-sectoral strategies designed to move from problem diagnosis to solution co-creation, framing SMEs not as beneficiaries but as active agents of economic resilience.

THE KNOWNS		THE UNKNOWNS
Weak Institutional Coordination	→	Scenario Planning Foresight
Limited Access to Capital	→	Priority Sector Mapping
Policy Fragmentation	→	Policy Innovation Dialogue
Global Volatility	→	Resilience Opportunities

The methodology encouraged participants to map "the knowns" - existing systemic constraints facing SMEs - against "the unknowns" of a rapidly shifting macro landscape. These scenario-based explorations (horizon scanning) enabled stakeholders to align around shared priorities, test policy assumptions, and design context-specific responses.

- Identify resilient mechanisms and opportunities to deliver SME success in all scenarios
- Facilitate shared understanding of external forces shaping SME futures and co-design long-term strategies
- Identify priority sectors with high growth and transformation potential, aligned with national frameworks
- Mobilise cross-sector collaboration - linking finance, policy, and grassroots entrepreneurship

Approach and Participants

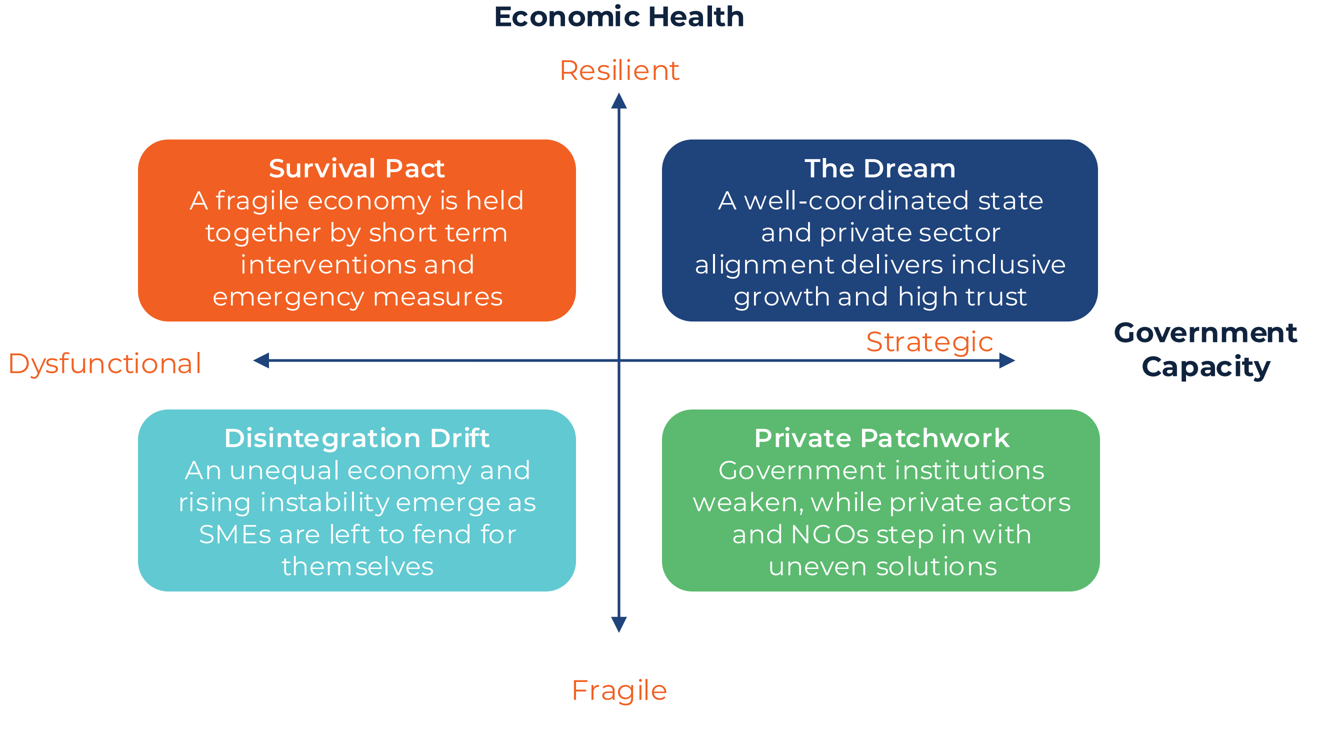
Methodology

The session was designed around a two-axis scenario planning framework:

- Government Capacity: Strategic vs Dysfunctional
- Economic Health: Resilient vs Fragile

These intersecting uncertainties gave rise to four scenario archetypes that helped participants consider both “the knowns” (e.g., policy constraints, SME pain points) and “the unknowns” (e.g., geopolitical shifts, state legitimacy, trust).

Approach and Participants



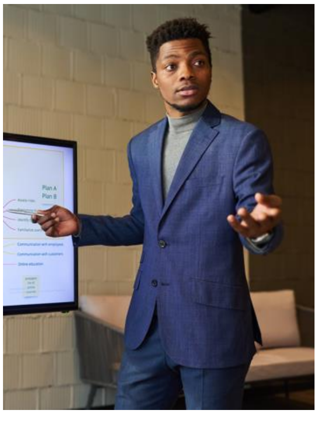
Insights into the impact of current and potential global and national economic shifts, along with information on the Government, were used to provide the background upon which the breakaway groups could build their thinking.

Speaker Prof. TK Pooe provided a sharp macro-political framing for the session, highlighting how global shocks, political instability, and fragile institutions have eroded the developmental state’s effectiveness. Drawing on the concept of Political Creative Destruction, he challenged participants to see volatility not as a threat but as a lever for systemic reform.

He emphasised that South Africa must rebuild institutional legitimacy, unlock grassroots economic agency, and position SMEs as vehicles for both economic inclusion and democratic accountability.

Thabang Mamaru of the DTIC complemented this with a policy-grounded perspective, outlining key sectors prioritised in South Africa’s industrialisation strategy - specifically green energy, agro-processing, pharmaceuticals, and advanced manufacturing. These were identified as high-multiplier areas aligned with localisation, job creation, and regional trade integration under AfCFTA.

He stressed the need for SME participation in value chains linked to the DTIC Industrial Master Plans and the NDP 2030, framing SMEs not as peripheral actors but as essential contributors to national competitiveness.



What Made it Different?

- A mixed cohort of 40+ leaders from public, private, and development sectors.
- Insights from diverse disciplines: political economy, strategic foresight, ESG investing, and enterprise development.
- Framing anchored in systemic resilience - not short-term fixes.

Strategic Scenario Narratives

Scenario	Description	Impact on SMEs	Key Signals to Monitor
The Dream	A well-coordinated state and private sector alignment delivers inclusive growth and high trust.	SMEs thrive in a digitally connected, well-financed, export-ready environment.	Green industrial reforms, blended finance, export diversification.
Private Patchwork	Government institutions weaken, while private actors and NGOs step in with uneven solutions.	Fragmented access to support; urban innovation hubs emerge, rural areas left behind.	Proliferation of accelerators, regionalised solutions, non-state innovation.
Survival Pact	A fragile economy is held together by short-term interventions and emergency measures.	SMEs focus on subsistence, especially in food, repairs, and informal services.	Grants for micro-enterprises, social protection schemes, community agriculture.
Disintegration Drift	Governance collapses amid inequality and unrest, leaving SMEs to fend for themselves.	Informal, digitally enabled SMEs fill the vacuum through ingenuity and necessity.	Informal finance, decentralised platforms, parallel trade ecosystems.

These four narratives provided participants with a framework in which to challenge assumptions and stretch their thinking on strategies for economic growth, financing, and enterprise support models.

Sector Priorities and Opportunities

Several sectors were flagged as strategic levers for SME-led growth. These align with South Africa's national policy outlook and regional trade ambitions - including the National Development Plan (NDP 2030), AfCFTA priorities, DTIC industrial master plans, and the Sustainable Development Goals (SDGs).

Sector	Strategic Value	Examples of Opportunities	Enabling Conditions
Green Economy	Supports energy transition, climate adaptation, and localisation	Off-grid solar systems, regenerative agriculture, circular waste innovations	Renewable energy incentives, green procurement, climate finance
Agro-Processing	Drives food security, rural development, and export readiness	Organic farming, agri-logistics, value-added processing for regional markets	Infrastructure upgrades, export market access, agro-policy integration
Digital Economy	Enables reach and scale, especially for underserved entrepreneurs	Fintech for township SMEs, agri-digital platforms, e-commerce integration	Broadband access, digital payment systems, innovation hubs
Manufacturing	Advances re-industrialisation and youth employment	EV component assembly, localised med-tech and apparel supply chains	Industrial policy support, youth skills pipelines, localisation mandates
Health & Wellness	Integrates innovation, wellbeing, and economic inclusion	Affordable diagnostics, wellness tourism, mobile health platforms	Regulatory frameworks, blended finance, community healthcare investment

Key Insights from Scenarios: What to Stop, Start, and Continue

By using the "Stop, Start and Continue" method each breakaway group was able to identify specific actions to optimise SME success in their scenario. Initial insights from these collaborative sessions include:

STOP (Primarily Government Actors and Policy Designers):

- Making inward foreign investment difficult
- Centralising large SME funds under a single bureaucratic entity
- Designing finance schemes biased toward scale-ups and unicorns
- Operating in silos across departments, agencies, and ESOs
- Delayed or inconsistent grant and loan disbursements

START (All Stakeholders – Govt, Private Sector, ESOs):

- Collaborating to actively grow the economy
- Public–private collaboration in co-design and fund implementation
- Diverse financing tools (guarantees, blended, concessional, patent capital)
- Investment in entrepreneurial education and regional deal pipelines
- Integrated data and impact systems to guide funding

CONTINUE (Led by Ecosystem Convenors like Fetola):

- Deploying skilled solutions to ensure lasting impact
- Convening cross-sector foresight platforms
- Testing adaptive, learning-driven models (e.g., circular economy accelerators)
- Supporting underserved entrepreneurs - youth, rural, women-owned SMEs

Strategic Considerations from the Session

Whilst the workshop did not aim for prescriptive blueprints, several useful consensus insights emerged:

01

Lack of growth is the root cause of unemployment and poverty.

02

All enterpreneurs, whatever their background and origin, need to be unleashed to succeed, grow the economy and create jobs.

03

A decentralised funding model will help catalyse growth, unlock regional innovation and reduce bureaucratic bottlenecks.

04

Future-skills pipelines and business education are essential to address long-term SME resilience.

05

Transparent, shared metrics and dashboards are needed to coordinate and track SME impact across partners.

There was a suggestion to build on the event with creation of a National Coordination Platform for SME ecosystem alignment - bringing together state, finance, and ESO actors under a shared mission.

What's Next

Fetola will build on these valuable collaborative insights, working innovatively with partners to advance this agenda in three ways:

Knowledge Building:

This report marks the first in a series of insight pieces to build systems-level learning.

Partnership Development:

Bilateral conversations with funders, government agencies, and private actors will continue to actively shape blended capital pilots, scalable impact and joint advocacy.

Ecosystem Engagement:

Plans are underway for the next step (Q32025) to build on this session's outcomes.

Immediate Next Steps:

- The Scenario Planning report available to stakeholders by end of May 2025
- Next event: the Allan & Gill Gray Philanthropies Motse Collective Impact Initiative launch scheduled for August 2025
- Next Event: the ANDE G20 alignment sessions and Mexico conference on findings scheduled for Sept/Oct 2025

Support Needed from Partners:

- A request to complete the post event survey
- Feedback on the identified future opportunities or challenges your organisation like to explore further?
- We invite partners to reach out for co-creation of sector focused opportunities and advance shared value with a common goal. (e.g. Fetola's Circular Economy Accelerator)
- We invite partners to contribute further insights and data for the follow-on sessions.

Conclusion

Fetola's 2025 inaugural partner Scenario Planning Workshop reaffirmed the urgent need for collaborative effort to unlock the full potential of SMEs as agents of growth and transformation in South Africa. It also demonstrated that foresight-led collaboration can catalyse meaningful change.

Fetola will continue to invite partners in the public and private sector to convene, co-create, and implement high-impact, systemic solutions. This report serves both as a snapshot of insight and as a foundation for future engagement and collective action in the SME development sector.

The time for implementing bold, future-ready actions is now. Together we can do better!

Appendix

Annex A: Post-Event Survey Summary
Annex B: Abbreviations and Acronyms

Abbreviation	Meaning
AfCFTA	African Continental Free Trade Area
ANDE	Aspen Network of Development Entrepreneurs
DTIC	Department of Trade, Industry and Competition (South Africa)
DFI	Development Finance Institution
ESO	Enterprise Support Organisation
GDP	Gross Domestic Product
NDP 2030	National Development Plan 2030 (South Africa)
Q3 2025	Third Quarter of 2025
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
ESG	Environmental, Social, and Governance

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Date: May 2025

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