SU20

SOUTH AFRICA 2025

Inclusion and Sustainabilty

SU20.ORG

G20 SOUTH AFRICA 2025

The recommendations, actions, and initiatives proposed in this paper present a comprehensive framework to significantly strengthen startup ecosystems across South Africa, the African continent, and the wider G20. These ambitious proposals offer a strategic roadmap for G20 leaders to foster entrepreneurship and drive innovation-led economic growth globally. While Startup20 acknowledges that, given the current international context, some proposals may be challenging to implement, this framework nonetheless provides a valuable overview of key actions to enable startup and MSME ecosystems to grow and thrive across G20 countries.

The successful development of this Policy Paper has been made possible through the dedicated efforts and collaboration of the Department of Small Business Development (DSBD), The Department of Science, Technology and Innovation and the Startup20 South Africa Secretariat at 22 On Sloane, together with the invaluable contributions of the **Inclusion and Sustainability** Task Force Members and Knowledge Partners.

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

science, technology & innovation
Department: Science, Technology and Innovation
REPUBLIC OF SOUTH AFRICA

GEN 22 ON SLOANE
POWERING THE NEXT GENERATION OF ENTREPRENEURS

Table of Contents

Foreword

The global landscape is increasingly defined by intertwined challenges of climate change, persistent inequality, and the imperative for sustainable economic growth. In this dynamic environment, startups and Micro, Small, and Medium Enterprises (MSMEs) emerge not just as engines of innovation and job creation, but as critical drivers of sustainable and inclusive development. Social enterprises are businesses with a clear social purpose that reinvest most profits to create positive change for society and the environment. They often focus on jobs for women, youth, and people with disabilities, and help reduce social and economic inequality. The Startup20, as a vital engagement group of the G20, plays a pivotal role in shaping a global ecosystem that nurtures these entrepreneurial forces, fostering "Solidarity, Equality, and Sustainability" – the core theme of South Africa's G20 Presidency.

South Africa, a nation confronting unique socio-economic challenges including high youth unemployment, deep-seated inequality, pervasive energy insecurity, and acute climate vulnerabilities, stands at a crucial juncture. Our transition towards a just and green economy offers unparalleled opportunities, but it demands concerted action and innovative policy solutions tailored to our context. The G20 South Africa Presidency recognises the urgency of mobilising finance for a just energy transition, ensuring debt sustainability for low-income countries, and harnessing critical minerals for inclusive growth. These macro-level priorities resonate deeply with the grassroots impact potential of a thriving, sustainably minded startup ecosystem.

This paper draws on new research from the World Economic Forum's State of Social Enterprise: Unlocking Inclusive Growth, Jobs and Development in Africa. The report highlights the impact and scale of social enterprises in supporting inclusion, jobs, and sustainable growth. This policy paper, a synthesis of insights and recommendations from the Inclusion and Sustainability Priority 1 Task Force for the Startup20 therefore, proposes a comprehensive framework to unlock the immense potential of South African MSMEs and set a precedent for similar economies. It integrates three foundational pillars: Catalysing Green Finance for MSMEs and Marginalised Enterprises, Promoting Responsible Investment through ESG Integration, and Leveraging Green and Inclusive Fiscal Incentives. Drawing lessons from global best practices, particularly from India and Brazil, and critically adapting them to the African reality, this document provides actionable strategies to bridge the gap between high-level policy aspirations and on-the-ground impact.

We extend our gratitude to all experts, policymakers, and stakeholders who contributed to this robust framework. Our collective aspiration is to empower a new generation of entrepreneurs to build resilient, equitable, and sustainable futures, ensuring that no one is left behind in the journey towards "One Earth, One Family, One Future." This paper serves as a testament to South Africa's commitment to drive inclusive economic growth, industrialisation, employment, and reduced inequality, contributing meaningfully to the global agenda for sustainable development.

Chairperson
Mbali Nwoko

Deputy Chair
Edna Montse

Policy Glossary

Abbreviation	Definition
Blended Finance	Funding structure using concessional, private, and public capital to crowd in investment for inclusive, sustainable development.
Data Dashboard	Real-time visual and analytical platform for monitoring national, regional, and global progress on key inclusion and sustainability indicators.
Digital Skills	Capabilities that enable effective participation, innovation, and access in ICT, e-commerce, and knowledge economies.
Disability Mainstreaming	Integration of disability perspectives and provision across all societal, policy, and economic frameworks.
Disaster Risk Reduction (DRR)	Strategies and measures to prevent, mitigate, and manage the impacts of natural and human-made disasters on vulnerable groups.
Evidence-Based Practice	Policy or operational decisions that are informed by systematically collected data, measurable outcomes, case studies, and current best practice research to maximize effectiveness, accountability, and impact.
Exclusion Index	Data-driven metric tracking disparities across gender, geography, income, or ability to inform targeted intervention.
G20	Group of Twenty: leading forum for global economic, sustainability and inclusive growth policy coordination.

Gender Representation Quota	Policy setting minimums for women's participation in programs, boards, and leadership roles to advance gender parity.
Global Public Goods	Resources and services (e.g., a stable climate, clean air, social protection) delivered collectively and benefiting all.
Green Skills	Competencies required for employment in sustainable, low-carbon, renewable, and environmentally focused sectors.
Impact Audit	Independent assessment or verification of whether inclusion and sustainability goals have been achieved in program delivery.
Inclusion Assessment	Formal review of potential impacts and benefits of major policies or investments on marginalised populations.
Inclusion Council	Multistakeholder body mandated to oversee, monitor, and recommend improvements for inclusive and sustainable policy delivery.
Just Transition	Whole-of-society frameworks ensuring fair, inclusive, and equitable transitions to a low-carbon, digital, or green economy.
Micro-Insurance	Affordable, inclusive insurance products designed for vulnerable or low-income groups who lack access to traditional coverage.
Mission-Driven MSME	An MSME whose primary business objective includes measurable social or environmental impact, demonstrated through their governance model, service orientation, or reinvestment of surplus for social purpose rather than solely for private gain.

Participatory Budgeting	Approaches ensuring citizens and stakeholders directly influence how public resources are allocated for inclusive, sustainable outcomes.
Resilience Index	Composite metric to track a country or community's readiness, capacity, and ability to withstand and recover from shocks.
SDG	Sustainable Development Goals: 17 United Nations targets for social, economic, and environmental outcomes to be achieved by 2030.
Social Enterprise	An organization that applies commercial strategies to maximize improvements in financial, social, and environmental well-being—prioritizing positive impact on marginalized, vulnerable, or underserved groups in society alongside or above profit for external shareholders.
South-South/North-South Collaboration	Partnerships between developing and/or developed countries for technology, knowledge, and financing transfer.
SU20	South Africa's G20 presidency taskforces, advancing inclusion and sustainability across the G20 platform.
Whole-of-Government Approach	Strategy requiring all ministries and agencies to align around shared inclusion and sustainability goals across policies and operations.
Whole-of-Society Approach	Policy model requiring concerted action and participation by governments, private sector, civil society, and communities.

Recommendations: Executive Summary

This policy paper proposes a unified framework to advance South Africa's G20 priorities of solidarity, equality, and sustainability through focused, scalable actions. It places Micro, Small, and Medium Enterprises (MSMEs) at the centre of inclusive economic growth and climate resilience. Social enterprises, as mission-driven MSMEs focused on social or environmental benefit, are key agents of inclusion and innovation. The framework is anchored on three interlinked pillars, each supported by actionable interventions, measurable indicators, and strong coordination mechanisms.

1. **Catalysing Green Finance for Marginalised MSMEs**

   The first pillar targets the structural financing gap facing the "missing middle." It introduces dedicated green finance instruments that improve access for women, youth, persons with disabilities, and rural enterprises. The measures include a Green Impact Fund for Inclusion, a Credit Guarantee Scheme for Low-Income Entrepreneurs, and targeted tax incentives that promote investment in sustainable MSMEs. Combined, these actions aim to triple MSME access to green finance by 2030, mobilise R2 billion for marginalised urban and rural enterprises, and expand funding for women, disabled and youth-led firms fivefold.

2. **Mainstreaming Responsible Investment and ESG Integration**

   The second pillar embeds responsible and sustainable investment practices across the entrepreneurship ecosystem. It proposes the rollout of MSME-appropriate ESG readiness tools and social impact reporting frameworks. These initiatives will allow MSMEs to demonstrate measurable environmental and social contributions, attract responsible capital, and align with global sustainability standards such as the UN Principles for Responsible Investment and the G20 Sustainable Finance Roadmap.

3. **Leveraging Digital Public Infrastructure and Inclusive Fiscal Incentives**

   The third pillar focuses on productive inclusion in a just, low-carbon transition. It supports innovation clusters in renewable energy, recycling, and sustainable agriculture while ensuring equitable skills participation. The approach promotes technology adoption by underserved entrepreneurs and builds partnerships between larger enterprises and green MSMEs. It links inclusive innovation with national decarbonisation pathways and the goals of the Africa Climate Summit Declaration.

Together, the three pillars define a pathway to achieve inclusive, sustainable industrialisation aligned with the G20 and Africa Agenda 2063. The framework ensures that South Africa's transition to a green and digital economy is not only climate-smart but also equity-driven, empowering local enterprise as both catalyst and beneficiary of sustainable growth.

Cross-Cutting Themes and Impact

The recommendations solidify South Africa's leadership role within the G20 and across the African continent. They aim to mobilise substantial blended finance, generate sustainable green jobs, and expand equitable access to clean energy. At least one-third of direct beneficiaries will be women, youth, or persons with disabilities, ensuring inclusion at every stage of implementation. This includes a special focus on social enterprises that directly address community needs and create lasting social value. The framework also strengthens just transition efforts, deepens regional integration, and supports digital transformation within public systems.

These actions foster stronger partnerships between African states and G20 members, advancing peer learning, shared technology transfer, and joint investment in sustainable development. Together, they create a foundation for inclusive growth that is socially equitable and environmentally responsible.

Monitoring, Evaluation & Accountability

A comprehensive monitoring and evaluation system underpins this policy framework. It includes predefined key performance indicators, independent assessment mechanisms, and transparent data reporting standards. Regular reviews will track progress, measure social and environmental impact, and align implementation with evolving stakeholder priorities.

An adaptive management approach ensures continuous learning and evidence-based refinement of interventions. Recent global and African research, including the World Economic Forum's 2025 report on African social enterprises, confirm their outsized impact on jobs and inclusion. The process amplifies accountability, encourages institutional coherence, and strengthens confidence among investors and communities.

Call to Action

This paper calls for collective and immediate action from governments, development agencies, private investors, and civil society. Stakeholders are urged to implement these recommendations through coordinated financing, innovation partnerships, and inclusive enterprise support.

The framework offers a replicable model for the Global South, designed to empower local enterprise, advance regional cooperation, and secure a just and resilient economic future for all.

Introduction

The global landscape today is marked by profound challenges, foremost amongst these: worsening climate change, deepening inequality, recurring global shocks, and the growing imperative for pathways to sustainable economic growth. In this demanding environment, startups and MSMEs take on a critical role as both engines of innovation and as central drivers of poverty reduction, job creation, and inclusive, climate-resilient development. Social enterprises, which use business approaches to achieve social and environmental outcomes, are an essential part of the MSME landscape in Africa. They are often at the forefront of delivering community-led solutions and building resilient local economies. The G20 Startup20, a vital engagement group, seeks to advance this dual imperative, reinforcing the 2025 G20 Presidency theme of Solidarity, Equality, and Sustainability under South Africa's leadership.

South Africa finds itself at a pivotal crossroads. While it is the continent's industrial powerhouse, the country faces persistent youth unemployment, entrenched inequality, energy insecurity, and high vulnerability to climate impacts. These intersecting crises intensify the urgency for innovative, locally adapted policy measures, as well as strengthened international solidarity. The G20 Presidency endorses the mobilisation of finance for a just energy transition, a focus on debt sustainability for low-income countries, and effective utilisation of critical minerals. These macro priorities deeply resonate within its grassroots entrepreneurial landscape.

The Inclusion and Sustainability Policy Paper are the product of broad consultation and synthesis by the G20 Startup20, especially through the Inclusion and Sustainability Taskforce. It frames a comprehensive, actionable policy agenda to unlock the latent potential of South African MSMEs, and including those led by women, youth, rural entrepreneurs, and the disabled, to catalyse scalable change across similar economies worldwide.

Problem Statement

South Africa and Africa face overlapping crises: climate change, entrenched inequality, youth unemployment, sluggish growth, food and energy insecurity, and rising debt, all undermining inclusive, sustainable development. Global commitments, including the SDGs and Agenda 2063, remain unmet, especially for vulnerable groups and MSMEs, as barriers persist in participation, innovation, and resilience. The shift to green energy and equitable mineral extraction remains hampered by financing gaps, inadequate capacity, and lacking policy support, often excluding local communities. Systemic challenges like slow financial and trade reforms, debt burdens, and protectionism prevent access to affordable finance and technology, locking developing nations out of global markets. Many social enterprises face additional hurdles due to limited formal recognition and support structures. Without accelerated reform and collective action, inequality and vulnerability will worsen, and Africa's vision for equitable growth will be unattainable. The South African G20 presidency must urgently champion just transitions, targeted inclusion, and solidarity to fulfill the continent's development and global commitments.

Problem Statement

South Africa faces intersecting challenges of deepening inequality, climate instability, and slow employment growth, which together threaten broad-based prosperity and resilience. Persistent gaps in access to finance, digital infrastructure, and policy support restrict the participation of women, youth, rural, and disabled entrepreneurs in national growth and green transition opportunities. Most MSMEs remain unable to scale, innovate sustainably, or compete for new market opportunities. Global and regional commitments, including the Sustainable Development Goals and Agenda 2063, remain out of reach for vulnerable groups as structural barriers in participation and resilience persist.

Without determined, inclusive reforms and urgent cross-sector collaboration, South Africa's vision for equitable, sustainable development will not be realised. The G20 presidency must champion solidarity, just transitions, and targeted inclusion to secure a resilient and low-carbon economy for all.

Key Challenges and Opportunities

South African MSMEs and startups face multiple interlinked challenges that undermine their capacity to drive inclusive, sustainable economic growth.

- **Access to Finance**: Traditional lending practices, high collateral demands, and limited alternative finance leave most MSMEs without the capital they need to grow, hire, and innovate. This applies particularly to newer, micro, and informal enterprises. Social enterprises often struggle to access funding, as their hybrid business models fall between traditional grant and loan products, further amplifying financing barriers within the MSME landscape.
- **Economic Volatility and Supply Chain Disruptions**: Sluggish economic growth, unpredictable inflation, and logistical bottlenecks, often caused by poor infrastructure or political uncertainty, increase costs and risks, hindering expansion and market access for MSMEs.
- **Skills and Technological Gaps**: Rapid digital and AI advancements offer new opportunities but also expose skills shortages and make technology adoption costly and complex, reinforcing structural inequalities within the sector.
- **Regulatory Burden and Market Exclusion**: Excessive red tape, rigid compliance systems, and tax or export policy shifts can create barriers to entry for small businesses, especially those run by women, youth, and marginalised communities. Recognition and support for social enterprises remains limited in regulatory frameworks, restricting their formal market participation and scalability.
- **Funding and Digital Readiness**: MSMEs often lack reliable financial records and digital tools, limiting their “funding readiness” and access to government, bank, or DFI-backed capital and support programs.

Despite these obstacles, substantial opportunities are emerging.

- **Digital Innovation**: Accelerated digital transformation and AI adoption can increase productivity, lower entry costs, and enable new MSME business models, especially where mobile and cloud technologies are leveraged for access and scale. Digital platforms and social enterprise networks are enabling new partnerships, peer learning, and expanded market access, especially for impact-driven MSMEs.
- **Green and Inclusive Financing**: The rise of blended finance, green credit schemes, and government-backed guarantees can unlock new capital flows for climate-

smart MSMEs and marginalised entrepreneurs, supporting South Africa's just transition goals.

- **Market Access Reforms**: Incentives for local procurement, targeted regulatory reforms, and initiatives to simplify compliance can open up formal supply chains and export markets to smaller or previously excluded businesses.
- **Ecosystem Partnerships**: Collaboration between accelerators, DFIs, fintechs, and advocacy groups is expanding the support available for financial literacy, digital enablement, and women- and youth-led entrepreneurship, driving resilience in the MSME sector.

Tackling these challenges and unlocking the opportunities requires coordinated policy action, investment in digital and human capital, expanded financial inclusion, and a strong focus on equity and impact.

Priority Areas/Thematic Pillars

The Inclusion and Sustainability Taskforce framework is founded on three mutually reinforcing thematic pillars, each designed to address persistent systemic barriers facing South African MSMEs. Each pillar intentionally includes social enterprises as agents of inclusive and sustainable local development. The pillars are informed by lessons from both international models (India's SIDBI Green Finance, Brazil's BNDES Climate Fund) and local pilot programmes.:

Pillar 1: Catalysing Green and Inclusive Finance

This pillar addresses the "missing middle" of MSMEs, viz. viable enterprises excluded by traditional financial systems because of insufficient collateral, limited credit history, or informal status. The policy response is threefold:

- Creation of a **Green Impact Fund for Inclusion** that targets underserved segments, including women, youth, rural communities, and disabled founders.
- Launch of a **Green Credit-Guarantee Scheme** to reduce risk for lenders and expand capital access.
- Implementation of **targeted tax incentives** supporting inclusive green innovation and technology uptake.

Social enterprises are eligible for green finance facilities and will benefit from blended capital, innovation incentives, and tailored support mechanisms. Recent pilots in the Eastern Cape illustrate the impact. With concessional loans and technical assistance, local cooperatives have expanded into biogas, solar, and green farming, directly creating employment and mitigating climate risks. This pillar thus marries financial inclusion and environmental sustainability, accelerating climate and employment outcomes for marginalised groups.

Pillar 2: Promoting Responsible Investment through ESG Integration

Global shifts in capital markets require MSMEs to meet rigorous environmental, social, and governance (ESG) standards to access responsible investment. This pillar includes:

- ESG-readiness training and impact reporting frameworks, expanding MSME access to sustainability-linked venture capital. ESG reporting tools and impact frameworks will be accessible to social enterprises to highlight their contributions to community wellbeing and environmental solutions.
- Integration of Education for Sustainable Development into entrepreneurial training.
- Public-private partnerships with responsible investors, leveraging lessons from successful G20-aligned models in Asia and Latin America.

For example, MSMEs supported through local incubators using South African ESG toolkits have improved their sustainability performance and successfully entered green procurement schemes at municipal and provincial level. This strategic approach prepares local enterprises for global value chains and aligns South African practice with emerging regulatory trends.

Pillar 3: Leveraging Digital Public Infrastructure for Sustainability and Inclusion

Persistent bottlenecks in reaching the last mile of certification and compliance are addressed via digital innovation. Pillar three focuses on:

- Deployment of climate-smart **digital IDs for MSMEs**, enabling seamless onboarding and monitoring.

- Development of **blockchain-enabled subsidy and grant platforms** to drive transparency and efficiency.
- Use of **digital dashboards and data systems** to help municipalities mainstream green procurement and ESG mandates.

Social enterprises will be integrated into digital ecosystems, benefiting from open registries and new partnership platforms. These digital tools, modelled after Brazil's *Caixa Tem* and India's *Aadhaar stack*, are now being piloted in South Africa. Initial successes appear evident, expanding the reach of subsidies, simplifying MSME registry processes, and improving service delivery. Integration with other pillars reinforces the causal logic: digital IDs support ESG tracking, and transparent data systems help scale innovative financial instruments.

Together, these pillars provide a holistic approach, grounded in global evidence and tested South African pilots. They are designed to be mutually reinforcing. For example, digital IDs not only streamline access to finance (Pillar 1) but also enable better ESG reporting and compliance (Pillar 2). By explicitly incorporating local case studies and international comparators, both contextual relevance and international transferability is demonstrated.

Policy Objectives

1. **Expand equitable access to climate-smart finance and support for MSMEs**
   Ensure MSMEs, including women-, youth-, informal-, and disability-owned, can more readily access blended finance, green capital and targeted support mechanisms to drive sustainable, inclusive growth.

2. **Accelerate digital and skills inclusion for MSMEs in underserved regions**
   Build a resilient MSME ecosystem by closing digital gaps, expanding skills development, and leveraging partnerships for innovation, capacity-building, and improved productivity, prioritising marginalised and excluded groups.

3. **Enable market access and regulatory reform for inclusive MSME participation**
   Streamline compliance and procurement, incentivise local content, and strengthen ESG and gender-focus criteria to improve MSME inclusion in public and private supply chains, with special emphasis on township, rural, and marginalised communities.

Evidence Base and Validation

The Inclusion and Sustainability Policy Paper are grounded in a comprehensive, multi-layered evidence base that responds to the rigorous standards set by the G20 for policy formulation, validation, and adaptive implementation. The policy framework synthesises data, lessons, and comparative insights from local, national, and global sources to ensure both relevance and credibility within the South African and international contexts.

Methodology and Approach

This policy paper draws on a systematic review of the South African entrepreneurial landscape, using a blend of quantitative and qualitative data collection methods. These methods include analysis of national datasets (e.g., Finfind MSME Access to Finance Report 2025), in-depth case studies, stakeholder consultations, workshops with target beneficiaries (women, youth, people with disabilities, veterans), and expert interviews with DFIs, industry councils, and academic specialists. The evidence base is triangulated by cross-referencing findings with international case studies. In particular, the green finance and entrepreneurship initiatives operationalised in Brazil and India, both identified by previous G20 and Startup20 monitoring as international exemplars. Underpinning this process, the paper integrates insights from ongoing pilots and demonstration projects across priority regions (Eastern Cape for rural innovation, Gauteng for township MSMEs, Western Cape for clean tech scaling).

Key Data Foundations

Recent evidence, including the State of Social Enterprise: Unlocking Inclusive Growth, Jobs and Development in Africa (2025), demonstrates that social enterprises and mission-driven MSMEs outpace conventional MSMEs in several inclusion metrics. These include higher employment rates for women (60% of jobs created), youth (45% of new placements), and persons with disabilities (20%), while showing resilience in maintaining jobs during economic shocks.[1] These advantages persist even when faced with similar regulatory, digital, and financial barriers encountered by all MSMEs.

- **MSME Demographics and Financial Exclusion**: MSMEs account for over 90% of South Africa's formal businesses, but a persistent "missing middle" restricts access to finance, especially for businesses without collateral, sufficient credit histories, or

[1] State of Social Enterprise: Unlocking Inclusive Growth, Jobs and Development in Africa (WEF, Schwab Foundation, AU Commission, SAP, Motsepe Foundation, Africa Forward, 2025), launched at G20 South Africa.

formal registration. Surveys and field studies confirm that women, youth, and PWD-led enterprises are disproportionately excluded from both mainstream and green financial products a finding that mirrors G20-level diagnostics on barriers to entrepreneurial inclusion.[2] Social enterprises, despite their social mission, encounter the same market, regulatory, digital, and financial constraints as conventional MSMEs, yet evidence shows they deliver outsized inclusion and impact results, validating their prioritization in policy frameworks.

- **Green Finance and Climate Risks**: The UN Environment Programme (UNEP, 2021), supported by the Finfind survey and DBSA reporting, highlights that over 70% of African startups eligible for green funding are excluded for reasons ranging from unconventional business models to excessive paperwork.[3] This evidence substantiates both the scale of the exclusion and the need for innovative de-risking instruments, such as the new Green Impact Fund for Inclusion and the Green Credit Guarantee Scheme, which in turn are modelled after documented successes in Brazil's BNDES Climate Fund and India's SIDBI blended finance platform.
- **Digital Public Infrastructure and Access**: Structural analysis indicates that, while mobile penetration in South Africa is strong, up to 60% of rural MSMEs and informal enterprises remain beyond the reach of digital financial services. This is due to both connectivity gaps and inadequate digital public infrastructure (DPI). International comparators demonstrate the transformative potential of digital ID, payment rails, and unified registries in expanding last-mile access and reducing fraud. Sound international examples of these are Brazil's *Caixa Tem* and India's *Aadhaar stack*. Adapting this evidence, the policy mandates the development of a climate-smart digital registry for green MSMEs, tailored for local socio-technical realities.

Brazil's *Caixa Tem* is a government-backed digital banking platform launched by Caixa Econômica Federal, the largest public bank in Latin America. It was created to provide free digital bank accounts for millions of Brazilians, targeting financial and social inclusion. This proved especially significant for the unbanked and those in need of government assistance. *Caixa Tem* enables users to receive social benefits, pay bills, transfer funds (including via Pix, Brazil's real-time payments system), make purchases with virtual debit cards, and withdraw cash, all through a mobile app. It was instrumental in delivering COVID-19 relief

2 Finfind MSME Access to Finance Report 2025; State of Social Enterprise 2025; G20 Startup20 Monitoring 2024
3 UNEP 2021; Finfind MSME Access to Finance 2025

and has become the largest digital banking channel in Brazil, dramatically reducing financial exclusion and enabling accessible financial services for vulnerable groups.

India's *Aadhaar stack* refers to the country's foundational digital identity infrastructure centred around *Aadhaar*, a unique 12-digit biometric ID issued to residents. The "*stack*" constitutes an open digital platform built on top of *Aadhaar*, combining e-KYC (electronic *Know Your Customer*), e-signature, digital locker, and instant authentication services. The stack allows for seamless digital onboarding and verification for public services, banking, welfare subsidies, and payments, all using the *Aadhaar* number as a trusted digital identity. Through this digital infrastructure, India has been able to expand direct benefit transfers, streamline public program delivery, improve transparency, and significantly broaden access to banking and government services even for rural and low-income populations

Case Study Method and Local Pilots

To ensure direct contextual relevance, this policy draws on specific case studies, such as the *Ubuntu Waste Co-op* in the Eastern Cape (biogas from agricultural waste, led by disabled entrepreneurs), which illustrates both the barriers to traditional finance and the catalytic impact of concessional loans plus technical assistance when such funding is accessible.[4] Pilots in three provinces use phased implementation and continuous feedback loops to validate assumptions on fund design, impacts, and incentive alignment.

Global Comparison and Adaptation

All recommendations are anchored in international best practice, with deliberate adaptation for the South African context. In consultation with G20's Startup20 engagement group, the policy benchmarks the evolving success of the Green Outcomes Fund (South Africa), BNDES Climate Fund (Brazil), and targeted tax incentive models from India (Section 35) for R&D and eco-innovation.[5] This comparative method ensures that mechanisms such as blended finance, tiered certification, and inclusive procurement are not simply imported, but tailored for local regulatory, market, and demographic realities.

Consultation, Participatory Validation, and Peer Review

A multi-stakeholder validation process was conducted, including:

---

[4] G20 Startup20 Monitoring 2024; State of Social Enterprise 2025
[5] UNEP 2021; G20 Startup20 Monitoring 2024

- National and regional workshops with MSMEs, incubators, accelerators, financiers, and civil society, documenting ownership and buy-in across target groups.
- Expert panels reviewing technical and implementation aspects, incorporating feedback from DFIs, the National Treasury, environmental agencies, and independent researchers.
- Participatory M&E with baseline and midterm KPIs, including robust systems for data collection, disaggregation by gender, age, region, and disability status, and public progress dashboards.

Results Monitoring, Real-Time Feedback, and Independent Evaluation

Consistent with G20 process, continuous monitoring and independent evaluation are embedded as core principles:

- Public, real-time digital dashboards track core KPIs (e.g., green finance access, jobs created, gender/disability breakdown).
- Quarterly and annual reviews with independent reporting ensure accountability and transparency, with explicit links to course-correction protocols if progress falls below threshold benchmarks.
- The inclusion of an independent, diverse evaluation body (global, regional, and local expertise) insulates monitoring from political or commercial interference, reflecting best in class international governance.

Risks, Mitigation, and Adaptive Learning

This evidence base explicitly assesses foreseeable risks, including low MSME uptake, fraud, policy capture by larger corporates, and digital exclusion. Mitigation strategies are evidence-based. These range from proactive awareness and technical support to streamlined eligibility verification, adaptive financing, and learning loops triggered by real-time data feedback.

Alignment with G20 and SDG Frameworks

All policy recommendations and their supporting evidence directly map to G20 strategic priorities for "Solidarity, Equality, Sustainability", align with the Sustainable Development Goals (notably SDG 7, 8, 10, and 13), and reflect international best practices for inclusive, sustainable, and resilient economic recovery. This ensures broad policy credibility and international transferability.

This section thus provides a transparent, methodologically sound, and internationally peer-aligned foundation for the policy package. This ensures that recommendations are not just aspirational, but demonstrably feasible, scalable, and impactful within the unique context of South Africa's just, inclusive green transition.

Recommendation 1: Catalyse Green Finance for MSMEs & Marginalised Enterprises

Executive Summary

Mobilising dedicated green finance for MSMEs and marginalised enterprises offers a transformative pathway to accelerate South Africa's climate goals and actively reduce inequality. Although MSMEs account for over 90% of formal businesses and play a critical role in job creation, they remain disproportionately excluded from sustainable finance opportunities. This recommendation advocates a multi-pronged approach to address systemic financial exclusion:

- Establish a **Green Impact Fund** for Inclusion to de-risk investment in high impact, underserved green MSMEs.
- Launch a **Green Credit Guarantee Scheme** targeting low-income entrepreneurs, reducing lenders' risk and expanding microloan accessibility.
- Implement targeted **tax incentives** to stimulate research and adoption of eco-friendly solutions for MSMEs committed to inclusive green innovation.

These integrated measures prioritise women, youth, persons with disabilities, and rural enterprises, aiming to unlock substantial capital, boost inclusive job creation in the green economy, and equip South African MSMEs for competitiveness in global ESG-driven supply chains.

Executive Recommendation

South Africa should urgently establish and scale a coordinated suite of green finance mechanisms targeted at MSMEs and marginalised enterprises to drive climate action, reduce inequality, and unlock resilient growth. This includes launching a Green Impact Fund for Inclusion to de-risk investments in high-impact green MSMEs, introducing a Green Credit Guarantee Scheme to broaden access to sustainable microloans for low-income entrepreneurs, and providing targeted tax incentives to stimulate inclusive green innovation. Prioritising women, youth, persons with disabilities, and rural businesses within these instruments will maximise impact. Bold, integrated action in green finance is essential to position MSMEs for success in the emerging green economy and ensure South Africa leads on climate and inclusion priorities across national and global markets.

Context

South Africa's ambition for a Just Energy Transition (JET) designed to accelerate the move to net-zero emissions and inclusive economic growth, is critically constrained by a pervasive deficit in financing for MSMEs and marginalised enterprises. MSMEs form the backbone of the economy, but are hampered by limited credit access, risk perceptions, absence of collateral, and volatile cash flows. This results in a "missing middle" where promising micro and small businesses remain locked out of formal financing channels.

Gender and spatial disparities compound the finance gap: women-led and rural enterprises, especially those in the informal sector, face compounded barriers around caring responsibilities, digital exclusion, and legacy financial exclusion. This cycle perpetuates exclusion even in high-impact areas, such as women-led cooperatives recycling agricultural waste, which remain disconnected from green finance. Recent benchmarking with global exemplars like India's SIDBI Green Finance and Brazil's BNDES Climate Fund demonstrates the transformative potential of public-private partnerships and de-risking mechanisms. But many African startups remain ineligible for funding due to unconventional business models and excessive red tape, with as many as 70% excluded per UNEP's 2021 findings.

Unmanaged climate transitions risk deepening poverty, inequality, and economic vulnerability for MSMEs and disadvantaged populations. South Africa's JET commitments require tailored financial platforms, purposeful risk-sharing, and strategic blended finance. This places MSMEs and marginalised enterprises at the centre of sustainable development, energy transition, and climate resilience. Recommendation 1 elevates the mobilisation of green finance as a cornerstone for building an inclusive, resilient, and competitive South African economy in the face of global energy and climate challenges.

Strategic Priorities

By advancing these strategic priorities, South Africa can position MSMEs and marginalised enterprises at the centre of a just, low-carbon transition. This will enable inclusive growth, job creation, and sustainable competitiveness within Africa's green economy:

- **Expand Dedicated Green Financial Instruments**: Develop and deploy a targeted suite of green finance tools, including a Green Impact Fund and Green Credit Guarantee Scheme. Use to unlock affordable capital for MSMEs and marginalised businesses, with a strong emphasis on high-impact, climate-aligned projects.
- **Foster Inclusive Innovation and Market Access**: Prioritise funding, technical support, and incentives for women, youth, persons with disabilities, and rural entrepreneurs, ensuring they participate fully in emerging green value chains and benefit from ESG-driven market opportunities.
- **Strengthen Green Finance Infrastructure and Disclosure**: Advance the implementation of a national Green Finance Taxonomy, robust sustainability disclosure standards, and capacity-building for local intermediaries to enhance transparency, comparability, and credibility in green investments.
- **Leverage Public-Private Partnerships and Blended Finance**: Mobilise diverse sources of capital (domestic and international, public and private) through blended finance platforms and partnership models that de-risk green MSME investments and scale catalytic funding for adaptation, resilience, and just transition priorities.
- **Enhance Regulatory and Supervisory Coordination**: Align green finance policies and products with global best practices, national SDG and climate strategies, and evolving regulatory frameworks to minimise greenwashing and support long-term systemic change in South Africa's financial sector.

Key Performance Indicators (KPIs)

A full KPI dashboard covering baseline values, 2030 targets, tracking institutions and lead champions is provided below. Headline goals include tripling the share of MSMEs with green credit, lifting the proportion of women- and youth-led firms that receive funding five-fold, and channelling at least R2 billion to township and rural enterprises by 2030.

Tabel 1: KPI Dashboard – Green Finance for MSMEs:

	KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
1.	Value of green finance mobilised for MSMEs	R0.6 billion	R2.0 billion	Annual DFI and Treasury progress reports	DTIC, National Treasury, DBSA	Value of green finance mobilised for MSMEs
2.	Number of MSMEs accessing green loans	8 000	25 000	MSME Financing Survey Report	SEFA, IDC, provincial agencies	Number of MSMEs accessing green loans
3.	Green Impact Fund for Inclusion operational status	Not established	Fully operational by 2026	Annual fund performance audit	DBSA, DSBD, private partners	Green Impact Fund for Inclusion operational status
4.	Credit guarantees issued to low-income entrepreneurs	None	10 000	Guarantee Facility annual review	SEFA, Treasury, BASA	Credit guarantees issued to low-income entrepreneurs
5.	Share of beneficiaries from women, youth, and disability groups	15%	40%	Gender and Inclusion audit	DWYPD, DSBD	Share of beneficiaries from women, youth, and disability groups
6.	Number of MSMEs meeting ESG compliance standards	5%	70%	Annual ESG audit	DBSA, SA SME Fund	Number of MSMEs meeting ESG compliance standards

This KPI framework includes only essential indicators for high-level strategic management. Each KPI is neutral, measurable, and directly aligned with strategic objectives on climate finance inclusion, institutional performance, and transformative impact.

Detailed Actions

Action 1.1: Establish a Green Impact Fund for Inclusion

Summary

Action 1.1 aims to establish a catalytic Green Impact Fund for Inclusion that expands access to capital and reduces risk for MSMEs, especially those owned by women, youth, persons with disabilities, and rural entrepreneurs. The Fund will leverage blended finance and outcome-based payments to incentivise private fund managers, crowd in additional resources, and channel finance to green enterprises previously excluded due to risk perceptions or lack of collateral. Building on local pilots such as the Green Outcomes Fund, the Fund will offer tailored support, business development, and technical assistance alongside flexible financing, with a focus on generating verifiable green jobs, climate solutions, and inclusive growth in underserved areas.

The Fund's structure and impact measurement will be transparent and geared for scale, using baseline-to-target progress across key KPIs such as job creation, climate mitigation, and enterprise growth, and reporting outcomes publicly to build investor and stakeholder confidence.

Background

South Africa's efforts to mainstream inclusive green growth have faced persistent challenges: MSMEs and marginalised enterprises remain disconnected from mainstream financing, with scale and impact limited by risk perceptions, collateral requirements, and costly deal sizes. The country's Green Fund, led by the Department of Environmental Affairs and the DBSA, was set up to pioneer low-carbon, climate-resilient development and address gaps in poverty reduction and job creation through catalytic finance, but has proven accessible mainly to larger projects and more sophisticated enterprises.

Recent innovations, such as the Green Outcomes Fund, show how blended finance, outcome-based payments, and local partnerships can crowd in private capital and reduce systemic barriers for small enterprises, especially those led by women, youth, and rural entrepreneurs. Despite over 30 green economy policies and more than 1,000 national initiatives, critical gaps remain for truly inclusive access, requiring new instruments explicitly designed to reach and support excluded groups, de-risk unconventional business models, and drive measurable green impact alongside inclusion. Action 1.1 builds on these lessons, proposing a fit-for-purpose Green Impact Fund for Inclusion, aligned with best international practice and South Africa's national climate, poverty, and inequality objectives.

Local Example: The Ubuntu Waste Co-op

The Ubuntu Waste Co-op in the Eastern Cape, led by five disabled entrepreneurs, developed a small-scale biogas digester using agricultural waste. Despite a compelling business case for providing clean energy to a local community, they were repeatedly rejected for funding due to a lack of formal collateral. Under the new Green Impact Fund for Inclusion, they could receive a concessional loan and a technical assistance grant, enabling them to pilot their project and demonstrate viability, setting a precedent for other similarly excluded ventures.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Green Impact Fund for Inclusion establishment (status)	Feasibility study initiated	Fund legally constituted and capitalised	Fund operational with disbursement portfolio	DSBD Monitoring Unit	DBSA
Capital committed to the Fund (public and private) (USD)	USD 0	USD 66 million	USD 138 million	National Treasury	DSBD
MSMEs financed through the Fund (number)	0	1 000	3 000	DBSA Impact Report	SEFA
Proportion of funded enterprises owned by women, youth, and persons with disabilities (%)	Not measured	40%	50%	DWYPD Annual Review	DSBD
Average processing time for project financing approval (months)	Not measured	4 months	2 months	Fund Operational Metrics	DBSA

Implementation Approach

The Green Impact Fund for Inclusion will be established as a blended finance facility targeting MSMEs and marginalised enterprises that face systemic barriers to accessing green finance. The Fund's design draws on insights from catalytic finance instruments and pilot initiatives in South Africa, integrating global best practices on green and inclusive funding for MSMEs.

Step 1: Fund Design and Stakeholder Mobilisation

- Convene a multi-stakeholder steering committee (government, DFIs, local fund managers, commercial banks, climate funds, representative associations for women, youth, and disabled entrepreneurs).
- Commission market analysis, feasibility study, and baseline assessment, incorporating gender- and region-disaggregated data and consultation with target beneficiary groups.
- Co-design the Fund's operational model, term sheet, eligibility criteria (priority for women/youth/disabled-owned, rural, informal and high-impact green enterprises), and result tracking framework.
- Align with global green finance standards, national climate imperatives, and G20 frameworks.

Step 2: Capitalisation and Blended Finance Structure

- Secure initial capital through a mix of government endowment, donor grants, concessional lending, and private sector co-investment.
- Structure the Fund to de-risk private capital using guarantees, first-loss tranches, and incentives for inclusive and green outcomes.
- Partner with local financial intermediaries (banks, fintechs, SMME funds) for on-lending, leveraging their reach and sectoral expertise.

Step 3: Fund Deployment, Technical Support, and Monitoring

- Launch rolling calls for proposals and targeted outreach with simplified application processes for marginalised groups [1].
- Provide technical assistance to MSMEs to strengthen bankability, business planning, and green certification (drawing on learnings from Green Outcomes Fund pilots).
- Link funding to capacity building, post-investment support, and climate impact monitoring.
- Use digital registry platforms for transparent application, tracking, and impact auditing.

Phasing

- **Phase 1 (Initial Setup & Governance - 12-18 months):**
- **Phase 2 (Pilot Launches & Learning - 18-36 months):**
- **Phase 3 (Scaling & Mainstreaming - 36+ months):**

Roles and Responsibilities

- **Lead Implementing Agent**: Appointed government agency (such as DSBD/DBSA) manages fund operations, engages implementing partners, and coordinates reporting.
- **Fund Managers**: Selected through a competitive process, these institutions identify, invest in, and mentor target MSMEs, focusing on high-impact, high-potential green businesses.
- **Advisory/Investment Committees**: Oversee strategic direction, approve investments, and ensure alignment with national development and climate objectives.
- **Partners**: International donors, private investors, and ecosystem actors contribute resources, knowledge, and implementation support.

Risks and Mitigation

Risk	Mitigation
• Low pipeline of investable MSMEs in target areas	Combine finance with technical assistance and use intermediaries with strong local presence
• Outcomes or inclusion targets not met	Pay-for-results structure ensures fund managers are incentivised by impact delivery and regular external M&E
• Leakage, misallocation, or limited transparency	Robust fund governance, independent audits, mandatory outcome verification, full public disclosure

Action 1.2: Launch a Green Credit-Guarantee Scheme for Low-Income Entrepreneurs

Summary

Traditional banks remain highly risk-averse, resulting in limited lending to informal and low-income entrepreneurs, even when these businesses deliver significant economic value. Recent COVID-19 relief experience confirms that relying on commercial banks alone (even with government guarantees) results in stringent, exclusionary requirements and slow disbursement to the intended beneficiaries.

A dedicated, government-backed green credit-guarantee scheme will directly mitigate lender risk barriers and enable the extension of microloans and small enterprise finance specifically for green initiatives among underserved groups. Drawing on global best practice, such as Brazil's Climate Fund, the mechanism will unlock affordable lending for green microbusinesses through strategic government risk-sharing, democratising access to green capital for low-income entrepreneurs and empowering broad participation in the green economy.

Background

Low-income and informal entrepreneurs in South Africa continue to face major barriers accessing finance, largely due to strict collateral and credit requirements imposed by risk-averse commercial banks. Government and development institutions have piloted various credit guarantee schemes, but their reach has been limited. This is especially true for very small, rural, or first-time green enterprises. Operational challenges (such as onerous claims, low risk appetite of banks, and insufficient targeting) have also undermined the impact of these schemes.

During the COVID-19 pandemic, government-backed credit guarantees were deployed to stabilise MSMEs, but suffered from poor uptake, exclusionary loan requirements, and limited flexibility for investment financing. International evidence, such as the success of Brazil's climate-focused guarantee programmes, shows that targeted, publicly backed schemes with green outcomes can effectively unlock affordable finance for micro- and small entrepreneurs who would otherwise remain excluded from mainstream finance.

A redesigned, green-focused credit-guarantee scheme is therefore essential to both address persistent market failures in green finance and to enable full participation by low-income, rural, and marginalised entrepreneurs in South Africa's energy transition and inclusive economic recovery.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Inclusive Green Tax Incentive Framework (status)	Policy design under review	Scheme enacted and operational	Incentive framework mainstreamed across all MSME support instruments	National Treasury Monitoring Unit	Department of Finance and National Treasury
Total value of tax incentives accessed by MSMEs (USD)	USD 0	USD 40 million	USD 100 million	SARS Annual Tax Expenditure Report	National Treasury
Registered MSMEs benefiting from green tax deductions (number)	0	2 000	5 000	SARS MSME Register	DSBD
Proportion of youth, women, and disability-owned MSMEs among green tax beneficiaries (%)	Not measured	40%	50%	DSBD Inclusivity Tracking Unit	DSBD
Accredited advisory bodies enabled to support green tax claim processing (number)	0	30	80	DTIC Green Industry Unit	DSBD and DTIC

Implementation Approach

The Green Credit Guarantee Scheme (GCGS) will be established as a dedicated risk-sharing instrument to enable financial institutions to extend affordable green loans to low-income and marginalised MSMEs, especially those lacking collateral or established credit histories. The scheme is designed to unlock private sector lending for inclusive green growth, aligned with national green finance taxonomies and international ESG standards.

Step 1: Scheme Design and Stakeholder Co-Creation

- Set up an inclusive design taskforce (Treasury, DFFE, SEFA, DFIs, local banks, SMME associations) with structured engagement of target beneficiary groups, including women, youth, informal, and rural entrepreneurs.
- Conduct feasibility analyses of existing guarantee schemes (e.g., SEFA, Khula) to identify and address policy, regulatory, and operational barriers for low-income MSMEs.
- Define "**green**" and "**low income**" eligibility criteria in line with the South African Green Finance Taxonomy and G20 reporting norms.
- Calibrate guarantee rates (e.g., 70–90%), coverage (individual and portfolio guarantees), and premium structures to maximise lender participation while controlling fiscal risk.

Step 2: Capitalisation, Partnership, and Digital Access

- Capitalise the guarantee pool with government seed funding and leverage donor, DFI, and multilateral contributions for first-loss coverage and technical assistance.
- Sign MOUs with commercial banks, microfinance institutions, fintechs, and SMME-specialist funds to define roles in origination, administration, claims, and joint marketing.
- Deploy a digital guarantee platform for application, monitoring, approval, and payout to ensure speed, transparency, and access for underserved entrepreneurs.

Step 3: Operational Rollout and Inclusion Support

- Launch targeted campaigns in low-income areas, collaborating with financial intermediaries to design simple, rapid assessment and application processes for unbanked or informally registered MSMEs.
- Provide pre-loan and post-loan financial literacy and business development support in partnership with NGOs, sector associations, and government incubators.
- Integrate ESG and climate risk assessment tools into loan origination, linking green criteria with eligibility for additional subsidies, business advisory, and training.

Step 4: Claims Management, Impact Monitoring, and Learning

- Institute streamlined claims processing, rapid payout, and feedback mechanisms to build lender trust and ensure scheme usage.
- Track and report on performance using time-bound KPIs: loans issued, demographics (gender, youth, disability, region), repayment rates, and real-world green impacts.
- Build a continuous learning and adaptation system with annual reviews, external audits, and beneficiary feedback, reporting results to Treasury and G20/SU20 for ongoing course correction.

Step 5: Policy Integration and Scalability

- Use scheme results to recommend scaling, policy revisions, and new co-guarantee or first-loss mechanisms for emerging markets and sectors.
- Ensure integration with national green finance and financial inclusion strategies, promoting public-private learning and international standard alignment.

This approach ensures that the Green Credit Guarantee Scheme is truly inclusive, data-driven, risk-responsive, and scalable. This reduces risk for lenders, opening finance for entrepreneurs, and accelerating a just green transition.

Phasing

- Phase 1 (Framework Development - 9-12 months):
- Phase 2 (Pilot Rollout - 12-24 months):
- Phase 3 (National Scale-Up - 24+ months).

Risks and Mitigation

This approach closely aligns with global best practice, explicitly targeting green economy inclusion and leveraging innovative risk-sharing to unlock meaningful credit flows for South Africa's low-income and excluded entrepreneurs.

Risk	Mitigation
Low lender uptake or persistent risk aversion	Simplified guarantee process; outreach and lender marketing; clear incentives for participation
Delays/disputes in guarantee pay-outs	Use digital platforms, clear SLAs for claims, best practice from successful schemes
Poor targeting, leakage, or limited inclusion	Set transparent eligibility, rigorous outreach to underserved groups, and continuous M&E

Action 1.3: Tax Incentives for Inclusive Green Innovation

Summary

Tax incentives are a catalytic mechanism to align private sector behaviour with national green and inclusion objectives. This action promotes innovation by introducing targeted fiscal measures for enterprises investing in green technologies, research, and eco-efficient processes. Measures include enhanced deductions and accelerated depreciation allowances the approach draws from global best practices, including India's Section 35 R&D tax framework and Brazil's innovation subsidy models, illustrating their effectiveness in stimulating sustainable enterprise development.

By reducing the financial burden of green investments, these incentives aim to make environmentally responsible innovation economically viable for MSMEs. Priority access will be directed toward youth-, women-, black-, and disability-owned businesses to ensure equitable participation in the green economy. These measures will not only encourage adoption of low-carbon technologies and circular economy practices but also strengthen the foundation for an inclusive, innovation-driven industrial ecosystem.

Background

South Africa uses tax incentives to encourage investment in renewable energy and sustainable technologies. These measures aim to lower emissions and promote climate resilience. Section 37B allows deductions for assets used in environmental treatment and waste management. Section 12B provides accelerated depreciation for renewable energy equipment such as solar and wind systems.

Despite the range of measures, large firms have been the primary beneficiaries. Many small enterprises struggle to access the incentives due to limited awareness and complex processes. Small business innovators need targeted fiscal support to adopt green technologies.

Inclusive fiscal measures can help break these barriers. Other countries such as India and Brazil have proved that accessible tax incentives help small innovators adopt sustainable practices. South Africa can draw from these examples to strengthen local green entrepreneurship.

This action seeks to create clear and accessible incentives for small business investors in green industries. It aims to promote inclusive growth and environmental sustainability. The focus is on practical mechanisms that improve awareness, simplify compliance, and widen participation.

Policy Proposals:

- Enhanced R&D Tax Deduction: Introduce a 150% tax deduction on qualifying research and development (R&D) expenses for eco-solutions, particularly targeting innovations by black-owned or women-owned MSMEs. This encourages investment in sustainable technologies and business models at the grassroots level.
- Accelerated Depreciation for Green Assets: Implement accelerated depreciation schedules for capital expenditure on green machinery, equipment, and infrastructure (e.g., solar panels, energy-efficient manufacturing equipment, waste recycling machinery) purchased by MSMEs. This reduces the effective cost of such investments and incentivises rapid adoption.
- Targeted Fiscal Support: Explore the feasibility of temporary VAT exemptions or reduced corporate income tax rates for nascent green MSMEs for their first few years of operation, conditional on verifiable green outcomes.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Green Innovation Tax Incentive Policy implementation (status)	Concept note under development	Policy piloted for priority MSME sectors	Policy integrated in national tax system and operational across all provinces	National Treasury Monitoring Unit	National Treasury and Department of Science and Innovation
Total green innovation investment value leveraged through tax incentives (USD)	USD 0	USD 60 million	USD 150 million	SARS Annual Tax Expenditure Report	National Treasury
MSMEs engaged in research, innovation or clean technology development supported by tax incentives (number)	0	1 500	3 500	DSBD Innovation Monitoring Unit	DSBD and DSI
New green patents and intellectual property registrations linked to incentive beneficiaries (number)	0	90	250	Companies and Intellectual Property Commission Annual Report	DSI
Percentage of green innovation tax incentive beneficiaries that are youth, women or black-owned enterprises (%)	Not measured	40%	50%	DSBD Inclusivity Tracking System	DSBD

Implementation Approach:

The policy will introduce or reform tax incentives (such as generous deductions, accelerated depreciation, and VAT zero-rating) that specifically target MSMEs engaged in green innovation and eco-friendly investments. The approach will involve:

- Simplifying eligibility, application, and proof requirements based on international best practice and stakeholder feedback.
- Combining the incentives with awareness campaigns, technical assistance, and MSME support to boost knowledge and uptake, while engaging sectoral associations to reach black-, youth-, women-, and disability-owned firms.
- Leveraging digital platforms for faster processing and transparent monitoring, integrating periodic reviews to assess impact and address barriers.

Step 1: Policy and Incentive Design

- Establish an inclusive policy planning task team (National Treasury, SARS, DSBD, DFFE, industry bodies, and MSME coalitions including women/youth/disability/black-owned enterprise networks) to co-design the new green tax incentive schema, ensuring simple, accessible compliance and eligibility.
- Integrate green innovation into the Section 11D R&D tax incentive, expanding eligibility to include investments in climate mitigation, adaptation, energy efficiency, waste reduction, and circular economy activities, as well as process/product innovation with measurable green outcomes.
- Create enhanced tax deductions for qualifying green innovation expenditures (e.g., 150% or higher for eligible R&D, and additional allowances for qualifying green asset purchases, similar to previously implemented 12I incentive models for greenfield projects in South Africa).

Step 2: Targeted Outreach and Capacity Support

- Conduct national and targeted outreach campaigns to ensure historically disadvantaged and marginalised MSMEs are aware of, and supported to access, the incentive. Process simplification, multilingual guidance, and informal sector inclusion will ensure equitable uptake.

- Provide advisory and technical support to MSMEs, leveraging partnerships with incubators, accelerators, universities, and sectoral councils, ensuring all enterprises (regardless of size, location, or founder demographics) can prepare strong, compliant claims and green innovation cases.

Step 3: Application, Validation, and Regulatory Fast-Tracking

- Establish a fast-tracked digital application and verification portal, allowing MSMEs to submit claims, track approvals, and receive pre-filing clarifications and guidance.
- Mandate participating agencies to expedite Environmental Impact Assessment and other permitting processes for eligible applicants, with "green priority" status given to marginalised and inclusive innovators

Step 4: Inclusive Monitoring, Transparency, and Learning

- Require annual and disaggregated reporting on incentive uptake (by gender, youth, race, disability, sector and region) and green outcomes (innovation types, emissions savings, resource efficiencies, etc.), using digital data collection and external audit mechanisms.
- Use results to refine and scale the incentives, ensuring that lessons learned feed into broader green economy master planning and financial inclusion efforts.

Phasing

- Phase 1 (Legislative Review & Drafting - 12-18 months):
- Phase 2 (Pilot and Awareness - 18-36 months):
- Phase 3 (National Rollout & Monitoring - 36+ months):

Roles and Responsibilities:

- **Government** (National Treasury, SARS, DSBD): Responsible for designing, administering, and reviewing the incentives, and for inter-departmental coordination and monitoring.
- **Business Associations and MSME networks**: Act as intermediaries to raise awareness, support applications, and provide feedback on design and barriers.

- **Technical partners** (consultants, NGOs, accountants): Deliver outreach, technical assistance, and training to ensure inclusive access, especially for historically marginalised businesses:

Risks and Mitigation

This structure ensures that tax-based support is both accessible and impactful for MSMEs, especially those owned by historically disadvantaged groups. This will drive inclusive green innovation and real sector transformation.

Risk	Mitigation
• Low awareness or take-up among target groups	Proactive outreach, targeted communication, MSME-focused advisory and training
• Administrative complexity and eligibility hurdles	Streamlined processes, digital applications, regular consultation with MSME stakeholder
• Risk of capture by larger firms or fraudulent claims	Incentives capped or tiered for MSMEs, strong auditing, and ongoing impact review

Recommendation 2: Promote Responsible Investment through ESG Integration

Summary

To achieve long-term, inclusive prosperity, it is critical to reorient capital flows to align financial returns with strong environmental, social, and governance (ESG) outcomes, especially within G20 economies. Startups and MSMEs, particularly those from underrepresented or vulnerable communities, require tailored frameworks, comprehensive training, and targeted capital incentives to grow sustainably within this paradigm.

This recommendation advocates a multi-faceted approach to making responsible investment foundational for entrepreneurial development. This includes:

- Developing user-friendly ESG-readiness tools and standardised social impact reporting frameworks.
- Integrating Education for Sustainable Development (EdSD) into entrepreneurship training, accelerator programs, and national education strategies.
- Promoting responsible venture capital by engaging impact investors and ESG-aligned VCs.

These interventions aim to equip MSMEs to manage ESG risks, generate positive social and environmental impact, compete effectively, and attract ESG-aligned capital, thus fostering a new generation of purpose-driven business leaders essential for sustainable growth and a just transition.

Executive Recommendation

Integrating ESG principles into national investment practices is critical for fostering sustainable, equitable growth and resilient entrepreneurship. This executive recommendation urges government, regulators, investors, and ecosystem enablers to embed responsible investment as the foundation of entrepreneurial and business development by:

- Mandating the adoption of ESG-readiness tools and standardised social impact reporting for MSMEs and startups, especially those in underrepresented and vulnerable communities.

- Systematically integrating Education for Sustainable Development (EdSD) into entrepreneurship curricula, incubator/accelerator training, and national education strategies.
- Actively promoting responsible and inclusive venture capital by mobilising impact investors and ESG-aligned VCs, with targeted capital incentives for businesses that adhere to robust ESG criteria.

These measures will equip emerging enterprises to manage ESG risks, generate positive social and environmental outcomes, and attract sustainable and aligned capital. This is essential for a just transition and building a new generation of purpose-driven South African business leaders

Key Performance Indicators

A comprehensive KPI framework with baselines, 2026 milestones, and 2030 targets is outlined below, focusing on three priority areas: ESG tools, EdSD integration, and responsible venture capital.

Context

The global economy stands at a critical juncture, characterised by accelerating climate change, widening socio-economic inequalities, and rapid technological disruption. These dynamics necessitate a fundamental re-evaluation of traditional economic paradigms, moving beyond a sole focus on profit towards harmonising financial returns with environmental stewardship and social equity. South Africa, with its unique socio-economic challenges, including a long history of Socially Responsible Investment (SRI) shaped by its post-apartheid agenda (e.g., BEE Act of 2003) and the National Development Plan (NDP) 2030, is particularly positioned to champion this shift. While South African corporates have made commendable strides in ESG compliance (e.g., King IV, CRISA 2.0), MSMEs generally lack the technical resources, skills, and incentives to implement comprehensive ESG practices or report on their social and environmental performance. This significantly impedes their eligibility for ESG-aligned capital, creating a critical hurdle for their sustainable growth.

Globally, the impact investing market has surged, surpassing US$1.2 trillion, with South Africa's sector projected for robust growth (Grand View Research, 2024). This trend underscores a significant opportunity: MSMEs that embed environmental and social impact into their core business models are increasingly attractive to ESG-conscious investors. By aligning profitability with purpose, these enterprises not only enhance their long-term value and competitiveness but also contribute directly to UN Sustainable Development Goals (SDGs) such as decent work, climate action, and reduced inequalities.

Parallel to this financial shift is the growing recognition of the crucial role of Education for Sustainable Development (EdSD). Equipping entrepreneurs with sustainability-aligned knowledge, skills, and values is paramount for creating inclusive, purpose-driven ventures that address systemic challenges. Despite the recognised need, South Africa's digital adaptability is below the global average, with high costs of mobile data hindering the adoption of technology for impact measurement and reporting by MSMEs (The Global Competition Review, 2022). This digital divide exacerbates the exclusion of entrepreneurs from historically marginalised communities, who often lack reliable internet access (econ3x3, 2025).

The current context also highlights that MSMEs in sectors like agriculture, tourism, and natural resources are highly vulnerable to climate change impacts and are underprepared for the policy and market shifts towards a low-carbon economy (ITC, 2025). The lack of standardised impact measurement tools further complicates the landscape, leading to inconsistencies and subjective reporting by investors, making it challenging for smaller businesses to navigate.

By embracing responsible investment and EdSD, South Africa can:

- Unlock significant capital for green and social enterprise development, particularly for youth and women.
- Drive job creation within the emerging green economy.
- Position MSMEs to compete in ESG-compliant global supply chains.
- Enhance systemic financial resilience through sustainable capital allocation frameworks. This policy recommendation, therefore, places responsible investment as a cornerstone strategy for building an inclusive, resilient, and sustainable South African economy that contributes meaningfully to global recovery and transformation goals.

Key Performance Indicators (KPIs)

Table 2: KPIs

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
National ESG Integration Framework (operational status)	Consultation draft under review	Framework formally adopted and piloted across financial institutions	Full national implementation under FSCA guidance	FSCA and National Treasury ESG Coordination Unit	National Treasury and FSCA
Percentage of institutional investors integrating ESG criteria in investment decisions (%)	20%	50%	80%	FSCA Annual Sustainable Finance Survey	FSCA
Total assets under management screened for ESG compliance (USD)	USD 15 billion	USD 40 billion	USD 85 billion	JSE ESG Reporting Repository	JSE and National Treasury
Public and private entities publishing assured ESG disclosures in line with IFRS S1 and S2 (%)	10%	60%	100%	CIPC Sustainability Reporting Tracker	CIPC and DTIC
Independent ESG assurance providers accredited nationally (number)	5	30	75	South African National Accreditation System (SANAS)	FSCA and National Treasury

Detailed Actions

Action 2.1: Develop ESG-Readiness Tools and Social Impact Reporting Frameworks for Startups and MSMEs

Summary

A critical barrier for startups and MSMEs in South Africa is the lack of accessible and tailored tools to prepare for and report on Environmental, Social, and Governance (ESG) criteria. Without these, they risk exclusion from sustainable finance opportunities and global supply chains increasingly demanding ESG compliance. Existing tools are often complex and costly, making them inaccessible to smaller entities. Malaysian experiences, where ESG integration rose significantly after national-level readiness tools were introduced, and initiatives like Project Savannah (UNDP, MAS, GLEIF) demonstrating how digital ESG credentials improve investor access, underscore the transformative potential of simplified, localised, and scalable tools.

The action will promote accessible ESG-readiness assessment tools and develop step-by-step social impact reporting templates adapted from international frameworks, such as GRI, TCFD, and South Africa's updated JSE Sustainability Disclosure Guidance. This support will emphasise simplicity, digital accessibility, and localisation to address the realities of MSMEs, including those in rural and underserved areas. Advisory services, online training, and peer learning opportunities will enable MSMEs and startups to build internal ESG management capacity, generate credible impact data, and strengthen transparency for customers, investors, and regulators.

The ultimate goal is to ensure that ESG and social impact reporting become value-adding business practices for MSMEs. It is envisaged that this will result in improving market access, investment readiness, and local credibility, while also supporting South Africa's transition to globally aligned, inclusive sustainability standards.

Background

Recognising these realities, Action 2.1 addresses South Africa's urgent need for tailored ESG readiness and reporting solutions for startups and MSMEs. While large corporations have resources to manage complex reporting frameworks, smaller firms require accessible, sector-sensitive tools and guidance to assess, improve, and communicate ESG performance. Digital platforms and interactive readiness hubs now enable SMEs to benchmark themselves against global standards, identify gaps, and create improvement roadmaps with direct links to the UN SDGs, JSE guidelines, and local regulatory expectations.

Non-financial support, such as training, advisory, and technical assistance, is equally crucial in ensuring MSMEs not only comply but thrive. Accessible ESG tools, multi-language reporting, and intuitive dashboards democratise sustainability management, helping businesses overcome market, financing, and compliance barriers, and empowering them to become credible contributors to responsible, inclusive growth in South Africa. Startups and MSMEs in South Africa are increasingly required to demonstrate ESG maturity and provide social impact reporting as responsible investment and regulatory compliance become embedded in both public and private sector value chains. While large companies often possess resources for expert-driven sustainability reporting, the majority of MSMEs lack accessible, fit-for-purpose tools and guidance, resulting in limited market access and missed financing opportunities.

This action builds on recent advances, such as interactive digital ESG readiness platforms, training offered in local languages, and sector-sensitive frameworks developed by local and international ESG support initiatives. These developments have begun to bridge the knowledge and resource gap, allowing MSMEs to benchmark their practices, generate improvement roadmaps, and credibly communicate performance to buyers and investors seeking alignment with UN SDGs and global reporting norms.

The background for this action recognises the essential role of non-financial support, including peer learning, technical advice, and risk management guidance, in enabling MSMEs to overcome cost, complexity, and compliance challenges. It supports a greener, more inclusive South African economy by empowering MSMEs to demonstrate real-world impact and meet national and global standards for ESG reporting and responsible investment.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
National MSME ESG Readiness Toolkit (development status)	Concept design under consultation	Toolkit deployed across all provinces and available on DSBD digital platforms	Fully integrated ESG-readiness platform with automated analytics and reporting across MSMEs	DSBD Digital Transformation Unit	DSBD and UN Global Compact South Africa
MSMEs trained and onboarded on ESG readiness and social impact reporting tools (number)	0	5 000	12 000	SEDA and National Business Initiative (NBI)	DSBD and DSI
Percentage of MSMEs producing annual social impact or sustainability reports (%)	5%	35%	70%	CIPC ESG Disclosure Tracker	CIPC and DSBD
Sector-specific ESG-readiness toolkits developed and deployed (number)	0	10	25	UN Global Compact SME Hub	UNGC-SA and DTIC
Partnerships with multinationals, financiers, and accelerators embedding MSME ESG standards (number)	3	20	50	National ESG Partnerships Registry	National Treasury and DSBD

Implementation Approach

- Launch a national **SME ESG Readiness Hub** offering an interactive, self-guided digital platform, enabling enterprises to benchmark ESG maturity across 8 core indicators using binary, sector-sensitive diagnostic questions. Results are provided through visually intuitive dashboards and automated, shareable reports, addressing both local and global stakeholder expectations.
- Ensure **platform accessibility via multi-language support** (English, French, key local languages) and easy document uploads for policy evidence and data validation. Firms can generate professional ESG maturity reports suitable for banks, buyers, and regulators, and identify improvement priorities in alignment with UN SDGs and major global reporting standards.
- Create **stepwise reporting templates and training modules** to help MSMEs prepare simple, credible social impact disclosures, focusing on practical performance metrics that align with evolving investor, lender, and supply chain requirements.
- Integrate **financial literacy and advisory support** from business incubators, sector associations, and government programs, enabling continuous improvement and compliance through peer learning, mentorship, and sector workshops.
- **Partner with ESG climate and impact networks** (e.g., SME Climate Hub, CDP) to offer climate and social impact calculators, tailored learning courses, and advisory content free to all registered MSMEs, as a condition for access to green finance incentives and preferred procurement channels.
- **Track uptake and effectiveness** through digital analytics, SME feedback, and third-party audits, ensuring equity, accessibility, and continual refinement. Priority is given to marginalised, township-based, and women/youth/black-owned enterprises.

Phases

- Phase 1 (Needs Assessment & Design - 12-18 months):
- Phase 2 (Pilot & Iteration - 18-30 months):
- Phase 3 (Scaling & Mainstreaming - 30+ months):

Roles and Responsibilities:

The successful delivery of Action 2.1 will require coordinated roles and clear responsibilities among government, industry, digital platform managers, support organisations, and MSMEs, with oversight and support mechanisms for equitable access and effectiveness.

- **Lead Institutions** (Government agencies, ESG policy custodian, Digital Hub):
  - Oversee strategic design, development, and maintenance of the ESG-readiness platform and reporting toolkit.
  - Define minimum standards, compliance guidelines, and localisation requirements for digital tools, using global frameworks such as GRI, ISSB, TCFD, and JSE Sustainability Disclosure Guidance.
  - Mobilise resources for inclusive SME outreach, training, technical assistance, and multi-language support.
- **Sector Associations**, **Incubators, and Support Organisations:**
  - Deliver hands-on support, advisory, and peer learning workshops for MSMEs to build ESG awareness, reporting capacity, and practical skills.
  - Act as feedback channels for tool improvement and localisation, ensuring sectoral realities are reflected in diagnostics and templates.
  - Monitor and report on access, learning outcomes, and barriers faced by marginalised enterprises.
- **MSMEs and Startups:**
  - Use ESG-readiness assessment and reporting tools for self-diagnosis, benchmarking, business improvement, and impact communication.
  - Participate in digital and in-person training, submit data for inclusion in sectoral ESG dashboards, and contribute feedback for platform upgrades.
  - Identify gaps, implement improvement recommendations, and disclose impact results to buyers, regulators, and the public.
- **Private Sector** (Banks, Corporate Buyers, Investors)
  - Integrate tool outputs into procurement, financing, and investment decision-making.
  - Provide market incentives for adoption and support recognition/reward for MSMEs demonstrating leadership in ESG compliance and social reporting.
- **Independent** Auditors and Technical Experts
  - Periodically audit platform functionality, tool accuracy, and aggregate SME data for quality assurance and continuous improvement.

  - Guide government and platform managers in adapting tools to meet emerging global ESG and impact standards.

All parties are responsible for promoting inclusivity, transparency, and continuous learning, ensuring the ecosystem is prepared for the next wave of responsible investment and sustainability reporting mandates.

Risks and Mitigation:

- **Financial and Capacity Constraints**. **Risk**: MSMEs may lack financial resources, technical expertise, or available staff to implement new ESG reporting standards, leading to partial or inaccurate disclosures. **Mitigation**: Provide free or subsidised access to digital ESG tools, multi-language training modules, simple reporting templates, and peer learning workshops, supported by government and industry partnerships.
- **Regulatory Uncertainty and Standard Misalignment**. **Risk**: Evolving ESG disclosure standards and fragmented requirements (local vs. global) confuse implementation, producing compliance gaps and regulatory risk. **Mitigation**: Continuously update ESG readiness platforms with emerging regulatory changes and harmonise tool content with all major international frameworks (GRI, ISSB, JSE); provide regulatory horizon scanning and advisory support.
- **Low Adoption and Perceived Value**. **Risk**: MSMEs may not perceive clear value or incentive to participate, viewing ESG as added cost or "tick-box" exercise rather than driver of investment and growth. **Mitigation**: Educate on business benefits (market access, financing, resilience), integrate ESG metrics into procurement and finance incentives, and showcase success stories and role models among early adopters.
- **Technology and Privacy**. **Risk**: Digital solutions may pose privacy and cyber risks, especially for sensitive data. **Mitigation**: Implement data security best practices, maintain user-controlled privacy settings, and allow open-source or private cloud deployment as required.

Proactive, inclusive mitigation strategies will safeguard Action 2.1's credibility, ensure broad MSME participation, and build sustainable value from ESG integration.

Action 2.2: Integrate EdSD (Education for Sustainable Development) into Entrepreneurship Training, Accelerator Curricula, and National Education Strategies

Summary:

Action 2.2 seeks to embed EdSD principles, viz. environmental integrity, social justice, and economic viability, across entrepreneurship training pathways and mainstream formal education. This is to ensure that these dimensions are understood and practiced from school through to higher education and enterprise development. The initiative enables learners and aspiring entrepreneurs to integrate sustainability into business design, operations, and impact assessment. The main mechanism is tailored curricula in high school commerce subjects, accelerator modules, and national SME training programs,

Partnerships with universities, national government, and business ecosystem platforms will further deepen EdSD capacity, connect youth to green economy opportunities, and cultivate leadership. Indigenous entrepreneurship and real-world activities are designed to strengthen social competence, creative problem-solving, and citizenship, in order to transform educational impact for improved resilience. Examples of these are: studentpreneurs events and garden-based community projects,

This integration positions South Africa's entrepreneurship landscape to respond effectively to climate risk, evolving buyer and investor expectations, and the need for businesses to deliver value for people and planet.

Background:

Entrepreneurship education in South Africa is increasingly recognised as a fundamental catalyst for sustainable economic growth, job creation, and social inclusion. Its importance is emphasised as the country addresses large-scale challenges of inequality, environmental degradation, and unemployment. EdSD equips learners to integrate environmental stewardship, social responsibility, and long-term economic value into their entrepreneurial ventures, supporting national and global development agendas.

Over the past decade, national strategies and higher education initiatives have moved to embed EdSD principles into entrepreneurship curriculum design, recognising the connection between responsible innovation, green economic opportunities, and inclusive prosperity. Programs are able to demonstrate how training in sustainable business models, social impact, and green technology prepares young entrepreneurs for profitable business.

Programs such as the Entrepreneurship Development in Higher Education (EDHE) initiative and targeted EdSD interventions in schools and universities are examples of these.

Mainstreaming EdSD in entrepreneurship training will help align South Africa's human capital and enterprise ecosystem with the SDGs, especially SDG 4 (quality education) and SDG 8 (decent work and economic growth), driving transformation across the economy while fostering a resilient, responsible generation of business leaders.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
EdSD integration strategy for entrepreneurship and accelerator curricula (status (	Concept framework under consultation	Strategy implemented in 50% of national entrepreneurship and accelerator programmes	Integrated EdSD framework operational across all tertiary and vocational curricula	Department of Higher Education and Training (DHET) EdSD Monitoring Unit	DHET and Department of Basic Education
Entrepreneurship training and accelerator programmes embedding EdSD modules (number)	5	60	150	Universities South Africa (USAf) through the EDHE Platform	DHET and USAf
Educators, mentors, and trainers trained in EdSD-aligned entrepreneurship methodologies (number)	100	3 000	8 000	Fundisa for Change Programme Secretariat	DHET and DSI
Tertiary institutions incorporating sustainability-focused entrepreneurship learning streams (%)	15%	55%	90%	Council on Higher Education Annual Review	DHET and UNESCO

Learners and student entrepreneurs completing sustainability-focused entrepreneurship modules (number)	500	25 000	60 000	EDHE Monitoring Framework	DHET and Fundisa for Change

Implementation Plan:

- Embed **EdSD modules in Economic and Management Sciences** (EMS) **and Business Studies** for Grades 7–12, using the CAPS curriculum principles of social transformation, active learning, inclusivity, environmental stewardship, and indigenous knowledge systems.
- **Develop practical EdSD course materials, lesson plans**, and **assessment guides** in collaboration with educators, entrepreneurship support organisations, and international partners, ensuring relevance to local sustainability challenges and business opportunities.
- **Strengthen higher education entrepreneurship curricula** through the EDHE programme, enabling universities to adopt best practices in EdSD, train academic staff, and link students to innovation-driven teaching methodologies, mentorship, and green economy career pathways.
- Run **national, provincial, and local teacher capacity-building** workshops leveraging the Fundisa for Change network, the Department of Higher Education and Training, and specialist expertise delivered through academic/industry partnerships.
- Integrate **systems thinking, inquiry-based learning, real-world entrepreneurship challenges**, and **active stakeholder engagement** across all training phases to foster problem-solving, critical reflection, and proactive citizenship.
- **Align implementation** with national development priorities and the SDGs, and continuously evaluate curriculum, ecosystem impact, and graduate employability through strategic data collection, feedback loops, and regular stakeholder consultation.

Phasing

Phase 1 (Curriculum Development & Pilot - 18-24 months):

- Collaborate with government agencies (e.g., DSBD, DHET) to revise policy guidelines and funding criteria for public incubators and training programs to explicitly include EdSD requirements.
- Design standardised, yet adaptable, EdSD toolkits and curriculum modules, potentially in partnership with UNESCO and UNEP education initiatives.
- Launch pilot EdSD integration programs in selected TVET colleges, universities, and incubator networks, focusing on demand-driven, localised content.

Phase 2 (Educator Capacity Building & Incentivisation - 24-48 months):

- Develop and implement comprehensive capacity-building workshops for trainers, educators, and mentors on EdSD topics, including the use of emerging technologies for impact reporting. Provide national certification for these educators.
- Establish clear criteria for EdSD-compliant accelerators and provide performance-based incentives (e.g., preferential funding, public recognition) for those that achieve specific sustainability outcomes from their ventures.
- SU20/G20 role: Co-develop a global accelerator sustainability index and support regional peer learning networks to share best practices in EdSD integration.

Phase 3 (National Mainstreaming & Monitoring - 48+ months):

- Systematically revise curriculum frameworks across the national education system to embed EdSD into relevant subjects, working closely with academic councils and skills authorities.
- Monitor the percentage of entrepreneurship programs incorporating EdSD content and the number of educators certified in EdSD for entrepreneurship.
- SU20/G20 role: Facilitate sustained collaboration with international educational bodies and fund large-scale pilot implementations of EdSD across G20 member states.

Roles and Responsibilities:

Multiple actors in government, academia, industry, and the entrepreneurship ecosystem play defined, complementary roles to successfully integrate EdSD into entrepreneurship training, accelerator curricula, and national education strategies.

- **Department of Basic Education & Department of Higher Education and Training (DHET)**:
    - Set national curriculum standards and mandate the inclusion of EdSD principles in Economic and Management Sciences (EMS), Business Studies, and higher education entrepreneurship programs.
    - Coordinate educator upskilling, curriculum rollout, and teacher support systems at provincial and district levels.
    - Partner with international organisations to align curricula with global EdSD and entrepreneurship frameworks.
- **Universities and TVET Colleges**:
    - Design, deliver, and evaluate EdSD-compliant entrepreneurship training modules, including practical projects, innovation challenges, and business incubation support.
    - Facilitate staff development and peer learning communities to mainstream EdSD teaching methods.
    - Monitor student competencies and feed results into national policy adjustments.
- **Entrepreneurship Support Organisations, Business Incubators & Accelerators:**
    - Integrate EdSD skills content and sustainability impact criteria into accelerator curricula, mentorship, and business model support for emerging entrepreneurs and MSMEs.
    - Offer training for mentors, coaches, and ecosystem partners on EdSD integration.
    - Share best practice case studies, amplify success stories, and provide monitoring data on EdSD-trained entrepreneurs.
- **Teachers and Academic Facilitators**:
    - Deliver EdSD-embedded lessons, foster practical and inquiry-based learning, and promote systems thinking amongst students.
    - Participate in ongoing professional development and communities of practice.
- **Industry Partners and Private Sector**:
    - Provide input on market-aligned sustainability skills, offer internships, support enterprise challenges, and collaborate in curriculum co-design and resource allocation.
    - Support entrepreneurship and EdSD initiatives through funding, sponsorship, and knowledge transfer.

- **NGOs, Civil Society, and Development Partners**:
    - Catalyse outreach to underserved schools and underserved regions, ensuring inclusion and equity in EdSD rollout.
    - Conduct independent monitoring and evaluation of impact for continual improvement.

These collaborative roles ensure an ecosystem-wide embedding of EdSD, supporting lasting entrepreneurial competency, inclusive growth, and responsible investment in South Africa.

Risks and Mitigation:

- Resistance to curriculum changes or lack of resources for implementation. **Mitigation**: Demonstrate the long-term economic and social benefits of EdSD-aligned entrepreneurship through compelling case studies; provide comprehensive funding and technical support for curriculum development and teacher training. Advocate for a clear mandate from high-level policy.
- Short-term profit focus of startups overriding long-term sustainability goals. **Mitigation**: Integrate EdSD into early-stage incubation and mentorship programs, emphasising that sustainability creates competitive advantage and access to impact funding. Showcase successful purpose-driven enterprises that balance profit and impact.
- Limited access to technology for impact measurement and reporting, particularly for MSMEs in underserved areas. **Mitigation**: Promote the adoption and availability of affordable, user-friendly digital tools for impact data gathering and analysis. Support the creation of technological platforms that increase scalability, transparency, and consistent reporting for EdSD-related interventions, including public-private partnerships between high-tech corporates and startups for prototyping green economy solutions.

Action 2.3: Promote Responsible Venture Capital through Impact Investors and ESG Aligned VCs

Summary

Promoting responsible venture capital through impact investors and ESG-aligned VCs aims to mobilise private capital toward ventures that generate positive social and environmental outcomes alongside financial returns, accelerating the transformation of South Africa's entrepreneurial ecosystem in line with national development goals and global sustainability standards. Action 2.3 will expand the reach and sophistication of impact investment and ESG-aligned venture capital by incentivising fund managers, private equity and VC firms to integrate robust ESG criteria and transparent impact measurement into their investment processes. Prioritising transparency, ethical exclusions (such as fossil fuels and harmful industries), and progress toward the United Nations Sustainable Development Goals, emerging leaders like Summit Africa, Futuregrowth, and Sanlam are demonstrating high standards for ESG integration and sustainable value creation.

By partnering with these impact-focused investors, startups and MSMEs will access patient, mission-oriented capital and capacity building that supports innovation, climate resilience, inclusion, and ethical entrepreneurship across strategic sectors. This action directly responds to a growing demand for demonstrable impact, addresses concerns of greenwashing through improved reporting standards, and positions the South African venture capital landscape to attract global sustainability-oriented funds and partnerships.

Collectively, this initiative seeks to make responsible investment the new norm, ensuring venture capital delivers lasting value for society, the environment, and the economy.

Background

South Africa's venture capital ecosystem has seen a significant shift towards impact investment and the integration of ESG criteria as funders recognise the urgent need to address social, economic, and environmental challenges through private sector innovation. Historically, local VC activity was undercapitalised and largely supported by individual investors, with limited participation from institutional investors such as pension funds, banks, and international development finance institutions. Regulatory barriers, including exchange control and a lack of tax incentives for early-stage investing, have restricted the flow of both local and global capital. This has made it harder for high-impact startups to access needed resources.

Over the last five years, South Africa's VC sector has benefited from increased activity and targeted capital allocation to technology and high-growth sectors. The main driver has been public and private actors seeking returns while also promoting inclusive prosperity, job creation, and innovative solutions to national development challenges. Venture capital firms are increasingly evaluating investments for their social outcomes, climate resilience, and ethical impact, reflecting the evolution towards responsible investment and the rising global demand for demonstrable impact.

The emergence of local impact funds, partnerships, and ESG-aligned VCs is facilitating the growth of high-potential startups and SMEs. In addition, it is also fostering a mindset shift among entrepreneurs, fund managers, and policymakers regarding the vital role of capital in shaping a resilient, sustainable economy. This transformation is strategically aligned with South Africa's national objectives and its broader positioning within African and global investment trends. South Africa's venture capital ecosystem has recently experienced a pivotal transformation as VC firms and private investors increasingly prioritise impact investing and ESG alignment. Originally, the sector was primarily driven by individuals, with institutional investors and global funds contributing only limited support due to regulatory barriers such as exchange controls and the absence of dedicated tax incentives for venture capital. These challenges have historically constrained both capital supply and the inclusiveness of VC funding available to innovative startups.

In response to mounting development challenges, local VC actors have started to embrace impact investing, integrating rigorous ESG standards and transparent impact measurement into their funding approaches. This strategic shift aligns venture capital with national policy goals of job creation, inclusive growth, and sustainable development while positioning South Africa to attract global sustainability-oriented capital and catalyse technology-driven progress. The infusion of responsible investment practices into the VC sector is recognised as a critical driver for advancing innovative SME growth, fostering economic competitiveness, and strengthening resilience against social and environmental risks.

Collectively, these developments highlight the importance of making responsible venture capital a central component of South Africa's future economic strategy, ensuring new investments contribute to positive societal and environmental outcomes alongside financial returns.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
National ESG-aligned Venture Capital Framework (status)	Fragmented standards and voluntary ESG disclosure	National ESG VC Code developed and adopted by 40% of registered VC and impact funds	ESG-aligned investment principles institutionalised across >90% of VC and impact funds	FSCA and SA Venture Capital Association (SAVCA) ESG Taskforce	National Treasury and FSCA
Capital assets screened under ESG criteria (%)	12%	55%	85%	SAVCA ESG Investment Tracker	DTIC and FSCA
Volume of capital mobilised through ESG-aligned VC and impact investors (USD)	USD 400 million	USD 2.5 billion	USD 5 billion	National Impact Investment Observatory	National Treasury
VC funds adopting integrated ESG performance reporting to LPs (number)	5	60	120	SAVCA Annual ESG Disclosure Report	FSCA and National Treasury
VC/impact investments delivering measurable SDG-aligned outcomes (%)	10%	45%	75%	Development Bank of Southern Africa (DBSA) Impact Measurement Unit	DTIC and DBSA

Implementation Approach

The implementation approach for Action 2.3 centres on embedding ESG integration and impact measurement into every stage of South Africa's venture capital lifecycle, from fund structuring to investment decision-making and post-investment support.

- **Fund Structuring and Due Diligence**: Develop and adopt responsible investment policies that formalise ESG integration in line with the Code for Responsible Investment in South Africa (CRISA) and the King IV Report, and leverage disclosure frameworks like the Green Finance Taxonomy to set clear ESG and impact expectations for VC funds and portfolio companies.

- **Capacity Building**: Roll out ESG training for investment teams, fund managers, and analysts, focusing on the unique social, environmental, and governance priorities of the South African context, such as inclusion, equity, and climate resilience.
- **Pipeline Development**: Encourage pipeline development and deal flow by partnering with incubators, accelerators, and impact investment platforms that are aligned with sustainable development priorities and can demonstrate measurable impact.
- **Investment Process**: Integrate ESG scoring, impact metrics, and transparent reporting into VC screening, due diligence, and portfolio monitoring embedding stakeholder engagement and active ownership practices to ensure meaningful ESG adoption at the investee company level.
- **Collaboration and Data Ecosystem**: Strengthen collaboration among VC funds, development finance institutions, government, and private-sector stakeholders to refine ESG standards, share best practices, and create open data platforms for ESG and impact metrics.
- **Continuous Improvement**: Support investment managers and VCs to iterate, benchmark, and refine ESG and impact processes linking performance to the National Development Plan, Sustainable Development Goals, and global best practice over time.

This approach ensures the transformation of South Africa's VC sector through meaningful ESG mainstreaming, delivering financial, social, and environmental returns across all investment activities.

Phasing

Phase 1 (Framework Design & Initial Capital Mobilisation - 12-18 months):

- Establish a national working group (involving National Treasury, DSBD, DFI representatives, and private sector VC firms) to design the catalytic capital facilities and first-loss guarantee mechanisms.
- Convene expert groups to draft the national ESG investment guidelines for early-stage capital, learning from global best practices.
- SU20/G20 role: Endorse the creation of regional catalytic capital platforms (e.g., an African Green Startup Fund) and facilitate technical assistance and co-investment from international finance institutions.

Phase 2 (Pilot Deployment & Platform Development - 18-36 months):

- Launch pilot catalytic capital facilities, focusing on specific sectors (e.g., cleantech, agri-tech, circular economy) or demographic groups.
- Develop or enhance digital deal matchmaking platforms to include robust ESG profiling capabilities.
- Pilot the ESG investment guidelines with a select group of early-stage VC funds, providing support for implementation.
- SU20/G20 role: Support the publication of global responsible VC principles and encourage G20 endorsement for country-level adoption, facilitating peer benchmarking among member states.

Phase 3 (Scaling & Mainstreaming - 36+ months):

- Scale up catalytic capital deployment nationally, integrating it into broader financial sector development plans.
- Fully operationalise and promote the ESG investment guidelines across the entire venture capital ecosystem.
- Regularly host national and regional "Impact Investment Summits" to showcase investment opportunities and foster collaboration.
- SU20/G20 role: Provide co-funding for digital infrastructure, facilitate investor access to cross-border opportunities, and integrate platforms into regional trade and finance corridors.

Roles and Responsibilities:

The implementation of responsible venture capital through impact investors and ESG-aligned VCs involves coordinated action and clear responsibilities among government, regulators, institutional investors, VC fund managers, portfolio companies, and ecosystem partners.

- **Government and Regulators:**
  - Develop and refine policies (e.g., tax incentives, CRISA, King IV) and regulatory frameworks to encourage ESG integration, responsible investment, and transparent reporting in the VC sector.
  - Act as conveners for public-private collaboration and align national development objectives with sustainable investment priorities.
- **Institutional Investors (Pension Funds, DFIs, Asset Managers):**

    - Allocate capital preferentially to VC funds and managers who demonstrate robust ESG integration and commit to impact measurement and transparency.
    - Set expectations for ongoing ESG performance and active engagement with portfolio companies.
- **VC Fund Managers and Impact Investors:**
    - Formalise responsible investment policies for fund structuring, due diligence, and portfolio management, ensuring ESG and impact considerations are integrated across investment decisions.
    - Build team capacity on ESG analysis, reporting, and stewardship, institute robust monitoring and stakeholder engagement practices.
- **Portfolio Companies and Entrepreneurs:**
    - Adopt ESG best practices in operations, governance, and impact reporting, aligning with investor requirements.
    - Engage proactively with fund managers and ecosystem actors to deliver transparency and measurable contributions to sustainability goals.
- **Ecosystem Actors (Incubators, Networks, Research Institutions):**
    - Support pipeline development for impact-driven deals, provide technical assistance, and help disseminate best practices.
    - Engage in advocacy, promote regulatory improvements, and facilitate continuous knowledge sharing within the VC-ESG ecosystem.

Risks and Mitigation

- Limited understanding of impact investing or reluctance of mainstream VCs to adopt ESG criteria. **Mitigation**: Conduct intensive awareness and capacity-building programs for both investors and investees. Showcase compelling financial returns alongside social/environmental impact to demonstrate value. Provide clear frameworks and support to integrate ESG metrics into existing due diligence processes.
- Difficulty in accurately measuring and verifying impact, leading to "impact washing." **Mitigation**: Promote the use of standardised, transparent impact measurement tools (e.g., IRIS+, GIIN metrics) and independent third-party verification. Establish clear accountability mechanisms for reported impact data.
- Regulatory complexity and fragmentation hindering cross-border responsible investment. **Mitigation**: Advocate for harmonised ESG reporting standards and

investment guidelines across G20 nations. Facilitate dialogues between financial regulators to streamline requirements for impact funds operating internationally.

Recommendation 3: Digital Public Infrastructure for Sustainable and Inclusive Service Delivery & Green and Inclusive Fiscal Incentives

Executive Summary

South Africa's potential for inclusive and sustainable development is currently constrained by structural challenges in MSME access to crucial resources, appropriate policies, and effective financing mechanisms, particularly for people with disabilities, youth, women-led and informal enterprises. This recommendation proposes a transformative approach by leveraging Digital Public Infrastructure (DPI) to bridge critical access gaps, enhance service delivery efficiency, and improve accountability. It advocates for three interconnected actions: establishing a Green Micro-Grant Fund for Underserved Entrepreneurs to provide direct catalytic capital; developing a Tiered Green Certification System specifically designed for the varying capacities of MSMEs; and implementing Municipal Green Procurement Mandates to drive local green economies and foster inclusion. These actions, rooted in the Startup20 Theory of Change and adapted to the South African context, aim to ensure that fiscal instruments and public services are inherently inclusive, localised, gender and age-responsive, and digitally enabled, thereby driving tangible environmental and social impact from the ground up.

Context

While South Africa boasts strong mobile penetration, it critically lacks the inclusive digital public goods (DPI) necessary to effectively bridge access gaps, deliver public services, and support green subsidies to its most vulnerable populations. Examples from Brazil (Caixa Tem) and India (Aadhaar stack) demonstrate the transformative power of integrated digital identity, payment systems, and service registries in improving reach, targeting efficiency, and significantly reducing fraud, thereby enhancing equity. However, applying these universal models in the African context requires careful adaptation, given that 60-70% of small businesses often operate informally, and access to robust digital and physical infrastructure remains sporadic, particularly in townships and rural districts (UNEP, 2021).

Current South African green finance and SME support mechanisms, such as the SEFA Green Fund, Industrial Development Corporation (IDC), and national tax benefits, frequently encounter structural obstacles. Complicated application procedures, stringent collateral requirements, and bureaucratic delays render them virtually unreachable for many MSMEs, especially those in the informal sector (Makola, 2022). Furthermore, existing tax incentives for small businesses are not explicitly linked to sustainability objectives. The National Integrated Small Enterprise Development (NISED) Masterplan 2022-2027, while ambitious, lacks specific sectoral green frameworks for MSMEs and detailed gender-responsive implementation metrics.

The gendered dimension of exclusion is particularly stark. Women entrepreneurs face compounded barriers, including caregiving responsibilities, persistent digital divides (over 60% of rural South Africans lack reliable internet access, econ3x3, 2025), and legacy of financial exclusion (Makola, 2022; Women's Report, 2023). Unlike India, which has a legal mandate for a 3% set-aside for women-owned MSMEs in public procurement, South Africa lacks explicit gender targets for green economy spending, missing a critical "triple win" opportunity to align environmental outcomes, enterprise growth, and gender equity. ESG knowledge and accessible certification processes are also uneven, with municipal procurement often disconnected from national ESG goals, representing a missed chance for local governments to shape the market towards sustainability. This recommendation seeks to rectify these systemic issues by proposing localised, inclusive, and gender-responsive digital and fiscal interventions that directly empower entrepreneurs from the ground up.

Key Performance Indicators (KPIs)

A KPI dashboard tracking progress on digital access, certification, and inclusion mechanisms is set out below with 2024 baselines and 2030 targets.

Table 3: KPIs

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
National DPI Framework for Sustainable and Inclusive Services (status)	No integrated policy or governance structure	DPI Policy and Implementation Framework approved and deployed in 40% of key ministries	DPI fully institutionalised across all national service delivery platforms	Department of Communications and Digital Technologies (DCDT)	DCDT and National Treasury
Public services digitised through interoperable and inclusive DPI systems (%)	25%	70%	100%	State Information Technology Agency (SITA)	DCDT and DPSA
Share of fiscal incentives supporting green and inclusive economic activities (%)	5% of total fiscal incentives	30% of total fiscal incentives	60% of total fiscal incentives nationally aligned with SDG-linked sectors	National Treasury Fiscal Policy and Tax Directorate	National Treasury and DFFE
Mobilisation of public-private partnerships for green and digital infrastructure (USD)	USD 250 million	USD 2 billion	USD 5 billion	Presidential Climate Finance Taskforce	DTI and National Treasury
Local governments using DPI for transparent and efficient service delivery (number)	30 municipalities	150 municipalities	All 257 municipalities	SALGA DPI Implementation Dashboard	DCDT and COGTA

Action 3.1: Establish a Climate-Smart Digital ID and Registry

Summary

Action 3.1: Establish a Climate-Smart Digital ID and Registry aim to create a secure, inclusive digital identity platform for all citizens and MSMEs, providing a critical foundation for digital public infrastructure and green fiscal incentives. The initiative will enable individuals, entrepreneurs, and small businesses to register and verify their identity remotely. This is done through accessible digital, biometric, and mobile-based systems, eliminating the need for physical documentation and reducing administrative barriers.

The climate-smart registry will be purpose-built to serve historically underserved communities, ensuring more equitable access to government services, targeted green subsidies, and inclusive economic opportunities. By linking verified digital identities to the distribution of green fiscal benefits, the system facilitates better targeting, transparency, and accountability, while also tracking key environmental and socio-economic metrics.

Designed in alignment with best practices for privacy, data security, and universal accessibility, the climate-smart digital ID ensures that even the most marginalised can access public services and green economy incentives through integrated, secure digital channels. Groups. This includes rural, informal, and disabled populations. This approach is expected to drive digital inclusion, enhance public sector efficiency, and underpin a truly just transition toward sustainable, inclusive growth in line with national and G20 priorities.

Background

The background for Action 3.1 reflects a national and global shift toward leveraging digital identity infrastructure as a foundational tool for citizen empowerment, public service delivery, and inclusive green growth. In South Africa, the move from green bar-coded ID books to Smart ID cards began in 2012, with the goal of storing biometric data (face, fingerprint) for all citizens on a secure digital platform, supporting universal identity verification and enabling the provision of diverse digital public services.

Despite strong legal underpinnings, including the Identification Act and the Protection of Personal Information Act, challenges have persisted in service accessibility, digital infrastructure reliability, and the inclusion of rural, informal, and marginalised populations. Administrative bottlenecks, connectivity gaps, and the limited scope of live capture systems have often excluded underserved communities and created long wait times and high transaction costs for basic identity-based services.

Recent strategic policy reforms and infrastructure upgrades now focus on bridging these divides by building a climate-smart digital identity and registry system. This system will ensure that every citizen and MSME can participate fully in the digital economy, access green fiscal incentives, and benefit from transparent, targeted public services in line with sustainable development objectives.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
National Climate-Smart Digital ID and Registry Policy (status)	Conceptual pilots and Smart ID card roll-out	Digital ID and registry framework institutionalised with multi-sector integration	Climate-smart Digital ID and Registry fully implemented nationwide with real-time interoperability	Department of Home Affairs (DHA) Digital Identity Taskforce	DHA and Department of Communications & Digital Technologies (DCDT)
South Africans with interoperable digital IDs linked to climate and social registries (%)	35% (primarily Smart ID card holders)	75% of the adult population	100% of citizens and residents with digital ID cross-linked to social, fiscal, and climate data systems	National Population Register Modernisation Unit	DHA and Statistics South Africa
Verified institutions integrated into the Climate-Smart Digital Registry ecosystem (%)	<10 pilot entities	100 entities across government and financial institutions	300+ government, financial, and environmental agencies integrated	DCDT DPI Integration Dashboard	National Treasury and DHA
Share of public climate adaptation and fiscal incentive programmes using verified Climate-Smart IDs for access and delivery (%)	0%	50%	90%	National Treasury Smart Subsidy Monitoring Platform	DFFE and National Treasury
Average time to verify identity for climate-linked public service transactions (number of minutes)	>2 days	<1 hour for verified users	Real-time, under 5 minutes	DHA Identity Verification System	DHA and DCDT

Implementation Approach

The implementation approach for Action 3.1 is grounded in a phased national roll-out aligned to South Africa's Digital Transformation Roadmap and Smart ID policy objectives. The Department of Home Affairs leads on technical rollout, supported by the National Treasury and SARB, with strong cross-government coordination to ensure smooth integration with other digital public infrastructure and service systems.

Key steps include:

- **Accelerating smart ID and universal biometric enrollment** through targeted, inclusive outreach in all provinces, prioritising rural, grant recipient, youth, and marginalised communities.
- **Launching a secure, accessible digital ID platform** enabling remote identity verification, digital authentication, and the sharing of verifiable credentials for public and private services, without reliance on paper documents.
- **Building real-time interoperability** between the digital identity registry and service platforms (social protection, healthcare, licensing, education, green fiscal incentives), supported by robust cybersecurity and data governance.
- **Piloting integrations** (e.g., digital ID wallets, verified document platforms, job matching), conducting robust public feedback, and incrementally scaling functionality as infrastructure capacity expands.
- **Continuous monitoring**, securing inclusive access through partnerships with community entities, digital skills support, and stakeholder engagement to ensure that no one is left behind during the digital transition.

Milestones include issuing a majority of citizens with Smart IDs by 2028, fully operationalising digital ID verification for priority government services by 2027, and establishing an independent biometric management entity by 2030.

Phasing

The implementation approach for Action 3.1 is structured as a phased, multi-partner rollout anchored in South Africa's Digital Transformation Roadmap and Smart ID policy. The Department of Home Affairs leads, with critical support from National Treasury and ecosystem partners, and the process is sequenced as follows:

Phase 1: Feasibility and Design (12–18 months)

- Led by the Department of Communications and Digital Technologies, Statistics South Africa, and CSIR, this phase centres on a comprehensive feasibility study and technical system design.
- Stakeholder engagement is prioritised: privacy experts, civil society, and community leaders co-design robust data governance and user opt-in protections.
- Lessons are drawn from established African digital public infrastructure pilots, such as Rwanda's Irembo and Uganda's UGHub, ensuring global best practice is incorporated from inception.

Phase 2: Pilot Implementation (18–36 months)

- Pilot initiatives are rolled out in targeted districts with high numbers of MSMEs and informal settlements, with a focus on rural and peri-urban geographies.
- On-the-ground support and digital literacy training are provided to maximise MSME and household registration and initial use.
- Pilot registries are integrated with selected green subsidy programs, enabling live testing, user feedback, and rapid system refinement before wider deployment [1].

Phase 3: Scaling and Mainstreaming (36+ months)

- The registry is scaled up nationally, striving for mass adoption among MSMEs and households as the digital backbone for sustainable fiscal incentives.
- The system is fully integrated with national green and social protection programs, making it the primary channel for targeting, delivery, and tracking.
- The SU20/G20 provides South-South technical assistance and facilitates ongoing knowledge transfer on inclusive, secure digital identity ecosystems.

This phased approach ensures that the implementation is responsive, user-centred, and globally benchmarked, creating resilient and inclusive public digital infrastructure for South Africa's green and inclusive development objectives.

Roles and Responsibilities:

The roles and responsibilities for Action 3.1 are structured to ensure clear accountability, successful design, inclusive piloting, and effective scale-up of the climate-smart digital ID and registry.

- **Lead Government Agencies:**

    - Department of Communications and Digital Technologies (DCDT): Overall technical and policy lead; manages feasibility design, architecture, contracting, and consortium coordination.
    - Statistics South Africa (Stats SA) and CSIR: Lead data management, technical architecture, and evaluation during feasibility and pilot phases
- **Stakeholder Engagement:**
    - Privacy experts, civil society organisations, and community leaders: Collaborate on co-designing data governance, privacy, and user consent frameworks to ensure user protection and trust at each phase.
    - Provincial and local governments: Act as conveners for public-private collaboration and align national development objectives with sustainable investment priorities.

Implementation and Scale-up:

- On-the-ground support teams: Deliver digital literacy training, assist with registration, and ensure early-stage user support for MSMEs and grant beneficiaries in pilot districts.
- Registry platform integrators: Oversee phased integration of the ID registry with green fiscal and social protection programs, updating protocols for performance and security.

International Partner Support:

- SU20/G20 and peers (e.g., Rwanda, Uganda equivalents): Provide ongoing technical assistance, share global best practices, and facilitate South–South learning on secure, inclusive digital identity systems.

Risks and Mitigation

- Data privacy concerns and potential for misuse of personal information. Mitigation: Implement a "privacy-by-design" approach; establish clear governance structures with independent oversight; ensure transparency about data usage; and focus on opt-in models with strong legal protections.
- Digital divide and lack of digital literacy in underserved communities. Mitigation: Invest in widespread digital literacy programs; ensure the platform is accessible via basic feature phones (USSD) and user-friendly interfaces; establish community-based support centres.

- Resistance to formalisation from informal businesses due to fear of taxation or regulation. Mitigation: Emphasise the benefits of formalisation (e.g., access to finance, market opportunities) and implement a phased approach that encourages, rather than enforces, formal registration.

Action 3.2: Enable Access to Green Subsidies through Mobile and Blockchain Platforms

Summary

Action 3.2 aims to enable widespread, inclusive access to green subsidies for households and MSMEs by using mobile and blockchain platforms that are secure, transparent, and scalable. Mobile technology, prominent in African economies, ensures that subsidy access reaches even remote and underserved communities where traditional banking infrastructure is limited.

Blockchain integration enhances transparency, accountability, and efficiency in green subsidy distribution by automating verification, preventing fraud, and generating immutable records for public audits. Interoperable platforms built on these technologies allow beneficiaries to track their subsidy claims, monitor usage, and connect directly with green service providers, catalysing broader participation in climate transition initiatives.

This multi-technology approach is positioned to unlock new pathways for mass participation in sustainable energy, agriculture, and transport; drive economic inclusion; and build trust in government fiscal incentive programs for the green transition.

Background

Access to green subsidies in Africa has historically faced significant barriers, including limited reach to rural communities, inefficient distribution systems, and a lack of transparency in subsidy allocation. Mobile technology has become the primary mode of access for financial and government services, especially in underserved and remote regions where traditional banks or public offices are sparse.

Recent advances in blockchain technology offer promising solutions for green subsidy distribution by providing a secure, transparent, and tamper-proof mechanism for both allocation and disbursement. Blockchain-enabled platforms can automate subsidy tracking, validate beneficiary eligibility through smart contracts, and eliminate fraud by maintaining immutable records accessible to stakeholders and auditors.

Deploying mobile and blockchain-based infrastructure to manage green subsidies directly supports South Africa's digital public infrastructure and just transition strategies by increasing trust, lowering transaction costs, and boosting participation among MSMEs, farmers, and low-income households in green initiatives. This approach positions South Africa to leapfrog legacy challenges and enables the country to scale climate adaptation and mitigation programs in a transparent, auditable, and citizen-centred manner.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
National mobile and blockchain platform for green subsidies (status)	Fragmented subsidy programmes reliant on manual systems	Blockchain-enabled mobile subsidy delivery platform piloted in 3 sectors (energy, water, agriculture)	Fully functional national green subsidy distribution network on blockchain integrated with DPI and banking systems	National Treasury Digital Finance Directorate	Department of Communications and Digital Technologies (DCDT) and National Treasury
Green subsidy disbursements processed through secure digital platforms (%)	<5%	60%	90%	South African Reserve Bank (SARB) Innovation Hub	National Treasury and DCDT
Beneficiaries accessing verified green subsidies via mobile and blockchain channels	50,000 (mainly pilot beneficiaries)	1.2 million	5 million+ verified end-users including households and SMEs	Green Finance Innovation Observatory	National Treasury and Department of Environmental Affairs (DFFE)
Administrative leakages and delays in green subsidy distribution (%)	0%	40% reduction compared to 2024 baseline	80% reduction achieved via real-time blockchain verification and automated smart contracts	Auditor-General Performance Dashboard	National Treasury and FSCA

Volume of verified blockchain transactions supporting green subsidies (USD)	<USD 20 million	USD 1 billion	USD 4 billion integrating public-private climate finance flows	Absa-Blockchain Africa Observatory	DCDT and National Treasury

Implementation

The implementation approach for Action 3.2 is based on phased, collaborative delivery designed to ensure rapid adoption, integrity, and wide accessibility of green subsidies through digital channels.

Phase 1: Platform Design and Partnership

- Develop interoperable mobile and blockchain platforms in partnership with telecoms, financial service providers, and leading blockchain innovators.
- Ensure design is user-centred, emphasising low-data usage mobile apps/USSD and interfaces usable by MSMEs and unbanked households.
- Establish protocols for secure, privacy-centric digital identification and subsidy disbursement.

Phase 2: Pilot and Community Integration

- Launch pilots in districts with high concentrations of MSMEs, informal sector workers, and underserved rural populations.
- Facilitate targeted digital literacy campaigns and real-time subsidy access demonstrations with community partners.
- Integrate and test smart contract solutions for eligibility, fund transfer, and fraud prevention within select green incentive programs.

Phase 3: Scale-up, Monitoring, and Ecosystem Strengthening

- Scale digital platforms to all provinces, leveraging learnings from pilots to refine smart contracts, beneficiary interfaces, and auditing protocols [9].
- Expand platform linkages with social protection and green energy programs for seamless subsidy flows.
- Establish continuous public feedback loops and adaptive, open-source technical improvement to respond to user needs and regulatory developments.

This phased strategy ensures inclusive and transparent delivery, fosters trust through robust digital infrastructure, and positions South Africa at the forefront of green fiscal innovation with verifiable, technology-driven impact.

Roles and Responsibilities:

The roles and responsibilities for Action 3.2 are distributed across multiple agencies, technology partners, and stakeholder groups to ensure effective, inclusive delivery and oversight.

- **Lead Government Agencies:**
    - **Department of Communications and Digital Technologies (DCDT):** Provides national oversight on platform development and aligns the initiative with broader digital public infrastructure goals.
    - **Statistics South Africa (Stats SA) and CSIR:** Coordinates green subsidy policy, eligibility rules, and links national climate policy objectives to the digital delivery.
    - **Development Bank of Southern Africa (DBSA):** Acts as fund manager and implementing agent for subsidy disbursement, fiscal management, and pilot program rollout.
- **Technology Partners:**
    - **Blockchain solution providers:** Build and update smart contract frameworks to automate transparency, beneficiary validation, and fraud prevention.
- **Local Government and Civil Society**
    - **Provincial and local governments:** Drive on-the-ground pilot implementation, digital literacy programming, beneficiary outreach, and feedback integration.
    - **Civil society organisations:** Ensure participatory monitoring, social audit, and community-level awareness, with citizen engagement in interface design and reporting.
- **International and Development Partners**
    - **International donors and technical assistance agencies:** Support financing, capacity-building, and knowledge exchange; provide ongoing evaluation support and catalyse learning between African and international peers.

Risks and Mitigation

- Persistent digital divide and lack of access to mobile devices or internet connectivity. **Mitigation**: Promote the use of USSD tools for basic phones; establish public digital access points; explore partnerships for subsidised device provision; and intensify digital literacy programs, especially for women and rural populations.
- Cybersecurity risks and potential for system breaches. **Mitigation**: Implement state-of-the-art cybersecurity measures, conduct regular security audits, and establish clear incident response protocols. Leverage blockchain for inherent security and immutability of transaction records.

Action 3.3: Promote Regional Knowledge Sharing Through an African SU20 Sustainability Hub & Municipal Green Procurement Mandates

Summary

Action 3.3 seeks to accelerate continental learning, innovation, and policy alignment for sustainable development by promoting regional knowledge sharing through a dedicated African SU20 Sustainability Hub and championing municipal green procurement mandate. The Sustainability Hub will convene research institutions, governments, municipalities, and civil society to exchange leading practices, emerging technologies, and implementation models on climate-smart procurement, fair fiscal incentives, and low-carbon economic transformation.

By embedding municipal green procurement mandates, the action catalyses local demand for sustainable goods, services, and infrastructure, driving both market shifts and capacity building. These joint measures aim to harmonise green policy efforts, enable cities to serve as innovation leaders, and support the scaling of successful practices across regions. This anchors Africa's just transition in robust, collaborative, regionally owned digital public infrastructure.

Background

African countries face complex sustainability and climate challenges that demand coordinated, knowledge-driven approaches at national, municipal, and regional levels. In response, institutions like Stellenbosch University, through its SDG/2063 Impact Hub, have pioneered platforms for regional knowledge sharing and impact measurement to align Africa's Agenda 2063 and the UN Sustainable Development Goals.

Municipal green procurement mandates are gaining traction as practical levers for climate-smart transformation, enabling local governments to stimulate demand for sustainable goods and services while improving transparency and governance. Despite this emerging best practice, many African municipalities lack established channels for knowledge exchange, peer learning, and capacity development in sustainable procurement and digital public infrastructure.

Action 3.3 is grounded in this growing momentum for African-led sustainability learning and local innovation, aiming to provide a continent-wide hub for peer exchange, rapid diffusion of leading municipal practices, and support municipal action on procurement reform. All in service of Africa's just transition to a resilient, low-carbon, and inclusive future.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
African SU20 Sustainability Hub (status)	No regional sustainability coordination mechanism	Regional Hub launched with 10 African member states engaged	Fully functional continental hub coordinating sustainability data, research, and policy across 30+ countries	African Union Commission (AUC) and UNDP Africa	Department of Science and Innovation (DSI) and DFFE
Regional and municipal stakeholders participating in sustainability knowledge-sharing platforms (number)	0	200 institutions actively participating	500+ institutions integrated into the digital sustainability hub network	African Union Development Agency (AUDA-NEPAD)	DSI and SALGA
Municipalities adopting green procurement mandates aligned with AU's sustainable infrastructure standards (%)	10%	50%	100% of municipalities applying sustainability-linked procurement in all infrastructure programmes	National Treasury: Office of the Chief Procurement Officer	Department of Cooperative Governance and DFFE
Cross-border collaborative projects generated through the Sustainability Hub (%)	0	25 joint African sustainability projects initiated	80 cross-border research, innovation, and policy projects operational	AU Innovation Observatory	DSI and African Union Green Innovation Secretariat
Public procurement spending directed to certified sustainable goods and services (%)	<5%	30%	70%	National Green Economy Observatory	DFFE and National Treasury

Implementation

The implementation approach for Action 3.3 centres on establishing the African SU20 Sustainability Hub as an anchor for regional knowledge sharing, capacity building, and technical support aligned with Agenda 2063 and the SDGs. The Hub will be developed as a collaborative digital platform. This will link municipalities, research institutions, and government agencies for peer exchange, mapping case studies, and disseminating implementation guidelines on municipal green procurement mandates.

Key Implementation Phases

- **Launch the Hub** through an inaugural regional partnership forum, supported by Stellenbosch University's SDG/2063 Impact Hub and municipal associations.
- **Curate and publish** leading municipal case studies, toolkit resources, and peer-to-peer learning programmes in digital formats accessible to stakeholders across Africa.
- **Provide structured capacity development**, including virtual and in-person workshops, on digital public infrastructure for green procurement, monitoring, and reporting.
- **Facilitate regular regional learning events**, technical roundtables, and webinars to identify innovation, resolve common challenges, and build coalitions for reform and scale-up.
- **Enable evidence-informed feedback** from policy users, local governments, and procurement officers to guide iterative improvements of both the Hub and municipal mandates.
- **Monitor progress and disseminate** impact reports through open-access channels to support knowledge diffusion and best-practice adoption continent-wide.

By rooting municipal green procurement reforms in an inclusive, digital knowledge ecosystem, this approach accelerates Africa's transition to climate-smart, sustainable cities and ensures policy coherence and innovation in fiscal incentive implementation.

Roles and Responsibilities:

The roles and responsibilities for Action 3.3 are defined through a multi-level structure that leverages academic leadership, municipal partnership, and stakeholder collaboration.

African SU20 Sustainability Hub (Anchor Institution)

- Stellenbosch University's SDG/2063 Impact Hub serves as the regional coordination anchor, responsible for convening knowledge partners, hosting the digital platform, mapping case studies, and overseeing the dissemination of research, toolkits, and evidence-based policy guidance.

- The Hub programme manager and administration team coordinate partnership-building, monitor progress on knowledge-sharing initiatives, and advocate for sustainability literacy and best practice uptake across member cities.

Municipal Governments and Associations

- Participating municipalities implement green procurement mandates, document lessons, and share policy innovation and procurement models through the Hub's collaborative platform and events.
- National and regional municipal associations facilitate peer-to-peer learning, capacity development sessions, and the identification of cities for pilot implementation and knowledge transfer.

Research Institutions and Technical Partners

- African and international research institutions contribute technical expertise, impact measurement methodologies, and support development of training materials and sustainability reporting.
- Technical consultants and data partners help design, monitor, and refine the digital public infrastructure used for knowledge exchange and procurement tracking.

Civil Society and Community Stakeholders

- Civil society organisations, business chambers, and community groups provide feedback on procurement impacts, support community awareness, and ensure inclusivity in the design and roll-out of green procurement initiatives.

This collaborative structure ensures accountability, inclusiveness, and catalytic policy learning, empowering local actors and positioning Africa as a leader in digital sustainability transformation.

Risks and Mitigation

- Low participation in the knowledge hub due to lack of awareness or incentives. **Mitigation**: Proactive, youth-focused outreach campaigns; offer grants or incentives for contributing case studies/data; integrate with existing regional innovation networks.
- Municipal capacity gaps in implementing green procurement mandates and verifying certifications. **Mitigation**: Provide comprehensive training programs for municipal officials on green procurement and ESG assessment; develop simplified guidelines and digital tools for managing tenders; establish clear oversight and support from national government departments.
- Complexity and cost of green certification for MSMEs. **Mitigation**: The tiered system itself is a primary mitigation strategy, allowing for gradual compliance. Offer subsidised certification costs for initial levels and provide technical assistance to MSMEs through support hubs.

G20 Alignment and Relevance

The proposals set forth under Recommendation 3: Digital Public Infrastructure for Sustainable and Inclusive Fiscal Incentives directly operationalise G20 commitments to drive digital transformation, climate action, social inclusion, and resilient economic growth.

Digital Public Infrastructure for Green and Inclusive Incentives

- **Climate-Smart Digital ID and Registry:** The introduction of an opt-in, mobile-linked digital identity system, tailored for MSMEs and informal households, aligns with G20 commitments to expand Digital Public Infrastructure (DPI) as a driver of SDGs and improved public service delivery. This initiative is structured to ensure secure, inclusive eligibility verification for green subsidies, data-driven tracking of environmental outcomes, and gender-, disability-, and youth-disaggregated monitoring.
- **Green Subsidies via Mobile and Blockchain Platforms:** The digitisation of green subsidy delivery leverages mobile-first digital platforms and blockchain for secure, transparent, and equitable distribution of benefits. Supported by G20 best practice, such as India's Aadhaar-linked subsidies and Brazil's digital Bolsa Verde, this approach ensures the fair targeting of clean energy, sustainable agriculture, and water-saving technologies, while addressing fraud and accessibility challenges through USSD and smart contracts.
- **Municipal Green Procurement and Tiered Certification:** By mandating that a minimum of 20% of municipal procurement budgets be allocated to certified sustainable MSMEs (including women, youth, and disabled entrepreneurs), the proposals advance G20 themes of inclusive procurement, ESG mainstreaming, and empowerment of vulnerable groups. The accompanying phased green certification system is modelled to allow gradual, capacity-building compliance, supporting local economic transformation and resilience.

Regional Knowledge Sharing and Global Cooperation

- **African SU20 Sustainability Hub:** This regional platform will serve as a digital repository and learning hub, curating tools, policy exemplars, and pilot outcomes, and connecting municipal officials, entrepreneurs, and youth across the continent.

It operationalises G20 and Startup20 mandates for cross-border knowledge sharing, peer learning, and the transfer of best practices in just energy transition, ESG compliance, and circular economy development.

- **Fellowship and Capacity Building:** The establishment of regional fellowship programmes for researchers and policymakers ensures that both grassroots and government stakeholders acquire the technical knowledge to replicate and scale innovations, fostering international research and policy alignment.

Cross-Sectoral Impact and KPIs

- The policy framework integrates measurable targets: e.g., a fivefold increase in women/youth firms receiving finance, allocation of at least 20% procurement to sustainable MSMEs by 2026, 1,000 micro-grants to green rural enterprises, and regional partnership launches on sustainability data.
- These interventions reinforce broader G20 priorities, viz. digital and climate transitions, MSME empowerment, trade inclusion, and social equity. This is achieved through the provision of implementable models for DPI adoption, trusted verification, and performance-tracked green fiscal incentives.

By embedding these mechanisms, G20 members give substance to global declarations: delivering verifiable, people-centred change and setting a replicable standard for inclusive, digital, and sustainable economies across the Global South.

Monitoring and Evaluation

A comprehensive Monitoring and Evaluation (M&E) plan will underpin implementation, ensuring regular review, measurement against KPIs, and integration of structured feedback mechanisms. This framework draws from international best practice, including FSB and OECD guidance, and South African National Evaluation Policy Frameworks.

Regular Review and KPI Tracking

- **Lead institutions** will **collect, analyse, and report disaggregated data** on headline KPIs at semi-annual and annual intervals, using automated digital dashboards and periodic independent evaluations.
- KPIs include (inter alia): number of micro-grants disbursed to youth, women, and rural green MSMEs; percentage of municipal procurement to certified green enterprises; climate-smart ID registry uptake; digital subsidisation reach; and green certification progression rates.
- **Progressive targets** (baseline to 2026/2030) and **institutional benchmarks** will be **published** to facilitate transparent tracking and accountability.

Evaluation Schedule and Feedback Mechanisms

- **Annual performance reviews** will be complemented by triennial independent evaluations, involving external reviewers and G20-aligned peer learning.
- **Data repositories** and **open access reporting** will enable stakeholder review, public commentary, and feedback from MSMEs, municipalities, and civil society.
- **Structured feedback mechanisms**, including digital survey modules, consultation forums, and a municipal sustainability rating system, will ensure that implementation challenges, unforeseen impacts, and user experience are continuously assessed and addressed.

Adaptive Management and Policy Revision

- M&E findings and lessons learned will be presented to relevant governance bodies and G20 taskforces, creating a loop for adaptive management and real-time policy refinement.
- Where KPIs reveal under-performance or unintended effects, targeted remedial actions, capacity support, and, where necessary, revision of operational modalities will be promptly actioned.
- Annual syntheses of evaluation outcomes including ratings of municipal inclusiveness, progress on sustainability objectives, and beneficiary feedback will be published for transparency and global learning.

This M&E framework ensures ongoing learning, evidence-based adaptation, and high-level accountability for all partners, in alignment with G20 standards for rigorous and participatory policy implementation.

Conclusion

This draft policy paper presents a comprehensive and actionable framework to catalyse an inclusive, sustainable, and innovation-driven economic transformation, in alignment with the G20's 2025 mandate of Solidarity, Equality, and Sustainability. The recommendations and implementation mechanisms outlined here are rooted in South Africa's unique realities but resonate globally, offering pragmatic and scalable models for bridging digital, financial, and social divides.

By integrating dedicated green finance, responsible investment with ESG integration, and transformative digital public infrastructure, this policy advances not only the just transition agenda but also the core objectives of sustainable development, gender equality, and global economic resilience. Its focus on measurable KPIs, robust monitoring, and adaptive management provides the necessary guardrails for accountability and learning.

Achieving impact at scale will require coordinated action from governments, multilateral development banks, private investors, municipal authorities, and civil society. The G20 platform serves as a catalyst for such partnerships, fostering knowledge exchange and policy coherence across borders and sectors. Most critically, this agenda recognises that economic growth must be directed towards outcomes that are not only stronger and more competitive, but fundamentally fairer and more resilient for all.

In concluding, this policy paper calls upon all stakeholders to embrace an integrated approach that marries ambition with accountability, and innovation with inclusion. If implemented with resolve, this framework will not only strengthen South Africa's economy as a G20 leader but also advance global progress towards a future where prosperity is shared, the environment is safeguarded, and opportunity is accessible to all, leaving no one behind.

Appendices

Appendix 1: References

1. AgCapitalCFO. (2025). *Sustainable Finance: Integrating ESG Factors into SME Financial Strategy*. agcapitalcfo.com/sustainable-finance-integrating-esg-factors/
2. African Union. (2021). *Green Recovery Action Plan (2021–2027).* https://au.int/en/documents/20220121/green-recovery-action-plan-africa-2021-2027
3. Agrawal, A., & Hockerts, K. (2019). Impact investing strategy: Managing conflicts between impact investor and investee social enterprise. *Sustainability*, *11*(15), 4117.
4. BNDES Climate Fund, Brazil. (Accessed July 2025).
5. Chawarura, W. I., Sibanda, M., & Mamvura, K. (2025). The Impact of ESG on the Financial Performance of Johannesburg Stock Exchange-Listed Companies. *Risks*, *13*(6), 114.
6. econ3x3. (2025). *Digital 'Kasinomics': how to unleash youth entrepreneurial power in the township economy*. www.econ3x3.org/article/digital-kasinomics-how-unleash-youth-entrepreneurial-power-township-economy
7. ESG360. (2025). *ESG for SMEs – Why Small Businesses Must Adopt Sustainable Practices*. esg360.in/2025/04/05/esg-for-smes-why-small-businesses-must-adopt-sustainable-practices/
8. Financial Sector Conduct Authority (FSCA). (2025). *FSCA Sustainable Finance Update Report 2025*. (Details regulatory efforts, challenges, and taxonomy development in SA).
9. Financial Sector Conduct Authority (FSCA). (2025). *Draft Sustainable Finance Disclosure Framework*.
10. FinMark Trust MSME data. (2023).
11. G20 2023 Leaders' Declaration. (2023)
12. G20 Startup20 Task Force. (2024). *Startup20 Monitoring Report: Policy Progress and Outcomes*. G20 Secretariat: Pretoria. https://g20.org/wp-content/uploads/2025/02/20241205v-FINAL-G20-CONCEPT-NOTE-SOUTH-AFRICA.pdf
13. Gkika, E., Ntanos, S., Komisopoulos, F., & Drosos, D. (2022). The impact of global competition dimensions on economic development. *ISPIM Connects Athens The Role of Innovation: Past, Present, Future, Athens, Greece, November 28-30.*

14. GIBS & JP Morgan. (2019). *Working Papers Showcase on Green Entrepreneurship in South Africa*. https://content.gibs.co.za/cmscontent/media/p4zdqmkj/working-papers-showcase-on-green-entrepreneurship-sa_gibs_jp-morgan_2019.pdf
15. GIIN. (2023). *Annual Impact Investor Survey*. (Regularly updated reports on market size and trends).
16. Grand View Research. (2024). *South Africa Impact Investing Market Size & Outlook, 2030*. (Provides specific market projections for South Africa).
17. Green Economy Coalition & GreenCape. (Accessed July 2025). *Strengthening Access to Inclusive Finance for Local Green Entrepreneurs*. https://www.greeneconomycoalition.org/news-and-resources/strengthening-access-to-inclusive-finance-for-local-green-entrepreneurs-in-south-africa
18. Impact Investing South Africa. (Ongoing). *Local Resources*. www.impactinvestingsa.co.za/resources/local-resources/
19. India Startup20 Policy Communique. (2023).
20. Inter-American Development Bank (IDB). (2021). *Brazil to Promote Sustainable Economic Recovery of MSMEs with IDB Support*. www.iadb.org/en/news/brazil-promote-sustainable-economic-recovery-msmes-idb-support
21. International Institute for Sustainable Development (IISD). (2025). *Advancing Green Public Procurement in South Africa*. https://www.iisd.org/system/files/2025-02/green-public-procurement-south-africa.pdf
22. International Monetary Fund (IMF). (2024). *Chapter 20 Gender and the Green Economy: What Conditions for a Gender-Transformative Transition to the Green Economy in Africa?* in: Gender Equality and Economic Development in Sub-Saharan Africa. https://www.elibrary.imf.org/display/book/9798400246968/CH020.xml
23. International Trade Centre (ITC). (2025). *What does climate change mean for small businesses in developing countries?* www.intracen.org/news-and-events/news/what-does-climate-change-mean-for-small-businesses-in-developing-countries
24. Makola, L. M. (2022). *The Challenges of Women-Owned Small Businesses in Limpopo Province* (Master's Dissertation, University of Limpopo). http://ul.netd.ac.za/bitstream/handle/10386/4194/makola_lm_2022.pdf
25. Menzies, D., Evans, B., & African Bank. (2025). *SA MSME Access to Finance Report 2025* (2nd ed.). Finfind & African Bank: Johannesburg. https://accesstofinancereport.co.za/reports/2025-SA-MSME-Access-To-Finance-Report.pdf

26. MDPI. (2023). *Institutional Barriers to Inclusive Green Entrepreneurship*. https://www.mdpi.com/2076-3387/15/1/14
27. National Treasury. (2021). *Financing A Sustainable Economy | Technical Paper 2021*. www.treasury.gov.za/comm_media/press/2021/2021101501%20Financing%20a%20Sustainable%20Economy.pdf
28. National Planning Commission. (2012). *National Development Plan 2030: Our future - make it work*. South African Government. https://www.gov.za/sites/default/files/gcis_document/201409/ndp-2030-our-future-make-it-workr.pdf
29. National Planning Commission. (Accessed July 2025). *National Development Plan: Vision for 2030 - Chapter 5*. https://www.nationalplanningcommission.org.za/assets/Documents/NDP_Chapters/devplan_ch5_0.pdf
30. Ntombela, N. (2024). *Measuring of social returns by South African impact investors*.
31. Nwakanma, P. (2021). *Gender-Inclusive Entrepreneurship Ecosystems in Africa* (Harvard). https://scholar.harvard.edu/files/pnwakanma/files/nwakanma_palgravepaper.pdf
32. OECD. (2023). *Financing SMEs for Sustainability: Drivers, Constraints and Policies*. https://www.smefinanceforum.org/post/oecd-financing-smes-for-sustainability-drivers-constraints-and-policies
33. PIB. (2025). *Rio de Janeiro Declaration- Strengthening Global South Cooperation for a More Inclusive and Sustainable Governance*. www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2142786
34. Project Savannah. (2023). UNDP, Monetary Authority of Singapore, GLEIF.
35. PSB Loans in 59 Minutes. (2025). *ESG Compliance and Financial Inclusion: Building Sustainable MSMEs*. www.psbloansin59minutes.com/knowledge-hub/esg-compliance-financial-inclusion-msmes
36. PwC. (2024). *SME Access to Finance in South Africa*.
37. PwC Strategy. (2024). *South Africa Economic Outlook - November 2024*. www.strategyand.pwc.com/a1/en/press-release/south-africa-economic-outlook-november-2024.html
38. Saarup, J. (2025). *Exploring Sustainability Reporting in Startups. Drivers, Barriers, and the Role of the VSME Framework*. Diva. https://mau.diva-portal.org/smash/get/diva2:1966631/FULLTEXT02.pdf
39. SAIIA. (2024). *South Africa's G20 Theory of Change Policy Engagement Framework*. https://saiia.org.za/g20-resource-centre/saiias-work-on-g20/

40. SIDBI Green Finance Platform, India. (Accessed July 2025).
41. South Africa, G20.org. (2025). *G20 South Africa Presidency Concept Note and Calendar*. https://g20.org/wp-content/uploads/2025/02/20241205v-FINAL-G20-CONCEPT-NOTE-SOUTH-AFRICA.pdf
42. South African Government. (2025). *MSMEs and Cooperatives Funding Policy for South Africa*. https://www.gov.za/sites/default/files/gcis_document/202502/52109gon5869.pdf
43. South African Government. (Accessed July 2025). *National Development Plan 2030: Our future - make it work*.
44. South Africa Just Energy Transition Investment Plan (JET-IP). (Accessed July 2025).
45. Schwab, H., WEF Schwab Foundation, AU Commission, SAP, Motsepe Foundation, Africa Forward. (2025*). The State of Social Enterprise: Unlocking Inclusive Growth, Jobs and Development in Africa*. World Economic Forum: Geneva. https://www3.weforum.org/docs/WEF_The_State_of_Social_Enterprise_2024.pdf
46. The Global Competition Review. (2022).
47. The South African MSME Access to Finance Report 2025. (2025). Finfind in partnership with African Bank. https://smesouthafrica.co.za/the-south-african-msme-access-to-finance-report-2025-is-here/
48. TIPS Policy Brief. (2022). *Inclusive Finance for Local Green Entrepreneur*. https://www.tips.org.za/policy-briefs/item/download/2343_f24389cfb941fef0d8bb213928e4db66
49. Triple Dissonance Study. (Accessed July 2025). *Gender Bias in Early-Stage Green Investment Allocation* (University of Pretoria). https://repository.up.ac.za/bitstreams/29337d15-26ba-4d86-a68f-3c595c182212/download
50. UGRO Capital. (2024). *Social Impact Report*. www.ugrocapital.com
51. UN Global Compact SME ESG Hub. (2024). "ESG Start Assessment Tool."
52. UN Women Africa. (2024). *Women's access to Green Finance in Africa: advocacy messages*. https://africa.unwomen.org/en/digital-library/publications/2024/02/womens-access-to-green-finance-in-africa-advocacy-messages
53. UN Women Asia and the Pacific & UNEP FI. (2024). *Environmental, Social and Governance Assessment of Micro, Small and Medium-Sized Enterprises: A Guidance Note for Financial Institutions*. https://asiapacific.unwomen.org/sites/default/files/2024-09/a-guidance-note-

for_financial_institutions_on_esg_assessment_of_msmes_unep_and_un_women.pdf

54. UNEP. (2021). *Assessment of Green Financing Mechanisms for MSMEs in Africa*. https://wedocs.unep.org/handle/20.500.11822/43329
55. University of Cambridge Institute for Sustainability Leadership (CISL). (2025). *G20 Sustainable Finance Working Group Convenes in Cape Town for Pioneering Leadership Programme*. https://www.cisl.cam.ac.uk/news/g20-sustainable-finance-working-group-convenes-cape-town-pioneering-leadership-programme
56. Urban, B., & George, J. (2018). An empirical study on measures relating to impact investing in South Africa. *International Journal of Sustainable Economy*, *10*(1), 61-77.
57. Venter, M. (2021). *Leveraging technology to enhance impact measurement of SMMEs and social enterprises in South Africa*.
58. Women's Report 2023 – Paper One. (2023). *Breaking Barriers: Women's Employment & Entrepreneurship in South Africa*. https://www.womensreport.africa/wr2023-paper-one/
59. World Bank. (2024). *Digital Public Infrastructure: A Practical Approach for Africa*. Carnegie Endowment for International Peace. https://carnegieendowment.org/research/2025/02/digital-public-infrastructure-a-practical-approach-for-africa?lang=en
60. World Bank South Africa Country Climate and Development Report. (2022).
61. World Economic Forum. (2024). *Safe and secure digital public infrastructure is crucial for Africa. Here's why*. https://www.weforum.org/stories/2024/10/safe-secure-digital-public-infrastructure-crucial-africa/
62. Youth Business International. (2024). "Sustainability Toolkit for Young Entrepreneurs."

Appendix 2: Acronyms

Acronym	Full Meaning
SU20	Startup20
G20	Group of Twenty
MSMEs	Micro, Small and Medium Enterprises
ESG	Environmental, Social and Governance
PWD	People with Disabilities
EdSD	Education for Sustainable Development
VC	Venture Capital
DFIs	Development Finance Institutions
DPI	Digital Public Infrastructure
JET	Just Energy Transition
JET-IP	Just Energy Transition Investment Plan
NDP	National Development Plan
SDGs	Sustainable Development Goals
SRI	Socially Responsible Investment
BEE	Black Economic Empowerment
CRISA	Code for Responsible Investing in South Africa
IFC	International Finance Corporation
AfDB	African Development Bank
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
AUDA-NEPAD	African Union Development Agency – New Partnership for Africa's Development
DIRCO	Department of International Relations and Cooperation (South Africa)
HSCRC	Human Sciences Research Council
SEFA	Small Enterprise Finance Agency
DSBD	Department of Small Business Development
DCoG	Department of Cooperative Governance (South Africa)

SALGA	South African Local Government Association
DTIC	Department of Trade, Industry and Competition (South Africa)
SETAs	Sector Education and Training Authorities
DPSA	Department of Public Service and Administration
SITA	State Information Technology Agency (South Africa)
CSIR	Council for Scientific and Industrial Research (South Africa)
NT	National Treasury (South Africa)
DCDT	Department of Communications and Digital Technologies (South Africa)
SARB	South African Reserve Bank
FSCA	Financial Sector Conduct Authority
R&D	Research and Development
VAT	Value Added Tax
TVET	Technical and Vocational Education and Training
MEL	Monitoring, Evaluation, and Learning
POPIA	Protection of Personal Information Act
IDC	Industrial Development Corporation
PFMA	Public Finance Management Act
MFMA	Municipal Finance Management Act
AU	African Union
NYDA	National Youth Development Agency
Seda	Small Enterprise Development Agency
GRI	Global Reporting Initiative
IRIS+	Impact Reporting and Investment Standards (by GIIN)
GIIN	Global Impact Investing Network
USSD	Unstructured Supplementary Service Data

Appendix 3: Table of Figures

Appendix 4: Acknowledgements

Inclusion and Sustainability Taskforce Members

Taskforce Chairpersons

Name	Organisation	Country
Mbali Nwoko	Green Terrace	South Africa

Taskforce Deputy Chairpersons

Name	Organisation	Country
Edna Montse	African Bank	South Africa

Taskforce Members

Name	Organisation	Country
Siyabulela Mausi	Cortex Hub (East London) Incku	South Africa
Nonjabulo Sokhela	Nepoworx	South Africa
Veronica Motloutsi	SEDFA	South Africa
Natalie Jabangwe	UNDP Timbuktoo	South Africa
Dr Jabulile Msimango-Galawe	Wits University	South Africa
Kgaogelo Matjie	Microsoft	South Africa
Mahlatse Tolamo	Global Shapers	South Africa

International Delegates

Name	Organisation	Country
Akhil Gupta	FICCI	India
Avinash Punekar	iCREATE (India Secretariat for Startup20, 2023)	India
Muhammed Seyid Pehlivan	Ministry of Industry and Technology	Turkey
Teri Scott Sims	Wisemen	USA
Sanjiv Kumar	Startup India, DPIIT	India

Taskforce Knowledge Partners

Name	Organisation	Country
Prof Muthoni Masinde	Central University of Technology	South Africa
Dr Mathew Kimanzi	Faculty of Humanities (CUT)	South Africa
Dr Henine Jordaan	Faculty of Management Sciences (CUT)	South Africa

Prof Luwes Nicolaas	Central University of Technology (CUT)	South Africa
Prof Margaret Chitinga	University of Pretoria	South Africa
Danson Gichini	World Economic Forum	Switzerland

Startup20 South Africa leadership

Name	Role
Vuyani Jarana	Startup20 Chair
Kizito Okechukwu	Head of Secretariat
Carmen Rousouw	Startup20 Project Lead
Boitshoko Shoke	Startup20 Content Lead
Londani Mpharalala	Startup20 Project Assistant