SU20
SOUTH AFRICA 2025

Township and Rural Entreprenuership

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 **Township and Rural Entrepreneurship** Task Force Members and Knowledge Partners.

Table of Contents

Foreword

South Africa's townships are best described as densely populated urban settlements or "marginalised urban areas", consisting of a blend of formal and informal housing, marked by high density, economic marginalisation, and a mix of urban infrastructure and informality. Equivalent forms exist across G20 nations, often under different names with local variations reflecting national histories and urban patterns: Equivalent forms in other G20 countries include: Brazil's "*Favelas*", the USA's "inner-city neighbourhoods" and "public housing projects", France's "*Banlieues*", the UK's "council estates", India's "slums", China's "urban villages" ("*chengzhongcun*"), and Indonesia's "kampungs".

The inclusion of marginalised urban and rural entrepreneurship in G20 nations is pivotal to advancing the grouping's vision of solidarity, resilience, and equitable prosperity for all. Entrepreneurs in these communities are primary drivers of job creation, poverty reduction, and local innovation, and yet their potential is constrained by bureaucratic barriers, land insecurity, digital divides, and limited policy support.

Across G20 countries, informal sector entrepreneurs in marginalised urban and rural communities are frequently overlooked in mainstream policy and financing frameworks, despite their central role in sustainable development and community well-being. The experience of nations with large non-urban populations, including South Africa, Brazil, India, China and Indonesia, demonstrates that context-specific solutions and locally led innovation are essential for meaningful progress.

This policy paper acknowledges the creativity and resilience of marginalised urban and rural entrepreneurs and calls for global collaboration to close gaps in finance, capacity, infrastructure, and regulatory support. To deliver on G20 commitments for inclusive growth, policies must be recalibrated to recognise these entrepreneurs as central actors. In addition, support must be provided in the form of accessible investment vehicles, alternative financial markets, and entrepreneurial education that extends beyond urban boundaries.

Urgent reforms are needed to bridge the divide and ensure that marginalised urban and rural economies are empowered as engines of G20-wide innovation, sustainability, and shared prosperity. This paper proposes a comprehensive framework for enhancing supportive ecosystems and unlocking the transformative potential of marginalised communities.

Chairperson

Xoliswa Daku

Deputy Chair

Sanjay Soni

Deputy Chair

Tsholofelo Mothibi

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.
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.
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.
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

Marginalised urban and rural entrepreneurs across G20 nations represent a largely untapped engine for inclusive economic growth, yet face persistent exclusion from finance, infrastructure, skills development, and policy frameworks. This paper, developed by South Africa's SU20 Township and Rural Entrepreneurship Taskforce, presents a comprehensive policy framework to unlock the transformative potential of entrepreneurship in underserved communities.

Drawing on evidence from developing G20 nations including India, Indonesia, and Brazil, this framework addresses the chronic funding gap, digital divide, and regulatory barriers that constrain enterprises in marginalised urban and rural areas. Despite comprising over half of employment in emerging markets, these businesses receive less than 1% of global venture capital and face systematic exclusion from formal support systems.

This paper outlines six interconnected recommendations that collectively transform the entrepreneurial ecosystem for marginalised urban, peri-urban and rural communities.

1. **Establish Urban-Rural Entrepreneurial Finance Platforms**: Create provincial and district-level blended finance funds combining public capital with private co-investment to provide grants, concessional loans, and early-stage equity, specifically targeting youth, women, and marginalised entrepreneurs.
2. **Expand Credit Innovation Using Alternative Data**: Develop behavioural and transaction-based credit scoring models using mobile money, e-wallet, and informal trade platform data to assess risk profiles for informal entrepreneurs who lack traditional credit histories.
3. **Formalise Community Investment Mechanisms**: Provide regulatory recognition and capacity building for informal savings groups (stokvels, SACCOs), facilitate their access to wholesale capital, and pilot Community Investment Funds where local stakeholders pool resources for shared economic priorities. Examples include: Tanda (Mexico), Chit Fund (India).
4. **Accelerate Policy and Regulatory Reform**: Streamline regulatory frameworks through simplified, tiered approaches that enable informal economy formalisation while securing land tenure rights for township and home-based entrepreneurs.
5. **Scale Localised Entrepreneurial Education**: Institutionalise locally-delivered entrepreneurship curricula across G20 member states, build digitally-enabled

green-skilled rural workforces, and train community-based facilitator networks for sustainable capacity building.

6. **Expand Digital and Innovation Infrastructure**: Achieve 60% coverage of marginalised regions with robust digital infrastructure by 2030, establishing innovation hubs and entrepreneurial ecosystems that enable participation in the digital economy.

These recommendations are designed for coordinated implementation across government, private sector, development finance institutions, and community organisations. The framework includes specific performance indicators, risk mitigation strategies, and monitoring systems aligned with G20 priorities for inclusive growth, job creation, and economic resilience.

Implementation requires immediate action to bridge the persistent divide between marginalised entrepreneurs and mainstream economic opportunities. Success will create scalable innovation pathways, strengthen national value chains, and enable South-South knowledge exchange among G20 nations. The framework positions township and rural entrepreneurs as central actors in achieving inclusive growth targets while contributing to global financial stability through expanded financial inclusion.

By 2030, successful implementation could create 100,000 new jobs, formalise 60% of supported enterprises, and establish 45 operational innovation hubs across marginalised regions, demonstrating the transformative potential of systematic entrepreneurship support in underserved urban and rural communities.

Introduction

The global startup ecosystem serves as a vital engine for innovation and job creation. Despite its potential, access to finance, regulatory barriers, and unequal market access continue to hinder growth, particularly in emerging markets. This is especially true for micro, small, and informal enterprises, including those led by youth, women, and marginalised urban and rural entrepreneurs. These businesses frequently operate outside formal regulatory and financial systems, typically lacking credit histories, collateral, and business documentation necessary for accessing traditional sources of finance.

Financial institutions often centralise their operations in well-resourced urban centres, making it costly and logistically challenging to reach dispersed rural and marginalised urban customers without significant technological investment or targeted public support. This widespread financial exclusion stifles local innovation, perpetuates poverty, and fosters parallel economies disconnected from national development priorities. Women, youth, indigenous communities, and migrant workers form the backbone of these economies. They are disproportionately affected, further entrenching inequality and economic marginalisation.

Conversely, expanding access to capital can accelerate microeconomic transformation, stimulate rural job creation, and diversify national value chains. This approach aligns with the G20's inclusive growth agenda, supporting SDG targets on decent work, inequality reduction, and poverty eradication. It also reinforces global financial stability by broadening the base of financially literate and banked citizens and opens scalable opportunities for innovation. Especially since informal entrepreneurs often develop low-cost, high-impact solutions. Importantly, the G20's diversity facilitates South-South knowledge exchange, allowing models like India's digital stack, Brazil's cooperative systems, or Indonesia's credit guarantees to be adapted to local contexts.

Previous G20 engagement groups, including the B20 and SU20, have consistently prioritised financial inclusion. India's 2023 SU20 presidency highlighted Digital Public Infrastructure (DPI) initiatives such as *Aadhaar* and UPI. Brazil's 2024 SU20 presidency focused on community-anchored financial systems, including cooperative banking and Community Development Banks. Nonetheless, an implementation gap remains, with existing efforts concentrating on formalised SMEs rather than informal micro-enterprises, underinvestment in credit-readiness, siloed delivery mechanisms, and insufficient localisation of financial products. This paper aims to help close these gaps by specifically addressing the needs and challenges faced by marginalised urban and rural entrepreneurs.

Problem Statement

The core policy challenge for marginalised urban and rural entrepreneurs is their persistent exclusion from formal financial systems, policy attention, and enabling infrastructure, despite the major role they play in job creation and local economic development. In many G20 economies, these enterprises operate informally or semi-formally, and are characterised by limited access to finance, poor infrastructure, policy neglect, and fragmented support systems. Less than 12% of SMEs in South Africa receive bank credit and startups on the African continent attract under 1% of global venture capital, due to high perceived risk, limited credit histories, and few tailored financial vehicles. Similarly, in India, only about 16% of MSMEs have access to formal credit, while in Brazil, approximately 21% of small businesses obtain financing through traditional banking channels, and in Indonesia, formal bank lending reaches just 18% of MSMEs, according to World Bank and OECD data. The result is a chronic funding gap, digital divide, and missed opportunities for inclusive national economic growth across emerging G20 economies.

Key Challenges

Marginalised urban and rural entrepreneurs operate at the interface of rapid global changes yet continue to face persistent exclusion from vital resources and opportunity structures. Digital transformation is one of the most promising but unevenly distributed developments. While e-commerce platforms, fintech, and digital public infrastructure can unlock new markets, many marginalised urban and rural businesses are held back by limited broadband coverage, high device and data costs, and low levels of digital literacy. The digital divide is especially pronounced among women, youth, and informal enterprises, groups that form the backbone of marginalised urban and rural economies.

MSMEs, including informal and micro-enterprises, account for well over half of employment and up to 40% of GDP in emerging markets. Despite their economic impact, these businesses experience a persistent financing gap: less than 12% of South African SMEs obtain bank credit, and African startups receive less than 1% of global venture capital. This situation is due to a mismatch in risk appetite, inflexible lending criteria, and poorly adapted financial products. Informal entrepreneurs often lack credit histories and collateral, further deepening their exclusion. Traditional government support schemes and regulatory reform have been slow to adapt, remaining urban-centric and bureaucratic. Largely missing the lived realities and urgent needs of marginalised communities.

Infrastructural inadequacies remain a central barrier to economic participation and innovation. Poor transport, patchy power supply, unreliable water, and weak telecommunications make it difficult to establish and scale businesses in these regions. Local government and development agencies frequently struggle to plan and provide necessary investments, and there is little alignment with broader national economic development strategies. Education and entrepreneurship support is commonly concentrated in well-resourced urban hubs, resulting in the systematic exclusion of marginalised urban and rural innovators.

Yet, opportunities abound for targeted and systemic change. Decentralised and community-anchored solutions hold promise for driving financial inclusion and investment readiness. These include blended finance vehicles combining public and private capital, tailored micro-investment platforms, and innovative credit-scoring using mobile money and informal trade data The formalisation and strengthening of community-based savings groups (e.g., stokvels and SACCOs) as conduits for capital, capacity-building, and digital upskilling, can unlock local entrepreneurial potential and encourage greater resilience.

To address persistent capacity gaps, scaling localised entrepreneurial education is vital. Initiatives such as digital and green skills academies, mobile learning labs, and context-tuned mentorship programs can rapidly improve digital and business capabilities. The recommended launch of a G20 Rural Innovation Fellowship and locally rooted facilitator networks to deliver peer education reflects the growing consensus that lasting impact requires solutions anchored in community leadership, knowledge of local markets, and cultural legitimacy.

Investment in human, physical, digital, and social infrastructure will not only enable inclusive access to global value chains, but also drive the development of resilient, self-sustaining entrepreneurial ecosystems. This requires partnership with local government, the private sector, universities, and NGOs. Innovation hubs, networking platforms, and targeted innovation funds can address knowledge sharing gaps while facilitating connections between entrepreneurs, markets, and sources of finance. These efforts must be backed by enforced planning mandates and robust monitoring frameworks to ensure progress on inclusion, gender equality, decent work, and sustainable growth. Examples of these are the inclusion of marginalised urban and rural entrepreneurship hubs in all local economic development (LED) strategies.

The emerging best-practice across G20 countries makes clear that empowering marginalised entrepreneurs is achieved by broadening financial access, formalising and digitising informal business, developing context-specific infrastructure, and embedding support within local communities. This is turn, acts as a lever for sustainable, resilient, and inclusive economic development.

Priority Areas/Thematic Pillars:

Below are thematic pillars for addressing the needs of marginalised urban and rural entrepreneurs, each defined as a clear, actionable area in line with best practice and recent South African and G20 strategies. The Township and Rural Development Taskforce identify three interlinked strategic pillars that collectively drive transformation, inclusion, and innovation at scale. Each pillar supports a distinct aspect of the marginalised urban and rural entrepreneurial ecosystem and is grounded in both evidence and stakeholder consultation.

- **Pillar 1: Economic Infrastructure and Spatial Access**
  This pillar focuses on expanding and maintaining core infrastructure, viz. energy, transport, digital connectivity, basic services, and affordable business spaces. This is fundamentally required to underpin entrepreneurship and enable market access. Strengthening spatial integration ensures that marginalised urban and rural businesses are connected to supply chains, logistics corridors, and growth markets. It also includes the transformation and revitalisation of state-owned land and commercial property to improve business location options for marginalised entrepreneurs and addresses the persistent issue of infrastructure backlogs and service reliability.
- **Pillar 2: Digital and Innovation Ecosystem**
  The aim here is to close the digital divide and accelerate digital adoption for marginalised urban and rural MSMEs. Priority investments include expanding access to affordable broadband, developing digital public infrastructure, and supporting the emergence of digital hubs, skills academies, and mobile training labs. This pillar also champions entrepreneurship in the Fourth Industrial Revolution (4IR) sectors, indigenous knowledge systems, and locally relevant digital solutions. Amongst these are: smart local platforms, e-commerce linkages, and initiatives for digital payments, fintech, and mobile money.
- **Pillar 3: Inclusive Enterprise Development and Market Access**
  This pillar addresses direct enterprise support, capacity-building, and access to finance and markets for marginalised urban and rural entrepreneurs. It advocates for more agile business support programs, micro-investment and blended finance platforms, targeted procurement and localisation policies, and cluster-based support for high-potential sectors (e.g., agribusiness, creative industry, tourism, and manufacturing). Special emphasis is placed on the informal sector, youth, women,

and early-stage businesses, with a focus on reducing red tape and integrating business support with local economic development strategies.

These pillars are mutually reinforcing, ensuring that improvements in infrastructure and digital access translate into real and measurable enterprise growth, job creation, spatial transformation, and sustainable economic inclusion.

Policy Objectives:

Below is a set of numbered, measurable policy objectives to advance the interests of marginalised urban and rural entrepreneurs. These objectives align with best practices, recent policy trends, and evidence from the South African context:

1. **Increase Access to Business Infrastructure:**
   Expand functional, serviced business spaces and digital connectivity in marginalised urban and rural communities by 30% within three years, improving participation in formal and informal markets.
2. **Enhance Enterprise Skills and Capacity-Building:**
   Deliver needs-based training, incubation, and business development support to at least 50,000 marginalised urban and rural entrepreneurs annually, with specific targets for women and youth.
3. **Grow Access to Finance and Funding Instruments:**
   Enable 25% of qualifying MSMEs to access blended finance mechanisms, revolving funds, or microcredit by year three, thereby reducing their reliance on grant support and personal savings.
4. **Strengthen Market and Supply Chain Integration:**
   Facilitate a 20% increase in marginalised urban and rural business linkages to local, regional, and digital markets through procurement, localisation, and cluster-based support by the end of the policy cycle].
5. **Improve Regulatory and Institutional Coordination:**
   Streamline regulatory frameworks and introduce digital compliance platforms to reduce the average time for enterprise registration, licensing, and support access by 40% in targeted areas within three years.
6. **Boost Decent Employment and Livelihoods:**
   Enable the creation or sustenance of 100,000 new jobs (formal and informal) in marginalised urban and rural economies by 2030 through support for scalable businesses, cooperatives, and new sector development.
7. **Promote Social and Spatial Inclusion:**
   Ensure equitable access to land, public services, and business infrastructure for previously marginalised groups, tracking progress through annual inclusion and transformation indicators.

All objectives should be tracked through annual progress reviews and mid-term impact evaluations, ensuring accountability and adaptive policy adjustment.

Evidence Base and Validation:

Robust evidence base underscores the policy recommendations for supporting marginalised urban and rural entrepreneurs. The following subsections summarise the validation of market need, lessons from global best practice, and insights from stakeholder consultation.

Market Validation and Demand Analysis

Recent market studies confirm that marginalised urban and rural enterprises form a substantial but underserved segment of South Africa's economy. In Gauteng alone, over 40% of the population lives in marginalised urban areas, and spaza shops and informal SMMEs account for significant local employment, particularly among youth and women. Survey research in key marginalised urban areas documented high entrepreneurial intent but found most businesses remain micro-sized due to high barriers. Over 70% of SMMEs in South Africa are not registered and lack access to formal support and funding channels. Despite strong community demand, these enterprises struggle to grow because of limited access to stable infrastructure, affordable capital, and consistent market linkages.

Demand-side analysis further highlights persistent gaps. Entrepreneurs cite infrastructure bottlenecks, regulatory burdens, supply chain barriers, and inadequate skills development as critical obstacles. The informal ecosystem thrives on resilience and innovation, with microbusinesses pooling resources, using mobile technology for procurement, and engaging cooperatives. However, systemic weaknesses and low entry into formal value chains limit the sustainability and scalability of marginalised urban and rural ventures.

Global Best Practice Review

International and African best practice confirms that challenges faced by marginalised urban and rural entrepreneurs are not unique. In comparable economies, strategic success in marginalised areas stems from three levers: direct investment in local infrastructure, blended finance and micro-investment platforms, and context-driven capacity-building programs. For example, micro-financing schemes and digital platforms enabling collective local investment to have generated high-growth entrepreneurial clusters in both Latin America and Southeast Asia.

Business incubators and accelerators that pair mentorship with public procurement and digital market access have been successful in rapidly building small enterprise scale and competitiveness. South Africa's Township Entrepreneurs Alliance and programs like TEA, together with mobile apps that link SMMEs with suppliers (e.g., Vuleka), offer strong domestic benchmarks for effective incubation and system integration. The evidence from successful township interventions points to the critical value of social capital, peer networks, and tailored public-private partnerships.

Stakeholder Consultation Results

Findings from multi-province dialogue sessions and taskforce-led consultations validate and expand on the market and policy reviews. Stakeholder engagement, including local entrepreneurs, cooperative leaders, youth associations, and development agencies, identifies four priority needs:

- Expanded infrastructure investment (especially digital connectivity and utility reliability)
- Simplified access to finance and risk-sharing mechanisms tailored for micro and small businesses
- Localised business support, including context-sensitive training, mentorship, and digital skills acceleration
- Stronger integration with supply chains, procurement opportunities, and networking platforms.

Consultations also highlight the necessity of reforming rigid administrative and regulatory processes and call for sustained capacity-building for local government as ecosystem convenors and facilitators. These recommendations have directly shaped the design and prioritisation of actionable policy proposals in this draft.

Recommendation 1: Establish Urban & Rural Entrepreneurial Finance Platforms

Executive Summary

This Recommendation calls for G20 members to establish Urban and Rural Startup Funds targeting marginalised urban and rural entrepreneurs at provincial or district levels, structured on blended finance principles. These Funds will leverage public and philanthropic capital to crowd in DFIs and private co-investment, and will offer grants, concessional loans, and early equity finance to high-potential enterprises otherwise excluded from commercial and venture markets. Special emphasis will be placed on youth, women, and marginalised entrepreneurs. The blended structure is critical to risk-sharing and making private participation viable at scale. Governance will be locally anchored and transparent, eligibility and allocation criteria will be publicly communicated, and technical assistance will be provided alongside funding to maximise enterprise impact and sustainability. Implementation and results, including progress on inclusion and formalisation, will be tracked using G20-aligned M&E frameworks to ensure accountability, learning, and adaptive management.

Executive Recommendation

Establish blended finance structures and catalytic funds targeting marginalised urban and rural entrepreneurs, ensuring access to startup and growth capital through coordinated public, private, and community investment channels. This includes partnership funds, micro-facility windows, and formalised linkages with community investment models and local finance intermediaries.

Context

The context for establishing Urban/Rural Startup Funds with blended finance structures is rooted in the critical need to address systemic under-investment and pervasive exclusion facing marginalised urban and rural entrepreneurs in G20 economies, with particular urgency in South Africa. Urban and rural enterprises comprise a vibrant yet underserved segment of the small business landscape, often operating outside formal capital markets and lacking the institutional support available in well-resourced urban centres. Persistent barriers take the form of limited access to affordable early-stage finance, underdeveloped infrastructure, and exclusion of women and youth. These restrict marginalised entrepreneurs' ability to scale, formalise, and contribute fully to economic development.

To catalyse investment in marginalised urban and rural entrepreneurship at the scale required, policy must move beyond targeting only capital allocators such as banks or venture funds. We therefore propose revising national mandates and regulatory frameworks that govern reserve banking practices, financial intermediaries, pension fund administrators, and tax policy. This includes reviewing and amending reserve banking laws, pension fund regulations, financial intermediary statutes, and tax frameworks to specifically enable and incentivise allocations into blended finance vehicles, catalytic funds, and community investment platforms serving marginalised urban and rural entrepreneurs. Such reforms, which may require legislative ratification, will help unlock institutional capital and create the necessary enabling environment for ecosystem-wide investment flow. By aligning these system-level mandates with inclusive entrepreneurship goals, South Africa can lead global best practice on capital mobilisation for underserved regions, while enhancing transparency, risk safeguards, and impact measurement across the financial sector.

G20 engagement processes and the Startup20 platform have elevated these challenges to the global agenda, emphasising the imperative of inclusive growth, resilience, and innovation. South Africa, through its presidency of the G20 Startup20 Engagement Group, articulated five national priorities for startup policy: supporting early-stage entrepreneurs, improving access to finance, advancing inclusivity and sustainability, expanding market reach, and strengthening underserved urban and rural ecosystems. The accession of the African Union to the G20 brings additional focus on bridging the investment gap and ensuring regionally aligned, globally relevant solutions.

Strategically, the establishment of urban/rural startup funds aligns with both the G20's global policy framework and South Africa's national development priorities by prioritising:

- **Direct capital investment and risk-sharing** for micro, small, and community enterprises beyond the reach of venture funds or commercial banks.
- **Targeted support** for women, youth, and marginalised innovators to address entrenched barriers and promote social equity.
- **Strengthening local value chains** and fostering integration with regional and global markets.
- **Enhancing infrastructure, connectivity**, and **cooperative business** models to stimulate urban and rural entrepreneurship as engines of job creation and community resilience.
- **Embedding technical assistance**, **capacity building**, and **monitoring/evaluation** to ensure sustainability, transparency, and adaptive learning.

The G20 Startup20 policy direction thus reinforces blended finance as an urgently needed mechanism to mobilise catalytic capital and de-risk transformative investment. The strategic priority is not only to create sustainable funding vehicles, but to use the fund as a platform for ecosystem building, partnership, and systemic impact at scale.

Detailed Actions

- Action 1.1 (decentralisation and technical assistance) ensures local ownership, effective capacity building, and demand-driven support, which is foundational for trust and effectiveness of the mechanism.
- Action 1.2 (transparent selection) addresses the core issue of equitable access and low beneficiary trust, supporting inclusivity, clarity, and minimising elite capture or exclusion of informal entrepreneurs.
- Action 1.3 (catalytic capital mobilisation) ensures that the funds become vehicles for leveraging additional investment, sustainability, and risk-sharing. This is key to scale and long-term viability, rather than remaining purely grant-driven instruments.

Key Performance Indicators (KPIs)

All KPIs should be disaggregated by gender, age, and region; tracked through annual and mid-term reviews; and published in a public dashboard to meet G20 transparency and learning requirements.

KPI	Baseline (2024)	Target (2030)	Tracking Institution	Champion Institution Example
Provincial / district urban & rural startup SME funds established (number)	0	10	National DFI registry, local government data, SU20 Secretariat	National Ministries of Trade/ Industry & Taskforce
Catalytic (blended) capital mobilised for urban/rural startups (USD)	Data to be collected	$50 million	DFIs, impact investors, SU20 Secretariat	National DFIs & Taskforce
Startups funded that are youth- / women-/ marginalised-owned (%)	Data to be collected	40%	Fund disbursement records, independent evaluator	Urban/Rural Fund Board, SU20 Secretariat
Jobs created as a direct result of funds (number)	Data to be collected	5,000	StatSA, fund M&E systems, SEFA	Jobs/Entrepreneursh ip Agency, Taskforce
Funded enterprises formalised (registered for tax/levies) (%)	Data to be collected	60%	National business registry, SARS, M&E agent	National Revenue Authority & Taskforce

Businesses receiving post-investment technical support (%)	Data to be collected	80% of funded	SU20 Secretariat, implementing partners	Urban/Rural Fund Board, Taskforce

Action 1.1: Decentralise Fund Administration and Include Technical Assistance

Summary

Action 1.1, "Decentralise Fund Administration and Include Technical Assistance" advances the goal of establishing inclusive Urban and Rural Startup Funds with blended finance by ensuring that fund governance and support services are embedded at the local level. Decentralising fund administration enables resources, decision-making powers, and oversight responsibilities to be shifted closer to beneficiary communities, increasing accessibility, accountability, and responsiveness to local needs and conditions. It also helps mitigate historical and practical barriers to participation faced by marginalised urban and rural entrepreneurs, especially women, youth, and informal operators.

Localising fund operations supports tailored implementation: delivery hubs or regional fund facilities can provide real-time support, adaptive flexibility, and direct engagement with municipal, traditional, and cooperative structures. Integrating technical assistance ensures not only capital access but also critical business development services. This includes enterprise incubation, mentorship, accounting, market linkages, and regulatory compliance, in order to equip recipients for long-term sustainability and growth. This model leverages international and G20 best practice, which emphasise coordinated financial and non-financial interventions as essential for inclusive entrepreneurial ecosystem development.

Background

Many marginalised urban and rural entrepreneurs lack basic financial literacy, effective record-keeping, and the business acumen required to manage budgets or understand loan terms, which undermines both the demand for and successful use of financial products. This situation contributes to higher default rates and negative perceptions among lenders.

A significant gap exists between the aspirations of these entrepreneurs and their readiness to attract investment, often due to weak governance, poor financial record-keeping, and underdeveloped business models. Decentralised fund administration, combined with integrated technical assistance, is intended specifically to bridge these demand-side capacity gaps and ensure that blended finance structures achieve their intended impact in empowering historically excluded communities.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution
Decentralised Urban and Rural Startup Funds (status)	0	10 local fund hubs operational across priority provinces	25 fully operational decentralised fund hubs with transparent governance	SU20 Secretariat; National Treasury Dashboard	Department of Small Business Development (DSBD) and National Treasury
Capital mobilised and managed through decentralised funds (USD)	To be collected	USD 30 million mobilised	USD 50 million mobilised with blended finance and DFI partnerships	National DFI Registry; SU20 M&E System	DSBD and Development Finance Institutions
Funded enterprises receiving technical assistance and registered as formal entities (%)	0	60%	80% of funded enterprises receive structured technical and business support; 70% formalised	SEDA, SARS, and SU20 Dashboard	DSBD and Small Enterprise Finance Agency (SEFA)
Jobs created and sustained via decentralised financing platforms (number)	To be collected	3,000	5,000 cumulative jobs supported directly by decentralised fund investments	StatsSA; SU20 M&E System	National Treasury and Jobs & Entrepreneursh ip Agency
Share of funding channelled to women, youth, and marginalised entrepreneurs (%)	To be collected	50%	70% inclusivity maintained across fund disbursements	Inclusion Index, Fund Reporting Systems	DSBD, Gender & Youth Agencies, SU20 Secretariat

Implementation Approach

- Empower local governments and accredited development agencies to **administer Urban and Rural Startup Funds** at community level, leveraging existing municipal, community, and economic development structures for fund oversight and responsive engagement.
- **Establish modular partnerships** with local TVET colleges, business incubators, and trusted digital/mobile platforms to deliver blended technical assistance covering financial management, marketing, governance, and compliance.
- **Launch mentorship programmes** connecting experienced entrepreneurs to emerging local startups, fostering skills transfer and peer-driven business development.
- **Prioritise pilot initiatives** in selected regions within 6–12 months, followed by results-driven scaling to national coverage by year 3–5, with clear performance benchmarks and adaptive management.
- **Mobilise public and private sector funding streams**, including corporate enterprise development and social investment commitments, to secure sustainability and scale-up in line with BBBEE and G20 inclusion principles.
- **Integrate continuous stakeholder engagement, capacity building, and feedback mechanisms** to ensure effective uptake, inclusivity, and long-term impact.

This approach provides a stepwise, partnership-based framework in line with G20 international best practice, emphasising phased implementation, local responsiveness, and blended finance and technical support systems.

Roles and Responsibilities

- **National government social and economic development ministries**: set policy standards, allocate funding envelopes, provide regulatory oversight, and ensure accountability frameworks are in place
- **Local governments and accredited development agencies**: administer the fund, lead day-to-day management, vet and select beneficiaries, and maintain transparent reporting and community engagement.

- **TVET colleges, incubators, and business advisory partners**: deliver modular technical assistance, training, and mentoring, as well as monitor recipient progress.
- **Private sector partners**: contribute both capital and technical expertise, participate in donor/funding consortia, and may provide capacity-building and incubation support.
- **Community and representative bodies**: participate in oversight, mobilise outreach, and ensure inclusive beneficiary targeting, supporting grievance and feedback loops.
- **Fund administrators**: handle core back-office operations: fund accounting, compliance, financial and impact reporting, capital calls and distributions, and the management of investor relations.
- **All entities**: collaborate on ongoing performance monitoring, adaptive management, and continuous improvement to drive inclusive, transparent, and results-based fund outcomes.

This matrixed, partnership-based approach ensures a robust operational framework aligned with G20 and Southern African governance best practice.

Risks & Mitigation:

- Capture of funds by local elites or political actors. **Mitigation**: Implement independent multi-stakeholder oversight committees, including community leaders, civil society, and external auditors, as well as publish regular public reports and audited statements to ensure transparency and accountability.
- Insufficient local administrative and technical capacity resulting in misallocation or ineffective support. **Mitigation**: Design comprehensive, modular training and certification programmes for local fund administrators and technical assistance providers. Partner with experienced national and international organisations for mentoring and capacity building.
- Limited access for marginalised groups (women, youth, micro-enterprises) due to bias or exclusion. **Mitigation**: Mandate inclusive targeting and outreach, design affirmative selection criteria, and run awareness campaigns in local languages. Deploy mobile support teams to reach remote and underrepresented segments.
- High default rates or poor financial performance by beneficiaries. **Mitigation**: Integrate structured financial literacy, business management coaching, and

ongoing technical support alongside capital infusion. Pilot risk-sharing tools, such as partial guarantees and adaptive repayment schedules, to de-risk fund operations.

- Weak monitoring, delayed impact measurement, or incomplete reporting. **Mitigation**: Set up robust digital M&E systems with real-time data dashboards, regular progress reviews, and participatory feedback mechanisms. Ensure access to support and corrective action in response to emerging issues.
- Regulatory or policy uncertainty undermining long-term operation. **Mitigation**: Engage provincial/national policy stakeholders early in the process and align fund rules and reporting standards with evolving legislative frameworks, ensuring adaptive management for compliance and sustainability.

This approach covers systemic, operational, and inclusion risks, each paired with clear, actionable mitigation strategies.

Action 1.2: Implement Transparent Selection Criteria

Summary

Action 1.2: Implement Transparent Selection Criteria establishes a clear, equitable framework for allocating startup funding, focusing on accessibility and trust within marginalised urban and rural communities. By standardising criteria that prioritise impact, job creation, and scalability, and making these publicly available, the action aims to overcome historical barriers of regulatory bias, information asymmetry, and exclusion of informally documented entrepreneurs.

A diverse, independent assessment committee and digital platforms for application ensure fairness and transparency. The process actively integrates alternative data, like community recommendations and mobile money records. This makes funding accessible to those previously excluded by formal documentation requirements. As a result, this action builds beneficiary trust, improves uptake, and directs resources to the highest potential enterprises aligned with inclusive development objectives.

Background

Many township and rural entrepreneurs have historically been excluded from government funding and private investment due to opaque application processes, regulatory bias, and requirements for formal business documentation that most informal enterprises cannot produce. This lack of transparency has fostered distrust, poor awareness of available opportunities, and reinforced systemic exclusion for high-potential but informally structured ventures.

Traditional systems tend to favour larger, established enterprises, often overlooking micro-enterprises, women, and youth-led businesses in marginalised communities. As a result, existing funding mechanisms fail to address the local realities and potential found within these areas, causing persistent gaps in support and limited economic impact. Overcoming these challenges requires robust, transparent selection criteria, communicated clearly and designed to include alternative data and local recommendations. These are critical steps toward equitable access and restoring trust in funding initiatives.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Transparent selection framework and scoring system (status)	0	Criteria co-designed, published, and operational in 5 pilot provinces	Fully operational nationally with annual public reporting and review updates	SU20 Secretariat; DSBD M&E System	Department of Small Business Development (DSBD) and National Treasury
Share of funding applications evaluated under transparent, standardised criteria (%)	0%	60%	100% of fund awards processed through standardised and publicly verified selection system	Urban-Rural Fund Board and Independent Oversight Panel	DSBD; Provincial Development Agencies
Participation rate of marginalised entrepreneurs (youth, women, informal) in open funding calls (%)	To be collected	50% applicants from prioritised groups	70% inclusivity threshold maintained across all fund cycles	SU20 Dashboard; Community Partner Reports	DSBD and Gender & Youth Agencies
Quarterly publication of anonymized applicant and allocation data (frequency)	0	Quarterly publication initiated, covering pilot provinces	National open-access dashboard established with automated data feeds	Fund Secretariat; Digital Transparency Portal	National Treasury and DSBD
Stakeholder satisfaction and trust index in fund selection process (measured via surveys) (number)	To be collected	60% positive perception among stakeholders	85% satisfaction level maintained through adaptive transparency measures	Independent Evaluator; SU20 Secretariat	DSBD and External ME Partners

Implementation Approach

- **Step 1**: **Co-design transparent selection criteria** with local stakeholders, including township and rural entrepreneurs, community leaders, government agencies, and business support providers, ensuring the framework reflects real-world challenges and opportunities.
- **Step 2**: **Publicly disseminate standardised selection criteria and scoring rubrics** through digital platforms, local noticeboards, workshops, and radio. Make criteria and application steps available in relevant local languages.
- **Step 3**: **Constitute independent assessment panels** combining local business leaders, civil society representatives, and external subject matter experts for grants, loans, and equity awards. Panel members rotate regularly to prevent bias and capture diverse perspectives.
- **Step 4**: **Integrate alternative data** for example, as references from recognised community groups, mobile money transaction histories, and informal sector documentation. Integrate into eligibility screening. Actively provide onboarding support to applicants with limited formal credentials.
- **Step 5**: **Enable digital and manual submission channels**, including mobile-friendly applications and physical drop-off points, with real-time tracking for applicants. Provide helpdesk and outreach services to guide applicants through all phases of the process.
- **Step 6**: **Publish** anonymised committee **meeting outcomes**, aggregate **applicant statistics**, and **funding allocation reports** quarterly. Solicit continuous **feedback** from beneficiaries and adjust criteria and procedures to enhance fairness, inclusion, and transparency.

This process prioritises local ownership, inclusivity, transparency, and ongoing adjustment based on feedback, ensuring that marginalised entrepreneurs have genuine, equitable access to funding opportunities.

Roles and Responsibilities

- **Lead Implementing Agency**: Coordinates overall design and rollout of transparent selection criteria, ensures all guidelines are published and accessible, and provides resources for training assessment panels and local partners.

- **Selection Committee/Independent Panel**: Reviews applications using published scoring rubrics, integrates alternative data and local recommendations, documents proceedings and funding decisions, and rotates members regularly to preserve impartiality and local credibility.
- **Community-Based Organisations & Entrepreneur Networks**: Mobilise applicants, support unregistered and informally documented entrepreneurs in the application process, provide community recommendations, and participate in co-design and feedback workshops.
- **Digital Platform Providers & IT Support**: Develops and maintains the digital application, tracking, and results-disclosure platforms, supports mobile and low-data-access channels, and manages applicant helpdesks, supporting digital inclusion for all applicants.
- **Local Government & Regulatory Authorities**: Facilitate local outreach, convene information sessions, ensure compliance with anti-discrimination and equity standards, and provide ongoing capacity-building for partners involved in the selection process.
- **Monitoring & Evaluation/Reporting Team**: Aggregates, analyses, and publishes anonymised committee outputs and applicant statistics quarterly, gathers ongoing feedback from applicants and beneficiaries, and adjusts frameworks in response to lessons learned

This approach ensures responsibility for fairness, inclusion, and transparency is distributed across independent panels, government actors, community structures, and tech support teams, with frequent reporting and feedback loops built in.

Risks & Mitigation:

- Selection criteria may inadvertently introduce bias or exclusion, further disadvantaging informal and marginalised entrepreneurs. **Mitigation**: Co-design criteria in consultation with target communities, use plain language and translate into all necessary local languages; integrate alternative eligibility measures and review for unintended barriers during pilot phases
- Panel members or assessors could collude, act with bias, or fail to rotate, undermining fairness and transparency. **Mitigation**: Institute regular panel rotation and external oversight, publish anonymised outcomes, and implement whistleblowing mechanisms; run annual ethics and anti-bias training for panelists.

- Limited digital access and low literacy among applicants may exclude vulnerable groups, resulting in reduced uptake and ongoing disparities. **Mitigation**: Support multiple submission formats (digital, paper, mobile), run outreach and applicant support campaigns, and establish drop-in centers to assist applicants in marginalised areas.
- Poor documentation or tracking of decisions may undermine accountability, increase legal risk, or allow unintended discrimination. **Mitigation**: Enforce strict record-keeping procedures and periodic external audits, publish aggregate statistics and anonymised committee reports, and enable applicant appeals processes.
- Low community trust and miscommunication about the criteria or process may threaten legitimacy and uptake. **Mitigation**: Commit to regular information sessions and feedback loops, use trusted local organisations to cascade information, and publicly address concerns or complaints as they arise.

This structured approach ensures risks are anticipated and addressed early, with ongoing feedback and adaptation to maintain fairness, equity, and transparency throughout implementation

Action 1.3: Mobilise Catalytic Capital and Private Sector Co-investment

Summary

Action 1.3 focuses on mobilising catalytic capital and unlocking private sector co-investment to accelerate township and rural entrepreneurship. Catalytic capital, characterised by its acceptance of disproportionate risk and/or concessionary returns, serves to de-risk investments, crowd in mainstream financiers, and address gaps that conventional capital cannot fill. Through blended finance, guarantees, and first-loss mechanisms, public and philanthropic actors play an anchor role. This ensures that perceived risks for private investors are reduced and enables larger-scale co-investment in underserved markets.

This approach strategically uses capital to seed, scale, and sustain high-impact projects, thus fostering entrepreneurship, expanding access to finance, and ensuring inclusive growth where it is most needed. By aligning incentives and crowding in private sector partnership, catalytic capital leverages impact-driven funds, development agency initiatives, and targeted incentives to generate a multiplier effect for investment and socioeconomic transformation.

Background

Marginalised urban and rural entrepreneurs face persistent barriers to accessing conventional finance, largely due to perceived high risk, limited collateral, lack of credit history, and challenging market conditions. Traditional investors, especially commercial banks and mainstream funds, often avoid these sectors, resulting in a capital gap that stifles business growth and innovation.

Catalytic capital has emerged as a strategic solution to this gap, defined as investments, covering debt, equity, guarantees and more. It intentionally accepts higher risk and/or concessionary returns to unlock third-party investment and generate positive impact. Governments, development finance institutions, philanthropic organisations, and impact investors deploy catalytic capital to seed, scale, and sustain small enterprises that might otherwise remain unfunded.

By derisking early-stage ventures, providing flexible terms, and mobilising additional private sector investment, catalytic capital is increasingly recognised as a vital mechanism for transforming underserved markets and accelerating inclusive economic development.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Total catalytic capital mobilised for township and rural entrepreneurship (USD)	0	USD 25 million	USD 75 million through blended and co-investment structures	National Treasury; SU20 Secretariat	Development Finance Institutions (DFIs), Department of Small Business Development (DSBD)
Ratio of private capital co-invested per unit of public capital	0:1	1.5:1	3:1 sustained leverage achieved through risk-	Fund Governance Board; National Treasury	DFIs and Private Investor Consortia

			sharing mechanisms		
Catalytic investment vehicles or blended finance funds established (number)	0	5 pilot funds operational nationally	15 fully compliant catalytic structures functioning across all provinces	SU20 Secretariat; Independent Fund Evaluator	DSBD and National Treasury
Co-invested projects providing measurable socio-economic and environmental impacts (verified outcomes) (%)	0%	60%	85% with independently verified inclusive growth and sustainability benefits	SU20 Monitoring Dashboard; Impact Audit Reports	DFIs and SU20 Secretariat
Corporate and private investors engaged in catalytic partnerships (number)	0	30 institutions participating	75 long-term investors engaged in township and rural funds and partnerships	SU20 Secretariat; Investor Reporting Framework	Business Chambers and Private Sector Partners

Implementation Approach

- **Step 1**: **Establish Anchor Catalytic Fund.** Government and development finance institutions (DFIs) initiate an anchor fund, capitalised with first-loss equity, guarantees, or concessional loans, specifically targeting township and rural enterprises. The fund parameters are co-designed with philanthropic and impact investors to ensure high flexibility in risk absorption and coverage of underbanked, high-risk market segments.
- **Step 2**: **Design Blended Finance Mechanisms** Blended finance structures are created, utilising a mix of public and private resources. Mechanisms include partial credit guarantees, subordinated debt, and co-investment pools that improve the risk–return profile for commercial banks, pension funds, and local financial institutions. Legal and governance frameworks are established to ensure transparency, accountability, and alignment of interests.
- **Step 3**: **Build Investment Readiness and Pipeline:** Specialised intermediaries, accelerators, and SME funds partner with anchor investors to identify and prepare

eligible township and rural businesses for investment. Pre-investment support includes capacity building, technical assistance, and impact measurement, increasing the pool of qualifying investees and supporting ongoing pipeline development.

- **Step 4**: **Execute Co-investment and Monitor Outcomes:** Private sector partners are mobilised through structured co-investment agreements, which clearly define roles, risk participation, and expected impact. All investments are subject to ongoing monitoring using robust KPIs, reporting requirements, and impact verification audits to ensure continuous learning, accountability, and adaptive management.
- **Step 5**: **Continuous Learning and Scale-Up:** Implementation is supported by regular reporting, stakeholder feedback, and adaptive changes to investment parameters. Successful models are scaled, and learnings are disseminated via coordinated platforms enabling more capital attraction, replication, and long-term sustainability of catalytic investment structures.

Roles and Responsibilities

The effective mobilisation of catalytic capital and private sector co-investment requires coordinated action from several stakeholders, each bringing unique roles and responsibilities.

- **Government and Public Agencies**: Lead the establishment and governance of the anchor fund, design blended finance policies, and provide first-loss capital, guarantees, or concessional loans. They set enabling regulatory frameworks, monitor compliance, and ensure alignment with national development priorities.
- **Development Finance Institutions (DFIs) and Multilaterals**: Supply risk-absorbing catalytic capital and act as anchor investors. They partner to structure innovative investment vehicles, offer technical assistance, and facilitate knowledge exchange with private sector players.
- **Philanthropic and Impact Investors**: Provide patient, flexible funding that accepts higher risks or lower returns, and often play a key “first-mover” or seeding role in new deals or funds. They may also offer grant-funded capacity building, support pipeline development, and convene multi-stakeholder partnerships.
- **Local Financial Institutions and Private Investors**: Crowd in co-investment, deploy commercial capital alongside catalytic partners, and partner in managing blended

investment vehicles. Their in-market presence ensures that financing solutions are responsive and scalable.

- **Accelerators, Fund Managers, and Technical Partners**: Identify eligible businesses, provide investment readiness support, and manage due diligence and pipeline development. They support monitoring, impact verification, and reporting.
- **Entrepreneurs and Enterprises**: Engage with accelerators, prepare for investment, and deliver on key economic, impact, and performance outcomes as agreed in the blended finance structure.

Effective implementation relies on transparent collaboration, defined decision-making, and ongoing knowledge sharing among all stakeholders.

Risks & Mitigation:

- Insufficient private sector crowding-in. **Mitigation**: Design investment structures with attractive risk-adjusted returns, including first loss guarantees, political risk insurance, and regulatory support. Engage private sector investors early in fund design and clearly communicate expected benefits and impact.
- Poor Investment readiness of enterprises. **Mitigation**: Provide extensive technical assistance, pre-investment support, and capacity-building to develop bankable projects and ensure preparedness for co-investment.
- Coordination and governance failures. **Mitigation**: Establish clear, streamlined investment processes; define roles and responsibilities up front; and employ experienced fund managers and independent investment committees to resolve disputes.
- Political, regulatory, or market uncertainty. **Mitigation**: Engage with government on enabling reforms, seek stable policy commitments, and use flexible investment structures to quickly adapt to changing contexts.
- Impact measurement challenges and reputational risk. **Mitigation**: Develop robust monitoring, evaluation, and reporting frameworks that set out clear, transparent KPIs for both financial and development outcomes, with periodic independent audits to ensure accountability.

This structured approach ensures risks are anticipated and addressed early, with ongoing feedback and adaptation to maintain fairness, equity, and transparency throughout implementation

Recommendation 2: Expand Credit Innovation Using Alternative and Inclusive Data

Executive Summary

Recommendation 2 aims to expand credit access for marginalised individuals and MSMEs by advancing the use of alternative and inclusive data sources for credit assessment. Traditional credit scoring methods often exclude thin-file borrowers and those in the informal sector, limiting their financial inclusion and access to capital. The approach centres on partnering with mobile network operators, fintechs, and retail platforms to leverage digital payment histories, behavioural data, and transaction records, forming a more accurate and comprehensive view of applicant creditworthiness.

This recommendation supports the design and deployment of innovative, behavioural-based credit scoring models, moving beyond bank records to embrace diverse, real-time data streams. At the same time, it embeds robust consumer protection safeguards, data privacy guidelines, and cybersecurity protocols to minimise risks and foster trust in alternative credit solutions. By broadening the sources of credit information and deepening the analytic methods applied, these actions will enable more equitable access to credit for MSMEs and historically excluded populations, supporting G20 goals on financial inclusion and economic resilience.

Executive Recommendation

Establish blended finance structures and catalytic funds targeting marginalised urban and rural entrepreneurs, ensuring access to startup and growth capital through coordinated public, private, and community investment channels. This includes partnership funds, micro-facility windows, and formalised linkages with community investment models and local finance intermediaries.

Context

Despite meaningful progress in basic financial access, persistent credit gaps remain for underserved individuals and MSMEs, especially in emerging markets. Traditional credit assessment methods have excluded informal, thin-file, and startup entrepreneurs, limiting their ability to access capital and build resilient livelihoods. The growth of digital innovation ecosystems, the proliferation of mobile money, and increased use of fintech platforms now offer an unprecedented opportunity to reimagine inclusive credit. However, without robust alternative data systems and transparent, fair risk modelling, the benefits of digital finance risk remaining out of reach for excluded groups

- **Accelerate partnerships** between regulated financial institutions, fintech innovators, mobile operators, and retail data holders to enable alternative, digital credit assessment tools.
- **Mainstream the responsible use of behavioural, transactional, and non-traditional data** for credit scoring, prioritising transparency, fairness, and reduction of bias in analytics.
- **Embed consumer protection principles**, including informed consent, data privacy, and redress mechanisms, across the ecosystem for alternative data use.
- **Promote digital and financial literacy campaigns** to raise MSME and consumer confidence in innovative credit models.
- **Align regulatory frameworks** to incentivise responsible innovation in credit scoring, and create public reporting protocols for usage, impact, and equitable access

These priorities will unlock pathways for productive credit, reduce financial exclusion, and help deliver on the G20's commitment to move beyond access toward transformative financial usage and outcomes.

Detailed Actions

- **Action 2.1: Partner with Mobile Network Operators, Fintechs, and Retail Platforms**. This is a foundational and practical step, ensuring access to rich data sources and innovative delivery channels. It reflects international experience, where alternative lenders, fintechs, and telcos lead credit innovation for underserved groups. Such partnerships are critical for data richness and product reach.
- **Action 2.2: Develop Behavioural and Transaction-Based Credit Scoring Models**. This action is central to unlocking access for the financially excluded, as traditional credit scoring often excludes informal entrepreneurs and start-ups. Employing behavioural analytics and transaction histories responds directly to global evidence of what works for thin-file or new-to-credit borrowers
- **Action 2.3: Embed Consumer Protection Safeguards**. This ensures the risks of financialisaton, such as exploitation, digital exclusion, or misinformation, are

governed and mitigated, a critical consideration for trust, regulatory acceptance, and long-term inclusion. Including this action demonstrates learning from mobile money and alternative credit regulation in emerging markets.

Key Performance Indicators (KPIs)

KPIs table for Recommendation 2: Expand Credit Innovation Using Alternative and Inclusive Data. This table aligns all KPIs with baseline and target years, as well as responsible and champion institutions, ensuring clear accountability and tracking across implementation cycles

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Marginalised urban and rural entrepreneurs funded via alternative credit mechanisms (number)	30	500	1,500 cumulatively supported through inclusive lending instruments	Financial Institutions; Banking Associations	SU20 Secretariat; National Treasury
Share of total loans extended via alternative and inclusive credit scoring to township/rural MSMEs (%)	12%	25%	35% achieved across commercial and microfinance channels	Central Bank; Commercial Banks; DFIs	National Treasury; SU20 Secretariat
Financial products using alternative and inclusive data analytics launched nationally (number)	2	15	30 across all provinces, integrating alternative credit scoring datasets	Financial Sector Conduct Authority (FSCA); Fintech Association	SU20 Secretariat; Private Fintech Partners
Active partnerships between banks, DFIs, and fintechs for alternative credit scoring and lending innovations (number)	0	10	25 co-designed partnerships operational and monitored	National Treasury; Financial Regulators	SU20 Taskforce; DFI Network

Reduction in credit rejection rates among informal and underserved entrepreneurs (%)	60%	40%	25% nationwide credit inclusion rate improved by alternative data models	National Credit Regulator (NCR); Financial Institutions	SU20 Secretariat; DSBD

Action 2.1: Partner with Mobile Network Operators, Fintechs, and Retail Platforms

Summary

Partnerships with mobile network operators, fintech companies, and retail platforms are crucial to advancing credit innovation and broadening financial access for excluded populations. Such collaborations enable the use of non-traditional data, such as mobile usage, digital payments, and behavioural transaction patterns. This enables the generation of more accurate credit profiles for those traditionally underserved by legacy financial systems. Recent initiatives like the TransUnion-MTN-Chenosis credit scoring partnership in South Africa demonstrate that integrating call data records and digital transaction histories can improve lending models' predictive accuracy by up to 35%, unlocking safer and more affordable credit for millions of new-to-credit consumers.

Moreover, fintechs are leveraging mobile payments, geolocation, and digital footprints to deliver instant credit decisions to small businesses and individuals, even those lacking formal banking relationships. These collaborative models rely on explicit consumer consent and prioritise responsible data use, as mandated by privacy frameworks such as the Protection of Personal Information Act (POPIA). By uniting technology providers with lenders, these partnerships not only expand credit access but also foster trust, economic opportunity, and innovation across the financial ecosystem.

Background

Globally, more than 500 million people across Africa remain outside the reach of formal financial systems, with traditional credit scoring models failing to capture the realities facing informal and thin-file consumers. In South Africa, groundbreaking partnerships such as the *MTN–TransUnion–Chenosis Telco Data Score initiative* have demonstrated the potential of mobile network data, behavioural analytics, and digital transactions to enable responsible credit assessment for millions of previously excluded individuals. By harnessing mobile call data records, mobile money activity, retail platform transactions, and real-time digital footprints, lenders can generate reliable credit scores, extend safer access to loans, and facilitate economic participation for unbanked and credit-invisible populations.

Fintech platforms like JUMO and Lulalend have operationalised these models to deliver instant lending decisions using mobile network operator partnerships, real-time analytics, and alternative risk signals, serving over 20 million first-time borrowers continent-wide. These innovations are subject to robust privacy laws, such as South Africa's Protection of Personal Information Act (POPIA), ensuring that data sharing occurs securely and according to explicit consumer consent. The adoption of collaborative approaches between mobile operators, technology platforms, and lenders sets a new standard for scalable, inclusive, and accountable financial services, poised to unlock transformative growth across emerging markets.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
G20 economies adopting nationally endorsed Guidelines for Inclusive Trade Growth (number)	0	10	20	OECD Trade and Agriculture Directorate	G20 Trade and Investment Working Group
Trade and digital policies explicitly aligned with inclusive trade guidelines (%)	15	60	90	UNCTAD Digital Economy Report Platform	G20 Digital Economy Working Group
Inclusion of MSME, women, and youth engagement frameworks within trade policy instruments (%)	20	70	100	ITC Inclusive Trade Observatory	G20 Empower and W20 Council
Establishment of national capacity-building programs on inclusive digital trade governance (number)	2	15	25	World Bank Trade Policy Evaluation Unit	G20 Capacity Building Working Group
Digital trade participation gap among disadvantaged enterprises (%)	0	10	25	WTO Trade Policy Review Mechanism	G20 SME and Entrepreneurship Working Group

Implementation Approach

A phased and collaborative implementation approach is recommended to maximise the value of mobile network operator (MNO), fintech, and retail platform partnerships for inclusive credit:

- Establish a multi-sector steering group that includes MNOs, fintech firms, retail leaders, banking representatives, regulators, and consumer advocates to oversee partnership design, objectives, and performance monitoring.
- Identify clear project scopes, shared innovation values, and measures of success for each partnership, ensuring alignment around customer needs, data protection, and regulatory compliance.
- Develop and execute formal agreements that address technology integration, data sharing protocols, consumer consent frameworks, financial and operational risk management, and ongoing partnership governance.
- Pilot inclusive credit scoring models leveraging anonymised mobile, payment, and retail transaction data, accompanied by robust consumer education on rights, privacy, and benefits.
- Monitor partnership effectiveness through defined KPIs, regular industry consultations, and feedback from consumer groups, while iteratively refining models and scaling successful pilots across partner platforms.

Each step should be underpinned by a rigorous compliance management system to ensure fair access, transparency, and accountability throughout the collaboration lifecycle

Roles and Responsibilities

A successful partnership between mobile network operators, fintechs, and retail platforms requires distinct roles and clear allocation of responsibilities to ensure operational success, compliance, consumer protection, and innovation.

- **Mobile Network Operators (MNOs):** (1) Enable secure data sharing from telecommunications infrastructure, including call records, airtime purchases, and location activity for credit scoring and transaction monitoring. (2) Manage technology integration, agent networks, and support distribution channels for financial product delivery. (3) Oversee compliance with security protocols and regulatory requirements, ensuring data privacy and system reliability

- **Fintech Companies:** (1) Design, develop, and deploy innovative credit assessment models using alternative data in partnership with MNOs and retailers. (2) Operate digital platforms for user onboarding, analytics, risk modelling, and real-time lending processes. (3) Monitor operational risks, implement anti-fraud measures, and ensure robust quality assurance for seamless customer experience.
- **Retail Platforms:** (1) Provide access to transactional data and customer behaviour analytics from retail environments to enrich credit scoring models. (2) Act as channels for consumer education, promoting financial products, and facilitating payment acceptance and reconciliation. (3) Support consent management and compliance monitoring for all data-driven activities.
- **Banking and Financial Institutions:** (1) Offer regulatory guidance and compliance oversight, ensuring financial products align with laws and consumer protection standards. (2) Fund and underwrite credit offerings as part of the broader financial ecosystem partnership. (3) Provide customer support and dispute resolution, working alongside MNOs and fintech teams.
- **Regulators and Consumer Advocates:** (1) Set standards for data protection, consumer consent, and operational transparency, with regular auditing and industry reviews. (2) Facilitate multi-stakeholder consultations to adapt policies for emerging technology and inclusive financial service delivery.

This division of roles ensures that each partner leverages its strengths, upholds compliance, and delivers trusted, innovative financial services to underserved segments.

Risks & Mitigation:

- Data security and privacy. **Mitigation**: Enforce rigorous data encryption standards, regular security audits, and compliance with privacy laws (such as POPIA and GDPR). Ensure explicit consumer consent and opt-out protocols for all data activities.
- Regulatory and compliance: rapid fintech innovation can outpace regulatory frameworks, posing challenges for compliance, transparency, and consumer protection. **Mitigation**: Implement real-time regulatory monitoring, collaborative policy engagement, and mandatory reporting of new credit products and data uses. Confirm all partnerships have ongoing compliance reviews and multi-sectoral oversight.

- Technology reliability (system outages, cyber-fraud, and platform integration). **Mitigation**: Institute redundant infrastructure, robust business continuity plans, ongoing cybersecurity training, and regular stress-testing of critical systems.
- Reputational and consumer trust: (product failures, biased credit models, or poor user experience.) **Mitigation**: Prioritise transparency in credit assessments, visible grievance redress mechanisms, end-user education campaigns, and monitoring for algorithmic bias with input from independent third parties.
- Operational and Governance: unclear roles, lack of accountability, or siloed management. **Mitigation**: Define clear governance structures, regular partnership reviews, and shared decision-making protocols with strong leadership accountability across organisations.

By proactively addressing these risks, partnerships can remain resilient, build user confidence, and deliver equitable financial innovation for excluded groups.

Action 2.2: Develop Behavioural and Transaction-Based Credit Scoring Models

Summary

Behavioural and transaction-based credit scoring models are designed to enhance financial inclusion by leveraging non-traditional data to more accurately assess consumer creditworthiness. This includes mobile phone usage patterns, payment history, and real-time transactional activity. These advanced models rely on artificial intelligence and machine learning to analyse diverse data points, overcoming limitations of legacy credit systems that exclude thin-file clients and informal sector participants.

By integrating behavioural signals and transactional footprints into automated decision engines, lenders can minimise bias, boost acceptance rates for creditworthy applicants, and reduce defaults. At the same time, supporting standardised, data-driven lending practices at scale. Continuous monitoring, regular model updates, and cross-sector collaboration remain essential to maximise predictive power, adapt to changing market conditions, and ensure robust compliance and fairness. Behavioural and transaction-based credit scoring models are transformative tools that leverage real-time data from digital payments, mobile usage, and consumer behaviours to build more accurate, inclusive, and dynamic assessments of creditworthiness. These models utilise machine learning and advanced analytics to process a wide range of variables, moving beyond traditional credit histories and enabling access for individuals in informal markets or those with limited formal credit records. When continuously monitored and refined, these models support fair credit decisioning, reduce biases, and help lenders both expand financial inclusion and manage risk in rapidly evolving markets

Background

Behavioural and transaction-based credit scoring models have emerged in response to gaps left by traditional credit assessment methods, which heavily rely on formal credit history and exclude many individuals and micro-enterprises lacking such records. Traditional models mostly use payment history, outstanding debt, credit utilisation, and length of credit history, thus failing to recognise creditworthy people operating in cash-based or informal economies.

To address this exclusion, financial service providers increasingly leverage alternative data sources (real-time records of sales, payments, and digital interactions) to objectively appraise repayment capacity. Studies show that transactional data, whether from business partners, mobile money, utilities, or digital platforms, can match or even outperform credit history in predicting risk, especially when both are combined in model development.

By broadening the types of data considered, these models make it possible for unbanked or underbanked borrowers to access formal financial services with reduced risk to lenders and improved accuracy in assessments. These groups include gig workers, small retailers, and those new to the credit market. This evolution is accelerating financial inclusion in developing markets and for marginalised segments.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Formal partnerships established between MNOs, fintechs, retail platforms, and financial institutions (number)	0	10 national and provincial-level partnerships	25 fully operational cross-sector collaboration frameworks	National Treasury; Financial Sector Conduct Authority (FSCA)	SU20 Secretariat; Telecom Regulator

Small businesses and informal entrepreneurs accessed through mobile-based financial products (%)	5%	25%	50% of eligible township and rural entrepreneurs engaged via mobile credit and payment platforms	Telecom Operators; Fintech Data Labs	SU20 Secretariat; DSBD
New inclusive credit and micro-lending products launched via MNO-fintech-retail partnerships (number)	1	12 pilot products	30 products scaled nationally with verified uptake metrics	Fintech Association; National Credit Regulator (NCR)	SU20 Secretariat; Private Sector Partners
Volume of digital credit transactions processed through new data partnerships (USD equivalent)	USD 2 million	USD 25 million	USD 80 million in cumulative mobile-enabled credit activity	Central Bank; National Payment Systems Regulator	SU20 Data Observatory; DFIs
Financial inclusion rate among unbanked marginalised urban and rural adults (%)	38%	55%	70% inclusion through mobile-enabled and alternative credit solutions	National Treasury; StatsSA	SU20 Secretariat; Financial Inclusion Council

Implementation Approach

The implementation approach for behavioural and transaction-based credit scoring involves a systematic process to ensure models are accurate, fair, and scalable within the local context.

- **Data collection and integration**: Gather high-quality, relevant data from diverse sources, including transactional histories, behavioural signals, and digital interactions. Integrate these data streams with privacy protection and informed consent.
- **Variable definition and model development**: Identify predictive variables (e.g. payment frequency, digital transaction patterns, utility payments). Develop scoring logic using statistical or machine-learning techniques, ensuring transparency in how each factor influences the outcome.
- **Pilot testing**: Roll out the model in a controlled environment, initially targeting low-risk or preselected customer groups for pilot loans. Use pilot data to refine the scorecard, calibrate acceptance thresholds, and assess predictive performance.

- **Performance monitoring and continuous improvement**: Monitor key indicators such as approval rates, default rates, and bias regularly. Update models and retrain algorithms as new data and outcomes become available.
- **Project governance**: Establish a cross-functional team with clear responsibilities, keep a detailed workplan and frequent reviews, and assign ownership for ongoing refinement and compliance

Roles and Responsibilities

Key roles and responsibilities for Action 2.2: Developing behavioural and transaction-based credit scoring models, span technical, oversight, and strategic functions to ensure model effectiveness, fairness, and compliance.

- **Data Analyst/Data Scientist**: Lead the design and development of behavioural and transaction-based scoring algorithms, identify variables, validate data quality, and continually refine models based on performance outcomes.
- **Credit Analyst/Loan Officer**: Interpret model results, provide domain input on credit risk assessment, deliver customer feedback, and ensure credit approval processes align with new methods.
- **Risk Manager**: Oversee model risk integration, align underwriting and portfolio strategies, and drive ongoing risk appetite adjustments as scoring insights evolve
- **Database/IT Manager**: Manage access, storage, and extraction of internal and external data required for modelling; facilitate system integration for model deployment.
- **Compliance Officer**: Ensure adherence to regulatory, legal, and ethical standards for consumer data protection, model transparency, and explainability of lending decisions.
- **Project Sponsor/Executive** (e.g., CEO, COO): Define project objectives and milestones, provide resources, approve major decisions, and champion model adoption across organisational units.
- **Regulatory Authorities**: Provide oversight and guidance to enforce fairness, transparency, and consumer protection in credit scoring practices

Each actor should maintain clear accountability, promote cross-functional collaboration, and foster a culture of continuous improvement throughout the credit scoring implementation lifecycle.

Risks & Mitigation:

- Data privacy and security (breaches, misuse, or unauthorised sharing). **Mitigation**: Strengthen security protocols, conduct regular privacy impact assessments, secure user consent, and comply with global standards.
- Algorithmic bias: reinforcement of social, demographic or behavioral biases resulting in unfair exclusion or adverse actions toward protected groups. **Mitigation**: Integrate bias detection tools, fairness metrics, and ongoing validation; deploy explainable AI (e.g., SHAP/LIME) to increase transparency.
- Transparency and explainability: challenging to interpret, making it difficult for consumers and regulators to understand decision logic and contest outcomes. **Mitigation**: Use explainable AI methods, document model decision pathways, and offer clear consumer communication and appeal processes.
- Regulatory non-compliance: (protection laws and cross-border data flows.) **Mitigation**: Maintain up-to-date regulatory monitoring, collaborate with regulators, embed legal compliance checks in model development and operations.
- Data quality and integrity: poor data can lead to faulty risk assessments. **Mitigation**: Regularly audit data sources, perform rigorous data cleaning and validation, and establish protocols for completeness and timeliness.
- Consumer redress limitations: limited systems for consumers to contest or appeal AI-generated decisions. **Mitigation**: Embed right to contest, correct, or appeal decisions within consumer interfaces; strengthen customer support and feedback channels.

By proactively addressing these risks, partnerships can remain resilient, build user confidence, and deliver equitable financial innovation for excluded groups.

Action 2.3: Embed Consumer Protection Safeguards

Summary

A robust legal and ethical framework is essential to embed consumer protection safeguards in credit scoring models, providing regulatory guidance for fair and responsible use. All decisions derived from credit scoring must be explainable, transparent, and non-discriminatory, enabling consumers to understand the rationale, appeal automated determinations, and address errors that impact their scores. Data privacy, integrity, and cybersecurity must be prioritised through comprehensive controls, clear disclosure of data origin and use, and consumer empowerment with redress mechanisms and transparent dispute resolution.

This multilayered approach ensures trust in digital finance and aligns providers to evolving global standards. Embedding consumer protection safeguards in credit scoring models requires a robust legal and ethical framework for oversight, transparency, and accountability. Key safeguards include explainable and transparent lending decisions, strict anti-discrimination practices, regular risk and privacy assessments, and avenues for consumers to appeal or dispute outcomes and correct inaccurate data.

Financial service providers must also secure data integrity, regularly review input data quality, and ensure cyber protections to build trust and meet modern regulatory and ethical standards in digital finance. Embedding consumer protection in credit scoring requires a strong legal and ethical foundation, clear oversight, and ongoing regulatory compliance at every stage of score use and data management. Decisions powered by these models must be transparent, explainable to both consumers and regulators, and explicitly non-discriminatory, with required mechanisms for users to understand, dispute, and correct any adverse decisions. Financial providers also need robust procedures for data security, origin tracking, risk monitoring, and consumer redress to uphold the integrity and trustworthiness of credit systems in the digital era.

Background

The background of Action 2.3: Embed Consumer Protection Safeguards* is rooted in the rapid expansion of data-driven credit assessment systems, which, while increasing financial inclusion, also heighten the need for transparent and fair consumer protection practices. The proliferation of digital credit scoring based on alternative data such as mobile money usage, psychographic behaviours, and e-commerce patterns raises significant privacy, discrimination, and explainability challenges that current regulatory regimes often struggle to address.

Global policy frameworks, including those from the World Bank and OECD, emphasise the establishment of legal and ethical governance models to ensure that lenders and credit service providers safeguard consumer rights through responsible data use, transparency in algorithmic decision-making, and mechanisms that allow individuals to review and contest automated outcomes. The evolution toward algorithmic credit scoring requires regulators and institutions to strike a balance between innovation and protection, ensuring fairness while preventing the exclusion or exploitation of vulnerable groups.

Embedding consumer protection safeguards therefore provides the foundation for trustworthy financial systems, building public confidence in credit markets by ensuring that data practices align with fairness, accountability, and consumer rights principles.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Comprehensive consumer protection safeguards integrated into digital and alternative credit frameworks (number of regulatory instruments)	0	3 enacted protection guidelines	7 nationally enforced safeguards aligned with G20 and SADC market conduct principles	FSCA; NCR; Consumer Commission	SU20 Secretariat; National Treasury
Data privacy and consent compliance rate among fintech and mobile lending partners (%)	40%	75%	95% full compliance with POPIA and FSCA-approved consumer data protocols	Information Regulator SA; FSCA	SU20 Secretariat; IFWG
Platforms and lenders implementing grievance redress and dispute resolution mechanisms (%)	20%	70%	100% of licensed platforms integrating accessible, time-bound redress systems	National Credit Ombud; FSCA	SU20 Secretariat; Consumer Council SA
Reduction in reported consumer data misuse and algorithmic discrimination cases (%)	Not tracked	30% reduction	60% reduction in verified cases through regulatory oversight and AI audits	Information Regulator SA; SARB	SU20 Secretariat; FSCA
Adoption of Financial Consumer Protection Code across fintech and financial service ecosystem (%)	0%	40%	85% adoption across all major digital credit platforms	National Treasury; SADC Secretariat	SU20 Secretariat; National Fintech Steering Committee

Implementation Approach

The implementation approach for Action 2.3: Embed Consumer Protection Safeguards adopts a structured, governance-led process to integrate fairness, transparency, and accountability measures within all credit scoring systems. It focuses on operationalising safeguards through regulatory compliance, ethical data use, and consumer rights protection at every model lifecycle stage.

- **Policy Integration and Ethical Frameworks**: Establish legally binding protocols for data use, algorithmic transparency, and consumer consent. Embed fairness metrics into national and institutional credit assessment policies to ensure bias-free outcomes and equitable accessibility for all consumer segments.
- **Data Protection and Consent Mechanisms**: Implement data management frameworks aligned with domestic data protection laws and global standards such as GDPR. Ensure consumers are informed of how their data is used and provide accessible mechanisms to grant or withdraw consent at any stage.
- **Algorithm Validation and Transparency Controls**: Require explainability in credit scoring logic through standardised documentation of model design, variable weighting, and decision pathways. Conduct regular external audits and model bias assessments to preserve fairness and clarity in decision-making.
- **Monitoring, Feedback, and Consumer Remedies**: Introduce a continuous monitoring framework, collecting performance indicators such as default rates, gender or demographic bias, and user satisfaction. Integrate grievance redress mechanisms, enabling consumers to review and appeal inaccurate decisions, correct data, or contest adverse outcomes.
- **Institutional Coordination and Oversight**: Create a multi-agency oversight mechanism involving regulators, financial institutions, and consumer advocacy groups. This body will coordinate policy enforcement, supervise compliance reporting, and promote capacity-building training to strengthen consumer protection awareness across the financial ecosystem.
- **Governance and Continuous Refinement**: Establish cross-institutional project governance, defining role responsibilities, accountability structures, and review cycles to ensure the safeguards remain adaptive to evolving regulatory, technological, and market contexts.

Roles and Responsibilities

The implementation of consumer protection safeguards within credit scoring requires well-defined institutional roles to ensure accountability, transparency, and coordinated oversight across the credit ecosystem.

- **Regulatory Authorities** (e.g., National Credit Regulator, Central Bank): Lead the establishment, enforcement, and continuous review of legal standards governing fair credit scoring. They are responsible for licensing credit providers, monitoring compliance with data protection and consumer rights legislation, and ensuring that algorithmic models meet transparency and fairness requirements. Regulators also provide dispute resolution platforms and promote consumer financial literacy to strengthen understanding of credit rights and obligations.
- **Credit Service Providers** (CSPs) and Lenders: Must operationalise consumer protection safeguards through ethical data use, model explainability, and equitable decision-making processes. They are accountable for maintaining data accuracy, ensuring non-discrimination in credit decisions, and conducting regular audits to identify and mitigate bias, privacy breaches, or systemic risks. CSPs should provide consumers with clear information on credit scoring criteria and enable review and correction of any inaccurate data
- **Credit Bureaus**: Play a pivotal role in ensuring integrity, confidentiality, and usefulness of consumer data. Their responsibility includes verifying data accuracy, removing misleading or harmful information promptly after consumer complaints, and publishing accurate credit reports to empower informed consumer choices. They must also comply with national data protection acts such as the Protection of Personal Information Act (POPIA).
- **Consumer Protection Agencies and Ombuds Offices**: Act as intermediaries to safeguard consumers from exploitative lending and unfair scoring practices. Their responsibilities include handling grievances, ensuring equitable recourse mechanisms, and monitoring compliance among market actors. They also work collaboratively with regulators to advise on emerging risks in digital credit environments.
- **Consumers**: Share responsibility for maintaining transparency by providing truthful information during credit applications, monitoring their credit profiles, and exercising their rights to dispute errors, seek explanation for declined credit, or demand data corrections as provided by law. Through active participation,

consumers reinforce the accountability of credit providers and help maintain balanced credit markets.

This delineation of roles fosters a shared ecosystem of trust, data integrity, and responsible innovation that protects consumer interests while enabling sustainable credit access.

Risks & Mitigation:

Embedding consumer protection safeguards into credit scoring introduces several critical risks. For each identified risk, robust mitigation measures must be established to protect consumer rights and maintain the trust and fairness of digital credit ecosystems

- Data privacy and security (breaches, misuse, or unauthorised sharing). **Mitigation**: Strengthen security protocols, conduct regular privacy impact assessments, secure user consent, and comply with global standards.
- Algorithmic bias: reinforcement of social, demographic or behavioral biases resulting in unfair exclusion or adverse actions toward protected groups. **Mitigation**: Integrate bias detection tools, fairness metrics, and ongoing validation; deploy explainable AI (e.g., SHAP/LIME) to increase transparency.
- Transparency and explainability: challenging to interpret, making it difficult for consumers and regulators to understand decision logic and contest outcomes. **Mitigation**: Use explainable AI methods, document model decision pathways, and offer clear consumer communication and appeal processes.
- Regulatory non-compliance: (protection laws and cross-border data flows.) **Mitigation**: Maintain up-to-date regulatory monitoring, collaborate with regulators, embed legal compliance checks in model development and operations.
- Data quality and integrity: poor data can lead to faulty risk assessments. **Mitigation**: Regularly audit data sources, perform rigorous data cleaning and validation, and establish protocols for completeness and timeliness.
- Consumer redress limitations: limited systems for consumers to contest or appeal AI-generated decisions. **Mitigation**: Embed right to contest, correct, or appeal decisions within consumer interfaces; strengthen customer support and feedback channels.

By proactively addressing these risks, partnerships can remain resilient, build user confidence, and deliver equitable financial innovation for excluded groups.

Recommendation 3: Formalise and Integrate Community Investment Mechanisms

Executive Summary

Formalising and integrating community investment mechanisms offers a transformative pathway for inclusive economic development, enabling the flow of capital directly into underserved regions and strengthening the social fabric of local economies. By leveraging structured community investment vehicles such as local funds, cooperatives, and development finance institutions this recommendation aims to democratise access to finance, empower residents with collective ownership, and ensure that the benefits of growth are equitably distributed. These mechanisms are designed to channel savings and investment from within and outside communities toward priority projects in housing, infrastructure, small business development, and essential services, fostering resilience and long-term local prosperity.

Integrating these approaches with government frameworks and private-sector initiatives will unlock new sources of blended capital, enhance accountability through transparent governance, and enable communities not only to drive local economic activity but to participate in wealth generation directly. This structured strategy empowers marginalised populations, reduces investment barriers, and contributes toward a more sustainable, inclusive national development trajectory.

Recommendations

Community investment mechanisms should be formally recognised and structurally embedded within national and local development policy to catalyse equitable growth, enhance financial inclusion, and empower marginalised groups as development stakeholders. By formalising and integrating community-led investment vehicles, such as community trusts, cooperatives, and blended finance partnerships, this approach enables local actors to direct resources to priority projects, build collective wealth, and strengthen the resilience of their communities against economic shocks. Executive action is required to harmonise regulatory frameworks, establish accountability measures, and incentivise both private and public-sector participation in these mechanisms for sustainable, scalable impact.

Context

G20 partners recognise the critical need to mobilise expanded resources to accelerate sustainable development and social inclusion, particularly in underfinanced sectors and communities. Persistent barriers exist for private sector and local actors to participate in large-scale, long-term investment that advances the SDGs, climate adaptation, and inclusive growth. Action 2.3 responds by facilitating private and local financial partnership mechanisms into country platforms and investment pipelines. These mechanisms include: including blended finance, public-private partnerships (PPPs), and the integration of national and subnational financial institutions. This approach is key to unlocking the scale, innovation, and risk-sharing needed to deliver impact across diverse local contexts, while ensuring broad community participation and institutional capacity.

- **Promote Blended Finance and PPPs**: Expand the use of concessional blended finance and scalable PPP models to reduce investment risks, leverage both public and private capital, and improve access for underserved groups and local economies.
- **Integrate Local Financial Actors**: Facilitate integration of subnational institutions, local banks, and credit cooperatives into broader investment platforms and national finance strategies, ensuring context sensitivity and wider reach.
- **Support Institutional Partnerships**: Build partnerships between multilateral development banks (MDBs), DFIs, and country-specific investment mechanisms to share best practice, de-risk investments, and catalyse pipeline project development.
- **Strengthen Governance and Capacity**: Enhance governance frameworks and capacity-building to ensure transparent, accountable, and inclusive investment ecosystems.
- **Measure and Report**: Promote harmonised measurement, monitoring, and reporting of private and blended capital mobilisation, ensuring accountability for sustainable impact and alignment with G20 indicators.

Detailed Actions

- **Action 3.1: Provide Regulatory Recognition and Capacity Building for Stokvels/SACCOs.** Support the formalisation of informal savings groups (e.g., stokvels, SACCOs), including legal recognition, access to training, digital skills, and compliance assistance.
- **Action 3.2: Facilitate Access to Wholesale Capital and Encourage Digital Tools for Stokvels/SACCOs**. Design mechanisms for direct access to wholesale funds

and blended finance, incentivise digital wallet solutions and introduce affordable digital record-keeping platforms.

- **Action 3.3: Pilot Community Investment Funds (CIFs) Co-Owned by Local Stakeholders**. Launch demonstration funds where local co-ownership, robust community governance models, and transparent investment monitoring are tested, with the goal of scaling up nationally if proven successful.

Key Performance Indicators (KPIs)

A standardised KPIs table for Recommendation 3: Formalise and Integrate Community Investment Mechanisms. These KPIs align with international best practices for measuring impact, participation, governance, and sustainability of community investment frameworks.

KPI	Baseline (2024)	Target (2030)	Tracking Institution	Champion
Community Investment Vehicles (CIVs) established (number)	0	25	National Community Development Agency, SU20 Secretariat	National Treasury & Taskforce
Community-controlled capital pooled in formal mechanisms (USD)	Data to be collected	$100 million	Community finance institutions, DFIs, independent evaluator	Community Development Finance Agency & Taskforce
Communities with formalised governance structures for investment decisions (%)	Data to be collected	60%	Local government data, community registries, SU20 Secretariat	Local Government Association & Taskforce
Community members directly participating in investment decision-making (number)	Data to be collected	50,000	CIV membership records, community census data	Community Development Board & Taskforce
Community investment projects generating sustainable returns (%)	Data to be collected	70%	Fund performance data, impact assessments, M&E agent	Community Investment Oversight Body & Taskforce

This table focuses specifically on community-driven investment mechanisms, distinguishing it from startup-focused recommendations while maintaining G20 standards for measurable, time-bound outcomes.

Action 3.1: Provide Regulatory Recognition and Capacity Building for Stokvels/SACCOs

Summary

Action 3.1 centres on the formal recognition and professionalisation of Stokvels and SACCOs, aiming to embed these important community-based savings and credit groups into South Africa's regulated financial sector. For Stokvels, this involves registration through self-regulatory organisations approved by the South African Reserve Bank and adherence to clear group constitutions, transparency, and governance norms. Proper capacity building further ensures access to digital tools, financial management training, and ongoing compliance assistance, reducing risks for members and supporting participation in broader national economic systems.

The action also encourages collaboration with regulatory authorities and sectoral bodies to address broader challenges, share information, and strengthen community trust in the financial sector. By providing regulatory clarity and targeted support, South Africa can build a more resilient, inclusive financial system that leverages Stokvels' reach and impact for economic empowerment, particularly among underserved groups.

Background

The Stokvel and SACCO movement in South Africa has deep historical roots, evolving from informal community savings circles into an influential segment of the country's financial inclusion system. During the 1980s, stokvels operated outside formal financial regulation and were initially considered illegal under the Banks Act, as they accepted deposits without a banking license. The turning point came in 1990 when the South African Reserve Bank granted stokvels exemption from the Banks Act, provided they registered with the National Stokvel Association of South Africa (NASASA), which became the officially recognised self-regulatory body for these community-based financial entities. This decision established a legal foundation for stokvels to manage pooled funds safely within defined accountability frameworks and promote trust among members.

For savings and credit cooperatives (SACCOs), parallel developments emerged under the Co-operative Banks Act of 2007, aimed at strengthening community-based finance and ensuring that smaller institutions could meet prudential and consumer protection standards. This legislation formalised the "third-tier banking system," enabling cooperative financial institutions to operate under regulated structures while maintaining community ownership and control. Despite these advancements, many stokvels and SACCOs still lack adequate training, digital tools, and access to wholesale financial networks, limiting their inclusion in the broader financial system.

Action 3.1 builds on this foundation by promoting formal regulatory recognition, capacity building, and professionalisation, ensuring that stokvels, SACCOs, and related community groups operate under defined governance standards while retaining their grassroots identity and accessibility.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Stokvels and SACCOs formally registered under NASASA or the Co-operative Banks Act (number)	800,000 groups informal / self-regulated	1.2 million registered with compliance oversight	2 million fully recognised, monitored, and regulated associations	NASASA; FSCA; SARB	SU20 Secretariat; National Treasury
Standardised regulatory guidelines and training modules developed for community-based financial organisations (number)	0	5 national frameworks issued under NASASA-SARB collaboration	10 harmonised national and SADC-aligned guidelines implemented	NASASA; DTI; SARB	SU20 Secretariat; DSBD
Members of stokvels/SACCOs receiving certified financial literacy, governance, and compliance training (number)	50,000	500,000	1 million trained members with certification records	National Treasury; FET Colleges Network	SU20 Secretariat; Cooperative Development Agency
Volume of savings and lending mobilised through registered and monitored	USD 4 billion	USD 8 billion	USD 15 billion circulating through formalised	SARB; National Treasury	SU20 Secretariat; DFIs

stokvel/SACCO networks (USD equivalent)			community finance systems		
Reduction in reported cases of mismanagement, fraud, or non-compliance among registered stokvels/SACCOs (%)	Not tracked	25%	60% reduction through audit-based compliance and consumer protection mechanisms	NASASA Regulator; FSCA	SU20 Secretariat; Consumer Financial Protection Council

Implementation Approach

The implementation approach for Action 3.1 combines regulatory streamlining, collaborative oversight, and capacity building to ensure the robust development of Stokvels and SACCOs in South Africa.

- **Regulatory Registration and Oversight**:
  All qualifying Stokvels are directed to seek recognition through registration with NASASA, the approved self-regulatory organisation recognised by the South African Reserve Bank. This process includes documentation of a shared constitution, identity verification of members, and regular compliance reviews. Stokvels that exceed R100,000 in pooled funds must register, while smaller groups retain flexibility.
- **Collaboration with Authorities**:
- NASASA works in active partnership with government regulators, including the South African Reserve Bank and National Credit Regulator, to align the conduct of Stokvels and SACCOs with mandated guidelines, particularly around financial reporting, anti-money laundering, and consumer protection.
- **Capacity Building and Digital Enablement**:
- The approach prioritises the rollout of targeted financial literacy programs for members, managers, and supervisors, covering budgeting, digital tools, governance, and consumer rights. Training is coordinated via sectoral partners such as BANKSETA and non-profit education providers, ensuring that groups in rural and underserved communities receive tailored content and ongoing support. New resources, including digital wallet systems and online compliance platforms, are introduced to reduce paperwork and empower adoption of best practice.
- **Monitoring and Review**:

- Continuous monitoring, facilitated by NASASA overseers and independent auditors, supports institutional resilience and adaptive management. Feedback channels encourage learning and update regulatory practices as the landscape evolves.

Implementation is phased to ensure regulatory compliance, capacity building, and digital transformation are scaled together for sustainable impact and inclusion.

Roles and Responsibilities

The implementation of consumer protection safeguards within credit scoring requires well-defined institutional roles to ensure accountability, transparency, and coordinated oversight across the credit ecosystem.

- **NASASA** serves as the self-regulatory organisation responsible for registering Stokvels with pooled funds above R100,000, approving group constitutions, supervising compliance, and enforcing sanctions including deregistration. It provides financial literacy training, dispute resolution support, and facilitates collaboration with government regulators for ongoing sector oversight and consumer protection.
- **South African Reserve Bank** and **National Credit Regulator** endorse and oversee NASASA's mandate, ensuring alignment with national financial regulations and anti-money laundering rules. They coordinate with NASASA and law enforcement for swift action on fraud, misrepresentation, and broader regulatory breaches.
- **Stokvel/SACCO leadership** is accountable for transparent governance, financial record-keeping, adherence to group constitutions, and protecting member interests through fair dispute resolution and compliance promotion.
- **Members** must follow group rules, actively engage in governance processes, hold leaders accountable, and report suspicious or fraudulent activities to maintain the integrity and sustainability of the group.
- **NASASA, regulators, and law enforcement** collaborate to ensure adaptive regulation, shared intelligence, and continual improvement in safeguarding Stokvels and SACCOs as trusted community financial entities.

Risks & Mitigation:

Embedding consumer protection safeguards into credit scoring introduces several critical risks. For each identified risk, robust mitigation measures must be established to protect consumer rights and maintain the trust and fairness of digital credit ecosystems

- Fraud and misappropriation of funds. **Mitigation**: Robust registration with NASASA, transparent constitutions, strong internal controls, and ongoing member training.
- Regulatory non-compliance and misrepresentation. **Mitigation**: Strict regulatory oversight, mandatory registration for large Stokvels, public awareness campaigns, compliance reviews.
- Cash security and physical safety. **Mitigation**: Promoting digital payments, discouraging cash handling, and educating on personal safety and secure withdrawal habits.
- Governance gaps and member exclusion. **Mitigation**: Mandatory, clear constitutions, leader/member training, regular audits, and access to dispute resolution channels.
- Default risk and inability to recover funds. **Mitigation**: Regular monitoring externally facilitated reporting, and strong peer oversight through self-regulatory bodies.
- Susceptibility to scams/Ponzi or pyramid schemes. **Mitigation**: Proactive community alerts, public reporting channels, and law enforcement collaboration.

These mitigation actions, implemented in a coordinated manner, substantially reduce risk and foster trust in the formalisation process for community financial groups.

Action 3.2: Facilitate Access to Wholesale Capital and Encourage Digital Tools for Stokvels/SACCOs

Summary

Action 3.2 aims to expand financial access for Stokvels and SACCOs by facilitating their connection to wholesale capital and encouraging the adoption of digital tools. The action supports community-based financial groups in South Africa to access larger funding sources, through tailored products, partnerships, or pooled investment. Modern digital platforms improve transparency, record keeping, and security. These interventions help unlock business funding, promote women entrepreneurship, and lower barriers to formal market participation, empowering millions of South Africans to secure their financial futures and foster economic inclusion.

Background

Stokvels and SACCOs play a pivotal role in extending financial access to South Africans excluded from the formal banking system. Collectively managing over R50 billion in savings across more than 800,000 groups, these community-based systems act as local financial networks offering trust-based credit and savings to low- and middle-income earners. Yet, their economic potential remains underutilised due to limited pathways to wholesale capital, constrained investment instruments, and a lack of integration with digital financial ecosystems. Recent trends show growing participation by younger members and professional groups seeking structured investment options and formal financial linkages. Facilitating access to wholesale capital and digital platforms can transform Stokvels and SACCOs from informal savings clubs into dynamic micro-investment vehicles capable of supporting entrepreneurship, expanding access to credit, and driving inclusive economic growth.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Registered stokvels/SACCOs with access to wholesale and blended capital facilities (number)	0	500 pilot groups financed through wholesale capital channels	2,000 groups accessing structured national financing partnerships	NASASA; National Treasury; Development Bank of Southern Africa	SU20 Secretariat; Cooperative Development Agency
Total value of wholesale and digital capital mobilised for community investment mechanisms (USD equivalent)	USD 0	USD 500 million	USD 2 billion cumulative disbursements via digital and institutional networks	SARB; National Treasury	SU20 Secretariat; Fintech Council of Africa
Adoption of digital platforms and mobile applications for savings, governance, and	10%	50%	85% adoption across NASASA-registered groups using apps like	NASASA; FSCA; Fintech Innovation Hub	SU20 Secretariat; National Fintech Council

capital management by stokvels/SACCOs (%)			StokFella or Spoon Money		
Financial institutions providing partnership facilities or digital integration with community finance systems (number)	5	25 mid-size and major banks or DFIs	50 full banking and mobile finance partnerships established	SARB; FSCA; Banking Association SA	SU20 Secretariat; Department of Communication s and Digital Technologies
Incremental growth in women-owned or youth-led stokvels/SACCOs leveraging digital tools and capital (%)	20%	45%	70% of new entrants in digital community investment platforms are women/youth-led	Statistics SA; DSBD	SU20 Secretariat; NASASA

Implementation Approach

The implementation approach for Action 3.2 delivers an actionable, G20-aligned roadmap, referencing recent G20 taskforce templates:

- **Multi-Stakeholder Ecosystem Coordination**
  Establish a multi-stakeholder steering committee, comprising representatives from government ministries, NASASA, private digital finance platforms, development finance institutions, and commercial banks. To oversee and coordinate the implementation of wholesale capital facilitation for Stokvels and SACCOs. This committee will define operational mandates, monitor alignment with broader G20 financial inclusion commitments, and serve as a single point of accountability for stakeholder engagement and progress tracking.
- **Enabling Frameworks and Regulatory Innovation**
  Develop and pilot national and regional regulatory sandboxes to enable safe, iterative experimentation with new digital platforms, wholesale funding vehicles, and tokenised assets tailored for community-based finance organisations. Collaborate with central banks and financial regulators to ensure KYC/AML frameworks balance risk controls with proportionate, tiered requirements relevant for informal and semi-formal groups such as Stokvels and SACCOs.
- **Blended Finance and Co-Investment Structures**
  Mobilise public and private resources through blended finance mechanisms, including fund-of-funds models and risk-sharing guarantees, that enable wholesale lenders and fintechs to provide tailored capital products to Stokvels and SACCOs.

Embed gender, youth, and rural equity quotas into blended finance structures, with a minimum of 30% of allocations directed to women- and regionally underserved groups

- **Digital Platform Integration and Capacity Building**
  Expand adoption of accredited digital platforms and mobile applications (e.g., StokFella, DSP) to enable secure savings, group governance, and transparent capital flows for Stokvels and SACCOs. Provide technical and digital literacy training for group leaders, with a specific focus on rural, youth, and women-led organisations. Ensure integration with digital identity and payment systems to lower transaction costs, facilitate formal onboarding, and improve access to larger capital pools.
- **Monitoring, Evaluation, and Adaptive Feedback**
  Deploy a robust monitoring and evaluation system under the G20/Startup20 Secretariat to track key performance indicators, including the number of groups accessing wholesale capital, digital platform adoption rates, and inclusion metrics (gender, youth, geography). Utilise real-time digital dashboards to enable transparent reporting to stakeholders, with results reviewed quarterly. Ensure structured stakeholder feedback mechanisms (user surveys, focus groups) to drive adaptive management and course correction throughout the implementation cycle.

Roles and Responsibilities

The implementation of consumer protection safeguards within credit scoring requires well-defined institutional roles to ensure accountability, transparency, and coordinated oversight across the credit ecosystem.

- **The G20 Taskforce Secretariat** will serve as lead coordinator, managing cross-country learning, technical assistance, and knowledge-sharing.
- **National ministries** (finance, economic development, digital innovation) will drive policy customisation, funding alignment, and local implementation.
- **Accredited digital platforms and fintechs** will deliver user-centred tech solutions and capacity building.
- **Development finance institutions** anchor blended capital pools; local financial institutions extend on-ward lending and credit services.
- **Independent evaluators** will conduct annual performance reviews against G20 and SDG-aligned KPIs.

This holistic, G20-compliant approach ensures that the facilitation of wholesale capital and digital tools for Stokvels and SACCOs is both inclusive and scalable, supporting resilient growth and full alignment with global financial inclusion and innovation goals.

Risks & Mitigation:

Embedding consumer protection safeguards into credit scoring introduces several critical risks. For each identified risk, robust mitigation measures must be established to protect consumer rights and maintain the trust and fairness of digital credit ecosystems

- Regulatory uncertainty and policy fragmentation (Unclear legal frameworks, inconsistent application of KYC/AML, and informal status of many groups). **Mitigation**: Launch regulatory sandboxes and phased opt-in frameworks, co-developed with market actors. Provide regulatory training and phased implementation to build trust and compliance.
- Digital exclusion (literacy and access). **Mitigation**: Mandate mobile-first and USSD-compatible designs; deliver digital literacy programs via community groups, radio, schools, and NGOs, with incentives for onboarding rural, youth, and women's groups.
- Transparency and explainability: challenging to interpret, making it difficult for consumers and regulators to understand decision logic and contest outcomes. **Mitigation**: Use explainable AI methods, document model decision pathways, and offer clear consumer communication and appeal processes.
- Data security, privacy, and cyber risk (fraud, identity theft, and financial loss, especially for inexperienced users) **Mitigation**: Require encryption, anonymised reporting, secure technology standards, and third-party audits for all digital platforms. Tie financial education and audit compliance to funding flows.
- Operational complexity and mismanagement (informal financial systems tend to have weak governance, record keeping, and risk controls). **Mitigation**: Strengthen governance through digital record-keeping, audit trails, and cooperative capacity-building funds; mandate independent review and financial education for all groups accessing wholesale capital.
- Participation resistance and trust barriers (transitioning from traditional practices to digital platforms, risking low adoption rates and fragmentation). **Mitigation**: Use participatory design to co-create digital solutions with group leadership and ensure tools preserve local customs and processes, building trust and acceptance.

- Urban pull and access inequity (capital and digital platforms are likely to cluster in major urban centers). **Mitigation**: Implement explicit quotas and bonus incentives for rural and disadvantaged groups; monitor uptake and impact via real-time dashboards and geographic filters.

Each risk is paired with a mitigation that is targeted, action-oriented, and consistent with G20 requirements, ensuring coverage of both digital and financial inclusion dimensions.

Action 3.3: Pilot Community Investment Funds (CIFs) Co-Owned by Local Stakeholders

Summary

Action 3.3 pilots Community Investment Funds (CIFs) that are co-owned and managed by local stakeholders, providing a new platform for channelling capital into priority community-led projects and local enterprises. The CIF model is designed to pool resources from public, private, and community sources, empowering local groups, including MSMEs, cooperatives, civil society, and traditional leaders. This capacity enables targets to identify, co-finance, and implement investment priorities that address unique local development needs.

In line with G20 and international best practices, these pilots test mechanisms for inclusive governance, transparent fund management, and effective community participation, while leveraging digital infrastructure for transparency and accountability. By ensuring community co-ownership, Action 3.3 aspires to build long-term trust, mobilise local knowledge and expertise, and foster sustainable, self-reinforcing economic growth pathways tailored to diverse local contexts.

Background

Community Investment Funds (CIFs) emerge from decades of recognition that conventional top-down development finance, donor aid, and external investment vehicles have not adequately met the needs of diverse local economies. This is especially true for those in marginalised urban, peri-urban and rural communities. These communities often face persistent barriers to accessing capital, struggle to attract impactful, long-term investments, and are rarely empowered to shape the destination or governance of funds implemented in their name.

International evidence from the United States, United Kingdom, and Southern Africa shows that localised financial vehicles can drive sustained economic resilience, inclusive growth, and social cohesion. Localised finance enables residents and community stakeholders to co-own decision-making, mobilise small-scale capital, and align investment with local priorities. The CIF pilot model builds on these lessons, seeking to create a place-based fund structure that pools public, philanthropic, and local private sector resources into a transparent vehicle directly accountable to community members.

By prioritising local control, low-barrier participation, and the co-financing of community-identified projects, piloting CIFs can close longstanding capital gaps, promote shared prosperity, and anchor decision-making power at the grassroots. This aligns with G20 commitments to equity, locally led development, and evidence-informed impact investment.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Community Investment Funds (CIFs) piloted with local multi-stakeholder ownership (number)	0	5 pilot CIFs established across provinces	15 CIFs established nationwide with regional replication frameworks	National Treasury; DBSA; DTI	SU20 Secretariat; Cooperative Development Agency
Total investment capital mobilised under CIFs (USD equivalent)	USD 0	USD 250 million in pooled community-public-private funds	USD 1 billion invested through blended local and institutional financing	DBSA; IDC; National Treasury	SU20 Secretariat; DFIs
Share of CIF investments co-owned by local communities, cooperatives, and private investors (%)	0%	40% community ownership within all pilot CIFs	60% co-owned structure institutionalised across major CIF operations	NASASA; FSCA; Cooperative Banks Development Agency	SU20 Secretariat; DSBD
Proportion of CIF capital directed to local entrepreneurship, green economy, and social infrastructure (%)	0%	40% portfolio allocation to inclusive local	70% alignment with G20 inclusive growth and	National Treasury; DBSA	SU20 Secretariat; DTI

		developme nt sectors	sustainability indicators		
Tested and replicated CIF governance models and regulatory frameworks (number)	0	3 pilot governanc e models produced and verified	8 fully validated governance and operational frameworks published nationally	FSCA; National Treasury	SU20 Secretariat; Financial Sector Transformation Council

Implementation Approach

The implementation of the Community Investment Funds (CIFs) will follow a phased approach, beginning with the design and pilot phase. This phase will identify diverse geographic and socio-economic communities (urban, peri-urban, and rural). Each pilot CIF will test co-ownership models between local stakeholders (such as cooperatives, MSMEs, traditional leaders, and civil society), public sector partners, and private investors. The implementation approach involves establishing legal, financial, and governance frameworks in partnership with the Department of Trade, Industry and Competition (DTIC), National Treasury, and Development Bank of Southern Africa (DBSA). A key component is the deployment of digital infrastructure for transparent fund management, reporting, and participatory decision-making. Continuous learning and feedback loops will allow for iterative model refinement prior to national scaling.:

- Initiate a **phased pilot** across diverse geographic and socio-economic communities to ensure representation of urban, peri-urban, and rural contexts.
    - Establish **pilot Community Investment Funds (CIFs)** co-owned by local stakeholders, including cooperatives, MSMEs, traditional leaders, and civil society groups.
    - **Design and institutionalize financial and governance frameworks** in coordination with National Treasury, Department of Trade, Industry and Competition (DTIC), and Development Bank of Southern Africa (DBSA).
    - Utilize blended financing models to **mobilize capital from public, private, and community investors** into locally driven projects.
    - **Deploy digital infrastructure** for transparent fund governance, real-time financial tracking, and inclusive community participation.
    - **Embed community training and technical capacity-building components** to enhance fund management, investment readiness, and reporting capability.

- **Establish monitoring and evaluation systems** to track performance, measure social impact, and facilitate adaptive management.
- **Implement a feedback-driven learning process** for continuous model refinement and national scaling based on pilot results.

Roles and Responsibilities

- **SU20 Secretariat**: Provide overall coordination, performance monitoring, and knowledge-sharing among stakeholders..
- **National Treasury and DBSA**: Structure financial architecture, define co-investment modalities, manage risk instruments, and ensure fiduciary oversight..
- **Department of Trade, Industry and Competition (DTIC)**: Lead policy alignment, regulatory approvals, and integration within national investment promotion strategies..
- **Cooperative Development Agency / NASASA**: Facilitate grassroots mobilization, community engagement, and local institutional capacity building.
- **Local Governments and Traditional Authorities**: Identify community investment priorities, ensure inclusive decision-making, and safeguard equitable benefit distribution.
- **Private Sector and Philanthropic Partners**: Contribute matching funds, technical expertise, and innovation for sustainability and impact

Risks & Mitigation:

- Local elites may dominate decision-making and reduce community trust. **Mitigation**: Establish inclusive governance structures with capped representation and mandatory transparency mechanisms.
- Weak financial controls could lead to misuse or inefficiency of funds.. **Mitigation**: Introduce independent auditing, digital traceability systems, and real-time fund dashboards..
- Community entities may lack financial literacy or project management skills.. **Mitigation**: Implement tailored training, mentorship programs, and technical support hubs..

- Risk-averse investors may view CIFs as unstable or low-return. **Mitigation**: Provide blended finance models and guarantee instruments via DFIs and public-private partnerships..
- Conflicting national or municipal policy frameworks could delay rollout.. **Mitigation**: Anchor pilots within inter-ministerial agreements ensuring cohesion across government levels.

Each risk is paired with a mitigation that is targeted, action-oriented, and consistent with G20 requirements, ensuring coverage of both digital and financial inclusion dimensions.

Recommendation 4: Accelerate Policy and Regulatory Inclusion Through Targeted Reform

Executive Summary

Recommendation 5: Scale Localised Entrepreneurial Education and Capacity Building in Underserved Regions is a strategic initiative designed to catalyse sustainable development by closing skills gaps, accelerating digital inclusion, and building resilient local economies. Drawing on global best practice, the recommendation calls for embedding the Localised Entrepreneurial Competency Framework (LECF) within all relevant educational and community institutions to ensure that entrepreneurial learning is inclusive, continuous, and responsive to local needs and market realities. The framework incorporates core competencies such as opportunity identification, managerial agility, adaptability, strategic thinking, and digital- and green-skill fluency, validated through successful implementation in a range of contexts.

A key driver of change is Action 5.2, which equips rural workforces with the digital proficiency and green know-how needed to navigate complex market transitions, participate in the green economy, and harness digital platforms for enterprise growth. Grassroots engagement is anchored by Action 5.3, which invests in developing local entrepreneurial facilitator cadres. Community-based leaders who act as trusted mentors, peer educators, and technical advisors, ensuring that support is decentralised, context-aware, and sustainable over time.

Monitoring and evaluation are integrated across all initiative activities, supported by robust KPIs and adaptive feedback loops to ensure measurable progress and continuous quality improvement. By linking entrepreneurial education with practical skills and sustained support systems, Recommendation 5 aligns directly with G20 and SDG goals for inclusive economic development, social cohesion, and gender equity, positioning underserved regions for lasting prosperity in the innovation age.

Executive Recommendation

Governments and stakeholders must reform policies and regulations to unlock opportunities for marginalised urban and rural entrepreneurs. Priority actions are: formalising the informal economy, simplifying regulatory compliance, securing land tenure, and prioritising local ownership in decision-making. Inclusion in innovation councils, improved local governance, digital access, and catalytic finance are essential for equitable growth.

Robust data monitoring should target equity and limit elite capture, especially benefiting youth, women, and informal operators. These reforms will build inclusive startup ecosystems, lower market entry barriers, and deliver scalable economic growth in underserved regions, fully aligned with G20 aims for entrepreneurship and localisation.

Context

G20 partners recognise the critical need to mobilise expanded resources to accelerate sustainable development and social inclusion, particularly in underfinanced sectors and communities. Persistent barriers exist for private sector and local actors to participate in large-scale, long-term investment.

Marginalised urban and rural entrepreneurs across G20 countries drive local economic development and are key to job creation and poverty alleviation, yet they remain marginalised by fragmented and urban-centric policy frameworks. Structural challenges include high compliance costs, insecure land tenure, limited access to finance, and exclusion from digital and innovation networks. These impede their transition from informal to formal enterprise. National innovation and SME policies often neglect the lived realities, ingenuity, and developmental potential of these entrepreneurs, especially women and youth. Land insecurity, cumbersome administrative requirements, and limited digital connectivity persist as key barriers in places such as South Africa, India, and Brazil, resulting in systemic exclusion and missed opportunities for entrepreneurship-led growth.

The 2025 G20 SU20 agenda explicitly recognises the critical importance of creating truly inclusive policy frameworks. It advocates for pragmatic reforms that empower marginalised entrepreneurs, build more robust local value chains, and amplify grassroots voices in innovation and policy forums. Addressing these gaps is core to achieving sustainable, equitable development and fulfilling the G20's inclusive growth mandate.

Strategic Priorities

- **Simplify and localise policy and regulation**: Design and implement tiered and context-sensitive regulatory frameworks that lower the administrative burden for township and rural startups, making formalisation accessible and attractive.
- **Secure land tenure and resource rights**: Collaborate with land ministries and local governments to enhance legal recognition of land tenure for home-based and rural entrepreneurs, particularly for women and youth.
- **Enhance grassroots representation**: Ensure meaningful participation of marginalised communities in national innovation councils and policymaking bodies to anchor reforms in local experience and need.
- **Accelerate digital inclusion**: Expand access to digital infrastructure and tools, prioritising training, digital literacy, and affordable connectivity for rural and township enterprises.
- **Increase equitable access to finance**: Develop new financing mechanisms and reduce barriers to credit for informal and newly formalised businesses, with special focus on women, youth, and collective enterprises.
- **Combat elite capture and build trust**: Enforce transparent, community-inclusive processes for policy rollout and resource allocation to guard against elite capture and ensure benefits reach intended grassroots beneficiaries.
- Monitor and Learn: Invest in robust monitoring, feedback, and adaptation systems to keep policies dynamic and responsive to local realities.

Detailed Actions

- Action 4.1 (formalise the informal economy via simplified, tiered regulatory frameworks) directly reduces barriers to formal entrepreneurship by introducing tailored, right-sized compliance, making it feasible for micro and small businesses to participate in the formal sector and access broader support, while systematically closing the gap between informal reality and legal recognition.
- Action 4.2 (secure land tenure for marginalised urban and rural home-based entrepreneurs) addresses one of the most fundamental obstacles to investment and enterprise growth in underserved regions, unlocking collateral potential, enabling credit access, and providing the foundational certainty needed for entrepreneurs to sustainably grow their businesses.

- Action 4.3 (embed marginalised urban and rural representation in innovation councils and policymaking) ensures local voices are heard and reflected in policy priorities, strengthening grassroots legitimacy, ensuring that regulatory updates
- and entrepreneurial support mechanisms remain accountable, relevant, and inclusive for historically underrepresented groups.

Key Performance Indicators (KPIs)

A standardised KPIs table for Recommendation 3: Formalise and Integrate Community Investment Mechanisms. These KPIs align with international best practices for measuring impact, participation, governance, and sustainability of community investment frameworks.

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
G20 economies adopting nationally endorsed Guidelines for Inclusive Trade Growth (number)	0	10	20	OECD Trade and Agriculture Directorate	G20 Trade and Investment Working Group
Trade and digital policies explicitly aligned with inclusive trade guidelines (%)	15	60	90	UNCTAD Digital Economy Report Platform	G20 Digital Economy Working Group
Inclusion of MSME, women, and youth engagement frameworks within trade policy instruments (%)	20	70	100	ITC Inclusive Trade Observatory	G20 Empower and W20 Council
Establishment of national capacity-building programs on inclusive digital trade governance (number)	2	15	25	World Bank Trade Policy Evaluation Unit	G20 Capacity Building Working Group
Digital trade participation gap among disadvantaged enterprises (%)	0	10	25	WTO Trade Policy Review Mechanism	G20 SME and Entrepreneurship Working Group

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Number of policy and regulatory reforms enacted to reduce exclusionary barriers for underserved enterprises (number)	0	5 major reforms across finance, trade, labour, and digital policy	15 fully implemented reforms across all key enabling sectors	National Treasury; DTI; Presidency	SU20 Secretariat; Policy Reform Steering Committee
Percentage increase in participation of small, women- and youth-owned enterprises in formal markets (%)	20%	40%	60% market participation rate across major sectors	Statistics SA; DSBD	SU20 Secretariat; Trade & Competition Commission
Compliance alignment with inclusive regulatory standards (e.g., B-BBEE, Employment Equity, Digital Inclusion) (%)	50%	75%	90% of active firms compliant and reporting annually	FSCA; Department of Employment and Labour	SU20 Secretariat; B-BBEE Commission
Coordination platforms or taskforces established for inter-ministerial inclusion reform (number)	1 fragmented mechanism	3 integrated inclusion and reform coordination platforms	6 fully institutionalised national mechanisms with private sector alignment	Presidency; DPME	SU20 Secretariat; National Planning Commission
Share of regulatory reforms influenced by data-driven evaluation and impact assessment (%)	10%	60%	100% of all inclusion reforms based on measurable socio-economic outcomes	DPME; National Treasury	SU20 Secretariat; Centre for Regulatory Excellence

This table focuses specifically on community-driven investment mechanisms, distinguishing it from startup-focused recommendations while maintaining G20 standards for measurable, time-bound outcomes.

Action 4.1: Formalise the Informal Economy Through Simplified and Tiered Regulatory Frameworks

Summary

Action 4.1 is designed to make formalisation a realistic and attractive option for township and rural entrepreneurs by lowering regulatory barriers and phasing requirements according to the scale, capacity, and context of each business. By adopting simplified and tiered regulatory frameworks, governments can encourage voluntary compliance, broaden access to formal markets, and open doors to finance, training, and public services.

This action moves away from punitive approaches and recognises the diversity of the informal economy, focusing on scalable reform that integrates digital systems, reduces compliance costs, and provides ongoing support for gradual transition. Ultimately, Action 4.1 will help unlock entrepreneurial potential, support sustainable job creation, and advance poverty reduction goals by integrating micro and small enterprises more inclusively into national economic strategies.

Background

The informal economy in South Africa and many G20 countries is extensive, vibrant, and plays a crucial role in livelihoods, yet its potential to contribute meaningfully to national economic growth, tax revenue, and resilience remains largely untapped due to systemic exclusion from formal regulatory and financial systems. Historically, informal businesses face layers of bureaucracy, high compliance costs, and regulatory ambiguity, pushing many entrepreneurs to operate outside the regulatory fold and depriving them of access to legal protections, finance, and public services such as skills training and social security.

Past reform efforts too often relied on penalising informality or imposing one-size-fits-all requirements, discouraging micro-entrepreneurs and stifling survivalist businesses that provide vital local employment. The International Labour Organisation's Recommendation 204 and recent national consultations affirm that more nuanced, tiered, and context-sensitive approaches are essential for real impact. This implies that enterprise diversity and stages of maturity must be recognised. Simplification alone is insufficient; regulatory frameworks must be integrated, phased, and designed to make formalisation attractive and worthwhile for entrepreneurs.

The need is clear for a streamlined, segmented, and incentive-driven regulatory approach that lowers entry barriers, engages local authorities, and is harmonised with access to finance, digital tools, and business development support. Robust coordination between government levels, alignment with digitalisation strategies, and ongoing dialogue with informal sector representatives are critical for ensuring policies are feasible, fair, and genuinely inclusive.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Informal enterprises formally registered or tiered (%)	0%	25% of active informal enterprises registered under simplified or tiered frameworks	60% of eligible informal enterprises fully integrated into formal tax and regulatory tiers	DSBD; Statistics South Africa	SU20 Secretariat; CIPC; DTIC
Regulatory and compliance costs for micro and informal enterprises (%)	0%	25% reduction through deployment of digital regulatory platforms and simplified licensing	50% reduction, sustained nationally through risk-based regulatory frameworks	National Treasury; DTIC	DSBD; Operation Vulindlela
Access to formal financial and business support services among informal enterprises (%)	10%	40% of registered enterprises using formal banking, insurance, or government incentive channels	70% inclusion rate supported by fintech and cooperative finance models	FSCA; SARB; FinMark Trust	DSBD; DEDAT
Women- and youth-owned informal enterprises transitioning to formal status (%)	0%	35% of newly formalised entities owned by women or youth	60% sustained participation through inclusive reform incentives and training	Department of Women, Youth & Persons with Disabilities	DSBD; Labour and Employment
Municipalities implementing tiered and simplified registration systems (%)	5%	50% of municipalities adopting digital registration or compliance-light models	90% of municipalities institutionalising spatially adaptive regulatory systems	COGTA; SALGA	SU20 Secretariat; Local Economic Development Units

Implementation Approach

The stepwise implementation process for Action 4.2 (formalising the informal economy through simplified and tiered regulatory frameworks) centres on inclusion, accessibility, and progressive compliance. The actionable steps are:

Stepwise Implementation Processes

1. **Step 1: Develop a Simplified, Tiered Regulatory Platform**
   Design mobile-friendly, user-oriented digital registration and compliance tools accessible in local languages.
2. **Step 2: Outreach and Awareness**
   Launch awareness campaigns in multiple languages through local networks and community partners to boost participation and trust.
3. **Step 3: Initial Registration and Legal Recognition**
   Enable fast-track business registration with minimal documentation, ensuring informal entrepreneurs can access basic legal status and related benefits.
4. **Step 4: Tiered Incentives & Progressive Compliance**
   Introduce a tiered system of simplified tax, grant, and support incentives, matched to enterprise size and growth, as encouragement for ongoing compliance and formality.

5. **Step 5: Community Engagement and Support**
   Involve local representatives in consultation processes to address potential land titling conflicts and ensure conflict resolution before rollout.
6. **Step 6: Enable Finance, Social Protection, and Business Services**
   Integrate business registration processes with access to social security, financing, and government support services leveraging digital and mobile platforms for reach and efficiency.
7. **Step 7: Continuous Monitoring, Data Collection & Feedback**
   Use digital data tools to monitor compliance, adoption, and service access; schedule quarterly reviews with local taskforces to address bottlenecks; and maintain transparency through public digital dashboards.
8. **Step 8: Policy Advocacy and Reform**
   Advocate for national and local policy reforms to address restrictive zoning and land tenure, backing inclusive business activity in historically excluded areas

These steps provide a clear, scalable pathway from informality to recognised, empowered participation in the wider economy for township and rural entrepreneurs.

.

Roles and Responsibilities

The roles and responsibilities for Action 3.3: Pilot Community Investment Funds (CIFs) Co-Owned by Local Stakeholders are distributed across a range of actors to ensure participatory management, fiduciary accountability, and sustainable outcomes

- The **governance board** or committee oversees strategy, investment decisions, and fund operations, ensures transparent and inclusive processes, approves investment policy, serves as fiduciary, and commissions annual performance and social impact reports to uphold community priorities and legal compliance.
- **Local stakeholders** (including community members, MSMEs, cooperatives) identify and propose investment opportunities, participate in governance and voting, and contribute capital, skills, and local know-how, shaping fund priorities and reinforcing community ownership at every stage.
- The **fund manager** or **administrator** handles daily fund management, project appraisal, capacity-building, financial management, timely fund disbursement, stakeholder communication, and evaluation, ensuring technical support and clear reporting on financial and social impact.
- **Government**, **NGOs**, and **donors** supply catalytic resources, regulatory oversight, technical assistance, and capacity-building; they foster broad compliance, offer external support, and facilitate the scaling or replication of CIFs in partnership with the fund manager and local stakeholders.

This holistic, G20-compliant approach ensures that the facilitation of wholesale capital and digital tools for Stokvels and SACCOs is both inclusive and scalable, supporting resilient growth and full alignment with global financial inclusion and innovation goals.

Risks & Mitigation:

Embedding consumer protection safeguards into credit scoring introduces several critical risks. For each identified risk, robust mitigation measures must be established to protect consumer rights and maintain the trust and fairness of digital credit ecosystems

- Low uptake due to trust deficit, digital/awareness gaps. **Mitigation**: Multilingual local campaigns, peer trainers, phased/optional compliance, mobile and in-person options.
- Bureaucratic bottlenecks, delays in legal status upgrades. **Mitigation**: Automate digital registration, decentralise approvals, apply rapid local verification/self-declaration.
- Compliance complexity stifling micro-enterprises. **Mitigation**: Tiered, risk-based system; lower reporting for smallest businesses, ongoing adaptation to feedback.
- Exclusion of truly informal/undocumented businesses. **Mitigation**: Accept community/deed recommendations, alternative ID, mobile registration ("last-mile" onboarding).
- Risk of "elite capture" or corruption at the local level. **Mitigation**: Transparent, audit-friendly procedures; independent oversight & anonymous complaints mechanisms.
- Poor coordination between government and community actors. **Mitigation**: Subsidise initial registration, simplify or waive charges for micro-registration, phasing of obligations.
- Financial burden of transition for micro-enterprises. **Mitigation**: Establish real-time monitoring, transparent reporting, and cycles of stakeholder feedback.
- Digital exclusion in rural areas. **Mitigation**: Provide mobile outreach, paper-based or voice support, partnerships with local NGOs for training.
- Delays in accessing post-registration benefits. **Mitigation**: Link registration to immediate eligibility for public support and demonstration pilots.

These roles and mitigation strategies ensure the regulatory shift is highly contextual and addresses real-world challenges in the marginalised urban and rural landscape.

Action 4.2: Secure Land Tenure for Marginalised Urban and Rural Home-Based Entrepreneurs

Summary

Action 4.2 focuses on establishing secure land tenure for marginalised urban and rural home-based entrepreneurs by converting informal or customary land rights into recognised legal ownership through streamlined policy and legislative reforms, such as the Upgrading of Land Tenure Rights Act and its 2021 amendment. This initiative addresses historical inequities, title deed backlogs, and gender discrimination, and aims to enable marginalised entrepreneurs to operate legally, access finance, and unlock property value for business development. By accelerating practical titling programs, community-based verification, and integrating land rights into local enterprise strategies, the Action removes land insecurity as a barrier to scale and resilience in marginalised urban economies.

Background

The foundational pattern of South Africa's urban and rural land tenure must be viewed through several overlapping Apartheid and pre-Apartheid laws, key among them the 1913 Natives Land Act and its amendments. These measures confined African families to rural "native reserves" totalling as little as 7% (later expanded to about 13%) of total land - spaces often overcrowded, ecologically marginal, and lacking in resources or infrastructure. African, Coloured, and Indian people were largely barred from owning or leasing land outside these reserves, effectively evicted from fertile and economically viable areas and forced into wage or labour tenancy arrangements on white-owned farms, or urban outskirts.

The 1936 amendments established the South African Native Trust, which managed the reserves and formalised mass evictions of independent African tenants and rural cash croppers from productive farms, pushing impoverished families deeper into overcrowded reserves where poverty became entrenched. By the early 1930s, even urban "township" settlements, first developed for African, Coloured, and Indian urban labour, were shaped by policies restricting access to land and opportunity. This lay the basis for subsequent laws like the Group Areas Act (1950 and later), which further removed these groups from urban property rights and forcibly relocated them to peripheral areas.

These systematic dispossessions, rooted in race and class discrimination, created generations of rural and urban poor with no meaningful access to property, financial capital, or economic growth. This legacy of exclusion, institutionalised privilege for white and European-descended South Africans, and relegation of black, Coloured, and Indian populations to disadvantaged urban and rural spaces, is the direct cause of persistent poverty and tenure insecurity seen today across South Africa's marginalised communities.

Apartheid-era *urban* land tenure in South Africa was fundamentally shaped by these laws and policies that cut across all racially discriminated groups, viz. African, Coloured, and Indian, profoundly affecting rights to property, housing, and business ownership in cities and towns. The cornerstone was the Group Areas Act of 1950 (amended in 1957 and 1966), which designated specific geographic zones for occupation along racial lines, excluding non-white people from well-located and economically vibrant areas, and severely limiting their ability to own, trade, or build wealth in urban centres. The Group Areas Act lay the legal basis for mass forced removals and the destruction of mixed-race neighbourhoods, such as Sophiatown, District Six, Cato Manor, in Johannesburg, Durban, Port Elizabeth and the Cape. This deeply impacted families' connections, livelihoods, and collective identity, often with little or no warning and no compensation, and resulting in over 600,000 removals by the early 1980s. Today, it accounts for the marked social and economic striations across the society in terms of race and class and is a reminder of the historical need for economic and social justice.

Coloured, Indian, and African communities alike lost land, homes, small businesses, and cultural spaces, while being relegated to peripheral, under-serviced settlements with greatly diminished property rights, access to capital, and development opportunities. These discriminatory measures left entire generations with insecure tenure, legal vulnerability, uncertain inheritance, and persistent barriers to economic progress. Today's challenges in regularising title and securing tenure for township and home-based entrepreneurs must be understood as a direct legacy of this broad, multi-community injustice. One that affected millions across race, language, and religion, and still shapes patterns of urban and rural poverty and exclusion throughout South Africa.

Key Performance Indicators (KPIs)

KPI		Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Marginalised urban and rural home-based enterprises with formal or tradable land tenure (%)	<10%	40% of qualifying enterprises issued tenure or occupancy rights	70% of marginalised urban and rural home-based enterprises with secured, legally recognised tenure		Department of Human Settlements (DHS); DSBD	SU20 Secretariat; COGTA; Municipal Land Use Committees
Land parcels in marginalised urban areas mapped and digitised into the national cadastre (%)	<15%	60% of township commercial and mixed-use land parcels geo-referenced and verified	100% inclusion in national digital cadastre and cadastral GIS systems		Surveyor-General; DHS	Department of Public Works & Infrastructure (DPWI); DRDLR

Municipalities implementing local land regularisation and transfer programmes (%)	<10%	50% of municipalities piloting tenure transfer reforms or site regularisation	90% institutional adoption of inclusive township spatial frameworks	COGTA; SALGA	National Treasury; DPWI
Women and youth-owned home and micro-enterprises with issued tenure certificates (%)	0%	30% of new tenure rights targeted to women and youth-led businesses	60% of total secured tenure holdings inclusive of women and youth	Department of Women, Youth & Persons with Disabilities; DSBD	DHS; Land Reform Commission
Increase in property value and bankability of marginalised urban business properties (ZAR growth %)	Baseline under study	25% rise through title-backed access to finance and insurance	50% sustained growth leading to collateral eligibility within formal banks	National Treasury; SARB	SU20 Secretariat; FinMark Trust; DBSA

Implementation Approach

An implementation approach for Action 4.2, specifically focused on securing land tenure and spatial justice for home-based enterprises in marginalised urban and rural areas:

Stepwise Implementation Processes

1. **Step 1: Community-Based Land Titling**: Accelerate grassroots titling initiatives in marginalised urban and rural settlements, prioritising transparent participatory mapping and acknowledgement of informal tenure claims, especially for women and youth-led home enterprises.
2. **Step 2: Legal Recognition of Land-Use Rights**: Amend local and provincial regulations to explicitly recognise residential land-use rights for home-based small businesses, ensuring clear exemptions and pathways for micro-enterprise operation in both marginalised urban and rural settings.
3. **Step 3: Integrate Tenure Security into Economic Development:** Link secure land access with broader economic development strategies such as simplifying enterprise registration, facilitating access to micro-leasing, and bundling financial services with tenure documentation for underserved entrepreneurs.
4. **Step 4: Digital Land & Business Mapping:** Deploy digital platforms and mobile mapping tools to record business locations and household enterprises, improving speed, transparency, and accessibility of tenure claims for marginalised urban and rural residents.

5. **Step 5: Establish Local Dispute Panels:** Form local mediation and conflict resolution committees in partnership with trusted civic organisations to pre-empt and resolve disputes related to tenure and business zoning in a transparent, community-led manner.
6. **Step 7: Continuous Monitoring, Data Collection & Feedback**
   Utilise digital data tools to monitor regulatory compliance, adoption rates, and equitable service access among home-based and informal entrepreneurs in marginalised urban and rural areas. Conduct quarterly reviews in partnership with local taskforces to rapidly address operational bottlenecks and ensure inclusive participation. Transparently publish aggregated results and progress through public digital dashboards accessible to all stakeholders.

This approach directly addresses the legacy of exclusion, spatial injustice, and documentation barriers present in South African marginalised urban and rural areas, ensuring reforms are equitable and context driven.

Roles and Responsibilities

For Action 4.2: Formalising the Informal Economy Through Simplified and Tiered Regulatory Frameworks, the roles and responsibilities are as follows:

- **National Government** (Department of Land Reform, Trade & Industry): (1) Lead the development of national policy and legislative reforms for land tenure security, prioritising township and home-based enterprises in peri-urban and rural areas. (2) Allocate budget resources, develop guidelines, and monitor provincial implementation, ensuring compliance with constitutional and spatial inclusion mandates. (3) Facilitate partnerships with provincial, local government, and traditional authorities to harmonise titling systems and resolve policy conflicts.
- **Provincial & Local Governments**: (1) Coordinate the rollout of accelerated community-based titling programs, focusing on regions with concentrated informal activity or historic exclusion. (2) Serve as the intermediary between national policy directives and local implementation realities, adapting technical support for digital land mapping and mobile titling processes. (3) Oversee subsidised leasing and government-backed financing schemes to lower cost barriers for marginalised and historically excluded groups, especially youth, women, and home entrepreneurs.

- **Local Municipalities**: (1) Host participatory consultations and forums to build trust and ensure community input and buy-in for land reform and titling efforts, especially in areas with contested ownership histories. (2) Implements fast-track, simplified legal recognition for home-based businesses, integrating digital platforms and multilingual support as needed. (3) Provide timely conflict resolution and legal support to entrepreneurs facing zoning or tenure disputes, working alongside ward committees and civil society representatives.
- **Traditional Authorities/Community Leaders**: (1) Engage in public education, facilitate local dispute resolution, and contribute to the legitimacy of tenure reforms by including customary land rights where relevant. (2) Represent vulnerable and excluded groups in discussions about land access and usage, ensuring equitable and gender-sensitive outcomes.
- **Civil Society, Consumer, and Advocacy Groups**: (1) Monitor transparency, inclusion, and regulatory compliance, advocating for the rights of home-based, youth-led, and marginalised entrepreneurs. (2) Support legal literacy and capacity-building workshops, helping township and rural entrepreneurs understand their rights and responsibilities. (3) Participate in independent oversight committees to prevent elite capture and ensure that tenure reform efforts are community-driven and corruption-resistant.
- **Digital & Financial Service Providers**: (1) Deliver digital mapping, registration, and tracking tools tailored for low-connectivity areas and low-literacy beneficiaries, in partnership with government agencies. (2) Integrate secure titling information with financing, insurance, and market access services, facilitating access for newly formalised home-based entrepreneurs.

Each entity plays a distinct yet collaborative role to secure tenure, unleash township and rural entrepreneurial growth, and overcome entrenched exclusion and informality.

Risks & Mitigation:

Embedding consumer protection safeguards into credit scoring introduces several critical risks. For each identified risk, robust mitigation measures must be established to protect consumer rights and maintain the trust and fairness of digital credit ecosystems

- Exclusion of ultra-informal and undocumented entrepreneurs. **Mitigation**: Use community-based identification and phased formalisation, allowing initial recognition without full documentation.

- High compliance burden drives micro-entrepreneurs out of business. **Mitigation**: Design flexible, tiered compliance requirements starting with minimal obligations and scaling as businesses grow.
- Lack of uptake due to distrust of authorities. **Mitigation**: Mobilise NGOs and local leaders as intermediaries for onboarding and first-line support.
- Digital access barriers (low literacy, limited device access). **Mitigation**: Run targeted awareness and incentive programs, and recruit female/youth field agents or champions.
- Potential land titling conflicts or loss of trading sites. **Mitigation**: Establish local dispute resolution committees and ensure participatory, transparent mapping before formalisation.
- Fear of punitive action (fines, eviction, taxes). **Mitigation**: Provide amnesty/grace periods at rollout and communicate clearly that first-stage formalisation is non-punitive.
- Elite or political capture of reforms. **Mitigation**: Mandate participatory review panels and rotate community oversight membership.

Each mitigation action is designed to specifically address South African township and rural settings, where barriers such as documentation, digital exclusion, distrust, and marginalisation are prevalent.

Action 4.3: Embed Marginalised Urban and Rural Representation in Innovation Councils and Policymaking Forums

Summary

Action 4.3 addresses the systemic exclusion of marginalised urban and rural communities from innovation governance and policy development by establishing formal representation mechanisms within national and regional innovation councils, policymaking forums, and regulatory bodies. This action ensures that entrepreneurial voices from previously excluded areas have meaningful participation in shaping policies that directly impact their economic opportunities, while creating structured pathways for grassroots innovation insights to influence national development strategies.

The action establishes mandatory representation quotas, creates community liaison mechanisms, and implements digital participation platforms to bridge geographic and resource barriers. By institutionalising inclusive governance, Action 4.3 transforms decision-making processes from exclusionary top-down approaches to participatory frameworks that leverage diverse entrepreneurial expertise and lived experiences from South Africa's most underserved communities.

Background

South Africa's innovation governance architecture has historically concentrated decision-making authority within metropolitan areas and established institutional networks, systematically excluding the entrepreneurial perspectives and innovation insights of marginalised urban and rural communities. National Innovation Councils, Provincial Economic Development Forums, and sector-specific regulatory committees predominantly feature representation from formal business sectors, academic institutions, and urban-based organisations, leaving rural entrepreneurs, informal economy participants, and marginalised urban innovators without meaningful voice in policy formulation.

This representational gap perpetuates policy frameworks that fail to account for the unique challenges, opportunities, and innovation approaches characteristic of underserved communities. Rural entrepreneurs developing climate-adaptive agricultural solutions, marginalised urban innovators creating circular economy enterprises, and informal sector participants pioneering digital commerce models remain largely invisible to policymakers designing national innovation strategies, regulatory frameworks, and resource allocation mechanisms.

International evidence demonstrates that inclusive innovation governance generates more effective, equitable, and sustainable policy outcomes. Countries such as Kenya, through its County Innovation Councils, and Brazil, via its Territorial Development Councils, have successfully embedded grassroots representation within formal innovation governance structures, resulting in policy frameworks better aligned with diverse economic realities and enhanced innovation ecosystem performance across different geographic and socioeconomic contexts.

The exclusion of marginalised communities from innovation governance also undermines South Africa's commitment to inclusive economic development and democratic participation principles enshrined in the National Development Plan and constitutional frameworks. Without systematic representation mechanisms, innovation policies risk perpetuating existing inequalities while failing to harness the substantial entrepreneurial capacity present within underserved communities.

Current innovation governance structures lack the institutional mechanisms necessary to systematically capture, evaluate, and integrate grassroots innovation insights into formal policy processes. Ad hoc consultation processes and periodic stakeholder engagements provide insufficient representation and fail to establish sustained participatory relationships between marginalised communities and policymaking institutions.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
G20 economies adopting nationally endorsed Guidelines for Inclusive Trade Growth (number)	0	10	20	OECD Trade and Agriculture Directorate	G20 Trade and Investment Working Group
Trade and digital policies explicitly aligned with inclusive trade guidelines (%)	15	60	90	UNCTAD Digital Economy Report Platform	G20 Digital Economy Working Group
Inclusion of MSME, women, and youth engagement frameworks within trade policy instruments (%)	20	70	100	ITC Inclusive Trade Observatory	G20 Empower and W20 Council
Establishment of national capacity-building programs on inclusive digital trade governance (number)	2	15	25	World Bank Trade Policy Evaluation Unit	G20 Capacity Building Working Group
Digital trade participation gap among disadvantaged enterprises (%)	0	10	25	WTO Trade Policy Review Mechanism	G20 SME and Entrepreneurship Working Group

Implementation Approach

An implementation approach for Action 4.2, specifically focused on securing land tenure and spatial justice for home-based enterprises in marginalised urban and rural areas:

Stepwise Implementation Processes

1. **Establish Mandatory Representation Quotas**:
    - Implement 30% representation quotas for marginalised urban and rural entrepreneurs across all national and provincial innovation councils, ensuring geographic distribution reflects South Africa's demographic composition and economic diversity.
    - Create structured nomination processes through community-based organisations, cooperatives, and informal business associations to identify authentic grassroots representatives with demonstrated entrepreneurial track records and community legitimacy.
    - Institute rotating representation terms of 2-3 years with staggered renewals to maintain continuity while ensuring broader community participation and preventing elite capture of representation positions.
2. **Develop Community Innovation Liaison Networks**:
    - Establish Regional Innovation Liaison Offices in rural districts and marginalised urban areas, staffed with community coordinators who facilitate two-way communication between local entrepreneurs and formal governance structures.
    - Create Community Innovation Forums that meet quarterly to identify local policy priorities, evaluate proposed regulations' grassroots impact, and develop community-driven policy recommendations for consideration by higher-level councils.
    - Deploy mobile innovation consultation units that conduct regular outreach to remote areas, ensuring geographic accessibility for communities with limited transportation infrastructure or digital connectivity
3. **Implement Digital Participation Platforms**:
    - Launch multilingual digital platforms enabling real-time participation in council deliberations, policy consultations, and strategic planning processes, accommodating diverse linguistic preferences and literacy levels prevalent in marginalised communities.
    - Integrate offline-to-online bridging mechanisms including SMS-based feedback systems, community radio integration, and local language

interpreters to ensure meaningful participation regardless of digital access limitations.

- Establish digital capacity building programs for community representatives, providing technology training, presentation skills development, and policy literacy education to enhance effective participation in formal governance contexts

4. **Create Structured Policy Feedback Mechanisms:** Institute mandatory grassroots impact assessments for all innovation policies, regulatory changes, and resource allocation decisions, requiring demonstration of consultation with marginalised urban and rural stakeholders before implementation.
5. Develop community-friendly policy communication systems that translate complex regulatory language into accessible formats, supported by visual materials, local language translations, and community workshops.
6. Establish formal response requirements for policymaking bodies, mandating written explanations when community recommendations are not adopted and creating appeals processes for challenging policy decisions affecting marginalised communities.
7. **Institutional Capacity Development:**
   - Train existing council members, government officials, and policy advisors on inclusive facilitation techniques, cultural sensitivity, and effective engagement with diverse entrepreneurial communities.
   - Develop mentorship programs pairing experienced formal sector representatives with grassroots community leaders to build mutual understanding and collaborative relationships within governance structures.
   - Create resource allocation mechanisms specifically supporting community representatives' participation, including transportation allowances, childcare provisions, and translation services to remove practical barriers to meaningful engagement.
   - This approach directly addresses the legacy of exclusion, spatial injustice, and documentation barriers present in South African marginalised urban and rural areas, ensuring reforms are equitable and context driven.

Roles and Responsibilities

For Action 4.3: Embed Township and Rural Representation in Innovation Councils and Policymaking Forums, the roles and responsibilities are as follows:

- **National Government** (Department of Science and Innovation, Department of Small Business Development): (1) Develop mandatory representation legislation requiring 30% marginalised urban and rural representation across innovation councils. (2) Coordinate inter-departmental implementation and allocate dedicated budget resources for community participation support. (3) Monitor compliance and evaluate inclusive governance effectiveness through regular audits.
- **Provincial & Local Governments**: (1) Establish Regional Innovation Liaison Offices with community engagement specialists. (2) Coordinate transparent community nomination processes and provide logistical support for Community Innovation Forums. (3) Implement provincial-level policy consultation processes engaging marginalised communities before regulatory adoption.
- **Local Government (Municipalities, Traditional Authorities):** (1) Facilitate community-based nomination processes leveraging existing civic structures. (2) Provide venues, communication support, and administrative assistance for forums and mobile consultation activities. (3) Integrate grassroots innovation priorities into municipal planning and support digital participation platform implementation.
- **Community-Based Organisations and Cooperatives:** (1) Identify and nominate authentic representatives with demonstrated entrepreneurial experience. (2) Facilitate ongoing communication between representatives and constituencies, organise local consultation processes. (3) Provide support and mentorship to community representatives navigating formal governance environments.
- **Private Sector and Development Partners:** (1) Provide technical expertise, funding support, and technology for digital participation platforms. (2) Participate in mentorship programs building collaborative relationships between formal and grassroots representatives. (3) Contribute to capacity building initiatives enhancing policy engagement skills and inclusive facilitation capabilities.
- Each entity plays a distinct yet collaborative role to secure tenure, unleash township and rural entrepreneurial growth, and overcome entrenched exclusion and informality.

Risks & Mitigation:

Embedding consumer protection safeguards into credit scoring introduces several critical risks. For each identified risk, robust mitigation measures must be established to protect consumer rights and maintain the trust and fairness of digital credit ecosystems

- Elite capture of community representation position. **Mitigation**: Implement transparent, multi-tiered selection processes involving direct community voting, peer validation by multiple community-based organisations, and ongoing accountability mechanisms requiring representatives to demonstrate continued community support through regular constituency meetings and feedback sessions.
- Hi tokenistic participation without real influence. **Mitigation**: Establish clear voting rights, proposal initiation authorities, and veto powers for community representatives on decisions directly affecting marginalised communities. Create parallel community validation processes that require demonstration of grassroots input before policy implementation.
- Capacity and resource constraints limiting effective participation. **Mitigation**: Implement comprehensive capacity building programs including policy literacy training, presentation skills development, and ongoing mentorship support. Provide dedicated resources for legal advice, technical consultation, and administrative assistance to community representatives.
- Geographic and Digital Access Barriers. **Mitigation**: Deploy mobile consultation units, establish local liaison offices, and create hybrid participation models combining in-person and digital engagement. Develop offline-to-online bridging systems and provide technology access support for community representatives
- Resistance from established innovation governance institutions. **Mitigation**: Implement gradual transition processes with extensive stakeholder consultation, demonstrate the value of inclusive governance through pilot programs, and provide incentives for institutions embracing participatory approaches. Create legal mandates with enforcement mechanisms where voluntary adoption proves insufficient.
- Fear of punitive action (fines, eviction, taxes). **Mitigation**: Provide amnesty/grace periods at rollout and communicate clearly that first-stage formalisation is non-punitive.
- Elite or political capture of reforms. **Mitigation**: Mandate participatory review panels and rotate community oversight membership.

his comprehensive action establishes the institutional mechanisms necessary to transform South Africa's innovation governance from exclusionary to participatory, ensuring that marginalised urban and rural entrepreneurs gain authentic voice and influence in shaping policies that determine their economic opportunities and community development outcomes.

Recommendation 5: Scale Localised Entrepreneurial Education and Capacity Building in Underserved Regions

Executive Summary

Recommendation 5: Scale Localised Entrepreneurial Education and Capacity Building in Underserved Regions is a strategic initiative designed to catalyse sustainable development by closing skills gaps, accelerating digital inclusion, and building resilient local economies. Drawing on global best practice, the recommendation calls for embedding the Localised Entrepreneurial Competency Framework (LECF) within all relevant educational and community institutions to ensure that entrepreneurial learning is inclusive, continuous, and responsive to local needs and market realities.

The framework incorporates core competencies such as opportunity identification, managerial agility, adaptability, strategic thinking, and digital- and green-skill fluency, validated through successful implementation in a range of contexts. A key driver of change is Action 5.2, which equips rural workers with digital-green skills essential for the Fourth Industrial Revolution economy, while Action 5.3 establishes a cadre of trained local facilitators who understand community dynamics and can deliver contextualised entrepreneurial education.

This recommendation addresses the systematic exclusion of marginalised communities from mainstream entrepreneurial development programs by creating locally rooted, culturally sensitive capacity building systems. Through institutionalising the LECF across all G20 member states, building digitally enabled green-skilled rural workforces, and training community-based entrepreneurial facilitators, this recommendation transforms underserved regions into vibrant entrepreneurial ecosystems capable of generating sustainable livelihoods and economic opportunities

Executive Recommendation

G20 member states should immediately scale localised entrepreneurial education and capacity building in underserved regions through:

1. Institutionalising the Localised Entrepreneurial Competency Framework (LECF) across all educational institutions, community colleges, and informal learning

networks to ensure standardised yet contextualised entrepreneurial skill development.

2. Building digitally enabled and green-skilled rural workforces by establishing technology and sustainability training centres in underserved areas, equipping communities with Fourth Industrial Revolution competencies essential for emerging economic opportunities.
3. Training localised entrepreneurial facilitator cadres who understand community dynamics and can deliver culturally sensitive business development support, creating sustainable local capacity for ongoing entrepreneurial ecosystem development

Context

The global entrepreneurial education landscape faces a fundamental challenge: while mainstream programs excel in urban, resource-rich environments, they systematically fail to reach and effectively serve marginalised urban and rural communities where entrepreneurship could have the greatest transformative impact. Current entrepreneurial education systems, predominantly designed for formal sector participants with existing educational credentials and urban market access, inadequately address the unique challenges and opportunities present in underserved regions.

The Skills Gap Crisis in Underserved Regions

International evidence reveals that approximately 750 million working-age adults globally cannot read and write, with the majority concentrated in rural and marginalised urban areas. This foundational skills deficit compounds with the rapidly evolving demands of the digital and green economy transitions, creating a widening gap between available opportunities and community capacity to access them. The COVID-19 pandemic accelerated digital adoption globally, but rural and marginalised communities were largely excluded from this transformation, deepening existing inequalities.

Research from South African contexts demonstrates that rural entrepreneurship has substantial potential to reduce poverty, create employment, and stimulate local economic development, but faces persistent barriers including lack of appropriate training, limited access to markets, insufficient financial support, and absence of localised capacity building systems. Similar patterns emerge across G20 member states, where rural and marginalised urban areas struggle with brain drain as educated youth migrate to urban centres seeking opportunities unavailable in their home communities.

The Digital-Green Economy Opportunity

The convergence of digital technologies and green economy transitions presents unprecedented opportunities for underserved regions. The International Renewable Energy Agency projects that appropriate investment policies could create around 4 million jobs in African renewable energy by 2030, with similar patterns emerging globally. However, accessing these opportunities requires specific digital and green competencies that are largely absent from current rural and marginalised community skill sets.

Strategic Priorities

- **Simplify and localise policy and regulation**: Design and implement tiered and context-sensitive regulatory frameworks that lower the administrative burden for township and rural startups, making formalisation accessible and attractive.
- **Secure land tenure and resource rights**: Collaborate with land ministries and local governments to enhance legal recognition of land tenure for home-based and rural entrepreneurs, particularly for women and youth.
- **Enhance grassroots representation**: Ensure meaningful participation of marginalised communities in national innovation councils and policymaking bodies to anchor reforms in local experience and need.
- **Accelerate digital inclusion**: Expand access to digital infrastructure and tools, prioritising training, digital literacy, and affordable connectivity for rural and township enterprises.
- **Increase equitable access to finance**: Develop new financing mechanisms and reduce barriers to credit for informal and newly formalised businesses, with special focus on women, youth, and collective enterprises.
- **Combat elite capture and build trust**: Enforce transparent, community-inclusive processes for policy rollout and resource allocation to guard against elite capture and ensure benefits reach intended grassroots beneficiaries.
- Monitor and Learn: Invest in robust monitoring, feedback, and adaptation systems to keep policies dynamic and responsive to local realities.

Detailed Actions

- **Action 5.1:** Localise and Institutionalise the LECF Across All G20 Member States
  Establish the Localised Entrepreneurial Competency Framework as the standard foundation for all entrepreneurial education in underserved regions, ensuring culturally sensitive, contextually relevant skill development that addresses local market realities while building transferable competencies aligned with global best practices
- **Action 5.2:** Build a Digitally Enabled and Green-Skilled Rural Workforce
  Create comprehensive digital and green skills training infrastructure in underserved regions, equipping communities with Fourth Industrial Revolution competencies essential for participating in emerging economic opportunities while addressing climate change and environmental sustainability challenges.
- **Action 5.3:** Train a Localised Entrepreneurial Facilitator Cadre
  Develop and deploy community-based entrepreneurial facilitators who understand local dynamics and can provide ongoing business development support, creating sustainable capacity for entrepreneurial ecosystem development that continues beyond initial program implementation.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Marginalised urban and rural entrepreneurs trained in LECF-aligned modules (%)	0	40%	70%	UNESCO, Startup20, SU20 Secretariat	Ministries of Education, SU20 Secretariat
Women/youth-led rural MSMEs accessing business skills training (%)	18%	35%	50%	ILO, National Stats Offices, Ministries of Small Business	Ministries of Small Business, NGOs
LECF training institutions using blended/offline digital delivery (%)	12%	40%	65%	SU20 Monitoring Body, Universities, National TVET Councils	National TVET, SU20 Secretariat

Rural training facilitators trained in context-specific modules (number)	1,500	10,000	20,000	G20 Education Task Force, UNESCO, National TVETs	National TVETs, G20 Education Task Force
LECF content localised to indigenous languages and low-literacy formats (%)	5%	30%	60%	Ministries of Education, Local CBOs/NGOs	Ministries of Education, CBOs, NGOs

Action 5.1: Localise and Institutionalise the LECF Across All G20 Member States

Summary

Action 5.1 establishes the Localised Entrepreneurial Competency Framework (LECF) as the standardised foundation for entrepreneurial education in underserved regions across all G20 member states. Building on the European EntreComp framework and international best practices, the LECF adapts core entrepreneurial competencies to local contexts while maintaining global quality standards and transferability.

This action ensures that entrepreneurial education becomes accessible, relevant, and effective for marginalised communities by embedding locally appropriate content, delivery methods, and assessment approaches within established educational institutions and informal learning networks. The LECF incorporates competencies across three key domains: Ideas and Opportunities (spotting opportunities, creativity, vision, valuing ideas, ethical thinking), Resources (self-awareness, motivation, resource mobilisation, financial literacy, digital-green skills), and Into Action (taking initiative, planning, coping with uncertainty, working with others, learning through experience).

By institutionalising this framework across all educational levels and community learning spaces, Action 5.1 transforms fragmented, ad-hoc entrepreneurial training into a coherent, progressive system that enables learners to develop from foundation-level entrepreneurial awareness to expert-level business leadership while remaining rooted in their local communities and contexts.

Background

Current entrepreneurial education systems across G20 member states demonstrate significant urban bias, with programs concentrated in metropolitan areas and designed for participants with formal educational credentials and existing market access. The European EntreComp framework, while comprehensive and well-structured, requires localisation to address the specific challenges and opportunities present in marginalised urban and rural contexts where different cultural values, economic systems, and resource constraints shape entrepreneurial possibilities.

Research from developing country contexts reveals that entrepreneurial competencies necessary for the Fourth Industrial Revolution include both universal elements (creativity, opportunity recognition, planning) and locally specific adaptations (community resource mobilisation, informal market navigation, cultural sensitivity). The absence of contextualised entrepreneurial education frameworks perpetuates cycles of economic exclusion, as standardised programs fail to recognise and build upon existing community assets, traditional knowledge systems, and informal economic networks that could serve as foundations for formal enterprise development.

International evidence demonstrates that successful entrepreneurial education in underserved regions requires embedding within existing community institutions, utilising local languages and communication styles, acknowledging traditional authority structures, and building upon indigenous knowledge systems while introducing contemporary business concepts and digital tools. The lack of such localised frameworks results in low participation rates, high dropout rates, and limited practical application of entrepreneurial learning in rural and marginalised urban contexts

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
G20 member states adopting the Localised Entrepreneurial Competency Framework (LECF) into national policy frameworks (%)	0%	60% of G20 members formally integrating LECF into national entrepreneurship or education plans	100% of G20 members institutionalising LECF with implementation guidelines	SU20 Secretariat; G20 Education Task Force	UNESCO; OECD; National Ministries of Education
Number of accredited national institutions delivering LECF-based entrepreneurship education	25 institutions globally	200 accredited national institutions	500 institutions implementing LECF certification programmes	UNESCO; Startup20	Ministries of Education; National TVET Councils
Alignment of LECF with existing education quality assurance and skills frameworks (%)	10%	50% of G20 states aligning LECF with national qualifications frameworks (NQFs)	90% full integration with entrepreneurship competency standards	G20 Education Task Force; National Qualifications Authorities	National Education Ministries; OECD
Proportion of G20 members with operational LECF monitoring and evaluation systems (%)	0%	50% of member states establishing harmonised tracking and reporting mechanisms	90% of member states using standardised global LECF indicators	SU20 Secretariat; DPME equivalents	G20 Statistics Working Group; UNESCO
National budget allocation or public-private partnerships supporting LECF institutionalisation (USD annual growth %)	Baseline under study	30% annual increase in dedicated LECF funding and partnerships	60% annual increase sustained across all regions	National Treasuries; Public-Private Platforms	SU20 Secretariat; UNDP; World Bank

Implementation Approach

The stepwise implementation process for Action 4.2 (formalising the informal economy through simplified and tiered regulatory frameworks) centers on inclusion, accessibility, and progressive compliance. The actionable steps are:

Stepwise Implementation Processes

1. **Step 1: Develop Contextualised Competency Frameworks:**
   - Adapt the core EntreComp competencies to local contexts by incorporating indigenous business practices, traditional resource management systems, and community decision-making processes while maintaining alignment with international standards.
   - Create competency progression pathways that acknowledge diverse learning styles, varying educational backgrounds, and multiple entry points for participants with different skill levels and life experiences.
   - Integrate digital literacy and green economy competencies as foundational elements rather than add-on modules, ensuring all learners develop essential skills for contemporary economic participation
2. **Step 2: Establish Multi-Level Implementation Systems:**
   - Embed LECF within formal educational curricula at primary, secondary, and tertiary levels, ensuring progressive skill development that builds entrepreneurial mindsets from early ages.
   - Integrate LECF into adult education programs, vocational training centres, and community colleges to reach working-age populations seeking entrepreneurial skill development.
   - Create informal learning networks utilising community centres, religious institutions, traditional gathering spaces, and mobile training units to reach geographically isolated or time-constrained populations.
3. **Step 3: Develop Culturally-Sensitive Learning Materials:**
   - Create multilingual learning resources that utilise local languages, cultural examples, and regionally relevant case studies while introducing universal business concepts and practices.
   - Develop visual and experiential learning materials that accommodate varying literacy levels and learning preferences common in underserved communities.
   - Design assessment methods that recognise diverse forms of entrepreneurial competency demonstration, including practical projects, community

presentations, and peer-to-peer teaching rather than exclusively written examinations

These steps provide a clear, scalable pathway from informality to recognised, empowered participation in the wider economy for township and rural entrepreneurs.

Roles and Responsibilities

The roles and responsibilities for Action 3.3: Pilot Community Investment Funds (CIFs) Co-Owned by Local Stakeholders are distributed across a range of actors to ensure participatory management, fiduciary accountability, and sustainable outcomes

- **National Governments**: (1) Establish LECF as mandatory component of national education curricula and adult learning frameworks, allocating budget resources for implementation and teacher training. (2) Create accreditation systems that recognise LECF-based learning outcomes and enable progression between formal and informal educational pathways. (3) Develop inter-ministerial coordination mechanisms linking education, economic development, and rural development departments for integrated implementation.
- **Educational Institutions**: (1) Integrate LECF competencies into existing curricula rather than creating separate entrepreneurship courses, ensuring all students develop entrepreneurial mindsets regardless of their primary field of study. (2) Train educators in contextualised entrepreneurial pedagogy that emphasises experiential learning, community engagement, and practical skill application. (3) Establish partnerships with local businesses, cooperatives, and community organisations to provide real-world learning opportunities and mentorship.
- **Community-Based Organisations**: (1) Facilitate LECF implementation in informal learning settings by providing venues, identifying learners, and connecting programs to existing community development initiatives. (2) Adapt LECF content to reflect local cultural values, traditional knowledge systems, and indigenous business practices while maintaining core competency standards. (3) Provide ongoing learner support and create peer learning networks that extend beyond formal training periods.
- **International Development Partners:** (1) Provide technical assistance for LECF adaptation to different cultural contexts and economic systems while maintaining quality standards and international transferability. (2) Support capacity building for local educators and facilitate knowledge sharing between G20 member states

implementing LECF approaches. (3) Contribute funding for initial implementation costs, learning material development, and evaluation systems that track long-term impact on entrepreneurial ecosystem development.

Risks & Mitigation:

- Cultural resistance to external framework imposition. **Mitigation**: Implement extensive community consultation processes during LECF adaptation, ensuring local knowledge systems are prominently featured and traditional business practices are validated rather than replaced. Create community ownership through participatory framework development and local validation processes.
- Educator capacity constraints. **Mitigation**: Develop comprehensive educator training programs that combine entrepreneurial content knowledge with experiential learning pedagogies. Create partnerships with successful local entrepreneurs who can serve as co-educators and provide practical experience alongside academic instruction.
- Resource and infrastructure limitations. **Mitigation**: Design flexible implementation approaches that can function with minimal technology requirements while gradually building digital capacity. Utilise mobile training units, outdoor learning spaces, and community-owned facilities to reduce infrastructure dependencies.

These roles and mitigation strategies ensure the regulatory shift is highly contextual and addresses real-world challenges in the marginalised urban and rural landscape.

Action 5.2: Build a Digitally Enabled and Green-Skilled Rural Workforce

Summary

Action 5.2 establishes comprehensive digital and green skills training infrastructure in underserved regions, equipping rural and marginalised urban populations with Fourth Industrial Revolution competencies essential for accessing emerging economic opportunities in the digital-green economy transition. This action recognises that future economic participation requires both digital fluency and environmental sustainability awareness, creating training programs that integrate these competencies rather than treating them as separate skill domains.

The action focuses on building practical, applicable skills including renewable energy technologies, sustainable agriculture practices, digital marketing, e-commerce platforms, environmental monitoring, green construction techniques, and circular economy business models. By establishing regional training centres and mobile skill development units, Action 5.2 ensures geographic accessibility while creating sustainable local capacity for ongoing workforce development in emerging sectors.

This approach transforms underserved communities from passive observers of the digital-green transition into active participants and beneficiaries, creating pathways for local economic diversification while contributing to national climate goals and digital economy objective.

Background

The convergence of digital technologies and green economy transitions represents both the greatest opportunity and the most significant challenge facing underserved regions globally. While the International Labour Organisation estimates that Africa alone could create 60 million new jobs by 2030 through green transitions, and similar opportunities exist across G20 member states, accessing these opportunities requires specific competency combinations that are largely absent from current rural and marginalised community skill sets.

Current workforce development systems in underserved regions focus predominantly on traditional sectoral skills (agriculture, mining, basic manufacturing) without adequately preparing communities for economic transformation driven by digitalisation and environmental sustainability requirements. This creates a widening gap between available opportunities and community capacity to access them, perpetuating economic marginalisation despite growing demand for digitally enabled green economy workers.

International evidence demonstrates that successful digital-green skills programs in rural contexts require integration rather than separation of technological and environmental competencies, as emerging job opportunities increasingly demand both digital tools proficiency and sustainability awareness. Programs that treat these as separate domains fail to prepare learners for real-world applications where digital platforms facilitate green businesses and environmental monitoring utilises technological tools.

Key Performance Indicators (KPIs)

KPI		Baseline (2024)	Target (2028) Target (2030)	Tracking Institution	Champion Institution Example
Rural youth and women trained in digital and green entrepreneurship skills (%)	8%	40% of rural youth trained through accredited digital and environmental skills programmes	75% of rural workforce digitally and environmentally certified	G20 Education Task Force; SU20 Secretariat	UNESCO; ILO; Ministries of Labour
Share of rural training institutions integrating green and digital modules (%)	15%	60% of technical and vocational centres delivering dual green-digital curriculum	90% full integration across all rural TVET and community colleges	National TVET Councils; Ministries of Education	UNESCO-UNEVOC; SU20 Secretariat
Number of SMEs and cooperatives in rural economies adopting digital productivity tools (cloud, IoT, e-commerce)	10,000	50,000 MSMEs adopting digital solutions across G20 rural areas	120,000 MSMEs operating through sustainable, digital value chains	G20 Digital Economy Working Group	National ICT Ministries; Private Tech Partners
Green jobs created in rural economies through renewable energy, waste management, and eco-tourism sectors	350,000	1.5 million jobs created through green entrepreneurship programmes	3 million jobs sustained via circular economy supply chains	OECD; G20 Initiative for Rural Youth Employment	UNDP; World Bank; National Ministries of Environment
Proportion of rural workers accessing continuous digital reskilling via mobile or online platforms (%)	12%	50% of rural workforce regularly participating in lifelong digital learning systems	80% of workers in underserved regions connected to national upskilling portals	G20 Skills Council; ITU	National EdTech Partnerships; Local NGOs

Implementation Approach

An implementation approach for Action 4.2, specifically focused on securing land tenure and spatial justice for home-based enterprises in marginalised urban and rural areas:

Stepwise Implementation Processes

1. **Step 1: Establish Regional Digital-Green Training Centres:** (1) Create strategically located training facilities equipped with renewable energy systems, digital fabrication equipment, and sustainable technology demonstrations that serve as both learning environments and community resources. (2) Design modular training programs that can be delivered through intensive residential courses, part-time evening classes, and seasonal training programs that accommodate agricultural and informal economy work patterns. (3) Integrate practical application projects that address real community challenges, such as developing solar energy solutions for local businesses or creating digital marketing platforms for agricultural cooperatives.
2. **Step 2: Deploy Mobile Skills Development Units**: (1) Utilise solar-powered mobile training units equipped with digital tools, renewable energy demonstration kits, and satellite internet connectivity to reach geographically isolated communities. (2) Create circuit-based delivery schedules that provide regular, ongoing skill development opportunities in remote areas while building relationships with local community leaders and existing organisations. (3) Design hands-on learning experiences that can be completed within mobile unit deployment periods while creating ongoing learning networks for continued peer-to-peer skill development.
3. **Step 3: Integrate Enterprise Development Components:** (1) Connect digital-green skills training with practical business development support, helping participants transform new competencies into income-generating opportunities. (2) Create market linkage systems that connect newly trained rural workers with digital economy opportunities, green technology companies, and sustainable development projects. (3) Establish cooperative development programs that enable groups of trained individuals to collectively access larger economic opportunities requiring combined digital-green competencies.

This approach directly addresses the legacy of exclusion, spatial injustice, and documentation barriers present in South African marginalised urban and rural areas, ensuring reforms are equitable and context driven.

Roles and Responsibilities

For Action 5.2: Build a Digitally Enabled and Green-Skilled Rural Workforce, the roles and responsibilities are as follows:

- **National Government** (Department of Land Reform, Trade & Industry): (1) Establish digital-green workforce development as strategic priority within national economic development and climate action plans, allocating dedicated budget resources. (2) Create regulatory frameworks that recognise digital-green competency certifications and facilitate labour market integration for rural-trained workers. (3) Coordinate infrastructure development ensuring training centres have reliable electricity, internet connectivity, and transportation access.
- **Training Institutions and Technical Colleges**: (1) Develop integrated curricula that combine digital literacy, green technology applications, and entrepreneurial skill development rather than treating these as separate program tracks. (2) Establish partnerships with renewable energy companies, digital platforms, and environmental organisations to provide practical experience and employment pathways. (3) Create certification systems that are recognised by both formal employment sectors and informal economy participants.
- **Private Sector Partners**: (1) Provide technical expertise, equipment donations, and employment opportunities for graduates of digital-green training programs. (2) Offer internship and apprenticeship programs that enable rural workers to gain practical experience with digital-green technologies in workplace settings. (3) Support market development by purchasing products and services from newly established digital-green enterprises in rural areas.
- **Community Organisations**: (1) Facilitate participant recruitment and retention by connecting training opportunities to existing community development initiatives and social networks. (2) Provide ongoing support systems that help participants overcome barriers to training completion and skill application. (3) Create peer learning networks that extend training impact beyond formal program periods and build community capacity for ongoing skill development.

Risks & Mitigation:

Embedding consumer protection safeguards into credit scoring introduces several critical risks. For each identified risk, robust mitigation measures must be established to protect consumer rights and maintain the trust and fairness of digital credit ecosystems

- Technology infrastructure limitations. **Mitigation**: Design training programs that begin with offline and low-technology approaches while gradually building digital capacity. Utilise renewable energy systems to power training facilities and create energy access demonstration projects that serve multiple community needs.
- Limited Local Employment Opportunities. **Mitigation**: Emphasise entrepreneurship and enterprise development components that enable participants to create their own economic opportunities. Establish market linkage systems connecting rural digital-green enterprises with urban and international customers through digital platforms.
- Gender and Age Exclusion. **Mitigation:** Design inclusive training approaches with flexible scheduling, childcare support, culturally appropriate learning environments, and targeted recruitment strategies. Create women-only and age-appropriate training cohorts where cultural contexts require separate learning spaces.

Each mitigation action is designed to specifically address South African marginalised urban and rural settings, where barriers such as documentation, digital exclusion, distrust, and marginalisation are prevalent.

Action 5.3: Train a Localised Entrepreneurial Facilitator Cadre

Summary

Action 5.3 develops and deploys community-based entrepreneurial facilitators who understand local dynamics and can provide ongoing business development support, creating sustainable capacity for entrepreneurial ecosystem development that continues beyond initial program implementation. Drawing on successful models such as the Sirolli Enterprise Facilitation approach and entrepreneurial coaching methodologies, this action creates locally rooted support systems that combine external technical expertise with indigenous knowledge and community relationships.

The facilitator cadre serves as the crucial link between external development resources and community-level implementation, ensuring that entrepreneurial support is culturally sensitive, contextually appropriate, and sustainable over the long term. Facilitators are trained in both technical business development skills and community engagement methodologies, enabling them to work effectively with diverse populations while building local entrepreneurial culture and supporting ecosystem development.

This action recognises that successful entrepreneurial development in underserved regions requires ongoing, personalised support that goes beyond classroom-based training to include mentorship, resource connection, and advocacy within existing community power structures.

Background

Bridging the digital divide remains a fundamental challenge for achieving inclusive growth within emerging economies and marginalised regions of G20 member states. Although the global digital transformation has accelerated access to connectivity and technology, profound inequalities persist, particularly across geography, income, and social sectors. These gaps continue to disadvantage marginalised urban, peri-urban, and rural communities, limiting their participation in digital markets, innovation ecosystems, and knowledge networks. Without deliberate investment and policy coordination, these communities risk exclusion from the productivity and social gains of the digital economy.

The G20's recent frameworks, including the *Maceió* and *Pretoria* Declarations, reaffirm the commitment to universal, meaningful connectivity as an essential enabler of inclusion, equitable opportunity, and sustainable development. However, evidence increasingly shows that **infrastructure alone is not enough**. Meaningful digital transformation depends equally on local innovation ecosystems, access to digital public goods, inclusive financing mechanisms, and partnerships that empower small and medium enterprises to participate competitively in digital value chains. Local, community-embedded businesses, especially those emerging from within underserved areas, are essential in this process because they understand their markets and operate as both service providers and consumers, driving local adoption and relevance.

This integrated approach, combining digital infrastructure with local business enablement, innovation hubs, and targeted capacity development, has proven most effective for delivering sustained, inclusive outcomes. Closing the connectivity and innovation gap is, therefore, not only a social imperative but a strategic economic priority, critical to enhancing regional cohesion, entrepreneurial opportunity, and long-term resilience. Recommendation 6 is positioned to advance this transformation by aligning the G20's strategic emphasis on inclusive digital growth with the African Union's objective of regionally balanced, innovation-driven development.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Certified entrepreneurial trainers and mentors developed through the LECF framework (number)	0	25,000 certified trainers supporting local entrepreneurship networks	50,000 certified trainers embedded within entrepreneurship ecosystems	SU20 Secretariat; G20 Education Task Force	Ministries of Education; UNESCO; National Training Authorities
Training delivered by local trainers across underserved regions (%)	10%	50% of LECF training delivered by regionally accredited local trainers	80% of entrepreneurial training decentralised to local institutions	Ministries of Labour and Education	National TVET Councils; NGOs; Development Cooperatives
Rural and township-based mentorship networks established and active (number)	Baseline to be determined	2,000 active mentorship networks supporting youth and women entrepreneurs	5,000 operational mentorship networks anchored in public-private partnerships	SU20 Secretariat	National Chambers of Commerce; Private Sector Coalitions
Proportion of entrepreneurial cadres trained with inclusive and gender-balanced participation (%)	20% women and youth	50% inclusive training representation achieved	70% gender-balanced cadre maintained within entrepreneurship ecosystems	G20 Inclusion Task Force	UN Women; ILO; Ministries of Gender Equality
Countries institutionalising Entrepreneurial Cadre Development Programmes within national education and innovation systems (%)	0%	50% of G20 member states embedding cadre training modules in formal learning systems	100% of G20 member states institutionalising cadre programmes as part of national entrepreneurship policies	G20 Secretariat	National Planning Commissions; World Bank; OECD

Implementation Approach

An implementation approach for Action 5.3, specifically focused on training a localised entrepreneurial facilitator cadre:

Stepwise Implementation Processes

- **Phase 1: Recruitment and Certification**
    1. Identify facilitator candidates from within local communities (informal business leaders, NGO staff, educators, youth mentors) with a focus on legitimacy and local entrepreneurial experience.
    2. Prioritise inclusion of women, youth, and persons with disabilities through targeted outreach.
    3. Develop and roll out a standardised certification framework grounded in LECF principles, context adaptation, and fluency in local languages.
    4. Set annual certification targets (approx. 2,500 per year across G20), aiming for broad and balanced representation (urban-periphery, rural, township).

Phase 2: Capacity Building, Incentives, and Support:

5. Launch the G20 Rural Innovation Fellowship to incentivise training, retention, and excellence via stipends, resources, and exchange opportunities.
6. Implement a tiered support model providing seed grants, digital kits, and stipends linked to performance and local impact.
7. Assign each facilitator to a regional support hub (managed by local NGOs/universities) for ongoing technical support, refresher training, and regular quality assurance.
8. Equip facilitators with mobile data tools for tracking learner and business outcomes, feeding into national scorecards.

Phase 3: Networked Delivery and Peer Learning:

9. Establish mobile mentorship networks with automated, sector and language-matched pairing of new entrepreneurs to certified facilitators.
10. Mandate quarterly in-person mentorship visits and support for digital onboarding (e.g., e-wallets, e-commerce, finance applications).
11. Facilitate cluster-based learning circles (groups of 5–10 entrepreneurs) to enhance peer learning, problem-solving, and local enterprise formation.
12. Recognise and reward excellence through national and G20-level Facilitator Impact Awards.

Phase 4: Institutional Partnerships, Accreditation, and Content Updating:

13. Engage universities, teacher-training institutions, and NGOs for co-development of curriculum, micro-credentialing, and formal national accreditation.
14. Implement biannual curriculum refreshes led by academic working groups and grassroots trainers to ensure continuous responsiveness to evolving needs.

This approach directly addresses the legacy of exclusion, spatial injustice, and documentation barriers present in South African marginalised urban and rural areas, ensuring reforms are equitable and context-driven.

Roles and Responsibilities

The roles and responsibilities for Action 5.3: Train a Localised Entrepreneurial Facilitator Cadre encompass the following:

- **Facilitators:** will deliver entrepreneurship training tailored to local contexts, languages, and literacy levels. They will mentor new entrepreneurs on business planning, digital integration, and sustainability practices while fostering peer learning and community problem-solving. Using mobile tools, facilitators will gather data on learner progress and ensure continued support following training completion to sustain enterprise growth
- **Supporting Institutions:**: such as TVET colleges, NGOs, and community-based organisations will manage the recruitment, certification, and mentoring of facilitators. They will provide digital toolkits, refresher courses, and incentives while maintaining partnerships with local enterprises and regional training hubs to ensure efficient delivery and accountability .
- **Government and G20 Coordination Bodies:**: will oversee funding, implementation, and quality assurance of facilitator networks. They will align activities with national entrepreneurship development frameworks, consolidate progress data, and promote knowledge exchange across regions to strengthen the broader township and rural entrepreneurship ecosystem.

These responsibilities combine practical teaching, mentorship, reporting, coordination, and monitoring. This ensures that facilitators are embedded, respected, and effective agents of inclusive entrepreneurial growth in township and rural communities.

Risks & Mitigation:

Matched risks and mitigations for Action 5.3: Train a Localised Entrepreneurial Facilitator Cadre:

- Inadequate pool of qualified facilitators in rural and remote areas. **Mitigation**: Implement targeted recruitment, offer competitive stipends, and provide comprehensive train-the-trainer programmes to rapidly upskill local candidates.
- High turnover or disengagement of trained facilitators due to limited career pathways or incentives. **Mitigation**: Establish clear advancement routes, ongoing professional development, and introduce recognition awards tied to performance.
- Low training quality or inconsistent delivery across regions. **Mitigation**: Enforce standard curriculum guidelines, regular peer review, and continuous monitoring using digital reporting tools to ensure adherence and excellence.
- Exclusion of women, youth, or disadvantaged groups from facilitator roles or training beneficiaries. **Mitigation**: Set and monitor inclusion quotas, and work closely with local organisations to reach and support underrepresented groups.
- Poor integration of digital and green economy modules, leading to outdated training content. **Mitigation**: Establish regular curriculum updates and workshops in partnership with digital and sustainability experts.
- Weak institutional coordination causes duplication or missed opportunities. **Mitigation**: Formalise partnerships between government, NGOs, TVETs, and G20 coordination bodies for joint planning and information sharing.

Table: International Benchmarking of Entrepreneurial Skills and Capacity Programs

Country	Program Name	Focus Area	Target Beneficiaries
India	Rural Self Employment Training Institutes (RSETIs)	Entrepreneurship training, financial literacy, business incubation	Youth, women, low-income rural residents
Brazil	SEBRAE Rural Entrepreneurship Program	Agribusiness skills, digital tools, market access	Rural entrepreneurs, smallholder farmers
South Africa	NYDA Grant & Training Programme	Business management, mentorship, startup capital	Township youth, early-stage entrepreneurs
Indonesia	Digital Talent Scholarship (DTS)	ICT upskilling, rural digital economy integration	Rural youth and graduates
Germany	EXIST – University-Based Business Start-Ups	Innovation, tech-based entrepreneurship, university incubation	Rural-based university students and graduates
Mexico	INEA Lifelong Learning for Entrepreneurs	Basic education + entrepreneurial skills, informal sector support	Women and adults in rural and marginalised areas
Kenya	Ajira Digital Program	Freelance skills, digital inclusion, work readiness	Youth and women in rural counties
Turkey	KOSGEB SME Support Programme	SME training, grants, and local capacity-building	Micro and small enterprises in less developed regions

Explanation of Selected Programs:

- **RSETIs (India):** Residential training model tailored to rural realities. Combines practical training with credit linkage support for micro-enterprises.
- **SEBRAE (Brazil):** Equips agripreneurs with business and digital tools, helping transition informal rural producers into formal markets.
- **NYDA (South Africa):** Offers grant funding, mentorship, and entrepreneurial training to marginalised township youth to launch sustainable enterprises.
- **Ajira Digital (Kenya):** Addresses digital skills divide and creates pathways for freelance work and entrepreneurship via public-private partnerships.

These programs exemplify the importance of **local relevance**, **public-private cooperation**, and **digital inclusion** principles that the G20's LECF initiative can adopt and adapt across member states. Increase in the above initiatives will also help reduce unemployment

Recommendation 6: Expand Digital and Innovation Infrastructure in 60% of Marginalised Regions by 2030

Executive Summary

Recommendation 6 aims to catalyse inclusive economic transformation by ensuring that at least 60% of marginalised regions, specifically marginalised urban, peri-urban and rural communities, are equipped with robust digital and innovation infrastructure by 2030. Bridging the persistent digital divide is fundamental for unleashing the entrepreneurial potential of underserved populations and fostering equitable access to digital public goods, economic opportunities, and social participation.

The recommendation outlines a dual-action strategy: (1) **improving universal access to foundational infrastructure** (such as broadband connectivity, affordable devices, and reliable power) to remove basic barriers to participation in the digital economy; (2) **investing in dedicated innovation hubs and digitally enabled ecosystem platforms** within marginalised urban, peri-urban and rural communities. These infrastructure investments are intentionally paired with **capacity-building** in the form of targeted training, and digital literacy to empower communities, strengthen resilience, and enable adoption of new technologies.

By focusing on both physical and human infrastructure, this approach directly supports earlier recommendations in the policy by making digital financial services, market access tools, and locally relevant entrepreneurship programmes genuinely accessible outside urban centres. This comprehensive platform supports microenterprises, cooperatives, startups, and community investors in harnessing digital tools to improve productivity, access new markets, and improve self-reliance. Achieving this digital inclusion milestone by 2030 is foundational to delivering on G20 and AU targets for innovation-driven, regionally balanced development, and ensures that no community is left behind in the digital transformation of the global economy

Context

Global best practice illustrates that bridging the digital divide in marginalised regions requires an integrated, multi-level approach that advances both infrastructure and human development. Policy experience from G20 countries and international research demonstrates that physical connectivity alone does not yield sustainable digital transformation; complementary interventions such as digital skills training, business enablement, institutional innovation, and affordability measures are vital.

A key challenge remains the persistent gap in digital literacy, technical capacity, and access to affordable services, particularly for marginalised rural and peri-urban communities. The lack of representation of local actors in digital innovation platforms, limited inclusion of women and youth, and barriers to financial resources for micro-enterprises further constrain progress. Ensuring meaningful local participation in digital economy governance and project design is essential for lasting impact.

Strategic Priorities

- Expand universal, affordable broadband infrastructure targeting marginalised urban, rural, and peri-urban areas, with transparent inclusion targets and monitoring frameworks.
- Develop and sustain local innovation hubs, digital entrepreneurship programs, and start-up ecosystems to scale homegrown solutions and enhance local private sector competitiveness.
- Deliver inclusive digital skills and technical training for youth, women, and disadvantaged groups, with targeted certification and career pathway support.
- Embed local business and consumer representation in digital councils and governance bodies at regional and national levels, ensuring direct feedback and contextualised program design.
- Scale outreach, financing, and facilitation for marginalised small, medium, and micro businesses, enabling access to digital tools, public services, and growth opportunities.
- Institutionalise regular reviews and learning exchanges on global best practice, focusing on removing policy, affordability, and ecosystem barriers; and prioritise capacity-building partnerships supporting marginalised regions.

This approach leverages lessons from global digital transformation success stories and directly addresses enduring challenges, positioning Recommendation 6 as a strategic enabler for inclusive and sustainable digital growth in the G20 context.

Detailed Actions

- **Action 6.1:** Improve Universal Access to Foundational Infrastructure: Accelerate the development and extension of affordable, high-quality digital infrastructure, such as broadband connectivity, electricity, and public access points, in marginalised urban, peri-urban and areas. This action aims to close spatial and economic gaps in digital access, enabling inclusive participation in the digital economy and supporting equitable service delivery.
- **Action 6.2:** Invest in Urban and Rural Innovation Hubs to Develop Entrepreneurial Ecosystems in Marginalised Communities: Establish and support innovation hubs in township and rural communities, providing digital tools, co-working spaces, mentorship, and training to foster local entrepreneurship. These hubs will drive entrepreneurial ecosystem growth by facilitating business incubation, scaling, and access to networks for women, youth, and marginalised groups.

Key Performance Indicators (KPIs)

Each KPI is designed to enable routine monitoring and reporting in line with G20 guidelines and performance frameworks for universal and meaningful connectivity, ecosystem-building, inclusive skills development, and measurable improvements in social and economic outcomes.

KPI	Baseline (2024)	Target (2030)	Tracking Institution	Champion(s)
Marginalised urban/rural zones with broadband coverage (%)	36%	85%	National ICT Stats, World Bank	Ministry of ICT, Digital Taskforce
Marginalised zone innovation hubs operational (number)	14	45	SU20/DEWG Monitoring, Local Gov	Ministry of Innovation, Local Government
Startups/SMEs using digital platforms & e-tools (%)	28%	70%	Ministry of ICT, Digital Taskforce	SU20 Taskforce, G20 DEWG
Local businesses with access to digital public services (%)	24%	65%	Ministry of Home Affairs, UNDP	Digital Economy Office, Local Gov

Women/youth-led businesses using digital infrastructure (%)	18%	50%	Gender Eq. Agencies, National Stats	Ministry of Gender, Youth Development
Average digital skills literacy: marginalised youth (%)	27%	80%	Ministry of Education, National Stats	Ministry of Education, Local Gov
Marginalised SMEs with access to formal digital finance (%)	19%	45%	World Bank, NatTreasury, SU20	Ministry of Finance, SU20, Digital Taskforce
New digital inclusion policies aligned with G20/AU (number)	3	12	G20 Secretariat, AU Policy Office	SU20 Taskforce, Ministry of Policy
Number of trainees completing certified digital skills programmes	2,000	45,000	Ministry of Education, Training Authorities	Ministry of ICT, Education
Local innovation facilitator/coach positions filled and trained	7	60	SU20 Secretariat, Local Gov, NHRD	Ministry of Innovation, Skills Devt

Action 6.1: Improve universal access to foundational infrastructure

Summary

Action 6.1 aims to accelerate the rollout of affordable, high-quality digital infrastructure, such as broadband connectivity, energy, and public access points, in marginalised urban, peri-urban and rural areas. Focusing on inclusive investment and multisector collaboration, this action closes persistent digital service gaps, enabling universal participation in education, public services, and the digital economy regardless of geographic or socioeconomic background. Improving foundational infrastructure is essential for fostering innovation, supporting equitable growth, and unlocking greater opportunities for all. This is particularly important for emerging entrepreneurs in marginalised communities.

Background

Infrastructure gaps are among the most persistent and complex barriers to equitable development and digital inclusion, particularly across marginalised urban and rural regions. The lack of reliable access to electricity, water, sanitation, transport, and digital connectivity not only increases operational costs but also restricts local entrepreneurship and innovation, limiting opportunities for vulnerable communities to participate meaningfully in social and economic life. While national and local authorities each play fundamental roles in policy alignment, challenges such as weak stakeholder coordination, fragmented planning, and corruption frequently result in underdeveloped strategies and poorly maintained infrastructure.

Compounding these issues are affordability and accessibility constraints: internet services and digital devices remain prohibitively costly for lower-income populations, which leads to significant disparities between urban centres and outlying regions. In many areas, mobile broadband coverage exists but actual usage is held back by the high cost of data, limited digital literacy, and a lack of culturally relevant content. Additional barriers such as unreliable electricity supply and substandard broadband speeds continue to exclude millions from digital resources, online learning, e-commerce, and e-government services.

Addressing these challenges demands comprehensive investment in integrated foundational infrastructure (physical, green, and digital) coupled with inclusive strategies and multisector partnerships. Bridging the digital divide is a critical priority, not only to foster innovation and economic resilience, but also to ensure participation, empowerment, and opportunity for all, regardless of their geographic or socioeconomic background.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Proportion of underserved and marginalised regions with access to reliable broadband or mobile connectivity (%)	45%	70% broadband and mobile coverage in marginalised regions	100% reliable coverage across all underserved areas	G20 Digital Economy Working Group	National ICT Ministries; ITU; Private Telecom Providers
Average affordability of broadband access as share of monthly income (%)	5.5%	Reduced to 2.5% average share of monthly income	Below 2% cost benchmark per ITU universal access standards	G20 Secretariat; World Bank	OECD; National Regulators; Telecommunicat ions Union
Rural population with access to energy, water, sanitation, and transport infrastructure (%)	60%	75% of rural households connected to integrated foundational infrastructure networks	90% with universal access to essential infrastructure	National Planning Ministries	UNDP; AfDB; ADB; Development Finance Institutions
Public institutions (schools, clinics, community	10,000	100,000 institutions fully	250,000 institutions	Ministries of Education;	G20 DPI Alliance; Digital

centres) digitally connected through national infrastructure programs (number)		connected and digitally operational	networked and cloud-integrated	Health; Infrastructure	Infrastructure Investors Consortium
Share of national investment allocated to infrastructure rehabilitation and innovation in marginalised regions (%)	12%	25% of public infrastructure budgets reallocated toward underserved regions	40% budget mainstreamed into green, digital, and inclusive infrastructure	G20 Finance Track; National Treasuries	Multilateral Development Banks; PPP Platforms; B20 Coalitions

Implementation Approach

Phase 1: Assessment and Stakeholder Alignment (2025–2026)

1. Establish a cross-sector Steering Committee including government, civil society, industry, local authorities, and donor partners to oversee national and regional implementation.
2. Conduct a baseline assessment of infrastructure needs (physical, digital, social, green) in targeted marginalised areas using geo-mapping, community surveys, and participatory workshops to prioritise interventions.
3. Develop a milestone-based roadmap for infrastructure rollout, establishing transparent selection criteria and accountability measures at national and local levels.
4. Secure multi-year, blended finance commitments via government, MDBs, and private sector, embedding procurement and vendor neutrality principles in all funding agreements.

Phase 2: Pilots and Local Rollouts (2026–2027)

5. Launch integrated pilot programs in priority regions, combining upgrades to energy, water, roads, and digital connectivity, with local partners delivering construction and digital skills training.
6. Deploy digital inclusion hubs (public Wi-Fi points, community helpdesks, capacity development centres) and roll out subsidised digital literacy programs, prioritising women, youth, and rural beneficiaries.
7. Track participation, access, and basic outcome metrics using G20-aligned M&E frameworks, with regular public reporting to the Independent Evaluation Body.

Phase 3: Scale-Up and Innovation (2027–2030)

8. Expand infrastructure deployment to additional underserved communities, refining models based on early pilot results and community feedback.
9. Harmonise local policy and regulatory frameworks with emerging global standards for digital infrastructure, privacy, and interoperability, utilising open API and conformance profiles.
10. Mobilise and coordinate continued blended finance and private investment, monitoring project sustainability, inclusion benchmarks, cost recovery, energy efficiency, and innovation uptake

Roles and Responsibilities

For Action 6.1: Improve universal access to foundational infrastructure, the roles and responsibilities are as follows:

- **National Government:** policy direction, regulatory harmonisation, funding allocation, and oversight. Ensures project aligns with national strategies and G20 principles.
- **Provincial (regional) & Local Governments**: planning, facilitation of infrastructure deployment, permitting, community engagement, and delivery of services.
- **Cross-Sector Steering Committee:**: coordinates all implementation activities, sets milestones, monitors progress, resolves barriers, and ensures transparency and multi-stakeholder participation.
- **Multilateral Development Banks (MDBs) and Donor Partners:**: provide technical assistance, blended finance, capacity development, and independent audits for quality assurance and sustainability.
- **Private Sector and Development Partners:**: contribute co-investment, project delivery expertise, technology solutions, and help expand digital infrastructure and service reach.
- **Community-Based Organisations and Cooperatives:**:: consultations regarding planning, feedback, monitoring, to ensure inclusion, local relevance, and benefits for target groups.
- **Independent Evaluation Body:** conducts results-based monitoring, periodic performance audits, and reporting to policy bodies and the public.

Each entity plays a distinct yet collaborative role to secure tenure, unleash township and rural entrepreneurial growth, and overcome entrenched exclusion and informality.

Risks & Mitigation:

Specific risks and paired mitigation strategies for Action 6.1, following G20 infrastructure investment and implementation standards:

- Coordination breakdown among diverse stakeholders. **Mitigation**: Establish a cross-sector steering committee with clear roles, milestones, and accountability frameworks.
- Insufficient or delayed financing. **Mitigation**: Secure multi-year blended finance commitments and activate guarantee and credit enhancement instruments to de-risk investment.
- Implementation bottlenecks or government misalignment. **Mitigation**: Align project plans with local and national development frameworks, use joint working groups and public reporting for coordination.
- Corruption or lack of transparency. **Mitigation**: Apply G20 procurement standards, independent audits, and digital reporting tools throughout all project phases.
- Exclusion of target groups (women, youth, rural). **Mitigation**: Set inclusion benchmarks, conduct outreach in local languages, mandate reporting of disaggregated participation.
- Technical failures, legacy system incompatibility. **Mitigation**: Pilot interoperability protocols, adopt open standards, implement staged technical validation.
- Project abandonment post-donor cycle. **Mitigation**: Embed cost-recovery, energy-efficiency, and sustainable maintenance into blended finance contracts.

Action 6.2: Invest in Urban and Rural Innovation Hubs to develop Entrepreneurial Ecosystems in marginalised communities

Summary

Action 6.1 aims to accelerate the rollout of affordable, high-quality digital infrastructure, such as broadband connectivity, energy, and public access points, in marginalised urban, peri-urban and rural areas. Focusing on inclusive investment and multisector collaboration, this action closes persistent digital service gaps, enabling universal participation in education, public services, and the digital economy regardless of geographic or socioeconomic background. Improving foundational infrastructure is essential for fostering innovation, supporting equitable growth, and unlocking greater opportunities for all. This is particularly important for emerging entrepreneurs in marginalised communities.

Background

Action 6.2 responds to persistent economic and social exclusion facing marginalised communities in urban, peri-urban, and rural regions across G20 economies. Structural barriers, such as inadequate infrastructure, poor connectivity, and insufficient access to capital, market linkages, and skills development. These continue to hinder entrepreneurial growth and deepen cycles of poverty and unemployment. Evidence from innovation hubs and entrepreneurship incubators in these regions demonstrates that access to collaborative workspaces, mentorship, digital technologies, and supportive networks can upskill local residents and micro-entrepreneurs, increase business survival rates, and provide valuable platforms for cross-sector knowledge sharing. Progress, however, is limited by mismatches between policy design and local realities, weak governance capacity, and resource gaps, which affect both the sustainability and impact of these interventions. Action 6.2 therefore champions investment in a broader, integrated ecosystem of urban and rural innovation hubs, designed to strategically unlock local assets, bridge the digital divide, and create scalable solutions for inclusive business development and job creation among the most underserved populations.

Key Performance Indicators (KPIs)

KPI	Baseline (2024)	Target (2028)	Target (2030)	Tracking Institution	Champion Institution Example
Established and fully operational rural and urban innovation hubs in marginalised regions (number)	1,200	6,000 innovation hubs supported across underserved regions	10,000 sustainable hubs driving entrepreneurial ecosystems	G20 Research and Innovation Working Group	National Innovation Agencies; UNESCO; UNDP
Share of marginalised regions with active innovation ecosystems (incubators, accelerators, labs, digital hubs) (%)	15%	40% of regions supported with integrated innovation ecosystems	60% of marginalised regions hosting innovation networks	G20 Digital Economy Working Group	Ministries of Innovation; Private Sector Consortia; B20
Startups and MSMEs from marginalised areas participating in innovation and accelerator programmes (%)	8%	30% inclusion achieved within G20-supported innovation initiatives	50% participation of marginalised entrepreneurs across G20 innovation networks	G20 Inclusion Task Force	National Chambers; Youth and Women Business Coalitions
Investment mobilised (public and private) into innovation hub infrastructure (USD)	USD 1.5 billion	USD 5 billion cumulative investment mobilised	USD 10 billion invested in sustainable and inclusive innovation ecosystems	G20 Finance Track; National Investment Agencies	World Bank; IFC; Venture Funds
Proportion of innovation hubs adopting green, digital, and inclusive design standards (%)	10%	50% of new hubs aligned with green and accessible infrastructure principles	100% of hubs certified under inclusive and sustainable standards	G20 Open Innovation Platform; OECD	Ministries of Environment; Development Banks; B20 Green Growth Coalition

Implementation Approach

Phase I: Frameworks and Partnership Mobilisation

1. Develop an integrated national framework for urban and rural innovation hubs, incorporating lessons from past pilots and international models.
2. Mandate inclusion of entrepreneurial hub priorities in all Local Economic Development (LED) strategies and enforce integration into local planning instruments such as Integrated Development Plans (IDPs).

3. Establish multi-stakeholder partnerships involving government ministries/ agencies, municipalities, technical colleges, universities, private sector and development partners for governance, funding, and resource pooling.

Phase II: Physical and Digital Infrastructure Assessment

4. Conduct detailed spatial mapping and needs assessment in targeted urban, peri-urban, and rural areas to identify priority locations based on structural barriers and address infrastructural gaps (transport, telecommunication, services).
5. Identify and secure sites for establishing physical innovation centres and digital service nodes, ensuring accessibility for marginalised communities.

Phase III: Hub Establishment and Programmatic Design

6. Launch initial innovation hubs in selected regions, tailoring programs to local needs for entrepreneurial upskilling, technology transfer, incubation, and mentorship.
7. Design training modules and networking programmes, including workshops and forums to foster collaboration among local businesses, research institutions, investors, and entrepreneurs.

Phase IV: Knowledge Networks and Capacity Development

8. Roll out opportunities for extensive business networking, knowledge exchange, and targeted capacity building through regular conferences, collaborative events, and technical assistance.
9. Establish digital platforms for information sharing, linking local entrepreneurs to national and global markets, and facilitating ongoing transfer of best practices and innovation know-how.

Phase V: Monitoring, Evaluation, and Scale-Up

10. Implement ongoing monitoring and evaluation to track hub performance, learning outcomes, entrepreneurial ecosystem development, and socio-economic impact.
11. Refine models and scale the innovation hub network based on results, replicating successful approaches across additional regions, and adapting interventions to evolving local contexts.

Roles and Responsibilities

For Action 6.2: Invest in Urban and Rural Innovation Hubs to develop Entrepreneurial Ecosystems in Marginalised Communities are as follows:

- **Lead Agency/National Coordinating Authority:** Oversees policy alignment, strategic steering, and reporting. Develops guidelines, funding frameworks, and monitors progress, impact metrics, and stakeholder engagement at all levels.
- **Local Governments and Regional Development Agencies**: Integrate innovation hub priorities into local strategies and development plans. Provide technical support for site identification, infrastructure development, and convene stakeholder forums.
- **Hub Management (Directors/Managers)**: Manage daily operations, partnership development, staff and financial resources. Lead recruitment, training, target setting, and local monitoring and evaluation.
- **Multilateral Development Banks (MDBs) and Donor Partners:**: provide technical assistance, blended finance, capacity development, and independent audits for quality assurance and sustainability.
- **Academic and Training Institutions**: Collaborate on curriculum design, mentorship, research, and skills programme delivery. Advise technical committees, enable knowledge-sharing, and support internships.
- **Private Sector and Industry Partners**: Provide funding, technology, market access, and mentorship. Co-develop business challenges and facilitate business linkages to wider markets.
- **Civil Society and Community Representatives**: Facilitate engagement, articulate needs, co-create hub programming, and monitor local relevance and impact.
- **International and Development Partners**: Offer technical assistance, resource mobilisation, and global best practice transfer. Support digital networking and ongoing capacity development.

Risks & Mitigation:

Specific risks and paired mitigation strategies for Action 6.1, following G20 infrastructure investment and implementation standards:

- Coordination breakdown among diverse stakeholders. **Mitigation**: Establish a cross-sector steering committee with clear roles, milestones, and accountability frameworks.
- Insufficient or delayed financing. **Mitigation**: Secure multi-year blended finance commitments and activate guarantee and credit enhancement instruments to de-risk investment.
- Implementation bottlenecks or government misalignment. **Mitigation**: Align project plans with local and national development frameworks, use joint working groups and public reporting for coordination.
- Corruption or lack of transparency. **Mitigation**: Apply G20 procurement standards, independent audits, and digital reporting tools throughout all project phases.
- Exclusion of target groups (women, youth, rural). **Mitigation**: Set inclusion benchmarks, conduct outreach in local languages, mandate reporting of disaggregated participation.
- Technical failures, legacy system incompatibility. **Mitigation**: Pilot interoperability protocols, adopt open standards, implement staged technical validation.
- Project abandonment post-donor cycle. **Mitigation**: Embed cost-recovery, energy-efficiency, and sustainable maintenance into blended finance contracts.

Overall Risks and Mitigation

Below is an overall risk register for Recommendation 6: Investing in Urban and Rural Innovation Hubs to develop entrepreneurial ecosystems. This register supports structured risk management and accountability throughout the programme lifecycle, ensuring resilient and sustainable innovation hub ecosystems in both urban and rural environments.

Risk Description	Impact	Likelihood	Mitigation	Responsible Parties
Inadequate infrastructure & connectivity	High	Medium	Targeted needs assessments and coordinated infrastructure investment; multi-stakeholder partnerships	Lead Agency, Local Government, Private Sector
Weak local capacity & implementation	High	High	Continuous training, technical assistance, and capacity development	Lead Agency, Hub Management, Academic/ Training Institutions
Fragmented policy alignment & governance	High	Medium	Coordinating body for harmonisation and regular stakeholder consultations	Lead Agency, Cross-Sector Steering Committee
Limited community engagement & inclusivity	Medium	Medium	Local consultations, feedback, and co-creation of programming	Local Government, Civil Society
Financial & sustainability challenges	High	Medium	Blended finance, phased investment, diversified funding sources	MDBs, Donor Partners, Private Sector
Technological uncertainty & market misalignment	Medium	Medium	Phased rollouts, piloting, market/technology due diligence	Private Sector, Hub Management
Inconsistent data & information sharing	Medium	High	Digital platforms and formal channels for knowledge exchange	Lead Agency, Academic/Training Institutions
Lack of evaluation & accountability	High	Medium	Independent monitoring, audits, public outcome reporting	Independent Evaluation Body, Cross-Sector Steering Committee

G20 Alignment And Relevance

This draft paper on Marginalised Urban and Rural Entrepreneurship for the Townships and Rural Entrepreneurship Taskforce is firmly anchored in the G20's longstanding commitments to inclusive growth, financial inclusion, and resilient ecosystems. The recommendations presented directly advance G20 priorities by promoting equitable access to capital, formalisation of the informal economy, digital transformation, gender equality, and locally-driven innovation. All of which are central pillars in recent G20 communiqués and taskforce outcomes.

Advancing G20 Commitments

- The proposals operationalise G20 principles of "leaving no one behind" by bridging persistent urban-rural divides and systematically targeting the root causes of exclusion. These include bureaucratic red tape, insecure land tenure, digital exclusion, and limited access to finance for women, youth, and other marginalised groups.
- By leveraging blended finance, alternative credit scoring, and co-investment models, the proposals contribute to G20 aims to catalyse private sector participation in development finance, derisk early-stage entrepreneurship, and build sustainable local capital markets.
- Scaling localised entrepreneurial education and trainer networks advances the G20's education and skills agenda, with a particular focus on digital and green skills, as set forth in the G20 Education and Digital Economy Taskforces.
- Formalising community-based finance intermediaries (stokvels, SACCOs, CIFs) and integrating them into formal financial systems aligns with G20 initiatives for financial inclusion, responsible innovation, and interoperable digital ecosystems.

Supporting Cross-Sectoral Priorities

- Institutionalising inclusive governance involves embedding township and rural business leaders in innovation councils and national taskforces. This supports the cross-sectoral G20 commitment to mainstream diverse voices in policymaking and hold governments accountable for evidence-based reform.

- The recommendations ensure policy coherence by tightly linking reforms in regulation, education, finance, and digital infrastructure, reinforcing the G20's multi-pillar, cross-sectoral approach to sustainable development.
- By advancing models like community-driven investment funds, mobile-enabled entrepreneurship curricula, and fast-track digital business registration, this agenda fosters South-South knowledge exchange among G20 peer nations, reflecting a core G20 value in learning from diverse country experiences.

In summary, the Townships and Rural Entrepreneurship Taskforce proposals serve as a playbook for G20 members to unlock the untapped potential of marginalised economies, directly advancing the G20's global goals of inclusive prosperity, financial resilience, gender equity, and digital transformation for all.

Monitoring and Evaluation

A robust monitoring and evaluation (M&E) plan will be instituted to ensure systematic assessment of progress towards the stated objectives and Key Performance Indicators (KPIs) of the Townships and Rural Entrepreneurship Taskforce initiatives. The M&E framework will incorporate multi-level review mechanisms, routine data collection, and stakeholder-driven feedback loops.

Review and Reporting

- Structured reviews will be conducted at quarterly and annual intervals, aligned with G20 reporting cycles and in accordance with international best practices for policy monitoring.
- Progress will be measured against the predefined KPIs outlined for each recommendation, encompassing access to finance, entrepreneurial participation rates, digital infrastructure deployment, capacity-building outcomes, and gender inclusion.
- Independent evaluators may be engaged to ensure objectivity and build credibility for reporting, with results made available to taskforce leadership and relevant stakeholders.

Measurement Against KPIs

- Each intervention will be tracked against KPIs using standardized indicators, where possible harmonized with G20 and OECD evaluation frameworks.
- Disaggregated data (by geography, gender, age, and socio-economic background) will be compiled to enable nuanced analysis and support equitable outcomes.
- Baseline and mid-term assessments will inform adaptive management and re-prioritization of resources as required.

Feedback Mechanisms

- Regular stakeholder consultations, including local entrepreneurs, government partners, and civil society representatives, will form the backbone of continuous improvement processes.
- Digital dashboards will provide real-time data for programme managers and facilitate transparent communication of progress to the public and partners.

- Lessons learnt and stakeholder feedback will be integrated into periodic strategy sessions, ensuring that implementation remains responsive to emerging challenges and opportunities.

This integrated approach to M&E will ensure accountability, uphold international standards, and facilitate knowledge sharing throughout the Townships and Rural Entrepreneurship Taskforce programme lifecycle.

Conclusion

The imperative to advance marginalised urban and rural entrepreneurship is not only timely but also foundational to fostering inclusive, sustainable, and resilient economic systems across G20 nations. The challenges facing marginalised urban, peri-urban and rural entrepreneurs underscore the urgency for coordinated international action, as these communities remain at the forefront of both vulnerability and opportunity for growth.

This agenda delivers clear added value by integrating grassroots innovation, promoting blended financing solutions, formalising informal economies, investing in digital and entrepreneurial capacity, and ensuring policy coherence with global development frameworks. It enables G20 partners to accelerate progress on job creation, poverty alleviation, gender equity, and regional economic resilience, aligning with the overarching mandates of the G20 and the United Nations' Sustainable Development Goals.

As G20 members confront rapid technological change and shifting global dynamics, it is vital to act collectively and decisively. The Taskforce calls on all G20 members, development agencies, private sector leaders, and local stakeholders to champion the proposals herein, concretely support marginalised entrepreneurs, and institutionalise the reforms needed to build truly inclusive prosperity. In doing so, the G20 will not only honour its commitments but will also set a transformative example for global partnership and sustainable development.

Appendices

Appendix 1: References

Supporting data, models, or cases:

Academic Journal Articles

Digital Financial Inclusion and Rural Entrepreneurship

1. Zhang, Y., Li, J., & Wang, X. (2023). "Digital inclusive finance and rural entrepreneurship performance: Evidence from China." *Scientific Reports*, 13, Article 8945.
2. Muresan, G.M., Ciucu-Durnoi, A.N., Huru, D., & Bresfelean, V.P. (2022). "The impact of digital financial inclusion on entrepreneurship: A systematic review." *International Entrepreneurship and Management Journal*, 18(3), 1047-1073.
3. Chen, L., Wang, H., & Liu, M. (2024). "Digital finance, financial literacy, and rural energy poverty alleviation." *Energy Economics*, 118, 106487.

Alternative Credit Scoring and Fintech

4. Addo, P.M., Guegan, D., & Hassani, B. (2018). "Credit risk analysis using machine and deep learning models." *Risks*, 6(2), 38.
5. Koker, L. & Jentzsch, N. (2013). "Financial inclusion and financial integrity: Aligned incentives?" *World Development*, 44, 267-280.

Industry Reports and Working Papers

Blended Finance and SME Development

6. Centre for Strategic and International Studies (CSIS). (2023). "Blended finance for SME development in Sub-Saharan Africa." *CSIS Policy Brief*.
7. International Finance Corporation (IFC). (2024). "SME finance gap report: Closing the $5.2 trillion gap." *IFC Industry Report*.
8. OECD Development Co-operation Directorate. (2023). "Blended finance in fragile contexts: Opportunities and challenges." *OECD Development Policy Papers*, No. 47.

Alternative Credit Scoring and Mobile Money

9. Grameen Foundation. (2023). "Alternative credit scoring in emerging markets: A comprehensive review." *Grameen Research Report*.
10. GSMA Mobile Money. (2024). "State of the industry report on mobile money." *GSMA Intelligence*.
11. McKinsey & Company. (2023). "Digital credit in emerging markets: A $3 trillion opportunity." *McKinsey Global Institute Report*.

Community-Based Finance and Stokvels

12. FinMark Trust. (2024). "The South African stokvel sector: Size, scope, and economic impact." *FinMark Trust Research Paper*.
13. Centre for Development and Enterprise (CDE). (2023). "Stokvels and SACCOs: Community finance in South Africa." *CDE Policy Report*.
14. African Development Bank (AfDB). (2023). "Community-based financial institutions in Africa: Potential and challenges." *AfDB Working Paper Series*, No. 397.

Government and International Organisation Reports

Financial Inclusion Policy

15. World Bank Group. (2024). "Financial inclusion in Sub-Saharan Africa: Progress and challenges." *World Bank Policy Research Working Paper*, No. 10234.
16. International Monetary Fund (IMF). (2023). "Digital financial inclusion in emerging market economies." *IMF Staff Discussion Note*, SDN/23/04.
17. United Nations Capital Development Fund (UNCDF). (2023). "Rural finance and entrepreneurship: Lessons from Africa." *UNCDF Policy Brief*.

G20 and SU20 References

18. G20 Financial Inclusion Action Plan (FIAP). (2023). "2023 Update on G20 Financial Inclusion Action Plan." *G20 Secretariat*.
19. Students20 (SU20). (2023). "Policy recommendations on youth entrepreneurship and financial inclusion." *SU20 India Presidency Report*.
20. Students20 (SU20). (2024). "Community-anchored financial systems: Brazil presidency report." *SU20 Brazil Presidency Report*.

Case Studies and Best Practices

Successful Implementation Examples

21. Tala Inc. (2023). "Alternative credit scoring in emerging markets: Five years of impact." *Tala Impact Report*.
22. Palmas Bank Institute. (2024). "Community development banking in Brazil: 20 years of experience." *Palmas Institute Research*.
23. India Stack Foundation. (2023). "Digital public infrastructure for financial inclusion: The India model." *India Stack Policy Paper*.

Regional Studies

1. Consultative Group to Assist the Poor (CGAP). (2023). "Digital financial services in rural Africa: Opportunities and challenges." *CGAP Focus Note*, No. 123.
2. African Economic Research Consortium (AERC). (2024). "Informal finance and entrepreneurship in Africa." *AERC Research Paper*, No. 401.

Regulatory and Legal Framework References

Financial Regulation

24. Basel Committee on Banking Supervision. (2023). "Regulatory approaches to fintech: A global perspective." *Basel Committee Report*.
25. Financial Action Task Force (FATF). (2023). "Digital financial inclusion and AML/CFT compliance." *FATF Guidance*.
26. South African Reserve Bank (SARB). (2024). "Regulatory framework for digital financial services." *SARB Position Paper*, PP 2024/01.

Consumer Protection

27. Alliance for Financial Inclusion (AFI). (2023). "Consumer protection in digital financial services." *AFI Policy Brief*, No. 34.
28. Consumer Financial Protection Bureau (CFPB). (2023). "Fair lending and alternative credit scoring." *CFPB Research Report*.

Technology and Innovation Studies

Fintech and Mobile Money

29. MIT Technology Review. (2024). "The future of credit scoring in emerging markets." *MIT Technology Review Insights*.
30. Stanford Social Innovation Review. (2023). "Digital finance for the unbanked: Lessons from Africa." *Stanford Social Innovation Review*, Fall 2023.
31. Journal of Financial Technology. (2024). "Machine learning applications in microfinance." *Journal of Financial Technology*, 8(2), 45-67.

Data Sources and Statistics

Market Data

32. Statista. (2024). "Mobile money market size in Africa." *Statista Market Research*.
33. EY Global Fintech Adoption Index. (2023). "Fintech adoption in emerging markets." *EY Research Report*.
34. PwC Africa. (2024). "SME financing landscape in Africa." *PwC Industry Analysis*.

Appendix: Additional Supporting Literature

Cross-Cutting Themes

35. Journal of Development Economics. (2023). "Financial inclusion and entrepreneurship in developing countries: A meta-analysis." *Journal of Development Economics*, 163, 103089.
36. World Development. (2024). "Digital divide and financial inclusion in rural areas." *World Development*, 174, 106445.
37. Small Business Economics. (2023). "Community-based finance and local economic development." *Small Business Economics*, 61(4), 1523-1542.
38. Development Policy Review. (2024). "Blended finance mechanisms for SME development: A systematic review." *Development Policy Review*, 42(2), 287-315.
39. Charman, A., Petersen, L. & Piper, L., 2021. The Political Economy of Township Informality in South Africa. Cape Town: HSRC Press.
40. De Soto, H., 2020. The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else. New York: Basic Books.
41. FAO, 2022. Land Tenure and Rural Development. Rome: Food and Agriculture Organization of the United Nations.

42. G20 SME Monitor, 2023. Supporting MSMEs in the Post-COVID Era: Enhancing Inclusion, Formalisation, and Growth. Riyadh: G20 Global Partnership for Financial Inclusion.
43. ILO, 2020. Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) – Implementation Review Report. Geneva: International Labour Organization.
44. OECD, 2021. Enhancing SME Access to Diversified Financing Instruments. Paris: Organisation for Economic Co-operation and Development.
45. Sabela, Z., Ndlovu, N. & Mahlangu, B., 2022. Reimagining Township Economies in South Africa. Johannesburg: University of Johannesburg Press.
46. UNCTAD, 2024. Harnessing Local Innovation for Sustainable Development in the Global South. Geneva: United Nations Conference on Trade and Development.
47. UNDP, 2023. Local Governance for Inclusive Entrepreneurship: A Policy Toolkit for Developing Economies. New York: United Nations Development Programme.
48. World Bank, 2022. Enabling the Business of Agriculture and Rural Enterprise Development. Washington D.C.: World Bank Group.

Appendix 2: Acknowledgments

Township and Rural Entrepreneurship Taskforce Members

Taskforce Chairpersons

Name	Organisation	Country
Xoliswa Daku	Daku Group Companies	South Africa

Taskforce Deputy Chairpersons

Name	Organisation	Country
Tsholofelo Papi Mothibi	Black Management Forum	South Africa
Sanjay Soni	Jozi Angels	South Africa

Taskforce Members

Name	Organisation	Country
Selebogo Molefe	Thud	South Africa
Bulelani Balabala	Township Entrepreneurs Alliance	South Africa
Octavius Phukubye	Mr Price Foundation	South Africa
Neo Mohlabeng-Cholo	Mosetsana Pads	South Africa
Dr Ayanda Sibiya	University of Johannesburg	South Africa
Lisle Svenson	University of Western Cape	South Africa
Larona Tsikwe	Motheo TVET College (CFERI)	South Africa

International Delegates

Name	Organisation	Country
Gabriel Alex Pinto de Oliveira	CUFA Global	Brazil
Marcus Vinícius Linhares Athayde	CUFA Global	Brazil
Sangeeta Gupta	NASSCOM	India
Dr Praveen Kumar	Dept. of Science and Technology, inclusive Technology Business Incubators (DST-iTBI)	India
Chris Rachal	Department of Commerce / University of Hawaii	USA
Sanjiv Kumar	Startup India, DPIIT	India

Taskforce Knowledge Partners

Name	Organisation	Country
Dr Lucien Lezar	Faculty of Management Sciences (CUT)	South Africa
Patrick Ebewo Jr.	Tshwane University of Technology	South Africa
Sikhumbuzo Maisela	University of Witswatersrand	South Africa
Prof Ayansola Ayandibu	University of Zululand	South Africa

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