

EU INVESTMENT FOR TRANSFORMATION



FOR IMMEDIATE RELEASE

Enterprise Supplier Development in South Africa: European Union (EU) investors' contribution and policy lessons from their experience

The Ecosystem Development for Small Enterprises (EDSE) - an EU in South Africa (R847 million) budget support programme - will host an online public-private dialogue on Tuesday, 3 November at 10:00 - 12:00 to explore how EU companies and governments operating in South Africa are supporting the growth of SMMEs through Enterprise and Supplier Development (ESD), given the challenges of supply chain disruption and economic contraction under COVID-19.

As part of the European Union Investment month on "EU investment for transformation", various government departments and agencies, private sector representatives and other partners will gather to examine good practice in ESD by EU companies in South Africa. The dialogue seeks to improve public-private collaboration and find solutions to improve ESD outcomes and broaden supply chain inclusion of SMMEs.

The topics include Enterprise and Supplier Development by EU companies and how EU companies can assist SMMEs to advance economic transformation in South Africa in the COVID-19/post COVID-19 environment. EU corporates including AB-InBev, Siemens Energy and Metso South Africa will facilitate introductory discussion on the important role EU companies play in encouraging the growth of suppliers, improving employment opportunities and bringing best practice in Enterprise and Supplier Development.

SMME challenges in South Africa

South Africa's SMMEs face numerous constraints, such as the absence of the requisite technical, marketing, business and financial management skills, that impact on their capacity to provide goods and services of the appropriate quality and standards for large corporations and SOEs. In light of these goals and limitations, the Department of Small Business Development (DSBD), along with its two agencies, the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (sefa), as well as the Department of Agriculture, Land Reform and Rural Development (DALRRD) are participating in the EDSE Programme, funded by the European Union. The EDSE Programme has developed a number of interventions linked to ESD that are financed by the budget support.

ESD is identified as one of the key economic drivers of small enterprise growth and job creation. ESD aims to create business linkages between small and large businesses and thereby increase participation of SMMEs in mainstream economic activity. Lack of participation of SMMEs (specifically black-owned SMMEs) is due to various obstacles, including lack of business skills, a poor or no track record, limited access to markets and information, lack of applied technology and lack of access to finance.

COVID-19 as an opportunity

As companies seek to improve their ability to deal with COVID-19, there are opportunities for government to create partnerships with the private sector and State Owned Enterprises to open up new localisation opportunities and create more resilient and stronger SMMEs to improve and maintain more effective value

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chains for the future. Dialogues such as this one are a good starting point to resolve some of the challenges presented by limited access to markets and the impact of COVID-19 pandemic.

COVID-19 has significantly affected supply chains, compelling corporates and industries to re-examine how they manage their suppliers and build greater resilience in order to handle the impact of the pandemic. Smaller businesses are already operating with extremely tight margins and therefore need to explore new business models in order to compete effectively in the market. The pandemic represents an opportunity for SMMEs to engage with existing and potential customers in new ways.

SMME readiness and capacity must be enhanced and gaps identified in order to ensure that SMMEs, in particular those targeted by the B-BBEE legislation, are effectively included in transformational and programmatic interventions that will assist them in getting onto corporate supply chains.

To register for the webinar, please click the link below:

<https://bit.ly/3oBzHAD>

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