

New approach to ESD needed for localisation success

Localisation and the development of small, medium and micro enterprises (SMMEs) are key to the growth of African economies, including South Africa's. President Cyril Ramaphosa has said that the country's post-Covid economic reconstruction plan includes a big localisation drive. However, simply pushing local procurement targets and funding SMMEs is not enough, says Debbie Tagg chief operating officer of Smart Procurement, which hosts the longest-standing conferences and expo for procurement and inbound supply chain professionals, the Smart Procurement World Indaba.



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"It is encouraging, as we enter a new landscape, to see how global sustainable procurement objectives are lending support to localisation. Reducing international supply chain reliance to mitigate supply chain disruptions while achieving local economic development sounds like a win-win situation. In a perfect world, it would be," Tagg contends.

She cautions, however, that for localisation to make a meaningful, sustainable contribution to economic growth, the "SMME trifecta" is needed. "SMMEs need unique business development support, funding and market access," she expands. "This is the SMME trifecta for localisation success."

Approach to ESD

The unique support that she refers to encompasses interventions that are bespoke and tailored to the business's specific needs and environment, Tagg expands. "A one size fits all approach is no longer relevant for enterprise and supplier development. The approach to ESD has to change," she stresses but notes that market access is still non-negotiable. "The challenges that SMMEs are facing are not insurmountable, provided their needs are identified clearly and the road to remedy is clearly defined. Most importantly, this needs to be done in partnership with the business, driven by their own needs and commitment.

"We have come a long way in the years since the revised BBBEE codes were released. Hopefully, now, the carrot has taken over from the stick. With 15 years of learning, a new world and way of working and things like circular economies, shared value, sustainability and localisation, we have everything we need to ensure true impact,"

How entrepreneurs and big business can collaborate and ensure resilient, successful businesses and supply chains is one of the key discussion points at the 11th annual Absa Enterprise and Supplier Development Event, which runs alongside the 2022 Smart Procurement World Indaba. The event enables buyers to engage with local suppliers, offering critical market linkage opportunities to small businesses.

Collaboration consideration

"We need to collaborate as corporate South Africa to contribute towards the sustainable growth of SMMEs. We need to approach SMME growth holistically and partner with all stakeholders if we are to address the multiple challenges of sluggish economic growth, widespread and high unemployment, and thus accelerate socio-economic inclusion," comments Vusi Fele, chief procurement officer, Absa.

"It is also important, however, to consider the other side of collaboration," Tagg notes. She says that to this end, the issue of supply chain corruption is on the programme for the Smart Procurement World Indaba. "Closer relationships between buyers and suppliers could create significant value and help supply chains become more resilient, but close, unmonitored relationships can be a breeding ground for corrupt collaborations.

"What are the new opportunities for procurement that supplier partnerships and joint innovations can bring to the table? And how can we curb corruption to ensure sustainable buyer and supplier partnerships? A compelling panel discussion at this year's Smart Procurement World Indaba will examine these issues," Tagg says.

The 16th annual Smart Procurement World Indaba takes place from 12 to 15 September 2022 at Gallagher Convention Centre, Midrand. It will be held under the theme "Glocalised Procurement – Think Global, Act Local".

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