

Localisation Approach

Response to COVID-19 and Beyond



Executive Summary

1. The coronavirus pandemic is the biggest global crisis in this generation. No one would have predicted the dramatic spread of the virus and aftershock on global markets, economic growth, disruption on livelihoods and supply chains worldwide.
2. As lockdown measures are eased incrementally and businesses resume economic activity and output in line with each stage of the national response to COVID-19, so will the demand for all the daily needs and raw material inputs to run those business enterprises.
3. The Jobs Summit Framework was launched by President Cyril Ramaphosa as a clear plan for increasing levels of employment through a social compact between Government, organised business and organised labour.
4. Corporate South Africa is encouraged *'to embark on good corporate citizenship campaigns highlighting support for localisation'* by conducting engagements with corporates to identify opportunities for local procurement within respective value chains and facilitating opportunities for the procurement of locally produced goods.
5. Benefits of localisation include:
 - Strengthening and growing our local manufacturing base as a springboard for export
 - Retaining and Creating new jobs
6. Call to Action:
 - Review procurement practices and to give preference in all cases possible to companies that are manufacturing locally;
 - Secure procurement commitments to give preference through their entire supply chain to local manufacturers;
 - Earmark procurement opportunities for companies manufacturing locally; and
 - Utilise a procurement portal that influences localisation and transformation to refer and find high performing suppliers and advertise procurement opportunities.

Jobs Summit - Strategic Context

- In October 2018 President Cyril Ramaphosa convened the country's second Jobs Summit, in order to address the need to generate a substantial number of new jobs in our country over the coming years.
- The Jobs Summit Framework Agreement details concrete and measurable steps to be taken to achieve set goals in terms of increasing levels of employment.
- The agreement is a social compact between Government, organised business and organised labour to closely work together to improve growth, protect existing jobs and create new jobs.
- According to the Jobs Summit Framework Agreement, Corporate South Africa is encouraged *'to embark on good corporate citizenship campaigns highlighting support for localisation'*
- To give effect to this, the deliverables from organised business, as contained in the Jobs Summit Framework Agreement, included various measures to implement local procurement.
- These involved conducting engagements with corporates to **identify opportunities** for local procurement within respective value chains, **strengthening support** for *inter alia*, Proudly SA's Buy Local Campaign, and **facilitating opportunities** for the procurement of **locally produced goods**.



President Cyril Ramaphosa
to address the Jobs Summit
on 04 October 2018 at
Gallagher Convention Centre.

Why is localisation important for the country? What benefits will it offer?

01.

Retaining and creating jobs

02.

Creation of a market for a certain type of labour is developed in a locality

03.

Stimulus for the starting of subsidiary industries – creation of a wider range of employment

04.

Increase number of capable suppliers contributing towards creating net positive impact on employment

05.

Increases competitive advantage by de-risking supply chain

06.

Contribute towards the creation of black industrialists

07.

Development of suppliers to maximise exports from RSA and minimise imports

08.

Value adding manufacturing will contribute to GDP

09.

Employees will spend money and will contribute towards taxes and government revenue

Local Procurement and COVID-19

What are the challenges presented by COVID-19 and effect on localisation?

1. The advent of the COVID-19 pandemic has highlighted the vulnerability of our country's reliance on global supply chains. This has been particularly evident in securing medical equipment and PPE.
2. In many cases, the opportunity to procure from local manufacturers would have been beneficial from a pricing and lead-time point of view. This was unfortunately not always possible as we have not done so in the past, rather favouring the procurement of imported products in many instances.

Which elements support a conducive environment for localisation to take place?

1. Clear strategic intent is required by Government on priority segments.
2. A clear view of the demand signals and marketplace.
3. Investment from both the private and public sectors.
4. Long-term supply and manufacturing contracts to allow adequate settling in of skills transfer and competitiveness.
5. Sensible financing terms by financiers.
6. A competent set of members with the same end goals.

Local Procurement and COVID-19

What are measured outcomes against identified localisation elements to create a conducive environment to take place?

1. The Jobs Summit Framework Agreement details concrete and measurable steps to be taken to achieve set goals in terms of increasing levels of employment.
2. Business and Industries have identified localisation opportunities within their supply chains.
 1. In response to the COVID-19 pandemic, businesses have diversified their supply chain offerings in response to demands and supply chain disruptions
 2. Market Access Platform – a closed cross industry portal channelling localisation opportunities will be utilized as a key vehicle to support efforts.
3. Both the private and public sectors have set aside investments to support localisation.
4. Long-term supply and manufacturing contracts to allow adequate settling in of skills transfer and competitiveness.
5. Dept of Trade, Industry and Competition has earmarked manufacturing incentives in promotion of localisation.
6. Technical Working Committee established between Business Unity South Africa, Business Leadership South Africa, National Business Initiative, Manufacturing Circle, Proudly South African and The South African Breweries and reporting to Joint Working Committee.

Where are localisation opportunities available?

1. Business 4 South Africa and Dept of Trade, Industry and Competition have made available a list of critical PPE and medical equipment required in the country based on demands vs supply analysis.
2. Local manufacturing opportunity however extends beyond critical PPE and medical equipment.
3. The possibility of strengthening and growing our local manufacturing base as a springboard for export is also an important consideration.

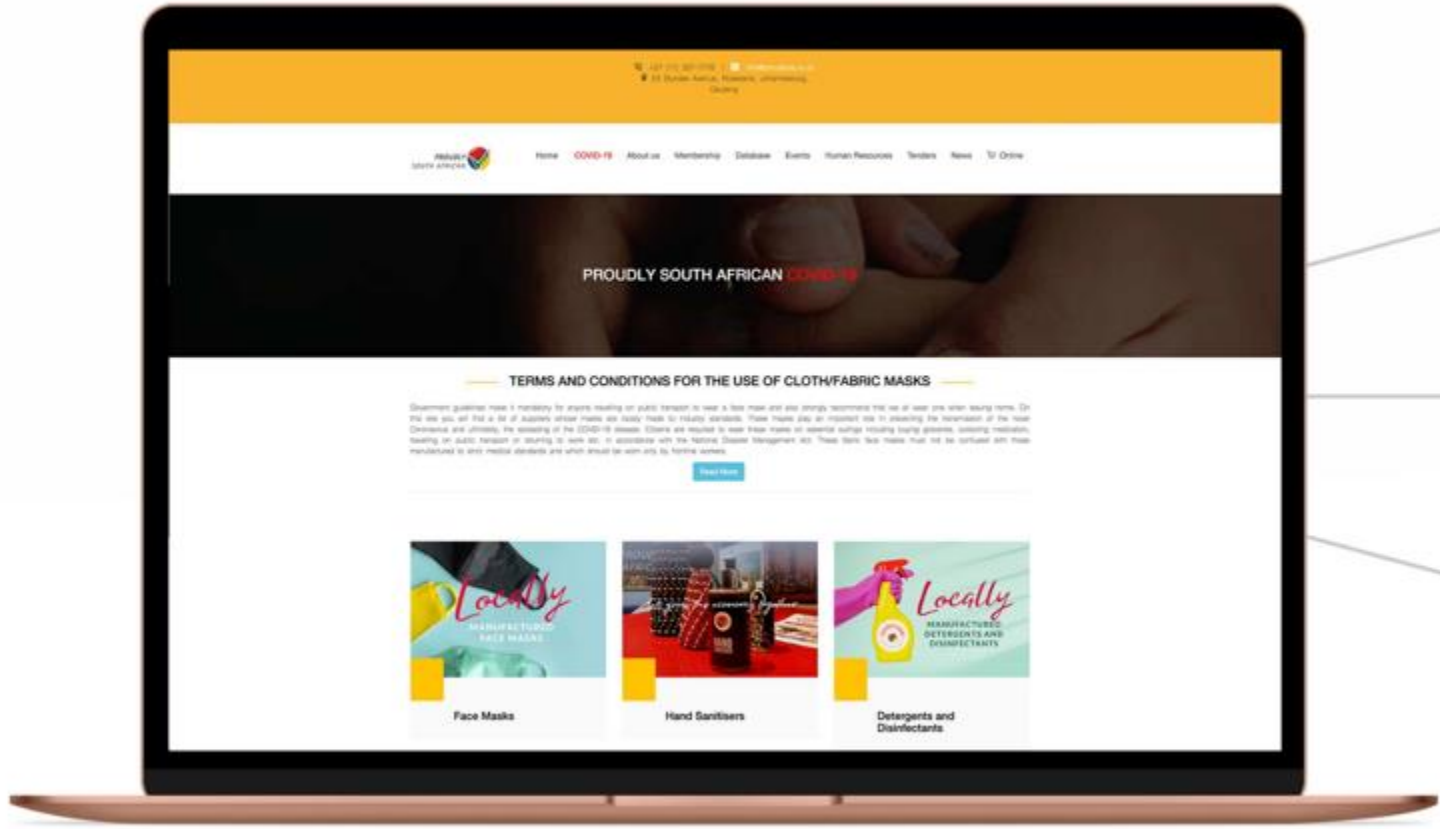
Technical Working Committee members

1. Business Unity South Africa
2. Business Leadership South Africa
3. National Business Initiative
4. Proudly South African
5. Manufacturing Circle
6. South African Breweries

Any platforms supporting localisation?

1. Market Access Platform
2. RSA Made

Current Initiative – Portals to drive Local Procurement (www.Proudlysa.co.za)



Masks

Hand sanitisers

Detergents and disinfectants

Call to Action

The Ask

- We are therefore calling on Corporate South Africa to:
 - Review procurement practices and to give preference in all cases possible to companies that are manufacturing locally;
 - Secure procurement commitments to give preference through their entire supply chain to local manufacturers;
 - Earmark procurement opportunities for companies manufacturing locally; and
 - Utilise a procurement portal that influences localisation and transformation to refer and find high performing suppliers and advertise procurement opportunities.
- These may be simple locally-made substitutions such as detergents/disinfectants for bathrooms and kitchens, new workspace furniture as offices and factories are reconfigured to accommodate physical distancing, new uniform orders, stationery, and other daily consumables.
- We urge you to relook at technical specifications for equipment which may in the past have precluded local companies from pitching for your tenders, even though their machinery is more than adequate for your requirements. Look at breaking orders into tranches to enable smaller businesses to meet delivery demands.

Market Access Platform I Context

As large companies operating in South Africa, we recognise the long-term strategic benefit of current legislation focusing on transforming and localising our supply chain, beyond philanthropic reasons or/and to comply with legislation. In this context, corporates are increasingly investing in Enterprise and Supplier Development initiatives.

However a number of challenges remain :

- Finding vetted manufacturers according to local content requirements at acceptable industry-standard levels of quality with the capacity to keep up with demand required from large organisations;
 - Finding high performing transformed suppliers across all categories;
 - Bridging the gap between buyers' expectations and suppliers' capabilities;
 - Suppliers' over-reliance on limited key accounts.
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- Market Access Platform (MAP) is an online portal that influences localisation and transformation. It enables corporates to refer, find and rate vetted high performing transformed suppliers across industries thereby creating market access for suppliers while mitigating sourcing.



REFER ▲ CONNECT ▲ LOCALISE

A screenshot of a login form on a dark background. It features two input fields for 'Email' and 'Password', a 'Remember me' checkbox, a red 'SUBMIT' button, and links for 'Forgot your password?' and 'Want to connect?'.

Email

Password

Remember me

SUBMIT

Forgot your password?
[Click here](#)

Want to connect?
[Contact Us](#)

Market Access Platform I Joining Criteria

The Market Access Platform serves as a verified platform for corporates to source suppliers that meet transformation and localisation requirements as a prerequisite for procurement/tender opportunities.

Note: No costs are associated to utilise the platform for either Corporate Members or Suppliers.

Corporate Members

Transformation Requirements	Turnover >R50 million
	Regulatory Compliance - CIPC,SARS,BBBEE
	National footprint and beyond our borders
	Positive reputation
	Supply chain synergies
	Committed to transformation and localisation

Suppliers

Requirements considered for Transformation	Preference for suppliers with >51% Black Ownership. However no exclusions will be made
	No turnover limit
	Has to have supplied the Corporate Member within the last 12 months. Note: In response to current unprecedented times, new suppliers will not be excluded & will be permitted to join.
	Corporate Member must have procured > R50,000 from the Supplier in the last 12 months. Note: In response to current unprecedented times, new suppliers will not be excluded & will be permitted to join
Requirements considered for Localisation	BBBEE Level 1 - 4 Status
	>50% local content
	High quality vetted products

Market Access Platform I Benefits

Corporate Members

Contribution to economic growth and job creation by buying local
Access to vetted transformed suppliers
Support growth of their high performing suppliers and sustainability (possibility of claiming against SD)
Increase competitiveness in sourcing, leading to price optimisation and risk mitigation
Reduce cost of sourcing
Advertise bidding opportunities
Tracking progress against local procurement commitments
View socio economic impact of their commercial activity/referral with selected supplier

Suppliers

Visibility in a closed cross-industry marketplace leading to higher probability of sales
Ability to continuously diagnose client satisfaction
Access to SAB Accelerator coaching when suppliers have business and technical improvement requirements
View open bidding opportunities
Participation in ring-fenced local procurement and tender opportunities
Access to additional localisation benefits through the Proudly South African Campaign

Market Access Platform | For More Information

For more information on the MAP please
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