

29 July 2020

Dear Colleague,

Call to Action: Local Procurement Approach Beyond COVID-19

In October 2018, President Cyril Ramaphosa convened the country's second Jobs Summit to address the need to generate a substantial number of new jobs in our country over the coming years. A key deliverable from the Jobs Summit is a Framework Agreement between Government, organised business and organised labour that outlines concrete and measurable steps to achieve set goals in terms of increasing levels of employment.

One of the key areas identified is boosting domestic demand for locally manufactured product to reinvigorate the job market.

The more we procure locally, the more we can manufacture locally. The more we manufacture locally, the better we become at developing a sustainable manufacturing sector to produce for our country's needs in addition to identifying opportunities for export.

This, in turn increases our production capacity which allows us to, in the first instance, retain existing jobs, and in some cases, create new ones.

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, include various measures to implement local procurement. These involve conducting engagements with corporates to identify opportunities for local procurement within respective value chains, and facilitating opportunities for the procurement of locally produced goods.

The coronavirus pandemic has caused major disruptions to global markets and has highlighted the vulnerability of our country's reliance on global supply chains. This has been particularly evident in securing medical equipment and PPE. 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.

The local procurement opportunities presented by COVID-19 include identifying and growing local manufacturing in support of our country's medical equipment and Personal Protective Equipment (PPE) requirements.



Our local manufacturing opportunity however needs to extend beyond COVID-19 demands, to strengthen and grow our local manufacturing base on an economically feasible and competitive basis.

To this end, local procurement advocates have been collaborating to ensure that a holistic approach is applied, prioritizing local procurement in support of economic recovery.

These advocates have formed a Technical Working Committee focused on mobilising corporate to support the localisation agenda. Members of the Technical Working Committee include Business Unity South Africa, Business Leadership South Africa, National Business Initiative, Manufacturing Circle, Proudly South African and The South African Breweries.

We communicate the following Call to Action for Corporate South Africa:

- Review your procurement practices and give preference in all cases possible, to companies that are manufacturing locally;
- Secure procurement commitments to give preference through your entire supply chain to local manufacturers;
- Earmark procurement opportunities for companies manufacturing locally; and
- Utilise the procurement portal (Market Access Platform) that influences localisation and transformation, to refer and find high performing suppliers and advertise procurement opportunities to local producers and service providers.

For more information on the Market Access Platform, please contact: Noni Qoboshiyana at (e-mail: Noni.Qoboshiyana@za.ab-inbev.com) and Silindile Nkosi at (e-mail: Silindile@proudlysa.co.za)

We look forward to your affirmative response and subsequently, a meeting to take the discussion further. Please make contact with my colleague Olivier Serrão at BUSA in this regard (e-mail: Olivier.serrao@busa.org.za).

Kind regards,



Martin Kingston
Chair: Business for South Africa

