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development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

KEYNOTE ADDRESS: SAB BEYOND AWARDS

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Other executive managers and leaders from SAB as well as ESG Africa and other corporates gathered here this evening.

ESG Practitioners.

Entrepreneurs.

Ladies and gentlemen.

Let me thank you for inviting me to give the keynote address at this SAB Beyond Awards.

I see this is part of the broader ESG Africa Conference. We know that environmental, social, and governance (what we call ESG) is increasingly becoming an important criterion for shareholder investment. This is good - it will quicken our efforts to build a more dynamic and socially relevant private sector.

This is critical to resetting South Africa on a higher and more equal growth trajectory.

It is not only the private sector that needs a reset. We as the public sector also need to change track as a matter of urgency. Gone are the days in which we can behave as an island, a bureaucracy that is more interested in rules than in the people we serve.

I met with the AGSA this morning, and was told that departments, including my own, are planning so that they can achieve a clean audit, rather than planning to deliver services and achieve outcomes. We get the clean audit as DSBD, which is good, but it doesn't put food in people's bellies, or more to the point, rands in entrepreneurs bank accounts.

That is why governance, as important as it is, must be matched with social and sustainability criterion.

Global comparative experience has shown that governments are most effective – both from a service delivery and economic growth perspective – when they are



citizen focused and work in close partnership with other key role-players in the ecosystem, especially the private sector.

So, what we see is that both the private sector and the public sectors are rapidly changing in and of themselves, as well as how they relate to each other. It is indeed exciting times. Digitalisation is enabling this.

But these changes are not without their challenges, as I'm sure all of us appreciate. Our peculiar history has left us as a society with mistrust and self-interest which we must overcome if we are to take our seat among the great nations of the 21st century. As shown with BRICS, we can punch above our weight, and we need to be rightfully asserting our case and cause at the G21 (obviously supporting the AU which has now just been brought onboard the former G20 nations).

It is especially important that we work more closely together given the current global downturn, as well as our own challenges at home. The National Planning Commission Report released last week showed that we are well behind where we need to be in meeting our 2030 targets as a country. We will only catch up and overcome the COVID-19 deficit if we work together.

As DSBD we have embraced this partnership and eco-system approach in our National Small Enterprise Development Strategic Framework (what we call NISED). The NISED is the country's third iteration SMME strategy. We have realised as Government that we were too inward looking in our previous two strategies. Our new strategy is about mobilising all role-players in the eco-system behind SMME development.

This has changed our focus as DSBD to one which now includes co-ordination and activation of partnerships. This means we need a clear understanding of what is going on in the whole eco-system, so that we can identify the opportunities that can be leveraged and the gaps that need to be closed. To this end we are beefing up our research capabilities and looking at research and knowledge partnerships.

I have just returned from GEC Melbourne which brought together more than 2000 entrepreneurship eco-system policymakers and practitioners from more than 100 countries. What is clear, is that countries that make a deliberate effort to build an entrepreneurship support eco-system are those that have higher levels of entrepreneurship success, as well as higher levels of inclusive growth.

In South Africa we still have high levels of start-up and early entrepreneurial failure, which suggests our eco-system still has much room for improvement. Government must lead this process of eco-system strengthening, but it will take all of us working together to make it work.

We are confident that if we get behind SMMEs and entrepreneurs, we will grow the economy, reduce unemployment and make the economy more equal. The IMF recently suggested that if we implement our growth reforms – in energy and logistics



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etc – we can achieve 3% growth within the next three years. I want to suggest that if we get behind our SMMEs and entrepreneurs, we can add another 2% to this growth, giving us the 5% we need to put our country on a new development path. This really is not impossible, but just needs us to work together.

As Government, we don't have the same focus on ESG as the private sector, although the principles of sustainability, social value, and governance are enshrined in everything we aspire to. The UN's Sustainable Development Goals frame our National Development Plan and our 2030 targets.

And like you as the private sector, we are increasingly being asked and having to account for the impact we are making. National Treasury is also demanding value for money, with efficiency, effectiveness and sustainability data now being increasingly requested from departments.

Batho Pele has also made us more citizen-centric, with Imbizos and outreach programmes getting real-time feedback on the services we provide. Sometimes its not pretty.

As you will have noticed, we are also demanding more accountability from our State-owned companies and entities. Very much like ESG, where the shareholder wants more accountability and information on social impact.

I believe there are many areas we could work together and partner, that would improve the impact of your ESG practices, make your shareholders happier, and at the same time help us as Government achieve our 2030 targets.

The obvious one from a DSBD perspective is Enterprise Supplier Development and localisation. In this respect I would propose closer alignment between ESG and ESD.

I know SAB is a leader in this regard, with 95% of SAB beers' ingredients locally sourced from more than 1 277 local farmers. I also am aware of the work you do in your distribution supply chain, as well as in the recycling circular economy value chain.

There is always room to do more, especially if we work together. Other corporates gathered here this evening, let's learn from each other.

As DSBD, we have established an ESD Community of Practice which I recommend you form part of if you are not already.

We have a suite of instruments as the DSBD portfolio, including

(1) financial support through our TREP, Small Manufacturer Support Programme, Youth Challenge Fund, Direct Lending, and Wholesale Lending;

(2) business development support through incubation, technology assistance, and entrepreneurship support and mentoring;



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(3) infrastructure support, including grants for equipment, as well as business hubs and markets.

There is also much work we are doing to cut red-tape, including establishing a Small Business Ombuds.

We can work together to co-create new markets for SMMEs, better utilise the existing ESD Funds together with our own instruments as the DSBD portfolio. This I believe can make a significant impact, which is both immediate and sustainable.

I really like the idea of better integrating ESD and ESG. An impactful ESD programme will give you the social value and sustainability you require as part of ESG reporting. The fact that shareholders place increasing value on ESG now gives us more leverage to really push localisation and supplier development. There is no reason you cannot deepen and expand your supply chains, especially if you work with us as DSBD.

Programme director, as I move to conclude, let me congratulate ESG Africa for pulling this conference together. Let me also congratulate the ESG finalists across the various ESG categories. This is exactly how you build coherent eco-systems – by recognising and rewarding efforts and talent. I especially like the Africa Trailblazer Award- as someone who firmly believes our country's destiny is closely intertwined with that of the continent.

For those who win, savour the moment. You deserve it. For those who don't, do not be despondent. The fact that you have been recognised here tonight means you are doing amazing impactful work out there.

To SAB, the R11.9 billion investment you have made into our economy over the past two years has not gone unnoticed. Keep up the great work. And as you beer-drinkers like to say, to a future with more cheers.

I thank you.