

KNOWLEDGE GIFT TITLE:

Foster inclusion through an ecosystem approach

COUNTRY(IES) / REGION:

South Africa

LEAD ORGANISATION:

Tushiyah Advisory Services

CHALLENGE / PROBLEM

• Small rural towns facing economic challenges - lack of skills and opportunities • MSMEs with limited skills and experience to service corporate opportunities • Limited ability of specifically black and black women owned businesses to access markets. • MSMEs limited ability to access finance or resources to service corporate clients

MAJOR ASSUMPTIONS MADE

• Historical gap between blacks & whites caused an economic divide. • Inconsistency between gov's mission towards MSMEs and the legal framework • Legislative buy-in from the Corporates where MSME support is not merely a grudge purchase, rather a mutually beneficial investment

SOLUTION OFFERED

• Creating ecosystems providing access to support mitigates the risks for corporates doing business with MSMEs. • Solutions offered to MSMEs in an ecosystem includes: * Business development support (capacity building) * Access to finance through grants or loans * Direct linkages to corporate procurement opportunities • Solutions offered for a corporate in an ecosystem includes: * Increased efficiency through outsourcing non-core business activities * Increased income/revenue/profitability through better reach at a lower cost * Economic inclusion and community support and buy-in to operate in the area

ILLUSTRATION / VISUAL



OUTPUTS CREATED

Stats 2018: Access to capacity building for more than 100 SMEs in one Ecosystem • 90% success in achieving the entrepreneurs personal and business goals in alignment with the business development plan • Improvement seen in areas of business management, increased revenue, geographic expansion and employment creation • Access to market opportunities in excess of \$13.5 Mio within one Ecosystem in one calendar year • Access to finance applications approved and paid out in excess of \$ 2.3 Mio within one Ecosystem in one calendar year.

INDICATORS / SCALE / IMPACT

Anchor industries in ZAF (mining, agriculture, tourism) have the potential to stimulate downstream economic opportunities in all small rural towns by applying: • Ring fence procurement opportunities for that community. • Up-skill the local community by providing: Skills development programmes, Business development support to MSMEs; Financial support to deliver on a contract through.

PARTNERS

Corporate clients are invaluable role players to the success of driving and investing into creating ecosystems. Stakeholders range from other businesses, government entities, development agencies, local community leaders and NPOs whose relationships enables the ecosystem to offer: access to markets; technical skills relating to various industries; centralised training venues for group interventions.

KEY RECOMMENDATIONS / UNIVERSAL PRINCIPLE

• Effective MSMEs solutions shouldn't be a blanket approach. They must be tailored to the locality in which the MSMEs operate. •MSMEs expectations need to be managed at every stage of the journey to ensure alignment. • Personal development should form an integral part of entrepreneurial development. • This journey is a long term investment and results are often only seen in 3 to 5 years.

REPLICATION POTENTIAL / SUSTAINABILITY

The legislation that the South African government has put in place is one other way to assist the MSMEs so that they are able to benefit from the Corporates Enterprise and Supplier Development and Socio-Economic Development mandates. It is an essential move that can be replicated in other parts of the world.

TOPICAL FOCUS

- MSME segmentation & entrepreneur-centred approaches (checkbox) Interplay between financial & non-financial services (checkbox checked) MSME support in digital era (checkbox) Entrepreneurial eco-systems & local advisory service providers (checkbox checked) New trends in MSME development (checkbox)

- Green (checkbox) Gender (checkbox) Fragility (checkbox)

SUB-TOPIC SELECTED

What are examples of coordinated solutions working in the market where stakeholders have effectively provided integrated services?

Facilitated by:

