



## **MEDIA RELEASE**

**To:** All Media

**Attention:** News Editors

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### **B-BBEE Commission's dialogue with SA youth on Enterprise and Supplier Development opportunities**

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The Broad-Based Black Economic Empowerment (B-BBEE) Commission, in collaboration with Government Communication and Information System (GCIS), on Wednesday hosted a dialogue with youth formations and Department of Small Business Development on issues faced by the youth in the country, particularly in relation to opportunities, inclusion and economic transformation.

The dialogue, themed: *Beyond 20 Years of B-BBEE: Youth Economic Empowerment opportunities through Enterprise and Supplier Development (ESD)*, was in a form of a webinar and was part of the national campaign for the 2023 instalment of Youth Month.

Led by youth leaders and representatives of SA Youth Economic Council, Black Management Forum, Black Business Council, as well as the Department of Small Business Development, and the B-BBEE Commission, the dialogue also sought to reflect on the past 20 years since the promulgation of Black Economic Empowerment legislation and policy, with a view to explore opportunities for youth economic empowerment.

B-BBEE, according to the B-BBEE Act (53 of 2003 as amended by 46 of 2013), is "the viable economic empowerment of all black people, in particular, women, youth, workers, people with disabilities, people living in rural areas through strategies that are meant for transformation and redress".

In measuring the adherence to B-BBEE, the Commission released the Annual National Status and Trends report on the implementation of B-BBEE for year 2021. The report revealed that there was a slight decline of 1.5% in black ownership in businesses, decreasing to 29.5%, from 31% compared to the previous year. The Commission also released the ESD research survey report for the year 2021, which was aimed at assessing how ESD funds can be implemented effectively. The ESD element of B-BBEE measures contributions invested towards supplier development and enterprise development initiatives intended to assist and accelerate the growth and sustainability of black owned enterprises.

Some of the challenges flagged by the ESD report, include non-compliance with the B-BBEE policy, especially by big corporates. Those who comply do so as a "tick-box exercise". This concern was highlighted in most of the presentations during the webinar.

One of the speakers at the webinar, Ms. Sthandiwe Msomi from the South African Youth Economic Council, said: "To drive the type of SMME development we need in South Africa, we need more companies complying B-BBEE and other sector-specific codes".

Lack of financial support for Small Medium and Micro Enterprises (SMMEs) was identified as another impediment towards developing emerging youth enterprises. “Some beneficiaries of ESD are not ready to scale up due to lack of proper financial support, guidance and mentorship,” said Mr Ayavuya Madolo, from the Black Management Forum.

Madolo continued: “Measured entities do not have an interest and technical capacity in developing ESD participants, but rather to stick to ‘ticking’ their boxes. SMMEs need organic mentorship, where big corporates will hold their hands and walk with them through the mentoring process”.

The high youth employment rate, which, according to the latest StatsSA figures is at 63,9%, was a major challenge, which many speakers felt was contributing to marginalisation of the youth in economic participation.

The Commissioner of the B-BBEE Commission, Mr Tshediso Matona; who himself was one of the young people who participated in the 1976 Youth Uprisings said, “this alienation of youth from the economic participation, leads to a myriad of social ills”.

He further stated that, “the reality is that youth unemployment in South Africa is rising continuously, and this means that millions of mainly black youth do not participate in the economy. It means the opportunity is being missed to draw from young people’s human capital, talents and ingenuity to build a dynamic, inclusive and growing economy, which is able to support the livelihoods of all, especially the poor”. Mr Matona made these remarks as he was speaking about the significance of Youth Month and the reflection on 1976 Youth Uprisings. In addition, Mr Matona also made reference to the fact that the webinar was a representation of the agency of today’s youth and encouraged the youth to take action in order for change to be possible, especially in relation to economic emancipation.

Responding to the concerns raised by the participants, the Acting Director-General in the Department of Small Business Development (DSBD), Mr Jeffrey Ndumo, unveiled a number of government interventions to encourage the youth of South Africa to participate in the economy of the country. These include:

- The allocation of R1,4 billion announced by President Cyril Ramaphosa in his State of the Nation Address in February this year. The Small Enterprise Finance Agency (sefa), one of DSBD agencies, through its normal lending activities (direct and wholesale lending) and partnerships with other role players, is expecting to ramp up support to the SMME sector using this as a leverage.
- DSDB has established the Value Chain and Market Access support to facilitate increased market access for SMMEs that grow market value chains. This will see 250 product manufactured by SMMEs and co-operatives linked to domestic markets this financial year.
- In continuing with the implementation of the Localisation Policy Framework, the DSBD has prioritised sectors with low barriers to entry and sunrise sectors like cannabis.
- Sasol has also collaborated with Small Enterprise Development Agency (SEDA) to rollout Pop-up markets in the various Provinces, and in Mpumalanga and Free State is providing containerised Business Hubs to support township enterprises.

The Acting Director-General said the department is looking at the means to exhaust its budget for the current financial year to ensure that the economic needs of the SMMEs are met. He called on the SMMEs and youth to take advantage of the opportunities and support from government which is intended to nurture their businesses and ultimately grow the economy of the country.

**ENDS**

*The B-BBEE Commission was established in terms of section 13B of the B-BBEE Act 53 of 2003 as amended by Act No 46 of 2013 with powers effective from 6 June 2016. The B-BBEE Commission's mandate, amongst others, is to supervise and encourage adherence to the B-BBEE Act in the interest of the public, conduct reactive and proactive investigations on fronting and other violations and promote good governance and accountability by creating an effective and efficient environment for the promotion and implementation of the objectives of broad-based black economic empowerment.*

Issued by the B-BBEE Commission

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