



# **Gauteng Economic Indaba**

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**Delegation of the European Union to South Africa**



# European Union and South Africa

- EU investment and companies in SA
  - more than 2,000 companies
  - 350,000 direct jobs plus additional indirect jobs
  - largest trading partner (21% SA exports to EU)
  - 77% of Foreign Direct Investment in SA
- 28 Member States with 23 Missions/Embassies in SA
- EU Chamber and several bilateral Chambers
- South Africa is one of only 10 Strategic Partners worldwide



# Economic Partnership Agreement

- EU-SADC EPA: SACU + Mozambique
- Signature 10th June 2016 in Botswana
- Improved market access, notably in agriculture
  - business opportunities in agro processing
- More flexible rules of origin can improve regional value chains
  - opportunity manufacturing (e.g. car industry)
- Promotes regional integration
  - increased opportunities for Gauteng as hub



# Development Cooperation

- 2007-2013 EUR 980 million
  - Some still on-going, e.g. Infrastructure Investment Programme for South Africa (IIPSA)
- 2014-2020 EUR 241 million
  - Focus on 3 broad sectors including employment promotion, also through support to SMMEs
- promote innovation, allow for piloting and risk taking, capacity building
- European Investment Bank
  - loans to SMEs through intermediaries and for infrastructure development



# SMEs/entrepreneurship in EU

- SMEs backbone of economy
  - 99% all businesses, half of GDP
- Entrepreneurship important driver growth and job creation
- Key areas entrepreneurs need support
  - Support early stages
  - Clear and simple regulatory requirements
  - Access to finance
  - Clustering and business networks
  - Bankruptcy procedures and second chance
- Some measures at EU level
  - Enterprise Europe Network
  - Financial instruments (equity facility, loan guarantee facility)
  - Internationalisation portal



## Examples existing projects in SA

Risk Capital Facility (implemented through IDC) – EUR 88mio

- Enhance access to finance (equity, quasi-equity); revolving fund
- Provide job opportunities to HDPs active in SMME sector
- Business support services to enhance sustainability
- Increase HDP empowerment through shareholding and managerial positions
- About 180 SMMEs funded, approx 17000 jobs (expected) created

Call for Proposals CSOs on "Skills Development and Job Creation" – EUR 7mio

- Both formal and informal sector
- Try link CSOs with local government and private sector
- Themes: Skills development and career placement assistance, Community-based employment creation, Business support services, Promotion of microcredit to non-bankable people willing to initiate a productive activity.
- Example: Clothing Bank



## New SMME support programme (EUR 52mio)

- Technical assistance/business support to SMMEs with focus on supplier development (to corporates, SOEs, government agencies)
- Financial support to SMMEs
- Capacity building/technical assistance to government around simplification of regulatory/administrative environment for SMMEs and research on SMMEs to establish solid baseline situation
- Focus on IPAP sectors with good job creation potential, including agro-processing, green economy, mining inputs/beneficiation, transport
- Approval 2016; implementation 2017





**Thank you**

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