

THE CHAIRPERSON OF THE STATE INFORMATION TECHNOLOGY AGENCY GIVES A KEYNOTE ADDRESS DURING THE GRADUATION CEREMONY FOR THE FIRST CONSIGNMENT OF CANDIDATES TO UNDERGO THE SITA SPONSORED ICT SMME DEVELOPMENT PROGRAMME

- The Deputy Director General of DTPS, Mr Omega Shelembe
- The Chief Executive Officer and the Managing Director of SITA, Dr, Setumo Mohapi
- Fellow Board Members in attendance
- The Executive Team and other senior managers
- Invited guests, and fellow grandaunts
- Ladies and Gentlemen:

Good afternoon.

It is an honour to be here with you on this ground breaking milestone. Today we celebrate the graduation of the first consignment of the SMMEs to have successfully undergone the SITA sponsored enterprise development programme.

The objective of the Enterprise and Supplier Development programme is to improve participation of SMMEs in ICT through development by identifying the qualifying SMME entities that can be enrolled and guided to complete the programme.

It is imperative for people to continuously develop themselves by learning new skills and acquiring other ways to better manage their environment, for productivity and growth.

In our ICT sector, continuous learning becomes imperative as it lays a base for competitive participation in a sector that is characterized by dynamism, competition and evolving opportunities. As the sector is redefining the global economy and we need a regiment of talented, capable individuals and entities to make a change.

The outcome of interventions such as the one being rolled out by SITA today, it is believed will create a pool of knowledgeable, theoretically astute enterprises that given the right opportunities, will be able to successfully step in and professionally manage resources and enterprises that partner with government to improve the lives of the citizens.

Government has identified poverty, unemployment and inequality as the challenges effectively hobbling economic growth on the one hand and deferring access to an inclusive economy, while distorting social development on the other, with the propensity to accentuate the status of South Africa as a grossly unequal society.

Our response as SITA has sought to align itself with government sentiment to accelerate radical economic transformation by launching the SITA Enterprise and Supplier Development Strategy which embraces key objectives on Preferential Procurement, Enterprise Development, Black Industrialists, Localization, Job Creation and Skills Development.

This launch marks a significant step in the strategic journey of the Agency to revise its procurement regime, and bring it in line with the government thinking to accelerate economic transformation and promote an open and inclusive economy that supports government outcomes and associated programmes.

SITA is required to comply with the Amended ICT Sector Code which was recently gazetted on 7th November 2016 which among others resolve and commit to contributing towards the reduction of unemployment and poverty alleviation and supporting Skills Development and Training Initiatives.

Most importantly, Skills Development has the potential to improve the quality of life of workers and create opportunities for self-employment and job creation.

I was made aware that all the SMMEs that participated in this programme are not all from the ICT sector, however as SITA operates in the ICT sector; I just wanted to highlight the extract from the National Development Plan (NDP) that states that "ICT can be used as a tool to fight poverty, increase employment, education and entrepreneurship..."

The NDP envisages that, by **2030, 90% of new employment will be generated by small, medium and micro enterprises (SMMEs)** and encourages **government and the private sector to procure from small firms, and to enhance the development of black and female managers and professionals.**

According to Stats SA there are Four Hundred and Twenty Eight Thousand Five Hundred and Forty (428 540) formal and economically active SMMEs in South Africa. Out of this number only Six Thousand Seven Hundred and Thirty Seven (6 737) are in the ICT sector.

SMMEs contribute 35% to the SA's GDP while also contributing 54% to formal private sector employment. The statistics are quite revealing and government has made SMMEs Development the centre-piece of its policy and plan on the radicalization of economic transformation. Perhaps not quite surprising, our shareholder, the Department of Telecommunications and Postal Services (DTPS) has the following expectations from SITA and its sister companies in the Ministry:

- It wants to increase the participation of SMME in the ICT space
- It wants to make SMMEs that are already in the ICT to be much more visible
- It expects that at least 30% must be procured from SMMEs

We are serious about developing and growing the SMME economic participation in line with Government outcomes. Our message and intention has been consistent and unwavering.

Some of you might remember that last year I went around with my board members and the executive team, wherein we engaged with our service providers, focusing more on SMMEs.

During the interactions, we made some bold statements and committed to working hard to give you all the support that small businesses require to progress and be able to compete with the big players.

Today we are crystalizing that commitment and we are supporting it with firm action, starting small and hoping to make sure it grows.

As mentioned, SITA is required to comply with the **Amended ICT Sector Code**. The ICT Sector Code has challenging targets and steeper requirements in terms

of the Enterprise and Supplier Development element, consisting of three sub-elements namely: Preferential Procurement ('PP'), Enterprise Development ('ED') and Supplier Development ('SD').

ESD is a priority element, failure for entities to meet the subminimum requirements of 40% for the Preferential Procurement, Enterprise Development or Supplier Development could result in discounting of SITA's overall BBEE scorecard status by one level. To us, this is inconceivable.

SITA's Integrated Procurement Strategic Procurement Plan for 2014 to 2019 articulates a desire to take a **leading role in government's transformation agenda** in terms of ICT procurement and other areas of development.

SITA already has in place a number of special programmes geared at SMME development. Working hard to eliminate the very high barriers to entry, and we have dedicated much of time facilitating more small company involvement in the industry. This includes negotiating with the original equipment manufacturers to help us overcome stumbling blocks, such as high capital outlays.

For the short term, SITA is focusing on Preferential Procurement and Enterprise and Supplier Development. Preferential Procurement relates to SMMEs and suppliers that have a level 1-4 B-BBEE status. Supplier development will focus on capacitating small black owned businesses with technical and non-technical skills. And we have just begun on this exciting journey.

Congratulations on your achievement. And we look forward to doing business with you in the near future, in your capacity as fully fledged ICT enterprises and entrepreneurs partnering with government to bring about ICT solutions that will improve the quality of life of all South Africans.

Thank you