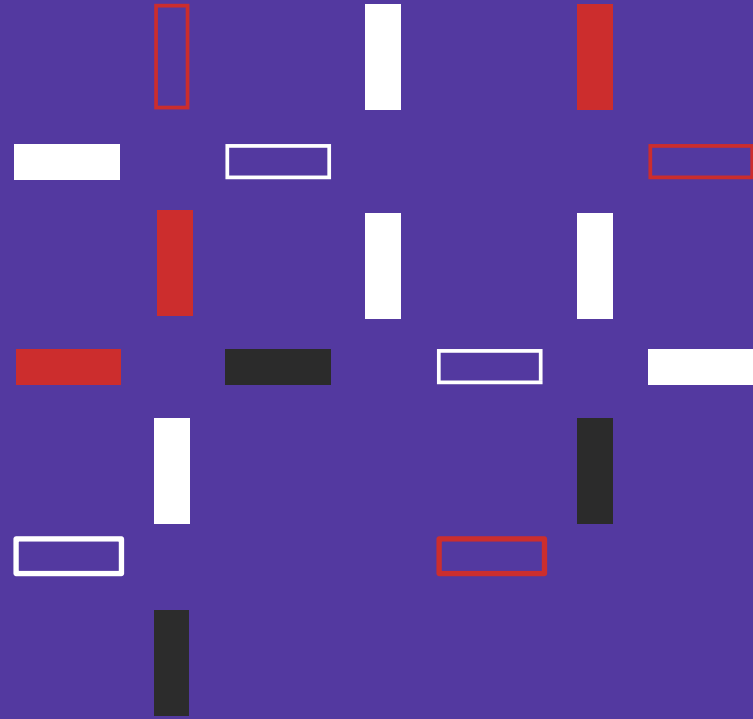


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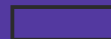


EIC Innovation Procurement Toolkit:

Module D – Innovation Procurement at the International Level

Country profile 1. South Africa

10 December 2024



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Introduction

South Africa, recognised as Africa’s leading economy, presents substantial opportunities for innovative European Small and Medium-sized Enterprises (SMEs) and companies seeking to enter one of the continent’s most dynamic markets. With a projected GDP exceeding \$400 billion in 2024¹ and a population surpassing 60 million, the country represents a vibrant hub for growth in innovation-led sectors, particularly in key industries such as engineering, technology, renewable energy, manufacturing, trade, and healthcare.

This chapter of the **EIC Innovation Procurement toolkit Module on International Procurement** is specifically designed to empower innovative European SMEs and Start-Ups with the knowledge and tools necessary to explore and succeed in **South Africa’s procurement ecosystem**². By engaging with this toolkit, SMEs and Start-Ups will gain:

- **Market insights:** Tips to assess whether the South African market aligns with their strategic goals, including understanding key national strategies when it comes to procurement and who are the main players.
- **Regulatory guidance:** An overview of South Africa’s legal and procedural frameworks, including innovation procurement processes, regulatory requirements, certification schemes, and intellectual property (IP) protection.
- **Strategic networking:** Detailed information on identifying and engaging with key buyers, suppliers, and potential partners in both public and private sectors.
- **Tendering opportunities:** Step-by-step guidance on locating, understanding, and applying for public and private tenders in South Africa.
- **Cultural and operational preparedness:** Practical advice on cultural awareness, business etiquette, financial and operational readiness, and risk management to ensure an informed market entry.

By following this guide, European SMEs will be better equipped to navigate South Africa’s complex procurement landscape, unlock new growth potential, and establish a footprint in this thriving international market.

*Readers should be advised that there are **ongoing reforms** undertaken at the moment when it comes to procurement rules in South Africa. Readers are advised to verify the latest updates to this chapter and to get **professional advice** to ensure compliance and informed decision-making.*

1. Is the South African market attractive for my company?

Before entering the South African market, it is crucial to assess its attractiveness in relation to your business. A comprehensive understanding of the local procurement environment—both public and private—is essential.

1.1 Gather insights for your market research

Conducting thorough market research to understand the demand for your products or services in South Africa is an essential first step. This involves identifying key players in the public and private procurement landscapes. The South African government is a major purchaser, with procurement opportunities spanning various sectors. Additionally, South Africa has a well-developed private sector, with large corporations and industries such as retail, mining, and manufacturing requiring goods and services from international suppliers. **Annexes 1 and 2** to this chapter provide more

¹ International Monetary Fund, “South Africa Datasets”, 2024. <https://www.imf.org/external/datamapper/profile/ZAF>

² Disclaimer: Please note that there are ongoing changes to legal considerations and procurement rules in South Africa. Readers are advised to verify the latest updates and regulations to ensure compliance and informed decision-making.

information on the **country's government and economy**, as well as on its **business culture** with key information to take into account as part of your market entry.

South Africa has several priority industries that are well-positioned for foreign innovation and investment, including:

- **Renewable energy:** The government's focus on renewable energy through initiatives like the [Renewable Energy Independent Power Producer Procurement Programme \(REIPPPP\)](#) provides opportunities for businesses in the energy sector to supply technology, services, and equipment. This initiative aimed at increasing electricity capacity through private sector investment in solar photovoltaic and concentrated solar, onshore wind power, small hydro, landfill gas, biomass and biogas.
- **Information and communications technology (ICT):** As South Africa modernises its infrastructure, there is significant demand for ICT solutions in both public and private sectors. Public procurement focuses on technology for smart cities, digital education, and e-government services. Private companies are also investing in digital transformation, driving demand for software, hardware, and cybersecurity services.
- **Healthcare:** The South African healthcare system continues to seek improvements in infrastructure, medical supplies, and healthcare technologies. The [National Health Insurance \(NHI\)](#) policy, which is in development, will drive future procurement opportunities for international firms offering medical equipment and innovative healthcare services.
- **Infrastructure and construction:** Major public infrastructure projects, such as the development of roads, railways, and public buildings, offer substantial procurement opportunities. The private sector, particularly in construction and real estate development, also drives demand for materials, machinery, and skilled labour.
- **Agriculture and agro-processing:** South Africa has a strong agricultural base, and there are numerous opportunities in the agro-processing industry, including the supply of machinery, technology, and products aimed at increasing the sector's efficiency and output.

1.2 Key national strategies and policies

South Africa's government has implemented several national strategies to stimulate economic growth and development, offering significant opportunities for foreign companies. A key document is the [National Development Plan \(NDP\)](#), which focuses on sectors such as sustainable energy, infrastructure, and ICT innovation. For example, as part of its transition to cleaner energy sources, the country has an increasing demand for renewable energy solutions. Businesses in the energy or infrastructure sectors should familiarise themselves with the [Integrated Resource Plan \(IRP\)](#), which outlines the government's strategic approach to energy development.

However, entering the South African market involves navigating both public and private procurement processes, which can present challenges.

- **Public procurement** is regulated by the [Public Finance Management Act \(PFMA\)](#) of 1999 and the [Preferential Procurement Policy Framework Act \(PPPFA\)](#) of 2000. These regulations emphasise **local content** and [Black Economic Empowerment \(BEE\)](#), as key criterion for awarding government contracts.
 - **Local content** refers to the proportion of goods, services, or labour used in a project that originates from within South Africa. Essentially, it is a measure of how much of the value generated from a project is retained within the local economy. For public procurement, certain categories of goods or services may be subject to local production and content thresholds. This means that a specific percentage of the components, materials, or inputs must be sourced locally, rather than imported.
 - **BEE** was introduced in 2003 with the Broad-Based Black Economic Empowerment Act to address the economic inequalities created by apartheid. It aims to promote the participation of black South Africans in the economy through measures such as ownership, management roles, employment equity, skills development, and socio-economic contributions. BEE is a key component of South Africa's public procurement policies, encouraging foreign companies to collaborate with local businesses or meet compliance criteria to access government contracts.
- **Private sector procurement** is generally more flexible, but companies still need to comply with local laws, including BEE. Indeed, BEE is essential for promoting economic inclusion and addressing historical inequalities by supporting the participation of previously disadvantaged groups. For businesses, adherence to BEE

regulations is crucial for accessing contracts, enhancing competitiveness, and meeting stakeholder expectations regarding corporate social responsibility. Therefore, despite the flexibility in private procurement, BEE compliance remains a key consideration for those firms.

1.3 Establish the right market entry strategy for your business

Based on market research and an understanding of South Africa's strategies and policies, assess the most effective route for entering the procurement ecosystem.

- In the **public sector**, procurement procedures are typically formalised, requiring compliance with a series of steps including registration with the [Central Supplier Database \(CSD\)](#), submission of tender bids, and adherence to national standards. The [South African Tender Bulletin](#) is a platform that provides access to current public procurement opportunities, including tenders and Requests for Quotations (RDQs) from government entities. Users can browse the database for free or subscribe to receive tender notifications via email. Signing up is easy on the website, offering a streamlined way to stay updated on relevant procurement opportunities.
- On the **private side**, companies, especially in sectors such as retail and manufacturing, procure on a contractual basis. These businesses often have well-established supplier networks but are open to innovative suppliers that offer competitive prices, high quality, and compliance with local regulations.

To succeed, it is critical to build **relationships with local distributors, suppliers, or service providers** who can help navigate both the public procurement process and the private sector's more informal procurement structures.

2. Is my company legally prepared to comply with South African market requirements?

South Africa's legal system mandates compliance with a wide range of regulations covering procurement, certification, intellectual property, and labour practices. These requirements are critical for businesses aiming to operate successfully in both the public and private sectors.

2.1 Innovation procurement in South Africa

South Africa has a notable history of innovation, marked by pioneering achievements such as refining oil from coal and the invention of the Computed Tomography (CAT) scan. Since 1996, the Department of Science and Innovation has led efforts to centralise and coordinate innovation, driving research and development (R&D) initiatives, and investing in skills programmes targeting workers in strategic industries³.

Public support for innovation includes funding and commercialisation initiatives for start-ups and SMEs. National agencies, such as the [National Youth Development Agency](#), provide grants⁴ to young entrepreneurs, while corporate-led initiatives like Telkom's [FutureMakers Programme](#)⁵ aim to foster entrepreneurial growth. South Africa is also a leading player in Africa's start-up ecosystem, alongside Egypt, Nigeria, and Kenya, collectively representing approximately 90% of all start-up funding on the continent.

³ Department of Science and Innovation, "Science & Technology | South African Government," www.gov.za, 2017, <https://www.gov.za/about-sa/science-technology>.

⁴ NYDA South Africa, "NYDA Grant Programme," nydaweb.azurewebsites.net, n.d., <https://nydaweb.azurewebsites.net/Products-Services/NYDA-Grant-Programme.html>.

⁵ Grace Ashiru, "Telkom FutureMakers and Aions to Boost SA Start-Ups," Tech In Africa, April 21, 2023, <https://www.techinafrica.com/telkom-futuremakers-and-aions-to-boost-sa-start-ups/>.

Despite its strengths in innovation, South Africa lacks a dedicated legal framework for innovation procurement. This gap was acknowledged at the [International Conference on Procurement and Innovation in Africa](#), which concluded on 15 November 2023⁶. It was noted that structured policies to promote innovation through procurement remain underdeveloped. Nonetheless, opportunities exist for innovative start-ups, SMEs, and scale-ups to compete for tenders, provided they navigate the existing regulatory and procedural landscape effectively.

2.2 Regulatory landscape

Procurement in South Africa encompasses two primary frameworks: public (government) procurement and private sector procurement. Each operates under distinct regulations but collectively contributes to the nation's economic landscape. Public procurement plays a vital role in driving socio-economic development, while private procurement offers flexibility to businesses seeking growth opportunities.

2.2.1 Public sector procurement

Public procurement refers to the process by which government entities—at the national, provincial, and municipal levels—acquire goods, services, and infrastructure. This sector is critical to the South African economy, accounting for approximately 15% of the country's GDP in 2021⁷. Given its scale and impact, public procurement is tightly regulated to ensure transparency, fairness, and inclusivity, with a strong emphasis on addressing economic inequality. It serves as a key tool for advancing the government's agenda of [B-BBEE](#).

Several important legislative frameworks govern public procurement in South Africa, including:

- **Public finance management act (PFMA):** This Act ensures that government spending is carried out with proper financial accountability, promoting responsible fiscal management and transparency.
- **Preferential procurement policy framework act (PPPFA):** The PPPFA facilitates the integration of historically disadvantaged groups into the economy by requiring suppliers to demonstrate compliance with B-BBEE standards.

As explained in the above, the **B-BBEE framework** is a crucial component of South Africa's procurement process, evaluating companies across five key pillars: ownership, management control, skills development, enterprise and supplier development, and socio-economic development. A company's B-BBEE score plays a pivotal role in securing public contracts, as higher scores provide a competitive advantage by earning preferential points during tender evaluations. Historically, public procurement has utilised preference point systems like the 80/20 and 90/10 systems, which offer varying points based on the contract value, further emphasising the importance of a good B-BBEE score in winning tenders⁸.

For foreign companies, particularly those from the European Union, meeting B-BBEE standards can be challenging, especially in terms of ownership and management control. However, these businesses can still achieve strong B-BBEE scores by focusing on socio-economic and skills development initiatives, such as supporting local community projects or skills development programmes, which can enhance their standing in tender evaluations.

To obtain a B-BBEE score, the company shall engage with an accredited B-BBEE verification agency in South Africa. The process involves understanding the B-BBEE framework, gathering the necessary documents (such as ownership structure, employee demographics, and socio-economic initiatives), and submitting them for evaluation. The agency will review the company's compliance with B-BBEE criteria and assign a score accordingly. Upon successful assessment, the SME will receive a verified B-BBEE certificate, valid for one year, which is essential for participating in both public and private procurement opportunities in South Africa.

⁶ NRF South Africa, "National Research Foundation (South Africa)," YouTube, November 2023,

<https://www.youtube.com/@NationalResearchFoundation>.

⁷ etenders.gov.za, "Transparency Portal Beta - National Treasury - TransparencyPortal," data.etenders.gov.za, 2024, <https://data.etenders.gov.za/>.

⁸ Department: Trade, Industry and Competition (South Africa), "B-BBEE Procurement, Transformation & Verification – the Department of Trade Industry and Competition," www.thedtic.gov.za, 2017, <http://www.thedtic.gov.za/financial-and-non-financial-support/b-bbee/b-bbee-procurement-transformation-verification/>

2.2.2 Localisation and the local procurement accord

The [Local Procurement Accord](#), signed in 2011, set a target of 75% localisation in procurement across both public and private sectors. This initiative aims to stimulate local manufacturing, create jobs, and promote domestic industries. A list of 28 designated products, including clothing, pharmaceuticals, solar water heaters, and railway rolling stock, was established to prioritise local procurement.

Furthermore, the [Public Procurement Bill of 2023](#), set to come into effect in July 2024⁹, introduces significant changes to the application of B-BBEE scores in South Africa's procurement process. It mandates that certain tenders be reserved for historically disadvantaged groups through set-asides and requires the application of pre-qualification criteria based on B-BBEE status levels¹⁰. Additionally, the Bill grants the Minister of Trade, Industry, and Competition the authority to establish local production thresholds for specific sectors, thereby fostering greater local economic participation. The establishment of the Public Procurement Office (PPO) will oversee and enforce these changes. While B-BBEE remains central to procurement decisions, these provisions are intended to promote inclusive economic growth and empowerment.

Foreign companies seeking to participate in public procurement must often satisfy **specific local presence requirements**¹¹. While not a strict rule for all public tenders, these requirements are typically imposed for tenders aimed at stimulating local economic growth and encouraging job creation. Foreign companies may be required to establish a local subsidiary, form joint ventures with South African businesses, or comply with local content regulations, such as sourcing a percentage of materials or labour locally. These measures ensure that foreign entities contribute to the South African economy and integrate into the local business environment. However, exemptions exist, and in some cases, international suppliers may be allowed to participate without meeting these local presence requirements, depending on the nature of the tender.

In alignment with the government's efforts to stimulate local industries, certain public tenders' stipulate compliance with **local content regulations**, which mandate a **minimum percentage of locally sourced materials or labour**. For example, a tender for construction projects may require that at least 70% of the materials used, such as cement and steel, must be sourced from South African suppliers. This policy aims to foster job creation, strengthen local industries, and stimulate economic growth. By prioritising local sourcing, the government seeks to bolster South Africa's industrial base and reduce reliance on imports, thereby advancing the country's broader economic development goals.

2.2.3 Private sector procurement

Private sector procurement involves the acquisition of goods and services by non-governmental entities, including corporations and SMEs. Unlike public procurement, which is highly regulated, private procurement is subject to broader legal requirements under South African law, particularly concerning tax and labour compliance.

Key aspects of private sector operations include tax and labour compliance.

- The **corporate tax** rate in South Africa is set at 27% for 2024, and the value-added tax (VAT) rate is 15%.
- Businesses operating in South Africa must be **registered with the [South African Revenue Service \(SARS\)](#)** and are required to submit accurate and timely tax filings in accordance with local regulations.
- Employment practices in the private sector must comply with the **[Basic Conditions of Employment Act \(BCEA\)](#)**. This legislation mandates fair wages, regulated working hours, and the protection of employee rights.

⁹ South African Government, "PUBLIC PROCUREMENT BILL (as Presented by the Standing Committee on Finance (the National Assembly))," 2023, https://www.gov.za/sites/default/files/gcis_document/202312/b18b2023publicprocurement.pdf.

¹⁰ Gadget, "President Assents to Public Procurement Bill, Establishing Unified Procurement Framework | Law-Order," Devdiscourse, July 25, 2024, <https://www.devdiscourse.com/article/law-order/3029758-president-assents-to-public-procurement-bill-establishing-unified-procurement-framework>.

¹¹ Baker McKenzie, "DOING BUSINESS IN SOUTH AFRICA," 2020, <https://www.bakermckenzie.com/-/media/files/insight/publications/2020/03/doing-business-in-south-africa-2020.pdf>.

Companies must ensure that their human resources policies are in line with these legal requirements to mitigate any potential risks.

2.3 Certification schemes

In South Africa, certification is crucial for both public and private sector procurement, ensuring that products and services adhere to national standards and regulatory requirements. The **South African Bureau of Standards (SABS)** is the main body responsible for developing and enforcing these standards across various sectors, ranging from safety to environmental protection.

- **Public procurement:** Compliance with standards such as South African National Standards (SANS) is often mandatory in public procurement. These standards ensure that suppliers deliver products meeting local health, safety, and quality regulations. Certification acts as verification of compliance, fostering trust with procurement authorities and enhancing the integrity of the procurement process.
- **Sector-specific standards:** Certain industries, such as healthcare, food, and construction, require additional certifications tailored to the specific risks and regulatory concerns within these sectors.
- **Private sector procurement:** In the private sector, businesses seeking to innovate or introduce new products or services are typically required to obtain certification to demonstrate their compliance with both local and international standards. This certification not only bolsters market credibility but also encourages innovation and supports sustainable business practices. As a result, it creates opportunities for both SMEs and multinational corporations to participate in South Africa's expanding, innovation-driven procurement market.

2.4 Intellectual property (IP) protection

South Africa offers strong **intellectual property (IP) protection**, aligning with international standards through its membership in agreements such as the World Intellectual Property Organisation (WIPO) and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. These frameworks provide a solid foundation for safeguarding IP across borders. However, to fully ensure the enforceability of their IP rights within South Africa, businesses must register their patents, trademarks, and copyrights locally.

While South Africa is a member of international treaties that offer broad protections, it is essential for businesses to register their IP with the relevant South African authorities, such as the **Companies and Intellectual Property Commission (CIPC)** and the **South African Revenue Service (SARS)**. This local registration is necessary to protect IP rights against infringement and to ensure that they are legally enforceable within the country. For example, patents must be registered with the CIPC to receive the full legal benefits provided under South African law.

South Africa's participation in international IP frameworks, such as the TRIPS Agreement and WIPO treaties, offers additional layers of protection. These agreements ensure that South African IP laws align with global standards and that businesses can enforce their rights in other member countries. Furthermore, businesses can leverage these international frameworks to streamline the registration process and enhance the global protection of their innovations and trademarks.

Both the public and private sectors in South Africa require businesses to adhere to strict IP regulations, particularly in procurement processes.

- **Public procurement:** In government tenders, companies must demonstrate that their IP rights are fully protected and that they have the legal authority to supply goods or services. For instance, in sectors such as technology or pharmaceuticals, where proprietary products or processes are key, ensuring proper IP registration is crucial for participating in public contracts.
- **Private procurement:** In the private sector, IP protection can influence business negotiations and the terms of contracts. Companies entering partnerships or bidding for private sector projects need to ensure their IP is protected to safeguard their competitive advantage. Firms that do not have their IP adequately protected may face risks of theft or misuse, potentially undermining their market position.

South Africa’s legal framework encourages innovation by protecting creators’ rights. For businesses in innovation-driven industries—such as technology, pharmaceuticals, and manufacturing—securing IP is not only a legal necessity but also a key element of their business strategy. IP protection helps in creating a distinct market identity, enhances commercial opportunities, and fosters investors’ confidence. South African law provides mechanisms for IP enforcement, including the right to seek legal action against infringement. This includes remedies such as injunctions, damages, and the impoundment of counterfeit goods. Businesses must be prepared to protect their IP rights through litigation, if necessary, which may involve both local courts and international arbitration under WIPO’s dispute resolution services.

For specific IP inquiries relating to South Africa, European SMEs can utilise the free tool provided by the European Commission, known as the [Africa IP SME Helpdesk](#). This service is designed to assist European SMEs that either operate or intend to access the African market and seek to enhance their global competitiveness. The Africa IP SME Helpdesk supports SMEs from the EU in protecting and enforcing their IP rights within Africa. It provides free, jargon-free, first-line, confidential advice on IP matters, along with training materials and online resources. Any queries submitted through this confidential service will receive a tailored response from IP experts within a maximum of three working days. Enquiries may be submitted in any of the EU languages, though the service is primarily provided in English and French. All information will be handled with the highest level of confidentiality, in full compliance with EU regulations 2016/679 and 2018/1725 concerning personal data protection. The contact details are as follows: Email: africa.iphelpdesk@euipo.europa.eu and Phone (Europe, Spain): +34 965 139 810.

For any SME considering expansion into a foreign market, seeking professional advice including legal advice is essential. While the process of procurement market entry can be exciting, it also presents various challenges that can significantly impact the success of the business. Professionals, particularly those with experience in international business law, can provide invaluable guidance on regulatory compliance, intellectual property protection, and contract negotiation. By consulting with experts, SMEs can mitigate risks, ensure proper legal frameworks are in place, and avoid costly mistakes that could arise from unfamiliarity with local laws and business practices. This step is crucial not only for safeguarding the business but also for ensuring a smooth and sustainable entry into the new market.

3. Who are the key buyers, suppliers and potential partners in South Africa?

Identifying and understanding the key buyers in South Africa is crucial for businesses aiming to target the most relevant procurement opportunities. The market is primarily divided into public sector buyers and private sector buyers, each offering distinct opportunities and requirements.

3.1 Public sector buyers

Public sector buyers in South Africa include local, provincial, and national government departments, municipalities, as well as state-owned enterprises (SOEs) that issue public procurement tenders. The country’s public procurement system is vast, involving an estimated 852 procuring entities and over 1.3 million suppliers. Key buyers within this system include:

- **National government**, which accounts for 24% of public procurement expenditure.
- **Provincial and local governments, public entities, and SOEs**, which together represent 76% of public procurement expenditure.

Here below is an overview of some of the most important public buyers in South Africa.

Table 1: Public buyers in South Africa

Public buyer’s name	Description
Eskom	The largest electricity provider and producer in South Africa.

<u>Agriculture Research Council</u>	Research centre for R&D to improve agricultural productivity, sustainability, and competitiveness.
<u>Passenger Rail Agency of South Africa</u>	National public train management.
<u>Transnet Soc Ltd.</u>	Management of South Africa's train, port, and pipeline infrastructure.
<u>Public Works</u>	Acquiring, managing, and disposing of immovable assets subject to relevant provincial land administration laws and the Government Immovable Asset Management Act. They also provide accommodation for provincial departments through government owned properties or by leasing from the private sector.
<u>Rand Water</u>	The largest bulk water utility in Africa and one of the largest in the world, providing bulk potable water to more than 11 million people in Gauteng, parts of Mpumalanga, the Free State and Northwest.
<u>South African National Roads Agency Soc Limited</u>	Ensuring that the national road transport system delivers a better South Africa for all.
<u>Kwazulu Natal Transport</u>	Construct, maintain and repair the provincial road network through constructing and maintaining a balanced road network that meets the mobility needs of the citizens of KwaZulu-Natal.

3.2 Private sector buyers

They include large corporations, particularly in sectors like mining, energy, and telecommunications, which may seek innovative solutions for technology, services, and infrastructure projects.

Table 2: Private buyers in South Africa

Private buyer's name	Description
Anglo American	It is one of the world's largest mining companies and has extensive procurement needs for equipment, infrastructure, and services across its South African operations. Their focus on local sourcing and collaboration with SMEs presents opportunities, particularly in construction, logistics, and energy sectors.
Standard Bank	It is one of the country's largest financial institutions, conducts procurement for a wide range of services such as IT, security, and office supplies. The bank also prioritises local businesses in its procurement processes, offering significant opportunities for South African SMEs, particularly in the technology and financial services sectors.
Nedbank	It is another major bank in South Africa that frequently engages in procurement for software, technology, and business consultancy services. Their procurement programmes actively encourage SME participation, particularly for smaller companies offering innovative solutions in banking and financial services.
Capitec Bank	It is a fast-growing financial institution, has expanded its procurement needs as it develops new products and services. The bank focuses on technology and operational support, providing a valuable space for tech-driven SMEs and those with innovative customer service solutions.
Pick n Pay	As a leading grocery retailer, it regularly conducts procurement for goods, logistics, and store infrastructure. The company's commitment to sourcing locally presents opportunities for SMEs, especially in areas such as fresh produce, packaging, and private label products.
Discovery Limited	Known for its health and life insurance products, it frequently sources services and technology solutions, particularly in health tech and healthcare-related procurement. SMEs involved in innovative health and wellness solutions have significant opportunities to collaborate with Discovery.

Bidvest Group	It is a multinational conglomerate, sources products and services across a variety of sectors, including food distribution, logistics, and industrial services. Their emphasis on local suppliers makes them an attractive partner for SMEs, particularly in the logistics and manufacturing sectors.
Volkswagen South Africa	It is a leading automotive manufacturer, has procurement needs for parts, materials, and equipment related to assembly line production. The company is committed to working with local suppliers to boost local manufacturing capabilities and reduce reliance on imports.
Exxaro Resources	As a major mining company, it often requires suppliers for infrastructure, logistics, and environmental services. Exxaro's procurement policies prioritise local suppliers, particularly those focused on sustainability, providing SMEs with a chance to contribute to the company's green initiatives.

3.3 Key suppliers

South Africa's procurement landscape features a blend of prominent local and international companies that dominate both public and private sector procurement¹². These entities provide valuable opportunities for collaboration or serve as benchmarks for understanding market dynamics. Examples of key suppliers include:

- **Local suppliers:** Hissco, The Ethics Institute, Zibar Security Services.
- **International companies:** Bombardier Transportation (Canada), Électricité de France SA EDF (France), Siemens AG (Germany), Acciona (Spain), Hitachi (Japan), Scatec Africa.

Collaborating with these firms or analysing their strategies can provide European SMEs with access to South Africa's procurement ecosystem and valuable local networks. Partnerships with established suppliers may serve as a steppingstone for SMEs aiming to gain credibility and win independent contracts in the South African market.

3.4 Soft-landing and ecosystem support

European SMEs entering South Africa's procurement market must adopt soft-landing strategies to navigate its complexities effectively. A phased approach, combined with strong local engagement, can facilitate market entry and long-term success.

- **Building local partnerships:** Collaborating with South African businesses is crucial to ensure compliance with localisation policies, such as the B-BBEE framework. Local partners bring invaluable expertise in regulatory compliance, market dynamics, and cultural practices, all of which are vital for securing contracts and ensuring successful outcomes.
- **Leveraging support centres:** Organisations like the [European Chamber of Commerce in Southern Africa](#) and the [South African Chamber of Commerce and Industry \(SACCI\)](#) offer vital resources for European SMEs. These resources include networking opportunities, market intelligence, and customised workshops, all of which help facilitate smoother market entry.
- **Utilising logistical and regulatory support:** EU-backed programmes, such as the [Enterprise Europe Network \(EEN\)](#) and [ENRICH Africa](#), offer crucial assistance for businesses entering the South African market. These initiatives provide hands-on guidance for establishing operations, along with access to networks of innovation hubs and public-private collaborations that foster market expansion.
- **Participating in innovation networks:** Becoming involved in trade organisations, business incubators, and innovation hubs allows SMEs to connect with potential collaborators while gaining insights into procurement trends and strategies. These platforms are essential for relationship-building and establishing a presence in the South African market.

¹² etenders.gov.za, "Transparency Portal Beta - National Treasury - TransparencyPortal," data.etenders.gov.za, 2024, <https://data.etenders.gov.za/>.

- **Gradual market integration:** Initially, SMEs may consider engaging as subcontractors on larger projects or pursuing smaller tenders to build a credible track record. Over time, this strategy fosters operational experience and positions SMEs to compete for larger opportunities independently.

3.5 European companies: success stories in South Africa

Several European companies have demonstrated success in South Africa by aligning with localisation priorities and addressing specific market demands.

- **Renewable energy:** a Spanish firm secured a contract through South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) by partnering with a local company. This collaboration not only fulfilled localisation requirements but also prioritised local job creation, a key criterion in public tenders.
- **Technology:** a Spanish technology company, capitalised on opportunities in air traffic management systems, showcasing how niche, high-tech offerings can meet the needs of South Africa's infrastructure sector.
- **Water treatment:** a French firm partnered with a South African construction company to deliver sustainable water infrastructure solutions. Their expertise in eco-friendly technologies aligned with South Africa's focus on sustainability and green procurement.

These examples highlight the importance of local partnerships, sustainable practices, and innovative offerings. By aligning with South Africa's economic priorities and adhering to procurement policies, European SMEs can position themselves competitively in sectors such as infrastructure, technology, and transportation.

4. How do I explore public and private tender opportunities?

South Africa offers a range of public and private tendering platforms that facilitate access to procurement opportunities. Understanding these platforms and their features is crucial for businesses seeking to engage in the country's procurement landscape.

4.1 Public tenders

There are two main resources/ tender databases for South Africa: the state run "[eTenders profile](#)" and the private (paid version) "[Online Tenders](#)". These two websites can be used to identify tenders across the country and provide information regarding the different calls.

The **eTenders Portal**, managed by the Office of the Chief Procurement Officer (OCPO), is the central platform for public procurement in South Africa. It provides a transparent, equitable, and competitive online system for suppliers to access and submit bids for government contracts. The eTenders Portal offers the following features:

- **Daily updates:** New tenders are regularly added, ensuring access to the latest opportunities.
- **Search filters:** Tenders can be browsed by category, province, issuing authority, and type of tender, allowing businesses to narrow down their searches.
- **Free access:** The platform provides free access to tender documents, requests for quotes, and detailed bidding information without a subscription fee.
- **Sector coverage:** The portal includes opportunities across diverse sectors, such as construction, civil engineering, general supplies, professional services, and administrative services.

In the section "**opportunities**", users can browse the centralised database to find the tenders. As explained above, due to the ambiguous nature of the categories, it is best to be open when browsing the tender opportunities. Additionally, while some SEOs are quite specialised in what services and products they offer, sometimes services and equipment from other sectors are needed to conduct their work. While there are certain examples of what each category consists of,

please note that these are overly broad categories where there appears to be overlap.

Table 3 Most prominent sectors and types of related activities

Categories on eTender website	Types of companies that partake in these activities	Spin4EIC groups that could have an interest in the categories
Services: Professional	Consultancies, law firms and other professional services.	N/A for EIC beneficiaries, perhaps Agriculture, food, and beverages
Supplies: General	These services include supply and delivery of stationery, plumbing items, refuse bags, air conditioning and more.	Agriculture, food and beverages, Health and life sciences, Energy, mobility and environment, Construction, and manufacturing, Digital and ICT.
Services: General	Tree removal, repairs to pumps and catering.	Agriculture, food, and beverages,
Construction	Road construction, re-gravelling roads, line deviations.	Construction/ manufacturing
Services: Electrical	These are typically jobs of electricians such as high-tension systems, energy generators and maintenance.	Energy, mobility, and environment
Civil engineering	Water supply infrastructure, designing of public roads and beam installation.	Construction and manufacturing
Administrative	These services and supplies include graphic design and printing of books, enterprise development support and supply chain management auditing.	Digital/ICT
Services: Function (including cleaning)	Security services, cleaning services, gardening services.	Digital/ICT
Construction of buildings	These services and supplies consist of garden refurbishment, supply and delivery of certain products such as steel pipes, contractors to upgrade older regional buildings.	Construction/ Manufacturing

Source : <https://data.etenders.gov.za/>

These categories are quite broad, and, in this case, it is important to browse through the options and to be open to public buyers or even tender categories you may not have considered before.

By selecting "Browse Opportunities," users can access a list of currently advertised tenders. Each listing includes essential details such as the tender description, issuing authority, date of publication, and closing date. Advanced filtering options enable users to focus on specific tender categories, provinces, and tender types, enhancing the efficiency of the search process.

Other paying tools do exist such as "Online Tenders". Although you need to sign-up to a paid subscription, there are many opportunities available on the website and it is frequently updated with the most recent tender opportunities.¹³ Just like eTenders, you can filter your search by province and industry type but not state organ. Each tender offers the code, a brief description, and the closing date of the application.¹⁴

Beyond the centralised eTenders portal, individual provinces, municipalities, and SOEs maintain their own procurement platforms. Notable SOEs such as **Eskom** (energy) and **Transnet** (transport and logistics) frequently issue tenders for large-scale projects in infrastructure, utilities, and specialised services. These platforms are particularly valuable for businesses seeking high-value, niche opportunities.

¹³ OnlineTenders, "Online Tenders in South Africa Delivered to You," Onlinetenders.co.za, 2024, <https://www.onlinetenders.co.za/>.

¹⁴ Ibid.

4.2 Private tenders

Private procurement operates differently, focusing on **efficiency, innovation, and strategic sourcing**. Unlike public procurement, private tenders are managed by individual companies, often within specific industries such as mining, energy, and construction.

Large corporations typically maintain their own tender portals, where businesses can access opportunities, submit bids, and engage directly with procurement teams. This decentralised approach emphasises flexibility, allowing businesses to tailor their offerings to the specific needs of private sector clients.

5. How do I apply for public and private tenders?

This section provides a structured guide for businesses seeking to participate in South Africa's public and private tender processes, outlining the key steps, requirements, and strategies for successful application.

5.1 Public tenders

As mentioned previously, the South African government utilises a centralised e-tendering process to ensure transparency, fairness, and efficiency in awarding public contracts. The following steps detail the process for applying for public tenders:

Step 1: Register on the central supplier database (CSD)

The **Central Supplier Database (CSD)** serves as the central repository for information on all companies wishing to conduct business with the South African government. Registration on the CSD is mandatory for eligibility to bid on public tenders. To register, businesses must complete an online self-registration form, providing the following information:

- Tax information (verification of tax compliance is essential).
- Bank account details for payment purposes.
- Company address and contact details.
- Industry classification to match tender opportunities.
- Identification details of key representatives.
- Association details for any business partnerships or affiliations.
- Commodity categories to define the goods or services offered.

Once the registration is complete, the relevant state organ verifies the information. Upon approval, you can create an account on the **eTenders portal** to access tender opportunities.

Step 2: Identify relevant tenders and review requirements

Log on to the **eTenders website** and search for tender opportunities relevant to your business. Each tender includes a **Request for Proposal (RFP)** document, typically available as a downloadable PDF.

- Review the RFP to ensure that your business meets all the outlined requirements.
- Note the documentation required, which may include compliance certificates, B-BBEE accreditation, financial statements, and references.

Step 3: Prepare and submit your bid

When preparing your bid, adhere to the specific guidelines outlined in the RFP. A strong bid should:

- **Comply with tender requirements**, ensuring all necessary documents are included.
- Highlight your **competitive advantages, expertise, and methodology**.
- Offer a **cost-effective proposal**, as cost-efficiency is a key principle in South Africa's General Procurement Guidelines.

Ensure your submission aligns with principles of open and effective competition, fairness, accountability, and equity as emphasised in the **South African General Procurement Guidelines**.

Step 4: Submit and follow up

Submit your tender bid before the specified deadline. After submission:

- Follow up with the Contracting Authority to confirm receipt of your application.
- Document any feedback received to improve your approach for future tenders.

5.2 Private tenders

For private tenders, companies usually have their own procurement guidelines and processes, often outlined on their corporate websites or through dedicated tender portals. The process typically involves:

1. Identifying tender opportunities directly on the company's platform or through industry networks.
2. Preparing a bid according to their specified requirements, focusing on value, efficiency, and innovation.
3. Submitting the bid through the designated portal or via direct communication channels.

It is essential to build relationships with private organisations and maintain a reputation for reliability and quality to increase the likelihood of securing contracts.

Receive free procurement assistance in South Africa thanks to the EIC Innovation Procurement program powered by SPIN4EIC

The EIC Innovation Procurement Programme powered by SPIN4EIC presents an exciting, **free-of-charge opportunity** for European SMEs and Start-Ups backed by the European Innovation Council (EIC) to scale their businesses and access global markets.

Learn more about the EIC and how to become an EIC beneficiary [here](#).

SMEs and Start-ups who are already supported by the EIC (or have received a Seal of Excellence or were supported by the SME Instrument) are strongly encouraged to apply for procurement assistance via the SPIN4EIC initiative. Seize this opportunity by answering this [Open Call for assistance](#). The EIC Innovation Procurement Programme powered by SPIN4EIC provides invaluable support, including specialised training, networking, and matchmaking, alongside personalised assistance throughout the tendering process, from procurement strategy development to hands-on tender assistance and legal matters.

Check out the [SPIN4EIC web page](#) and do not hesitate to contact the SPIN4EIC team if you have any questions.

Annex 1: General information on South Africa and its economy

As a strategic gateway to the broader African market, South Africa offers **significant public procurement opportunities, with the sector accounting for approximately 22% of the nation's GDP**, equivalent to an estimated \$52 billion in 2024¹⁵. Recent reforms to enhance accountability, transparency, and integrity within the procurement system have created favourable conditions for accessing a wide range of both short- and long-term opportunities. Nevertheless, accessing this promising market comes with challenges. South Africa's regulatory environment and procedural complexities require careful navigation.

The government

Understanding South Africa's unique **geographical and socio-political context** further highlights its significance as a key regional player. Located on the southernmost peninsula of the African continent, South Africa is home to a population of roughly 60 million inhabitants, 4.6 million of whom live in Gauteng province, where the executive capital, Pretoria, is located. It also boasts two other capitals, Cape Town (legislative) and Bloemfontein (judicial), as well as Johannesburg, the national business hub situated near Pretoria. Since becoming a democracy in 1994, South Africa has seen a substantial increase in its economic capacity, international relations, and commitment to human rights.

When discussing public procurement, it is fundamental to understand the different levels of government that exist to understand the different types of public buyers.

- **Political institutions & competences:** South Africa is a parliamentary republic (whereby the government derives its power from the parliament), however with its different levels of governments and different competences between them, it can sometimes resemble a more federal system although it is not considered as one.
- **National government:** At the national level, South Africa's legislature comprises the National Assembly (350-400 members) and a National Council of Provinces (90 delegates from each province). The executive is then elected by Parliament. The national government is in charge of many competences, including economic policies, national security and foreign affairs, resource management and science, technology, and innovation.¹⁶
- **Provincial government:** Since 1994, South Africa has nine provinces, each with its own provincial government made-up of a legislature of 30-80 representatives depending on the size of the province, a Premier and an Executive Council of 10 nominated members. This level of government governs issues including health, housing, the environment, education, and transport.¹⁷
- **Municipal government:** The Municipal governments are elected by the Minister of Local Government at national level, who establishes municipalities. Within the municipalities, the government provides basic services such as water and waste removal, creates public spaces such as parks and libraries, and promotes public participation in politics.¹⁸

The economy & main sectors

South Africa is one of Africa's leading economies, with many natural resources, a robust finance sector and a large market of 60 million consumers. South Africa is also one of the BRICS countries and a member of the G20.

According to the most recent Global Competitiveness Index report published in 2019, South Africa outstands mostly thanks to its financial sector and is described as a regional "financial hub". Additionally, its transport infrastructure has allowed for it to be one of the leading economies in the region and has helped to boost the country's competitiveness.¹⁹

¹⁵ National Council of Provinces Committee, "Public Procurement Bill: National Treasury briefing", 2024. <https://pmg.org.za/committee-meeting/38294/>

¹⁶ South African Government, "Government System | South African Government," www.gov.za, n.d., <https://www.gov.za/about-government/government-system>.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Klaus Schwab, "The Global Competitiveness Report 2019," World Economic Forum (World Economic Forum, 2019), https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf.

However, South Africa has been suffering from a lack of business dynamism, due especially to issues with insolvency regulations and administrative burdens to start businesses. These challenges are reflected in the low figures of net rate of new firm entries.²⁰ Furthermore, the lack of labour market flexibility is an obstacle whereby hiring foreign employees proves extremely difficult through stringent regulations.²¹

The South African government presents a wide range of information regarding its economy. The following primary industries in the country include:

- **Mining:** South Africa is currently ranked 5th in terms of its mining capabilities, mainly due to it being the largest platinum group metals producer in the world. "Platinum Group Metals, Gold, Iron ore and Coal alone account for 82% of sales and 38% (R282 billion) of exports"²² meaning that the raw materials sourced from South Africa are some of its leading global exports. Additionally, South Africa is the world's 7th largest coal producer in the world and also using a significant amount of it through generating its electricity through the thermal power source via Eskom, the SOE for electricity.
- **Energy:** While energy is primarily coal powered in South Africa, Eskom produces and provides up to 95% of all electricity in South Africa and 45% of electricity in Africa.²³ Currently, Eskom's biggest issue is being able to meet the energy demand, as there has been an increase in loadshedding (when there are periodic times without energy). This has created a lower rate of productivity and proved an expensive business cost as the need for generators is important. The country is attempting to mitigate loadshedding through renewable energy, domain in which South Africa is increasingly investing.
- **Manufacturing:** South Africa has a well-known manufacturing sectors, particularly in the areas of food processing, textile production, metals and chemicals.²⁴ The Gauteng province is especially known for its metals and raw materials industries, whereby these metals and materials are later used to manufacture cars, ships, building materials and even arms.²⁵ There has been a decrease in mining in more recent years, therefore manufacturing is set to aid this transition.²⁶ However foreign capital is needed for national growth as the manufacturing sectors that South Africa specialises in are quite capital intensive.²⁷
- **Transport:** Contrary to many European countries, there are very little navigable rivers in South Africa, which is why heavy transportations are carried-out rather via other means such as roads, railways, and air, which are also highly effective.²⁸ The country's road network ensures a freeway connection between most towns, multilane highways between major cities and certain trade corridors between regions. The railway in South Africa is quite modern with most of the national tracks electrified and computerised. Additionally, there are highspeed trains between Pretoria and Johannesburg, called the Gautrain. There are also many domestic and international flights, with the O.R. Tambo International Airport as the primary airport for the country.
- **Finance:** South Africa is known as the financial capital of Africa for many reasons. Some of its key elements, creating such international success is due to its large stock exchange, The Johannesburg Stock Exchange, supporting investment and growth, its large pension and provident funds and the governing authority, the South African Reserve Bank, the sole issuing authority of the South African rand.²⁹

²⁰ Jaques Morriset, "Waking South Africa's Economy up Requires the Government and Businesses to Work Together," World Bank Blogs, 2023, <https://blogs.worldbank.org/en/african/waking-south-africas-economy-requires-government-and-businesses-work-together#:~:text=The%20second%20lever%2C%20dynamism%2C%20is>.

²¹ Klaus Schwab, "The Global Competitiveness Report 2019," World Economic Forum (World Economic Forum, 2019), https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf.

²² University of Witwatersrand, "The South African Mining Sector - Wits University," www.wits.ac.za, 2016, <https://www.wits.ac.za/wmi/about-us/the-south-african-mining-sector/>.

²³ International Trade Administration, "South Africa - Energy," www.trade.gov, January 26, 2024, <https://www.trade.gov/country-commercial-guides/south-africa-energy#:~:text=Current%20Status%3A,xxx>

²⁴ Leonard Monteath Thompson, "South Africa - Local Government," in *Encyclopædia Britannica*, 2019, <https://www.britannica.com/place/South-Africa/Local-government>.

²⁵ Ibid.

²⁶ Shaun Jacobs, "The Collapse of South African Mining," Daily Investor, June 24, 2024, <https://dailyinvestor.com/mining/56037/the-collapse-of-south-african-mining/#:~:text=Following%20an%20increase%20of%202.6,mineral%20groups%20reporting%20lower%20output>.

²⁷ Anthony Black, Stephanie Craig, and Paul Dunne, "Capital Intensity, Employment and Sustainability in the South African Manufacturing Sector," *School of Economics University of Cape Town*, 2017.

²⁸ Statistics South Africa, "Four Facts about Our Rivers You Probably Didn't Know | Statistics South Africa," February 2017, <https://www.statssa.gov.za/?p=9490>.

²⁹ Leonard Monteath Thompson, "South Africa - Local Government," in *Encyclopædia Britannica*, 2019, <https://www.britannica.com/place/South-Africa/Local-government>.

Annex 2: Cultural awareness & language dynamics in South Africa

A successful entry into South Africa procurement market requires an understanding of the cultural landscape, which is vital for building lasting relationships with clients, suppliers, and partners.

Respect for diversity and cultural sensitivity

South Africa is one of the world's most culturally diverse nations, with 11 official languages and various ethnic groups. The largest group is Black African (81.4%), followed by Coloured (8.2%), White (7.3%), and Indian/Asian (2.7%). This diversity is reflected in the nation's customs, beliefs, and communication styles. Understanding and respecting this cultural richness is essential for fostering trust with South African clients, suppliers, and partners. SMEs should ensure their teams are well-versed in cultural awareness to avoid misunderstandings and demonstrate a commitment to building strong, respectful business relationships. This is especially important in both private sector deals and government procurement, where reputation and interpersonal trust play a significant role.

Language considerations

While English is the primary language of business, education, and government, South Africa's linguistic diversity cannot be overlooked. Key regional languages such as isiZulu, isiXhosa, and Afrikaans are spoken by significant portions of the population and may be preferred in certain areas. Understanding these regional language dynamics can facilitate better communication and help SMEs build stronger relationships with clients and partners, particularly in localised markets. For example, learning a few phrases in the dominant regional language can make a positive impression, demonstrate respect, and help SMEs stand out in competitive procurement processes. Recognising the multilingual nature of South Africa will allow European SMEs to adapt more effectively to different regions and improve their chances of success.

Business etiquette and hierarchical structures

Business culture in South Africa is generally formal and hierarchical. Decisions in most organisations, particularly larger ones, are made by senior management, and lower levels of staff typically have limited autonomy. This hierarchical structure can lead to slower decision-making but ensures that decisions are aligned with the organisation's overarching goals. SMEs should be aware of the importance of patience in negotiations, particularly when dealing with government procurement or large-scale projects, where formal procedures and relationship-building are crucial. A handshake is the common greeting in business settings, and it is important to address people by their titles (Mr/Ms/Mrs) unless otherwise directed. In some cases, women may prefer a simple nod rather than a handshake, which should be respected to maintain a culturally sensitive approach.

Sensitive topics

Certain topics should be avoided in business discussions to maintain professionalism and respect in South Africa. These include sensitive issues such as politics, the history of apartheid, and crime. These subjects can easily lead to uncomfortable or controversial conversations and may damage professional relationships. In contrast, discussing more neutral or positive topics is a better way to break the ice. For example, the national rugby team (the Springboks) is a source of pride for many South Africans, and the scenic beaches of Cape Town are often seen as a point of interest. Light, non-controversial topics such as the weather are also safe and effective for initiating discussions and establishing rapport.

Business hours, punctuality, and holidays

Standard business hours in South Africa typically range from 08:00 to 17:00, with some offices closing early on Fridays, often by midday. Full-time employment is generally defined as a 40-hour workweek, and part-time work is considered anything below 35 hours per week. South Africa's holiday season runs from December to January, which corresponds with the Southern Hemisphere's summer break. During this period, many businesses slow down or close for mandatory

holidays, so SMEs should be mindful of potential delays in response times or procurement processes. Punctuality is highly valued in South Africa, with arriving 5-10 minutes early for meetings considered ideal. Being on time is seen as a sign of professionalism and respect, particularly in formal business settings like procurement meetings.

Decision-making in procurement

In South Africa, many organisations, especially larger ones, maintain a hierarchical approach to decision-making. This centralised structure means that the authority to make major decisions typically rests with senior management, often delaying decision timelines. However, this centralisation ensures that decisions align with the organisation's strategic objectives and are carefully considered. SMEs should be prepared for a more formal and structured decision-making process, especially when engaging in public procurement, where compliance with regulations and procedures is critical. Understanding the decision-making chain and patiently navigating the approval process can help SMEs manage expectations and increase their chances of success in both public and private procurement opportunities.