



ASPEN NETWORK  
OF DEVELOPMENT  
ENTREPRENEURS

 aspen institute

# SMALL BUSINESS JOURNEYS THROUGH CORPORATE SOCIAL PROCUREMENT

Global Case Studies

DECEMBER 2024



# AUTHORS

---

 **SangEun Kim**

Research Manager, ANDE

 **Abigayle Davidson**

Director of Research & Impact, ANDE

# CONTRIBUTORS AND SUPPORT

---

ANDE is grateful to the entrepreneurs who generously shared their time and insights through interviews for this report, specifically:

- 1 Claudia Pires, so+ma**
- 2 Chor Chee Hoe, Qarbotech**
- 3 Craig Jamieson, Straw Innovations**

This research would not have been possible without their contributions.

ANDE is also grateful for the input of Yunus Social Business, a leading international advisor on social procurement for small enterprises, who generously provided their time and insights to this report.

Specifically, we would like to thank:

- Janine Rutsch, Associate at Yunus Social Business & Co-Founder at Accendio
- Rowan Spazzoli, Associate at Yunus Social Business & Co-Founder at Accendio

This report has been generously supported by a grant from the Walmart Foundation to the Aspen Institute. The findings, conclusions, and any recommendations presented in this report are those of the Aspen Institute alone and do not necessarily reflect the opinions of the Walmart Foundation.



## ABOUT ANDE

---

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organisations that propel entrepreneurship in developing economies. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs create jobs, stimulate long-term economic growth, and produce environmental and social benefits.

As the leading global voice of the SGB sector, ANDE believes that SGBs are a powerful yet underleveraged tool in addressing social and environmental challenges. Since 2009, ANDE has grown into a trusted network of nearly 300 collaborative members that operate in nearly every developing economy. ANDE grows the body of knowledge, mobilises resources, undertakes ecosystem support projects, and connects the institutions that support the small business entrepreneurs who build inclusive prosperity. ANDE is part of the Aspen Institute, a global non-profit organisation committed to realising a free, just, and equitable society.

ANDE's Southern Africa chapter was established in 2010. It is headquartered in Johannesburg and serves members across the Southern Africa region. The chapter has over 80 members working across Southern Africa, including capacity development providers, investors, and academic institutions, and many more. ANDE Southern Africa aims to create a thriving entrepreneurial ecosystem in the region through six programmatic focus areas: knowledge sharing and networking; funding opportunities; research, impact measurement and management; training and talent development; advocacy and education.

# TABLE OF CONTENTS

Introduction .....	05
Case Study: Straw Innovations .....	06
Case Study: so+ma .....	09
Case Study: Qarbotech .....	12
Recommendations.....	16
Recommendations for Entrepreneurs .....	16
Recommendations for Entrepreneur Support Organisations (ESOs).....	18
A Look at Opportunities in South Africa's Townships.....	20





# INTRODUCTION

---

Globally, policymakers frequently refer to entrepreneurship as a promising solution to the growing unemployment problem in developing economies. One of the potential paths identified for growth-oriented entrepreneurs is to secure corporate procurement opportunities, which can drive economic inclusion, stimulate job creation, and foster social change in their communities. However, entrepreneurs and small business leaders often face significant barriers to accessing these procurement opportunities.

To explore the feasibility of corporate partnerships for entrepreneurial ventures, this report investigates the experiences of entrepreneurs who have successfully secured corporate procurement contracts in various country contexts. Their journeys, best practices, and actionable strategies can serve as a roadmap for entrepreneurs aspiring to navigate the complexities of corporate procurement. These case studies not only highlight the innovative solutions these entrepreneurs have developed but also underscore the importance of building strong relationships with corporations and understanding their procurement needs.

The contribution of this research lies in its potential to bridge the gap between small business entrepreneurs and corporates, ultimately fostering a more inclusive procurement landscape. By sharing insights into the successful strategies employed by these entrepreneurs, this report provides valuable guidance for small and growing businesses seeking to enhance their procurement capabilities and entrepreneur support organisations (ESOs) looking to equip businesses with the tools necessary to access corporate procurement opportunities. Additionally, this report seeks to advocate for a more equitable procurement process, encouraging corporates to recognise the value of partnering with a diverse set of entrepreneurs and the positive social impact such collaborations can generate.

The subsequent sections of this report are organised as follows. The next section presents studies of three successful cases: Straw Innovations in the Philippines, so+ma in Brazil, and Qarbotech in Malaysia. Finally, the report concludes with recommendations distilled from the three case studies and interviews with social procurement experts at Yunus Social Business.



## CASE STUDY: Straw Innovations

---



### ► BACKGROUND

[Straw Innovations](#), founded by Craig Jamieson, is focused on waste biomass management, particularly rice straw. In 2012, Jamieson moved to the Philippines and realised that farmers there often burned rice straw, which is illegal, or ploughed it into fields, which causes methane emissions as it breaks down anaerobically in flooded fields. Jamieson identified an opportunity to mitigate these emissions while creating jobs in the circular economy. After leading a comprehensive study at the International Rice Research Institute, funded by the British government, he established Straw Innovations in December 2016 to address this issue.

Straw Innovations developed unique technologies to harvest rice straw from wet rice fields. These technologies were initially demonstrated in the Philippines, where the company worked with farmers to process the straw into products like biochar. The company is now scaling up with support from Innovate UK and moving towards commercial production with its first demonstration plant.

### ► CORPORATE ENGAGEMENT

Straw Innovations' corporate engagement involved trial and error. Its first attempt to sell low-emission rice ended without success. Then, it started supplying rice straw to a ceramics plant as fuel for high-grade heat to meet its renewable energy needs.



### Pitching low-emission rice

Initially, Straw Innovations approached a large catering company in the Philippines to sell low-emission rice because their market research indicated a demand for it. However, in spite of positive responses to market surveys, there is still much doubt about customers' willingness to pay a "green premium" when actually buying rice. This is especially challenging in developing economies where rice is a staple food crop and where there are generally low levels of awareness of the environmental issue that low-emission rice is designed to address. Hence, the product is unlikely to have more than a very niche market if it is more expensive to compensate for rice straw management costs.

### Supplying rice straw as fuel to industry

Straw Innovations then shifted focus to selling rice straw for bioenergy. The market demand for rice husks existed, and Straw Innovations' idea was to substitute rice husks with rice straw. They engaged with local cement plants, which burn large amounts of waste biomass in their furnaces to reach the high temperatures required for cement production. However, there was a disconnect in pricing expectations, as the cement plants typically burn municipal solid waste that is collected at taxpayers' expense and would otherwise go to landfill, making it free of charge. By contrast, the costs of collecting rice straw to a local hub are not covered by local or national governments, and cement plants are generally unwilling to shoulder that collection cost.

Straw Innovations supplies rice husks to Mariwasa Siam Ceramics, a Filipino-Thai ceramics company, with a plan to follow on with straw. As power plants built to run on rice husks proved their profitability in the Philippines, the number of such plants increased, and demand for rice husks began to outstrip supply. Hence, the ceramics plant is willing to pay more for biomass fuel to supplement their rice husks and avoid having to burn liquefied petroleum gas in their kiln.

## ► ENABLING FACTORS

### Corporate experience and connections

A key factor in Straw Innovations' ultimately successful engagement with corporations was the presence of a team member with prior experience in corporate solid waste management. This individual had existing relationships with buyers in relevant industries and facilitated initial meetings, leveraging trust and familiarity to open doors for the company.



*The key success factor for the corporate engagement was having someone in your team who knows... key decision-makers in those companies. In this colleague's case, he had worked with coconut fibre wastes and applied them in these sorts of markets... He was able to just pick up the phone to these people and say, 'Hey, we've got something for you to consider. Now run a meeting.'*



## ► NAVIGATING CHALLENGES

### **Business registration and bureaucracy**

Straw Innovations faced significant challenges registering the business and gaining the necessary accreditations. The business registration process in the Philippines is notoriously complex, requiring numerous forms and approval from multiple government agencies. It took two years to set up the company, partly due to complications with foreign ownership restrictions in the energy sector in the Philippines at the time. The company's experience as one of the first users of a new online registration system further delayed the process.

### **Up-front investment and taking risks**

Straw Innovations had to make significant up-front investments in equipment and labour to harvest rice straw before receiving any large orders. The company took on the risk of harvesting, transporting, and processing the straw, even though the cement plant could have rejected the product, or the ceramics plant could have reduced payments due to quality issues.

### **Corporate due diligence**

Securing contracts with corporations took a long time as the companies have multiple suppliers and adding Straw Innovations to their systems was a protracted process. This delay often caused frustration as Straw Innovations had to wait for approval before scaling operations.

### **Seasonality and inconsistent supply**

The seasonal nature of rice harvesting in the Philippines presents challenges. Dry-season straw is easier to process, but wet-season harvests, often affected by typhoons, complicate collection and transportation. Furthermore, the wet straw fetches lower prices as fuel, negatively impacting the company's profitability.





## CASE STUDY: so+ma



### ► BACKGROUND

The founder of [so+ma](#), Claudia Pires, started the business in Brazil in 2014 after more than two decades working for large corporations like BASF, Quaker, and Pepsico, where she held various roles in marketing, business management, and social and environmental sustainability. Driven by a passion for addressing social inequality and environmental issues, Pires established so+ma, combining her corporate experience with a vision to create a for-profit impact business.

So+ma's business model revolves around incentivising consumers to adopt sustainable behaviours, particularly through recycling, while providing corporate partners with data-driven solutions that enhance their environmental compliance and reputation. For consumers, so+ma offers a rewards programme that transforms eco-friendly actions, like waste recycling, into valuable rewards, such as food items or other goods. So+ma's software-as-a-service (SaaS) model effectively nudges end users to track their sustainable practices easily.

On the corporate side, so+ma helps companies comply with environmental regulations by tracking and reporting the volume of recycled materials while also boosting their public image. Corporate partners benefit from so+ma's ability to provide compliance data and reputation enhancement, as the platform demonstrates their commitment to sustainability and engages consumers with their brands in a socially



responsible way. So+ma's current corporate clients include Braskem, Cargill, SIG Group, Heineken, Wilson Sons, and Engepack.

## ► CORPORATE ENGAGEMENT

So+ma's first corporate client was secured through Pires's personal network. Early on, she used connections from her corporate career to validate the business concept. By approaching friends and former colleagues, Pires received valuable feedback and built interest in so+ma's mission. The company's first client was onboarded even before so+ma was officially established.

However, leveraging existing networks was not the only pathway that so+ma used to partner with corporates. For example, the company participated in Braskem Labs, an accelerator programme from one of its corporate partners, to create new relationships with large corporations that Pires did not have direct connections with.

Lastly, while securing the first corporate deal can be challenging, it often opens the door to additional opportunities. Once a small business earns the trust and approval of a large corporation, it builds credibility in the eyes of other potential partners. With a proven track record of working with a major company, other corporations are more likely to trust a company's ability to scale and meet their procurement needs, reducing doubts about the capacity to deliver.

## ► ENABLING FACTORS

### Corporate experience

The company's journey into the corporate supply chain reflects the fusion of its founder's deep corporate experience with her passion for social and environmental impact. Prior to starting so+ma, Pires spent more than two decades in large corporations. This extensive experience in the corporate world provided valuable insights into the needs and pain points of large corporations, helping so+ma align its offerings with corporate interests.

### Understanding corporate needs

One of the key reasons for so+ma's success is its deep understanding of corporate needs. Large corporations face significant pressure to comply with environmental regulations but also want to improve their reputation to expand their market. So+ma recognised



*When I present myself and say that I came from a big corporation, that helped me...they know that I've been in their seat, in their chair. So I kind of know what they are going through.*



that compliance with environmental laws is often seen as a cost by corporations but building a better reputation and straight connections with consumers through sustainability initiatives is a value-generating activity.

So+ma aligned its offering with these goals by providing corporations with data that helps them comply with social and environmental laws while also enhancing their public image. By tracking and reporting the volume of recycled waste, so+ma enabled companies to demonstrate their commitment to sustainability. This data-driven approach provided corporations with proof of compliance, boosting their reputations and offering an opportunity for brand engagement with consumers.

### Site visits

Pires invited corporate clients to see so+ma's work firsthand, showcasing its impact on the tangible results of their sustainability initiatives. By engaging clients in person, so+ma created a strong emotional connection and showcased the real-world impact of its services.

## ► NAVIGATING CHALLENGES

### Identifying the right contacts within corporates

Navigating corporate supply chains presented several challenges for so+ma. Identifying the right person to engage with in a corporation was often difficult. Commenting on navigating that challenge, Pires said, "It's really about giving it a try and not being afraid to talk with a corporation."

Moreover, different people in a corporation might have different interests. While a business development team might not be interested in working with a small business, a marketing team or an ESG (environmental, social, and governance) team might. Furthermore, corporate ESG teams might also be going through internal struggles within the corporation, fighting for resources and attention within the broader corporate agenda. Therefore, equipping them with appealing value propositions and measurable results, such as recycling data and compliance reports, helped corporate ESG teams justify their initiatives.

### Approval, compliance, and scaling

Gaining corporate approval required so+ma to meet strict compliance standards. The company's services were designed to help corporations fulfil their legal obligations around waste recycling while connecting them with consumers. So+ma ensured compliance by meticulously tracking every kilogram of waste that passed through its hubs, providing companies with the necessary data to demonstrate the impact of their recycling efforts. Going forward, so+ma is scaling its model by offering a SaaS model that can be personalised to any corporation.



## CASE STUDY: Qarbotech



### ► BACKGROUND

[Qarbotech](#), a Malaysian startup founded in 2018, has emerged as a key player in the agricultural sector by developing a novel photosynthesis enhancer aimed at improving crop yields and shortening crop cycles for farmers. This innovative product positions Qarbotech as the first of its kind in the market, presenting a unique opportunity for smallholder and medium-sized farms as well as larger plantations. The company's business model revolves around establishing a robust distribution network, allowing it to reach a wider audience, particularly in Malaysia and Indonesia.

The company primarily sells its products to distributors, who then supply them to farmers and plantations. Key corporate clients include reputable companies such as PT Iceh Agro and Elevarm in Indonesia and FarmByte and Farm Fresh in Malaysia. By strategically partnering with these distributors, Qarbotech not only expands its market reach but also adds value to its partners' businesses. Distributors can enhance customer loyalty by offering Qarbotech's products alongside their existing agricultural supplies, thus fostering a win-win relationship.



## ► CORPORATE ENGAGEMENT

Though founded in 2018, Qarbotech only commercialised its products in the last few years. The company commercialised Harvast for the home gardening segment on Instagram in 2020 and QarboGrow in 2022, the year in which it was formulated.

To successfully penetrate the market with its novel product, the company has engaged in various competitions (e.g., the Shell LiveWire Challenge, Climate Impact Innovations Challenge, Khazanah Impact Innovation Challenge, EQT Impact Challenge, and the AIM Congress 2024 in Abu Dhabi—a global seed-stage competition) and ten different incubators and accelerator programmes (e.g., the Petronas FutureTech 3.0 programme) over the past two and a half years. These initiatives have been pivotal in increasing Qarbotech's visibility as they provide platforms for showcasing their technology and products to potential customers and collaborators. The incubator and accelerator programmes also enabled Qarbotech to tap into diverse resources, garner media attention, and connect with industry players and potential customers.

Qarbotech collaborates with various corporate clients who distribute their products to end customers. One notable client is a seed company that sells directly to farmers. Through its partnership with Qarbotech, the company not only offers its seeds but also incorporates Qarbotech's solutions to enhance crop yields. By distributing Qarbotech's products, the seed company strengthens customer retention and boosts profit margins.

However, some of Qarbotech's corporate distribution partners have expressed concerns regarding the stability and quality of aspects of its products, such as their appearance. To address those concerns, Qarbotech had to thoroughly document its quality control processes and provide the necessary information for the partners' audits.

Qarbotech has been targeting medium-sized companies rather than large conglomerates, recognising that the former are more open to adopting innovative solutions. By collecting data from these initial engagements, the company aims to build a stronger case for larger corporations in the future.

## ► ENABLING FACTORS

### Novel product development through R&D

Qarbotech's success started with a unique product offering. As co-founder Chor Chee Hoe noted, "We are quite fortunate that so far we do not have any direct competitors because of our technology. The indirect competitors will be other agri-inputs who are also promoting growth for the plants. In order to stay competitive, we are investing a lot in further R&D." The company's primary success factor has been staying ahead of competitors by continually refining and innovating its product offerings based on customer feedback.



### Understanding corporate needs

A critical aspect of Qarbotech's strategy for corporate procurement involves understanding the needs and pain points of potential corporate clients. During initial meetings with larger companies, the team focuses on identifying the specific challenges that these corporations face in their operations. By honing in on those issues, Qarbotech refines its sales pitch to align more closely with the needs of such companies. This iterative learning process not only improves Qarbotech's presentation skills but also enhances its understanding of industry dynamics.



*In the very first meeting [with a corporate], we need to know what are their problems and pain points.*

ESG considerations have become increasingly important in corporate procurement practices, according to Chor Chee Hoe. Qarbotech integrates sustainability into its operations by upcycling agricultural waste to produce its photosynthesis enhancer, aligning itself with the values of the corporations it aims to serve. By clearly articulating its ESG policies and practices, the company has enhanced its attractiveness to potential clients who were looking for partners that prioritised sustainability.

### Networking and accessing corporate programmes for startups

Networking plays a vital role in Qarbotech's growth strategy. The company strategically prioritised its participation in conferences, exhibitions, and accelerator and incubator programmes because its potential customers and industry stakeholders are involved in such events and programmes. Chor Chee Hoe noted that some events and programmes, particularly those organised by well-known corporations and tailored to a specific sector (i.e., agriculture for Qarbotech), have offered substantial networking opportunities, leading to fruitful collaborations. For example, by participating in accelerator programmes hosted by corporations like Petronas, Qarbotech gained valuable exposure and facilitated quicker procurement processes through proof-of-concept opportunities, thereby circumventing the lengthy vendor registration processes typically required by large companies.



*[Our product] is a totally new category of agricultural input, so we need to create a lot of awareness about the technology and product. So, we took part in a lot of different competitions to increase our publicity, especially...innovation-related accelerators and programmes organised by different corporates or big companies... We greatly benefited from those [programmes] very specifically tailored to technology or tailored to food and agriculture...[corporates] organise accelerator and incubator programmes so that we could have the direct opportunity to pitch to their business units.*



### **Publicity and referral**

Qarbotech gained significant media exposure through its participation in accelerator and incubator programmes. Winning awards in these programmes provided valuable opportunities for the company to showcase its achievements.

The Qarbotech team also understands the importance of leveraging existing customer relationships to promote their products indirectly. By encouraging satisfied customers to share their positive experiences at conferences and exhibitions, Qarbotech was able to enhance its credibility and foster new business opportunities.

## **► NAVIGATING CHALLENGES**

### **Logistics and supply chain management**

Despite its progress, Qarbotech has encountered challenges, particularly related to logistics and supply chain management. For example, the company sent out its first batch of products without optimally utilising the space in a container. However, it learned from its initial missteps in shipping logistics. By collaborating with logistics partners, Qarbotech improved its understanding of optimal shipping arrangements and processes. This learning-by-doing approach highlights the importance of adaptability and continuous improvement in the entrepreneurial journey.

### **Maintaining cash flow and seeking investment**

Maintaining cash flow was crucial for Qarbotech to work with its corporate partners as the company needed significant up-front investment to produce products. Therefore, securing investment has also been a critical component of Qarbotech's growth strategy. Chor Chee Hoe emphasised that securing investment is a numbers game; engaging with numerous potential investors is necessary to find the right fit. Through participation in accelerator programmes, the company has expanded its network to include potential investors, increasing its chances of obtaining funding.

Additionally, Qarbotech has established effective financial management practices to maintain cash flow. The company typically operates with a payment term of 30 days from its customers, which helps ensure liquidity. For larger orders, up-front payment terms were often negotiated to secure the necessary resources for fulfilling these commitments.

### **Navigating complex procurement processes**

Engaging with larger corporations often entails navigating complex procurement processes. Chor Chee Hoe stressed the need for patience and an understanding of such organisations' internal procedures.



# RECOMMENDATIONS

---

The recommendations offered in this report are distilled from the case studies above but also benefited a great deal from the interviews with Yunus Social Business, which has been working in the field of social procurement for several years and has published several resources on the topic in recent years.<sup>1</sup>

## ► RECOMMENDATIONS FOR ENTREPRENEURS



### **Understand corporate incentives and procurement needs**

The most important step when engaging with corporations is to understand the problems that they are trying to solve. All three founders interviewed for the case studies in this report mentioned that entrepreneurs should engage in thorough market research to understand corporates' pain points and tailor their solutions accordingly, whether the issues are compliance with regulations, enhancing reputation, or engaging consumers.

Entrepreneurs should position their businesses as creating social value while emphasising the quality, competitiveness, and necessity of their product or service. Corporates are more likely to engage when they see the dual benefit of economic returns and positive social impacts, such as poverty alleviation, employment in underserved areas, and sustainability. Chor Chee Hoe mentioned that having an ESG policy or a set of guiding principles to show to corporate partners might be essential, as many corporations prioritise those factors in their procurement decisions. Claudia Pires underscored the necessity of understanding that corporations are not just looking for suppliers to meet regulatory requirements, they also want partners who can create value. Highlighting participation in impactful programmes, for example the Greenlight Movement in Africa,<sup>2</sup> can differentiate entrepreneurs from their competitors.

The initial failure with the rice company taught Straw Innovations the importance of targeting businesses that are already aligned with environmental goals. Companies involved in low-carbon networks or net-zero initiatives are more likely to understand and appreciate the environmental benefits Straw Innovations offers. Similarly, entrepreneurs may also have a better success record in targeting corporations that have a stake in their communities or are engaging in socio-economic upliftment, such as those involved in corporate social responsibility (CSR) or corporate social investment (CSI) programmes.

---

1. Examples include the [Corporate Guide to Social Procurement in South Africa](#) (2024) and the [Social Procurement Manual](#) (2022).

2. <https://www.greenlightmovement.org.za>





### **Leverage existing relationships and build new networks**

Having strong corporate networks is critical for achieving corporate procurement goals. In so+ma's case, the founder's corporate connections were instrumental in landing its first client. Qarbotech's experience in encouraging satisfied customers to share their experiences and advocate for the product within their networks also illuminates the significance of leveraging existing networks.

Participating in accelerator or incubator programmes, industry conferences, and events can also help forge strong relationships with corporations. Building strong networks is critical as cold-calling and email outreach are often ineffective with corporations because they are almost immunised against them, according to Craig Jamieson. While platforms like LinkedIn can also provide insights into potential partners' interests and activities, all three founders interviewed for this report stated that their businesses substantially benefited from participating in accelerator and incubator programmes. Such programmes helped their businesses to gain visibility with and exposure to new clients outside their founders' existing networks.

Chor Chee Hoe stressed the importance of carefully selecting which programmes to participate in when there are a number of accelerators/incubators and industry conferences/events. He noted that programmes and events that are industry-specific or run by corporations were most helpful as they allow entrepreneurs to network with a more targeted audience.



### **Prepare for corporate compliance requirements and consider starting with medium-sized corporations**

Entrepreneurs should recognise that landing procurement deals with corporates requires meeting certain standards in terms of quality, compliance, and volume. Entrepreneurs are expected to bridge gaps, related to issues such as scalability and operational systems, to align with corporate expectations. Therefore, entrepreneurs must assess their capacity and maturity in the business-to-business sales process, identify gaps in scalability and operational systems, and invest in building capacity, even if that results in short-term losses.

At the same time, small businesses may have to focus on securing clients that align with their current capabilities to avoid overextending resources. Not all entrepreneurs are ready to work with large multinationals from the beginning. Qarbotech has had



great success in corporate procurement opportunities by focusing on medium-sized corporations while aiming to supply large corporations in the long term.

## ► RECOMMENDATIONS FOR ENTREPRENEUR SUPPORT ORGANISATIONS (ESOS)



### **Design programmes that build capacity and networks for corporate engagement**

While ESOs tend to focus on building capacity through standard skills training and other curriculum-based programming, research indicates that tailored, context-specific, experiential learning is most effective for entrepreneurial growth.<sup>3</sup> Entrepreneur support programmes can prepare entrepreneurs to meet corporate procurement needs, including compliance with industry standards, supply chain management, and scalability. Creating industry-specific programmes that incorporate direct engagement with corporates or are hosted in partnership with them can also offer entrepreneurs valuable insights into procurement processes and connect them with key players, such as funders, suppliers, and corporate officers. This targeted approach ensures entrepreneurs build the necessary capacity while gaining meaningful networks that can lead to actual procurement opportunities.

ESOs should also encourage corporations to invest in their national or regional entrepreneurial ecosystem by offering corporate-run accelerator/incubator programmes. This involves advocating for corporations to provide resources, such as funding, training, and mentorship, to entrepreneurs, ensuring their businesses can meet the demands of larger corporate contracts. Case studies featured in this report indicate that corporate-run or sponsored accelerator/incubator programmes offer invaluable training and networks for corporate procurement opportunities. By fostering collaboration between corporations and entrepreneurs, ESOS can create an environment where social procurement thrives and contributes to the sustainability of local economies while also addressing social challenges like unemployment and inequality.



### **Advocate for the benefits of social procurement**

ESOs play an important role in helping corporations recognise the value of engaging with social enterprises, rural businesses, and other early-stage entrepreneurs. As support programmes recruit and select entrepreneurs, they act as a filter for entrepreneurial potential and signal to the ecosystem which businesses are worthy of investment and

3. Woodruff, C. 2018. [A Research Agenda for the Small and Growing Business Sector: Summarizing the Existing Evidence and Research Needs](#). Aspen Network of Development Entrepreneurs and the International Growth Centre.



market penetration. ESOs should leverage this influence by advocating to corporations about the potential for social impact and acting as intermediaries to facilitate procurement partnerships. Many corporate buyers may not be fully aware of the benefits of social procurement. ESOs can act as intermediaries to increase awareness among both local corporations and multinationals operating in the country about the value that social entrepreneurs can bring, particularly in aligning with job creation and social impact goals.

ESOs can further play a role in raising market awareness by mapping out the product offerings, industries, and maturity levels of social entrepreneurs to help corporations understand the available supplier base. This deeper market knowledge enables corporations to identify social enterprises that align with their procurement needs, especially in industries or regions where social procurement can make a significant impact.



#### **Equip entrepreneurs with the ability to measure and communicate their impact**

ESOs should focus on building trust between corporates and entrepreneurs by leveraging data to demonstrate the tangible impact of these businesses. Providing corporations with concrete evidence of performance, such as tracking key metrics like service delivery, environmental impact, or job creation, can significantly increase confidence. For instance, so+ma's ability to report on recycling volumes helped build credibility and trust, which is critical when smaller suppliers are engaging with large corporations. By promoting data-driven impact reporting and supporting entrepreneurs to demonstrate their value through measurable outcomes, ESOs can facilitate stronger, longer-term procurement partnerships between corporates and social enterprises.

ESOs should also prioritise promoting outcome-oriented impact measurement systems to enhance coordination within the ecosystem and align efforts among various stakeholders. By utilising these systems, ESOs can identify which organisations are working towards similar goals, such as poverty alleviation or job creation, allowing them to allocate resources more efficiently and avoid duplication of efforts. Clear outcome measurement also helps corporates better understand the social value of their procurement decisions, making it easier for them to justify engagement with social enterprises. For example, by focusing on specific key performance indicators (KPIs), such as the number of contracts awarded to social enterprises, corporations can more effectively integrate social procurement into their long-term strategies. ESOs can support this process by helping corporations create tailored social procurement strategies with clearly defined goals for social impact.

## SPOTLIGHT

# A LOOK AT OPPORTUNITIES IN SOUTH AFRICA'S TOWNSHIPS

---

Over the past five years, ANDE's Southern Africa Chapter has led research and capacity building activities to support sustainable and inclusive entrepreneurial ecosystems in South Africa. ANDE has produced research, provided capacity building support, and engaged key stakeholders to support the growth of township-based entrepreneurs. Drawing from these insights and the lessons learned in these case studies, the following recommendations are offered for township entrepreneurs specifically:

### 1 Leverage existing incentive schemes and policies

South Africa's Enterprise and Supplier Development (ESD) legislation<sup>4</sup> recommends that small and growing businesses, particularly those that qualify as Exempted Micro-Enterprises and Qualifying Small Enterprises, focus on participating in ESD initiatives by positioning themselves within the Broad-Based Black Economic Empowerment (B-BBEE) framework.

There are opportunities for ESOs to support small businesses to understand the terms of any ESD agreements they enter. Documentation should clearly outline objectives, key performance indicators, and timelines to avoid misunderstandings and ensure compliance with B-BBEE codes.

By working with compliance professionals, entrepreneurs can better position themselves as attractive procurement partners, meeting corporates' legal and social responsibilities while also demonstrating genuine economic value. Township entrepreneurs and small Black-owned businesses should ensure they qualify for the highest B-BBEE level possible, as B-BBEE scorecards incentivise corporates to procure from compliant businesses. ESOs can serve as capacity builders and compliance advisors to help entrepreneurs optimise their B-BBEE compliance.

Legislation or market mechanisms are needed to create financial incentives for corporations to adopt socially and environmentally friendly practices. Craig Jamieson mentioned that there is currently no methodology or incentive scheme for trading the carbon saved by using rice straw in the Philippines. Unlike the Philippines, South Africa imposes a carbon pricing mechanism for large emitters, enforced by its Tax Act 15, which incentivises corporations to work with environmentally-friendly startups.

---

4. [Guide on Enterprise and Supplier Development](#). Broad-Based Black Economic Empowerment Commission. Accessed September 1, 2024.

## 2 Consider a cooperative or consortium model to consolidate market potential

As discussed in prior ANDE research on township entrepreneurship, immigrant-owned businesses in South Africa's townships have worked together to create economies of scale.<sup>5</sup> Black-owned township enterprises could also take advantage of such a model to build their market capacity and increase their likelihood of addressing corporate purchasing needs. This would allow township businesses to incorporate themselves into corporate value chains rather than competing with large corporations that sell the same products. An example cited in ANDE's research is Fix Forward, which trains contractors and registers them as reliable suppliers on its database.<sup>6</sup> ESOs have a significant role to play in introducing similar models in different industries and encouraging collaboration among business owners in industry-specific programmes.

## 3 Develop partnerships with existing township organisations

Local ESOs can play a critical role in ensuring that township actors and contextual complexities are reflected in the partnership agreements established between township enterprises and large corporations. In addition, ESOs should collaborate with organisations already working in township environments (e.g., the Township Entrepreneurs Alliance, Kalisa, and Zlato). These organisations have a deep understanding of the challenges in township economies, and corporations can lean on them to navigate these complex environments.

---

5. Kim, S. and Davidson, A. 2024. [Entrepreneurship in South Africa's Townships: Ecosystem Challenges and Recommendations for the Path Forward](#). Aspen Network of Development Entrepreneurs.

6. <https://fixforward.com>



**ASPEN NETWORK  
OF DEVELOPMENT  
ENTREPRENEURS**

 **aspen institute**

For more information, please contact:

**Abigayle Davidson**

Director of Research & Impact, ANDE  
[abigayle.davidson@aspeninstitute.org](mailto:abigayle.davidson@aspeninstitute.org)