

SME development and its ability to retain social licences in mining

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Recent Africa Mining Indaba highlights need for investing in SME growth within mining sector



Noluvo Nela, Nabeela Vally and Fana Mnguni at the 2024 Investing in Africa Mining Indaba

For small business development specialist, Edge Growth, the recent Investing in Africa Mining Indaba in Cape Town proved an invaluable opportunity to further entrench the important role they play in developing SMEs, also increasingly within the mining sector.

Mining is becoming an important player given commodity price booms coupled with host community pressures. Benefiting host communities within the mining sector has long been a priority for the industry. When employment opportunities are not created within these communities and they do not stand to benefit from the mining operation, a mine's social license to operate is at risk.

Edge Growth are managing to step in and assist these mining companies to use Enterprise and Supplier Development (ESD) as the basis for fostering sustainable, thriving communities beyond the life of the mine.

With successful existing collaborations with the likes of Royal Bafokeng Holdings, Gold Fields and other major mining houses, Edge Growth saw this deal sourcing and corporate matchmaking event for the mining industry as an ideal platform to grow their footprint and to learn more about the needs of this crucial sector.

Noluvo Nela, Edge Growth investment principal and Edge Action fund owner, says that besides interacting with existing and potential funders, the Investing in Africa Mining Indaba reinforced the important role that Edge Growth and other specialists in SME development play in helping corporates to maintain their social license, while aiding the creation of thriving communities through job creation and SME empowerment.

Nela adds that the Indaba provided valuable insight into the types of SMEs that are looking for funding, as well as the opportunity to build relationships with small businesses that are already fully operational and meet the mandate requirements for their existing mining portfolios.

Another key insight were the challenges of those SMEs working within the somewhat stagnant platinum sector, compared to the current business opportunities for those servicing the gold mining sector.

Nabeela Vally, head of business development at Edge Growth, says that while the Indaba provides the opportunity for role-players to engage with senior decision-makers within the mining sector, a strong theme from this year's event were the many conversations around the needs of communities, as well as the importance of empowering women within mining.

"This is where the world of Edge Growth and the mining sector really align and reinforces the relevance of the work that we do," says Vally. "Forward-looking macroeconomic trends are indicating contraction within a number of commodities which impacts the degree of support to host communities. This puts added pressure on mines to maintain their commitments in order to retain social licence to operate, thus working with the right partners becomes vital. Edge addresses this risk using holistic support which includes getting SMEs investment ready and providing them with affordable, more accessible funding. Enabling SMEs to ignite job creation in host communities more sustainably."

With their primary objective being to attract new investors for Edge Growth's funding offerings amongst the major mining houses and corporates within the industry, what resulted was reinforcing the relevance of focused SME development through experienced service providers and the benefits that an impactful SME development approach is having for mining companies and communities alike.

Edge Growth is a leading SME and venture fund manager, specialising in developing small businesses and creating jobs and real transformation by connecting corporates and entrepreneurs, growing SMEs by addressing their key constraints: access to finance, markets and skills.

The Edge Action ESD Fund was established in 2011 and is Edge Growth's in-house enterprise and supplier development fund, providing effective ESD solutions, maximising socio-economic impact through responsible investment and ensuring B-BBEE code compliance.

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