

# BENEFICIARIES MOVING UP

## Graduating an Enterprise Development Beneficiary to a Supplier Development Beneficiary

Section 4.9 held in Statement 400 of Gazette #42496 encourages organisations to align their Enterprise Development and Supplier Development initiatives with their supply chain requirements. Essentially there should be a link between Enterprise Development, Supplier Development and Preferential Procurement.

In return for successfully aligning these three sub-elements, an organisation will qualify for the two Bonus Points on offer under Enterprise & Supplier Development. These apply to all scorecards, namely Large Enterprises, QSEs and Specialised Enterprises. The scorecard requirements are as follows :

2.4 Bonus Points		Points
2.4.1	For graduation of one or more Enterprise Development Beneficiaries to Supplier Development.	1
2.4.2	For creating one or more jobs directly as a result of Enterprise Development and Supplier Development initiatives by a Measured Entity.	1

The gazette allows for an active Enterprise Development Beneficiary that is an EME or QSE to continue as a Beneficiary when their annual turnover increases to elevate them to the Large Enterprise threshold. However, it is critical to note that an organisation may not support a Large Enterprise as an Enterprise Development Beneficiary unless they previously supported that Beneficiary when they were a QSE or EME. Notwithstanding, such recognition for those measured on the generic scorecard is for five years only from the first instance assistance was provided.

The introduction of this clause is a positive one as historically a QSE benefiting from being an Enterprise Development Beneficiary that went over the R50m threshold could no longer be a Beneficiary. Thus the support that assisted them in increasing their annual revenue was gone. The practical implication of this is that if an organisation supports a 51% 'Black'-owned EME, QSE or Large Enterprise as part of their Enterprise Development initiative, the organisation will be entitled to the Bonus Points on offer.

Further Bonus Points are on offer when an organisation incorporates an Enterprise Development Beneficiary into its supply chain by procuring from them. Note such graduation would elevate them to Supplier Development status and not to that of a Supplier Development Beneficiary. The reason is that an Enterprise Development Beneficiary does not form part of an organisation's supply chain, but a Supplier Development Beneficiary does.

To qualify for the Bonus Points on offer, an organisation must provide evidence that an Enterprise Development Beneficiary did not form part of its supply chain before becoming a Beneficiary.



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