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CONSTRUCTION SECTOR CODE RULES OF ENGAGEMENT

QUALIFYING SMALL ENTERPRISES WITH LESS THAN 51% 'BLACK' OWNERSHIP

The construction sector in South Africa is expected to rebound in 2022 and expand by 9.1% in real terms. The industry will then stabilise at an annual average growth of 3.1% between 2023 and 2025. Output will not return to pre-pandemic levels during the forecast period.

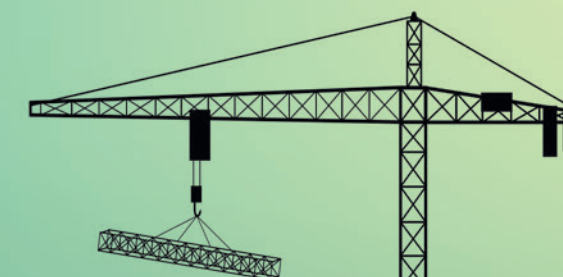
However, the sector's growth over the forecast period will be due to Government's support in investments in transport, energy, residential, telecommunication and industrial projects. The Government supports businesses and Small and Medium Enterprises (SMEs) to boost business confidence. In November 2021, the National Treasury announced a plan to spend R2.3b in the Financial Year (FY) - from April 2021 to March 2022. It will assist in rebuilding businesses affected by the third pandemic wave and reconstructing infrastructure damaged in the civil unrest that erupted in July 2021 in the Gauteng and KwaZulu-Natal provinces.

Over the long term, the industry's output will support investments related to the 10-year R2.2tr infrastructure plan unveiled by the Government last year. The plan comprises of 276 projects in various sectors, including transport, energy, industrial and housing. Of the total, R1tr will be spent over the next four years.

With Government support, the industry aims to produce 26% of the total electricity from renewable energy sources by 2030. To achieve this goal, Eskom plans to invest R106tr in constructing wind farms and solar plants until 2030. The Government intends to increase the number of Special Economic Zones (SEZ) across the country, which will further support the industry's growth. In October 2021, South Africa's president Cyril Ramaphosa announced plans to designate the Sedibeng area as an SEZ, expecting to attract 99 investment opportunities worth R48b.

The Amended Construction Sector Codes of Good Practice (CSC) align with the Amended Generic Codes of Good Practice (Generic Codes); however, they hold additional requirements to address the challenges in the sector. The objective is to enhance the capacity of 'Black' Contractors, 'Black' Built Environment Professionals (BEPs), 'Black' Material Suppliers, Industry Workers and the community at large to transform and increase productivity and transformation in the sector.

The Construction Sector Charter Council (CSCC) was established in 2009 with the mandate to oversee and monitor the implementation of the CSC. Annually it provides a report highlighting the progress of transformation in the sector.



The CSC is comprehensive; however, the requirements are more complex than its sector-specific counterparts. Although published four years ago, misinterpretation of many aspects of the provisions remains a challenge. The consequence is that organisations do not adequately plan their strategy in accordance with the requirements, resulting in a shortfall in evidence at the time of their B-BBEE Verification.

The CSC is a complex document due to the categories, financial thresholds and manner in which those in the ambit of the CSC present their B-BBEE Credentials. Unique to the CSC is that it does not incorporate the traditional Enterprise Development element. Being the second in a series of three, this article addresses how the CSC impacts all QSEs with less than 51% ‘Black’ Ownership.

Scope of Application

An organisation qualifies for measurement on a specific code; therefore, choosing a more convenient one to be measured on is not an option. The criteria as to what code an organisation must be measured on depends on the sector from which it derives the majority of its income, however, some organisations represent two sectors. Nonetheless, an organisation must measure against the code that generates the most of its Annual Revenue in a specific financial period. Therefore, if a gazetted sector code in line with section 21 of the B-BBEE Act represents an organisation’s core business, that is the code it must be measured on; however, with no sector code in place, measurement reverts to the Generic Codes.

The CSC scope of application has three categories for an organisation within its ambit, namely Contractors, Built Environment Professionals (BEPs) and Construction Material Suppliers:

Contractors conduct construction project activities that include civil engineering, electrical engineering, power transmission, general building and specialist construction work as per the CIBD grading tables below:

| | |
|----|--|
| CE | Construction work is primarily concerned with materials such as steel, concrete, earth and rock that incorporates water, sewerage, roads, railways, bridges, dams, cooling towers and grandstands. |
| EB | Electrical engineering works, all electrical work forming an integral part of the building including any wiring, for example, installations in buildings, reticulations within a plot of land (erf) or building sites. |
| EP | Electrical power generation transmission, control and distribution of equipment and systems like power generation, street and area lighting, substations and protection systems. |
| GB | Building and ancillary works other than civil, electrical and mechanical engineering, including specialist works like air conditioning, boiler installation and steam distribution and central heating. |
| SB | Asphalts or any other related business. |
| SC | Building excavations, shaft sinking and lateral earth support. |
| SG | Glazing, curtain walls and shop fronts. |
| SH | Landscaping, irrigation and horticultural works. |
| SI | Escalators, travellers and hoisting machinery. |
| SJ | Specialised foundations for buildings and structures. |
| SL | Structural steelwork and scaffolding. |
| SN | Waterproofing of basements, roofs and walls using specialist systems. |

Construction Material Suppliers are measured against the same scorecard as Contractors. The measurement for both is against given thresholds, targets, weighting points and methodology. However, an organisation can only measure Construction Material Suppliers and Contractors against one another where it can prove that there is compulsory legislative compliance and/or a licensing requirement linked to that specific sector.

- BEPs, however, are generally not limited to the following activities:
- > Planning, design and costing of construction projects in a built environment.
 - > Project management and configuration of a construction value chain, including the environment.
 - > Energy, industrial, property, transport and infrastructure; and
 - > Consulting engineering practices, architects, quantity surveyors and town planners.

This article applies to Qualifying Small Enterprises (QSEs) with less than 51% ‘Black’ Ownership (BO-QSEs) and Exempt Micro Enterprises that opt to be measured on the QSE Scorecard when tendering above their threshold. There is no option for Enhanced Recognition. Construction Material Suppliers, Contractors and BEPS fall under the following thresholds and are measured against the QSE Scorecard as follows:

| | Construction Material Suppliers & Contractors | BEPs | |
|-----------------------|--|------------------|--------------|
| Classification | QSE < 51% 'Black' Ownership | | |
| B-BBEE Certificate | Formal B-BBEE Verification by SANAS accredited B-BBEE Rating Agency. | | |
| Financial Threshold | >R10m but < R50m | >R6m but < R25m | |
| Code Series Reference | Indicator | Weighting Points | Bonus Points |
| CSC 601 | Ownership | 27 | 3 |
| CSC 602 | Management Control | 20 | - |
| CSC 603 | Skills Development | 24 | 2 |
| CSC 604 | Preferential Procurement | 29 | - |
| | Supplier Development | | |
| CSC 605 | Socio-Economic Development | 5 | - |
| | Total | 105 | 5 |



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Priority Elements

A QSE must meet the 40% sub-minimum requirements of two of the three identified Priority Elements. Ownership is compulsory, then either Skills Development or Preferential Procurement & Supplier Development. By not achieving the 40% sub-minimum requirement results in the Discounting Principle being triggered, which means a drop of one Status Level and corresponding Preferential Procurement Recognition Level, which will appear on an organisation's B-BBEE Certificate. A B-BBEE Rating Agency will indicate whether they applied the Discounting Principle on the B-BBEE Certificate.

| Priority Elements | | |
|--|---|--|
| 40% sub-minimum requirement compulsory. | 40% sub-minimum requirement for either: | |
| Ownership | Skills Development | Preferential Procurement & Supplier Development |
| Contractors must achieve 40% of the Net Value: > 40% of the 6 points available is 2.4 points. | The sub-minimum requirement is 40% of the 24 points available, which is 9.6 points, excluding Bonus Points. | The 40% sub-minimum requirement applies, excluding Bonus Points: Preferential Procurement: > 40% of the 22 points available is 8.8 points. |
| BEPs must achieve 40% of Net Value: > 40% of the 4 points available is 1.6 points. | | Supplier Development: > 40% of the 7 points available is 2.8 points. |

Ownership

Ownership is measured on the date of an organisation's B-BBEE Verification. Apart from a natural person that holds Ownership directly, 'Black' People may hold ownership in one of the following forms:

- > Company - as defined by the Companies Act;
- > Close Corporation;
- > Co-operative;
- > Partnership or other association of natural persons;
- > Any form of a juristic person recognised under South African law;
- > Discretionary Collective Enterprises such as:
 - ◆ Trust;
 - ◆ Broad-Based Ownership Scheme; and
 - ◆ Employee Share Ownership Programme;

The definition of 'Black' People' applies to the CSC, being a generic term for African, Coloured and Indian People:

- > Who are citizens of the Republic of South Africa by birth or descent; or
- > Who became citizens of the Republic of South Africa by naturalisation -
 - i. Before 27th April 1994; or
 - ii. On or after 27th April 1994 and who should have been entitled to acquire citizenship by naturalisation prior to that date.

Ownership measures Net Value, Economic Interest and Voting Rights with three Bonus Points available. The key measurement principles are:

- > The criteria for measuring Rights of Ownership held by 'Black' People in South African multinationals relates to the value of its South African operations.
- > When measuring the Rights of Ownership of any category of 'Black' People and the Ownership of a 'Black' Person passing through a juristic person – which South African law recognises – then the Flow-Through Principle applies to every tier of a multi-tiered ownership chain until it ends with a natural person meeting the definition of a 'Black' Person.
- > The Modified Flow-Through Principle applies when measuring the Voting Rights and Economic Interest of 'Black' People. However, it does not apply when calculating the Voting Rights and Economic Interest of 'Black' Women, New Entrants or Designated Groups.
- > The CSC excludes ownership held by organs of state, public entities and Rights of Ownership for Mandated Investments.
- > A portion of 'Black' Ownership for a 'Black' Participant that exits an organisation is recognised.

Applicable to BEPs

The following are additional requirements for calculating 'Black' Ownership:

- > More than 50% of the total Ownership of a BEP must be individuals who are both:
 - ① Professionally registered with any of the statutory professional councils in the BEP environment in South Africa and,
 - ② Form part of an organisation's Executive Management held within the 'Top Management' definition. In the context of the CSC, Executive Management includes 'Top Management' as outlined in the Employment Equity Regulations, which provide for 'Executive Directors' and 'Other Executive Management'.
- Not meeting the above criteria means only 50% of the 'Black' Ownership, which does not meet the requirements, may be included in the total measurement of 'Black' Ownership.
- > Where a holding company owns a BEP, the 'Black' Ownership must meet the above criteria. Otherwise, the CSC will only recognise 50% of the 'Black' Ownership in the holding company for the total measurement of 'Black' Ownership.

Management Control

Management Control is measured on the date of an organisation's B-BBEE Verification. It determines the representation of 'Black' Management that controls or makes decisions in an organisation.

The key measurement principles include:

- > The calculation for the score is against an organisation's current payroll data. Therefore, a B-BBEE Rating Agency must access the complete data set, including a Payment Parity of the EEA4 or similar report.
- > A B-BBEE Rating Agency is responsible for confirming that a 'Black' Person counted in the report receives remuneration in line with their occupational level. Without evidence supporting employment conditions, an agency will not award points for this element.

- > If an organisation qualifies as a Designated Employer and does not make its Employment Equity submission, a B-BBEE Rating Agency will not award points for this element.

Skills Development

The period for measuring Skills Development is an organisation's Financial Year. A B-BBEE Rating Agency will only recognise contributions payable within this period. All applicable organisations must comply with the Skills Development Act. The key measurement principles include:

- > All skills interventions must align with the CSC Learning Matrix. Therefore, the following is necessary to receive points on the Skills Development scorecard.
- > Where legislation requires, an organisation must:
 - ◆ Present a SETA-approved Workplace Skills Plan, Annual Training Report and Pivotal Report; and
 - ◆ Implement a general Priority Skills Programme incorporating 'Black' People.
- > Targets for Skills Development expenditure can include external training for 'Black' People who are not employees. However, an organisation may not repeat that claim under any other scorecard element when claiming for Skills Development. In other words, double claiming is not allowed.
- > The CSC limits Mandatory Sectoral Training to:
 - ◆ Site, projects or safety inductions;
 - ◆ Toolbox talks; and
 - ◆ Operators' re-certification.
- > Skills Development expenditure is any legitimate training expense for any learning programme for 'Black' People that includes, but is not limited to, the cost of:

| Training material | Trainers | Administration |
|---|---|------------------------|
| Scholarships & bursaries | Course fees | Accommodation & travel |
| Training facilities, including the cost of catering | Funding and supporting research at tertiary institutions to improve the sector's performance. | |

- > Skills Development expenditure arising from informal training - categories F and G - under the Learning Programme Matrix cannot accumulate more than 35% of the total value.

> Providing a learning programme is applicable during an organisation's Measurement Period; salaries or wages for Learners in categories B, C or D programmes are Skills Development expenditure.

> The maximum period an employee is eligible for Professional Registration learning programmes - category C - is five years, which is the duration of the calculation.

> Skills Development expenditure does not constitute a claim if:

o Any portion of the expenditure stems from a grant or another such avenue; or

o There are any conditions attached to a Bursary or Scholarship, except for:
- i. Successful completion of studies within an allocated time frame; and

ii. The continuation of employment for a period following successful completion of studies. However, the time frame must not be greater than the time frame of the study period.
- > All foreign service providers must be accredited, registered or formally approved by a statutory occupational or professional body in South Africa or abroad. Any training outside South Africa, provided locally but with foreign service providers, in line with the Learning Programme Matrix, meets the requirements. However, it must align with the Skills Matrix for a 'professional registration body' and be accredited or registered with a formal learning institution.

The CSC Learning Programme Matrix

| Category | Programme | |
|----------|--|--|
| A | Bursaries & Scholarships include school-going children, but must not exceed 50% of the target spend. | |
| | Narrative Description | Formal institution-based theoretical instruction. |
| | Delivery Mode | Institutional instruction. |
| | Learning Site | Institutions such as universities and colleges, schools and AET providers. |
| | Learning Achievement | Recognition of theoretical knowledge resulting in a degree, diploma or certificate issued by an accredited or registered formal institution of learning. |
| B | Mandatory Work -based experience, experiential training, in-service training - P1 and P2 – and/or workplace experience modules for an occupational certificate or part qualification. | |
| | Narrative Description | Institution-based theoretical instruction with some practical learning in the workplace or in a simulated work environment. The institution should formally assess it. |
| | Delivery Mode | Mixed-mode delivery, including institutional instruction. It must incorporate supervised learning in an appropriate workplace or simulated work environment, as per a tertiary institution's requirements. |
| | Learning Site | Institutions such as universities and colleges, schools, AET providers and the workplace. |
| | Learning Achievement | Theoretical knowledge and workplace experience with set requirements result in a degree, diploma or certificate issued by an accredited formal learning institution. |
| C1 | Professional Registration includes a candidacy or articles. The CSCC website publishes an up-to-date table of recognised Professional Registrations. | |
| | Narrative Description | Recognised or registered structured experiential learning in the workplace is necessary for professional registrations. Formal assessment by an industry professional registration body. |
| | Delivery Mode | Requirements as prescribed by a relevant industry professional registration body. |
| | Learning Site | As prescribed by a relevant industry professional registration body. |
| | Learning Achievement | Professional registration. |

| Category | Programme | |
|----------|--|--|
| C2 | Continued Professional Development | |
| | Narrative Description | Recognised learning resulting in CPD points from an industry professional registration body. |
| | Delivery Mode | Requirements as prescribed by the relevant training body and approved by the same industry professional registration body. |
| | Learning Site | Institutions and workplace. |
| | Learning Achievement | Continued professional development points or credits. |
| D1 | Apprenticeships, Learnerships, Occupational Certificates | |
| | Narrative Description | An occupational-directed instructional and work-based learning programme that requires a formal contract. Formal assessment by an accredited body. |
| | Delivery Mode | Institutional instruction together with structured supervised experiential learning in the workplace. |
| | Learning Site | In institutions and the workplace. |
| | Learning Achievement | Theoretical knowledge and workplace learning result in achieving a SAQA registered qualification, a certificate or other similar occupational or professional qualification issued by an accredited or registered formal learning institution. |
| D2 | A Post-Graduation short-term Mentorship Programme that spans between three to 12 months. | |
| | Narrative Description | Work experience for graduates to make them employable. |
| | Delivery Mode | Structured workplace experience. |
| | Learning Site | The workplace. |
| | Learning Achievement | Employability for graduates. Evidence in the form of a curriculum vitae and mentorship programme. |
| E | Occupationally directed SAQA registered unit standards, skills programmes, knowledge and practical modules for occupational certificates and part qualifications. | |
| | Narrative Description | An occupationally directed instructional and work-based learning programme which does not require a formal contract. An accredited body must formally assess it. |
| | Delivery Mode | Structured, supervised experiential learning in the workplace may include some institutional instruction. |
| | Learning Site | The workplace, institutional and AET providers. |
| | Learning Achievement | Awarding credits for registered unit standards or occupational modules. |
| F | External Information Programmes | |
| | Narrative Description | An occupationally directed informal instructional programme. |
| | Delivery Mode | Structured, information-sharing or direct instruction stemming from workshops, seminars, conferences and short courses. |
| | Learning Site | Institutions, conferences and meetings. |
| | Learning Achievement | Attendance register or completion certificates from training, conference or seminar organiser. |
| G | Internal informal programmes | |
| | Narrative Description | Work-based informal programmes. |
| | Delivery Mode | Informal training results in a better understanding of a job in the context of a role or improving performance or level of skill. |
| | Learning Site | The workplace. |
| | Learning Achievement | Attendance register, log book or institution book. |

Preferential Procurement & Supplier Development

The period for measuring Preferential Procurement & Supplier Development is an organisation's Financial Year.

Preferential Procurement

The CSC encourages procurement from 'Black'-owned and 'Black' Woman-owned EMEs and QSEs that are more than 51% 'Black'-owned. The objective is to support job creation and participation. A B-BBEE Rating Agency will only recognise contributions payable within this financial period. The key measurement principles for Preferential Procurement include:

- > If recipients of qualifying Supplier Development Contributions have a minimum three-year contract with an organisation, its procurement spend is multiplied by a factor of 1.2.

> Procurement spend with suppliers that are 'Black'-owned QSEs who have more than 51% 'Black' Ownership or EMEs who are not recipients of Supplier Development Contributions but have a minimum three-year contract with the organisation, is multiplied by a factor of 1.2.

> Spending for a first-time supplier of an organisation is multiplied by a factor of 1.2.

> The basis of an organisation's Preferential Procurement spend is its Total Measured Procurement Spend (TMPS). It relates to a total procurement spend during an organisation's Measurement Period, which either includes or excludes items depending on the nature of the procurement.

| Spend which constitutes TMPS | All salaries, wages and allowances paid to non-South African employees. | |
|---|---|--|
| Cost of Sales. | Operational and Capital Expenditure. | Public Sector. Monopolistic and Third-party Procurement. |
| Labour brokers and independent contractors. | Pension and medical aid contributions. | Trade commissions. |
| Empowerment-related expenditure. | Imports. | Intra-group procurement. |

The CSC excludes spend from an organisation's TMPS on specific goods or services where there is no B-BBEE Certificate available or where there is no choice in service provider.

| Exclusions from TMPS | Non-discretionary procurement, whereby the requirement is a pre-requisite to a contractual obligation. | |
|---|--|----------------------------------|
| Salaries, wages, remunerations, and emoluments. | Pass-through third-party procurement. | Empowerment-related procurement. |
| Imports of specific goods and services. | Intra-group procurement. | Taxation. |
| Empowerment-related expenditure. | Imports. | Intra-group procurement. |

Supplier Development

The CSCC encourages organisations to align with Supplier Development initiatives to promote Government's localisation vision, including value-adding programmes within an organisation's supply chain. The annual target for Supplier Development Contribution is 3% of Net Profit After Tax (NPAT). The key measurement principles for Supplier Development include:

- > The CSC defines qualifying Supplier Development Beneficiaries as distributors, suppliers, service providers, consultants, or contractors to the broader construction sector. Thus, Supplier Development Contributions benefit suppliers who fall outside an organisation's supply chain.
- > The criteria for Supplier Development Contributions require that a Beneficiary must :

• Be at least 51% 'Black'-owned; and

• Have evidence of its financial annual revenue, which must reflect less than 30% of the contributing organisation's total annual revenue during the Measurement Period.

"The CSC is a complex document due to the categories, financial thresholds and manner in which those in the ambit of the CSC present their B-BBEE Credentials."

- > Measuring loans and other related contributions is against a total outstanding loan.
- > The CSC only recognises payments made during an organisation's Measurement Period as Supplier Development Contributions. The following is a non-exhaustive list of typical Supplier Development Contributions against the Supplier Development Benefit Factor Matrix:

| | |
|---|---|
| Investments and loans. | Grant contributions. |
| Providing financial guarantees or security and making credit facilities available. | Direct costs are incurred when aiding or accelerating development and providing seed or development capital. |
| Overhead costs. | Granting preferential credit terms. |
| Granting preferential terms for supplying goods or services. | Discounts allowed for acquisition or maintenance costs associated with a franchise grant, license, agency, distribution, or similar business rights. |
| Creating or developing the capacity and expertise to manufacture or produce goods or services previously not manufactured, produced or provided in South Africa. The Government's economic growth and local supplier development policies and initiatives guide this process. | Suitable training or mentorship interventions are available to increase operational or financial capacity. Note that such intervention may not be double-counted under the Skills Development scorecard. |
| Facilitating access to credit and affording preferential credit facilities. | Creating or developing new projects promoting beneficiation. |
| Providing direct training or mentoring to qualifying beneficiaries. This training may not be double-counted under the Skills Development scorecard. | Maintaining a Supplier Development unit to focus exclusively on support is capped to a proportion of relevant overhead costs. |
| Payments to suitably qualified and experienced third parties to implement Supplier Development interventions on behalf of an organisation. | Contributions made towards the settlement of the cost of services relating to operational or financial capacity or efficiency levels, not limited to: <div><div>> Professional and consulting fees;</div><div>> Statutory licensing and/or registration fees;</div><div>> Industry-specific levies and/or other such fees;</div><div>> IT services; and</div><div>> Payment towards B-BBEE Verification for an EME by a SANAS accredited B-BBEE Rating Agency.</div></div> |

Socio-Economic Development

The period for measuring Socio-Economic Development (SED) is an organisation's Financial Year. A B-BBEE Rating Agency will only recognise contributions payable within this period. Key considerations for measuring this element are:

Applicable Targets

- > An organisation's NPAT during the Measurement Period does not form part of the compliance target, but the contributions payable are. The 1% of NPAT target for BO-QSEs is the average Net Profit over three financial years preceding the Measurement Period unless:
 - ♦ An organisation, on average, did not make a profit over this period; or
 - ♦ The average net profit margin of the organisation over this period was less than a third of the industry norm net NPAT margin during the same period.
- > An Indicative NPAT determines the target where the above factors are present.
 - ♦ The base for Indicative NPAT is the organisation's revenue during its measurement period, multiplied by a third of the industry norm net profit margin of the three financial years preceding the Measurement Period.
 - ♦ Quarterly statistics supplied by Statistics South Africa determine industry norms. Otherwise, use other verifiable data available to the CSC or any other published quarterly statistics.
 - ♦ If the references for statistics reflect negatively, qualifying SED contributions of nominal value will earn total points on the scorecard. However, the nominal value shall not exceed 50% of the previous year's target. In the case of a negative result for consecutive years, the second previous year's target becomes applicable, following the same process year-on-year.

Contributions

Contributions can be monetary or non-monetary; however, they must be quantifiable against a monetary value using a standard valuation method. Other contribution considerations include:

- > The initiation and implementation must facilitate sustainable access to the economy for beneficiaries.
- > Recognition for the total value of contributions applies if at least 75% of the value directly benefits 'Black People'. If less than 75% of the value benefits 'Black People', then the contribution will be multiplied by the percentage that benefits 'Black People'.
- > Any portion of the contribution that benefits 'Black People' with disabilities can be multiplied by a factor of 1.25.

The evidence for structured projects, over and above the normal requirement, includes:

- > A plan that is signed by the organisation and beneficiary or third-party intermediary.
- > Documented confirmation by the beneficiary or third-party intermediary of the value of the contribution.
- > Confirmation that the contribution was payable during the Measurement Period.
- > An annual project impact analysis against targets and milestones. It must indicate whether it was realistic. A negative outcome does not disqualify the contribution.

The CSC published a Benefit Factor Matrix applicable to contributions and initiatives. From time to time, this may be revised or substituted.

This is the second article in a series of three that unpacks the Construction Sector Code.

Source of reference

1. https://www.researchandmarkets.com/reports/5546592/construction-in-south-africa-key-trends-and?utm_source=BW&utm_medium=PressRelease&utm_code=s9msb8&utm_campaign=1662663+-+Key+Trends+and+Opportunities+in+the+South+African+Construction+Industry+to+2025%3a+Rebound+Forecast+for+2022&utm_exec=carl18prd



ENTERPRISE & SUPPLIER DEVELOPMENT

As a sub-element of Enterprise & Supplier Development, Enterprise Development (ESD) has the greatest Return on Investment (ROI) potential of all B-BBEE Scorecard elements.

Unfortunately, many organisations simply dump their ESD funds into fruitless initiatives as they do not know the 1% NPAT target until the finalisation of its financial year.

Essentially not having a strategic approach to ESD amounts to an opportunity missed. The BEE Chamber launched its ESD Team to guide organisations to invest their ESD funds meaningfully and sustainably. Organisations can reap the benefits of the BEE Chamber ESD triple value proposition that incorporates strategic intervention, engagement and implementation.

WHAT DOES BEE CHAMBER ESD FRAMEWORK PROVIDE?

The process begins with a strategic overview of an organisation's business strategy to identify how an Enterprise Development or Supplier Development Beneficiary aligns with its business proposition. Subsequent to identifying a Beneficiary, the ESD Team performs a Needs Analysis to identify gaps in the Beneficiary business to develop a proactive approach that includes:

- ♦ Developing a scope of work;
- ♦ Creating a development plan to address the gaps identified in the Needs Analysis of the Beneficiary business;
- ♦ Selecting appropriate partners to support the implementation process;
- ♦ Providing due diligence on Beneficiary and partners;

- ♦ Overseeing contract management to ensure that the agreement is fair, includes all stages of the agreement, incorporating the obligations of all parties.
- ♦ Providing consistent monitoring and reporting challenges and milestones achieved; and
- ♦ Delivery of necessary evidence for a B-BBEE Verification.

The BEE Chamber ESD Team have the skills and capacity to deliver a seamless Enterprise & Supplier Development solution that promote Beneficiary growth and innovation and an ROI for organisations.



Contact Us

Contact the BEE Chamber ESD Team to receive an in-depth brochure or a customised ESD solution. Email at

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