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CONSTRUCTION SECTOR CODE RULES OF ENGAGEMENT

LARGE ENTERPRISES

The focus of this article is on Large Enterprises, being the last in a series of three articles breaking down the Amended Construction Sector Codes of Good Practice (CSC). TFM Magazine issue 25 focussed on Qualifying Small Enterprises (QSEs) with less than 51% 'Black' Ownership, while issue 24 focussed on Exempted Micro Enterprises and QSEs with more than 51% 'Black' Ownership.

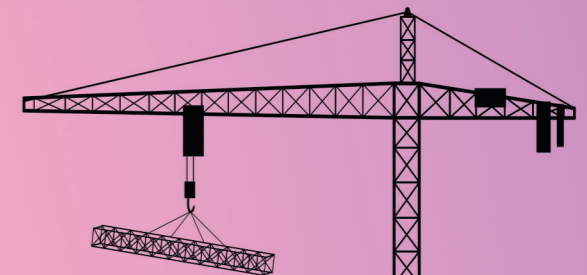
To recap, the CSC align with the Amended Generic Codes of Good Practice (Generic Codes); however, they hold additional requirements to address the challenges in the sector. The objective is to enhance the capacity of 'Black' Contractors, 'Black' Built Environment Professionals (BEPs), 'Black' Material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

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 are generally, but not exclusively, Consulting engineering practices, architects, quantity surveyors and town planners who conduct the following activities:

- > Planning, design and costing of construction projects in a built environment.
- > Project management and design of a construction value chain, including the environment, energy, industrial, property, transport and infrastructure.



Organisations that fall within the ambit of the CSC are measured against the Large Enterprise Scorecard if their turnovers exceed the following thresholds:

	Construction Material Suppliers & Contractors		BEPs	
B-BBEE certificate required	Formal B-BBEE verification by a SANAS accredited B-BBEE rating agency.			
Financial Threshold	> R50m		> R25m	
Code Series Reference	Weighting Points	Bonus Points	Weighting Points	Bonus Points
Ownership	27	4	27	4
Management Control	18	4	18	4
Skills Development	21	5	29	5
Preferential Procurement & Supplier Development	34	4	27	3
Socio-Economic Development	5	1	5	1
Total	105	18	106	17



Mariette van Wyk is a Technical Specialist at the BEE Chamber and is a qualified Chartered Accountant. After more than a decade in the verification space, she has a solid technical understanding of the Codes and the B-BBEE Act. With her experience as a Technical Signatory, Mariette is well versed in the SANAS verification requirements and is more than equipped to guide organisations through their B-BBEE Verification.

Priority Elements

A Large Enterprise must meet the 40% sub-minimum requirements of the three identified Priority Elements: Ownership, Skills Development and Preferential Procurement & Supplier Development.

Not achieving the 40% sub-minimum requirements results in the Discounting Principle being triggered, which means a drop of one Status Level with the corresponding Preferential Procurement Recognition percentage. A B-BBEE rating agency will indicate whether it applied the Discounting Principle on an organisation's B-BBEE certificate.

Priority Elements			
		Contractor	BEP
Ownership	40% of Net Value points based on the Time Based Graduation Factor.	2.4 points 40% of the 6 points	1.6 points 40% of the 4 points
Skills Development	40% of the total Weighting Points, excluding Bonus Points.	8.4 points 40% of 21 points	11.6 points 40% of 29 points
Preferential Procurement & Supplier Development	40% of the total Weighting Points, excluding Bonus Points for each of the three sub-categories of this priority element.		
	> Preferential Procurement	7.6	7.2
	> Supplier Development Programmes	2	1.6
	> Supplier Development Contributions	4	2

Ownership

Measurement of Ownership takes place 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 other form of a juristic person recognised under South African law;
- > Discretionary Collective Enterprises such as:
 - A Trust;
 - A Broad-Based Ownership Scheme; and
 - An Employee Share Ownership Programme.

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

- > The criteria for measuring Rights of Ownership held by 'Black' People in South African multinationals relates to the value of their 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 as recognised under South African law, 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 exclude ownership held by organs of state, public entities and Rights of Ownership for Mandated Investments.
- > Upon meeting the requirements, a portion of 'Black' Ownership for a 'Black' Participant that and 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 that only 50% of the 'Black' Ownership may be included in the total measurement of 'Black' Ownership.

Shareholder	Shareholder type	Top Management (Y/N)	Professionally registered (Y/N)	% shareholding	% Black shareholding
A	Individual	Y	Y	24%	100%
B	Company	Y	N	25%	0%
C	Broad-based Ownership Scheme	N	N	15%	100%
D	Individual	Y	Y	24%	0%
E	Individual	N	Y	12%	100%

Step 1: Determine percentage shareholding held by individuals in Top Management who are also Professionally Registered

Shareholder A	24,00%
Shareholder D	<u>24,00%</u>
	48,00%

Step 2: Does the total in step 1 exceed 50%? No - limitation therefore applies

Step 3: Calculate Black Ownership using Flow-Through Method: 37,50%

100% recognition for a shareholder who is Top Management and professionally registered (24% x 100%)	24,00%
Shareholder A (24% shareholding x 100% 'Black')	24,00%
Shareholder D (24% shareholding x 0% 'Black')	<u>0,00%</u>
Total	24,00%
50% for a shareholder who is not Top Management and professionally registered (27% x 50%)	13,50%
Shareholder B (25% shareholding x 0% 'Black')	0,00%
Shareholder C (15% shareholding x 100% 'Black')	15,00%
Shareholder E (12% shareholding x 100% 'Black')	<u>12,00%</u>
Total	27,00%

If limitation was not applicable shareholding would have been: 51,00%

Shareholder A (24% shareholding x 100% 'Black')	24,00%
Shareholder B (25% shareholding x 0% 'Black')	0,00%
Shareholder C (15% shareholding x 100% 'Black')	15,00%
Shareholder D (24% shareholding x 0% 'Black')	0,00%
Shareholder E (12% shareholding x 100% 'Black')	12,00%

- > 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.

An organisation that does not meet the above criteria will not qualify for 'Black' Ownership.

Management Control

- Measurement occurs 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 critical 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 submit its Employment Equity submission, a B-BBEE rating agency will not award points for this element.
 - > Where a particular occupational level does not apply to the Measured Entity, the CSC allow the collapsing of specific indicators on the Management Control scorecard and sets out the methodology for adjusting weighted points and targets.
 - > Achievement is calculated based on either Economically Active Population or Adjusted Recognition for Gender depending on the indicator.

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 critical measurement principles include:
- > All skills interventions must align with the CSC Learning Matrix.
 - > 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 of an organisation. 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.
 - > Where a measured entity does not have Junior Management or does not distinguish between Junior and Middle or Senior Management, points for expenditure on Junior Management means an allocation to 'Black' Management.

- > Recognition for no more than 50% of a bursary target for learners attending grades 10 – 12 or the equivalent at trade schools.
- > Mandatory Sectoral Training does not qualify as Skills Development Expenditure. The CSC limit Mandatory Sectoral Training to site, project or safety inductions, toolbox talks or 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.
- > Where a learning programme was provided during an organisation's Measurement Period, salaries or wages for Learners in categories B, C or D programmes constitute Skills Development expenditure.
- > The maximum period for which an employee is eligible for Professional Registration learning programmes - category C, excluding CPD - is five years. Salaries for these employees are not claimable after the five years from the date of registration that appears on the candidate's acceptance letter or certificate.
- > Scholarships and bursaries for employees do not constitute Skills Development if the Measured Entity can recover any portion of those expenses from the employee or if the grant of the scholarship or bursary is conditional. If the right of recovery involves either of the following obligations of the employees, the expenses are recognisable:
 - Successful completion of studies within an allocated time frame; or
 - The continuation of employment for a period following the 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	Institution-based theoretical instruction alone. The institution should formally assess it.
	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 at an employer 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 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. An industry professional registration body should formally assess professional registration.
	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.
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 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.



Category	Programme	
D2	A Post-Graduation short-term Mentorship Programme that spans between three and 12 months.	
	Narrative Description	Work experience for graduates to make them employable.
	Delivery Mode	Structured workplace experience.
	Learning Site	The workplace.
E	Learning Achievement	Employability for graduates. Evidence in the form of a curriculum vitae and mentorship programme as defined in Annexe CSC300(C).
	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.
F	Learning Site	The workplace, institutional and AET providers.
	Learning Achievement	Awarding of credits for registered unit standards or occupational modules.
	External Information Programmes	
	Narrative Description	An occupationally directed informal instructional programme.
G	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.
	Internal informal programmes	
G	Narrative Description	Work-based informal programmes.
	Delivery Mode	Informal training which 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 encourage 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 an organisation's specific financial period. The critical 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 or EMEs with more than 51% 'Black' Ownership 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 that constitutes TMPS:		All salaries, wages and allowances are paid to non-South African employees.	
Cost of Sales.	Operational and Capital Expenditure.	Public Sector.	
Labour brokers and independent contractors.	Pension and medical aid contributions – excluding capital investment portion of employees.	Trade commissions.	
Capital expenditure.	Monopolistic procurement.	Third-party Procurement.	
Empowerment-related expenditure.	Imports.	Intra-group procurement.	

The CSC exclude spending on specific goods or services where an organisation is forced to use a particular supplier due to tender requirements or client specifications.

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

Supplier Development

The CSC define qualifying Supplier Development Beneficiaries as distributors, suppliers, service providers, consultants, or contractors to the broader construction sector. Thus, Supplier Development can benefit Beneficiaries who fall outside an organisation's supply chain.

The criteria for qualifying as a Supplier Development Beneficiary are:

- Being at least 51% 'Black'-owned; and
- Having evidence of its annual financial revenue being less than 30% of the contributing organisation's total annual revenue during the Measurement Period.

Supplier Development Programmes

A Supplier Development Programme is a structured co-operation with qualifying Beneficiaries to assist by providing qualifying Supplier Development Contributions. A qualifying Supplier Development Programme must comply with:

The Beneficiary Criteria:

- > An organisation may not own more than 20% of the equity in a Beneficiary entity, calculated using the Flow-Through Principle;
- > It must have a minimum of three permanent employees;
- > It must hold a valid tax clearance certificate;
- > It must produce a B-BBEE affidavit (affidavit) whereby the validity aligns with the Supplier Development Programme Agreement.

The Programme Criteria:

- > Both parties must sign a written agreement.
- > An organisation should conduct a Needs Analysis that is subsequently documented and signed by all parties.
- > A Supplier Development Plan documented by all parties aligned with the Measurement Period. The Supplier Development Plan must:
 - Have clear objectives for developing at least three needs as identified in the Needs Analysis from at least two areas identified for development.
 - Include developmental areas as per the non-exhaustive list below:

Management and labour skills transfer.	Establishing an administrative system	Planning, tendering and programming skills transfer.
Business skills transfer with an emphasis on negotiation skills.	Technical skills transfer with emphasis on innovation.	Legal compliance.
Procurement skills transfer.	Establishing a credit rating and/or history.	Establishing financial loan capacity and/or history.
Contractual knowledge transfer.	Marketing and branding.	Access to or implementation of business systems.

- > List priority interventions or activities for addressing the objectives of areas of development identified above
- > Incorporate Qualifying Supplier Development Contributions, including the value thereof. Any contributions that become payable outside the Measurement Period will not count at the time of a B-BBEE verification.

The Programme Management Criteria

The CSC require the appointment of ESD Champions to manage and implement the Supplier Development Programmes. Requirements for ESD Champions:

- > Must be accountable and responsible for the Supplier Development Programme;
- > Must hold a Senior Management position or higher;
- > Must be suitably qualified and experienced to monitor progress; and
- > Must have the capacity and capability to complete a portfolio of evidence for B-BBEE verification purposes.

The target for the number of Supplier Development Programmes is based on two areas which are:

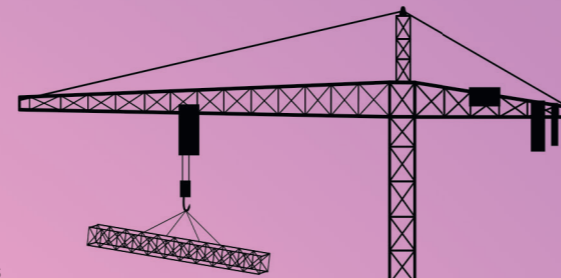
- 1 The number of Qualifying Beneficiary Entities that participated in Supplier Development Programmes; and
- 2 The total annual Revenues of the Qualifying Beneficiary Entities.

Supplier Development Contributions

The CSC encourage 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 Contributions is 3% of the average Net Profit After Tax (NPAT) for the three financial years preceding the Measurement Period. An Indicative NPAT should apply when an organisation has not made a profit on average over the last three years or the average NPAT margin of the past three years was less than one third of the industry norm NPAT margin during the same three-year period. The indicative NPAT is based on the Revenue of the Measured Entity for the measurement period multiplied by one third of the average Industry Norm NPAT margin for the three financial years that precede the Measurement Period. Where the Industry norm NPAT margin for the period is negative, a nominal value could result in total points. The nominal value should, however, not be less than 50% of the previous Measurement Period target.

The critical measurement principles for Supplier Development include:

- > The CSC only recognise payments made during an organisation's Measurement Period as Supplier Development Contributions.
- > Where a Measured Entity fails to score points for Supplier Development Programmes, a maximum of 50% of the annual qualifying Supplier Development Contributions will be recognised.



The following is a non-exhaustive list of typical Supplier Development Contributions:

Investments and loans.	Grant contributions.
Providing financial guarantees or securities and making credit facilities available.	Incurring direct costs 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.	Providing training or mentorship interventions to increase operational or financial capacity. Note that such interventions 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: <ul style="list-style-type: none"> > Professional and consulting fees; > Statutory licensing and/or registration fees; > Industry-specific levies and/or other such fees; > IT services; and > Payment towards B-BBEE verification for an EME by a SANAS accredited B-BBEE rating agency.

Socio-economic Development (SED)

Contributions are monetary or non-monetary, initiated and implemented in favour of Beneficiaries by a Measured Entity with the specific objective of facilitating sustainable economic access for targeted Beneficiaries.

Like Supplier Development Contributions, the target for Socio-Economic Development (SED) is calculated on the average NPAT for the three preceding financial years. When making an average loss or the average NPAT is less than a third of the industry norm, the same steps apply as for determining the Supplier Development target.

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

The critical measurement principles for SED include:

- > The CSC only recognise payments made during an organisation's Measurement Period.
- > The CSC encourage Measured Entities to implement SED by prioritising communities in the areas where they operate.
- > Where less than 75% of a contribution directly benefits 'Black' People, the value of that contribution should be adjusted by the percentage which was for the benefit of 'Black people. If more than 75% of the benefit was for 'Black People, the total value could be recognised as a contribution, subject to the SED Recognition Matrix.
- > An enhanced factor of 1.25 is allowed for the portion of contributions that benefits 'Black People with Disabilities.

Grant contributions.	Providing financial guarantees or security.
Direct costs incurred in assisting beneficiaries.	Overhead costs directly attributable to SED.
Development capital advanced to beneficiary communities.	Granting preferential terms for supplying goods or services.
Payments to third parties for implementing SED interventions on behalf of an organisation.	Suitable training or mentorship interventions to beneficiary communities to increase financial capacity.
Time spent by staff in carrying out SED initiatives, excluding travel or time to commute.	The maintenance of an SED unit that focuses on supporting Beneficiaries and Beneficiary communities.

The CSC target is set at 30% of total SED contributions to Communities with Limited Services. These communities are defined as those where:

- (A) less than 65% of the households have access to piped water; or
- (B) less than 85% of the households have access to electricity; and
- (C) more than 50% of the households have an average household income in the first five levels - including none - of the income data table.

Evidence to substantiate Communities with Limited Services must be the latest STATS SA census results filtered through to the local municipality.

The CSC allow for Bonus Points on SED where contributions are made to Structured SED Projects.

Evidence of implementing an SED as part of a Structured SED Project includes:

- > The SED Plan which is signed by all parties, including third-party intermediaries, and consists of:
 - The description of the programme;
 - Clear objectives, including financial targets and commitments;
 - Priority interventions;
 - A concise implementation plan that articulates milestones.
- > A signed confirmation by the beneficiary or third party through whom the contribution was made, confirming the value of the contribution that became payable during the Measurement Period;
- > An annual project impact analysis against targets and milestones and whether or not they were realistic.



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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