



**B-BBEE**

COMMISSION

**Women's Month Webinar  
Notes for Delegates  
Ms Zodwa Ntuli**

**25 August 2021**



# Presentation Outline

- ❑ Introduction
- ❑ B-BBEE Context
- ❑ Opportunity to Grow Women Owned Business
- ❑ Status of B-BBEE
- ❑ Fronting scourge
- ❑ Conclusion

# Introduction

- ❑ International Human Rights Law – State obligation to respect, protect and fulfill human rights – irrespective of whether abuses are committed by the state or private sector entities
- ❑ Appropriate laws and policies must be adopted with strong and independent national institutions created for effective implementation, monitoring and enforcement
- ❑ Constitution of SA guarantees fundamental human rights – included is section 9 that deals with the right to equality in addition to other socio-economic rights in the bill of rights
- ❑ Section 9 (2) – full and equal enjoyment of rights – legislative and other measures designed to protect or advance categories of persons that were disadvantaged by unfair discrimination

# B-BBEE CONTEXT

- ❑ The B-BBEE Act 53 of 2003, as amended by Act 46 of 2013
- ❑ The Codes of Good Practice, 2013, measure 1) ownership, 2) management control, 3) skills development, 4) enterprise & supplier development and 5) socio-economic development.
- ❑ Key to economic empowerment is growing new black owned enterprises and it seeks to achieve this through the Enterprise and Supplier Development element that promotes procurement from B-BBEE compliant suppliers and increases (non)financial support towards black entities.
- ❑ Enterprise and Supplier Development focuses on 1) preferential procurement, 2) supplier development and 3) enterprise development.
- ❑ B-BBEE policy incentivises entities for economic empowerment initiatives, but does not compel entities to implement such initiatives

# B-BBEE CONTEXT

- ❑ B-BBEE refers to the **viable economic empowerment** of all black people, in particular women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies, that include:
  - Increase number of black people who own, manage and control enterprises and productive assets
  - Facilitate ownership and management by communities, workers, co-operatives and other collective enterprises
  - Human resource and skills development
  - Equitable representation in all occupational categories and levels in the workforce
  - Preferential procurement from black owned and managed enterprises
  - Investment in enterprises that are black owned and managed.

# Opportunity to grow women owned businesses

- ❑ **Preferential Procurement:** the procurement spend must be channeled towards the following entities:
  - 80% of the procurement spend must be with entities that are B-BBEE compliant.
  - 15% must be directed to exempted micro enterprises (EMEs) -entities with annual turnover of between R0 and less R10 million.
  - 15% must be directed to qualifying small enterprises (QSEs)-entities with annual total revenue of between R10 million and R50 million.
  - 40% has to be spend with entities that are at least 51% black owned.
  - **12% with entities that are at least 30% black women owned.**
- ❑ Opportunity to increase the procurement for women to **40%** as per President announcement

# Opportunity to grow women owned businesses

- ❑ **Preferential Procurement:** Treatment of imports to promote localization and local manufacturing
  - Cannot import if a sector has been designated.
  - Group 1 : No existing capital goods and equipment and value-addition – continue importing.
  - Group 2: All other imports based on different brand/technical specification – Need to implement an import substitution plan. The plan must have:-
    - Clear objectives,
    - Priority interventions,
    - key performance indicators, and
    - A concise implementation plan with clearly articulated milestones.

# Opportunity to grow women owned businesses

- ❑ **Supplier Development:** concerned with development of 51% and 100% black owned suppliers who are at EME or QSE level through financial and non financial support. A measured entity has to spend **2% of Net Profit After Tax (NPAT)** annually.
- ❑ **Enterprise Development:** promote investment programmes that lead to broad-based and meaningful participation of black people to achieve sustainable development and general prosperity. Entities have to spend **1% NPAT** on an annual basis towards capacitating black owned EMEs and QSEs through financial and non-financial support.
- ❑ Organs of state and public entities to spend 0.2% and 0.1% of the allocated budget
- ❑ *Large black owned entities also beneficiaries of ESD but ought to have been an EME or QSE when the support was first initiated and can only be recognized for a period of 5 years*

# Opportunity to grow women owned businesses

- ❑ Examples of some ESD contributions:
  - subsidised rental,
  - loans at low or zero interest rate.
  - mentoring and coaching.
  - IT related infrastructure (software).
  - licensing or registration fees.
  - early payment;
  - professional and consulting services.
  - maintaining an enterprise and supplier development unit.
  - Tools of trade e.g. machinery and equipment.

# Status of B-BBEE

Details	2016	2017	2018	2019	2020
Level 1 - 4	60.1%	39.8%	38.4%	45.7%	59.0%
Level 5 – Non-compliant	<b>39.9%</b>	<b>60.2%</b>	<b>61.6%</b>	<b>54.3%</b>	<b>41.0%</b>
Black Ownership	32.8%	27.8%	25.2%	29.0%	30.6%
Black Women Ownership	<b>10.9%</b>	<b>9.4%</b>	<b>10.1%</b>	<b>11.7%</b>	<b>14.6%</b>
Management Control	51.78%	42.72%	41.43%	38.54%	57.19%
Skills Development	62.39%	36.82%	63.33%	48.81%	60.32%
Enterprise and Supplier Development	<b>87.58%</b>	<b>44.27%</b>	<b>68.18%</b>	<b>51.20%</b>	<b>61.24%</b>
Socio-Economic Development	92.93%	88.37%	92.11%	68.07%	90.36%

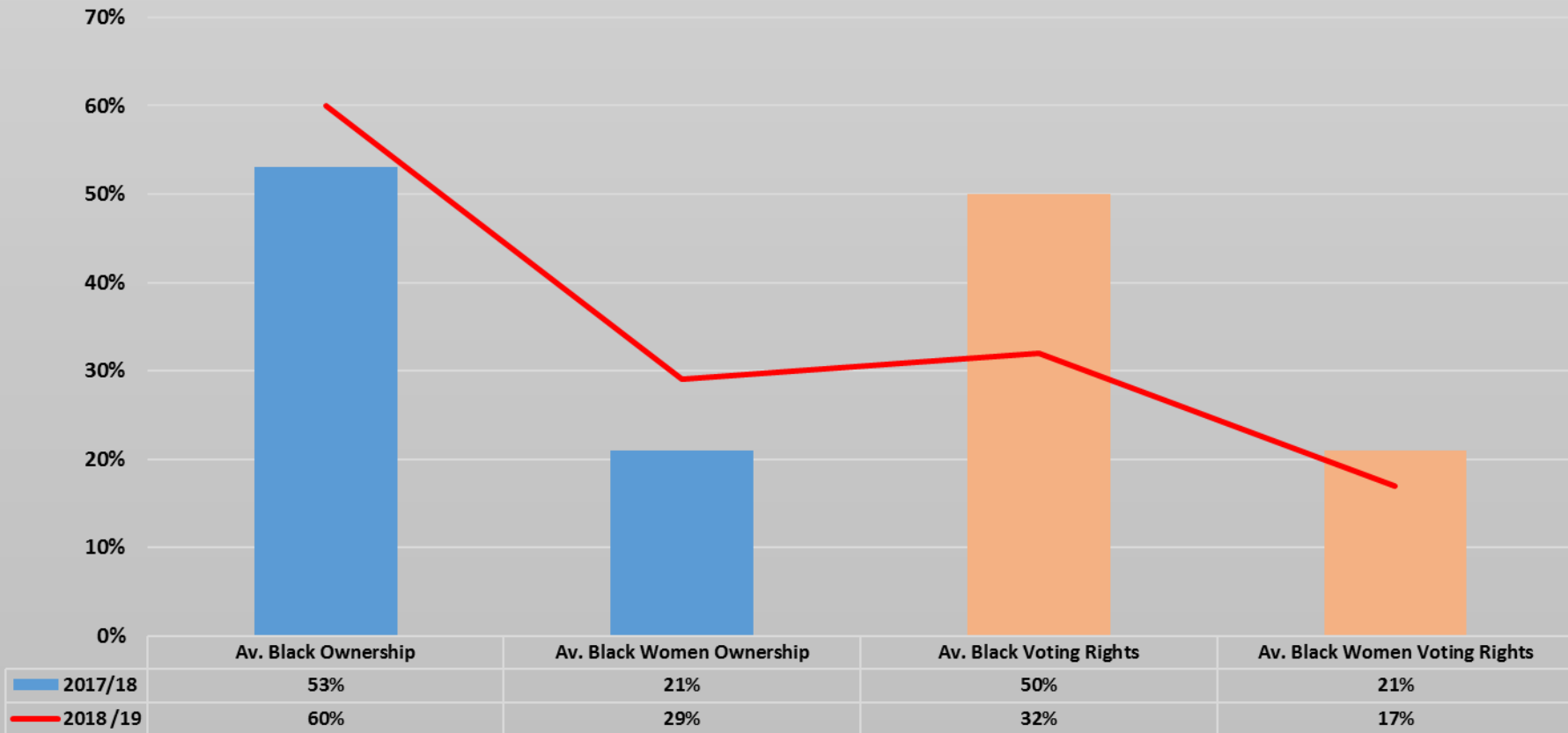
Source: B-BBEE Commission, 2021

# Fronting Scourge

- Direct fronting schemes
- Intermediaries created
- Voting rights removed or restricted
- Restrictive funding arrangements
- Sub-contracting arrangements
- ED contracts that are not concrete

# Trends on Black Women Ownership and Voting Rights

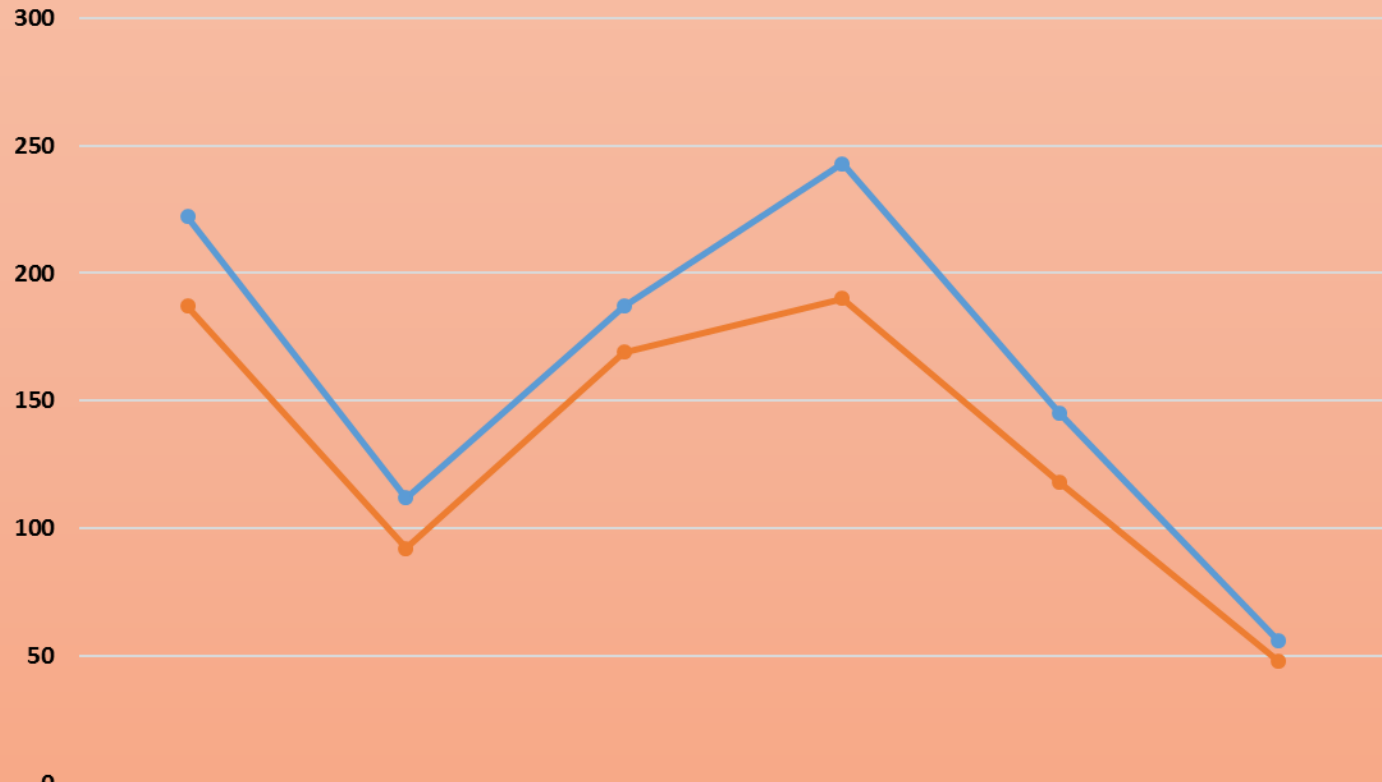
Trends on Black Women Ownership & Voting Rights Vs Black Ownership & Voting Rights



Based on major transactions filed with B-BBEE Commission

# Fronting cases

Fronting Cases vs Total lodged Cases



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
—●— Total No. of Compliants lodged	222	112	187	243	145	56
—●— Cases lodged the involve Fronting	187	92	169	190	118	48

*Based on complaints lodged with and initiated by the Commission*

# Conclusion

- Increased commitment
- Commitment from organs of state
- Enhanced funding for women
- Increased procurement spend towards women
- Institutional capacity for the regulatory body to effectively regulate
- Review legislation to close loopholes and strengthen enforcement

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