

B-BBEE – Enterprise Development, Supplier Development and Socio-Economic Development Introduction

Enterprise Development, Supplier Development and Socio-Economic Development form part of the donation elements on the BEE scorecard.

Before we look at the scorecards for the above elements, we need to look at the principals of each element.

Let's start with:

Supplier development

- An entity can qualify as a supplier development beneficiary if the entity is a 51% or more black owned EME or QSE AND a supplier to the measured entity within the measurement period.
- More than one beneficiary can be identified as long as they meet the criteria.

Enterprise development

- An entity can qualify as an enterprise development beneficiary if the entity is a 51% or more black owned EME or QSE.
- More than one beneficiary can be identified as long as they meet the criteria.

Socio Economic Development

- These contributions consist of monetary and non monetary contributions initiated and implemented in in favour of beneficiaries with the objective of facilitating income generating activities for the targeted beneficiaries.
- In order to claim the full amount of the contribution 75% of the value should benefit black people directly.
- If less than 75% of the contribution directly benefits black people, the value of the contributions multiplied by the % that benefits black people will be recognized.

Now that we understand the principals, let's look at the scorecard:

Supplier and Enterprise Development:

B-BBEE Elements and Indicators	Generic		QSE	
	Weighting	Target	Weighting	Target
Supplier Development	10	2	5	1
Enterprise Development	5	1	5	1
Bonus Points				
Graduation from Enterprise Development beneficiary to Supplier Development level	1			
Creating jobs directly as a result of Supplier Development and Enterprise Development initiatives by the measured entity	1			

The target for supplier development is 2% of NPAT for 10 points. It should be noted that the NPAT needs to be in line with the IPM for each sector published quarterly by STATS SA. The target on the QSE scorecard is only 1% of NPAT for 5 points.

The target for enterprise development is 1% of NPAT for 5 points. It should be noted that the NPAT needs to be in line with the IPM for each sector published quarterly by STATS SA. The target on the Generic and QSE scorecard remain the same.

The measured entity needs to ensure that an agreement is in place between them and the beneficiary entity for verification purposes.

For a list of the type of contributions and their % recognition please refer to **Annexure 400B**. the benefit factor refers to the % of the contribution amount that can be claimed, therefore targets should be adjusted accordingly. For example if the benefit factor is only 70% then the measured entity needs to increase their contribution to ensure that the 1% or 2% target is still met.

Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
Loans and Related Contributions		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	50%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
Equity Investments and Related Contributions		
Minority Investment in Enterprise Development and Supplier Development	Investment Amount	70%

Socio Economic Development:

B-BBEE Elements and Indicators	Generic		QSE	
	Weighting	Target	Weighting	Target
Socio Economic Development	5	1	5	1

The target for socio economic development is 1% of NPAT for points, again the IPM needs to be considered in the calculation.

For a list of the type of contributions and their % recognition please refer to Annexure 500A.

<i>Qualifying Contribution type</i>	<i>Contribution Amount</i>	<i>Benefit Factor</i>
Grant and Related Contributions		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting socio-economic development, sector specific initiatives or Approved Socio-Economic Development Contributions	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting socio-economic development, sector specific initiatives or Approved Socio-Economic Development Contributions	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting socio-economic development, sector specific initiatives or Approved Socio-Economic Development Contributions	Verifiable Costs (including both monetary and non-monetary)	80%
Contributions made in the form of human resource capacity		
Professional services rendered at no cost supporting socio-economic development, sector specific initiatives or Approved Socio-Economic Development Contributions	Commercial hourly rate of professional	80%
Professional services rendered at a discount supporting socio-economic development, sector specific initiatives or Approved Socio-Economic Development Contributions	Value of discount based on commercial hourly rate of professional	80%
Time of employees of Measured Entity productively deployed in assisting beneficiaries and supporting socio-economic development, sector specific initiatives or Approved Socio-Economic Development Contributions	Monthly salary divided by 160	80%

Measured entities receive a score in proportion to the extent that it meets the compliance target for the above elements.