

SIYABULELA CAMPAIGN DELIVERABLES

EXECUTIVE SUMMARY

As addressed in the State of the Province address by Premier Ebrahim Rasool on the 10th February 2006, one of the Siyabulela deliverables undertaken by Minister Brown is to build on our successful procurement campaign by ensuring that the proportion of women procuring from government will increase significantly across departments by August 2006.

One of the long-term strategic plan of the Western Cape Provincial Treasury will be the development of a world-class supply chain management process. The Provincial Treasury has been tasked with bringing this vision to fruition, and has decided to redress the BEE as part of its strategic plan by the promotion of a provincial BEE policy. Provincial Treasury has embarked on a process to adopt a broad based BEE strategy, the manner in which to implement it and align it with the legislative and policy frameworks as well as that of the national government's foci on BEE.

The proposal is therefore the adoption of a Black Economic Empowerment policy framework and programme that will allow the province to support and encourage the participation and expansion of BEE classified enterprises.

The following are the Provinces initiatives to adopt and implement Black Economic Empowerment:

- A BEE Procurement Programme relating to provincial procurement; and
- A BEE Supplier Development Programme.

It must be noted that it is envisaged that the programme for woman as defined by Section 9 (5): Codes of Good Practise; of the Broad Based Black Employment Act 53 of 2003 will be encapsulated in the abovementioned policy frameworks.

1. BEE PROCUREMENT PROGRAMME

AIM: To promote increased BEE access to business opportunities in the Western Cape Province and to assist in the development of a tool to promote the Provincial BEE Policy

ACTIVITIES:

1. Facilitation of a Provincial BEE Procurement Strategy Development Forum
2. Establish an Invoice Financing System
3. Establish an Annual Provincial BEE Development Week.

2. SUPPLIER DEVELOPMENT PROGRAMME

AIM: To help increase the capacity of BEE companies and to promote BEE related entrepreneurial development.

ACTIVITIES: Establish an Integrated Supplier Database

Key activities will include:

- Combining the database of each provincial department;
- Integrate this database with other third party supplier BEE databases as those developed by Tradeworld, “BEE - on – line” etc.
- Verifying the BEE status of the suppliers in the database.

4. BEE MATCH-MAKER PROGRAMME

AIM: To encourage and foster transformation within the Province by establishing a user-friendly matching service that will allow white companies to find one another.

ACTIVITY: Establish an on line BEE Match-Making Portal

INTRODUCTION AND BACKGROUND

South Africa's Constitution entrenches in terms of Section 217 a procurement system that caters for a fair, transparent, equitable, competitive and cost effective supply chain management system. It must further give effect to the requirements of the BEE Act and the Preferential Procurement Policy Frameworks Act. These legislative frameworks include women within this previously disadvantaged category as envisaged by the requisite legislation.

This legislative framework provides a clear mandate to government to redress the imbalances of apartheid and make provisions to ensure equal rights for all citizens based on non-racism, non-sexism and the rule of law. One core need within the 'new' South Africa is to create employment and to accelerate the inclusion into the mainstream business environment of previously disadvantaged South Africans (PDIs).

Government has therefore through its progressive legislative processes, aimed to promote greater equality in the social and economic domains. The Western Cape Province has encapsulated this process through its Ikapa Elihlumayo policy. The question is therefore how do we accelerate skills, identify job opportunities and increase the level of equity participation and business ownership by the PDIs? The Broad – Based Back Empowerment (BEE) Strategy is government's response for the inclusion of black businesses and professionals in all aspects of the nation's economy.

In practise however there are noted limits in the application of the BEE strategy, such as: -

- Scorecard initiatives occurring within the formal sectors of the economy and not the informal sector,
- The strategy does not afford national targets to adopt,
- There is a lack of conformity in terms of the processes used.

Provincial Treasury's objectives are to: -

- Assess the state BEE initiatives that are underway,
- Explore how the province can best utilise its resources to improve BEE,
- Propose how Provincial Treasury can make projects at the provincial level a reality, to achieve the aims of the Broad Based BEE Act.

The Western Cape faces important challenges in its efforts to ensure that there are sufficient employment opportunities for its population. In terms of the Provincial and Economic Review and Outlook, 2006 (PER&O), shared growth and integrated development in the Province depend critically on improved labour market performance and enhanced economic empowerment and participation.

PER&O goes further to state: -

“More specifically, the segmentation of the labour market is clear from widely differing estimates of the broad unemployment rate for Africans, Coloureds and Whites. In 2004, the broad unemployment rate among whites, at 6,6 percent, is substantially lower than the 25,3 percent rate for coloureds and the 44,0 percent rate for Africans. Similar to the national pattern, the female unemployment at 29, 6 percent exceeds that of male unemployment (23, 4%).

The first local census report on women in corporate leadership, released last year by Businesswomen’s Association, notes that while women accounted for 41, 4 percent of South Africa’s workforce, only 14,7 percent of executive managers and 7.1 percent of directors were female.

During Apartheid women were arguably the most oppressed group within society, they suffered racial prejudice as well as gender marginalisation. Hence it becomes imperative that the BEE Strategy or program caters sufficiently to the needs of empowering women.

DEPARTMENTAL PROGRAMMES AND OUTPUTS: PROVINCIAL TREASURY’S BEE PROGRAM

At the inception of the initiative it was determined that a needs analysis needs to be undertaken.

From an implementation perspective the resulting programmatic structure included the following activities: -

1. Establishing an affirmative programme, which would enhance a certain percentage of the provinces procurement and purchasing for BEE firms;
2. Establishing a supplier development programme;
3. Fostering transformation by giving effect to the Preferential Procurement policy Frameworks Act.

Further considerations that have been noted are that of capacity building and making the information readily available to a target market, and these may be listed as follows: -

1. Establishing a strong skills development programme;
2. Establishing a strong general mentorship program within the province to help BEE companies gain knowledge from those with greater experience in their sectors;

3. Establishing an internet portal on BEE within the province and having this website serve as a key information dissemination tool on BEE policy;
4. Create an integrated supplier database, which would interface with the BEE portal for the province and private sector looking for BEE partners.

METHODOLOGY AND APPROACH USED

An exercise in information aggregation will be utilised with stakeholders, reviewing global and local models, undertaking interviews with internal provincial officials, and reviewing national, provincial and local policy relating to BEE development in the Western Cape.

The following have been established as major aspects this strategy development program: -

1. Reviewing the status quo;
2. Establishing stakeholders in the BEE development field;
3. Reviewing other institutional structures within the country and globally;
4. Assessing the provinces policy environment and current BEE related activities;
5. Assessing a proposed BEE program within the parameters of funding requirements and prospective costs;
6. Exploring the prospective impact and issues related to what can be sustainable;
7. Exploring the capacity of the province to undertake a dynamic BEE program and to coordinate the activities of other stakeholders, and
8. Proposing institutional arrangements for the implementation of a BEE program

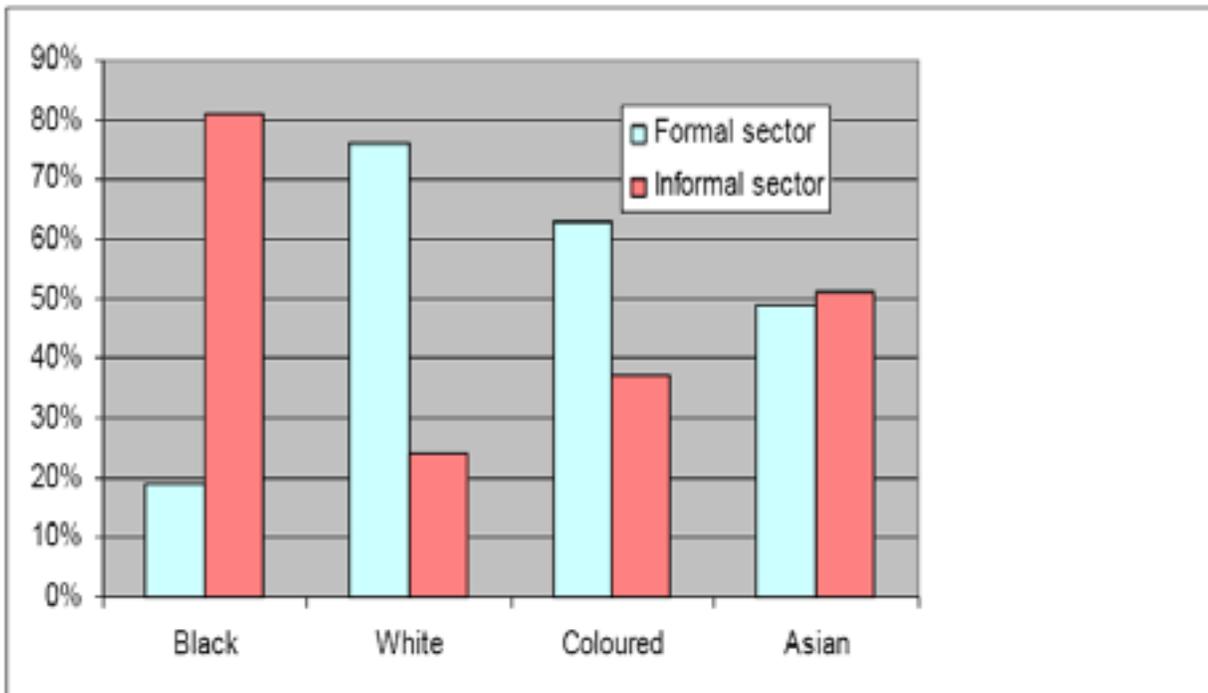
FACTORS AFFECTING WOMEN IN SOUTH AFRICA

The following are factor affect women entrepreneurs in South Africa: -

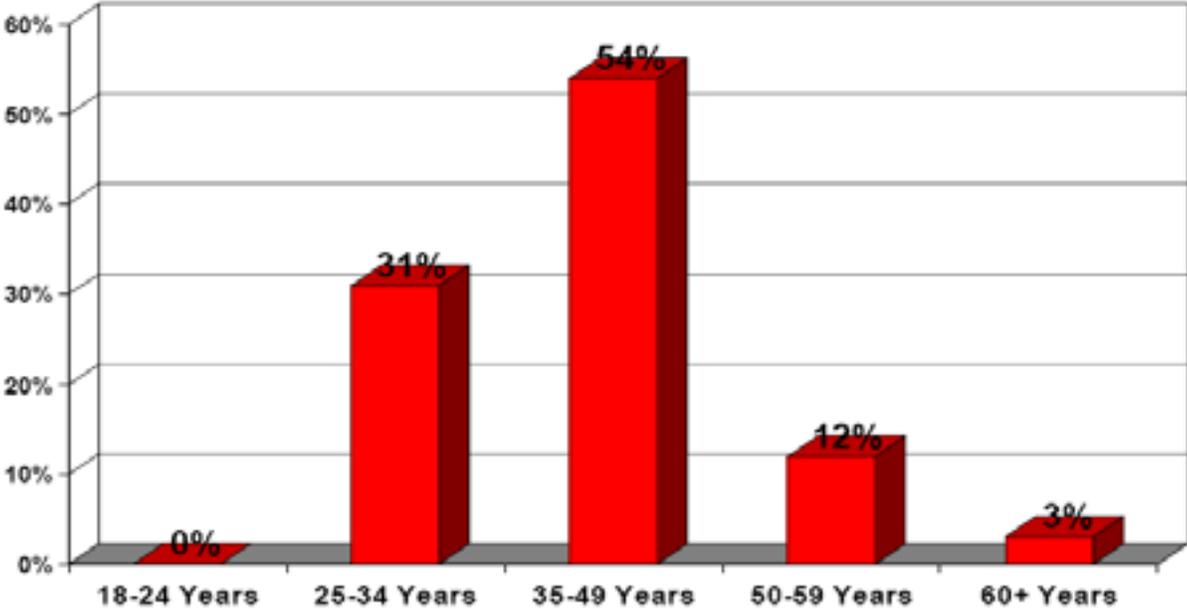
1. Race, Gender and Location
2. Vulnerability
3. Poverty
4. Land
5. Family Responsibility
6. HIV / AIDS
7. Education and Training
8. Access to Finance

Major constraints to the expansion entrepreneurial activities for women include; lack of capita, Landlessness, labour, education, family, discrimination and training. The Department of Trade and Industry in 2003 commissioned Business Map Foundation to conduct research on the trends and features in south African women entrepreneurs and the following was as a result of their findings; -

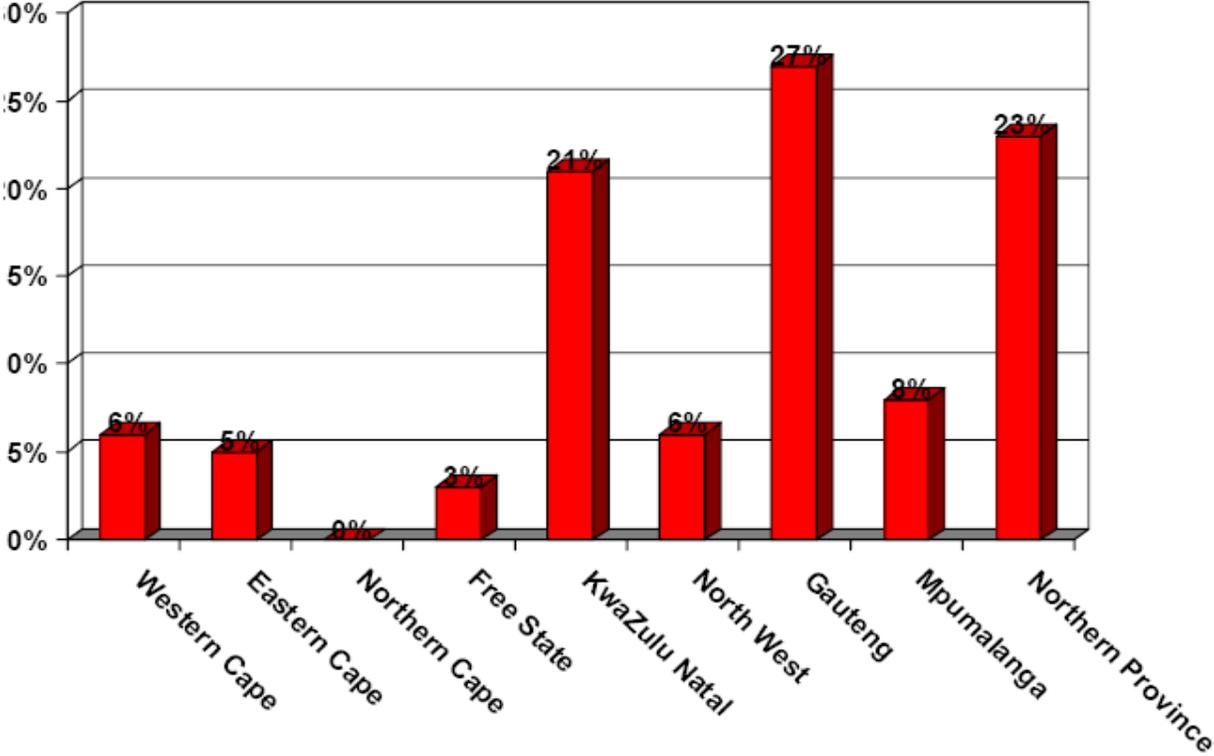
FEMALE ENTREPRENEURS PER POPULATION GROUP



FEMALE BLACK SELF-EMPLOYED



FEMALE, BLACK, SELF EMPLOYED PER PROVINCE



The factual plight of women as determined by the DTI is as follows: -

1. Women constitute 52% of the population
2. Half of those live in rural areas
3. Women constitute approximately 56% of the unemployed
4. 20% of women over 20 years remain illiterate
5. 60% of female-headed households live in poverty

Hence the BEE process represents choice and selectivity as well as exclusion and inclusion. BEE is defined as “The economic empowerment of black people including women, workers youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies”

WORK IN PROGRESS AND PARTNERSHIPS

The Provincial Treasury of the Western Cape thus far prepared itself to facilitate and promote the BEE policy and strategy as developed by the Department of Economic Department for the Province. The projected plan is as encapsulated above in the executive summary.

PROCUREMENT STATISTICS FOR WOMEN PARTICIPATION IN PROVINCIAL PROCUREMENT

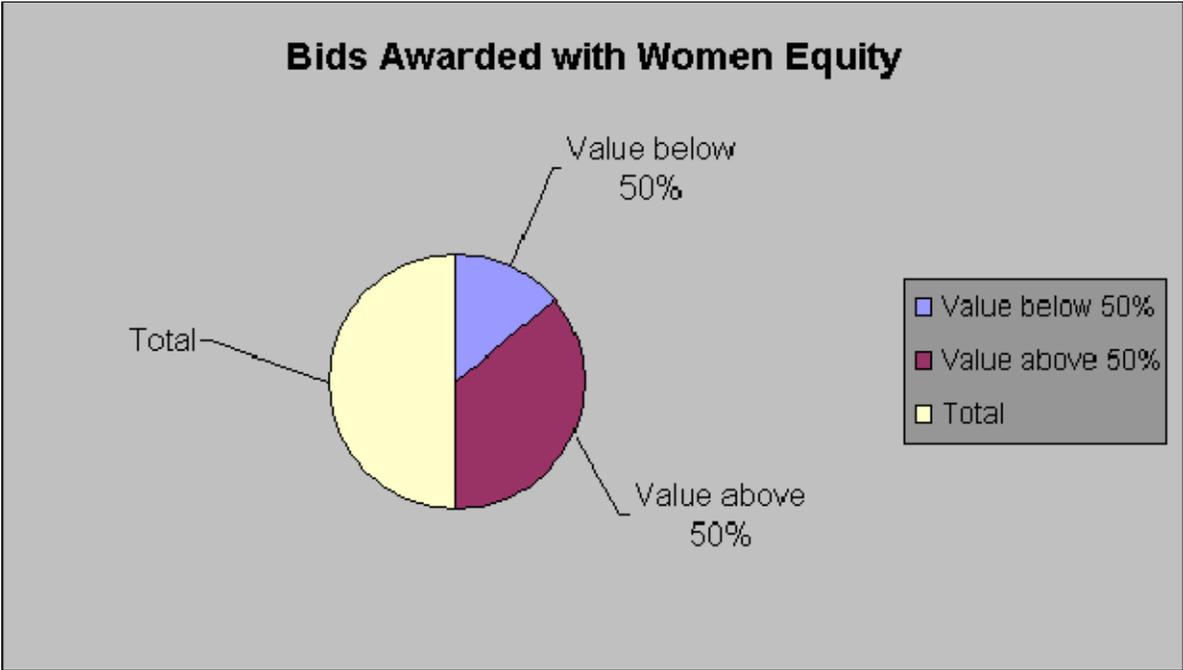
BIDS AWARDED TO COMPANIES WITH WOMEN EQUITY OWNERSHIP

DEPARTMENT	VALUE BELOW 50% WEO	No. Below 50%	VALUE ABOVE 50% WEO	No. Above 50%	Total Value	Total No.
Provincial Treasury	0		0		0	0
Agriculture	R 1,196,348.94	17	R 5,532,300.87	20	R 6,728,649.81	37
Social Services & Poverty Alleviation	R 22,094,001.57	7	R 7,397,808.68	8	R 29,491,810.25	15
WC Provincial Parliament	R 16,941.63	1			R 16,941.63	1
Education	R 7,638,797.55	30	R 23,153,676.11	28	R 30,792,473.66	58
Community Safety			R 75,900.00	2	R 75,900.00	2
Health	R 7,051,259.16	24	R 18,359,679.36	19	R 25,410,938.52	43
Housing & Local Government	R 287,280.00	1	R 2,994,617.66	5	R 3,281,897.66	6
Economic Development	R 243,400.00	2	R 465,400.00	4	R 708,800.00	6
Premier	R 842,180.00	2	R 536,000.00	3	R 1,378,180.00	5
Cultural Affairs & Sport	R 35,558.54	2	R 677,192.00	3	R 712,750.54	5
Transport & Public Works	R 34,219,010.90	82	R 129,169,465.44	207	R 163,388,476.34	289
TOTAL	R 73,624,778.29	168	R 188,362,040.12	299	R 261,986,818.41	467

During the 2005/2006 financial year Western Cape provincial departments awarded an estimated **467** formal bids or sections of bids to companies with Women Equity Ownership (WEO) at an estimated value of **R 261 986 818.41**. An estimated **R 73 624 778.29 (168 contracts)** were awarded to companies with WEO lower than 50% and **R188 362 040.12 (299)** were awarded to companies with more than 50 % Women Equity Ownership.

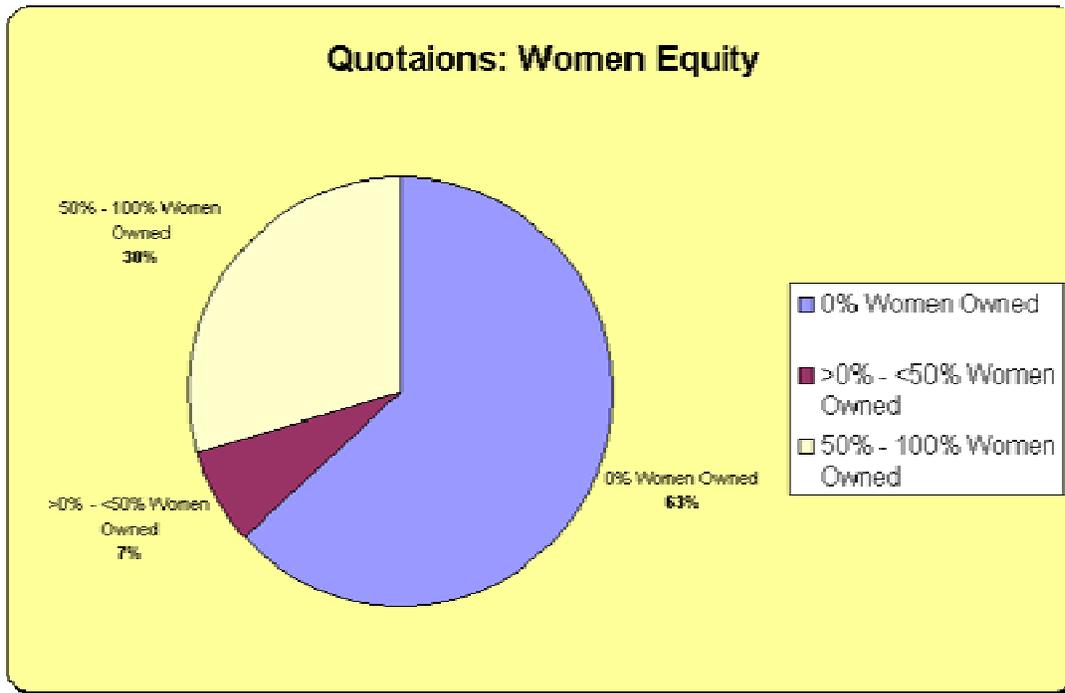
NUMBER OF BIDS AWARDED TO COMPANIES WITH WOMEN EQUITY OWNERSHIP

Women	Value
Value below 50%	R 73,624,778.29
Value above 50%	R 188,362,040.12
Total	R 261,986,818.41



QUOTATIONS AWARDED TO COMPANIES WITH WOMEN EQUITY OWNERSHIP

Women Equity	Number of quotations	% of quotations	Value of quotations	% quotation value
0% Women Owned	12252	63%	R 72,753,093.40	68%
>0% - <50% Women Owned	1392	7%	R 7,314,188.05	7%
50% - 100% Women Owned	5765	30%	R 26,392,950.84	25%
Total	19409	100%	R 106,460,232.30	100%

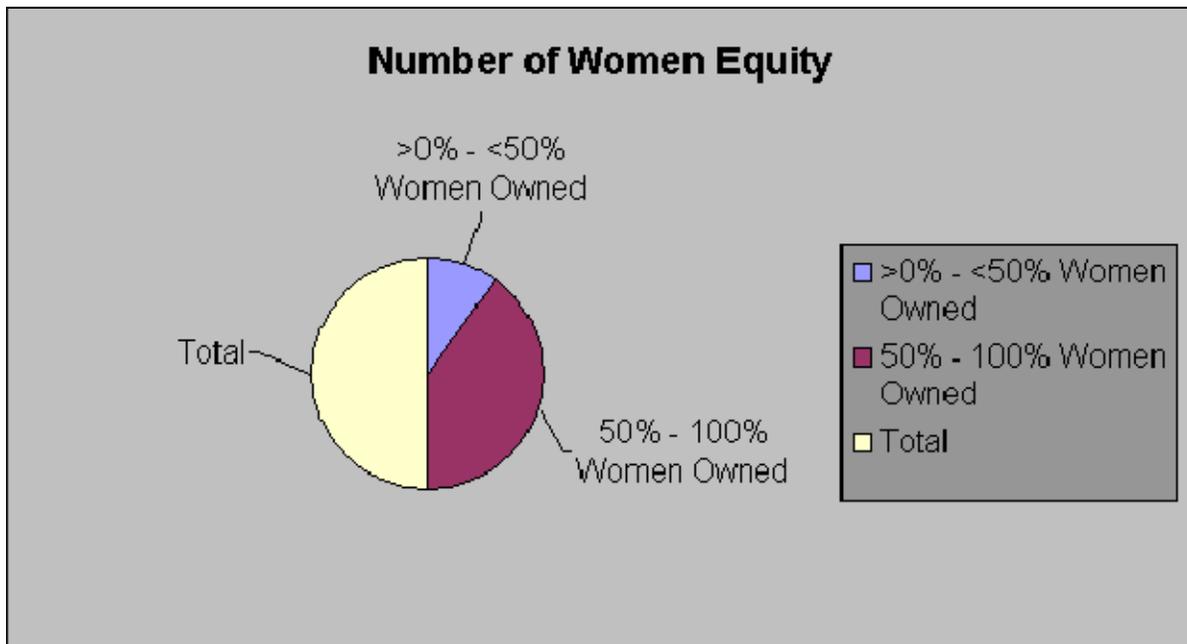


During the 2005/2006 financial year Western Cape provincial departments awarded an estimated **7624 contracts** at a value of **R 106 460 232.30**. Companies with Women Equity Ownership (WEO) were awarded and estimated **7157 quotations** at a value of **R 33 707 138.90**. Companies with women equity ownership between 0% and 50% were awarded and estimated **1392 quotations** with a value of **R 7 314 188.05** and companies with women equity ownership of more than 50% received an estimated **5765 quotations** with a value of **R 26 392 950.84**.

TOTAL CONTRACTS AWARDED TO COMPANIES WITH WOMEN EQUITY OWNERSHIP

Contracts awarded to companies with Women Equity Ownership

Women	Number	Value
>0% - <50% Women Owned	1560	R 80,938,966.34
50% - 100% Women Owned	6064	R 214,754,990.96
Total	7624	R 295,693,957.30



During the 2005/2006 financial year Western Cape provincial departments awarded an estimated **7624** contracts or sections of contracts to companies with Women Equity Ownership (WEO) at an estimated value of **R 295 693 957.30**. An estimated **1560** contracts at a value of **R 80 938 966.34** were awarded to companies with WEO lower than **50%** and an estimated **6064** contracts at a value of **R 214 754 990.96** were awarded to companies with **more than 50%** Women Equity Ownership.

There has to date been preparation and research undertaken in putting together a supplier development programme that will address the objectives as enumerated above as well as a strategic sourcing policy and procedure.

CHALLENGES FACED AND FAST TRACKING IMPLEMENTATION

The challenges faced include amongst others in procurement include:

1. Issues of fronting
2. Corruption
3. Interference

The BEE legislation is silent on the issue of women empowerment. It defines the beneficiaries of the legislation as Black people, in other words Africans, Coloureds and Indians who are citizens or permanent residents. Earlier drafts of the legislation and policy documents made provision for women-owned enterprises, which referred to an enterprise with at least 25, 1% representation of black women within the black equity and management portion of the business enterprise. However, the portfolio committee process is reportedly engaging with making specific provision for women ownership and associated opportunities. This will be critical to ensuring that women ownership is given specific weight, and that the legislation does not simply result in empowering black men.

Secondly the exclusion of white women as beneficiaries of equity empowerment has been criticised. This approach is contrary to the Employment Equity Act's inclusion of white women as beneficiaries of affirmative action initiatives. However, it is obvious that in South Africa, white women have not borne the same double burden of disadvantage that black women, particularly African women, have had to endure. The employment equity legislation does not set a hierarchy of disadvantage but gives employers the flexibility to prioritise certain groups given their own workforce demographics.

It must be noted that whilst there is a plan to fast track the process consideration must be given to the limited resources that Provincial Treasury has as well as the indecision and problem that have experienced thus far in the development and implementation of a BEE policy.

COMMUNICATION PLAN

The communication plan that is envisaged is to communicate the requisite information to the provincial departments via circular, in the form of policy documents, workshops, by the development of forums as well as placing information on the Provincial Treasury Intranet Website.

The idea is to further to have as a long-term goal to combine all the provincial departments databases to have one comprehensive and integrated database for the province.

CONCLUSION

Despite all of the BEE attributes and potential benefits, BEE at present is a misunderstood concept. The perception is that for BEE to work, existing contracts will need to be re-distributed.

The proposed BEE programme is aimed at providing a policy and implementation framework for the Province to pursue this end via a series of strategic, measurable, achievable, realistic, achievable within the desired timeframe, projects that capitalise upon the Province's significant purchasing power and ability to influence investment and general business practise through the offering of an array of preferential incentives.

Consensus and stakeholder inputs are two important hallmarks of the proposed program. Mobilising third party capital, skills and other resources is also seen as a critically important component of the proposed program.

Programme harmonisation, joint resource mobilisation, and best practice replication are also tools and strategies which are put forth to guide the implementation of the program, recognising that there are and will be human resource fiscal constraints on any far reaching program such as this.

The main aspect of the project is that the goals are obtainable, the initiatives proposed can be accomplished and most importantly, the benefits are tangible and sustainable. The pillars of the BEE transformation process will hence be: -

1. Equity Ownership
2. Management and Control
3. Human Resource Development / Skills Development
4. Employment Equity
5. Preferential Procurement
6. Corporate Social Investment.