

BEE Council encourages best practice

The Broad Based Black Economic Empowerment (BBBEE) Advisory Council has called for the declaration of a Transformation Week in the country to showcase best B-BBEE practice.



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“There was consensus at the meeting that there is a need to declare a Transformation Week in the country to showcase best B-BBEE practice, create awareness, and educate, with platform to share progress and introspect regarding economic transformation,” said the Council.

Council held its meeting, chaired by Trade and Industry Minister Rob Davies on behalf of President Cyril Ramaphosa on Friday.

The B-BBEE Advisory Council is a body appointed by the President in terms of the B-BBEE legislation to advise him and government on B-BBEE and transformation of the South African economy in order to achieve an inclusive economy.

The collective also acknowledged that the country’s procurement laws need to be strengthened to embed B-BBEE compliance in their content.

Successes

Friday’s meeting recognised that progress has been made in the implantation of B-BBEE policy over the last five years.

The Black Industrialist Programme, noted the meeting is among one of the achievements of that can be counted. The programme intends to create majority black-owned entities in the productive sectors. To date the Department of Trade and Industry (dti) has supported 138 beneficiaries.

The meeting held at the dti campus in the capital, also counted the establishment of the B-BBEE Commission to effectively monitor implementation and progress as one of the other successes.

“Understanding the primacy of B-BBEE in the government’s drive to effect fundamental change and economic redistribution, the Council discussed and number of issues that have an effect on the implementation of B-BBEE,” it said.

Financing

Issues discussed at the meeting include the role of development financing institutions (DFIs) in financing and supporting empowerment. The gathering stresses that the role of DFIs, should be complemented by the financial sector to intensify funding for B-BBEE as per the commitment of the Financial Services Charter.

The Preliminary report of the B-BBEE Commission showed that vendor-financing is higher, followed by funding financial institutions in respect of major B-BBEE deals already registered, with government funding being the lowest.

It added that focus should be placed on financing SMMEs and Black Industrialists, particularly those in the productive sectors.

The Council emphasised the need to intensify efforts of ensuring that SMMEs get markets to sell their wares, and also appreciated the significance of public and private sector partnerships in this regard.

The Council also mulled on the appropriate way to utilise the 30% as contained in the procurement policies to empower SMMEs in local communities.

Transformation, fronting

The collective acknowledged the veracity of the economic transformation work that still need to be advocated in society to educate and ensure increased B-BBEE compliance.

On black ownership target, the Council said the 25% target should be inclusive of active participation of the beneficiaries and not passive involvement.

In the same breath, the Council raised concern on the usage of broad-based ownership schemes, the abuse of the third party for enterprise development, supplier development and skills development.

It also expressed concern about the non-participation of black shareholders and directors in 51% black owned structures.

Acknowledging that fronting is becoming more sophisticated aided by consultants and verification agencies in the market, the Council urged government to finalise the development of regulation for verification agencies and B-BBEE practitioners to complement the work of the B-BBEE Commission and South African National Accreditation System.

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