



the
**TRANSFORMATION
INITIATIVE**

**A collective
approach for
Swedish companies
to comply with
B-BBEE.**

The Transformation Initiative is a programme developed by the Swedish Trade Council in partnership with the South African Department of Trade and Industry (**the dti**). The Transformation Initiative is a result of a need highlighted by local Swedish companies in their efforts to adapt to local business conditions in South Africa.

The Initiative is designed to develop a coordinated and collective approach for Swedish companies to comply with the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice. The Transformation Initiative will create a platform in which Swedish multinationals can jointly participate in high-impact B-BBEE projects.

The Transformation Initiative will act as an independent, yet expertly managed vehicle through which Swedish multinationals can channel their B-BBEE investments resulting in high impact projects. By executing projects collectively, synergies in administration and impact are harvested.

Focus is put on long term projects in order to create sustainable developmental impact.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Broad-Based Black Economic Empowerment (B-BBEE) is a mechanism, developed by the South African Government, to address the socio-economic imbalances of the past.

The intended beneficiaries of B-BBEE are historically disadvantaged individuals who are South African citizens.

The B-BBEE Codes of Good Practice introduce a measurable scorecard aimed at encouraging companies operating in South Africa to directly contribute to the economic transformation in the following areas:

- Ownership
- Management Control
- Employment Equity
- Skills Development
- Preferential Procurement
- Enterprise Development
- Corporate Social Development

Companies receive scores based on their individual performance within each element.

Not all businesses are bound by the B-BBEE legislation, but the way it is being implemented means that it will affect almost all players in the economy.

To do business with the South African Government all companies need to make a contribution towards the objectives of B-BBEE.

The Transformation Initiative is primarily created to assist Swedish multinationals with the Ownership element of the scorecard including its Equity Equivalent component. The initiative will also address the Enterprise development and the Socio-economic development elements of the B-BBEE scorecard.

Equity Equivalent - Instead of selling equity, companies can apply for exemption from transferring ownership. If approved, companies will be allowed to carry out equity equivalents programmes.

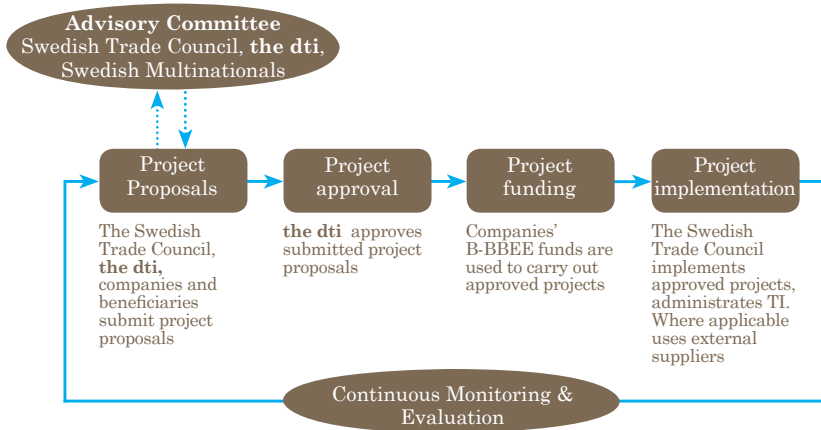
Enterprise Development - This element is used to support existing, or the fostering of, new Small and Medium-sized Enterprises owned by historically disadvantaged South Africans in the financial and other sectors of the economy.

Socio-Economic Development - This element encourages companies to come up with initiatives aimed at directly providing historically disadvantaged South Africans with a means of becoming economically active or initiatives intended to facilitate access to the economy. This element of the scorecard supports CSR projects.

The Transformation Initiative will assist Swedish multinationals in meeting the challenges of B-BBEE and support them in reaching their intended target scoring.

THE TRANSFORMATION INITIATIVE

The initiative will create a platform in which Swedish multinationals can jointly participate in high impact B-BBEE projects. The Swedish Trade Council has established a legal entity that will manage and house the Transformation Initiative. An Advisory Committee will be established with representation from **the dti**, the Swedish Trade Council, and participating companies.



The Advisory Committee will give input to projects proposed by committee members and companies will be able to propose projects based on their geographical and/or sectoral priorities. As projects are carried out collectively, synergies in administration and project impact are harvested. The Swedish Trade Council administers the programme, facilitates project execution and acts as the interface to **the dti**.

Participating companies are intricately involved in the projects in order to ensure commercial viability and long-term sustainability. By outsourcing work related to the administration of B-BBEE activities, companies can focus on their core business activities.

THE TRANSFORMATION INITIATIVE IS FULLY ENDORSED BY the dti

The projects in the Transformation Initiative programme will be approved by the Department of Trade and Industry (**the dti**), ensuring that companies that participate in those specific projects get the relevant scoring.

The Swedish Trade Council will administer the programme, facilitate project execution and act as the interface to **the dti**. **the dti** will approve the projects and ensure that projects are structured to benefit South Africa's overall economic development goals. By outsourcing work related to administrating B-BBEE activities, companies can focus on their core business activities.

Participating companies will be involved in the projects in order to ensure commercial viability and long-term sustainability.

The Transformation Initiative features different objectives for its different stakeholders:

Swedish Companies	Swedish Trade Council	the dti
Maximize company B-BBEE scoring	Support local Swedish multi-nationals in adapting to local conditions	Ensure compliance to the B-BBEE Codes of Good Practice
Participate in collective projects	Foster relations with South African Government and Swedish multinationals	Create a benchmark that seeks to significantly progress B-BBEE
Increase shareholder value	Act as a catalyst for B-BBEE implementation	Develop skills, technology and sectors from which enterprises can benefit
Enhance competitiveness and strengthen business sustainability		Contribute towards building a single economy that benefits all



EXISTING ENGAGEMENT

Educational Partnership Programme

The Educational Partnership Programme (EPP), initiated by Ericsson South Africa, aims to achieve a true collaboration of private and public partnerships to bring sustainable and effective support to South African schools.

The EPP will be hosted within the Swedish Trade Council's Transformation Initiative.

Approximately 9 out of 10 schools in South Africa have been classified as inadequate, having deficiencies in one or more areas related to:

- Infrastructure
- Security
- ICT & Equipment
- Nourishment
- Education related to:
 - Educator and Pupil Intervention & Training
 - Curriculum Improvements and Assistance
 - Coaching and Counselling

The EPP pilot will focus on supporting the schools in the above mentioned key areas in a sustainable way.

The Swedish Trade Council's Transformation Initiative, in partnership with other private and public corporations and institutions, will allow the EPP to pool and focus finances, resources, knowledge and experience in an organized and governed way. This will ensure efficiency and sustainability with maximized re-use of resources, tools and knowledge. The ultimate goal with the EPP is to continuously achieve improved results in a sustainable and time efficient manner.

Founded in 1972 the Swedish Trade Council serves the Swedish Government and Swedish business. The Swedish Trade Council has offices in more than 60 countries and works closely with trade associations, embassies, consulates and chambers of commerce around the world.

The Swedish Trade Council in Johannesburg has the competitive edge of experience gained through the Broader Economic Development (BEC) programme to undertake large-scale B-BBEE projects and the requisite expertise within a complicated field.

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OVERVIEW OF the dti

the dti: Ensuring an Economy that Benefits All

Vision

the dti's vision is of a South Africa that has a vibrant economy, characterised by growth, employment and equity, built on the full potential of all citizens. To this end, **the dti** seeks to be an outwardly-focused, customer-centric organisation.

Mission

the dti aims to:

- Provide leadership to the South African economy through its understanding of the economy, its ability to identify economic opportunities and potential, and its contribution to government economic priorities;
- Act as a catalyst for the transformation and development of the economy;
- Respond to the challenges and opportunities of the economic citizens and contribute to the achievement of government's strategic objectives; and
- Provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade.

Strategic Objectives

the dti's strategic objectives include:

- Promoting the co-ordinated and accelerated implementation of the government's economic vision and priorities;
- Promoting direct investment and growth in the industrial and services economy, with particular focus on employment creation;
- Raising the level of exports and promoting equitable global trade;
- Promoting broader participation, equity and redress in the economy; and
- Contributing to Africa's development and regional integration within the New Partnership for Africa's Development (NEPAD).

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the dti Website

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**EXPORT
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