

BELA BELA LOCAL MUNICIPALITY



***DRAFT POLICY IN RESPECT TO SMME
DEVELOPMENT POLICY***

2014/15 FINANCIAL YEAR

BELA BELA ENTERPRISE/SMME DEVELOPMENT POLICY

1. DEFINITIONS

1.1. **BELA BELA LOCAL MUNICIPALITY** recognizes that a “**Historically Disadvantaged Individual**” (HDI) is a South African Citizen who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act 110 of 1983) or the Constitution of the Republic of South Africa 1993 (Act No 200 of 1993) (“the Interim Constitution”); and/or who is female; and/or disabled, however, it should be noted that a person who obtained a South African citizenship on or after the coming into effect of the Interim Constitution, is deemed not to be an HDI.

1.2. **BELA BELA LOCAL MUNICIPALITY** regards a **Priority Population Group** (PPG) as HDIs who fall into population groups that were not offered a franchise in the national elections before or after the introduction of the 1984 tri-cameral Parliamentary system and who only received a franchise during 1994.

1.3. “**Set Asides**”, for purposes of **BELA BELA ENTERPRISE/SMME DEVELOPMENT POLICY** is defined as a mechanism developed by BELA BELA LOCAL MUNICIPALITY that ensures that the procurement of goods and services is strictly reserved for PPGs.

At

the commencement of **BELA BELA LOCAL MUNICIPALITY’s ENTERPRISE/SMME DEVELOPMENT** policy, the value of the set asides has been set at a minimum threshold of R150 000 or any reasonable price and should not be selective nor threaten the objective of empowerment. In keeping with the market trends and good practice, the Rand value of the “set asides” category will be reviewed from time to time.

1.4. The strategic document of Bela Bela Local Municipality which is known as the Integrated Development Plan is informed by the National Growth Path,

National Development Plan, Local Economic Develop Strategy, Limpopo Development Plan (LDP) and other relevant policies which presuppose the development of an Enterprise/SMME Development policy

2. INTRODUCTION

2.1. **At BELA BELA LOCAL MUNICIPALITY** there is an understanding and acceptance of the aspirations of historically and currently disadvantaged South Africans for improved participation in the economy and a better future in the country of their birth.

2.2. It is in this regard that a conscious resolution is being taken to pro-actively support the need for change and the creation of an economic climate in which these expectations are realized.

2.3. **BELA BELA LOCAL MUNICIPALITY** believes that black economic empowerment is an essential ingredient in facilitating the meaningful participation of the historically disadvantaged and the currently marginalised persons at all levels of the South African economy.

2.4. This policy serves to ensure that **BELA BELA LOCAL MUNICIPALITY** and South Africa at large have sustainable:

2.4.1. socio-political and economic stability; and

2.4.2. Economic growth and development.

3. PURPOSE OF BELA BELA LOCAL MUNICIPALITY'S ENTERPRISE/SMME DEVELOPMENT POLICY

3.1. The purpose of this policy document is to:

3.1.1. Develop a shared model and framework for understanding **ENTERPRISE/SMME DEVELOPMENT** within **BELA BELA LOCAL MUNICIPALITY**;

3.1.2. Set targets and create internal awareness for the effective and efficient implementation of **ENTERPRISE/SMME DEVELOPMENT**;

3.1.3. Monitor & evaluate performance on **ENTERPRISE/SMME DEVELOPMENT** and the achievement of set targets;

3.1.4. help to ensure compliance with applicable laws and regulations, promote operational efficiencies, enhance **BELA BELA LOCAL Municipality's** vision & mission, or reduce institutional risks; and

3.1.5. mandate actions or constraints and articulate desired outcomes.

4. SCOPE

4.1. This policy is applicable to the following categories:

4.1.1. Procurement of goods and services;

4.1.2. Disposal and/ or leasing of land and/ or premises; and

4.1.3. Public Private Partnerships that involve **BELA BELA LOCAL MUNICIPALITY**.

5. MEANINGFUL PARTICIPATION GOALS

5.1. The following shall constitute key focus areas in the process of determining the meaningful compliance levels and suitability of **BELA BELA LOCAL Municipality's** partner, as reflected in 4.1, namely:

5.1.1. Ownership;

5.1.2. Management & Control;

5.1.3. Enterprise Development;

5.1.4. Employment Equity; and

5.1.5. Preferential Procurement.

5.2. When appropriately applied this policy must result in meaningful and significant participation of the designated groups in the municipality and in the broader economy, through substantial changes in the racial composition of ownership, control, management structures and of skilled and specialist positions of stakeholders.

6. TARGET INDICATORS OF IMPLEMENTATION MONITORING

6.1. Successful implementation of this **ENTERPRISE/SMME DEVELOPMENT** Policy, as determined by the **BELA BELA LOCAL MUNICIPALITY** requires, during the process of its implementation management and monitoring, the following:

6.1.1. Participation and responsibility of all involved parties, including Local Government institutions, employees and social partners, regarding implementation of the **ENTERPRISE/SMME DEVELOPMENT** Policy objectives and coordination of all activities related thereto; and

6.1.2. Concentration of financial resources, coordination of support tools and mutually complementary relationships.

6.2. In this regard, special target indicators for monitoring implementation of this **ENTERPRISE/SMME DEVELOPMENT** Policy have been developed according to the strategic objective, priorities and tasks of **BELA BELA LOCAL MUNICIPALITY**. To monitor progress in this respect six target indicators have been set:

6.2.1. In respect of the procurement of goods and services:

6.2.1.1. **BELA BELA LOCAL MUNICIPALITY** intends to increase its spend on **ENTERPRISE/SMME** entities as reflected in the following manner:

6.2.1.1.1. African owned and controlled entities: minimum of 50% in 2015.

6.2.1.1.2. HDI owned and controlled entities: minimum of 80% in 2015.

6.2.1.1.3. Female owned and controlled entities: minimum of 50% in 2015.

6.2.1.1.4. Youth owned and controlled entities: minimum of 30% in 2015.

6.2.1.1.5. Co-op owned and controlled entities: minimum of 10% in 2015.

7. STRATEGIC APPEASEMENT PRINCIPLES

7.1. This **ENTERPRISE/SMME DEVELOPMENT** policy will be the framework to the existing supply chain management policy.

7.2. In recognition that **BELA BELA LOCAL MUNICIPALITY's** efficiency and effectiveness depends on its stakeholders, strategic partnerships will therefore need to be established with other stakeholders which include, but not limited to, government entities, private sector, NGOs etc.

7.3. **BELA BELA LOCAL MUNICIPALITY** may act as a facilitator of joint ventures between established business and HDIs to encourage enterprise development and skills transfer.

7.4. Preference will be given to HDIs that are actively managing and controlling the company as **BELA BELA LOCAL MUNICIPALITY** believes that operational involvement is equivalent to skills transfer.

7.5. Set asides will be resorted to in order to increase the meaningful participation of designated groups, namely, PPGs(Priority Population Groups), Co-Ops etc.

7.6. A database of suppliers will be used to increase the operational efficiency and effectiveness of **BELA BELA LOCAL MUNICIPALITY's** system of procurement.

7.7. Certain contracts will be sub-divided into smaller components so as to make the entry point for HDI companies more readily accessible.

7.8. **BELA BELA LOCAL MUNICIPALITY** will, proactively and in keeping with **ENTERPRISE/SMME DEVELOPMENT** trends, create a bias in the adjudication process, taking into account the extent to which people were discriminated prior to 1994, thereby increasing the proportion of business being awarded to persons from designated groups. In this regard a minimum threshold level may be used to determine the suitability of **BELA BELA LOCAL MUNICIPALITY's** prospective partner.

8. POLICY CONTROL MEASURES

8.1. Appropriate control measures are a pre-requisite for the successful implementation of this policy, and include, inter alia, the following:

8.1.1. A transaction trail of procurement behaviours will be kept for Internal Audit to appraise and report on the extent of compliance with this policy.

8.1.2. Each of **BELA BELA LOCAL MUNICIPALITY's** departments will be responsible for implementing and driving the process by monitoring and reporting on performance in terms of existing measuring systems, such as the balanced scorecard approach.

8.1.3. The Mayor will ultimately be responsible to monitor the progress made by departments in this regard and must also set specific targets for subordinates against which they will be measured.

8.1.4. Periodic reports must be submitted to MANCO (Top Management), EXCO and the Council in respect of progress made and/ or challenges encountered on compliance with this policy.

8.1.5. This policy shall be linked to the municipality's IDP and be subjected to periodic reviews.

BELA BELA LOCAL MUNICIPALITY



***DRAFT ENTERPRISE/ SMME DEVELOPMENT
POLICY***

2014/15 FIN YEAR

