

# A much-needed boost

As government launched SA's first advisory council on broad-based black economic empowerment (BEE), expectations of an effective empowerment strategy rose — along with scepticism about the council's ability to fulfil its broad mandate.

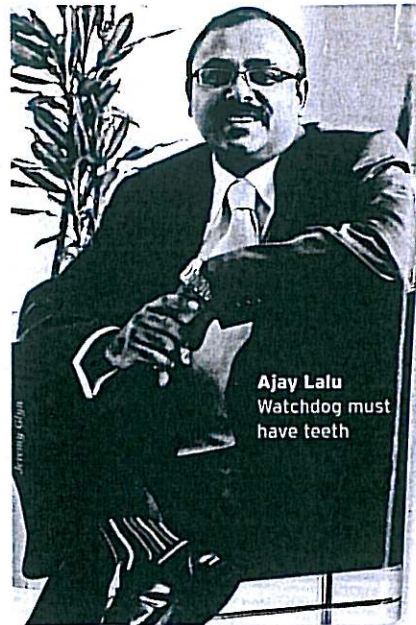
At the council's first sitting last week, deputy president Kgalema Motlanthe acknowledged that SA's empowerment strategy has had mixed success. "The speed of economic transformation, we have to admit, has been frustratingly slow at times," he said.

And the "broad-based" element has been elusive. He conceded that empowerment in the first 15 years of democracy has been "a story dominated by a few individuals benefiting a lot".

Motlanthe's admission of the limitations of government's empowerment strategy has been welcomed by analysts and opposition parties. The link has been made repeatedly between SA's inability to transform quickly and the brake that this will continue to be on economic development — or, as Motlanthe says, on "collective prosperity".

Though the appointment of the council is hailed as a step towards this, there are pressing concerns. The council's broad mandate, and the absence of a formal strategy to take empowerment beyond the creation of a wealthy black elite, have put it in danger of becoming a toothless organisation.

Its mandate is largely related to policy. It will advise government on



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the draft codes of practice and sector-specific transformation charters — and advise on the development, amendment or replacement of BEE strategy. It will also review progress on implementation. But in its current form, the council is unlikely to fulfil the critical monitoring and enforcement roles that are required to properly implement BEE.

Ajay Lalwani of empowerment strategy company Bravura Consulting says enforcement of BEE has, to an extent, been delegated to empowerment ratings agencies. However, he says, agencies don't have the capacity or skills to fulfil the function, nor the credibility.

Empowerment ratings agencies undertake superficial audits of a company's empowerment credentials and provide certification based on it. But they are paid by the companies themselves, and this compromises any potential enforcement role that they could play.

Because of the importance of monitoring and enforcement, both will require special units in addition to, or within, the council.

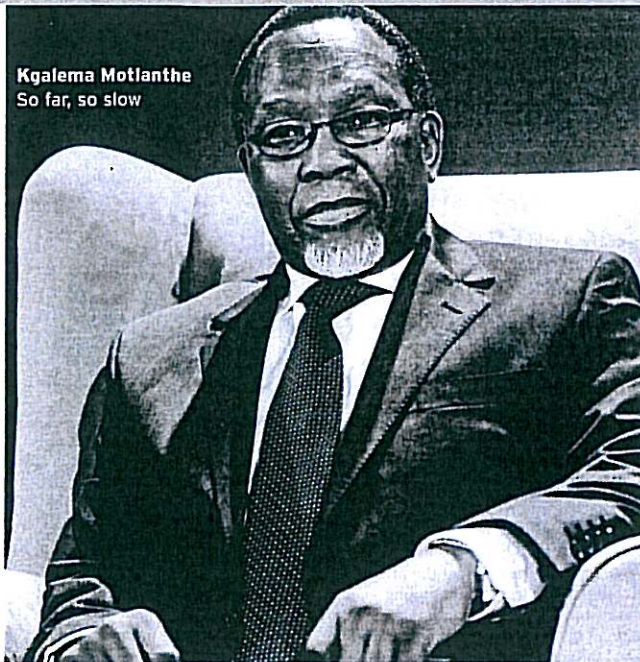
Lalwani believes that the creation of a secretariat of the council, with subcommittees staffed full-time, is required to address these functions. Staffed by skilled people, and operating at the level of a public body such as the competition commission, it would be more effective.

Though the council's strength lies in the broad range of individuals representing different sectors of society that it brings together, it is not a permanent body. It is likely to have just a few sessions a year. Subcommittees have been suggested, but have not been appointed.

The council replaces a black business working group that advised former president Thabo Mbeki. Black business is still expected to play a key role in empowerment, through organisations such as Business Unity SA (Busa) and the Black Management Forum. It is well represented on the council and includes businessmen Sandile Zungu and Don Mkhwanazi as well as Jerry Vilakazi of Busa.

Of critical importance is the need for a broad-based BEE strategy. Lalwani says the council needs a plan to address the shortcomings in its pre-

**Kgalema Motlanthe**  
So far, so slow



## THE BEE ADVISORY COUNCIL

- Rob Davies, trade & industry minister
- Membathisi Mdladlana, labour minister
- Ebrahim Patel, economic development minister
- Nolutshando Mayende-Sibiya, minister of women, children & people with disabilities
- Mohammed Jahed, Wits University
- Etlie Links, Stellenbosch University
- Wendy Lucas-Bull, Peetona Group
- Andile Lungisa, National Youth Development Agency
- Sebenzile Matsebula, consultant
- Jerry Vilakazi, Business Unity SA
- Dumisani Mthaleane, SA National Civics Organisation
- Ellen Tshabalala, consultant
- Matshego Ramagaga, Black Lawyers Association
- Tsakani Matshazi, Association of Black Accountants
- Sidumo Dlamini, Cosatu
- Sandile Zungu, businessman
- Don Mkhwanazi, former president of the Black Management Forum
- Claudia Manning, businesswoman
- Chantyl Mulder, SA Institute of Chartered Accountants

vious empowerment strategy, as well as to formulate a new plan for empowerment of the future.

It also needs to send out a strongly worded message. Before the appointment of the council, analysts believe, the leadership vacuum in empowerment gave the private sector too much breathing space.

The drop in the pace of empowerment deals announced may indicate that business picked up on what appeared to be government's waning support for the process.

The council needs to begin its term by reaffirming government's commitment to transformation. "Only a few benefit again and again from the bounty of black economic empowerment. It's a state of affairs that can no longer be tolerated," Motlanthe said.

This lack of tolerance for inadequate transformation must guide the formulation of a new strategy. But without monitoring and enforcement functions, and a permanent secretariat, the council may not be able to introduce real transformation. **Razina Munshi**