

# SOCIO-ECONOMIC DEVELOPMENT FOR CONSTRUCTION ENTITIES



## ENGELI'S INTRODUCTION TO OBTAIN THE HIGHEST YIELD OF POINTS FOR YOUR CONTRIBUTIONS

Socio-Economic Development (SED) relates to Monetary and/or Non-Monetary contributions implemented for communities, natural persons or groups of natural persons where at least 75% of the beneficiaries are Black People as defined by the B-BBEE Codes of Good Practice. The Objective of SED is to promote sustainable access for the beneficiaries to the economy and to empower the beneficiaries to be able to contribute to the South African Economy in the future as a direct result of the assistance.

The Construction Sector Codes, Gazette No 41287 of 2017, outline the specific criteria required to be followed in order to unlock the points on offer. There are two additional criteria when compared to the other sectors where Construction Entities can obtain points

### COMMUNITIES WITH LIMITED SERVICE

From the latest STATS SA census results filtered to local municipality level determine the following.

(a) Do less than 65% of the households have access to piped water:

**Or**

(b) Do less than 85% of the households have access to electricity

(c) In addition to (a) or (b) do more than 50% of the households have an average household income in the first 5 levels (including none) of the income data table.

### STRUCTURED SED PROJECT

Contributions that are made in accordance with a structured Socio-Economic Development plan. This plan should include:

- (a) A description of the programme;
- (b) Clear objectives including financial targets and commitments;
- (c) Priority interventions;
- (d) A concise implementation plan with clearly articulated milestones.

In the below example, a Construction Entity has a target Socio-Economic Development spend of R200 000 and has been presented with the below four options to execute their SED spend.

			100% SED Target General Contribution	100% SED Target Structured and Disadvantaged	30% SED Target General SED Contribution	30% SED Target Structured and Disadvantaged
VALUE OF DONATION MADE	POINTS	TARGET	R200 000	R200 000	R60 000	R60 000
Annual Value of all qualifying SED Contributions by the ME as a % of the target	4	1,25% of NPAT	4.00	4.00	1.20	1.20
Portion of Qualifying SED Contributions above spend on communities with Limited Services	1	30% of target above	0.00	1.00	0.00	1.00
Bonus Point: Annual Value of contributions towards Structured SED Projects by the Measured Entity as a percentage of the Target	1	1,25% of NPAT	0.00	1.00	0.00	1.00
<b>TOTAL POINTS AWARDED</b>			<b>4.00</b>	<b>6.00</b>	<b>1.20</b>	<b>3.20</b>
<b>ADDITIONAL BENEFIT</b>				<b>50.00%</b>		<b>166.67%</b>

It is often assumed that the more money that is spent on your initiatives the more points will be attained. While this is often the case there are instances where strategic planning and spending on the right programs can attain a much higher yield and overall benefit for all parties.

**IF YOU HAVE ANY QUERIES REGARDING THE IMPLEMENTATION OF YOUR SED STRATEGIES PLEASE GET IN TOUCH WITH ENGELI'S TEAM  
ENGELI IS INVOLVED WITH SPECIFIC PROJECTS WHICH CAN OFFER THE HIGHEST POSSIBLE YIELD FOR YOUR SED CONTRIBUTIONS**