



Block B, 48 Sutherland Avenue
Parktown North
Johannesburg
083 227 1375

info@caird.co.za

“Creating BUSINESS sense out of BEE”

M. Hoosen Essof
Administrator (Gauteng)
S.A. National Zakah Fund (SANZAF)

1 July, 2013

Dear Hoosen

RE: Assessment of the S.A. National Zakah Fund’s Enterprise Development programme

Caird Holdings was requested by SANZAF to conduct an assessment of the enterprise development activities that SANZAF undertakes, and how these activities may impact on the Enterprise Development code (code 600) of the DTI’s B-BBEE codes of good practice (gazette number 29617).

Caird’s analysis focused on two critical requirements of code 600; namely

1. Whether the beneficiaries of these programmes fit the description of an entity as defined by gazette number 29617
2. Whether the activities fulfil the objective of contributing to *the development, sustainability and financial and operational independence of those beneficiaries.*

Overview of the SANZAF Enterprise Development programme

SANZAF’s ED programme is open to all race groups and nationalities, although the overwhelming majority of beneficiaries are South African. There is no limitation on the educational level of each beneficiary with people with little schooling as well as graduates going through the programme. The programme follows a strict regime that requires a concerted commitment from each beneficiary in order to migrate to the next level.

Before any beneficiary is enrolled on the programme they are assessed for basic numeracy and literacy skills to ensure that they take maximum benefit from the training and are able to interact meaningfully.

There are four steps to the programme.

- 1) Each beneficiary must attend the full business course. Those who complete the course then go onto step 2.
- 2) Graduates must submit a comprehensive business plan. The business plan is assessed by the board of experts, a site visit is conducted and coaching is provided where necessary.
- 3) Those business plans that are accepted are then provided with different levels of financial and mentoring assistance.
- 4) There is on-going mentorship and other types of assistance that is made available to beneficiaries on a needs' basis.

Every one of these steps may be regarded as independent enterprise development assistance. Those people who attend the business course but do not graduate are still gaining a valuable insight into the business of running their own enterprises.

Our findings

- Regarding requirement 1 above. The definition of an entity is contained in schedule 1 of gazette number 29617, namely *“a natural or a juristic person, or any form of co-operative, conducting a business, trade or profession in the Republic of South Africa.”* This definition must be read in conjunction with the definition of a black person which can also be found in schedule 1. For the sake of brevity we have only concentrated on part of the definition - *“only natural persons who are citizens of the Republic of South Africa by birth or descent”*. Beneficiaries are either sole proprietors or registered entities (CC's or other), they are required to complete a form confirming their citizenship and turnover.

- Regarding requirement 2 above. There is little doubt that the entire programme is designed to create sustainable enterprises, many of which go on to employ people. We also noted all people who attend the first phase of the programme (whether they graduate or not) are put in a stronger position to run their own enterprises in the future. As to the sustainability of those beneficiaries who have completed the entire programme, 60% of the beneficiaries are still operating two years after the completion of the programme. In our experience this kind of success rate is unprecedented.

It is Caird's opinion that every step in the SANZAF Enterprise Development programme may be regarded as legitimate enterprise development as contemplated by code 600 of Gazette number 29617. In addition each one of the beneficiaries clearly turns over less than R35million per year and may be regarded as category A beneficiaries. We therefore can comfortably confirm that contributions to the SANZAF ED programme qualify as enterprise development contributions under paragraph 3.2.5.12¹ of code 600.



Paul Janisch
CEO – Caird Holdings (Pty) Ltd

¹ payments made by the Measured Entity to third parties to perform enterprise development on the Measured Entity's behalf.