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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1259

Mr J S Ngubane (MK) to ask the Minister of Trade, Industry and Competition:

Given reports that several multinational information and communication technology (ICT) companies operating in the Republic benefit from large public and private sector contracts while allegedly failing to meet the transformation obligations of the Republic in terms of Broad-Based Black Economic Empowerment Act, Act 53 of 2003, what is the current verified transformation compliance status of major ICT original equipment manufacturers operating in the Republic, specifically (a) Dell Technologies, (b) Microsoft, (c) HP, (d) Oracle and (e) SAP, with respect to broad-based black economic empowerment levels, employment equity compliance, affirmative action commitments and Equity Equivalent Investment Programme obligations? NW1408E

REPLY:

The Information and Communication Technology Sector Charter Council has been established in line with the B-BBEE Codes of Good Practice to monitor and provide guidance on ICT sector-specific matters affecting B-BBEE. This includes compiling reports on the status of B-BBEE within the sector and sharing information with relevant authorities, as required by the B-BBEE Act. Therefore, the ICT Sector Charter Council is the primary source of information on individual companies, including those by the Honourable Member.

The Equity Equivalent Investment Programme (EEIP) was created for multinationals whose global practices or policies preclude them from complying with the ownership element of Broad-Based Black Economic Empowerment (B-BBEE) through the traditional sale of equity or shares to Black South Africans. Such multinationals must provide proof that they have not entered into any ownership partnership arrangements in any other countries. An EEIP initiative must promote investment in the development of Black enterprises and SMMEs,



skills development, and meaningful participation of black people in the economy. EEIP initiatives must also be aligned to Government strategic economic policies and programmes such as the National Development Plan, Industrial policies, and sectoral policies and plans. Primarily, Multinationals use EEIP to create opportunities within their value chains for Black enterprises and SMMEs.

(a),(b),(c),(d)&(e)

The following is the EEIP status of each of the mentioned multinational:

- Dell Technologies – the EEIP application is still being considered.
- Microsoft – Microsoft SA’s EEIP was approved in 2024 for a total value of R 1.32 billion. Microsoft’s EEIP proposal is structured around three main investment areas: Enterprise Supplier Development (ESD), Skills Development, and Research and Development (R&D). Regarding the B-BBEE level, the company is currently at Level 1.
- HP’s participation in the EEIP has expired.
- Oracle has indicated their intention to participate in the Equity Equivalent Investment programme, but an application has not been submitted as yet.
- SAP does not participate in EEIP.

The latest B-BBEE Commission report shows that the ICT sector has a sizeable share of Level 8 or non-compliance of around 30% between 2018 - 2023, but a decent share of Level 1-4 at around 60% over the period. Level 1 compliance has been around 25% among ICT entities in the 2019 - 2023 sample. The report further states that the performance of ICT sector entities is against the maximum points available for scorecard elements. The report indicates a steep increase in the average number of points attained for Enterprise and Supplier Development (ESD), likely due to a scorecard that strongly promotes ESD, which is allocated almost half the points. For ownership and skills development, there have been limited increases in points attained, and for management control, there has been a decline since 2018.

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