

PORTFOLIO COMMITTEE ON COMMUNICATIONS & DIGITAL TECHNOLOGIES

Equity Equivalent Investment Programmes (EEIP)

ICT Sector

11 November 2025



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Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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Overview Presentation Outline



- Overview
- B-BBEE Objectives
- B-BBEE Codes & Elements
- B-BBEE Sector Codes
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- Details of EEIP in the ICT Sector



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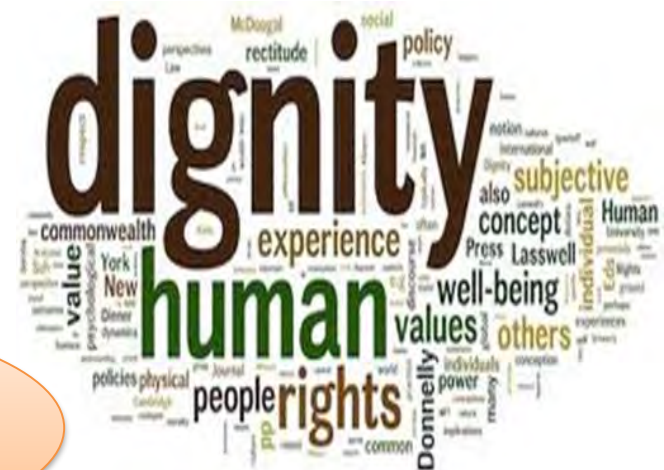
OVERVIEW - CONSTITUTIONAL MANDATE FOR B-BBEE

Section 9 of the Bill of Rights:

EQUALITY-Full and equal enjoyment of all rights and freedom

Legislative and other measures to protect and advance designate groups

NDP 2020 - “no political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life. Attacking poverty and deprivation must be the first priority of a democratic government”.



.....B-BBEE Objectives

- ☐ Promote economic transformation in order to enable meaningful participation of black people in the economy.
- ☐ Achieve a substantial change in the racial composition of ownership and management structures of existing and new enterprises.
- ☐ Increase the extent to which communities, workers, and other collective enterprises access economic activities.
- ☐ Increase the extent to which black women own and manage existing and new enterprises.
- ☐ Promote investment programmes that lead to broad-based and meaningful participation in the economy by black people.
- ☐ Empower rural and local communities by enabling access to economic activities.



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.....B-BBEE Codes and Elements

Policy underpinning each element:

- ❑ **Ownership** : Increased Ownership of the economy by black people including black entrepreneurs, workers, women, youth, and communities and to create wealth.
- ❑ **Management Control** : diversity and genuine participation in decision-making at board, executive management and operations levels of entities, as well as control of assets by black people.
- ❑ **Skills Development** : Empowerment through education and creating opportunities for previously disadvantaged employees and youth, through accelerated skills development programmes (learnerships, apprenticeships, internships, bursaries and employment opportunities).
- ❑ **Enterprise and Supplier Development** : market access and procurement of goods and services from South African black-owned enterprises, Black Industrialists and SMMEs while working with them to develop their businesses.
- ❑ **Socio Economic Development** : investment in marginalised communities development thereby stimulating economic growth.



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Sector Codes

- Sector Codes, also known as sector charters, are developed to facilitate transformation in that sector.
- They are developed by sector stakeholders (e.g., industry players, associations) in partnership with their respective line Ministries.
- Final approval is vested in the Minister of Trade, Industry and Competition.

Purpose for development of Sector Codes:

- To promote inclusive transformation within specific sectors by:
 - Setting targets and performance indicators
 - Highlighting and addressing sector-specific transformation challenges



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TRANSFORMATION IN THE ICT SECTOR



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ICT SECTOR TRANSFORMATION

- The ICT sector has a sizeable share of level 8 or non-compliance in the region of 30% over the past 5 years, but with then a decent share of level 1-4 at around 60% over the same period.
- Level 1 compliance has been in the region of 25% of ICT firms in the sample for the past 4 years.
- Examining the longer-term trend shows that this has been due to level 2-3 compliant firms upgrading their compliance to level 1.
- There has been a steep growth in the average number of points attained for ESD, which is likely to be a result of a scorecard that strongly promotes ESD which is allocated almost half the points.
- For Ownership and Skills Development there has been a small increase in points attained but for Management Control there has been a decline since 2018.



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ICT SECTOR PERFORMANCE

Table 23: ICT sector percentage share of entities by B-BBEE status levels (2013-2023)

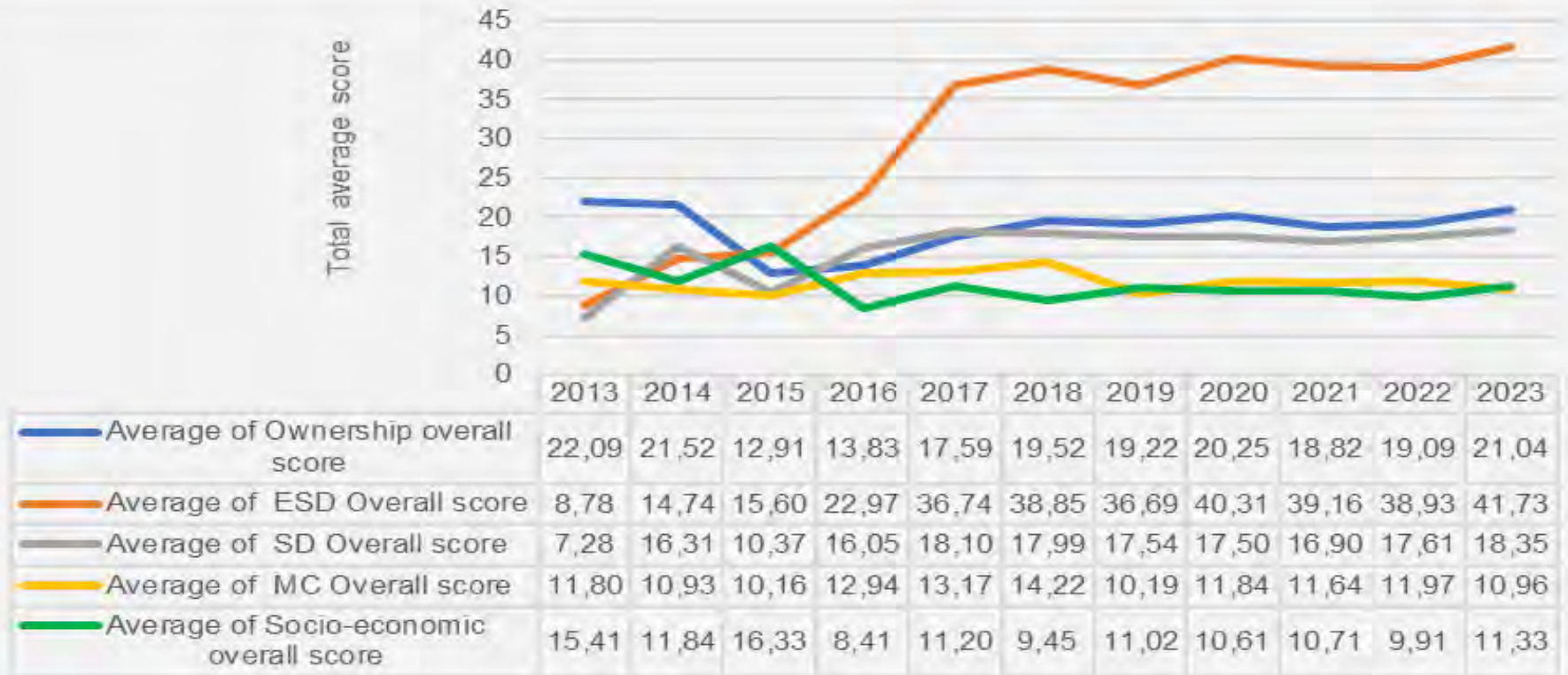
B-BBEE status level	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Level 1	47%	6%	15%	8%	6%	14%	17%	22%	25%	26%	24%
Level 2	0%	19%	24%	20%	11%	10%	9%	14%	12%	11%	14%
Level 3	32%	26%	25%	17%	7%	12%	9%	12%	10%	11%	8%
Level 4	11%	10%	16%	16%	23%	19%	22%	18%	13%	15%	15%
Level 5	11%	16%	5%	6%	13%	7%	6%	4%	3%	3%	2%
Level 6	0%	13%	9%	6%	3%	4%	6%	2%	4%	3%	2%
Level 7	0%	6%	3%	3%	3%	5%	5%	2%	3%	4%	5%
Level 8	0%	2%	3%	11%	10%	11%	10%	10%	9%	10%	7%
Non Compliant	0%	1%	1%	12%	23%	18%	16%	15%	22%	17%	22%

and QSEs (2013, 2018 & 2023)

B-BBEE element	ICT sector scorecard total points available	ICT average scores by B-BBEE element (2013, 2018 and 2023)			Average B-BBEE scores as a % of total scorecard available points (2013, 2018 and 2023)		
		2013	2018	2023	2013	2018	2023
Management control	21	11,80	14,22	10,96	57%	69%	53%
Skills development	25	7,28	17,99	18,35	29%	72%	73%
Enterprise and supplier development	40	8,78	38,85	41,73	22%	97%	104%
Socio-Economic development	13	15,41	9,45	11,33	121%	74%	89%
Ownership	25	22,09	19,52	21,04	88%	78%	84%

ICT SECTOR CODE:B-BBEE SCORECARD

Figure 7: ICT sector average B-BBEE scores (2013-2023)



EQUITY EQUIVALENT INVESTMENT PROGRAMME (EEIP)



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OWNERSHIP REGULATORY & APPLICATION FRAMEWORK

- Ownership can be effected through direct (and indirect) interest in a measured entity, **of black individuals; black-owned companies; trusts; broad-based ownership schemes; employee share ownership schemes; sale of asset; and partnerships.**
- But there are certain instances where a measured entity cannot effect a direct equity interest by black South Africans.
- One such instance is where a multinational company is unable to sell equity in a local subsidiary.
- To deal with this specific instance, the Codes of Good Practice provide for an **Equity Equivalent Investment Programme** in lieu of direct equity ownership.
- In the ICT Sector value of the EEIP contributions may be measured against 30 % of the value of the multinational's operations in South Africa or may be measured against 4% of the Total Turnover from its operations.

IMPORTANCE OF EEIP

- EEIP is a provision in the B-BBEE Codes that allows foreign multinationals that have a global policy not to dilute equity in local operations to still earn ownership points. Multinationals still have to comply all other elements of the scorecard.
- EEIP promotes investment in the development of Black Industrialists, SMMEs and broad-based participation in the economy.
- EEIP initiatives must be aligned to Government strategic economic policies and programmes such as National Development Plan, Industrial policies and other economic policies.
- Initiatives by the multinationals must broadly focus on supporting Enterprise and Supplier Development, Critical Skills Development, Black Industrialists and Research and Development.
- Benefit for the multinational is up to 25 B-BBEE points for the duration of the programme which contribute toward improving their B-BBEE levels.

COMPARISON BETWEEN EEIP & EQUITY OWNERSHIP TRANSACTIONS

B-BBEE Equity Ownership Transactions	EEIP Transactions
All qualifying entities can do equity ownership	Only qualifying Multinationals can participate in EEIP
Target for ICT sector is 30%	Target for ICT sector is either 30% of value of company in SA or 4% of revenue
Transactions of R25 million or above must be registered with the B-BBEE Commission	All EEIP transactions must be approved by the Minister of Trade, Industry and Competition
A Company decides on the nature of the transaction to the extent that it is compliant with the legislation	Government influence the nature of the EEIP transaction in line with sectorial and developmental priorities
Funded through loans, vendor funding, grants etc	EEIP contribution is a non-recoverable contribution by the multinational

OWNERSHIP REGULATORY AND APPLICATION FRAMEWORK

- ECA does not recognize other forms of ownership such as EEIP.
- Section 9(2)(b) of the Electronic Communications Act, 2005 (Act No. 36 of 2005) (ECA) provides that individual licences must include the percentage of equity ownership to be held by persons from historically disadvantaged groups, which must not be less than 30%, or such other conditions or higher percentage as may be prescribed under section 4(3)(k) of the Independent Communications Authority of South Africa Act, 2000 (Act No. 13 of 2000)(ICASA Act).
- On 23 May 2025 the Minister of Communications and Digital Technologies issued policy direction for the alignment of various pieces of legislation in recognition of ownership

EEIP APPROVALS TO DATE

- To date total cumulative investment agreement from EEIP is at least R12.8 billion.
- The number of multinationals that have partnered with **the dtic** on the EEIP is 23 partnerships in sectors such as auto, ICT, financial services.
- In 2024 **the dtic** conducted a study which revealed that Multinationals investing over R5.4 billion into active EEIPs from 2015 to 2023 created and induced an estimated 12,464 jobs

ICT SECTOR EEIP

MULTINATIONAL	APPROVAL DATE	APPROVAL PERIOD	INVESTMENT AMOUNT
Hewlett-Packard	2007	6,5 years	R93,2 million
Microsoft SA	2011 2020 2024	6 years 3 years 10 years	R500 million R208 million R1,32 billion
IBM SA	2015	10 years	R700 million
Dell SA	2015	10 years	R121 million
Samsung	2019	10 years	R280 million
Amazon Web Service/Amazon Data Service	2019	10 years	R365 million

DETAILS EEIP IN ICT SECTOR



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SAMSUNG South Africa EEIP

- ❑ Samsung EEIP's objective is to increase the participation of black ICT enterprises in the South African economy.
- ❑ Crafted a Plan in 2019 to invest in Black Owned and Black Women Owned enterprises in the ICT sector.
- ❑ **Invested in ICT entrepreneurship & ICT training to foster inclusive growth and transformation**
 - **6x** Established Black Owned & Black Women Owned enterprises supported with grant funding & business development support
 - **28x** Black Owned & Black Women Owned Start-ups supported by week-long Entrepreneurship Bootcamp & Seed funding
 - **1x** Black Industrialist supported with the acquisition of property and equipment
 - **1x** Black Owned SME supported in e-waste recycling
 - Trained **553x software developers** with an absorption rate of >90%
 - Trained **162x electronics, aircon and refrigeration artisans** with a 100% absorption rate

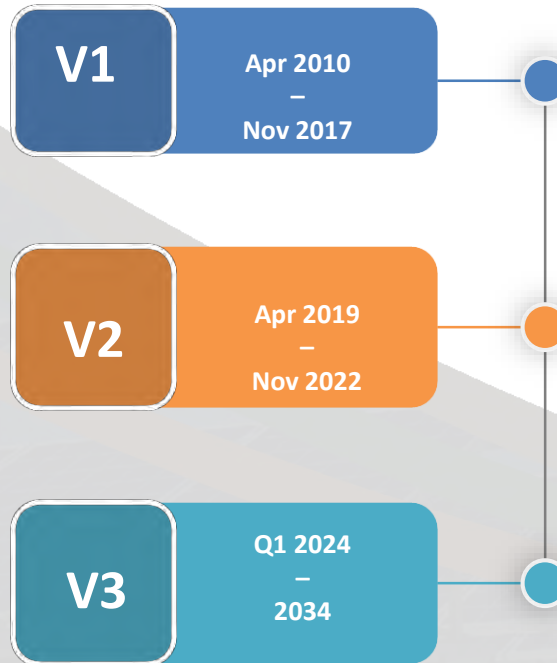
IBM SOUTH AFRICA EEIP

- **Research and Development:** 32 Research Scientists developed, of which 18 were retained. A 'IBM Master Inventor' produced, 46 patents filled/published, 60+ scientific papers, +55 unique collaboration partnerships.
- **Enterprise Development:** Developed 94 beneficiaries, 134 jobs created, 131 beneficiaries certified, procured R62m from 31 of the beneficiaries and Research assets were licensed to qualifying beneficiaries. Coaching/Mentorship was provided as part of the programme.
- **Academic Programme:** 74 scholarships and bursaries funded (34% to Females), 43 (interns-Jobs created through Research Internship (39% to Females) of which 12 jobs are retained by IBM and others employed in the industry. Comprehensive funding including stipend, tools and mentoring.

DELL SA EEIP

- DELL SA's EEIP entailed establishment of **Khulisa Academy** to bridge the ICT skills gap by equipping graduates with industry-relevant expertise, leading to increased employability and career advancement.
- 124 Direct Jobs (95 female, 29 male): This includes 120 students and 4 back-office staff members directly employed by the organisation.
- 51 Suppliers: The organisation has engaged with 51 suppliers for procurement purposes, acquiring services, goods, or works from external sources through tendering or competitive bidding processes.

MICROSOFT South Africa EEIP



EEIP V1 - ISVs

Developed eight (8) black-owned ISVs into established and independent local software companies with a global reach through financial investment, as well as business, technical, sales and marketing support.

EEIP V2 – ISVs, AgriTech, 4IR Manufacturing, App Factories

Expanding on EEIP V1 to support the 4th Industrial Revolution in South Africa. Broadening impact through ISVs 2.0 + App Factory + 4IR in Agriculture & Manufacturing

EEIP V3

Largest investment yet – impacting 3 broad investment areas. Aims to leverage the power of digital, AI and cybersecurity capabilities to bridge the digital specifically Digital inequality, technical skill scarcity, high failure rate of SMMEs and vulnerabilities to cybercrime disproportionately affects communities, businesses, and Government Institutions.

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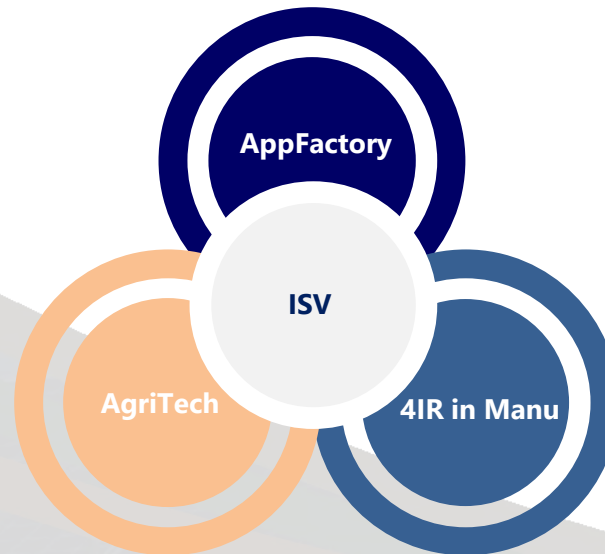
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MICROSOFT South Africa EEIP

Version 2

- **Independent Software Vendors (ISVs)** – developing three (3) black-owned ISVs into established and independent local software companies with a global reach
- **App Factory (extended to include the YES programme)** – aimed at improving the state of software development in the country by partnering with existing development studios to upskill young software developers and provide them with practical experience through an apprenticeship programme.
- **AgriTech (4IR in Agriculture)** – leveraging emergent and established technologies to improve the performance of black smallholder farmers in South Africa
- **4IR in Manufacturing** – unlocking the potential of local manufacturing businesses through digital transformation by providing access to relevant technology solutions



AgriTech (4IR in Agriculture)

- 3 local solutions developed to improve production efficiencies of Smallholder farmers.
- Through partnerships the solutions development tested with 10 farmers from Afgri Lemang Agricultural Services in Limpopo.
- Adopted by Ukhanyo Farmers Development which supports 2000 farmers in Eastern Cape.

4IR in Manufacturing

- 5 Manufactures were supported to unlock their industrial potential through Digital Transformation within their business in South Africa.
- 3 Black Industrialists and 2 Gazelles.

App Factory

- Youth received a 12-month quality work experience.
- V2 : 840 Youth, 82% Black and 18% Coloured, Absorbed 70%
- V1 : 400 interns, 30% Black Women, Absorbed 84%

Independent Software Vendors (ISV)

- International Expansion
- Immedia – Secured opportunities in the African continent and USA.
- Astel – Secured opportunities in the African continent and Europe (Austria).

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AWS South Africa and ADS South Africa EEIP

- Total number of EEIP partners (Black SMMEs) that have been on-boarded to the programme to date is 48.
- EEIP partners achieving 1,251 AWS Accreditations and 565 AWS Certifications while creating 509 new jobs since 2020.
- 55% of positions are technical roles such as software developers, solution architects, and data engineers, with 23% of all jobs filled by Black women.

HPSA EEIP

- The Hewlett Packard SA (HPSA) EEIP was a seven-year (2007-2013) ESD and skills development EEIP.
- Established the HP Business Institute (HPBI), which helped existing SMEs to bridge the ICT skill gap through training and mentorship.
- HPBI provided short-term skills programmes or one-year learnerships. Overall, the primary focus of the programme was to develop scarce and critical skills in high growth areas of the ICT industry of South Africa.
- By 2011, 645 learners had completed learnerships and 70% of learners on the programme had either gained full-time employment or continued learnerships.

THANK YOU