

**AMENDED FSC SERIES FS400: MEASUREMENT OF THE PROCUREMENT ENTERPRISE AND SUPPLIER
DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT FS400: THE GENERAL PRINCIPLES FOR MEASURING PROCUREMENT ENTERPRISE AND SUPPLIER
DEVELOPMENT**

Issued under section 9 (1) of the Broad-Based Black Economic Empowerment Act of
2003 as amended by Act 46 of 2013

Arrangement of Statement FS400

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1 OBJECTIVES OF STATEMENT FS400

The objectives of this statement are to:

- 1.1 Specify the scorecard for measuring qualifying enterprise and supplier development contributions;
- 1.2 Specify the key measurement principles applicable to calculating preferential procurement contributions; qualifying enterprise development and supplier development contributions;
- 1.3 Define the principles applicable when calculating B-BBEE procurement spend and enterprise development and supplier development spend; and
- 1.4 Indicate the formula for calculating the individual criteria specified in the enterprise and supplier development scorecard.

2 PROCUREMENT ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

The following table represents the criteria for deriving a score for Procurement Enterprise and Supplier Development in this statement

	Description	Others	Banks and Life officers	Targets year 1-3	Targets year 3+
		Weightings		Targets	
2.1	Procurement	20	15		
2.1.1	B-BBEE Procurement Spend from all <i>Empowering Suppliers</i> based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	5	4	75%	80%
2.1.2	B-BBEE procurement spend from empowering suppliers who are QSEs based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	3	2	14%	18%
2.1.3	B-BBEE procurement spend from empowering suppliers who are EMEs based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	2	2	8%	12%
2.1.4	B-BBEE procurement spend from empowering suppliers that are at least 51% black owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	7	5	20%	30%
2.1.5	B-BBEE procurement spend from empowering suppliers that are at least 30% black women owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	3	2	9%	10%
2.2	Supplier Development	10	0		

2.2.1	Annual value of all supplier development contributions made by the measured entity	10	0	2% of NPAT
2.3	Enterprise and Supplier Development	5	0	
2.3.1	Annual value of enterprise development contributions and sector specific programmes made by the measured entity	5	0	1% of NPAT
	Total	35	15	
2.4	Bonus Points			
2.4.1	Graduation of one or more enterprise development beneficiaries to graduate to the supplier development level.	1	0	1
2.4.2	For creating one or more jobs directly as a result of supplier development and enterprise development initiatives by the measured entity.	1	0	1
2.4.3 (a)	B-BBEE procurement spend from intermediated black professional service providers who are empowering suppliers based on the B-BBEE procurement recognition levels as a percentage of intermediated spend	2	2	5%
<i>Or</i>				
2.4.3 (b)	B-BBEE procurement spend from black stockbrokers or black fund managers who are empowering suppliers based on the B-BBEE procurement recognition levels as a percentage of total value of all trade allocated	2	2	5%
2.4.4	B-BBEE procurement spend from designated group suppliers that are at least 51% black owned as a percentage of the total measured spend	2	2	2%
2.4.5	Enterprise development support of black stockbrokers, black fund managers or intermediaries	2	0	0.5% of NPAT (recoverable or non-recoverable)
	Total bonus points	8	4	

3 KEY MEASUREMENT PRINCIPLES

3.1 The Enterprise and Supplier Development scorecard consists of:

3.1.1 Preferential Procurement; and

3.1.2 Enterprise Development and Supplier Development.

3.2 Qualifying Enterprise Development and Supplier Development Contributions will be recognised as a percentage of the previous year's annual Net Profit after Tax (NPAT) of the measured entity.

Only in the event that the Measured Entity does not make a profit, then Qualifying Enterprise Development and Supplier Development Contributions of an average of the last 3 years contributions will earn the measured entity the full points in Paragraphs 2.2 and 2.3 respectively.

3.3 Sub-minimum and Discounting Principle:

3.3.1 A measured entity, excluding banks and life offices, must achieve a minimum of 40% of each of the total weighting points (excluding bonus points) of each of the three categories, within the enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and enterprise Development. This means that the measured entities must achieve at least:

- a. 8 points in the Preferential Procurement category;
- b. 4 points in the Supplier Development category; and
- c. 2 points in the Enterprise Development category.

3.3.2 For companies other than banks and life offices, non-compliance with the threshold targets will result in the overall achieved B-BBEE status level being discounted in accordance with Paragraph 3.3.3 of statement 000.

3.4 An Empowering Supplier within the context of the Amended FSC is:

3.4.1 A measured entity that is B-BBEE Compliant (has at least a Level 8 BEE certificate); and

3.4.2 Must be compliant with three of the five requirements listed below:

- a. At least 25% of procurement spend must be from local suppliers.
- b. 50% of new jobs created during the measurement period must be for black people and the total proportion of black people since the last measurement period cannot have dropped.
- c. At least 25% of SED contributions must be directed at education activities or at least 25% of ED contributions must be directed at black women owned businesses.
- d. At least 85% of Leivable Amount should be paid to South African employees by service industry entities.
- e. Skills transfer - Organisations need to spend a minimum number of days as indicated in the table below, in assisting enterprise or supplier development beneficiaries to increase their operational and/or financial capacity. This process can be outsourced.

Number of employees in the organisation	Number of days spent doing skills transfer with beneficiaries
0 – 20	1
21 – 150	3
151 – 500	6
> 500	12

3.5 Exempted Micro Enterprises and Start-ups are automatically recognised as empowering suppliers.

3.6 The weighting points in the enterprise and supplier development scorecard represent the maximum number of points possible for each of the criteria.

3.7 Enhanced Procurement Recognition

If a measured entity procures goods and services from a supplier that is:

- 3.7.1 a recipient of qualifying Supplier Development Contributions from a measured entity in code series FS400 that has a minimum three (3) year contract with the measured entity, the recognisable B-BBEE procurement spend that can be attributed to that supplier is multiplied by a factor of 1.2;
- 3.7.2 at least 51% black owned QSE or QSFI or EME which is not a supplier development beneficiary but that has a minimum three (3) year contract with the measured entity, the recognisable B-BBEE procurement spend that can be attributed to that supplier is multiplied by a factor of 1.2; and
- 3.7.3 a beneficiary of the Measured Entity's Enterprise Development Programme supplying the Measured Entity for the first time, the B-BBEE procurement spend that can be attributed to that supplier is multiplied by a factor of 1.2.
- 3.8 Procurement of goods and services and any other activities that fall in paragraph 2.1 will not qualify for scoring in paragraphs 2.2 and 2.3 and *vice versa*.
- 3.9 Beneficiaries of qualifying supplier development and enterprise development contributions are EMEs, QSFIs or QSEs which are at least 51% black owned or are at least 51% black woman owned.
- 3.10 Where a QSE or EME supplier's turnover in the current measurement period exceeds the QSE or EME turnover threshold the measured entity may continue to count the preferential procurement spend in either paragraph 2.1.2 or 2.1.3 for a period of three (3) years post the supplier exceeding the turnover threshold, provided that:
- 3.10.1 The measured entity procured from the supplier prior to the supplier exceeding the specified turnover threshold; and
- 3.10.2 The measured entity having made an enterprise or supplier development contribution prior to the supplier exceeding the turnover threshold.
- 3.11 Enterprise and supplier development contributions being counted towards scoring points under Paragraphs 2.2 and 2.3 respectively cannot be double counted for the scoring of bonus points.
- 3.12 A new job as specified in paragraph 2.4.2 can be counted when there is a new position created by the Enterprise or Supplier Development Beneficiary to employ an additional person in the beneficiary to perform specified work over a specified period of time (or into perpetuity). The new job must be an additional position created within the beneficiary entity.

4 GENERAL PRINCIPLES

- 4.1 To strengthen local procurement in order to help build South Africa's industrial base in critical sectors of production and value adding manufacturing, which are largely labour-intensive industries.
- 4.2 To increase local procurement through capacity building achieved by incentivising appropriate local supplier development programmes by businesses supplying imported goods and services.
- 4.3 The import provisions do not apply to the designated sectors and products for local production, as and when published.
- 4.4 To actively support procurement from at least 51% black owned QSFIs and EMEs by identifying opportunities to increase procurement from local suppliers in order to support employment creation.
- 4.5 To support procurement from at least 51% black owned and 30% black woman owned businesses in order to increase the participation of these businesses in the mainstream economy.

- 4.6 To promote the use of the at least 51% black owned professional service providers and entrepreneurs as suppliers.
- 4.7 Measured entities receive recognition for any qualifying enterprise and supplier development contributions that are quantifiable as a monetary value using a standard valuation method.
- 4.8 Measured entities are encouraged to align their enterprise and supplier development initiatives with the designated sectors of government's localisation and value adding programmes, where this is possible in the financial services sector.
- 4.9 Measured entities are encouraged to align their enterprise and supplier development initiatives with their supply chain requirements thereby linking enterprise and supplier development with preferential procurement.
- 4.10 Qualifying enterprise and supplier development contributions of any measured entity are recognisable on an annual basis.
- 4.11 Where grant contributions, programmes and/or initiatives span over multiple years, the total contribution amount must be divided by the number of years, and the average per year is then to be utilised for the annual contribution, where such contributions can be annualised. This excludes all non-grant based funding.
- 4.12 Measured entities are encouraged to develop and implement an enterprise development plan and supplier development plan for a beneficiary of their contributions. The plan should include:
- 4.12.1 Clear Objectives;
- 4.12.2 Priority interventions;
- 4.12.3 Key performance indicators; and
- 4.12.4 A concise implementation plan with clearly articulated milestones.
- 4.13 Measured entities will not get recognition for the same activities undertaken in paragraphs 2.2 and 2.3; they will only get recognition for one of the two i.e. 2.2 or 2.3. Both Enterprise & Supplier Development Contributions can be spent with the same Supplier Development Beneficiary and there is no need to break down what activities are specifically Enterprise or Supplier Development however, the same contribution cannot be double counted for both the Enterprise and Supplier Development requirements
- 4.14 No portion of the value of any contribution that is payable to the beneficiary or on behalf of the beneficiary after the last day of the measurement period can form part of any calculation in this statement. This restriction will not apply where the contributions are made to an industry enterprise and supplier development programme and paid to the relevant trade association or trade association lead initiative within the measurement period. The trade association or trade association lead initiative must allocate the funds to beneficiaries within 12 months.
- 4.15 Supplier development beneficiaries are enterprise development beneficiaries from which the measured entity procures goods or services.
- 4.16 Measured entities will not get bonus points in both 2.4.3(a) and 2.4.3(b); they will only get recognition for one of the two.
- 4.17 For Measured Entities to score the bonus points in 2.4.3(a) and 2.4.3(b) the procurement spend does not have to reflect in the financials of the Measured Entity, the procurement could be third-party procurement.

5. TOTAL MEASURED PROCUREMENT SPEND

The following procurement is measurable within total measured procurement spend:

- 5.1 Cost of sales: all goods and services procured that comprise the cost of the sales of the measured entity;
- 5.2 Operational expenditure: all goods and services procured that comprise the operational expenditure of the measured entity;
- 5.3 Capital expenditure: all capital expenditure incurred by the measured entity;
- 5.4 Discretionary stock-brokering spend: discretionary stock-brokering spend procured by Investment managers on behalf of clients, regardless of whether this spend is recorded in the financial statements of the investment manager;
- 5.5 Public sector procurement:
- 5.5.1 all goods and services procured from organs of state and public entities listed in schedules 2 and 3 of the Public Finance Management Act, (Act 1 of 1999). Notwithstanding this, procurement by a measured entity from a local government authority, which is a reseller of that service, is measurable at the B-BBEE recognition level of the primary supplier of the service; and
- 5.5.2 in any event, any procurement of any goods or services from any organ of state or public entity that enjoys a statutory or regulated monopoly in the supply of such goods or services, is excluded;
- 5.6 Monopolistic procurement: all goods and services procured from suppliers that enjoy a monopolistic position;
- 5.7 Third-party procurement: all procurement for a third-party or a client, where the cost of that procurement is an expense recorded in the measured entity's annual financial statements;
- 5.8 Labour brokers and independent contractors: any procurement of the measured entity that is outsourced labour expenditure;
- 5.9 Pension and medical aid contributions and administration payments: payments made to any post retirement funding scheme or to a medical aid scheme or similar medical insurer by a measured entity for its employees, excluding any portions of such payments, which are a contribution to a capital investment of the employee;
- 5.10 Trade commissions: any commission or similar payments payable by a measured entity to any other person pursuant to the business or trade of the measured entity;
- 5.11 Empowerment related expenditure: all goods and services procured in carrying out B-BBEE. The total measured procurement spend does not include the contribution portion recognised in section 2.2 and 2.3 of this statement and code series 500, but does include any expenditure incurred in facilitating those contributions;
- 5.12 Imports: all goods and services that are imported or procured from a non-South African source;
- 5.13 Intra-group procurement: all goods and services procured from subsidiaries or holding companies of the measured entity. This is not applicable where the subsidiaries or holding companies form part of the entities consolidated B-BBEE certificate; and
- 5.14 **Insurance broker and insurance intermediary commissions:** this inclusion will only apply **after** the first three (3) years following the implementation date of the Amended FSC.

6 EXCLUSIONS FROM TOTAL MEASURED PROCUREMENT SPEND

The following list provides permissible exclusions from total measured procurement spend recognisable in terms of Paragraph 5:

- 6.1 Taxation: any amount payable to any person which represents a lawful tax or levy imposed by an organ of state authorised to impose such tax or levy, including rates imposed by a municipality or other local government;
- 6.2 Salaries, wages, remunerations, and emoluments: any amount payable to an employee as an element of their salary or wages and any emolument or similar payment paid to a director of a measured entity;
- 6.3 Pass-through third-party procurement: all procurement for a third-party or a client that is recorded as an expense in the third-party or client's annual financial statements but is not recorded as such in the measured entity's annual financial statements;
- 6.4 Empowerment related procurement:
- 6.4.1 Investments in or loans to an associated enterprise;
- 6.4.2 Investments, loans or donations qualifying for recognition in any statement in code series FS400 or FS500;
- 6.5 Imports: the following imported goods and services:
- 6.5.1 Imported capital goods or components for value-added production in South Africa provided that:
- there is not sufficient existing local production of such capital goods or components; and
 - importing those capital goods or components promotes further value-added production within South Africa;
- 6.5.2 Imported goods and services other than those listed in Paragraph 6.5.1 if there is not sufficient local production of those goods or services including, but not limited to, imported goods or services that
- carry a brand different to the locally produced goods or services; or
 - have different technical specifications to the locally produced goods or services.
- 6.5.3 The exclusion of imports listed in 6.5.2 is subject to the measured entity or the industry in which that entity operates having developed and implemented an enterprise development or supplier development plan for supporting qualifying empowering suppliers that manufacture goods and services locally that are otherwise normally imported. The plan does not need to relate to the specific goods or services that the measured entity imports. This plan should include:
- Clear objectives;
 - Priority interventions;
 - Key performance indicators; and
 - A concise implementation plan with clearly articulated milestones.
- 6.5.4 The Department of Trade and Industry will from time to time consult with the industry and issue practice notes with regard to the provisions on import exclusions.
- 6.6 Intra-group procurement: where the measured entity is conducting a consolidated verification of itself together with its affiliates and subsidiaries, then all intra-group procurement of goods and services amongst the group entities forming part of the consolidated verification are excluded.
- 6.7 Property expenditure: Any amounts payable in consideration for property acquisitions or rentals where the financial institutions hold such property interests as an investment, on behalf of a third party, rather than for operational purposes;
- 6.8 Reinsurance premiums;
- 6.9 Global suppliers: Any items of procurement where the supplier is imposed in terms of a global policy for technical

(but specifically not commercial) reasons;

- 6.10 Broker and insurance intermediary commissions: **this exclusion will only apply for the first three (3) years following the implementation date of the Amended FSC.** This allows these entities sufficient time to implement their B-BBEE initiatives. After three years, broker commissions and commissions paid to insurance intermediaries will be an included procurement spend.

7 MEASUREMENT OF B-BBEE PROCUREMENT SPEND

- 7.1 B-BBEE procurement spend is the value of the procurement falling within paragraph 5 and not excluded by paragraph 6. If a supplier falls within a category of supplier listed in paragraph 3.7, the value of procurement from that supplier is multiplied by the applicable factor listed in that paragraph.
- 7.2 B-BBEE procurement spend must be measured using formula A in Annex FS400 (A).
- 7.3 The B-BBEE procurement spend for a measured entity in respect of a supplier is calculated by multiplying the spend contemplated by paragraph 5 (and not excluded in paragraph 6) in respect of that supplier by the supplier's B-BBEE recognition level.
- 7.4 A measured entity's total procurement spend is the total of all amounts calculated in terms of paragraph 7.3.

8. THE CALCULATION OF PREFERENTIAL PROCUREMENT CONTRIBUTIONS TO B-BBEE

- 8.1 A measured entity receives a score for procurement in proportion to the extent that it meets the compliance target.
- 8.2 The measured entity's score for preferential procurement contributions to B-BBEE in the preferential procurement scorecard must be calculated in terms of formula "B" in Annex FS400(A).

9. ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT CONTRIBUTIONS

The following is a non-exhaustive list of qualifying enterprise Development and Supplier Development Contributions include, but are not limited to, the following:

- 9.1 investments in qualifying beneficiary entities;
- 9.2 loans made to qualifying beneficiary entities;
- 9.3 guarantees given or security provided on behalf of qualifying beneficiary entities;
- 9.4 credit facilities made available to qualifying beneficiary entities;
- 9.5 grant contributions to qualifying beneficiary entities;
- 9.6 direct costs incurred by a measured entity in assisting and hastening development of qualifying beneficiary entities;
- 9.7 overhead costs of the measured entity directly attributable to qualifying enterprise Development and Supplier Development Contributions;
- 9.8 preferential credit terms granted by a measured entity to qualifying beneficiary entities;
- 9.9 preferential terms granted by a measured entity in respect of its supply of goods and services to qualifying beneficiary entities;
- 9.10 contributions made towards the settlement of the cost of services relating to the operational or financial capacity and/or efficiency levels of a qualifying beneficiary entity including, without limitation:

- a. professional and consulting services;
 - b. licensing and/or registration fees;
 - c. industry specific levies and/or other such fees; and
 - d. IT services;
- 9.11 discounts given to qualifying beneficiary entities in relation to the acquisition and maintenance costs associated with the grant to those qualifying beneficiary entities of franchise, licence, agency, distribution or other similar business rights;
- 9.12 the creation or development of capacity and expertise for qualifying beneficiary entities needed to manufacture or produce goods or service previously not manufactured, produced or provided in the Republic of South Africa as provided for in Government's economic growth and local supplier development policies and initiatives;
- 9.13 the creation or development of new projects promoting beneficiation by the measured entity for the benefit of qualifying beneficiary entities;
- 9.14 facilitating access to credit for qualifying beneficiary entities without access to traditional credit facilities owing to a lack of credit history, high-risk or lack of collateral on the part of the qualifying beneficiary entity;
- 9.15 provision by the measured entity, of preferential credit facilities to a qualifying beneficiary entity;
- 9.16 the provision of seed or development capital to qualifying beneficiary entities;
- 9.17 provision of training or mentoring by suitably qualified entities or individuals to qualifying beneficiary entities which will assist such entities to increase their operational or financial capacity; and
- 9.18 provision of training or mentoring to qualifying beneficiary entities by the measured entity itself;
- 9.19 such contributions are measurable by quantifying the cost of time (excluding travel or commuting time) spent by staff or management of the measured entity in carrying out such initiatives;
- 9.20 a clear justification, commensurate with the seniority and expertise of the trainer or mentor, must support any claim for time costs occurred;
- 9.21 Common forms of such contribution include, without limitation:
- a. Professional and consulting services;
 - b. IT services; and
 - c. any other services which help to increase the entity's financial and/or operational capacity and which have not also been accounted for in code FS300 Skills Development.
- 9.22 Training or mentoring provided as per paragraphs 9.17 and 9.18 above may not be double counted in the skills development scorecard once claimed as qualifying enterprise and supplier development contribution and vice versa.
- 9.23 the maintenance by the measured entity of an enterprise development and supplier development unit which focuses exclusively on support of qualifying beneficiary entities or candidate beneficiary entities.
- 9.23.1 only that portion of salaries and wages attributable to time spent by the staff in, and the other expenses that relates to, promoting or implementing qualifying enterprise and supplier development contributions, qualify for recognition.
- 9.24 payments made by the measured entity to suitably qualified and experienced third parties to perform enterprise development and supplier development on the measured entity's behalf.

9.24.1 such contributions are regarded as having been initiated and implemented once they become payable to the third party.

10. MEASUREMENT OF ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT CONTRIBUTIONS

10.1 A measured entity other than Banks and Life Officers, receives a score for enterprise development and supplier development in proportion to the extent that it meets the compliance target.

10.2 Qualifying contributions are measurable using the formula "A" in Annexe FS400 (B)

ANNEXE FS400 (A)

A: B-BBEE PROCUREMENT SPEND:

$$A = \text{the sum of } (B \times C)$$

Where

A is the calculated total B-BBEE Procurement Spend for the measured entity. It is equal to the sum of the result of the product of B and C for each Supplier of the measured entity not excluded in the exclusion from Total Measured Procurement Spend;

B is the value of procurement falling within Total Measured Procurement Spend and not excluded in the exclusion from Total measured Procurement Spend from each Supplier of the measured entity for the measurement period

C is the latest B-BBEE procurement Recognition Level of each Supplier of the measured entity that can be supported by a B-BBEE verification certificate (or sworn affidavit in the case of 51% or 100% black owned EME's and QSFI's), that was valid at any time from the commencement of the measurement period up to the issuing of the measured entities B-BBEE verification certificate.

B: THE CALCULATION OF PREFERENTIAL PROCUREMENT CONTRIBUTIONS TO B-BBEE:

$$A = \frac{B}{C} \times D$$

Where

A is the calculated preferential procurement score for paragraphs 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5 and 2.1.6 respectively in the preferential procurement scorecard in statement 400 for the measured entity;

B is the total B-BBEE Procurement Spend of the measured entity calculated for each of the indicators of the Preferential Procurement scorecard (paragraphs 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5 and 2.1.6) respectively, expressed as a percentage of the Total Measured Procurement Spend of that measured entity;

C is the compliance Target for each of the indicators of the Preferential Procurement scorecard (paragraphs 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5 and 2.1.6) respectively;

D is the weighting points allocated to each of the indicators of the Preferential Procurement scorecard (paragraphs 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5 and 2.1.6) respectively.

ANNEXE FS400 (B)

Annexe 400B – Enterprise Development and Supplier Development Benefit Factor Matrix

Qualifying Contribution type	Contribution Amount	Benefit Factor
Grant and Related Contributions		
Grant Contribution	Full Grant Amount	100%
Bad Debt write-offs incurred from the financing of Enterprise and Supplier Development Beneficiaries	100% subject to a maximum of 50% of the non-recoverable target for Banks and Life Officers in enterprise development	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Cost (including both monetary and non-monetary)	70%

Loan and Related Contribution		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Prime Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
Equity Investments and Related Contributions		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
Contributions made in the form of human resource capacity		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%
Professional services rendered at discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
Other Contributions		
Shorter payment periods for paragraph 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment.
		The maximum points that can be scored is 15% of total supplier development points excluding bonus points

ANNEXE FS400 (C)**A: Qualifying Enterprise and Supplier Development Contributions are measurable on the following basis:**

$$A = \frac{B}{C} \times D$$

Where

A is the score achieved for the Enterprise and Supplier Development indicators (paragraphs 2.2 and 2.3) in respect of qualifying Enterprise or Supplier Development Contributions made by the measured entity

B is the annual value of all qualifying Enterprise or Supplier Development Contributions, whichever the case may be, that have become payable by the measured entity during the measurement period

C is the compliance Targets for the Enterprise and Supplier Development indicators (paragraphs 2.2 and 2.3) respectively

D is the Weighting points allocated to the Enterprise and Supplier Development indicators (paragraphs 2.2 and 2.3) respectively