

ICT EMPOWERMENT CHARTER WORKING GROUP

FRAMEWORK FOR AN ICT EMPOWERMENT CHARTER - DISCUSSION DOCUMENT

DRAFT 3

1. Introduction and Background

- 1.1 The recent history of South Africa, covering the last 50 years or so, was dominated by the system of apartheid. Of relevance here is that apartheid was a system which deliberately, legislatively and systematically ensured the economic marginalisation of black people namely those classified as African, Coloured and Indians.
- 1.2 In addition there was a non-legislative form of gender discrimination resulting in women of all races being barred from achieving their full potential, economically speaking. This in turn resulted in black women in particular being victims of both the legislated racial discrimination as well as the more subtle gender exclusion.
- 1.3 These trends informed all economic development in South Africa. The South African ICT sector grew and developed within this skewed framework.
- 1.4 Since the advent of democracy in 1994, there is clearly a need to transform the South African economy and the ICT sector which is a key sector thereof.
- 1.5 As in other sectors the debate on transformation is circumscribed by the two external views. On the one hand there are those who believe that market forces have a self-correcting mechanism which will level the playing fields in good time. On the other hand there is a school of thought that advocates for aggressive government intervention aimed at improving measures to redress the imbalances of the past.
- 1.6 This document proceeds from the point of departure that the answer lies somewhere in between these two extremes. In particular it is based on the belief that a negotiated, inclusive process will yield the most positive outcome to the benefit of all stakeholders.
- 1.7 The process of engagement around a possible industry Charter must take into account the experience we have gathered as a country in the first decade of democracy. Such a charter should be aimed at kick-starting a Third Phase in the national effort for economic transformation. These phases can be described as follows:

Phase One (1994 – 1999)

This phase has been described as experimental, overly optimistic, tentative and maybe a touch on **the** naïve side as to the realities and challenges of transformation.

Phase Two (1999 – 2003)

A phase marked by move, realism, caution, uncertainty, a sense of frustration on all sides and the debate was dominated by the issue of elitism and enrichment versus “real empowerment”.

Phase Three (2004 – onwards)

It is hoped that as a result of the process outlined below this phase will mark the era of certainty, co-operation, measurability of BEE indicators and a

consensus driven model of truly broad-based BEE across the South African spectrum.

- 1.8 This third phase has been brought about and preceded by significant events as the BEE Commission Report, the mining charter and the impending BEE Act (refer to **the** President's State of the Nation Address – 14 February 2003).
- 1.9 In this regard particular attention needs to be given to the recently released “Strategy Document for Broad-Based Empowerment” which was released by Minister Alec Erwin in March 2003 as well as the Broad-Based Black Empowerment Bill currently being debated in Parliament.

2. Relevance to the ICT Sector

- 2.1 The foregoing discussion deals generally with empowerment in South Africa. Focus will now be turned to the ICT sector.
- 2.2. The ICT sector has been identified in numerous government strategic documents as one of the key drivers of the South African economy. In the BEECOM report the ICT sector is given very special focus. The priority given to the sector can be illustrated by the fact that President Mbeki has established both a South African and a separate international “Presidential Advisory Council on ICT”.
- 2.3 Accordingly and although the government has clearly stated that it is both unrealistic and undesirable to “establish a BEE charter in each and every sector of the economy” it is generally accepted that the ICT sector is one where a charter is necessary. This discussion document will proceed on the basis that this is an accepted premise.

3. Key features of an ICT BEE Charter

- 3.1 This document seeks to define a long process which should culminate in a blueprint for an ICT BEE Charter. Before dealing with proposed steps which need to be taken in order to reach that stage, we need to outline essential issues which ought to make up the content of that document.
- 3.2 In this section some of the essential bare bones of the charter will be identified and briefly discussed. The list is obviously not exhaustive and will be duly supplemented by the process referred to above and discussed in more detail below.

4. Definitions

- 4.1 A key section of the envisaged charter will have to be the definition of key terms and concepts which will be prevalently used in the document. This must go beyond merely defining words and their meaning but dealing with the inherent ambiguities and grey areas that inevitably emerge in such a new and complex process.
- 4.2 In this context it must also be borne in mind that the Charter will also be for international consumption, bearing in mind the realities of a globalised economy. Before even dealing with specific concepts the need to define what is meant by ICT Sector must be recognised.

4.3 In the South African context the sector includes the following distinct but related subsections

- ☞ Information Technology
- ☞ Telecommunications
- ☞ Communications
- ☞ Electronics
- ☞ Multi-media

These may be terms or categories which in turn merit some definition.

4.4 A second class of definitions will involve terms such as “black”, “black empowered” “engendered” “SMME” “enterprise development” etc.

4.5 Another class of definitions will involve what may be termed the key indicators for empowerment such as “ownership” “control”, skills development” “affirmative procurement” bridging the digital divide etc.

5. **Key indicators / Targets**

5.1 Another important section of the document must be an in-depth analysis of the role and content of each of the abovementioned key indicators. An effort must be made to contextualise these within the ICT context. So for example although skills development and skills transfer are already generally regarded as empowerment indicators it can be argued that these issues assume a special significance if one is to talk about long-term and broad-based empowerment in the ICT sector specifically.

5.2 This section will provide the main thrust of the document. It is here that specific targets need to be set at realistic and achievable levels.

5.3 An important related question must surely be the weighting of each of these indicators in order to conform to the so-called scorecard approach of evaluation.

5.4 Existing data and current research on the “state of the industry” in respect of each of the indicators must be accessed so as to map out realistic goals and milestones (refer Empowerdex, Business map, BMIT, etc).

5.5 Constraints to the realisation of effective and broad-based empowerment will have to be discussed in this section alongside each indicator. For example lack of access to finance in relation to “equity ownership”.

6. **Scope**

6.1 This section must seek to address the problem of diversity within the sector. The issue of sub-industries has already been referred to.

6.2 Add to this issues such as the numbers of firms and business that make up the sector, the variance in size of enterprise (from a one-person show to a conglomerate) the national versus multinational company etc and it becomes clear that the attempt to draft a one size-fits-all charter will be at best a challenging task.

- 6.3 This issue has been correctly identified as what sets the ICT sector apart from (say) the mining industry. Accordingly it must be taken into account in the process of any comparisons or lessons drawn from the Mining Charter process or final document.
- 6.4 The scope of application of the mooted Charter will therefore present an area of intense debate and careful consideration in the process leading up to the final document.

7.Linkage to legislative process

- 7.1 It has already been noted that this process takes place against the background of charters in mining and liquid fuel industries respectively as well as the well advanced process of drawing up a Financial Services Sector Charter.
- 7.2 In a logical attempt not to “reinvent the wheel” obviously some reference will have to be made to these documents and processes, while bearing in mind the specific idiosyncrasies of the ICT sector.
- 7.3 The most important aspect of the atmosphere within which their process takes place is certainly the strategic document on broad-based BEE. This document is intended to be a discussion document and the foundations of a BEE Act of Parliament.
- 7.4 Specific care must accordingly be taken to bear in mind that parallel process and related debates. In particular role-players and the public will be given an opportunity to make input at public parliamentary hearings before the Act is promulgated into law.

8.Process

- 8.1 We now return to the process that needs to be followed to achieve the objective set out above. The point of departure is that industry players must take advantage of the fact that government spokespersons have publicly stated that industry ought to lead the process of drafting a BEE charter for the ICT sector. It is suggested that a proper process must include the following specific issues.

9.Inclusivity

- 9.1 To gain credibility and acceptance the process leading to the charter must be characterised by the utmost sense of inclusivity. A practical method to achieve this is to start by involving all the industry organisations and associations covering a wide spectrum of the sector. This is no mean task if one considers that there is a multiplicity of organisations of all sizes operating within the sector.
- 9.2 There will invariably be some players who will not be reached via the abovementioned method and no effort should be spared to reach them by other means including a public information campaign. **Broader input is also encouraged by the establishment of a website, www.ictcharter.org.za which invites visitors to post their comments on the site. These are then used by the working group to update their documentation.**
- 9.3 These players are **all** invited to participate in the build-up and preparation for the industry Indaba discussed below. Their initial collective task is to pass comment and add to this framework document.

10.Indaba

- 10.1 It has been preliminarily agreed that there is a need to discuss the issues raised herein and much more. A suggested date is **16 and 17** September 2003. This would give us **sufficient**

time within which to make the practical arrangements as well as gaining the widest possible buy-in for the process from as many stakeholders as possible.

10.2 It must be emphasised that the indaba will be called and hosted not by any single organisation but by the loose alliance which should result from the “inclusivity” seeking process. It has already been agreed that this be done under the auspices of the “ICT Empowerment Charter Working Group”.

10.3 The programme must be designed in such a way that it allows all delegates ample opportunity to air their views.

10.4 The venue chosen must be amenable to small group discussions or commissions as well as plenary report back sessions, panel discussions, etc.

10.5 Specialist sub-committees must be formed to deal with specific issues around the organisation of the indaba. For example there should be committees to deal with fundraising, venue, programme co-ordination, invitations, recording facilities, etc. The convenors of these committees must liaise with an appointed facilitating company.

11. **Other stakeholders**

Although this must be an industry-led process it is strategically important to discuss what role other stakeholders will be invited to play at the indaba. These stakeholders are:

11.1 The wider business community (particularly the chambers, like SACOB, **FABCOS**, NAFCOC and AHI as well as the federations like the Black Business Council and Business SA)

11.2 Government (especially the Presidency, the Department of Communication, Public Services and Administration as well as DTI)

11.3 Labour (The SA Communication Workers Union, and the main union federations)

11.4 Civil society (non-governmental organisations, women youth and organisations involved in the ICT sector as well as other social investment agencies)

11.5 The **ISETT** SETA (and other related agencies)

11.6 The academic world (universities and technikons)

12. **Documentation**

12.1 It is envisaged that subject to budgetary constraints a set of background documents which will ensure the full participation of delegates need to be prepared and sent to people before the meeting.

12.2 This should include the documents referred to above and copy of the BEE Bill recently released as well as charters from other industries. The final version of this discussion document, after months of modification and important should serve as a guide to the format and content of the deliberations.

12.3 Of special importance must be an assessment of research which has already been concluded and which will give us a clear picture of where we currently are on the key issues in order that we can know where we want to go and importantly how to get there.

12.4 In effect the actual work of drafting an industry charter should really begin on the day after the indaba. That process must be informed by the discussions and consensus which can only result from a properly convened indaba accompanied by intense and well informed debate among the participants identified above.

13. **Time frames**

What remains is to draw **up a** timetable to implement the programme outlined above and begin the charter process in earnest.

Annexure A is a draft specimen of such a timetable and is for discussion as is the rest of this document.

DALI MPOFU

Chairperson: ICT Charter Working Group

TIMETABLE

ITEM	DESCRIPTION	TIME FRAME
1.	Appointment of Task team to oversee process until indaba	Done
2.	Invitations to sector organisations	7 May 2003
3.	Draft discussion document	7 May 2003
4.	Finalise date for indaba	7 May 2003
5.	Further outreach to stakeholders	31 May 2003
6.	First round of comments on discussion document	31 May 2003
7.	Fundraising Committee first report	June meeting
8.	Other sub-committees	June meeting
9.	Second round of comments on discussion document	30 June 2003
10.	Appointment of facilitating company	30 June 2003
11.	Press conference and media campaign	30 June 2003
12.	Invitations to outside speakers including Ministers, D-G's etc	30 June 2003
13.	Invitations to other stakeholders	30 June 2003
14.	Finalisation of Discussion document and other background documents	Mid July
15.	Send documentations to all participants	31 August 2003
16.	Two day indaba	16/17 September 2003
17.	Banquet	16 September 2003
18.	Appointment of drafting team(s)	17 August 2003
19.	First draft for circulation	30 September 2003
20.	Final draft	31 October 2003
21.	Public handover of ICT Charter. (Industry Proposals) to Government, Labour, etc	27 November 2003
22.	Commencement of negotiations with other stakeholders	February 2004
23.	Adoption of final ICT Charter for gazetting	17 May 2004