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## Assessment Report

# Data Quality Assessment of M&E System of South African Supplier Diversity Council (SASDC) Capacity Building Program

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## GLOSSARY

<b>Accurate Reporting</b>	Occurs when source documents contain exactly the same number of services delivered as were reported. Accurate Reporting is represented by: <ul style="list-style-type: none"> <li>• A VF = 1.0</li> <li>• An error rate equal to 0%.</li> </ul>
<b>Data Management</b>	The development, execution, and supervision of plans, policies, programs, and practices that control, protect, deliver, and enhance the value of data and information assets.
<b>Data Management System (DMS)</b>	The structures, rules, methods, policies, practices and procedures that guide the collection, storage, retrieval, distribution, and sharing of data.
<b>Data Quality</b>	The state of completeness, validity, consistency/reliability, timeliness, and accuracy/precision that makes data appropriate for a specific use.
<b>Data Verification Factor (DVF)</b>	A measure of the accuracy of reported data. The data verification factor is calculated by the following formula: <b><i>Data Verification factor = recounted numbers/reported numbers</i></b>
<b>Error Rate</b>	A measure of the accuracy of reported data. The error rate is calculated by the following formula: <b><i>Error Rate (%) = (1 – verification factor) x 100</i></b>
<b>Levels of the Data Management System</b>	Refers to the different points of the data management system where data is recorded and reported. For SASDC, there are 2 levels of the DMS: <ol style="list-style-type: none"> <li>1. Certified Suppliers and Corporate Members, and</li> <li>2. The monitoring and evaluation (M&amp;E) unit at the SASDC head offices.</li> </ol>
<b>Over-reporting</b>	Occurs when source documents contain fewer reports of activities than were reported. Over-reporting is represented by: <ul style="list-style-type: none"> <li>• A DVF &lt; 1.0 = an “over-report” because less data were found in the source documents than were reported.</li> <li>• An error rate greater than 0%.</li> </ul>
<b>Source Document</b>	A document in which data is first collected and recorded (e.g. files, excel reports, etc.).
<b>Standard Operating Procedure (SOP)</b>	A procedure specific to an operation that describes the activities necessary to complete tasks in accordance with regulations, laws, or standards.
<b>Under-reporting</b>	Occurs when source documents contain more activities than were reported. Under-reporting is represented by: <ul style="list-style-type: none"> <li>• A DVF &gt; 1.0 = an “under-report” as more data were found in the source documents than were reported</li> <li>• An error rate less than 0%.</li> </ul>

## ACRONYMS

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AQ	Assessment Question
ACSA	Airports Company South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BSIC	Black Supplier Input Committee
CEO	Chief Executive Officer
CM	Corporate Member
CPO	Chief Procurement Officer
CS	Certified Supplier
DMS	Data Management System
DTI	National Department of Trade and Industry
DQA	Data Quality Assessment
DVF	Data Verification Factor
FGD	Focus Group Discussion
KII	Key Informant Interview
M&E	Monitoring and Evaluation
PMERP	Performance, Monitoring, Evaluation and Reporting Plan
PMP	Performance Management Plan
RFP	Request for Proposal
SASDC	South African Supplier Diversity Council
USAID	United States Agency for International Development
VAT	Value-Added Tax
ZAR	South African Rand

## 1 EXECUTIVE SUMMARY

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The United States Agency for International Development (USAID) hired Khulisa Management Services, in association with Genesis Analytics, to undertake a data quality assessment (DQA) of the monitoring and evaluation system of the South African Supplier Diversity Council (SASDC) Capacity Building Program.

The objective of this assessment was two-fold. Firstly, to try and determine the actual program results for the period 2012 to 2015, in light of apparent under-reporting by SASDC corporate members. Secondly, to better understand what has influenced this behaviour in order to make recommendations to overcome this in the future.

To achieve the objectives of the assessment, the assessment team administered a set of questions to SASDC stakeholders, through a combination of key informant interviews and an online survey. These stakeholders included USAID, members of the SASDC secretariat, SASDC corporate members, SASDC certified suppliers and members of the SASDC Board and Black Supplier Input Committee. Questions to respondents revolved around the potential influence of the following on reporting to SASDC:

1. Understanding of SASDC objectives, products and services
2. Perceived value in SASDC membership/ certification
3. Familiarity with SASDC reporting requirements
4. Corporate procurement and data management systems and reporting hierarchy
5. Concerns around sharing proprietary information

The assessment also looked at the SASDC secretariat's data management system and attempted to reveal the actual Rand/Dollar amount spent by SASDC corporate members on procurement from SASDC certified suppliers.

The participation of respondents in the key informant interviews was constrained by the limited availability of relevant individuals within corporate members. Despite this, similar themes became apparent and as such, the response rate achieved was considered acceptable. Responses to the SASDC certified supplier online survey was predictably low, but not outside the norm of such tools. The core limitation to this assessment was the poor cooperation by SASDC corporate members in sharing their procurement data. This jeopardised the assessment team's ability to complete a successful recount of key program results.

The main findings of this assessment are described below:

- SASDC's core objective is not widely understood by both corporate members and certified suppliers (i.e. to help corporate members grow their procurement with black-owned suppliers). That said, there is some commonality of understanding by corporate members and certified suppliers that SASDC is primarily about facilitating business linkages.
- The SASDC's database of certified suppliers is the most used SASDC product by corporate members, whereas "meet the buyer" events are most used by certified suppliers. Notably, between 20-30% of corporate members and certified suppliers have not used any of the SASDC products/services that are on offer.

- There is a diversity of expectation by corporate members around the benefits of SASDC membership, and perceived membership value is influenced by whether the corporate member believes that they are deriving these expected benefits. An interpretation of corporate member responses reveals a possible division between a) corporate members that understand the SASDC model and their responsibility within the model, and b) corporate members that see SASDC as a BEE service provider of sorts, where the latter results in a perception of lower membership value.
- Knowledge of corporate member reporting requirements is not universal. Of the respondents who are deemed current members, only 64% are confident of the reporting requirements.
- Less than half of corporate members report to SASDC. The data suggest that when corporate members perceive value in their SASDC membership, there is no relationship with their likelihood to report. However, when CMs do not see value in their SASDC membership, they are twice as likely not to report. Indeed, over 40% of corporate members interviewed indicated that they do not see value in their SASDC membership.
- Most corporate members who do not report claim they did not know that reporting was required. Other, less commonly-cited constraints to corporate member reporting relate to sensitivity around proprietary information (in one instance) and the inability of corporate procurement systems to generate required data with minimal time and effort (in two instances).
- SASDC-specific reporting on certified supplier procurement appears to be an after-thought by many corporate members, where statutory B-BBEE reporting requirements rank higher in importance by the various corporate members.
- SASDC’s data management system is immature. There is no formalised M&E structure and defined data management process. As a consequence, there are weaknesses around indicator definitions, data aggregation and analysis processes, and data protection. That said, the reporting templates for corporate members and certified suppliers are user friendly. .
- In terms of the 11 indicators that were the focus of this assessment, we found a mix of over and under-reporting to USAID as indicated in the table below. The main reasons for the discrepancies were missing reports from members and suppliers, as well as errors in the SASDC database due largely to transcription errors when copying information from the CS and CM reports into the database.

#	Indicator	Error Rate calculated	Result
6.	Rand value of sales	+1.5%	Very slight over-report
7.	Rand value of sales to corporations	-11%	Under-report
8.	Rand value of sales to SASDC corporate members	+13%	Over-report
9.	Total value of procurement (ZAR)	-240%	Significant under-report
10.	Value of procurement from certified suppliers (ZAR)	-31.8%	Under-report
11.	Value of procurement from women owned firms (ZAR)	+38%	Over report

The abovementioned main findings can be grouped into three categories of issues, with accompanying recommendations.

**Perceived value from membership/certification:**

A sizeable proportion of corporate members and certified suppliers do not see value in their SASDC membership/ certification and this appears to be affecting the frequency and quality of reporting.

To address this SASDC needs a renewed clarity of purpose and vision, to maximise the unique position it fills in the congested B-BBEE landscape of South Africa. Crucially, SASDC needs to effectively communicate to corporate members the value they should expect to derive from their membership. Furthermore, SASDC should make a concerted effort to create success with a few certified suppliers, and better communicate these successes. Lastly, SASDC should limit its product/service offering to those that are most in demand, and prioritise securing and maintaining the quality of the database of certified suppliers.

**Understanding of the purpose of reporting:**

SASDC should clearly communicate to its corporate members and certified suppliers, on a regular basis, why reporting is necessary. Furthermore, SASDC should decisively deal with the reporting protocol for business relationships that pre-date SASDC involvement or where there is no obvious link between the deal and SASDC activities. It is envisaged that clear messaging around the purpose served by reporting will alleviate confidentiality concerns or, at the least, encourage reporting which may be devoid of key identifying information. Finally, consideration should be given to crafting indicators for corporate members that help drive their active participation in SASDC.

**Experience and management of the data management process:**

Some corporate members find the SASDC reporting process time consuming, especially where their accounts payable or procurement systems are not able to readily generate reports based on SASDC indicator requirements. SASDC should encourage its members to create the necessary “tags” in their finance/procurement systems. The SASDC secretariat should ensure that there are no functionality problems in reporting template, and that requests for data from corporate members are dispatched in a timely fashion. Furthermore, consideration should be given to aligning SASDC indicator definitions with prevailing statutory B-BBEE definitions, as far as possible, and perhaps reducing the frequency of reporting. Finally, the SASDC secretariat should strengthen its data management system and processes, prioritising those issues that threaten data protection and accuracy.

A crucial cross-cutting issue that negatively influences perceptions of member value as well as reporting behaviour, is the high turnover of SASDC representatives within corporate members. This results in low institutional memory vis-à-vis SASDC requirements and inhibits the ability of corporate members to get traction and thereby extract value. The SASDC secretariat must increase the regularity of its contact with corporate members and design a handover process that mitigates the negative impact of corporate member representative transitions.

## 2 INTRODUCTION

### 2.1 Program Description

SASDC is a non-profit member-led organization comprised of representatives of domestic and global corporations operating in South Africa. SASDC’s vision is to be the leading corporate-driven council in South Africa dedicated to promoting sustainable supplier diversity through targeted procurement and black supplier development.

SASDC seeks to go beyond the compliance-driven culture of B-BBEE in South Africa. It conceives Supplier Diversity as corporations making sound business decisions while being good corporate citizens. Supplier Diversity is about substantive inclusion of previously disadvantaged people through business relations and access to procurement, with corporations deriving benefit from having a diverse base of suppliers.

**FIGURE 1. SASDC LOGIC MODEL**



SASDC’s core objective is to build a powerful cohort of like-minded corporate members and a significant database of bona-fide black-owned suppliers to facilitate business linkages of increasing value and substance. SASDC is designed to be financially self-sustaining, primarily through corporate member fees and income generated from an annual conference and business opportunity fair. However, it has also received seed funding from USAID designed to put the organisation onto a path of self-sustainability.

SASDC faces several key challenges:

- Achieving prominence in a market that is congested by a plethora of B-BBEE initiatives.
- Being relevant in a market that is driven by B-BBEE compliance.
- Implementing universally-accepted and robust processes and systems that facilitate cost-efficient reporting by members and suppliers and that also satisfy confidentiality concerns.

- Facilitating the sharing of access to quality black suppliers and genuine procurement opportunities in an environment characterized by low trust and simplistic conceptions of the basis for competing.

These challenges have variously affected the level of participation and reporting of members to SASDC.

## 2.2 Purpose and Scope of the Assessment

USAID/South Africa required an independent assessment of SASDC's reporting to:

- Verify reported SASDC results so as to determine the actual results to date;
- Help understand the drivers of under-reporting by SASDC corporate members; and
- Offer recommendations to overcome this in future – whether this relates to data management or programme value considerations.

In short, USAID hopes to reveal a more positive story around the SASDC's results and wants to leave SASDC (i.e. post-USAID funding) in a stronger position, in terms of programme focus and data system strength.

The Assessment was focused around answering 8 assessment questions (AQs):

- AQ 1. To what extent do SASDC corporate members and certified suppliers understand SASDC objectives and products and services?
- AQ 2. To what extent do SASDC corporate members and certified suppliers see value in SASDC membership, and how does this impact on results reporting?
- AQ 3. How familiar are SASDC corporate members and SASDC certified suppliers with SASDC reporting requirements?
- AQ 4. To what extent do corporate procurement systems and reporting hierarchy impact results reporting?
- AQ 5. To what extent do corporate data management systems and their interface with SASDC data management tools pose a barrier to accurate and timely data capture and reporting, and how can these be overcome?
- AQ 6. To what extent do SASDC corporate members under-report because of their concerns about providing access to proprietary information? What other concerns do SASDC corporate members have about reporting to the SASDC?
- AQ 7. How can the SASDC performance management system be improved to address constraints and limitations to reporting?
- AQ 8. What is the actual rand/dollar amount spent by SASDC corporate members on procurement from certified suppliers to date?

### 3 SUMMARY OF METHODOLOGY

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To answer the 8 assessment questions, the assessment team planned to

- (i) carry out a Data Quality Audit at the SASDC secretariat; and
- (ii) analyse procurement data from corporate members and M&E data from SASDC.
- (iii) conduct Key Informant Interviews (KIIs) with a wide range of SASDC stakeholders,
- (iv) carry out an online survey of SASDC certified suppliers,

The SASDC secretariat and Board, corporate members, certified suppliers, as well as other relevant stakeholders were the focus of the KIIs. Certified suppliers were the focus of the online survey. Mixed methods (both quantitative and qualitative) were applied in the KIIs and online survey.

Procurement data obtained from the corporate members focused on the value of transactions between the corporate member and black/women-owned suppliers( in general) and SASDC certified suppliers(specifically) over the period April 2012 to March 2015.

Data collection took place from October 27 to November 20 2015.

Appendix 3 presents a detailed description of the methodology utilised for the assessment.

#### 3.1 Intended vs. Actual Data Collection

Table 1 presents the intended fieldwork against the actual fieldwork. Data Collection was carried out in a sample of:

1. **Corporate Members** across 4 categories: in Good Standing, Payments Pending, Withdrawn their Membership, and Payments written off (Figure 2 lists the corporate members who participated).
2. **Certified Suppliers;** and
3. **Other Stakeholders** (e.g. USAID, SASDC Secretariat, SASDC Board, and selected BSIC representatives)

The Team was successful in engaging a narrow group of corporate members in good standing and other stakeholders to participate in the Assessment, reaching 77% of the intended respondents.

However, the team was less successful in engaging with corporate members who were not in good standing as well as certified suppliers. Only 42% of corporate members not in good standing targeted for KIIs participated in interviews, and 22% of intended certified suppliers responded to the online survey or KIIs with the Team, although this is not an unusual response rate for online surveys.

Reasons for deviations are provided below.

**TABLE 1. PLANNED FIELDWORK VS. ACTUAL FIELDWORK**

#	Targeted Respondent	Intended Activity	Actual Fieldwork and Activity
<b>Corporate Members</b>			
<b>Corporate Members in Good Standing</b>			
1.	Cummins SA Pty Ltd	KII Data Verification	KII Data Verification <ul style="list-style-type: none"> <li>• Spend Report Submitted</li> <li>• Reported Procurement</li> </ul>
2.	Foskor (Pty) Ltd	KII Data Verification	KII Data Verification <ul style="list-style-type: none"> <li>• Spend Report Not Submitted</li> <li>• Reported Procurement</li> </ul>
3.	Barloworld Ltd (incl. Barloworld Motor Retail)	KII Data Verification	KII only Data Verification <ul style="list-style-type: none"> <li>• Spend Report Not Submitted</li> <li>• Reported Procurement</li> </ul>
4.	Shell (SA)	KII Data Verification	KII only Data Verification <ul style="list-style-type: none"> <li>• Spend Report Submitted</li> <li>• Reported Procurement</li> </ul>
5.	Absa Bank Limited	KII Data Verification	KII Data Verification <ul style="list-style-type: none"> <li>• Spend Report Not Submitted</li> <li>• Reported Procurement</li> </ul>
6.	Sasol Ltd	KII Data Verification	KII only Data Verification <ul style="list-style-type: none"> <li>• Spend Report Not Submitted</li> <li>• Reported Procurement</li> </ul>
7.	IBM SA Pty Ltd	KII Data Verification	KII Data Verification <ul style="list-style-type: none"> <li>• Spend Report Not Submitted</li> <li>• No Reported Procurement</li> </ul>
8.	Afrox	KII Data Verification	KII only Data Verification <ul style="list-style-type: none"> <li>• Spend Report Submitted</li> <li>• Reported Procurement</li> </ul>
9.	Pfizer	KII Data Verification	KII only Data Verification <ul style="list-style-type: none"> <li>• Spend Report Submitted</li> <li>• No Reported Procurement</li> </ul>
10.	Transnet	KII Data Verification	<i>Did not Participate</i>
11.	Rand Water	KII Data Verification	<i>Did not Participate</i>
<b>TOTAL Fieldwork Activities</b>		<b>22</b>	<b>19 (86.4%)</b>
<b>Corporate Members with Payments Pending</b>			
12.	Airports Company South Africa	KII Data Verification	KII Data Verification <ul style="list-style-type: none"> <li>• Spend Reports Not Submitted</li> <li>• Reported Procurement</li> </ul>
13.	Cisco Systems	KII Data Verification	KII only
14.	Johnson Controls Facilities Management	KII Data Verification	<i>Did not Participate</i>
<b>TOTAL Fieldwork Activities</b>		<b>6</b>	<b>3 (50%)</b>
<b>Corporate Members who have Withdrawn their Membership</b>			

#	Targeted Respondent	Intended Activity	Actual Fieldwork and Activity
15.	Drake & Scull	KII	KII
16.	Fidelity Security Management	KII	<i>Did not Participate</i>
17.	Fidelity Cash Solutions	KII	<i>Did not Participate</i>
<b>TOTAL Fieldwork Activities</b>		3	1 (33%)
<b>Corporate Members with Payments Written Off</b>			
18.	South African Breweries	KII	<i>Did not Participate</i>
19.	Coca Cola	KII	<i>Did not Participate</i>
20.	Mutual & Federal	KII	KII
21.	BP	KII	<i>Did not Participate</i>
22.	Denel	KII	KII
<b>TOTAL Fieldwork Activities</b>		5	2 (40%)
<b>Other stakeholders</b>			
23.	USAID	KII	USAID
24.	SASDC Board (11 members)	One FGD	<ul style="list-style-type: none"> <li>• FGD1</li> <li>• FGD2</li> </ul>
25.	SASDC Secretariat DQA	Systems Assessment Data Verification	Systems Assessment Data Verification
26.	BSIC	One FGD	<ul style="list-style-type: none"> <li>• KII</li> <li>• Telephone-based KII</li> </ul>
<b>TOTAL Fieldwork Activities</b>		4	6 (150%)
<b>Subtotal Corporate Members and other SASDC stakeholders</b>		40	31 (77%)
<b>Certified Suppliers</b>			
27.	315 Approved and Certified SASDC Suppliers	Online Survey (sent to 315 suppliers)	65 completed the survey
28.	Reba Chemicals	KII	KII
29.	Deltron Consulting	KII	<i>Did not Participate</i>
30.	Reagola IT Services	KII	KII
31.	Sebata Group of Companies	KII	<i>Did not Participate</i>
32.	Libra Landscaping	KII	KII
33.	Macha's Electrical		KII
<b>TOTAL Fieldwork Activities</b>		320	69 (21.6%)
<b>GRAND TOTAL</b>		360	100 (27%)

**FIGURE 2. CMs WHO PARTICIPATED IN FIELDWORK BY MEMBERSHIP PAYMENT TYPE**

Corporate Members who participated in Fieldwork (N=14)			
<u>In Good Standing: Payment up to Date (N=9)</u> <ul style="list-style-type: none"> <li>• Cummins SA (Pty) Ltd</li> <li>• Barloworld SA</li> <li>• Foskor</li> <li>• Shell</li> <li>• Sasol</li> <li>• ABSA Bank Limited</li> <li>• IBM</li> <li>• Afrox</li> <li>• Pfizer</li> </ul>	<u>Payment Pending (N=2)</u> <ul style="list-style-type: none"> <li>• Airports Company South Africa</li> <li>• Cisco Systems</li> </ul>	<u>Withdrew Membership (N=1)</u> <ul style="list-style-type: none"> <li>• Drake and Scull</li> </ul>	<u>Payments Written Off (N=2)</u> <ul style="list-style-type: none"> <li>• Mutual and Federal</li> <li>• Denel</li> </ul>

### REASONS FOR DEVIATIONS

The main reasons for the differences between the planned and actual fieldwork are as follows:

1. Discrepancy between Corporate Members and Certified Suppliers reported by SASDC versus those recounted during the Assessment:

Data collection was highly influenced by the number of active (at the time of the assessment) corporate members and certified suppliers. During the assessment, major discrepancies were uncovered in terms of their number of certified suppliers and corporate members as per Table 2.

SASDC reported 25 corporate members and 313 certified suppliers, but only about half of these were active members at the time of the assessment. When we attempted to engage with the non-active members and suppliers for the assessment, there was very poor response.

**TABLE 2. SASDC REPORTED NUMBER OF MEMBERS VERSUS RECOUNTED NUMBER OF MEMBERS**

Respondent Category	Reported by SASDC	Verified/Recounted <sup>1</sup>
<b>Corporate Members</b>	<b>30</b>	<b>12</b>
Payment up to Date	11	12
Payment Pending	3	
Payments Written Off	11	
Withdrawn Membership	5	
<b>Certified Suppliers</b>	<b>313</b>	<b>146</b>
Suppliers with paid up active certification		146
Suppliers with expired certification (Jan-Mar 2015)		6

<sup>1</sup> Verified excludes CMs and CSs whose payments were not up to date

Respondent Category	Reported by SASDC	Verified/ Recounted <sup>1</sup>
Suppliers with expired certification prior to 2015		183
Suppliers without membership data		10
Suppliers on SASDC database	345	

## 2. Unavailability of Targeted Key Informants

Another issue was the unavailability of key informants due to:

- The individual no longer worked at the Corporate Member;
- The Corporate Member was not aware of SASDC at all and felt that they could not provide meaningful information; and
- Compulsory travel or work commitments which precluded the individual from participating.

Less frequently, but still prevalent, some respondents just refused to participate.

## 3. Poor Online Supplier Survey Response Rate

The platform 'Survey Monkey' was able to generate a list of respondents who had not participated in the survey. Eight email reminders were sent to those who had not participated at all. At the end of the data collection phase, the assessment team telephoned those respondents who had only partially completed the survey so as to understand why they had not completed and submitted the survey. Those who needed assistance were given guidance so as to successfully complete the survey.

## 3.2 Limitations

- It was not possible to interview respondents from all the corporate members in our sample, primarily due to the limited availability of relevant individuals within corporates or due to changeover in staff. This made it difficult to find a new SASDC focal point in the corporation or someone who had knowledge of the SASDC.
- The interview instruments were piloted at Cummins at the start of the assessment after which some changes were made to the instruments. There are some gaps in the Cummins data related to revised questions which have not been included in this draft report.
- Khulisa attempted to obtain procurement or spend data from 14 corporate members, but only managed to receive data from half of these (i.e. 7 CMs). Corporate members' resistance to sharing their spend data resulted in a very small sample of procurement data made available to the assessment team. This constrained the calculation of an accurate error rate for corporate member reporting.
- Overall, the level of reporting by corporate members and suppliers was low and this complicated the verification exercise.
- Data on certified supplier's turnover, and SASDC's share of this turnover, was self-reported through an online survey. As such, the assessment team was unable to verify these self-reported data.

- Because the DQA Systems Assessment was only conducted at SASDC (and no other sites) the assessment team is unable to determine what data management improvements should be made at the corporate member or supplier levels to improve the overall accuracy of reporting.
- Many of the DQA indicators are actually data points in the SASDC database, rather than separate indicators. Unfortunately, the crash of SASDC's database in June 2015, and the subsequent incomplete retrieval of lost data, means that many of the DQA indicators could not be reliably verified.

## 4 FINDINGS: DATA QUALITY AUDIT AT SASDC

Assessment of data management systems (DMSs) was carried out only at the SASDC Secretariat. No Corporate members or certified suppliers were assessed on their data management systems.

The System Assessment examines five functional areas of a DMS as elaborated in Figure 3. The following discussion provides an overview of the Systems Assessment findings at SASDC.

**FIGURE 3. THE 5 FUNCTIONAL AREAS OF THE SYSTEMS ASSESSMENT – AREAS OF FOCUS**

**M&E structure, functions, and capabilities:** documented M&E organizational structure; M&E staffing sufficiency; M&E training; clear M&E roles and responsibilities around reviewing incoming and outgoing reports.

**Indicator definitions and reporting guidelines:** documentation of indicator definitions and links to services delivery; sharing of documentation; guidance to all levels on what, how, to whom and when to report; document retention policies.

**Data collection and reporting forms/tools:** standards source documents; standardized reporting tools; sufficiency of data to measure the indicator; availability of source documents.

**Data management processes:** clear documentation of aggregation/analysis steps; SOPs for how to handle late/inaccurate/missing reports; feedback to sub-reporting levels; quality controls for transcribing from paper to computer; database administration and backup policies; confidentiality of records maintenance; reporting system's ability to account for double counting/lost to follow-up/death; regular supervisory visits around data quality.

**Links with the national reporting system:** national forms are used; national reporting systems are used; national reporting deadlines are used; national site IDs are used.

### 4.1 Description of the SASDC Secretariat DMS

USAID acknowledged early in this assessment that SASDC did not receive funding earmarked specifically for developing a comprehensive Data Management System (DMS). As such, the Secretariat's DMS evolved during implementation – moving from an M&E system based on the SAGE CRM database to a manual Excel-based system.

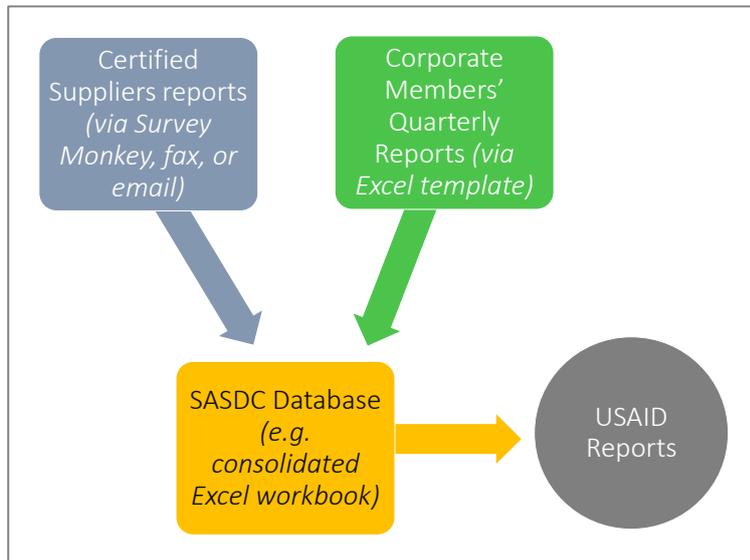
With the exception of Cummins SA (Pty) Ltd, the Secretariat's data base depends mainly on two standardized reporting tools that are designed to collect data for specific indicators (detailed in Table 4):

- **Reporting from Corporate Members (CMs):** The SASDC Secretariat send CMs a standardized EXCEL spreadsheet which serves as the quarterly reporting template. CMs either upload their entire accounts payable to the Secretariat, or send an email through to the Secretariat of the scanned 'Report Sheet' using only the aggregated data from quarterly reports; and,
- **Reporting from Certified Suppliers (CSs):** The SASDC uses a standardized Survey Monkey based tool wherein certified suppliers are able to record their data and submit to the Secretariat on a quarterly basis. For CSs that are do not or cannot use Survey Monkey, data is sent by email or fax, and these entries are manually added to the data set downloaded from Survey Monkey.

Figure 4 depicts the data flow from these reports to the SASDC database. Both certified suppliers and corporate members are expected to report on a quarterly basis. Once the SASDC Secretariat

receives the data, the SASDC Relationship Manager manually transcribes the data into the consolidated Excel-based workbook which serves as the programme’s database. The data in this workbook is used to manipulate, analyse, and report to USAID on a quarterly basis.

**FIGURE 4. DATA FLOW FOR SASDC’S DATA MANAGEMENT SYSTEM**



## 4.2 Assessment of SASDC’s Data Management System

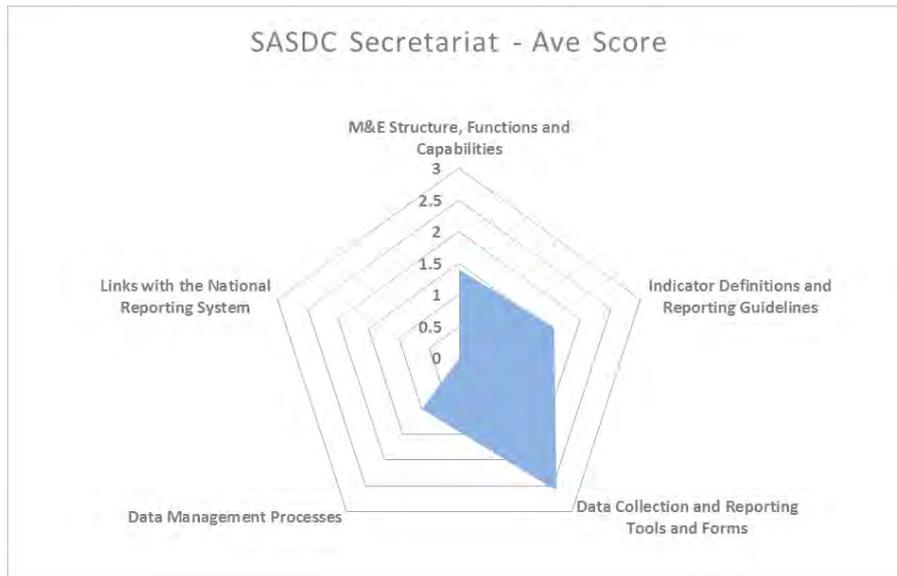
Figure 5 and Table 3 summarize the assessment scores of the System Assessment’s 5 functional areas. The overall Systems Assessment score of 1.64 (of 3 possible points) indicates a very weak data management system (DMS). Given that there is currently no national reporting system for supplier diversification, the score for ‘*Links with the National Reporting System*’ were not included in the overall Systems Assessment score.

The Secretariat’s DMS is strongest in ‘Data Collection and Reporting Forms/Tools’ (score of 2.6 out of 3), representing the design and implementation of standardized data collection and reporting forms/tools that are routinely used by both the CSs and CMs (apart from Cummins SA).

‘Indicator Definitions and Reporting Guidelines’ (score of 1.57) was the second best performing functional area, followed by ‘M&E Structure, Functions and Capabilities’ (score of 1.4), although these are weak scores. In terms of incoming reports from CMs, the Secretariat has comprehensive reporting guidelines (in the form of a tab on the Excel reporting template) that describes what, how, and when CMs should report to SASDC. Incoming reports from CSs are collected through Survey Monkey or email or fax. In terms of outgoing reports to USAID, the Secretariat uses a reporting template but reporting guidelines for this template are not documented.

The Secretariat has developed and documented a Performance Monitoring, Evaluation, and Reporting Plan (PMERP) which details the indicators and associated indicator definitions. However, some indicator definitions in this plan are not fully defined and need further development, and the PMERP has not been shared with its data management staff or with the sub-reporting levels, i.e. Certified Suppliers and Corporate Members, thereby limiting its value.

**FIGURE 5. SASDC SECRETARIAT SYSTEMS ASSESSMENT SCORES**



**TABLE 3. SYSTEM ASSESSMENT SCORES ACROSS THE FUNCTIONAL AREAS OF THE DMS**

Functional Area	M&E Unit Score (of 3 possible points)
M&E Structure, Functions and Capabilities	1.40
Indicator Definitions and Reporting Guidelines	1.57
Data Collection and Reporting Forms/Tools	2.60
Data Management Processes	1.00
Links w/ National Reporting System	-
<b>SASDC Average</b>	<b>1.64</b>

In terms of ‘M&E Structure, Functions and Capabilities’ (score of 1.40), the Secretariat does not have a document or organogram that details the MER responsibilities within the DMS. Ideally this would be part of the PMERP. In addition, the Secretariat was unable to inform the assessment team of current vacant MER positions. In terms of M&E and DMS related training, the Relationship Manager received data administration training several years ago but was unable to provide the assessment team with evidence of such training. The Secretariat was also unable to provide the assessment team with an MER training plan.

Another weakness around M&E structures and functions is the absence of a designated SASDC staff member who is responsible for verifying the data when:

- Data is transcribed from the received reports onto the Secretariat’s Excel-based workbook; or
- Data is consolidated, manipulated, analysed, and reported to USAID.

The lack of verification is clearly evident in the multiple ways in which the Certified Supplier names have been spelled in the reports submitted to the assessment team by SASDC.

The weakest functional area is ‘Data Management Processes’ (with a score of 1.00). This is because the Secretariat:

- takes the various CM and CS reports and other data points and puts them in a single Excel workbook with multiple worksheets, none of which are linked;
- has not developed standard operating procedures to manage late, inaccurate, incomplete, and/or missing reports;
- lacks quality controls in place when data is transcribed between the different platforms / worksheets / workbooks;
- lacks consistent data validation and verification across the levels of the DMS, posing a risk of double counting certified suppliers;
- has not documented the data aggregation and analysis steps used for reporting on the indicators;
- does not provide routine feedback to either CSs and CMs on data quality issues;
- does not have (or actively implement) a Data Administration Policy. This places all data, including the supplier database which is central to SASDC's core value proposition, at risk. Indeed, at the date of assessment, the supplier database had not been backed-up for over 4 weeks. This risk is clearly evident in the contamination of files during June 2015 which resulted in a complete crash of the SASDC database. This crash was attributed to a weak firewall, but when questioned by the assessment team, the Secretariat was unable to confirm the strength of the current firewall, the existence of any anti-virus software, nor were they able to quantify the data lost as a result of the crash. In addition, when Khulisa visited SASDC to better understand the "database" it became clear that most workbooks relating to supplier data were infected with viruses, and could not be accessed; and
- lacks a systematic filing system for hard copy data as well as electronic or scanned data reports – particularly Supplier reports and data – which makes the retrieval and verification difficult.

In terms of SASDC's 'Link to the National Reporting System', which in this case would be the Department of Trade and Industry (DTI), SASDC does not report to DTI, in part because DTI has not developed a monitoring, evaluation, and reporting system. As such, the scores for this functional area were not included in the overall average for the Systems Assessment. However, collaboration and linkage with the DTI can be an important leverage point for the SASDC Secretariat, particularly given that several key DTI documents speak to the need for developing a monitoring, evaluation, and reporting framework for the private and public sectors<sup>2</sup>.

More specific strengths and weaknesses of the SASDC Secretariat DMS include the following:

### DMS STRENGTHS

**Use of Identified standard tools/forms.** SASDC developed standard and appropriate reporting tools and forms that are routinely used at both Corporate Member and Certified Supplier levels. The only exception is Cummins SA (Pty) Ltd who uses their company-specific form but, the Secretariat is able to accurately extract the data from the Cummins reporting form.

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<sup>2</sup> [https://www.thedti.gov.za/economic\\_empowerment/docs/National\\_Summit\\_Report.pdf](https://www.thedti.gov.za/economic_empowerment/docs/National_Summit_Report.pdf)

**Documented PMP.** The Secretariat was able to provide the assessment team with a comprehensive, although out-of-date, PMP for the period 2012 to 2015. Although the key performance indicators were included and defined, these indicator definitions are not aligned to the 'SMART' principles, especially around the 'specific' and 'time-bound' SMART criteria. Indicators names and definitions also need to clearly state whether the indicator is cumulative or discrete. In addition, the PMP still makes reference to the SAGE CRM database which the SASDC Secretariat no longer uses.

**Comprehensive Reporting Guidelines.** By including the reporting guidelines as a tab on the Excel-based CM reporting template, the Secretariat has consistently provided CMs with clear and comprehensive reporting guidelines. Certified Suppliers reported on a template that included minimal guidelines (one or two sentences) on the Survey Monkey platform.

## DMS WEAKNESSES

**M&E Structure, Functions, and Capabilities.** The quality of the data generated by SASDC is at risk due to the overall lack of a proper M&E Structure. M&E functions and responsibilities are not defined and the SASDC Secretariat was unable to provide the assessment team with an M&E Organogram. In addition, SASDC could not indicate how many M&E related posts were currently vacant. In general, there has been some M&E training although the Secretariat was unable to provide any evidence of such training. In addition, the Secretariat has not developed an M&E training plan. Finally, and most importantly, there is no designated staff member who is responsible for validating and verifying the data as it moves along the DMS.

**Indicator Definitions.** Although the PMERP defines the SASDC performance indicators, some indicators lack sufficient detail, especially around whether the indicator is meant to be a cumulative figure or a discrete figure for the corresponding reporting period. In addition, current SASDC Secretariat staff are unaware of the indicators and indicator definitions, and these had not been shared with CSs or CMs. Because CMs have highlighted the issue of confidentiality around proprietary information as a reason for not consistently reporting, it is important that SASDC better communicate the reasons underlying the request for data, how the data will be processed, who will have access to the data, and what level of aggregation will be carried out on the reported data.

**Data Aggregation, Analysis and Reporting SOPs.** Currently, the Secretariat's CEO is entirely responsible for all steps of the data aggregation, analysis and reporting. This is a very manual process of transferring/transcribing data between different Excel workbooks and spreadsheets and which depends almost exclusively on the institutional memory and his understanding. In order to consistently maintain a high quality data, it is important that these steps be documented and shared with the rest of the SASDC staff. Because this manual process presents a risk of transcription error (indeed transcription errors were identified in the verification procedure), Ideally SASDC would benefit from developing an ACCESS database into which the Excel spreadsheets from CSs and CMs could be automatically added and the requisite calculations could be automatically generated.

## DMS OPPORTUNITIES

**Links with the National Reporting System (The Department of Trade and Industry, DTI).** Given the changes to the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice in May 2015, the SASDC Secretariat is well positioned to collaborate with the DTI and to use the revised legislation as a leverage point for driving transformation/diversification among its members. Furthermore, key DTI documents<sup>2</sup> speak to the need for developing a monitoring, evaluation and reporting framework for the private and public sectors. This then offers the SASDC Secretariat the

opportunity for further collaboration with the Government by using DTI standard reporting tools/forms as well as harmonizing their reporting timelines and reporting channels with those of the DTI.

In addition, state owned enterprises, such as Rand Water, are now required to procure their suppliers through the National Treasury’s central procurement e-government platform. This reinforces the importance of SASDC’s linkages with the DTI and National Treasury.

**Data Validation/Verification Checkpoints.** Currently, there is no designated staff member who is responsible for verifying and validating data prior to its submission to the CEO for further aggregation, analysis and reporting. Because there are no data validation/verification steps at key checkpoints as the data moves along the DMS, this places the quality of the data at risk. It is, therefore, crucial that such checkpoints be established and implemented. Additionally, SASDC, CM, and CS staff have to be made aware that by emailing the workbook for higher level aggregation, analysis and reporting, they have effectively signed-off on the quality of the data.

**Consistent Feedback to Corporate Members and Certified Suppliers on data quality issues.**

Routine feedback to sub-reporting levels, i.e. the CSs and CMs, improves the possibility of receiving better quality data. In addition, a routine visit to CSs and/or CMs to assess the quality of data has the potential to improve the quality of received data. However, these visits need to be documented as part of a portfolio of evidence that supports improving the quality of received data.

**DMS THREATS**

**Data Management Processes.** The database system crash in June 2015 was due to a weak firewall. The opening of an email attachment resulted in the viral contamination of a substantial portion of the SASDC supplier database, which is one of the organization’s key value propositions. Since the Secretariat has not developed or documented a ‘Data Administration Policy’, there was no guidance in recovering the lost data and, as such, to date there has been no clear quantification or reconciliation of the lost data versus what was recovered. Moreover, the Assessment Team also discovered that the last back-up of the database had occurred more than 4 weeks prior to the date of assessment. Finally, at the time of the assessment, SASDC staff were unable to articulate the current level of security (firewall and anti-viral software) that is being used for the Secretariat’s IT system and database.

**RECOMMENDATIONS FOR IMPROVING SASDC’S DATA MANAGEMENT SYSTEM**

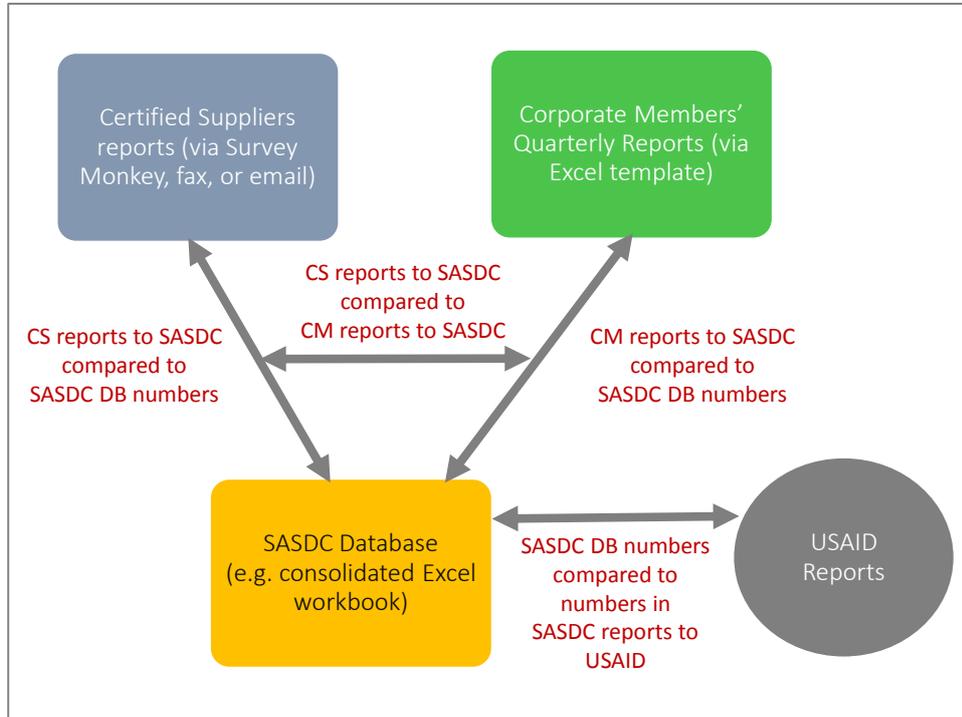
No.	Issue	Recommendation
1.	Out of date PMP	<ul style="list-style-type: none"> <li>Update PMERP and M&amp;E Plans to reflect the current DMS processes and procedures. Ensure that indicator definitions are aligned to current B-BBEE legislation.</li> </ul>
2.	SASDC PMP indicators do not align with the SMART indicator principles	<ul style="list-style-type: none"> <li>Indicators need to be revised so as to be specific and time-bound.</li> <li>Cumulative and discrete indicators need to be identified as such.</li> </ul>

No.	Issue	Recommendation
2.	M&E Structure, Functions and Capabilities	<ul style="list-style-type: none"> <li>• Develop and document an M&amp;E Organogram that clearly indicates the roles and responsibilities of all DMS staff.</li> <li>• Develop and implement job descriptions that are aligned with DMS staff performance contracts that speak to the M&amp;E role and responsibilities.</li> <li>• Develop and implement a comprehensive M&amp;E training plan and retain evidence of training.</li> </ul>
3.	Reporting Guidelines	<ul style="list-style-type: none"> <li>• Given the lack of continuity within CMs, due to staff turnover, SASDC should consider providing designated M&amp;E CM staff with written reporting guidelines.</li> </ul>
4.	Indicator Definitions	<ul style="list-style-type: none"> <li>• Ensure indicator definitions and associated descriptions are aligned with current B-BBEE legislation.</li> <li>• Share indicator definitions with SASDC M&amp;E staff as well as with sub-reporting levels (CMs and CSs)</li> </ul>
5.	Data Management Processes	<ul style="list-style-type: none"> <li>• Develop, document, and workshop data aggregation, analysis and reporting SOPs</li> <li>• Develop, document, and workshop a 'Data Administration Policy' that speaks to the database security measures, back-up and recovery processes and procedures, password protocols, etc.</li> <li>• Ensure that the SASDC firewall and anti-virus software provides the SASDC database with adequate security and apply recommended software updates and cleaning processes.</li> <li>• Implement data verification/validation checkpoints so as to ensure the quality of data as it moves along the DMS.</li> </ul>
6.	Links with the Department of Trade and Industry Reporting System	<ul style="list-style-type: none"> <li>• SASDC could consider using DTI standard reporting tools/forms and harmonize the SASDC reporting timelines and channels with those of the DTI.</li> </ul>

### 4.3 Verification Factors/Error Rate by Indicator

The Data Verification procedure relies on comparisons between different source documents to determine the level of accuracy of reporting at each level. Figure 6 depicts the comparisons that were carried out for the calculation of indicator DVFs or error rates. The specific comparisons used for each indicator are detailed in Table 4.

**FIGURE 6. DATA VERIFICATION PROCEDURES CONDUCTED IN THE SASDC ASSESSMENT**



#### INDICATORS ASSESSED UNDER THE DQA

Table 4 lists the 11 performance indicators that were the focus of the DQA with the corresponding SASDC PMP indicator (or data point) in the SASDC database. Many of the DQA indicators are actually data points in the SASDC database, rather than separate indicators. Unfortunately, the crash of SASDC’s database in June 2015, and the subsequent incomplete retrieval of lost data, means that many of the DQA indicators could not be reliably verified.

The comparisons between CM reports to SASDC and the SASDC database used procurement data received from seven CMs for the 12 quarters covered in the period under review (i.e. April 2012 to March 2015). As discussed in the Limitations section of this report, Khulisa attempted to obtain this procurement data from 14 corporate members, but only managed to receive data from half of these (i.e. 7 CMs), and this somewhat constrained the determination of the accuracy of reported data. Two CMs who did not share data with Khulisa are understood to have reported very large numbers to SASDC, but because they did not share their data with us, some of our calculations found an “over-report” from SASDC to USAID, as we could only verify and recount a portion of the corporate data.

Procurement data submitted by the 6 CMs was sourced from the CMs’ accounts payable system or the CMs procurement system. This procurement data was then used for the comparisons with CS information or with numbers in the SASDC database for the period being reviewed.

**TABLE 4. DQA INDICATORS ASSESSED AT SASDC**

s	DQA Indicator	Corresponding SASDC PMP Indicator	SASDC Indicator #	SASDC PMP Indicator Definition	Corresponding SASDC PMP Data Point	Data Sources for DVF and Error Rate Calculations	
						Numerator Recounted or Verified	Denominator Reported
1	Number of corporate members	Number of Corporations joining the SASDC	6.2.8	Corporations registered with SASDC to improve their supplier diversity practices and good governance	# of corporation members	Excel output from the SASDC Membership workbook dated September 2015	SASDC reports to USAID
2	Number of applications received	Number of Suppliers Certified with the SASDC	6.2.2	Black bona-fide business enterprises certified with the SASDC to receive possible procurement opportunities and support to improve their business	# of applications received	Excel output from the SASDC Membership workbook dated September 2015	SASDC reports to USAID
3	Total number of certified suppliers	Number of Suppliers Certified with the SASDC	6.2.2	Black bona-fide business enterprises certified with the SASDC to receive possible procurement opportunities and support to improve their business	Total # of Certified Suppliers	Excel output from the SASDC Membership workbook dated September 2015	SASDC reports to USAID
4	Total number of sales	Number of sales made by Certified Suppliers	6.2.4	A sales contract is defined as a discrete order, where delivery is completed, invoice issued and against which payment is affected.	Total # of sales contracts supported	Excel files of quarterly report downloads from Survey Monkey, which were manually supplemented with data sent by fax and email and manually transcribed into the Quarterly Report Workbook.	SASDC reports to USAID
5	Number of sales to SASDC corporate members	Number of sales made by Certified Suppliers	6.2.4	A sales contract is defined as a discrete order, where delivery is completed, invoice issued and against which payment is affected.	Of which sales to Corporate Members	Excel files of quarterly report downloads from Survey Monkey, which were manually supplemented with data sent by fax and email and manually transcribed into the Quarterly Report Workbook.	SASDC reports to USAID

Data Quality Assessment of M&E System of SASDC Capacity Building Program

s	DQA Indicator	Corresponding SASDC PMP Indicator	SASDC Indicator #	SASDC PMP Indicator Definition	Corresponding SASDC PMP Data Point	Data Sources for DVF and Error Rate Calculations	
						Numerator Recounted or Verified	Denominator Reported
6	Rand value of sales	Number of sales made by Certified Suppliers	6.2.5	Cumulative value of sale contracts supported	Rand value of sales	Excel files of quarterly report downloads from Survey Monkey, which were manually supplemented with data sent by fax and email and manually transcribed into the Quarterly Report Workbook.	SASDC reports to USAID
7	Rand value of sales to corporations	Number of sales made by Certified Suppliers	6.2.5	Cumulative value of sale contracts supported	Rand Value of Sales to Corporations	Excel files of quarterly report downloads from Survey Monkey, which were manually supplemented with data sent by fax and email and manually transcribed into the Quarterly Report Workbook.	SASDC reports to USAID
8	Rand value of sales to SASDC corporate members	Number of sales made by Certified Suppliers	6.2.5	Cumulative value of sale contracts supported	Rand value of sales to SASDC Member Corporation	Excel files of quarterly report downloads from Survey Monkey, which were manually supplemented with data sent by fax and email and manually transcribed into the Quarterly Report Workbook.	SASDC reports to USAID
9	Total value of procurement	Value of corporate procurement from black owned suppliers	6.2.9	Cumulative value of procurement from Certifiable Suppliers	Value of procurement	Procurement data received from seven (7) Corporate Members	SASDC reports to USAID
10	Value of procurement from certified suppliers	Value of corporate procurement from black owned suppliers	6.2.9	Cumulative value of procurement from Certifiable Suppliers	Value of procurement from Certified Supplier	Procurement data received from Cummins	Cummins reports to SASDC
11	Value of procurement from women owned firms	Value of corporate procurement from black owned suppliers	6.2.9	Cumulative value of procurement from Certifiable Suppliers	Value of procurement from women empowered firms	CMs Quarterly reports which are manually transcribed into the Quarterly Report Workbook.	SASDC reports to USAID

The accuracy of reporting is determined through the Data Verification Factor (or DVF), which is calculated by the following formula:

$$\text{Data Verification factor} = \text{recounted numbers}/\text{reported numbers}$$

Therefore, the DVF is a number that reflects if the reported data was accurate, over-reported, or under-reported. Usually, a DVF equal to 1 is 'accurate reporting', while less than 1 is 'over-reported', and greater than 1 is 'under-reported'. The Assessment Team used the following DVF classification for the DQA component of this assessment:

- Accurate (between 0.95 and 1.05)
- Over-reported (<0.95)
- Under-reported (>1.05).

The error rate, on the other hand, is calculated as the percentage of the difference between 1 and the DVF, using the following formula:

$$\text{Error Rate (\%)} = (1 - \text{data verification factor}) \times 100$$

Table 5 summarises the Verification findings for each of the 11 indicators using the numerators and denominators specified in Table 4. For indicators 1 and 3, the indicator definitions are not clear as to whether the indicator is supposed to be a cumulative figure or a discrete figure for the specific time period. As such, we have provided the error rates for both.

A more detailed analysis of each indicator's findings follows.

**TABLE 5. SUMMARY OF DATA VERIFICATION FINDINGS BY INDICATOR**

#	Indicator	Error Rate calculated	Result
1.	Number of corporate members	0%	Accurate for cumulative
		+60%	Over-report for discrete
2.	Number of applications received	-40%	Under-report
3.	Total number of certified suppliers	+53%	Over-report for cumulative
		-10%	Under-report for discrete
4.	Total number of sales	+47%	Over-report
5.	Number of sales to SASDC corporate members	+54%	Over-report
6.	Rand value of sales	+1.5%	Very slight over-report
7.	Rand value of sales to corporations	-11%	Under-report
8.	Rand value of sales to SASDC corporate members	+13%	Over-report
9.	Total value of procurement (ZAR)	-240%	Significant under-report
10.	Value of procurement from certified suppliers (ZAR)	-31.8%	Under-report
11.	Value of procurement from women owned firms (ZAR)	+38%	Over report

## INDICATOR 1: NUMBER OF CORPORATE MEMBERS

According to the SASDC Secretariat’s Performance Management Plan (PMP), the equivalent indicator is the ‘*Number of Corporations joining the SASDC*’ and its definition is “Corporations registered with SASDC to improve their supplier diversity practices and good governance”.

The main data source used by Khulisa for verifying the indicator was an Excel output from the SASDC Membership report (an Excel workbook) dated September 2015. The Assessment Team did not have access to primary data, e.g. paper-based or electronic CM application forms, to further verify the information on the workbook.

This indicator’s definition is unclear and ambiguous around whether the indicator is meant to be a cumulative number or a discrete number for the reporting period.

Assuming that the indicator is cumulative, SASDC reported 30 CMs and indeed, the assessment team were able to recount 30 CMs indicating accurate reporting (DVF=1.00, error rate of 0%).

However, if the indicator is assumed to be discrete referring only the number of members in good standing (those who had paid their membership fees or who have payment pending only for 3 months), only 12 of the reported 30 CMs could be counted (Table 6). This would give a substantial error rate for the indicator (60% over-reporting).

**TABLE 6. INDICATOR 1: DVFS FOR NUMBER OF CORPORATE MEMBERS**

Respondent Category	Reported to USAID	Verified	DVF	Error Rate	Comment
Corporate Members (discrete)	30	12	0.40	+60%	Over-report
Corporate Members (cumulative)	30	30	1.00	0%	Accurate
Payment up to Date	11	11	1.00	0%	Accurate
Payment Pending	3	3	1.00	0%	Accurate
Payments Written Off	11	11	1.00	0%	Accurate
Withdrawn Membership	5	5	1.00	0%	Accurate

## INDICATOR 2: NUMBERS OF APPLICATIONS RECEIVED

The equivalent SASDC PMP indicator is Indicator 6.2.2 ‘*Number of suppliers certified by the SASDC*’. This indicator is reported to USAID about suppliers only and not corporate members.

The main data source used by Khulisa for verifying the indicator was an Excel output from the SASDC Membership report (an Excel workbook) dated September 2015. The Assessment Team did not have access to primary data, e.g. paper-based or electronic CS application forms, to further verify the information on the workbook.

Table 7, showing the number of applications uncovered in the SASDC database compared to the number reported to USAID, shows a significant under-report, which may be due to the fact that the indicator has several data points, and SASDC could have inconsistently chosen different data points when reporting to USAID.

**TABLE 7. INDICATOR 2: NUMBER OF APPLICATION RECEIVED BY THE SASDC**

Respondent Category	Reported to USAID	Recounted /Verified Data Point in SASDC DB	DVF	Error Rate	Comment
Supplier applications as per the SASDC Database	210	295	1.40	-40%	Under-report

**INDICATOR 3: TOTAL NUMBER OF CERTIFIED SUPPLIERS**

The equivalent indicator listed in the SASDC PMP is the Indicator 6.2.2 ‘*Number of Suppliers Certified with the SASDC*’ and its definition is “Black bona-fide business enterprises certified with the SASDC to receive possible procurement opportunities and support to improve their business”.

The main data source used by Khulisa for verifying the indicator was an Excel output from the SASDC Membership report (an Excel workbook) dated September 2015. The Assessment Team did not have access to primary data, e.g. paper-based or electronic CS application forms, to further verify the information on the workbook.

This indicator’s definition is unclear and ambiguous around whether the indicator is meant to be a cumulative number or a discrete number pertaining only to the reporting period.

If the indicator is assumed to be cumulative, then the error rate (-10%) represents a small degree of under-reporting for this indicator. However, if the indicator is assumed to be discrete, this would require using a much tighter definition referring only to those CSs who had fully paid up their certification fees at the time of the assessment. In this case only 146 paid up CSs would be counted compared to the 313 CSs that were reported to USAID resulting in a major over-reporting for this indicator (DVF=0.47, error rate of +53%).

**TABLE 8. INDICATOR 3: TOTAL NUMBER OF CERTIFIED SUPPLIER DVF**

Respondent Category	Reported to USAID	Recounted /Verified	DVF	Error Rate	Comment
Certified Suppliers (cumulative)	313	345	1.10	-10%	Under-report
Certified Suppliers (discrete)	313	146	0.47	+53%	Over-report
Suppliers with expired certification (Jan-Mar 2015)		6			
Suppliers with expired certification prior to 2015		183			
Suppliers without membership data		10			
Suppliers on SASDC database		345			

**INDICATOR 4: TOTAL NUMBER OF SALES**

The equivalent indicator listed in the SASDC PMP is Indicator 6.2.4 ‘*Number of sales made by Certified Suppliers*’ and its definition is “A sales contract is defined as a discrete order, where delivery is completed, invoice issued and against which payment is affected”. The PMP indicator is disaggregated by two data points “total number of sales contracts supported” and “total number of sales contracts supported of which sales to CMs”. The assessment team examined the first data point for this indicator.

The main data source used by Khulisa for verifying this indicator were the Excel files of quarterly report downloads from Survey Monkey, which SASDC then manually supplemented with data sent by fax and email. However, the assessment team questions the accuracy of the data, given missing values in the excel worksheets.

The DVF of 0.53 and error rate of +47% indicates an over-report (Table 9), mainly because there were large numbers of missing data in the Excel Spreadsheets, particularly in the first 3 quarters of 2014. Before and after those quarters, all relevant cells in the spreadsheet were filled with the relevant data, zeros, or “N/A” and no cells were left blank. However, in those three quarters of 2014, the vast majority of relevant cells in the spreadsheets were blank, suggesting that when the data was manually consolidated (and/or transcribed) from the Survey Monkey downloads, not all the data was included.

**TABLE 9. INDICATOR 4: TOTAL NUMBER OF SALES AS REPORTED BY CSS**

	Reported to USAID	Recounted /Verified Data Point in SASDC DB	DVF	Error Rate	Comment
No. Sales by Certified Suppliers reporting to SASDC	4,255	2,288	0.53	+47%	Over-report

#### INDICATOR 5: TOTAL NUMBER OF SALES TO SASDC CORPORATE MEMBERS

The equivalent indicator listed in the SASDC PMP is Indicator 6.2.4 ‘*Number of sales made by Certified Suppliers*’ and its definition is “A sales contract is defined as a discrete order, where delivery is completed, invoice issued and against which payment is affected”. The PMP indicator is disaggregated by two data points “total number of sales contracts supported” and “total number of sales contracts supported of which are sales to CMs”. The assessment team examined the second data point for this indicator.

The main data source used by Khulisa for verifying this indicator were the Excel files of quarterly report downloads from Survey Monkey, which SASDC then manually supplemented with data sent by fax and email. However, the assessment team questions the accuracy of the data, given missing values in the excel worksheets.

As seen with indicator 4, the DVF of 0.46 and error rate of +54% indicates an over-report (Table 10), mainly because there were large numbers of missing data in the Excel Spreadsheets, particularly in the first 3 quarters of 2014. Before and after those quarters, all relevant cells in the spreadsheet were filled with the relevant data, zeros, or “N/A” and no cells were left blank. However, in those three quarters of 2014, the vast majority of relevant cells in the spreadsheets were blank, suggesting that when the data was manually consolidated (and/or transcribed) from the Survey Monkey downloads, not all the data was included.

**TABLE 10. INDICATOR 5: TOTAL NUMBER OF SALES TO SASDC CMs AS REPORTED BY CSS**

	Reported to USAID	Recounted /Verified Data Point in SASDC DB	DVF	Error Rate	Comment
No. Sales by CSs reporting to SASDC	1,883	872	0.46	+54%	Over-report

## INDICATOR 6: RAND VALUE OF SALES

The equivalent indicator in the SASDC PMP is Indicator 6.2.5 ‘*Value of sales made by Certified Suppliers*’ and its definition is “Cumulative value of sale contracts supported”. The relevant data point is “rand value of sales”.

The main data source used by Khulisa for verifying this indicator were the Excel files of quarterly report downloads from Survey Monkey, which SASDC then manually supplemented with data sent by fax and email.

Although the DVF of 0.985 for this indicator suggests mostly accurate reporting (Table 11), there were significant data entry errors that were corrected by the Assessment Team, including (i) CS over-reports to SASDC because of a data capturing error in the period July to September 2014, (ii) CS duplicate entries from previous quarters in their reports to SASDC, and (iii) an arithmetic error in SASDCs’ report to USAID.

Correcting for the above errors to determine the recounted/verified amount, the result shows a trend of overall accurate reporting with very slight (1.5%) over-report to USAID.

**TABLE 11. INDICATOR 6: RAND VALUE OF SALES**

	Reported to USAID	Recounted /Verified	DVF	Error Rate	Comment
Rand value of Sales by CSs	ZAR 950,915,940	ZAR 936,635,398	0.985	+1.5%	Very slight over-report

## INDICATOR 7: RAND VALUE OF SALES TO CORPORATIONS

The equivalent SASDC PMP indicator is Indicator 6.2.5, ‘*Number of Sales made by certified suppliers*’, and the definition is “cumulative value of sales contracts supported”. The data point used for the DQA was “rand value sales to corporations”.

This indicator measures the value of sales from certified suppliers to any and all corporations whether they are SASDC corporate members or not.

The main data source used by Khulisa for verifying this indicator were the Excel files of quarterly report downloads from Survey Monkey, which SASDC then manually supplemented with data sent by fax and email.

Like Indicator 8, the DVF of 1.11 indicates under-reporting to USAID (Table 12), in part because of the significant data entry errors that were corrected by the Assessment Team (as with Indicator 6). Some of the discrepancies include (i) CS over-reports to SASDC because of a data capturing error in the period July to September 2014, (ii) CS duplicated entries from previous quarters their reports to SASDC, and (iii) an arithmetic error in SASDCs’ report to USAID.

Using corrected CS figures as the recounted amount, the result is an 11% under report to USAID.

**TABLE 12. INDICATOR 7: RAND VALUE OF SALES TO CORPORATIONS**

	Reported to USAID	Recounted /Verified	DVF	Error Rate	Comment
Reported to SASDC by Suppliers	ZAR 422,538,044	ZAR 470,177,645	1.11	-11%	Under-report

## INDICATOR 8: RAND VALUE OF SALES TO SASDC CORPORATE MEMBERS

The equivalent indicator in the SASDC PMP is Indicator 6.2.5 ‘*Value of sales made by Certified Suppliers*’ and its definition is “Cumulative value of sale contracts supported”. The relevant data point is “rand value of sales to SASDC CMs”.

This indicator mirrors Indicator 10, which looks at the value of Corporate Members’ procurement from certified suppliers.

The main data source used by Khulisa for verifying this indicator were the Excel files of quarterly report downloads from Survey Monkey, which SASDC then supplemented with data sent by fax and email.

Data reported by SASDC to USAID was compared to recounted data from CSs. However, it is important to note that the amount that SASDC’s report to USAID is over-reported by ZAR 1.7m because of a transcription error when capturing data for the April-June 2015 period. This decreased the reported value. In addition, the reported figure includes duplicate entries of amounts from previous quarters. Khulisa’s recounted/verified figure corrects these errors, giving a DVF=0.87, indicating an over-report (Table 13).

However, when going deeper and examining the indicator data in the SASDC data base against corporate procurement data shared with the assessment team, we find a very large under-report – that is, CMs record much more procurement from certified suppliers than CSs report to SASDC (Table 14). If this result is assumed to be generalizable across all members and suppliers, it suggests inconsistent reporting into the SASDC database by certified suppliers or incomplete data within the SASDC database due to the crash in 2015. Inconsistent reporting by suppliers may also be due to CSs unwillingness to attribute business activities to SASDC over the long-term, i.e. after the initial linkage and transaction(s), suppliers reported in the online survey that they no longer attributed subsequent sales to SASDC because there was no further SASDC “support”.

Once a linkage is made and the first transaction is complete, how much attribution should be given to SASDC for future transactions between the two parties?

The under-report also points to a lack of clarity in the indicator definition regarding the timeframe against which the indicator should be reported. Should suppliers report only on the value of the first transaction with the CM, or all transactions over time? This question was also raised by both Corporate Members and Certified suppliers during interviews and the online survey – namely, once the linkage is made and the first transaction is complete, how much attribution should be given to SASDC for future transactions between the two parties?

For the purposes of this DQA exercise, the Assessment team has determined that the calculation presented in Table 13 is the most relevant and this is regarded as the main finding for this indicator.

**TABLE 13. INDICATOR 8: RAND VALUE OF SALES**

	Reported to USAID	Recounted /Verified	DVF	Error Rate	Comment
Reported to SASDC by Suppliers	ZAR 56,843,464	ZAR 49,273,970	0.87	+13%	Over-report

**TABLE 14. INDICATOR 8: RAND VALUE OF SALES TO CORPORATE MEMBERS**

Level of Reporting	Reported to SASDC by 11 CSs	Recounted /Verified from 4 CMs	DVF	Error Rate	Comment
Reported to SASDC by 11 Suppliers that could be verified against data from 4 CMs versus value recounted against data provided by CMs	ZAR 4,153,305,	ZAR 15,265,478,	3.68	-267.6%	Significant under-report

**INDICATOR 9: TOTAL VALUE OF PROCUREMENT**

The equivalent SASDC PMP indicator is Indicator 6.2.9, ‘*Value of Corporate Procurement from black owned suppliers*’. The indicator definition is “cumulative value of procurement from certifiable suppliers”. The data point used for the analysis is “value of procurement”. This indicator looks at CMs’ procurement from all black owned suppliers, whether they are SASDC certified or not.

The main data source used by Khulisa for verifying this indicator was procurement data received from 7 CMs, six of whom provided data in the form of Excel workbooks and one who sent a B-BBEE certificate.

The DVF of 3.4 is equivalent to an error rate of -240%, or a significant under-report (Table 15). The possible reasons for the under-report are that due to the lack of consistent CM reporting to SASDC. SASDC reports to USAID appear to consist primarily of data from only 3 CMs, whereas Khulisa team was able to obtain data from 7 CMs. This in itself explains the larger number used for the recount and thus the under-report.

Less than half of Corporate Members report to SASDC. If CMs’ annual B-BEE reports could be used for reporting to SASDC, CM reporting rates would most likely increase.

However, the under-report is certainly even greater, given the missing data from the other CMs in good standing, and because the data shared from the 7 CMs was incomplete – most of the reports didn’t cover the 12 quarters under review.

One reason for the missing CM reports, which is discussed in section 5.2, is low level of reporting by CMs to SASDC. Less than half of CMs report to SASDC, and most of them report inconsistently. This may be due to the burden of double reporting to SASDC as well as for B-BBEE purposes. If corporate members’ annual B-BBEE reports could be used for reporting to SASDC, CM reporting rates would most likely increase.

**TABLE 15. INDICATOR 9: TOTAL VALUE OF PROCUREMENT**

	Reported to USAID	Verified/ Recounted	DVF	Error Rate	Comment
CM reports	ZAR 2,155,756,570	ZAR 7,335,629,262	3.402	-240%	Significant under-report

**INDICATOR 10: VALUE OF PROCUREMENT FROM CERTIFIED SUPPLIERS**

The equivalent SASDC PMP indicator is Indicator 6.2.9, “Value of Corporate Procurement from black owned suppliers. The indicator definition is “cumulative value of procurement from certifiable suppliers”. The data point used for the analysis is “value of procurement from certified suppliers”.

This indicator mirrors Indicator 5, which looks at Certified Suppliers’ sales to Corporate Members.

The main data source used by Khulisa for verifying this indicator was procurement data received from seven (7) CMs, six of whom provided Excel workbooks with the requested data, and one sent a B-BBEE certificate. However, we were unable to use the B-BBEE certificate for verifying this indicator, so the calculations were carried out only on the Excel workbooks from the 6 CMs.

The DVF of 0.793 is equivalent to an error rate of +20%, or an over-report to USAID (Table 16). The possible reasons for the over-report are likely due to the missing CM reports and incomplete CM data shared with Khulisa for the verification.

However, if we go deeper and examine the indicator data in the SASDC excel files for just one corporate member - Cummins – against the procurement data that Cummins shared with the assessment team, we find a very large under-report. That is, Cummins’ own records show much more procurement from certified suppliers than what Cummins reported to SASDC (Table 17). One reason for this is that Cummins only reported to SASDC for 7 of the 12 quarters under review, while the data obtained from Cummins was for all 12 quarters.

If we generalise this result across all corporate members, it demonstrates a high degree of under-reporting by CMs, which is confirmed by the findings in section 5.2 below.

For the purposes of this DQA exercise, the Assessment team has determined that the on-going Cummins data is the most relevant calculation, and therefore the error rate presented in Table 17 is what is used as the main finding for this indicator.

**TABLE 16. INDICATOR 10: CMS’ VALUE OF PROCUREMENT FROM CERTIFIED SUPPLIERS**

Level of Reporting	Reported to USAID	Recounted/ Verified	DVF	Error Rate	Result
Value of procurement from 6 CMs	ZAR 106,552,811,	ZAR 84,532,562,	0.793	20.7%	Over-report

**TABLE 17. INDICATOR 10: CUMMINS VALUE OF PROCUREMENT FROM CERTIFIED SUPPLIERS**

Level of Reporting	Reported to SASDC	Recounted/ Verified	DVF	Error Rate	Result
Reported values to SASDC by Cummins versus recounted values in procurement data supplied by Cummins	ZAR 16,953,981	ZAR 22,342,648	1.318	-31.8%	Under-report

**INDICATOR 11: VALUE OF PROCUREMENT FROM WOMAN OWNED SUPPLIERS**

The equivalent SASDC PMP indicator is Indicator 6.2.9, ‘Value of Corporate Procurement from black owned suppliers’. The indicator definition is “cumulative value of procurement from certifiable suppliers”. The data point used for analysis is “value of procurement from women empowered firms”.

This indicator is a subset of Indicator 9, “Total Value of Procurement” and refers to CM procurement from all black-owned women suppliers, whether SASDC certified or not.

The main data source used by Khulisa for verifying this indicator was the data within the SASDC quarterly report Excel workbook. In this workbook, we compared the data point for “women-owned

suppliers” to the SASDC reports sent to USAID.

This indicator’s DVF of 0.616 and error rate of +38% indicates an over-report to USAID (Table 18). The possible reasons for the over-report are attributed to missing data points in the SASDC workbook available for verification, particularly in the first 3 quarters of 2014 (see more on this issue in the discussion around Indicators 4 and 5 above).

**TABLE 18. INDICATOR 11: VALUE OF PROCUREMENT FROM WOMAN OWNED SUPPLIERS**

Level of Reporting	Reported to USAID	Recounted/ Verified	DVF	Error Rate	Result
Value of procurement from indicated in SASDC database	ZAR 36,081,110	ZAR 22,240,227	0.616	+38%	Over report

## 5 FINDINGS: ANSWERS TO THE 8 ASSESSMENT QUESTIONS

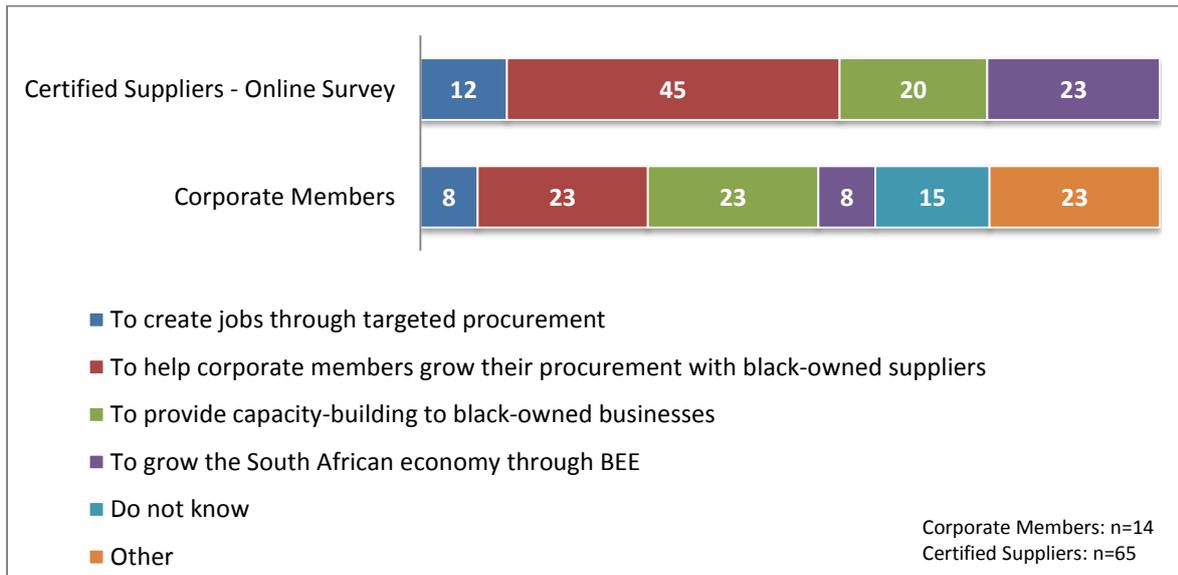
### 5.1 AQ1: To what extent do SASDC corporate members and certified suppliers understand SASDC objectives and products and services?

#### UNDERSTANDING OF SASDC’S CORE OBJECTIVES

SASDC’s core objective is to “help corporate members grow their procurement with black-owned suppliers”. Both certified suppliers and corporate members were asked what they believed to be the core objective, and interestingly certified suppliers report a better understanding of the core objective than corporate members (45% and 23% respectively per the red cells in Figure 7). Indeed, 15% of corporate members surveyed indicated that they did not know SASDC’s core objectives<sup>3</sup>.

The low levels of understanding among SASDC’s main stakeholders suggest that there are perhaps communication challenges between SASDC and the corporate members. Furthermore, and drawing from the interview responses, there is also a lack of communication within corporate members where, for example, the SASDC representative is new and their position has not fully been handed over.

**FIGURE 7. CORPORATE MEMBERS’ AND CERTIFIED SUPPLIERS’ UNDERSTANDING OF THE CORE OBJECTIVE OF SASDC (% OF RESPONDENTS)<sup>4</sup>**



The importance of helping corporate members grow their procurement with black-owned suppliers was echoed as a core objective by suppliers and BSIC respondents, both of whom saw the establishment of linkages between big business and small suppliers as a core objective of SASDC. In addition, one BSIC respondent noted that these linkages are not limited to those between big

<sup>3</sup> 15% amounts to 2 corporate members, and this result should be tempered with the fact that one of these corporations withdrew their membership, and the other had their membership payment written off, and both individuals interviewed were relatively new to their respective organizations.

<sup>4</sup> Corporate members: 14 respondents. Certified suppliers: 65 respondents in the online survey.

businesses and small suppliers, but that horizontal linkages between suppliers are also important.

Irrespective of their knowledge of SASDC's core objective, corporate members had many other interesting perspectives around SASDC's effects:

One corporate member noted that SASDC inspires confidence in suppliers through the certification process. Another noted that SASDC assists growth in procurement from black-owned suppliers primarily through its database. 23% of corporate members believed that capacity building was SASDC's core objective, although one respondent noted that while they understood this to be the case, they did not see this happening in reality and that his company was conducting its own supplier capacity building programme. Likewise, a supplier noted that while they understand the purpose is to provide linkages, they cannot see how this is done. Another respondent echoed this by noting that "in my opinion, SASDC is invisible and it's not partnering with the right partners (in the BEE space)". This respondent suggested that in order to increase SASDC's visibility, SASDC needs to more closely align to the Department of Trade and Industry (DTI) and that SASDC needs to become a national portal for all small suppliers. A BSIC respondent added, as a suggestion, that SASDC increase the scope of its training, noting that at the moment, the bulk of training opportunities are only in the Gauteng area.

Two corporate member respondents noted that SASDC's role is an advisory role in terms of guiding corporate members in relation to BEE; while a third saw SASDC's role as promoting entrepreneurship in black-owned businesses. Finally, in explaining lack of understanding of SASDC's objectives, one corporate member highlighted that this was due to an internal problem where the respondent was new to the process and the SASDC element to their job had not formally been handed over. Another however noted that they did not know what the objectives are because SASDC is poorly positioned.

## **UNDERSTANDING OF SASDC'S PRODUCTS AND SERVICES**

SASDC's product and service offering to its corporate members includes membership development services; a national database of certified black-owned suppliers; business and supplier diversity information resources; business opportunity fairs, networking, 'meet-the-buyer' and conferencing events; and formal awards and recognition.

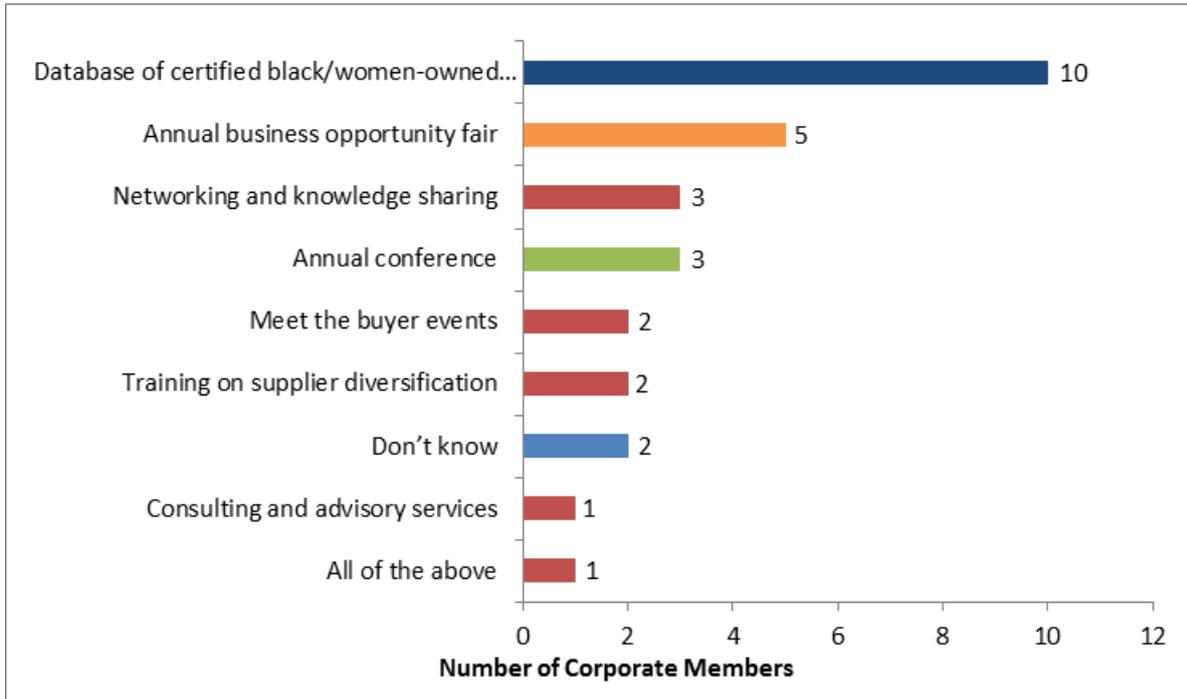
### **Corporate Member's Understanding**

When asked to identify SASDC's key products and services, there appeared to be less ambiguity than there was around SASDC's core objectives. Figure 8 below shows that of the products and services offered by SASDC, most corporate members (10 respondents)<sup>5</sup> correctly identified the development and maintenance of a database of certified black-owned suppliers as a key SASDC service offering. Of the afore-mentioned services, all were identified as key services. There were three misidentifications. These were 'none of the above', consulting and advisory services, and training on supplier diversification. These however received the lowest number of responses. The implication of these results is that SASDC's service offering is well-positioned, and is indicative of corporate members having made use of at least some of SASDC's services.

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<sup>5</sup> When asked to respond, corporate member respondents were permitted to select more than one option.

**FIGURE 8. CORPORATE MEMBERS' UNDERSTANDING OF SASDC'S PRODUCTS AND SERVICES (N = 11)**



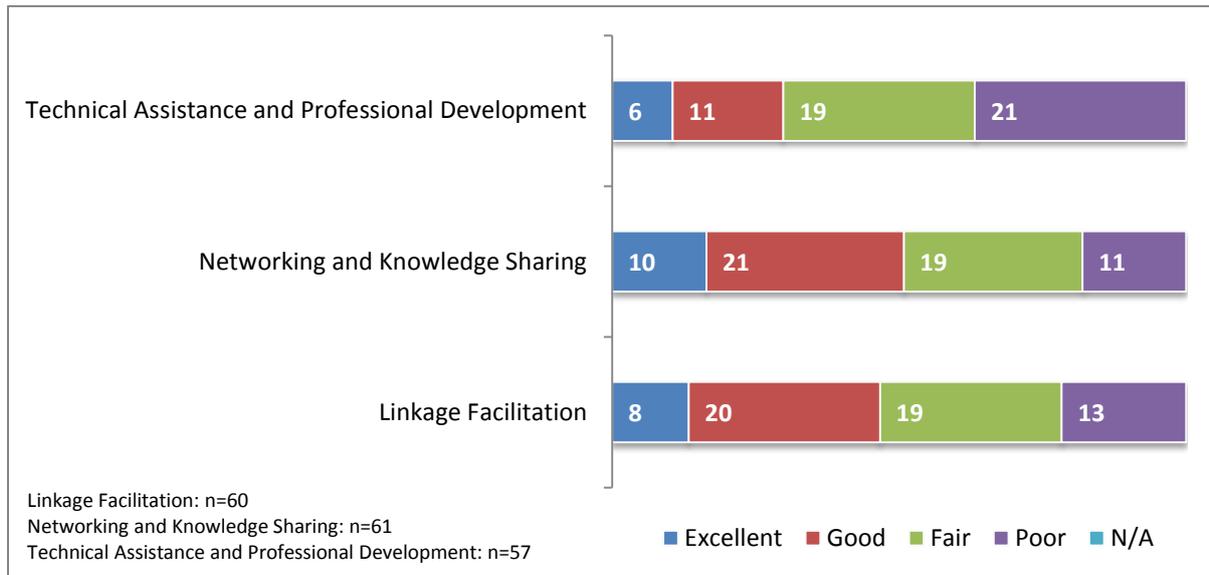
With regards to networking and knowledge sharing, one corporate member respondent noted that while this is a service offered by SASDC, the service needs to be expanded. Linked to this, one corporate member did not believe SASDC’s conferences to “add much value”. Another corporate member noted that they understood networking and knowledge sharing to mean that they would be receiving assistance with their supplier diversity policy, strategy, and implementation. In addition, two suppliers noted that they have collaborated with SASDC for their supplier days.

Positively, one corporate member noted that his company’s relationship with SASDC and understanding of SASDC’s goods and services had improved over the last 18 months with the addition of a new team member at SASDC. This member was commended for “taking the time to introduce himself to us and has worked to foster the relationship with us”.

**Certified Suppliers’ Understanding**

Figure 9 below shows that most suppliers had a fair-to-good knowledge of products and services available to certified suppliers. However, an area that perhaps needs more clarification is that of technical assistance where 21% of suppliers noted that their understanding was poor.

**FIGURE 9. CERTIFIED SUPPLIERS' UNDERSTANDING OF SASDC'S PRODUCTS AND SERVICES (% OF RESPONDENTS)**



Suppliers, for the most part, highlighted the training and conferencing products and services. One respondent however noted that communication on products and services offered could be improved; while another noted that the emphasis appears to be on conferencing when what suppliers need is better linkages to big businesses.

## CONCLUSION

In sum, it is observed that corporate members are not *ad idem* in terms of SASDC's core objective. One can roughly split corporate members' views as being either corporate centric or supplier centric, i.e. assisting corporate members to increasingly procure from black suppliers vs. helping black suppliers to get business from corporate members. The diversity of opinion by certified suppliers is less surprising, and perhaps to be expected, given the larger numbers of suppliers surveyed and the possibility that they have a more distant relationship with the SASDC than that of corporate members. However, a majority of certified suppliers correctly identified the core objective of SASDC.

Both corporate members and suppliers appear to have similar levels of understanding around SASDC's products and service offering. Corporate members identify SASDC primarily with the provision of access to suppliers through, for example, the database of black-owned suppliers. Similarly, suppliers generally understand the linkage facilitation aspect of SASDC. Suppliers seem to have the clearest understanding of the networking and knowledge sharing benefit of being associated with SASDC, with corporate members also identifying this as an SASDC service.

What also emerges is that SASDC's training and conferencing is more visible than the organisation's technical assistance and professional development services. Certified suppliers in particular viewed SASDC's capacity-building and skills workshops as having the least cited benefit – raising questions about the value, utility, and sustainability of supplier skills building workshops.

## 5.2 AQ2: To what extent do SASDC corporate members and certified suppliers see value in SASDC membership, and how does this impact on results reporting?

SASDC has driven the agenda of procurement reform in South Africa and has achieved varying levels of success. But reporting by corporate members is very low this hampers SASDC’s ability to demonstrate its value with evidence.

Of the 14 corporate members who participated in the fieldwork<sup>6</sup>, only 6 (i.e. 43%) report to SASDC, while the remainder (a majority) don’t report (Figure 10). This includes both members in good standing as well as other members not in good standing.

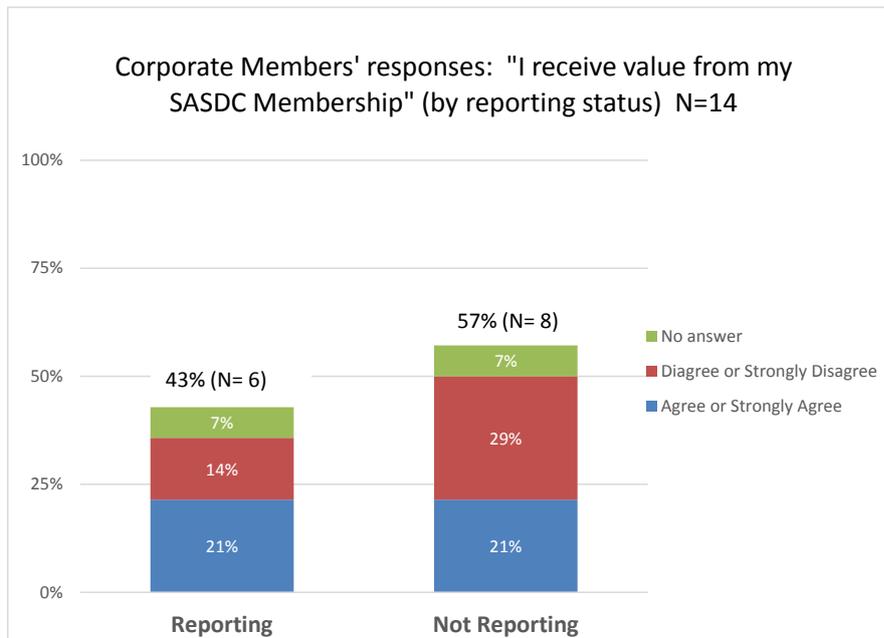
To investigate the reasons for such low levels of reporting the assessment team asked corporate members, certified suppliers, and Board members to articulate SASDC’s value proposition, and whether they thought SASDC had met value proposition.

### PERCEIVED SASDC VALUE PROPOSITION AND CORPORATE MEMBER REPORTING BEHAVIOUR

Corporate members were asked to indicate if they thought they received value from their SASDC membership and their responses were then compared to their reporting behaviour (Figure 10). The data show that receiving value from one’s SASDC membership has no bearing on whether that member reports or not. However, the perception of not receiving value from SASDC membership is related to not reporting.

In other words, CMs who think they receive value from the SASDC membership are equally likely to report or not report. But CMs who don’t feel that they receive value from their SASDC membership are twice as likely to not report.

**FIGURE 10. CORPORATE MEMBER’S VIEWS ON SASDC VALUE PROPOSITION AND REPORTING**



<sup>6</sup> See Figure 2 on page 17 for the list of CMs who participated in fieldwork by their payment status.

The assessment shows that corporate members can be distinguished into two groups.

Corporate members who don't feel that they receive value from their SASDC membership are twice as likely to not report.

1. Corporate members who understand the SASDC model, understand that they are part of the SASDC, and understand that it is their responsibility if SASDC does not deliver its core value proposition. These CMs have a clear knowledge of the SASDC services and products and make use of them to meet with SASDC certified suppliers and to build the capacity of their own certified suppliers.
2. Corporate members who consider SASDC as a BBEEE service provider which has an objective of finding ways to help them reaching their BEE objectives. These CMs have more expectations, are less involved, and do not understand their role and responsibilities within the organization (SASDC). These CMs largely do not see value in their membership for various reasons:
  - Lack of knowledge of SASDC objectives and core value propositions, leading them to expect more from SASDC than is part of the SASDC mission.
  - Lack of knowledge about the SASDC model, and its services. These CMs do not play an active role and expect SASDC secretariat to meet their expectations in term of suppliers matching and sophisticated database.
  - Lack of knowledge about their membership of SASDC. This is caused by lack of handover procedure when the company appoint new person at the position dealing with SASDC. This can contribute to a breakdown in relationship with SASDC and affect the sustainability of supplier diversity initiatives.

Among corporate members interviewed, many (54%) see SASDC's value proposition as *providing a facilitated service of connecting corporate members and certified suppliers*. This includes the certification of black suppliers, which removes some of the risk of doing business with black-owned businesses. In addition, this value proposition includes developing the capacity of black-owned businesses through training workshops. Although many (60%) corporate members believe that SASDC is delivering on its value proposition, there is a substantial proportion (40%) who don't and one of their primary reasons concerns the unsuitability of the SASDC database of certified suppliers to meet members' needs as well as the accessibility of the database.

There are currently 11 corporate members in good standing, 9 of whom were interviewed for this assessment. Six of these nine corporate members in good standing (66%) do not report to SASDC for the following reasons:

- **Lack of awareness of the need to report** (N=3): Three corporate members indicated that they did not know it was required. One corporate indicated that they had been asked for information once and they had provided data, but were not aware of regular reporting timelines.
- **Not yet a full-fledged member** (N=2). These organisations had membership fees pending;
- **Corporate confidentiality policy** (N=1).

When corporate members were asked if they had received guidance on what to report and when,

47% said that they did not or were unsure whether their company had received guidance on reporting. Half of these member representatives had either joined the company after the company had become a SASDC member or had recently become responsible for maintaining the relationship with SASDC, coming from an alternative position in the company. This highlights the need for SASDC to ensure that all members receive a comprehensive induction to SASDC on a regular basis and to facilitate handover within corporate member organisations when the key point of contact in the corporation changes.

Given that membership of the Council is voluntary, SASDC relies on the goodwill of members to report information as required. Reporting is only likely to happen if an organisation and the relevant individuals are committed to the supplier diversity agenda. This highlights the need for proactively establishing and strengthening relationships with corporate members, both for the reason of ensuring the supplier diversity agenda is embedded in the institution and prioritised, but, also that the identified individual representative puts time and energy behind activities to achieve procurement reform. In the absence of these relationships, and given the voluntary nature of membership, corporate members and suppliers are less likely to provide reporting information as required, irrespective of the ease at which information can be compiled.

Corporate members expect to receive access to SASDC-certified suppliers which provide the “right quality, right technical specifications, right service delivery, and right price for the right outcomes”. Indeed, the services used most by corporate members were the online supplier database (64% or 8 respondents) and “meet the buyer” events (27% or 3 respondents). Likewise, certified suppliers cited “meet the buyer events” as the most used and beneficial activity, allowing them to connect directly with corporate procurement decision makers. When asked about their expected and perceived benefits of SASDC membership, most corporate members indicated that they are receiving benefits, but notably 27% interviewed indicate that they are receiving no benefit. This suggests that even where members may have received the service expected, it did not adequately address their requirements. While no direct link can be established, this could potentially go towards explaining low levels of reporting, so even where a member may have diversified procurement, the member may not associate this with the work of SASDC, as the council may not be forefront in their mind.

Notably, of the two corporate members who indicated that the quality of suppliers did not meet their expectations, neither had used the database which other corporate members found to be particularly valuable.

### SASDC BOARD MEMBERS’ VIEWS ON SASDC’S VALUE PROPOSITION

The SASDC board members indicated a different value proposition from corporate members – namely, *an opportunity to join like-minded corporates in shaping the supplier diversity and procurement reform agenda*. While the Council may not be well-known, the logos of contributing members appear on the SASDC website, and members continue to obtain access to SASDC services irrespective of whether members are in good standing. The Council had to review its targets for the number of corporate memberships it would secure during the period of USAID funding. This target was revised downwards, and while the Council has been able to secure 14 paid-up corporate members, the level of participation and reporting by corporates varies widely<sup>7</sup>. Board members cite

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<sup>7</sup> More information on the numbers of members and the number of lapsed membership can be found around the discussion of Indicator 1 on page 27.

this as due to the voluntary nature of membership and the compliance-driven corporate culture of South Africa. There also remain a number of corporate members who have not engaged in any supplier diversity activities, reportedly because suppliers listed on the database do not match the needs of these corporates, both in terms of goods and services and geographical location.

However, SASDC's ability to retain and attract new corporate members is influenced by the kinds of services it offers and the perception of the quality of these services. At its inception, SASDC had ten founding corporate members. At the time of completing this assessment, six (60%) of these members remain and SASDC had been able to secure the participation of another eight corporate members, with varying stages of payment for membership fees. However, of the six founding members, two indicated that they were unsure whether they would renew their membership due to the low levels of supplier diversity activity within SASDC, and little evidence of transformation in procurement among corporate members.

The Board cites all of these factors as possible reasons for the low numbers of corporate members and lapsed memberships. Without having a service offering that responds to the needs of corporate members, particularly in the context of increasing financial pressure in a difficult economy, corporates are making difficult choices around where to allocate resources. Of seven board members interviewed, three cited this as one of the reasons for low membership numbers and low levels of retention. Of the corporate members interviewed, 31% indicated that finances are the corporate members' main constraint to active participation in SASDC activities.

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## SUPPLIERS' EXPECTED AND REALISED BENEFITS OF SASDC MEMBERSHIP

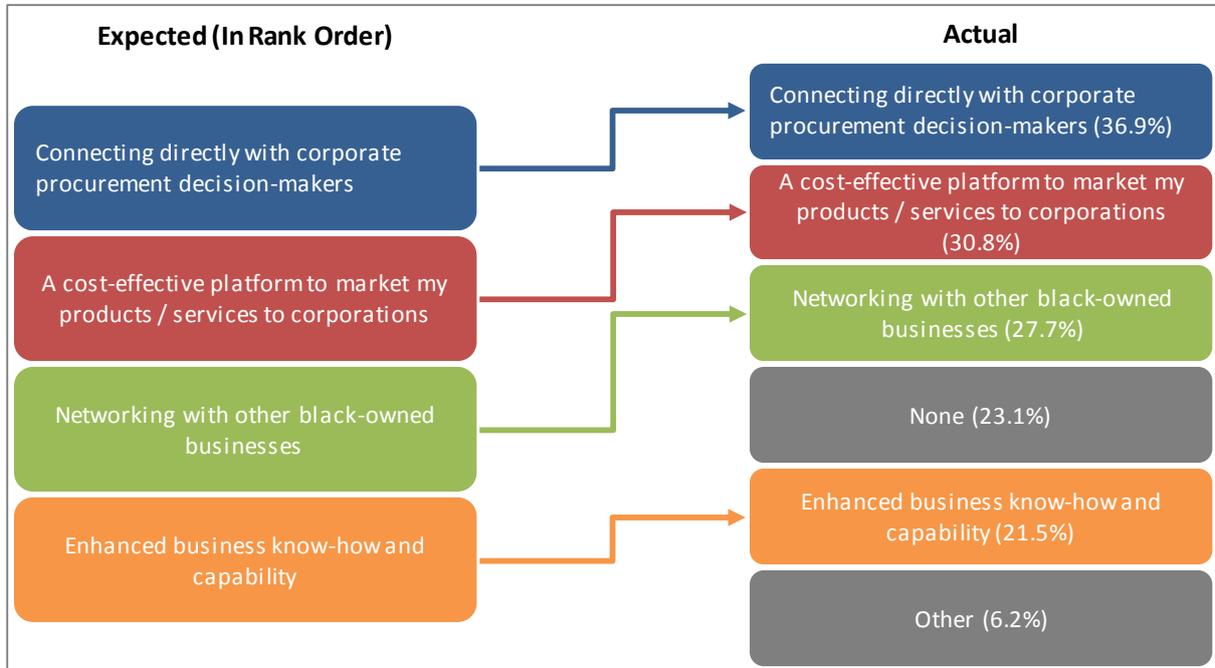
The views of SASDC certified suppliers are similar to that of the corporate members.

Certified suppliers were asked to rank, in order of priority, the benefits they expected to receive from their SASDC membership and the benefits they actually receive (Figure 11). On the face of it, it is clear that the patterns of services that were expected and received do not differ considerably. Of the 50 suppliers who provided information around sales in the online survey, only 33% had secured any business with SASDC corporate members subsequent to joining the Council. But only half of these suppliers (15%) noted that this was a result of linkages with SASDC. This is a surprisingly low number indicating that suppliers are also not reaping the ultimate benefits of their SASDC membership. Nevertheless, most suppliers (80%) intend to renew their membership at their next membership anniversary.

Two members of the Black Supplier Input Committee (BSIC) were interviewed as part of the assessment. This committee is comprised of 4 certified suppliers to represent the interests of suppliers, one of which sits on the SASDC Board. Two BSIC members interviewed articulated different views around the expected and realised benefit of their SASDC, but both agreed that the main benefit of SASDC is to *help corporate members grow their procurement with black-owned businesses*. This is also the most cited reason provided in the suppliers' online survey (45%). One BSIC respondent indicated that she had not been linked with SASDC corporate members, but that

she had also not asked to meet with any of the corporates. In comparison, the other respondent noted that he had not had any success meeting with corporates and that individuals working within procurement were not always aware of their organisations' SASDC membership and it was difficult to identify the correct person to meet with when contacting corporate members.

**FIGURE 11. EXPECTED VS. ACTUAL SASDC BENEFITS AND SERVICES BY CERTIFIED SUPPLIERS (N=68)**



**REFERRING SUPPLIERS AND CORPORATIONS TO SASDC**

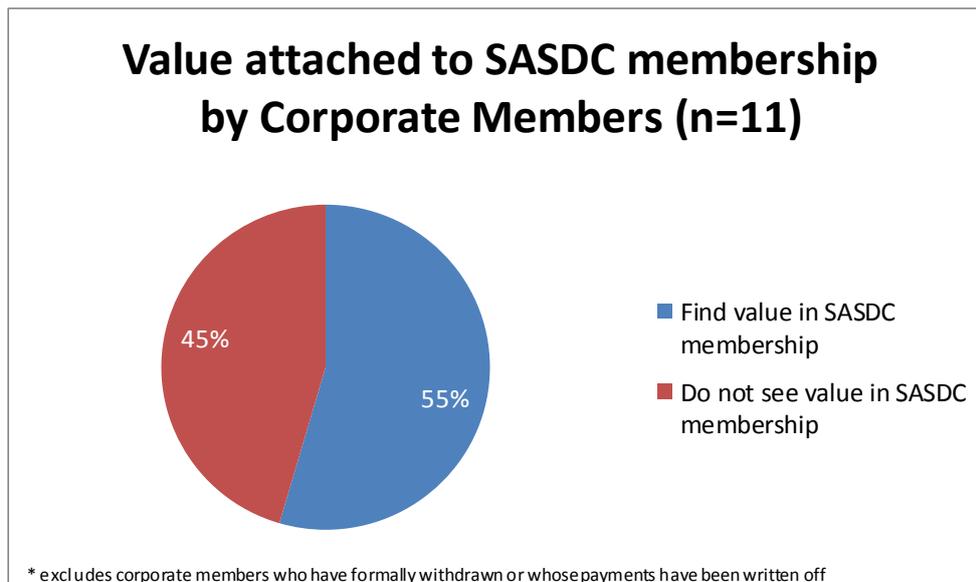
79% of corporate members interviewed indicated that they had referred suppliers to SASDC for certification, but only 50% had recommended membership to other corporates. This variance suggests that corporate members do not want competition for the pool of suppliers from other corporates, or that members see lesser value from their own membership, but that there is value to suppliers because of potential business, networking, and skills development. However, it is worth noting that the extent of referring suppliers for certification is quite low, with the majority of corporate members having referred fewer than 12 suppliers.

**PERCEIVED VALUE OF SASDC MEMBERSHIP AND INTENTION TO RENEW**

Both corporate members and suppliers were asked whether they intended to renew their membership at their next membership anniversary.

Among eleven corporate members in good standing, 44% indicated that they are unsure whether they will renew their membership. This is a disturbing result for a member-run organisation. Of these, two are founding members (!) who believe SASDC was not doing enough to ensure existing members diversify their supplier base and that the SASDC needed to become more proactive in ensuring that SASDC corporates embrace and pursue supplier diversity.

**FIGURE 12. VALUE ATTACHED TO SASDC MEMBERSHIP BY CORPORATE MEMBERS**



Of 50 suppliers who responded to the question as to whether they receive value from their SASDC membership, 40% indicated that they do not receive value from their SASDC membership, and one-third of these do not report because they had not secured any business through SASDC, and thus saw no reason for reporting, or because of lack of time, or because they refused to report on business transactions that were secured outside of SASDC corporate members.

Though the transition from networking to secured and guaranteed business may be slow, most certified suppliers (80%) intend to renew their membership. Of those who will not renew, reasons given include (i) the low number of opportunities from corporate members resulting in suppliers becoming discouraged, (ii) activities and recruitment being Johannesburg-based, and (iii) the mismatch between the needs of corporate members and certified suppliers.

### USAID'S VIEWS ON CORPORATE MEMBER REPORTING

USAID was asked to provide their thoughts on whether they believe there to be any structural or environmental constraints that have affected reporting by corporate members and suppliers. Primarily, USAID holds the view that reporting is impeded by corporate members and suppliers not seeing value in the process. In order to overcome this, USAID highlighted the need for better public relations in terms of SASDC's successes so as to make the value of SASDC more apparent. USAID has in the past assisted with marketing by hiring a consultant with the view of transferring skills to an internal employee.

### CONCLUSIONS

The assessment data shows that membership value is influenced by whether the respondent derives value and benefits from their membership. This means different things for corporate members and certified suppliers. For corporate members, it seems to mean their ability to contribute to the transformation agenda and pursue their enterprise and supplier development targets. For suppliers, it is the opportunity to connect with corporate procurement decision-makers and to secure business. While many suppliers do not report because they have not secured any business, they

intend to retain their membership.

Establishing the value of SASDC membership also requires establishing the extent to which SASDC's services meet the needs of corporate members. On the face of it, it seems that current services do not meet this need. The SASDC database acts as a central point for connecting corporate members and suppliers, but as discussed in section 5.1, the range or quality of suppliers has been raised as a concern by corporate members. The second major service offering is training and capacity-building for certified suppliers. Suppliers do not value the training provided, as demonstrated by suppliers attaching least benefit to the opportunity to develop business know-how and capability. If supplier diversity is the end goal for all of these activities, there is a considerable need to strengthen these services so as to ensure that the need and practice of procurement reform becomes embedded within corporations across South Africa.

However, there is a growing number of founding corporate members who are unsure whether to retain membership because of the limited benefit they derive from their membership. Where value is a determinant of the likelihood of people to report, it goes some way to explaining low levels of reporting by corporate members and suppliers who have accessed very limited procurement opportunities.

### 5.3 AQ3: How familiar are SASDC corporate members and SASDC certified suppliers with SASDC reporting requirements?

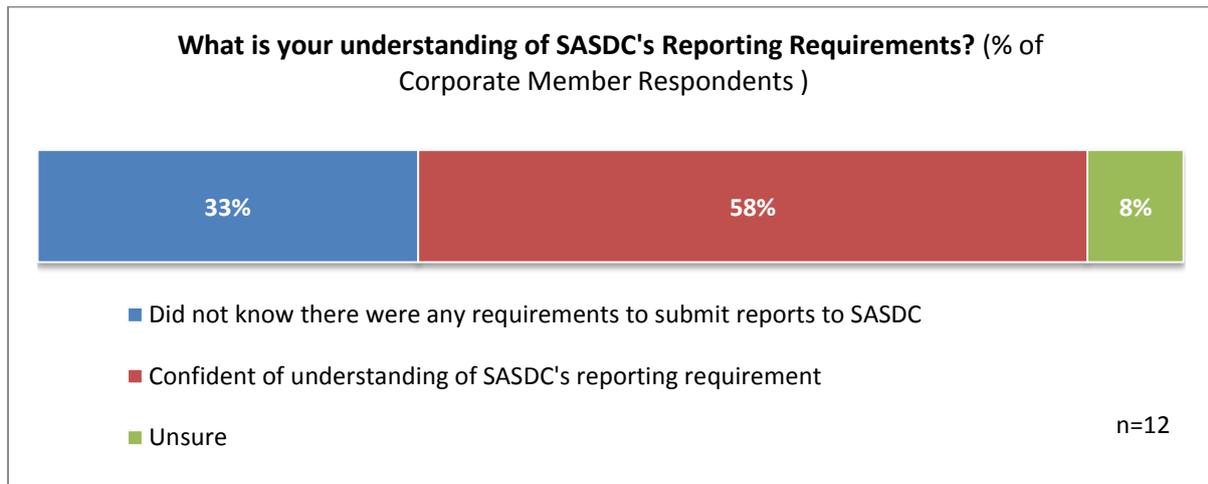
As part of their membership responsibilities, SASDC members are required to report their spending on goods and services from certified black suppliers on a quarterly basis. Corporate members’ and certified suppliers’ familiarity with SASDC’s reporting requirements was assessed in two ways. First, corporate members were asked to rate their level of understanding, while suppliers were, through the online survey, asked if they were required to report, and how often they were required to report. Second, in order to gain insight into SASDC support around reporting requirements, respondents were asked whether they had received guidance from SASDC.

As discussed below, many corporate members and certified suppliers are unclear of SASDC’s reporting requirements.

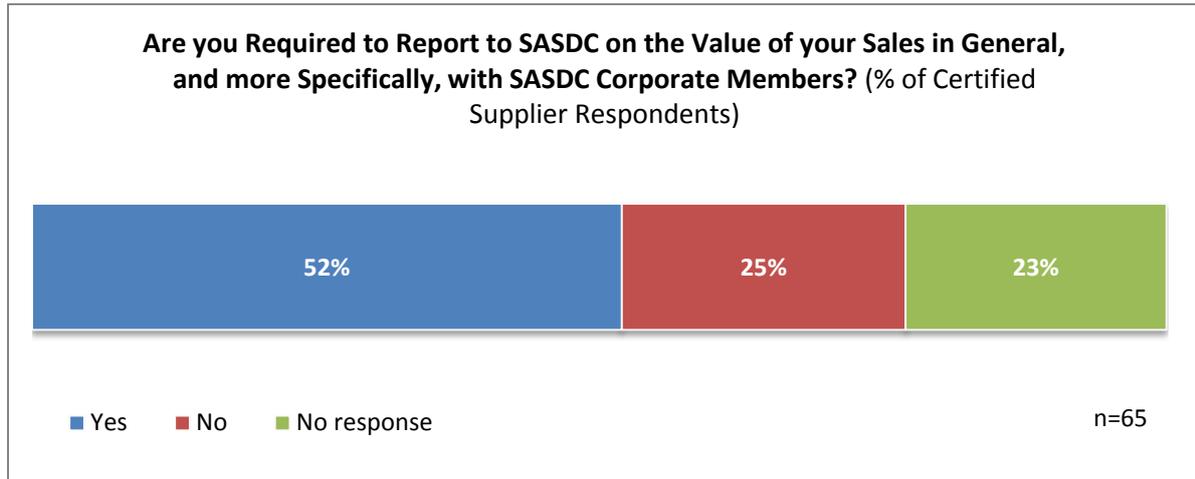
#### FAMILIARITY WITH SASDC REPORTING REQUIREMENTS

Most corporate members (58%) are confident in their understanding of SASDC’s reporting requirements. However, a third do not know that there are any requirements to submit reports to SASDC (Figure 13). Similarly, most certified suppliers (52%) are aware of the requirements to report to SASDC, although 25% did not believe that they are required to report and 23% did not know (Figure 14).

**FIGURE 13. CORPORATE MEMBER’S UNDERSTANDING OF SASDC'S REPORTING REQUIREMENTS?**



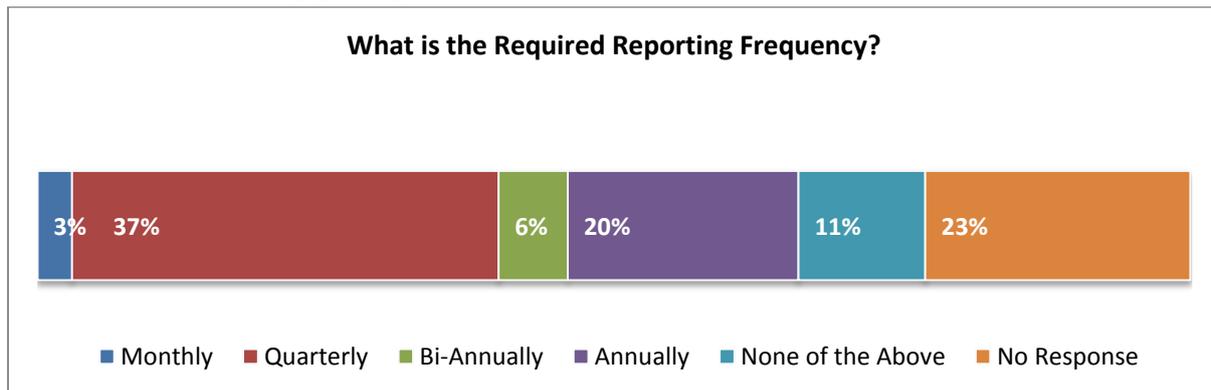
**FIGURE 14. CERTIFIED SUPPLIERS’ UNDERSTANDING OF SASDC REPORTING REQUIREMENTS (% OF CERTIFIED SUPPLIER RESPONDENTS) (N=65)**



When asked about reporting frequency, there only a portion of suppliers (37%) correctly noted that reporting was required quarterly, while the remainder indicated annually (20%), biannually (6%), monthly (3%). One third of respondents were unsure or didn’t respond to the question, suggesting a lack of understanding (Figure 15).

The KIIs with suppliers revealed similar results. Of the four key informants, only one was not aware of SASDC’s reporting requirements. Of the remaining three respondents, one noted that they are required to report quarterly sales, while another noted that SASDC requires reporting on their “monthly interaction with corporates” and their turnover. The same respondent noted that a person in their company is responsible for reporting and that it is done using the SASDC template.

**FIGURE 15. SUPPLIERS UNDERSTANDING OF THE REQUIRED REPORTING FREQUENCY (% OF CERTIFIED SUPPLIER RESPONDENTS) (N=65)**

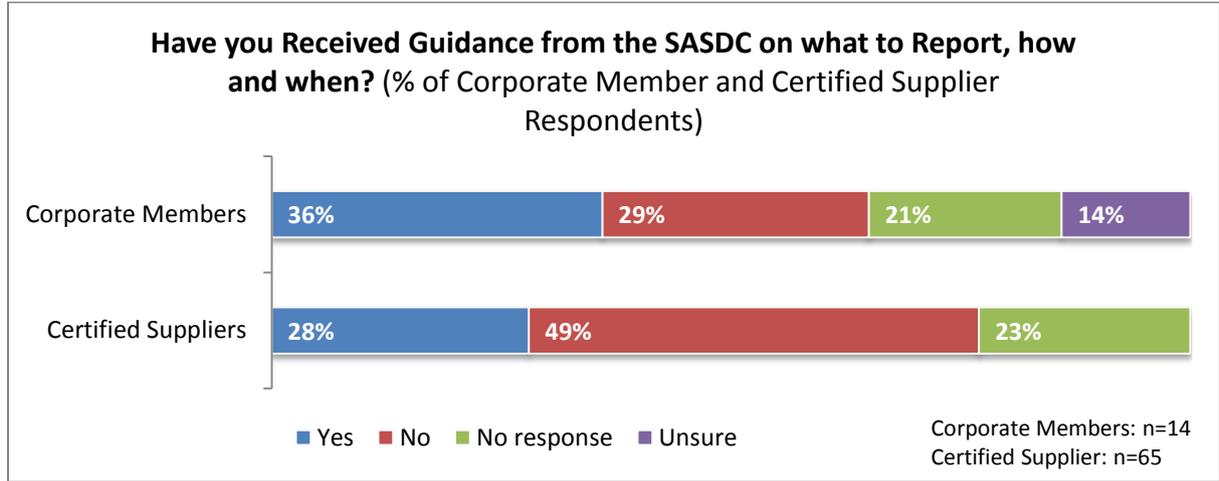


**REPORTING GUIDANCE PROVIDED BY SASDC**

Poor reporting may be due in part to the limited extent that the SASDC Secretariat has provided reporting guidance to members and suppliers. Some corporate members (36%) noted that they had received guidance, while 29% noted that they had not. Fewer certified suppliers (28%) report having received guidance, but more (49%) stated that they had not (Figure 16).

When asked to explain what kind of reporting guidance was received, nearly all corporate members indicated the reporting template. While it is laudable that the reporting template is so clear and straightforward that further guidance may not be required, there is still lack of clarity around the frequency of reporting. One CM respondent noted that it was unclear whether monthly or quarterly reporting was required, while an additional two respondents correctly noted that they had been reporting quarterly.

**FIGURE 16. REPORTING GUIDANCE GIVEN**



**CONCLUSION**

In sum, most corporate member (58%) and suppliers (52%) note that they are confident of their understanding of SASDC’s reporting requirements. Furthermore, most (37%) suppliers correctly noted that reporting is required quarterly, while 20% incorrectly noted that reporting was required annually.

Only a third or less of corporate members (36%) and certified suppliers (28%) noted that they had received guidance on reporting. Of the corporate members who had received guidance, all referred to SASDC’s reporting template. Of those that had not received guidance, a number attributed this to being new to their positions.

This highlights the need for the SASDC Secretariat to focus on better induction and handover within corporates and better training of new SASDC members.

## 5.4 AQ4: To what extent do corporate procurement systems and reporting hierarchy impact results reporting?

In most companies, the responsibility for supplier diversity (and SASDC reporting) is typically located within procurement and is associated with a specific position. Among the 13 corporate members interviewed, 92% had an identified person who was responsible for maintaining the relationship with SASDC, and 92% report that there is a person responsible for monitoring and reporting performance against targets for supplier diversity. Despite this position, reporting is constrained for a number of different reasons, including:

- issues related to proprietary information (N=1)
- the inability of corporate procurement systems to generate the required data with minimal effort and the time (N=2)
- Lack of awareness of the reporting requirements (N=4).

Furthermore, the corporate member representative who is a point of contact for SASDC is typically not directly responsible for reporting and is reliant on someone else collating the information, usually at a lower level

With the exception of one corporate member, no members appear to have targets for procurement from SASDC certified suppliers. It appears that corporates do not actively track or measure their spending with certified suppliers.

Given that some corporate procurement systems do not routinely tag and track business with certified suppliers, it necessitates manual collation and interpretation of procurement data by corporate member representatives. There is considerable risk to the validity of the data where the person responsible for reporting is different to the person managing the relationship, and this risk is magnified when there is not a good understanding of SASDC's purpose, and reporting indicators. For this reason, it is imperative that there is a clear understanding of SASDC indicators by corporate members, and a thorough handover from one person to another to be conducted in collaboration with SASDC personnel. With a good understanding of the purpose of SASDC and its services, as well as the purpose of reporting, it is possible to increase the frequency of reporting.

### CONCLUSION

Corporate members routinely report on supplier diversity, which is understood from the perspective of B-BBEE and preferential procurement. Corporate members report internally in their respective organisations on procurement with black-owned suppliers – a behaviour that is driven by the B-BBEE codes.

SASDC happens to be aligned with this behaviour, given the overlap in targeted procurement beneficiaries (>51% black owned suppliers). However, tracking and reporting on SASDC certified suppliers appears to be an after-thought by corporate members, where this data is only collated for the purpose of SASDC reporting. It appears that B-BBEE reporting ranks higher than SASDC certified supplier reporting, and this will continue to persist for as long as corporate members do not set targets for the latter. By aligning SASDC reporting to B-BBEE reporting it would remove this hierarchy. However, this would likely further diminish SASDC's ability to attribute increased corporate member procurement from black supplier to its efforts.

## 5.5 AQ5: To what extent do corporate data management systems and their interface with SASDC data management tools pose a barrier to accurate and timely data capture and reporting, and how can these be overcome?

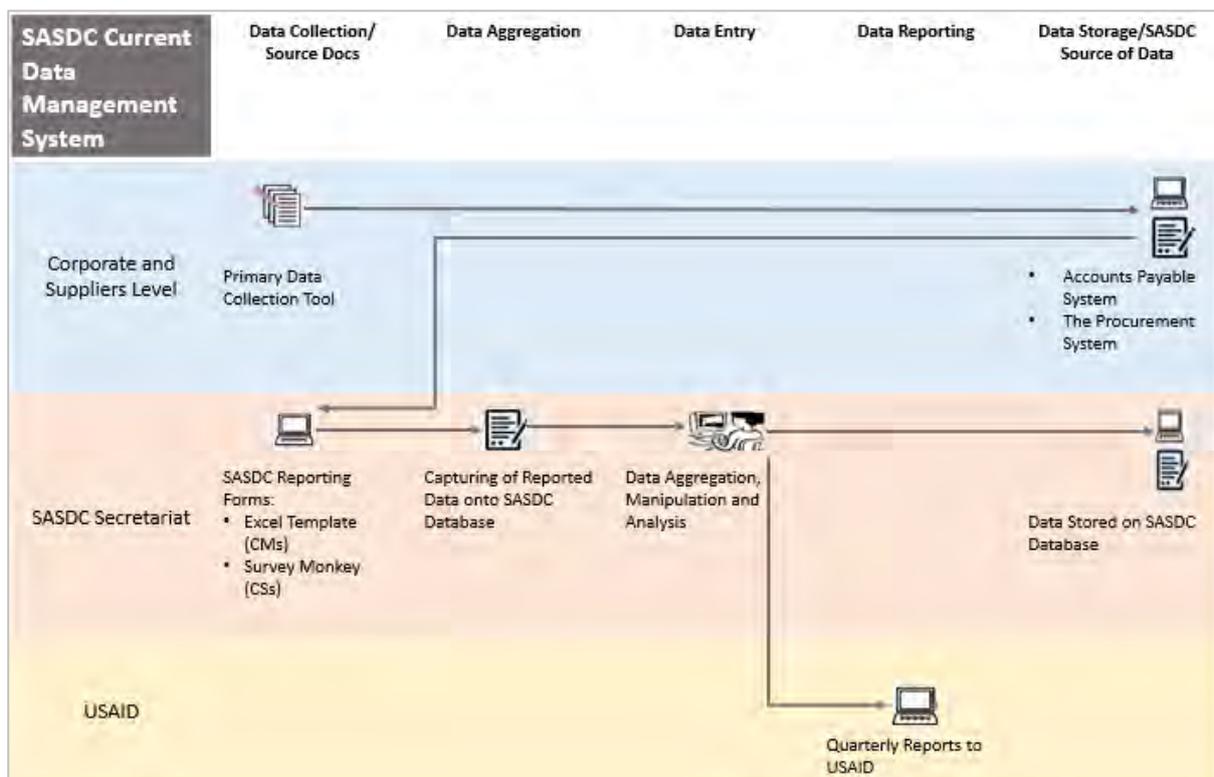
To assess the SASDC data management system and elucidate different barriers to the reporting process we inquired about:

1. The tools used throughout the data management system, from data collection to data reporting.
2. The process - how the data management is carried, the guidelines on procedures and standard of operations.
3. The people involved on the data management process.

This assessment is based on interviews with representatives of corporate members, and is thus based on their explanation of the data management systems in their respective corporations and their experience, or perception of, the SASDC data management tools<sup>8</sup>.

From the Systems Assessment of the SASDC Secretariat and the KIIs with corporate members and certified suppliers, we have determined the flow of data as depicted in Figure 17.

**FIGURE 17. DATA FLOW FROM CORPORATE MEMBERS/SUPPLIERS TO SASDC AND USAID**



<sup>8</sup> Individual Systems Assessments of each corporate data management system (DMS) may have yielded a more robust result. However, it was agreed with USAID that it would be impractical to attempt an in-depth assessment of corporate data management systems.

## DATA COLLECTION AND REPORTING TOOLS AND PROCESS

### Corporate Data Management Systems

Figure 18 shows that corporate members generate their SASDC reports using data from their accounts payable (75%) or procurement systems (25%). From a data accuracy perspective, data from the accounts payable system is more accurate than data from the procurement system. This is because sometimes the value of an order on the procurement system is different from what was actually paid to the supplier, which in turn creates a variance between the two systems.

**FIGURE 18. DATA SOURCES FOR CORPORATE MEMBER REPORTING**



In order to generate reports to SASDC, corporate members are sometimes reliant on a second source (e.g. an MS Excel spreadsheet or an individual's knowledge) to add the black/women ownership and certified supplier dimension to the data they extract from their system. This extra step adds time to the reporting process. Two corporate members that found themselves in this situation indicated that they felt the SASDC reporting process was overly time consuming, although no other corporate member felt that the SASDC reporting process was time consuming.

In two instances, the corporate members' group structure required a data aggregation step within the organization, adding time to the reporting process. This is further complicated if the operating companies within the group use different data management systems. The impact of this on SASDC reporting is unknown, as neither of these corporate members report to SASDC.

Other than the abovementioned, no other indication was given by corporate member respondents that their data management systems posed a barrier to accurate or timely data capture and reporting.

### SASDC Data Management Tools

SASDC data management tools relates only to SASDC data collection tools – specifically, the SASDC corporate member reporting template and the certified supplier's reports via Survey Monkey and/or email or fax.

The CM reporting tool is an MS-Excel based template that the SASDC Secretariat emails to corporate members, on a quarterly basis, for them to complete.

Of the 6 corporate member respondents who report (43% of the sample<sup>9</sup>), nearly all of these (N=5) indicated that they had received the reporting template. Only one respondent claimed that she experienced problems with completing some of the fields in the template – it is unclear whether this is due to user error or a functionality problem within the template. The same respondent also indicated that the SASDC Secretariat sometimes gives too short a lead time for completing the report (e.g. 2 days or 1 week), which might negatively impact on timely reporting by corporate members. Other respondents claimed that the template was self-explanatory.

There is little evidence to suggest that the SASDC reporting template influences the reporting behaviour of corporate members; in contrast, its clarity most likely facilitates the accuracy and timeliness of the data.

## PEOPLE

Overall, the vast majority of corporate members (N=12, 92%) noted that they have a designated senior member of staff who is responsible for maintaining the relationship with SASDC. There was however some variation in terms of the positioning of the member of staff as well as the size of the team responsible. For example, five corporate respondents noted that they were personally responsible for reporting. One corporate respondents furthermore noted that while they are personally charged with managing the SASDC relationship, they are unsure of their responsibilities vis-à-vis this role. Adding to this, one respondent highlighted that there had been a staff member responsible, but that there had been a lot of changing within the company with regards to whose responsibility the relationship was.

An additional two respondents stated that there is a designated team for managing the SASDC relationship. Of these, one respondent noted that there is an internal steering committee, which has just been formed, that functions across all business units, and that SASDC assists with policy formulation. The other respondent noted that while there is someone responsible for the relationship, this person works with the enterprise development unit of their company. Furthermore, two respondents noted that there was a designated staff member, but that they were looking to expand their team for additional support, with one looking to hire a transformation manager and another, to include the company's government relations manager. Finally, the only company to report that it does not have a designated member of staff is one that has withdrawn its membership from SASDC.

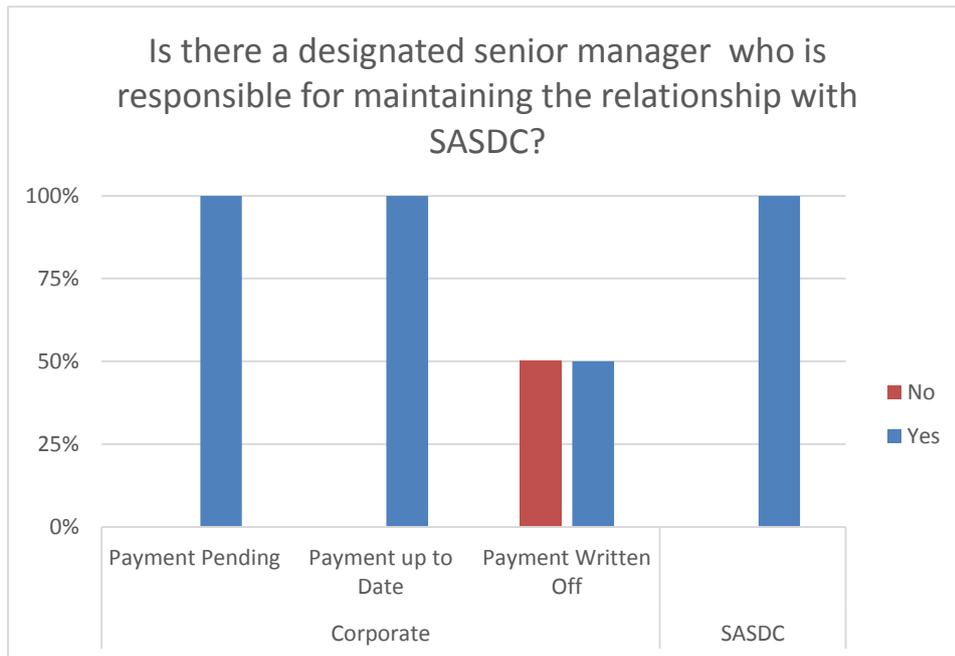
From the perspective of SASDC, two staff members are responsible for corporate member relations, while a third staff member is charged with recruiting new companies to SASDC.

These findings, summarised in Figure 19, show responses disaggregated by the membership payment status of corporate respondents. Of the corporate respondents where payment was pending or payment was up to date, all respondents noted that there was a member of staff in place to manage the SASDC relationship. Conversely, of the two corporate respondents where payment had been written off, one did not have a member of staff in place to manage the SASDC relationship while the other did not.

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<sup>9</sup> N = 13 (the corporation that had withdrawn its membership was excluded, since there is no legitimate expectation of reporting by either the withdrawn member or SASDC, and additionally, the person interviewed was new to the corporation and unaware of SASDC).

**FIGURE 19. CORPORATE STAFFING AND SASDC RELATIONSHIP MANAGEMENT?**



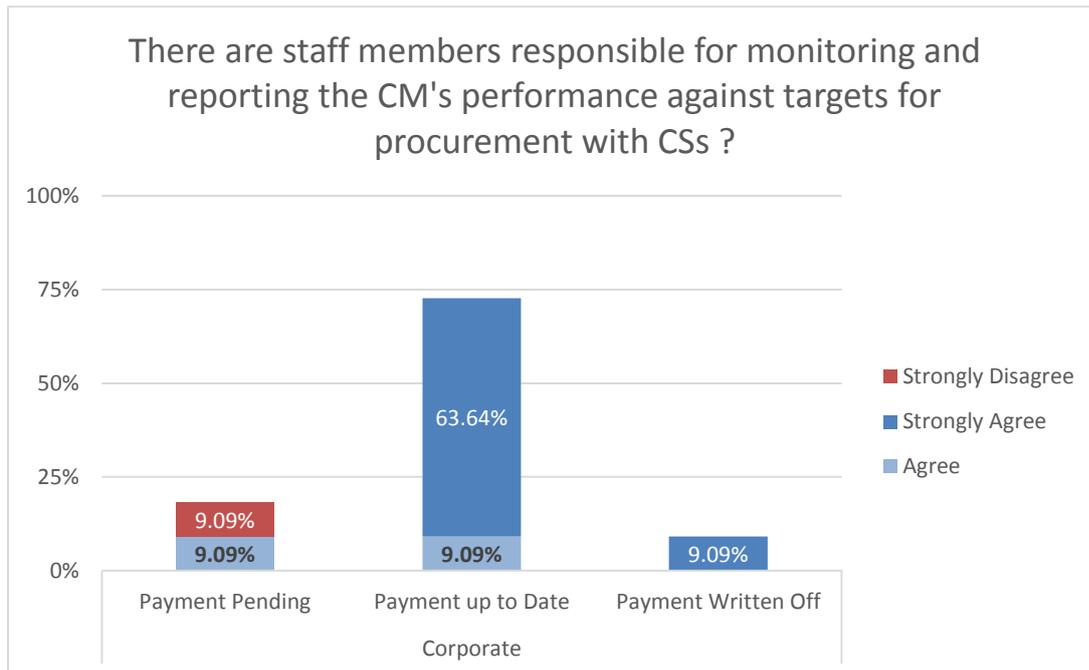
Similar to the trend regarding designating staff to manage the SASDC relationship, overall corporate members agreed that they have staff in place to monitor, evaluate, and report their performance against procurement targets. Figure 20 below shows that most corporate member respondents in good standing (73%) agree or strongly agree that there are staff members in their companies responsible for monitoring, evaluating, and reporting. However, corporate members not in good standing are much less likely (only 9%) to have staff to perform these functions.

These results imply that corporate members fulfil these functions regardless of their levels of compliance. It is likely that this is because these functions exist independently of SASDC’s requirements, and fall within existing company mandates and roles.

Within the SASDC Secretariat, there is a team that gathers information, consolidates analyses, and contextualises it for reporting to the SASDC board and USAID. Within SASDC there is a weekly status meeting that provides feedback and input on opportunities, threats, and weaknesses that face the organisation.

Despite corporate members’ designated staff for managing the SASDC relationship, as well as to monitor, evaluate, and report on their procurement progress, only 54% of corporate members in the sample report to SASDC. It appears that the biggest driver of not reporting is the finding that 33% of corporate member respondents did not know there were any requirements to submit reports to SASDC, and a further 8% (1 corporate member) was unsure of all the SASDC reporting requirements<sup>10</sup>.

<sup>10</sup> N = 12 (excludes the member that had withdrawn membership, and another respondent that provided an ambiguous answer).

**FIGURE 20. CORPORATE STAFFING AND SASDC REPORTING**

It's worth noting that for those who were unaware of their reporting obligations, it would appear that this may have been a function of a change of the SASDC representative within the corporate member (3 of the four corporations in this category were in this situation). This however further shows the importance of strengthening SASDC's communication to, and tracking of, its members and suppliers.

Having an appointed person responsible for the SASDC relationship is insufficient to improve reporting. The appointed person should find value on the SASDC membership, understand the benefit his organization can gain by being an active SASDC member; and understand why reporting is important for SASDC and for his organisation.

## CONCLUSIONS AND RECOMMENDATIONS

In light of the afore-mentioned findings and observations, we can make the following preliminary recommendations. The SASDC Secretariat should elaborate and disseminate guidelines and standards of operation relating to the SASDC data management process, including:

- Asking corporate members to prefer data from their Accounts Payable system over their Procurement System;
- Encouraging corporate members to create the necessary tags in their systems, to readily identify black/women owned and certified suppliers;
- Ensuring that there are no functionality problems with the SASDC reporting template;
- Ensuring timely dispatching of the template to corporate members, to give them adequate time to complete;
- Better communicating reporting requirements to corporate members, and design a process to mitigate the problems associated with changing corporate member representatives.

The Corporates should:

- Appoint specific people to SASDC reporting
- Communicate change whenever there is a new appointment of the SASDC representative and follow the SASDC handover procedure (to be elaborated).

## **5.6 AQ6: To what extent do SASDC corporate members under-report because of their concerns about providing access to proprietary information? What other concerns do SASDC corporate members have about reporting to the SASDC?**

In seeking to gain an understanding into why corporate members do not report to SASDC, and particularly whether these reasons relate to concerns over providing access to proprietary information, three questions were asked:

1. Why Corporate Members do not report to SASDC,
2. What impedes corporate members in reporting to SASDC, and
3. What USAID believes to be the structural and environmental barriers were that affected reporting.

In addition to helping to answer AQ6, responses to these questions were also used to answer AQ3, AQ4, and AQ5.

In response to why a corporate member does not report, only one member indicated that they did not report because of their corporate confidentiality policy. This corporate member and two other respondents also indicated that they were uncomfortable sharing information with the market on their progress around supplier spending. Another corporate member made reference to a corporate confidentiality policy, but this did not affect their willingness to report. The respondent indicated that they provide reports to SASDC, but these reports are devoid of supplier names.

Corporate confidentiality was hinted at by another corporate member who does not report to SASDC. The respondent indicated that the corporate member does not share names of suppliers because it is part of their competitive edge. However, the reason for not reporting was not related to this issue, but rather due to the fact that the respondent claimed to be unaware of the requirement to report to SASDC. This respondent shared his corporate spend data with the assessment team (without supplier names) when requested.

When asked to identify impediments to reporting, two corporate member respondents felt that the process was overly time consuming. This experience appears to be function of the two step process these two respondents undertake to report to SASDC, due to their internal corporate member data management system.

Another corporate member claimed that she experienced problems with completing some of the fields in the SASDC reporting template – it is unclear whether this is due to user error or a functionality problem within the template. The same respondent also indicated that the SASDC Secretariat sometimes gives too short a lead time for completion (e.g. 2 days or 1 week).

In sum, 6 of the sampled corporate members (43%) indicated a potential impediment to reporting to SASDC (besides not knowing that reporting was required). However, these potential impediments appear to have resulted in only 1 of the 6 not reporting at all, and 1 other corporate member reporting intermittently. Furthermore, concerns over providing access to proprietary information do not appear to be a barrier to reporting. Rather, concerns over the time required appear to be more of a concern. Overall however, corporate members do not appear to see any impediments to reporting.

## 5.7 AQ7: How can the SASDC performance management system be improved to address constraints and limitations to reporting?

As indicated in section 4 above, SASDC does not have clear documentation on their data management system, nor clear guidelines talking to the data management process – from data collection and consolidation at corporate member level to SASDC’s data collation, processing, and reporting to USAID. There is a need for clear documented guidelines and standards of operation.

The SASDC Secretariat reported that no budget was set aside to establish an M&E structure, which in normal circumstances would address such issues and guide the development of the DMS. Due to the need for performance management reporting, an immature data management system was hastily created to allow corporate member activities with suppliers to be monitored and reported. This needs to be strengthened.

At the most basic level, SASDC should strive to establish a strong data management system and process allowing:

1. Easy access and comprehensive data collection and reporting tools.
2. Clear and comprehensive guidelines and standard of operation guiding the data management process.
3. Clear assignment of reporting responsibility at corporate member level and follow up procedure at SASDC Secretariat level.

The constraints and limitations to reporting are multi-layered. Below are a list of issues and preliminary recommendations:

**TABLE 19. ISSUES AND RECOMMENDATION AROUND THE SASDC DMS**

Issue	Interpreted effect on reporting	Estimated severity of effect	Recommendation
Turnover of SASDC representatives at corporate members	New representatives (where designated by the corporate member) do not know about SASDC reporting requirements, which results in non-reporting	High	SASDC Secretariat staff should increase the regularity of their contact with members, with a minimum number of touch points per month/quarter.  Design a process to mitigate the problems associated with changing corporate member representatives.
Reporting can be time consuming	Corporate members do not report	Medium	Encourage corporate members to create the necessary tags in their systems, to readily identify black/women owned and certified suppliers.  Ensure that there are no functionality problems with the SASDC reporting template. Consider align SASDC reporting with B-BBEE reporting.
The lead time from the request to the due date for reports is sometimes short	Corporate members do not report	Low	Ensure timely dispatching of the reporting template to corporate members, to give them adequate time to complete.

Issue	Interpreted effect on reporting	Estimated severity of effect	Recommendation
Corporate members have confidentiality policies	Corporate members do not report, or provide reports with partial information	Low	Sign confidentiality agreements between SASDC members and the Secretariat.  Explicitly indicate to members that reporting without identifying suppliers is acceptable.
Corporate members do not understand the purpose of reporting	Corporate members do not report, or begrudgingly do so	Medium	The Secretariat needs to clearly communicate why reporting is necessary and the purpose for it is used. Furthermore, SASDC needs to decisively deal with and communicate how to treat reporting on transactions where the business relationship may have pre-dated SASDC and in those instances where there isn't an obvious link between the deal and SASDC activities.
Corporate members do not see value in their membership	Corporate members do not report, largely because they have let them membership lapse	High	SASDC needs a renewed clarity of purpose and vision, which maximizes the unique position it holds in the market and accounts for the realities of limited financial and human resources within the Secretariat.  SASDC should communicate that the value that members derive depends greatly on their behaviour and attitude. Members need to "own" their organization, and not view it as an arms-length service provider.  Consideration should be given to members reporting on indicators that drive their participation and the success of the organization e.g. numbers of suppliers referred for certification; amount invested in developing the capacity and capability of certified suppliers; numbers of "meet the buyer" events held etc.
Certified suppliers do not see value in their certification, in particular due to the lack of transactions with corporate members	Certified suppliers do not report	High	SASDC should make a concerted and explicit effort to create success with a few suppliers.  SASDC should better communicate success stories, explaining what has made these suppliers successful. SASDC should communicate that the value to suppliers is actually latent, and the value they derive depends greatly on the behaviour and attitude of the suppliers.  Certified suppliers should not be required to report, as it can escalate dissatisfaction levels. At most, perhaps a simple multiple selection question: "Did you do business this month with any of the following corporate members?"
Some corporate members draw their reports from their Procurement System	Value of transactions reported by not be 100% accurate	Low	Ask corporate members to prefer data from their Accounts Payable system over their Procurement System.

## 5.8 AQ8: What is the actual rand/dollar amount spent by SASDC corporate members on procurement from certified suppliers to date?

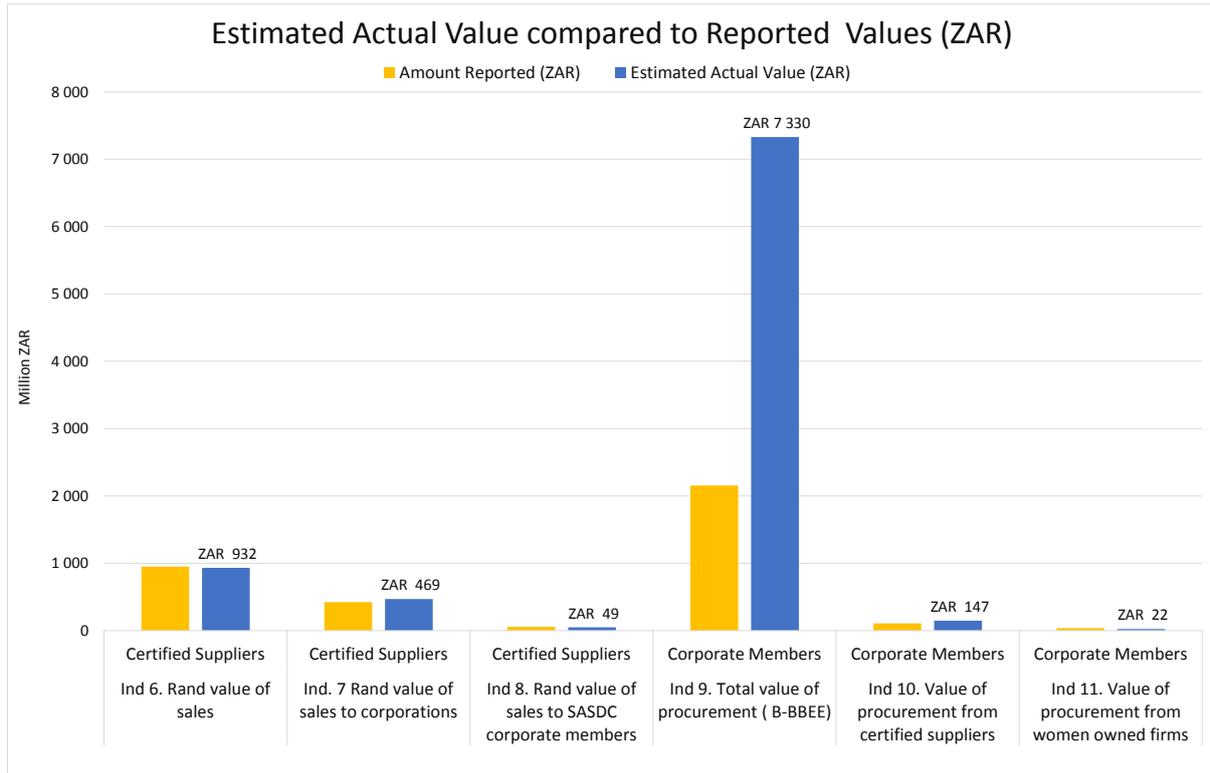
Using the data verification factors (DVs) and error rates presented in Section 4.3, Table 20 provides a list of the estimated South African Rand values for assessment indicators 6 to 11. In calculating the estimated actual Rand spend, the reported data is multiplied by the error rate and then added/subtracted (depending on a finding of under- or over-reporting) to the reported data to determine the estimated actual Rand value.

Viewing this data in graphical form (Figure 21) shows that Corporate Members only use certified suppliers for a fraction of their B-BBEE procurement. While there are many reasons for this, including the fact that there is lots of missing data, it does point to the fact that there is significant scope for SASDC to enhance linkages between its pool of suppliers and its corporate members.

**TABLE 20. ESTIMATED ACTUAL SPEND ON PROCUREMENT FROM CERTIFIED SUPPLIERS**

Ind #	Indicator	DVF	Error Rate	Result	Amount Reported (ZAR)	Estimated Actual Value (ZAR)
6.	CS: Rand value of sales	0.98	+1.5%	Over-report	950,915,940	931,897,621
7.	CS: Rand value of sales to corporations	1.11	-11%	Under-report	422,538,044	469,017,229
8.	CS: Rand value of sales to SASDC corporate members	0.87	+13%	Over-report	56,843,464	49,453,814
9.	CM: Total value of procurement	3.40	-240%	Significant under-report	2,155,756,570	7,329,572,338
10.	CM: Value of procurement from certified suppliers	1.38	-31.8%	Under-report	106,552,811	147,042,879
11.	CM: Value of procurement from women owned firms	0.62	+38%	Over report	36,081,110	22,370,288

**FIGURE 21. AMOUNT REPORTED VS. ESTIMATED ACTUAL AMOUNT**



## 6 CONCLUSIONS AND IMPLICATIONS OF FINDINGS

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The Assessment's foregoing findings can be summarised as follows:

Less than half of SASDC corporate members report. But this is likely due to a number of factors.

SASDC corporate members and certified suppliers do not have a uniform understanding of the core objective of SASDC and its products and services. This is not in itself a problem, as it is likely that there will be a diversity of views from a heterogeneous group of stakeholders. However, it becomes problematic when stakeholders have expectations of SASDC that cannot legitimately be met, which in turn negatively affects perceptions on membership value and willingness to report. If SASDC is viewed by corporate members as an arms-length B-BBEE service provider, then dissatisfaction with "the service" is the likely result.

Perceptions of poor value, by corporate members and certified suppliers, can be addressed by a combination of refreshing the positioning of SASDC and through better communication efforts.

- SASDC needs a renewed clarity of purpose and vision. It should avoid competing with for-profit entities that are operating in the "B-BBEE market", and maximise its unique position as a corporate member driven organisation that is committed to substantial and sustainable procurement from black suppliers and is not a special interest/lobby group.
- SASDC should make a concerted effort to create success with a few certified suppliers, and better communicate these successes. Furthermore, SASDC needs to effectively communicate to its corporate members the value they should expect to derive and the active role that members need play in realising that value.

To further maximise perceived value, SASDC should focus its product/service offering to those that are most in demand – namely, securing and maintaining the quality of the database of certified suppliers. To improve information on certified suppliers, so as to help overcome potential reservations by corporate members, SASDC should consider adding a rating of suppliers to the database, which would be influenced by:

- the degree of interaction with SASDC;
- the extent of capacity building and technical assistance received from SASDC; and
- feedback from corporate members on the specific supplier's performance and number of purchase orders/contracts received by corporate members.

There is insufficient familiarity and understanding of SASDC's reporting requirements. This is most likely driven by the high turnover of SASDC representatives within corporate members. This results in low institutional memory vis-à-vis SASDC requirements and inhibits the ability of corporate members to get traction and thereby extract value. The SASDC secretariat must increase the regularity of its contact with corporate members and design a handover process that mitigates the negative impact of corporate member representative transitions.

Other, less severe, influences on corporate member reporting include the interface between SASDC and the corporate data management systems and B-BBEE reporting hierarchy. Some corporate member's accounts payable or procurement systems are not able to readily generate reports based on SASDC indicator requirements, with priority given to data associated with statutory B-BBEE reporting. SASDC should encourage its members to create the necessary "tags" in their

finance/procurement systems, to facilitate reporting on procurement from SASDC certified suppliers. Furthermore, consideration should be given to aligning SASDC indicator definitions with prevailing statutory B-BBEE definitions, as far as possible, and to crafting indicators for corporate members that help drive their active participation in SASDC.

The Assessment found that concerns by corporate members about providing access to proprietary information are not a binding constraint to reporting. Some corporate members that expressed this concern showed a willingness to provide reports that are devoid of key identifying information. SASDC should make a special effort to sign confidentiality agreements with corporate members and explicitly state that members can report without indicating the certified suppliers' names.

It is feasible that corporate members and certified suppliers do not understand the purpose of reporting, which in turn results in some members/suppliers not reporting or reporting begrudgingly. SASDC should clearly communicate to its corporate members and certified suppliers, on a regular basis, why reporting is necessary. Furthermore, SASDC should decisively deal with the reporting protocol for business relationships that pre-date SASDC involvement or where there is no obvious link between the deal and SASDC activities.

The data verification results strongly suggest that Corporate Members only use certified suppliers for a fraction of their B-BBEE procurement, and that there is significant scope for SASDC to enhance linkages between its pool of suppliers and its corporate members. However, state owned enterprises, such as Rand Water, are now required to procure their suppliers through the National Treasury's central procurement e-government platform. This reinforces the importance of SASDC's linkages with the DTI and National Treasury, particularly for corporate members that are state owned enterprises.

Finally, the SASDC secretariat should ensure that it enables cost and time efficient reporting by members and suppliers, and secures the integrity of the received, analysed, and stored data. The secretariat should ensure that there are no functionality problems in its reporting template, and that requests for data from corporate members are dispatched in a timely fashion, and perhaps consider reducing the frequency of reporting. The SASDC secretariat should strengthen its data management system and processes, prioritising those issues that threaten data protection and accuracy.

## APPENDIX 1 TERMS OF REFERENCE

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### SECTION C – DESCRIPTION/SPECIFICATIONS/STATEMENT OF WORK

#### C.1 ACTIVITY INFORMATION

*Project Name:* The South African Supplier Diversity Council (SASDC) Capacity Building Program

*Cooperative Agreement No:* AID-674-A-12-00012

*Project Dates:* April 3, 2012 through April 2, 2016

*Agreement Value:* \$1.5 million

#### C.2 BACKGROUND

The South African Supplier Diversity Council (SASDC) is a corporate member directed organization that seeks to be the leading corporate council in South Africa, dedicated to promoting sustainable supplier diversity through targeted procurement and black supplier development. Its goal is to facilitate business linkages between its corporate members and black-owned enterprises geared towards competing in the national, regional and international economic mainstream. USAID helped to establish SASDC through the USAID/South African International Business Linkages Program. SASDC was registered as a South African not for profit organization in January 2011, and a three year, \$1.5 million Cooperative Agreement between USAID and SASDC was signed on April 3, 2012. The Cooperative Agreement was extend by one year from April 3, 2015 through April 2, 2016.

SASDC signed an affiliation agreement with the U.S. National Minority Supplier Diversity Council (NMSDC) in October 2011, making it the 5th Global Link partner, after CAMSC in Canada, MSD UK, AIMSC in Australia, and MSD China. Affiliation to the NMSDC provides access to shared knowledge, experiences, methodologies, and technical assistance support in return for adhering to the standards of affiliation for Global Link Partners.

#### C.3 PROJECT DESCRIPTION

The primary goal of SASDC is to promote supplier diversity by encouraging, supporting and assisting its member corporations to identify business opportunities for black-owned enterprises and to progressively increase the transactions with SASDC certified black-owned businesses. The overall objective is to generate sustained and inclusive economic growth through growth in business linkages and procurement between corporations and black enterprises.

The key strategic objectives (SOs) of the SASDC are summarized below:

##### (1) Grow a Committed Member and Supplier base

Mobilize and intensify efforts to grow the corporate membership base by developing and executing an effective membership growth strategy that advocates the value proposition for implementing supplier diversity as a strategic objective and clearly communicates the benefits of SASDC membership. Retain members by demonstrating best-in-class services and support.

Promote bona fide black supplier certification to and via targeted channels, clearly defining the objectives of the SASDC and the benefits of obtaining and retaining certification from the Council. Implement and continuously improve on the certification policies and procedures of the SASDC, ensuring the thoroughness, rigor, consistency and quality in execution.

**(2) Deliver Valued Member and Supplier Services**

Capacitating members with the skills and competencies to drive supplier diversity value-add within their respective organizations. Formalize relationships with strategic partners for Supplier Diversity Champion capacity building programs, development support and training facilitation. Assist Corporate Members with the development, improvement and expansion of black supplier development programs and recognize those that function well and/or best-in-class.

**(3) Facilitate Business Linkages**

On the basis of a critical mass of certified black suppliers, corporate members are able to source suppliers according to their respective demand requirements due to the Black Supplier Information System (BSISYS) being configured to provide for the correct search functionality and level of information. Facilitate match-making and linkage facilitation opportunities under the best possible circumstances in order to ensure the flow of procurement opportunities between corporate members and certified suppliers

**(4) Achieve Recognition as the Leader and Authority on Supplier Diversity**

Provide support and services which members find useful in helping them to implement supplier diversity, with tangible benefits. When the Council is able to showcase the services that existing members have received, and members testify to the benefits, we will also enjoy success in recruiting and retaining members. Align SASDC legal and operational structure to ensure compliance with its legislative framework, while obtaining and maintaining its tax-exempt Non-Profit Organization status. Ensure good governance and accountability to members, while optimally executing the organization's strategic objectives. Achieve optimal revenue from activities, accompanied by prudent expenditure management and control which will be re invested to fund the Council's strategic objectives

**C.4 PURPOSE OF THE ASSESSMENT**

USAID/Southern Africa Regional Economic Growth Office seeks an independent team to perform a data quality assessment of the SASDC activity which ends April 2, 2016. The purpose of the assessment is as follows: (a) to establish why there is such a high degree of underreporting by corporate members and certified suppliers; (b) to inform USAID and SASDC on limitations and constraints to accurate data collection and reporting; (c) make recommendations to SASDC on data collection and management systems to improve the quality of data collection and reporting; (d) determine actual results against targets to date; (e) determine if the current indicators and targets are still valid, and make recommendation accordingly.

The primary audience will be USAID/Southern Africa and SASDC.

## **C.5 ASSESSMENT QUESTIONS**

1. To what extent do SASDC corporate members and certified suppliers understand SASDC objectives and products and services?
2. To what extent do SASDC corporate members and certified suppliers see value in SASDC membership, and how does this impact on results reporting?
3. How familiar are SASDC corporate members and SASDC certified suppliers with SASDC reporting requirements?
4. To what extent do corporate procurement systems and reporting hierarchy impact results reporting?
5. To what extent do corporate data management systems and their interface with SADC data management tools pose a barrier to accurate and timely data capture and reporting, and how can these be overcome?
6. To what extent do SASDC corporate members under-report because of their concerns about providing access to proprietary information? What other concerns do SASDC corporate members have about reporting to the SASDC?
7. How can the SASDC performance management system be improved to address constraints and limitations to reporting?
8. What is the actual rand/dollar amount spent by SASDC corporate members on procurement from certified suppliers to date?

## **C.6 DESIGN AND METHODOLOGY**

### **Methodology**

The Contractor shall use both qualitative and quantitative methods and approaches for collecting and analyzing the information required to address the assessment questions. The methodology should include a data analysis plan including details on the process to transcribe and analyze qualitative data as well as procedures to analyze quantitative data. Triangulation of data across multiple sources will be required to validate findings.

The following is a suggested, non-exhaustive list of tools and methods:

- Document and Data Review – The Contractor shall conduct a document and data review of all sources cited in the Sources of Information subsection below and all other sources the Contractor deems necessary.
- Key Informant Interviews – The Contractor shall conduct qualitative, in-depth interviews with key stakeholders, including SASDC CEO, SASDC Board of Directors, as well as representatives of member corporations not represented on the Board, to obtain as wide a view and perspective as possible. The Consultant should also meet with a sample of certified suppliers, individually or in focus groups, as may best inform the assignment.
- Data Quality Assessments (DQAs) – The Contractor shall use the Systems Assessment as detailed on pages 10-11 of the technical proposal and the Data Verification Procedure as detailed on pages 12-14 of the technical proposal
- Online Surveys – The Contractor may choose to use surveys to collect self-reported data from program beneficiaries.
- Site Visits – The Contractor shall conduct site visits to an agreed upon sample of corporate members for face-to-face interaction and direct observation of procedures and practices.

*Limitations:* The Contractor shall clearly identify any limitations and establish a clear expectation of the level vigor and validity of the assessment protocol and findings in the final assessment report.

Participatory Process: The Contractor shall conduct the assessment in a participatory manner. The Contractor shall consult with the relevant and available stakeholders, as approved by the Mission, in an attempt to identify needs or gaps in their research protocol. To ensure ownership of the assessment findings, conclusions and recommendations, the Contractor shall present their draft report to an approved list of stakeholders as guided by the Mission. However, consideration of inclusion of comments from stakeholders into the assessment draft report will be the purview of the Assessment COR based on advice from the Mission’s responsible technical team.

### **Sources of Information:**

The Contractor shall review background material, including but not limited to the following documents. The Mission will provide these documents electronically (via email) by the first day of the period of performance.

- Original grant agreement and subsequent amendment
- Quarterly progress reports
- M&E reports
- Assessment report
- Other documents

### **Points of Contact, Roles and Logistics**

USAID's Involvement: USAID will provide limited support to the Assessment Team. The Contractor shall consult regularly with the USAID Task Order Contracting Officer's Representative (TOCOR), who is responsible for managing the assessment of SASDC. The TOCOR will provide technical direction during the performance of this SOW. In this role, the TOCOR will be restricted to providing technical guidance pertaining to questions the assessment team might have during the implementation of the SOW. All data collection tools must be shared with the SASDC Agreement Officer's Representative at USAID/Southern Africa for approval before commencing with implementation of the data collection process. The USAID representative will approve the methodology, including data collection and analysis plans, prior to the start of any fieldwork. The USG staff will not participate in the actual assessment and data collection process of this assessment.

Logistics: The Contractor shall be responsible for all logistics support required by the assessment team, including office and meeting space and equipment, secretarial support, photocopying, international and local communications, international and local travel and transport, and preparation of the final assessment report. The Contractor shall organize and manage travel and per diem for all international and local consultants, as well as, if needed, beneficiaries participating in the assessment. USAID/Southern Africa will arrange the meetings and provide facilities for oral briefings for USAID staff.

## APPENDIX 2 DATA COLLECTION TOOLS

The Assessment involved several interview guides including:

- The USAID KII Interview Guide (Table 21)
- The Board of the SASDC Interview Guide (Table 22)
- The SASDC Corporate Member Interview Guide (Table 23)
- The Certified Supplier Interview Guide (Table 24)
- The BSIC Interview Guide (Table 25)
- Online Survey Tool (Table 26)

**TABLE 21. USAID KII INTERVIEW GUIDE**

Question	Answer Options
Name of Assessor 1	First Name; Last Name
Name of Assessor 2	First Name Last Name
Name of Assessor 3	First Name Last Name
Name of Assessor 4	First Name Last Name
Date of KII	Month Day Year
Respondent Group	
1. What were your expected outcomes from the grant to SASDC?	
2. Can you identify any particular constraints that may have affected achievement of grant outcomes?	
3. In your opinion, where has SASDC been particularly successful (in respect of USAID funding objectives?)	
4. What do you think has impeded faster growth in corporate memberships?	
5. What have been the particular issues related to reporting identified for the SASDC grant?	
6. What are the reasons that have been provided by SASDC for the low levels of reporting?	
7.1 Do you think there are any structural/environmental constraints that have affected reporting by CM/suppliers?	Yes/No Please elaborate
8.1 Have any changes/amendments been made by SASDC to facilitate more comprehensive reporting?	Yes/No
9. How has this affected levels of reporting?	

**TABLE 22. SASDC BOARD INTERVIEW GUIDE**

Question	Answer Options
Date of Interview	Month Day Year
Name of Assessor 1	First Name Last Name
Name of Assessor 2	First Name Last Name
Name of Assessor 3	First Name Last Name
Name of Respondent Group	
1. What do you think is SASDC's core value proposition for corporations?	
2. Is SASDC delivering on this value proposition?	Yes/No/Unsure
3. What do you think has impeded faster growth in corporate memberships?	

4. Have there been any particular challenges in retaining members? (Refers to 'lapsed' members)?	Yes/No/Unsure Please elaborate.
5. What do you think are the main reasons why corporate members have formally withdrawn their membership?	
6. Additional comments?	

**TABLE 23. SASDC CM INTERVIEW GUIDE**

Questions	Answer Options
Date of Interview	Month Day Year
First Name Last Name (Optional)	
First Name Last Name (Optional)	
First Name Last Name (Optional)	
Name of Corporate Member	
1. How does your corporation define black-owned businesses?	
2. How does your corporation define women-owned suppliers?	
3. What are the sources of the data on value of transactions?	
4.1 If there are 2 data management systems, are the systems integrated?	Yes/No/Unsure
4.2 How are the systems integrated?	
5. What do you believe is the core objective of SASDC?	<ul style="list-style-type: none"> <li>To grow the South African economy through BEE</li> <li>To help corporate members grow their procurement with black-owned suppliers</li> <li>To create jobs through targeted procurement opportunities</li> <li>To provide capacity building to black-owned businesses</li> </ul>
Please elaborate	
6. What do you think is SASDC's core value proposition for corporations?	<ul style="list-style-type: none"> <li>To support members to develop enterprise supplier development strategies that uphold principles of supplier diversity</li> <li>To improve brand image with government, suppliers and the community to provide a facilitated service that supports connecting certified black suppliers and corporate members</li> <li>To reduce the risk of using new black-owned suppliers in their procurement process</li> </ul>
Please elaborate	
7. Is SASDC delivering on its value proposition?	Yes/No
Please elaborate	
8. What are the SASDC products and services available to corporate members?"	<ul style="list-style-type: none"> <li>Meet the Buyer Events</li> <li>Annual Conference</li> <li>Annual Business Opportunities Fair</li> <li>Networking and Knowledge Sharing</li> <li>Database of Certified Black-owned Suppliers</li> </ul>
Please elaborate	
9. Which SASDC products and services have you	<ul style="list-style-type: none"> <li>Meet the Buyer Events</li> </ul>

Questions	Answer Options
made use of? Do not prompt with options	<ul style="list-style-type: none"> <li>• Annual Conference</li> <li>• Annual Business Opportunities Fair</li> <li>• Networking and Knowledge Sharing</li> <li>• Database of Certified Black-owned Suppliers</li> </ul>
10. What key benefit did you expect to derive from SASDC when you initially became a member?	
11. What benefit are you actually deriving from your membership?	
12. Is there a designated senior manager who is responsible for maintaining the relationship with SASDC?	
Please elaborate	Yes/No
13. There are staff members who are responsible for monitoring and reporting the corporate member's performance against targets set for procurement with certified suppliers?	Strongly Agree Agree Disagree Strongly Disagree
Please elaborate	
14. How would you rate this statement: "I receive value from my SASDC corporate membership"?	Strongly Agree Agree Disagree Strongly Disagree
Please elaborate	
15. What benefit would you like to derive from your membership that you are not currently receiving?	
16. Have you referred any Black suppliers to SASDC for certification?	Yes/No
Please elaborate	
16.1 If YES, how many black suppliers have you referred?	
17. Have you recommended corporate membership to other corporations?	Yes/No
Please elaborate	
18. Do you plan to renew your corporate membership at your next membership anniversary?	Yes/No/Unsure
18.1 If you do not intend to renew, or are unsure, why do you feel this way?	
19. Is there anything that impedes your ongoing participation as a member? Please elaborate	
20. What is your understanding of the SASDC's reporting requirements?	<ul style="list-style-type: none"> <li>• I am confident of my understanding of SASDC's reporting requirement</li> <li>• I am unsure of all the requirements around submitting reports to SASDC</li> <li>• I did not know there were any requirements to submit reports to SASDC</li> </ul>
21.1 Have you received guidance from the SASDC on what to report, how and when?	Yes/No/Unsure
21.2 What reporting guidance have you received from SASDC?	In membership document <ul style="list-style-type: none"> <li>• Received reporting template</li> </ul>

Questions	Answer Options
Please elaborate	
<p>22. Why does your organization not report to the SASDC? (Only ask this question in the instance where the corporate member has never reported)</p>	<ul style="list-style-type: none"> <li>• Didn't know it was required</li> <li>• Time consuming (e.g. difficulty in gathering data from multiple sources, "coding" the data, completing the form etc.)</li> <li>• Not a priority</li> <li>• Data required by SASDC is not routinely collected/accessible within CM reporting system</li> <li>• Corporate confidentiality policy</li> <li>• Mismatch between corporate internal reporting cycle and SASDC reporting cycle</li> <li>• Internal data access rights (i.e. the corporate member's representative does not have access to the necessary data)</li> <li>• Transactions in corporate system are not tagged to enable reporting e.g. no tag at all (no tag on black or women ownership or SASDC certified) tagged according to BEE contributor level (not black ownership status)</li> <li>• Use a different definition of black-owned from SASDC e.g. &gt;26%</li> <li>• Competitive rivalry</li> <li>• Lack of cooperation from business units that host the data</li> <li>• Have not yet procured from SASDC certified suppliers</li> <li>• No-one has been assigned the responsibility</li> <li>• Not applicable</li> </ul>
<p>23. Is there anything that impedes your ability to report to the SASDC?</p>	<ul style="list-style-type: none"> <li>• Didn't know it was required</li> <li>• Time consuming (e.g. difficulty in gathering data from multiple sources, "coding" the data, completing the form etc.)</li> <li>• Not a priority</li> <li>• Data required by SASDC is not routinely collected/accessible within CM reporting system</li> <li>• Corporate confidentiality policy</li> <li>• Mismatch between corporate internal reporting cycle and SASDC reporting cycle</li> <li>• Internal data access rights (i.e. the corporate member's representative does not have access to the necessary data)</li> <li>• Transactions in corporate system are not tagged to enable reporting e.g. no tag at all (no tag on black or women ownership or SASDC certified) tagged according to BEE contributor level (not black ownership status)</li> <li>• Use a different definition of black-owned from SASDC e.g. &gt;26%</li> <li>• Competitive rivalry</li> <li>• Lack of cooperation from business units that host the data</li> <li>• Have not yet procured from SASDC certified suppliers</li> <li>• No-one has been assigned the responsibility</li> <li>• Not applicable</li> </ul>
Please elaborate.	

Questions	Answer Options
24. Can you provide any specific feedback as to what changes could be made so that corporate members can readily report on procurement with black suppliers?	

**TABLE 24. CERTIFIED SUPPLIER INTERVIEW GUIDE**

Questions	Answer Options
Name of Assessor	First Name Last Name
Name of Respondent (optional)	First Name Last Name
Date of KII	Month Day Year
Name of Certified Supplier	
1. What is your understanding of the objectives of SASDC?	
2. What is your understanding of the SASDC products and services that are available to certified suppliers?	
3. Which SASDC products and services have you made use of?	
4. What key benefit did you expect to derive from SASDC when you initially became a certified supplier?	
5. What benefit are you actually deriving from your certification?	
6. Have you accessed new business opportunities from SASDC corporate members since being certified? (note, this does not assume that certification necessarily played a role in this new business)	Yes/No/Unsure
Please elaborate.	
If YES, would you say that you can attribute accessing these new business opportunities to your involvement with SASDC?	Strongly Agree Agree Disagree Strongly Disagree Not Applicable
Please elaborate.	
7. What is the total number of sales in your business made since joining SASDC?	
8. What is the total number of sales your business made with SASDC corporate members between 2012-2015?	
9. What is the total rand value of your business' sales (i.e. total revenue) between 2012-2015?	
10. What is the total rand value of your business' sales to corporations between 2012 and 2015?	
11. What is the total rand value of your business' sales to SASDC corporate members between 2012-2015?	
12. Have you recommended SASDC certification to other suppliers?	Yes/No/Unsure
Please elaborate	
13. Do you plan to renew your certification at your next certification anniversary?	Yes/No/Unsure
If you do not intend to renew, or you are unsure, why do you feel this way?	

Questions	Answer Options
Please elaborate	
14. How would you rate this statement: "I receive value from my SASDC certification"	Strongly Agree Agree Disagree Strongly Disagree Not Applicable
Please elaborate	
15. Have you referred any Black suppliers to SASDC for certification?	Yes/No/Unsure
Please elaborate	
If YES, how many black suppliers have you referred?	
16. What is your understanding of the SASDC's reporting requirements?	
17. Have you received guidance from the SASDC on what to report, how and when?	Yes/No/Unsure
Please elaborate	
18. Precisely how has your involvement in SASDC resulted in your company doing business with corporate members?	
19. What this "extra" business meant for your company: (Please do not prompt for answers)	<ul style="list-style-type: none"> <li>• Hiring additional staff</li> <li>• Higher revenues and/or profits</li> <li>• The ability to pay off loans or take on new loans</li> <li>• The ability to recover from a loss-making position</li> <li>• The ability to move to bigger and/or better located premises</li> <li>• The ability to buy new equipment and machines</li> <li>• Learning new and better ways of interacting with customers and delivering service/product</li> </ul>
Please elaborate.	
What these various additional benefits meant for your business in general?	

**TABLE 25. SASDC BSIC INTERVIEW GUIDE**

Questions	Answer Options
Date of Interview	Month Day Year
Name of Assessor	First Name Last Name
Name of Respondent (optional)	First Name Last Name
Respondent Group	
1. What is your understanding of the core objective of SASDC?	
2. What key benefit did you expect to derive from SASDC when you initially became a member/certified supplier?	
3. What benefit are you actually deriving from your membership/certification?	
4. What is the role of the BSIC within SASDC?	
5. Have you communicated any issues related to services/benefits	Yes/No

to SASDC?	
Please elaborate.	
How were these issues dealt with?	

**TABLE 26. ONLINE SURVEY – CERTIFIED SUPPLIERS**

Questions	Answer Options
<p>Kindly note that:</p> <ul style="list-style-type: none"> <li>Your participation in this survey is entirely voluntary;</li> <li>Your responses to these questions will remain anonymous and you will not be contacted by SASDC for further information;</li> <li>The completion of your name and contact details is entirely optional; and,</li> <li>In all instances, corporate/corporations refers to large companies.</li> <li>This survey should take no longer than 20 minutes to complete.</li> </ul>	
1. Name	
Company Name	
Company Address	City/Town Province Postal Code Email Address Phone Number
2. Date of Completion of this Survey	DD/MM/YY
3. Date of initial SASDC Certification	DD/MM/YY
4. What do you believe is the core objective of SASDC?	<ul style="list-style-type: none"> <li>To grow the South African economy through BEE</li> <li>To help corporate members grow their procurement with black-owned suppliers</li> <li>To create jobs through targeted procurement opportunities</li> <li>To provide capacity building to black-owned businesses</li> </ul>
5. Please rate your understanding of the SASDC products and services available to certified suppliers.	<ul style="list-style-type: none"> <li>Linkage facilitation</li> <li>Networking and knowledge sharing</li> <li>Technical assistance and professional development</li> </ul>
6. Which SASDC products and services have you made use of? <i>Multiple selections allowed</i>	<ul style="list-style-type: none"> <li>"Meet the Buyer" Events</li> <li>Annual Conference</li> <li>Annual Business Opportunities Fair</li> <li>Capacity Building and Skills Workshops</li> <li>Database of other Certified Black Businesses</li> <li>None of the above</li> <li>Other (please specify)</li> </ul>
7. What are the benefits, in rank order that you expected to derive from SASDC when you initially became a certified supplier? ( <i>1 = highest ranking and 4 = lowest ranking</i> )	<ul style="list-style-type: none"> <li>A cost-effective platform to market my products/services to corporations</li> <li>Enhanced business know-how and capability</li> <li>Networking with other black-owned businesses</li> <li>Connecting Directly with corporate procurement decision-makers</li> </ul>
8. Have you accessed new business opportunities from SASDC Corporate Members since being certified? (NOTE: <i>this does not assume that certification necessarily played a role in this new business</i> )	<ul style="list-style-type: none"> <li>Yes</li> <li>No</li> </ul>

Questions	Answer Options
9. If YES, would you say that you can attribute these new business opportunities to your involvement with SASDC?	<ul style="list-style-type: none"> <li>• Strongly Agree</li> <li>• Agree</li> <li>• Disagree</li> <li>• Strongly Disagree</li> </ul>
10. What benefits have you derived from your certification with SASDC? <i>Multiple selections allowed.</i>	<ul style="list-style-type: none"> <li>• A cost effective platform to market my products/services to corporations</li> <li>• Enhanced business know-how and capability</li> <li>• Networking with other black-owned businesses</li> <li>• Connecting directly with corporate procurement decision-makers</li> <li>• None of the above</li> <li>• Other (please specify)</li> </ul>
11. Do you plan to renew your certification at your next certification anniversary?	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>
Why?	
12. Have you recommended SASDC Certification to other suppliers?	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>
13. How would you rate this statement: "I receive value from my SASDC Certification"?	<ul style="list-style-type: none"> <li>• Strongly Agree</li> <li>• Agree</li> <li>• Disagree</li> <li>• Strongly Disagree</li> </ul>
<b>Your understanding of SASDC reporting requirements:</b>	
14. Are you required to report to SASDC on the value of their sales in general, and more specifically, with SASDC corporate members?	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>
<b>What do you understand to be...</b>	
15. ....the required reporting frequency?	<ul style="list-style-type: none"> <li>• Monthly</li> <li>• Quarterly</li> <li>• Bi-annually</li> <li>• Annually</li> <li>• None of the above</li> </ul>
16....the required data to be reported? <i>Multiple Selections Allowed</i>	<ul style="list-style-type: none"> <li>• My total rand value of business' sales</li> <li>• My total rand value of sales to corporates</li> <li>• My total rand value of sales to SASDC corporate members</li> <li>• My total number of number of sales (orders/contracts) secured</li> <li>• My total number of sales (orders/contracts) made with SASDC corporate members</li> </ul>
17. Have you received guidance from SASDC on what to report, how and when?	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>
18. Is there anything that impedes your ability to report to SASDC?	
<b>Your Business' Accomplishments</b>	
19. What is the overall total number of orders/contracts your business has secured since joining SASDC?	
What is the total number of orders/contracts your business has secured <u>with SASDC corporate members</u> by calendar year:	<ul style="list-style-type: none"> <li>• 2012?</li> <li>• 2013?</li> <li>• 2014?</li> </ul>
What is the <i>overall</i> total rand value of your business' sales (i.e. total revenue) by Calendar Year	<ul style="list-style-type: none"> <li>• 2012?</li> <li>• 2013?</li> <li>• 2014?</li> </ul>

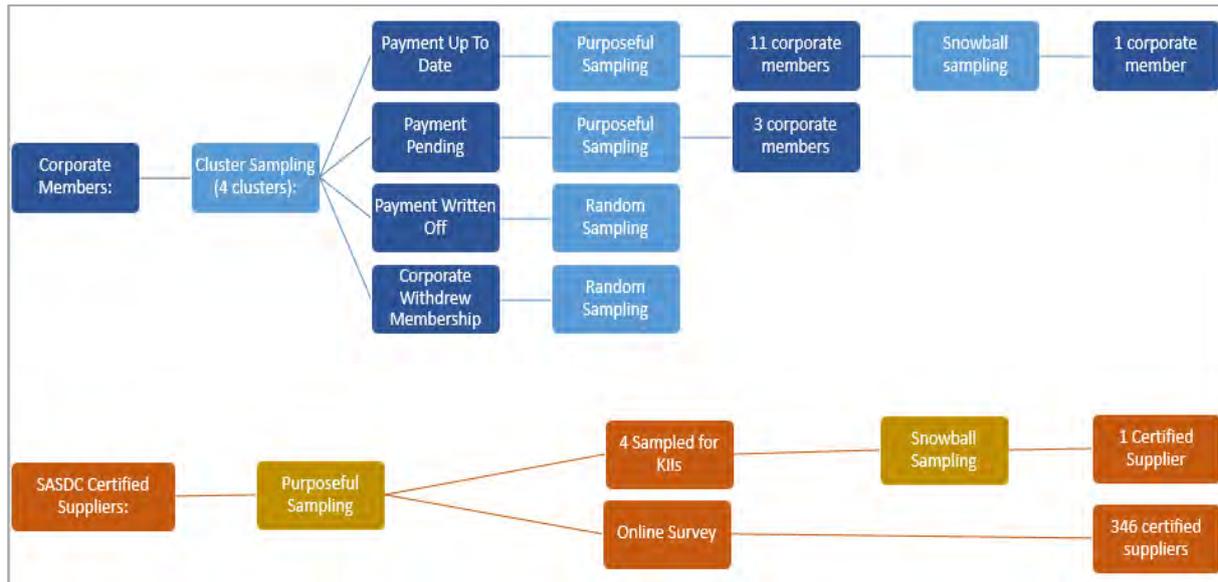
Questions	Answer Options
What is the total rand value of your business' sales to corporations (large companies) by calendar year	<ul style="list-style-type: none"> <li>• 2012?</li> <li>• 2013?</li> <li>• 2014?</li> </ul>
What is the total rand value of your business' sales to SASDC corporate members by calendar year	<ul style="list-style-type: none"> <li>• 2012?</li> <li>• 2013?</li> <li>• 2014?</li> </ul>
Thank you	

## APPENDIX 3 DETAILED ASSESSMENT APPROACH AND METHODOLOGY

### Sampling of Members and Suppliers

Figure 22 illustrates the sampling methodology applied for data collection with Corporate Members and Certified Suppliers.

FIGURE 22. SAMPLING METHODOLOGY



#### CORPORATE MEMBERS

Based on the corporate members' membership payment status at the SASDC, four clusters were identified, namely:

- Payments up to Date;
- Payments Pending;
- Payments Written Off; and,
- Corporate Members who have withdrawn their membership.

Within the 'Payments up to date' and 'payments pending' clusters, purposeful sampling was applied to include 14 corporate members in the total sample.

In the 'Payments written off' and 'corporate members who have withdrawn their membership' clusters, random sampling was applied to include an additional 8 corporate members.

#### SASDC CERTIFIED SUPPLIERS

Based on discussions held with USAID in the inception phase and the requirement of certified supplier success stories, the CEO of SASDC was asked by the assessment team to identify 5 certified suppliers for key informant interviews. Therefore, purposeful sampling was applied to identify the 5

certified suppliers. These key informant interviews will focus specifically on eliciting success stories about the programme.

The online survey will be disseminated to the total population of certified suppliers, that is, 341 certified suppliers.

## Data Collection Tools and Process

### DOCUMENT AND DATA REVIEW

The assessment team received a variety of documents from USAID and SASDC, including founding documents, policies, the USAID Cooperative Agreement and subsequent modification, the Performance Monitoring Plan, corporate member and supplier information, a sample of quarterly reports submitted to USAID among others.

The review of these documents assisted the team in identifying possible reasons for low levels of reporting, and weaknesses in the SASDC’s data management system that should be probed further. The key informant interview and focus group discussion guides were informed by the information gathered as part of the document review. The assessment team received a number of quarterly reports for the three year period, and was able to review other reports and data at SASDC, as available, during the Data Quality Assessment.

### SEMI-STRUCTURED KEY INFORMANT INTERVIEWS (KIIs)

The SASDC Secretariat, twenty two (22) SASDC Corporate Members, and 341 certified suppliers were the focus of this assessment although the assessment team sought out other stakeholders as indicated in Table 27.

**TABLE 27. LIST OF RESPONDENTS INTERVIEWED**

1	USAID
2	SASDC Secretariat
3	SASDC Corporate Members
4	SASDC Certified Suppliers
5	Black Supplier Input Committee

To efficiently collect data from the many key informants relevant to this assessment, the assessment team administered 15 KIIs with Corporate Members, two with members of the Black Supplier Input Committee and four with certified suppliers. The interviews included an accompanying Likert scale question to “quantify” the qualitative feedback on key indicators, e.g. the extent to which SASDC corporate members and certified suppliers understand SASDC objectives and products and services. Our proposed data collection tools (see Appendix B) contain these Likert scale questions which asked respondents to rate their agreement with particular statements using a four point scale, and a subset of more open-ended questions where respondents were able to elaborate on their answers. This scale will also assist in aggregating the data upwards for the full respondent group (corporate members and board members).

The qualitative KIIs were intended to gather information that relates to how respondents understand and view SASDC’s value proposition, the benefits of being affiliated to SASDC, how this

understanding influences the likelihood of reporting, barriers to reporting within participating Corporate Member organisations, and suggestions of improvements that can be made to facilitate more complete and accurate reporting. Key respondents for these KIIs included:

- SASDC Representatives
- CPO or equivalent
- Supply Chain Managers
- Black Supplier Input Committee (BSIC) members
- SASDC Board members

### GROUP INTERVIEWS/FOCUS GROUP DISCUSSIONS

The assessment team proposed conducting a group interview with members of the Black Supplier Input Committee (BSIC) and members of the SASDC Board of Governors. Due to the diverse geographical locations, both of these interviews were conducted by teleconference.

The assessment team conducted a group interview/FGD with the Board to gather strategic level input, with the understanding that the questions asked in such a discussion will be very high level, with some questions designed to compare and contrast views with corporate member responses and other questions relevant to their role as SASDC Board members. Documents obtained from SASDC indicated that many of the Board members were also the founding members, and should have the institutional memory to be able to reflect on any changes in the data collection and reporting processes which may have happened as a means of trying to address the problem of low-levels of reporting.

The assessment team also proposed convening a group interview/FGD with the Black Supplier Input Committee, a smaller group that provides some representation of the large number of certified suppliers who are registered with SASDC. This group discussion focused specifically on obtaining feedback related to the value of SASDC membership, the understanding of the SASDC offering, access to business and procurement opportunities as a result of being certified by SASDC and the ease with which suppliers are able to provide data.

Due to the difficulty with obtaining a mutually convenient time to speak with Board members, the group discussions were conducted telephonically. Two teleconferences were conducted, with three participants in each.

Two members of the BSIC were interviewed. The first interview was conducted telephonically with a member of the BSIC based in Nelspruit. The second interview was undertaken with the head of the Black Supplier Input Committee (BSIC) in Johannesburg.

Due to the difficulty with obtaining a mutually convenient time to speak with Board members, the group discussions were conducted telephonically. Two teleconferences were conducted, with four participants in the first, and three participants in the second teleconference.

### ONLINE SURVEY

An online survey tool was developed and disseminated to 341 SASDC certified suppliers who have not been sampled for semi-structured interviews. Questions in the online survey were directly related to the indicators included in the assessment. The assessment team received email addresses

for the certified suppliers to be emailed the web link to the survey. The online survey software also generated automated follow up reminders to those suppliers who had not yet responded to the online survey.

Of the 341 invitations that were disseminated, 65 certified suppliers responded to the survey.

## CASE STUDIES

Five certified suppliers were recommended by the CEO of the SASDC Secretariat, as potential “good news stories” for SASDC. They were selected based on the success they have achieved through their involvement with SASDC. Three of these certified suppliers were paid a site visit, with a range of questions posed around their involvement in SASDC, how this resulted in new business, and what it meant for their firms. One other certified supplier was recommended by Barloworld, as a potential case study, and a site visit was also made to the supplier in question.

## DATA COLLECTION APPROACHES FOR SPECIFIC RESPONDENT GROUPS

Table 28 outlines which assessment approach was used with the different respondent groups:

**TABLE 28. THE APPROACH TO BE APPLIED TO EACH RESPONDENT GROUP**

No.	Respondent Group	Approach
1.	SASDC Secretariat	KII and Full DQA
2.	USAID	KII
3.	At Corporate Member Level:	
3.1	Payments up to date	KII and Data Verification
3.2	Payment pending	KII and Data Verification
3.3	Payment Written Off	KII
3.4	Withdrew Membership	KII
4.	Sampled SASDC Certified Suppliers	KII
5.	Non-sampled SASDC Certified Suppliers	Online Survey
6.	SASDC Board	Focus Group Discussion
7.	Black Supplier Input Committee	KII

### At the SASDC Secretariat

KIIs plus the full DQA methodology were applied. Targeted KII respondents include SASDC Secretariat staff members. The full DQA includes both a data verification exercise and a comprehensive Data Management System (DMS) assessment which examines four functional areas:

- M&E Structure, Functions and Capabilities
- Indicator Definitions and Reporting Guidelines
- Data Collection and Reporting Forms/Tools
- Data Management Processes

### At USAID

The Contracting Officer from the Regional Economic Growth Office was interviewed as part of the inception process. This KII gathered high level information about the history of the grant, challenges

and successes, reporting issues which had been identified previously and if or how these had been addressed.

### At Corporate Members:

#### With Payments up to Date or Payments Pending

Only the data verification component of the full DQA exercise was applied at this level. In addition, the assessment team conducted a KII with sampled corporate members.

#### With Payments Written off or Memberships Written off

At this level, the assessment team met with identified corporate member representatives who were willing to participate in the assessment.

### At a Sample of Certified Suppliers

The Assessment Team held key informant interviews with four suppliers to gather information for the preparation of case studies related to success stories.

### At Non-Sampled Certified Suppliers

Online surveys were distributed to the non-sampled certified suppliers.

### At the SASDC Board and the Black Supplier Input Committee (BSIC)

Group discussions took place with the Board and individual KII with members of the BSIC.

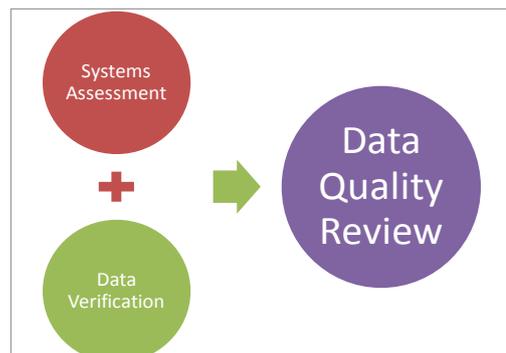
## DATA QUALITY ASSESSMENT (DQA)

Khulisa's DQAs are based on the broadly implemented methodology used by the Global Fund in its performance contracting model.

The DQA involves two procedures: (1) an assessment of the data management system in five functional areas (i.e. "Systems Assessment"), and (2) a physical verification of data reported over the period extending from April 2012 to March 2015 (i.e. "Data Verification"). Combined, these two procedures allow for a determination of the adequacy of data management systems/processes, the quality of data produced within these systems/processes (against specified data quality criteria), and the adequacy of human and physical resources to produce quality data. Specifically, the data verification component allows for the calculation of Data Verification Factors (DVF) which when converted into Error Rates can be used to estimate the actual rand value of transactions between CMs and CSs.

Both procedures also include interviews with key staff involved with the data management system, and this qualitative data is used to complement the quantitative procedure. The two procedures are interlinked for enhanced understanding of identified data quality shortcomings. For example, where the data recount during Data Verification identifies inaccuracies (e.g. over-reported or under-reported data), the associated Systems Assessment provides explanations for the inaccuracies, as well as the necessary remedies for improvement.

**At the Secretariat.** To verify the reported SASDC data, both the Systems Assessment and the Data Verification



components of the DQA were conducted at SASDC Secretariat. A group interview was conducted with key staff at the Secretariat to get an understanding of the strengths, weaknesses, opportunities, and threats of the Secretariat's data management system. A follow-on interview was conducted with the CEO of the Secretariat so as to fill in the knowledge gaps of the group interview. At the same time, the Assessment Team was given access to the SASDC database.

**At USAID.** None of the DQA procedures were performed at this level. However, the 'reported data' in this assessment were the numbers reported by the SASDC to USAID and were found in the quarterly SASDC reports to USAID.

**At the Corporate Member Level.** Only the data verification component of the traditional DQA was conducted at the Corporate Member level and this activity was highly dependent on CMs submitting their procurement data to the Assessment Team. Khulisa requested procurement data from 14 Corporate Members, but received data from only 6 CMs, while one CM submitted a B-BEE certificate. However, the procurement data from the 6 CMs was not in a standardized format with different levels of disaggregation.

**At the Certified Supplier Level.** None of the DQA procedures were performed at this level.

### Indicators Assessed

USAID selected eleven (11) performance indicators to be verified for data quality (see table below). For each indicator assessed, the reporting period examined was April 2012 to March 2015.

#### **INDICATORS ASSESSED**

s	DQA Indicator	Corresponding SASDC PMP Indicator	SASDC Indicator #	SASDC PMP Indicator Definition	Corresponding SASDC PMP Data Point
1	Number of corporate members	Number of Corporations joining the SASDC	6.2.8	Corporations registered with SASDC to improve their supplier diversity practices and good governance	# of corporation members
2	Number of applications received	Number of Suppliers Certified with the SASDC	6.2.2	Black bona-fide business enterprises certified with the SASDC to receive possible procurement opportunities and support to improve their business	# of applications received
3	Total number of certified suppliers	Number of Suppliers Certified with the SASDC	6.2.2	Black bona-fide business enterprises certified with the SASDC to receive possible procurement opportunities and support to improve their business	Total # of Certified Suppliers
4	Total number of sales	Number of sales made by Certified Suppliers	6.2.4	A sales contract is defined as a discrete order, where delivery is completed, invoice issued and against which payment is affected.	Total # of sales contracts supported

s	DQA Indicator	Corresponding SASDC PMP Indicator	SASDC Indicator #	SASDC PMP Indicator Definition	Corresponding SASDC PMP Data Point
5	Number of sales to SASDC corporate members	Number of sales made by Certified Suppliers	6.2.4	A sales contract is defined as a discrete order, where delivery is completed, invoice issued and against which payment is affected.	Of which sales to Corporate Members
6	Rand value of sales	Number of sales made by Certified Suppliers	6.2.5	Cumulative value of sale contracts supported	Rand value of sales
7	Rand value of sales to corporations	Number of sales made by Certified Suppliers	6.2.5	Cumulative value of sale contracts supported	Rand Value of Sales to Corporations
8	Rand value of sales to SASDC corporate members	Number of sales made by Certified Suppliers	6.2.5	Cumulative value of sale contracts supported	Rand value of sales to SASDC Member Corporation
9	Total value of procurement	Value of corporate procurement from black owned suppliers	6.2.9	Cumulative value of procurement from Certifiable Suppliers	Value of procurement
10	Value of procurement from certified suppliers	Value of corporate procurement from black owned suppliers	6.2.9	Cumulative value of procurement from Certifiable Suppliers	Value of procurement from Certified Supplier
11	Value of procurement from women owned firms	Value of corporate procurement from black owned suppliers	6.2.9	Cumulative value of procurement from Certifiable Suppliers	Value of procurement from women empowered firms

### Tools used

Khulisa conducted the Data Verification Exercise using the Global Fund DQA tools<sup>11</sup> which involved two separate protocols: Protocol 1 (P1) which is an assessment of the data management system in five functional areas (i.e. “Systems Assessment”), and Protocol 2 (P2) which is a physical verification of data reported in the last reporting period (i.e. “Data Verification”) against established data quality criteria. In addition,

Each data collection tool is further defined below.

#### **P1: SYSTEMS ASSESSMENT PROCEDURE**

The Systems Assessment documents the presence or absence of five functional areas for an M&E system as presented in the box to the right. All five functional areas contain a series of questions geared towards assessing the quality of the data management and

#### **TWO PROCEDURES OF DQAs**

**Systems Assessment:** examines 5 functional areas of an M&E system:

1. M&E Capabilities, Roles & Functions
2. Indicator Definitions and Reporting Guidelines
3. Data-Collection & Reporting Forms and Tools
4. Data Management Processes
5. Links with National Reporting System

**Data Verification:** Trace and verification of reported data across the data management system

<sup>11</sup> [http://www.theglobalfund.org/documents/monitoring\\_evaluation/ME\\_DQA\\_Tools\\_en/](http://www.theglobalfund.org/documents/monitoring_evaluation/ME_DQA_Tools_en/)

reporting systems.

The questions are answered using the following categories: “yes-completely”, “partly”, “no-not at all,” and “not applicable”. Each of the responses is assigned a numerical value from 3 (yes, completely) to 1 (no, not at all) to calculate an average score for each functional area. Responses coded “not applicable” are not included in the calculation of the final score.

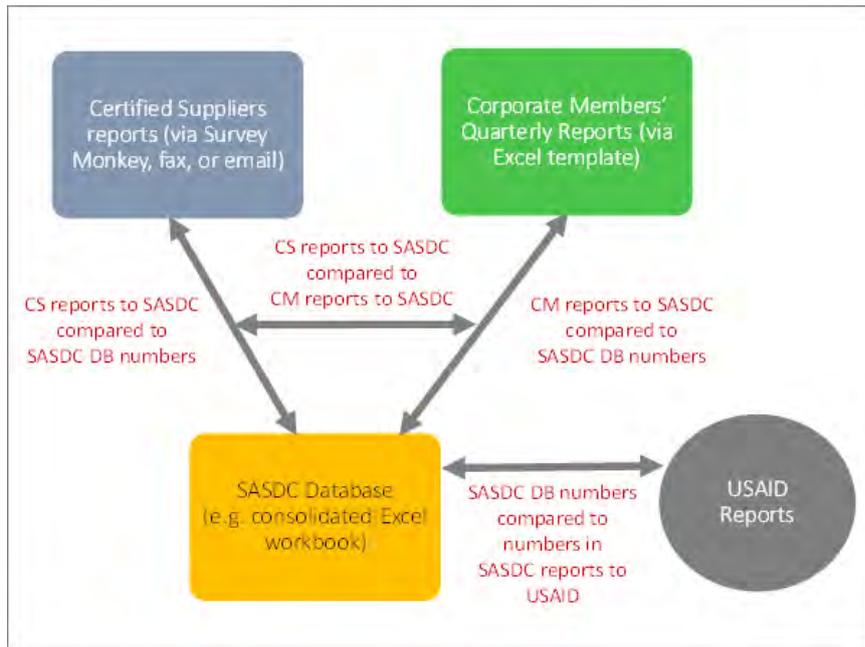
#### DESCRIPTION OF FUNCTIONAL AREAS ASSESSED UNDER THE SYSTEMS ASSESSMENT

Functional Areas	Summary Questions
M&E Structure, Functions, and Capabilities	Are key M&E and data-management staff identified with clearly assigned responsibilities?
	Have the majority of key M&E and data-management staff received the required training?
Indicator Definitions and Reporting Guidelines	Has the Project clearly documented (in writing) what is reported, to whom, how, and when reporting is required?
	Do operational indicator definitions meet relevant standards? Are they consistently followed at all service points?
Data-collection and Reporting Forms / Tools	Are there standard data-collection and reporting forms that are systematically used?
	Are source documents kept and made available in accordance with a written policy?
Data Management Processes	Do clear documentation of collection, aggregation, and manipulation steps exist?
	Are data quality challenges identified and are mechanisms in place for addressing them?
	Are there clearly defined and followed procedures to identify and reconcile discrepancies?
Links with overarching Reporting Systems	Does the Project’s data reporting system link to the overarching M&E system in the countries if applicable?

#### P2: DATA VERIFICATION PROCEDURE

The Data Verification procedure relies on comparisons between different source documents to determine the level of accuracy of reporting at each level. For the eleven performance indicators being assessed, the figure below presents the main DQA checks that were carried out.

## DATA VERIFICATION EXERCISES CONDUCTED IN THE SASDC ASSESSMENT



### Analytical Outputs

The P1 Systems Assessment produces quantitative results for each of the five functional areas described above. Each functional area is given a score between 0 and 3, and for this Verification Exercise, these were then converted to percentages. The percentage values for each functional area were then displayed in spider graphs.

The P2 Data Verification procedure produces quantitative results around the data quality criteria of **Accuracy** (or precision): Accuracy is measured through the Data Verification Factor (DVF). The DVF is calculated as the verified (or recounted) data divided by reported data.

$$\text{Data Verification factor} = \text{recounted numbers} / \text{reported numbers}$$

The DVF gives an indication of whether the data was over- or under-reported, i.e.:

- A DVF = 1.0 represents accurate reporting,
- A DVF > 1.0 represents an “under-report” as more data were found in the partner’s database than was reported in PIMS,
- A DVF < 1.0 represents an “over-report” because less data were found in the partner’s database than was reported in PIMS.

Error rates were then calculated using the verification factor as follows:

$$\text{Error Rate (\%)} = (1 - \text{data verification factor}) \times 100$$

The error rate provides a direction of the error (over- or under-reporting) as well as the magnitude, as shown in the table below.

**EXAMPLE OF ERROR RATE CALCULATION**

	<i>a</i>	<i>b</i>	<i>c = (a/b)</i>	<i>d=1-c x 100</i>
	Actual No. in Partner National Database	Actual No. in USAID Database	Verification Factor	Error Rate
1	4 191	4 102	1.022	-2.2%
2	40 126	44 930	0.893	10.7%
3	16 546	23 870	0.693	30.7%
4	7 010	7 930	0.884	11.6%
5	7 477	11 831	0.632	36.8%
6	93 778	87 375	1.073	-7.3%
7	15 753	21 856	0.721	27.9%
8	3 242	9 797	0.331	66.9%
<b>Grand Total</b>	<b>188 123</b>	<b>211 691</b>	<b>0.889</b>	<b>11.1%</b>

**Data Analysis Process****DATA QUALITY ASSESSMENT**

The analysis of the two protocols was carried out per the discussion above.

**KII, FGD, AND ONLINE SURVEY**

Subsequent to completing data collection, all evaluators cross-checked (cleaned) all data and address any inconsistencies or gaps.

Themes for analysis were informed by the eight assessment questions outlined in the Terms of Reference. Questions were mapped to each of these themes and will be triangulated with data collected through the recounts.

Information collected through the online survey directed at certified suppliers was aggregated into Excel and analysed using identified variables. The survey software produced a statistical output and visual representations of the data.

The process of combining and analysing data is known as triangulation. Triangulating multiple data sources provides depth to the analysis, and a more balanced view of the assessment. Combining both quantitative and qualitative data also provides a cross-check for validity.

Qualitative data was analysed using a code book, to identify major themes, with sub-themes for each assessment question. The assessment team agreed on themes and sub-themes together in advance of starting to code the data for analysis. Once these themes were identified, individual evaluators coded data using the themes.

There are a small number of cases where participants were unable to answer the questions. Where the questions were deemed to be not applicable to the respondent, the sampling size that was used for calculating frequencies and percentages was reduced.

## APPENDIX 4 LIST OF RESPONDENTS FOR THE FIELDWORK

### Actual vs. Intended Fieldwork

#	Planned Fieldwork	Intended Activity	Actual Fieldwork
<b>Other stakeholders</b>			
1	USAID	KII	USAID
2	SASDC Board (11 members)	One FGD	FGD1 (Brendan Raju; Renee Horne; Gary Joseph) FGD2 (Sibongile Shongwe; Matthew Govender; Lillian Karuri-Magero)
3	SASDC Secretariat DQA	Systems Assessment Data Verification	Systems Assessment Data Verification
4	BSIC	One FGD	
4.1	SwiftAir International		KII
4.2	Sebata Group of Companies		<i>Did not participate</i>
4.3	Tshego Fentse Facilities & Engineering		<i>Did not participate</i>
4.4	Nozihle Cleaning Services		Telephone-based KII
<b>TOTAL Fieldwork Activities</b>		4	6 (150%)
<b>Corporate Members</b>			
<b>Corporate Members in Good Standing</b>			
5	Cummins SA Pty Ltd	KII Data Verification	KII Data Verification Spend Report Submitted Reported Procurement
6	Foskor (Pty) Ltd	KII Data Verification	KII Data Verification Spend Report Not Submitted Reported Procurement
7	Rand Water	KII Data Verification	<i>Did not participate</i>
8	Barloworld Ltd.	KII Data Verification	KII only Data Verification Spend Report Not Submitted Reported Procurement
9	Shell (SA)	KII Data Verification	KII only Data Verification Spend Report Submitted Reported Procurement
10	Transnet	KII Data Verification	<i>Did not participate</i>
11	Absa Bank Limited	KII Data Verification	KII Data Verification Spend Report Not Submitted Reported Procurement

#	Planned Fieldwork	Intended Activity	Actual Fieldwork
12	Sasol Ltd	KII Data Verification	KII only Data Verification Spend Report Not Submitted Reported Procurement
13	IBM SA Pty Ltd	KII Data Verification	KII Data Verification Spend Report Not Submitted No Reported Procurement
14	Afrox	KII Data Verification	KII only Data Verification Spend Report Submitted Reported Procurement
15	Pfizer	KII Data Verification	KII only Data Verification Spend Report Submitted No Reported Procurement
16			Barloworld Motor Retail (KII only)
TOTAL Fieldwork Activities		22	19 (86.4%)
<b>Corporate Members with Payments Pending</b>			
16	Johnson Controls Facilities Management	KII Data Verification	<i>Did not participate</i>
17	Airports Company South Africa	KII Data Verification	KII Data Verification Spend Reports Not Submitted Reported Procurement
18	Cisco Systems	KII Data Verification	KII only
TOTAL Fieldwork Activities		6	3 (50%)

## Reasons for Deviation from the Original Sample

The main reasons for the differences between the planned and actual fieldwork are as follows:

The main reasons for the differences between the planned and actual fieldwork are as follows:

1. Discrepancy between Corporate Members and Certified Suppliers reported by SASDC versus those recounted during the Assessment:

Actual data collection was highly influenced by the number of active (at the time of the assessment) corporate members and certified suppliers. During the recount exercise, major discrepancies were uncovered in terms of their number of certified suppliers and corporate members as per Table 2. This means that at some point over the period under review the population reported by SASDC was accurate, i.e. corporate members: n=25; and, certified suppliers: n = 313. However, at the time of the assessment, the number of active corporate members stood at 12 and the number of active certified suppliers stood at 146.

**TABLE 29. SASDC REPORTED NUMBER OF MEMBERS VERSUS RECOUNTED NUMBER OF MEMBERS**

<b>Respondent Category</b>	<b>Reported</b>	<b>Verified</b>
Corporate Members	25	12
Payment up to Date	11	11
Payment Pending	3	3
Payments Written Off	11	11
Withdrawn Membership	5	5
Certified Suppliers	313	146
Suppliers with expired certification (Jan-Mar 2015)		6
Suppliers with expired certification prior to 2015		183
Suppliers without membership data		10
Suppliers on SASDC database		345

## 2. Unavailability of Identified Key Informants:

This was found across all respondent types. Reasons given by the different respondent groups included:

- The key informant no longer working at the Corporate Member
- The Corporate Member was not aware of the SASDC at all and felt that they could not provide meaningful information
- Compulsory travel or work commitments meant that it was impossible to participate.

Less frequently, but still prevalent it was found that respondent types refused to participate.

- Online Supplier Survey Response Rate

The platform 'Survey Monkey' was able to generate a list of respondents who had not participated in the survey. Eight email reminders were sent to those who had not participated at all. At the end of the data collection phase, the assessment team telephoned those respondents who had only partially completed the survey so as to understand why they had not completed and submitted the survey. Those who needed assistance were given guidance so as to successfully complete the survey.

## **APPENDIX 5 CERTIFIED SUPPLIER CASE STUDIES**

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## Case Study: SASOL and Libra Landscape

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### *A 3-year contract from Sasol spurs Libra Landscape's Growth*

#### HISTORY OF LIBRA LANDSCAPE

In 2005, Eskom's Horticulture Services Department decided to outsource their services. This affected many employees, including Ms Lebo Ramakuela, who had worked at Eskom for 9 years. Ms Ramakuela, a young black South African horticulturist, and her colleague Christo Saaiman, a landscape technologist, saw an opportunity to create a company to deliver horticultural services to Eskom. They became business partners and started Libra Landscape (<http://libralandscape.co.za/>), focusing initially on horticulture, landscaping, and maintenance services, and later expanding to cleaning services.

In 2012, Ms Ramakuela was introduced to SASDC during an exhibition that took place at Gallagher Convention Centre in Midrand. She was impressed by SASDC's offering to black businesses, in terms of exposure to large corporations and training opportunities, and became a SASDC certified supplier. She enthusiastically used various SASDC opportunities to build the capacity of Libra's employees and to promote the company.

Through the SASDC certification and membership, Libra has taken each and every opportunity to develop their service offering to potential clients. Ms Ramakuela states that within the landscaping industry, it is crucial to be current with industry requirements and standards, such as occupational health and safety. Libra, therefore, actively participated in SASDC capacity building and other services to develop its knowledge base and improve service delivery.

The **key benefits** that Libra has derived from its SASDC membership are (in order of importance):

1. The SASDC certification process.
2. The significance attached to the SASDC certification process by Corporate Members.
3. The training and capacity building workshops provided by the SASDC.
4. The SASDC provided a platform wherein Libra was able to promote their business to potential corporates.

#### THE SASOL – LIBRA LINKAGE

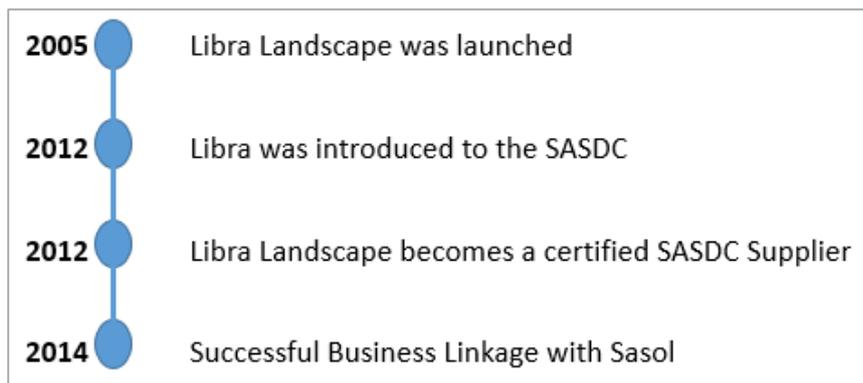
Prior to becoming a certified supplier in 2012, Libra had several successful contracts with SASDC Corporate Members, including Rand Water (2009) and Afrox (2011). But after joining SASDC, they secured their biggest and most significant business linkage with a SASDC corporate member in 2014

– a 3-year contract with Sasol. ***“This is the biggest growth our company has had up to now”***, Lebo shared. ***“Our SASDC certification is inspiring trust in us by other corporate members to give us much bigger jobs and responsibilities”***.

Ms Ramakuela attributes the weight attached to the SASDC certification, as well as the ongoing SASDC training and development, to Libra’s ability to effectively secure the Sasol linkage.

From Sasol’s perspective, SASDC provided a mechanism for identifying qualified suppliers. Sasol noted ***“SASDC is a source of competent black-owned businesses. We have a very stringent pre-requisites for suppliers to procure with us, and many need capacity building. We offer some capacity building but SASDC also does this.”***

**FIGURE 23. TIMELINE OF KEY EVENTS OR LIBRA AND SASOL**

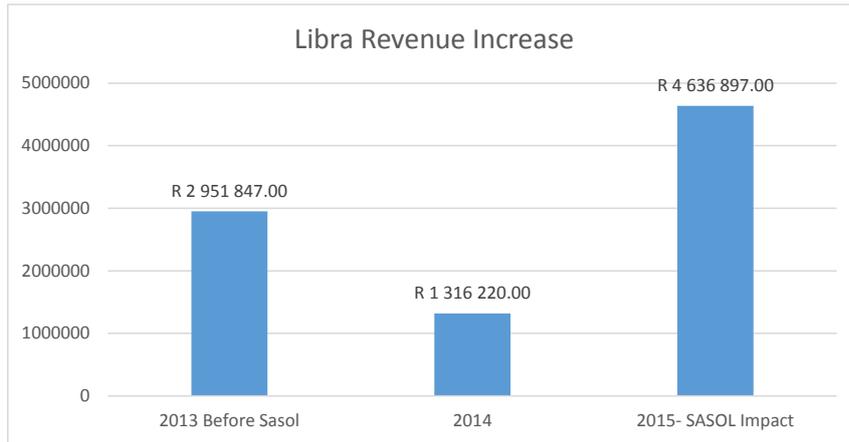


### THE IMPACT OF THE SASOL CONTRACT ON LIBRA LANDSCAPE

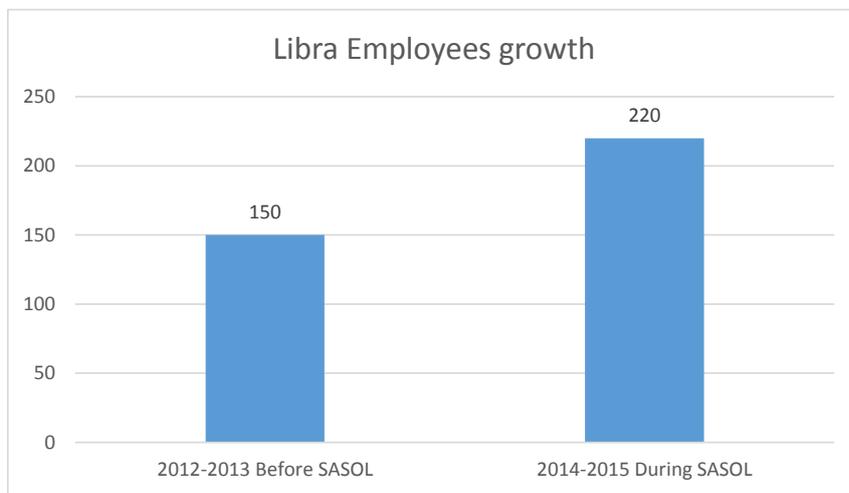
As a result of the Sasol contract, Libra’s turnover increased by more than 50%, and the company was able to open an additional branch in November 2014, hire 50% more staff, and acquire new assets including: computers, office furniture, motor vehicles, and gardening equipment. Libra has also sent staff on occupational health and safety training and promoted existing staff into supervisory positions.

In addition, because Sasol has had difficulty finding local suppliers in their geographic area(s), Libra Landscape decided to open an office in Secunda, where Sasol has significant operations, to meet SASOL needs locally.

**FIGURE 24. THE IMPACT OF THE SASOL LINKAGE ON LIBRA REVENUE**



**FIGURE 25. THE IMPACT OF THE SASOL LINKAGE ON LIBRA'S STAFF COMPLEMENT**



## Case Study: Rand Water and Reba Chemicals

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### ***Rand Water issued a multi-year contract to Reba Chemicals to supply water treatment chemicals.***

#### HISTORY OF REBA CHEMICALS

Initially established in 1982 after recognizing a gap in the availability of industry chemicals in South Africa, Reba Chemicals (<http://www.rebachemicals.co.za/>) was sold in 2008 to its current owner and Managing Director, Mr Freddy Motau.

Reba Chemicals manufactures a wide range of products, including water treatment chemicals, inorganic metal salts, and industrial acids. The company currently employs 18 staff and exports its products to Botswana, Zimbabwe, Namibia, Swaziland, and Mozambique.

#### REBA CHEMICALS AND SASDC

According to Mr Motau, SASDC invited Reba to one of their seminars in 2011. During the seminar, Reba was invited to go through the SASDC certification process to become a certified supplier that would appear on the SASDC database. Around the same time, Rand Water (a SASDC Corporate Member) advertised a tender invitation for a supplier of water treatment chemicals. Reba applied for this tender and since their business was already on the SASDC supplier database as certified suppliers, the result was a smooth and successful business linkage that extended from 2011 to 2014.

The **key benefits** that Reba has derived from its SASDC membership are (in order of importance):

1. The certification process
2. Appearing on SASDC's list of suppliers of bona-fide black owned businesses
3. The ability to connect directly with SASDC Corporate Member procurement decision-makers
5. Enhanced strategic business management.

#### THE RAND WATER – REBA LINKAGES

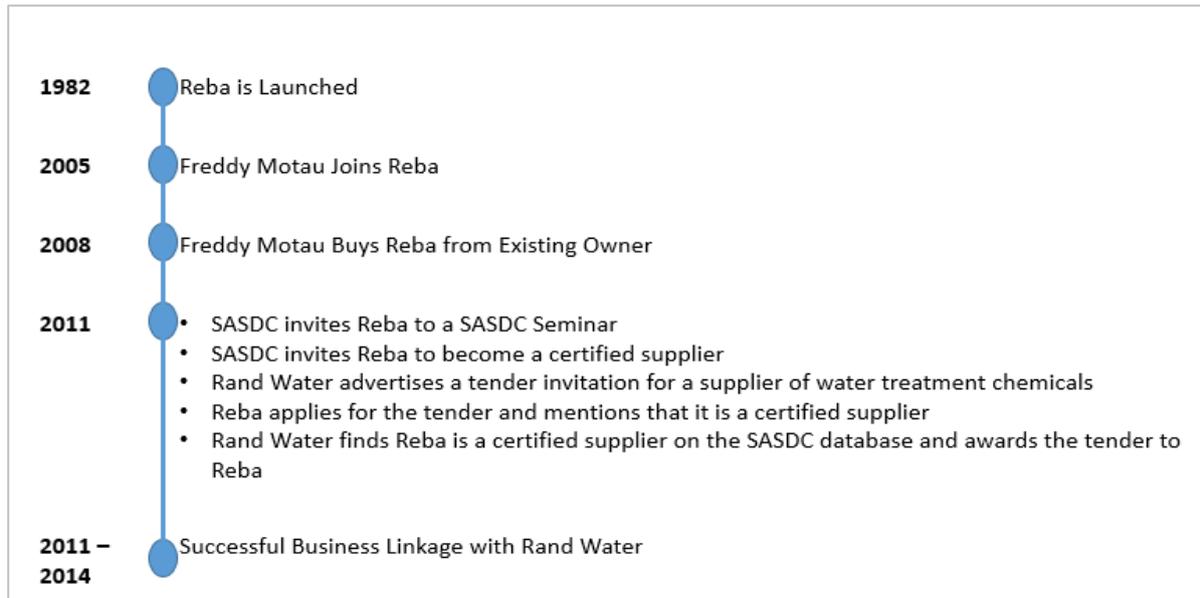
As a result of the Rand Water contract, Reba Chemicals was able to move into bigger premises wherein they are able to manufacture and store chemicals for various industries. Additional staff were retained and sent on industry-specific training so as to improve service delivery.

Reba Chemicals was also able to settle an existing loan and take on an additional loan so as to expand their business into Africa. Lastly, Reba was able to devote more resources to strategic

planning and the direction of their business, and have spent a considerable amount of time gathering market intelligence so as to better place their business.

Rand Water found ***“SASDC’s certification of black owned or women owned suppliers to be robust and helpful in identifying qualified suppliers like Reba. In addition, SASDC’s annual conference and business opportunity fairs are very useful for corporate members seeking B-BBEE suppliers”***. Rand Water indicated that both SASDC’s and its own supplier development initiatives help to build the capacity of suppliers. Rand Water also indicated that it ***“would recommend Reba Chemicals to any of the water utilities in South Africa”***.

**FIGURE 26. TIMELINE OF KEY EVENTS FOR REBA AND RAND WATER**



Over the last few years, Reba Chemicals has grown substantially over the years and has evolved into an exporter of its manufactured products. In order to meet different industry specifications and needs, Mr Motau has sent his staff on specialist training. He is also looking into the possibility of acquiring or merging with other small businesses operating in this space.

Mr. Motau spends a significant portion of his time doing market research to gain insights into the industry so as to inform strategic decisions, and is looking into expanding Reba’s operations elsewhere in Africa.

## Case Study: Shell South Africa and Nozihle Cleaning Services



### *Shell's contract with Nozihle Cleaning Services spurred growth and expansion*

#### HISTORY OF NOZIHLE CLEANING SERVICES

Nozihle Cleaning Services (Nozihle) (<http://www.nozihlecleaningservices.co.za/>) provides tailored cleaning, gardening, and hygiene services, specialising in environmentally-friendly methods. Based in Nelspruit, Mpumalanga, Nozihle was established in 2003 by Ms Dolly Mbuyane, initially on a part-time basis, with operations being scaled up to a full-time basis in 2007. The company currently has more than 100 employees and has won several awards, including being a Finalist in the 2011 Award for Small Enterprises given by the Lowveld Chamber Business and Tourism (LCBT) and Nedbank, and a winner in the 2012 Mpumalanga Productivity Awards.



*CEO, Dolly Mbuyane was a finalist for Mpumalanga's Businesswoman of the Year (2011), a Runner-Up for the SEDA Small Business Stars Award (2012), the Mpumalanga Provincial Survey Leaders and Achiever Award (2013 and 2014), and the Winner of the South African Women's Entrepreneurs' Network Ligug Lami Award for Mpumalanga*

#### NOZIHLE CLEANING SERVICES AND SASDC

Nozihle joined SASDC in January 2011 when the Council was established, and has since made use of a number of SASDC's services including its 'meet the buyer' events, and the annual conference/business opportunity fair. Ms Mbuyane noted that these events were helpful, particularly the contractor's forum held at Rand Water and organised by SASDC. ***"The value in this forum was in meeting other certified suppliers and developing knowledge around health and safety standards"***.

Ms Mbuyane has been an active SASDC member and has been part of the Black Supplier Input Committee (BSIC) whose role is to provide SASDC corporate members with key insights into the certified suppliers' experience of SASDC and how to maximise the success of SASDC's business linkage function.

The **key benefits** that Nozihle has derived from its SASDC membership have been (in order of importance):

1. The provision of a cost-effective platform to market their products and services
2. The ability to connect directly with corporate procurement decision-makers
3. The ability to network with other black-owned businesses
4. Enhanced business know-how and capabilities

## SHELL AND NOZIHLE CLEANING SERVICES

The establishment of the linkage between Shell and Nozihle began in August 2015 when SASDC requested that Nozihle update their company profile for SASDC’s records. Shortly thereafter, Nozihle was contacted by Shell who were looking to source cleaning services. Shell had established target areas within which they wanted to expand their procurement from black and women-owned businesses; one of these areas being cleaning services.

Shell’s Transformation Specialist in Procurement approached SASDC and requested the profiles of certified suppliers that offer cleaning services. Based on this, Shell reached out to Nozihle with a request for quotation (RFQ).

In conjunction with the tender process, Shell carried out a gap assessment of Nozihle, focusing on areas where Shell could provide capacity development assistance. One gap identified by Shell was in the area of Health, Safety, Security, and Environment (HSSE).

Nozihle tendered and received Shell contracts in Polokwane (Limpopo), Nelspruit (Mpumalanga), and Emalahleni (Mpumalanga), but they were not successful in receiving contracts at Shell sites in Gauteng or KwaZulu-Natal. This was based on Shell’s assessment that Nozihle should start with smaller sites, and focus on capacity building and scaling up of their operations.

Since the linkage with Shell, Nozihle has benefitted from the in-house capacity building provided by Shell, which has committed human, financial, and technical resources to develop its suppliers. Ms Mbuyane noted that the exposure that Nozihle received from SASDC has been ***invaluable in terms of developing the confidence to do business with large companies.***

In Ms Mbuyane’s view, ***SASDC was essential in establishing the linkage between Nozihle and Shell.*** This sentiment is echoed by Shell’s Transformation Specialist in Procurement who noted that ***SASDC is Shell’s first port of call*** when seeking black and/or women-owned suppliers. To the extent that black or women owned businesses approach Shell directly, Shell refers them to SASDC, as SASDC’s certification includes a portion of the initial vetting that Shell would otherwise have to do. Furthermore, Shell finds SASDC to be a useful intermediary when the company would anonymously like more information on a potential supplier – without having to disclose that Shell is looking for a new supplier. In addition to establishing the linkage between Nozihle, Shell, noted that ***“SASDC was helpful in introducing Nozihle to potential sub-contractors for its larger projects”.***

From Shell’s perspective, SASDC is particularly beneficial because ***“...Shell’s procurement team is very small and for us to be sourcing suppliers – for us it is quite difficult. I think it is a very good partnership.”*** Shell went on to say that the addition of Sebastian Preston to the SASDC team has been instrumental in strengthening the partnership, noting that “Sebastian has been great in

FIGURE 27. TIMELINE OF KEY EVENTS



matching our needs with suppliers already in the database as well as finding other suppliers that might meet our needs.” Shell now only sources its black-owned suppliers, such as Nozihle, through SASDC and has referred about 30 suppliers to SASDC over the last few months.

### THE IMPACT OF THE SHELL CONTRACT ON NOZIHLE

As a result of the Shell contracts in Polokwane, Nelspruit, and Emalahleni, Nozihle was able to hire more staff and buy additional equipment.

The company is also expecting a considerable bump in revenue for the 2015/2016 financial year.

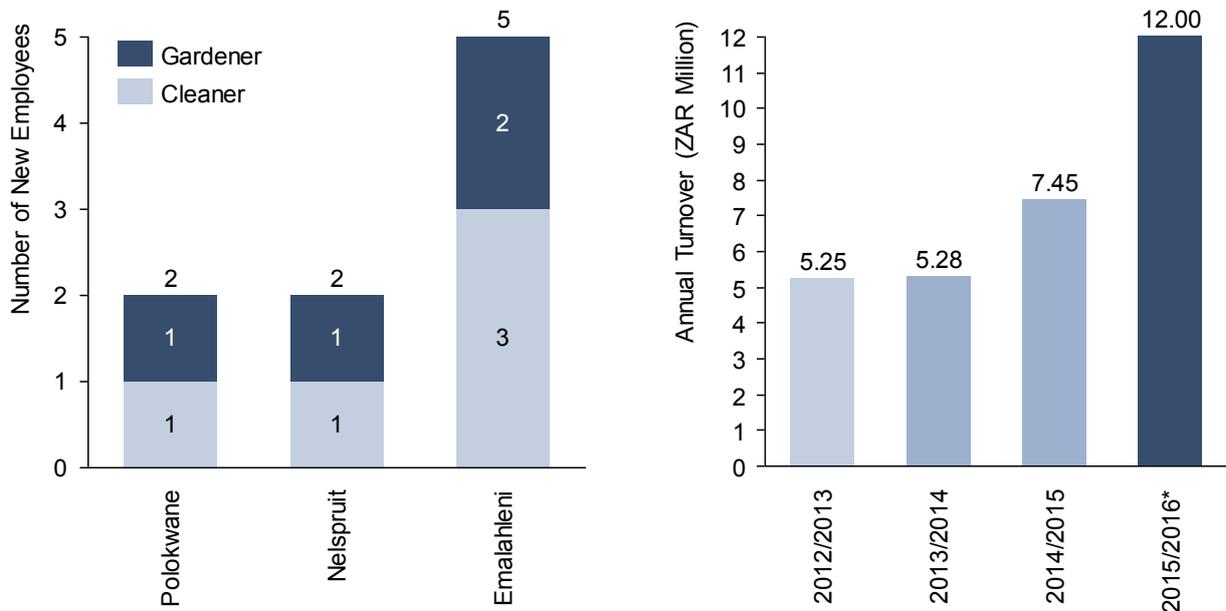
From a staffing perspective, Nozihle was able to employ an additional nine members of staff – two in Nelspruit and Polokwane, and five in Emalahleni.



As a result of the Shell contract, Nozihle was able to hire more staff and purchase more equipment.

From a revenue perspective, Nozihle grew by 1% between the 2012/13 and 2013/14 financial years. Between the 2013/14 and 2014/15 financial years, revenue growth improved considerably – increasing by 41%. The biggest jump is however expected in the 2015/16 financial year. Ms Mbuyane forecasts that, in large part due to the contract with Shell, Nozihle’s revenue will increase by 71% this year when compared to the previous financial year.

FIGURE 28. GROWTH IN NOZIHLE STAFFING AND REVENUE<sup>12</sup>



<sup>12</sup> 2015/2016\*: Forecast

## Case Study: Foskor and Deltron Consulting Pty (Ltd)



### *A contract from FOSKOR fuels Deltron Expansion*

#### HISTORY OF DELTRON CONSULTING

Deltron Consulting was started in 2012 and currently has offices in both Johannesburg and Durban. The Durban office is responsible for all coastal projects in KZN, Eastern Cape, and Western Cape.

Deltron Consulting (<http://www.deltron.co.za/index.html>) is a professional services company that operates as an Engineering, Procurement, and Construction Management Company based in Johannesburg, with a second premises in Kwa-Zulu Natal. The KZN operation enables Deltron to service Foskor, a large phosphate and phosphoric acid producer based in Richards Bay.

Foskor’s services are collaborative solutions that incorporate:



The company recently acquired level 1 BEE status. Deltron has 46 staff members, most of whom are previously disadvantaged individuals as elaborated on in Table 1 below.

**TABLE 30. STAFF BREAKDOWN OF DELTRON CONSULTING**

Category	N=
Women	14
Men	32
Youth	38
Disabled	2
African	41
Coloured	3
Indian	1
White	1

Deltron CEO Chris Ndlovu holds a BSc degree in Electrical Engineering, a Diploma in Project Management, a Post graduate Diploma in Engineering, a Professional Electrical and Electronics

degree, as well as a Master of Commerce in Leadership and Strategy.

Before founding Deltron Consulting, Mr Ndlovu worked as a lead engineer at Sasol in 1999. He then became an Electrical and Instrumentation Services Manager at Mondi Uncoated Fine Paper in 2003, where he was promoted to Deputy Business Unit Manager in 2007. He left Mondi in 2008 to join Igoda Projects where he was a Senior Electrical Engineer. In 2011, he became the Executive Manager of Sebata Institute where he worked for just less than two years before becoming the CEO of Deltron Consulting in 2013.

Deltron Consulting plays a huge role in developing youth by providing them with exposure to the corporate environment and equipping them with the necessary skills for their career paths. In 2014, Deltron received an Ekurhuleni Municipality award for The Best Corporate Citizen and Partner for Youth Development. Currently, Deltron has ten interns, with one intern being retained as a permanent employee.

### DELTRON AND SASDC

Deltron joined SASDC in 2014, and through its membership has also benefited from supplier development training that it received in 2014. This training has contributed to the company going on to secure contracts with numerous corporates—Foskor, Absa, Rand Water, Anglo Platinum, and Cummins.

Deltron met Foskor representatives at SASDC's Annual Conference during the allocated networking slot. As a certified supplier, Deltron has participated in capacity-building workshops, the NMSDC international conference and makes use of the SASDC web portal.

### DELTRON AND FOSKOR

In 2014, Foskor launched its new Supplier Development Initiative which allows for the identification of black suppliers for Foskor's core functions. This programme complements one of SASDC's core functions of supporting its corporate members in establishing sustainable business practices that demonstrate supplier diversity.

The establishment of its Supplier Development Initiative is aligned to Foskor's view that the core objective of SASDC is "to provide capacity building to black-owned businesses". Foskor notes however that their actual benefits of membership have been less than what was expected, but that SASDC has facilitated access to a broader range of suppliers. Foskor has, in addition, referred about 10 black suppliers to SASDC for certification, including Deltron.

Deltron is wholly black owned and has a level 1 B-BBEE accreditation. Foskor selected Deltron in 2014 as one of ten suppliers to undergo an intensive four-month Foskor training programme intended to optimise the efficiencies of the selected suppliers and ensures growth and business sustainability. The Foskor training and the business linkage has fostered Deltron's growth, and is attributed to the securing of contracts with other large companies such as Absa, Rand Water and Anglo Platinum.

Since joining SASDC and establishing its business relationship with Foskor, Deltron has been able to create 10 new jobs. In addition, it was able to acquire its own office space in La Lucia Ridge,

Umhlanga<sup>13</sup>. Its sustained growth has resulted in an expanded client base which includes Engen, Umgeni Water, Uphongolo, Hibiscus Coast Municipality and Cummins, a global power leader and engine manufacturer, a SASDC founding corporate member, and a member of the US National Minority Supplier Development Council.

Through their relations with Foskor, Delton also established a joint venture with DEC in 2014, which would see the implementation of R700m worth of capital projects in Richards Bay. The project has a life span of 3-4 years with R200m of projects being completed in the 2014/2015 financial year and R500m worth of the projects being completed over the long term.

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<sup>13</sup> Prior to this, Deltron offices were as being housed under the Sebata Group office in Durban, where it was execution partner to Sebata for the Transnet National Ports Authority projects.