



# RE-ADVERTISEMENT REQUEST FOR RESEARCH PROPOSAL

(RFP Reference Number- FSTCRESEARCH003/22

**REQUEST FOR PROPOSAL FOR CONDUCTING RESEARCH ON THE  
PROGRESS OF EMPOWERING FINANCING THROUGH THE SUB-ELEMENT  
BLACK BUSINESS GROWTH FUNDING IN ACHIEVING IMPACTFUL  
TRANSFORMATION IN THE COUNTRY.**

**PUBLISHED DATE: 10 October 2023**

**CLOSING DATE: 27 October 2023**

**TIME: 16:00**

## LETTER OF INVITATION

To the Service Provider/ Applicant:

### **REQUEST FOR PROPOSAL FOR CONDUCTING RESEARCH ON THE PROGRESS OF EMPOWERING FINANCING THROUGH THE SUB-ELEMENT BLACK BUSINESS GROWTH FUNDING IN ACHIEVING IMPACTFUL TRANSFORMATION IN THE COUNTRY.**

The Financial Sector Transformation Council (FSTC) is inviting prospective service providers to submit their proposal for conducting research on **“The Progress Of Empowering Financing Through The Sub-Element Black Business Growth Funding In Achieving Impactful Transformation In The Country.”**

”. The Request for Proposal (RFP) provides the service provider/applicant with the relevant operational, performance and requirements of the expected outcome.

The service provider/ applicant will be selected under the procedures described in this Request for Proposal (RFP) document. Your proposal could form the basis of a contract between the successful service provider/ applicant and the FSTC.

To enable you to submit a proposal, please find enclosed:

- Letter of Invitation
- Disclaimer
- Terms of References (TOR)
  - Background
  - Objectives
  - Content of Proposal
  - Profile of Service Provider
  - Deliverables of Service
  - Timelines
  - Evaluation Criteria
  - Submission of Applications

This tender fully complies with the prescribed B-BBEE Requirements and procurement policy of the organisation. The tender will remain open for acceptance of Fourteen (14) working calendar days.

*\*Note:* In submitting any information or documentation requested above or any other information that may be requested pursuant to this RFP, you are consenting to the processing by the FSTC, or its stakeholders of your personal information and all other personal information contained therein, as contemplated in the Protection of Personal Information Act, No.4 of 2013 and Regulations promulgated thereunder (“POPI Act”). Further, you declare that you have obtained all consents required by the POPI Act or any other law applicable. Thus, you hereby indemnify the FSTC against any civil or criminal action, administrative fine, or other penalty or loss that may arise as a result of the processing of any personal information that you submit.

## DISCLAIMER

The information contained in this Request for Proposal document (the “RFP”) or subsequently provided to the service provider/applicant, whether verbally or in documentary or any other form by or on behalf of the FSTC or any of its employees or stakeholders, is provided to the service provider or applicant in terms and conditions set out in this RFP and such other terms and conditions subject to which such information is provided.

This request for RFP is not an offer by the Financial Sector Transformation Council (FSTC) but an invitation to receive responses from the eligible service provider(s) or applicant (s) for partnering with FSTC, in submitting their proposal to conduct research pertaining to “ **THE PROGRESS OF EMPOWERING FINANCING THROUGH THE SUB-ELEMENT BLACK BUSINESS GROWTH FUNDING IN ACHIEVING IMPACTFUL TRANSFORMATION IN THE COUNTRY**”.

Interested service provider or applicant shall bear all costs incurred in connection with the preparation and submission of their RFP and for finalisation of the contract and the attachments thereof. The FSTC will in no case be responsible for payment to the service provider for these costs. No contractual obligation whatsoever shall arise from the RFP process unless and until a formal contract is signed and executed between the FSTC and the successful service provider or applicant concerned. This RFP is being issued with no financial commitment and the FSTC reserves the right to withdraw the RFP and change or vary any part thereof or foreclose the same at any stage.

Failure to adhere to the RFP submission instructions shall result in the proposal being automatically disqualified and eliminated from further evaluation.

# TERMS OF REFERENCE (TOR)

## 1. BACKGROUND

### 1.1. Financial Sector Transformation Council

The FSTC, mandated in accordance with the Financial Sector Code, gazetted under Section 9 (1) of the Broad-Based Black Empowerment Act 46 of 2013, is a non-profit organisation carrying out a significant role as a transformational body to drive and measure the holistic transformation imperatives of the financial services sector. The FSTC has a shared responsibility with Government and pro-transformation bodies to track and acknowledge the sector's contribution towards achieving economic inclusion by addressing inequality amongst ethnic groups and contributing to the aggerated transition of the financial sector and the South African economy.

In attaining its transformational responsibility and ensuring the financial sector yields outcomes that deliberate on its B-BBEE initiatives, one of FSTC's core objectives is through conducting research. Research is key to the realisation of the goals of the FSTC as well as assist in determining the implementation challenges and successes of the Amended FS Code. The said research topic therefore aims to assist the FSTC in identifying and understanding the socio-economic progress of South Africa by carrying out a thorough study on the available literature related to the Amended FS Code. In doing so, the elements of the Amended FS Code will be critically examined, providing a comprehensive analysis of the status quo on transformation and ensuring industry initiatives do not go unnoticed.

Therefore, as the financial sector is uniquely positioned to create sustainable wealth through leveraging on resources, to reflect on ways the financial sector and its key stakeholders can commit to creating a social difference in the economy, this study will focus on unlocking a contextual understanding of the measures accorded to the Black Business Growth Funding sub-element in supporting and accelerating a highly diverse and transformed portfolio in providing capital allocation to emerging Black owned enterprises and agricultural activities.

## **1.2. Empowering Finance element through Black Business Growth Funding**

Empowerment Financing element is implemented by the banking sector and life offices and seeks to encourage funding for Black Small, Medium and Micro Enterprises (SMMEs) through the promotion of B-BBEE transactions and Black Business Growth Funding (BBGF) as well as address targeted investments for transformational infrastructure, Black Agricultural Financing, Affordable Housing, Black Business Growth and Small Medium Enterprise (SME) Funding. Against this background, BBGF sub-element became effective on the 1<sup>st</sup> of December 2017 under the Amended Financial Sector Code to assist in ensuring that Empowerment Financing is appropriately applied across the demographics and designated groups of South Africa as it remains a homogenous society characterised by racially-based, income and social inequalities.

For this reason, the BBGF was introduced as a provision of risk capital intended to increase the capital provision and participation of Black enterprises to promote job creation and sustainable economic growth through unlocking funds to support black businesses in the financial services. The BBGF was designed as a mechanism to expedite transformation to achieve greater investment, simultaneously offering entities an alternative way to improve their BBEE Score. To this end, the financial sector committed to invest R100 billion in Black-owned enterprises falling within BBEE contributor level 1 and BBEE contributor level 6 over a 5 year period as part of the commitment towards the 2018 Presidential Jobs Summit Framework Agreement through provision of financial and non-financial support in line with the objectives of B-BBEE.

In assessing the average BBGF's contribution towards the sector's performance, the Amalgamated 2018/19 and 2019/20 State of Transformation Annual Report illustrated the average target for Empowerment Financing, in which it presented an underperformance by sub-sectors on the Empowerment Financing targets, which directly affects BBGF provisions for Black-owned enterprises. The prevalent challenges of the report include the absence of appropriate monitoring and evaluating BBGF approval process which has resulted in limited data collected to ascertain legislative direction as those who are meant to directly benefit from the fund may be excluded, as well as the non-harmonised reporting framework

In recognition of the above and the significant role BBGF plays in supporting the progress of Black SMMEs in South Africa, stakeholders have alluded to the importance of extensively researching the process BBGF undergoes in achieving impactful transformation through its allocation for SMMEs and all designated groups including ways in which the scorecard can be improved to achieve greater investment instruments that are effective in measuring and implementing transformation in the sector.

With this context, the prospective service provider/applicant should investigate the quantum of commitments in the respective sub- sectors and identify to what extent the BBGF model of approving and supporting Black SMMEs is an impactful-driver in achieving transformation in the sector as well as addressing the challenges associated with the model. Moreover, the service provider/applicant is tasked with providing recommendations that can assist in investing in effective instruments that support the transformation intentions of the sector to empower the previously disenfranchised to grow their operations through the provision of BBGF.

## **OBJECTIVES**

The primary objective of this research is for the service provider/applicant to evaluate and assess the BBGF funding model to consider improvements to the scorecard and recommendations that fully embrace BBGF's initiative in supporting economic transformation, job creation and Black participation. The study should further outline the extent that these initiatives have been implemented and whether there are other effective tools or developments that the financial sector could bring about to empowering women, black employment, youth employment and Black ownership.

In addition to the above, the study should assess the progress, impact and possibility of the financial sector in achieving its commitment to invest 100 billion rands into Black-owned enterprises falling within BEE contributor level 1 and BEE contributor level 6 before the 5 year period is reached, providing recommendations in accelerating intentional investments within South Africa's economy that warrant beneficial outcomes for BBGF's intended beneficiaries.

## **1. CONTENT OF PROPOSAL**

**The proposals should contain the following information:**

- a) A cover letter, briefly describing the purpose of the proposed project, duration, place of performance, budget and budget justification, names, and contact details of the primary contact person who would be able to respond to inquiries regarding the request.
- b) The body of the proposal should at least contain the following sections/elements:
  - I. Executive Summary – (1 page or less) including a statement of introduction, aims, and objectives, a summary of suggested methodologies, and work programme.
  - II. Background, Understanding, and Interpretation of the Project.
  - III. Implementation Methods – Proposed project design, data collection methods, analysis, and references of where research work/ study has been undertaken.
  - IV. The composition of the team you propose to provide- A description

of the roles and responsibilities of individuals who will work on the project, . Interested service providers need to indicate who their project leader will be and the project leader should be the same throughout the project life cycle. In the case of consortia, the organisations concerned should clearly specify their roles

- V. B-BBEE Scorecard and Certificate or Sworn Affidavit.
- VI. A list of references of previous and current projects concluded relevant to the research topic at hand.
- VII. Declaration of interest statement confirming that the service provider has examined and accepted without reservation or restriction the entire contents of the Request for Proposals, that they agree to abide by the highest ethical standards and, in particular, declare that they do not have any potential conflict of interest in connection with the proposal and/or the organisation. Furthermore, should a conflict of interest arise in particular as a result of economic interests, political or national affinities, family, internal affiliates to the organisation, or any other relevant connection or shared interest, the FSTC should be informed without delay.

## **2. REQUIRED PROFILE OF THE SERVICE PROVIDER**

- A service provider with appropriate B-BBEE credentials, with proven experience in research, or
- A Masters Graduate or PhD. Candidate with extensive demonstrated research experience in the economic sector of our economy.
- In-depth understanding of the Financial Sector Code and the applicable empowering provisions of the B-BBEE policy;
- Have publications related to economic empowerment research to demonstrate their advanced report writing, research and analytical skills
- Demonstrate an in-depth understanding of the Amended Financial Services Code and B-BBEE Policies.
- An understanding of employment equity and skills development legislation.
- An understanding of labour force diversity and employment equity dynamics.
- Proven knowledge, experience and access to the requisite statistical analysis software, BI tools or standalone predictive analytic tools;
- Have proven ability and experience in creating research reports including drafting the findings report and presentation.
- Have strong analytical, oral, and written communication skills.
- Be able to travel to meetings as and when necessary or have access to requisite technology that will allow for virtual meetings.



### **3. SERVICES TO BE DELIVERED**

The successful service provider or applicant will be required to table the research study in accordance with the determined scope and timeframe which will be entailed in the Service Level Agreement (SLA).

### **4. TIMELINES**

This research topic will be accorded 4 months.

### **5. EVALUATION CRITERIA**

The following points will be considered for the evaluation of the proposal/s:

- Technical expertise and extensive understanding of assignment:
  - Are the details of the methodology sufficiently well-defined to allow meaningful judgement?
  - Does the proposal offer noteworthy contributions to the project?
- Assessment of the presented framework towards undertaking this project:
  - Does the proposal clearly outline the aims of the project?
  - Can the service provider/applicant adequately contextualise the framework of the proposed project?
  - Has the service provider/applicant adequately presented evidence on knowledge and application of the requisite tools?
- Demonstrated expertise of service provider/applicant and capacity to deliver;
- BEE Status – Contributor level and/ or Management Control;
- Pricing.

### **6. APPLICATIONS**

Interested service provider (s) / applicant (s) should submit their CV(s) technical and financial proposal including methodologies, report template, a work plan, B-BBEE credentials (Scorecard, Certificate or/ Sworn affidavit), declaration of interest, and an estimated budget with expected gross consultancy fee and logistical expenses, CV(s) of the consultant(s) to carry out the tasks.

- The Declaration of interest must confirm that the service provider/ applicant has examined and accepts without reserve or restriction all the contents of the Request for Proposals. The interested service provider/applicant must agree to abide by the highest ethical standards and, should the successful service provider or applicant have a direct or indirect interest in any business dealings with the FSTC, employees and, directors of the FSTC or any direct or indirect interest in any company or entity which is affiliated with the FSTC, the service provider/ applicant must declare such interest as soon as they become aware of it.

- Furthermore, should a conflict of interest arise in particular as a result of economic interests, political or national affinities, internal affiliates to the organisation, and/ or any affiliation towards any of the external constituencies that form part of the FSTC, the successful service provider/ applicant must declare such.
- To give effect to section 45 of POPIA and in compliance with principles of sound, transparent and accountable governance, the appointed service provider/ applicant shall be required to declare their interest in writing and direct it to the COO of the FSTC at [metjam@fstc.org.za](mailto:metjam@fstc.org.za)

#### **9.1. How to contact us**

**All enquiries** must be directed by e-mail to the following focal person/s **Focal person:**

Name: Avhasei Khomunala

Email address: [avhaseik@fstc.org.za](mailto:avhaseik@fstc.org.za)

Contact details: (087) 062 5950

**All proposals** should be electronically submitted through a zip folder With the folder name: FSTC/RESEARCH003/22 (name of Service provider/Applicant).

#### **9.2. Deadline for submission of application: 27 October 2023 at 16:00**

**Kindly note that only the successful candidates will be contacted.**