Stricter BEE code could crush non-profit sector

Inyathelo: The South African Institute for Advancement is warning that the proposed amendments to the broad-based black economic empowerment code could have a serious impact on charities and the non-profit sector as a whole.

The revised Code of Good Practice says only companies that donate to organisations with 100% black beneficiaries will qualify for full points on the socio-economic development element of the Code.

Inyathelo executive director Shelagh Gastrow says the unintended consequence of these amendments will be corporates shifting their focus from some organisations to others that do not support any white beneficiaries. "The NPO sector is already on its knees with anchor organisations like Rape Crisis and the South African Red Cross battling to keep their doors open due to severe cuts in local and international funding. The amendments will prevent companies from claiming full points on their BEE scorecard if they give to organisations that assist even one white child or foreign national," explains Gastrow.

Racialising poverty and need

The current Code says corporates can qualify for BEE points if they give to NPOs whose beneficiaries are more than 75% black. And a pro-rata calculation is made if the number of black beneficiaries falls below 75%. However, under the new proposals, companies can only earn full points if every single beneficiary is black and the pro-rata calculation shifts from there.

Gastrow says the amendments would further racialise poverty and need. "They provide a perverse incentive to charities and organisations to turn away needy people who are not black or who are refugees in order to secure much-needed funds. It also encourages corporates to do a racial audit of an organisation's beneficiaries before contributing towards much needed socio-economic development in South Africa. You simply can't discriminate on the basis of colour when it comes to need. We should not be forced to ask a child who has been raped what colour they are before offering assistance," insists Gastrow.

Sinking the very organisations it relies upon

According to the National Coalition for Social Services which represents 3,000 welfare organisations, 70% of all welfare services are delivered by non-profit organisations (NPOs). Gastrow says if the amendments go through, government could be sinking the very organisations it relies upon to deliver critical basic services. "NPOs help government meet their Constitutional obligations to those vulnerable members of our society who cannot support themselves.

"The amendments are against the spirit of our democracy and the pillars on which our Constitution is built. They could result in another form of apartheid where help and support is given according to race, and organisations are forced to segregate those they assist according to the colour of their skin," says Gastrow.

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