

# MEMORANDUM PORTFOLIO COMMITTEE: WOMEN, CHILDREN AND PERSONS WITH DISABILITIES

## Access for Broad-Based Black Disability Economic Empowerment A Public Private Partnership



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA



(V475) Old Assembly, Parliament, Cape Town  
Wednesday 25 July 2012 (09h30)



## Access for Broad-Based Black Disability Economic Empowerment

Portfolio Committee: WCPD  
Presentation Wednesday  
25 July 2012 (09h30)



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# Presentation Outline

- UN Convention on The Rights of Persons with Disabilities
- **Article 27 - Work and Employment**
- **Legislation and the Disability Applicability**
- Motivation - Africa, Democracy & Disability
- Challenges of The Financial Services Sector: Disability
- **Solution to the Financial Services Charter**
- **Recommendations**
- Questions & Answers





# UN Convention on The Rights of Persons with Disabilities (1)

- Article 2 – Definitions
- Article 3 – General Principles
- **Article 5 – Equality and Non-Discrimination**
- Article 8 – Awareness-Raising
- **Article 12 – Equal Recognition Before the Law**
- Article 17 – Protecting the Integrity of the Person
- Article 24 – Education
- Article 26 – Habilitation and Rehabilitation
- **Article 27 – Work and Employment**
- Article 31 – Statistics and Data Collection
- Article 33 – National Implementation and Monitoring
- Article 34 – Committee on the Rights of Persons with Disabilities
- Article 35 – Reports by States Parties



# UN Convention on The Rights of Persons with Disabilities Article 27 - Work and Employment (2)

## Disability Applicability:

- The UN Convention argues for the government to **create capacity for employment.** .
- The convention also argues that the **creation of persons with disabilities in creating their own enterprises** has to be dealt with through entrepreneurship.
- **Self-sustainable Disability Capital Base** from which to support not only private citizens with disabilities, but also the Non-Governmental Organisations (NGOs) or Disable Peoples Organisations (DPOs).
- **Setup the Access to Finance for Disabled People (AFDP) Mechanisms to over 5 – 10 years become economically viable.**
- Develop the necessary protocols between public institutions and private sector role players to establish the **Access to Finance for Disabled People Mechanisms.**



## Legislation and the Disability Applicability

- Constitution of The Republic of South Africa (Act No. 108 of 1996)
- Chapter 2: Bill Of Rights
- Promotion of Equality and Prevention of Unfair & Discrimination Act (Act No. 4 of 2000)
- **Broad-Based Black Economic Empowerment Act** (Act No. 53 of 2003)
- Public Investment Corporation Act, 2004. (Act No. 23 of 2004)



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# Empowerment

***“The theme for this year - which is “DISABILITY RENAISSANCE: From poverty to social, economic and political empowerment” is very appropriate in our country as we grapple with these very issues in our society in general. It is important that people with disabilities should not be left behind in our programmes for the social, economic and political empowerment of our people.”*** President Jacob Zuma  
(International Day of Disabled People- 2000)

***“The concept of a caring society is strengthened and deepened when we recognise that disabled people enjoy the same rights as we do and that we have a responsibility towards the promotion of their quality of life. We must stop seeing disabled people as objects of pity but as capable individuals who are contributing immensely to the development of our society. We must play an active role in working with them to find joy happiness and a fulfillment of their aspirations.”***

Former President Thabo Mbeki (INDS - 1997)



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# Motivation - Africa, Democracy & Disability (1)

- South Africa recognises that the importance of all South Africans means that **the democratic economic empowerment of disabled people** is paramount to the successful implementation of the Freedom Charter and the Constitution of the Republic of South Africa (No. 108 of 1996).
- Furthermore, the Integrated National Disability Strategy (OSDP: The Presidency) has been adopted by all government departments.
- It has widely accepted that government is struggling to implement policies which serve to advance the **economic rights of persons with disabilities**.
- More **innovative** ways has to be developed in order to provide **economic empowerment of persons with disabilities**.
- Building the **economic basis for people with disabilities** and thereby begin to address the economic injustices that face 4.8 million persons living with disabilities. If we as a collective will make any meaningful difference in this country, then it is by building a **sustainable capital base**.



## Motivation - Africa, Democracy & Disability (2)

- Currently, **disability is being left out of the economic empowerment framework.** This obviously points to the fact that Disabled Persons (estimated at 4,8 million - based upon the fact that 10% of the South African population is people with disabilities) are once again **not granted the full citizenship** we so clearly deserve (let alone black disabled people marginalized even further).
- **Disability Economic Empowerment is constantly not always being integrated in Broad-Based Black Economic Empowerment.**
- Therefore, it appears that disabled people are required to accept citizenship without the economic empowerment rights that is guaranteed by legislation.
- The process followed with the Department of National Treasury and the **PIC, NEF, IDC** and other **Financial Sector Role Players** must be as follows:
- **Innovative Finance Solutions to Disabled People**



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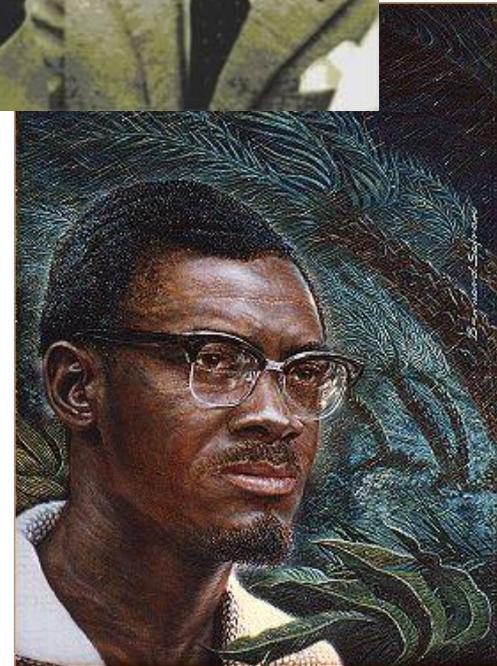
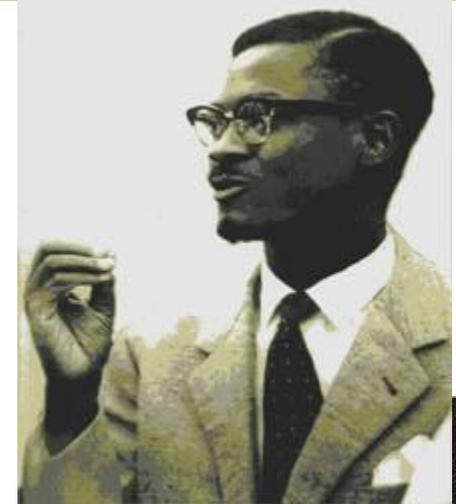
## Africa & Dignity

*“We are going to put an end to suppression of free thought and see to it that all our citizens enjoy to the full the fundamental liberties foreseen in the Declaration of the Rights of Man...”*

*We are going to do away with all discrimination of every variety and assure for each and all the position to which human dignity, work, and dedication entitles him.”*

Patrice Lumumba The First Prime Minister  
of the Congo (Zaire)

On June 30, 1960, Independence Day





# Challenges of The Financial Services Sector: Disability (1)

- In most economies the **financial sector plays a central role in enhancing growth and development**. The financial sector is confronted by a number of challenges which include the fact that:
  - it is characterised by the presence of a few very large institutions. Many of the smaller and foreign institutions have exited the market in recent years;
  - **there are low levels of black participation, especially of black women, with people with disabilities practically non-existent in meaningful ownership, control, management and high-level skilled positions in the sector;**
  - there has been an inadequate response by the sector to the **increasing demand for access to financial services; more so for 4,8 million disabled people;**
  - the sector has **not effectively provided credit to entrepreneurs, particularly black businesses**, more so for businesses owned and managed by disabled people;
  - the national level of savings and investment is inadequate to support sustained economic growth and individual financial security for black people, black women and black people with disabilities;
  - there is **insufficient investment of the savings pool under the control of the sector** (albeit the disability sector ) into targeted investments of national priority;



# Challenges of The Financial Services Sector: Disability (2)

- a large pool of funds circulates outside the formal financial system, including but not limited to funds held by stokvels, informal traders and in other forms of short-term savings, posing the questions as to how to structurally address funds for disabled people;
- there has been **limited support for new black firms** in the financial sector by Government and the private sector with little if not none for companies owned and managed by persons with disabilities; and
- they need to find meaningful ways to support the **Proudly South African** Campaign, providing an integrated approach to include **goods and services manufactured and provided by disabled people.**

• By addressing the abovementioned challenges, the financial sector will make a significant contribution towards **economic growth, development, empowerment and reduction of inequalities and poverty** in our society. The initiatives envisaged will also promote growth in the financial sector.

• National Treasury; albeit the PIC, NEF, IDC and other Financial Sector Role Players acknowledges that it is guided by the legislative frameworks of the Republic of South Africa.



# Challenges of The Financial Services Sector: Disability (3)

- In evaluating the success of the **PIC, NEF, IDC and other Financial Sector Role Players** participating to the improvement and economic empowerment of the lives of disabled people, this assistance has not been visible or explicitly detailed and documented.
- The Black Economic Empowerment culture has only given economic opportunities to the **Disability Sector to approximately R300 million** over the last ten years, with Broad-Based Black Economic Empowerment legislation being in existence for five years.



# Solution to the Financial Services Charter (1)

## Disability Applicability:

- The intent of the **Financial Services Charter (FSC)** should assist amongst others, the PIC, NEF, IDC and other Financial Sector Role Players.
- The element of Corporate Social Investment of the FSC in terms of Sections 9 and 10, needs to be developed to include **and integrate the Disability Sector into mainstream financing** (Corporate Social Investment % of post tax operating profit directed p.a. to CSI 0.5% 3 points).
- **Investing in social projects** (FSC Section 6 Paragraph 12) for economic empowerment of mainstream programmes as well as persons with disabilities is seen to be a fundamental principle that needs to be achieved.
- Internationally, **corporations spend under 1%** of their income on CSI.
- If the **PIC, NEF, IDC AND OTHER FINANCIAL SECTOR ROLE PLAYERS invests 0.30%** of its equity, it could serve as a catalyst for the rest of the Financial Services Sector - Mechanisms providing **Access to Finance for Disabled People (AFDP) with the Disability Sector.**



## Solution to the Financial Services Charter (2)

### Disability Applicability:

- In order to provide a business model to build a Mechanisms providing Access to Finance for Disabled People (AFDP) for persons with disabilities.
- **The establishment of a PPP model to build the capital base** for, of and by persons with disabilities serves as an infrastructure model for the disability sector.
- With the PIC, NEF, IDC and other Financial Sector Role Players allocating capital to the Mechanisms **providing Access to Finance for Disabled People (AFDP)**, the partnership not only would be with The Broad Disability Movement (BDM), but other Asset Fund Managers could also participate in this initiative.
- The management of this PPP would serve as a **partnership between THE BROAD DISABILITY MOVEMENT (BDM), the PIC, NEF, IDC and other Financial Sector Role Players.**



## Solution to the Financial Services Charter (3)

- The competitive nature between these fund managers could be used to yield the maximum competition and **Internal Rate of Return (IRR) for the Disability Sector (i.e. CPIX + 5%)**.
- Within South Africa, Public-Private Partnerships could be used to developed alternative **Private Equity models** that could replace the traditional Special Purpose Vehicles (SPVs) and the Vendor Finance Models of the past.
- This would ensure that the **Disability Sector** globally becomes not only a shining example of being a **Business Case**, but is integrated into mainstream Broad-Based Black Economic Empowerment and thereby the growth of the South African economy.
- This maximisation of the **Private Equity Model** brings an alternative but prudent answer to the poverty alleviation problem of the South African disability sector.



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# Recommendations

## Recommendations to the Portfolio Committee to:

- Advise the Ministers of Finance, the Trade & Industry, Public Enterprises, Economic Development, Monitoring & Evaluation, Women, Children & Persons with Disabilities and the Minister : National Planning Commission to co-ordinate **Mechanisms** providing **Access to Finance for Disabled People (AFDP)**.
- Invite the PIC, NEF, IDC and other **Financial Sector Role Players** to participate in this initiative.
- **Provide timelines and accountability mechanisms to report-back** to this Portfolio Committee annually, every **three years** and **every five years**.



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## *We are African...*

*“We are Africans not because we are  
born in Africa,  
but because Africa is born in us.  
Look around you and behold us in our  
greatness.  
Greatness is an African possibility;  
you can make it yours.”  
Chester Higgins Jr.*



***If you continue to  
do  
what you have  
been  
doing, you will  
get  
what you have  
always got***



**Thank You**

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