

# Adopt-a-Pothole Programme

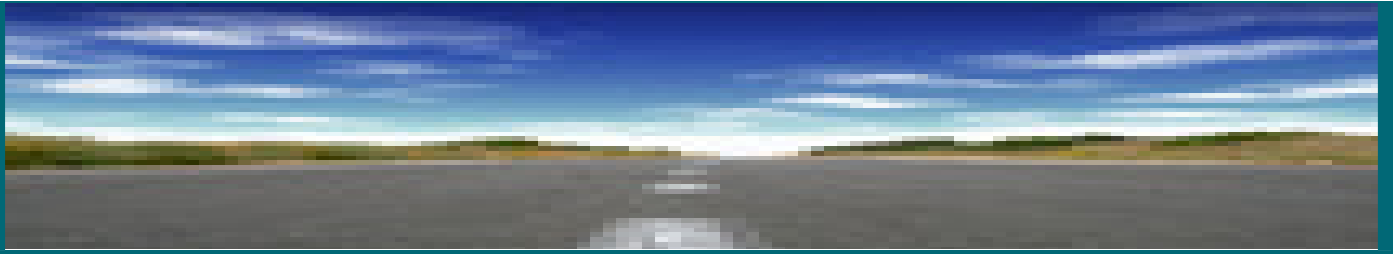
***Adopt "Oskar" today ...  
and ensure a pothole free South Africa  
in the future***

Sponsorship and adoption prospectus

June 2009

***An Empowerment Gateway Group Initiative***





## ***The Adopt-a-Pothole Project***

The Adopt-a-Pothole is a new Social-Economic Enterprise, created by the Empowerment Gateway Group, which addresses key fundamental needs in South Africa, being road infrastructure maintenance, and the alleviation of unemployment and poverty in local communities.

We have now received written authorisation from the Govan Mbeki council to run the project on a pilot basis for 12-months with an option to renew for a further five years. The project is scheduled to start in August 2009, in the Govan Mbeki municipal region before being replicated in other municipal areas where there is a need.

Currently there are about 4 million people unemployed in South Africa and over 6 million potholes on the South African roads.

It is our vision to see the programme in every town and city in South Africa, and in the process create not only much needed long-term income earning opportunities for unemployed South African residents, but also more importantly ensure a pothole free country over time.

But to achieve the vision that the creators of the Adopt-a-Pothole project have, it will need the collaboration of every single individual, business, civic society and government. This is not a project that is owned by anyone; instead it is a project where everyone plays a custodianship role for the betterment of South Africa as a whole.

We are now extending an invite to you to join us, and adopt one or more potholes, or join our partner programme as a sponsor. Your participation will assist us not only in repairing road surfaces, but also in alleviating unemployment in South Africa.

This invite is open to individuals, businesses, civic society, and government officials; in fact anyone that currently uses the South African road networks.

In conclusion, *"How do speed cops tell when someone has had too much to drink currently?"*  
*Answer - "when they drive in a straight line, anyone that is sober drives in an erratic fashion to avoid all the potholes!"*

If you have any questions about the programme we invite you to e-mail, [laurinda.seabra@empowerment-gateway.com](mailto:laurinda.seabra@empowerment-gateway.com) or contact her on 082 096 6568.

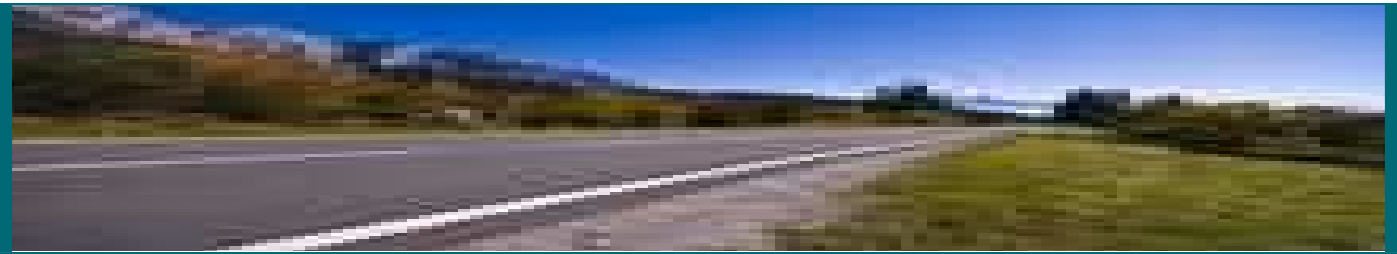
Thank you.

### **The Empowerment Gateway team**

#### ***About the Empowerment Gateway Group***

*Empowerment Gateway is an emerging international consulting support organisation that focuses on the development of programmes aimed at reducing unemployment and poverty, social enterprise development, and the promotion of human rights. It is structured as a hybrid organisation with ownership and control being replaced by custodianship and leadership.*

*Empowerment Gateway is a For-benefit (For-profit integrated with Not-for-profit) where the "benefit-to-all-stakeholders" focus of the group's financial performance, results in achieving positive impact at all levels of the economy, through the holistic distribution of bottom -line earnings and adherence to international sustainability standards.*



## Meet "Oskar" ...



**"Oskar"** is your neighbourhood pothole that keeps on reappearing.

Every day as you drive home, its face greets you.

Your car, however, does not feel as friendly towards it ... in fact, your car can't stand him, and neither does your wallet ... so, every day they make a point of avoiding him.

But at times they can't do that ...

If above is typical, you do in fact encounter hundreds of Oskar's as you go on your rounds about town, or in between towns. In fact, they are everywhere.

- You can ask ... what are government departments responsible for eradicating all the "Oskar's" doing about this epidemic?
- You can say, it is not my problem ... and do nothing
- Or you can take action.

We believe it is up to me, you, in fact all of us to do something about it, because it has reached chronic status ... and if we want to safeguard our lives, cars and wallets ... we have no choice than to take action.

Now for the first time you have an opportunity to directly do something about this problem.



In this document we highlight the various partnering opportunities available to you.

They range from a straight adoption of one pothole for R 1000,00 to various sponsorship partnership opportunities in the Adopt-a-Pothole programme.

Whichever option you choose, you will be contributing to a better road infrastructure in South Africa; you will be bringing your part in assisting the government, *who has not got the money to really fix our road infrastructure*; and you will be contributing to the alleviation of poverty and unemployment as well.



## ***Why you Should Adopt "Oskar"***

**It directly benefits you, your family, your friends ... while saving you money and keeping your car on the road**



Roads deteriorate over time, primarily due to traffic and environmental influences (i.e. weather, rain, ultra-violet radiation, overloading, etc.).

For these reasons, roads have to be maintained throughout their design life in order to ensure that you can drive on them safely.

Maintenance of roads is crucial for all road users but it is not happening efficiently or at all presently.

The cost of inadequate road maintenance is thus primarily borne by the economy and the road user, being YOU and I.

For example:

- Insurance premiums increase
- If you are insured you still have to pay its excess, costing you money
- If you not insured, you have to carry the cost of repairing damages yourself, and it can mount to thousands of Rand
- Car maintenance cost increase
- Freight cost increases which is then passed on to you
- Loss of earnings as a result of time losses

When the condition of a road is allowed to deteriorate, and potholes appear, your vehicle operating costs increases by a minimum of R 3.00 per kilometre driven each year. This increases the cost of transportation for you, and it also raises the net costs to the economy as a whole.

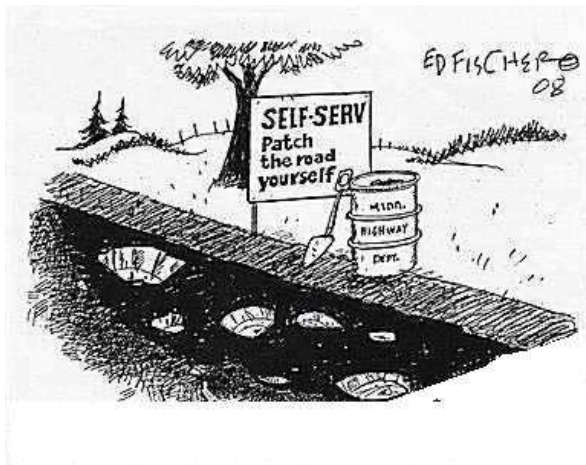
**So I am inviting you to Adopt-a-Pothole today. Adopt "Oskar"**

This is one programme that will not just benefit certain sessions of the South Africa population; instead it is a programme that benefits all South Africans, irrespective of earning capabilities, race, colour or creed.



## "Oskar" Adoption Process ...

### Adoption of "Oskar" the pothole



To prevent you having to drive on a road with potholes, which you can't fix yourself anyway, rather adopt-a-pothole today, and one of the Adopt-a-Pothole teams will repair then.

### "Oskar" adoption opportunities

- |                             |             |
|-----------------------------|-------------|
| ▪ 1 "Oskar" adoption fee    | R 1 000-00  |
| ▪ 6 "Oskar's" adoption fee  | R 5 000-00  |
| ▪ 14 "Oskar's" adoption fee | R 10 000-00 |
| ▪ 25 "Oskar's" adoption fee | R 20 000-00 |

### Yes, I want to adopt, how do I go about it?



1. Complete the adoption application form
2. Select the number of potholes you want to adopt
3. Complete the rest of the information on the form
4. Pay your adoption fee
5. E-mail or post the form to the address on the form
6. Once we receive confirmation of payment your details will be lodged on our web site [www.adopt-a-pothole.org](http://www.adopt-a-pothole.org)

### What happens after I have adopted "Oskar"?

1. Potholes are repaired in the South African road infrastructure where the programme has site offices. The first five sites will be based in the Govan Mbeki municipal region with a programmed national rollout into all other municipal areas due to start after pilot.
2. Your name gets added in the Adopt-a-Pothole web site as a pothole adopter and custodian.
3. You take custodianship of that piece of road infrastructure.
4. You reduced the number of potholes on our roads.
5. You receive a framed pothole adoption certificate.

**So don't delay! Adopt "Oskar" today!**



## ***The Partner Programme ...***

**Your participation in the Adopt-a-Pothole project is not based on philanthropy or aid, but is instead based on true value-exchange.**

**You give ... and You receive!**



**The project brings you:**

- Safer roads
- Opportunity to reduced costs
- Opportunity to improve profit margins
- Access to new markets for your products or services
- Easier compliance with BEE targets
- High impact and visible CSR and SR project

**The project has been endorsed by:**

- The Foundation for the Development of Africa
- Govan Mbeki Municipality

**Adopt-a-Pothole provides you with an opportunity to showcase your business to thousands of individuals comprising amongst them leaders and key decision makers from businesses, government and civil society.**

- High Profile Business Executives
- Government Officials
- Other Entrepreneurs,
- Business Owners,
- Professionals,
- NGO Representatives,
- The General Public.

**Adopt-a-Pothole partners can apply Marketing, Advertising, CSR and BBBEE budgets or even just a portion of your Petty Cash allocation to this worthwhile project.**





## ***Partner Programme ... The Benefits***

The Adopt-a-Pothole programme is a very visible and high impact project that enables businesses to gain the following benefits:

- High visibility – brand reinforcement and brand awareness.
- Reputation management – seen as doing GOOD for humanity and planet.
- Reportable initiative - Corporate Social Responsibility (CSR/CSI), and BBBEE.

### **High Visibility**

Because businesses continue to experience increasingly rapid change, greater business risk, and more complexity in every aspect of their business, businesses need creative visibility programmes that promote their brand, create awareness of their products and motivate consumers to invest their hard-earned cash with them.

One of the ways to do this is by aligning your business with a social programme that gives you high visibility in the market place. The Adopt-a-Pothole does just this.

The Adopt-a-Pothole programme enables your company brand to reach thousands of potential clients in a very cost effective manner, day-in and day-out on the Internet.

When, you partner with the Adopt-a-Pothole programme, your brand gets exposure for a period of 12-months in the programme site. It is seen by site visitors, it gets picked up by search engines and appears on Google searches. But most importantly, your business is seen as a caring company that respects humanity and the planet and is doing something about addressing the current challenges facing both.

### **Reputation Management**

The 21st Century is the era of reputation management and the management of intangibles, and although corporate image can be created, corporate reputation can only be earned.

The last two decades have witnessed a revolution - transfer from industrial capitalism to a new knowledge-based economy, and industrial capital, which was based mainly on physical assets moving to include intangible assets, value creation and value exchange principles.

This means that the old type ruthless organisation will not survive unless they change, and adopt a socio-economic approach to business sustainability strategies, so that it can develop strong brand equity both internally and externally, and integrate CSR and BBBEE as the way forward and not as a simple defence mechanism, or just to comply with legislation.

The above, reflects the reputation management trend, but a constraint that we have identified, is finding socio-economic projects that act as enablers of reputation management strategies.

The Adopt-a-Pothole is the perfect project to assist you in managing your reputation, because of its integrated approach, triple bottom-line components and consideration of stakeholder needs across the entire economic pyramid, managed within a multistakeholder framework.

## Reportable Initiative

### 1. **CSR and BBBEE if your business turnover is more than R 35 million per annum or if you are a listed company or a subsidiary of a listed company.**

#### 1.1 Corporate Social Responsibility (CSR) and Sustainability Reporting

The Adopt-a-Pothole project adds value to your CSR reports, because it provides quantifiable data of impact on unemployment, poverty, environment and a good road infrastructure.

The cost of a poor road infrastructure to your organisation has a direct impact on your business bottom-line profits. By participating in this project, you are in fact addressing the mandate of your investors and shareholders, and ensure that you reduce risk in your organisation that can impact on your company financial returns, and share performance.

There is growing acceptance that as well as helping to address reputational risks, CSR reports can now help to deliver improved financial performance; improved stakeholder performance; improved risk management; improved investor relations and improved access to new markets. Businesses of tomorrow have to spend time analysing how global challenges such as poverty, rising unemployment and climate change affect their industry, and they must use this understanding in the search for new business opportunities, and better returns on investment.

There is a growing awareness among investors that a well-produced CSR report gives an excellent oversight of many of the risks a business faces. Financial statements capture less than 20 per cent of corporate risks and value-creation potential, with the balance deriving from intangible factors such as human capital and resource efficiency. CSR reporting helps to explain these intangibles – environmental, social and governance data that is relevant, which is information that investors want as a means to better gauge the longer-term risks of businesses that they invest in.

Your investment in the Adopt-a-Pothole project showcases your commitment to your investors, shareholders and humanity at large and we believe that it will manifest in your company's share performance and value creation over time.

#### 1.2 Broad-based Black Economic Empowerment (BBBEE)

In South Africa, it is a legislated imperative that your company addresses BEE in earnest. The Adopt-a-Pothole project assists your organisation in meeting the Enterprise Development and Socio-Economic Development targets in the generic BEE Scorecard.

Meeting above targets can enable your organisation to improve your BEE rating by one or more levels, and position your organisation more competitively to being awarded contracts by your clients, especially if your marketing strategy include government tender's, or large parastatals.

According to research, more than 85.4% of all companies that were rated in the past year by verification agencies have failed to address this element. With only 6.7% showing excellent compliance, 1.5% good compliance, 2% moderate compliance and 4.4% low compliance. In addition, of all registered companies with Cipro with incomes over R 35 million per annum, 69.1% of businesses have no real BEE development programme in place yet.

The Adopt-a-Pothole project will greatly assist you and your organisation in addressing this element of the BEE scorecard in a painlessly and effortless manner.

**How does the Adopt-a-Pothole project act as a BEE target compliance enabler?**  
*Enterprise Development Target: 3% NPAT to gain 15 points*

By providing your organisation with a certificate that indicates your financial or in-kind contribution in line with the table below.

<b>Contribution type</b>	<b>Contribution amount</b>	<b>Benefit Matrix</b>	<b>Claimable Contribution - Adopt-a-Pothole Project</b>
Grant/sponsorship contribution	Full grant amount	100%	<b>YES</b>
Enterprise development direct cost	Verifiable cost (both monetary as well as in-kind contribution)	100%	<b>YES</b>
Time of your employees productively deployed in assisting the Adopt-a-Pothole programme	Total annual cost to company of the employee divided by 160	80%	<b>YES</b>
Professional services rendered by a rated enterprise to the project at no cost	Commercial hourly rate of professional	80%	<b>YES</b>
Professional services rendered at a discount	Value of discount based on commercial hourly rate of professional	80%	<b>YES</b>

**Where will funds or in-kind contributions be allocated to in the Adopt-a-Pothole project?**

Funds or in-kind contributions will be allocated to any of the claimable items detailed in the table below.

<b>Items that must comply for reporting purposes in the Adopt-a-Pothole project</b>	<b>Actions / Actual</b>
Consulting fees	Part of programme
Socio-economic license fees	Programme enabler
Infrastructure and programme support costs	Part of programme
Legal costs, agreements, licences, etc	Part of programme
Recruitment, selection taking into account that to qualify any project must create "employment" for at least 3 people per micro-enterprise	Recruitment, selection and induction programmes, including medicals for each business unit cluster (5 business unit) will create 75 long-term income-earning opportunities per cluster.
Beneficiaries must be 50% black or 30% black women	Trust structure with no direct ownership, target is 70% black beneficiaries (Man, women and youth)
Needs analysis cost	Full feasibility study and needs analysis. Monitoring, evaluation and course correction
Compile business plan and action plans	Part of programme
Compile operation manuals, policies and procedures and the associated skills transfer cost	Part of programme
Costs associated with creating and implementing a skills development plan	Part of programme
Skills transfer process implementation (Management and labour)	Part of programme
Compiling and implementing admin and cost control systems	Part of programme
Costs associated with training programmes for: - Business skills - Negotiation skills - Planning skills - Technical skills - Socio-economic development skills - Entrepreneurism skills - Social Entrepreneurship skills - SHEQ training - Any other training programme that is deemed needed	Part of programme

*Socio-Economic Development Target: 1% NPAT to gain 5 points*  
 Target beneficiaries are 75% black

<b>Contribution type</b>	<b>Contribution amount</b>	<b>Benefit Matrix</b>	<b>Claimable Contribution - Adopt-a-Pothole Project</b>
Grant/sponsorship contribution	Full grant amount	100%	<b>YES</b>
Costs incurred in supporting Social Economic Development or approved contributions	Verifiable cost (both monetary as well as in-kind contribution)	100%	<b>YES</b>
Discounts in addition to normal business practice	Discount amount (in addition to normal business discount)	100%	<b>YES</b>
Professional services rendered by a rated enterprise to the project at no cost	Commercial hourly rate of professional	80%	<b>YES</b>
Professional services rendered at a discount by a rated company to the Adopt-a-Pothole project	Value of discount based on commercial hourly rate of professional	80%	<b>YES</b>
Time of your employees productively deployed in assisting the Adopt-a-Pothole programme	Total annual cost to company of the employee divided by 160	80%	<b>YES</b>
Payments made by you to any third party to perform social economic development	Actual fees paid by you to selected organisation	100%	<b>YES</b>
Facilitation or fees paid to any organisation for training or mentoring of beneficiary communities which will assist them in increasing their own earning capacities	Actual fees paid by you to selected organisation	100%	<b>YES</b>

## **2. BBBEE - businesses with annual turnover ranging between R 5 and R 35 million**

### **2.1 Broad-based black economic empowerment (BBBEE)**

Small enterprises make up the largest percentage of the South African economy, accounting for 67% of all registered organisations.

According to research conducted last year 63.5% of all businesses with a turnover ranging between R5 million and 35 million stated that they do not have a BEE scorecard, while 8.4% stated that they had done the rating themselves and 11.8% did not know where and how they got their certificates.

85.4% of the businesses surveyed have not considered Enterprise Development as a tool to gain maximum BEE points, and 81% have not considered Socio-economic development.

Taking into account that with the Adopt-a-Pothole project a QSE (Qualifying Small Enterprise) can **gain immediately 50 points on your BEE scorecard**, it makes good business sense to participate as a sponsor in the project and allocate 3% of your net profit after tax (NPAT) to the project, being 2% allocated to the enterprise development element and 1% to the socio-economic one.

I am sure that you will agree with us, the Adopt-a-Pothole project makes it easy for you to comply with BEE. One project, the Adopt-a-Pothole, and your business is immediately rated as a level 6 on the QSE BEE Scorecard.

But if you can get another 6 points in any of two other elements, that will result in your business being BEE rated at a level 5, or another 16 points in any of two elements as a BEE rated business at a level 4. This is the minimum BEE requirement at present that most of your clients are asking you to comply with.

**Sponsoring the Adopt-a-Pothole programme can mean 50 points in your BEE rating certificate immediately.**



# Partner Programme ... The Options

## Corporate Sponsorships

Sponsorships can be monetary, goods, products, and services or in-kind contributions.

### Platinum

More than R 1 000 000-00

- **Certificate showing funds received for application into BEE verification process and for 3<sup>rd</sup> party CSR/SR assurance valid for 12-months**
- **Presence on the Adopt-a-Pothole website**
  - In a running banner
  - Exposure on sponsors page indicating your contribution
  - A page on website linking to your site
- **Spot on 3 monthly newsletters as a new partner distributed to 25 000 people**
- **Branding on business unit sites and depots fixed bill boards where funding has been applied**
- **Receive annual report indicating application of funds and project impact**
- **Opportunity to give input to the Adopt-a-Pothole EXCO team**

### Gold

From R 500 000-00 to R 1 000 000-00

- **Certificate showing funds received for application into BEE verification process and for 3<sup>rd</sup> party CSR/SR assurance valid for 12-months**
- **Presence on the Adopt-a-Pothole website**
  - In a running banner
  - Exposure on sponsors page indicating your contribution
  - A page on website linking to your site
- **Spot on 2 monthly newsletters as a new partner distributed to 25 000 people**
- **Receive annual report indicating application of funds and project impact**

### Silver

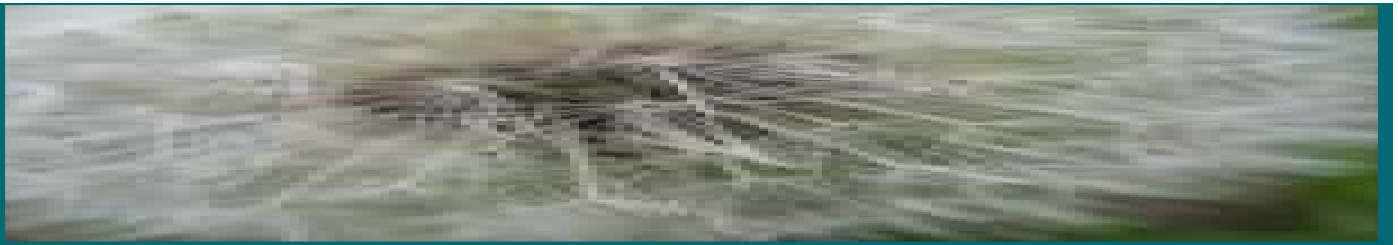
From R 100 000-00 to R 500 000-00

- **Certificate showing funds received for application into BEE verification process and for 3<sup>rd</sup> party CSR/SR assurance valid for 12-months**
- **Presence on the Adopt-a-Pothole website**
  - In a running banner
  - Exposure on sponsors page indicating your contribution
  - A page on website linking to your site

### Bronze

From R 10 000-00 to R 100 000-00

- **Certificate showing funds received for application into BEE verification process and for 3<sup>rd</sup> party CSR/SR assurance valid for 12-months**
- **Presence on the Adopt-a-Pothole website**
  - In a running banner
  - Exposure on sponsors page indicating your contribution
  - Link to your site



# Partner Programme ... The Options

## SME Sponsorships

### Platinum

More than R 100 000-00

- **Certificate showing funds received for application into BEE verification process valid for 12-months**
- **Presence on the Adopt-a-Pothole website**
  - In a running banner
  - Exposure on sponsors page indicating your contribution
  - A page on website linking to your site

### Gold

From R 50 000-00 to R 100 000-00

- **Certificate showing funds received for application into BEE verification process valid for 12-months**
- **Presence on the Adopt-a-Pothole website**
  - In a running banner
  - Exposure on sponsors page indicating your contribution
  - A page on website linking to your site

### Silver

From R 10 000-00 to R 50 000-00

- **Certificate showing funds received for application into BEE verification process valid for 12-months**
- **Presence on the Adopt-a-Pothole website**
  - In a running banner
  - Exposure on sponsors page indicating your contribution
  - Link to your own web site

### Bronze

From R 1 000-00 to R 10 000-00

- **Certificate showing funds received for application into BEE verification process valid for 12-months**
- **Presence on the Adopt-a-Pothole website**
  - Exposure on sponsors page indicating your contribution
  - Link to your own web site

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