



MINISTRY
COMMUNICATIONS AND DIGITAL TECHNOLOGIES
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

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MINISTER MALATSI CLARIFIES DRAFT EEIP POLICY DIRECTIONS AT PORTFOLIO COMMITTEE

Today, Minister of Communications and Digital Technologies, Solly Malatsi, addressed the Communications and Digital Technologies Portfolio Committee to provide clarity on the two Draft Policy Directions issued last week.

The Minister reaffirmed that the policy direction which requests ICASA to reconsider its regulations on ownership of licences to reflect the provisions of the ICT Sector Code is fully aligned with the Government of National Unity's broader commitment to attract investment through regulatory reform and promote real transformation. The full recognition of Equity Equivalent Investment Programmes (EEIPs) in the ICT sector is a priority action in the 7th Administration's Medium-Term Development Plan (MTDP) 2024-2029, fully endorsed by Cabinet.

Work on this policy direction began in September 2024. In November, a draft version was submitted to ICASA for formal input, and their response was considered in detail. On 16 December 2024, the Minister's office publicly committed to publishing this policy direction

by mid-2025 — a commitment that has now been fulfilled. The process of publishing this policy direction has been transparent and forms part of a well-considered process, not a last-minute concession to any particular company.

In 2021, ICASA published ownership regulations that focused only on equity, requiring companies to sell a minimum percentage of shares to local black investors. This, however, does not reflect the full scope of what the law allows under the Broad-Based Black Economic Empowerment (BBBEE) Act and the ICT Sector Code. The law recognises that transformation can be achieved through various means — not only through ownership. The ICT Sector Code, which is legally binding, includes other transformation elements such as skills development, enterprise development, socio-economic investment, and Equity Equivalent Investment Programmes. ICASA, however, applied only one aspect and ignored the rest. That is what this policy direction seeks to fix.

The Minister is empowered under Section 3 of the Electronic Communications Act to issue policy directions to ICASA to ensure that national policy and national law is fully and properly applied. This includes ensuring that ICASA gives effect to the entire ICT Sector Code, as required by the laws governing ICASA. These directions do not override ICASA's regulatory independence. The ownership policy direction simply ensures that ICASA's regulations are aligned with existing national laws and policy frameworks, and the licensing policy direction gives effect to requests from ICASA but requires evidence of need and demand, which supports the promotion of competition.

Much of the public discussion has centred on Equity Equivalent Investment Programmes (EEIPs) in the ownership policy direction. These are transformation mechanisms designed by the DTIC for foreign-owned multinational companies that are unable to meet black ownership requirements. Rather than transferring equity, these companies invest an equivalent value into approved initiatives that support South Africa's transformation objectives. EEIPs have been successfully approved by DTIC and implemented in South Africa by companies such as IBM, AWS, Microsoft, and J.P. Morgan, contributing billions towards skills development, enterprise growth, and job creation without requiring equity transfers.

The policy direction about ownership is about unlocking investment, expanding digital inclusion, and advancing transformation. South Africa needs more competition in the ICT sector to lower data costs, extend broadband to underserved areas, and cannot achieve that by abandoning our transformation goals. This policy ensures we don't have to choose between investment and empowerment. We can do both.

The public now has 30 days to provide input on the draft policy directions. This consultation period is a vital part of the democratic process and reflects the Minister's commitment to transparency and accountability. All comments received will be considered before the final policy directions are gazetted.

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