



Harry Gwala Development Agency (Pty) Ltd

GUIDELINES / FUNDING CRITERIA: Enterprise Development Fund

**ACCESS TO OPPORTUNITIES / FUNDING FOR
EXISTING ENTERPRISE LOCATED WITHIN HARRY
GWALA DISTRICT MUNICIPALITY**

Issued and Prepared by:

Office of the Chief Executive Officer
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***“A polycentric resource abundant investment gateway, with
absolute transformative regional growth and development by
2063”***

1. INTRODUCTION

The role of local government in promoting economic growth, job creation and alleviation of poverty is poignantly expressed in an array of policy frameworks formulated by the South African government. This has clearly positioned the sphere of local government to become developmental both in form and content. An important feature of developmental local government is that local economic development policy must be initiated with a view to address the pressing problems in areas of poverty, unemployment and inadequate resources.

The Harry Gwala Development Agency (Pty) Ltd as an entity of the Harry Gwala District Municipality (HGDM), established as has an overarching Constitutional mandate to ensure that, in being developmental in nature, it actively responds to Sections 152 and 153 of the Constitution of the Republic of South Africa, 1996.

In respect to the objects of local government, Section 152 (1) (a – e) of the Constitution is indicative of the responsibilities of municipalities:

- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) **to promote social and economic development;**
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organisations in the matters of local government.

A developmental state is therefore the *sine qua non* of local economic growth and social development imperatives within the South African context and more especially in the growth and development of its constituents.

Achieving economic growth and staying competitive is a serious challenge in itself. Ensuring the benefits of growth are spread widely such that development becomes inclusive and impacting on the quality of life of all citizens is even more challenging. This requires firmly placing LED within the broader framework of local sustainable development and should endeavour to realise:

- Local values (poverty reduction, basic needs, local jobs, integrating social and environmental values);
- Economic drivers (value added resource use, local skills training, local income retention, regional cooperative) and
- Development (the role of structural change, quality of development)

Having reviewed its Vision, the Agency has taken cognizance of the importance of making an immediate impact within the local economy within its area of jurisdiction based on the following:

- i. Competitive Advantage: Economic Hub of the District, Serviced Industrial Sites, Agriculture, agri-processing, manufacturing, locality – Gateway into South Africa from Lesotho and into KZN from the Eastern Cape.
- ii. Friendly and Safe Environment: Including Light Industrial expansion, Agri-processing potential, re-commercialisation reinstated land i.e. bringing farms back into economic activity
- iii. To Work: The Youth dominate the demographic and with influx of high school graduates into the pool of unemployed school leavers places strong emphasis on initiatives for long term development of Youth to allow them to actively engage in the labour market.
- iv. To do business: Investment friendly initiatives to be unconventional and need to be inclusive of red tape reduction. Whilst simultaneously attracting investment it becomes imperative that methods to retain the existence and expand the operation of current business with focus on SMME's and Cooperatives as a means to adequately address the triple challenges.
- v. Improved livelihoods: The spatial inequity created by past imbalances continues to exist in predominantly the rural areas. Pragmatic measures to redesign areas should have already occurred however in the absence of this, this strategy through its catalytic projects needs to remain mindful of the pressing need for spatial equity.

Success can only be realised in encouraging a business environment where markets can operate efficiently, but appropriately, within the local context. Micro, Small and Medium-sized enterprises must be strongly supported and encouraged to take the lead as they play a key role in creating new local employment, wealth and tax generation.

Visible results can help maintain momentum in the short term, and simply initiating a single project focusing on one critical issue might pave the way for long term success. Ultimately LED is about sustainable development in the long-term, for it takes time to change local conditions and mind sets, building capacity, organise participatory processes and empower stakeholders, especially the poor.

Based on the above premise, the HGDA is introducing the Enterprise Development Fund (EDF) which intends to make funding available with the aim of ensuring that adequate support is provided for the promotion of sustainable emerging enterprises which includes SMMEs and Cooperatives as well as the Informal Economy (existing).

Funding support is aimed at availing required funding to historically disadvantaged groups based and operational within the Harry Gwala District Municipality and who are able to demonstrate sustainable and profitable initiatives aimed at creating or sustaining job creation, retention and expansion of local spend and investment attraction. The purpose of these guidelines is to provide applicants with information regarding the application process and the requirements for accessing funding opportunities.

2. CONTEXT

The Enterprise Development Fund (EDF) has a limited budget. Focus will be placed on proposals that align with priority sectors. Emphasis will be placed on ensuring that jobs are created, jobs are retained and that proposals being presented are sustainable. The EDF is designed to provide funding support to projects focused on investing in economic upliftment, with special emphasis/attention on creating or retaining jobs in order to achieve sustainable economic growth in the entire District.

Funding support is **not** available to government employees, Councillors and other political office bearers and government entities or to persons / entities who have or are receiving assistance (funding or other) through government led programmes.

3. OBJECTIVES OF THE PROGRAMME AND PRIORITY ISSUES

The EDF is aimed at supporting projects that contribute to economic development, through the creation and retention of jobs and provide evidence of sustainability. As the EDF has limited funding, the **global objective** of this call for proposals is to promote priority sectors, build local partnership groups, align projects with economic development opportunities in the area and to exploit local competitive advantage through providing equity funding for projects that could result in one or more of the following:

- Sustainable job creation (including self-employment), poverty reduction specifically among historically disadvantaged individuals through the promotion of creativity, labour productivity, innovation and adaptability to change
- Generation of additional sources of income
- Securing better quality of life in communities in the context of socio-economic development through improving local economic and social infrastructure.

The **specific objective** (priority areas for support) of this call for proposals intends to prioritise the following funding streams/economic sectors:

- Development and diversification of rural economy and the revitalization of township economies
- Clothing and Textile
- Enterprise Development (existing business support – industry / classification not specific)
- Township and Rural Recycling including biomass and renewables
- Primary Agriculture with demonstration to realise agribusiness development
- Forestry and wood products (value adding)
- Tourism including eco-tourism

- Footwear and Leather
- Creative Industries and Innovation
- General (for any other sector / industry not listed above/home based business)
- Informal Economy (not industry specific)

3. SUBMISSION OF FUNDING APPLICATIONS TO THE HARRY GWALA DEVELOPMENT AGENCY (PTY) LTD

Completed applications must be submitted at the Harry Gwala Development Agency (Pty) Ltd situated at Farmers Market, Erf 2226, Portion 27 of the Farm Ellerton, Ixopo 3276 within the application box located in the Reception Area prior to the closure of the application process.

4. FUNDING TIERS

A tiered funding mechanism will be implemented as a means to ensure that the initiative is responsive to a wide array of business enterprise each of which may be at different stages of operationality i.e. start up versus established / operational. It is important to note that through a tiered approach, applicants with similar funding needs will be required to compete against each other. The three (3) categories of funding are as follows:

Funding Tier	Funding Range
Tier 1	0 – R50,000.00
Tier 2	>R50,000.00 – R150,000.00
Tier 3	>R150,000.00 – R200,000.00

A project or initiative will be awarded funding in the form of a grant for some or all of its financial needs, depending on the specifications referred to in the business plan and funding request. To ensure adherence to the legislative prescripts of procurement and to fulfil the requirements of the applicant, **quotations must accompany each application.** Applicants are advised that the Agency will undertake the supply chain management processes for the procurement of goods. Once procured, the Agency, will hand-over such goods.

It is important to note that the assistance, through the programme, is implemented (awarded) in the form of a grant and does not need to be repaid to the Agency, however the stringent guidelines for application, require that aftercare, maintenance and insurance of goods is provided to the Agency to ensure sustainability.

5. IMPLEMENTATION PERIOD

Due to the limited funding, it may be a decision of the Agency to stagger funding assistance over more than 1 (one) municipal financial year or to prioritise projects and categorise into different funding clusters per financial year.

Decisions made by the Harry Gwala Development Agency (Pty) Ltd (its Evaluation / Adjudication Panel) in respect of this should be regarded as final.

6. RULES FOR THE APPLICATION PROCESS

These guidelines set out the rules for the submission, selection and implementation of actions financed under this call.

6.1 Eligibility of applicants (Who may apply?)

In order to be eligible for funding, applicants **must**:

- Must have their business interest and be bona fide resident/s of Harry Gwala District Municipality.
- Demonstrate ability to co-fund in cash or in kind, the necessary resources to ensure continuity of their organisation throughout the project and, if necessary, to play a part in financing it (where applicable).
- Be able to demonstrate capacity and capability to manage activities corresponding with the size of the project for which the funding is required.
- Applicants with existing businesses will be given priority.

6.2 Enterprise to be considered:

- Sole Proprietors
- Business enterprises;
- Legally established Non-Governmental Organisations (NGO's) or Non-Profit Organisations (NPOs), and Community Based Organisations (CBOs);
- Cooperatives legally established and are compliant with the Cooperatives Act;
- Informal Enterprises; and
- Trusts.

6.3 Ineligible Applicants:

Potential applicants may not participate in this funding process or projects considered if;

- They have been convicted of an offence concerning professional conduct in the operation of their business by a judgement which has the force of *res judicata* (i.e. against which no appeal is possible);
- They are guilty of grave professional misconduct proven by any means which the Agency can justify, including being blacklisted or being considered on the list of blacklisted companies as determined by Provincial or National Treasury;
- Are in arrears in respect of any rates and or taxes determined by legislative prescripts, inclusive of social security;
- They are bankrupt or being wound up, their affairs administered by the courts, have entered into an arrangement with creditors, have suspended their business activities, are the subject of proceedings concerning those matters, or are in any analogous situations arising from a similar procedure provided for in legislative prescripts;
- Have been declared to have breached any contract or condition therefore inclusive in the failure to comply with contractual obligations in connection with a procurement.

6.4 Ineligibility of Projects:

- Projects concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
- Projects concerned only or mainly with individual scholarships for studies or training courses, unless responsive to business establishment / functionality;
- Projects concerned only or mainly with provision of consulting or training services that would not create new or retain jobs;
- Projects that do not prove sustainability;
- Projects for businesses operational outside of the Harry Gwala District Municipality jurisdiction.

7. HOW TO APPLY AND THE PROCEDURES TO FOLLOW

Applicants interested in application for funding are requested to submit:

- Completed application form
- Accompanying documents as listed:
 - Certified copies of business registration (CIPC) / trading permits (where applicable) / Valid Informal Economy Permit / Business License issued by respective municipality OR confirmation from Local Municipality / Ward Councillor that business is in operation
 - Certified ID Copies of Shareholders, Directors, Executives, Trustees or Members of the Business
 - Cooperative Constitution (where applicable)
 - CV of Shareholders, Directors, Executives, Trustees or Members of the Business
 - Proof of Tax Clearance (where necessary)
 - Proof of residence and business operation
 - Proof of Bank Account registered in the name of the business entity OR in the name of the individual if a sole proprietor
 - Quotations for items requested

Note: Clarifications will only be requested when information provided is unclear, thus preventing the Evaluation Committee from conducting an objective assessment. It is therefore of utmost importance that these documents contain **ALL** relevant information concerning the project, its feasibility and preparedness for implementation. **ALL** additional annexes that prove the projects' **state of readiness**, a business plan, feasibility study, sustainability projections, alignment with the identified sector, off take agreements / proof of sales and confirmation of jobs to be created (permanent, temporary or retained) should be included with the application at submission (added advantage).

8. EVALUATION PROCESS

The following considerations shall serve as guidelines in evaluating applications:

- Benefit to local economy and business operation within municipal jurisdiction;
- Cost effectiveness and value add (specific to sector identification);
- Commercial viability of the business case;

- Business must comply with all relevant legislative prescripts;
- Existing businesses will be given priority;
- Minimum percentage of black ownership or interest of 70% is required;
- Business must create sustainable jobs;
- Business and its activities must be based in Harry Gwala District Municipality.
- Meaningful participation of prioritised groups as determined by government;
- Possibility of co-funding is encouraged should maximum amount be sought.

9. NOTIFICATION OF THE DECISION OF THE HARRY GWALA DEVELOPMENT AGENCY

Applicants will be informed in writing of the decision of the Harry Gwala Development Agency concerning their application. A decision to reject an application or not to award funding for the full application will be based on one or more of the following grounds:

- the application was received after the closing date;
- the application was incomplete or otherwise non-compliant with the stated administrative conditions;
- the applicant or one or more of its partners was not eligible;
- the project was ineligible (e.g. the project proposed is not covered by the programme, the requested contribution is higher than the maximum allowed, etc);
- the proposal was not relevant enough and/or the applicant's financial and operational capacity was not sufficient;
- although the proposal fulfils the quality criteria required for a favourable opinion, another proposal of a similar nature was awarded a higher score;
- one or more of the requested supporting documents (which has a bearing on evaluation) were not provided before the set deadline;
- any other criterion included in these guidelines has not been respected.

The Agency's decision to reject an application or not to award funding is final.

10. EVALUATION CRITERIA

Each application having respected the deadline and satisfied the administrative checks will undergo an evaluation of the aspects listed in the evaluation grid below. The application will be given an overall score out of 100 as shown in the Evaluation grid below. Only the Concept Note applications that receive a total average score of 70 (70%).

EVALUATION GRID

Section		Max Score
1	Financial and operational capacity	50
1.1	Does the applicant and, if applicable, partners have sufficient experience in the operationality of the business proposed ?	10
1.2	Does the applicant and, if applicable, partners have sufficient technical expertise ? (notably knowledge of the issues to be addressed.)	10
1.3	Does the applicant and, if applicable, partners have sufficient management capacity ? (including staff, equipment and ability to absorb additional demand?)	10
1.4	Does the applicant and, if applicable, its partners have stable and sufficient sources of finance ?	10
1.5	What roles and responsibilities of partners and is there any value in partnership?	10
2	Relevance	30
2.1	How relevant is the proposal to the objectives of the call for proposals?	10
2.2	Has the application proven state of readiness for implementation and have all the regulatory approvals (e.g. EIA etc.) has been approved	10
2.3	Is the application aligned to the following national, provincial and municipal development frameworks and strategies? Inclusive of Township Revitalisation?	10
3.	Suggestions required	20
3.1	What level of BEE certification do the applicant and partners of organisations have? – Level 1 scoring the highest.	10
3.2	Priority Groups targeted: <ul style="list-style-type: none"> - Persons with disabilities (2) - Youth (1) - Women (1) - HDI's (1) 	10
	Maximum total score	100

11. CONDITIONS APPLICABLE TO THE IMPLEMENTATION OF THE PROJECT

Following the decision to award the funding, the applicant / beneficiary will be offered a contract based on the Agency's standardised contracting developed specific to the Enterprise Development Fund. The contract will in particular establish the relevant rights and obligations. By signing the Application Form, the applicant declares accepting, the Contractual conditions as laid down in the General Conditions.

It is however noted that due to fluctuations in the market which may affect the price of goods, items quoted may not bear a similar cost at procurement, it will however remain the intention of the Agency to award / procure at the maximum amount. Should this not be possible, the successful applicant / beneficiary will be given the option of prioritising goods already identified on the submitted application to ensure that maximum grant is not exceeded.

12. IMPLEMENTATION

The process of implementation is such that the Agency will undertake the procurement of goods / services as determined by its Supply Chain Management processes. In instances where the procurement of an item or service exceeds the maximum but the applicant has indicated co-funding the Agency will proceed with procurement only once the co-funding, confirmed via bank guarantee, is received.

13. FINAL AMOUNT OF THE FUND

The total amount to be paid by the Agency to the Applicant / Beneficiary or its contractors may not exceed the maximum approved or contracted, neither in terms of the absolute amount nor a percentage of the total cost of the project as approved by Agency. The Agency may approve less than what is requested.

Note: other terms and conditions will be covered in the contract.



HARRY GWALA DEVELOPMENT AGENCY(PTY) LTD

LOCAL ECONOMIC DEVELOPMENT UNIT

ENTERPRISE DEVELOPMENT FUND APPLICATION

FOR OFFICE USE ONLY:

Ref. Number	
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1. SUMMARY PROJECT DETAILS

Project Name	
Nature of project	
Proposed Project Locality	
Economic Sector Focus	

2. PRE-QUALIFICATION CRITERIA (Applications will only be accepted from)

2.1 Eligible **LOCALLY BASED EMERGING MICRO ENTERPRISE (EME) and **QUALIFYING SMALL ENTERPRISE (QSE)** – each of which is defined as *An emerging entity – irrespective of ownership or priority sector which is, at least***

- 51% owned by black people;
- 51% owned by black people who are youth;
- 51% owned by black people who are women;
- 51% owned by black people with disabilities;
- 51% owned by black people living in rural or underdeveloped areas or townships;
- 51% owned by black people who are military veterans
- A cooperative which is at least 51% owned by black people;

The Agency reserves the right to respond to the Demographics of the District ensuring fair representation across all demographics.

3. FUNDING TIER / AMOUNT REQUESTED

Funding Tier	Funding Range	INDICATE AMOUNT REQUESTED (To be supported by Quotations)
Tier 1	0 – R50,000.00	
Tier 2	>R50,000.00 – R150,000.00	
Tier 3	>R150,000.00 – R200,000.00	

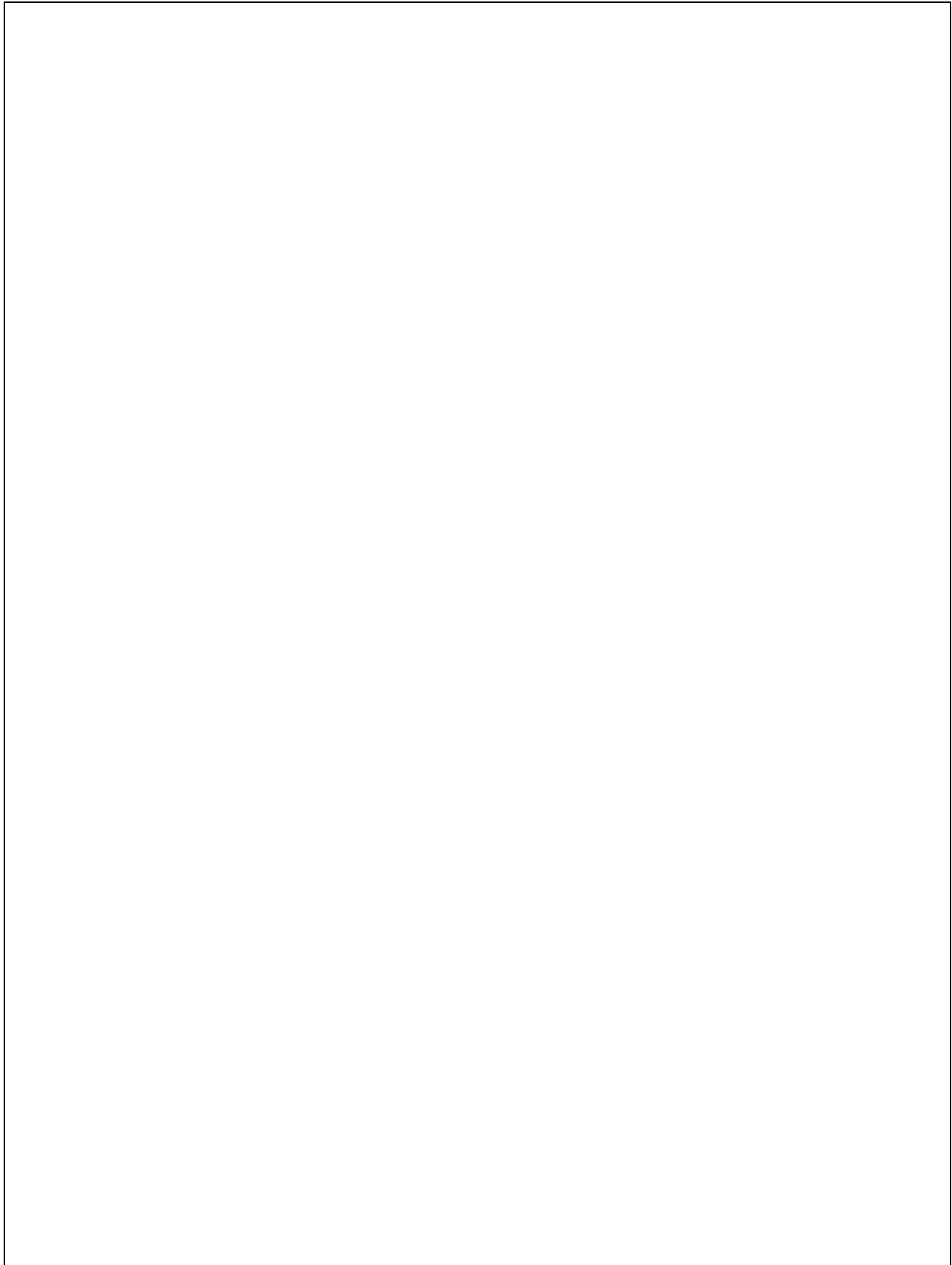
4. APPLICANT'S DETAILS

Entity/Applicant Name		
Name of Project Manager / Director		
Physical Address		
	Postal Code	
Postal address (if different to physical address)		
	Postal Code	
Fixed/Mobile phone number		
Fax number (if any)		
E-Mail Address (if any)		
Web address (if any)		

5. GENERAL SUMMARY

Name of project	
<p>Concept description - Expand on the Project Summary in 1 above by explaining in not more than 1000 (expand the table or use separate space) words the concept you would like considered for possible funding. Note that the information supplied here will assist authorities assess the extent to which your proposed project is ready for implementation. Follow the headings provided:</p>	
<ul style="list-style-type: none">• Brief Background of the project• Project Objectives• Project Results/Outcomes• Technical Requirements/Specifications• Land availability (Does the proposed project require land? What is the ownership status of the land?)• Market(s) and impact on Value Chain¹ (i.e. where in the value chain does your project fit) <p>(Please attach separate sheet if required)</p>	

¹ In this case **value chain** means the various activities undertaken in the process of producing the goods/services. Example: The farmer plants oranges and sells them to the juice maker who makes juice and sells it to the supermarket owner who sells to the public.



5.1 Please provide the names and details of the key personnel / senior management of your company together with job titles (e.g. Director / Owner, etc)

Name	Job Title	Race	Gender	Disabled (Y/N)	Age	Military Veteran (Y/N)

5.2 Please provide details of all the staff members employed by your company in the following categories:

	Total Staff	Female	Male	Black	White	Coloured	Indian	Disabled	Youth (age 35 and below)
Full time staff									
Part time staff									
Interns / Work integrated learning									
TOTAL STAFF									

5.3 Partners / Partnerships

Is there a partnership in place? Yes/No	
If yes, how long has the partnership been in place?	
Give a brief description of the partner(s) and their expertise in relation to the proposed project	

6. FUNDING

What is the total expected/budgeted cost of the project?	
What is the total amount (estimate, incl. VAT) requested from the SPF?	
What is the total value of own contribution?	
What is the <u>likely</u> source of own funding (e.g. own resources, loan, etc.)	

ADDITIONAL INFORMATION/ANNEXURES

Please attach any additional information or motivation you believe will support this application. Add any such additional information as an annexure.

Are there contracts in place for the sale of goods/services and/or letters of intent that have been secured? If so, please include this information in your application.

The Evaluation / Adjudication Panel may, at its sole discretion, request additional information on any aspect in this application form or your Business Plan.

The Evaluation Committee may, at its sole discretion, invite the applicant to an interview.

DECLARATION:

DECLARATION BY THE APPLICANT

Please note that this section must be signed by the duly authorised Accounting Officer/Project Manager of the applicant organisation.

The applicant declares that:

- It undertakes to comply with the principles of good partnership practice.
- It is directly responsible for the preparation and management of the project with its partners, and is not acting as an intermediary.
- It and its partners do not fall in the category of people mentioned in the guidelines as being ineligible to apply for SPF funding.
- It read and understood the SPF Guidelines.

I, the undersigned, and being the person responsible for the proposal in the applicant organisation, certify that the information given in this application & declaration is correct.

Name:	
Position:	
Signature:	
Date	

end