



**Western Cape  
Government**

Environmental Affairs and  
Development Planning

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# **MUNICIPAL FUNDING TRAINING RESOURCE**

## **SAMFA RESEARCH SOLUTIONS**

**31 MARCH 2013**

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## INTRODUCTION

The aim of this training manual is to equip and capacitate provincial and local government officials regarding potential funding sources that finances key areas that municipalities are responsible for.

This training manual can be used as:

- Work book – to be used during the training sessions through providing basic information that can be used in conjunction with municipal funding needs that would have been identified by participants..
- Self-paced guide: participants can work through the manual on their own at their own pace.
- Reference manual: in that it contains detailed information on key funding sources and their requirements and stipulations.
- Handout: which provides specific information to support specific applications for funding.
- Job aid: to provide step-by-step instructions to be used in seeking to identify potential funders.

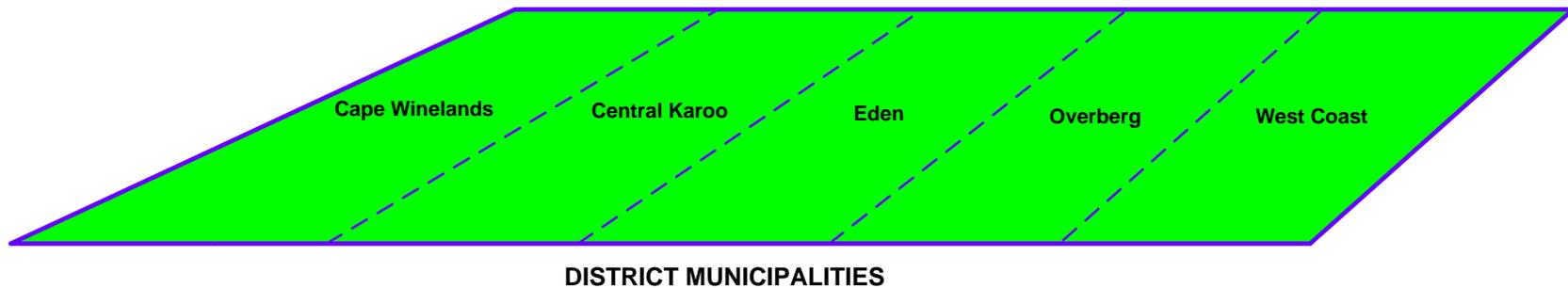
## OVERVIEW OF WESTERN CAPE MUNICIPALITIES

*The municipalities in the Western Cape consist of:*

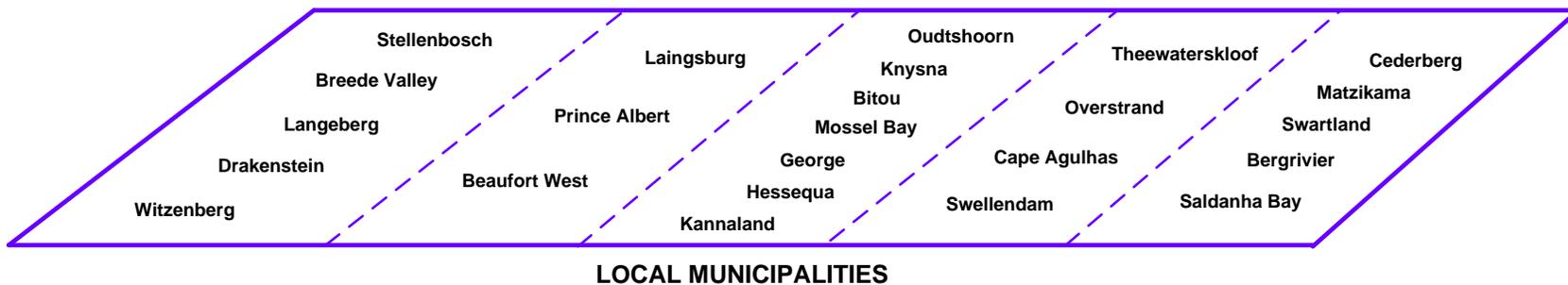
- One metro,
- Five district municipalities, and
- Twenty four local municipalities.



# FUNCTIONS AND POWERS OF MUNICIPALITIES



Outside the metropolitan areas, the local government mandate is pursued by a two-tier system of local government: local municipalities grouped into district municipalities, sharing the functional competencies listed in Schedules 4B and 5B of the Constitution. The allocation of responsibilities between the two tiers of local government is prescribed by the Municipal Structures Act of 1998, which must take into account need to provide municipal services in an equitable and sustainable manner. The Structures Act (as adjusted by MECs) does so by allocating district municipalities' functions with those not listed then falling in the purview of local municipalities.



# CONSTITUTION & MUNICIPAL AUTHORITY

In terms of the Constitution the functions of a municipality are:

## Schedule 4 Part B

- Air pollution
- Building regulations
- Child care facilities
- Electricity and gas reticulation
- Firefighting services
- Local tourism
- Municipal airports
- Municipal planning
- Municipal health services
- Municipal public transport
- Municipal public works
- Pontoons, ferries, jetties, piers and harbours,
- Stormwater management systems in built-up areas
- Trading regulations
- Water and sanitation services

## Schedule 5 Part B

- Beaches and amusement facilities
- Billboards and the display of advertisements in public places
- Cemeteries, funeral parlours and crematoria
- Cleansing
- Control of public nuisances
- Control of undertakings that sell liquor to the public
- Facilities for the accommodation, care and burial of animals
- Fencing and fences
- Licensing of dogs
- Licensing and control of undertakings that sell food to the public
- Local amenities
- Local sport facilities
- Markets
- Municipal abattoirs
- Municipal parks and recreation
- Municipal roads
- Noise pollution
- Pounds
- Public places
- Refuse removal, refuse dumps and solid waste disposal
- Street trading
- Street lighting
- Traffic and parking

# MUNICIPAL STRUCTURES ACT

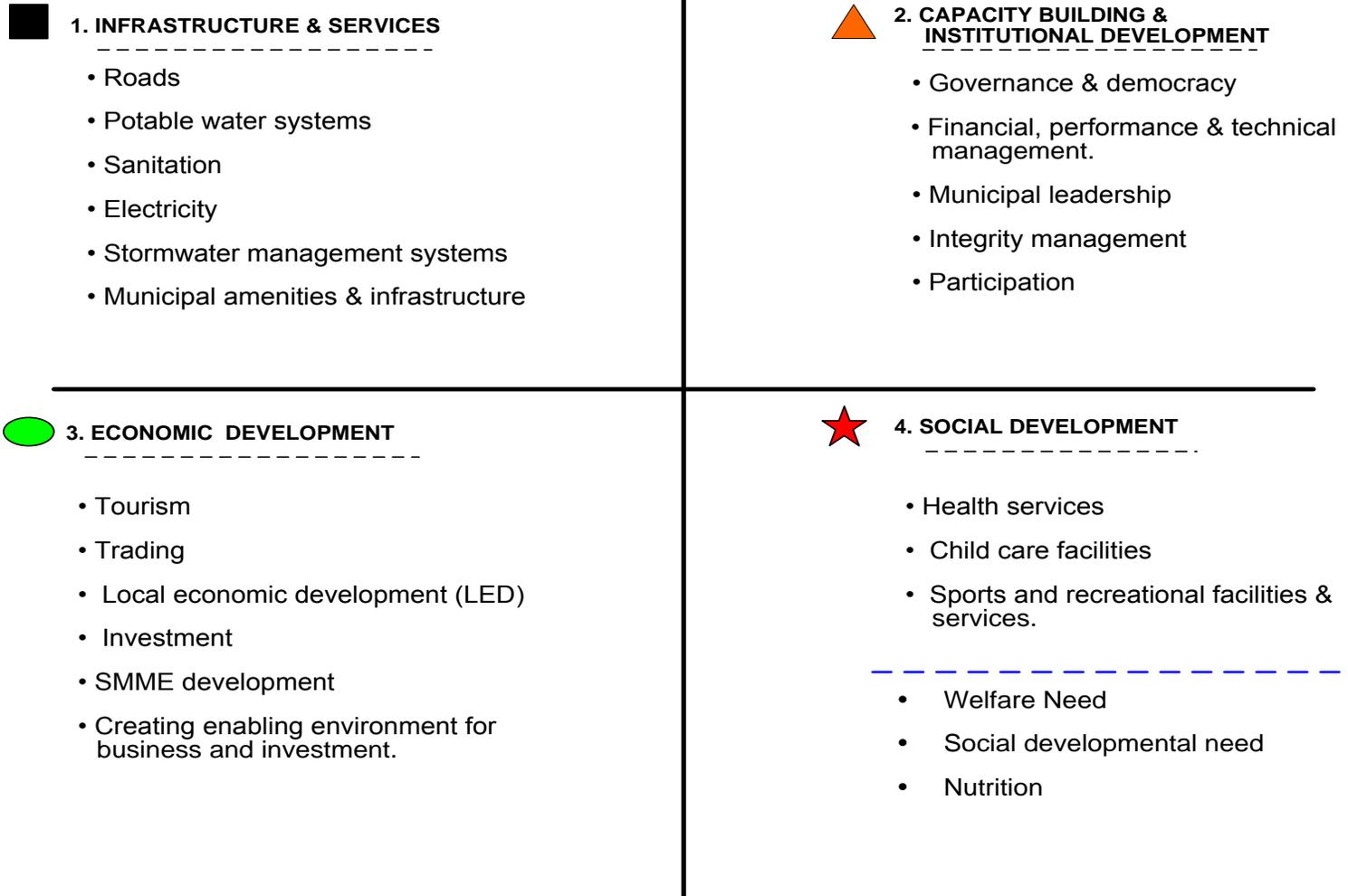
The Municipal Structures Act as amended in Section 84(1) states that a district municipality has the following functions and powers:

- (a) Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality.
- (b) Potable water supply systems.
- (c) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.
- (d) Domestic waste-water and sewage disposal systems.
- (e) Solid waste disposal sites, in so far as it relates to-
  - (i) the determination of a waste disposal strategy;
  - (ii) the regulation of waste disposal;
  - (iii) the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
- (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
- (g) Regulation of passenger transport services.
- (h) Municipal airports serving the area of the district municipality as a whole.

- (i) Municipal health services.
- (j) Fire fighting services serving the area of the district municipality as a whole, which includes-
  - (i) planning, co-ordination and regulation of fire services;
  - (ii) specialised fire fighting services such as mountain, veld and chemical fire services;
  - (iii) co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
  - (iv) training of fire officers.
- (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
- (l) The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
- (m) Promotion of local tourism for the area of the district municipality.
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- (o) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality.
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

# MUNICIPAL FUNDING NEEDS

Municipal funding needs can be grouped into the following four clusters:



### 1. INFRASTRUCTURE & SERVICES

- Roads
- Potable water systems
- Sanitation
- Electricity
- Stormwater management systems
- Municipal amenities & infrastructure

### 2. CAPACITY BUILDING & INSTITUTIONAL DEVELOPMENT

- Governance & democracy
- Financial, performance & technical management.
- Municipal leadership
- Integrity management
- Participation

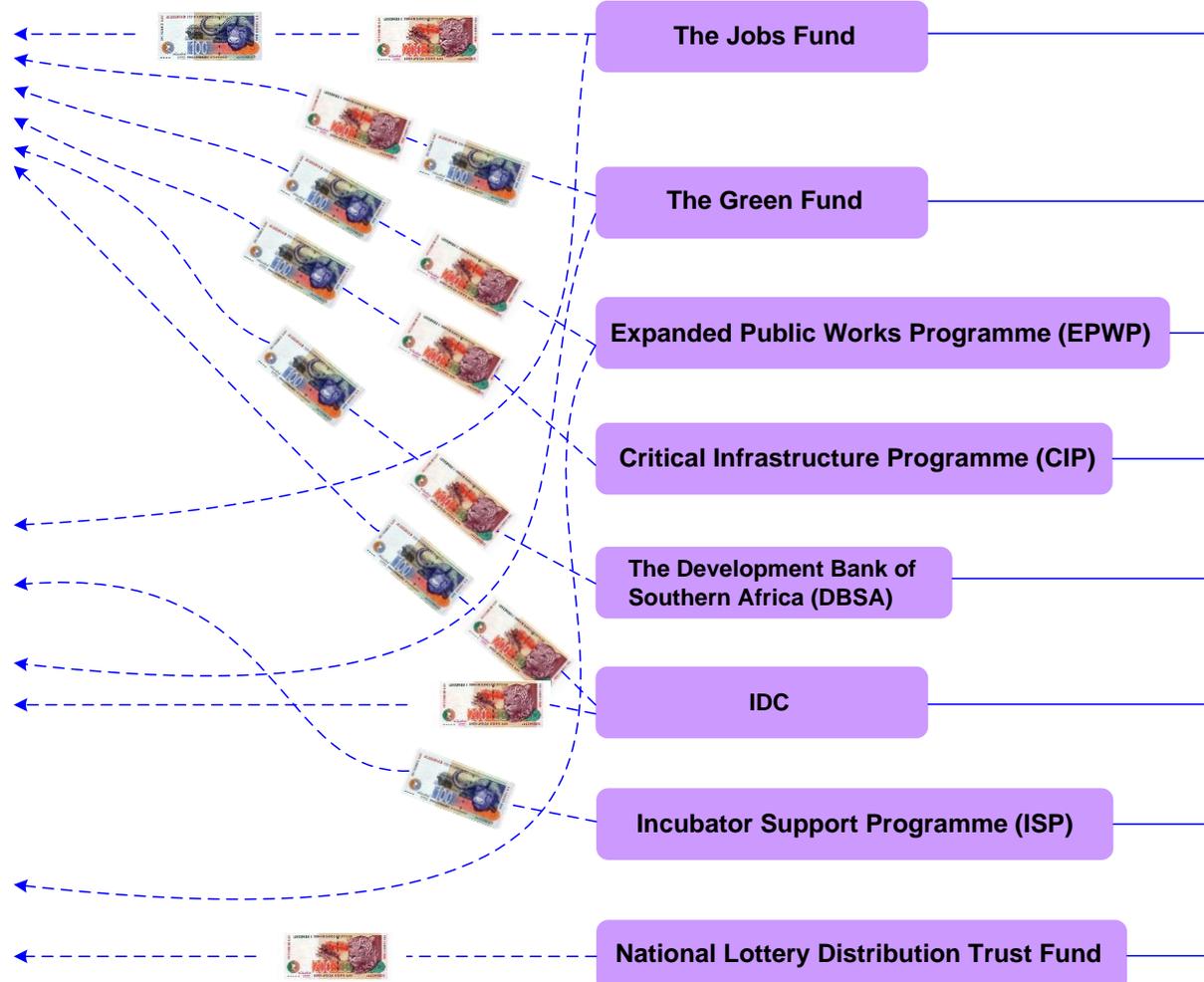
### 3. ECONOMIC DEVELOPMENT

- Tourism
- Trading
- Local economic development (LED)
- Investment
- SMME development
- Creating enabling environment for business and investment.

### 4. SOCIAL DEVELOPMENT

- Health services
- Child care facilities
- Sports and recreational facilities & services.
- Welfare Need
- Social developmental need
- Nutrition

## FUNDING SOURCES





South Africa. Siyasebenza

### OBJECTIVE OF THE JOBS FUND

The objective of the Jobs Fund is to co-finance projects by public, private and non-governmental organisations that will significantly contribute to job creation.

### FUNDING WINDOWS / FUNDS TO BE UTILISED FOR

### NATURE OF FUNDS / SUPPORT

Grant funding, allocated on a competitive basis.

infrastructure investment

support for work seekers

institutional capacity building

enterprise development



#### APPLICATION PROCEDURE

→ The Jobs Fund has a two-stage application process.

**Stage 1 - Concept Application stage:** This first stage requires the submission of a Concept Application in a standardised format, via the electronic application system. The Concept Application includes a description of all the key features of the project and enables an initial assessment of the eligibility of an application as well as its competitive performance against the impact criteria.

**Stage 2 - Full Application stage:** Once concept applications are approved, a detailed project proposal will be requested. The request will be accompanied by guidance notes to help improve the quality and chances of success of the full application. However, while the Jobs Fund Project Management Unit may consult with the applicant during the development of their detailed proposal, project design, associated activities and targets remain the responsibility of the applicant.

#### CONDITIONS FOR FUNDING

→ Matched Funding Ratio: Private Sector - 1:1, Non-Private Sector - 0.2:1. This means that for every R1 of funding requested from the Jobs Fund, the applicant must provide R0.20. The minimum grant size that will be considered by the Jobs Fund will be R5 million, implying a minimum contribution by the applicant of R1 million for a total project cost of R6 million.

#### FUNDING CYCLE

→ Open call for proposals once or twice per annum

#### CONTACT DETAILS

→ JOBS FUND CONTACT CENTER - 086 100 3272, JOBS FUND EMAIL - [info@jobsfund.org.za](mailto:info@jobsfund.org.za)

[www.jobsfund.org.za](http://www.jobsfund.org.za)



environmental affairs

Department:  
Environmental Affairs  
REPUBLIC OF SOUTH AFRICA



### OBJECTIVE OF THE GREEN FUND

The objective of the Green Fund is to lay the basis for the South African economy to make a transition to a low carbon, resource efficient and climate resilient development path delivering high impact economic, environmental and social benefits. The Green Fund aims to provide catalytic finance to facilitate investment in green initiatives that will support South Africa's transition towards a green economy.

### FUNDING WINDOWS / FUNDS TO BE UTILISED FOR



**Green Cities and Towns** - Local government procurement and alignment of spending on infrastructure and services, with environment performance indicators, can play a significant role in generating the demand for green products and services. This in turn can create greater localisation of green technologies.



**Low Carbon Economy** - These include interventions targeting industrial efficiency and the carbon intensity of the economy including energy efficiency, reducing pollution from industrial processes, waste management and reuse of by-products.



**Environmental and Natural Resource Management** - The protection of biodiversity and securing the sustainable delivery of ecosystem services is the primary focus of this window. This include interventions targeting ecosystem based adaptation to climate change that could drive rural development models. Managing and reducing the impact of agriculture and land use changes through demand management and resource conservation will be supported.



environmental affairs

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Environmental Affairs  
REPUBLIC OF SOUTH AFRICA



### NATURE OF FUNDS / SUPPORT

- Grant funding, allocated on a competitive basis.

### APPLICATION PROCEDURE

- 1. Request for proposals (RFP) is announced.
- 2. Applicants then submit proposals in response to the RFP.

### CONDITIONS FOR FUNDING

- Conditions for funding will vary as per the requirements of the respective RFP's.

### FUNDING CYCLE

- Open call for proposals once or twice per annum.

### CONTACT DETAILS

- Tel: 011 313 5050    [enquiries@sagreenfund.org.za](mailto:enquiries@sagreenfund.org.za)    [www.sagreenfund.org.za](http://www.sagreenfund.org.za)





**EXPANDED PUBLIC WORKS PROGRAMME**  
 Creating opportunities towards human fulfilment



**OBJECTIVE OF THE EPWP**

The objective of the EPWP is to create work opportunities (WO's) and full time equivalent (FTE) jobs for poor and unemployed people in South Africa so as to contribute to reducing unemployment through the delivery of public and community services.

**FUNDING SECTORS / FUNDS TO BE UTILISED FOR**

**INFRASTRUCTURE**

**Focus:** Labour-intensive and labour-based construction and maintenance.

**Lead Department:** Department of Public Works

**Constituent Departments:** Departments of Transport, Provincial and Local Government, Water Affairs and Forestry, Minerals and Energy and Sports and Recreation.

**Provincial and local government**

**Largest sector** of the EPWP.





## ENVIRONMENT & CULTURE

**Focus:** Labour-intensive and labour-based environmental and culture programmes.

**Lead Department:** Department of Environmental Affairs.

**Constituent Departments:** Departments of Agriculture, Forestry and Fisheries; Rural Development and Land Reform; Economic Development; Arts and Culture; Provincial and Local Government; Water Affairs and Forestry.

**Provincial and local government**





**SOCIAL SECTOR**

**Focus:** Labour-intensive and labour-based social, health and education programmes.

- For example, holistic HIV, AIDS and TB related services.
- Early Childhood Development (ECD) and Home Community Based Care(HCBCB).

Specifically target women who bear the brunt of poverty and unemployment by providing them with training, work experience and an income as stepping-stones to their participation in the mainstream economy.

**Lead Department:** Department of Social Development.

**Constituent Departments:** Departments of Education and Health.

**Provincial and local government**

**NGO's and CBO's** play crucial role as delivery agents of social sector programmes.





**NON-STATE SECTOR**

The Non State Sector Programme (NSS) creates an opportunity for Non Governmental Organisations (NGO's), Community Based Organisations (CBO's), Faith Based Organisations (FBO's) and communities to directly participate in modeling activities and projects in their areas that can create employment. The organisations that are working within this sector teach people in their community skills in:

- manufacturing,
- cleaning,
- food gardening,
- farming,
- counseling,
- home based care and
- training services



**Lead Agency:** Independent Development Trust (IDT).  
**Other Actors:** Non Governmental Organisations (NGO's), Community Based Organisations (CBO's), Faith Based Organisations (FBO's).

as a way of creating work opportunities. The Department of Public Works (DPW) as the custodian of the programme offers an administration fee and a subsidy for the wages of the people employed in the Non-Profit Organisations.





**NATURE OF FUNDS / SUPPORT**

Grant funding, allocated on a competitive and incentive basis.

**APPLICATION PROCEDURE**

**INFRASTRUCTURE**

The EPWP infrastructure projects are funded through the Municipal Infrastructure Grant (MIG) allocated to municipalities by Treasury through the Department of Cooperative Governance and Traditional Affairs. Municipalities will identify infrastructure projects through the IDP process and from these identify projects that are amenable to labour-intensive methods. The MIG will have conditions attached that activities such as low volume roads, trenching, stormwater drains, side walks should be undertaken using labour intensive methods.

**ENVIRONMENTAL & CULTURE AND SOCIAL**

Funding for the Environmental and Cultural Sector programmes and from the Social Sector will come through the line departments.

**NON STATE SECTOR**

Funding for the Non State Sector is managed via the IDT.



### CONDITIONS FOR FUNDING

1. Municipalities have to report performance on EPWP projects to DPW on the EPWP Management Information System (MIS) in a prior financial year.
2. Meet minimum job creation targets based on the available grant budgets.
3. EPWP workers may not be paid less than the prescribed rate in the Ministerial Determination and must be employed in terms of the Code of Good Practice and the Ministerial Determination.

### FUNDING CYCLE

Annual

### CONTACT DETAILS

EPWP: Provincial Co-ordination Office , Tel: 021 - 483 4901

**Website:** <http://www.epwp.gov.za/>

Fuziwe Kubheka  
EPWP: Non-State Sector Mobilization -  
Department of Public Works  
Tel:+27 (0)12 337 3262  
Email:Fuziwe.Kubheka@dpw.gov.za



## CRITICAL INFRASTRUCTURE PROGRAMME

The Critical Infrastructure Programme (CIP) is a cost sharing grant for projects designed to improve critical infrastructure in South Africa. The grant covers qualifying development costs from a minimum of 10% to a maximum of 30% towards the total development costs of qualifying infrastructure. It is made available to approved eligible enterprise upon the completion of the infrastructure project concerned.

Infrastructure for which funds are required is deemed to be 'critical' if the investment would not take place without the said infrastructure or the said investment would not operate optimally.

### OBJECTIVES OF THE PROGRAMME

- Support competitiveness by lowering business costs and risks;
- Provide targeted financial support for physical infrastructure; and
- Stimulate upstream and downstream linkages.

### FUNDING WINDOWS / FUNDS TO BE UTILISED FOR

Critical infrastructure refers to the structural foundations, permanent network facilities or a special economic zone via which enterprises or society in general receive or supply basic services such as transport, electrical infrastructure and bulk water supply, sanitation, telecommunications, place of trade operations, etc. Examples of infrastructure include roads and bridges, industrial parks, electricity transmission lines, renewable energy, as well as their associated generation (e.g. generators) storage, water pipelines, purification, sewers, and telephone lines, and other facilities that supply, protect or in any way facilitate the networks, systems and trade.

### NATURE OF FUNDS / SUPPORT

A cash grant to a maximum of 30% capped at R30 million of the development cost of qualifying infrastructure.



## CRITICAL INFRASTRUCTURE PROGRAMME

### APPLICATION PROCEDURE

- Direct request / letter of enquiry.

### CONDITIONS FOR FUNDING

- Non-qualifying Cost:

Indirect costs such as cost elements that the applicant would have in any case incurred will not qualify for the grant. They include, but is not limited to the following:

- Work scoping, studies, plans and such cost elements that the applicant would have in any case incurred by way of payment of salaries or remuneration of permanently retained professional staff, including management;
- Equipment such as office business machines (computers, facsimile machines, printers, telephones, and software tools or systems) and office furniture;
- Value Added Tax (VAT) payable in connection with the direct qualifying project costs;
- Maintenance and repair costs or any other costs incurred after the completion of the construction of the infrastructure and commissioning thereof;
- Costs associated with tendering documentation and the tendering process.

### FUNDING CYCLE

- Ongoing

### CONTACT DETAILS

- Website: [www.thedti.gov.za](http://www.thedti.gov.za)  
Call Centre: 0861 843 384



## INCUBATOR SUPPORT PROGRAMME (ISP)

### OBJECTIVES OF THE PROGRAMME

The objective of the ISP is to encourage private sector partnerships with Government to support incubators in order to develop SMMEs and nurture them into sustainable enterprises that can provide employment and contribute to economic growth.

The intention of the programme is to provide funding for incubators that over time can generate revenue through the provision of services and initiatives that can be self-sustainable.

The incubation support will be available on a cost-sharing basis between the Government and private sector partner(s). It is available for infrastructure and business development services necessary to mentor and grow enterprises to ensure that within 2 to 3 years the enterprises will graduate to a level of self-sustainability by providing products and services to the market.

### FUNDS TO BE UTILISED FOR

The following costs are eligible for support:

- Business development services (e.g. business advisory services, coaching and mentoring, training, facilitation of funding, production efficiency and improvement, quality and standards acquisition)
- Market access
- Machinery, equipment and tools
- Infrastructure linked to incubator (buildings, furniture)
- Feasibility studies for establishing and expanding incubators
- Product or service development
- Information and Communication Technology (ICT)
- Operational costs



## INCUBATOR SUPPORT PROGRAMME (ISP)

### NATURE OF FUNDS / SUPPORT

- Cost-sharing grant of 50:50 for large businesses and a cost-sharing of 40:60 for SMMEs.

### APPLICATION PROCEDURE

- Direct request / letter of enquiry.

### CONDITIONS FOR FUNDING

- As per ISP Guidelines

### FUNDING CYCLE

- Ongoing

### CONTACT DETAILS

- Ms Thato Malebye [tmalebye@thedti.gov.za](mailto:tmalebye@thedti.gov.za)  
012 394 1291

Ms Mmakopa Makwela [mmakwela@thedti.gov.za](mailto:mmakwela@thedti.gov.za)  
012 394 5815

Ms Herminah Lewis [HLewis@thedti.gov.za](mailto:HLewis@thedti.gov.za)  
012 394 1733

Website: [www.thedti.gov.za](http://www.thedti.gov.za)

## IDC DEVELOPMENT FUNDS

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### OBJECTIVES OF THE FUNDS

Provide funding support to projects that have a high developmental impact and will, over time, grow the South African economy.

The funding schemes support the aims of the New Growth Path set out by the Economic Development Department, which emphasises growth, employment creation and equity.

### FUNDS CURRENTLY MANAGED BY IDC

1. Gro-E Scheme
2. Risk Capital Facility Programme
3. Support Programme for Industrial Innovation
4. Transformation and Entrepreneurship Scheme
5. Green Energy Efficiency Fund
6. Women Entrepreneurial Fund
7. Distressed Fund
8. Manufacturing Competitiveness Enhancement Programme



## GRO-E SCHEME



### OBJECTIVES OF THE SCHEME

To grow the economy and create jobs by investing R10 billion through the Gro-E Scheme by providing financial support to start-up businesses and expansion capital, including funding for buildings, equipment and working capital.

### SECTORS SUPPORTED

- Green industries, which includes renewable energy, energy efficiency, pollution mitigation, waste management and recycling, and biofuels;
- Agricultural value chain, including agro-processing;
- Manufacturing, focusing on advanced manufacturing; automotive, components, medium and heavy commercial vehicles manufacturing; clothing textiles, footwear and leather; forestry, paper and pulp, and furniture; metals fabrication, capital and transport equipment; pharmaceuticals; plastics and chemicals;
- Mining value chain, including downstream mineral beneficiation, mining and mining technologies;
- Tourism and high-level services, which includes business process services and tourism;
- Media and motion pictures, which has to do with media pictures production, the media value chain of broadcasting (radio and television), media expansion including new media, music value chain, and film production and animation; and
- The knowledge economy, to do with health care, information and communications technology and biotechnology.

## GRO-E SCHEME



## CRITERIA FOR FINANCIAL ASSISTANCE

- Start-up businesses, including funding for buildings, machinery and working capital;
- Existing businesses for expansionary purposes;
- Businesses that demonstrate economic merit and have prospects of acceptable profitability to be able to service their obligation;
- For the duration of the funding period, businesses whose maximum cost per job does not exceed R500 000 relative to the total funding required;
- Broad-based Black Economic Empowerment certification from an accredited verification agency, where applicable; and
- Businesses operating or expanding in South Africa.
- The scheme works by funding businesses at prime less 3% for loans and the Real After Tax Internal Rate of Return (RATIRR) of 5% for equity financing. A minimum of R1-million with a maximum of R1-billion per project will be allowed.
- The funding is available over five years or until the scheme is exhausted.
- The first draw must be within a year of approval for funding (if not, pricing reverts to normal IDC pricing). The reduced loan pricing is available for five years, after which normal IDC pricing applies, and finance required in excess of the scheme's limit can be accessed through normal IDC funding.

## GRO-E SCHEME



## TERMS AND CONDITIONS

- The funding period is structured to meet the cash flow needs of the business.
- Appropriate capital and interest payment holidays will be applied, depending on the financial needs of the business.
- There is no prescribed minimum for owner contribution. This will be determined by the financial capacity of the entrepreneur and the cash flow profile of the business.
- The IDC will also assist businesses with capacity building, where needed.
- Businesses are encouraged to consider this support, which is partially grant funding.

## CONTACT

### **IDC Western Cape Regional Office**

Office 2817, 28 Floor ABSA Centre, 2 Riebeeck Street, Cape Town

Tel: 021 421 4794

Fax: 021 419 3570

IDC Call centre: 086 069 3888

**Website:** <http://idc.co.za/development-funds>

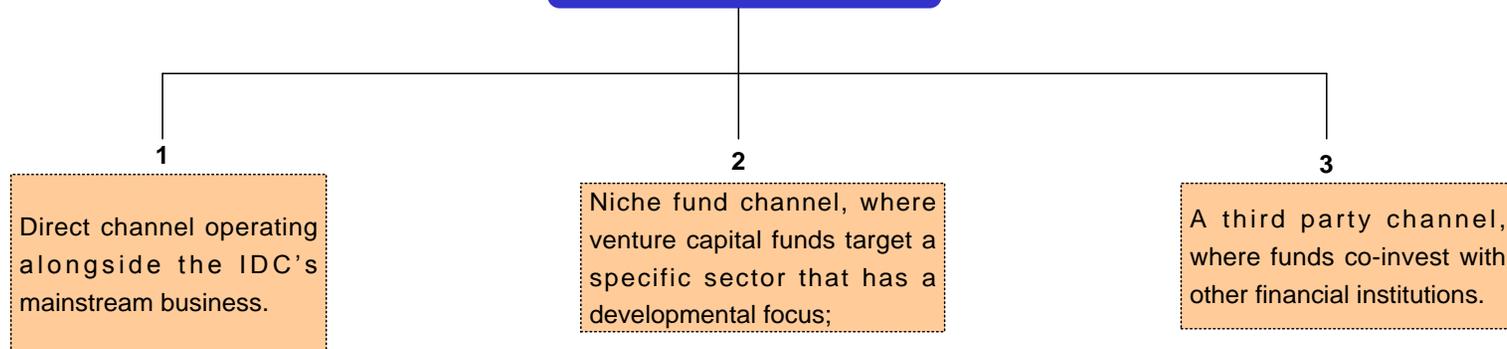
## RISK CAPITAL FACILITY PROGRAMME



### OBJECTIVES OF THE SCHEME

To provide risk finance to companies owned by historically disadvantaged people.  
The companies – small and medium enterprises – must show significant job creation potential.

### FUNDING CHANNELS



### SUPPORT PROVIDED

The IDC supports qualifying small and medium enterprises (SMEs) using equity and quasi-equity finance instruments.  
The IDC provides SMEs with a business support programme that includes business planning, training and mentorship.

## RISK CAPITAL FACILITY PROGRAMME



## FUNDING CRITERIA

All sectors of the economy are eligible except for projects in armaments, tobacco, and gambling fields and investment terms are decided on a case-by-case basis.

All applicants must fulfill the following investment criteria:

- Demonstrate financial profitability, technical feasibility and economic viability and be environmentally sound;
- Highlight job creation features and empowerment compliance;
- Demonstrate elements of women entrepreneurs;
- Show a significant involvement of historically disadvantaged persons in management;
- Demonstrate compliance with South African environmental legislation; and
- Have a programme for HIV/Aids prevention and awareness.

## RISK CAPITAL FACILITY PROGRAMME



## GUIDELINES

### Applying for direct or third party channel funding:

- The applicant must be an SME;
- The minimum historically disadvantaged persons ownership must be 25% and above;
- Job intensity of an investment, calculated on a cost per job basis, may not exceed R60 000;
- The minimum investment amount will be R250 000 for township and rural areas and R500 000 for other areas; and
- There is a maximum single investment amount of R20-million; and
- Funds will be applied to improving the financial structure of under-capitalised companies.

### Applying for niche fund channel support:

- Applicants must invest in SMEs;
- The maximum investment is R30-million;
- The Risk Capital Facility Programme will always be a minority equity investor; The exit period will be determined on a case-by-case basis;
- The fund manager must demonstrate a sound track record, with a minimum historically disadvantaged persons ownership of 25% plus one share.

## CONTACT

**IDC Western Cape Regional Office**  
Office 2817, 28 Floor ABSA Centre,  
2 Riebeeck Street, Cape Town

Tel: 021 421 4794

Fax: 021 419 3570

IDC Call centre: 086 069 3888

**Website:** <http://idc.co.za/development-funds>

## SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION



### OBJECTIVES OF THE SCHEME

To support industrial innovation

### FUNDING SCHEMES

#### 1. Product Process Development (PPD) Scheme

The PPD Scheme is intended to promote innovation and technology development through the provision of financial assistance for the development of new products and/or processes. A new product is a product that has not been in the market before.

It provides financial assistance for small, very small and micro enterprises whose total assets (excluding fixed property) are below R5 million and a turnover of less than R13 million as well as total employees of below 50, as defined in the National Small Business Amendment Act of 2003, or any other Act replacing it.

The financial assistance provided is in the form of a non repayable grant of between 50% and 85% (depending on the shareholding by BEE, women and persons with disabilities) of the qualifying costs incurred during the technical development stage with a maximum grant amount of two million Rand (R2 000 000) per project.

## SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION



## FUNDING SCHEMES

The **Matching Scheme** provides financial assistance in the form of a taxable non-repayable grant of between 50% and 75% (depending on the shareholding by BEE, women and persons with disabilities) of qualifying costs incurred in pre-competitive development activity associated with a specific development project up to a maximum grant amount five million Rand (R5 000 000).

Financial assistance under the Matching Scheme is also provided to large companies on a 50% matching basis. A large company is as defined in the Small Business Act of 2003 or any act replacing it. The incentives for BEE and women participation provided under the Matching Scheme do not apply to large companies.

Financial assistance under the Partnership Scheme is provided in the form of a conditionally repayable grant of 50% of the qualifying cost incurred during development activity with a minimum grant amount of ten million Rand (R10 000 000) per project, repayable on successful commercialisation of the project.

## SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION



## FUNDING SCHEMES

The **Partnership Scheme** repayment levy is calculated as the percentage of the projected value of sales, paid bi-annually, over a specific number of years (typically for 5 years starting at the first year of recorded sales) which will give a certain nominal Internal Rate of Return (IRR). The required IRR is periodically reviewed and is currently Prime + 3%. The levy percentage and repayment period is set at the time of the award.

The grant recipient may exit from the agreement at any time after the final milestone has been reached, subject to the repayment of the support amount plus such amount that will yield the IRR referred to above.

In the case of the SPII Partnership Scheme, an investigation fee, equal to 1% of the grant amount, is payable on signature of the agreement. This fee is refundable, without interest, at completion of the final milestone.

The SPII Partnership Scheme is based on similar rules as the Matching Scheme. There are no BEE incentives under the **PII Scheme**.

## CONTACT

### **IDC Western Cape Regional Office**

Office 2817, 28 Floor ABSA Centre,  
2 Riebeeck Street, Cape Town

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Fax: 021 419 3570

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**Website:** <http://idc.co.za/development-funds>

## TRANSFORMATION AND ENTREPRENEURSHIP SCHEME



### OBJECTIVES OF THE SCHEME

The Transformation and Entrepreneurship Scheme has been set up to finance marginalised groups in South Africa. Our aim with this scheme is to stimulate and develop largely small and medium enterprises, and make the mainstream economy accessible to marginalised groups - women, people with disabilities, and workers and communities.

### FUND FOCUS

Start-up businesses, expansions or expansionary acquisitions.

Provides business support, by way of a grant, helping with business planning, training and mentorship.

Under this scheme, some R1-billion has been set aside for five funds:

- Women Entrepreneurial Fund;
- People with Disabilities Fund;
- Equity Contribution Fund;
- Development Fund for Workers; and
- Community Fund.

### NATURE OF SUPPORT PROVIDED

Provides business support, by way of a grant, helping with business planning, training and mentorship.

## TRANSFORMATION AND ENTREPRENEURSHIP SCHEME

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## FUNDING CRITERIA

There are general criteria set out for all funds:

- Applicants must be able to demonstrate that their business is economically viable and financially sustainable.
- The business must be in one of the IDC's mandated sectors.
- Provision must be made for the employment of people with disabilities.
- Funding provided will generally not be less than R1-million.

Specific guidelines have also been drawn up for each of the five funds:

## TRANSFORMATION AND ENTREPRENEURSHIP SCHEME



### FUNDING CRITERIA

#### Women Entrepreneurial Fund

- This fund applies to businesses with a minimum shareholding by women of at least 50%; shareholding between 25% and 50% will be considered on revised terms
- It can apply to a start-up business or for expansions;
- It is available to new entrants - that is, those shareholders with a direct or indirect total net asset base of less than R15-million;
- The business must include women in its operations and management; and
- Finance is provided to businesses with a total asset base of up to R80-million and the maximum amount we will finance under this fund is R30-million a transaction.

## TRANSFORMATION AND ENTREPRENEURSHIP SCHEME



## FUNDING CRITERIA

### People with Disabilities Fund

- This fund applies to companies where a person or people with disabilities have a minimum shareholding of 50% plus one share; shareholding between 25% and 50% will be considered on revised terms
- Applicants must demonstrate operational and management involvement;
- The maximum amount that can be financed under this fund is R8-million and applies to start-up and existing companies that wish to expand; and
- Only new entrants qualify for financing - that is, those shareholders with a direct or indirect total net asset base of less than R15-million.

## TRANSFORMATION AND ENTREPRENEURSHIP SCHEME

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## FUNDING CRITERIA

### Equity Contribution Fund

- This funding is available for new black entrants where shareholders hold a direct or indirect total net asset base of less than R1.5-million;
- Only black individuals or individuals of a 100% black-owned company. In the case where the company is not wholly black-owned, the black shareholding must be 25% plus one;
- This fund applies to start-up businesses or existing companies that wish to expand Black shareholders who are financed under the scheme must be involved in both the operations and management of the company;
- A maximum limit of R10-million has been set for each application; and
- Finance is provided to businesses with a total asset base of up to R80-million.

## TRANSFORMATION AND ENTREPRENEURSHIP SCHEME

### FUNDING CRITERIA



### Development Fund for Workers

- This fund provides finance to Broad-based Black Economic Empowerment transactions for at least 85% owned black worker groupings to acquire shareholding in IDC funded projects;
- It applies to black low-skilled workers who may have little prospect of accessing equity;
- Businesses that can apply may be start-ups, or companies looking to expand ;
- The maximum amount that can be financed under this fund is R15-million per transaction;
- There are no restrictions on the business size;
- The workers must acquire a meaningful stake in the business.

## TRANSFORMATION AND ENTREPRENEURSHIP SCHEME



### FUNDING CRITERIA

#### Community Fund

- This fund provides finance to marginalised communities that want to acquire shares in a company funded by IDC;
- These businesses can be start-up, or companies looking to expand. The maximum amount that can be financed under this fund is R10-million; and
- There are no restrictions on the business size but it is a requirement that the community acquires a meaningful stake in the business.

### CONTACT

#### IDC Western Cape Regional Office

Office 2817, 28 Floor ABSA Centre,  
2 Riebeeck Street, Cape Town

Tel: 021 421 4794

Fax: 021 419 3570

IDC Call centre: 086 069 3888

**Website:** <http://idc.co.za/development-funds>

## GREEN ENERGY EFFICIENCY FUND



### OBJECTIVES OF THE FUND

To encourage investment in energy efficiency and renewable energy projects aimed at improving energy efficiency facilitating South Africa's transition towards a low-carbon economy. The energy and related cost savings will drive improved production capacity, operational effectiveness and competitiveness resulting in job creation.

### ELIGIBILITY CRITERIA

#### Eligible Companies

Companies in the private sector who plan to:

- Implement an energy efficiency project that provides significant energy and/or emissions savings.
- Offset grid-connected electricity through self use renewable energy.
- Priority will be given to companies that have less than or equal to:
  - R51.0 million turnover or
  - R55.0 million assets or
  - 200 employees
- Priority will be given to projects that have a high local content where there is local manufacture of a particular technology in South Africa.
- Replicable and or bundled industrial Energy Efficiency projects will be preferred.
- Projects for non SMEs or low local content may be also considered if they provide significant energy and emissions reductions.
- The fund is only available to businesses registered and operating in South Africa.

## GREEN ENERGY EFFICIENCY FUND



### ELIGIBILITY CRITERIA

#### Eligible Projects:

The funding can be used for equipment and technologies that:

- Use less energy to provide the same amount of useful work such as high efficiency modernized boilers, compressors or insulation materials.
- Make use of renewable sources rather than from fossil fuels (solar heat, boilers fuelled by wood, straw, solar PV electricity generation, wind turbines etc)
- Perform multiple functions in one pass rather than separate passes or that benefit from variable controls.
- Produce a higher quantity of products with less defects/wastage and ultimately results in lower energy use per unit of useful products produced.
- Have a combination of all of the above.

Projects which are eligible under the Eskom IDM programme are also, in principle, eligible for financing. The Green Energy Efficiency Fund provides an option for bridging finance in addressing the funding gap between the actual investment and the process required to obtain Eskom incentives / rebates.

## GREEN ENERGY EFFICIENCY FUND



### INDUSTRY SECTORS COVERED

- Green Industry
- Agricultural value chain
- Manufacturing activities
- Mining value chain
- Tourism and high-level services
- Knowledge economy.

### NATURE OF TECHNICAL SUPPORT

The IDC has access to international and local technical experts who will support those eligible enterprises who require advice and assessments to support their energy efficient project:

- Perform energy assessments and audits to propose sustainable energy solutions and support the preparation of investment project proposals.
- Calculate the economic and financial benefits of the proposed investment.
- Support the selection of eligible equipment and enhanced performance technologies.

## GREEN ENERGY EFFICIENCY FUND



### TERMS & CONDITIONS

- Loans from a minimum of R1.0m to a maximum of R50.0m are available at prime less 2%. For higher amounts standard conditions apply.
- Term is up to 15 years, depending on the payback period of the investment.
- Standard IDC fees apply.
- All IDC credit policies and procedures will apply.

### APPLICATION PROCESS

- Complete the Green Energy Efficiency Fund application form online.
- The application form is also available in the IDC Regional Office.
- Eligibility will be communicated within 10 business days.
- Eligible applicants will be requested to submit a detailed business plan to the IDC, accompanied by a financial model and cash flow statements historic, present and projected. These will serve as input to the due diligence and credit approval process.

### CONTACT

**IDC Western Cape Regional Office**  
Office 2817, 28 Floor ABSA Centre,  
2 Riebeeck Street, Cape Town

Tel: 021 421 4794

Fax: 021 419 3570

IDC Call centre: 086 069 3888

**Website:** <http://idc.co.za/development-funds>

## WOMEN ENTREPRENEURIAL FUND

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### OBJECTIVES OF THE FUND

To encourage women participation in companies and the economy.

### FUND PROVISIONS

This fund applies to businesses with a minimum shareholding by women of at least 50%; shareholding between 25% and 50% will be considered on revised terms

It can apply to a start-up business or for expansions

It is available to new entrants: that is, those shareholders with a direct or indirect total net asset base of less than R15 million

The business must include women in its operations and management

Finance is provided to businesses with a total asset base of up to R80 million and the maximum amount we will finance under this fund is R30 million per transaction

### CONTACT

#### **IDC Western Cape Regional Office**

Office 2817, 28 Floor ABSA Centre,  
2 Riebeeck Street, Cape Town

Tel: 021 421 4794

Fax: 021 419 3570

IDC Call centre: 086 069 3888

**Website:** <http://idc.co.za/development-funds>

## DISTRESSED FUND



## OBJECTIVES OF THE FUND

The economic downturn of the last few years has put a lot of local businesses under severe financial strain.

In addition businesses have had difficulty accessing funding from traditional sources as banks tightened their credit facilities.

Against this background, the IDC has played its countercyclical role and set a R6-billion fund to assist companies negatively affected by the recession. The main objective of the intervention is to retain jobs and maintain productive capacity in the economy.

The funds will help a business build capacity and create employment; provide working capital as well as operational and capital expenses, so helping the business to become competitive; ensure liquidity by providing funds not accessible by banks; and reduce the quantum of job losses.

## DISTRESSED FUND



## FUND REQUIREMENTS

- The latest audited financials (current and at least two years prior to profit deterioration);
- The latest management accounts;
- An updated business plan focusing on the company's turnaround;
- A detailed description of the nature of the investment required, related costs and revenues; and
- Evidence of development impact such as Black Economic Empowerment, rural and small or medium enterprise development, in addition to job creation and preservation.

## FUND PROVISIONS

- Funding can take the form of debt or equity and is structured to applicant needs.
- Guarantee facilities are also available.
- The minimum funding is R1-million.

## CONTACT

**IDC Western Cape Regional Office**  
Office 2817, 28 Floor ABSA Centre,  
2 Riebeeck Street, Cape Town

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Fax: 021 419 3570

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## MANUFACTURING COMPETITIVENESS ENHANCING PROGRAMME (MCEP)



### OBJECTIVES OF THE PROGRAMME

The Manufacturing Competitiveness Enhancement Programme (MCEP) Offers a new suite of incentives for existing manufacturers and is designed not only to promote competitiveness in the manufacturing arena, but to ensure job retention in this sector.

### PROGRAMME PROVISIONS

MCEP consists of:

- Industrial financing loan facilities managed by the IDC; and,
- Production incentive grants administered by the Department of Trade and Industry.

### WHO SHOULD APPLY FOR FINANCE?

Application is open to South African-registered entities with existing manufacturing operations in this country engaged in:

- Manufacturing (Standard Industrial Classification code 3);
- Engineering services that support manufacturing; and
- Conformity assessment services (SIC 88220) that service the manufacturing sector.

Certain manufacturing sectors that already have the support of Trade and Industry, for example, clothing and textile manufacturers have the Clothing and Textiles Competitiveness Programme, will not qualify for MCEP assistance.

## MANUFACTURING COMPETITIVENESS ENHANCING PROGRAMME (MCEP)



### WORKING CAPITAL CRITERIA

Manufacturers who qualify for MCEP may apply to the IDC for a working capital facility of R50-million, over a term of up to four years, at 4% interest. This facility is available on condition that:

- The applicant has a confirmed contract or purchasing order; or,
- The applicant has an order that forms part of the state-owned Competitiveness Suppliers Programme; or,
- The manufacturer's product is part of a designated products value chain, as determined by the Department of Trade and Industry.

Pre-dispatch finance covers working capital from receipt of order to dispatching to customers; and can therefore include production, packaging, raw material and transportation costs.

Post-dispatch finance covers working capital requirements from the point of dispatch to the point of the seller realising the proceeds of the sale. This may include performance bonds and performance guarantees.

While each proposal is carefully considered, the IDC gives preference to projects that demonstrate economic merit and show profitability and sustainability within a reasonable time frame, and that fall within the parameters set out in the information above.

## MANUFACTURING COMPETITIVENESS ENHANCING PROGRAMME (MCEP)



### PRODUCTION INCENTIVE GRANTS

#### Comprise:

- 1. Capital Investment:** this is a cost-sharing grant to support capital investment in equipment upgrading and expansions that will lead to increased productivity and competitiveness.
- 2. Green Technology and Resource Efficiency Improvement:** this is a cost-sharing grant to support enterprises with green technology upgrades that lead to cleaner production and energy efficiency.
- 3. Enterprise-Level Competitiveness Improvement:** this is a cost-sharing grant to improve the competitiveness of enterprises by enhancing conformity assessments and improving processes, products and energy; and producing cleaner production audits and related skills advancement through the use of business development services.
- 4. Feasibility Studies:** this grant facilitates feasibility studies that are likely to lead to bankable business or project plans that may result in initiatives that will create a market for locally manufactured goods.
- 5. Cluster Competitiveness Improvement:** this grant provides support for cluster studies by a group of firms in sectors or sub-sectors that focus on common challenges.

The intervention that applicants seek is at the discretion of the applicants, based on an assessment of their own requirements. Grant amounts depend on the size of the company and the amount of manufacturing value addition (MVA) it generates.

### CONTACT

**IDC Western Cape Regional Office**  
Office 2817, 28 Floor ABSA Centre,  
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IDC Call centre: 086 069 3888

**Website:** <http://idc.co.za/development-funds>  
[www.thedti.gov.za](http://www.thedti.gov.za)

## DEVELOPMENT BANK OF SOUTHERN AFRICA



### MISSION OF THE DBSA

The DBSA will advance development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions

### FUNDING OPTIONS FOR MUNICIPAL INFRASTRUCTURE

As financier the DBSA focuses on the funding of large scale infrastructure projects within the public and private sector. This financing takes various forms such as:

#### GRANTS

The DBSA Development Fund used to provide grant funding and co-funding for project-level capacity building projects at municipal level. Given that the Development Fund has recently been de-registered it is uncertain whether the DBSA will continue to provide grant funding through a different fund or whether the DBSA has effectively exited grant funding of municipal initiatives.

#### LENDING

DBSA lending products include a range of financial instruments and other lending related services that are available to municipalities. The Bank offers numerous combinations of financial instruments structured to fit the needs of a specific municipal client, and lending focuses on infrastructure and commercially viable projects. The DBSA also provides credit lines to other development finance institutions and uses the following currencies: Dollar, Euro and Rand. Long-term lending is generally for more than five years.

## DEVELOPMENT BANK OF SOUTHERN AFRICA



### FUNDING OPTIONS FOR MUNICIPAL INFRASTRUCTURE

#### INVESTING

The DBSA's financing role entails the provision of a range of financial products to private and public sector organizations. The DBSA's financing role will be determined primarily by the need to play a catalytic role in leveraging private sector investment for municipal infrastructure. Investing products include Equity Funds, BEE financing of equities, and private funding.

#### UNDERWRITING GUARANTEES

As a development orientated financial institution, the DBSA is committed to assume risk for development and improve the borrowing capacity of municipalities. The Bank underwrites guarantees and its credit enhances municipal projects and/clients to attract better financing terms and conditions.

#### ARRANGING OF FINANCE

The DBSA partners with international development and finance institutions to enhance integrated economic development and growth at municipal levels.

#### CONTACT

Development Bank of Southern Africa  
Headway Hill  
1258 Lever Road  
Midrand  
South Africa

Telephone: +27 11 313 3911  
Fax: +27 11 313 3086

**Website:** <http://www.dbsa.org>

# NATIONAL LOTTERY DISTRIBUTION TRUST FUND (NLDTF)



## OBJECTIVES OF THE FUND

To support non-profit entities working for the public good

## FUND SECTORS

### Arts, Culture and National Heritage Sector

Generally this sector funds the development of the arts and the preservation of South African culture and national heritage.

In general, applications are welcomed from organisations that:

- Enable people across the country to enjoy a range of arts activities.
- Make the arts accessible to more people.
- Improve facilities so people get more enjoyment from the arts.
- Provide arts facilities outside major cultural centres.
- Promote art forms that are not adequately supported.
- Preserve and promote awareness of culture and our historical, natural and architectural heritage.
- Protect and promote traditional knowledge and cultural expressions.
- Promote arts and crafts produced by groups of women and people with disabilities.
- Develop and preserve cultural heritage sites as a way to generate revenue and develop communities.
- Provide training and support for women farmers.

Within this framework, the emphasis may shift slightly from one call for applications to the next. Organisations wishing to apply should read the wording of each call for applications carefully.

# NATIONAL LOTTERY DISTRIBUTION TRUST FUND (NLDTF)



## FUND SECTORS

### Charities Sector

The Charities Sector receives the largest share of funds and covers a wide range of organisations in the social welfare, community health, literacy, and social development fields.

In general, organisations can apply for funds if their activities:

- Improve the quality of life of the community as a whole.
- Assist disadvantaged or excluded groups, such as the elderly, people with disabilities and vulnerable children.
- Provide facilities or services for the underprivileged.
- Expand home-based care services through training and developing infrastructure for the care of old people, sick people and vulnerable groups, including orphaned children.
- Provide educational facilities for early childhood education and adult literacy, and undertaking vocational training and mentoring for skills development through programmes that include people with disabilities.

Within this framework, the emphasis may shift slightly from one call for applications to the next. Organisations wishing to apply should read the wording of each call for applications carefully.

# NATIONAL LOTTERY DISTRIBUTION TRUST FUND (NLDTF)



## FUND SECTORS

### **Sport and Recreation Sector**

Equity, access and development are key themes in this sector, which accepts applications from national sporting bodies, through regional bodies, to local sports clubs, recreational clubs and schools.

Generally, the Sport and Recreation Distributing Agency considers funding for organisations that:

- Enable more people to become involved in sport and recreation.
- Assist disadvantaged communities to participate in sport and recreation activities.
- Provide sport and recreation facilities that are accessible to communities.
- Develop sport and recreational facilities in order to nurture talent in rural areas.
- Increase accessibility to sport and recreation facilities for all, including people with disabilities.

Within this framework, the emphasis may shift slightly from one call for applications to the next. Organisations wishing to apply should read the wording of each call for applications carefully.

# NATIONAL LOTTERY DISTRIBUTION TRUST FUND (NLDTF)



## FUNDING CYCLE

Annual

## APPLICATION PROCESS

Call for proposals are made in each sector

## FUNDING CRITERIA

NGO's whose activities fit the scope of the three funding sectors i.e.

1. Arts, Culture and national Heritage;
2. Charities (social welfare, community health, literacy, education, social development)
3. Sports and Recreation

## CONTACT

National Lottery Distribution Trust Fund

Tel: 08600 NLDTF (65383)

Fax: 012 432 1387

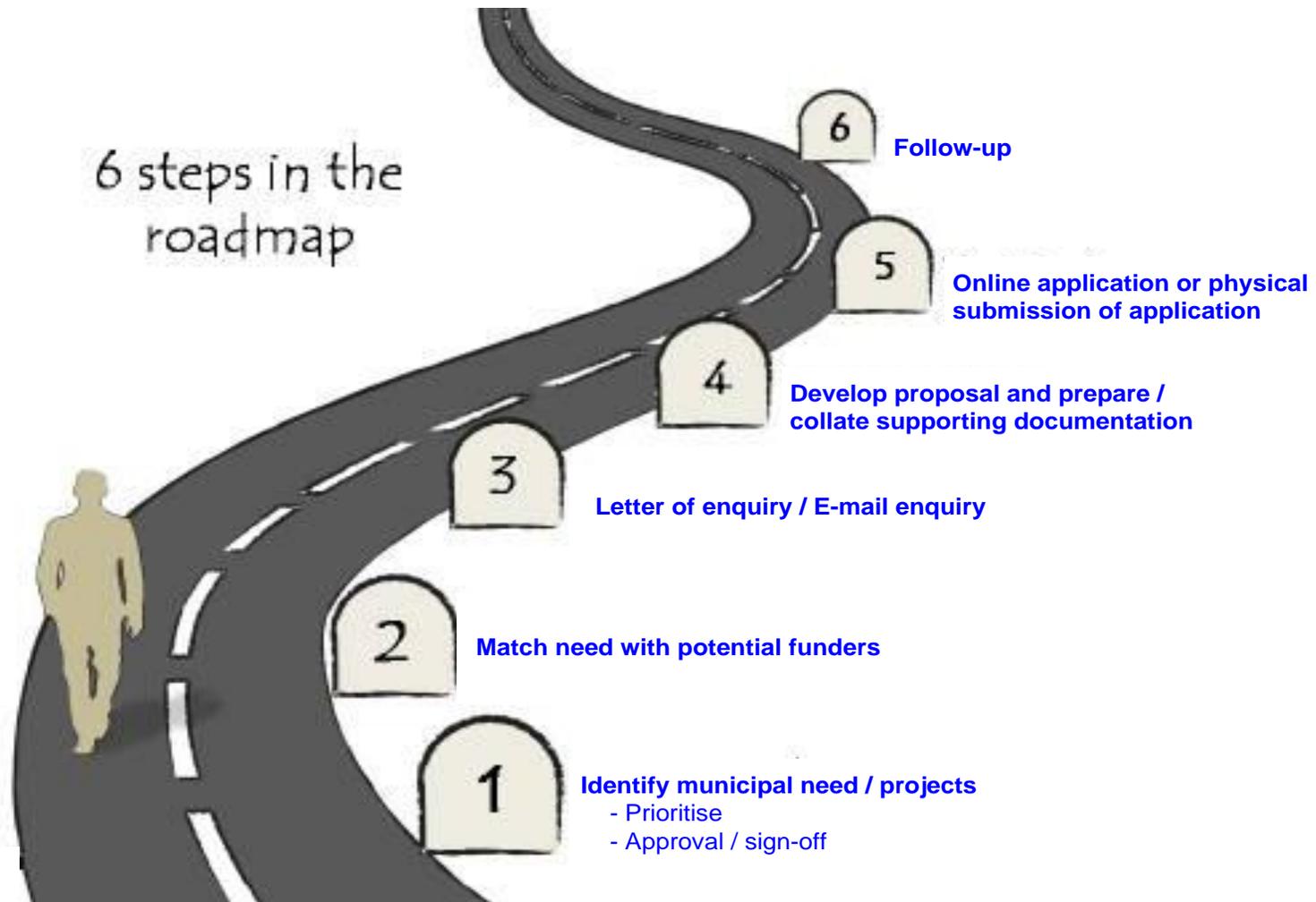
**Website:** [www.nlb.org.za](http://www.nlb.org.za)

National Lotteries Board

Tel: 012 432 1300

Fax: 012 432 1402

## FUNDING PROCUREMENT ROADMAP



THE FOLLOWING SECTION REQUIRES:

1. PARTICIPANTS TO IDENTIFY 3 MUNICIPAL NEEDS OR PROJECTS

2. PARTICIPANTS TO SELECT 3 POTENTIAL FUNDERS FOR EACH OF THE IDENTIFIED NEEDS FROM THE LIST PROVIDED.

## MATCHING MUNICIPAL NEED WITH POTENTIAL FUNDERS

### IDENTIFY

#### MUNICIPAL NEED / PROJECT

1.

--- Funding source 1

--- Funding source 2

--- Funding source 3

2.

--- Funding source 1

--- Funding source 2

--- Funding source 3

3.

--- Funding source 1

--- Funding source 2

--- Funding source 3

### LIST

#### FUND / PROGRAMME

1.

2.

3.

4.

5.

6.

7.

8.

9.

# CHECKLIST

1. List need / project
2. Identify potential funders
3. Letter / Email of Enquiry
4. Executive Summary of Proposal
5. Business case justifying need for project/intervention/funding.
6. Full Proposal
7. Supporting Documents:
  - Tax Clearance
  - Letter of Good Standing
  - Registration documents where relevant
  - Financials
  - References / Letters of support
  - Registration on relevant databases as vendor or service provider.
  - BEE accreditation

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**Western Cape  
Government**  
Environmental Affairs &  
Development Planning

**BETTER TOGETHER.**