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## Business Technology & Innovation Programme for Productivity Boost **2023**

### **Call for Proposals.**

#### **1. INTRODUCTION**

The Western Cape Government's *Growth for Jobs Strategy* seeks to affirm the province as the tech(nology), financial, innovation and design capital of Africa, through robust business, government, and community innovation, supported by academia ('quad helix'). It is envisaged that the region will be characterised by strong technology ecosystems and centres of excellence in a range of industries and opportunities, contributing towards and improving the competitiveness and growth in existing firms, within a supportive enabling environment.

Business productivity and competitiveness of the firms within South Africa, and so too the Western Cape province is low and continues to decline relative to our global counterparts. SA firms are not keeping pace with or do not exceed comparable international market standards, therefore resulting in constrained economic growth within the province.

These trends of poor performance needs to be reversed and the competitiveness of firms in the region must be taken to — or beyond — international standards through adequate business support, with one of the areas of focus being the promotion and adoption of technology and enabling a deep-seated culture of innovation. Increased Research & Development, user education and the creation of a sense of curiosity and urgency around continual improvement are central themes amongst others.

The competitiveness of the Western Cape in a future, digitally transformed world will depend on the ability of the technology and innovation sector to contribute more significantly to the digital transformation of enterprises and to create jobs and economic value through the

establishment and development of digital businesses (from start-ups to scale-ups to corporates).

The approach to drive up productivity improvements through technology adoption in Western Cape firms, along with the complementary business/management support across the province is multifaceted.

The *DEDAT Business Technology & Innovation programme for Productivity Boost (The Fund)* aims to tackle **the challenge of low productivity in Western Cape firms** to achieve **greater competitiveness of firms** in the region to match or beat international standards through the **adoption of technology and of promotion of digital transformation.**

## 2. ABOUT THE FUND

2.1 The Fund will support initiatives under the following two categories.

2.1.1 Category 1: **Individual Business:** The Fund will provide support to individual businesses seeking to implement digital enhancement or transformation initiatives aimed at business productivity and competitiveness improvements.

2.1.2 Category 2: **Business Support Intermediary organisations:** The Fund will also provide support to firms via intermediaries/organisations who implement business support programmes with a focus aimed at driving productivity improvements through the adoption of technology as well as support of digital transformation.

2.2 The Fund will support projects and programmes with the following focus areas:

Digital Transformation Tools Supported	Detail
E-commerce Development	Assisting businesses in establishing or improving their online presence, including the development of e-commerce websites and strategies to facilitate online transactions

<b>Technology Infrastructure</b>	Supporting the implementation or upgrade of technology infrastructure, such as hardware, software, and networking solutions, to enhance overall business efficiency.
<b>Cybersecurity Measures</b>	Implementing measures to ensure the security of digital assets and data, protecting businesses from potential cyber threats and ensuring compliance with cybersecurity best practices.
<b>Automation of Processes</b>	Introducing automation tools and technologies to streamline business processes, reduce manual workloads, and improve overall operational efficiency
<b>Digital Marketing Strategies</b>	Developing and implementing digital marketing strategies to enhance businesses' online visibility, reach a wider audience, and improve market access.
<b>Innovation and R&amp;D</b>	Encouraging innovation within businesses by supporting research and development initiatives focused on leveraging technology for business improvement.
<b>Financial Technology (Fintech) Solutions</b>	Introducing financial technology solutions that facilitate secure and efficient financial transactions, improving financial management for businesses.
<b>Business Intelligence and Analytics</b>	Implementing tools and systems for data analytics to help businesses gather insights, make informed decisions, and optimize their operations.
<b>Collaboration Tools</b>	Introducing collaboration platforms and tools to enhance communication and collaboration within and outside the business, fostering teamwork and partnerships.

**Note:** Digital literacy and digital skills programme will NOT be supported by this Fund. However, the fund may support certain training related to familiarising teams to the specific technology implemented as part of the digital productivity initiative implemented via the Fund. These will be dealt with on a case-by-case basis."

- 2.3 Applications will undergo a qualitative assessment and will be supported on merit and the ability to demonstrate value to the Western Cape SMME beneficiaries that are participating in the project or programme.
- 2.4 **Important note for ALL applicants:** it requires that the interventions funding is fully utilised by 22 March 2024. Other components of the intervention implemented may be fully completed by the 31 May 2024.

2.5 Intermediary applications for financial support will be considered based on the request submitted in the proposal and impact on SMMEs supported.

### 3. CATEGORIES

The proposals submitted must be structured and will be evaluated against the 2 categories.

#### 3.1 Category 1: Individual Businesses.

3.1.1 The Fund will provide financial support to businesses with initiatives aimed at driving digital transformation for productivity improvements and market access in their own businesses.

3.1.2. Business applying for funding support **must** meet the following requirements:

3.1.2.1 Demonstrate R1m-R50 million turnover per annum.

3.1.2.2 Registered with Companies Intellectual Property Commission (CIPC).

3.1.2.3 100% owned by South Africans.

3.1.2.4 Proven operation duration of a minimum of 2 years.

3.1.2.5 Located in the Western Cape province.

3.1.2.6 A valid B-BBEE certificate or B-BBEE Exempt Micro Enterprise sworn affidavit should be submitted.

3.1.3. The financial support provided will be **capped** for individual business applications at R100 000.00 incl vat.

#### 3.2 Category 2: Business Support Intermediary Organisations

3.2.1 The Fund will provide financial support to projects and programmes that support SMME development with a specific focus on driving productivity and market access improvements through the adoption of technology and supporting the digital transformation of businesses. The intention of the Fund is direct beneficiary support and applicants will need to accommodate this into their proposals.

3.2.2 The intermediary/organisation must demonstrate that it provides co-funding for the requested amount or for the specific intervention which also includes the value of support and services currently provided. This can be financial, non-financial or in-kind

support. A signed letter by the Chief Executive Officer (CEO)/ Chief Financial Officer (CFO) or similar executive authority confirming the value of own funding committed for the implementation of the proposed intervention must be submitted.

- 3.2.3 Intermediary Organizations applying for funding support must meet the following criteria:
  - 3.2.3.1 Registered with CIPC
  - 3.2.3.2 100% owned by South Africans
  - 3.2.3.3 Proven operation duration of a minimum of 2 years
  - 3.2.3.4 A valid B-BBEE certificate or B-BBEE Exempt Micro Enterprise sworn affidavit should be submitted.
  - 3.2.3.5 The intermediary/organization can be based anywhere in South Africa; however, the beneficiary businesses must be exclusively based in the Western Cape.
- 3.2.4 The project or programme must at minimum support 5 SMMEs.
- 3.2.5 Business beneficiaries that form part of the programme must be based in the Western Cape, have been in operation for at least two years and employ a minimum of 5 (five) persons (including director/s).
- 3.2.6 Your application proposal should include a project implementation plan which must demonstrate that the project has commenced or can commence soon once an agreement has been signed by the Department. It also needs to explicitly indicate the nature of the support which will be implemented.

#### **4. QUALIFYING CRITERIA AND COMPULSORY SUPPORTING DOCUMENTS**

The qualifying criteria listed below will be strictly applied and the required compulsory documents **must** be submitted as part of the application process.

4.1. Develop a high-level proposal (max 10 pages) to address all aspects of the business or intermediary requirements as aligned to the business technology & innovation programme for productivity boost.

The proposal must include:

- A company profile. In the case of intermediaries, elaborate on experience in implementing similar projects.
- Detailed description of the project.
- Project impact.
- Project plan: includes work breakdown structure, timelines, deliverables/outputs, milestones.
- In the case of a Business Support Intermediary organisation, we will require detail of the co-funding (financial, non-financial or in-kind support) A signed letter by the Chief Executive Officer (CEO)/ Chief Financial Officer (CFO) or similar executive authority confirming the value of own funding committed.
- Monitoring and evaluation plan.
- Detailed budget and cash flow.

4.2. The individual or intermediary business applying for support must be in formal existence (formally registered or incorporated) with a proven duration of operation of a minimum of two (2) years and 100% owned by South Africans. Company registration documents or documents of incorporation (NPO/NPC registration certificate, partnership agreements, sole proprietor tax certificate) clearly identifying the director(s) of the company or organisation must be submitted.

4.3. The individual business or intermediary must be tax compliant at the time of application. A tax compliant status (TCS) letter with a valid (not expired) tax pin must be submitted. The tax pin must be valid for the duration of the application evaluation process up to a period of 60 days from the date of submitting your application.

4.4. The individual business or intermediary applying for support must be in operation for a minimum of two financial years. Signed annual financial statements for the two most recent financial years must be submitted as part of the application process (the guidelines in the Companies Act will be applied). The financial statements will be assessed against the going concern principle and the opinion of the independent auditor or reviewer.

- 4.5. The minimum value of funding requested from the Department must not be less than **R50 000 incl vat**. This is applicable to both individual businesses or intermediaries.
- 4.6. The project or programme must exclusively benefit SMMEs that are based and operating in the Western Cape.
- 4.7. The Department will also require a valid BBBEE certificate or sworn QSE affidavit for the applicant organisation.
- 4.8. In addition to the above, the identity document of the signatory to the agreement (should the application be successful an agreement will be entered with the Department) must be provided.
- 4.9. The Department may require that all SMME beneficiaries of the fund participate in a pre- and post-assessment in order for the Department to track the impact of the changes on the productivity of the business. This may extend up to 2 years post the intervention This requirement will be included in the contracts with successful applicants.

## **5. EXCLUSIONS**

The following costs and expenditure will not be considered for support from the Business Technology & Innovation Programme for Productivity Boost Fund:

- 5.1 Charities commercial semi-state companies, trade associations, or company representative bodies (e.g. Chambers of Commerce).
- 5.2 Social entrepreneurship applicants operating under a commercial domain.
- 5.3 Political parties or organisations.
- 5.4 Businesses under debt review.
- 5.5 Business located outside the Western Cape.
- 5.6 Entities whose trade or operations may prejudice the reputation and good standing of DEDAT.

- 5.7 Applications will not be considered for businesses who are currently receiving funding/support from the Department, whether it's the individual business that applied or businesses being supported by the intermediary.
- 5.8 Operational expenditure such as salaries, rent, insurance, accountant/audit fees etc.
- 5.9 Project management fees or project administration fees. The department may consider covering costs related to onboarding of technology implemented.
- 5.10 Training provided by the intermediary organisation.

## **6 FINANCIAL REPORTING OBLIGATIONS ON THE BENEFICIARY**

The Department will exercise a strict and robust approach to monitoring the funds disbursed to the successful organisations. The following will be required from the beneficiary:

- 6.1 Provide the Department with a signed (by the CFO / Financial Director or equal) expenditure report together with the bank statement and source documents for all transactions as per the timelines agreed to in the signed agreement.
- 6.2 Regular project activity report will be required based on key milestones achievements.
- 6.3 The Department will enter into an agreement with the beneficiary to outline the terms and conditions.

## **7 APPLICATION PROCESS**

Please follow the guidance and information provided below:

- 7.1 The application process is two-fold and entails (i) the completion of the required online information and (ii) the uploading of the required supporting documents.
- 7.2 Only applications submitted via the online process, will be considered. No emailed or hand delivered applications will be considered. Online Application link: <https://forms.office.com/r/R7yhpaVYh2>



- 7.3 Thoroughly read the application guideline before completing the online application. **All sections** in the application form are **mandatory**. The application guideline can be downloaded from the Departments website.
- 7.4 All documents requested in section 4 of this Call for Proposals are compulsory and must be uploaded when submitting your application. Please ensure that all documents submitted are legible. Where uploaded documents are illegible, damaged, or corrupted, the application cannot be considered.
- 7.5 The Department is unable to notify applicants on the correctness and completeness of the requisite information and documents submitted, nor can it request additional information. The onus is on the applicant to ensure that all the required information and the correct documents are timeously submitted before the closing date and time.
- 7.6 Requests for proposals by individual companies and intermediaries will be evaluated on a monthly basis against the evaluation criteria. Applicants that meet the set criteria will be informed accordingly.

## **8. APPLICATION PERIOD**

- 8.1 The period of application to the Fund is open to 15 March 2024 and is subject to budget availability, whichever comes first. It is in the best interest of the applicant to submit funding applications as soon as possible.
- 8.2 Applications received will be evaluated on a monthly basis against the evaluation criteria. All applicants to the Fund will be informed of the outcome of their application.
- 8.3 A **non-compulsory online briefing session** will be held on **16<sup>th</sup> January 2024 at 10:00 am**. Businesses/Intermediary organisations that intend to attend the briefing session will be required to register their interest to [linah.maqashu@westerncape.gov.za](mailto:linah.maqashu@westerncape.gov.za).
- 8.4 The allocation of funds will be at the discretion of the Department and will be based on an evaluation process and the availability of budgetary resources.

8.5 Below please find a glossary of terms used in this Call for Proposals.

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## Business Technology & Innovation Programme for Productivity Boost 2023

### GLOSSARY OF TERMS

TERM	DEFINITION
<b>Signed Annual Financial Statements</b>	Signed annual financial statements for the two most recent financial years must be submitted as part of the application process (the guidelines in the Companies Act will be applied)
<b>Department</b>	The Western Cape Government Department of Economic Development and Tourism
<b>Digital Transformation</b>	Digital transformation is the integration of digital technology into all areas of a business, fundamentally changing how you operate and deliver value to customers.
<b>Criteria</b>	A list of specifics used to assess eligibility and proposed impact of the projects.
<b>Enhance</b>	An increase or improvement in quality, value, offering or extent.
<b>Export Development</b>	Programmes and interventions to stimulate businesses through their interventions to export goods and services.
<b>Business Support Intermediary Organisation</b>	An incorporated company or registered organization or established partnership that has legal rights and responsibilities, including tax filings. A business/organisation providing business development support to multiple SMME.
<b>Job Creation</b>	Interventions applied during the implementation of a project that will lead to job(s) being created.
<b>Organisation</b>	An incorporated company or registered organisation or established partnership that has legal rights and responsibilities, including tax filings. It is a business that can enter into contracts either as a vendor or a supplier and can sue or be sued in a court of law.
<b>SMME</b>	Small Medium and Micro Enterprises as defined in the National Small Enterprise Act 102 of 1996 as amended by the National Small Business Act 29 of 2004.

## **Annexure A: Template for the preparation of project proposals**

Please use the below structure when preparing your submission. Where annexures are attached (e.g. timelines, budgets, cash flows) please clearly indicate this and number these. Failure to comply with and confirm to the proposal template may result in your application not being considered.

Please note that the project proposal and all supporting documents **must** be uploaded to a folder when making the online submission. Document uploads must be completed by the time of the submission deadline as specified in this document.

An automated reference number will be allocated on submission of the application. This reference number must be quoted in any further correspondence related to the application.

Note that the Department at its discretion **might** allow documents to be submitted via e-mail after the application is made. This is currently under review. The inclusion of the application reference number will be important in this process.

### **1. DESCRIPTION OF THE PROJECT (no more than two pages)**

Describe the project and highlight the key elements thereof:

- The company profile must contain the following information: Date of establishment, Core activities/mandate of the organisation, Number of employees, Experience implementing similar projects (Applies only to intermediaries/organisations).
- Describe the appropriate area of support for which funding is being applied for.
- What does the initiative seek to achieve?
- Who are the partners involved and what role will they play in the project?
- Describe the level of planning conducted to date e.g., market research, feasibility studies, business plans, impact assessments, etc. (Please attach any documents in support of your application).
- Describe any market trends that the initiative responds to.
- What are the project timelines?
- How will the funding be used?
- What key activities will be undertaken to ensure the success of the project?
- Does the project require any statutory approvals before implementation can commence? Please describe these.

### **2. PROJECT IMPACT (no more than two pages)**

- Has any market research been conducted? Please describe the findings.
- In the case of product development support initiatives, what markets or market trends does the initiative respond to?
- Who are the beneficiaries of this project
- How many jobs will be created
  - How many beneficiaries will be supported through the intervention?
  - Indicate how these jobs will be created/sustained.
- For a business what impact will this initiative have on the business

### **3. MONITORING AND EVALUATION PLAN**

- How will the project be monitored (meetings, site visits, financials etc)?
- What measurement metrics will be used? How will you determine that the project is on track? Key milestones should be noted.

### **4. IMPLEMENTATION PLAN WITH TIMELINES**

- Provide a project implementation plan detailing all project activities.

### **5. DETAILED BUDGET AND CASH FLOW**

- Provide an activity-based cash flow detailing all activities (items) that will be funded by the Department through the fund