

**DEPARTMENT OF ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS AND TOURISM**



**LOCAL AND REGIONAL ECONOMIC DEVELOPMENT (LRED) FUNDING
CRITERIA AND GUIDELINES**

2011/12

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Abbreviations and Acronyms

ASGI-SA	Accelerated and Shared Growth Initiative for South Africa
BBBEE	Broad-Based Black Economic Empowerment Act
CMIP	Comprehensive Municipal Infrastructure Programme
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DLGTA	Department of Local Government and Traditional Affairs
DRDAR	Department of Rural Development and Agrarian Reform
DSG	District Selection Group
DST	District LED Support Team
ECDC	Eastern Cape Development Corporation
ECSECC	Eastern Cape Socio-Economic Consultative Council
EPWP	Extended Public Works Programme
IDP	Integrated Development Plan
IMS	Integrated Manufacturing Strategy
IPAP2	Industrial Policy Action Plan
LAT	Local LED Action Team
LCF	Local Competitiveness Fund
LED	Local Economic Development
LRED	Local and Regional Economic Development
MERS	Micro-Economic Reform Strategy
MIG	Municipal Infrastructure Grant
MSA	Municipal Structures Act
MSA	Municipal Systems Act
MSGF	Municipal Support Grant Fund
MTSF	Medium Term Strategic Framework
NSDP	National Spatial Development Perspective
OTP	Office of the Premier
PGDP	Provincial Growth and Development Plan
PIDS	Provincial Industrial Development Strategy
PPPFA	Preferential Procurement Policy Framework Act
PWG	Provincial (LED) Working Group
TS	Thina Sinako Provincial LED Support Programme

1. Introduction and Background

The Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) has, over the years, availed the Municipal Support Grant Fund (MSGF) to support a number of local and regional economic development (LRED) projects across the Province. The MSGF has been the Department's (DEDEAT's) key instrument for stimulating local economic development (LRED) in partnership with municipalities, as an integral element of the Economic Development programme of the Department, under the responsibility of the LRED sub-programme.

Developments over the past two years have seen DEDEAT and other departments of the Eastern Cape Provincial Government, as well as municipalities and relevant public entities, move towards a more structured integration and coordination of effort and resources to stimulate, facilitate and support local and regional economic development (LRED) in the Province. This movement towards integration has been influenced to a significant degree by the departments' and relevant institutional partners' collaboration in the Thina Sinako Provincial Local Economic Development (LED) Support Programme, as well as a vision for LRED encapsulated in the DEDEAT-driven Provincial LRED Strategy Framework developed in 2009. Amongst the key outcomes of this integration process, has been the establishment and systematic development of interdepartmental District Support Teams (DSTs) – already established, as well as Local Action Teams (LATs) that are in the process of being established. These structures are now generally regarded as a key institutional vehicle for facilitating and supporting coordinated regional and local economic development endeavour. The establishment of this integrated institutional development support infrastructure has also afforded DEDEAT and partner institutions an opportunity to reflect on the relevance of, and work at improving the efficiency of instruments, policies and processes hitherto used to support local economic development. This has culminated in, among others, the following two significant developments –

- First, the co-development of a provincial and inter-departmental and inter-institutional strategy and long-term programme that will further a practical integration and coordination of effort and resources in the support provided to local and regional economic development in the Eastern Cape.
- Second, the re-crafting of an LRED Fund Policy that sets out procedural specifics around the resourcing, facilitation and management of the integrated provincial LRED programme.

The criteria and guidelines for DEDEAT's LRED Fund presented in this document have thus been reviewed and re-developed against the foregoing context, as well as against a recognition of key economic development policy and strategy positions that have been crafted and adopted by government at all levels in the recent past. At a national level the mandating frameworks are now revised to include national strategic priorities in the Medium Term Strategic Framework (MTSF) and their further articulation into government's priority outcomes, relevant policy and strategy such as the Industrial Policy Action Plan 2 (IPAP2), the New Growth Path Framework, the Comprehensive Rural Development Programme (CRDP) and the bundles of resources now availed to support job creation and sectors prioritised for development.

On the other hand, at the provincial level would now be embraced the Provincial Rural Development Strategy, the Provincial Industrial Development Strategy (PIDS), the Province's and DEDEAT's intentions for growing the local value-chain of key industries in the Province, DEDEAT's and partner entities' priorities for growing the tourism sector in the Province, as well as the Department's and partner institutions' intentions to prospect in certain green-field areas that promise competitive advantage and sustainability into the long term, including the green sector – energy and other products.

DEDEAT has also reflected on institutional arrangements for the facilitation of LRED in general, as well as the management of the LRED Fund in particular, the performance of projects funded by the Department to date, as well as support systems. This reflection has, among others, led to a decoupling from local government of the holding of DEDEAT funds for LRED projects, and instead refocusing local government's role to institutional support for, and co-contributor to entrepreneurial projects that further local governments' own strategic priorities. DEDEAT's LRED Fund, and the guidelines in this document, are being re-offered against all the foregoing.

LRED and Purpose of Fund re-stated

Local economic development (LED) in South Africa has been a term used to define interventions to promote economic development in a specific area ranging from a small neighbourhood through to a region or district. Approaches to LED have developed and changed as local economies have had to respond to the changing local circumstances as well as impacts of the global economy. The emphasis in LED, or more expansively 'local and regional economic development' (LRED), has grown beyond a preoccupation with local self-sufficiency towards understanding, developing and exploiting economic linkages from community, local, district and national, through to the global level.

Local and regional economic development has many different faces and manifestations, and projects range from simple and small to larger and more complex actions and programmes. LRED projects are aimed at changing local socio-economic landscapes fundamentally over time. At the core of LRED is the need to involve local people and institutions in the development of their local economies by focusing on opportunities for economic growth and employment creation, as well as through building endogenous capacity that enables local communities, their institutions and enterprises to act purposefully and in partnership with government at all levels to build a sustainable and inclusive economy in the area. Local and regional economic development is most importantly about people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the local community.

The Government of South Africa at all spheres has promoted LRED through the concept of the "developmental state" and offers financial stimuli and practical support to local groups organized for the purpose of developing the local economy.

The DEDEAT LRED Fund seeks to further the broad purposes for LRED briefly re-stated above, and is principally designed to especially reach the places, sectors and target groups that mainstream policy and programmes, as well as the market, cannot easily reach, nor is loathe to invest in – in a word, reaching those who continue to be marginalised. DEDEAT will, in association with partner departments leading and contributing to LRED in the Province, endeavour to build a resource base and provide support that will over time be responsive to the scale of need and a determination on the part of Government to turn around the economic fortunes of local and poor communities in this Province.

2. Objectives of the DEDEAT LRED Fund

The aim of the DEDEAT LRED Fund is to provide support local entrepreneurial partnerships, working in collaboration with local government and other support institutions, to create new economic opportunity that will enable new and better jobs, as well as the promotion of an environment for innovation and enterprise development in the local economy.

The LRED Fund will support initiatives that further the national outcomes set out for government at all levels of the public system. With regard to DEDEAT's LRED Fund the following outcomes pertain, with DEDEAT's direct contribution focused on Outcomes 4, 6 and 10 (**in bold**) as suggested in DEDEAT's Strategic and Annual Performance Plan 2011/12 – 2013/14, while the Department also jointly furthers aspects of other relevant outcomes in collaboration with partner departments:

- Outcome 4 : → **Decent employment through inclusive growth**
- Outcome 5 : → A skilled and capable workforce to support an inclusive growth path
- Outcome 6 : → **An efficient, competitive and responsive economic infrastructure network**
- Outcome 7 : → Vibrant, equitable and sustainable rural communities and food security for all
- Outcome 9 : → A responsive, accountable, effective and efficient local government system
- Outcome 10 : → **Environmental assets and natural resources that are well protected and continually enhanced**
- Outcome 12 : → An efficient, effective and development-oriented public service, and an empowered, fair and inclusive citizenship

Against the outcomes above, partnership actions proposed for support from the LRED Fund should address one or more of the following objectives:

- (i) Sustainable job creation to reduce poverty levels, especially among historically discriminated and disadvantaged communities and individuals
- (ii) Generation of additional sources of income for the poor
- (iii) An improved quality of life in communities brought about by improvements in local economic and social infrastructure
- (iv) Economic and social inclusion, an entrepreneurial culture, increased levels of confidence, self-belief and initiative, and capabilities for sustaining own enterprises among individuals and groups from marginalised communities.

3. Description of actions to be supported

Against the foregoing background, as well as programme aim and objectives, the DEDEAT LRED Fund will support projects that address one or more of the following priority areas for support:

- (a) Improvement of degraded and declining areas – including small towns, townships and areas under restructuring, to stimulate private business investment
- (b) Development of new sources of economic activity in small towns, townships, villages and new economic centres to promote value chain growth and employment creation
- (c) Local initiatives valorising traditional and local produce and crafts – this to include product development, marketing, logistics, and the development of related value-chains
- (d) Development of infrastructure with significant economic impact on direct or indirect employment opportunities – such as joint local schemes for water quality, waste management, reliable energy supply, access to ICT for small firm clusters, transportation, business support, etc.
- (e) Development and promotion of the tourism industry in the Province
- (f) Diversification of manufacturing into new sectors with value chain growth potential and employment opportunities, as well as ancillary services and trading bases
- (g) Promotion of new technologies – including green technology - and a knowledge-based economy with potential for local enterprise stimulation and employment creation
- (h) Development and diversification of the rural economy of the Province, inclusive of the development and promotion of the sustainable renovation of villages and conservation of rural heritage, as well as the creation of a better environment for enterprise and quality of life for local residents
- (i) Creating pathways to sustainable business and growth for those in the informal economy or subsistence economies
- (j) Promoting better local links between education and enterprise (better skills match to meet needs of particular enterprises in the market)
- (k) Integrating the workforce of the Province – local actions to address unemployment, youth and women, pathways to economic integration, up-skilling those in low pay-low skills jobs, sustainable livelihoods – to tackle poverty and social exclusion.

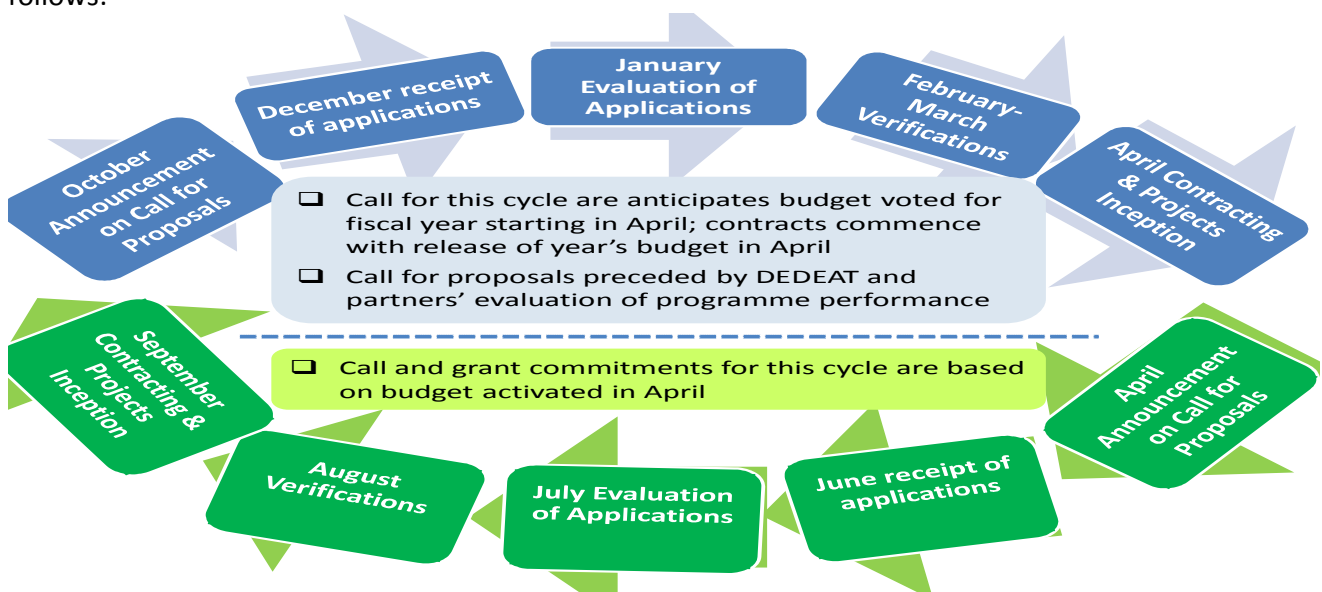
Proposed actions for support by the DEDEAT LRED Fund will have synergy with the above priority areas and objectives, as well as district-wide programmes and strategies as defined in the relevant district Integrated Development Plans (IDPs) or other district sector strategies. In some instances, these objectives and priority areas may cover more sector-specific issues than those listed in IDPs, provided they remain consistent with national and provincial strategic priorities as well as relevant policy frameworks for economic development. DEDEAT will also endeavour to provide a referential service to assist applicants tap into other relevant funds than the DEDEAT LRED Fund.

4. Target beneficiaries

- The DEDEAT LRED Fund is aimed at local entrepreneurial partnerships which may combine local authorities and other public bodies, public-private partnerships, community groups, non-governmental organizations, private sector agents and representative organisations, as well as labour representative organisations. Applicants will be South African nationals resident in, and with an active office in the Eastern Cape.
- Entrepreneurial partnerships qualifying for prioritisation have to **demonstrate a pro-poor character and composition**, instead of being simply contrived for the purpose of accessing the DEDEAT LRED Fund. While enabling partnerships teaming emerging under-capacitated entrepreneurs together with more established or technically capable partners are acceptable and are to be encouraged where relevant, there should be evidence that the applicant partnership groups privilege the poorer of the partners, and budgets should reflect this in the proposals.
- Applicants and beneficiaries will normally be legally registered entities. There may be instances, however, where partnership groups may not be formally registered at the time of making the application. In such instances, especially in cases where the application is for an implementation project, registration has to be completed by the time the shortlist of potential grantees is visited for verification and due diligence (see section 9 of this document).
- Project proposals which combine several local authority areas, provided they are consistent with the IDPs of the municipalities concerned, will also be considered.

5. Funding Cycles

There will be two funding cycles that straddle any given year for the DEDEAT LRED Fund, structured as follows:



6. Categories of project types to be supported

The DEDEAT LRED Fund will support the following categories of actions, and the following approaches to project and proposal preparation are advised for both independently-driven applications, as well as proposals assisted by the institutional support structures established by the Provincial Government of the Eastern Cape:

		Advised Method of Project Preparation and Proposal Development
<p>New Projects</p> <p>Conceived and prepared by entrepreneurial partnerships independently</p>	<p>Proactive and demonstration projects conceived and prepared with close support of Local Action Teams (LAT), District Support Teams (DSTs) and municipalities</p>	<ol style="list-style-type: none"> i. Applicant partnership group develops and submits draft proposal to LAT coordinator for advice (or DST where LAT not yet established) ii. LAT, with DST support, pre-evaluates and offers advice to improve proposal iii. Partnership group finalises proposal and submits to DEDEAT via regional office; DST also advises on other DEDEAT, ECDC, etc. funding opportunities <p style="text-align: center;">OR</p> <p>Partnership group independently prepares proposal and submits to DEDEAT via region</p>
	<p>Conceived and prepared by entrepreneurial partnerships independently</p>	<ol style="list-style-type: none"> i. LAT, with DST support, may lead conceptualisation of project – either new, or building on existing initiatives. LAT may also lend technical support to nascent partnerships at project conceptualisation stage to enable imaginative design ii. If LAT led, LAT – with DST support, transparently invites communities per fair process, mobilises and supports organising of entrepreneurial groups and communities to take up ownership of project and co-lead its development iii. LAT, with DST support where warranted, supports partnership group in proposal development for the project iv. Partnership group finalises proposal and submits to DEDEAT via regional office
<p>Existing Projects for Up-scaling and Growth</p> <p>Proactive and demonstration projects prepared with DSTs, LATs and municipalities</p>	<p>Conceived and prepared by entrepreneurial partnerships independently</p>	<ol style="list-style-type: none"> i. Applicant partnership group develops and submits draft proposal on existing project to LAT coordinator for LAT advice (or DST where LAT not yet established) ii. LAT, with DST support, pre-evaluates and offers advice to improve proposal iii. Partnership group finalises proposal and submits to DEDEAT via regional office <p style="text-align: center;">OR</p> <p>Partnership group independently prepares proposal and submits to DEDEAT</p>
	<p>Conceived and prepared by entrepreneurial partnerships independently</p>	<ol style="list-style-type: none"> i. LAT, with DST support, identifies existing projects with prospects for expansion and development, approaches project drivers, facilitates and supports development of project expansion plan and proposal ii. Partnership group finalises proposal and submits to DEDEAT via regional office

7. Scope of the LRED Fund and Obligations

Against the foregoing categories and types of actions to be supported by the DEDEAT LRED Fund, the following commitments and obligations pertain:

- 1) There are two kinds of funding support available, namely –
 - A grant of towards **project preparation** in the case of projects not implementation-ready.
 - The value of the grant will depend on, and should be commensurate with actions proposed. The evaluation of proposals will ascertain the reasonableness of budgets against project objectives and project-preparation activities.
 - The duration of a project-preparation grant will be over a period of not more than a year.
 - The grant will cover all reasonable costs associated with getting a project ready for implementation – to include mobilisation and enterprise formation, business planning, feasibility studies, environmental impact assessments (EIAs), architectural designs, market preparation, and other relevant costs.
 - A grant of a **minimum R500,000** and **maximum R2million** per annum per **implementation** project.
 - This grant will be over a period of not more than thirty-six months (3 years).
 - The grant will cover all reasonable costs associated with the action, including infrastructure development, equipment, production input costs, professional services, human capacity development and training, as well as running costs.
 - Project proposals that reflect co-funding and input resources secured from other sources than DEDEAT will receive favourable consideration, this not to imply the exclusion of proposals looking towards DEDEAT as predominant funder.
 - Where applicable, projects ready for implementation must have their land ownership secured, record of environmental decision issued and valid for at least 6 months after the full application submission deadline, technical and architectural design by licensed architect and investment costing by quantity surveyor completed, proper and realistic feasibility study or business plan prepared and up to date, necessary permits and licences obtained, and other relevant indicators of readiness for implementation.
- 2) The DEDEAT LRED Fund will not cover costs incurred before the awarding of the DEDEAT grant. Neither will it finance items already covered under other funds secured by the beneficiaries.
- 3) Funding will be paid to beneficiary partnerships in accordance with the requirements of each grant contract:
 - **Project-preparation grants** – The project preparation grant will be held by the ECDC as DEDEAT’s fund-holder and paid out per grantee’s instruction via DEDEAT and against project plan to various agents and vendors from whom goods and services appropriate to the project-preparation task will be procured.
 - **Implementation grants** – Payments will be per payment schedule aligned with implementation deliverables and related cash flow projections. Payment for capital expenditure will be made directly to suppliers by the ECDC per beneficiary instruction to DEDEAT, while funds for working capital will be made directly to the beneficiary group.

- 4) Project reports will be accepted and approved by DEDEAT following endorsement by relevant members of the DST or LAT assigned to support the projects. Should there be a dispute between beneficiaries and DST/LAT member assigned to monitor and support projects, the DEDEAT LRED Unit will solicit the arbitrating opinion of a neutral assessor.

DEDEAT reserves the right to rescind all project award approvals at anytime during the project lifecycle where performance is judged unsatisfactory, and where necessary, to take appropriate measures to recover grant already advanced/paid.

- 5) All project proposals will be evaluated and justified on the basis of their business plans. Applicants will therefore ensure that all proposals and business plans¹ include a clear statement of overall and specific objectives as well as outcomes consonant with the aim of the DEDEAT LRED Fund, a specification of outputs and detailed description of the activities to be undertaken to achieve those outcomes, as well as an indication of key milestones to be achieved. The application will also contain a full expenditure projection showing total cost and the DEDEAT LRED Fund contribution requested – and any co-financing from project partners and other sources.
- 6) As already indicated above, successful applicants will be obligated to provide reports on progress, and the release of tranches of funds will be dependent upon evidence of satisfactory performance.

8. Management of the LRED Fund

The institutional arrangements for the management of the LRED Fund involve a number of partner departments core to the promotion and support of local economic development in the Province. The following roles in coordination, management and support have been set out for institutional partners at the key tiers of the provincial public system responsible for an effective implementation of the LRED Fund:

Provincial Level Fund Coordination and Management		
<p>DEDEAT</p> <ul style="list-style-type: none"> • Determines LRED Fund policy and designs fund instruments; motivates for and avails Fund budget; accounts for Fund budget to provincial executive and other resourcing entities (e.g. national departments and public entities) • Issues Calls for Proposals, receives applications; convenes interdepartmental <i>Applications Evaluation Committee</i> (reconstituted from TS committee); procures/convenes and manages assessor-team and approves recommended projects 	<p>ECDC</p> <ul style="list-style-type: none"> • Serves as Fund-holder for DEDEAT, and manages disbursements per advice of DEDEAT • Participates as non-voting member of <i>Applications Evaluation Committee</i> (Evaluation Committee representative should not be involved in project preparation support) • Business planning support and managing of pool of professionals 	<p>DLGTA</p> <ul style="list-style-type: none"> • Convenes Provincial Working Group (PWG) of DSTs, and supports DEDEAT with coordination of the work of DSTs on the LRED Fund • Provides institutional development support for DSTs, LATs and municipalities participating in the LRED Fund

¹ Refer to [Application and Business Plan form for the DEDEAT LRED Fund](#)

<ul style="list-style-type: none"> Leads monitoring and evaluation, with support from the DSTs, and maintains M&E system Undertakes relevant programme and projects' analyses and manages reports 	<ul style="list-style-type: none"> Deal-facilitation and funds-mobilisation on, and investment promotion for projects Trade promotion Training support for entrepreneurs 	
Regional and District, plus Local Level Coordination, Facilitation and Support		
Local Municipalities & LATs <ul style="list-style-type: none"> Mobilise local communities and independent stakeholder economic agents; promote and support alignment of LRED initiatives with LED strategy and IDPs; facilitate projects prioritisation LATs provide technical to facilitate and support projects' movement through complete projects cycle – i.e. <i>identification and preparation, implementation support and effective projects' closure</i> Material co-contribution to projects by local municipalities Monitoring of, and reporting on projects – LATs, with DSTs support, will undertake monitoring visits to all projects and report per standard template Nominated LAT members report on projects to provincial DEDEAT LRED Unit and relevant Municipalities 	District Municipalities & DSTs <ul style="list-style-type: none"> Support local municipalities in mobilisation and support to independent stakeholder economic agents Promote collaboration across local areas in region, promote LED initiatives and prioritisation against regional LRED strategy Material co-contributions to projects Co-monitor implementation of projects and impacts Report on projects to District Municipalities, DEDEAT LRED Unit 	DEDEAT & ECDC <ul style="list-style-type: none"> Regional DEDEAT office provides material support to regional DEDEAT functionaries supporting projects Projects monitoring
Beneficiaries <ul style="list-style-type: none"> Responsible for managing own projects and implementation. Responsible for submitting reports in standard forms, per dates agreed to in contract. 		

9. Evaluation and Selection of Projects

Project selection and evaluation has now shifted from the domain of the erstwhile District Selection Group (DSG) and will happen at a number of levels as follows:

(1) *Project preparation and proposal development*

An informal pre-selection process happens at this stage. Prospective applicants either forward their draft applications to the DST to assess and offer advice and development-support, or DSTs themselves initiate the proposal development on certain demonstration and flagship projects.

While the DST will be non-discriminating in the support it offers to prospective applicants, the DST will nonetheless focus its attention and energy on project ideas that are relevant to the core purposes and objectives of the LRED Fund, as well as the development priorities of local areas from whence the proposals emanate.

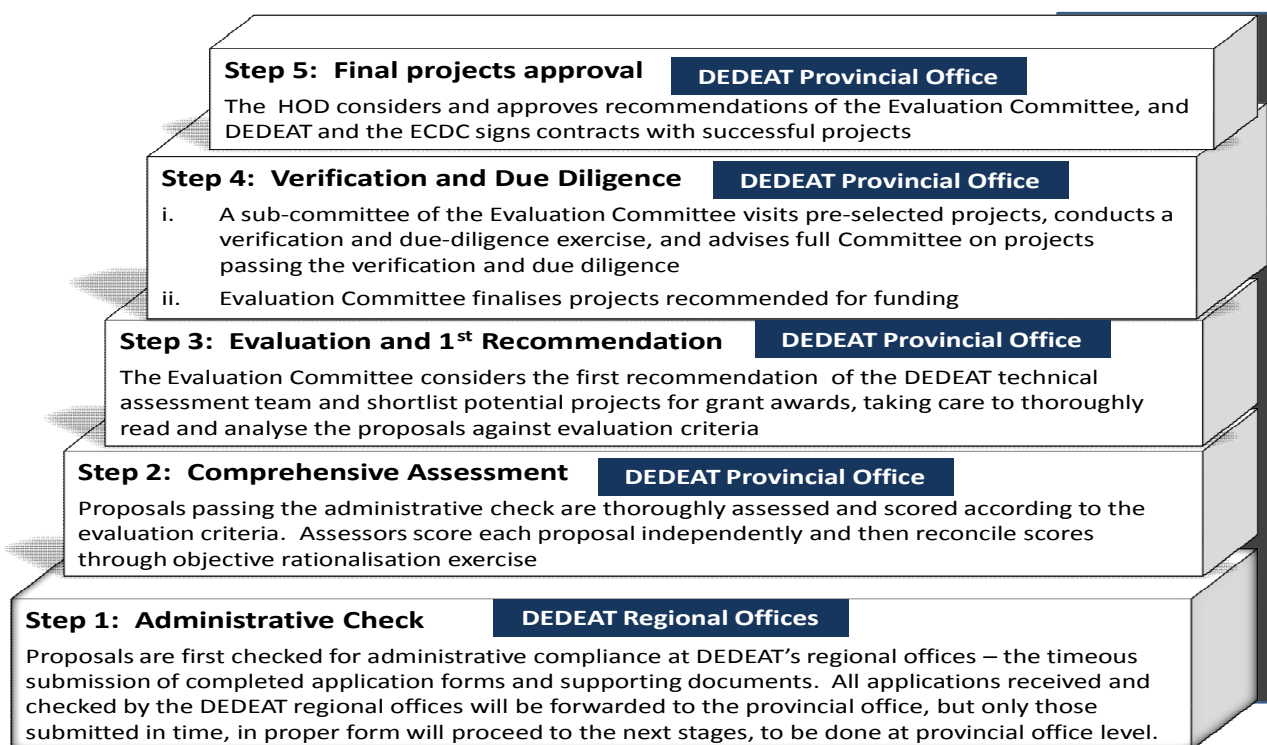
The final proposals to be submitted to DEDEAT for evaluation are the responsibility of the applying partnerships to submit according to determined deadlines per Call. While the proposals will be submitted to DEDEAT's regional offices to be forwarded to the DEDEAT provincial office, neither the DSTs nor regional officers of DEDEAT have a right to bar any proposals from being submitted.

(2) Proposals Evaluation

- (i) The first step in the evaluation process is to conduct an administrative check on applications received – to ascertain that proposals were received on time on deadline dates, and that they were received in good form, with all forms completed, and supporting documents provided. *The administrative check will be done at the DEDEAT regional offices by a designated committee.* Such committee will have had no hand in supporting the preparation of proposals.
- (ii) Following the administrative check and the forwarding of all applications received and checked, as well as records on the administrative check, to the DEDEAT provincial office, all other steps in the final evaluation of proposals are the responsibility of the *Applications Evaluation Committee* convened by DEDEAT through the Office of the HOD, supported by the DEDEAT LRED Unit as secretariat.
- (iii) All proposals submitted in due time per Call deadline will be accorded equal, transparent treatment in assessment and evaluation, and will be scored according to the evaluation grid and criteria provided in these guidelines.
- (iv) The evaluation of proposals will take the following steps:
 - a. Following the check on administrative compliance at regional DEDEAT offices, and the passing of the applications and all relevant source documents to the provincial office, there will be a thoroughgoing assessment of proposals by an LRED Unit-assembled team, and the preparation of scored proposals for presentation to the Evaluation Committee.
 - b. The Evaluation Committee will pre-select a determinate number of proposals against the budget envelope available for each call.
 - c. A sub-committee of the Evaluation Committee will then undertake a verification and diligence-check visit to projects recommended for funding. *The verification and diligence visit will among others ascertain the status of partnerships, capacity of applicants, and other claims made in the applications.*
 - d. The sub-committee will report-back on the verification visits, and projects holding up to application claims will be confirmed for recommendation to be awarded contracts, while others may be advised to address areas of preparatory weakness identified. *The engagement with applicants in this regard will be developmental, rather than punitive.*

- e. Projects confirmed for final recommendation for funding will then be presented to the DEDEAT HOD for final signature, to be followed by the development of contracts to be jointly signed by beneficiary, DEDEAT (HOD) and the ECDC.

The following figure summarises the above steps:



(3) Evaluation and Selection Criteria

Each proposal will be evaluated and scored on its strengths and weaknesses against the following criteria –

- i) *Relevance* to Fund objectives and local development priorities
- ii) *Project Design and Implementation Methodology*
- iii) *Leadership, Management and Operational Capacity* – duly allowing for the and consolidation of such during the implementation period where proposed
- iv) *Financial Capacity and Funds Utilisation* – mainly in terms of ensuring the capacity to properly manage and utilise funds, as well as ensuring that the funds significantly benefit the poorer members of the partnership group
- v) *Partnership Strength and Sustainability* – the credibility of, and commitments to partnerships, the potential of the project to self-regenerate and sustain beyond DEDEAT funding.

Each criterion will be given a score between 1 and 5 according to the following scoring scale: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good. The following evaluation grid will be used, and careful note should be taken of certain minimum scores required, as follows:

- (a) Applications qualifying for recommendation for funding should achieve a minimum total score of not less than 65 (i.e. $\frac{65}{100}$).
- (b) Irrespective of total score obtained, applications scoring less than a total $\frac{15}{20}$ on the *Relevance* criteria will not qualify for funding.
- (c) Irrespective of total score obtained, applications scoring less than a $\frac{7}{10}$ on 4.3 under the *Financial capacity and funds utilisation* criteria will not qualify for implementation funding. In other words, implementation applications not indicating a strong financial benefit to the less materially privileged members of the partnership will not invite favour from the Evaluation Committee. On the other hand, the minimum score on 4.3 for project-preparation applications is $\frac{5}{10}$.

The Evaluation Committee will only assign scores in whole, and not fractional numbers.

As one outcome of the evaluation process, the Evaluation Committee will also compile advice to be shared with beneficiaries and implementation support teams, to be used as a reference point for proposing support actions to strengthen the implementation and success prospects of recommended projects.

1. Relevance

(Assessors and evaluators tick appropriate score per question in the criteria, enter the numerical score in the far-right column, and total these in the bottom row)	1	2	3	4	5	Numerical score attained	Maximum score allocable	Minimum score required
1.1. How relevant is the LED project to national and provincial priorities, as well as the objectives of the LRED Fund?							5	
1.2. How does the LED project contribute to local growth and development priorities?							5	
1.3. To what extent does the LED project address local needs?							5	
1.4. To what extent are local resources – physical, natural, economic, human, social and cultural – used, developed and/or enhanced by the project.							5	
TOTAL							20	15

2. Project Design and Implementation Methodology

	1	2	3	4	5	Numerical score attained	Maximum score allocable	Minimum score required
2.1. Are the project's objectives and outcomes appropriate to local needs and LRED Fund's objectives?							5	
2.2. Are activities and outputs proposed for the project appropriate, practical, consistent with, and likely to adequately address the objectives and expected results of the application?							10 (5x2)	
2.3. How coherent is the overall design of the action? Does it reflect the analysis of the problems involved, take into account external factors, as well as anticipate risk and the management of such?							5	
TOTAL							20	10

3. Leadership, management and operational capacity	1	2	3	4	5	Numerical score attained	Maximum score allocable	Minimum score required
3.1. Does the applicant have overall operational management competencies to implement and administer the LED project? (<i>what experience does the applicant have in relation to general management/administration skills – e.g. financial, human resource management, stakeholder and partnership management, etc? – CV’s on key project operatives will be assessed</i>)							10 (5x2)	
3.2. Does the applicant have adequate knowledge of, and experience in the particular sector of the project application? Is there commensurate technical capacity or expertise necessary to implement the LED project?							10 (5x2)	
3.3. Does the applicant have sufficient competencies including competent staff, tools and equipment (<i>to include what is purchased from the LRED grant</i>) to execute the project?							5	
TOTAL							25	15

4. Financial capacity and funds utilisation	1	2	3	4	5	Numerical score attained	Maximum score allocable	Minimum score required
4.1. Does the applicant have financial competencies to plan for, manage and efficiently account for finances of the LED project? (<i>the evaluators will consider the CV’s of persons responsible for this role</i>)							5	
4.2. Are the expenditure and income projections of the project realistic and consistent with the objectives, outcomes and activities of the project?							5	
4.3. Is the DEDEAT LRED grant going to benefit the partners fairly, ensuring that there is fair direct financial benefit accruing to the less materially endowed members of the partnership during <u>implementation</u> of the action? Is there also a clear signal that the ownership of assets obtained through the funding will privilege the less materially endowed members of the partnership?							10 (5x2)	7 (for Implemntn) ; otherwise 5 for Prep.
TOTAL							20	15

5. Partnership strength and sustainability	1	2	3	4	5	Numerical score attained	Maximum score allocable	Minimum score required
5.1. How clearly defined and strategically chosen are those involved (core beneficiaries, partners and associates)? Have their roles and contributions been clearly defined? are they realistic? and does the proposal address them appropriately? Are there credible cooperation agreements in place?							10 (5x2)	
5.2. Are the expected results of the proposed action likely to be sustainable? – <i>financially? (how will activities be financed after the funding ends?)</i> – <i>organisationally and institutionally? (are/will structures be in place to sustain the project? will there be sufficient local ownership of the results of the action?)</i>							5	

TOTAL									15	10
OVERALL TOTAL									100	65

10. Project Contracting

- The project contract will be signed having regard to the standard guidelines adopted by the LED Funding Criteria and in compliance with the Public Finance Management Act (PFMA), the Municipal Financial Management Act (MFMA) and other relevant legislation.
- The project grant contract will be signed between DEDEAT as Contracting Authority, the ECDC as funds-bursar against milestones and reports, and an authorised signatory of the project beneficiaries. The ECDC will also assist DEDEAT in ensuring the proper utilisation and management of project funds.
- In situations where DEDEAT is a co-funder for a project, a Memorandum of Understanding will be drawn up between the funders, setting out the arrangements for coordination and communication to ensure that the interests of the respective institutions are protected, transparency assured and reporting and accountability burden on the project leader rationalized.

11. Monitoring and Evaluation

The Programme will be the subject of regular monitoring and evaluation at regional and provincial level. Over and above project steering and reporting on the progress and results of individual projects, it is crucial for the Provincial Government to monitor and evaluate the overall impact of public support for LED at regional and Provincial level.

- DEDEAT will work with its partner Departments at Provincial level to establish an inclusive, objective and partnership based monitoring framework and regime at Provincial level. The provincial collaborative will include the core LED departments – predominantly DEDEAT and ECDC, DLGTA, DRDAR, Public Works and – to a degree, Social Development, as well as key development and policy support entities – OTP and ECSECC.
- Each project will be formally monitored at least once during the term of the contract, and observations and performance assessments will be recorded on standard templates that will inform necessary interventions, as well as enable comprehensive programme analyses to be undertaken as needed.
- Each project will establish a project steering committee who will, among other things, ensure that the project is implemented and delivering according to plan.

- Members of LATs and DSTs responsible for implementation support will interact more frequently with their projects, and will report accordingly at monthly LAT and regional DST meetings
- The LATs and DSTs will on a quarterly basis also submit more detailed quarterly project status reports to the provincial DEDEAT LERD Unit and the DST's PWG convenor at DLGTA.
- The DEDEAT LRED Unit will also undertake periodic comprehensive analyses on projects in order to establish programme impacts and determine modifications and other actions needed.