

LOCAL AND REGIONAL ECONOMIC DEVELOPMENT (LRED) POLICY

“Promoting and administering sustainable economic development and employment creation.”

2023

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LOCAL AND REGIONAL ECONOMIC DEVELOPMENT (LRED) POLICY

1. Acronyms

In this Policy, unless the context indicates otherwise, the following words, abbreviations or acronyms shall have the following meanings:

ACRONYMS

DEDEAT	Eastern Cape Department of Economic Development, Environmental Affairs and Tourism
CSD	Central Supplier Database
HOD	The Head of Department of DEDEAT
LRED	The Local and Regional Economic Development
MEC	The Member of the Executive Council responsible for DEDEAT
PEDS	Approved Provincial Economic Development Strategy
PSC	Project Steering Committee

2. DEFINITIONS

- 2.1 **Business proposal packaging:** The collation of required documents for submission to ensure that the applicant is ready for assessment and evaluation of their proposals by DEDEAT.
- 2.2 **Commissioning and training:** A process undertaken by the suppliers of the equipment or machinery delivered to the beneficiary, involves putting it together and providing training for immediate use.
- 2.3 **Developmental Stage:** A stage where enterprises focus on establishing themselves through activities such as market research, product **development** and feasibility.
- 2.4 **Disclosure:** A mandatory process of declaring relevant information, considered during the application process to the department, pertaining to the applicant of the enterprise as well as its directors and/or members. **(Refer to Annexure A)**
- 2.5 **Entity / Enterprise:** A legally registered enterprise in South Africa complying with the companies and Intellectual Property Commission.
- 2.6 **Existing enterprise:** An enterprise that is involved in its business operations for a period of at least 12 months, with a proven track record supported by financial and ancillary proof.
- 2.7 **Guidelines:** The Guidelines issued in terms of paragraph 4 of this Policy;
- 2.8 **Local and Regional Economic Development:** Local and Regional Economic Development (LRED) is an approach towards economic development, which allows and encourages local and regional people to work together to achieve sustainable economic growth and development, thereby bringing economic benefits and improved quality of life for all residents in a local and regional municipal area.
- 2.9 **Pitching:** A presentation of a business case by an applicant to the assessment or evaluation committee to further explain or motivate for one's business proposal.
- 2.10 **Pre-start-up Enterprise:** An enterprise which is in its developmental stages and is yet to operate due to industry requirements.
- 2.11 **Prioritized Sectors:** The prioritized sectors by DEDEAT for LRED Funding include manufacturing, auto, tourism, sustainable energy, agri-industry value chain, oceans economy, franchising, ICT, creative industry and retail/service.

- 2.12 **Processing / Manufacturing:** A process of turning raw materials or parts into finished goods using tools, human labour, machinery, and chemical processing.
- 2.13 **Project / Beneficiary:** An entity with which the DEDEAT has concluded a funding agreement in terms of the LRED policy.
- 2.14 **Province:** The Eastern Cape Province.
- 2.15 **Screening:** A mandatory process that requires the submission of a screening form (soft or hard copy) that must be completed by all applicants before an enterprise submits a funding proposal to the **DEDEAT's nearest regional office via email or physically, as reflected on DEDEAT website.**
- 2.16 **Service / Retail sector:** A sector that provides intangible products and services to its customers.
- 2.17 **Start-up Enterprise:** A newly established business, operating for consecutive 12 months or less.
- 2.18 **Value addition:** A step involved where the product or service changes the form or function.
- 2.19 **Working capital:** covers daily operations, including stock and payroll. However, it cannot be utilized for financing long-term assets such as equipment and shall be capped at R350,000.00 or not more than 15% of requested funding
- 2.20 **Meeting:** A gathering where DEDEAT officials, beneficiaries as well as all relevant stakeholders engage either on site or online platforms.

3. Background and Context

Achieving sustainable local and regional economic development has continued to be a challenge for the Eastern Cape Province. Economic Development in the Eastern Cape must accelerate and become more transformational, if the basic needs of communities are to be effectively addressed. It is however necessary to ensure that the benefits of economic development are spread widely in order to promote inclusivity and to positively impact on the quality of life of all citizens in the Eastern Cape in a sustainable manner.

Even as poverty levels have fallen significantly since 1994, the former homelands have, to a limited extent, begun to bridge the relative gap in deprivation in comparison to the rest of South Africa. The question therefore is not only how government can make economic development a reality, but also how it can ascertain /ensure that it includes and benefits the poor in the most marginalised regions of the Province.

This demands an approach that requires careful consideration of the conceptual and useful tools at DEDEAT's disposal. Sector analysis is critical to prioritise economic opportunities with the most potential to create jobs and stimulate economic growth. Sectors must be biased towards townships, rural enterprises and an increased focus on Oceans economy, Sustainable energy, Tourism, Manufacturing and Agro-processing, as stipulated on the Provincial Economic Development Strategy as well as other emerging sectors. The instruments provided by government should be such that different enterprises with different needs are catered for, considering that these enterprises are operating in different stages and in different environments.

Against the foregoing, there is also a growing acknowledgement of the necessity and responsibility for all role-players, not only government, to work together in growing the local economies. This demand harnessing and mobilizing the local human, social, financial and natural capital towards common goals and objectives that communities and development partners aspire to achieve.

It also requires innovative tools that firmly enable access of resources to local entities, especially those who have been marginalised. Prospective applicants must demonstrate sustainable opportunities to create employment, local economic growth; economic transformation, thereby reducing the levels of inequality and poverty.

The Honourable MEC of DEDEAT, Mr. Mvoko, in his policy speech (2022), committed the department on three policy delivery areas; township and rural economy, climate change and industrial parks. The roll-out of the LRED Fund will be one of the vehicles to deliver on the policy priority areas and calls for deliberate and focused interventions towards addressing the challenge of unemployment.

This revised policy considers, possible emergencies, pandemics and/or unforeseen circumstances in the market, which may arise, and which may require economic intervention from government. This policy undertakes to address how such emergencies should be handled in a swift manner, with minimal disruptions.

The policy also considers that there have been regions that may have lagged in terms of demand and submission of financially viable proposals. Deliberate regional level support will seek to address such, to ensure that the regions are able to catch up and submit viable proposals.

4. Objectives and Purpose

The objectives of this Policy and the LRED Fund are to promote and administer sustainable economic development and employment creation by supporting Eastern Cape based entities that aim to stimulate economic growth of the Province.

The purpose is to provide grant funding to enterprises, which are not able to access funding from commercial banks and other developmental funding institutions to start-up new enterprises or expand existing enterprises. This inability to access funding from these institutions can be as a result of challenges of liquidity, lack of security or collateral, high gearing as well as a lack of credit history. The other purpose is to provide co-funding support for enterprises, in order for them to reduce the risk of loan funding affordability, thereby easing the debt burden for business viability and sustainability.

5. DEDEAT Support

- 5.1 DEDEAT will issue an open invitation for funding proposals using various forms of media each year, with no closing date.
- 5.2 Proposals received in a financial year, but did not complete the evaluation process, shall remain valid in the following financial year. DEDEAT will continue processing them until all the stages are undertaken.
- 5.3 In cases where the policy changes or is reviewed, the approved policy at the time of submission shall be upheld.
- 5.4 DEDEAT will upload the latest Policy and necessary forms on the departmental website; hard copies will be obtainable from all DEDEAT regional offices.
- 5.5 Applications will be initially screened by the DEDEAT regional offices who will be tasked with ensuring compliance, before submission of compliant proposals to the Departmental Head Office. Compliance does not result in automatic approval.
- 5.6 The DEDEAT regional offices will be responsible for communicating with all applicants to acknowledge receipt of their applications.
- 5.7 Non-compliant applications may receive business packaging support at a regional level. This support, however, will by no means guarantee approval of such an application;
- 5.8 DEDEAT funding will be limited to availability of funds.

6. Eligibility

In order to apply for LRED support, an applicant must meet the following requirements:

- 6.1 Successfully undergo the screening phase;
- 6.2 Be a registered legal entity in South Africa in terms of CIPC (Close Corporation, Private Companies and Co-operatives);
- 6.3 Be physically located and operate the economic activity in the Eastern Cape;
- 6.4 Directors and / or Members must be South African citizens and reside in the Eastern Cape;
- 6.5 The prospective applicant business enterprise must comprise of a shareholding capacity of at least 51% or more Historically Disadvantaged Individuals;
- 6.6 Be tax compliant, and must submit a valid tax pin with at least 90 days to expiry date;

- 6.7 Be compliant with Treasury requirements and must submit the latest full CSD report be registered on the Provincial CSD;
- 6.8 Developmental agencies will only be considered when forming legally binding partnerships with the above listed legally registered entities as stated in 6.2;

7. Prioritized Sectors

LRED Funding will be targeting the following sectors:

- 7.1 **Agri-industry value chain:** Where applicable, funding will be in relation to working capital, raw materials, protective clothing, tooling, machinery, equipment (production and commercial vehicle) purchase, mobile / modular facilities for processing enterprises, product testing and associated equipment as well as certifications. Primary agriculture is excluded.
- 7.2 **Automotive:** Where applicable, funding will be in relation to working capital, raw materials, protective clothing, tooling, machinery, equipment (production and commercial vehicle). This sector includes car repairs and related service offerings product testing and associated equipment as well as certifications;
- 7.3 **Manufacturing:** Where applicable, funding will be in relation to working capital, raw materials, protective clothing, tooling, machinery, equipment (production and commercial vehicle) purchase product testing and associated equipment as well as certifications;
- 7.4 **Oceans economy:** Where applicable, funding will be in relation to working capital, fishing and oceans related activities, raw materials, protective clothing, tooling, machinery, equipment (production and commercial vehicle), purchase product testing and associated equipment as well as certifications;
- 7.5 **Sustainable energy:** Where applicable, funding will be in relation to working capital, raw materials, protective clothing, tooling, machinery, equipment (production and commercial vehicle) purchase product testing and associated equipment as well as certifications;
- 7.6 **Tourism:** Where applicable, funding will be in relation to working capital, equipment associated with the tourism sector. In cases where vehicles are required, vehicles must be customised according to the industry;
- 7.7 **Services/Retail:** Where applicable, funding will be in relation to working capital, raw materials, equipment and delivery vehicles.

- 7.8 **Creative industry:** Where applicable, funding will be in relation to working capital, equipment associated with the sector. In cases where vehicles are required, vehicles must be customised according to the industry;
- 7.9 **Information & Communication Technology Services:** Where applicable, funding will be in relation to working capital, equipment associated with the sector. In cases where vehicles are required, vehicles must be customised according to the industry;
- 7.10 **Franchise:** Franchise funding will be considered to qualifying enterprises who require funding for approved franchises which are registered with the Franchise Association of South Africa. The franchises must have a track record in the industry and must be in existence for a minimum period of 5 (five) years.

8. Disqualification from Funding:

- 8.1 Business acquisition or mergers, purchase of second-hand or used equipment, amalgamations, building renovations of private property and purchase of any immovable property;
- 8.2 Enterprises registered as Trusts, sole proprietors, NGOs and NPOs; see para 6.2
- 8.3 Enterprises whose financials are indicative that they are technically insolvent;
- 8.4 Enterprises whose latest historical financials are indicative of turnover exceeding R10 million per annum (inclusive of other business interests where the directors / members / shareholders are legally bound to). Non-disclosure of other business interests will lead to an automatic disqualification.
- 8.5 Enterprises whose directors / members / shareholders have received funding from other institutions for the same product within a period of 5 years of the date of this application; Non-disclosure of such will lead to an automatic disqualification.
- 8.6 Enterprises whose directors / members / shareholders are previous LRED Fund beneficiaries from other enterprises within a period of 5 years of the date of this application; Non-disclosure of such will lead to an automatic disqualification.
- 8.7 All government entities and agencies;
- 8.8 Settling of any expenses, costs and/or debts incurred before and during the application;
- 8.9 Passenger vehicles (i.e. such as sedans, luxury 4X4s, SUVs), even if registered in the entity's name;
- 8.10 Non-disclosure of critical / essential information that includes relations with political bearers, immediate families and government officials.
- 8.11 Employees from any sphere of government shall be disqualified from applying
- 8.12 The LRED Fund approval will be limited to one member per household per financial year. Non-disclosure of immediate family (parent/siblings/spouse) with a beneficiary of the LRED fund will lead to an automatic disqualification.

9. Type of Support Provided

DEDEAT will, in its own discretion, determine the type of support to provide, depending on the nature of the business and funds availability.

All applicants will be subjected to a screening process prior to submitting funding proposals and application forms. Meeting the screening requirements does not automatically guarantee a successful funding application. **(Refer to Annexure B)**

- 9.1 **Co-funding:** DEDEAT will have the power to approve co-funding to qualifying enterprises, subject to submission of a valid funding approval from another funder or submission of own contribution from a verifiable source.
- 9.1.1 The approval from the co-funder must be valid and not older than 6 months. In cases where it is older than 6 months, a letter of validity not older than 1 calendar month must be submitted from the co-funder.
- 9.1.2 Own contribution must be in the form of an investment or bank statement in the name of either the members / directors / shareholder, whose balance date should not exceed 7 working days at the time of submission to DEDEAT. In cases where the own contribution portion is from another party or relative, a legally binding agreement to that effect must be furnished to DEDEAT together with proof of funding statement not older than 7 working days.
- 9.1.3 DEDEAT's co-funding portion will be capped at a maximum of 90% of the total funding applied for. DEDEAT's portion will be up to R3 000 000 (Three Million Rand), depending on the funding level stipulated below.
- 9.1.4 Applicants will be required to illustrate how the intended LRED funding portion will improve their business operations over the projected 36 months period.
- 9.1.5 Co-funding applications can be initiated by either DEDEAT or any other legally registered funder.
- 9.2 **Emergency funding:** DEDEAT shall provide emergency funding support to **qualifying** small enterprises in cases of declared and gazette disasters.
- 9.2.1 Demonstrated Need: Applicants must demonstrate a genuine and immediate need for financial assistance due to the gazette disaster.
- 9.2.2 Urgency: Emergency funding support must be applied for within two weeks of the gazetting of the disaster
- 9.2.3 Financial Hardship: Applicants will need to provide evidence of financial hardship, such as bank statements.

- 9.2.4 Eligibility: Funding will be restricted to the specific geographic areas listed in the gazette.
- 9.2.5 Sustainability: DEDEAT will assess the applicant's ability to recover from the emergency/disaster and whether the assistance provided will contribute to a sustainable solution. They may also consider whether the applicant has exhausted other sources of support.
- 9.2.6 Priority: In situations where there is limited funding available, priority may be given to those with the most urgent and severe needs, such as individuals facing life-threatening situations or those with dependent family members.
- 9.2.7 Review Process: DEDEAT may have a review committee to assess and prioritize applications. This could involve interviews, reference checks, or site visits.
- 9.3 **Franchise funding:** The applying entity will have to prove the following:
- 9.3.1 Meet all requirements and conditions required by the franchisor,
- 9.3.2 They would have to provide an approval letter from the franchisor,
- 9.3.3 They must demonstrate need for funding.
- 9.3.4 Funding will be limited to an amount not exceeding R1 500 000.00 (One Million Five Hundred Thousand Rand).
- 9.3.5 Franchises whose total funding requirement is below R1 500 000.00 (One Million Five Hundred Thousand Rand) will be eligible to apply for a 100% funding allocation from the LRED fund.
- 9.3.6 In cases where another funding institution will be co-funding the same applicant, the due diligence of the co-funding partner must be submitted to DEDEAT.
- 9.3.7 In cases where there is own contribution from the franchisee, verifiable proof of funding must be provided.
- 9.4 **Pre-startup (Project generation) funding:** Enterprises at developmental stages shall qualify for 100% grant funding capped at a maximum of R500, 000.00 (Five Hundred Thousand Rand) for the project generation phase and/or the conducting of a bankable feasibility study.
- 9.5 **Implementation funding:** For start-ups as well as existing enterprises:
- 9.5.1 Funding is capped at a maximum of R3,000,000.00 (Three Million Rand) per implementation project.

- 9.5.2 Start-ups must meet all the department's requirements and must provide positive independent feasibility studies.
- 9.5.3 A positive feasibility study does not automatically lead to an approval.
- 9.5.4 A feasibility study will only qualify as such if it has elements such as:
- Clear project scope;
 - Well defined current analysis;
 - Clear requirements of the project;
 - Well-presented approach used;
 - Proper evaluation of the market and trend analysis;
 - Review (whether rejected or not, with supporting reasons);
- 9.5.5 All qualifying start-up enterprises will be provided with items that are deemed necessary to implement the project.
- 9.5.6 Start-up funding shall be 100% grant funding and shall not exceed a maximum of R3 000 000 (Three Million Rand). This funding is limited only to companies, cooperatives, close corporations whose directors and/or members do not have any other operating business interests.
- 9.5.7 Existing enterprises Funding will be co-funded as follows:

Co-Funding Levels

Turnover Bracket	DEDEAT Funding Portion	Co-Funding Partner Portion or Own contribution
a. Turnover between R1000 000 and R2 500 000 per annum	90% grant funding of total project cost not exceeding R3 000 000 (Three Million Rand)	10% from other sources.
b. Turnover between R2 500 001 and R6 000 000 per annum	80% grant funding of total project cost not exceeding R3 000 000	20% from other sources
c. Turnover between R6 000 001 and R10 000 000.00 per annum	70% grant funding of total project cost not exceeding R3 000 000	30% from other sources.

- 9.6 **Top- up funding:** Existing LRED beneficiaries funded in the previous financial year may, within the discretion of DEDEAT, be considered for top-up funding.
- 9.6.1 These will be evaluated on a need basis and will be handled on a case by case basis.

- 9.6.2 Only in exceptional circumstances that may threaten jobs or business operations will be considered, supported by a submission from the regional office via PSC for a final decision by the Head of Department.
- 9.7 **Industry compliance Funding:** This funding is for enterprises who require support for industry standards such as Product Certification, Compliance and Quality Management System Implementation.
- 9.8 In the event of fluctuating exchange rates during project implementation stage, upon submission made via the PSC for the Head of Department approval. The LRED fund shall be made available subject to a maximum increase of 10% (ten percent) of the original purchase price.
- 9.9 In cases where insurance for machinery, equipment and delivery vehicles is required, the DEDEAT may fund the insurance for a maximum period of 12 (twelve) months.
- 9.10 Funding for commissioning and training of equipment and machinery may also be supported, where required.

NOTE: Presentation of the project may be required in certain instances and will be handled on a case by case basis. Only those applicants who have complied with all the initial compulsory requirements may be requested to present to the Department. This will constitute a presentation of the proposal either virtually or in a physical contact meeting, where the applicant will be expected to present their business case. In cases where the members or directors are more than 1, the key members or directors will be required to present.

10. Conditions of the Fund

- 10.1 At least one director or member of the applying entity must be directly involved on a full-time basis in the day to day operation and management of the business.
- 10.2 If the director or member referred to in 10.1 is a full-time employee in the private sector, upon notification of approval of the application, he or she shall be given 7 working days to resign and provide DEDEAT with proof of resignation as well as acceptance of his or her resignation by employer.
- 10.3 Existing entities / applicants must provide historical financial statements, where applicable, to demonstrate turnover up to 3 years.
- 10.4 Enterprises must adhere to legislative requirements governing the respective sectors.

- 10.5 An applicant must be successfully screened and submit a completed application form as approved by the HOD.
- 10.6 Enterprises must exhibit economic merit in terms of sustainability and financial viability (historical financials). The approved entity must create and sustain employment, these will be monitored post funding, employment levels may not reduce.
- 10.7 Owners of applying entities must provide CVs that demonstrate necessary skills or experience appropriate for the business they operate or intend to operate. Where technical skills are lacking from the directors/members, proof of experienced key personnel must be demonstrated and CV's of those must be attached.
- 10.8 Enterprises must submit proven track record, registration or affiliation with relevant industry regulatory body, where applicable.
- 10.9 Due diligence will be conducted on applicants before a final recommendation to the Head of Department and due diligence reports will be valid for a period of 12 months.

11. Legal Conditions

The following are *inter alia* considered a circumvention of this Policy and shall lead to an unsuccessful application or recovery of funds:

- 11.1 Changing the business set-up, composition, structure or operations, processes or products during the application process and post funding. Where changes are necessary, the onus is upon the directors/members, to inform the Department and provide valid reasons with proof where required. Changes to items requested will be at the discretion of the Department on the basis of a submitted motivation.
- 11.2 Manipulation of inter-company assets, products, services and processes to meet the requirements.
- 11.3 Applicants receiving support (financial) from other government source(s) for the same assets and support as those for which assistance is sought from the LRED Fund.
- 11.4 Any other action that, at the sole discretion of DEDEAT, can be regarded as mischievous / circumvention to allow the entity, which otherwise would not have qualified, to qualify for assistance under the LRED Fund.
- 11.5 Criminal conviction, pending criminal cases, misrepresentations, dishonesty and/or irregular activities.

- 11.6 Upon submission of application, a separate bank account must be opened, and proof thereof must be furnished.
- 11.6 The entity must, at the time of the application, make a full disclosure of the following to DEDEAT:
- 11.6.1 If the entity, or any of its directors or members, is, or has been or is in the process of being declared insolvent, under judicial administration, sequestration or a rehabilitated insolvent or administration particulars of such insolvency etc should be furnished to the Department at the time of the application;
- 11.6.2 If the entity, or any of its directors or members, is, or has been or is in the process of being, under debt review, or debt rescue, particulars of the debt review or rescue should be furnished to the Department at the time of the application;
- 11.6.3 Any existing, past or pending civil, criminal judgements, against the entity, or any of its directors or members or shareholders should be furnished to the Department at the time of the application;
- 11.6.4 A list of outstanding debts of the entity, or any of its directors or members should be furnished to the Department at the time of the application;
- 11.6.5 All pending criminal cases, trials, or criminal convictions of the entity, or any of its directors or members or shareholders;
- 11.6.6 Any pending or existing litigation against the enterprise, members, directors and/or shareholders.
- 11.6.7 The duty rests on the applicant and/ or any other person that may benefit from the fund to disclose everything that may have an influence on the adjudication of the application. Failure thereof will lead to termination or cancellation or suspension of the application and criminal prosecution and or civil claim.
- 11.6.8 DEDEAT may, in its own discretion, reject an application of the entity after consideration of the information disclosed as required above.
- 11.6.9 If at any time after approval of the application, any of the activities or conduct mentioned in paragraphs above are found to have been true at the at the time of the application DEDEAT may, upon a suspicion of any of the above activities, put the application on hold pending finalisation of such.
- 11.6.10 Findings of an investigation indicating such activities will be sufficient to allow DEDEAT to reject the application, or right to terminate, cancel or suspend the agreement with the entity and to initiate criminal prosecution and or a civil

claim.

- 11.6.11 DEDEAT subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act, 12 of 2004. Applicants are requested to contact DEDEAT fraud hotline on 0800 701 701 should they wish to report any suspicious behaviour.
- 11.6.12 In cases where the Department had already disbursed funding, later discovered circumvention of this policy, the enterprise shall re-imburse DEDEAT the sum transferred, together with interest thereon at a rate of 10,25% per annum, from the date of transfer without any delay.

12. Monitoring and Reporting

Post funding support will be rolled out as follows:

- 12.1 All approved projects will be monitored by the relevant region for a period of 18 (eighteen) months, where a dedicated official will be appointed.
- 12.2 All monitoring of projects will be done by an appointed Project Steering Committee (PSC) which will be led by DEDEAT.
- 12.3 In the PSC meetings, the beneficiary will be required to provide monthly reports which will be analysed and verified by the members and submitted to Head Office LRED Unit, signed off by the regional directors.
- 12.4. A DEDEAT team may conduct a site visit to the entity's business site at any stage during the application stage or at any other stage after the award was made.
- 12.5 A set of all financial statements, invoices and other relevant records must be retained and kept in a fireproof safe place. Such records must be made available at the instance of the DEDEAT as and when required.
- 12.6 The entity must allow access to a person appointed by DEDEAT to its premises, documentation and financial records for the purpose of evaluating the impact of the programme, even after the expiry of the LRED funding period.
- 12.7 PSC meetings shall be held on site for verification purposes. It is the duty of the beneficiary to provide all required documents before these meetings take place.
- 12.8 The operational site will be that as indicated in the application for funding. Any changes in operational sites must be communicated with written reasons and accompanied with supporting documents to the Department via the PSC. Approval must be provided in writing by the Head of Department.
- 12.9 Items to be funded will be stipulated in the Memorandum of Agreement as entered

into between the Applicant and DEDEAT and no substitutions of funded items will be allowed.

- 12.10 Both DEDEAT and beneficiary must keep all records pertaining to the PSC meetings for audit purposes.

13. Risks

- 13.1 In the event of death and non-continuation or business partners parting ways or the business being sold, all assets acquired from the LRED Fund shall be returned to the Department for donation to a similar deserving enterprise operating in the Eastern Cape.
- 13.2 Change in address of the operational premises of the entity will only be permitted once written approval has been provided by the HOD which shall be sought through the Project Steering Committee.
- 13.3 Proof of purchase and delivery of all movable assets, equipment, machinery and materials must be submitted to the Department within 3 (three) months of the date of transfer of the approved amounts, or such longer period as may be agreed to in writing by DEDEAT;
- 13.4 All purchased items must be kept for business operations for a period of at least 5 (five) years, alternatively its useful life;
- 13.5 When a purchased item has reached its lifespan, DEDEAT is to be alerted and advised of the disposal of such items;
- 13.6 A detailed maintenance plan of movable assets, equipment and machinery and the insurance thereof must be submitted with the proof of purchase and delivery.
- 13.7 Change in ownership and directorship is not permitted unless it is in the event of death and in which event proof of such should be provided immediately.

14. Meeting Quorum

The assessment and evaluation committee meetings shall meet the quorum where three (3) or more of the appointed members meet. Round robin decisions shall be valid where 3 appointed members concur.

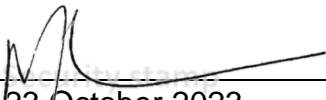

15. Decision of Department on applications

- 15.1 The decision taken by the Head of Department, after due consideration of the evaluation of the funding application together with the recommendations made by the

Evaluation Committee, shall be final.

- 15.2 In terms of the Promotion of Administrative Justice Act, all applicants will be provided with full reasons for the decision taken by the Department in writing, which reasons will form part of the Letter of Decision as signed off by the Head of Department.

16. Approval

Recommended The policy is recommended for approval. Technical inputs were sought from the Provincial Treasury - Norms and Standards Unit	
MICKEY MAMA Head of Department	
	Date: 23 October 2023
Approved	
HON. M. MVOKO Member of the Executive Council	
	Date: 23 October 2023

Annexure A

COMPULSORY DISCLOSURE

I, Mr./Ms/Dr/Prof.....

Identity Number... am a

Member/Director

of.....

..... Registration Nr..... hereby declare that my true financial and legal status are as set out below:

Personal: *(Add a row where necessary)*

<u>Assets:</u>	<u>Rand (Value):</u>	<u>Liabilities:</u>	<u>Rand (Value):</u>
Bank Balances		Credit Card	
Shares		Personal Loans	
Vehicle		Vehicle	
Property		Mortgage Bond	
		Overdraft	
		Net Position (Asset minus Liabilities)	

Business *(Add more rows when necessary):*

<u>Assets</u>	<u>Rand (Value)</u>	<u>Liabilities</u>	<u>Rand (Value)</u>
Current Assets:		Current Liabilities:	
Bank/Cash			

<u>Assets</u>	<u>Rand (Value)</u>	<u>Liabilities</u>	<u>Rand (Value)</u>
Debtors		Creditors	
Stock			
Fixed Assets:		Long term Liabilities:	
Vehicle		Vehicle	
Commercial Property		Commercial property	
Fixed Deposits		Long term loans	
		Net Position (Asset minus Liabilities)	

Business Interests

<u>Name of Entity</u>	<u>% Shareholding</u>

Criminal Declaration:

I,

.....

.....

Identity Number..... hereby declare that I
have never been convicted of any criminal offense. (If yes, provide details)

Liquidation/Insolvency Declaration

Liquidation: is the process winding up a business, so that its assets can be sold to pay creditors.

Insolvency: is when a person does not have enough money to pay its creditors debts, buy goods and so forth.

I,

.....

Identity Number hereby declare that my estate
has never been declared insolvent and I have never been a director or had a business
interest in an enterprise that has been liquidated. No judgments have been granted against
me or an enterprise that I have had a business interest in where I was jointly and severally
liable.

Please provide details, if any of the above applies to you.

Credit Bureau Listing/Judgement

I,

.....

Identity Number hereby declare that I am not listed on a credit bureau and I have no judgment under my name nor any business entity I have interests in.

(If yes, provide details)

State Employment

I,.....Identity No..... hereby declare that I am not employed by the state or its agencies, nor am I employed by a municipality or its agencies. If yes, please provide details and submit approval by your Executive authority.

Other: (The applicant can declare any additional information deemed important for the purposes of the funding application)

Signature:

Date:.....

Member/Director of (Name of entity)

NB: Should the department discover that the director(s) / member(s) did not fully disclose, such applications will be disqualified on the basis on non-disclosure immediately.

Annexure B

Screening for Local and Regional Economic Development (LRED) Fund (FY) Ref: FY/001

The initial screening phase is compulsory. It is a requirement that all applications must be screened in regions to ensure that basic minimum requirements of the fund are met before submission to head office for assessment and evaluation phases. Successful screening does not result into an automatic approval, bankability and sustainability of the projects must still be determined before a final decision is made.

The following criteria must be met and supporting documents must be submitted:

Start-Ups	Y/N/NA	Existing Enterprises	Y/N/NA
2. South African citizens – provide ID copy, stamp not older than 3 months		2. South African citizens – provide ID copy, stamp not older than 3 months	
3.Which sector is the project involved in, according to the revised Policy?		3.Which sector is the project involved in, according to the revised Policy?	
4. Location of enterprise (EC) – provide proof of security of tenure not less than 60 months for rental. (lease agreement/intention/PTO/other) stating activities to be conducted on site		4. Location of enterprise (EC) – provide proof of security of tenure not less than 60 months for rental. (lease agreement/intention/PTO/other) stating activities to be conducted on site	
5.Legally registered entity – provide latest CIPC documents, as per revised Policy.		5.Legally registered entity – provide latest CIPC documents, as per revised Policy.	
6. Full and latest full CSD report		6. Full and latest full CSD report	
7. Shareholders Certificate		7. Shareholders Certificate	
8.Valid Tax pin (with 3 months to expiry)		8.Valid Tax pin (with 3 months to expiry)	
9. Proof of 51% or more black ownership – provide a valid B-BBEE certificate of compliance or affidavit.		9.An entity that applies must be 51% or more black ownership – provide a valid B-BBEE certificate of compliance or affidavit.	
10. Criminal Checks (SAPS report) – all directors/members (finger prints)		10. Criminal Checks (SAPS report) – all directors/members (finger prints)	
11. Owners of applying entities must have necessary skills, experience or the potential skills appropriate for the enterprise – Provide CVs.		11. Owners of applying entities must have necessary skills, experience or the potential skills appropriate for the enterprise – Provide CVs .	
12. Business Plan with projections		12. Business Plan with projections	
13. Three recent quotations from three different suppliers		13. Three recent quotations from three different suppliers	
14. Management accounts, enterprises operating for less than 1 year		14. Historical Financials and management accounts where applicable	
15.A positive independent feasibility study. (see clause 9.5)		15. Proof of co-funding, as per funding levels/thresholds	
Franchise Requirements: <ul style="list-style-type: none"> Signed appointment letter from the franchisor Confirmation that all conditions required by the franchisor have been met 		Franchise Requirements: <ul style="list-style-type: none"> Signed appointment letter from the franchisor Confirmation that all conditions required by the franchisor have been met 	

ANNEXURE C

Emergency Funding Application Form

Section 1: Applicant Information

Business Name: _____

Applicant Name: _____

Contact Information:

Address: _____

Address (2): _____

Email: _____

Phone: _____

Section 2: Emergency Details

1. Description of the emergency:

[Provide a brief description of the emergency situation, including when and where it occurred.]

2. Impact of the emergency:

[Explain how the emergency has affected your enterprise. Describe the extent of the impact.]

3. Urgency of the situation:

[Explain why immediate financial assistance is needed and the consequences of not receiving it.]

Section 3: Financial Information

4. Amount of funding requested:

[Specify the exact amount of funding you are requesting.]

5. Use of funds:

[Provide a breakdown of how the requested funds will be used.]

6. Have you sought funding from other sources?

Yes

No

If yes, please provide details:

Section 4: Supporting Documents

Please attach the following documents (if applicable):

Financial statements

Quotes, estimates, or invoices related to emergency expenses

Photographs or videos illustrating the impact of the disaster

Section 5: Initiatives

7. Describe any actions you have taken to address the emergency before seeking funding:

Section 6: Impact and Outcomes

8. Explain the expected outcomes and impact of the emergency funding:

Section 7: Sustainability

9. Outline your plans for long-term recovery or sustainability beyond this emergency funding:

Section 8: Consent and Signature

I certify that the information provided in this application is true and accurate to the best of my knowledge.

Applicant's Signature: _____ Date: _____