



Local Competitiveness Fund IV

24 May 2013 @ 10:00

DEDT offices



Presentation Outline



- Background to GijimaKZN
- Objectives of LCF Implementation Fund
- Eligibility Criteria for LCF
- Application Procedures



Background to GijimaKZN



- A seven year LED Support Programme supported by the European Union and implemented by the DEDT with technical assistance
- EU fund programme have been closed out
- Success of the programme in supporting demand-led, partnership-oriented LED has led DEDT to continue the programme with own funds
- DEDT has committed R60 million over three years to the Programme
- The newly designed GijimaKZN LED Support Programme is based on the lessons learnt from the first programme - this is call 4
- This LCF Call for Proposals is focused on **Implementation Projects** only



LCF Objectives



- To support local partnerships that create decent jobs;
- To promote partnerships that facilitate the interaction and integration of first and second economy actors; and
- To promote partnerships that stimulate competitiveness in Kwazulu-Natal



Partnerships are Key



- LCF is an LED programme, not a business development programme
- Co-operation and collaboration is essential for successful LED
- Therefore, only Partnership Groups may apply for LCF grant funds
- Partnerships must share real risk and carry real reward for each of the partners





What Kinds of Partnerships

- Partnerships between emerging and established enterprises
 - Value chain integration by linking smaller emerging companies to markets
 - Developing technical standards of goods and services
 - Minimising financial and operational risk to partners
- Clusters
 - Enterprises within the same value chain in a specific locality
 - Produce complementary products
 - Face common opportunities and challenges
 - Collaborate to realise efficiency gains by reducing transaction costs, jointly developing markets or joint production activities
 - Clusters could include support institutions
 - Develop specialised skills and services to support cluster partners





LCF will fund projects that:

- Support new and innovative economic development ideas;
- Support specific sectors and clusters of industry in order to reposition KZN into **higher value-added segments** of supply chains, while **increasing equitable participation** in value chains;
- Support sectors with high potential to boost employment including but not limited to:
 - agro-processing;
 - tourism;
 - clothing and textiles;
 - wood and wood products;
 - arts, crafts and cultural industries;
 - automotive and components industry;
 - chemicals industry; and
 - Green economy initiatives.



LCF will fund projects that:



- Aligned with the municipal IDP, Sector Plans and Strategies and
- Maximum 36 months for implementation



Size of the LCF Implementation Grant



- Any grant awarded under this programme must fall between the following amounts:
 - minimum amount: R1,000,000
 - maximum amount: R5,000,000
- No grant may exceed 70% of the total direct costs of the project.
- Remaining 30% must be financed from the applicant's or partners' own resources, or from other sources.
- The **grant component** of an LCFI project budget may not exceed 70% of the total project cost, regardless of the source of the grant funds.
- There should be evidence that co-funding portion of the project budget is being sought at time of application





ELIGIBILITY CRITERIA FOR LCF II



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Eligible Geographic Area



- Only projects located within the KwaZulu-Natal province are eligible for LCF grants.
- Partnership group members need not all be located within KZN, but only those whose primary location is within KZN may be direct recipients of support under the fund.
- The geographic area covered by a project must be clearly defined but need not correspond to an administrative area or sub-division of KZN.





Eligible Applicants

- Only partnership groups are eligible for LCF grants.
- A partnership group may consist of 2 or more of the following entities:
 - Business enterprises **excluding sole proprietors**,
 - Co-operatives,
 - Trusts **excluding family trusts**,
- All organizations within the partnership group must be properly registered at the time of application.
- No partnership group will receive funding support for more than one successful application





Ineligible Applicants

- Parastatals, NGOs/NPOs and public sector organisations are not eligible to apply for funding from LCF but may form a partnership group with two or more of the entities listed above.
- Officials of State
- An individual can belong to only one entity within a partnership group.
- Service providers/consultants (parties providing a short-term service to the project in return for a fee), who will not be investing in the implementation and ongoing operation of the project, can **NOT** be part of the partnership group.



Eligible Partners



- Partners participate in designing and implementing the project.
- The costs they incur are eligible in the same way as those incurred by the Grant Recipient.
- Partners share in the responsibilities of undertaking the project.
- Partners and applicants have equal responsibility and duty to the contracting authority.
- Partners must satisfy the same eligibility criteria as applicants.



Budget items that are eligible for LCF II Implementation Grant



- Capital expenditure on works and services
- Purchase or rental of equipment and supplies;
- Human Resource costs (Includes staff costs & costs of service providers). The total cost of service providers contracted to support the project, including project managers, is limited to 10% of the project cost;
- Costs arising from the DEDT contract requirements, e.g. insurance and other financial costs such as guarantees
- Research & Development Costs (limited to 10% of project costs)
- Marketing and Market Development Costs
- Knowledge management, information systems, and related costs;
- Contingency reserve (limited to 5% of the total project cost and may only be used with the prior written authorisation of the DEDT).





Ineligible Costs

- debts and provisions for losses or debts;
- interest owed;
- items already financed through other means;
- purchase of land or buildings for purposes of speculation (buying with the sole purpose of reselling at a profit);
- projects where LCF funds are used to fund the transfer of ownership of an enterprise;





Ineligible Costs

- funding of franchise enterprises;
- currency exchange losses;
- training costs;
- costs related to the provision of social services e.g. health care costs;
- payments of service providers except if it is for specialised short term purposes; and
- costs related to the completion of the application – these costs must be borne by the applicant and partners.





How to Apply



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Application Processes for LCF II



- There will be 1 call with 2 closing dates for proposals

**Date 1 will be for a concept note (33 working days for compiling)
ONLINE**

www.gijimakzn.org.za get a username, password & fill in

- The concept note will be assessed regarding suitability and viability of the project.
- If it fulfills the requirements, the applicant will be advised to do the full application

Date 2: For a full application pack (48 working days for compiling)

- The applicant will submit an application form, the business plan and the necessary supporting documents (incl. evidence that the co-funding has been secured) to Gijima KZN by the end of the CfP.
- Gijima KZN will assess the project's financial viability, the project's relevance to the LCF objectives and the strength of the partnership.



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Submission of the Application Form



- Application form must be completed electronically in English
- Submit a signed application form, plus 3 copies, together with supporting documents

For queries

Mlu Hadebe (RLED programme) hadebem@kznded.gov.za

Submission of applications:

- **Address for hand delivery/ delivery by private courier service:**

KZN Department of Economic Development & Tourism,
270 Jabu Ndlovu Street, Pietermaritzburg Central, Pietermaritzburg, 3201
Attention: GijimaKZN Fund Manager



Supporting Documents to Accompany Applications



Comprehensive business (not older than 12 months) with projected financial statements for 5 years (or for as long as necessary to repay loans)

Audited financial statements for the past two years or management account if < 6 months old

Correct application form (Annex A)

1 original and 3 copies of the application form. An electronic copy of the application form enclosed

The budget is presented in the format requested (Annex C), -consistent with the figures in Section 3.1 and 3.2 of the application form.

Applicant's and partners' valid registration documents, statutes or articles of association (no older than 12 months).

Any other documentation that assists in motivating the project application & assessing its feasibility and sustainability.



Documents to be submitted during evaluation or pre-contracting



Evidence of co-funding from relevant investors/financiers	Letter from the auditors setting out the shareholding and details of the shareholders of applicant and each partner organisation.
Evidence that environmental and development approvals have been obtained e.g. EIA, Record of Decision, PTO etc.	Organogram depicting the 'family tree' of each partner organisation
A valid tax clearance certificate for the applicant	Diagram depicting the institutional relationships set up in order to execute this project
BEE certification for the applicant and each partner organisation.	Copies of contracts secured (if any).
One set of originals of the supporting documents is required, or failing this, certified copies of the documents	Lease agreements (if applicable)
A signed 'Partnership Agreement' clearly setting out the details of the partnership, the contributions from each partner; the responsibilities of each partner and the percentage shareholding that each partner will enjoy in the new project.	Audited financial statements for each partner organisation for the last two years, or management accounts for each partner organisation if the financial statements are less than 6 months

Indicative Timeframes



	Timeframes
Opening of Call	19 May 2013
Non compulsory briefing session	24 May 2013
Closing date for submission of concept notes	21 June 2013
Award notice for concept notes	22 August 2013
Information session for short-listed applicants	29 August 2013
Submission of the full application	30 September 2013 (16h00)
Notify applicants of approval or non-approval	20 December 2013



Principles of LCF implementation



- The fund will support **market-led** development to ensure the creation of **sustainable** employment.
- Projects will be **demand-driven** rather than supply driven and applicants will have to prove existence of the market.
- **Competitive process** so ensure that your project delivers best application possible.
- Evaluation process is **open and transparent** and evaluation criteria are published in the Guidelines to Applicants, so develop your application accordingly
- Ensure that your business plan answers the assessment criteria for financial viability set out in the Guidelines to Applicants.



Project Generation Team



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THANK YOU!



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