

IDC PARTNERSHIP PROGRAMMES UNREST RECOVERY SUPPORT FUNDING

Broad Proposal Guidelines

1. Introduction

The IDC has established a R1.5 billion relief package, covering a number of areas, to support businesses affected by the unrest in KZN and Gauteng, to recover. This package includes a R100 million matching grant facility to support affected small and informal businesses in townships, rural areas and small towns impacted on by the unrest. The grant facility will be distributed primarily through strategic implementing partners (SIPs) up to a maximum of R10 million per SIP. This document explains what is required from SIPs to access part of this R100m to on-fund to affected businesses.

2. Purpose

The fund is designed to target the socio-economic challenges of businesses in townships, rural areas, and small towns directly affected by the recent unrest, through:

- Supporting the most vulnerable from business closure, job losses and income reductions;
- Providing resources to promote social inclusion in building back after the unrest;
- Providing support to the social and solidarity economy to fulfill their missions in relation to responding to impacted community needs;
- Investing in small businesses and traders which have suffered the effects of the unrest;
- Re-establishing supply-chains and routes to market; and,
- Supporting entrepreneurship and strengthening business partnerships.

3. Fund Management

The fund will be managed and disbursed by Partnership Programmes - Regional Programs Unit (PP-RP), in line with the broadened mandate and fund management capacity; and provide rapid response support. The strategy is to provide a response through SIPs which may include intermediaries and civil society organisations; current PP-RP funded entities and commercial funders, who are able to reach, support and fund affected businesses in townships, small towns, and rural areas. Funding of up to R10m may be accessed.

4. Application of Funds

Funding (Capex and Opex) needs to address the recovery of businesses including:

- Replacement of movable assets associated with the business destroyed/damaged due to unrest.
- Refurbishing the office/business infrastructure and fittings.
- Replacement of lost capacity and associated stock which should largely be addressed by the Fund.
- Replacement of stock in distributor and retailer warehouses which are currently not supported by any other IDC or **the dtic** funding schemes but would have a negative impact on the manufacturing sector;
- Working capital shortfalls (max 6 months) due to supply chain disruptions which could result in delayed receipt of raw material and subsequent cancellation of sales orders.

5. Eligibility Criteria for End Beneficiaries

- Focus on businesses that were directly affected by the unrest;
- Small and micro business within townships, small towns and rural areas. These include formal and informal traders, social businesses, small retailers and manufacturing businesses;
- Uninsured and under-insured businesses;
- South African-owned businesses, or those owners with legitimate/valid residential permits, based in KZN or Gauteng;
- Registered businesses; licensed businesses; valid municipal permits or other forms of verification of operation prior to unrest; and,
- Has been in operation as at 30 June 2021

6. Financial Instruments and Terms

The facility will be grant funding and should serve to crowd-in additional resources and funding from other Institutions and sources.

7. Strategic Implementation Partners (SIPs)

7.1 Principles

SIPs must be able to demonstrate a commitment to the following broad principles:

- Financially inclusive and sustainable business model;
- Proven verification, implementation and disbursement infrastructure;
- Proven ability to track and report adequately on progress and impact;
- Commitment to be fair, accountable, and transparent in processes;
- Socially and environmentally responsible;
- Ability to crowd-in co-funding and leveraging of the partnership for additional resources;
- Contribute to building a robust, enabling, supportive and inclusive ecosystem in support of businesses; and,
- Promote collaboration and development of social capital.
- IDC reserves the right to appoint a member onto the investment committee or approval panel

7.2 SIPs to cover the following in their proposal:

The proposal should *inter alia* include adequate response to the following:

- I. Executive Summary
- II. Background to the SIP
- III. Proposal
 - Link to mandate and capability
 - Geographic area of operation
 - Scale of proposal
 - Targeted beneficiaries and criteria to be used
 - Partnerships
 - Details of the intervention/proposal
- IV. Management and staffing capacity
 - Management and team capability to carry out the work and a proven track record that gives confidence to implement the proposed work

V. Technical capability

- Onboarding and Verification of ultimate beneficiaries
- Disbursement and pay-out
- Reconciliation for auditing and accounting purposes
- Monitoring and Reporting of outputs and outcomes
- Ability to leverage funding
- Available and adequate infrastructure
- Access to relevant markets and verifiable networks (beneficiaries)
- Fund Management Experience

VI. Compliance and Risk Management

- SA Registered
- Tax clearance
- FICA/KYC compliance
- Bank Account
- B-BBEE level (not necessary for NPO)
- Time in existence
- Governance structure
- Recent Audited Financial Statements

8. Contact Details

Proposals to be sent to:

IDC at

For further information please contact:

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or

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