

AN UPDATED GUIDE FOR SMME'S

APPLYING FOR FUNDING DURING COVID19

AUGUST 2020 |



B U S I N E S S
R E S C U E
C O N S O R T I U M

COVID19: HOPE IS ON THE HORIZON FOR SOUTH AFRICAN ENTREPRENEURS

As many businesses continue to grapple with the harsh effects of Covid19, one cannot help but wonder how much longer businesses will have to hold on in anticipation of the return to “normal”. With an estimated three million job losses and the unemployment rate currently at 30.1%, it can be surmised that employment and economic landscapes have been altered in a way which neither anticipated nor foreseen.

Through a much needed collaborative effort between the private and public sector, the Solidarity fund and Covid19TERS have joined forces to support in repairing the damage brought on by the harsh pandemic on the economy. This effort presents an opportunity not seen in many African countries, which is designed to provide a fresh injection of funds into businesses that have been affected.

A number of funds are available to small, medium and large companies to help ensure business continuity, where a viable business proposition and a solid business model still exists. We list some of these below.

If you are a business owner seeking relief, or not quite sure how to apply for help, this easy to read guide will assist you in understanding the basic requirements for the available funding.



MEASURES AVAILABLE

1. BUSINESS GROWTH/RESILIENCE FACILITY

Administered by:

Department of Small Business Development.

Total fund:

R500m

Requirements:

- Must be a CIPC-registered company;
- 100% South African owned;
- 70% of employees must be SA citizens;
- Registered with SARS; tax-compliant;
- UIF compliant.

How to register:

Register your business on the small-business database www.smmesa.gov.za and complete the application form.

2.IDC COVID19-ESSENTIAL SUPPLIES INTERVENTION

Administered by:

The Industrial Development Corporation.

Total fund:

R500m

Requirements:

- Companies must have a proven manufacturing track record;
- Experience to import at scale and be an accredited supplier.

How to register:

Submit your documents to callcentre@idc.co.za.

MEASURES AVAILABLE

3. TOURISM RELIEF FUNDING

Administered by:
The Department of Tourism.

Total Fund:
R200m

- Requirements:**
- Be in existence for over a year;
 - CIPC registered;
 - UIF registered;
 - Tax Clearance.

How to register:
Email Ms Hlengiwe Nhlabathi at hnhlabathi@tourism.gov.za

4. COVID19TERS FUND

Administered by:
The Department of Labour.

Total fund:
R500b

- Requirements**
- Workforce must be 70% South African;
 - Business must be in distress due to Covid19;
 - Must be registered on CIPC.

How to register:
www.labour.gov.za/covid19

MEASURES AVAILABLE

5. NEF:COVID19 BLACK BUSINESS FUNDING SOLUTION

Administered by:

National Empowerment Fund.

Total Fund:

R200m

Requirements:

- Declaration on BEE status and size of business;
- Summary of production in the last 3 months;
- Copy of the financial statements (up to 3 years);
- Financial forecast for the duration of the contract, order, or letter of intent;
- Additional information that would be necessary to enhance the application may be requested by the NEF as and when deemed necessary.

How to register:

Download the application form at www.nefcorp.co.za

6. TOWNSHIP AND RURAL ECONOMY FUND

Administered by:

uBank & the Black Business Council

Total fund:

R1bn

Requirements:

- Black-owned business based in the township and rural areas;
- White owned developing solutions for the township and rural areas;
- Enterprise must be based in information technology (IT) and digitalisation, manufacturing, agriculture, Agri-processing, retail, infrastructure, and tourism sectors.

How to register:

Information yet to be released

MEASURES AVAILABLE

7. IDC: WORKING CAPITAL SUPPORT

Administered by:

Industrial Development Corporation.

Total Fund:

R300m

Requirements:

- South African registered company;
- Shared risk model in place;
- Company must be in distress due to Covid19;
- Recovery must be possible within 18-24 months;
- Present a sustainable business plan.

How to register:

email callcentre@idc.co.za

8. MCEP COVID19 PROGRAMME

Administered by:

Industrial Development Corporation

Total fund:

R300m

Requirements:

- Available to companies that have been operational for at least a year;
- Companies must have a valid contract/purchase order or letter of intent;
- Applicable to manufacturers of targeted priority products;
- Companies with BBBEE Level 4 will be encouraged;
- Applicant's background detailing historical and existing manufacturing, and trading facilities and capabilities (summary of business model, products and why IDC should fund them – commercial merits).

How to register:

Documents to be submitted to callcentre@idc.co.za.

MEASURES AVAILABLE

9. DEBT RELIEF FINANCE SCHEME

Administered by:

The Department of Small Business Development

Total fund:

R200m

Requirements:

- The business must have been registered with CIPC by at least 28 February 2020;
- 100%-owned by South African citizen;
- Employee group must be 70% South African;
- Priority will be given to businesses owned by women, youth and people with disabilities;
- Must be registered and compliant with SARS and UIF.

How to register:

Documents and requirements to be submitted to callcentre@idc.co.za.

10. TRAINING LAYOFF SCHEME

Companies facing economic distress and contemplating retrenchments have an option to consider training layoffs, which are financed by the NSF and SETAs. Companies would keep the staff in employment during the economic downturn, but re-skill them as an investment for the future economic recovery. A training layoff is a temporary suspension of an employee or group of employees and that period is used for training purposes. A training allowance is paid to the employee instead of their normal wage. The training allowance may be up to 50% of the worker's normal wage up to a maximum of R6 239,00 per month or R1 440,00 per week.

Requirements:

To qualify there must be full layoff lasting a continuous period of at least four weeks or partial layoff (short-term) lasting at least two days a week (or 16 days) and contemplated to last for at least eight weeks.

MEASURES AVAILABLE

10. TRAINING LAYOFF SCHEME

The scheme is limited to:

- Employers facing economic distress and contemplating retrenchment of workers;
- Employers that are in the position to benefit from the short-term relief and re-absorb workers at the completion of the layoff training;
- Employers that are compliant with statutory obligations and
- Employers whose workers are earning up to R180 000 per year (this threshold is flexible, but the training allowance cap is not) and who may be at risk of retrenchment are eligible, subject to certain conditions.

How to register:

Register on www.smmesa.gov.za. and complete online application form.

CONCLUSION

Eco Business Rescue Consortium has both the skills and expertise necessary to assist your business in these uncertain economic times. We assist your small, medium or large business in customizing the best financial solutions suited to your businesses' model and needs.

Should you be unsure as to whether or not you qualify for any of the above relief programs or if you unsure about your next step, kindly email us at **info@ecobr.org.za** for professional business advisory and assistance.

Contact us

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