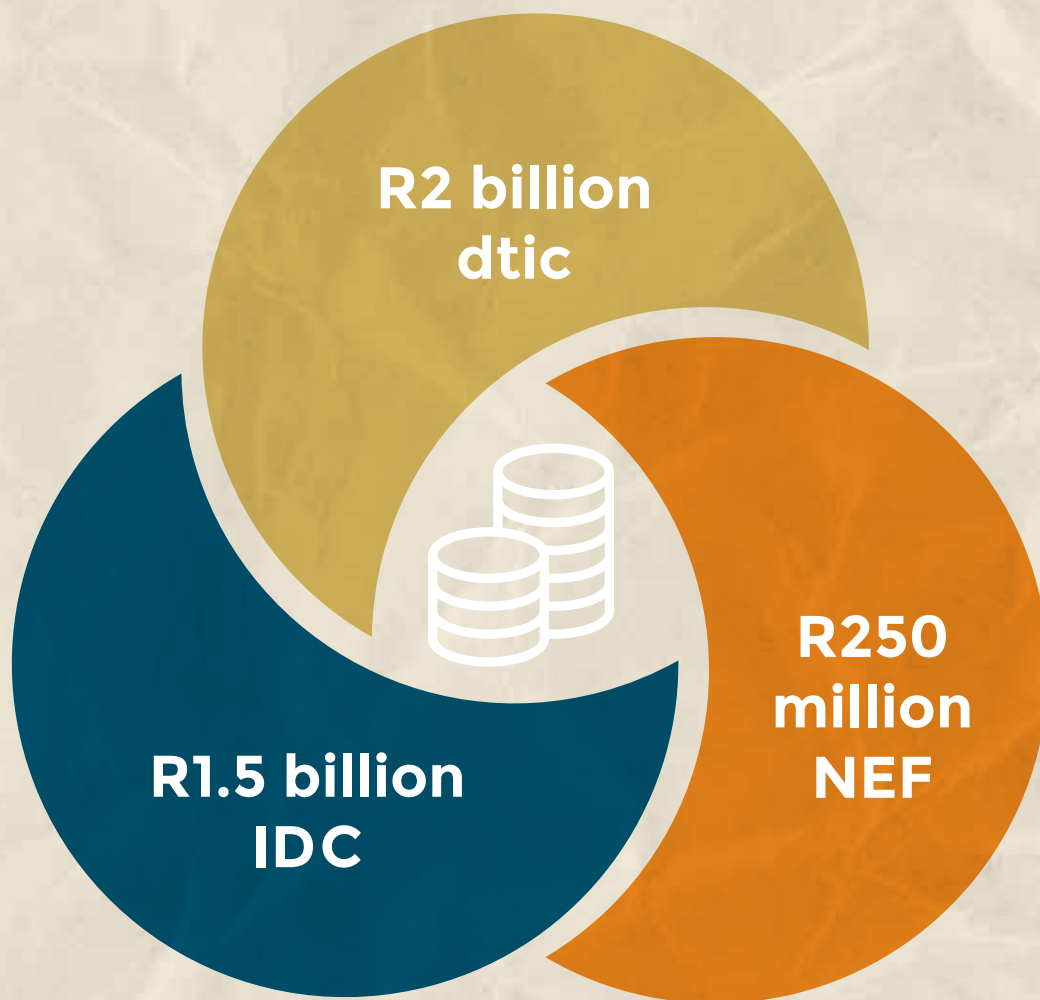


# Economic Rebuilding Package

The government, through **the dtic**, DSBD, IDC, NEF and Sefa, is providing funding packages to support various business recovery interventions.



**R 3.75 billion total funds contributed**

#### the dtic

recovery@thedtic.gov.za  
or contact 0800 006 543

#### IDC

recovery@idc.co.za  
or contact 011 269 3111

#### NEF

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or contact 0861 843 6333

#### sefa

BRP@sefa.org.za  
or contact 0860 663 7867

## Government's response to the unrest

In the wake of the civil unrest that has engulfed parts of our country, **the dtic** monitored the impact of the turmoil on business activity, set up a hotline and conducted a survey across all businesses to determine the level of damage, to develop appropriate support measures to assist companies during the process of rebuilding and economic stabilisation in the country.

On Thursday, 29 July 2021, Trade, Industry and Competition Minister Mr Ebrahim Patel announced the Economic Recovery Fund for affected parties in KZN and Gauteng provinces. Government has earmarked R3.75 billion for a fund to support the restoration of businesses devastated in violent looting and unrest. The fund is part of the broader R38 billion relief

package announced by the Minister of Finance.

**The dtic** survey received responses from 1 200 companies, of which 900 were directly affected by the riots, in terms of damage to property, stock theft and/or broken supply chains. The preliminary estimates indicate that the damage is in excess of R5 billion, reflecting loss of assets and significant property damage suffered by businesses. More importantly, the survey confirmed that at least 10 200 jobs were affected across manufacturing, retail and service businesses.

43% of respondents estimated they could recover in less than a month, whereas 7% predicted it would take a year or more.

## Coordination between the IDC, NEF and the dtic

**The dtic, IDC and National Empowerment Fund (NEF) are collaborating to ensure a coordinated approach to the relief efforts. As a collective the dtic, IDC and NEF have put forward a total funding package of R3.7 billion in support of the various business recovery interventions:**

- dtic: R2 billion
- IDC: R1.5 billion
- NEF: R250 million

The institutions are aligning data and efforts to ensure a proactive response to clients and to avoid duplication. Also, the IDC and NEF will work together to obtain third-party funding and other interventions. **The dtic**, IDC and NEF will also work with National Treasury and Sasria on data collation and management of the intervention.

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## The IDC's response to the unrest

Since the outbreak of the unrest, the IDC has:

- Monitored the impact of the turmoil on business activity
- Engaged its business partners to gauge the effect on their operations, employees and the support that they require
- Affirmed solidarity with all those affected by the unrest
- Engaged key industry stakeholders, civil society organisations and the government to ensure the IDC participates in collective efforts to rebuild economic activity and support affected communities

**The IDC has tailored a comprehensive package that includes funding support for businesses and communities affected by the unrest. The considered response comprises a total recovery package totalling more than R1.5 billion (details in Appendix 1):**

- 1. R100 million** grant allocation to provide technical and financial assistance to small businesses in townships, rural areas and small towns that have been affected by the unrest and associated supply chain disruptions.
- 2. R1.4 billion** Post-unrest Business Recovery Fund to assist all businesses (existing and new clients) that operate in sectors the IDC funds. The funding will be available at concessionary rates to ensure significant development impact.
- 3. R10 million** CSI allocation to support food security and recovery efforts in affected communities. This funding will cater for school infrastructure rebuilding, and support for care facilities and clinics. The IDC will focus mainly on rural, outlying and less-developed areas that now face increased vulnerability. The IDC will be working with its established NGO partners to ensure reach and impact.



In addition, the IDC will be administering **(the dtic's)** R400 million Manufacturing Competitiveness Enhancement Programme (MCEP) Economic Stabilisation Fund. The fund will support manufacturing companies affected by the unrest, including those impacted by associated supply chain disruptions. The fund will offer concessionary funding to affected companies through interest-free loans.

Fund	Post-unrest Business Recovery Fund	MCEP Stabilisation Fund
<b>Purpose</b>	This fund is earmarked as a response to assist businesses that are either existing or new IDC clients, that fit into the IDC's mandate and that have been adversely affected by the unrest. Businesses outside of the IDC mandate are expected to be assisted through the programmes under the ambit of Partnership Programmes for Regional Stabilisation.	The purpose of the MCEP Economic Stabilisation Fund is to provide funding to companies that have been affected by the unrest and associated supply chain disruption. This will be done through financing businesses that are not covered by insurance or those with funding insurance shortfalls.
<b>Amount</b>	R1.5-billion	R400-million
<b>Application of funds</b>	<ul style="list-style-type: none"> <li>• To provide bridging finance, pending the receipt of insurance proceeds arising from the unrest</li> <li>• Funding to cover short-term operational losses, provided that the business demonstrates clear plans of recovery of operations through a reasonable business plan</li> <li>• Working capital funding</li> <li>• Capex/equipment finance where funding is used to replace assets that were damaged or destroyed, and where such assets were uninsured or underinsured</li> <li>• Property finance where property was not subject to finance (this will be limited to industrial, retail and warehouses)</li> </ul>	<ul style="list-style-type: none"> <li>• Replacement of lost capacity and associated stock which should largely be addressed by current MCEP funding. However, an equity-style product will likely be required</li> <li>• Replacement of stock in distributor and retailer warehouses that are currently not supported by any IDC or <b>the dtic</b> funding schemes but which would have a negative impact on the manufacturing sector</li> <li>• Working capital shortfalls as a result of supply chain disruptions, which could result in delayed receipt of raw material and subsequent cancellation of sales orders</li> </ul>
<b>Salient features</b>	<ul style="list-style-type: none"> <li>• Businesses that can demonstrate that they were affected by the unrest with a high level of certainty that they will be profitable and sustainable going forward</li> <li>• Limited only to South African companies affected by the unrest</li> <li>• Client to undertake that there will be no retrenchments for the duration of the funding support</li> </ul>	<ul style="list-style-type: none"> <li>• Available to manufacturing companies affected by the unrest, including those impacted by associated supply chain disruptions (consideration could be given to non-manufacturers within the supply chain in support of manufacturers, excluding financial institutions)</li> <li>• Companies that have been in operation for at least 12 months</li> <li>• No retrenchments for the duration of the facility</li> </ul>

Fund	Post-unrest Business Recovery Fund	MCEP Stabilisation Fund
<b>Financial instruments, terms and other</b>	<ul style="list-style-type: none"> <li>• Debt</li> <li>• Maximum amount R30 million</li> <li>• Bridging finance               <ul style="list-style-type: none"> <li>- Price 0%</li> <li>- Term 12 months</li> </ul> </li> <li>• Term loan –               <ul style="list-style-type: none"> <li>- Price 0% for 12 months Thereafter P+1%</li> <li>- Term opex and working capital 36 months; capex replacement 60 months</li> </ul> </li> <li>• Infrastructure finance               <ul style="list-style-type: none"> <li>- Price – prime+1</li> <li>- Term – 10 years</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Debt and quasi equity-type instruments will be used</li> <li>• Maximum investment size of R50 million</li> <li>• Revolving credit facility</li> <li>• Could be provided on a standalone basis</li> <li>• Term to be limited to a maximum of 48 months for working capital and 84 months for plant and equipment (inclusive of moratorium)</li> <li>• Return               <ul style="list-style-type: none"> <li>- Debt – interest-free loans for the first 24 months and 2% thereafter.</li> <li>- Quasi equity – RATIRR of 2% for quasi-equity type</li> </ul> </li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>• Repayment of existing debt obligations to commercial banks or other financiers</li> <li>• Funding for expansions</li> <li>• Property finance, where property was financed and proceeds of insurance will flow to financier</li> <li>• Capex/equipment finance funding to replace lost capacity, where assets were financed and proceeds of insurance will flow to financier</li> <li>• Repayment of shareholders'/ intercompany/related party loans</li> </ul>	<ul style="list-style-type: none"> <li>• None specified</li> </ul>

## Introduction

**The Industrial Development Corporation (IDC) has established a R1.5 billion relief package, covering a number of areas, to support the recovery of businesses affected by the unrest in KwaZulu-Natal and Gauteng.** 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 R100-million to on-fund to affected businesses.

## 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 fulfil their missions in relation to responding to impacted community needs
- Investing in small businesses and traders that have suffered the effects of the unrest
- Re-establishing supply chains and routes to market
- Supporting entrepreneurship and strengthening business partnerships

## Fund management

The fund will be managed and disbursed by the Partnership Programmes by the IDC – Regional Programmes 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 and current PP-RP entities funded through the IDC’s Special Economic and Social Enterprise Funds, and commercial funders, who are able to reach, support and fund affected businesses in townships, small towns and rural areas. Funding of up to R10 million may be accessed.

Fund	Partnership and Programmes Regional Stabilisation
<b>Purpose</b>	The purpose of the grant funding will be to provide technical and financial assistance to businesses in townships, rural areas and small towns that have been affected by the unrest and associated supply chain disruption. The focus will be on the businesses that are not covered by insurance, or experience funding insurance shortfall. The funds will be adjudicated upon and disbursed according to the PP Regional Programmes Unit's criteria (SIF and SEF).
<b>Amount</b>	R100 million
<b>Application of funds</b>	<p><b>Funding (capex and opex) needs to address the recovery, including:</b></p> <ul style="list-style-type: none"> <li>Replacement of lost capacity and associated stock, which should largely be addressed by the fund</li> <li>Replacement of stock in distributor and retailer warehouses that are currently not supported by any IDC or <b>dtic</b> funding schemes but would have a negative impact on the manufacturing sector</li> <li>Working capital shortfalls (maximum 48 months) due to supply chain disruptions, which could result in delayed receipt of raw material and subsequent cancellation of sales orders</li> </ul>
<b>Salient features</b>	<ul style="list-style-type: none"> <li>Fund administered through intermediaries that are financially stable and socially responsible</li> <li>Intermediary expected to crowd in other funding</li> <li>Companies that are supported must have been in operation for 12 months and plan no retrenchments for the duration of the facility</li> </ul>
<b>Financial instruments, terms and other</b>	<ul style="list-style-type: none"> <li>The facility will be grant funding and where possible, funds will be crowded in from other institutions</li> <li>The maximum grant per intermediary to be revised from R5 million to R10 million.</li> </ul>
<b>Exclusions</b>	None specified

## 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 that 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 **dtic** funding schemes, but which would have a negative impact on the manufacturing sector
- Working capital shortfalls (maximum six months) due to supply chain disruptions, which could result in delayed receipt of raw material and subsequent cancellation of sales orders

## Eligibility criteria for 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 KwaZulu-Natal or Gauteng
- Registered businesses, licensed businesses, valid municipal permits or other forms of verification of operation prior to unrest
- Was in operation as at 30 June 2021

## 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.

## Strategic implementation partners (SIPs)

### 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
- Promote collaboration and development of social capital
- The IDC reserves the right to appoint a member onto the investment committee or approval panel



## 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 payout
  - 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

## Contact details

Proposals to be sent to the IDC at [recovery@idc.co.za](mailto:recovery@idc.co.za) or contact **011 269 3111**.

### the dtic

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### sefa

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or contact 0860 663 7867

**Pursuant to the recent unrest and riots which took place in the Gauteng and KwaZulu-Natal provinces, the National Empowerment Fund (NEF) in partnership with the Department of Trade Industry and Competition (the dtic) established the Economic Stabilisation and Rebuilding Fund to support businesses that were adversely affected by the unrest and regional riots.**

The NEF will support any business that has been adversely affected in all sectors of the economy. The following criteria must be met by a business to be eligible for the support:

- The business must be located in Gauteng or KwaZulu-Natal, and must demonstrate that it was affected by the riots and the unrest
- The business is not covered by insurance or there is an insurance shortfall component
- The business must be a registered company, close corporation or cooperative
- The applicant must be a taxpayer in good standing and must provide proof thereof from the South African Revenue Service
- The applicant must demonstrate that jobs lost during the unrest will be restored or increased within 12 months of funding
- Where a business is insured, funding can be provided as bridging finance against a cession by the insurance company of the insurance proceeds

#### **The following terms will apply to the funding:**

- A maximum of R10 million loan funding will be provided per transaction
- The funding will not accrue any interest
- The maximum tenure for a loan will be 60 months
- The funding support will cover:
  - Building improvements
  - Machinery and equipment
  - Commercial vehicles
  - Fittings for premises
  - Replenishing of stock
  - Working capital
- After 12 months, and once the business has demonstrated that it has met development milestones including the restoration of the jobs lost during the unrest, 30% of the loan may be converted to a grant at the discretion of the NEF. The grant will be capped at R3-million per entity

All recipients will be required to have South Africa Special Risks Insurance Association (Sasria) or an equivalent insurance cover going forward.

**Applicants can submit their applications to the following email address:**  
[recoveryfund@nefcorp.co.za](mailto:recoveryfund@nefcorp.co.za).

**Queries can be made at telephone number: +27 (0)11 305 8080.**

Fund	National Empowerment Fund Economic Recovery Fund
<b>Purpose</b>	The purpose of the NEF Economic Recovery Fund is to support businesses that were adversely affected by the recent unrest and riots in Gauteng and KwaZulu-Natal. Support will be provided in all sectors of the economy with the focus on manufacturing, retail and services businesses.
<b>Amount</b>	R250 million
<b>Application of funds</b>	<ul style="list-style-type: none"> <li>• To support building improvements and fittings for premises</li> <li>• Replacement of machinery, equipment, commercial vehicles and replenishing stock</li> <li>• Working capital shortfalls owing to supply chain disruptions</li> </ul>
<b>Salient features</b>	<p><b>To be eligible:</b></p> <ul style="list-style-type: none"> <li>• Businesses must be located in Gauteng or KwaZulu-Natal, and must demonstrate that they were affected by the riots and unrest</li> <li>• The business is not covered by insurance or there is an insurance shortfall component</li> <li>• The business must be a registered company, close corporation or cooperative</li> <li>• The applicant must be a taxpayer in good standing and must provide proof thereof from the South African Revenue Service</li> <li>• The applicant must demonstrate that jobs lost during the unrest will be restored or increased within 12 months of funding</li> <li>• Where a business is insured, funding can be provided as bridging finance against a cession by the insurance company of the insurance proceeds</li> </ul>
<b>Financial instruments, terms and other</b>	<ul style="list-style-type: none"> <li>• Bridging finance <ul style="list-style-type: none"> <li>- Price 0%</li> <li>- Term 12 months</li> </ul> </li> <li>• A maximum of R10 million in loan funding will be provided</li> <li>• Term loan <ul style="list-style-type: none"> <li>- Price 0%</li> <li>- Term up to 60 months</li> </ul> </li> </ul>
<b>Exclusions</b>	Businesses in provinces other than Gauteng and KwaZulu-Natal

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The Department of Small Business Development is calling on all small enterprises and informal traders whose businesses were looted or vandalised during the July 2021 unrest to apply for the Business Recovery Support Packages.

Fund	Business Recovery Support Programme	Informal Traders Support Programme
<b>Purpose</b>	The purpose of the business recovery programme is to fund small enterprises that were negatively affected by the looting and unrest that took place in July 2021. The intention is to accelerate business and economic recovery, with a view to curb job losses as well as business closure.	This scheme is aimed at supporting informal and micro businesses in the informal sector that were negatively affected by the looting and unrest in July 2021.
<b>Amount</b>		R40 000 000
<b>Application of funds</b>	<p>The Business Recovery Support Programme will focus on the following:</p> <ul style="list-style-type: none"> <li>Uninsured small enterprises impacted negatively by the unrest predominantly in KwaZulu Natal and Gauteng provinces</li> <li>Small enterprises that require funding for working capital (including stock), equipment (including vehicles for delivery purposes) and furniture, as well as fittings</li> <li>Small enterprises with existing funding from other lenders will still be considered</li> </ul>	<p>The Informal Traders Support Programme will focus on the following:</p> <ul style="list-style-type: none"> <li>Provision of business-focused support packages through financial and non-financial support</li> <li>Purchases of stock items with intention for resale to residents, other small businesses and other casual customers, based on need</li> </ul>
<b>Salient features</b>	<p>The small enterprise must:</p> <ul style="list-style-type: none"> <li>Be negatively affected by the unrest (SAPS case number to be submitted)</li> <li>Be a registered legal entity in South Africa (CIPC)</li> <li>Be a 100% owned by South African citizens</li> <li>Have been in operation as at 30 June 2021</li> <li>Be registered and compliant with the South African Revenue Service</li> <li>Be registered on the National SMME Database – <a href="https://smmesa.gov.za">https://smmesa.gov.za</a></li> <li>Have an affidavit confirming that the business is not insured</li> </ul>	<ul style="list-style-type: none"> <li>Must be a South African</li> <li>Should have a bank account in SA.</li> <li>No minimum turnover required for vendors</li> <li>Willing to participate in the DSBD/Seda facilitated business development processes</li> <li>Preference will be given to businesses owned by women, youth and people with disabilities</li> </ul> <p><b>NB:</b> Applying entities in this category need not be registered with CIPC and SARS due to their size and status of operations.</p>

<p><b>Financial instruments, terms &amp; other</b></p>	<p>The programme offers the following financial support:</p> <p><b>Financial support</b></p> <ul style="list-style-type: none"> <li>• Blended finance, which is a combination of a grant <b>(60%)</b> and a loan <b>(40%)</b></li> <li>• Interest rate on the loan component is limited to 5%</li> <li>• Initial payment moratorium of up to a maximum of 12 months for small enterprises in KwaZulu-Natal and Gauteng, and six (6) months for other provinces</li> <li>• Repayment period of a maximum of 60 months</li> <li>• Maximum funding accessible per entity is R2 million</li> </ul> <p><b>Non-financial support</b></p> <p>Pre-investment</p> <ul style="list-style-type: none"> <li>• Small enterprises will be assisted by the Small Enterprise Development Agency to package their funding applications.</li> </ul> <p>Post-investment</p> <ul style="list-style-type: none"> <li>• The programme through the Small Enterprise Development Agency will offer customised Business Development Support based on the needs of the small enterprises</li> </ul>	<p>The programme offers the following financial support:</p> <ul style="list-style-type: none"> <li>• The scheme will support 8 000 entrepreneurs @ R3 000 each (as a once-off grant)</li> </ul>
<p><b>Exclusions</b></p>	<p>Small enterprises not negatively affected by the unrest in July 2021.</p>	<p>Informal traders not negatively affected by the unrest in July 2021.</p>

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