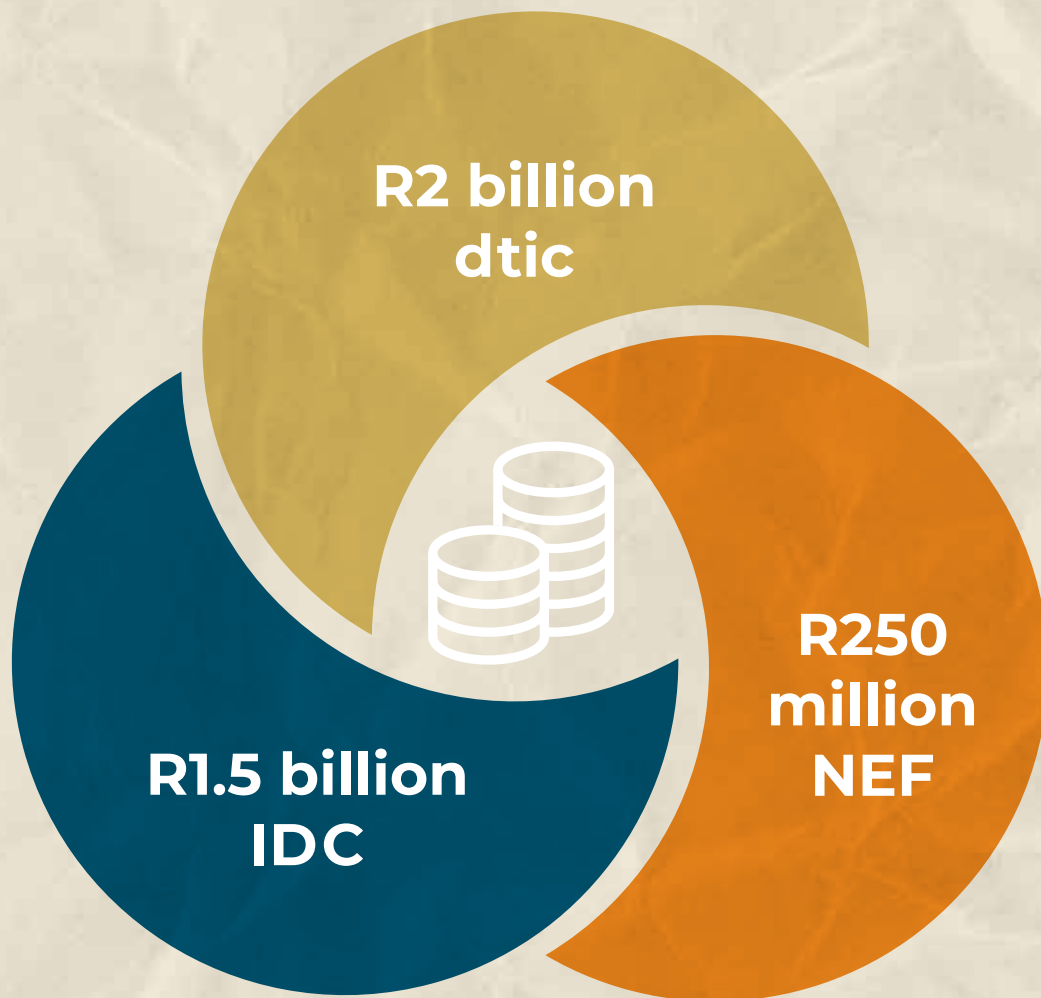


Economic Rebuilding Package

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

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or contact 011 269 3111

NEF

recovery@necorp.co.za
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 hot line 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 in KZN and Gauteng provinces. Government has earmarked R3.7 billion for a Fund to support the restoration of businesses devastated in violent looting and unrest. The Fund is part of the broader R38bn 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 R 5 billion, reflecting loss of assets and a 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: R 2 billion
- IDC: R 1.5-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 unrest, the IDC has:

- Monitored the impact of the turmoil on business activity
- Engaged our business partners to gauge the effect on their operations and 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 that 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 recovery package totalling over R1.5-billion

- 1. 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. For instance, bridging loans for insurance payouts will be offered at 0%, with other debt facilities priced at 5%.
- 2. R100-million** – regional programmes 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. In Gauteng we are partnering with Gauteng Enterprise Propeller, which has set aside R50-million to co-invest with the IDC.
- 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's focus will mainly be on rural, outlying and less-developed areas that now face increased vulnerability. We will be working with our established NGO partners to ensure reach and impact.

In addition, the IDC will be administering **the dtic's R400-million** MCEP Economic Stabilisation Fund. This fund will support manufacturing companies affected by the unrest, including those impacted by associated supply chain disruptions. It will offer concessionary funding to affected companies through interest-free loans (**details in Appendix 1**). The IDC will communicate the criteria for accessing the recovery packages to all our clients and stakeholders.


Fund	Post-unrest Business Recovery Fund	MCEP Stabilisation Fund	Partnership Programmes Regional Stabilisation Fund
Purpose	<p>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.</p> <p>Businesses outside of the IDC mandate are expected to be assisted through the programmes under the ambit of Partnership Programmes for Regional Stabilisation.</p>	<p>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 through funding insurance shortfalls.</p>	<p>The purpose of the grant funding is 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 businesses that are not covered by insurance or experience insurance funding shortfall. The funds will be adjudicated upon and disbursed according to the Partnership Programmes' criteria (SIF and SEF). the Partnership Programme unit's criteria (SIF and SEF).</p>
Amount	R1.4-billion	R400-million	R100-million
Application of funds	<ul style="list-style-type: none"> • To provide bridging finance, pending the receipt of insurance proceeds arising from the unrest • Funding to cover short-term operational losses, provided that the BP demonstrates clear plans of recovery • Working capital funding • Capex/equipment finance where funding is used to replace assets that were damaged or destroyed and where such assets were uninsured or underinsured; • Property finance where property was not subject to finance and this will be limited to industrial, retail and warehouses. 	<ul style="list-style-type: none"> • 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 • Replacement of stock in distributor and retailer warehouses that are currently not supported by any IDC or dtic funding schemes, and which would have a negative impact on the manufacturing sector • Working capital shortfalls because supply chain disruptions which could result in delayed receipt of raw material and subsequent cancellation of sales orders. 	<p>Funding (capex and opex) needs to address recovery, including:</p> <ul style="list-style-type: none"> • Replacement of lost capacity and associated stock, which should largely be addressed by the fund • Replacement of stock in distributor and retailer warehouses that are currently not supported by any IDC or dtic funding schemes, and which would have a negative impact on the manufacturing sector • Working capital shortfalls (maximum 48 months) because of supply chain disruptions that could result in delayed receipt of raw material and subsequent cancellation of sales orders.

Salient features	<ul style="list-style-type: none"> 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; Limited to South African companies affected by the unrest only; Client to undertake that there will be no retrenchments for the duration of the funding support 	<ul style="list-style-type: none"> 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); Companies that have been in operation for at least 12 months; No retrenchments for the duration of the facility 	<ul style="list-style-type: none"> Fund administered through intermediaries who are financially stable and socially responsible Intermediary expected to crowd in other funding The companies that are supported must have been in operation for 12 months and plan no retrenchments for the duration of the facility
Financial Instruments, Terms & Other	<ul style="list-style-type: none"> Debt, Subordinated Loans and Grants Maximum investment amount: <ul style="list-style-type: none"> Debt and Subordinated Loans: R100 million per applicant Bridging Finance <ul style="list-style-type: none"> Price 0% Term 12 months Term Loan – <ul style="list-style-type: none"> Price: Fixed at 5% pa OR Price: 0% for 12 months Thereafter fixed at 5% Maximum Term: Opex and Working Capital 36 months; Capex replacement 60 months Infrastructure Finance <ul style="list-style-type: none"> Price: Fixed at 5% OR Price: 0% for 12 months Thereafter fixed at 5% Maximum Term: 10 years 	<ul style="list-style-type: none"> Debt – Interest free loans Loans may be converted to a grant provided the business will maintain the same level of employment the company had before the unrest. This must be achieved within 12 after first draw of the MCEP facility. A maximum of R3 million may be converted to a grant and limited to 30% of total funding requirement from MCEP and IDC Maximum investment size of R30 million for debt funding Maximum terms, including moratorium are as follows: <ul style="list-style-type: none"> Working Capital - 48 months Plant & Equipment and Building and/or Building Improvements - 84 months First drawdown must occur within 6 months from approval date for working capital; and 12 months for Plant & Equipment and Building and/or Building improvements; Raising and commitment fees are excluded. All other standard fees are applicable. 	<ul style="list-style-type: none"> The facility will be grant funding and where possible funds will be crowded in from other Institutions. The maximum grant per intermediary to be revised from R5 million to R10 million.

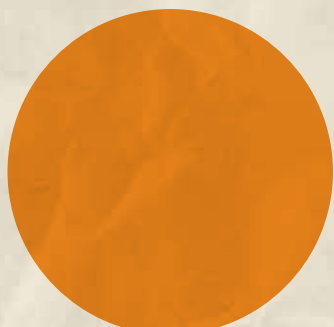
Exclusions	<ul style="list-style-type: none"> • Repayment of existing debt obligations to commercial banks or other financiers; • Funding for expansions; • Property finance, where property was financed and proceeds of insurance will flow to financier; • Repayment of shareholders'/intercompany/related party loans 	<ul style="list-style-type: none"> • None specified 	<ul style="list-style-type: none"> • None specified
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Contact Details

Applications to be sent to IDC:

 recovery@idc.co.za

 011 269 3111



the dtic

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

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Criteria for the NEF Economic Recovery Fund

Pursuant to the recent unrests 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 business 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 short-fall 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
Purpose	The purpose of the National Empowerment Fund (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.
Amount	R250-million
Application of funds	<ul style="list-style-type: none"> • To support building improvements and fittings for premises • Replacement of machinery, equipment, commercial vehicles and replenishing stock • Working capital shortfalls owing to supply chain disruptions
Salient features	<p>To be eligible:</p> <ul style="list-style-type: none"> • Businesses must be located in Gauteng or KwaZulu-Natal, and must demonstrate that they were affected by the riots and unrest • The business is not covered by insurance or there is an insurance short-fall 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
Financial instruments, terms and other	<ul style="list-style-type: none"> • Bridging finance <ul style="list-style-type: none"> - Price 0% - Term 12 months • A maximum of R10-million loan funding will be provided • Term Loan <ul style="list-style-type: none"> - Price 0% - Term up to 60 months
Exclusions	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
Purpose	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.	The 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.
Amount	R1.5-billion	R 40 000 000
Application of funds	<p>The Business Recovery Support Programme will focus on the following:</p> <ul style="list-style-type: none"> • Uninsured small enterprises impacted negatively by the unrest predominantly in KwaZulu Natal and Gauteng provinces. • Small enterprises which require funding for working capital (including stock), equipment (including vehicles for delivery purposes) and furniture as well as fittings. • Small enterprises with existing funding from other lenders will still be considered. 	<p>The Informal Traders Support Programme will focus on the following:</p> <ul style="list-style-type: none"> • Provision of business focused support packages through financial and non-financial support. • Purchases of Stock items with intention for resale to residents, other small businesses, and other casual customers based on need.
Salient features	<ul style="list-style-type: none"> • The small enterprise must be negatively affected by the unrest (SAPS case number to be submitted). • Be a registered legal entity in South Africa (CIPC). • Be a 100% owned by South African citizens. • Have been in operation as at 30 June 2021. • Be registered and compliant with the South African Revenue Service. • Be registered on the National SMME Database – https://smmesa.gov.za • Affidavit confirming that the business is not insured 	<ul style="list-style-type: none"> • Must be a South African. • Should have a bank account in SA. • No minimum turnover required for vendors. • Willing to participate in the DSBD/ Seda facilitated business development processes. • Preference will be given to businesses owned by women, youth and people with disabilities. <p>NB: Applying entities in this category need not be registered with CIPC and SARS due to their size and status of operations.</p>

Financial Instruments, Terms & Other	<p>The programme offers the following financial support:</p> <p>Financial Support</p> <ul style="list-style-type: none"> • Blended Finance which is a combination of a grant (60%) and a loan (40%). • Interest rate on the loan component is limited to 5%. • Initial payment moratorium of up to maximum of 12 months for small enterprises in KwaZulu Natal and Gauteng and six (6) months for other Provinces. • Repayment period of a maximum of 60 months. • Maximum funding accessible per entity is R2 million. <p>Non-Financial Support</p> <p>Pre investment</p> <ul style="list-style-type: none"> • Small enterprises will be assisted by the Small Enterprise Development Agency to package their funding applications. <p>Post investment</p> <ul style="list-style-type: none"> • The programme through the Small Enterprise Development Agency will offer customised Business Development Support based on the needs of the small enterprises. 	<p>The programme offers the following financial support:</p> <ul style="list-style-type: none"> • The Scheme will support 8 000 entrepreneurs @ R3 000 each (as a once-off grant)
Exclusions	<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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