

TRADE AND INVESTMENT KWAZULU-NATAL FINANCIAL ASSISTANCE SCHEME POLICY

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1. Definitions

- **AC** - TIKZN Adjudication Committee
- **BBBEE** - Broad Based Black Economic Empowerment
- **EPA** - Export Promotion Assistance
- **FDI** – Foreign Direct Investment
- **IRA** - Investment Recruitment Assistance
- **PPG** - Priority Population Group
- **RIDS** - Regional Industrial Development Strategy.
- **SMME's** - Small Medium and Micro Enterprises
- **TIKZN FAS**- Trade and Investment KwaZulu-Natal Financial Assistance Scheme
- **FASC**- Financial Assistance Scheme Committee
- **FAS** – Financial Assistance Scheme

2. Introduction

Trade and Investment KwaZulu-Natal (TIKZN) is an agency established by the province of KwaZulu-Natal whose primary function is to promote the province as a premier investment destination and the leader in export trade.

The TIKZN Financial Assistance Scheme (TIKZNFAS) aims to assist with the following; the Export Promotion Assistance (EPA) scheme and Investment Recruitment Assistance (IRA) scheme.

Financial assistance is for enterprises that are ideally eligible for Export Marketing & Investment Assistance Scheme (EMIA) under the Department of Trade, Industry and Competition (DTIC), but who cannot obtain funding from the DTIC due to a number of constraints which may include tight deadlines.

The Financial Assistance Scheme is therefore provided in line with the DTIC funding criteria but also prioritises companies that will assist in promoting radical economic transformation.

3. Regulatory Framework

This policy has been developed within a specific regulatory framework applicable to TIKZN. The framework includes, but is not limited to the following:

- The Public Finance Management Act, 1999, Act No. 1 of 1999
- The Treasury Regulations issued in terms of the PFMA
- KwaZulu-Natal Trade and Investment Agency Act, 2010
- Department of Trade and Industry (DTI)
- Broad-based Black Economic Empowerment Act, Act No. 53 of 2003 as amended by the Broad-based Black Economic Empowerment Act, Act No. 46 of 2013 and any amendments thereto.

4. Purpose of the Policy

4.1. The purpose of the policy is to:

- 4.1.1. Provide procedures and guidelines for the awarding of the TIKZN Financial Assistance to companies based in KwaZulu Natal to export their products as well as to facilitate investment recruitment into the province.
- 4.1.2. Provide direction and clarify boundaries of funding.
- 4.1.3. Providing marketing assistance to develop new export markets and to grow existing export markets.
- 4.1.4. Assisting with the identification of new export markets through market research.
- 4.1.5. Assisting companies to increase their competitiveness by supporting patent registrations, quality marks and product marks.
- 4.1.6. Assisting with facilitation to grow FDI through missions and FDI research.
- 4.1.7. Increasing the contribution of black-owned businesses and SMMEs to the South Africa's economy.
- 4.1.8. To assist companies to obtain the technical expertise through partnerships with foreign companies.

4.2. Policy objectives:

- 4.2.1. The purpose of the EPA scheme is to provide financial assistance to KwaZulu-Natal (KZN) traders in respect of activities aimed at developing export markets for KZN products and services.
- 4.2.2. The purpose of the IRA scheme is to assist KZN entrepreneurs/consortiums that are seeking international investment partners in manufacturing opportunities within KZN.
- 4.3. TIKZN will ensure that the implementation of this policy and relevant criteria:
 - 4.3.1. Supports the TIKZN corporate strategy.
 - 4.3.2. Improves stakeholder relations.
 - 4.3.3. Enhances TIKZN's corporate reputation and image.
 - 4.3.4. Provides high visibility for the TIKZN brand.
 - 4.3.5. Provides a return on investment.

5. EPA Scheme

5.1. Qualifying entities for EPA scheme

- 5.1.1. To provide assistance to manufacturers, traders and service providers from the province of KwaZulu-Natal.
- 5.1.2. KZN traders and service providers that are from the Priority Population Group (PPG) as defined in South Africa's Broad Based Black Economic Empowerment legislation.
- 5.1.3. South African export trading houses representing at least three small, medium and micro enterprises (SMMEs) or historically disadvantaged individual (HDI) owned enterprises.
- 5.1.4. Industry Associations that have a membership of KZN traders and service providers or Joint Action Groups representing at least five (5) KZN traders or service providers e.g. Chambers of Commerce and Industry Clusters.
- 5.1.5. Financial assistance under the EPA scheme will be prioritised to the sectors contained in the Provincial Growth and Development Strategies and National Development Plan.
- 5.1.6. Entities in the service industries as prioritised by DTI

5.2. Criteria for EPA scheme

- 5.2.1. At least 12 months of demonstrated production or trading performance of the applicant who has the potential or accessible production capacity to produce for the exports market.
- 5.2.2. The applicant must be 'export ready' viz. a registered exporter, who understands methods of payment for international transacting, understanding of customs processes, and have the appropriate product brochures etc.
- 5.2.3. Proof substantiating that the entity is the legal owner of the product and meeting South African rules of origin criteria.
- 5.2.4. Prescribed application form must be completed, and the following documentation is required with the application:
 - 5.2.4.1. An Export License obtained from SARS.

- 5.2.4.2. An original current/valid Tax Clearance Certificate, which must be obtained from SARS.
- 5.2.4.3. A certified copy of the Certificate of Incorporation {(Ltd, (Pty) Ltd and CC} or a Certified copy of the Partnership Agreement or in the case of a sole proprietor a certified copy of a South African identity document.
- 5.2.4.4. A valid/certified copy of the passport of the representative of the firm that will be travelling on the proposed trade promotion programme.
- 5.2.4.5. If the applicant is an Industry Association that has a membership of KZN traders and service providers or Joint Action Groups representing at least five (5) KZN traders or service providers. The applicant must submit details and product brochures of at least 5 SMME's that are from PPG groupings, as well as letters confirming permission to represent these SMME's.
- 5.2.4.6. Bank statements for the past six months.
- 5.2.4.7. A valid share certificate
- 5.2.4.8. Failure to comply with the above would result in the immediate disqualification of the applicants.
- 5.2.4.9. Submission of a valid BEE Certificate or Affidavit.

6. IRA Scheme

6.1. Criteria for IRA scheme

- 6.1.1. Financial assistance will be given to businesses based in the province of KwaZulu-Natal who are keen to meet with Investors locally and internationally.
- 6.1.2. Prefeasibility studies or Business Plans Identifying Investment Opportunity.
- 6.1.3. Letter from (an in-principle agreement) South African Finance House e.g. KZN Growth Fund, ITHALA, IDC and NEF confirming proposed project will be co-funded by respective institutions (not compulsory but preferable).
- 6.1.4. The applicant visiting the foreign country on international investment promotional programmes must be able to communicate all elements of the pre-feasibility studies or business plan.
- 6.1.5. The prescribed application form must be completed, and the following documentation is required with the application:
 - 6.1.5.1. An original current/valid Tax Clearance Certificate, which must be obtained from SARS.
 - 6.1.5.2. Valid BEE certificate or affidavit as required by the B-BBEE Codes.
 - 6.1.5.3. A certified copy of the Certificate of Incorporation {(Ltd, (Pty) Ltd and CC} or Certified copy of the Partnership Agreement or in the case of a sole proprietor a certified copy of a South African identity document.
 - 6.1.5.4. A valid certified copy of the passport of the representative whom will be traveling on the proposed investment promotion programme.
 - 6.1.5.5. A valid Share Certificate
 - 6.1.5.6. Failure to comply with the above would result in the immediate disqualification of the applicants.

7. Adjudication committee for the EPA and IRA schemes

- 7.1. The Financial Assistance Committee (FAC) will comprise of the Chief Executive Officer (CEO); Chief Financial Officer (CFO) and Executive Manager: Corporate Services of TIKZN and

- 7.2. An alternate member who is an EM/GM or Senior Manager as appointed by the CEO.
- 7.3. The FASC will meet on an ad-hoc basis with the appropriate General Manager or project manager presenting information received from applicants for a decision to be taken by the FASC.
- 7.4. The FASC will accordingly execute a decision on the successful applicants for EPA or IRA scheme and accordingly a letter will be submitted to the applicant advising him/her of the decision taken.
- 7.5. Two members of the committee present in person or proxy will constitute a quorum.
- 7.6. All applicants are required to submit proof of their BEE status i.e. BEE verification certificate or other acceptable document in terms of the BBBEE Act.
- 7.7. Companies will be funded once in a 12-month cycle which coincides with TIKZN year end which commences April to end March.
- 7.8. Funding can be extended for the same company on more than one occasion in a 12-month cycle only in exceptional cases at the discretion of the Committee and on the basis of the strength of the motivation.
- 7.9. Any qualifying company or Project Promoter will not be funded more than three times under the FAS. No funding will be provided for the fourth time during the existence of the fund.
- 7.10. Double dipping with sister entities or any other agency related to TIKZN will not be accepted.
- 7.11. The committee reserves the right to exercise its discretion based on the motivation and substantive justification by the applicant to modify the qualifying criteria of the EIA and EPA schemes.
- 7.12. The Committee also reserves the right to withdraw the approval should there be a need that such decision be taken including but not limited to the following:
 - 7.12.1. Misrepresentation of facts by the applicant.
 - 7.12.2. Behaviour that may damage the reputation of the organization.
 - 7.12.3. Any legislation that may not support the decision to assist the applicant.
 - 7.12.4. Priority will be given to small Black African/Black owned companies who do not have adequate financial resources to sponsor themselves. The Committee will make a decision on the merit and strength of the motivation.

8. Benefits awarded in terms of EPA or IRA schemes

- 8.1. The assistance will be awarded as follows;

B-BBEE Level	1-3	4-6	7-8
Flights Return Economy.	Up to 90%	Up to 60%	Up to 40%
Accommodation Equivalent to SA three star.	Up to 60%	Up to 50%	Up to 40%
Freighting of exhibition marketing material / samples.	Up to 10kg	Up to 10kg	Up to 10kg

- 8.2. Flights and accommodation are for a maximum of two people per company for up to seven days.

- 8.3. All costs of freighting of samples and brochures associated with TIKZN trade or investment-promotional programmes will cover up to 10kg of cost.
- 8.4. Freighting of exhibition material or brochures will be funded to a maximum of 10kg per company.
- 8.5. The following will not be funded under the TIKZN Financial Assistance Scheme:
 - 8.5.1.1. Conference and seminar fees
 - 8.5.1.2. Visas
 - 8.5.1.3. Land arrangement (taxis, trains, buses)
 - 8.5.1.4. Any other costs not included under part 8.1 to 8.4.

9. Monitoring and Evaluation Process

- 9.1. TIKZN carefully monitors applicants to ensure compliance with contractual obligations, internal policies and procedures. The FAC will be informed of any matters of concern and of recommended courses of action at regular intervals. Project Managers / Export Development & Promotion Managers will obtain feedback forms from funded clients to determine, and report on, the success of the trip undertaken.

10. Policy Review

- 10.1. The policy will be reviewed annually to factor in any changes in legal frameworks, organisational development, political and economic trends.

Revision Number	Page Numbers	Change Effected	Date of Change
1	1 - 9	Approval by Board	