

## TECHNICAL ASSISTANCE FUND POLICY

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## 1. Introduction

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

The Technical Assistance Fund was established to assist project promoters in the province of KwaZulu-Natal to package projects so that they can qualify for funding from larger financial institutions.

## 2. Regulatory Framework

This policy has been developed within a specific regulatory framework applicable to the 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
- 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.

## 3. Definitions

- **TIKZN** - Trade & Investment KZN
- **TAF** - Technical Assistance Fund
- **TAFC** - Technical Assistance Fund Committee
- **TAFG** - Technical Assistance Fund Guideline Document
- **BAC** - Board Audit, Risk and Compliance Committee
- **EIA** - Environmental Impact Assessment
- **OFI** - Development Financial Institution
- **PGOS** - Provincial Growth and Development Strategy
- **KZN** - KwaZulu-Natal
- **TAR** - Technical Assistance Request
- **VAT** - Value Added Tax
- **BBBEE** - Broad Based Black Economic Empowerment

## **A Technical Assistance Fund Policy**

### **1. Policy Statement**

- 1.1. The Technical Assistance Fund is a Fund, which was established to assist project promoters in the province of KwaZulu-Natal who require technical assistance required to package projects so that they can qualify for funding from larger financial institutions. In the main, this fund seeks to improve the economic status of the province of KwaZulu-Natal and its people and ultimately contribute to the economy of South Africa in general. The fund will address some of the existing challenges and assist in developing bankable business plans for projects, which are within the TIKZN mandate and are of strategic importance in terms of contributing towards the Provincial Growth and Development Strategies.
- 1.2. It is against this background that TIKZN with recommendations from the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) recommendations and Board approval has formulated this policy to provide guidance on the management of this fund.

### **2. Purpose of the Policy**

- 2.1. The purpose of the policy is to provide guidance on the intended purpose of the fund and to outline the processes and procedures applicable in managing the fund. This will ensure that there is a properly constituted committee designated with managing the fund to ensure that there is no misuse of funds. The policy will also give direction on the projects that are eligible and spell out any other conditions and criteria for accessing the funds.

For this reason, the document comprises of five parts, which are:

Part A - TAF Policy,

Part B - Guidelines, Processes and Procedures;

Part C - Changes to the policy and procedures and;

Part D- Effective Date of the Policy.

Part E - Policy Review

### **3. Objectives**

#### **3.1. Funding will be provided for the following purposes:**

- 3.1.1. To assist project promoters in identified selected priority areas in the development of bankable business plans.
- 3.1.2. To provide expert services in implementing and managing projects.
- 3.1.3. To assist in the preparation of project feasibility studies in support of investment proposals to be submitted to financial institutions.
- 3.1.4. To assist in the development of projects to be funded by KGF, Ithala, other DFI's and other financial institutions.
- 3.1.5. Co-funding developments of projects in collaboration with other public-sector entities. Other public entities including TIKZN will also be eligible to apply.
- 3.1.6. To address various technical needs and challenges related to the packaging or preparation of projects for financing purposes and for implementation purposes. These include technical viability assessments, financial analysis, market analysis, environmental impact assessments (EIA's), and business plan enhancements.

#### **3.2. The funding is based on the following conditions:**

- 3.2.1. The TAF scheme will provide financial assistance in the form of non-repayable cost sharing grants as follows:

<b>GROUP</b>	<b>MAXIMUM FUNDING FROM TIKZN</b>
51% Owned by Black: African Females, Youth OR Disabled	R300 000 Excluding VAT
Other	R250 000 Excluding VAT

- 3.2.2. Enterprise(s) should be engaged or proposing to be in productive activities within the provincial priority sectors which create employment, enable skills transfer, SMME development, broad base participation and foreign currency earning or savings.
- 3.2.3. The validity period of the TAF approval is 12 months from the date of approval.
- 3.2.4. Approved companies not utilising the approved TAF funding within a period of 12 months will automatically have their approval cancelled.
- 3.2.5. Companies which had their TAF approvals cancelled are permitted to reapply for TAF support.
- 3.2.6. All companies which have received TAF approvals prior to the date of the approved revised TAF Policy, and if these companies have not utilised the TAF approved funds, then such companies will automatically have their TAF approval valid for 12 months only from the date of the approved revised TAF Policy.

- 3.3. The fund is intended for enterprises, which seek to start or expand viable projects in priority sectors biased towards the KZN Provincial Growth and Development Strategy (PGDS).

## **4. Eligibility**

### **4.1. Qualification**

- 4.1.1. Projects to be given support must comply with relevant national and international standards.
- 4.1.2. All Projects must comply with all applicable regulations of the Republic of South Africa, KZN Province and/or Municipal by Laws.
- 4.1.3. Where applicable, a valid tax clearance certificate is to be submitted at the time of application.
- 4.1.4. Submission of a valid BEE Certificate or affidavit.

### **4.2. The following projects will not qualify for funding:**

- 4.2.1. Production of illegal goods and services.
- 4.2.2. Projects where commercialization is restricted by licensed technology.
- 4.2.3. Projects which do not meet the stipulated qualifying criteria.
- 4.2.4. Funding of Capital.
- 4.2.5. Training of staff members or related.
- 4.2.6. Companies that have been assessed and classified as liquid i.e no cash flow constraints.

## **5. Management of the fund**

- 5.1. The fund shall be managed by a Committee to be known as The Technical Assistance Fund Committee (TAFC). The Committee shall comprise of the CEO, CFO and any other two senior management as appointed by the CEO.
- 5.2. Two Executive Managers/General Manager as appointed under Section 1 present shall constitute a quorum.
- 5.3. The TAFC shall formulate terms of reference (TOR) which will guide the operations of the committee.
- 5.4. The TAFC shall receive TA recommendations from the Executive Managers/General Managers of the business units and shall consider the recommendations in terms of the TOR and approve or disapprove accordingly.

## **B Processes and Procedures**

### **1. Objectives**

- 1.1. The purpose of the Technical Assistance Fund Guidelines, Processes and Procedures is to set operational parameters, processes and procedures, consistent with the Technical Assistance Fund Policy.

### **2. TAF Management**

- 2.1. The TAF Policy is an asset of TIKZN shared and to be owned by all those involved with the review, processing, approval, and management of project proposals. All staff involved in the investment process must therefore be conversant with the Policy.
- 2.2. The CFO who shall be responsible for the day-to-day management of the fund shall manage the TAF. The CFO also sits in the TAFC which approves applications for funding. The management of the fund shall be in compliance with the PFMA.
- 2.3. The CFO shall report to the Bid Adjudication Committee (BAC) on a quarterly basis, the details of beneficiaries, utilization of the fund and disbursements and any other reports as may be advised and required.
- 2.4. The TAFC, which comprises of CEO, CFO and any other two Senior Managers as appointed by the CEO, shall be responsible for granting and approving TAF applications. When taking funding decisions, the committee will enforce the highest ethical and regulatory compliance standards.
- 2.5. Project Managers and Project Development Specialists shall receive and initially review and appraise applications, which they shall recommend to the General Manager of the relevant business unit.
- 2.6. The General Manager of the Business Unit shall review recommendations from Project Manager/Project Development Specialist/Export Manager and submit the request to the TAFC for approval consideration.

### **3. Application Appraisal Procedure**

#### **3.1. Pre-conditions to Appraisal**

Before commencing with the appraisal, the following preconditions shall have been met:

- 3.1.1. The applicant is a registered entity and complies with statutory requirements i.e. SARS clearance certificate.
- 3.1.2. Submission of a detailed project brief and with audited accounts in the case of existing business.
- 3.1.3. Description of any specific barriers or issues that will need to be addressed.
- 3.1.4. Presentation by the applicant of a full clear and reasonable budget that specifically identifies the intended use of TAF.
- 3.1.5. The applicant has formally applied to TIKZN for assistance and is duly authorized by the company they represent.

3.1.6. Submission of valid share certificate

### 3.2. **Appraisal Process**

3.2.1. The Project Managers, Project Development Specialists and/or Export Managers shall evaluate the received applications to ensure that they meet the eligibility criteria and that all required information has been submitted. The documents will then be recommended to the relevant General Manager who will perform the final checks before submitting the application to the TAF for consideration.

3.2.2. The purpose of the appraisal is to carry out a detailed check of all aspects related to a project to ensure that they and are in compliance with the funding policy of the TAF as well as the evaluation criteria.

3.2.3. The Project Managers/Project Development Specialists/Export Managers shall present a summary description of the project indicating its intended objectives, its impact towards achieving TIKZN's mandates, potential for success etc.

## 4. **Approval Process**

### 4.1. **Submission of Applications to TAF.**

4.1.1. All applications submitted to TAF for approval must be recommended by the Executive Manager/General Manager concerned.

4.1.2. In all cases, a checklist is to be attached to all applications.

4.1.3. Operational processes and procedures not included in the policy and procedure document will be addressed in the TAF's Terms of Reference.

4.1.4. The TAF reserves the right to reject or accept a project based on the information presented. The Committee can on a case by case basis approve an application which may not be in line with requirements of a policy provided adequate motivation is provided to the Committee. This deviation must be signed for by the Chairperson of the Committee.

### 4.2. **Approval Limits**

4.2.1. The approval limits shall be as indicated under Section A 3.2.1



## **5. Disbursement Process**

The TIKZN Finance Department is responsible for the disbursement of the grant upon receipt of the following documentation:

### **5.1. Initial Disbursement**

- 5.1.1. Approval notice/minutes from TAFC
- 5.1.2. Submission of detailed and verifiable costs from an approved/selected professional service provider.
- 5.1.3. Submission of a signed SLA between Project Promoter and TIKZN and between Service Provider and Project Promoter for work to be undertaken under TAF. The SLA to specify terms of payment.
- 5.1.4. Valid Tax clearance certificate of the enterprise seeking funding and its approved service provider
- 5.1.5. Submission of a signed service provider invoice which is approved by the relevant EM/GM. Authorizations will be in accordance with TIKZN's internal approval procedures.
- 5.1.6. A clear demonstration that the applicant will be able to raise own contribution.
- 5.1.7. Where grants are to be obtained from other sources, as part of the contribution, verifiable proof from such sources must be presented.

### **5.2. Subsequent Disbursement**

Progressive payments will be made in accordance with the prescripts of the SLA. Documents to be submitted for the final payment include the following:

- 5.2.1. Invoice signed by the relevant General Manager
- 5.2.2. Confirmation from the EM/GM that the assignment is complete
- 5.2.3. A final presentation by the service provider if required.
- 5.2.4. Approved Projects will be disqualified if they fail to submit additional information requested by the Committee within a period of six months.

## **6. Monitoring and Evaluation Process**

- 6.1. TIKZN carefully supervises its projects to monitor project performance and compliance with contractual obligations, internal policies and procedures. TAFC will be informed of such matters and of recommended courses of action at regular intervals. Reports shall be submitted monthly to evaluate progress.

**C Changes to this Policy, Processes and Procedures**

TAFC shall approve any changes to this Policy and Procedures.

**D Policy Review**

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

<b>Revision Number</b>	<b>Page Numbers</b>	<b>Change Effected</b>	<b>Date of Change</b>
4	1 - 10	Approval by Board	