

COVID19 – SUPPORT AVAILABLE FOR LOCAL BUSINESSES

The COVID-19 world wide pandemic resulted in a National Disaster and a 21 day lockdown which commenced on 27 March 2020. This has impacted negatively on the economy, as non-essential businesses including large corporations, small and medium enterprises as well as the informal economy who were forced to cease trading in order to try and contain the spread of the coronavirus.

The South African Government in partnership with Private Sector collaborated to put measures and mechanisms in place to try and assist businesses whose incomes were negatively impacted by the lockdown.

Enterprise iLembe through the **iLembe Business Incubator** is available to assist and guide businesses from within the iLembe District with the various application processes for the various funding and interventions available. Businesses are first encouraged to register on the online portal: www.smmesa.gov.za.

For more information and assistance please contact: Mr Bahle Magwaza - bahle@enterpriseilembe.co.za or Mr Mqungebe Ngobese - mqungebe1@gmail.com. SMS or Whatsapp – 0815415082.

Below is a list of some of the Schemes & Facilities available to South African Small, Medium and Micro Enterprises (SMMEs):

**DEPARTMENT OF SMALL BUSINESS DEVELOPMENT AND ITS AGENCIES
[SEDA AND SEFA]:**

1. Business Growth Facility

- Production/supply of health care and related products that will be utilized to combat the spread of COVID-19 pandemic.
- Local production/manufacturing/supply of various products that will be required by the country emanating from a shortage due to COVID-19 pandemic.

Rationale for the facility:

- The funding will give local manufacturers and suppliers an opportunity to produce and strengthen their place in the market, which may lead to long term contracts post the COVID-19 pandemic.

Funding Terms:

- The facility will offer working capital (only direct costs), stock, bridging finance, purchase order finance and capital equipment finance;
- The type of facility as well as the amount required will be based on the funding needs of the business;
- The term of the funding will be determined by the business cash flow and debt sculpting techniques will be utilized;
- Loan facilities will be provided at an interest rate of Prime less 5%pa. It must be emphasized that the business needs will be assessed thoroughly to ensure that the fund is exclusively used for the finance stated in (a), as misuse will not be tolerated under any conditions;
- Business Development Services from SEDA, like Products testing, Certification, etc.

2. SMME Relief Finance

Soft loan funding that will keep the existing businesses afloat during the COVID19 pandemic for 6 months from April 2020;

Rationale for facility:

The majority of SMMEs will experience severe reduction in demand and subsequent reduction in revenues due to the COVID19 pandemic. As a result, it is important to ensure that SMMEs do not close down completely and that they are supported with working capital to ensure that jobs are retained in the economy.

Funding Terms:

- The facility will offer working capital only – strictly direct costs which should be auditable;
- Maximum R500k per SMME will be considered depending on requirements;
- The term of the funding will be determined by the business cash flow;
- Loan facilities will bear an interest rate of Prime less 5%. It must be emphasized that the business needs will be assessed thoroughly to ensure that the fund is not used for what is not intended for as any misuse is totally prohibited.

3. Restructuring Of Funded SMMEs

The following interventions will be provided to SEFA funded SMMEs that are negatively affected by the COVID-19 pandemic:

Payment Moratorium/Holiday:

- A payment moratorium/holiday will be given to SEFA funded SMMEs for a period of a maximum of six months to reduce the instalment burden of loan obligations on clients during the COVID-19 period (if COVID-19 pandemic goes beyond the six months period, re-evaluation of the moratorium will be made);
- Deferments of Capital or both Capital and Interest. The interest accrued will not be capitalised into the loan facility over the proposed 6-month maximum period;
- Funded SMMEs must submit proof of the negative impact of COVID19;
- This will be implemented using the SEFA Post Investment team and signed off by the Executive–Post Investment

Debt Restructuring:

- An analysis of SEFA funded SMMEs will be conducted to assess which clients require restructuring of the loan accounts;
- This could take the form of extended loan term, interest review and additional funding where required;
- The facilities will vary per funded SMME depending on the entity's cash flow needs. SEFA will utilise the emergency funding to assist the affected SMMEs;
- The debt repayments will be sculpted to match the pattern of the cash flows
- The additional funding will be offered at prime less 5%. This will ensure that the already funded SMMEs are protected from high interest rates and are offered an opportunity to survive post the COVID19 pandemic.
- Normal SEFA delegation of authority will apply to the approval of debt restructures

Important information relating to all funding packages offered by the Department of Small Business Development, SEDA and SEFA are as follows;

Qualifying Criteria:

- Businesses geared to take advantage of supply opportunities resulting from the Corona virus pandemic or shortage of goods in the local market;
- Company/business must be 100% owned by South African Citizens;
- Company must be 51% black owned;
- Employees must be 70% South Africans;
- Priority will be given to businesses owned by Women, Youth and People with Disabilities;
- Be registered and compliant with SARS;
- Be UIF compliant;
- Registration on the National SMME Database – www.smmesa.gov.za

Funding requirements:

- Complete the simplified online application platform;
- Company Statutory Documents;
- FICA documents;
- Certified ID Copies of Directors/members;
- Six (6) months Bank Statements;
- Latest Annual Financial Statements or Management Accounts not older than three months from date of application (Statement of Financial Performance and Statement of Financial Position) –where applicable;
- Business Profile;
- Project Execution Plan;
- Twelve (12) months Cash Flow Projections (with clear assumptions) –where applicable;
- Copy of Lease Agreement or Proof of ownership;
- Relevant Industry Certification –where applicable;
- Copy of Contract or Purchase Order
- Facility Statements of Other Funders -where applicable;
- Quotations for applied funding;

SEFA application process:

- SMME submits funding application with www.smmesa.gov.za registration number and supporting documentation to dedicated SEFA email address info@sefa.org.za
 - SEFA National team reviews application and completeness (SEFA call Centre).
 - SEFA performs verification.
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THE DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

The Department has ring-fenced R1.2 billion for assistance to mainly target financially distressed small-scale farmers. Of the R1.2 billion, R400 million has been allocated for farmers within the Proactive Land Acquisition Strategy [PLAS] programme and the remainder will be channelled towards all other farmers that are mainly within the following commodity sectors;

- Poultry – Day old chicks, Point of lay chickens, feed, medication and sawdust;
- Other Livestock – Feed and medication.
- Vegetables – Seedlings, fertilizer, pesticides, herbicides and soil correction.
- Other commodity sectors – This will be evaluated on a case by case basis, as the Department continuously monitors the impact of COVID-19 on the sector at large.
- Qualifying criteria for farmers
- South African citizens who have been actively farming for a minimum of 12 months and currently in the production season or cycle.
- Be registered on farmer register, commodity database or provincial database [Those who are not on the Farmer Register will be registered to benefit].
- Communal farmers.
- Smallholder farmers with annual turnover between R20 000 and R1 million.
- The adjudication will prioritise women, youth and people with disabilities.

Exclusions:

- Mechanisation, infrastructure and overhead costs will NOT be supported. This is not comprehensive support but intervention package amid COVID-19.
- Farmers who are preparing for the 2020 summer production season will not be supported. The aim is to provide immediate to near-term support to smallholder farmers currently affected by COVID-19.
- Farmers who are currently receiving support through other programmes of government and its entities.

The applications for this funding will be open from 08 April 2020 and will close on 22 April 2020. No late entries will be accepted. Application forms will be available on 08 April 2020 on the departmental website – www.dalrrd.gov.za and through national, provincial, district and local offices of both the national Department of Agriculture, Land Reform and Rural Development and Provincial Departments of Agriculture. Applications will be lodged electronically at applications@dalrrd.gov.za or submitted to the offices as outlined.

THE NATIONAL DEPARTMENT OF TOURISM (NDT)

The Department of Tourism encourages eligible businesses to apply for the COVID-19 Tourism Relief Fund during the application period from 07 April to 30 May 2020.

Established as an intervention to mitigate the impact of COVID-19 on the tourism sector, the R200 million Tourism Relief Fund provides once-off capped grant assistance to Small Micro and Medium Sized Enterprises (SMMEs) to ensure sustainability during and post the implementation of government measures to curb the spread of Covid-19 in South Africa.

Capped at R50 000 per entity, the grant funding can be utilised to subsidise expenses towards fixed costs, operational costs, supplies and other pressure cost items. Preference will be given to enterprises with the highest score in terms of the criteria, which serve as a pre-qualification. A panel of experts will conduct the final evaluation in terms of functionality.

Guided by the Tourism Broad Based Black Economic Empowerment (B-BBEE) Codes of Good Practices approved by the Minister of Trade and Industries in 2015 (in line with the B-BBEE Amendment Act No. 46 of 2013), the Tourism Relief Fund is administered in line with the objectives of Economic Transformation, and our vision to ensure sustainable and inclusive tourism development. The disbursement of funds will ensure equitable spatial distribution in terms of provinces.

Categories eligible to apply for the Tourism Relief Fund include the following:

- Accommodation establishments: Hotels; Resort properties; Bed and Breakfast (B&B's); Guest houses; Lodges and Backpackers.
- Hospitality and related services: Restaurants (not attached to hotels); Conference venues (not attached to hotels), Professional catering; and Attractions
- Travel and related services: Tour operators; Travel agents; Tourist guiding; Car rental companies; and Coach Operators.

Visit website www.tourism.gov.za for comprehensive information on the Fund terms and qualifying criteria. SMMEs can submit funding applications by completing a form accessible online at <https://www.tourism.gov.za/Pages/COVID19TOURISMRELIEFFUND.aspx>

Inquiries on the fund can be emailed to callcentre@tourism.gov.za or covidrelief@tourism.gov.za. Alternatively contact the call centre telephonically on 0860 TOURISM (868 747) weekdays from 08:00 – 22:00.

FULL LIST

- Business Growth/Resilience Facility – <https://smmesa.gov.za>
- Debt Relief Finance Scheme – <https://smmesa.gov.za>
- SMME Payroll Assistance - <https://smmesa.gov.za>
- Covid-19 Emergency Funding Intervention – www.nefcorp.co.za
- Tourism Relief Funding for SMMEs – www.tourism.gov.za
- Sports, Arts & Culture Covid-19 – www.dac.gov.za
- SARS Covid-19 Tax Measures – www.sars.gov.za
- Covid-19 UIF Temporary Relief Scheme – covid19fers@labour.gov.za
- Restructuring of SEFA Funded SMMEs – <https://smmesa.gov.za>
- Distressed Small Scale Farmer Assistance – www.daff.gov.za
- IDC Essential Supplies Intervention & Working Capital Support– www.idc.co.za
- Sukuma Relief Fund – Business Partners – <https://finance.businesspartners.co.za/welcome-to-the-sukuma-relief-programme/>