

Relief fund measures for businesses

PGovender24.03.2020

Stakeholder	Funding Criteria	Funding structure	Sector Specific Interventions
<p>IDC</p>	<ul style="list-style-type: none"> • Companies that have a track record of manufacturing comparable products. In other words, that are capable of delivering on the contract in terms of capacity, resources and experience. • In the case of imports and trade finance the lack or insufficiency of local manufacturing should be confirmed and capacity and experience to import at the required scale should be demonstrated. • Company should be an accredited supplier (where applicable) if contract or purchase order is with government, retailers or multinationals. • Company should demonstrate profitability as per 	<ul style="list-style-type: none"> • Short term loan for once off- contract or import funding • Revolving Credit Facility • Guarantees to banks for banking facilities, imports, ordering requirements • Term to be limited to a maximum of 3 months for all facilities • Interest rate and pricing: • IDC loan and trade finance facilities: P + 1% pa • MCEP Loan facilities 2,5% pa • Guarantees: 2% p.a. 	<ul style="list-style-type: none"> • Bulk supplies of disinfectants and sanitizers; • Accredited masks; • Accredited test-kits; • Medical Gloves; • Packaging (bottles, caps, pumps, sachets etc); • Sanitisers (hand or industrial); • Toilet Paper, Wipes, Tissue Paper, Sanitary Pads; • Cleaning materials; • Chemicals; • Approved drugs; • Ventilators and filters; • Nebulisers and nebulising agents; • Hospital beds; • Oxygen; • Aprons; • Safety Visors; • Raw materials to manufacture essential products; • Urgent regulatory and compliance testing of products or treatments if required.

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	<p>historical financial statements</p> <ul style="list-style-type: none">• The intention should not be profiteering - the mark-up should be reasonable.• Contract or purchase order with either the South African government or a strong customer for essential supplies.• In the absence of a contract or orders a corporate guarantee from a company with Investment• Grade may be considered. Where a clearly demonstrable shortage of supply exists, letters of intent may be motivated.• Geographic focus to be South Africa and SACU.• Exports are allowed if it forms part of a bigger contract for manufacturing but an excess portion of products is exported		
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The National Empowerment Fund	<ul style="list-style-type: none"> • Be a registered legal entity in South Africa in terms of the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 or the Co-operatives Act, 2005. • Be a taxpayer in good standing with a valid tax clearance certificate at assessment as well as before the loan is disbursed. • Be a current and registered supplier with retailers and other institutions in good standing or have a purchase order/contract/letter of intent. • Be requiring working capital or funds to purchase 	<p>Funds will be availed to black empowered businesses that can provide confirmation of valid and verifiable orders.</p> <p>The funds can be utilised for the following:</p> <ul style="list-style-type: none"> • Working Capital Requirements, and/or • Acquisition of Equipment. <p>The minimum loan amount will be R500,000 and the maximum is R10,000,000. And it will be structured as follows:</p> <ul style="list-style-type: none"> • 60 months repayment term, • 12 months payment holiday (with 0% interest during this time), • Repayment over the remaining period at a fixed interest rate of 2.5%. 	<ul style="list-style-type: none"> • Medical Gloves and Accredited Masks • Diagnostics and Accredited test kits • Bulk supplies of disinfectants, sanitizers (hand and industrial) and wipes • Nebulisers and nebulising agents • Ventilators and filters • Disposable visors, goggles, gowns and aprons • Packaging (bottles, caps, pumps, sachets etc) • Drugs proven to combat the coronavirus • Digital Body Thermometer • Powered Air purifying respirator (PAPR) • Sanitary pads, toilet and tissues paper • Manufacturing of hospital beds • Manufacturing of oxygen • Related chemicals

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	<p>machinery and equipment.</p> <ul style="list-style-type: none">• The fund WILL NOT service any debt or help settle monies owed.• Have greater than fifty percent (>50%) Black shareholding and management control. Must be directly involved in the day-to-day running of the operation and must have requisite expertise in the sector. (owned by black South Africans as defined by the Broad-Based Black Economic Empowerment (B-BBEE) Act)• Have a project with a minimum requirement of R500 000 in working capital, machinery and equipment, and		
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	<ul style="list-style-type: none"> Must result in retaining or increasing direct employment/creating jobs. 		
Stakeholder	Funding Criteria	Funding structure	Specific Interventions
DOL TEMPORARY EMPLOYER/EMPLOYEE RELIEF SCHEME (TERS)	<p>The Unemployment Insurance Fund (UIF) may fund distressed companies directly in relation to the TERS Allowance.</p> <ul style="list-style-type: none"> The distressed company will only be funded if it meets the key requirements of the UIF being: Distressed company is able to demonstrate that it has been compliant with the relevant UIF legislation; If not compliant, the distressed company undertakes to pay outstanding contributions and bring its declarations up to date within a stipulated timeframe; 	<ul style="list-style-type: none"> If the applications are for wage subsidy, a wage subsidy ruling will be directed to the UIF for processing; Where a company requires over and above wage subsidy and training intervention, the Commission for Conciliation, Mediation and Arbitration (CCMA) will issue ruling directed at the relevant Sector Education and Training Authority (SETA); and Where a company requires turn around solution intervention, the CCMA will issue ruling to Productivity SA. 	<p>Invoice supported by the following:</p> <ul style="list-style-type: none"> Proof of employment and list of employees Salaries of Directors Dedicated bank account Registration with Central Supplier Database (CSD) Power of Attorney Turn Around Strategy implementation plan Report of progress on the implementation plan.

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	<ul style="list-style-type: none"> The distressed company is able to demonstrate that it will/or has embarked upon a turnaround or sustainability programme which will result in job preservation at the expiry of the funding agreement; and The distressed company will be able to meet its obligations in relation to the UIF legislation. 		
Stakeholder	Funding Criteria	Funding structure	Specific Interventions
<p>Department of Small Business Development, Seda and Sefa</p> <p>1. Business Growth Facility</p>	<p>Businesses geared to take advantage of supply opportunities resulting from the Coronavirus pandemic or shortage of goods in the local market;</p> <p>b. Company/business must be 100% owned by South African Citizens;</p> <p>c. Company must be 51% blackowned;</p> <p>d. Employees must be 70% SouthAfricans;</p> <p>e. Priority will be given to businesses owned by</p>	<p>The facility will offer working capital (only direct costs),stock, bridging finance , purchase order finance and capital equipment finance;</p> <p>b. The type of facility as well as the amount required will be based on the funding needs of the business;</p> <p>c.term of the funding will be determined by the business cashflow and debt sculpting techniques will be utilized;</p> <p>d.Loan facilities will be provided at an interest rate of Primeless 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;</p> <p>e. Business Development Services from Seda, like Products testing, Certification, etc.</p>	<p>Production/supply of healthcare and related products that will be utilized to combat the spread of COVID-19pandemic.</p> <p>b. Local production/manufacturing/supply of various products that will be required by the country emanating from a shortage due to COVID-19 pandemic.</p>

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	<p>Women, Youth and People with Disabilities; f. Be registered and compliant with SARS; g. Be UIF compliant; h. Registration on the National SMME Database– www.smmesa.gov.za</p>		
2. SMME Relief Finance	<p>Soft loan funding that will keep the existing businesses afloat during the COVID 19 pandemic for 6 months from April 2020</p>	<p>a. Businesses which are negatively affected due to the Coronavirus pandemic b. Company must be 100 owned by South African Citizens c. Company must be 51 black owned d. Employees must be 70 South Africans e. Priority will be given to businesses owned by Women, Youth and People with Disabilities f. Be registered and compliant with SARS g. Be UIF compliant h. Registration on the National SMME Database www.smmesa.gov.za</p>	<p>a. The facility will offer working capital only strictly direct costs which should be auditable b. Maximum R 500 k per SMME will be considered depending on requirements c. The term of the funding will be determined by the business cash flow d. Loan facilities will be at 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</p>
2. Restructuring of funded SMMEs		<p>An analysis of SEFA funded SMMEs will be conducted to assess which clients require restructuring of the loan accounts</p> <ul style="list-style-type: none"> • This could take the form of extended loan term, interest review and additional funding where required 	<p>a. 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</p>

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		<ul style="list-style-type: none"> • 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 COVID 19 pandemic • Normal sefa delegation of authority will apply to the approval of debt restructures 	<p>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)</p> <p>b. Deferrals 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</p> <p>c. Funded SMMEs must submit proof of the negative impact of COVID 19</p> <p>d. This will be implemented using the sefa Post Investment team and signed off by the Executive Post Investment</p>
<p>Tourism Relief Funding</p>	<p>The fund will be administered to benefit SMMEs in all the 9 provinces and various tourism sub-sectors. Necessarily and rightly there will be a degree of bias towards rural areas, townships, women, young people and people with disabilities.</p>	<ul style="list-style-type: none"> • Must be a formally registered business with Companies and Intellectual Property Commission (CIPC). • Turnover must not exceed R2.5 million per year. • Must have a valid tax clearance certificate. • Guaranteed employment for a minimum number of staff for a period of 3 months. • Proof of minimum wage compliance. • Must provide proof of UIF registration for employees employed by the business. • Be an existing tourism-specific establishment as outline in the scope of application (suppliers and intermediaries are not eligible). • Must be in existence for at least one business financial year. • Prove that the relief is required as a result of the impact of COVID-19. 	<ul style="list-style-type: none"> • Accommodation: Hotels; Resort properties and Bed and Breakfast (B&B's) • Hospitality and Related Services: Restaurants (not attached to hotels); Conference (not attached to hotels), Professional catering; Attractions • Travel and Related Services: Tour operators; Travel agents; Tourist guides; Car rental companies; and Coach Operators.