



SEKHUKHUNE

District Municipality

**LOCAL ECONOMIC DEVELOPMENT (LED)
2021/2022 FUNDING POLICY**

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1. Background

The funding criteria strive to accelerate economic growth in the district in a manner that benefits the poor. It provides strategic focus and direction for the deployment of limited resources. When implemented effectively, the selected initiatives are likely to stimulate pro-poor growth, whilst simultaneously strengthening local competitive advantage and paving the way for sustainable economic growth.

It aims in supporting the creation of an enabling environment for business development, retention and expansion of existing businesses and increasing the production capacity of the local producers.

The LED funding Policy has been developed and reviewed on the basis of the National Development Plan which stipulates that the creation of an inclusive and integrated rural economy be stimulated. The Broad-Based Black Economic Empowerment, 2003 (Act No 53 Of 2003) encourages the promotion of economic transformation in order to enable meaningful participation of Black people in the economy. This is in line with the National Small Business Strategy which requires that the advancement of small businesses be prioritized and supported.

2. Objectives and Priorities of The Grant Funding Program

2.1. The following are primary objectives of the support:

- To create a conducive environment for sustainable growth and development of SMMEs and Cooperatives.
- To provide support to emerging SMMEs and Cooperatives to increase their output and markets at competitive prices
- Improve the business environment related to Local Economic Development

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2.2. The core priorities of the LED Support and the kind of businesses to be supported:

- a) Production Infrastructure development, production equipment and inputs
- b) Existing and active projects with the economic viability and large scale social impact
- c) Creative/innovative business ideas
- d) Sustainable poverty eradication projects with economic viability
- e) Strengthen the capacity of support provided by government agencies to the SMMEs and Cooperatives.
- f) Projects which create sustainable jobs, particularly based in the poorer communities in the district.
- g) Projects that involve the participation of women, youth and disabled persons.
- h) Projects which have legal ownership of land/property (i.e. title deed or permission To Occupy) from the relevant authorities.
- i) Projects with a proven management structure
- j) The selected project should be geographically spread around district

3. Funding Options to be Administered by Sekhukhune District Municipality (SDM) and Conditions of Funding

3.1. SDM Direct Grant Funding

Grants awards under this programme will fall between the following minimum and maximum amount in one financial year:

- Minimum amount: **R50 000.00**
- Maximum amount: **R 200 000.00**

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3.2. Funding Partnership with Local Municipalities

SDM will annually analyse the impact which available funding will make based on the available budget during the financial year given the budget limitations. In the case that the impact on the development of potential beneficiary SMMEs or Cooperatives is low, the Municipality will partner with Local Municipalities. The partnership will be in a form of co-funding to maximise the impact of the grant funding.

SDM will follow the evaluation and selection criteria of each individual Local Municipality. The two Municipalities will share goods and services required by the applicant as provided for in the business plan/proposal. The two Municipalities will follow internal SDM procurement policy procedure/processes to procure goods and services applied for.

3.3. SDM Conditions for funding

- These guidelines set out the rules for the submission, selection and implementation of actions/activities financed under this program. After the selection process is completed by the LED Projects Selection Committee (PSC), internal SDM procurement policy procedure/processes will be followed.
- The grant may only be used for the acquisition of production infrastructure, production equipment, input cost and will exclude salaries, insurance, petty cash (the discretion of the PSC will be used at all times).
- Funding will not be made to beneficiaries in the form of cash but goods and services will be procured on behalf of the beneficiaries.

4. Eligibility Criteria

There are three sets of eligibility criteria, relating to

- Eligibility of beneficiaries
- Application procedure

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- Evaluation and Selection

4.1. Eligibility of beneficiaries

The following are types of legal entities and/or organisations eligible for funding:

- Primary Cooperatives
- Secondary Cooperatives
- Tertiary Cooperatives
- Closed Corporations
- Pty (Ltd)
- CBO's

In order to be eligible, more than 50% of beneficiaries needs to:

- Be legally registered with CIPC in South Africa;
- Based in Sekhukhune District Municipality
- Have a bank account
- Registered with SARS

In each case the beneficiaries must:

- Be directly responsible for the preparation and management of project/s and not act as an intermediary.
- Be able to demonstrate commitment to managing the projects

4.2. Application procedure

- The applicant must submit a letter of request for support which must be accompanied by the following documents, Application form, Business Plan, Registration Certificate, proof of land or property ownership and SARS documentation (e.g. Tax Clearance)

- Advertisement for submission of business plans/ proposals for funding and the closing date will be clearly stated in the newspapers advert or notice boards at Local Municipalities offices.
- The outcome of the selection process will be communicated to all selected applicants only and if applicants do not receive communications 1 month after the closing date they should consider their application unsuccessful.
- Upon receiving the applications, the project viability assessment will be done by the officials at selected applicants only.

4.3. Evaluation and Selection

Applications will be examined and evaluated by the LED PSC comprised of SDM Officials, Local Municipality officials as well as officials from other partners/stakeholders involved in local economic development within the district. The evaluation and selection of projects will be based on the terms and conditions of this Policy. A grant contract will be entered into between SDM and beneficiaries upon approval of funding. Constant monitoring and evaluation of funded projects will be done periodically by the district with the assistance of Local Municipalities officials involved in local economic development.

5. The Following are Annexures to Accompany Applications for Funding:

- Application form
- Proof of registration
- Business plan
- Constitution (where applicable)
- SARS Documents
- Proof of residence
- Proof of land ownership or right of use
- Previous Annual Financial Statements

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6. Glossary

- LED Projects – means projects that are either owned by individuals or groups that are aimed at bringing economic benefits and improved quality of life for all residents in a particular geographic area
- Social impact – means how the project affects society and the surrounding environment
- Economic viability – means projects that should be able to cover operating costs and generate enough income to be able to sustain itself.

7. Approval

Approved by council on 27 January 2022 Council Resolution Number:
OC 11/01/22



SPEAKER
Cllr. KGWEDIEBOTSE CHEGO

DATE: 27/01/2022



EXECUTIVE MAYOR
Cllr. JULIA LATA MATHEBE

DATE: 08/04/2022



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District Municipality

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CERTIFIED COUNCIL RESOLUTION

The Council at its Ordinary Council Meeting held on the 27th January 2022 under:

OC 11/01/22 DRAFT REVIEWED LOCAL ECONOMIC DEVELOPMENT
 FUNDING POLICY

RESOLVED AS FOLLOWS:

1. Council approved the draft reviewed LED Funding Policy.
2. That the workshop for Councillors be organised.

CERTIFIED AS TRUE RESOLUTION
COUNCIL SECRETARY
TSOANE A

01/02/22
DATE