

BUSINESS DEVELOPMENT PROGRAMME

1. Overview

The Business development programme is a cost-sharing grant offered to black-owned small enterprises, to assist them in improving their competitiveness and sustainability, in order to become integrated into the main economy. It provides grants to a maximum of R800 000 for tools, machinery and equipment, and R200 000 for business development and training interventions per eligible enterprise, to improve the business's corporate governance, management, marketing, productivity and use of modern technology. But if a business requires the full R1, 000 000 grant for either machinery/tools or for business development it can be motivated for.

1. The focus of the programme is on formal black enterprises that are registered for value-added tax (VAT) and have the potential or capacity to supply goods and services to public and private sector corporations, as well as local, provincial and national government departments, on a sustainable basis.
2. The programme outcomes are to improve the sustainability of black-owned enterprises and thereby increase employment.

2. Eligible Enterprises

To qualify for funding under the Business Development Programme the enterprise must:

1. Be predominantly black-owned (50+1%);
2. Have a predominantly black management team (50%);
3. Have R250 000 to R35 million turn-over per year;
4. Be registered with the South African Revenue Service (SARS) for VAT, and be able to provide a valid tax clearance certificate and VAT registration number; and
5. Be operating and trading for at least one (1) financial year – at the sole discretion of the funder, an enterprise that has been operational/registered for less than a year may be considered for this incentive, provided that the enterprise can provide sufficient evidence to service a tender/contract.

3. Eligible Interventions

Qualifying Interventions:

1. Interventions that qualify are those aimed at upgrading the capability the enterprise's management, through generic management training programmes. Examples of such training programmes are:
 - **Business management** (including planning, organising, finance, industrial relations, Human Resource (HR), business writing, business Information Technology (IT));
 - **Corporate governance** (including roles/responsibilities of directors, line functions, conducting meetings, business ethics, compliance);
 - **Sales management** (including customer service, customer support);
 - **Negotiating skills and techniques;**



Quality Management

We are certified

Voluntary participation in regular monitoring according to ISO 9001:2008

👑 Your Real Oriented Improvements Partner 👑

- **Tendering and contracting;**
- **Mentorship and coaching;** and
- **HIV and AIDS risk mitigation** (including policies, programmes, awareness, prevention, treatment).

2. Interventions that qualify are those aimed at improving the effectiveness of the management systems of an enterprise; assisting enterprises with entry into targeted or new markets; increasing competitiveness of enterprises or any other similar business development intervention, including:

- *Company diagnostics;*
- *Business strategy;*
- *Marketing strategy* (including information, planning, improvements, branding);
- *Organisation and management improvements* (e.g. structures, functions);
- *Management information systems* (including production, sales, accounting software);
- *Quality assurance* (e.g. International Organisation for Standardisation (ISO), certification, accreditation, grading costs);
- *Patenting and intellectual property rights;*
- *Production and productivity improvements;*
- *Product improvements;*
- *BEE rating and certification;* and
- *Expansion modernisation strategy and planning.*

3. Interventions that qualify are those that wish to acquire tools, machinery and equipment.

Enterprises may apply for support in acquiring equipment under one (1) of the following options:

- *Introduce a clean production process;*
- *Secure a contract or tender for which the equipment is essential;*
- *Attain a grading* (e.g. star-grading from the Tourism Board of South Africa; BEE verification certificate) to qualify the enterprise for new or larger tasks;
- *Information Technology* (provide security of information or back-up where this is integral to the operations of the enterprise); and
- *Enhance growth or efficiency through the use of business IT.*

4. Eligible Expenditure

1. As regards Enterprise Support Services (ESS) interventions, the Business Development Programme will offer a cost-sharing grant of 80% of the approved costs of qualifying interventions, and approved enterprises will contribute 20% of the necessary costs (for business development services and training). The maximum grant will be R200 000, subject to the exclusions and limitations set out under clause 6.
2. With regard to tools, machinery and equipment, the Business Development Programme will offer a costsharing grant of 50% from the grant of the approved costs of qualifying equipment, and approved enterprises will contribute 50% of the necessary costs. The maximum grant will be R800 000 subject to the exclusions and limitations set out under clause 5.



Quality Management

We are certified

Voluntary participation in regular monitoring according to ISO 9001:2008

👑 Your Real Oriented Improvements Partner 👑

5. Exclusions and Limitations

The following are not eligible for funding:

1. Office equipment, furniture and computer hardware costs, except for Business Process Outsourcing and Off shoring (BPO&O) applications;
2. Land and buildings;
3. Vehicles;
4. Working capital;
5. Training programmes that exceed five (5) weeks or one-hundred and sixty (160) notional hours;
6. Long-term formal training (e.g. a Master of Business Administration), including training at accredited institutions such as universities;
6. Interventions that are already funded by another government scheme or parastatal;
7. Any other costs that the Adjudication Committee, in its sole discretion, deems as non-qualifying; and
8. Design and printing of company stationery and business cards.

Conditions regarding the calculation and payment of qualifying expenditure are that the following limitation rules will apply:

1. **The funders** contribution towards printing of any materials and marketing is limited to R5 000.
2. **The funders** contribution towards skills training is limited to a maximum of R15 000 per individual and overall to a maximum of R30 000 per group.
3. Applications for training interventions must be submitted together with an application for a business development intervention, and should be related to the business development intervention for which the business is applying.
4. Each enterprise, or group of enterprises, which owns a common shareholder/s, or owner/s, may qualify for up to five (5) interventions (combined under the three (3) categories, over a three-(3)-year period), provided that:
5. It is the first time that an enterprise is submitting an application, or until a previously approved intervention has been completed and evaluated prior to payment;
6. The maximum incentive limit has not yet been reached, a maximum of two (2) training interventions may be applied for in any one (1) year;
7. The maximum incentive limit has not yet been reached, a maximum of two (2) interventions may be applied for per enterprise for business development interventions, over a period of three (3) years;
8. The maximum incentive limit has not yet been reached, a maximum of two (2) interventions may be applied for per enterprise for tools, machinery and equipment, over a period of three (3) years;
9. Where enterprises have a common shareholder(s) or owner or family member of the owner/shareholder, such enterprises will be regarded as one enterprise and any application for an intervention by one, will count towards the maximum number of interventions allowed for the other, and vice versa, so that together these enterprises only qualify for a maximum of five (5) interventions, as set out above.
10. **The funders** contribution towards any single ESS intervention shall not exceed 10% of the applicant enterprise's turnover, or R200 000, whichever is the lower amount.



Quality Management

We are certified

Voluntary participation in regular monitoring according to ISO 9001:2008

👑 **Your Real Oriented Improvements Partner** 👑

11. The Business Development Programme grant approval is subject to the availability of funds.

6. Application Procedure

Documents required for the submission of applications:

1. Proof of ownership of the enterprise;
2. Certificate of registration;
3. List of managers, directors, shareholders and employees, together with identity document (ID) numbers of all persons in each category;
4. ID numbers and certified copies of ID books of staff to be trained;
5. Signed financial statements (i.e. income statements and balance sheets) for the latest financial year (not older than twelve (12) months) or management accounts of the enterprise, where the enterprise has been operational for less than twelve (12) months, provided that the audited statements are submitted within four (4) months after the end of the enterprise's first financial year. These statements are required to validate the applicant's capacity to finance the proposed intervention;
6. Three (3-6) months' bank statements of the enterprise;
7. A completed application form;
8. A completed and signed **letter of consent**, to which must be attached a certified copy of the applicant's ID;
9. Sound company report (to be conducted pro bono by officials of **the Business Development Programme** or network facilitators);
10. Company diagnostic report;
11. A valid tax clearance certificate and VAT registration number obtainable from the South African Revenue Service (SARS), indicating an applicant's good standing in respect of its tax obligations;
12. Certificate of satisfaction signed from the enterprise and service provider;
13. **With regard to tools, equipment and machinery:**
 - a. Due diligence conducted by a financial institution and/or developmental finance; and
 - b. Approval letter stating the requirements for final approval by the financial institution and/or developmental finance;



Quality Management

We are certified

Voluntary participation in regular monitoring according to ISO 9001:2008

👑 Your Real Oriented Improvements Partner 👑