

FUNDING MECHANISMS

(Correct as at 3 April 2020)

BUSINESS GROWTH AND RESILIENCE FACILITY

- The Industrial Development Corporation has put a package together with the Department of Trade, Industry and Competition of more than R3 billion for industrial funding to address the situation of vulnerable firms and to fast-track financing for companies critical to efforts to fight the virus and its economic impact.
- The funding, in the form of a soft loan, is aimed at Small Medium and Micro Enterprises (SMMEs) and the immediate priority is to focus on sectors critical to limiting the spread and immediate impact of the virus, particularly those small businesses which manufacture locally or supply items which are in demand due to the pandemic.
- The Business Growth and Resilience Facility will offer working capital and stock, bridging, order and equipment finance.

Qualifying Criteria:

- The business must have been registered with the Companies and Intellectual Property Commission ("CIPC") by at least 28 February 2020
- Company must be 100% owned by South African Citizens
- 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 and UIF
- For non-compliant Micro businesses, SEDA will assist them to comply and request for assistance must be sent to: growthfund@seda.org.za, whereas small and medium enterprises must ensure own compliance
- Registration on the National SMME Database
- CIPC Registration Documents;
- FICA documents (e.g. Municipal accounts, letter from traditional authority)
- Copies of Identity Documents of Directors/members
- 3 months Bank Statements
- Latest Annual Financial Statements or Management Accounts not older than three months from date of application
- Business Profile
- 6 months Cash Flow Projections – where applicable
- Relevant Industry Certification – where applicable
- Estimations for funding requested

Application Process:

- Register on the National SMME Database at <https://smmesa.gov.za/>
- Complete the simplified online application form and upload the Required Supporting Documents

SMME DEBT RELIEF FINANCE FACILITY

- The SMME Debt Relief Fund is aimed at providing relief on existing debts and repayments, and to assist SMMEs during the period of the COVID-19 State of Disaster. For SMMEs to be eligible for assistance under the SMME Debt Relief Fund, the applicant must demonstrate that its business operations are affected, directly or indirectly due to the COVID-19 pandemic.
- The SMME Debt Relief Fund will also assist entities to acquire raw material, pay labour and other operational costs. All these interventions will be structured to match the patterns of the SMMEs cash flows, as well as the extent of the impact suffered.
- Applications were opened on 2 April 2020, and financial assistance will be available for a six month period.

Qualifying Criteria:

- The same criteria as required in terms of the Business Growth and Resilience Facility are applicable except that the Relevant Industry Certification is not required.
- SEDA will assist micro-enterprises to comply with the qualifying criteria and any requests for assistance must be emailed to debtrelief@seda.org.za. Small and medium enterprises must ensure their own compliance.
- Additionally:
 - Proof that the business is negatively affected by COVID-19 pandemic
 - Copy of Lease Agreement or Proof ownership if applying for rental relief
 - If applying for payroll relief, details of employees – as registered with UIF and including banking details – will be required as payroll payments will be made directly to employees
 - SMME employers who are not compliant with UIF must register before applying for relief
 - Facility Statements of Other Funders
 - Detail breakdown on application of funds including salaries, rent etc.

Application Process

- Register on the National SMME Database at <https://smmesa.gov.za/>
- Complete the simplified online application form and upload the Required Supporting Documents

SPAZA SHOPS SUPPORT SCHEME

- The Spaza Shops Support Scheme is in the process of being finalised and envisages support in the form of bulk buying arrangements, access to seed capital and business management training. In addition, Spaza shops will receive access to basic business tools, including speed points, and receive business support, including book-keeping assistance.

Qualifying Criteria:

- Must register with SARS, the UIF and CIPC
- Must be owner-managed and must have a bank account
- Must be willing to buy products produced by South African small businesses as part of the bulk-buying schemes

- Must be willing to submit monthly management accounts for at least 12 months
- Must comply with sanitation requirements, including the disinfecting of shop counters
- Must hold a permit to trade from the local municipality

SOUTH AFRICA FUTURE TRUST (OPPENHEIMER FAMILY)

- Nicky and Jonathan Oppenheimer have pledged R1 billion to support small, medium and micro enterprises. The South African Future Trust (SAFT) will transfer funds directly to employees of participating SMMEs via interest-free loans where employees themselves carry no liability.
- The aim of SAFT is to enable SMMEs to significantly reduce their cash outgoings and continue operations during this time of crisis, while retaining their employees and affording these companies much-needed breathing room to make long-term decisions. The principal loan is repayable over a period of 5 years.
- Beyond the immediate COVID-19 crisis, SAFT intends to have an ongoing role in accelerating economic growth and to support initiatives with a focus on employment creation, until all its funds are ultimately disbursed.

Qualifying Criteria:

- Annual turnover below R25 million
- Trading for at least 24 months
- Sustainable business on 29 February 2020
- Business adversely impacted by COVID-19
- Required Documentation:
 - Company Registration Number, Master's Reference Number or Identification Number and business address, as the case may be
 - Valid PAYE Number registered with SARS (if applicable)
 - Valid Income Tax Number registered with SARS
 - Confirmation of permanent employment status of employee(s)

Application Process:

- Eligible SMME employers are required to apply for the scheme via their preferred partner bank (Standard Bank, FNB, ABSA or Nedbank) and provide a list of names of employees "at risk" due to COVID-19 together with supporting documentation.
- The SMME must be an existing client of the partner bank in order to apply. Funds will be received disbursed directly from the partner bank on behalf of SAFT.

SUKUMA RELIEF PROGRAMME (RUPERT FAMILY/BUSINESS PARTNERS)

- The Sukuma Relief Programme offers financial aid to formal sole proprietors and close corporations, companies, and trusts which is funded through an initial donation of R1 billion and the funds will be managed by Business Partners for free.
- For close corporations, companies, and trusts, the Sukuma Relief Programme offers financial aid in the form of an unsecured interest-bearing loan of between R250 000.00 and R1 million

coupled with a non-repayable grant of R25 000.00 per qualifying business. The loan portion will be interest free for 12 months with no repayment obligations during this period. The loan is repayable after 12 months, and incurs interest at the prime rate from month 13, once the business has recovered. There is no security requirement for the loan.

- For formal sole proprietors, the Sukuma Relief Programme offers a grant of R25 000.00 per qualifying business to be used to pay for overheads.

Qualifying Criteria:

- Be formally registered
- Provide evidence of financial activity prior to the COVID-19 outbreak
- Be both tax and regulatory compliant
- Provide the requested documentation and information as set out on the relevant application page
- The application process is only available online. To apply, businesses need to prepare all the required documents and apply online via https://smefundapp.businesspartners.co.za/SP/?_ga=2.260326922.602742003.1585934548-968308006.1585934548 or <https://finance.businesspartners.co.za/financial-aid-for-formal-small-and-medium-enterprises/>

TOURISM RELIEF TRUST

- The Department of Tourism has made funds available to assist SMMEs in the tourism industry and various tourism sub-sectors impacted by the new travel restrictions. The following categories will apply:
 - 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
 - Preference will be given to black-owned businesses, rural areas, women, young people and people with disabilities

Qualifying Criteria:

- Must be a formally registered business with 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

- Must submit statements of financial position; over 12 months' bank statement, balance sheet, income statements, and cash flow statements
- Indicate the intended use of the resources

Application Process:

- Measures are being put in place to administer the fund and the Tourism Services Call Centre is in the process of being set up
- Queries may be directed to callcentre@tourism.gov.za

TEMPORARY EMPLOYEE RELIEF SCHEME (TERS)

- Employees will receive wage payments through the TERS, which will enable employers to pay employees directly through this period and avoid retrenchment. In terms of the TERS process, the Unemployment Insurance Fund may fund distressed employers directly in relation to the TERS Allowance.
- The distressed employer will only be funded if it meets the key requirements.
- More detailed information regarding TERS is available on the RSM COVID-19 Resource Centre (<https://www.rsm.global/southafrica/rsms-covid-19-resource-centre>)

SOLIDARITY FUND

- The Solidarity Fund has been set up to assist individuals and organisations through monetary and non-monetary donations.
- The President of South Africa has appointed Ms Gloria Serobe as the Chairperson of the Fund.
- The Board of the Solidarity Fund is yet to determine the eligibility criteria for beneficiaries or the application process.
- For more information please visit www.solidarityfund.co.za or send an email to info@solidarityfund.co.za.

PAYMENT HOLIDAYS AND OTHER RELIEF

STANDARD BANK

- From 1 April 2020, Standard Bank will provide:
 - A Coronavirus Payment Interruption Scheme on business loans for small businesses with a turnover of less than R20 million per year.
 - A 3 month instalment relief for all personal loans for small business owners of businesses with a turnover of less than R20 million per year.
 - Standard Bank clients can visit its website for more information at www.standardbank.co.za/southafrica/business/covid-19.

ABSA

- From the 1 April 2020, ABSA's corporate and business clients will be offered solutions based on their unique requirements and operations including:

- Relief for consumer, business banking and wealth customers.
- Bespoke solutions for corporate and business banking clients.
- Additional administration fees waived
- For retail clients, the ABSA relief programme incorporates a three-month payment holiday and allows customers to reduce their monthly repayments.
- ABSA clients can visit its website for more information at www.absa.co.za/media-centre/press-statements/2020/covid-19-payment-relief-programme.

FNB

- From 1 April to 30 June 2020, intends to provide the following relief to its individual and business customers whose financial stability has been impacted by COVID-19 pandemic including:
 - Instalment cash flow relief, during which part or no instalments/repayments will be due for a specific period
 - A preferential interest rate will apply to the COVID-19 relief interventions given
 - No fees will be charged for any relief granted
 - Assistance with processing credit insurance claims, where possible
 - Waiver of Speed point device rentals and waiver of minimum fee charges for some merchants who are in good standing but operate in distressed industries
 - Working with industry partners to ensure that customers can use any bank's ATMs without paying additional fees over and above the fees charged by their bank
- FNB clients can visit its website for more information at www.fnb.co.za/press-office/index.html.

NEDBANK

- Nedbank is offering clients "*individual solutions to cashflow challenges*" due to COVID-19. In this regard, Nedbank have undertaken to consider assisting any of their loan agreement customers impacted by the COVID-19 pandemic, this support may take the form of:
 - Deferring repayments (or part thereof) for a suitable period
 - Extending existing loan repayment periods (the term)
 - Extending further loans to manage short-term cash flow shortfalls
- The minimum repayment on all Nedbank credit card products has also been automatically reduced to 2.5% of the current balance for the next 3 months.
- Nedbank clients are encouraged to contact Nedbank on 086 055 5111 if they need to restructure their debt or change their payment arrangements as a consequence of COVID-19.

SMALL ENTERPRISE FINANCE AGENCY (SEFA)

- SEFA funded SMMEs will be able to take advantage of a payment holiday, removing loan obligations for 6 months. The deferment of the loans will not be capitalised, meaning that no interest will be payable for the 6 month period.