



environmental affairs

Department:
Environmental Affairs
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF ENVIRONMENTAL AFFAIRS (DEA) AS AN ORGAN OF STATE SUBSCRIBES TO AND PROPAGATES THE OBJECTS OF THE BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT, 2003 (Act No. 53 of 2003) (BBBEE), THE INDUSTRIAL POLICY ACTION PLAN, 2014 (IPAP), THE BLACK INDUSTRIALISTS POLICY, 2015, THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 (Act No. 5 of 2000) AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011, AND THE DIVISION OF REVENUE ACT, 2015 AND THE PUBLIC FINANCE MANAGEMENT ACT (Act No. 1 of 1999) (PFMA) AND THE TREASURY REGULATIONS of 2001

TERMS OF REFERENCE

TERMS OF REFERENCE FOR THE SELECTION OF BENEFICIARIES FOR SUPPORT IN THE

RECYCLING ENTERPRISE SUPPORT PROGRAMME

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1. PURPOSE

- 1.1. To identify, select and support emerging waste management and recycling companies from historically disadvantaged communities as beneficiaries of the Recycling Enterprise Support Programme (RESP)

2. INTRODUCTION AND BACKGROUND

- 2.1. Amongst the numerous environmental challenges currently facing the country, the Department of Environmental Affairs (DEA) has long prioritised waste management as a focus area that deserves attention.
- 2.2. The waste recycling and recovery sector has been identified as an under explored area demonstrating significant potential to contribute substantially to the generation of jobs within the green economy.
- 2.3. It is in this light that DEA is increasingly expanding its programmes relating to job creation as well as enterprise development programmes within the waste sector.
- 2.4. The RESP is an initiative launched by Honourable Minister of Environmental Affairs B E E Molewa together with the Members of the Executive Committee (MECs) for Environment in the nine (9) provinces.
- 2.5. The aim of the programme is to implement the resolution taken on 22 August 2015, wherein Ministers and Members of Executive Council Meeting (MinMec) resolved to support recycling companies across the country owned by historically disadvantaged individuals.
- 2.6. The legislative framework that provides context to the rationale for this programme is as follows:
 - National Environmental Waste Management: Waste Act, 2008 (Act no. 59 of 2008) as amended;
 - National Waste Management Strategy, approved by Cabinet November, 2011;
 - National Pricing Strategy for Waste Management, 2016;
 - Industrial Policy Action Plan (IPAP), 2014;
 - Green Economy Accord (November 2011);
 - Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - Black Industrialists Policy, 2015;

- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- Preferential Procurement Regulations, 2011;
- Division of Revenue Act, 2015 (Act No. 2 of 2015);
- Public Finance Management Act, ACT (Act No. 1 of 1999); and
- Treasury Regulations of 2001.

2.7. Through the implementation of the RESP, emerging entrepreneurs in the waste economy are to be identified and adequately supported such that they are able to significantly contribute to the diversion of waste to landfill while creating jobs and economic prosperity.

2.8. The RESP will therefore, over the next few years offer the necessary support required to enable the formation and growth of new entrants in the recycling economy that represent historically disadvantaged communities.

3. PROGRAMME OBJECTIVES

3.1. The RESP, as a strategic intervention driven by government and supported by key stakeholders, including the private sector, aims to make a significant impact on job creation and economic transformation.

3.2. The RESP is primarily targeted at emerging enterprises that have developed business plans which demonstrate a high potential to make a significant impact within the waste economy both in terms of waste diversion from landfill as well as job creation and economic development.

3.3. The implementation of the RESP aims to address the following strategic objectives:

- A substantial increase in recycling rates and waste diverted from landfills;
- To drive entrepreneurship and job creation by ensuring the economic benefits emanating from waste are fully explored;
- The enablement of significant participation of black business in waste beneficiation and the secondary resources economy; and
- Identifying recycling and beneficiation opportunities for waste streams

4. EXPECTED DELIVERABLES/OUTCOMES OF THE PROGRAMME

4.1. The success of this programme will be determined by the following factors amongst others:

- The demonstration of tangible decline of recyclable waste taken to landfill sites;
- Introduction into the market of new, sizeable black-owned recycling companies;
- Significant number of jobs created or sustained in the waste economy;

- An increased prominence of black enterprises operating in the waste sector; and
- Long term sustainability of the programme.

5. PROGRAMME DESCRIPTION

- 5.1. The RESP seeks to provide support, including conditional grant funding to emerging enterprises in the waste recycling economy that represent historically disadvantaged communities with the intent of giving rise to large black industries in the waste sector.
- 5.2. The RESP further aims to promote projects that endeavour to enhance the recycling value chain covering source separation, collection, transportation, processing, commercialisation, marketing and sales of products made from recyclables.
- 5.3. The proposed projects must demonstrate the sustainability of the operation without further funding support after the project period, set at 2 (two) years maximum and reporting for a period not less than 5 (five) years.
- 5.4. The programme's funding will be made available on a once-off conditional grant basis between DEA and the successful applicants.
- 5.5. The programme offers a conditional grant towards the total qualifying costs, based on a set of qualifying criteria (see section 6 below).
- 5.6. The grant support is available for machinery and equipment, infrastructure, commercial vehicles, overheads (including salaries) and business development services necessary to grow the enterprise to ensure that within a period of 2 (two) years, the enterprise will have developed to be self-sustainable by providing recycling products and/or services relevant to the sector.
- 5.7. The RESP's grant support will be administered for a period of two (2) years per funding window.
- 5.8. Approval of applications to the RESP will be subject to the availability of funds.

6. ELIGIBILITY CRITERIA

6.1. Each proposal will be assessed based on the two stage criteria which is as follows:

6.2. Stage 1: The applicant must comply 100% with the content or items listed in the tabled below in order to be considered for Stage 2.

STAGE 1: ELIGIBILITY			
No.	Item	Comply	Proof Attached (Y/N)
1.	Applicant is a South African registered legal entity in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended), evidenced by valid CIPC documents.		
2.	Applicant holds a fixed physical address and domicile; evidenced by a lease agreement of municipal statement		
3.	Applicant is a registered taxpayer in good standing and must provide a valid tax clearance certificate to prove status.		
4.	Applicant is a holder of a South African business bank account, evidenced by a bank stamped letter.		
5.	Applicant is involved in waste collection, recycling, beneficiation, energy recovery related sectors of the economy, demonstrated by a company profile.		
6.	Applicant primarily operates in South Africa. evidenced by a lease agreement of municipal statement		
7.	Applicant's ownership structure is at least fifty-one percent (51%) owned by Black South African citizen(s), with Black owners exercising dominant ownership and management control over the business (which should be substantiated by BBBEE and share certificate).		

7. EVALUATION CRITERIA

7.1. The viability and cost-efficiency of the proposed projects will be assessed with reference to prevailing socio-economic and market conditions, contribution to increasing the demand, quantity and quality of recyclables recovered from the waste stream.

7.2. Stage 2: Evaluation Criteria

The application will be assessed in terms of the following values:

Values: 0 = Non-compliance, 1 = Poor; 2 = Fair; 3 = Average; 4 = Good; 5 = Excellent

Stage 2 Evaluation Criteria: The applicant must score a minimum of 65% during Stage 2 to be shortlisted for consideration.

STAGE 2: EVALUATION CRITERIA				
No.	Category	Weight/Value	Score	Total (Weight X Value awarded)
	Application/ proposal	100		
1.	Suitability of the project determined by:	40		
1.1	Letter of intent signed by municipality or tribal authority or customer-base i.e. lease agreement	10		
1.2	Volume of waste to be diverted from Landfill	5		
1.3	Labour intensity	10		
1.4	Sustainability of project beyond grant period	15		
2.	Quality of the Business Plan	50		
2.1	Executive Summary	2		
2.2	Company Description	3		
2.3	Management Summary	5		
2.4	Business Model	10		
2.5	Marketing Plan	10		
2.6	Operational Plan	3		
2.7	Organisational Plan	2		
2.8	Financial Plan	15		

3.	The enterprise or individual members should have at least 1 year experience in waste management or recycling as well additional experience in general business management.	10		
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8. GRANT DISBURSEMENT

- 8.1. Where there is request for financial support and considerations made by DEA for possible grants, the grant disbursements will be affected
- 8.2. The RESP grant approval will consider the financial projections stated in the project proposal and annual, budgeted business plans; however funding will be based on grant availability.
- 8.3. DEA will endeavour to allocate the grant funding equitably across all 9 provinces.
- 8.4. The grant will be disbursed to each beneficiary on a draw down basis subject to the achievement of specific, agreed milestones, an approved disbursement schedule and actual expenditure incurred with auditable supporting documents;
- 8.5. DEA reserves the right to conduct performance and financial audits as well as physical site visits to verify expenditure and project implementation progress of the beneficiary at any given time without notice;
- 8.6. All payments will be made directly to the primary bank account of the successful RESP enterprise.

9. QUALIFYING COSTS

- 9.1. Listed below are the set of items that qualify for RESP funding:
 - Machinery, equipment and tools;
 - Waste transportation fleet (such as trucks, bakkies, tricycles, etc.);
 - Infrastructure linked to the strategic partner's supplier development initiative (land, owned/ leased buildings, leasehold improvements);
 - Information and Communication Technology (ICT); and
 - Operational costs (including market related salaries).
 - Business development services

10. LIMITATIONS AND EXCLUSIONS

- 10.1. The following items are not eligible for funding:
- Projects which are research of feasibility study focused.
 - Waste Training programmes that exceed five (5) weeks or one-hundred and sixty (160) notional hours or any long-term formal training (e.g. a Master of Business Administration), including training at accredited institutions such as universities; and
 - Any other costs that the Adjudication Committee, in its sole discretion, deems as non-qualifying.
- 10.2. RESP grant approval is subject to the availability of funds.
- 10.3. DEA reserves the right to limit funding allocation to the beneficiary on the basis their prior grant funding.

11. GENERAL LEGAL STIPULATIONS

- 11.1. Any attempt to circumvent or actual circumvention of these Guidelines which, at the sole discretion of DEA, may allow an applicant who would otherwise not have qualified to qualify for this incentive, will lead to rejection of the application or claim.
- 11.2. DEA may, upon suspicion of any criminal, misleading, dishonest and/or irregular activities, suspend payments that may be due or become due to a claimant. Further, DEA shall not be liable for any damages or interest, pending the finalisation of any forensic investigations and any criminal proceedings emanating from such investigations.
- 11.3. Findings of a forensic investigation indicating any criminal, misleading, dishonest and/or irregular activities will be sufficient to allow them to cease all payments and reclaim any payments already made, with interest.
- 11.4. DEA subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act, 2004 (PRECCA), (Act No. 12 of 2004). Applicants are requested to contact the DEA Fraud Hotline on 0800 205 005, should they wish to report any suspicious behaviour.
- 11.5. A duty rests on the applicant and any other person who may benefit from the RESP to disclose everything that may have an influence of the adjudication of the application and/or claim. Failure to do so will lead to the termination/cancellation/suspension of the application/claim.

- 11.6. DEA reserves the right to publish success stories of successful candidates. The right to choose a successful candidate for publication will be at the sole discretion of DEA and by applying for the RESP grant, the applicant provides his/her consent to such publication.
- 11.7. DEA reserves the right to obtain independent quotations for any intervention proposed or claimed and to pay the lesser amount of the independent quote or the amount proposed or claimed. In this regard, DEA may, where a certain type of intervention occurs regularly, set benchmarks or maximum amounts for such interventions, to ensure the fair and equitable treatment of all applicants.
- 11.8. Any relaxation of minimum requirements, conditions or terms in these Guidelines will be based on merit and at the sole discretion of DEA. In this regard, the decision of DEA will be final.
- 11.9. Further legal requirements to be detailed into the contract to be concluded between DEA and the successful applicant/s

12. TECHNICAL ENQUIRIES

- 12.1. Should you require any further information in this regard, please do not hesitate to contact:

Name: Mr Thabo Magomola

Office Telephone No. 012 399 9303

E-mail: Tmagomola@environment.gov.za

- 12.2. All enquired are required to be submitted in writing
- 12.3. Enquires will be closed 72 hours before date of submission

13. CLOSING DATE

- 13.1. Please be advised that the closing date for the RESP proposals submission has been extended from the 24th January 2017 to the 31st January 2017 at 12h00.

14. APPENDIX A: DETAILED GUIDANCE FOR THE BUSINESS PROPOSAL

14.1. The guidelines set out in this document are intended to provide a framework for applicants to present their proposals to DEA and for the RESP's adjudicators to evaluate such proposals.

14.2. Applicants for the RESP should ensure that their proposals cover aspects as outlined below:

1. EXECUTIVE SUMMARY

- Overview of business
- Objectives and description of the enterprise
- Brief history (if existing) and background to the business and its founding member
- Products and services
- Financing required

2. COMPANY DESCRIPTION

- Location of the enterprise and its intended geographical service areas (province);
- Brief history (if existing), years in operation, and background to the business and its founding member
- Ownership Structure
- Company Objectives (short, medium and long term)

3. MANAGEMENT SUMMARY

- Profile of owners and management; (Brief bios & CVs)
- Who has management responsibilities (Accounting Officer)
- Key Positions

4. BUSINESS MODEL

- Waste recycling value chain business focus
- What is your Unique Selling Proposition (USP)?
- Products and services rendered by the company.
- How will the business make money?
- Competencies/services/technologies that will be deployed
- How many jobs do you envisage creating? (Labour Intensity)
- Key Resources and Strategic Partners

4. MARKETING PLAN

- Who are your customers and how will they be reached (how will your products or service be promoted?)
- Analysis of the market and its potential (trends, competition, competitive advantages)
- What is sales and pricing strategy

5. OPERATIONAL PLAN

- Resources required by the applicant (machinery, furniture & equipment)
- Where will be the waste collected and how often?
- Type of infrastructure and equipment required i.e. land and machinery.
- What are your compliance requirements (Environmental Authorisation or Waste Licence, OSHA, COID)?

6. ADMINISTRATION / ORGANISATIONAL PLAN

- Organisational structure (staff structure, roles & responsibilities, qualifications & experience) of HR to oversee partnership-programme
- Training plan (if applicable)

7. FINANCIAL PLAN

- Initial investment required
- Cash flow statement
- Three (3) year income statement (with 1st year detailed monthly)
- Balance Sheet (pro-forma balance sheet where applicable)
- Asset register projections where possible
- How will the business be sustained beyond the grant?