



environmental affairs

Department:
Environmental Affairs
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF ENVIRONMENTAL AFFAIRS (DEA) AS AN ORGAN OF STATE SUBSCRIBES TO AND PROPAGATES BOTH THE NOTION OF BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT, 2003 (Act No. 53 of 2003) (BBBEE), THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 (Act No. 5 of 2000) AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011.

TERMS OF REFERENCE

TERMS OF REFERENCE *for the selection of beneficiaries for participation in the*

RECYCLING ENTERPRISE SUPPORT PROGRAMME

TABLE OF CONTENTS

1. Purpose
2. Introduction and Background
3. Programme Objectives
4. Expected deliverables/outcomes
5. Programme Description
6. Eligibility Criteria
7. Evaluation Criteria
8. Grant Disbursement
9. Qualifying Costs
10. Limitations and Exclusions
11. Proposal Framework and Development Guidelines
12. Special Conditions of Contract
13. Technical Enquiries
14. Appendix A: Detailed Guidance for the Business Proposal

1. PURPOSE

- 1.1 To identify, select and support start – up and 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 The RESP is an initiative launched by Honourable Minister of Environmental Affairs, B E E Molewa together with the MECs for Environment in the nine (9) provinces.
- 2.2 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 the establishment of at least two recycling companies per province, owned by historically disadvantaged individuals.
- 2.3 The RESP seeks to provide financial support in the form of grant payments to a maximum of **R5 million (five million rands)** per project, to emerging enterprises in the waste recycling sector that represent historically disadvantaged communities with the intent of giving rise to large black industries in the waste sector.
- 2.4 The implementation on the programme has been delegated to the Department of Environmental Affairs (DEA).
- 2.5 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;
 - Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - Black Industrialists Policy, 2015;
 - Public Finance Management Act, ACT (Act No. 1 of 1999); and
 - Treasury Regulations of 2001.

- 2.6 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 groups.

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, poverty alleviation, and economic transformation.
- 3.2 The RESP is primarily targeted at new or recently formed business entities that have developed business plans that 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 RESP aims to address the following strategic objectives:
- ***To support the establishment or expansion of at least two projects per province.***
 - ***A substantial increase in recycling rates and waste diverted from to landfills.***
 - ***To drive entrepreneurship and job creation by ensuring the economic benefits emanating from waste are fully exploited.***
 - ***The enablement of significant participation of black business in waste beneficiation and the secondary resources economy.***
 - ***Promote innovation through converting recyclables into marketable products and;***
 - ***To encourage sustainability of the identified and supported projects.***

4. EXPECTED DELIVERABLES/OUTCOMES

- 4.1 The success of this programme will be determined by the following factors amongst others:
- A representation of at least two RESP supported projects per province.
 - A tangible decline of recyclable waste taken to landfill sites.
 - Introduction into the market of new, sizeable black-owned recycling companies.
 - A significant number of new jobs created in the waste economy.

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

5. PROGRAMME DESCRIPTION

- 5.1 The RESP seeks to provide support, including grant funding to new entrants from the 9 provinces, operating in the recycling economy from historically disadvantaged groups with the intent of giving rise to large black industries in the waste sector.
- 5.2 The RESP further aims to promote projects that support the Operation Phakisa initiatives for the Chemicals & Waste Economy which are projects that enhance the recycling value added chain covering separation at source activities, establishment of material recovery facilities and plastic palletisation plants, construction & demolition waste beneficiation, and energy recovery solutions from non-recyclable waste.
- 5.3 The proposed projects must demonstrate the sustainability of the enhanced operation without further funding support after the project period, set at two years maximum.
- 5.4 The demand, viability and cost-efficiency of the proposed projects would be assessed with reference to prevailing socio-economic and market conditions, contribution to increasing the quantity and quality of recyclables recovered from the waste stream as well as those of recycled products from their treatment, and enhancing the competitiveness of recyclables, thus reducing the amount of waste disposed of at landfills.
- 5.5 The programme is made available on a grant basis between DEA and the successful applicants.
- 5.6 The programme offers a grant to a maximum of R 5 million towards the total qualifying costs, based on the number a qualifying criteria.
- 5.7 The grant support is intended for waste management related machinery and equipment, infrastructure (with the exclusion of land purchase), commercial vehicles, overheads (including salaries not more 30% of grant value) and business development services necessary to grow the enterprise to ensure that within a period of 2 (two) years
- 5.8 Funds 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.
- 5.9 Approval of applications to the RESP will be subject to the availability of funds.

5.10 DEA will endeavour to communicate to the public in good time the likelihood of funds for new allocations being exhausted.

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 primarily operates in the province and locality of their domicile as evidenced by proof of address such as title deed, lease agreement or utility 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 or intends to operate in the waste awareness, collection, recycling, beneficiation, energy recovery related sectors of the economy as demonstrated by a company profile.		
6.	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 business plans submitted by the applicants will be assessed for the viability and sustainability of the proposed projects.

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:	50		
1.1	Evidence or demonstration of sustainable access to waste materials for example, copies of letter of intent or contract signed by the waste holder.	10		
1.2	Evidence of possible buyers for recycled and processed goods i.e. copies of letter of intent, orders or contracts from customer-base.	10		
1.3	Approximate volume of waste to be diverted from Landfill	10		
1.4	Labour intensity (No. of jobs created)	10		
2.	Quality of the Business Plan	50		
2.1	Executive Summary	2		
2.2	Company Description	3		
2.3	Management Profile	5		
2.4	Business Model	10		
2.5	Marketing Plan	5		

STAGE 2: EVALUATION CRITERIA				
No.	Category	Weight/ Value	Score	Total (Weight X Value awarded)
2.6	Operational Plan	5		
2.7	Organisational Plan	5		
2.8	Budget & Financial Projections	10		
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.	5		

8. GRANT DISBURSEMENT

- 8.1 The RESP grant approval will be based on projections for the first year at application stage whereas the approval for subsequent year(s) will be accepted in principle and be reviewed annually subject to actual performance in the preceding year(s) against agreed milestones.
- 8.2 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.
- 8.4 DEA undertakes to make the initial disbursement within 30 (thirty) days after award of the grant to qualifying enterprises.
- 8.5 DEA reserves the right to make third party payments for goods and services directly to the bank accounts of the successful beneficiaries nominated suppliers and service providers.
- 8.6 DEA reserves the right to recoup any monies already disbursed either in total or in part informed by circumstances and conditions deemed necessary to cancel the project.

9. QUALIFYING COSTS

- 9.1 Listed below are the set of items that qualify for RESP funding;
- Machinery, equipment and tools,
 - Infrastructure linked to the strategic partner's supplier development initiative (owned/ leased buildings, leasehold improvements)
 - Product or service development

- Information and Communication Technology (ICT)
- Operational costs including salaries (not exceeding 30% of grant value)

10. LIMITATIONS AND EXCLUSIONS

10.1 The following items are not eligible for funding.

- 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;
- Interventions that are already funded by another government scheme or parastatal;
- Any other costs that the Adjudication Committee, in its sole discretion, deems as non-qualifying; and
- Design and printing of marketing material.

10.2 DEA will prioritise equitable geographical selection of projects across the 9 provinces.

10.3 DEA reserves the right to limit or deny a funding allocation to the beneficiary on the basis their prior grant funding.

10.4 RESP grant approval is subject to the availability of funds.

11. PROPOSAL FRAMEWORK & DEVELOPMENT GUIDELINES

11.1 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.

11.2 Where the guidelines lend themselves to varying interpretations or do not deal with a specific subject matter, the interpretation of DEA must be requested and such interpretation will be decisive and final.

11.3 Interested parties to the RESP are therefore invited to submit detailed proposals which indicate the following:

- An overview of the business concept which describes the specific area of focus with the waste recycling value chain;
- Profile of owners and management;
- The targeted waste stream that will be treated or recycled;

- Confirmation of access to targeted waste streams (contracts with Municipalities etc.);
- The projected volumes waste that will be treated or recycled;
- Identified markets for recycled products (product off takes, expressions of interest);
- The estimated number of jobs to be created both (direct and indirect);
- Status or progress if any in terms of the acquisition of appropriate authorisations to engage in waste management activities (i.e. waste licences, EIA); and
- Financial projections and detailed budget requirements (i.e. Start-up costs, purchase of equipment, land and facilities).

12. SPECIAL CONDITIONS OF CONTRACT

- 12.1 The performance measures for the delivery of the project objectives will be closely monitored by DEA.
- 12.2 Any attempt to circumvent or actual circumvention of these Terms of Reference 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.
- 12.2 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.
- 12.3 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 mora interest.
- 12.4 DEA subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act (PRECCA), 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.
- 12.5 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.
- 12.6 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.

- 12.7 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.
- 12.8 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.

13. TECHNICAL ENQUIRIES

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

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14. Appendix A: Detailed Guidance for the Business Proposal

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

1. EXECUTIVE SUMMARY

- 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. BUSINESS MODEL

- Waste recycling value chain business focus
- Products and services to be offered
- Competencies/experiences/technologies that will be deployed
How many jobs do you envisage creating?
- What is the composition of your enterprises ownership and what is the profile of the management team?
- What is your business short term, medium and long terms needs?

3. MARKETING PLAN

- How will the target market be defined and reached
- Analysis of the market and its potential (trends, competition, comparative advantages)
- Who/what market or segment is the proposed programme targeted at
- What market trends for the sector

4. OPERATIONAL PLAN

- Where are your markets for recycled products?
- What are the collection needs and who will collect the waste?
- What other waste infrastructure will be required to supplement the main recycling facility? i.e. drop off centres, MRF.
- Where will be the waste collected and how often?

- Type of infrastructure and equipment required i.e. land and machinery.

5. ADMINISTRATION / ORGANISATIONAL PLAN

- Resources required by the strategic partner (machinery, furniture & equipment)
- Organisational structure (staff structure, roles & responsibilities, qualifications & experience) of HR to oversee partnership-programme
- Experience in mentoring and/or offering business development support

6. FINANCIAL PLAN

- Initial investment required
- Details to financial model
- Three (3) year income statement and asset register projections where possible

7. MONITORING AND EVALUATION

- How will performance be measured and monitored