

**Government Response:
Economic Rebuilding Package
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Government's Response

In the wake of the recent civil unrests in KwaZulu Natal and Gauteng, **the dtic** recognises the devastating impact on the country's economic activities especially businesses across a range of sectors. To deal with the situation, **the dtic**:

- Conducted a survey across the entire economic sectors to gauge the impact and determine appropriate support required to assist businesses
- A hotline has been set up to assist companies affected by the riots and unrests
- Recently the Minister of Trade, Industry and Competition **Mr Ebrahim Patel** announced the Economic Recovery Fund to provide financial support to affected businesses in KZN and Gauteng provinces
- Government has set aside **R3.7 billion** to support businesses that were affected by the violent looting and unrests.
- The Fund is part of the broader **R38 billion Relief Package** announced by the Minister of Finance.

Online Survey Findings

Target Group

1 200

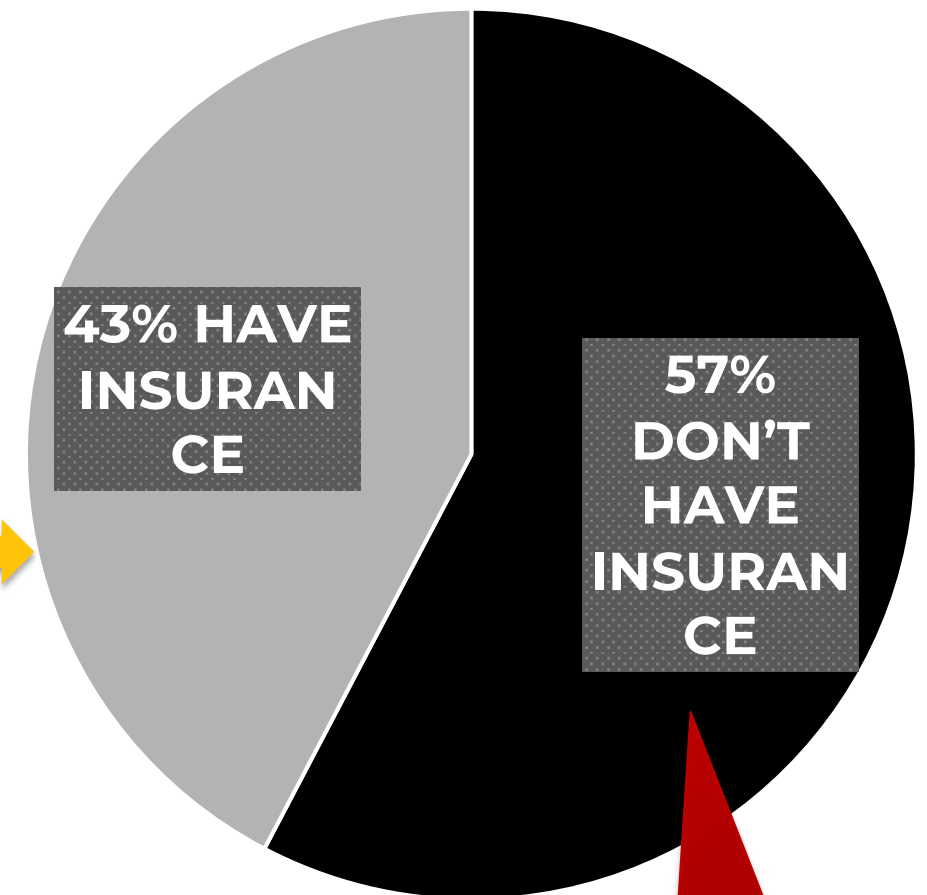
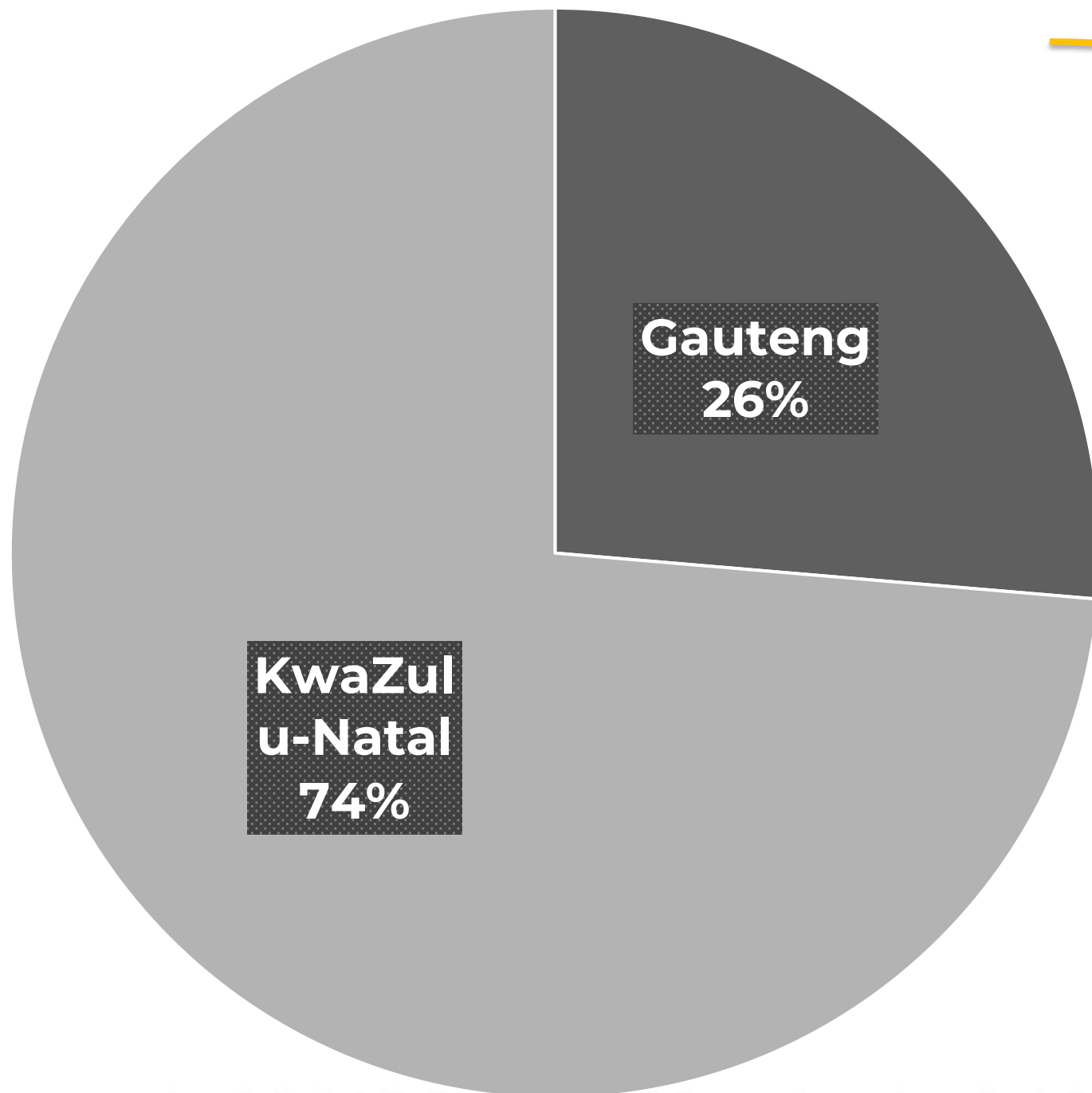
Businesses that responded to the survey in KwaZulu-Natal and Gauteng. These included both the insured and the uninsured

900 business which includes insured and uninsured in KZN and GAU that require financial support

FINDINGS:

- Losses - assets and a significant property damage suffered by businesses.
- More importantly, the survey confirmed that at least 10 200 jobs were affected across manufacturing, retail and service businesses.
- 43% of respondents estimated they could recover in less than a month, whereas 7% predicted it would take a year or more.

Results from the Survey



SUPPORT REQUIRED INCLUSIVE OF
DAMAGED STOCK, BUILDINGS AND
MACHINERY AND EQUIPMENT AND
SHOP FITTINGS

MOST
VULNERABLE IN
NEED OF
SUPPORT

Results from the Survey

INSURED	
Gauteng	54
City of Ekurhuleni	15
City of Johannesburg	31
City of Tshwane	5
Sedibeng District	3
KwaZulu-Natal	238
Amajuba District	3
eThekwini Metropolitan	163
Harry Gwala District	3
iLembe District	12
King Cetshwayo District	12
Ugu District	4
uMgungundlovu District	20
uMkhanyakude District	6
uMzinyathi District	7
uThukela District	1
Zululand District	7

UNINSURED	
Gauteng	125
City of Ekurhuleni	29
City of Johannesburg	63
City of Tshwane	20
Sedibeng District	12
West Rand District Municipality	1
KwaZulu-Natal	258
Amajuba District	5
eThekwini Metropolitan	145
Harry Gwala District	8
iLembe District	19
King Cetshwayo District	13
Ugu District	18
uMgungundlovu District	12
uMkhanyakude District	3
uMzinyathi District	9
uThukela District	19
Zululand District	6

Most respondents across insured and uninsured businesses are from City of Ekurhuleni, City of Johannesburg and eThekwini. In eThekwini, 26% of respondents are from township such as KwaMashu, Umlazi and Verulam. In the City of Johannesburg 46% of business are in townships such as Soweto.

Results from the Survey

675 business in GAU and KZN responded to the survey

R3.5bn is the cost of the estimated damages

Business reported lost orders of R6 bn over the next 12 months

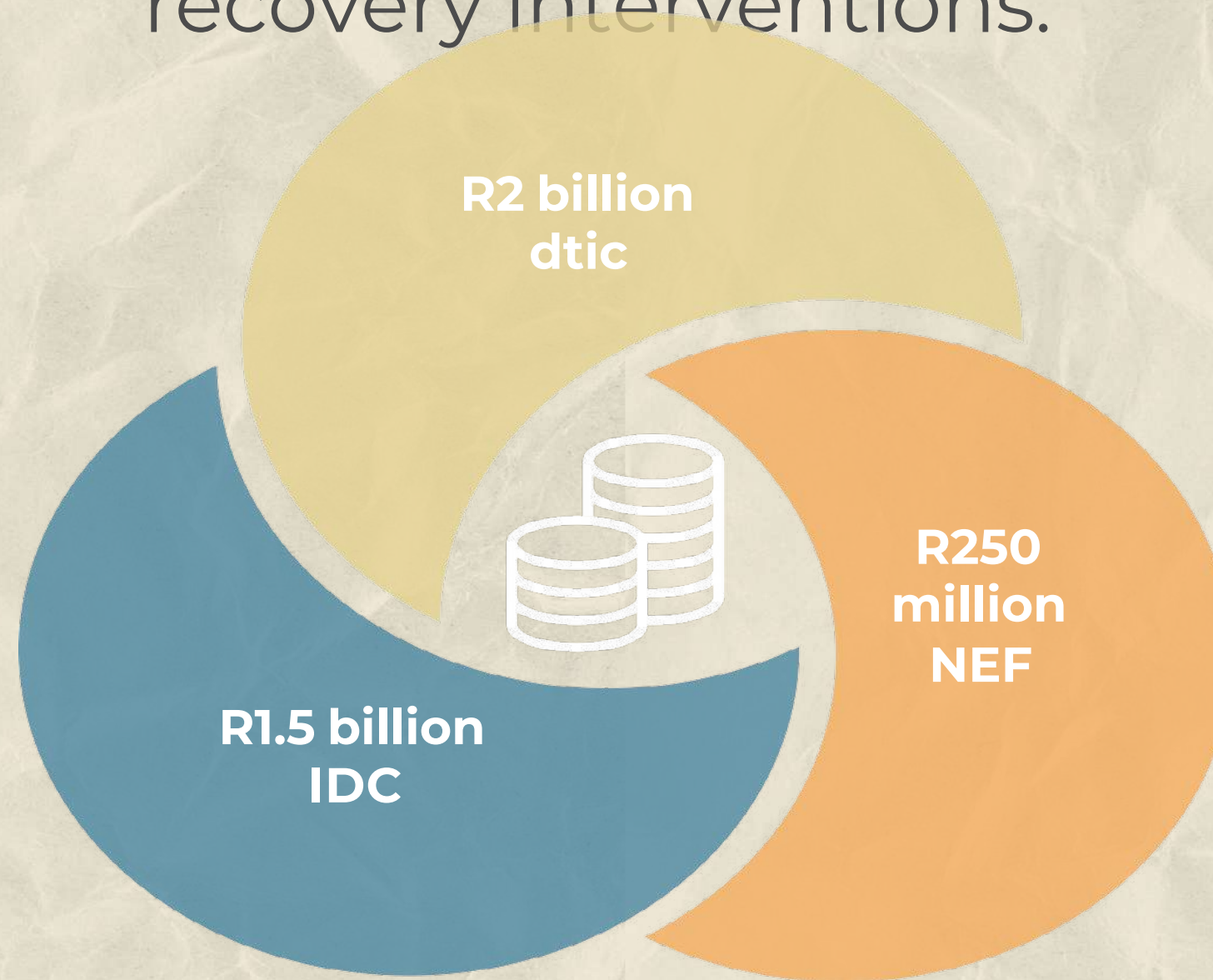
130 558 employed prior to the unrest

4 188 POTENTIAL JOBS TO BE LOST

Sectors	Number of Respondents	Cost of Estimated Damage	Lost Orders for the next 12 months	Employment prior to the unrest	Potential Job Losses
Manufacturing	149	R1,857,661,223	R2,077,129,750	119864	2431
Retail	307	R1,132,596,383	R2,903,845,961	6777	1111
Services	163	R204,239,013	R345,052,157	2127	447
Supply Chain	22	R200,448,000	R563,507,000	488	42
Other	34	R71,456,950	R140,944,000	1302	157

Economic Rebuilding Package

The government, through **the dtic**, IDC and NEF, is providing funding packages to support various business recovery interventions.



R 3.75 billion total funds



trade, industry
& competition
Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

CRITICAL INFRASTRUCTURE RECONSTRUCTION PROGRAMME

PROGRAMME DESCRIPTION

The CIRP is a grant implemented to support investments that have been affected by unrests in Gauteng and Kwa-Zulu Natal provinces.

The programme aims to leverage investment by supporting rebuilding of relevant affected infrastructure.

OFFERING CRITERIA

Applicants must submit complete applications prior to commencement of infrastructure construction.

It is a cost-sharing grant of up to 50% of total qualifying infrastructure costs

Capped at R30 million.



CRITICAL INFRASTRUCTURE RECONSTRUCTION PROGRAMME

Mandatory Requirements

The applicant must:

- Be a registered legal entity in South Africa (SA)
- Municipality in affected provinces; GP and KZN
- State-owned agencies e.g. based on the strategic nature of the project as determined by **the dtic**
- A valid tax clearance certificate from the South African Revenue Services (SARS) of the applying entity
- A resolution that authorises the application and the infrastructure project.
- Signed infrastructure Bill of Quantities (BoQ), where possible.
- Compliance with all other statutory regulations

The IDC has tailored a comprehensive package that includes funding support for businesses and communities affected by the unrest. The considered response comprises a total recovery package totalling more than **R1.5 billion**

- 1. R1.4 billion** Post-unrest Business Recovery Fund to assist all businesses (existing and new clients) that operate in sectors the IDC funds. The funding will be available at concessionary rates to ensure significant development impact.
- 2. R100 million** grant allocation to provide technical and financial assistance to small businesses in townships, rural areas and small towns that have been affected by the unrest and associated supply chain disruptions.
- 3. R10 million CSI allocation** to support food security and recovery efforts in affected communities. This funding will cater for school infrastructure rebuilding, support for care facilities and clinics. The IDC will focus mainly on rural, outlying and less-developed areas that now face increased vulnerability. The IDC will be working with its established NGO partners to ensure reach and impact.
- 4. In addition, IDC will be administering (the dtic's) R400-million Manufacturing Competitiveness Enhancement Programme (MCEP) Economic Stabilisation Fund to -**

Fund	Post-unrest Business Recovery Fund	MCEP Stabilisation Fund
Purpose	This fund is earmarked as a response to assist businesses that are either existing or new IDC clients, that fit into the IDC’s mandate and that have been adversely affected by the unrest.	The purpose of the MCEP Economic Stabilisation Fund is to provide funding to companies that have been affected by the unrest and associated supply chain disruption. This will be done through financing businesses that are not covered by insurance or those with funding insurance shortfalls.
Amount	R1.5-billion	R400-million
Application of funds	<ul style="list-style-type: none"> • To provide bridging finance, pending the receipt of insurance proceeds arising from the unrest • Funding to cover short-term operational losses, provided that the business demonstrates clear plans of recovery of operations through a reasonable business plan • Working capital funding; • Capex/equipment finance where funding is used to replace assets that were damaged or destroyed and where such assets were uninsured or underinsured 	<ul style="list-style-type: none"> • Replacement of stock in distributor and retailer warehouses that are currently not supported by any IDC or dtic funding schemes but which would have a negative impact on the manufacturing sector • Working capital shortfalls as a result of supply chain disruptions, which could result in delayed receipt of raw material and subsequent cancellation of sales orders
Financial instruments, terms and other	<ul style="list-style-type: none"> • Debt • Maximum amount R30-million • Bridging finance <ul style="list-style-type: none"> - Price 0% - Term 12 months • Term Loan – <ul style="list-style-type: none"> - Price 0% for 12 months Thereafter P+1% - Term Opex and working capital 36 months; Capex replacement 60 months 	<ul style="list-style-type: none"> • Debt and quasi equity-type instruments will be used • Maximum investment size of R50- million • Revolving Credit Facility • Could be provided on a standalone basis • Term to be limited to a maximum of 48 months for working capital and 84 months for plant and equipment (inclusive of

Fund	Partnership and programmes Regional Stabilisation
Purpose	The purpose of the grant funding will be to provide technical and financial assistance to businesses in Townships, rural areas and small towns that have been affected by the unrest and associated supply chain disruption. The focus will be on the businesses that are not covered by insurance or experience funding insurance shortfall.
Amount	R100 million
Application of funds	<p>Funding (Capex and Opex) needs to address the recovery including:</p> <ul style="list-style-type: none"> • Replacement of lost capacity and associated stock which should largely be addressed by the Fund. • Replacement of stock in distributor and retailer warehouses which are currently not supported by any IDC or dtic funding schemes but would have a negative impact on the manufacturing sector. • Working capital shortfalls (maximum 48 months) due to supply chain disruptions which could result in delayed receipt of raw material and subsequent cancellation of sales orders.
Salient features	<ul style="list-style-type: none"> • Fund administered through intermediaries who are financially stable and socially responsible • Intermediary expected to crowd in other funding • The companies that are supported must have been in operation for 12 months and plan no retrenchments for the duration of the facility
Financial instruments, terms and other	<ul style="list-style-type: none"> • The facility will be grant funding and where possible funds will be crowded in from other Institutions. <p>The maximum grant per intermediary to be revised from R5 million to R10 million</p>

The National Empowerment Fund (NEF) in partnership with the Department of Trade Industry and Competition (the dtic) established the Economic Stabilisation and Rebuilding Fund to support business that were adversely affected by the unrest and regional riots.

The NEF will support any business that has been adversely affected in all sectors of the economy.

Criteria to be eligible for the support:

- The business must be located in Gauteng or KwaZulu-Natal
- Demonstrate that it was affected by the riots and the unrest
- Business is not covered by insurance or there is an insurance short-fall component
- Business must be a registered company, close corporation or cooperative
- The applicant must be a taxpayer in good standing and must provide proof from the South African Revenue Service
- The applicant must demonstrate that jobs lost during the unrest will be restored or increased within 12 months of funding
- Where a business is insured, funding can be provided as bridging finance against a

Fund	National Empowerment Fund Economic Recovery Fund
Purpose	The purpose of the National Empowerment Fund (NEF) Economic Recovery Fund is to support businesses that were adversely affected by the recent unrest and riots in Gauteng and KwaZulu-Natal. Support will be provided in all sectors of the economy with the focus on manufacturing, retail and services businesses.
Amount	R250-million
Application of funds	<ul style="list-style-type: none"> • To support building improvements and fittings for premises • Replacement of machinery, equipment, commercial vehicles and replenishing stock • Working capital shortfalls owing to supply chain disruptions
Salient features	<p>To be eligible:</p> <ul style="list-style-type: none"> • Businesses must be located in Gauteng or KwaZulu-Natal, and must demonstrate that they were affected by the riots and unrest • The business is not covered by insurance or there is an insurance short-fall component • The business must be a registered company, close corporation or cooperative • The applicant must be a taxpayer in good standing and must provide proof thereof from the South African Revenue Service • The applicant must demonstrate that jobs lost during the unrest will be restored or increased within 12 months of funding • Where a business is insured, funding can be provided as bridging finance against a cession by the insurance company of the insurance proceeds
Financial instruments, terms and other	<ul style="list-style-type: none"> • Bridging finance <ul style="list-style-type: none"> - Price 0% - Term 12 months • A maximum of R10-million loan funding will be provided • Term Loan <ul style="list-style-type: none"> - Price 0% - Term up to 60 months

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