



## **1. BASIC CRITERIA FOR ACCESSING THE GRANT**

In order to obtain funding from the Fund an SMME must:

- 1.1.1 Have a profit motive;
- 1.1.2 New businesses, Start-Ups and Expansion including Growth.
- 1.1.3 Survivalist businesses;
- 1.1.4 Have a sustainable business or idea;
- 1.1.5 Joint venture and partnership that is profit driven;
- 1.1.6 Consortium or Cooperative of young people that is profit driven;
- 1.1.7 Place of business operations must be in the KwaZulu-Natal Province.
- 1.1.8 Be incorporated either as a limited liability company, close corporation, co-operative, partnership or professional incorporated company;
- 1.1.9 For survivalist businesses the registration documentation may be waved, supply if available;
- 1.1.10 Have a minimum of 80% of its business owned by youth (18-35) who are KwaZulu-Natal citizens by jurisdiction or other priority races according to BB-BEE;
- 1.1.11 The business ownership structure must not have been changed within the last 12 months and for the next three (3) years after receiving funding.
- 1.1.12 Majority of employees of the applying entity must be from KZN and must employ additional KZN African black youth/woman or person with disability on a full-time basis upon approval of the grant funding;
- 1.1.13 The owners must demonstrate commitment to the business in the form of time (operational involvement), assets and/or cash;
- 1.1.14 Demonstrate involvement in the business and expertise with the ability to manage the business or must be willing to go through a development programme geared for this purpose.
- 1.1.15 New businesses that have no experience will be considered.
- 1.1.16 Require from the Fund a minimum grant of R20 000 and not more than R50 000.00 for survivalist businesses.

1.1.17 Require from the Fund a minimum grant of R50 001 and not more than R2 000 000.00 for expansion and growth.

## 2. TARGETED PRIORITY SECTORS

The following priority sectors must be considered for the Fund's grants applications consideration.

NO.	SECTORS
1.	<b>Agriculture</b> - Horticulture, pests control, livestock, Cotton, agro-processing etc.
2.	<b>Franchises</b> – fuel, food, clothing, etc
3.	<b>Manufacturing</b> – aluminium conversion, fabricated products, wood products, clothing, etc and in line with the investment strategy of the Province, etc
4.	<b>Transport</b> - logistics and equipment sector excluding taxis and app operated transport.
5.	<b>Mineral and chemical beneficiation</b> - Aluminium, Coal, Iron and Steel, Metal Works, Phosphates and Mineral Sands, etc
6.	<b>Science, Technology &amp; Innovation</b> – Communications and information technology sector, etc
7.	<b>Blue Economy</b> – Maritime and related fields, etc
8.	<b>Trade</b> -. Trading businesses, etc
9.	<b>Fashion and beauty sector</b> - Fashion and beauty, etc
10.	<b>Automotive Sector</b> – Motor Mechanic, components, conversion, (emphasis on export-oriented investment), etc
11.	<b>Electronics</b> – Electronics Repairer, etc
12.	<b>Petrochemicals</b> – Petrochemicals including Gas, etc
13.	<b>Engineering</b> – Engineering, etc

NO.	SECTORS
14.	<b>Pharmaceuticals and healthcare sector</b> - Pharmaceuticals and healthcare
15.	<b>Mining sector</b> – Mining, etc
16.	<b>Real estate sector</b> – Land, Residential, Commercial and Industrial.
17.	<b>Services Sector</b> – businesses that provide services.
18.	<b>Machinery</b> – relevant machinery for business and movable.
19.	<b>Professional services</b> – Medical, Accounting, Law, Engineers, etc
20.	<b>Arts and Culture</b> - Creative Industry
21.	<b>Informal sector / Survivalist businesses</b> – Businesses that want to enter the entrepreneurship
22.	<b>Other Sectors as identified by the KZN Economic Reconstruction and Recovery Plan from time to time.</b>

Other priority sectors may be identified from time to time by the Grant Approval Committee based on the economy performance and government priorities as well as interests from the youth. The Grant Approval Committee may also consider the geographic spread of the Fund distribution in terms of the District Municipalities of the Province.

## 2.1 EXCLUDED SECTORS:

2.1.1 The Fund must not invest in enterprises which conduct business in the following sectors –

- a) Alcohol & Liquor Sales as a standalone business;
- b) Tobacco as a standalone business;
- c) Gambling; and
- d) Any other activity which is illegal in terms of the laws of the Republic of South Africa.
- e) Taxis in a form of a Minibus, Couches or App operated services;
- f) App development and Research; and
- g) Guns for security service, trading and other related fields.
- h) Money trading and investments businesses.
- i) Pyramid sales scheme

2.1.2 Grant Funding provided to young entrepreneurs may NOT be used to do any of the following:

- a) Purchase immovable property where the property does not form part of the primary business;
- b) Purchase private houses / dwellings.
- c) Make loans to any directors, shareholders or any person connected to them, with “connected person” be accorded the definition in the Income Tax Act, 1962, save for the threshold of ten percent;
- d) To pay a bribe;
- e) To re-pay any existing loans;
- f) Any material purpose not contained in the application for finance or defined during the due diligence stage and detailed in the approved Terms and Reference, unless written approval has been granted by the Grant Approval Committee;
- g) To settle overdue or outstanding South African Revenue Service (SARS) liabilities, whether current or non-current;
- h) To settle overdue or outstanding municipality debt and utility, whether current or non-current;
- i) To settle previous and or outstanding debt of the business or and owners, whether current or non-current; and
- j) Fund youth that have received funding from the Provincial Government in the past three (3) years.
- k) Fund businesses that are poorly managed and perform poorly.