



ANNUAL WORK PROGRAMME FOR GRANTS

of The Eastern Cape Provincial Treasury (Thina Sinako Provincial LED Support Programme)

Republic of South Africa

1. Basic act and Financing source

Regulation EC No.1726/2000 of the European Parliament and the Council of 29 June 2000 on Development Cooperation with South Africa.

Financing Source: Budget Line B2004-21.031700 EPRD South Africa

Financing Agreement: SA/21.031700-04-06 signed on 27.12.2004

2. Objectives of the programme, priorities for the year 2009 and expected results

The overall objective of the LED Programme in Eastern Cape is a significant reduction in the number of households living below the poverty line. This will be achieved through supporting activities undertaken by:

- ⇒ Municipalities and municipal or provincial government entities, either separately, in partnership with each other or in partnership with a range of other listed institutions, such as non-profit organisations, focused on the creation and development of a business-friendly environment through: clarifying the legislative and regulatory requirements for LED, strengthening local government planning and institutional practice, stimulating cluster and partnership approach to LED and enhancing developmental use of the funding available to local government (project: Local Government Support Fund – LGSF);
- ⇒ local partnership groups, which may involve public-private partnerships, to identify and capitalise upon existing market opportunities resulting in new investments, job creation and contributing to local economic development (project: Local Competitiveness Fund – LCF);
- ⇒ financial or other institutions to improve access to finance, with priority given to the development/implementation of loan finance/savings products, rendering of financial advice/ planning to low and middle income earners as well as giving technical assistance burial societies and stokvels in rural areas (project Financial Innovation Fund – FIF).

3. Eligibility conditions

LGSF

The following entities are eligible to apply: district and local municipalities, and provincial government and municipal entities, as defined in the Public Finance Management Act and Municipal Finance Man-

agement Act, from the Eastern Cape. Also eligible are legally recognised houses of traditional leaders, Section 21 companies, non-profit organisations, charitable trusts and institutions of higher learning, provided that these partner with a district or local municipality, municipal entity or member organization of municipalities or municipal entities. Partners must be nationals of a Member State of the European Union, South Africa or any ACP State (according to art. 7.6 of regulation No. 1726/2000 of 29 June 2000).

The proposed action must be aligned, in a broader sense, with at least on one of the following sets of priority actions, as defined differentially for projects led by a district municipality or a local municipality:

District Municipality

- Provision of a spatial development framework for constituent municipalities and other sectors to locate themselves in the regional economy.
- Provision of municipal support to constituent local municipalities in the area of integration and coordination of district development strategies and plans.
- Provision of shared LED support services to constituent local municipalities.
- Provision of the necessary infrastructure for productive development and manufacturing.
- Facilitation of movement of information, people and products between district municipalities and within the district municipality.
- Determination and promotion of appropriate development nodes and corridors.
- Support for the implementation of rural development initiatives.
- Promotion of appropriate economic integration sectors and zones.
- Promotion of regional comparative and competitive advantage.
- Development of social and institutional human capital.
- Infrastructure supporting water reticulation and extension of electrical grid
- Provision of operational equipment necessary for the establishment of a development agency

Local Municipality

- Provision – in accordance with the spatial development framework – of land use management plans for productive processes and institutions, including institutions supporting the poor.
- Provision of the necessary infrastructure for area-specific productive development.
- Promotion of the competitive and comparative advantage and environment of localities within the municipality.
- Facilitation of movement of information, people and products within and outside the local municipality.
- Determination of appropriate development nodes and corridors.
- Promotion of appropriate economic integration sectors and zones.
- Building a tax base for LED and the overall benefit of its citizens.
- Development of social and institutional human capital.

It is desirable for projects to be implemented by partnership groups and in an innovative manner.

LCF

Only partnership groups are eligible to apply. Main beneficiaries need to be legal persons, have their main office registered in South Africa for tax purposes, be nationals of a Member State of the European Union, South Africa or one of the ACP countries, be directly responsible for the preparation of the action and its implementation, and have a functional office in the Eastern Cape. Partners must be registered in South Africa, but need not have their main office there.

The proposed action must be focused on the enhancement of the local partnership group and programme's stakeholders in realising their optimal potentials for economic development and to exploit local competitive advantage, desirably, through investment (quasi-equity) in public goods element of the infrastructure, manufacturing base or service development.

Public goods purchased through an action must be owned by a municipal or public entity, a national or provincial government department, or a municipality; an entity that is registered under the Companies Act but is fully owned by a public entity; a cooperative established under the Cooperatives Act; a house of traditional leaders established under specified laws; a section 21 company or non-profit organization established under the Companies Act or the Nonprofit Organisations Act; a charitable trust that meets the stipulated requirements; a private party performing an institutional/municipal function or using state/municipal property for commercial purposes in accordance with the provisions of specified regulations.

Projects ready for implementation must have their land ownership secured, record of environmental decision issued and valid at least for 6 months after the full application submission deadline, technical and architectural design by licensed architect and investment costing by quantity surveyor completed, proper and realistic feasibility study or business plan prepared and being up to date, necessary permits and licences obtained. Design-build projects must have their land ownership secured and other terms and condition listed in the previous paragraph to be a part of the project implementation phase. These projects, however, must have their feasibility stage completed at the application stage.

FIF

Main beneficiaries need to be legal persons, have their main office registered in South Africa for tax purposes, be nationals of a Member State of the European Union, South Africa or one of the ACP countries, and be directly responsible for the preparation of the action and its implementation. They may partner with nationals or legal persons of a Member State of the European Union, South Africa or any other ACP state.

An eligible **action** (project) must aim at the:

- introduction **or**
- improvement of efficiency, effectiveness or competitive advantage of a financial product or service through, but not limited to (activities):
 - Introducing new risk management systems
 - Designing and implementing new innovative savings/loans/grant or insurance products
 - Technical assistance (advisory services/mentoring)
 - Market and regulatory research, desk research, independent monitoring and evaluation
 - Training of new and existing personnel, including managers
 - Consumer education
 - Purchase of office equipment, software and implementation of IT systems (only as a part of a set of activities)
 - Purchase of operational equipment such as crockery/ uniform (applicable to burial societies)
 - Designing and implementing a marketing strategy (branding).

4. Selection and award criteria

The evaluation will be carried out in accordance with the procedures set out in the Practical Guide to contract procedures for EC external actions

5. Maximum rate of Community financing

Maximum rate of the EU co-financing is:

- ⇒ 70% of eligible costs under LGSF and LCF;
- ⇒ 50% for of eligible costs under FIF.

6. Schedule of calls for proposals

LGSF: one call: May 2009
LCF: one call: April 2009
FIF: one call: April 2009

7. Indicative amounts for all calls for proposals for the year 2009

LGSF: € 1,367,000	LCF: € 4,400,000	FIF: € 750,000
-------------------	------------------	----------------

