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IDC Industrial Development Corporation
nyda NATIONAL YOUTH DEVELOPMENT AGENCY
sefa Small Enterprise Finance Agency Ltd

WE'VE MADE IT EASIER FOR YOU TO APPLY THROUGH OUR PARTNERSHIP. THE IDC, NYDA AND sefa HAVE ENTERED INTO A PARTNERSHIP THAT WILL MAKE ACCESS TO FUNDING AND BUSINESS SUPPORT EASIER.

For more information call us at:

Tel: IDC 0860 693 888 | NYDA: 0800 525 252 | sefa: 0860 007 332

IT TAKES MORE THAN A PLAN TO MAKE THAT DREAM COME TRUE. WE MAKE IT EASIER FOR YOU.

FUNDING FOR YOUTH-OWNED BUSINESSES THROUGH THE IDC, NYDA & sefa

We know how frustrating it can be to be young, to have a great business idea and feel that no one is taking you seriously. The Industrial Development Corporation (IDC), National Youth Development Agency (NYDA) and the Small Enterprise Finance Agency (sefa) have partnered to make your dreams a reality.

The IDC, NYDA and sefa believe that youth-owned businesses have the potential to create jobs and keep our country growing. They have made it easier for you to apply for finance either to kick-start your own business or expand your existing one.

If you are between 18 and 35 years of age, own your own business or have a plan to start a business, you could apply for finance from IDC, NYDA or the sefa.

THIS IS WHAT WE HAVE TO OFFER.

Our partnership is designed to provide you with the necessary financial and business support that would help you establish a business or expand your existing business with the main aim of contributing towards sustainable job creation. R2.7 billion has been set aside to kick-start young entrepreneurs like you who are willing to make their dreams a reality. This fund provides loans at attractive interest rates to businesses that operate in industries falling within our funding mandate. The funding is available to South African citizens and permanent reresidents.

Find out which agency will be the most relevant in meeting your financial needs.

IDC

The IDC mainly focuses on funding businesses owned by young entrepreneurs (below 35 years) that are in the following sectors:

GREEN INDUSTRIES

- Renewable energy.
- Energy efficiency.
- Pollution mitigation.
- Waste management and recycling.
- Biofuels.

AGRICULTURAL VALUE CHAIN

- Agro-processing.

MANUFACTURING ACTIVITIES

- Advanced manufacturing.
- Automotives, components, medium and heavy commercial vehicles manufacturing.
- Clothing, textiles, footwear and leather.
- Forestry, paper & pulp and furniture.
- Metals fabrication, capital and transport equipment.
- Pharmaceuticals.
- Plastics and chemicals.

STRATEGIC HIGH-IMPACT PROJECTS

- Logistics.
- Industrial infrastructure.
- High-impact cross-sectoral projects.

MINING VALUE CHAIN

- Downstream mineral beneficiation.
- Mining.
- Mining technologies.

TOURISM AND HIGH-LEVEL SERVICES

- Business process services.
- Tourism.

MEDIA AND MOTION PICTURES

- Media pictures production.
- Media value chain – broadcasting (radio and television).
- Media expansion – including new media.
- Film production and animation.

KNOWLEDGE ECONOMY

- Healthcare.
- ICT.
- Biotechnology.

BUSINESS SUPPORT

- The IDC will also assist businesses with capacity building, where needed.
- Businesses are encouraged to consider this support, which is partially grant funding.

WHO QUALIFIES FOR FUNDING?

- Start-up businesses, including funding for buildings, machinery and working capital.
- Existing businesses for expansionary purposes.
- Over 50 percent ownership by persons under 35 years of age.
- Businesses that demonstrate economic merit and have prospects of acceptable profitability to be able to service their obligation.
- For the duration of the funding period, businesses whose maximum cost per job does not exceed R500 000 relative to the total funding required.
- Broad-Based Black Economic Empowerment certification from an accredited verification agency, where applicable.
- Businesses operating or expanding in South Africa.
- The funding period will be structured to meet the cash flow needs of the business.
- Appropriate capital and interest payment holidays will be applied depending on the financial needs of the business.
- There is no prescribed minimum for owner contribution.

HOW DOES THE SCHEME WORK?

- Funding will be made available at prime less 3 percent to businesses that will create jobs efficiently at a cost per job of not more than R500 000 per job.
- A minimum of R1 million with a maximum of R1 billion per project will be allowed.
- The funding is available over five years or until the Scheme is exhausted, whichever occurs first.
- The first draw must be within one year from approval of funding. If not, pricing reverts to normal IDC pricing.
- Reduced loan pricing will be available for five years, after which normal IDC pricing will apply.
- Finance required in excess of the scheme's limit can be accessed through normal IDC funding.

THE SMALL ENTERPRISE FINANCE AGENCY (sefa)

Focuses on establishing or expanding youth-owned businesses, which will ultimately help in contributing to job creation.

PRIORITY SECTORS

- Green industries.
- Agricultural value chain (agro-processing and primary agriculture (cash crops only).
- Manufacturing.
- Small mining value chain (mineral beneficiation).
- Tourism.
- Information technology.
- Retail and wholesale of products.

LENDING CRITERIA

- Economic and financial viability (demonstrated or potential).
- Businesses operating within the borders of South Africa.
- Only debt financing no equity instruments.
- Maximum loan amount of R5 million.

HOW DO WE STRUCTURE THE FUNDING?

OWNER'S CONTRIBUTION

There is no prescribed minimum for owner contribution. This will be determined by the financial capacity of the entrepreneur and the cash flow profile of the business.

SECURITY

There are no prescribed security requirements. These will be determined by the available security from the entrepreneur.

REPAYMENT PERIOD

These are structured to meet the cash flow needs of the business and in line with prescribed legislation applicable to the relevant lending product.

BUSINESS SUPPORT

There will be provision of capacity building support where needed. Businesses are encouraged to consider this support, which is partially grant funded.

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Air conditioning
&
refrigeration

THE NATIONAL YOUTH DEVELOPMENT AGENCY GRANT (NYDA)

The programme is designed to provide young entrepreneurs with an opportunity to access financial and non-financial business development support in order to enable them to establish or grow their businesses.

The NYDA will provide all pre-investment business support services for qualifying clients and clients will only need to make a small contribution to post-investment business support services. Where required, a mentor will be appointed for at least a year to assist with legal and financial matters. Young people whose business ideas qualify for the Grant Programme, depending on their individual needs, will also qualify for some of the NYDA's non-financial support services, including:

- Mentorship.
- The Voucher Programme.
- Market Linkages.
- Entrepreneurship.
- Development Programme.
- Youth Co-operatives.
- Development Programme.
- Other business support services.

UTILISATION OF THE GRANT PROGRAMME

The grant can be utilised for the following:

- Working capital.
- Asset finance.

SPECIFIC EXCLUSIONS

THE NYDA SHALL NOT CONSIDER THE FOLLOWING FOR GRANTS:

- Enterprises which require less than R 1 000.
- Partial funding, co-funding or funding towards a deposit for a loan from another lending establishment.
- Contract finance and bridging finance.
- Businesses owned by NYDA staff members, Board Committee Members or Member of the Accounting Authority.
- Where a relative of a staff member applies for a grant the said individual shall recuse himself or herself from all pre and post-approval activities.
- Where the staff, immediate family of the staff at that branch is a shareholder/associate or partner of the business for which the grant is required.
- Fall within the gambling, gaming or sex industries, and/or operates illegal activities.
- Tobacco as a primary income generator.
- Alcohol as a primary income generator.
- Investment trusts or venture capital/private equity funds.
- Require finance to substitute an existing financier.
- Require NYDA to issue a guarantee in favour of a third party.
- Require seed capital for research and development.
- Shareholders/members are natural persons who lack contractual capacity by virtue of being of unsound mind.
- Have a record of fraud and/or corruption.
- Where the owner/applicant is an un-rehabilitated insolvent.
- Where the owner/applicant is attending school other than tertiary.
- Pyramid sales schemes.
- NYDA shall not provide grant funding for vehicles.

THE GRANT RECIPIENT SHALL NOT USE NYDA FUNDS TO DO THE FOLLOWING:

- To pay a bribe.
- Re-finance any existing loans.
- Any material purpose not contained in the application for grant or defined during due diligence stage and detailed in the approved terms & conditions, unless where written approval has been granted by NYDA.
- To settle overdue or outstanding South African Revenue Service liabilities, whether current or non-current.

WHAT TYPES OF GRANTS ARE THERE?

THE GRANTS WILL BE AVAILABLE TO THE FOLLOWING:

INDIVIDUALS

Formal and informal business grants will be issued to individuals who are at the start-up phase of their development or development stage.

CO-OPERATIVES

Which are autonomous associations of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised & operated on co-operative principles.

COMMUNITY

Development Facilitation Projects. The NYDA will also facilitate a process of community development through identifying projects that will be funded through NYDA funds and/or funds sourced from partners.

The types of businesses that will be assisted through the Grant Programme include, but are not limited to; motor mechanics/panel beaters, electricians, plumbers, domestic appliance repair services, beauticians, hairdressers, cleaning companies, small scale recycling companies, street vendors, car washes and others.

WHAT IS THE QUALIFYING CRITERIA?

THE GRANT PROGRAMME WILL BE OFFERED TO QUALIFYING POTENTIAL ENTREPRENEURS WHO MEET THE FOLLOWING CRITERIA:

- Are youth (18-35yrs) with the necessary skills, experience; with the potential skill appropriate for the enterprise that they conduct or intend to conduct.
- Are South African citizens; reside within the borders of South Africa and members of the entity should comprise 100 per cent South African citizenship.
- Requires the grant for business start-up or growth.
- The business is operating within the borders of South Africa.
- Are involved in the day-to-day operation and management of the business.
- Must be willing to run the business on a full-time basis.
- Operate either informally or formally; generally recognised as micro-enterprises (e.g., street traders, vendors, emerging enterprises).
- Have a profit motive and are commercially viable and sustainable.
- For groups, individuals must have or be willing to form a group of a minimum of five people.

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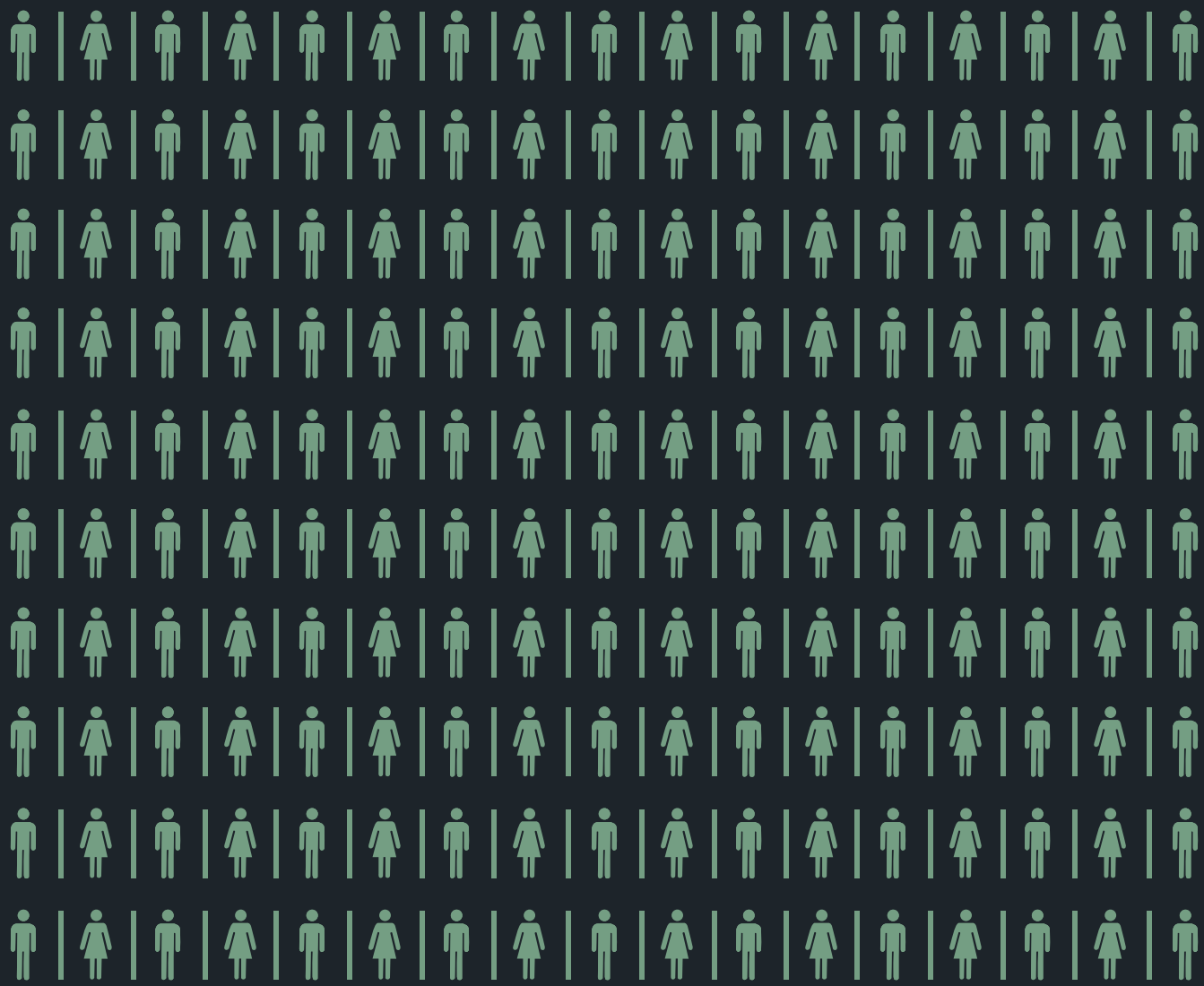

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