



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

PROGRAMME GUIDELINES

CRITICAL INFRASTRUCTURE RECONSTRUCTION PROGRAMME

© Department of Trade, Industry and Competition

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1. Preamble

- 1.1 The purpose of this document is to provide guidelines for the Critical Infrastructure Reconstruction Programme, that aims to support businesses that have been affected by unrest and riots through contributing to the refurbishment and reconstruction of infrastructure costs.
- 1.2 The guidelines set out in this document are intended to enable applicants to present their applications to the Department of Trade, Industry and Competition (**the dtic**) and provide a framework for **the dtic** to evaluate such applications.
- 1.3 The incentive applications will be approved only for projects that meet the CIRP criteria as interpreted by these guidelines and are within the mandate of **the dtic**. In order to qualify for the incentive, eligible projects have to apply to and receive approval from **the dtic**, and any such decision will be final.
- 1.4 These guidelines may be amended from time to time as deemed necessary by **the dtic**. Amendments will be published on **the dtic**'s website and effected upon publication.
- 1.5 Where the guidelines are subject to varying interpretations or do not deal with specific subject matter, the interpretation of **the dtic** must be requested or sought and such interpretation will be decisive and final.
- 1.6 Approval of applications will be subject to the availability of funds and compliance with the relevant provisions of the Public Finance Management Act, (Act No. 1 of 1999), (PFMA) and any other relevant legislation.
- 1.7 Submission of an application does not necessarily imply an approval, applications are subjected to an adjudication process by an independent **Adjudication Committee (AC)**.

2. Services Delivered by the dtic

- 2.1 No fees or charges are levied by **the dtic** for the processing or evaluation of any CIRP applications or claims.

- 2.2 Applicants are welcome to contact **the dtic** directly and **the dtic** officials will provide guidance on how to complete applications or claim forms. **the dtic** will engage with CIRP applicants only.
- 2.3 It is the responsibility of the applicant to ensure that the application submitted to **the dtic** is accurate and complete. **the dtic** does not make use of any agents/consultants to promote the CIRP and will not be accountable for any service delivered or failure thereof by any agent/consultant facilitating the CIRP application on behalf of the applicant.

3. Programme Description

- 3.1 The CIRP is an incentive that the South African government is implementing to support investments that have been affected by unrest and riots in the Gauteng and Kwa-Zulu Natal provinces.
- 3.2 It is a cost-sharing incentive that is available to approved applicants as may be approved by the AC.
- 3.3 The programme aims to leverage investment by supporting relevant infrastructure.

4. Mandatory Requirements

- 4.1 The applicant must:

- 4.1.1 Be a registered legal entity in South Africa (SA) in terms of the following:

- 4.1.1.1 Companies Act No. 71 of 2008 (as amended).

- 4.1.1.2 Close Corporations Act No. 69 of 1984 (as amended).

- 4.1.1.3 Co-operatives Act No.14 of 2005 (as amended).

- 4.1.1.4 Municipality.

- 4.1.1.5 State-owned agencies e.g. PFMA listed entities and other state-owned enterprises based on the strategic nature of the project as determined by the AC.

- 4.2 A valid tax clearance certificate from the South African Revenue Services (SARS) of the applying entity.
- 4.3 A resolution that authorises the application and the infrastructure project.
- 4.4 Signed infrastructure Bill of Quantities (BoQ), where possible.
- 4.5 Compliance with all other statutory regulations, where applicable:
 - 4.5.1 Permits or authorisations from relevant authorities applicable to the specific project.
 - 4.5.2 Project budget plan/s for the infrastructure project should contain the following details:
 - 4.5.2.1 The timeframe and infrastructure items associated with each main project activity.
 - 4.5.2.2 Description of each of the main project activities and sub-activities associated with the infrastructure project.
 - 4.5.2.3 The financial cost and budget associated with each major project activity.
- 4.6 The envisaged infrastructure projects that may qualify for benefits under any incentive schemes offered by **the dtic**, are eligible to apply for the CIRP, provided it is not for the same infrastructure activity.
- 4.7 **the dtic** reserves the right to request other documentation that may be relevant in its adjudication of the application.

5. Offering Criteria

- 5.1 Applicants must submit complete applications prior to development of infrastructure construction.
- 5.2 This will be in the form of a cost-sharing grant of 50% of the total qualifying infrastructure costs to a maximum cap of R30 million.

6. Non Qualifying Costs

- 6.1 Value Added Tax (VAT) payable in connection with the direct qualifying project costs.

- 6.2 Maintenance and repair costs or any other costs incurred after the completion of the construction of the infrastructure and commissioning thereof.
- 6.3 Costs associated with tendering documentation and the tendering process.
- 6.4 Cost associated with research and development other than that improves the current product or develops the current product to the next generation.
- 6.5 Equipment, tools and machinery for the purposes of manufacturing.
- 6.6 Any other cost/s that the Adjudication Committee, in its sole discretion, may deem as non-qualifying.

7. Incentive Disbursement

- 7.1 Approved applicants will enter into a contract with **the dtic** and payments of claims to approved projects will be based on qualifying deliverables.
- 7.2 The approved applicant has to submit mandatory documents deemed necessary by **the dtic** for payments to be processed, such as a valid Tax Clearance Certificate.
- 7.3 **the dtic** reserves the right to verify the existence of the supported deliverables and their quality.
- 7.4 All payments will be governed by the terms and conditions of the contract between the approved applicant and **the dtic**.
- 7.5 Payment to approved applicants will be subject to the submission and verification of claims by **the dtic**.
- 7.6 All mandatory requirements must be fulfilled before any payment.

8. General Conditions

- 8.1 Should there be any material changes relating to the approved project, **the dtic** must be notified in writing.

- 8.2 **the dtic** may under exceptional market or economic circumstances consider adjusting the requirements and conditions of the incentive approval. Any such adjustments will be at the sole discretion of **the dtic**. The decision of **the dtic** will be final.
- 8.3 **the dtic** has the right to request any information deemed necessary from the approved applicant.
- 8.4 In order to evaluate the impact of the incentive, **the dtic** requires that, for a period of two (2) years after completion of the claim period, the approved applicant submits a project monitoring report annually. This requirement forms part of the legal contract between **the dtic** and the approved applicant.
- 8.5 A co-funding letter from a financier supporting the project may be submitted, where possible.

9. Legal Conditions

- 9.1 The following are *inter alia* considered circumvention of CIRP Guidelines and will lead to the rejection of an application or claim:
- 9.1.1 Changing the business set-up, composition, structure/operations in order to make the project qualify;
- 9.1.2 Manipulation of inter-company assets and infrastructure; and
- 9.1.3 Any other action that, in the sole discretion of **the dtic**, can be regarded as circumvention to allow the entity, which otherwise would not have qualified, to qualify.
- 9.2 Designated infrastructure items should be procured locally.

10. Decision Review Process

- 10.1 Any dispute relating to a decision taken by **the dtic** is limited to one decision review request per application lodged within thirty (30) working days from the date of the approval/rejection letter to the Director General, after thirty (30) working days no appeal will be considered.

11. Criminal, Misleading, Dishonest and/or Irregular Activities

- 11.1 **the dtic** may, upon alleged offence or suspicion of contravention of any act or pending litigation of any such activities, suspend payments that may be due or may become due to the applicant. **the dtic** shall not be liable for any damages or interest, pending the finalisation of any investigation and any criminal proceedings brought as a result of the investigation.
- 11.2 Findings of a forensic investigation indicating such activities will be sufficient to enable **the dtic** to cease all payments and reclaim any payments already made, with *mora* interest.
- 11.3 **the dtic** subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act, 12 of 2004 (PRECCA). Applicants or any other persons should contact **the dtic** fraud hotline on 0800 701 701 to report any suspicious behaviour.
- 11.4 Responsibility rests on the applicant and any other person that may benefit from the incentive to disclose everything that may have an influence on the adjudication of the application and/or claim. Failure thereof will lead to termination or cancellation or suspension of the application or claim, and criminal prosecution and any other civil claim may ensue.

12. Monitoring and Evaluation

- 12.1 All approved projects may be monitored to assess how CIRP is contributing towards the strategic objectives of the incentive and its intended outcomes.
- 12.2 In addition to the site inspection at each claim stage, **the dtic** may conduct focus group sessions, rapid appraisals and evaluation studies, as and when required. Approved applicants are required to participate in these processes in order to inform how best to improve the effectiveness and efficiency of the incentive. These processes may occur up to three (3) years after the final claim and the company may be required to provide supporting documentation for verification purposes.

12.3 In order to evaluate the impact of the programme, **the dtic** may require the company to submit performance information up to a period of three (3) years from the last claim payment. Supporting documentation to verify the information may be required.

13. Conclusion

13.1 These Guidelines have been designed to provide interested parties with the information they will need in order to make an informed decision as to whether they should apply for funding. The Guidelines represent **the dtic's** operational interpretation of Cabinet Memorandum: No. 18 of 2000.

Approved by:

Name:

Signature:

Date:/...../ 2021