



forestry, fisheries & the environment

Department:
Forestry, Fisheries and the Environment
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF FORESTERY, FISHERIES AND THE ENVIRONMENT (DFFE) AS AN ORGAN OF STATE SUBSCRIBES TO AND PROPAGATES BOTH THE NOTION OF BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT, 2003 (Act No. 53 of 2003) (BBBEE), THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 (Act No. 5 of 2000) AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011.

TERMS OF REFERENCE

TERMS OF REFERENCE FOR THE SELECTION OF BENEFICIARIES FOR PARTICIPATION IN THE

RECYCLING ENTERPRISE SUPPORT PROGRAMME

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1 PURPOSE

- 1.1 To identify, select and support start – up and emerging waste management and recycling companies including cooperatives from historically disadvantaged communities as beneficiaries of the Recycling Enterprise Support Programme (RESP).

2 INTRODUCTION AND BACKGROUND

- 2.1 The RESP is an initiative launched by MINMEC resolution taken on 22 August 2015 with the main aim to support the start – up and emerging waste management and recycling companies from historically disadvantaged communities.
- 2.2 To date there are 24 RESP beneficiaries who have benefitted from this initiative and from these 24 beneficiaries, nine (9) were from the Gauteng Province.
- 2.3 The RESP seeks to provide financial support in the form of grant payments to a maximum of R5 million (five million rands) per project, to start- up and emerging enterprises in the waste recycling sector that represent historically disadvantaged communities with the intent of giving rise to large black industries in the waste sector.
- 2.4 The implementation on the programme has been delegated to the Department of Forestry, Fisheries and the Environment (DFFE).
- 2.5 The legislative framework that provides context to the rationale for this programme is as follows:
- National Environmental Waste Management: Waste Act, 2008 (Act no. 59 of 2008) as amended.
 - National Waste Management Strategy of 2020.
 - National Pricing Strategy for Waste Management, 2016.
 - Government relevant master plans.
 - Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).
 - Black Industrialists Policy, 2015.
 - Preferential Procurement Policy Framework Act of 2000 and its Regulations of 2017.
 - Public Finance Management Act, (Act No. 1 of 1999); and
 - Treasury Regulations of 2001.

- 2.6 Through the implementation of the RESP, start-up and emerging entrepreneurs in the waste economy are to be identified and adequately supported such that they are able to significantly contribute to the diversion of waste to landfill while creating jobs and economic prosperity.
- 2.7 The RESP will therefore, over the next few years offer the necessary support required to enable the formation and growth of start-up entrants and emerging recyclers including cooperatives in the recycling economy that represent historically disadvantaged groups.

3 PROGRAMME OBJECTIVES

- 3.1 The RESP, as a strategic intervention driven by government aims to make a significant impact on job creation, poverty alleviation, and economic transformation.
- 3.2 The RESP is primarily targeted at start-up and emerging business entities including cooperatives that have developed business plans that demonstrate a high potential to make a significant impact within the waste economy both in terms of waste diversion from landfill as well as job creation and economic development.
- 3.3 The implementation of RESP aims to address the following strategic objectives:
- *A substantial increase in recycling rates and waste diverted from landfills.*
 - *To drive entrepreneurship and job creation by ensuring the economic benefits emanating from waste are fully exploited.*
 - *The enablement of significant participation of black and historically disadvantaged businesses in the waste collection, recycling, beneficiation and energy recovery in the secondary resources' economy.*
 - *Implementation of projects aligned to Operation Phakisa: Chemicals and Waste Economy and relevant government programmes.*
 - *Support the waste sector to contribute towards the country's Gross Domestic Product (GDP).*
 - *Promote innovation through converting recyclables into marketable products and*
 - *To encourage sustainability of the identified and supported projects.*

4 EXPECTED DELIVERABLES/OUTCOMES

- 4.1 The success of this programme will be determined by the following factors amongst others:
- A tangible decline of recyclable waste taken to landfill sites.

- A significant contribution towards the improvement of the environment including air quality and climate change.
- Introduction and increased prominence of start-up and emerging historically disadvantaged recycling companies.
- A significant, identifiable, documented number of new and sustainable jobs created in the waste economy.
- Long term sustainability of the awarded projects.
- Establishment of interlinkages with relevant sectors of economy i.e., manufacturing sector.

5 PRIORITY AND LIMITATIONS

- 5.1 Due to high number of previously supported RESP beneficiaries in Gauteng, the RESP implementation for 2022/ 2023 financial year will prioritise applications from eight (8) province excluding Gauteng Province.
- 5.2 Applicants who were not successful in the previous application process are encouraged to apply again, however only the applications that meet the specifications as detailed in the terms of reference contained herein will be considered.
- 5.3 Any applicant who has been previously awarded the RESP grant and/ or are current beneficiaries of the programme are not eligible to apply.
- 5.4 Non-Profit Organisations (NPO), Non-Profit Companies (NPC) and Non-Governmental Organisations (NGO) are not eligible to apply.
- 5.5 Sole proprietors are eligible to apply.
- 5.6 Fronting is strictly prohibited, and the Department reserves the right to prosecute those found to have breached this requirement.
- 5.7 The change of ownership and shareholding after the application process to the Department and/ or grant awarding should first be approved by the Department.
- 5.8 Joint ventures may apply provided that the respective partners establish a new, registered entity as demonstrated by a joint venture agreement. N.B. pre-qualification criteria and mandatory requirements, evidence must be in the name of the registered joint venture entity.
- 5.9 DFFE reserves the right to award subject to budget availability.

6 PROGRAMME DESCRIPTION

- 6.1 The RESP seeks to provide support, including grant funding to start up and emerging enterprises across the country, operating in the recycling economy from historically disadvantaged groups with the intent of giving rise to large historically disadvantaged industries in the waste sector.
- 6.2 The RESP further aims to promote projects that support the Operation Phakisa initiatives for the Chemicals & Waste Economy which are projects that enhance the recycling value added chain covering:
- Industrial waste beneficiation,
 - Biomass waste treatment and energy recovery solutions from organic and non-recyclable waste,
 - Health care risk waste including absorbent hygiene products,
 - Separation at source activities,
 - Establishment of material recovery facilities,
 - Plastic palletisation plants,
 - Construction & demolition waste beneficiation,
 - Mining and Metallurgical,
 - Manufacturing,
 - Information and Communication Technology,
 - Agricultural, and
 - Food processing waste.
- 6.3 The proposed projects must demonstrate the sustainability of the enhanced operations without further funding support from the Department after the project period, set at Five (5) years maximum.
- 6.4 The demand, viability and cost-efficiency of the proposed projects would be assessed with reference to prevailing socio-economic and market conditions, contribution to increasing the quantity and quality of recyclables recovered from the waste stream as well as those of recycled products from their treatment, and enhancing the competitiveness of recyclables, thus reducing the amount of waste disposed of at landfills.

- 6.5 The programme is made available on a grant basis between DFFE and the successful applicants.
- 6.6 The programme offers a grant to the maximum value of R 5 million towards the total qualifying costs, based on the qualifying criteria.
- 6.7 The grant support is intended for amongst others, waste management related machinery and equipment, infrastructure (with the exclusion of land purchase), commercial vehicles, overheads, insurance, and business development services (including salaries not more 30% of grant value) necessary to grow the enterprise to ensure growth within a period of Five (5) years.
- 6.8 Funds will be disbursed to each beneficiary on a draw down basis subject to the achievement of specific, and agreed milestones which may include, an approved disbursement schedule and/ or actual expenditure incurred with auditable supporting documents.
- 6.9 Communication will be made with the successful applicants only and applicants who do not receive this communication should consider this non-communication as fact that they were unsuccessful applicants.

7 EVALUATION OF METHOD

- 7.1 The evaluation for this business proposals/plans will be carried out in the following phases:
- Phase 1: Pre-compliance
 - Phase 2: Pre-qualifications
 - Phase 3: Mandatory requirements
 - Phase 4: Evaluation Criteria.
- 7.2 Phase 1: Pre-compliance-The applicant must comply 100% with the content or items listed in the table below in order to be considered for Stage 2.

PHASE 1: PRE-COMPLIANCE CRITERIA				
No.	Criteria	Comply	Proof (Y/N)	Attached
1.	<p>Tax Clearance Certificate Requirements as evidenced by attached CSD registration number/SARS PIN and CSD summary report</p> <p>Applicant who fails to submit evidence during the application process will be given a reasonable time of seven (7) working days to submit and failure to submit thereof will result in the application being disqualified.</p>			

7.3 Phase 2: Pre-qualification-The applicant must comply 100% with the content or items listed in the table below in order to be considered for Stage 3.

PHASE 2: PRE-QUALIFICATION CRITERIA				
No.	Criteria	Comply	Proof (Y/N)	Attached
1.	<p>Only applicant (s) who are EME or QSE who are level 1 or level 2 will be considered for this application as per Preferential Procurement Regulations 2017.</p> <p>Applicants are required to submit the following:</p> <p>The above pre-qualification criteria will apply and all applications that do not meet pre-qualification requirements will be disqualified and not be evaluated further. Applicant (s) are required to submit the following documents to substantiate their BBEE Status Level:</p> <ul style="list-style-type: none"> - a B-BBEE Status Level Verification Certificate issued by SANAS Accredited Agencies. OR - a copy of CIPC certificate OR - a Sworn Affidavit signed by the EME/ QSE representative and attested by the commissioner of oaths. <p>The affidavit must indicate the commissioners stamp, if signed by SAPS must indicate the force number of the commissioner, if signed by an auditor/ accountant it must reflect the practice number of the commissioner.</p> <p>Failure to submit an original or certified copy of the B-BBEE Status Level of contributor issued by SANAS or a copy of CIPC certificate, or a valid copy of a signed and valid Sworn Affidavit will result on bid being non-responsive or disqualified.</p>			

7.4 Phase 3: The applicant must comply 100% with the content or items listed in the table below in order to be considered for Phase 4.

PHASE 3: MANDATORY REQUIREMENTS					
No.	Item		Comply	Proof (Y/N)	Attached
1.	Recycling Enterprise Support Programme application form (This application form must accompany all the documents submitted to the department with regards to the application of RESP and this must be signed. Failure to submit this signed form will result to disqualification of your application).				
2.	Applicant is a South African registered legal entity in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended), evidenced by valid CIPC documents. This includes Sole proprietors.				
3.	Applicant holds a fixed physical address and primarily operates in the province and locality of their domicile as evidenced by: <ul style="list-style-type: none"> • a lease agreement in the name of the company/ entity or • a title deed or • a utility statement not more than three months old and in the name of the company/ entity or • a permit to occupy from municipality or traditional authority not more than three months old and be in the name of the company/ entity Municipal and/or traditional authorities' proof of address should be in a letterhead of such office or stamped. Failure to comply with this requirement will result in the disqualification of your application.				
4.	Applicant is a holder of a South African business bank account, evidenced by a company's bank stamped letter in the name of the entity of not more than three months old (Bank statement won't be acceptable).				
5.	Applicant is involved or intends to operate in the waste awareness, collection, recycling, beneficiation, energy recovery related sectors of the economy as demonstrated by a company profile. A company profile that does not indicate or demonstrate applicant being involved or intending to be involved in waste management related activities will result in disqualification of the application.				

7.5 The business proposals/ plans submitted by the applicants will be evaluated for the viability and sustainability of the proposed projects.

7.6 The application will be assessed in terms of the following values: Values: 0 = Non-compliance, 1 = Poor; 2 = Fair; 3 = Average; 4 = Good; 5 = Excellent

7.7 Stage 4 Evaluation Criteria: The applicant must score a minimum of 75% during Stage 4 to be shortlisted for consideration.

STAGE 4: EVALUATION CRITERIA																		
No.	Category	Weight/ Value	Score	Total (Weight X Value awarded)														
	Application business proposal/business plan	100																
1.	Suitability of the project determined by:	50																
1.1	Evidence or demonstration of sustainable access to waste materials evidenced by letters of intent or contracts signed by the waste holder(s). The content of this evidence must reflect the intention of the waste holder to provide feedstock. Government letters/ contracts must be in the respective letterheads. Government letters/ contracts that are not in the respective letterheads will not be considered.	15																
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1.2	Evidence of possible buyers for recycled and processed goods evidenced by letters of intent, tax invoices from buyers or contracts from the customer-base. The content of this evidence should indicate the potential customer's intention to purchase or purchased the recycled goods. Letters/ contracts from government institutions must be in their respective letterheads. Government letters/ contracts that are not in the respective letterheads will not be considered.	15																
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1.3	<p>Indication of approximate volume of waste to be diverted from Landfill.</p> <table border="1"> <thead> <tr> <th>Access to volume of waste materials</th> <th>Indicator</th> </tr> </thead> <tbody> <tr> <td>4000 tonnes and above per year</td> <td>5</td> </tr> <tr> <td>2000 tonnes to 3999 tonnes per year</td> <td>4</td> </tr> <tr> <td>1000 tonnes to 1999 tonnes to year</td> <td>3</td> </tr> <tr> <td>500 tonnes to 999 tonnes per year</td> <td>2</td> </tr> <tr> <td>300 tonnes to 499 tonnes per year</td> <td>1</td> </tr> <tr> <td>Less than 300 tonnes per year or no information provided</td> <td>0</td> </tr> </tbody> </table>	Access to volume of waste materials	Indicator	4000 tonnes and above per year	5	2000 tonnes to 3999 tonnes per year	4	1000 tonnes to 1999 tonnes to year	3	500 tonnes to 999 tonnes per year	2	300 tonnes to 499 tonnes per year	1	Less than 300 tonnes per year or no information provided	0	10		
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STAGE 4: EVALUATION CRITERIA

No.	Category	Weight/ Value	Score	Total (Weight X Value awarded)															
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8 PREFERENCE POINT SYSTEM

8.1 STAGE 4: Preference point system will not be applicable

9 SPECIAL CONDITIONS OF CONTRACT

9.1 The performance measures for the delivery of the project objectives will be closely monitored by DFFE.

9.2 Any attempt to circumvent or actual circumvention of these Terms of Reference, Guidelines which, at the sole discretion of DFFE, may allow an applicant who would otherwise not have qualified to qualify for this incentive, will lead to rejection of the application or claim.

9.3 DFFE may, upon suspicion of any criminal, misleading, dishonest and/or irregular activities, suspend payments that may be due or become due to a claimant. Further, DFFE shall not be liable for any damages or interest, pending the finalisation of any forensic investigations and any criminal proceedings emanating from such investigations.

9.4 Findings of a forensic investigation indicating any criminal, misleading, dishonest and/or irregular activities will be sufficient to allow them to cease all payments and reclaim any payments already made, with mora interest.

9.5 DFFE subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act (PRECCA), No. 12 of 2004. Applicants are requested to contact the DFFE Fraud Hotline on 0800 205 005 should they wish to report any suspicious behaviour.

9.6 A duty rests on the applicant and any other person who may benefit from the RESP to disclose everything that may have an influence of the adjudication of the application and/or claim. Failure to do so will lead to the termination/cancellation/suspension of the application/claim.

9.7 DFFE reserves the right to publish success stories of successful candidates. The right to choose a successful candidate for publication will be at the sole discretion of DFFE and by applying for the RESP grant, the applicant provides his/her consent to such publication.

9.8 DFFE reserves the right to obtain independent quotations for any intervention proposed or claimed and to pay the lesser amount of the independent quote or the amount proposed or claimed. In this regard, DFFE may, where a certain type of intervention occurs regularly, set benchmarks or maximum amounts for such interventions, to ensure the fair and equitable treatment of all applicants.

- 9.9 Any relaxation of minimum requirements, conditions of these Terms of References will be based on merit and at the sole discretion of DFFE. In this regard, the decision of DFFE will be final.
- 9.10 The beneficiary will submit quarterly reports to the Programme manager, within the period specified in the signed Memorandum of Agreement.
- 9.11 The Programme manager shall perform the ongoing performance management of the Grant Agreement.
- 9.12 The beneficiary must ensure all RESP related asserts procured.
- 9.13 The beneficiary must guarantee the presence of the senior in charge of the implementation of the project throughout the duration of the Grant Agreement.
- 9.14 Please take note that DFFE is not bound to select any of the firms submitting proposals. DFFE reserves the right not to award any of the applicants.
- 9.15 Applicants must score a minimum of 75% (The minimum qualifying score). The minimum qualifying score must not be prescribed so low that it may jeopardize the quality of the proposal required nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the system.
- 9.16 DFFE will not be held responsible for any costs incurred by the applicant in the preparation, presentation, and submission of the proposals.
- 9.17 Travelling costs and time spent or incurred between home and office of consultants and DFFE office will not be for the account of DFFE.
- 9.18 Joint ventures may apply provided that the respective partners establish a new, registered entity as demonstrated by a joint venture agreement. N.B. pre-qualification criteria and mandatory requirements evidence must be in the name of the registered joint venture entity.**
- 9.19 Applicants must submit two identical proposals (two envelopes) for each proposal clearly marked “original of RESP application” and “copy of RESP application” in the tender box at the following address:**

Department of Forestry, Fisheries, and the Environment

473 Steve Biko Road

Environment House

Arcadia

0073

- 9.20 The evaluation of Proposals can only be done based on information required by the department.
- 9.21 Applicants failing to meet pre-compliance, pre-qualification criteria, mandatory requirements, will automatically be disqualified.

10 PAYMENT TERMS AND GRANT DISBURSEMENT

- 10.1 DFFE reserves the right to conduct performance and financial audits as well as physical site visits to verify expenditure and project implementation progress of the beneficiary.
- 10.2 DFFE undertakes to make the initial disbursement within 30 (thirty) days after the submission of all the required documents from the qualifying enterprises.
- 10.3 DFFE reserves the right to make third party payments for goods and services directly to the bank accounts of the successful beneficiaries nominated suppliers and service providers.
- 10.4 DFFE undertakes to disburse all the payment in tranches based on the approved disbursement schedule in line with the project requirements or as per deliverables days in line with all valid claims for work done or to be done to its satisfaction upon presentation of a substantiated claim and the required reports stipulated in special conditions. No payment will be made where there is outstanding information/work not submitted by the Applicant/s until that outstanding information is submitted.
- 10.5 DFFE reserves the right to recoup any monies already disbursed either in total or in part informed by circumstances and conditions deemed necessary to cancel the project.

11 QUALIFYING COSTS

- 11.1 Listed below are the set of items that qualify for RESP funding.
- Waste Management Related Machinery, equipment, and tools,
 - Infrastructure linked to the strategic partner's supplier development initiative (owned/ leased buildings, leasehold improvements),
 - Product or service development,
 - Information and Communication Technology (ICT),
 - Operational costs including salaries (not exceeding 30% of grant value),

- Insurance of the assets
- 11.2 The list of qualifying costs stated above is not exhaustive.

12 RESP LIMITATIONS AND EXCLUSIONS

- 12.1 The following items are not eligible for funding.
- Training programmes that exceed five (5) weeks or one-hundred and sixty (160) notional hours or any long-term formal training (e.g. a Master of Business Administration), including training at accredited institutions such as universities;
 - Any other costs that the Adjudication Committee, in its sole discretion, deems as non-qualifying; and
 - Design and printing of marketing material.
- 12.2 DFFE will prioritise equitable geographical selection of projects across the provinces.
- 12.3 RESP grant approval is subject to the availability of funds.

13. PROPOSAL FRAMEWORK & DEVELOPMENT GUIDELINES

- 13.1 The guidelines set out in this document are intended to provide a framework for applicants to present their proposals to DFFE and for the RESP's adjudicators to evaluate such proposals.
- 13.2 Where the guidelines lend themselves to varying interpretations or do not DFFE with a specific subject matter, the interpretation of DFFE must be requested and such interpretation will be decisive and final.
- 13.3 Interested parties to the RESP are therefore invited to submit detailed proposals which indicate the following:
- An overview of the business concept which describes the specific area of focus with the waste recycling value chain;
 - Profile of owners and management;
 - The targeted waste stream that will be treated or recycled;
 - Confirmation of access to targeted waste streams (contracts with Municipalities etc.);
 - The projected volumes waste that will be treated or recycled;
 - Identified markets for recycled products (product off takes, expressions of interest);
 - The estimated number of jobs to be created both (direct and indirect);

- Status or progress if any in terms of the acquisition of appropriate authorisations to engage in waste management activities (i.e., waste licences, EIA); and
- Financial projections and detailed budget requirements (i.e., Start-up costs, purchase of equipment, land and facilities).

14. TECHNICAL ENQUIRIES

Should you require any further information in this regard, please do not hesitate to contact:

Name: Thabo Magomola

Office Telephone No.: 012 399 9303/066 317 3530

E-mail: TMagomola@environment.gov.za

15. Appendix A: Detailed Guidance for the Business Proposal

Applicants for the RESP should ensure that their proposals cover aspects as outlined below:

1. EXECUTIVE SUMMARY

- Objectives and description of the enterprise
- Brief history (if existing) and background to the business and its founding member
- Products and services
- Financing required

2. BUSINESS MODEL

- Waste recycling value chain business focus.
- Volume of waste to be collected or processed?
- Products and services to be offered
- Competencies/experiences/technologies that will be deployed
- How many jobs do you envisage creating?
- What is the composition of your enterprises ownership and what is the profile of the management team?
- What is your business short term, medium and long terms needs?

3. MARKETING PLAN

- How will the target market be defined and reached?
- Analysis of the market and its potential (trends, competition, comparative advantages)
- Who/what market or segment is the proposed programme targeted at?
- What market trends for the sector?

4. OPERATIONAL PLAN

- Where are your markets for recycled products?
- What are the collection needs and who will collect the waste?
- What other waste infrastructure will be required to supplement the main recycling facility? i.e. drop off centres, MRF.
- Where will be the waste collected and how often?
- Type of infrastructure and equipment required i.e. land and machinery.

5. ADMINISTRATION / ORGANISATIONAL PLAN

- Resources required by the strategic partner (machinery, furniture & equipment)

- Organisational structure (staff structure, roles & responsibilities, qualifications & experience) of HR to oversee partnership-programme
- Experience in mentoring and/or offering business development support

6. FINANCIAL PLAN

- Initial investment required
- Details to financial model
- Minimum three (3) year income statement and asset register projections where possible
- Minimum 3 year financial income projection

7. MONITORING AND EVALUATION

- How will performance be measured and monitored?