



## **RAY NKONYENI MUNICIPALITY**

<b>Subject:</b>	Terms of Reference – Panel of service providers to implement enterprise development programmes in Ray Nkonyeni Municipality for a period of three years.
<b>Date:</b>	February 2023

## **Definitions of acronyms**

RNM:	Ray Nkonyeni Municipality
DPS:	Development Planning Services
IDP:	Integrated Development Plan
KZN:	KwaZulu-Natal
LED:	Local Economic Development
PSC:	Project Steering Committee
SMME:	Small, Medium and Micro enterprise
SDBIP:	Service Delivery and Budget Implementation Plan
TORs:	Terms of Reference
POE:	Portfolio of Evidence

## **1. BACKGROUND INFORMATION**

### **1.1 Locating the LED Unit and LED Programme**

The Local Economic Development (LED) Unit is located within Development Planning Services department. In line with its mandate, the Unit was established to stimulate and support sustainable economic development. Its programme and its various projects are designed to support local stakeholders in addressing market failures, human and institutional capacity limitations that act to exclude general citizens from the mainstream economy and thus perpetuate unemployment and poverty. In summary, the focus of the LED Unit is thus to create an enabling environment for growth of existing businesses and establishment of new businesses whilst at the same time empowering rest of local stakeholders in their quest to create employment opportunities and local economic stability.

### **1.2 Problem statement & project rationale**

In Ray Nkonyeni Municipality local economic development facilitation is mainly guided by the IDP, Local Economic Development Strategy and the municipality's 20-year Strategic Growth and Development Plan, also known as "Vision 2036". There are, however, other supporting plans and policies that seek to aid the implementation of the afore-indicated core strategies, such as SMME & Cooperatives Entrepreneurship Support Guidelines. To start with, the National Development Plan (NDP, 2011), the Provincial Growth and Development Strategy (2011), Ray Nkonyeni Local Economic Development Strategy (2018) and the Ray Nkonyeni Municipality Strategic Growth and Development Plan (RNM Vision 2036) argue for the advancement and support of small businesses as one key mechanism towards inclusive economic development. Further, According to RNM Vision 2036 (2020), "SMMEs require extensive support within the start-up and expansion phases and, in the case of transformed businesses, this support must often come from government institutions due to lack of access to private capital. In addition, RNM Vision 2036 further states that, "Ray Nkonyeni Municipality can provide the required support through providing office space, access to finance, training, and facilitating connections between producers and suppliers. Therefore, to ensure a deliberate, coherent and strategic support for SMME development within its jurisdiction, the municipality has resolved to appoint a panel of experienced and highly capacitated consultants / service providers to assist in driving a holistic enterprise development programme that shall focus on various and critical aspects of business development.

### **1.3 Purpose of the Terms of Reference**

The purpose of the Terms of Reference is to specify to the prospective Service Providers the technical and other requirements for the execution of this project. The Terms of Reference specifies the objectives of the initiative and the activities to be undertaken in the course of implementation; and further tabulates the milestones and the methods of verification against the desired outputs.

## **2. OBJECTIVE & SCOPE OF DELIVERABLES**

### **Overall objective of establishing the panel**

In line with the municipality's vision 2036, the overall objective is to mobilise and empower SMMEs, and in so doing ensure that SMMEs are guided and capacitated to participate in the mainstream economy in order to meaningfully contribute to economic growth, job creation and economic development in general.

### **Scope of work & specific deliverables**

#### **Phase 1:**

Implement SMME funding programme

#### **Phase 2:**

Appointed service providers shall be expected and required to, amongst other activities, to perform the following functions:

#### **2.1 Business planning - preparation and funding applications**

- Conduct and facilitate workshops to identify priority areas of economic interventions;
- Developing business plans to assist with applications for funding through developmental financial institutions and other funding organizations.
- Provide support to SMMEs in preparing and completion of funding applications forms and other required documents.
- Liaise with funding organizations to monitor, track and follow-up on submitted applications
- Provide overall support to the municipality in the implementation of its SMME & Cooperatives Entrepreneurship funding support programme.

#### **2.2 Market access – planning and securing of contracts**

- Provide support to SMMEs in the formulation and developing of marketing strategies
- Create and sensitize SMMEs about market relationships – both existing and identify potential new ones. Further, train SMMEs on how to identify such opportunities for future self-sustainability.
- Facilitate off-take agreements and other engagements between mainstream economic players and SMMEs in order to foster supply chain collaborations.

#### **2.3 Product development and product quality**

- Provide support to SMMEs in the development of production year plans;

- Facilitate involvement of industry experts and equipment suppliers to assess and assist with the implementation and training to be conducted to ensure that the produce is harvested in the correct manner, and to ensure that the maximum price is obtained from production activities.

#### **2.4 Quality control and compliance**

- Where applicable, assist SMMEs in the implementation of Safety, Health, Environmental, Risk & Quality (SHERQ) control and compliance.

#### **2.5 Corporate governance**

- Provide statutory compliance and legal support to SMMEs to ensure that their fledging businesses do not falter on compliance requirements as stipulated by various pieces of legislation.

#### **2.6 Development of financial systems and processes**

- Assist SMMEs in developing financial processes and systems for their businesses
- Provide support to SMMEs in the development of financial policies

#### **2.7 Provision of tailor-made technical and business management training**

- Provide support and training in record keeping for businesses
- Provide support and training in budgeting and forecasting;
- Provide support and implementation of Payroll administration (where required)
- Provide overall support pertaining to all statutory compliance requirements.
- Provide support and training on packaging and unpacking of financial information for decision making in business.
- Facilitate provision of financial management tools, templates and software for use by SMMEs.

#### **2.8 Provision and rendering of business mentorship and ongoing support**

- Implement the result-based management approach in providing mentorship and ongoing advice to SMMEs.
- Design and implement appropriate monitoring & evaluation framework for SMMEs under mentorship programme.
- Provide overall ongoing onsite & offsite mentorship to all SMMEs that have been funded by the municipality and recommend corrective interventions where businesses suffer sustainability challenges.

### **3. KEY ACTIVITIES UPON APPOINTMENT**

#### **3.1 Step 1: Inception**

- Inaugural meeting with client to finalise project scopes, objectives, dates
- Identify & source all relevant information

#### **3.2 Step 2: Stakeholder consultation and capacity building**

- Engaging with key stakeholders, partners and all role-players
- Identify critical areas of enterprise development & bottlenecks associated with such.

#### **3.3 Step 3: Situational analysis**

- Undertake a desktop analysis to review key issues associated with enterprise development
- Compile a local overall & integrated overview – focussing on local SMME issues and how they affect trajectory of local SMME growth. Focus should be on both internal & external environments.

#### **3.4 Step 4: Opportunity analysis**

- Conduct a local sectoral potential review analysis and identify sectoral comparative advantages of the local economy to determine the developmental potential within the municipality.
- Review & identify supply and demand factors to assess market opportunities
- Conduct all other relevant data review pertaining to economic opportunity analysis

#### **3.5 Step 5: Strategic framework & alignment**

- Formulate an appropriate strategic framework to shape and guide enterprise development
- Ensure that the identified strategic framework is aligned with municipality's Vision 2036 and other key national and provincial policies.

#### **3.6 Step 6: Enterprise Development Strategy**

- Collate all findings and intervention priorities to establish the overall enterprise development plan.

#### **3.7 Step 7: Institutional options**

- Review existing institutional structures and advise the municipality on appropriate mechanisms going forward.

#### **3.8 Step 8: Project prioritisation**

- Together with key stakeholders, advise the municipality on projects to be prioritised.

#### **3.9 Step 9: Opportunity mapping**

- Facilitate the allocation of prioritised projects taking into account sustainability, location, skills availability, access to markets and available resources.

#### **3.10 Step 10: Funding options**

- Conduct thorough funding analysis & further identify funding options available in government, private sector and donor funding that is aligned to SMME development.

### **3.11 Step 11: Project packaging**

- Package all selected viable projects to enable efficient and effective facilitation of implementation. Bankable projects will be selected in consultation with the client.

### **3.12 Step 12: Budgeting**

- Prepare financial & budget plan to be presented to client for approval purposes.

### **3.13 Step 13: Implementation**

- Facilitate and drive implementation, inclusive of monitoring and evaluation as well as ongoing mentorship, which must take the shape of both onsite as well as offsite mentorship.

## **4. OUTPUTS & DELIVERABLES**

For each and every step as outline above in Section 3, appointed service providers will be expected to prepare and submit appropriate report to the client.

## **5. ANTICIPATED TIME FRAMES**

The panel of service providers will be for a period of three years.

## **6. TEAM REQUIREMENTS**

### **Personnel**

6.1 Project team members must demonstrate and prove individual and collective experience in a wide range of sectors & proof must be submitted for feasibility studies, due diligence and business planning previously conducted, preferable within government sector, inclusive of local government.

6.2 Appointed Service Providers must be accredited by Department of Trade, Industry & Competition (DTIC), Small Enterprise Development Agency (SEDA), National Development Agency (NDA) and Agri-SETA.

6.3 Further, appointed Service Providers are required to ensure that their teams comprise of experts / specialists in the following fields / sectors:

<b>Agriculture</b>	<b>Retail</b>	<b>Accounting</b>
<b>Agro-processing</b>	<b>Automotive</b>	<b>Information Technology</b>
<b>Manufacturing</b>	<b>Economics</b>	<b>Business development</b>

Furthermore, the **Key Expert (Project Leader)** must possess the below competencies.

### **Key Expert (Project Leader)**

The Team Leader must have an officially recognized qualification (Honours, Masters or PhD) in one of the following fields Business Development, Economics, Econometrics, Commerce or Business Administration and 5 to10 years relevant experience in the formulation of feasibility studies, due diligence and business planning. The Team Leader should further have knowledge of project and contract management, sector studies, business plans, IDPs (integrated development plans), project financing, SWOT and LED Plans; partnerships for economic development; legislation, policy and strategy affecting economic development; and research methodologies.

In addition, the Team Leader should have extensive experience of managing multi-disciplinary teams and professional facilitation and participation management. Knowledge of the South African and KwaZulu-Natal legislative and policy framework, as well as institutional development and organization, would be essential to ensure informed input into the content of the study.

## **7. REPORTING**

### **Reporting Requirements**

Appointed service provider is expected to present an inception report within one (01) month from the commencement of the contract. Various other reports thereafter will be submitted to the LED Manager or nominated representative in line with agreed-upon time frames.

### **Reporting Procedures**

The Project Leader (Key Expert) shall report to the municipality's Local Economic Development Manager (or nominated representative). All reports with their accompanying invoices for payment must be submitted to the Manager: Local Economic Development, who shall thereafter recommend to the Head of Department pertaining to approval for payment purposes.

### **Project Steering Committee**

The Municipality will be responsible for setting up the Project Steering Committee (PSC) and its Terms of Reference. The Service Provider will be expected to provide PSC secretariat, and the minutes of the PSC meetings will be prepared by the Service Provider and circulated to all PSC members at least seven (7) days after the meeting. PSC will compose of officials and industry experts who shall be identified by both service provider and client during the inception meeting.



## **8. TECHNICAL PROPOSALS**

### Understanding of the project context and the assignment

Prospective service providers are required to describe in detail their understanding of the brief and terms of reference.

### Organisation and methodology

In their proposals, bidders should clearly state the approach and methodology for achieving the contract objectives. They should also explain why their preferred approach is appropriate for achieving the TORs. Methodology should also detail how the bidder will organise itself to deliver on the TOR and the support that will be offered to the Key Expert.

### **Curriculum vitae: Project Leader (Key Expert)**

Detailed CVs with list and certified copies of qualifications, experience, and competency in relation to achieving the respective project objectives and associated activities of the work plan must be provided.

### **Curriculum vitae: Other experts in accordance with section 6 above**

Detailed CVs of all other experts that will be supporting the project leader (with list and certified copies of qualifications, experience and competency in relation to project objectives), must be submitted.

## 9. EVALUATION CRITERIA & BREAKDOWN OF TOTAL SCORES

### 9.1 Application of goals as provided for by the Preferential Procurement Policy Framework Act (PPFA)

In line with the objectives of the Ray Nkonyeni Municipality Preferential Procurement Policy (2022/2023), it is the intention of Council to promote local economic development and increase participation by Small, Medium and Micro Enterprises (SMMEs) in the municipality's procurement processes. Further, in alignment with that, bids in this instance are to be considered using **Preference Goal 4**, which is the combination of Broad-Based Black Economic Empowerment Scorecard (B-BBEE) and Reconstruction & Development Programme (RDP), which will be assessed as follows.

B-BBEE Status Level of Contributor	Verification	Number of Points for Preference
	SANAS-approved BBBEE certificate or sworn affidavit. Weighing to be: BBBEE Level 1 = 100 % BBBEE Level 2 = 60 % BBBEE Level 3 & below = 20 %	
1		10
2		9
3		8
4		5
5		4
6		3
7		2
8		1
Non-compliant contributor		0
<b>SMME development (EME &amp; QSE)</b>		
<ul style="list-style-type: none"> <li>▪ EME or QSE which is 100 % owned by black people = 100 % = 10 points</li> <li>▪ EME or QSE which is 51 – 99 % owned by black people = 50 % = 5 points</li> <li>▪ EME or QSE which is 25 – 50 % owned by black people = 25 % = 3 points</li> </ul>	<p style="text-align: center;"><b>Verification</b></p> CIPC-issued share certificate confirming company ownership and sworn affidavit in relation to ownership status / level as EME or QSE.	<p style="text-align: center;"><b>Points allocation</b></p> 10

## 9.2 Further evaluation – Functionality and Financial offer

Service Providers will be assessed according to the criteria as indicated below. The procedure for evaluation of responsive tenders will be: Functionality and Financial Offer. Evaluations of tenders will be done in two stages. Firstly, eligibility and quality (functionality) will be assessed; whereafter tenders with a minimum of 60 percent of points will be evaluated further for Financial Offer and Preference. The municipality's supply chain management policy will apply.

Criteria	Possible Full Points
Proposal & Methodology	10
Company Experience	20
Key Expert (Project Leader): Qualifications	10
Key Expert (Project Leader): Experience	10

Criteria	Weighing	Scoring measurement	POE to be submitted
Proposal & Methodology	10	<ul style="list-style-type: none"> <li>▪ Submission of a Proposal, with detailed methodology = 10 points As per TORs Methodology to cover &amp; respond to: Scope of works &amp; specific deliverables Key activities upon appointment Team / personnel requirements)</li> <li>▪ Inadequate proposal (not covering all of below points= 5 points Scope of works &amp; specific deliverables Key activities upon appointment Team / personnel requirements)</li> <li>▪ Non-submission of a detailed proposal detailing methodology = 0 points</li> </ul>	Proposal, with detailed methodology, detailing how the exercise is to be executed in response to the Terms of Reference – covering scope of works & specific deliverables, key activities upon appointment & team / personnel requirements.
Company experience	20	<ul style="list-style-type: none"> <li>▪ Less than 3 years' experience in formulation of economic development-focussed feasibility studies, LED-focussed business plans &amp; due diligence processes across all spheres of government. Proven record in facilitation &amp; implementation of SMME-focussed financial management systems and proven experience in new agricultural markets facilitation for SMMEs (e.g. fisheries, rabbits, goats, mushrooms &amp; essential oils). Proven experience in business coaching, mentorship &amp; business trainings = 5 points</li> <li>▪ More than 3 years but less than 5 years' experience in formulation of economic development-focussed feasibility studies, LED-focussed business plans &amp; due diligence processes across all spheres of government. Proven record in facilitation &amp; implementation of SMME-focussed financial management systems and proven experience in new agricultural markets facilitation for SMMEs (e.g. fisheries,</li> </ul>	Letters of appointment from previous clients, summing up company experience.

		<p>rabbits, goats, mushrooms &amp; essential oils). Proven experience in business coaching, mentorship &amp; business trainings = 10 points</p> <ul style="list-style-type: none"> <li>▪ More than 5 years' experience but less than 10 years' experience in formulation of economic development-focussed feasibility studies, LED-focussed business plans &amp; due diligence processes across all spheres of government. Proven record in facilitation &amp; implementation of SMME-focussed financial management systems and proven experience in new agricultural markets facilitation for SMMEs (e.g. fisheries, rabbits, goats, mushrooms &amp; essential oils). Proven experience in business coaching, mentorship &amp; business trainings = 15 points</li> <li>▪ 10 years' experience &amp; above in in formulation of economic development-focussed feasibility studies, LED-focussed business plans &amp; due diligence processes across all spheres of government. Proven record in facilitation &amp; implementation of SMME-focussed financial management systems and proven experience in new agricultural markets facilitation for SMMEs (e.g. fisheries, rabbits, goats, mushrooms &amp; essential oils). Proven experience in business coaching, mentorship &amp; business trainings = 20 points</li> </ul>	
Key Expert (Project Leader): Qualifications	10	<ul style="list-style-type: none"> <li>▪ Undergraduate degree = 5</li> <li>▪ Post-graduate degree = 10</li> </ul>	Certified copies of relevant qualifications in Entrepreneurship, Business Management and Economics.
Key Expert (Project Leader): Experience	10	<ul style="list-style-type: none"> <li>▪ More than 5 years' experience in formulation of economic development-focussed feasibility studies, LED-focussed business plans &amp; due diligence processes across all spheres of government. Proven record in facilitation &amp; implementation of SMME-focussed financial management systems and proven experience in new agricultural markets facilitation for SMMEs (e.g. fisheries, rabbits, goats, mushrooms &amp; essential oils). Proven experience in business coaching, mentorship &amp; business trainings = <b>10 points</b></li> <li>▪ Less than 5 years' experience in formulation of economic development-focussed feasibility studies, LED-focussed business plans &amp; due diligence processes across all spheres of government. Proven record in facilitation &amp; implementation of SMME-focussed financial management systems and proven experience in new agricultural markets facilitation for SMMEs (e.g. fisheries, rabbits, goats, mushrooms &amp; essential oils). Proven experience in business coaching, mentorship &amp; business trainings = <b>5 points</b></li> </ul>	Curriculum Vitae (CV) of Project Leader, detailing experience.

Financial evaluation:

Financial evaluation will be conducted by the municipality's Supply Chain Management, which shall consider the Technical Evaluation Report as provided by Development Planning Services Department.

## **10. TECHNICAL ENQUIRIES**

Technical enquires can be submitted to the Manager: Local Economic Development:

Philani C. Khambule  
Manager: Local Economic Development  
Ray Nkonyeni Local Municipality  
10 Connor Street  
Port Shepstone  
4240

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