

# **WINNIE MADIKIZELA MANDELA LOCAL- MUNICIPALITY**



## **FINAL LONG TERM FINANCIAL STRATEGY 2026/27**

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## **BACKGROUND**

The current challenge is to ensure inclusive economic development that provides both economic growth and poverty eradication based on the dynamic relationship between two approaches market – led approach focusing business development together with demand led- approach focusing on community development.

In an attempt to effect social and economic transformation and address the pressing needs of the larger community, the municipality has developed a funding strategy acknowledging illiteracy levels, Geographical location, Gender, Age and Disability. The funding framework focuses on economic development projects as the core business of the LED and poverty eradication projects.

## **CHAPTER 1**

### **WHAT SHOULD THE FUNDING STRATEGY ACHIEVE?**

#### **1.1 STRATEGY GOAL**

The Municipality aims to contribute to the overall vision for South Africa by 2014 of a country with sustainable economy that can meet the material needs of all its citizens.

#### **1.2 STRATEGY OBJECTIVES**

- To ensure fairness in the distribution of resources
- To standardize funds distribution to the respective projects
- To ensure that the Municipality directs funds to the project that has the most potential for success
- To clarify Municipal procedures in regard to the funding of projects
- To increase the contribution of small enterprises to the growth of the economy of the Municipality
- The strategy should serve as a monitoring tool in the distribution of funds
- To establish clear condition for funding and criteria for assessment
- To specify the monitoring measures used by the department to evaluate projects

## **CHAPTER 2**

### **DOCUMENTS REQUIRED**

Though the projects differ from size and type, the requirements will be different.

#### **2.1 CONSTITUTION OF THE PROJECT**

The project must submit a constitution which is a set of principles agreed upon by a committee, such as a community organisation or individual entrepreneur. It lays down certain rules that the committee believes will help it run efficiently and effectively. It is also very useful for resolving disputes that may arise over issues such as membership, decision making and control.

#### **2.2 PROJECT PROFILE/ BUSINESS PLAN**

The project must submit a Profile / viable Business Plan which contains detailed information and background of the project and which also demonstrates the feasibility and viability of the project. The business plan must be bankable to an extent that it can be forwarded to other financiers for Co-financing in the case where the Municipality cannot fund the project.

#### **2.3 PROOF OF LAND OWNERSHIP / LEASE AGREEMENT**

The Municipality must ensure that the incumbents for the projects that need land for their operation must submit documents that verify the ownership of the land like title deed, lease agreement and letter from chiefs together with the letter from the ward councillor.

#### **2.4 REPORT FROM PROJECT VISIT / SOCIAL FACILITATION REPORT**

It is the duty of the Municipal officials and councillor's responsible for the particular sector to verify the existence and viability of the project before the approval of funds and table recommendations before the standing committee. That verification must be in written form and should be submitted/ attached to the application for support.

## **CHAPTER 3**

### **CATEGORY OF PROJECTS**

#### **3.1 ALL ECONOMIC ACTIVITIES (Manufacturing, Agriculture, Tourism, Mining, Mari culture & forestry)**

##### **DOCUMENT REQUIRED**

Project profile /viable business plan with detailed financials and market analysis. The Municipality must draft the form and the applicants will have to submit the form together with the business plan.

Report from project visit / social facilitation

Poverty reduction projects refer to the small projects that are meant for subsistence purposes not for commercial purposes and this would include individual homestead production and will not fall in the funding calls. For example, in the case of a vegetable garden project it must be less than a hectare. The funding should be between 0 to R10 000 which is a once off. Poverty Alleviation projects must be aligned to those that funded and intended to be funded by social department. Given that this is a once off support the Municipality should organise training for the beneficiaries so that they can continue to produce without financial injection using raw materials available at their disposal e.g.: use of organic instead of chemicals.

#### **3.2 INCOME GENERATING PROJECTS. SMME Projects**

**ALL SECTORS (AGRICULTURE, MANUFACTURING, TOURISM, MINING, FORESTRY, MARICULTURE)**

**ENVIRONMENTAL MANAGEMENT SECTOR: (HORTICULTURE & WASTE MANAGEMENT)**

##### **DOCUMENT REQUIRED**

- Founding Statement
- Viable business plan
- Proof of land ownership / lease agreement
- Financial statements
- Due diligence report

The income generating projects referred to those projects that have economic impact. The funding should be between R100 000 to R200 000. The funding should be directed to a group of minimum number of 5 people or the funding must be directed to an individual who can employ a minimum number of 4 people. The projects must be an Individual Entrepreneur or a Cooperative registered with all registration documents. The municipality will show a preference for those projects that do exist not the projects that are still in planning phase. No government employees or close relatives (Wife or

Husband) of Municipal employees or Councillors who can access funding from the municipality. The project must submit a comprehensive business plan, constitution, and all required information according to the Application form and advert.

**3.3 ANCHOR PROJECTS (ALL SECTORS: AGRICULTURE, TOURISM, MARICULTURE, MARICULTURE, FORESTRY, MANUFACTURING, and ENERGY & MINING ENVIRONMENTAL MANAGEMENT: (HORTICULTURE & WASTE MANAGEMENT)**

**DOCUMENT REQUIRED**

- Company founding statement. Registration documents
- Bankable Business plan
- Proof of land ownership / lease agreement
- Due diligence report
- Feasibility study / Proven research showing material (When requested)
- Annual Financial Statements

Anchor Projects are those projects that are performed on larger scale and must have greater impact on the local economy. The project must be linked to the LED Strategy and Plan and the Integrated Development Plan of the municipality. The project must be community oriented / based or sole proprietor. There must be a feasibility study or proven research showing potential. Anchor projects to be considered should have at least 8 members if it is a cooperative or if it is a private company it should employ 8 people

## **CHAPTER 4**

### **ASSET OWNERSHIP**

The municipality needs to sign a memorandum of understanding with the projects/ community in regard to fixed/ movable asset to ensure strict management and control measures for state resources. The council should specify upfront the ownership of the fixed assets. The beneficiaries should be handed over the assets once they can approve that they can operate on a satisfactory form.

#### **4.1 MOVABLE ASSET**

The strategy referred to movable asset as that asset that is easily moved from one place to another like Machinery, equipment. If the project is owned by a Cooperative and in the case where dispute arises, the Municipality must intervene. In the case where members are not willing to work together and resolve the dispute, the Municipality reserves the right to dispose the assets and consider assisting other viable projects.

#### **4.2 FIXED ASSET**

The strategy referred to fixed asset as those assets that cannot be moved like land and building in regard to those assets the municipality will remain the owners of the asset. In terms of the strategy the Municipality reserves the right to confiscate the asset when the project disband / seized its normal functioning. The project will be liable for damages to the asset.

#### **4.3 PERISHABLE ASSET**

By perishable asset the strategy referred to the assets that are subject to speedy decay like food, seeds. The project will take full ownership of the asset and is obliged to use them in a responsible manner as the asset would be funded by the state resource.

## **CHAPTER 5**

### **ROLES AND RESPONSIBILITY**

#### **5.1 THE ROLE OF THE MUNICIPAL OFFICIALS AND COUNCILOR RESPONSIBLE FOR THE SECTOR**

The role of the municipal LED Manager is to ensure that before the Executive Committee approves funding for the project, they do Business plan assessment to check viability of the project. The LED Manager will assess or set up a committee composed of LED officials or Senior Manager to execute Business plan assessment. LED Manager is responsible to develop the criteria for assessment and for due diligence to the projects.

A due diligence must be done by the LED Manager or delegated LED Official together with Executive Committee members. The Due diligence form must be used when doing project visits and must be clearly defined to the Executive members as a guide to decision making.

In the case where the Anchor projects required more funding and the Municipality does not have adequate financial resources to support the project, then the Municipality must refer the project to other Financiers for assistance. The Municipality, before considering the same projects that were funded previously, must be fair in resource distribution. Previously funded projects must also be referred to other Financiers for further support.

Councillors do not have the right to impose any project to be funded under any circumstance to Economic Development funding calls for funding. The Honourable Mayor has a right to refer the Economic development projects that need funding to Development planning only during the existence of the funding call after a resolution has been taken in the Executive committee.

#### **THE ROLE OF THE STANDING COMMITTEE**

The standing committee should oversee and play a monitoring role into the implementation of the strategy. The standing committee should recommend the project to be funded to the Exco / council after the LED Manager / the Committee that was set up to do assessment has recommended the project and due diligence has been done

## CHAPTER 6

### 6.1 FUNDING CRITERIA

- Call for funding should be advertised
- On submission of applications Development Planning Department should facilitate establishment of the assessment committee.
- After the assessment of the applications, the assessment report should be submitted to the HOD.
- The report should be submitted to the standing committee and the due diligence must be done for verification.
- After verification, then procurement processes must follow

### 6.2 OBLIGATIONS

- **The project must submit financial reports to the municipality detailing financial expenditure patterns**
- **The municipality must have access to minutes book of the project**
- **The Municipality under any circumstance must not give cash to the projects that have been approved for funding.**
- **The Project will receive the material/ equipment/ machinery etc. as per the Business plan and the procurement will be done by the Municipality to the approved Supplier.**
- **In the case where the approved amount has not been exhausted, there must be no change or monies payable to the project but all the requirements must be sourced and delivered according to the estimated approved budget to ensure effective and efficient management of state resources.**

**THE MUNICIPALITY RESERVES A RIGHT NOT TO FINANCE THE PROJECT OR DELIVER ACCORDING TO THE REQUIREMENTS.**

### 6.3 MONITORING AND EVALUATION

**After the Project Funding, the Standing Committee, Executive Committee together with MPAC must visit the funded projects to play an oversight role.**

STRATEGY Approved by

  
MUNICIPAL MANAGER  
Mr. Luvuyo Mahlaka