



8 March 2019

RE: GRANT FUNDING APPLICATION REQUIREMENTS & PROCESS

Dear Potential Participant

Please note that in order to participate in the process, there are compliance and procedural requirements that must be met by each potential applicant, prior to engagement- these conditions are defined in the documentation below. Each project is dependent on the availability of CIP Grant Funding.

PARTICIPATION

GETTING INVOLVED

While South Africa currently plays a dominant role within the greater global market – the potential for Mohair to make a much more substantial contribution to the country's GDP is significant.

The South Africa Mohair Cluster (SAMC) is responsible for coordinating the efforts of various Mohair Participants with a view to driving improvements within the Sector, relative to the competitiveness of South Africa on a global level.

It is on the described basis that the Cluster looks to support and uplift companies that are best placed to drive the greatest growth impact on the South African Mohair Value Chain. SAMC will work with approved Participants to identify opportunities for improvement that will directly drive positive growth within the Mohair Value Chain within South Africa. SAMC will support such initiatives through advice, expertise and funding **provided the required criteria and commitments are met.**

As a company wishing to participate you will be required to meet the following criteria and expectations:

1. Must manufacture or are committed to developing products that incorporate South African mohair
2. Submit all the required mandatory documentation (FICA & Conditions Precedent (CP) documents)
3. Understand, commit to and sign a Memorandum of Agreement (MOA) that outlines in detail the specific requirements and expectations supporting the collaboration
4. Be deemed to possess high potential for growth and scaling within their current position within the greater Value Chain
5. Demonstrate a willingness and commitment to participating in the improvements of their own company with a view to driving positive impact on the greater mohair Value Chain as a whole
6. Illustrate a willingness to engage with the Cluster to identify, justify and validate improvement projects
7. Be prepared to engage with other Participants within the mohair Value Chain to coordinate and collaborate on new opportunities
8. Commitment to timeous submission of feedback and performance data, against mutually agreed upon key performance indicators (outlined in the MOA)
9. Commitment to the financial contribution of a minimum of 10% by the participant (dependent on amendments to CIP Guidelines, this may increase over the following years) of the total value of improvement projects implemented

It is imperative that any company wishing to become a Participant and to work within the programmes is able and willing to commit to meeting the above detailed requirements and expectations.

THE APPLICATION PROCESS

The below breakdown offers information based on the various submission requirements and the process involved in submitting a proposal for Grant Funding.

1. Entry level documentation requirements

Please refer to the relevant FICA breakdowns for the basic entry level documentation required to initiate the participant application process. If there is any one document that your company is not able to submit, please refrain from applying as we are not permitted to accept or consider your application without such. Please note that successful Participants will need to submit their FICA documents annually and for the period that they participate.

2. Business Scope Survey

Potential Participants will be required to complete the “Business Scope Survey” and submit such with all fields completed. The purpose of this is to provide the Cluster with insight into your future business plans, and the challenges or opportunities identified to drive growth. It is also designed to inform the Project Proposal Application – outlined in the next step.

3. Project Proposal Application

The following provides an outline of the application process. **It is important to note that if you, the potential Participant, are unable to meet the aforementioned entry level documentation requirements and criteria, then your request will not be considered.**

Step 1: Initial Engagement with participants on project proposal

- Project Manager meets with participant for introduction and to discuss the project process
- Project Proposal Process discussion includes information about the following: FICA & Statutory requirements, Budget & Supporting documents, Milestones & Deliverables.
- The discussion will also include what you believe are opportunities for your company to participate in and what potential areas of improvement exist within your business

NB: It is important to note that the Cluster representatives are there to assist you with your project proposal, but will not complete these forms on your behalf.

Step 2: Finalisation & Submission of Project Proposal by participant

The participant will be required to submit the following:

- FICA & Conditions Precedent (CP) documents (as mentioned above in section 1)
- Project Proposal and supporting documentation
- Budget
- Milestones
- Letter to SAMC asking for support through funding for the project
- At this point, the person within the Participating company responsible for all documentation will be made explicit

Step 3: Project Proposal Review & Outcome by Adjudication Panel

- Project Manager to schedule meeting with Adjudication Panel for review
- Project Review checklist to be completed and changes to proposal to be noted
- Project will be approved/rejected
- The dedicated account manager will be assigned at this stage
- The relevant project code will be assigned at this point, and the budget confirmed

Step 4: Participant Handover

- Outcome of project review (approved/rejected) letter to be sent to participant
- MOA to be discussed with participant
- Procedures and due diligence to be explained to participant (This letter forms part of this step)
- Any project amendments need to be made in letter form to the Cluster NPC for approval
- Drawdown Claim Letter template & supporting docs explained
- Follow-up meetings to be scheduled

Step 5: Drawdowns

- NPC receive and review documentation
- In the case of multiple drawdowns, due diligence must be done on proper drawdowns (before submission to accounts)
- Drawdown Documentation: Drawdown claim letter
- Drawdown approval by account manager and request of any missing documents
- Submission of drawdown documentation
- Payment requisition
- Payment
- Statement to be provided to Participant by Cluster NPC to illustrate drawdown

Step 6: Evaluation & Monitoring

- Financial due diligence
- Milestone due diligence of progress vs. target
- Supporting information for measuring: as supplied and approved in project documentation
- Participants receiving direct Grant Funding will be required to complete and submit a Form 4

Step 7: NPC Financial Year-End (Final Project Review)

- Review file for completion
- File Checklist
- Milestones: letter of findings to send to participant
- A report to illustrate Actual versus Budget

Step 8: Project Closure & Findings

- Final due diligence on milestones
- Review of outstanding drawdowns
- Milestones final review to be completed by participant
- Participant Report developed by Participant
- NPC findings recorded by account manager will include recommendation, conclusion and the way forward
- Project Sign-off by SAMC Director

*Should Participant not meet objectives as outlined in project documentation they will be required to meet with the Adjudication Panel to discuss outcomes.

Applicants should be aware that approval of the Project Proposal or Amendments to Project Proposals will be subject to CIP Grant Funding being available for the disbursement by the Cluster NPC.

REJECTION OF PROPOSALS

It must be noted that it is the SAMC's primary obligation to approve Grant Funding for Participants that not only meet mandatory requirements, but that have a plan or project proposal that will drive positive growth of mohair value- addition in South Africa.

In some instances, potential Participants will exhibit fundamental challenges within their operations that will negatively impact on their potential to drive growth. Examples of such may be (and are not limited to):

- inadequate product or design capabilities – lowering demand or competitiveness;
- limited product range – delivering less choice for potential wholesale or retail partners;
- or quality standards that do not subscribe to international expectations.

In addition, potential Participants who are not able to communicate long-term planning and impact or illustrate clearly defined business plans are unable to present cohesive forward thinking project plans may not be considered. When the investment vs the potential return (or potential impact) appear to be misaligned, it is SAMC's responsibility to reject such proposals.

SAMC administers *CTCP CIP Grant Funding for the sole purpose of growing the mohair Sector of South Africa, its respective global competitiveness, and therefore assessment of potential participants will be managed critically.

UNDERSTANDING AND COMMITMENT

By signing this letter, you agree to understanding the above-mentioned commitments and responsibilities that accompany Grant Funding support. The failure to meet measurements as outlined in the MOA will result in a reimbursement of the Grant Funding in full, and the termination of Grant Funding support from the SAMC going forward.

PARTICIPANT NAME: _____

PARTICIPANT SIGNATURE: _____

Date: _____

CLUSTER NPC NAME: _____

CLUSTER NPC SIGNATURE: _____

Date: _____

*CTCP CIP – Clothing and Textiles Competitiveness Programme, Competitiveness Improvement Programme