



Sustainable Development & City Enterprises

Economic Development Unit

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CONTRACT NUMBER: EDU/12-12/O6

TERMS OF REFERENCE

1. Project Title:

EThekwini Business Development Strategy

2. Introduction

A key function of the Economic Development Unit and Business Support, Market and Tourism Unit in the eThekwini Municipality is to provide economic development support services to assist local businesses in fulfilling their developmental mandate as well as to provide strategic economic development guidance and direction to the City's economy in general. To this end the Economic Development Unit, and Business Support, Markets and Tourism undertakes numerous interventions. In order to assess the effectiveness of these interventions and provide direction on business development issues, the departments require a strategy which targets the development of Small Micro Medium Enterprises (SMMEs).

The Economic Development Unit (EDU) and Business Support, Markets and Tourism Unit (BSMT) are the responsible functions of local government that are mandated to implement the Municipality's local economic development programmes, the development and promotion of SMMEs, and the packaging of strategic local economic development strategies for priority disadvantaged regions in the EThekwini Municipal Area (EMA).

Local Government recognizes that SMMEs are a vital contributor to the health of the economy for example they boost productivity, increase competition and innovation, create employment and prosperity, and revitalize our communities. It is often the dynamism of individual entrepreneurs that drives small business success, but Local Government, through its actions, can do much to stimulate and support SMMEs and to help them overcome barriers to growth.

The Economic Development Unit and Business Support, Markets and Tourism seek to provide integrated business support services to existing and potential businesses in the eThekweni Municipality Area to enable them to undertake income generating activities resulting in economic growth and job creation. The primary objective of this piece of work is to develop a Comprehensive business development Strategy focused on SMMEs for the EThekweni Municipality who will then be in a position to offer coordinated support and management to SMMEs within the EThekweni Municipal area. This needs to be developed in consultation with all the relevant stakeholders and role players who are currently involved in supporting SMMEs from both the public and private sectors.

3. Research design and method

The researcher/consultant will familiarise himself/herself with the Informal Economy policy document, the Census 2003 document, previous SMME Strategies, the Integrated Development Plan for the EThekweni Municipality as well as the Status Quo Report and other relevant research about SMME's. The departments involved in this project have already conducted key informant interviews with some SMMEs as well as public and private industry stakeholders. The appointed consultant will collate this data with that obtained from their findings from interviews that they will be required to conduct with identified internal role players, other private stakeholders and government departments involved in SMME development support and support¹.

The objective of this is to identify and gain an understanding of all existing initiatives relevant to SMME Support. The EThekweni SMME Strategy should also be aligned with, but not limited to, the following:

- (1) SMME research reports and papers.
- (2) EThekweni SMME Strategy 2006
- (3) Integrated Strategy on the promotion of Entrepreneurship and small enterprise (DTI)
- (4) New Growth Path Framework
- (5) National Empowerment Fund

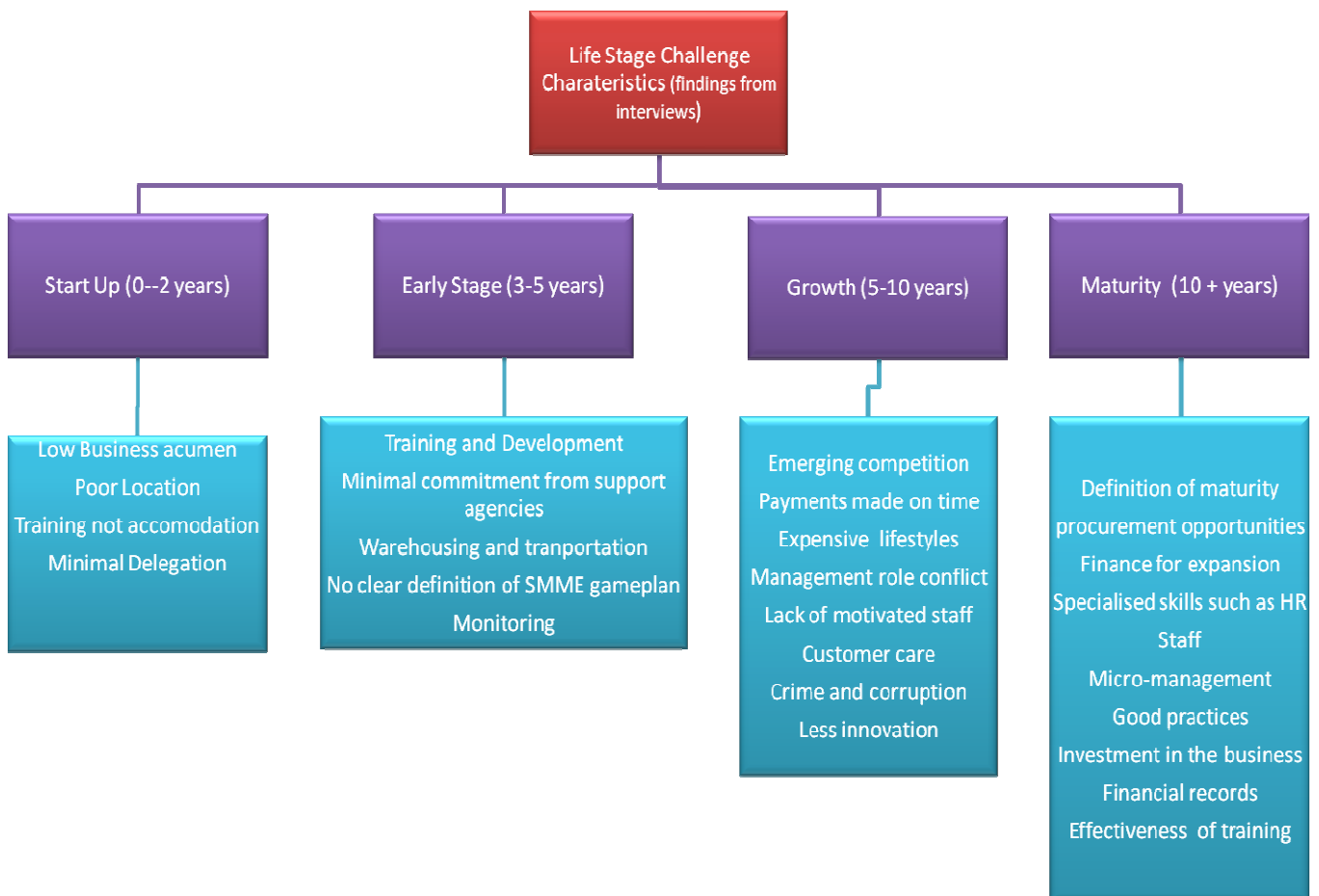
¹ The municipal department will provide a list of all internal people involved in SMMEs, government Departments involved in the development and support offered to SMMEs are to be identified by the Consultant. Other private sector businesses as well as service providers in the area of support to SMMEs whom have not been interviewed should also be interviewed by the consultant.

- (6) Incentive Schemes by the Department of Trade and Industry
- (7) National Development Plan (National Planning Commission)
- (8) SBP Index SMME Report 2011
- (9) Key National and Provincial SMME policy environment for SMME development
- (10) Incentive schemes offered by different Local SMME development agencies
- (12) Business Support, Market and Tourism business linkages programme

4. A Framework for action

The strategy must be presented in an innovative that interrogates a life stage approach and possibly a sectoral approach as well to some extent.

Life Stage Approach to Business Development



In terms of the framework, information needs to be provided according to the following headings:

1. Introduction
2. What does the evidence say?
3. What is being done already?
4. What new action will we take?
5. How will we measure our success?

The Strategy must be supplemented with a detailed Implementation Plan which will ensure roll out of all Components of the strategy. The report should be submitted in hard copy and on disc. The researcher will be required to present this document to an identified Forum.

5. Deliverables and Timeframes for the Study

The duration of the project is 3 months and all tasks should be completed by end of **31 May 2012**.

- Preparation phase of the project: An inception report with a work plan of outputs for the scope of work: **01 March 2012**
- First phase of the study: A full scan of the SMME sector status and SMME Sector report and a draft report analysing SMME Strategy in the eThekweni Municipal area: **02 April 2012**
- Second phase of the study: Detailed SMME Strategy and recommendations towards the development of the SMME sector: **31 May 2012**.
- Monthly progress report outlining the achievement in line with the milestones and any institutional matters for noting or action relating to the scope of work.

6. The Product

A comprehensive Report which details the Strategy as well as includes detailed information according to the following predetermined headings. This may be amended in line with the findings to include other relevant information not identified by the Client:

1. A comprehensive definition of SMMEs
2. Rational support for the strategic support of SMMES
3. National and Provincial SMME Policy context

3.1 National and Provincial Initiatives

4. The role of Local Government

4.1 Local Government Initiatives

5. The role of the Private Sector

5.1 Private Sector Initiatives

6. Challenges and issues facing SMMEs and opportunities

7. Status and Sector Report

8. EThekwini Municipality SMME Think Tank

9. Memorandum of Understanding of EThekwini Municipality and key SMME stakeholders, and

10. Business development Strategy Implementation Plan

7. Project Proposal Requirements

- Name of the lead service provider on the assignment
- Location of the offices of the lead service provider
- Solution to the problem statement referenced in the terms of reference
- Project team along with qualifications, professional association membership & experience with similar/ related work in spreadsheet format
- A project proposal

8. Stakeholder Consultation

Stakeholder consultation is going to be critical in finalizing the above assignment. Critical internal stakeholders will be Economic Development Unit and Business Support, Markets and Tourism Unit. Joint management of the project will be done by the Economic Development Unit and Business Support, Markets and Tourism Unit. The project will require support from the Provincial Department Economic Development Department, Durban Chamber of Commerce and Industry (DCCI), Small Enterprise Development Agency (SEDA) and other relevant stakeholders. Other external stakeholders are the Business Association in eThekwini Municipal area, Higher Learning Institutions (those offering Entrepreneurial courses or studies e.g. University of KwaZulu Natal, Mangosuthu University and Durban University of Technology), and Financial Institutions in the eThekwini Municipal area.

Required Skills and Competencies for the Study

- Relevant research, knowledge and experience on local government support, policy development and implementation;
- Relevant project management knowledge and experience ;
- Relevant knowledge and experience on local economic development (LED) and knowledge of SMMEs and business development;
- Knowledge of the City’s institutional arrangements;
- Good report writing and presentation skills; and
- Monitoring and evaluation capacity.

9. Adjudication Process

The adjudication of this “request for proposal” will be in terms of this example below, the Municipality’s existing Targeted Procurement Policy and Guidelines and compliance with this brief. Before a final decision is taken, the Municipality may wish to call those tendering in for presentation on their proposal.

10. Stage 1: Criteria for Functionality Assessment

A two stage evaluation process is used in line with National Treasury’s MFMA Circular No. 53. A minimum threshold of 70 points will be used as a cut-off. The adjudication criteria and weighting that will be applied are as follows:

Criteria	Measurement	Explanation	Weighting
Project Team: experience and Expertise (40)	Relevant Experience of individuals within the team, related to their roles in the project	Scoring will look at the experience of individual team members and the number of relevant year’s experience	20
	Competencies	Relevant qualifications of team members	20
Methodology and Approach (60)	Innovation and Creativity	Ability to demonstrate new and creative ideas and high quality.	10
	Approach	Project approach in terms of meeting the project objectives set out in the brief and the extent to which the proposed approach inspires confidence in the team's ability to execute	30

		the project.	
	Understanding the Brief	Interpretation of the TOR and their demonstrated understanding of necessary work to be undertaken in the course of the project.	20

Stage 2: Price and Empowerment

Proposals qualifying in terms of Stage 1 Functionality will then be assessed in terms of Price and Empowerment. This will be scored on an 80/20 basis, where 80 will be price and 20 will be empowerment (as this is a contract under R200 000-00).

The Calculation for Price to be used: $1 - [(P-P_n)/P_n] \times 80$ where P is the proposed price of the proposal being assessed and P_n is the lowest price proposal.

Empowerment relates to the affirmative profile/s with respect to company ownership, as registered on the Council's Procurement Database. It is incumbent upon the consultant to be registered on this database, as failure to do so may result in the disqualification of the proposal.

1. Project Budget/Professional Re-imbusement

The budget is subject to the range of costs as quoted by consultants for similar projects. In the adjudication that will be 80/20 formula accordance to quotation under R200 000.00

2. Project Commencement and termination dates

Economic Development Unit and Investment Promotion will provide the appointed consultant with any relevant information at its disposal as a basis to start the work.

2.1. Once the appointment has been made the consultant has **5 working days to hand in the inception report** detailing the scope of work, methodology and deliverables etc, for the duration of the project.

11. Method of Payment

The first payment will be made upon satisfactory completion of the first phase of the different stages of the process. Final payment will be made upon successful completion of the entire project and handover to the Deputy Head: Policy, Strategy, Information and

Research and Deputy Head: Business Support, Markets and Tourism (SMME Development department)

12. Council Contact Persons and Details

For any other queries, please contact:

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E mail: msomijb@durban.gov.za		chettya@durban.gov.za

13. Submission of Applications:

Tenders will close at: Sealed proposals (including all required documentation) are to be hand delivered to the **Corporate Procurement, Archie Gumede, (previously Old Fort Place), Old Fort Complex. 11H00 on Friday the 17 February 2012.** All envelopes must be clearly marked **“BUSINESS DEVELOPMENT STRATEGY FOR ETHEKWINI MUNIICIPALITY”**. **No late submissions will be accepted.**