



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

## PROGRAMME GUIDELINES

### AQUACULTURE DEVELOPMENT AND ENHANCEMENT PROGRAMME (ADEP)

---

---

#### A SUB-PROGRAMME OF THE ENTERPRISE INVESTMENT PROGRAMME

---

---

#### Physical Address

**Programme Manager: ADEP**  
Incentive Development and Administration  
Division (IDAD)  
**the dti** Campus  
77 Meintjies Street  
Sunnyside  
Pretoria  
0002

**the dti** Customer Contact Centre: 0861 843 384  
**the dti** Website: [www.thedti.gov.za](http://www.thedti.gov.za)

#### Postal address

**the dti**  
Private Bag X86  
Pretoria  
0001

#### Disclaimer:

These guidelines provide the criteria for assessing applications for the Aquaculture Development and Enhancement Programme (ADEP) and the process of applying for the incentive. The guidelines are approved and issued by the Minister of Trade and Industry for purposes of ensuring clarity on the aims and requirements of the incentive programme. **the dti** reserves the right to amend these guidelines as it deems appropriate. Furthermore, **the dti** has a right to, in its sole discretion; provide rulings on the interpretation of these guidelines, in instances where guidelines seem not to be specific, revised guidelines will be published on **the dti** website and will be of immediate effect upon publication on the website.

## Contents

Abbreviations/Acronyms .....	3
1. Preamble.....	4
2. Services Delivered by the dti .....	4
3. Programme Description.....	5
4. Qualifying Projects .....	6
5. Emerging Black Farmers.....	7
6. Eligibility Criteria .....	8
7. Evaluation Criteria .....	9
8. Qualifying Costs.....	10
9. Non-Qualifying Costs .....	12
10. Exclusions and Limitations.....	12
11. Application for the Grant.....	13
12. Incentive Calculation .....	13
13. Incentive Payment/Disbursement .....	14
13.2 Incentive Disbursement for Emerging Farmers .....	15
14. Claims Submission.....	16
14.4 Claim submissions for emerging farmers .....	17
14.5 Schedule of Claims .....	17
14.6 Conditions for Cancellation of Claims .....	17
14.7 Additional Legal Conditions .....	18
14.8 Decision Review Process.....	18
14.9 Criminal, Misleading, Dishonest and/or Irregular Activities .....	18
15. Monitoring and Evaluation Reporting .....	19
16. Application Process.....	20
Annexure A: Glossary of Terms and Definitions.....	21

## **Abbreviations/Acronyms**

<b>ADEP</b>	Aquaculture Development and Enhancement Programme
<b>ADZs</b>	Aquaculture Development Zones
<b>B-BBEE</b>	Broad Based Black Economic Empowerment
<b>DAFF</b>	Department of Agriculture, Forestry and Fisheries
<b>EME</b>	Exempted Micro-Enterprises
<b>PFMA</b>	Public Finance Management Act
<b>PRECCA</b>	Prevention and Combating of Corrupt Activities Act
<b>SIC</b>	Standard Industry Classification
<b>the dti</b>	The Department of Trade & Industry

## **1. Preamble**

- 1.1 The purpose of this document is to provide the guidelines for the implementation of the Aquaculture Development and Enhancement Programme (ADEP), a sub-programme of the Enterprise Investment Programme (EIP).
- 1.2 The guidelines set out in this document are intended to enable enterprises to present their applications to the Department of Trade and Industry (**the dti**), and provide a framework for **the dti** to evaluate such applications.
- 1.3 Granting of the incentive or approval of the application will only be for projects that meet the objectives of the ADEP as interpreted by these guidelines. In order to qualify for the incentive, participating projects have to apply and receive approval from **the dti**, and any such decision will be final, subject to the decision review process conditions as set out in section 14.8.
- 1.4 These guidelines may be amended from time-to-time as deemed necessary by **the dti**. These amendments will be published on **the dti** website and will be of immediate effect after publication.
- 1.5 Where the guidelines lend themselves to varying interpretations or do not deal with specific subject matter, the interpretation of **the dti** must be requested and such interpretation will be decisive and final.
- 1.6 Approval of applications will be subject to compliance with the incentive guidelines, relevant provisions of the PFMA and availability of funds.

## **2. Services Delivered by the dti**

- 2.1 No fees or charges are levied by **the dti** for the processing or evaluation of any ADEP applications or claims.
- 2.2 Applicants are welcome to contact **the dti** directly and officials will provide guidance on how to complete application or claim forms.

- 2.3 **the dti** does not make use of any agent or consultant to promote the ADEP and **the dti** will not be accountable for any service delivered or failure thereto by any other person or consultant who facilitates the application or claim forms on behalf of the enterprise.

### 3. Programme Description

- 3.1 The objective of the Aquaculture Development and Enhancement Programme (ADEP), a sub-programme of the Enterprise Investment Programme (EIP), is to broaden participation and stimulate investment in the aquaculture sector with the intention to:

- a) Develop emerging aquaculture farmers;
- b) Increase production;
- c) Sustain and create jobs; and
- d) Encourage geographical spread.

- 3.2 It is available to South African registered entities engaged in primary, secondary and ancillary aquaculture activities in both marine and freshwater classified under the following Standard Industry Classifications (SIC<sup>1</sup>):

- a) SIC 132: Fish hatcheries and fish farms, (including crocodile and alligator farms).
- b) SIC 301& 3012<sup>2</sup>: Production, processing and preserving of aquaculture fish.

- 3.3 The ADEP offers a reimbursable cost-sharing grant of up to a maximum of **thirty million rand (R30 000 000)** towards qualifying costs in:

---

<sup>1</sup> See definitions on page 21.

<sup>2</sup> Production and preservation in this document applies only to aquaculture products.

- a) Machinery and equipment;
- b) Bulk infrastructure;
- c) Owned land and/or buildings;
- d) Leasehold improvements;
- e) Aquaculture Feed;
- f) Commercial Vehicles; and
- g) Workboats;
- h) Competitiveness improvement activities;
- i) Research and Development (aquaculture-related);
- j) Environmental Impact Assessments (eligible only for emerging farmers).
- k) Mentorship (eligible only for emerging farmers).

3.4 The grant is provided directly to approved applications for **new, upgrading or expanding** projects.

3.5 These ADEP guidelines are effective from 1 July 2016 up to 31 March 2018.

## **4. Qualifying Projects**

### **4.1 Primary Aquaculture Operations:**

- a) Broodstock operations;
- b) Seed production operations;
- c) Juvenile (spat, fry, fingerling) operations, including hatchery and nursery facilities;
- d) Aquaponics (a system of combining conventional aquaculture with hydroponics in a symbiotic environment);
- e) On-growing operations, including but not limited to rafts, net closures, net pens, cages, tanks raceways and ponds.

### **4.2 Secondary Aquaculture Operations:**

- a) Primary processing for aquaculture (post-harvest handling, eviscerating, packing, quick freezing);
- b) Secondary processing for aquaculture (filleting, portioning, packaging);
- c) Tertiary processing for aquaculture (value adding: such as curing, brining, smoking, further value adding such as terrines, roulades, pates, paters);
- d) Waste stream handling for aquaculture (extraction of fish oils, protein beneficiation, organic fertilizers, pet feeds, animal feeds).

#### 4.3 Ancillary Aquaculture Operations:

- a) Aquaculture feed manufacturing operations;
- b) Research and development projects related to aquaculture;
- c) Privately owned aquaculture veterinary services (farm inspections, disease surveillance and control, histopathological analysis, etc. specifically for the aquaculture industry).

### 5. Emerging Black Farmers

5.1 For the purpose of ADEP, the definition of the emerging Black farmer will take into consideration the following characteristics:

- a) high levels of Black ownership (>51%);
- b) exercises control over the business; and
- c) makes a long-term commitment to the business and is a medium- to long-term investor.

5.2 Black people refer to African, Coloured and Indian persons who are natural persons and:

- a) are citizens of the Republic of South Africa by birth or descent; or
- b) are citizens of the Republic of South Africa by naturalisation before the commencement date of the Constitution of the Republic of South Africa Act of 1993.

5.3 ADEP offers a cost-sharing incentive of up to eighty per cent (80%) to qualifying applicants for **new**, **upgrading** or **expanding** projects; as determined in Section 12.3 of the guidelines.

5.4 To qualify, projects must also meet qualifying criterion in section 6 below.

## 6. Eligibility Criteria

The applicant must:

- 6.1 Be a registered legal entity in South Africa in terms of at least one of the following legislative requirements:
  - a) The Companies Act, 2008 (Act No.71 of 2008) as amended; The Companies Act, 1973 (Act No. 61 of 1973) as amended; or
  - b) The Close Corporations Act, 1984 (Act No. 69 of 1984) as amended; The Co-operative Act, 2005 (Act No.14 of 2005) as amended; or
  - c) A registered higher or further education institution; or
  - d) A licensed and/or registered research institution.
- 6.2 Be compliant with applicable and relevant aquaculture legislative requirements. In this regard, applicants will be required to submit proof of compliance from either National or Provincial government department(s)<sup>3</sup> responsible for aquaculture during the submission of claim(s) and before disbursement of the incentive.
- 6.3 Be a taxpayer in good standing and must, in this regard, provide a valid tax clearance certificate before a disbursement of the grant.
  - 6.3.1 In cases where entities within a group of companies are registered separately and are paying their own taxes (i.e. can produce their own tax clearance certificates), the holding company and each of its subsidiaries may, in their own right apply.
- 6.4 Submit a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 6) with an application and claim(s), for entities with a turnover of above **ten million rand (R10 000 000)**.
  - 6.4.1 Applicants with a turnover of less than **ten million rand (R10 000 000)** may submit financial statements verified by an independent external auditor or accredited person.

---

<sup>3</sup> This may either be from DAFF, Provincial Departments of Agriculture, Health or Water Affairs.



6.5 Submit a complete ADEP application at least sixty (60) calendar days prior to commencement<sup>4</sup> of the commercial use of the assets or undertaking activities being applied for.

## 7. Evaluation Criteria

7.1 In order to qualify for an ADEP grant, a project must:

7.1.1 Achieve a minimum score of four (4) in the following economic benefit criteria below:

### Economic Benefit Criteria

C r i t e r i a	Score
<b>(i) Capital Investment</b>	
○ < R5m	1
○ ≥ R5m < R30m	2
○ ≥ R30m – R200m	3
<b>(ii) New full time Job creation</b>	
○ 1 job per R1 million investment	1
○ >1 - 2 jobs per R1 million investment	2
○ >2 or more jobs per R1 million investment	3
<b>(iii) Geographical spread</b>	
○ Aquaculture establishments in areas with unemployment above 25%	1
○ Aquaculture Development Zones and Special Economic Zones (IDZs, Industrial Parks, etc.)	2
○ Aquaculture Development Zones and Special Economic Zones (IDZs, Industrial Parks etc.) in areas with unemployment above 25%	3
<b>iv) Contribution to Broad-Based Black Economic Empowerment (B-BBEE): Achieve required status in terms of the B-BBEE Code of Good Practice as follows:</b>	
○ B-BBEE scoring from ≥ 80 but < 90 (Level 4 contributor)	1
○ B-BBEE scoring from ≥ 90 but < 95 (Level 3 contributor)	2
○ B-BBEE scoring from ≥ 95 but < 100 (Level 2 contributor)	3
○ B-BBEE scoring ≥ 100 (Level 1 contributor)	4
<b>v) Emerging Black Farmer</b>	
○ Meets conditions in section 5 of the guidelines.	4

<sup>4</sup> Refers to start of production or operation for commercial purposes i.e. excludes testing and commissioning phase.

## 8. Qualifying Costs

- 8.1 Owned land and/or buildings at cost.
- 8.1.1 The investment in qualifying owned land and/or buildings must constitute land and/or buildings at cost, acquired for the purpose of the aquaculture project and must be owned by the applicant. The land and/or building costs must be directly associated with the purchase, renovation, or construction of an aquaculture facility for the investment project under consideration and be located on land or sea area that has been zoned for aquaculture commercial, industrial or mixed use.
- 8.2. Leasehold improvements capitalised in the balance sheet.
- 8.2.1 Rental costs, for emerging black farmers only, limited to **ten thousand rand (R10 000)** per month and claimable at stage two (2) only.
- 8.3 Machinery and equipment (owned or capitalised financial lease) at costs.
- 8.4 Commercial vehicles and work boats (owned or capitalised financial lease) are only eligible if they are:
- a) Registered in the name of the applicant (legal entity); and
  - b) Are used for commercial purposes linked to the aquaculture operation such as collection, delivery and/or distribution; and
- 8.4.1 The investment in such qualifying vehicles or work boats may not exceed fifty per cent (50%) of the cost of qualifying investment in land and/or buildings, leasehold improvements, machinery and equipment and bulk infrastructure.
- 8.5 Bulk infrastructure (limited to bulk water and electrical infrastructure) that is part of a defined aquaculture investment. That is, the bulk infrastructure costs should directly support the qualifying aquaculture project.
- 8.6. Aquaculture feed cost may qualify for the grant of up to a maximum of ten per cent (10%) of qualifying investment in assets and infrastructure.
- 8.7 Research and development costs (excluding salaries of employees).
- 8.8 New technology leading to energy and resource efficiency improvements<sup>5</sup>.

---

<sup>5</sup> These should be based on audit recommendation from a service provider such as the NCPC see [www.ncpc.co.za](http://www.ncpc.co.za)

## 8.9 Competitiveness improvement activities as defined below:

FOCUS AREAS	CATEGORIES	CONSULTING FEES AND EXPENSES
Process improvement or optimisation	Process improvement	Introducing new improved processes
Conformity assessment	Accreditation	Costs for preparations for accreditation and pre- or initial assessment certification accreditation costs
Skills development	Training accredited by SAQA [not longer than twelve (12) months] in: Aquaculture Development, Marketing, Financial, Information Technology (IT), Human Resources (HR), Environmental, Product and Quality Management	Course fees

8.9.1 The maximum grant that can be approved for competitiveness improvement activities is **five hundred thousand rand (R500 000)**.

8.10 Second-hand (previously-used) machinery, equipment, commercial vehicles and work boats can be regarded as qualifying investment costs provided they meet the following conditions:

8.10.1 Assets purchased from a connected party must be at a fair market value;

8.10.2 The assets may be acquired locally or abroad from existing aquaculture establishment(s), a Liquidation Sale, Public Auction, through an offer directly to the Liquidator, or a bona-fide machine dealer. The applicant must provide the liquidation order or auctioneer report reflecting the source of the relevant machinery and equipment;

8.10.3 All imported second-hand assets must be accompanied by an engineer's<sup>6</sup> report certifying the level of technology: whether it is equivalent or better than the current level in use in South Africa. The intention is to ensure that assets brought into the local sector are of an acceptable level of technology and fair value.

---

<sup>6</sup> The engineer should be registered with the Engineering Council of South Africa (ECSA.)

8.10.4 Applying projects that are majority black owned, majority women owned, or are projects with investment of **five million rand (R5 000 000)** and below, may invest up to 100% in second-hand assets without making an equivalent investment in new assets.

8.11 Environmental impact assessments and permits (eligible only for Emerging Black farmers).

8.12 Mentoring (eligible only for Emerging Black farmers).

8.12.1 The maximum grant that can be payable for mentoring is **fifty thousand rand (R50 000)** per eligible applicants.

8.12.2 A signed mentoring plan by both the applicant and trainer/supervisor should be submitted to **the dti** outlining relevant activities, time-frames and costs to be incurred.

## **9. Non-Qualifying Costs**

9.1 Operational costs, i.e. electricity, salaries, etc.

9.2 Costs related to non-cultured fishing activities such as catching or harvesting of species from their natural habitat.

9.3 Administration offices, change rooms and human resource offices.

## **10. Exclusions and Limitations**

10.1 Costs incurred by projects where parastatals, government entities or enterprises, government or its agencies are either the major shareholder/s or have a majority representation on the board of directors, maybe considered for approval under ADEP if they provide an exit plan or strategy for the project.

10.2 Applicants receiving financial *grant support* from other government source(s) for the same assets as those for which assistance is sought from the ADEP will be excluded.

## 11. Application for the Incentive

1.1 The applicant must submit the following documents to the Programme Manager at **the dti**:

11.1.1 A fully completed official application form including the following:

- a) Latest available audited financial statements signed by an independent registered auditor or independent external accredited<sup>7</sup> person for the entity and authorised management accounts for the project; this condition is not applicable to new projects;
- b) Incorporation certificate; and
- c) Business Plan
- d) Submit a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 6) with an application and claim(s), for entities with a turnover of above **ten million rand (R10 000 000)**.
  - Applicants with a turnover of less than **ten million rand (R10 000 000)** may submit financial statements verified by an independent external auditor or accredited person.
- e) Any other such information and documents as may be required by the **dti**.

## 12. Incentive Calculation

12.1 The investment grant on offer is capped at a maximum of **thirty million rand (R30 000 000)**.

12.2 The investment incentive is offered as follows:

	Minimum Score – 4: Economic Benefit Criteria	Minimum Score – 8: Economic Benefit Criteria	Maximum grant
Enterprise size: Qualifying assets determined as follows:	Incentive Percentage	Incentive Percentage	Cap
< R5m	40%	45%	R2,25 million
≥ R5m < R30m	30%	35%	R9 million
≥ R30m – R200m	20%	25%	R30 million

<sup>7</sup> Accredited person: Person/agency that performs/undertakes a systematic, independent and documented process for obtaining audit evidence and evaluating it objectively.

12.3 For Emerging Black Farmers, the investment incentive is offered as follows:

	<b>Minimum Score – 4: Economic Benefit Criteria</b>	<b>Minimum Score – 8: Economic Benefit Criteria</b>	<b>Maximum grant</b>
<b>Enterprise size: Qualifying assets determined as follows:</b>	<b>Incentive Percentage</b>	<b>Incentive Percentage</b>	<b>Cap</b>
< R5m	60%	80%	R4 million
≥ R5m < R30m	40%	50%	R12 million
≥ R30m – R200m	30%	40%	R30 million

### 13. Incentive Payment/Disbursement

13.1 The incentive is disbursed over two (2) payment periods based on a contract period, subject to the approved applicant meeting all the requirements of the economic benefit criteria and performance requirements.

#### A. One (1) year contract

<b>Year</b>	<b>Claim Stages</b>	<b>Disbursement</b>	<b>Performance Requirements</b>	<b>Documents Required</b>
<b>Year 1</b>	<b>Stage 1:</b> Commencement of commercial production/operation.	Grant percentage (%) of actual investment made limited to fifty per cent (50%) of the actual grant calculated based on achieved investment and will not exceed total approved grant for the year.	<ul style="list-style-type: none"> <li>• Minimum investment of thirty per cent (30%) of the total approved qualifying investment made.</li> <li>• Achieve and maintain conditions for points allocated at application stage for economic benefit criteria.</li> </ul>	<ul style="list-style-type: none"> <li>• Claim form with resolution of Board members</li> <li>• Factual Findings Report must be completed, signed by independent auditor or independent external accredited person</li> <li>• Valid tax clearance certificate or cession</li> <li>• Bank stamped credit order with cancelled cheque</li> <li>• Relevant permits or certificates/proof of compliance</li> <li>• B-BBEE certificate<sup>8</sup>, where applicable</li> </ul>

<sup>8</sup> B-BBEE; Entities with turnover below R10 mil may submit turnover confirmation verified by an independent accredited person/agency.

Year 1	<p><b>Stage 2:</b> The earliest that the second claim can be submitted is at the end of first full financial year after the commencement of the operation.</p>	<p>Grant percentage (%) of actual investment made limited to hundred per cent (100%) of the actual grant calculated based on achieved investments and will not exceed total approved grant for the year, less amount already paid.</p>	<ul style="list-style-type: none"> <li>• Minimum investment of sixty per cent (60%) of the total approved qualifying investment made</li> <li>• Achieve and maintain conditions for points allocated at application stage for economic benefit criteria.</li> </ul>	<ul style="list-style-type: none"> <li>• Claim Form with resolution of Board members</li> <li>• Factual Findings Report must be completed, signed by independent registered auditor or independent external accredited person</li> <li>• Audited/Reviewed/Signed financial statements</li> <li>• Valid tax clearance certificate or cession</li> <li>• Bank stamped credit order with cancelled cheque</li> <li>• Relevant permits or certificates/proof of compliance</li> <li>• B-BBEE certificate, where applicable</li> </ul>
--------	--	--	---	---

## 13.2 Incentive Disbursement for Emerging Black Farmers

13.2.1 Incentive payments for Emerging Black farmers will be made as follows:

- First milestone payment may be made upfront to the applicant capped at a maximum of **one hundred thousand rand (R100 000)** of approved grant amount. The applicant is to provide proof of ability to pay own cost sharing cash contribution (i.e. Bank Statement, Loan Agreement) prior to disbursement of funds. Cost sharing will be based on economic benefit criteria.
  - Provide valid quotations for equipment, machinery and activities to be undertaken.
- Further milestone payments will be based on the verification of the expenditure in milestone 1.
- In instances of under spending, the amount unspent will be recouped from the applicant.
- In instances of spending on non-approved activities on amount disbursed, the amount will be recouped from the applicant.

13.2.2 Expenditure reports must be submitted to **the dti** no later than three (3) months of any disbursement of funds.

13.2.3 All disbursements have to comply with Section 14; from sub section 14.4 to 14.6 below.

13.2.4 Further claims will be re-imbursable based on actual approved expenditure incurred.

## 14. Claims Submission

14.1 To claim for the ADEP incentive, the entity must submit the following documents to **the dti**:

14.1.1 A completed original claim (no copies) form duly signed by the entity and an independent external auditor or accredited person;

14.1.2 Financial statements verified by an independent external auditor or accredited person for the entity and authorised management accounts for the project; only on stage 2.

14.1.3 Detailed itemised list(s) of total assets of the project verified by an independent external auditor or accredited person;

14.1.4 An original valid Tax Clearance Certificate of the entity;

14.1.5 A cancelled cheque and a Credit Order Instruction, as written confirmation of the bank details where payment must be made; and

14.1.6 Submit a valid B-BBEE certificate of compliance (i.e. B-BBEE levels 1 to 6) with an application and claim(s), for entities with a turnover of above **ten million rand (R10 000 000)**.

- Applicants (EMEs) with a turnover of less than **ten million rand (R10 000 000)** may submit financial statements verified by an independent external auditor or accredited person.

14.1.7 Relevant permits, rights or proof of compliance from either a national or provincial government department responsible.

14.1.8 UI56: Certificate of compliance.

14.2 The approval letter for the ADEP will indicate the following:

- a) The commencement and termination of claim;
- b) The total grant that has been approved;
- c) The qualifying costs that are approved for an ADEP incentive per annum.

14.3 To enable speedy and correct processing of the investment incentive, the applicant should provide complete and accurate information to **the dti**.



#### 14.4 Claim submissions for emerging black farmers

- 14.4.1 A completed original claim (no copies) form duly signed by the entity and an independent external auditor or accredited person;
- 14.4.2 Payment of claims can only be effected on receipt of the following documents from the service provider:
  - a) Deliverable outputs;
  - b) Valid tax clearance.
- 14.4.3 Relevant permits, rights or proof of compliance from either a national or provincial government department responsible.
- 14.4.4 Training certificate(s) and/or attendance register(s) for training and a signed mentorship report, confirming delivery of approved activities, by both the applicant and trainer/supervisor should be submitted to **the dti** outlining relevant training provided.

**If the grant applicant does not fully comply with the requirements of this incentive, the contract will be terminated.**

#### 14.5 Schedule of Claims

- 14.5.1 The earliest that the first (1) claim can be submitted is at the start of commercial operation.
- 14.5.2 The earliest that the second (2) claim can be submitted is at the end of first full financial year.

#### 14.6 Conditions for Cancellation of Claims

- 14.6.1 Applicants are required to submit the first claim six (6) months from the start of commercial operation.
- 14.6.2 If a second claim is not submitted six (6) months after the end of the first full financial year, the approved grant will be cancelled.
- 14.6.3 For claim forms submitted by companies or in respect of projects of companies, the factual findings report shall be provided by the independent registered auditor of the company.
- 14.6.4 If all minimum requirements are not met in stage two (2), the project approval will be cancelled.

14.6.5 The factual findings report for grant claims by a Close Corporation or Co-operative with a project with total investment in land, building, machinery/furniture and equipment and commercial vehicles of **thirty million rand (R30 000 000)** and above, per approval letter, must be provided by an independent registered auditor.

14.6.6 A Close Corporation or Co-operative with a project with total investment for the ADEP project in land, building, machinery/furniture and equipment and commercial vehicles of below **thirty million rand (R30 000 000)**, as per approval letter, may be provided by an independent, external accredited person and/or an independent registered auditor.

## **15. Additional Legal Conditions**

15.1 The following are, inter alia, considered a circumvention of ADEP guidelines, and will lead to the rejection of an application or a claim:

15.1.1 Changing the business set-up, composition, structure or operations, processes or products in order to make the project qualify.

15.1.2 Manipulation of inter-company assets, products, services and processes, and any other action that, in the sole discretion of **the dti**, can be regarded as circumvention to allow the entity, which otherwise would not have qualified, to qualify.

## **16. Decision Review Process**

16.1 Any dispute relating to a decision (including the rejection of an application) taken by **the dti** is limited to one adjudication committee review per application and/or claim lodged within such time as set out in the letter of notification.

## **17. Criminal, Misleading, Dishonest and/or Irregular Activities**

17.1 **the dti** may, upon actual offence or suspicion of contravention of any act/ investigation/ pending litigation any such activities, suspend payments that may be due or may become due to an applicant. **the dti** shall not be liable for any damages or interest, pending the finalisation of any forensic investigation and any criminal proceedings brought as a result of the investigation;

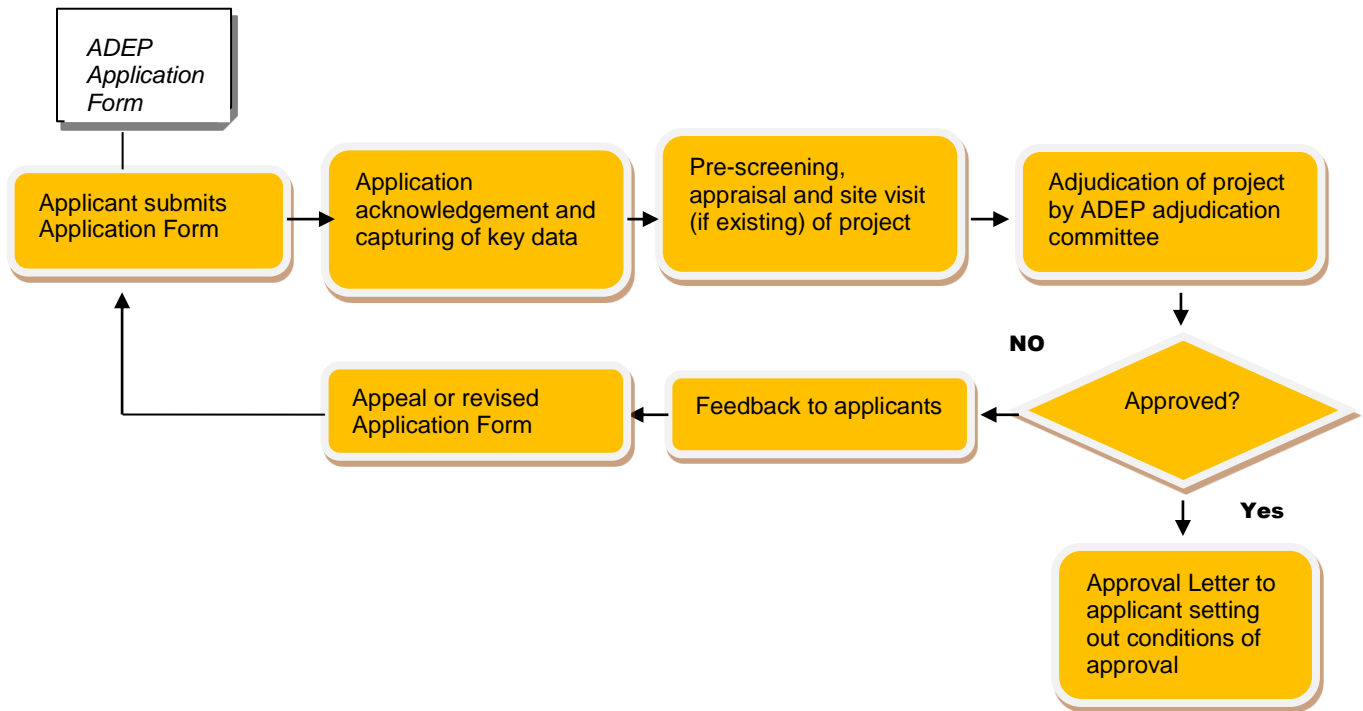
- 17.2 Findings of a forensic investigation indicating such activities will be sufficient to allow the dti to cease all payments and reclaim any payments already made, with *mora* interest.;
- 17.3 **the dti** subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act, 12 of 2004 (PRECCA). Applicants are requested to contact **the dti** fraud hotline on 0800 701 701, should they wish to report any suspicious behaviour;
- 17.4 A duty rests on the applicant and/any other person that may benefit from the scheme to disclose everything that may have an influence on the adjudication of the application and/or claim. Failure thereof will lead to termination or cancellation or suspension of the application/claim and criminal prosecution and or civil claim.

## **18. Monitoring and Evaluation Reporting**

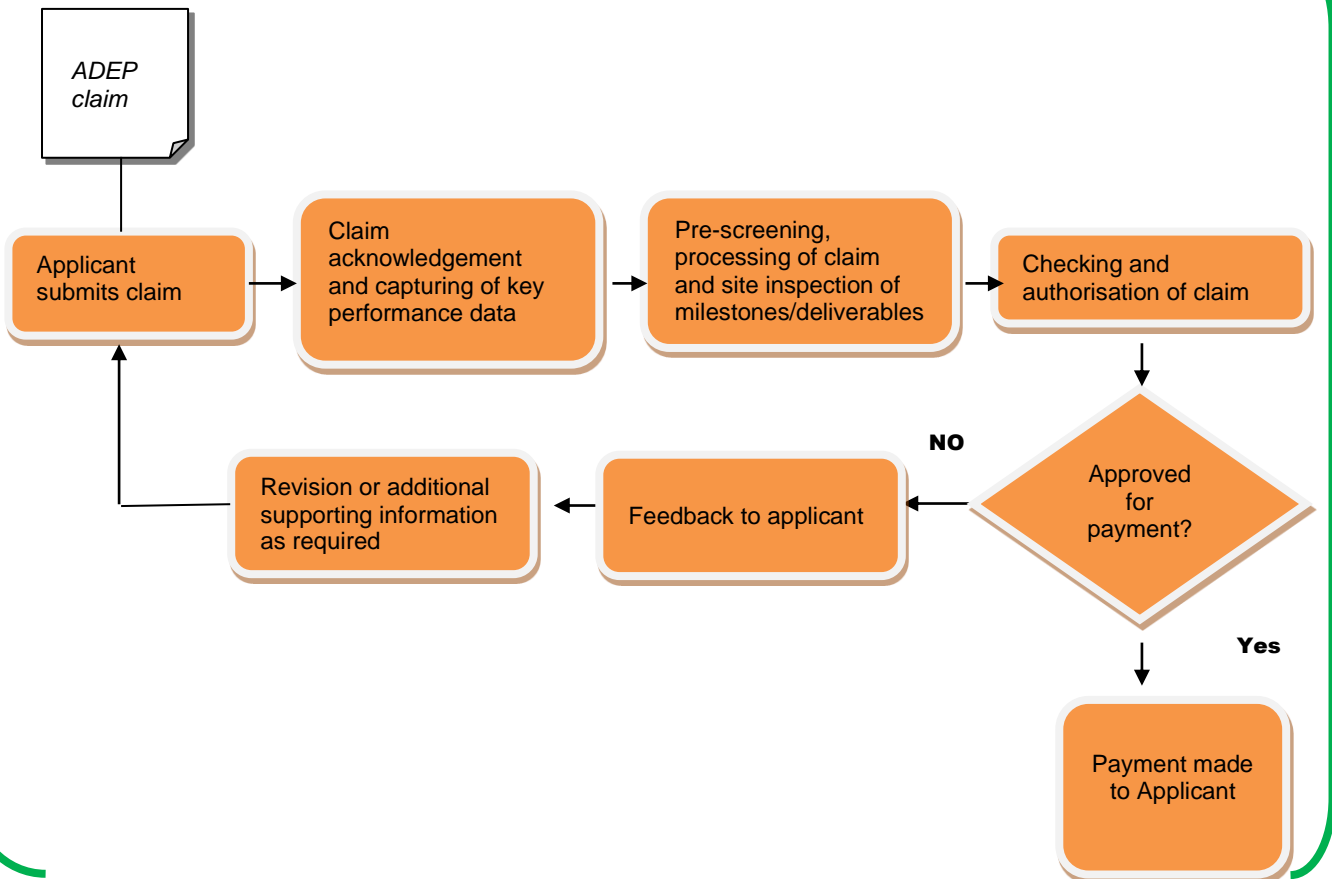
- 18.1 All approved applicants will be monitored in order to assess how the ADEP Incentive is contributing towards the strategic objectives of the incentive and its intended outcomes.
- 18.2 **the dti** may conduct site visits as and when required. A monitoring report will be completed as part of this process.
- 18.3 Approved applicants are also required to submit performance reports at the end of the incentive period, annually for a period of three (3) years to Monitoring and Evaluation Unit.

## 19. Application Process

19.1 The application process is as follows:



BI-ANNUAL REPORTING AND PERFORMANCE MONITORING



## Annexure A: Glossary of Terms and Definitions

- a. *ADEP Agreement*: “A document containing an offer from **the dti** to the applicant setting out the terms and conditions of the ADEP incentive being offered to the applicant, which will by implication include the terms and conditions set out in these guidelines (‘implied terms’);
- b. *Accredited person*: “A person/agency that performs/undertakes a systematic, independent and documented process for obtaining audit evidence and evaluating it objectively”;
- c. *Adjudication Committee*: “An independent body, established by the Minister to adjudicate applications under the ADEP”;
- d. *Applicant*: “An entity applying for the ADEP matching grant. Note that the word ‘applicant’ is used interchangeably with entity depending on its appropriateness”;
- e. *Aquaculture*: “the farming of aquatic organisms including crocodiles, alligators, amphibians, finfish, molluscs, crustaceans and plants where farming refers to their rearing up to their juvenile and/or adult phase under captive conditions”;
- f. *Broaden participation*: “This refers to government initiative(s) aimed at promoting economic transformation that provides meaningful participation of previously disadvantaged individuals in the economy by ensuring, among others, broad-based and effective right to equality, increased employment, more equitable income distribution, equal opportunity and access to services”;
- g. *Connected party/persons/non-arm’s length transactions*: “Connected, as described in the Income Tax Act, No. 58 of 1962, which, as at April 2007, reads as follows: in relation to a natural person – any relative; and any trust of which such natural person or such relative is a beneficiary; And in relation to this definition, “arm’s length transactions” will mean the opposite”;
- h. *Date of application*: “The date an application is received by **the dti**”;
- i. *Emerging Black Farmer*: “An entity with at least 51% Black-ownership and management, with a turnover of two-and half million rand (R2.5m) or less, engaged in aquaculture operations as defined in section 4”.
- j. *Entity*: “A business registered as a legal entity in South Africa. The word entity is used here to refer to a business applying, or one that has qualified for the incentives, or is claiming ADEP incentive”;
- k. *Fair market value (FMV)*: “Is an estimate of the market value of a property or asset, based on what a knowledgeable, willing, and unpressured buyer would probably pay to a knowledgeable, willing, and unpressured seller in the market”.
- l. *Financial year*: “Period referred to in the entity's financial statements and as is registered with the Companies and Intellectual Property Commission (CIPC), irrespective of the calendar period thereof”;

- m. Fish:* "For the purpose of this document the term is used as a collective, i.e. it includes finfish, shellfish, molluscs, crustaceans and any aquatic animal/plant which is harvested for human consumption";
- n. Full-time Equivalent Jobs:* "A job (contract/seasonal/temporary) or 1 920 hours worked per year, which is an equivalent of one full-time job";
- o. Jobs:* "Persons who work a minimum of forty (40) hours a week for the same employer and are on the employer's payroll i.e. direct jobs";
- p. Material Changes:* "Changes that, if known at application stage, could have affected approval of the project e.g. changes business setup; composition; structure of operations; location; processes or products";
- q. Operational costs:* "The day-to-day expenses incurred in running an enterprise (business), which includes both fixed costs and variable costs. Fixed costs such as overhead – remain the same regardless of the number of products produced; variable costs such as raw materials – vary according to how much/many products are produced";
- r. Shareholding:* "Includes reference to shareholding in a Company; membership in a Closed Corporation; members or owners in a Cooperative";
- s. SIC 132:* "the operation of fish hatcheries (breeding, rearing, cultivation) producing oyster spat , mussel and other mollusc seeds, post larvae shrimp, crustacean seeds, fish fry and fingerlings. This refers also to fish farming and service activities to operators of fish hatcheries or fish farms";
- t. SIC 3012:* "the preserving of fish and fish products by processors such as drying, smoking, curing, salting, immersing in brine, dehydrating, quick freezing and the production of fresh, chilled or frozen fish fillets or roe, including caviar and caviar substitutes";
- u. Work boat:* "a fishing boat or a vessel for fishing; often has a well to keep the catch alive. In other words, it's a boat used for work such as commercial fishing or transporting fish freight (rather than for sport, for passenger or naval services)".



Dr. Rob Davies, MP

Minister: **the dti**

.....4/9/2016