



KWAZULU-NATAL PROVINCE

ECONOMIC DEVELOPMENT, TOURISM
AND ENVIRONMENTAL AFFAIRS
REPUBLIC OF SOUTH AFRICA

**KZN BUSINESS PROCESS OUTSOURCING (BPO) TIER 2/3 TOWNS, CITIES
AND RURAL AREAS' HUB (CONTACT CENTRE) PROGRAM.**

CALL FOR PROPOSALS GUIDELINES

AUGUST 2023

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2. ACRONYMS USED IN THIS DOCUMENT

BPO	Business Process Outsourcing
BPO&T	BPO and Technology Park
GBS	Global Business Services
BPS	Business Process Services
EDTEA	Economic Development, Tourism and Environmental Affairs
KZN	KwaZulu - Natal
PSC	Project Steering Committee
PPPFA	Preferential Procurement Policy Framework Act No 5 of 2000: Preferential Procurement Regulations 2011
SA	South Africa
SCM	Supply Chain Management
SLA	Service Level Agreement
CRM	Customer Relationship Management
ECD	Enterprise Creation for Development
SSL	Shell Space Leasing
LPO	Legal Process Outsourcing
HoD	Head of Department
EME	Exempt Micro Enterprises
QSE	Qualifying Small Enterprises
NPO	Non-Profit Organisation
NGO	Non-Government Organisation
DTIC	Department of Trade, Industry and Competition
CIPC	Companies Intellectual Property
CCI	Call Centre International
GDP	Gross Domestic Product
ETDP	Education, Training and Development Practices
SETA	Sector Education and Training Authority
FET	Further Education and Training
CX	Customer Experience
WRT	Work Readiness Training
WFH	Work from home
ID	Identity Document

3. INTRODUCTION

The KZN Department of Economic Development, Tourism and Environmental Affairs (EDTEA) recognizes the unprecedented and consistent growth the Business Process Outsourcing (BPO)/ Global Business Services (GBS) industry in the province has had over the past few years. KZN province has consequently emerged as one of the fastest-growing host regions in frontline CX-centric sales and lifecycle management hub - offering exceptional business-to-consumer (B2C) and business-to-business (B2B) frontline BPO sales talent that services local and global markets. Collaborations between the department (EDTEA); industry association (BPeSA); dtic; operators and other stakeholders within the sector are attributes of the registered growth of the BPO sector in KZN – KZN has recorded the biggest contribution of jobs created in South Africa's BPO sector for Q4 of the 2022-23 FY and Q1 of 2023-24FY respectively.

As part of its contribution to the GBS/BPO 2023 Masterplan, KZN's department of Edtea is aggressively supporting a drive to attract the sector's investments in Tier 2/3 Towns/Cities within the province. The foregoing, is intended to decentralize economic growth and locate work opportunities at the doorsteps of "talent-catchment areas" utilized by the sector. It is on the above basis that the department (EDTEA) is inviting operators/investors within the BPO/GBS sector to submit proposals for the development/establishment of a medium-sized BPO/GBS Contact Centre/Hub in a Tier 2/3 Cities/Towns/Townships. The proposals must align with government's wider objectives and of the growth and development of the BPO/GBS sector, such as:

- Visible and measurable transformation of the sector with a particular/targeted focus of the Previously Disadvantaged Individuals (PDI's);
- Support to the BPO/GBS sector's development and growth as well as a resultant contribution to economic growth;
- Integration of townships/tier 2/3 towns/cities into the mainstream value-chain of the BPO/GBS sector.
- Creation of new job opportunities; poverty reduction and inclusive growth of the BPO/GBS sector.

4. RATIONALE OF THE CALL FOR PROPOSALS

The purpose of the call for proposal is to invite suitably-qualified service providers/operators within the BPO/GBS sector to submit detailed proposals to collaborate with the department in the implementation of BPO/GBS Contact/Call Centre Hub in any of the 2nd/3rd tier township or rural areas as prioritised by the

department and in line with the operator's growth/expansion strategy within the KwaZulu-Natal province.

The successful/ appointed service provider will further be required to recruit; train and ensure placement of the successfully-trained beneficiaries/graduates from the local community of operation within a BPO/GBS company's workplace.

5. PURPOSE OF THE BUSINESS PROCESS OUTSOURCING (BPO) TIER 2/3 TOWNS, CITIES AND RURAL AREAS' HUB (CONTACT CENTRE) PGROGAM.

It is envisaged that the township BPO/GBS Hub will fulfil the following objectives:

- Facilitate the decentralization of BPO/GBS sector operations into the 2nd and 3rd tier cities and towns/townships;
- Facilitate improved investment and connectivity to 2nd/3rd tier cities and towns/townships;
- Improve the 2nd/3rd tier cities and towns participation in the digital economy;
- Catalyse digital economic growth and open up new related industries within the 2nd/3rd tier cities and towns.

6. ELIGIBILITY TO SUBMIT PROPOSAL

The BPO tier 2/3 towns, cities and rural areas is primarily targeting contact centres or shared services hubs seeking to operate from townships, cities outside the eThekweni Metro and in the rural areas of KZN.

The successful service provider/operator will be expected to perform the following deliverables:

- Cost and project timelines towards the establishment of the BPO/GBS Contact/Call Centre Hub;
- Project numbers of seats to be established;
- Confirm a client for the operation of the contact centre and provide proof thereof;
- Assess the suitable resources, including IT infrastructure, human capital and general infrastructure in selected location
- Preliminary financial model assessment for the projected viability of the proposed opportunity;
- Identification of a building/refurbished facility that can house from 20 to 50 agents;

- Repurposing/refurbishment of the building to host the Hub;
- Detailed project plan with timelines for the recruitment; selection; appointment; placement of some trained/graduated beneficiaries within the working environment;
- Signing of contractual obligations/commitments with the demand company.
- Assessment of available infrastructure from the proposed region;

6.1 Alignment with EDTEA's mandate, the **Organisations eligible to apply in the BPO/GBS tier 2/3 towns, cities and rural areas' hub (contact centre) Program should be registered:**

- Private Companies in SA
- Small, Medium and Micro-Enterprises (SMMEs),
- Legally established Non-Governmental Organisations (NGO's) or Non-Profit Organisations (NPO), Community Based Organisations (CBO's) and Social Enterprises.
- Registered higher or further education institution; or
- Licensed and/or registered research institution

6.2 Proposal Aligned with EDTEA mandate:

- Create decent jobs (sustainable and temporary);
- Empowerment of historically disadvantaged groups – blacks, youth, women and disabled;
- Promoting value addition
- Promoting innovation;
- Initiative within KZN priority sectors;
- Alignment with municipal IDP/LED, provincial and national strategies;
- Promoting Public-Private Partnerships which will assist in leveraging further funding;
- Promoting the specific sector to increase equitable participation along value the chain;

6.3 Targeted beneficiaries

- In line with the recommendations of the goals of NDP, the departmental policy has targeted to achieve the following quotas:
 - Women (20%)
 - Youth including graduates (25%)
 - People with disabilities (5%)
 - HDI (Black) (25%)
 - Cooperatives (10%)
 - Geographical Location (10%)
 - Local Content (5%)

- Across the above quotas, the funding allocation should be 60% to black Africans;
- Previously Disadvantaged Individuals (PDI's)
- Youth; Women and People with Disabilities (PWD)
- Black Africans in this call for proposals refers to African, Coloured and Indian persons who are natural persons and;
- LGBTQ;
- 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.

6.4 Location/Geographic Area:

All proposals have to be in respect of projects within the various districts in KZN province.

6.5 Eligible Applicant must:

- Be directly responsible for the preparation and management of the project, not acting as an intermediary;
- Demonstrate stable and sufficient financial resources to ensure the continuity of their organisation throughout the project and, if necessary, to play a part in financing it;
- Be able to demonstrate their capacity to manage activities corresponding with the size of the project for which the fund is requested;
- Act as the lead organisation and, if selected, be the contracting party;
- The grant is provided in respect of the approved applications for new, upgrading or expanding projects but EDTEA shall utilize its own supply chain management processes for the purposes of procurement thereto.
- This call for proposal and ensuing guidelines is effective for the 2023/2024 financial year ending on 31 March 2024.

NB. Preference will be given to project activities that will have a positive economic impact within the rural areas and townships of KZN. Furthermore, proposals that are either received from PDI's, Women, Youth and the Disabled are for the sustainable benefit of the aforementioned groupings of individuals will positively influence the scores.

7. MANDATORY CONDITIONS

7.1 The applicants must:

7.1.1 Be a registered legal entity in South Africa in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended).

7.1.2 Be a taxpayer in good standing.

7.1.3 Be involved in starting a new or existing BPO/GBS HUB (Contact Centre) project;

7.1.4 Be involved in a BPO/GBS project which should result in creating and or retaining direct employment;

7.1.5 Adhere to sectorial minimum wage and legislative requirements governing the sector;

7.1.6 Demonstrate that at least 60% of the inputs (raw materials) will be sourced from South African suppliers/growers and that at least 40% of the inputs will be sourced from local Black South African suppliers in particular; where inputs cannot be sourced locally and from Black suppliers, applicants must provide a motivation including a sourcing plan.

8. GRANT OFFERING

8.1 The grant funding that may be made available to a selected/ qualifying project shall be based on the received proposal and co-funding initiatives that may be pursued.

9. QUALIFYING COSTS

9.1 The BPO/GBS tier 2/3 towns, cities and rural areas' hub (contact centre) Program offers support on the following asset/s:

- **Equipment:** New machinery and related equipment (owned or capitalised financial lease) and tools at cost.
- **Infrastructure Development/Refurbishment of Buildings:** This includes refining of old and existing buildings to be used for commercial purposes linked to the operations.
- **Competitiveness Improvement Costs:** This includes costs associated with skilled workforce, controlled costs, and efficient operations to create maximum value to consumers (these may be capped at a certain percentage of total grant and will be different on a project by project basis).
- **Mentorship** (eligible only for emerging enterprises)

10. FUNDING EXCLUSIONS

- Pre-feasibility and feasibility funding applications;
- Funding for training initiatives except where training is an ancillary component of the application;
- Research funding applications, excluding action research;
- Applications or activities whose outcomes are solely directed towards the interests of a single individual;
- Proposals from non-registered SA companies;
- Applications which have received grant funding from other government departments for the same proposal;
- Socially undesirable or illegal initiatives
- Applications for loans – refer to relevant authorities;
- Initiative promoting party political agenda;
- Proposals from sole proprietors;
- Proposals from businesses owned by all Government employees;
- Proposals from family trusts;
- Proposals for projects/initiatives located outside KZN;
- Procurement/ lease of land;
- Staff wages and salaries, and staff related costs incurred in implementing any of the above projects listed in number 10;
- VAT and finance charges on assets;
- Rates and Taxes;
- Costs incurred before approval
- Increase in investment cost as a result of exchange rate fluctuations and submitted after acknowledgement of the application.

11. APPLICATION PROCESS AND MONITORING

11.1 The applicants will be required to complete a full application accompanied by supporting annexures and documents as required on the application. Applications/proposals will undergo intense administrative and technical assessments. EDTEA reserves the right to request further details, information and documentation from applicants.

11.2 An applicant must submit a completed application and a business plan with detailed BPO/GBS activities, budget plans and projected income statement and balance sheet, for a period of at least three (3) years for the project.

11.3 The application must be submitted within the designated application timeframe period, prior to commencement of the BPO/GBS project or undertaking related activities applied for.

11.4 All approved projects will be monitored by the EDTEA Business Process Outsourcing Unit in order to assess their performance.

11.5 EDTEA will seek specialist support from sister departments, Entities and Academia such as Universities for further assistance.

11.6 Closing date and time

- o Proposals window will be opened for 3 weeks from the date of the official placement of the advertisement of call for proposals.

11.7 Delivery address

- Submissions may be posted to the following address:

Department of Economic Development, Tourism and Environmental Affairs, Private Bag X915, Pietermaritzburg, 3200

Or hand delivered on the designated call for proposals box situated at:

270 Jabu Ndlovu Street (Loop Street)

Foyer: Ground Floor

Pietermaritzburg

11.8 Respondents are to ensure that their applications are complete, original or certified where necessary and delivered timeously to the correct address. Late applications will not be accepted or considered. The call for proposal submission box is open 8 hours a day, 5 days a week. Telephonic, telegraphic, telex, facsimile or e-mailed proposals will not be accepted.

12. CALL FOR PROPOSALS PROCESS

12.1 The process will involve the following phases to be carried out by EDTEA,

- o Phase 1 - Opening and closing window of applications
- o Phase 2 - Evaluation
- o Phase 3 - Due diligence on recommended projects
- o Phase 5 - Notification of successful applicants

- Phase 6 - Development of funding agreement
- Phase 7 - Development of scope of work and Terms of Reference (TOR)
- Phase 8 - Procurement of goods and services
- Phase 9 - Project implementation

13. LEGAL CONDITIONS

13.1 The following conditions among others are considered a breach of the funding agreement and will lead to a termination of the application.

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

13.3 Manipulation of the company assets, products, services and processes.

13.4 Applicants receiving financial grant support from other government source(s) for the same assets and competitive improvement costs as those for which assistance is sought from the Cannabis and Hemp commercialisation Programme.

14. DECISION REVIEW PROCESS

- a. Any disagreement relating to a decision (including the dismissal of an application) taken by **EDTEA** is limited to one (1) request for decision review per application lodged, within thirty (30) calendar days of the date of issue of the notification letter by EDTEA.

15. REPORTING AND ADDITIONAL INFORMATION

- The guideline document for additional information & clarification as well as the requirements for addressing, delivery, closing and assessment of submissions can be obtained from: Mr Mzo Cebekhulu, email address: mzo.cebekhulu@kznedtea.gov.za
- The physical address for collection of the above-mentioned document is 270 Jabu Ndlovu Street, Pietermaritzburg, 3200. Documents may be collected during working hours from 8h00 am to 16h00 Monday to Friday between the (Dates to be confirmed).
- Administrative queries relating to the BPO call for proposals may be directed to Mr Mzo Cebekhulu, Tel No: 033 264 2532, email mzo.cebekhulu@kznedtea.gov.za and all technical queries may be directed to Ms Thembakazi Kwinana Tel No 033 264 2526, email: Thembakazi.Kwinana@kznedtea.gov.za.
- All queries or requests for clarification or further information regarding this invitation must be submitted to the Department in writing at the latest five (5) working days prior to the invitation closing date.

