

OVERVIEW OF THE INCENTIVES

Industrial Financing Division (IFD)
the dtic

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the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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thedtic LEADERSHIP



Deputy Minister Fikile Majola



Mr Ebrahim Patel, Minister of Trade,
Industry and Competition



Deputy Minister Nomalungelo Gina

Council of Trade and Industry Institutions (COTII)



dtic STRUCTURE

Ministry	Chief Operating Officer (COO)	Economic Research and Co-Ordination	Chief Financial Officer (CFO)
Office of the DG	Inward Investment Attraction, Facilitation and A/care (InvestSA)	Corporate Management Services Division (CMSD)	Competition Policy and Economic Planning
Communication and Marketing	Consumer and Corporate Regulation Division (CCRD)	Export Development, Promotion and Outward Investments	Industrial Financing Division (IFD)
	Industrial Competitiveness and Growth	Trade Policy, Negotiations and Cooperation	Spatial Industrial Dev. and Economic Transformation

Council of Trade and Industry Institutions COTTI Institutions)	(18
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Industrial Financing BRANCH (IFB)

THE PURPOSE of the IFD is to grow sustainable, competitive enterprises through accessible incentive measures that support national priorities.

OBJECTIVE 1

To support industrial development that will enhance productivity and bolster competitiveness through designing, administering, monitoring and evaluating the manufacturing incentives programme based on industrial policies and sector strategies developed by providing financial support in labour-intensive sectors on an ongoing basis.

OBJECTIVE 2

To contribute to the accelerated growth of the manufacturing and internationally traded services over the long term through the provision of incentives for industrial infrastructure development.

- Almost **20 financial instruments** (Schemes and sub-Schemes)
- Incentives / Grants? Incentives: Expected specific outcomes. Grants: Not repayable, no credit checks^[1]
- Mainly support the productive/industrial sectors: Manufacturing and Agro-Processing, Not primary agriculture, not mining
- Start-ups(?), Expansions, Upgradings,
- **The quality of business cases a determinant factor!** Projects adjudicated on the basis of their feasibility:
- **Economical viability:** Profitability
- **Technical viability:** Capability to manufacture, produce
- **Cost Sharing: Co-funding essential** - No 100% financial support
- **Reimbursement principle:** No upfront payments
- **Main Qualifying Costs: Factory Buildings, Machinery, Tools and Equipment (including technologies, compliance, etc)**
- Working Capital: Selective application
- Individual Schemes Rules: Compliance! Compliance! Compliance!

ECONOMIC DEVELOPMENTAL OBJECTIVES ...

Criteria	Description
A. Employment	Securing/retaining or increasing direct employment
B. Market Share	<u>New business/operations</u> : Securing market share for the entity; OR <u>Existing business/operations</u> : Increase market share for the entity
C. Quality Improvement	Reduction of relative prices and/or increasing the quality of products to consumers
D. Green Technology and Resource Efficiency Improvements	Savings or better utilisation of energy or materials and/or cleaner production improvement and/or waste management improvement and/or water usage improvement and/or use of renewable energy
E. Localisation	Increasing the localisation of production activities (diversification and exports)
F. Regional Spread	Projects should be located in rural areas or areas with unemployment higher than twenty five percent (25%)
G. Personal Risk	Demonstrate own financial and/or non-financial contribution to the business
H. Empowerment	Achieve at least a level Four (4) B-BBEE contributor status as per revised B-BBEE codes of good practice published in October 2013 (as amended)

INCENTIVE CLUSTERS ...



INNOVATION CLUSTER

- Technology and Human Resources for Industry Programme (**THRIP**)
- Support Programme for Industrial Innovation (**SPII**)



MANUFACTURING INVESTMENT CLUSTER

- Black Industrialists Scheme (**BIS**)
- Aquaculture Development Incentive Programme (**ADEP**)
- Strategic Partnerships Programme (**SPP**)
- Agro-processing support scheme (**APSS**)
- Automotive Investment Scheme (**AIS**)
- MCEP Loan Facility (**IDC**)



SERVICES INVESTMENT CLUSTER

- Global Business Services Incentive (**GBS**)
- SA Emerging Black Filmmakers
- SA Film and TV Production
- SA Film and TV Production & Co-Production
- Foreign Film and TV Production & Post-Production



EXPORT PROMOTION CLUSTER

- Export Marketing and Investment Assistance (**EMIA**)
- Sector-Specific Assistance Scheme (**SSAS**)
- Capital Projects Feasibility Programme (**CPFP**)




INFRASTRUCTURE INVESTMENT CLUSTER

- Special Economic Zones (**SEZ**)
- Critical Infrastructure Programme (**CIP**)
- Industrial Parks

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<p>Technology and Human Resources for Industry Programme (THRIP)</p>	<ul style="list-style-type: none"> Is intended to leverage collaborative partnerships between government and industry (working with academia) for research and development in science, engineering and technology on a cost-sharing basis, to produce <u>highly skilled human resources and technology solutions</u>, for improved industry competitiveness. 	<ul style="list-style-type: none"> South African registered legal entities. Registered higher education or further education institution in partnership with private sector. Licensed and/or registered science councils in partnership with private sector 	<ul style="list-style-type: none"> A 50% to 90% cost-sharing grant to maximum R8m per annum for a period 3 years for approved project engaged in applied research and development in science, engineering and technology





Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<p data-bbox="79 274 376 450">Support Programme For Industrial Innovation (SPII)</p> 	<p data-bbox="417 266 799 663">Promotes technology development in South Africa through the provision of financial assistance for the development of innovative, competitive products and/or processes</p>	<ul data-bbox="830 274 1265 943" style="list-style-type: none"> ▪ South African registered legal entities. ▪ Registered higher education or further education institution in partnership with private sector. ▪ Licensed and/or registered science councils in partnership with private sector 	<p data-bbox="1282 232 1483 266">2 Schemes:</p> <p data-bbox="1282 284 1843 410">1. Product-Process Scheme: Max R2m – up to 85% Cost Sharing Grant.</p> <p data-bbox="1282 428 1843 732">2. Matching scheme that provides financial assistance in the form of a non-taxable grant for qualifying costs incurred in development activity associated with a specific project to a maximum of R5 million:</p> <ul data-bbox="1282 804 1843 1117" style="list-style-type: none"> ▪ 50% for large enterprises ▪ 50% and 75% depending on the black economic empowerment status (BEE and shareholding of women and people with disabilities at the time of application

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Strategic Partnerships Programme (SPP)	<p>To develop and support programmes/interventions aimed at enhancing the manufacturing and services supply capacity of suppliers with linkages to strategic partner's supply chains, industries or sectors</p>	<ul style="list-style-type: none"> ▪ South African registered legal entity with a minimum turnover of R100 million per annum for at least 2 consecutive years ▪ Legally registered industry associations ▪ 60% of the total SME's supported by the strategic-partner programme should at least be 51% owned by Black South African citizens ▪ SMEs supported must be Involved in manufacturing, agro-processing, mineral beneficiation and manufacturing related services sectors 	<p>A maximum of R15 million per financial year on a 50:50 basis towards:</p> <ul style="list-style-type: none"> ▪ Machinery, equipment and tools ▪ Infrastructure linked to the strategic partner's supplier development initiative ▪ Product or service development ▪ Information and Communication Technology (ICT) ▪ Operational costs ▪ Business development services ▪ Investment project preparation costs (feasibility studies)

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Agro-Processing Support Scheme (APSS)	<p>To stimulate investment by SA agro-processing/beneficiation enterprises (agri-business)</p> <p>Investment to achieve some of the following:</p> <ul style="list-style-type: none"> Increased Capacity Employment Creation Modernised Machinery & Equipment Competitiveness & productivity improvement Broadening Participation 	<p>South African Registered Entities in the following sub-sectors:</p> <ul style="list-style-type: none"> Food & beverage value addition and processing (including Black winemakers) Furniture manufacturing Fibre processing Feed production; and Fertilizer production Essential Oil Production 	<p>Reimbursable cost-sharing grant of 20% to 30% to a max of R20 million for qualifying costs</p> <ul style="list-style-type: none"> Buildings New machinery, equipment, tools, technologies; Commercial vehicles Competitiveness Improvement Costs




Incentive Programme	Purpose	Incentive Offering	
Export Marketing Investment Assistance (EMIA)  	Aims to support exporters to explore export markets	Individual Exhibition Participation	<ul style="list-style-type: none"> ▪ Return airfare ▪ Subsistence allowance ▪ Transportation of samples ▪ Exhibition costs
		Primary Market Research(PMR) & Foreign Direct Investment (FDI)	<ul style="list-style-type: none"> ▪ Return airfare ▪ Subsistence allowance ▪ Transportation of samples ▪ Patents ▪ Production of marketing material
		Individual Inward Missions	<ul style="list-style-type: none"> ▪ Return airfare ▪ Subsistence allowance ▪ Car rental
		Group Missions & National Pavilions	<p>Selected Trade Fairs & Exhibitions / Export Councils, Industry Associations & Provincial Trade Promotion Agencies</p> <ul style="list-style-type: none"> ▪ Return airfare ▪ Subsistence allowance ▪ Transportation of samples ▪ Exhibition costs

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<p>Sector Specific Assistance Scheme (SSAS)</p> <p>Components:</p> <ul style="list-style-type: none"> ▪ Generic Funding (Administered by TISA) ▪ Project Funding (Administered by IFD) ▪ Project Funding for the Emerging Exporters (Administered by IFD) 	<p>A reimbursable cost-sharing incentive scheme whereby financial support is granted to organisations supporting the development of industry sectors and those contributing to the growth of South African exports.</p>	<p>Organisations supported under include:</p> <ul style="list-style-type: none"> ▪ Export Councils, ▪ Joint Action Groups, ▪ Industry Associations and ▪ those organisations that are involved in the development of emerging exporters 	<ul style="list-style-type: none"> ▪ SSAS/Project Funding - A reimbursable 80:20 cost-sharing grant scheme ▪ SSAS/Emerging Exporters -100% of the cost to a maximum of R1, 9 million per project



Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Capital Projects Feasibility Programme (CPFP)	<ul style="list-style-type: none">The primary objective of the programme is to facilitate feasibility studies that are likely to lead to high-impact projects which will stimulate value-adding economic activity in South Africa as this will have greater impact on South Africa's industrial policy objectives.Supports new projects, expansion or rehabilitation of existing project in the manufacturing sector or capital goods sectors;	<ul style="list-style-type: none">SA registered legal entity in good tax standingMeet the minimum South African local content and must in this regard achieve 50% for total goods and 70% for total professional services of which 10% should be subcontracted to South Africa black-owned professionals/ firms	<p>The programme makes a reimbursable contribution to a maximum of R8 million as follows:</p> <ul style="list-style-type: none">50% of the total feasibility study costs for capital projects <u>outside Africa</u> and 55% of total feasibility study costs for capital projects <u>in Africa</u> excluding South Africa. <p>50% of the total feasibility study costs for manufacturing projects with total assets above R30 million and 70% of the total feasibility study costs for manufacturing projects with total assets below R30 million in South Africa.</p>





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APPLICATION PROCESS

Application:

- Applicant obtains incentive application form and guidelines from **the dti** website (www.thedtic.gov.za) under Financial Assistance tab;
- Applicant may obtain further information telephonically, by e-mail or visit to the dti offices.
- The guideline should be read before completing the application form.
- The Applicant e-mails the completed, signed application form with supporting documents to the dedicated email address;

Basic Evaluation:

- The application is allocated to a processor for assessing its completeness
- The applicant will receive an acknowledgement letter from the Programme Administration;
- The review of the documents is undertaken and should all documents be in place, the application is sent for further processing and prepared for adjudication;
- If the application has outstanding documents, then the applicant is contacted and provided with a timeframe within which to provide the outstanding information

Adjudication:

- Technical evaluation will be performed for the complete applications;
- Adjudication Committee convenes to assess the application - Applications are approved, rejected or referred back for additional information.
- The decision of the Adjudication Committee is final.
- Letter confirming approval of the application and the claim form will be forwarded to the applicant within a specified timeframe.

Contact Details

E-mail: ALegrange@thedtic.gov.za

Telephone: 065 975 7143

Customer Contact Centre: 0861 843 384

website: www.thedtic.gov.za (Financial Assistance)



Thank you



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