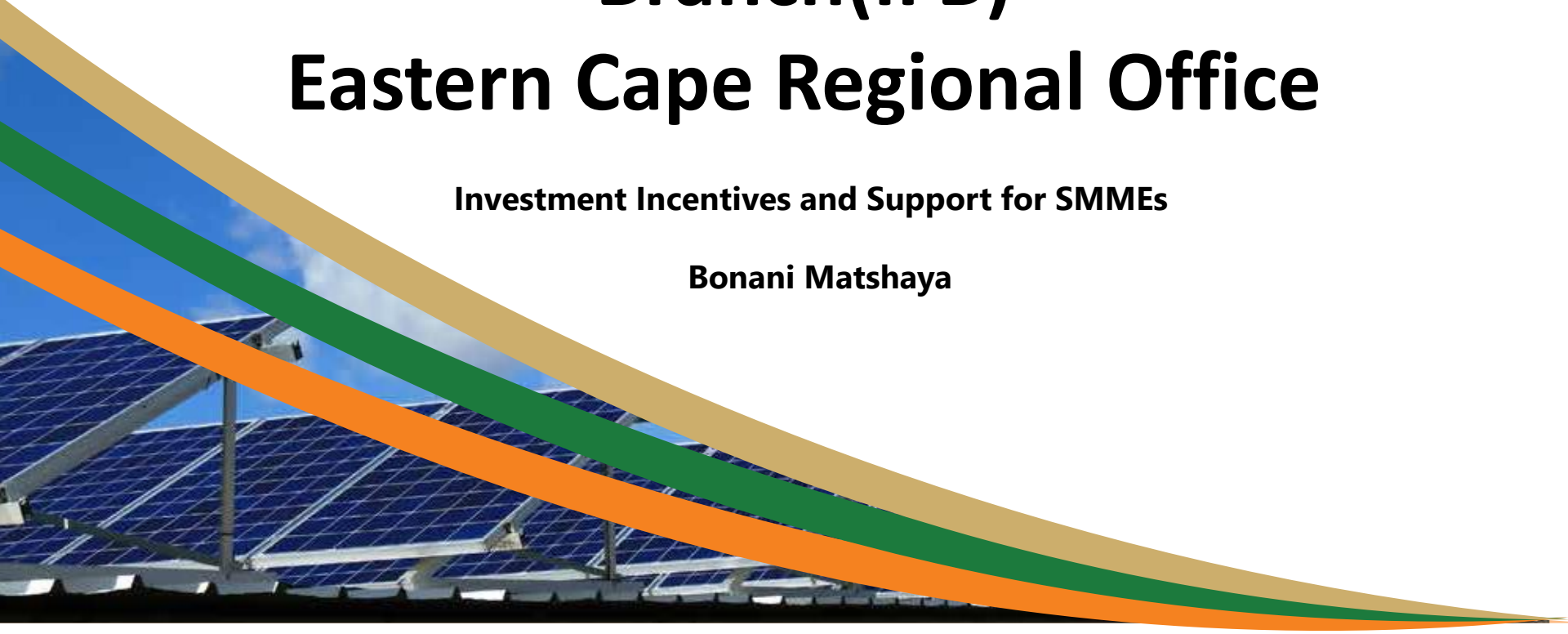


The Industrial Finance Branch(IFB) Eastern Cape Regional Office

Investment Incentives and Support for SMMEs

Bonani Matshaya



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The DTIC's Vision and Strategic Objectives

the dtic's Vision

A dynamic industrial, globally competitive South African economy, characterised by inclusive growth and development, decent employment and equity, built on the full potential of all citizens"

Strategic Objectives

- Growth of the **manufacturing sector** to promote industrial development, job creation, investment and exports;
- Improved conditions for consumers, artists and opening up of markets for new patent players;
- Strengthened capacity to deliver on the dtic mandate



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The DTIC's Vision and Strategic Objectives

In addition to its internal capacity, the DTIC relies on a group of specialised, regulatory and financial development agencies and institutions in its vision.

These include:

- Companies and Intellectual Property Commission (CIPC)
- National Empowerment Fund (NEF)
- National Credit Regulator (NCR);
- National Lotteries Commission (NLC);
- National Gambling Board (NGB);
- South African National Accreditation System (SANAS);
- International Trade Administration Commission (ITAC);
- Competition Commission (CC); and the
- Industrial Development Corporation (IDC)



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IFB Mission and Strategic Objective

Mission

To stimulate and facilitate the development of sustainable, competitive enterprises through efficient provision of effective and accessible funding mechanisms (i.e. incentive schemes) that support national priorities.

Strategic Objective

Facilitate transformation in the economy, to promote industrial development, investment, competitiveness and employment creation.



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IFB - SP&CC Sub Directorate Core Role

Incentives

Facilitate access to **the dti** incentives aimed at investment attraction and retention

Support

Pre and Post application Support to **the dti** Incentives.

Support investment promotion and retention initiatives by **the dti**.

Strategic Partnerships

Agencies

Industry Associations

Local Government



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Supported Sectors

- Blue/ocean economy, including vessel building and repair
- Oil and gas
- Clean technology and energy
- Mineral beneficiation
- Aerospace, rail and automotive components
- Industrial Infrastructure
- Information communication technologies
- Agroprocessing
- Clothing, textiles/leather and footwear
- Pulp, paper and furniture
- Chemicals, pharmaceuticals and plastics
- Nuclear
- Manufacturing-related logistics
- Designated sectors for localisation



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Incentive Programme Clusters



Broadening Participation

(Strategic Partnership Programme/Support Programme for Industrial Innovation/Agroprocessing support Scheme/Black Industrialist Scheme)



Competitive Investment

(Export Marketing Investment Assistance/ Sector Specific Assistance Scheme)



Manufacturing Investment

(Clothing Textile Footwear and Leather Incentive/ Aquaculture Development and Enhancement Programme)



Services Investment

(Film and TV Production Incentives)



Infrastructure Investment

(Critical Infrastructure Programme)



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Broadening Participation Cluster

Incentive Programme	Purpose	Target /Eligibility Criteria	Incentive Offering
Agro-Processing Support Scheme (APSS)	<p>The APSS will be targeted at five (5) key identified sub-sectors (focus areas) as follows:</p> <ul style="list-style-type: none"> •Food and beverage value addition and processing (including Black winemakers) •Furniture manufacturing •Fibre processing •Feed production •Fertilizer production 	<ul style="list-style-type: none"> • Minimum qualifying investment size of R1 million • Detailed Agro processing/value addition activities to be included in the business plan • Application must be made prior to start of activities applied for, no assets bought or other costs incurred • No reduction of employment from base year for a 12 month period prior to date of submission • Minimum 30% procurement of raw materials from black suppliers 	<ul style="list-style-type: none"> • APSS support can be utilised on a combination of the following investment costs: • New Machinery and Equipment • Owned or capitalised financial lease, • New Commercial Vehicles <ul style="list-style-type: none"> • Work related vehicles used for collection, delivery and distribution; registered in the name of the applicant, not to exceed 25% of the qualifying investment in machinery and equipment

Broadening Participation Cluster

Incentive Programme	Purpose	Target /Eligibility Criteria	Incentive Offering
Strategic Partnership Programme(SPP) [replaced the Incubator Support Programme]	Encourage partnering with big private sector to develop suppliers capability and capacity thus providing linkages to the strategic partners supply chain	<ul style="list-style-type: none">• South African registered legal entities with a minimum turnover of R100 million for two consecutive years as per the audited financial statements• At least 60% of the entities being incubated must be at least 51 percent Black owned	<ul style="list-style-type: none">• 50:50 cost-sharing support for large private sector investors.• Cap = max R15m per financial year over 3 years subject to the availability of funds



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Broadening Participation Cluster

Incentive Programme	Purpose	Target /Eligibility Criteria	Incentive Offering
Support Programme For Industrial Innovation (SPII)	Promote development of technologically innovative products/processes that are commercially viable & internationally competitive	<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">• 50:50 cost-sharing support for large projects• 60:40 for small projects;• 80:20 for 100 % Black entrepreneurs



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Broadening Participation Cluster

Incentive Programme	Purpose	Target /Eligibility Criteria	Incentive Offering
Black Industrialist Scheme (BIS)	<ul style="list-style-type: none"> Accelerate the quantitative & qualitative increase and participation of Black Industrialists in the national economy, selected industrial sectors & value chains. Create multiple & diverse pathways and instruments for Black Industrialists to enter strategic & targeted industrial sectors & value chains in the short to medium term. Utilise Black Industrialists for economic growth, economic transformation, employment creation and sustainability. 	<ul style="list-style-type: none"> Be a registered legal entity in South Africa in terms of the Companies Act, 1973. A Black industrialist is a juristic person that includes co-operatives, incorporated in terms of the Companies Act 2008 Minimum 51% owned High levels of black management(in strategic and decision-making roles) 	<ul style="list-style-type: none"> Cost sharing grant ranging from 30% to 50% to approved entities to a maximum of R50 million. Quantum of grant depends on: level of black ownership, management control The grant of may be utilised for: <ol style="list-style-type: none"> 1) Capital investment costs; 2) Feasibility studies towards a bankable business plan (to the maximum of 3% of projected investment project cost); 3) Post-investment support (to the maximum of R500 000); and 4) Business Development Services (to the maximum of R2 million)



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Competitiveness Cluster

To create an enabling environment that promotes industrial competitiveness and the growth of South African goods and services in the global economy.



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Competitiveness Cluster

Incentive Programme	Purpose	Target /Eligibility Criteria	Incentive Offering
Sector Specific Assistance Scheme (SSAS)	Offer support to projects that promote the development of emerging exporters.	<ul style="list-style-type: none"> • Export Councils • Business Chambers • Local Economic Development Agencies • Industry Associations 	100% cost-sharing - maxR1.9m for: <ul style="list-style-type: none"> • Local and international air travel • Accommodation; • Subsistenceallowance ofR200 per day; • Transportation of samples; • Exhibition costs; • Specialised training (e.g. product development, design colour trends, project management, etc.)

Competitiveness Cluster

Incentive Programme	Purpose	Target /Eligibility Criteria	Incentive Offering
Export Marketing Investment Assistance (EMIA)	Aims to develop export markets for South African products / services, thus attracting new FDIs into the country.	<ul style="list-style-type: none">• South Africa Manufacturers• (minimum 35% Local content)• Companies who are export ready• Companies exporting in the identified targeted sectors (identified by the dtic)	<ul style="list-style-type: none">• Return airfare up to R17 000• Subsistence allowance R2 300• Transportation of samples R17 500• Exhibition costs R50 000



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Manufacturing Investment Cluster

To address economic shortfalls and market failures within the manufacturing sector as well as to enhance and stimulate the manufacturing sector.



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Manufacturing Investment Cluster

Incentive Programme	Purpose	Target /Eligibility Criteria	Incentive Offering
Aquaculture Development and Enhancement Programme(ADEP)	<p>To stimulate investment in the Aquaculture sector with the intention to:</p> <ul style="list-style-type: none"> • Increase production, • Sustain & increase jobs, • Encourage geographical spread, • Broaden Participation 	<p>South African Registered Entities engaged in the following operations:</p> <p>Primary</p> <ul style="list-style-type: none"> • Brood Stock • Seed Production • Juvenile (spat, fry, fingerling) operations including hatchery and nursery facilities • On-growing operations <p>Secondary</p> <ul style="list-style-type: none"> • Post-harvesting handling, eviscerating, packing & quick freezing • Filleting, portioning and packaging • Value adding: curing, brining & smoking • Waste stream handling <p>Ancillary</p> <ul style="list-style-type: none"> • Feed manufacturing, • R&D projects 	<p>Reimbursable cost-sharing grant of up to a max of R40 million qualifying costs in machinery & equipment; bulk infrastructure; owned land and / buildings; leasehold improvements:</p> <ul style="list-style-type: none"> • <R5 m 50:50 • R5m to <R30m 45:55 • R30m to R200m 35:65



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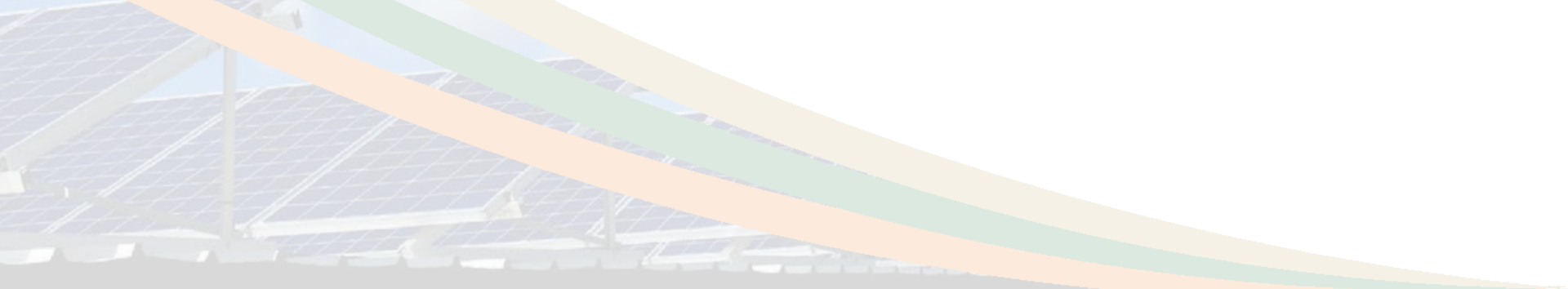
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Infrastructure Investment Cluster

Enhance and develop the country's infrastructure for investment purposes.



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Infrastructure Investment Cluster

Incentive Programme	Purpose	Target /Eligibility Criteria	Incentive Offering
Critical Infrastructure Programme (CIP)	Leverage strategic investment projects by financially supporting infrastructure critical to such projects.	Registered private entities and municipalities	<ul style="list-style-type: none">• A grant of between 10% and 30% of the development costs for qualifying infrastructure.• A 100% grant of the development costs for qualifying infrastructure distressed municipalities.• Cap= R50m.



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