

# INDUSTRIAL FINANCING

## Role and Impact Industrial Financing Branch (IFB)

10 March 2022



**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

**the dtic - together, growing the economy**

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: [www.thedtic.gov.za](http://www.thedtic.gov.za)



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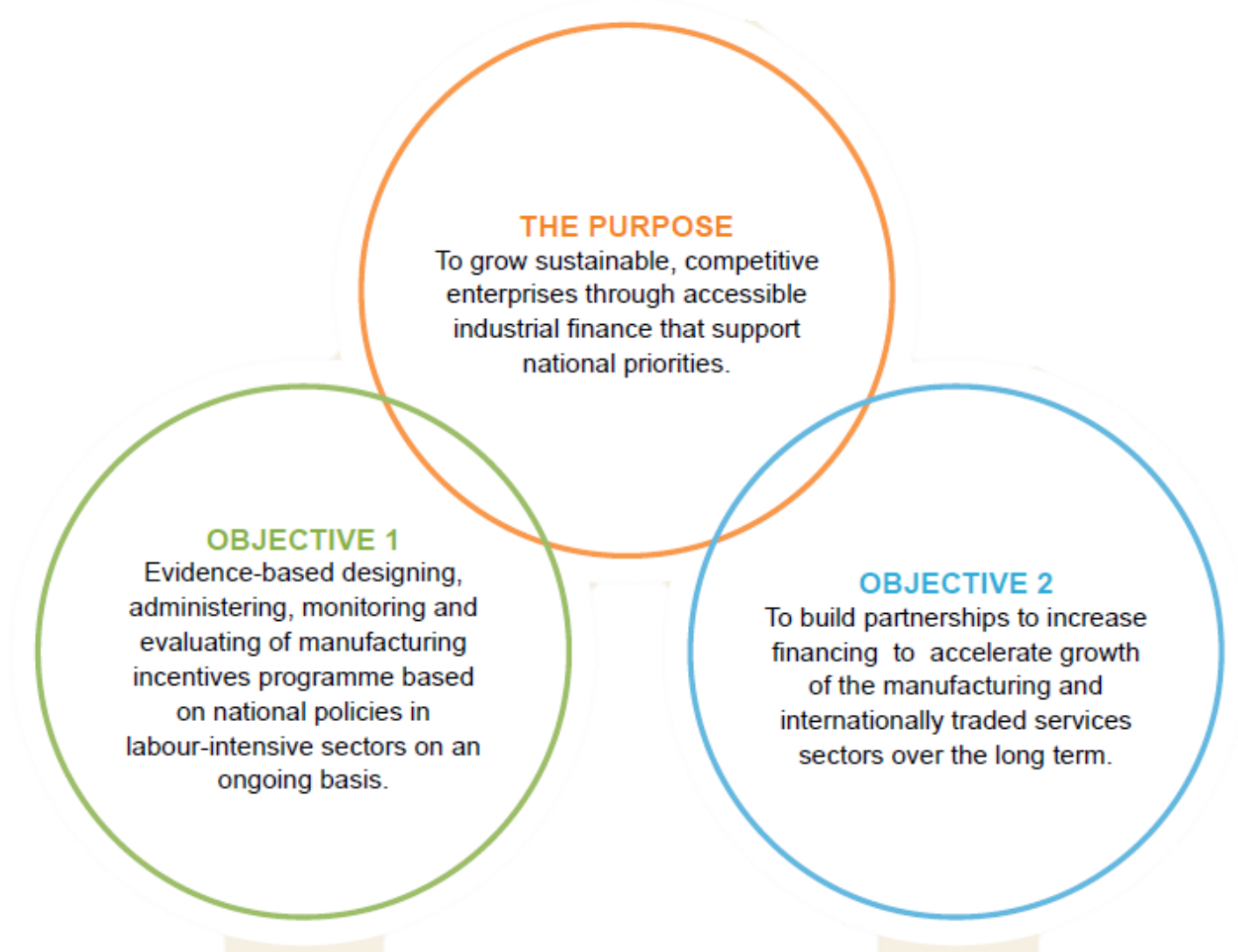


## Background

Role of **the dtic**: in overcoming the economic challenges facing South Africa is more important than ever, as is the goal of achieving the following objectives:

- ❑ Increasing the contribution of small, medium and micro-sized enterprises (SMMEs) to the South African economy via financial, administrative and other non-financial support.
- ❑ Ensuring the implementation of Broad-Based Black Economic Empowerment (B-BBEE) across all sectors of the economy.
- ❑ Increasing levels of Foreign Direct Investment into the country.
- ❑ Expanding market access opportunities for the exportation of South African goods and services.
- ❑ Contributing towards building skills, technology and infrastructure platforms in the economy, from which enterprises can benefit.

# Industrial Financing Branch



We commit to customer centricity by:

- Treating customers trustfully, honestly ethically and professionally.
- Caring for our investors, entrepreneurs, customers, communities, nation and environment.
- Being accountable and taking full responsibility for our actions.
- Embracing operational excellence

## The dtic COVID-19 Relief Funding

The Department of Trade, Industry and Competition (**the dtic**) in partnership with the Industrial Development Corporation (IDC), National Empowerment Fund (NEF) and Small Enterprise Financing Agency (sefa) established

- A **R700 million** financing facility to assist manufacturers of identified critical goods that were affected by the outbreak of COVID-19 with
- Loan finance for machinery, equipment and working capital at a fixed rate of 2,5 %

# The dtic COVID-19 Relief Funding

## IDC Facilities

- **MCEP COVID-19 Fund for Essential Supplies -**
    - earmarked funding to assist suppliers of identified critical goods with industrial loan facility for working capital, machinery and equipment.
  - **Relief Funding for companies in distress –**
    - Funding available to companies that are within sectors financed by the IDC, which are unable to fund their operating activities or reasonably unlikely to be able to pay their debt obligations as a result of COVID-19
- [www.idc.co.za](http://www.idc.co.za), [covid@idc.co.za](mailto:covid@idc.co.za), 0860 693 888

# **The dtic COVID-19 Relief Funding**

## **NEF Facility**

- **COVID-19 Black Business Funding Solution**

up to R10 million loan for working capital, machinery and equipment, with 12 months payment moratorium at 0% fixed rate

[www.nefcorp.co.za](http://www.nefcorp.co.za), [covidfund@nefcorp.co.za](mailto:covidfund@nefcorp.co.za), 011 305-8080



# Incentive Clusters

## 1 MANUFACTURING INVESTMENT CLUSTER

Manufacturing incentives aim to catalyse additional investment in the manufacturing sector and support broader participation in the mainstream economy. These incentives focus on assisting businesses owners and targeting job creation for individuals from historically disadvantaged communities and marginalised regions.

- ◆ Black Industrialists Scheme (BIS)
- ◆ 12I Tax Allowance Incentive (12I)
- ◆ Automotive Incentive Scheme (AIS)
- ◆ Agro-Processing Support Scheme (APSS)
- ◆ Aquaculture Development and Enhancement Programme (ADEP)
- ◆ Strategic Partnership Programme (SPP)
- ◆ Manufacturing Competitiveness Enhancement Programme (MCEP)

## 4 INFRASTRUCTURE INVESTMENT CLUSTER

These incentives provide grants for industrial infrastructure initiatives that are aimed at enhancing infrastructure, industrial development and export of value-added commodities, and ensure that the funded projects are primed to attract foreign direct investment.

Incentives that are included in this sector are:

- ◆ Special Economic Zones (SEZ)
- ◆ Critical Infrastructure Programme and Industrial Parks (CIP)
- ◆ Cluster Development Programme (CDP)

## 2 INNOVATION INVESTMENT CLUSTER

The innovation investment cluster promotes innovation and technology development. Incentives included in this sector are:

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

## 3 SERVICES INVESTMENT CLUSTER

These incentives stimulate increased investment and job creation in the services sector, with a focus on projects that create employment opportunities for the youth (aged 18-34 years). These incentives also support export revenue from offshoring services.

- ◆ Global Business Services (GBS)
- ◆ Film and Television Production Incentive (FTPI)

## 5

The incentives in this cluster aim to support industrial competitiveness and growth of South African goods and services in the global economy, by providing funding to showcase services and products to potential investors in the global market and by supporting feasibility studies for projects with high export potential.

- ◆ Export Marketing and Investment Assistance Scheme (EMIA)
- ◆ Capital Projects Feasibility Programme (CPFP)



Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Black Industrialist Scheme (BIS)</b>	<p>Partner with Black owned and managed companies on their expansion and green field investments</p> <p>Aims to establish an industrial development path that is characterized by increased participation of previously marginalized citizens and regions</p>	<ul style="list-style-type: none"> <li>▪ Must be at least 51% Black owned ;</li> <li>▪ Have a valid B-BBEE certificate;</li> <li>▪ Be directly involved in the day to day running of the organization;</li> <li>▪ Have a project with a minimum investment of R30 m;</li> <li>▪ Undertake a project , which should result in securing or increasing direct employment;</li> <li>▪ Co-funding agreement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cost sharing grant of up to R50 million based on (30% - 50%) qualifying costs</li> <li>▪ Capital Investment Costs;</li> <li>▪ Feasibility Studies towards a bankable Business Plan (to a maximum of 3% of projected investment costs);</li> <li>▪ Post-investment Support (Maximum of R500 000)</li> <li>▪ Business Development Services (maximum of R2 million)</li> </ul>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Agro-Processing Support Scheme (APSS)</b>	<p>To stimulate investment by SA Agro-Processing /beneficiation (agri-business) enterprises. Investment to achieve some of the following:</p> <ul style="list-style-type: none"> <li>• Increased Capacity</li> <li>• Employment Creation</li> <li>• Modernised Machinery &amp; Equipment</li> <li>• Competitiveness &amp; productivity improvement</li> <li>• Broadening Participation</li> </ul>	<p>SA Registered Entities in the following sub-sectors:</p> <ul style="list-style-type: none"> <li>• Food &amp; beverage value addition and processing (including Black winemakers)</li> <li>• Furniture manufacturing</li> <li>• Fibre processing</li> <li>• Feed production; and</li> <li>• Fertilizer production</li> </ul>	<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"> <li>▪ New machinery, equipment &amp; tools;</li> <li>▪ New commercial vehicles registered in the name of the applicant;</li> <li>▪ Buildings;</li> <li>▪ Competitiveness Improvement Costs</li> </ul>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Aquaculture Development and Enhancement Programme (ADEP)</b>	To stimulate investment in the Aquaculture sector and broaden participation in the sector	<p>South African Registered Entities engaged in the following operations:</p> <p><b>Primary</b></p> <ul style="list-style-type: none"> <li>▪ Brood Stock</li> <li>▪ Seed Production</li> <li>▪ Juvenile (spat, fry, fingerling) operations including hatchery and nursery facilities</li> <li>▪ On-growing operations</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>▪ Post-harvesting handling, eviscerating, packing &amp; quick freezing</li> <li>▪ Filleting, portioning and packaging</li> <li>▪ Value adding: curing, brining &amp; smoking</li> <li>▪ Waste stream handling</li> </ul> <p><b>Ancillary</b></p> <ul style="list-style-type: none"> <li>▪ Feed manufacturing,</li> <li>▪ R&amp;D projects</li> <li>▪ Privately owned aquaculture veterinary services</li> </ul>	<p>Reimbursable cost-sharing grant of up to a max of R20 million for qualifying costs</p> <ul style="list-style-type: none"> <li>▪ Machinery and equipment;</li> <li>▪ Bulk infrastructure; ( in water &amp; electricity infrastructure);</li> <li>▪ Owned Land (only applicable to small black enterprises);</li> <li>▪ Buildings (Ponds, cages, tanks, etc);</li> <li>▪ Leasehold improvements, capitalised in the balance sheet (lease agreement at least 10 years);</li> <li>▪ Rental Costs (only for small black enterprises) capped at R20 000 p. m, claimable at stage 2 only;</li> <li>▪ Aquaculture feed, up to a max. of 10% of total costs (capped at 20% for small black enterprises);</li> <li>▪ Competitiveness improvement activities (e.g. skills development) up to R500 000;</li> <li>▪ Commercial vehicles and work boats (owned/ capitalised financial lease), not to exceed 50% of total qualifying costs.</li> <li>▪ EIA, Permits authorization and costs (only for small black enterprises);</li> <li>▪ Mentorship up to R200/hr, 8hr/day capped at R200 000/ approved project</li> </ul>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Automotive Investment Scheme (AIS)</b>	To grow and develop the automotive sector through investment in new and / replacement models and components that will increase plant production volumes, create employment and strengthen the automotive value chain.	<ul style="list-style-type: none"> <li>▪ Light motor vehicle manufacturers</li> <li>▪ Component manufacturers (contract to supply OEM supply chain)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Non taxable cash grant of up to 30% of the value of qualifying investments</li> </ul>



# EXPORT PROMOTION CLUSTER

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

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Global Business Services (GBS)	<p>To create employment in SA through servicing offshore activities</p> <ul style="list-style-type: none"> <li>➤ Create medium to high complexity employment opportunities for the youth (18-34 years)</li> <li>➤ Contribute to the country's export revenue from offshoring services</li> </ul>	<p>New or expanding operations: Legal Services, Finance &amp; Accounting and IT Services</p> <p>Secured at least a 3-year fixed-term contract for off-shore activities</p>	<ul style="list-style-type: none"> <li>▪ 3 tier incentive programme</li> <li>➤ Non-complex job</li> <li>➤ Medium complexity job</li> <li>➤ High complexity job</li> </ul> <p>R60 000.00 p.a. – entry level</p>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Film and Television Production	<b>SA Black Emerging Filmmakers Incentive:</b> To nurture and capacitate emerging black filmmakers to take up big productions and contribute towards employment opportunities.	South African local Black-owned qualifying productions with a total production budget of R1 million and above.	A rebate of up to 50% for the first R6 million of the Qualifying South African Production Expenditure (QSAPE) and 25% thereafter. No cap is applicable for this rebate.
	<b>Foreign Film and Television Production and Post-production:</b> to attract foreign-based film productions to shoot on location in SA and conduct post-production activities in the country.	SPCV with Qualifying South African Production Expenditure (QSAPE) of R12 million, and at least 50% of principal photography to be done in SA for minimum 4 weeks.	<ul style="list-style-type: none"> <li>20% of QSAPE (Production).</li> <li>22.5% of R1.5m QSAPE plus 2.5% for QSAPPE and 25% of R3m QSAPE plus 5% for QSAPPE (Production &amp; Post-production).</li> <li>22.5% of R1.5m QSAPE or 25% of R3m QSAPE (Post-production).</li> </ul>
	<b>SA Film and Television Production and Co-production:</b> to assist local film producers in the production of local content and stimulate investment that creates employment opportunities and attracts foreign investors with the intention of building SA's international profile.	Qualifying South African productions and official treaty co-productions with minimum production budget of R2.5 million.	35% of the first R6 million of QSAPE and 25% of the on amounts above R6 million.

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



Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Technology and Human Resources for Industry Programme (THRIP)</b>	<p>To boost South African Industry by supporting the development of technologies and increasing the number of people with appropriate skills in the development and management of research-based technology for industry.</p>	<ul style="list-style-type: none"> <li>▪ South African registered legal entities.</li> <li>▪ Registered higher education or further education institution in partnership with private sector.</li> <li>▪ Licensed and/or registered science councils in partnership with private sector</li> </ul>	<ul style="list-style-type: none"> <li>▪ THRIP is a cost-sharing grant of up to R8m per annum for a period (3) years for approved project engaged in applied research and development in science, engineering and technology</li> </ul>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Support Programme For Industrial Innovation (SPII)</b>	<p>To promote technology development in South Africa's industry, through the provision of financial assistance for the development of innovative products and /processes that are commercially viable &amp; internationally competitive</p> <p>Focus – Development phase, (Basic Research to pre-production Prototype</p>	<ul style="list-style-type: none"> <li>▪ South African registered legal entities.</li> <li>▪ Registered higher education or further education institution in partnership with private sector.</li> <li>▪ Licensed and/or registered science councils in partnership with private sector</li> </ul>	<ul style="list-style-type: none"> <li>▪ 50:50 cost-sharing support for large Enterprises</li> </ul>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Critical Infrastructure Programme (CIP)</b>	Co Sponsor investment in common infrastructure that is essential for competitiveness .	Registered private entities and municipalities	<ul style="list-style-type: none"> <li>▪ A grant of between 10% and 30% of the qualifying, development costs for qualifying infrastructure;</li> <li>▪ State-owned testing facility 50% : 50%</li> <li>▪ SA Film &amp; TV Studios and Cinema 30% : 70%</li> <li>▪ Strategic Infrastructure Feasibility Studies 80%:20% - inside SEZ 60%:40% - outside SEZ</li> <li>▪ State owned Industrial parks – 100%</li> <li>▪ Distressed Municipality 100%, capped at R10 m,</li> </ul> <p>all others capped at R50 m</p>






Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Special Economic Zone (SEZ)</b>	<ul style="list-style-type: none"> <li>Attract investment in geographically designated areas that have been set aside for specifically targeted economic activities</li> </ul>	<ul style="list-style-type: none"> <li>Bulk Infrastructure and top structures for companies</li> </ul>	<ul style="list-style-type: none"> <li>Preferential taxes (including 12i Tax Allowance)</li> <li>Building Allowance</li> <li>Employment Incentive</li> <li>Customs Controlled Area</li> </ul>





# 2020/21 Incentive Performance Overview

## FUNDING APPROVED IN 2020/21 TO SUPPORT INDUSTRIALISATION

PROJECTS SUPPORTED	APPROVAL AMOUNT	PROJECTED INVESTMENT	NEW JOBS TO BE CREATED	JOBS TO BE RETAINED
				
216	R8 830 622 116	R27 966 606 272	18 330	22 272

INVESTMENT  
MULTIPLIER **3.2**

Projects supported  
Approval Amount  
Projected Investment  
New Jobs to be Created



GRANT

142

R4 660 998 824

R14 461 559 595

17 055



LOAN

65

R612 059 733

R1 615 179 823

87



TAX ALLOWANCE

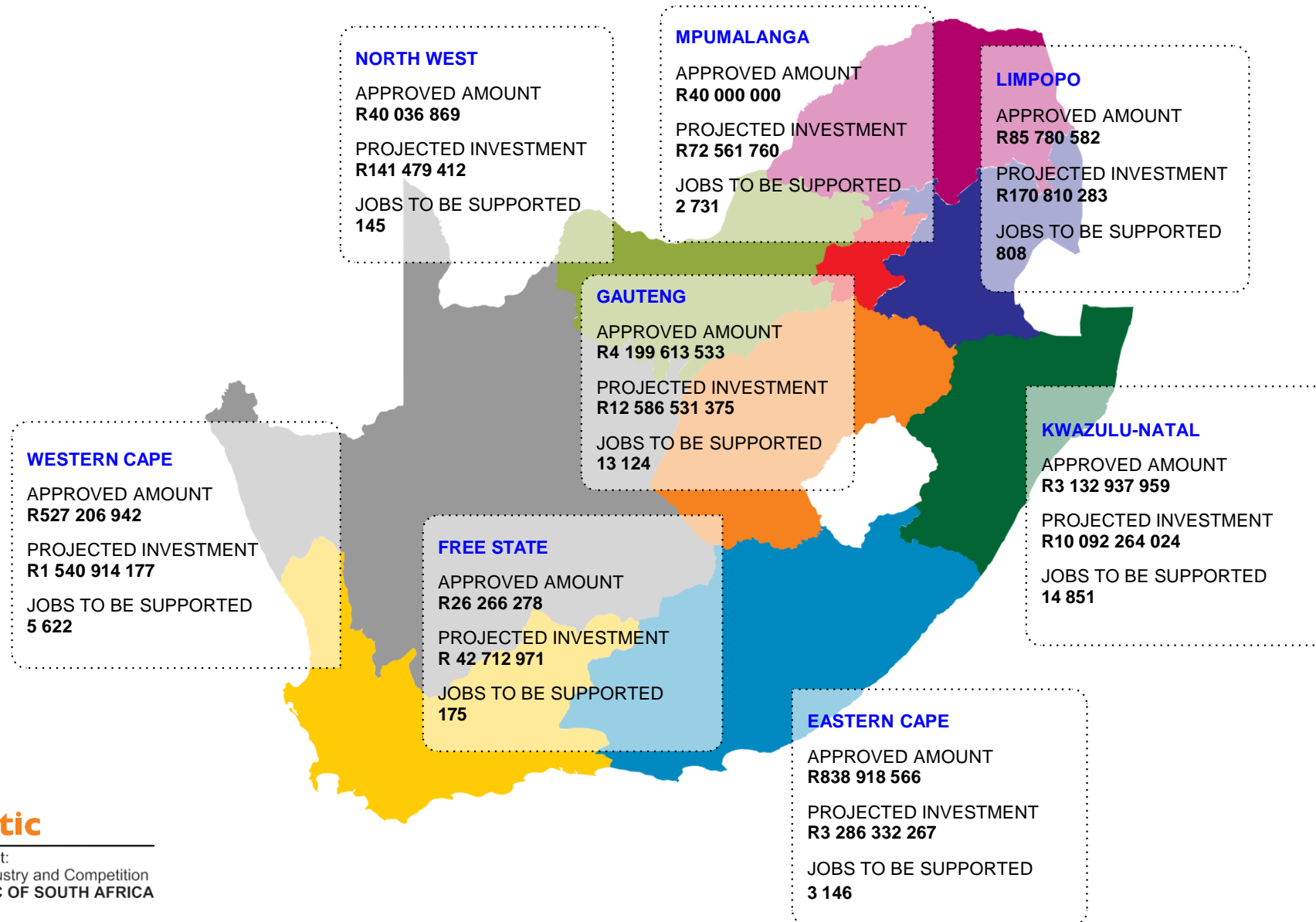
9

R3 557 563 559

R11 889 866 854

1 188

## Provincial Spread - Contributing towards the District Economic Development Model



**the dtic**




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Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

# Industrial Parks Revitalisation Programme

## Promoting Development in Rural Areas

The focus of the initial phases of any revitalisation programme is on infrastructure provision of roads and security upgrades, installation of sewerage, water, and electricity infrastructure, and refurbishment of top structures. A total of 2 272 construction jobs were created by supported projects from inception of the incentive in 2016/17.

Investment in industrial parks assists SMMEs located in townships and rural areas to contribute to economic growth.

					
	Number of SMMEs	Number of local area SMMEs	Contract value to main contractor	Spending to SMMEs subcontractors	Women-owned SMMEs
<b>Total</b>	<b>69</b>	<b>56</b>	<b>R289 533 972</b>	<b>R60 158 039</b>	<b>10</b>

Province	Industrial park	Claim amount	Total jobs
Gauteng	Babelegi IP	R61 617 702	234
Free State	Botshabelo IP	R27 471 718	150
Eastern Cape	Dimbaza IP	R49 999 796	400
Gauteng	Ekandustria IP	R33 695 167	113
Gauteng	Garankuwa IP	R42 133 447	85
KwaZulu-Natal	Isithebe IP	R34 863 613	162
Eastern Cape	Komani / Queendustria IP	R43 631 155	130
North West	Mogwase IP	R79 946 036	366
Limpopo	Nkowankowa IP	R40 172 274	338
Free State	Phuthadijhaba IP	R50 000 000	85
Limpopo	Seshego IP	R12 896 021	96
Eastern Cape	Vulindlela IP	R36 316 674	113
	<b>Total</b>	<b>R512 743 603</b>	<b>2 272</b>



**611**  
Youth jobs supported  
(2018/19 to 2020/21)



**295**  
Female jobs supported  
(2018/19 to 2020/21)

# Application Process

## Application:

- Applicant obtains Programme application form and guidelines from **the dtic** website ([www.thedtic.gov.za](http://www.thedtic.gov.za)) under Financial Assistance tab;
- The Applicant e-mails the completed, signed application form with supporting documents to the dedicated dtic email address;

## Basic Evaluation:

- The applicant will receive an acknowledgement letter from the Programme Administration;
- If the application has outstanding documents, then the applicant is contacted and provided with a timeframe within which to provide the outstanding information

## Adjudication:

- 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:** [incentives@thedtic.gov.za](mailto:incentives@thedtic.gov.za)

**Telephone:** 012 394 1255

**Customer Contact Centre:** 0861 843 384

**website:** [www.thedtic.gov.za](http://www.thedtic.gov.za) (Financial Assistance)

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**THANK YOU**