INFORMATION BROCHURE • DTI INCENTIVES

EDC

Enterprise Development Consultants

Manufacturing Competitiveness Enhancement Programme

The Department of Trade and Industry (DTI) launched the Manufacturing Competitiveness Enhancement Programme (MCEP) in 2012. The incentive programmes objective is to promote enterprise development and competitiveness while retaining and growing job opportunities.

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Is your business missing out on cash incentive grants available to existing manufacturing projects?

Are you entitled to apply for the above grants?

Who can apply:

Existing South African registered companies (including co-operatives) engaged in manufacturing (SIC 3), engineering services that support manufacturing and conformity assessment agencies (SIC 88220) servicing the manufacturing sector.

Exclusions:

Automotive; Clothing; Textile; Footwear & Leather sectors that qualify for support under the AIS / APDP / MIDP / CTCP / CTCIP and NIPP.

S 21 companies (Not for Profit or Gain), Sole Proprietors, Partnerships or Trusts

Note: Projects categorised under the SIC codes 3231 (manufacturing of pulp, paper and paperboard); 332 (petroleum refineries / synthesisers); 3330 (processing of nuclear fuel); 334 (manufacture of basic chemicals); 351 (manufacture of basic iron and steel) and 352 (manufacture of basic precious and non-ferrous metals) will only be considered provided the project can demonstrate the following:

- The creation of jobs in downstream industries
- The provision of benefits for other applicants in the value chain (e.g. new markets, products & processes)
- The sector is experiencing cyclical distress

What is available:

A cash grant calculated against the determined Manufacturing Value Addition (MVA) as set out below. The MVA is calculated against the past two years independently reviewed or audited annual financial statements. The maximum incentive is calculated between 10% and 25% of the MVA. (Total company size dependant – Total Assets per the Balance Sheet)

MVA Benefit Calculation

- **Total Assets** less than R 5m
  - MVA not applicable - 50% cost sharing on capital expenditure
- **Total Assets** of R 5m but less than R 30m
  - 25% of MVA
- **Total Assets** of R 30m but less than R 200m
  - 20% of MVA
- **Total Assets** of R 200m or more - 10% of MVA

The applicant will have 2 years to utilise the MCEP grant and may qualify for the MCEP programme again after two years.

The MCEP can be used for

	Cost Sharing %
• **Capital Investment Grant**	30 – 50%*

Equipment upgrading and expansions, includes: new machinery and equipment, building improvements and extensions. For entities with total assets below R 5m, the minimum investment in machinery and equipment is R 500 000. Where total assets exceed R 5 million, the minimum capital investment is R 1 million and where total assets exceed R 30 million, total capital investment required is R 2 million.

Cost Sharing %

• Green Technology Upgrading Grant — 30 – 50%*

To achieve cleaner production and improved energy efficiencies e.g. Recycling, solar panels, establishment of renewable energy infrastructure, water treatment.

• Enterprise Level Competitiveness Improvement Grant — 50 – 70%

To achieve accreditation of conformity and quality standards.
e.g. ISO, CE mark.

• Feasibility Studies Grant — 50 OR 70%

The expected investment project to result from the feasibility study should have a minimum value of R 30m (maximum grant of R7.5 million).
e.g. design costs and EIA costs.

• Cluster Initiatives Grant — 80%

Project costs to support cluster initiatives to improve competitiveness, innovation and access to new markets.
(at least 5 individual enterprises) e.g. market research, benchmarking, product development.

• Working Capital Facility (Pre / Post-Dispatch)

A working capital facility of up to R 50m at a fixed rate of 4% which is available for a term of up to 4 years.

• Industrial Policy Niche Projects Fund

Projects identified by the DTI / IDC that focus on new areas with potential for job creation, diversification of manufacturing output and contribution to exports, that would otherwise not be candidates for commercial or IDC funding, may be eligible for an MCEP grant that may be structured as part of the borrower's equity contribution.

** Includes a possible 10% bonus grant.*

Bonus Grant - 10%

May be available to applicants whose historical asset cost exceeds R5 million.

Additional Job Requirement

Enterprise Size	*Addtional Jobs*
> R5 million < R30 million	> 10
≥ R30 million < R200 million	> 20
≥ R200 million	> 25

Procurement Requirements

Procure at least 50% of the total project budget in machinery, equipment and tooling manufactured in South Africa.

Application Deadline

Application to be submitted at least 60 days ahead of the relevant investment or intervention being commissioned or brought into use. Applications for the MCEP may be submitted from 4 June 2012 to 31 March 2018.

Note:

Applicants are required to be a level 4 BB-BEE contributor. A second application may be submitted after the first two year contractual term where a level 4 BB-BEE score is maintained.

EDC Company Profile

Enterprise Development Consultants (EDC) is a privately owned consultancy practice that specialises in Department of Trade and Industry (DTI) incentives. The DTI have over a number of years formulated sector specific incentive packages whereby new or expanding entities that are involved in 'qualifying activities' are able to secure cash incentives.

The management of EDC have collectively in excess of 30 years experience in DTI incentives and are 100% involved in the application and subsequent claiming processes. A performance related fee structure assures our clients that an application submitted by EDC is likely to qualify for the relevant incentive benefit. Further, EDC are committed to ensuring clients claims are paid by the DTI within the shortest possible time frame.

It is our experience that many industrialists have foregone significant incentive benefits due to a lack of knowledge in respect of the various incentive programmes. Further, industrialists often do not have the resources to research and administer these often changing and complex incentive benefits.

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