



# INCENTIVES SA

Helping Your Business Grow

## Industrial Infrastructure (IDC)

### Description:

The IDC's goal is to unlock infrastructure development to create an environment that helps grow South Africa's economy. To that end, investments will be made to achieve the following:

- Boost the energy infrastructure by providing local developers with opportunities in the energy sector and particularly supporting those projects that free up energy consumption and take pressure off the power grid. The IDC seek to optimising energy efficiency interventions and finding alternative energy sources.
- Develop bio-fuels: by developing the biofuels sector on a commercial scale. This sector is a potential source of new significant employment and economic development, particularly for agriculture in rural areas.
- Support transport networks, including road, rail and ports to ensure a sound logistics network that will allow local industries to be competitive and be able to access new markets/suppliers in the rest of Africa.
- Increase and extend broadband coverage in order to lower the cost of business and boost trade and business.

### Doing business with the unit:

The IDC focus on energy projects that boost the country's security of energy supply whilst not harming the environment adversely. To that end, the IDC support projects that focus on the reduction, avoidance and adaptation of carbon emissions.

Specific sub-sector focus areas are non-fuel based green energy (for example, renewable energy), energy efficiency and demand side management, emission and pollution management, fuel-based green energy (for example, waste to energy and co-generation) and bio-fuels (mainly bio-ethanol).

The IDC also fund projects that boost industrial infrastructure, logistics infrastructure including road, rail and ports.



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The IDC also manage the Green Energy Efficiency Fund and the AFD Green Fund.

## Who should apply for funding?

New or existing companies that offer projects that enhance the environment, reduce carbon emissions, create jobs and uplift communities, are welcome to apply for funding.

## We consider funding for:

- Fixed assets and working capital;
- New projects, expansions and rehabilitations;
- Relatively sizeable projects;
- Projects that exhibit sustainable economic merit; and
- Projects with significant developmental impact – particularly sustainable job creation, the creation of exports, value addition, localisation, empowerment and rural development.

With regards to support for industrial infrastructure, the IDC take into account:

- **Job creation potential:** The number of jobs created and total capital costs per job;
- **Broad-based Black Economic Empowerment:** Direct BBBEE shareholding, broad-based shareholding (including local communities, skills development for workers, women, and so on), BBBEE operational involvement in terms of management and control, BBBEE procurement;
- **Regional development:** Priority provinces, including the Northern Cape, Eastern Cape, Limpopo, and Free State as well as spatial development initiatives and special economic zones;
- **Black industrialists:** Priority will be given to projects promoting black industrialists in terms of control and operational involvement;
- **Project size:** The overall size of the project is taken into consideration in terms of the total asset base. Smaller projects will be considered in the rural and priority provinces provided that these have significant developmental impact;



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- **Foreign revenue potential/export:** Foreign revenue earnings potential arising from exports as well as savings from import replacement; and
- **Local content in capital expenditure:** More than 50% of capital expenditure should be sourced locally.

## Funding criteria:

While each proposal is carefully considered, The IDC give preference to projects that demonstrate economic merit and show profitability and sustainability within a reasonable time frame; and new projects, expansions and rehabilitations, and relatively sizeable projects.

## Applying for funding:

Application for funding should be in writing, including a funding request letter, an executive summary and a complete business plan.

Please make sure that your application meets the IDC's minimum requirements.

## Minimum requirements:

- Compliance with international environmental standards.
- Shareholders/owners are expected to make a financial contribution:
- The contribution of historically disadvantaged people under special circumstances may be lowered, in which case the IDC will be prepared to extend finance in excess of the owner's contribution.
- The project/business must exhibit economic merit in terms of profitability and sustainability.
- The IDC does not re-finance fixed assets since our aim is to expand the industrial base.



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For more information please contact Incentive SA on the following numbers:

**Cape Town:** 021 671 4400

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