INCENTIVES SA

Helping Your Business Grow

Manufacturing Competitiveness Enhancement Programme (MCEP)

Who can apply?

- Entities engaged in Manufacturing
- Engineering services supporting manufacturing
- Any registered company, closed corporation or co-operative that has been in existence for a minimum period of 1 year. If you are going to expand or upgrade your plant, you can apply!

Exclusions:

- Manufacturing of pulp and paper
- petroleum refineries
- manufacture of basic chemicals
- manufacture of basic iron & steel
- Manufacture of basic precious & non-ferrous metals, unless there are downstream industries benefiting or new products.
- Also non-qualifying are projects falling under the sectors: automotive, clothing / textiles /leather and footwear.

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Eligibility Criteria:

- Be a registered legal entity in South Africa in terms of any of the following legislation: the Companies Act, No. 71 of 2008; Companies Act, No. 62 of 1973 (as amended); or the Close Corporations Act, 1984 (as amended) and the Co-operatives Act, No. 14 of 2005 (as amended).
- Be an existing entity that undertakes an investment project for either upgrading or expanding its operations to produce generically the same products, or investing in competitiveness enhancing activities of existing operations.
- The applying entity must have existing manufacturing operations, engineering service company or be a conformity assessment body in the Republic of South Africa.
- The approved entity may not reduce its employment levels from the average employment levels for a twelve month period prior to the date of application, and these employment levels should be maintained for the duration of the incentive agreement.
- Submit the enterprise's latest financial statements Cape
- Applicants must submit proof of funding where third party funding is sourced. The proof of funding should be submitted within three months of receiving approval from the dti, failing which the project will be considered non-viable and approval will be withdrawn.
- Applicant/s must submit a complete application at least 60 calendar days prior to commencement of commercial use of the assets or undertaking activities being applied for. Any assets taken into commercial use or activities commencing before approval by the dti will be considered as non-qualifying.

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The following documents need to be submitted:

- Entity diagnostic report in the provided template demonstrating the need for the project and expected benefits.
- Cleaner production/green technology assessment report(only where applicable)
- Registration certificate of legal entity in the Republic of South Africa
- B-BBEE certificate (where applicable)
- Valid Tax Clearance certificate
- Audited/ independently reviewed financial statements

What qualifies?

- Capital Investment, qualifying assets at cost: Buildings (owned), buildings leasehold improvements, new machinery and equipment.

Investment in Upgrading in Green and Resource Efficiency Technology such as improvement in:

- Cleaner production technology (air compressing, pumping and steam systems, building improvements e.g. lighting efficiency)
- Waste management (Technology for recycling, re-use of waste and recovery from waste or other beneficial use of waste)
- energy efficiency (new improved processes, solar panels, pumps, motors, building improvements)

- water usage (improvement technology, industrial water and waste water treatment)
- localization of renewable energy products
- private laboratories (setting up, installing and upgrading laboratory equipment)

This program has 2 components:

The grant is a cash refund and be used for the following:

- Capital investment which would include equipment, forklifts jigs and building improvements (refund up to 50% with a 10% bonus)
- Enterprise level competitiveness which could include HACCP, ISO or any process that improves product or processes (refund up to 70%)

The second component is Industrial financing loan facilities which can be used for the following. (Min R3 000 000 at 4% interest with 1st year holiday on capital repayments)

Production, raw material, performance and bond guarantees.

What is a cost sharing grant?

Government pays for part of the new investment and the value is calculated according to a formula based on:

- Average manufacturing value added over the past 2 years
- Historical value of the existing asset base and the new proposed investment

The cost sharing grant can vary in value between 30% - 60% of the cost of your new investment but limited to the value added formula.

To apply for this grant please contact Incentives SA on the following numbers:

Cape Town: 021 671 4400

Johannesburg: 011 026 2680

Durban: 031 836 08 41

www.incentivesa.co.za