

# Capital Project Feasibility Programme (CPFP)

ICA Training Material  
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## Capital Project Feasibility Programme (CPFP)

- ▶ The CPFP is a cost-sharing grant that contributes to the cost of feasibility studies.
- ▶ The feasibility studies should be for projects that will increase local exports and stimulate the market for South African capital goods and services.
- ▶ The programme provides support to facilitate feasibility studies in the manufacturing and capital goods sectors.
- ▶ The grant is capped at R8 million to a maximum of
  - 3.3.1 50% of the total feasibility study costs for capital projects outside Africa and 55% of total feasibility study costs for capital projects in Africa (excluding South Africa).
  - 3.3.2 50% of the total feasibility study costs for manufacturing projects with total assets above R30 million and 70% of the total feasibility study costs for manufacturing projects with total assets below R30 million in SA.

Limited to  
R8 mil

## Programme objectives

- ▶ The primary objectives of the programme is to facilitate feasibility studies that are likely to lead to high-impact projects which will stimulate value-adding economic activities in South Africa as this will have greater impact on the country's industrial policy objectives.
- ▶ The secondary objectives of the programme include:
  - Attracting high levels of domestic and foreign investments;
  - Strengthening international competitiveness of South African manufacturing and capital goods sectors;
  - Creating sustainable jobs in South Africa;
  - Creating a long-term demand for South African manufacturing and capital goods and services;
  - Stimulating upstream and downstream linkages with SMMEs; and
  - Stimulating project development in Africa and in particular, the Southern African Development Community (SADC) countries as well as support for the objectives of the New Partnership for Africa's Development (Nepad).

*NEPAD's four primary objectives are to eradicate poverty, promote sustainable growth and development, integrate Africa in the world economy and accelerate the empowerment of women.*

# Qualifying applicant

<b>4.1. The qualifying applicant must:</b>
4.1.1 Be a SA registered legal entity in terms of the Companies Act, Close Corporations Act, or the Co-operatives Act;
4.1.2 Be a taxpayer in good standing with a valid tax clearance certificate;
4.1.3 B-BEEE compliance with at least level 8 contributor status;
4.1.4 Demonstrate financial commitment to undertake the feasibility study and must in this regard provide a written confirmation of a contribution to the financial requirement to invest in the project.

# Qualifying project

- ▶ 4.2.1 A new, expansion or rehabilitation of existing project
- ▶ 4.2.2 Meet the minimum SA local content and achieve 50% for total goods and 70% for total professional services of which 10% should be subcontracted to SA black-owned professionals/ firms; and
- ▶ 4.2.3 Situated anywhere in the world (excluding SA) for capital projects feasibility studies or situated in South Africa (excluding the rest of the world) for manufacturing projects feasibility studies.

## Mandatory Conditions

- ▶ 5.1 The applicant should either register a Special Purpose Corporate Vehicle (SPCV) incorporated in the Republic of South Africa or set up a separate cost centre solely dedicated for the purpose of participating in this programme.
- ▶ 5.2 The findings of the pre-feasibility study report must indicate that the project has an adequate chance of being bankable and implementable.
- ▶ 5.3 Only one application will be considered per entity including its associates or connected parties and subsidiary companies during the course of the execution of the bankable feasibility project.
- ▶ 5.4 The applicant applying for a manufacturing feasibility study located within South Africa must be:
  - 5.4.1 A manufacturing 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;
  - 5.4.2 Engaged in manufacturing Standard Industrial Classification (SIC 3);
  - 5.4.3 Producing a pre-feasibility study report in the prescribed format, confirming that the expected project minimum investment will be at least R15 million.
- ▶ 5.5 The applicant must provide a clear detailed time period and project schedule within which the project emanating from the feasibility study will be realized.
- ▶ 5.6 The project that is anticipated to emerge from the feasibility study must fulfil the objectives of the programme.

## Non-eligible Costs

- ▶ Pre-feasibility costs;
- ▶ Administration costs;
- ▶ Internal salaries and wages;
- ▶ Normal overhead costs for the business activities;
- ▶ Costs incurred prior to receiving project approval from the dti; and
- ▶ Costs for activities receiving government funding for the same scope of work of the same project

# Deadlines

Approval	Applications	Claims
<ul style="list-style-type: none"> <li>▶ If the approval is granted, the applicant will receive the approval letter with the Terms and Conditions which need to be accepted, the letter with Terms and Conditions must be signed and returned to the dti within ten (10) working days of deemed receipt. Failure to comply with requirement will render the approved grant to be withdrawn.</li> </ul>	<ul style="list-style-type: none"> <li>▶ A completed application form and supporting documents must be submitted at least two (2) months prior to the commencement date of the feasibility study.</li> </ul>	<ul style="list-style-type: none"> <li>▶ A claim form and supporting documents must be submitted at least one (1) month after the completion of the approved milestone(s) and preferably a maximum of two (2) claims for manufacturing projects in South Africa.</li> </ul>



# Application Documents

<p>The applicant must submit the following documents to apply for the programme:</p> <ul style="list-style-type: none"> <li>8.1.1 Completed application form;</li> <li>8.1.2 Valid B-BBEE Certificate or affidavit;</li> <li>8.1.3 Valid tax clearance certificate;</li> <li>8.1.4 Audited or independently reviewed financial statements; or</li> <li>8.1.4.1 Financial projections for new entities;</li> <li>8.1.5 Curriculum Vitae of the main study team;</li> <li>8.1.6 Copy of the pre-feasibility study report (not more than two years old);</li> <li>8.1.7 Two company references;</li> <li>8.1.8 Company profile;</li> <li>8.1.9 Copy of signed MoU, MoA, joint ventures and off-take agreements.</li> <li>8.1.10 Company Registration Document;</li> <li>8.1.11 Board Resolution indicating the financial commitment to undertake and co-finance the feasibility study; and</li> <li>8.1.12 Letter(s) of intent from potential financiers and market off-take agreements.</li> </ul>	<p>The applicant must provide additional information with regards to the project background:</p> <ul style="list-style-type: none"> <li>8.2.1 Project Executive Summary;</li> <li>8.2.2 Description of the project;</li> <li>8.2.3 Scope of the project;</li> <li>8.2.4 Location of the project (country / city);</li> <li>8.2.5 Analysis of competition;</li> <li>8.2.6 Description of project idea and study parameters;</li> <li>8.2.7 Motivation for the study / Project Objectives;</li> <li>8.2.8 Likely impact of the project (exports/jobs/ BEE/ SMEs);</li> <li>8.2.9 Owner of the final project, whether it is a public or private sector organization and its credibility at local level;</li> <li>8.2.10 Credit rating of the country;</li> <li>8.2.11 Political, economic and currency risks;</li> <li>8.2.12 Maximum financial exposure; and</li> <li>8.2.13 Detailed review of investment code issues.</li> </ul>	<p>The application for the manufacturing project feasibility study must include the following pre-feasibility project information:</p> <ul style="list-style-type: none"> <li>8.4.1 Description of the product/service;</li> <li>8.4.2 Market Assessment;</li> <li>8.4.3 Marketing Strategy;</li> <li>8.4.4 Technical or Production analysis;</li> <li>8.4.5 Prototype or Sample Product;</li> <li>8.4.6 Management Capacity;</li> <li>8.4.7 Financial Analysis;</li> <li>8.4.8 Required Financing;</li> <li>8.4.9 Likely impact of the project (Export, jobs, B-BBEE, SMMEs); and</li> <li>8.4.10 Regulatory requirements.</li> </ul>
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## Claim Documents

The applicant must submit the following documents to claim for activities conducted under the programme:

- 9.1.1 Completed claim form;
- 9.1.2 Copy of approval letter;
- 9.1.3 Completed supplier maintenance form;
- 9.1.4 Valid tax clearance certificate;
- 9.4.5 Copy of invoices;
- 9.1.6 Proof of payment (Bank Statements);
- 9.1.7 Timesheets for internal professionals supported by employment contracts and Unemployment Insurance Fund returns for the professionals claimed for (signed by an authorized senior official of the company)
- 9.1.8 Progress Report on achieved milestones;
- 9.1.9 Proof of applicant's contribution towards milestone claiming; and
- 9.1.10 Confirmations of relevant statutory and/or regulatory approvals.

## Challenges identified with this programme

- ▶ An applicant is restricted to submitting only one feasibility study.
- ▶ Failed feasibility studies are not accepted.
- ▶ Reasons for declining applications.

# Questions



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