



BLACK INDUSTRIALIST PROGRAMME

ICA Operational Meeting

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Objective

- ❑ Unlock the **industrial potential** in black-owned and managed businesses in SA
- ❑ Fast track and increase participation of Black Industrialists in the national economy
- ❑ Create multiple avenues and instruments for Black Industrialists to strategically enter **targeted industrial sectors** and **value chains**



What is a Black Industrialist

What is a Black Industrialist?

A Black Industrialist will:

- ❑ Provide **strategic and operational leadership** to the business
- ❑ Have a high level of ownership (**>50%**) and will exercise control over the business
- ❑ Identify opportunities and develop the business to take advantage of these opportunities (i.e. be **entrepreneurial**)
- ❑ Take personal **risk** in the business
- ❑ Do business in the **manufacturing sector**, with particular reference to Industrial Policy Action Plan (IPAP) focus areas
- ❑ Makes a **long-term commitment** to the business and is a medium to long-term investor in such business

Applicable Production Sectors

Production sectors in line with the industrialisation path as articulated in the IPAP

Pulp, Paper and Furniture	Oil and Gas	Clean Technology and Energy	Mineral Beneficiation
Industrial Infrastructure	Clothing, Textiles/Leather and Footwear	Chemicals, Pharmaceutical and Plastics	Nuclear
Information Communication Technologies	Manufacturing-related logistics	Designated sectors for localisation.	Agro-Processing
Aerospace, Rail and Automotive Components		Blue/Ocean Economy, including Vessel Building and Repair	

Mandatory conditions

The applicant must be:

- ❑ A Black Industrialist
- ❑ Be involved in starting a **new** operation or in **expanding/upgrading** an existing operation or acquisition of an existing business/operation
- ❑ Aligned to the production sectors as articulated in the **IPAP**
- ❑ A legally **registered entity** in compliance with all relevant legislation, [including employment equity, labour law, Broad-based Black Economic Empowerment (B-BBEE) and in good standing with the South African Revenue Services (SARS)]
- ❑ Directly **involved** in the day-to-day running of the operation and have the requisite expertise in the field
- ❑ Have a project with a minimum investment of **R30 million**
- ❑ Undertake a project that should result in **securing or increasing direct employment**

Economic Benefit Criteria

In addition to the mandatory conditions, the Black Industrialist will have to achieve at least **four** of the following economic benefit criteria

- Secure, retain or increase direct **employment**
- Secure or increase **significant market** share for the company
- Reduce relative prices and increase the quality of products to consumers
- Savings or better utilisation of **energy** or materials or **cleaner production** or **waste** management improvements
- Achieve at least a **level 4 B-BBEE** contributor status
- Increase the **localisation** of production activities (**diversification** and **exports**)
- Be located in rural areas or areas with **unemployment** higher than 25%
- Demonstrate own financial and/or non-financial **contribution** to the business

Grant and Qualifying costs

BIS offers a **cost sharing grant** ranging from **30% to 50%** with the maximum of **R50 million**.

Support is offered towards the following:

- ❑ Procurement of new capital **machinery and equipment** on a cost-sharing basis
- ❑ Acquisition of a plant, construction of a new plant, expansion of an existing plant, or rehabilitation or replacement of part or all of an existing plant or its equipment
- ❑ Commercial vehicles used for commercial purposes linked to the production process (limited to R3m and R2m if vehicle has horse and trailer). Quotation required from service provider
- ❑ Owned or leased buildings (limited to R5m per project and leasing limited to R1m per year for the capitalised lease)
- ❑ Feasibility studies towards a business plan on a cost-sharing basis (maximum 3% of projected investment cost)
- ❑ Post investment support to a maximum of R500 000
- ❑ Business support including licences, quality assurance and standards, on a cost-sharing basis
- ❑ No second hand assets, but assets purchased from connected party that is a technical partner qualifying

Non-qualifying cost and non-eligible applicants

Non-Qualifying costs:

- Salaries and wages
- Passenger vehicles (i.e. non-commercial vehicles)
- VAT and finance charges on assets
- Rates and taxes
- Training that is not related to the manufacturing operations of the entity
- Staff wages and salaries, and staff-related costs incurred in implementing any of the above
- Second hand assets
- Costs incurred before approval

Non-Eligible applicants:

- An application will not qualify if the project is expected to displace existing jobs within South Africa by relocating an existing facility in full or in part.

Grant Calculation

EBC Points	Black Ownership %		
	50%-75%	>75%-90%	>90% -100%
4-6 points	30%	35%	40%
7 Points	40%	45%	50%

Grant Disbursement

- Per approved milestones
- Final claim on completion of project when in commercial production
- Disbursement can be aligned to DFI disbursements
- Site inspection before disbursement

Application Process

- Email bienquiries@thedti.gov.za
- Appointment to discuss application
- Review application and issue enquiry no
- On application issued reference number
- Application to include:
 - Signed form
 - BEE certificate
 - Business plan
 - TCC
 - Incorporation documentation
 - Financials (audited)
 - 3 year projections

