

MANUFACTURING COMPETITIVENESS ENHANCEMENT PROGRAMME

The Department of Trade and Industry (DTI) has launched a new incentive scheme called the Manufacturing Competitiveness Enhancement Programme (MCEP). The objective is to promote enterprise competitiveness and job retention.

Could your business benefit?

Do you qualify?

Who can apply for this scheme:

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 in terms of other programmes. S 21 companies (Not for Profit). Sole Proprietors, Partnerships or Trusts

Note: Projects categorized under the SIC code 3231 (manufacturing of pulp, paper and paperboard): 332 (petroleum refineries / synthesizers), 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 which, for entities other than those of total assets of up to R5m or 100% black owned, is calculated to a maximum of a percentage of the average Manufacturing Value Added (MVA, being Sales less Material Input Costs). The average is calculated over a two year period and based on audited or independently reviewed accounts not older than 18 months. The grant is limited to between 10% and 25% of the MVA (Total company size dependent – Total Assets per the Balance Sheet).

What is available (cont.)

MVA Benefit Calculation

- **Total Assets** less than R 5m or 100% Black Owned – No maximum based on MVA
- **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 in which to utilize the MCEP grant and may qualify for the MCEP programme again after two years.

The MCEP can be used for

- **Capital Investment Grant** **30 – 55%***
Equipment upgrading and expansions, includes:
New machinery and equipment, building improvements and extensions. For entities with total assets of up to R 5m, the additional capital investment needs to be at least R0.5m, for those with total assets R5m-R30m minimum R 1m and above that minimum R 2m.
- **Green Technology Upgrading Grant** **30 – 55%***
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. E.g. design costs and EIA costs
- **Cluster Initiatives Grant**
Project costs to support cluster initiatives to improve competitiveness, innovation and access to new markets. (at least 5 individual enterprises) e.g. market research, bench making, product development.
- **Working Capital Facility (Pre / Post-Dispatch)**
A working capital facility of up to R 30m at a fixed rate of 6% 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	Additional 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.

When to apply:

At least 60 days ahead of the relevant intervention being applied for having been commissioned or implemented. Applications for the MCEP incentive can be submitted until 31 March 2018.

Note:

Applicants must, from 1 June 2015, demonstrate a level 4 B-BBEE contributor status.



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