OVERVIEW OF THE INCENTIVES

Name: Wiseman MYENI
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thedtic LEADERSHIP

Deputy Minister: Mr Zuko GODLIMPI

Mr Parks TAU, Minister of Trade, Industry and Competition

Deputy Minister: Ms Alexandra ABRAHAMS

Council of Trade and Industry Institutions (COTII)

dtic STRUCTURE

Ministry Office of the DG Communication and Marketing	Chief Operating Officer (**COO**)	Economic Research and Co-Ordination	Chief Financial Officer (**CFO**)
	Inward Investment Attraction, Facilitation and A/care (**InvestSA**)	Corporate Management Services Division (**CMSD**)	Competition Policy and Economic Planning
	Consumer and Corporate Regulation Division(**CCRD**)	Export Development, Promotion and Outward Investments	Incentives Division
	Industrial Competitiveness and Growth	Trade Policy, Negotiations and Cooperation	Spatial Industrial Dev. and Economic Transformation

Council of Trade and Industry Institutions (18 COTTI Institutions)

Incentives BRANCH (IB)

THE PURPOSE of the Incentives Division is to grow sustainable, competitive enterprises through accessible incentive measures that support national priorities.

OBJECTIVE 1

To support industrial development that will enhance productivity and bolster competitiveness through designing, administering, monitoring and evaluating the manufacturing incentives programme based on industrial policies and sector strategies developed by providing financial support in labour-intensive sectors on an ongoing basis.

OBJECTIVE 2

To contribute to the accelerated growth of the manufacturing and internationally traded services over the long term through the provision of incentives for industrial infrastructure development.

INCENTIVE CLUSTERS …

INNOVATION CLUSTER

- Technology and Human Resources for Industry Programme (**THRIP**)
- Support Programme for Industrial Innovation (**SPII**)

MANUFACTURING INVESTMENT CLUSTER

- Black Industrialists Scheme (**BIS**)
- Manufacturing Support Programme (**MSP**)
- Aquaculture Development Incentive Programme (**ADEP**)
- Strategic Partnerships Programme (**SPP**)
- Agro-processing support scheme (**APSS**)
- Automotive Investment Scheme (**AIS**)
- MCEP Loan Facility (**IDC**)

SERVICES INVESTMENT CLUSTER

- Global Business Services Incentive (**GBS**)
- SA Emerging Black Filmmakers
- SA Film and TV Production
- SA Film and TV Production & Co-Production
- Foreign Film and TV Production & Post-Production

EXPORT PROMOTION CLUSTER

- Export Marketing and Investment Assistance (**EMIA**)
- Sector-Specific Assistance Scheme (**SSAS**)
- Capital Projects Feasibility Programme (**CPFP**)

INFRASTRUCTURE INVESTMENT CLUSTER

- Special Economic Zones (**SEZ**)
- Critical Infrastructure Programme (**CIP**)
- Industrial Parks

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Support Programme For Industrial Innovation (SPII) 	Promotes technology development in South Africa through the provision of financial assistance for the development of **innovative, competitive products and/or processes**	▪ South African registered legal entities. **Product Process Development (PPD)** Small, Very Small and Micro-enterprises and Individuals. **Matching scheme** All enterprises and individuals	**Product Process Development (PPD)** provides financial assistance to a **maximum of R2 million per project** 50% to 85% depending on the black economic empowerment status (BEE and shareholding of women and people with disabilities at the time of application **Matching scheme** that provides financial to a **maximum of R5 million per project** ▪ 50% to 75% depending on the black economic

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Technology and Human Resources for Industry Programme (THRIP)	▪ Is intended to leverage **collaborative partnerships** between government and industry (working with academia) ▪ for research and development in **science**, **engineering** and **technology** ▪ on a cost-sharing basis, to produce **highly skilled human resources and technology solutions**, for improved industry competitiveness.	▪ South African registered legal entities. ▪ Registered higher education or further education institution in partnership with private sector. ▪ Licensed and/or registered science councils in partnership with private sector	▪ A 50% to 90% cost-sharing grant to **maximum R8m** per annum for a period 3 years ▪ for approved project engaged in **applied research and development** in science, engineering and technology

BLACK INDUSTRIALISTS SCHEME (BIS)

The Black Industrialists Scheme (BIS) is a dtic incentive programme of the Black Industrialists Policy which aims to promote the participation of Black Industrialists as manufacturers in key sectors as identified in the Industrial Policy Action Plan (IPAP).

FINANCE

- **Markets**
- **Skills Development**
- **Quality Standards**
- **Productivity Improvement**

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Black Industrialists Scheme (BIS)	▪ Accelerate the quantitative and qualitative increase and participation of black industrialists in the national economy, selected manufacturing sectors and value chains; and ▪ Create multiple and diverse pathways and instruments for black industrialists to enter strategic and targeted manufacturing sectors and value chains. ▪ Utilise Black Industrialists for economic growth, economic transformation, employment creation and sustainability.	Characteristics of a black industrialist: ▪ High levels of ownership (>50%); ▪ Dominant black ownership and management control ▪ Takes personal risk in the business; ▪ Does business in the manufacturing sector with particular reference to IPAP focus areas ▪ Makes a long-term commitment to the business and is a medium- to long-term investor	A 30% to 50% cost sharing grant of up to **R50 million**. Offers support on a cost-sharing basis towards: ▪ Capital investment costs; ▪ Feasibility studies towards a bankable business plan (to the maximum of 3% of projected investment project cost); ▪ Post-investment support (to the maximum of R500 000); and ▪ Business development services (to the maximum of R2 million).

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Manufacturing Support Programme (MSP)	The objective of the Manufacturing Support Programme (MSP) is to: ▪ – Promote **operational efficiency and competitiveness** in new or expansion manufacturing projects. ▪ – Encourage **transformation** through supporting enterprises owned by **Black persons, Women, Youth and People with Disabilities**. ▪ – Create and sustain **employment**. ▪ – Promote **localisation** through the use of locally	**The MSP is available to South African registered entities engaged in manufacturing Standard Industrial Classification (SIC 3).** **Black owned, Women-owned , Youth-owned and Person(s) with Disabilities owned enterprises.** **New projects and Expansion projects**	**The MSP offers a reimbursable grant of up to twenty percent (20%) for projects.** **The maximum grant offering is R10 million over a two-year investment period** **• the dtic will provide a thirty percent (30%) reimbursable grant for projects that are fifty one percent (51%) owned and controlled/managed by Women, and/or Youth(s) and/or Person(s) with Disabilities.** **Offerings contribute towards costs of:** ▪ **Machinery and Equipment** ▪ **Tools, Jigs and Dies**

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Aquaculture Development and Enhancement Programme (ADEP)	To stimulate investment by commercially viable enterprises in the aquaculture sector (freshwater and marine farming): a) Fish hatcheries, fish farms and crocodile farms b) Production, processing and preserving of aquaculture fish c) New, upgrading or expanding projects	South African Registered Entities engaged in the following operations: **Primary** ▪ Hatchery facilities : Brood Stock, Seed Production, Juvenile (spat, fry, fingerling) ▪ Nursery facilities and operations ▪ Grow out facilities and operations **Secondary** ▪ Post-harvest handling, eviscerating, packing & quick freezing ▪ Filleting, portioning, packaging and trading ▪ Value adding: curing, brining & smoking ▪ Waste stream handling **Ancillary** ▪ Feed manufacturing, **Emerging Black farmers**	Reimbursable cost-sharing grant of 30% - 50%, maximum of **R20 million** for qualifying costs: ▪ Machinery, equipment and tools ▪ Bulk infrastructure; ▪ Land (small enterprises) ▪ Buildings; ▪ Competitiveness improvement activities; ▪ Commercial vehicles and work boats. ▪ Mentorship (small enterprises) **Score based on economic benefit criteria**

ADEP – SMALL BLACK FARMERS

- Definition – 100% black ownership,
- Operational and management control over the business
- Makes long-term commitment to the business
- Medium to long term investor: below R5m
- Black People – Africans, Chinese, Coloured and Indians who are natural persons and Citizens by birth or decent or naturalisation before 1993;
- The dtic may allocate an additional 5% grant for small black enterprises based on the economic benefit criteria

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Strategic Partnerships Programme (SPP)	To develop and support programmes/interventions aimed at enhancing the manufacturing and services **supply capacity** of suppliers with linkages to strategic partner's supply chains, industries or sectors	▪ South African registered legal entity with a minimum turnover of **R100 million** per annum for at least 2 consecutive years ▪ Legally registered industry associations ▪ 60% of the total SME's supported by the strategic-partner programme should at least be 51% owned **by Black South African citizens** ▪ SMEs supported must be Involved in manufacturing, agro-processing, mineral beneficiation and manufacturing related services sectors	A **maximum of R15 million** per financial year on a 50:50 basis towards: ▪ Machinery, equipment and tools ▪ Infrastructure linked to the strategic partner's supplier development initiative ▪ Product or service development ▪ Information and Communication Technology (ICT) ▪ Operational costs ▪ Business development services ▪ Investment project preparation costs (feasibility studies)

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Agro-Processing Support Scheme (APSS)	To stimulate investment by SA agro-processing/beneficiation enterprises (agri-business) Investment to achieve some of the following: • Increased Capacity • Employment Creation • Modernised Machinery & Equipment • Competitiveness & productivity improvement • Broadening Participation	South African Registered Entities in the following sub-sectors: • **Food & beverage value addition and processing (including Black winemakers)** • **Furniture manufacturing** • **Fibre processing** • **Feed production; and** • **Fertilizer production** • **Essential Oil Production**	Reimbursable cost-sharing grant of 20% to 30% to a max of R20 million for qualifying costs ▪ Buildings ▪ New machinery, equipment, tools, technologies; ▪ Commercial vehicles ▪ Competitiveness Improvement Costs

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Automotive Investment Scheme (AIS)	To grow and develop the automotive sector through: ▪ Investment in a new and/or replacement **models** and **components**. ▪ Increase plant production volumes. ▪ Sustain employment and/or strengthen the automotive value chain. 	▪ Light motor vehicle manufacturers registered with the International Trade Administration Commission (ITAC), in terms of Note 1 to Chapter 98 of the Customs and Excise Act; ▪ Component manufacturer who is part of the original equipment manufacturer (light motor vehicle manufacturer) supply chain.	Provides for a non-taxable cash grant of ▪ 20% of the value of qualifying investment in productive assets by light motor vehicle manufactures and ▪ 25% of the value of qualifying investment in productive assets by component manufactures and tooling companies as approved by the dti. An additional non-taxable cash grant of between 5 or 10 may be available to projects that are found to be strategic by the dti 

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Film and TV Production	***SA Black Emerging Filmmakers Incentive:*** To nurture and capacitate emerging black filmmakers to take up big productions and contribute towards employment opportunities.	South African local Black-owned qualifying productions with a **minimum production budget of R500 000** QSAPE: 14 calendar	For productions with a minimum QSAPE of R50 million, the 80% and 14 calendar days requirements may be waived and such discretion will take into account the budgetary implications of the decision made
	Foreign Film and Television Production and Post-production: to attract foreign-based film productions to shoot on location in SA and conduct post-production activities in the country.	SPCV with Qualifying South African Production Expenditure (QSAPE**) max R50 million,** and at least 50% of principal photography to be done in SA for minimum 21 calendar days	For productions with a minimum QSAPE of R100 million, the 50% and 21 calendar days requirements may be waived and such discretion will take into account the budgetary implications of the decision made
	SA Film and Television Production and Co-production: to assist local film producers in the production of local content and stimulate investment that creates employment opportunities and attracts foreign investors with the intention of building SA's international profile.	Qualifying South African productions and official treaty co-productions with **minimum production budget of R2.5 million** (**R500 00** for documentaries)	For productions with a minimum QSAPE of R50 million, the 50% and 14 calendar days requirements may be waived and such discretion will take into account the budgetary implications of the decision made

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Global Business Services (GBS) Incentive	The primary objective is to create employment in South Africa through servicing offshore activities. The secondary objectives of the programme are to: • Create employment opportunities for the youth (age 18-34 years); and • Contribute to the country's export revenue from offshoring services.	• SA registered legal entities • New or expanding operations • Paying a minimum wage of R 5000 pm or R 4000 for the first 12 months of employment; • Have secured at least a 3 year fixed-term contract for offshore activities • Project must be financially viable and a going concern	**Base incentive:** • Three-tier differential incentive for non-complex jobs, complex and highly-complex jobs, based on the fully loaded cost per job. • Five-year operational expenditure (OPEX) grant that tapers down in line with the narrowing cost gap between South Africa and other offshoring destinations. **Graduated bonus incentive**: • Is offered for greater job creation and sustainability, if the applicant exceeds specific annual offshore job creation targets

Incentive Programme	Purpose	Incentive Offering	
Export Marketing Investment Assistance (EMIA)	Aims to support exporters to **explore** export markets	Individual Exhibition Participation	▪ Return airfare ▪ Subsistence allowance ▪ Transportation of samples ▪ Exhibition costs
		Primary Market Research(**PMR**) & Foreign Direct Investment (**FDI**)	▪ Return airfare ▪ Subsistence allowance ▪ Transportation of samples ▪ Patents ▪ Production of marketing material
		Individual Inward Missions	▪ Return airfare ▪ Subsistence allowance ▪ Car rental
		Group Missions & National Pavilions	Selected Trade Fairs & Exhibitions / Export Councils, Industry Associations & Provincial Trade Promotion Agencies ▪ Return airfare ▪ Subsistence allowance ▪ Transportation of samples ▪ Exhibition costs

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Sector Specific Assistance Scheme (SSAS) Components: ▪ Generic Funding (Administered by TISA) ▪ Project Funding (Administered by IFD) ▪ Project Funding for the Emerging Exporters (Administered by IFD)	A reimbursable cost-sharing incentive scheme whereby financial support is granted to organisations supporting the development of industry sectors and those contributing to the growth of South African exports.	Organisations supported under include: ▪ Export Councils, ▪ Joint Action Groups, ▪ Industry Associations and ▪ those organisations that are involved in the development of emerging exporters	▪ SSAS/Project Funding - A reimbursable 80:20 cost-sharing grant scheme ▪ SSAS/Emerging Exporters -100% of the cost to a maximum of **R1, 9 million** per project

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Capital Projects Feasibility Programme (CPFP)	▪ The primary objective of the programme is to facilitate feasibility studies that are likely to lead to high-impact projects which will stimulate value-adding economic activity in South Africa as this will have greater impact on South Africa's industrial policy objectives. ▪ Supports **new** projects, **expansion** or **rehabilitation** of existing project in the manufacturing sector or capital goods sectors;	▪ SA registered legal entity in good tax standing ▪ Meet the minimum South African local content and must in this regard achieve 50% for total goods and 70% for total professional services of which 10% should be subcontracted to South Africa **black-owned professionals/ firms**	The programme makes a reimbursable contribution to a maximum of **R8 million** as follows: ▪ 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. 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 South Africa.

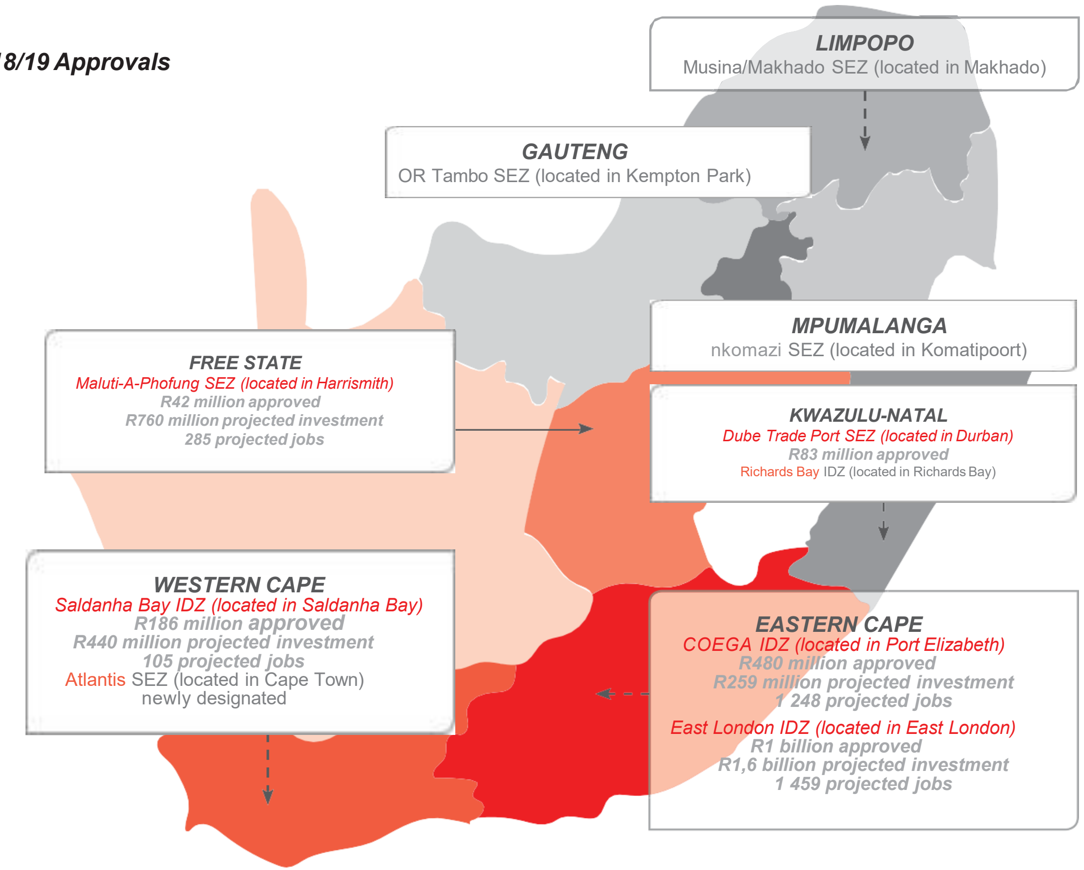
Incentive Programme	Purpose	Target / Eligibility Criteria & Incentive Offering
Critical Infrastructure Programme (CIP)	The programme aims to leverage investment by supporting infrastructure, agro-processing projects, state owned testing facilities, South African film and television studios and cinemas, state-owned industrial parks, strategic feasibility studies and projects that alleviate dependency on the national grid, water and sanitation networks deemed critical or of a strategic nature, thereby lowering the cost of doing business. 	Registered private entities and local governments (municipalities, excluding metropolitan municipalities) Types of supported projects: capped at R50m • STRATEGIC INFRASTRUCTURE FEASIBILITY STUDIES – 60:40 of total qualifying studies costs and 80:20 (inside SEZs) • GENERIC INVESTMENT - 10% to 30% of total qualifying infrastructural development costs capped • SA Film and TV Studios and Cinemas – 30:70 cost sharing for SA owned film & television studios and cinemas • STATE OWNED TESTING FACILITES - 50:50 cost sharing of total qualifying infrastructural development costs • STATE OWNED INDUSTRIAL PARKS: 100% of total qualifying infrastructural development costs • DISTRESSED MUNICIPALITIES or INVESTORS IN SUCH MUNICIPALITIES: 15-100% of total qualifying infrastructural development costs up to R50m; 100% support towards strategic infrastructure studies, capped at R10m

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Special Economic Zone Fund (SEZ)	The Fund supports investment in • **infrastructure** and • **business development activities** that will contribute towards the accelerated growth of manufacturing and internationally traded services • within the special economic zones(IDZ/SEZ/Industrial Parks)	• An IDZ Operator in terms of the Manufacturing Development Act 187 of 1993. • A licensee in terms of Chapter 5 of the SEZ Act. • An SEZ Operator in terms of Chapter 6 of the SEZ Act.	▪ **Preferential taxes** (including 12i Tax Allowance) ▪ **Bulk infrastructure** (Electrical sub-stations, Water storage, Sewerage treatment and pumping, etc) ▪ **Top structures** ▪ **Business development** (Pre-feasibility studies and feasibility studies, technology testing and training, EIA and general research linked to planned investment and clusters)

Special Economic Zones

The Special Economic Zones (SEZs) are geographically designated areas of South Africa set aside for targeted economic activities

2018/19 Approvals



APPLICATION PROCESS

Application:

- Applicant obtains incentive application form and guidelines from **the dti** website (www.thedtic.gov.za) under Financial Assistance tab;
- Applicant may obtain further information telephonically, by e-mail or visit to the dti offices.
- The guideline should be read before completing the application form.
- The Applicant e-mails the completed, signed application form with supporting documents to the dedicated email address;

Basic Evaluation:

- The application is allocated to a processor for assessing its completeness
- The applicant will receive an acknowledgement letter from the Programme Administration;
- The review of the documents is undertaken and should all documents be in place, the application is sent for further processing and prepared for adjudication;
- If the application has outstanding documents, then the applicant is contacted and provided with a timeframe within which to provide the outstanding information

Adjudication:

- Technical evaluation will be performed for the complete applications;
- Adjudication Committee convenes to assess the application - Applications are approved, rejected or referred back for additional information.
- The decision of the Adjudication Committee is final.
- Letter confirming approval of the application and the claim form will be forwarded to the applicant within a specified timeframe.

Contact Details: thedtic KZN Regional Office

Mr Wiseman MYENI

Cell: 072 295 5706

wmyeni@thedtic.gov.za

cgumede@thedtic.gov.za

Customer Contact Centre: 0861 843 384

website: www.thedtic.gov.za (Financial Assistance)

Thank you

the dti
Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

2030 NDP