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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Feasibility Studies Funding for MCEP and CPF

The points below provide clarity on and show the difference between the feasibility studies incentive funding for MCEP and the CPF as detailed in the respective incentive programme guidelines.

Manufacturing Competitiveness Enhancement Programme (MCEP)

- The objective of the programme is to facilitate feasibility studies that are likely to lead to bankable business/project plans, which will result in investment in new components or products or processes not currently manufactured or performed by the applicant or in the creation of markets that will lead to a substantial increase in the manufactured products of the applicant.
- The expected investment project to result from the feasibility study should have a minimum value of R30 million.
- The feasibility study component of MCEP offers a cost-sharing grant of 50% or 70% of the cost of the feasibility study, to be payable according to expected milestones. The cost-sharing grant percentage will be differentiated by enterprise size as follows:
 - Applicants with total assets with a historical cost below R30 million may qualify for a grant of 70% of the cost of the feasibility study; and
 - Applicants with total assets with a historical cost of at least R30 million may qualify for a grant of 50% of the cost of the study.
- Applicants should submit a pre-feasibility study report in the prescribed format, confirming that the expected project minimum investment will be at least R30 million.
- The maximum grant for feasibility studies will be capped at R7.5 million.
- The grant is provided directly to approved applicants based on actual qualifying costs incurred and subject to jobs being retained.
- The pre-feasibility study should demonstrate the following:
 - A positive impact on other developmental aspects, including job creation, skills development, linkages with the small, medium and micro enterprises as well as black business empowerment;
 - A clear detailed time period within which the project emanating from the feasibility study will be realised;
 - Buy-in from private and public sector organisations key to realising the project; and
 - Sources of funding.
- Projects already receiving Government incentives for feasibility studies will not qualify for the MCEP feasibility study grant.

Capital Projects Feasibility Programme (CPFP)

- The CPFP is a cost-sharing grant that contributes to the cost of feasibility studies likely to lead to projects that will increase local exports and stimulate the market for South African capital goods and services. The programme's contribution is in the form of a grant of up to 50% of the feasibility study costs for projects outside Africa and 55% for projects in Africa.
- 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 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 capital goods sector and allied industries;
 - Creating sustainable jobs in South Africa;
 - Creating a long-term demand for South African capital goods and services;
 - Stimulating project development in Africa and the Southern African Development Community (SADC) countries as well as support for the objectives of the New Partnership for Africa's Development (Nepad); and
 - Stimulating upstream and downstream linkages with SMMEs and BEE firms.
- The guidelines provide a criterion to assess applications and the process of applying for the incentive programme. The guidelines are approved and issued by the Minister of Trade and Industry for the purpose of ensuring clarity on the aim and requirements of the incentive programme.