Qualifying Costs

The following costs are eligible for support:

- Machinery, equipment and tools
- Infrastructure linked to the strategic partner's supplier development initiative (owned/leased buildings, leasehold improvements)
- Product or service development
- Information and Communication Technology (ICT)
- Operational costs
- Business development services limited to product design and development improvements, conformity assessments (e.g. testing, inspection and certification), process and quality management improvements, and accreditation.
- Investment project preparation costs (feasibility studies) will be limited to a maximum of 2% of the total approved grant amount, capped to a maximum cost-sharing grant of R450 000.
- Management fees, including travel and accommodation expenses for the strategic partner and limited to 3% per annum of the total approved annual grant amount.
- The adjudication committee may consider for support any other costs related to activities that support the strategic partnership.

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towards full-scale industrialisation and inclusive growth

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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

The Strategic Partnership Programme (SPP)

the dti
Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Description

The SPP is a sub-programme of the Department of Trade and Industry's (the dti) Enterprise Investment Programme (EIP). It encourages large private-sector enterprises to support, nurture and develop the capacity of small and medium enterprises (SMEs) within their supply chain to enable them to manufacture goods and supply services in a sustainable manner.

The SPP is available on a cost-sharing basis, with the grant approval capped at a maximum of R15 million per financial year towards total qualifying costs, based on the number of qualifying suppliers to be supported. The programme offers a cost-sharing support of 50:50 towards manufacturing projects, where **the dti** contributes 50% and the strategic partner 50% towards the total approved amount. For projects that are not in the manufacturing sector, but support manufacturing-supply-chain-related services deemed strategic by **the dti,** the programme offers a cost-sharing support of 70:30 where the strategic partner contributes 70% and **the dti** 30% towards the total approved amount.

The grant support is available for machinery and equipment, infrastructure, commercial vehicles and business development services necessary to grow SMEs to ensure they will be self-sustainable within a period of three years by providing locally manufactured products and/or services relevant to their sectors.

The SPP is effective from October 2016 and will be administered for a period of three years up to 31 March 2019.

Eligibility Criteria

The strategic partner can either be:

- A South African registered legal entity in terms of the Companies Act, 1973 (as amended), or the Companies Act, 2008 (as amended), the Close Corporations Act, 1984 (as amended), or the Co-operatives Act, 2005 (as amended); or
- An entity with a minimum turnover of R100 million per annum for at least two consecutive years at application stage confirmed by the latest available audited financial statements; or
- A registered industry association representing interests of member manufacturing companies; or
- An association with five or more registered legal entities in terms of the Companies Act, 1973 (as amended), or the Companies Act, 2008 (as amended), the Close Corporations Act, 1984 (as amended), or the Co-operatives Act, 2005 (as amended); or
- An association that can organise itself for this purpose and must provide a letter(s) of commitment from manufacturer(s) that controls and/or has a direct influence in the market/manufacturing value chain to be developed.

The strategic partner must be:

- A taxpayer in good standing and must provide a valid tax clearance certificate;
- In compliance with the requirements for Broad-Based Black Economic Empowerment (B-BBEE) and must provide a valid certificate of B-BBEE compliance;
- Sixty per cent of the total SMEs supported by the SPP should be at least 51% owned by Black South African citizens; and
- Committed to the strategic partnership by having a corporate interest in supplier development and must provide a market access plan for the SMEs to be developed or off-take agreement(s).

The strategic partner must either register a Special Purpose Corporate Vehicle (SPCV) incorporated in the Republic of South Africa or set up a separate cost centre or branch solely dedicated for the purpose of participating in this programme.

The SMEs supported by the strategic partner must be:

- A South African registered legal entity in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended);
- Involved in manufacturing, agro-processing, mineral beneficiation and manufacturing related services sectors of the economy,
- At least 51% owned by Black South African citizen(s), with Black owners exercising dominant ownership and management control over the business; and
- Dominant Black ownership with extensive Black management control may be considered for enterprises that are deemed strategic by **the dti**.