

ANNUAL INCENTIVE REPORT 2020/21

Industrial Financing Branch (IFB)



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA





the dtic

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Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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ACRONYMS AND ABBREVIATIONS



12I	12I Tax Allowance Incentive	IIC	Innovation Investment Cluster
4IR	Fourth Industrial Revolution	IMS	Interest Make-up Scheme
AD	Assistant Director	IP	Industrial Parks
ADEP	Aquaculture Development and Enhancement Programme	IP	Intellectual Property
AI	Artificial Intelligence	IPRP	Industrial Parks Revitalisation Programme
AIS	Automotive Investment Scheme	ISP	Incubation Support Programme
APSS	Agro-processing Support Scheme	IT	Information Technology
AR	Augmented Reality	MAP	Maluti-A-Phofung
B-BBEE	Broad-based Black Economic Empowerment	MCEP	Manufacturing Competitiveness Enhancement Programme
BBMF	Black Business Manufacturers Fund	MEMSA	Mining Equipment Manufacturers of South Africa
BCMM	Buffalo City Metropolitan Municipality	MIC	Manufacturing Investment Cluster
BIS	Black Industrialist Scheme	MISP	Metal Insulated Sandwich Panels
BPO	Business Process Outsourcing	MW	megaWatts
BPS	Business Process Services	NCPC-SA	National Cleaner Production Centre South Africa
CDP	Cluster Development Programme	NCR	Non-compliance Reports
CIP	Critical Infrastructure Programme	NEF	National Empowerment Fund
CM	Component Manufacturer	NQF	National Qualifications Framework
CMT	Cut, Trim, Make	NSTF	National Science and Technology Forum
CIRP	Critical Infrastructure Reconstruction Programme	OEM	Original Equipment Manufacturer
CPFP	Capital Projects Feasibility Programme	ORTIA	OR Tambo International Airport
CSMC	COVID-19 Support Measures Cluster	ORTIDZ	OR Tambo IDZ
DEDEAT	Provincial Department of Economic Development, Environmental Affairs and Tourism	PCR	Polymerase Chain Reaction
the dtic	Department of Trade, Industry and Competition	PET	Polyethylene Terephthalate
DTP	Dube Trade Port	PLC	Programmable Logic Control
EBFM	Emerging Black Filmmaker	PPD	Product Process Development
EIA	Environmental Impact Assessment	PPE	Personal Protective Equipment
EFM	European Film Market	RBIDZ	Richards Bay IDZ
EIP	Eco-Industrial Park	SADC	Southern African Development Community
ELIDZ	East London IDZ	SAFTA	South African Film and Television Awards
EMIA	Export Marketing and Investment Assistance Scheme	SBIDZ	Saldanah Bay IDZ
EPC	Export Promotion Cluster	SCADA	Supervisory Control and Data Acquisition
ERRP	Economic Reconstruction and Recovery Programme	SEDA	Small Enterprise Development Agency
ESD	Enterprise and Supplier Development	SETA	Sector Education and Training Authority
FDI	Foreign Direct Investment	SEZ	Special Economic Zones
FFB	Flexible Faced Boards	SIC	Services Investment Cluster
FTPI	Film and Television Production Incentive	SMMES	Small, Micro and Medium Enterprises
FSA	Food Safety Audit	SOE	State-owned Entities
FSSC	Food Safety Systems Certificate	SPCV	Special Purpose Corporate Vehicle
FTE	Full-time Equivalent	SPII	Support Programme for Industrial Innovation
GBS	Global Business Services	SPP	Strategic Partnership Programme
GDP	Gross Domestic Product	SSAS	Sector Specific Assistance Scheme
GEIPP	Global Eco-Industrial Parks Programme	TARA	Technology Availability and Readiness Atlas
HACCP	Hazard Analysis Critical Control Points	TASEZ	Tshwane Automotive SEZ
HDI	Historically Disadvantaged Individual	THRIP	Technology and Human Resource for Industry Programme
HEI	Higher Education Institute	TUT	Tshwane University of Technology
HMI	Human-machine Interface	UK	United Kingdom
HoD	Head of Department	UNIDO	United Nations Industrial Development Organisation
ICT	Information and Communications Technology	uPVC	un-plasticised Poly Vinyl Chloride
IDC	Industrial Development Corporation	USA	United States of America
IDZ	Industrial Development Zone	VUT	Vaal University of Technology
		WEF	Women Entrepreneurship Fund

COLOUR CODES

1 - MANUFACTURING INVESTMENT CLUSTER

-  Black Industrialists Scheme (BIS)
-  12I Tax Allowance Incentive (12I)
-  Automotive Incentive Scheme (AIS)
-  Agro-Processing Support Scheme (APSS)
-  Aquaculture Development and Enhancement Programme (ADEP)
-  Strategic Partnership Programme (SPP)
-  Manufacturing Competitiveness Enhancement Programme (MCEP)



3- SERVICES INVESTMENT CLUSTER

-  Global Business Services (GBS)
-  Film and Television Production Incentive (FTPI)

4- INFRASTRUCTURE INVESTMENT CLUSTER

-  Special Economic Zones (SEZ)
-  Critical Infrastructure Programme and Industrial Parks (CIP)
-  Cluster Development Programme (CDP)













2- INNOVATION INVESTMENT CLUSTER

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

5 - EXPORT PROMOTION CLUSTER

-  Export Marketing and Investment Assistance Scheme (EMIA)
-  Capital Projects Feasibility Programme (CPFP)

ICONS

- | | | |
|--|--|---|
|  Approvals |  Black |  Tax |
|  Amounts |  Female |  Grant |
|  Projected Investment |  Youth |  Loan |
|  Jobs |  Disabled |  SMMEs |

FOREWORDS



Mr Ebrahim Patel
Minister of Trade, Industry and
Competition

The state plays a key role in facilitating and supporting the growth of private investment to bring about job creation and inclusive economic development. One of the support measures to do so is industrial financing provided through business incentives, grants and tax allowances by **the dtic's** Industrial Financing Branch (IFB), the Industrial Development Corporation (IDC) and the National Empowerment Fund (NEF). During 2020/21, these three institutions provided funding support amounting to R16.2 billion that will generate investment of R46.6 billion over the next two to three years, while creating approximately 24 000 new jobs.

This report focuses on the work of the IFB in 2020/21. More detail on the combined impact of the support provided by the IFB, the IDC and the NEF is provided in the 2020/21 Industrial Financing Integrated Report, while the other two entities also tabled separate reports focusing on their work.

The report notes that during the 2020/21 financial year, IFB approved 216 projects with funding of R8.8

billion that will generate investment of R27.9 billion over the next two to three years while creating 18 330 new jobs and retaining 22 272 existing jobs.

These projects have helped South African sectors to grow, transform and become globally competitive. Support to the medical equipment sector has helped to mitigate the impact of COVID-19 on the economy, through measures to encourage South African manufacturers to produce medical supplies and products locally. The Global Business Services sector, which is a significant contributor to jobs and more so for young South Africans, has been recognised as the number one global location for Offshore CX Delivery for 2021, in the Annual Front Office Business Process Outsourcing (BPO) Omnibus Survey.

In the automotive sector, the Tshwane Automotive Special Economic Zone that was approved in 2020/21 for R2.4 billion will house a number of Tier 1 component manufacturers that are expected to source their inputs from local SMMEs, and empower local component producers to become internationally competitive, growing and diversifying their exports into Africa and the rest of the world.

Overall, across business incentives, supported projects reported local procurement of R22 billion, indicating a move away from our heavy reliance on imports and signalling the development of more localised value chains. This will allow for the building of local industrial capability both for the domestic and export economy.

In the period ahead, the focus will be on further enhancing the work of the IFB to promote economic growth and transformation; build local industrial capacity for both the domestic and export markets; promote exports through trade with Africa and the rest of the world; increase investments to support localisation and exports; and expand efforts to support green industrialisation.

Mr Ebrahim Patel

Minister: Department of Trade, Industry
and Competition

Government of the Republic of South Africa

FOREWORDS



Ms Malebo Mabitje-Thompson
Acting Director-General: Department of
Trade, Industry and Competition

The pandemic and now more recently the social unrest in the country has steered the department towards reviewing and refining its economic instruments of change. In particular, the department through the Industrial Financing Branch, had to review its financial offerings and has started to offer interest free and preferential loans in order to assist a large number of enterprises. The loan funding is a collaboration between the Industrial Financing Branch, the Industrial Development Corporation (IDC) and the National Empowerment Fund (NEF), with the latter two entities tasked with the administration of the funds.

Industrial funding to the value of R8.8 billion comprising of cost-sharing grants, loans and tax allowances were accessed by enterprises, special economic zones and industrial parks. 85% of these enterprises are Black industrialists and Black entrepreneurs, with 47% being women-owned or empowered. It is anticipated that a larger number of women-owned enterprises will access funding in 2021/22 due to the fairly new Women Empowerment Fund, a partnership financial offering being administered through the NEF.

The Special Economic Zones and Industrial Parks continue to support regional development through accessing incentive funding of approximately R2.6 billion. The Tshwane Automotive Special Economic Zone (TASEZ), has attracted 12-private investments with the value of R4.3 billion and a projection of 2 388 new jobs as well as 8 647 construction jobs to be created since the designation of the SEZ. Through the support of these projects in the TASEZ, **the dtic** is making progress in achieving the objectives of the Automotive Master Plan to grow the industry and the value chains associated with it.

Under the CIP, **the dtic** supports infrastructure development in state-owned industrial parks as part of the state-owned Industrial Parks Revitalisation Programme (IPRP). Through support of R512.7 million, the department is promoting the decentralization of industrialisation to less developed areas, and within the rural and township economies. At the end of 31 March 2021, all 12 Industrial Parks had completed Phase 1 and 6 were approved with Phase 2. One of these 6 Industrial Parks included Isithebe which was affected by the recent social unrest. As part of the Economic Rebuilding Package, the Critical Infrastructure Reconstruction Fund has been launched to assist affected business with rebuilding.

Industrial Financing Instruments play a critical role in economic rebuilding and the department, through the Industrial Financing Branch is ready to assist business to develop, create jobs and grow the economy.

Ms Malebo Mabitje-Thompson
Acting Director-General: Department of Trade,
Industry and Competition
Government of the Republic of South Africa



Ms Susan Mangole
Acting Deputy Director-General: Industrial
Financing Branch

2020/21 was a unique year with many interesting lessons for improvement. With the onset of COVID-19, the branch had to adapt to new ways of doing business.

A COVID-19 fund was established and implemented in partnership with the National Empowerment Fund (NEF) and the Industrial Development Corporation (IDC) in order to support manufacturers of essential products to contribute towards combating the COVID-19 pandemic. This funding attracted a total of 47 companies which were approved for various medical supplies and equipment. In addition to this the economic distress loan facility and interest make-up scheme grant was approved for implementation with the former being a partnership fund administered by the IDC and the NEF. Both of these funds are geared towards assisting businesses that have been severely impacted by the pandemic.

In an effort to speed up transformation, the Women Empowerment Fund and the Black Business Competitiveness Enhancement Support Fund was developed and approved for implementation in partnership with the NEF. It is anticipated that these funds will attract more women-owned businesses and Black enterprises to apply for preferential loan funding to grow their businesses.

The exiting funds and those administered with the NEF and the IDC have resulted in the support of 196 enterprises and a total of 216 projects. These projected are expected to unlock over R27.9 billion in investment and retain 22 272 existing jobs and create 18 330 new jobs.

To offer more streamlined and efficient support, work has begun on the development of an industrial financing web portal that intends to enhance accessibility of financial products offered by the Industrial Financing Branch, the IDC and the NEF. We will continue to strive to improve our products and the way we work to better serve businesses in need of industrial financing and in so doing transforming the South African economy into one that is inclusive and thriving.

M Susan Mangole
Acting Deputy Director-General: Industrial Financing Branch
Government of the Republic of South Africa

BACKGROUND

The Department of Trade, Industry and Competition (**the dtic**) plays an increasingly important role in these times of national and global challenge, as it works to:

- promote structural transformation, towards a dynamic industrial and globally competitive economy;
- provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development;
- broaden participation in the economy to strengthen economic development;
- continually improve the skills and capabilities of **the dtic** to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens;
- coordinate the contributions of government departments, state entities and civil society to effect economic development; and
- improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives and mandate.

The Industrial Financing Branch (IFB) is an integral part of **the dtic's** value chain with the mandate to stimulate and facilitate the development of sustainable, competitive enterprises through

accessible incentives that support national priorities (i.e. sector master plans, as well as the Re-imagined Industrial Strategy).

The IFB designs, implements, monitors and evaluates industrial finance interventions to enhance enterprise development, job creation, and growth of local manufacturing and related service sectors whilst also promoting transformation. The division implements these industrial finance interventions to bolster development of world class economic infrastructure through industrial parks, special economic zones and other infrastructure critical to accelerated growth of manufacturing and internationally traded services.

With many businesses impacted by the global COVID-19 pandemic and the looting and unrest across Gauteng and KwaZulu-Natal in July 2021, these interventions, targeting accelerated economic growth and job creation, are more vital than ever. This report provides a comprehensive overview of the approvals and disbursements for 2020/21, and the branch's contribution to increased strategic investment towards inclusive growth of the South African economy.

Furthermore, profiles of included companies are showing potential, with the support of the incentives despite COVID-19 challenges faced.



THE PURPOSE

To grow sustainable, competitive enterprises which support national priorities through accessible industrial finance.

OBJECTIVE ONE

Evidence-based designing, administering, monitoring and evaluating of manufacturing incentives programmes based on national policies in labour-intensive sectors on an ongoing basis.

OBJECTIVE TWO

To build partnerships to increase financing to accelerate growth of the manufacturing and internationally-traded services sectors over the long term.

DIVISIONAL SERVICE CHARTER

We commit to customer centricity by:



**Treating customers trustfully,
honestly, ethically and
professionally**



**Caring for our investors,
entrepreneurs, customers,
communities, nation and
environment**

**Being accountable and taking
full responsibility for our
actions**








**Embracing operational
excellence**











2020/21 INCENTIVE PERFORMANCE OVERVIEW

FUNDING APPROVED IN 2020/21 TO SUPPORT INDUSTRIALISATION

PROJECTS SUPPORTED	APPROVAL AMOUNT	PROJECTED INVESTMENT	NEW JOBS TO BE CREATED	JOBS TO BE RETAINED
 216	 R8 830 622 116	 R27 966 606 272	 18 330	 22 272

INVESTMENT MULTIPLIER 3.2

	 GRANT	 LOAN	 TAX ALLOWANCE
 Projects supported	142	65	9
 Approval amount	R4 660 998 824	R612 059 733	R3 557 563 559
 Projected Investment	R14 461 559 595	R1 615 179 823	R11 889 866 854
 New Jobs to be Created	17 055	87	1 188
 Jobs to be Retained	13 234	7 692	1 346

6

SEZS AND IPS

1

NPO

OWNERSHIP OF ENTERPRISES AND ORGANISATIONS SUPPORTED

196

ENTERPRISES

5

TRUSTS

60

PUBLICLY LISTED
ENTERPRISES

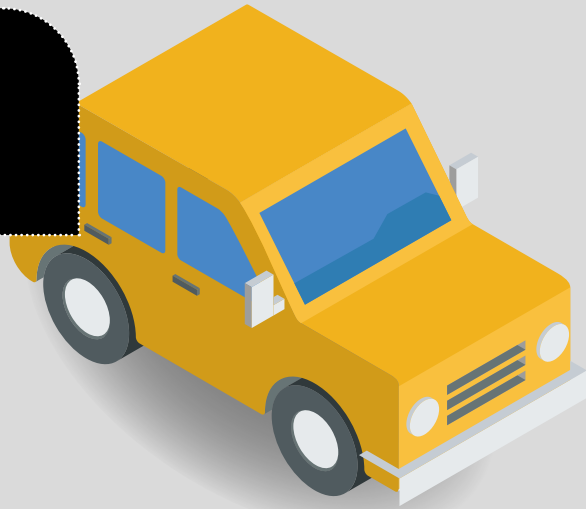
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PRIVATE ENTERPRISES

PROJECTED LOCALISATION IN THE NEXT TWO TO THREE YEARS

Projected local procurement
from supported projects in the
automotive sector

R45 177 858 430



Projected local procurement from **SMMEs**
for 121 supported projects

R1 795 804 937



Supported productions in South Africa
have projected spending of R2.2 billion in
the local economy






























R2 234 604 949

Supported productions in South Africa will
procure services to the value of R475.6
million from Black suppliers

R475 586 927



































INCREASED STRATEGIC INVESTMENT TOWARDS INCLUSIVE GROWTH OF THE SOUTH AFRICAN ECONOMY: KEY INDUSTRIES

							
Industrial infrastructure	*Industrial infrastructure through SEZs and IPs	Agro-processing	**Poultry	**Furniture	Steel and metal fabrication	Automotive	Mineral beneficiation
 R2 810 180 979	 R2 678 860 715	 R1 933 513 362	 R9 710 083	 R2 798 064	 R1 234 641 451	 R785 641 872	 R640 026 511
 R9 719 329 992	 R4 245 500 000	 R4 060 798 585	 R57 679 626	 R9 718 668	 R6 486 923 895	 R3 085 939 293	 R2 544 904 324
 2 458	 1 776	 3 247	 100	 32	 1 061	 13 486	 847

*Industrial infrastructure through SEZs and IPs is a subset of Industrial Infrastructure

**Poultry & Furniture are subsets of agro-processing



							
Chemicals, plastics and gas	Health economy	High tech sectors	Renewables/ green economy	Clothing, textile/leather and footwear	Pharmaceuticals	Business process services	Creative industries
 R353 904 220	 R283 042 307	 R94 871 181	 R94 871 181	 R6 027 942	 R16 000 000	 R89 212 500	 R583 104 632
 R1 160 702 301	 R539 514 469	 R169 006 296	 R71 243 315	 R22 692 475	 R20 000 000	 R5 422 756 125 ***	 R2 234 604 949 ****
 4 309	 2 330	 75	 120	 183	 76	 8 772	 3 675

***Export Revenue
**** Domestic Spend



Approval Amount



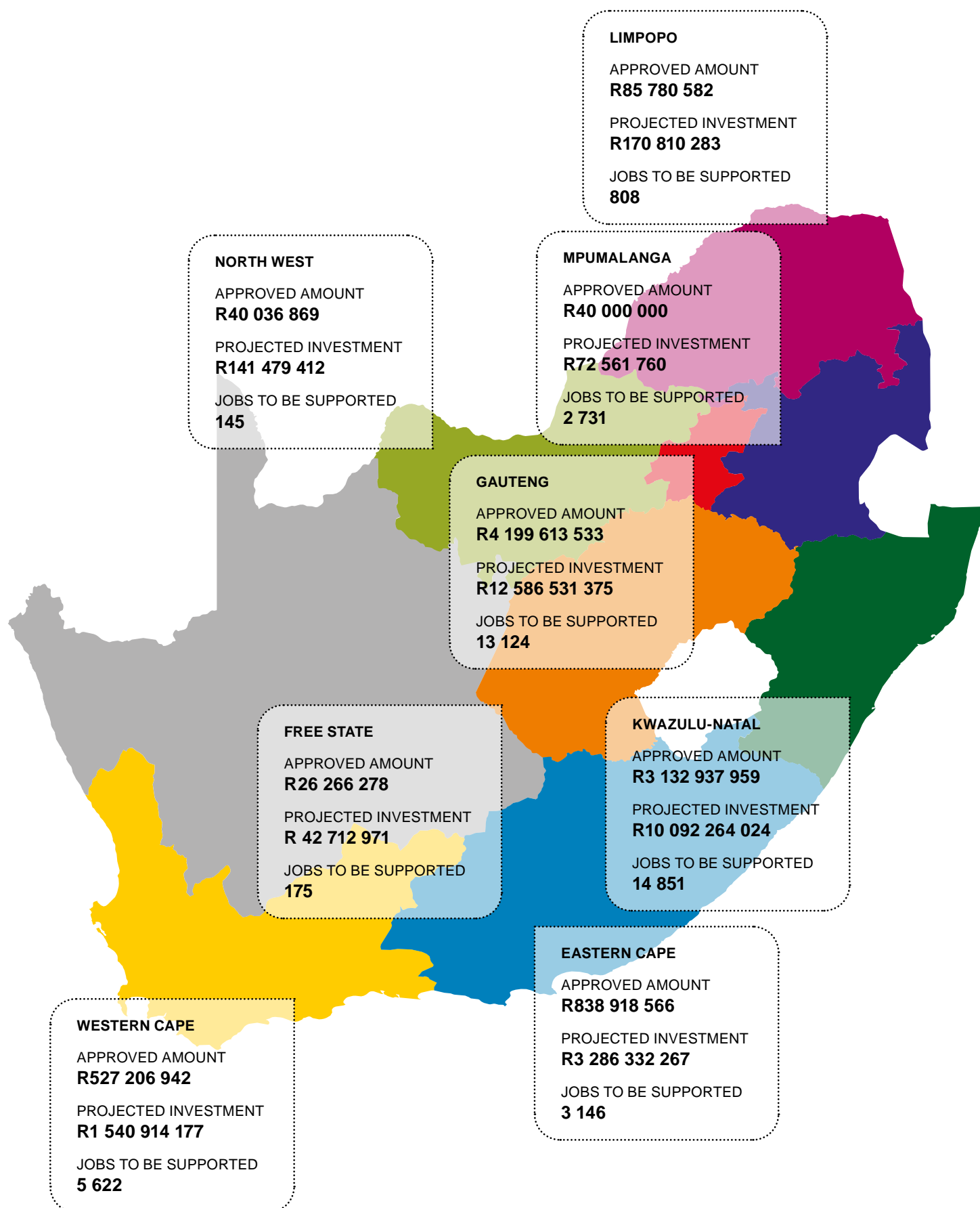
Projected Investment



Jobs to be Supported



CONTRIBUTING TOWARDS THE DISTRICT ECONOMIC DEVELOPMENT MODEL

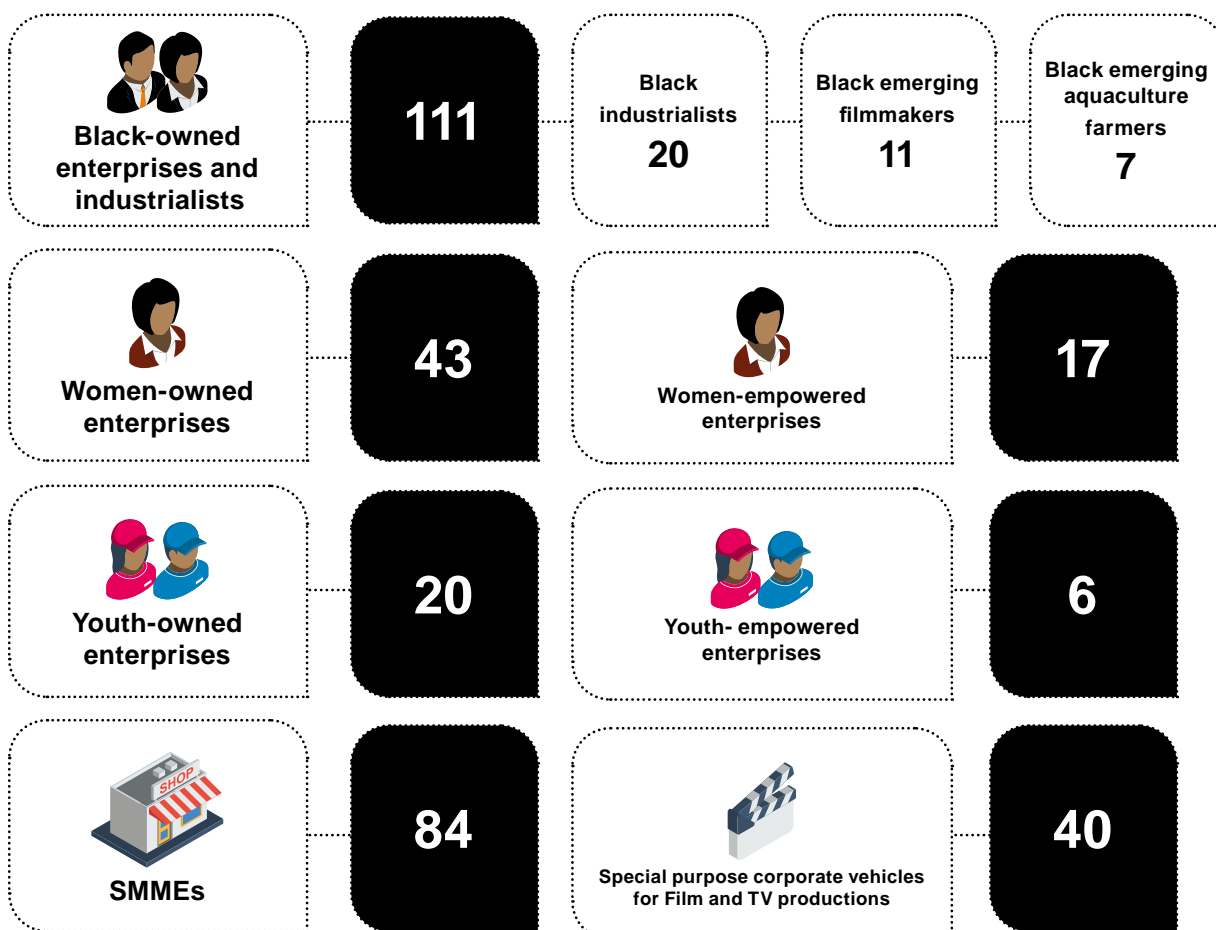
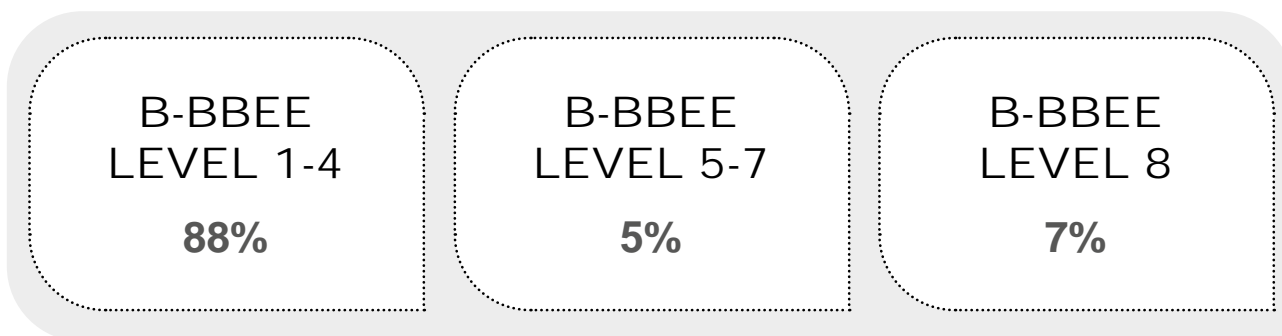


	APPROVAL AMOUNT	PROJECTED INVESTMENT	JOBS TO BE SUPPORTED
EASTERN CAPE	R838 918 566	R3 286 332 267	3 146
Amathole District Municipality	R20 000 000	R465 549 268	224
Buffalo City Metropolitan Municipality	R563 173 772	R2 136 202 608	1 016
Nelson Mandela Bay Metropolitan Municipality	R254 744 794	R683 580 391	1 899
OR Tambo District Municipality	R1 000 000	R1 000 000	7
FREE STATE	R26 266 278	R42 712 971	175
Mangaung Metropolitan Municipality	R7 045 441	*	14
Thabo Mofutsanyana District Municipality	R19 220 837	R42 712 971	161
GAUTENG	R4 199 613 533	R12 586 531 375	13 124
City of Ekurhuleni Metropolitan Municipality	R1 420 878 383	R8 256 485 105	2 761
City of Johannesburg Metropolitan Municipality	R435 650 452	R530 908 636	5 978
City of Tshwane Metropolitan Municipality	R2 328 984 698	R3 765 937 633	4 341
Sedibeng District Municipality	R14 100 000	R33 200 000	44
KWAZULU-NATAL	R3 132 937 959	R10 092 264 024	14 851
eThekweni Metropolitan Municipality	R1 240 181 729	R3 213 386 899	11 884
iLembe District Municipality	R12 494 534	R35 698 669	2 223
King Cetshwayo District Municipality	R1 856 289 194	R6 793 586 161	584
Ugu District Municipality	R3 249 682	R11 283 072	52
uMgungundlovu District Municipality	R20 722 820	R38 309 223	108
LIMPOPO	R85 780 582	R170 810 283	808
Capricorn District Municipality	R55 974 896	R6 000 000	450
Sekhukhune District Municipality	R4 476 139	R22 380 691	10
Vhembe District Municipality	R19 949 547	R115 179 592	148
Waterberg District Municipality	R5 380 000	R27 250 000	200
MPUMALANGA	R40 000 000	R72 561 760	2 731
Ehlanzeni District Municipality	R30 000 000	R62 561 760	2 562
Nkangala District Municipality	R10 000 000	R10 000 000	169
NORTH WEST	R40 036 869	R141 479 412	145
Bojanala Platinum District Municipality	R23 036 869	R84 379 412	144
Ngaka Modiri Molema District Municipality	R17 000 000	R57 100 000	1
WESTERN CAPE	R527 206 942	R1 573 914 177	5 622
City of Cape Town Metropolitan Municipality	R500 188 078	R1 540 125 597	5 545
West Coast District Municipality	R27 018 864	R33 788 580	77

* Film&TV supported project which reports on domestic spend



PROMOTING A STRONG AND INCLUSIVE ECONOMY



INDUSTRIALISATION SUPPORTING TRANSFORMATION

The Women Empowerment Fund

This fund is administered by the NEF to enhance the participation of Black women-owned businesses in the South African economy. Funding is provided in the form of concessionary loans or equity with a maximum interest rate of 2.0% to support projects that assist in creating jobs and increasing productive capacity. Implementation of this fund commenced at the end of March 2021

The Black Business Manufacturers Fund

This loan funding is administered by the NEF. The industrial loan facility is aimed at supporting manufacturing companies with working capital, machinery, and equipment at a 2.0% interest rate per annum. The fund was implemented towards the end of March 2021.

DISBURSEMENTS IN 2020/21 TO SUPPORT INDUSTRIALISATION



*DISBURSEMENTS	ACTUAL INVESTMENT	NEW DIRECT JOBS	NEW CONSTRUCTION JOBS	JOBS RETAINED
R3 996 817 088	R16 296 319 967	27 586	2 396	37 791

INVESTMENT MULTIPLIER 4

* Excludes 12I draw downs

SUPPORTED COMPANIES CONTRIBUTING TO LOCALISATION



LOCAL PROCUREMENT
FROM SUPPORTED BLACK
INDUSTRIALISTS
AND PROJECTS IN THE
AUTOMOTIVE AND AGRO-
PROCESSING SECTORS

R22 687 378 707



LOCAL PROCUREMENT FROM
SMMEs FOR 12I SUPPORTED
PROJECTS

R1 796 845 198



SUPPORTED PRODUCTIONS
IN SOUTH AFRICA, SPEND IN
THE LOCAL ECONOMY

R417 350 615



NET EXPORTS
R30 966 946 327



OTHER COUNTRIES OF EXPORT

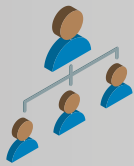
INDIA, AUSTRALIA, CHINA, NETHERLANDS, TAIWAN, SINGAPORE, MALAYSIA, UNITED KINGDOM, BELGIUM, GERMANY, FRANCE, UNITED STATES OF AMERICA, CANADA, POLAND, PORTUGAL, SWITZERLAND, AUSTRIA, RUSSIA, SPAIN, JAPAN, ITALY

AFRICAN COUNTRIES OF EXPORT:

BOTSWANA, ANGOLA, MALAWI, TANZANIA, ZAMBIA, MOZAMBIQUE, LESOTHO, ESWATINI, NAMIBIA, ZIMBABWE, KENYA, MAURITIUS, GHANA, NIGERIA, UGANDA, BURUNDI, SEYCHELLES, REPUBLIC OF CONGO, DEMOCRATIC REPUBLIC OF CONGO, MALAWI, SADC COUNTRIES



PROMOTING A STRONG AND INCLUSIVE ECONOMY THROUGH CREATING JOBS



New direct jobs created	27 586
New construction jobs created	2 396
Existing jobs retained	37 791
Jobs supported	67 773



Black jobs supported	34 393	51%
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Female jobs supported	21 374	32%
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Youth jobs supported	33 711	50%
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People with a disability jobs supported	394	1%
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INDUSTRIALISATION SUPPORTING ECONOMIC RECOVERY THROUGH COVID-INDUSTRIAL INTERVENTIONS

In the light of the COVID-19 pandemic, the Branch put various support measures in place that aimed to rapidly assist entities impacted by the pandemic in order to retain productive capacity and sustain jobs. This support was offered in partnership with the Industrial Development Corporation (IDC) and the National Empowerment Fund (NEF).

The COVID-19 fund aims to support manufacturers and suppliers of medical products and equipment that contribute towards flattening the COVID-19 curve.

The IDC COVID-19 interventions approved R535 million for 15 transactions, of which R138.4 million was supported through the dtic. This intervention is in the form of loan funding with a preferential interest rate of 2.5%.

The NEF offered affordable loans at 0% interest for the first year and thereafter at 2.5% per annum.




Through this fund, 32 Black-owned companies were approved for loans to the value of R203 million.

The Economic Distress Fund aims to support entrepreneurs to mitigate the challenges that have been caused by COVID-19

The IDC economic distress programme offered loans at 0% for the first 18 months and 2.5% per annum thereafter. One facility of R6 million was approved as at 31 March 2021.

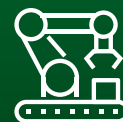
The NEF fund is a loan and equity financing instrument of between R250 000 and R10 million with a maximum interest rate of 2.5%. Five Black-owned projects with transactions of R36.8 million were approved for business recovery, sustaining existing jobs and improving production capacity.

the dtic implemented partnership funds over the 2020/21 financial year with industrial financing institutions, the NEF and the IDC. One such fund launched was the COVID-19 fund to assist companies.

INCENTIVE	 PROJECTS SUPPORTED	 APPROVAL AMOUNT	 JOB TO BE SUPPORTED
NEF COVID-19 fund	32	R202 924 418	1 952
IDC COVID-19	15	R138 400 000	1 740
IDC economic distress	1	R6 000 000	16
NEF economic distress	5	R36 800 000	259

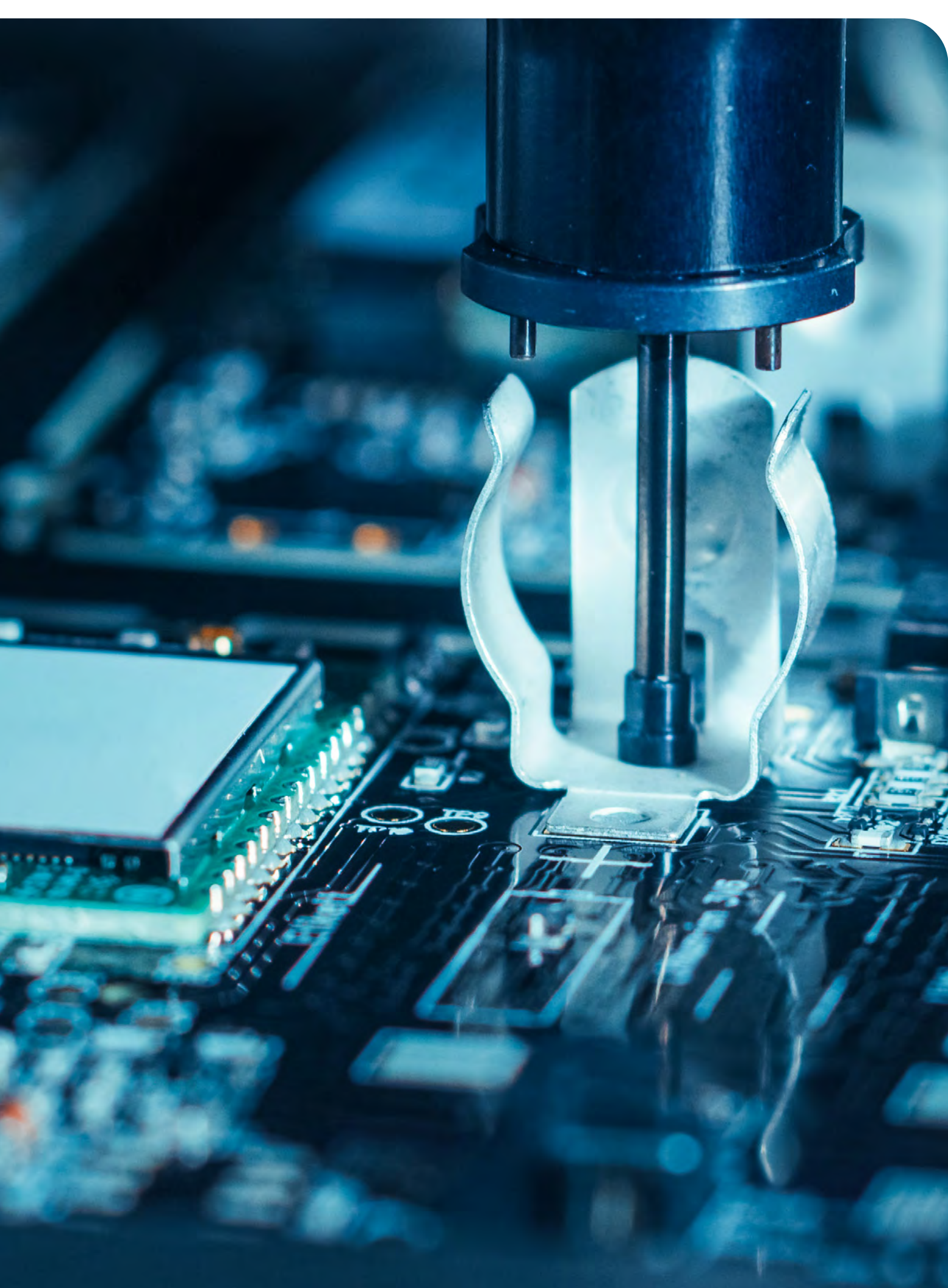


1 MANUFACTURING INVESTMENT CLUSTER








Manufacturing incentives aim to catalyse additional investment in the manufacturing sector and support broader participation in the mainstream economy. These incentives focus on assisting businesses owners and targeting job creation for individuals from historically disadvantaged communities and marginalised regions.

- ◆ **Black Industrialists Scheme (BIS)**
- ◆ **12I Tax Allowance Incentive (12I)**
- ◆ **Automotive Incentive Scheme (AIS)**
- ◆ **Agro-Processing Support Scheme (APSS)**
- ◆ **Aquaculture Development and Enhancement Programme (ADEP)**
- ◆ **Strategic Partnership Programme (SPP)**
- ◆ **Manufacturing Competitiveness Enhancement Programme (MCEP)**



FUNDING AND INVESTMENT IN MANUFACTURING SECTORS

Incentive	Projects Supported	Approval amount	Projected investment	Disbursement amount	Actual investment
BIS	12	R315 278 687	R875 223 038	R425 946 175	R1 784 802 481
12I	9	R3 557 563 559	R11 889 866 854	R3 480 406 271*	R10 069 426 330
AIS	23	R785 641 872	R3 085 939 293	R732 947 500	R14 005 871 049
APSS	10	R52 077 420	R625 795 853	R22 506 048	R165 369 381
ADEP	9	R38 398 851	R61 762 639	R23 628 149	R139 791 712
TOTAL	 65	 R4 748 960 389	 R16 538 587 677	 R1 205 027 872 **	 R16 095 834 623 ***

* Tax allowance utilised

** Excludes 12I tax allowance draw down

*** Excludes 12I investment as reporting on 12I is aggregated across years

LOCAL PROCUREMENT

R22.7 billion

FOREIGN INVESTMENT

R12.4 billion



BLACK INDUSTRIALISTS SCHEME

The Black Industrialist Scheme (BIS) is an important tool of **the dtic** to address the low representation of Black industrialists in the South African economy. The incentive aims to support their growth and improve competitiveness in targeted economic sectors and value chains. Beneficiaries include established industrialists with extensive experience, operations, and track records in their respective industrial sectors who require support to expand their operations and/or improve their business efficiencies. Also included are emerging Black industrialists who are in pursuit of starting a new business or taking over brownfield projects. BIS is in support of national priorities to increase the participation of previously marginalised citizens and regions in our economy.

A Black industrialist refers to a juristic person owned by Black South Africans as defined in the Broad-Based Black Economic Empowerment Act 53 of 2003 (B-BBEE Act), that creates and owns value-adding industrial capacity and provides long-term strategic and operational leadership to a business. A Black industrialist can be a natural person. Industrialists must have a B-BBEE certificate of compliance and achieve at least level four on the economic benefit criteria.

For approval, projects need to comply with at least four of the following criteria: secure or retain or increase direct employment; reduce relative price or increase the quality of products; use of green technology and resource efficiency; increase procurement from the domestic market and localisation of production activities; and achieve at least Level 4 B-BBEE.

Support is offered on a cost-sharing basis for capital infrastructure, investment support such as feasibility assessments, and business development services such as product design, patent costs, and IT systems. Cost sharing grants range from 30% to 50% of approved funds to the maximum of R50 million.

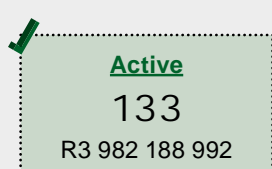


APPROVALS OVERVIEW

During this financial year, **the dtic** has approved support to 12 Black industrialists to the value of R315 million which is expected to catalyse a total investment of R875 million. Almost 1 000 jobs are expected to be created and 155 saved through these investments. 2020/21 has seen a 41% reduction in approval amount from the previous year. This can be attributed to a low uptake of incentives due to the slow-down of the South African economy caused by the COVID-19 pandemic.

YEAR	SUPPORTED PROJECTS	APPROVAL AMOUNT	IM	PROJECTED INVESTMENT	JOB TO BE CREATED	JOB TO BE RETAINED
2018/19	37	R1 184 314 939	3.5	R4 119 555 190	2 147	935
2019/20	18	R531 002 841	2.4	R1 257 095 768	1 118	1 451
2020/21	12	R315 278 687	2.8	R875 223 038	999	155

BIS status since inception (2016/17-2020/21)

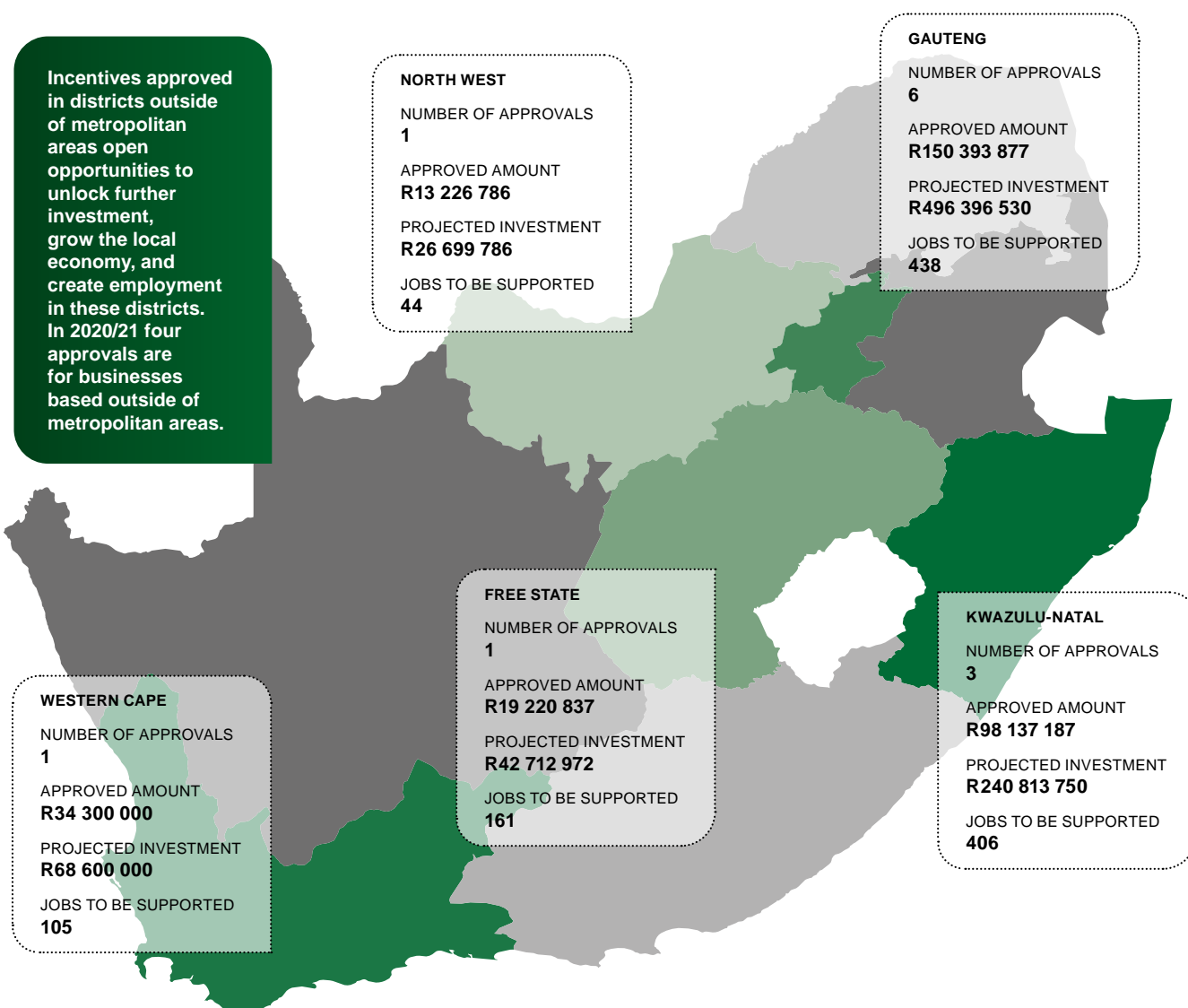


COVID-19 IMPACT ON BLACK INDUSTRIALISTS

COVID-19 has negatively impacted Black industrialists with a reduction in demand, delays in the delivery of imported machines and goods, and shortages of raw material. Supported companies have responded in different ways: some are developing new products, others are diversifying their business operations for new markets, or reducing spending on non-essential items, while other are completing work in-house rather than using external contractors.

Accelerating local economic development through supporting projects in various districts

	No.	APPROVAL AMOUNT	PROJECTED INVESTMENT	JOBS TO BE SUPPORTED
FREE STATE	1	R19 220 837	R42 712 972	161
Thabo Mofutsanyana District Municipality	1	R19 220 837	R42 712 972	161
GAUTENG	6	R150 393 877	R496 396 530	438
City of Ekurhuleni Metropolitan Municipality	2	R100 000 000	R308 198 100	166
City of Johannesburg Metropolitan Municipality	2	R19 995 809	R102 589 569	207
City of Tshwane Metropolitan Municipality	1	R16 298 068	R52 408 861	21
Sedibeng District Municipality	1	R14 100 000	R33 200 000	44
KWAZULU-NATAL	3	R98 137 187	R240 813 750	406
eThekweni Metropolitan Municipality	2	R57 637 187	R153 513 750	306
King Cetshwayo District Municipality	1	R40 500 000	R87 300 000	100
NORTH WEST	1	R13 226 786	R26 699 786	44
Bojanala Platinum District Municipality	1	R13 226 786	R26 699 786	44
WESTERN CAPE	1	R34 300 000	R68 600 000	105
City of Cape Town Metropolitan Municipality	1	R34 300 000	R68 600 000	105



The BIS is supporting labour-intensive and high growth industries linked to upstream and downstream productive activities

The BIS incentive supports both existing and new operations. During this financial year, six new and six existing operations were supported. In terms of sectors, five businesses are in the agro-processing sector, while four are in the chemicals and plastics sectors.

The chemicals and plastics sector has been identified by national government as a sector with job and growth

potential given its sector linkages and role as an upstream sector in mining, manufacturing, and agricultural. Importantly, the plastics sector is relatively labour-intensive and could support the entry of SMMEs.

Agro-processing is one of the largest manufacturing subsectors in the country, accounting for 24% of manufacturing GDP, and 20% of total manufacturing employment¹. This sector is important in foreign exchange earnings, and the stimulation it provides to the agricultural sector, another key employer in South Africa.

EXPANDING EXISTING OPERATIONS



APPROVALS
6



APPROVAL AMOUNT
R180 300 786



PROJECTED INVESTMENT
R429 537 886

AGRO-PROCESSING

4

R89 800 786

R216 539 786

CHEMICALS AND PLASTICS

2

R90 500 000

R212 998 100

STARTING NEW OPERATIONS



APPROVALS
6



APPROVAL AMOUNT
R134 977 901



PROJECTED INVESTMENT
R445 685 152

AGRO-PROCESSING

1

R16 995 809

R43 346 254

CHEMICALS AND PLASTICS

2

R66 298 068

R234 908 861

COSMETICS

1

R19 220 837

R42 712 972

MINERAL BENEFICIATION

1

R29 463 187

R65 473 750

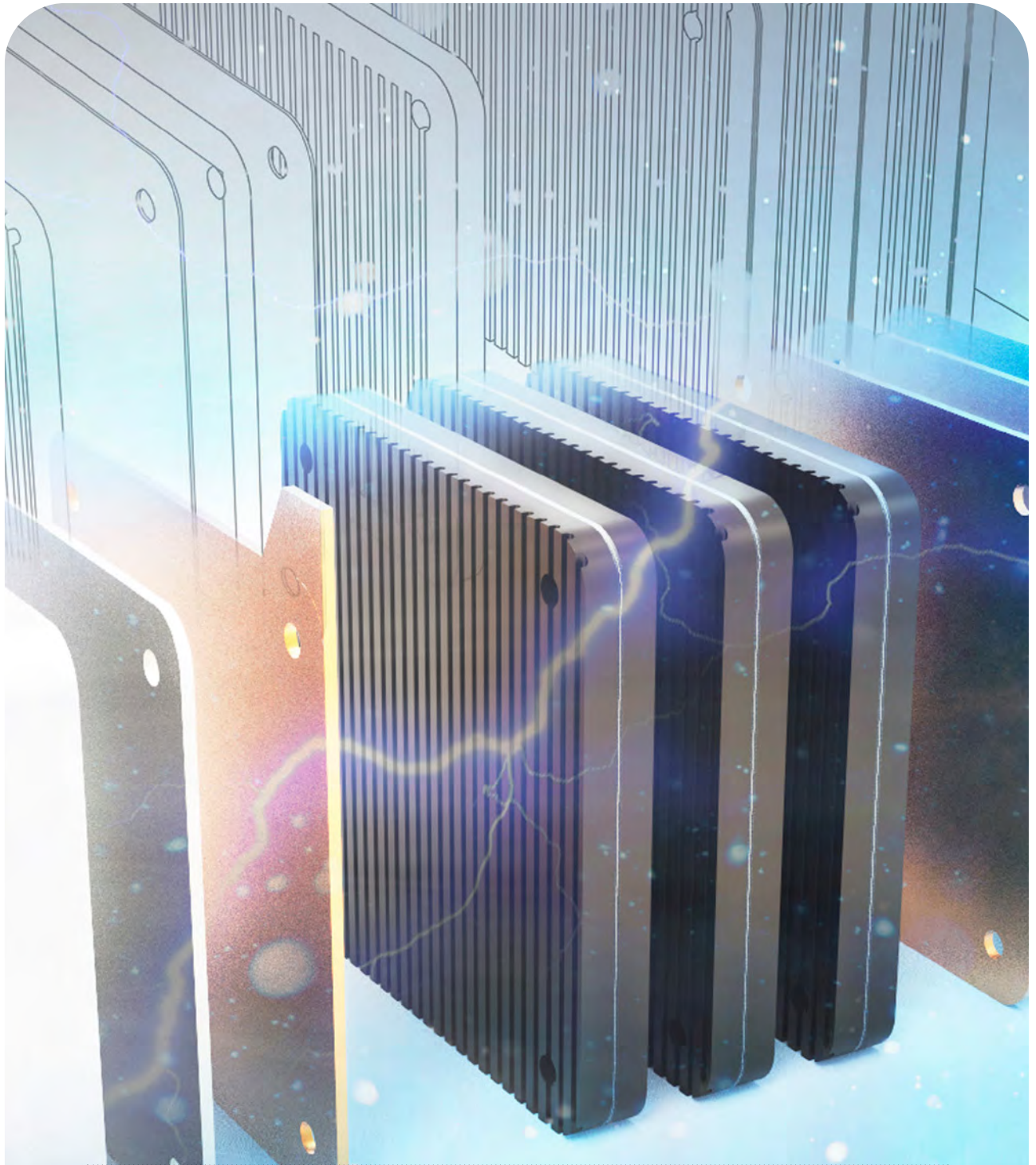
RENEWABLES/GREEN ECONOMY

1

R3 000 000

R 59 243 315


¹Re-imagining our Industrial Strategy to Boost Inclusion & Private Investment, Cabinet Lekgotla 12-14 June 2019



In the 2020/21 financial year, the dtic supported a new Black industrialist business in the renewables/green economy sector in Gauteng which is expected to create 104 jobs. The business will establish a local supply of fuel cells to be sold locally and exported into African markets. The operations will see carbon dioxide waste reduced by 76% compared to other gas technologies. Furthermore, fuel cells are water neutral and this will reduce water waste.

ECONOMIC INCLUSION THROUGH INDUSTRIALISATION

B-BBEE Level	Approvals	Approval amount
Level 1	9	R229 759 781
 Black female	3	R71 737 187
 Black male	6	R158 022 594
Level 2	3	R85 518 905
 Black female	1	R50 000 000
 Black male	2	R35 518 905
TOTAL	 12	 R315 278 687

Youth ownership of above 50%		
B-BBEE Level	Approvals	Approval amount
Level 1	2	R31 095 808
 Black female	1	R14 100 000
 Black male	1	R16 995 808
Level 2	1	R50 000 000
 Black female	1	R50 000 000
TOTAL	 3	 R81 095 808

Localisation is an important criterion for approval of the BIS incentive and a range of localisation activities are planned by beneficiaries of approvals in 2020/21.

“The product being developed will replace imports of anti-fouling marine coatings currently imported from Europe and Asia. The finished product will be exported to SADC and East Africa.”

“All machinery and equipment for the business will be sourced locally in South Africa and an increase in production will contribute to reducing imports of pork.”

“Currently all the scrap is exported in the raw form and converted overseas then re-imported for local use. By exporting our product to countries like Singapore, this project will facilitate import replacement, thus promoting local industrial upgrading and increasing local employment.”

“The expansion plan will improve our production and quality thus replacing the number of products that are imported from foreign countries like China.”

“Local farmers will be used to source all our raw material, everything will be sourced locally.”

“The production of the Zinc Oxide will use local inputs. The finished products will be for either local or export markets.”



DISBURSEMENTS OVERVIEW

Disbursements
R425 946 175

Investment
R1 784 802 481

Domestic Procurement
R1 251 860 156

Export Revenue
R355 299 957

JOBS SUPPORTED

3 227

(Jobs Retained: 2 321 and Jobs Created: 906)



BLACK
2 624



FEMALE
750

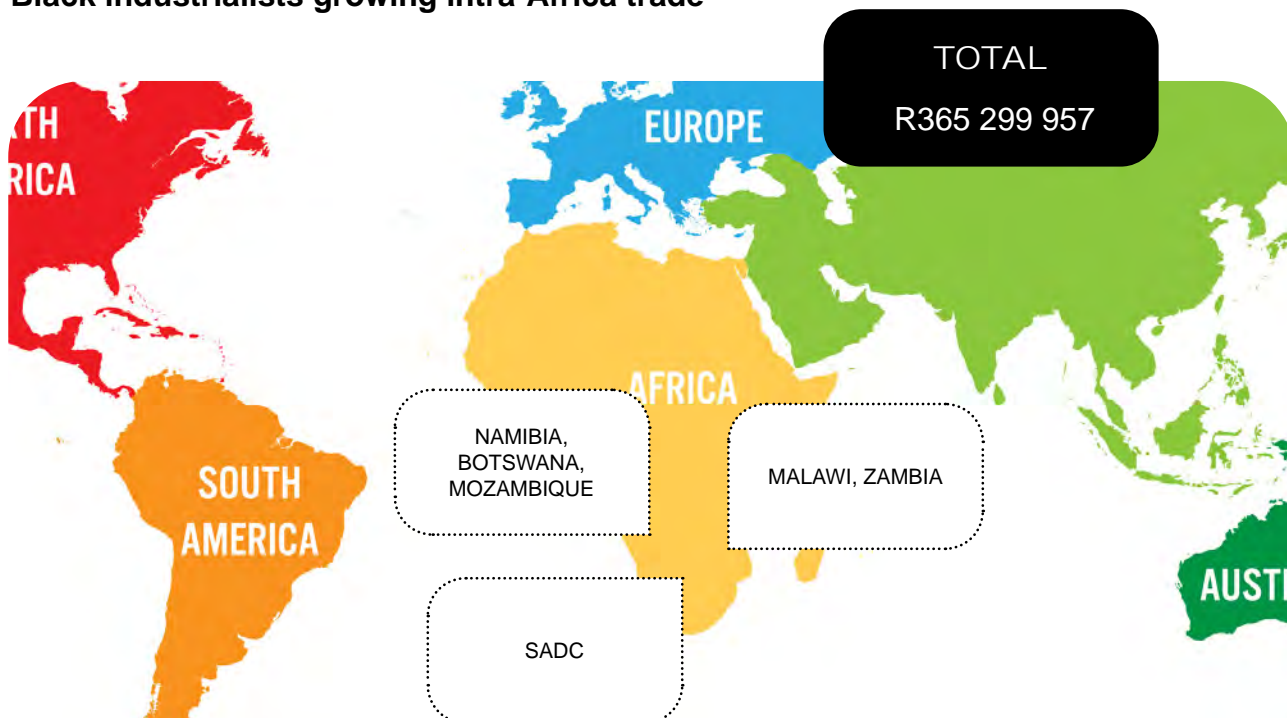


YOUTH
814

Domestic procurement from BIS incentive beneficiaries amounted to R1.2 billion, meeting the incentive criteria of localisation. Furthermore, the average percentage of inputs procured by these beneficiaries from Black suppliers was 47%.

Businesses reported an increase in exports following the commencement of production. One such business reported that at the time of application, they were exporting to the value of R300 000, and this has subsequently risen to R10 million.

Black industrialists growing intra-Africa trade



Measures are put in place by Black industrialists to improve the application of green technology and energy efficiency.

"We are using a gas boiler instead of a coal boiler. We are exploring using solar panels to supplement our power demand."

"All new machines have been specifically researched and sourced for their innovation and efficiency. We have implemented two new machines which we have found reduce waste and consume less energy."

"All our equipment that is sourced for the manufacture of packaging is totally green and eco-efficient, and we are also using power-saving equipment."

"Extensive testing is done of technology to ensure that requirements of Environmental Impact Assessment are met."

"Heated and chilled air used in aspiration systems, coolers, and driers are now filtered and recirculated to reduce the energy required for conditioning airflow. The new thermal heat recovery system is used to recover some of the energy spent to reduce the plant's energy consumption. The plant uses steam at various stages of the production process."

"The company has converted the electricity burners into gas burners and that has lowered the cost of production (electricity cost) from R200 000 a month to R60 000 a month on gas."

"The project has invested heavily in new machinery and equipment which is very energy efficient, increases capacity/productivity, improves quality, and improves turn-around times."

A key criterion for BIS incentive support is that the project will reduce relative price or increase the quality of products to consumers. Black industrialists reported the following improved quality due to the incentive:

"The new and latest technologically advanced equipment enables the project to produce higher quality bottles at a lower price than competitors."

"Our products have definitely become more durable than imported products currently in the market. The product lasts longer meaning there is no need for regular changes due to technical wear and downtimes due to regular maintenance intervals."

"Rejection rates have drastically declined and the company is producing world class quality products."

"The newly commissioned machines are showing great output of more refined finishes and edgings as opposed to the previous hand-held manually operated machines. With time and addition of other machines, the quality of product will improve substantially."

"The price of products decreased, while the production process allowed it to remain consistent and there is no variation in quality on the same product."

"The project implemented NCRs (non-compliance reports) which is leading to a reduction in the number of administrative and production errors."



LEVEL 2 BLACK MALE OWNED ENTITY



Town: Kariega (Uitenhage)
Municipality: Nelson Mandela Bay
Metropolitan
Province: Eastern Cape

Product:
Sauces

SAUCY SECRETS CC



ACTUAL INVESTMENT:
R75 124 137



JOBS CREATED:
23



JOBS RETAINED:
40



Saucy Secrets CC started from the ground up, with two partners in 2009. It is located in Kariega which is a metro dominated by auto-manufacturing. The partners invested in start-up equipment and started cooking and bottling sauces. They grew and over the years applied for and received assistance from the Food and Bev SETA and from Small Enterprise Development Agency (SEDA). However, they were unable to break into the mass retail market because of certification issues. **the dtic** incentive was used to revamp their building and buy new equipment so that international standards of microbial-level hygiene management could be achieved, and efficiencies gained in cooking times. They broke ground in January 2018 and by the end of 2019, they had commissioned 80% of the new equipment. This provided construction jobs for more than two years, and they increased their staff compliment to 63 people, of which 58 are Black, 33 are women, and most are youth.

Saucy Secrets offers a bespoke service creating small- to medium- volumes for the food service industry. They have expanded their range to include fruit juice concentrates, juices, carbonated juices, dressings, jams, etc, some of which are produced for nutrition and fitness companies. They also have contract clients, that is, clients who have a product, a formula, and a market, but no certification or plant.

Saucy Secrets steps in and does the manufacturing for them. Since they tailor-make products and offer contract services, Saucy Secrets also used **the dtic** incentive to upgrade their packaging and design facilities so that each client and contract can receive their products according to the pack size, label colours, flavours and taste profiles that they prefer. This is a big outlay but augments the service.

While the company actively seeks out Black-owned SMMEs, they are Food Safety Authority (FSA) certified, and hence they cannot use SMMEs that are not on that same quality level. Saucy Secrets sources approximately 50% of its raw materials locally and 50% are imported – although it depends on the season as fruit is required all year to make juices, so the local to import ratio fluctuates.

Their business model changed in 2020 due to changes in the tourism industry: 70% of their business was from the food service/tourism sector but those sectors suffered tremendous setbacks. They continue with contract packaging and have increased supply to the fast-moving consumer goods sector, that is, the big retailers, which is not as profitable. Export enquiries were received pre-COVID, and they hope that once travel restrictions ease, potential buyers will be able to do inspections and orders will come in.



NURSCON FLEXIBLES (PTY) LTD

LEVEL 2 BLACK MALE ENTITY



Town: Johannesburg
Municipality: City of Johannesburg
Metropolitan
Province: Gauteng

Product:

Plastic packaging



ACTUAL INVESTMENT:
R115 000 000



JOBS CREATED:
45



JOBS RETAINED:
128



Nurscon Flexibles (Pty) Ltd is a family-owned business that started in 1997 producing plastic packaging for the nursery industry. They saw an opportunity in printing on packaging, bought a machine from China, and began printing for the FMCG market: think crisps, noodles, cereals packaging. As the company grew, they saw an opportunity in servicing blue chip customers, that is, corporate food manufacturers. Most of their competitors are multinationals that have a different organisational structure to Nurscon. While the competition tends to be top heavy, Nurscon is top light and is more agile and able to respond to customer demands, which makes it attractive. Nurscon build a new 14 500m² facility and developed a seven year plan which included the acquisition of new machinery of European specification, quality, and consistency.

the dtic's BIS incentive was used to purchase this new equipment, which they believe they could not have done on their own as they are not a corporation with access to financing. Nurscon now has better technology than their competitors, with more

advanced energy saving and automation features, and this has lifted this business to an international standard. It is the only independent South African business that can compete with multinationals in this industry. The business is in food contact, and to ensure zero contamination, procurement of raw materials has to be from accredited companies, and it is difficult to find them in this industry. 40% of raw materials are imported and 60% are sourced locally, while SMMEs provide 25% of the local content.

This incentive created 45 new jobs, bringing the total jobs in the company to 128. Of those, 124 are Black employees and 12 are women. Nurscon has increased its domestic market share to 13% and also increased exports to an estimated R64m per annum, and these are set to increase in the future. Current export markets include eSwatini, Zimbabwe, Mozambique, Malawi, Zambia, and the UK. Also in the future for Nurscon is the next step from packaging and that is to recycling, as plastics evolve and customer concerns about waste and landfill grow.



SUNOLA OILS (PTY) LTD

LEVEL 4 BLACK MALE ENTITY



Town: Aeroton
Municipality: City of Johannesburg
Metropolitan
Province: Gauteng

Product:
Oils



ACTUAL INVESTMENT:
R39 234 817



JOBS CREATED:
18



JOBS RETAINED:
22

Sunola Oil Mills was established in 1999 and is an edible oil processing business. Sunola Oil Mills refines crude vegetable oil through its refinery and packs the refined oil in bottles for sale to the consumer market. The edible oil business is a very competitive market, and many edible oil businesses have been fully or partly bought out by larger corporate businesses. Sunola Oils Mills remains as one of the few fully independent Black-owned businesses in the industry. They managed this by establishing themselves as a reliable and competitive supplier to customers in KwaZulu-Natal and the Eastern Cape. To continue to remain relevant in the industry, the business then started to explore new markets such as Gauteng and surrounding provinces. As the customer base in those areas expanded, there was a need to set up a refining facility in Johannesburg to be able to effectively and efficiently service this market without relying on any third party. **the dtic** incentive was used to fund a portion of the cost of setting up the new edible oil refinery to enable Sunola to position itself effectively in the Gauteng market, and become a competitive, reliable, and preferred supplier to its customers. The new refinery began operation in April 2021.

Purchasing from local suppliers was a key reason for setting up a refinery in Johannesburg. The location makes it cost effective to purchase crude soybean and sunflower oil produced in Gauteng and surrounding provinces rather than trucking imported oil from Durban. This has allowed the business to reduce its dependency on imports by giving them the flexibility of purchasing local oil. The refinery also increases the capacity for local value-add processing and refining of oil. Local soybean crop sizes have been growing over the last few years, which leads to more crude soybean oil produced. The refinery allows for converting this crude oil to



refined oil, adding value to the product through local processing. The refined oil is then sold into the retail market. Currently 80% of oil for this refinery is purchased from local suppliers. The incentive has assisted the company in exporting to Swaziland and Namibia, and they are exploring other markets such as Botswana and Zimbabwe.

In terms of employment, this incentive supported the creation of 18 jobs and retained 22, 33 of which are Black employees, and seven are women. The company plans to employ a further eight people over the next 24 months.

At present, Sunola Oils uses a gas boiler, considered to be greener than coal. Despite slightly higher costs of gas, the company believes that the long-term environmental benefits outweigh the cost difference. The investment in a modern technology energy efficient refinery has allowed for a reduction in the energy consumption of roughly 15% compared to older refineries.



DALISU HOLDINGS (PTY) LTD

LEVEL 2 BLACK
MALE ENTITY



Town: Piet Retief
Municipality: Gert Sibande District
Province: Mpumalanga

Product:

99.5% pure sodium sulphate



ACTUAL INVESTMENT:
R318 090 484



JOBS CREATED:
23



JOBS RETAINED:
23



Mohlomi Mothobi and Nathi Ngcobo (Executive Directors of Dalisu Holdings (Pty) Ltd) noticed a gap in the market: black liquor is a by-product of paper making and, if the organic components are burned off, it leaves inorganic salt cake, which is approximately 60-70% sodium sulphate. Dalisu, a majority Black-owned chemical manufacturing company started by Mr Mohlomi Mothobi and Dr Nathi Ngcobo, was awarded a R50 million BIS grant to construct a sodium sulphate manufacturing plant. Dalisu takes the salt cake and purifies it to approximately 99.5% through a series of chemical reactions, and sells that pure sodium sulphate for use in the manufacture of detergents and glass. South Africa's consumption of sodium sulphate is 150-200 thousand tonnes per annum, and Dalisu's projected production is 25-30 thousand tonnes per annum. Since nearly 50% of SA's consumption is imported, Dalisu will feasibly reduce dependency on imports through increased local production. Another positive spin-off of this business is that the plant has been designed to be as energy efficient as possible and has eliminated the need for landfilling salt cake, it avoids the formation of hazardous gases during production, and avoids excessive water usage. Commercial production was supposed to begin in

October 2020, but with COVID-19 Level 5 having started at the end of March 2020, the construction of the plant was paused until July 2020. As a consequence, commercial production only started on the 1st March 2021. The plant is currently operating at between 85 and 90% of plant capacity, with all the products being supplied to the local market.

Dalisu has created 23 direct jobs, of which 22 are Black, nine female, and 16 youth employees. In addition to these employees, an additional 112 indirect construction workers from the local community have also been employed. To date Dalisu has spent approximately R18.7 million around the Mkhondo Municipality during the construction phase: local labour and contractors for civils, structural and mechanical piping, scaffolding, and pipe insulation services. It does not include capital machinery and equipment. More than 60% of this procurement has been from Black suppliers.

At the economic downswing during COVID-19, Dalisu was fortunate that its original business, dust suppression products for the mining industry, was able to carry the salaries of the sodium sulphate component and save those jobs.



THE INSULATION COMPANY SA (PTY) LTD

LEVEL 2 BLACK
MALE ENTITY



Town: Wadeville
Municipality: City of Ekurhuleni
Metropolitan
Province: Gauteng

Product:

Building insulation products



ACTUAL INVESTMENT:
R156 121 341



JOBS CREATED:
33



JOBS RETAINED:
33



The Insulation Company SA (Pty) Ltd (TIC) was established in 2008 and manufactures metal insulated sandwich panels (MISP) and flexible faced boards (FFB), both of which can be used in industry or the built environment. MISP is two sheets of metal which sandwich an insulating core of PIR foam, and TIC produces them in 40ml to 80ml thickness. They can be used in cold storage, modular housing, house roofing, or any climate-controlled environment. FFB is softer and more flexible than MISP and can be used for walls and roofs, acoustic sound reduction, or ceiling boards. They are light and can be installed at full length and are designed with tongue-in-groove, so they are seamless.

There is an estimated annual demand of six million m² of MISP and FFB panels in South Africa, and there is a shortage in terms of supply. The project approved for **the dtic** BIS incentive was for construction of a facility and purchase of machinery that will allow TIC to improve their product quality. For example, currently, MISP is produced on discontinuous plant formats, making the product less attractive and durable but the new technology allows that to happen in one process. The plant installed at TIC is a continuous line, which will ensure a better quality of product with durability.

TIC is partnered with Italian company Metecno, pioneers of the sandwich panel technology. Quality sandwich panels are largely imported due to lack of proper manufacturing facilities in South Africa. TIC will significantly address this problem. Unfortunately, the commissioning of the plant was delayed by COVID-19, because the Italian teams that were in South Africa to complete the installation and commissioning of the plant was forced to return home when the process was only 35% complete. They returned in March 2021 and will complete installation and commissioning of the plant by the end of September 2021.

Despite these delays, the project has created 33 jobs, of which 31 are Black, 14 are female, and 12 are youth employees, and these figures will increase when the company is in full production. Most of the raw materials are sourced locally, excluding the chemicals, which are imported from Germany. TIC spent considerable effort in finding local suppliers for the specifications received from the Italian partners.

12I TAX ALLOWANCE INCENTIVE

The 12I tax allowance (12I) is designed to support both greenfield investments (new industrial projects that utilise only new and unused manufacturing assets) and brownfield investments (expansions or upgrades of existing industrial projects).

This incentive aims to back investment in manufacturing assets to improve the productivity of the South African manufacturing sector, and to improve labour productivity and the skills profile of the labour force through training. As such, the investment and training allowance is deductible from the industrialist's taxable income.

There are several economic benefit criteria for project approval and applicants need to attain at least four of these. They are: innovation to improve production time, reduce costs, improve product quality or longevity; improve energy efficiency of at least 12.5% (mandatory requirement); increase local production or improve global competitiveness; acquire at least 10% of inputs including services from SMMEs; and skills development, with the cost of training required to be more than 2.5% of the average annual wage bill over the compliance period. This is also a mandatory requirement. Finally, the new or expansion project is awarded a point towards the economic benefit criteria if it is located in a Special Economic Zone.

In terms of B-BBEE, Section 12I of the Income Tax Act does not specify compliance with B-BBEE. Hence, compliance by beneficiaries is voluntary.

APPROVALS OVERVIEW

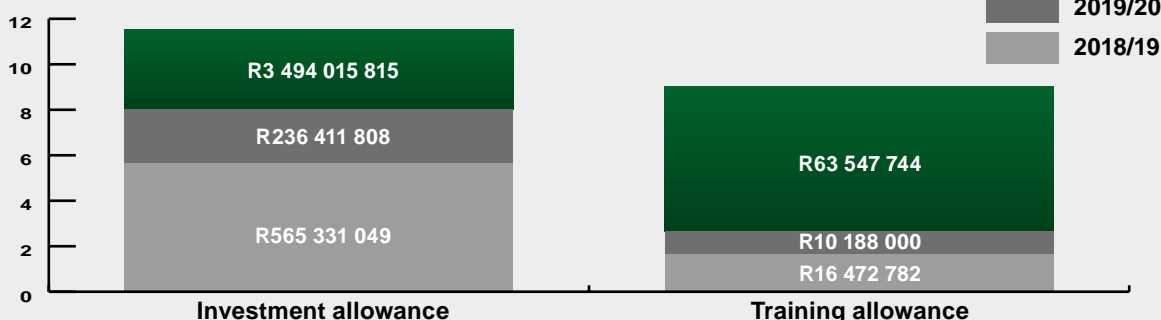
The 12I tax allowance incentive saw three times as many approvals during the 2020/21 financial year as the previous year, with nine approvals totalling an allowance of R3.5 billion. This will support 2 534 jobs and generate a total investment of R11.8 billion.

YEAR	PROJECTS APPROVED	JOB TO BE CREATED	JOB TO BE RETAINED	TOTAL ALLOWANCE	IM	PROJECTED INVESTMENT
2018/19	4	926	663	R581 803 831	3.1	R1 781 166 999
2019/20	3	130	797	R246 599 808	3.4	R829 631 607
2020/21	9	1 188	1 346	R3 557 563 559	3.3	R11 889 866 854

12I status of projects (2017/18 - 2020/21)



Approvals by allowance type



Entities in Gauteng and KwaZulu-Natal received 12I incentive approvals during the 2020/21 financial year with support to the agro-processing sector and the steel and metal fabrication sector.

Agro-processing is an important sector for its foreign exchange earnings and relative ease of entry for SMMEs. Steel is used in a variety of industries and supporting this industry will increase the demand for locally produced steel products and reduce the reliance on imports.

One agro-processing project involves building a new edible oil refinery in the Richards Bay Industrial Development Zone (IDZ) that will stimulate the domestic economy with an investment of R1.2 billion and is expected to replace the import of soft oils. Increasing local production is an important economic benefit criterion for the incentive. Another large new investment facilitated by the 12I incentive will see the development of a titanium dioxide (TiO₂) facility in KwaZulu-Natal which will create 200 new jobs. As TiO₂ is not currently produced in South Africa, it is an important project for revitalising the domestic economy.

APPROVALS	9
AMOUNT	R3 557 563 559
PROJECTED	R11 889 866 854

	No.	APPROVAL AMOUNT	PROJECTED INVESTMENT
GAUTENG	4	R928 760 280	R3 361 296 741
City of Ekurhuleni Metropolitan Municipality	3	R897 069 242	R3 304 659 490
Mineral beneficiation	2	R606 510 280	R2 474 013 600
Steel and metal fabrication	1	R290 558 962	R830 645 890
City of Johannesburg Metropolitan Municipality	1	R31 691 038	R56 637 251
Agro-processing	1	R31 691 038	R56 637 251
KWAZULU-NATAL	5	R2 628 803 279	R8 528 570 113
eThekweni Metropolitan Municipality	3	R813 014 085	R1 822 283 952
Agro-processing	2	R732 762 264	R1 681 280 641
High tech sectors	1	R80 251 821	R141 003 311
King Cetshwayo District Municipality	2	R1 815 789 194	R6 706 286 161
Agro-processing	1	R905 637 194	R1 256 286 161
Steel and metal fabrication	1	R910 152 000	R5 450 000 000

The economic benefit requirement of the incentive is that 10% of procurement of both inputs and services goes to SMMEs. The approvals indicate that R1.7 billion will be spent by beneficiaries on SMMEs, thereby stimulating local value chains and consequently economic development and job creation. Of importance is that both agro-processing and high-tech sectors reported almost 100% procurement from SMMEs, far exceeding the 10% local procurement requirements of the incentive.

Approvals by sector	Approvals	Value of approvals	Jobs to be created	Jobs to be retained	Projected SMME procurement
Mineral beneficiation	2	R606 510 280	120	475	R107 369 086
Steel & metal fabrication	2	R1 200 710 962	334	0	*
Agro-processing	4	R1 670 090 496	722	808	R1 608 931 903
High-tech sectors	1	R80 251 821	12	63	R79 503 948

* Approved projects in steel & metal fabrication did not score a point for SMME procurement and hence reporting on this was not mandatory when the application was submitted.



PERFORMANCE OVERVIEW 2020/21

The 2020/21 12I outcomes are based on audited progress reports submitted annually by projects.

Investment allowance
R3 442 883 987

Actual investment
R10 069 426 330

Training allowance
R37 522 284

Value of training
R71 080 613

Domestic procurement
R1 796 845 198

Exports
R909 465 039

Foreign investment
R4 924 640 970

Jobs supported
2 941

Beneficiaries reported that for most of the training (21 projects) was technical training in the use of the newly purchased equipment and machinery. This shows the importance of linking capital investment to capacity-building to use new equipment. Other training was done in the fields of health and safety,

first aid, firefighting, quality control, data safety, media and communications, and management and leadership. One of the mandatory requirements for 12I is that the training spend should be at least 2.5% of the wages and salaries. This target has been achieved with an average spend of 5%.

Training supported through 12I

VALUE OF TRAINING

R71 080 613

PERCENTAGE SPENT OF
WAGE BILL ON TRAINING

5%

EMPLOYEES TRAINED

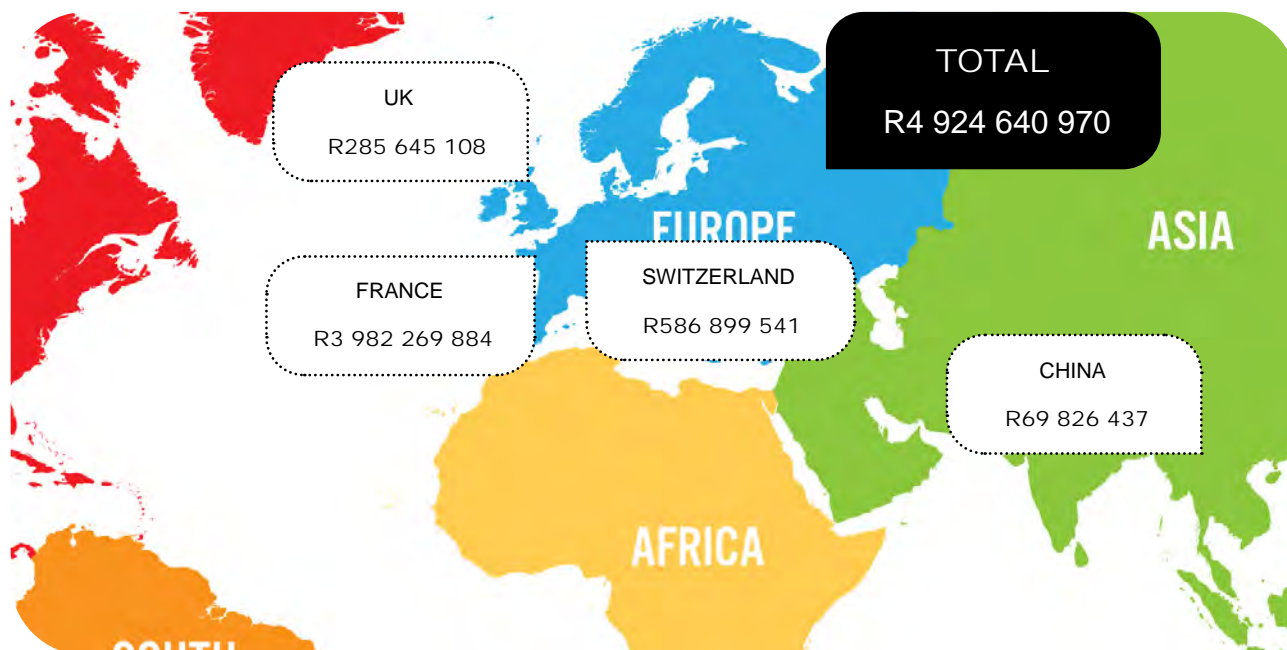
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Improved global competitiveness is one of the focus areas of the dtic's work in the manufacturing sector. 121 beneficiaries reported their exports during this financial year. The bulk of exports goes to SADC and other African countries. Counties exported to

include Botswana, Angola, Malawi, Tanzania, Mozambique, Zambia, Lesotho, eSwatini, Namibia, Kenya, Mauritius, India, Ghana, Australia, Zimbabwe, Netherlands, Nigeria, Uganda, Burundi, Seychelles, and Congo.

Foreign investment by country



Innovation is one of the criteria used to assess applications and programme outcomes. During the 2020/21 financial year, incentive beneficiaries reported innovations implemented in their businesses that resulted in improved production efficiency, improved quality, and reduced costs.

Beneficiaries reported an average of 32% **energy savings**. This is another economic development requirement, with beneficiaries expected to institute measures for energy efficiency savings of at least 12.5%. This has been exceeded by the interventions implemented by beneficiaries.

A liquefied nitrogen, liquefied oxygen, and liquefied argon producer located in the Coega SEZ invested R285.7 million in the business and reported average annual energy savings of 45%. This was due to the redesign and optimisation of internal coldbox components, using a cold insulation system, partially recovering energy released by expanding gas through turbines coupled with a compressor and electricity generator, and making use of energy efficient technologies where possible.



COVID-19 RESPONSE:



How has COVID-19 impacted businesses negatively?

- Inbound supply disruptions
- Delays in training initiatives due to COVID-19 protocols and trainers not allowed to travel to South Africa due to COVID-19 international travel restrictions
- Delay in investments
- Lower productivity and quality of products due to a reduction of on-site employees as many staff were sick

What have businesses done to limit the impact of COVID-19?

- Implementing COVID-19 health and safety protocols including frequent screening of employees and use of antigen test kits
- Practicing social distancing and provide employees with PPE
- Working closely with employees, suppliers and customers to ensure continuity of business
- Limiting the number of staff on premises, pay full staff salaries and assist families with grocery vouchers



TIGER CONSUMER BRANDS LTD - MOBENI CHOCOLATE EXPANSION PROJECT

LEVEL 4 SOUTH AFRICAN OWNED ENTITY



Town: Durban

Municipality: eThekweni Metropolitan

Province: KwaZulu-Natal

Product:

Chocolate



ACTUAL INVESTMENT:
R73 757 117



JOBS CREATED:
57



Beacon is the Tiger Brands' confectionery and chocolate master brand that is used to endorse a wide range of sweets and chocolates including (but not limited to) chocolate bars and slabs, sweet assortments, marshmallows, and easter eggs. The factory is situated in the Mobeni District of KwaZulu-Natal. The project for which **the dtic** incentive was used allowed Tiger Brands to reinvest in its business through new machinery that enabled it to introduce new and innovative products to the market. The extended product range offers a wide selection of chocolates to consumers, including the new aerated chocolates called Heavenly, that comes in a variety of flavours such as hazelnut, mint, turkish delight, fruit and nut, and more. The new machinery uses servo-drive technology and a PLC system which has precise speed and motion control functionality to produce chocolates to exact specifications. The unique capabilities of the new machinery contribute to minimising overall production costs and reducing product wastage.

A portion of the incentive was invested in up-skilling employees through various training initiatives before and after the installation of the new machinery. Some employees were sent to the equipment manufacturer in Italy for training on the functionality and capabilities of the new machine. All operators and artisans - both the mechanical and instrumentation teams - underwent detailed operational training that was both accredited and conducted by independent training specialists.

The project created 57 jobs of which 46 employees are Black, 23 are women, and six are youth.

The Beacon range is largely sold in South Africa although exports to the value of R8.2 million are earned. Export markets include Australia, USA, Canada, Maldives, St Helena, Botswana, Democratic Republic of Congo, Lesotho, Mauritius, Namibia, Seychelles, Eswatini and Zambia.



TIGER CONSUMER BRANDS LTD - ISANDO MANUFACTURING SITE CONSUMER EXPANSION PROJECT

LEVEL 4 SOUTH AFRICAN OWNED ENTITY



Town: Johannesburg
Municipality: City of Johannesburg Metropolitan
Province: Gauteng

Product:

Personal care products



ACTUAL INVESTMENT:
R175 965 457



JOBS RETAINED:
161



Tiger Consumer Brands produce a diverse range of home and personal care brands, such as Ingrams, Dolly Varden, and Perfect Touch. They and other products are manufactured at the company's factory in Isando, Gauteng. To improve the competitiveness of its products in the cosmetic industry, Tiger Brands used **the dtic** incentive to optimise efficiency, automate processes, and improve quality assurance systems for consistency and quality in 2012. The project involved both the acquisition of new machinery and up-skilling of its employees, and production began in September 2016.

The new machinery, which included both imported and locally manufactured pieces, provides global good practices in bulk manufacturing and packing through automated batch control and product transfer, quick equipment changeover, and automated filling and capping. The nine new high-speed automated lines increased production capabilities from approximately 28 bottles per minute to between 100 and 200 bottles per minute. The new machinery comes with programmable logic control (PLC), human-machine interfaces (HMI), and the supervisory control and data acquisition

(SCADA) system, all of which ensure precise product recipes are run and the same quantity of ingredients are consistently mixed.

Various training initiatives were implemented before and after machine installation to up-skill employees and ensure their technical readiness. Tiger Brands conducted technical assessments of staff, and on that basis, identified employee development needs. This resulted in rolling out of courses designed to bridge knowledge gaps, and other NQF-accredited learning programmes such as packaging and chemical operations learnerships were implemented. Tiger Brands retained 161 jobs including 161 Black, 90 women, and 22 youth jobs.

Approximately 46% of machinery was imported and the remaining 54% was sourced locally. In addition, approximately 18% of the raw materials used in the production process, as well as services such as waste disposal, on-site contracting, and engineering are provided by local SMMEs. Around 5% of production was exported, with the initial market being Zimbabwe and later also extending into China.

AUTOMOTIVE INCENTIVE SCHEME

While the South African automotive sector is relatively small in global terms (0.68% global production market share and 0.69% global consumption market share), it is critically important to the domestic economy and foreign exchange earnings. In aggregate terms, the industry generated R235 billion in manufacturing sales in 2015, inclusive of R151.5 billion in exports (or 64.5% of the South African automotive manufacturing total)

and employed 113 532 people across the assembly, components, and tyre manufacturing sub-sectors.¹ While vehicle exports declined in 2020, exports hit a record R201.7 billion in 2019². This equated to 15.5% of South Africa's total exports in 2019. Furthermore, 387 125 vehicles, worth R148 billion, with a record R53.7 billion in automotive components, were exported to 151 countries.

Due to the potential of this sector to expand and deepen South Africa's industrial base, the Automotive Master Plan was finalised in 2018 with the following objectives to be achieved by 2035:

- Grow domestic car production to 1% of global output;
- Increase local content in South African assembled vehicles to 60%;
- Double employment in the automotive value chain;
- Double production from 600 000 cars to 1.2 million cars;
- Improve competitiveness to that of international competitors;
- Achieve industry transformation across the entire value chain by ensuring that 25% Black-owned companies are involved in Tier 2 and 3 component manufacturer levels, dealership networks, and authorised repair facilities;
- Deepen value addition across selected commodities/technologies.

Aligned with sector and national objectives, the Automotive Incentive Scheme guidelines were revised and were effective from 1 July 2021. These seek to grow and develop the automotive sector through investment in projects by original equipment manufacturers and component manufacturers in order to increase production volumes of light motor vehicles, sustain employment, and/or strengthen the automotive value chain.

In the new guidelines, original equipment manufacturers (OEM) applicants must achieve B-BBEE level 1 to level 6 and from the 31st

December 2022 all OEM applications and claims submitted to **the dtic** must achieve level 1 to 4. In terms of component manufacturers (CMs), applicants must be B-BBEE compliant in terms of the B-BBEE codes (achieve level 1 to level 8). From 31st December 2022, all CM applications and claims must achieve level 1 to 6.

The benefits of the incentive are: a non-taxable cash grant of 20% of the value of qualifying investment in productive assets for OEMs; and 25% of the value of qualifying investment assets for CMs and tooling companies, as approved by **the dtic**.

There are two sub-schemes under this incentive:

The Medium and Heavy Commercial Vehicles Automotive Investment Scheme

The People-Carrier Automotive Investment Scheme.



¹ South Africa's Automotive Industry Masterplan to 2035, 2018.

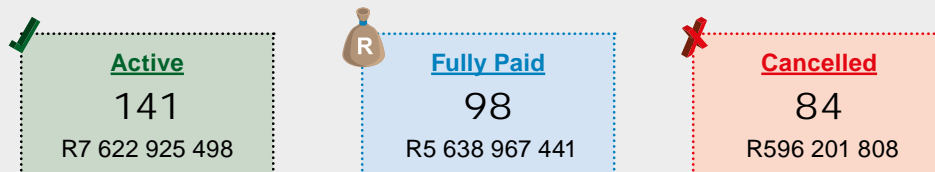
² Automotive Export Manual, 2021

APPROVALS OVERVIEW

In 2020/21, **the dtic** approved 23 projects. This is 11 fewer projects than those approved in the previous financial year, primarily due to the economic slowdown associated with the COVID-19 pandemic. The year saw R785 million in approvals, with a projected investment of R3 billion, resulting in 13 486 jobs supported.

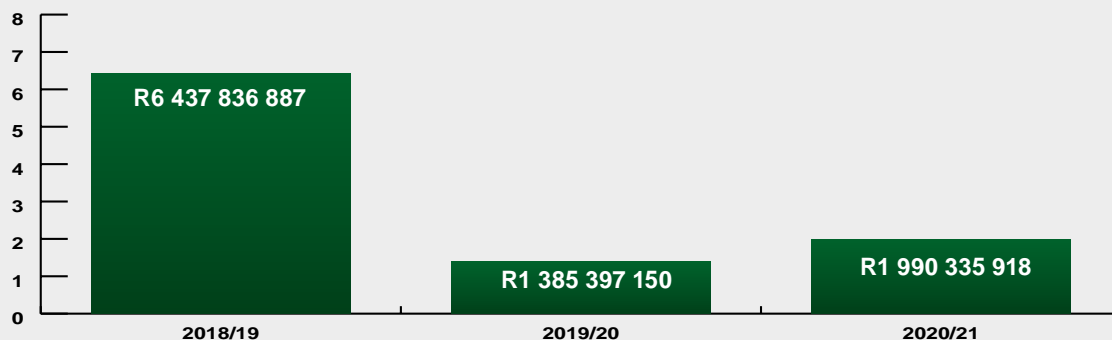
YEAR	PROJECTS APPROVED	APPROVAL AMOUNT	IM	PROJECTED INVESTMENT	JOBS TO BE CREATED	JOBS TO BE RETAINED
2018/19	35	R2 093 161 048	3.5	R7 419 786 141	720	22 051
2019/20	34	R2 262 086 040	3.4	R7 738 199 694	871	19 876
2020/21	23	R785 641 872	3.9	R3 085 939 293	461	13 025

AIS status since inception (2017/18-2020/21)



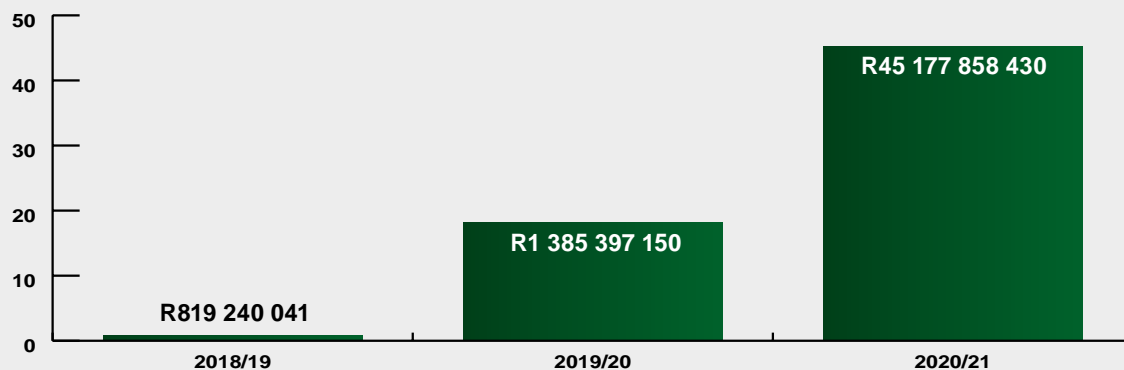
AIS is attracting foreign investment and expanding the sector in the economy through enhancing the skills base.

Projected foreign investment



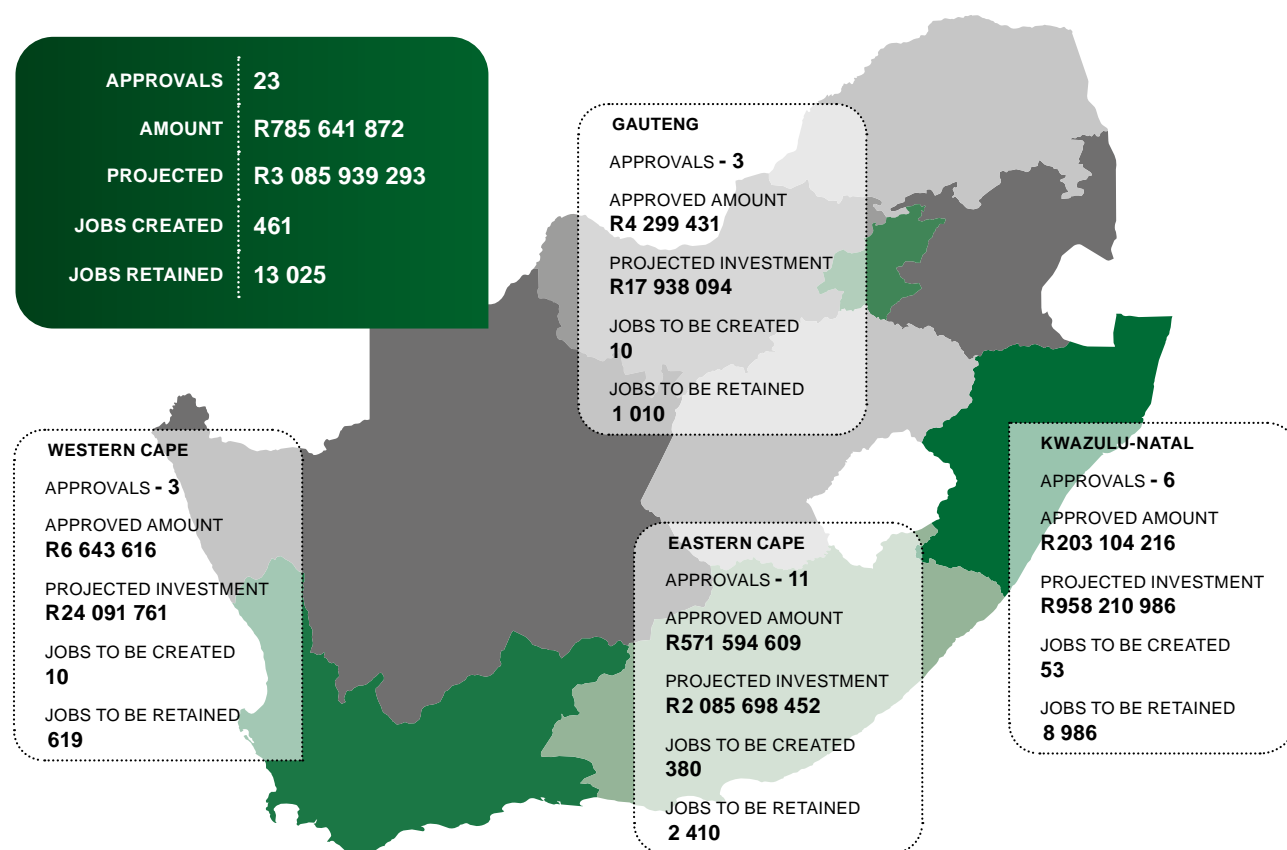
High level of domestic procurement supports the development of localised value chains.

Projected domestic procurement



AIS projects for 2020/21 were concentrated in the Eastern Cape with 11 approvals there amounting to more than half a billion rand. Of note is that all approvals, except one, were in the metros. This aligns with the current location of vehicle and component manufacturers being concentrated in large urban centres.

Sustaining employment is one of the key objectives of the AIS. Statistics from the 2020/21-year show that a total of 13 025 jobs will be saved over the next three years due to the incentive, and an additional 461 jobs will be created. Of significance is the impact the incentive will have on people with a disability. For this cohort of employees, 355 existing jobs will be retained.



	No.	VALUE OF APPROVALS	PROJECTED INVESTMENT	JOBS TO BE CREATED	JOBS TO BE RETAINED
GAUTENG	3	R4 299 431	R17 938 094	18	1 010
City of Ekurhuleni Metropolitan Municipality	1	R1 751 750	R8 247 370	0	498
City of Johannesburg Metropolitan Municipality	1	R750 000	R2 500 000	12	254
City of Tshwane Metropolitan Municipality	1	R1 797 681	R7 190 724	6	258
KWAZULU-NATAL	6	R203 104 216	R958 210 986	53	8 986
eThekweni Metropolitan Municipality	5	R190 609 682	R922 512 317	17	6 799
iLembe District Municipality	1	R12 494 534	R35 698 669	36	2 187
EASTERN CAPE	11	R571 594 609	R2 085 698 452	380	2 410
Buffalo City Metropolitan Municipality	6	R484 793 950	R1 767 035 820	312	662
Nelson Mandela Bay Metropolitan Municipality	5	R86 800 659	R318 662 632	68	1 748
WESTERN CAPE	3	R6 643 616	R24 091 761	10	619
City of Cape Town Metropolitan Municipality	3	R6 643 616	R24 091 761	10	619

While the B-BBEE criteria are set to change under the new guidelines from July 2021, the AIS currently supports CMs, OEMs and PO1s (the people carrier programme) across B-BBEE levels 1-8. Of the 23 approvals, 19 were for CMs. The table below outlines the B-BBEE levels and products of the AIS beneficiaries.

The range of components manufactured in South Africa signals the opportunities and potential growth for local suppliers into these value chains

CM and OEM B-BBEE levels and products	Approvals	Approval amount	Projected investment
Component manufacturers	19	R597 901 180	R2 174 902 936
Level 1	2	R112 885 843	R325 773 350
Aluminium & steel laser cut for body panels	1	R111 134 093	R317 525 980
Hot formed coil springs, leaf springs, and stabiliser bars	1	R1 751 750	R8 247 370
Level 2	5	R39 601 695	R115 587 311
Felt/foam with adhesive backing	1	R1 750 000	R5 000 000
Head lamps, front turn signal lamp, & rear combination lamp	1	R23 222 500	R66 350 000
Laminated automotive glass	1	R1 797 681	R7 190 724
Toughened automotive slide glass	1	R336 980	R1 347 918
Wire harnesses	1	R12 494 534	R35 698 669
Level 4	4	R71 313 370	R239 623 893
Brake drums and steering knuckles	1	R750 000	R2 500 000
Headrest stays and exhaust stamping parts and roll form parts	1	R2 868 990	R11 475 960
Multiple moulded plastic automotive parts	1	R26 670 051	R88 900 171
Plastic moulded interior parts	1	R41 024 329	R136 747 762
Level 6	3	R73 692 793	R294 771 173
Glass run channels 4D	1	R1 971 250	R7 885 000
Rubber sealing systems	1	R2 500 000	R10 000 000
Structural chassis components	1	R69 221 543	R276 886 173
Level 7	1	R50 117 709	R200 470 835
Aluminium rims	1	R50 117 709	R200 470 835
Level 8	4	R250 289 770	R998 676 374
Chassis components	1	R99 807 302	R399 229 207
Exhaust rear muffler	1	R11 373 470	R45 493 879
Injection moulded fuel filler	1	R2 172 366	R6 206 761
Instrument panels, door panel, floor consoles, and cockpit	1	R136 936 632	R547 746 527




CM and OEM B-BBEE levels and products	Approvals	Approval amount	Projected investment
Original equipment manufacturers	3	R174 015 282	R842 409 306
Level 7	3	R174 015 282	R842 409 306
Catalytic converters	2	R27 667 102	R110 668 405
New Model Facelift	1	R146 348 180	R731 740 901
PO1*	1	R13 725 410	R68 627 051
Level 7	1	R13 725 410	R68 627 051
Minibus	1	R13 725 410	R68 627 051

* People Carrier sub-programme of the AIS. With this sub-programme, applicants apply for grant funding for the minibus/taxis.



DISBURSEMENTS OVERVIEW

Overview of disbursements by sub-programme

INCENTIVE	CLAIM AMOUNT	ACTUAL INVESTMENT	DOMESTIC PROCUREMENT
Component Manufacturers	R172 958 287	R2 436 626 457	R2 726 365 486
Medium Heavy Component Manufacturers	R222 830 983	R707 399 946	R545 587 905
Original Equipment Manufacturers	R337 158 230	R10 861 844 646	R18 040 755 996
TOTAL	 R732 947 500	 R14 005 871 049	 R21 312 709 387

CMs reported a 34% average annual increase in turnover, an indication of the improved competitiveness of the these manufacturers.

All four OEMs that claimed in 2020/21 produced more than the minimum volume required of 50 000, with three producing more than 85 000 per annum.

Deepening the local content value chain with the following products containing more than 60% local content: Exhaust system components, solar panels, and automotive pressing and assemblies, pressed sound deadeners, towbars, steel coil cut and slit, steel sheets, blanks and plates, vehicle seats, interior boot parts, and injected mould parts.

These investments have had a significant effect on jobs within the automotive industry with 3 597 new jobs created and 30 789 retained. Of importance, 25 000 Black jobs were supported through the incentive.



NEW JOBS CREATED

CM - 2 206
MHCM - 237
OEM - 1 154
TOTAL - 3 597



EXISTING JOBS RETAINED

CM - 9 808
MHCM - 1 013
OEM - 19 968
TOTAL - 30 789



PEOPLE WITH DISABILITIES JOBS SUPPORTED

CM - 149
MHCM - 7
OEM - 119
TOTAL - 275



FEMALE JOBS SUPPORTED

CM - 3 212
MHCM - 201
OEM - 4 287
TOTAL - 7 700



YOUTH JOBS SUPPORTED

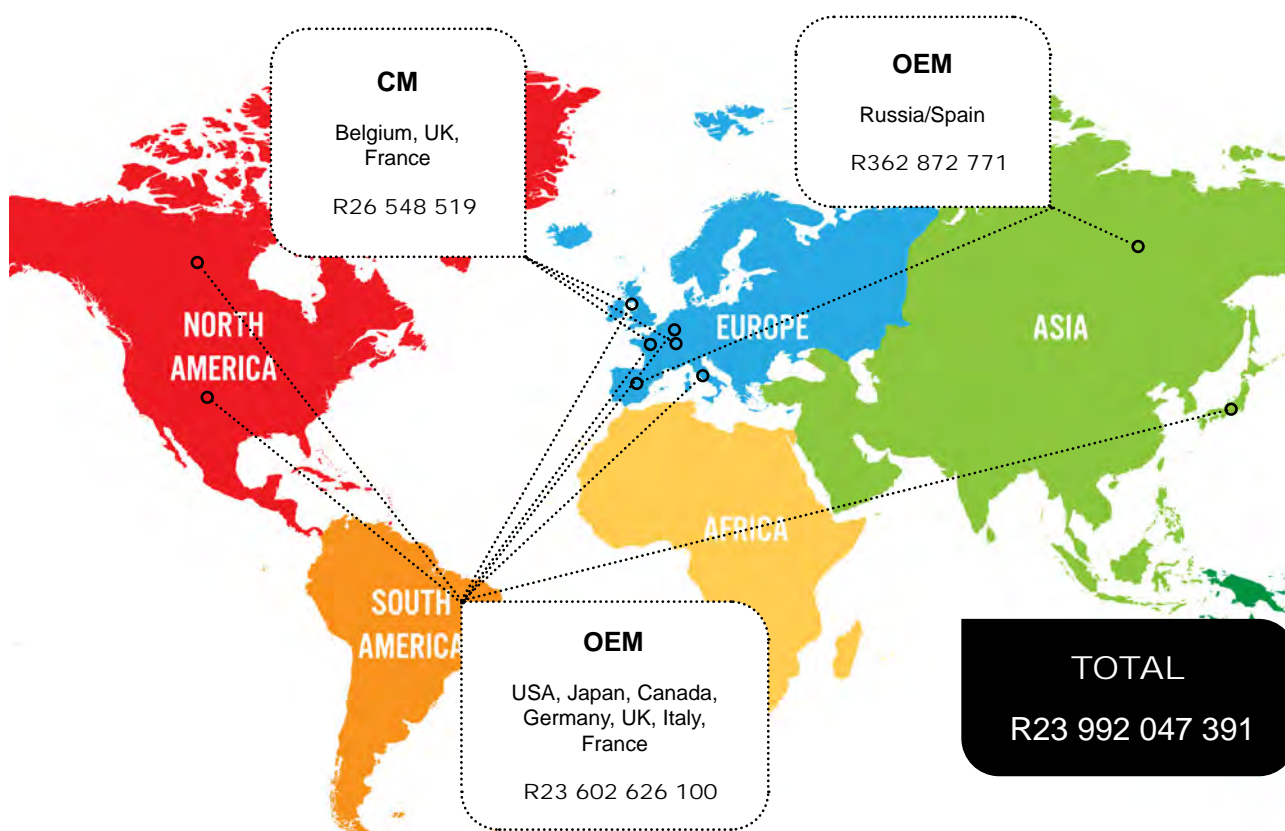
CM - 4 787
MHCM - 645
OEM - 7 114
TOTAL - 12 456



BLACK JOBS SUPPORTED

CM - 8 665
MHCM - 1 079
OEM - 15 261
TOTAL - 20 005

Those beneficiaries that responded to the annual outcome survey reported exporting to 10 different countries to the approximate value of R24 billion. CMs contributed 1% of the total exports.



BMW SA is constantly focusing on improving its production process which included the construction of an environmentally friendly Body Shop using increased natural lighting, LED lighting and efficient cooling systems to reduce energy and water consumption, particularly for space cooling and machinery cooling. The evaporative cooling systems, being water based, reduce energy consumption as opposed to conventional systems and also eliminate the need for refrigerant gas. Water and energy consumption is reduced significantly in the winter period due to the nature of evaporative cooling. In the Paintshop, a number of energy-saving and environmental saving initiatives were implemented including an Integrated Paint Process (IPP) which included ceasing the use of gas on the primer oven, changing from solvent to water-based paints, introducing energy saving water towers and other water saving initiatives.



COVID-19 RESPONSE:



How has COVID-19 impacted businesses negatively?

“Lockdowns disrupted both the supply and sales of goods and caused significant delays in production, which affected volume output and revenue generation, while fixed costs remained constant, resulting in severe losses.”

“COVID-19 had a major impact on planned production volumes, resulting in loss of production units. Production volume impact was mostly felt on export units and saw planned sales decrease for the 2020 financial year.”

“Negative impact as a result of the death of a long-standing employees who had been with the company for over 38 years. “

“Managing external supply chains was impacted by logistical constraints and this shut down led to cashflow and function constraints.”

What has businesses done to limit the impact of COVID-19?

“Implementing all measures required as per government guidelines to limit impact of COVID-19.”

“Implementing a wide array of protocols to mitigate the spread of COVID-19 in the workplace including providing employees with masks and an in-house PCR [COVID-19] testing facility.”

“Additional borrowings from banks, no salary increases, employment freeze and a 4-day week for all support staff. All spending was flexed downwards as far as possible and supplier payment terms extended to at least 45 to 60 days.”

“All employees put on short time to reduce financial stress on the business and to avoid retrenchment.”

“Ongoing discussions with head office for additional opportunities and new markets to supply, for example: the US market.”



AUTOLIV SOUTHERN AFRICA - (PTY) LTD

LEVEL 8, FOREIGN OWNED ENTITY



Town: Krugersdorp
Municipality: West Rand District
Province: Gauteng

Product:

Curtain Airbags



ACTUAL INVESTMENT:
R7 045 000



JOBS CREATED:
16



JOBS RETAINED:
148



Autoliv Southern Africa (Pty) Ltd was incorporated in 1955 under a different trading name. The company began making seatbelts for cars in 1980 and in 2002 they manufactured the first airbags in vehicles made in Africa. In 2011 they began making inflatable curtain airbags for Ford Rangers. These airbags are unique to specific makes of vehicles and initially Autoliv supplied Ford for their South African bakkies only. However, the Ranger was more popular globally than initially projected and Autoliv had to increase its volumes to keep up with demand. **the dtic** incentive was approved for the purchase of a plant and machinery to furnish this demand. They now produce global volumes and export 60% of the curtain airbags produced to Thailand, Argentina, China, India and Vietnam. Once the plant and supply was established in South Africa, and tested and approved by Ford, it is difficult to move or to set up in one of these countries, so South Africa has benefitted from this global demand.

Supplying a global market has had positive benefits. The first is that Autoliv has engaged in extensive skills development, and this incentive has been used to create 37 learnerships on-site. While not all are involved in this project, they work in the sections

related to this project: components, assembly, dispatch and stores. It is not only operators who are upskilled but support functions also. Autoliv outsources skills acquisition to NQF levels 3 and 4 so that their staff can gain recognised qualifications and practical experience and they make use of an external skills development facilitator to manage all of this. The cost of monthly stipends for the learnerships are covered by the company. The second benefit in engaging in the global market is that it helps to bring work into South Africa and reach scales that could not be reached by servicing just one market. Autoliv has created a number of new jobs because of added volumes, lines and core functions. The company was able to create an additional 16 permanent positions within the company. As at September 2020, the company had a total of 148 employees, of which 113 were Black, 98 were women, 76 were youth, and one was disabled. The third benefit is that it forced Autoliv to import new technologies into the country which helps to improve the South African knowledge and skills, including that of artisans and PLC programmers for automated process. Finally, Autoliv has localised its component supply into the assembly area, which means it imports fewer goods.



VENTURE DIVERSIFIED PRODUCTS - (PTY) LTD

LEVEL 8, SOUTH AFRICAN ENTITY



Town: Rosslyn
Municipality: City of Tshwane Metropolitan
Province: Gauteng

Product:

Injection moulded components



ACTUAL INVESTMENT:
R259 800 357



JOBS CREATED:
297



JOBS RETAINED:
443



Venture Diversified Products (Pty) Ltd has been supplying car manufacturer BMW with painted exterior parts since 1992. Parts currently supplied include front and rear assemblies, spoilers, interior components and under body components, some of which are painted and others are not. There are three main processes to their work: injection moulding; painting with environmentally friendly waterborne paint, which is done in a robotic painting line; and assembly. In 2015 Venture Diversified Products (Pty) Ltd quoted on a new project: the new BMW X3. Other companies, some international ones, also quoted but Venture was awarded the contract. This was the biggest single project that Venture South Africa had ever undertaken and **the dtic** incentive was a vital contribution to the purchase of new machinery. The new machinery included moulding machines, painting robots, and associated assembly and logistics equipment.

Getting a car on the market is a long process: the negotiations with BMW began at the end of 2015 and production began in March 2018. In that time, Venture ordered machinery and placed orders for tooling, both of which have long lead times. They also employed and trained new staff. The plant has 740 employees, of which 297 are new. Employees include 659 Black, 186 female and 309

youth employees. The new project also required significant training and up-skilling of the workforce. Training is specific to a piece of equipment and involves coaching on the core competencies to operate the equipment. This included, in the moulding department: tool maintenance, tool changers, machine setters, robot programming, operators, and quality inspectors. In the painting department, up-skilling included robot programming, robot maintenance, paint application equipment maintenance, the mastering of PLC logics, and general paint plant maintenance. The assembly department required up-skilling in machine operation, quality standards, and inspection. Some of the training is done in-house and some is outsourced.

The multiplier effect of this incentive is that approximately 95% of the vehicles which contain parts from Venture are destined for the export market

COVID-19 created serious challenges for Venture because BMW South Africa stopped manufacturing vehicles between 20 March and 18 May 2021. Once manufacturing recommenced, many hurdles were faced in restarting international logistic supply chains in a COVID-19 restricted world.

AGRO-PROCESSING SUPPORT SCHEME

Agro-processing is considered a national priority sector in South Africa. It is one of our largest manufacturing subsectors, accounting for 24% of manufacturing GDP and 20% of all manufacturing employment³. It has strong backward linkages to the agricultural sector, also a key employer in more rural agricultural areas with high poverty levels. Agro-processing adds value to agricultural products, and to both local and export markets.

the dtic's Agro-Processing Support Scheme (APSS) aims to stimulate investment by South African agro-processing enterprises to increase

capacity and employment, assist enterprises to modernise machinery and equipment, improve competitiveness and productivity, and to broaden participation in the sector. The following five key sub-sectors are targeted: food and beverage; furniture making; fibre processing; feed production; and fertilizer production.

The incentive provides a cost-sharing grant of between 20% and 30% of qualifying costs up to a maximum of R20 million over a two-year investment period. An additional 10% grant may be considered for projects which meet all the economic benefit criteria: employment; transformation; geographic spread; and local procurement.

The B-BBEE requirement for this incentive is that the enterprise must be B-BBEE compliant in terms of the B-BBEE codes, achieve level 1 to level 4, and submit a valid B-BBEE certificate or affidavit.


APPROVALS OVERVIEW

The 2020/21 financial year saw an approval amount of R52 million, the highest over a three-year period. Importantly, these grants had an investment multiplier of 12, with a R625 million projected investment.

Significant investment into production facilities and new machinery and equipment by the supported agro-processing enterprises are signaling improved competitiveness, more employment and higher economic returns in the near future.

YEAR	PROJECTS APPROVED	APPROVAL AMOUNT	IM	PROJECTED INVESTMENT	JOBS TO BE CREATED	JOBS TO BE SAVED
2018/19	16	R43 655 662	4.9	R214 524 152	538	1 236
2019/20	10	R47 649 680	4.8	R227 462 110	520	309
2020/21	10	R52 077 420	12.0	R625 795 853	691	29

APSS status since inception (2017/18 - 2020/21)

 **Active**
42
R184 753 554

 **Fully Paid**
4
R496 932 051

 **Cancelled**
82
R312 178 497

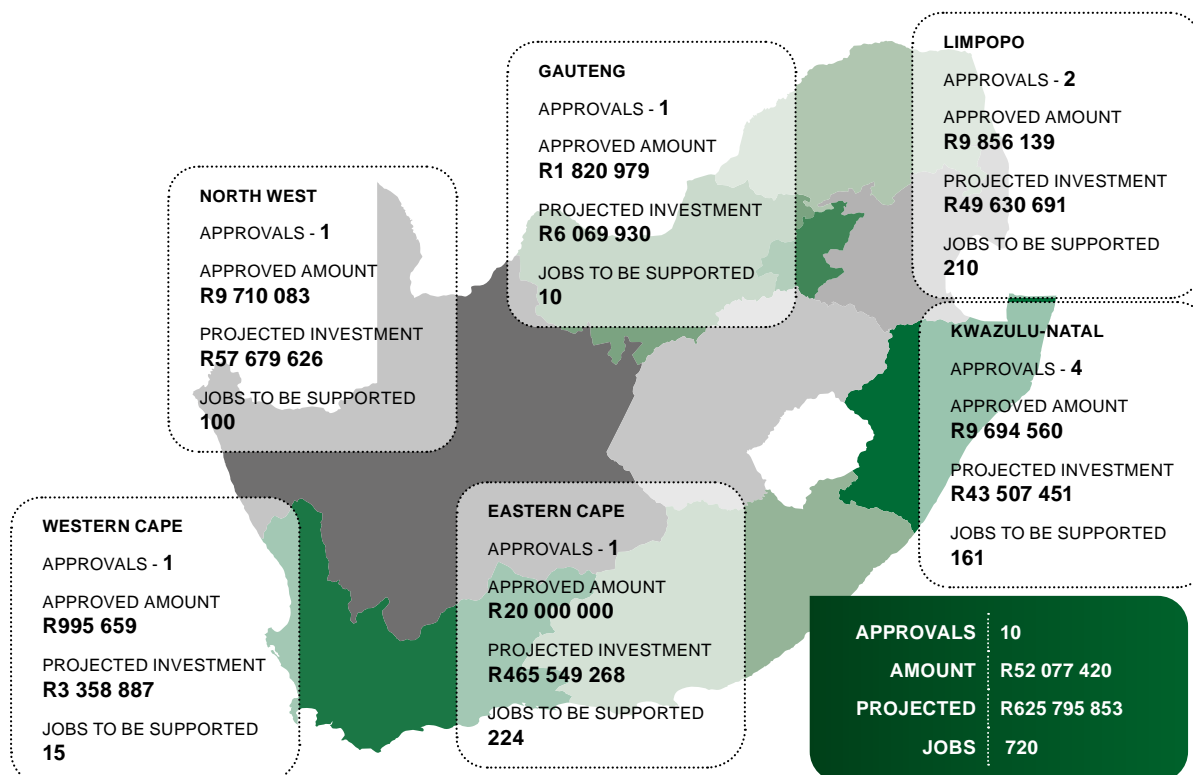
³ Re-imagining our Industrial Strategy to Boost Inclusion & Private Investment, Cabinet Lekgotla, 12-14 June 2019.

APSS contributing towards the District Development Model

Geographic spread is one of the economic criteria for this incentive. Given the benefits of agro-processing plants being located close to their agricultural suppliers, in terms of transport costs, quality, and lead times, it is good to note that most approvals were in district municipalities (60%). This should bring much needed investment and jobs to these areas. Of the 720 jobs expected to be supported through these incentives, 606 will be supported in districts.

APSS approvals according to province and district municipality for 2020/21

	No.	VALUE OF APPROVALS	PROJECTED INVESTMENT	JOBS TO BE SUPPORTED
GAUTENG	1	R1 820 979	R6 069 930	10
City of Ekurhuleni Metropolitan Municipality	1	R1 820 979	R6 069 930	10
NORTH WEST	1	R9 710 083	R57 679 626	100
Bojanala Platinum District Municipality	1	R9 710 083	R57 679 626	100
LIMPOPO	2	R9 856 139	R49 630 691	210
Sekhukhune District Municipality	1	R4 476 139	R22 380 691	10
Waterberg District Municipality	1	R5 380 000	R27 250 000	200
KWAZULU-NATAL	4	R9 694 560	R43 507 451	161
eThekweni Metropolitan Municipality	1	R3 000 000	R15 000 000	89
Ugu District Municipality	2	R3 249 682	R11 283 072	52
uMgungundlovu District Municipality	1	R3 444 878	R17 224 379	20
EASTERN CAPE	1	R20 000 000	R465 549 268	224
Amathole District Municipality	1	R20 000 000	R465 549 268	224
WESTERN CAPE	1	R995 659	R3 358 887	15
City of Cape Town Metropolitan Municipality	1	R995 659	R3 358 887	15



As significant agro-processing sub-sectors, food and beverages and furniture-making projects received grants during this reporting period.

One approval was for a chicken processing plant in the North West, an important investment in a more rural municipality with high unemployment and limited opportunities. The importance of the poultry industry for rural development is evidenced by the priority given to the sector through the development of a Poultry Master Plan to refocus the industry to exports, reclaim the domestic market, and improve value extraction. This approval will result in the creation of 100 jobs.

	Approvals	Approval amount	Projected investment
Food & beverages			
Cereal	1	R1 820 979	R6 069 930
Instant noodles	2	R6 444 878	R32 224 379
Maize meal, wheat flower and animal feed	1	R20 000 000	R465 549 268
Packed table grapes	1	R4 476 139	R22 380 691
Packed vegetables and tomatoes	1	R5 380 000	R27 250 000
Popcorn	1	R995 659	R3 358 887
Processed chicken	1	R9 710 083	R57 679 626
Processed meat	1	R451 618	R1 564 403
Furniture manufacturing			
Upholstered couches, interior doors, bathroom cabinets & wardrobe	1	R2 798 064.00	R9 718 669

Significantly, two of the projects approved are located in areas with high unemployment. One, producing maize meal, wheat flour, and animal feed, is located in the Amathole District of the Eastern Cape and will create 244 jobs. Another, located in Limpopo, packaging vegetables and tomatoes, is a Black male-owned business which will create 200 jobs. The location of these projects in more rural districts provides opportunities to strengthen local forward and backward linkages, thereby growing the local economies.



The majority of the projects (80%) are level 1 certified according to B-BBEE codes

APSS ownership and B-BBEE levels

	APPROVALS
Female owned	2
Female empowered	1
Youth-owned	1
Youth-empowered	2

The two youth-empowered businesses (ownership share between 25% and 50%), one in KwaZulu-Natal and the other in the North West, will see 100% local procurement. This will positively impact businesses in the agro-processing value chains in these areas.

	APPROVALS
Level 1	8
Black female	2
Black male	5
NPO	1
Level 4	2
Entity	1
White male	1






Local procurement is another of the economic benefit criteria for this incentive

The two companies where women's ownership exceeds 50% will see an average of 85% local procurement. Incidentally both these companies are in the food and beverage industry.



DISBURSEMENTS OVERVIEW

Overview of APSS disbursements

	Claim amount	R22 506 048	
	Actual investment	R165 369 381	
	Value of domestic procurement	R122 809 164	69% of goods and services were procured from Black South African suppliers.
	Value of export revenue	R41 942 171	Exports inclusive to countries such as China, Nigeria, Tanzania, UK, Namibia, Europe, Malaysia, and Singapore.
	New jobs created	601	
	Existing jobs retained	1 321	
	Black jobs supported	1 384	
	Female jobs supported	305	
	Youth jobs supported	987	

Beneficiaries also reported on measures they had put in place to improve the application of green technology and resource efficiency. One beneficiary reported that they have installed solar panels which powers up to 25% of their daily electricity needs. In addition, the installation of an oven powered by biofuels has further reduced their electricity needs. Water savings measures have resulted in a saving of 15 000lt per day and the company now only sources recyclable packaging.



“The funding assisted to expand the factory with additional and more efficient equipment to increase volumes and add a new division to the factory for processing and producing high-quality green rooibos tea with the new advanced equipment and machinery. Production has more than doubled.”

“The productivity has increased greatly - the project was utilising manual graters and cooking pots, however they are now utilising a new industrial grater and steam pot which allows them to process increased volumes of raw material.”

“The flow wrappers allowed us to reduce our ingredient costs from an average of 42% to 37%. On R12m turnover, this brought a savings of over R600 000 annually over the last three years, allowing us to re-invest back into our business, replacing old equipment that cost us more in maintenance than purchasing new ones.”

“The project was able to secure additional supplies to a number of retail Spars in Mpumalanga, Premjee Cash n Carry, Big Save in Midrand, Soweto, and Mamelodi, and as well as increased supply to new spaza shops. Over and above that, the project has previously exported to Nigeria, China and Tanzania. The project has also listed its products online using social media platforms.”

“We managed to increase our production from 50 000 cookies daily to between 82 000 and 96 000 cookies daily. It allowed us to enter the export market by obtaining our FSSC [Food Safety Systems Certificate] accreditation, allowing us to attend trade shows. It also allowed us to upgrade the building to maintain our food safety certification.”

COVID-19 RESPONSE:



How has COVID-19 impacted businesses negatively?

- Delay in the acquisition of imported machinery which delayed production and impacted on the achievement of increased production volumes and capacity levels in line with projections.
- Revenue from hospitality, retail and catering sectors impacted by the effect of lockdowns.



BARAMAKAMA POULTRY (PTY) LTD

LEVEL 1 SOUTH AFRICAN SMME



Town: Molote City
Municipality: Bojanala Platinum District
Province: North West

Product:

Chicken eggs



ACTUAL INVESTMENT:
R14 536 800



JOBS CREATED:
48



JOBS RETAINED:
31

Baramakama Poultry (Pty) Ltd has its roots in community development. Father and son duo Solly and Ofentse Moloko investigated the prospects of how a community-driven poultry project in Molote City could change the economy within the surrounding area. They made a strategic decision to buy layers, as that is a labour-intensive industry, and everyone needs eggs. In 2017 Baramakama opened with one chicken house housing 10 200 layers, all capitalised by themselves. However, in this industry, that is very small scale and considered informal. To grow in cost-saving ways, they bought houses from existing farmers, dismantled those houses, and transported the pieces to the Baramakama Farm based in Molote City for reconstruction. By the end of 2017 they had increased the farm's capacity to six houses holding 66 400 layers.

But a gap analysis showed that Baramakama needed to move into the formal market and they used **the dtic** incentive to build a pack house with the latest grading machine which can grade and pack 45 000 eggs per hour. The grading machine was imported as there are few manufacturers globally building this quality of machine. The state-of-the-art grading machine is important as it assists in the FSA accreditation required to supply the formal retail market. The facility was fully operational by the end of January 2020, and by then the Baramakama Poultry houses had increased their capacity to 276 000 layers. Acquiring Hazard Analysis Critical Control Point (HACCP) and FSA food safety certification took some time and was achieved in June 2020, and the company began supplying commercial stores and suppliers in July 2020.

The incentive created 48 additional jobs across divisions. In the pack-house, there are 30 permanent staff and 12 temporary staff members for weekends: 33 are women, three employees are above the age of 35 years and all are Black and come from the



local community, which is a rural village. The middle management roles – sales, stock control, quality control, drivers, and admin – are all filled by staff who, through internal training moved from being egg-collectors to their current roles. Of these five people, four are women and this is part of the company's strategic agenda. All staff are trained in HACCP and FSA regulations and processes by both internal management and external consultants. Baramakama Poultry has six Black male drivers all of whom youth. Baramakama Poultry financed and trained them to obtain their driving licences and now two have been upgraded to obtaining code 14 licenses – the highest code in South Africa. Baramakama Poultry also has a green plan based on their Environmental Impact Assessment (EIA) which includes: packaging waste is recycled as part of its EIA requirements; moving the pack-house off-grid has been costed for future implementation; and the 30 cubes of manure produced per day are given to farmers in the surrounding areas. In the future, the company would like to use the manure to build an independent company producing organic compost.

There are many barriers to entry in this industry and Black industrialists are newcomers. Baramakama believes that the industry is run by a handful of very large corporations and all aspects of egg production sit in the hands of large players: buying the layers, chicken feed, access to commercial markets and the packaging itself. While the company would like to support Black-owned SMMEs, none exist that can provide input resources on the scale that Baramakama requires, and this may be a gap in the market.



ITAU RUMINANT FEEDS (PTY) LTD

LEVEL 4, SOUTH
AFRICAN TRUST



Town: Bloemfontein
Municipality: Mangaung Metropolitan
Province: Free State

Product:

Animal feed



ACTUAL INVESTMENT:
R62 534 923

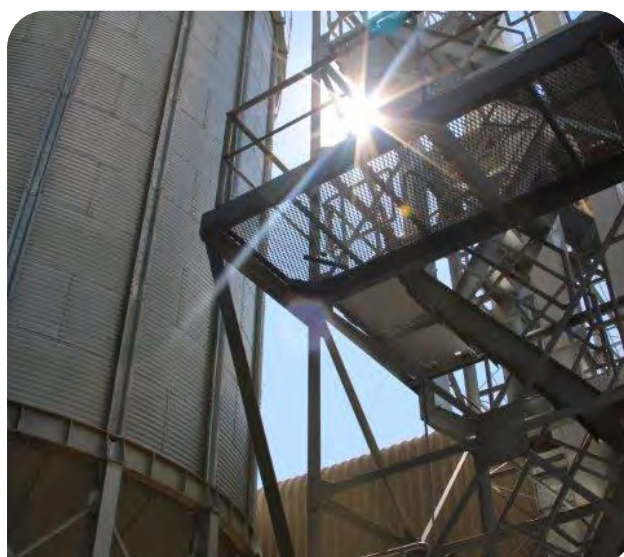


JOBS CREATED:
17



The Itau group started in 1989 and now has various arms, including Itau Milling, Itau Animal Feeds, and a new entity, Itau Ruminant Feed (Pty) Ltd. Itau saw an opportunity for growth into the ruminant feeds market which they could sell through the farmers' co-ops in the area, who supply both large- and small-scale farmers. **the dtic** APSS incentive was used to construct a new plant with new machinery to manufacture ruminant food for cattle and sheep. The manufacturing process involves combining ingredients, for example, molasses and lucerne, in a mixer that is then sent to a pilling machine to create animal feed into formats that are easy to transport and give to animals.

The plant began production in June 2020 and has the capacity to produce 15 tonnes of ruminant feed in an hour. In the first months, production did not cap 100 tonnes per month, as Itau was producing only enough for its growing market. However, as the market has grown, capacity has increased and



they are now producing 100 tonnes per month, with further growth expected in the next year. Through this incentive, Itau has created 17 jobs, of which all are Black employees and eight are younger than 35 years of age.

100% of its suppliers are South African companies and SMMEs and more than 50% of those are Black-owned. Some smaller-scale farmers face difficulties in transporting their supplies to Itau but the company is committed to ensuring it maintains at least a 50% Black-owner supplier base. The main products it buys are maize and lucerne – which come from farmers – and molasses which comes from sugar mills.

In terms of its green agenda, all the new machines are state-of-the-art that are low on electricity, but Itau wants to build a solar plant in the future and apply for another incentive from **the dtic** for that.

AQUACULTURE DEVELOPMENT AND ENHANCEMENT PROGRAMME

Aquaculture is the commercial production of aquatic plants and animals and is comprised of freshwater aquaculture and sea or saltwater aquaculture. In South Africa, it includes the production of tilapia, trout, grunter, cob, oysters, seaweed, and abalone.

The Aquaculture Development and Enhancement Programme (ADEP) seeks to stimulate investment by commercially viable enterprises in the aquaculture sector that are engaged in primary, secondary, and ancillary activities.

This includes fish hatcheries and farms and the production, processing, and preserving of aquaculture fish.

The economic benefit criteria for the ADEP are to create/sustain jobs, broaden participation in the sector, increase production, and extend the geographic spread of the industry.

Support is offered by **the dtic** through the ADEP cost-sharing grant of up to 50% of qualifying costs up to a maximum of R20 million for machinery and equipment, bulk infrastructure, owned land and/or buildings, leasehold improvements, and competitiveness improvement activities. This is for both existing and new projects.

The B-BBEE requirements for the ADEP for companies with a turnover above R10 million is B-BBEE levels 1 to 4. Companies with a turnover below R10 million are required to submit an affidavit.

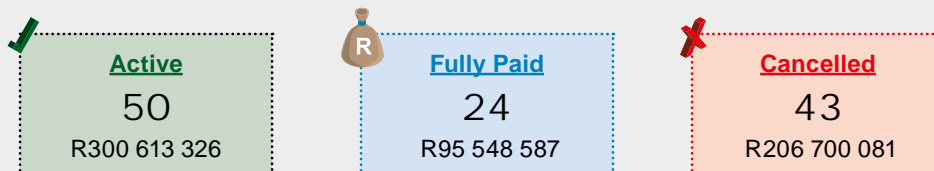
APPROVALS OVERVIEW

Of the nine approvals in this financial year, seven were for Black-owned businesses, increasing the participation of previously marginalised individuals in the aquaculture sector. Furthermore, of the seven Black-owned businesses, two are female-owned.

All women-owned aquaculture businesses reported that 100% of procurement would be local, stimulating local value chains and the local economy.

YEAR	PROJECTS APPROVED	APPROVAL AMOUNT	IM	PROJECTED INVESTMENT	JOBS TO BE CREATED	JOBS TO BE SAVED
2018/19	19	R169 648 662	4.5	R770 155 177	765	563
2019/20	13	R49 602 606	2.2	R111 272 259	138	348
2020/21	9	R38 398 851	1.6	R61 762 639	110	25

ADEP status since inception (2017/18-2020/21)



ADEP ownership



Black female

2



Black male/female

2



Black male

3



White male

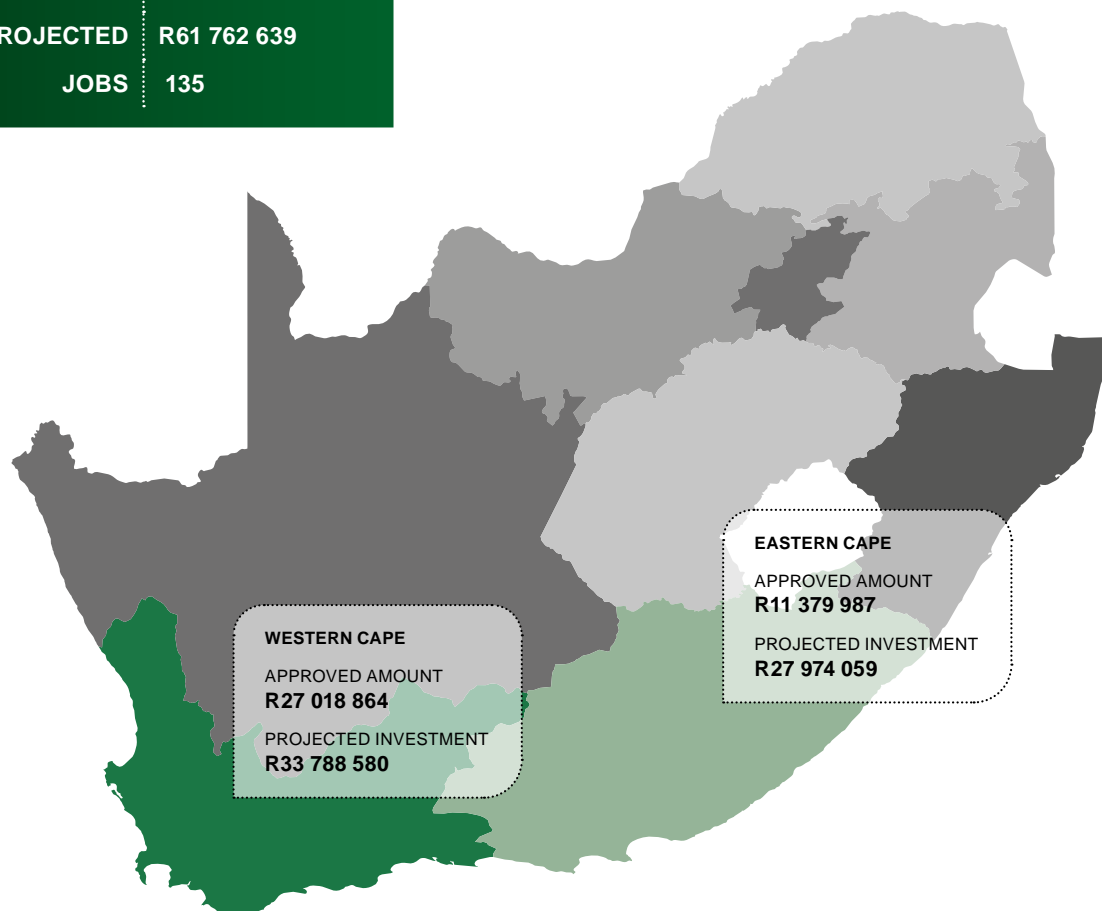
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ADEP is contributing towards spatial equity and economic inclusion through the support of emerging Black farmers in the West Coast District Municipality.

Seven of the nine projects approved in 2020/21 are located within the West Coast District Municipality in the Western Cape. All of these are new projects, totalling a projected investment of R33.7 million, creating 77 new jobs in the district. These Black farmer-owned new projects are expected to produce approximately 1 000 tonnes of mussels per annum.




	No.	VALUE OF APPROVALS	PROJECTED INVESTMENT	JOBS TO BE SUPPORTED
EASTERN CAPE	2	R11 379 987	R27 974 059	58
Buffalo City Metropolitan Municipality	1	R9 666 715	R24 166 788	25
New project	1	R9 666 715	R24 166 788	25
Nelson Mandela Bay Metropolitan Municipality	1	R1 713 272	R3 807 271	33
Expansion project	1	R1 713 272	R3 807 271	33
WESTERN CAPE	7	R27 018 864	R33 788 580	77
West Coast District Municipality	7	R27 018 864	R33 788 580	77
New project	7	R27 018 864	R33 788 580	77

APPROVALS 9
AMOUNT R38 398 851
PROJECTED R61 762 639
JOBS 135



Primary aquaculture refers to hatchery, nursery, and grow-out facilities for the products, while secondary aquaculture refers to the processing, value adding, and waste stream handling of aquaculture products. For the 2020/21 financial year, eight of the approvals were for primary aquaculture, seven of which were for the growing of mussels. Only one approval was made for secondary aquaculture, the processing of pacific oysters.






ADEP products per subsector

	Approvals	Approval amount	Projected investment
PRIMARY AQUACULTURE	8	R36 685 579	R57 955 368
Cob and yellow tail	1	R9 666 715	R24 166 788
Mussels	7	R27 018 864	R33 788 580
SECONDARY AQUACULTURE	1	R1 713 272	R3 807 271
Pacific oysters	1	R1 713 272	R3 807 271
TOTAL	 9	 R38 398 851	 R61 762 639



DISBURSEMENTS OVERVIEW

Overview of ADEP disbursements

	Claim amount	R23 628 149	Exports to countries including the USA, China, Hong Kong, Taiwan, Singapore, and Mauritius. The latter four are new export markets, signaling increased production.
	Actual investment	R139 791 712	
	Value of domestic procurement	81%	
	Value of export revenue	R1 699 215	
	New jobs created	165	
	Existing jobs retained	369	
	Black jobs supported	477	
	Female jobs supported	262	
	Youth jobs supported	96	



Examples of how projects are contributing towards the green economy

“General recommendations to obtain energy efficiency through reduced heat loss, improved cooling efficiency, heat recovery, increased utilisation of energy efficient equipment, and using alternative sources of renewable energy, have all been taken into consideration in both the farm and factory designs, with the farm operating almost solely on solar power during the daylight hours.”

“The business has invested in solar power and energy which has helped reduce the consumption of Eskom power. However, they have not installed the power batteries just yet due to the high costs of batteries.”

“The farm is based on clusters using 75% recirculated seawater, therefore reducing the electrical requirements by about 60% (or approximately R420 000) per month. The farm uses the seaweed Ulva as its biofilter to remove nitrogen, phosphates, and carbon dioxide to produce oxygen for recirculation. This seaweed grows at a phenomenal rate and about 500 tons of seaweed is produced and fed back to the animals, saving about 25% of kelp harvests per annum. Much less seawater is extracted and returned to the sea and the water that is returned is almost as clean as the water extracted in the first instance because of the efficient biofiltering by the Ulva.”

COVID-19 RESPONSE:



How has COVID-19 impacted businesses negatively?

- Lockdowns impacted on market access and capacity to retain employment.
- Export market affected by increased freight pricing.

Innovations under COVID-19

“The COVID-19 situation led to innovation which resulted in the development and sale of a whole new “Nyama Yami” budget range which has been very well received in the market and better suits the post-COVID pockets.”



KAROO CATCH (PTY) LTD

**LEVEL 2, SOUTH
AFRICAN TRUST**
with majority Black women ownership



Town: Graaff Reinet
Municipality: Sarah Baartman District
Province: Eastern Cape

Product:

**Frozen fish products for human
consumption & pet treat by-products**



ACTUAL INVESTMENT:
R59 798 346



JOBS CREATED:
73



JOBS RETAINED:
58

Karoo Catch's experience is that aquaculture in South Africa is generally focused on growing fish but not on processing, marketing, and selling them. They wanted to use the whole fish, not only those parts suitable for human consumption, which is about 45% of a fish. Canning allows the bones to be incorporated, meaning that humans are able to consume between 70% and 75%. Karoo Catch also produces pet treats under different brand names from parts of the fish that are not suitable for human consumption yet are very nutritious for animals. The incentive was used to design, obtain authorisations for, and equip the cannery section of the newly established factory (primarily with a retort: a giant pressure cooker that makes cans shelf stable). Karoo Catch has two major parts to its operations: the breeding, growing and harvesting of fish; and the processing of the products in a factory. Apart from canned fish, they also produce packaged and frozen fish fillets and cutlets, as well as woks, burgers and mince for human consumption. Fourteen years ago, when Karoo Catch (Pty) Ltd started, aquaculture was not a well-known or supported industry in South Africa. However, wild fish stocks are dwindling the world over and farmed fish could be a viable and sustainable alternative. The director of Karoo Catch, Liesl de la Harpe, uses South African figures to illustrate this: the quota of pilchards South Africa is now allowed to catch has dropped by 95% since 2004, from 457 000 tonnes to around 20 000 tonnes, and South Africa now imports fish. Karoo Catch began as Liesl's hobby and slowly grew, by piloting and trialling models and training courses, until today it is a formalised legal entity, with 51% Black ownership. Karoo Catch believes that the industry needs to be urgently developed to feed people and generate income for community members. At capacity, the company is geared to produce up to 1 500 tonnes of fish per annum, which is a drop in the ocean of what we consume.

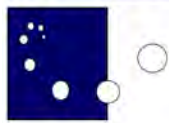


The incentive created 73 new jobs in the processing facility and that includes 73 Black, 55 female, and 60 youth employees. Employees are given training of various kinds: adult basic education and training provides a solid foundation for either the Agri SETA fish farming training programme or food processing qualification at NQF level 1. Karoo Catch trains more people than what they need in the hopes that those people can find jobs based on their work experience and through links to people who are working. One of the most positive outcomes is the gender empowerment aspect of the company: young women are finding employment, gaining confidence, challenging gender roles.

In terms of green savings, the fish growing section runs on solar during the day, inclusive of the pumps for water recirculation through tanks and filtration systems, and the fish tanks are housed inside greenhouse tunnels to keep them cool in summer and warm in winter.

Unfortunately, COVID-19 affected this business badly as new markets and distributors had just been found when lockdown happened, and these existing markets were inaccessible for a long period. Staff were retrenched and a section of the cannery has been rented out since then. However, 36 staff members have been seconded to the new operators in the cannery, and a similar number retained for cold-chain processing, so some jobs have been saved. There is however light at the end of the tunnel as Karoo Catch is currently engaging with potential equity investors in order to ramp up and supply the newly secured retail markets, thereby facilitating long term business viability.

BLUE SAPPHIRE PEARLS CC



BLUE SAPPHIRE PEARLS (PTY) LTD

LEVEL 4, WHITE
MALE SMME



Town: Saldanha
Municipality: West Coast District
Province: Western Cape

Product:

Mussels and oysters



ACTUAL INVESTMENT:
R3 653 377



JOBS CREATED:
4



JOBS RETAINED:
15



Blue Sapphire Pearls started cultivating oysters as a micro enterprise in 2008. After years of organic growth, they targeted export markets for oysters. The export market expanded and the ADEP funding was used to rapidly expand oyster production facilities to supply a growing market in the Far East. They needed new water space, baskets for growing the oyster stock, equipment such as long lines, moorings, floats and ropes, and infrastructure for packing oysters to conform to export standards on health and safety. They also started a secondary aquaculture project of a mussel cultivation operation that would produce mussels for processing at a neighbouring factory for export of processed mussels (cooked, frozen half-shell and meat).

The company employed 15 people and added an additional four jobs. Of those, 16 employees are Black, seven are women and four are youth.

They have not put in all the machinery they want yet, but for now, it is providing 80-90% of their daily needs. The project has also invested in solar power systems to improve their energy efficiency.

During COVID-19 the fresh export market collapsed with global lockdowns and the cost of freight became very high, so exports also became unprofitable. The local market for oysters is small and over-subscribed and most clients are restaurants: that sector has suffered the most with shutdowns. The company is working hard to open new markets. Despite this, no jobs have been lost. Queries for oysters have come from as far afield as Russia but some export markets are difficult to penetrate, requiring, for example, bilateral government agreements and export health certificates. These challenges have restricted cash flow and progress with the initial expansion plans.

STRATEGIC PARTNERSHIP PROGRAMME

Under **the dtic**, the Incubator Support Programme (ISP) was established to promote the development of incubators through private sector partnerships with government. The intention of the programme was to build self-sustaining SMMEs through skills transfer, enterprise and supplier development, and marketing opportunities. This would ensure that that SMMEs could generate revenue, create jobs, and contribute to economic growth. The programme was suspended in November 2016 and replaced with the Strategic Partnership Programme (SPP). The ISP continues to pay out remaining claims.

SPP was initiated to develop and support programmes and interventions aimed at enhancing the manufacturing and services supply capacity of suppliers, with linkages to strategic partner supply chains, industries, or sectors.

The objective of the SPP is to support large private sector enterprises that are in partnership with government so that they champion, nurture, and develop SMMEs within their supply chains, such that the SMMEs become sustainable manufacturers of goods and suppliers of services. The programme is therefore an important part of government's Enterprise and Supplier Development (ESD) programmes.

is available on a cost-sharing basis between government and the strategic partner(s), for infrastructure and business development costs necessary to mentor and grow enterprises.

The grant approval is capped at a maximum of R15m per financial year over a three-year period towards qualifying costs.

This programme supports the B-BBEE policy through strengthening supplier development and



APPROVALS OVERVIEW

Two approvals were made during the 2020/21 financial year for the SPP, amounting to R19.7 million. With an investment multiplier of 2.1, this is expected to result in a total investment of R43.2 million into the national economy. As both approvals were for new projects, 79 new jobs are expected to be created.

	No.	VALUE OF APPROVALS	PROJECTED INVESTMENT	JOBS TO BE SUPPORTED
GAUTENG				
City of Johannesburg Metropolitan Municipality	1	R17 249 997	R34 499 991	41
KWAZULU-NATAL				
uMgungundlovu District Municipality	1	R2 527 942	R8 738 475	38

APPROVALS	2
AMOUNT	R19 777 939
PROJECTED INVESTMENT	R43 238 466
JOBS	71

SPP approvals for the 2020/21 financial year include the following:

1. An enterprise that develops and manufactures a range of floor coverings and that has applied on behalf of six SMMEs within the installation value chain. This supplier development programme will enable the expansion of the pool of Black-owned enterprises that will be capacitated to fit high quality installations. Currently there is a severe shortage in skills within the industry brought about by historic barriers to learning diverse floor covering installations. Collectively, these SMMEs will be creating approximately 38 new jobs through this programme.
2. An international retailer that will be developing South African suppliers operating across a range of industries, inclusive of clothing, cooking gels, and door manufacturing. Seven SMMEs will be supported in the supplier development programme to either improve the quality of their products and/or to diversify their product range. It is envisaged that these seven SMMEs will be using a substantial amount of local content in all the product lines. Expected new jobs to be created are 41.

DISBURSEMENTS OVERVIEW

One disbursement of R2.7 million was made during this period to an agro-processing business within the eThekweni Municipality. This ISP project provides business development support to emerging forestry contractors in the incubator's value chain. The incubator programme has capacitated these community-based SMMEs to optimise their business quality and efficiencies, as well as improving their overall health and safety performance. The programme also ensures that they learn how to cost appropriately within their businesses, tender effectively, and have the necessary resources to run their businesses efficiently and professionally. A total of five SMMEs has been supported, creating 10 new jobs and retaining 50 existing jobs.

MANUFACTURING COMPETITIVENESS ENHANCEMENT PROGRAMME

The Manufacturing Competitiveness Enhancement Programme (MCEP) was designed to assist manufacturers who were negatively impacted by the 2009 global recession so that they can increase investment, raise competitiveness, and retain employment. During 2015, grant funding to the programme was fully committed and the programme was suspended with the Industrial Development Corporation (IDC) taking over the loan component of the project. This comprises working capital loans

for qualifying companies and for Black-owned manufacturers, and loans for plant and equipment. Both loans are given at a preferential rate fixed of 4% per annum.

B-BBEE requirements for the loan comprise the submission of valid B-BBEE certificates of compliance (i.e. B-BBEE levels 1-4) within 24 months of approval.

APPROVALS OVERVIEW

The MCEP programme saw 12 approvals during the 2020/21 financial year, amounting to R227 million in loans, with an investment multiplier of 3.7. The total projected investment of R846 million will see 3 812 jobs supported. Of these approvals, eight were for Black industrialists, with a loan amount of R158 million expected to generate a total investment of more than half a million rand.

MCEP three-year trend

YEAR	PROJECTS APPROVED	LOAN AMOUNT	IM	PROJECTED INVESTMENT	JOBS TO BE CREATED	JOBS TO BE SAVED
2018/19	40	R477 414 401	3.7	R1 761 480 924	1 524	2 903
2019/20	20	R359 200 000	3.4	R1 230 672 796	643	2 492
2020/21	12	R227 935 315	3.7	R846 486 368	87	3 725

Gauteng and KwaZulu-Natal provinces received the highest number of approvals, with five and four respectively. One approval in the Mpumalanga Province will see 2 562 jobs saved. In terms of approvals to Black industrialists, the pattern is similar to the overall MCEP pattern, with the majority of approvals going to Gauteng and KwaZulu-Natal.

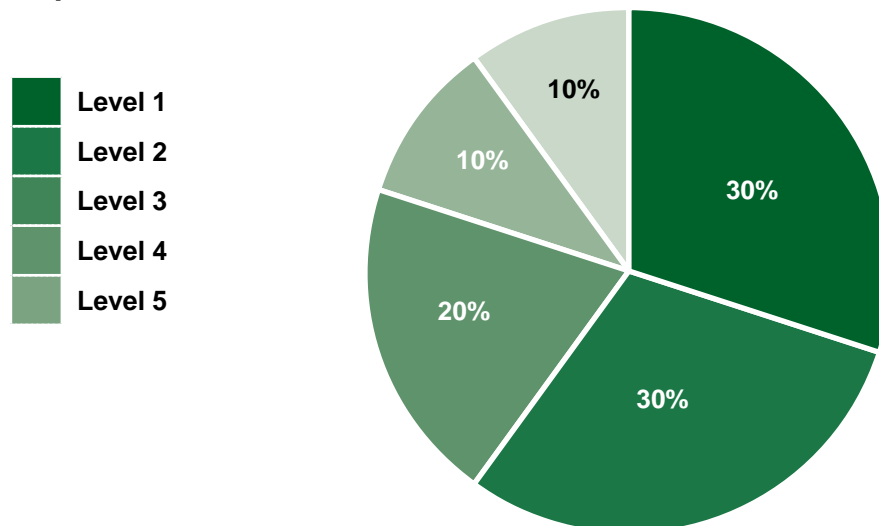
APPROVALS BY PROVINCE				
GAUTENG	NORTH WEST	MPUMALANGA	KWAZULU-NATAL	WESTERN CAPE
5	1	1	4	1

MCEP approvals by sector 2020/21

	Projected jobs to be created	Projected jobs to be retained	Jobs supported
Agro-processing	62	63	125
Basic and speciality chemicals	14	54	68
Basic metals and mining	0	727	727
Chemical products & pharmaceutical	11	37	48
Heavy manufacturing	0	89	89
Machinery and equipment	0	48	48
Textiles & wood products	0	2 707	2 707
TOTAL	87	3 725	3 812

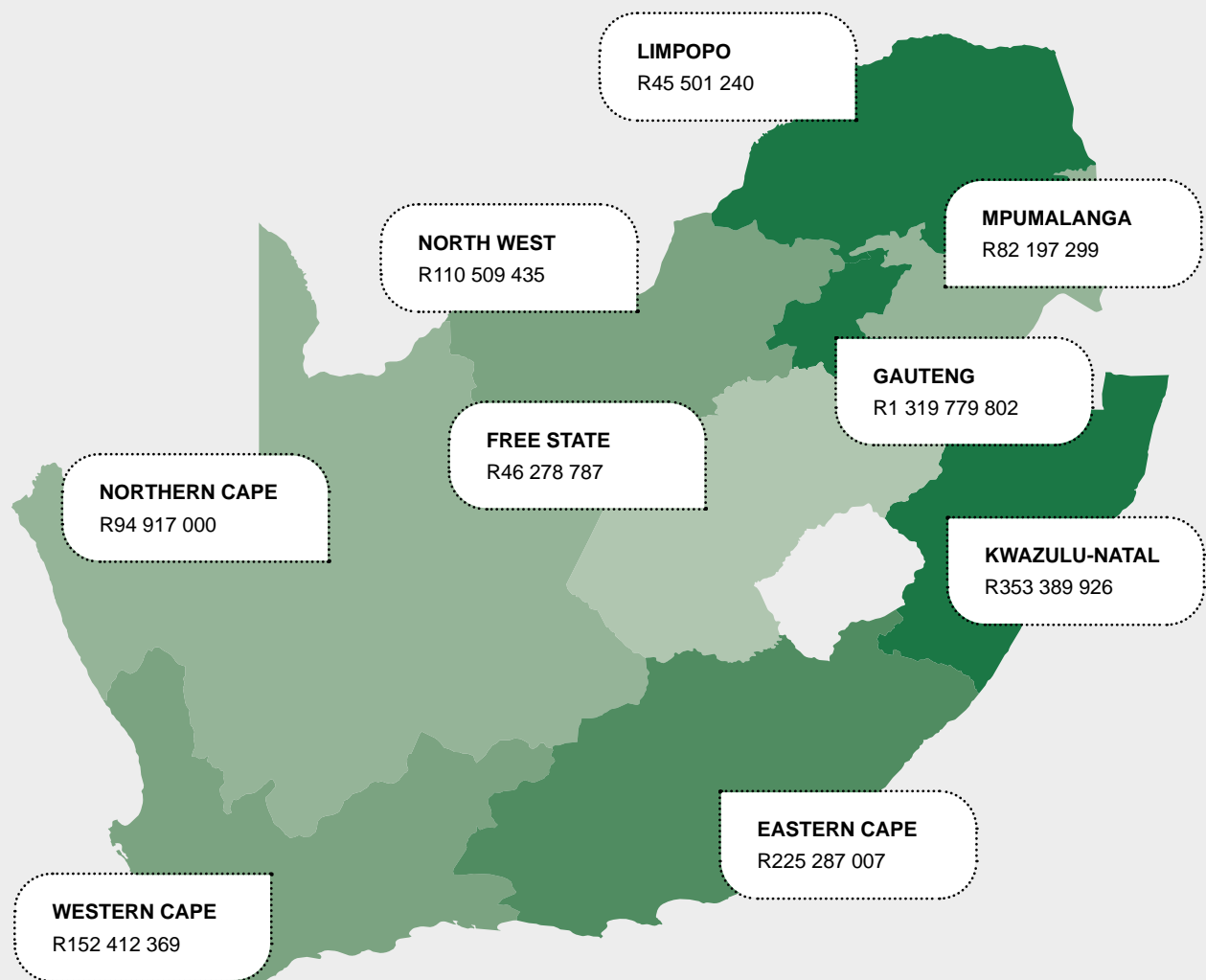
Of the 87 new jobs expected to be created through the MCEP, 67 of those are expected to be in the agro-processing sector. Of the 3725 jobs to be retained, a majority (2 702) are expected to be in the textiles and wood product sector.

MCEP ownership and B-BBEE levels



DISBURSEMENTS OVERVIEW

Since the inception of the fund in 2012, a total of R2.4 billion has been disbursed.



2 INNOVATION INVESTMENT CLUSTER






The Innovation Investment cluster promotes innovation and technology development. Incentives included in this sector are:

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



FUNDING AND INVESTMENT IN INNOVATION SECTORS

INCENTIVE	PROJECTS SUPPORTED	APPROVAL AMOUNT	DISBURSEMENT AMOUNT
THRIP	No approvals in the 2020/21 financial year		R22 113 356
SPII	13	R36 996 808	R11 520 714
TOTAL	 13	 R36 996 808	 R33 634 070

Benefits reported from supported projects

in the cluster include: reduced carbon emissions, increased scale of production, improved workflow processes, and enhanced safety being achieved through fourth industrial revolution advanced technologies inclusive of real time data monitoring, smart sensors, and remote cameras.



TECHNOLOGY AND HUMAN RESOURCES FOR INDUSTRY PROGRAMME

The Technology and Human Resources for Industry Programme (THRIP) was developed by **the dtic** to respond to the shortage of high-level technical skills required by South African industry to improve their competitiveness. THRIP aims to increase the number of people with appropriate skills in the development and management of research-based technology for industry.

Through THRIP, **the dtic** is encouraging better alignment between industry needs for innovation and the research conducted by academia in science, engineering and technology.

The programme achieves this through improved knowledge exchange and technology transfer, investment in research and technology and product or process improvement or development through collaboration. The incentive is provided through a cost-sharing grant of up to R8 million.

To be eligible, entities need to be in compliance with the requirements of B-BBEE and must provide a valid certificate of compliance.

APPROVALS OVERVIEW

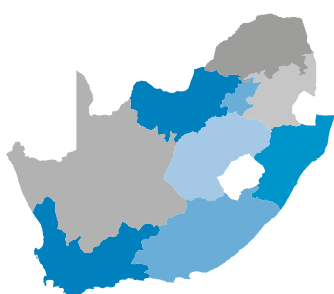
There were no approvals for THRIP during the 2020/21 financial year. Total approvals to date for the programme from the 2017/18 financial year amount to R474 million.

THRIP Status (2017/18 - 2020/21)

<div>✓</div> <div>Active</div> <div>57</div> <div>R474 571 570</div>	<div>✗</div> <div>Cancelled</div> <div>17</div> <div>R126 988 931</div>
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DISBURSEMENTS

During this financial year, disbursements to the value of R22 million were made across five provinces and to seven municipalities. Disbursements were made to projects that are located in district municipalities which will see the development of high-level technical skills in areas outside of the metros. Almost half of the claim amount was for projects within the Gauteng province.



Industries targeted in the Re-imagined Industrial Strategy are prioritised in THRIP funding. Disbursements for the last financial year show that the plastics, pharmaceuticals, and chemicals industries received the highest amount at R12.9 million. This is followed by the green and energy savings industry at R3.4 million, one of the industries prioritised by government. As of 31 March 2021, no research projects have been completed. However, the innovation research looks promising for the country.

Disbursements included projects outside of the metros which will see the development of high-level technical skills in these areas.

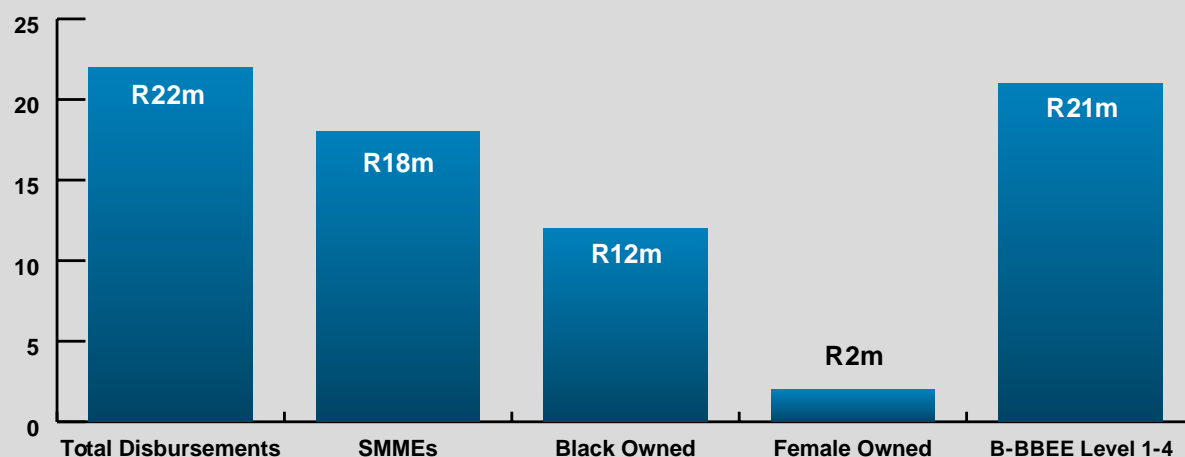
PROVINCES AND DISTRICTS	CLAIM AMOUNT
EASTERN CAPE	R38 721
Chris Hani District Municipality	R38 721
GAUTENG	R10 307 940
City of Johannesburg Metropolitan Municipality	R8 283 255
City of Tshwane Metropolitan Municipality	R2 024 685
KWAZULU-NATAL	R3 649 022
uMgungundlovu District Municipality	R3 649 022
NORTH WEST	R86 720
Dr Kenneth Kaunda District Municipality	R86 720
WESTERN CAPE	R8 030 953
Cape Winelands District Municipality	R395 243
City of Cape Town Metropolitan Municipality	R7 635 710
Total	R22 113 356

THRIP is supporting a range of projects across industries that is building a strong foundation for a competitive and well diversified South African economy.




EXAMPLES OF INDUSTRIES SUPPORTED	CLAIM AMOUNT	NO. OF PROJECTS PAID	EXAMPLES OF RESEARCH DONE
Agriculture and agro-processing	R1 977 379	4	<ul style="list-style-type: none"> • Production of insect protein as an alternative source of protein and biogas • Natural plant-based ingredients to address nasal congestion and inflammation
Plastics, pharmaceuticals, chemicals	R12 987 751	6	<ul style="list-style-type: none"> • Improving healthcare through refining tuberculosis testing kits for faster testing • Developing prosthetic body parts (heart valves and bones) from biological materials • Developing cheaper pharmaceuticals and cosmetic products using synthesized layered double hydroxide clays • Improving wastewater treatment through development of photo-electrochemical reactor systems
Steel	R724 546	1	<ul style="list-style-type: none"> • Enhancing building safety standards by developing knowledge on the fire resistance of a new steel building system
Clothing and textiles	R1 080 780	1	<ul style="list-style-type: none"> • Assisting diabetic patients to walk better by developing footwear from green and smart materials
Aviation	R860 523	1	<ul style="list-style-type: none"> • Increasing local production of currently imported aviation components by refining manufacturing processes of thermoplastic cells that can be used in the design of complex demonstrators (experimental aircrafts) and aviation components
Green and energy saving	R3 478 661	4	<ul style="list-style-type: none"> • Predicting the viability of an area for the establishment of a solar plant facility • Improving access to sustainable electrical infrastructure in rural areas by developing a rechargeable battery that can store energy • Augmenting alternative oil and diesel resources by developing a process to convert abattoir waste into biofuels • Reducing environmental pollution by recovering drinking water and marketable products from mine water



THRIP encourages innovative entrepreneurship with a significant portion of funding going towards SMMEs



Promoting the skilling of Black and female students and researchers in science, engineering and technology.

		
TOTAL STUDENTS	FEMALE STUDENTS	BLACK STUDENTS
89	37	61
UNIVERSITIES		
Nelson Mandela Metropolitan University, Tshwane University of Technology, University of Cape Town University of Limpopo, University of North West, University of Pretoria, University of Stellenbosch University of Western Cape, University of Witwatersrand, Vaal University of Technology		





ROC WATER TECHNOLOGIES (PTY) LTD

LEVEL 4 TRUST OWNED



Town: Pretoria
Municipality: City of Tshwane Metropolitan
Province: Gauteng

Product:

Research Findings

Students supported:

10

Researchers involved:

1



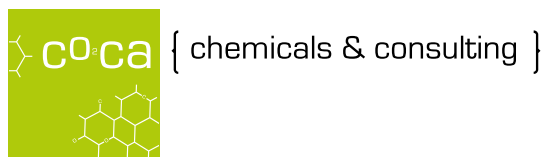
Prof Maree, the founder of ROC Water Technologies (Pty) Ltd, used **the dtic's** THRIP incentive for financial support for thermal processing of acid mine water to extract potable water and saleable minerals. This contributes to South Africa's industrial zero waste policy, which stipulates that when acid water is treated at a mine, all waste streams have to be removed from the site, which is very expensive. ROC Water's focus is to recover water and saleable products from that water and they do this in three steps: chemical treatment (neutralisation), physical treatment (desalination and freeze crystallization), and thermal treatment (product recovery).

In treating acid water in a mine, neutralisation is used to recover the ferric hydroxide in the water, and reverse osmosis or desalination is used to remove drinking water. The remaining brine is concentrated further with freeze crystallization and further drinking water is recovered. The solids are taken through a thermal process at 1 000 degrees to convert sodium sulphate back to sodium carbonate which is used for the original process. ROC Water also recovers nano compounds which are expensive raw materials in the paper and pharma industries.

ROC has partnered with three HEIs to support post-graduate student research. At the University

of Limpopo, there are two PhD students, at the Tshwane University of Technology there are four Masters students in engineering, and at the University of Pretoria there are two Masters students. In addition, two undergraduates are used as operators on an Anglo mine site. Of these 10 students, nine are Black and two are women. They are learning industry requirements which will strengthen the industry in future. The undergraduates are learning practical skills and technology needed to work in this realm, while the Masters and PhD students are researching the direct issues needed to optimise the technologies used by ROC to clean up mine water. The collaboration between students at universities and those on site offers all of them an industrial experience. The company has two patents for its processes developed with the aid of universities and supported by the Water Board.

In May 2021, ROC Water was nominated as a finalist for the 2020/2021 National Science and Technology Forum (NSTF) South 32 awards in recognition of its contribution to science, engineering, technology, and innovation in achieving sustainable water management, knowledge generation, and solutions that demonstrate impact.



COCA CHEMICALS AND CONSULTING (PTY) LTD



This project conducts research for the development of an integrated photoelectrochemical water treatment system based on EG/g-C₃N₄/HW nanocomposite photoanode. Once developed, the system will remove organic chemicals from wastewater that comes from hospitals, industries, and other places. The wastewater does go through the water cleaning system, but the organic compounds are difficult to extract, and if they remain in the water, they can be detrimental to human

LEVEL 1 BLACK MALE-OWNED ENTITY



Town: Midrand
Municipality: City of Johannesburg Metropolitan
Province: Gauteng

Product:

Water treatment system

Students supported:

8

Researchers involved:

1

health. This chemical reactor system will treat contaminated water.

Prof Linda Lunga Sibali (Pr. Sci. Nat.), the founder of Coca Chemicals and Consulting (Pty) Ltd, conceived of the system and applied for the THRIP incentive that would allow collaboration between his company and Higher Education Institutes (HEIs). He has a memorandum of understanding with the Tshwane University of Technology (TUT), and collaborates with a researcher at the Vaal University of Technology (VUT). Six postgraduate students are working on research for creating a prototype of the wastewater system, which will be ready in 2022. Two of them are working towards PhDs, and four towards Masters degrees. All of them are Black and four are women. There are three Black male staff members also involved – the project leader, the researcher, and the research leader and collaborator – and one Black woman who is a graduate trainee. **the dtic** funds all six students through THRIP bursaries while running costs are used to pay for incentives for the supervisors, consumables, and chemicals for the laboratories. The three staff members are all supervisors to the students.

The students are gaining appropriate skills in research-based technology for industry through this project. Since Prof Sibali is a co-supervisor and mentor, students' practical and industry-specific skills are enhanced, and there are expectations that they will get jobs in the industry due to the skills they have developed.

Once the prototype is completed, it will be available for industry to use, either through a patent, or through partnerships with industries in the field and municipalities in South Africa, or in other places in the world. Most countries experience this type of wastewater problem and this is a system with the possibility to address this challenge.

SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION

The Support Programme for Industrial Innovation (SPII) seeks to promote technology development in industry by providing financial assistance for pre-market prototypes.

To qualify for the programme, the innovation should represent a significant advancement in technology or development and subsequent production must take place within South Africa.

Intellectual property has to reside in a South African registered company and participating businesses should be South African registered enterprises. This cost-sharing incentive provides a non-repayable

grant for 50% of qualifying costs up to a maximum of R2m for applicants that have 25% or less B-BBEE ownership under the Product Process Development (PPD) sub-programme. The percentage of qualifying costs paid increases with increased B-BBEE ownership, reaching a maximum of 85% of qualifying costs where the applicant has more than 50% B-BBEE ownership. Small, Very Small and Micro Enterprises are eligible for the PPD. The other sub-programme under the SPII is the Matching Scheme which provides support to all other enterprise and individuals. Here the maximum grant limit is R5m with the level of B-BBEE ownership determining the percentage of qualifying costs. In the case of B-BBEE ownership of 50% or more, 75% of qualifying costs are paid. Applicants need to submit a valid B-BBEE certificate of compliance (that is, B-BBEE levels 1 to 8).



APPROVALS OVERVIEW

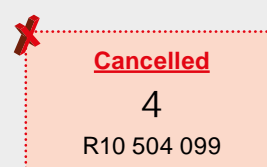
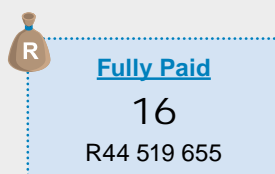
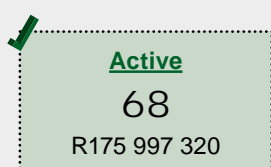
Despite the economic turndown brought about by the COVID-19 pandemic, the 2020/21 financial year saw 13 approvals valued at R36 million, with an investment multiplier of 1.9, which will see R71 million injected into the economy. Of the supported projects, 11 were for SMMEs and eight are Black-owned.

Two youth-owned projects, one in the Western Cape and another in Gauteng were approved. The value of these approvals was R5.3 million which is expected to result in a total investment of R7.6 million.

SPII is promoting an inclusive innovative economy through the approval of SMMEs, Black and youth enterprises.

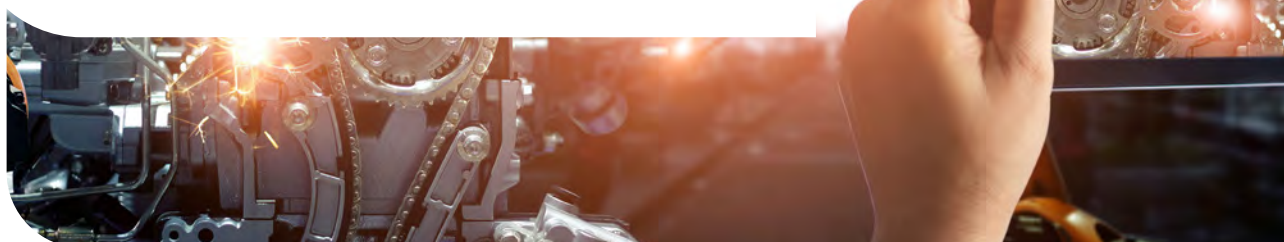
YEAR	SUPPORTED PROJECTS	APPROVAL AMOUNT	IM	PROJECTED INVESTMENT	NO. OF SMMES	BLACK OWNERSHIP
2018/19	17	R39 860 225	1.9	R74 396 519	11	8
2019/20	14	R30 042 824	1.8	R55 027 496	13	8
2020/21	13	R36 996 808	1.9	R71 270 314	11	8

SPII status (2017/18-2020/21)



The approval in the Eastern Cape was for a large, B-BBEE Level 4, male-owned company to develop a software application that assists operators to follow correct manufacturing processes to improve productivity and quality thereby reducing costs. The app uses artificial intelligence (AI), augmented reality (AR), and big data to provide manufacturers with the visibility of the workflow process by tracking and gathering accurate real-time data about the complete production life cycle of a product. Benefits of this project include:

- Providing manufactures with versatility needed for customisable manufacturing;
- Reducing manual assembly;
- Reduction of human error;
- Reducing down times and achieving predictive maintenance.



All approvals for the 2020/21 financial year went to metropolitan municipalities, with six approvals in both Gauteng and the Western Cape.

	No.	APPROVAL AMOUNT	PROJECTED INVESTMENT
GAUTENG	6	R17 559 559	R32 586 507
City of Johannesburg Metropolitan Municipality	5	R13 506 515	R27 169 533
Electronics	3	R7 838 310	R17 243 834
Transport Equipment	2	R5 668 205	R9 925 699
City of Tshwane Metropolitan Municipality	1	R4 053 044	R5 416 974
Software development	1	R4 053 044	R5 416 974
EASTERN CAPE	1	R5 000 000	R11 110 488
Nelson Mandela Bay Metropolitan Municipality	1	R5 000 000	R11 110 488
Software Development	1	R5 000 000	R11 110 488
WESTERN CAPE	6	R14 437 249	R27 573 319
City of Cape Town Metropolitan Municipality	6	R14 437 249	R27 573 319
Electronics	1	R2 000 000	R2 877 550
Metals	1	R1 917 889	R1 928 229
Non -metals	1	R3 321 285	R5 243 215
Software development	1	R1 194 600	R2 310 600
Transport Equipment	2	R 6 003 475	R15 213 725

Approvals

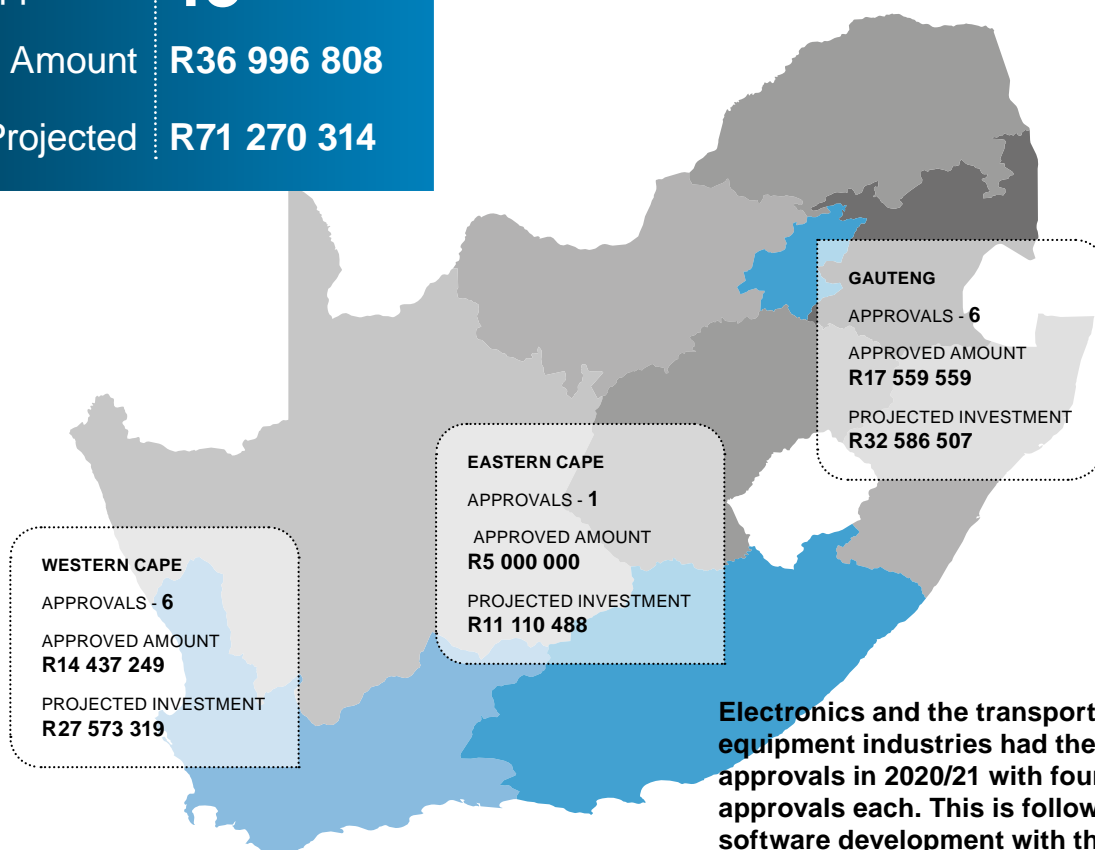
13

Amount

R36 996 808

Projected

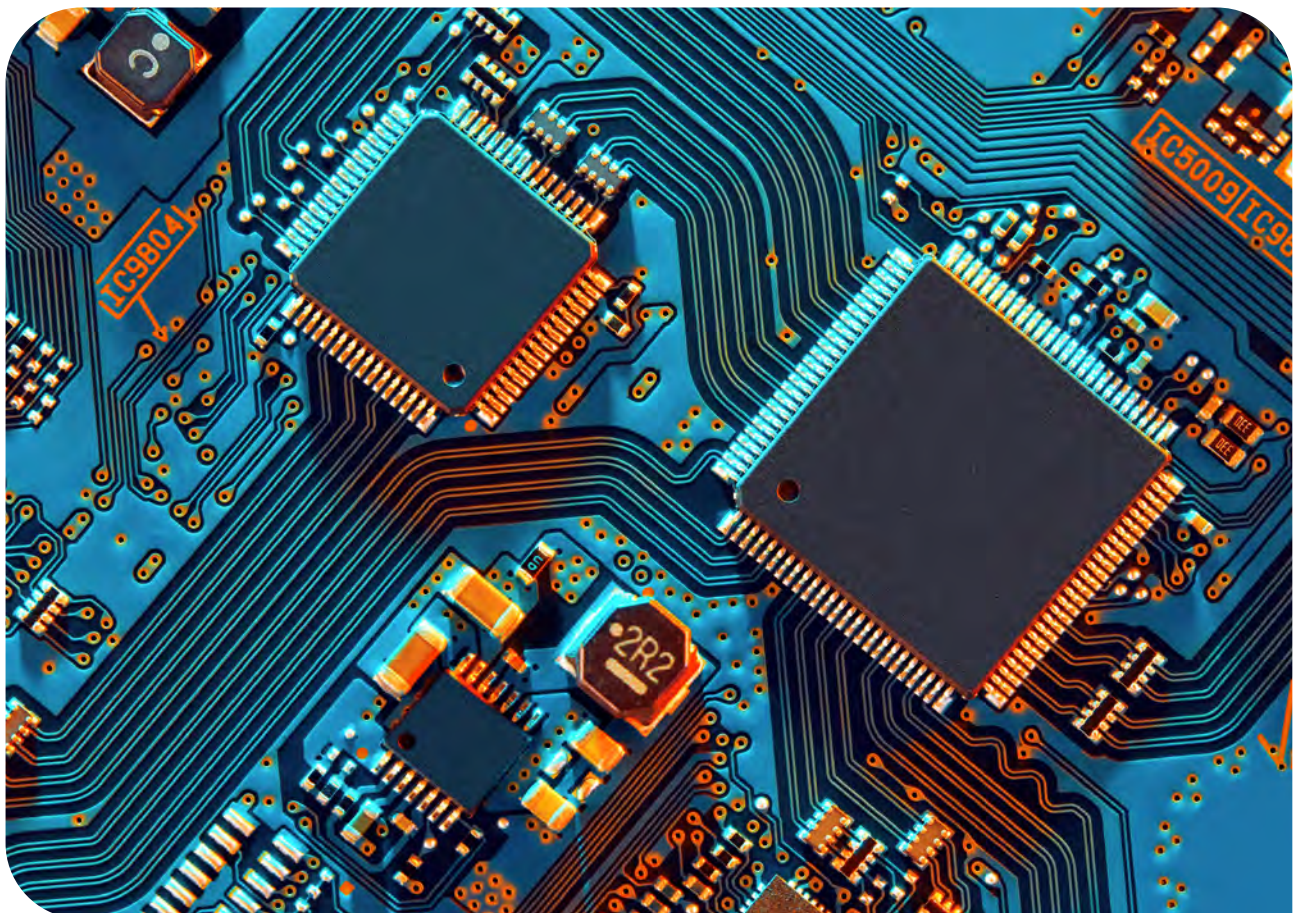
R71 270 314



Electronics and the transport equipment industries had the most approvals in 2020/21 with four approvals each. This is followed by software development with three approvals.

Some of the prototypes to be developed by these approved projects and their benefits are listed below.

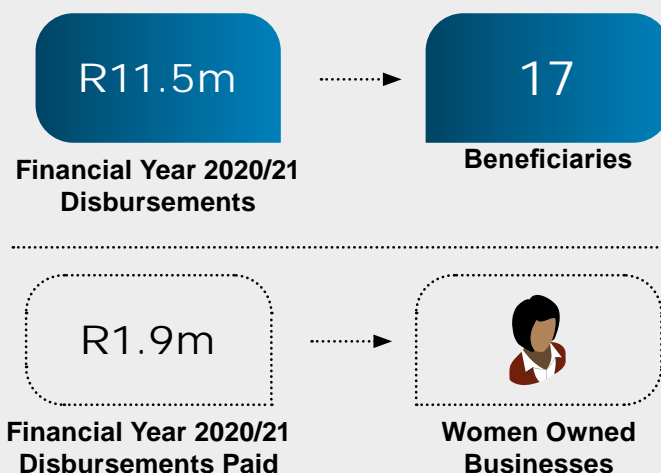
INDUSTRY	PROTOTYPE	BENEFITS
Electronics	Video Laryngoscope device that allows medical practitioners to view a patient's throat, capturing a photographic image of the larynx.	By using photography, medical personnel will be able to better assess the illness and provide better care in emergency situations.
	A smart plug-and-play connected lithium ion battery with internet-of-things capabilities, built on a next-generation version of battery management systems.	This will allow for real-time remote monitoring and predictive maintenance of assets using these batteries, thereby reducing costs and improving productivity, as businesses can plan more accurately when to replace batteries.
Metals	Recycling of consumer metal-bearing waste material – platinum group metals – from used catalytic converters.	This will reduce toxic gases produced from burning petrol and diesel from engines in the mines.
Software development	Software device that provides solutions to customise monitoring and reporting of refrigerated systems.	This will improve communication over wi-fi and Bluetooth in household appliances to assist better lifestyle management.
	Software application that focuses on laboratory information management.	This will provide easier access to information for medical practitioners.
Transport equipment	Hybrid hydrogen fuel cell electric bus that includes both fuel cells and batteries.	This will have zero carbon emissions and reduce air pollution levels.
	Software installed in taxis for digital facial recognitions.	This will assist in identifying individuals using public transport in case of an accident.



DISBURSEMENTS OVERVIEW

In the 2020/21 financial year, disbursements to the value of R11.5 million were paid to 17 beneficiaries. During the same year, R1.9 million has been paid to women owned businesses.

Some of the prototypes developed by the fully paid projects are detailed in the box below.



Steering industrialisation towards fourth industrial revolution projects that will improve or create new products and processes, resulting in globally competitive exports and unlocking further growth

INNOVATION	APPLICATION	BENEFITS
Machinery to produce nanofibres	Nanofibres are known as 'smart materials' and are used in a range of industries and products inclusive of photovoltaic cells, hybrid circuits, high-tech fibres, super-absorbent materials, light-weight clothing tissue engineering, surgical and wound treatment, and biosensors.	This new prototype enables faster production of nanofibres and increase the scale of production as compared to current production of the limited manufacturers in the global market.
Hydraulic hybrid propulsion system	Trucks, trains and vehicles	Improves fuel consumption and performance and hence reduces the cost of fuel and maintenance of the vehicle. Reduces carbon emissions.
Optimising web-based services for mobile devices in a timely manner	Retailers wishing to use mobile content services.	Easy integration of mobile web services without needing a software developer to develop new purpose specific mobile apps, thereby reducing costs.
Integrated monitoring and reporting system targeted at the mining industry	Mining industry	Improves safety-monitoring systems in mining operations through the use of smart sensors to proactively prevent accidents from occurring.
Low cost alarm system that sends automated messages to the homeowner, community responders, and sector police	South African households, particularly the low-income market.	Expedites the response times for home intrusions and extends affordability of alarm systems to low income households.
Multi-track stope drill rig with tele-remote standoff control	Used for drilling and breaking mining rock faces in low height underground hard rock mines. Specifically suited to access gold and platinum not previously accessible due to safety, heat, and unstable ground.	Reduces risks involved in mining by using mining robots and viewing sites safely through remote cameras that were previously inaccessible.

INNOVATION	APPLICATION	BENEFITS
Hydraulic hybrid transmission (automatic gears) system using a drive arrangement with open hydraulic mechanisms operable as a pump or motor	Automotive industry	Saves fuel, improves performance, and reduces costs compared to other automatic gear boxes, while increasing fuel efficiency and performance.
Geyser cover from super-absorbing materials with a sensor to shut down leaking geysers.	Primarily residential and commercial buildings.	Reduces water damage as a result of burst geysers, and acts as a heat insulator thus reducing power consumption.
Cloud-based power quality information system analysing big data	Manufacturers that require a consistent power supply quality	Provide near real-time performance data to users to assist them to manage power quality data and improve the monitoring of emissions and energy efficiency.
Multichannel loyalty rewards programme built on shopping gamification and digital advertising apps	Online brands and stores	Replace loyalty cards with an app-based system which will help participating brands to understand the demographics of their target market and whether correct marketing strategies are used.
Pure industrial white sugar	Industrial applications such as baking, soft drink production, and food processing	Produce lower cost sugar which is not as refined as white sugar, but also has none of the molasses content of raw sugar.
Secure messaging platform	Secure communication and collaboration amongst medical professionals.	Easier collaboration between medical professionals with online quick access to patient files from different practitioners. Minimises administrative errors, and co-ordinates interactions to improve workflow in case of emergencies.





TORHO TECHNOLOGIES (PTY) LTD

LEVEL 1 BLACK
MALE-OWNED ENTITY



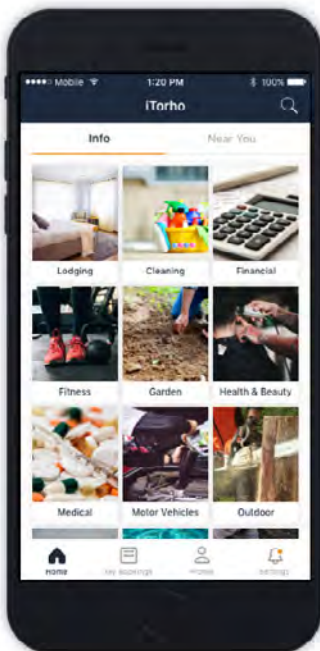
Town: Stellenbosch
Municipality: Cape Winelands District
Province: Western Cape

Product:

Business Management App



CURRENT JOBS:
4 CONTRACTS



While Njabulo Khulu, the founder of Torho Technologies (Pty) Ltd, was working as an investment banker, he realised that the informal sector does not have the same multiplier effect as the formal sector and thought he should try to remedy the situation. Since growth in the SMME sector has the potential to be a driver of economic growth, Njabulo decided to develop an online platform, or app, that facilitates transactions between service providers and customers listed on the platform. SMMEs can list services, schedule appointments and manage their time, and clients book and pay online. This form of mobile application is the first in South African market place and a rapid prototype for demo purposes was developed. The SPII incentive is being used to actually develop the app. The 4IR innovation uses big data analysis to

track SMMEs' movements on the app, and iTorho will use that to identify recommendations and revenue generating opportunities, and feed those back to the SMMEs.

Due to the COVID-19 restrictions, the project has experienced some delays but the app will be available in 2022. The project has contracted four young people who are being paid in arrears as the earnings of the business increase. One is a woman, and four are Black.

Ultimately, iTorho would like to see the app being used as a means for SMMEs to apply for financing: the app will attract small business, create a database, and link them to external working capital, digitally online. The vision is an SMME ecosystem.

POLYNATE

**POLYNATE
POD (PTY) LTD**

LEVEL 1 WHITE FEMALE



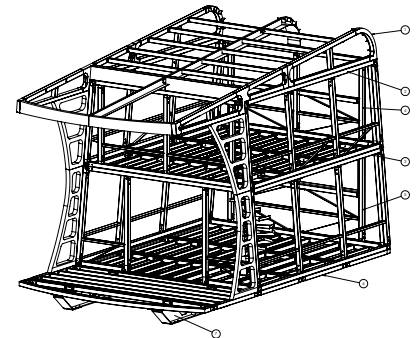
Town: Krugersdorp
Municipality: West Rand District
Province: Gauteng

Product:

Polynate PODs
(eco-accommodation)



CURRENT JOBS: 10

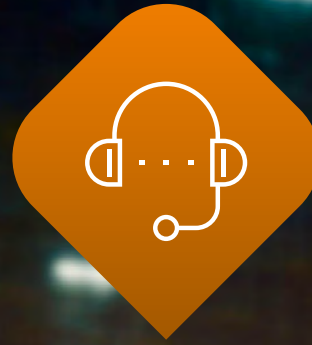


The Polynate POD (Pty) Ltd company started as an authorised fabricator of uPVC windows and doors for REHAU, a German company that is an international leader of uPVC window and door systems. uPVC window systems are one of the most environmentally friendly glazing products on the market today, they are maintenance-free, energy efficient, and upmarket. Dr Maggie Lombard, the founder of Polynate, has a background in innovation, and decided to take the uPVC product and adapt it to create a more innovative value proposition. Looking at trend forecasts, Dr Lombard found that micro-homes, eco-tourism, and international African travel were all features, so she decided to combine all three into the POD. The POD is an upmarket, self-sustainable, and semi-permanent form of eco-accommodation for game farms, camping sites, and holiday farms. The POD's windows and doors are uPVC, the walls are lightweight steel frames with insulation and wood-like cladding on the outside, there is an external covered deck, and it boasts solar panels and a gas heating system for extreme energy efficiency and off-the-grid living. The PODs also feature water catchment and storage tanks built in beneath the ground floor. They are flat-packed and can be assembled anywhere.

The SPII incentive was used to prototype the POD concept, taking it from uPVC doors and windows to a whole micro-home. The company was assisted in their design by an SMME with expertise in aerodynamics for aircraft winds, and a proof of concept for the POD will be completed in the latter part of 2021. It has potential for local and international sales, and offers a multiplier effect by opening up areas to up-market tourism that were previously unavailable due to lack of accommodation. The POD offers extended value by providing tourism opportunities to smaller communities who would previously not have been able to participate within this sector. With COVID-19 vaccinations and the beginning of global travel again, South Africa may see a surge of tourists. The biomimicry façade design of the POD is designed to attract the eco-tourism and pro-environmental tourism market.

The company contracted up to 10 staff on the project, the majority of which are Black. Steel became expensive and difficult to find during the COVID-19 lockdowns and consequently the prototyping progress was stifled in the process.

3 SERVICES INVESTMENT CLUSTER






These incentives stimulate increased investment and job creation in the services sector, with a focus on projects that create employment opportunities for the youth (aged 18-34 years). These incentives also support export revenue from offshoring services.

Incentives included in this sector are:

- ◆ **Global Business Services (GBS)**
- ◆ **Film and Television Production Incentive (FTPI)**



FUNDING AND INVESTMENT IN SERVICES INVESTMENT

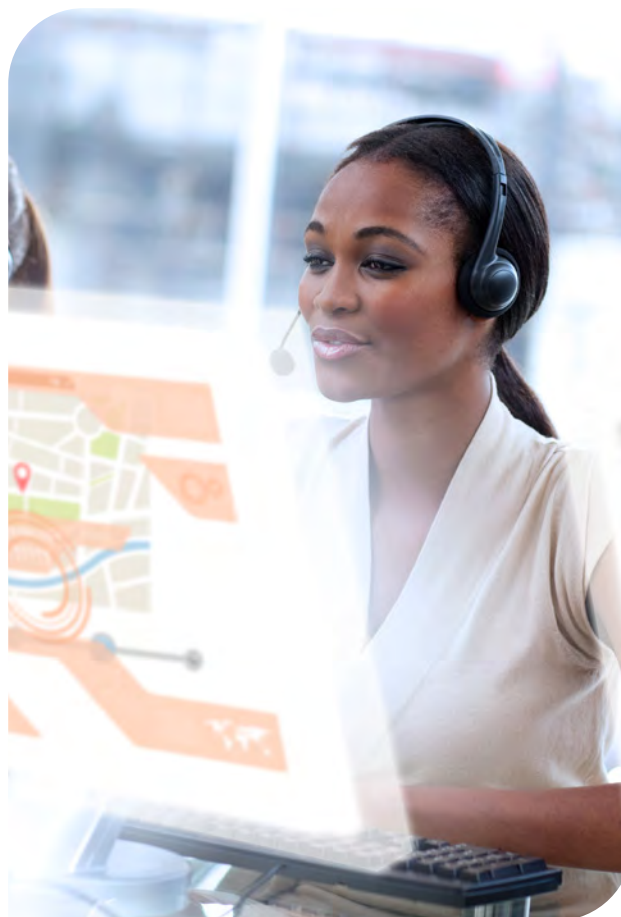
INCENTIVE	PROJECTS SUPPORTED	APPROVAL AMOUNT	DISBURSEMENT AMOUNT
GBS	10	R89 212 500	R418 531 805
FILM & TV	40	R522 966 017	R122 777 637
TOTAL	 50	 R612 178 517	 R541 309 442



**EXPORT REVENUE
GENERATED**
R6.8 BILLION



**DOMESTIC SPEND BY
SUPPORTED FILM AND TV
PRODUCTIONS**
R417.4 MILLION



GLOBAL BUSINESS SERVICES

South Africa's Global Business Service (GBS) industry, one of the fastest growing GBS delivery locations in the world, was named as the Most Favoured Offshore CX Delivery Location for 2021 in the Annual Front Office Business Process Outsourcing (BPO) Omnibus Survey, after being in second position the past three years. GBS includes call centres, technical support and back and front office services for major multinationals and South African firms.

South Africa's digital infrastructure as well as its fluent English-speaking and young population, has created a solid enabling environment for these offshore services.

In the past three years, 82 000 jobs have been created in South Africa in the provision of business services to global companies – with a 22% annual growth in new jobs over this time, off the back of a strong partnership between government and the private sector¹.

The GBS incentive was implemented to attract investment and create employment opportunities, predominantly for the youth, through offshoring activities, and to bring export revenue into the fiscus. This incentive was previously called Business Process Services (BPS) and was changed to GBS in December 2019 to be more cost-competitive and to expand on the types of jobs targeted through the incentive, to ensure that South Africa remains highly competitive in the GBS market. The incentive covers the expansion of existing operations or starting a new operation and applicants need to be able to submit a valid B-BBEE certificate of compliance (B-BBEE levels 1 to 8).

The Re-Imagining Industrial Strategy, which was presented by the Minister of Trade, Industry and Competition, Mr E Patel and approved by Cabinet in June 2019, has resulted in six sector master plans being completed. Government and the local industry are currently developing a GBS master plan to grow the sector further.


¹ the dtic media statement, 10 June 2021


APPROVALS OVERVIEW


During the 2020/21 financial year, 10 projects were approved that will create 8 772 jobs of which most will be youth jobs. Of significance is that the projected export revenue is 60 times that of the original investment.

YEAR	SUPPORTED PROJECTS	APPROVAL AMOUNT	IM	PROJECTED EXPORT REVENUE	JOBS TO BE CREATED
No approvals in 2018/19					
2019/20	11	R179 951 250	45.6	R8 198 083 533	12 522
2020/21	10	R89 212 500	60.8	R5 422 756 125	8 772

GBS and BPS status (2017/18 - 2020/21)

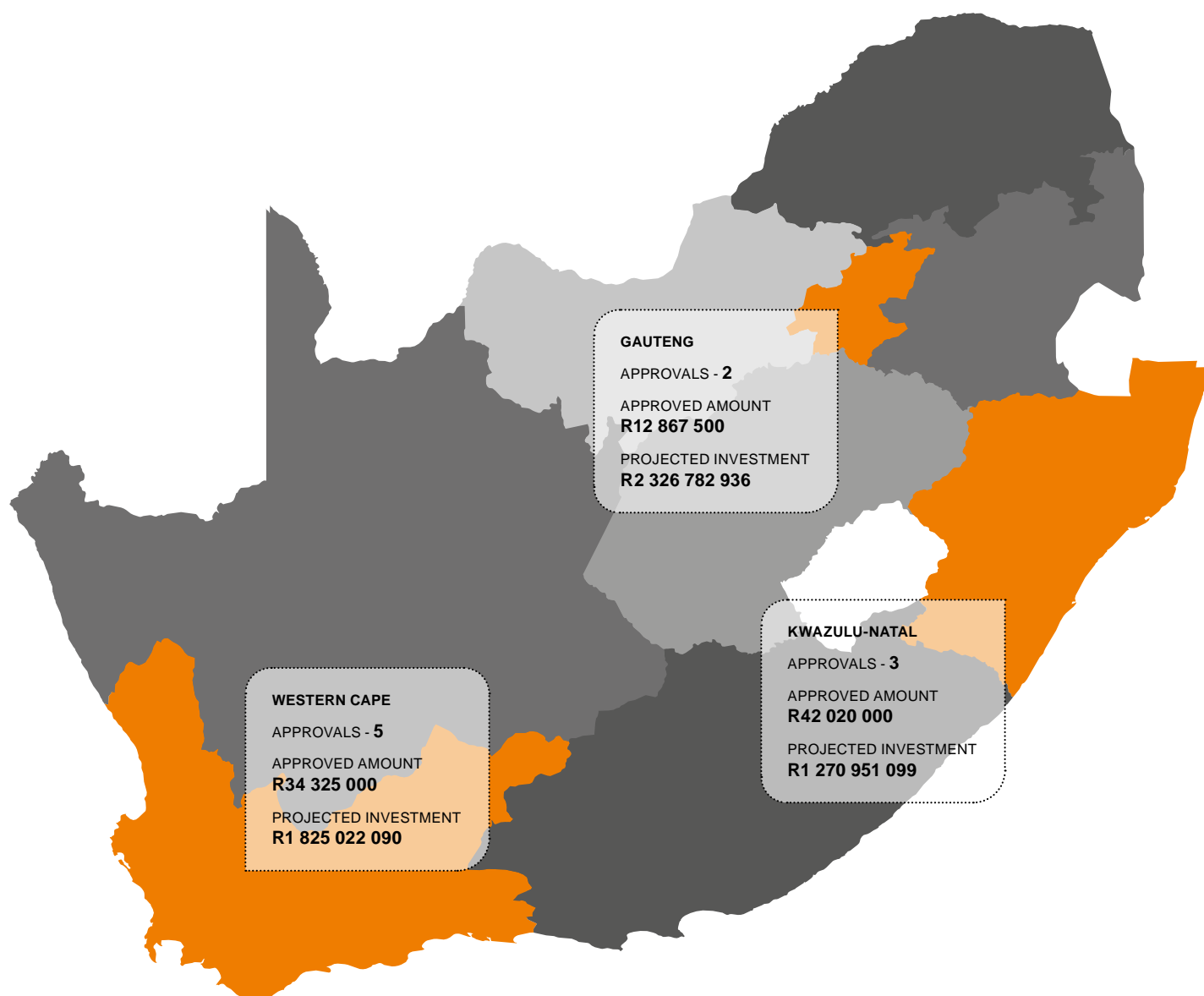
 **Active**
26
R298 819 083

 **Fully Paid**
13
R60 173 152

 **Cancelled**
12
R36 422 948

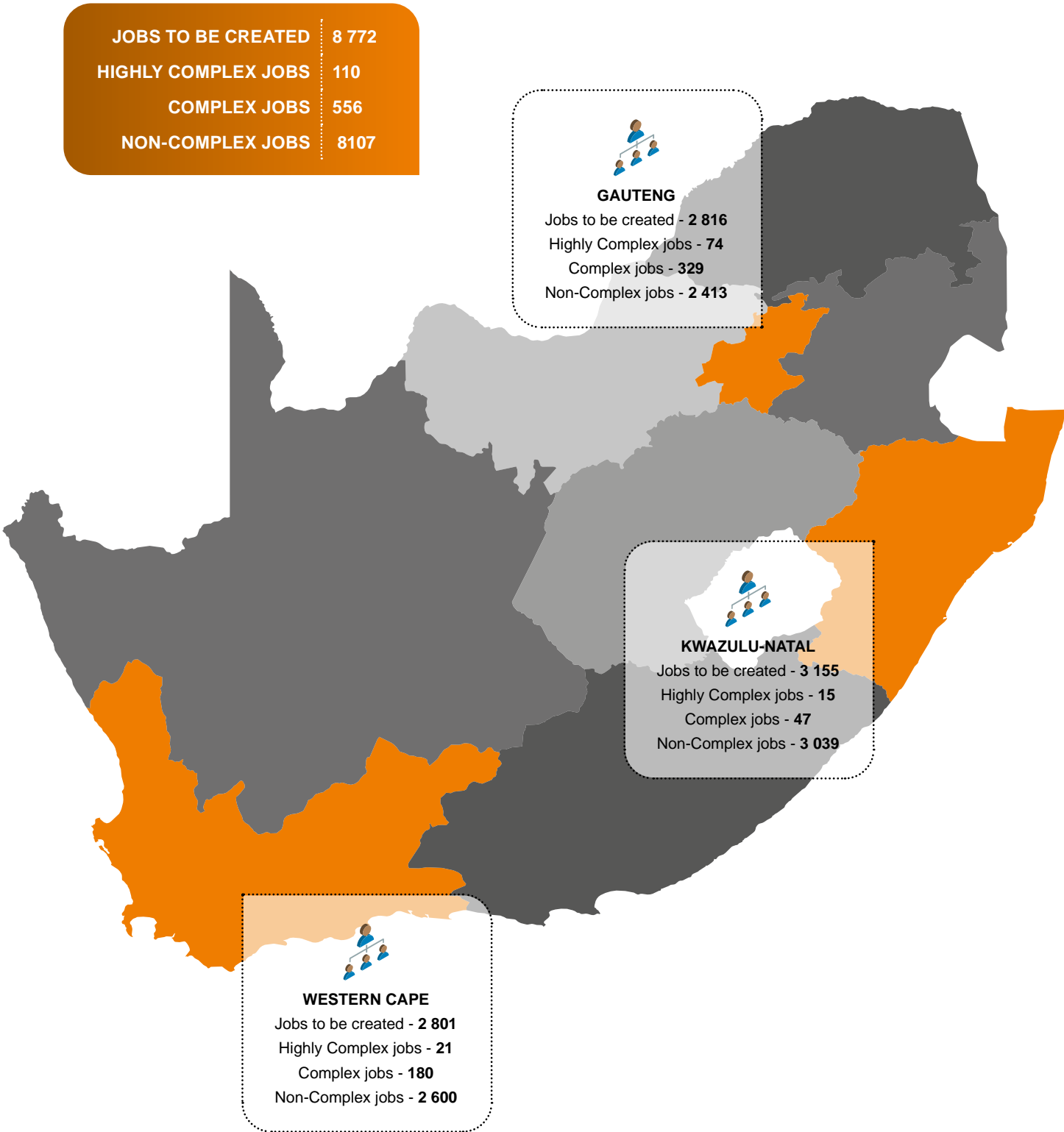
All 10 approvals for this financial year were in the metros, where digital infrastructure support is of a higher quality than outside the more urban areas. Half of the approvals were in the City of Cape Town. While contact centre functions were the most supported service, other professional services are notable, and this further strengthens South Africa as a GBS destination offering a broad range of services and skills.

	No.	APPROVAL AMOUNT	PROJECTED INVESTMENT
GAUTENG	2	R12 867 500	R2 326 782 936
City of Johannesburg Metropolitan Municipality			
Contact centre functions, IT & Technical services, finance & accounting services, data entry etc,	1	R72 500	R1 546 687 578
Contact centre functions	1	R12 795 000	R780 095 358
KWAZULU-NATAL	3	R42 020 000	R1 270 951 099
eThekweni Metropolitan Municipality			
Contact centre functions	3	R42 020 000	R1 270 951 099
WESTERN CAPE	5	R34 325 000	R1 825 022 090
City of Cape Town Metropolitan Municipality			
Contact centre functions	2	R16 615 000	R914 482 047
Insurance industry functions	1	R11 437 500	R437 863 313
IT and technical services	2	R6 272 500	R472 676 730



A key component of the GBS incentive includes a three-tier incentive programme which includes non-complex, medium complex and high complex job elements, with an increase in value across all three tiers. Of the 8 772 jobs to be created, the majority are non-complex jobs (92%) and 110 are highly complex. Two projects in Gauteng will see 74

highly complex and 329 complex jobs created over the next five years. One will be providing call centre services linked to telecommunications, while the other will be providing services in IT and technical, finance and accounting, data entry and conversion, and human resources.



DISBURSEMENTS OVERVIEW

The disbursements overview includes those from the Business Process Services (BPS), the predecessor to the GBS programme. While the two programmes have similar objectives, GBS has been expanded to include highly complex jobs while BPS only supported complex and non-complex jobs.

In terms of claims made, beneficiaries reported 17 992 new jobs created under both BPS and GBS, of these more than half are female jobs (10 893) and the vast majority are youth jobs (15 912) which is a focus of the GBS.

CLAIM AMOUNT	R418 531 805
EXPORT REVENUE	R6 759 915 942
NEW JOBS CREATED (BPS AND GBS)	17 992
FEMALE JOBS SUPPORTED (BPS AND GBS)	10 893
YOUTH JOBS SUPPORTED (BPS AND GBS)	15 912
HIGHLY COMPLEX JOBS SUPPORTED (GBS)	13
COMPLEX JOBS SUPPORTED (GBS)	612
NON-COMPLEX JOBS SUPPORTED (GBS)	9 874

SKILLS

provided to employees includes technical and process training linked to the specific contracts, customer engagement, legal training, management, leadership skills, and health and safety training.



**EXPORT REVENUE
GENERATED**
R6.7 BILLION



JOBS CREATED
17 992



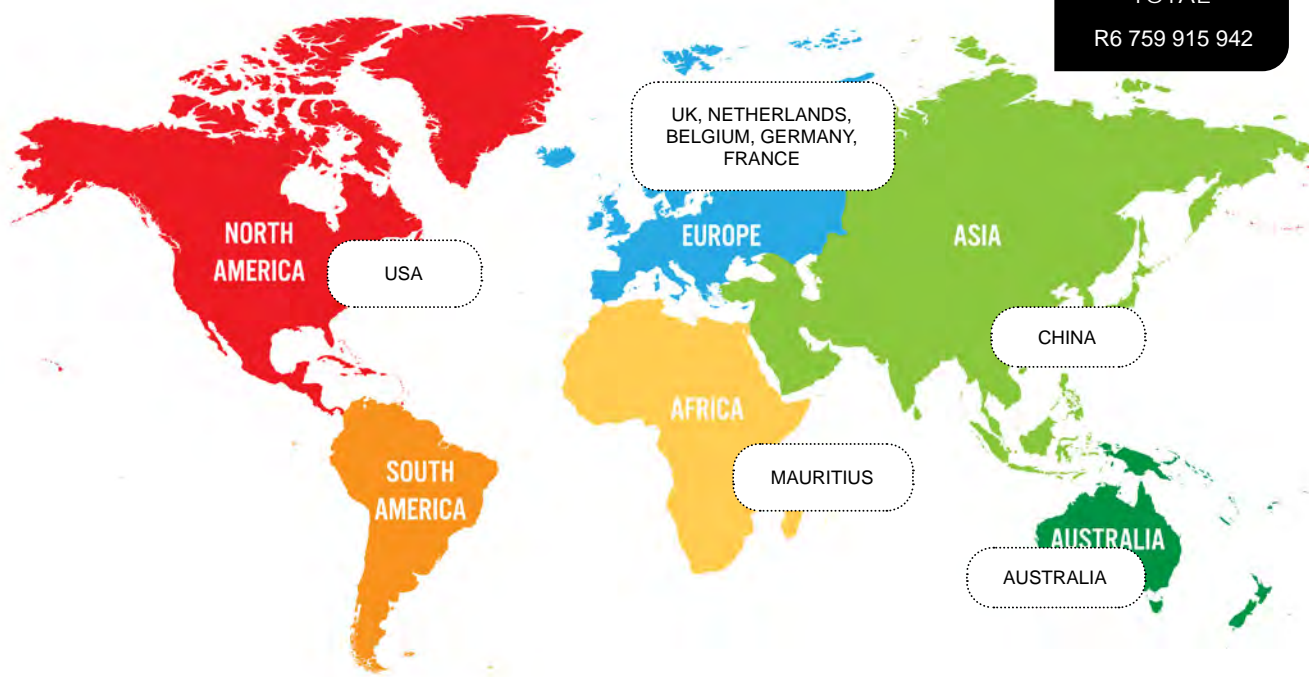
YOUTH
86%



FEMALE
59%

TOTAL

R6 759 915 942



COVID-19 RESPONSE:

How has COVID-19 impacted the businesses negatively?

"Our main customer reduced its volumes and potential customers withdrew. We had high levels of absenteeism and challenges with staff working from home."

"We had business interruption from April to June 2020 during the hard lockdown."

What has the business done to limit the impact of COVID-19?

"We put staff on short time, could not offer increases, bonuses or incentives and staff worked from home. Unfortunately we had retrenchments."

"We hired security to assist in implementing safety measures and leased extra premises to ensure social distancing."

"We had very strict COVID-19 protocols in place at the office."

"We have rolled out work-from-home strategies and have implemented other cost savings opportunities."





EXL SERVICES SOUTH AFRICA (PTY) LTD

LEVEL 8, SOUTH AFRICAN ENTITY



Town: Cape Town
Municipality: City of Cape Town Metropolitan
Province: Western Cape

Service:

Contact centre



ACTUAL EXPORT REVENUE:

R437 490 761(BPS) and R43 183 374 (GBS)



JOBS CREATED:

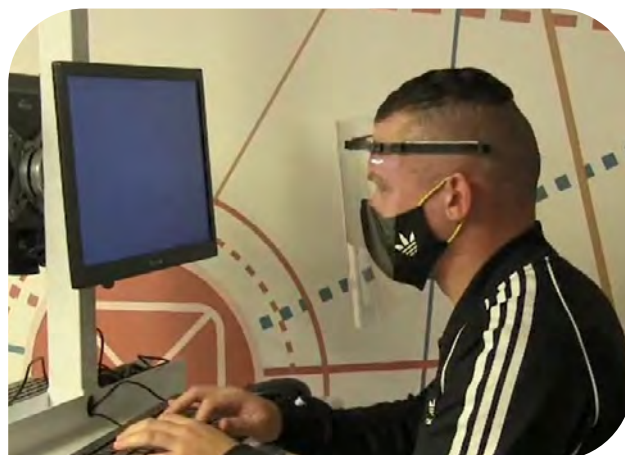
356



EXL Services South Africa (Pty) Ltd is the South African arm of a global company. In South Africa, the team manages inbound customer service calls, inbound sales calls, and back-office transaction processing for clients across the United Kingdom, United States of America, Australia, and New Zealand. The scope of work includes sales, customer service, policy administration, and claims processing.

In the global call centre business, pricing is key element for clients. South Africa competes with countries such as Egypt, the Philippines, Costa Rica, and India and is between 10% and 20% more expensive than them without the GBS incentive. EXL uses **the dtic** incentives to improve its price structure to win business and create jobs in South Africa. These incentives also create positive reinforcement with clients as they begin to see South Africa as a destination with strong government support.

EXL has been supported through two incentive programmes over the last six years: the Business



Process Services (BPS) incentive scheme that was approved in 2015; and the Global Business Services (GBS) incentive scheme that was approved in 2020. Overall, 97% of staff are Black, over 65% are women, and 90% are youth.

EXL conducts skills training for employees in two ways. The first is by partnering with organisations such as Harambee and Monyetla, who match youth with appropriate jobs and provide those young people with work readiness skills and confidence so that they can begin to work for EXL. The second is through internal training academies – in insurance, utilities, digital, analytics, etc – which offer staff the opportunities for up-skilling through e-learning platforms that they can log on to while at work.

EXL has quadrupled in size in the last 24 months, and despite a slow-down associated with unrest in South Africa in mid-July 2021, EXL is intending to create 2 000 more jobs over the next 12 to 24 months and 5 000 jobs over three years.



BLAKE & ASSOCIATES OFFSHORING (PTY) LTD

LEVEL 2, SOUTH
AFRICAN ENTITY



Town: Mount Edgecombe
Municipality: eThekweni Metropolitan
Province: KwaZulu-Natal

Service:

Contact centre



ACTUAL EXPORT REVENUE:

R87 395 000



JOBS CREATED:

539



Blake & Associates Offshoring (Pty) Ltd started in May 2019, and is part of the Blake Group, which has been operating in South Africa for more than 30 years. Blake & Associates Offshoring saw a business opportunity in the United Kingdom and is now contracted by companies in the green energy sector in that country to offer inbound customer services and sales. The call centre focuses on UK end-users who are the clients of various energy suppliers and assist those end-users if they have a problem or query with their accounts or connections, or anything else. Blake & Associates Offshoring also sells services to new customers by getting them to change providers. The company was able to sell the relative advantage of South African call centres to UK companies: South African costs are lower than they would be in the UK; South Africa's quality of English is good; and staff have an inherent skill level that is appropriate for the contact centre industry.

the dtic incentive was built into the financial calculations of the business to ensure that their young company got off the ground and becomes a sustainable entity. Costs of set-up include desks, chairs, hardware and software for every employee, and communications technology. The company created 539 jobs, of which more than 80% are youth (436), 22% are female (112), and 99% are Black. Most of the jobs (530) are non-complex and nine

jobs are classified as complex. The facility is situated in Mount Edgecombe close to Durban in KwaZulu-Natal, an area that is already known as a contact centre hub, and which draws most of its staff from historically disadvantaged areas.

Training is a vital part of this industry, not only in call etiquette and Blake's internal systems, but also on each customer's product and their systems of communication and escalation. Upon joining, staff undergo two to three weeks of training where they are introduced to various scenarios. Once they have developed skills and been tested, they go 'live'. Blake & Associates Offshoring is currently hosting 31 learnerships for people with disabilities, and their training varies between NQF levels 3 and 6. All these learnerships are taken up by Black people, and 15 are women and 16 are men. The costs of training are high: over the three weeks, staff get paid a base salary, there are trainers and HR team, and learnerships also involve an outlay. As the company grows, there will be more staff in training so this will be an on-going cost for some time. For example, the forecast is that Blake & Associates Offshoring aims to create between 250 and 300 more jobs in 2022.

COVID-19 created up-front costs that the incentive assisted with: more space for staff to ensure social distancing, screens, etc.

FILM AND TELEVISION PRODUCTION INCENTIVE

The Film and Television Production Incentive (FTPI) aims to increase the domestic spend from local and foreign productions to encourage broader participation and transformation in the industry. The incentive consists of three sub-programmes:



The South African Emerging Black Filmmakers (EBFM) incentive

Objective: To nurture and capacitate emerging Black filmmakers to take up big productions and contribute towards employment opportunities.

B-BBEE requirements: The SPCV* and holding company must be in compliance with the requirements in terms of the B-BBEE Codes of Good Practice. The holding company and the SPCV must achieve at least B-BBEE level 2.



South African Film and Television Production and Co-Production incentive

Objective: To support South African productions and co-productions and contribute towards employment opportunities in South Africa.

B-BBEE requirements: The SPCV and holding company must be in compliance with the requirements in terms of the B-BBEE Codes of Good Practice. The holding company must achieve at least B-BBEE level 3 and the SPCV at least level 4.



Foreign Film and Television Production and Post-Production incentive

Objective: To encourage and attract large-budget films and television productions and post-production work that will contribute towards employment creation, enhancement of international profile, and increase the country's creative and technical skills base.

B-BBEE requirements: The SPCV and holding company must be in compliance with the requirements in terms of the B-BBEE Codes of Good Practice. The holding company must achieve at least B-BBEE level 3 and the SPCV at least level 4.

* Special Purpose Corporate Vehicle (SPCV) is a South African legal entity registered solely for the purpose of the production and is dissolved once the production is complete.



APPROVALS OVERVIEW

Despite the significant impact that the COVID-19 pandemic had on the film and TV production industry, **the dtic** approved 40 productions during the 2020/21 financial year, amounting to R522 million. Through this incentive, R2.2 billion is expected to be spent in the domestic economy and 3 500 jobs created. Of this domestic spend, R516 million is anticipated to be from local productions, while R1.7 billion of that is expected to be from foreign productions, bringing in important foreign exchange earnings to the country. It is envisaged that the EBFM and the South African FTPI productions will procure R474 million worth of goods and services from Black-owned suppliers.

YEAR	SUPPORTED PROJECTS	APPROVAL AMOUNT	LOCAL PRODUCTION DOMESTIC SPEND	FOREIGN PRODUCTION DOMESTIC SPEND	SOUTH AFRICAN AND EBFM SPEND TO BLACK-OWNED SUPPLIERS	JOBS TO BE CREATED FULL-TIME EQUIVALENT (FTE)
2018/19	64	R642 853 964	R572 398 615	R2 273 295 067	*	3 417
2019/20	65	R883 049 828	R915 848 399	R1 794 885 184	R909 213 802	3 957
2020/21	40	R522 966 017	R516 390 471	R1 718 214 478	R474 680 427	3 500

*Required from 2019/20 onwards

FTPI status (2017/18-2020/21)

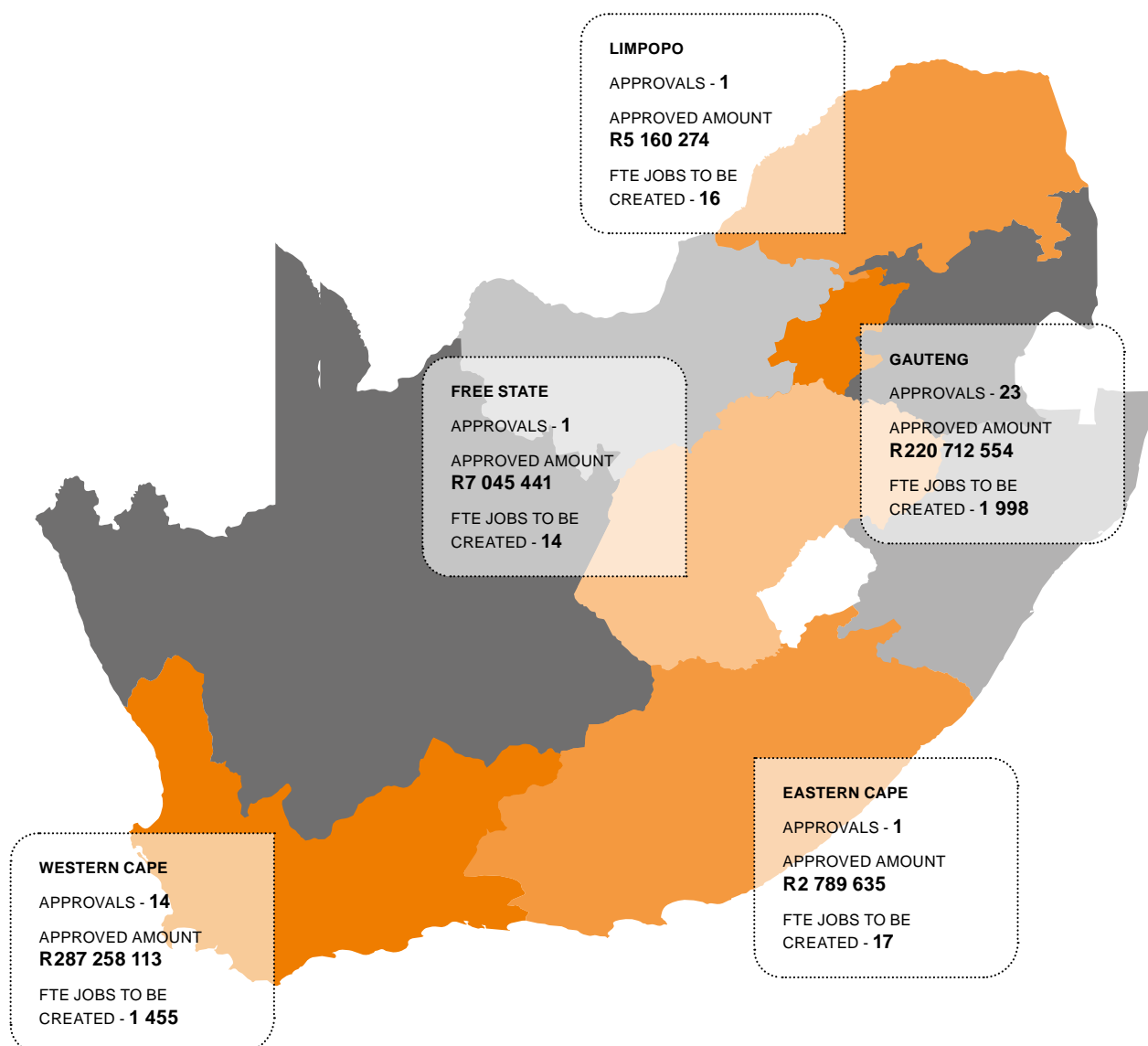
Active
228
R2 506 518 304

Fully Paid
185
R1 653 440 455

Cancelled
162
R1 422 659 939

The FTPI approvals for 2020/21 were spread across five provinces with a significant concentration in the metros of Gauteng (23) and the Western Cape (14). Of interest is the emerging Black film maker SPCV in the Vhembe District, in Limpopo. This mini-series production will be filming in Gauteng, Mpumalanga, the Eastern Cape, and KwaZulu-Natal. For this production, all heads of departments will be occupied by Black creatives and technicians.







	APPROVALS	APPROVAL AMOUNT	FTE JOBS TO BE CREATED
GAUTENG	23	R220 712 554	1 998
City of Ekurhuleni Metropolitan Municipality	2	R4 332 614	135
City of Johannesburg Metropolitan Municipality	20	R196 243 904	1 784
City of Tshwane Metropolitan Municipality	1	R20 136 036	79
LIMPOPO	1	R5 160 274	16
Vhembe District Municipality	1	R5 160 274	16
FREE STATE	1	R7 045 441	14
Mangaung Metropolitan Municipality	1	R7 045 441	14
EASTERN CAPE	1	R2 789 635	17
Buffalo City Metropolitan Municipality	1	R2 789 635	17
WESTERN CAPE	14	R287 258 113	1 455
City of Cape Town Metropolitan Municipality	14	R287 258 113	1 455



Of the R2.2 billion domestic spend expected through the production of these films and television shows, R1.7 billion of this is for production of 15 foreign films, indicating significant foreign exchange earnings to the local economy. Furthermore, foreign productions in the country tend to improve the creative and technical skills base through on-the-job training of local South African creatives and production technicians. Most of these foreign movies

will be shooting in the Western Cape and Gauteng which will improve the international exposure of these provinces by showcasing their natural landscape and cities.

The EBFM sub-programme saw 11 approvals, most going to Black females, making this sub-programme an important tool in **the dtic's** drive to transform the film industry in South Africa

	APPROVALS	APPROVAL AMOUNT	DOMESTIC SPEND
EBFM	11	R56 993,683	R108 947 361
 Black female	7	R42 881 942	R81 863 881
 Black male	4	R14 111 741	R27 083 480
FOREIGN FILM	15	R326 924 784	R1 718 214 478
 Black female	2	R55 671 192	R225 295 028
 Black male	5	R52 366 766	R149 028 515
 Entity	2	R52 616 573	R369 328 630
 Trust	2	R67 760 661	R646 197 001
 White female	1	R23 402 927	R78 009 758
 White male	3	R75 106 665	R250 355 546
SA FILM	14	R139 047 550	R407 443 110
 Black female	7	R114 272 621	R158 820 404
 Black male	4	R17 692 944	R43 482 357
 Entity	1	R50 000 000	R194 616 589
 White male	2	R4 043 319	R10 523 760



Youth-owned projects include five feature films, one mini/TV series, and one documentary, resulting in an expected R66 million local domestic spend and R199 million foreign film domestic spend.



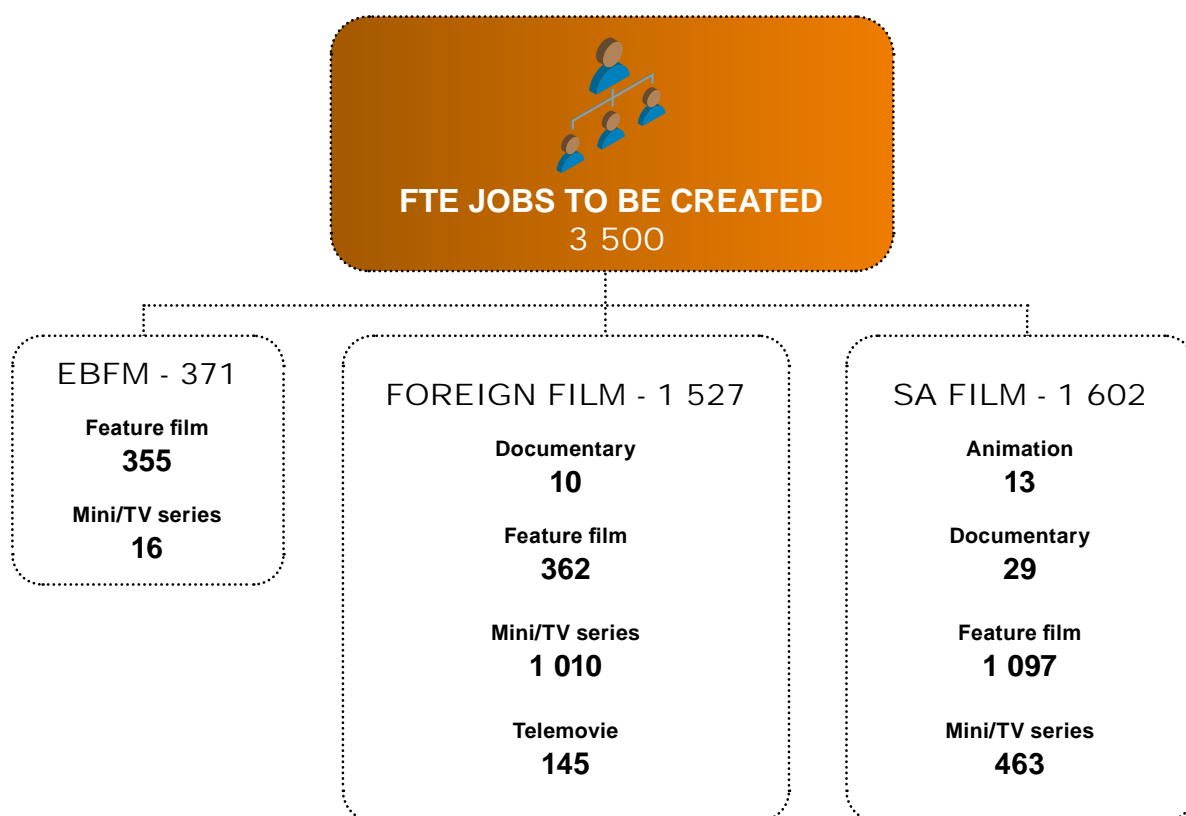
Black females - 2



Black males - 2



White males - 3



In order to track transformation of the film sector, beneficiaries of the FTPI report on expected heads of departments for their productions according to race and gender. Of particular interest is that for EBFM productions in this financial year, all head of department positions bar one will be filled by Black persons. In terms of South African films, six of the productions will be directed by Black persons and 11 will be produced by Black persons.



Director



Producer



Script writer



Sound and music



Make-up and hair



Photography

Heads of Department						
Black female	7	11	14	2	15	2
Black male	10	11	6	13	1	11
White female	0	1	1	1	0	0
White male	8	3	4	1	0	2

DISBURSEMENTS OVERVIEW

Claim amount	R122 777 637
Foreign film and TV spend in the domestic economy	R205 776 380
Local film and TV spend in the domestic economy	R211 574 235
New FTE jobs created	619
Black jobs supported	412
Female jobs supported	39
Youth jobs supported	95

Beneficiaries were asked to indicate international markets they had accessed and media platforms they had used. They reported accessing the following: Netherlands Film Festival, Joburg Film Festival, Cape Town Film Festival, the SAFTAS, Netflix, KRO NCRV & SABC, Showmax, DSTV, SYFY TV Channel, and Amazon.

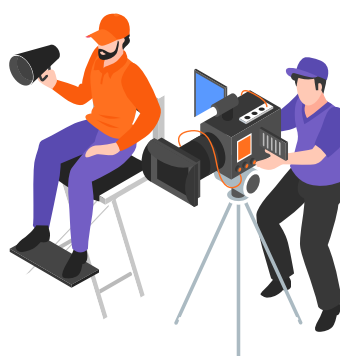
Beneficiaries indicated the contribution that they had made to the local economy through their productions as:

“Creation of jobs and employment, on-going new opportunities for participants in the project”

“Showcasing SA talent and creating on-going opportunities for those who participated in the production, such as the production designer team and the director”

“We feel this helped the local economy as it created jobs and gave suppliers money that created more jobs and business. But the biggest impact was that we created content for the youth and this, in turn, is going to create demand for more of this content”

“We mostly utilised Black heads of departments and Black-owned suppliers during the production.”



COVID-19 IMPACT:



How has COVID-19 impacted businesses negatively?

"Stoppages had immense additional cost implications which we had not budgeted for. We had to raise additional funding including borrowing."

"We had delays in the production schedule and had to increase the number of crew."

"We lost actors due to COVID-19 and had to stop both shooting and post-production due to the restrictions."

"Due to the pandemic and resulting lockdowns / travel restrictions, our clients were unable to send projects to South Africa and our international work was essentially paralysed for the duration of the lockdown period."

"Additional funds are required to now ensure COVID-19 compliance on our productions, but no additional funds are made available."

What has the business done to limit the impact of COVID-19?

"We now have virtual meetings instead when we are planning for a project, and we have appointed COVID-19 compliance officers for when we are on set. "

"We have implemented very strict COVID-19 protocols and testing regimes to limit stoppages."

"We had to shorten the film and decrease the number of employees."

"We pivoted into local content production, but this segment of the film industry was also beset by pandemic-related challenges."

"We were not able to limit the impact on our business and had to retrench all our employees."

POPPIE NONGENA
POPPIE PRODUCTIONS
(PTY) LTD

LEVEL 4, WHITE
FEMALE SPCV



Town: Johannesburg
Municipality: City of Johannesburg
Metropolitan
Province: Gauteng

Product:

Feature film



ACTUAL LOCAL PRODUCTION SPEND:

R24 104 333



JOBS CREATED:

41 (the dtic calculated FTE jobs)



Poppie Nongena is a feature film produced by Helena Spring, a white female producer based in Randburg, Gauteng. It is based on the true story of Poppie, an Afrikaans speaking Black woman who suffered immense hardships during the 1970s. Declared an illegal resident in her hometown, she struggled to keep her family together, battling with the authorities for permission to stay with them, moving from house to house, applying for permits through employers and social workers, until the 1976 riots and death of her first grandchild compelled her to hand over the baton of the struggle to her children. This is a legacy project about the ordinary struggles and experiences an individual faced, an important record of our history that usually focuses on the more visible heroes. Yet the story of a humble woman fighting for her family appeared to have little commercial potential, and the dtic funding was key in getting the film made.

This film was released at the time of a global spotlight on human rights and showcased South Africa's journey in that regard and how far we still have to go. It has been a critical success, which paints the South African film industry in a positive light and may attract international support in future. Actress Clementine Mosimane has received worldwide praise for her portrayal of the title role. The film is currently available on

Showmax. The film has won 12 awards at the 2019 kykNet Silverskermfees including Best Feature Film, Best Director, Best Screen Play, and Best Cinematography, and at the 2020 South African Film and TV awards (SAFTAs), it was awarded Best Actress and Best Supporting Actress. It has won Best Picture at the 2020 BRICS Film Festival in Russia, and Best Picture at the 2020 Efebo d'Oro Festival in Italy. It has now played at more than 25 different festivals throughout the world and remains in demand. So far it has sold to Latin America and the United States.

The project employed a total of 93 crew members, of which 60 are Black and 33 are women, and the cast of 97 included 79 Black actors and 61 women. Department heads included a Black male art director, Black First assistant director, Black female make-up and hair designer, as well as Black unit, transport and location managers. But this tells nothing of the hundreds of other contract or multiplier opportunities: equipment hire, stationery, clothing, set building, studio space, location fees, actors and extras, technology equipment and staff, and the creative team. For example, there were 1 091 extras involved in the shoot, and 1 007 of them are Black. Poppie was 100% South African production, and not a single non-South African person or component was used.

RIDING WITH SUGAR
RIDING WITH SUGAR
(PTY) LTD

LEVEL 2, BLACK MALE &
WHITE FEMALE SPCV



Town: Cape Town
Municipality: City of Cape Town
Metropolitan
Province: Western Cape

Product:

Feature film



ACTUAL LOCAL PRODUCTION SPEND:

R33 431 725



JOBS CREATED:

18 (the dtic calculated FTE jobs)



The 'riding' in Riding with Sugar refers to BMX cycling, a sport in which Joshua excels. He is a scholarship student who dreams of winning a BMX championship as a means of escaping his refugee existence in a shack settlement. After a xenophobic attack shatters his dream and he ends up in a teenage shelter, he discovers that kindness can conceal an even more dangerous and different threat.

This production by white female producer, Helena Spring, and Black male producer/director, Svinurayi (Sunu) Gonera was filmed in Cape Town, Western Cape, and won 2021 SAFTA awards in the following categories: Best Production Design, Best Wardrobe, Best Cinematography, Best Supporting Actor, and Best Sound Design. It was also nominated for Best Direction. It has its US premier at the Cordillera film festival in Nevada early August 2021 and was screened at the human rights film festival in Los Angeles. It has been showcased at various international events in Africa, Latin America, and the Middle East, and is currently available on Netflix in these territories.

The film had an above-average budget for a local project which is reflected in excellent production values. It employed 108 crew members, 69 of whom are Black and 24 are women, and 274 cast members, 244 Black and 37 women. The employees included a Black male director and screenwriter, as well as a rigorous Lotto funded internship programme, providing in-service training and work experience for young Black film makers with a designated mentor, in collaboration with the SA Film Academy (F.I.L.M.). The project reported contributing to the local economy through the creation of jobs, showcasing local talent, and creating on-going opportunities for those who participated in the production, for example, all trainees were absorbed as crew on subsequent international productions.

The film also spawned a 16-song soundtrack, played by South African musicians, and which is destined for release and further earnings for those players.

Despite having a distribution contract in place for a theatrical release, due to COVID-19 cinema closures, the release of the film was delayed three times, and eventually the producers approached Netflix to secure a release.



VERHAAL VAN RACHELTJIE DE BEER RBD MOVIES

LEVEL 4, WHITE
MALE SPCV



Town: Pretoria
Municipality: City of Tshwane
Metropolitan
Province: Gauteng

Product:
Feature film



ACTUAL LOCAL PRODUCTION SPEND:
R8 374 990



JOBS CREATED:
9 (the dtic calculated FTE jobs)



Verhaal van Racheltjie de Beer is an age-old tale that took its time to find the company that would release it. The script was ready for 10 years before RBD Movies (Pty) Ltd – Johan Kruger – agreed to produce it and bring it to life. It dramatizes the legend of Rachel De Beer, a young girl well-known in Afrikaans tradition. The film is the tale of the De Beer family travelling in the Voortrekker era, when tragedy strikes and young Rachel offers her life to save her brother's.

It was shot on location in the Free State over a period of five weeks, and there was an additional shoot in the Drakensberg. The cast and crew employed over the filming period numbers 55 people, 60% of whom are Black, 40% of whom are women and 50% of whom are youth. Women were employed in all the key positions. Film making has many downstream benefits, apart from direct employment. In this case, 55 people were accommodated near Ficksburg in the Free State and supplies were acquired there: food, fuel, and stationery. Tyres were a large expense:

the shoot location meant that many replacement tyres were needed. Local employment created by the production included assistants, trainees and casual workers. All of this spend stimulated the local economy. Another benefit is that RBD Films secured a United States distributor to handle international sales. The film has been sold internationally to South America (dubbed into Spanish), and to HBO Europe (22 countries). This is quite an important achievement for a South African film and may pave the way for further distribution contracts in future. A final benefit is that Racheltjie was directed by a new-comer and this film may have launched that directing career.

This film won three SAFTAs in 2020 – Best Achievement in Cinematography, and Best Achievement in Sound Design, and Best Achievement in Music/Score. It was also nominated for Best Feature Film. It won the Kidseye award Best Feature Film at the 2020 Rhode Island Film Festival. The production has distribution agreements with Indigenous and M-net and is currently on Showmax.

a fool's **PARADISE**

**A FOOL'S PARADISE – A
FOOL'S PARADISE
(PTY) LTD**

LEVEL 4, WHITE
MALE SPCV



Town: Johannesburg
Municipality: City of Johannesburg
Metropolitan
Province: Gauteng

Product:
Feature film



ACTUAL LOCAL PRODUCTION SPEND:
R3 194 493



JOBS CREATED:
2 (the dtic calculated FTE jobs)



This production is a showcase of how **the dtic's** EMIA travel incentive works in combination with the SA Production Incentive of **the dtic**: the producer of A Fool's Paradise, Marc Schwinges, used his EMIA grant to travel to film festivals and markets where he met filmmaker Saskia Vredeveld at the International Film Festival Amsterdam. She is a dual South African-Dutch citizen and had already made many documentaries in South Africa funded by various Dutch grants and broadcasters. Marc was able to convince Saskia that she should use a South African co-producer and team for the next documentary in South Africa, this time one about her naïve childhood in South Africa, her realisation of what apartheid was about as she was growing up, and whether she could come to terms with the ways South Africa has changed since she was a child.

The film was made as a formal co-production under a bilateral treaty between the countries and co-funded by various Dutch finance sources but the technical crew were all South Africans, and there was a lot of expenditure in South Africa. Since the documentary involved Saskia travelling to places with Dutch names to track the link between the Netherlands and South Africa, the crew travelled to small towns in rural areas all over the country,

such as Ermelo, Delft, Amsterdam and Amersfoort in Mpumalanga. There was money spent in each of these far-flung areas: on accommodation, vehicle rental, food, and stipends for people who acted as guides or assistants in those areas. Between 40% and 50% of spend was on this aspect of the film. Documentaries are traditionally made by a small crew. In this instance, there was a white male director of photography, with a Black male for pickup shoots, a Black male production manager, a Black male sound person, and a white male camera assistant. There were also several Black researchers, most of who are female.

The documentary finance involved two public broadcasters, KRO NCRV, the Dutch public Broadcaster as well as the SABC for South Africa. It further took part in the Netherlands Film Festival, the International Documentary Film Festival Amsterdam, and the Johannesburg and Cape Town film festivals. It was nominated for the Best Documentary at both the Netherlands and Johannesburg film festivals. The production won a SAFTA for Best Sound Recording in a documentary. The producer, Marc Schwinges, now has a credit on the basis of reciprocity with Dutch funders and this may lead to another co-production.



4 INFRASTRUCTURE INVESTMENT CLUSTER







These incentives provide grants for industrial infrastructure initiatives that are aimed at enhancing infrastructure, industrial development and export of value-added commodities, and ensure that the funded projects are primed to attract foreign direct investment.

Incentives that are included in this sector are:

- ◆ **Special Economic Zones (SEZ)**
- ◆ **Critical Infrastructure Programme and Industrial Parks (CIP)**
- ◆ **Cluster Development Programme (CDP)**



FUNDING AND INVESTMENT IN INFRASTRUCTURE

INCENTIVE	PROJECTS SUPPORTED	APPROVAL AMOUNT	PROJECTED INVESTMENT	DISBURSEMENT AMOUNT
SEZ	12	R2 628 885 819	R4 245 500 000	R1 975 038 227
CIP & IP	6	R171 295 160	R5 452 829 992	R79 291 046
CDP	No Approvals in the 2020/21 Financial Year			R868 990
TOTAL	 18	 R2 800 180 979	 R9 698 329 992	 R2 055 198 263

Infrastructure supported contributes to improved power connectivity, digital network infrastructure, job creation and attracting new investors to rural areas and townships.



SPECIAL ECONOMIC ZONES FUNDS

The Special Economic Zone (SEZ) fund, effective since 2013, aims to accelerate the country's industrial development agenda.

SEZs are geographically designated areas reserved for targeted economic activities in order to promote trade, economic growth and industrialisation.

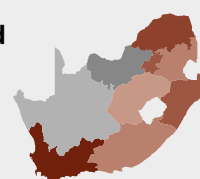
As part of the Economic Reconstruction and Recovery Plan (ERRP) the dtic considers the SEZs to be an important element of reigniting manufacturing-led industrialisation in an accelerated manner.¹

SEZs are supported through special arrangements (including laws) and systems that are different to those that apply elsewhere in the country. Where qualifying criteria have been satisfied, businesses located within SEZs benefit from the following incentives: 15% corporate tax; a building allowance; an employment incentive; and tax relief for exporting businesses.

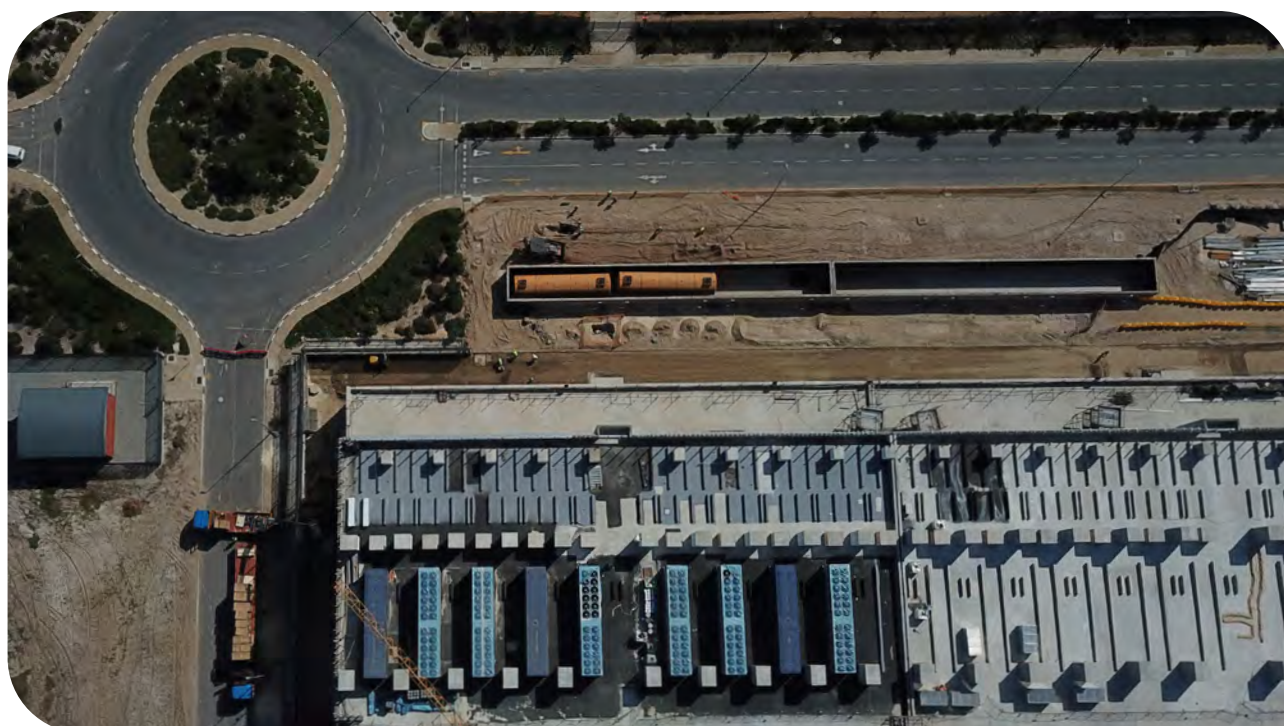
In addition to this is the Special Economic Zone Fund which aims to provide capital towards bulk and related infrastructure that leverages investment from third parties, through foreign and local direct investment in both the operations of such enterprises and the infrastructure required.

SEZs can be sector-specific or multi-product and include the following types: a free port, free trade zones, Industrial Development Zones (IDZ), or sector development/ specialised zones. Since its inception in 2013, the SEZ programme has managed to attract R20 billion worth of private investment from 145 operational companies.

To date, there are 11 designated SEZs operating across seven provinces and others proposed or being planned in the North West, Free State, and Northern Cape provinces.



EASTERN CAPE	Coega SEZ East London SEZ
KWAZULU-NATAL	Richards Bay SEZ Dube Trade Port SEZ
WESTERN CAPE	Saldanha Bay SEZ Atlantis SEZ
GAUTENG	OR Tambo SEZ Tshwane Automotive SEZ
FREE STATE	Maluti-A-Phofung SEZ
LIMPOPO	Musina/Makhado SEZ
MPUMALANGA	Nkomazi SEZ



¹ the dtic budget vote speech, 2021.

APPROVALS OVERVIEW

The 2020/21 financial year saw approvals to the value of R2.6 billion, supporting 12 projects. These approvals have a projected investment multiplier of 1.6, meaning a total expected project investment of R4.2 billion.

YEAR	SUPPORTED PROJECTS	APPROVAL AMOUNT	IM	PROJECTED INVESTMENT	JOB TO BE CREATED	PROJECTED CONSTRUCTION JOBS
2020/21	12	R2 628 885 819	1.6	R4 245 500 000	1 656	5 773

Projects in the following four zones were approved:



The Tshwane Automotive SEZ (TAZES)

The Tshwane Automotive SEZ (TAZES), which is a partnership between all three spheres of government and the Ford Motor Company, was unveiled by President Cyril Ramaphosa in November 2019. The 162.6ha zone is strategically located close to major car manufacturers such as Ford, BMW, Nissan, TATA, and IVECO, and is within 30km of the Rosslyn Automotive Supplier Park. As of 31 March 2021, 12 automotive component manufacturers are located in the zone, and they bring an expected investment

of R4.33 billion, a projected 2 388 new jobs, and 8 647 construction jobs. All 12 anticipate being fully operational by 2022. These localisation efforts are expected to support and grow local value chains, shorten lead times, and increase economies of scale, thus improving business competitiveness. In supporting this project **the dtic** assists in the realisation of the objectives of the Automotive Master Plan to grow the industry and the value chains associated with it.



The COEGA SEZ

The Coega SEZ located in the Nelson Mandela Bay Municipality, established in 1999, was the first SEZ to be designated in South Africa. The SEZ is located on 9 003ha and is adjacent to the deep-water port of Ngqura. This location, and because it falls on the east-west shipment route, makes this an important investment destination for exporting companies. A number of catalytic big projects valued at over

R75 billion are on the horizon for this SEZ.² As of 31 March 2021, the park reported 50 operational investors with an investment of R10.8 billion and 6 963 new jobs created. The SEZ incentive supported 17 investors operating in various industries inclusive of dairy, automotive, medical devices, and logistic companies.

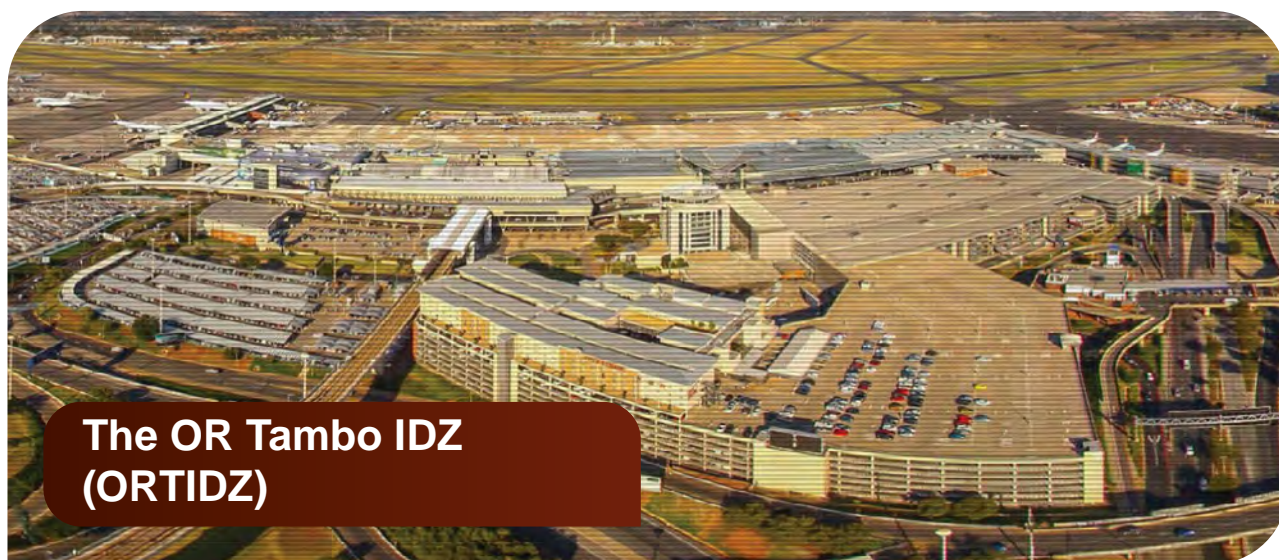
² www.coega.co.za



The East London IDZ (ELIDZ)

The East London IDZ (ELIDZ) was one of the first IDZs to be operational and came into being in 2003. It is located in the Buffalo City municipality just 10km from the East London port, offering investors direct shipping to Africa, Asia, and Europe. The park currently has 37 investors whose international footprint spreads over 11 countries. The ELIDZ is owned by provincial government (Department

of Economic Development Environmental Affairs and Tourism (DEDEAT)) and the Buffalo City Metropolitan Municipality (BCMM). It is funded by **the dtic** and DEDEAT. Investment made as of 31 March 2021 was R4.8 billion with 2 720 new jobs created. The incentive supported 18 investors, the majority of which are automotive component manufacturers.






The OR Tambo IDZ (ORTIDZ)

The OR Tambo IDZ (ORTIDZ) set about to develop the land around the OR Tambo International Airport (ORTIA) to stimulate economic development through the SEZ mechanism. ORTIA is the largest air cargo airport on the African continent, with the capacity to handle 40 000 tonnes annually. The mission of the SEZ is to increase industrialisation and manufacturing capability in targeted export-driven sectors, stimulate skills development, and promote job creation and investment opportunities. One of the sectors targeted by the ORTIDZ is the high-

value low-mass beneficiation of precious metals and minerals and one of the industry-specific precincts in the IDZ is to be a jewellery manufacturing precinct. The IDZ is being developed over a 10- to 15-year period. The zone currently has one investor that has created 1 200 new jobs and 13 secured but non-operational investors. The latter will be investing R387 million and are expected to create 277 new jobs. The incentive is currently supporting three investors: a jewellery manufacturer; a solar energy company; and a food and beverage agro-processor.

DISBURSEMENTS OVERVIEW

From 2016/17, the SEZ fund disbursed R7.4 billion for the construction of industrial infrastructure, unlocking investment of R19.6 billion in eight zones and supporting 14 978 new jobs.

IDZ	CLAIM AMOUNT	INVESTMENT AMOUNT	DIRECT JOBS CREATED
COEGA IDZ	R1 707 555 579	R10 891 000 000	6 963
DTPC	R262 655 413	R2 191 000 000	3 870
ELIDZ	R1 943 433 816	R4 804 000 000	2 720
MAP IDZ	R225 968 221	R1 025 000 000	80
OR Tambo IDZ	R392 377 740	R257 000 000	1 200
RBIDZ	R320 866 718	R352 000 000	88
SBIDZ	R588 519 120	R117 000 000	57
TASEZ	R2 021 240 002	R0	0
TOTAL	 R7 462 616 609	 R19 637 000 000	 14 978



SEZs supported from 2016/17

DESCRIPTION	
EASTERN CAPE	
COEGA IDZ	Located adjacent to the deep-water port of Ngqura and is an important export-based SEZ. It is both the largest SEZ in Southern Africa and the first SEZ to be designated.
East London IDZ (ELIDZ)	Established in 2003, the zone has become a prime industrial park, renowned for its customised solutions for various industries, including automotive, agro-processing, and aquaculture.
KWAZULU-NATAL	
Dube Trade Port (TPC)	The DTP SEZ brings together the King Shaka International Airport, a cargo terminal, warehousing, offices, retail sector, hotels, and agricultural area.
Richards Bay IDZ (RBIDZ)	This SEZ is linked to the international seaport of Richards Bay as well as with road and rail networks connecting it to the country and its neighbours. It is tailored for the manufacturing and storage of minerals and products to boost beneficiation, investment, economic growth, and the development of skills and employment.
FREE STATE	
Maluti-A-Phofung (MAP) IDZ	This SEZ lies mid-way on the Johannesburg and Durban logistics route and offers exporters a logistics base and intermodal logistics solutions between rail and freight as well as light and medium manufacturing facilities.
GAUTENG	
OR Tambo IDZ	The operations of the ORTIDZ are closely linked with the activities of the OR Tambo International airport, with a vision to identify, design, package, and enable focused export-driven manufacturing and beneficiation programmes for businesses located at the IDZ.
Tshwane Automotive SEZ (TASEZ)	This SEZ is Africa's first automotive SEZ established close to an operational automotive industry which allows for increased economies of scale and scope, thereby lowering the cost of doing business.
WESTERN CAPE	
Saldanah Bay IDZ (SBIDZ)	It is envisioned that this SEZ will serve as the primary oil, gas, and marine repair engineering and logistics services complex in Africa, servicing the needs of the upstream oil exploration industry and production service companies operating in the oil and gas fields off Sub-Saharan Africa.

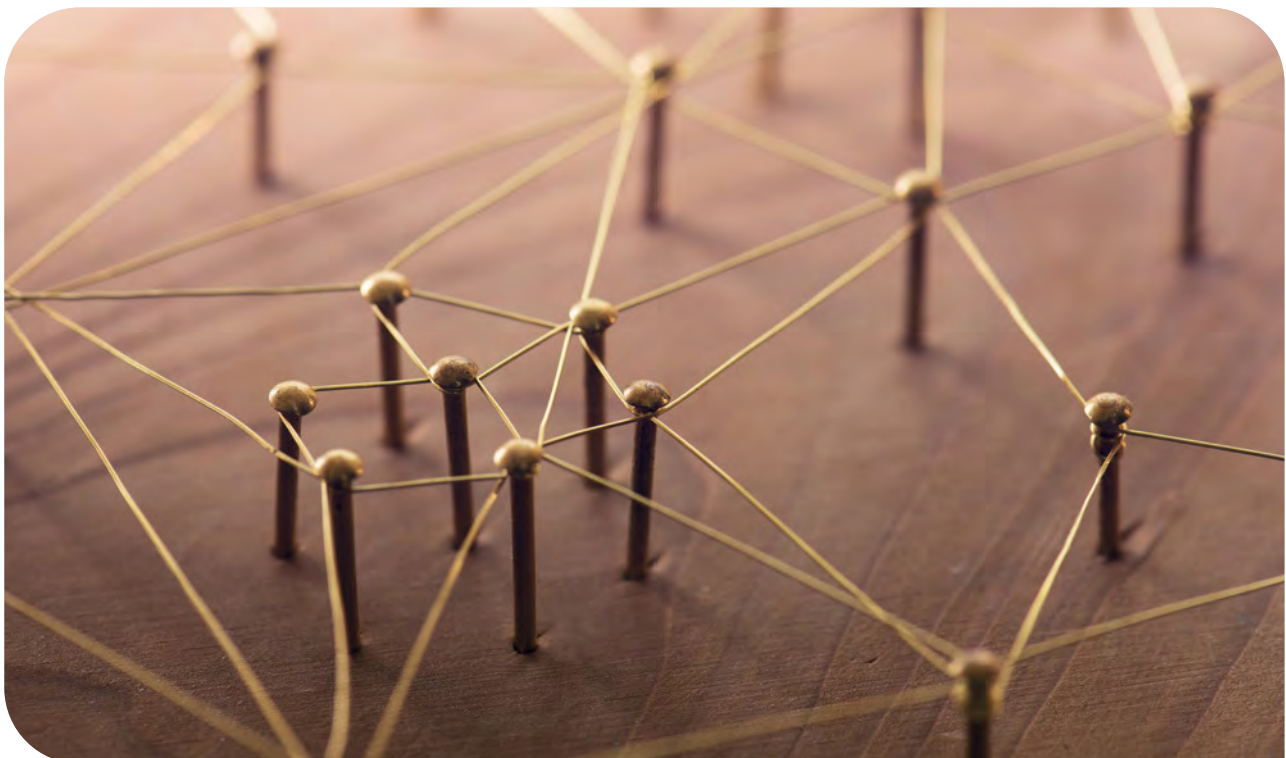


CRITICAL INFRASTRUCTURE PROGRAMME

The Critical Infrastructure Programme (CIP) aims to leverage investment by supporting infrastructure that is deemed to be critical, thus lowering the cost of doing business. The programme supports infrastructure, agro-processing, 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, and critical or strategic water and sanitation networks. Infrastructure is deemed to be critical if the investment could not take place without funding from CIP, or if the investment would not operate optimally.

- The CIP offers a grant of between 10% and 30% of the total qualifying infrastructural development costs, up to a maximum of R50 million, based on the achieved score in the Economic Benefit Criteria for generic investments. Also under generic investments, the CIP provides between 10 to 30% for COVID-19 qualifying infrastructure development costs, up to a maximum of R30 million.
- For state-owned testing facilities, there is a 50:50 cost-sharing of qualifying infrastructure, capped at R50 million.
- In the case of South African film and television studios and cinemas, the incentive will provide 30% of qualifying infrastructure costs, capped at R50 million.
- The CIP supports costs related to strategic infrastructure feasibility studies inside SEZs paying 80% of the costs, capped at 5% of the project value, to a maximum of R50 million. Outside of SEZs, the CIP pays 60% of shared costs, also capped at 5% of the project value, to a maximum of R50 million.
- The incentive pays 100% to state-owned industrial parks for qualifying infrastructure development costs, capped at R50 million.
- For distressed municipalities, the CIP pays 100% towards strategic infrastructure studies, capped at R10 million. For distressed municipalities or an investor within a distressed municipality, between 15% and 100% of total qualifying infrastructure development costs will be covered by the CIP. For other municipalities, 15% to 50% of total qualifying infrastructure development costs are supported, up to a maximum of R50 million.

The applicant must be at least a level 6 B-BBEE contributor, in terms of the Codes of Good Practice for B-BBEE.



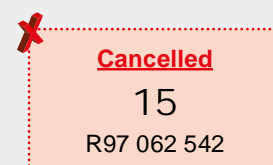


APPROVALS OVERVIEW

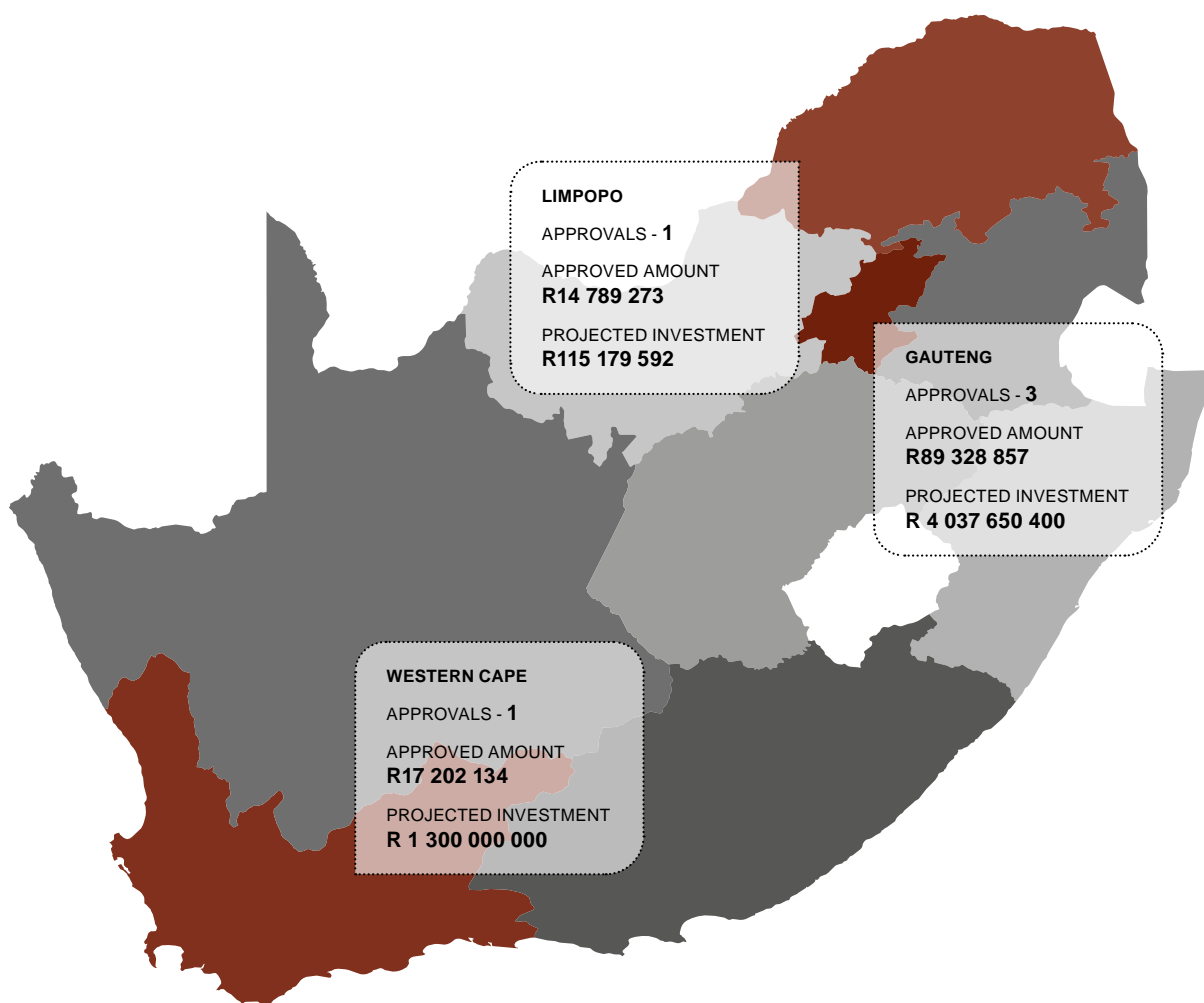
During this financial year, **the dtic** ratified the highest approval compared to the previous two years, with R121 million for five approvals. With an investment multiplier of 44.9, this is expected to result in a total investment of R5.4 billion. Through these investments, 667 new direct jobs will be created, in addition to 2 217 construction jobs.

YEAR	SUPPORTED PROJECTS	APPROVAL AMOUNT	IM	PROJECTED INVESTMENT	DIRECT JOBS TO BE CREATED	PROJECTED CONSTRUCTION JOBS
2018/19	7	R83 135 167	66.17	R5 501 704 354	6 466	3 070
2019/20	5	R71 662 914	73.86	R5 293 114 844	2 550	4 986
2020/21	5	R121 320 264	44.95	R5 452 829 992	667	2 217

CIP status (2017/18-2020/21)



The CIP approvals were concentrated in Gauteng with three approvals, and one each for Cape Town and the Vhembe District Municipality in Limpopo. The inclusion of a poor rural district in the approvals is significant in that this project will see a total investment of R115 million, and the creation of 132 jobs. The proposed project in the Vhembe District in Limpopo is upgrading the sewerage plant, electrical supply, and taxi rank infrastructure at the Mphephu Plaza retail facility. This will boost regional economic growth through increasing local employment



	APPROVALS	APPROVAL AMOUNT	PROJECTED INVESTMENT	DIRECT JOBS TO BE CREATED	CONSTRUCTION JOBS TO BE CREATED
Gauteng	3	R89 328 857	R4 037 650 400	485	1 663
	2	R55 053 525	R3 723 000 000	140	740
City of Ekurhuleni Metropolitan Municipality	Infrastructure supported: <ul style="list-style-type: none"> Installation of an electrical substation at a plastic recycling plant that manufactures food-grade polyethylene terephthalate (PET) packaging. Electrical and fibre infrastructure that is part of a hyperscale data centre that will improve power connectivity, network infrastructure, and create jobs in Bredell. 				
	1	R34 275 332	R314 650 400	345	923
City of Tshwane Metropolitan Municipality	Infrastructure supported: <ul style="list-style-type: none"> Bulk infrastructure that will provide a township in Knoppieslaagte with sewerage facilities, and water and electricity supply. Jobs will also be created through the infrastructure development. 				
Limpopo	1	R14 789 273	R115 179 592	132	204
	1	R14 789 273	R115 179 592	132	204
Vhembe District Municipality	Infrastructure supported: <ul style="list-style-type: none"> Bulk infrastructure such as upgrades to the sewerage plant, electrical infrastructure and taxi rank at the Mphephu Plaza retail facility. This will boost regional economic growth through increasing local employment. 				
Western Cape	1	R17 202 134	R1 300 000 000	50	350
	1	R17 202 134	R1 300 000 000	50	350
City of Cape Town Metropolitan Municipality	Infrastructure supported: <ul style="list-style-type: none"> Electrical and fibre infrastructure which is part of a hyperscale data centre that will accelerate digital transformation and create jobs in Brackenfell. 				

DISBURSEMENTS

Overview of CIP disbursements

Disbursements
R24 777 513

Investment
R200 485 345

NEW JOBS CREATED
3 435



CONSTRUCTION
3 435



BLACK
4 139



FEMALE
1 274



YOUTH
2 922



INDUSTRIAL PARKS PERFORMANCE

Under the CIP, **the dtic** supports infrastructure development in state-owned industrial parks as part of the state-owned Industrial Parks Revitalisation Programme (IPRP). The IPRP is considered one of **the dtic's** key interventions, promoting decentralization of industry to less developed areas, and within the rural and township economies.

The main objectives of the IPRP are as follows:

- To accelerate economic development in the lagging regions by attracting investments to the areas;
- To support job creation in manufacturing and related sectors and arrest negative externalities associated with urban congestion;
- To remove barriers related to infrastructure and market access, and support firm-level competitiveness;
- To provide new opportunities and support growth in the townships and rural areas;
- To assist regions to build, strengthen, and develop strategic industrial capabilities;
- To develop sustainable industrial clusters on the back of the old industrial assets in the region.

The IPRP has been running since 2016/17 and is implemented in collaboration with the relevant provincial government and the respective agencies who own and manage the industrial parks. The programme is implemented in a phased approach and since its inception, R740 million has been approved through **the dtic's** CIP towards the revitalisation of state-owned industrial parks in various provinces. The implementation of the programme is divided into five progressive phases; 12 phase-one projects have been completed, and six projects are approved for phase two.

In December 2020, **the dtic** and the National Cleaner Production Centre South Africa (NCCPC-SA) in partnership with the United Nations Industrial Development Organisation (UNIDO) launched the Global Eco-Industrial Parks Programme (GEIPP) in South Africa. South Africa was chosen to host the Eco-Industrial Parks (EIP) programme to support the IPRP, matching core focus areas of economic, social, and environmental benefit in support of the national priorities to address poverty, employment, inequality, and growth. This currently involves the Phuthaditjhaba and Ekandustria industrial parks.

To further support the efforts of the IPRP, **the dtic** is also rolling out digital hubs in various industrial parks, utilising factory spaces to house the hubs. The Digital Hubs Programme focuses on creating a central meeting point for technology, innovation, and creative businesses in the areas surrounding the industrial parks, which in turn will support start-up accelerator programmes, business incubators, and training programmes. The first hub has been completed in the Botshabelo IP, with additional hubs to be established in the Isithebe and Seshego Industrial Parks.



The focus of the initial phases of any revitalisation programme is on infrastructure provision of roads and security upgrades, installation of sewerage, water, and electricity infrastructure, and refurbishment of top structures. A total of 2 272 construction jobs were created by supported projects from inception of the incentive in 2016/17.

Province	Industrial park	Claim amount	Total jobs
Gauteng	Babelegi IP	R61 617 702	234
Free State	Botshabelo IP	R27 471 718	150
Eastern Cape	Dimbaza IP	R49 999 796	400
Gauteng	Ekandustria IP	R33 695 167	113
Gauteng	Garankuwa IP	R42 133 447	85
KwaZulu-Natal	Isithebe IP	R34 863 613	162
Eastern Cape	Komani/ Queendustria IP	R43 631 155	130
North West	Mogwase IP	R79 946 036	366
Limpopo	Nkowankowa IP	R40 172 274	338
Free State	Phuthaditjhaba IP	R50 000 000	85
Limpopo	Seshego IP	R12 896 021	96
Eastern Cape	Vulindlela IP	R36 316 674	113
Total		R512 743 603	2 272



611




Youth jobs supported
(2018/19 to 2020/21)



295

Female jobs supported
(2018/19 to 2020/21)

Investment in industrial parks assists SMMEs located in townships and rural areas to contribute to economic growth. Almost all SMMEs contracted were local enterprises, ensuring that the spend is retained in the local economy and 10 subcontractors were women-owned SMMEs. Of the total R289.5 million value to main contractors, R60.2 million went to SMME subcontractors.

					
	Number of SMMEs	Number of local area SMMEs	Contract value to main contractor	Spending to SMMEs subcontractors	Women-owned SMMEs
Total	69	56	R289 533 972	R60 158 039	10



TERACO (PTY) LTD

LEVEL 4, SOUTH
AFRICAN TRUST



Town: Brackenfell and Bredell
Municipality: City of Cape Town
Metropolitan and City of Ekurhleni
Metropolitan
Province: Western Cape and Gauteng

Product:

Hyperscale Data Centres



ACTUAL INVESTMENT:
R3 600 000 000



JOBS CREATED:
1 600



South Africa, with one of the most developed telecommunications infrastructures on the continent, is an attractive destination from which global and local cloud providers can offer services to sub-Saharan Africa. Many already have data in the cloud: photographs, music, email. But these clouds have a home, they live within large facilities that are highly secure, carefully monitored, and built to run 24x7 without fail. These large buildings, filled with servers, storage devices, network equipment – and linked to the world wide web – are called data centres.

Teraco Data Environments (Pty) Ltd builds and operates data centres across South Africa that are the home for many clouds and other organisations' critical IT infrastructure. The service Teraco offers clients includes: space (IT equipment is housed in racks); cooling (computers that work hard run hot); physical security; and power for their equipment.

Additional reasons why South Africa serves as an ideal location for data centres is because we have the ability to build large-scale infrastructure, and relative to large parts of Africa, we have a more stable power grid. Part of the spend in this CIP incentive is for the building of stable electricity infrastructure and the upgrading of existing power grids, which is then managed by the local municipality. This stable electricity supply means

that Teraco can build and power very large data centre facilities.

The new data centre in Brackenfell, in the Western Cape, will be largest in the province, with access to 30 megaWatts (MW) of power, and will go live in September 2021. The second data centre in Ekurhuleni, Gauteng, will access 70 MW of power, and will be the largest single standing data centre in Africa. It is expected to be operational in the second quarter of 2022.

The investment in data centres by Teraco has a significant multiplier effect. Firstly, Teraco is building two data centres, with each site providing 700 construction jobs through SMMEs and other larger companies. Secondly, each new data centre will employ skilled staff to run the facilities, totalling approximately 100 new permanent jobs per site. Thirdly, Teraco's data centres are interconnection hubs, places where the digital infrastructure deployed by clients is able to directly connect to all other clients within the facility, to enable business and the more efficient exchange of data. Finally, the provision of cloud services locally, and within the continent, will have a direct impact on accelerating the digital transformation of African businesses, as this means faster access to data, a better user experience, and the ability to access a wider range of content.



CHUMA MALL (PTY) LTD

LEVEL 2, SOUTH
AFRICAN SMME



Town: Diepsloot
Municipality: City of Johannesburg
Metropolitan
Province: Gauteng

Product:

Mall



ACTUAL INVESTMENT:
R318 000 000



JOBS CREATED:
800



JOBS RETAINED:
350



The site for the Chuma Mall (Pty) Ltd was identified in 2012, but it was a greenfield, required zoning for business and had to be sub-divided. That took until 2016/17 but the project was further delayed by a land claim that affected the whole of Diepsloot and no banks would offer Eris Property Group, the developer, any capital. The building only started at the end of 2018 and it was supposed to open in April 2020, but COVID-19 delayed that until July 2020. Initially, Chuma hosted a soft opening with a few stores to allow for some economic activity during lockdown. Eris is a property development and services group, which provides a range of commercial property skills in the South African and sub-Saharan African markets.

The mall offers Diepsloot residents a number of advantages. The first is that community members do not have to travel to Fourways or other places to shop, spending precious money on transport costs:



this is on their doorstep. Second, many of the shops and outlets employ people from that community as their staff. And third, the build itself bought services from SMMEs. Eris Property Group had a database of SMMEs and used them on rotation, so that all could benefit. Fourth, the development of the mall is accompanied by the provision of bulk services that municipalities benefit from. In this case, Eris spent R26 million on bulk services, which included a new road system, sewerage, electrical infrastructure, upgrading of communications systems, and general maintenance. The actual investment for this project is R318 million.

From its concept stage through to its development stage and on its completion, this Eris Property Group project has employed approximately 800 community members directly and indirectly during construction and another 350 permanent jobs for the retail stores. Enterprise development included the contracting of local and youth-owned enterprises for the provision of essential services such as security, cleaning. 80% of the employees of these enterprises are from Diepsloot itself.

MIDDELBURG VINEYARDS (PTY) LTD

PO Box 19, Klaarvoogds, 6707 | Western Cape SOUTH AFRICA



MIDDELBURG VINEYARDS (PTY) LTD

LEVEL 4, SOUTH
AFRICAN ENTITY



Town: Robertson

Municipality: Cape Winelands District

Province: Western Cape

Product:

Mini-water scheme for farmlands



ACTUAL INVESTMENT:
R189 000 000



JOBS CREATED:
64



JOBS RETAINED:
15



This project was approved for bulk infrastructure for Middelburg, a farm in Robertson in the Western Cape, which is owned by the Van Loveren wine group. It was a greenfield agricultural project that Van Loveren created as an empowerment project as part of their transformation drive. Fifteen Van Loveren employees hold 30% equity shares in the farm, five of whom are women. Middleburg was undeveloped and located nine kilometres from the Brede River and the incentive funds were used to construct a water pipeline from the river to the area for the use of neighbouring farms, so that they are less constrained by water scarcity. It is a mini-water scheme that will benefit the area and the incentive ensured that the financial risk of such a scheme was alleviated. It was designed to use minimal electricity for water pumping as differences in height mean that irrigation takes place by natural pressure.

Pipes and electrical equipment with a total value of R20 million were sourced locally. This includes suppliers of trellises, polls, netting, chemicals, fertilisers and labour. It has had an impact on value chain downwards which, in rural Robertson, is sorely needed. 80% of spend has been local.

The farm is operational and has planted vines,



almonds, cherries, and citrus. All these are slow producers and will only be harvested in 2022. To date the project has created 64 direct jobs, all of which are done by Black people, 21 of which are female jobs, and 27 of which are done by youth. An additional 50 contract jobs throughout the year and 14 seasonal jobs were created with a potential to create more as the number of plantations increase. COVID-19 changed this business because the wine industry was affected by the ban on alcohol sales and Van Loveren decided not to over-invest in grapes and diversified into other fruits. There are currently no exports.

As part of a survey sent in April 2021, the company reported contributing to the economy through the development of agricultural plantations that will lead to the expansion of processing facilities and intends to increase Black ownership of the project to 50% by 2030.

CLUSTER DEVELOPMENT PROGRAMME

The Cluster Development Programme (CDP) was an incentive offered by **the dtic** to promote the industrialisation, sustainable economic growth, and job creation needs of South Africa through cluster development. Support provided through the incentive included that for shared infrastructure and business development services, as well as the organisational management of the clusters. Upon completion of the pilot programme, the programme was suspended on the 1st of April 2018. **the dtic** continues to make disbursements for previously approved beneficiaries.

DISBURSEMENTS



2020/21 FINANCIAL YEAR:

R868 990

One of the clusters that claimed included the Mining Equipment Manufacturers of South Africa.

This cluster has seen a significant growth in membership from 13 at the time of approval in 2017 to 36 in 2020 and has reported employment of just over 3 000. These 36 members, of which half have more than 51% and higher Black ownership, are rendering mining services and supplying mining equipment to mining companies.

To improve competitiveness of its members, the cluster is encouraging skills development interventions through collaboration with the Mandela Mining Precinct to assist members in

understanding and developing complex fourth industrial revolution (4IR) mining technologies and practices. The cluster has also established a technology consortium through the 4IR Interest Group that meets frequently to share insights on new technologies, and identify possible areas for collaboration to increase productivity.

In partnership with the Mandela Mining Precinct, MEMSA launched the Technology Availability and Readiness Atlas (TARA) which is essentially an online platform advertising the different products of cluster members. The online marketing is promoting the awareness of local technology in the mining industry as well as the mining equipment that is produced in the country.



5 EXPORT PROMOTION CLUSTER



The incentives in this cluster aim to support industrial competitiveness and growth of South African goods and services in the global economy, by providing funding to showcase services and products to potential investors in the global market and by supporting feasibility studies for projects with high export potential.

Incentives that are included in this sector are:






Export Marketing and Investment Assistance Scheme (EMIA)



Capital Projects Feasibility Programme (CPFP)



FUNDING AND INVESTMENT IN EXPORT PROMOTION

INCENTIVE	PROJECTS SUPPORTED	APPROVAL AMOUNT	DISBURSEMENT AMOUNT
EMIA	5	R467 750	R3 061 676
CPFP	No approvals in the 2020/21 Financial Year		R1 110 250
TOTAL	 5	 R467 750	 R4 171 926



EXPORT MARKETING AND INVESTMENT ASSISTANCE SCHEME

In order to grow export markets for South African products and services, the Export Marketing and Investment Assistance Scheme (EMIA) provides cost reimbursable grants to individual exporters.

The objectives of the scheme are to:

- Provide marketing assistance to develop new or grow existing export markets;
- Assist with the identification of new export markets through market research;
- Assist companies to increase their competitiveness by supporting patent registrations, quality marks and product marks;
- Assist with the facilitation of growing Foreign Direct Investment (FDI) through missions and FDI research;
- Increase the contribution of Black-owned businesses and SMMEs to South Africa's economy.

The support provided by the EMIA scheme includes exhibition participation, market research and activities to attract FDI into South Africa, product registration and inward missions. Individual exporters, export trading houses, commission agents, export councils, industry associations and joint action groups are all eligible to apply. In the case of export trading houses and commission agents, they need to represent at least three SMMEs or Historically Disadvantaged Individual (HDI)-owned businesses, in line with **the dtic's** EMIA economic transformation objective.

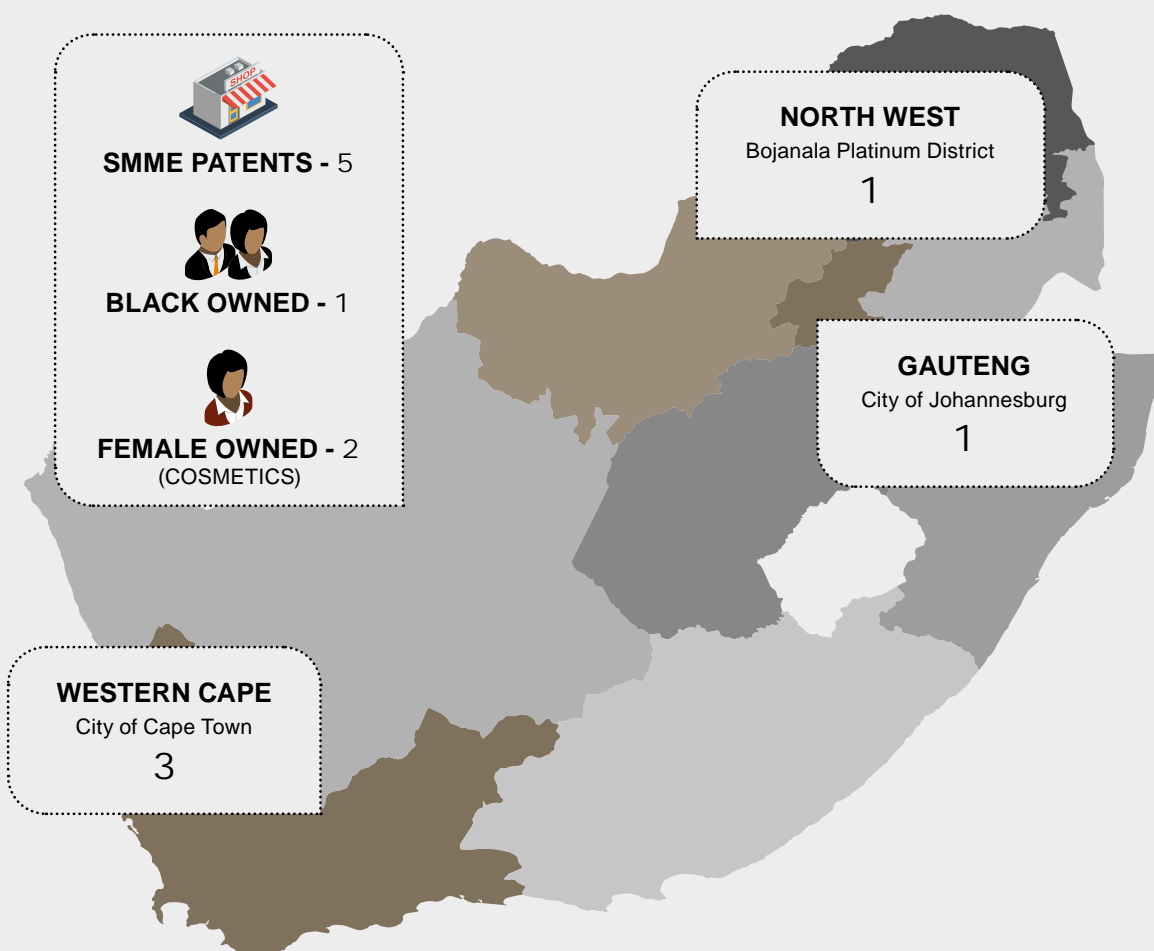
The B-BBEE requirement for this scheme is a valid B-BBEE certificate of compliance (B-BBEE levels 1 to 8).



APPROVALS OVERVIEW

Due to the COVID-19 pandemic, all international trade shows were cancelled and closed borders during high-level lockdown periods limited international travel. This significantly affected normal business activity aimed at exporting and attracting investment. Consequently, all approvals for the 2020/21 financial year were related to Intellectual Property (IP) costs, totalling just under half a million rand.

APPROVAL AMOUNT	COUNTRY OF REGISTRATION	DETAILS	PRODUCT
R100 000	Ghana	Registration of a product in a foreign market	Moisturisers, shampoos, conditioners
R100 000	United States	Registration of a brand, sales and organic certificate	Skin-care. Aloe gels
R100 000	United States and European Union	EU Certification	Serums, masks, scrubs, face wash products
R67 750	European Union including Portugal	EU Certification	Skin-care products
R100 000	European Union, United States, Canada, Australia	Patent registration in the US and UK	Medical equipment used for x-rays, ultrasounds, and mammograms

















Through support to register their products and obtaining certification, these companies expect to become more competitive and comply with international quality standards.

DISBURSEMENTS OVERVIEW

In this financial year, claims of R3 million were paid out for events attended before the lockdown, the majority of which were in the United States (R1.4 million).

EMIA claims paid in 2020/21 for events attended before lockdown

COUNTRY OF EVENT	CLAIM AMOUNT	NUMBER OF SMMEs	OWNERSHIP	INDUSTRIES
Australia	R90 733	1	 White female	Chemicals and plastics
China	R86 157	1	 White male	Agro-processing
France	R171 654	2	 White female	Clothing and textiles
Germany	R657 489	11	 2 Black females  2 Black males  2 White females  4 White males	Agro-processing, chemicals and plastics, clothing and textiles, creative industries, ICT and software
Netherlands	R232 331	3	 White female	Agro-processing, cosmetics
United Arab Emirates	R184 447	2	 White male	Agro-processing, creative industries
United Kingdom	R248 280	3	 White male	Cosmetics, ICT and software
United States of America	R1 390 586	19	 2 Black females  1 Black male  8 White females  5 White males	Agro-processing, automobiles, clothing and textiles, cosmetics, creative industries, ICT and software, steel and metals

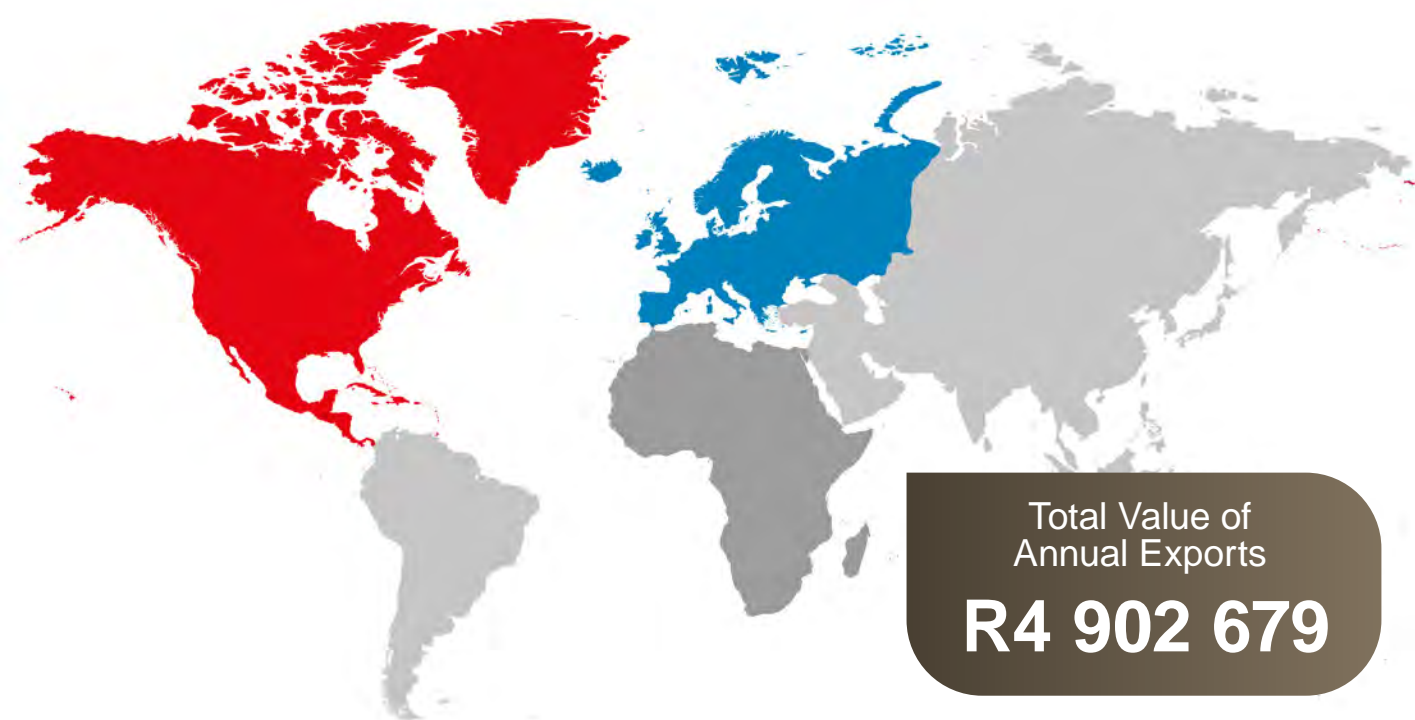
Through financial assistance to attend the relevant events, EMIA beneficiaries reported meeting new domestic and international clients. Other benefits of the programme reported include improving the product design, as well as marketing skills.

Outcome surveys were sent to beneficiaries that claimed in 2020/21, of which seven provided information on their exports as shown in the map below.

North America - USA
Annual Exports Value - R80 000
Products Exported - Wood, cork, and fabric sunglasses
 Demographics - Male SMME

Americas - Unites States of America,
Europe - Switzerland, Germany, Austria
Annual Exports Value - R100 000
Products Exported - Homeware and furniture
 Demographics - Female SMME

Europe - France, Netherlands, Portugal
Annual Exports Value - R208 000
Products Exported - Cushions covers, throws and wall art
 Demographics - Female SMME



North America - USA, Canada
Annual Exports Value - R111 742
Products Exported - Cushions covers, throws, and wall art
 Demographics - Female SMME

North America - USA
Europe - United Kingdom
Annual Exports Value - R102 937
Products Exported - Homeware and stationery
 Demographics - Female SMME

Europe - France, Germany, UK
Annual Exports Value - R3 300 000
Products Exported - Film productions
 Demographics - Female SMME

Europe - France, Poland
Annual Exports Value - R1 000 000
Products Exported - Receivers and transmitters
 Demographics - Male SMME



KNOWN ASSOCIATES ENTERTAINMENT (PTY) LTD



EXPORT REVENUE GENERATED:
R4 300 000



JOBS CREATED:
233

Known Associates Entertainment (Pty) Ltd, a Johannesburg-based film and TV productions company, used the EMIA incentive to attend the European Film Market (EFM), the film mart of the Berlin International Film Festival. The EFM ran from 20 February to 1 March 2020 and gave Known Associates the opportunity to meet with international buyers. As a result, Known Associates has a contract to produce three seasons of uBettina Wethu, the South African adaption of Ugly Betty. At EFM, they were able to speak to the Columbian owners of the original series, which is in the Guinness Book of Records for having been adapted 16 times. From attending the event, they have exported film and TV productions with an approximate value of EU248 000 (R4.3 million) to France, Germany, and the United Kingdom.

uBettina wethu was shot over a period of eight months in 2020/21 and created jobs for 233 people during the COVID-19 period. 57% of the crew and cast were Black, 40% were female, including camera operators, and almost all employees are under 35 years of age. In this production, 78% of heads of departments were Black. The company ensures that interns are trained up during production and given opportunities. One of many illustrative stories of this is Sandile, who jumped on a bus from KwaZulu-Natal to Cape Town when he heard about the shoot, even though he had never worked on a film before. He arrived with determination and was given a job as an assistant director (AD) and acted as first AD on one of the days. The project noted that 100% of inputs were procured locally, of which 51% were procured from Black-owned companies.

Attendance at EFM had a multiplier effect, in that initial conversations there have resulted in a film being licensed by Netflix called Wild as the Wind,

LEVEL 2, AFRICAN
FEMALE OWNED SMME

Town: Johannesburg
Municipality: City of Johannesburg Metropolitan
Province: Gauteng

Product:
Film Festival Attendance



which will be filmed in Graaff Reinet in October 2021, and which employs **the dtic's** Black Emerging Filmmaker's rebate. Small towns benefit from these productions through spend on accommodation, travel, catering, location fees and cast and crew.

COVID-19 has devastated parts of the industry, forcing innovation. So instead of writers working virtually, uBettina Wethu put their 16 writers into a hotel for a month so that they could interact and generate the chemistry needed that is sorely lacking over Zoom. Some costs have come down, such as location fees, while others have increased, such as staff meeting COVID-19 compliance regulations on set.



aLoveSupreme

THE FIRE ROOM CC

LEVEL 4, WHITE
FEMALE OWNED SMME



Town: Cape Town

Municipality: City of Cape Town

Province: Western Cape

Product:

Homeware, stationery, and accessories



EXPORTS GENERATED:
R102 937

This EMIA incentive was used by The Fire Room CC, t/a A Love Supreme, to attend a trade fair in New York called NY Now in February 2020. The company began as a graphic design company, and launched their designed product range in 2014: homeware, stationery, accessories, and gifting. All of the products are hand-drawn by an illustrator, the products are designed, and manufacturing is outsourced. For example, computer bags: the company designs the prints, these are made into fabric, and the fabric is sewn into the final product by a local CMT (cut, trim, and make) company. Everything is made in South Africa. At New York Now, the Fire Room had a stand where they interacted with and built relationships with buyers, and where orders were made, and contacts established. They met a rep who is based in Florida who now deals with their Etsy shop and wholesale order to the USA.

On the back of the fair, A Love Supreme received export orders for almost R103 000, and all those products were manufactured by local SMMEs. However, COVID-19 had an effect on local and global trade and some of the leads that were

followed up on did not place orders. During COVID-19, a R1 million order was initially cancelled (but later re-instated). Unfortunately, one staff member was made redundant during that period. In regular years, A Love Supreme procures an average of R3.2 million of inputs locally, and approximately 60% of that is from Black and female suppliers. The CMT is their biggest supplier, and it is run by a Black woman and she only employs Black women.

In response to COVID-19, the company began producing fabric face masks very quickly, which they sold online, and that was a lifeline. They later collaborated with a local brand to produce hand sanitizers. Now, like many small businesses, they sit with uncertainty: the bulk of their local sales happens between September and December, and tourists form a large part of their clientele, and without tourists, they do not know what to expect.

However, they believe that this funding gives small brands an incredible leg-up, and they probably would not have been able to afford to attend the trade fair until some years later in their business journey. That makes a huge difference to small businesses.



CAPITAL PROJECTS FEASIBILITY PROGRAMME (CPFP)

The Capital Projects Feasibility Programme provides a cost-sharing grant to fund feasibility studies that are likely to lead to high-impact projects which will stimulate value-adding economic activity in South Africa and create a long-term local and export demand for South African manufacturing and capital goods and services.

The reimbursable cost-sharing grant is payable according to agreed milestones as pre-determined at approval stage by **the dtic** 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.



One claim was made during this financial year for a chemical and plastics sector project within the eThekweni Municipality. This project was approved for a study to determine the feasibility of the expansion of a recycling and manufacturing plant. The feasibility study is almost complete and so far all stages of the study indicate that the project is feasible. Discarded plastic is collected from landfills and brought in by informal waste pickers. All waste pickers have received training that enables them to sort the plastics according to the characteristics

- 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.

In terms of B-BBEE, entities must be in compliance with the requirements of B-BBEE and must achieve at least level 8 contributor status in terms of the B-BBEE Codes of Good Practice.

There were no approvals for CPFP for the 2020/21 financial year but some of the previous years' projects were paid out.

APPROVALS OVERVIEW	
CPFP claims by municipality and sector 2020/21	
	CLAIM AMOUNT
KWAZULU-NATAL	
eThekweni Metropolitan Municipality	R1 110 250
Chemicals and plastics	



(type) and melting flow of the material (usage). Once the plastic is collected, it is sorted, washed, and melted into shredded plastic so that it can be extruded into pellets. Pellets are used for making different products in different industries, including construction, shoes, and packaging industries.

Apart from reducing the volume of plastic waste at landfills, the project will also be making use of solar panels to reduce the dependency on the electricity grid.

CLOSING

Over the 2021/22 financial year, the Industrial Financing Branch will continue to provide industrial finance interventions to enhance enterprise development, job creation, and growth of local manufacturing and related service sectors. The key focal areas for the branch in 2021/22 are: client focused incentives; better governance; accessible incentives; evidence informed incentives; and a technology driven incentive system. Through these focal areas, IFB will provide efficient financial interventions across the country in collaboration with other key stakeholders. IFB will improve on streamlining its processes and reporting with other entities of the department such as the Industrial Development Corporation and the National Empowerment Fund and reduce the duplication of paperwork and uncoordinated communication that may

discourage businesses from applying for incentives. A study on improving accessibility to the different cohorts of businesses, in particular women-owned and youth-owned is currently being commissioned to better inform the branch, and entities providing financial support, on how better to attract a larger pool of beneficiaries from these designated groups. It is anticipated that the online industrial financing system that will be launched within the next year for at least two of the branch's incentives, will also increase accessibility and efficiency of the administration of incentives. Going forward, the IFP will continue to support the reconstruction of the country as businesses navigate their way through the pandemic challenges and those of the recent unrest and looting.





the dtic

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