



the dti

---

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

**Portfolio Committee on Trade and Industry  
Black Industrialists Policy  
10 February 2016**

**Ms Malebo Mabitje-Thompson  
Deputy Director-General  
Incentive Development and Administration Division**

# PRESENTATION LAYOUT

- INTRODUCTION AND BACKGROUND
- PROBLEM STATEMENT AND RATIONAL
- ENABLING LEGISLATION & OTHER POLICIES
- DEFINITION OF BLACK INDUSTRIALISTS
- INTENDED BENEFICIARIES AND TARGETED SECTORS
- SUPPORT MEASURES: ACCESS TO FINANCE, MARKETS & OTHER SUPPORT MEASURES
- IMPLEMENTATION & REPORTING



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# INTRODUCTION AND BACKGROUND

- South Africa's current socio-economic challenges;
- The **New Development Plan**: pattern of ownership and control;
- The SA Developmental State agenda - towards radical economic transformation
- Bolder approach and clearer targets are required;
- **The Black Industrialist Policy** is a means by which the state can bring a meaningful change to the socio-economic landscape of the country;



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# PROBLEM STATEMENT

- Expand the base of entrepreneurs and industrialists from the current small and mainly established and predominantly white industrialists;
- Current support measures for industrial and enterprise development is mainly benefiting the dominant players in industry & business;
- Black people still own 3% of JSE
- Black Industrialists continue to contend with greater barriers & obstacles in comparison to established white counterparts:
  - due to the country's political & economic history,
  - Limited access to Finance
  - Limited access to markets
  - Limited access to contracts



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# ENABLING LEGISLATION & POLICY

- The Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996).
- The NDP - South Africa's Vision 2030.
- The National Industrial Policy Framework (NIPF) -The Industrial Policy Action Plan ( IPAP)
- The Broad-Based Black Economic Empowerment Amendment Act, 2013 (Act No. 53 of 2003)
- Preferential Procurement Policy Framework act (PPPFA)
- And all other relevant government policies such as, the Agricultural Policy Action Plan (APAP and the New Growth Path (NGP)



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# POLICY OBJECTIVES

1. Provides co-ordinated and explicit policy directives for the promotion and long-term development of Black Industrialist
2. Accelerate the quantitative & qualitative increase and participation of Black Industrialists in the national economy, selected industrial sectors & value chains;
3. Provide platforms to supervise the direction of Black Industrialists and specific support measures for their growth
4. Create multiple & diverse pathways and instruments for Black Industrialists to enter strategic & targeted industrial sectors & value chains in the short to medium term
5. Utilise Black Industrialists for economic growth, economic transformation, employment creation and sustainability.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# Definition of Black Industrialists

A Black industrialist is a juristic person that includes co-operatives, incorporated in terms of the Companies Act (2008), owned by Black South Africans as defined by the B-BBEE Act who creates and owns value-adding industrial capacity and provides long-term strategic and operational leadership to a business.

Characterized by:

- Provision of strategic and operational leadership;
- has a high level of ownership (>50%) and/or exercises control over the business;
- Entrepreneurial driven; takes personal risk in the business;
- does business in the manufacturing sector ( IPAP),
- long term commitment to the business and is a medium to long term investor.

While there is a desire to support entities with significant and dominant Black ownership and control, it is accepted that there may be a need to include other shareholders to attract relevant skills, finance and opportunities.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# POLICY INSTRUMENTS

- Industrial Financing through National and Provincial DFIs for Black Industrialists
- Access to markets - SOEs and Government Procurement opportunities
- Facilitate access to domestic & international markets opportunities
- Other support measures
- Collaboration with private sector on access to finance and procurement opportunities



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Programme Participation Criteria

Key consideration for selection in the BI support measures:

- Black Industrialists as defined
- Operations/businesses aligned to the manufacturing sectors of the economy as articulated in the IPAP
- A legally registered entity in compliance with all relevant legislation, (including Employment Equity, Labour Law, B-BBEE and in a good standing with SARS)
- Black industrialists must be directly involved in the day-to-day running of the operation and must have requisite expertise in the field.
- Be directly involved in the entity

# INTENDED BENEFICIARIES

The BI Policy targets entities that have extensive experience, operations and track record in their respective or envisaged industrial sectors and value chains, that can become real players in domestic and or global markets within 10 years of being in the programme through :

- New operation or business start-up
- Current business expansion
- Acquisition of an existing

Such entities should be operating in the following manufacturing sectors in line with industrialisation path as articulated by IPAP:

# TARGETED PRIORITY SECTORS

Blue/Ocean economy  
including Ship building

Clean Technology and  
Energy

Mineral beneficiation

Industrial Infrastructure

Information  
Communication  
Technologies

Oil and gas

Agro Processing

Aerospace, Rail and  
Automotive components

Capital equipment

Manufacturing related  
logistics

Chemicals, Pharmaceutical  
and Plastics

Clothing Textiles / leather  
and footwear

Nuclear

Pulp, paper and Furniture

Designated Sectors for  
localisation



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# Support Measures: Access to Finance

## Black Industrialists Funding Package

- the dti – Black Industrialist Incentive Scheme
- National Development Finance Institutions
- Provincial Development Finance Institutions
- Private Strategic Partners.

## Consortia/ Syndicated financing

- DFIs funding commitments within respective developmental mandates
- Black Industrialists Financing Forum with DFIs: IDC, DBSA, ECIC, NEF, Land Bank, PIC, SEFA & Provincial Financing institutions
- Strategic Collaboration with Private Banking Institutions



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# The Black Industrialists Financing Forum

A collaborative approach to improve access to finance from various industrial funders, guided by the following principles:

- Commitment to support the development and growth of Black Industrialists;
- Financial commitments to fund Black Industrialists' projects;
- Commitment to flexible, but harmonised rules to support Black Industrialists;
- Commitment to perform and conclude a due diligence within a reasonable timeframe;
- Commitment to reach a final decision on application within two months of the conclusion of due diligence
- Commitment to collectively provide pre-investment technical support to bring projects to a bankability status, where appropriate;
- Commitment to joint project risks assumption; and
- Foster an approach to project funding syndication.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# the dti Incentive Offering

- Cost sharing grant ranging from 30% to 50% to approved entities to a maximum of R50 million.
- The quantum of the grant will depend on the level of black ownership and management control and the project value.
- The maximum grant of R50 million may be utilised for:
  - Capital investment costs;
  - Feasibility studies towards a bankable business plan (to the maximum of 3% of projected investment project cost);
  - Post-investment support (capped at R500 000); and
  - Business Development Services (maximum of R2 million)



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# Support Measures: Access to Markets

The department will enter into MOAs with various institutions to facilitate access to contracts:

- State-Owned Companies;
- Government departments;
- Chief Procurement Office – Re: Transversal and Targeted procurement and
- Collaboration with Private Sector to facilitate access to markets



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# Other Technical Support Measures

- A suite of non financial instruments will be designed to improve success and sustainability of projects supported e.g.
  - Training and capacity building
  - Portal for networking (information sharing) and match-making
  - Research and support for innovation
  - Quality standard and productivity support
  - Other support initiatives within the economic cluster of government



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Implementation mechanism and reporting

- The overall oversight - Presidency supported by Cabinet with advice from the Presidential Advisory Council on B-BBEE.
- The BIP will be coordinated by **the dti**.
- Working with Presidency, M&E of the policy will be undertaken every three years.
- The implementation strategy will include:
  - A comprehensive risk management framework to address unintended consequences, fronting, undue risk, and all related challenges pertaining to the Policy; and
  - An integrated communication strategy to ensure transparency, fairness and accessibility.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

# CONTACT DETAILS

## Incentive Development and Administration Division (IDAD)

### Emails For :

- Enquiries: [bienquiries@thedti.gov.za](mailto:bienquiries@thedti.gov.za)
- Applications Submissions: [biapplications@thedti.gov.za](mailto:biapplications@thedti.gov.za)

### By Telephone:

- Customer Contact number : 0861 843 384

### On-line:

- Website: [www.thedti.gov.za](http://www.thedti.gov.za)

### By Post

- Private Bag X86; Pretoria, 0001



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



THANK YOU



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA