BLACK INDUSTRIALIST PROGRAMME
Background

• Within the larger Manufacturing and related services focus of the dti’s current incentive offering, the Black Industrialist Programme would be specifically dedicated to the growth and global competitiveness of Black-owned businesses.

• The intention of the programme is to contribute toward shifting the demographic composition of our industrial sector to allow the country to take advantage of its strongest assets - to leverage the power of our diversity as a nation.

• Understanding that if we intend to remain competitive, we must fully engage the underutilized source of jobs, revenue and innovation – the Black industrialists.

• In order to be able to compete it is critical that Black industrialists have – access to capital, – contracts and – markets.
Purpose of the Black industrialist programme

• It provides coordinated and explicit guidelines for the promotion and long-term development of Black manufacturing entities

• Provides platform to supervise the direction of Black enterprise development

• Emphasizes Black Industrialist significance for economic growth and sustainability
Key Thrusts of the Programme

• Main areas of responsibility of the programme are:
  – Formulating a Black Industrialist promotion master plan and promotional policies.
  – Preparing an action plan for the promotion of sectoral Black owned manufacturing enterprises
  – Serves as the country’s Black Industrialist information center and the central organization
  – Conducting research and studies on Black Industrialist related issues
  – Developing information systems and networks to support the operation of Black industrialists
  – Administering incentives to support Black industrialists
Access to Capital: Current state

• Feedback received suggests that black owned manufacturing entities
  – have substantially less equity investment and loans at start up and for their growth than others
• In addition these enterprises are likely to
  – Pay higher interest rates on loans than their peers
  – Be denied loans by funding institutions
  – Not apply for loans for the fear of rejection
• This accounts in part for disparities in growth, development and survival of black business.
Financial support in collaboration with DFI

- Working capital support
  - Concessional loans, ease working capital pressure
- Investment Grants
  - Cost sharing grant of up to 80% on capital equipment for entities with black ownership between 51% and 100% capped at R50 million per entity
- Joint venture support
  - Support package of investment grant and equity loan to assist joint ventures where Black industrialist have both equity and management control in strategic sectors
- Export support
  - Concessional export insurance funding
  - Market access support
Financial support in collaboration with DFI

- Work is currently underway with all key DFI to finalise a support package
- A Key principle for that package will be
  - “once approved always approved”
- The deliberations and outcomes of the planned commissions will assist us in finalising the design of this package
Thank you