DTI to launch Black Industrialist Programme

The Department of Trade and Industry (DTI) has announced that it will be launching the Black Industrialist Programme later this month.

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The Black Industrialist Programme places particular emphasis on the need to strengthen and increase black participation and enhance entrepreneurial dynamism in the mainstream economy.

According to the DTI, thus far R2bn has been assigned to kick-start the incentive drive, with more funding expected to be raised from stakeholders such as commercial banks and development finance institutions. Furthermore, multi-corporations and state-owned enterprises are set to partner with the DTI to assist black industrialists with access to markets.

With the recent introduction of the new broad-based economic empowerment codes, government has taken a rigid approach to support black industrialists in a bid to enhance South Africa's industrialisation efforts.

Participation requirements

The concept of black industrialists refers to black people who are directly involved in the origination, creation, high-level ownership (>50%), management, control and operation of industrial enterprises that derive value from manufacturing goods and services on a large scale, thereby acting to unlock the productive potential of the country's capital assets for massive local employment. Government is essentially looking for black industrialists who are not only making long-term commitments to business, but are also medium to long-term investors.

The incentive seeks to achieve the following socio-economic objectives:

- Accelerate the quantitative and qualitative presence and participation of black industrialists in the national economy through state-backed integration plans - this includes the systematic ring-fencing of state procurement opportunities so that such opportunities are only accessible by black industrialists;
- create greater industrial linkages amongst black entrepreneurs and established industrial enterprises;
- improve the capacity and competitiveness of black manufacturers through the use of modern technology and innovation; and
- utilise black industrialists for economic growth, economic transformation, employment creation and sustainability.

Targeted 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 new black industrialists in pursuit of starting a new business or taking over brownfield projects.

Priority sectors

Government has been strategic in selecting priority sectors that make the greatest contribution to the economic hub. These include the likes of agro-processing, manufacturing, construction, clean technology, energy, ICT, mining, mineral beneficiation, creative arts, pharmaceutics, and automotive components.

The challenges of accessing capital and markets, developing the necessary technical skills and improving productivity are without a doubt the main constraints confronting black entrepreneurs in general. This is often due to the limited pool of financiers, lack of security to back up loan applications, high cost of borrowing and, fear of rejection when applying for loans. The Black Industrialist Programme responds to these challenges by offering the following support:

- Investment grants and equity loans for the purpose of acquiring, constructing, expanding or rehabilitating plants;
- working capital support via low-interest concessional loans;
- incubation and mentorship support for emerging entrepreneurs and enterprises;
- the creation of a portal for networking and match making;
- a joint venture support package consisting of an investment grant and an equity loan;
- funding of feasibility studies, licenses and quality assurance standards on a cost-sharing basis; and
- export support in the form of export insurance funding and market access support.

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