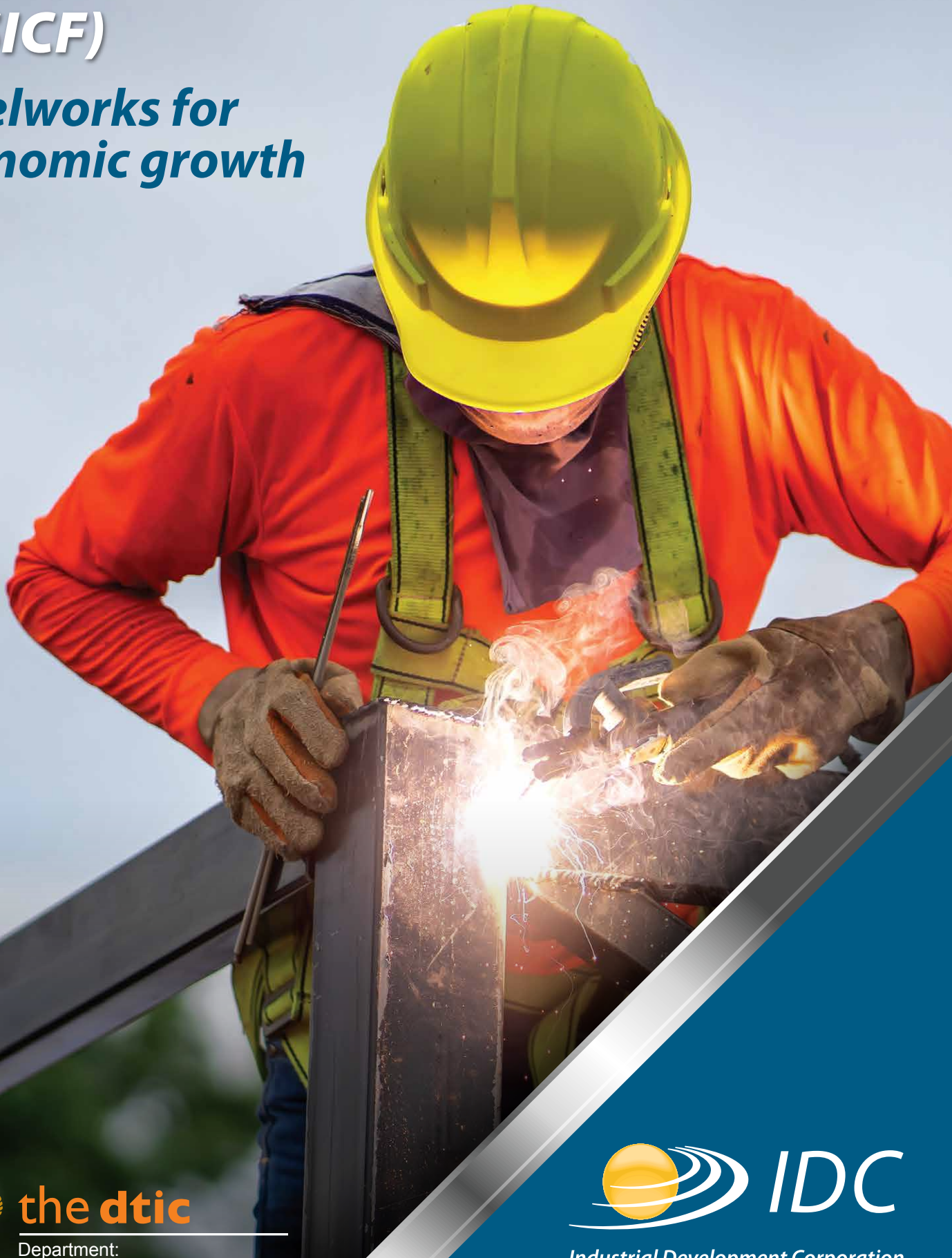


Downstream Steel Industry Competitiveness Fund (DSICF)

***Steelworks for
economic growth***



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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA



Industrial Development Corporation

Partnering you. Growing the economy. Developing Africa.

Downstream Steel Industry Competitiveness Fund (DSICF)

Fund Size:
R1.2 Billion



OBJECTIVE

The Downstream Steel Industry Competitiveness Fund was established to provide targeted assistance to qualifying enterprises in the downstream steel sectors, aimed at improving competitiveness in the face of serious structural problems within the sector. The assistance is in the form of an interest subsidy that offers discounts to qualifying clients.

TARGET SECTORS

- Foundry industries;
- Fabrication sectors - focused on pressure vessels, pipes and pipe fittings sub-sectors; structural steel and any fabrication work in support of steel-intensive designated sectors/products;
- Parts and component manufacturers of steel-intensive products;
- Valve and pump manufacturers;
- Machining plants;
- Capital equipment industries particularly steel-intensive rail and rolling stock components; and
- Any other steel-intensive business.

PROVING YOUR FUNDING METAL

PURPOSE OF FUNDING

- Finance provided for the following:
 - Modernisation of plant machinery and equipment;
 - Upgrade of plant machinery and equipment to meet quality assurance requirements;
 - Capacity expansion of existing plants;
 - Process improvements for cost efficiencies and productivity and assist with plant optimisation;
 - Working capital requirements or revolving facility;
 - Assist firms to achieve appropriate industry quality certification and standards including environmental standards; and
 - Development and testing of prototypes, as well as the testing and certification of new products.

QUALIFYING CRITERIA

- Applicant can be a start-up and expansion;
- Enterprises that create net additional employment are prioritised, particularly opportunities with greater labour intensity. Saved jobs are also be considered; and
- One of the following:
 - Applicant must achieve B-BBEE Level 4 or submit a plan to achieve Level 4 within 36 months; or
 - Be 50% or more Black owned (irrespective of B-BBEE score); or
 - Where funding will lead to increased capacity or job creation, mindful that such funding should not lead to monopolisation in the metals value chain.

INSTRUMENTS AND PRICING

- Quasi equity and loans;

Interest Subsidy (SMEs)

- Maximum of R75 million per transaction;
- Funding priced as follows:
 - First R50 million priced at 2.5% fixed for 5 years for companies with total asset base of less than R80 million OR annual turnover of less than R100 million.
 - Amounts in excess of R50 million to R75 million priced at Prime for 5 years for companies with total asset base of less than R80 million OR annual turnover of less than R100 million.
 - For companies with a total asset base above R80 million OR turnover above R100 million will be priced at Prime.
- Maximum discount period of 5 years; and
- Standard IDC fees apply.

Interest Subsidy (Large Companies)

- Maximum of R75 million per transaction;
- Funding priced as follows:
 - First R30 million at the lower of:
 - (i) the prevailing Prime interest rate; or
 - (ii) IDC risk pricing less 2% for companies with annual turnover up to R123.5 million, or IDC risk pricing less 1.5% for companies with annual turnover above R123.5 million;
 - Excess of R30 million at:
IDC risk pricing less 2% for companies with annual turnover up to R123.5 million, or less 1.5% for companies with annual turnover above R123.5 million;
- Maximum discount period of 5 years; and
- Standard IDC fees apply.

Guarantees and Subsidy on Guarantee Fees

- Maximum guarantee of R10 million per client for 5 years.
- 1% subsidy on guarantee fees up to a maximum of R1 million per client for 5 years.
- Applicable to companies with total asset base of less than R80 million OR annual turnover of less than R100 million.

End-User Finance (Interest Rate Subsidy)

- R1 million to R75 million priced at 2.5% fixed for 5 years.
- The eligibility criterion that “only companies with total asset base of less than R80 million OR annual turnover of less than R100 million, will qualify” does not apply to Local Manufacturing OEM’s.

EXCLUSIONS:

- Pilot plants
- Integrated steel mills
- Component manufacturers that qualify for other incentives
- Large multinational OEMs and assemblers and their subsidiaries that already benefit from a specific government support programme, e.g. Automotive Production and Development Programme (APDP)





For more information, please contact

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