

Agro-processing Support Scheme (APSS)



Boosting investment in new and existing agro-processing and agro-beneficiation businesses

The South African Government via the Department of Trade and Industry (dti) offers grants through the Agro-Processing Support Scheme (APSS) to stimulate investment in businesses that specialise in agro-processing and agro-beneficiation.

A 20% - and up to 30% - cost-sharing grant to a maximum of R20 million is offered over a two-year investment period.

Criteria

Grants are considered for projects that support new agro-processing and agro-beneficiation businesses or expanding / improving existing agro-processing and agro-beneficiation businesses.

Five key sub-sectors are targeted:

- Food and beverage value addition and processing (including winemaking by Black-owned businesses)
- Furniture manufacturing
- Fibre processing
- Feed production
- Fertiliser production

(Focus areas within each sub-sector are at the discretion of the Department of Trade and Industry.)

Projects can involve a wide range of post-harvest processing or beneficiation activities in support of business growth and expansion, such as:

- Cleaning
- Sorting
- Grading
- Waxing
- Controlled ripening
- Labelling
- Packing and packaging
- Warehousing
- Canning
- Freezing
- Freeze drying
- Wood carving
- Extrusion
- Synthesizing
- Polymerisation

Projects can also involve various levels of processing that change the form of agricultural products. In forestry, for example, this includes:

- Sawing
- Pulping
- Peeling
- Preservation

APSS will consider grants if projects in these fields demonstrate that they will increase capacity, create employment, modernise machinery and equipment, improve productivity, sharpen competitiveness and broaden participation in the agro-processing and agro-beneficiation sectors

Process

Applications can be submitted from 1 October 2017 to 31 January 2018 – a schedule of future application windows will be published on www.thedti.gov.za as soon as they become available.

- Applications must be accurate, complete with all the relevant supporting documentation and submitted via e-mail to apssapplications@thedti.gov.za.

Requirements for valid applications

- An applicant must be a registered legal entity in South Africa in terms of the:
 - Companies Act, 1973 (as amended); or
 - Companies Act, 2008 (as amended); or
 - Close Corporations Act, 1984 (as amended); or
 - Co-operatives Act, 2005 (as amended)
- An applicant must be a tax payer in good standing
- An applicant must submit a valid B-BBEE certificate or affidavit and have a B-BBEE status level of 1 to 4
- An applicant must be in the process of starting a new agro-processing / beneficiation operation or expanding / upgrading an existing operation.

A completed application form must be submitted together with a business plan that:

- Lists the business's agro-processing / beneficiation project activities.
- Confirms a minimum investment (including costs to improve competitiveness) of at least R1 million.
- Provides proof that the project is sustainable.
- Indicates that the project will result in boosting local capacity and / or the exporting of the identified product(s).
- Confirms the project will result in the retention of employees and the creation of new employment.
- Confirms the project adheres to sectoral minimum wage and legislative requirements governing the sector.
- Demonstrates the project will source at least 50% of its raw materials from local (South African) suppliers and at least 30% from Black suppliers.
- Provides motivation why raw materials cannot be sourced locally and from Black suppliers and outlines a sourcing plan to adhere to this requirement within two years.

A completed application form must also include:

- A budget and projected income statement and balance sheet for a project period of at least three years
- Financial statements not older than 18 months and reviewed by an independent external auditor

An application must be submitted within the designated time-frame and prior to a business commencing with the processing / beneficiation activities earmarked for the project. Assets bought and used or improvements done before applying for a grant will not qualify for consideration.



Qualification assessment

The cost-sharing grant percentage will be determined by (qualifying) business and investment size - as follows:

Type of applicant	Historical costs of assets	Qualifying investment costs	Grant percentage	Maximum grant amount
New business	N/A	R1 to R10 million	30%	R3 million
Existing business	< R10 million	R1 to R10 million	30%	R3 million
Existing business	> R10 million	> R10 million	20%	R20 million
New business	N/A	> R10 million	20%	R20 million

The Department of Trade and Industry may consider an additional 10% grant for businesses that meet all the Economic Benefit Criteria in the table below:

Criteria	Description
Employment	Increase base year employment by at least 25%
Transformation	Achieve a B-BBEE status level of I
Geographical spread	Locate projects in state-owned industrial parks or areas with higher than 25%* unemployment
Local procurement	Procure at least 70% of raw materials or equipment and machinery from local suppliers

* As per the latest National Census figures

Approval of assets included in a grant application will be provisional pending the dti's inspection or the consulting engineer's assessment and recommendations.

A business that received a grant should start the project within 90 calendar days (after approval of the application). Moreover, a business should ensure that its employment level is:

- Not lower than the average level over the 12-month period prior to the date of application; and
- Maintained for the duration of the APSS grant agreement.



Grant disbursements and claims processes

- Disbursements must meet the conditions stated in the APSS Guidelines.
- Disbursements will be made in line with the approved milestones.
- Disbursements will be based on actual costs incurred.
- Disbursement will be made provided that all performance criteria have been met.
- Claim payments are subject to the availability of funds.
- A last claim should be submitted within six months after the approved final milestone.



Internet search "Agro-processing Support Scheme (APSS)" for more information



Alternatively, call the Department of Trade and Industry at 012 394 1618 and ask to speak to an advisor who specialises in the APSS



Or, e-mail an enquiry to AdvisoryService@eskom.co.za for information on specialist consultants active in the field of the Agro-processing Support Scheme (APSS)

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