



REVISED PROGRAMME GUIDELINES

Clothing, Textiles, Footwear and Leather Growth Programme (CTFLGP)

VERSION 1

20 May 2026

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ABBREVIATIONS AND ACRONYMS

BBBEE:	Broad-based Black Economic Empowerment
CIP:	Competitiveness Improvement Programme
CIPC:	Companies and Intellectual Property Commission
CMT:	Cut, Make and Trim
CSP:	Cluster Support Programme
CTCP:	Clothing & Textiles Competitiveness Programme
CTFLGP:	Clothing, Textiles, Footwear and Leather Growth Programme
EEA2:	Employment Equity Act mandatory annual report
FICA:	Financial Intelligence Centre Act
IDC:	Industrial Development Corporation of South Africa Limited
IP:	Intellectual Property
KPI:	Key Performance Indicator
M&E:	Monitoring and Evaluation
MOA:	Memorandum of Agreement
NBC:	National Bargaining Council
NGOs:	Non-Governmental Organisations
NSB Act:	National Small Business Act
NPC:	Non-Profit Company
PAP:	Projects Approval Panel
PBO:	Public Benefit Organisation
PDF:	Portable Document Format (.pdf)
PPA:	Public Procurement Act, 2024
PPPFA:	Preferential Procurement Policy Framework Act
PIP:	Production Incentive Programme
PRECCA:	Prevention and Combating of Corrupt Activities Act 12 of 2004
ROI:	Return on Investment
R-CTFL:	Retail Clothing, Textiles, Footwear and Leather
SBU:	Strategic Business Unit
SIC:	Standard Industrial Classification
SLA:	Service Level Agreement
the dtic:	The Department of Trade, Industry & Competition
VAT:	Value Added Tax
WCM:	World Class Manufacturing

1. **PREAMBLE**

- 1.1. The purpose of this document is to provide the policies and guidelines of the overall Clothing, Textiles, Footwear and Leather Growth Programme. The CTFLGP replaces the Clothing, Textiles Competitiveness Improvement Programme (CTCIP), which consisted of the Production Incentive Programme (PIP) and the Competitiveness Improvement Programme (CIP).
- 1.2. This is a Programme of the Department of Trade, Industry and Competition (“**the dtic**”).
- 1.3. The CTFLGP is administered by the CTFLGP Desk (“Desk”) at the IDC on behalf of **the dtic**.
- 1.4. The CTFLGP flows from the original Clothing & Textiles Competitiveness Improvement Programme (CTCIP) which was developed during 2008-2010, based on the needs assessment as contained in the Customised Sector Programmes for the CTFL sectors. It has been reviewed several times since then, adjusting to changing industry needs as well as budgetary constraints.
- 1.5. The objectives of the CTFLGP are in line with the objectives of the National Development Plan to support the growth of sustainable and viable businesses that can produce quality products and will invest in a long-term development plan to stay relevant, grow, innovate and adopt to a changing environment, create jobs, develop people, implement the latest technology and improve processes by applying World Class Manufacturing (WCM) standards.
- 1.6. The CTFLGP is structured as a full economic support framework that progresses from firm-level through to value-chain and sector-wide interventions.
- 1.7. Programmes A–C provide capital expenditure, working capital and firm-level competitiveness support to strengthen the foundations of individual enterprises at the micro level.
- 1.8. Programme D enables collective cluster-based upgrading within vertical or

horizontal value chains at the meso level¹, addressing shared constraints and accelerating coordinated performance improvements.

- 1.9. Programme E completes the framework at the macro level by enabling sector-wide, high-impact interventions that tackle systemic challenges and unlock strategic opportunities for the entire CTFL ecosystem.
- 1.10. Together, these five programmes form an integrated, mutually reinforcing pathway for driving competitiveness, localisation, transformation and sustainable growth across the South African CTFL value chain.
- 1.11. The five programmes are as follows:
 - **Programme A: Competitiveness Improvement** supports interventions related to people, process, product, market development and capital equipment.
 - **Programme B: Expansionary Working Capital** to support product localisation, company growth and expansion.
 - **Programme C: Small Business Funding** supports start-up companies, existing small businesses (as defined by NSB Act²) and fashion designers to stimulate broad-based transformation and new-entrant participation in the CTFL sector.
 - **Programme D: Cluster Funding** enables collective, pre-competitive interventions among groups of firms to strengthen value-chain competitiveness, retain and grow employment.
 - **Programme E: Special Projects** funds sector-wide, high-impact interventions that address systemic constraints, unlock strategic national opportunities and enhance industrial capabilities.
- 1.12. Applications submitted under the previous programmes of CTFLGP Guidelines not yet adjudicated shall be processed under these revised guidelines.

¹ Meso level refers to the level between the small (micro) and large (macro) levels

² Very small – 5 to 20 employees with a turnover of up to R1 million. Small – less than 50 50 employees with a turnover of R6 million or above.

- 1.13. Across all programmes, funding is driven by the principle of **net value creation** - the process of generating returns that exceed the cost of the investment resulting in enhanced operational efficiencies, driving sustainability and creating tangible value for consumers. It is expected that supported interventions must deliver measurable outcomes beyond what would have occurred without CTFLGP support. Net value creation includes, amongst others, real output growth, job creation, localisation and onshoring, improved competitiveness and meaningful transformation within supported value chains.
- 1.14. Approval of funding will be based on economic merit and the sustainability of the applicant.
- 1.15. Development and implementation will be phased in on an annual basis, subject to National Treasury zero budgeting with nuances introduced to achieve the set objectives aligned to the budget allocations and National Treasury spending review.
- 1.16. The guidelines may be amended from time to time, as deemed necessary by **the dtic** and the Desk. These amendments will be published on the website (www.ctflgp.co.za) and will be of immediate effect upon publication.
- 1.17. Where these guidelines lend themselves to varying interpretations or do not address a specific subject matter, applicants must request clarification from the CTFLGP Desk. The Desk's documented interpretation will be final and binding.
- 1.18. Approval of applications is subject to the availability of funds. The CTFLGP Desk will endeavour to inform the public in advance should there be a likelihood of insufficient funds for new approvals.
- 1.19. A vital component of the programmes is performance Monitoring & Evaluation. All interventions must be measurable, and the impact of each intervention must be monitored.
- 1.20. No fees or charges are levied by the IDC for the processing or evaluation of any CTFLGP application or claim. However, a fee of R 10,000 plus VAT will be charged for amendments to funding agreement except a first amendment).

Examples include amending approved interventions, extending terminal drawing date, etc.

- 1.21. The Programme has been revised to ensure better support for the Clothing, Textiles, Footwear & Leather (CTFL) sectors through the five policy levers of The Department of Trade, Industry and Competition (**the dtic**):

- 1.21.1. The Clothing, Textiles, Footwear Leather Growth Programme (CTFLGP) to boost concessional financing and value chain competitiveness.

- 1.21.2. The Clothing, Textiles, Footwear and Leather (CTFL) sectors were designated for local content under both the 2017 and 2022 Preferential Procurement Policy Framework Act (PPPFA) Regulations. The designation provisions contained in the 2022 Regulations will be replaced by the forthcoming Public Procurement Regulations, 2025, issued under the Public Procurement Act, 2024 (PPA).

- 1.21.3. The Retail Clothing, Textiles, Footwear, and Leather (R-CTFL) Masterplan 2030.

- 1.21.4. Development and implementation of policies for improved growth, competitiveness, new decent jobs, and sustainability of the Clothing Textiles Footwear & Leather industries; and

- 1.21.5. Enabling innovation and technology demonstration, value chain strategies as well as the development of relevant skills for the sectors through the various clusters and value chain projects.

2. **PROGRAMME DESCRIPTION**

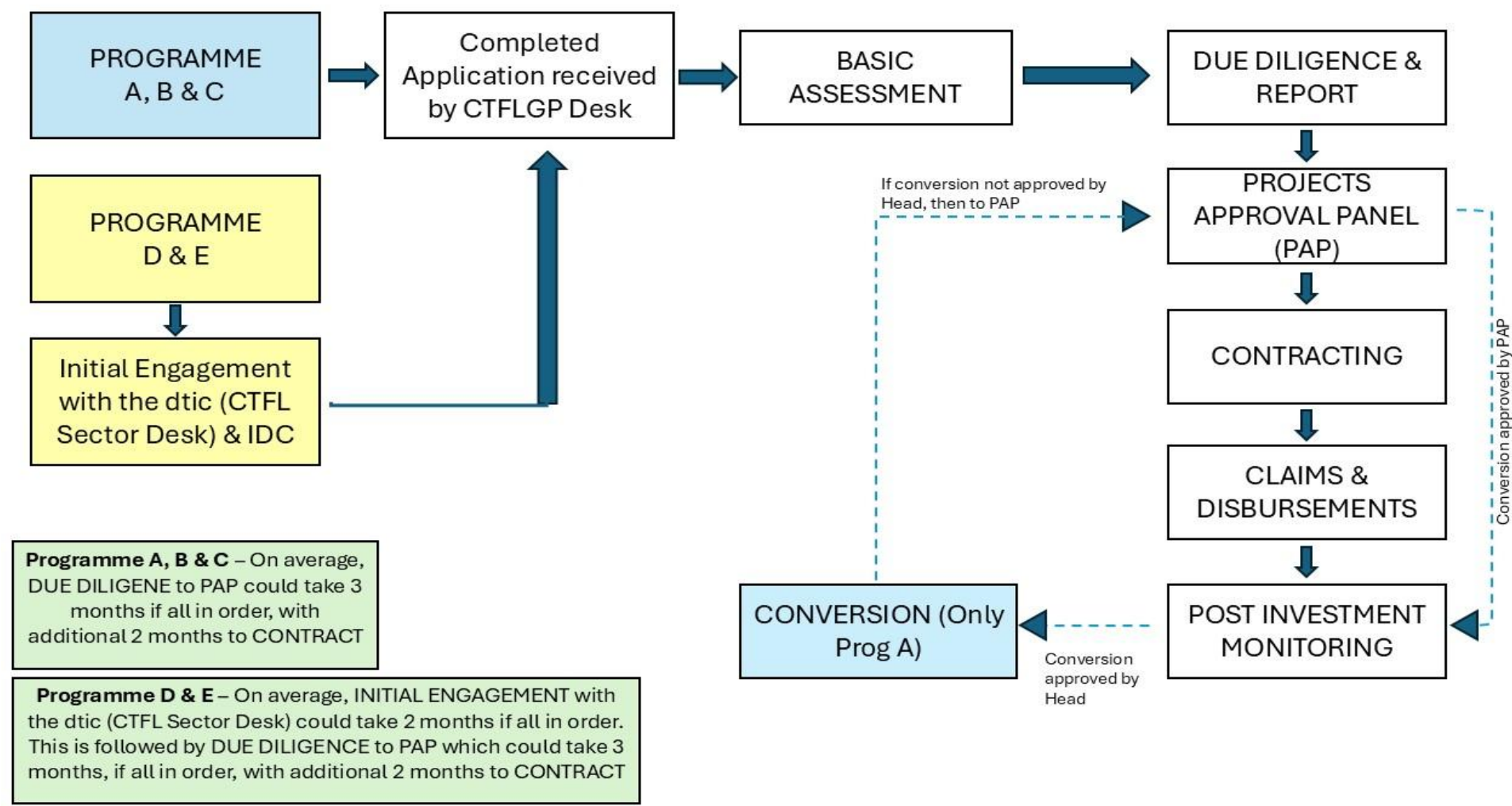
- 2.1. **Localisation** is based on aggregate net value creation, i.e. not simply a shift from one domestic company to another but resulting in aggregate growth in real output and jobs across the economy.
- 2.2. Differential support consideration for capital intensive segments of the industries (textiles and upstream leather and footwear components) vis-à-vis labour-intensive industries (clothing and downstream footwear and leather goods) to equitably de-risk investments and provide adequate support.
- 2.3. Companies that are not currently compliant with the relevant Bargaining Council requirements may still be considered, provided they submit either a signed agreement with the National Bargaining Council outlining a formal pathway to compliance, or a valid letter of exemption issued by the Department of Employment and Labour.
- 2.4. Minimum applications of R1 million will be considered for both new and existing applicants.
- 2.5. For Programmes A, B and C, enterprises with a planned structure (Equity/Total Assets) of more than 30% for textiles & leather and 20% for clothing & footwear are eligible to apply.
- 2.6. Applicants appointing consultants to prepare or submit their CTFLGP applications remain fully responsible for the accuracy, authenticity and completeness of all information submitted. Consultant fees are not recoverable from the CTFLGP unless explicitly allowed under programme-specific rules. Proof of payment of any consulting fees due for assisting with the CTFLGP application will be required before claims are processed. Note that once the application for funding is received, the Desk will deal directly with the applicant as part of the due diligence process.
- 2.7. Applicants may contact the Desk for assistance with the completion of application or claim forms.
- 2.8. The Desk will only disclose information pertaining to an application or claim to the applicant or their duly appointed representative.

- 2.9. For Programmes A to D, qualifying products, projects and interventions must involve a value-adding manufacturing process within the clothing, textiles, footwear or leather value chain, including clothing manufacturing, textile manufacturing, Cut, Make and Trim (CMT) operations, footwear manufacturing, leather goods manufacturing, and leather processing.
- 2.10. To qualify for support, products manufactured by firms participating as individual applicants under Programmes A–C and cluster applicants under Programme D, or beneficiaries of projects supported under Programme E must fall within the relevant chapters of the Harmonised System (HS) Code Commodity Classification as set out in Annexure A.
- 2.11. Support under the Programme will be awarded based on the applicant's economic merit/sustainability and contribution towards net value creation requirements.
- 2.12. Applicants are required to submit at least 3 quotations from reputable service providers / suppliers for each intervention.
- 2.13. Applicants for funding of repeat Capex or Working Capital interventions will need to have a proven repayment track record of at least 8 months on both Capex and Working Capital and must have met contracted targets and milestones.
- 2.14. Applicants may apply for one or a combination of programmes, if required.

Table 1: Summary of CTFLGP Programmes (A-E)

Programme	What the Programme is For	Who the Programme Applies To	Primary Benefit / Intended Outcome
Programme A: Competitiveness Improvement	Supports firm-level competitiveness upgrading through capital investment and operational improvement interventions across people, product, process, market development, technology and sustainability.	Established CTFL manufacturing enterprises (large, medium and small), including brownfield and greenfield operations, with demonstrated financial viability and capacity to service a loan.	Increased production capacity, improved productivity and efficiency, enhanced competitiveness, job creation, localisation, and sustainable firm-level growth aligned to the CTFLGP objectives.
Programme B: Expansionary Working Capital	Provides interest-free working capital finance to support expansionary activities linked to increased production, order growth, import replacement, exports and localisation.	CTFL manufacturing enterprises, including brownfield and greenfield operations, that can demonstrate growth in orders arising from import replacement, new product development, exports and/or organic order book growth, and that shows/demonstrated financial viability.	Enables firms to scale production, fulfil increased demand, and achieve aggregate net value creation in output, employment and localisation without constraining cash flow.
Programme C: Small Business Funding	Supports start-up companies, existing small businesses (as defined by NSB Act) and emerging designers through a blended grant and loan facility to enable entry into the CTFL value chain.	Focussing on priority groupings (women-owned, youth-owned, black-owned and disability-owned enterprises). All to demonstrate financial viability or sustainability of the business.	Facilitates market entry, supports transformation, enables job creation, and strengthens the future pipeline of competitive and inclusive CTFL enterprises.
Programme D: Cluster Support Programme (CSP)	Funds collective, pre-competitive interventions that address shared constraints and opportunities across groups of firms through cluster-based collaboration.	Cluster Non-Profit Companies (NPCs) representing vertical or horizontal clusters of CTFL manufacturers and related value-chain participants. Each Clusters application must demonstrate economic merit.	Delivers collective efficiency gains, accelerates upgrading across firms, strengthens value-chain competitiveness, supports employment retention and growth, and enhances localisation outcomes.
Programme E: Special Projects	Supports high-impact, sector-wide interventions that address systemic constraints, enable strategic capabilities and deliver public-good outcomes beyond individual firms or clusters.	Eligible non-profit and public-interest entities, including NPCs, PBOs, Bargaining Councils, industry bodies and formally constituted Masterplan structures. Each application to demonstrate economic merit.	Drives holistic net value creation through behavioural, institutional and structural change, strengthens sector-wide capabilities, and advances long-term competitiveness, resilience and sustainability of the CTFL sector.

Figure 1: Average Timelines for CTFLGP Application Process



3. **PROGRAMME A: COMPETITIVENESS IMPROVEMENT**

3.1. **OBJECTIVE**

3.1.1. To support and fund expansion in CTFL entities or supply chains to drive the implementation of the CTFLGP objectives.

3.1.2. Funding covers new plant & equipment and related utilities (like electricity, pneumatics, water, effluent, etc), people, product, process and new market development. This includes (for example) workflow improvements, equipment upgrading & factory modernisation, innovation commercialisation and primary textile enhancement support as well as greening and digitization interventions.

3.2. **APPLICATION WINDOW**

3.2.1. Applications may be submitted on an ongoing basis and will be assessed on their economic merit to support worthy and impactful interventions based on the availability of funds.

3.3. **SUPPORT AND FUNDING STRUCTURE**

3.3.1. Capital equipment as well as people, product, process and new market development improvement for brownfield or greenfield interventions to a maximum of R 20 million per applicant.

3.3.1.1. Grant portion:

- Initially 25% of funding as grant.
- At the end of the capital moratorium, on achieving approved targets as contracted after approval, a further 25% of the loan can be converted to a grant facility.

3.3.1.2. Structure:

- Interest free loan.
- Maximum term 5 years (including capital moratorium).
- Maximum capital moratorium of 24 months.
- Loans may be subordinated to stabilise balance sheet, if required.

3.4. **QUALIFYING CRITERIA**

- 3.4.1. Brown field and green field operations for large, medium, and small enterprises may apply for interventions as per 3.3.1. above.
- 3.4.2. Applicants must demonstrate economic viability and a substantiated improvement or expansion plan and the ability to repay the loan over the agreed term.
- 3.4.3. Qualifying expenditure relating to competitiveness improvement interventions could be broken down into People, Product, Process, and Market Development interventions. Refer to par. 9, tables 4 to 8 for a non-exhaustive list of examples of qualifying interventions.

3.5. **SECURITY FOR THE LOAN**

- 3.5.1. Security will be taken over funded loan(s) in the form of shareholder guarantees, limited to exposure. Full Guarantee for a single shareholder or Joint and Several guarantee for multiple shareholders.
- 3.5.2. Individual shareholders to provide latest personal balance sheets and companies to provide latest financial statements.

3.6. **EXCLUSIONS**

- 3.6.1. Land and Buildings
- 3.6.2. Acquisition of second-hand assets

4. **PROGRAMME B EXPANSIONARY WORKING CAPITAL**

4.1. **OBJECTIVE**

- 4.1.1. To support CTFL entities with interest free Expansionary Working Capital loans (no grant funding) to achieve the CTFLGP objectives as defined in paragraph 1.5.

4.2. **APPLICATION WINDOW**

- 4.2.1. Applications may be submitted on an ongoing basis and will be approved in accordance with their economic merit to support worthy and impactful projects based on the availability of funds.

4.3. **SUPPORT AND FUNDING STRUCTURE**

- Loan Facility: Maximum loan of R 10 million per applicant
- Structure: Interest-free loan
- Term: Maximum term of 5 years (including capital moratorium)
- Moratorium: Maximum capital moratorium of 12 months
- Subordination: Subordination of loans to stabilise balance sheet if required.

4.4. **QUALIFYING CRITERIA**

- 4.4.1. Expansionary Brownfield and Greenfield operations.
- 4.4.2. Growth of orders as a result of import replacement, new product development, exports and/or organic order book growth.
- 4.4.3. Not limited to RCTLF Masterplan signatory off take agreements.
- 4.4.4. Localisation or aggregate net value creation.
- 4.4.5. Applicants must demonstrate economic viability and the ability to repay the loan over the agreed term, including the moratorium.
- 4.4.6. Qualifying expenditure relating to competitiveness improvement interventions could be broken down into People, Product, Process, and Market Development interventions. Refer to par. 9, tables 4 to 8 for a non-exhaustive list of examples of qualifying interventions.

4.5. **SECURITY FOR THE LOAN**

4.5.1. Security will be taken over funded loan(s) in the form of shareholder guarantees, limited to exposure. Full Guarantee for a single shareholder or Joint and Several guarantee for multiple shareholders.

4.5.2. Individual shareholders to provide latest personal balance sheets and companies to provide latest financial statements.

4.6. **EXCLUSIONS**

4.6.1. Recurring operational expenses.

5. **PROGRAMME C SMALL BUSINESS FUNDING AND FASHION DESIGN**

5.1. **OBJECTIVE**

5.1.1. To support start-up companies and existing small businesses (as defined by NSB Act) or fashion designers to drive broad based transformation and/or entities aligned to the BBBEE Act. This includes all Women, all Youth and all People with Disability - owned enterprises and fashion designers, against secured orders from a reputable registered entity and/or retailer to meet CTFLGP objectives of growing employment, net value creation in output and transformation.

5.2. **APPLICATION WINDOW**

5.2.1. Applications may be submitted on an ongoing basis and will be approved in accordance with their economic merit to support worthy and impactful interventions based on the availability of funds.

5.3. **SUPPORT AND FUNDING STRUCTURE**

- Qualifying expenditure to exclude pre-feasibility studies and related costs.
- Capital equipment and working capital requirement.
- Maximum of R5 million per applicant:
 - All women owned businesses (50% plus 1), all youth and all people with disabilities – 75% grant.
 - Black male owned businesses (50% plus 1) – 50% grant facility.
- Interest free loan.
- Maximum term 5 years (including capital moratorium).
- Maximum capital moratorium 30 months.
- Subordination of loans to stabilise balance sheet if required.

5.4. **QUALIFYING CRITERIA**

5.4.1. Start-up manufacturing companies and fashion designers with feasible and credible business plans.

- 5.4.2. Must have been in operation for at least 2 years.
- 5.4.3. Applicants must demonstrate the ability to repay the loan over the 5-year term.
- 5.4.4. Grant portion is linked to the loan - the grant cannot be accessed without a loan portion.
- 5.4.5. Business support either pre and/or post funding, will be recommended to all clients where a need has been identified to enhance the quality of the application and/or demonstrate the viability of the business.
- 5.4.6. All women, all youth and all people with disability as well as Black-owned businesses and/or increased worker owned entities are eligible.
- 5.4.7. Non-compliant Bargaining Council applicants willing to work towards registration and gradual NBC compliance will be considered for financial assistance.

5.5. **SECURITY REQUIREMENTS**

- 5.5.1. Security will be taken over funded loan(s) in the form of shareholder guarantees, limited to exposure. Full Guarantee for a single shareholder or Joint and Several guarantee for multiple shareholders.
- 5.5.2. Individual shareholders to provide latest personal balance sheets and companies to provide latest financial statements.

6. **PROGRAMME D: CLUSTER SUPPORT PROGRAMME (CSP)**

6.1. **OBJECTIVE**

6.1.1. Programme D aims to strengthen the competitiveness, resilience and long-term sustainability of South Africa's clothing, textiles, footwear and leather (CTFL) value chain through coordinated cluster-based support. Clustering enables firms to collectively address shared challenges and opportunities that cannot be solved individually, overcoming collective-action market failures and leveraging the proven collective-efficiency model.

6.1.2. The programme recognises two complementary cluster models:

6.1.2.1. Vertical (lead-firm) clusters, where a lead firm or major customer anchors collaboration and drives performance improvements across its strategic supply chain. Funding proposals may be submitted for such clusters irrespective of Retail-CTFL Masterplan signatory status, provided that the proposed supply-chain development interventions directly support the objectives of the CTFLGP.

6.1.2.2. Horizontal continuous-improvement clusters, where firms collaborate as peers to address shared operational constraints and accelerate learning without a single lead firm. Funding may also be provided for development interventions not linked to R-CTFL Masterplan signatory retailers, provided these interventions directly support the objectives of the CTFLGP and strengthen competitiveness within adjacent or related value chains.

6.1.3. Evidence shows a strong link between collective efficiency and firm-level upgrading across processes, products, functions and value-chain positioning - capabilities essential for competing in global value chains. Clustering enables quicker identification of common issues, cost-sharing on shared needs, amplified growth opportunities through improved collaboration, and stronger policy alignment through shared data and a collective voice.

6.1.4. Programme D funds shared, systemic competitiveness interventions (rather than firm-specific capital projects) focusing on best-practice diffusion, technology access, skills development, environmental performance and future-

readiness. Underpinned by transparent, independent governance, the programme supports employment growth, import replacement and transformation in line with the CTFLGP objectives.

6.2. **APPLICATION WINDOW**

6.2.1. Programme D operates with a rolling application window, based on the availability of funds. Review, due diligence and adjudication will occur as applications are received.

6.3. **SUPPORT AND EXCLUSIONS**

6.3.1. Cluster Support Programmes (CSPs) may range in value from R10 million to R30 million, with a **maximum funding period of two years**. A six-month extension may be considered upon submission of a written motivation and subject to IDC approval.

6.3.2. 70% grant to a maximum of R 21 million per applicant over a maximum funding agreement period of 5-years to cover post funding impact assessment.

6.3.3. 30% balance of the total funding requirement to be funded by own contribution.

6.3.4. Programme D funding may only be applied to qualifying interventions under the following categories: People, Product, Process, Technology Demonstration and Market Development. Examples provided in par 9.

6.3.5. Programme D funding will not extend to costs associated with the procurement, rental, or leasing of machinery, equipment, commercial vehicles, land or buildings.

6.4. **QUALIFYING CRITERIA**

6.4.1. The cluster is a group of manufacturing companies or a combination of manufacturing and related organisations (e.g., retailers, design houses, designers, component and primary material manufacturers) that are collaborating towards improving the competitiveness of each cluster member both individually and as a cluster.

6.4.2. To qualify for Programme D funding, the applicant must be:

6.4.2.1. A recognised Cluster NPC representing either:

- Vertical clusters, led by a lead firm or major customer;
- Horizontal continuous-improvement clusters,
coordinated by an independent Cluster NPC Board and Cluster Manager.

6.4.2.2. **A cluster comprising firms** operating within the South African CTFL value chain or directly adjacent enabling value chains (e.g., trims, packaging, machinery, logistics, skills and technology providers).

6.4.2.3. **Cluster members** must be willing to participate in collective upgrading activities and agree to cluster governance and data-sharing requirements.

6.4.2.4. **The minimum number of participants in a cluster is 3. There is no maximum to the participants.**

6.4.3. To qualify, proposals must be **collective interventions** that benefit multiple firms. Eligible project categories include:

6.4.3.1. **Skills upgrading and productivity improvement** (e.g., technical training, supervisory skills, lean, digital skills).

6.4.3.2. **Process, quality and efficiency improvements** across shared manufacturing or supply chain operations.

6.4.3.3. **Technology access and technology demonstration** with clear localisation or commercial benefit (not firm-specific capex).

6.4.3.4. **Environmental performance and resource efficiency** (e.g., decarbonisation, waste reduction, water and energy efficiency, traceability systems).

6.4.3.5. **Digitalisation and data-led improvements** (e.g., shared digital tools, MIS readiness, capability building).

6.4.3.6. **Supply chain development and localisation/onshoring**

initiatives anchored in cluster-wide benefit.

6.4.3.7. **Market development or value-chain strengthening** that improves competitiveness or responsiveness to domestic and export markets.

6.4.4. Interventions must clearly demonstrate **collective benefit**, not individual firm support.

6.4.4.1. Competitiveness improvement interventions could be broken down into the following core focus areas, namely People, Product, Process, Market Development and Technology Demonstration (considered to be the implementation of technology that has never been used in the CTFL industry in South Africa before).

6.4.4.2. All cluster activities should be planned at the time of application and any expenditure incurred prior to approval is at the cluster's own risk.

6.4.4.3. Only interventions and shared resources can be funded – Cluster Management / Administration fees / salaries capped at 10% of the grant approved, subject to Due Diligence process.

6.4.5. **Mandatory eligibility conditions**

To qualify for Programme D support, all applications must demonstrate:

- Alignment with CTFLGP objectives, including competitiveness improvement, job growth, localisation, import replacement, sustainability and transformation.
- A clearly defined collective problem statement and the rationale for a cluster-based intervention.
- Evidence of participation willingness from cluster firms (e.g., letters of support, committed attendance, co-funding where applicable).
- NBC compliance by participating firms *or* a formalised NBC compliance pathway signed or endorsed by the NBC for firms transitioning to compliance.
- A credible project plan, including activities, beneficiaries, expected outcomes and measurable indicators.
- Independent benchmarking required as a base measurement at

application stage and evidence of achievement will be assessed as per requirements of each approval.

- Evidence of at least 3 competitive quotes for each intervention from reputable service providers or suppliers essential.
- Evidence that the intervention will contribute to measurable improvements in either:
 - ✓ productivity,
 - ✓ quality,
 - ✓ speed,
 - ✓ cost competitiveness,
 - ✓ supply-chain reliability,
 - ✓ labour compliance,
 - ✓ environmental sustainability or
 - ✓ technological readiness.

6.5. **APPLICATION REQUIREMENTS AND PROCESS**

6.5.1. **Process**

6.5.1.1. **Initial Engagement with the dtic (CTFL Sector Desk):** Interested applicants must first meet with the Department of Trade, Industry and Competition's CTFL Sector Desk prior to submitting a formal application. Relevant IDC staff will be consulted and included as required. This engagement will assess:

- alignment with CTFLGP objectives,
- the intended impact of the proposed cluster,
- key activities and proposed outcomes, and
- the indicative budget.

6.5.1.2. **Formal Submission to the IDC (CTFLGP Desk):** After engagement with **the dtic**, applicants may submit a full business plan to the IDC's CTFLGP Desk. The IDC will conduct a comprehensive due-diligence assessment within two months, provided the application is complete. This must be emailed to ctflgp@idc.co.za .

6.5.1.3. **Project Approval Panel (PAP):** Applications that pass due diligence will be presented to the Project Approval Panel for consideration.

6.5.1.4. **Funding Confirmation and Ring-Fencing:** If approved by the PAP, the IDC will issue a formal confirmation of the approved funding amount. Funds will be ring-fenced for the proposed CSP project. All applications must include a drawdown schedule, with measurable metrics linked to each tranche. Payments shall be made directly into the Cluster NPC Bank Account. ***The name of the bank account holder must be the same as that of the approved receiver.***

6.5.1.5. If assisted by a consultant, applicants to submit the details of the consultant.

6.5.1.6. **Incomplete applications will not be assessed.**

6.5.2. **Detailed information required in the application**

6.5.2.1. The following table outlines the key elements expected in a complete Programme D application. While applicants are welcome to structure their proposals according to their organisational needs, the components listed below represent the minimum requirements that must be addressed in full.

6.5.2.2. Applications that do not cover these elements will be considered incomplete.

6.5.2.3. All application documents, including the business plan and supporting annexures, must be compiled into a single PDF submission and submitted to the IDC's CTFLGP Desk for assessment.

Table 2: Programme D application elements

Key Elements	Detail
Business Case and Strategic Justification	• A project overview, including introduction to the Cluster NPC and its purpose. • An analysis of demand or opportunity, supported by data, independent benchmarking and industry evidence. • A clearly articulated problem statement that the Cluster intends to address. • A theory of change, demonstrating how activities lead to intended outcomes and contributions to CTFLGP objectives.
Project Plan and Implementation Framework	• A description of activities, workstreams, and expected outputs. • The objectives and intended outcomes of each activity. • A milestone-based implementation plan, including timelines, sequencing and dependencies. • A monitoring and evaluation framework, with KPIs and measurable indicators. • A risk analysis, including mitigation strategies and contingencies.
Governance, Accountability and Capacity	• A governance structure aligned with the requirements of the CTFLGP. • Disclosure of any conflict of interest. • Evidence of implementation capacity, including: ○ CVs or short bios of NPC Board members, ○ bios of management or delivery partners, ○ relevant track record. • A description of ownership and intellectual property arrangements, particularly for technology demonstration activities.

Budget, Funding Structure and Cash Flow	• A detailed budget, with line items linked to specific activities and milestones. • A cash-flow forecast aligned with the drawdown schedule. • Budgeted timelines with minimum pre-funding contributions to ensure efficient cluster cash flow. • Evidence of cluster member contributions, as required. • A minimum of three quotations must be provided to confirm transparency and cost competitiveness. ○ Quotations must be formal, dated and valid for at least three months; ○ Quotations are required for material cost drivers, not trivial line items; ○ The IDC may request item-level quotations during due diligence where costs appear inflated; ○ Updated quotations may be requested if validity lapses.
Impact, Net value creation and Sustainability	• Expected net value creation, including job growth (direct and indirect), real output gains and localisation/onshoring potential. • KPIs and outcome indicators aligned to CTFLGP objectives. • Commitments to transformation and inclusivity. • A sustainability plan, showing how outcomes will be maintained for at least 12–24 months after the grant period. • Any commitments from partners, retailers or cluster members to support continuation of benefits beyond the two-year programme.

6.5.2.4. An example of a table of contents for an application is noted below:

- | | |
|----|--|
| 1) | Executive Summary |
| 2) | Introduction to the NPC |
| 3) | Demand/Opportunity analysis |
| 4) | Programme Overview |
| | a) Activities |
| | b) Objectives |
| | c) Outcomes |
| | d) Alignment with CTFLGP objectives |
| 5) | Financial Management |
| | a) Budget |
| | b) Co-funding contribution |
| | c) Cash-flow forecast timelines |
| 6) | Impact, Net value creation and Sustainability |
| | a) Job growth projections |
| | b) Real output growth & localisation projections |
| | c) Post-project sustainability |
| 7) | Governance |
| | a) NPC governance structure |
| | b) Implementation capacity |
| | c) M&E framework |
| | d) Risk analysis & mitigation strategies |
| 8) | Compliance and Transformation Agenda |
| 9) | Appendix: Impact of previous applications (if any) |

6.5.3. **Compliance documents**

- 6.5.3.1. Audited / Reviewed Financial statements (not older than 15 months)
- 6.5.3.2. Latest management accounts (no older than 3 months)
- 6.5.3.3. Latest EEA2 forms as submitted and acknowledged by the Department of Labour.
- 6.5.3.4. BBBEE Verification certificate.
- 6.5.3.5. Valid confirmation of Bargaining Council Compliance for any manufacturing members.
- 6.5.3.6. Proof of environmental Regulations compliance, where relevant.
- 6.5.3.7. Valid Tax Clearance PIN.

- 6.5.3.8. FICA Documents.
- 6.5.3.9. Procurement Policy.

6.6. **GOVERNANCE STANDARDS**

6.6.1. **Legal Form and Regulatory Foundation**

- 6.6.1.1. Each Cluster must operate as an independent **Non-Profit Company (NPC)** registered with the **Companies and Intellectual Property Commission (CIPC)**. As an NPC registered with the CIPC, the Cluster must operate in full compliance with the **South African Companies Act** and all applicable company law, including duties of directors, reporting obligations and requirements governing fiduciary responsibility.
- 6.6.1.2. The NPC serves as the **regulatory and administrative foundation** for implementing the Cluster Grant Funding Programme D and must ensure transparent governance, proper financial controls and adherence to CTFLGP standards.
- 6.6.1.3. The NPC must maintain its own legal identity, governance structures and office address, and must be able to contract independently and administer funds in accordance with statutory requirements.

6.6.2. **Governance Body**

- 6.6.2.1. The table below outlines the key role-players within a well-functioning Cluster NPC and the core responsibilities associated with each. These roles collectively ensure strong governance, transparent operations and effective delivery of Programme D interventions.

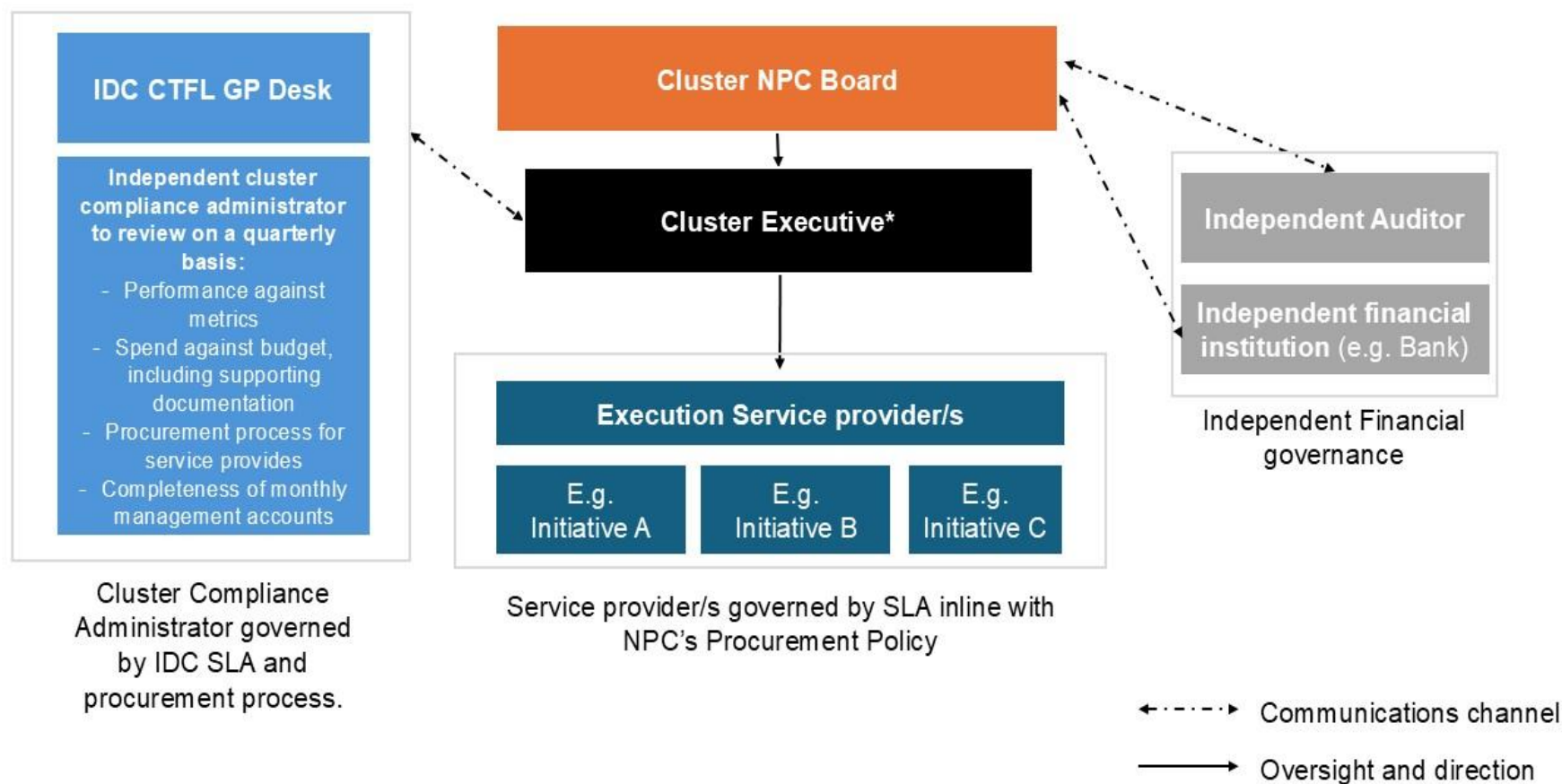
Table 3: NPC Roles and Responsibilities

Key Role Players	Responsibilities
Board	• The Cluster NPC shall be governed by a Board of Directors comprising nominated cluster participants who are committed to achieving the objectives of the cluster. • Board members hold a fiduciary duty to act in good faith, for a proper purpose, in the best interests of the NPC, and with due care, skill and diligence. Directors may incur personal liability for failing to fulfil these obligations. • The Board's responsibilities include: • strategic and operational oversight, • approving project plans and budgets, • monitoring and evaluating performance, • ensuring compliance with governance and legal standards, and • managing risks.
Cluster Executive	The Cluster Board must appoint a Cluster Executive to oversee the execution of the programme. This role can be sourced from within a member firm's organization or be an independent hire. This is at the discretion of the NPC Board. Responsibilities include: • Communication with the IDC's CTFLGP desk, • coordination of programme activities, • implementation of competitiveness interventions, • managing workstreams and delivery partners, • coordinating reporting and learning activities, and • supporting monitoring and evaluation processes.
Financial Governance	• An independent auditor / reviewer must be appointed to conduct annual audits on the financial and compliance management of the NPC. • An independent bank account must be established in the name of the NPC.
Independent Cluster compliance administrator	• Oversight function appointed by the IDC and operating under the direct supervision of the IDC CTFLGP Desk. This role provides an additional layer of assurance to ensure that Cluster NPCs implement Programme D interventions in a transparent, compliant and results-driven manner, consistent with CTFLGP governance requirements. Responsibilities include: • Review quarterly performance reports against approved

	metrics, KPIs and milestones. • Verify spend against budget, including supporting financial documentation. • Assess the completeness of monthly management accounts submitted to the IDC. • Review procurement processes for service-provider appointments to ensure compliance and transparency. • Submit a quarterly Compliance Assessment checklist to the IDC CTFLGP Desk.
Independent Service Providers	• Execution Service Providers are firms or individuals appointed by the Cluster NPC to deliver defined programme activities and outputs. These providers are contracted through a Service Level Agreement (SLA) that specifies deliverables, timelines, performance expectations and reporting obligations. • All appointments must strictly follow the NPC's procurement policy, ensuring transparent, competitive and fair selection processes. Under no circumstances may an Execution Service Provider be appointed where a conflict of interest exists. • No conflict of interest or related party transactions allowed. Conflict of interest occurs when there is a direct or indirect conflict, in fact or in appearance, between the interest of a shareholder / member / management of an organization. It applies to financial, economic, and other interests in any opportunity from which the organization may benefit, as well as use of property (assets) of the organization, including information. It also applies to shareholders / members / management's related parties holding such interest. The Cluster Executive / related parties may not be a supplier / service provider / have any interest in these entities. • Execution Service Providers operate under the oversight of the Cluster Executive and are accountable for delivering high-quality, evidence-based outputs aligned with the approved activity plan.

6.6.2.2. The various roles are visualized in the next diagram.

Figure 2: Governance Structure



*either appointed from member firm at no extra cost to NPC or an independent individual firm- at NPC discretion

6.6.3. **Monitoring and Evaluation**

Monitoring and Evaluation is a mandatory and integral component of Programme D. All Cluster NPCs must demonstrate, at application stage, a clear framework for monitoring performance throughout implementation and for assessing the impact of the Cluster intervention six to twelve months after completion of the funding period. The M&E framework must include:

- 6.6.3.1. independently verified baseline measurements for each cluster member, aligned to the competitiveness improvement areas identified in the application;
- 6.6.3.2. quantifiable targets and performance indicators relating to output growth, job creation, localisation, productivity, quality, flexibility, sustainability, and other approved metrics;
- 6.6.3.3. a structured plan for quarterly reporting to the IDC, including evidence-based progress against metrics, achievements, deviations, financial utilisation, and corrective actions;
- 6.6.3.4. methods and tools that enable the Cluster NPC and its members to track, validate and report on changes in performance at firm and cluster level;
- 6.6.3.5. a post-completion evaluation process, undertaken six to twelve months after the final drawdown, to assess the sustainability of improvements, aggregate net value creation, spill-over effects, and long-term competitiveness gains;
- 6.6.3.6. mechanisms for independent verification of project results where required by the IDC.
- 6.6.3.7. The Cluster NPC is responsible for ensuring that all members participate in data collection, benchmarking and reporting activities, including the mandatory quarterly submissions, and that sufficient records are retained to enable IDC to conduct ongoing monitoring, validation and post-completion impact assessments.

6.7. **REPEAT APPLICANTS**

- 6.7.1. Repeat applicants who have successfully implemented and fully reported on previous CTFLGP-funded projects remain eligible to apply for new interventions. Where an applicant has received support within the preceding five years under the CTFLGP or the former CIP, eligibility is subject to the demonstrated and verified achievement of prior interventions.
- 6.7.2. Grant support will not fund duplicated or repeat interventions, nor additional phases of activities previously approved.
- 6.7.3. Proposed interventions that are identical to earlier ones, including those involving the same participants, facilities or intended outcomes due to non-achievement in the previous funding cycle, will not be considered for further funding.
- 6.7.4. Cluster NPCs that benefited from the CIP or Programme D in the period 5 years prior to their application must demonstrate the positive impact that the previous interventions had on the members' financial position as well as operational measures against targets previously set.
- 6.7.5. The IDC reserves the right to conduct audits of recipients and/or applicants. Applications will not be processed while such audits are underway.

6.8. **QUALIFYING EXPENDITURE ANNEXURE**

Programme D supports a wide range of pre-competitive, cluster-based interventions across the five core areas of people, product, process, market development and technology demonstration. The examples provided in par. 9, tables 4 to 8 illustrate the types of activities that typically qualify for support, such as skills and productivity programmes, quality and engineering improvements, product development, market-readiness initiatives and first-time technology demonstrations. These examples are not exhaustive, nor are applicants required to cover all of them. Rather, they serve to guide applicants on the nature of interventions that may align with Programme D's objectives. Applicants may propose any cluster-wide initiative that strengthens competitiveness, improves localisation or onshoring potential, and delivers measurable benefit to multiple firms within the CTFL value chain.

7. **PROGRAMME E: SPECIAL PROJECTS**

7.1. **OBJECTIVE**

- 7.1.1. The objective of Programme E is to support high-impact projects in the Clothing, Textiles, Footwear and Leather (CTFL) value chain that drive net value creation at an industry-wide level.
- 7.1.2. As Programme E targets collective benefit, projects must demonstrate clear value beyond an individual firm, as firm-specific initiatives are addressed under Programmes A to C.
- 7.1.3. Projects should commit to achieving and evidencing tangible outcomes, ensuring that the intended impact can be effectively monitored, measured and reported. These measurable outcomes should be appropriate to the project scale and nature to enable transparent monitoring and reporting.

7.2. **DEFINITION OF A PROJECT**

- 7.2.1. A project is a temporary endeavour undertaken to produce a specific unique product, service, specified impact, or behavioural outcome. More specifically, a project is a series of structured tasks, activities, and deliverables that are carefully constructed and then executed to achieve a desired outcome.
- 7.2.2. A project is distinguished from routine operations or ongoing work by the following characteristics:
 - 7.2.2.1. Temporary: A project has a definite beginning and end. It is not an ongoing effort.
 - 7.2.2.2. Unique Outcome: The goal of a project is to produce a specific unique product, service, specified impact, or behavioural outcome. This specific output has not been created in this way before.
 - 7.2.2.3. Defined Scope: A project has a clear set of objectives and deliverables. This defines what is included in the project and what is not.

7.2.2.4. Resource Constraints: Projects operate under constraints, such as scope, time and budget.

7.3. **APPLICATION WINDOW**

7.3.1. Programme E operates with a rolling application window, based on the availability of funds. Review, due diligence and adjudication will occur as applications are received.

7.4. **SUPPORT AND EXCLUSIONS**

7.4.1. Project support may range from R1 million to R10 million, with a maximum funding period of two years. A six-month extension may be considered upon submission of a written motivation and subject to IDC approval.

7.4.2. 90% of the value can be awarded as an IDC grant, with 10% contributed by the applicant.

7.4.3. The PAP may approve up to 100% grant funding for projects that clearly advance broader sectoral objectives.

7.4.4. Programme E is designed to complement, rather than duplicate, other funding initiatives. Accordingly, projects already supported by established entities (such as those of the SETA's) fall outside the scope of this programme.

7.4.5. Programme E will not cover:

- Procurement, rental or leasing of equipment, machinery, vehicles, land or buildings.
- Routine operational expenses unrelated to project objectives.
- Projects benefiting a single firm (covered by Programme A).
- Projects replicating previous interventions without new net value creation.

7.4.6. In exceptional cases, the PAP may authorise limited inclusion of otherwise excluded costs where the expense is essential to project delivery and demonstrates clear value-for-money and net value creation.

7.4.7. Such discretion shall apply under the following conditions:

- 7.4.7.1. **Justification Required:** The applicant must provide a written motivation explaining why the excluded cost is essential to achieving the project outcomes.
- 7.4.7.2. **Competitive Quotation Evidence:** A minimum of three quotations must be provided to confirm transparency and cost competitiveness.
- 7.4.7.3. **Budget Threshold:** As a guideline, the total value of such exclusions should not exceed 10% of the total project budget or R1 million, whichever is lower.
- 7.4.7.4. **PAP Assessment:** The PAP will evaluate the request based on relevance, necessity, proportionality, and alignment with Programme E objectives.
- 7.4.7.5. **Non-Recurring Nature:** Approved exceptions must be non-recurring and directly linked to project implementation (e.g. short-term equipment rental for events, training, or demonstrations). Long-term lease, operating, or overhead costs remain ineligible.
- 7.4.8. Any changes to the approved project scope, deliverables or timelines require prior written approval from the CTFLGP desk.
- 7.4.9. Expenditure incurred prior to submission and approval is not eligible for reimbursement.

7.5. **QUALIFYING CRITERIA**

- 7.5.1. Eligible **applicants** include the following entities only:
 - 7.5.1.1. Non-Profit Companies (NPCs) registered in terms of the Companies Act, 2008.
 - 7.5.1.2. Public Benefit Organisations (PBOs) with valid SARS approval.
 - 7.5.1.3. Bargaining Councils, CTFL employer associations, and Export Councils, where these are formally constituted in accordance with relevant legislation.

7.5.1.4. The R-CTFL Masterplan Project Steering Committee, where formally instituted for the purpose of coordinating public-good, sector-wide interventions.

7.5.2. The following entities are not eligible to apply:

7.5.2.1. For-profit firms (including private companies, public companies, and personal liability companies).

7.5.2.2. State-owned companies (SOCs) or state-controlled entities.

7.5.2.3. Private and public companies, as constituted under the Companies Act, 2008 (Act 71 of 2008), that operate for profit and in the interest of shareholders. They are therefore not appropriate vehicles for public-good, sector-wide initiatives, and should apply under Programme A for firm-level upgrading support.

7.6. **ELIGIBLE PROJECT TYPES**

Net value creation extends beyond job creation, localisation, export growth, or output growth. Programme E aims to foster holistic net value creation - the structural, institutional, and behavioural shifts that enhance the CTFL sector's long-term competitiveness, resilience, and sustainability. As such the Programme is looking to support projects which result in either:

7.6.1. Behavioural shifts

- Stronger collaboration between manufacturers, retailers, labour, and public partners.
- Greater investment in skills, technology, and productivity.
- Improved leadership, management, and governance within firms and industry bodies.
- Active engagement in shared learning, problem-solving, and collective cluster initiatives.

7.6.2. Creation of strategic enablers

- Establishment of mechanisms that sustain competitiveness - e.g. skills

strategy, talent pipeline development, sustainability standards, supplier frameworks, and market intelligence systems.

- Contributions to implementing and refining the R-CTFL Masterplan.
- Stronger alignment between public-private priorities to advance localisation, skills upgrading, and sustainability.
- Enhanced coordination between government, labour, and industry for measurable, joint action.

7.6.3. Positive spillovers to the economy

- Knowledge and innovation diffusion beyond direct beneficiaries.
- Upgrading of suppliers and service providers through technical support and buyer linkages.
- Expanded market access and localisation via collective branding, certification, and sourcing credibility.

7.7. **MANDATORY ELIGIBILITY CONDITIONS**

All applications must demonstrate:

- 7.7.1. Alignment with CTFLGP objectives, including competitiveness improvement, job growth, localisation, import replacement and transformation.
- 7.7.2. A clearly defined collective problem statement and the rationale for CTFLGP support.
- 7.7.3. Evidence of support from other entities or value chain stakeholders (e.g., letters of support, committed attendance, co-funding where applicable).
- 7.7.4. A credible project plan, including activities, beneficiaries, expected outcomes and measurable indicators.
- 7.7.5. Impact evaluation plan.
- 7.7.6. Knowledge-sharing obligations: Projects must demonstrate structured knowledge-sharing activities within and beyond their membership, such as case

studies, factory tours, shared learning sessions, good-practice exchanges or technical demonstrations, where it does not violate any sensitive or competitive edge.

7.8. **GOVERNANCE STANDARDS**

7.8.1. While the governance standards applicable to Programme E are aligned with those of Programme D, Special Projects differ in that they operate as sector-wide or broad-based initiatives rather than firm-specific programmes.

7.8.2. Accordingly, individual compliance documentation from participating firms is not required for Programme E. Instead, all mandatory compliance documentation shall be vested in, and must be submitted by, the applying organisation.

7.8.3. The applicant entity shall be responsible for:

- ensuring the project is implemented in accordance with CTFLGP governance standards;
- maintaining appropriate oversight of all participating stakeholders; and
- meeting all statutory, fiduciary, auditing, and reporting obligations required under Programme E.

7.8.4. The CTFLGP desk reserves the right to request additional information should material governance concerns arise. However, participant-level compliance evidence will not be routinely required for Programme E applications.

7.8.5. A robust Monitoring and Evaluation framework is required for all Programme E projects. Applicants must demonstrate, at application stage, how the outcomes and impact of the Special Project will be measured during implementation and, critically, six to twelve months after project completion. The M&E plan must include:

- 7.8.5.1. clearly defined baseline indicators established prior to implementation;
- 7.8.5.2. measurable outputs and outcomes aligned to the approved project objectives;

- 7.8.5.3. a methodology for tracking progress throughout the project lifecycle;
- 7.8.5.4. post-completion assessment mechanisms capable of evidencing behavioural, structural, institutional, or capability shifts achieved through the intervention;
- 7.8.5.5. data-collection tools, responsibilities, and reporting timelines;
- 7.8.5.6. provisions for independent verification where appropriate;
- 7.8.5.7. The applicant NPC or entity is responsible for ensuring that sufficient data is collected and retained to enable the CTFLGP desk to conduct post-completion reviews and assess the sustained impact, spillovers, and net value creation generated by the intervention.

7.9. **REPEAT APPLICANTS**

- 7.9.1. Organisations that have successfully completed and have had prior projects evaluated and/or assessed by the CTFLGP desk may apply for new, distinct initiatives that demonstrate clear net value creation and impact.
- 7.9.2. Applications for the same or substantially similar projects will not be supported unless the proposal reflects material changes in objectives, beneficiaries, or outcomes, and includes a sustainability or co-funding plan to reduce ongoing reliance on public funds.
- 7.9.3. Where multiple organisations propose similar project concepts, each must clearly outline its unique focus, target group, or regional scope. Alternatively, the CTFLGP desk will encourage the collaboration of said organisations.
- 7.9.4. The PAP reserves the right to review, align, or decline overlapping proposals to avoid duplication and promote complementarity across the CTFL value chain.

8. **MANDATORY CONDITIONS FOR ALL PROGRAMMES**

- 8.1. All applicants (businesses) must show economic merit and sustainability.
- 8.2. Existing applicants to provide historical financial statements aligned to their Public Interest Score (PIS). The Programme accepts independently reviewed or audited financial statements only (compiled financial statements will be accepted).
- 8.3. Approval is subject to availability of funding at the time.
- 8.4. No conflict of interest or related party service provider transactions allowed. Conflict of interest occurs when there is a direct or indirect conflict, in fact or in appearance, between the interest of a shareholder / member / management of an organization. It applies to financial, economic, and other interests in any opportunity from which the organization may benefit as well as use of property (assets) of the organization, including information. It also applies to shareholders / members / management's related parties holding such interest. Cluster Manager / related parties may not be a supplier / service provider / have any interest in these entities.
- 8.5. The applicant must be a registered legal entity in South Africa in terms of the Companies Act, 1973 (as amended) or the Close Corporations Act, 1984 (as amended).
- 8.6. With the exception of a Cluster NPC, the operations of the company applying must be classifiable as manufacturing (13 for textiles, 14 for wearing apparel or 15 for leather, etc.) in terms of the 'Standard Industrial Classification of all Economic Activities' and the relevant chapters of the HS codes as referred to above.
- 8.7. Design Houses may ONLY be included in Programmes D or E.
- 8.8. The applicant must be a taxpayer in good standing and must, in this regard, provide a valid tax clearance certificate.
- 8.9. The applicant must comply with all relevant environmental regulations,

applicable to its operations and must, in this regard, provide evidence of compliance.

- 8.10. Should the company have any pending litigation against it, the outcome of which may have a material impact on the company's financial position, then this needs to be brought to the attention of the Desk at the time of application.
- 8.11. Should the company have any intentions or plans to retrench or downsize its manufacturing processes, such intentions or plans must be brought to the attention of the Desk.
- 8.12. The applicant should demonstrate that the business is solvent, profitable, and sustainable even without CTFLGP support. Should a company not currently be profitable the application should be supported by a detailed turnaround plan, to the Desk's satisfaction, that demonstrate that the company will be profitable and sustainable going forward.
- 8.13. Applicants that benefited from the CTCP in previous years should demonstrate the positive impact that the previous CTCP interventions had on the business' financial position as well as operational measures.
- 8.14. Applicants must measure / monitor and keep records of all the base and actual measurements set in the application for all interventions. The applicant must be able to produce evidence of the base measurements to the Desk for at least 5 years after each intervention's termination.
- 8.15. IDC reserves the right to audit recipients and / or applicants and applications shall not be processed while these audits are pending.
- 8.16. Applications are to include company documentation of proposed suppliers / service providers for IDC to ensure only suppliers / service providers in good standing are used. Suppliers / service providers may not be changed without Panel's Approval.
- 8.17. Applications must include a *minimum* of three proposed competitive quotations from registered reputable suppliers of equipment/services. Quotations will be deemed valid for 3 months. The review of quotations will take place during the

due diligence period.

- 8.18. Historical Capex and Working Capital which was initially applied for and has not yet been presented to the CTFLGP Adjudication Panel can be reimbursed to the extent that it is used specifically to support net value creation.
- 8.19. Reimbursement is subject to:
 - 8.19.1. Expenses that are being applied for, incurring after application;
 - 8.19.2. Final approval of the application for funding by the CTFLGP Adjudication Panel; and
 - 8.19.3. Purchase/incurred costs are solely at the risk of the Applicant as the final approval is subject or at the sole discretion of CTFLGP Adjudication Panel and the Desk/Panel are not obligated in any manner if funding is not Approved by the panel.
- 8.20. Each applicant to submit the details of any consultant(s) used and declare their fees.
- 8.21. Terminal Drawdown Date extensions to be limited to 6 months only. The Panel will consider requests for extensions to the funding agreement only under exceptional circumstances.
- 8.22. All applicants (businesses) must show economic merit and sustainability.
- 8.23. Existing clients may reapply for funding from CTFLGP if they have a proven loan repayment track record on both capital expenditure and/or Working Capital for a minimum of 8 months, achievement of the required net value creation targets and have met all contractual obligations under the legal agreement. The application must meet the guideline requirements and will be subject to a new due diligence. (excluding Programme D).
- 8.24. Repeat applicants who have successfully implemented and fully reported on previously funded projects are eligible to apply for new interventions. To qualify, applicants must demonstrate verified achievement of contracted targets, budgets and milestones. Support will not fund duplicated or repeat

interventions, nor additional phases of activities previously approved. Proposed interventions that are identical to earlier ones, including those involving the same participants, facilities or intended outcomes due to non-achievement in the previous funding cycle, will not be considered for further funding.

9. **EXAMPLES OF QUALIFYING INTERVENTIONS FOR ALL PROGRAMMES**

9.1. The below tables note the type of interventions which may be eligible within the CTFLGP. These interventions are non-exhaustive and noted for illustrative purposes.

Table 4: Examples of People Interventions

Intervention	Description
Training	• World-class manufacturing principles. These projects should have a strong leaning towards training and building the competency of management, supervisors, support personnel and shop-floor workers to carry out continuous improvement activities. • ISO 9000 - Basic quality management systems such as ISO 9001 should be introduced to companies to ensure compliance to downstream client requirements.
Labour Relations	Labour productivity.
	Multi-skilling and shared training centres.
	Employee wellness programmes.
	Employee-employer relationship building.

Table 5: Example of Product Interventions

Intervention	Description
Product-related supply chain integration	Quick and reliable delivery time.
	Fashion design, pattern design, tooling, and manufacturing integration process.

Table 6: Examples of Process Interventions

Intervention	Description
Industrial engineering services	Layout planning / simulation. Using the latest planning and simulation tools and aids, companies could be assisted to improve process flow and facilities layout.
	Logistics analysis and improvement. To improve supply chain efficiencies, both internally and externally, for example, effective inventory control to decrease operational cost.
	Maintenance principles. Total Productive Maintenance has become a benchmark practice towards international competitiveness. This principle has been applied globally to improve equipment utilisation, support, and maintenance.
Competitiveness improvement interventions	These projects should be aimed at the implementation of economically viable and sustainable models for technical assistance through an approach to improve quality, efficiency and international competitiveness in individual companies or supply chains.
World-class manufacturing principles	Focused on implementing principles of manufacturing that is regarded as best practice.
Bottom-line business processes	Interventions that increase the profitability of the company.
Sustainability, green industry, and industrial symbiosis (circularity) interventions	• Programmes that support greening of the industry and climate change mitigation strategies. • Sustainability & industrial capability assessment and certification. • Resource optimization interventions. • Traceability and / or monitoring & evaluation platforms. • Life Cycle Management (LCM) interventions
Digitization	4IR readiness, Artificial Intelligence, Augmented Reality assessment and transformation interventions.
Process development	The introduction of new processes into mainstream production.
Technology focus (automation)	The use of technology centres and partnerships with support organisations such as the Council for Scientific and Industrial Research (CSIR) and related subsidiaries as well as Public Education Institutions, will foster collaborative partnerships in developing technologies within the sector.

Table 7: Examples of Market Development Interventions

Intervention	Description
Market Research	Activities related to determining the size and dynamics of the market both locally and internationally.
Marketing Plan	Activities related to developing a marketing plan based on the results of the market research.
Product Certification Requirements (International and/or Country specific)	Interventions that relate directly to acquiring the relevant certification.
Showroom	Design of a showroom or development of a virtual showroom.
Brand Development	Registration of trademarks, graphic designs etc.
	Activities related to initial brand awareness.
	Point of Sale Branding.
Trade Shows, Inward- and Outward-Bound Missions (Group / Cluster activities - only where not covered by other Government programmes e.g. EMIA)	Travel, Accommodation, Design of Stands, Marketing Material, and transportation.

Table 8: Examples of Technology Demonstration Interventions

Intervention	Description
Shared Operational Resources	Demonstrate the economic effectiveness of shared resources not viable for individual members, like procuring a cutting table for a group of CMTs.
New Software Technology demonstration	Demonstrate the impact on the competitiveness of the value chain with the use of new software technology in a cluster environment. The software should not have been used in the sector before.
New Hardware Technology demonstration	Demonstrate the impact on the competitiveness of the value chain with the use of new hardware technology in a cluster environment. The qualifying hardware should be world-class cutting-edge technology in the sector or related sectors or should impact dramatically on the process cost and/or the time of processing, and/or the change-over time in the manufacturing process.

Process innovation	Demonstrate the impact on the competitiveness of the value chain using different, non-conventional technology. A technology not ever used before in the sector in which the cluster operates. Examples could include, but are not limited to: • Processes that reduce the impact on the environment. • Processes considerably reducing energy consumption. • Processes that use integrated processing techniques. Examples are the use of organic process waste to generate energy, used again as energy inputs to other processes. • Innovative processes to reduce batch sizes and / or increase process efficiency through cellular manufacturing, etc.
Digitization, sustainability, green industry, and industrial symbiosis (circularity) interventions	• 4IR readiness, Artificial Intelligence, Augmented Reality assessment and transformation interventions. • Sustainability & industrial capability assessment and certification. • Resource optimisation interventions. • Traceability and / or monitoring & evaluation platforms. • Green chemistry and green industry interventions. • Life Cycle Management (LCM) intervention, etc.

10. **APPLICATION PROCESS**

- 10.1. In order to access the CTFLGP, companies need to apply to the Desk by completing the relevant application as detailed in the document and emailing ctflgp@idc.co.za .
- 10.2. The Desk will perform a due diligence on the application and if found in order, the Desk will issue a confirmation of the funding amount after obtaining the necessary approvals. Upon approval, the Desk will set aside funds, which will be ring-fenced for the company concerned.
- 10.3. Important note: incomplete applications will not be considered.

11. **VERIFICATION BY THE DESK**

- 11.1. The Desk reserves the right to carry out audits on activities of the applicant from time to time which may include a physical on-site inspection by the Desk at every claim stage or whenever necessary.
- 11.2. If the Approval Panel finds that a grant was based on false information, or that applicants furnished misleading information, it will disallow the grant and recover the full amount paid to the company. Interest on such grant payments shall be levied at a prescribed rate from the day the grant was received.
- 11.3. Should there be material changes to the main business under which the grant was approved, the client must advise the Desk immediately.
- 11.4. The Approval Panel further reserves the right to authorise publication of full details, including company names, in cases of grant abuse.

12. **ADJUDICATION**

- 12.1. The Desk will submit the outcome of the Due Diligence to Approval Panel for adjudication. Any relaxation of the minimum requirements or conditions in this document is based on merit and is at the sole discretion of the Desk.

13. **DISBURSEMENT**

- 13.1. Once the Approval Panel has adjudicated an application, claim forms will be considered by the Desk for payment of approved interventions.
- 13.2. Claim documents must be submitted at least 3 months before expiry of the agreement.
- 13.3. Application of Funds and Impact Assessment of previous interventions to be conducted to the satisfaction of the IDC and / or its agents.
- 13.4. Once payment has been processed, client to furnish the IDC with the supplier invoices, the proof of delivery and the proof of payments made (as evidenced by bank statements) within 30 days of disbursement date. Furthermore, the Desk will conduct asset verifications.
- 13.5. Grants made by the CTFLGP will be made exclusive of Value Added Tax (VAT).
- 13.6. Payments shall be made directly into the bank account of the approved recipient, whether it be the applicant or supplier of goods or services at the discretion of the Desk. The name of the account holder must be the same as that of the approved receiver.

14. **MONITORING AND EVALUATION**

- 14.1. All applicants (irrespective of their Public Interest score) are required to submit audited financial statements for monitoring and evaluation.
- 14.2. All other undertakings and covenants will be included in the funding agreement.

15. **GENERAL EXCLUSIONS AND LIMITATIONS**

- 15.1. Eligible interventions will be financially supported only if the upgrading investment costs can be linked directly to productivity and competitiveness improvement activities in a company.
- 15.2. Entities that are already receiving incentives approved on recommendation by the Clothing and Textiles Competitiveness Programme or any other Government Programmes are required to declare such support as part of the application for the CTFLGP. A specific intervention / expenditure can benefit from more than one incentive as long as the combined grants do not exceed the cost of the intervention / specific expenditure.
- 15.3. The CTFLGP specifically excludes goods manufactured for the automotive sector which qualify for any incentive programme offered for that sector.
- 15.4. The Desk reserves the right to withhold, reject or terminate approval for projects or disbursements under the incentive programme if a project is seen to be circumventing the rules of the programme. The entity may not change the facts in its application, such as the business set-up or how it operates, in order to have the entity's project meet the prerequisites for qualification, when it does not meet the appropriate criteria. If the Desk finds that the entity tried to circumvent or circumvented these guidelines, the entity will automatically be disqualified, and if an agreement has already been signed, the Desk will terminate that agreement and institute action to reclaim any moneys that have already been paid to the entity. The monitoring of projects is the responsibility of the Desk.
- 15.5. Section 21 companies or 'not-for-profit-or-gain' organisations, Trusts, partnerships, co-operatives, and individuals are specifically excluded from applying under Programme A, B and C.
- 15.6. Grant approval and disbursements will cease if the entity ceases manufacturing or is liquidated.

16. **CIRCUMVENTION OF THE CTFLGP GUIDELINES**

Amongst others, the following are considered a circumvention of the CTFLGP guidelines and will lead to the rejection of an application or claim:

- 16.1. Changing the business set-up, composition, structure or operations, processes, or products to enable the project to qualify.
- 16.2. Restructuring the business internally, forming a new entity or project, or phasing in or segmentation of investment to avoid exceeding maximum or differentiating levels.
- 16.3. More than one (1) business in reasonable proximity or in a defined municipal area, owned by connected person(s), manufacturing generically the same or similar products, or delivering generically the same or similar services without, in the sole opinion of the Desk, any real commercial reason for the separation.
- 16.4. Splitting up of an integrated production process, including where the one (1) process manufactures the raw material for another process, thereby excluding a non-qualifying process, or allowing two (2) projects to qualify for the incentives.
- 16.5. Manipulation of inter-company assets, products, services, and processes.
- 16.6. Any other action that, in the sole discretion of the Desk, can be regarded as circumvention to allow the entity, which otherwise would not have qualified, to qualify.

17. **CTFLGP FUNDED ASSETS**

- 17.1. All assets acquired using CTFLGP funds and sold to date need to be declared to the Desk. This applies to all funds received since inception of the CTCP (including PIP and CIP) and on into the CTFLGP.
- 17.2. Written permission must be obtained from the Desk prior to the disposal of any CTCP or CTFLGP funded assets within 5 years (except for textiles and leather processing which is 10 years) from date of acquisition.

- 17.3. A beneficiary may not alter its share capital during the validity of the funding agreement. without the prior approval of the Desk.
- 17.4. A breach of these prohibitions will result in the recovery of the total capital disbursed plus any punitive interest prescribed by the funding agreement between the parties.
- 17.5. The Desk requires confirmation that all CTFLGP or CTCP funded assets are at the premises of the client and in productive use. A letter from the auditor should be provided by the client every year for the duration of the contract confirming that all CTFLGP or CTCP funded assets are included in the asset register and that all the assets are in productive use, and that no CTFLGP or CTCP funded assets have been sold without the written permission of the Desk.
- 17.6. For the duration of the loan period, recipients undertake to keep assets and business insured.

18. **CRIMINAL, MISLEADING, AND IRREGULAR ACTIVITIES**

- 18.1. The Desk may, upon suspicion of any such activities, suspend payments that may be due or may become due to an applicant. The Desk shall not be liable for any damages or interest, pending the finalisation of any forensic investigation and any criminal proceedings brought as a result of the investigation.
- 18.2. Findings of a forensic investigation indicating such activities will be sufficient to allow the Desk to place the entity and its management on IDC's delinquent register, cease all remaining payments and reclaim any payments made previously, with mora interest, and suspend the entity and its management from the CTFLGP.
- 18.3. The Desk subscribes to the principles set out in the Prevention and Combating of Corrupt Activities Act, 12 of 2004 (PRECCA). Applicants are requested to contact the dtic fraud hotline on 0800 701 701 should they wish to report any suspicious behaviour.

- 18.4. A duty rests with the applicant and/or any other person that may benefit from the CTFLCP to disclose all information that may influence the adjudication of the application and/or claim. Failure thereof will lead to termination / cancellation / suspension of the application / claim.

19. **CONTACT DETAILS OF THE DESK**

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ANNEXURE A: QUALIFYING HS CODES

To qualify for CTFLGP support, products must conform to the manufacturing processes as mentioned above **and** they must fall within the following chapters of the Harmonised System Code (HS Code) Commodity Classification [See Schedule No 1 General Notes, Part 1 - Chapters 1-99 Ordinary Customs Duty on SARS website –

[Schedules to the Customs and Excise Act, 1964 | South African Revenue Service](#)

Click on *Part 1 – chapters 1-99*

- Clothing & Textile Products of Chapters 50-63
- Leather Products of Chapters 41-42
- Footwear Products of Chapter 64

The following products could qualify partially depending on their composition and textile and/or leather content:

- Headgear which contains fabric of Chapter 65 (6501.00 and 6505.00.90)
- Umbrellas containing fabric of Chapter 66 (66.01)
- Parachutes of Chapter 88 (8804.00)
- Homeware products such as duvet inner, pillows, cushions, and eiderdowns of Chapter 94 (94.04, but excluding 94.04.21 “of cellular rubber or plastics, whether or not covered”, 94.04.29 “of other materials” and 94.01.61 “upholstered seats with wooden frames”).

IMPORTANT NOTE: THE CTFLGP SPECIFICALLY EXCLUDES goods manufactured for the automotive sector which qualifies for any incentive programme offered for that sector.