

## **Where African Manufacturers would be without Governmental Financing and Incentives**

### **FOR IMMEDIATE RELEASE**

**Johannesburg, 30<sup>th</sup> May 2019;** Incentives ensure that a country has a competitive advantage to attract investment from foreign investors, thereby increasing inward Foreign Direct Investment in its manufacturing industry. In order to achieve the intended outcome, African governments must carefully consider the objective of each proposed incentive.

New regional players of African countries such as Ethiopia, Rwanda and Morocco have been commended for adopting policies that have potential to catalyze manufacturing and industrial development on the continent. To ensure a sustainable future for the manufacturing sector, granting incentives to African manufacturers is imperative.

The **Manufacturing Indaba** is set to highlight the importance of incentives to keep the manufacturing sector afloat amid fierce competition in global markets. Keynote speakers and economists will share invaluable notions on devising effective incentive programmes set to motivate and support African manufacturers to increase production output whilst consequently exporting high-quality products to global markets.

Governmental grants and tax incentives play an instrumental role in boosting manufacturing activities in any country. South Africa has developed successful incentive programmes including the Support Programme for Industrial Innovation, Black Industrialist Scheme, Agro-Processing Support Scheme, Special Economic Zones, Energy Efficiency Allowance, and the Strategic Partnership Programme.

The South Africa government, in particular, awards incentives associated with stringent requisites. This subsequently places the onus on South African industrialists to ensure their businesses are aligned with these stipulations to assist them in achieving ultimate success in their ventures.

Henceforth, it remains crucial for African governments to develop effective incentive strategies on a priority basis. Manufacturing industries of the continent are an essential source of providing employment to young African generations, who too, warrant financial support from their governments.

In addition to South Africa's efforts, other African countries have introduced incentives for their manufacturing sectors. Ethiopian manufacturers received certain income tax holidays and exemption from paying import tax on capital equipment. They also have access to 85% bank loans from state banks without collateral. Furthermore, Rwanda has made considerable strides in improving manufacturers' access to credit. The country has also reduced

bottlenecks involved in cross-border trade, thereby encouraging manufacturers to increase their levels of exports.

The manufacturing sector plays a monumental role in wealth creation, poverty alleviation, improvement of the value chains and income generation. Policymakers concur that coherent industrial financing and incentives policies are not only crucial to building a strong investment climate, but to promoting regional trade and integration.

By providing accessible incentives that successfully enhance national priorities, African governments will continue to stimulate and assist sustainable, competitive development within manufacturing businesses.

The upcoming **Manufacturing Indaba** aims to further attract government's attention towards the crucial issue of financing and incentives for those vested in the manufacturing sector. Moreover, the event is set to draw the interest of international donor agencies with potential to come forward to support African countries in funding emerging manufacturers. In this way, the African continent can continue to raise its standard of living through empowering African enterprises with a competitive edge in their markets.