

SCHEME TO SUPPORT PRODUCT / PRODUCTION PROCESS DEVELOPMENT ACTIVITIES (PDA) OF MANUFACTURING EXPORTERS OF VALUE ADDED INDUSTRIAL PRODUCTS

1. THE SCHEME

The “Product Development Assistance” scheme envisages to encourage manufacturing exporters of Industrial Products to develop new products, upgrade product, manufacturing technology and maintain sustainability of the production processes.

Effective period of the programme will be three years commencing from 2021

2.0 OBJECTIVES OF THE PROGRAMME

- Encourage and Facilitate manufacturing exporters of Industrial Products to upgrade / acquire advanced technology to enhance cost efficiency, productivity and sustainability.
- Encourage value addition to diversify the export mix and capture higher export value.
- Increase existing production capacities.
- To mechanize production processes by acquiring technology to minimize production process disturbances during crisis situations and future labour shortages.

3.0 ELIGIBILITY CRITERIA

- Registered company in Sri Lanka with more than 51% local ownership
- Only one company under a group of companies will be eligible for assistance
- Should be a Manufacturing exporters of Industrial products
- A company is eligible to apply only once during the period of 3 years.

Qualifying Activities for Assistance –

1. Modernization of existing plants & machinery
2. Expansion of existing manufacturing capacity
3. Diversification into new product lines
4. Product adaptation/re-engineering of products
5. Acquisition of new technology/state of art technology
6. Compliance audits
7. Automation of production process
8. Obtain services of international experts for product development, technology upgradation etc.

9. Establishment of quality systems, improvements of Quality standards and obtaining of quality certificates.
10. Work study to improve productivity in the production floor
11. Introduction of green technology/sustainable/ethical manufacturing
12. Skill development programmes on improving technology.
13. Obtain compliance certificate/ test etc.
14. Upgradation of existing technology

4.0 QUANTUM OF ASSISTANCE:

Financial assistance up to a maximum of Rs. 5.0 Mn. will be granted to each selected manufacturer/producers on a cost sharing basis to meet 75% of the cost of above mentioned qualifying activities on re-imbursement basis once the approved completed and documentary evidence of cost involved submitted to the EDB. The balance 25% should be borne by the company.

5.0 APPLICATION PROCEDURE

The request for EDB assistance should be made on the format given in the specimen application form together with a proposal giving specific details on the following.

- a. The capability of the project proponent (introduction to the company, past three years performance, performance of the other businesses, financial stability and management capability)
- b. Description of the proposed project
- c. Benefits that could be acquired to the company by implementing the project
- d. Proposed improvements to be achieved under production process/factory
- e. Benefits to the suppliers link to the project (income, employment generation)
- f. Cost of the project including detailed cost estimate for each activity
- g. Detailed Project implementation plan (Activities, budget, time line, KPI and outcome)
- h. Means of finance
- i. Projected production capacity for the next three years.
- j. Marketing plan
- k. Projected export revenue for the next three years.
- l. Pay back period of investment.
- m. Environmental & other clearances for the project.

Following documents should be submitted along with the project proposal.

- a. Company Business Registration & Articles of Associations
- b. Copy of EDB Registration
- c. Profit & Loss analysis report for the last three years (audited accounts)
- d. Details of Bankers
- e. Documents to prove the extent of local ownership
- f. Minimum Two (2) quotations for each programme / activity

A sum of Rs.15,000/- will be charged as application processing fee. The applicants should deposit this amount at the EDB Finance Division and produce a copy of the receipt once the project proposal is accepted in principle by the EDB.

Completed application forms with the proposal and other relevant documents should be reached by the Chairman & Chief Executive, EDB before the closing date of applications. The applicant should obtain prior approval of the EDB to proceed with the proposed programme/activity to qualify for financial assistance from the EDB which will be provided on re-imburement basis. No assistance will be granted under this scheme to those who have obtained financial assistance under any other scheme of the EDB for same activity.

6.0 GENERAL GUIDELINES /PROCEDURES

- (i) The applicant is wholly responsible for providing all the information and documents requested to evaluate the project proposal. Incomplete applications will be rejected and returned to the applicant.
- (ii) Applications will be evaluated by a committee appointed by the EDB.
- (iii) The company eligible to receive the grant is required to enter in to a legal agreement with the EDB.
- (iv) The assistance will be given on reimbursement basis on the submission of original bills and other proof of documents to the EDB.
- (v) On completion of the project, the company may submit to the EDB, the project completion report along with copies of bills/vouchers/receipts (self attested), expenditure statement duly certified by the Chartered Accountant, Bank statement detailing payments released for qualified activities/components of the project along with a declaration that no deviation has been made from the approved project.
- (vi) Any documents/bills/quotations/certificates found to have furnished false information the EDB has the right to refrain without reimbursement of approved grant component.
- (vii) In principal approval is valid for a specific time period (stipulated by the EDB, depending the project) from the date of signing the agreement. Claims for payment to be submitted within the agreed time limits depending on the project and any pending claims will not be carried beyond the planned period.
- (viii) Project expenses incurred only after the date of the submission of the project proposal would be considered for reimbursement.
- (ix) **Infrastructure development for value addition -**

- a. Expenses related to plant and machinery and essential/auxiliary equipments that are related to the manufacturing and production related activities of the approved project are only considered for assistance.
- b. Machinery/equipment approved under the project are not allowed to be changed. Even minor changes in the machinery/equipment need to be informed in writing with justification and prior permission has to be obtained.
- c. Machinery/equipment once installed in a particular unit or location to which the grant is obtained will not be allowed to be shifted to any other locations.
- d. If any major changes in the components/machinery/equipments are proposed (that are going to affect economic and technical feasibility of the Project Proposal which had already been submitted to the Board and in-principle approval accorded), earlier proposal may be withdrawn and fresh project proposal needs to be submitted and this would be treated as a new application from the date of its submission and formalities observed earlier has to be gone through including evaluation of the Project.

(x) Product Development & Research

- a) The applicant may submit the project report appraised by the Research Institution, a cost estimate from the Research Institute and a brief about the scientists involved in the project.
- b) The EDB shall examine the R & D proposal and shall accord ‘in principal’ approval to the proposal to proceed with.
- c) The beneficiary shall produce following documents specific to the R&D project
 - Final report of the Research & Development project
 - Original of bills and proof of payments made in the course of completion of the project
 - Expenditure statement duly certified by the Research Institute
 - Samples of products manufactured (as applicable)

Based on the completion report and on verification of the documents, the EDB may release the eligible grant to the beneficiary or to the nominated agency/institution.

(xi) Product adaptation/re-engineering product

The applicant should submit a detailed proposal on the product adaptation / re-engineering to be undertaken including a justification for venturing into such a project, description with specific features of the final product/outcome, technology in-cooperated, etc.

Applicant should also give a marketing plan on how the adapted re-engineered product will be promoted/marketed.

Expenditure statement with other relevant documentary evidence.

(xii) Enhancing Energy Efficiency

- Acquisition, installation, remodeling and upgrading of existing energy saving equipment or technologies with a proven track record of improving energy efficiency in an industrial facility.
- Renewable alternative Energy sources such as Wind Energy, Solar Energy, Micro Hydro power, Biomass/Bio gasses etc.
- The acquired energy saving equipment or technology must result in measurable and verifiable energy saving.

(xiii) **Acquisition of new Technology/High Technology**

Company should provide a detailed report on the new technology identified, the source (country) with justification for selection, and quantitative and qualitative benefits to be achieved after introduction of technology.

Relevant Bills should be submitted with a conformation certificate of valid technology installation/acquisition from a relevant competent Authority.

(xiv) **Obtaining services of international expert for product development, Technology upgradation etc.**

Company should submit the Bio Data of the expert and obtain prior approval before obtaining his/her service.

A report on the service given by the expert including details of development activities implemented should be submitted along with the passport details to confirm his/her visit to Sri Lanka.

(xv) **Introduction of green technology/sustainable, ethical manufacturing**

The applicant should submit a project proposals giving detail of activities/technology to be included, professional organization/s that will be involved, qualitative and quantitative benefits that will be accrued, marketing plan. Cost estimation etc: Certifications/approvals from relevant institutions should be submitted to the EDB.

(xvi) **Skills Development & Training**

Company should provide details of the following to obtain prior approval for skill development programmes:

Brief on training needs

Institution identified to obtain skill development training

Cost estimate received from the training institute

In case of foreign training justification for selection of the trainers/institute

Detailed report on the areas to be covered under the skilled development programme