

**GUIDELINES AND PROCEDURES FOR THE APPLICATION OF
INDUSTRY4WRD READINESS ASSESSMENT INTERVENTION PROGRAMME
("INDUSTRY4WRD INTERVENTION FUND")**

1. INTRODUCTION

- 1.1. The Industry4WRD Intervention Fund is a financial support facility for Malaysian Small and Medium Enterprises (SMEs) in the manufacturing and related services sectors to embrace Industry 4.0.
- 1.2. The Fund will be provided to support companies in implementing intervention projects based on the recommendation of Industry4WRD Readiness Assessment (RA) Report on the shift factors of people, process and technology.
- 1.3. Objectives of this Fund are to:
 - 1.3.1. Improve productivity of the company;
 - 1.3.2. Accelerate business growth through adoption of Industry 4.0 technologies and processes; *and*
 - 1.3.3. Improve the current level of scoring based on the Industry4WRD RA undertaken.

2. ELIGIBILITY

- 2.1. This Fund is eligible for all SMEs in the manufacturing and related services sectors which have completed the **government-funded** Industry4WRD Readiness Assessment (RA) programme.

Note:

- *All SMEs must be entities registered with the Companies Commission of Malaysia.*
 - *SMEs with shareholder of more than 20% by Public Listed Companies in the main board, Multinational Corporations (MNCs), Large Firms, Government Link Companies (GLCs), Government-owned Companies, Syarikat Menteri Kewangan Diperbadankan (MKDs) and State-Owned enterprises (if any) are NOT eligible.*
- 2.2. Any expenditure incurred prior to the approval letter issued by MIDA will not be covered or reimbursed.

- 2.3. The Company which has been approved the Smart Automation Grant (SAG) from MIDA or Malaysia Digital Economy Corporation (MDEC); or Domestic Investment Strategic Fund (DISF) for modernization & upgrading of machine and equipment is not eligible to apply for this grant. The company can apply for Industry4WRD Intervention Fund after 3 years utilisation (based on the last payment received by the company) of the SAG or DISF grants.
- 2.4. The non-eligibility criteria on companies that has been approved the Smart Automation Grant (SAG) from MIDA or Malaysia Digital Economy Corporation (MDEC) and the Domestic Investment Strategic Fund (DISF) (modernisation & upgrading of machinery and equipment grant) is exempted for companies located at six (6) Less Developed States (LDS) as declared under the Twelfth Malaysia Plan (RMKe-12) which include Kelantan, Terengganu, Kedah, Perlis, Sabah and Sarawak or Bumiputera Companies (with more than 51% Bumiputera equity).
- 2.5. Companies that been approved other grants under MITI Agencies and the Government of Malaysia, are eligible to apply for the IIF.
- 2.6. A company related to another company which has been granted any of the grants mentioned in 2.3 is not eligible to apply for this grant.
- 2.7. The SMEs engaged in the following activities may eligible to apply :
- 2.7.1. **Manufacturing activities** in compliance with the Industrial Coordination Act (ICA), 1975; *and*
- 2.7.2. The exempted activities from the Industrial Coordination Act (ICA), 1975 as follows :
- i. Milling of oil palm fresh fruits into crude palm oil (CPO).
 - ii. Production and processing of raw natural rubber of all types including latex, skim, sheets, scrap, technically-specified rubbers, non-standard and modified rubber or any other vulcanized form of natural rubber prepared by any patented or technically specified procedure; and
 - iii. The milling of paddy into rice.
- 2.5.1 **Manufacturing-related services (MRS) activities** as per Industry4WRD RA guideline in the following areas:
- i. Main operating services;
 - ii. Distribution services;
 - iii. Maintenance services;
 - iv. Assurance services; *and*
 - v. Environmental-related services

3. APPLICATION PROCEDURE

- 3.1 Upon completion of the Industry4WRD RA, SMEs may apply for this Fund to MIDA. Application must be submitted not more than six (6) months after receiving the Industry4WRD RA report, i.e. from the date of the approval cover letter issued by the Malaysia Productivity Corporation (MPC).
- 3.2 The applicants are required to submit the following documents:
- 3.2.1 Application Form (Appendix A);
 - 3.2.2 Industry4WRD RA Report (With cover letter by MPC);
 - 3.2.3 Detailed technical proposal; *and*
 - 3.2.4 (Audited) Financial statements for the past three (3) years.
- 3.3 The detailed technical proposal should include:
- 3.3.1 Background, purpose and objectives;
 - 3.3.2 Scope of project;
 - 3.3.3 Method of execution including potential solution providers;
 - 3.3.4 Implementation period;
 - 3.3.5 Breakdown of expenditure;
 - 3.3.6 Expected outputs and outcomes.

4. APPLICATION EVALUATION

- 4.1. **Evaluation will be carried out by MIDA by taking into consideration the following criteria:**
- 4.1.1. Viability of technical proposal;
 - 4.1.2. Company's financial performance;
 - 4.1.3. Projected impact towards productivity improvement and business growth; *and*
 - 4.1.4. Adoption or implementation of at least one (1) of the Industry 4.0 technology pillars.

5. PROJECT DURATION

- 5.1. The project duration is up to 12 months from the date of the Approval Letter issued by MIDA. Any expenditure incurred prior the approval of Approval Letter issued by MIDA will not be covered or reimbursed.
- 5.2. Any request for extension is required to be made at least 2 months before the project end date and subject to the approval of the Committee.

6. SCOPE AND QUANTUM OF FUNDING

- 6.1. The funding will be provided on matching basis (70:30) based on eligible expenditures, up to a maximum grant of Ringgit Malaysia Five Hundred Thousand (RM500,000.00) only.

- 6.2. Only expenditures based on the recommendations of RA report will be considered. At least one of the shift factors of people, process and technologies must be addressed in the intervention project, subject to a maximum grant of RM50,000 on the shift factor of people.
- 6.3. The following expenditures will not be eligible:
 - 6.3.1. Purchase or rental of land, building, vehicles and furniture;
 - 6.3.2. Premise renovation;
 - 6.3.3. Collateral or loan which not related to the approved intervention project;
 - 6.3.4. Marketing/ promotional activities;
 - 6.3.5. Operation expenditure including salary, employee benefits, travelling expenditures;
 - 6.3.6. Expenditures on R&D activities; and
 - 6.3.7. Working capital not related to the project.

7. NOTIFICATION OF RESULTS

- 7.1. The result of the application will be notified by MIDA after decision by the Industry4WRD Intervention Fund Approval Committee. The decision by the Approval Committee is final.
- 7.2. Successful applicants will be approved a maximum 30% upfront payment of the 70% matching grant.
- 7.3. Company approved with Industry4WRD Intervention Fund located at the Less Developed States (LDS) as defined under the 12th Malaysia Plan i.e. Perlis, Kedah, Kelantan, Terengganu, Sabah and Sarawak, will be granted 40% upfront payment of the 70% matching grant.
- 7.4. Amount of upfront is subject to decision by the Industry4WRD Intervention Fund Approval Committee (based on the company's financial status). The balance of the remaining grant should be claimed by the company only one time and not more than 18 months from the date of MIDA's approval letter, by:
 - 7.4.1. Submission of progress report and project completion report to MIDA.
 - 7.4.2. Submission of milestones achievement to MIDA.

8. EFFECTIVE DATE OF APPLICATION

Application received by MIDA from the date of approval of Industry4WRD Readiness Assessment Report (refer letter issued by MPC) is eligible to be considered for the Industry4WRD Intervention Fund. However, consideration of such application is subject to the availability of funding and allocation by the Government of Malaysia and current policy in force.

9. CONDITION

Government reserves the right to withdraw the grant if the applicant fails to execute the intervention project as approved.

10. OVERALL PROCESS WORKFLOW

Refer to Appendix B.

11. APPLICATION SUBMISSION:

The application should be submitted to:

Chief Executive Officer
Malaysian Investment Development Authority (MIDA),
MIDA Sentral,
No. 5, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral, 50470 Kuala Lumpur.

For project in Sabah and Sarawak, the application should also be submitted to the relevant MIDA office as follows:

Sabah

Director
MIDA Sabah Office
Lot D9.4 & 9.5,
9th Floor, Block D, Bangunan KWSP,
Karamuning,
88100 Kota Kinabalu,
Sabah, Malaysia.

Sarawak

Director
MIDA Sarawak Office
Room 404, 4th Floor,
Bangunan Bank Negara Malaysia,
No 147, Jalan Satok,
PO Box 716, 93714 Kuching,
Sarawak, Malaysia.

For enquiries and clarification, please refer to:-

MIDA website	:	www.mida.gov.my
Tel	:	(603) 2267-3633
Fax	:	(603) 2273-4208
E-mail	:	investment@mida.gov.my