

Partnerships for Capability Transformation (PACT)

What is it?

The Partnerships for Capability Transformation (PACT) Scheme was introduced in 2010 to defray part of the costs – such as on equipment, materials, testing and professional services – incurred by original equipment manufacturers (OEMs) and their suppliers to validate that suppliers' procedures comply with the OEM's requirements. PACT also provides wage support for managers hired by the OEMs to undertake supplier identification, procurement and setting up of manufacturing/quality systems.

The scheme supports productivity improvements, knowledge transfer, and test-bedding of innovative solutions and covers co-innovation activities such as joint product development by large enterprises and suppliers at the proof-of-concept stage.

PACT also supports hunt-in-a-pack partnerships in which companies would come together and pursue common business development opportunities. PACT also facilitated efforts by SMEs adopt or incorporate niche technologies into their processes or products.

Since 2010, the Government has set aside S\$150 mil to support these initiatives which have benefited more than 2,000 Singapore-based firms.

PACT Enhancement

We enhanced PACT in 2020 to increase support rates for qualifying costs to promote closer partnerships between companies, and expanded the scope of support to include Singapore companies with manufacturing activities carried out overseas. These enhancements will now be extended to 31 Mar 2023. Companies can use this opportunity to widen their network, upgrade their capabilities and strengthen our manufacturing eco-system.

How does it work?

The current support levels for PACT are as follows:

- i. The support rate for non-SMEs for software, materials, professional services, hardware and equipment costs is up to 50%.
- ii. The support rate for non-SMEs for manpower costs such as training and salary is up to 70%.
- iii. The support level for SMEs in software, materials professional services and manpower costs remains at up to 70% of the qualifying costs while support rate in hardware and equipment costs remains at 50% of the qualifying costs.

The scope of the scheme covers qualification costs incurred by local suppliers (companies which have a local equity of 30% or more) when carrying out manufacturing activities overseas. This will help expand the manufacturing footprint of Singapore companies abroad, and allow local suppliers to serve more OEMs based overseas.

Who is it for?

The enhancements will support Singapore-based OEMs to build more resilient supplier relationships, and help more local suppliers deepen their capabilities and expand their operations in the region to capture new growth opportunities from Asia.

When will it be implemented?

The enhancements are available and companies can approach the Economic Development Board and Enterprise Singapore for assistance.

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