

Oil Palm Mechanisation Fund

(Dana Mekanisasi Sawit)

Guidelines for Applicants

1.0 INTRODUCTION

The oil palm industry is very much dependent on labour. The increasing demand for labour is compounded by the increased in planted areas, which has to a certain extent, contributed to the escalating labour cost.

Malaysia is currently experiencing a shortage of skilled and unskilled labour in plantations which is estimated at 20 percent of the total industry workforce. This is due in part to the demanding nature of the work in estates and the growing number of attractive alternative job opportunities in other industries. The lack of mechanisation options in plantations creates an over reliance on manual labour for all key activities: land preparation, nurseries, planting, fertilising, field upkeep and maintenance, harvesting, collection and transportation. As a result, Malaysian oil palm plantations are heavily dependent on foreign workers (currently estimated at 80 percent of total industry workforce). These foreign workers remit an average of 60 percent of their incomes back to their home countries. This has a direct negative impact on the GNI of the industry.

The plantation industry has little option but to look for new technologies to reduce labour and production costs. One way towards this goal is through mechanisation. Efforts to increase oil palm productivity through new technologies coupled with sustainable practices are being implemented by the industry. Mechanisation is an important approach to improve workers' productivity.

The Mechanisation Fund is the government's initiatives which is open to businesses and researchers interested in competing for funding opportunities. Through this scheme, the Government will be investing in research and development (R&D) and pre-commercialisation of technologies or products that are highly innovative which can be translated into marketable output to boost the level of mechanisation in the oil palm industry with the introduction of new and effective mechanisation technologies.

2.0 OBJECTIVES

2.1 The objective of this fund is to make available of practical mechanisation technology for the oil palm plantation and smallholders which is able to increase productivity, reducing labour dependency and cost effective.

3.0 PRIORITY AREAS

3.1 Technology related to oil palm farm mechanisation which are:

- a) new invention and innovation
- b) technically viable
- c) economically feasible to produce and market

3.2 The proposed project must contain elements of technological innovation leading to commercialisation of innovative products

4.0 FUND CATEGORY

4.1 RESEARCH & DEVELOPMENT (R&D) FUND

- a) Strictly for applied research only.
- b) The proposed project must have proven or established Proof of Concept (POC)
- c) Concept may be proven functioning either in lab, workshop or field.

- d) Concept that are proven for other crops other than oil palm may be considered.
- e) Concept derived from ideas or drawings is given less priority.
- f) Deliverable – to produce a prototype.

4.2 COMMERCIALISATION FUND

- a) Limited to pre-commercialisation only.
- b) The pre-commercialisation refers to a process of producing of several prototypes for field trials in the oil palm plantations so that the technology is marketable and viable for commercialisation.
- c) Invention must have at least 30% local components.
- d) To first commercialise the product in Malaysia
- e) Deliverable – to produce several prototypes for field testing in oil palm plantations.

5.0 ELIGIBILITY

- 5.1 The fund is opened to Malaysian companies, Small and Medium Enterprise (SME), Government agencies, Public and Private Institutions of Higher Learning, and individuals;
- 5.2 Companies and SMEs should be Malaysian based or with a higher equity by Malaysians;
- 5.3 Applicant or collaborator under SME category must have minimum paid up capital of RM10,000.00;
- 5.4 Only Malaysian citizens can apply and lead the project but can include international organisations or expatriates working in any of the organisations mentioned above as part of their project team;
- 5.5 Project preferably be conducted in Malaysia.

6.0 SCOPE OF FUNDING

Only Capital Expenditure (CAPEX) is eligible for funding. Example of CAPEX for prototype development or production of prototypes and its related works are as follows:

Table 1: Scope of funding

ITEM FUNDED*	ITEM NOT FUNDED
<ul style="list-style-type: none"> • Raw materials/consumables • Component/spare parts • Fabrications, manufacturing and assembly cost to third parties if the applicants do not have their own facilities • Minor modifications and repairs of equipment or other items that are directly related to the project can be included. • Field test/evaluation (e.g. fuel, transportation cost etc.) • Rules and standard compliance cost • Software [limited and approval from the technical committee (TC) is needed prior to purchasing] 	<ul style="list-style-type: none"> • Purchase or rental of non-critical assets such as building, vehicles and furniture. • Construction of new infrastructure. • Utilities. • Travelling costs. • Salary or allowances of any personnel employed by the applicant. • Professional Services (consultants etc.) • Collateral or loan for any purpose. • Market Testing • Business plan • Market survey • IP filing and registration • Product exhibition and promotion • Conference presentation

** Items not listed under the scope of funding may be considered. The committee has the right on the reimbursement value.*

7.0 ALLOCATION AND DISBURSEMENT OF FUNDS

7.1 The matching grants for R&D and commercialisation funds are as follows:

Table 2: Quantum of funding

Category	Project	Quantum (RM)	Duration
Research & Development (R&D) Fund	Harvesting	40% of total CAPEX or RM1,000,000, whichever is lower	Up to 24 months
	Others	40% of total CAPEX or RM500,000, whichever is lower	Up to 12 months
Commercialisation Fund	Harvesting	60% of total CAPEX or RM1,000,000, whichever is lower	Up to 24 months
	Others	60% of total CAPEX or RM500,000, whichever is lower	Up to 12 months

7.2 Funds will be disbursed based on the progress works and milestones (reimbursable basis). Table below may be used as a guideline for fund disbursement.

Payment	12 months project	24 months project
1	10% of approved fund	10 % of approved fund
2	40% of approved fund	20% of approved fund
3	40% of approved fund	30% of approved fund
4	10% of approved fund (retention)	30% of approved fund
5	n.a.	10% of approved fund (retention)

7.3 The SC has the absolute discretion for the review of the grant approval or the aggregate amount to be paid to the project.

8.0 APPLICATION

6.1 Application form is available at www.mpob.gov.my

6.2 Applications can be submitted throughout the year. The deadline of submissions for each quarter is as follows:

Table 3: Deadline of submissions

Quarter	Deadline of submissions*	Expected Decision
I	31 st Mar 2018/2019	Early May
II	30 th June 2018/2019	Early Aug
III	30 th Sept 2018/2019	Early Nov
IV	31 st Dec 2018/2019	Early Feb

* *subjected to funds availability*

6.3 Each applicant can apply several projects at any one time; however applications for the same project simultaneously for both categories (R&D & Commercialisation Fund) is not permitted.

6.4 Project that has been granted the R&D Fund must be completed first before applying for the Commercialisation Fund.

9.0 NOTIFICATION OF APPLICATION OUTCOME

9.1 The applicant will be notified of the decision by the Steering Committee (SC) on the Oil Palm Mechanisation Fund regarding the application within fourteen (14) working days after the decision and approval of the SC.

10.0 ACCEPTANCE OF OFFER

10.1 Applicants must notify the Secretariat of their decision to accept or decline the offer by signing the Note of Acceptance and returning the signed copy to the Secretariat via post or e-mail.

11.0 AGREEMENT

- 11.1 All applicants will be required to sign an agreement upon acceptance of the offer.

12.0 INTELLECTUAL PROPERTY RIGHTS

- 12.1 The end product and processes developed under the Oil Palm Mechanisation Fund is encouraged to be patented and registered for IP Rights.
- 12.2 The IP rights of the project shall be wholly owned by the recipient as specified in the agreement.

13.0 PUBLICATION AND DISSEMINATION OF RESEARCH FINDINGS

- 13.1 Any findings arising from research activities funded by the grant may be published or disseminated subject to the applicants obtaining prior approval from the TC.
- 13.2 The contribution of MPOB as the fund provider must be acknowledged at all times in all forms of publications.