

Collaborations for Enhanced Partnerships for Capability Transformation (PACT)

What is the scheme about?

The Partnerships for Capability Transformation (PACT) scheme was introduced in 2010 to defray part of 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 consortium partnerships in which companies would come together and pursue common business development opportunities. In addition, PACT facilitates efforts by Small and Medium-sized Enterprises (SMEs) to adopt or incorporate niche technologies into their processes or products.

For example, PACT has enabled Singapore-based suppliers to get onto the approved lists of multinational corporations through supplier qualification, thereby helping these local suppliers enter and grow in growth industries such as healthcare and aerospace. A Singapore SME for instance not only supplied manufacturing replacement tools for its multinational corporation partner, but also worked with them to innovative new tools and processes with additive manufacturing and 3D printing solutions.

PACT was last enhanced in 2020 to increase support rates for qualifying costs to promote closer partnerships between companies, together with an expansion of the scope of support to include Singapore-based companies with manufacturing activities carried out overseas.

How many have benefited?

Since 2010, the Government has set aside S\$150 million to support these initiatives, benefiting more than 2,500 Singapore-based firms.

Enhanced PACT Scheme

PACT will be enhanced to support more collaborations between larger companies such as multinational corporations and large local enterprises, and SMEs. The scheme will cover an expanded range of industry segments and partnership modalities, to include activities in capability training, internationalisation and corporate venturing, in addition to the existing support for supplier development and co-innovation.

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-SMEs¹ for manpower costs is up to 70%.
- iii. The support level for SMEs² in software, materials, professional services and manpower costs is at up to 70% of the qualifying costs while support rate in hardware and equipment costs is at 50% of the qualifying costs.

Who is it for?

The enhancements will support multinational corporations and large local enterprises to build more resilient relationships in our local ecosystem, and help more local SMEs deepen their capabilities and expand their operations to capture new growth opportunities in regional and global markets from Singapore.

When will it be implemented?

Companies can approach the Singapore Economic Development Board and Enterprise Singapore for assistance.

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1. Non-SMEs are defined as enterprises with operating revenue more than S\$100million and employment more than 200 workers.
2. SMEs are defined as enterprises with operating receipts not more than S\$100million or employment not more than 200 workers.