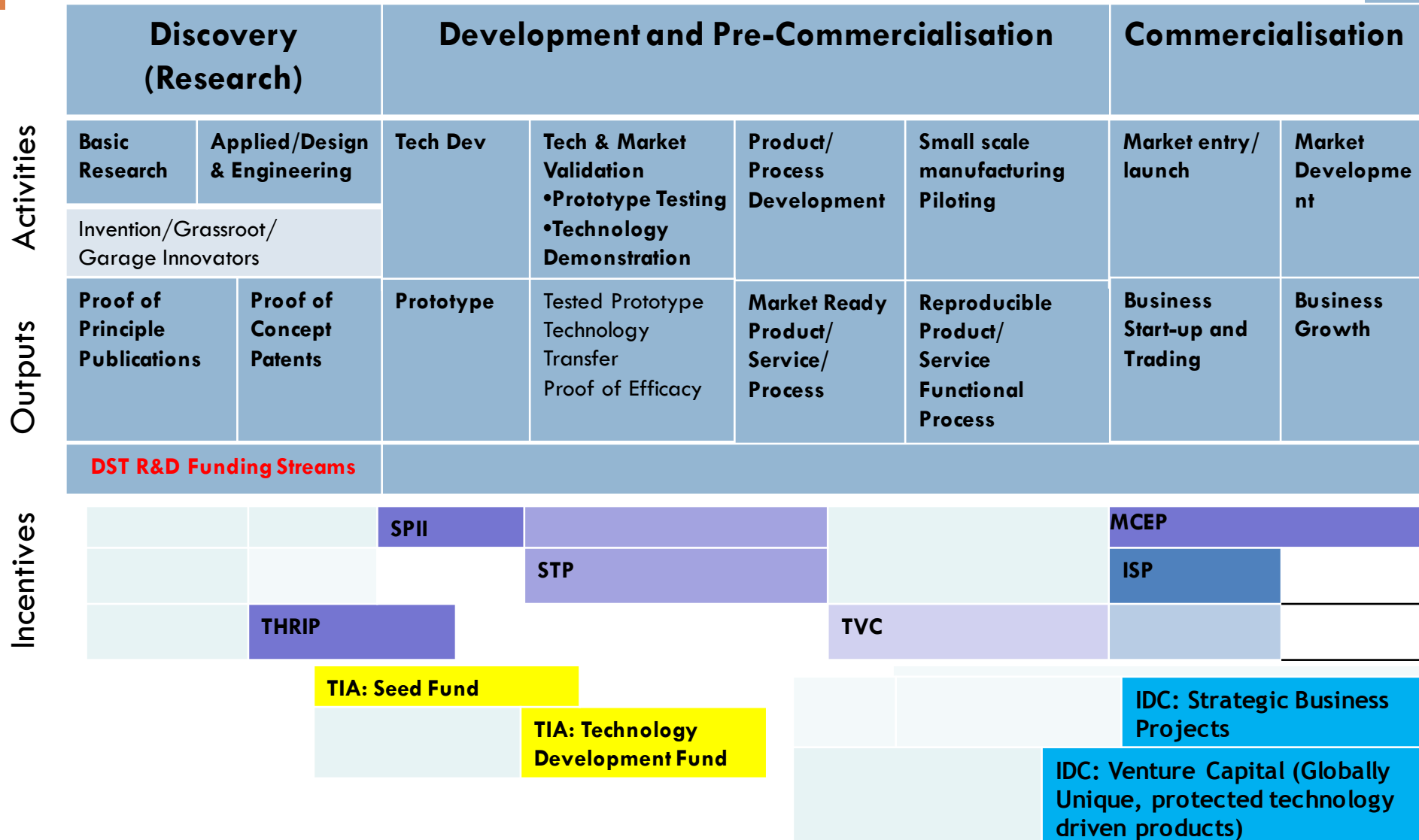


SOUTH AFRICAN INNOVATION AND TECHNOLOGY INCENTIVES FOR SMME

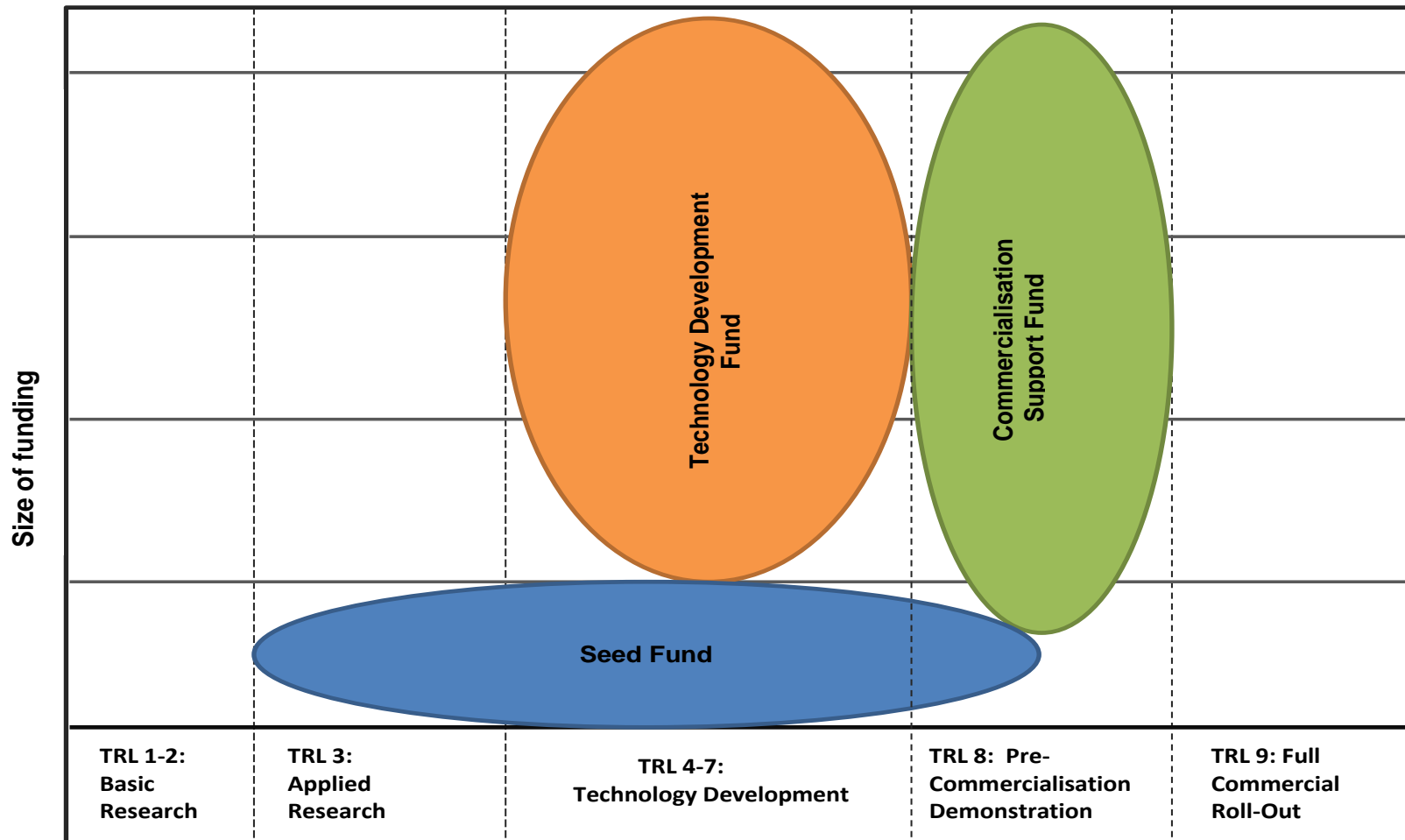
Nontombi Marule

SA Innovation Value Chain



TIA Funding Schemes

3



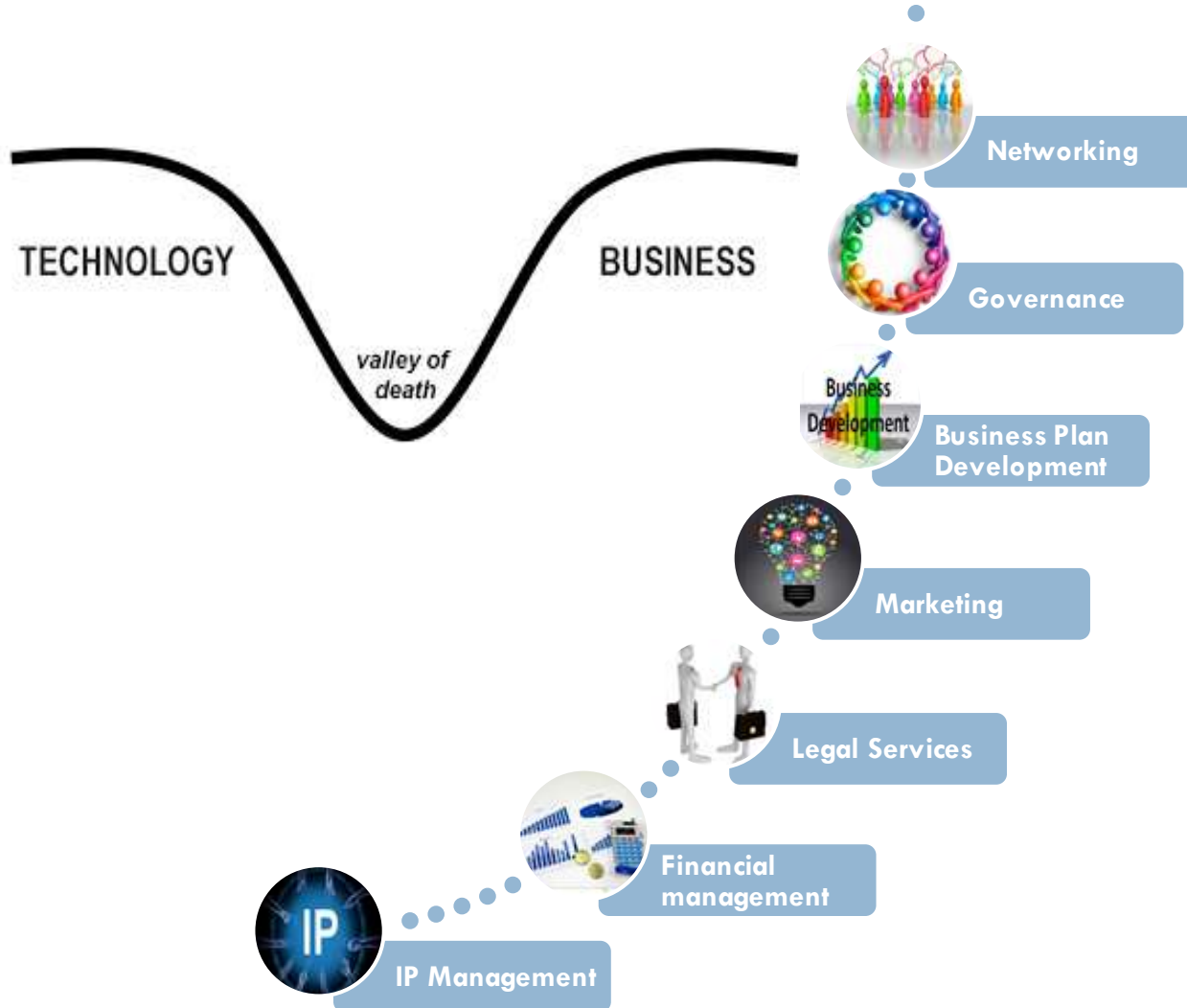
TIA's Risk Funding Schemes

4

Name of the Fund	Purpose of the Fund	TRL
Seed Fund (SF)	To assist HEI's, SC, SMME's to advance their research outputs and ideas to develop prototypes, proof of concept and business cases that could be used to further development. This fund will be managed in partnership with the TTO's.	3-7
Technology Development Fund	To assist innovators to advance technologies along the innovation value chain, from proof of concept to technology demonstration. The fund is designed to make early stage technology development more attractive and less risky to the market.	4-7
Commercialisation Support Fund	To prepare innovators for follow-on funding through part funding with other funders and limited support for market testing and validation. TIA's main role at this stage is facilitation	8

Non-Financial Support

5



Strategic Technology Areas

6



ICT



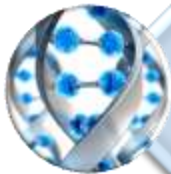
Renewable Energy



Technologies to improve
exploration/exploitation of natural resources



Advanced Manufacturing Technologies



Biotechnology [Health and Agriculture]

Supporting Programmes

7

- Collaborative programme that aims to leveraging the strengths of partner to drive a technology solution

Technology Innovation Programmes



- Aimed at enabling universities to provide innovative SET solutions to SMEs

Technology Stations Programme



- Facilitate access to key infrastructure and expertise for technology innovation

Technology Platforms Programmes



- YTIP assists young innovators in need of funding, mentorship and enterprise development support

Youth Technology Innovation Programme



- Designed to strengthen the fundamental business skills required by technopreneurs

Innovation Skills Development



- Aims to find and foster (SMEs) with technology solutions that tackle the most pressing energy, environmental and economic challenges in SA

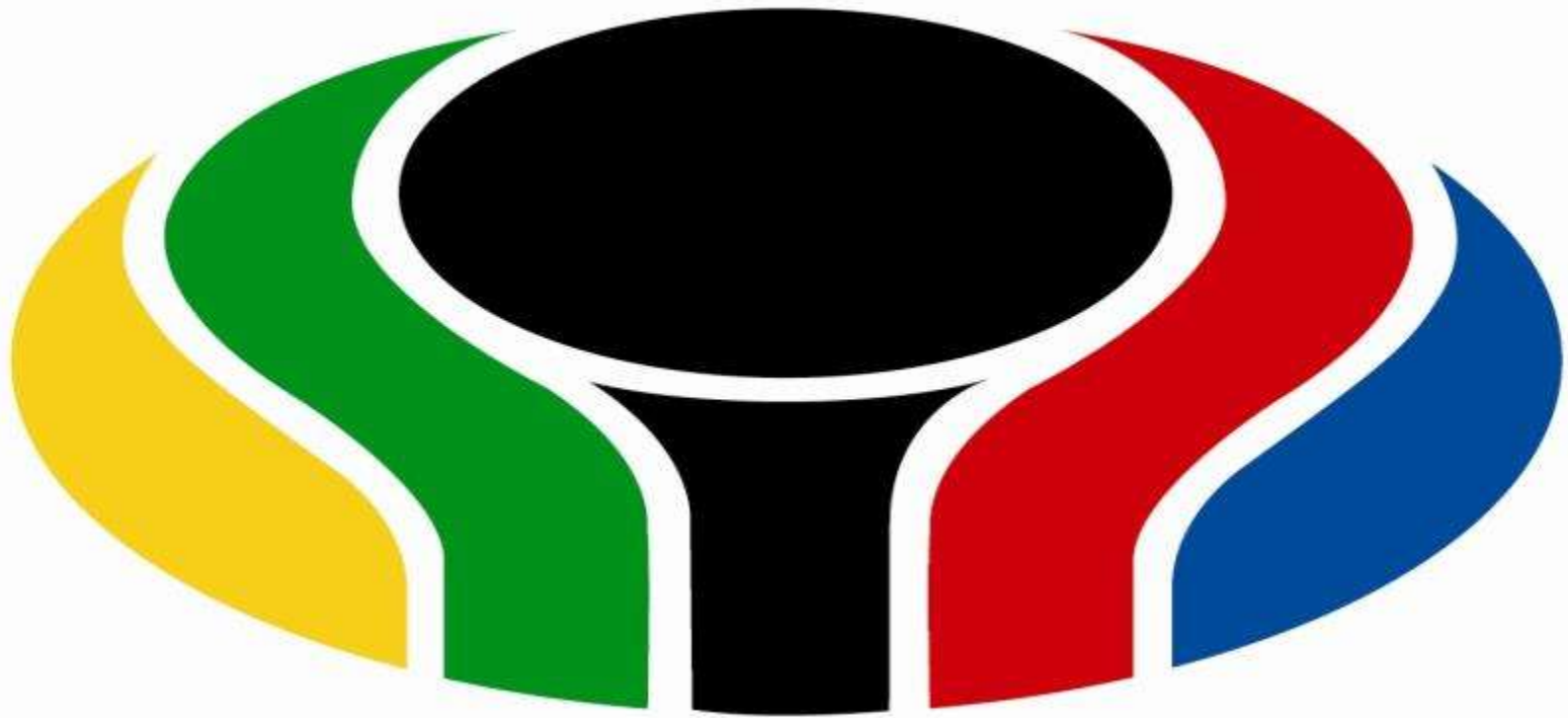
Global Cleantech Innovation Programme (UNIDO)



the dti Technology Incentives

8

- Support Programme for Industrial Innovation (SPII)
- Technology and Human Resources for Industry Programme (THRIP)
- SEDA Technology Programme (STP)
- Incubation Support Programme (ISP).



SPII

an initiative of **the dti**

SPII

10

- Promote development of technologically innovative products/processes that are commercially viable & internationally competitive
- Focuses specifically on the development phase that begins at the conclusion of basic research and ends at the point when a pre-production prototype has been produced.

SPII – Product Process Development

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- Promote development of new products and/or processes.
- Target: SMEs and individuals
- Non-repayable grant of 50-75% on qualifying costs incurred during development
 - ▣ 0-25% BEE ownership (50% grant)
 - ▣ 25.1-50% BEE ownership (75% grant)
 - ▣ >50% Women ownership (75% grant)
 - ▣ >50% BEE ownership (75% grant)
- Maximum of R2 million per project

SPII (Matching Scheme)

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- Provides a non-repayable grant of 50-75% on qualifying cost incurred during development.
- 0 – 25% BEE ownership (50% Grant)
- 25.1% – 50% BEE ownership (65% Grant)
- 50.1% – 100% BEE ownership (75% Grant)
- Payments are made against predetermined milestones.
- Maximum grant amounts to R5 million per project.

Qualifying Costs

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- Direct labour
- Direct material
- Travel expenses
- Pro-rata portion of capital
- Patent cost
- Subcontracting



THRIP

TECHNOLOGY AND HUMAN RESOURCES
FOR INDUSTRY PROGRAMME

an initiative of **the dti**

THRIP

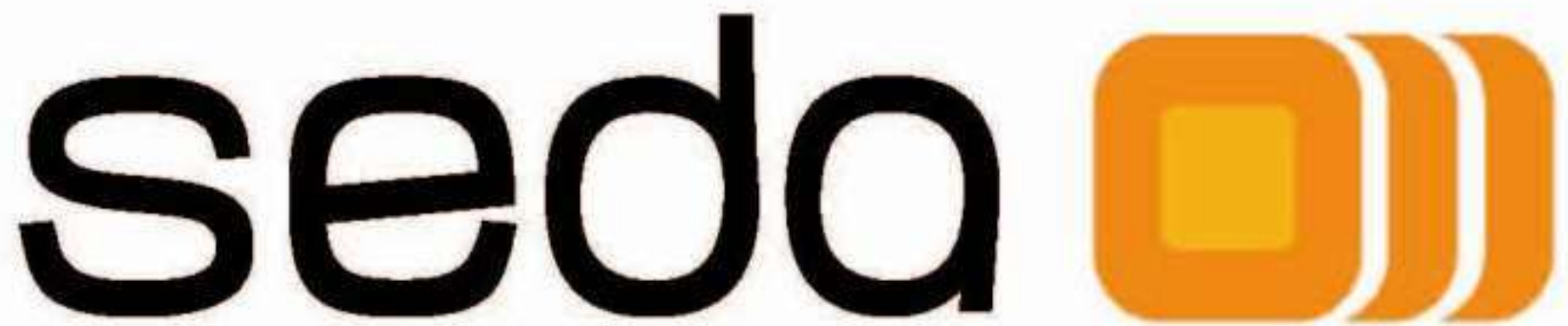
15

MISSION

- Cost-sharing basis with industry, & supports SET research collaboration focusing on technology needs of participating firms

OBJECTIVES

- To improve the competitiveness of SA industry by supporting research and technology development activities and,
- Enhancing the quality and quantity of appropriately skilled people.



SMALL ENTERPRISE DEVELOPMENT AGENCY

a member of **the dti** group

T E C H N O L O G Y P R O G R A M M E

STP

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OBJECTIVES

- Aims to develop innovative technology – based platforms that result in the creation of sustainable, globally competitive SMME's that contribute towards the accelerated growth of our economy

STATUS QUO

- Incubator – PPP
- 42 Incubation Centres around the country
- Different economic sectors
- Various forms of ownership/governance
- Section 21

Technology Transfer sub-program

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- ❑ Technology Transfer Fund (TTF)
- ❑ 2nd Economy Businesses
- ❑ Acquire technology
- ❑ Improve the competitiveness
- ❑ Fund limit R 600 000.00
- ❑ Non repayable Grant
- ❑ Sectors (all manufacturing & some services sectors)

Incubation Support Programme

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OBJECTIVE

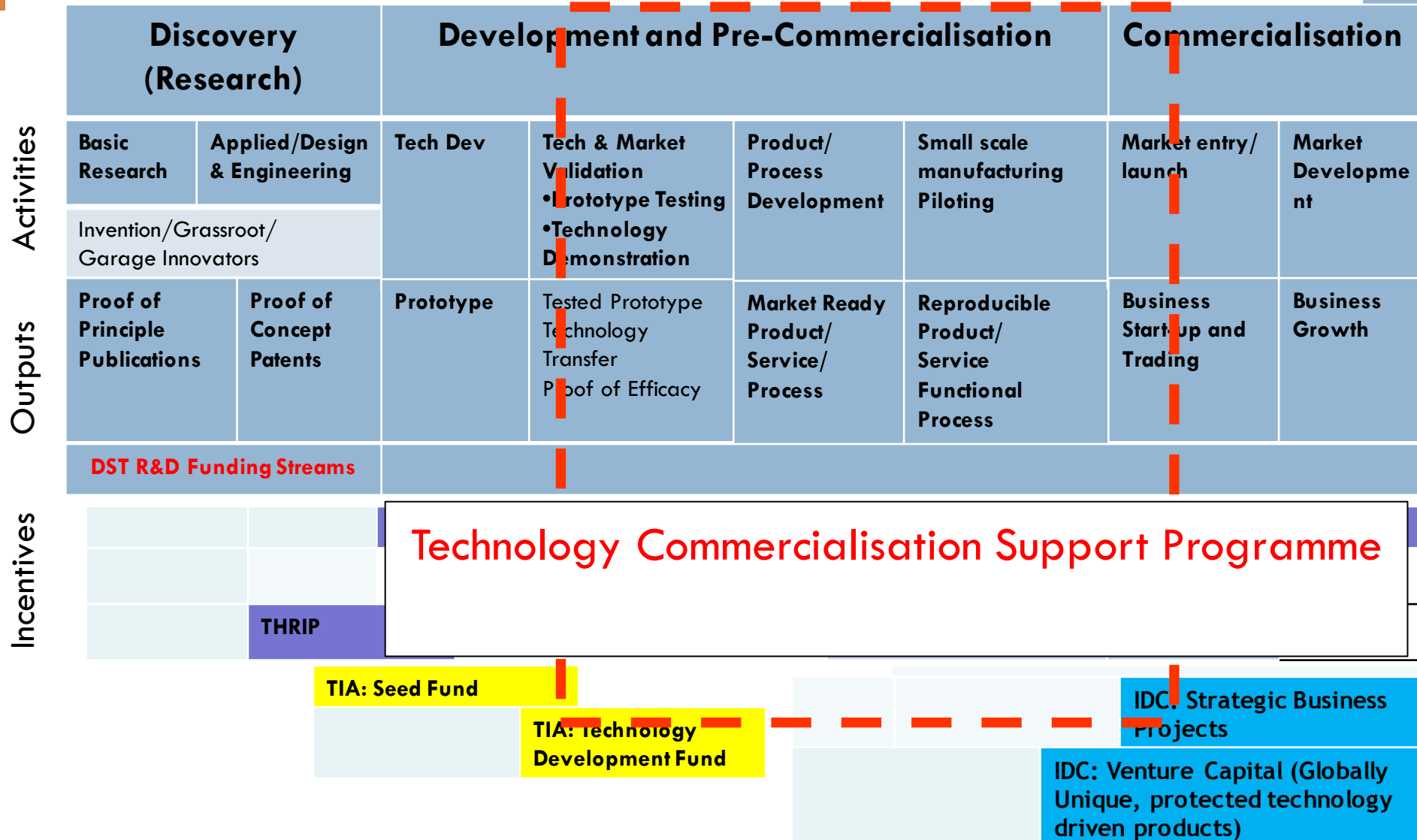
- encourage private sector partnerships with government to support incubators in order to develop and nurture SMME's into sustainable enterprises
- Provide funding to incubators that over time can generate revenue through their services and initiatives and can be self-sustainable.

Structure of the grant

20

- Cost-sharing basis between government and private sector partner(s)
- Large business 50:50
- SMEs 40:60 (the dti 60% & SME 40%)
- Capped at R10 million per financial year over a 3 year period, ie R 30 m over three years.
- All payments will be made directly to the incubator primary account
- After year three (3) , applicants may apply for assistance for an additional three (3) years

SA Innovation Value Chain



NI ACTIVITIES – Execution

22

Facilitation & co-ordination

On-going engagement with (& lobbying of) relevant stakeholders in :

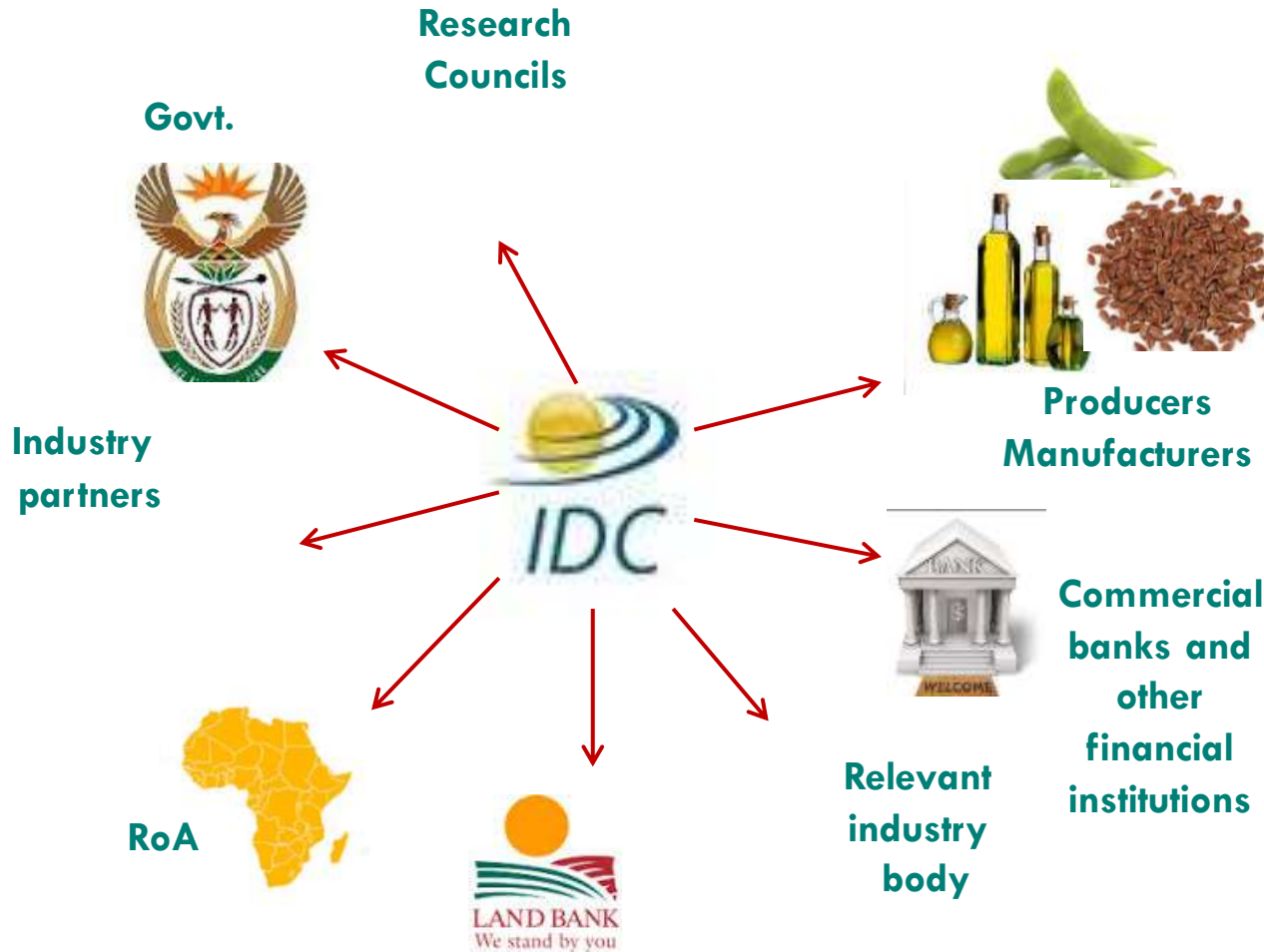
- Government (departments, agencies, SOEs, etc)
- The private sector (firms and industry bodies)
- Research institutions and universities
- Other funders

Providing funding

- In the form of equity and/or debt
- Across various stages of business development (from project origination / start-up through to full-scale industrialisation and ultimately growth stage)

NI – Pro-active Industry Developer

23



We will take on a central leadership / co-ordination role in the initiation, creation & development of new industry value chains to drive desired outcomes

Targeted Outcomes

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The establishment of new globally competitive industry value chains which:

Make a meaningful contribution to **economic growth** in SA



Facilitate **jobs-rich industrialisation** through:

- increased local manufacturing
- further beneficiation of SA resources
- integration of other higher value-addition activities (earlier and later in the value chains)



Achieve a variety of **other priority development goals**



Generate **financial returns** for IDC as reward for the high level of risk that have been assumed





NI : Prioritised Industries

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CANDIDATE NEW INDUSTRY	SPECIFIC FOCUS
Gas beneficiation (machinery, components)	Gas isotope separation, gas “cleaning”
Renewable inputs – Solar/PV	Thin Film PV technologies & small-scale CSP
Additive manufacturing	3D printing (not a Value Chain, but an enabling technology)
Natural Products / Indigenous Biodiversity	Full Value Chain
Energy storage	Full Value Chain
Fuel cells	Full Value Chain
Medical devices	Full Value Chain

NI : Targeted Funding

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Key:
 Very selective engagement
 Primary engagement





Early stage

Mature industries

Creating an environment that supports sustainable industry development
(Invest in infrastructure, engage in govt policy, facilitate access to markets, etc)



This is the **'sweet spot'** for IDC approach; with **increased spending required** from left to right

Stage of development	Pioneer research	Pilot testing & development	Commercialisation & developing companies		Mature company development
Features	<ul style="list-style-type: none"> Technology is very new for SA 	<ul style="list-style-type: none"> Technology has been developed for SA, but not yet tested 	<ul style="list-style-type: none"> Technology / idea transformed from <i>proven in the lab</i> to <i>commercial viable</i> 	<ul style="list-style-type: none"> Entrepreneurs build multiple businesses on foundation of new commercialised technology 	<ul style="list-style-type: none"> Entrepreneurs graduate to scale operations; generate need for support businesses
IDC activity	<ul style="list-style-type: none"> Fund research & development of new technology If globally available, purchase technology & adapt for SA environment 	<ul style="list-style-type: none"> Support the creation of testing facilities & completion of the testing process 	<ul style="list-style-type: none"> Develop opportunity strategy & fund implementation Develop opportunity market if one does not already exist 	<ul style="list-style-type: none"> Nurture entrepreneurs if no businesses currently exist Identify key business stakeholders if businesses do exist 	<ul style="list-style-type: none"> Invest, and support companies to attain scale operations
IDC engagement	<p> <i>Unproven technologies; limited opportunities</i></p>	<p> <i>May engage by actively supporting university chair, or partnering with research associations (CSIR, TIA, etc)</i></p>	<p> <i>New industries requiring assistance to succeed</i></p>		<p></p>

Small Enterprise Finance Agency (sefa)

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Sefa Direct Landing Products

- loans provided directly to Small and Medium sized Enterprises as well as co-operatives operating in all sectors of the economy. The facilities range from a minimum of R50 000 to a maximum of R5 million.
 - Cooperatives
 - Bridging Loan
 - Term Loan
 - Structured Finance

Wholesale Landing Products

- sefa provides facilities (debt/equity) to intermediaries, joint venture, partnerships (Specialised Funds) and other collaborative relationships

- The target market and funding gap:
 - ▣ Survivalists and microenterprises – loans between R500 and R50 000
 - ▣ Small Enterprises - loans between R50 000 and R1 million
 - ▣ Medium enterprises – loans between R1 million and R5 million
 - ▣ Cooperatives
 - ▣ Bridging Loan
 - ▣ Term Loan
 - ▣ Structured Finance

Thank you

