

The SPII is designed to promote technology development in South Africa's industry, through the provision of financial assistance for the development of innovative products and/or processes. The SPII focuses specifically on the development phase, which begins at the conclusion of basic research and ends at production of a pre-production prototype.

The SPII offers two schemes:

- **SPII Product Process Development (PPD) Scheme**

- Provides financial assistance to small and micro enterprises in the form of a non-repayable grant.
- A percentage of 'qualifying' costs are incurred in the pre-competitive development activities associated with a specific project.
- The scheme limit is a maximum grant of R2 million.
- The scheme incurs 50% of the qualifying costs where the applicant has 25% or less black economic empowerment (BEE) ownership; 75% of qualifying costs where the applicant has between 25% and 50% BEE ownership or more than 50% shareholding by women or people with disabilities; and 85% of qualifying costs where the applicant has more than 50% BEE ownership.

- **SPII Matching Scheme**

- Provides financial assistance to all enterprises in the form of a non-repayable grant.
- The scheme has a maximum grant limit of R5 million.
- If the applicant has less than 25% BEE ownership, 50% of qualifying costs are incurred by the scheme; between 25 and 50% BEE ownership, 65% of qualifying costs are incurred; and above 50% BEE ownership or more than 50% shareholding by women or people with disabilities, 75% of qualifying

costs are incurred.

- Financial assistance under the Matching Scheme is provided to large companies on a 50% matching basis.

Criteria for SPII support

- Development should represent a significant advance in technology.
- Development and subsequent production must take place within South Africa.
- Intellectual property to reside in a South-African-registered company.
- Participating businesses must be South-African-registered enterprises.
- Government-funded institutions (e.g. the CSIR) do not directly qualify for support, but may participate as subcontractor(s).
- No simultaneous applications are allowed from the same company.

Qualifying costs

- Personnel related
- Travel expenses (defined maximum)
- Direct material
- Capital items and tooling
- Software (not general software)
- Documentation
- Testing and trials
- Licensing
- Quality assurance and certification
- Patent
- Subcontracting and consulting

Non-qualifying projects/costs

- Projects receiving other government funding
- Military projects

- Where SPII contribution is not significant (at least 20% of total project costs)
- Production and commercialisation related
- Marketing and administrative costs
- Product/process development for a single client
- Basic and applied research
- Projects that at the time of application are more than 50% (70% for PPD) complete
- All costs incurred prior to submitting a duly completed application

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