

# Potchefstroom College of Agriculture Workshop

## Student Exposure Workshop

**NETSHISWINZHE MASHUDU**



**the dtic**

Department  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

**the dtic - together, growing the economy**

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: [www.thedtic.gov.za](http://www.thedtic.gov.za)



# INNOVATION AND TECHNOLOGY

- Develop, implement policies and instruments that support technology development and commercialisation for industrial innovation and competitiveness*



# ***INNOVATION***

- *New and unique products or processes that may be **incremental and radical**.*
- *Product to be considered innovative, the following should be considered:*
  - *Functionally unique and advanced*
  - *Efficient*
  - *Low cost*
  - *Substantial improvement of the original process*

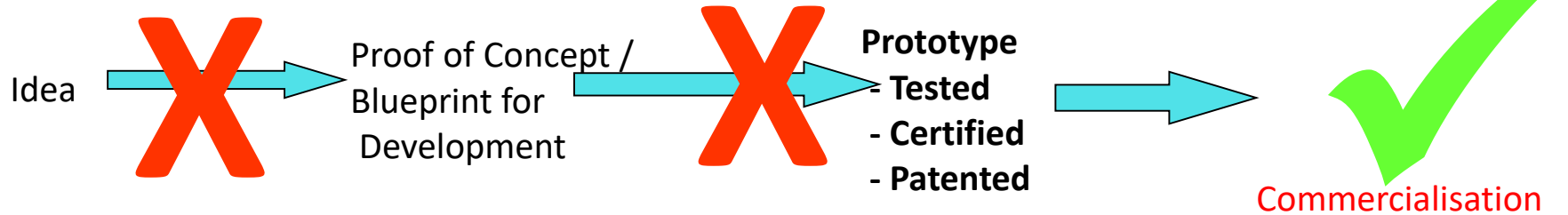
# ***PROBLEM STATEMENT***

- *Most innovators remain nameless and faceless*
- *Lack of understanding on technology commercialisation*
- *Low conversion rate of ideas into commercially viable goods, services and enterprises*
- *High unemployment rate especially among previously disadvantaged*

# ***KHOEBO INNOVATION PROMOTION PROGRAMME***

- *KIPP is an instrument of **the dtic** and administered by the IDC*
- *To enable early stage innovative SME's to **penetrate the market** with their locally developed innovations resulting in a more competitive economic environment.*
- *KIPP support commercial segment (TRL8-9)*
- *It is targeting innovators across the country:*
  - *Rural*
  - *Township*
- *It offers both financial and non financial support.*
- *Two Schemes:*
  - ***SME Growth Scheme***
  - ***Grassroots Innovator Facilitation Scheme***

# SCOPE



# ***SME GROWTH SCHEME***

- *Provides funding for early stage SMEs offering innovative products, processes and technologies which have the potential of having a significant developmental impact on the South African economy.*
- *SMEGS uses the following investment instruments:*
  - *Subordinated loan*
  - *Equity*
  - *Small portion of grant funding.*

# ***SME GROWTH SCHEME CRITERIA***

- ***Innovation: The project should be a novel or incremental innovation.***
- ***Functional prototype.***
- ***IP Rights: the intellectual property must be owned by the South African entity.***
- ***Jurisdiction: The company must be a South African registered company.***
- ***Market: The project or product should have a defined target market and potential for future earnings and market share.***



# ***SME GROWTH SCHEME***

- ***1<sup>st</sup> round investment of a Min R 1m & Max of up to R 7m.***
- ***Qualifying costs:***
  - *Working capital (inventory, pay short-term debt, and day-to-day operating expenses).*
  - *Assets (land and building, vehicles and machinery)*
  - *Business support (Training, technical support, coaching and mentoring)*
  - *Operational costs (rent, payroll, utility costs, traveling and marketing costs)*
- ***16 % of operating loan may be converted to a grant if:***
  - *SME is located within a Government IP or;*
  - *Uses government funded production facilities for a period of at least 24 months.*
  - *HDI*
- ***The term of the funding will be medium to long term.***

# **GRASSROOTS INNOVATOR FACILITATION SCHEME**

- **Grassroots Innovator is a** “networks of activists generating novel bottom–up solutions for sustainable development; solutions that respond to the local situation and the interests and values of the communities involved”.
- **Two types of grassroots innovators:**
  - Conventional innovators - Adapt existing technologies
  - Traditional innovators -using traditional knowledge (health, food and water)
- **Grassroots Innovator Facilitation Scheme:** Offers both financial and non-financial support to stimulate the economic activity of GI's particularly in **rural and township communities.**
- GIFS uses the following investment instrument
  - **Grant funding (100%)- not cost sharing fund.**
  - **1<sup>st</sup> round funding of up to R 700 000.00.**
  - **2<sup>nd</sup> round funding will be subjected SMEGS conditions.**
- **The term of the fund will be 1 to 2 years.**

# HOW TO APPLY

- **SMEGS**
  - *Working technology prototype*
  - *Submit a comprehensive business plan*
    - *Initial assessment for eligibility criteria*
    - *Due diligence*
    - *Presentation to Investment Committee.*
- **GIFS**
  - *Submit a business plan if available (or application form).*
  - *Engage **the dtic**/ IDC officials*
  - *Basic assessment*
  - *Due diligence*
  - *Presentation to the Investment Committee.*



Thank you



For more info please contact:

Mr Patrick Mtsweni

Cell: 060 998 3000

Tel: 012 394 1279

[DPMtsweni@thedtic.gov.za](mailto:DPMtsweni@thedtic.gov.za)

For more info please contact:

Mr Mashudu Netshiswinzhe

Cell: 060 853 1996

Tel: 012 394 1655

[Mnetshiswinzhe@thedtic.gov.za](mailto:Mnetshiswinzhe@thedtic.gov.za)