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PARLIAMENT BRIEFING ON SPII AND THRIP



Innovation and Technology Unit

Special Economic Zones and Economic Transformation Division



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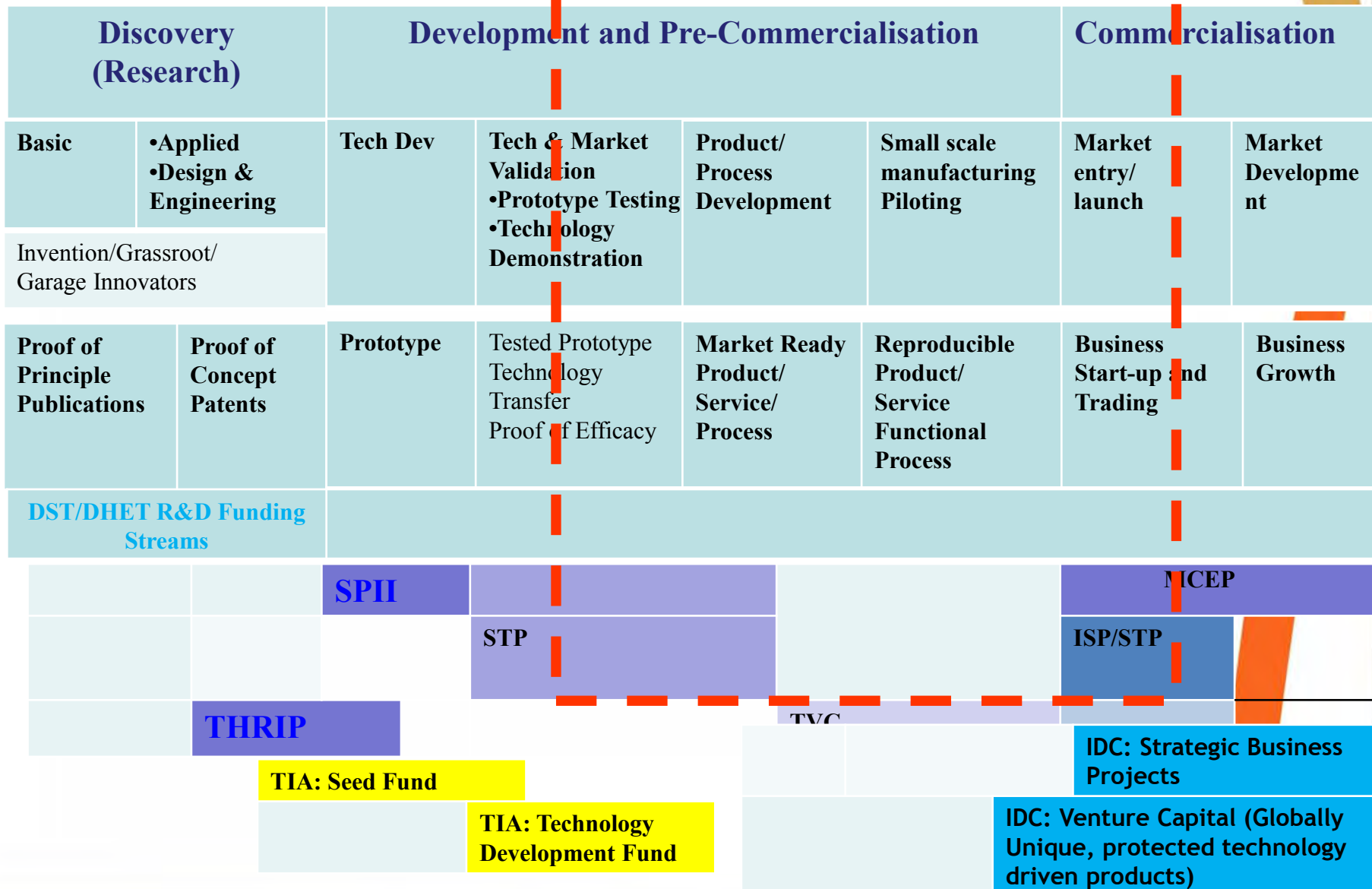
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Innovation Value Chain

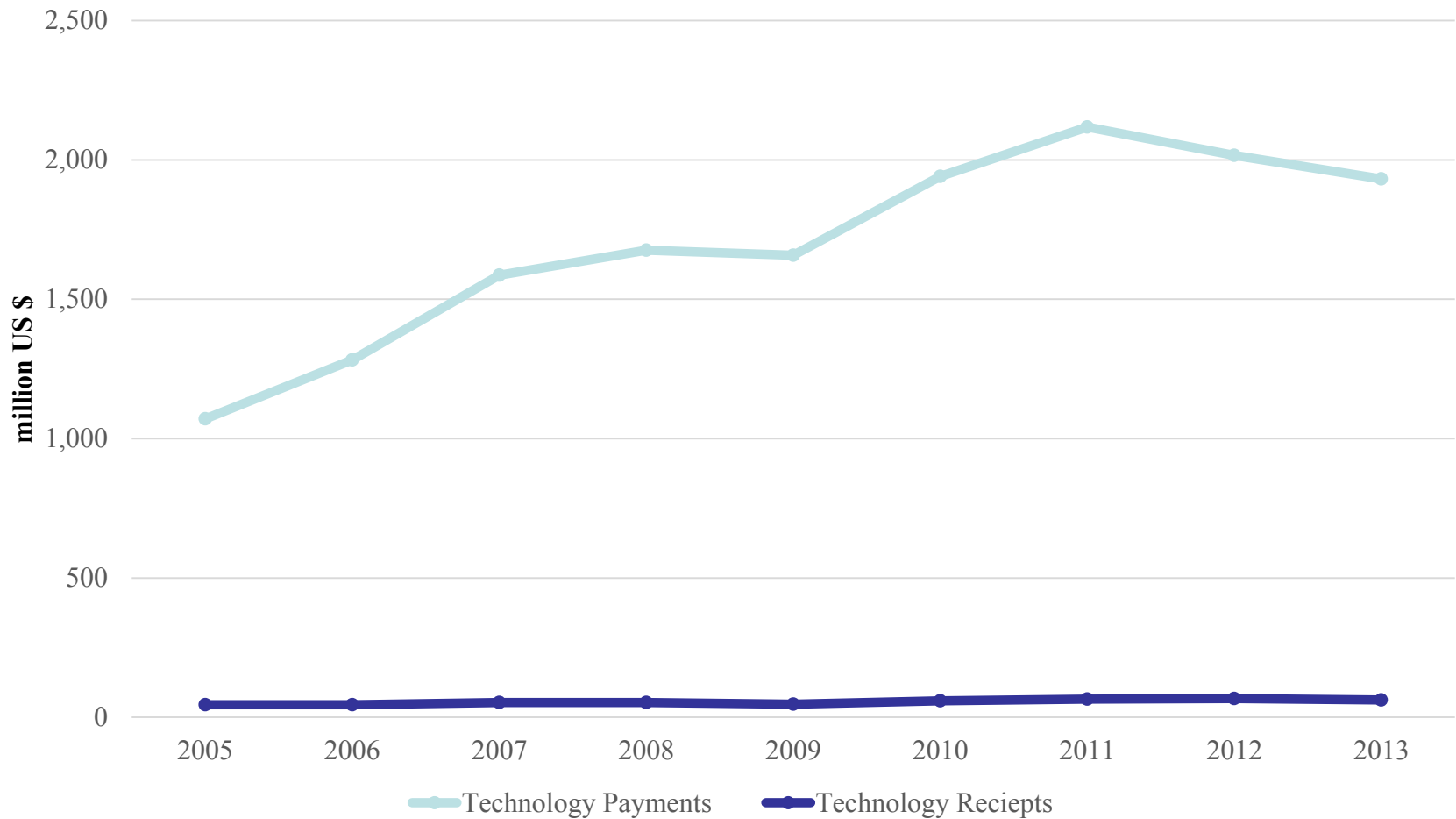
•Activities

•Outputs

•Incentives



SA Technology Balance of Payments



•Source: *The World Bank "World Development Indicators"*



Support Programme for Industrial Innovation

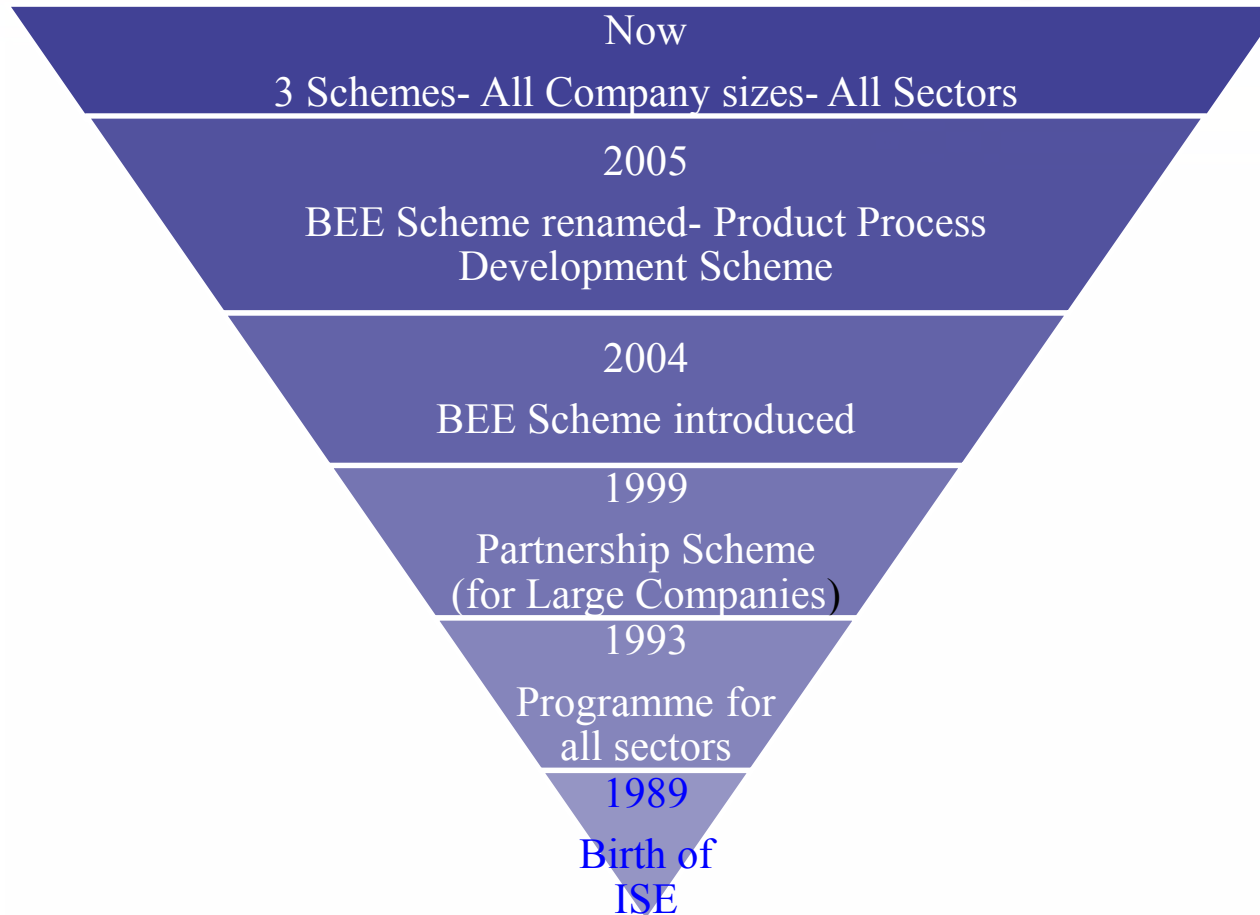
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Evolution of SPII





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Rationale for SPII

- To promote technology development in South African industry through provision of financial assistance for the development of innovative products/or processes.





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SPII Schemes and Support

Schemes	Product Process Development Scheme	Matching Scheme	Partnership Scheme
Applicants	SMEs	All companies	All companies
Scheme limit	Maximum R2 million	Maximum R5 million	Minimum R10 million
Non-/Repayable Grant	$50\% \leq \text{NRG} \leq 85\%$	$50\% \leq \text{NRG} \leq 75\%$	RG=50%



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Criteria of Support

- Development should represent a significant advance in technology
- Development and subsequent production must take place within South Africa
- IP to reside in South African registered company
- Participating businesses must be South African-registered
- SOEs can not participate directly, but as sub-contractor



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Qualifying Costs

Qualifying Costs	Non-qualifying Costs
Licensing, patents and documentation costs	Basic and applied research
Labour, direct material and tooling	Production and commercialisation costs
Testing, quality assurance and certification	Marketing and admin costs



Projects Supported

➤ Support in 2013/14 was as follows:

	No of projects supported	Total Grant R' million	Industry Contribution R' million
	31	75.38	83.6
BEE shareholding	12 (39%)	15.6	10.1
Woman shareholding	13 (42%)	9.6	8.7

➤ 213 projects supported between 2009/10 and 2013/14 valued at R394 million

➤ Budget for 2015/16 is R57.8 million (against R100 million worth of projects in the pipeline)

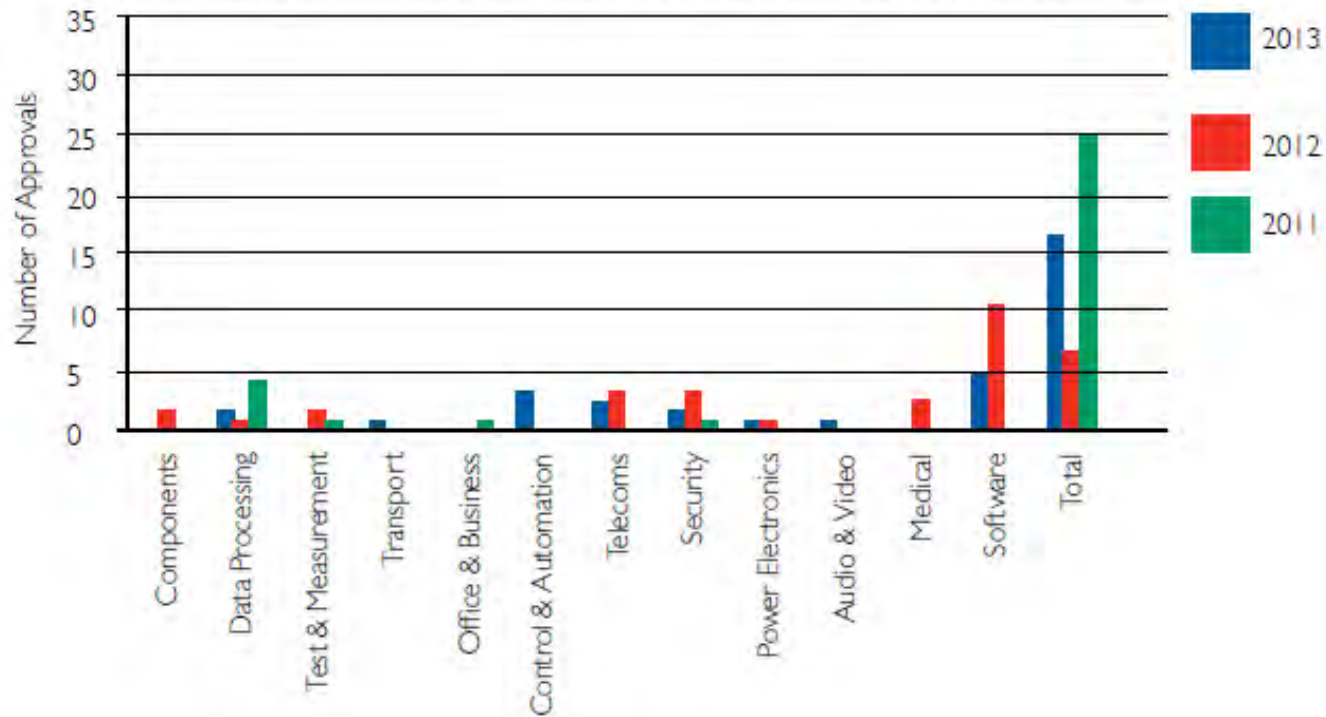


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Electronics and Software Sector Dominant

SPII Schemes Combined Breakdown of SIC366 - Electronics and Software





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Storage Management Systems (Pty) Ltd: The Pallet Mole



The Pallet Mole stores and collects pallets in deep-lane racking storage systems. It has a variety of functions that enable it to operate.

- Increased battery life
- Sensors for inter-pallet spacing
- Patented Pallet Count i.e. stock-taking function

THRIP

TECHNOLOGY AND HUMAN RESOURCES
FOR INDUSTRY PROGRAMME

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Rationale for THRIP

- Established in 1992 and core still same
- Partnership between government, university/science council, and private sector to:
 - Enhance competitiveness in SA industries by generating skills and technologies
- To increase the number and quality of people with appropriate skills in the development and management of technology
- In 2009, shift to include focus on SMMEs and BEE





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THRIP Support

- Offers financial support to qualifying projects
- Ratios are used in co-funding projects
 - 1 THRIP :1 Industry
 - 1 THRIP : 2 Industry
 - 2 THRIP :1 Industry



- ***Ratios depend on the size of the co-funding company***



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Requirements for THRIP support

- **Projects funded by THRIP must:**
 - Include a human resource development component
 - Be a high quality innovation that will improve the industrial partner's competitive edge
 - Have at least one registered SA student in fourth year or higher that is involved in a project



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Projects Supported

- Support in 2013/14 was as follows:

No of Projects	Total Grant R' million	Industry Contribution R' million
296	147.7	222.9

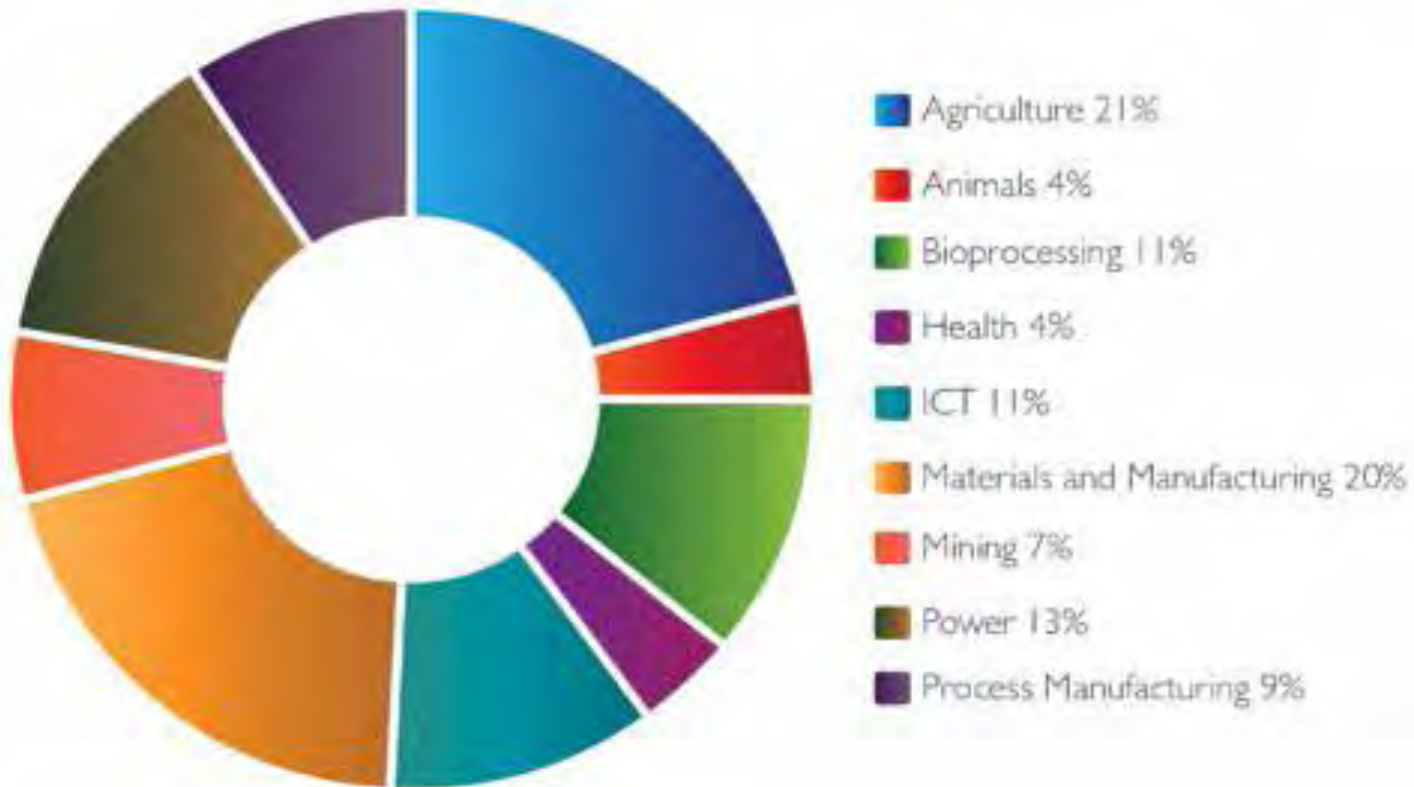
- 1548 students (833 Black and 559 female)
- 1047 researchers (317 Black and 297 female)
- 1267 projects supported between 2009/10-13/14 valued at R716.6 million
- Budget for 2015/16 is R174.6 million (against R400 million worth of applications)



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Industry Sectors funded in 2013/14





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University of Venda: Novel Clay-Based Adsorbents for Mine Water and Groundwater Remediation



Dr Wilson Gitari and his group are collaborating with colleagues from the University of the Western Cape and Wits University on a project targeting the treatment of wastewater from coal mines and power stations.

In this project, clay is integrated with modified coal fly ash to remove sulphuric acid and restore the pH balance of wastewater



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DPME Review Findings

- SPII and THRIP reviews completed in 2014 and 2015 respectively
- Highly relevant when other funding instruments are considered
- Struggle to meet demand for funding with limited budget
- Fragmented landscape – government departments not well connected
- Lack of business skills especially in small businesses
- Lack of angel financing or venture capital to fill the gap and fund the project to commercialisation



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THANK YOU