

KHOEBO INNOVATION PROMOTION PROGRAMME

Assisting local Entrepreneurs and Small to Medium Enterprises with commercialisation funding.

the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

IDC
Industrial Development Corporation


Khoebo
Innovation
Promotion
Programme
a programme of the dtic

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ABOUT KIPP

Assisting local Entrepreneurs and Small to Medium Enterprises with commercialisation funding, the IDC Khoebo Innovation Promotion Programme (KIPP) offers capital and business support to SMMEs during the early stages of commercialisation with particular emphasis on Township and Rural Entrepreneurs.

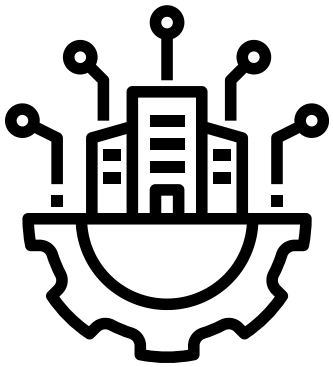
A Department of Trade Industry and Competition (**the dtic**) programme, managed by the Industrial Development Corporation (IDC), the objective of the Khoebo Innovation Promotion Programme (KIPP) is to enable early stage innovative SMEs to penetrate the market with their locally developed innovations resulting in a more competitive economic environment and thereby facilitating economic growth in the South African Economy.

WHAT DO YOU MEAN BY COMMERCIALISATION?

Only locally developed innovations, both products and services, that are already fully developed and market-ready will be considered under the KIPP fund.

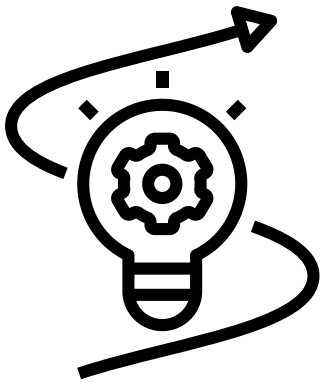
Providing medium to long-term low-cost funding with a maximum funding per transaction set at R7 million (varying between the two schemes), with a focus on grassroots innovators, the IDC KIPP fund aims to prioritise locally developed innovations with the promising potential of having a significant developmental impact on the South African economy.

THE KIPP PROGRAMME CONSISTS OF THE FOLLOWING FUNDING SCHEMES, NAMELY:



SMEGS

SME Growth Scheme (SMEGS) provides funding for locally developed early-stage SMEs that are offering innovative products and services which have the potential of having a significant developmental impact on the South African economy.



GIFS

Grassroots Innovator Facilitation Scheme (GIFS), which offers both financial and non-financial support to stimulate the economic activity of GIs particularly in rural and township communities.

THE ELIGIBILITY CRITERIA

1. SME GROWTH SCHEME APPLICANTS

Viability and Sustainability	The product or services must be economically viable and financially sustainable.
Innovation	Innovation means companies must offer new products or services to solve commercial or societal problems using proprietary IP resulting in sustainable competitive advantage.
Market-ready Prototype	The product or service should require little or no further development.
Funding Limit	First-round funding is limited to R7 million.
Funding Instrument	To achieve its investment objectives, the fund may invest by means of debt or equity.
Business Support	The fund may offer grant funding for business development support.
IP Rights	The intellectual property must be locally developed, owned, or exclusively licensed by/to the applicant.
Small Business	A small business as defined in the Small Business Act no 102 of 1996 and excludes any Co-Operatives and Non-Profit Organisations.
Management	The business should either have an experienced management team with business and commercial acumen or demonstrate potential to develop such a team. The innovator(s) or shareholders should be operationally involved in the business.
Market	The project or product should have a defined target market and potential for substantial future earnings and market share.
Business Model	The business should have a scalable, sound business model that shows a clear path to revenues and profitability in the medium to long term. At application, the business plan must demonstrate product-market-fit and indication of strong interest from significant potential clients.
Jurisdiction	The company must be registered in South Africa and must comply with applicable legislation in the relevant jurisdiction of operation.

2. GRASSROOTS INNOVATOR FACILITATION SCHEME

Viability and Sustainability	The product or services must be economically viable and financially sustainable.
Innovation	Innovation means companies must provide new or improved products or services that seek to solve localised and/or socio-economic challenges to give them a sustainable competitive advantage. The project must not utilise open IP in its current form, but some incremental innovation must be demonstrated.
Market-ready Prototype	The product or service should require little or no further development.
Social Mission	May have a clear social good or environmental mission with identified outcomes. The project must address social challenges in line with Sustainable Development Goals with a particular focus on Goals 1 to 8.
Exclusions	Software applications (Apps) and services will be excluded from support under the scheme.
Funding Limit	First-round funding is limited to R1 million.
Funding Instrument	To achieve its investment objectives, the fund shall invest by means of a grant.
Business Support	The fund may offer grant funding for business development support.
Small Business	A small business as defined in the Small Business Act no 102 of 1996 and excludes any Non-Profit Organisations.
Management	The business should either have an experienced management team with business and commercial acumen or demonstrate potential to develop such a team. The innovator(s) or shareholders should be operationally involved in the business.
Market	The project or product should have a defined target market and potential for substantial future earnings and market share.
Business Model	The business should have a scalable, sound business model that shows a clear path to revenues and profitability in the medium to long term. At application, the business plan must demonstrate product-market-fit and indication of strong interest from significant potential clients.
Jurisdiction	The company must be registered in South Africa and must comply with applicable legislation in the relevant jurisdiction of operation.
Trading	The company should be trading or have the potential to trade post KIPP intervention.
Replicability	The fund may consider a similar viable project or business application in a separate market.

APPLY ***NOW!***

Email a comprehensive business plan to ***kipp@idc.co.za*** taking into account a 6 to 8-week review and approval period whereby the following criteria will be considered:

- Only locally developed innovations that are already fully developed and market-ready, will be considered.
- Innovative products and services across all sectors, that have the potential of a significant developmental impact on the SA economy will be considered.
- With a focus on grassroots innovators/innovations these locally developed innovations will be prioritised.
- The KIPP invests by means of limited grants, equity, quasi-equity, loans, and other hybrid instruments, whichever is best suited on a case by case basis.
- The fund will provide medium to long term funding at a low cost.



WHAT IS A ***BUSINESS PLAN?***



A business plan is a working document that reflects the business strategy of a company, its operating structure, and most importantly, its financial plan. It needs to show the company's strategy going forward, to ensure the sustainability and growth of the business. The document should be maintained by all businesses and updated continuously to reflect any changes which may potentially affect the business.

A business plan should also be drafted for a start-up business and then updated when necessary thereafter. The business plan should provide sufficient information to convince a financier or potential investor of the prospective success of the business venture.

It is crucial that the foundations of the business plan be based predominantly on verifiable facts and market research including changes in market forces affecting the business, key risks, and mitigating factors, as opposed to opinion and belief. The more facts in the business plan, the easier it is for a potential financier to decide on whether to invest in a business. The business plan should demonstrate that the business venture is commercially viable and that all those involved in the project, from management to employees and consultants, have the skills, knowledge, and/or qualifications, to deliver on the plan.

Download more detailed business plan guidelines here:
https://www.idc.co.za/wp-content/uploads/2018/11/Business-Guidelines-FINAL.pdf



WHAT DOES THE **INVESTMENT PROCESS INVOLVE?**

1. **Initial Screening:** In each case the first activity will be to assess whether the potential investee meets the eligibility criteria for the scheme.

2. **Basic Assessment:** This is a desk top study of the application to determine the merits of the application.

3. **Due Diligence:** Following a successful basic assessment, a comprehensive due diligence will be performed on the application. This includes field work and interviews with key stakeholders, inter alia potential customers, potential suppliers, etc.

4. **Presentation to Investment Committee:** Upon successful completion of the due diligence the team will prepare a submission in support of the application to the Investment Committee, the committee which ultimately approves or rejects investment proposals.

5. **Legal Agreements:** After approval, the IDC will enter into appropriate legal agreements with the investees clearly specifying, amongst other things, the terms and conditions underlying the investment and the conditions.

6. **Disbursement of Funds:** Upon the client meeting all the conditions precedent, funds will be disbursed from the Fund to the investee in line with IDC standard processes.

7. **Post-investment Monitoring:** Successful applicants will be expected to adhere to reporting requirements as outlined in the agreement, as well as expected to co-operate with IDC representatives from time to time to aid in the post investment monitoring process.

8. **Exit:** The exit strategy for each investee will be determined from the due diligence investigation and approved by the Investment Committee on a case-by-case basis.



BUSINESS ***SUPPORT SERVICES***

The Fund will leverage off the IDC's Business Support Programme (BSP) for Business Support interventions required as well as other government funded programmes. The programme engages management consultants and industry experts to provide technical and professional services, advice, guidance and mentoring.

Business Support can take various forms, including assisting entrepreneurs in new deals with both a short-term general intervention and a long-term coaching aspect, long-term capacity building, training, short-term intervention in areas of marketing, operations and finance.

The need for business support will be assessed on a case-by-case basis as part of the investment appraisal and decision-making process, and can also be assessed and made at a later time, depending on the prevailing circumstances and if deemed necessary by the parties.



CONTACT

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ENQUIRIES

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