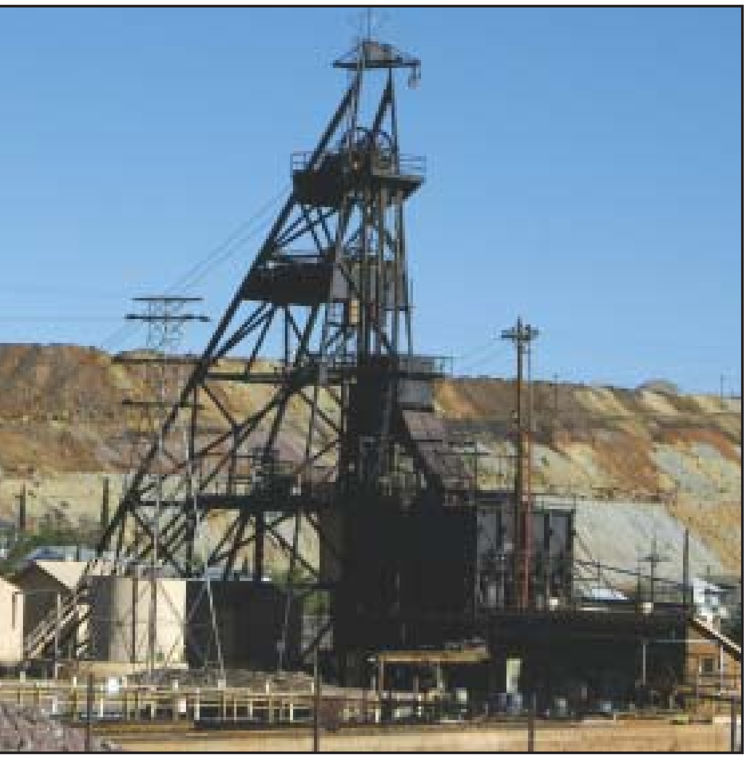

Annual Report **2008**

seda
Small Enterprise Development Agency
a member of the dti group
technology programme

ANNUAL REPORT for the year ended 31 MARCH 2008

CONTENTS

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Chairperson's Report

As Chairperson of the seda Technology Programme Board Committee, it is a great privilege for me to report on the activities of the Programme for the 2006/7 Financial Year. As a new Programme, stp was able to make great strides in not only fully integrating the activities of three unique dti – programmes, but also to expand its impact and influence during its first Financial Year of existence.

The seda Technology Programme or stp, represents a merger of the activities of the GODISA Trust (a Schedule 3A Public Entity) the National Technology Transfer Centre (NTTC) and the Technology Advisory Centre (TAC). The creation of stp stems from a decision by the dti and endorsed by Cabinet, to rationalize and integrate the number of institutions and public entities involved in the provision of technology transfer and business incubation services.

stp is therefore a national intervention that brings the realisation of a greater critical mass in the provision of integrated technology transfer and business incubation services for small enterprises. This complements the enterprise development support interventions under the mandate of the Small Enterprise Development Agency (seda). It is in this regard that the dti decided on assigning the management of stp to seda.

The incorporation of the activities of stp into seda had to be managed in two phases, first attending to the integration of Godisa, NTTC and TAC isolated from the integration of Ntsika, NAMAC and CPPP as this process was already in its final phase. Therefore, the dti decided to keep stp as a special ring-fenced programme under the management of seda. the dti will review these arrangements in the next financial year.

I am very pleased with the progress made by the team in integrating the activities of the three entities involved in the merger to create stp, and I am particularly pleased with the Programme's ability to have integrated and aligned its own activities with that of seda as a whole. In this regard, I would like to thank the seda CEO, Mrs Wawa Damane, for her support and that of the seda staff in accepting stp into seda, and their offices on the dti campus.

In addition, I wish to acknowledge the guidance that stp has received from all the seda technology board committee members and the dedication of stp staff despite possible uncertainties they may have experienced inherent to the creation of stp.

Mrs Mandisa Manjezi

Chairperson: seda Technology Board Committee
(Chief Director: Enterprise Development the dti)

Executive Manager's Report

2006/7 was undoubtedly one of the most exciting years in the South African technology transfer and business incubation domain. Not only were the activities of three relatively small programmes integrated to create a single, larger vehicle through which small enterprises could receive technology and business incubation support services, but the number of government supported Technology Business Centres (TBC's) was nearly doubled.

As the special programme of the dti created to provide technology transfer and business incubation support services for small enterprises, stp was able to increase its footprint of centres located throughout South Africa from 14 to 24. As a highly specialized instrument for supporting the growth and development of small enterprises, the various incubators or Technology Business Centres (as we prefer to call them), were able to increase the turnover of businesses supported by the centres from R8.21 million to R21.58 million. This represents a 162% increase in the total turnover of the businesses supported through the Programme.

stp was also able to exceed its core mandate of providing a 'Programme Management' function for the dti and the DST (Department of Science and Technology) in managing the various TBCs receiving financial support from national government, and providing a variety of technology transfer services to small enterprises, by also leveraging the support of local and provincial government departments and the private sector to support business incubation as a useful tool in supporting economic development.

Business Incubation is one of many instruments in government's "toolbox" for fighting poverty and addressing the challenges of unemployment, but stp has been working hard at raising the profile of business incubation in South Africa and within Africa, to showcase the successes that can be achieved by a programme focused on converting the potential of entrepreneurs into market successes.

Even though the total number of SMMEs or clients that can be supported by any incubator or TBC is very limited, the potential economic impact of the businesses supported by a TBC can be significant. To supplement and further extend the range of services offered by stp – supported centres, the entire Programme is designed to complement the work being done by other small enterprise organisations, particularly seda branches, that provide pre-incubation and general business development support services to small enterprises in their early establishment and conceptualization phase.

Unquestionably, the one benefit of having a programme that provides such intensive support for small enterprises is the high survival rates of businesses that receive business incubation support. During this financial year the average survival rate for small enterprises in their first year of operations/trading was a staggering 98%. In a country where as much as 90% of all start-ups fail in their first two years of establishment, this is phenomenal. stp attributes this high survival rate, which is 15% up from last year, when 'only' 83% survived their first year, to improvements in the incubatee selection processes of centres, as well as tighter controls on the provision of services to those small enterprises. In addition to this outstanding performance of the centres to help incubatees survive their first year of operations, an average of 90% of SMMEs supported through the programme survived their second year. We attribute our success in both instances to the ability of our centres to understand the markets within which they operate, as well as their ability to provide the right information and overall package of services to their clients.

A major policy change during 2006/7 that had, and will continue to have a material impact on the performance of incubatees and the respective incubators, was the decision by the dti to allow incubatees of centres supported through stp to access other funding instruments and/or incentive programmes of government.

Charles Anthony Wyeth

Executive Manager

Whilst we have not yet completed a detailed post-implementation assessment of the total impact of these technology transfer and upgrading interventions, it is estimated that over 146 jobs were created, and over
income generated for the businesses so affected. It must also be stated that all the businesses supported through the TTF were operating in the Second Economy, and 66% of those businesses were women-owned.

For seda to comply with its audit requirements, the stp finances have been audited as part of the seda audit for 2006/7. No separate audited financial statements for 2006/7 therefor exist. The Management Accounts of the stp as approved by the seda CFO have therefore instead been included in this report.

This has for the very first time allowed incubatees/clients of our centres the opportunity to access a fully integrated and holistic support package from government. This is

in-line with international best practice models for the first time, where small enterprises can now access both financial and non-financial support services through the centres they are supported by.

One of the most under-reported areas of impact of stp's business over the past year has been in the achievements of the businesses who received grant funding through the Technology Transfer Fund (TTF). The TTF is the principle offering of stp in the technology transfer domain, and all other referral and information services are geared towards assisting small enterprises to identify and acquire technologies to enhance their productivity and profitability.

Even though stp did not receive any funding from the dti for the TTF for 2006/7, the programme used all the funding carried over by the NTTC from the 2005/6 financial year for supporting a total of 22 companies to acquire and implement technology upgrades in their businesses.

The overall performance of the programme is reported on in other parts of this Annual Report, although I would like to thank the management and staff of "team – stp" for their support and commitment to ensure that the merger proceeded without any major problems.

Change in any environment is often difficult to accept, but the stp staff have remained committed to the higher level vision of the dti in creating an institution with greater critical mass to support ever increasing numbers of small enterprises.

In addition to the staff of stp, I would also like to thank the seda CEO, Mrs Wawa Damane for her positive energy, passion and commitment to 'technology' as a key driver of economic development, and her support in making stp feel a real part of seda. As the dti contemplates the future governance of stp in the future, I believe that the good relationship built between seda and stp will be able to accommodate any future governance model the dti may propose.

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TABLE OF CONTENTS

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CONTENTS

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