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Overview of VC market and PDP fund

PIC Research and Project Development

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Overview of VC market in SA



New Fund Managers
invested R313mn in
2017 vs R312mn in
2016



Established Fund
Managers invested
R105mn more in 2017

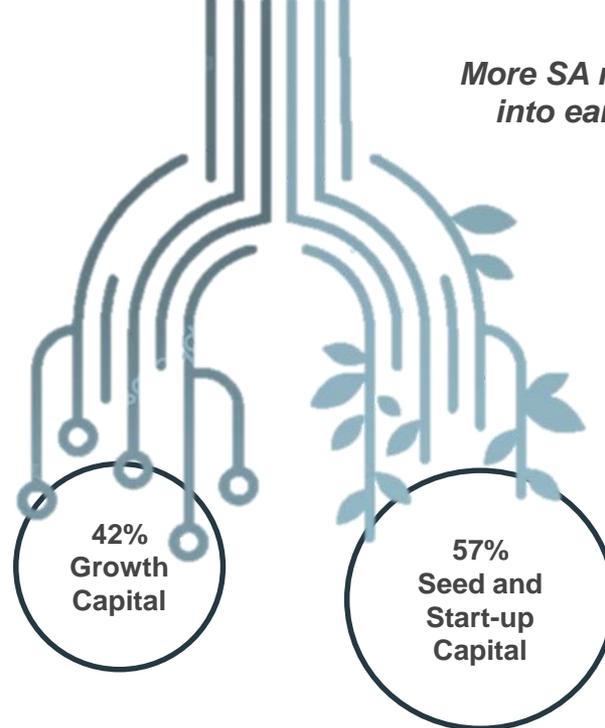


Angel Investors invested
R 29mn more in 2017

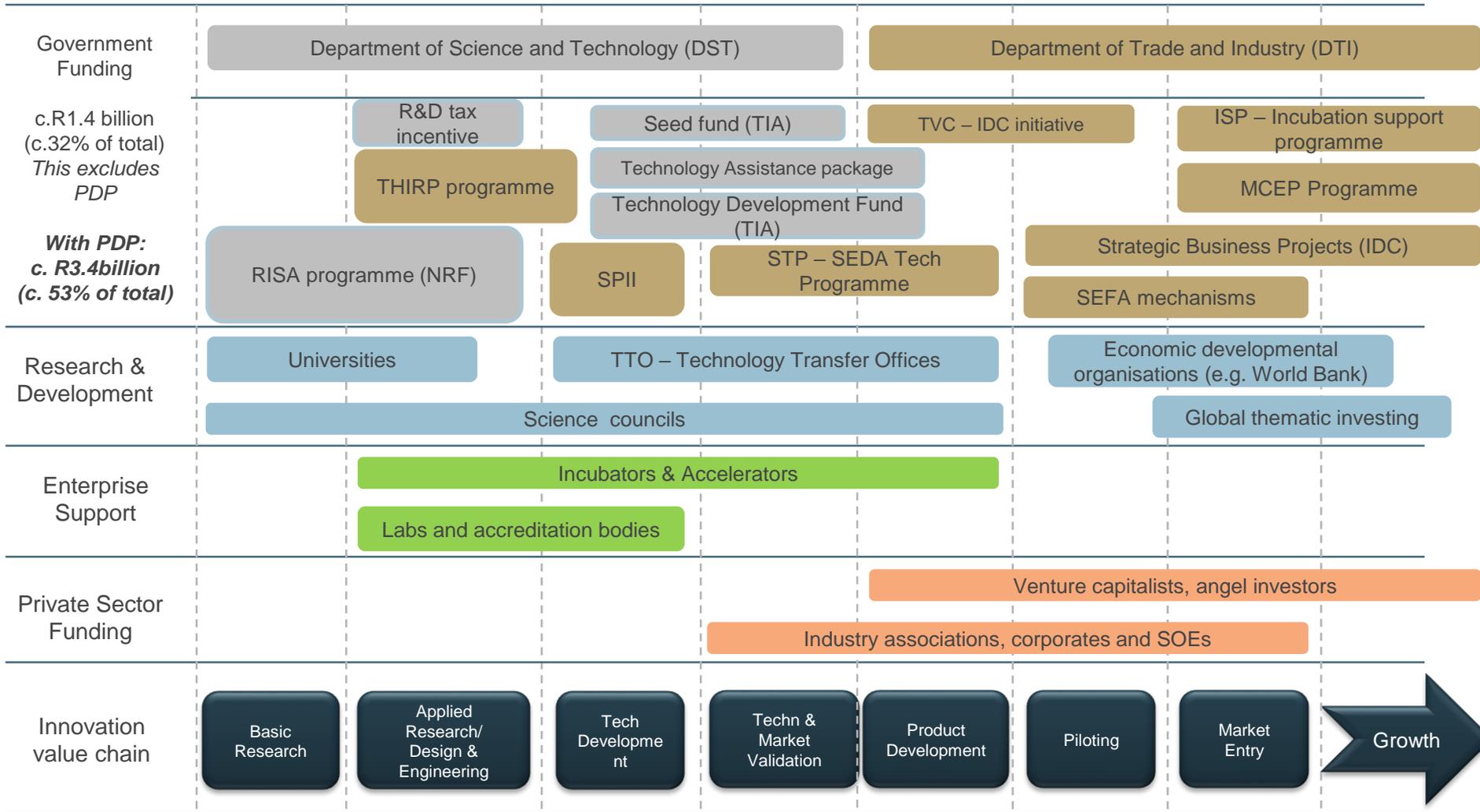
As at the end of
2017:

R4.39bn
invested
through
532 deals

*More SA money is flowing
into early stage deals*

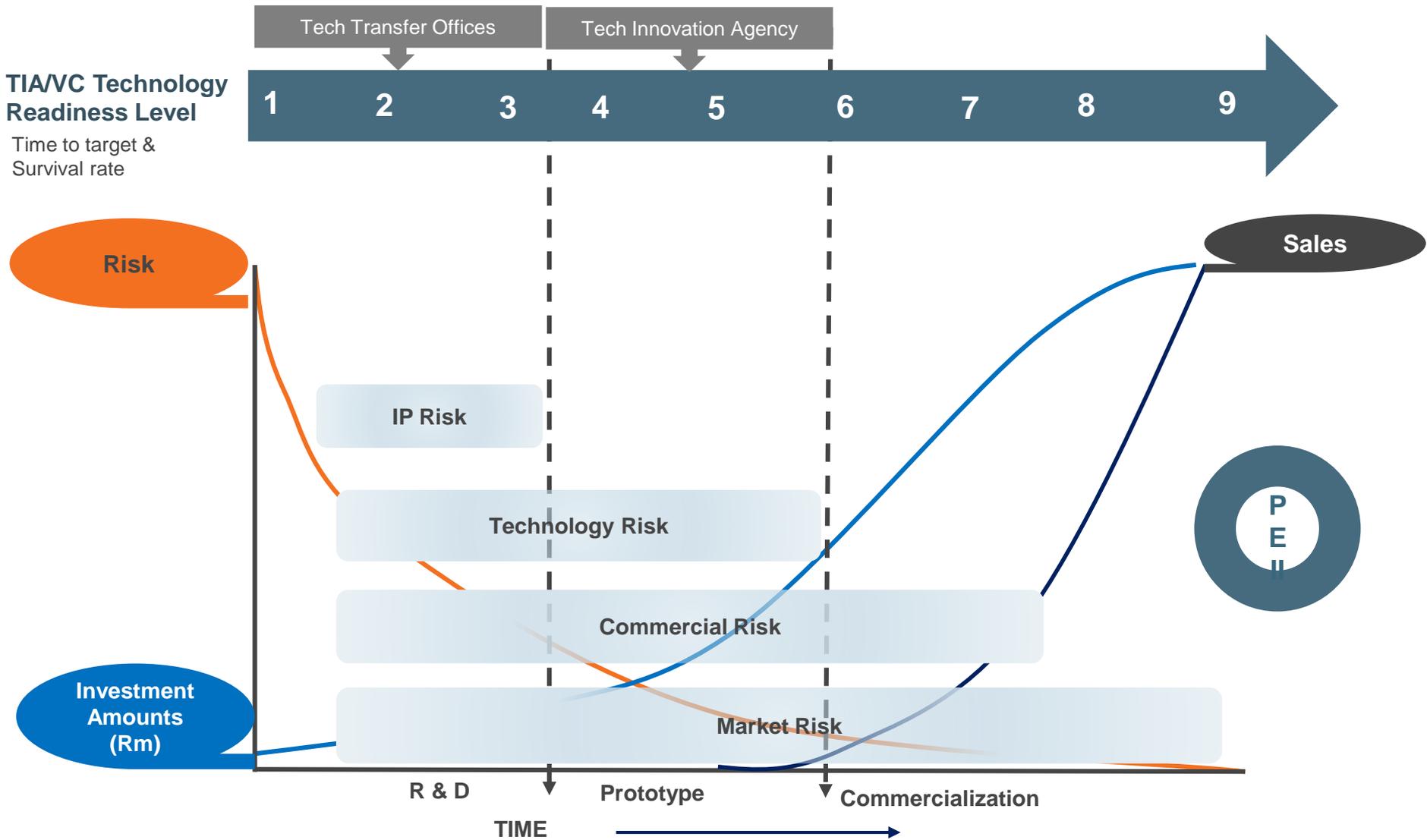


South African VC landscape



Source: Start Up CEO Advisory; the 2018 SAVCA VC survey; PIC Research and Project Development

VC Risk and Tech Readiness levels



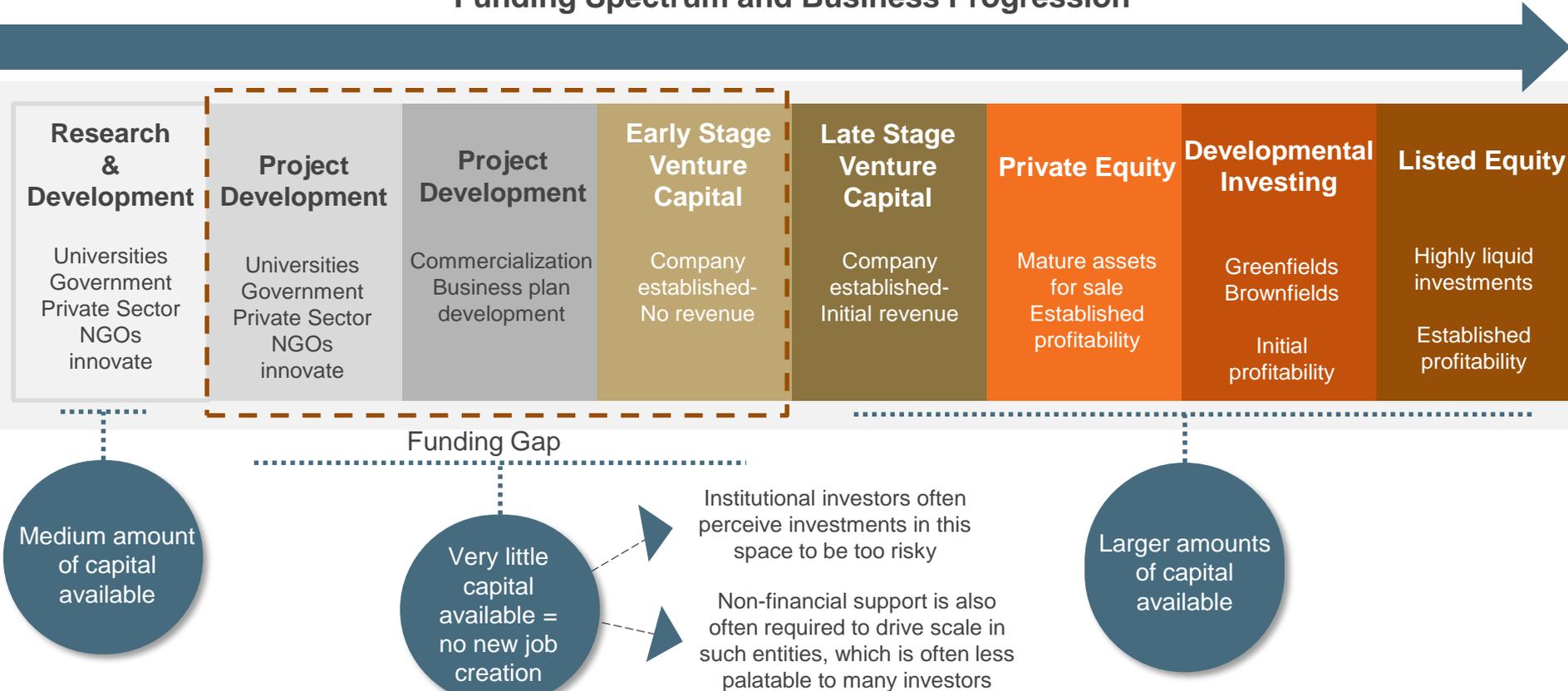
Project Development Partnership



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The funding gap for early stage projects in South Africa is significant and limiting for economic growth

Funding Spectrum and Business Progression



- Universities, entrepreneurs and various government departments are playing their part- in driving innovation across various sectors of the economy
- However, funding is light for commercialization of such projects, which keeps the conversion of such projects low
- As leading contributors to impact investing in South Africa, The PIC and UIF are looking to bridge this gap through the R2bn Social Responsible Investing funding in order to improve conversion rates and therefore stimulate economic growth.

PDP Fund is expected to double the capital available for commercialisation of technology in South Africa

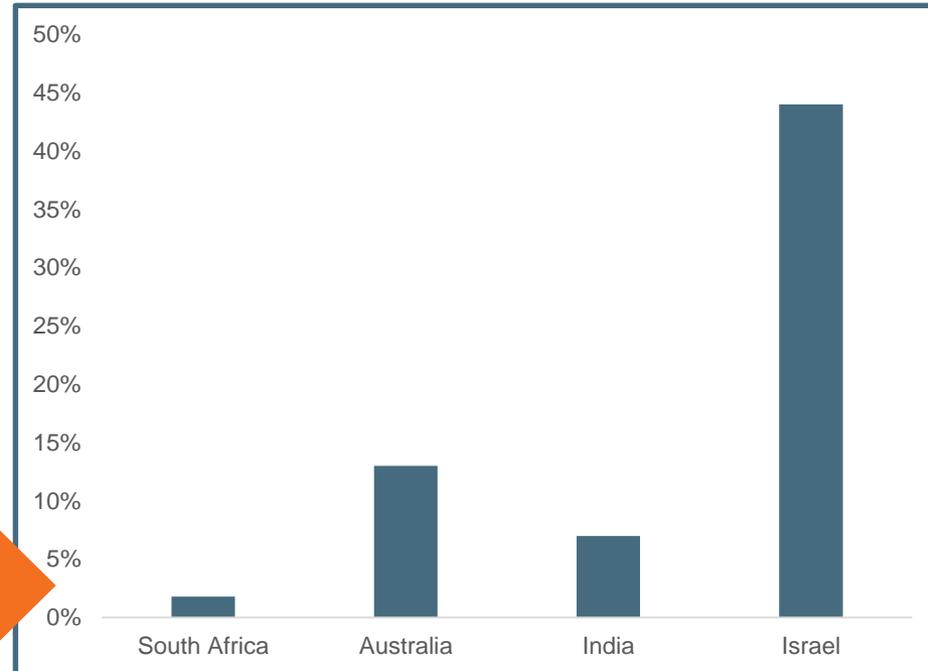
Global PE as a % GDP = ave 0.5%
SA average = 0.2%

Total value of SA VC market
R4.3 bn

Total value of SA PE market
R171bn

VC as a % of total PE market = 2.5%

Global comparison of VC market as a % of total PE market



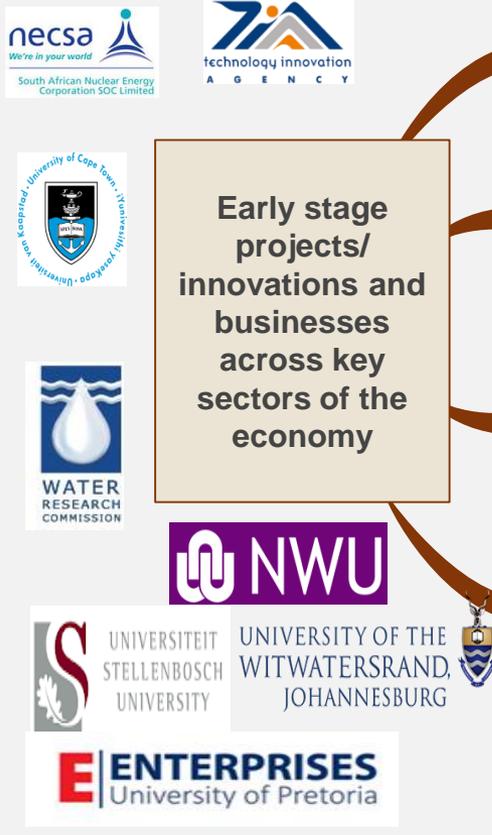
When compared globally, the South African VC market (~R4bn) is very small

The PDP Fund seeks to increase the amount of VC or early stage capital available by an additional R2bn

Early stage businesses have a huge economic growth potential and the VC industry has relatively low participation from institutional investors.

PIC and UIF have partnered to create early stage funding model for maximum economic impact

Key Deal Sourcing Institutions



Early stage projects/ innovations and businesses across key sectors of the economy

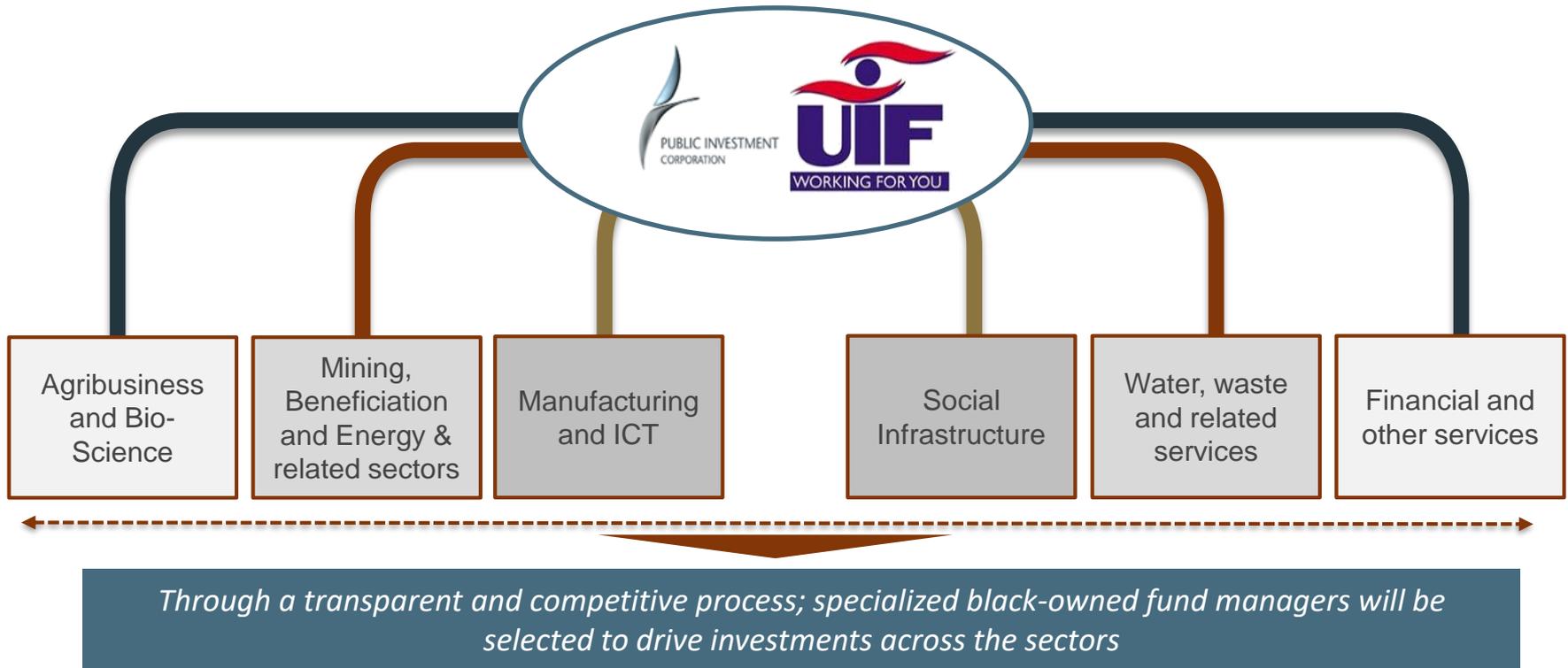
PDP Fund



Strategic Objectives

- 
 Fund strategic sectors of the economy which facilitates the establishment of **new fast growing businesses** with capacity to absorb labour. This implies creation of jobs and skills diversification within the labour force ~ 10 000 jobs supported
- 
 Take advantage of first-mover advantage from innovations in high-potential sectors
- 
 De-risk the early-stage asset class and facilitate greater private sector participation
- 
 Substantially increasing the pool of funding available for early-stage and high-potential projects

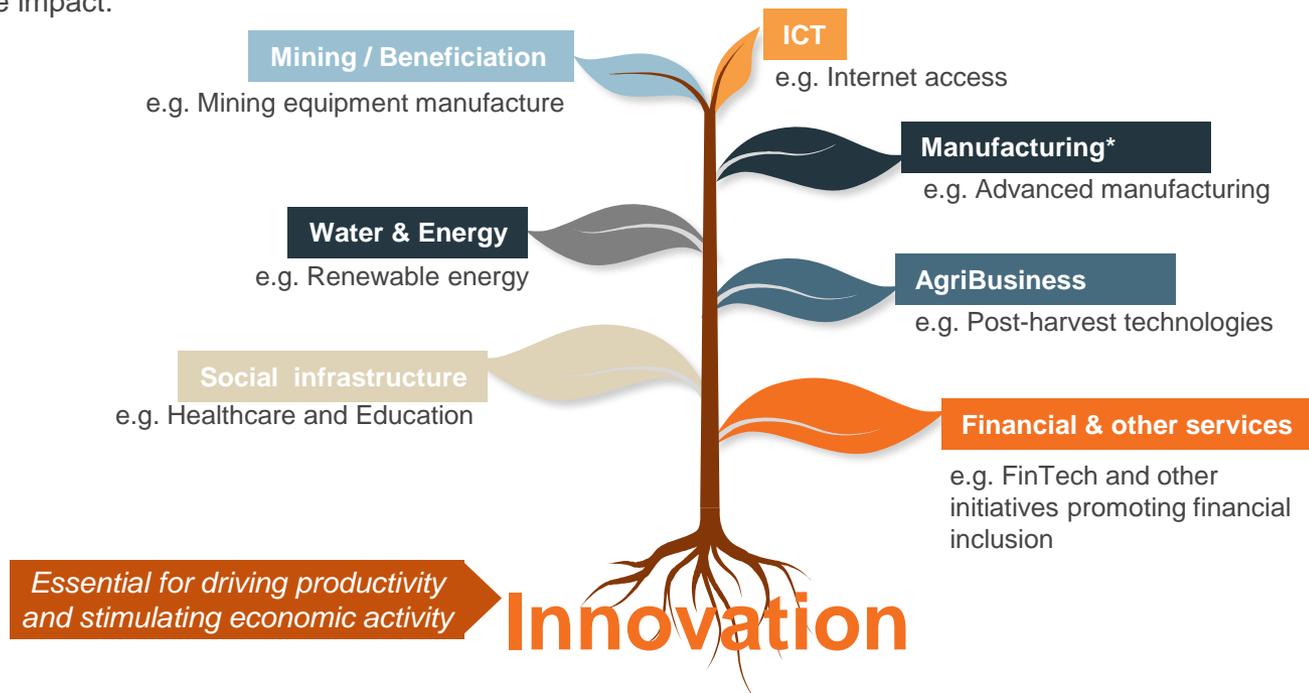
New and transformed fund managers will also be created through this process



- This will create **new transformed fund managers** in an industry where only 24% of players have a BEE score better than level 4 and where the majority of the professionals are white
- Furthermore, there will be an emphasis on **black youth and women-owned businesses** at the underlying investment level

Impact investing philosophy driven by fundamental, thematic research and criteria framework

The fund will focus on the sectors outlined below, selected for their high economy-wide multiplier effects and job-creation potential. PIC research and projects development have determined targeted areas through thematic fundamental in-house research by industry specialists. The investment process will facilitate implementation aligned with the investment strategies. Criteria framework will guide ongoing monitoring and evaluation to drive impact.



Each project will be selected against a 1) mandate fit and 2) criteria framework. The mandate fit ensures alignment with the PIC investment strategy and DST innovation focus areas. The criteria framework highlights four important pillars (*Economic impact, *Employment impact, *Transformation and *Strategic stakeholder benefits) which projects need to be measured on.

Application process for PDP Partnership Fund

1

Log on to the PIC website

Apply for Funding

Project Development Partnership Fund

www.pic.gov.za

2

Complete the attached form
(click to download)

Send through brief summary of business opportunity

Send an email to the PDP Fund email address

PDP@pic.gov.za

Funding that can be received

Minimum
R 5 million

Maximum
R 100 million

Kind of businesses that should apply

Innovative companies

Delivered proof of concept

Financially stable

Solving a socio-economic challenge

Have potential to grow whilst creating employment