

Unlocking innovation: Government funding for innovation-active firms in South Africa



This fact sheet provides insight into the state of innovation funding in the industry and services sectors during the period 2019-2021, which coincided with the Covid-19 pandemic. Based on the South African Business Innovation Survey (BIS) 2019-2021 data, the analysis shows that a notable proportion of innovation-active firms relied heavily on internal funds to finance their innovation activities. Businesses indicated a gap between their knowledge of the availability of government financial support and the application procedures required. Most firms that did apply for government funding relied on Covid-19 government support. Overall, the data highlight the need for greater awareness and understanding of government funding opportunities, to facilitate better utilisation of available resources to foster firm innovation.

FACT SHEET NO. 52



Science and Innovation
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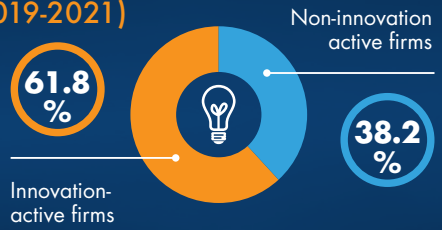
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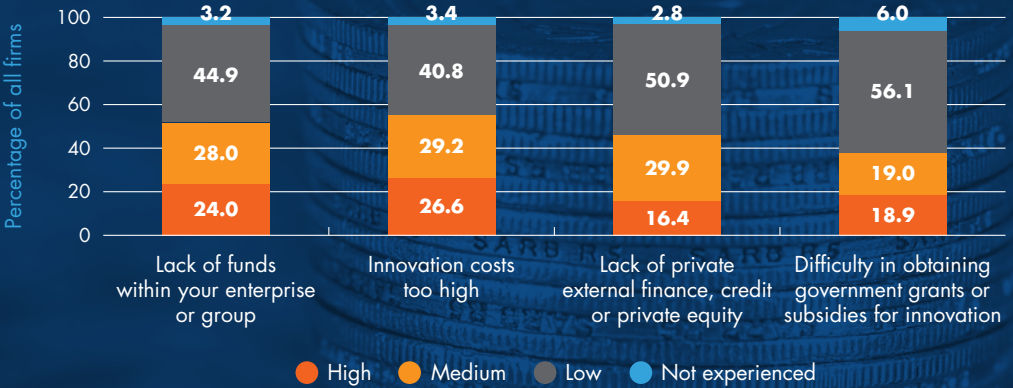
Innovation activity by South African firms (2019-2021)

Over three-fifths (61.8%) of South African firms in industry and services were innovation-active during the 2019-2021 period, taking scientific, technological, organisational, financial, and commercial steps, which led or were intended to lead, to the implementation of innovations.



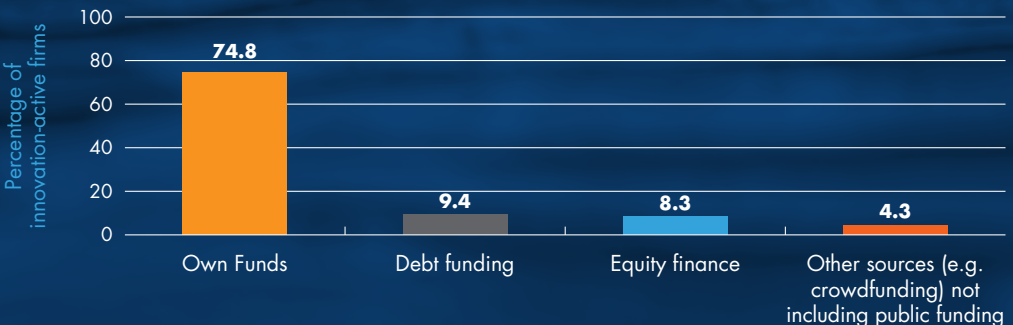
Cost-related factors hampering innovation in South African firms (2019-2021)

Over half of firms reported that the cost of innovation and funding shortages were of medium to high importance as factors hampering innovation. In addition, 37.9% of firms cited difficulty in obtaining government grants as of medium to high importance.



Funding sources (2019-2021)

Innovation-active firms predominantly relied on their internal funds to support their innovation activities. Almost three-quarters (74.8%) reported using their own funds, while other sources such as debt funding, equity finance and other sources played a far lesser role in financing innovation activities.



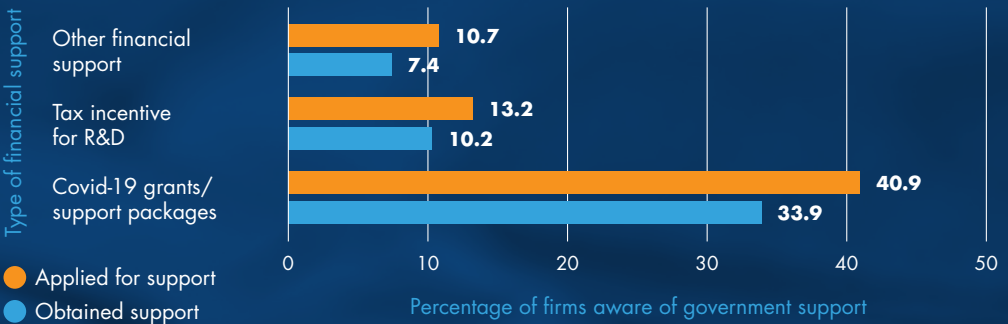
Awareness of government funding

There was a notable gap in awareness of government funding among the innovation-active firms. Just over half (51.7%) were unaware that the government offers support for innovation. These firms may have missed out on potential financial assistance and support.



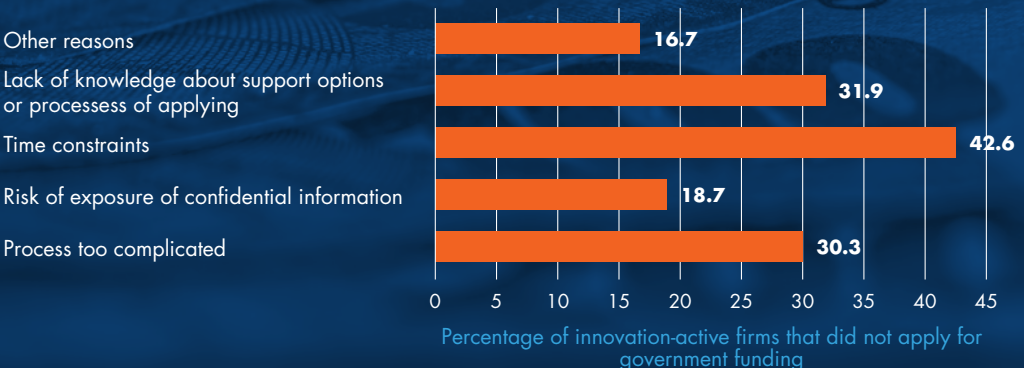
Funding applied for versus funding obtained (2019-2021)

Applications for government financial support were mostly successful. Firms that were aware of government funding predominantly applied for Covid-related support packages.



Reasons for not applying for government support (2019-2021)

Time constraints (42.6%), lack of knowledge about the application processes (31.9%) and complicated processes (30.3%) were the top three reasons firms did not apply for government support. Some firms (18.7%) were concerned about the exposure of confidential information.



Other reasons for not applying ranged from not requiring government support, not meeting requirements, and not believing the application would succeed.

BEHIND THE NUMBERS

Data for this fact sheet are drawn from the South African Business Innovation Survey (BIS) 2019-2021. The BIS is conducted by the Centre for Science, Technology and Innovation Indicators (CeSTII) at South Africa's Human Sciences Research Council, on behalf of the Department of Science and Innovation. R&D and innovation statistics are collected in terms of the Statistics Act (No. 6 of 1999), and are quality assured by Statistics South Africa. Data collected through the surveys, and their historic data series, inform decision-makers on investment planning, policy-making, advocacy, and research in South Africa. Data streams also add to benchmarking and performance comparisons with South Africa's international counterparts.

Access previous R&D and innovation survey reports:

<https://hsrc.ac.za/divisions/centre-for-science-technology-and-innovation-indicators/>

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