'Open'

is the only answer

2009

Annual Report of the
Shuttleworth Foundation Trusts

SHUTTLEWORTH
FOUNDATION

Did you know?

Legend has it that it took Edison around 1000 failed attempts before he eventually invented the light bulb.

While this demonstrates the importance of perseverance, at the Shuttleworth Foundation we believe it also shows how you have to try many times, and many different ways before you succeed. This makes us even more determined to help create an environment that is ripe for invention by ensuring open access to knowledge, resources and technology for all.

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The Shuttleworth Foundation is striving to create an open knowledge society, both in South Africa and around the world. It is a vision that will only be truly realised when all people are free to learn, invent, innovate and, ultimately, create their own opportunities.

This 2009 Annual Report offers a glimpse into the ways in which the Foundation has been working to achieve this vision over the past 12 months.

This Annual Report is printed on Cyclus Offset paper, which is a 100% recycled stock made up of 100% post-consumer waste.

Theory of Change

An open knowledge society is one where people have the education, knowledge and capacity to experience the world as something they can shape, rather than something out of their control.
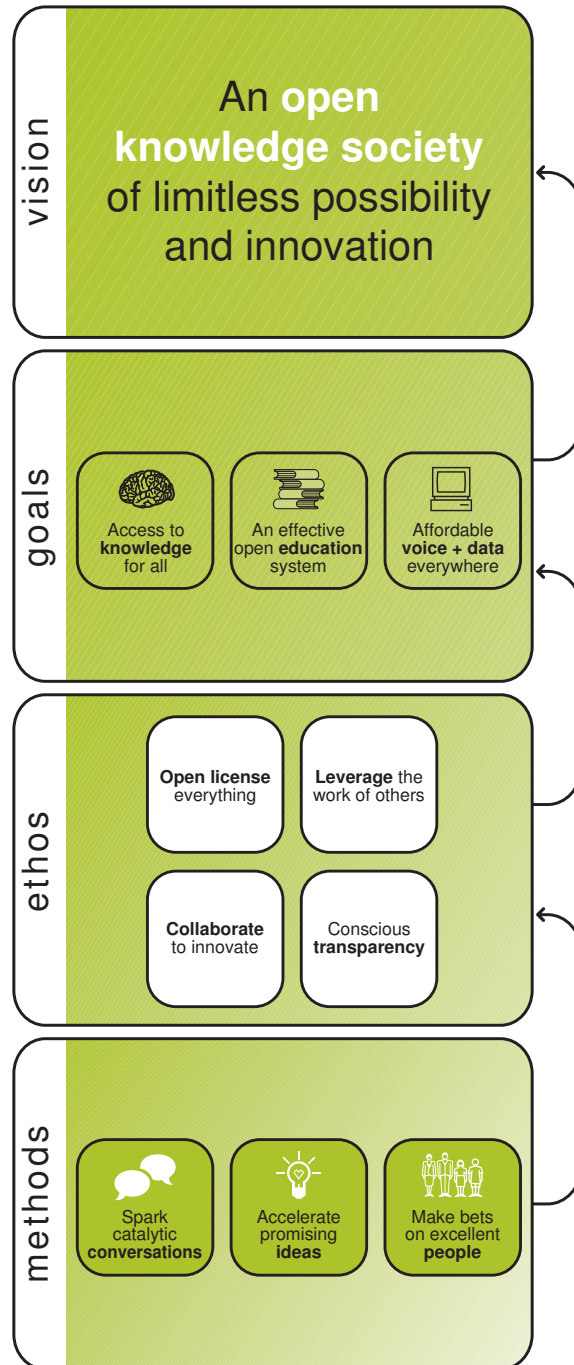
As there is still no blueprint for such a society, the Shuttleworth Foundation is committed to constantly exploring this concept in order to prompt the development of local and global open knowledge societies. It is hoped that by sharing our experiences in this realm with others, our vision of a truly open knowledge society will one day be realised.

It is our belief that open and effective education and educational materials, as well as access to knowledge and connectivity, lie at the heart of such open societies, and that a participatory culture of innovation is non negotiable if they are to be achieved.

These beliefs form the core of what has come to be known as the Shuttleworth Foundation's 'Theory of Change', a diagrammatic representation of which is provided on this page.

While this Theory of Change represents the core philosophy and approach by which the Shuttleworth Foundation is working to realise its vision of an open society, it is by no means a 'finished product'. In fact, it is constantly evolving as we learn and discover new aspects and dynamics about open knowledge societies.

However, while finer workings of the process may change over time, the philosophy behind our Theory of Change remains constant, effectively serving as a roadmap by which the Shuttleworth Foundation is navigating its way towards the realisation of its vision.

vision

An **open knowledge society** of limitless possibility and innovation

goals

Access to **knowledge** for all

An effective open **education** system

Affordable **voice + data** everywhere

ethos

Open license everything

Leverage the work of others

Collaborate to innovate

Conscious **transparency**

methods

Spark catalytic **conversations**

Accelerate promising **ideas**

Make bets on excellent **people**

2009 Highlights
Financial Highlights

Actual project expenditure for the 2009 financial year: **R22 431 745**
Donation received from Founder in the 2008* financial year: **R80 000 000**

*The donation received from the Founder is to cover expenditure for the period between 2007 and 2010.

Operational Highlights

Education Management and Leadership
During the 2008 financial year, it was decided by the management team and Trustees that the Shuttleworth Foundation would suspend investment in Education Management and Leadership for the foreseeable future. This decision remained in place during the 2009 financial year and we are still not actively seeking new investment opportunities under this theme until the results of previous investments are known.

HIP2B^2
Since it was launched by the Shuttleworth Foundation in 2002, the HIP2B^2 brand has been successfully changing learners' perceptions of science, technology, entrepreneurship and maths (STEM). After becoming an independently run business in 2008, HIP2B^2 enjoyed an immensely successful year that saw it developing into a leading 'edutainment' provider to teenagers in South Africa, while furthering its aim of creating awareness amongst learners of the importance of cultivating an inquiring mind and developing their abilities in STEM.

Team Changes

During the period under review, Karien Bezuidenhout was promoted to Chief Operating Officer of the Shuttleworth Foundation.

The following team members left the Shuttleworth Foundation during the 2009 financial year:
Mark Surman   – Open Philanthropy Fellow
Sam Christie   – Kusasa Project Manager
Jason Hudson   – Portfolio Manager

Message from the Foundation

Since its establishment in 2001, the Shuttleworth Foundation has worked tirelessly towards achieving its vision of an open knowledge society in which every individual enjoys equal opportunities for learning, development and personal growth. In the eight years since the Foundation first opened its doors, this vision has not faded, but has rather grown steadily stronger as our work has identified the immense value that can be unlocked when resources and learning opportunities are opened to everyone.

Once again, this Annual Report offers tangible evidence of this fact, and the content serves to validate the beliefs and philosophies that still drive the activities of the Shuttleworth Foundation.

Through this report, we offer a transparent insight into all the dealings of the Foundation over the past 12 months and we trust that it once again serves to remind all our stakeholders of the objectives of the Foundation and succeeds in attracting like-minded organisations to partner with us in creating a more open world.

The Shuttleworth Foundation remains absolutely committed to its open philosophy and all our efforts and activities are focused on spreading that philosophy and realising the benefits it offers across South Africa and, to a growing extent, the rest of the world. To this end, the Shuttleworth Foundation:

• Is committed to collaboration as a means of achieving innovation.
• Is determined to leverage our knowledge, understanding and partnerships in order to further evolve and share these.
• Licenses every product or piece of work we create in an open manner, with clear explanations to users of their rights when utilising those products.
• Shares everything – from reports to thoughts.
• Is committed to its research efforts – investigating and reinvestigating everything we undertake and then publishing our findings for open feedback and commentary.

Ultimately, our beliefs have changed very little in the past eight years, and our philosophy is still founded on our sincere belief that sharing progress and understanding is the only means of ensuring sustainable success and widespread benefits for all.

We continue to focus all our efforts on ensuring that, one day, every person in our country, and the world, will enjoy the basic human right of open access to the knowledge, education, technology and tools they need to achieve their personal aspirations and, in doing so, give back to others so that they can do the same.

This report is essentially a snapshot view of everything we have done in the past year to achieve these objectives. We trust it informs and inspires you.

Message from the Founder

My message in the last Annual Report highlighted the fact that the concept of investment does not necessarily have to relate only to support on a financial level. I still stand by that sentiment and it is my firm belief that the real value of our Foundation lies not so much in the money it puts into projects and initiatives, but stems rather from the passion, enthusiasm and intellectual capacity of the people who work here.

That said, the continued success of the Shuttleworth Foundation certainly depends on our ability to make the best possible use of the finances at our disposal. And over the past year, much time and effort has gone into assessing whether the way in which we employ our human and financial resources is enabling us to deliver maximum positive impact on the projects with which we are involved.

Our research has resulted in an even clearer understanding that it is ultimately the people of the Shuttleworth Foundation who drive the success of our projects. As such, it makes sense that these people have greater control over the financial decisions relating to those projects. To this end, the management and Trustees have taken the decision to devolve any financial hierarchy that still exists within the Foundation and further empower our staff and fellows by placing more of the control – both financial and operational – in their hands.

It is our belief that by doing so, the manoeuvrability and effectiveness of the Foundation will be greatly enhanced as the talents and abilities of our people are channelled, without delay, into the projects we support.

Obviously, ultimate responsibility for any financial decisions that impact the Foundation will always rest with the management and Trustees of the organisation. However, this decentralisation of specific budgetary control is more in line with our entire 'open' philosophy and we are confident that it will not only allow us to move more quickly in support of our projects, but will also give our Fellows the freedom to act on the many inspired ideas they have.

So, while our end goal remains a society with ready access to knowledge through effective and open education and affordable access to telecomms and the internet, the means by which it is being achieved is being reshaped according to the insights we have gained over the past few years. Such is the Theory of Change, and we believe the results will make for even more interesting reading in our next Annual Report.

Mark Shuttleworth
Founder: Shuttleworth Foundation

Message from the Trustees

The commentary on the financial results in this Annual Report is based on the consolidated results of the Shuttleworth Foundation Trust, the Shuttleworth Foundation Fundraising Trust No. 1 and the Shuttleworth Foundation Fundraising Trust No. 2.

The Shuttleworth Foundation's Trustees continue to meet annually to review the progress of the activities of the various trusts.

The audited annual financial statements of the aggregated Shuttleworth Foundation trusts for the year ended 28 February 2009 are included in this annual report.

The Shuttleworth Foundation seeks to drive social and policy innovation in the fields of education and technology through policy dialogue and projects that stimulate fresh thinking and add measurable value. It is the vision of the Shuttleworth Foundation to create an open knowledge society, both in South Africa and around the world.

Did you know?

The phrase "being in two minds" actually has a strong neurological basis. MRI scans have revealed that when faced with a moral dilemma, the reasoning and emotive sections of your brain battle it out to reach a solution. There is even believed to be a mediator between the two, which is known as the anterior cingulate cortex.

When it comes to deciding whether or not resources should be open to all, no such conflict exists in the minds of the people at the Shuttleworth Foundation. We believe everyone deserves open access to the knowledge and resources they need to achieve their full potential.

Focus Areas and Projects

The projects and focus areas of the Shuttleworth Foundation fall within the four key thematic areas of:

• **Communication and Analytical Skills**

• **Intellectual Property Rights**

• **Open and Collaborative Resources**

• **Telecommunications**

These themes align with the key objectives of the Foundation and its primary focus to improve access to education and technology for all.

By focusing our support within these themes, the Foundation is able to deliver maximum benefit and avoid spreading its human and financial resources too thinly. The thematic approach also ensures that the principles of open and collaborative content frameworks are supported, including those specific to open educational resources as well as the need to address the challenges presented by the availability of broadband Internet connectivity and the general telecommunications environment in South Africa.

The following pages offer an overview of the main activities of the Foundation within its four identified themes. More detail on most of the projects or research findings can be accessed online via links on the Shuttleworth Foundation website or by typing in the URLs provided where the relevant projects or research initiatives are discussed on the following pages.

Communication and Analysis

The reality of an open knowledge society runs deeper than the mere notions of open source or open licensing. Prohibitive barriers such as affordability and a lack of voice and participation need to be removed, paving the way for structures that enable openness and access for all members of society. The Shuttleworth Foundation supports all initiatives, big and small, aimed at realising this vision.

Literacy and Numeracy

More than simply reading and writing, the Foundation recognises literacy as being about effective communication in order to make sense of the world around us. Similarly, numeracy should include the skills of analysis and critical thinking – not simply the ability to crunch numbers. The University of Pretoria's Centre for Evaluation and Assessment was commissioned to conduct a mapping exercise of the communication and analytical skills covered in the Foundation Phase of the national curriculum – to identify opportunities for how these skills might be better developed amongst young learners. Results of this research are available on the Shuttleworth Foundation website (**www.shuttleworthfoundation.org**).

Plus Time

Plus Time is an in-depth, action-based research project conducted by the Human Sciences Research Council (HSRC), the Western Cape Education Department and the Foundation. Its aim is to test whether allocating significantly more time to learning assistance would result in improved performance for high school learners.

Having revealed, in its initial phase, that learners who regularly attended extra tuition lessons displayed a larger increase in performance, phase 2 of the project was implemented in order to gauge the long-term effects of the intervention. The Common Tasks of Assessment (CTA) marks of the original focus group of Grade 8 learners, who have subsequently progressed in their educational career by completing Grade 9, were reviewed.

Some of the key findings included the fact that attendance of extra tuition lessons by high school learners generally resulted in long-term improvements in Mathematics. The same was true for learners who took English as an Additional Language. Interestingly, the research also revealed that the positive effect of the extra tuition is not only seen on the subjects concerned, but also on the overall performance by learners in all learning areas.

Detailed research findings are contained in the full report, which is available for download off the Shuttleworth Foundation website (**www.shuttleworthfoundation.org**).

Teachable Agents

Built on the understanding that people learn best when they teach, this software programme allows learners to "teach" on a particular topic, and then offers quiz-based assessments of the learning achieved.

The software was well received by learners and teachers alike, and acknowledged as an effective way to develop analytical skills. However, due to technical issues the project cannot yet be successfully scaled. Whilst the potential of the Teachable Agents software remains promising, the instability in many of South African schools' computer labs must be rectified, and the software made more culturally appropriate and multilingual.

The Foundation also recommends that alternative platforms for Teachable Agents are explored, including cell phones.

Gaming and Learning

The potential of harnessing cell phones and video games to support learning in both formal and non-formal learning contexts has been explored.

Research shows that, while most South Africans cannot afford popular gaming consoles such as the Sony Playstation or Nintendo Wii, they are intrinsically motivated by games and, through play, engage in meaningful learning.

The Foundation has recognised mobile phones as being the most prevalent ICTs in the hands of the youth, and it is through them that gaming could prove to be most valuable for education. The role of mobile phones in learning – called mlearning – and as teaching support tools has been explored by Steve Vosloo in his paper regarding the effects of texting on learning. His mLearning Africa website (**mlearningafrica.net**) documents news, research and projects related to mlearning throughout the African continent.

Many innovative applications of mlearning have already come out of Africa, especially in under-resourced settings, and the Foundation will continue to support further innovation and leadership in this space.

Did you know?

"World class innovation, especially in mlearning, is coming out of Africa. We need to recognise the expertise we have here rather than only looking to the global North."

Steve Vosloo
Fellow: Communications & Analysis

Education Management and Leadership

While the Shuttleworth Foundation continues to support some of the projects in which it has invested in this area in the past, active investment in new projects remains on hold until the effect of such investment becomes clear — at which time focused expansion into Education Management and Leadership may once again be a possibility.

ACE: School Leadership

The Advanced Certificate in Education (ACE): School Leadership is a national training initiative owned and driven by the Department of Education(DoE), aimed at developing school principals as well as preparing aspirant principals for the challenges and opportunities presented by their roles as school leaders. The long-term goal of the project is to set this qualification as an entry level requirement for aspirant school principals.

During the financial year under review, this three-year project was in its second year of field-testing. The South African Institute for Distance Education (SAIDE) has completed its revision of materials, which have now also been signed off by the DoE. The course resources have been tested with the first focus group, which has provided valuable feedback for review and revision at the end of 2008. The updated version of the materials is currently being tested by the second focus group in this course.

The Foundation continues to monitor this process in partnership with the DoE and engage them on specific issues around quality, process and output.

Schools ICT Academy

The Schools ICT Academy is an initiative driven by Edunova, an international education organisation specialising in the effective use of Information and Communications Technologies (ICT), in partnership with the Western Cape Education Department.

Co-funded by the Foundation in its inception year, the Schools ICT Academy is now in its final year of development. The Academy staff members have been working with various schools to gain an understanding of what will be the most effective way of implementing ICT in learning and teaching. While many teachers are still developing their capacity in terms of their use of ICTs, the experiences of the ICT Academy staff at Edunova have been a particular success story, and demonstrated that this new model can and will play a vital role in the future of South Africa's schools.

A structured programme of strategic ICT leadership activities for school principals is now in place and sees some 19 principals from schools in Philippi, Crossroads and Gugulethu attending ICT Forum sessions every term which focus on the leadership and management level of the school organisational structure, with a view to enabling ICT to be further embedded within the schools and ensuring that teachers have the support they need.

The full findings of a review of this project will be available in 2010, at which time the course materials will also be made available online.

Intellectual Property Rights

The Shuttleworth Foundation supports the idea that an open knowledge society is just that: a society where information and communications technology regulation and policy ensure that networks of links, code and content are open at every level — not only to enhance education, telecommunications and information technology, but also to serve as a critical resource in addressing volatile global challenges such as global warming, energy scarcity and pandemics.

Competition Commission Intervention

During 2008 it came to the Foundation's attention that the Competition Commission would review a further merger proposal involving Maskew Miller Longman. This followed the action in 2007, when the Foundation successfully intervened in a multinational merger between Pearson PLC and Harcourt Education International, thereby helping to prevent the integration of local subsidiaries Maskew Miller Longman and Heinemann Publishing. The Foundation's intervention centred on our concern that such a merger would have a negative impact on local education by driving greater concentration of what is already an over-concentrated education material publishing industry. As a result Maskew Miller Longman and Heinemann were instructed to run their operations separately.

With support from the Open Society Institute, the Foundation intervened in this second merger proposal involving Maskew Miller Longman and Heinemann. As a result, the ruling that Maskew Miller Longman and Heinemann should not join operations remains in force.

Open Standards and the Open Document Format

Following the Foundation's role in the South African Bureau of Standards' (SABS) vote against accepting OOXML as a second document format standard – in addition to the existing standard Open Document Format (as accepted by the International Standards Organisation) – we now have a close working relationship with the SABS in terms of the development of document formats. This relationship saw the Foundation and the Department of Science and Technology lodging a complaint with the South African Human Rights Commission that the Independent Electoral Commission (IEC) supported only Microsoft Operating Systems. The IEC subsequently changed its website to support all browsers.

The Foundation also participated in the Dynamic Coalition on Open Standards (DCOS) at the Internet Governance Forum (IGF) in Hyderabad in India. It took up shared leadership of the DCOS at this event and helped guide the creation of a declaration of open standards by the DCOS, and the South African and Brazilian governments.

African Copyright and Access to Knowledge (ACA2K)

This project is co-funded by the Shuttleworth Foundation and the International Development Research Centre and hosted by the LINK Centre at Wits University to investigate the relationship between copyright and access to knowledge. This supports the Foundation's desire to address and reverse the trend of copyright statutes being driven by international trade agreements rather than by African Development-focused analysis. The first phase data collection of this research project has been completed and initial results showed that provisions in national copyrights acts do impact on access to knowledge, even in countries where these provisions are largely ignored in the interest of access to educational resources. A successful A2K research network has been established across Africa to address these issues in their local jurisdictions.

Project Update

ACA2K representatives, including the Foundation's Intellectual Property Fellow, presented interim findings in advocacy at the World Intellectual Property Copyright Conference in Geneva in May 2009. Extensive participation by members in other networks and initiatives, as well as collaborations with other members was also initiated.

South African Copyright Act Review

The Foundation, in partnership with the Open Society Institute and Trade Law Centre for Southern Africa, completed a critical review of the provisions of the current South African Copyright Act of 1978, with

particular focus on sections that impact access to knowledge. The intention of the review is to inform advocacy programmes regarding access to knowledge in general, whilst relating to the five-year legislative drafting process announced by the Department of Trade and Industry in 2008. Recommendations for change to current legislation, as well as recommendations for further research, have been put forward. These include improved exceptions for education, changes to deal with orphan works, parallel imports and strengthening of the public domain. The report is available online at www.shuttleworthfoundation.org.

SARUA Open Access and Access to Knowledge Initiative

The project advocated that vice chancellors belonging to Southern Africa Regional Universities Association (SARUA) adopt a charter committing to the active adoption of Open Access and Open Scholarship strategies and policies within their organisation. The project was led by the LINK Centre for the SARUA, funded by the IDRC and supported by the Foundation. The final report is available on the SARUA website (www.sarua.org), and includes next steps for universities.

South African IP Acts

The Foundation has made submissions on the Competition Amendment Bill, as well as the Intellectual Property Amendment Draft Bill circulated by the Department of Trade and Industry. Furthermore the Foundation has, in co-operation with the UCT IP Law Research Unit, drafted sub-missions on the Intellectual Property Rights from Publicly Financed Research Act.

Andrew Ren's Highlights 2008/09

Attended the following events and conferences:
- Workshop on Global Access to Knowledge Academy (New York, March 2008) at which he contributed to plans for global access to a knowledge academy.
- The EDGE Institute Conference (Hong Kong April 2008) where he contributed a chapter to a book on Implementing WIPO Development Agenda.
- iCommons iSummit (Sapporo, August 2008) where he was a member of the panel on Creative Commons governance.
- DHA Conference on Open Standards (Pretoria, May 2008) where he delivered an address on open standards.
- 3rd Yale Access to Knowledge Conference (Geneva, September 2008) where he was invited to attend a pre-conference workshop on the future of intellectual property.
- DST Conference on Open Document Format (Pretoria, October 2008) which focused on creating ODF opportunities for strategic alliances between developing countries.
- DTI IP Symposium (Cape Town, 23-25 November 2008) where he advocated exceptions for education.

Future Focus

In the year ahead, the issue of education exceptions will receive greater attention on the WIPO Development Agenda. In addition, a developing country led alliance (particularly Brazil and India) will emerge around open standards in ITCs, and there will be much wider use of open licences (Creative Commons) for open educational materials. Also expect to see the profile of the debate on Global Knowledge Commons raised in the coming months, fuelled by concerns around peer review, scholarly communication, and research policy.

I recommend reading

- *The Public Domain by James Boyle* (available for free download at http://www.thepublicdomain.org/). Professor Boyle explains why the public domain is central to creativity and innovation, plots its erosion by recent legislation, and shows how open licensing has been adopted as a strategy to preserve some space for innovation.

Blog
www.aliquidnovi.org

> *"Open networks will enable the emergence of the Knowledge Commons as the most critical resource in addressing the many challenges facing the planet today."*
>
> **Andrew Rens**
> Fellow: Intellectual Property Rights

Open and Collaborative Resources

An environment where anyone, and everyone, has access to the knowledge they need when they need it, along with the knowledge of how to use it. This is an integral part of the Foundation's vision for an open knowledge society — one where credit is given to those who create knowledge, but also where their input is able to realise its full potential as a building block for future development.

Siyavula

(**http://siyavula.org.za**/)
Siyavula is an initiative aimed at improving teacher access to necessary and appropriate educational resources by building communities of teachers who collaborate by sharing and developing localised, context-specific educational resources that are freely available for use, adaptation, reuse and redistribution. The project was successfully launched at Science Festival Africa 2009 and met with a great response with potential for local and international partnerships.

Comprehensive grade 1– 9 resources have now been uploaded to the Connexions platform, with a number of partners expressing interest in uploading further content to Connexions. A comprehensive community intervention will be launched in the Western Cape in 2009.

Closer to home, the project is garnering significant interest amongst SA's teaching circles, with two of Mark Horner's presentations at the 2009 Science Festival Africa enjoying capacity crowds of local teachers.

Project Update:
The current financial year has already seen the Siyavula project being embraced by the Institute for the Study of Knowledge Management in Education (ISKME). The Institute has become a driving force behind understanding the participatory model so that Siyavula can adapt to match the needs of teachers most effectively. The panel presentation by members of the Siyavula team at the OpenEd Conference in Vancouver, Canada, created no small amount of international interest specifically around Siyavula's community-building work with teachers and the research conducted by ISKME to inform the implementation of the Siyavula model.

Cape Town Open Education Declaration

The Shuttleworth Foundation and the Open Society Institute (OSI), along with a number of partners in the education sector, recognised a need within the broader open education community for a clear articulation of the concepts and potential strategies relating to opening up education. The result was the Cape Town Open Education Declaration (**www.capetwondeclaration.org**). Subsequently, it has been used in advocacy work to government and educational institutions in the USA, Poland, Australia, the Netherlands, Zambia, Rwanda and South Africa. Another outflow has been Open Education News (**http://openeducationnews.org**) – a blog aggregating and commenting on the most relevant open education news from around the world.

Opening Scholarship

(**http://www.cet.uct.ac.za/OpeningScholarship**)
Completed at the end of 2008, the aims of this project were to explore ways of better using Information and Communication Technologies (ICT) for the exchange of knowledge between academics, students and the community. Research led by Eve Gray and Cheryl Hodgkinson-Williams within the University of Cape Town (UCT) has resulted in a valuable collection of case studies, practical and philosophical reports on how knowledge is generated, stored, shared, accessed and valued – both at UCT, and in the higher education system in general. These can be found online.

The recommendations made, and networks created, through this project have lead to the creation of an open educational resources repository at UCT, as well as a national advocacy programme aimed at research organisations and higher education institutions in 2009.

OER UCT

An outflow of the Opening Scholarship project, Open Educational Resources (OER) UCT was launched in February 2009. Overall project objectives include encouraging the publication of open educational resources, and the establishment of a central, searchable, UCT-branded directory to showcase all OER created by UCT staff and students. In addition, it aims to provide support to UCT staff to facilitate the sharing of open and potentially open teaching resources as OERs, published under appropriate licenses (such as Creative Commons); and to promote the visibility of UCT-published OERs on appropriate search engines, in well-known OER aggregators and amongst appropriate target communities (for example disciplinary-based educator communities). Results are expected at the end of 2009.

Policy Change for A2K
in Higher Education Institutions

Key leverage points identified in the Opening Scholarship project have been harnessed to drive this research and advocacy project aimed at generating recognition and understanding within HEIs, research institutions and associated institutions surrounding the substantial advantages that could be gained through the use of open and collaborative approaches to the dissemination and diffusion of publicly funded research. Initiated in January 2009, project results are expected by the end of 2009.

Scholarly Publishing and A2K
in Africa Scoping Exercise

This is a co-funding initiative with the International Development Research Centre (IDRC) ICT4D Program to scope and develop a regional research, advocacy and intervention agenda to advance the research policies and scholarly communication practices in Africa. The agenda will be devised from the sum of the research outputs and learnings of existing initiatives in this space as well as additional expert contributions. The project is an outflow of a number of projects with which the Foundation is involved, including Opening Scholarship and ACA2K. Initial research commenced in 2008, with results expected in 2009.

Publishing Matrix

The Publishing Matrix was initiated to review various publishing sectors, identifying potential for the adoption of open publishing models and to grow access to knowledge and learning materials in South Africa. It has identified a number of areas in which further work could be beneficial in identifying solutions for blockages in access to knowledge. There appears to be potential for open access publishing, open education resource development, the use of flexible licensing and alternative business models.

Opportunities also exist to engage more with role players in the market who are commonly overlooked – for example public benefit bodies and NGOs – who make a major contribution to the development and dissemination of research.

Equally, in a country with 11 official languages, there are substantial gaps in the provision of multilingual resources. In the face of a narrowly defined market model in the commercial publishing sector, there is room for innovative interventions using the potential of digital media, flexible licensing and alternative business models to overcome the limitations of commercial mass-market publishing models.

Incentives for Scholarly Journal Editors

The Academy of Science of South Africa (ASSAf) is undertaking a review of the scholarly research and publication system in South Africa with the support of the Department of Science and Technology. The objective is to find ways to optimise the dissemination of research outputs in the interest of all South Africans. One component of this work focuses on expanding the instances of open access (OA) publishing, including researching and developing a proposed incentive scheme for academic journal editors. The issue of incentives needs thorough investigation to find out how best they can be provided systematically within the South African context. This project was initiated in 2008, with results expected in 2009.

Mark Horner's 2008/09 Highlights

Attended the following events and conferences:
- Indigo Youth Book Fair 2008 (Korea, August 2008), where he was invited to present a paper on Free High School Science Texts.
- E-Learning Africa 2008 (Accra, Ghana), which is the primary ICT-related event in Africa and enjoys massive participation from African countries. It represents an ideal opportunity to assess the state of e-learning in Africa
- Open Education 2008 (Logan, Utah, USA), which includes participants from the majority of international OER projects and is extremely useful for identifying partnerships outside Africa.
- Connexions Conference 2009 (USA, February 2009), at which Siyavula featured as a primary content partner and a primary development partner.

Invited to sit on the Connexions Consortium board.

Future Focus

Looking forward, Open Educational Resources will increasingly become part of mainstream education and will, in all likelihood, be adopted as the preferred methodology by a number of governments worldwide. This, in turn, will see large quantities of text books being made available to all learners and, in response, a number of business will undoubtedly appear with a primary focus on the production and dissemination of Open Educational Resources.

I recommend reading
- www.opencontent/blog. It is written by the author of the first open content licence and he is still a leader in this field.

Blog
www.markhorner.net

Did you know?

"What is needed across the globe right now is comprehensive access to educational resources that are relevant and accessible to all."

Mark Horner
Fellow: Open & Collaborative Resources

Telecommunications

The cost of bandwidth in Africa continues to pose a significant barrier to the continent s ability to participate in international trade and the knowledge economy. It also has a limiting effect on local markets and education. With this in mind, the Shuttleworth Foundation actively invests in Telecommunications projects that not only work to solve Africa s bandwidth limitations, but also engage in policy dialogue and inform regulatory change, while actively promoting an open telecommunications market.

South Africa Connect

(**http://www.southafricaconnect.org.za**/)
The Foundation continues its support of The Edge Institute's initiative to mobilise active public interest in interventions in policy and regulatory processes, media coverage and participation in international and continental meetings. This it aims to achieve through active participation in ongoing public policy and regulatory processes such as targeted ICASA (Independent Communications Authority of South Africa) public hearings on bottleneck issues, parliamentary portfolio committee hearings and policy and legal developments.

Preliminary work has been undertaken, aimed at raising public awareness on ICT policy, regulation and innovation via mass circulation publications such as Business Day and the Mail and Guardian. This will not only ensure ongoing public involvement in such projects, but also afford those directly related to them to provide ongoing regulatory commentary. The project is also investigating the possibility of further stimulating debate within the ICT community via blogging and participation in online discussions.

Project Update

Two speaker events have taken place as part of this project. The first was a talk entitled 'The Growth of Next Generation Networks – From Hype to Reality?' by international expert John Horrocks, and the second was an address by Rohan Samarajiva of LirneAsia at UCT in April 2009. In March 2009, the Foundation also co-convened the National Broadband Forum Summit with SAConnect, and the Association for Progressive Communications (APC).

The Village Telco

(**http://www.villagetelco.org**/)
Through the use of open source software and low-cost, off-the-shelf, consumer communication technologies, the Village Telco project aims to offer affordable voice and data services via a WiFi infrastructure. What differentiates the Village Telco from other rural, low-cost WiFi projects is its particular focus on providing effective, reliable and cost efficient voice services in a way that also presents sustainable business opportunities for entrepreneurs.

Since inception, the Village Telco has gone through a few major iterations, but has now settled into three distinct components, each designed to be used independently, as well as in the broader context of the Village Telco.

In the early analysis of the Village Telco business model, it became apparent that the cost of the phone for the customer is a critical factor in enabling the Village Telco to go to scale. On this understanding, 2008 saw a major development within the Village Telco initiative with the development of the Mesh Potato. This low cost, open hardware and software WiFi mesh router with an RJ-11 port that allows for the connection of an ordinary phone has been designed to operate in traditionally challenging environments and offers telephony via VoIP while simultaneously facilitating a wireless mesh cloud. The Mesh Potato will dramatically reduce the start-up cost of a Village Telco.

The open source project, A2Billing, has also been identified and tested as an excellent pay-as-you-go billing system for the Village Telco. Work will, however, need to be done to simplify the system and add an easy-to-follow installation wizard that would guide a first time installer or user through the process of setting up telephone lines and upstream connections. In addition, a simple day-to-day management interface for A2Billing will be required.

Steve Song's Highlights 2008/09

Attended the following events and conferences:
- The first Village Telco workshop in June 2008, which was seminal in that it launched the Mesh Potato – an Open Source, Open Hardware wireless mesh, telephony device.
- The MobileActive event in October 2008, at which my work on Open Spectrum in South Africa initiated a collaboration with the Soros Foundation as well as the launch of the Open Spectrum Alliance.

Future Focus
The Mesh Potato will go into mass production in the first quarter of 2010 and we will begin to see the first fully fledged Village Telcos in South Africa and other parts of the world. We can also expect to see growing debate around spectrum management in the developing world. A further highlight will be the launch of OpenPress.

I recommend reading
- *The Origin of Wealth by Eric Beinhocker* and *Reinventing the Sacred by Stuart Kauffman* because they paint a new picture of economic growth and how innovation happens.
- *Presentation Zen by Garr Reynolds* and *Slide:ology by Nancy Duarte* which are two brilliant books on developing and delivering better presentations.

Blog
http://manypossibilities.net

Did you know?

"To me, a truly open knowledge society means a world in which we have equality of opportunity. Opportunity for education; opportunity to innovate; and, most important of all, opportunity to be an effective agent of positive change in the world."

Steve Song
Fellow: Telecommunications

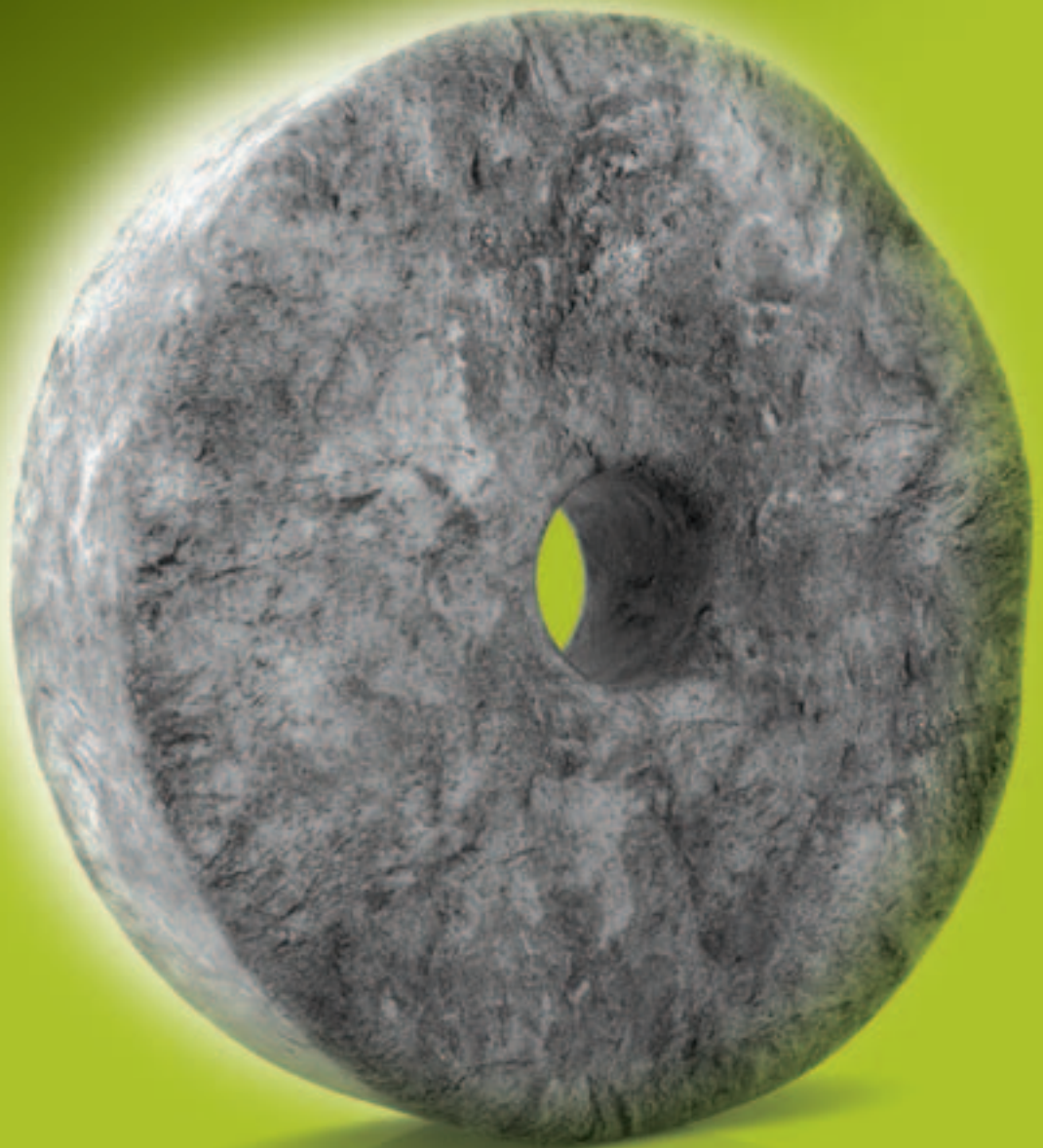# Did you know?

While the inventor of the wheel undoubtedly deserves the accolades he or she has enjoyed, here at the Shuttleworth Foundation, we think the person who invented the axel deserves the real credit.

We also think that by making information and resources open to all, many more such brilliant partnerships could be unlocked – ultimately improving the world for everyone in the future.

Funded Projects

Communication & Analysis	**1 644 431**
Kusasa	801 023
Plus Time	120 187
Teachable Agents	71 509
Literacy & Numeracy	51 699
Overheads	600 013
Education Management & Leadership	**104 342**
ACE – School Leadership	18 842
Schools ICT Academy	85 500
Intellectual Property Rights	**1 182 825**
iCommons iSummit 2008	56 152
Yale A2K3	54 136
Internet Governance Forum India	22 525
OOXML	38 055
Open Standards	136 928
Redrafting the SA IP Acts	7 772
ACA2K	226 242
PALM	1 816
Overheads	639 199
Open & Collaborative Resources	**9 938 481**
Cape Town Open Education Declaration	16 500
iCommons iSummit 2007	35 240
Open Courseware Consortium	32 901
Print on Demand	25 088
OER Project UCT	796 698
Policy Change for Access to Knowledge	856 400
ASSAf Incentives for Editors	284 680
Publishing Matrix	244 250
On Demand Books	34 900
Siyavula	6 625 812
Scholarly Publishing & Access to Knowledge	340 187
Overheads	645 825
Telecommunications	**2 582 541**
South Africa Connect	250 000
Village Telco	1 381 354
Wireless Africa	13 482
Overheads	937 705
Shuttleworth Fundraising Trusts	**6 464 388**
Durbanville Library	2 298 740
Fisantekraal Library	4 165 648
General Projects	**441 777**
Starwise Fund	50 000
Teacher Development	65 664
TuXlab – Evaluation	326 113
Project Administrative Expenses	**72 960**
Total Project Spend	**22 431 745**

The Shuttleworth Foundation Trusts

Abridged Aggregated
Annual Financial Statements
at February 28 2009

The Shuttleworth Foundation Trusts

Abridged Aggregated Annual Financial Statements
At February 28 2009

Trustees	S M Kirkman
	J M Fourie
	R D Shuttleworth
Nature of Business	Drives social and policy innovation in the fields of education and technology, through policy dialogue and practical projects
Auditors	Ernst & Young Inc.
Bankers	Standard Bank of South Africa Limited

Registered Office

12 Plein Street	P O Box 4163
Durbanville	Durbanville
7550	7551

Incorporated in   South Africa

Trust Numbers

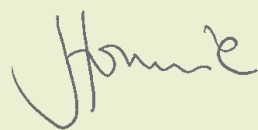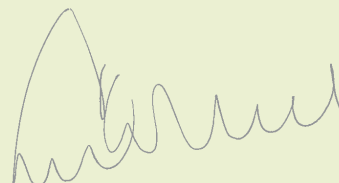|	
The Shuttleworth Foundation Trust	IT582/2001
The Shuttleworth Foundation Fundraising No 1 Trust	IT490/2003
The Shuttleworth Foundation Fundraising No 2 Trust	IT434/2001

Approval of Annual Financial Statements

The annual financial statements set out on pages 24 to 32 were approved by the trustees on July 31 2009.

_____   _____
Julia Fourie   Rick Shuttleworth

The Shuttleworth Foundation Trusts

Independent Auditor's Report to the Trustees

We have audited the annual financial statements of the Shuttleworth Foundation Trusts for the year ended February 28 2009, from which the abridged aggregated financial statements were derived, in accordance with International Standards on Auditing.

In our report dated July 31 2009 we expressed an unqualified opinion on the financial statements from which the abridged aggregated financial statements were derived.

In our opinion, the accompanying abridged aggregated financial statements are consistent, in all material respects, with the financial statements from which the abridged aggregated financial statements were derived and are prepared in accordance with the presentation and disclosure requirements of the Statement of Generally Accepted Accounting Practice for Small and Medium Enterprises.

For a better understanding of the trusts' financial position and the results of their operations for the year ended February 28 2009 and of the scope of our audit, the abridged aggregated financial statements should be read in conjunction with the financial statements from which the abridged aggregated financial statements were derived and our audit report of those financial statements.

Ernst & Young Inc.

Registered Auditor

July 31 2009
Cape Town

The Shuttleworth Foundation Trusts

Abridged Aggregated Income Statement
For the year ended February 28 2009

	Note	2009 SF R	2009 HIP2B² R	2009 Total R	2008 SF R	2008 HIP2B² R	2008 Total R
Revenue	2	3 987 482	2 632 870	**6 620 352**	84 539 025	1 954 371	**86 493 396**
Turnover		–	2 632 870	**2 632 870**	–	1 954 371	**1 954 371**
Cost of sales		–	(6 970 902)	**(6 970 902)**	–	(5 630 814)	**(5 630 814)**
Gross Loss		–	(4 338 032)	**(4 338 032)**	–	(3 676 443)	**(3 676 443)**
Other Income		133 193	29 498	**162 691**	80 002 043	–	**80 002 043**
Donations received		–	–	**–**	80 000 000	–	**80 000 000**
Other		133 193	29 498	**162 691**	2 043	–	**2 043**
Finance income		3 987 482	–	**3 987 482**	4 539 025	–	**4 539 025**
		4 120 675	(4 308 534)	**(187 859)**	84 541 068	(3 676 443)	**80 864 625**
Operating Expenses		(27 237 467)	(2 509 047)	**(29 746 514)**	(21 361 562)	(2 188 523)	**(23 550 085)**
Administrative expenses		4 073 543	2 509 047	**6 582 590**	4 471 666	2 175 336	**6 647 002**
Communication campaign expenses		732 177	–	**732 177**	823 099	13 187	**836 286**
Distributions to projects and related expenses	4	22 431 747	–	**22 431 747**	16 066 797	–	**16 066 797**
Finance expense		–	–	**–**	(302 322)	–	**(302 322)**
(Deficit)/surplus before taxation		(23 116 792)	(6 817 581)	**(29 934 373)**	62 877 184	(5 864 966)	**57 012 218**
Taxation		–	–	**–**	(5 176)	–	**(5 176)**
(Deficit)/ Surplus for the year		(23 116 792)	(6 817 581)	**(29 934 373)**	62 872 008	(5 864 966)	**57 007 042**

The Shuttleworth Foundation Trusts

Abridged Aggregated Balance Sheet
At February 28 2009

	Note	2009 R	2008 R
Assets			
Current assets			
Intangible asset	5	–	–
Trade and other receivables		395 148	868 512
Bank balances and cash		23 427 882	52 432 005
		23 823 030	53 300 517
Total assets		23 823 030	53 300 517
Funds and Liabilities			
Capital and funds			
Trust capital		300	300
Accumulated surplus		15 658 113	45 592 486
		15 658 413	45 592 786
Current liabilities			
Trade and other payables		8 008 567	7 585 518
Leave pay provision		156 050	122 213
		8 164 617	7 707 731
Total funds and liabilities		23 823 030	53 300 517

The Shuttleworth Foundation Trusts

Abridged Aggregated Statement of Changes in Trust Funds
For the year ended February 28 2009

	Trust capital R	Accumulated surplus/(deficit) R	Total R
Balance at February 28 2007	300	(11 414 556)	(11 414 256)
Surplus for the year	–	57 007 042	57 007 042
Balance at February 29 2008	300	45 592 486	45 592 786
Deficit for the year	–	(29 934 373)	(29 934 373)
Balance at February 28 2009	300	15 658 113	15 658 413

The Shuttleworth Foundation Trusts
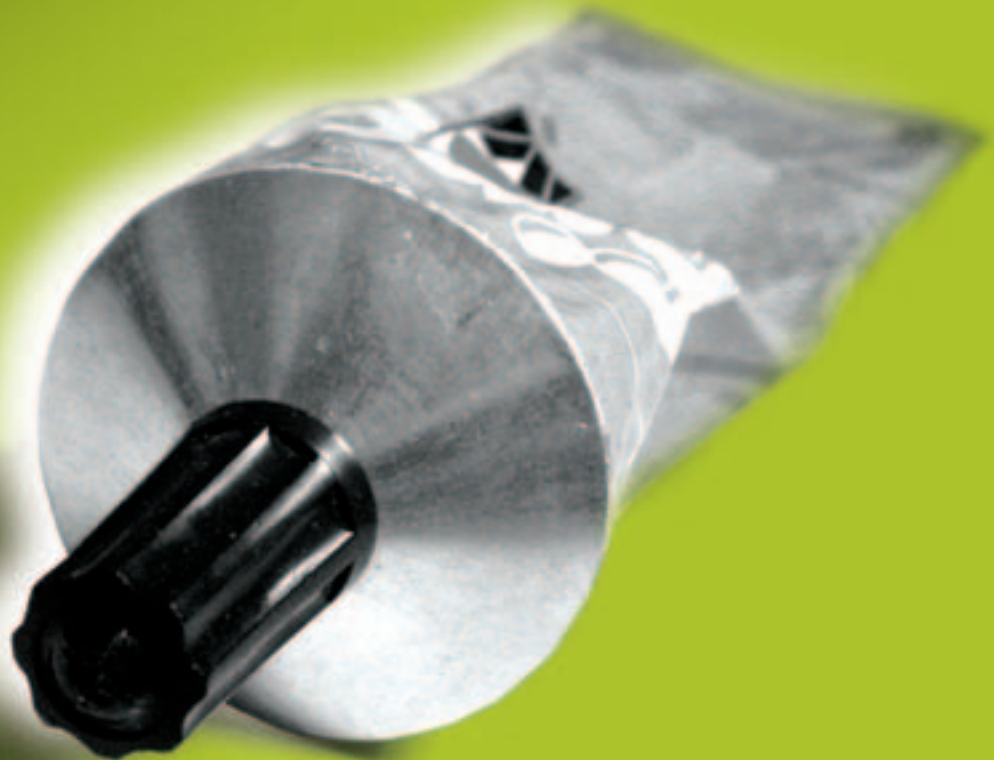
Abridged Aggregated Cash Flow Statement
For the year ended February 28 2009

	Note	2009 R	2008 R
Cash flows from operating activities			
Cash utilised by operations	1	(33 888 018)	(25 774 373)
Movement in working capital	2	896 413	(6 203 082)
Cash utilised by operating activities		(32 991 605)	(31 977 455)
Finance income		3 987 482	4 539 025
Finance expense		–	(302 322)
Net cash outflow from operating activities		(29 004 123)	(27 740 752)
Cash flows from financing activities			
Decrease in loan payable		–	(9 222 583)
Donation received from Founder		–	80 000 000
Cash inflow from financing activities		–	70 777 417
Net movement in cash and cash equivalents		(29 004 123)	43 036 665
Cash and cash equivalents at beginning of year		52 432 005	9 395 340
Cash and cash equivalents at end of year		23 427 882	52 432 005

Notes to the cash flow statements

		2009 R	2008 R
1. Cash utilised by operations			
(Deficit)/surplus before taxation		(29 934 373)	57 012 218
Adjustments:			
Finance income		(3 987 482)	(4 539 025)
Finance expense		–	302 322
Decrease in intangible asset		–	1 347 655
Depreciation		–	5 882
Provisions		33 837	75 009
Donation received from Founder		–	(80 000 000)
Scrapping of fixed assets		–	21 566
		(33 888 018)	(25 774 373)
2. Movement in working capital			
Decrease/(increase) in trade and other receivables		473 364	(292 853)
Increase/(decrease) in trade and other payables		423 049	(5 910 229)
		896 413	(6 203 082)

Did you know?

Pratley Putty, which helped Neil Armstrong keep parts of his ship together when landing on the moon, was invented by George Pratley from Krugersdorp.

At the Shuttleworth Foundation, we believe that with access to open information, resources and technology, many more South Africans will be able to realise their full potential to make a difference in the world.

The Shuttleworth Foundation Trusts

Notes to the Abridged Aggregated Financial Statements
At February 28 2009

1 Accounting Policies

This report is prepared in accordance with the Statement of Generally Accepted Accounting Practice for Small and Medium Enterprises. In accordance with this framework, IAS 34/AC127 has been applied to prepare the abridged aggregated financial statements. The results shown are the aggregation of The Shuttleworth Foundation Trust, The Shuttleworth Foundation Fundraising No. 1 Trust and The Shuttleworth Foundation Fundraising No. 2 Trust, for all of which Mark Shuttleworth is the Founder. All transactions and balances between these entities have been removed for the purposes of preparing the abridged aggregated financial statements. The information presented in this report has been audited by the external auditors.

1.1 Basis of preparation

This report has been prepared on the historical cost basis, except where stated otherwise, and in accordance with the accounting policies which were applied in the preparation of the individual trusts' annual financial statements for the year ended February 28 2009. The accounting policies and methods used are consistent with those used in prior periods.

1.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised. Revenue is measured at the fair value of the consideration received or receivable net of any discounts, rebates and related taxes.

Finance income
Revenue is recognised as interest accrues (using the effective interest rate method that is the rate that exactly discounts the future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Sale of goods
Revenue is recognised when significant risks and rewards of ownership from the sale of goods are transferred to the buyer.

Donations received
Revenue from donations is recognised when the payment is received.

Advertising income
Revenue from advertising income is recognised when the advert to which it relates is published in the HIP2B[2] magazine or displayed on the HIP2B[2] website.

1.3 Financial instruments

Financial assets and financial liabilities are initially recognised on the balance sheet when the trust becomes party to the contractual provisions of the instrument. When financial assets and financial liabilities are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The trust determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

The Shuttleworth Foundation Trusts

Notes to the Abridged Aggregated Financial Statements
At February 28 2009 (Continued)

1 Accounting Policies *(Continued)*

1.3 Financial instruments (continued)

Trade and other receivables
Trade and other receivables, which generally have 30 days' terms, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method less an allowance for impairment. Provision is made when there is objective evidence that the trust will not be able to collect the debts. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty or defaulting on payments. Bad debts are recognised in profit or loss when identified.

Bank balances and cash
Bank balances and cash in the balance sheet are initially recognised at fair value and subsequently measured at amortised cost, and comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Trade and other payables
Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial assets and liabilities
Financial assets
A financial asset is derecognised where:
• The contractual rights to receive cash flows from the asset have expired, or are settled, or
• The trust transfers to another party all of the significant risks and reward relating to the financial asset; or
• The trust, despite having retained some significant risks and rewards relating to the financial asset, has transferred control of the asset to another party and that other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Impairment
All financial assets are reviewed (individually or collectively) for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying value of these instruments exceeds the recoverable amount, the asset is written down to the recoverable amount. Impairment losses are recognised in the income statement.

The Shuttleworth Foundation Trusts

Notes to the Abridged Aggregated Financial Statements
At February 28 2009 (Continued)

1 Accounting Policies (Continued)

1.4 Significant accounting judgements and estimates

Going concern
In the process of preparing the financial statements, the trustees agreed that the trusts are a going concern, due to the following reasons:
- There is no intention to cease the operations of the trusts.
- Should the trusts require additional funding to continue operation, the funding would be provided by the founding donor, M R Shuttleworth.

	2009 SF R	2009 HIP2B^2 R	2009 Total R	2008 SF R	2008 HIP2B^2 R	2008 Total R
2 Revenue						
Donations	–	–	–	80 000 000	–	80 000 000
Finance income	3 987 482	–	3 987 482	4 539 025	–	4 539 025
Magazine income	–	2 632 870	2 632 870	–	794 054	794 054
Sale of goods	–	–	–	–	1 160 317	1 160 317
	3 987 482	2 632 870	6 620 352	84 539 025	1 954 371	86 493 396

Turnover represents magazine income.

3 Additional Information

The current year income statement has been split into two columns, HIP2B^2 and SF, in order to differentiate between the revenue generated from the HIP2B^2 magazine used to communicate the Foundations message and from the utilisation of donor and third party donations.

4 Distributions to Projects and Related Expenses

Distributions exceeding the limit imposed on the management team of the trusts, are approved by the trustees. All distributions are authorised on signature of a memorandum of understanding between the beneficiary of the distribution and the trust.

The Shuttleworth Foundation Trusts

Notes to the Abridged Aggregated Financial Statements
At February 28 2009 (Continued)

	2009 R	2008 R
5 Intangible Asset		
Broadcasting Rights		
Balance at beginning of year	–	1 347 655
Television airtime used	–	(1 347 655)
Balance at end of year	–	–

An intangible asset was recognised for the television airtime owing to HIP2B^2 from the SABC as at February 28 2007. The trust realised the intangible asset recognised during the prior financial year.

6 Related Parties

Related party relationships exist between the donor, Mr M R Shuttleworth, 12 Plein Street Durbanville (Proprietary) Limited, and HBD Management Services (Proprietary) Limited.

Transactions for the year

	2009	2008
Mr M R Shuttleworth – Donation	–	80 000 000
12 Plein Street Durbanville (Proprietary) Limited		
– premises, equipment rental and share of running costs	433 666	422 976
HBD Management Services (Proprietary) Limited		
– management fees	(1 019 795)	(1 814 811)
– share of support costs	(285 742)	(275 659)

All transactions between related parties are entered into at arms' length.

7 Audited Annual Financial Statements

The audited annual financial statements of The Shuttleworth Foundation Trust and The Shuttleworth Foundation Fundraising No. 1 and No. 2 Trusts can be obtained from the Trusts registered office or postal address as indicated below:

Registered office and postal address

12 Plein Street   P O Box 4163
Durbanville   Durbanville
7550   7551

Did you know?

It has been estimated that getting your message across effectively relies only 7% on the words you use, and 38% on how you say them. 55% of your communicative ability depends on your body language when speaking.

At the Shuttleworth Foundation, one of our key themes is focused on helping people to communicate effectively. This we are doing by working towards ensuring open access to the knowledge people need to develop effective analysis and communication skills.