

GAUTENG ENTERPRISE PROPELLER

ANNUAL PERFORMANCE PLAN FOR 2019/20

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MEC'S STRATEGIC OVERVIEW PERSPECTIVE

The Gauteng Provincial Government initiated a number of economic strategies to respond to the current economic reality that is marked by the widening inequality gap, high unemployment and poverty levels. These challenges are further compounded by the structure of the economy that continues to be biased towards a minority, which owns the largest share of South Africa's assets, whilst the majority of the population operate on the fringes. An analysis of wealth inequality, based on data from rounds of wealth surveys carried out by the University of South Africa (UNISA) between 2008 and 2015, suggests that the top percentile of households had 70.9 percent of the wealth, the bottom 60 percent had 7.0 percent and richer households are almost 10 times wealthier than poor households (World Bank 2018:22)¹.

In view of the low level of participation to the economic mainstream, and the marginalisation of the majority of black people in South Africa and the Gauteng Province, the Gauteng Department of Economic Development (GDED) developed the Gauteng Township Economy Revitalisation Strategy, the Transformation Modernisation and Re-industrialisation Strategy and the Gauteng City Region Economic Plan. These interventions were designed to redress the economic imbalances, increase economic participation, reverse the ownership patterns; and to a greater extent, stimulate the local economies. However, Small Micro and Medium Enterprises (SMME's) have been struggling to advance inclusive growth and the development envisaged in the country's National Development Plan as the share of SMME's in the economy, as well as the proportion of employees working in this sector has been declining over time (World Bank: 2018:22).

In the State of The Nation Address (SONA) delivered on the 16th February 2018, President Cyril Ramaphosa stated that "radical economic transformation requires that we fundamentally improve the position of black women and communities in the economy, ensuring that they are owners, managers, producers and in the end, some of them even become financiers."² The President further reiterated that through measures, such as preferential procurement and the black industrialist programme, we are developing a generation of black men and women producers that are able to build enterprises of significant scale and capability.

In his 7th February 2019 State of the Nation Address (SONA), the President further stated that it has long been recognised that "one of the constraints inhibiting the growth of our economy is the high level of economic concentration" given that the structure of our economy has kept assets in the hands of a small minority.

This has stifled South Africa's economic growth and small enterprise development, and has to a large extent, kept many young South African entrepreneurs out of the economy or confined them to the margins. There is thus a need to increase and foster economic participation especially from the previously marginalised businesses. As part of our efforts to increase investment, to foster greater inclusion and create more opportunities, the President of South Africa, will soon sign into law the Competition Amendment Bill. This will give grant competition authorities the ability to address this challenge, but more importantly it will open up new opportunities for many South Africans to enter various sectors of the economy and compete on an equal footing³.

¹ Source: *The World Bank (2018) Overcoming Poverty and Inequality in South Africa: An assessment of Drivers, Constraints and Opportunities, Washington DC.*

² Cyril Ramaphosa (2018) *State of the Nation Address*.

³ Cyril Ramaphosa (2019) *State of the Nation Address*.

Central to the President Ramaphosa's 2018 SONA was the renewed focus on SMME and co-operative development. In the 2019 State of the Province Address, President Cyril Ramaphosa states that "given the key role that small businesses play in stimulating economic activity and employment ... and in advancing broad-based empowerment ... we are focusing this year on significantly expanding our Small Business Incubation Programme." The incubation programme provides upcoming entrepreneurs with support in the form of physical space, infrastructure and shared services, access to specialised knowledge, market linkages, training in the use of new technologies and access to finance. The incubation programme, together with the focus placed on refurbishing industrial parks in townships has vast potential to transform Gauteng's economy, particularly given the fact that the revitalisation of industrial parks has targeted places such as Botshabelo, Phuthaditjhaba, Garankuwa, Isithebe, Komani and Seshego.

In the past four years, the GDED channelled most of its resources towards developing the township economy through support interventions provided to various sectors of the economy. These include, amongst others, the increased support to township-based businesses, youth-owned and women-owned businesses. A targeted approach, coupled with a ring-fenced budget was developed to ensure that township communities are able to participate in the economy. To ensure that the Province remains committed to supporting youth, the Youth Accelerator Program was developed in line with the Tshepo 1 Million program, which has created thousands of jobs in the Gauteng Province. This program is also in line with the Youth Employment Service (YES), earmarked to create 1 million jobs and reduce the high unemployment levels gripping the youth cohort in the country.

In rethinking the Gauteng approach to economic development, the Province has and continues to shift from small quantities to a high-growth trajectory targeting high economic multipliers and value-addition. This resonates with the high-impact thinking that continues to be driven by the Deliverology or high-impact projects aimed at shifting the current economic development path from consumption-driven economy to productive centres. Coupled with the development of township clusters, the Gauteng economy would ensure the mobilisation of people along the development centres, whilst enhancing productive skills and increasing the economies of scale. Township clusters have a potential to unlock latent economic opportunities, increase the bargaining power of small businesses, while creating more jobs for the local people. In various townships, the terrain is well-levelled. The Province has embarked on the refurbishment of township industrial parks to ensure that small businesses participate meaningfully in the economy, while also creating job opportunities where people live. This resonates with the National Development Plan, which advocates for the creation of jobs where people live.

The slow economic growth coupled with fiscus austerity measures and a diminishing budget has, to a greater extent, reduced the provincial potential to scale-up interventions. Given Gauteng's contribution to the National Gross Domestic Product, the Province is expected to contribute at least 40 percent of the 11 million jobs by 2030. This further calls for the mobilisation of resources and partners across all the sectors of the economy.

We are looking forward to increasing support to SMME's and co-operatives in the Province and change the current economic landscape. The Gauteng Provincial Government has committed to take the Gauteng City Region forward.

Honourable Lebogang Maile
MEC for Gauteng Department of Economic
Development and Agriculture and Rural Development

FOREWORD BY THE CHAIRPERSON OF THE BOARD

The Gauteng Enterprise Propeller (GEP) continues to make positive strides in contributing towards developing small businesses across various corridors of the Gauteng City Region, despite limited budget to meet the ever-growing needs of SMME's and co-operatives in the Province. GEP is at the centre of both township and province-wide development of small businesses and co-operatives. However, the slow economic growth, coupled with the diminishing budget place the agency in a quandary position. Since the agency caters for businesses that are excluded from the mainstream banking sector, whilst also thriving to create youth employment, a budget reduction implies that most township businesses, especially pre-start-ups and start-ups would not receive the necessary support required.

During the launch of the European Fund, the Minister of Small Business Development, Honourable Lindiwe Zulu, stated that only 2 percent of start-up businesses receive support from the development finance institutions (Minister Lindiwe Zulu, 2/03/2018)⁴. This depicts that most start-up businesses continue to be excluded by the mainstream banks and some development finance institutions, hence the need to provide support through pre-investment readiness programmes.

The Agency is faced with a mammoth task of balancing the needs of small businesses across the Province with the limited resources currently at its disposal. GEP is expected to create jobs through various initiatives, such as the Youth Accelerator Programme, as a means to curb the high levels of youth unemployment, while the core mandate of supporting small businesses and co-operatives remains critical. There is also a strong emphasis on sectors with greater opportunities for economic growth, such as manufacturing, agriculture and agro-processing. Resources of the Agency, on the other hand, continue to be thinly-stretched. Tackling youth unemployment requires a concerted effort from all the stakeholders, as the youth unemployment rate in South Africa increased to 53.70 percent in the second quarter of 2018 from 52.40 percent in the first quarter of 2017 (Tradingeconomies.com: Statistics South Africa:2018).

Over the past few years, GEP has faced budget allocation reductions, while the core responsibilities increased dramatically. The challenges experienced through the Gauteng Township Economy Revitalisation (TER) Strategy have necessitated that the Agency should rethink its approach to SMME and co-operatives development. The TER Strategy advocates for increased participation of the small businesses and co-operatives into the mainstream economy, while also requiring the Agency to focus on the high-impact projects. Since GEP caters for the high-risk market of pre-start-up and start-up businesses, the Agency has a responsibility to ensure that it assists SMME's and co-operatives to graduate to the mainstream economy. In the GEP context, mainstream economy means the integration or graduation of businesses from the position that is deemed informal/marginal/fringe (not acceptable in the mainstream discourse/unorthodox) into what is formally accepted (mainstream economy). In this instance, mainstream economy is the domain of the few that are deemed as key players, and GEP interventions are aimed at increasing the number of small township businesses operating in this domain.

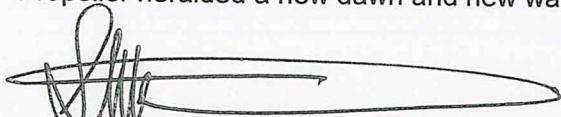
To leapfrog SMME's and co-operatives to a positive growth trajectory requires a concerted effort from various stakeholders, including other development finance institutions, banks, government departments, the private sector and other critical stakeholders. However, the fragmented nature of critical players within the SMME and co-operative landscape compromises the Province's efforts to leverage on the proximity of various development finance institutions, incubators, the private

⁴ Minister Lindiwe Zulu (2018/02/02) Launch of the European Union Fund, Riversand, Gauteng Province

sector and other critical stakeholders. Given the diverse challenges facing SMME's and co-operatives, ranging from the non-compliance, low skills level and lack of productive capacity, it has become clear that there is a need to mobilise support from all the development finance institutions across the Province and start identifying the niche. GEP has taken a positive step towards achieving this objective through several stakeholder engagement sessions, held in the first and second quarters of the 2018/19 financial year, which in part were aimed at identifying the key role-players across the SMME developmental stages of ideation, start-up, early and growth, so as to craft niche focus areas for the various provincial development finance institutions and eliminate the current challenge of double-dipping by SMME's and co-operatives. This would assist not only with the repositioning of GEP, particularly in terms of providing support to small businesses in the ideation and start-up developmental stages, but also the development finance institutions within the Province. The recent development of the Gauteng Enterprise Model is a critical game changer within the SMME and co-operatives landscape, and it requires all provincial role-players in the small business development space, including development finance institutions, to rethink their approaches to business development. Such an approach will assist to increase the rand value of our interventions, while also augmenting the impact of SMME's and co-operatives.

An integrated approach to SMME and co-operatives development in the Province would assist in scaling up the impact, whilst also increasing economic participation and creating the desired jobs as spelled out in the National Development Plan.

The recent Development Finance Institutions Dialogue organised by the Gauteng Enterprise Propeller heralded a new dawn and new ways of doing things in the Province.



Mr. Khehla Mthembu

Chairperson of the Board

OFFICIAL SIGN-OFF

It is hereby certified that this 2019/20 Annual Performance Plan for the Gauteng Enterprise Propeller (GEP):

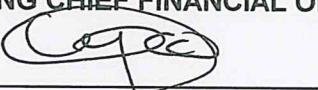
- 1) Was developed by the management of GEP under the guidance of the Gauteng MEC for Economic Development, Mr Lebogang Maile, and the GEP Board of Directors;
- 2) Was prepared in line with the revised GEP Strategic Plan 2015-2019, which has been extended by one year to 2019/20;
- 3) Accurately reflects the performance targets, which GEP will endeavour to achieve given the resources made available in the budget for the 2019/20 financial year.

RECOMMENDED BY:



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ACTING CHIEF FINANCIAL OFFICER



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Mr. Khehla Mthembu

CHAIRPERSON OF THE BOARD

20/02/2019

Date

21/02/2019

Date

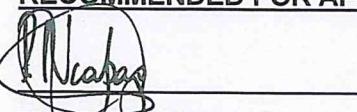
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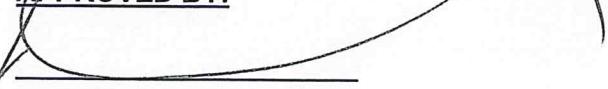
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APPROVED BY:



Mr. Lebogang Maile (MEC)

EXECUTIVE AUTHORITY

26 FEBRUARY 2019

Date

17.02.2019

Date

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ACRONYMS AND ABBREVIATIONS

ADMIN	Administration
AG	Auditor-General of South Africa
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BCI	Business Confidence Index
BER	Bureau for Economic Research
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
COIDA	Compensation for Occupational Injuries and Diseases Act
COO	Chief Operations Officer
CO. SEC.	Company Secretary
CPA	Criminal Procedure Act
DFI	Development Finance Institution
DPME	Department of Planning, Monitoring and Evaluation
FDI	Foreign Direct Investment
GCR	Gauteng City Region
GDED	Gauteng Department of Economic Development
GDP	Gross Domestic Product
GDP-R	Gross Domestic Product by Region
GEP	Gauteng Enterprise Propeller
GEM	Gauteng Entrepreneurship Model
GM	General Manager
PGP	Gauteng Provincial Government
ICT	Information and Communication Technology
IMF	International Monetary Fund
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation

MEC	Member of the Executive Council
MoA/U	Memorandum of Agreement/Understanding
MTEF	Medium-term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
PFMA	Public Finance Management Act
POA	Programme of Action
POCA	Prevention of Organised Crime Act
PPPFA	Preferential Procurement Policy Framework Act
PRECCA	Prevention and Combating of Corrupt Activities
PWD(s)	People With Disability/ies
Q	Quarter
SA	South Africa
SACCI	South African Chamber of Commerce and Industry
SADC	South African Development Community
SARB	South African Reserve Bank
SARS	South African Revenue Services
SCM	Supply Chain Management
SEFA	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority
SMME	Small, Medium and Micro Enterprise
SO	Strategic Objective
SONA	State of the Nation Address
SP	Strategic Plan
TER	Township Economy Revitalisation
TMR	Transformation, Modernisation and Re-industrialisation
UNISA	University of South Africa
VAT	Value-Added Tax
YES	Youth Employment Service

PART A: STRATEGIC OVERVIEW

1. UPDATED SITUATIONAL ANALYSIS

As an update to the situational analysis in GEP's revised 2015-2019 Strategic Plan, which has been extended by a year to the end of the 2019/20 financial year through an addendum to this APP, discussed below are the salient external and internal environment shifts influencing GEP's performance and 2019/20 performance plan and targets.

1.1 MACROECONOMIC CONTEXT TO PLANNING FOR 2019/20

The South African Economy in Context:

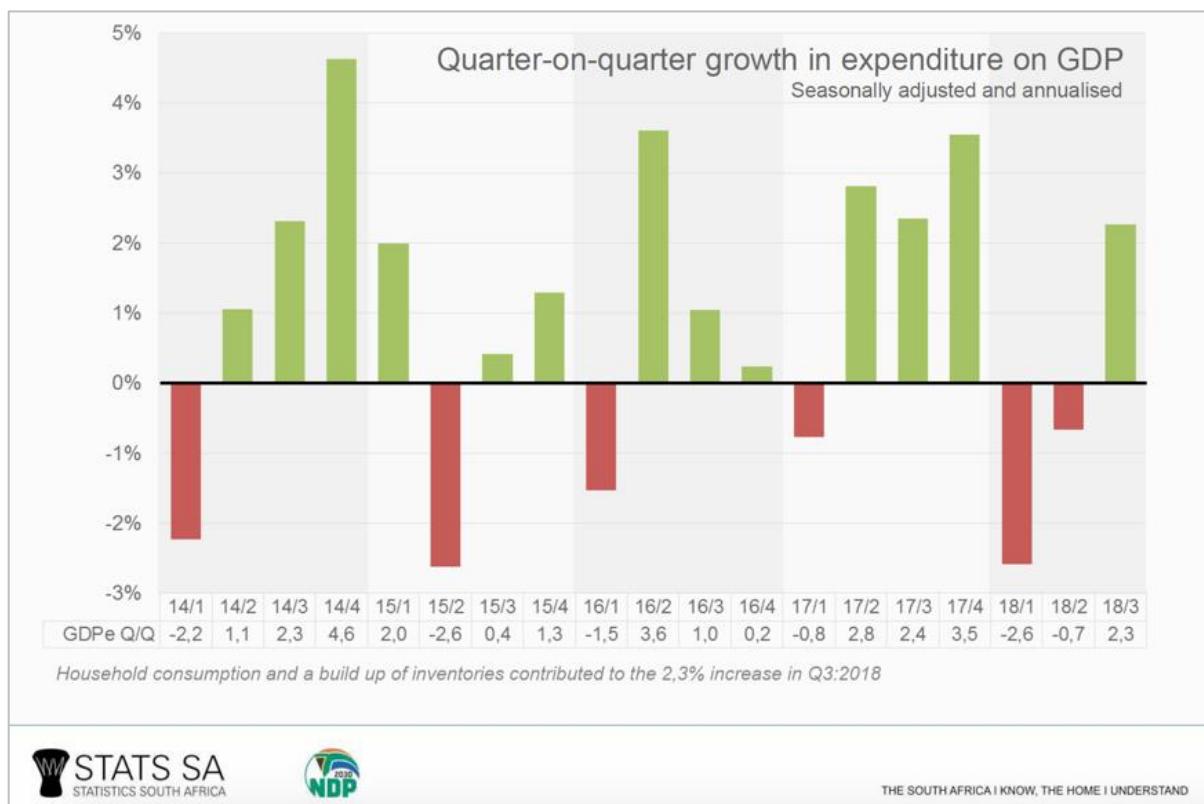
South Africa's economy has mostly been under pressure for the period of GEP'S strategic plan, characterised by a lower than expected growth rate, high structural unemployment, among the highest inequality levels in the world and unsustainable poverty levels.

In July 2018, the South African Reserve Bank (SARB) revised its forecast for Gross Domestic Product (GDP) growth down to 1.2% in 2018 from the previous estimate of 1.7%, while forecasts for 2019 and 2020 have been adjusted to 1.9% and 2% respectively (World Bank, 2018b). Elevated political uncertainty and weak consumer and business confidence continue to restrain South Africa's growth prospects, and it is, therefore, improbable that South Africa will achieve the Medium-Term Strategic Framework (MTSF) 2014-2019 target of 6% growth by 2019 (National Treasury, 2018).

The figure below reflects that 6 of the 19 quarters since the beginning of 2014 reflected negative economic growth, with quarter-on-quarter growth peaking at 4.4% in Q4 of 2014. The South African economy grew by 2.2% quarter-on-quarter (seasonally adjusted and annualised) in Q3 of 2018, bringing to an end the country's second recession since 1994⁵.

⁵ Statistics South Africa, GDP 3rd Quarter 2018, 4 December 2018

Figure 1: South African quarter-on-quarter growth in gross domestic product



While South Africa's population has increased by 4.1%, from 55 million people in 2014 to 57.4 million⁶ in 2018, the economy has not grown at a sufficient rate to absorb the increasing number of economically active population. The increase in the unemployment rate from 25.5% at the beginning of the term in Q2 2014 to 27.5% in Q3 2018 attests to the challenge of low economic growth. A total of 6.2 million South Africans of working age, out of a labour force of 22.5 million people were unemployed by Q3 2018. Particularly concerning is that 39% of young people aged between 15 and 34 years were not in employment, education or training by the end of Q3 2018⁷, reflecting a worsening trend as compared to a year earlier.

- 1) The recently developed Job Summit Framework recognises that South Africa's economy has not created sufficient jobs to sustainably reduce unemployment. This is mainly attributed to factors, such as slow growth within the more labour intensive sectors of agriculture, mining and manufacturing.
- 2) The high levels of youth unemployment has direct implications for GEP, requiring radical intervention to contribute to the NDP target of 14% unemployment by 2020 and 6% by 2030, as well as to ensure that 90% of the NDP target of 11 million jobs created by 2030 are from SMME's.

⁶ Statistics South Africa, Mid-Year Population Estimates, 23 July 2018

⁷ Statistics South Africa, Quarterly Labour Force Survey, Quarter 3, 2018

-
- 3) The Department of Planning, Monitoring and Evaluation (DPME) recently released an NDP progress report that identified below-par performance of DFI's and applicable government departments as among the key reasons for slow job growth by SMME's.
 - 4) It is thus vital for GEP to roll-out interventions that will stimulate the development of SMME's and co-operatives across the priority sectors of the economy, and to promote the creation of a conducive environment for entrepreneurial development.

The high unemployment is compounded by South Africa being rated as one of the most unequal societies in the world and, while extreme poverty rates are reducing (the number of people living on less than \$1.90 per day), the level of overall poverty (those living on less than \$5.50 per day) remains unsustainably high⁸. Further challenges include the depreciating Rand/Dollar exchange rate, from under R12.00 to the Dollar in 2014 to over R14.00 to the Dollar in 2018. Record level fuel price increases, from R13.00 per litre at the beginning of 2014 to over R17.00 per litre in October 2018, although it has eased back to within the R14.00 per litre range in January 2019, is a lead indicator of the inflationary pressures of the economy. The biggest threat to the economy now seems to be land repossession, which has a potential to deter investors if not properly managed, as some analysts argue that tampering with property rights would have a massive negative impact on the country's economy.

Low economic growth has also meant a strain on the fiscus. Over the period since 2014, government has had to follow a path of measured fiscal consolidation by reducing spending. By 2017 and continuing into 2018, a sharp deterioration in revenue collection and further downward revisions to economic growth projections severely eroded government's fiscal position. With few options, the VAT rate was increased from 14% to 15% as from April 2018.

- 1) As emphasised in the past three SONA's, budget cuts are a reality, providing an opportunity to streamline government operations to be lean and more efficient, and to partner and collaborate across government and with external stakeholders.
- 2) GEP has felt the brunt of the fiscal constraint, with an expanding mandate and increasing expectations not supported by the requisite financial resources.
- 3) The envisaged budget reduction in 2019 indicates that resource allocations for support to SMME's and co-operatives will also be reduced. This will further exacerbate the low growth and sustainability rates of small township businesses and their contribution towards the achievement of the job creation objectives of the NDP.
- 4) This calls for a change in approach – development of strategic alliances and partnerships, and a focus on non-financial support to enterprises in the early lifecycle stages. This is where GEP is able to operate most effectively, while DFI's with bigger funding budgets and commercial banks may take on the responsibility of providing the financial support to start-ups that GEP has made investment-ready.
- 5) This change in approach is reliant on the adoption of the Gauteng Entrepreneurship Model (GEM), which is likely to scale-up support to SMME's and co-operatives, improve efficiency in relation to the utilisation of limited resources and increase the potential of entrepreneurs to contribute more meaningfully towards economic growth in the Province.

⁸ World Bank, 2018

Indications are that the private sector, particularly local businesses, are willing to step up to create jobs and stimulate economic growth. This is supported by the rise in business confidence levels to its highest level in 6 months in November 2018. The South African Chamber of Commerce and Industry's (SACCI) monthly Business Confidence Index (BCI) rose to 96.1 in November, from the low of 90.5 in August 2018⁹. SACCI said the appointment of the new Finance Minister was one of the significant events that may have impacted positively on the domestic business climate. Should these lead indicators of economic recovery continue to strengthen moving forward, South Africa and Gauteng are likely to realise the long-anticipated recovery and improved economic performance.

However, the economic recovery will take time and, despite the improving sentiment, the International Monetary Fund (IMF) has forecast that South Africa's GDP expansion forecast for 2018 was 0.8%, down from the April 2018 estimate of 1.5%¹⁰. This is in line with the estimates of the South African Reserve Bank and Statistics South Africa. Economic expansion is projected at 1.4% and 1.7% in 2019 and 2020 respectively, noting that while measures to tackle corruption, to strengthen procurement and eliminate wasteful expenditure were welcomed, further reforms are needed to increase policy certainty, improve the efficiency of state-owned enterprises, enhance flexibility in the labour market, improve basic education and align training with business needs. The IMF further adds that uncertainty in the run-up to the 2019 general election was also negatively impacting growth.

The Gauteng Economy in Context:

By virtue of its strategic position in the national and SADC economy, Gauteng is best-placed to champion an inclusive and growing economy, one that is labour absorbing and ecologically sustainable. The Province is resilient and, despite the tough global and national economic conditions, has maintained its position as the economic powerhouse of South Africa, contributing approximately 35% to the South African economy. On a continental scale, Gauteng contributes around 11% to African GDP. Gauteng is the most populous province; home to approximately 13.4 million people (24.1% of the SA population) in 2016, up from 12.2 million (23.7% of the SA population) in 2011, and 9.4 million (20.9% of the SA population) in 2001¹¹.

While the GDP growth rate in Gauteng consistently tracks and exceeds the national growth rate, 2016 and 2017 were the most difficult economic years for the Gauteng economy since the 2008/9 economic crisis. Following on the back of the sluggish growth rate of 0.6% in 2016, the economy slowed further to 0.3% in 2017. The slow growth rate was driven by a broad-based slowdown in economic activity across the Province, with Gross Domestic Product by Region (GDP-R) decelerating in all municipalities. Most noticeably, the sharpest decline was in the City of Johannesburg, from 1.3% in 2016 to 0.3% in 2017¹².

⁹ Gauteng Department of Economic Development, *Weekly Economic Insights 5-9 November 2018*

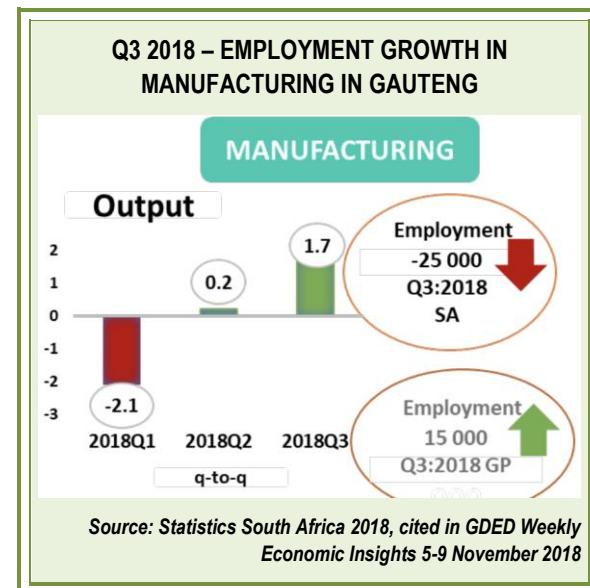
¹⁰ International Monetary Fund, *World Economic Outlook Update Report, January 2019*

¹¹ Statistics South Africa Census 2001 & 2011, Statistics South Africa Community Survey 2016

¹² Gauteng Socio-Economic Review and Outlook, 2018.

The major sector contributors to the Gauteng economy are finance at 24%, government at 17.5%, manufacturing at 14% and trade at 13%. Of major concern, due to its impact on job creation, is the continued decline in manufacturing. Although there has been a small pick-up in manufacturing in Q2 and Q3 of 2018, with 15,000 additional people employed in the third quarter¹³, growth needs to be much faster to significantly impact on unemployment.

Looking forward, it is projected that the Province's tertiary sector will improve in 2018, with a GDP growth rate of 1% forecast. However, the extent to which the improvement is sustainable will depend on the political and economic environment, as these affect consumer and business confidence. For government, fiscal constraints will continue to limit expenditure in 2018 and the MTEF. It is forecast that the Gauteng economy will grow by 1.6% in 2019 and 2.4% in 2020¹⁴.



Gauteng continues to be the leading destination for foreign direct investment in Africa. According to the Ernst & Young 2016 Africa Attractiveness Survey, R30 billion of FDI projects came into the Gauteng economy in 2014 and 2015, growing further to a cumulative R66 billion in 2016¹⁵. There has been a considerable increase in business in the tertiary sector, resulting in the GCR evolving into the financial services hub of South Africa and the region. 15 Global 2000 Company headquarters are based in Gauteng, which compares favourably with that of Shenzhen (12), Mexico City (12), Santiago (9), Istanbul (7) and Cape Town (6)¹⁶.

- In planning for 2019/20, sector prioritisation is, therefore, important for GEP to ensure SMME's and co-operatives are capacitated to leverage the benefits of FDI.

As the pioneers of the township economy revitalisation concept, Gauteng has over the period made significant progress in empowering township-based enterprises, co-operatives and SMME's. Gauteng's commitment to building township enterprises through government procurement was demonstrated by an increase in spending on the township economy from R600 million in 2014 to R17 billion in 2017¹⁷. With an initial target of 30% spend on township enterprises by 2019, the Premier announced in 2017 that this target would be stretched to 40%¹⁸. It is worth noting that government spending through strategic procurement continues to be low, and there is a need for government departments to commit to the off-take agreements in order to enhance the performance of SMME's and co-operatives and their contribution to employment creation.

As in the rest of the country, sluggish economic growth has made it difficult to ensure employment numbers keep pace with growth in the economically active population. The unemployment rate

¹³ Gauteng Department of Economic Development, Weekly Economic Insights 5-9 November 2018

¹⁴ Gauteng Socio-Economic Review and Outlook, 2018.

¹⁵ Gauteng State of the Province Address, 21 February 2017

¹⁶ Brookings Institute, Profiling the Gauteng City Region's International Competitiveness and Connections, November 2015,

¹⁷ Gauteng State of the Province Address, 26 February 2018

¹⁸ Gauteng State of the Province Address, 21 February 2017

has increased by 3.8% since the beginning of the fifth term of government, to 29.6% in Q3 of 2018, significantly higher than the national unemployment rate of 27.5%¹⁹. With a total of 2,139 million people unemployed, the Province remains challenged to grow in a labour absorbing manner, thus the need for significant growth in the construction and manufacturing sectors. To make a meaningful dent in unemployment, the Province needs to create at least 400,000 new jobs per annum²⁰.

Table 1: Gauteng labour force and unemployment trends (2014 to 2018)

	Q1:2014	Q1:2015	Q1:2016	Q1:2017	Q3:2018	Change between Q1:2014 & Q3:2018
Labour force ('000)	6,463	6,857	7,011	7,336	7,216	+753
Labour force participation rate	69.9%	72.4%	72.3%	74.1%	70.7%	+0.8%
Employed ('000)	4,794	4,911	4,895	5,193	5,077	+283
Unemployed ('000)	1,669	1,945	2,115	2,143	2,139	-470
Unemployment rate	25.8%	28.4%	30.2%	29.2%	29.6%	+3.8%

Statistics South Africa, Quarterly Labour Force Surveys (2014 to 2018)

The above illustrates that, while Gauteng has significant opportunities and strengths, it continues to face persistent challenges in substantially reducing unemployment, poverty, inequality and social exclusion. This is exacerbated by the fact that Gauteng continues to experience the highest rates of in-migration and urbanisation in the country – an average of over 250,000 people move into and settle in the Province on an annual basis. The recent National Council of Provinces consultation process in Gauteng indicates that in-migration impacts heavily on various sectors of the economy. These include, amongst others, health, education, police service and the economy. The result is a labour force that has grown by over 750,000 people between Q1 of 2014 and Q3 of 2018²¹.

Gauteng – Economic Sector Performance:

As highlighted by the figure below, the trade sector was historically the largest employer (23%) in Gauteng, but has lost some of its proportion share over the past 10 years and is now the second largest employer alongside finance (20%), behind community services. Noteworthy is that the manufacturing sector has lost a significant share of the provincial employment, from 17% in 2008 to 13% in 2018. The sectors contributing the least to employment remains agriculture, utilities and mining, each with a share of (1%)²².

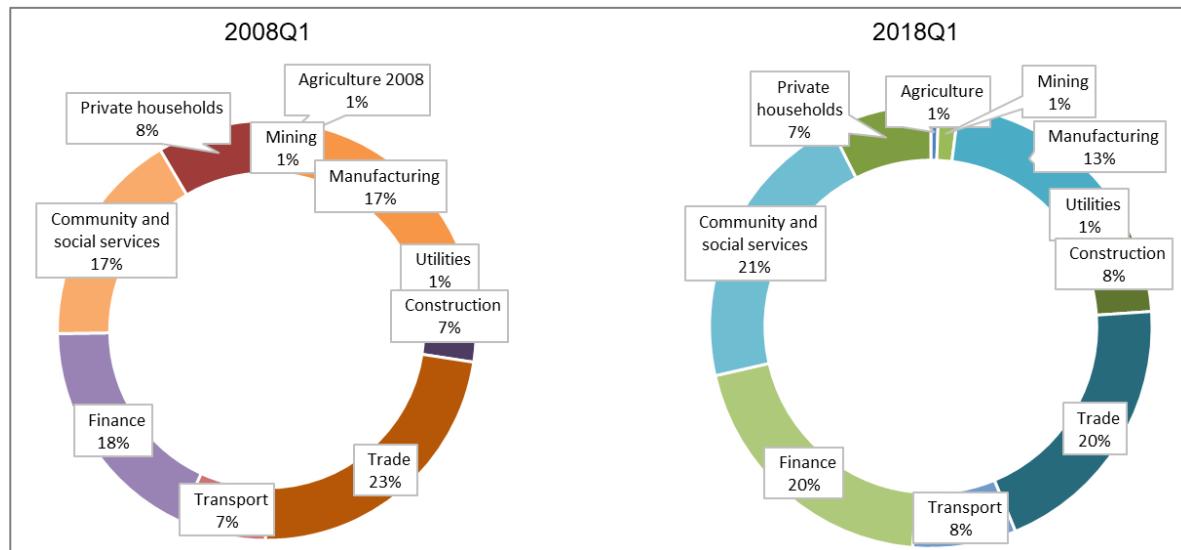
¹⁹ Statistics South Africa, Quarterly Labour Force Survey, Q3 2018

²⁰ GPG Exco Lekgotla Report, 6 February 2017.

²¹ Statistics South Africa, Quarterly Labour Force Survey, Q3 2018

²² Ibid

Figure 2: Gauteng employment composition by economic sector (Q1 2008 versus Q1 2018)



Source: Statistics South Africa, 2018

The major sector contributors in Gauteng are Finance at 24%, Government at 17.5%, Manufacturing at 14% and Trade 13%. There has been a considerable increase in business in the tertiary sector, resulting in Gauteng evolving into the financial services hub of South Africa and the region. However, a major concern is that government is a higher contributor to the Gauteng economy than manufacturing and trade.

The GPG Mid-Term Performance Review Report 2014-2016²³ emphasises that “*While Gauteng’s economic potential is undisputed, key constraints need to be addressed. Whilst improving, continued racial disparities in access to tertiary education and the lack of access to skills, networks and GCR economic benefits are obstacles to inclusive economic growth and equality*”.

The implication of this challenging macroeconomic environment is that GEP needs to deploy its limited resources optimally in pursuit of its mandate, requiring efficiency, effectiveness and economy in its operations and management. This 2019/20 APP for the MTEF is particularly important as the final push of the approved strategic plan and also as a positive first step of the next MTSF planning cycle.

1.2 THE GEP PERFORMANCE ENVIRONMENT

SMME's, Co-operatives and the Township Economy Landscape:

The NDP ascribes a critical role to SMME's and co-operatives in contributing to the growth of the South African economy, eliminating inequality and reducing poverty. All over the world it has been recognised that the small business sector plays an important, if not critical role, in the economic and social development of a country. This also applies to South Africa, where the small business sector has previously been neglected during much of the century, following the discovery of

²³ Gauteng Provincial Government, Mid-Term Performance Review 2014-2016, 2017

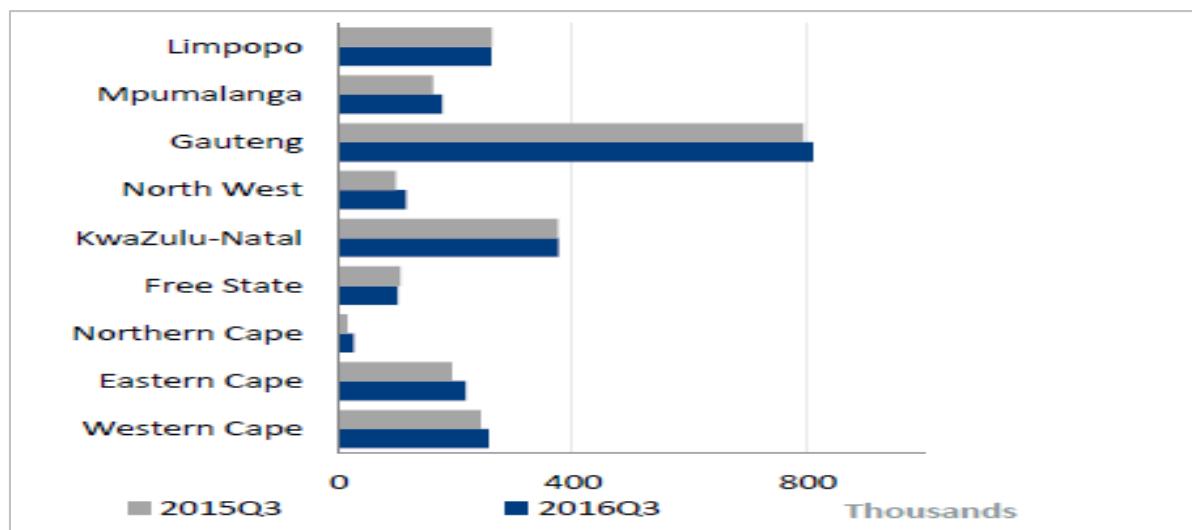
diamonds and gold and the establishment of a modern, capitalist economy with almost exclusive white control.

While the importance of large industrial, mining and other enterprises for the growth of the economy cannot be denied, there is ample evidence that the labour absorptive capacity of the small business sector is high, and the average capital cost per job created is usually lower than in big business, and its role in technical and other innovation is vital.

Globally over the last decade, it has become clear that big business and the formal economy is not able to create sufficient employment, and that SMME's are key drivers of growth and job creation in better performing and more stable economies. This has been shown to be the case in Germany, India, Malaysia, the People's Republic of China and Taiwan, amongst others, in which small businesses represent over 95% of total businesses and employ between 60% and 85% of the total workforce. On the other hand, the contribution and participation of small business in the South African economy is far below its potential. SMME's represent 98% of all businesses, but employ only 47% of the total workforce²⁴.

The number of SMME's in South Africa continues to trend upwards, and by Q3 2016 the total number of SMME's had increased to 2.34 million, a 4% year-on-year increase on the 2.25 million SMME's in Q3 2015²⁵. As illustrated by the figure below, over 800,000 (35%) of the SMME's are concentrated in the most populous and fastest growing province, Gauteng.

Figure 3: Provincial distribution of SMME's in South Africa



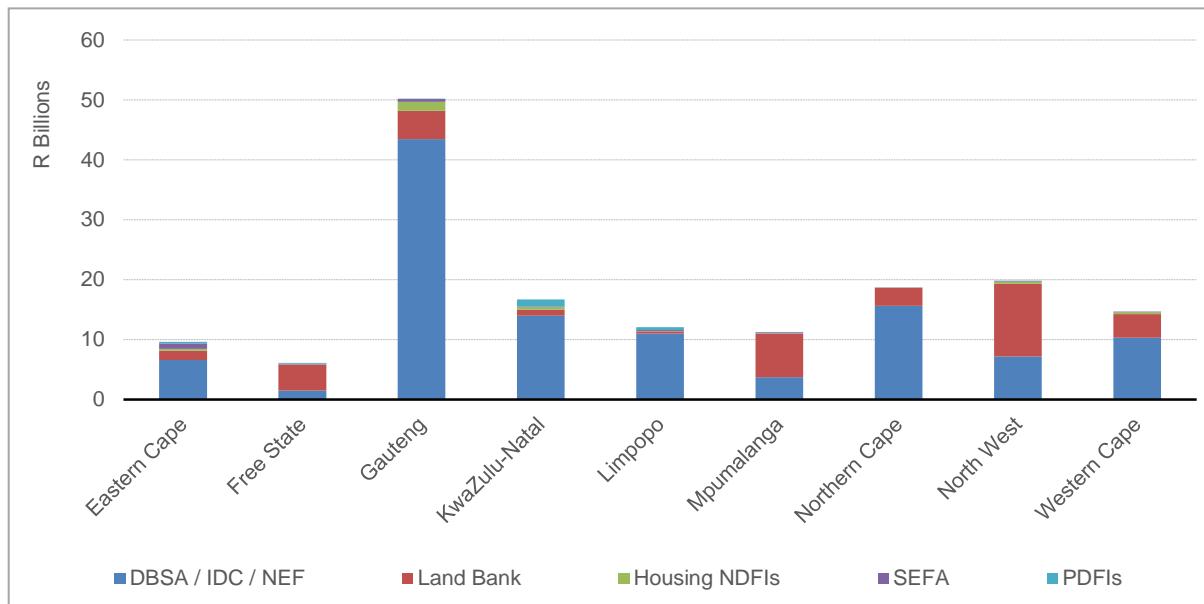
Source: BER, Stellenbosch University, (Statistics South Africa data)

While there is a high concentration of SMME's in the Province, available financial resources are unevenly spread, thus compromising SMME growth potential and economic growth. As illustrated by Figure 4 below, Gauteng has the highest concentration of DFI investment and financing assets. Over R40 billion of DFI funding is concentrated in the Province. However, it has been difficult to quantify their impact on SMME development, hence the need for an integrated approach across government and the DFI's.

²⁴ <https://finances.worldbank.org/Other/MSME-Country-Indicators-2014/psn8-56xf/data>

²⁵ Bureau of Economic Research, Stellenbosch University, 2017, based on Statistics South Africa Q3 2016 statistics

Figure 4: Provincial concentration of DFI investment and financing assets



Source: National Treasury – 2017

Notwithstanding the above, as the pioneers of the township economy revitalisation, Gauteng continues to make significant progress in empowering township-based enterprises, co-operatives and SMME's. As the Premier pronounced in 2016²⁶, “we will demonstrate that the township economy is becoming a beehive of activity with regard to innovation, entrepreneurship, empowerment and decent employment”.

GEP's Core Mandate and Contribution to the Gauteng Economic Development Plan:

Over the past five years, the provincial mandate and the demand for entrepreneurial development has increased, while resources to meet the growing demands have decreased. The entrepreneurial environment continues to face a huge financing gap of ±45%, with banks providing support mostly to established businesses, while small businesses get assisted at their last stage of development. This normally excludes most SMME's, due to the lending measures/criteria being so stringent.

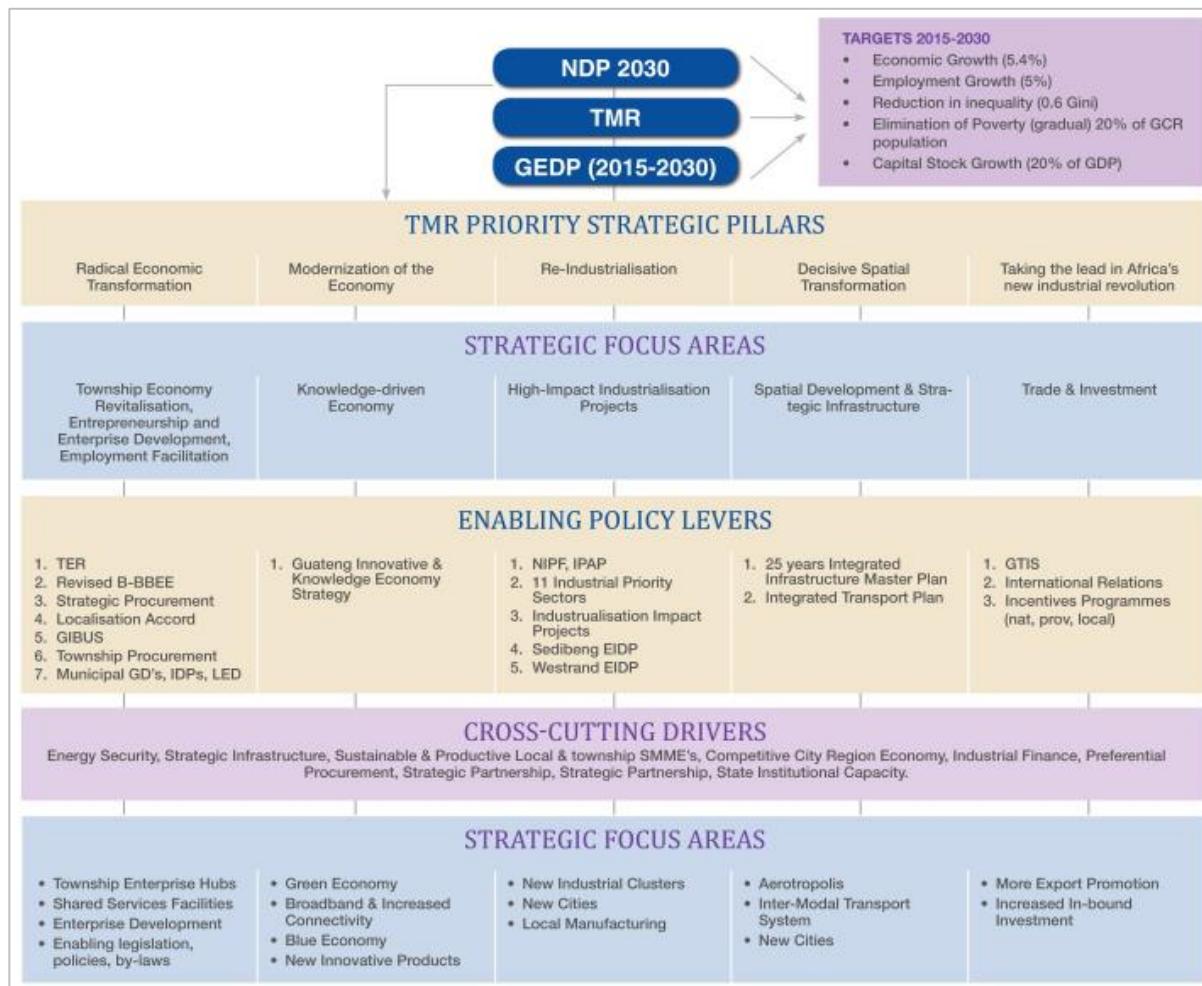
Aligned to the radical economic transformation agenda of the 5th Administration of the Gauteng Provincial Government (GPG), the GDED developed a comprehensive Gauteng City Region Economic Development Plan 2030 (GEDP). The GEDP is a provincial blueprint to guide the economic trajectory of the Province over the years to 2030, in direct alignment with the NDP, Vision 2030. The policy landscape of the GEDP is reflected in the figure below, outlining the strategic focus areas, enabling policy levers and cross-cutting drivers to support the 2015-2030 targets to grow the Gauteng economy by 5.4%, increase employment by 5%, reduce inequality to 0.6 Gini, gradual elimination of poverty to 20% of GCR population and to grow capital stock to 20% of GDP.

Of particular note is the 9 cross-cutting drivers against which to evaluate and determine priority sector strategies. The priorities are being localised in line with the strategic intent of the 5 GCR development corridors. In prioritising its focus, GEP is tasked with not being restrictive regarding

²⁶ Gauteng State of the Province Address, 22 February 2016, as cited in the GPG Mid-Term Review Report (2017)

the dominant sectors found in townships and, as per the TER Strategy, to support the development of the township economy towards a production focus. The GCR Economic Development Plan also requires that targets are location specific, with adequate focus on the districts of West Rand and Sedibeng.

Figure 5: GEDP/GCR guiding policy landscape



Source: GCR Economic Development Plan

In terms of GEP's core mandate, the organisation is directly responsible for the following GEDP strategic objective:

“Support for township economy, SMME and co-operatives as key drivers of growth and employment”

The GEDP facilitates SMME and co-operative development through GEP as its implementing agency. However, constraints that hinder small businesses from realising their full potential, such as low levels of investment readiness, poor productive capacity levels and limited market access remain critical to their growth, and thus remain a key focus of the work of GEP.

Core to the Agency's approach to enterprise supplier development is an assessment of what will work best for clients, as their needs may require different interventions. GEP continues to partner

with different stakeholders to assist with facilitation of access to markets and creation of platforms from product sales and development.

Enterprise supplier development thus comprises different elements, such as preferential procurement, supplier diversity, supplier development and enterprise development programs. These are outlined below:

- 1) **Preferential procurement** is a national policy that encourages government departments and agencies to buy goods and services from previously disadvantaged individuals or businesses. In this case, GEP's strategy of township economic revitalisation puts its clients in a good position to benefit.
- 2) **Supplier diversity** is the proactive business process of sourcing products and services from previously underutilised suppliers. This process helps to sustain and progressively transform a company's supply chain, thus quantitatively reflecting the demographics of the community in which it operates by recording transactions with diverse suppliers. In this regard, GEP's clients will be provided an opportunity to supply corporates and it will be GEP's responsibility to link its clients with these corporates.
- 3) **Supplier development** is the process of working with certain suppliers on a one-to-one basis to improve their performance for the benefit of the buying organisation, leading to improvements in the total added value from the supplier in question in terms of B-BBEE rating, product or service offering, business processes and performance, improvements in lead times and delivery. As GEP is responsible for SMME's and co-operatives, it has become critical to empower these clients, so that they are capacitated to supply big organisations. In partnership with other stakeholders, GEP will be able to capacitate its clients to supply goods and services.
- 4) **Enterprise development** is a strategy for promoting economic growth and reducing poverty by building SMME's, membership organisations to represent them and competitive markets that are stronger and more inclusive. It consists of monetary and non-monetary, recoverable and non-recoverable contributions. The specific objective is to assist or accelerate the development, sustainability and ultimate financial independence of the beneficiary. This working **IN** the business of the entity. To a large degree, this is already achieved by what GEP is doing on an ongoing basis, by assisting SMME's and co-operatives with financial and non-financial support.

GEP Performance over the 2014-2019 MTSF Period:

Informed by the above policy landscape and the mandate of GEP, which is to revitalise the Province's township economies and to increase the participation of SMME's and co-operatives in the mainstream economy, a snapshot of performance over the 2014-2019 period to date is reflected in the table below.

Table 2: Snapshot of GEP performance 2014/15 to 2018/19

Financial Year	Total Budget Allocation R'000	Nº. of SMME's Supported		Nº. of co-operatives Supported		AG Audit Opinion	Debt Collection
		Total Supported	Jobs Created	Total Supported	Jobs Created		
2014/15	R153,191	8,690	2,708	1,269	107	Unqualified: Financial Audit-unqualified AOP - qualified	R10.1m
2015/16	R290,438	8,341	1,583	2,631	397	Unqualified: Financial Audit-unqualified AOP - unqualified	R8.5m
2016/17	R236,718	4,702	3,300	1,042	577	Clean: Financial Audit-clean (no findings) AOP – (with no material findings)	R14.6m
2017/18	R244,930	4,302	3,250	837	928	Clean: Financial Audit-clean (no findings) AOP – (with no material findings)	R15.2m
2018/19 (April to Dec 2018)	R232,689	2,215	1,278	179	660	n/a	R8.6m
Total	R1,157,966	29,418	12,119	5,958	2,669	n/a	R57m

Notwithstanding the tough economic operating climate of the Agency and thus the constraints relating to funding allocations for each financial year, GEP applied strategies that necessitated a specific focus on interventions that would yield a bigger impact for the small township businesses it supports. To this end, GEP has been focusing more on non-financial support interventions aimed at building the capacity and investment readiness of township-based small business.

The table above reflects:

- 1) A change in how GEP has measured the support it provides to SMME's and co-operatives, from a quantitative focus on the number of interventions, thus the higher numbers in financial years 2014/15 and 2015/16, towards a more accurate measure of the number of SMME's and co-operatives supported regardless of the number of interventions.

- 2) The progressive move away from chasing numbers, with low-impact, and seeking rather to focus on fewer SMME's and co-operatives through a multi-intervention approach, particularly in the pre-start-up and start-up lifecycle stages.
- 3) The reality that GEP does not have sufficient financial resources to meet the demand for its services, and therefore needs to prioritise its focus and attention. Options in this regard are emerging, as the newly developed Gauteng Entrepreneurship Model (GEM) is rolled out and filters into GEP's strategy and annual plans over the MTEF, including some new interventions for the early stages of SMME and co-operatives development in the 2019/20 financial year.
- 4) That GEP's focus on debt collection has yielded positive results, with a total of R15.2 million collected in 2017/18 against a collection target of R15 million, up from R10.1 million in 2014/15. As at the end of Q3 of 2018/19, only R8.6 million of the targeted R15 million had been collected:
 - a) Due to the reducing budget availability for disbursing loans on an annual basis, combined with the low repayment rate typical of the market being served and the current negative economic climate, it has been difficult to sustain the debt collection level at R15 million per annum, which was achieved in the 2017/18 financial year. Hence, the reduction of the targeted collection rand value for 2019/20 to R10 million.
 - b) While improved due diligence processes may support debt recovery, GEP is currently reconsidering the types of loans being provided, from longer-term to short-term contract type loans, allowing for quick turnaround of funds.
 - c) A debt impairment and recovery strategy is currently under development to strengthen the debt collection rate and to ensure a significant reduction in the outstanding debtors days.
- 5) The organisation has improved its audit outcomes by retaining a clean audit on financial management in 2017/18, which is a positive reflection on the strength of the internal controls implemented by the organisation.
 - a) GEP remains optimistic that the AG clean audit outcome will be retained on financial management and achieved on predetermined objectives in the 2019/20 financial year. Therefore, the focus on ensuring all internal audit and prior year external audit recommendations are closely monitored and tracked to completion/resolution.
 - b) Measures to close the audit outcome gap in terms of the performance information have included the tightening of the evidence criteria for financial support provided to SMME's and co-operatives, so as to ensure finalisation of internal disbursement processes prior to the reporting of achievements.
 - c) The capacitation of the Strategy, Monitoring and Evaluation Unit, as well as the automation of the M&E processes will further assist in steering GEP towards improved performance information audit outcomes for 2018/19, and thus the attainment of an overall Clean Audit Opinion for the organisation.

GEP also continues to seek and implement cost saving mechanisms and resource mobilisation initiatives that will enable the entity to come out of its current quagmire, characterised by a need to meet increasing needs of SMME's and co-operatives, while also being expected to invest in the graduation of SMME's into the mainstream economy and focus on high-impact projects (outcome-

based approach). This, while being challenged by proportionally high personnel costs to service delivery budget ratio, a vital constraint of the organisation.

Furthermore, despite the Agency's overall performance achievements since the beginning of the current 5-year term, it is proving to be more difficult to propel SMME's and co-operatives from the current marginal state into the mainstream economy, given the GEP budget that shrinks on an annual basis. This calls for increased partnerships with the private sector and other DFI's in the Province, and the Agency has taken the lead in facilitating engagements with DFI's through the process of developing the GEM that will result in improved efficiencies in the utilisation of limited public-sector resources by DFI's.

Overall, the Agency's performance against its Annual Performance Plans since 2014/15 has progressively improved, from a 72% achievement in 2014/15 to 81% (13 out of 16 indicators achieved) in the 2017/18 financial year. An overall performance of 87% is projected for the 2018/19 financial year, since the debt collection and resource mobilisation targets are unlikely to be met given the current tough economic climate.

Table 3: GEP organisational performance

Agency	Annual Performance Plan 2014/15	Annual Performance Plan 2015/16	Annual Performance Plan 2016/17	Annual Performance Plan 2017/18	Annual Performance Plan 2018/19 (Projected)
Gauteng Enterprise Propeller (GEP)					
Total number of indicators	43	44	19	16	15
Number of indicators achieved	31	30	14	13	13
Number of indicators not achieved	12	14	5	3	2
Percentage of achievement	72%	68%	74%	81%	87%

The three 2017/18 areas of non-achievement and mitigation actions implemented in 2018/19 are highlighted in table 4 below:

Table 4: GEP areas of non-achievement and mitigating actions

Areas of Non-Achievement	GEP Challenges	Mitigation Actions
Number of SMME's financially supported in the prioritised sectors.	Non-achievement of this target was due to delays regarding the conclusion of payments and, in some instances, cancellation processes for 88 financial support deals approved in 2017/18.	With effect from the 2018/19 financial year, all financial support interventions are only reported upon after finalisation of the related payments. This will minimise risks associated with cancellation of deals after reporting.
Commercial Plan developed for the	The feasibility study only commenced in February 2018 on a 4 month assignment.	A roll-out plan has been mapped and a pre-feasibility study has been conducted.

Areas of Non-Achievement	GEP Challenges	Mitigation Actions
Construction Ecosystem Centre	In the interim, the pop-up centre (phase 1) drawings were concluded.	
Number of co-operatives financially supported in prioritised sectors.	A failure by some co-operatives to meet GEP's qualifying criteria for financial support and compliance challenges, such as incomplete documentation provided by applicants (i.e. expired tax clearance certificates, lack of CIPC documentation, etc.).	A total of 65 co-operative deals approved by the Management Business Development Committee towards the end of the fourth quarter were finalised in Q1 of 2018/19. This complemented the 2017/18 year-end short fall.

GEP continues to drive interventions aimed at strengthening the investment readiness and sustainability of SMME's and co-operatives, with a view to enhance their level of participation in the Gauteng economy. The provision of financial and non-financial support to SMME's and co-operatives in the prioritised sectors of agro-processing, automotive, manufacturing, information and communications technology (ICT), tourism, pharmaceuticals, creative industries, construction, real estate, finance and mineral beneficiation remain central to GEP's approach in line with the TER and TMR strategies.

Achievements for the first 3 quarters of the 2018/19 financial period included the following:

- 1) A total of 215 SMME's were financially supported in the prioritised sectors against the planned annual target of 250;
- 2) A total of 1,701 SMME's were supported non-financially in the prioritised sectors, exceeding the annual target of 1,500 by 201;
- 3) A total of 179 co-operatives non-financially supported in the prioritised sectors, exceeding the annual target of 100 by 79; and
- 4) Some 142 unemployed youth benefited from skills development training provided through the GEP Youth Accelerator Programme, with an additional 606 having been provided job placement opportunities. The total number of 748 youth beneficiaries has exceeded the annual target of 600 by 148.

Having reflected on past performance, the following sections outline the emerging performance environment factors and aligned strategies of GEP to enhance performance and impact in planning for 2019/20 and the MTEF:

The State of Entrepreneurship in Gauteng:

Most businesses in the townships are disengaged from participating in the mainstream economy and struggle to make a meaningful contribution to the production of goods for local consumers. Townships are also still regarded as labour dormitories or consumer-driven centres, as opposed to productive and viable business hubs. Given the low productive capacity of township businesses, most consumers source their goods from the formal market, hence the need to invest in interventions that would enhance the growth of key labour-intensive sectors, such as manufacturing, furniture, construction and agro-processing.

Despite the government availing procurement opportunities for township businesses, very few can access public and private sector opportunities, due to factors such as low level of development and products that do not meet the required quality standards. The disintegrated provincial approach to SMME's and co-operative development has also alienated small businesses from accessing business development information and economic opportunities. Furthermore:

- 1) Only 2% of start-ups in South Africa use DFI's as a source of finance;
- 2) As many as 79% of persons running informal businesses do not have a bank account;
- 3) Over 90% do not have credit facilities, nor do they have asset finance or mortgage loans for their businesses;
- 4) Some ±80% of small businesses in South Africa are not registered, 79% of all small business owners are traders, and 66% sell their products in the same form they bought them (no value added).

The role of GEP is thus pivotal in transforming the Gauteng township economy, as well as promoting, fostering and developing small enterprises. In order to better mobilise and integrate resources across DFI's, the private sector and other government departments operating in Gauteng, GEP led the conceptualisation and development of a Gauteng Entrepreneurship Model (GEM) in the 2018/19 financial year. In developing the model, through primary data collection and existing data on entities supported by GEP, the status of entrepreneurship was categorised as follows²⁷:

- 1) The majority of participating SMME's indicated that they were in operation for more than 5 years, yet support agencies report significant failure rates and poor sustainability of small businesses in South Africa and the Province.
- 2) Many of these entities do not reach maturity, as the business owners are concurrent job seekers, or not adequately capacitated to run a business, or unable to overcome growing challenges.
- 3) While businesses may remain registered and operational businesses over prolonged periods of time, most businesses are micro to small and are characterised as survivalist enterprises.
- 4) These SMME's do not appear to be truly sustainable and impactful, as is reflected in the limited job creation and income generation impact. They often do not have the capacity to deliver (on time, to specified requirements and in large quantities) on larger contracts.
- 5) Businesses in the services and construction sectors are the dominant business types in the Province, with a significant share of businesses remaining informal/not registered.
- 6) There is also limited business involvement in manufacturing, with many suppliers acting in a wholesale capacity as middlemen to larger producers.
- 7) While entrepreneurs/business owners may have the technical skills required in delivering a specific product or service, they often lack the basic business skills (business management, marketing, accounting, customer service, etc.) required for successful business development.

²⁷ Urban-Econ Development Economists

Furthermore, it was found that²⁸:

- 1) The current focus of government support programmes is on businesses in the start-up phase, with limited support in the ideation (pre-start-up to introduce new ideas and products and test markets) or growth phases (to take businesses to maturity and increase reach and impact).
- 2) Government support programmes are lacking in:
 - a) Focus on the quantity of businesses supported, rather than selecting “real entrepreneurs” with the potential to sustain and grow businesses (i.e. low entry threshold for support).
 - b) Provision of a generic product offering of ad-hoc support elements, rather than following an integrated development growth path and ongoing mentorship support with those businesses showing potential for growth. No graduation system or exit strategy is in place.
 - c) Limited monitoring/evaluation and aftercare of businesses supported, in order to determine impact and/or further support needs.
 - d) Priority groups/sectors in line with the economic base of specific regions and the policy direction of the Province are not specifically/sufficiently targeted.
 - e) Limited cooperation, networking and collaboration among government support agencies, as well as with other DFI's and the private sector, resulting in duplication, inefficiencies and such entities working in silos. Systems are also not well-integrated to identify businesses that are perpetually accessing grants from different agencies, without such interventions resulting in successful and sustainable businesses.

Therefore, the Gauteng Entrepreneurship Model (GEM):

The GEM was endorsed by the Board of GEP in September 2018 and it was submitted for approval at a provincial level in January 2019. While the GEM will only be fully rolled out once the implementation plan has been adopted by the Provincial SMME/Co-operatives Working Group, there are key elements that GEP has considered in its planning and service delivery approach for 2019/20, particularly in terms of focusing the regions on pre-start-up, start-up and investment readiness support programmes. Once adopted, it is envisaged that the GEM will be the de facto strategy of the organisation.

The GEM aims to bring together the various role-players that participate in the development of SMME's and co-operatives within the Province. The Model attempts to deepen the integration, collaboration and coordination of support provided to SMME's and co-operatives by all DFI's, the private sector, public sector and other role-players. Importantly, the GEM sets in place processes to mitigate the risk of double-dipping across DFI's, to improve due diligence assessments through the development and implementation of automated systems that are linked across the DFI's.

The model is premised on an inclusive approach to SMME and co-operatives support. It provides equal opportunity to small businesses and co-operatives and various levels of development. It further notes that most businesses who meet funding requirements from various funders,

²⁸ Urban-Econ Development Economists,

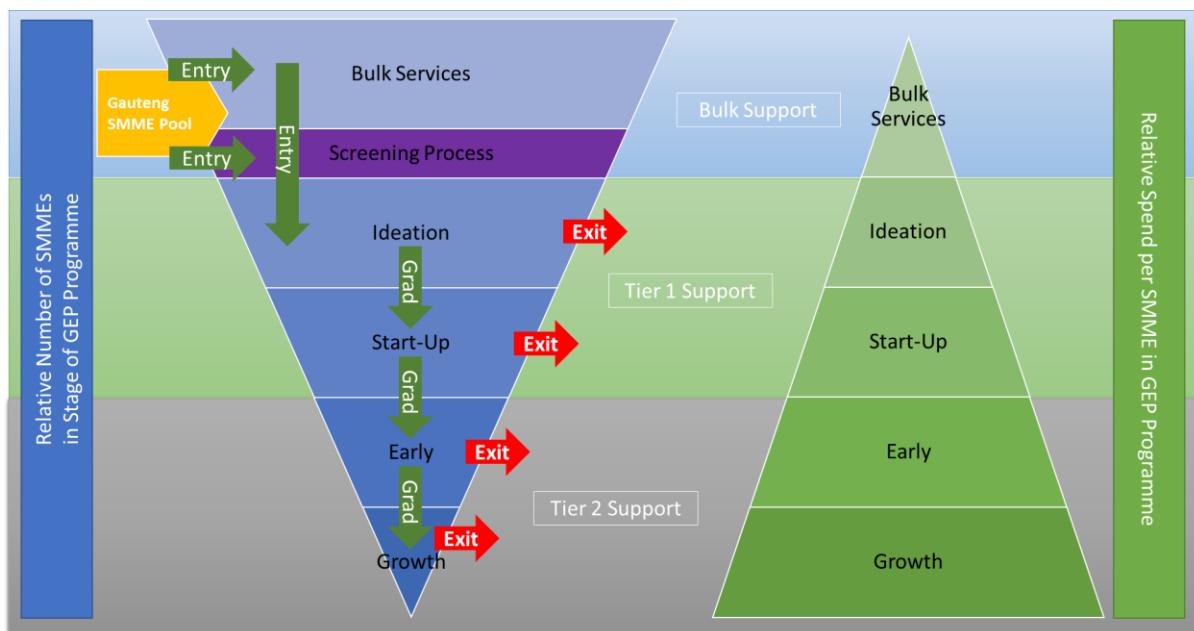
especially financial banks, are at early to growth stages, while SMME's and co-operatives at ideation and start-up stages still require handholding support, such as investment readiness, product/concept development, proof of concept and accreditation support.

The GEM Approach:

- 1) The GEM approach would assist in striking a balance between the well-to-do businesses and those that are still emerging and need further jump-starting.
- 2) For the Gauteng Province, the Model proposes that the programme outcomes should comprise a mix of both large-scale broad impact, as well as narrow, high-growth potential impact.
- 3) It is necessary to position the support programme in 2 tiered levels that allow for the realisation of broader impact in the form of mass SMME development, while also allowing for the support of a select number of elite 'gazelles' that would create greater economic growth and job creation impact.

The figure below reflects the structure of the support functions of the GEM.

Figure 6: Gauteng Entrepreneurship Model – structure of support functions



Drawing from the above figure, the Model proposes that the Province play a holistic and coordination role in the development process for SMME's in the Gauteng Province, through the following support elements:

- 1) **Bulk support elements:** In recognition of the large number of potential entrepreneurs and SMME's that may require government support, the bulk support at this stage is focused on mass participation, allowing for maximum reach, and for the current "open-door" policy and function of entrepreneurship support to continue.

During this stage, the relative spend per business should be a minimal amount, and should be focussed on basic support elements around informal business support and compliance aspects, such as CIPC and SARS registration and generic training.

Participation of SMME's in this stage of support is also not based on any entry criteria, but is open to any entrepreneurs that approach DFI's for funding.

- 2) **Tier 1 support elements:** This stage of the SMME development process is made up of ideation and start-up phase businesses. These stages are the start of the entrepreneurial journey for any SMME, and are based on the development of the concept and concept validation (ideation), to activation of the business (start-up).

The critical thrust of this stage of the programme is to provide the support that creates an environment in which entrepreneurs are able to explore and test concepts. During the ideation stage, ideas should be tested and failure should be embraced, and risk-taking supported, as key learning experiences that allow entrepreneurs to gain the knowledge, skills and capabilities that will equip them to identify business opportunities; to better turn such opportunities into viable enterprises, effectively manage business risks and obstacles, and better manage their businesses.

GEP will provide bulk support to ensure that SMME's and co-operative meet the **traditional funder requirements**. Its main responsibility is to prepare SMME's and co-operatives to graduate to the higher level characterised by market readiness and access to financial resources (higher thresholds). The table below depicts the SMME's and co-operatives developmental growth paths, and will serve as a guide for GEP in providing targeted support to entrepreneurs, particularly in the pre-start-up (ideation) and start-up phases.

Table 5: Entrepreneurship growth path

Phase	Pre-Start-Up	Start-Up	Survival/Scale	Maturing	Long Haul
Characteristics	<ul style="list-style-type: none"> ▪ Idea development and business conceptualisation ▪ Research and planning 	<ul style="list-style-type: none"> ▪ Establishment of business and skilled team ▪ Reliant on knowledge and skills owner/s ▪ Development of product offering and validation of market ▪ Product/service take-up and sales 	<ul style="list-style-type: none"> ▪ Business growing ▪ Expansion of staff complement ▪ Quality assurance becomes key ▪ Establishment of efficient systems ▪ Business become an attractive investment 	<ul style="list-style-type: none"> ▪ Business is well established ▪ Good growth and revenues ▪ Product diversification and expansion opportunities investigated ▪ Increase export sales 	<ul style="list-style-type: none"> ▪ Growth slows down ▪ Business needs to find new opportunities ▪ Founders sell or exit the business

Source, GEM, Gauteng Enterprise Propeller: 2018

In light of the above entrepreneurship pipeline, the Gauteng Province through GEM will focus on bringing the marginalised section of SMME's and co-operatives into the mainstream economy. This will include identifying preparation, investment readiness support, concept preparation and

improvement. **GEP's focus will be on the provision of support to small businesses in the pre-start-up (ideation) and start-up phases of entrepreneurship development.**

Once the GEM is adopted for implementation by the Province, the interventions that will be phased-in over the MTEF include:

1) Township Industry Cluster Programme:

In order to increase economic participation in the townships and scale-up productive capacities, there is a need to mobilise businesses across various priority sectors of the economy. This includes, inter-alia, identifying businesses within a single sector, such as those in furniture, construction, clothing and textiles and other related sectors.

For example, furniture businesses in one township can be mobilised with a view to enhance their productive capacity and access to market opportunities, such as government procurement spending through various offtake agreements. This includes the procurement of furniture in line with the designated sectors as prescribed by the Department of Trade and Industry.

Leveraging on unused buildings will bring various businesses and assist with the provision of shared production facilities. Since most township businesses use out-dated energy demanding machines, bringing them together would assist in the provision of modern or a cutting edge technology and machinery, which allows for increase production, enhancement of quality, improve market access and cross-pollination of skills. The government would benefit through the creation of massive jobs and the stimulation of the local economy.

2) Pitching Booster Programme:

The programme objectives are to ensure that GPG services are taken to communities:

- a) To share government and private sector opportunities with entrepreneurs;
- b) To equip SMME's and co-operatives with elevated business pitching skills, which assist them as they diversify and present their concepts to key industry players in the private sector with confidence;
- c) To give basic training on costing, financial management, tendering, networking and business management;
- d) To provide financial support to SMME's and co-operatives (winning pitches); and
- e) To increase the potential for SMME's and co-operatives to create job opportunities.

The pitching booster assists with the identification of commercially viable businesses from Gauteng Townships, that can be accelerated to meet the growth path requirements.

3) Due diligence:

To ensure that viable businesses are afforded the opportunity to secure additional financial support through the CEO Fund, GEP will conduct a full due diligence on all businesses that are in the growth path. Businesses in the growth path will be identified based on being operational for a minimum of 2 years in the manufacturing or productive sectors, credit worthiness, sound financial records and audits, commercially viable with bankable business plans and create a minimum of 10 jobs.

GPG departments, through the Gauteng Treasury, would need to submit a database (list) of businesses that meet the above requirements. It must be noted that the above requirements are a minimum requirement by traditional funders. Due to many factors, most black businesses (shareholders) are listed as defaulters, and fail to prepare bankable business plans. It will thus be critical to ensure that those selected to benefit from the CEO Fund meet the above criteria. GEP will thus have to continue providing support to those who still fail to meet the minimum requirements for the Fund.

The establishment of the CEO Fund is earmarked as a high-impact game changer over the medium to longer-term, and is premised on assisting businesses that come together through the co-operative sector or SMME cluster approach with a minimum R5 million loan, inclusive of a development grant, which is aligned with the accreditation, creation of employment, skills development and economic growth (developmental returns) stages. Prioritisation will be given to businesses in manufacturing and production in support of the provincial TMR Strategy.

In summary, the CEO Fund program will comprise the following key process steps:

- 1) Consolidation of database of SMME's and co-operatives that have serviced the GPG departments consistently over 2 years – **Provincial Treasury**;
- 2) Consolidate a Database of SMME's and co-operatives that are high performers following all Gauteng based DFI investments – **GEP**;
- 3) Segment the consolidated lists, and commence with due diligence; prioritising businesses involved in the manufacturing and productive sectors – **GEP**;
- 4) Presentation of bankable business plans to the Steering Committee: **GEP**;

All the GPG departments and agencies have been mobilised in accelerating support to SMME's and co-operatives in the Province through various offtake agreements, procurement plans, as well as the 30% set-aside. All these initiatives are meant to increase economic participation of SMME's and co-operatives and to stipulate the local economies, create high-impact job opportunities and reduce the high level of poverty in the Province.

SMME Index:

In order for GEP to track the SMME's supported through its GEM programmes, investments in SMME support and the effectiveness of its interventions with respect to entrepreneurship development and SMME growth, a comprehensive, integrated, but easy to use SMME index and tracking system is required at an estimated cost of R10 million. Such a tracking system will allow GEP officials to capture new participants from first accessing support, right through to when SMME's exit the support pipeline, and even for aftercare and impact assessment.

The SMME/Co-operative Index will ensure the fast, yet reliable collection and transfer of metrics, so as to measure performance of individual SMME's. Data collected can then automatically be processed to produce reports based on sector performance or programme performance.

Optimising the Deployment of Limited Public Finances:

In the 16 February 2018 SONA, President Cyril Ramaphosa acknowledged that “public finances have been constrained, limiting the ability of government to expand its investment in economic and social development”.

The prevailing low growth environment currently being experienced continues to negatively impact SMME's and co-operatives, due to factors such as decreased consumer confidence, reduced market demands and the closure of some businesses, coupled with disinvestments. The need for hand-holding and the provision of business rescue services is, therefore, becoming ever more important. Compounded by the budget squeeze (fiscal constraints) in the current financial year, means that fewer SMME's and co-operatives will be benefitting from government programmes to support their growth and development. The Gauteng Enterprise Propeller has thus reduced its targets in line with the prevailing budget constraints.

During these difficult times, GEP has taken a stance to focus on supporting a fewer number of high-impact projects, or higher volumes of smaller scale projects with reduced funding thresholds that would benefit a larger number of SMME's and co-operatives, in order to reduce potential risks of return on investment due to the decrease in demand. In 2018/19, the APP focus shifted from the traditional GEP quantitative approach to target setting and moved towards a results-based target setting aimed at improving the sustainability of SMME's and co-operatives, thus greater impact. This has led to a reduction in targets currently being pursued by the Agency, but will, in the longer-term, enable GEP to drive higher impact in the roll-out of SMME and co-operative support interventions that will contribute towards job creation and promote the profitability and sustainability of supported small businesses.

Financial support challenges emanating from the ongoing GEP budgetary constraints are understood in light of the following key trends:

- 1) In the 2016/17 financial year, 3,197 applications were received for interventions to be provided to SMME's, of which 708 were granted financial support through loans, the Township Business Renewal and Community Fund programmes. The total value of the approved deals was R73.5m, at an average deal size of R415,000.
- 2) As at end Q1 2017/18, a total of 210 applications had been received, of which, 128 applications were over R500,000; 76 applications between R50,000 and R350,000; and only 6 applications below R50,000. The total value of the 210 applications is R268 million, at an average deal size of +- R1.25 million. The conversion rate was 16%.
- 3) As at end Q2 2017/18, a total of 70 applications had been received, of which, 22 applications were over R500,000; 24 applications between R50,000 and R350,000; and only 6 applications below R50,000. The total value of the 70 applications is R38 million, at an average deal size of +- R 500,000. The remaining 18 applicants did not specify the funding amount required.
- 4) As at end Q3 2017/18, a total of 430 applications had been received, of which, 39 applications were over R500,000; 21 applications between R50,000 and R350,000; and 318 applications below R50,000. Of the 430 overall applications received in Q3 a total of 378 was valued at R 265 million, at an average deal value of +- R 700 000. The remaining 52 applicants did not specify the funding amount required.
- 5) In Q4 of 2017/18, a total of 25 applications at a value of R34 million had been received. The average deal value was R1.3 million. Financial support was, however, only approved for two applicants in the form of a captive loan of R512k and a micro loan amounting to R100k. Financial support was also extended in the form of Community Fund, Township Business Renewal and Co-operative Assistance Programme grants, with 82 start-up businesses receiving Community Fund grants, and R2.2 million worth of Township Business Renewal Grant support provided at an average of R26,800 per grant.

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- 6) As at the end of Q2 of 2018/19, a total of 316 financial support applications had been received, which totalled R45 million, with an average deal size of ±R142,405.00. No loans were disbursed during this period, due to challenges relating to poor financial viability and non-compliance to the GEP qualifying criteria on the applications received. Financial support was extended to a total of 94 SMME's against a target of 88, with 70 of these being start-up businesses supported through the Community Fund Grant to a total value of R630,000.00.
 - 7) As at the end of Q3 of 2018/19, a total of 102 financial support applications had been received, which totalled R173 million. 5 loans were disbursed during this period to a value of R973,290.87. Financial support was further extended to a total of 10 SMME's, with 5 of these being start-up businesses supported through the Community Fund Grant to a total value of R45,000.00 and 5 SMME's through the Township Business Renewal Grant to the total value of R200,000.00.

Considering the ongoing constraints on financial support, GEP has increased its focus on the non-financial/development side (skills and capacity development) of SMME's and co-operatives, with emphasis on pre-investment support for co-operatives, so as to improve their growth, access to market opportunities and investment readiness.

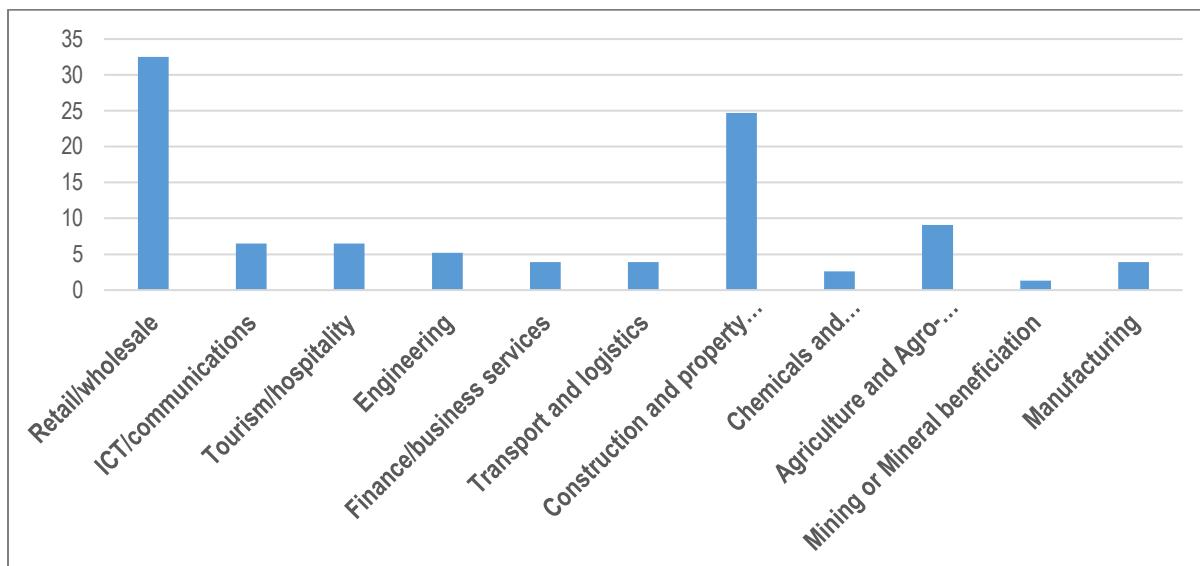
GEP Impact Assessment 2018:

During the 2017/18 financial year, GEP conducted an Impact Assessment to determine the effectiveness of the support programmes provided by the Agency over the 4-year period 2012/13 to 2015/16. The study reflected that GEP support is provided predominantly to sectors, such as manufacturing, services, wholesale and retail, and construction. This is aligned to the Gauteng City Region Economic Development Plan priority sectors. However, the Agency is still faced with the challenge of seeking means to ensure greater support is given to small businesses with greater labour absorption potential, so as to maximise the impact of GEP interventions.

An overall customer satisfaction level of 64% was obtained for the Investment Management Programme that provides financial support and the Business Development Support Programme that provides non-financial interventions achieved an overall customer satisfaction score of 83%.

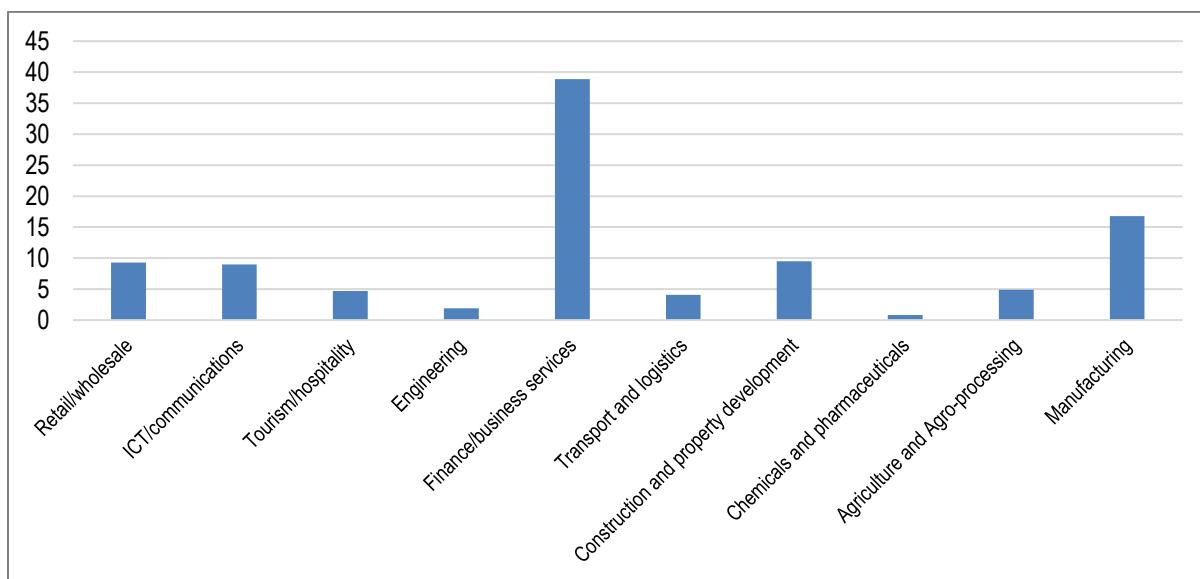
The Agency continues to review its internal processes and product offerings, as guided by the outcomes of this Impact Assessment Study. GEP launched an automated operations solution on 1 September 2017; a system that would allow for Gauteng clients to apply for GEP service online, and enable them to track their applications using the internet connection. The system is designed to provide automated updates to the clients at all stages of processing of the applications. Of importance, the system alerts GEP management of bottlenecks in the processing of applications and reducing human interference. This is aimed at addressing some of the client concerns relating to turnaround times for the processing of applications, the need for continuous communication with applicants, etc.

Figure 7: Economic sector of GEP financially supported SMME's and co-operatives



Source: GEP Impact Assessment 2018

Figure 8: Economic sector of GEP non-financially supported SMME's and co-operatives



Source: GEP Impact Assessment 2018

Sector and Project Prioritisation:

GEP is mandated to intervene and support the development of SMME's and co-operatives in the 11 priority sectors. However, as highlighted above and due to limited resources, GEP is challenged to make meaningful impact across all the sectors. As guided by the provincial Transformation, Modernisation and Re-industrialisation (TMR) strategy, GEP priority sectors are as follows: information and communication technology (ICT), automotive, creative industries, pharmaceutical, construction, real estate, agro-processing, finance, tourism, mineral beneficiation and manufacturing. Focus for 2019/20 will remain on the provision of support to township small business across these sectors with 7,160 jobs targeted to be created in 2019/20.

Prioritised sectors provide focus to evaluate the current state, identify opportunities to unlock value in the GCR, and draft an implementation plan to move forward with key stakeholders on key opportunities. 4 themes cut across these sectors, and their influence will give further guidance to the framework – innovation, infrastructure, skills development, youth employment and the TER. The priorities are to be localised and in line with the strategic intent of the 5 GCR development corridors.

Further informing GEP priorities are the GDED Deliverology priority sectors targeted to be led by GEP, namely, the construction, furniture, clothing and textile sectors. Specific targets and actions are as follows:

1) Construction sector:

The construction industry is dominated by the major big 5 players and the TRM calls for us to transform this industry. GEP will thus establish a Construction Ecosystem Centre that seeks to ensure that building materials are manufactured by people in the townships. All building competencies, material supplies, accreditation, manufacturing and professional bodies are to be housed in this centre to enhance sustainability of the sector.

Focus areas for 2018/19 in support of this sector include:

- a) A pre-feasibility study for the establishment of the Construction Eco System Centre; and
- b) Forging partnerships with relevant private sector organisations in the sector for the benefit of township-based SMME's and co-operatives.

In 2019/20, GEP will also ensure 125 township-based construction enterprises are supported non-financially.

2) Furniture sector:

Against the GDED Deliverology target to create jobs in the furniture sub-sector, to ensure that schools and government office furniture (in line with the Preferential Procurement Regulation Policy Framework Act - PPPFA) is locally procured, and to refurbish one of the industrial hubs as a training site for furniture producers, the key actions for GEP include:

- a) Township furniture manufacturers supported with business development training; and
- b) The incubation and/or mentorship of SMME's in the furniture sector and provision of accelerated business pitching skills that will enable them to market their businesses and access new business growth opportunities.

3) Clothing and textile sector:

Entrepreneurship training and skills development with respect to design and production, incubation, mentoring and coaching for the clothing, textile, footwear and leather sector.

A total of 100 businesses are to be supported with business development support in 2019/20.

4) Manufacturing:

GEP provided non-financial support to 106 manufacturing small businesses were provided with non-financial support during the 2017/18 financial year, with a further 150 envisaged to benefit from GEP skills development support interventions during 2018/19.

A total of 125 township manufacturers will be supported to produce goods for local consumers, across the 5 GCR Corridors (Central, Eastern, Northern, Western and Southern Corridors) in 2019/20.

Although not all of the cross-cutting enablers for determining the economic sectors to prioritise, as well as the strategic focus areas, are relevant to GEP, it has provided guidance in determining the priority focus areas and projects for 2018/19, as summarised in table 6 below.

Emerging Strategic Considerations from the 2019 State of the Nation Address

The following were key announcements made by President Ramaphosa in delivering his second SONA address:

- Eskom to be splitted into 3 – Generation, Transmission and Distribution under Eskom Holdings;
- The 2018 Investment Conference attracted almost R300 billion and necessitated the identification of investments in potential projects across the country;
- The indication of a need to improve South Africa's ease of Doing businesses which continues to stifle investments in the country;
- The need for entry-level work experience requirements to be dropped in the public sector;
- A requirement for the repositioning, revitalisation and restoration of the capacity of State Owned Enterprises to be more self-sufficient;
- Establishment of a team to address policy barriers and gaps that frustrate investors;
- New infrastructure implementation model, underpinned by new infrastructure fund with government contribution of R10 billion over 10 years, to leverage private sector and DFI investment; and
- The introduction of new technology subjects and technical high schools that are more likely to develop the capacity needed to adapt into the fourth industrial revolution and foster employment creation, especially for the youth.

The promotion of entrepreneurship and creation of jobs placing the youth at the centre of South Africa's economic agenda through the creation of employment, training, internship and skills development opportunities would still be critical for growing the country's economy. In this regard GEP will continue with the implementation of the Youth Accelerator Programme to support an additional 350 beneficiaries in 2019/20.

2018 SOPA Pronouncements²⁹:

The 26 February 2018 SOPA, delivered by the Premier of Gauteng, David Makhura, focused attention on developing and growing small business, particularly in townships. The Premier highlighted that the GPG departments and municipalities were leading the country in the revitalisation of the township economies, and that between 2014 and 2017 public procurement spend on township enterprises had increased from R600 million to R17 billion. He stressed the following points, which have further informed planning for 219/20:

- 1) Township Economy Awards – contributed to the growth of township businesses through financial support, as well as access to markets.
- 2) GPG champion of the township economy – given rise to a serious wave of entrepreneurial activity in the townships, especially among the youth.
- 3) 2017 Ventureburn Tech Start-up Survey shows that 44% of tech start-ups list Gauteng as their home, as compared to only 26% in 2015:
 - a) 53% of start-ups owned by black young entrepreneurs are Gauteng-based, while most of the Western Cape start-ups are owned by older white entrepreneurs.
- 4) Funding and access to markets are 2 of the most critical barriers facing black start-ups and township enterprises:
 - a) Initiative on the township stock exchange is in its final stages in partnership with private sector;
 - b) Feasibility study on establishment of a provincial state bank completed – will enable mobilisation of funding for SMME's, township enterprises, women and youth businesses and infrastructure development.
- 5) Major problem facing township businesses – mushrooming of unregulated businesses owned by foreigners. Must be addressed boldly and decisively to enforce bylaws and trading regulations.
- 6) Partnership with >40 corporates - new opportunities for township-based businesses to participate in corporate supply chains ⇒ sustainable businesses, beyond sole reliance on government contracts.
- 7) Continue to invest in the development of co-operatives.
 - a) Partnership with the Italian co-operative movement ⇒ facilitating the formation of consumer co-operatives in the wholesale and retail sector, to mobilise the collective buying power of 250,000 township households to purchase affordable goods at stores they own and control.
- 8) GPG procurement strategy must help drive re-industrialisation and development of black industrialists:

²⁹ Gauteng State of the Province Address, 26 February 2018.

- a) To champion the use of public procurement budgets to stimulate local production, e.g. the billions spent on designated sectors like furniture must be used to procure goods from local enterprises.
- 9) The reality:
- a) Low levels of growth are impacting negatively on the ability of Gauteng economy to create a sufficient number of jobs to drastically reduce unemployment;
 - b) The Province needs to create 5,400 jobs per day to eliminate unemployment. To halve unemployment, 2,700 jobs need to be created per day.

The Premier emphasised, “*the new dawn heralds better prospects for our economy, as both investor and consumer confidence rises. It will also boost South African exports, especially to the rest of the African continent*”.

2019 SOPA Pronouncements³⁰:

In his SOPA speech delivered on 18th February 2019, Premier David Makhura emphasised the need for government to create an enabling environment for the growth and sustainability of township businesses, raising the following key points:

- 1) The core mandate of the fifth administration being the Transformation, Modernisation and Re-industrialisation of the Gauteng City Region to offer a better life for all;
- 2) Decisive steps having been taken to tackle the challenge of youth unemployment by introducing Tshepo 1 Million as a programme to empower the youth with skills and open opportunities for them in the economy;
- 3) More than 510 000 young people having benefited from demand-led skills training and entrepreneurship development;
- 4) The Township Entrepreneurship Awards and the Pitching Booster being platforms to showcase the entrepreneurial spirit, creative energy and innovation within the township economy; and
- 5) Great stories of the township economy which include the transformative partnership between Pick n Pay, Old Mutual Masisizane Fund, Gauteng Enterprise Propeller and township spaza shop owners. This has moved 11 spaza shops from survivalist to sustainable businesses.

All factors considered, based on the availability of resources, GEP’s key 2019/20 targets are:

- 1) To support 250 SMME’s financially in the priority sectors (614 achieved for 2017/18 and 257 achieved as at the end of 3rd quarter for 2018/19);
- 2) To support 1000 township-based informal businesses (986 achieved for 2017/18 and 1 304 achieved as at the end of 3rd quarter for 2018/19);

³⁰ Gauteng State of the Province Address, 18 February 2019.

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- 3) To support 100 township manufacturers to produce goods for local consumers (106 achieved for 2017/18 and 141 achieved as at the end of 3rd quarter for 2018/19);
 - 4) To support 100 township-based construction enterprises non-financially (41 achieved for 2017/18 and 192 achieved as at the end of 3rd quarter for 2018/19); and
 - 5) To ensure 350 youth benefit from the Youth Accelerator Programme (1,710 achieved for 2017/18 and 748 achieved as at the end of 3rd quarter for 2018/19).

The continuation of the Youth Accelerator Programme in 2019/20 is in direct response to the provincial Tshepo 1 Million youth empowerment programme, as well as the 2018 SONA, in which the President reflects that “our most grave and most pressing challenge is youth unemployment”.

As emphasised by the GEDP, GEP needs to increase its support to the underserviced regions and communities in the Province, particularly the West Rand and Sedibeng, where there is a low level of SMME's and co-operative participation in the mainstream economy, due to underdevelopment of their businesses. Due to inadequate capacity of businesses, opportunities such as the Gauteng Provincial Procurement Spending earmarked for the townships businesses end up benefitting a few businesses in these areas. Hence the need for GEP, DFI's and institutions of higher learning in the Province to focus on non-financial support. This will prepare SMME's and co-operatives to access funding and other economic opportunities.

GEP 2019/20 Priority Projects:

The above targets are to be achieved through the following priority projects for 2019/20.

Table 6: GEP priority projects for 2019/20

Name of Programme / Project	TMR Pillar	GCR Corridor	Economic Sector (GEDP)	Key Output	Annual Target 2019/20	Impact/Outcome to be achieved	Budget 2019/20
Township-based construction enterprises supported	1,6	Eastern	Construction	SMME's supported within the construction sector	125	Supporting graduation of construction SMME's to higher levels	R4.2m – Deliverology
Pitching Booster Programme	1,6	All	All	SMME's supported through the Pitching Booster Programme	300	1 555 SMME's supported through the Pitching Booster Programme between 2017/18 and 2019/20	R2m, Internal resources
Youth Accelerator Programme	1,6	All	All	Employment, training, mentorship and skills development opportunities for youth	350 youth to benefit from the programme	Over 3 000 youth to benefit from the programme between 2017/18 and 2019/20, thus enhancing their chances for active	R14.9m – (supporting Tshepo 1 Million)

Name of Programme / Project	TMR Pillar	GCR Corridor	Economic Sector (GEDP)	Key Output	Annual Target 2019/20	Impact/Outcome to be achieved	Budget 2019/20
						participation in the economy.	
Access to markets for SMME's and co-operatives	1	All	All	SMME's and co-operatives supported with offtake agreements	15	30 SMME's and co-operatives supported with off-take agreements between 2018/19 and 2019/20	Internal Resources
				SMME's and co-operatives supported with GEP procurement set-asides	Operational Budget: <ul style="list-style-type: none">▪ TER - 28%▪ SMME - 30%▪ BBBEE - 80%▪ Female - 30%▪ Youth - 10%▪ PWD - 5%	SMME's and co-operatives provided with access to markets	Internal Resources
Easing doing business for SMME's and co-operatives – roll-out of GEM	1	All	All	Gauteng-based DFI's working together to support SMME's and co-operatives	Roll-out of Gauteng Entrepreneurship Model (GEM) Implementation Plan, in collaboration with DFI's	Reduce double-dipping and improve alignment	Budget to be informed by outcomes of GEM Working Group consultative processes
GIBUS - township informal businesses supported	1	All	All	Township-based informal businesses supported	1,000	4,000 dependents of informal businesses would benefit indirectly for the year (based on an assumption of each supporting 4 dependents)	R1.5m
Co-operatives supported to improve investment readiness	1,6,9	All	All	Co-operatives supported to be investment ready	100	200 co-operatives supported to be investor and market ready by 2019/20, thus creating 1,000 jobs (1 co-operative = 5 members). 4,000 dependents of co-operative members would	R4m

Name of Programme / Project	TMR Pillar	GCR Corridor	Economic Sector (GEDP)	Key Output	Annual Target 2019/20	Impact/Outcome to be achieved	Budget 2019/20
						thus benefit indirectly	
SMME's supported financially through loans	1,6,9	All	11 priority sectors	Enterprises supported financially through the provision of GEP loans in 2019/20	50	Increased participation of SMME's in the mainstream economy by 2019/20	R19.1m
SMME's supported financially through grants	1,6,9	All	11 priority sectors	Enterprises supported financially through the provision of grants in 2019/20	200		R4.5m
SMME's supported non-financially	1,6,9	All	11 priority sectors	Enterprises supported non-financially in 2019/20	2,000		R15.6m

Table 7: GEP specific Deliverology projects for 2019/20

Name of Programme/Project	TMR Pillar	GCR Corridor	Economic Sector (GEDP)	Key Output	2019/20		
					Annual Target	Job Creation target	Budget
Township manufacturers supported to produce goods	1,9	All	Manufacturing	125 township manufacturers supported to produce goods in 2019/20	125	1,100	R1m
Township-based construction enterprises non-financially supported	1,6	All	Construction	100 township-based construction enterprises non-financially supported	100	880	R4.2m
Township furniture manufacturers supported	1,6	All	Furniture	Township furniture manufacturers supported non-financially (training/ incubation/ mentorship of SMME's)	30	60	R3.2m
Clothing and textile hub	1,6	All	Clothing and textiles	Entrepreneurship training and skills development support to clothing and textile SMME's	100	200	R2.1m

As part of the continuing efforts to improve customer services and build the reputation of the organisation, there has been a concerted focus on improving overall customer services, communication (transparency), enhanced controls and governance. Monitoring of the effectiveness of the new end-to-end online application processes will continue to be a prime area of focus going forward to improve the Agency's efficiency in relation to client interactions.

New Product Considerations:

The following possibilities and considerations, aimed at shifting the Agency away from short-term business support interventions and more towards higher impact solutions, have been identified in response to GEM and outcomes of the GEP Impact Assessment Study conducted in 2018, with a view for GEP to become a learning and more responsive small business development Agency:

- 1) A **mentorship programme** is to be reinstated as a necessary tool to afford entrepreneurs the necessary hand-holding in dealing with the realities of starting and growing their enterprises operating across more established value chains. Mentorship services are important across development support programmes and serve to complement training interventions.
- 2) Enforcement of a **stricter appraisal process** will ensure a heightened level of impact, in that the necessary interventions can be identified upfront and their implementation can be closely monitored over the various enterprise development stages. For instance, a business can be supported by determining the existence of a market for its product or service long before the issues of compliance and funding are considered. Business development interventions, by nature, are intended to be deployed based on the envisaged change and not merely as project facilitators for realising set performance targets.
- 3) Specific **industry analysis training** with a view to bring about a broader appreciation, especially amongst business analysts. Operational orientation would thus make way for targeted capacity building programmes and service provider accreditation measures in tune with specific sector and industry requirements.
- 4) Expedition of **systems interface between the GEP Online Platform and the GEP Portal** to be prioritised, with a view to bring certainty around the organisational customer database and enhance overall client data integrity levels.
- 5) A focus on **improving the GEP loan recovery rates**. The ongoing review of current due diligence processes will influence an overall review of the organisational lending criteria, debt collection, turnaround time and loan product offerings.
- 6) GEP's current soft business skills training should be extended to include **technical skills training** that will sharpen practical business implementation for specific industries. The GEP to partner with existing industry-based technical training organisations to empower start-up entrepreneurs (i.e. both SMME's and co-operatives).
- 7) GEP to take a **longer-term view in providing support to Gauteng SMME's and co-operatives, as informed by their stages of development** (i.e. ideation, start-up, early and growth) to enhance the technical and business management skills sets, access to market opportunities, as well as overall sustainability and economic contribution of township-based small businesses.

1.3 THE GEP ORGANISATIONAL ENVIRONMENT

The structure of GEP was amended in the 2017/18 financial year to enhance the Agency's efficiency and responsiveness to the needs of Gauteng small businesses. The Agency's focus was on aligning its organisational structure to the mandate and strategy of GEP, with the aim of ensuring that its human capital is fit-for-purpose and geared towards the achievement of the strategic objectives outlined in the revised GEP Strategic Plan. Further work is currently being undertaken to ensure greater strategy alignment and improved efficiency through a skills audit to be concluded by the end of the 3rd quarter of 2018/19.

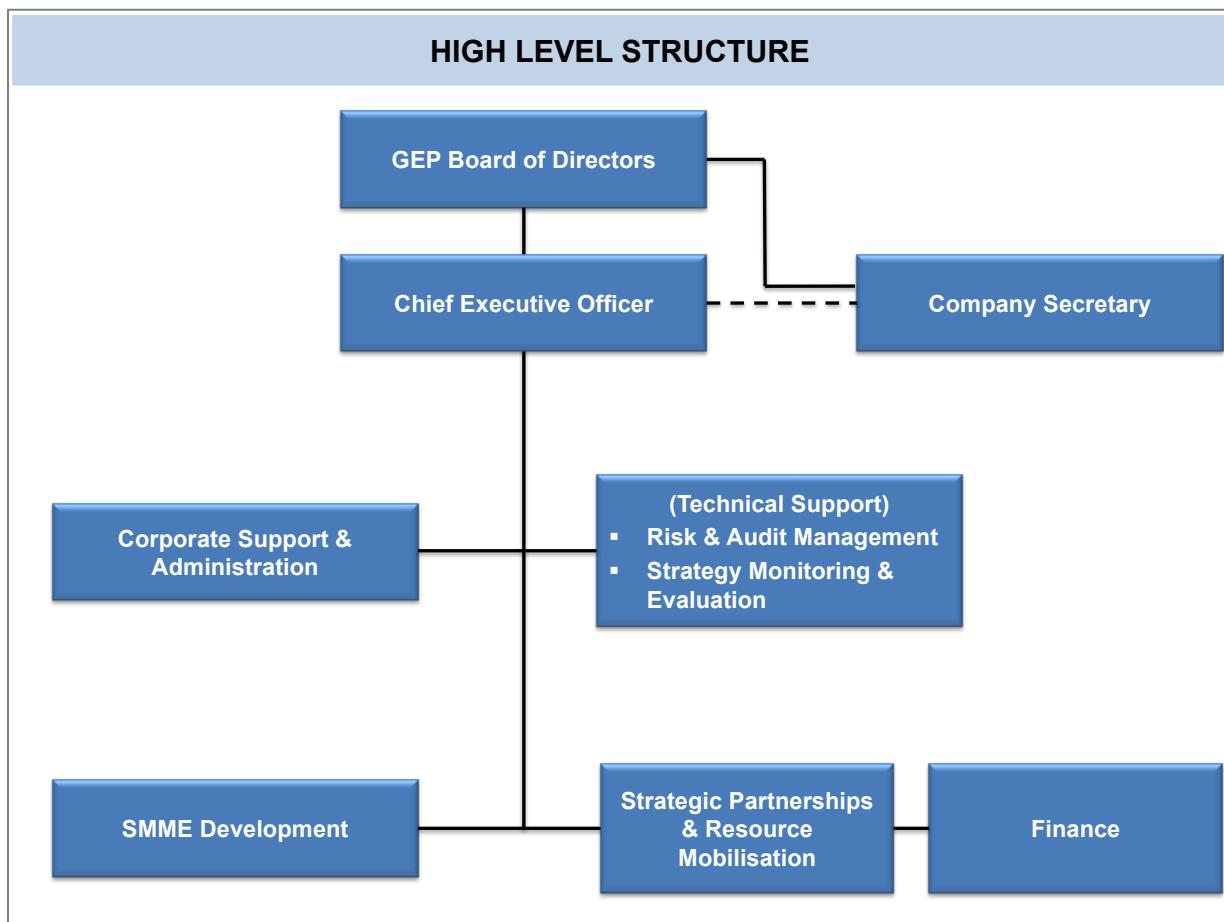
As discussed in the 2017/18 APP, a key feature of GEP's revised organisational structure has been the introduction and increased capacitation of the core business unit dedicated to increasing the organisation's revenue stream to meet the growing demands of the GCR. The Strategic Partnerships and Resource Mobilisation Business Unit has started to yield positive results, and the initiatives have the potential to increase GEP's limited resource base. While the longer-term aim is for the division to match GEP's budget with the same value of external resources mobilised, in terms of direct funding and in-kind through partnerships, the target for the 2019/20 financial year is raising a 25% equivalent of the GEP annual budget allocation from the shareholder.

The structure also lays emphasis on strengthening GEP's footprint by ensuring adequate reach in the 5 regions aligned to the GCR development corridors to improve accessibility of GEP products and services by SMME's and co-operatives. The regional offices thus remain postured as GEP's branch network, focused on customer-related processes.

To streamline the application processes for financial and non-financial support, GEP has automated the application processes through the introduction of the GEP Online System during the 2017/18 financial year. The system is enabled by the Customer Relationship Management and Contact Centre and has led to an improvement in the relationship between GEP and its clients. A key advantage is that records are stored online and available as and when required. Customers are also able to track the loan application turnaround times. The system also assists with customised and real-time reports, which are required by stakeholders and by management for decision making and continuous planning.

The high-level organisational structure, as depicted below, was approved by the Board on 24 May 2017 and comprises the following divisions:

Figure 9: GEP high level organisational structure



While there have been considerable improvements in efficiencies through the implementation of GEP's new organisational structure, there remain significant organisational challenges. The 2019/20 annual planning process included a Board assessment of the strengths and weaknesses of the organisation, and the key focus areas that will support GEP's aim to improve its organisational performance rating to >90% by 2019/20. The salient points are discussed below:

1) GEP has done particularly well in the following areas:

- a) Strengthened its effectiveness in key areas of the business, particularly in financial management, risk management, revenue generation and regional operations through the appointment of key senior management and staff members. A highlight has been the appointment of additional investment analysts to strengthen the due diligence processes of GEP, which in turn has supported improved loan collection rates.
- b) Progressively strengthened the internal controls and policy compliance environment.
- c) Achievement of an unqualified audit opinion (no material findings on financial statements), and coming close to achieving the same audit outcome for the audit of predetermined objectives in the 2017/18 financial year.

- d) Notable changes in terms of the overall organisation and the drive to succeed and make an impact on the ground.
- e) Progressive improvement over the past 4 years in the organisational performance ratings, from 72% in 2014/15 to 81% in the 2017/18 financial year. In keeping with GEP's year-on-year performance improvement patterns, it is projected that the Agency's overall performance will reach 87% for the 2018/19 financial year
- f) Improvement in due diligence processes, which has supported the improvement in the debt collection rate.
- g) While the processes have taken long to conclude, GEP has done well to drive decisive consequence management.
- h) There are indications that GEP's public image is improving and that outreach programmes, such as the Pitching Booster, are building trust in the organisation. GEP is viewed by many as the "go to place for SMME development and support".
- i) Automation of the loans/grants application process has improved transparency and turnaround times, which have been reduced from 2 years in some instances to under 70 days on average.
- j) The automation of processes and the improvement in ICT governance has strengthened the data integrity of the organisation, supportive of better reporting and decision making.
- k) GEP has good product and service offerings for the targeted niche market in which it operates.
- l) The impact assessment study concluded in the 2017/18 financial year has provided GEP with a sound understand of the impact of its work, as well as the levels of satisfaction that beneficiaries have in terms of GEP's investment management and business development support programmes. This has allowed for better management decision making.

2) GEP has faced the following bottlenecks and challenges:

- a) Prevailing structural misalignments and capacity constraints, including prolonged periods of acting in certain key positions, including the CEO position.
- b) Long turnaround times in finalising and gaining approval for policies – this was addressed through a comprehensive review of the Agency's policies in the 2017/18 financial year.
- c) Gaps relating to internal controls for SCM and financial record keeping, as well as portfolios of evidence for the audit of performance objectives.
- d) High debt impairment which is likely to be written off. While a low loan repayment rate (at approximately 33% of loan disbursements) is typical of the SMME market being serviced, GEP needs to improve its due diligence processes and also to assess the types of loans being provided. This is an important consideration, as shorter-term contract loans will lead to faster recovery of monies loaned, with the added advantage of GEP being able to earn interest on monies recovered

- e) The organisational culture is not conducive to a high-performing Agency. This includes a lack of alignment around a common vision and the need for organisational review, culture development, skills audit and change management. Staff morale is generally low.
- f) The financial sustainability of GEP and the balance between operational costs and available budget for supporting the development of SMME's and co-operatives is a vital constraint. In the climate of fiscal constraints, the funding allocation from the shareholder is inadequate to meet the demand for GEP services, this is compounded by the relatively high operational costs (particularly personnel costs).
- g) The issue of high personnel costs is a fundamental flaw that needs to be addressed, given that 47% of GEP's budget is spent on personnel costs. After other operational costs, GEP is only left with 39% of its budget for service delivery. Urgent intervention is needed to bring down the cost of compensation to ±30% of expenditure, this would then allow for more flexibility to address strategic and operational priorities.
- h) Delays in finalising the ICT governance policy and roadmap, a vital organisational risk.
- i) Although some successes have been realised in developing partnerships with external parties for SMME development programmes, the general sense is that the revenue generation strategy is not delivering adequate volumes, particularly in terms of direct funding.
- j) Increased effort is needed to in terms of marketing, communication and stakeholder relations management to strengthen the profile of GEP and to more deeply penetrate townships in particular.
- k) The ease and accessibility of GEP and its products and services is not optimal, particularly in terms of utilising a wider range of communication channels.
- l) Lack of active and consistent measurement of the impact of GEP's support programmes in terms of the profitability and sustainability of the SMME's and co-operatives supported, the number of jobs created, the transformation of the sector, the bankability of the start-ups GEP has supported to become investment ready, etc.

The last point relating to the impact of GEP's support programmes is most vital and will be carried forward by the organisation through implementation of the Gauteng Entrepreneurship Model (GEM) in the 2019/20 financial year. This includes the establishment of the SMME index and tracking tool.

The GEP revised strategic risk register and mitigation plan (attached as Annexure B of this APP) carried the above forward, and will be used as the tool to enable continual improvements in the state of performance of the organisation, and to positively impact the AGSA audit opinion.

1.4 PRIORITIES INFORMING 2019/20 AND MTEF PLANNING

This 2019/20 Annual Performance Plan reflects an intent to align to the priorities for GDED entities, as directed by the Gauteng MEC for Economic Development. Specifically, to ensure:

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- 1) The GEP plans are aligned with the strategies of the GEDP and that the implementation of the TMR and TER is accelerated – the GEP Board and Executive will ensure close monitoring of progress in this regard and will ensure resources are reprioritised to strengthen implementation.
 - 2) APP targets are aligned to the GEDP, TMR and Deliverology, and in terms of the budget allocation letter received.
 - 3) GEP conducts its business in an ethical and corruption-free manner, this includes building a values-based, performance-oriented organisational culture and ensuring non-negotiable consequence management; holding employees individually responsible for fraud and corruption and recovering losses.
 - 4) That youth, women and people with disabilities are mainstreamed in programmes.

In planning for 2019/20 and the MTEF, GEP has taken cognisance of the low economic growth environment, the constraints on the fiscus and thus the harsh reality that there is no additional funding available from the fiscus. Furthermore, after paying salaries and operational costs, the organisation only has ±39% of its budget available for its core business of supporting SMME's and co-operatives. The impact is, therefore, inadequate and the business is not sustainable if it continues to place such high reliance on funding from government. There is thus a need for a comprehensive review of the organisation, with a focus on the following elements in the 2019/20 planning period:

- 1) Conceptualisation of strategic partnerships and resource mobilisation and cost efficiency strategies that significantly reduce GEP's reliance on the fiscus to deliver its programmes, including decisions on the types of loans to provide, whether long-term or short-term, debt recovery approaches, debt impairment decisions, partnerships, co-funding and other resource mobilisation approaches, as well as cost containment and efficiency opportunities.
- 2) Progressive development and roll-out of automated, efficient business processes, to ensure a modernised Agency that is responsive and effective.
- 3) Based on the above, and aligned to the framework of the GEM, a comprehensive organisational review will be undertaken to ensure alignment of strategy, people and operations for optimal impact on the ground, as measured by the SMME Index that is prioritised for development and implementation in 2019/20.

Complementing the above and considering the discussion on GEP's performance delivery and organisational environment, further key planning priorities for 2019/20 include:

- 1) Repair and rebuild the reputation and credibility of GEP in a bid to unblock impediments to revenue generation efforts, as a result of negative brand association among potential strategic partners, donors and sponsors.
- 2) Enhanced focus on strategy implementation and strengthened performance through improved efficiencies and effective stakeholder and partnerships management. This includes interventions to improve the layout and functionality of the website.
- 3) Address the prevailing labour issues within the organisation through regular, extensive engagements with labour. Also, to expedite the conclusion of all investigations and cases, fill vacancies of critical positions, etc.

- 4) Develop a high-impact pipeline of financially supported SMME's and co-operatives, factoring in impact measures, such as job creation, profitability and transformation. This is a vital stepping stone to a strengthened focus on outcomes, over chasing numbers (quantitative approach), in the next 5-year MTSF planning cycle.
- 5) To build the internal capacity and capabilities of the organisation to more effectively support SMME's and co-operatives to respond to the opportunities and threats of the 4th Industrial Revolution.
- 6) Conduct a climate survey and skills audit, as a step to improving the corporate culture of the organisation, towards a high-performance culture.
- 7) Finalise the ICT governance maturity roadmap and implementation plan. Ensure maturity levels are improved as per set annual targets.
- 8) Develop approaches to strike a balance between discharging a developmental mandate, as well as financial sustainability of GEP, especially against its recapitalisation considerations.
- 9) To continue to improve the risk maturity levels of the Agency as per set annual improvement targets.
- 10) Establish a monitoring and tracking system for revenue generation – daily, weekly, monthly tracking of progress and timeous interventions.
- 11) Continue to improve loan/grant application turnaround times, and ensure applicants are aware of the target turnaround times and the status of their applications – the GEP online system continues to play a critical role in this regard.
- 12) Strengthen the focus of the regions on pre-start-up and start-up through provision of grants and multiple interventions to ensure SMME's and co-operatives are investment ready.
- 13) Ensure focus on depressed regions (Sedibeng and West Rand) – increase targets for support interventions and seek to support high labour absorbing sectors.
- 14) Establish a comprehensive Incubation Model, appreciating the fact that GEP will need to collaborate with external partners for the roll-out of its sector-specific incubation interventions.
- 15) Roll-out the GEM, including the priority sector mentorship programmes that support entrepreneurs at ideation and start-up phases. Fragmentation challenges to be addressed urgently through strengthened collaboration with provincial DFI's.
- 16) Capacitate the organisation with regards to impactful sector intelligence, and entrench the role of research with a view to fostering evidence-based planning and impact assessments. The research agenda should provide solutions to optimising the use of limited resources.
- 17) Some of the initiatives to strengthen the impact of GEP's support programmes on job creation and SMME sustainability to include:
 - a) Increase job creation via SETA's by placing graduates with funded SMME's/co-operatives (benefit for SMME's is skilled and reasonable cost of labour);
 - b) Target sectors that create jobs, and identify and offer designated product offerings to create jobs (e.g. security industry);

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- c) Link GEP to private sector Corporate Social Investment (graduation process must, however, be improved to meet private sector criteria);
 - d) Finalising the process of B-BBEE accreditation by GEP to secure funding;
 - e) Seek opportunities aligned to the 4th Industrial Revolution;
 - f) Ensure procurement set-aside targets are met;
 - g) Assess the bankability of SMME's and co-operatives, post the pre-investment readiness support interventions;
 - h) Create a balance in supporting new industries vs. existing industries/companies

While the 2018/19 and 2019/20 APP attempts an initial consideration of GEP outcome and impact (through the inclusion of certain indicators), more work is required, to be taken forward in the next planning cycle, which will include the development of a new 5-year Strategic Plan for MTSF 2019-2024.

2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

There have been no significant changes to the GEP legislative and policy mandates set out in the approved Strategic Plan.

It is recognised that GEP must comply with all national and provincial legislation and regulations, and all municipal bylaws applicable to its functions.

A key feature of this Annual Performance Plan is the need to maintain it as a dynamic document, and to ensure ongoing relevance and alignment with the strategy and business plan of the various stakeholders.

There are no court judgements which have a material and/or direct bearing on the mandate and/or core operations of GEP.

3. OVERVIEW OF 2019/20 BUDGET AND MTEF ESTIMATES

3.1. EXPENDITURE ALLOCATIONS

3.1.1 Summary of Actual and Budgeted Payments

Programme (R'000)	Audited Outcome			Main Appropriation	MTEF		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Programme 1	135,086	73,607	84,879	86,710	86,716	93,632	112,425
Programme 2	19,684	40,531	42,269	36,787	33,510	35,614	38,039
Programme 3	18,286	15,246	60,920	57,470	57,022	59,495	63,428
Programme 4	117,382	107,334	56,864	51,722	68,523	71,854	62,399
Total	290,438	236,720	244,930	232,689	245,771	260,595	276,291

3.1.2 Summary of Actual and Budgeted Payments by Economic Classification

All Programmes (R'000)	Audited Outcome			Main Appropriation	MTEF		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Current payments	-	-	-	-	-	-	-
Compensation of employees	84,327	92,427	102,400	110,592	116,194	124,328	134,274
Goods and services	205,420	136,697	141,530	121,044	128,077	134,767	140,517
Transfers and subsidies	-	-	-	-	-	-	-

All Programmes (R'000)	Audited Outcome			Main Appropriation	MTEF		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Departmental accounts	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-
Transport equipment	-	-	-	-	-	-	-
Other machinery and equipment	691	7,594	1,000	1,053	1,500	1,500	1,500
Software and other intangibles	-	-	-	-	-	-	-
Total economic classification	290,438	236,718	244,930	232,689	245,771	260,595	276,291

3.2 RELATING EXPENDITURE TRENDS TO STRATEGIC ORIENTED GOALS

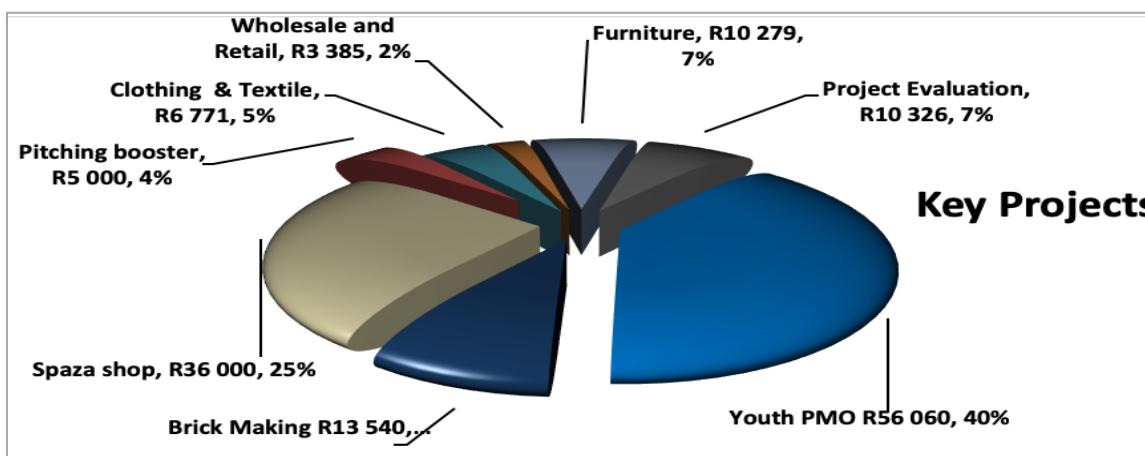
The entity's budget allocation increased by 3.5% from the year 2016/17 to 2017/18; from the year 2017/18 it decreased by 5% to the year 2018/19. From year 2018/19 to 2019/20, it increased by 6% and further increased by another 6% in the year 2020/21. From the year 2020/21 to the year 2021/22 the budget allocation grew by a further 6%.

The entity continues to support key sectors through Deliverology projects that have the potential to create jobs, due to their labour intensive nature. Amongst others, the following sectors have been identified for enhancement and to be given deliberate and targeted support:

- 1) Furniture for an amount of R3.2million;
- 2) Construction for an amount of R4.2million;
- 3) Clothing and textile allocated an amount of R2.1 million;

The above sectors will be provided for over the MTEF budget, to create self-sustaining SMME's and co-operatives that would yield job creation.

Figure 10: Total budget allocation to key projects over the MTEF



The above budget and MTEF allocations support and contribute to the 3 strategic goals outlined in the Strategic Plan, and are carried forwards in this 2019/20 APP. Arising from the 2019/20 planning process, specific considerations include:

- 1) The Agency's need to ensure adequate budget availability for certain key projects, such as strengthening the risk maturity level and ICT governance of the organisation, the roll-out of which will require an estimated R2 million (i.e. R1 million each).
- 2) The need for sufficient budget to develop and implement robust, technology-based, efficient and effective systems and processes to facilitate speedy delivery and implementation. The Agency will, in the 2019/20 financial year, invest in the automation of its business processes to enhance GEP's level of efficiency. Further automating processes may require an increase in the ICT budget.
- 3) The need for a strengthened focus to establish strategic funding partnerships, including the leveraging of funding from partners directly to beneficiaries.
- 4) Over the MTEF period, a reduction in direct loan funding is envisaged, whilst more funding will be channelled into development interventions (non-financial support).
- 5) Businesses requiring loan funding may be assisted with project preparation and be linked with other potential partners, such as banking institutions, the Small Enterprise Finance Agency (SEFA) and other development finance institutions – this would be coordinated through the implementation of the Gauteng Entrepreneurship Model and SMME Index.
- 6) The revitalisation of township economies, which remains a priority for GEP, as the Agency continues to provide support to township-based SMME's and co-operatives with a view to create jobs and increase their participation in Gauteng's mainstream economy.
- 7) In the 2016/17 financial year R55 million was allocated for the implementation of TER projects to support township businesses, this amount was decreased to R50 million in 2017/18, with a R42 million allocation for 2018/19. For the 2019/20 financial period a total of R44.7 million will be allocated for TER, of which R19.1 million is for financial support in the form of loans, and R4.5 million is for financial support in the form of grants to SMME's, and R4 million is for co-operatives, R15.6 million is for non-financial support and R1.5 million for township informal business projects in support of GIBUS.

PART B: PROGRAMME PLANS

In this section of the Annual Performance Plan, by budget programme, each of the defined strategic objectives (higher order outputs) are discussed, in relation to the performance indicators, baselines and annual targets with corresponding quarterly targets for the 2019/20 financial year and MTEF.

The focus is on ensuring that the strategic objectives are unpacked in such a way as to be specific and measurable, and against which the programmes and activities of GEP might be implemented and reported upon, as is reflected in the programme performance plans and data below.

In terms of its current approved budget structure, GEP is constituted by the following programmes and aligned sub-programmes:

Programme No.	Programme Name	Sub-Programmes
Programme 1	Administration	<ul style="list-style-type: none"> ▪ Office of the Chief Executive Officer ▪ Office of the Chief Financial Officer ▪ Corporate Support and Administration
Programme 2	Investment Management	Loan Management
Programme 3	Enterprise Support	Business Development Support
Programme 4	Regional Operations	Regional Offices

The APP deliberately reflects data positioned at a higher level to aid clear and strategic reporting and excludes operational processes and activities, which will be reflected in the relevant sub-programme operational plans for the period, which are aligned internal working documents and which inform the performance agreements of the relevant managers and employees.

4. PROGRAMME 1: ADMINISTRATION

4.1 PROGRAMME 1: PURPOSE AND FOCUS

The programme is responsible to provide strategic leadership and transversal support services required by the GEP's core functional Programmes, to ensure the successful implementation of the Entity's mandate through sustainable and integrated support and services that are customer driven.

While supporting the delivery of all three strategic goals, the organisational effectiveness focus of the Administration Programme results in delivery against the following Strategic Goal outlined in the Strategic Plan:

Goal 3: GEP efficiently and effectively managed and governed.

Specific strategic objectives for Programme 1 are defined as follows:

Strategic Objective 1: Sound internal controls and good governance.

The Administration Programme covers the following sub-programmes and functions:

Sub-Programme	Functions
Office of the Chief Executive Officer	<ul style="list-style-type: none"> ▪ Provides strategic direction to the Agency; ▪ Oversees service delivery and implementation of GEP plans; ▪ Risk and Audit; ▪ Strategic Planning, Monitoring and Evaluation; ▪ Strategic Partnerships; and ▪ Legal Advisory Services.
Office of the Chief Financial Officer	<ul style="list-style-type: none"> ▪ Financial Management; ▪ Management Accounting; and ▪ Supply Chain Management.
Corporate Support and Administration	<ul style="list-style-type: none"> ▪ Human Capital Management; ▪ Communications, Marketing and Branding; ▪ Legal Advisory Services; and ▪ Information and Communication Technology.

The 2019/20 performance plan for Programme 1 is reflected in the log frame tables below:

4.2 PROGRAMME 1: STRATEGIC OBJECTIVE ANNUAL TARGETS

STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE INDICATOR	STRATEGIC PLAN OBJECTIVE TARGET (2014/15 to 2019/20)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
			2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Supporting Strategic Goal 3: GEP efficiently and effectively managed and governed									
1. Sound internal controls and good governance	Audit outcome attained from the Auditor-General (AG) on previous year's financial and non-financial performance information	Clean audit outcome attained from the Auditor-General (AG) on previous year's financial and non-financial performance information	Unqualified audit outcome attained from the AG for the 2014/15 financial year	Unqualified audit outcome attained from the AG for the 2015/16 financial year	Clean audit outcome attained from the AG for the 2016/17 financial year	Clean audit outcome attained from the AG for the 2017/18 financial year	Clean audit outcome attained from the AG for the 2018/19 financial year	Clean audit outcome attained from the AG for the 2019/20 financial year	Clean audit outcome attained from the AG for the 2020/21 financial year

4.3 PROGRAMME 1: PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20

STRATEGIC OBJECTIVE (SO)	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS					
		2015/16	2016/17	2017/18		2018/19	2019/20	2020/21	2021/22		
Supporting Strategic Goal 3: GEP efficiently and effectively managed and governed											
SO Indicator: Audit outcome attained from the Auditor-General (AG) on previous year's financial and non-financial performance information											
1. Sound internal controls and good governance	1.1	GEP enterprise risk maturity level improved	-	New indicator	Internal GEP risk maturity assessment conducted, baseline established at level 2.5	GEP 2017/18 risk maturity improved to level 3	GEP 2018/19 risk maturity improved by 1 to level 4	GEP 2019/20 risk maturity maintained at level 4	GEP 2020/21 risk maturity improved by 1 to level 5		
	1.2	Percentage ICT governance maturity levels improved (including information security and integrity)	-	New indicator	Internal assessment of GEP ICT governance maturity levels conducted (information security: confidentiality, integrity and availability)	5% improvement on 2017/18 ICT governance maturity level baseline	10% improvement on 2018/19 ICT governance maturity level	15% improvement on 2019/20 ICT governance maturity level	15% improvement on 2020/21 ICT governance maturity level		
	1.3	GEP business processes automated	-	-	-	Financial and Non-Financial Application Processes automated and enabled by Customer Relations Management and automated Contact Centre (GEP ONLINE)	3 business processes automated (Monitoring & Evaluation; Investment Management; Business Development Support)	3 business processes automated (Transactional Advisory Services; Product Development & Post Investment)	4 business processes automated (Risk & Audit; Legal Services; Human Resources and Finance)		

4.4 PROGRAMME 1: QUARTERLY TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Responsibility	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
					Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2020	Q4 Jan - Mar 2020
Supporting Strategic Goal 3: GEP efficiently and effectively managed and governed								
1. Sound internal controls and good governance	1.1	GEP enterprise risk maturity level improved and maintained	Audit and Risk	Annually	GEP 2018/19 risk maturity improved by 1 to level 4	Recommendations and actions from 2018/19 assessment implemented	Recommendations and actions from 2018/19 assessment implemented	Recommendations and actions from 2018/19 assessment implemented
	1.2	Percentage ICT governance maturity levels improved (including information security and integrity)	Corporate Support and Administration	Annually	10% improvement on 2018/19 ICT governance maturity level	-	-	-
	1.3	Number of GEP business processes automated	Corporate Support and Administration	Tri – annually	3	1	1	1

4.5 PROGRAMME 1: RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

4.5.1 Expenditure Estimates

Programme 1: Administration (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Administration	135,086	109,607	84,879	86,710	86,716	93,632	112,425
Total payments and estimates	135,086	109,607	84,879	86,710	86,716	93,632	112,425

4.5.2 Expenditure Estimates

Programme 1: Administration (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Economic classification							
Office of the CEO	15,125	8,231	14,240	15,009	15,909	17,022	18,384
Office of the CFO	7,190	5,366	9,283	9,784	10,371	11,097	11,985
Corporate Support and Administration	17,043	12,719	22,115	23,419	24,319	26,022	28,147
Goods and services	95,728	83,291	39,241	38,498	36,117	39,491	53,909
Total payments and estimates	135,086	109,607	84,879	86,710	86,716	93,632	112,425

4.5.3 Expenditure Estimates by Economic Classification

Programme 1: Administration (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Economic classification							
Current payments	-	-	-	-	-	-	-
Compensation of employees	39,358	26,316	45,638	48,212	50,599	54,141	58,516
Goods and services	95,728	83,291	39,241	38,498	36,117	39,491	53,909
Total	135,086	109,607	84,879	86,710	86,716	93,632	112,425

4.5.4 Performance and Expenditure Trends

The budget allocation of Programme 1 decreased by 23.8%, from R135 million in 2015/16 to R109 million in 2016/17. This reduction further continued to the year 2017/18, by 29% to R84 million. In the year 2018/19 the budget increased by 2.4% (R86m). From the financial year 2018/19 to 2019/20 the allocation remained the same. In the MTEF outer years the allocation is projected to increase by 7% to R93 million in 2020/21 and by 17% R112 million in 2021/22. This brings the total allocation for the programme to R293 million over the MTEF period.

The budget continues to be strained with adjustments within the baseline. This reflects no real increase. Included in this programme is GEP's Project Evaluation Programme, which is a monitoring and evaluation requirement in keeping with the DPME directive for entities to allocate funds for the evaluation of their programmes. For personnel related expenditure, the allocated budget in the 2019/20 financial period will amount to R50 million for Programme 1, increasing to R54 million in the following year. The increase is due to an estimated 7% cost of living adjustment for staff. The allocation for Goods and Services is mostly for the implementation of IT contracts and provision for the procurement of day-to-day operations of the organisation.

In planning for 2019/20 and the MTEF, Programme 1 considerations for budget allocations are as follows:

- 1) An estimated R2 million will still be required to strengthen the ICT Governance and Risk Maturity levels of the organisation, as part of continuing efforts to enhance organisational efficiency and effectiveness.
- 2) Further automation of processes, such as those for the development of automated business process for GEP business units in 2019/20 and the maintenance of the online application system for SMME's and co-operatives will require an increase in the ICT budget allocation.
- 3) Any changes introduced to the organisational structure through the organisational review process of GEP will impact on budget considerations.
- 4) Internal and external audit findings may require a budget allocation to fully address the recommendations. This may prove to be a challenge, given the limited resources.

5. PROGRAMME 2: INVESTMENT MANAGEMENT

5.1 PROGRAMME 2: PURPOSE AND FOCUS

The programme is responsible to provide efficient and professional funding and investment management services for GEP, in support of Gauteng SMME's and co-operatives.

The Investment Management Programme supports delivery against the following strategic goals outlined in the Strategic Plan:

- Goal 1:** Gauteng's revitalised township economies contributing to shared economic growth and development.

Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors.

The specific programme strategic objective for Programme 2 is defined as follows:

Strategic Objective 2: Unique and tailored financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies.

The Investment Management Programme covers the following sub-programme and functions:

Sub-Programme	Functions
Loan Management	Funding of SMME's, co-operatives and informal businesses.

The 2019/20 performance plan for Programme 2 is reflected in the log frame tables below:

5.2 PROGRAMME 2: STRATEGIC OBJECTIVE ANNUAL TARGETS

STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE INDICATOR	STRATEGIC PLAN OBJECTIVE TARGET (2014/15 to 2019/20)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS					
			2015/16	2016/17	2017/18		2018/19	2019/20	2020/21	2021/22		
Supporting:												
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development												
AND												
Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors												
2. Unique and tailored financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies	Rand value of financial support provided to SMME's and co-operatives through the provision of loans and grants	2014/15-2017/18: R373.9m	2014/15: R67.8m 2015/16: R112.5m	R163.6m	R30m	Strategic objective indicator modified to only measure financial support through loans, excluding grants	-	-	-			
	SMMEs provided with financial support through the provision of loans	75 SMMEs provided with financial support through the provision of loans between 2018/19 and 2019/20	-	-	New	25 SMMEs provided with financial support through the provision of loans	50 SMMEs provided with financial support through the provision of loans	50 SMMEs provided with financial support through the provision of loans	55 SMMEs provided with financial support through the provision of loans			
	Percentage capital recovery of outstanding debts on GEP's active loan book	35% of GEP's active loan book recovered by 2019/20	-	-	-	New	35%	40%	45%			

5.3 PROGRAMME 2: PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS				
		2015/16	2016/17	2017/18		2018/19	2019/20	2020/21	2021/22	
Supporting:										
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development AND Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors										
2. Unique and tailored financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies	2.1	Number of SMME's financially supported in the prioritised sectors through the provision of loans	-	New indicator	24	25	50	50	55	
	2.2	Percentage of prior year short-term loan disbursements (capital) recovered	-	-	-	New indicator	50%	50%	50%	
	2.3	Percentage of GEP's active loan book recovered	-	-	-	New indicator	35%	40%	45%	

5.4 PROGRAMME 2: QUARTERLY TARGETS FOR 2019/20

STRATEGIC OBJECTIVE (SO)	PERFORMANCE INDICATOR	Reporting Responsibility	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS							
					Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020				
Supporting:												
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development AND Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors												
2. Unique and tailored financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies	2.1	Number of SMME's financially supported in the prioritised sectors through the provision of loans	Investment Management	Tri-annually	50	-	15	20	15			
	2.2	Percentage of prior year short-term loan disbursements (capital) recovered	Office of the Chief Financial Officer	Quarterly	50%	10%	25%	40%	50%			
	2.3	Percentage of GEP's active loan book recovered	Office of the Chief Financial Officer	Quarterly	35%	5%	17.5%	30%	35%			

5.5 PROGRAMME 2: RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

5.5.1 Expenditure Estimates

Programme 2: Investment Management (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Investment Management	19,684	30,531	42,269	36,787	33,510	35,614	38,039
Total payments and estimates	19,684	30,531	42,269	36,787	33,510	35,614	38,039

5.5.2 Expenditure Estimates by Economic Classification

Programme 2: Investment Management (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Economic classification							
Current payments	-	-	-	-	-	-	-
Compensation of employees	8,246	5,531	12,469	13,467	14,410	15,419	16,652
Goods and services	11,438	25,000	29,800	23,320	19,100	20,195	21,387
Total	19,684	30,531	42,269	36,787	33,510	35,614	38,039

5.5.3 Performance and Expenditure Trends

Investment Management Programme's budget allocation increased from R19.6 million to R30.5 million between financial year's 2015/16 and 2016/17. The 2017/18 budget allocation further increased from R30 million to R42 million, there is an increase from the year 2015/16 to 2017/18, which was followed by a reduction from years 2018/19 to 2020/21 indicating a consolidated reduction percentage of 19% from R42 million to R35 million. The year 2021/22 reflects a slight increase of 6.4% from R35 million to R38 million and brings the total MTEF allocation to R107 million for Investment Management.

This programme supports SMME's through the provision of financial support. In the 2018/19 financial year, the Investment Management Programme was responsible for driving the Agency's financial support interventions for SMME's and co-operatives. This approach will, however, will be changing from the 2019/20 financial year, as GEP seeks to acknowledge the valuable contribution of Programme 4 (Regional Operations) towards supporting start-up and existing SMME's and co-operatives in the form of financial support grants. Therefore, a portion of the total financial support budget allocation of approximately R23 million in 2019/20 will be transferred to Programme 4, to

provide financial support through grants for 200 SMME's. The primary focus of Programme 2 will be on providing loans to qualifying township-based small businesses.

The above budget and MTEF allocations support and contribute to 2 strategic goals outlined in the Strategic Plan and carried forward in this 2018/19 APP:

- 1) **Goal 1:** Gauteng's revitalised township economies contributing to shared economic growth and development; and
- 2) **Goal 2:** Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors.

In planning for 2019/20 and the MTEF, Programme 2 considerations for budget allocations are as follows:

- 1) The need for sufficient budget to develop and implement robust, technology-based, efficient and effective systems and processes for strengthened due diligence processes and improved turnaround times.
- 2) A strengthened focus on establishing strategic funding partnerships, including the leveraging of funding from partners directly to beneficiaries.
- 3) A stronger focus on supporting a fewer number of SMME's and co-operatives, whilst ensuring various high-impact projects with greater job creation potential are pursued.
- 4) Reduction in direct loan funding and channelling more effort towards the provision of non-financial support, with specific focus on improving the investment readiness and sustainability of supported small businesses.
- 5) The revitalisation of township economies, which remains a priority for GEP, as the Agency continues to provide support to township-based SMME's and co-operatives with a view to create jobs and increase their participation in Gauteng's mainstream economy. This includes ensuring the Deliverology targets are achieved, as the final push to the end of term.

6. PROGRAMME 3: ENTERPRISE SUPPORT

6.1 PROGRAMME 3: PURPOSE AND FOCUS

The programme is responsible to provide non-financial and financial support to Gauteng SMME's, co-operatives and the informal businesses.

The Enterprise Support Programme supports delivery against the following strategic goals outlined in the Strategic Plan:

- Goal 1:** Gauteng's revitalised township economies contributing to shared economic growth and development.
- Goal 2:** Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors.

The specific programme strategic objective for Programme 3 is defined as follows:

Strategic Objective 3: Unique and tailored non-financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies.

The Enterprise Support Programme covers the following sub-programme and functions:

Sub-Programme	Functions
Business Development Support	<ul style="list-style-type: none">▪ Mentoring;▪ Post Investment Support and Aftercare;▪ Business Incubation; and▪ Product Development.

The 2019/20 performance plan for Programme 3 is reflected in the log frame tables below:

6.2 PROGRAMME 3: STRATEGIC OBJECTIVE ANNUAL TARGETS

STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE INDICATOR	STRATEGIC PLAN OBJECTIVE TARGET (2014/15 to 2019/20)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS					
			2015/16	2016/17	2017/18		2018/19	2019/20	2020/21	2021/22		
Supporting:												
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development												
AND												
Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors												
3. Unique and tailored non-financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies	Enterprises supported with non-financial products and services	2,946 enterprises supported with non-financial products and services between 2017/18 and 2019/20	-	New	1,152 enterprises supported with non-financial products and services	714 enterprises supported with non-financial products and services	1,080 enterprises supported with non-financial products and services	1,195 enterprises supported with non-financial products and services	1,220 enterprises supported with non-financial products and services			

6.3 PROGRAMME 3: PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS				
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22		
Supporting:										
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development AND Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors										
SO Indicator: Enterprises supported with non-financial products and services										
3. Unique and tailored non-financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies	3.1	Number of township manufacturers supported to produce goods for local consumers (Central, Eastern, Northern, Western and Southern Corridors)	-	New indicator	106	141	125	150		
	3.2	Number of township-based construction enterprises non-financially supported	-	New indicator	41	196	125	150		
	3. 3	Number of enterprises supported with access to markets	-	-	New indicator	50	15	25		
	3.4	Number of SMME's supported through the Pitching Booster Programme	-	New indicator	1,005	309	300	350		
	3.5	Number of youth benefitted from the Youth Accelerator Programme	-	-	1,710	748	350	500		

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
	3.6 Number of SMME's supported through non-financial interventions in the priority districts of West Rand and Sedibeng	-	-	New indicator	18	15	20	20
	3.7 Number of partnerships secured through resource mobilisation efforts	-	-	-	New indicator	10	15	20
	3.8 Number of enterprises benefitted from GEP resource mobilisation partnerships	-	-	-	New indicator	500	500	500

6.4 PROGRAMME 3: QUARTERLY TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Responsibility	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
					Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
	Supporting: Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development AND Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors							
3. Unique and tailored non-financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies	3.1	Number of township manufacturers supported to produce goods for local consumers (Central, Eastern, Northern, Western and Southern Corridors)	Business Development Support	Quarterly	125	15	50	50
	3.2	Number of township-based construction enterprises non-financially supported	Business Development Support	Quarterly	125	5	50	50
	3.3	Number of enterprises supported with access to markets	Strategic Partnerships & Resource Mobilisation	Quarterly	15	2	5	6
	3.4	Number of SMME's supported through the Pitching Booster Programme	Business Development Support	Quarterly	300	50	100	100
	3.5	Number of youth benefitted from the Youth Accelerator Programme	Business Development Support	Quarterly	350	75	125	100

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Responsibility	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
					Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
	3.6	Number of SMME's supported through non-financial interventions in the priority districts of West Rand and Sedibeng	Regional Operations	Quarterly	15	2	5	5
	3.7	Number of partnerships secured through resource mobilisation efforts	Strategic Partnerships & Resource Mobilisation	Quarterly	10	2	3	3
	3.8	Number of enterprises benefitted from GEP resource mobilisation partnerships	Strategic Partnerships & Resource Mobilisation	Quarterly	500	175	175	100
								50

6.5 PROGRAMME 3: RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

6.5.1 Expenditure Estimates

Programme 3: Enterprise Support (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Enterprise Support	18,286	14,246	60,920	57,470	57,022	59,495	63,428
Total payments and estimates	18,286	14,246	60,920	57,470	57,022	59,495	63,428

6.5.2 Expenditure Estimates by Economic Classification

Programme 3: Enterprise Support (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
Economic classification							
Current payments	-	--	--	-	-	-	-
Compensation of employees	7,909	8,246	22,791	24,614	26,337	28,181	30,392
Goods and services	10,377	6,000	38,129	32,856	30,685	31,314	33,036
Total	18,286	14,246	60,920	57,470	57,022	59,495	63,428

6.5.3 Performance and Expenditure Trends

The Programme 3 budget allocation increased from R14.2 million to R60.9 million from the year 2016/17 to 2017/18, it then decreased from R60.9 million to R57.4 million from 2017/18 to 2018/19 financial years. From the year 2018/19 to 2019/20 the budget allocation drops slightly from R57.4 million to R57 million and then increases in the year 2020/21 by 5% to R59.5 million. The Programme is generally driven by conditional grants with specific projects targeting priority sectors.

The budget allocation supports a range of non-financial support projects aimed at developing and supporting SMME's and co-operatives and ensuring they are provided with access to market opportunities, including the Youth Accelerator Programme, the Pitching Booster Programme and sector-oriented *Deliveryology* projects in construction, clothing and textiles, and furniture sectors. The budget allocation also needs to support the increased targets for supporting township manufacturers and small enterprises in the construction industry. GEP will receive a budget allocation of R14.9 million for the 2019/20 financial year to contribute towards addressing the shortage of employment opportunities for youth in Gauteng. This will assist in elevating the importance of SMME development, equip the Province's young people to become self-employed and create alternative job opportunities.

The work of the programme aligns to the following GEP strategic goals:

- Goal 1:** Gauteng's revitalised township economies contributing to shared economic growth and development.
- Goal 2:** Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors.

In planning for 2019/20 and the MTEF, Programme 3 considerations for budget allocations are as follows:

- 1) The need for sufficient budget to develop and implement robust, technology-based, efficient and effective systems and processes to facilitate speedy delivery and programme implementation.
- 2) A strengthened focus on establishing strategic partnerships, including the leveraging of "in-kind" support from partners directly to beneficiaries.
- 3) A need to explore opportunities to reduce reliance on funding from the state, especially in view of the tough economic climate, this would be possible through the effective utilisation of the GEP Revenue Enhancement Strategy to establish a solid partnership network, which the Agency could leverage, so as to reinforce the limited financial resource base.
- 4) Greater focus on the implementation of marketing and communication interventions aimed at building the GEP brand and enhancing its reputation – this would serve as an enabler for revenue generation efforts.
- 5) The revitalisation of township economies, which remains a priority for GEP, as the Agency continues to provide support to township-based SMME's and co-operatives with a view to create jobs and increase their participation in Gauteng's mainstream economy. This includes ensuring the Deliverology targets are achieved, as the final push to the end of term.

7. PROGRAMME 4: REGIONAL OPERATIONS

7.1 PROGRAMME 4: PURPOSE AND FOCUS

The programme is responsible to provide business development support interventions that play a catalyst role in the transformation of township-based SMME's, co-operatives and informal traders into sustainable businesses.

The Regional Operations Programme supports delivery against the following strategic goals outlined in the Strategic Plan:

- Goal 1:** Gauteng's revitalised township economies contributing to shared economic growth and development.
- Goal 2:** Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors.

The specific programme strategic objective for Programme 4 is defined as follows:

Strategic Objective 4: Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors.

The Regional Operations Programme covers the following sub-programme and functions:

Sub-Programmes	Functions
Regional Offices	<ul style="list-style-type: none"> ▪ Provision of Business Development Support Interventions; ▪ Facilitation of Grant funding for qualifying SMME's and Co-operatives; ▪ CIPC Registrations; and ▪ Informal Traders Support.

The 2019/20 performance plan for Programme 4 is reflected in the log frame tables below:

7.2 PROGRAMME 4: STRATEGIC OBJECTIVE ANNUAL TARGETS

STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE INDICATOR	STRATEGIC PLAN OBJECTIVE TARGET (2014/15 to 2019/20)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS					
			2015/16	2016/17	2017/18		2019/20	2020/21	2021/22			
Supporting:												
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development												
AND												
Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors												
4. Targeted regional financial support through grant funding for SMME's and co-operatives (New SO to reflect the strengthened focus of regions on supporting new and existing township enterprises in the early stages of the SMME/ co-operatives lifecycle).	Enterprises provided with financial support through the provision of grant funding (Community Fund, Township Business Renewal Programme and Co-operative Assistance Programme)	3,345 enterprises provided with financial support through the provision of grant funding between 2015/16 and 2019/20	1,236	899	755	255	200	330	470			
5. Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors	Enterprises supported by the regions with non-financial products and services	18,562 enterprises supported by the regions with non-financial products and services between 2015/16 and 2019/20	5,798	3,740	2,700	3,224	3,100	3,550	4,150			

7.3 PROGRAMME 4: PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS				
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22		
Supporting:										
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development										
AND										
Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors										
SO Indicators:										
(1) Enterprises provided with financial support through the provision of grant funding (Community Fund, Township Business Renewal Programme and Co-operative Assistance Programme)										
(2) Enterprises supported by the regions with non-financial products and services										
4. Targeted regional financial support through grant funding for SMME's and co-operatives (New SO to reflect the strengthened focus of regions on supporting new and existing township enterprises in the early stages of the SMME/ co-operatives lifecycle)	4.1	Number of start-up SMME's provided with grant funding (Community Fund)	646	367	394	198	100	150	200	
	4.2	Number of existing SMME's provided with grant funding (Township Business Renewal Programme)	401	343	195	36	60	100	150	
	4.3	Number of co-operatives provided with grant funding (Co-operative Assistance Programme)	189	189	166	21	40	80	120	

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
5. Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors	5.1	Number of SMME's supported non-financially in the prioritised sectors	3,786	3,061	2,000	1,745	2,000	2,250
	5.2	Number of informal businesses supported non-financially to formalise	2,012	679	700	1,300	1,000	1,200
	5.3	Number of co-operatives supported to improve their investment readiness	-	-	New indicator	179	100	100

7.4 PROGRAMME 4: QUARTERLY TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Responsibility	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS				
					Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020	
		Supporting: Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development AND Strategic Goal 2: Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors							
4. Targeted regional financial support through grant funding for SMME's and co-operatives (New SO to reflect the strengthened focus of regions on supporting new and existing township enterprises in the early stages of the SMME/ co-operatives lifecycle)	4.1	Number of start-up SMME's provided with grant funding (Community Fund)	Regional Operations	Quarterly	100	20	30	30	20
	4.2	Number of existing SMME's provided with grant funding (Township Business Renewal Programme)	Regional Operations	Quarterly	60	10	20	20	10
	4.3	Number of co-operatives provided with grant funding (Co-operative Assistance Programme)	Regional Operations	Quarterly	40	5	15	15	5
5. Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors	5.1	Number of SMME's supported non-financially in the prioritised sectors	Regional Operations	Quarterly	2,000	200	750	750	300
	5.2	Number of informal businesses supported non-financially to formalise	Regional Operations	Quarterly	1,000	200	300	200	300
	5.3	Number of co-operatives supported to improve their investment readiness	Business Development Support	Quarterly	100	10	40	40	10

7.5 PROGRAMME 4: RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

7.5.1 Expenditure Estimates

Programme 4: Regional Operations (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Regional Operations	117,382	82,334	56,862	51,722	68,523	71,854	62,399
Total payments and estimates	117,382	82,334	56,862	51,722	68,523	71,854	62,399

7.5.2 Expenditure Estimates by Economic Classification

Programme 4: Regional Operations (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Economic classification							
Current payments	-	-	-	-	-	-	-
Compensation of employees	28,814	52,334	21,502	23,222	24,848	26,587	28,714
Goods and services	88,568	30,000	35,360	28,500	43,675	45,267	33,685
Total	117,382	82,334	56,862	51,722	68,523	71,854	62,399

7.5.3 Performance and Expenditure Trends

This programme has been allocated a budget of R68.5 million for the 2019/20 financial year, as well as R71.8 million and R62.4 million respectively for the 2020/21 and 2021/22 outer years. This brings the total allocation to R203 million for the MTEF years. The budget includes the implementation of Gauteng's Township Economic Revitalisation projects, which are aimed at enhancing re-industrialization through the development of black-owned enterprises. These programmes seek to increase the number of SMME's and co-operatives actively participating in the Gauteng's mainstream economy and its 11 identified priority economic sectors. The 15% drop from 2020/21 to 2021/22 is due to the Spaza Shop Project ending in the year 2020/21 financial year.

An elevated focus of the Programme from 2019/20 is on supporting pre-start-up and start-up enterprises with a combination of financial (grant) and non-financial support, and facilitating their investment readiness. The Rand value of available grant funding is, however, very small and thus the focus needs to be on training, mentorship and other business development support interventions that are structured in a manner that enables the readiness of the start-up enterprises to seek funding from other DFI's and commercial finance institutions.

The approach is a multiple intervention one in the ideation/pre-start-up and start-up/incubation stages of enterprise and entrepreneurial development, an area in which GEP aims to specialise. Other DFI's with more resources may then take over supporting the enterprises in the growth and establishment stages of the value chain.

In planning for 2019/20 and the MTEF, Programme 4 considerations for budget allocations are as follows:

- 1) Programme 4 (Regional Operations) remains the "Branch Network of GEP" and are, therefore, mainly focused on outcomes that are 'customer-experience oriented' – a specific skill set and competence required - for broadening relevant, customer focused access to and experience of non-financial support.
- 2) Given the continued support to SMME's and co-operatives provided by Regional Operations in the form of the Community Fund, Township Business Renewal and the Co-operative Assistance Programme grants, such applications are to be channelled to Programme 4 (Regional Operations) in 2019/20, with Programme 2 prioritising loan applications by qualifying enterprises. This is supportive of GEP strengthening its focus on supporting pre-start-up and start-up SMME's and co-operatives to become investment ready.
- 3) The need for sufficient budget to develop and implement robust, technology-based, efficient and effective systems and processes for strengthened regional operations. A key area for processes automation.
- 4) A strengthened focus on establishing strategic funding and non-financial partnerships for the benefit of beneficiaries.
- 5) The revitalisation of township economies, which remains a priority for GEP, as the Agency continues to provide support to township-based SMME's and co-operatives with a view to create jobs and increase their participation in Gauteng's mainstream economy. This includes ensuring the Deliverology targets are achieved, as the final push to the end of term.

PART C: LINKS TO OTHER PLANS

8. LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

The matter of long-term infrastructure and other capital plans is not applicable to GEP.

9. CONDITIONAL GRANTS

The matter of conditional grants is not applicable to GEP.

10. PUBLIC ENTITIES

The GEP does not have any public entities.

11. PUBLIC-PRIVATE PARTNERSHIPS

The GEP does not have any public-private partnerships.

12. MATERIALITY FRAMEWORK

In terms of the Treasury Regulations, it is hereby stated that the Gauteng Enterprise Propeller has a Materiality Framework in place, which is monitored by the Board.

ANNEXURE A: CHANGES TO STRATEGIC PLAN

The foundation of the performance delivery environment in the Gauteng Province is the outcomes-based planning approach, the provincial outcome plans and the annual Programme of Action (POA). The National Development Plan, Vision 2030, which was adopted by the National Executive in 2012, remains the blueprint of government and continues to inform the strategic direction of the Gauteng Provincial Government.

In giving effect to this long-term plan, the Fifth Administration has adopted the Gauteng City Region Ten Pillar Programme of Transformation, Modernisation and Re-industrialisation as the strategic posture for the Gauteng Provincial Government for the 2014-2019 MTSF.

As pronounced by Premier David Makhura in his State of the Province Address in 2017, Gauteng has adopted the concept of “Deliverology” for the Gauteng Provincial Government, as part of the measures to accelerate and improve service delivery in the current term of office. In particular, it will enable significant improvement in the manner in which the Apex Priorities are managed, implemented, monitored and reported on. Deliverology’s point of departure is that governments often spend the majority of time on creating policies as the key way to deliver change. While policies are critical to lay the pathway to change, it is often the case that implementation of these policies are merely an afterthought. Thus successful delivery and change is substantially about implementation.

In addition, the Gauteng Tshepo 500,000 (now 1 Million) has been reconceptualised as a bold initiative and intervention, intended to give hope and enable the unemployed youth, women, people with disabilities and children born of military veterans to participate in the mainstream of Gauteng economy through training and skills development, sustainable jobs and entrepreneurship development opportunities. The programme has been expanded and is expected to deliver 1 million sustainable jobs within the term of the current provincial administration.

The revitalisation of township economies and the development of SMME’s and co-operatives are central to the implementation of this provincial economic agenda characterised by the TMR, the GCR Economic Development Plan and the Gauteng Township Economic Revitalisation strategies.

In this context, the GEP is a provincial government agency established in 2005 under the auspices of the Gauteng Department of Economic Development (as Executive Authority) to provide financial and non-financial support and coordinate stakeholders for the benefit of Small Medium and Micro Entrepreneurs in Gauteng. The mandate of GEP is to reposition and propel SMME’s and co-operatives to be the engines of economic growth and progress from being perpetual distributors of goods and services to becoming productive centres.

Against the backdrop of the NDP, Vision 2030, which highlights the critical contribution of the small business sector to the 2030 target of 11 million new jobs created, GEP contributes directly to the following TMR pillars:

- 1) Pillar 1 – Radical Economic Transformation (especially. TER);
- 2) Pillar 6 – Modernisation of Gauteng economy;
- 3) Pillar 9 – Reindustrialisation of Gauteng economy.

GEP's role is, therefore, to address economic inequalities perpetuated by spatial divisions, to increase levels of competitiveness and productivity and to support the graduation of SMME's and co-operatives into mainstream economy, described below:

Figure 11: GEP strategic intent



While the overall strategic posture of GEP's Strategic Plan has remained unchanged, at the programme level it has been reviewed and revised to ensure full alignment with the provincial priorities highlighted above, in order to give implementation focus and priority to high-impact interventions, as the final push to the end of the MTSF.

As GEP's approved Strategic Plan covers the period 2014/15 to 2018/19, this addendum seeks to extend the period of the strategic plan to cover the period of this APP, to 2019/20. This is in line with the approach of the DED group, as it does not make practical or financial sense to develop and publish a new 5-year Strategic Plan until post the 2019 national and provincial elections. GEP will then be guided by the new planning frameworks of DPME for the next MTSF planning cycle.

In line with the legislative requirements in terms of the Public Finance Management Act (PFMA), 1999, Treasury Regulations and other legislative prescripts, GEP has developed this Annual Performance Plan as the final plan for implementing the goals and strategic objectives outlined in the Extended 2014/15 to 2019/20 Strategic Plan.

Reflected in this APP are the 2019/20 and MTEF performance indicators, annual and quarterly targets and budget allocations for performance against the strategic goals, strategic objectives and strategic objective targets of the Strategic Plan, which outline the high-level strategic framework of GEP as follows:

MANDATE

Revitalising the Province's township economies; increasing the participation of SMME's and co-operatives in Gauteng's 11 identified sectors towards growing and developing these sectors and

MANDATE

changing their ownership patterns; as well as supporting SMME's and co-operatives to contribute to the GDP and the creation of decent work.

VISION

Sustainable SMME's and co-operatives propelled into the mainstream economy of Gauteng.

MISSION

To provide unique, tailored financial and non-financial services that enable SMME's and co-operatives to become active participants in Gauteng's mainstream economy.

VALUES

Excellence	We will strive to serve as an agency of excellence in providing unique, tailored financial and non-financial services to SMME's and co-operatives in Gauteng.
Leadership	We will lead in reshaping the role and position of SMME's and co-operatives away from the marginal to the mainstream economy.
Professionalism	We will provide speedy, responsive and relevant professional services in accordance with the Batho Pele principles.
Equality	We will facilitate equity, redress and access to economic opportunities and decent employment.
Innovation	We will foster and practice high levels of innovation, effectiveness and efficiency.
Good governance	We will consistently act with integrity and ensure accountability and good governance.
Partnerships	We will forge long-term and sustainable strategic partnerships that will contribute to achieving GEP's goals and objectives.

STRATEGIC GOALS

- | | | |
|---|---|--|
| 1) Gauteng's revitalised township economies contributing to shared economic growth and development. | 2) Gauteng's SMME's and co-operatives actively participating in the Province's mainstream economy, including in key economic sectors. | 3) GEP efficiently and effectively managed and governed. |
|---|---|--|

In turn, the 3 strategic goals then inform the alignment to the delivery programme structure of GEP and the development of strategic objective targets, performance indicators and annual and quarterly performance data.

As part of the maturing of the Gauteng Enterprise Propeller planning and reporting framework, through the 2018/19 planning cycle, adjustments to the data reflected in the extended 2015–2020 Strategic Plan were made in this Annual Performance Plan, as follows:

Table 8: Revisions to Programme strategic objectives

Programme	Strategic Objectives Reflected in the Strategic Plan and/or 2017/18 APP	Revised Strategic Objectives Reflected in the 2018/19 and 2019/20 APP's
Programme 1: Administration	Strategically lead, monitor and evaluate GEP's policies, programmes and projects. Implement, timeously and to plan all GEP's policies, programmes and projects. Ensure prudent, compliant and efficient financial, accounting and supply chain services. Create awareness of GEP's services and products through rigorous marketing and communication services. Efficiently and effectively manage GEP's information communication and related technologies, and general facilities services. Provide sound legal, governance, risk and compliance services. Deliver efficient and effective corporate services.	<u>Strategic Objective 1:</u> Sound internal controls and good governance (new).
Programme 2: Investment Management	Provide unique and tailored financial support services that propel SMME's into the mainstream economy, revitalises township economies and grow the key economic sectors.	<u>Strategic Objective 2:</u> Unique and tailored financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies.
Programme 3: Enterprise Support	Provide unique and tailored business development services that propel SMME's into the mainstream economy, revitalise township economies and grow key economic sectors.	<u>Strategic Objective 3:</u> Unique and tailored non-financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies.

Programme	Strategic Objectives Reflected in the Strategic Plan and/or 2017/18 APP	Revised Strategic Objectives Reflected in the 2018/19 and 2019/20 APP's
Programme 4: Regional Operations	All GEP-led Township Economies Revitalisation Strategy (TER) projects effectively implemented (SP).	<u>Strategic Objective 4:</u> Targeted regional financial support through grant funding for SMME's and co-operatives.
	All GEP led Gauteng Informal Business Upliftment Strategy (GIBUS) projects effectively implemented (SP).	(new SO to reflect the strengthened focus of regions on supporting new and existing township enterprises in the early stages of the SMME/ co-operatives lifecycle).
	Revitalise and Modernise Township Economies Reflecting Radical Transformation and Reindustrialisation of Gauteng Economy (APP).	<u>Strategic Objective 5:</u> Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors.

Revisions to Programme Strategic Objective Targets (SO Target Column in SP – and informing APP Table A):

While the intent of the strategic objectives remain unchanged, given the above revisions to strategic objectives, adjustments have been made to the Objective Statements and aligned SO targets (informing the 2018/19 APP Table A) as follows:

Table 9: Revisions to Programme strategic objective targets

Budget Programme	Revised Strategic Objective	Revised Strategic Objective Statement	Revised Strategic Objective Target (2014/15–2019/20)
Programme 1: Administration	<u>Strategic Objective 1:</u> Sound internal controls and good governance (new).	Audit outcome attained from the Auditor-General (AG) on previous year's financial and non-financial performance information. (New SO target)	Clean audit outcome attained from the Auditor-General (AG) on previous year's financial and non-financial performance information.
Programme 2: Investment Management	<u>Strategic Objective 2:</u> Unique and tailored financial support products and services that propel SMME's and co-operatives into the	SMMEs provided with financial support through the provision of loans (2019/20 replacement SO for above)	75 SMMEs provided with financial support through the provision of loans between 2018/19 and 2019/20 (new in 2019/20).

Budget Programme	Revised Strategic Objective	Revised Strategic Objective Statement	Revised Strategic Objective Target (2014/15–2019/20)
	mainstream economy and revitalise township economies.		
Programme 3: Enterprise Support	<u>Strategic Objective 3:</u> Unique and tailored non-financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies.	Enterprises supported with non-financial products and services	2,956 enterprises supported with non-financial products and services between 2017/18 and 2019/20
Programme 4: Regional Operations	<u>Strategic Objective 4:</u> Targeted regional financial support through grant funding for SMME's and co-operatives.	Enterprises provided with financial support through the provision of grant funding (Community Fund, Township Business Renewal Programme and Co-operative Assistance Programme)	3,345 enterprises provided with financial support through the provision of grant funding between 2015/16 and 2019/20
	<u>Strategic Objective 5:</u> Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors.	Enterprises supported by the regions with non-financial products and services	18,562 enterprises supported by the regions with non-financial products and services between 2015/16 and 2019/20

These adjustments seek to better clarify and distinguish between (budget) programmes, and the projects and activities implemented under these programmes.

As a result of the above changes to strategic objective and related key performance indicator wording, certain 2018/19 and 2019/20 strategic objective and MTEF indicators and targets have been adjusted in the 2018/19 and 2019/20 APP's, so that the key performance indicators and targets are more aligned and specific.

Given that 2019/20 is the final year of the extended 2015–2020 Strategic Plan, the changes are not considered substantive or material enough to warrant the cost of publishing a new strategic plan at this point.

ANNEXURE B: GEP STRATEGIC RISK REGISTER

GEP has developed a comprehensive Strategic Risk Profile for the organisation and the identified risks are as follows:

- 1) Financial sustainability;
- 2) Fraud and corruption;
- 3) Asset quality (credit risk);
- 4) ICT security/automation;
- 5) Stakeholder management/reputational;
- 6) Regulatory framework; and
- 7) Human capital.

The root causes for each risk have been determined, as have the existing controls and proposed mitigation plans. Whilst oversight for the strategic risk profile is the responsibility of the Board, and overall accountability lies with the Accounting Officer, each risk has been allocated to a specific Executive to drive the implementation of the risk mitigation actions.

The proposed mitigation actions (pending approval by the incoming Board) are summarised in table 10 below:

Table 10: GEP risk and mitigation profile

Risk	Owner	Priority mitigation actions
1. Financial sustainability	CFO and GM Revenue Generation	<ul style="list-style-type: none"> 1.1. Engage Provincial Treasury and DED Group requesting accumulated surpluses by other Schedule 3(A) and 3(C) public entities. This money will be borne out of Section 53(3) of the PFMA and Treasury Regulation 31.3.3. 1.2. The Board may ask the MEC to exercise his right of veriment in terms of Section 43 of the PFMA to move available funds/saving to GEP. 1.3. Development and implementation a 5-year target-driven revenue generation strategy and plan (for large amounts and higher management fees), including opportunities for PPP's. 1.4. Short-term investments for interest income from early transfers and partnership projects. 1.5. Auction recovered assets and development of SCM bid turnaround times. 1.6. Recovery of losses from unethical conduct, fraud and corruption. 1.7. Develop an impact monitoring mechanism to, amongst other key areas, track the impact of funded clients on their

Risk	Owner	Priority mitigation actions
		"local economies".
2. Asset quality/credit risk	COO	<ul style="list-style-type: none"> 2.1. Develop and revise the financial and non-financial support policies. 2.2. Optimise, standardise, re-engineer financial support and non-financial support value chain/pillars (enhancement of the loans management system and pillars). 2.3. Explore, benchmark and redefine due diligence process and rules. 2.4. Revised and optimise the contract drafting process for customisation. 2.5. Review the financial and non-financial support approval processes for improved turnaround time. 2.6. Implement initiatives to improve the quality of service provided to beneficiaries, particularly by regional offices.
3. Human capital	GM: Corporate Support & Admin	<ul style="list-style-type: none"> 3.1. Implementation of the organisational review recommendations. 3.2. Finalisation and implementation of the matching and placing strategy. 3.3. Implement content management for safety and confidentiality of staff and organisational records. 3.4. Employee performance management contracts with clearly defined targets, which are aligned to the APP and strengthened overall performance management. 3.5. Introduce and implement the compulsory vacation leave for employees. 3.6. Develop and implement a values-based organisational culture and employee well-being improvement plan.
4. Reputational/relationship	GM: Corporate Support & Admin and GM: Revenue Gen	<ul style="list-style-type: none"> 4.1. Development of the marketing and communication strategy and plan. 4.2. Develop, implement and monitor the stakeholder relations strategy, plan and database. 4.3. Operationalisation of signed MoU's/partnership agreements to optimise operational efficiencies. 4.4. Develop and implement a labour relations management plan.
5. Fraud and corruption	GM: Risk/Audit	<ul style="list-style-type: none"> 5.1. Appointment of the panel of forensic investigators to direct and determine focus areas in terms of forensic investigations. 5.2. Declaration of Interest and Ethics Commitment Forms, to support the Code of Ethics and to entrench acceptable ethical standards. Socialise ethical conduct within staff. 5.3. Trend analysis, intelligence gathering, quantification of

Risk	Owner	Priority mitigation actions
		<p>losses/risks (lessons learned from sister entities) and data analytics in order to develop proactive mitigation measures.</p> <p>5.4. Recovery of losses (pension fund, Section 300 of CPA, Assets Forfeiture Unit/POCA, PRECCA and Civil remedies).</p>
6. ICT	GM: Corporate Support & Admin	<p>6.1. Resourcing and implementation of ICT Governance Strategy, which includes:</p> <ul style="list-style-type: none"> ▪ Governance strategy ▪ Legislative requirements ▪ Skills and capacitation ▪ Data Integrity and Security Strategy, latest, relevant ICT tools ▪ Records Management Strategy ▪ ICT Procurement Strategy ▪ Disaster Recovery Strategy <p>6.2. Integration, automation and availability of systems.</p> <p>6.3. External integration with relevant entities (other FDI's, SARS, Home Affairs).</p>
7. Regulatory framework	Co. Sec. and GM: Risk/Audit	<p>7.1. Intranet publication of policies and awareness creation and safekeeping of policies and procedures.</p> <p>7.2. Ongoing monitoring, scanning, advising in the change in the legislative landscape challenges to inform/improve business processes.</p> <p>7.3. Development, implementation and monitoring of the DOA Framework.</p> <p>7.4. Development of a formal compliance management framework for the compliance function.</p>

Quarterly progress reports on the Strategic Risk Profile and the priority mitigation actions for 2018/19 and the MTEF, will be provided to the Audit and Compliance Committee, Risk Governance Social and Ethics Committee and the Board.

ANNEXURE C: TECHNICAL INDICATOR DESCRIPTIONS

13. PROGRAMME 1: TECHNICAL INDICATOR DESCRIPTIONS

Strategic Objective 1	Sound internal controls and good governance
Strategic Objective Indicator	Audit outcome attained from the Auditor-General (AG) on previous year's financial and non-financial performance information
Short definition	Sound governance and internal controls evidenced by the audit outcome on previous year's financial and non-financial performance information.
Purpose/ importance	In support of Strategic Goal 3: GEP efficiently and effectively managed and governed.
Source/collection of data	AG (external) Audit Report and Management Letter (final).
Method of calculation	Verification of external audit opinion.
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Clean audit outcome attained from the AG for the 2018/19 financial.
Indicator responsibility	Office of the Chief Executive Officer

Performance Indicator 1.1	GEP enterprise risk maturity level improved
Short definition	The indicator measures the maturity level of year-on-year improvement in GEP's enterprise risk maturity levels. The intention is to achieve a level 4 risk maturity by 2019/20 that could be maintained, whilst seeking resources to fund programmes for risk maturity level 5.
Purpose /importance	To improve the Agency's risk maturity to level 5 by 2021/22.
Source/collection of data	<ol style="list-style-type: none"> 1) Risk maturity roadmap. 2) Internal assessment report. 3) Risk Management Plan.
Method of calculation	Review of risk maturity level rating as per internal assessment report.

Performance Indicator 1.1		GEP enterprise risk maturity level improved
Data limitations		None
Type of indicator		Output
Calculation type		Non-Cumulative
Reporting cycle		Annually
New indicator		New
Desired performance		Level 4 risk maturity level achieved by the end of the 2019/20 financial year, as a milestone towards achieving a level 5 risk maturity level by the end of the 2021/22 financial year.
Indicator responsibility		Audit and Risk

Performance Indicator 1.2		Percentage ICT governance maturity levels improved (including information security and integrity)
Short definition		The indicator measures the percentage improvement in ICT governance maturity levels (including information security and integrity).
Purpose/ importance		To improve the Agency's ICT governance maturity levels (Information Confidentiality, Integrity and Availability).
Source/collection of data		Internal assessment report on GEP ICT governance maturity levels.
Method of calculation		1) Review of ICT governance maturity level rating as per internal assessment report. 2) Calculate the current year percentage improvement on the previous year governance maturity level rating achieved.
Data limitations		None
Type of indicator		Output
Calculation type		Non-Cumulative
Reporting cycle		Annually
New indicator		New
Desired performance		10% improvement on 2018/19 ICT governance maturity level
Indicator responsibility		Corporate Support and Administration

Performance Indicator 1.3	Number of GEP business processes automated
Short definition	The indicator measures the number of GEP businesses automated through an appropriate IT-based system/platform.
Purpose/ importance	To improve the Agency's governance and business processes efficiencies.
Source/collection of data	GEP business processes for individual business unit.
Method of calculation	Review GEP business processes to confirm automation status.
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Tri-annually
New indicator	New
Desired performance	3 business processes automated (Monitoring and Evaluation; Investment Management; Business Development Support).
Indicator responsibility	Corporate Support and Administration

14. PROGRAMME 2: TECHNICAL INDICATOR DESCRIPTIONS

Strategic Objective 2	Unique and tailored financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies
Strategic Objective Indicators	<p>1) SMMEs provided with financial support through the provision of loans</p> <p>2) Percentage capital recovery of outstanding debts on GEP's active loan book</p>
Short definitions	<p>1) The cumulative (total) number of SMMEs and co-operatives provided with financial support through the provision of GEP loans between 2018/19 and 2019/20.</p> <p>2) The percentage capital recovery on the GEP active loan book, which excludes debts handed over for collection through legal processes.</p>
Purpose/ importance	To provide tailored financial support to Gauteng SMME's and co-operatives that propels them into the mainstream economy and revitalises township economies, whilst ensuring GEP collects on its active loan book for purposes of recapitalising programme delivery.
Source/collection of data	GEP Annual Financial Statements and Approval Lists reflecting the beneficiaries of loan disbursements and the status of GEP debt collections.

Strategic Objective 2	Unique and tailored financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies
Strategic Objective Indicators	<p>1) SMMEs provided with financial support through the provision of loans</p> <p>2) Percentage capital recovery of outstanding debts on GEP's active loan book</p>
Method of calculation	Simple count of the number of SMMEs and co-operatives in terms of the total rand value of loans disbursed per annum, as well as, the rand value of prior year active loan recoveries divided by prior year rand value of the active loan book, expressed as a percentage cumulating to the Strategic Objective target by 2019/20
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	75 SMMEs provided with financial support through the provision of loans between 2018/19 and 2019/20, with GEP achieving a recovery rate of 35% of its active loan book by 2019/20
Indicator responsibility	Investment Management / Office of the Chief Financial Officer

Performance Indicator 2.1	Number of SMME's financially supported in the prioritised sectors through the provision of loans
Short definition	The indicator measures the number of SMME's granted funding through loans in the manufacturing, agro-processing, mineral beneficiation, construction, ICT, real estate, automotive, retail, finance, pharmaceutical, creative and other priority sectors.
Purpose/ importance	To improve the liquidity and profitability of supported SMME's, which will have an impact on the economy.
Source /collection of data	<p>1) GEP Loan Approval List; and</p> <p>2) GEP Online/System reports.</p>
Method of calculation	A simple count of the number of SMME's granted funding through loans.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative

Performance Indicator 2.1	Number of SMME's financially supported in the prioritised sectors through the provision of loans
Reporting cycle	Tri-annually
New indicator	No
Desired performance	To provide financial support through the approval and disbursement of loans to 50 SMME's in the prioritised sectors, with the aim of propelling their participation in the mainstream economy and increasing their contribution towards the reduction of unemployment.
Indicator responsibility	Investment Management

Performance Indicator 2.2	Percentage of prior year short-term loan disbursements (capital) recovered
Short definition	The indicator measures the percentage capital recovery of the short-term loans that were disbursed in the previous financial year. Short-term loans are contract finance type loans, with terms between 4-6 months.
Purpose/ importance	To ensure GEP collects on short-term loans for purposes of recapitalising the Agency and enhancing GEP programme delivery.
Source /collection of data	1) GEP Financial Management Accounts Report 2) Debt Collection Report
Method of calculation	Rand value of short-term loan recoveries on prior year short-term loan disbursements divided by the prior year Rand value of short-term loan disbursements, expressed as a percentage.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	1) 50% of prior year short-term loan disbursements recovered in 2019/20. 2) The 2019/20 target takes into consideration clients that will still be on grace period following their loan disbursements in 2018/19.
Indicator responsibility	Office of the Chief Financial Officer

Performance Indicator 2.3	Percentage of GEP's active loan book recovered
Short definition	<p>The indicator measures the percentage recovery of outstanding debts on GEP's active loan book.</p> <p>The active loan book comprises loans that are viewed as recoverable and are being actively pursued for recovery by the debt collection team. Once handed over to legal, the loans are viewed as inactive even if still being pursued through legal channels.</p>
Purpose/ importance	The improved ability of enterprises to pay back loans is evidence of their increased sustainability and maturity, and also enables GEP to recycle this funding to support additional enterprises.
Source /collection of data	1) GEP Financial Management Accounts Report 2) Debt Collection Report
Method of calculation	Rand value of prior year active loan recoveries divided by prior year Rand value of the active loan book, expressed as a percentage.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Recovery rate of 35% on GEP's active loan book in 2019/20 (Targeted rand value: R10 million).
Indicator responsibility	Office of the Chief Financial Officer

15. PROGRAMME 3: TECHNICAL INDICATOR DESCRIPTIONS

Strategic Objective 3	Unique and tailored non-financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies
Strategic Objective indicator	Enterprises supported with non-financial products and services
Short definition	The cumulative (total) number of enterprises supported with non-financial products and services between 2017/18 and 2019/20.
Purpose/ importance	To provide tailored non-financial support to Gauteng SMME's and co-operatives that propels them into the mainstream economy and revitalise township economies.

Strategic Objective 3	Unique and tailored non-financial support products and services that propel SMME's and co-operatives into the mainstream economy and revitalise township economies
Strategic Objective indicator	Enterprises supported with non-financial products and services
Source/collection of data	GEP Online/System reports and/or project reports with supporting documents (attendance registers, registration certificates and accreditation certificates, etc.).
Method of calculation	Simple count of the total number of enterprises supported with non-financial products and services between 2017/18 and 2019/20.
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	2,946 enterprises supported with non-financial products and services between 2017/18 and 2019/20
Indicator responsibility	Business Development Support

Performance Indicator 3.1	Number of township manufacturers supported to produce goods for local consumers (Central, Eastern, Northern, Western and Southern Corridors)
Short definition	Count of the number of township manufacturers supported to produce goods for local consumers (Central, Eastern, Northern, Western and Southern Corridors).
Purpose/ importance	In support of a Deliverology priority to support the wholesale and retail sector, and support enterprises to boost their productive capacity.
Source/collection of data	GEP Online/System reports and/or project reports with supporting documents (attendance registers, accreditation certificates, etc.).
Method of calculation	Simple count of the number of township manufacturers supported to produce goods for local consumers, per annum.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly

Performance Indicator 3.1	Number of township manufacturers supported to produce goods for local consumers (Central, Eastern, Northern, Western and Southern Corridors)
New indicator	No
Desired performance	125 township manufacturers supported to produce goods for local consumers in 2019/20.
Indicator responsibility	Business Development Support

Performance Indicator 3.2	Number of township-based construction enterprises non-financially supported
Short definition	Count of the number of Gauteng township-based construction enterprises non-financially supported.
Purpose/ importance	In support of a Deliverology priority to support the construction sector, and support township enterprises to boost their productive capacity.
Source/collection of data	GEP Online/System reports and/or project reports with supporting documents (attendance registers, registration and accreditation certificates, etc.).
Method of calculation	Simple count of the number of township-based construction enterprises non-financially supported, per annum.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	125 township-based construction enterprises non-financially supported in 2019/20.
Indicator responsibility	Business Development Support

Performance Indicator 3.3	Number of enterprises supported with access to markets
Short definition	To measure the number of enterprises supported with access to markets, per annum. This includes GEP interventions to create linkages between SMME's/co-operatives and clients to ensure procurement from small enterprises. This could mean procuring (oftake agreements), shelf space, or priority on a supplier database, or exposing the small enterprises' product/service to investors and international markets.

Performance Indicator 3.3	Number of enterprises supported with access to markets
Purpose/ importance	To propel the participation of supported small enterprises in the mainstream economy by benefiting from public and private sector procurement opportunities.
Source/collection of data	Reports on access to market support provided to enterprises'/ofttake agreements/procurement databases/attendance register of investor meetings/exhibitions and/or international interactions/ exports/enterprise development/ accredited skills development/product accreditation.
Method of calculation	Simple count of the number of enterprises supported with access to markets.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	15 enterprises supported with access to markets in 2019/20.
Indicator responsibility	Strategic Partnerships & Resource Mobilisation

Performance Indicator 3.4	Number of SMME's supported through the Pitching Booster Programme
Short definition	Count of the number of SMME's supported through the Pitching Booster Programme, per annum.
Purpose/ importance	To increase the number of SMME's supported through the Pitching Booster Programme.
Source/collection of data	1) Pitching session attendance registers; and 2) Quarterly progress reports.
Method of calculation	Straight count of the number of SMME's supported through the Pitching Booster Programme, per annum.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No

Desired performance	300 SMME's supported through the Pitching Booster Programme in 2019/20.
Indicator responsibility	Business Development Support

Performance Indicator 3.5	Number of youth benefitted from the Youth Accelerator Programme
Short definition	To measure the number of youths benefiting from the Youth Accelerator Programme supported through training, placement and other support interventions.
Purpose /importance	To improve the job readiness and entrepreneurship capability of youths benefiting from the Youth Accelerated Programme, with a view to reduce youth unemployment.
Source /collection of data	Project reports with supporting documents (attendance registers, confirmation of placements, accreditation certificates, etc.).
Method of calculation	Simple count of the number of youths benefitted from the Youth Accelerator Programme supported through training, placement and other support interventions.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	700 youths benefitting from the Youth Accelerator Programme in 2019/20.
Indicator responsibility	Business Development Support

Performance Indicator 3.6	Number of SMME's supported through non-financial interventions in the priority districts of West Rand and Sedibeng
Short definition	To measure the number of SMME's supported non-financially (i.e. through training, mentorship, marketing support, equipment, etc.) in the West Rand and Sedibeng regions.
Purpose /importance	To capacitate SMME's in the depressed regions of Sedibeng and West Rand and enable them to operate their businesses optimally.
Source /collection of data	<ol style="list-style-type: none"> 1) GEP Online/System reports. 2) Project reports. 3) Attendance registers.

Performance Indicator 3.6	Number of SMME's supported through non-financial interventions in the priority districts of West Rand and Sedibeng
Method of calculation	Simple count of the number of West Rand and Sedibeng SMME's provided with non-financial support.
Data limitations	None
Type of indicator	Output
Calculation type	Non - cumulative
Reporting cycle	Quarterly
New indicator	New
Desired performance	15 West Rand and Sedibeng SMME's supported non-financially in 2019/20.
Indicator responsibility	Regional Operations

Performance Indicator 3.7	Number of partnerships secured through resource mobilisation efforts
Short definition	To measure the number of partnerships secured through GEP resource mobilisation efforts, per annum.
Purpose/ importance	To secure public and/or private sector partnerships that will propel the participation of Gauteng SMME's and co-operatives in the mainstream economy.
Source/collection of data	Written confirmation of public and/or private sector partnership agreements secured in 2019/20 outlining support interventions to be provided to SMME's or co-operatives.
Method of calculation	Simple count of the number of partnerships secured through GEP resource mobilisation efforts.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	10 partnerships secured through GEP resource mobilisation efforts in 2019/20.
Indicator responsibility	Strategic Partnerships & Resource Mobilisation

Performance Indicator 3.8	Number of enterprises benefitted from GEP resource mobilisation partnerships
Short definition	To measure the number of enterprises that have benefitted from GEP resource mobilisation partnerships, per annum. This includes GEP interventions for leveraging on both new and existing partnerships to create opportunities for the provision of financial and non-financial support to Gauteng SMME's and co-operatives, that propels them into the mainstream economy and revitalise township economies.
Purpose/ importance	To propel the participation of supported SMME's and co-operatives in the mainstream economy by benefiting from GEP's resource mobilisation partnerships.
Source/collection of data	<ol style="list-style-type: none"> 1) Written confirmation of public and/or private sector partnership agreements outlining support interventions to be provided to SMME's or co-operatives 2) GEP project reports on partnership support interventions for the benefit of SMME's and co-operatives 3) SMME's' or co-operatives' training and /or capacity development workshop attendance registers, business registration and accreditation certificates, confirmation of participation in mentorship or incubation programmes etc.
Method of calculation	Simple count of enterprises benefitted from GEP resource mobilisation partnerships in the 2019/20 financial year.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	500 enterprises benefitted from GEP resource mobilisation partnerships.
Indicator responsibility	Strategic Partnerships & Resource Mobilisation

16. PROGRAMME 4: TECHNICAL INDICATOR DESCRIPTIONS

Strategic Objective 4	Targeted regional financial support through grant funding for SMME's and co-operatives
Strategic Objective indicator	Enterprises provided with financial support through the provision of grant funding
Short definition	The cumulative (total) number of enterprises supported by the regions with financial products and services between 2015/16 and 2019/20.
Purpose/ importance	To provide regionally targeted and tailored grant funding to Gauteng SMME's and co-operatives, that propels them into the mainstream economy and revitalises township economies.
Source/collection of data	<ul style="list-style-type: none"> ▪ GEP approval lists. ▪ GEP Online/System reports. ▪ Confirmation of payment.
Method of calculation	Simple count of the total number of enterprises supported by the regions with grant funding between 2015/16 and 2019/20.
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-Cumulative annually – over the period of the Strategic Plan.
Reporting cycle	Annually
New indicator	Yes
Desired performance	3,345 enterprises provided with financial support through the provision of grant funding between 2015/16 and 2019/20
Indicator responsibility	Regional Operations

Performance Indicator 4.1	Number of start-up SMME's provided with grant funding (Community Fund)
Purpose/ importance	To provide regionally targeted and tailored grant funding to start-up SMME's, that propels them into the mainstream economy and revitalise township economies.
Source/collection of data	<ol style="list-style-type: none"> 1) GEP approval lists. 2) GEP Online/System reports. 3) Confirmation of payment.
Method of calculation	Simple count of the total number of enterprises supported through the Community Fund Grant by the regions between 2014/15 and 2019/20.

Performance Indicator 4.1	Number of start-up SMME's provided with grant funding (Community Fund)
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	100 enterprises supported through the Community Fund Grant by the regions during 2019/20.
Indicator responsibility	Regional Operations

Performance Indicator 4.2	Number of existing SMME's provided with grant funding (Township Business Renewal Programme)
Purpose/ importance	To provide regionally targeted and tailored grant funding to existing SMME's, that propels them into the mainstream economy and revitalise township economies.
Source/collection of data	<ol style="list-style-type: none"> 1) Project scope of work. 2) GEP Online/System reports. 3) Confirmation of payment.
Method of calculation	Simple count of the total number of enterprises supported through the Township Business Renewal Programme by the regions between 2014/15 and 2019/20.
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	60 enterprises supported through the Township Business Renewal Grant by the regions during 2019/20.
Indicator responsibility	Regional Operations

Performance Indicator 4.3	Number of co-operatives provided with grant funding (Co-operative Assistance Programme)
Short definition	The indicator measures the number of co-operatives provided with grant support through the Co-operatives Assistance Programme.
Purpose/ importance	To provide regionally targeted and tailored grant funding to co-operatives, that propels them into the mainstream economy and revitalise township economies.
Source/collection of data	1) Project scope of work. 2) GEP Online/System reports. 3) Confirmation of payment.
Method of calculation	Simple count of the total number of enterprises supported through the Township Business Renewal Programme by the regions between 2014/15 and 2019/20.
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	40 enterprises supported through the co-operatives Assistance Programme Grant by the regions during 2019/20.
Indicator responsibility	Regional Operations

Strategic Objective 5	Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors
Strategic Objective indicator	Enterprises supported by the regions with non-financial products and services
Short definition	The cumulative (total) number of enterprises supported by the regions with non-financial products and services between 2014/15 and 2019/20.
Purpose/ importance	To provide regionally targeted and tailored non-financial support to Gauteng SMME's and co-operatives, that propels them into the mainstream economy and revitalise township economies.
Source/collection of data	GEP Online/System reports and/or project reports with supporting documents (attendance registers, registration and accreditation certificates, etc.).

Strategic Objective 5	Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors
Strategic Objective indicator	Enterprises supported by the regions with non-financial products and services
Method of calculation	Simple count of the total number of enterprises supported by the regions with non-financial products and services between 2014/15 and 2019/20.
Data limitations	None
Type of indicator	Outcome
Calculation type	Cumulative annually – over the period of the Strategic Plan.
Reporting cycle	Annually
New indicator	Yes
Desired performance	18,562 enterprises supported by the regions with non-financial products and services between 2015/16 and 2019/20
Indicator responsibility	Regional Operations

Performance Indicator 5.1	Number of SMME's supported non-financially in the prioritised sectors
Short definition	The indicator measures the number of SMME's granted support through non-financial support interventions in the priority sectors.
Purpose/ importance	To capacitate SMME's in the priority sectors and enable them to operate their businesses optimally.
Source/collection of data	4) GEP System reports. 5) GEP project reports. 6) Attendance registers, registration and accreditation certificates, etc.
Method of calculation	Simple count of the number of SMME's supported non-financially in the prioritised sectors.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No

Performance Indicator 5.1	Number of SMME's supported non-financially in the prioritised sectors
Desired performance	To provide non-financial support to 2,000 SMME's with a view of improving their sustainability and contribution towards addressing the challenges of poverty and unemployment.
Indicator responsibility	Regional Operations

Performance Indicator 5.2	Number of Informal Businesses supported non-financially to formalise
Short definition	The indicator measures the number of Informal businesses granted non-financial support to formalise and operate in the mainstream economy.
Purpose/ importance	To capacitate informal businesses and prepare them for graduating from operating in the second (informal) economy to the first (mainstream) economy.
Source/collection of data	<ol style="list-style-type: none"> 1) GEP System reports. 2) GEP project reports. 3) Attendance registers, registration and accreditation certificates. etc.
Method of calculation	Simple count of the number of Informal businesses granted non-financial support to formalise and operate in the mainstream economy.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	To provide non-financial support to 1000 informal businesses, with a view to formalise them and propel their participation in the mainstream economy.
Indicator responsibility	Regional Operations

Performance Indicator 5.3	Number of co-operatives supported to improve their investment readiness
Short definition	The indicator measures the number of co-operatives granted support through financial and non-financial interventions.
Purpose /importance	To capacitate co-operatives and enable them to operate their businesses optimally and secure readiness for investment. Investment readiness refers meeting certain business requirements demanded by the markets, e.g. CIPC, tax clearance certificates, Compensation for Occupational Injuries and Diseases Act (COIDA), banking and other business requirements.
Source /collection of data	<ol style="list-style-type: none"> 1) GEP project reports with supporting documents (attendance registers, accreditation certificates, etc.). 2) GEP Online/System reports. 3) Loan approval lists.
Method of calculation	Simple count of the number of co-operatives supported to improve their investment readiness.
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	To support 100 co-operatives with a view to improve their investment readiness and contribution to job creation and economic growth.
Indicator responsibility	Business Development Support



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